

PAYING IN THE DISTANCE

REMOTE PAYMENTS OF PHYSICAL GOODS

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SPAIN & EUROPE







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Remote purchases of physical products in Spain, a business on the rise

Technology has sneaked in every corner of our daily lives. The boundaries between physical and digital tend to disappear. We can manage almost anything from a mobile device or a computer, wherever and whenever we need it. E-commerce is one of the industries that best showcase this unstoppable process. Goods and services supply and demand, in addition to payment options, are integrated within the brands' omnichannel strategies.

The purchase of services (travel, leisure, subscriptions and others) led the turnover in the digital market until the beginning of 2020. In the last few months, the online purchase of physical goods has been gaining traction, mainly in segments such as fashion, footwear and accessories, technology home appliances, food, sports or toys¹.

Over 56% of Spaniards from 15 y.o. onwards will have remotely purchased some physical goods this year, as opposed to the European average of 51%. It is expected that the population percentage will approach 61% in Spain (vs. Europe 58%²).

Remote purchase of physical goods in Spain represents € 30 million this year, a figure that accounts for 7% of the total in Europe. It will approach € 37 million in 2024, which means a growth of 26%. Europe only accounts for 18% of all long-distance purchases of physical goods worldwide, a business lead by far by China, accounting a global turnover of over 2 trillion euros.

¹ [Ditrendia: mobile report 2020](#)

² Juniper Research for Telecoming. Original figures in dollars, converted to euros.



On average, Spaniards buy more remotely than Europeans and the rest of the world

This year, 735 million purchases of physical goods will be made remotely in Spain, a figure that will grow by 18% to 868 million in 2024. In 2020, each Spaniard will carry out an average of 31.2 transactions per year, compared to the standard of 26.3 in Europe.

Average spending of physical goods purchased remotely per person and year will reach € 1,240 in 2020 and will increase by 14% to € 1,420 in 2024. These figures are above the European average and the world average, which are in both cases around € 1,000. The trend in the digital commerce segment portrays a lower volume of purchases but a higher average expense, which drives us to believe that the digital business of physical goods in Spain still has a way to go.

The average value of remote purchases of physical goods from any device this year will be around € 40 in our country, compared to € 36 in the European average. In four years, this figure will exceed € 42 in Spain, rising 7%, compared to € 35 on average in Europe.

+56%

of Spaniards from 15 y.o. onwards will have remotely purchased some physical goods this year.

31,2

transactions per year performed by Spaniards, compared to the average of 26.3 in Europe.



³ PayPal mCommerce Study: Mobile, Trust & Social Buying Top-of-Mind

⁴ Merchant Savvy: Mobile payment stats and trends

Volume and value of mobile leadership

Consumers are buying from their mobile devices more than ever. 78% of users in the world have bought some physical product from their mobile phone in the last 6 months³. Globally, mobile sales have tripled in the last four years, from almost € 900MM in 2016 to more than € 2.5 trillion in 2020. Global mobile e-commerce sales might exceed € 3 trillion in 2021, accounting for nearly 73% of total online purchases⁴.



85% of Spaniards over 15 y.o. has paid remotely for a purchase of a physical good from their computer once. The proportion of Spanish smartphones users who buy and pay for physical goods remotely now stands at 26%. Thus, in 2024, 32.5% of us will choose to pay from the mobile phone, while computers lose ground, both nationally and globally.

Roberto Monge
TELECOMING'S CHIEF
OPERATIONS OFFICER

The number of transactions carried out from any mobile device to acquire physical goods will grow by 46% in 2024 (6 percentage points higher than the European total), from 367 to 536 operations. Purchases of physical goods from mobile phones worldwide will increase by 56% in the same period.

Computer-wise, however, it will show a downward trend. Laptops and PCs will be the means used in 368 operations in 2020 as opposed to 332 transactions in 2024, which represents a decrease of 10%. The weight of these channels in the online purchase of physical goods will drop from 23.5% this year to 21.2% in 2024.

“Remote purchase of physical goods from mobile devices will account for more than € 13 million this year, and it will reach a turnover of almost € 23 million in 2024 in Spain. This represents spectacular growth of 70% for that period, well above the European and world averages for which increases of 46% and 59% are estimated, respectively”, says Roberto Monge COO of Telecoming.

Average spending on purchases from mobile phones will rise from around € 36 this year to almost € 42 in 2024, representing an increase of 17%. In addition to being a much more significant upward trend in comparison with Europe and worldwide, the average value of these purchases from Spanish mobile devices is also much higher. Europe is just over € 31 while the global average is around € 20.

Compared to mobile phones, the average value of remote purchases of physical goods via computer is now around € 43 this year, but in 4 years it won't grow.

According to Roberto Monge, COO of Telecoming: *“remote operations from PC or laptops are losing weight as the trend indicates, both in Spain and in the rest of Europe. The average value will stagnate and the number of operations in Spain per user and year will drop from 23 to 21 between 2020 and 2024. In that period, PC's turnover of this type of purchases will drop from € 16 million to just over € 14 million in 2024, which represents a decrease of 11%. In short, everything appoints towards the leadership of mobile phones also in the remote purchases segment”*.





Omnichannel mobile payment

The mobile scene embraces all areas of daily life. 72% of the Spanish Internet population buys online and 68% does so through their mobile (source ONTSI). And although we have to wait for data to make conclusions, everything suggests that the 2020 pandemic will expand the *mobilepasso* in remote purchases.

