Santiago Corral Rodríguez

Barriers of the electronic commerce in Spain

Case study: Lamparadirecta.es (Any Lamp B.V.)
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Thanks for being there all the time. Definitely I could not make it without your support.
This thesis has been written in order to determine the issues that restrict the development of an online business in Spain, in this instance adapted to the case of Lamparadirecta.es. At the moment the electronic commerce in Spain is not fully developed as other European countries. For this purpose, the Spanish consumer's behaviour will be analysed and compared with those other countries from an online perspective. From the results of these analyses, a theoretical background will be set for a better interpretation of the situation. Ultimately a conclusion will be exposed and recommendations will be proposed.

Keywords: e-commerce, online business, consumer behaviour, trust, customer loyalty, customer satisfaction
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## Abbreviations

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<th>Abbreviation</th>
<th>Description</th>
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<tr>
<td><strong>E-Commerce</strong></td>
<td>Electronic commerce (EC) is the process of buying, selling, transferring, or exchanging products, service or information through electronic channels such as Internet and other computer networks.</td>
</tr>
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<td><strong>B2C</strong></td>
<td>Business-to-consumers is a model in which businesses sell to individual shopper.</td>
</tr>
<tr>
<td><strong>B2B</strong></td>
<td>Business-to-business is a model in which all the components are business.</td>
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<tr>
<td><strong>B2G</strong></td>
<td>Business-to-government is a model in which businesses sell to government entities or public institutions.</td>
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<tr>
<td><strong>CVR</strong></td>
<td>Conversion rate, in this instance, is the percentage of users that complete a purchase.</td>
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1 PROJECT DESCRIPTION

1.1 Background

During the second academic year of my studies at Seinäjoki University of Applied Sciences, I completed an internship in an online business as a Country Manager Spain for a period of 6 months in the Netherlands.

As I was the only person responsible for a whole market, I could experience many business areas, as management, marketing, sales, logistics and so on. It was a really good way to get a picture of the situation of Lamparadirecta.es from many different points of view. Consequently I started to see some negative symptoms in the Spanish market. Therefore I decided to make this research in order to find the causes that lead to the problems that Lamparadirecta.es was facing.

1.2 Problem definition

The existence of a problem in the Spanish market was really evident, as the symptoms were really notorious. The number of orders was really low in comparison with the rest of the markets, taking into consideration that Spain is one of the biggest countries, in terms of people, in the European Union. Consequently Lamparadirecta.es was not able to attract enough clients to reach its expected sales turnover. This problem could lead to financial difficulties for the future perspective of the Spanish website.

1.3 Project aim

The aim of this project is to provide Any Lamp B.V. with the right information in order to find a solution to the problem mention before. Therefore this project has been structured as follow. First, a general description will be introduced in order to get to know the company, the lighting market and the Spanish website. Second, the symptoms will be broken down for a better understanding of the actual
situation of Lamparadirecta.es. Third, a theoretical background regarding customer behaviour will be set for a better interpretation when doing business in an online environment. Fourth, the situation of electronic commerce in Spain will be analysed in order to comprehend this specific market. Finally a conclusion will be exposed and recommendations will be proposed.

1.4 Research approach

To lead this project in the right direction, a set of research questions will be formulated. In this instance there is a main research question and three sub questions:

What are the causes of the slow growth of the Spanish website?

I. What is the background of Lamparadirecta.es inside Any Lamp BV?

II. What is the growth of the Spanish website compared to the rest of the websites? And what are the symptoms?

III. What is the current situation of the electronic commerce in Spain? And which are the barriers that Spanish consumers face when purchasing online?

1.5 Research methods

In order to answer these questions, secondary data collection has been used for this study. It has been really helpful for comprehending the actual situation of Lamparadirecta.es compared to the other websites, but also for understanding the behaviour of the Spanish online users. This study is based mostly in many different statistics, surveys and researches related to e-commerce obtained from reliable sources like institutional platforms (Eurostat), content management systems (Magento), web analytics (Google Analytics) or international consultants firms (Boston Consulting Group). Therefore the uses of surveys and statistics have been the primary procedure to drive this study.
In addition, much information has been gathered by talking to other employees, managers and the director. This was very valuable information, as they knew the current situation of the company from their own experiences.
Any Lamp B.V. is an international online business which sells lighting products all around the world. The headquarters are located in Helmond, The Netherlands where all the operations take place. Today the company has fifteen online stores in different languages in order to reach customers over the European lighting market (Any Lamp, 2015).

