

Jolly Good! - The State of European Online Commerce

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The UK may not have the largest economy in Europe, but retail e-commerce in the UK has hit its full stride.

"UK online buyers outspend their European and even American counterparts on an annual per capita basis," says Jeffrey Grau, eMarketer senior analyst and author of the new report, Europe Retail E-Commerce: Spotlight on the UK, Germany and France. "eMarketer projects that the average online spend on all products and services, including travel and event tickets, will be \$2,171 in the UK in 2006, compared with \$1,831 in the US."

Key eMarketer Numbers: Europe Retail E-Commerce	
\$234 billion	Total retail e-commerce sales in Western Europe in 2010, up from \$97 billion in 2006
\$2,171	Average annual spend per online buyer in the UK in 2006, compared with \$1,831 in the US
25.3 million	Number of online buyers in Germany in 2006, compared with 22.1 million in the UK
Source: eMarketer, July 2006	

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Internet usage and broadband adoption are basic technology building blocks that support an e-commerce economy. As of last year, Germany had the largest base of Internet users (37 million) and broadband households (nine million) in Europe.

"But the UK is the most mature market," says Mr. Grau, "by virtue of having the highest percentage of Internet users, at 47%, and broadband households, at 35%."

Meanwhile, Spain and France are the fastest-growing Internet user populations, and Germany and Italy lead in broadband uptake.

"These five leading economies are not the only e-commerce markets in Europe, however," says Mr. Grau. "The Netherlands, Switzerland, Sweden and Norway have active online consumers. And in the next decade Poland and other Eastern European countries may become serious online retail marketplaces in their own right."

Internet Users and Broadband Households in Select Countries in Western Europe, 2005 (millions, penetration and CAGR*)

	Internet users**	% of population	CAGR 2005-2010	Broadband households	% of households	CAGR 2005-2010
France	20.9	34.4%	6.6%	8.9	33.6%	15.6%
Germany	36.6	44.4%	4.3%	9.1	23.7%	19.2%
Italy	22.2	38.2%	6.0%	5.8	26.0%	18.7%
Spain	11.9	29.5%	7.6%	4.2	32.1%	16.9%
UK	28.4	47.0%	3.9%	9.0	35.4%	16.9%

Note: *CAGR=compound annual growth rate; **eMarketer defines an Internet user as a person aged 3+ who accesses the Internet at least once per month

Source: eMarketer, May 2006

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In 2006, according to eMarketer estimates, Web retailers in Western Europe will sell \$97 billion worth of products and services (including online travel, event tickets and digital downloads).

Retail E-Commerce Sales* in Western Europe, 2005-2010 (billions)**

2005	Eur56.4 (\$70.0)
2006	Eur76.7 (\$96.6)
2007	Eur102.3 (\$140.7)
2008	Eur129.7 (\$172.5)
2009	Eur157.4 (\$203.0)
2010	Eur187.6 (\$234.5)

Note: Converted at annual average exchange rates (projected for future years); *includes online travel, event ticket and digital downloads sales;

**countries included are the UK, Germany, France, Italy and Spain

Source: eMarketer, September 2006

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"To put this in perspective," says Mr. Grau, "similar e-commerce sales in the US will reach \$186 billion in 2006, or nearly twice the value of European online sales."

The market is currently growing at a 37% rate, but will slow down to half that pace by the end of the decade. By comparison, eMarketer estimates the US retail e-commerce market will experience growth rates in the 15%-25% range over the next four years.

For more on the future direction of online sales in Europe and a country-by-country analysis, read [eMarketer's new Europe Retail E-Commerce: Spotlight on the UK, Germany and France report](#) today.

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