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The Prospects of E-commerce in Poland

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Abstract

Poland is an attractive market for the development of e-commerce – a young industry, which is growing fast. The development of Polish e-commerce does not differ from the global trend, however, it is characterized by a large unused potential. This is due to still not a very large group of e-consumers and limited use of the power of the Internet in running a business activity by e-stores. The paper presents the characteristics of Polish e-commerce industry, the opinions of Internet users on online shopping and also the extent of use of web analytics and the type of marketing activities taken by Polish e-stores. The authors suggest areas for improvement in the functioning of e-commerce market in Poland. The article contains a proposal for improvements in marketing activities for the Polish online stores.

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1. Introduction

E-commerce is a young industry in Poland. First online stores were set up in the second half of the nineties of the 20th century¹. The concept of e-commerce is mainly understood as online stores and Internet platforms. According to Central Statistical Office (CSO), e-commerce includes transactions conducted via networks, based on IP (Internet Protocol) and via other computer networks. Goods and services are ordered by these networks but payment and final

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delivery of the order goods or service can be made in or outside the network. Transactions can be carried out between enterprises, with individuals, government or other private and public institutions. Orders received by telephone, fax or e-mail are excluded from e-commerce (Definitions used in the studies of the official statistics). E-commerce, although it is a young industry in Poland, has already developed. In this segment there are distinguished sales platforms. An interesting example are price comparison sites such as: Ceneo, Okazje.info or Skąpiec, which have been a supporting tool recently and now they form one of the e-commerce segments. Shopping clubs like Limango, Zlotewyprzedaze (the equivalents of Guilt Group) and group shopping – Groupon, Gruper, Citeam are relatively new forms of online shopping on the Polish market. E-commerce also includes the reservation system, e.g. Trivago, Kayak or Booking. E-commerce is supported by a significant group of service providers, among others, hosting companies, marketing agencies, design companies, supporting sales and specialists in the process design i.e. data analysis. E-commerce also functions in all business models, i.e. B2B (Business to Business), B2C (business-to-consumer), C2C (Consumer-to-Consumer) and C2B (Consumer to Business).

However, the concept of e-commerce is most frequently understood as e-stores. Their advantage over traditional retail stores are: availability, wide range of assortment, prompt access to unlimited amount of information along with the possibility of selecting the form of payment, which is the most convenient for the client⁵. The main advantage of e-stores is the possibility of learning the preferences of Internet users by using tools to track and analyze their behavior. This information helps to respond quickly to the market needs and adapt quotations to client expectations¹³.

2. The objective and methodology

In the paper, there is presented the condition and potential of the Polish e-store sector. What was indicated for marketing as a problematic area of e-commerce in Poland and the proposed improvements in this area. To achieve the objective of the paper there have been used the data from the Eurostat database and Central Statistical Office (CSO) in Poland. There have also been presented the results of the research conducted by Gemius Poland in 2014 for Izba Gospodarki Elektronicznej (The Chamber of Digital Economy) e-Commerce Poland. The research was conducted using longitudinal surveys - CAWI (Computer-Assisted Web Interview) randomly issued on sites with a total range covering more than 90% of Polish Internet users. The data were collected from 26 February to 7 March 2014. The subject to the analysis were the interviews coming from 1500 Internet users aged 15 and over. To guarantee high quality of data, only the completed surveys were included in the analysis³. Also, the data by Dotcom River were used to characterize e-commerce in Poland. The above listed databases (Eurostat, CSO, Gemius) were selected due to their range and the extension of the research group. This allows for the presentation of all characteristics of the Polish e-commerce sector and the attitudes of those buying online towards online shopping.

3. E-commerce in Poland compared to the selected countries of the EU

E-commerce is a developing branch of the Polish economy. In 2013 its value was estimated at EUR 6.2 billion, which amounts to an increase by 21% compared to 2012. A sharp increase in the Polish e-commerce market is compliant with the global trend in this sector. According to estimates by, among others, eMarketer, Internet sales increased by 21.1% in 2012, exceeding the value of \$1 billion, for the first time in history². There is also noticeable a systematic increase in turnover of the companies from e-commerce (Table 1). In the table below there are included companies employing more than 10 employees in 2010-2014, excluding the financial sector. The countries with the highest turnover in e-commerce are Ireland, Czech Republic, Great Britain, Norway and Finland. Ireland, where there is also noticeable a rapid increase in turnover in e-commerce, stands out against the background of these countries. Poland fluctuates below the average of the Member States (EU 28)⁴.