2.1 History

Bram van der Linden founded Any Lamp B.V. in 2009 with the support of Paul Jongen and Frank Jongen. B. van der Linden is a young Dutch entrepreneur and current CEO of the company. Paul and Frank Jongen are the owners and investors of the holding company, World Wide Lighting BV, which Any Lamp BV is part of (Chartier, S. 2013a).

In three years and a half, this young company has created one by one the following websites (Chartier, S. 2013b):

- Lampdirect.nl, The Netherlands (September 2009)
- Any-lamp.com, International (March 2010)
- Lampesdirect.fr, France (May 2010)
- Leuchtmittelkauffen.de, Germany (June 2010)
- Lamppuexpress.com, Finland (November 2010)
- Lyskilderdirekte.dk, Denmark (December 2010)
- Lampornu.se, Sweden (January 2011)
- Lampadadiretta.it, Italy (February 2011)
- Lamparadirecta.es, Spain (February 2011)
Since Any Lamp B.V. was created in the fall of 2009, it has been constantly growing every year. According to the director B. van der Linden, the human team used to be made up by 3 people, however nowadays it has increased to over 50 employees. Therefore it has evolved from being a small enterprise to be a medium enterprise (2015).

2.2 Lighting Business

Any Lamp B.V. is a virtual enterprise that conducts most of their business activities inside an electronic marketplace and as an intermediary component. As is illustrated in Table 1.

![Diagram showing business process of Any Lamp B.V.]

Table 1. Business process of Any Lamp B.V. adapted from (Turban, King, Lang, 2009).
This type of intermediary in e-commerce is known as e-distributor. E-distributors connect manufacturers or wholesalers with different kinds of customers through an online catalog—the e-distributor’s website. Depending on the type of customer, it is possible to classify the electronic transaction as B2C (end-customers), B2B (business buyers) or B2G (public institution) (Turban, King, Lang, 2009).

Any Lamp B.V. operates in a vertical marketplace, which means that it deals with just one industry, in this case the lighting industry. As one of the official distributors of Philips Lighting BV, focuses its business on this brand. The catalogue has over 2,000 different products including lamps, gears and fixtures. In addition, there are also available 3,000 more light sources from other manufacturers like Osram GmbH, Sylvania Lighting International, GE Lighting or Steinel Vertrieb GmbH (Any Lamp, 2015).

The company sells their lighting products all over the world but only distributes them in Europe with the carriers United Parcel Service of North America, Inc. (UPS) and General Logistics Systems B.V. (GLS). That is why Any Lamp B.V. focuses their business at the moment in the European lighting market. Customers outside the European Union are able to buy but they have to arrange the shipment themselves (UPS, 2015). According to B. van der Linden, thanks to the fact that there are different websites, Any Lamp B.V. can implement different strategies, prices and languages, adapted to each country (2015).

2.3 Customers

In contrast to the offline business, the online one allows you to reach a wider range of potential clients. Therefore Any Lamp BV takes advantage of this and focuses in two types of customers, B2B and B2C. Although B2B customers are smaller target group, they might be the most interesting ones, as they are involved in more and higher transaction values. The most common B2B customers of Any Lamp BV are wholesalers, retailers, individual businesses, distributors and resellers. Regarding B2C customers, they are bigger target group but make less and smaller transaction values. The household customers and the individual shoppers are the ones, which are more involved in B2C transactions. However
both B2B and B2C customers are a great opportunity for Any Lamp BV (Turban, King, Lang, 2009).

2.4 Current marketing and advertisement methods

In order to gain customers and generate traffic, Any Lamp BV is at the moment only relying on online referencing, through SEO and SEA. Those two techniques are used in order to rank high in the search engines (van der Linden, B. 2015). Indeed, it is really important to rank high, as the first link on a Google page generates over 30% of the results, and the second link, less than 20% (Chikita, 2013).

Search Engine Optimization (SEO) is the process of optimizing a website through keywords and link building, in order to appear higher in the search engines. This is used to generate organic results (Grappone, J. 2008).

