



Europe 2021

Ecommerce Region Report

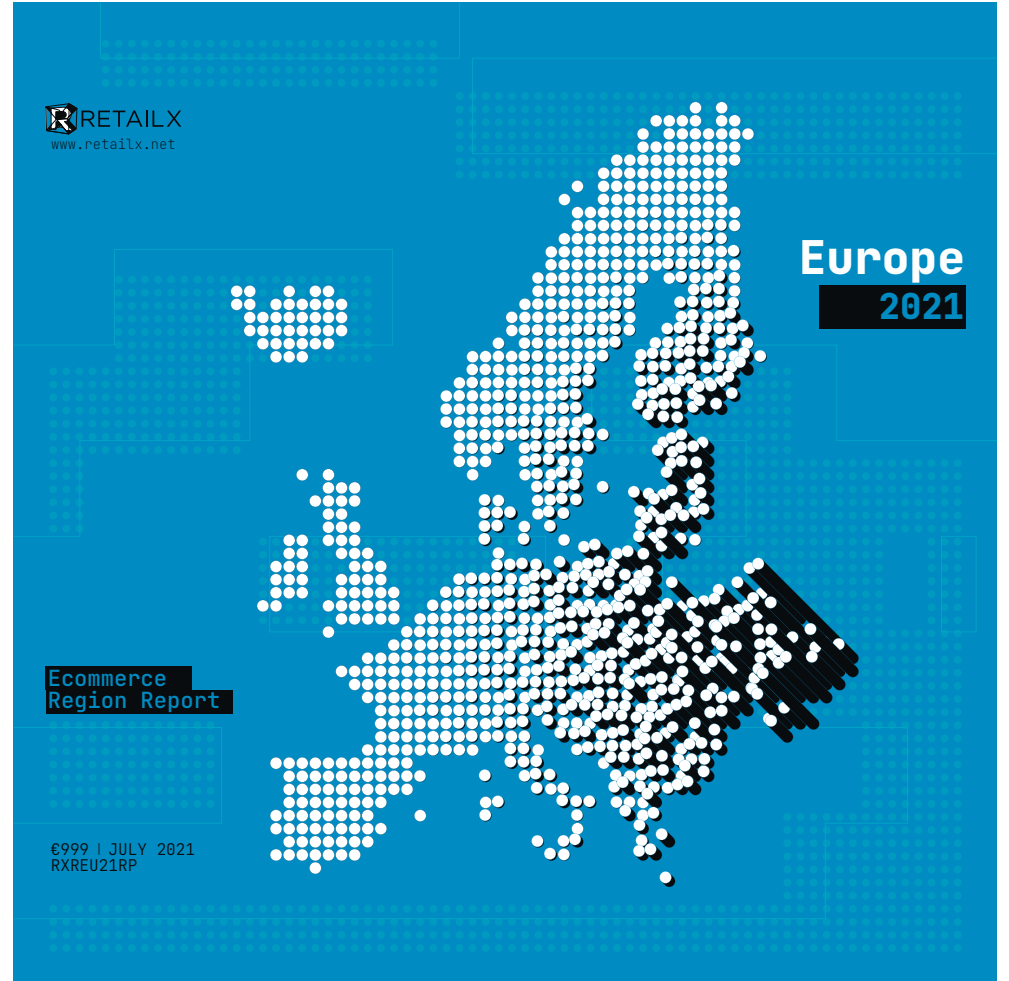
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Introduction



Welcome to the European Ecommerce Region Report for 2021

The European Ecommerce Region Report is one of RetailX's largest and most keenly anticipated reports of the year. It is a project that represents the culmination of months of work by our team of researchers, data journalists and editors. Our aim, as last year, has been to offer a definitive overview of Europe's ecommerce activity.

This has been an especially delicate task for the simple reason that we are still living with the Covid-19 pandemic. As recurring lockdowns have hit Europe, this has inevitably resulted in a decline in GDP across the continent. Our job this year has been to chart what has happened, while also trying to filter out the short-term effects of the crisis in our analysis and highlight longer-term trends within the sector.

This explains, for example, why we have looked in depth at sustainability. The torrential rain that had such an impact in Germany is a reminder that we cannot wait until

post-pandemic to look at the issues here. Europe's citizens know this and they increasingly expect businesses to be taking action now rather than later.

More generally, we decided early on in this project to offer more editorial analysis than last year. This is because our readers, the busy commercial professionals who use the report, told us they wanted brief, pertinent guides to the countries in which they conduct business already – or have on their radar for expansion.

Looking ahead, all being well, 2021 will see European citizens vaccinated and life beginning to get back to normal. Except what will normal mean? Will we all, for example, work three days a week from home? Will we begin to reinvent our town and city centres? What kinds of goods and services will we want to buy online in the months and years ahead?

These are questions we will look at over the year ahead. In the meantime, please do get in touch to share your responses, questions and suggestions.

Ian Jindal
CEO, RetailX



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A year like no other

The ecommerce sector has been through an extraordinary few months, as even the coolest analysis reveals

At the end of January 2020, two Chinese nationals, who had been staying in a hotel in York, were taken to specialist facilities in Newcastle upon Tyne. Covid-19 had arrived in the United Kingdom. Across Europe in early 2020, similar scenarios were playing out, although in truth the virus had likely arrived long before, with a study of lung cancer patients suggesting it may have been present in Italy as early as September 2019^[1].

Over the next few months, the unthinkable became the everyday, as governments instituted lockdowns to protect citizens and health services, and supported national economies with extraordinary measures. Despite the best efforts of the authorities, the toll has been terrible. At the time of writing, in July 2021, more than 129,000 people in the UK, the worst-affected country in Europe, had died within 28 days of a positive Covid test^[2].

By any standards, this has been an extraordinary few months in our recent history. **“I would divide British post-war history into before corona and after corona,”** Lord Peter Hennessy, the eminent constitutional historian and not a man given to hyperbole, told Channel 4 News^[3]



Oxford Circus is eerily empty during one of England's lockdowns

in August 2020. You could say something similar about any country in Europe.

The dramatic nature of these first few months in an after-corona world is reflected in the numbers that run through this second annual RetailX Europe Ecommerce Region Report, which broadly speaking offers a snapshot of economies in recession. Germany, which has driven the European economy for so many years, saw its GDP per capita fall from €41.5k in 2019 to €40.1k in 2020 – certainly not as bad as things could have been in the context of such extraordinary events, but significant.

One of the reasons things were not worse economically was because of the rise in the digital economy and ecommerce. With people across Europe stuck at home forced to wait out successive waves of the pandemic, it was simply no longer possible to go to the shops – or if it was, people shopped only for essentials. **Buying online often became the only option.**

A cliché from this time was the idea of the pandemic accelerating a shift away from physical stores to ecommerce that was already underway – by as much as five years across the Atlantic in the USA, according to August 2020 data from IBM's US Retail Index^[4]. Of course, some of this reporting may look a little over-excitable a year down the road, when all being well the rollout of vaccinations will have returned the patterns of our lives to something more like the pre-pandemic era, but **ecommerce has definitely received a fillip.**

In part, this is simply a case of people being forced to change their behaviour, to adapt to a new reality. Faced with difficulties in getting hold of items, even those who had previously avoided the internet turned to ecommerce. Families and neighbours helped out older citizens and taught them – no backsliding this time! – how to order groceries and other essentials online, or ordered for them when they had secured a precious grocery delivery slot. Communities banded together, for example, to buy online in bulk via businesses that previously sold only on a B2B basis. Even micro-businesses hastily established digital storefronts.

After such developments, **there's no returning to a pre-pandemic retail landscape**, but we should be wary of assuming this change has been uniform across different countries. A January 2021 report by the Bank for International Settlements^[5] had some intriguing findings. Pre-pandemic, its authors note, there was “a strong correlation between ecommerce revenues to GDP and the innovation capacity of an economy”, but during the pandemic many countries with less developed ecommerce sectors made up ground.

Overall, the report notes, ecommerce growth was faster (as measured by the Oxford Covid-19 Government Response Tracker stringency index) where there were lockdowns, which is hardly surprising. Turning to a comparison between countries, it notes that “the lower the level of ecommerce in a given country in 2019, the higher its growth rate during the Covid-19 pandemic”.

Broadly speaking, this tallies with our research but many of the numbers are not as dramatic as some of that more excitable reporting may suggest. In North Macedonia, for example, the percentage of the population using the internet grew from 82% in 2019 to 83% in 2020. At the same time, the percentage of those shopping online grew from 36% to 38%.

There are truths here that at first glance seem rather prosaic: try to sum up 2020 in European ecommerce by clearing through the statistics over which nations, companies and sectors did best during the pandemic, and 2020 was a year when:

- **More people shopped online**, if only because they had to do so.
- **Less sophisticated digital economies developed faster than more established digital economies**, where the changes were more incremental.

But to return to Lord Hennessy's words, what if we have been living through the first months of an after-corona world? It may well be that the changes either brought about or hastened by the Covid-19 pandemic, in all areas of our lives, have only just begun, and that we are as yet seeing only the earliest evidence of this.

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- [5] www.bis.org/publ/bisbull36.pdf

Market overview: Europe in numbers

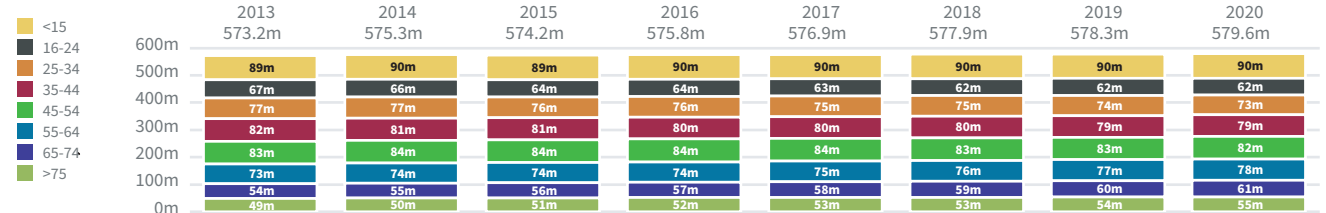
The birthplace of the Industrial Revolution, Europe has, for all of the disruptions and conflicts of the 20th century, maintained its position as one of the richest regions of the world. **Most European states have a GDP per capita that's higher than the global average.** Many countries, including such powerhouses as France, Germany, Italy and the UK, are classed as very highly developed, although this is by no means true across the whole continent.

Countries in the EU generate roughly two-thirds of European GDP, making the EU the second-wealthiest and second-largest economy in the world, behind the USA.

It follows that, when the European economy goes through inevitable peaks and troughs as part of the economic cycle, it has an effect on the global economy too. This has certainly been true over the past year of lockdowns, where the reduction in economic activity has in turn had a knock-on effect on those countries that supply Europe – countries themselves battling the pandemic, often with far less access to vaccines and advanced healthcare.

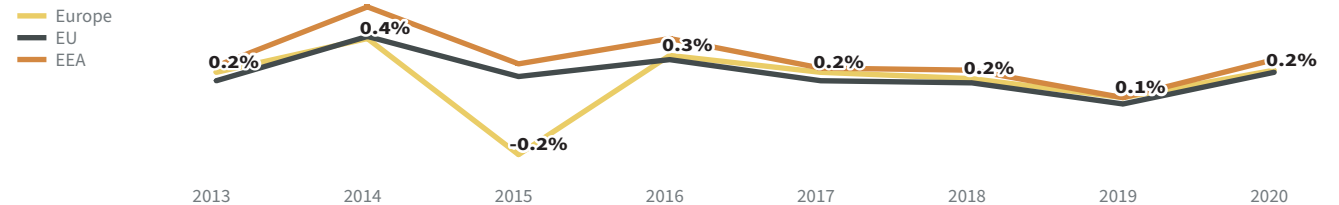
The effects of the pandemic can be seen in the **GDP per capita** figures here. **Within the Eurozone, this fell from €34.9k to €33k,** less than many feared prior to the

Population structure



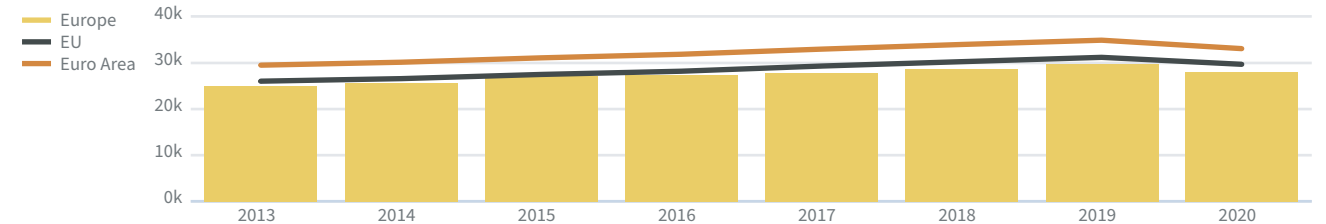
Source: RetailX, drawing on data from Eurostat

Population growth



Source: RetailX, drawing on data from Eurostat

GDP per capita (€)



Source: RetailX, drawing on data from Eurostat

pandemic, which can in great part be explained by the way governments across Europe, inside and outside the EU, intervened to prop up economies. In the UK, for example, it is estimated **the bill for measures to protect jobs, such as the furlough scheme, will be more than £100bn^[1]**.

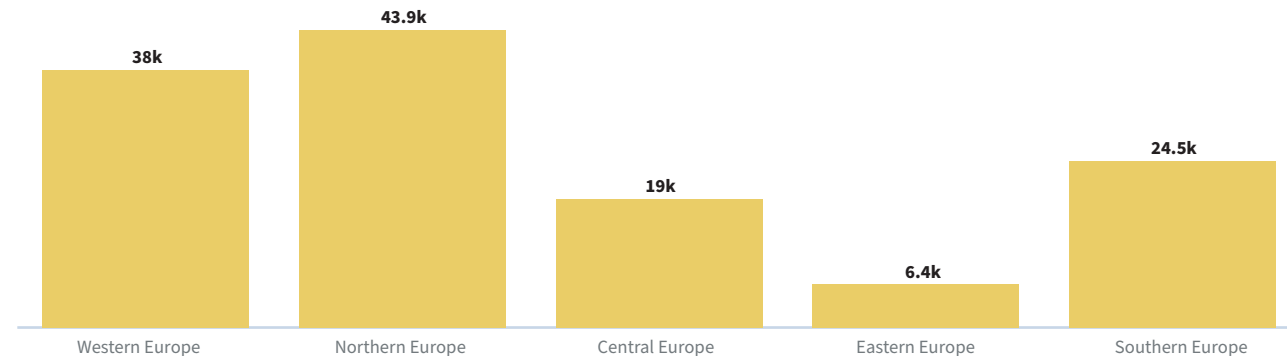
Who will eventually pay these bills? It is a question that comes into sharp focus when looking at the population of Europe. **With population growth of just 0.2% and an ageing population, this looks set to become a major issue.** In the countries this report analyses, the number of people aged 75+ rose to 55m in 2020, up from 49m in 2013. Over the same period, the number of those aged under 15 increased by just 1m, from 89m to 90m.

The issues here will need to be dealt with as Europe also begins to grapple in earnest with global heating. Look even at the near-term future and this will involve transitioning to zero carbon at a time when it is still unclear whether industrialised societies can separate economic growth and the global growth in emissions.

Comparing different regions of Europe, it is clear that **Northern Europe is by far and away the most productive area of Europe** in terms of its GDP per capita – €43.9k in 2020, compared to €38k in Western Europe and €6.4k in Eastern Europe. These figures also demonstrate the disparities in income across, for example, Nordic social democracies and former Iron Bloc nations.

[1] www.bbc.co.uk/news/business-52663523

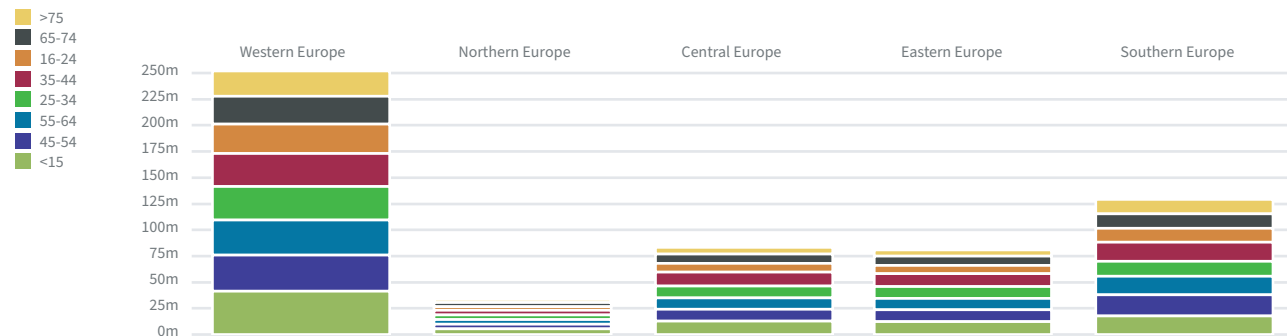
GDP per capita (€), 2020



Source: RetailX, drawing on data from Eurostat



Population structure, 2020



Source: RetailX, drawing on data from Eurostat



Market overview: Internet use

The number of people using the internet in Europe reached 89% of the population in 2020. To put that number into a global perspective, there were 4.66bn active internet users worldwide in January 2021, which equates to 59.5% of the global population^[1]. The use of the internet in Europe is growing. In 2013, just 76% of the population in Europe used the internet.

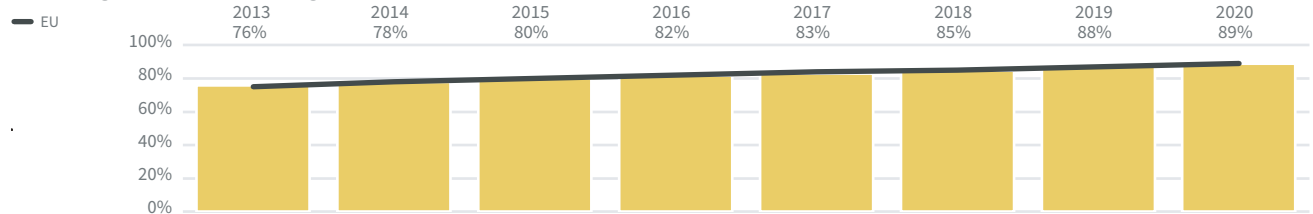
So from which parts of the population has the growth come? There are likely several factors at play:

- **The increased use of digital technologies in the less developed parts of Europe.**
- **Older citizens are now more likely to go online.**
- **A generation that has grown up with digital technology goes online from a young age,** seeing the internet as a utility, akin to water or electricity.
- More subtly and probably accounting for a growth in use across generations, **there has been a migration of services online.** The internet has become the easiest way to interact with government and service providers.

As one of the first regions in the world where citizens went online, Europe has a higher percentage of desktop users than other parts of the world. To give an idea of just

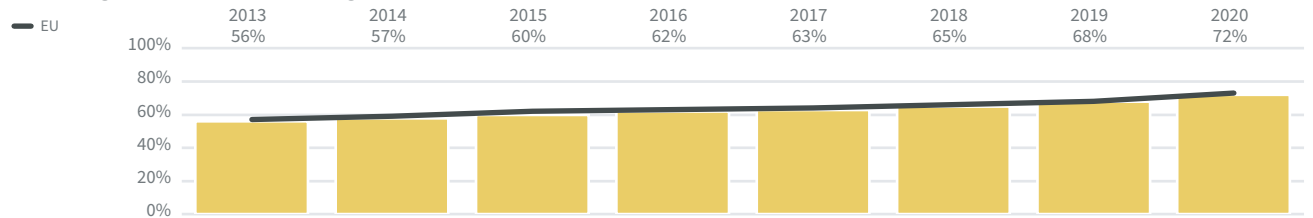
Europe: Internet user analysis

Percentage of population using the internet



Source: Source: RetailX, drawing on data from Eurostat

Percentage of population shopping online



Source: Source: RetailX, drawing on data from Eurostat

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how different this is to other parts of the world, **92.6% (4.32bn) of those accessing the internet globally do so via mobile devices.** However, as we explore in our mobile feature (page 33), European consumers are increasingly conducting researching and making purchases via their mobile devices, even where they have a desktop.

As internet usage has grown, so too has the number of citizens using the internet for ecommerce – from 56% in

2013 to 72% in 2020. To put that in a global perspective, it is expected that, **by the end of 2021, 65.2% of the world's population will have made a purchase online**^[2]. Although ecommerce is growing faster in many countries outside Europe, any gains inside Europe come from a higher base.

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 [2] www.statista.com/statistics/261676/digital-buyer-penetration-worldwide/

Market overview: International indices

The sophistication of Europe’s economy is demonstrated in the strong performance within European countries in several international indices, which we track as part of RetailX research. These are:

- **Logistics Performance Index:** The World Bank’s “interactive benchmarking tool created to help countries identify the challenges and opportunities they face in their performance on trade logistics.”^[1]

- **Ease of Doing Business:** “The Doing Business project provides objective measures of business regulations and their enforcement across 190 economies and selected cities at the subnational and regional level.”^[2]

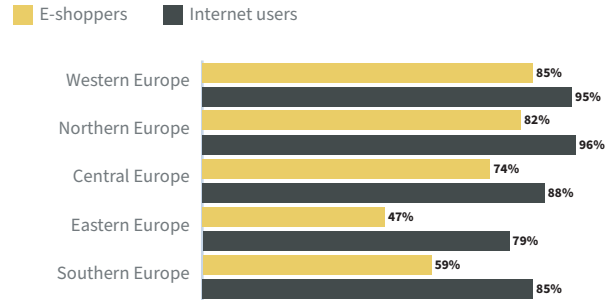
- **E-Government Development Index:** “Along with an assessment of the website development patterns in a country, the E-Government Development index incorporates the access characteristics, such as the infrastructure and educational levels, to reflect how a country is using information technologies to promote access and inclusion of its people.”^[3]

2IPD: “The UPU’s Integrated Index for Postal Development (2IPD) provides an overview of postal development around the globe... The computation of the 2IPD stems from the

	LOGISTICS PERFORMANCE INDEX (2018) OUT OF 160	EASE OF DOING BUSINESS (2020) OUT OF 190	E-GOVERNMENT DEVELOPMENT INDEX (2020) OUT OF 193	THE UPU’S INTEGRATED INDEX FOR POSTAL DEVELOPMENT (2IPD) (2020) OUT OF 170	INTERNET INCLUSIVE INDEX (OUT OF 120)				OVERALL INTERNET INCLUSIVE INDEX (OUT OF 120)
					AVAILABILITY (OUT OF 120)	AFFORDABILITY (OUT OF 120)	RELEVANCE (OUT OF 120)	READINESS (OUT OF 120)	
WESTERN EUROPE									
BELGIUM	3	46	41	12	20	25	27	20	21
FRANCE	16	32	19	6	19	3	15	41	6
GERMANY	1	22	25	3	20	22	60	12	25
IRELAND	29	24	27	15	39	12	14	49	23
LUXEMBOURG	24	72	33	71	NA	NA	NA	NA	NA
THE NETHERLANDS	6	42	10	4	8	32	37	3	16
THE UK	9	8	7	8	16	2	46	24	9
NORTHERN EUROPE									
DENMARK	8	4	1	53	5	24	6	28	9
ESTONIA	36	18	3	25	37	36	2	17	30
FINLAND	10	20	4	28	26	18	24	27	18
ICELAND	40	26	12	79	NA	NA	NA	NA	NA
LATVIA	70	19	49	62	24	45	19	19	32
LITHUANIA	54	11	20	31	11	28	12	45	17
NORWAY	21	9	13	34	NA	NA	NA	NA	NA
SWEDEN	2	10	6	24	6	7	10	4	1
CENTRAL EUROPE									
AUSTRIA	4	27	15	2	23	34	31	10	27
CZECHIA	22	41	39	16	22	23	62	36	31
HUNGARY	31	52	52	32	34	26	73	61	40
POLAND	28	40	24	13	32	11	1	15	12
SLOVAKIA	53	45	48	21	30	40	19	47	34
SLOVENIA	35	37	23	40	NA	NA	NA	NA	NA
SWITZERLAND	13	36	16	1	4	42	41	15	20

KEY: ■ Top quartile ■ Second quartile ■ Third quartile ■ Bottom quartile

Percentage of internet users and e-shoppers, 2020



Source: RetailX, drawing on data from Eurostat

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integration of UPU postal big data, official UPU statistics, and key UPU surveys.^{21[4]}

• **Internet Inclusive Index:** “Commissioned by Facebook and developed by The Economist Intelligence Unit, [this] seeks to measure the extent to which the Internet is not only accessible and affordable, but also relevant to all, allowing usage that enables positive social and economic outcomes at the individual and group level.”^{21[5]}

Overall, the performance of European economies in these indices is broadly as you might expect. For example, the UK ranks in the Top 10 of all of these indices (excepting some of the sub-indices of the Internet Inclusive Index). In contrast, Ukraine performs poorly when compared to other

	LOGISTICS PERFORMANCE INDEX (2018) OUT OF 160	EASE OF DOING BUSINESS (2020) OUT OF 190	E-GOVERNMENT DEVELOPMENT INDEX (2020) OUT OF 193	THE UPU'S INTEGRATED INDEX FOR POSTAL DEVELOPMENT (2IPD) (2020) OUT OF 170	INTERNET INCLUSIVE INDEX (OUT OF 120)				OVERALL INTERNET INCLUSIVE INDEX (OUT OF 120)
					AVAILABILITY (OUT OF 120)	AFFORDABILITY (OUT OF 120)	RELEVANCE (OUT OF 120)	READINESS (OUT OF 120)	
EASTERN EUROPE									
BULGARIA	52	61	44	43	29	51	18	40	37
CROATIA	49	51	51	NA	49	69	9	58	53
NORTH MACEDONIA	NA	17	72	51	NA	NA	NA	NA	NA
ROMANIA	48	55	55	NA	24	29	28	61	29
SERBIA	65	44	58	29	NA	NA	NA	NA	NA
UKRAINE	66	64	69	30	57	44	33	77	48
SOUTHERN EUROPE									
CYPRUS	45	54	18	39	NA	NA	NA	NA	NA
GREECE	42	79	42	38	37	39	8	72	38
ITALY	19	58	37	11	36	4	10	44	14
MALTA	69	88	22	59	NA	NA	NA	NA	NA
PORTUGAL	23	39	35	22	33	37	13	33	33
SPAIN	17	30	17	37	14	6	19	2	3

KEY: ■ Top quartile ■ Second quartile ■ Third quartile ■ Bottom quartile

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European countries, a reflection of both of the nation still escaping its Soviet past and Russian influence, and the conflict in its Donbas region.

There's a correlation between the performance of countries in different regions and the use of the internet, with consumers in Western and Northern Europe most likely both to access the Internet and to buy items online. That said, the indices often reveal anomalies, things

those looking to launch in a territory may wish to consider, for example, Luxembourg's surprisingly low ranking in the Ease of Doing Business index.

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- [4] [www.upu.int/en/Universal-Postal-Union/Activities/Research-Publications/Integrated-Index-for-Postal-Development-\(2IPD\)](http://www.upu.int/en/Universal-Postal-Union/Activities/Research-Publications/Integrated-Index-for-Postal-Development-(2IPD))
- [5] <https://theinclusiveinternet.eiu.com>

The European consumer in focus

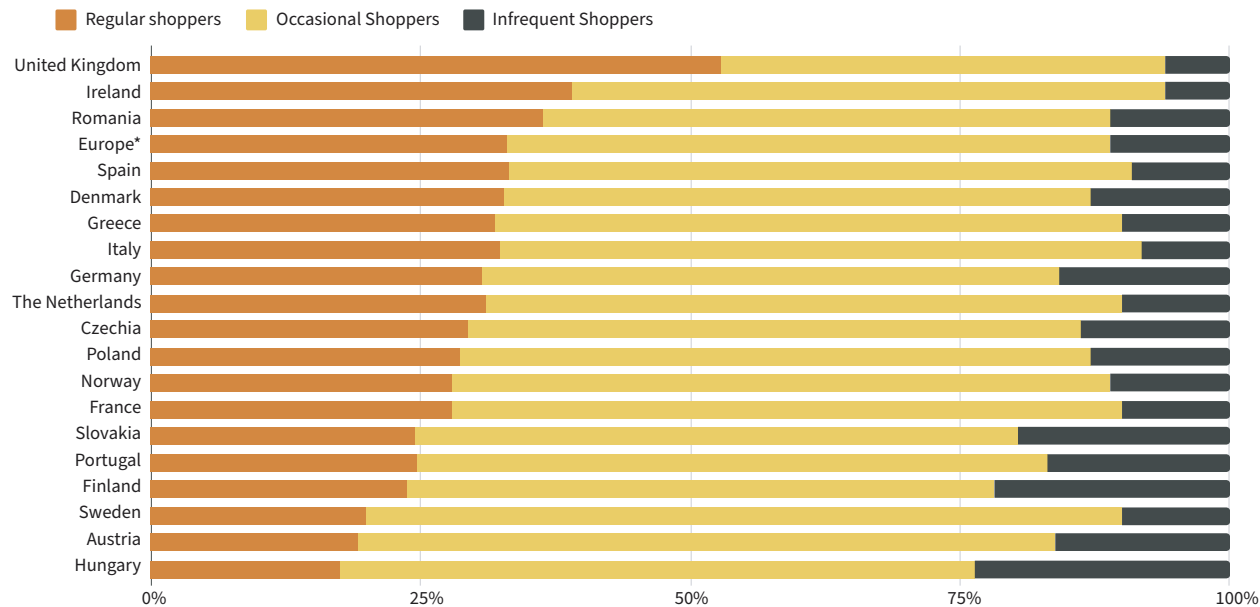
Are consumers across Europe growing more alike? And how much do consumers in different countries spend online?

One of the pieces of received wisdom within the ecommerce community is that shoppers around the world are behaving more and more like their compatriots in other countries. German consumers, for example, once so averse to the notion of credit, are now more relaxed about the idea of using credit cards. Consumers around the world have adopted PayPal. And so on.

There is a great deal of truth in this picture, but accepting it too uncritically runs the risk of missing some key points. The behaviour of consumers in different territories may be growing closer, but:

- **Internationalisation is one thing, but nuances around consumer behaviour in foreign territories remain.**
- **Changes in behaviour in one country can give a retailer clues about approaches that will work in other territories.** Think of how click and collect has spread. Or how analysing behaviour in ‘mobile-first’ territories that have never developed the fixed internet has been invaluable in predicting behaviour in ‘developed’ markets.

How often do you shop online?



*Data for Europe have been calculated as a weighted average across 19 European surveyed countries. (Austria, Czechia, Denmark, Finland, France, Germany, Greece, Hungary, Ireland, Italy, Norway, Poland, Portugal, Romania, Slovakia, Spain, Sweden, The Netherlands, United Kingdom)"

Source: RetailX, drawing on data from the RetailX European Consumer Observatory

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In short, even the subtlest nuances in consumer behaviour across different territories can matter a lot. For this reason – and also because we wanted for example, to explore the effects of Covid-19 on consumer behaviour (see page 28) and attitudes to sustainability issues (see page 22) – **beginning in March 2021, RetailX conducted consumer**

research across 19 European countries (Austria, Czechia, Denmark, Finland, France, Germany, Greece, Hungary, Ireland, Italy, Norway, Poland, Portugal, Romania, Slovakia, Spain, Sweden, the Netherlands and the United Kingdom). The first finding we have highlighted here is around how often consumers shop online. This reveals that **consumers**

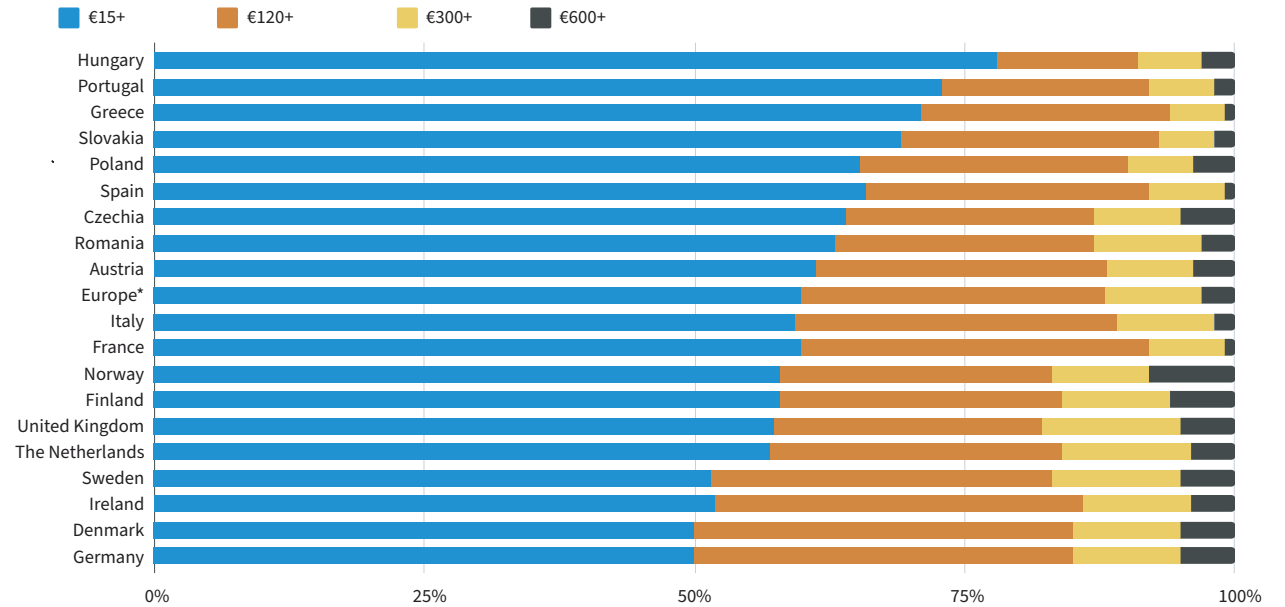
in the United Kingdom are by far the most enthusiastic e-shoppers, with 52.7% of respondents saying they shop either more than once a week (42.6%) or more than once a day (10.1%). The latter figure, in particular, is higher than we expected and may be skewed by the pandemic.

In contrast, the same figures for Hungary show 17% of shoppers saying they regularly shop online, with just 2.5% of these consumers shopping daily. **Hungarians are reluctant to shop online**, with 23.5% classed as infrequent shoppers, including 6.5% of respondents who say they never shop online. In contrast, the same figures in the UK are, respectively, 6% and 2.8%.

There is no clear pattern over where the keenest/least keen e-shoppers live. **Some of the consumers most reluctant to go online hail from Finland, Slovakia and Germany** where, respectively, **21.5%, 19% and 16%** of respondents classed themselves as infrequent shoppers. Respondents in Ireland and Romania are among Europe’s most enthusiastic e-shoppers with, respectively, 39% and 35.8% of respondents classing themselves as regular shoppers.

In contrast, the second set of figures we have highlighted here show a more discernible pattern. We asked consumers in the same 19 European countries how much they spent on average per month online, with choices ranging from €15–€119 to more than €600. There is a correlation between GDP per capita and their answers. In Hungary, 77.8% of respondents said they spent the

How much do you spend on average per month online?



*Data for Europe have been calculated as a weighted average across 19 European surveyed countries. (Austria, Czechia, Denmark, Finland, France, Germany, Greece, Hungary, Ireland, Italy, Norway, Poland, Portugal, Romania, Slovakia, Spain, Sweden, The Netherlands, United Kingdom)"

Source: RetailX, drawing on data from the RetailX European Consumer Observatory

equivalent (in local currency) of between €15 and €119. The same figure in Germany was 49.5% of respondents.

Broadly, consumers in richer countries tend to spend more on average. That said, out research does suggest there are countries where, perhaps because of regional differences in wealth distribution, **there are pockets of**

consumers across Europe who spend far more than their compatriots online. In Czechia, for instance, 4.85% respondents said they spent an average of €600 or more each month online. In wealthy Finland, which has the highest percentage of e-shoppers who spend more than €600, the equivalent figure is a little more than 6%.

THE FREEDOM TO DO MORE.

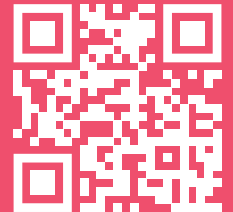
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As account director, Ijaz helps retailers deliver powerful customer experiences using the headless commerce platform developed by Ampliance

Which retail behaviours do you expect to continue post-pandemic?

The pandemic naturally forced customers online, but the digital-first mentality adopted by so many is very much here to stay. As a result, retailers also need to take a digital-first approach. They also need to look at how they can put their customers at the centre of their overall strategy.

With this digital-first approach, retailers must look to develop their mobile and social commerce strategies. They must look to how they can become agile and flexible in adapting to customer needs and market changes. With the reopening of shops, they also need to look at what role bricks-and-mortar stores play in their overall strategy. Simply going back to the pre-pandemic model likely won't work anymore.

How can retailers get cut-through in highly digitalised, competitive markets?

Especially in countries such as the UK, where digitalisation and online shopping are at an all-time high, retailers need to differentiate themselves and stand out from competitors through highly personalised and contextual digital experiences. They need to engage with customers in a meaningful way across all channels and devices, not provide the purely transactional experiences of old. Customers want to feel just as valued online as they do in-store.

Retailers must offer a streamlined experience across touchpoints. Digital experiences need to be richer and more immersive; and these experiences need to engage, educate and delight customers. In this way, customers will become brand advocates and make repeat purchases.

How can retailers succeed across Europe, or expand into different markets?

With so many different countries in Europe, retailers have to expect complexity. There are different locales, different languages, different currencies, not to mention varying customer preferences and content requirements, and the need to factor in different vendors in areas ranging from payments to fulfilment and shipping.

However, something that can help with this is headless commerce technology, whereby retailers can pick and choose best-of-breed technology solutions and stitch

them together to form a tech stack that truly supports their digital experiences now and their future roadmap.

With a headless approach, for example, retailers can integrate a content management system with translation services, so they can automatically get translated content. They can also manage different digital experiences across different regions in one place. Retailers can speed up workflows with easy duplication and repurposing of content. And critically, when expanding internationally, a headless approach can help a retailer to stay agile and scale as the business does, especially given that additional traffic volume won't affect the platform's performance.



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**THE WORLD IS
YOUR ADDRESS**

Expert insight

Thomas Sjölin



The CEO of Asendia Nordics and Benelux, Thomas, is an experienced international logistics executive. As a regional manager, he is helping his customers to expand their ecommerce internationally

It's been a year like no other for the European ecommerce/multichannel sector. How well has the industry adapted?

It is a well-known fact that ecommerce has been booming during the many lockdowns. Delivery operators have been able to manage business continuity by adapting to new rules very quickly. Flexibility has been a need in a normally inflexible environment, as local rules and regulations have often been changed.

The industry has also managed to absorb high volume growth (sometimes in the magnitude of up to 50%) in parallel with shifting a large portion of the total volume from air freight to land-based transportation.

What are the biggest innovations you have seen within the sector recently?

Digital transformation has escalated for all retailers. Digital solutions help retailers go omnichannel. Aside from their traditional stores, retailers need to manage their webstores through CMS platforms and must be present on marketplaces. Therefore, they need to connect many IT systems together – CRM, accounting systems, ERPs, warehouse management systems. The market has recently seen the emergence of simple but powerful order management systems.

What are the main delivery trends you foresee?

The expectations of European customers towards e-retailers are rising along with the growth of ecommerce. This includes demanding delivery options at checkout to suit their needs on any given day. For example, the lowest-cost delivery to their home may be the priority for one purchase, but on another day it could be the option to get their product as quickly as possible, including click and collect when retailers also have physical stores.

European customers' expectation for easy and low-cost returns has been driven by industry leaders like Zalando. This will continue to be an important element to retain customers, but at the same time it's important to work to best practices to reduce return rates and improve sustainability for those returns that cannot be avoided.

What impact will the growing awareness of sustainability have on the European market?

The growing awareness of sustainability is a must for the world and will have a major impact on the industry.

Many delivery operators are already very advanced with regards to sustainability, but their achievements are not always well known to the public. For example, in France, our mother company La Poste has always put a great emphasis on public interest and is operating the biggest electric fleet in the world. La Poste is the first operator in the world to reach carbon neutrality (since 2012) for mail, parcel, express and digital services. Based on this long-standing experience, La Poste is even advising and helping customers on their own routes towards carbon neutrality.

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BY LA POSTE & SWISS POST

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Expert insight

Matthew Harrison



It's been 18 months like no other for the ecommerce sector. Here, Matthew, senior VAT specialist at Avalara, shares his thoughts on the opportunities for European retailers following the EU VAT reform changes introduced on 1 July 2021

It's been 18 months like no other for the European ecommerce sector – how did the industry adapt?

Very few UK ecommerce businesses were untouched by Covid and Brexit. On one hand, we have seen a seismic increase in consumer online spending and, on the other, Brexit and VAT changes have hindered business growth.

When Covid hit, retailers that were already well-set-up online were reaping the benefits as consumers relied on the web to order goods during lockdown. For those who were not, the creation of an online presence to ensure business continuity was essential.

Brexit presented yet another hurdle with the introduction of a hard border with additional invoicing, customs

declaration and shipment charges. However, there is sun on the horizon! Many retailers now have an extra source of revenue from online sales and more recently, the introduction of the Import One Stop Shop (IOSS) through recent EU VAT reforms, means there's even more opportunity for ecommerce businesses.

What is the IOSS and why is it good news for retailers?

The IOSS is a new simplified reporting model for reporting sales with an intrinsic consignment value of up to €150. Instead of needing to register with multiple countries across the EU to ship goods, now, you can register in one, simplifying the reporting process altogether.

IOSS registration benefits include: a reduction in costs with fewer registrations, the ability to expand into new markets, enhanced customer experience with a Green Channel customs process, and a reduction in the disbursement charges often made by couriers when shipping under the old delivery duty paid model. The good news doesn't stop there. Less cumbersome for logistic companies, the Green Channel results in quicker shipping times for consumers.

What sector developments do you see evolving in the next 12-18 months?

New EU ecommerce reforms against a backdrop of a shift in consumer behaviour means that digital-savvy customers are going to be seeking retailers that can offer them a price-competitive product and keep their best interests at heart.

Customers will look for price transparency, an easy returns process and fast delivery times.

The Green Channel has also resulted in the emergence of a new shipping model. With goods shipped by an IOSS registered retailer exempt from import VAT (as VAT is collected at the point of sale), many logistics couriers have either dropped their disbursement fees or have decided they are only going to ship under IOSS as items can go straight through customs.

I expect others will start to follow suit as retailers will see the potential cost savings of switching to this new model and logistic firms will see this as an opportunity to reduce the level of work required to send consumer goods.



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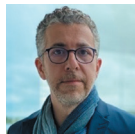
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Expert insight



Christophe Pecoraro

Christophe has 15-plus years of experience in ecommerce

Christophe began his journey with PFS in Implementation, moving through Client Solutions and Client Services before becoming Managing Director in 2016. Christophe oversees all European operations for PFS. His well-rounded experience has afforded him a wealth of industry knowledge and expertise that he shares both internally and externally. Christophe is also the founder and owner of the LinkedIn Supply Chain Management Group, comprising more than 250,000 industry professionals.

It's been a remarkable year for the European ecommerce sector – how has the industry adapted?

Incredibly well, given the circumstances. The expectation of delay in the first wave of the pandemic, as well as Brexit, are no longer valid excuses. Brands that didn't have a direct-to-consumer (DTC) presence prior to March 2020 are looking at omnichannel as a “must have” rather than a “nice to have”. Opportunities, projects and programmes that lend themselves to digitisation are priorities.

As the high street sees flickers of reawakening, the relationship between brick-and-mortar and online has never been more integrated. Noticeable increases in the use of AR technology, alternative fulfilment methods such as buy online, pick-up in-store (BOPIS) and impressive in-store tech have never been utilised so effectively – grabbing and keeping consumer attention is the key priority now.

Brexit – what's been the impact?

Covid-19 saw retailers losing interest in Brexit. Preparations were not where they should have been. In early 2021, we were inundated with urgent meeting requests looking to optimise fulfilment operations in a post-Brexit landscape. Despite information being available throughout 2020, there had been little urgency. It helps, of course, that PFS are registered as a fulfilment provider in all member states within the EU and can operate as a merchant of record for companies. For those that struggled, harmony has been restored quite quickly, considering.

Can you predict what will happen over the next 12-18 months?

Warehouses are a hot commodity right now. Expect to see even more demand for warehouses and more volume processed as a result. The behaviour of the ecommerce consumer is now far more difficult to predict. Retailers need to make sure they satisfy expectations across generations and replicate the spending success of 2020. With a year-round peak season now, to all intents and

purposes, being preventative rather than reactive in the event of another “retail tsunami” is key. Focusing on scalability and ensuring deliverables are realistic, albeit aspirational, should be a priority going forward.

What should retailers be taking more notice of?

Multi-node fulfilment, without a doubt. Multi-node solutions enable retailers to compete with speedy delivery times, optimise inventory by leveraging store stock, ensure business continuity by diversifying fulfilment points, and shorten last-mile delivery to reduce carbon footprint. And with offerings like RetailConnect store fulfilment technology on the market, retailers can quickly and effectively transform stores into micro-fulfilment points.

**PFS**

PFS is the premier ecommerce order fulfilment provider. We facilitate each operational step of an ecommerce order in support of DTC and B2B retail brands. Our scalable solutions support customised pick/pack/ship services that deliver on brand ethos with each order. A proven order management platform, as well as high-touch customer care, reinforce our operation. With 20+ years as an industry leader, PFS is the BPO of choice for brand-centric omnichannel operations.

uk.pfsccommerce.com

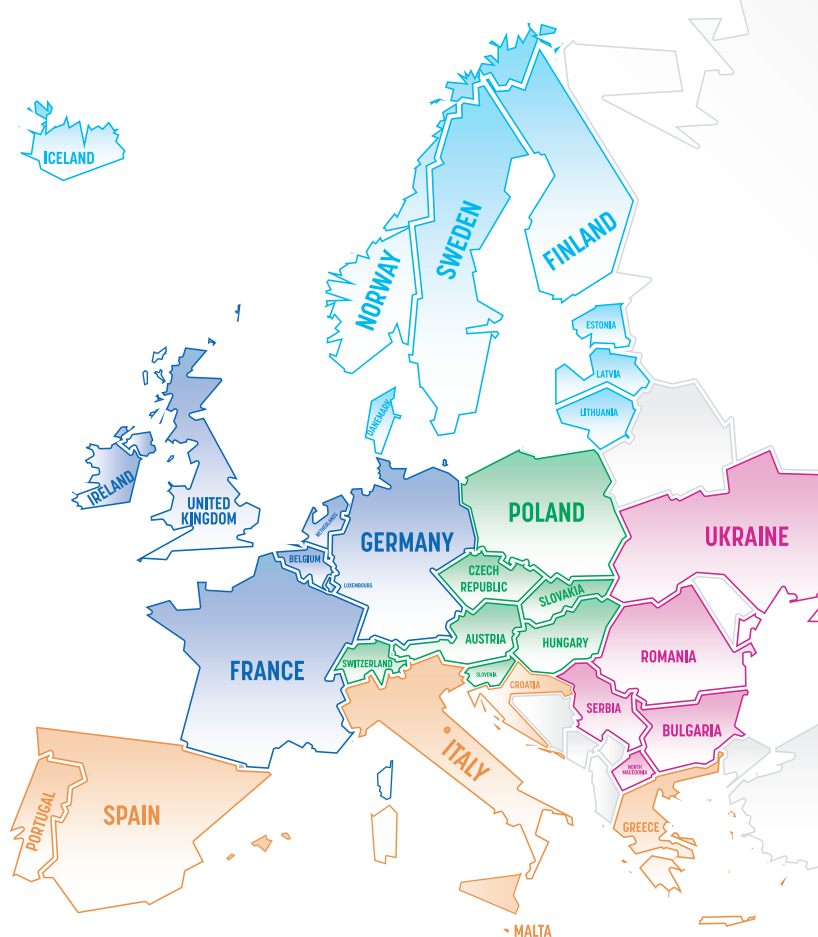
Market issues

Over the following pages, we look at four issues that are likely to help shape the strategic thinking of retailers across Europe in the coming months and years.

Firstly, we reveal some of the latest RetailX research into sustainability. The recent extreme weather only emphasises why this is a subject that is of importance to more and more citizens across Europe – and not just middle-class citizens in the continent’s richer countries.

We also highlight what our consumer research says about how Covid-19 has changed consumer behaviour; highlight the continued development of mobile commerce; and grapple with the thorny issue of Brexit: just what does it mean?

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Towards sustainability

As the world's governments begin to grapple with the idea of a net zero economy, how is Europe performing?

WILL EUROPE BE FIRST TO NET ZERO?

Europe plans to be the first carbon-neutral continent, with legislation ensuring it will reach a 55% reduction in greenhouse gas emissions by 2030

The European Commission has put legislation in place to fundamentally transform the economy, industry and society for a “fair, green and prosperous future”. Heralded as ‘Fit for 55’ **the package of proposals includes policies for the reduction of greenhouse gas emissions across a number of sectors** as well as putting taxation mechanisms in place.

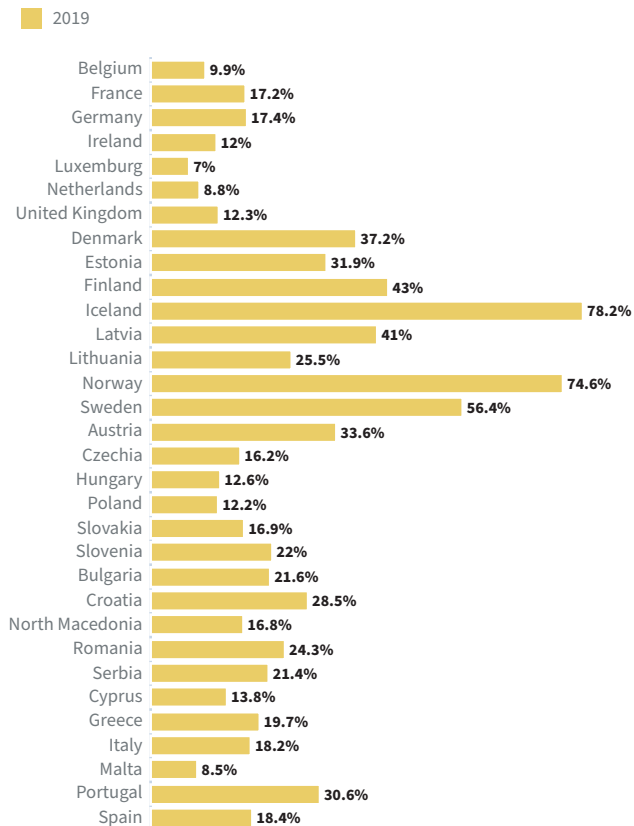
The legislation calls for an increased use of renewable energy and greater energy efficiency, as well as speeding up the rollout of low-emission transport – and the necessary infrastructure and fuels to support them.

Three billions trees are to be planted as carbon sinks.

The move is **a major milestone on the path towards Europe becoming the first climate-neutral continent by 2050**, an ambition announced by the EU in 2019. This European Green

Renewable Energy 2019

% share of renewable energy in gross final energy consumption

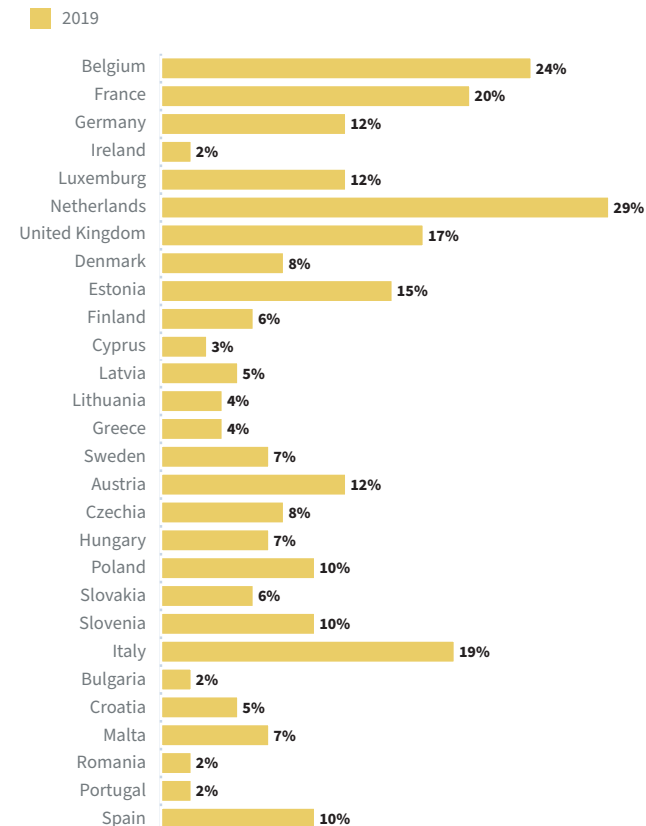


Source: Eurostat

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Circular Material Use Rate

% share of material recovered and recycled



Source: Eurostat

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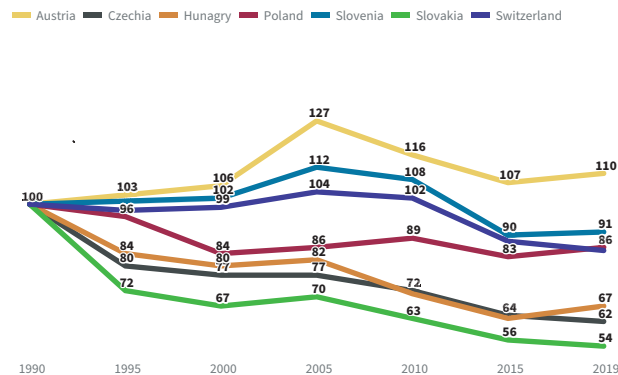
Deal set ambitions to reduce greenhouse gas emissions by at least 55% by 2030, compared to levels in 1990.

It also sees economic growth decoupled from carbon emissions. **Greenhouse gas emissions across the EU have already fallen by 24% compared to 1990**, while the EU economy has grown by around 60% in the same period.

Individual countries have put legislation in place in order to meet their own targets as part of the EU's overall aim. For example, **40% of all energy is to come from renewable sources by 2030**, something that the UK (although not part of the EU) recorded in Q1 2020 when it generated 47% of electricity from renewable sources.

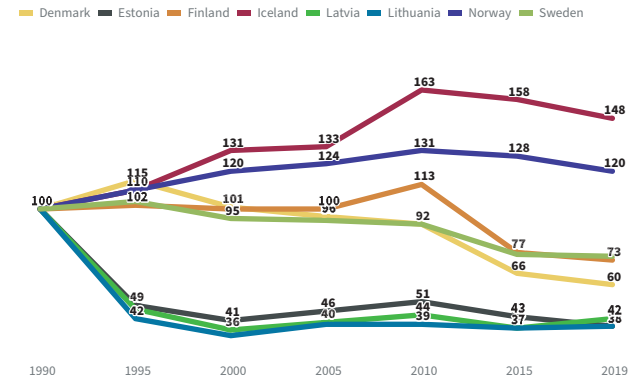
CO2 emissions in Central Europe

Based on index 1990=100



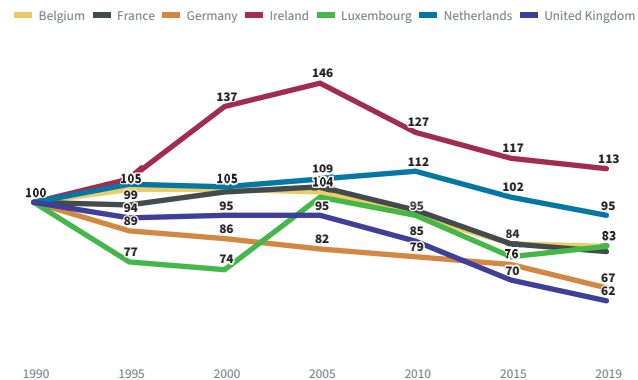
CO2 emissions in Northern Europe

Based on index 1990=100



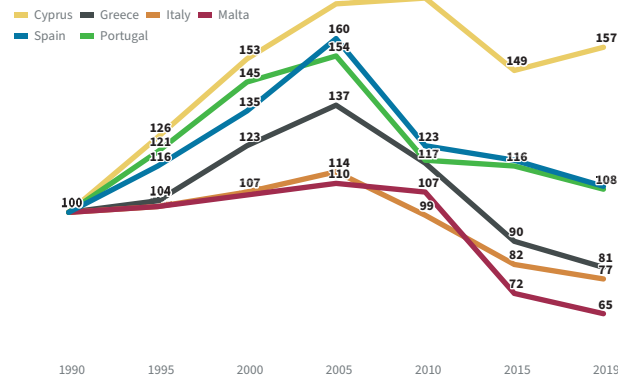
CO2 emissions in Western Europe

Index 1990=100



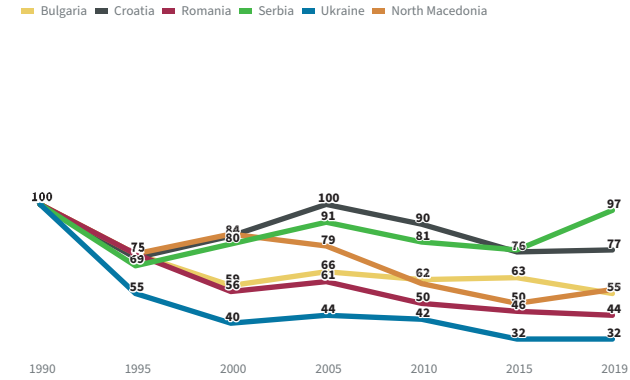
CO2 emissions in Southern Europe

Based on index 1990=100



CO2 emissions in Eastern Europe

Based on index 1990=100



Source: OurWorldInData | Index is based on CO2 emissions figures over time, with 1990 as an EU benchmark to measure emission reductions. | All EU countries have a target of reducing emissions by at least 55% below 1990 figures by 2030.

“The fossil fuel economy has reached its limits. We want to leave the next generation a healthy planet as well as good jobs and growth that does not hurt our nature. The European Green Deal is our growth strategy that is moving towards a decarbonised economy. **Europe was the first continent to declare to be climate neutral in 2050**, and now we are the very first ones to put a concrete roadmap on the table. Europe walks the talk on climate policies through innovation, investment and social compensation,” says Ursula von der Leyen, president of the European Commission.

CONSUMERS

Consumer attitudes to the environment are changing and sentiment is being translated into what and how they buy

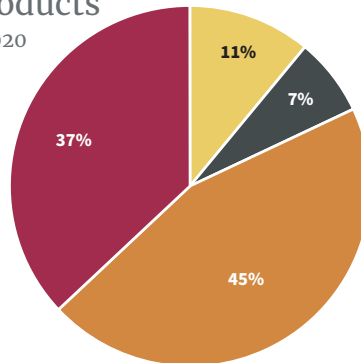
Consumer sentiment around sustainability, the environment and wellbeing is rising and shoppers are changing how and what they buy in increasing numbers. **They are becoming more conscious consumers as well as caring about the people that grow or make the goods that they are buying**, the impact their purchase has on their lives and product recyclability. Much of the change is being driven by documentaries, as can be seen in the backlash against single-use plastics, but legislation is driving behavioural change as well.

37% of consumers across Europe say that they are buying fewer plastic products and **29% are willing to purchase products in bulk** – with the resultant reduction in packaging – rather than buying items that are already

Percentage of consumers willing to buy fewer plastic products

European mean, 2019–2020

- No, intending to do so soon
- No, not intending to do so
- Yes, from time to time
- Yes, systematically



Data is the total European average, 28 countries surveyed

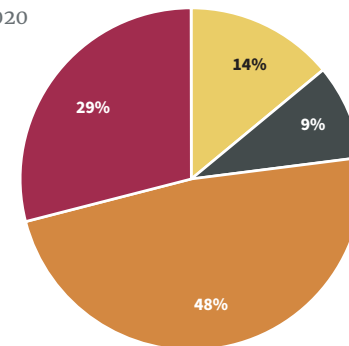
Source: European Investment Bank

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Percentage of consumers willing to buy products in bulk rather than wrapped

European mean, 2019–2020

- No, intending to do so soon
- No, not intending to do so
- Yes, from time to time
- Yes, systematically



Data is the total European average, 28 countries surveyed

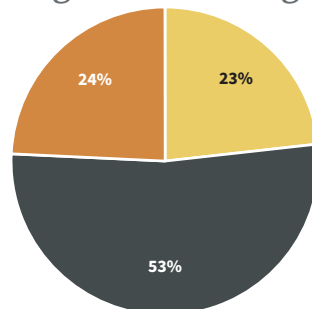
Source: European Investment Bank

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Percentage of consumers willing to boycott companies or brands that contribute heavily to global warming

European mean, 2019–2020

- No, intending to do so soon
- No, not intending to do so
- Yes, from time to time
- Yes, systematically



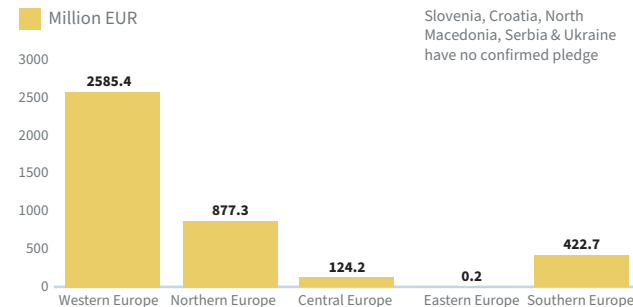
Data is the total European average, 28 countries surveyed

Source: European Investment Bank

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Confirmed pledge to Green Climate Fund by European Region

As of 30 June 2021



Source: Green Climate Fund

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Slovenia, Croatia, North Macedonia, Serbia & Ukraine have no confirmed pledge

wrapped. A further 48% are willing to change to bulk buying “from time to time”.

However, there are still consumers who are not intending to change, either at all or anytime soon. Legislation or changes by retailers may force change on them eventually.

When asked their opinion of retailers and whether they want them to be ecologically sustainable, **it is consumers in Italy and Portugal that are most likely to expect retailers to lead by example.** Portuguese consumers feel that the onus to change is on retailers as well.