In Poland, the number of e-stores is also increasing (Figure 1). It, among others, is the result of an increase in the popularity of online shopping with consumers and an increase in the number of households with the Internet access and the number of users of mobile devices.

Table 1. Enterprises' turnover from e-commerce in selected European countries 2010-2014 (percentage of turnover)

Countries	2010	2011	2012	2013	2014
European Union (28 countries)	14	14	15	14	15
Austria	13	14	13	12	13
Czech Republic	19	25	24	26	29
Denmark	17	Lr	lr	Lr	16
Estonia	11	10	13	12	18
Finland	18	20	18	16	19
Germany	18	17	17	14	13
Ireland	24	17	21	50	52
Iceland	18	Na	14	Lr	Lr
Italy	5	5	6	7	7
Norway	21	18	18	19	19
Poland	8	11	10	11	12
Portugal	12	11	12	12	16
Romania	4	3	4	6	6
Sweden	18	19	20	14	18
Slovakia	11	16	12	18	13
Spain	11	11	14	14	15
United Kingdom	16	18	19	18	20

lr - low reliability

na - not available

c – confidential

Source: Eurostat (accessed on 9.02.2015)

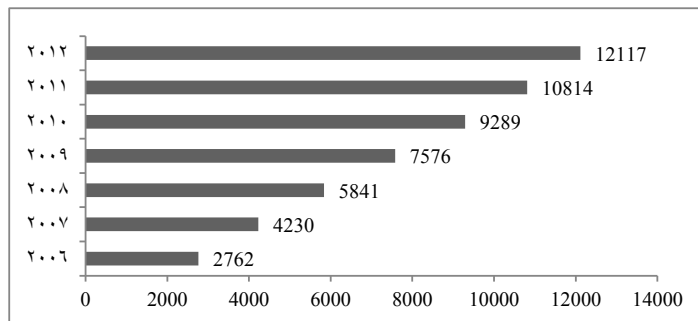


Figure 1. Number of online stores in 2006-2012

Source: *E-Commerce Poland 2013. Executive Summary Report*, Dotcom River Sp. z o.o., Wrocław 2014, p. 11

According to the data by Central Statistical Office (CSO) in Poland, the percentage of households with a computer is steadily growing. In 2014 almost 10 million of households (77%) were equipped with a computer. The percentage of households with Internet access, which in 2014 achieved the level of 74%, is also increasing, although

71% of households used broadband. The indicators concerning the possession of a computer and Internet access indicate differentiation depending on the type of a household, place of residence and degree of urbanization. The possession of a computer and Internet access is much more frequently declared by households with children, the ones from big cities and areas with a high degree of urbanization¹¹.

One of the objectives of using the Internet is shopping. Both in Poland and other European countries, the level of shopping done via the Internet is steadily growing (Figure 2). However, significant differences referring to the popularity of Internet shopping are noticeable. The inhabitants of Great Britain and Denmark used this form of shopping most frequently (in 2014 72% and 66%). Poles were distant by respectively more than 48 and 42 percentage points. In comparison with the EU average, the percentage of people shopping online was lower by 17 percentage points in Poland in 2014. The percentage of people using e-commerce, lower than in Poland, was noticeable, among others, in Portugal, Italy, Greece and Bulgaria.