Search Engine Advertising (SEA) also called Pay-Per-Click (PPC) advertising enables to advertise online through search engines, by choosing the appropriate keywords. This is used to generate some paid results (Harnett, M. 2010). Any Lamp B.V. is currently using Google Adwords, the SEA program of Google. Google occupies around the 96% of the market share in Spain (AT INTERNET, 2014), we can therefore say that it is a very good choice for Any Lamp B.V. to have chosen Google’s SEA tool.

2.5 Financial data

Since Any Lamp B.V. started its operations in January 2010, it has been growing constantly year-by-year. Nowadays it is a really successful online business which turnover has increased by 35 times since the year of the foundation [Figure 2]. The total number of orders made in all the websites together has been increased by 2.266% from 2010 (3.635) till 2014 (8.600) [Figure 1].
Figure 1. Total number of orders made between 2010 and 2014 (Magento, 2015).

This rapid increase in the total number of orders positively and directly affects the sales of the company. Therefore the turnover has growth by 3.395% from 2010 (€457,827) till 2014 (€16,000,000) [Figure 2].

Figure 2. Turnover between 2010 and 2014 (Magento 2015).

Nowadays their two most successful websites the Dutch and the French consist the 58,15% of the sales in the company, 37,95% and 20,20% respectively (Magento, 2015). The other websites, like the Spanish, are still developing and progressing trying to follow the same steps.
2.6 Lamparadirecta.es

The Spanish website of Any Lamp B.V. is called Lamparadirecta.es (https://www.lamparadirecta.es) and it is focused on the sales in Spain, Portugal, Andorra and Gibraltar (UK). Around the 95% of the sales come from Spain, which is the main target country of the website (Magento, 2015). An overview of the Spanish website, Lamparadirecta.es, can be seen in Appendix 1.
3 PROOF OF THE EXISTENCE OF THE PROBLEM

3.1 Symptoms

High number of visitors

Lamparadirecta.es has been online since February 2011 and it is becoming more and more successful, in terms of visits. The number of visitors has considerably growth in recent years, from 19.703 unique visitors in 2011 to 225.091 in 2014 [Figure 3].

![Number of unique visitors](image)

**Figure 3. Number of unique visitors between 2011 and 2014 (Magento 2015).**

In fact, the number of unique visitors reached in Lamparadirecta.es during 2014 (225.091) was higher than the ones of Lampesdirect.fr during 2013 (218.072), taking in consideration that the French website began operating a year earlier than the Spanish one [Figure 3].

Low number of orders

However, the total number of orders made in Lamparadirecta.es during 2014 (2.300) is still really behind comparing the ones of Lampesdirect.fr during 2013 (9.535) [Figure 4].
On the one hand both Dutch and French websites has experienced a rapid increase in the number of orders, but on the other hand the Spanish website has evolved really slowly [Figure 4].

Small turnover

As result of this slowly growth in the number of orders, the turnover of Lamparadirecta.es has been directly affected negatively.

As the number of visitors and orders of the Spanish website during 2014 were compared to the ones of the French website during 2013, the turnover has to be
taken into consideration as well. During 2014 the turnover of Lamparadirecta.es was really low (€ 410,000) compared to the turnover of Lampesdirect.fr during 2013 (€ 1,600,000) [Figure 5].

Moreover, the turnover of Lamparadirecta.es during the first four years of its existence together (€ 804,738) does not even reach the turnover of Lampesdirect.fr during the 2012 (€ 907,833) [Figure 5]. In other words, the Spanish website has obtained very disappointing financial results compared to their sister websites.

Low CVR

In fact, Lamparadirecta.es has a good number of visitors of whom very few checkout and complete the order, and it is possible to appreciate the problem by comparing the conversion rate (CVR) of the different websites. The Dutch and the French websites have a good CVR of 3.05% and 2.37%, respectively. However, the CVR of Lamparadirecta.es is really low, just 0.57% (Google Analytics, 2015).

Another proof of the existence of the problem can be found by checking the SEO and SEA results. During 2014 a similar number of visitors were achieved by SEO and SEA. The number of sessions that came on the website through organic and paid search were, 138,464 and 150,267 respectively. However the number of transactions coming through paid results (845) was 16% more than through organic results (549). As consequence of the low number of transactions of both techniques, the conversion rates were really low, 0.56% through SEA and 0.40% through SEO (Appendix 2).