Almost 50% of Spaniards believe that ATMs and cash payments could disappear and more than 70% are willing to stop using cash⁵. Digital banking and businesses are rushing to catch up and adapt, ahead of schedule, to a digital environment led by mobile phones. And this will have an impact on the growth of eCommerce and the explosion of mCommerce. As Monge states, *“mobile will be fully integrated within all processes and types of relationships to be established between brands and consumers before expected”*.

Both younger generations that are already used to digital environments, and population from older age segments such as the so-called Silver (over 55 years), have had to adapt or speed up their digitization violently during this last year. These population groups happen to broaden the spectrum of potential remote buyers of all kinds of products and services significantly.

Beyond solutions like bank's e-wallets, fintechs, DCB, apps or independent payment gateways, payments of physical goods through original wallet of manufacturers (OEM) - Apple Pay, Google Pay or Samsung Pay - are expected to grow considerably. Currently, only 5.2% of purchases of physical goods in Spain are paid with these systems, but it is expected that this percentage will double within the next 4 years reaching 12.6% of the total amount.

The volume of remote purchases of physical goods with the manufacturer's e-wallet in Spain is still low. However, growth estimation is over 1,036% (2020-2024), surpassing 3,000 purchases at the end of that period. The turnover of the physical goods market in Spain with OEM payment systems will reach at the end of this current year around € 11 million (\$ 13 million) and will increase no fewer than 1,224% to exceed € 145 million (\$ 171 million) in 2024*.

⁵ N26, *“From the notebook to the mobile”*

*These data refer to remote payments made either through an app or online, using Apple Pay, Google Pay or Samsung Pay through integrations and do not include contactless payments made in a physical store.

What drives remote purchases of physical goods?

When it comes to online purchases, the improvement of logistics, transportation processes, terms and flexibility in deliveries, free shipping or digital tracking, financing possibilities, and subscription services all together have positively influenced the progress of online shopping. As Roberto Monge, Telecoming's Chief Operations Officer, explains: *"These are improvements that complete the experience of users that are already familiar with how to take advantage of the mobile phone when it comes to buying whatever, whenever and wherever they want, and who also pay however they prefer. They value flexibility, simplicity and speed with which the digital environment responds to their needs and their preferences in purchasing and paying"*.



⁶ Ditrencia: mobile report 2020

⁷ PayPal mCommerce Study: Mobile, Trust & Social Buying Top-of-Mind

⁸ Observatorio Cetelem eCommerce

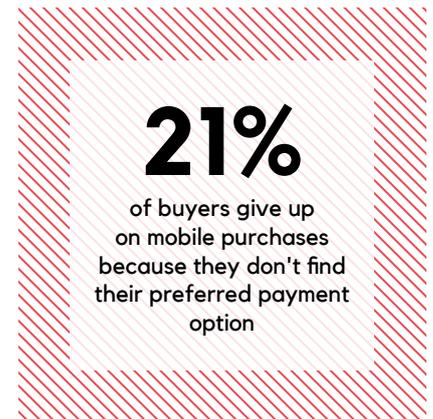
Obstacles: optimization and safety

Mobile payment security remains the biggest concern for merchants and consumers when shopping remotely, but other variables also affect business growth.

Purchase abandonment rates from mobile phones are higher (80%) than from tablet (77%) or computer (74%)⁶. The fact is that many websites are not ready for mobile and the user experience breaks at some point during the purchase process. On many occasions, the loading speed prevents the immediate response that the user is expecting. In other occasions, shopping cart abandonment during checkout happens at the time of payment.

One of the reasons for purchase abandon is that consumers don't find their preferred payment option. In fact, 21% of buyers give up the purchase for this reason⁷. Here too, the customer's choice is critical.

This is already the case for 68% of online shoppers mobile. Although marketplaces are still the preferred option, they seem to lose momentum compared to store websites⁸. However, there is still a gap between the percentage of the population that buys online and the businesses able to offer a complete and satisfactory user experience. That means that they are also capable of implementing the payment method that the customer demands.



The challenge of the 'liquid experience' in physical goods purchases

With new technological developments and rising expectations of mobile payment, physical goods merchants have a golden opportunity to grow their business, if they can offer their customers a unique and memorable digital experience.

Brands no longer compete only for what they sell but for how they sell it. The retail model successfully implemented years ago, especially in some large department stores and luxury firms, allows a seamless immersion of the customer in the brand's universe. During the last decade, we've witnessed the extension of this model to the digital world. It is within the look and feel of the webs, or in the communication channels with the audiences. But there are some gaps to fill.

In the mobile economy, brands have to offer a smooth, borderless experience to their customers, so that the conversation established between them does not break at any point.

The technology that accompanies the conventional purchase process should not be different remotely. It should also conserve the universe of the brand and remain a great part of the user experience. The challenge is that the remote payment method should not represent an obstacle but should be integrated into the universe of the brand.

“All the magic that brands can create can disappear in a click if the payment method does not meet the customer's expectations or if the customer has to leave the brand environment that had conquered him“



Roberto Monge
TELECOMING'S CHIEF
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About Telecoming

Telecoming is an international company deploying a complete suite of technologies for digital services monetization. In a scalable, flexible and secure platform, it integrates seamlessly revenue generation tools based on User Acquisition (Adtech & Payments), User Engagement (Entertainment services & apps) and Business Optimization.

Leader on the economics of digital content since 2008, Telecoming currently operates in 15 countries. The London Stock Exchange has acknowledged the firm as one of the most inspiring European organizations. Moreover, it's among Europe's fastest-growing companies, according to Morningstar's Inc.5,000 ranking.

For more information please visit: www.telecoming.com



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