FLANDERS INVESTMENT & TRADE MARKET SURVEY



#### FLANDERS INVESTMENT & TRADE

# ENTERING THE E-COMMERCE

## MARKET IN SPAIN

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Flanders Investment & Trade – MADRID Embassy of Belgium Paseo de la Castellana, 18 (6th floor) Madrid 28046 ES España

> T: +34 919 05 76 90 E: <u>madrid@fitagency.com</u>



## **EXECUTIVE SUMMARY**

Nowadays, the European Union and its member states are undergoing a rapid digital transformation. This transformation has inspired the office of Flanders Investment & Trade in Madrid to do research and dig more into how digitalization affects businesses in Spain. More specifically, what influence e-commerce has on corporations. Accordingly, the aim of this report is to be a starting guide for business-to-consumer companies from Flanders that are willing to undertake online product selling in Spain.

Firstly, this study consists of desk research which is done by consulting diverse sources, consisting of websites, reports, journal articles, statistical and government data. These sources were consulted to give an overview of the Spanish e-commerce market supported by facts and figures. This report will include a short enumeration of important laws and regulations considering e-commerce, essential factors to create a valuable e-commerce website for Spaniards and possible logistic challenges that can occur while doing e-commerce across borders.

Secondly, there is field research conducted which contains results of both qualitative interviews and a quantitative online survey. Twelve in-depth interviews with Spanish consumers mainly between 18 and 30 years old were conducted about the e-commerce, fashion and chocolate sectors in Spain. On top of that, interviewing three managers working at multinational companies in both the fashion and chocolate sectors provided a different point of view. They gave relevant and helpful advice which originated from their own market experience. The interviewed managers gave more explanation about the possibility of Belgian B2C companies in the fashion and chocolate industry exporting their products to Spain whether or not via e-commerce. A Belgian chocolate company, which is interested in exporting its products to Spain also wanted to contribute to this report. This company was interviewed to examine how much knowledge Belgian companies have about the Spanish e-commerce market and embedded an outsider perspective.

The questionnaire was aimed at Spanish customers to create a broader, general and more adequate perspective on the e-commerce preferences of potential Spanish buyers. Therefore, the report is mainly intended for business-to-consumer companies in the sectors of e-commerce, fashion, and chocolate.

During the research and according to the findings of the field research, meaningful interpretations could be made which are the foundation of suitable conclusions and valuable recommendations.

After all, cross border e-commerce in the European Union is not as complicated as it might seem. Of course, there will be occurring obstacles along the way but if the business concept is exceptional, there might be a chance of succeeding on the Spanish e-commerce market.

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## INTRODUCTION

The e-commerce market in Spain is steadily growing and more and more businesses and consumers are using it. The option to examine the e-commerce market in Spain and its opportunities for Belgian business-to-consumer companies arose.

In this report, the opportunity and accessibility for Belgian chocolate and fashion companies in the Spanish e-commerce market will be researched. The goal of this report is to be a starting guide for business-toconsumer companies that are willing to expand their online business to Spain.

This report will provide a more in-depth understanding of:

- The Spanish e-commerce market
- The laws and regulations governing e-commerce in Spain
- The factors to create a good website in Spain
- The logistical challenges when exporting to Spain
- The strengths, weaknesses, opportunities, and threats of the Spanish e-commerce market

This study begins with desk research which offers a brief explanation of e-commerce and more understanding about the historic and current situation of the Spanish e-commerce market followed by today's Spanish e-commerce environment. Therein, facts and figures of the Spanish e-commerce market will support this report. Furthermore, an enumeration of significant laws and regulations is provided. The desk research ends with a SWOT analysis of the e-commerce market in Spain.

In order to assess the market potential, field research with both consumers and companies was conducted. The field research contains a quantitative online survey for consumers as well as qualitative interviews with four (multinational) companies in the fashion and chocolate sector and twelve consumers. The findings of these interviews and survey enclosed more in-depth information which was of utmost importance to conclude this report at its best.

Last but not least, the report will be closed with a conclusion and recommendations which are formed by the interpretations of both desk and field research. It would be profitable for businesses to pursue these recommendations in order to obtain a successful experience on the Spanish e-commerce market.

The most important resources used to achieve this report are the following websites: IAB, Ecommerce News and Statista and both the Spanish customers and the managers of the multinational chocolate and fashion companies who all participated kindly and shared accurate and valuable information which ensured a more in-depth perspective on the Spanish e-commerce consumer market in the fashion and chocolate sector.

## 1. E-COMMERCE IN SPAIN

#### 1.1 WHAT IS E-COMMERCE?

E-Commerce (EC) signifies electronic commerce or internet commerce. E-Commerce is the buying and/or selling of goods and/or services by using an electronic network, primarily the internet and hereby transmitting funds and data to obtain the goods and/or services (Rouse, 2017).

E-Business indicates all aspects of operating online businesses whereas e-commerce particularly specifies the transaction of goods and services. E-Commerce and e-business are often interchangeably used (Shopify, n.d.).

E-Tail is the term that is used to refer to the transactional processes for online shopping (Rouse, 2017). Mobile-Commerce or m-commerce is a variety of e-commerce assigning online sales proceedings made via mobile devices, such as smartphones and tablets. Examples of m-commerce are mobile banking, mobile payments and mobile shopping (Rouse, 2017).

#### 1.2 E-COMMERCE IN SPAIN TODAY

Spain has a population of 47.4 million. Due to the financial crisis in Europe, Spain suffered a lot. The bank, construction, and real-estate sectors were affected severely (Powell, 2012). But, this was not visible in the e-commerce sector. The e-commerce sector was one of the few sectors that grew in 2011 and 2012. Nevertheless, e-commerce sales were only 1.2% of the Gross Domestic Product (GDP) in 2012 (Ecommerce News Europe, 2013).

In 2017, the business-to-consumer e-commerce turnover increased by 8%. This means that the Spanish ecommerce turnover was around €28 billion in 2017. The Gross Domestic Product (GDP) was €1,147 billion in 2017. This accounts for a GDP per capita of €24,920 (Ecommerce Wiki, 2018).

In 2018, more than 24 million people have already used e-commerce in Spain (Ecommerce Wiki, 2018). It is estimated that in 2022 the number of purchasers on the e-commerce market in Spain will increase to 31 million people. The graph below shows the estimations of e-commerce beginning in 2017, the graph shows that the number of online purchasers will increase every year (eshopworld, 2016).





The most popular stores where Spaniards purchase their products nowadays are El Corte Inglés, eBay, Amazon, and Groupon (Ecommerce News, 2017). Businesses that are willing to export their products or services to Spain, and are willing to sell through an intermediary, should thus consider these companies because Spaniards buy mostly from the above-mentioned stores.

Interesting for business is Adigital, a Spanish organization for the e-commerce sector that helps online merchants. Their objective is to build an optimal environment for the growth of the digital economy in Spain. They help and advice online retailers in the digital transformation process to attain a more efficient e-commerce environment. They help by investigating, studying and analysing applicable data for the preparation of companies in the digital economy in Spain. Adigital is a platform that can offer visibility and reputation to your business by creating a quality network (Adigital, n.d.). Advice for e-commerce companies from José Luis Zimmermann, CEO of Adigital, is that the availability of delivery options is more important than price and that a good mobile experience is necessary whereas it counts for 26% of total e-commerce (Ecommerce Wiki, 2018).