Besides that, as a “young” website, it has a very good growth prospects and it can be more fruitful in the future. Indeed, the potential of the market is not reached, and it consequently needs to find a way to attract more customers. Therefore the main aim of Any Lamp B.V. for the Spanish market is to increase the CVR of Lamparadirecta.es. The Dutch website has on the average over 15 times more orders per year than the Spanish website. However, the potential of the market in Spain is much higher, as Spain is the fifth biggest country in Europe, with over 46 million inhabitants compared to the almost 17 millions in the Netherlands (Eurostat, 2015b). Definitely the Spanish market is a great opportunity for
Lamparadirecta.es. Then we will try to find an answer to the above issues based on a theoretical background.
4 THEORETICAL BACKGROUND

4.1 Consumer Behaviour

According to Murphy and Brauner, the behaviour of a B2C and a B2B consumer is different. Buying a product for yourself is a very different emotional experience than buying for your company. The way the strategy is executed for both, it must be different. Therefore when we deal with B2C and B2B consumers, we must take into consideration a set of characteristics concerning their behaviour, see Table 2.

<table>
<thead>
<tr>
<th></th>
<th>B2C</th>
<th>B2B</th>
</tr>
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<tbody>
<tr>
<td>Product</td>
<td>Product driven</td>
<td>Relationship driven</td>
</tr>
<tr>
<td>Focused on</td>
<td>Focused on price</td>
<td>Focused on quality and warranty</td>
</tr>
<tr>
<td>Emotion</td>
<td>Emotional and impulsive buying behaviour (based on style, status and desire)</td>
<td>Rational buying behaviour (based on business values)</td>
</tr>
<tr>
<td>Influenced</td>
<td>Influenced by deals, promotions or</td>
<td>Influenced by customer service and</td>
</tr>
<tr>
<td>by deals</td>
<td>vouchers</td>
<td>after sales service</td>
</tr>
<tr>
<td>Trust</td>
<td>Trust</td>
<td>Loyalty</td>
</tr>
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Table 2. Characteristics of B2C and B2B consumer behaviour (Murphy, D. 2007).

On the one hand B2B consumers are naturally more educated, sophisticated and rational than B2C and focus on relationship building and communication. Furthermore business consumers pay special attention to contract terms, the service and loyalty. On the other hand B2C consumers are more emotional and impulsive, and give more importance to the price, discounts and interests. In contrast, both B2C and B2B consumers are looking for a trustable partner that offers a good customer service and after-sales service (Brauner, 2008).

Once B2C and B2B consumers are differentiated by their behaviour, it is easier to understand the purchase decision-making process that they follow.
4.2 Purchase Decision-Making Process

According to O'Keefe and McEachern, a consumer passes through several stages while experiencing an online purchasing decision-making process. During each stage, the decisions of the consumer will determinate the direction of the process. As shown in Table 3, the stages are “need recognition”, “information search”, “evaluation, negotiation and selection”, “purchase, payment and delivery” and “after-purchase service and evaluation” (1998).


The first stage, “need recognition”, takes place when the consumer identifies a need. In order to satisfy this need, the consumer “searches information” on the Internet to find the different possibilities available (Stage 2). Throughout this stage, the consumer is able to use alternative kinds of web supports like search engines, online product searches or comparison engines to get the information. Regardless
the type of web support uses, the consumer can distinguish between different types of decisions, depending on which product and from where to buy it.

Once the information is collected, the consumer has to “evaluate and select” from its criteria which alternative is the best option. Sometimes the consumer might even “negotiate”, especially when there are offers available from different sellers (Stage 3).

When the consumer has compared the information and selected the seller, it has to decide the type of “payment” and the “delivery” conditions to make the “purchase” (Stage 4).

The last stage, “after-purchase service and evaluation”, consists of customer service and satisfaction test through the positive or negative reviews.

We can take the above-mentioned steps as a general reference and guidance to the online purchase decision-making process, but this will not apply to all consumers' behavior. In some cases, the consumer might skip one or various steps, or return to previous ones.

In both cases, B2B and B2C, the purchase decision-making process varies depending the level of trust and loyalty between the seller and the buyer (O'Keefe and McEachern, 1998).