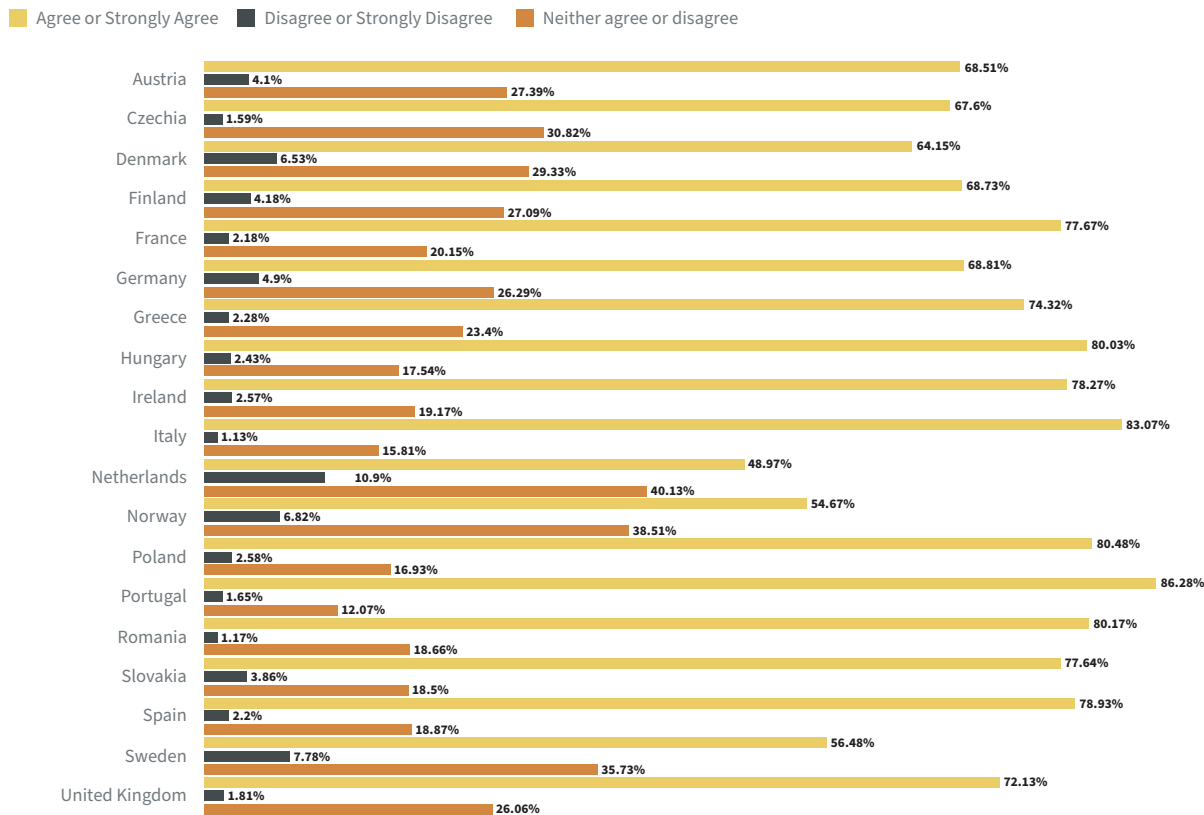
Conversely, **consumers in the Netherlands and Scandinavia have the highest number disagreeing with the sentiment.** 10.9% of people in the Netherlands either disagree or strongly disagree with it.

Consumers across Europe are also becoming more conscientious when it comes to how retailers look after their staff. Again, **it is consumers in Portugal and Italy who are most concerned with how retailers treat their workforce,** but Romania, Ireland, Poland, the UK and Hungary all have a large percentage of their population wanting retailers to have fair workplace practices and ensure that companies that supply them also have high standards of staff and community welfare. A surprising 6% of consumers in the Netherlands either disagree or strongly disagree with the sentiment; three times the EEA average.

All retailers should be seeing changes in shopper behaviour, especially since 47% of consumers are

Consumer attitudes: "I want retailers to be ecologically sustainable"

% share of respondents from 19 European countries



Source: RetailX European Consumer Observatory Results have been stratified for age and gender

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boycotting companies or brands already that contribute heavily to global warming, or intend to do so.

RETAILERS

How are retailers responding to consumer and government pressure to put the planet and people ahead of profit?

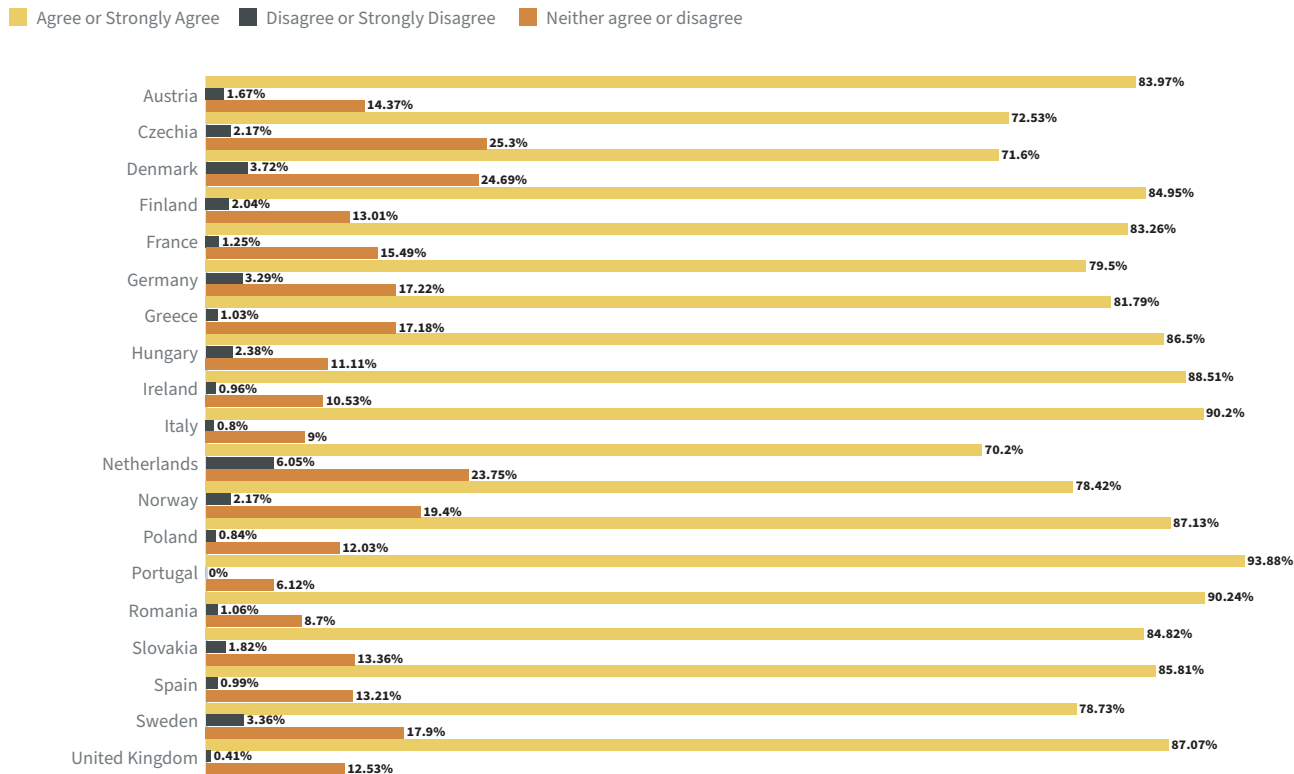
In 2012, Marks & Spencer was the first major retailer to become carbon neutral. Its Plan A environmental strategy saw it reducing carbon emissions and purchasing high quality carbon offsets to balance remaining emissions from stores, offices, warehouses and delivery fleets. **Over five years it had reduced greenhouse gas emissions by 22%**, despite sales increasing by 18% over the same period. This past year has seen emissions down 13% as the company heads towards being net zero by 2035.

Net zero is harder to achieve since the level of emissions are measured across the lifecycle of all of the products that a retailer produces, as well as its own emissions from stores and the electricity it buys in. For a food retailer, this is the full farm-to-fork journey, whereas **for household goods it also encompasses how the item is used by the consumer and its disposal when no longer wanted or usable**. These are called scope 3 emissions.

To change things, everything has to be measured, and this isn't a journey that many retailers can manage alone. Working with suppliers – many of whom are also on their own sustainability journey – retailers are able to set

I want retailers to have fair workplace practices and ensure the companies that supply them also have high standards of staff and community welfare

% share of respondents from 19 European countries



Source: RetailX European Consumer Observatory | Results have been stratified for age and gender

specific targets and there is now a ‘Race to Zero’ program with leaders aiming to be net zero carbon ahead of 2050. This is the date by which the UN’s Intergovernmental Panel on Climate Change says countries and businesses must be net zero in order to restrict global warming to 1.5°C above pre-industrial levels.^[1]

This is leading to new business models being tested including rental, repair, resale and buyback. **Websites renting fashion have been popping up across Europe** with peer-to-peer resale site Vinted having 45 million users and Depop being acquired for more than £1bn by Etsy.^[2]

Homewares giant Ikea is buying back furniture from customers for resale in stores and is working towards being a fully circular economy business by 2030. **The Swedish company started testing ways to refurbish its old sofas for resale in 2019** and by 2030 it expects to use only renewable or recycled materials to make them. More than 60% of its product range is based on renewable materials such as wood and cotton and more than 10% currently contain recycled materials.

“To become circular is one of our big ambitions and challenges for the future. **It is a transformational shift for our entire business.** Our goal is to give products and materials a longer life through reuse, refurbishment, remanufacturing, and, as a last option, recycling,” says Lena Pripp-Kovac, chief sustainability officer at Inter Ikea Group.

Every year, RetailX analyses retailers and brands selling online in Europe and benchmarks them against six dimensions to give an overall score. The following chart shows how CDP, the not-for-profit charity that runs the global sustainability disclosure system, ranks our top retailers. Scores range from A (Leadership) to D- (Disclosure). F is a failure in information disclosure rather than environmental stewardship.

Retailers attaining leadership level for all three CDP scores include Danone and L’Oréal.

CDP ENVIRONMENTAL SCORES FOR RETAILX EU500 ELITE & LEADING RETAILERS				
COMPANY NAME	RETAILX EU500 RANKING	CDP SCORE: CLIMATE CHANGE	CDP SCORE: WATER SECURITY	CDP SCORE: FORESTS
AMAZON	ELITE	F	-	-
BOULANGER	ELITE	-	-	-
DM	ELITE	-	-	-
FNAC ^[1]	ELITE	C	-	-
TOOLSTATION ^[2]	ELITE	B	-	B
ARGOS ^[3]	LEADING	A	A	B
CARREFOUR	LEADING	A-	A-	B
DARTY ^[1]	LEADING	C	-	-
DECATHLON	LEADING	B	-	C
GITARGUITAR	LEADING	-	-	-
H&M	LEADING	A	-	-
HOBBYCRAFT	LEADING	-	-	-
HORNBACK	LEADING	F	-	-
IKEA	LEADING	A	-	F
KIABI	LEADING	-	-	-
L'OCCITANE	LEADING	F	-	-
LLOYDS PHARMACY	LEADING	-	-	-
MATAS	LEADING	-	-	-
NEONET	LEADING	-	-	-
RYMAN	LEADING	-	-	-
TESCO	LEADING	A-	F	B

Source: CDP, RetailX

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[1] SCORES ARE FOR PARENT GROUPE FNAC-DARTY [2] SCORES ARE FOR PARENT TRAVIS PERKINS [3] SCORES ARE FOR PARENT J SAINSBURY PLC

[1] www.jpcc.ch/sr15

[2] www.theguardian.com/fashion/2021/jun/02/etsy-buys-second-hand-clothing-app-depop-to-tap-into-gen-z

How has Covid affected ecommerce?

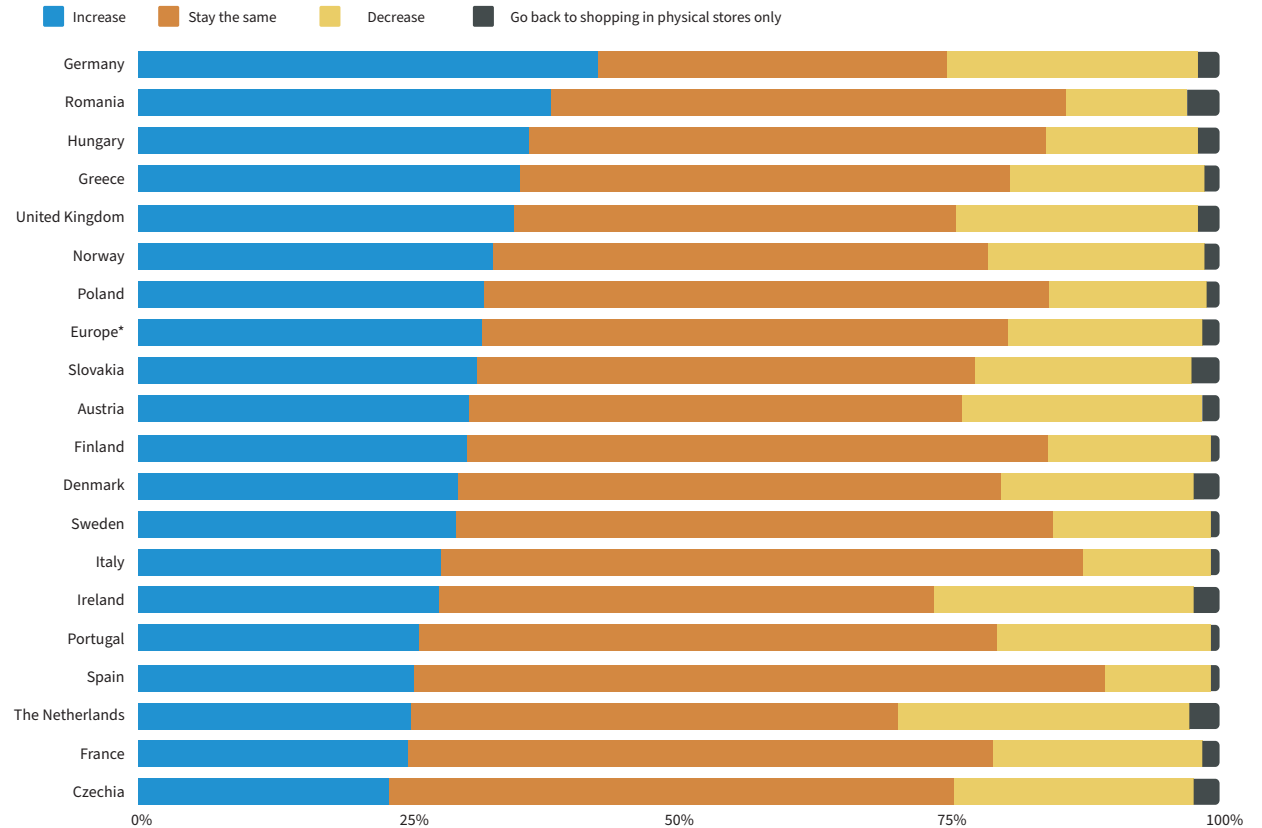
European shoppers plan to stay online when this is all over, but what are they buying?

The response to COVID-19 in Europe has been varied, with readiness levels differing across borders and individual country responses occasionally at odds with the bigger picture. **Some countries were more prepared than others** and were able to put testing and contact tracing in place faster. However, EU leaders worked fast to establish freedom of movement during the pandemic and worked out an impressive recovery fund for the region.

It's not been a good time for bricks and mortar stores, with reported closures across all sectors. In the UK, a net decline of 6,001 shops was recorded in the first half of 2020 (compared with 3,509 in the same period of 2019), according to research from PwC^[1].

Nonetheless, **it's been a good spur for retail innovation in digital technology** to try and entice customers through the doors. Of course, for those countries with higher levels of ecommerce sophistication, the switch to online spending was easier. Our research shows that some have fared better than others.

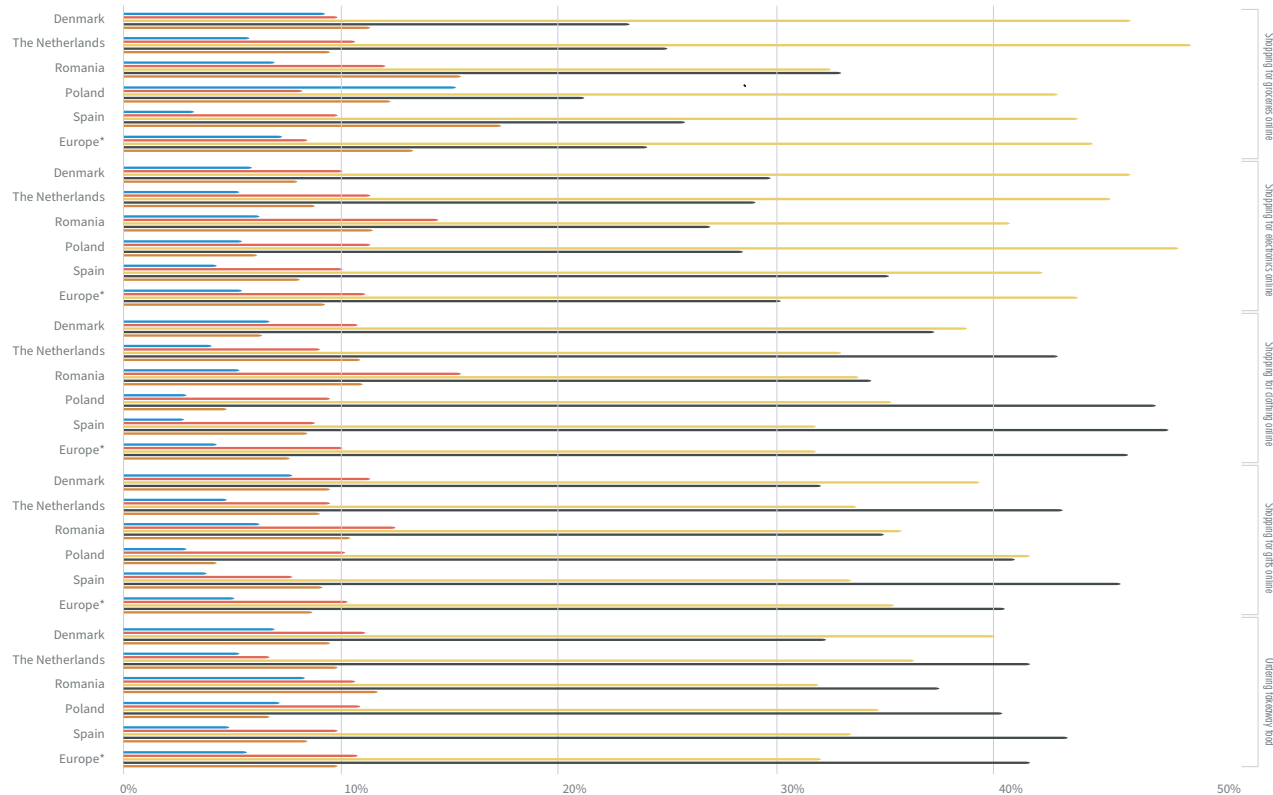
Will your level of online shopping be different when the world returns to normal, compared to how you are shopping now during the pandemic?



RetailX, drawing on data from the RetailX European Consumer Observatory

How has COVID-19 affected your online shopping?

■ Stopped completely ■ Reduced ■ No change ■ Increased ■ I didn't shop for these goods online before the pandemic began but now I do



Data for Europe has been calculated as a weighted average across 19 European surveyed countries – Austria, Czechia, Denmark, Finland, France, Germany, Greece, Hungary, Ireland, Italy, Norway, Poland, Portugal, Romania, Slovakia, Spain, Sweden, the Netherlands and the UK. We asked a range of questions around frequency of online shopping before and during the pandemic, as well as the intention to increase or decrease this activity. We also looked at how the pandemic affected types of purchase.

Across Europe, **30% of shoppers say their level of online shopping will increase when the world returns back to normal**, with just 2% saying they intend to go back to shopping in-store only – undoubtedly, this is very good news for ecommerce providers and ecommerce-ready bricks and mortar retailers.

The **biggest increase can be seen in Germany**, with 40% intending to increase online shopping. Reports suggest that Germany saw more than ten years of ecommerce growth in less than 12 months, with the German E-Commerce and Distance Selling Trade Association (Behv) claiming that Germans spent more than €83bn online in 2020, a 14% increase on 2019. Significant growth is expected here in online grocery, where the country has some way to go to catch up with more established markets, such as the UK.

Romania is the country with the next-highest change in online shopping, with 36% of shoppers saying they will increase their activity online. This is unsurprising given

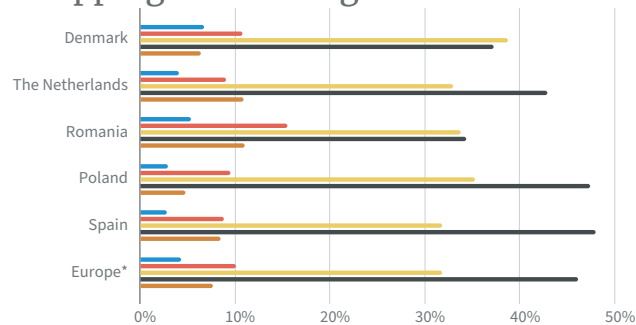
RetailX, drawing on data from the RetailX European Consumer Observatory

the country is a mobile-first market with a young, digitally savvy population and high levels of internet usage (84%) for Eastern Europe. In Italy, a slightly higher 62% of shoppers said their online purchasing would stay the same post-pandemic, perhaps reflecting Italians' unwillingness to compromise on things such as fresh groceries.

Pre-pandemic, some 16% of European shoppers said they shopped online more than once a week. This rose to 24% during the pandemic and is expected to drop to 21% afterwards.

In terms of grocery shopping, in Romania this went up the most, with 33% saying they increased during lockdown. This was above the European average of 24%. Some 8% of Europeans somehow actually reduced their online

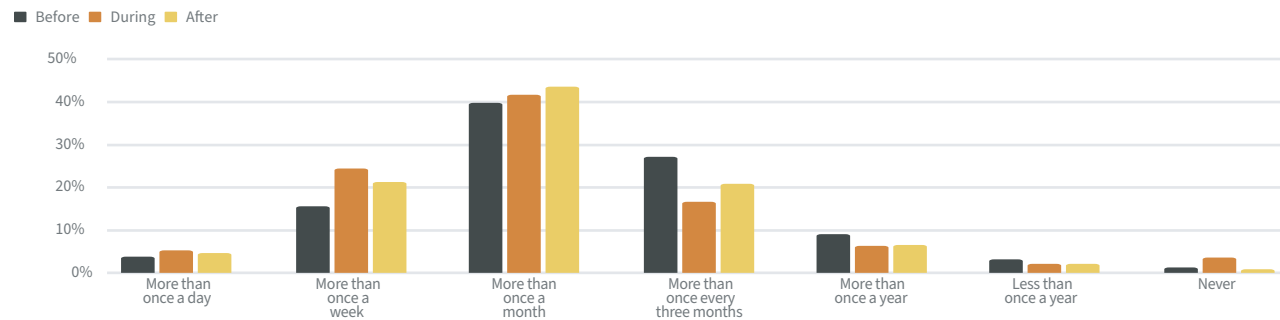
Shopping for clothing online



RetailX, drawing on data from the RetailX European Consumer Observatory © RetailX 2021

Shopping frequency changes as a result of the pandemic

How often did you shop online before the pandemic?



RetailX, drawing on data from the RetailX European Consumer Observatory

© RetailX 2021

grocery shopping, perhaps choosing to stockpile instead or brave local grocery stores (many of which were allowed to remain open) where possible.

Shopping for electronics also increased across Europe by 30%, with the biggest increase in Spain (35%). Again, in Romania 11% reported that they didn't shop for electronics online before the pandemic but now do, the biggest increase in this category and perhaps reflecting impending ecommerce growth in the country.

In the UK, a whopping **54.94% of people said their takeaway food ordering had increased during the pandemic**, reflecting a growth in this area.

However, with takeaways making up only a small proportion of the food-service market in most countries, this won't be enough to make a huge difference.

Interestingly, shopping for clothes in France (traditionally known for its preference for physical clothes shopping) was on the increase among more than 50% of shoppers, and this could have repercussions for those ecommerce retailers wanting to expand in this area.

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Mobile commerce in Europe

Mobile commerce is coming to dominate the market. This represents both a marked change and a trend that has accelerated in recent months

The acceleration in adoption of digital commerce across 2020 has driven mobile commerce to undergo some **five year's worth of growth in around 10 months**. In that time, it is believed around €120bn has been spent through mobile, with spending in Europe leading the way.

In fact, one estimate suggests **European consumers spent on average 30% more time shopping on mobile in 2020 than they did in 2019^[1]**.

The reason for this growth is simple: more people were forced to do more online during the pandemic and most of them, stuck at home, picked up their mobile to connect – not just for shopping, but for everything, including working, learning, playing and communicating.

In the UK, shoppers spent 51m hours on shopping apps in one week in November 2020, twice as much as those in Turkey and Germany and more than three times that of France. Only China, the US and Brazil saw more.

Separate research suggests Germany and Italy are both also seeing significant growth in mobile commerce uptake, with Italy expected to grow the fastest, at a CAGR of 25.9% from 2019 to 2024^[2].

HOW MOBILE COMMERCE IS CHANGING

While consumers were already increasingly turning to mobile as part of their shopping journey pre-pandemic, across 2020 **the role that mobile played in European ecommerce also changed**.

Online buyers are increasingly shifting from just researching on mobile and tablets to purchasing on these devices as well, especially smartphones. In 2019 there were more than 125m smartphone buyers and 59.4m tablet buyers – in France, Germany, Italy, Spain and the UK combined.

Around 60% of online adults in this so called 'Europe-5' use a computer for researching products online, followed by 54% who use smartphones.

This gap is continuously shrinking with the increasing screen size of smartphones, the investments by retailers on mobile apps, and users' comfort in purchasing high-frequency categories such as fashion and grocery on mobile devices.

The number of smartphone-based online shoppers is also set to grow faster than overall online buyers, up by a CAGR of 5.8% in the Europe-5, more than double the growth rate of total online buyers from 2019 to 2024^[2].

WHAT DRIVES MOBILE?

Much of the growth in mobile shopping has been driven by shoppers embracing four key new shopping tropes: marketplaces, live streaming, social commerce and gamification.

More than 40% of all post-pandemic online spending globally is taking place on marketplaces, with online set to account for 51% of all retail sales this year, a global consumer study found earlier this summer^[3].

Across Europe, marketplaces with easy-to-use apps – such as Amazon, eBay, ASOS and Zalando – have surfed this mobile wave. **The key is convenience**. Mobile is the easy-to-grab device and marketplaces are easy-to-use one-stop ecommerce shops.

Almost two thirds of cross-border ecommerce in Europe was carried out on marketplaces in 2020 turning over some €84bn – €32bn of this on Amazon alone^[4].

However, **marketplaces are facing competition from another predominantly mobile source: social media sites**, which are not only acting as new sales platforms for retailers, but are also ushering in new ways to shop.

Much of this has been driven by 'newbie' mobile shoppers, who have to date largely used mobile for social interaction. During lockdowns across Europe, many of these shoppers extended that hobby use of social to encompass retail too.

This is borne out by the time spent by European shoppers on social media, which has grown 325% year-on-year with

TikTok becoming the fastest growing of all in that time – on track to hit 1.2 bn monthly active users in 2021^[1].

Separate research shows that **social media has also become a key location for retail inspiration and purchases during the pandemic**, with TikTok the fastest growing platform. It has seen sales grow faster than the more established Pinterest (+356%), Instagram (+189%) and Facebook (+160%)^[5].

This study questioned 3,373 UK shoppers and found that more than three quarters (79%) said they were now more influenced to shop on social platforms than a year ago. The latest group (64%) had bought on Instagram over the past year, followed by Facebook (45%) and TikTok (24%).

Much of this has been driven by younger consumers, who have been brought up on social media seeing it as **their go-to place for communication, entertainment and shopping** and, while doing so, blurring the lines between all three.

LIVE STREAMING AND GAMIFICATION

One of the more tangential impacts of social commerce is that it is driving a rise across Europe of livestream shopping. According to App Annie' data, **social commerce and live shopping is set to present a \$2tn market globally by 2024**.

In May 2020, AliExpress, a global marketplace set up by Alibaba, introduced its social commerce product, AliExpress Connect, which includes livestreaming

commerce. Italian, Spanish, Russian, Turkish, and, of course, Chinese sellers can now tap into influencers for content such as images and videos, or through livestreams.

French retailer Auchan's electronics private-label brand Qilive has also piloted a livestream via AliExpress, attracting 18,000 viewers and modest sales. This is still a nascent behaviour in Europe, but as platforms such as AliExpress and Amazon launch and promote livestreaming, retailers will experiment with it, sellers will pick up on it, and consumers will follow.

Mobile gaming is also starting to impact retail. Again, this is driven by mobile gamers looking to also shop while gaming. The gaming sector is on track to surpass \$120bn in consumer spend in 2021, capturing one-and-a-half times the overall gaming market, while mobile also fuels the ad industry, which saw spend on mobile up 26% compared to 2019, reaching \$240bn.

Mobile use is also cross-generational, with Gen Z, Millennials and Gen X/ Baby Boomers spending 16%, 18% and 30% more time per user year on year in their most-used apps.

This blurring of entertainment and ecommerce on mobile is also seeing a rise in 'gamification' and the use of games in ecommerce. Gamification is the use of gaming techniques to make services more entertaining and, ultimately, more engaging. This has seen retailers looking to add game-like elements to their apps, as well as offering

actual games within their mobile offerings to encourage customers to spend more time on their sites.

Mobile gaming was worth around €77bn in 2020^[6], inspiring many retailers and brands to look again at how to use gaming and game like techniques to drive sales has seen more interest across Europe in recent months.

For example, in the UK supermarket Sainsbury's has run 'The Great Big Fruit and Veg Challenge' that uses fun, interactive targets in stores to gamify the purchase of fruit and veg. An in-app tracker sets each customer personalised fruit and vegetable targets to purchase in store and online throughout a 28 day period, based on their typical shopping habits and the average portions of



Sainsbury's has experimented with 'gamification' techniques

fruit and vegetables they normally buy. This will enable customers to earn points throughout the month as they head towards their grand total target, with the opportunity to earn more than 750 points.

Similarly, fashion brands are teaming up with games makers to provide in-game kit for gamer characters, using it as the ultimate 21st Century product placement. It is after all where many target audience members for many youth brands are now to be found.

At Easter, chocolate company Cadbury launched 'Cadbury Worldwide Hide' – a virtual Easter egg hiding experience where consumers could hide an Easter egg anywhere in the world for someone they love.

WHERE NEXT?

The pandemic has undoubtedly changed much about retail in Europe, but the changes wrought on mobile and by mobile are perhaps the most pronounced. **Lockdowns pushed more people to shop online, many of them new to ecommerce.** They picked up their mobiles to do it and turned to the sites they already knew: marketplaces and social media.

As a result they wanted to not only shop but to be engaged and entertained and to share. This means **European retail needs to think more about how it behaves on social media and how it can entertain.**

So far, **we have only seen the beginning of this shift.** Increasing use of video, live streaming and user-generated



For Easter 2021, Cadbury ran a virtual Easter Egg promotion

live streaming inspiration is set to come to the fore in the years ahead.

Ecommerce in Europe is set for some big changes – changes that could see it become a world leader in what modern retail looks like.

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But what does Brexit mean today?

The full effects of the UK's vote to leave the EU are still unclear, but for the retail sector things are becoming clearer – albeit gradually...

On December 31, 2020, the Brexit transition period, during which the United Kingdom remained a member of the single market and the customs union, came to an end.

The wisdom, or otherwise, of this course of action is a subject for another time, but the reality for the ecommerce community was that, on 1 January 2021, both **for EU-based retailers selling into the UK and UK-based retailers selling to the EU, new rules applied.**

Inevitably, for all the UK government trumpeted the advantages of having negotiated continued access to the EU markets on a zero-tariff, zero-quota basis, there were initial difficulties as exporters struggled to get to grips with new regulations. This was a hard Brexit by any standards envisioned in 2016 when the UK electorate voted to leave the EU. In the UK, the extent of these difficulties came to be symbolised not by the retail sector, although there were

immediate rumblings of potential problems ahead, but by the fishing industry, where exports to the EU crashed by 83% in January 2021^[1].

Fast forward to the summer and **stories of Brexit disruptions still feature regularly in the UK news.** There is a residue of bitterness, for example, within the fishing sector over what many in the industry see as its betrayal^[2]. UK attempts to renegotiate the Northern Ireland Protocol, which it claims has resulted in an unsustainable number of checks on goods entering the province, have created huge tensions with both the EU and, because of worries over the potentially fragile Irish peace process, the US^[3].



Will exports and imports continue to flow smoothly through Dover in a post-Brexit world or do problems lie ahead?

Look beyond these kinds of stories and what is the situation both for UK retailers and EU retailers, those trying to work with new trading arrangements away from the glare of the news media?

The first thing to note here is that, because of the effects of the coronavirus pandemic, it is especially difficult to get a clear view of what might be happening. With different countries, for example, going into lockdowns at different times, there has been huge volatility in economic data. As John Springford, deputy director of the Centre for European Reform think-tank, has said, “Generally, Covid has swamped the economic data making any comparisons difficult, so we cannot really disentangle the Brexit effect.”^[4]

There is a further problem, as reported by *The Financial Times* in July. While nobody is disputing the idea that UK exports to the EU have fallen, **different agencies have come up with different figures over the extent of the decline.** According to the UK’s Office for National Statistics, exports from the UK to the EU were 5% lower in April 2021 than in December 2020, but Eurostat, the EU’s statistical office, puts the equivalent figure at 24%. For exports going the other way, the ONS puts exports from the EU to the UK as being down by 19%, whereas the equivalent figure from Eurostat is 13%. (There are no ecommerce-only figures available.)

These apparently contradictory figures can most likely be explained by differences in the ways in which the

To trade in a post-Brexit world, British Corner Shop has set up a distribution centre in the Netherlands

two organisations collate and categorise figures, but it leaves anyone wanting to get a better idea of what might be occurring on the ground looking for other kinds of anecdotal evidence.

In June 2021, ChannelAdvisor and research company CensusWide talked to the chief marketing officers of

304 UK brands that sell online, and found 94% said they had lost EU customers since 31 December 2020, with 66% saying they had lost a significant number^[5].

According to 73% of the CMOs, **Brexit had slowed the pace at which brands can deliver to EU customers**, and 33% say the slowdown is significant.

There was more positivity over the future, with **most CMOs (91%) expecting international sales to increase over the next 12 months** – and 33% saying these sales will increase significantly. Here, the effects of the Covid-19 pandemic may actually have engendered optimism, in that 92% CMOs said their brand has won significant numbers of new customers since the pandemic emerged, with **82% saying direct sales are now higher than pre-Covid levels, presumably as a result in part of lockdowns.**

There is further evidence of potential difficulties in the regular reports that have emerged about UK retailers setting up distribution centres in Europe. In July 2021, for example, British Corner Shop announced it had opened a distribution centre in the Netherlands, its first warehouse in Europe. Many of the grocer's customers are, with a certain irony, British expatriates after familiar brands. These are customers the company previously served directly from the UK.^[6]

“We have seen an influx of customers shopping online for both essentials and nostalgic items,” said Jon Farrar, British Corner Shop's head of marketing, “and the expansion of our warehouse space into Europe will have a massive impact on the speed and efficiency of our operation.”

British retailers have adopted this strategy as a pragmatic response to the extra bureaucracy that now surrounds exports to the EU. This red tape also affects EU retailers that receive orders from the UK. Back in January, for

example, many EU companies said they would no longer sell to the UK because of new British VAT regulations on comparatively small transactions that entail EU companies registering for UK VAT and accounting for it to HMRC.^[7]

Retailers in the UK and EU have also balked at higher shipping costs, the rise accounted for by additional paperwork, while UK consumers have reported delays in receiving orders from Europe.

So what kind of picture emerges here? Perhaps, the first thing to note is that **larger retailers are coping better with post-Brexit trade conditions.** These are companies that can absorb the new costs and, where the initial outlay makes commercial sense, set up local offices and distribution centres.

By contrast, smaller retailers can quickly become overwhelmed by the paperwork involved in selling to the EU. They do not enjoy economies of scale. The same can be said of EU retailers selling in the UK.

This is not unexpected, but it does suggest that Brexit, once we can reliably separate its effects on retailers from those of the pandemic, will have a lasting impact, especially on the development of British ecommerce. This is a sector that has long seen itself as leading the way in Europe, but what happens if, for example, a larger brand or retailer finds its EU business is bigger than its British business? Will it make sense for the company to be headquartered in the UK?

Turning to smaller retailers, which could once build up volumes by exporting to EU customers, will their growth be slowed by extra costs? Will EU customers, anxious to avoid paperwork, avoid smaller UK retailers and brands? Or, ironically, may some rising UK brands actually benefit from being seen as ‘difficult’ to obtain within the EU?

So soon after 31 December, with the effects of pandemic and Brexit still muddled and statisticians wide apart in their estimates of what is happening in the real economy, **it is difficult to offer any definitive answers.** However, one thing that UK retailers may wish to guard against is the idea it is somehow enough in itself to be innovative, imaginative and nimble, long seen as strengths of the UK ecommerce sector.

In the UK, there's a deep-seated cultural idea dating back to the civil wars of the 17th century: that people are either cavaliers, expansive and romantic, or roundheads, detail-orientated and practical. Whatever your take on Brexit, it was a cavalier notion. Managing cross-border retail in its wake is a job for roundheads, those who can look at the practical problems Brexit causes – and work to solve them.

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What does the UK-EU post-Brexit trade deal mean in practice for ecommerce and multichannel retailers?

SELLING TO THE EUROPEAN UNION FROM THE UK

EORI numbers: exporters from Great Britain to the EU need an EORI number starting with the letters GB to show they are a recognised trader. A further EORI number starting with XI is needed to move goods between Northern Ireland and non-EU countries or to make a declaration or get a customs decision in Northern Ireland. Only traders that have an EORI number starting in GB can get one of those.

VAT: most goods being exported to the EU attract a 0% UK VAT rate. Instead, traders have to pay import VAT when goods arrive at the destination country.

Rules of origin: the free-trade deal struck between the UK and EU applies to goods mostly originating from the UK and EU. Where goods aren't mostly from the UK or EU they are not covered under the deal so tariffs are payable.

Customs declarations: most UK online retailers selling to EU customers from this country do so by sending orders in individual parcels to the customer. The UK and EU have negotiated a tariff-free deal, so there are no tariffs charged on exports to the EU. But, everyone in England, Scotland or Wales sending parcels to the EU whose contents are worth up to £270 has to fill in a CN22 customs declaration form. Those sending items worth £270 or more have to fill in a longer CN32 customs declaration. Neither are required for retailers in Northern Ireland sending a parcel to the EU.

Logistics and delivery: those who are not sending individual parcels via post or via a courier – for example, shipping a wholesale order to an EU retailer or transferring goods to their own EU operations – need to follow a different process, and most businesses will use a courier, freight forwarder or customs agent to make the declaration and get goods through UK customs.

Data: online and multichannel retailers have built up large EU customer databases in recent decades and there have been questions about whether they will be able to hold onto those databases in the future. The final provisions section of the EU/UK agreement allowed for existing arrangements to continue.

SELLING FROM THE EUROPEAN UNION TO THE UK

EORI numbers: retailers selling from the EU to the UK need to have an EORI number, as assigned by the member state in which they operate.

VAT: this is liable to be paid on imports from the EU. The UK government has agreed that UK end-customers will not have to pay import VAT, but retailers selling to the UK will have to set up an account with HMRC – the UK tax authority – to pay that VAT. UK companies will have to account for goods that they import and that are worth more than £135 via their quarterly VAT return.

Rules of origin: the free-trade deal struck between the UK and EU applies to goods mostly originating from the UK and EU. Where goods are made using raw materials or components from other countries not covered by the deal, additional tariffs may become payable.

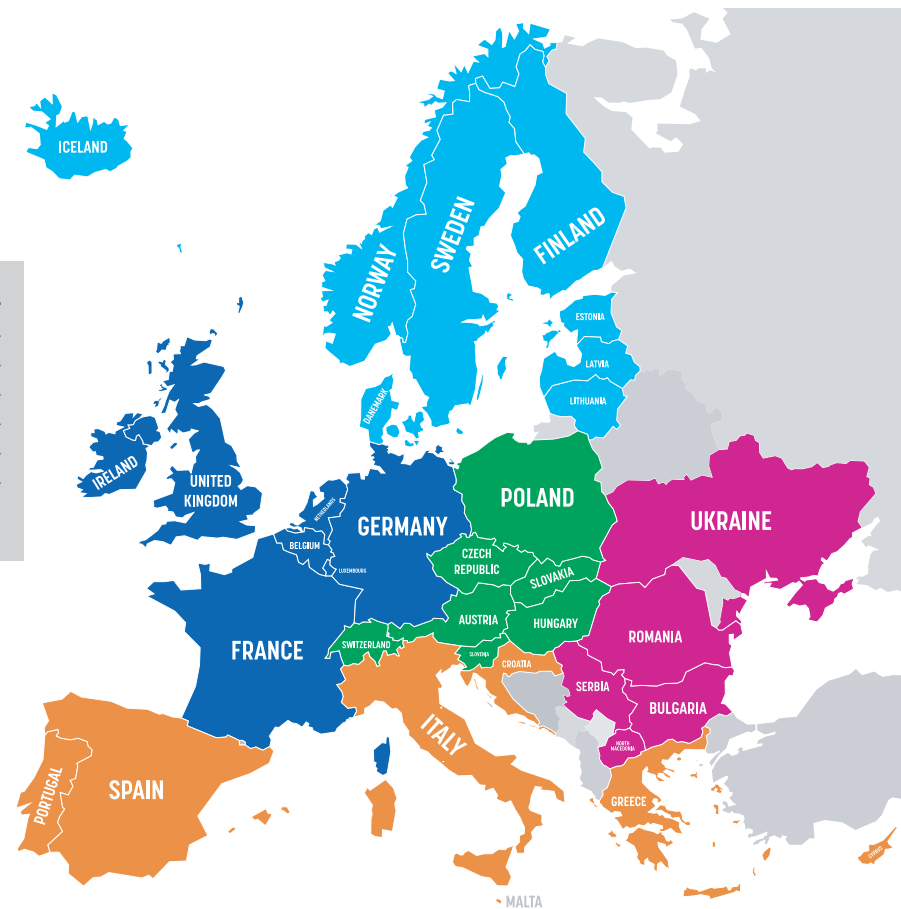
For a fuller version of these guidelines, including links, visit: <https://internetretailing.net/operations-and-logistics/operations-and-logistics/what-does-the-uk-eu-post-brexit-trade-deal-mean-in-practice-for-ecommerce-and-multichannel-retailers--22496>

Europe's ecommerce regions

Over the following pages, we look in more detail at the economies and retail sectors of different European regions and countries

Western Europe	39	Northern Europe	64	Central Europe	89	Eastern Europe	112	Southern Europe	129
Belgium	42	Denmark	67	Austria	92	Bulgaria	115	Cyprus	132
France	45	Estonia	71	Czechia	95	Croatia	117	Greece	134
Germany	49	Finland	73	Hungary	98	North Macedonia	119	Italy	137
Ireland	52	Iceland	76	Poland	100	Romania	121	Malta	141
Luxembourg	54	Latvia	78	Slovakia	104	Serbia	125	Portugal	143
The Netherlands	56	Lithuania	80	Slovenia	106	Ukraine	127	Spain	146
The UK	60	Norway	82	Switzerland	108				
		Sweden	86						

We have divided Europe into five ecommerce regions: Western, Northern, Central, Eastern and Southern Europe. Naturally, this gathers together countries that are geographically close, but countries that are, where possible and in the broadest terms, at comparable stages of ecommerce development.



Western Europe

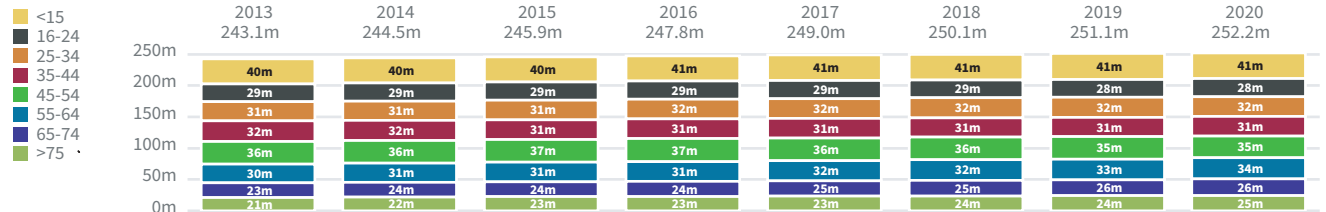
The economies of Western Europe are highly developed, making the region hugely important to retailers

The region of Western Europe includes some of the most advanced economies in the world. It has a large population and this has been growing above the overall rate for the EU and the EEA consistently since 2013. **In 2020, the population stood at 252.3m, an increase from 243.1m in 2013.** Children under the age of 15 account for the largest age group living in Western Europe.

Although the pandemic and Brexit caused declines in 2020, per capita GDP remains above the EU and EEA averages. In 2019, it reached €40k before dipping to €38k in 2020. The EU averages in those years were €31.2k and €29.7k, whilst the Euro-area finished 2020 with a GDP per capita of €33k, down from just short of €35k in 2019.

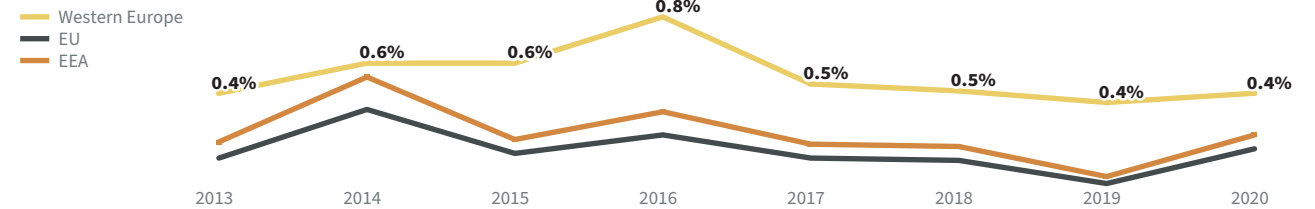
Its high standard of living makes the region an attractive consumer market. A combination of high internet usage and responsiveness to the idea of shopping online has led to mature ecommerce markets fuelled by omnichannel innovations. **The majority of people go online on a regular basis and 85% shop online as well.** The number shopping online has been increasing since 2013 when 77% did so – a figure at the time above the EU average.

Population structure



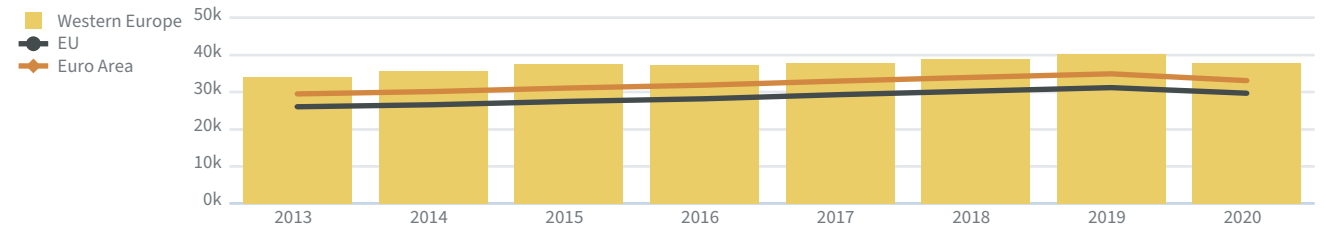
Source: RetailX, drawing on data from Eurostat

Population growth



Source: RetailX, drawing on data from Eurostat

GDP per capita (€)



Source: RetailX, drawing on data from Eurostat

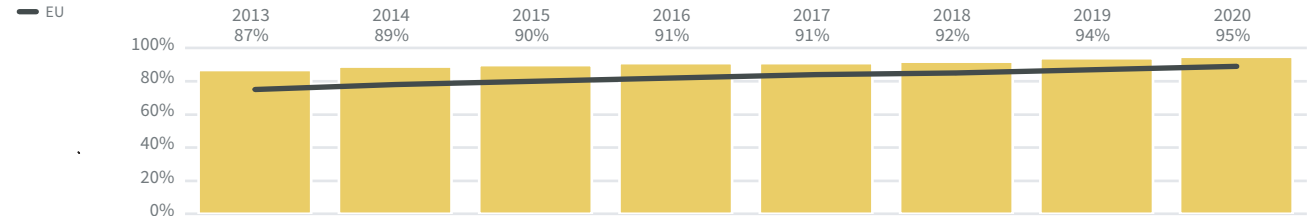
In 2020, consumers across Western Europe turned to smartphones, laptops and computers to access the internet as governments brought in measures to restrict people’s movements for work and leisure, as well as enforcing temporary closures of some physical brick-and-mortar stores. **The percentage of the population going online in 2020 rose to 95%, up from 94% in 2019.**

The numbers shopping online increased as well with the percentage of the population shopping online leaping from 83% in 2019 to 85% in 2020.

The countries of Western Europe went into the pandemic with strong ecommerce markets. Many domestic retailers were already operating online successfully with some having expanded ecommerce and omnichannel operations across Europe if not globally, making them more resilient to market changes than bricks-and-mortar only retailers or those that had not invested heavily in ecommerce in recent years. **For many consumers, shopping became an online-only affair rather than omnichannel in 2020.**

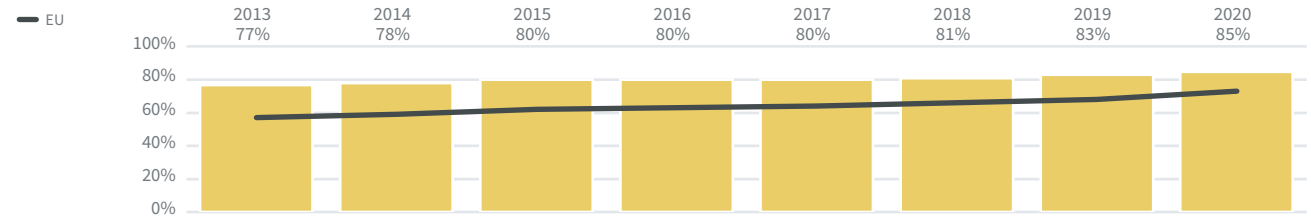
Turning to individual countries, Germany, the UK and France are the largest ecommerce markets with their populations accounting for 86% of the region’s total. These nations rank fourth, fifth and seventh in terms of global GDP. Germany is one of world’s largest exporters. The UK is a nation of shoppers using smartphones and digital wallets to order online quickly and easily, although ongoing issues around the UK’s departure from the EU may affect

Percentage of population using the internet



Source: Source: RetailX, drawing on data from Eurostat

Percentage of population shopping online



Source: Source: RetailX, drawing on data from Eurostat

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its economy. **France has ambitions for 6% economic growth this year**, while Germany is trying to keep its economy strong ahead of Chancellor Angela Merkel standing down at September’s election.

In the UK, ecommerce rose by 36.7% in 2020, according to industry association IMRG. **Multichannel retailers reported sales growth of 57% versus 9.1% from pureplay retailers, with 63% of consumers shopping from their smartphone.**

While France saw GDP dip in 2020, its economy is predicted to grow this year as life returns to near normal for people who have been vaccinated against Covid-19. The country is introducing a Covid passport system, allowing people to attend events, eat out and travel long-distance.

Consumer spending is expected to drive growth in Germany, as the country opens up following an emergency brake applied in early 2021 to curb a wave of Covid-19. Retail sales are rising with 4.2% growth recorded in May.

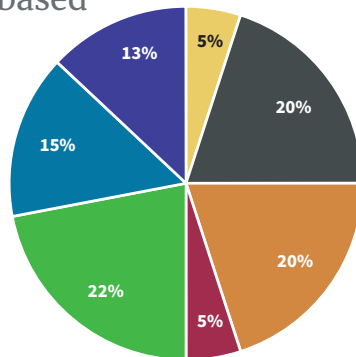
The Largest 100

A snapshot of where consumers in Western Europe shop online and what they buy

Consumers in Western Europe prefer to shop from retailers selling goods from multiple categories. These sites account for more than 60% of all web traffic from consumers in this region. The majority of shoppers goes to ecommerce sites operated by US retailers – which are likely to be Amazon and eBay. European retailers do though make up the majority in the Largest 100.

Countries where the Western Europe Largest 100 are based

- China
- France
- Germany
- The Netherlands
- United Kingdom
- United States of America
- Other countries



Note: retailers in the Largest 100 are selected for their significance to consumers in the country rather than where they are headquartered

Source: RetailX

© RetailX 2021

Web traffic from other countries

International web visits to Western Europe-based companies in the Largest 100, by country



Source: RetailX, drawing on data from SimilarWeb

© RetailX 2021

Web traffic by sector

The percentage of web visits to the Largest 100 retailers from consumers in Western Europe, by sector



Source: RetailX, drawing on data from SimilarWeb

© RetailX 2021

Western European web traffic to the Largest 100 retailers split by country where the Largest 100 are based

The percentage of web visits from Western European consumers to the websites of Largest 100 retailers split according to where those companies have their operational headquarters



Source: RetailX, drawing on data from SimilarWeb

© RetailX 2021

Belgium

A multilingual population at the heart of the EU offers easy expansion for retail neighbours

Belgium is a **small but densely populated** country. It borders the Netherlands, Germany, Luxembourg and France, and its three official languages are Dutch, French and German.

The country is split into three autonomous regions – Flanders in the north, Wallonia in the south and the capital Brussels and its environs. Brussels is also home to the European Commission.

Traditionally, **Dutch is spoken amongst Flanders' Flemish community which makes up 60% of the population.** French is spoken in Wallonia and around

Belgium Profile

Area: 30,689 km²

Capital: Brussels

Currency: Euro

Official language: Dutch, French, German

Other languages spoken: English, Spanish, Italian

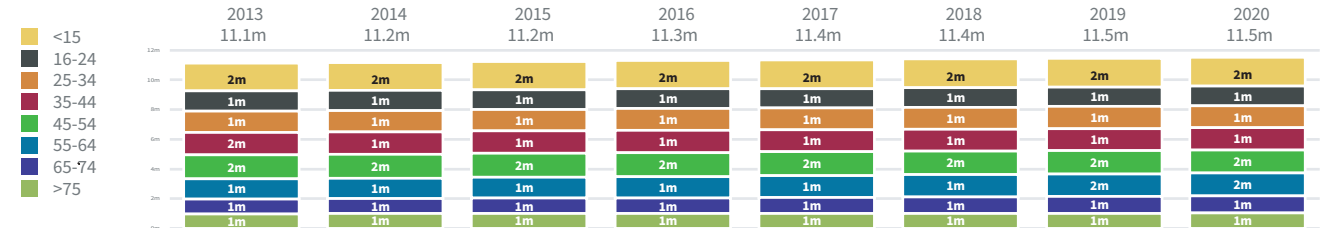
Nationality: Belgian

Government: Federal, representative democratic, constitutional monarchy

VAT: 21% | **Reduced VAT:** 12%

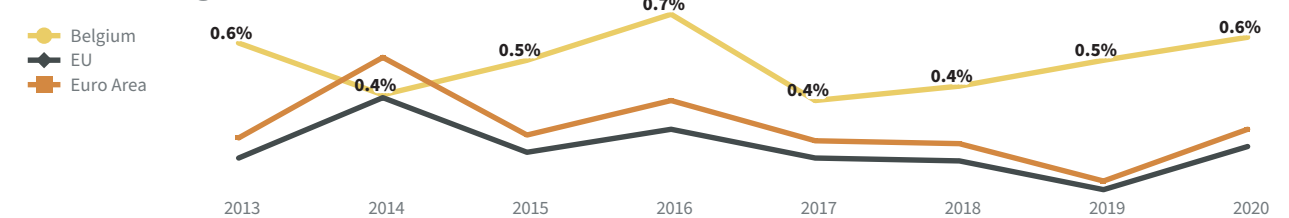


Population structure



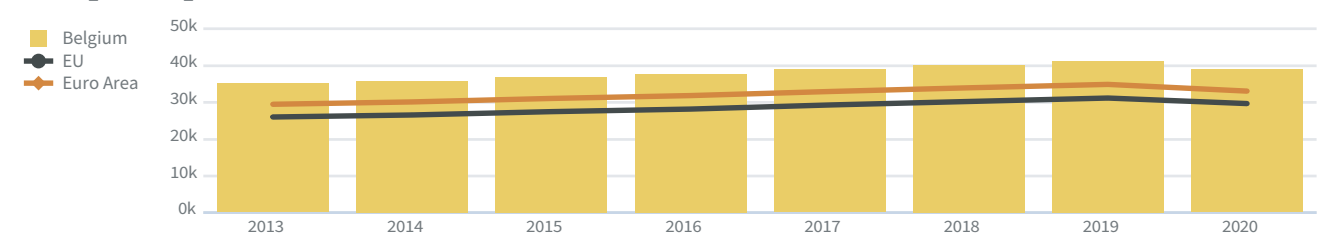
Source: RetailX, drawing on data from Eurostat

Population growth



Source: RetailX, drawing on data from Eurostat

GDP per capita (€)



Source: Eurostat

1% of the population count themselves as part of the German-speaking community in the East Cantons.

The majority of the population (92%) uses the internet on a regular basis with 78% shopping online. Both of these figures have been rising steadily in recent years, but 2019 and 2020 both saw large increases. Convenience and price are cited as the leading reasons to shop online.

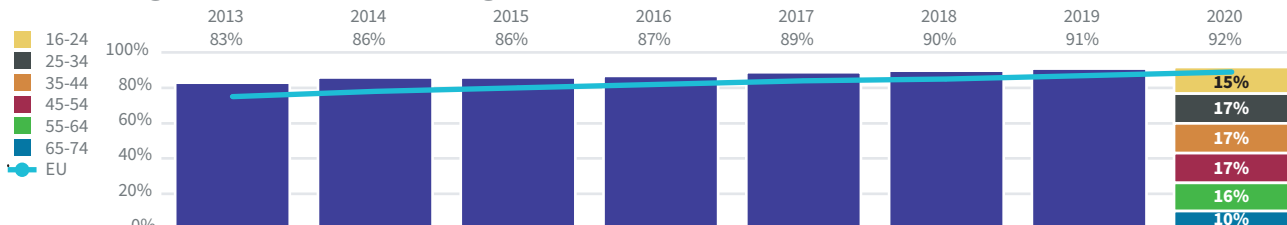
The mix of retailers being visited is not unusual with multi-category stores receiving the most traffic from Belgian shoppers.

Unsurprisingly, **the lack of language barrier and physical borders means Belgium offers an easy expansion route for retailers in neighbouring countries.** In fact, many of the leading retailers in those countries operate store estates in Belgium or fulfil online orders from distribution centres based in their own country.

Belgium's grocery sector highlights the international nature of its retail market since it comprises an equal number of established retailers which have their headquarters in France, Germany, the Netherlands and Belgium itself.

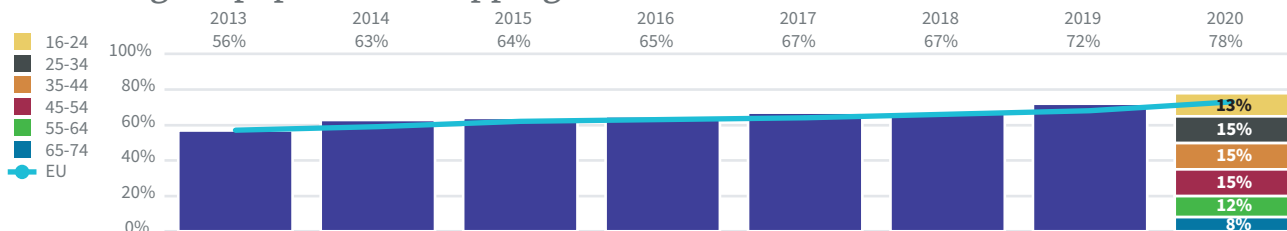
The attractiveness of the market was highlighted during 2020 as **pureplay grocery retailers from the Netherlands quickly expanded** their home delivery services to shoppers **in neighbouring Dutch-speaking Flanders.**

Percentage of population using the internet



Source: RetailX, drawing on data from Eurostat

Percentage of population shopping online

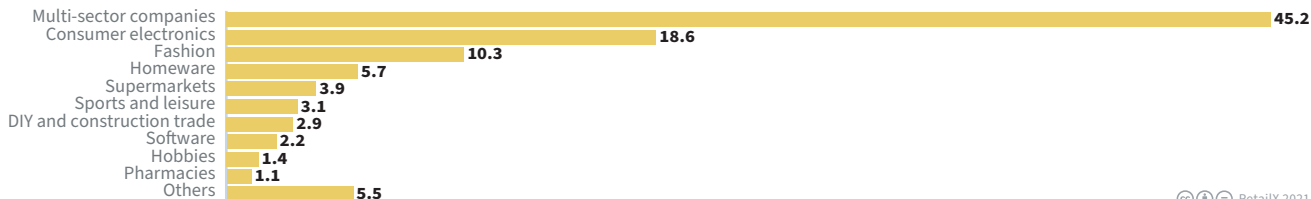


Source: RetailX, drawing on data from Eurostat

© RetailX 2021

Web traffic by sector

The percentage of web visits to the Largest 100 retailers from consumers in Belgium, by sector



© RetailX 2021

Source: RetailX, drawing on data from SimilarWeb Note: retailers in the Largest 100 are selected for their significance to consumers in the country irrespective of where they are headquartered

It looks like traditional retailers have some work to do, though, since a recent study of 24 traditional and challenger retailers in Belgium, the Netherlands and the UK found that food and grocery challenger apps are receiving better reviews than those from traditional supermarkets. **44% of consumers were happy with the apps from traditional supermarkets** compared to more than half of customers satisfied with apps from newer retailers. Customers using traditional supermarkets cited a larger number of ‘bugs’ compared to challenger apps.^[1]

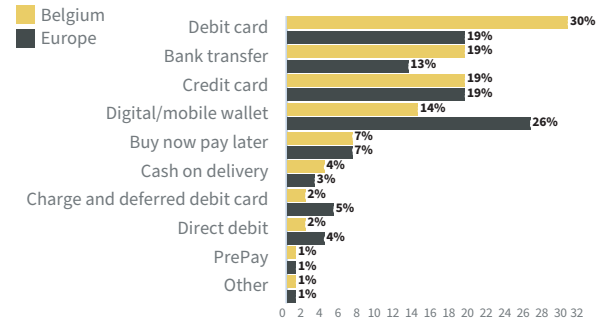
The Largest 100

International retailers dominate the Belgian ecommerce market, but it’s not all about Amazon

The fact that Belgium borders four different countries, with Dutch, French and German all counting as official languages, make it unsurprising that **the Largest 100 retailers are based in a variety of countries**. Belgium’s retail market offers an easy expansion route for retailers based in neighbouring countries. Belgian consumers are also at ease with shopping across borders.