Interesting to know is that Spain has a lot of events about e-commerce. E-Commerce fairs and events in Spain which could be valuable are: E-commerce Summit (Barcelona - annual), World Voice Innovation Summit (Barcelona), Digital 1to1 Europe (Barcelona - annual), Bizbarcelona (Barcelona - annual), E-Show Barcelona (Barcelona - annual), Retail Forum (Madrid - annual), Manhattan Exchange (Barcelona - location changes every year) and SICUR (International Security Safety & Fire Exhibition - Madrid – Once every two years - Computer Security, Security against Intrusion, Robbery and Aggression, etc.).

Figure 1: Number of online shoppers in Spain (in millions), eshopworld, 2016

#### 1.3 THE SPANISH ONLINE PURCHASER

According to a recent study of IAB, companies have a better view of who actually buys online in Spain. Most of the Spanish online buyers are women, who account for 51%, while the other 49% consists of men. On average, the Spanish online purchaser is 41 years old and has a household of three people. 58% of the Spanish citizens who purchase products online, have attained a university degree. The number of online purchasers who are currently employed accounts for 75%. Most of the online buyers visit and buy the products via computer (94%), followed by smartphones (93%), and tablets (49%) (IAB, 2019).

The growth in e-commerce in Spain is largely due to the age group between 16 and 30 years old. This can also be seen on the graph below which has been taken from IAB. Due to the fact that the age group between 16 and 30 years old will continue to impact e-commerce, this will be the consumer target group of this research. Next to the impact this age group has on the e-commerce in Spain, another reason for choosing this target group is because their knowledge of digitalization and their knowledge of the economy is increasing. Therefore, youngsters are becoming more aware of the impact online purchasing can have on the economy (IAB, 2019). Accordingly, this makes them an interesting part of the population to analyse their online purchasing preferences.

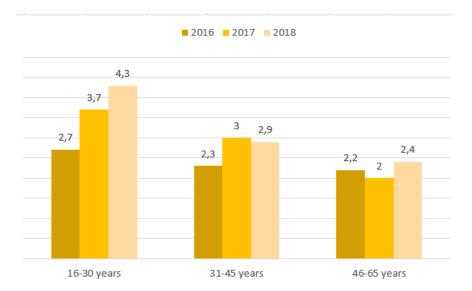


Figure 2: Number of online purchases per age group in Spain for 2016, 2017 and 2018, IAB, 2019

The Spanish e-commerce market is encouraged by drivers which stimulate the online buying process. These drivers are primarily the online product offers, price, shipping and after-sale contact (IAB, 2019).

#### 1.4 SECTORS E-COMMERCE IN SPAIN

Due to the large growth in e-commerce, it is interesting to look more in-depth in which specific sectors consumers purchase their products. In 2018, the largest e-commerce sector in Spain was entertainment and culture (68%), travel and holiday accommodation (66%) followed by electronics (61%) (IAB, 2019). Most online purchases for these sectors accounted for  $\leq$ 100 to  $\leq$ 499 (Ecommerce Foundation, 2019).

In general, there is still a difference between products and services when purchasing online. Physical products such as clothing, furniture, and books are more often purchased online than services such as travel tickets and restaurant bookings. Digital content, for example software and online games, is also sold online but to a lesser degree than physical products and services (IAB, 2019).

#### 1.4.1 Chocolate sector

It is complex to find facts and figures about online sales of chocolate in Spain. Therefore, the Spanish chocolate sector will be discussed in general and we will have a look at the general online food sales. This does thus not only include chocolate but different kinds of food products.

In 2016, the Spanish chocolate market grew by 11%, and represented a value of €184 million for that particular year (European Supermarket Magazine, 2016). Nestlé's Chocolate Barometer acknowledged that in 2015, 60% of Spanish families bought chocolates, especially at Christmas. Other days on which consumption is higher is on Valentine (5%), Father's Day and Mother's Day (both 3%) (Sweetpress, 2016).

In 2015, a report from Nestle Market Intelligence Department released results of chocolate consumption in Spain. Interestingly, there are regional differences when it comes to chocolate purchasing. Spain's northeastern region which includes Catalonia, the Balearic, and Aragon, accounted for 24% of the national chocolate consumption in Spain. The Southern area, Andalusia and Extremadura, followed with 18%. The Community of Madrid represented 15% of Spain's total chocolate consumption. Spaniards living in the area of Barcelona spend on average 25% more on chocolate per year (Sweetpress, 2016).

In 2018 Nestlé España remained the leading seller of chocolate confectionery. This leading position can be associated with its brand awareness with different brands including Kit Kat, Milky Bar, Crunch, Caja Roja, etc.. Sales of other present brands as Ferrero Ibérica and Chocolates Valor further increased in 2018. The reason for this is the positively changing Spanish economy and the increasing sales of higher added value goods by consumers (Euromontitor International, 2018).

When looking at the graph of Statista below, about the products Spaniards bought in 2018, every category increased. For food, there is an increase of 5% compared to 2017. This might not seem huge but it is significant when knowing Spaniards are not that keen on buying food products online (Statista, 2019).

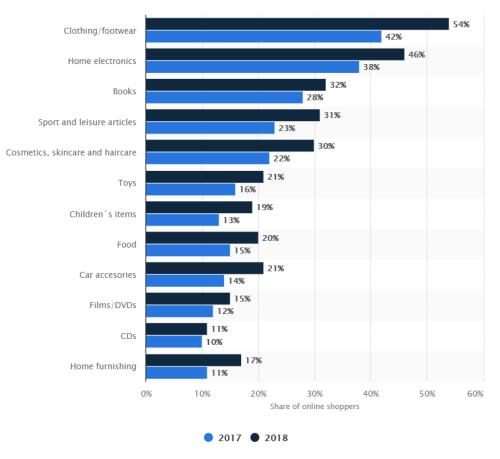


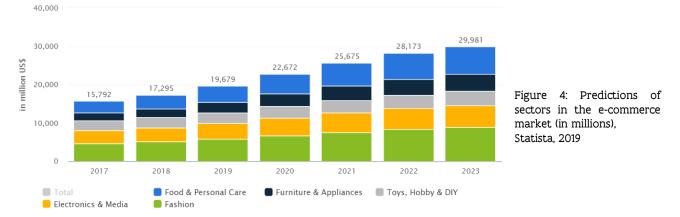
Figure 3: Most online bought products in Spain in 2017 and 2018, Statista, 2019

In 2018, the largest online food stores, according to net sales, were mercadona.es, carrefour.es, and elcorteingles.es with a net sale of respectively €235 million, €187 million and €107 million (Statista, 2019).

#### 1.4.2 Fashion sector

Fashion is one of the largest sectors in the e-commerce market (IAB, 2019). In 2019, the revenue of fashion sales from e-commerce is estimated at €5.2 million in Spain (Statista, 2019).