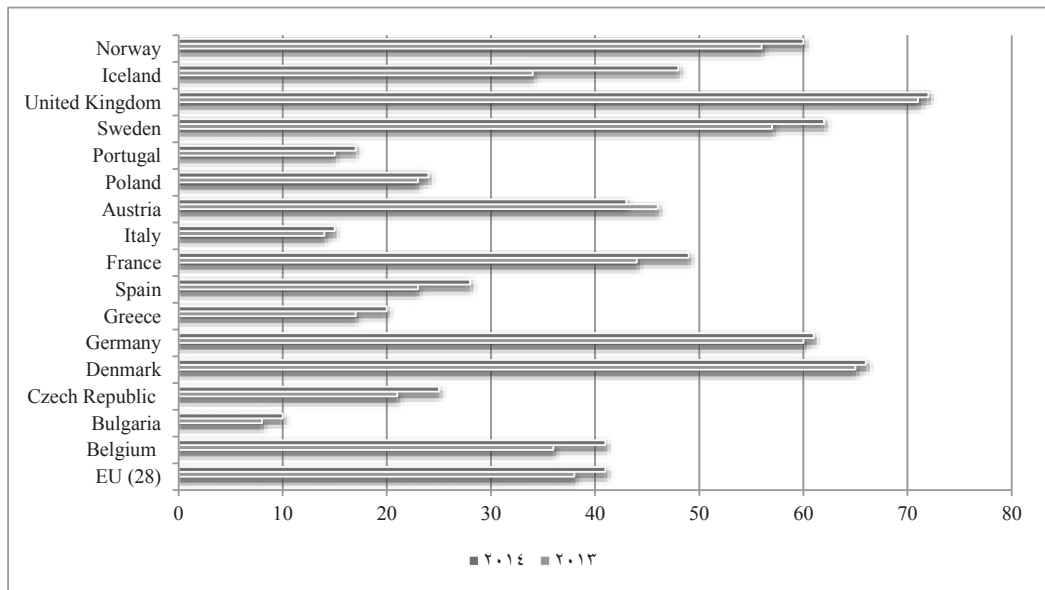


Figure 2. Internet purchases by individuals in the last 3 months in selected European countries (%)
Source: Eurostat database

34.2% of people aged 16-74 shopped online in Poland in 2014. The data in Table 2 indicate a steady increase in the percentage of people placing orders or purchasing online in 2010 – 2014, by more than 5 percentage points. Compared to 2013 the highest growth in the proportion of people shopping online was recorded in the group of people aged 35 - 44 and 45-54 (respectively by 4.3 and 4.1 percentage points). This indicator, for people aged 12-15, amounted to 18.8%.

The most frequently purchased goods on the Internet in Poland are clothes and sports equipment. In 2014 these products were purchased by 60.6 % of people shopping online, on the other hand, films and music were the least frequently purchased goods (11.6 %). Also, compared to 2010, there was the highest increase in the percentage of people who purchased clothes and sports equipment – by 11.9 percentage points, subsequently, holidays, excursions, accommodation and tickets – by 6.3 percentage points, groceries and cosmetics – by 4.4 percentage points and computer hardware – by 2.0 percentage points (Table 3)⁸.

Table 2. Individuals ordering or purchasing goods or services over the Internet for private use in the last 12 months (%)

Specification	2010	2011	2012	2013	2014
Total	28,9	29,7	30,3	31,6	34,2
Men	31,7	32,6	32,4	34,0	35,9
Women	26,4	27,1	28,5	29,5	32,7
Age					
16-24 years	49,2	48,0	48,8	49,3	52,0
25-34 years	49,7	50,4	55,8	58,3	59,9
35-44 years	36,7	37,5	40,6	43,8	48,1
45-54 years	18,5	20,9	21,3	22,3	26,4
55-64 years	9,3	11,1	10,0	11,7	13,0
65-74 years	2,8	3,6	4,0	4,0	6,2

Source: *Information society in Poland 2010-2014*, GUS, Warszawa 2014 p. 129

Table 3. Individuals purchasing goods or services in the last 12 months for private use (%)

Goods and services	2010	2011	2012	2013	2014
Clothes, sports goods	48,7	52,3	53,2	57,4	60,6
Other equipment ^x	43,5	40,9	45,3	44,3	41,6
Books, magazines	31,0	29,4	27,3	27,6	22,9
Electronic equipment excl. Computers	19,9	16,2	19,1	17,5	19,0
Foods and cosmetics	19,4	18,9	21,5	24,3	23,8
Films, music	19,8	15,9	16,7	16,5	11,6
Computer hardware	11,8	10,1	11,1	10,9	13,8
Tickets for sports or cultural events	16,7	14,4	14,9	16,5	16,3
Software (incl. games)	18,1	15,6	15,9	15,6	13,6
Holidays, Tours, accommodation and tickets	13,0	17,1	12,0	19,4	19,3

x - furniture, vehicles, household appliances, garden goods, hobby goods, tools, toys, jewelry, works of art and collectibles

Source: *Information society in Poland 2010-2014*, GUS, Warszawa 2014, pp.133-134

4. E-commerce in the opinion of Polish Internet users

The presented data show that Poland is an attractive market for e-commerce development. This is determined by the following factors:

- more than 34% of Internet users declared online shopping in 2014,
- the group of Internet users shopping online is steadily growing.