[1] <https://internetretailing.net/themes/challenger-retail-food-and-grocery-delivery-apps-outperforming-traditional-supermarket-retailers-in-customer-experience-23400>

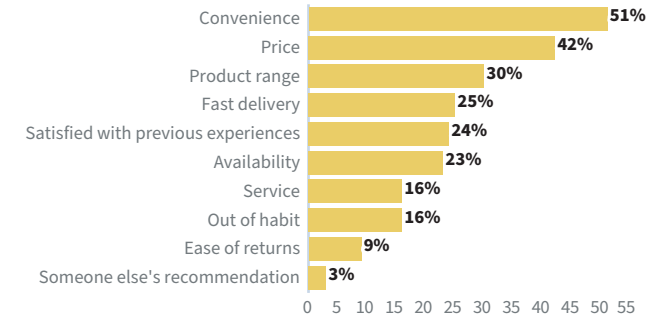
Payment methods used for ecommerce in Belgium and Europe, 2020



Source: RetailX, drawing on data from Worldpay, Statista



Leading reasons for shopping online, Belgium, 2020



Source: RetailX, drawing on data from Comeos, Statista



Countries where the Belgium Largest 100 are based

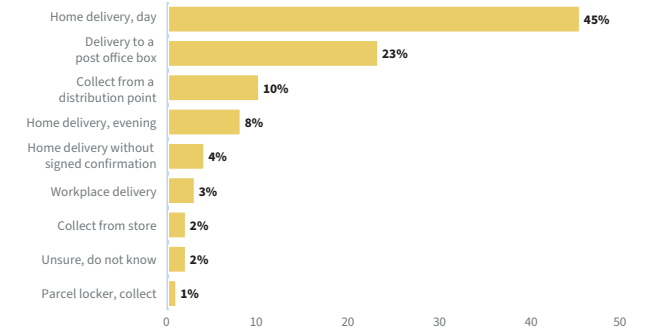


Note: retailers in the Largest 100 are selected for their significance to consumers in the country rather than where they are headquartered

Source: RetailX



Preferred delivery option when ordering online, Belgium, 2020



Source: RetailX, drawing on data from PostNord, Statista



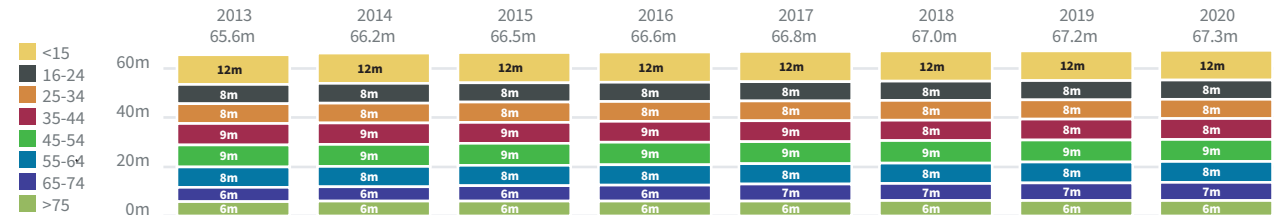
France

Covid could still put a stop to France's ambition for 6% economic growth this year

France is one of the leading ecommerce markets in Europe, which meant **the French retail industry was in a strong position when the pandemic hit**. Many retailers were already operating online successfully, with a large percentage of the population using the internet on a regular basis and shopping online with ease.

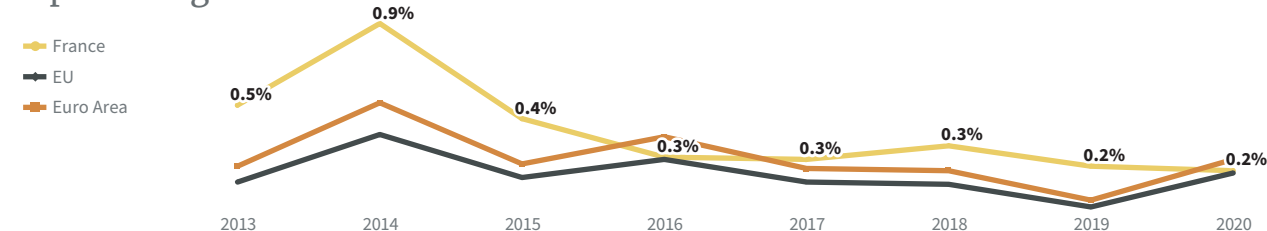
While **home delivery is favoured by the majority of shoppers**, the ability to have an order shipped to a pick-up-and-go location from which they can collect their parcel when convenient comes in a close second.

Population structure



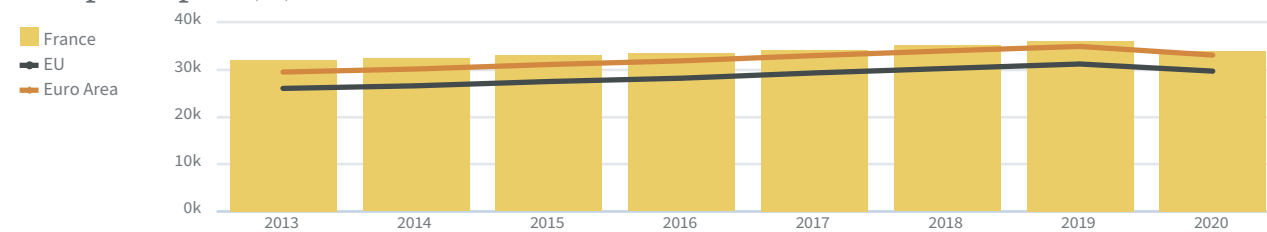
Source: RetailX, drawing on data from Eurostat

Population growth



Source: RetailX, drawing on data from Eurostat

GDP per capita (€)



Source: Eurostat

France Profile

Area: 643,801 km²

Capital: Paris

Currency: Euro

Official language: French

Other languages spoken: English, Spanish

Nationality: French

Government: Semi-presidential

VAT: 20% | **Reduced VAT:** 10%

Being able to predict or choose delivery time and place is something French consumers care about, according to the *RetailX France 2021 Ecommerce Country Report*.

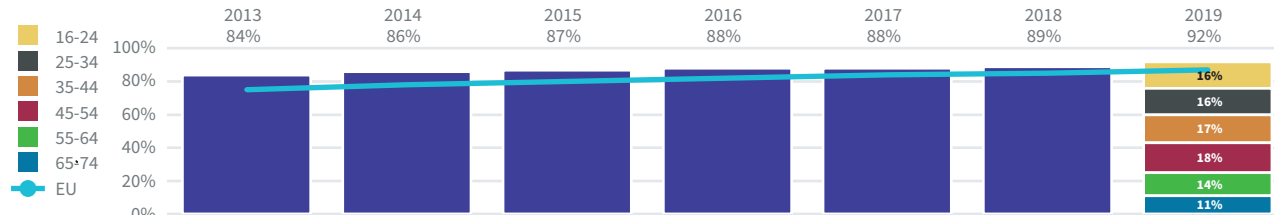
The report found that **visibility of the precise delivery date is considered very useful** for 58% of shoppers, with choice of delivery time slot a close second at 49%.

France did see GDP dip in 2020 but its economy is predicted to grow 6% this year, with life returning to near normal for people who have been vaccinated against Covid-19. **France is introducing a Covid passport system for people attending large events and this was later extended to smaller venues.** Consumers are expected to prove that they have been vaccinated or provide a negative test result in order to eat out in restaurants, go to the theatre or enter a cinema. It is also required for long-distance train travel and to board an airplane.

While retailers question the government on how the system will be enforced, consumers are rushing to book

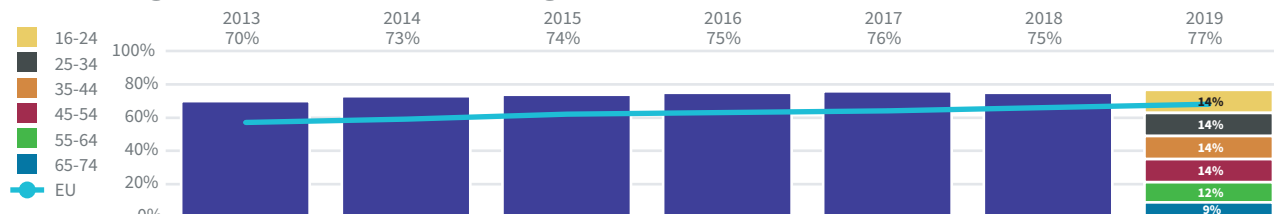
“Consumers are expected to prove that they have been vaccinated or provide a negative Covid test result in order to eat out, go to the theatre or enter a cinema”

Percentage of population using the internet



Source: RetailX, drawing on data from Eurostat

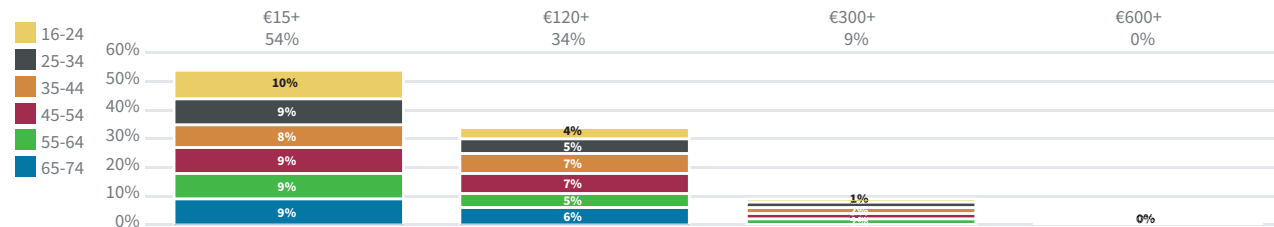
Percentage of population shopping online



Source: RetailX, drawing on data from Eurostat

© ⓘ ⓘ RetailX 2021

Online shoppers' monthly spending by age



Source: RetailX, drawing on data from the RetailX European Consumer Observatory

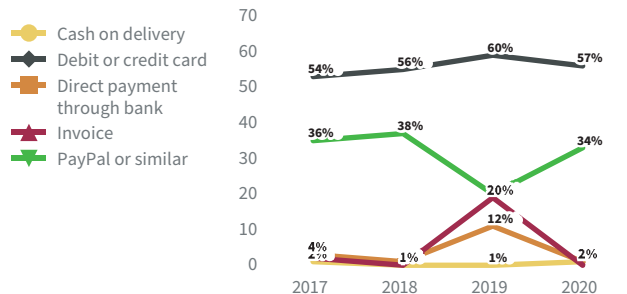
© ⓘ ⓘ RetailX 2021

vaccination appointments online. At the time of writing, **nearly 53% of France's population has received at least one dose of the vaccine against Covid-19** and 37% are fully vaccinated. However, cases are rising again and finance minister Bruno Le Maire has warned that an uptick in Covid due to the Delta variant could stop France achieving its 6% economic growth this year.^[1]

The country's recent **regional elections**, in which large numbers abstained from voting, **hint at unrest ahead in a country that is quick to take to the streets.**^[2]

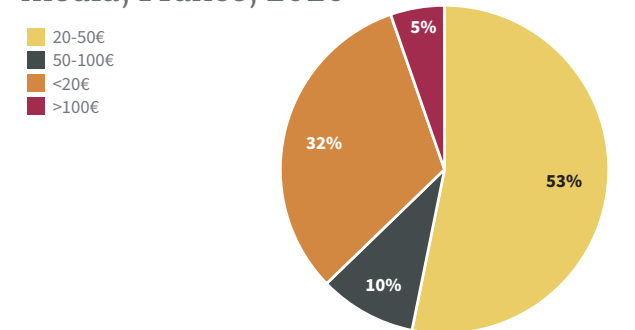
[1] www.reuters.com/world/europe/more-than-900000-people-france-rush-covid-vaccine-tougher-measures-near-2021-07-13
 [2] www.spectator.co.uk/article/france-s-deep-unrest

Payment methods used for ecommerce in France, 2017-2020



Source: RetailX, drawing on data from PostNord, Statista RetailX 2021

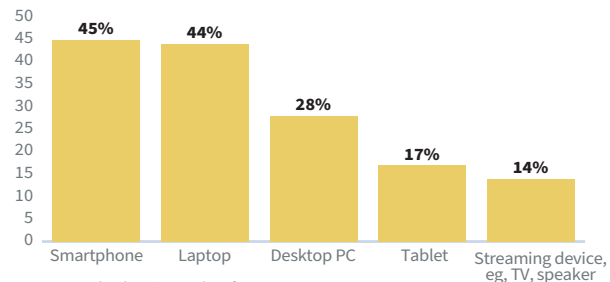
Average budget for shopping on social media, France, 2020



RetailX, drawing on data from YouGov, Statista RetailX 2021

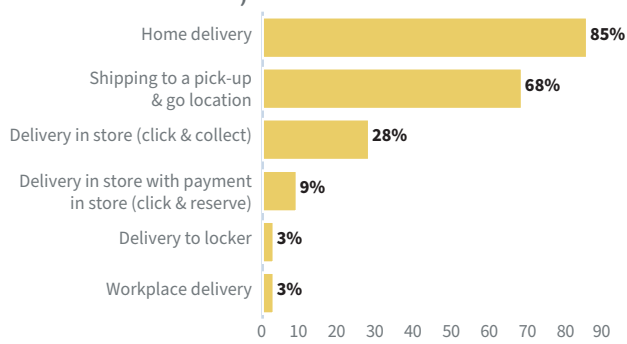
Online purchases by device, France, 2020

Which of the following devices have you used for online shopping in the past 12 months?



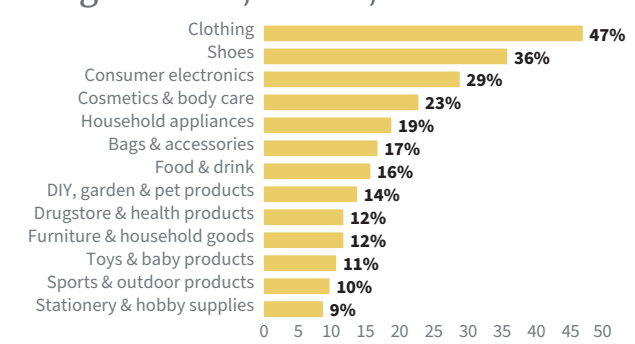
Source: RetailX, drawing on data from Statista Global Consumer Survey RetailX 2021

Leading ecommerce delivery methods used in France, 2020



Source: RetailX, drawing on data from FEVAD, CSA, Statista RetailX 2021

Most popular categories of goods bought online, France, 2020



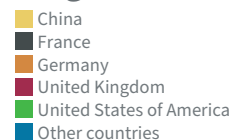
Source: RetailX, drawing on data from Statista Global Consumer Survey RetailX 2021

The Largest 100

French shoppers mainly visit French retailers and prefer those selling across multiple categories

Analysing web traffic to French retailers' ecommerce sites, as well as looking at other retail sites that French consumers visit, gives a greater understanding of their overall behaviour, browsing and purchasing patterns. **French consumers like French brands.** 61.5% of web visits from French consumers are to retailers headquartered in France within the Largest 100 ranking.

Countries where the France Largest 100 are based



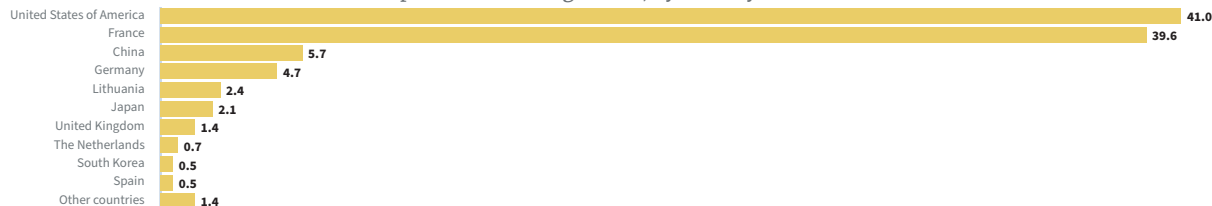
Note: retailers in the Largest 100 are selected for their significance to consumers in the country rather than where they are headquartered

Source: RetailX

© RetailX 2021

Web traffic from other countries

International web visits to France-based companies in the Largest 100, by country



Source: RetailX, drawing on data from SimilarWeb

© RetailX 2021

Web traffic by sector

The percentage of web visits to the Largest 100 retailers from consumers in France, by sector



Source: RetailX, drawing on data from SimilarWeb

© RetailX 2021

French web traffic to the Largest 100 retailers split by country where the Largest 100 are based

The percentage of web visits from French consumers to the websites of Largest 100 retailers split according to where those companies have their operational headquarters



Source: RetailX, drawing on data from SimilarWeb

© RetailX 2021

Germany

Germany's economy still strong ahead of Angela Merkel standing down at September's election

Germany has the largest economy amongst the EU countries and **is recovering well from 2020's financial dip**. Reports of a rocky road ahead for the powerhouse of Europe are being attributed to supply issues for manufacturers and a continued slowdown in car exports. A rise in inflation predicted for the second half of 2021 is seen as temporary as well.^[1]

Consumer spending is expected to drive growth as the country opens up following an emergency brake applied early in the year to curb another wave of Covid-19. **Retail sales are rising**. The latest figures released by the federal statistics office report retail sales growing 4.2% in May

Germany Profile

Area: 357,386 km²

Capital: Berlin

Currency: Euro

Official language: German

Other languages spoken: English, Spanish, Italian, French, Dutch, Russian, Danish

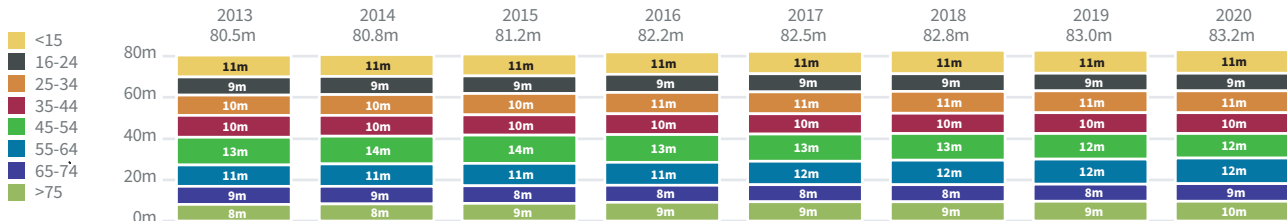
Nationality: German

Government: Democratic, federal parliamentary republic

VAT: 19% | **Reduced VAT:** 16%

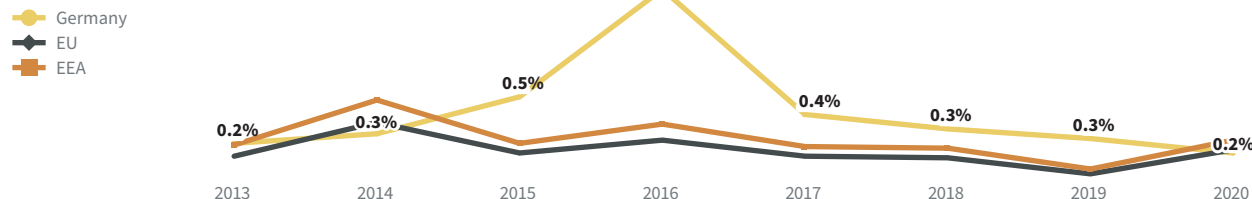


Population structure through time



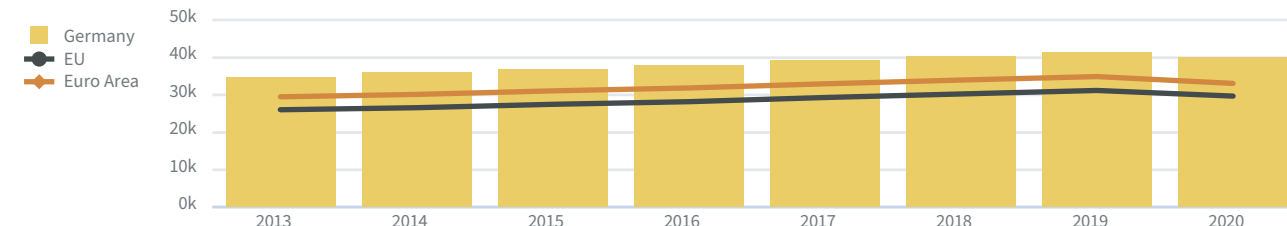
Source: RetailX, drawing on data from Eurostat

Population growth



Source: RetailX, drawing on data from Eurostat

GDP per capita (€)



Source: Eurostat

© RetailX 2021

following a month-on-month decline in April when many bricks-and-mortar stores were still closed.^[2]

Grocery sales in May were 3.4% higher than in April 2021, with sales in brick-and-mortar supermarkets and hypermarkets higher than the previous month as well.

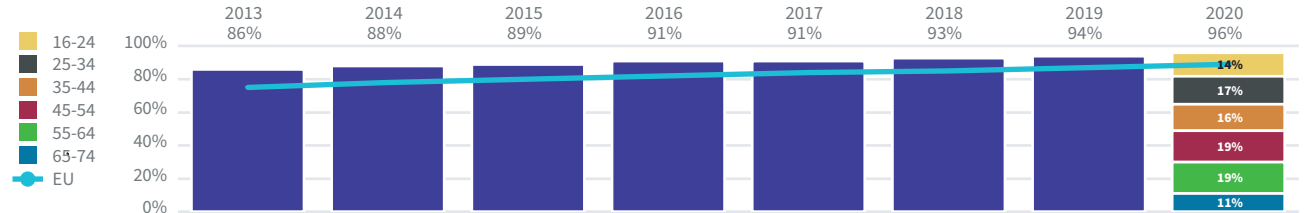
A number of other retail sectors saw demand increasing as consumers returned to shopping in physical stores. Overall, non-food sales were up 6.7%. **Sales of clothing and shoes increased 72.1% compared to April**, department stores increased by 15.3% and sales in the home furnishings, household appliances and building supplies trade were 9.6% higher than April.

Sales remained high online too, with the federal statistics office reporting internet and mail order businesses achieving a calendar and seasonally adjusted sales increase of 5.7% compared to the previous month.

German consumers are at ease with online shopping and many have been doing so for a long time. 85% of the population shops online and this has risen steadily from 80% in 2013. The majority of consumers in the 24-35 year old age bracket spend at least €120 per month online. Those aged 35-44 are also spending this much online, if not more. **Some shoppers are spending upwards of €600 each month online**, although for the majority between €15 and €120 is more likely.

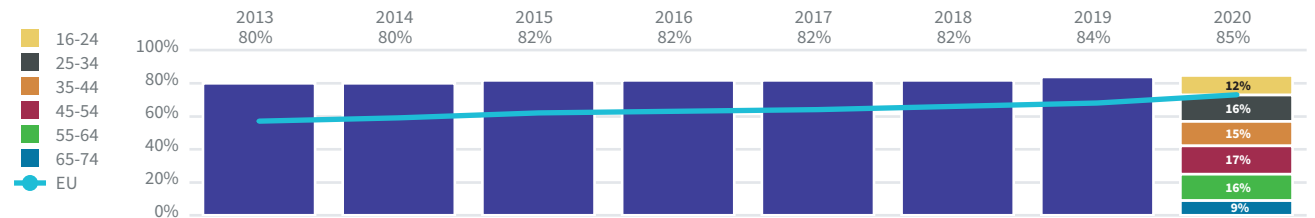
Germany will have a new chancellor from September as Angela Merkel is not standing for re-election.^[3]

Percentage of population using the internet



Source: Source: RetailX, drawing on data from Eurostat

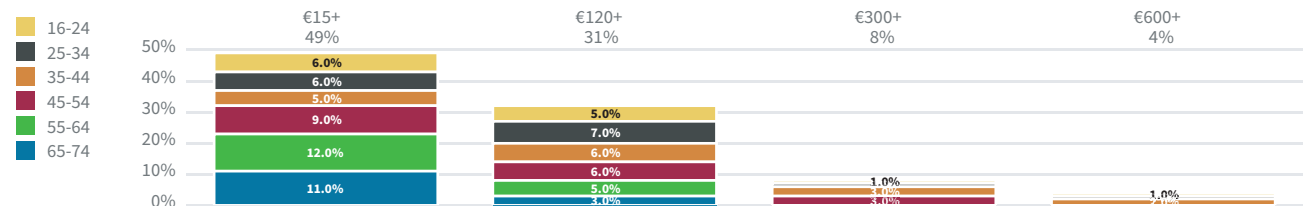
Percentage of population shopping online



Source: Source: RetailX, drawing on data from Eurostat

© RetailX 2021

Online shoppers' monthly spending by age



Source: Source: RetailX, drawing on data from the RetailX European Consumer Observatory

© RetailX 2021

[1] www.msn.com/en-ca/money/topstories/german-economic-recovery-at-full-swing-ministry/ar-AAM8rUV
 [2] <https://translate.google.com/translate?sl=auto&tl=en&u=https://www.presseportal.de/pm/32102/4956801>
 [3] www.dw.com/en/german-politicians-keep-coalition-options-open-ahead-of-election/a-57668844

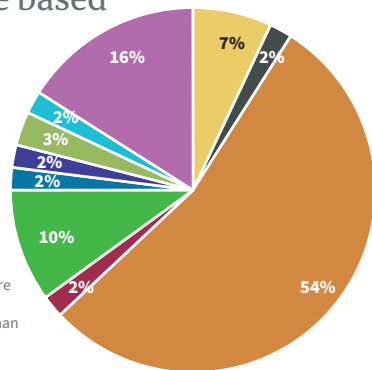
The Largest 100

Amazon and eBay offer good starting points for testing the German market

German consumers like to visit online marketplaces and the large percentage of traffic to multi-sector stores attests to this behaviour. More than half of all web traffic to the 100 most-visited sites is to retailers selling in multiple retail categories. Some **53% of unique visits are to retailers based in the US**, highlighting Amazon and eBay's prominence in the German market.

Countries where the Germany Largest 100 are based

- China (mainland)
- France
- Germany
- Korea, Republic of
- Other regions
- Poland
- Sweden
- The Netherlands
- United Kingdom
- United States of America



Note: retailers in the Largest 100 are selected for their significance to consumers in the country rather than where they are headquartered

Source: RetailX

© RetailX 2021

Web traffic from other countries

International web visits to Germany-based companies in the Largest 100, by country



Source: RetailX, drawing on data from SimilarWeb

© RetailX 2021

Web traffic by sector

The percentage of web visits to the Largest 100 retailers from consumers in Germany, by sector



Source: RetailX, drawing on data from SimilarWeb

© RetailX 2021

German web traffic to the Largest 100 retailers split by country where the Largest 100 are based

The percentage of web visits from German consumers to the websites of Largest 100 retailers split according to where those companies have their operational headquarters



Source: RetailX, drawing on data from SimilarWeb

© RetailX 2021

Ireland

Brexit, borders and G20 corporation tax proposals mean an uncertain future for Ireland's economy

Ireland was once the country of choice for UK retailers testing international expansion. Its lack of language barrier and ease of moving goods into the market either from mainland UK or from distribution centres in Northern Ireland meant the main barrier to entry was financial. **Ireland adopted the Euro as its main tender in 2002** while the UK has remained outside of the Eurozone.

The UK's departure from the EU has seen the introduction of a customs border in the Irish Sea.

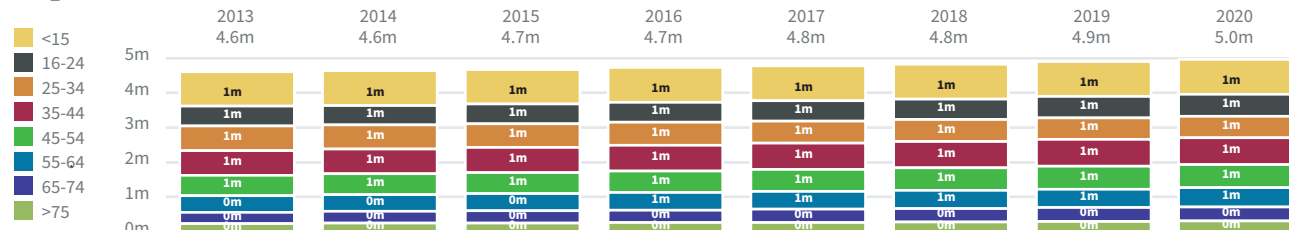
This allows goods and people to move between Ireland and Northern Ireland unhindered by border controls, as required by the 1998 Good Friday Agreement.

Ireland Profile

- Area: 84,421 km²
- Capital: Dublin
- Currency: Euro
- Official language: English, Irish
- Other languages spoken: French, German, Spanish
- Nationality: Irish
- Government: Parliamentary democracy
- VAT: 21% | Reduced VAT: 9%

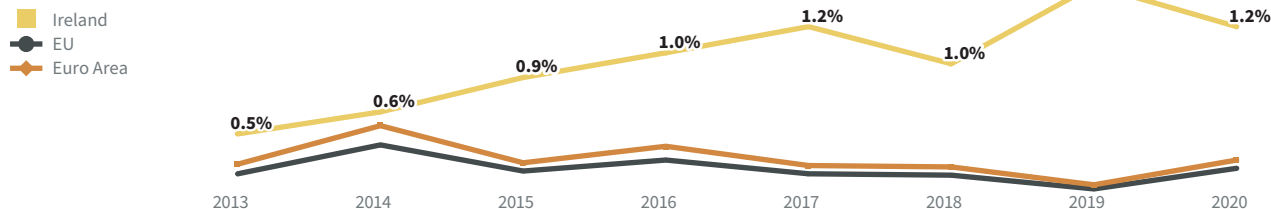


Population structure



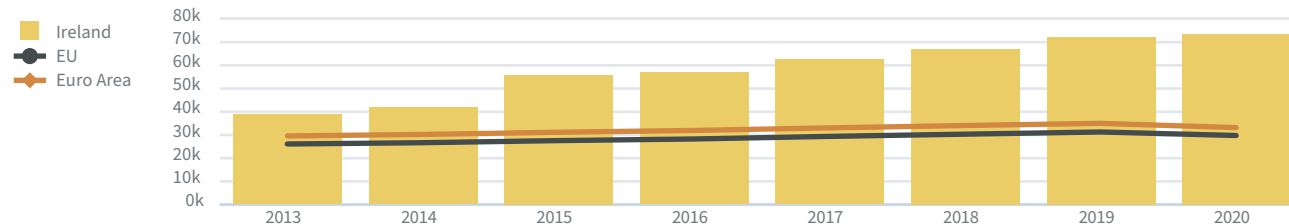
Source: RetailX, drawing on data from Eurostat

Population growth



Source: RetailX, drawing on data from Eurostat

GDP per capita (€)



Source: Eurostat

© RetailX 2021

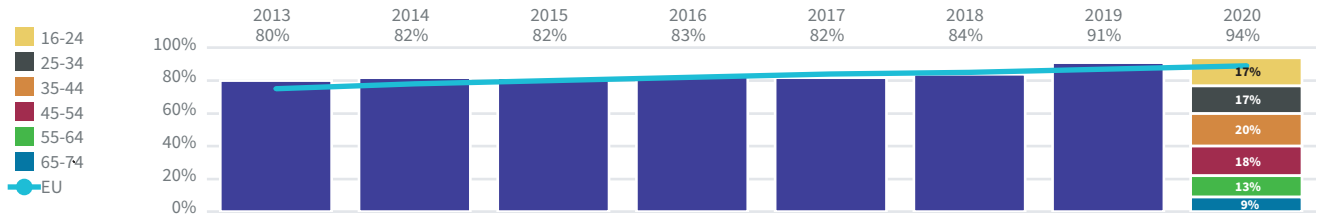
Northern Ireland remains a constituent part of the United Kingdom with Ireland a member state of the EU. **How this will affect Ireland in the longer term is as yet uncertain.** Trade patterns between Ireland and the EU have altered since Brexit but early indications show the flow of goods across the border between Ireland and Northern Ireland is increasing.^[1]

Meanwhile, **a proposal to level out corporation tax rates across the EU would impact Ireland's tech industries** and the wider communities in which they invest.

For many years, Ireland has courted large tech giants with a low rate of corporation tax and this has resulted in companies including Google and Intel setting up in the country, bolstering not only Ireland's economy but providing skilled employment for generations who had previously left the country to work overseas. The policy meant prosperity for many areas and **the country now reports higher than EU-average per capita GDP.**

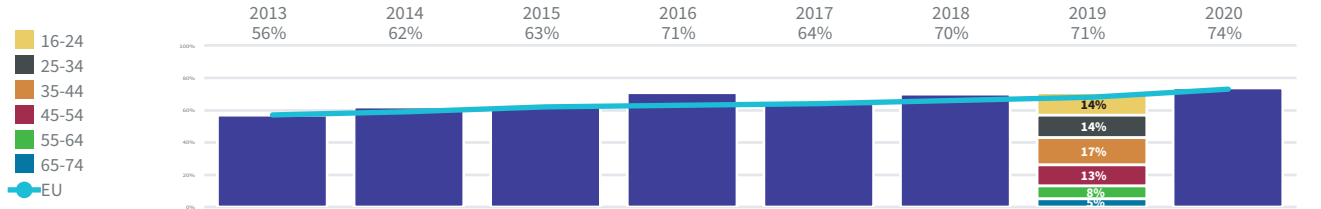
The Irish government is yet to back the G7 and G20 proposals for a single rate of corporation tax. However Minister for Finance Paschal Donohoe has commented recently that there is a chance that it may come to an agreement within the planned October timeline, after meeting with US treasury secretary Janet Yellen. "Ireland will continue to engage in the negotiation and the process within the OECD, all the way up to October," he said.^[2]

Percentage of population using the internet



Source: RetailX, drawing on data from Eurostat

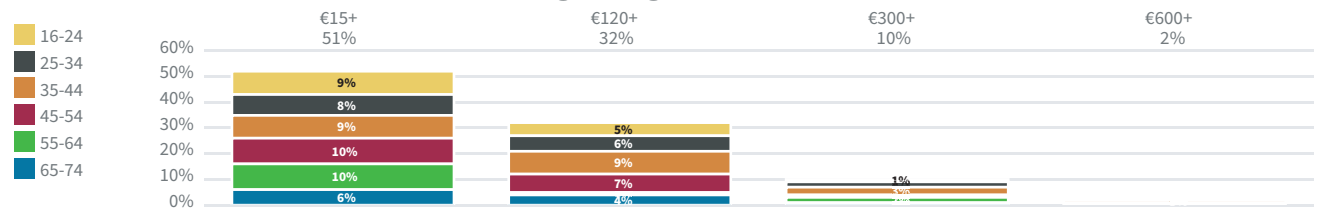
Percentage of population shopping online



Source: RetailX, drawing on data from Eurostat

© RetailX 2021

Online shoppers' monthly spending by age



Source: RetailX, drawing on data from the RetailX European Consumer Observatory

© RetailX 2021

[1] www.rte.ie/brainstorm/2021/0706/1233343-brexit-trade-ireland-uk-northern-ireland
 [2] www.irishtimes.com/business/economy/ireland-may-support-global-tax-deal-donohoe-says-1.4618497

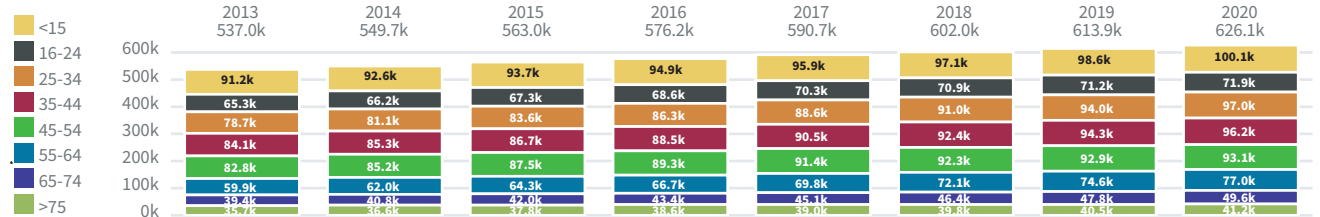
Luxembourg

High internet penetration, growing population and above average per capita GDP make Luxembourg an attractive market

Luxembourg is a prosperous country with a per capita GDP rising well above the averages for both the EU and the overall Euro area. It managed to avoid a large drop in GDP in 2020 as seen by other countries hit by the pandemic, although **housing prices have been rising ahead of other European countries in 2021**. This is forcing some nationals to buy in neighbouring countries instead.

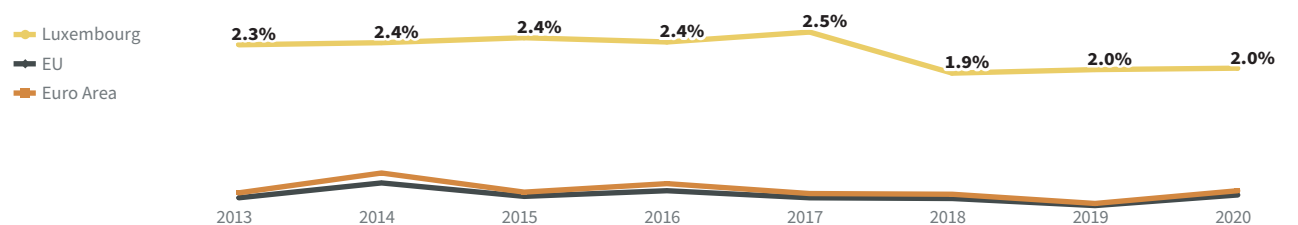
Covid-19 is still causing disruption, with cases rising again in mid-2021 even as vaccinations are being rolled out. So far, more than 35% of the population has been

Population structure



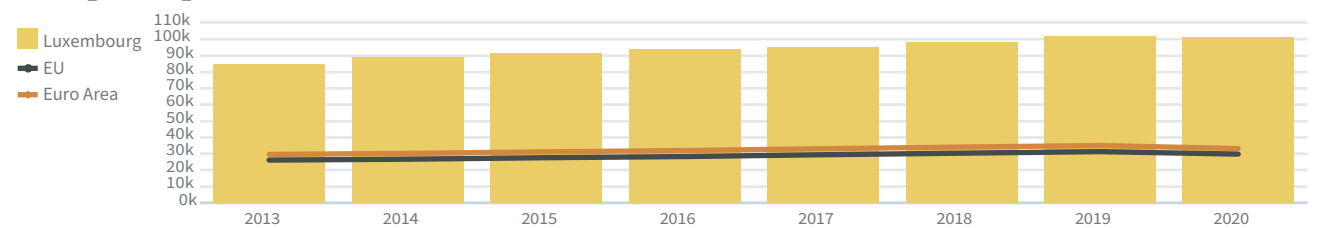
Source: RetailX, drawing on data from Eurostat

Population growth



Source: RetailX, drawing on data from Eurostat

GDP per capita (€)



Source: Eurostat

Luxembourg Profile

- Area: 2,586 km²
- Capital: Luxembourg
- Currency: Euro
- Official language: Luxembourgish, French, German
- Other languages spoken: English, Portuguese, Italian
- Nationality: Luxembourgish
- Government: Parliamentary representative democratic monarchy
- VAT: 17% | Reduced VAT: 14%

vaccinated and this is increasing daily. Luxembourg’s Prime Minister, Xavier Bettel, spent four days in hospital with Covid in July forcing him to delegate work.^[1]

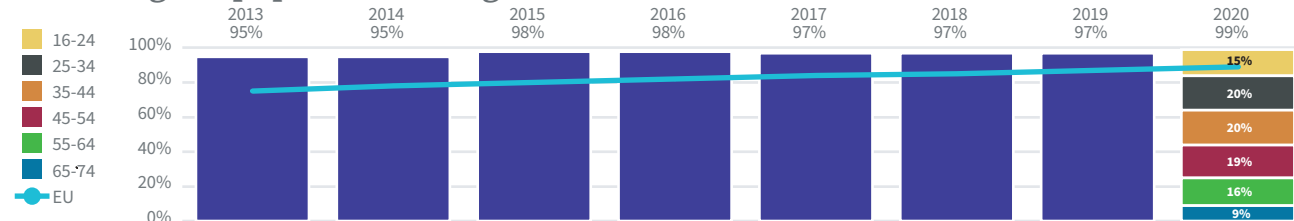
To date, the country has recorded fewer than a thousand deaths from Covid-19 out of a total population of 600,000.

Overall, **the population of Luxembourg is rising**. 2020 continued the trend with a population increase of 2%. As with the GDP, this figure is above the averages for both the EU and the Eurozone.

Internet penetration amongst the population is high as well, with nearly everyone in the country accessing the internet. 99% of the population goes online on a regular basis, 80% shop online too. The ratio of people using the internet vs. those shopping online is split fairly evenly across the age groups and generations, signifying that **once they are online the different age groups are just as happy to spend money with retailers**.

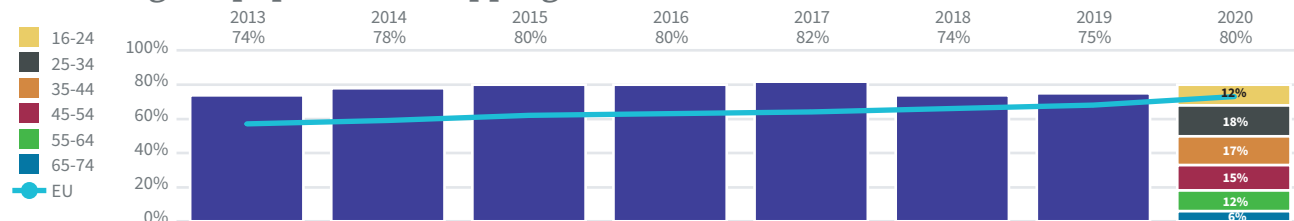
Although 65-74-year-olds make up just 6% of consumers shopping online, the number of them using the internet stands at 9% of the total internet users. This disparity of 3% between people going online and those shopping online is similar to that seen in younger age groups: 16-24-year-olds make up 12% of internet shoppers and 15% of the online population.

Percentage of population using the internet



Source: RetailX, drawing on data from Eurostat

Percentage of population shopping online



Source: RetailX, drawing on data from Eurostat

© RetailX 2021

Web traffic by sector

The percentage of web visits to the Largest 100 retailers from consumers in Luxembourg, by sector



© RetailX 2021

Source: RetailX, drawing on data from SimilarWeb Note: retailers in the Largest 100 are selected for their significance to consumers in the country irrespective of where they are headquartered

[1] <https://edition.cnn.com/2021/07/08/europe/luxembourg-bettel-covid-scli-intl/index.html>

The Netherlands

A digitally mature country with leading domestic retailers holding ground against Amazon

The Netherlands has an ageing population but one that is happy to use the internet and shop online. In fact, of the 96% of the population that goes online on a regular basis, 31% are aged above 55. They account for a slightly smaller percentage of the population shopping online though. **15% of online shoppers are in the 55-64-year-old age bracket** and 11% are older, while 16-35-year-olds make up 32% of internet users as well as the same level of online shoppers. **It is the younger groups that tend to spend more online each month** as well. In all, 91% of the population shops online.

The Netherlands Profile

Area: 41,543 km²

Capital: Amsterdam

Currency: Euro

Official language: Dutch

Other languages spoken: English, German, French

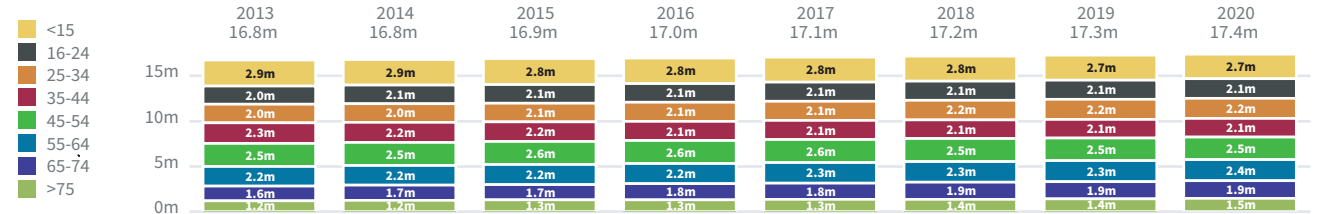
Nationality: Dutch

Government: Parliamentary democracy

VAT: 21% | **Reduced VAT:** 9%

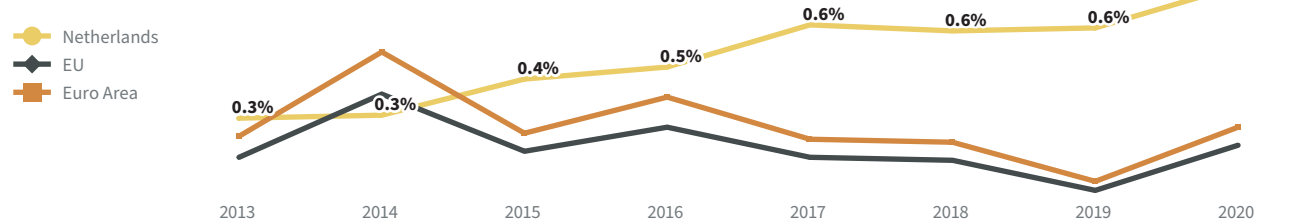


Population structure



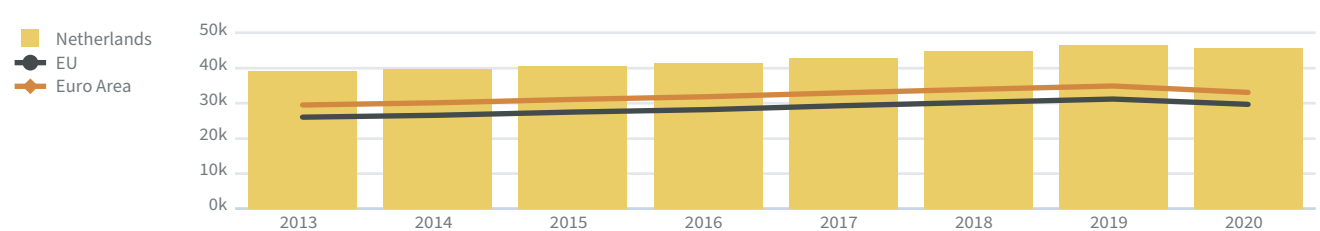
Source: RetailX, drawing on data from Eurostat

Population growth



Source: RetailX, drawing on data from Eurostat

GDP per capita (€)



Source: Eurostat

How consumers pay online is something that retailers new to the country need to take into account. iDEAL – an online payment system enabling consumers to transfer money from their bank account directly to a retailer – has been the preferred payment method for the majority of online consumers for many years, and its popularity is increasing. In 2020, it was favoured by 69% of consumers, up from 56% in 2017.

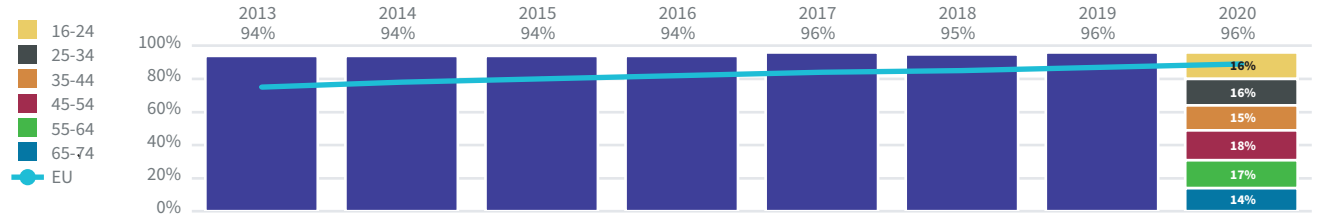
The country is known for its openness and sense of fairness and freedom for all. The Hague, one of The Netherlands’ largest cities, is home to the international criminal court.

The country ranks highly for press and economic freedom and quality of life. In 2021, it ranked fifth in the World Happiness Index.^[1]

The Netherlands has the 11th highest per capita income in the world and ranks highly amongst EU member states.

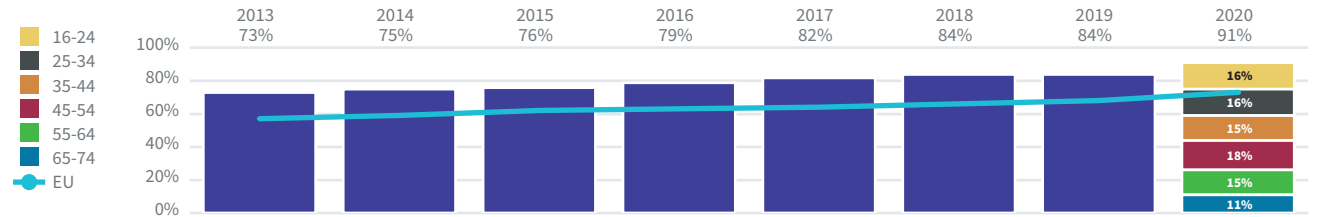
“iDEAL – an online payment system enabling consumers to transfer money from their bank account directly to a retailer – has been the preferred payment method for the majority of online consumers for many years”

Percentage of population using the internet



Source: RetailX, drawing on data from Eurostat

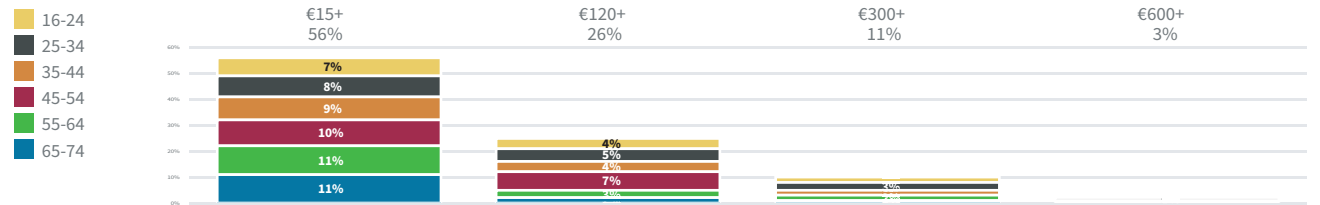
Percentage of population shopping online



Source: RetailX, drawing on data from Eurostat



Online shoppers’ monthly spending by age



Source: RetailX, drawing on data from the RetailX European Consumer Observatory

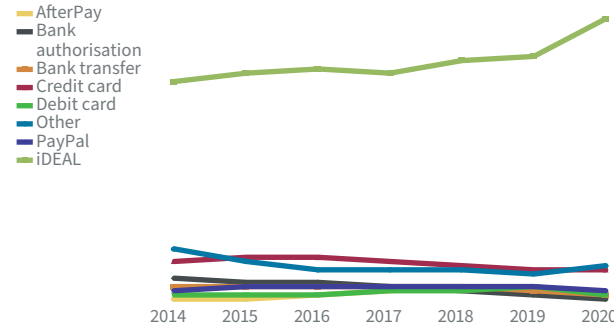


[1] <https://worldhappiness.report/blog/in-a-lamentable-year-finland-again-is-the-happiest-country-in-the-world>

Around 40% of the population of the Netherlands has been vaccinated against Covid-19, and **the country was quick to remove restrictions** allowing large events including festivals to take place in June.

However, just two weeks after all restrictions were removed, cases increased sharply from 500 to 10,000 a day. **Earlier curbs have been reintroduced.** While this hasn't meant closure for retailers the majority of cases are amongst people under 30 who make up a large part of the retail workforce.

Market share of online payment methods in the Netherlands, 2014-2020

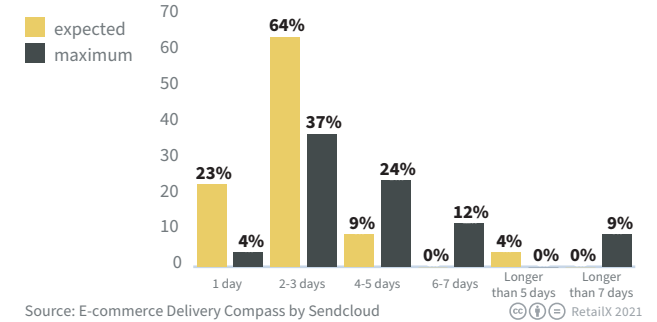


Source: RetailX, drawing on data from GfK, Statista



Preferred delivery time in the Netherlands, 2020

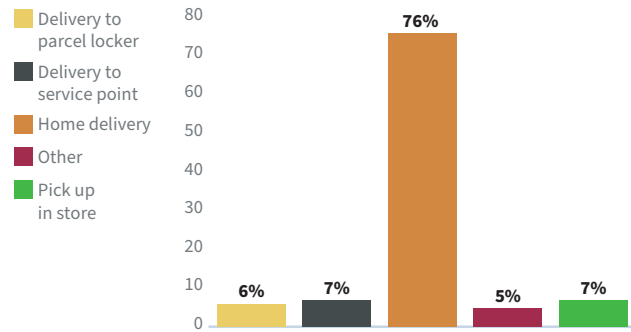
What are the expected and maximum acceptable shipping times for consumers?



Source: E-commerce Delivery Compass by Sendcloud



Preferred delivery methods in the Netherlands, 2020

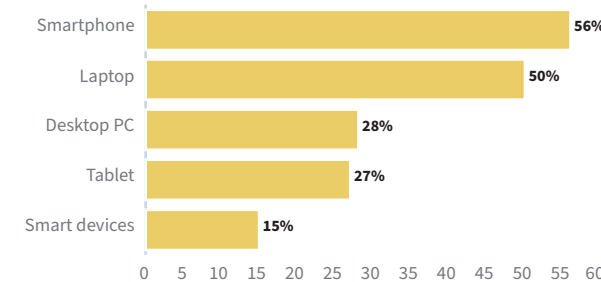


Source: Afterpay, Statista



Online purchases by device in the Netherlands, 2020

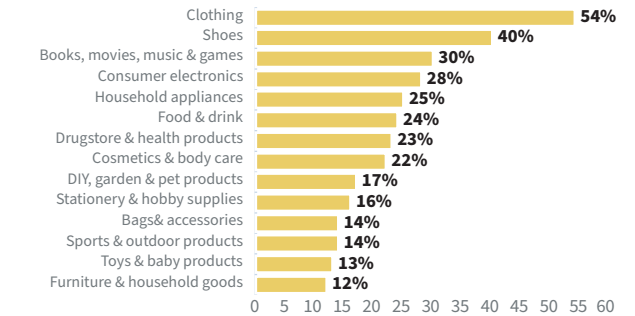
Which of the following devices have you used for online shopping in the past 12 months?



Source: RetailX, drawing on data from Statista Global Consumer Survey



Most popular goods purchased online in the Netherlands, 2020



Source: RetailX, drawing on data from Statista Global Consumer Survey



The Largest 100

Consumers in the Netherlands are open to international brands

The Netherlands is a fairly open market with retailers from many countries targeting consumers. **Only 36% of the retailers within the Largest 100 are based in the Netherlands.** Retailers from Germany and the US each account for 18% of the ranking. The large share of the market held by international retailers becomes more apparent when the level of web traffic is viewed.

Countries where The Netherlands Largest 100 are based



Note: retailers in the Largest 100 are selected for their significance to consumers in the country rather than where they are headquartered

Source: RetailIX

© RetailIX 2021

Web traffic from other countries

International web visits to Netherlands-based companies in the Largest 100, by country

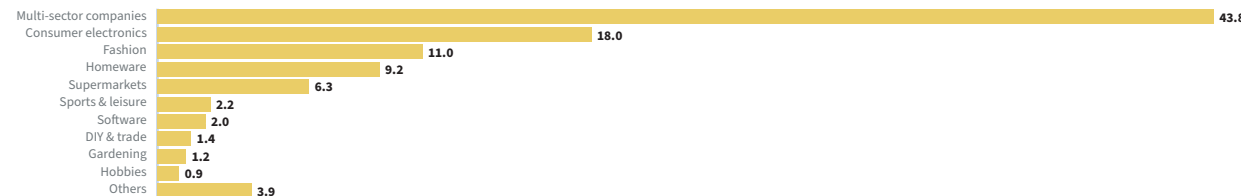


Source: RetailIX, drawing on data from SimilarWeb

© RetailIX 2021

Web traffic by sector

The percentage of web visits to the Largest 100 retailers from consumers in the Netherlands, by sector



Source: RetailIX, drawing on data from SimilarWeb

© RetailIX 2021

Dutch web traffic to the Largest 100 retailers split by country where the Largest 100 are based

The percentage of web visits from Dutch consumers to the websites of Largest 100 retailers split according to where those companies have their operational headquarters



Source: RetailIX, drawing on data from SimilarWeb

© RetailIX 2021

United Kingdom

A nation of shoppers using smartphones and digital wallets to order online quickly and easily

The UK is Europe's largest ecommerce market. While ecommerce has grown – and continues to do so – multichannel services including click and collect have matured as well. Retailers continue trying to give shoppers reasons to visit bricks-and-mortar stores but **traditional high street retailing is suffering**, footfall has declined and stores are closing permanently.

Some brands are being bought and resurrected but **many longstanding retailers have disappeared** from Britain's high streets. The pandemic brought a semi-reprise for

UK Profile

Area: 242,495 km²

Capital: London

Currency: Sterling

Official language: English

Other languages spoken: French, German, Spanish

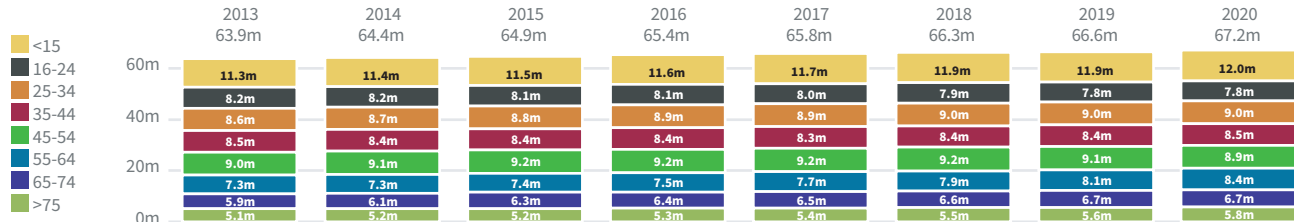
Nationality: English

Government: Constitutional monarchy

VAT: 20% | **Reduced VAT:** 5%

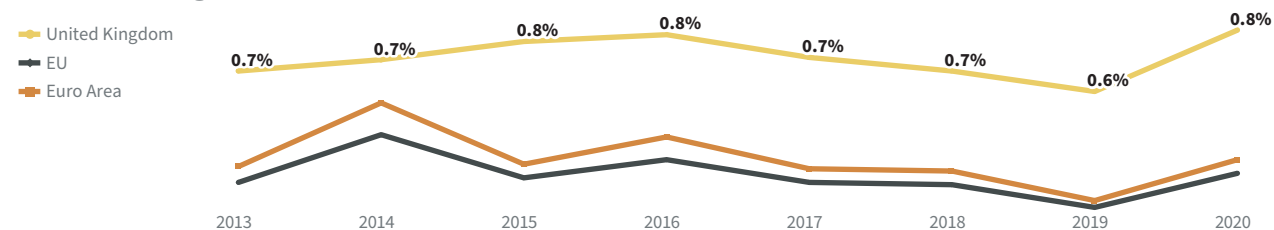


Population structure



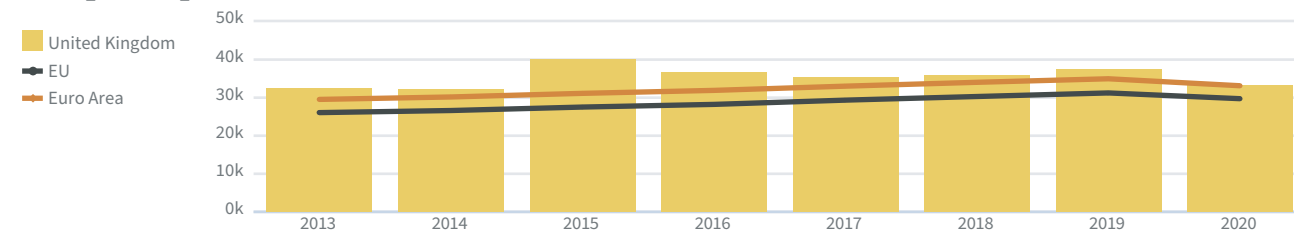
Source: RetailX, drawing on data from Eurostat and Office for National Statistics

Population growth



Source: RetailX, drawing on data from Eurostat and Office for National Statistics

GDP per capita (€)



Source: RetailX, drawing on data from Eurostat and Office for National Statistics

© RetailX 2021

some with multichannel retailers seeing higher increases in spend on their online sites than pureplay retailers.

In 2020 ecommerce rose by 36.7%, according to industry association IMRG. Multichannel retailers reported sales growth of 57% vs. 9.1% from pureplay retailers. **Overall though, retail spend was down.**

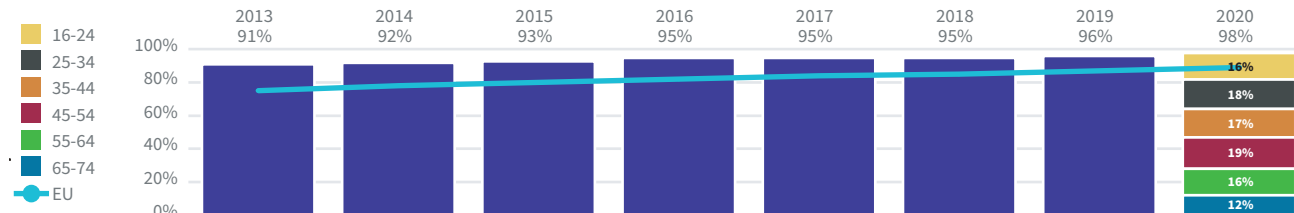
It has meant that retailers have been innovating with store designs, testing different concepts that are experience-led and customer focused. Much of this is focused within flagship stores but **multichannel services are commonplace across retailers' store estates** and are expected by shoppers.

When consumers opt to have an online order delivered, **home delivery during the daytime is the preferred method.** This was chosen by 64% of shoppers. Just 11% prefer to have items delivered in the evening.