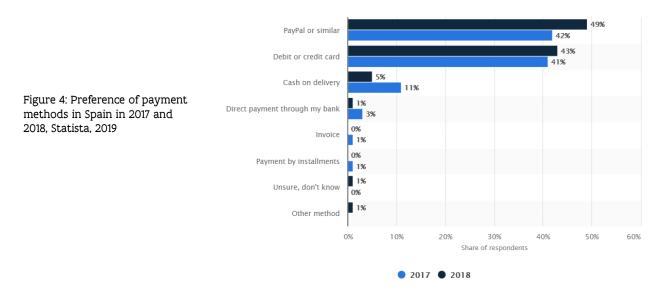
The graph of Statista shows the estimated growth for both online food and fashion sales for upcoming years. Notice that the revenues are represented in US dollar. If converted from US dollar to euro, fashion and food and personal care represent respectively  $\leq$ 4 million and  $\leq$ 3.2 million in 2018. By 2023, these two sectors are expected to yield  $\leq$ 8 million for the fashion sector and  $\leq$ 6.5 million for food and personal care sector (Statista, 2019). The conversion from US dollars to euros was done with the help of the website VALUTA FX (Valuta FX, 2019).



In 2018, according to net sales, the most popular stores in the Spanish online fashion sector were El Corte Inglés, Zalando, Zara, Privalia and Pull&Bear. Their revenues amounted to respectively €355 million, €265 million, €160 million, €129 million and €111 million (Statista, 2019). Almost every mentioned store is of Spanish origin. Therefore, it is clear that Spaniards prefer to buy from international stores which originate from Spain.

#### 1.5 PAYMENT METHODS IN SPAIN

According to the Statista graph below, Spanish citizens prefer paying via PayPal when buying products online. Over one year, the percentage of using PayPal as a payment method increased with 7%. For 43% of online sales in 2018 Spaniards used debit and credit cards. (Statista, 2019). The graph below of Statista shows the payment methods and the differences in use for 2017 and 2018.



### 2. LAWS AND REGULATIONS GOVERNING E-COMMERCE IN SPAIN

There are many regulations when it comes to opening an online business or selling goods internationally. Nowadays, regulators are still figuring out the tax implications of e-commerce transactions. The EU and its member states are still implementing new laws and directives regarding e-commerce activities due to the fact that e-commerce grows rapidly. Therefore, it is difficult to give a full overview of taxes, regulations, and directives on the subject because the regulations still change. In this section, a short enumeration of the most important regulations, taxes, laws, and directives are mentioned to establish an e-commerce business (in Spain).

To begin with, AEAT (Agencia Estatal de Administración Tributaria), the Spanish Tax Agency offers taxpayers a broad extent of services for the facilitation of their obligatory taxes (Agencia Tributaria, 2019). As a Belgian company, it would be good to seek advice from consultants or agencies specialised in establishing and helping online business in Spain. These companies can provide legal, strategic and appropriate advice on how to act legitimately in Spain. With their market experience, they will guide businesses to achieve the desired goal and help to increase sales. Potential consultancy agencies could be Denox, Nubetik, Ydral, Digital Nature, etc.

#### 2.1 EUROPEAN UNION DIRECTIVES

First of all, the European Union established an E-Commerce Directive which protects business-to-consumer and business-to-business undertakings. For instance, this includes that advertising or sponsorships may not be charged by the final consumer (export.gov, 2018).

The General Data Protection Regulation (GDPR), is a new regulation of the EU that aims to protect the privacy and data of its citizens (EU GDPR.ORG, n.d.). The GDPR covers new requirements concerning direct marketing and the management of personal data (export.gov, 2018). All customer data such as photos, personal information, IP addresses, passwords, etc. need safe storage. The customer data can only be used with the permission of the customer (Sam, 2018).

Regarding the GDPR terms, e-commerce businesses are acknowledged as the Data Controller. A data controller is a person, agency, public authority, etc. who determines the intention of processing of data (Palmer, 2019). Therefore, e-commerce businesses are responsible for the secure storage of consumers' data. Corporations will have to test their database and storage to find weaknesses (Sam, 2018). If the Regulation is not followed as required, fines can be as high as  $\in$ 20 million or 4% of the business' annual global turnover. These fines are for infringements on the rights of data, unapproved transfer of personal data, failures to transparency, etc. The amount of the actual penalty depends on the severity of the violation (export.gov, 2018) (EU GDPR.ORG, n.d.).

The Digital Single Market (DSM) ensures free movement of capital, persons, and services and give access to individuals and corporations to engage in online activities. Rules of fair competition, consumer protection, data protection, and copyright are included in the DSM. With access to a market of 500 million people, the DSM offers an opportunity for start-ups to reach the market easily and establish their business in Europe (European Commission, 2018).

#### 2.2 INTELLECTUAL PROPERTY RIGHTS

All companies that sell online must be aware of counterfeiting and piracy. They can protect their business by devising a strategy to protect their IP address and data before problems arise. Distinct legislations within the EU are intended to protect intellectual property and cover trademarks, patents, copyright, and trade secrets of a corporation (export.gov, 2018). Next to Intellectual Property Rights, there must be visible information about security and the transmission of data. The Data Privacy Policy has to be a part of the website. As mentioned above, when the policies are not pursued, penalties will be issued (TICTACSEO, 2018).

#### 2.3 GUARANTY AND RETURNS

The EU has set some rules regarding guarantees and returns that are implemented in the Directive on Consumer Rights which formulate rights to improve online consumer protection. One of these rules is that a trader must repair, replace, give a reduction on the price or a refund when the goods are malfunctioning or are not comparable in their look or functioning as was being advertised (European Union, 2019). If a purchaser bought a product or service online, (s)he has the legal right for cancelation of the product or service order and to return it within the upcoming fourteen days. The purchaser does not need any justifying reason for the cancelation or the returning of the products (European Union, 2019).

The European Union provides EU consumer rules when purchasing in the EU. When a customer purchases new goods in the EU online or in a physical store, the purchaser has a legal minimum guarantee of two years at no cost. When the products arrived malfunctioning, the purchaser has the legal right to return the products within two years. For second-hand goods, the legal guarantee is twelve months in Spain (European Union, 2019).

When the purchaser noticed the malfunctioning of a product, the notification to the seller must happen within two months. Then, the seller must provide proof of the product's functioning for the first six months after the product was delivered. Thereafter, the buyer must justify the breakdown (European Union, 2019).

For the implementation of a solution there is no deadline. Firstly, the seller must repair or ensure a replacement within a reasonable time frame and free of charges. Secondly, under certain circumstances, the seller must give a reduction on the price or a refund when a reparation or replacement of the product is not possible (European Union, 2019). If no amicable solution is presented, a three year prescription period is foreseen as from the delivery dates of the goods (European Union, 2019).

#### 2.4 VALUE ADDED TAX (VAT)

Value Added Tax or VAT (in Spanish IVA: Impuestos sobre el Valor Añadido) is a complex consumption tax that drives consumers and businesses. Value Added Tax is adding a VAT amount to the net price which increases the total sales price. The VAT amount is the multiplication of the VAT rate with the net price of a product. The EU has set a minimum standard VAT rate of 15%. The Value Added Tax standard rate in Spain is 21%. This rate applies to most consumer products and services (Ecommerce Wiki, n.d.).

