

E-Commerce Marketing Research - France

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This is marketing research on the **e-commerce - France** industry and can include information on the background, market structure, definitions, competitors, trends and developments of the e-commerce industry in France and is related to other topics such as on-line shopping, Internet and the Web.

E-Commerce: France

Table of Contents

- 1 Market Highlights
- 2 Product and Buyer Trends
- 3 Order and Payment Trends
- 4 Best Prospects
- 5 Market Entry
- 6 Advertising
- 7 Sources

Internet sales in France have been on the rise in the last few years. After an initial hesitation on the part of French consumers to jump into the online marketplace, rapid increases in Internet buyers have pushed France up into the top five European countries for online sales. Confidence in Internet buying has increased by over 20% just in the last three years. In addition, more and more French people are becoming comfortable with using their credit cards to make online purchases (rather than personal checks), making it easier and faster to do so.

Contents

- 1 Market Highlights
- 2 Product and Buyer Trends
- 3 Order and Payment Trends
- 4 Best Prospects
- 5 Market Entry
- 6 Advertising
- 7 Sources

Market Highlights

The French business to consumer (B2C) e-commerce market continues to grow in

France. The year 2006 saw an increase of over 6,000 commercial sites, to a total of more than 17,500 sites. The total revenue for this sector in 2006 was 11.9 billion euros (USD 16.4b). In addition, the first three months of 2007 earned revenue greater than that of all of the year 2003 (3.7b euros/USD 5b). By the end of the first quarter of 2007, there were already 17.9 million online buyers in France, for whom the average online sale totals 90 euros (USD 124). More than 3 out of every 4 French people engage in distance purchasing. France continues to be one of the leading European countries for online sales; in 2006 it ranked third behind Germany and the UK and slightly ahead of Italy and Belgium.

Product and Buyer Trends

Train and plane tickets, clothes, and books are the products most often ordered online. The online clothing market is noted as being the most dynamic sector in e-commerce, with an increase in the volume of affairs of 41% in 2006. Most buyers of clothing live in small cities or rural areas (74%) as opposed to Paris or other large cities (12% and 14% respectively). With a progression of 35% in 2006, "e-tourism" continues to rise as a distribution channel for tourism products. Forty-eight percent of Britons have purchased a voyage or tourism product on line, compared to 33% of Germans, 30% of Belgians, and 23% of the French.

High-tech and cultural goods (books, DVDs, CDs, games) are also popular online purchases. This section of the market has seen growth of 8%, and it continues to grow. An estimated 32 million cultural goods were sold in 2006—about 82,000 of such goods sold per day. Internet sales represented about 5% of the distribution of cultural goods; this trend continues to progress at an average rate of 1.4% over the last two years (since the tracking of these goods started).

Repartition of the online market for cultural goods:

- Books: 39%
- Movies: 37%
- Music: 13%
- Leisure software: 11%

In 2006, 43% of Germans, 41% of Britons, 30% of French people, 27% of Belgians and 13% of Italians purchased some kind of cultural good online. Electric household appliances and high-tech video/imaging products were purchased online by 25% of Britons, 24% of Germans, and 18% of the French. Men made up 55.7% of online buyers in 2006, women 44.3%. People aged 35-49 years made 32.1% of purchases, followed by the under-25 group with 23.7%, the 50-and-up group with 22.8%, and the 25-34 age group with 21.5%.

Top products purchased online (i.e. x% of people buy good y)

Product	% 2006
Travel/tourism	59%
Services	56%
Technical goods	52%
Cultural goods	51%
Clothes/accessories	48%
Home	29%
Hygiene/beauty/health	28%
Finance/insurance	23%
Toys and games	16%
Food	10%
Cars	3%

Source: Fevad

Confidence in online buying has been increasing steadily, as indicated in the table below:

	Q1 2002	Q1 2003	Q1 2004	Q1 2005	Q1 2006
Confidence	31.3%	35.1%	42.6%	50%	58.1%

Source: Médiamétrie, 2006

Forty-eight percent of Internet users in 2006 said that they have used sites that put buyers and sellers in direct contact for new or used goods (such as Ebay, Price Minister, La Centrale), an increase of 22%.