4.3 Trust in e-commerce

According to Turban, King and Lang, “trust” is the psychological status of depending on another person or organization in order to achieve an intended target. In order to make a successful transaction, there must be “trust” between both partners, in such a way that the agreement is fulfilled (2009).

In an e-commerce framework, the seller offers their products or services to the potential buyers through an online web platform. These buyers are the ones who decide to purchase or not depending several factors. “Trust” is one of the most important factors during the purchasing process. If the buyer does not rely on the seller, it will not make the purchase. In order to face this issue, the seller has to
transmit the highest level of confidence possible to the buyer. Despite the fact that both B2C and B2B consumers are looking for a trustable partner, the “trust” factor is more in line with B2C consumers, as this kind of customers are more unfamiliar and suspicious with online shopping (Turban, King, Lang, 2009).

For a better understanding of “trust in e-commerce”, we will use the model of Lee and Turban shown in Table 4.

Table 4. EC Trust Model adapted from (Lee, Turban, 2001).

According to the EC Trust Model, the degree of confidence is determined by the combination of these factors together.

Trust in Internet Merchant

An online store gains the trust of the customers by transmitting three values: competency, integrity and security. A competent online store possesses the required skills, knowledge and qualifications to operate properly and professionally. Such a way that presents an accurate and well structured website in which is fast and easy to navigate and offers advanced features that support the customers. In terms of integrity, the company has to demonstrate honesty by fulfilling its moral and ethical principles. For example, by keeping their promises
about the warranty terms or the delivery in 48 hours. Ultimately, the other indicator of trustworthiness is achieved by using the proper security mechanism, like looking for seals of security approval (Lee, Turban, 2001).

Trust in Internet as Shopping Channel

The Internet has evolved tremendously in recent years to become one of the sales channel most used in the world. However some people are still skeptical to use it because they do not trust it. There are still many things that need to be improved in order to develop this business channel. For instance, it is required a better protection of users’ privacy and ensure security against cyber attacks (Lee, Turban, 2001).

Trust in Business and Regulatory Environments

Finally it is necessary to strengthen the data protection policy and respect the respective laws that safeguard the online consumers in order to create a more secure and comfortable electronic environment. In accordance with what Lee and Turban say, there are several ways to build confidence among the consumers inside the online framework. For example, by providing trust certificates and customer reviews or by improving the design of the online store (2001).

When a successful transaction is built on trust between both partners, there must be “loyalty” to maintain a strong relationship (Turban, King, Lang, 2009).

4.4 Customer loyalty in e-commerce

In e-commerce, “customer loyalty” is the process of buying on a repetitive basis with the same Internet merchant in the future. In order to retain customers, there must be a deep commitment from the seller to the buyer. Despite the fact that both B2C and B2B consumers are looking for a loyal partner, customer loyalty is more in line with B2B consumers, as this kind of customers are focus on relationship building (Turban, King, Lang, 2009).

The main objective of an online business when dealing with B2B consumers is to increase customer loyalty. In fact, one of the most important issues for the online
business is to attract and retain loyal customers. According to Turban, King and Lang, high customer loyalty can bring many advantages to an online business in different ways (2009).

**Lower marketing and advertising costs**

When an online business retains a customer, it does not need to spend money to attract that customer with marketing and advertising strategies (Google Shopping, 2015).

**Lower transaction costs**

When a consumer finds a service or product on the Internet through an online campaign and successfully makes the purchase, the online business that has published that campaign has to pay for it. Loyal customers acquire the services and products directly in the web platform in such a way that saves that extra cost (online campaign) to the online business (Google Adwords, 2015).

**Lower customer turnover expenses**

Customer loyalty decreases the number of clients lost; consequently the cost to bring back the old customers will be lower (Turban, King, Lang, 2009).

**Lower failure costs**

The costs associated with the defects that arise internally or externally to the online business. For example, warranty claims, order wrong products, etc. All those increase the failure cost of the online business (Turban, King, Lang, 2009).

**Strengthen market position**

Customer loyalty keeps your customers away and enhanced resistance to your competitors (Turban, King, Lang, 2009).