When starting an e-commerce business in Spain, the organization has to register it with the Treasury and Social Security (Hacienda y la Seguridad Social). This registration is necessary for companies wishing to do business online in Spain in order to meet the requirements of the Spanish VAT regulations. (Hervás, 2019).

The EU also allows a maximum of two reduced rates. The VAT reduced rates in Spain are 4% or 10%. These rates are mostly used for basic products or services such as: intra-community and international transport by road, rail and inland waterways, some food products, some pharmaceutical products, some medical equipment for disabled persons, restaurant and catering services, bars, cafes, night clubs and alcoholic beverages sold therein, some books (excluding e-books), news studies, social housing, etc.. There is a zero tax rate for some gold coins, ingots and bars, and intra-community and international transport by air and sea (Avalara VATlive, 2019).

A Belgian company selling online in Spain has to charge the Spanish VAT tax when:

- The Belgian company is settled in Spain and the consumer is an resident in the EU or a corporation in Spain (Strong Abogados, n.d.).
- The Belgian company is settled in Belgium (within the EU) and sells to customers in Spain when the total amount of annual sales surpasses €35,000. The Belgian company can employ the Belgian VAT amount (also 21%) until the total annual sales of €35,000 are attained. If the amount of €35,000 of total annual sales is reached, the company established in Belgium needs to apply the Spanish VAT rate in the current year and the consecutive years (Strong Abogados, n.d.). Companies can also immediately apply the Spanish VAT. This could be interesting when the country in which the product/service is sold has a lower VAT rate than the country of origin. In other words, the end user/consumer will pay less and would thus be more interested in buying the products (Hervás, 2019). For companies to make use of the Spanish VAT, they need to administer the rules of a Spanish invoice, include the NIF, NIE, CIF, VAT number, and CCC Number (Strong Abogados, n.d.).
  - o NIE (Número de Identificación de Extranjero), is the tax identification number of the company in Spain. For foreigners, this identification number is the same as NIF (Número de Identificación Fiscal) (Strong Abogados, n.d.). In Spain, applying for a NIF can be a long process, therefore it would be helpful to collaborate with a lawyer, who is able to give relevant and valuable information and advice considering the e-commerce market in Spain (Cinco Días, 2018).

- CIF (Certificado de Identificación Fiscal), is the tax identification number for all companies. CIF consists of a letter followed by eight digits. The letter in CIF represents the type of business (Strong Abogados, n.d.).
- O VAT number is 'ES' prior to the CIF number, if a company requested the intracommunity VAT exemption and when it is approved, this number will be listed in the EU VAT registry. In this online database of the EU, companies can search if the company they are selling to is also registered. In case both companies are listed and are established in another country, the goods will be exempt from the VAT tax. If both companies are listed but are located in the same country, VAT tax still needs to be applied to the goods (Strong Abogados, n.d.).
- o CCC Number (Código de Cuenta de Cotización) is the same as the social security number of the employer (Strong Abogados, n.d.).
- When selling to a recipient in the Canary Islands, Ceuta and Melilla, other VAT taxes are applied because it is considered an export of goods or services. In Ceuta and Melilla, taxes are applied on production, services, and imports (IPSI: Impuesto sobre la Producción, los Servicios y la Importación). In the Canary Islands, an indirect general tax is applied to the exported goods or services (IGIC: Impuesto General Indirecto Canario) (Hervás, 2019).

#### 3.1 LANGUAGE

Websites should have the option of being translated into several languages. But, when exporting products to Spain via an online platform it is of utmost importance that companies provide their website in Spanish. This will immensely increase the sales potential for businesses as they can reach a very broad potential target group (Webinterpret, 2019).

The use of English would also be an option. Slowly but steadily, the knowledge of English is increasing in Spain. Although, they will probably still opt for Spanish so it is highly recommended to take this into account (Tello, 2009).

#### 3.2 TRUSTMARK

72% of online purchasers mentioned that having trust in the website is of huge importance. Trustmark and security symbols are a critical factor in their online purchasing experience (IAB, 2019). As a company, you must provide adequate information about security and guarantee safety to your clients on your website. Visible security certificates are essential because they ensure that the transfer of data is secure. Another important element could be the ratings of previous clients. Positive ratings from fellow clients increase trust and confidence in both company and products and can be compared to word of mouth marketing. In the report of IAB, 51% indicated that recommendations of the site or word of mouth marketing can also be decisive to purchase a product (IAB, 2019). The company must also provide a applicable and comprehensive data privacy policy (TICTACSEO, 2018).

#### 3.3 CONVENIENCE

The convenience of a website is important for 97% of the Spaniards. Therefore, convenience is the main driver to purchase products online in general. By providing a convenient website, the company attempts to make the user experience easy and straightforward. Customers who purchase at a website which is straightforward, also save time because the website is easy and clear to use. Time-saving is also an important element that 77% has indicated as a driver to buy online (IAB, 2019).

It is of utmost importance that companies or brands next to building brand awareness offline, create brand awareness online. The structure of a website must offer clients a clear vision of the products or services a company offers. A website must contain a structured and segmented layout that provides the target audience a clean website that presents their products and services in such a way they are efficiently recognizable. Examples of making a website more convenient are to have a search engine, have the options of ranking the offered products in alphabetical order, by colour, size, etc., make use of different product classifications and subdivisions. Nowadays, the use of Artificial Intelligence such as chatbots is a technology tool that many e-commerce businesses use out of convenience for the customers. Clients do not have to

call anymore to ask questions or information, they can quickly send a message to the chatbot, which will give an accurate answer (TICTACSEO, 2018).

A (not required) login account, where customers provide some personal data to the company can become convenient on the long-term. Customers can log in to their accounts and could receive info on potential interesting products, benefits or discounts which are related to their past search sessions. This aligns with trust because not everybody is keen to give away personal data on a website.

Next to creating a login account, companies can give the option to customers to create their wish list which has advantages for both company and customer. Companies can use the wish list of clients to send reminders, place advertisements via social media and are able to follow up on the interests of the customer. This will encourage and seduce customers to buy the products in their wish list. For customers who do not have the necessary funds available, they can save their wish list and visit the site later when they do have the funds. This is time-efficient and facilitates the purchase process. These are effective approaches to increase sales and thus develop the business (TICTACSEO, 2018).

When selling online, companies should take into account that the format of their website can change on mobile phones or tablets. This is also part of the convenience of a website, the website should be easy to use on different types of devices. Websites that become unclear and uneasy to use on mobile phones or tablets will immediately erode confidence and customers will lose their trust more quickly (TICTACSEO, 2018).

#### 3.4 BROAD RANGE OF PRODUCTS

The online product range is also a very important factor. 94% of the Spanish people indicated this as an important driver when shopping online. Although, this percentage has decreased by 3% in comparison to 2017 (IAB, 2019).