Order and Payment Trends

In distance purchasing, the Internet has far outstripped other purchasing methods (phone, mail, et cetera), and is growing at a fast rate while the others are growing more slowly, if not declining, according to FEVAD's 2006 report. Of the revenue brought in by the various forms of distance purchasing, the Internet takes the largest share.

Most people (51%) preferred to pay for their distance purchases with credit cards, although checks make up a further 27% of payments. In terms of e-commerce alone, 80.6% of buyers made their purchases with credit cards and 12% used checks.

Best Prospects

The sectors with the most anticipated growth for 2007, according to the Benchmark group, are:

- Clothing (anticipated growth of 103%)
- Perfume and cosmetics (61%)
- Home equipment (43%)
- Hotel industry (33%)
- Cultural Goods (29%)
- Online Supermarkets (29%)

- High tech goods (28%)
- Voyages/vacations (27%)

Market Entry

Practical information for becoming an online merchant in France

In general, French buyers purchasing products online would be more comfortable and more willing to make transactions with a company that has a local presence, including local customer service. Essentially there are two options for making an online business accessible in France: a company can carry out business in the US with a designated fiscal representative in France, or it can open a French subsidiary from which business can be conducted. However, any company choosing to remain in the US will need to offer the same (or better) services and conditions that a French-based company would in order to be competitive and attractive.

Domain name information

Companies should consider registering for a French domain name (ending in .fr). French Internet users are more trusting of a website with a French domain name because it means that the organization is legally identified in France (see "7 good reasons for choosing a .fr" here: <http://www.afnic.fr/guide/confiance>). The French Network Information Center (l'Association Française pour le Nommage Internet en Coopération / AFNIC) is a good source of information on this topic.

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AFNIC  
Immeuble International  
78181 Saint Quentin en Yvelines cedex  
Tel: +33 (0)1 39 30 83 00  
Fax: +33 (0)1 39 30 83 01  
Website (English language available): http://www.afnic.fr/index  
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When opening a French domain name it is necessary to make the website in French (please see below for more details).

Recommendations for companies remaining in the US: Any prices listed should be in euros, the currency used in France and across most of the European Union. In France, the value-added tax or other charges are included in the final (displayed) price. Therefore, the typical French buyer would expect to see included in the price all taxes and charges (including transportation/shipping, VAT, duties, etc). Meeting French expectations on pricing seems to be the biggest challenge for American online merchants.

Use of French language

On a French website, the designation, offer, presentation, instructions on use, the description and the guarantees on a product must be written in French, according to the Toubon law of August 4, 1994. This applies to all advertisements or publicities in written, spoken or audio-visual form. Please see the link below for the full law (French language only).

<http://www.aacc.fr/pages/page.php?IDr=19&IDSr=7&niv=2&article=23>

More information about language and communication can be obtained from the Association des Agences-Conseils en Communication (AACC).

40 Boulevard Maiesherbes
75008 Paris
Tel: +33 (0)1 47 42 13 42
Fax: +33 (0) 1 42 66 59 90
<http://www.aacc.fr/>

Customs and importation

Goods originating outside the EU (called “third countries” / “pays tiers”) are subject to a VAT (TVA in French) that must be paid to Customs by the actual recipient of the good, with exceptions for certain goods (such as those between individuals and not exceeding a value of 45 euros, et cetera). The normal tax rate is 19.6%, although in some instances there can be applied a reduced rate. The actual amount is calculated based on the price of the goods, the cost of transportation and insurance, and on any other applicable customs laws. The sum, often calculated by the transporter or seller, is paid by the recipient. Companies located outside of the European Union whose operations or products are exported to France should designate a fiscal representative in France who is responsible for the declaratory responsibilities to French Customs.

More info (French language only): <http://www.douane.gouv.fr/page.asp?id=533> and <http://www.douane.gouv.fr/page.asp?id=34> The importation of some goods, including plants and some animals, is regulated in France and must be declared to Customs.