**Decrease price sensitivity**

Price affects in a lower degree the consumer purchasing behavior. For instance, a loyal customer will not switch to a cheaper competitor if it is a matter of couple euros (Turban, King, Lang, 2009).
Increase favorable word-of-mouth

Loyal customers who are satisfied with your products and/or services will recommend the online business to other consumers of their circle of trust (Turban, King, Lang, 2009).

An online business can increase their customer loyalty by learning about their clients’ needs, through loyalty programs, and providing quality aftersales and customer service. However customer loyalty can be determined by two critical factors, “trust” that we have already seen, and “satisfaction” (Turban, King, Lang, 2009).

4.5 Customer satisfaction in e-commerce

In e-commerce, “customer satisfaction” refers to the degree of conformity of an end customer as a result of an online purchasing process. This can be measured by dividing the number of customers by those who repeat a purchase in the same online store. Therefore, the higher the satisfaction is, the greater is the chance for that customer to repeat a purchase. For that reason, satisfaction has been a really important role for companies as the online market is enormous and presents thousands of competitors (Turban, King, Lang, 2009).

By predicting customer satisfaction, an online business can implement different marketing strategies to increase the number of satisfied customers. Analyzing customer satisfaction inside an online framework diverges from the traditional way, for that reason Cheung and Lee have proposed a model that associates the satisfaction of an end-user with the quality point of view (2008).

According to the model we have mentioned previously, the degree of consumer satisfaction is determined by the combination of these factors together. See Table 5.
Table 5. Research Framework for Consumer Satisfaction with Internal Shopping (Cheng, Lee, 2008).

**Information Quality**

High quality information and rich content have always been a critical way to attract potential customers. Information quality is built on four aspects, accuracy, content, format and timeliness. For instance, the information presented in the website has to be reliable, relevant, complete, clear and updated to guide consumers to make the right purchasing decision (Cheng, Lee, 2008).

**System Quality**

System quality also plays an essential role in determining customer satisfaction. This factor is based on the interaction between the users and the online platform. In order to reach a good interaction between these two components, it is
necessary that the website offers a simple and easy navigation and use, fast download speed and also protect the personal and private data of the customers (Cheng, Lee, 2008).

Service Quality

The quality of the customer service provided by an online business to its clients is crucial to build customer loyalty, and consequently to repeat purchases. An online business offers a high quality service when it is characterized by been personal, flexible, careful, empathetic and fair. In addition, the online business has to guarantee a fast and accurate delivery of the products or services in compliance with the policies and rules agreed (Cheng, Lee, 2008).

There are many benefits customer satisfaction has to offer; a satisfied customer is loyal to the company, repeats purchases, shares the positive experiences and recommend to its close circle of people. Then it is important to control customer needs on a regular basis in order to provide the best service and keep customers satisfied (Cheng, Lee, 2008).
5 THE BARRIERS OF THE ELECTRONIC COMMERCE IN SPAIN

The importance of e-commerce has recently increased greatly in the European framework. Society is tending to buy online more and more often, even from different locations, either from home, work or on the streets. In the case of Spain, the e-commerce is quite underdeveloped compared to other European countries (Solomon, Bamossy, Askegaard, Hogg, 2010). For instance, in 2014 just 37% of individuals in Spain has purchased online in the past 12 months, which is far behind compared to the 62% in France or the 71% in the Netherlands. The average of the EU28 countries is also above the Spanish with 50% of individuals who have purchased via Internet [Figure 6].

![Internet purchases by individuals](Image)

Figure 6. Internet purchases by individuals in the last 12 months (Eurostat, 2014a).

Regarding the B2B segment, 28% of the Spanish enterprises have purchased via computer-mediated network in 2014. On the one hand Spain is below the Netherlands (55%) and the average of the EU28 countries (38%), but on the other hand it is above France (25%) [Figure 7].
Since Any Lamp B.V. is operating in the Spanish market, it is transcendental to analyze the different factors for understanding the market, the customers and its needs. By dealing with these factors, Any Lamp can influence the way in which it conducts its business in order to reach, gain and keep the customers. Consequently the best way to study the Spanish market and find the reasons why is underdeveloped is through a PEST analysis. The PEST analysis is divided into political-legal, economic, sociocultural and technological factors (Chaffey, D. 2009).