Taking into consideration the positive trend and a large group of Internet users, who do not purchase on the Internet but may become the possible participants of e-commerce, this sector is facing dynamic development. This is also confirmed by the opinions of Polish clients of online stores who perceive online shopping in a very positive way. It is also commonly believed that it is not complicated and it takes less time (Figure 3). Compared to shopping in

traditional store, it is also assessed as cheaper, more comfortable to do and providing a wider range of products. It is important that, while comparing the data of 2012 and 2014, the improvement in the Internet users' opinion about online shopping is noticeable. Still, the safety of online shopping is the worst rated.

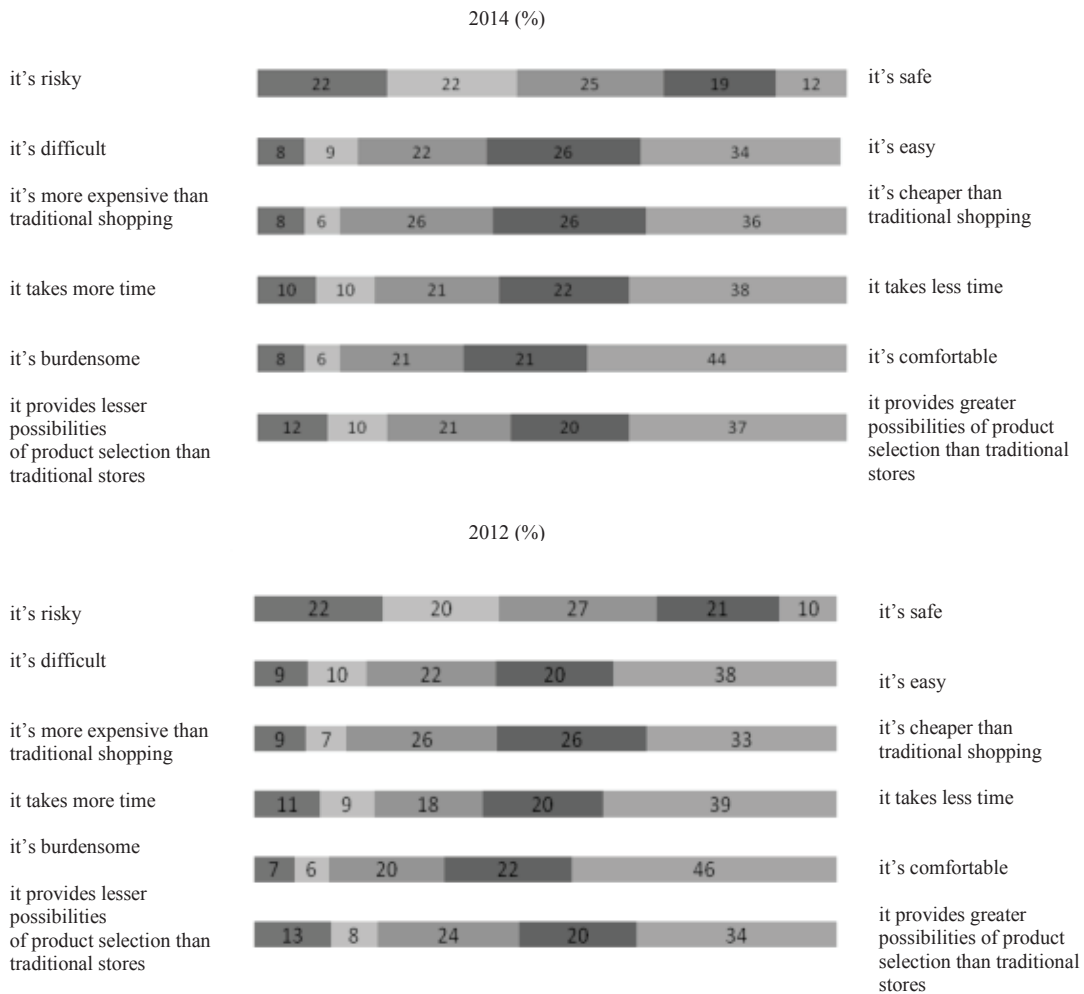


Figure 3. Opinions on online shopping in 2014 (%)
 Source: *E-commerce in Poland 2014*, Gemius, Warszawa 2015, p.32