Information databases

For the purpose of protecting individuals, the creation of a database in France is subject to prior reporting to the National Data Processing and Liberty Commission (Commission Nationale Informatique et Liberté / C.N.I.L), according to the Data Processing and Liberties Law / “Loi Informatique et Libertés” of January 6, 1978. This is applicable to all companies creating databases of personal information in France, online or otherwise. In addition, French consumers are more likely to trust a company that complies with C.N.I.L. Report forms can be downloaded from the C.N.I.L. web site.

CNIL
21, rue Saint Guillaume
75340 Paris Cedex 7
Tel: +33 (0)1 53 73 22 22
Fax: +33 (0)1 43 73 22 00
<http://www.cnil.fr>

Advertising

The top 15 most viewed websites in France in 2007 were the following (in ranked order):

- eBay
- Fnac (Media/books/music, high-tech and electronics)
- voyages-sncf (National train company and travel agency)
- Cdiscount (Discounted online shopping—electronics, clothes/shoes, wine, etc)

- La Redoute (Mail-order company)
- Amazon
- PriceMinister (Similar to eBay)
- Rue du Commerce (High-tech and electronics)
- vente-privee (Members-only online sales of big-name products at discount)
- PIXmania (Electronics and appliances)
- 3 Suisses (Mail-order)
- Mistergooddeal (Discount shopping)
- Camif (Mail-order company)
- Alapage (Media, travel)
- Lastminute (Travel)

All of these sites were either mail-order companies who already had the client base and logistics to be successful in expanding their operations to include online sales, or they are copies of successful websites such as Amazon.com or eBay. The exceptions are Fnac, the French media and electronics giant with a nation-wide network, and the travel companies already popular with French consumers. While these companies took advantage of a market they were already established in, there are still many opportunities for US online merchants to fill select niches in the French online marketplace. With further regards to language, it is important to make sure that advertising is done properly and in French. The following association gives recommendations on the use of language in advertising.

Bureau de Vérification de la Publicité (BVP)
(Association for Truth-in-Advertising)
11, rue St Florentin
75008 Paris
Tel: +33 (0)1 40 15 15 40
Fax: +33 (0)1 40 15 15 41

Consumer protection

Matters on consumer protection are regulated by the Consumer Code (“Code de la Consommation”). Consumer protection is provided by the Ministry of Economy, Finance and Industry, specifically by the General Direction for Competition, Consumption and Fraud Repression—“Direction-Générale de la Concurrence, de la Consommation et de la Répression des Fraudes” (DGCCRF).

DGCCRF
Sous Direction C – Protection du Consommateur
59, Boulevard Vincent Auriol
75703 Paris Cedex 13
tel: 33 (0)1 44 97 23 75
e-mail: c@dgccrf.finances.gouv.fr

Key Contacts

Several groups in France provide market information on e-commerce. These include the Association for Commerce and Services Online (l’Association pour le Commerce et les Services En Ligne / ACSEL), the Federation of Distance Sales Enterprises (la Fédération des Entreprises de Vente à Distances / FEVAD), the Journal du Net, and the Benchmark Group. Each of these groups has information on the progress of e-commerce

in France and is referenced with their websites below.

Contact Info

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FEVAD
60, rue la Boétie
75008 Paris
Tel: +33 (0)1 42 56 38 86
Fax: +33 (0)1 45 63 91 95
http://www.fevad.com
Contact: Mr. Marc Lolivier, Director

ACSEL
15, rue de la Banque
75002 Paris
Tél. +33 (0)1 49 26 03 04
Fax. +33 (0)1 49 26 03 52
http://www.acsel.asso.fr
Sources: ACSEL (http://www.acsel.asso.fr), Journal du Net (www.journaldunet.com), FEVAD
(http://fevad.com), Benchmark Group (http://www.benchmark.fr), AACC (http://www.aacc.fr), French
Customs (http://www.douane.gouv.fr).
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Sources

U.S. Department of Commerce

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