Analysing what shoppers in the UK are buying, **clothes, shoes and accessories are the items most likely to be purchased online.** Following close behind in popularity is ordering food for delivery from restaurants, fast-food chains or catering services.

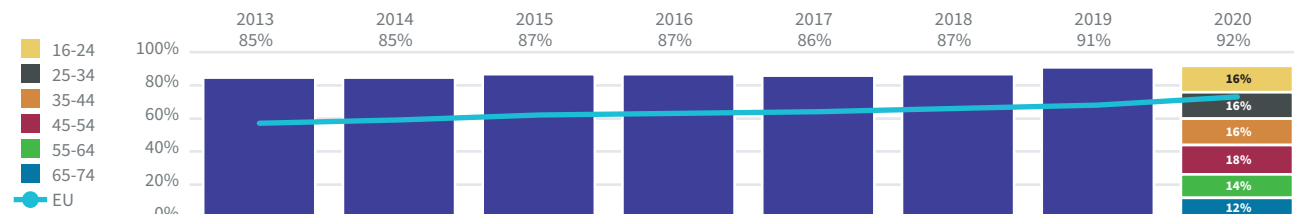
“Retailers have been innovating with store designs, testing different concepts that are experience-led and customer focused”

Percentage of population using the internet



Source: RetailX, drawing on data from Eurostat

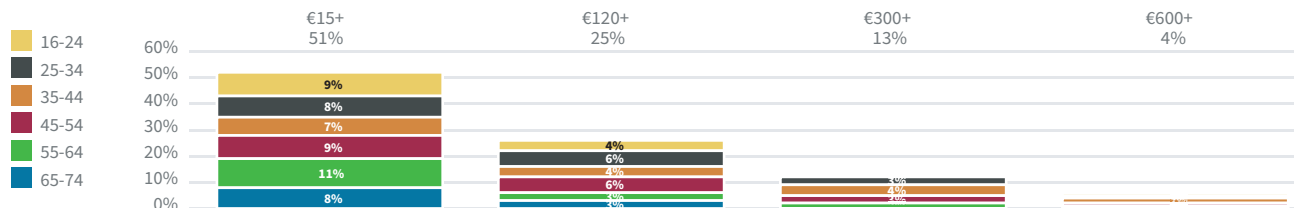
Percentage of population shopping online



Source: RetailX, drawing on data from Eurostat

© RetailX 2021

Online shoppers' monthly spending by age



Source: RetailX, drawing on data from the RetailX European Consumer Observatory

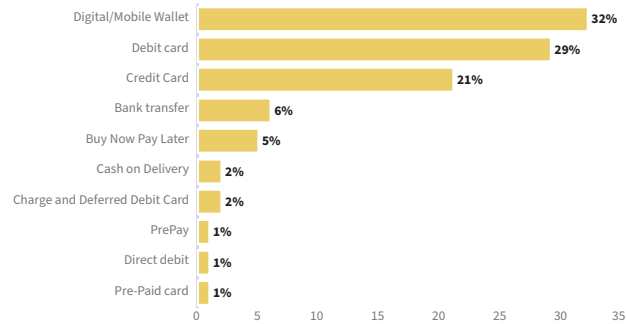
© RetailX 2021

This attests to the maturity of the UK market, how at ease consumers are with shopping online and the proliferation of food delivery services and third parties set up to work with the hospitality sector.

Consumers are more likely to reach for their smartphone when placing an order online, so doing so when ordering food is a simple matter. In fact, **63% of consumers have shopped from their smartphone** in the last year while 49% have used a laptop.

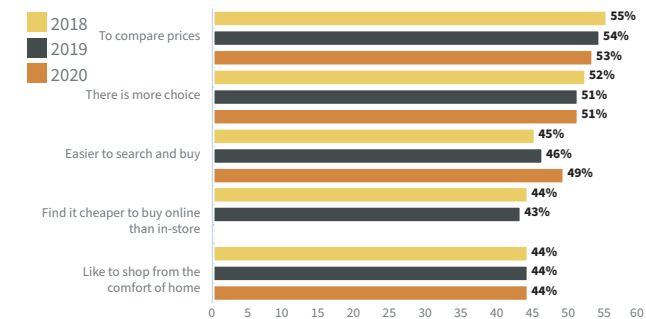
Consequently, **digital wallets are popular in the UK**. 32% of consumers use them for online shopping whereas 29% prefer to use a debit card and 21% a credit card. Pre-paid cards are the least likely to be used (1%).

Payment methods used for ecommerce in the United Kingdom, 2020



Source: RetailX, drawing on data from Worldpay, Statista

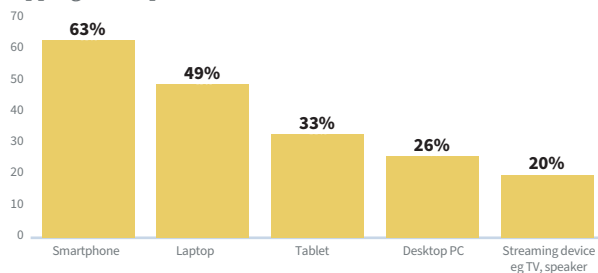
Consumer reasons for shopping online in the UK, 2018-2020



Source: RetailX, drawing on data from Royal Mail, Trinity McQueen, Statista

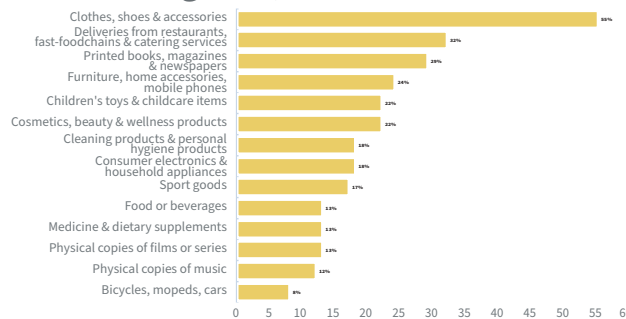
Online purchases by device, United Kingdom, 2020

Which of the following devices have you used for online shopping in the past 12 months?



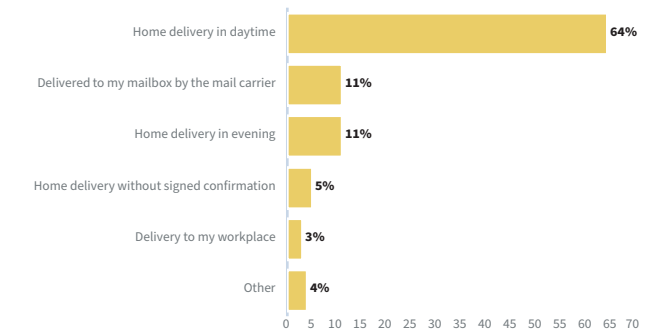
Source: RetailX, drawing on data from Statista Global Consumer Survey

Most popular good purchased online, United Kingdom, 2020



Source: RetailX, drawing on data from Office for National Statistics (UK)

Preferred delivery methods among online shoppers in the UK, 2020



Source: RetailX, drawing on data from PostNord, Statista

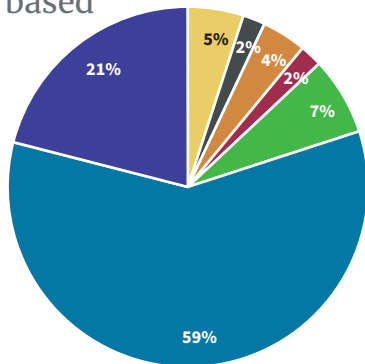
The Largest 100

Brexit is more of an issue for retailers than consumers

The majority of retail sites in the Largest 100 belong to UK-based retailers (59%). US-based retailers make up the second largest group with 21% of retailers headquartered across the Atlantic. However, **American retailers gather a larger share of web traffic** (38.1%). Retailers based in other parts of Europe hardly appear in the ranking – possibly due to language barriers and Brexit complexities.

Countries where the United Kingdom Largest 100 are based

- China (mainland)
- France
- Germany
- Korea, Republic of
- Other regions
- United Kingdom
- United States of America



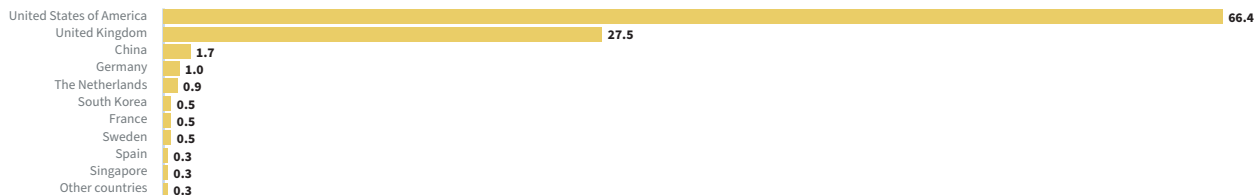
Note: retailers in the Largest 100 are selected for their significance to consumers in the country rather than where they are headquartered

Source: RetailIX

© RetailIX 2021

Web traffic from other countries

International web visits to United Kingdom-based companies in the Largest 100, by country

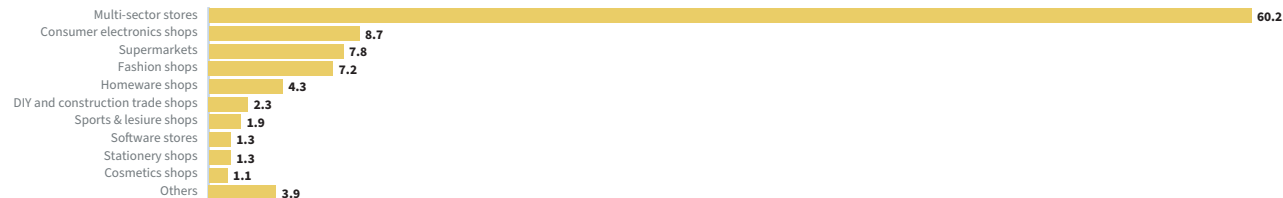


Source: RetailIX, drawing on data from SimilarWeb

© RetailIX 2021

Web traffic by sector

The percentage of web visits to the Largest 100 retailers from consumers in United Kingdom, by sector

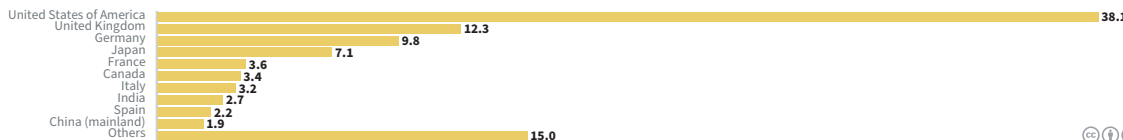


Source: RetailIX, drawing on data from SimilarWeb

© RetailIX 2021

British web traffic to the Largest 100 retailers split by country where the Largest 100 are based

The percentage of web visits from British consumers to the websites of Largest 100 retailers split according to where those companies have their operational headquarters



Source: RetailIX, drawing on data from SimilarWeb

© RetailIX 2021

Northern Europe

Consumers in the Nordics are wealthy and the economies of the Baltics are developing strong digital sectors

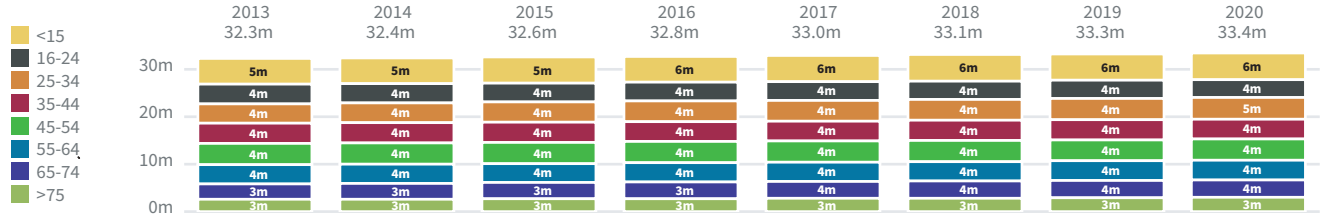
Roughly defined both geographically and culturally, Northern Europe is broadly made up of countries with high GDP, high levels of personal taxation and wealth redistribution through the so-called ‘Nordic Model’ (in Denmark, Finland, Iceland, Norway and Sweden), strong welfare states and relatively small populations. **The major sectors in the region have traditionally included manufacturing, shipping, fishing and mining, but tourism, service industries and technology are now increasingly important.**

The region also encompasses Baltic countries that are less developed economically, those that came under Soviet control in the 20th century – Estonia, Latvia and Lithuania.

Education levels in Northern European countries are generally good and one key differentiator among these countries is **a healthy proportion of research and development (R&D) proportionate to GDP.**

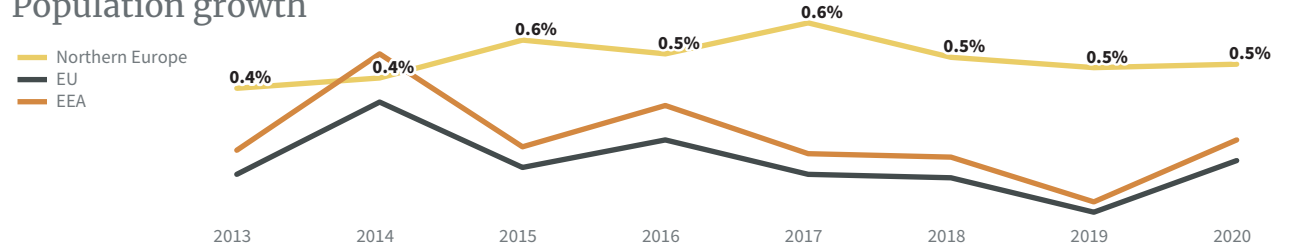
The populations of Northern European countries are generally resource-rich, highly tech literate and agile. The economies of the region are notable for having been able

Population structure



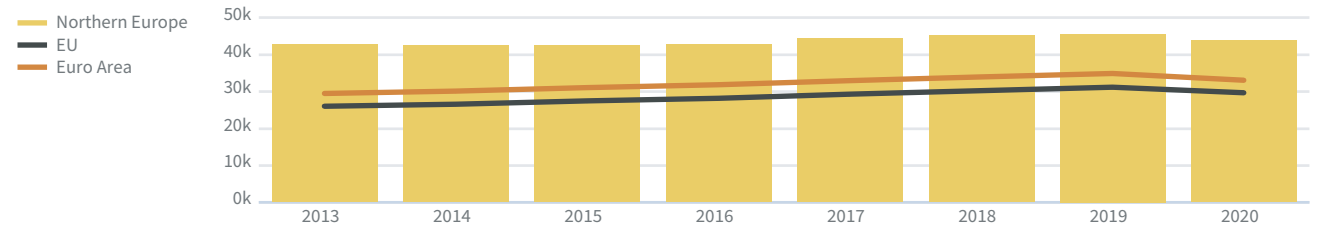
Source: RetailX, drawing on data from Eurostat

Population growth



Source: RetailX, drawing on data from Eurostat

GDP per capita (€)



Source: RetailX, drawing on data from Eurostat

to successfully pivot away from their core sectors and generate new economic revenue streams.

The population (now 33.4m with 6m under 15) has grown steadily over the last few years, by 1.1m since 2013, plateauing over the past two years, but still above EU and EEA levels.

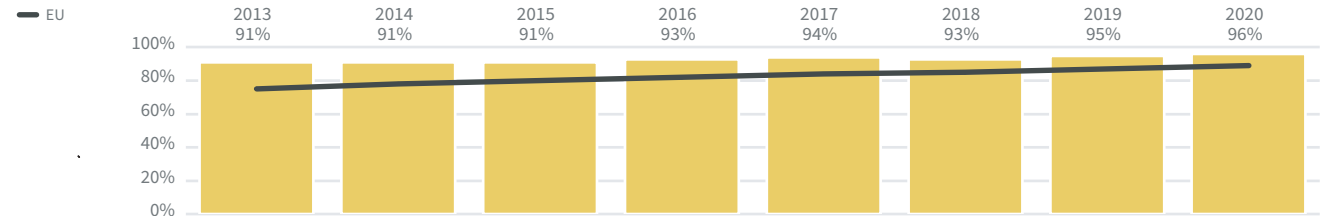
GDP per capita is higher than in the rest of the EU and EEA, and, in some Northern European countries, the rest of the world. **The GDP per capita was €43.9k in 2020, in comparison in €33k in the Eurozone and €29.7k in the EU as a whole.** The figure is skewed upwards by the relative wealth and productivity of the Nordic nations – with Norway, for example, wealthy from its oil and gas reserves, money it has invested in a sovereign wealth fund.

Unsurprisingly then, the percentage of people using the internet in Northern Europe is high (96%). This is not true of the Nordics countries. **Estonia’s capital, Tallinn, has been described “the Silicon Valley of Europe”.** The city has one of the highest startups-per-capita rates and is quickly becoming a global tech player.

Similarly, Lithuania is attracting the interest of global tech companies for its tech-forward workforce and willingness to adopt GovTech solutions.

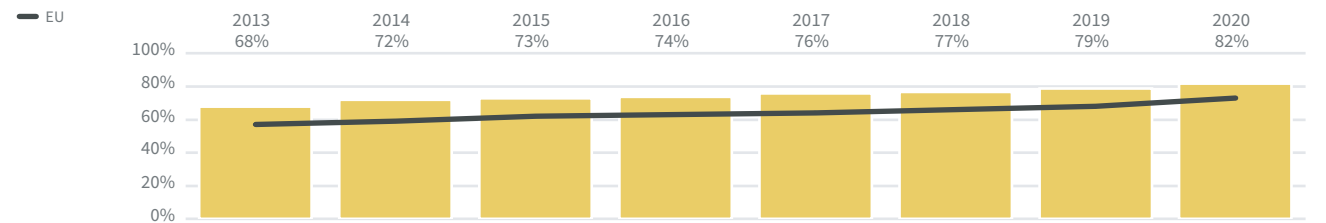
In Norway and Sweden, shoppers spend heavily online and Sweden in particular is a country of early adopters – and this has been the case for online shopping and mobile commerce payment systems.

Percentage of population using the internet



Source: Source: RetailX, drawing on data from Eurostat

Percentage of population shopping online



Source: Source: RetailX, drawing on data from Eurostat

© RetailX 2021

For all the Northern Europe ecommerce market encompasses nations with different rates of engagement with the EU – and at different stages of economic and political development – the countries constitute an attractive market for retailers.

Overall, according to our research, **82% of the population shopped online in 2020, up from 79% in 2019 and 68% in 2013.** This is higher than the EU average – and the figure is higher still in selected countries, such as Sweden

“Sweden in particular is a country of early adopters – and this has been the case for online shopping and mobile commerce payment systems”

and Norway. Some of these consumers, for example, in Finland, spend relatively large amounts online, especially when compared to other areas of Europe.

The Largest 100

Shoppers in Northern Europe typically favour brands from the region, especially retailers from Sweden

Consumers in Northern Europe prefer to shop from retailers selling goods from multiple categories, although they are more likely to shop with sector-specific retailers than in other regions of Europe. Looking at the countries where the Largest 100 are based, it is retailers headquartered in Sweden (home of IKEA and H&M among others) that feature most prominently.

Countries where the Northern Europe Largest 100 are based



Note: retailers in the Largest 100 are selected for their significance to consumers in the country rather than where they are headquartered

Source: RetailX

© RetailX 2021

Web traffic from other countries

International web visits to Northern Europe-based companies in the Largest 100, by country

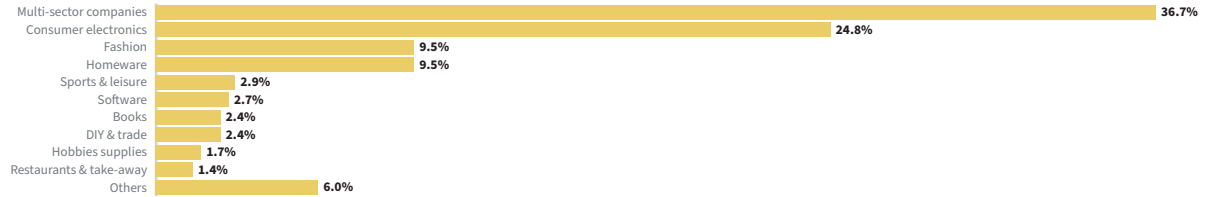


Source: RetailX, drawing on data from SimilarWeb

© RetailX 2021

Web traffic by sector

The percentage of web visits to the Largest 100 retailers from consumers in Northern Europe, by sector



Source: RetailX, drawing on data from SimilarWeb

© RetailX 2021

Northern European web traffic to the Largest 100 retailers split by country where the Largest 100 are based

The percentage of web visits from Northern European consumers to the websites of Largest 100 retailers split according to where those companies have their operational headquarters



Source: RetailX, drawing on data from SimilarWeb

© RetailX 2021

Denmark

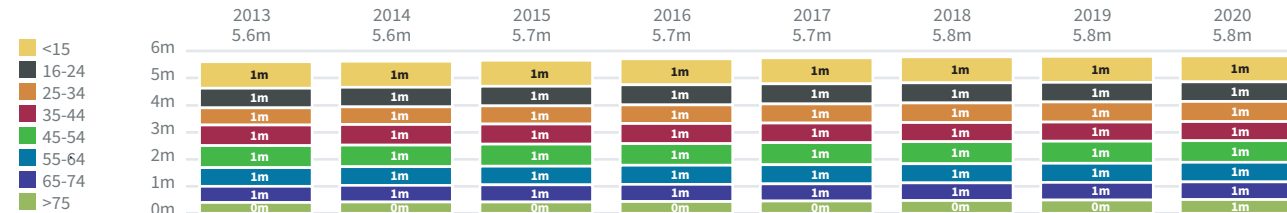
Digitally forward with high living standards and low unemployment

This island nation in the south Nordics, Denmark also includes the Faroe Islands and Greenland. With a population of 5.8m in 2020, the median age is 42 and 19.91% of its mostly urban-dwelling population is 65 and above.

Denmark, which has been a member of the EU since 1973 (but not Greenland or the Faroe Islands), is a **largely service-based economy**, followed by industry.

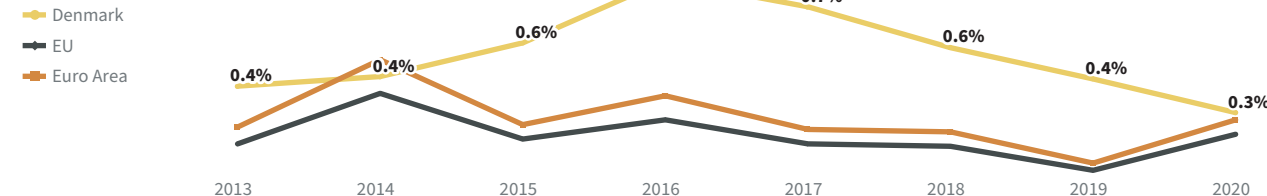
Population growth is fairly static, with little change year on year, though dropping slightly in 2020.

Population structure



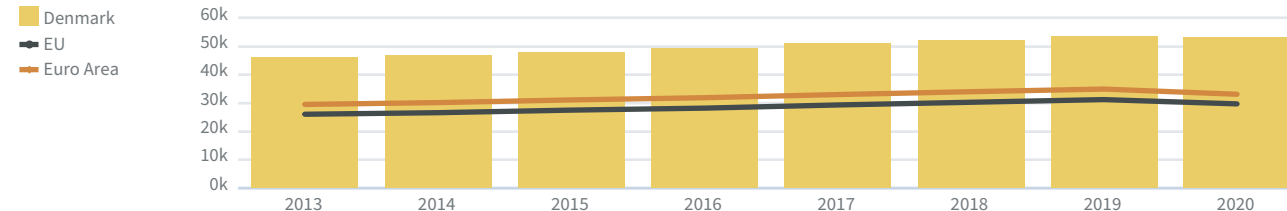
Source: RetailX, drawing on data from Eurostat

Population growth



Source: RetailX, drawing on data from Eurostat

GDP per capita (€)



Source: Eurostat

Denmark Profile

Area: 42,933 km²

Capital: Copenhagen

Currency: Krone

Official language: Danish

Other languages spoken: English, German, Swedish, Norwegian

Nationality: Danish

Government: Parliamentary democracy

VAT: 25% | **Reduced VAT:** 0%

Thanks to comprehensive government welfare measures, distribution of income is fair and there's high employment and high taxation. Living standards are good and **GDP per capita is well above the EU average** and among the highest in the world.

Denmark recorded **the highest price level for consumer goods and services among the EU member states** (41% above the EU average), according to Eurostat data. It was also the most expensive EU member state for food and non-alcoholic beverages, clothing and footwear in 2020.

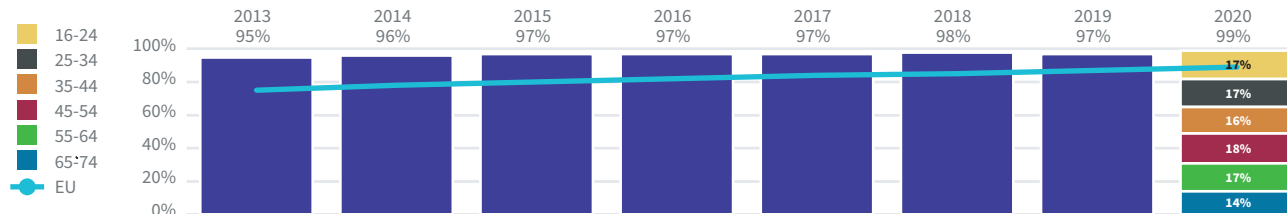
The country is digitally advanced, with much household administration fully online for some time. Danish people are used to using the internet, since digital bill payment and other household administration have been online for many years.

In 2020, **99% of the population were using the internet** (higher than the EU average) and this was slightly higher (18%) among the 45-54 age group, dropping to 14% among the over-65s.

Some **90% of the population shop online** and this is higher (17%) among the 25-34-year-olds and 45-54 age group, reflecting the slightly higher internet usage of this latter demographic.

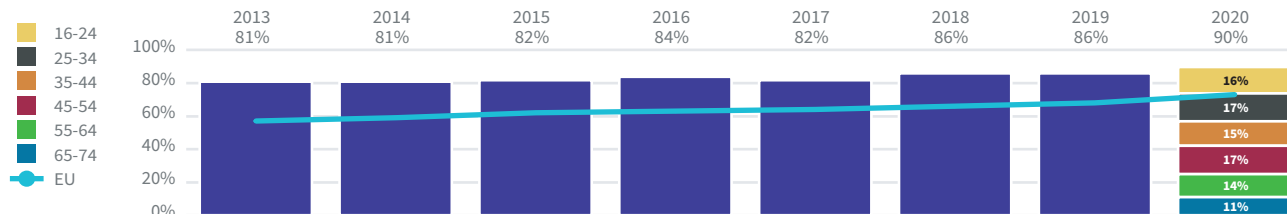
All this is higher than the 11% EU average. Some 31% of online shoppers spend more than €120 per month and it's the 25-34-year olds that spend the most in this category.

Percentage of population using the internet



Source: RetailX, drawing on data from Eurostat

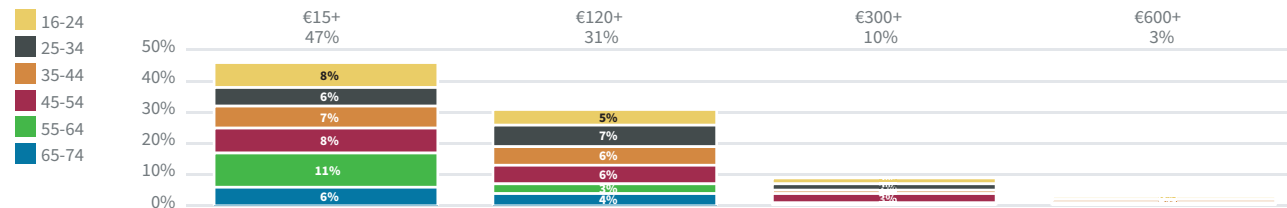
Percentage of population shopping online



Source: RetailX, drawing on data from Eurostat

© RetailX 2021

Online shoppers' monthly spending by age



Source: RetailX, drawing on data from the RetailX European Consumer Observatory

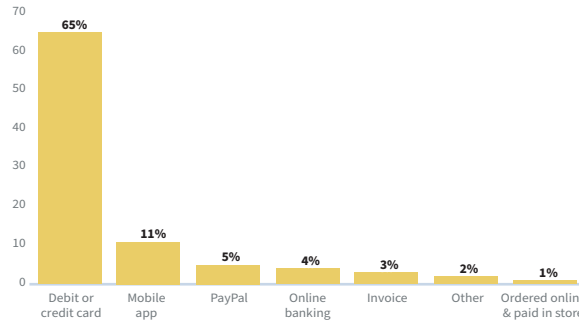
© RetailX 2021

The leading payment method in Denmark is debit or credit card (64%), with mobile apps the second most used, but making up just 11% of payments.

There's a **willingness to buy from a foreign-based retailer if the price is lower** (36%), and nearly a third of online shoppers in Denmark are motivated by their preference for a specific brand.

In terms of delivery method when ordering online, home delivery is preferred over collection. The use of a computer to shop online currently outweighs smartphones, but this a trend that appears to be quickly reversing.

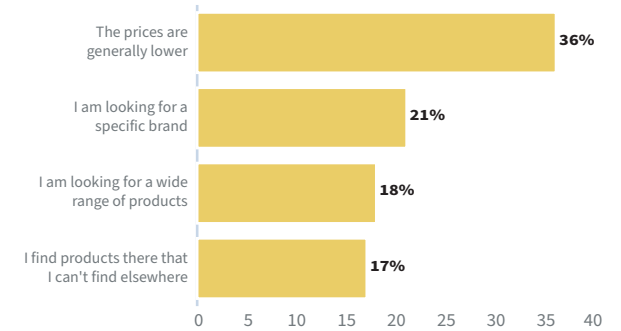
Leading payment methods for online shopping in Denmark, 2020



Source: RetailX, drawing on data from FDIH, Statista



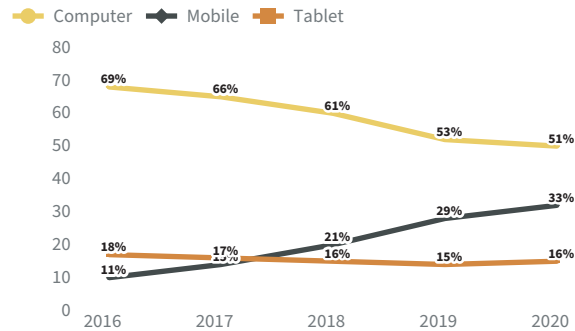
Reasons to shop online from a foreign-based retailer, Denmark, 2020



Source: RetailX, drawing on data from PostNord, Statista



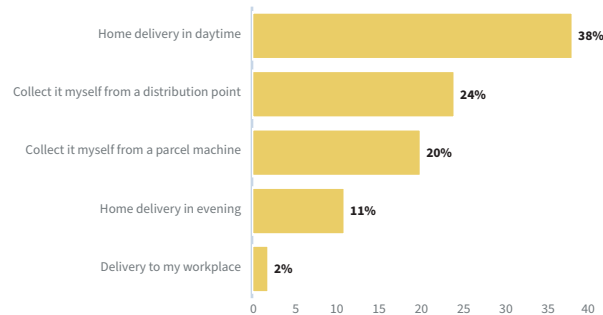
Devices used to shop online in Denmark, 2016-2020



Source: RetailX, drawing on data from FDIH, Statista



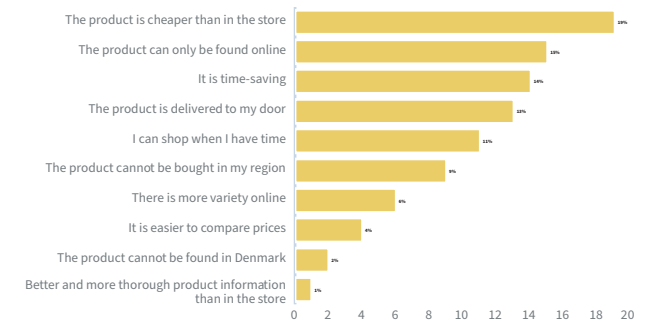
Preferred delivery method when ordering online, Denmark, 2020



Source: RetailX, drawing on data from PostNord, NEPA, Statista



Reasons to shop online in Denmark in 2020



Source: RetailX, drawing on data from FDIH, Statista



The Largest 100

A high proportion of the country's top companies are based at home, and a large amount of web traffic comes from the US

The majority of Denmark's Largest 100 companies are based in Denmark (30%) but 18% are in the US. Most of the international web visits to Denmark-based companies in the Largest 100 are from the US (33/5%) and 29.6% of visits from Denmark-based consumers are in multi-sector companies, followed by consumer electronics.

Countries where the Denmark Largest 100 are based



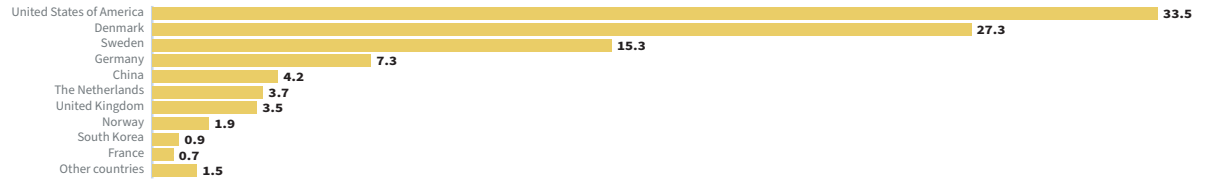
Note: retailers in the Largest 100 are selected for their significance to consumers in the country rather than where they are headquartered

Source: RetailX

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Web traffic from other countries

International web visits to Denmark-based companies in the Largest 100, by country

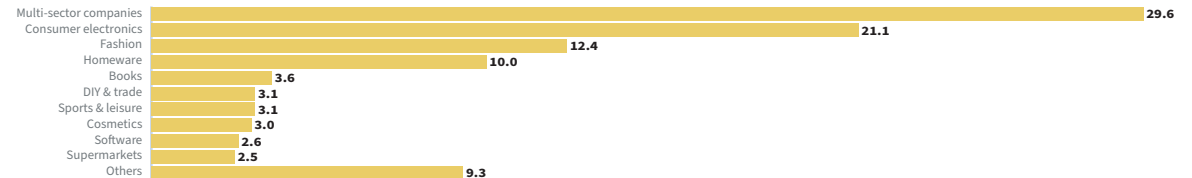


Source: RetailX, drawing on data from SimilarWeb

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Web traffic by sector

The percentage of web visits to the Largest 100 retailers from consumers in Denmark, by sector



Source: RetailX, drawing on data from SimilarWeb

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Danish web traffic to the Largest 100 retailers split by country where the Largest 100 are based

The percentage of web visits from Danish consumers to the websites of Largest 100 retailers split according to where those companies have their operational headquarters



Source: RetailX, drawing on data from SimilarWeb

© RetailX 2021

Estonia

An advanced digital society with an appetite for tech innovation

This tiny country with a population of just over 1.3m^[1] has fared extremely well since regaining its independence from the Soviet Union in 1991, **becoming one of the most economically successful in the European Union** (which it joined in 2004).

Service makes up the bulk of the Estonian economy, employing more than two-thirds of the workforce and contributing two-thirds of annual GDP^[2].

The population has broadly been rising steadily since 2013, dropping slightly in 2020, and with an increase in the under-15 and over-55 age categories.

Estonia Profile

Area: 45,339 km²

Capital: Tallinn

Currency: Euro

Official language: Estonian

Other languages spoken: Russian, English, Finnish, German

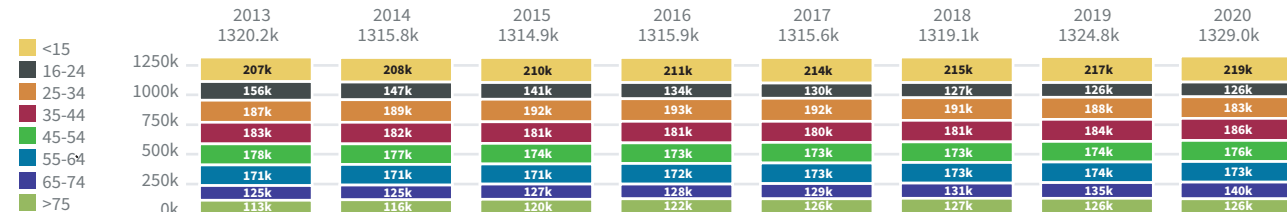
Nationality: Estonian

Government: Parliamentary representative democratic republic

VAT: 20% | **Reduced VAT:** 9%

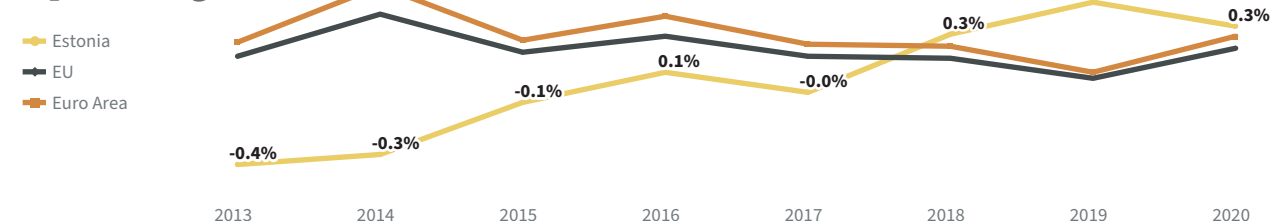


Population structure



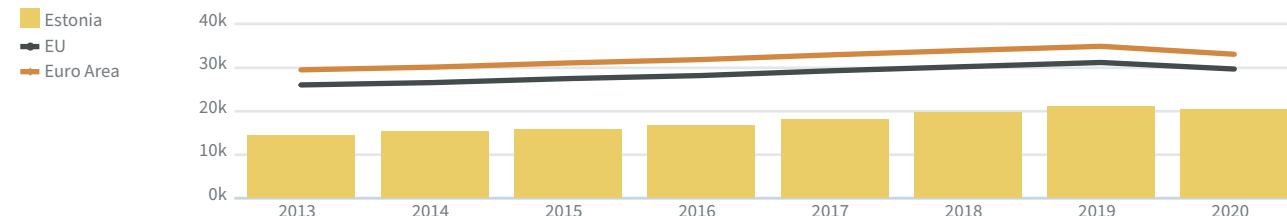
Source: RetailX, drawing on data from Eurostat

Population growth



Source: RetailX, drawing on data from Eurostat

GDP per capita (€)



Source: Eurostat

© RetailX 2021

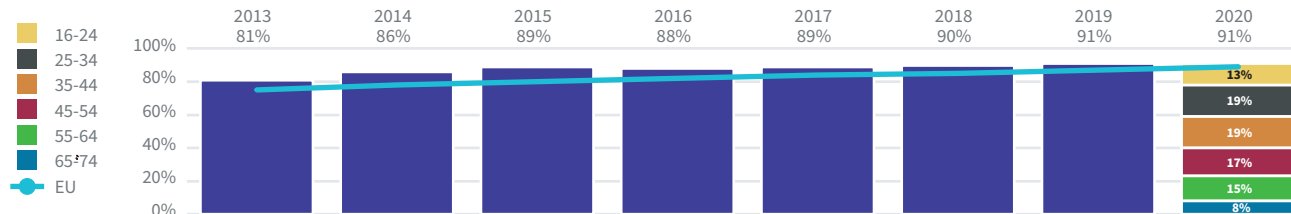
Regularly compared to Silicon Valley, Estonia was described by *Wired* in 2016 as “the most advanced digital society in the world”^[3]. With heavy investment in digital infrastructure and training, by 2000 every classroom in the country was online. Fast-track digital programmes meant that **by 2013, 81% of the country was using the internet**. By 2020 it was up to 91%. This is a country with a high level of trust in digital solutions.

The largest percentage of internet users are in the 25-34 and 35-44-year-old categories at 19%, and the lowest, unsurprisingly, are the over-65s at 8%. **25-34-year-olds are the biggest internet shoppers** at 17%, followed by 35-44-year-olds.

Web visits are more numerous to multi-sector companies (48.4%), followed by consumer electronics (21.5%).

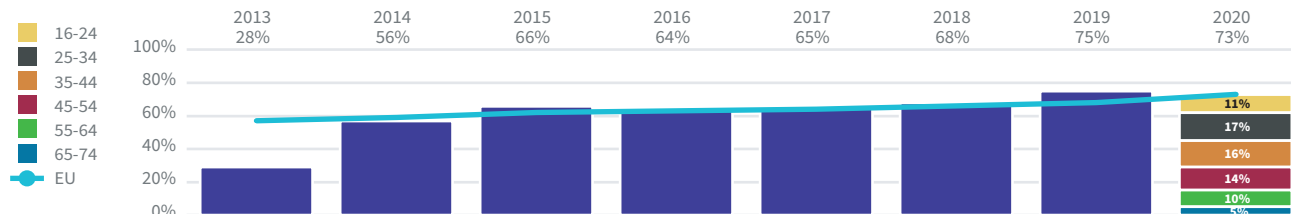
“In 2020, 91% of the Estonian population used the internet. This a country with a high level of trust in digital solutions”

Percentage of population using the internet



Source: RetailX, drawing on data from Eurostat

Percentage of population shopping online

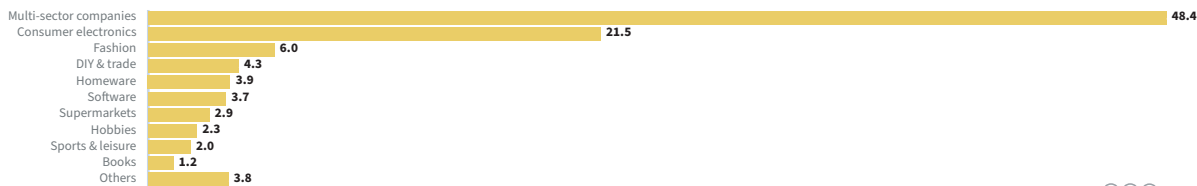


Source: RetailX, drawing on data from Eurostat

© RetailX 2021

Web traffic by sector

The percentage of web visits to the Largest 100 retailers from consumers in Estonia, by sector



© RetailX 2021

Source: RetailX, drawing on data from SimilarWeb Note: retailers in the Largest 100 are selected for their significance to consumers in the country irrespective of where they are headquartered

[1] www.worldometers.info/world-population/estonia-population
 [2] www.stat.ee/en/node/4557
 [3] www.wired.co.uk/article/digital-estonia

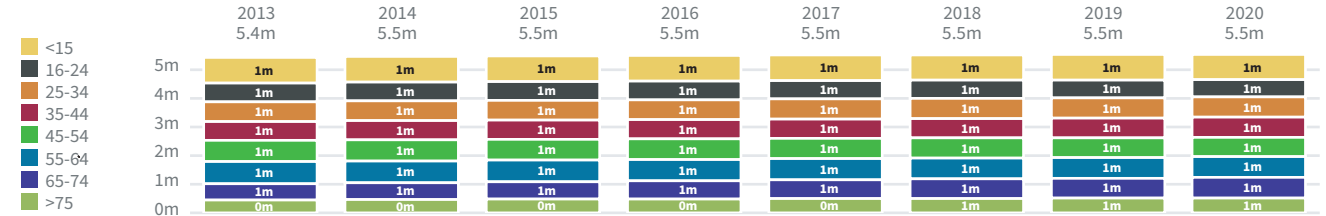
Finland

Happy residents make happy online shoppers in this thriving digital economy

Regularly ranking as one of the happiest places in the world, the densely-forested Finland has a functional democracy, good welfare benefits, low corruption and a healthy wealth distribution. **The post-Covid economic outlook is better than much of the rest of Europe**, with contraction much less severe than its peers.

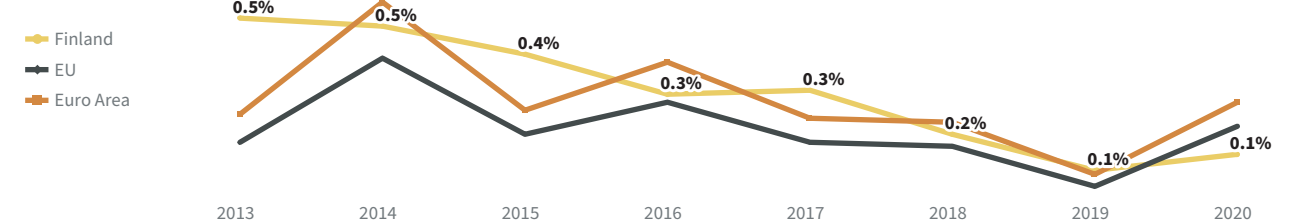
GDP per capita in Finland is above the EU average and **its free market economy is dependent on international trade**. According to the Legatum Prosperity Index, Finland is the fifth most prosperous country in the world.^[1]

Population structure



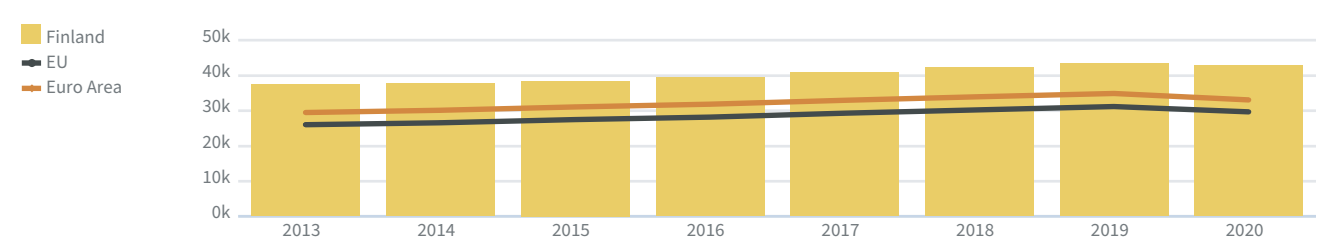
Source: RetailX, drawing on data from Eurostat

Population growth



Source: RetailX, drawing on data from Eurostat

GDP per capita (€)



Source: Eurostat

Finland Profile

Area: 338,44 km²

Capital: Helsinki

Currency: Krone

Official language: Finnish, Swedish

Other languages spoken: English, German, French

Nationality: Finnish

Government: Parliamentary representative democracy

VAT: 24% | **Reduced VAT:** 14%



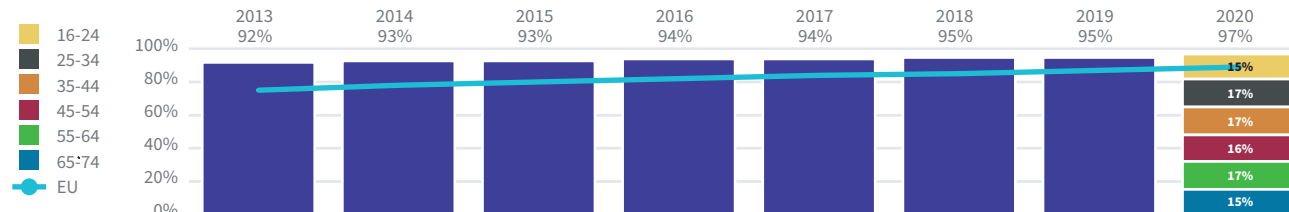
However, its famous ‘sisu’ (strength and perseverance) hasn’t been enough to stop its population from declining, thanks to an **ageing demographic and low birth rates**.

Finland is a highly digital country, with a strong record in digital services and good digital skills, well above the EU average. This is down to **good cooperation between the public and private sectors and a thriving start-up environment**. As of 2020, 97% of the population were using the internet (the highest, at 17%, in the 25-34, 35-44 and 55-64 demographics). Of these, 79% are internet shoppers, with 25-44-year-olds being the main players. Some 24% of these (6% of this being 25-54-year-olds) spend more than €120 per month.

Interestingly, online banking is the principal payment method (at 63%), far ahead of card payments (49%). **Clothing and footwear are the most popular item to purchase online** at 54%, followed by home electronics at 48%. Groceries are third at 35%.

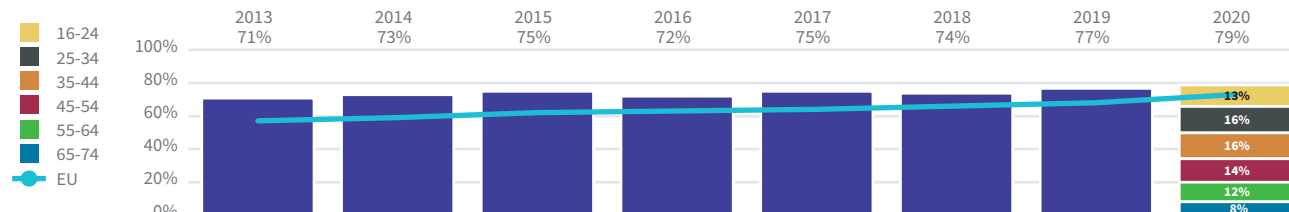
Finnish **online shoppers prefer to collect their purchase from a parcel machine** (35%) or distribution point (33%) rather than have it delivered to their home (14% to their mailbox). However, parcel machines have been in place in a range of retailers for some time in the country, with new players entering the market rapidly.

Percentage of population using the internet



Source: RetailX, drawing on data from Eurostat

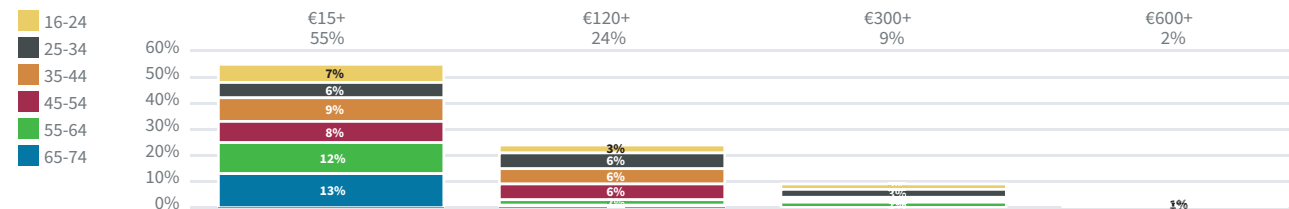
Percentage of population shopping online



Source: RetailX, drawing on data from Eurostat

CC BY ND RetailX 2021

Online shoppers' monthly spending by age



Source: RetailX, drawing on data from the RetailX European Consumer Observatory

CC BY ND RetailX 2021

[1] www.prosperity.com/globe/finland

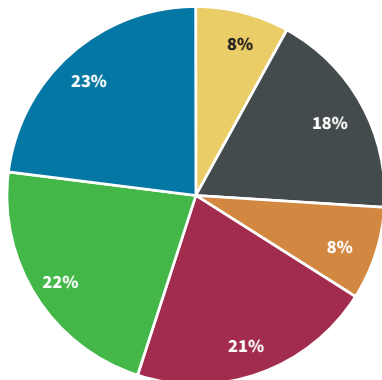
The Largest 100

A strong preference for retailers based in Sweden and the US

Though localisation is important to Finland, its Largest 100 companies are mostly (22%) based in the US, with **just 18% of them based in Finland itself**. 21% of the Largest 100 are based in Sweden and just 8% in China.

Countries where the Finland Largest 100 are based

- China
- Finland
- Germany
- Sweden
- United States of America
- Other countries

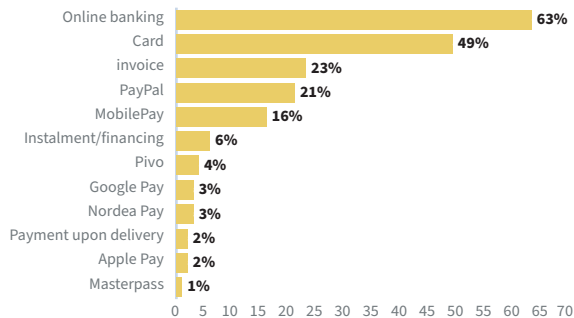


Note: retailers in the Largest 100 are selected for their significance to consumers in the country rather than where they are headquartered

Source: RetailX

© RetailX 2021

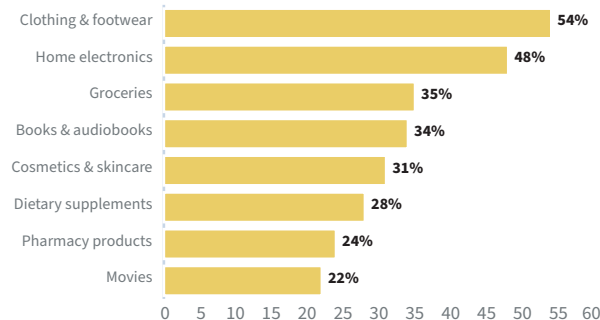
Payment methods used for ecommerce in Finland, 2020



Source: RetailX, drawing on data from Paytrail, Kantar TNS Finland, Statista

© RetailX 2021

Most purchased products online, Finland, 2020

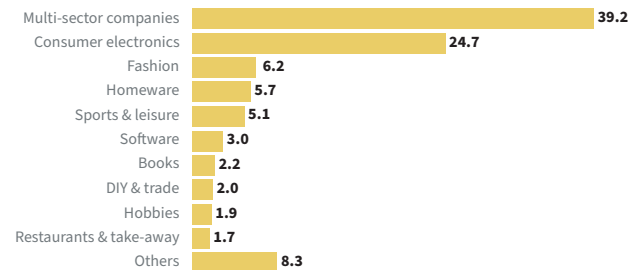


Source: RetailX, drawing on data from PostNord, Nepa, Statista

© RetailX 2021

Web traffic by sector

The percentage of web visits to the Largest 100 retailers from consumers in Finland, by sector

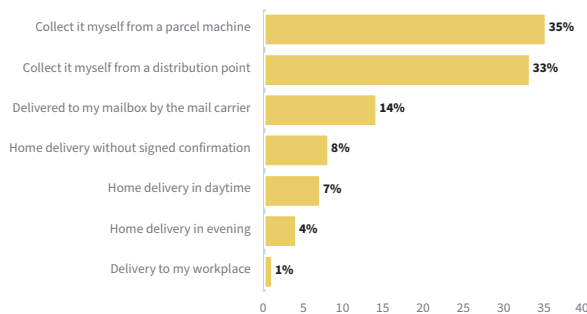


Source: RetailX, drawing on data from SimilarWeb

Note: retailers in the Largest 100 are selected for their significance to consumers in the country irrespective of where they are headquartered

© RetailX 2021

Preferred delivery method when ordering online, Finland, 2020



Source: RetailX, drawing on data from PostNord, Nepa, Statista

© RetailX 2021

Iceland

Hot springs, good life expectancy and high internet shopping rates

This sparsely populated island is as famous for its prosperity as it is its hot springs. Iceland became a republic in 1944 and developed a robust fishing industry, which has now been surpassed by tourism as the main export industry. **A high standard of living means one of the highest life expectancies in the world.**

Population has grown steadily over the last few years thanks to increased immigration, dropping in line with others in 2020. The largest group is the under-15s at 68k.

The country has been comparatively less affected by Covid-19 than others and **new infections are rare.**

Iceland Profile

Area: 103,000 km²

Capital: Reykjavík

Currency: Krona

Official language: Icelandic

Other languages spoken: English, Danish, Norwegian, Swedish, French, German, Spanish

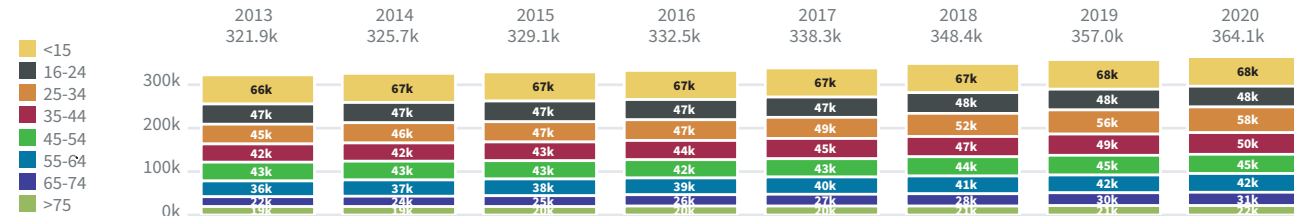
Nationality: Icelandic

Government: Parliamentary representative democratic republic

VAT: 24% | **Reduced VAT:** 11%

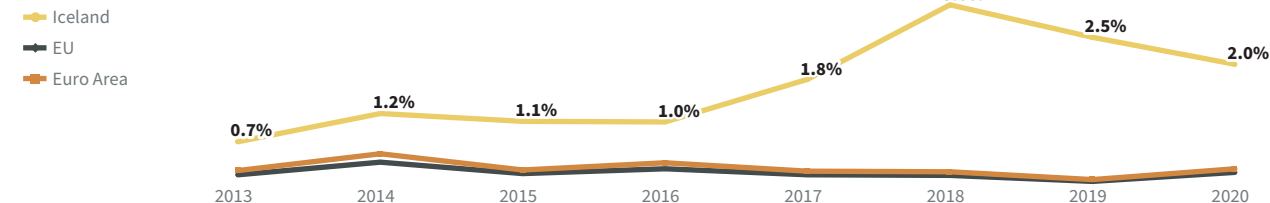


Population structure



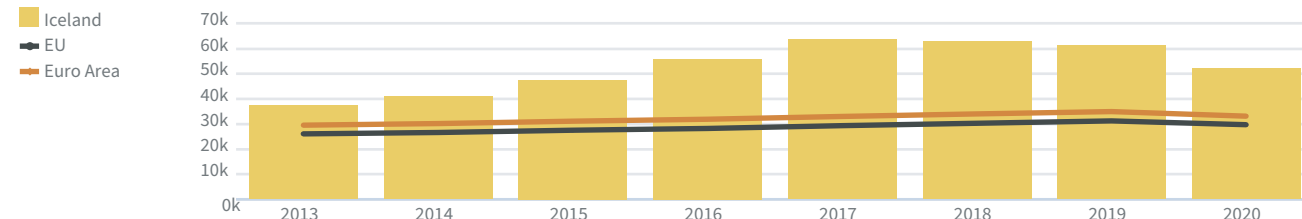
Source: RetailX, drawing on data from Eurostat

Population growth



Source: RetailX, drawing on data from Eurostat

GDP per capita (€)



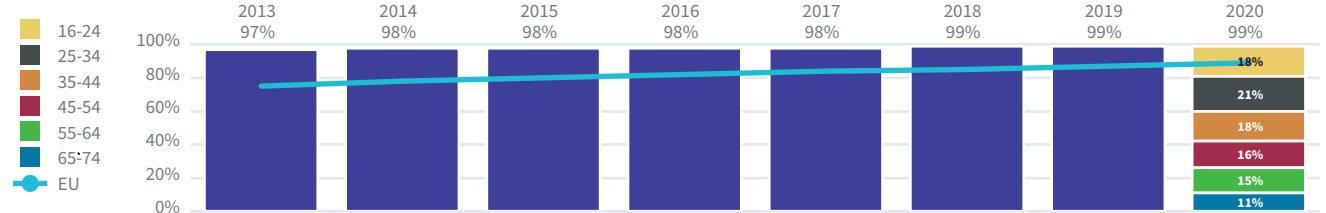
Source: Eurostat

Domestic restrictions were lifted at the end of June and vaccination is progressing fast. **The economy is expected to grow by 2.8% in 2021 and 4.5% in 2022.** GDP per capita is well above the EU and Eurozone average, though it dropped significantly in 2020.

Internet use is good in Iceland, and **the country is regularly touted as having one of the most internet-savvy populations in the world.** Our research shows that 99% of the population were online in 2020, above the European average. Of these, 21% were in the 25-34 age group and just 11% in the over-65s. **An impressive 84% of the population are online shoppers**, up from 80% in 2019, already a good starting point.

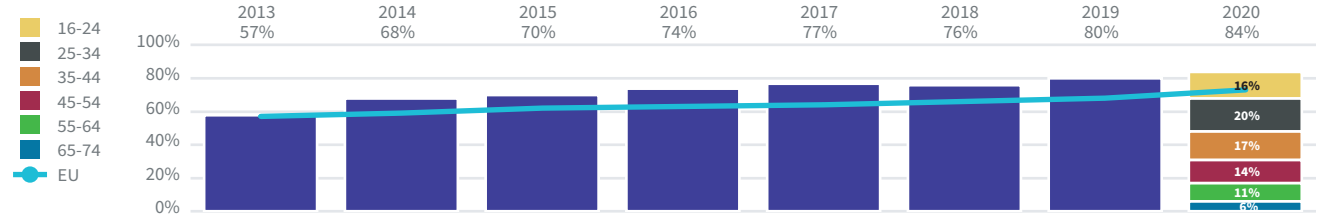
In terms of visits to Largest 100 retailers from consumers in Iceland, some **44.9% were to multi-sector companies**, followed by consumer electronics.

Percentage of population using the internet



Source: RetailX, drawing on data from Eurostat

Percentage of population shopping online



Source: RetailX, drawing on data from Eurostat

CC BY ND RetailX 2021

Web traffic by sector

The percentage of web visits to the Largest 100 retailers from consumers in Iceland, by sector



CC BY ND RetailX 2021

Source: RetailX, drawing on data from SimilarWeb Note: retailers in the Largest 100 are selected for their significance to consumers in the country irrespective of where they are headquartered

“Our research shows that 99% of the population were online in 2020, above the European average”

Latvia

Can resilient exports and increased investment help Latvia rise again?

Beautiful scenery, long beaches and affordable property make Latvia a popular destination for tourists and migrants. **Until the financial crisis of 2008, the country was the fastest-developing in Europe** but the slump hit the country hard.

During the pandemic, vaccine rollout has been slow. However, **exports have been resilient and, thanks to EU funding, investment is set to rise.** The government has introduced reforms in several areas and has announced plans to increase spending on healthcare and energy and digital infrastructure as well as tax reforms.