As already mentioned, online shopping is assessed as cheaper than shopping in traditional stores. According to the report by³, among the factors which mostly attract Internet users to e-stores and make them do the first shopping is a good price (73% of the respondents). Subsequently, there are listed: low shipping/delivery costs (60%) and sales and bargains (52%), i.e. the factors affecting the total cost of the purchase. The aspects connected with the functionality and look of a website occupy further positions, with the indication of, respectively, 51% and 25%. E-store clients also pay attention to the fact of placing detailed information concerning the terms of purchases and complaints on a website (46%). The most important factor influencing the assessment of the credibility of an e-store are the opinions about it (49%), coming from friends and circulating on the Internet. The data presented in the above mentioned report show that, for Polish e-customers, the factors referring to the price are the strongest stimulus for

online shopping. The next one is the assessment of the credibility of an e-store, made on the basis of a transparent business activity of a shop and the opinions about it.

On the other hand, the factors leading to another purchase in an online store, according to the respondents, are³:

- positive previous experiences – 81%,
- good price – 73%,
- low shipping/delivery costs – 61%,
- short delivery time – 57%,
- an easy way of placing orders – 54%,
- sales, bargains and good quotations – 50%,
- clear and functional website – 40%,
- an easy payment – 39%,
- accurate information on the terms of ordering/complaining – 39%,
- an attractive way of product presentation – 24%,
- look of the e-store website – 20%.

Previous experiences have the largest impact on the respondents' decisions concerning another purchase in a specific online store, followed by: good price, low shipping and handling and delivery costs and broadly understood comfort of consumers. Online shopping has become a way to save time and have a rapid access to a wide range of products. Therefore, the main aspects of e-commerce marketing strategy should be: building long-term relationship with the client and transparent operation. The client's pleasure and satisfaction with the purchase are the consequence of a high quality of the provided services and they bring about the development of loyalty among consumers. This can be achieved (except for price-related aspects) beginning with creating an intuitive shopping web service and ending with good manners in relationship with clients.

5. The use of web analytics tools and marketing activities of Polish online stores

The information on the consumer behavior on the Internet constitutes valuable indicators for e-commerce development. However, the use of web analytics tools by online stores in Poland is still at a low level. Web analytics is the process which consists in collecting data, their analysis, planning and taking actions. It is a very important stage in the decision-making process of e-commerce development⁶. According to Conversion¹⁴, the most of web analytics tools is used by e-commerce in Poland. The report proves that all e-commerce services use free Google Analytics¹⁴, i.e. the tool for collecting basic quantitative data, among others, about: how Internet users get to a website, how much time they spend on it and how many times they visit a store before they take a decision on the purchase. Therefore, it is the tool for tracking users. ¼ of the e-stores under research also have the latest version of the Universal Analytics tracking code implemented. This tool is modifying Google Analytics and is used to collect data on the users⁹. The advancement of this sector in the use of this type of analytical tools is understandable since they provide data, on the basis of which it is possible to take actions influencing the turnover generated by an e-store.

On the other hand, the limited use of tools for qualitative research, which provides important information on the motives of behavior of users of web services, is surprising. These tools are easy to use, e.g. short questionnaires. The condition of their successful application is the feedback from the e-consumer. This should not bring about difficulties. The age of social media shows that web service users want to form communities who are eager to share their observations. Only 20% of e-commerce in Poland use qualitative analytical tools¹⁴. It is a mistake since, in this way, web services give up free guidance concerning the elements which are worth optimizing.

On the one hand, the segment of e-commerce applies tools for quantitative research but, on the other, it uses them only for collecting basic data while, in this way, not applying the potential of web analytics. The research conducted by Conversion indicates that e.g. in Google Analytics only 17% of e-commerce services correctly track "adding to cart", 32% correctly reports paths and 30% correctly keeps track of income. These results are surprising since they indicate unreliable collecting data by e-stores. This results in producing reports which make it difficult to draw constructive conclusions. Web analytics is still a niche subject in Poland, though the changes in this area

should be expected. The Polish market is attractive for e-commerce development which will enforce the necessity to use the potential of analytical tools more and more significantly.