5.1 Sociocultural factors

Purchasing behavior of Spanish consumers is changing over the last years, as there is a greater tendency towards online consumption. This trend is not yet completely settled since it still dominates the offline over the online consumption (El Observatorio Cetelem, 2014). Those are some of the main reasons why some Spanish consumers prefer to make offline purchases instead of the online ones:
Traditional culture

One of the most common reasons why Spaniards do not buy on the Internet is because they prefer to do it through the traditional way (shop directly in the physical stores). According to Experian Marketing Services, 69% of the Spanish consumers prefer to “see and touch the products by themselves before they make the purchase” and 64% like to “have the products immediately just after making the purchase” (2013). Furthermore 7 out of 10 consumers rely more on those e-commerce’s that also offer their services and products in a physical store. This factor builds trust, as users prefer to manage certain procedures in person, such as returns and refunds (Expansión, 2015a).

Security concerns

A large number of Spanish consumers are not feeling safe when ordering online products and services. In fact, payment security concerns are still one of the main obstacles for the online users. For instance, 23% of individuals in Spain did not order goods or services over the Internet due to payment security concerns, which is pretty high compared to the 10% in Netherlands or the 8% in Italy. The average of the EU28 countries is half than the Spanish with 11% of individuals who did not order goods or services over the Internet (Eurostat 2009). Furthermore, 43% of Spaniards do not order over the Internet because they are afraid to give the credit card details (Nielsen, 2014). The fact that 49% of Spaniards use virtual prepaid cards for online shopping also proves the concern regarding the payment. In contrast, PayPal is the most valued and favorite payment method for the online users. In particular, the possibility of paying the purchase with PayPal is considered as a confidence factor for over 75% of the online users (Expansión, 2015a).

Shipping costs and extra charges in the checkout cart

About 85% of Internet users in Spain abandoned the shopping cart without making the payment due to an increase in the final price of the purchase, usually as result of the shipping and administration fees (Expansión, 2015a). In particular, the delivery fees lead to a 43% of abandonment of online shoppers in Spain (Nielsen, 2014).
5.2 Political and legal factors

In recent years the number of users of e-commerce has grown significantly. In order to protect the rights of the consumers, the political institutions have tightened laws. The main laws affecting online stores are the “Law 34/2002 (Law of Social Services of Information and Electronic Commerce)”, the “Organic Law 7/1996 (Law of the Retail Trade)”, the “Law 7/1998 (Law of General Conditions of Contract)” and the “Royal Decree 1/2007 (General Law for the Protection of Consumers and Users and other complementary laws)” (Ministry of Industry, Energy and Tourism, 2015). Furthermore the Government of Spain, along with other European nations like France, Estonia or Greece, has declared Internet access to be a fundamental right of all citizens (The Boston Consulting Group, 2012). Besides the Spanish Law in relation to e-commerce, the European Commission establishes an Internal Market framework that provides legal certainty equally for business and consumers (European Commission, 2014).

5.3 Economic factors

The Spanish economical crisis is dramatically affecting all business sectors, including the e-commerce. The unemployment rate is among the highest in the European Union with 24.5% of unemployed (Eurostat, 2014e). The large number of companies that have closed must be taken also into consideration. In addition, the Spanish consumers are tending to buy private-label or Chinese products, as they are cheaper (PuroMarketing, 2014). Price has always been one of the most critical factors to take into consideration for Spanish consumers, when it comes to the purchase decision-making process (Santander, 2015). A study conducted by Doofinder says that this factor is the main concern for the 44 percent of online shoppers in Spain (PC World España, 2015). Actually almost 66% of Spaniards opt for the online shopping instead of other traditional channels due to the price factor (Ipsos, 2014).

However it seems that the economic situation in Spain is recovering gradually during 2015. The latest figures provided by Eurostat set the unemployment rate at 21.6%, plus an increase of 3.2% on the GDP during the second quarter (2015a).
5.4 Technological factors

Thanks to the great technological development that has occurred in the recent years, nowadays it exists the e-commerce. There is no e-commerce without technology. Therefore it is vital to know how to use the information technology in order to use the e-commerce. Spanish consumers have not yet reached some of the technology standards of the 21st century. For instance, only 74% of the households have Internet access, which is pretty low compared to the 83% in France, the 96% in the Netherlands or the 81% of the average of the EU28 countries (Eurostat, 2014c). On top of it, the 17% of Spaniards between 25 and 64 years old have never used the Internet. In the case of the Netherlands and France, it is just 3% and 9% respectively (Eurostat, 2014d).