Latvia Profile

Area: 64,589 km²

Capital: Riga

Currency: Euro

Official language: Latvian

Other languages spoken: English, Spanish, Italian, French, Dutch, Russian, Danish

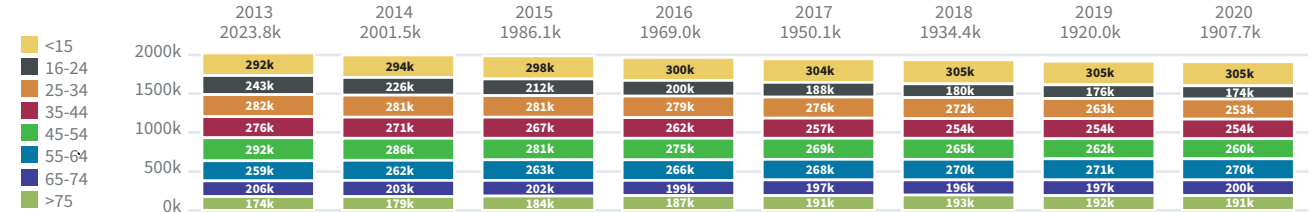
Nationality: Latvian

Government: Parliamentary representative democratic republic

VAT: 21% | **Reduced VAT:** 12%

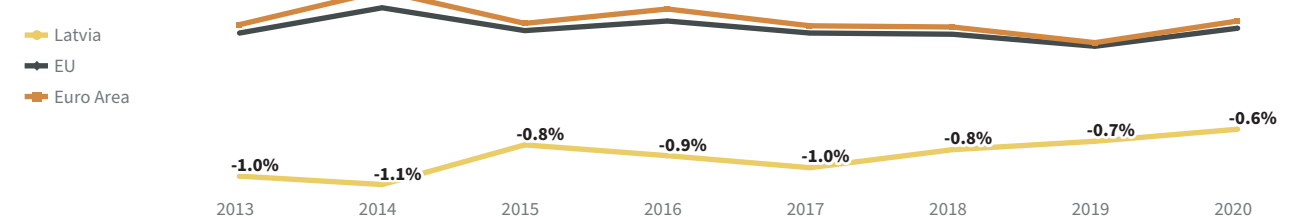


Population structure



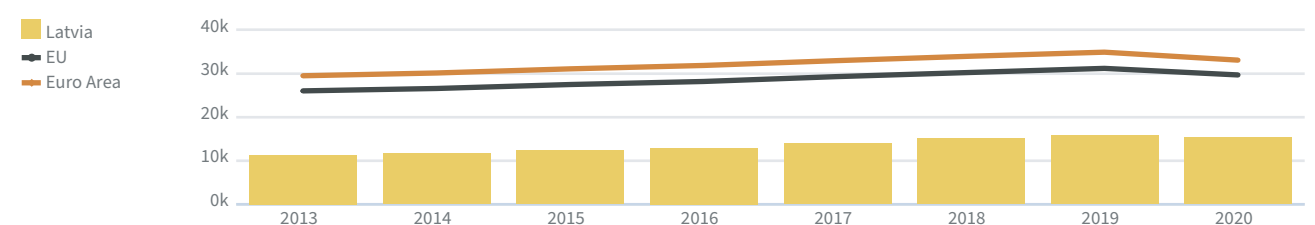
Source: RetailX, drawing on data from Eurostat

Population growth



Source: RetailX, drawing on data from Eurostat

GDP per capita (€)



Source: Eurostat

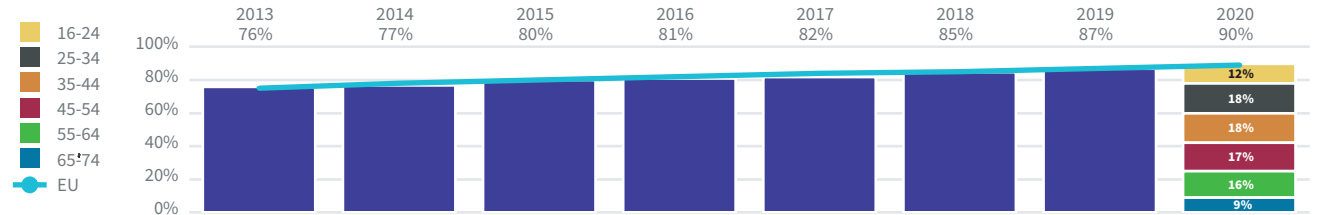
Population growth is well below the Euro and Eurozone average, as is **GDP per capita, which is 45% lower than OECD's best performers**. OECD also reports that inequality in Latvia is higher than other advanced economies.

Still, 90% of the population of Latvia are internet users (though this is just under the EU average). However, internet shopping rates are low. **Just 61% of Latvians are online shoppers, with most of these (15%) falling in the 25-34 bracket**. The over-65s make up a tiny percentage and the 55-64 group weighs in at 7%.

Of web visits to the Largest 100 retailers in Latvia, **56.4% are to multi-sector companies**. Consumer electronics are far behind at 22.8%, followed by fashion.

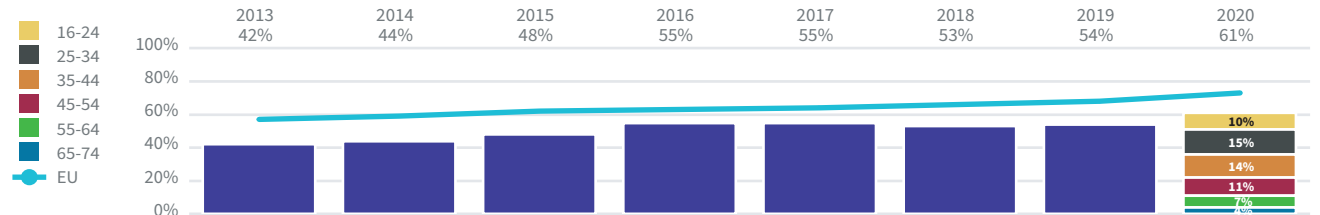
“90% of the population of Latvia are internet users (though this is just under the EU average). However, internet shopping rates are low”

Percentage of population using the internet



Source: RetailX, drawing on data from Eurostat

Percentage of population shopping online

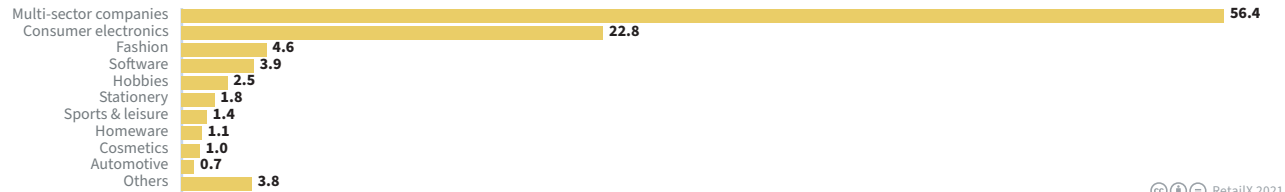


Source: RetailX, drawing on data from Eurostat

© RetailX 2021

Web traffic by sector

The percentage of web visits to the Largest 100 retailers from consumers in Latvia, by sector



© RetailX 2021

Source: RetailX, drawing on data from SimilarWeb Note: retailers in the Largest 100 are selected for their significance to consumers in the country irrespective of where they are headquartered

Lithuania

Good infrastructure, an ethical foreign policy and a paradise for fintech investors. But what does this mean for ecommerce?

Thanks to its advantageous location, good transport connections and a highly educated workforce, Lithuania, situated between Belarus, Russia, Poland and Latvia, **has fast become a popular spot for business investment.**

The Baltic state has also hit the headlines recently for its foreign policies – **offering humanitarian visas to thousands fleeing Hong Kong, and standing up to Russia and China**, encouraging the opening of a Taiwanese embassy in the capital.

Lithuania Profile

Area: 63, 300 km²

Capital: Vilnius

Currency: Euro


Official language: Lithuanian

Other languages spoken: Belarusian, Polish, Russian, Ukrainian

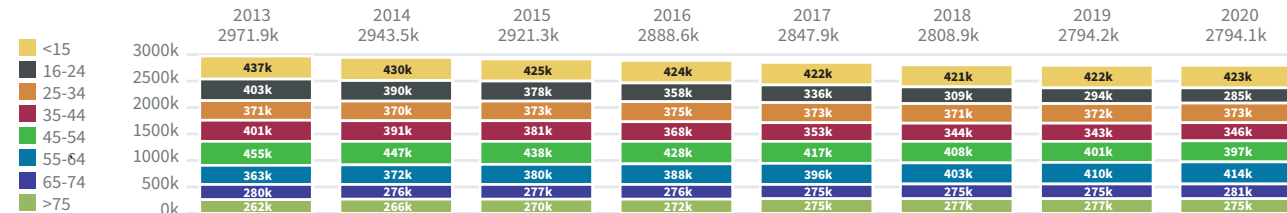
Nationality: Lithuanian

Government: Unitary semi-presidential representative democratic republic

VAT: 21% | **Reduced VAT:** 9%

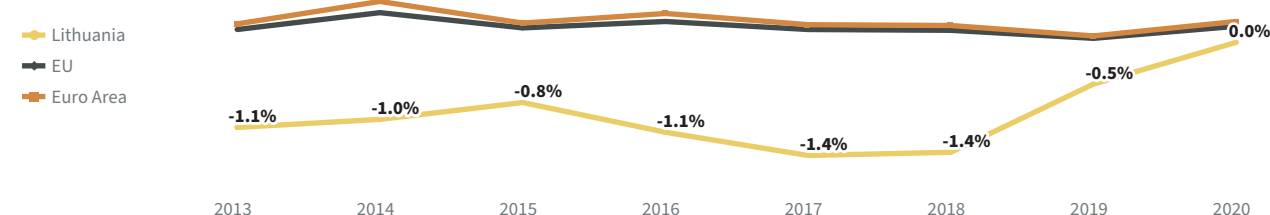


Population structure



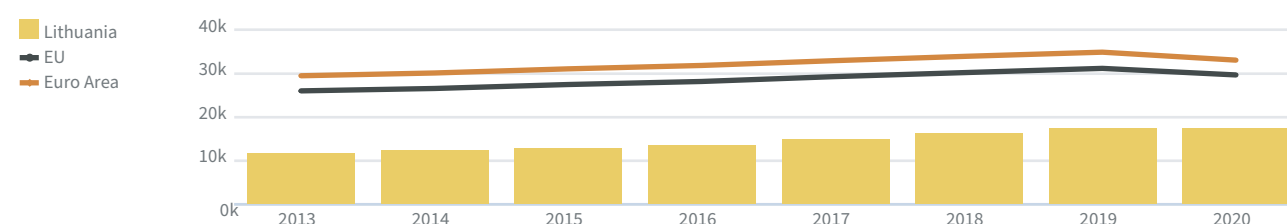
Source: RetailX, drawing on data from Eurostat

Population growth



Source: RetailX, drawing on data from Eurostat

GDP per capita (€)



Source: Eurostat

© RetailX 2021

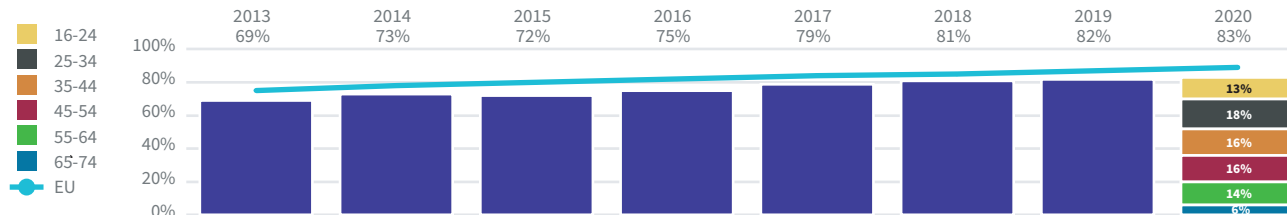
The Lithuanian economy is dominated by manufacturing, service and tourism but, with an EU-leading IT infrastructure, **in recent years the country has found itself at the heart of a fintech boom.** There's much global interest in the country's fintech sector (which employs 4000 people) and a reported 18% growth in 2020^[1].

However, it's also one of the countries with the strongest population decline in the world, thanks to **large-scale emigration and natural population decline.** However, some 423k are in the under-15s age bracket.

GDP per capita is below the EU and Eurozone averages but still the highest of the Baltic states. The **GDP is projected to grow in 2021 and 2022 and pent-up demand, good vaccine rollout and increased investment should push confidence up.** However, the OECD predicts higher oil prices and firmer domestic demand will push up inflation.

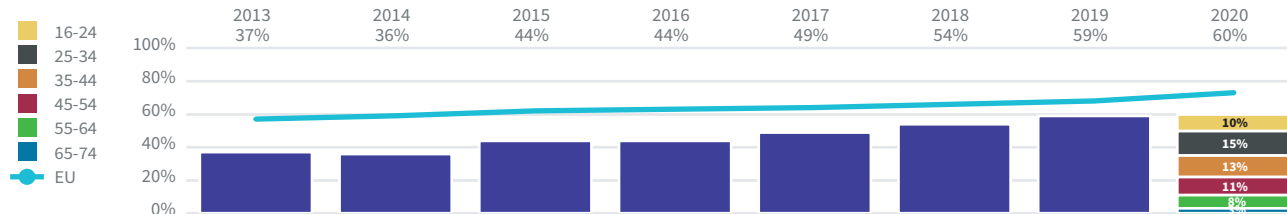
In terms of internet usage, despite a good infrastructure, only 83% of the population are online, below the EU average. Moreover, **just 60% of the population are online shoppers, despite a large and active online consumer market.** The 25-34 age bracket is the most active, at 15%, and, unsurprisingly, the over-65s the least. Web visits to the Largest 100 retailers from Lithuanian consumers are mostly to multi-sector companies (49.6%), followed by consumer electronics at 21.4%.

Percentage of population using the internet



Source: RetailX, drawing on data from Eurostat

Percentage of population shopping online

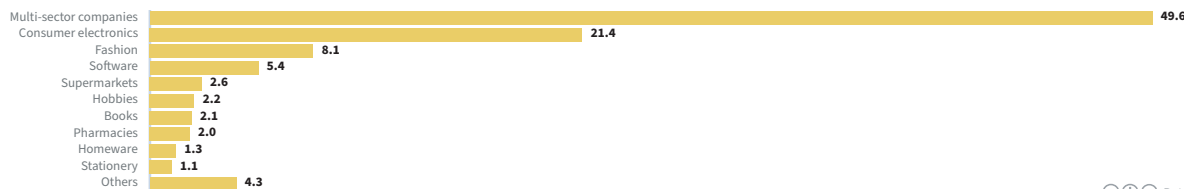


Source: RetailX, drawing on data from Eurostat

© RetailX 2021

Web traffic by sector

The percentage of web visits to the Largest 100 retailers from consumers in Lithuania, by sector



© RetailX 2021

Source: RetailX, drawing on data from SimilarWeb Note: retailers in the Largest 100 are selected for their significance to consumers in the country irrespective of where they are headquartered

[1] <https://investlithuania.com/fintech-report-2020-2021>

Norway

Well-connected and well-read, Norway's online credentials are good for ecommerce

Famously stable and progressive, **Norway has one of the most successful and wealthy economies on the planet.** Its small population (just under 5.5 million in 2020) enjoys one of the most consistently high standards of living, regularly topping the Human Development Index as well as the OECD's Better Life Index.

Thanks to the largest natural gas and oil reserves outside of the Middle East **Norwegians have the fourth largest per-capita income in the world.** Despite its relatively modest population, the geography of Norway means that the populace is well distributed and often remote.

Norway Profile

Area: 385,207 km²

Capital: Oslo

Currency: Krone

Official language: Bokmål Norwegian, Nynorsk Norwegian

Other languages spoken: English

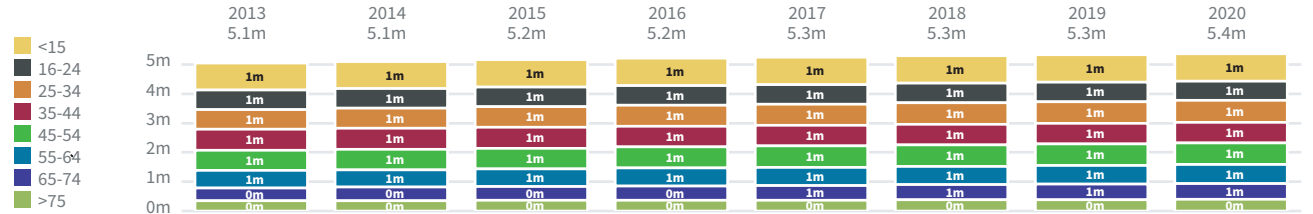
Nationality: Norwegian

Government: Parliamentary, representative democratic constitutional monarchy

VAT: 25% | **Reduced VAT:** 15%

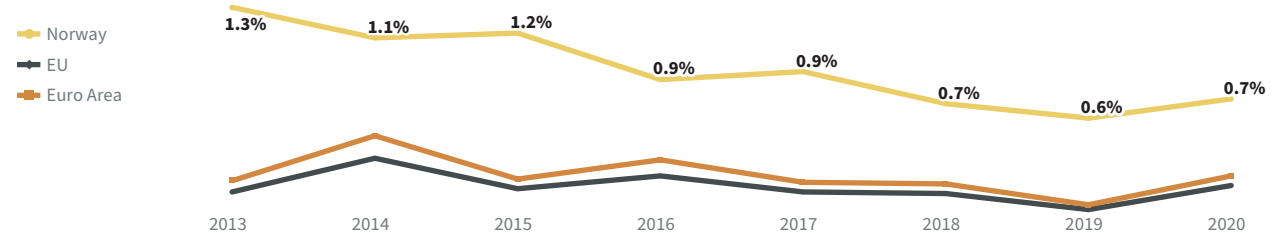


Population structure



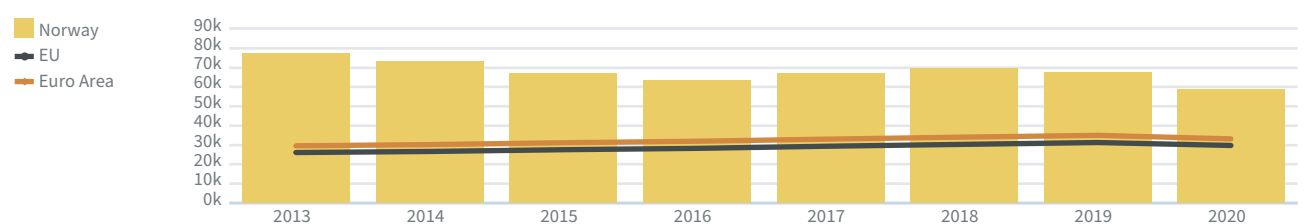
Source: RetailX, drawing on data from Eurostat

Population growth



Source: RetailX, drawing on data from Eurostat

GDP per capita (€)



Source: Eurostat

This, in a country that has always been keen to adopt and innovate scientific and technological advances, has led to **exceptional levels of online literacy and use.**

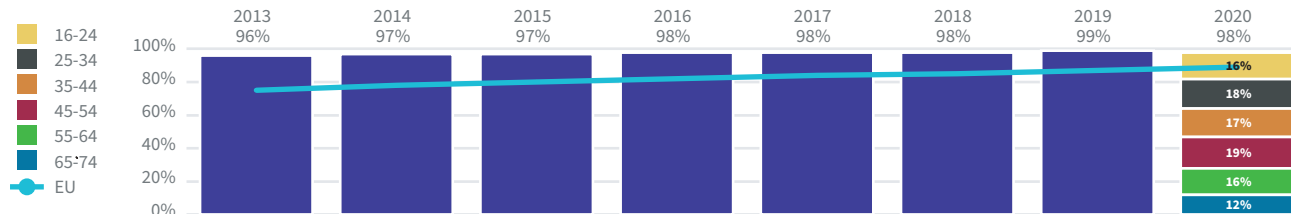
The stats show 99% of people in Norway with internet connectivity, well ahead of the average of its European neighbours. This of course, has translated into online shopping habits and **2020's pandemic-led bump resulted in 87% of Norwegians buying from internet retailers.**

Norway's online shopping habits differ from some of its neighbours, particularly those popular in some southern European countries. Regular online spending is small and **by far the most commonly bought items are fashion, toiletries and small consumer electronics.** Spending isn't limited by age as in other regions and purchases are evenly distributed amongst age brackets.

Perhaps given the smaller nature of purchases, direct-to-home, **letterbox delivery is the number one choice**, with delivery hub collection as well as click and collect available but much more rarely used.

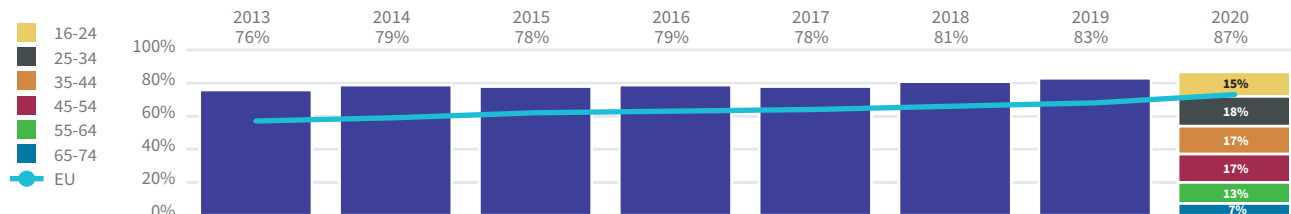
Credit and debit cards are still king, and inevitably Visa and Mastercard are at the fore. Mobile payment apps are widely distributed, but still needing to grow in popularity. Native mobile payment app Vipps was launched in 2015 and has now been installed by 60% of the population, but still lags behind established players.

Percentage of population using the internet



Source: RetailX, drawing on data from Eurostat

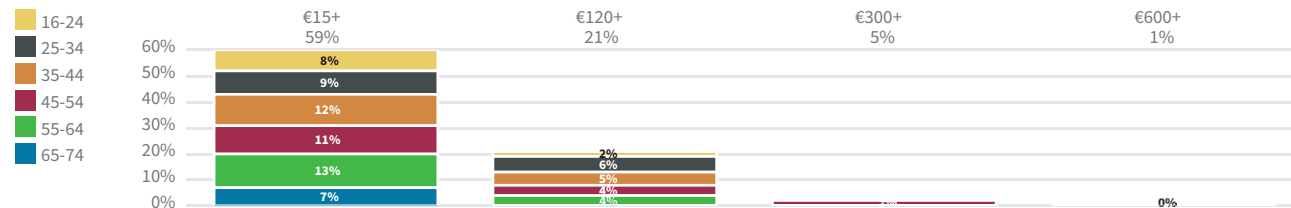
Percentage of population shopping online



Source: RetailX, drawing on data from Eurostat

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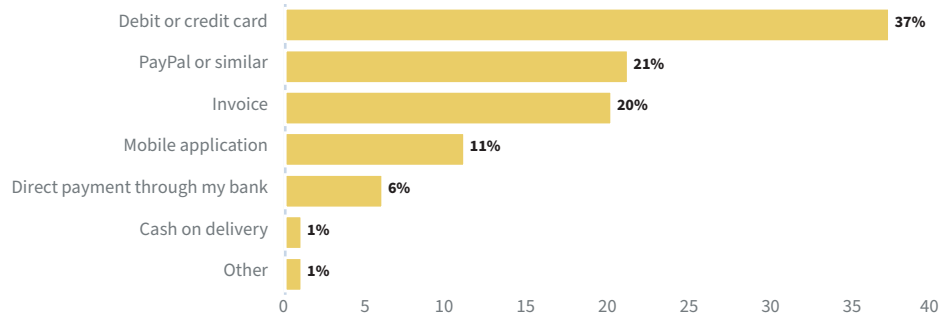
Online shoppers' monthly spending by age



Source: RetailX, drawing on data from the RetailX European Consumer Observatory

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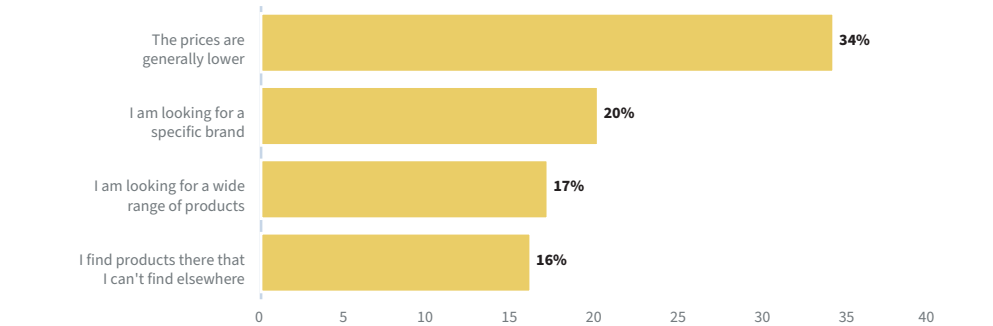
Most preferred payment methods for online purchases, Norway, 2020



Source: RetailX, drawing on data from PostNord, Nepa, Statista



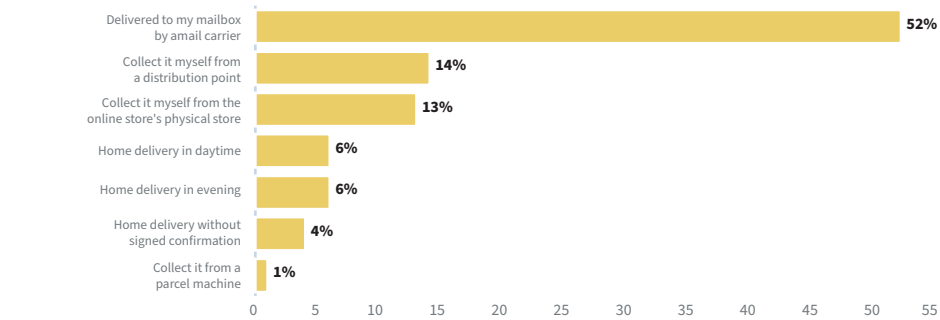
Reasons to shop online from a foreign-based retailer, Norway, 2020



Source: RetailX, drawing on data from PostNord, Statista



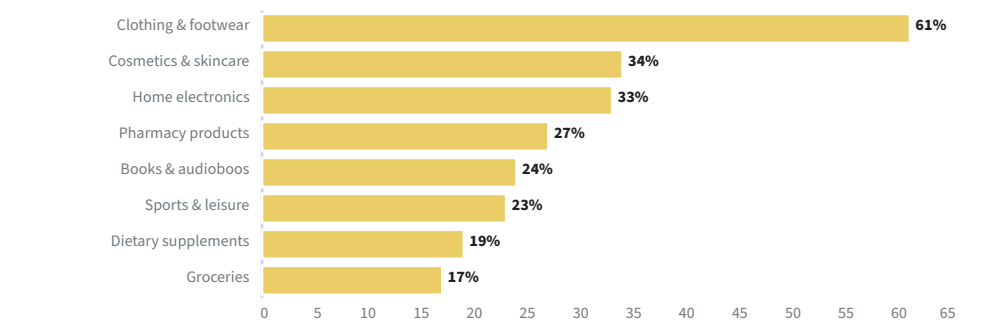
Preferred delivery method when ordering online, Norway, 2020



Source: RetailX, drawing on data from PostNord, NEPA, Statista



Most popular goods purchased online, Norway, 2020



Source: RetailX, drawing on data from PostNord, Nepa, Statista



The Largest 100

Norway keeps its neighbours close in the Largest 100

There's a strong Nordic preference in the Largest 100, with 30% based in Sweden. Some 20% are based in the US but just 6% in Denmark (against 7% in China). **International web visits to Norway-based Largest 100 companies mostly come from the US** (at 32%), followed by Sweden (22%). Of these Norway-based Largest 100 companies, Norwegian traffic is a loyal 63.8%.

Countries where the Norway Largest 100 are based



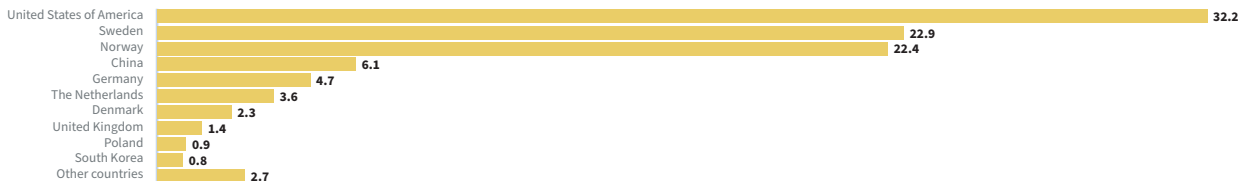
Note: retailers in the Largest 100 are selected for their significance to consumers in the country rather than where they are headquartered

Source: RetailX

© RetailX 2021

Web traffic from other countries

International web visits to Norway-based companies in the Largest 100, by country

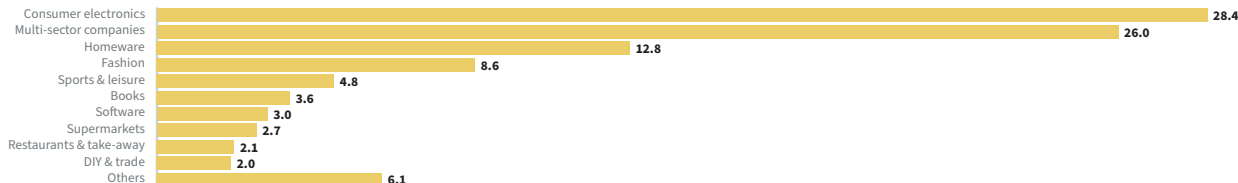


Source: RetailX, drawing on data from SimilarWeb

© RetailX 2021

Web traffic by sector

The percentage of web visits to the Largest 100 retailers from consumers in Norway, by sector



Source: RetailX, drawing on data from SimilarWeb

© RetailX 2021

Norwegian web traffic to the Largest 100 retailers split by country where the Largest 100 are based

The percentage of web visits from Norwegian consumers to the websites of Largest 100 retailers split according to where those companies have their operational headquarters



Source: RetailX, drawing on data from SimilarWeb

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Sweden

Sweden's focus on tech and export puts it in the online driving seat

Sweden has always seen itself as a player on a larger world stage. Its 10m inhabitants are largely clustered in the country's cities and **have a high standard of living and consistently high per capita GDP**, well ahead of its EU peers. The economy is export focused and wood products aside exports are tech and tech adjacent, hydropower, engineering, mining and automotive products. Sweden is also the world's ninth largest manufacturer of armaments.

As you'd expect from such an outward looking and tech savvy populous, **communication networks have always been key for Swedes**, and traditionally

Sweden

Area: 450,295 km²

Capital: Stockholm

Currency: Krona

Official language: Swedish

Other languages spoken: English, German, French

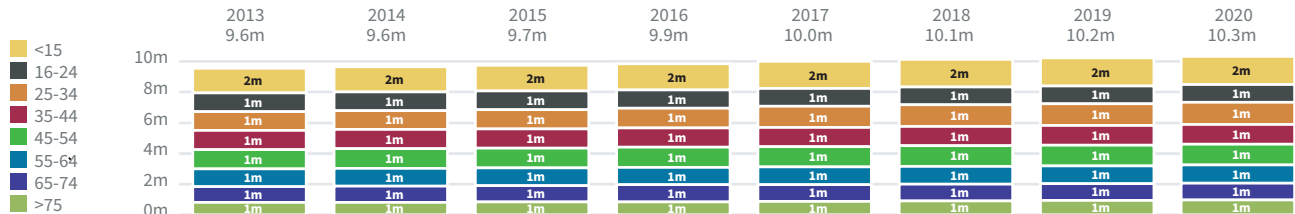
Nationality: Swedish

Government: Parliamentary, representative democratic constitutional monarchy

VAT: 25% | Reduced VAT: 12%

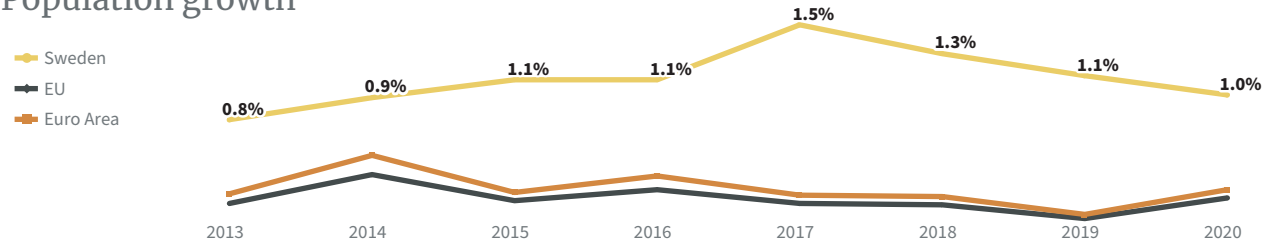


Population structure



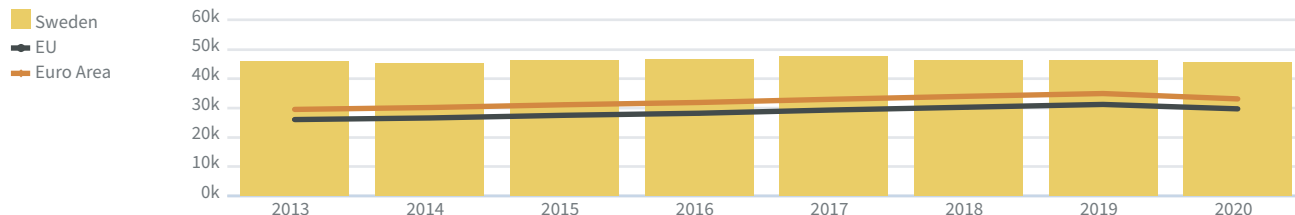
Source: RetailX, drawing on data from Eurostat

Population growth



Source: RetailX, drawing on data from Eurostat

GDP per capita (€)



Source: Eurostat

universal telephone penetration has translated to internet connection and literacy. **Age has been no barrier to online shopping, old and young embracing buying online equally.** In 2020 97% of Sweden's population was connected to the internet and 87% of them bought goods online.

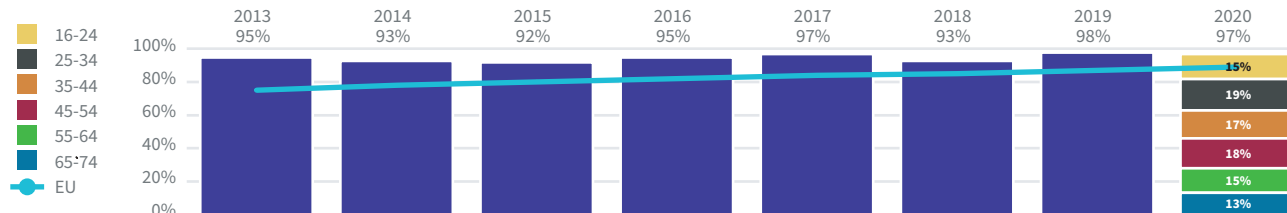
The most shopped store type was the multi-product online marketplace, with single product line stores falling in behind. **The delta between products ranked by web traffic and by products bought suggests that more desirable products like consumer electronics are browsed online far more than bought,** but this might also be a by-product of the typical Scandinavian online frugality.

While **simple home delivery is still the most popular method when ordering online,** distribution hub collection has also caught on. Click and collect as well as automated collection locker systems have made very little impact.

Bank transfers are still a popular choice in Sweden, and **a culture of buy now, pay later shopping has carried through to online purchases.**

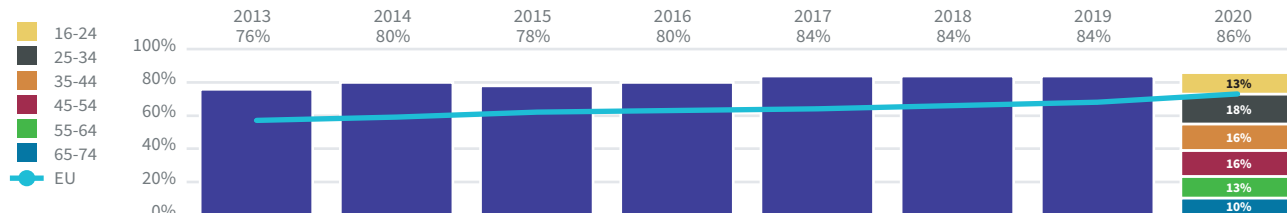
Mobile payment services, while widely available and locally downloaded in Sweden, have yet to have the same impact as they have across the rest of Europe. **Fashion and pharmacy products are those most often chosen by Swedish consumers** with groceries less significantly bought than elsewhere.

Percentage of population using the internet



Source: RetailX, drawing on data from Eurostat

Percentage of population shopping online

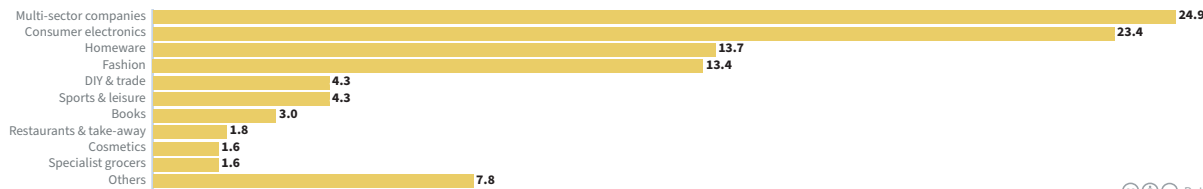


Source: RetailX, drawing on data from Eurostat

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Web traffic by sector

The percentage of web visits to the Largest 100 retailers from consumers in Sweden, by sector



© RetailX 2021

Source: RetailX, drawing on data from SimilarWeb Note: retailers in the Largest 100 are selected for their significance to consumers in the country irrespective of where they are headquartered

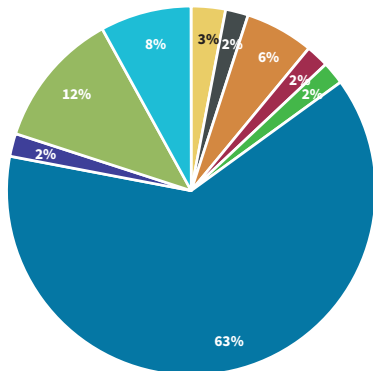
The Largest 100

Sweden shows loyalty to its own in its Largest 100 distribution

The vast majority of Sweden's Largest 100 online companies are local to Sweden (63%). Other countries are represented, but none dominate with only the US getting into double figures at 12%. The rest are spread throughout the world, but mainly focusing on northern European neighbours.

Countries where the Sweden Largest 100 are based

- China
- Denmark
- Germany
- Norway
- South Korea
- Sweden
- United Kingdom
- United States of America
- Other countries

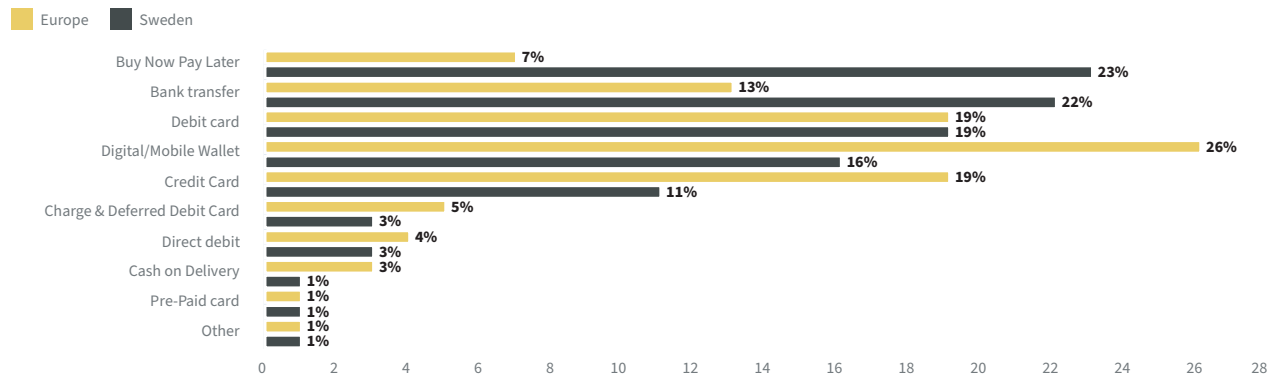


Note: retailers in the Largest 100 are selected for their significance to consumers in the country rather than where they are headquartered

Source: RetailX

© RetailX 2021

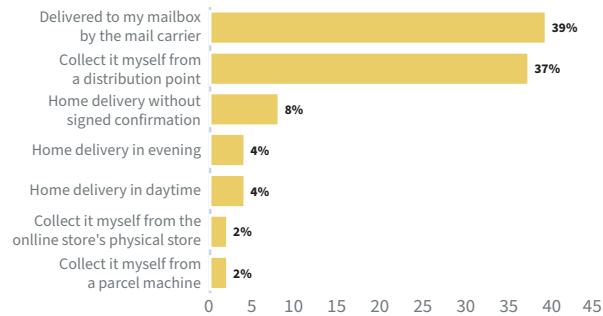
Payment methods used for ecommerce in Sweden and Europe, 2020



Source: RetailX, drawing on data from Worldpay, Statista

© RetailX 2021

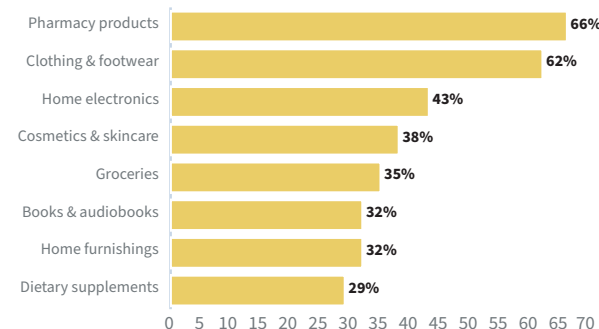
Preferred delivery method when ordering online, Sweden, 2020



Source: RetailX, drawing on data from PostNord, Nepa, Statista

© RetailX 2021

Most purchased products online, Sweden, 2020



Source: RetailX, drawing on data from PostNord, Nepa, Statista

© RetailX 2021

Central Europe

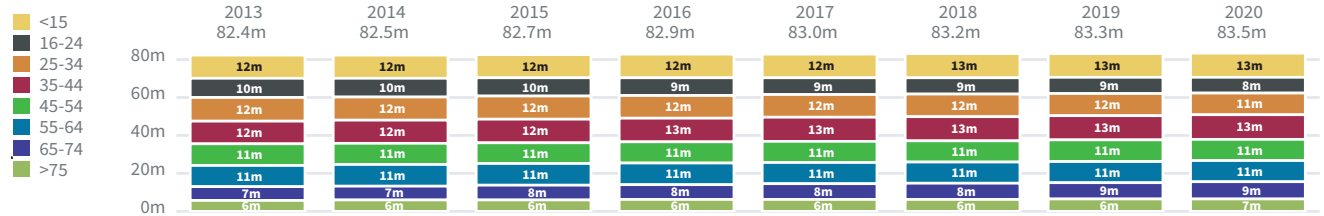
A region of disparate countries but also a region that offers potential for growth and cross-border expansion

For any retailer considering launching in Central Europe, one question should be paramount: which Central Europe? As we explore over the following pages, this is an area of the continent with economies at very different stages in development – and very different political cultures too.

To understand what we mean, compare and contrast Switzerland, Austria and Hungary. **Switzerland is one of the most highly developed countries in the world, with a GDP per capita exceeding €70k**, but is unusual in being highly integrated into the European economy without being a member of the European Union – or even the European Economic Area. **Austria is a long-standing EU member with a relatively high GDP**. Hungary is a former Soviet Bloc country led by a populist government, and there is growing disquiet elsewhere in Europe that it may be sliding towards authoritarianism.

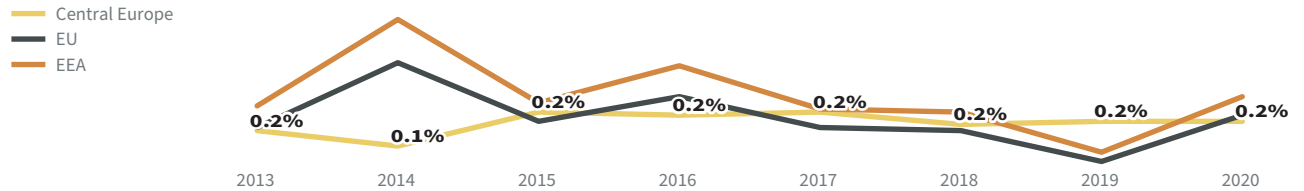
As so often in ecommerce, **retailers and brands may be best advised to think of Central Europe as made up of individual markets**. Launching in earnest in any of these markets requires research, localisation and, in some countries more than others, a clear-eyed understanding of the hazards that may be involved.

Population structure



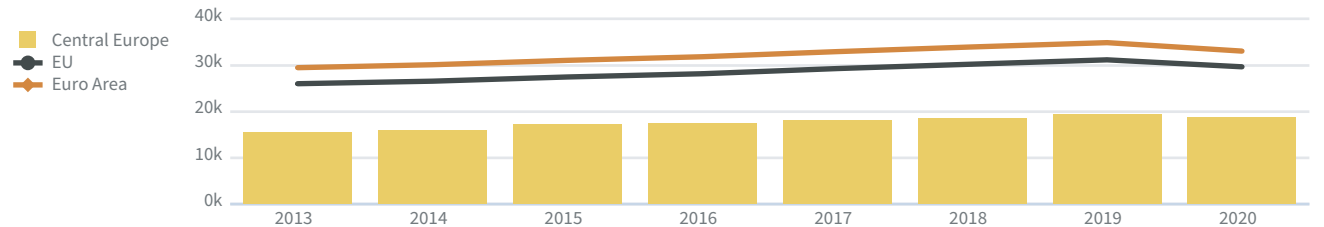
Source: RetailX, drawing on data from Eurostat

Population growth



Source: RetailX, drawing on data from Eurostat

GDP per capita (€)



Source: RetailX, drawing on data from Eurostat

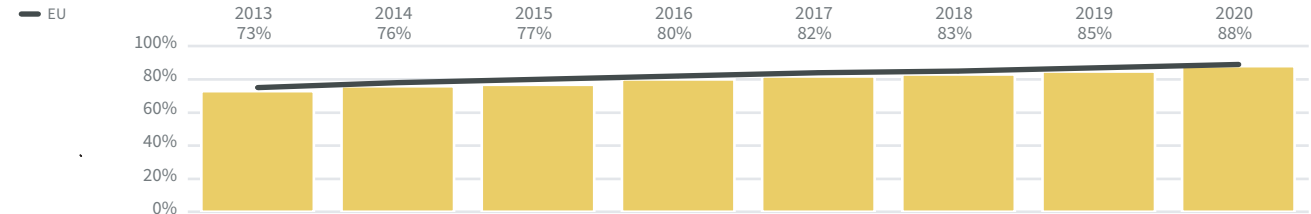
That said, many countries in the region will be attractive to retailers looking to expand cross-border. Poland ranks 22nd globally by GDP. **Czechia and Slovakia have highly educated workforces, yet labour costs are comparatively low.** Slovenia is geographically well placed for those looking for strong infrastructure links. In short, the region offers plenty of opportunities. Even wealthy Switzerland, our research highlights, is arguably underdeveloped in ecommerce terms.

All that said, collating the data from different countries helps to reveal the extent of the opportunities in Central Europe. This is a region with a population of 83.5m. Its GDP per capita – a figure that, remember, encompasses Swiss and Austrian prosperity, and the comparatively weak currencies of those nations that have yet to join the Eurozone – was €19k in 2020.

In 2020, 88% of the population used the internet. The equivalent figure in 2013 was 73%. Overall, **while there are big differences across different countries, 85% of the population shopped online in 2020, up from 77% in 2013.** Ecommerce in the region has certainly enjoyed a Covid bounce, but it's also worth noting that the equivalent figure jumped from 81% in 2018 to 83% in 2019. Ecommerce is on an upward trajectory and all the evidence suggests that, once consumers in any country start shopping online, they continue to do so.

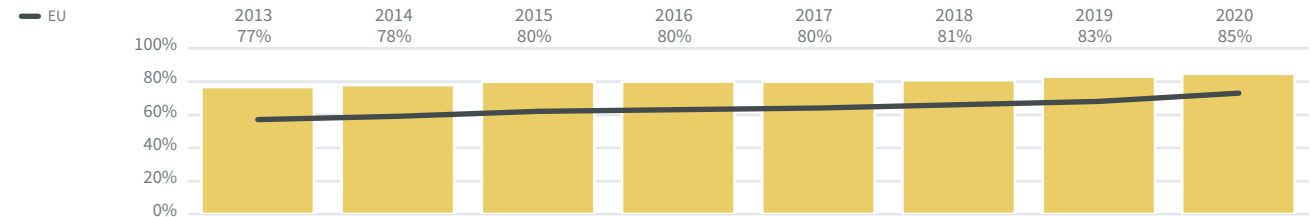
Leaving aside the sheer size of the Central European market itself, retailers may have other reasons for looking

Percentage of population using the internet



Source: Source: RetailX, drawing on data from Eurostat

Percentage of population shopping online



Source: Source: RetailX, drawing on data from Eurostat

© RetailX 2021

at the region. **The increasing popularity of online shopping in turn means that retailers have to develop the infrastructure needed to support ecommerce, or find strategic partners that can provide this infrastructure.**

As retailers expand east, it's no longer enough to have warehouses in the Netherlands or Germany. Fulfilment centres need to be located closer to customers, especially as **shoppers tend not to forgive retailers when there are delays in receiving goods.** Central European infrastructure, especially if located in countries where costs

are lower, can be a strategic advantage for those looking to get goods further afield to Eastern European markets too.

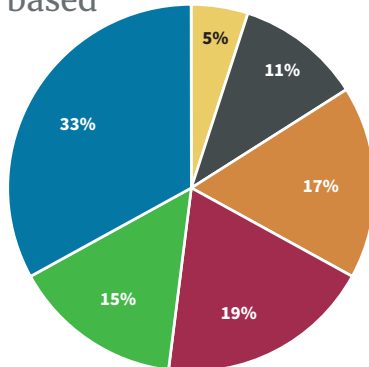
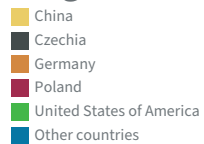
That said, business health warnings over populism need to be heeded. So far, **democracy appears to be holding in those former Soviet Bloc Central European countries that have populist governments.** However, there are good reasons to be cautious when the political culture in these same countries is often seen to be contradictory in the way leaders talk about and deal with the EU.

The Largest 100

Central European consumers favour multi-sector retailers and émigré consumers have an influence on traffic

A high proportion of web traffic to the Largest 100 in Central Europe goes to multi-sector retailers, including retailers with a strong local presence in certain countries as well as retailers based abroad. **One fascinating statistic here is the number of visitors to retailers based in Poland**, evidence perhaps of the Polish diaspora favouring Polish retailers when shopping online.

Countries where the Central Europe Largest 100 are based



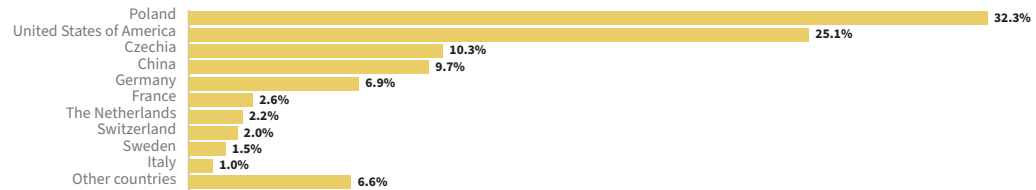
Note: retailers in the Largest 100 are selected for their significance to consumers in the country rather than where they are headquartered

Source: RetailXurce:

© RetailX 2021

Web traffic from other countries

International web visits to Central Europe-based companies in the Largest 100, by country

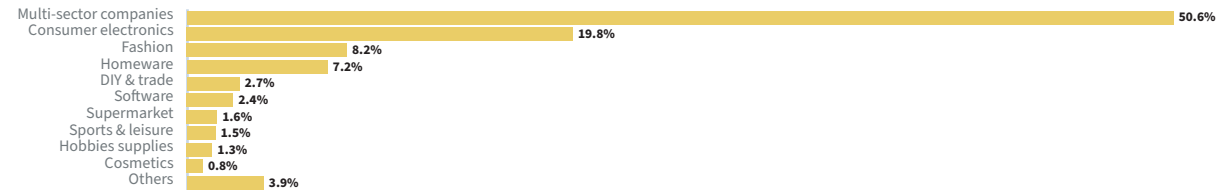


Source: RetailX, drawing on data from SimilarWeb

© RetailX 2021

Web traffic by sector

The percentage of web visits to the Largest 100 retailers from consumers in Central Europe, by sector

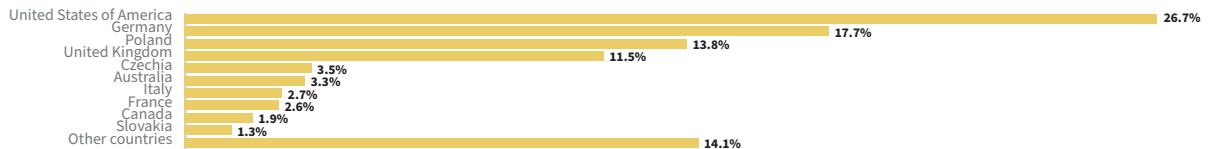


Source: RetailX, drawing on data from SimilarWeb

© RetailX 2021

Central European web traffic to the Largest 100 retailers split by country where the Largest 100 are based

The percentage of web visits from Central European consumers to the websites of Largest 100 retailers split according to where those companies have their operational headquarters



Source: RetailX, drawing on data from SimilarWeb

© RetailX 2021

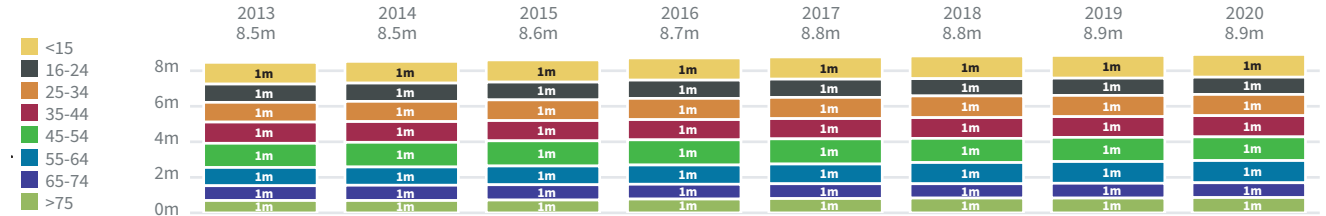
Austria

Conservative in its digital adoption, prosperous Austria nonetheless offers a growing market for ecommerce

It may not have the same reputation for being an industrial powerhouse as its neighbour Germany, but Austria has a highly developed social market economy. According to Eurostat figures, **Austria's GDP per capita was €42.3k in 2020. The equivalent figure for Germany was €40.1k.** The productivity of both countries far exceeds that of the EU as a whole, where the equivalent figure was €29.7k.

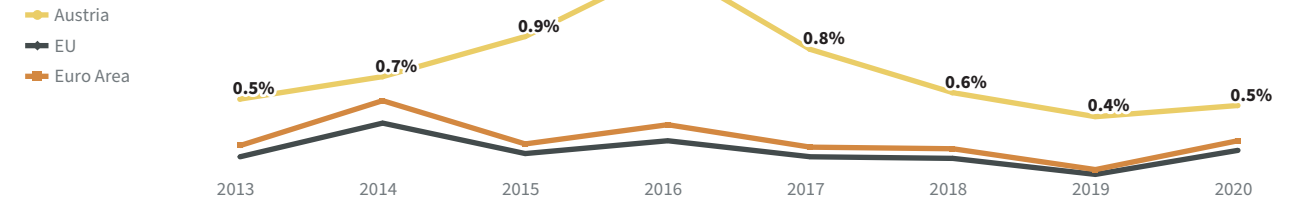
Austria's prosperity is built largely on services. **Its capital, Vienna, is a centre for finance and services.** Since the fall of the old Iron Curtain, Austria has been well placed, both

Population structure



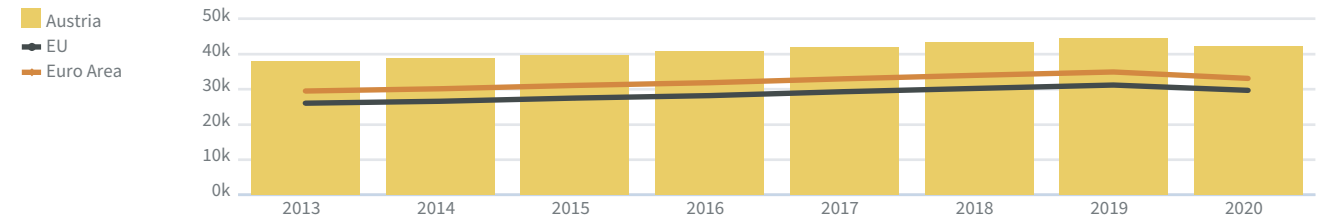
Source: RetailX, drawing on data from Eurostat

Population growth



Source: RetailX, drawing on data from Eurostat

GDP per capita (€)



Source: Eurostat

Austria Profile

Area: 83,879 km²

Capital: Vienna

Currency: Euro

Official language: German

Other languages spoken: English, French, Italian

Nationality: Austrian

Government: Federal republic

VAT: 20% | Reduced VAT: 13%

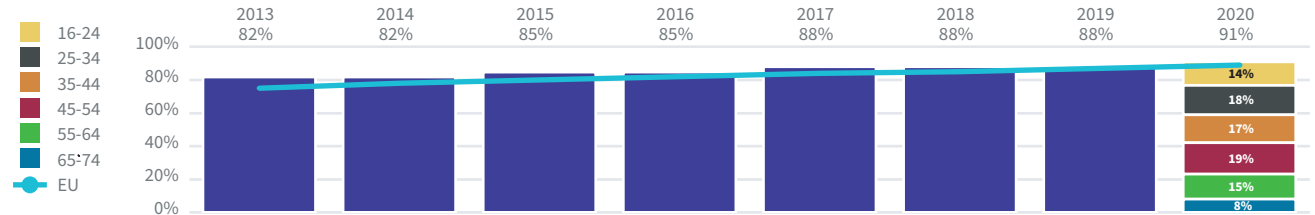
geographically and in terms of being able to offer banking, legal expertise and consultancy, to act as **a gateway for investment into the emerging economies of Central and Eastern Europe**. Austria joined the Eurozone, Europe's monetary union, in 1999, one of the first 11 countries to meet the Euro convergence criteria.

In addition to services, Austria has a strong industrial base and tourism is important. Its unions are strong, but so too has been its tradition of a post-Second World War social partnership. In recent years, however, there have been signs of societal tension. In 2017, the right-wing populist Freedom Party of Austria became a junior partner in government. **Since January 2020, a Conservative-Green coalition government has been in power.**

Turning to the ecommerce sector, this is sophisticated, although **internet usage figures are surprisingly low for such a developed economy**. In 2020, 91% of the population used the internet and 73% shopped online. The equivalent figures for the UK were 98% and 92%. This suggests a certain caution among Austrians about using digital services, most especially among older citizens.

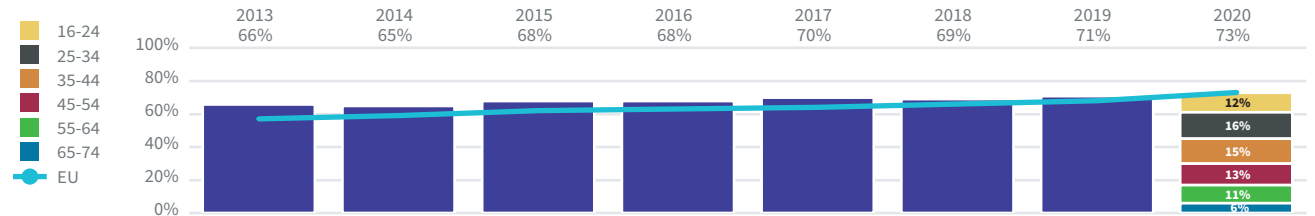
Popular Austrian-based retailers include the online department store Universal; the coffee specialist Eduscho; and E-tec, which sells consumer electronics. As might be expected considering the combinations of cultural ties and the relative size of the two countries' economies, **German retailers have a strong presence in Austria.**

Percentage of population using the internet



Source: RetailX, drawing on data from Eurostat

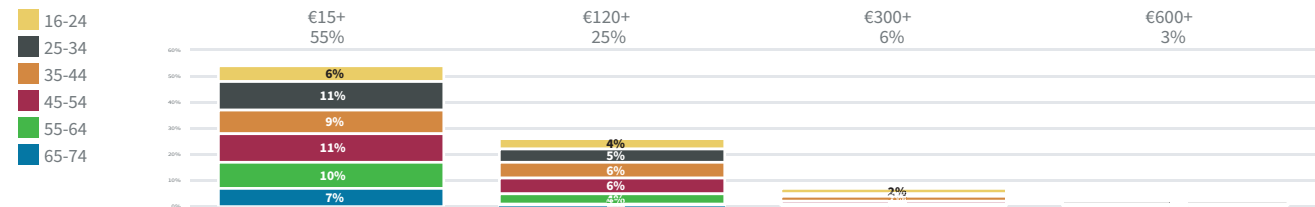
Percentage of population shopping online



Source: RetailX, drawing on data from Eurostat

© RetailX 2021

Online shoppers' monthly spending by age



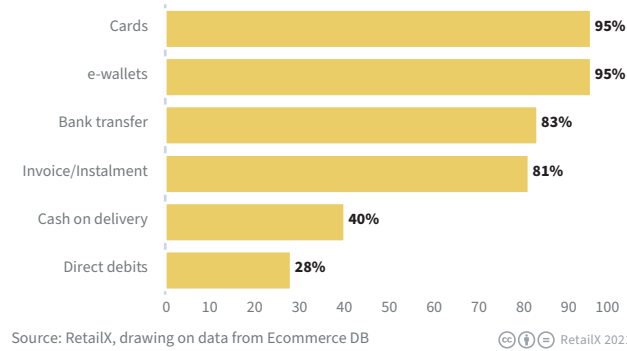
Source: RetailX, drawing on data from the RetailX European Consumer Observatory

© RetailX 2021

Those wanting to launch into the Austrian market need to factor in local consumer preferences. While most retailers offer payment via cards and e-wallets, **40% of the Top 250 Austrian online stores offer payment by cash on delivery**, suggesting this is still a popular option among many consumers.

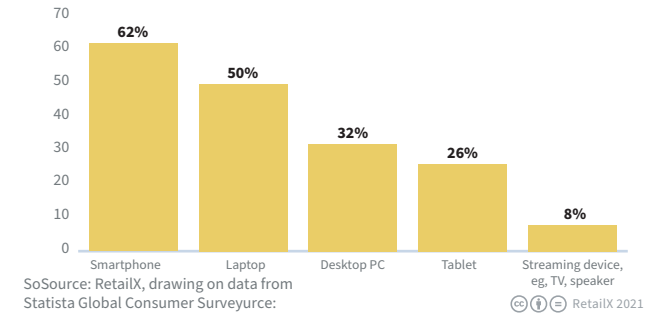
Austrians have embraced mobile commerce, with more Austrian consumers using their smartphones to make purchases in 2020 (62%) than used a laptop (50%) or desktop PC (32%). The Austrian delivery market is competitive, but national carrier Osterreichische Post still commands the highest share of the market overall. Click and collect is growing in popularity.