By offering clients products that are similar to their past search history, it could also be interesting to promote complementary products, such as design, colour, the same collection, etc. Another way to develop your online sales is to promote your best-selling products, outlets, product combinations and new arrivals which will certainly boost a business (TICTACSEO, 2018).

Next to a broad range of products, it is a necessity to have clear, accurate, visible and persuasive information to describe the product. Pictures must be precise, of good quality, and preferably have the option to zoom in and view the product from different angles. Product information is one of the most important and decisive key aspects when ultimately purchasing the product. A product with false product information provides bad reviews which establish a harmful brand image of a product or company (TICTACSEO, 2018).

#### 3.5 PRICE

In Spain price and discounts still very much influence the decision of purchasing a product. Price is one of the main drivers to persuade customers to buy a product. The price of products and/or services are a determining factor for 94% of the Spaniards. Most purchasers (60%) also wait for certain moments when they could have discounts such as Black Friday or discount coupons to buy online (IAB, 2019).

The cost of shipping or any additional costs must be clearly mentioned beforehand. When customers notice additional costs later on in the purchasing process, they might no longer be interested in purchasing the product (TICTACSEO, 2018).

#### 3.6 CONTACT INFORMATION

Contact information aligns with the trust in a website or company. A 'Who are we?' and a help section can immediately bring clarity and instore trust to the potential clients. Under the section of contact information could belong: frequently asked questions (FAQ), a (free) service phone number, email address, locations of physical stores and headquarter and the brand values and the ethical practices the company pursues. Information provided about the delivery time, possible delivery options, returns, and refunds must also be mentioned to establish transparency between company and customer (TICTACSEO, 2018).

#### 3.7 ADVERTISEMENTS

In 2016, advertising on desktop and mobile devices was estimated at €1.5 billion. When using search engine optimization companies' total costs in Spain amounted to €783 million (export.gov, 2018).

It is known that Spanish people are really into social media and social networks. This ensures an impact on the growth of e-commerce. In 2018, 83% of the Spanish population was active on at least one social network platform. The most popular social platforms are Facebook (91%), WhatsApp (83%), Youtube (64%), Twitter (56%) and Instagram (55%). Other less used platforms are Google+ (43%), LinkedIn (33%) and Spotify (29%) (IAB, 2019).

Nowadays, S-Commerce or social media commerce is frequently used to promote a brand or company to the general public. It is an efficient way to reach many people in just a few clicks. Nevertheless, a good analysis of the target audience, a communication strategy, and a clear business profile should be consistent with the social media platforms and advertisements because not all companies have the same social outline (TICTACSEO, 2018).

## 4. LOGISTIC CHALLENGES

#### 4.1 GENERAL LOGISTIC CHALLENGES

E-Commerce is often just seen as delivering goods to a customer. But when doing e-commerce there is an entire supply chain that needs to be taken into account. Not only before and during the delivery of goods but especially after customers got access to the ordered products, there are logistic processes that are challenging when doing e-commerce business internationally. Online as well as in physical retail, it happens that goods are returned due to different reasons.

When being active in e-commerce (especially on an international level), logistics can be a tricky area. When scaling up the logistic process of businesses, having the right third-party logistics provider is very important for (international) e-commerce. In the following subdivision 'Logistics in Spain', there is an enumeration of successful Spanish third-parties in logistics. But not only the delivery of products is important, reverse logistics are also of great importance as well as offering refunds when customers are not satisfied with their purchases (Khurana, Advantages and disadvantages Ecommerce, 2018).

When goods are sold online and sent to the customer, sometimes most attention is paid to a rapid delivery causing damage to the goods, wrong delivery or no delivery at all which is, of course, unacceptable, causes frustration on the customer side as well as on the corporate side and leads to waste (Khurana, Reverse logistics as a strategic tool for Ecommerce success, 2018).

Another situation where goods get returned in both physical stores as online is when the goods are malfunctioning. It is impossible to have a 100% error-free production. The difference between physical stores and online stores is that customers would travel back to the retail store to change the malfunctioning product whereas when the customer bought the goods online it is a little hard to return the product and have proof that the product arrived with dysfunctions. Therefore, customers expect a pickup of the product and a replacement which is not always obvious (Khurana, Reverse logistics as a strategic tool for Ecommerce success, 2018).

Since customers only have two clear interactions with the e-commerce business, the website, and the order fulfilment, it is necessary that these two are working faultlessly. If one of the prior actions are lacking, customers might lose confidence in the enterprise. Therefore, reverse logistics is a part of the utmost importance of order fulfilment to keep customers satisfied. Even though one of the previous actions might occur, when a customer can return or get a replacement this will reflect in customer retention. A customer who is satisfied even though the order fulfilment was not flawless would be likely to be a satisfied customer and return for a long time (Khurana, Reverse logistics as a strategic tool for Ecommerce success, 2018).

In 2018, no less than 43% of 1100 interrogated Spaniards already returned an item that they bought online in the past. Germany, the Netherlands, and France are the leading countries when it comes to the population returning online purchased items. These 3 countries are the leaders with respectively 53%,

52% and 45% of the population (1100 interrogated residents) already having returned an item bought online in 2018 (Best, 2019).

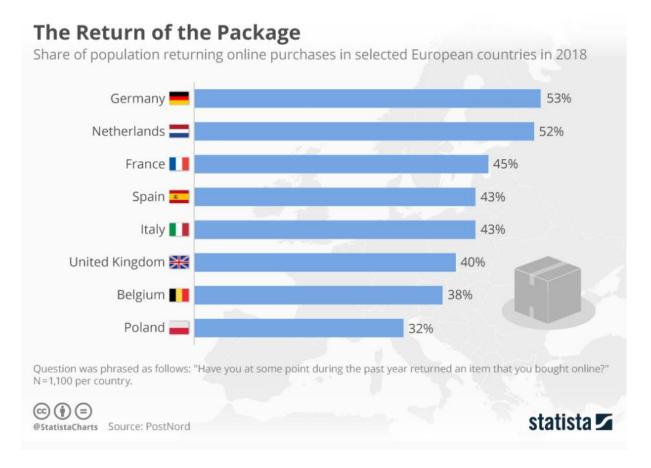


Figure 6: Share of population returning online purchases in the selected European countries in 2018, Statista, 2019

#### 4.2 LOGISTICS IN SPAIN

The transportation of products from Belgium to Spain should not be a problem. Primarily because both countries are EU member states and thus follow mainly the same set of rules. The goods that originated from Belgium could be delivered to Spain by different means of transportation. Potential options could be airplanes, trucks, train or boats. Transportation in Spain should be absolutely hassle-free due to the good connection by road, waterways, ports, air, and railways.

In general, Spain's geographical location and existing connections are beneficial for transportation. Therefore, Spain is a valuable connection especially between Africa and Europe.

Beginning from Madrid, there are connections by high-speed train to 27 cities (export.gov, 2018). Spain has also many proactive ports that facilitate transportation via waterways. The major ports are Algeciras, Barcelona, and Valencia which are the top 3 busiest ports for the Mediterranean Sea and are in the top 10 of fastest growing container ports in Europe (Port Technology, 2015) (Notteboom, 2018). Transportation

via air is handled through international as well as regional airports (Altius Directory, 2019). Barajas International Airport in Madrid is the largest airport in Spain (Airports in Spain, n.d.).