In summary, the situation of the e-commerce in Spain is not the most favorable at the moment but it seems to be going on the right direction for the near future (El Mundo, 2015).
6 CONCLUSION

The aim of this thesis was to find out the issues that restrict the development of Lamparadirecta.es. In consequence many conclusions have been reached from this studio.

On the one hand it was observed that a low percentage of Spanish consumers purchase on the Internet, especially when it comes to lighting products (El Observatorio Cetelem, 2014). The main issues and barriers for Spanish consumers when purchasing online are:

- Traditional culture that is accustomed to purchase in physical stores.
- Afraid to order online due to security concerns (pay with credit card).
- High shipping fees and extra charges in the shopping cart.
- Unstable and uncertain economic situation in Spain (high unemployment).
- Low technological skills and slight spread of Internet use.

On the other hand, Spain is one of the fastest growing countries in e-commerce within Europe in recent years (Rakuten, 2013). B2C e-commerce sales in Spain totaled 14.61 billion euros in 2014 and are expected to reach 24.70 billion euros in 2016. This ranks Spain as one of the European markets that will grow faster in the following years. It is, therefore, only a matter of time that Spanish users adapt to shop online, develop the technological skills and improve the economic situation (Expansion, 2015b).

Regarding Lamparadirecta.es, it has been found that it has a good number of visitors of whom very few checkout and complete the order. So it seems that the barriers mention above are most likely the obstacles that prevent the Spanish consumers to shop online.

In order to understand the consumer behavior of online users, the following theoretical background has been exposed. First, a differentiation between B2C and B2B consumer behavior’s has been done, as they are influenced by different
factors when it comes to the purchase decision-making process. Then the studio
has focused in customer trust as Spanish online users, especially B2C, experience
distrust and doubts when purchasing online. The next aspect, customer loyalty,
has been studied, as B2B are specially focused on relationship building. By
focusing in customer trust (B2C) and loyalty (B2B), customer satisfaction can be
reached.

Therefore Any Lamp B.V. can implement different strategies in terms of customer
trust and loyalty in the Spanish website in order to facilitate the purchasing
process for their users and do not scare them away.
7 RECOMMENDATIONS

From the result of this study, many recommendations can be suggested in order to increase customer trust and loyalty, but also keep the customers of Lamparadirecta.es satisfied.

Build trust

As there are many traditional customers in Spain who are skeptical to shop online, the purchasing process has to be simpler, shorter and clearer. For instance, Lamparadirecta.es should present an accurate and well structured website and shopping cart. Trust can be built by providing trust certificates, seals of security approval and customer reviews. In addition, it is also possible to strengthen trust by offering different secure payment methods like PayPal, cash on delivery or Trustly. Furthermore quality customer service has to be offered, so customers perceived trust from person to person (Lee, Turban, 2001).

Increase customer loyalty

Once the Spanish customer trusts in the website and places an order, it is fundamental to meet its expectations and satisfy its needs. For this purpose it is essential to offer excellence after-sales service and reward loyal customers with discount coupons or vouchers. Additionally Lamparadirecta.es has to guarantee a fast and accurate delivery of the products in compliance with the policies and rules agreed (Turban, King, Lang, 2009).

Keeping customer satisfied

In order to keep loyal customers, it is required to supervise their needs regularly. Therefore if Spanish customers are really sensible for the price of the products, it is mandatory to keep an eye on the competitors, so there are no big differences in prices. Moreover the company should reconsider to reduce the shipping cost, and offer a free delivery for orders over certain amount. Ultimately Lamparadirecta.es should adapt the shopping cart, so there are no extra charges during the payment process (Cheng, Lee, 2008).
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van der Linden, B. 2015.
APPENDICES

APPENDIX 1. Home webpage of Lamparadirecta.es
## APPENDIX 2. Paid and Organic Results (Google Analytics)

<table>
<thead>
<tr>
<th>Default Channel Grouping</th>
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<td>Nuevos usuarios</td>
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<td>5. (Other)</td>
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### Comportamiento

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