Payment methods offered by the Top 250 Austrian online stores



Online purchases by device in Austria, 2020

Which of the following devices have you used for online shopping in the past 12 months?

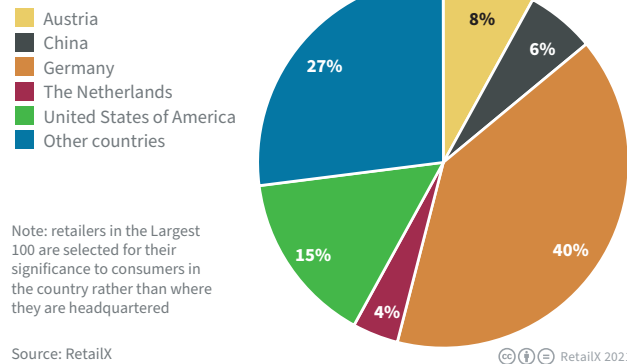


The Largest 100

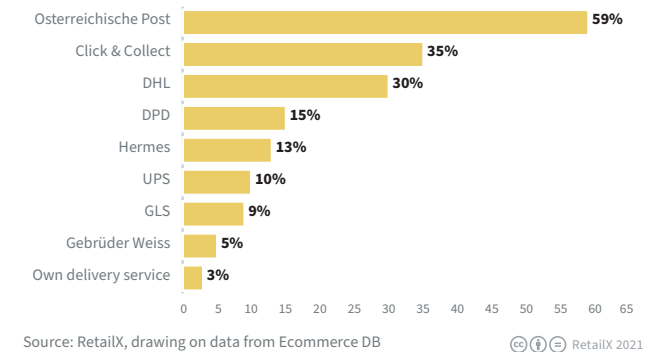
Austrian shoppers often choose to shop with retailers based in neighbouring Germany

As noted above, German-based retailers command a large share of the Austrian market, with **40% of the Largest 100 based in Germany, against 8% in Austria itself**. Austrian consumers are most likely to shop with companies offering a variety of products, according to research by RetailX, drawing on data from SimilarWeb.

Countries where the Austria Largest 100 are based



Delivey methods offered by the Top 250 Austrian online stores



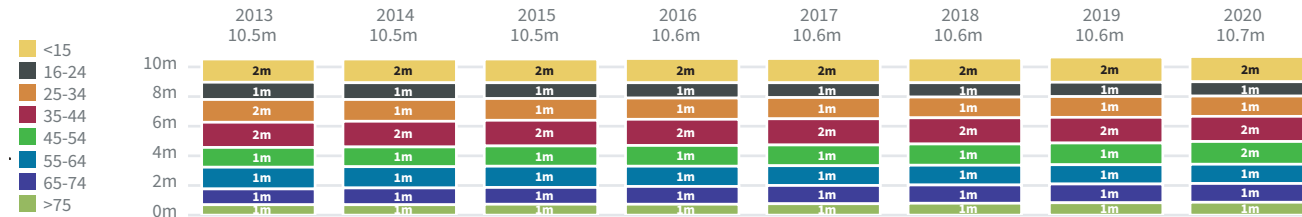
Czechia

The economy in Czechia has grown consistently over recent years and ecommerce usage is increasing

Economically, Czechia is one of the success stories of the post-Iron Curtain era. Since the Velvet Revolution of 1989, when Czechoslovakia began a journey towards becoming the parliamentary republics of Czechia and Slovakia, it has emerged as an export-orientated social market economy.

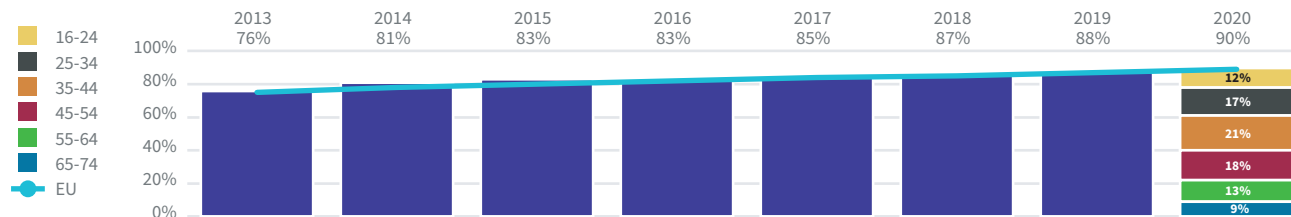
Globally, it ranked 12th in the inequality-adjusted Human Development Index for 2019^[1], a measure that considers health, education and income. It stood in sixth place in the 2019 Economic Complexity Index^[2], which measures the productive capabilities of large economic

Population structure



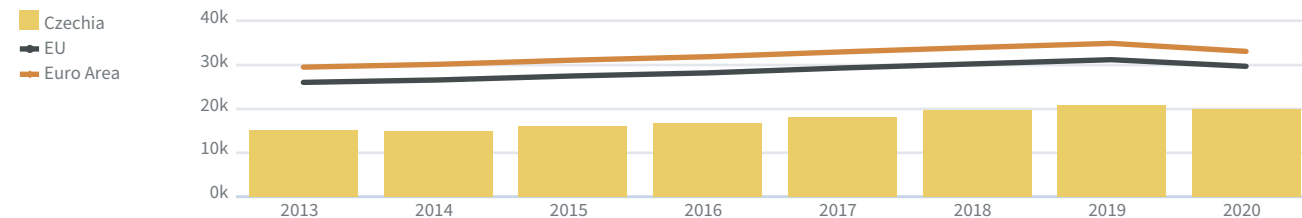
Source: RetailX, drawing on data from Eurostat

Percentage of population using the internet



Source: RetailX, drawing on data from Eurostat

GDP per capita (€)



Source: Eurostat

Czechia Profile

Area: 78,871 km²

Capital: Prague

Currency: Koruna


Official language: Czech

Other languages spoken: German, Moravian, Polish, Romani, Slovak, Vietnamese

Nationality: Czech

Government: Unitary parliamentary constitutional republic

VAT: 21% | **Reduced VAT:** 15%



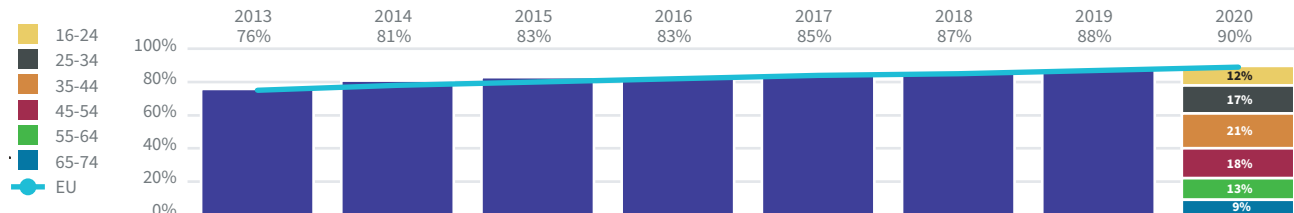
systems (broadly, the higher a country’s rating, the more likely it is enjoy growth in future years). While services make up the largest part of its economy, **Czechia also has a strong industrial and manufacturing base** (historically, it began industrialising in the 19th century), with sectors such as high-value and high-tech engineering, electronics and chemicals making up 37.5% of the economy.

As with many of the nations that made up the former Eastern Bloc, **GDP per capita in Czechia is lower than countries further west: €20k in 2020**, compared to €29.7 in the EU as a whole and €33k in the eurozone. In 2020, the Economist Intelligence Unit classed Czechia as a “flawed” or illiberal democracy^[3]. The populist ANO, founded by current prime minister and billionaire businessman Andrej Babiš, has been the most successful political party in Czechia in recent years.

The use of the internet in Czechia has grown in recent years. In 2013, 76% of Czechs used the internet, a figure that had risen to 90% in 2020. Ecommerce shows a similar trajectory. **In 2013, 48% of the population shopped online. The equivalent figure for 2020 was 78%.** Those aged between 35 and 44 are most likely to shop online.

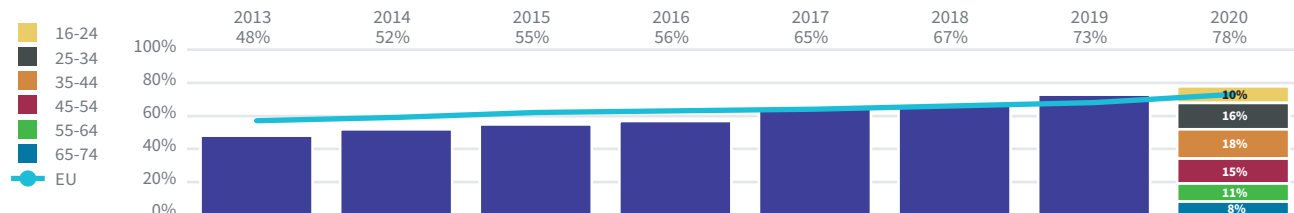
Leading ecommerce sites in Czechia include Alca.cz, which sells consumer electronics online. Online department store mall.cz and supermarket Rohlik.cz are also popular with Czech consumers. Consumer adoption of ecommerce grew during the Covid-19 pandemic.

Percentage of population using the internet



Source: RetailX, drawing on data from Eurostat

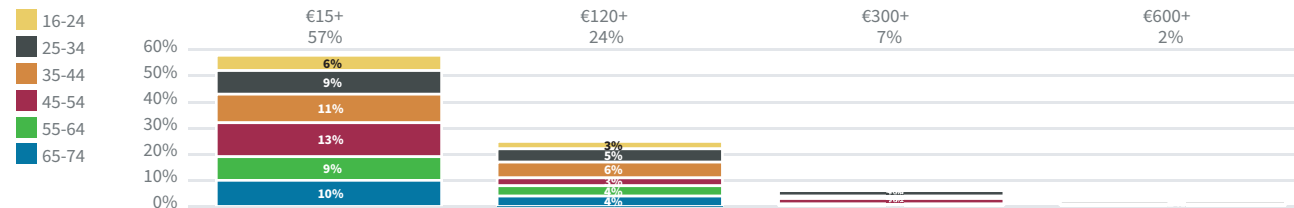
Percentage of population shopping online



Source: RetailX, drawing on data from Eurostat

CC BY ND RetailX 2021

Online shoppers’ monthly spending by age



Source: RetailX, drawing on data from the RetailX European Consumer Observatory

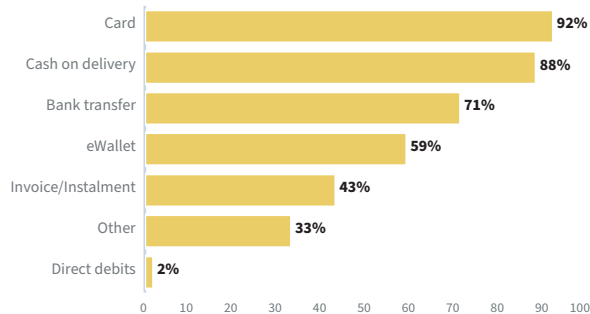
CC BY ND RetailX 2021

For retailers and brands considering launching in Czechia, there are inevitably local factors to consider, not least around payments. **Some 88% of the Top100 online stores offer cash on delivery**, a figure only a little behind the 92% that accept cards.

The leading delivery option is via national carrier Česká pošta, offered by 70% of the Top100 online stores. Click and collect is offered by 57% of the same stores, a figure that reflects changing patterns of consumer behaviour.

[1] <http://hdr.undp.org/en/>
 [2] <https://atlas.cid.harvard.edu/rankings>
 [3] www.eiu.com/n/campaigns/democracy-index-2020/

Payment methods offered by the Top 100 Czech online stores

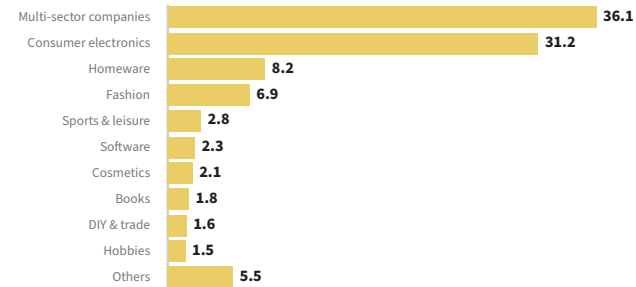


Source: RetailX, drawing on data from Ecommerce DB



Web traffic by sector

The percentage of web visits to the Largest 100 retailers from consumers in Czechia, by sector



Source: RetailX, drawing on data from SimilarWeb

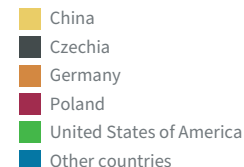


The Largest 100

Both Czech and Slovakian ecommerce companies enjoy strong traffic from Czechia-based consumers

While Czech consumers like to shop with Czechia-based retailers, there's an echo of the recent past in Czech web traffic to the Largest 100 retailers when it is split by country where the Largest 100 are based. **Retailers with operational headquarters in Slovakia attract 22.6% of visits to Largest 100 retailers from Czech consumers.**

Countries where the Czechia Largest 100 are based

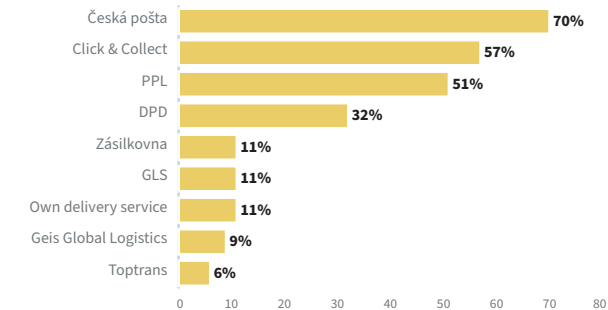


Note: retailers in the Largest 100 are selected for their significance to consumers in the country rather than where they are headquartered

Source: RetailX



Delivey methods offered by the Top 100 Czech online stores



Source: RetailX, drawing on data from Ecommerce DB



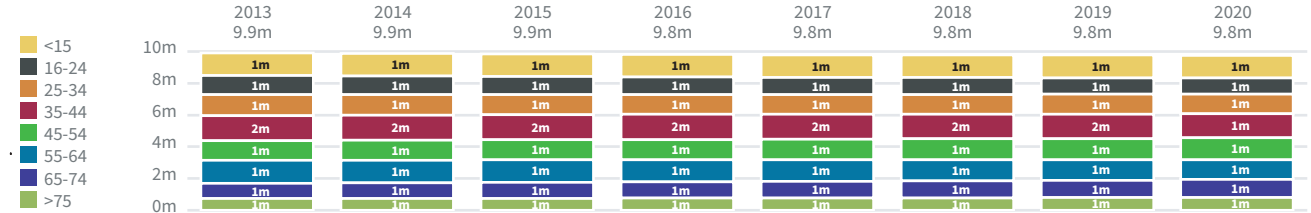
Hungary

A country with a democratic deficit, but where there is ample scope for ecommerce growth

In key respects, Hungary represents a successful European economy. A member of the EU and OECD, it has a skilled labour force. **The capital, Budapest, is a major financial centre.** Hungary attracts significant foreign investment.^[1]

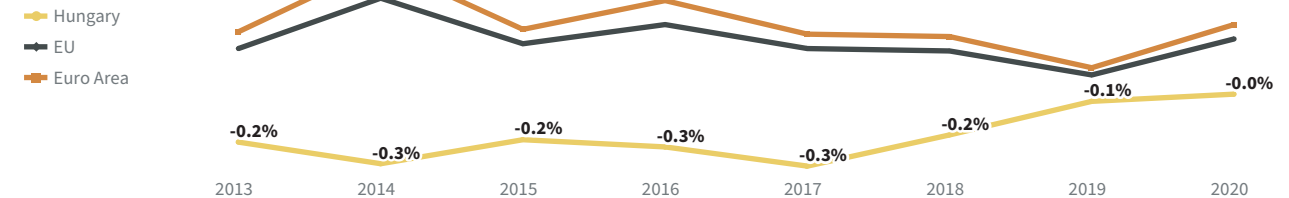
Yet **the economy was hit severely by the 2008-2009 financial crisis** when a combination of declining exports and a contraction in the domestic market led to a sharp recession. **Banks stopped lending, real wages fell,** and Hungary had to go to the International Monetary Fund, EU and World Bank for a bail-out.^[2] The country's national

Population structure



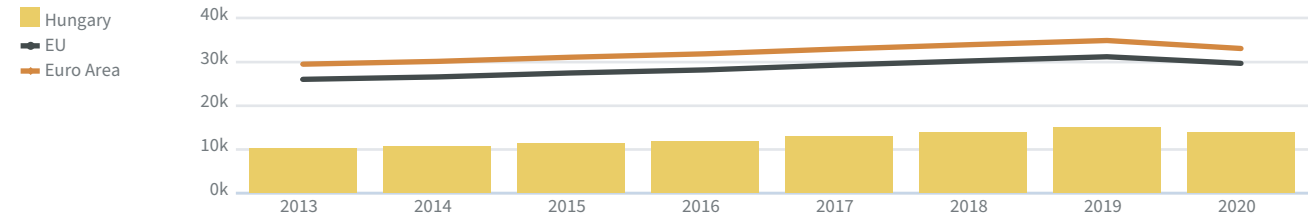
Source: RetailX, drawing on data from Eurostat

Population growth



Source: RetailX, drawing on data from Eurostat

GDP per capita (€)



Source: Eurostat

Hungary Profile

Area: 93,030 km²

Capital: Budapest

Currency: Forint

Official language: Hungarian

Other languages spoken: English, German

Nationality: Hungarian

Government: Parliamentary republic

VAT: 27% | **Reduced VAT:** 18%

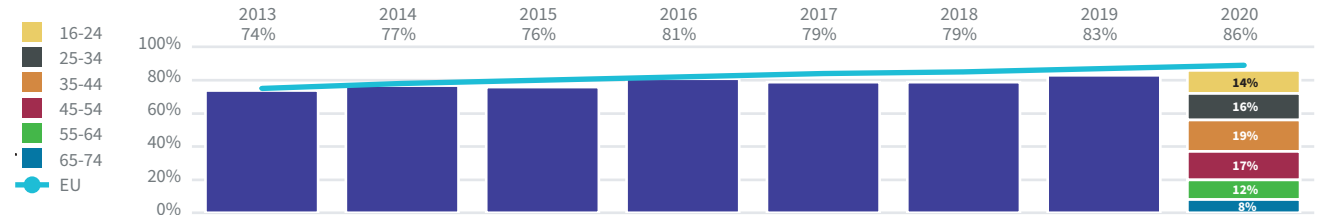
debt was downgraded to junk status.^[3] Adding to the day-to-day pain for its citizens, many had mortgages and car loans in foreign currencies at a time when the forint (HUF) was losing value against these currencies.

While the economy has subsequently recovered, Hungary is a very different country politically. **In 2010, Viktor Orbán of the populist Fidesz – Hungarian Civic Alliance became prime minister for the second time.** The years since have seen the undermining of press freedom and judicial independence. In 2020, The Economist Intelligence Unit rated Hungary as a “flawed” democracy.^[4]

GDP per capita in Hungary was €13.9k in 2020, down from €15k in 2019 because of the effects of the pandemic. This compares to an EU figure of €29.7, although figures here are skewed by the exchange rate of the HUF.

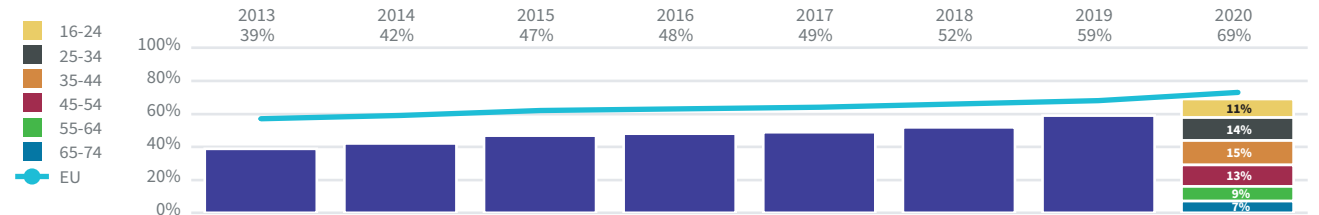
Hungary’s digital economy is expanding. In 2013, 74% of the population accessed the internet, a figure that had risen to 86% by 2020. **The figures for those shopping online grew from 39% of the population in 2013 to 69% in 2020.** Continuing ecommerce expansion will depend on consumer confidence. It is perhaps revealing that RetailX Largest 100 analysis shows Hungarian consumers are most likely to shop with companies headquartered in the US and Germany, both open economies where retailers typically put a high emphasis on customer service.

Percentage of population using the internet



Source: RetailX, drawing on data from Eurostat

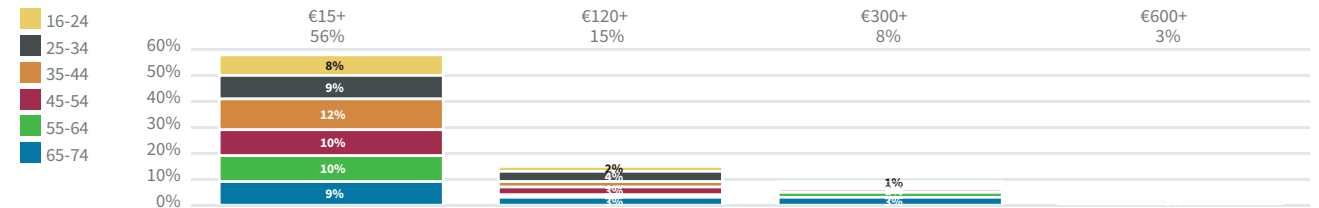
Percentage of population shopping online



Source: RetailX, drawing on data from Eurostat

© (f) RetailX 2021

Online shoppers’ monthly spending by age



Source: RetailX, drawing on data from the RetailX European Consumer Observatory

© (f) RetailX 2021

[1] <https://santandertrade.com/en/portal/establish-overseas/hungary/foreign-investment>
 [2] www.theguardian.com/business/2008/oct/29/hungary-economy-imf-eu-world-bank
 [3] www.bbc.co.uk/news/business-16298773
 [4] www.eiu.com/n/campaigns/democracy-index-2020

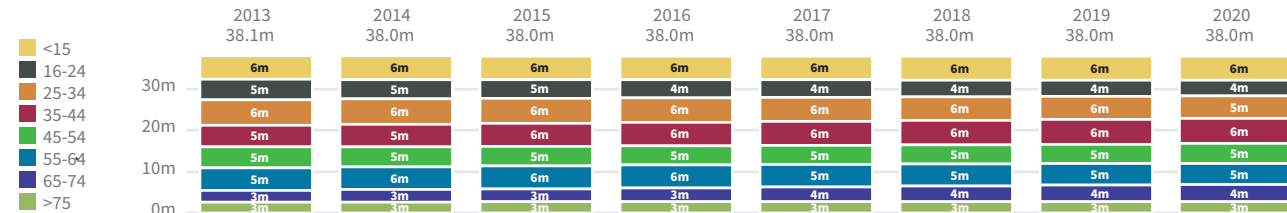
Poland

A post-Iron-Curtain-era economic success story, Poland potentially offers rich opportunities for retailers

Economically, Poland has been one of the great success stories of recent times. In the years after 1990, when a process of market reforms began following the fall of the Communist regime, through to the Covid-19 pandemic, the country enjoyed year-on-year growth – even through the financial crisis of 2007-08. **In 2017, as a result of this success, FTSE Russell upgraded Poland from emerging to developed market status.**^[1]

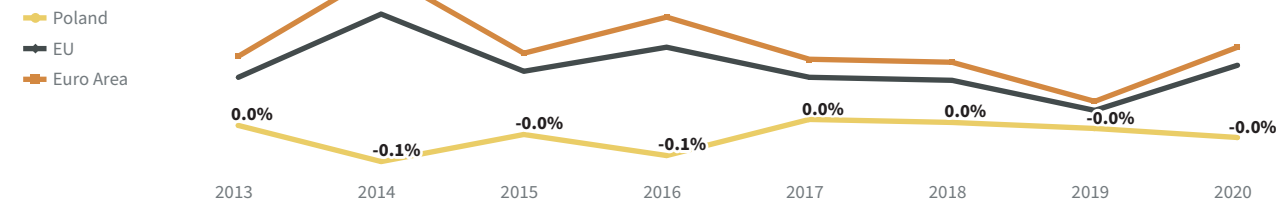
Poland’s economy is now the sixth-largest in the EU. However, reflecting its history, its GDP per capita still

Population structure



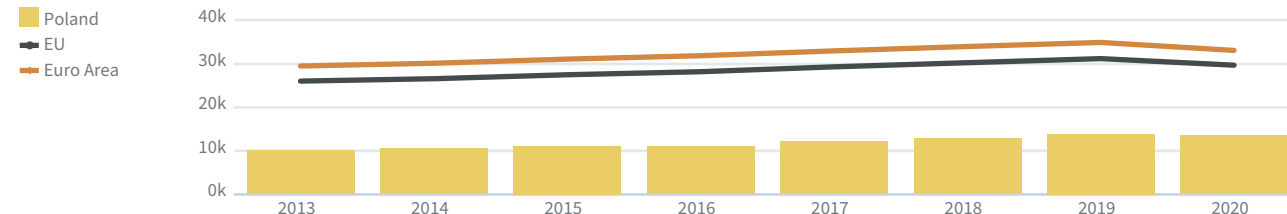
Source: RetailX, drawing on data from Eurostat

Population growth



Source: RetailX, drawing on data from Eurostat

GDP per capita (€)



Source: Eurostat

© RetailX 2021

Poland Profile

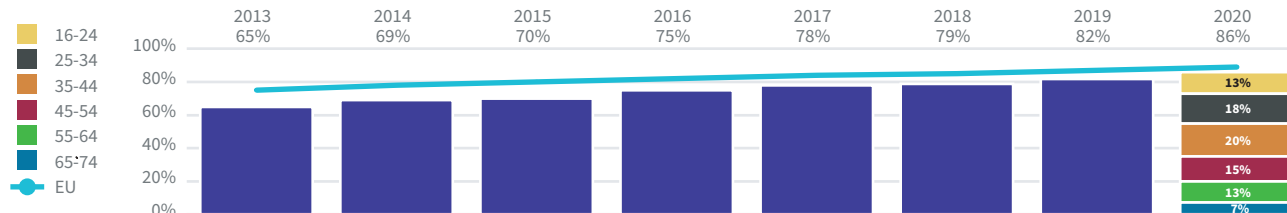
- Area:** 312,679 km²
- Capital:** Warsaw
- Currency:** Zloty
- Official language:** Polish
- Other languages spoken:** English, German, Russian
- Nationality:** Polish
- Government:** Unitary, semi-presidential representative democratic republic
- VAT:** 23% | **Reduced VAT:** 8%

lags behind, for example, EU countries in Western Europe. Its GDP per capita is €13.6k, less than half the EU average of €29.7k. **It ranks 23rd in the Economic Complexity Index, an assessment of the productive capabilities of large economic systems.**^[2] Its service sector is the largest part of the economy, but industry still makes up more than 30% of the economy. This is not a post-industrial nation.

The speed of change has arguably resulted in tensions within Polish society. The government is currently led by the populist and right-wing **Law and Justice party**, which **has an authoritarian streak and has enacted conservative social policies.** It's perhaps telling that, on being elected leader of the centre-liberal Civic Platform in July 2021, Donald Tusk, former President of the European Council (2014-19) and former Polish prime minister (2007-14), noted: "Today, evil rules in Poland and we are ready to fight against this evil."^[3]

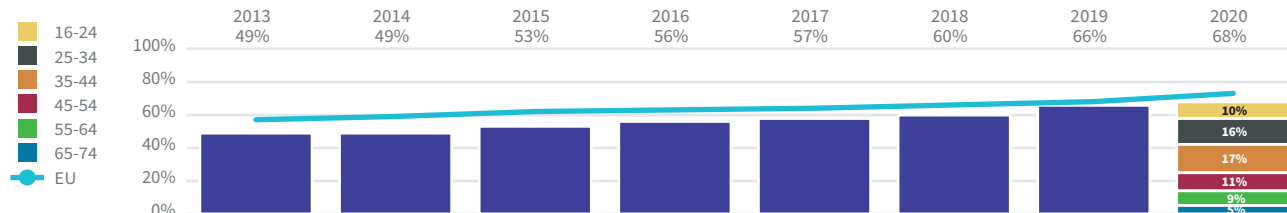
Away from the cauldron of Polish politics, the country's economic growth has benefited its citizens in terms of their standards of living. This is reflected in the growth of ecommerce within Poland. In 2020, 86% of the population used the internet, with 68% shopping online. In 2013, the comparable figures were 65% and 49%. **For those companies considering launching in Poland, it represents a growing market**, but one where there is still plenty of scope for expansion in the future, provided retailers can tailor their offerings to local conditions.

Percentage of population using the internet



Source: RetailX, drawing on data from Eurostat

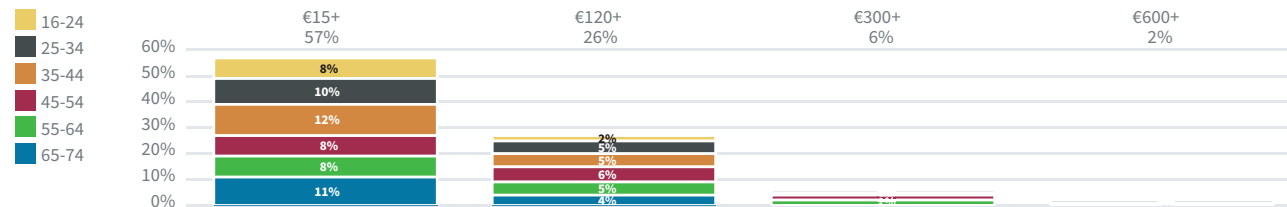
Percentage of population shopping online



Source: RetailX, drawing on data from Eurostat

© (f) RetailX 2021

Online shoppers' monthly spending by age



Source: RetailX, drawing on data from the RetailX European Consumer Observatory

© (f) RetailX 2021

In this context, RetailX research into the most important ecommerce criteria reveals a clear-eyed take on ecommerce. **Polish consumers** value “good, clear details and photos”.

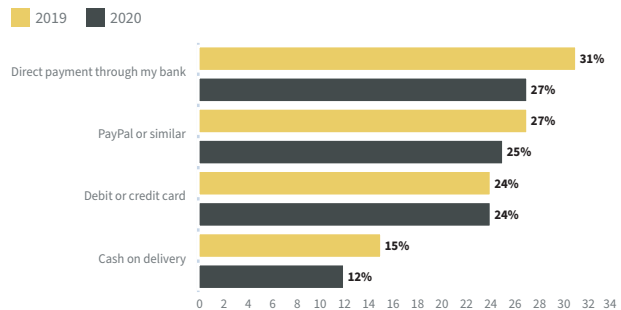
They also **value transparency over the total price being charged, including shipping and other fees.** This may in part be a reflection of Polish shoppers being increasingly happy to purchase goods cross-border, in itself a promising development for those thinking of targeting the Polish market.

[1] <http://archiwum.thenews.pl/1/12/Artykul/328269>

[2] <https://atlas.cid.harvard.edu/rankings>

[3] www.theguardian.com/world/2021/jul/03/ex-eu-head-donald-tusk-elected-leader-of-polish-opposition-party

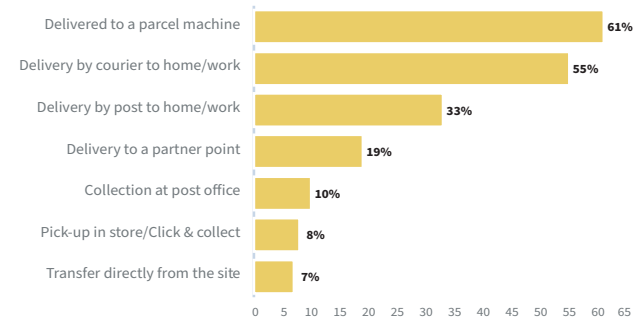
Most popular payment methods for online purchases in Poland, 2019-2020



Source: RetailX, drawing on data from PostNord, Statista



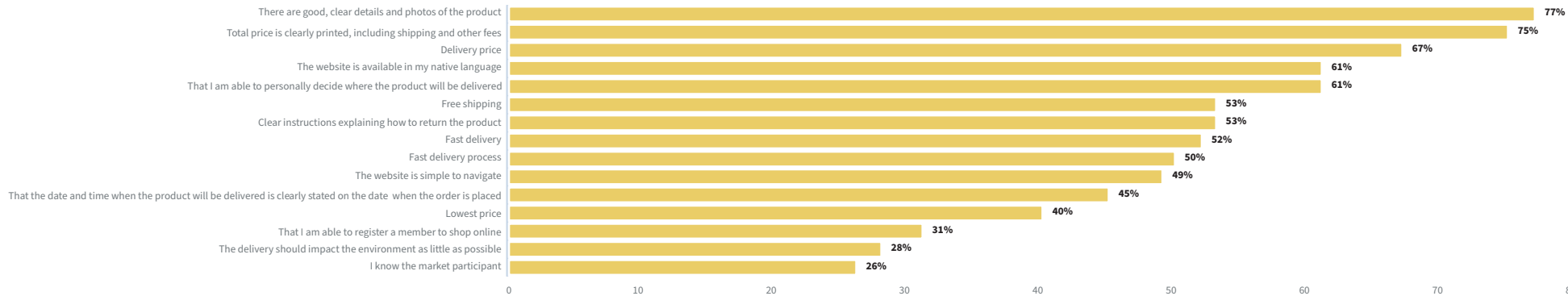
Ecommerce delivery methods used in Poland, 2020



Source: RetailX, drawing on data from Gemius; Izba Gospodarki Elektronicznej, Statista



Most important ecommerce criteria when shopping online in Poland, 2020



Source: RetailX, drawing on data from PostNord, Statista



The Largest 100

Polish consumers favour companies based in Poland, but also shop with foreign-owned retailers

Polish consumers most often buy from Polish brands, but they also look abroad for certain kinds of items. Marketplaces and multi-sector retailers are important in the overall market. **Polish retailers benefit from international orders**, including from the Polish diaspora.

Countries where the Poland Largest 100 are based



Note: retailers in the Largest 100 are selected for their significance to consumers in the country rather than where they are headquartered

Source: RetailX

© RetailX 2021

Web traffic from other countries

International web visits to Poland-based companies in the Largest 100, by country



Source: RetailX, drawing on data from SimilarWeb

© RetailX 2021

Web traffic by sector

The percentage of web visits to the Largest 100 retailers from consumers in Poland, by sector



Source: RetailX, drawing on data from SimilarWeb

© RetailX 2021

Polish web traffic to the Largest 100 retailers split by country where the Largest 100 are based

The percentage of web visits from Polish consumers to the websites of Largest 100 retailers split according to where those companies have their operational headquarters



Source: RetailX, drawing on data from SimilarWeb

© RetailX 2021

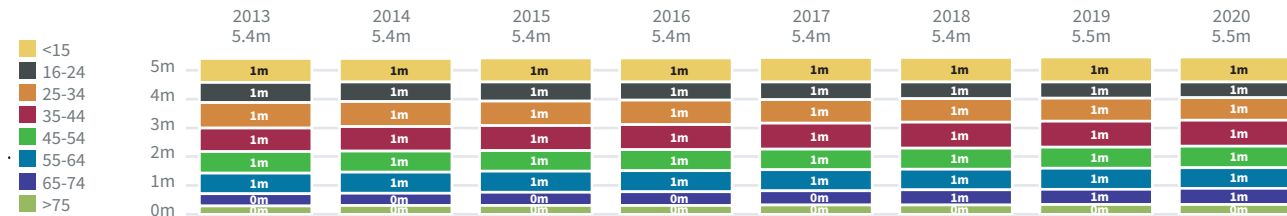
Slovakia

The Tatra Tiger roars more quietly than in the noughties, but still offers plenty of scope for sustained growth

Prior to the global financial crisis and name-checking its famous mountain range, Slovakia was dubbed the Tatra Tiger for its high rate of growth, which reached 10.8% in 2007. **After a sharp contraction in 2009 (-5.5%), Slovakia has largely continued to grow steadily.**

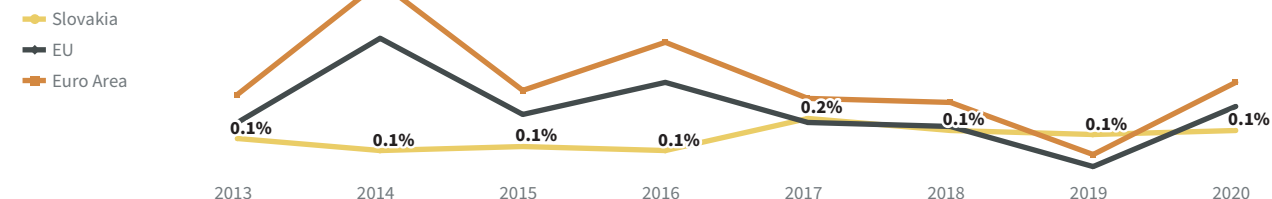
In recent years, this growth has been centred on the service sector, although manufacturing remains important, notably the automotive sector thanks to **high levels of inward investment by companies such as Volkswagen, Peugeot and Jaguar Land Rover.** These are companies

Population structure



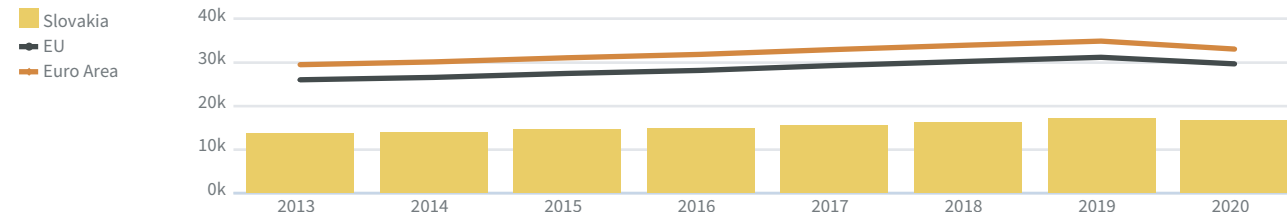
Source: RetailX, drawing on data from Eurostat

Population growth



Source: RetailX, drawing on data from Eurostat

GDP per capita (€)



Source: Eurostat

Slovakia Profile

Area: 49,035 km²

Capital: Bratislava

Currency: Euro

Official language: Slovak

Other languages spoken: Bulgarian, Croatian, Czech, German, Hungarian, Polish, Romani, Rusyn, Ukrainian

Nationality: Slovak

Government: Parliamentary republic

VAT: 20% | **Reduced VAT:** 10%



taking advantage of Slovakia's combination of a highly educated workforce, comparatively low labour costs and a geographical position near the centre of Europe.

Slovakia is a young country, founded in 1993 with the partition of Czechoslovakia into two new nations. It joined the EU in 2004 and adopted the Euro in 2009. Currently, its politics are in a state of flux. The parliamentary election of 2020 saw the populist Ordinary People and Independent Personalities party,^[1] which ran on an anti-corruption ticket, take 25% of the vote. The country is now governed by a potentially fractious and unstable coalition.

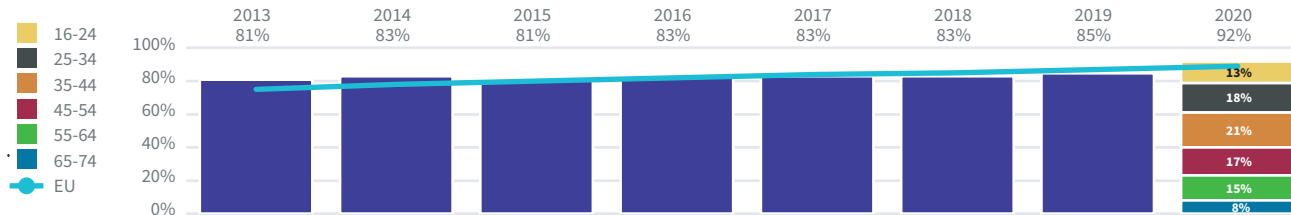
The country's population is stable overall. **Many young Slovaks, who benefit from free movement, emigrate in search of opportunities.** Its GDP per capita is €16.8k, a little more than half the Eurozone average of €33.1k.

In 2013, the percentage of Slovaks using the internet was 81%. This had grown to 92% by 2020. **The percentage of the population using the internet for shopping has grown from 55% in 2013 to 76% in 2020.**

While consumers in Slovakia favour websites with a local presence and domain name, RetailX research shows **the Largest 100 ecommerce retailers in Slovakia includes a high percentage of companies headquartered in the USA (20%), Czechia (17%) and Germany (16%).** Consumers favour multi-sector retailers, and those specialising in consumer electronics and fashion.

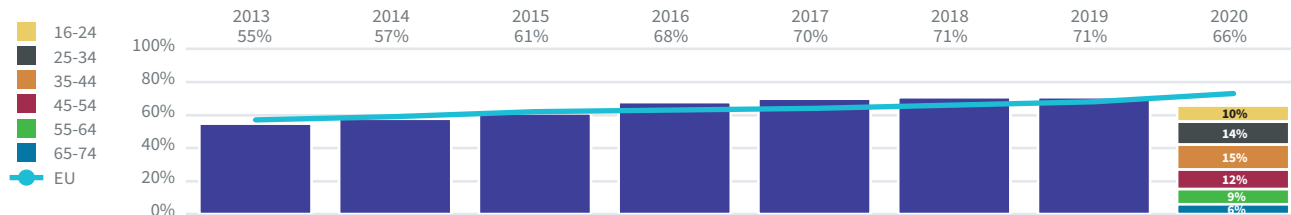
[1] www.bbc.co.uk/news/world-europe-51693527

Percentage of population using the internet



Source: RetailX, drawing on data from Eurostat

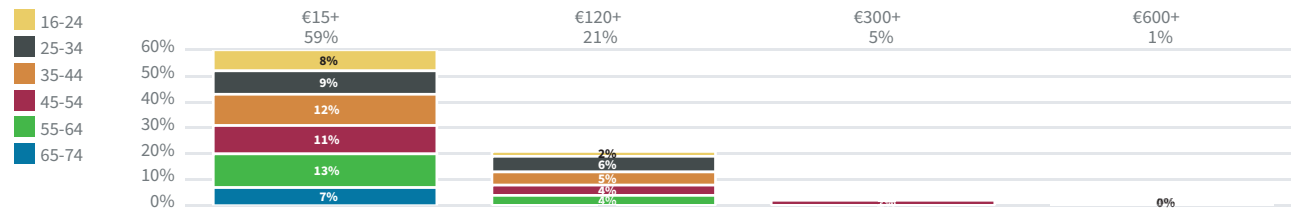
Percentage of population shopping online



Source: RetailX, drawing on data from Eurostat

CC BY ND RetailX 2021

Online shoppers' monthly spending by age



Source: RetailX, drawing on data from the RetailX European Consumer Observatory

CC BY ND RetailX 2021

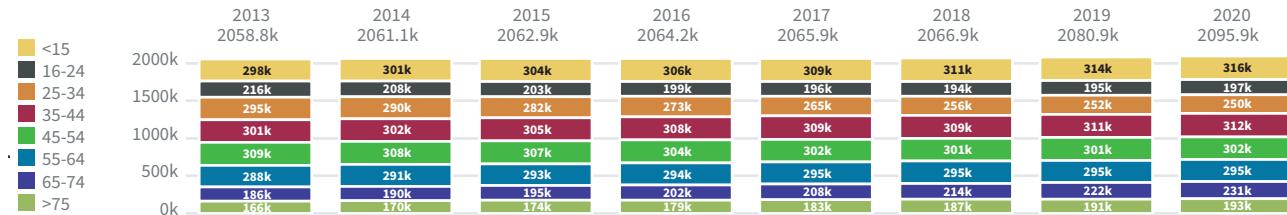
Slovenia

A country with a skilled workforce and excellent transport links

When the former Yugoslavia broke up in the 1990s, tensions between different emerging nations led to civil war. But not all of the country descended into prolonged conflict. Declaring independence following a democratic process, the modern state of Slovenia was established in 1991. Located to the west of Croatia and with existing strong trade ties to non-communist Europe, **Slovenia was well placed to make the most of its new autonomy.**

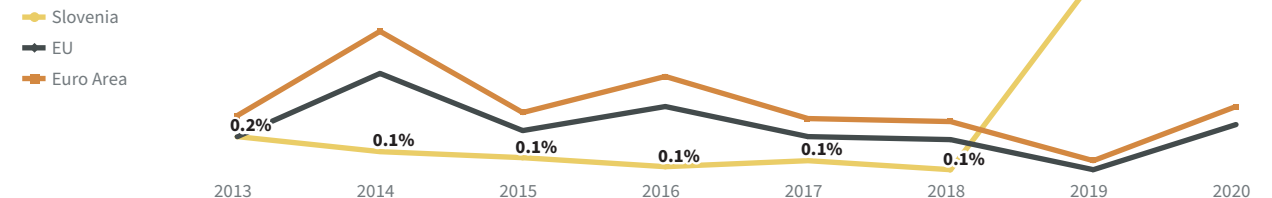
Contemporary **Slovenia has a strong manufacturing base, including in high-tech sectors.** Its GDP per capita was €22k in 2020, lower than the Eurozone average of €33k. But to put that in a local context, the equivalent

Population structure



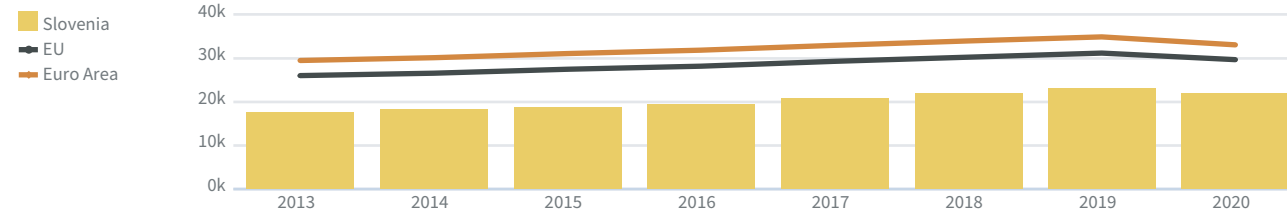
Source: RetailX, drawing on data from Eurostat

Population growth



Source: RetailX, drawing on data from Eurostat

GDP per capita (€)



Source: Eurostat

Slovenia

Area: 20,271 km²

Capital: Ljubljana

Currency: Euro

Official language: Slovene

Other languages spoken: English, French, Italian

Nationality: Slovene

Government: Parliamentary republic

VAT: 22% | **Reduced VAT:** 9.5%




figure in neighbouring Croatia is €12.2k – although unlike Slovenia, Croatia has yet to join the Eurozone and uses the Croatian kuna, so exchange rates have an impact on the figures.

Slovenia has a highly educated workforce and it is positioned at the heart of Europe with excellent infrastructure links, both external and within its borders. The majority of the population works in services.

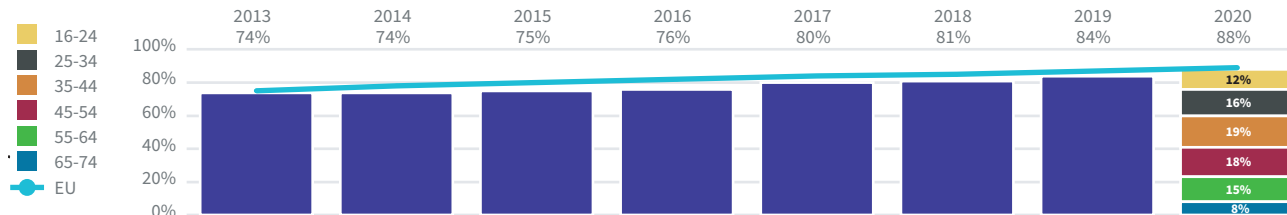
The digital economy in Slovenia is growing. **In 2013, 74% of the population accessed the internet, a figure that had risen to 88% by 2020.** Similarly, while less than half of Slovenians shopped online in 2013 (49%), this figure had risen to 69% by 2020.

Multi-sector companies are by far the most popular amongst Slovenian customers, but they also favour consumer electronics retailers. **One of the big success stories in Slovenian ecommerce has been mimovrste.com**, launched in 2001, which sells goods in a variety of different categories.

Slovenia was classed as a “flawed democracy” in the 2020 Economist Intelligence Unit Democracy Index^[1], but nevertheless **this is a country where democracy is in better health than in other parts of Central and Eastern Europe.** The current prime minister is Janez Janša, leader of the right-wing populist Slovenian Democratic Party, who heads a coalition government.

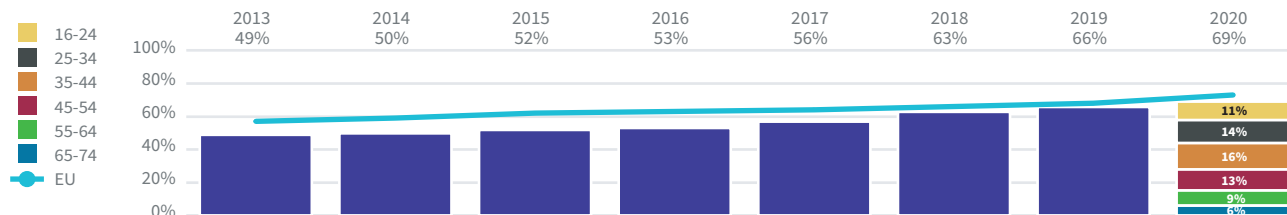
[1] www.eiu.com/n/campaigns/democracy-index-2020

Percentage of population using the internet



Source: RetailX, drawing on data from Eurostat

Percentage of population shopping online

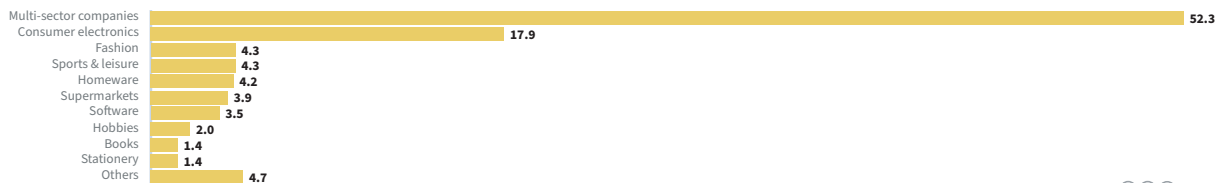


Source: RetailX, drawing on data from Eurostat

© RetailX 2021

Web traffic by sector

The percentage of web visits to the Largest 100 retailers from consumers in Slovenia, by sector



© RetailX 2021

Source: RetailX, drawing on data from SimilarWeb Note: retailers in the Largest 100 are selected for their significance to consumers in the country irrespective of where they are headquartered

Switzerland

Already highly developed, the Swiss market nevertheless offers ample opportunity for ecommerce growth

Excluding island nations and microstates, just three economies in the world boast a GDP per capita of more than \$70,000: Luxembourg, Norway and Switzerland. To translate that into Euros, **the country's GDP per capita in 2020 was €75.9k**. The equivalent figure in Europe's industrial powerhouse, Germany, was €40.1k.

In great part, this is down to the strength of the country's finance and banking sector. **This has prospered even during times of global instability** because Swiss neutrality means the country is seen as a safe haven. It is

Switzerland

Area: 41,285 km²

Capital: Bern

Currency: Swiss Franc

Official language: German, French, Italian, Romansh

Other languages spoken: English

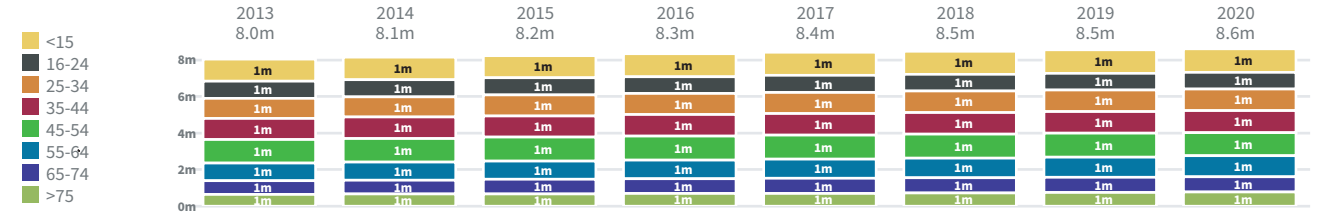
Nationality: Swiss

Government: Semi-direct democratic federal republic

VAT: 7.7% | **Reduced VAT:** 3.7%

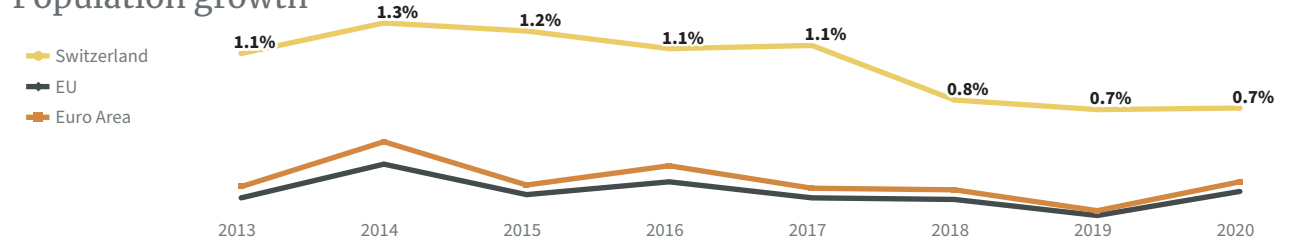


Population structure



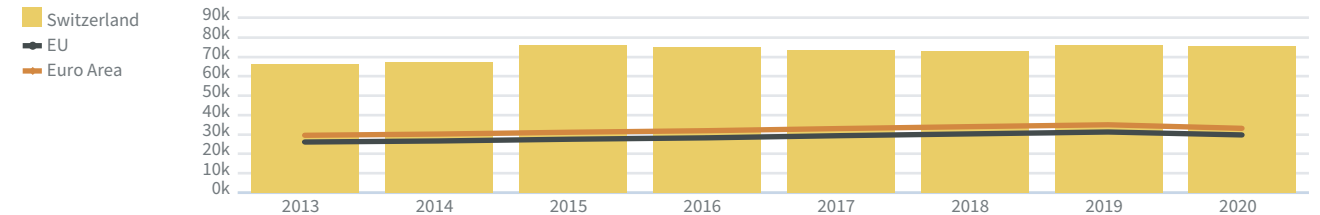
Source: RetailX, drawing on data from Eurostat

Population growth



Source: RetailX, drawing on data from Eurostat

GDP per capita (€)



Source: Eurostat

no coincidence, for example, that the Bank of International Settlements, which has the aim of “foster[ing] international monetary and financial cooperation and serves as a bank for central banks”^[1] is located in Switzerland.

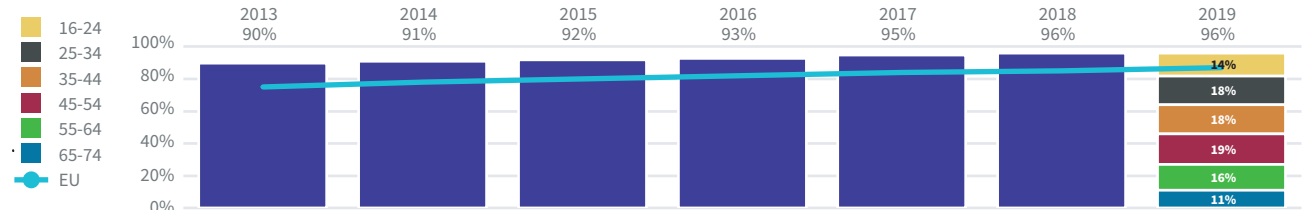
The Swiss banking sector is famously secretive. While there has long been international pressure on the Swiss authorities for the banking sector to be more open, **the country is regarded as both an offshore finance centre and a tax haven.**

Switzerland’s economy is also strong in such areas as high-tech manufacturing, pharmaceuticals, and high-end watches and timepieces. **Tourism is important to the economy.** The agricultural sector is heavily subsidised.

In 1992, Swiss voters rejected the idea of joining the European Economic Area and the country has never joined the European Union. Nevertheless, Switzerland is part of the European Free Trade Association (along with Iceland, Liechtenstein and Norway) and the Schengen Area. It is tightly integrated with the wider European economy. In practice, **excluding the agricultural sector, there are minimal economic and trade barriers between the EU and Switzerland.** In part, this is because Switzerland so often follows EU norms.

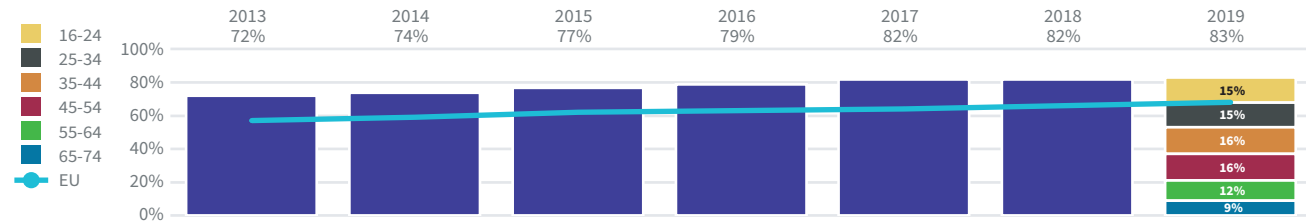
Switzerland has a strong tradition of direct democracy. For any change in the constitution, a referendum is compulsory, but other decisions too can be subject to confirmation by referendums. The stability of its politics

Percentage of population using the internet



Source: RetailX, drawing on data from Eurostat

Percentage of population shopping online



Source: RetailX, drawing on data from Eurostat

© RetailX 2021

is such that **Switzerland’s government has been a coalition of the four major political parties since 1959.**

As you would expect with such a highly developed country, internet usage in Switzerland had reached 96% in 2019. Less intuitively, **the Swiss have been cautious in adopting ecommerce, with just 83% of the population shopping online in 2019.** It seems likely the 2020 figures will show a more widespread adoption of ecommerce as

“Switzerland is part of the European Free Trade Association (along with Iceland, Liechtenstein and Norway) and the Schengen Area. It is tightly integrated with the wider European economy”

Swiss consumers change their behaviour because of the Covid-19 pandemic. A 2020 Deloitte report^[2] notes that, “Both retailers and brands need to do more to bring the online and offline worlds together and find new ways to meet evolving customer needs fast.”

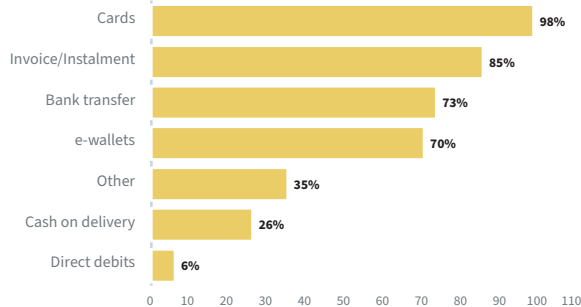
Turning to ecommerce practicalities, **98% of the Top 250 Swiss online shops offer payment by cards.** Nevertheless, those thinking of entering the Swiss market need to consider other methods as well. A little more than a quarter of these retailers, for example, offers payment by cash on delivery.

Most parcels are delivered by national carrier Die Post, although **click and collect is growing in popularity.** The chance to have products purchased in-store delivered at home is the most popular multichannel service among Swiss consumers.

Looking ahead, Switzerland’s ecommerce sector is potentially well placed for the future, especially if Swiss consumers shop online more. In February,

“In February, it was announced Switzerland had overtaken the Netherlands to be placed top of the B2C E-commerce Index of the United Nations Conference on Trade and Development”

Payment methods offered by the Top 250 Swiss online shops

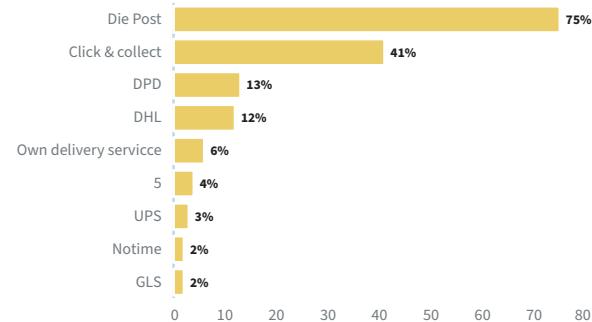


Source: RetailX, drawing on data from EcommerceDB © RetailX 2021

it was announced Switzerland had overtaken the Netherlands to be placed top of the B2C E-commerce Index of the United Nations Conference on Trade and Development.^[3] This is an annually compiled index that ranks 152 countries “on access to secure internet servers, reliability of postal services and infrastructure, and the portion of their population that uses the internet and has an account with a financial institution or a provider of mobile money services”.

[1] www.bis.org/about/index.htm
 [2] www2.deloitte.com/ch/en/pages/consumer-industrial-products/articles/kundschaft-will-zurueck-in-die-laeden.html
 [3] <https://unctad.org/news/switzerland-climbs-top-global-e-commerce-index>

Delivery methods offered by the Top 250 Swiss online shops



Source: RetailX, drawing on data from EcommerceDB © RetailX 2021

Relevance of multichannel services



Source: RetailX, drawing on data from EcommerceDB © RetailX 2021

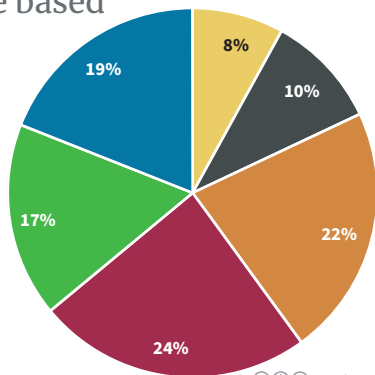
The Largest 100

With consumers happy to shop with foreign-owned retailers, the Swiss market offers opportunities

While Swiss consumers marginally favour retailers based in Switzerland, they also shop from retailers based in Germany, France and the USA. This in part reflects the fact **the country is cosmopolitan and has a multilingual population.** Consumers favour multi-category retailers.