Outsourcing the order fulfilment which is the process of keeping goods in a warehouse, label, pick and pack the order for shipping and ultimately ship the product could be done by another company. For many companies, order fulfilment and logistics are time-consuming. Therefore, it would be interesting to take a look at potential logistic companies established in Spain (Gallego, 2018).

When outsourcing logistics, possible road freight transport companies in Spain are: Suer, Geopost, Primafrio, United Parcel Service España, and DHL Parcel Barcelona. In 2016, these companies had a turnover in millions of euros of respectively  $\leq$ 393.71,  $\leq$ 311.81,  $\leq$ 306.71 and  $\leq$ 163.83 (Statista, 2017). The leading Spanish logistic company, Seur, possesses two immense logistic centres in Barcelona and Madrid, starting from there, goods are delivered to the end consumer by using trucks. Amazon and El Corte Inglés are both trying to become the company with the fastest delivery time. El Corte Inglés, Spain's largest department store, has launched its own delivery service. They are trying to bring the delivery time down to two hours after the purchase was finished. But, Amazon is beating this delivery time by promising the purchased products at the customer's door within one hour after the purchase was accomplished (Constantini, 2016). Other potential well-known international logistic companies are DHL, UPS, FedEx, and TNT (Gallego, 2018).

With more than 40 000 logistic companies, the region of Castile and Leon offers an extensive logistics sector network. In 2015, the region accounted for 8% of the national logistics transportation. Outstanding transportation networks and the location of Castile and Leon form an excellent location to concentrate logistic activities for every type of business (ICEX - Invest in Spain, 2015).

Dependent on the company that wants to ship products from Belgium to Spain, options for the cheapest shipping transportation may vary due to the volume of the products. Many shipping companies are willing to make an invoice so companies can reflect on which transportation option they should select. Not only the volume but the type of product that needs to be shipped is of huge importance. For example, some food products need to be kept in a cooling box. Other products that could break easily need to be handled with extra care. Transportation methods such as airplanes and boats will be more expensive than trucks. For some companies, trucks can be a more cost-efficient transportation method but they should keep in mind when transporting goods from Belgium to Spain, they have to pass France where there are still many toll roads.

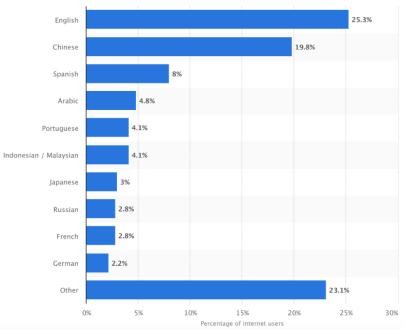
Transportation methods are thus dependent on many different factors such as volume, weight, fragility, distance, and type of product. Of course, businesses have particular and different insights when it comes to transportation. Some corporations will take ecology and pollution more into account and will thus do more in-depth and thoughtful analyses on which way of transportation fits their values.

## 5. SWOT ANALYSIS OF E-COMMERCE IN SPAIN (FOR BELGIAN PRODUCTS)

This SWOT analysis is a way of illustrating and providing an understanding of the strengths, weaknesses, opportunities, and threats of the e-commerce market in Spain. The strengths are a helpful way to achieve an objective and originate internally in Spain. Weaknesses are harmful to achieve the objective and are also originate internally. The opportunities and threats both have an external origin. The opportunities are helpful whereas the threats are harmful to the e-commerce market in Spain.

#### 5.1 STRENGTHS

Worldwide, Spanish is the most used language on the Internet after English and Chinese. More than 750 million people speak Spanish, whereof for half of them Spanish is their native language. If corporations would be able to present a Spanish website their reach of customers would immediately grow (Sitsanis N. , 2018). Below, the graph of Statista which was mentioned on a webpage of Speakt, shows a visual representation of the top 10 languages used on the internet nowadays (Sitsanis N., 2018).



Top 10 Languages Used On the internet Today

Figure 7: Top 10 languages used on the internet in 2018, Statista, 2019

Recent data from IAB has shown that 7 out of ten internet users shop online which represents 19.4 million Spanish citizens between 16 and 65 years old (IAB, 2019).

Over the past years, Spain's economy was and is growing again after years of economic turmoil. In 2017, a Gross Domestic Product growth of 3.1% was reported, which is equal to €1.2 trillion. Therefore, Spain

turned into one of the strongest growers in the EU and is ranked at the 14th place of the largest economies worldwide (Kiprop, 2018). This is reflected in increasing customer demand. Furthermore, business investments and export to Spain is growing and the unemployment rate is falling. In 2017, Spain imported products and services valued at €310 billion (Flanders Investment and Trade, 2019).

E-commerce in Spain was worth 27.96 billion euros in 2018. That's an increase of 17 percent compared to the previous year. For this year, a growth of about 20 percent is expected, which would mean ecommerce in Spain will be worth 33.56 billion euros at the end of 2019 (Ecommerce News, 2019).

#### 5.2 WEAKNESSES

Many Spaniards still do not master the English language, therefore it is an absolute must that company websites are in Spanish (Tello, 2009).

Since 2015, Spain did recover (partially) from the financial crisis from 2008. After the financial crisis, Spain was confronted with a very high (youth) unemployment which needs to decrease. In 2018, Spain had a youth unemployment ratio <sup>1</sup> of 11.3% which is really high compared to the other EU countries (Eurostat, 2018).

#### 5.3 **OPPORTUNITIES**

The online market provides around 27.5 million potential buyers between 16 and 65 years in Spain (IAB, 2019).

Spaniards are very open, talkative and social people and this reflects in their use of social networks. This reflects the impact of networks on the e-commerce market. In 2016, social networks lead 26% of online customers, principally youngsters, to websites. Before actually purchasing a product online, 20% of the online buyers check social networks first as a source of information (Ecommerce managers, 2017).

Also, the purchased products through mobile phones (m-commerce) are growing, despite the fact that 49% of the Spaniards still feel more comfortable purchasing products online from the computer. Mostly elderly people find it difficult to purchase products from their mobile phones because of different factors (Ecommerce managers, 2017). These factors include the convenience of the computer (36%), the small screen (18%), lagging websites and the security of the payment seems unreliable (16%) (IAB, 2019).

In 2018, the use of the computer to buy online decreased by 8% in comparison to 2017. Still, the computer is the most preferred device followed by smartphones (45%), tablets (17%) and Smart TV or console (6%). The use of smartphones increased by 8% compared to 2017 (IAB, 2019).

<sup>&</sup>lt;sup>1</sup> Percentage of unemployed people (aged 15-24) in the total population. It is an unemployment-to-population measure.

In Europe, e-commerce is growing impressively. In the graph below from EuroCommerce, the growth from 2013 to 2017 in the business-to-consumer e-commerce market and the estimated growth for 2018 is shown. In general, (B2C) e-commerce in Europe is steadily growing which reflects in businesses more opting for selling their products or services online (EuroCommerce, 2019).