Polish e-stores take a wide range of different marketing activities. According to the research², the established web stores have well-diversified marketing channels and use them efficiently. Sales value is strongly dependent on the intensity of marketing activities. The degree to which higher turnover is achieved by a shop is directly reflected in the intensity by which its products are advertised across marketing channels.

The report E-commerce Poland 2013² shows that the form of marketing activities most frequently used by e-commerce is the presence in online catalogs of shops (more than 74%) and Search Engine Optimization - SEO (more than 71%) (Figure 4). Another quite common marketing method is promotion on social networking sites (almost 63%). Social media are mainly used for the presentation of products/services and current sales and bargains and special offers. More than 55% of e-stores, which use social media, do this to establish constant contact with customers and learn their opinion. More than 40% e-stores use traditional tools which e-mail marketing is. Only slightly more than 1% of online stores do not use any form of e-marketing.

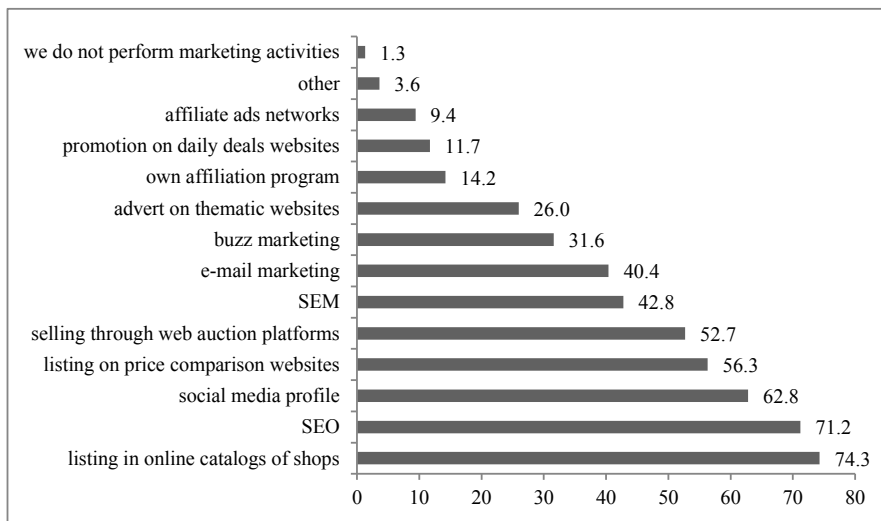


Figure 4. Marketing activities of Polish online stores in 2013 (%)

Source: *E-commerce Poland 2013. Executive Summary Report*, Dotcom River Sp. z o.o., Wrocław 2014, p. 16

As the data presented above indicate, Polish e-stores use both traditional and modern e-marketing tools. The traditional ones include: e-store catalogues, SEO - Search Engine Optimization, SEM - Search Engine Marketing, or search engine optimization tools, advertisements on theme websites and e-mail marketing. On the other hand, modern forms of marketing activities include social media. Social media is defined as a group of Internet-based application solutions that are based on the ideological and technological foundations of Web 2.0, and which allow the creation and exchange of user-generated content⁶. In this respect, Polish e-commerce is not far from the global trend. However, Polish e-stores, in most cases, are limited to setting up their profiles on such web services as: Facebook, Twitter, Nasza-Klasa, Goldenline or Google+¹⁰. As mentioned above, more than fifty percent of e-stores, which use social media, declare the establishing of a long-term relationship with customers and learning their opinions as the objective of these activities. On the other hand, in Poland, crowdfunding is more used by public organizations and the State than business⁸. This indicates that Polish e-commerce industry is not able to fully use the capabilities of the Internet in the development strategy. While pursuing global trends and following foreign e-stores, Polish e-commerce takes limited marketing actions.