Countries where the Switzerland Largest 100 are based

- China
- France
- Germany
- Switzerland
- United States of America
- Other countries



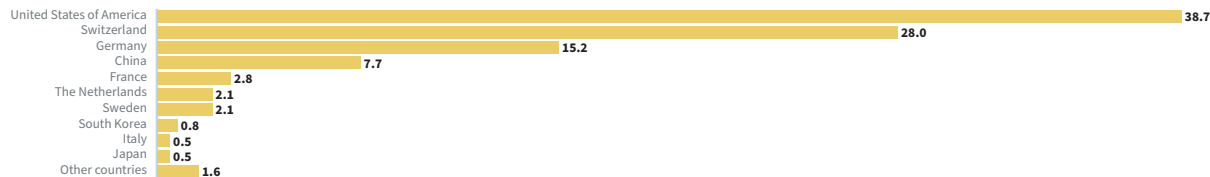
Note: retailers in the Largest 100 are selected for their significance to consumers in the country rather than where they are headquartered

Source: RetailX

© RetailX 2021

Web traffic from other countries

International web visits to Switzerland-based companies in the Largest 100, by country

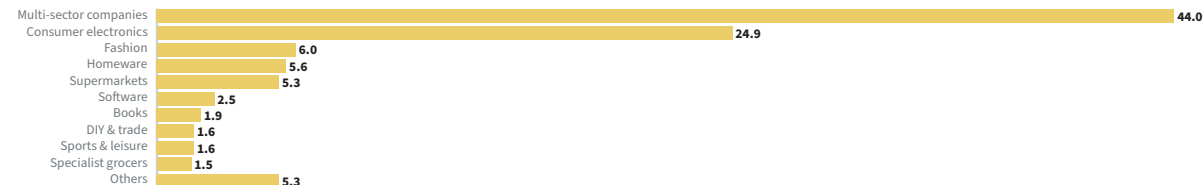


Source: RetailX, drawing on data from SimilarWeb

© RetailX 2021

Web traffic by sector

The percentage of web visits to the Largest 100 retailers from consumers in Switzerland, by sector

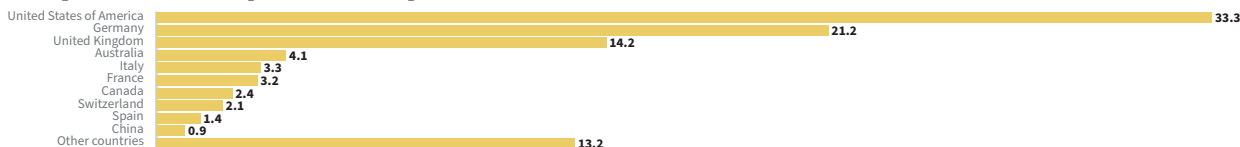


Source: RetailX, drawing on data from SimilarWeb

© RetailX 2021

Swiss web traffic to the Largest 100 retailers split by country where the Largest 100 are based

The percentage of web visits from Swiss consumers to the websites of Largest 100 retailers split according to where those companies have their operational headquarters



Source: RetailX, drawing on data from SimilarWeb

© RetailX 2021

Eastern Europe

Eastern Europe, once part of a few communist bloc countries is now a melange of different nations and cultures – but it is ripe for ecommerce

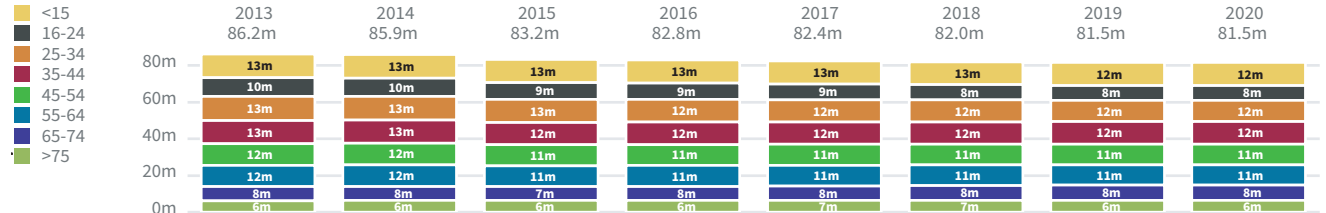
Eastern Europe has had a turbulent modern history. Much of the region was once behind the Iron Curtain. The break-up of the Eastern Bloc in the 1990s has seen many border changes and, for some, tough economic times.

As a result, the population of the region has seen some sharp declines over the years, most prominently in the mid-2010s as birth rates dropped and migration from the region to the EU hit a peak. **Low GDP per capita is also a factor, with the average across the region lying at just €6.4k in 2020.**

Post-2015, and with a number of these nations joining the EU, population decline has largely been slowed, but is still seen as an issue for many governments. **In Serbia, for instance, even a relatively low decline in population means some 16,000 people a year are leaving,** equivalent to the population of a British market town.

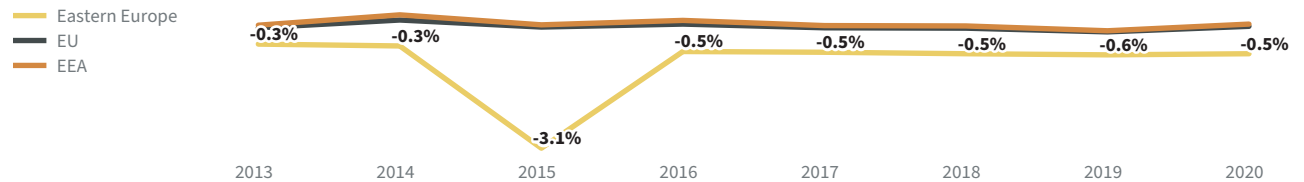
The driver for this has long been that life to the west looks more affluent. The internet itself has allowed a wider audience to see how others live and this has prompted

Population structure



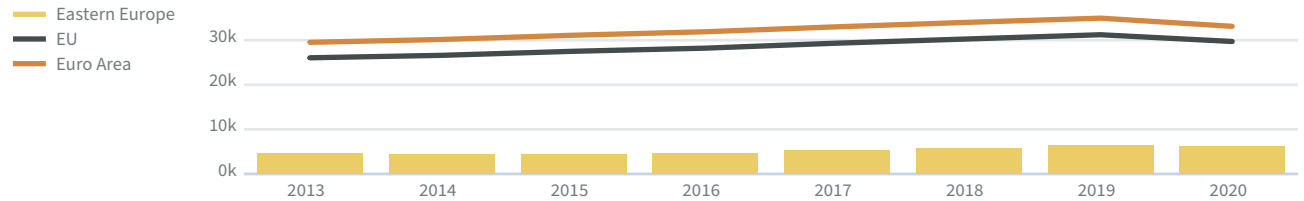
Source: RetailX, drawing on data from Eurostat

Population growth



Source: RetailX, drawing on data from Eurostat

GDP per capita (€)



Source: RetailX, drawing on data from Eurostat

many to leave. Political upheaval that continues to dog some of the countries in the region is also playing a part.

However, increasingly stable regional governments and the EU – and even the US and China – have sought to redress this by investing into the region to create a better standard of living. Part of this has involved **increased investment in digital infrastructure and technology, now starting to bear fruit.**

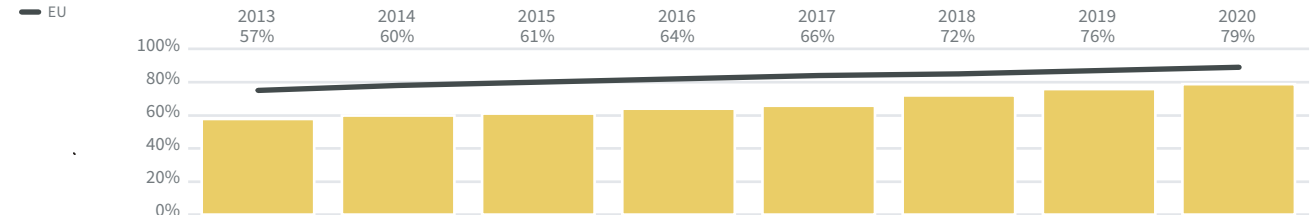
The pandemic lockdowns have also accelerated the uptake of digital technologies. The Eastern European region now looks to be adopting digital technologies. Ecommerce is beginning to grow.

It is a slow process – internet usage in the region averaged just 79% in 2020, while just 47% of the population were online shoppers – but growth is there. **The region does have the potential to become a powerful ecommerce marketplace for both local merchants and third-parties selling cross-border.**

The challenges for ecommerce players wherever they be are legion. The sheer number of languages means that any third-party site needs to be localised, while local sites have limited scope for expansion.

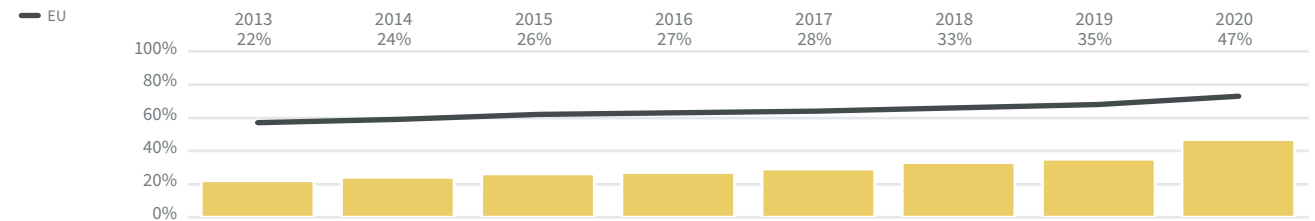
Distribution and delivery are also challenging, with most countries in the region not having an established logistics industry set up to cater to B2C ecommerce. Even state-run postal services struggle in some regions.

Percentage of population using the internet



Source: Source: RetailX, drawing on data from Eurostat

Percentage of population shopping online



Source: Source: RetailX, drawing on data from Eurostat

© RetailX 2021

Payments infrastructure is also an issue for many countries, with consumers across the region wary of paying online, both because of the novelty and because it doesn't always work.

On the upside, post-Soviet times have seen extensive and continued investment into mobile infrastructure. With the population of most of these countries erring towards the under-30s, high mobile penetration and access to

information about the wider world is likely to see mobile commerce in most of these markets become the dominant force in ecommerce.

Already in Romania, 80% of online sales are made using a smartphone. Similar levels are also starting to emerge in other countries, where mobile penetration is often higher than fixed-line internet.

The Largest 100

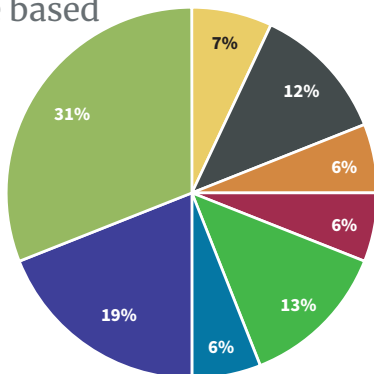
Ecommerce is growing in Eastern Europe, and foreign-based retailers exert a big influence in the region

Perhaps because the digital economy is still at a relatively early stage of development in Eastern Europe, no country can yet be regarded, even in regional terms, as an ecommerce powerhouse. The largest percentage of retailers in the Largest 100 are headquartered in the USA. This may be changing, with Romania-headquartered businesses making up 13% of the Largest 100.

Countries where the Eastern Europe Largest 100 are based

- Bulgaria
- China
- Germany
- Poland
- Romania
- United Kingdom
- United States of America
- Other countries

Note: retailers in the Largest 100 are selected for their significance to consumers in the country rather than where they are headquartered

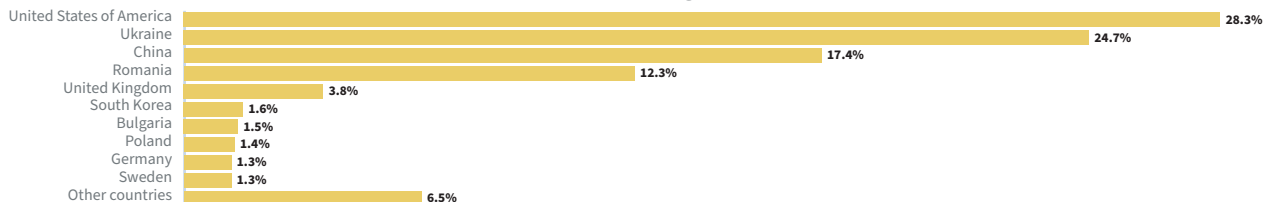


Source: RetailX

© RetailX 2021

Web traffic from other countries

International web visits to Eastern Europe-based companies in the Largest 100, by country

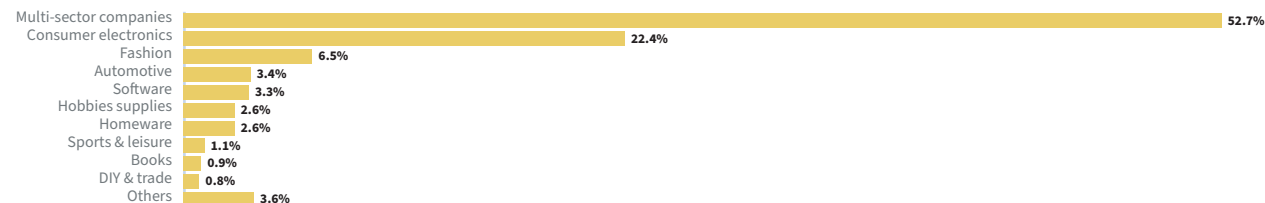


Source: RetailX, drawing on data from SimilarWeb

© RetailX 2021

Web traffic by sector

The percentage of web visits to the Largest 100 retailers from consumers in Eastern Europe, by sector

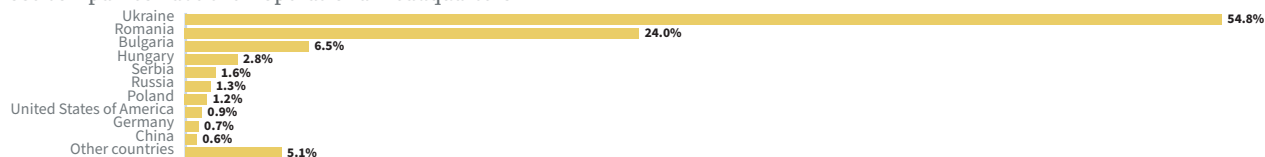


Source: RetailX, drawing on data from SimilarWeb

© RetailX 2021

Eastern European web traffic to the Largest 100 retailers split by country where the Largest 100 are based

The percentage of web visits from Eastern European consumers to the websites of Largest 100 retailers split according to where those companies have their operational headquarters



Source: RetailX, drawing on data from SimilarWeb

© RetailX 2021

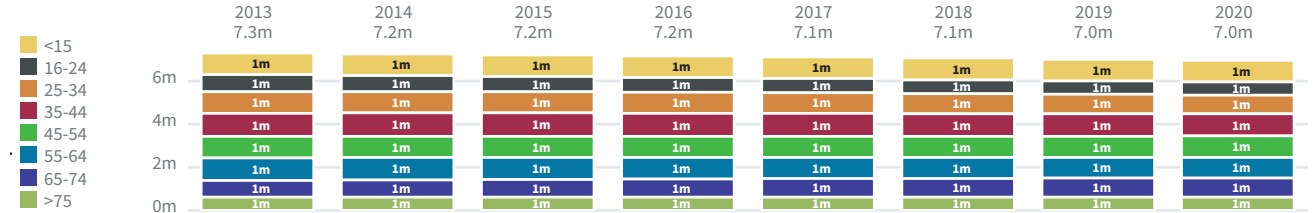
Bulgaria

A youthful population, excellent mobile networks and rising disposable income make Bulgaria an ecommerce market poised for massive growth

Bulgaria has a relatively stable population, seeing only minor fluctuations across the past decade and relatively in line with the ebb and flow of population across the wider EU. **It does, however, have a relatively young population**, with the majority of its citizens being under 54.

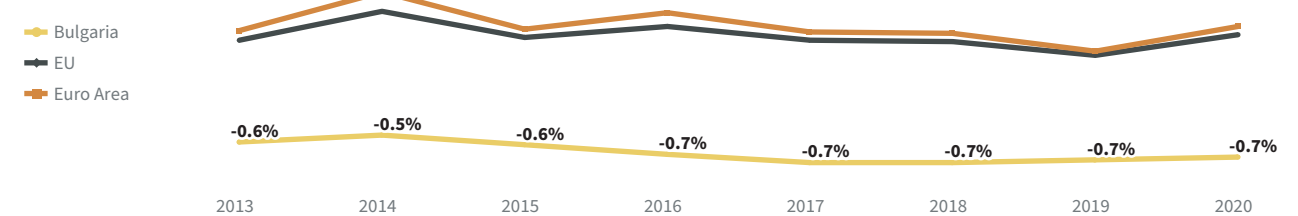
The country also has a growing **GDP per capita** – which **continued to grow even in 2020's pandemic** where the European average dropped.

Population structure



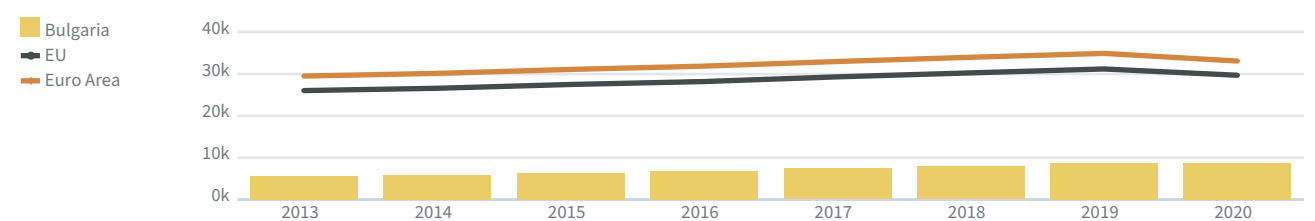
Source: RetailX, drawing on data from Eurostat

Population growth



Source: RetailX, drawing on data from Eurostat

GDP per capita (€)



Source: Eurostat

© RetailX 2021

Bulgaria Profile

- Area:** 110,994 km²
- Capital:** Sofia
- Currency:** Lev
- Official language:** Bulgarian
- Other languages spoken:** English, Russian, German
- Nationality:** Bulgarian
- Government:** Parliamentary republic
- VAT:** 20% | **Reduced VAT:** 9%

Combined, the relative youth and rising affluence mark Bulgaria out as a market where ecommerce is likely to flourish. Internet penetration is rising – particularly among the 25-54 cohort, which account for 47% of internet users – however, overall it remains relatively low at 74%.

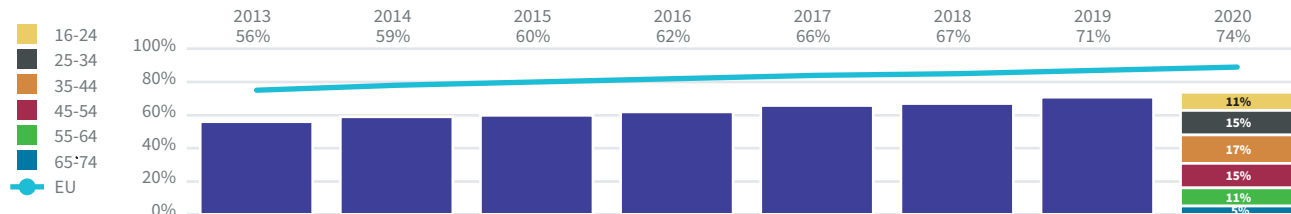
What does this mean for ecommerce? Currently, **Bulgaria is ranked as 41st largest ecommerce market globally**, with an estimated revenue from online shopping of around £710m in 2019 – a market with potential that has yet to ignite.

Issues around the resilience of the telecoms infrastructure and an under-developed delivery network have slowed uptake, while **payment malfunctions are also rife, impacting trust in online shopping**. Local start-up payment company epay.bg is looking to overcome this by creating a trusted payment brand.

That said, ecommerce has started to grow, with 37% of the population now using it and the sector tipped to hit \$1.2bn by 2025. **Multisector retailers** – such as local seller eMag – **and consumer electronics are the biggest areas for consumer**. Fashion is also surging ahead, led again by local online retailer FashionDays.

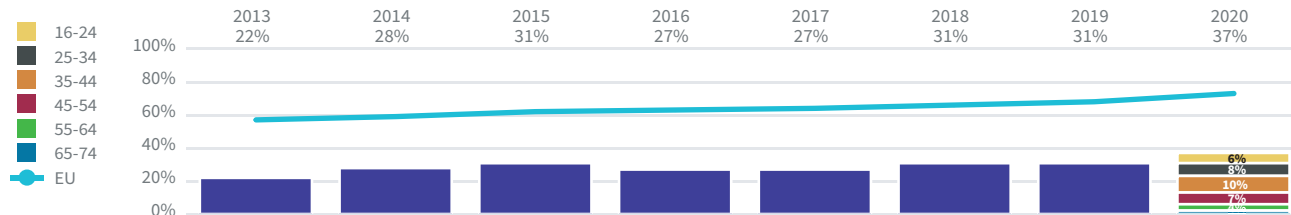
The skew towards a more youthful population is also seeing nascent but growing use of mobile commerce, and **modern 3G and 4G networks are making it easier to shop using mobile rather than online**. As a result, all major online sellers in the country have apps.

Percentage of population using the internet



Source: RetailX, drawing on data from Eurostat

Percentage of population shopping online

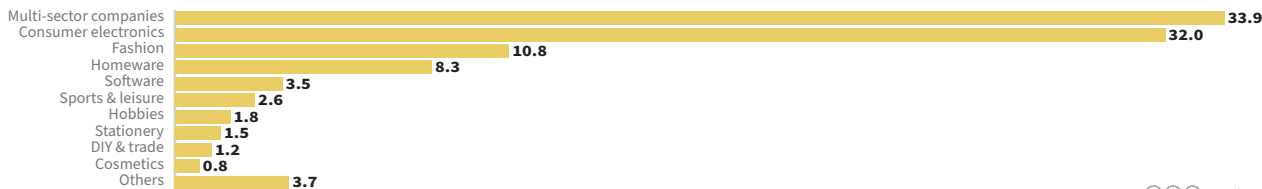


Source: RetailX, drawing on data from Eurostat

© RetailX 2021

Web traffic by sector

The percentage of web visits to the Largest 100 retailers from consumers in Bulgaria, by sector



© RetailX 2021

Source: RetailX, drawing on data from SimilarWeb Note: retailers in the Largest 100 are selected for their significance to consumers in the country irrespective of where they are headquartered

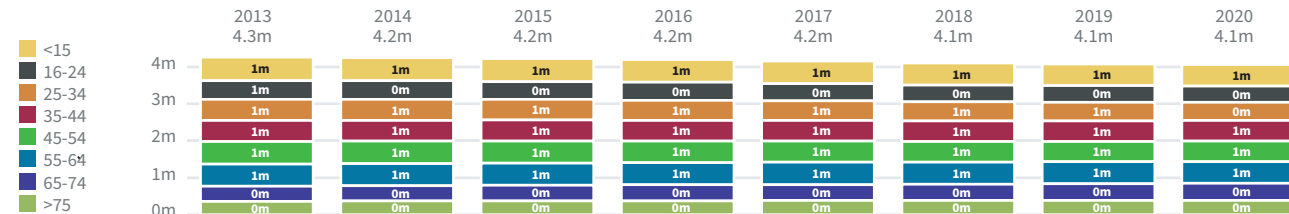
Croatia

Multilingual Croatia may have a shrinking population, but good mobile penetration is seeing its ecommerce sector grow

Croatia, a nation of 5m people, sits on the edge of Eastern Europe and, thanks to its location and somewhat turbulent history, is **a country that boasts a multilingual population, covering a range of languages from across Eastern Europe.**

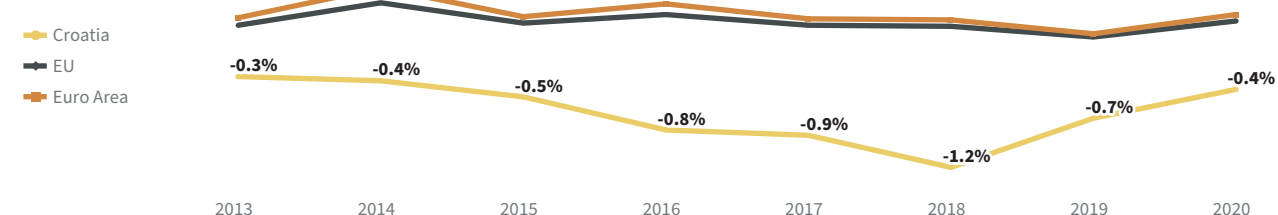
Like many of its neighbours, Croatia has a relatively young population, with the majority under 54, however **it has also seen a decade of population decline more pronounced than the European average** – making it

Population structure



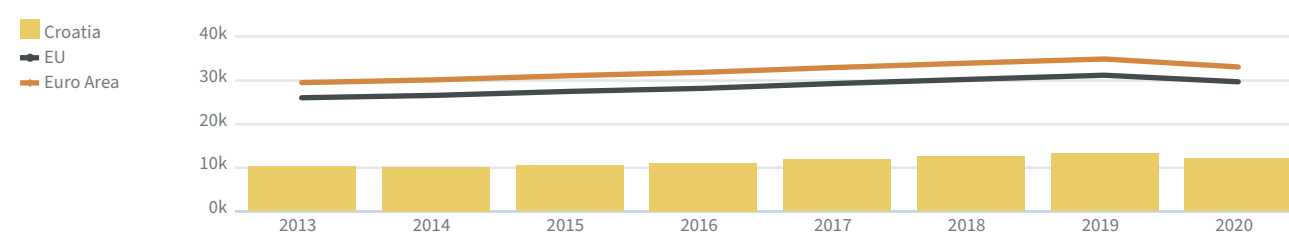
Source: RetailX, drawing on data from Eurostat

Population growth



Source: RetailX, drawing on data from Eurostat

GDP per capita (€)



Source: Eurostat

© RetailX 2021

Croatia Profile

Area: 56,594 km²

Capital: Zagreb

Currency: Kuna

Official language: Croatian

Other languages spoken: Serbian, Italian, Hungarian, Czech, Slovak, French, Rusyn, Ukrainian

Nationality: Croatian

Government: Parliamentary representative democratic republic

VAT: 25% | **Reduced VAT:** 13%



the fifth fastest shrinking population in the world in 2019 – driven by a low birth rate and high emigration.

This has had a knock-on effect on the country’s GDP, but overall, **it has managed to raise average GDP per head across the past decade**, seeing only a minor Covid-induced fall in 2020 in line with the EU average.

The nation does have excellent and steadily growing internet penetration, sitting at a respectable 82% in 2020.

This has been helped by the country’s investment in modern telecoms infrastructure during 20 years of rebuilding following the war of independence in 2001.

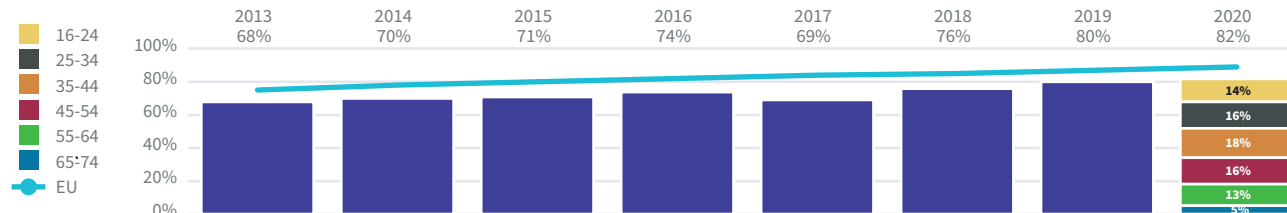
This has seen mobile penetration rise over the years to 71% in 2020 and is expected to hit 83% by 2025.

This younger demographic, with high smartphone penetration, has been good for the country’s ecommerce market, with **as many as 64% of consumers regularly shopping online**.

The **leading retailers in the country are predominantly multi-sector sellers**, with ekupi.hr the biggest player, selling a wide variety of goods to the tune of \$28m per year.

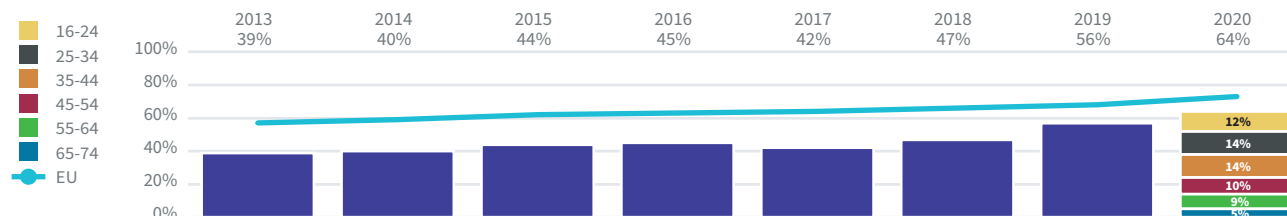
Fashion is also a popular segment, dominated by Zara.com, which sells around \$22m of clothes in the country. Third is links.hr with US\$21m revenue. Altogether, **the top three stores account for 10% of online revenue** in Croatia.

Percentage of population using the internet



Source: RetailX, drawing on data from Eurostat

Percentage of population shopping online

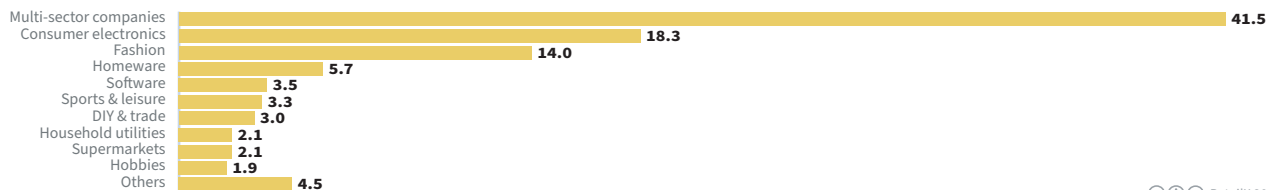


Source: RetailX, drawing on data from Eurostat

© RetailX 2021

Web traffic by sector

The percentage of web visits to the Largest 100 retailers from consumers in Croatia, by sector



© RetailX 2021

Source: RetailX, drawing on data from SimilarWeb Note: retailers in the Largest 100 are selected for their significance to consumers in the country irrespective of where they are headquartered

North Macedonia

High mobile penetration and increased interest in ecommerce during the pandemic have seen North Macedonia look anew at online selling – something not lost on Alibaba

A relative minnow of a nation, land-locked North Macedonia (Macedonia until February 2019) has a **population of just 2m**, a quarter of whom live in the capital Skopje.

This **small, young and highly urban population** have driven investment in internet and telecoms infrastructure, seeing an impressive 83% web usage across the country – with mobile connections equivalent to 107% of the

North Macedonia Profile

Area: 25,713 km²

Capital: Skopje

Currency: Denar

Official language: Macedonian, Albanian

Other languages spoken: Serbo-Croatian, English, Russian, French, German

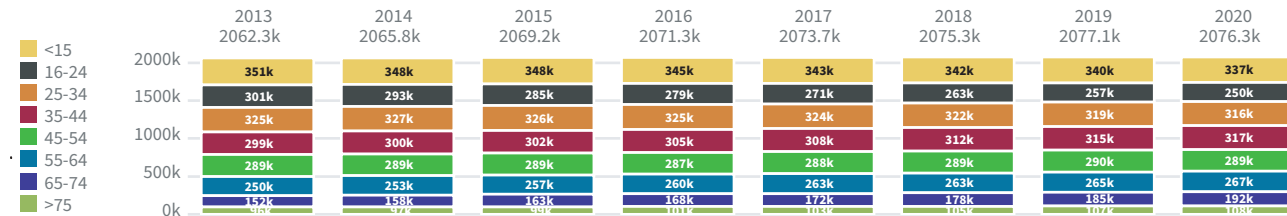
Nationality: Macedonian

Government: Parliamentary republic

VAT: 18% | **Reduced VAT:** N/A

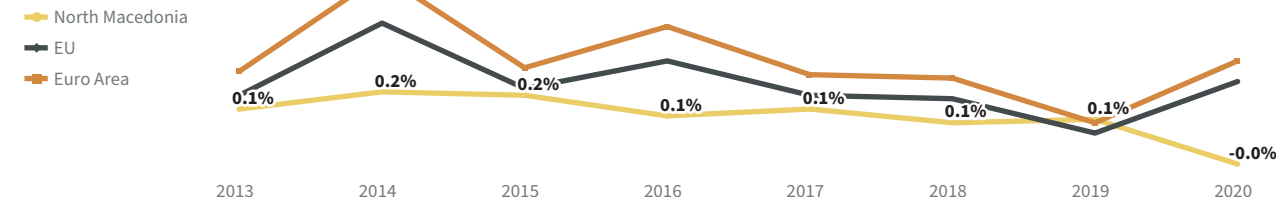


Population structure



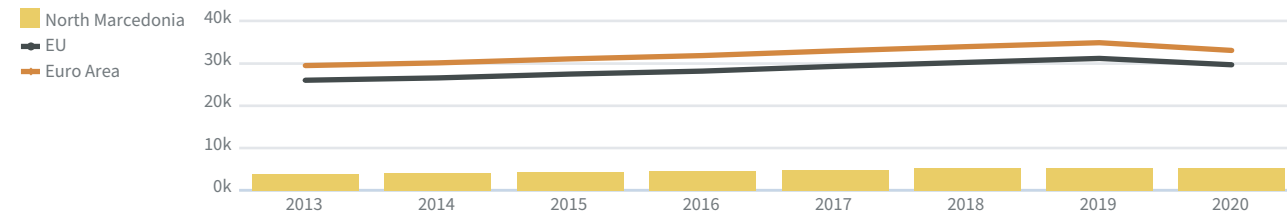
Source: RetailX, drawing on data from Eurostat

Population growth



Source: RetailX, drawing on data from Eurostat

GDP per capita (€)



Source: Eurostat

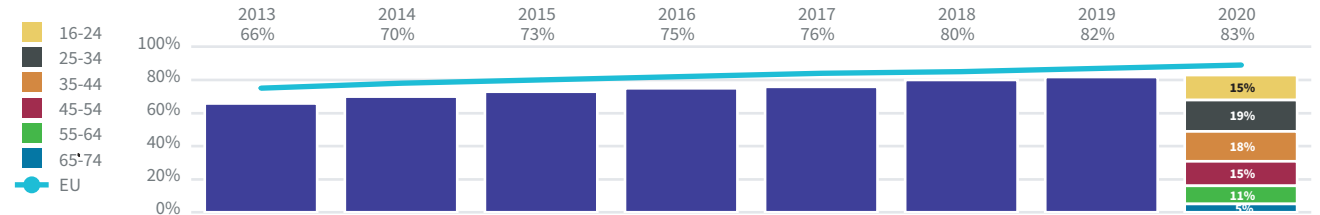
population – very high for the Eastern European region and for such as small country. As a result **the country has a rapidly growing social media user base**, which increased by 5.3% in the second half of 2019 alone.

Both this and mobile uptake have been propulsive in creating a nascent but dynamic ecommerce sector. **While only 38% of consumers are shopping online, the bulk of them are under 40 and are set to continue to embrace digital life.** The strong social media presence is a contributing factor, with influencer marketing particularly strong in the country.

Third-party merchants dominate the market, with Alibaba and a range of Alibaba-owned local merchants on top. The dominance of the Chinese marketplace and its local offshoots has been cemented by its ability to offer secure payments and its early attempts at creating a country-wide distribution network. Together, **these factors are helping to stimulate growth in ecommerce** – but there is still a long way to go.

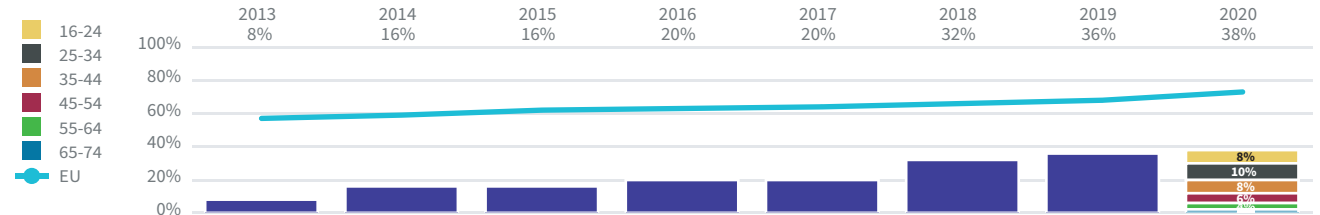
The pandemic has, as it has everywhere, generated accelerated growth, and outside agencies such as the United States Agency for International Development (USAID) have started to help create the ecosystem for local merchants to develop their skills.

Percentage of population using the internet



Source: RetailX, drawing on data from Eurostat

Percentage of population shopping online

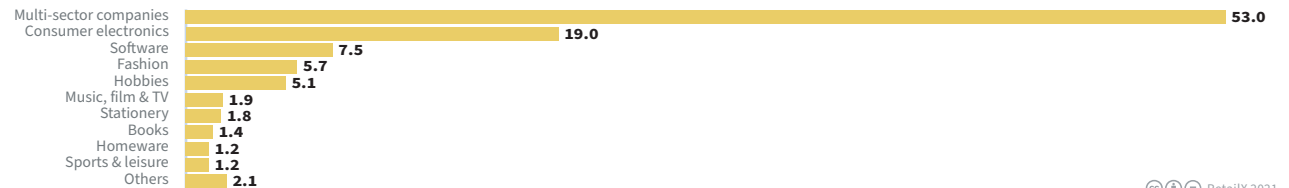


Source: RetailX, drawing on data from Eurostat

RetailX 2021

Web traffic by sector

The percentage of web visits to the Largest 100 retailers from consumers in North Macedonia, by sector



RetailX 2021

Source: RetailX, drawing on data from SimilarWeb Note: retailers in the Largest 100 are selected for their significance to consumers in the country irrespective of where they are headquartered

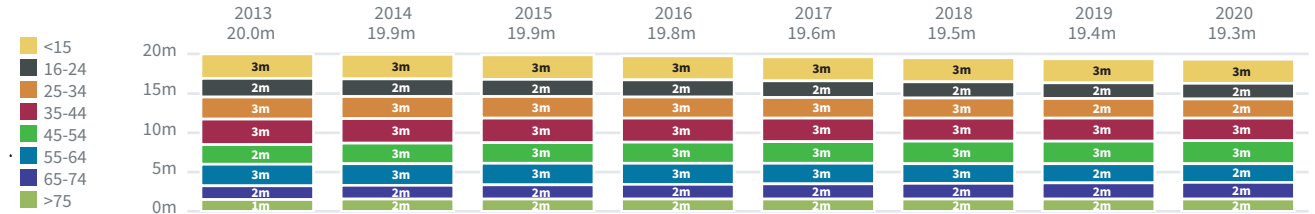
Romania

Romania is a mobile-first ecommerce market with huge growth potential – but for now much of that is locked into domestic sales

With a relatively strong GDP per capita, Romania makes for an interesting example of how ecommerce can develop in Eastern Europe. Despite the pandemic, global economic shocks and rising oil prices, **Romania has managed to create the right conditions for ecommerce to start to flourish** beyond the confines of lockdown shopping.

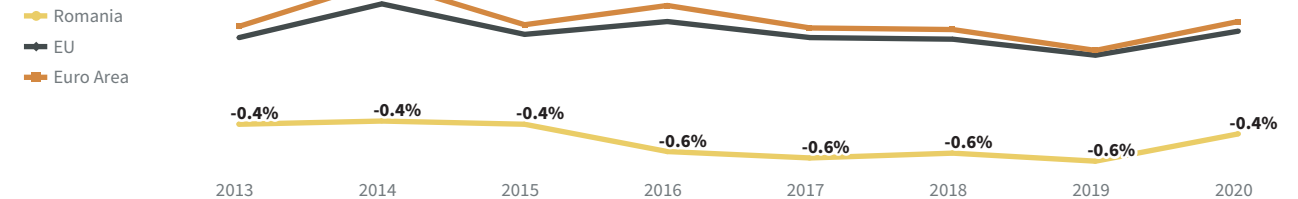
As with most markets in the regions, **Romania has a population that is skewed towards the young**, increasing the likelihood of digital uptake of both fixed and mobile internet.

Population structure



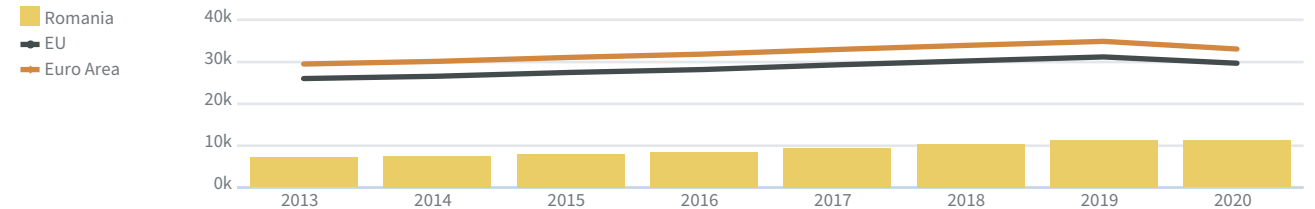
Source: RetailX, drawing on data from Eurostat

Population growth



Source: RetailX, drawing on data from Eurostat

GDP per capita (€)



Source: Eurostat

Romania Profile

- Area:** 238,397 km²
- Capital:** Bucharest
- Currency:** New Leu
- Official language:** Romanian
- Other languages spoken:** English, French, Italian
- Nationality:** Romanian
- Government:** Semi-presidential representative republic
- VAT:** 19% | **Reduced VAT:** 9%

Internet penetration currently stands at around 84%, which is high for the Eastern European region, while mobile penetration lies at around 67% – low for the region. However, when looked at by age, **mobile penetration for the under 40s is significantly higher** at 84%.

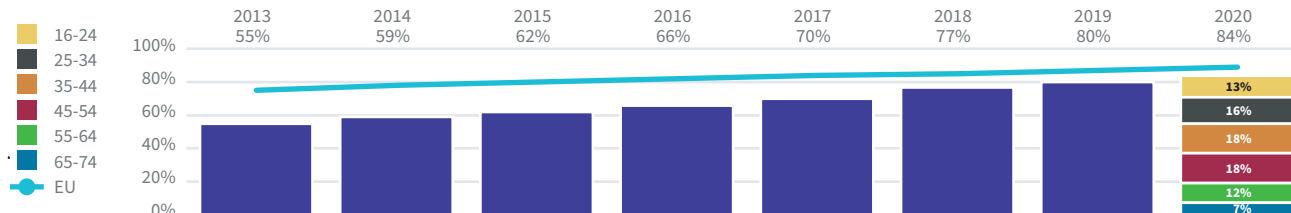
This younger demographic is already making its presence felt, driving up ecommerce rates in the country to 42% in 2020 – but with **significant growth across 2021 and 2022 likely to accelerate as the benefits of ecommerce start to become known to the wider population.**

Already, 33% of the population cite delivery to the home as a key advantage of ecommerce, with 19% looking for wider variety.

The high penetration of mobile among younger users is also driving ecommerce to be a mobile-first activity. Some 80% of online purchases, almost double that of desktop, take place on mobile devices, while laptops account for 17%. Interestingly, **a small but significant 7% take place on smart TVs** – an indication that a growing number of Romanian shoppers are looking to new channels through which to shop, much as they are in more developed markets in Western Europe.

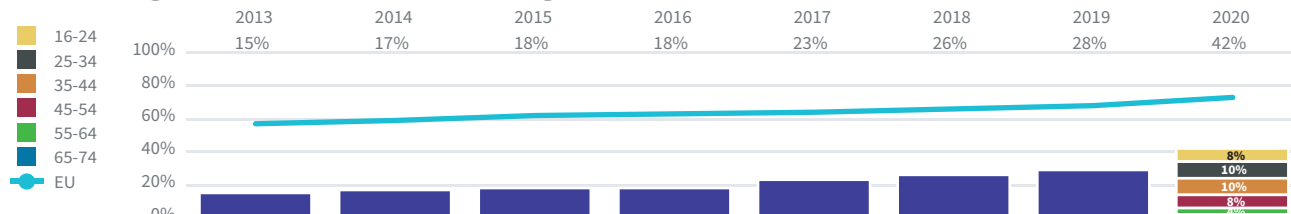
The kicker comes when looking at the average spend. The vast majority of ecommerce purchases are between \$15 and \$120. **This implies that shoppers are looking for everyday items online, rather than big ticket**, with none spending more than \$600 per month online.

Percentage of population using the internet



Source: RetailX, drawing on data from Eurostat

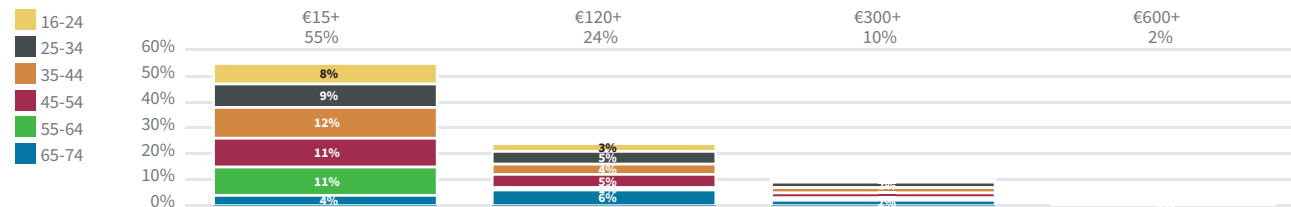
Percentage of population shopping online



Source: RetailX, drawing on data from Eurostat

CC BY ND RetailX 2021

Online shoppers' monthly spending by age



Source: RetailX, drawing on data from the RetailX European Consumer Observatory

CC BY ND RetailX 2021

This has implications for the economics of ecommerce in the country, with **merchants having to keenly match the costs of distribution to the price point.**

For this reason, the top sites seen in the country are in-country, with **only a minority of cross border sellers selling into Romania**, held back by delivery costs making it less viable to ship from afar.

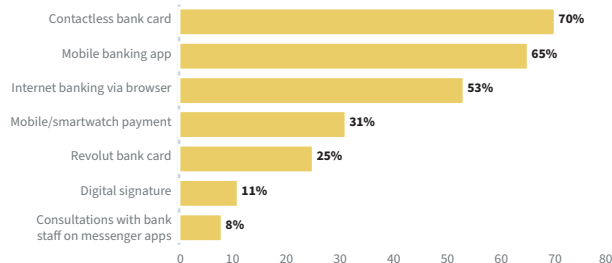
The Largest 100

The Romanian ecommerce market is dominated by local merchants, with cost the primary economic business driver – but some foreign marketplaces are gaining ground

The Romanian ecommerce market is dominated by local merchants, with **almost three quarters of traffic to the Largest 100 based within the country.** The top ecommerce sites in Romania are olx.ro, emag.ro and altex.ro – all of which are multi-category vendors.

Digital financial services and products used in Romania, 2020

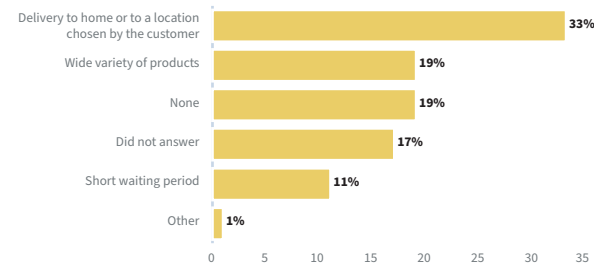
What type of digital financial products or services do you currently use?



Source: RetailX, drawing on data from iSense Solutions, Statista RetailX 2021

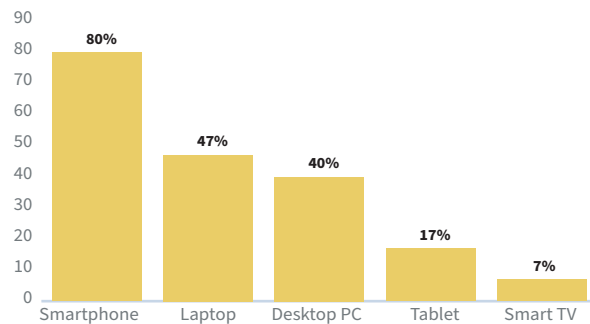
Public opinion on the main advantages of ecommerce in Romania, 2020

What do you think are the main advantages of ecommerce?



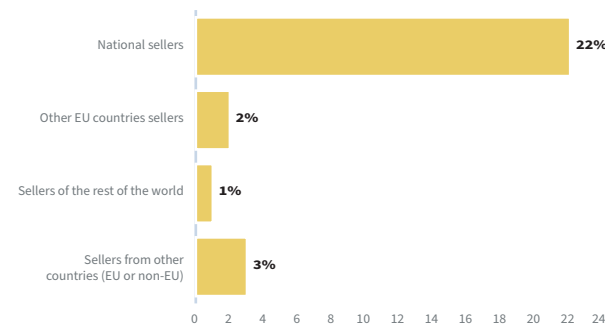
Source: RetailX, drawing on data from Center for Urban and Regional Sociology, Scribd, Start-Up Romania, Statista RetailX 2021

Online purchases by device, Romania, 2020



Source: RetailX, drawing on data from Retail-FMCG.ro, Nielsen, Statista RetailX 2021

Ecommerce: Origin of sellers, 2020



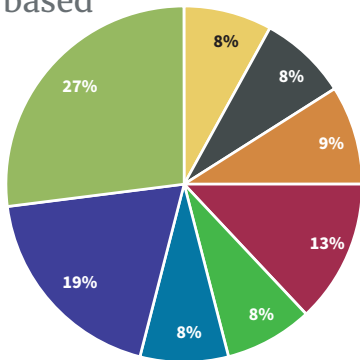
Source: RetailX, drawing on data from Eurostat RetailX 2021

Within this, **consumers are looking predominantly for consumer electronics** (42.7%), fashion (9.2%) and homewares (4.6%).

When it comes to cross-border ecommerce, Amazon.com and Aliexpress dominate, with **vendors from the US and China making the most sales into Romania from these sites** – no doubt fuelled by the desire for wider choice, rather than price and convenience.

Countries where the Romania Largest 100 are based

- China
- France
- Germany
- Romania
- Spain
- United Kingdom
- United States of America
- Other countries



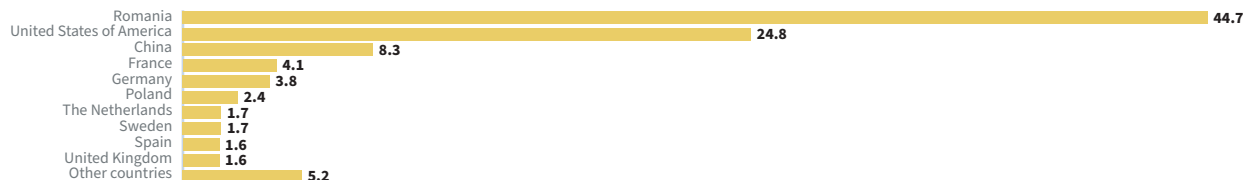
Note: retailers in the Largest 100 are selected for their significance to consumers in the country rather than where they are headquartered

Source: RetailX

© RetailX 2021

Web traffic from other countries

International web visits to Romania-based companies in the Largest 100, by country



Source: RetailX, drawing on data from SimilarWeb

© RetailX 2021

Web traffic by sector

The percentage of web visits to the Largest 100 retailers from consumers in Romania, by sector



Source: RetailX, drawing on data from SimilarWeb

© RetailX 2021

Romanian web traffic to the Largest 100 retailers split by country where the Largest 100 are based

The percentage of web visits from Romanian consumers to the websites of Largest 100 retailers split according to where those companies have their operational headquarters



Source: RetailX, drawing on data from SimilarWeb

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Serbia

Ecommerce in Serbia has steadily grown, albeit from a low base. Can government pressure and sellers from elsewhere in Europe drive it up further?

Serbia is ranked 76th in the world as an ecommerce market, but growth is strong, with some **51% of consumers now shopping online** in 2020.

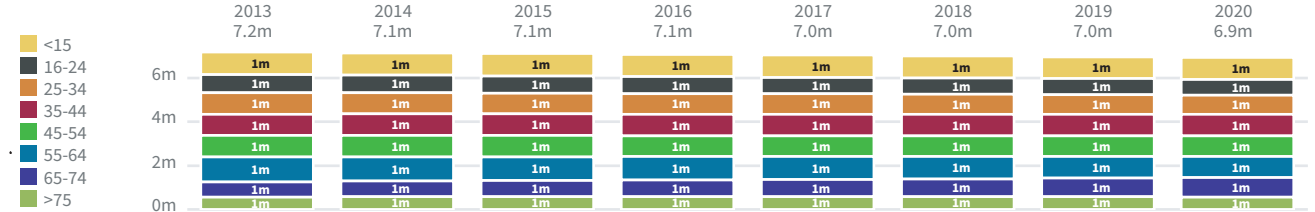
Internet penetration of 85%, with 93% of the population owning a mobile phone, means that **there is huge potential in the market**. This is likely to be driven by the ability to reduce the cost of goods to consumers, something that will play well in the country, which has a relatively low GDP per capita.

Serbia Profile

- Area: 88,361 km²
- Capital: Belgrade
- Currency: Dinar
- Official language: Serbian
- Other languages spoken: English
- Nationality: Serbian
- Government: Parliamentary republic
- VAT: 20% | Reduced VAT: 10%

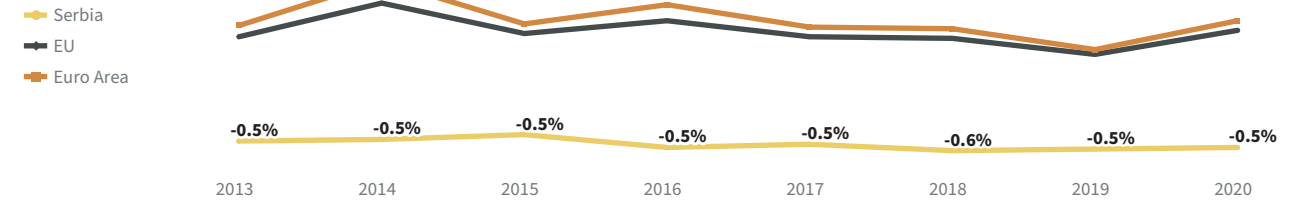


Population structure



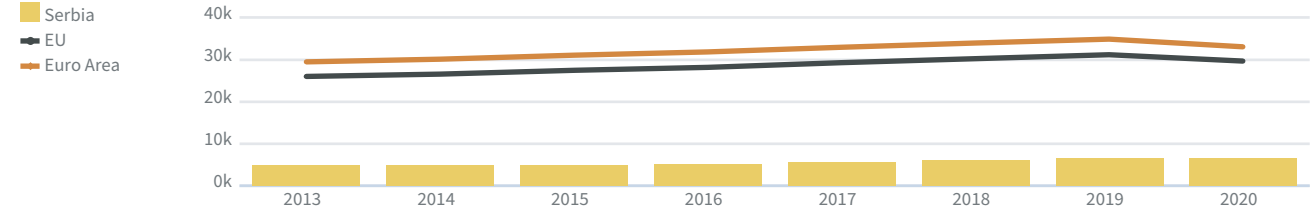
Source: RetailX, drawing on data from Eurostat

Population growth



Source: RetailX, drawing on data from Eurostat

GDP per capita (€)



Source: Eurostat

The increasingly young population is also likely to drive up growth in the Serbian digital economy, with the government keen to help drive the sector. In fact, bullishly, **the Serbian government believes that Serbia is ready to lead the entire region in digital development**, looking to invest in infrastructure and education.

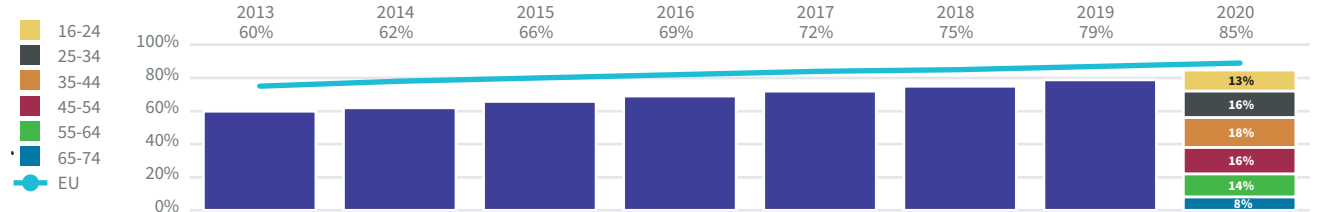
For example, the national postal service, Posta Srbije, in cooperation with the Ministry of Finance – Customs Administration, has created two new services for its users – PostExport and PostPak – that facilitate the export of goods and work to create better conditions for cross-border ecommerce, both into and out of the country. There are also a growing number of private logistics service providers, but **consumers are still wary of delivery problems**, which is also holding ecommerce in Serbia back.

Among the nascent Serbian ecommerce market, **around 75% of trade currently goes to merchants outside of the country**, largely from Germany, Italy, Russia, China and Hungary. The Central European Free Trade Agreement (CEFTA) is also driving this.

The biggest player in the Serbian eCommerce Market is gigatron.rs. The store had a revenue of US\$34m in 2020. It is followed by apotekasrbotrade.rs with US\$16m revenue and ikea.com with US\$15m revenue. Altogether, **the top three stores account for 15% of online revenue** in Serbia.

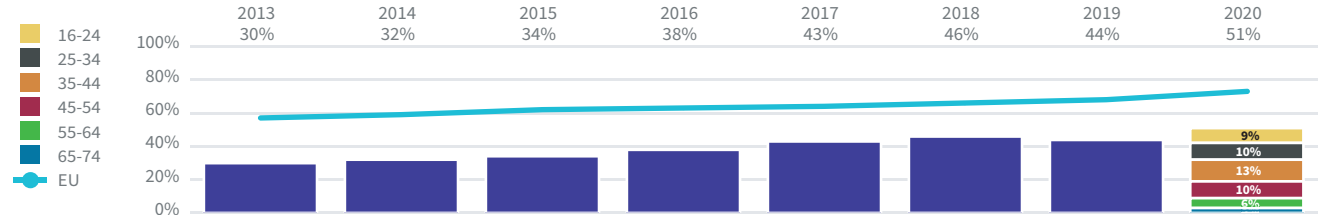
As can be seen, **multi-sector sellers lead the way**, with consumer electronics and fashion also generating significant traffic. Homewares are also growing.

Percentage of population using the internet



Source: RetailX, drawing on data from Eurostat

Percentage of population shopping online



Source: RetailX, drawing on data from Eurostat

© RetailX 2021

Web traffic by sector

The percentage of web visits to the Largest 100 retailers from consumers in Serbia, by sector



© RetailX 2021

Source: RetailX, drawing on data from SimilarWeb Note: retailers in the Largest 100 are selected for their significance to consumers in the country irrespective of where they are headquartered

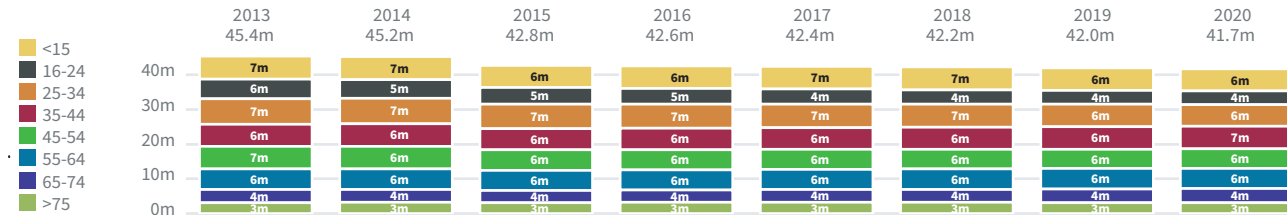
Ukraine

A revolution in 2014 has seen Ukraine slow to grow internet and mobile penetration, with inevitable consequences for ecommerce growth

Ukraine, formerly part of the USSR, is like many of its Eastern European neighbours **a market poised for digital explosion**, but not quite there yet. The country currently has a relatively static population, but has seen dramatic shrinkage from emigration in the mid 2010s, especially in 2015 following the 2014 revolution.

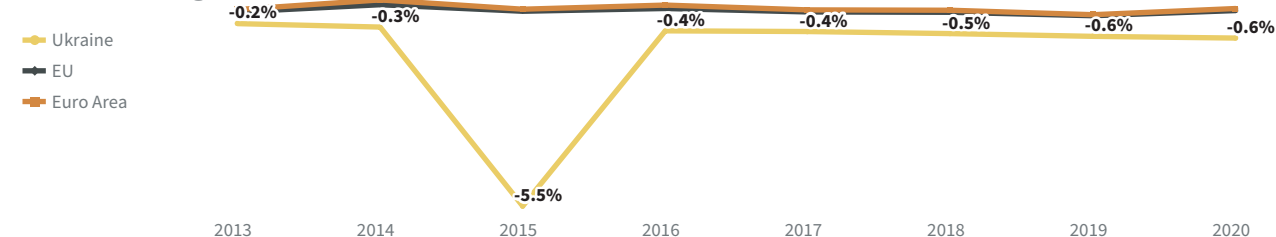
The population is, as of 2020, skewed to the younger age ranges, so is ripe for digital growth. However, **internet usage of 76% and mobile usage of just 66% set the country apart** as one that is a digital laggard.

Population structure



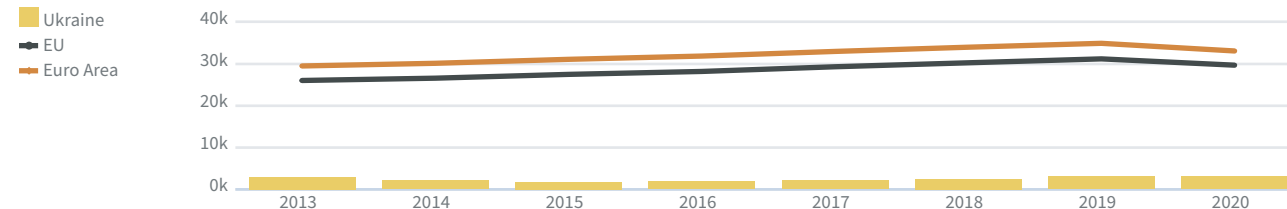
Source: RetailX, drawing on data from Eurostat

Population growth



Source: RetailX, drawing on data from Eurostat

GDP per capita (€)



Source: Eurostat

Ukraine Profile

- Area:** 603,628 km²
- Capital:** Kyiv
- Currency:** Hyrvnia
- Official language:** Ukrainian
- Other languages spoken:** English, German
- Nationality:** Ukrainian
- Government:** Semi-presidential representative democratic republic
- VAT:** 20% | **Reduced VAT:** 7%

This too is seen as a hangover from the revolution, with it taking time to create a stable economy and start to invest in the necessary infrastructure and to grow GDP per capita.