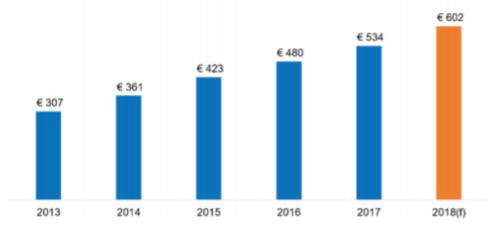


Figure 8: Evolution of e-commerce in Europe from 2013 until 2018, EuroCommerce, 2019

The European GDP of e-commerce was  $\leq$ 17 trillion in 2018 and is estimated to keep increasing in the coming years. In the table below, Southern Europe has the second lowest GDP per capita in 2017. Northern and Western Europe are the leading regions when it comes to GDP per capita. The largest market in Europe is the United Kingdom followed by France and Germany (respectively  $\leq$ 178 billion,  $\leq$ 93.3 billion and  $\leq$ 93 billion shares) (EuroCommerce, 2019).

Region	GDP per capita 2017	GDP per capita 2018(f)		G	DP, Europ	be (trillion	s)	121
Western	€35,515	€36,112					/	€ 17.3
Northern	€41,456	€41,456			€ 17.0		E 17.0	
Central	€20,903	€21,384	€ 16.9	€ 16.8		EI	6.8	
Eastern	€6,904	€6,720		£ 10.0				
Southern	€16,805	€16,825	2013	2014	2015	2016	2017	2018(f)

Figure 5: Comparison of the GDP in Europe from 2013 to 2018, EuroCommerce, 2019

In general, elderly consumers are still doubtful of online purchasing. The younger generation has a broader knowledge of upcoming technologies such as the Internet of Things, Artificial Intelligence, Cloud computing, etc. but they also have more extensive know-how about electronic devices such as computers, mobile phones, and tablets.

On the other hand, elderly people (50 years old and over) are more wary about technology. Most of the time, they do not possess the knowledge about electronic devices, how they work and have a lack of

digital skills which forms a barrier to e-commerce. Therefore, they do not buy products or services online but still favour to shop in-store. In-store, they can perceive and compare the products better. But, this is slowly shifting, especially Spanish elderly buy mostly services and products online such as travel tickets (41%) and leisure goods (41%) (eMarketer, 2016).

Furthermore, Spanish elderly residents pay more attention to brand advertising (58%) than their peers in other countries such as the United Kingdom and France where the elderly only take little attention of advertising (respectively 30% and 28%). As a starting e-commerce company, it could be worth taking into account elderly Spanish citizens as a potential target group (eMarketer, 2016).

Last but not least, Spain's imported goods are mainly capital equipment (21%), energy products (13.5%) and non-chemical semi-finished products (7%). The Spanish imports are mainly originating from Germany (14%), France (12%) and China (7%). Spain imports products and services from Belgium with a worth of 8,623 eur million. (Flanders Investment and Trade, 2019). The percentage of imports from Belgium might not seem high in comparison to France and Germany but when taking into account the production, employed population and the surface of the countries, the import from Belgium is significant.

#### 5.4 THREATS

Nowadays, knowledge about strict personal data protection laws and regulations are absolutely important when it comes to establishing an e-commerce business. An important law is the European Union's General Data Protection Regulation (GDPR). It is an essential law in the regulation of data privacy. The goal of the GDPR is to secure all EU citizens regarding privacy and data infringements (EU.GDPR, n.d.). Not only GDPR but also the E-Commerce Directive, Consumer Rights, Data Protection, Intellectual Property Rights, Value-Added Tax, CE Marketing, etc. are rights and legislations that need to be taken into account by every company who wants to start selling products or services online. More information about these laws and regulations can be found in the previous chapter about 'Laws and regulations considering e-commerce in Spain'. All these laws could form a potential threat to (small) companies because of the lagging behind of their knowledge of these laws. If they don't act in accordance of one of those laws, it could mean the immediate end of their business (export.gov, 2018).

Another possible threat is that consumers globally start to buy local products more and more. 'Think globally, act locally' became a strong mindset which stresses to buy more products locally such as regional food or local hand-made products. It became a consequence of the global emerging of products. People are having a desire to buy local products and stimulate the national economy of their countries. This could be seen as a threat to cross border e-commerce due to numerous food scandals and the upcoming attention for ethical consumption and animal welfare. Buying locally also decreases the carbon footprint which is linked to the distance and method of transportation of imported products. Many people are becoming aware of global warming and climate change and are willing to change their way of living by for example starting to decrease their carbon footprint. This could benefit locally produced goods which are considered of high quality because these products are not mass produced but often have a higher purchasing price (Kasriel-Alexander, 2014).

Furthermore, due to the growing awareness concerning the impact of shipping on global warming and the deterioration of the climate, customers are becoming more conscious about the consequences of fast online order shipping. Therefore, companies and customers are making changes whereas online shopping can happen in a more environmentally conscious way. If customers buy more local products, chances are big that they will use the car to go to the store. Therefore, online shopping is not as bad as it may seem due to the high number of packages carried in a truck. If everyone uses a car to go to the store, the carbon dioxide emission will be higher than the emission of a delivery service truck that holds many packages. Fast online shopping, which means that packages are delivered within at least 48 hours, are in contrast very harmful to the climate. Fast online order shipping ensures more vehicles on the way which increases carbon dioxide emissions. Although new technologies such as smart traffic lights are becoming implemented for more thoughtful delivery, customers are willing to increase their waiting time to receive their orders (Murdock, 2017).

Last but not least, the working conditions for employees in warehouses or in delivery service companies, are not always favourable. Even employees working for the biggest online retailer, Amazon, are asking for better working conditions. Therefore, employees want to form a union to get more understanding from management. Employees are overworked due to the high amount of stress that comes from order fulfilment. They also need to work overtime in busy periods even though they are not getting paid for it. In general, all delivery service companies want to serve their clients as fast as possible to attain customer satisfaction without taking into account the working conditions of the employees. The customer is placed first, whereas the employees are treated as inferior. Due to the awareness of clients and media, businesses should behave well and ensure good working conditions for their employees. If companies do not change their behaviour towards their employees, sales can quickly drop which could endanger the future of the company (Sainato, 2019).

#### 5.5 CONCLUSION



## 6. CONCLUSION

After years of recession, the Spanish economy and e-commerce market are steadily growing. Accordingly, consumers are willing to spend more money on goods with a higher added value. Since the fashion and general food sector ensure a large market share of the e-commerce market, it could be profitable for Belgian business-to-consumer companies active in these sectors, to sell their products online in Spain. Exporting to Spain gives the opportunity to add value to businesses.

The examination of the distinct laws and regulations considering e-commerce legislation needs to be executed for the specific type of business. General EU regulations apply to all types of businesses since both Belgium and Spain are member countries of the EU. When selling online to the Spanish market, the GDPR, E-Commerce Directive, Intellectual Property Rights and the Digital Single Market must be clearly and appropriately included in the legal notice of the website.