6. Proposal to improve marketing strategies in Polish e-shopping

The data presented in the article concerning customer feedback on e-commerce that next to factors connected with the price (ie, the cost of purchases) are following ones are important: the functionality and appearance of the website and the credibility of the e-shop, assessed on the basis of advice circulating the web about it. As indicated in Figure 4, social media uses almost 63% of e-shops but less than 31% uses buzz marketing. This indicates a misunderstanding of the nature of social media by e-commerce in Poland. The assumption 'fanpage' itself is not sufficient. Presence on social media platforms should be treated as a business card of the e-shop and a place to communicate with their customers, including potential ones. These are clear indications focusing on the relevance of marketing activities. Here emerges the 'gap' in the functioning of Polish e-commerce market. The maturity of e-commerce in Poland also shows the progress in the use of web analytics tools that allows to accurately measure the results of marketing activities, which analyse customer behaviour. Limited use of these tools confirms that it is necessary, first of all, to change the philosophy of marketing activities from offline to online.

To improve marketing activities of e-stores in Poland, it is proposed to make the following improvements in online marketing:

- marketing of e-commerce should be strategic decisions and should serve the conscious building of the image of the store - which, in the long run, will improve sales results;
- continuity of action - it is necessary to note that the online sales channel is not build for a moment. Therefore, marketing campaign in e-commerce should be continuous, because only then its potential is successfully exploited;
- marketing campaign for the e-commerce requires knowledge of many tools to analyse the behaviour of Internet users and appropriate skills to use them. To be effective in creating involvement among users, mutual cooperation of the used tools is necessary, which will help to create a consistent online campaign;
- marketing activities and their costs should be associated with the specific objective of sales. So it will be possible to evaluate the effectiveness of marketing activities undertaken and the reasons for their use;
- websites is not the media, but the seller - in online marketing there is the need to change the approach to the treatment of the media. If the accounting for the effects of the following is a collaboration with the media, it is similar to direct marketing channel function - in this case, dealers are not agents, consultants, but websites that encourage users to purchase specific products;
- freedom of action for websites - as opposed to the traditional campaign for online marketing efforts should be given to sites-sellers maximum freedom of action (of course, in order to comply with established rules). If they are held accountable for sale / concrete effect and bear the full risk of the activity carried out, they must also have the freedom to decide what to this: what forms of advertising should be used, when to broadcast advertising, which target group to display them to;
- moving away from the concept of the marketing budget - for activities in accounting for the sale, which is more and more possible on the Polish market, the concept of marketing budget ceases to make sense. Because the costs can be kept covered from sales generated. Therefore, it should be rather considered the budget and not marketing sales.

The principles of online marketing proposed above and opening to the modern channels of communication with customers should help in the development of e-commerce in Poland. Specifically that the group of potential e-consumers is numerous. As indicated by the data presented earlier, online shopping last year did 34% of Internet users in Poland. Assuming that the global trend will be also continued in Poland, which will increase the popularity of online shopping at the same time increasing the number of e-shops, it should be expected that the competition will increase. This in turn will force a change in the perception of marketing for e-commerce. Online shops that have become aware of this fact will be in a far better situation.

7. Conclusions

The characteristics of Polish e-commerce, presented in the paper, show that it is young and rapidly developing industry. According to the global trend, e-commerce in Poland is chasing European markets to reach their level and to be competitive to them. This brings about some shortcomings, most of all, noticeable in the use of web analytics to measure the effects of activities. The type of information, which e-stores dispose, with respect to the amount and quality, amounts to the accuracy of the constructed conclusions and correctness of the business decisions taken. It is also reflected in their marketing activities.

To sum up: with regard to the volume of turnover of enterprises from e-commerce, Poland's position is below the average for the Member States; with respect to the level of online shopping, Poland is below the European average (the difference amounts to 17%); the number of online stores in Poland is steadily growing; the number of people shopping online in Poland is steadily growing; the opinion of Polish Internet users on e-shopping is positive and the assessment of their safety is increasingly higher; Polish e-consumers are increasingly aware clients. This is a guideline for e-stores to attempt to build a long-term relationship with clients, allow them to create communities, use their ideas and listen to their opinions and, most of all, focus on the transparency of the operation.

The authors propose guidelines that should improve the marketing activities undertaken by the e-stores in Poland. These are mainly: the need to develop a strategy for marketing activities; greater use of web analytics tools that allows, among others, to meet customer behavior and evaluate the effectiveness of the undertaken marketing initiatives; a change in the approach to the media; appropriate choice of communication channels, including more and conscious use of social media.

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