When it comes to logistics, there are distinctive transportation companies and services available for all kinds of products and packages. Logistic problems according to transportation from Belgium to Spain are minimal. The transportation method that businesses use will depend on the business values, type of product, dimensions of the product and distance. The 3 interviewed (fashion and chocolate) companies mentioned the use of trucks (with cooling elements) for their products for reason of cost-efficiency, distance and relatively fast delivery time. Transportation methods must undergo a thorough analysis to conclude which transportation method suits best. Nowadays, consumers and businesses are more aware of environmental issues. Therefore, transportation methods should take into account ecology and pollution. For most companies, it will be indispensable to work together with a third party logistics provider since it will improve the businesses' efficiency.

The advantage of the Internet is that businesses can reach many potential customers by selling online. Having a structured website and an effective (social) marketing campaign, will almost certainly guarantee the business' success. Thereby, impressive marketing strategies could contribute to coherence to the business image.

Due to the majority of Spaniards preferring to buy products in-store rather than online, there is a need for the presence of important components when establishing a website in Spain. These components are the Spanish language, a trust mark, contact information and the actual price of the products. In fact, the analysis of qualitative answers concluded that sometimes price persuades even more than the quality of the product. Therefore, price is a decisive factor in the purchasing behaviour of Spaniards. Although the clothes would be made in bad conditions and be of low quality, some interviewees would still purchase these products because prices are quite low in comparison with other more conscious or high-quality brands.

The main opportunities Spain offers are a large number of potential buyers and the growth of the ecommerce and m-commerce market. Next to this, youngsters, as well as the elderly, are slowly feeling more comfortable with purchasing products and services online. The generations who are currently

buying online are still suspicious about e-commerce. Nevertheless, e-commerce is increasing and will be more used in forthcoming years.

In general, Spaniards are conservative and favour known products over new products. But, Spaniards are not significantly loyal to one fashion or chocolate brand. They are determined to make lifestyle changes including buying food online. For this reason, Spain can be an interesting market for Belgian companies.

In conclusion, there would be potential for Belgian fashion and chocolate companies to conquer the Spanish e-commerce market. For both products, there must be a fundamental focus on brand image and publicity to achieve brand awareness in Spain. Although, Belgian fashion companies could endure a hard time when it comes to online selling in Spain due to the extensive amount of competition in the Spanish fashion industry. There could be potential for exclusive fashion companies to gain a market share in the fashion sector. If a business has an exceptional concept and does sufficient and concentrated marketing, preferably via social media, the Belgian company could definitely be successful.

The idea of purchasing food online is still absent in the mind of most Spaniards. Therefore, the concept of buying Belgian chocolate online hasn't found a way in yet. Although most interviewees do not connect chocolate to Belgium, they link Belgium to chocolate. During the tastings, all the interviewees selected the Belgian chocolate as the one they prefered. It seemed that Spaniards have the intention of buying chocolate made in Belgium but they would still opt to purchase it in-store. This is also reflected in the small share of online sales of the interviewed chocolate companies. Belgian chocolate companies certainly have the opportunity to sell in Spain but should opt for a physical store as well since food is still in most cases bought in-store. The chocolate companies should also take into account the possible taste preferences of Spaniards.

After all, as a multinational company Trade Manager said: 'Just believe in the Spanish market. We are willing to buy and willing to use websites more and more. Just believe in it.'

## 7. RECOMMENDATIONS

For Belgian (chocolate and fashion) companies, there are some recommendations that can be shortly enumerated.

#### 7.1 **GENERAL**

First of all, when exporting to Spain, it is of utmost importance to do very good research about the sector and people who are looking for unique products such as Belgian chocolate and fashion in the country of exportation. Marketing, price and competitive strategies need to be examined carefully and extensively.

Secondly, exporting and selling (online) cross border comes with many requirements. Therefore, it would be fundamental to reach out to a lawyer and/or consultancy agency that is an expert in guiding and advising businesses through the process of establishing an (e-commerce) business in Spain. There are many laws, regulations, and directives on which these people will give businesses full closure. Also, AEAT, the Spanish Tax Agency, would be a good start before carrying out any (online) activities in Spain.

Furthermore, the key to having success in the Spanish consumer market is to acknowledge the Spanish language. Companies who do not possess a website that has the option to select the Spanish language, are not able to reach the big public and do not have big chances of success. As an interviewee answered: 'The website and packaging must be in Spanish, it is a familiar language so people know producers care about us. Language is important in Spain because we do not really speak other languages than Spanish and a little bit of English.'

To have the best sales results, it is necessary to have a marketing strategy with proactive accounts on social media if companies want to reach youngsters. To address an elderly target group, advertisements on television, in news studies, and in magazines would be more effective. Wonderful marketing, elegant packaging, and a marvelous brand image will be a must for success in Spain. When opting for physical stores next to an online business, characterizing buildings are recommended to raise brand image and exclusivity. Magnificent buildings in shopping streets attract Spaniards to take a look at the available products in-store.

When selling in Spain, the usage of a Spanish intermediary like El Corte Inglés is a necessity. Due to the strong presence of El Corte Inglés on the Spanish market, offline as well as online, people have more trust in the products they sell. Businesses should match the in-store shopping experience online by offering the identical product assortment, the same price, distinct language options and the option of an advice and help function. Hereby, intermediaries can efficiently help to comfort the Belgian businesses in Spain.

In addition, companies could increase awareness about Belgium in general as well. Therefore, an idea might be joint-publicity. To establish joint-publicity and create more awareness about Belgium and its products in general, it could be a concept to promote Belgian chocolate with for example Belgian beer. These two features wherefore Belgium is known, could raise Belgian awareness in Spain. Specific joint

partners depend on the company's products. An example could even be product placement of Belgian chocolate or fashion in movies. By using product placement, a huge target audience is reached.

#### 7.2 CHOCOLATE COMPANIES

As noticed during the in-depth interviews, a lot of respondents associate Belgium with chocolate. Therefore, when a company sells Belgian chocolate online, it is advised to segment itself on the buyer market as exclusive Belgian high-end chocolate.

The most obvious marketing strategy for Belgian chocolate on the Spanish market is providing tastings and samples in stores in order to create customer satisfaction. This way, customers discover the Belgian chocolate products and are willing to buy these chocolates.

Chocolate businesses should also be aware of the different climate. Summers in Spain can be really warm which is the reason for a general decline in the production and purchasing of chocolate products. Therefore, special transportation like trucks with cooling (elements) would be compulsory.

#### 7.3 FASHION COMPANIES:

For Belgian fashion companies, the use of influencers on social media could be considered. Especially for youngsters, who spend a lot of time on social media platforms such as Facebook, Instagram, and Snapchat, the promotion of fashion by influencers could boost companies' sales. Popular Spanish influencers on Instagram are Paula Gonu, María Pombo, and Dulceida. By making use of the power these influencers have on social media, the recognition of the Belgian fashion will be higher. Nevertheless, these influencers charge considerable sums of money for writing a post.

Furthermore, because of the high awareness and broad assortment of international fashion stores in Spain, Belgian fashion companies should make use of an intermediary such as El Corte Inglés as mentioned above. Belgian fashion companies should especially segment themselves as high-quality companies or should have a price or assortment differentiation strategy in Spain.

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