It is worth noting, however, that **Ukrainian mobile penetration is roughly on the same level as TV viewer numbers.**

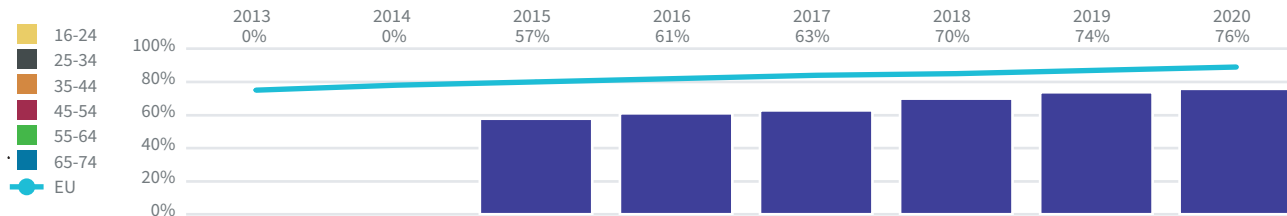
As a result, **Ukrainian ecommerce is still at a relatively low level compared to other market.** The pandemic has led to some acceleration of this slow growth, but this has largely been directed at foreign marketplaces and merchants – Apple being a particularly popular site.

That said, makeup.com.ua – a local online make-up and beauty seller – is the second largest site by revenue, followed by apteka911.com.ua, an online pharmacy. **The success in 2020 of these two retailers in particular is likely a very direct result of pandemic shopping habits.**

Food and personal care are also tipped to be the next big areas of ecommerce growth off the back of this, as the early adopters who used ecommerce for pharmacy and beauty slowly expand how they use online services.

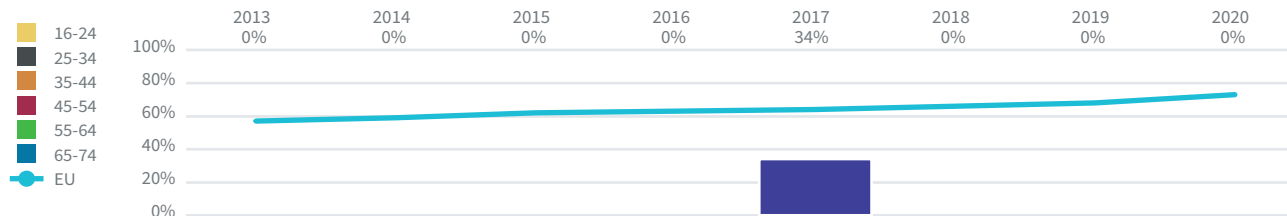
“Makeup.com.ua – a local online make-up and beauty seller – is the second largest site by revenue”

Percentage of population using the internet



Source: RetailX, drawing on data from Eurostat

Percentage of population shopping online



Source: RetailX, drawing on data from Eurostat

© RetailX 2021

Web traffic by sector

The percentage of web visits to the Largest 100 retailers from consumers in Ukraine, by sector



© RetailX 2021

Source: RetailX, drawing on data from SimilarWeb Note: retailers in the Largest 100 are selected for their significance to consumers in the country irrespective of where they are headquartered

Southern Europe

A relatively slow-starter when it comes to ecommerce, the lockdown will have changed behaviour offering new potential for growth in Southern Europe

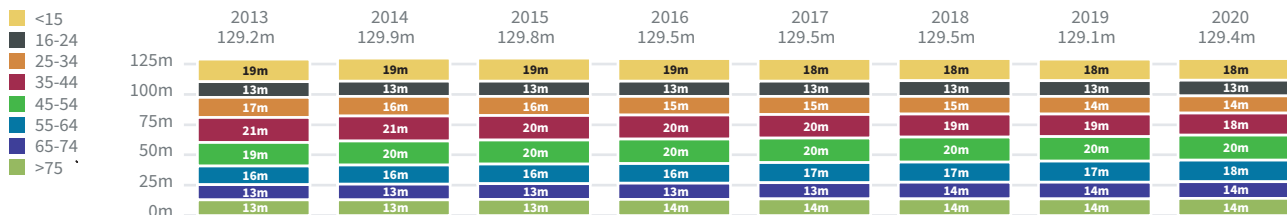
Southern Europe offers one of the most interesting markets in terms of growth potential. **The region has largely resisted ecommerce, with both internet usage and e-shopping lower than other parts of Europe.** It also generates a lower percentage of online sales as a proportion of total retail sales than Northern Europe, for example.

As a whole 85% of the population in Southern Europe use the internet and but **only 59% shop online, up from 37% in 2013.**

These figures are reflected across countries where perhaps the assumption might be that online shopping shares are higher. Examples of this are Italy and Portugal, where only just over half (54% for both) of internet users shop online.

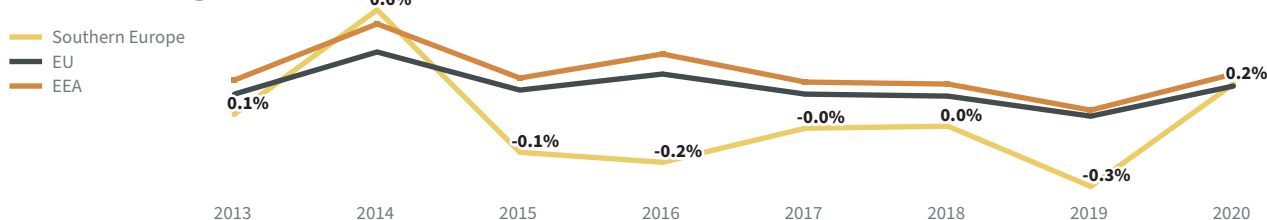
The lowest share of e-shoppers in Southern Europe is seen in Cyprus, where only half (50%) of consumers shop online. **The highest rate is seen in Malta, the smallest country in the Southern Europe region,** where 69% of consumers shop online.

Population structure



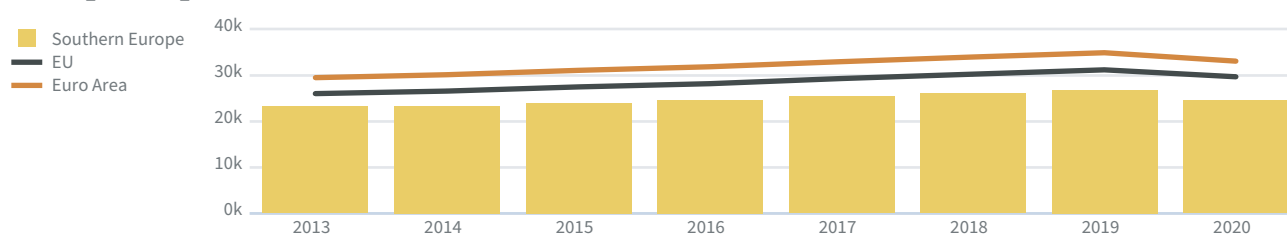
Source: RetailX, drawing on data from Eurostat

Population growth



Source: RetailX, drawing on data from Eurostat

GDP per capita (€)



Source: RetailX, drawing on data from Eurostat

We are likely to see a rapid advancement in these figures for 2021 and beyond as a result of the pandemic. The switch in behaviour was already starting to happen, but **as is common across Europe consumer and retailer behaviour has had to change due to lockdown**. This shift to greater willingness to shop online will likely advance the Southern European market far more quickly than may have been witnessed previously.

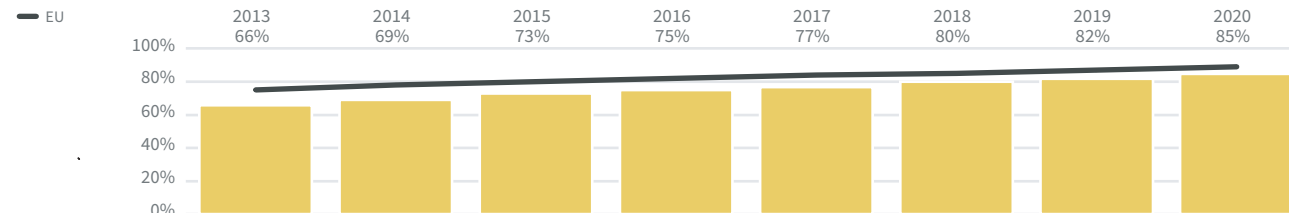
For retailers looking to expand into Southern Europe the figures offer attractive opportunities for growth. **Consumers are switching so those retailers that can gain their loyalty early stand to gain the most.**

And recovery is on the horizon for this region – one that’s been particularly hard hit by the pandemic, thanks to its reliance on tourism. **This is particularly true for Spain, for example, which saw a 11% shrinkage in GDP while Italy saw a drop of almost 9%.** Both countries have put a raft of recovery measures – and recovery investment measures – in place and consumer confidence, and spending, is starting to return.

For those retailers looking to take advantage of this growth market, understanding the habits and buying behaviours of consumers in the region, but particularly in individual countries, will be key since differences can be stark.

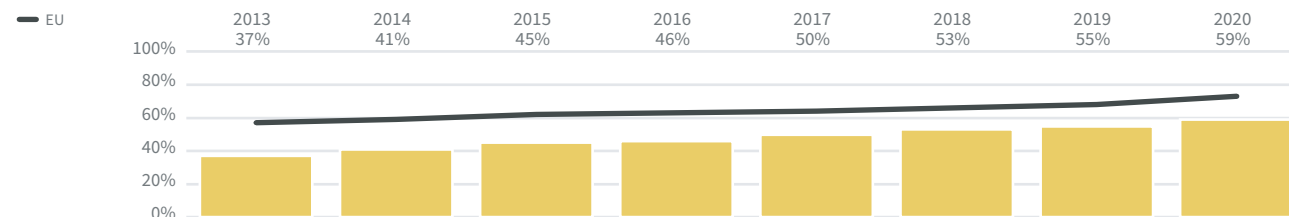
Logistics and payment options offer two challenges, with deliveries more of a challenge in Spain for example. Payments see digital wallets growing fast and credit card

Percentage of population using the internet



Source: Source: RetailX, drawing on data from Eurostat

Percentage of population shopping online



Source: Source: RetailX, drawing on data from Eurostat

© RetailX 2021

usage beginning to wane for many countries, but there are peculiarities – for instance **in Greece cash on delivery is offered by 80% of Greece’s top 100 online stores.**

Similarly language can also be a problem, with English spoken less in Spain and Italy, for example, so this is another factor for expanding retailers to bear in mind.

But the **opportunities are there, and retailers should be looking to embrace spend** in Southern Europe.

“Language can be a problem, with English spoken less in Spain and Italy, for example, so this is another factor for expanding retailers to bear in mind”

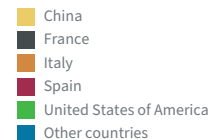
The Largest 100

Southern European customers favour multi-sector retailers, and buy electronics and fashion online too

Spain (16%), USA (15%) and France (14%) dominate the countries where the Southern Europe Largest 100 retailers are based. But the US is also a big consumer for Southern Europe too, with over half (57.6%) of the international web visits to Southern-European-based countries in the Largest 100 coming from the US. This is followed by 12.1% from China.

Multi-sector companies, usually marketplaces, dominate in Southern Europe with a 58.3% share of web-traffic.

Countries where the Southern Europe Largest 100 are based



Note: retailers in the Largest 100 are selected for their significance to consumers in the country rather than where they are headquartered

Source: RetailX

© RetailX 2021

Web traffic from other countries

International web visits to Southern Europe-based companies in the Largest 100, by country



Source: RetailX, drawing on data from SimilarWeb

© RetailX 2021

Web traffic by sector

The percentage of web visits to the Largest 100 retailers from consumers in Southern Europe, by sector



Source: RetailX, drawing on data from SimilarWeb

© RetailX 2021

Southern European web traffic to the Largest 100 retailers split by country where the Largest 100 are based

The percentage of web visits from Southern European consumers to the websites of Largest 100 retailers split according to where those companies have their operational headquarters



Source: RetailX, drawing on data from SimilarWeb

© RetailX 2021

Cyprus

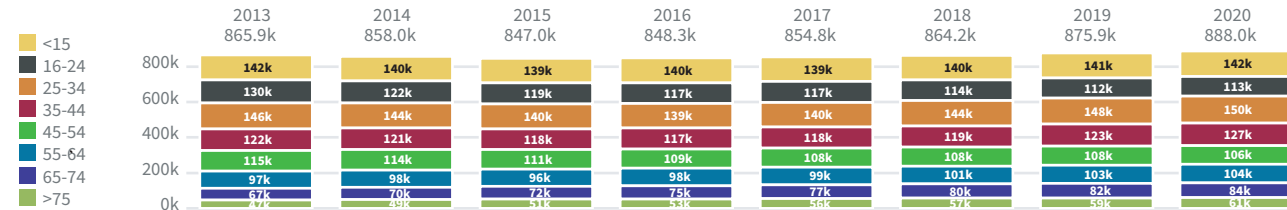
Initially slow to embrace internet shopping, the pandemic has seen more Cypriots adopt ecommerce

Unlike the EU and rest of the Eurozone, which have seen fairly constant population growth, Cyprus' population numbers have fluctuated over recent years. They fell by 1.3% in 2015, but have been back on an upward trajectory since then and returned to positive growth from 2016.

More than three-quarters of its population consists of Greeks, followed by Turks.

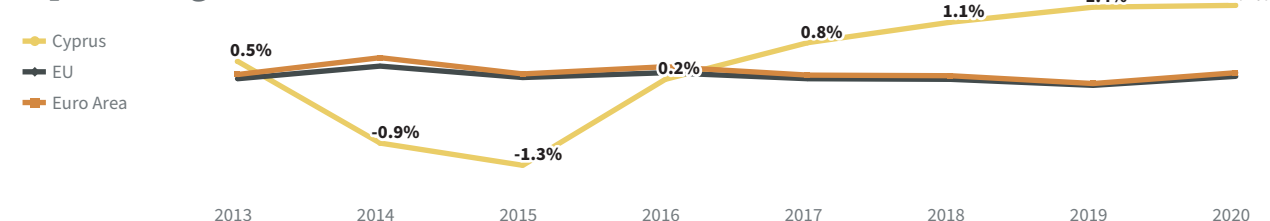
In 2012 to 2013 **the country was devastated by the Cypriot financial crisis**, caused by a perfect storm of exposure of Cypriot banks to over-leveraged local property

Population structure



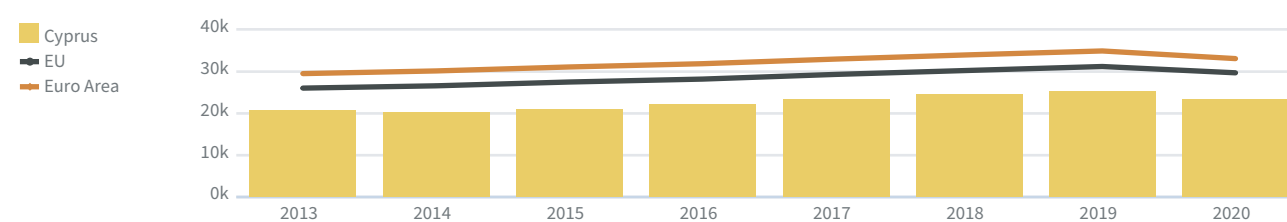
Source: RetailX, drawing on data from Eurostat

Population growth



Source: RetailX, drawing on data from Eurostat

GDP per capita (€)



Source: Eurostat

© RetailX 2021

Cyprus Profile

Area: 9,251 km²

Capital: Nicosia

Currency: Euro

Official language: Greek, Turkish

Other languages spoken: English, German, French

Nationality: Cypriot

Government: Unitary presidential representative republic

VAT: 19% | **Reduced VAT:** 9%

companies, as well as the Greek government debt crisis, a country to which Cyprus is closely linked. The fall in population began in 2013, following the financial crisis.

Unlike other countries in Europe, **Cyprus has a much lower penetration of e-shoppers amongst its internet-using population.** Although 92% of the population used the internet in 2020, only half (50%) of those did so to shop online.

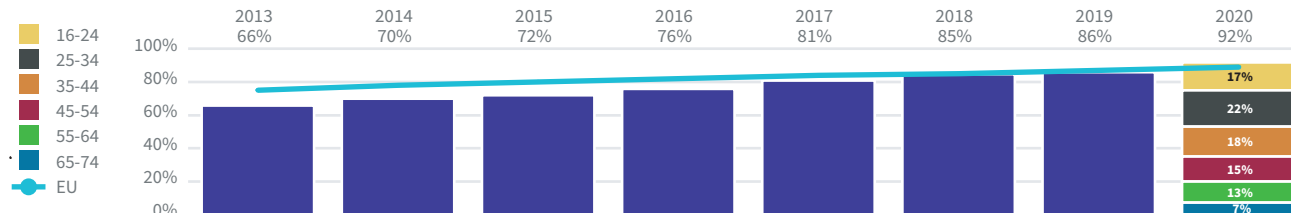
That share has grown only 13 percentage points since 2013, but as Cypriot consumers and retailers continue to embrace the channel, particularly after behaviour changes forced by the pandemic, it is expected to rise further.

25-34-year-olds are the most prolific e-shoppers, but this isn't surprising since this age group also makes up the largest share of the population.

Cypriot customers prefer to shop in multi-sector retailers, with such retailers taking up more than half (54.3%) of the web traffic to the Largest 100 retailers from consumers in Cyprus. This is followed by consumer electronics at 23.4%. The third-most popular sector, fashion, has around a third of the visitors to consumer electronics, attracting 6.4% of web traffic.

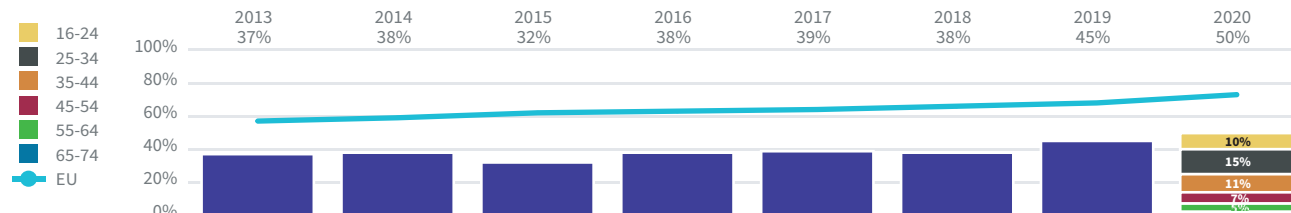
“Although 92% of the population used the internet in 2020, only half of those did so to shop online”

Percentage of population using the internet



Source: RetailX, drawing on data from Eurostat

Percentage of population shopping online

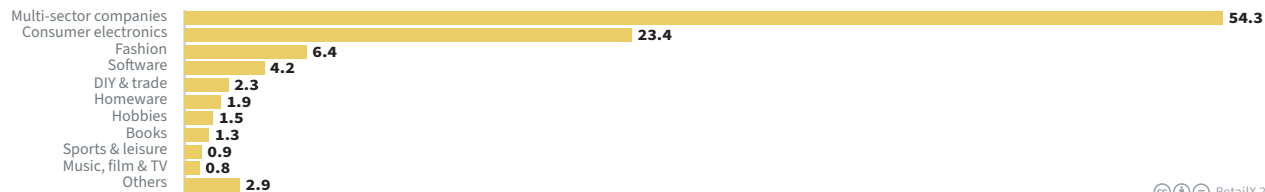


Source: RetailX, drawing on data from Eurostat

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Web traffic by sector

The percentage of web visits to the Largest 100 retailers from consumers in Cyprus, by sector



© RetailX 2021

Source: RetailX, drawing on data from SimilarWeb Note: retailers in the Largest 100 are selected for their significance to consumers in the country irrespective of where they are headquartered

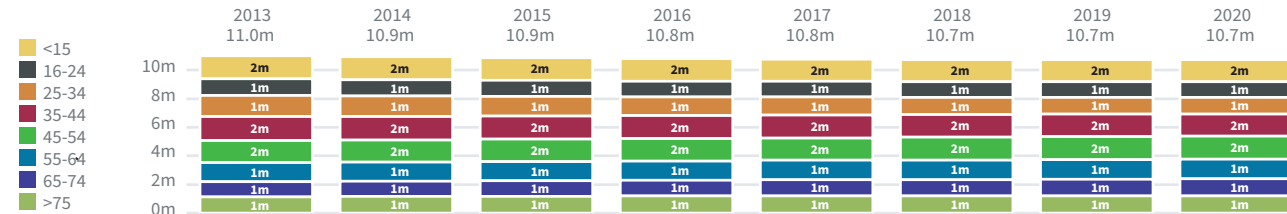
Greece

Cash on delivery is a payment option offered by 80% of Greece's Top 100 online stores

Retail has seen a slow but stable growth in Greece over the years. **The sector includes non-specialised stores and specialised stores**, as well as a traditional reliance on markets in more urban areas of the country.

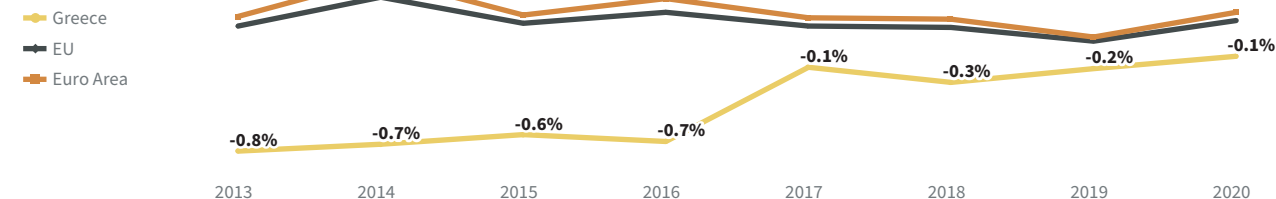
The number of those shopping online and the percentage of people using the internet in Greece are both lower than the EU average. **79% of Greeks used the internet last year** and 55% were shopping online. This has risen from 61% using the internet in 2013 and 40% shopping online in the same year.

Population structure



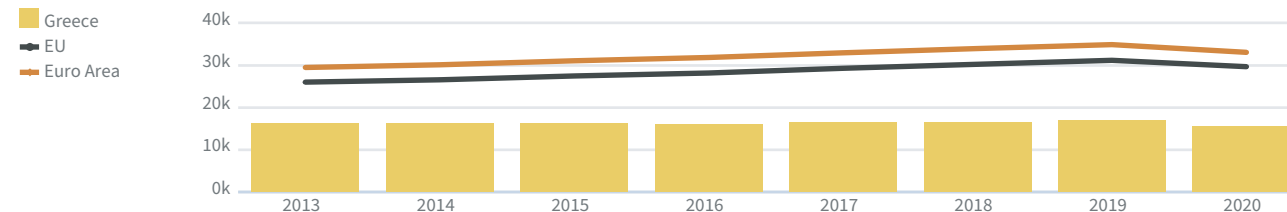
Source: RetailX, drawing on data from Eurostat

Population growth



Source: RetailX, drawing on data from Eurostat

GDP per capita (€)



Source: Eurostat

Greece Profile

Area: 131,957 km²

Capital: Athens

Currency: Euro

Official language: Greek

Other languages spoken: English, German, French, Italian

Nationality: Greek

Government: Parliamentary republic

VAT: 24% | Reduced VAT: 13%



Of those who did shop online in 2020, 63% spent between €15 and €120, with 20% spending up to €300. 45-64-year-olds proved to be the main spenders.

Population growth in Greece has been below that of the EU and Euro area since 2013, but has seen a steady rise since, with **a total population of 10.7m today**. Under 15s make up 2m of the population.

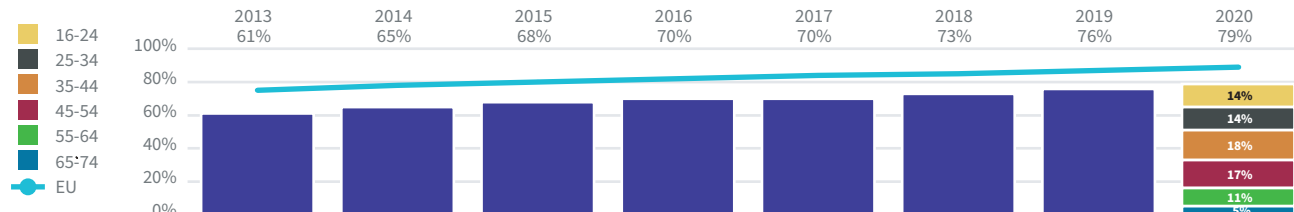
For paying for purchases online, credit and debit cards dominate payment methods offered, with 98% of Greece's top 100 online stores offering the option to pay by card. But **cash on delivery also remains a hugely popular payment method**, unlike in other markets, accounting for an 80% share. E-wallets are also popular at 63%, followed by bank transfer for 59% of the top 100 online stores in Greece. Invoice/instalments are offered by 31%.

National sellers accounted for more than a third (35%) of ecommerce sellers in Greece in 2020. This is followed by 8% from other EU countries, and 5% of sellers from the rest of the world.

In July it was reported that **Greece was considering banning non-vaccinated citizens from entering its retail stores** after September, this could increase online retail sales yet further, despite the return to physical retail.^[1]

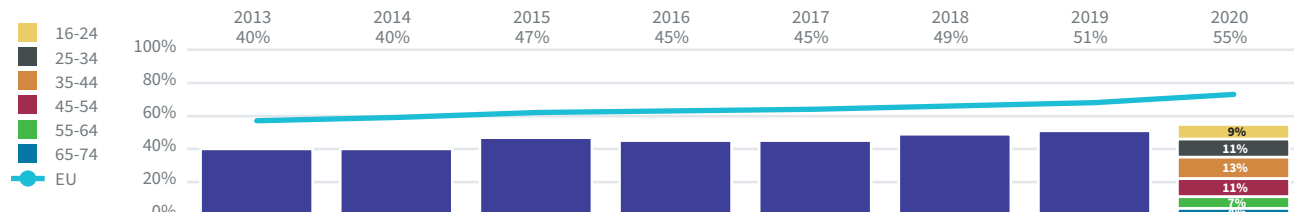
[1] <https://thegreektimes.gr/plan-to-ban-unvaccinated-from-retail-stores-in-greece-from-september-on-the-table>

Percentage of population using the internet



Source: RetailX, drawing on data from Eurostat

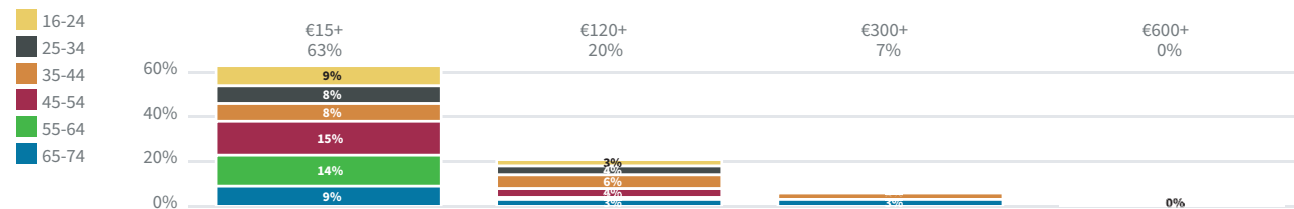
Percentage of population shopping online



Source: RetailX, drawing on data from Eurostat

© RetailX 2021

Online shoppers' monthly spending by age



Source: RetailX, drawing on data from the RetailX European Consumer Observatory

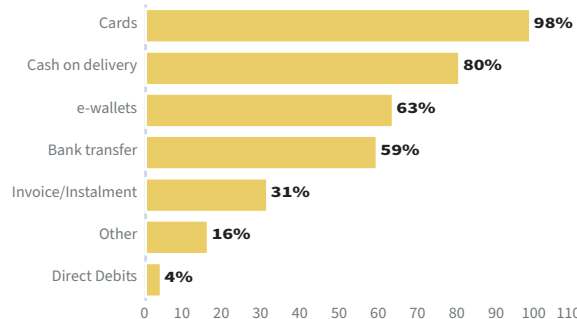
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The Largest 100

The US, China and Spain rate amongst the most popular online markets for Greek consumers

The most popular countries in which the Greek Largest 100 are based include the US (23%), followed by Greece (16%), China (12%) and Spain (10%). While **multi-sector companies are still most important for Greek consumers**, with a 36.2% share, they're followed closely by consumer electronics with a 28.8% share. Fashion accounts for 10.6% of the Largest 100.

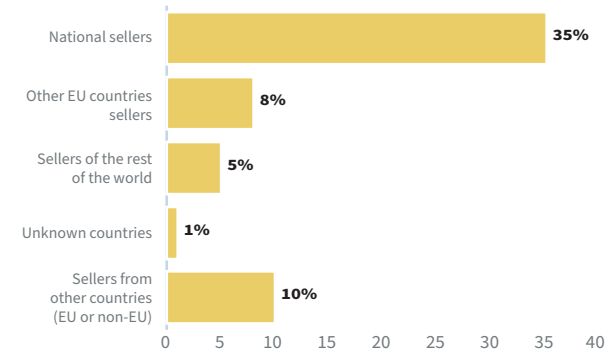
Payment methods offered by the Top 100 Greek online stores



Source: RetailX, drawing on data from Ecommerce DB



Ecommerce: Origin of sellers, 2020



Source: RetailX, drawing on data from Eurostat



Countries where the Greece Largest 100 are based



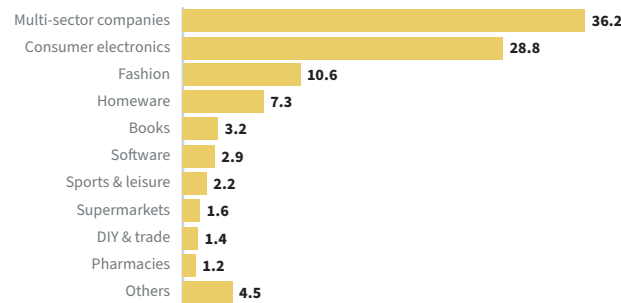
Note: retailers in the Largest 100 are selected for their significance to consumers in the country rather than where they are headquartered

Source: RetailX



Web traffic by sector

The percentage of web visits to the Largest 100 retailers from consumers in Greece, by sector



Source: RetailX, drawing on data from SimilarWeb



“In July it was reported that Greece was considering banning non-vaccinated citizens from entering retail stores from September”

Italy

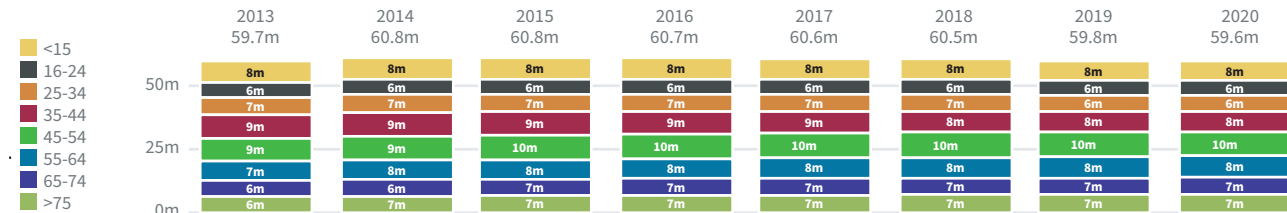
Working hard to recover from the pandemic, Italy is a nation of low-spending but regular online shoppers

Italy has worked hard to recover from the pandemic, when it witnessed nearly a 9% shrinkage of its GDP. The country's government has put in place a raft of recovery measures and **a growth estimate of 4.5% for 2021 looks set to be exceeded.**

However the country's **finance minister Daniele Franco has warned of a cautious rebound rather than a recovery** given the scale of the initial fall.

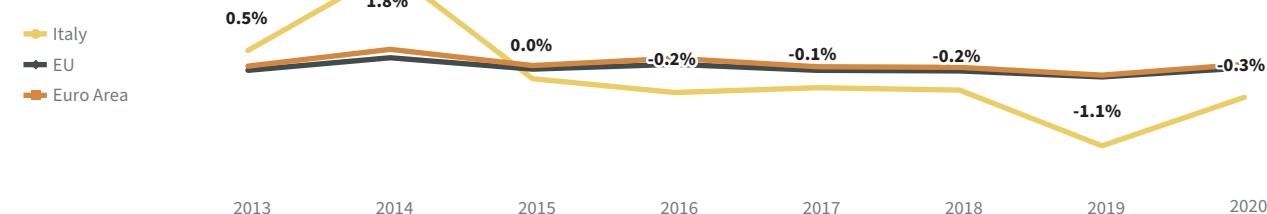
Population growth has been lower than Italy's EU counterparts, with negative growth witnessed since 2015.

Population structure



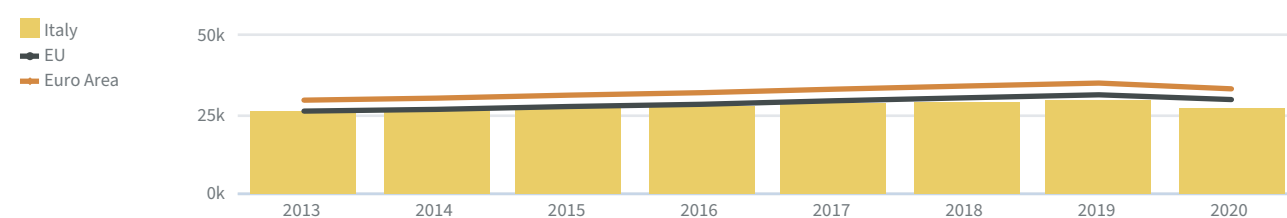
Source: RetailX, drawing on data from Eurostat

Population growth



Source: RetailX, drawing on data from Eurostat

GDP per capita (€)



Source: Eurostat

Italy Profile

Area: 301,340 km²

Capital: Rome

Currency: Euro

Official language: Italian

Other languages spoken: English, German, Spanish

Nationality: Italian

Government: Parliamentary republic

VAT: 22% | **Reduced VAT:** 10%

45–54-year-olds made up a sixth of the 59.6m population in 2020.

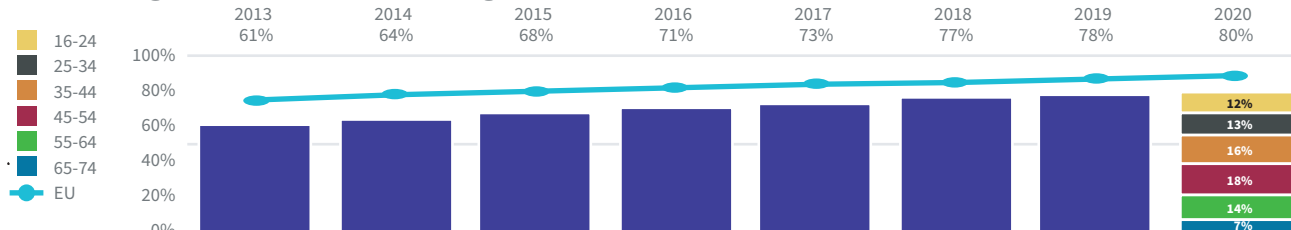
Internet usage has risen steadily, with **80% of the population using the internet in 2020, fuelled in part by the need to use the internet during lockdown**, as well as the Italian government providing resources to incentivise Italian citizens to move online.

However only just over half (54%) of internet users shop online, with 45–54-year-olds also dominating both categories here. Ecommerce in Italy has historically lagged behind Europe thanks to a number of factors, including a historic preference for cash, an ageing population and low broadband penetration. **This has been compounded by high transport costs and a poor delivery infrastructure.**

This has obviously had to change during the pandemic. **Those that do shop online are regular but small spenders** with 56% of online shoppers spending between €15 and €120 each month.

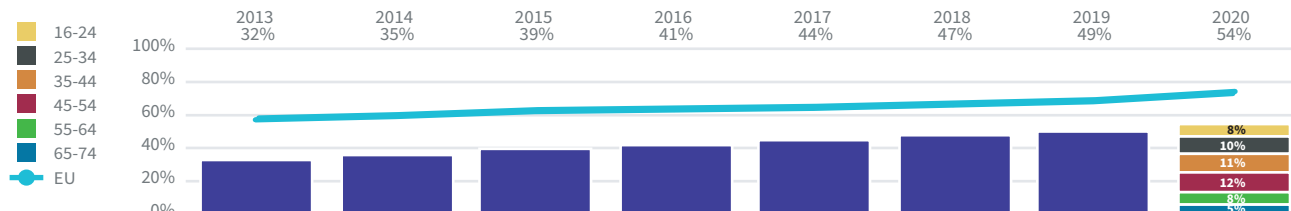
“Ecommerce in Italy has historically lagged behind Europe thanks to a number of factors, including a historic preference for cash, an ageing population and low broadband penetration”

Percentage of population using the internet



Source: RetailX, drawing on data from Eurostat

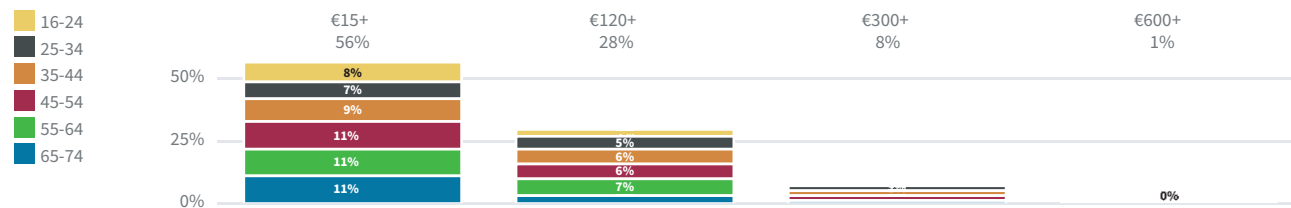
Percentage of population shopping online



Source: RetailX, drawing on data from Eurostat

CC BY ND RetailX 2021

Online shoppers' monthly spending by age



Source: RetailX, drawing on data from the RetailX European Consumer Observatory

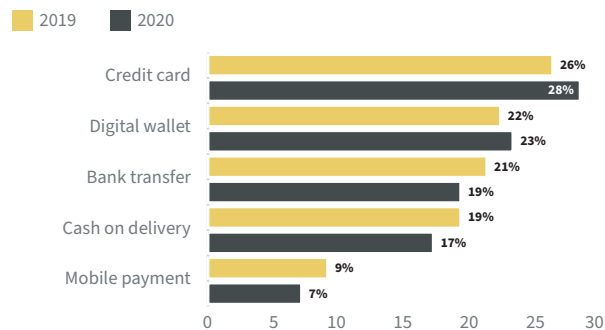
CC BY ND RetailX 2021

In Italy, **credit card usage has grown rather than fallen in 2020, accounting for a 28% share**. Digital wallet usage has also grown, up 1pp to 23%. Mobile payment saw a fall to 7% in 2020 from 9% in 2019, most likely due to lockdown and store closures.

Mobile commerce dominates how people buy, however, with **more than two-thirds (68%) of consumers shopping via smartphones and 26% via tablets in 2020**. Home daytime delivery is the preferred delivery method for 71% of online purchases in 2020.

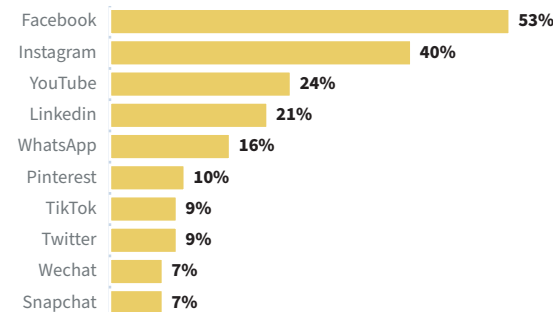
Facebook and Instagram are cited as the most effective social networks for ecommerce companies in Italy in 2020, at 53% and 40% respectively. Newer channels such as TikTok have a far lower take-up, at 9%.

Preferred methods of payment for online purchases, Italy



RetailX, drawing on data from Casaleggio Associati © RetailX 2021

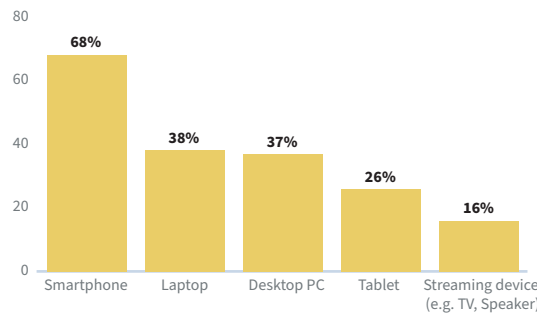
Most effective social networks for ecommerce companies, Italy, 2020



Source: RetailX, drawing on data from Casaleggio Associati © RetailX 2021

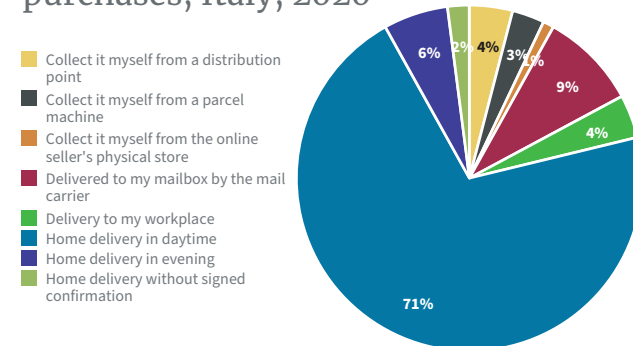
Online purchases by device, Italy, 2020

Which of the following devices have you used for online shopping in the past 12 months?



Source: RetailX, drawing on data from Statista Global Consumer Survey © RetailX 2021

Preferred delivery methods for online purchases, Italy, 2020



Source: RetailX, drawing on data from PostNord, Statista © RetailX 2021

“Home daytime delivery is the preferred delivery method for 71% of online purchases in 2020”

The Largest 100

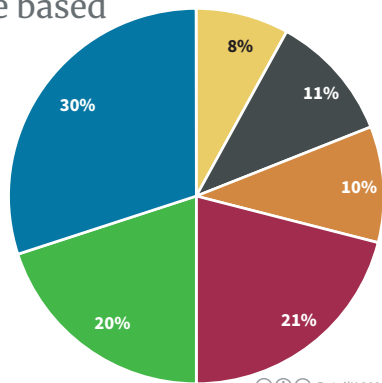
US consumers love Italian brands and Italian consumers love US brands, according to the Largest 100

Italy's home-based retailers attract a range of international customers but **US consumers dominate with US web visits to Italy-based companies in the Largest 100 accounting for a 68.4% share** compared to 8% for China.

The US is also the second biggest share for where the Italy Largest 100 are based, at 20%, beaten only by Italy at 21%.

Countries where the Italy Largest 100 are based

- China
- France
- Germany
- Italy
- United States of America
- Other countries



Note: retailers in the Largest 100 are selected for their significance to consumers in the country rather than where they are headquartered

Source: RetailX

© RetailX 2021

Web traffic from other countries

International web visits to Italy-based companies in the Largest 100, by country



Source: RetailX, drawing on data from SimilarWeb

© RetailX 2021

Web traffic by sector

The percentage of web visits to the Largest 100 retailers from consumers in Italy, by sector



Source: RetailX, drawing on data from SimilarWeb

© RetailX 2021

Italian web traffic to the Largest 100 retailers split by country where the Largest 100 are based

The percentage of web visits from Italian consumers to the websites of Largest 100 retailers split according to where those companies have their operational headquarters



Source: RetailX, drawing on data from SimilarWeb

© RetailX 2021

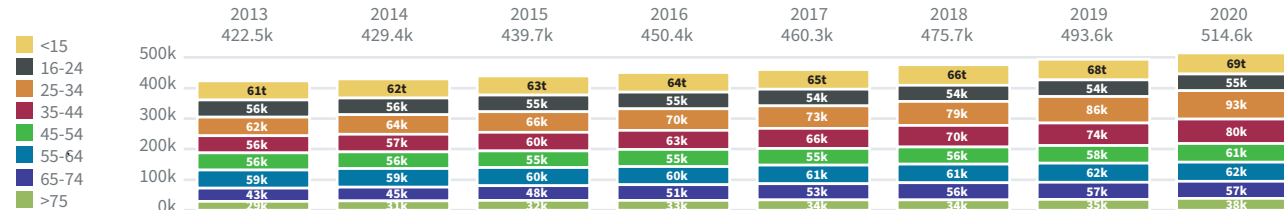
Malta

Small but strong, the Maltese market has a lot to offer ecommerce retailers

Malta is an island only 316km² in size, making it the world's tenth-smallest country. However, the country, which sits in the centre of the Mediterranean, is **one of the most densely populated in the world**, with population particularly concentrated within the country's capital, Valletta.

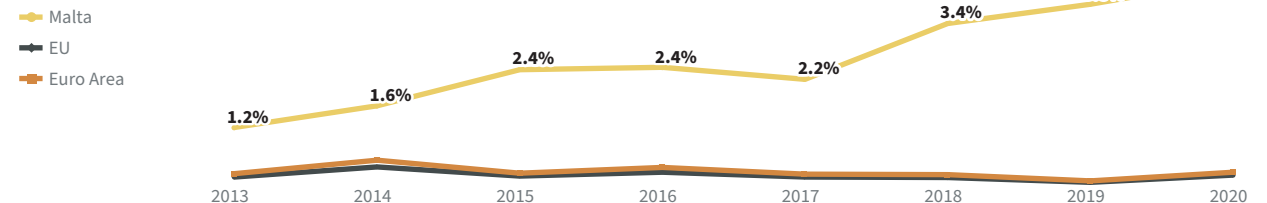
In normal times **the country attracts 1.6m tourists a year**, three times its total population. Tourism is so important to the island that in April Reuters reported that Malta planned to offer foreign visitors a handout of up to €200 each for staying at least three days on the island.^[1]

Population structure



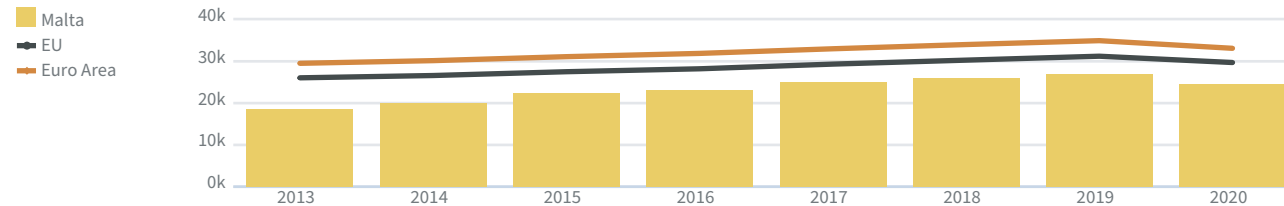
Source: RetailX, drawing on data from Eurostat

Population growth



Source: RetailX, drawing on data from Eurostat

GDP per capita (€)



Source: Eurostat

© RetailX 2021

Malta Profile

Area: 316 km²

Capital: Valletta

Currency: Euro

Official language: Maltese, English

Other languages spoken: Armenian, Arabic, Spanish, French

Nationality: Maltese

Government: Parliamentary representative democratic republic

VAT: 18% | **Reduced VAT:** 7%

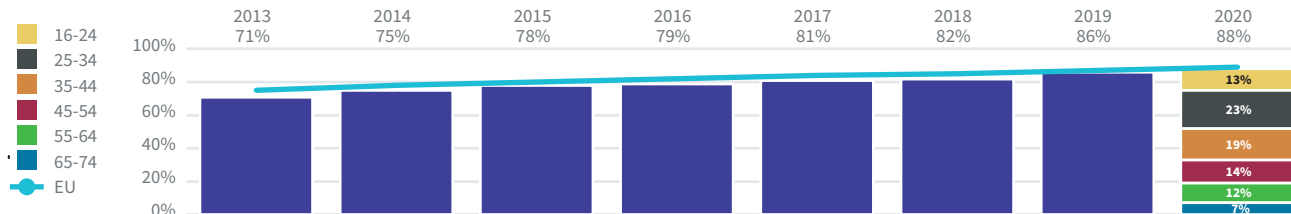
Malta has seen steady, strong growth in its population since 2013, outstripping that of the EU and up by 4.3% in 2020. Part of this comes from the country’s appeal for those looking to retire there. **The country has attracted many foreign migrants**, including those from the UK who are attracted by its climate.

Once a highly fragmented retail market, largely consisting of small, family-owned businesses with limited exposure to big brands, today **Malta is an evolving market with more foreign chains and increasing consumer expectations** of the retail experience. Consumers who previously shopped outside of Malta online are now starting to embrace the more local offerings of their country.

Internet usage, and the percentage of those shopping online, has seen a similar rate of growth to the EU. **In 2020 88% of the population were using the internet**, with 25-34-year-olds the most intense users. 69% of these users shop online, up from 65% in 2013.

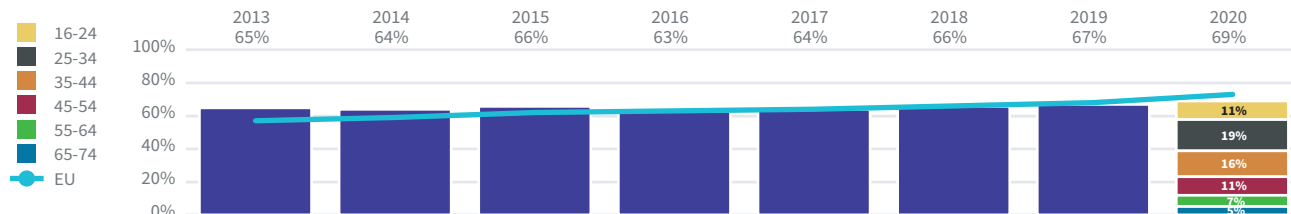
As is common in Southern Europe, multi-sector companies dominate consumer preferences with 59.4% of web traffic to the Largest 100 retailers from consumers in Malta targeted to such stores. The likes of **eBay and Amazon dominate the market** here. The next biggest share is for consumer electronics, at 14.4%, followed by fashion at 7.8%.

Percentage of population using the internet



Source: RetailX, drawing on data from Eurostat

Percentage of population shopping online



Source: RetailX, drawing on data from Eurostat

CC BY ND RetailX 2021

Web traffic by sector

The percentage of web visits to the Largest 100 retailers from consumers in Malta, by sector



CC BY ND RetailX 2021

Source: RetailX, drawing on data from SimilarWeb Note: retailers in the Largest 100 are selected for their significance to consumers in the country irrespective of where they are headquartered

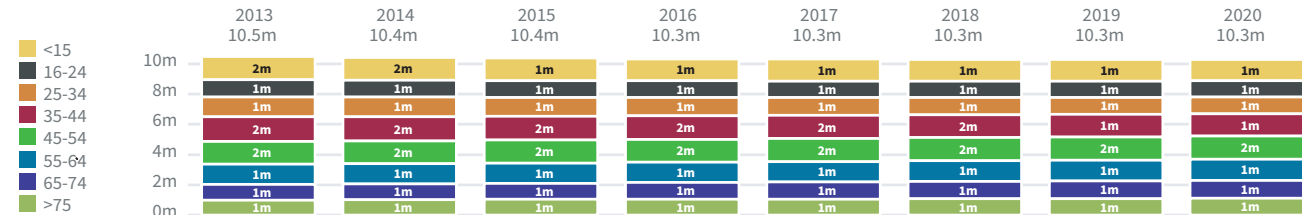
[1] www.reuters.com/world/europe/covid-battered-malta-pay-tourists-who-visit-this-summer-2021-04-09

Portugal

Land-bordered only by Spain, Portugal is the westernmost sovereign stage in mainland Europe. It is also the oldest nation state on the Iberian Peninsula, as well as one of the oldest in Europe

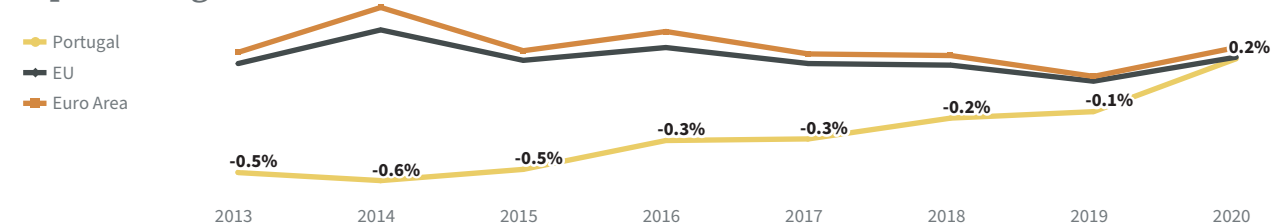
The country had a population of 10.3m people in 2020. Population growth has been below the EU average since 2013 but last year finally rose. **Those aged between 45 and 54 make up the largest proportion of the population**, as well accounting for up the greatest proportion of those using the internet by age.

Population structure



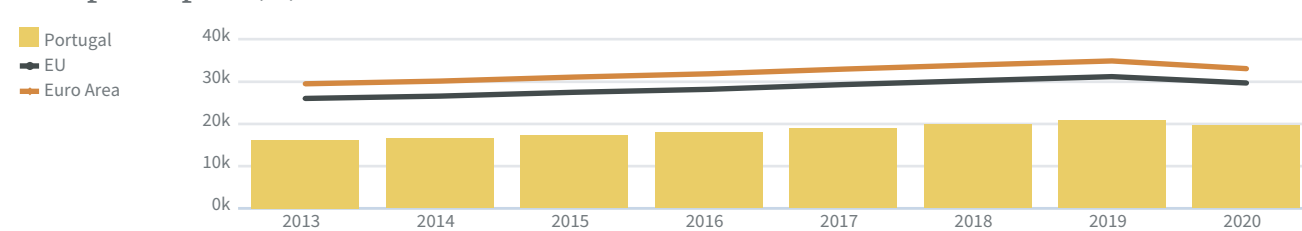
Source: RetailX, drawing on data from Eurostat

Population growth



Source: RetailX, drawing on data from Eurostat

GDP per capita (€)



Source: Eurostat

Portugal Profile

Area: 92,212 km²

Capital: Lisbon

Currency: Euro

Official language: Portuguese

Other languages spoken: English, French, Spanish

Nationality: Portuguese

Government: Unitary semi-presidential representative democratic republic

VAT: 23% | **Reduced VAT:** 13%



That said, internet usage is a little lower than the EU norm, at 81%. This translates to a 54% share of the population shopping online in 2020, a figure much lower than the EU average. Both the number of those shopping online and the number of those retailers with online platforms grew during the pandemic – with the likes of Barbot and Espaço Casa bringing forward the launch of their ecommerce businesses.

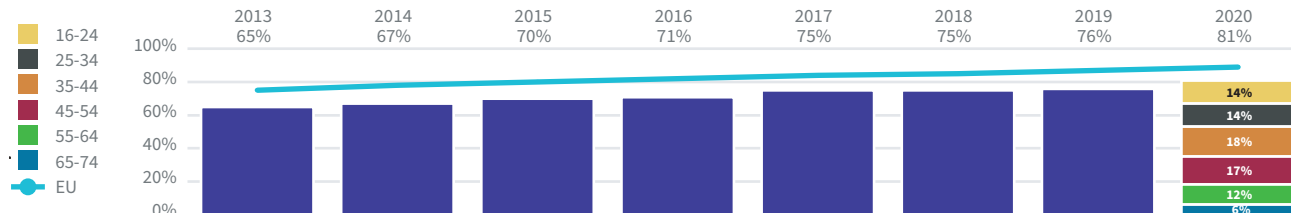
More than half (56%) of shoppers in Portugal spend between €15 and €120 online each month. One in five (20%) spend between €120 and €300 a month.

In terms of payment methods, credit/debit cards are offered by all the Top 100 online stores in Portugal. E-wallets also have a heavy dominance, with 96% offering them. **Just under half (48%) of the Top 100 Portuguese online stores offer payment by bank transfer.** Invoice/instalments, a growing payment method in many countries, sits at 24%.

Zalando and Amazon dominate the Portuguese market as two of the biggest business to consumer sites in Portugal.

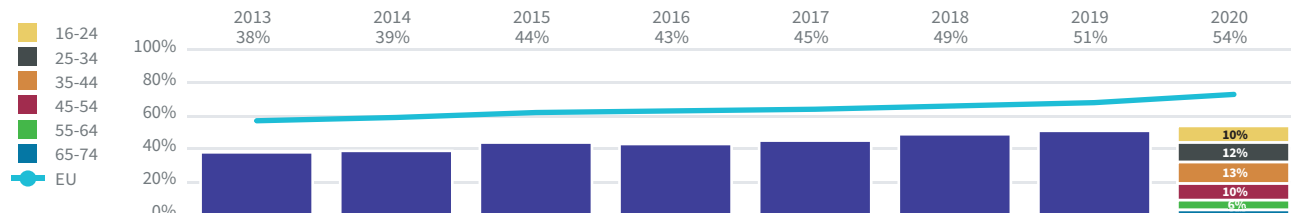
Click and collect is offered by more than a third (37%) of the Top 100 Portuguese online stores. For home delivery such retailers use a range of carriers. The most common is CTT Correios de Portuga, offered by one in four (26%) of the Top 100. That’s followed by several other international carriers including UPS, DHL and DPD.

Percentage of population using the internet



Source: RetailX, drawing on data from Eurostat

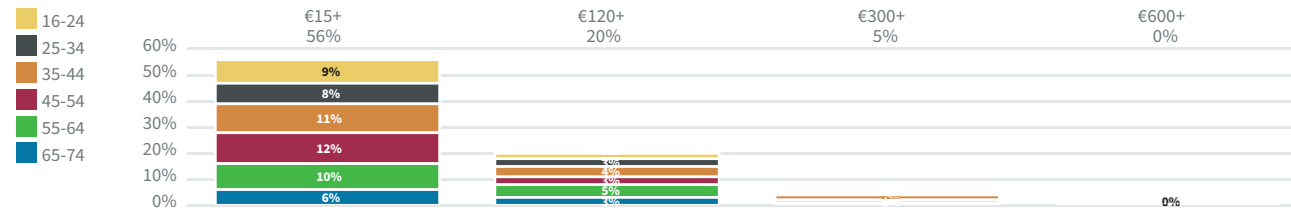
Percentage of population shopping online



Source: RetailX, drawing on data from Eurostat

© RetailX 2021

Online shoppers' monthly spending by age



Source: RetailX, drawing on data from the RetailX European Consumer Observatory

© RetailX 2021

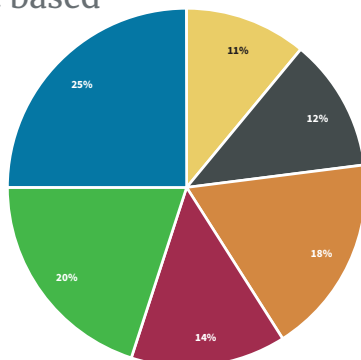
The Largest 100

Portugal has a hunger for US retail with US accounting for one in five of the Largest 100

The US dominates consumer preference for shopping in Portugal, with one in five (20%) of the retailers in the Largest 100 based in the US. This even trumps the domestic market, which makes up 18% of the Largest 100.

Countries where the Portugal Largest 100 are based

- China
- France
- Portugal
- Spain
- United States of America
- Other countries

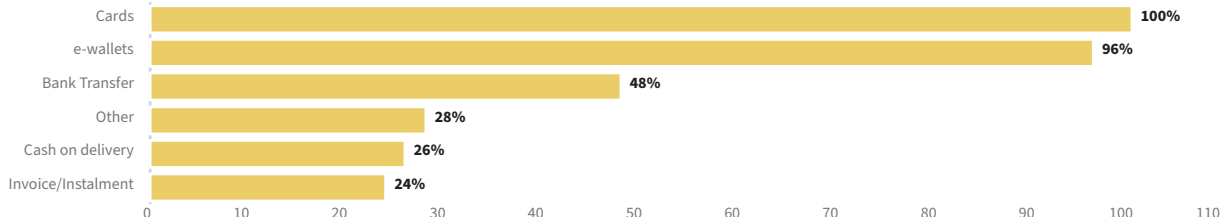


Note: retailers in the Largest 100 are selected for their significance to consumers in the country rather than where they are headquartered

Source: RetailX

© RetailX 2021

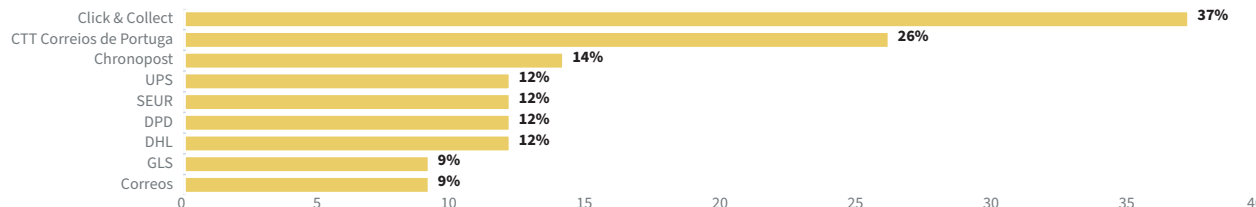
Payment methods offered by the Top 100 Portuguese online stores



Source: RetailX, drawing on data from Ecommerce DB

© RetailX 2021

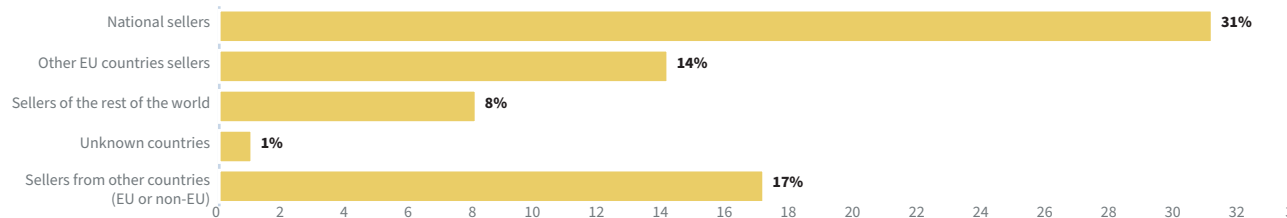
Delivey methods offered by the Top 100 Portuguese online stores



Source: RetailX, drawing on data from Ecommerce DB

© RetailX 2021

Ecommerce: Origin of sellers, 2020



Source: RetailX, drawing on data from Eurostat

© RetailX 2021

Spain

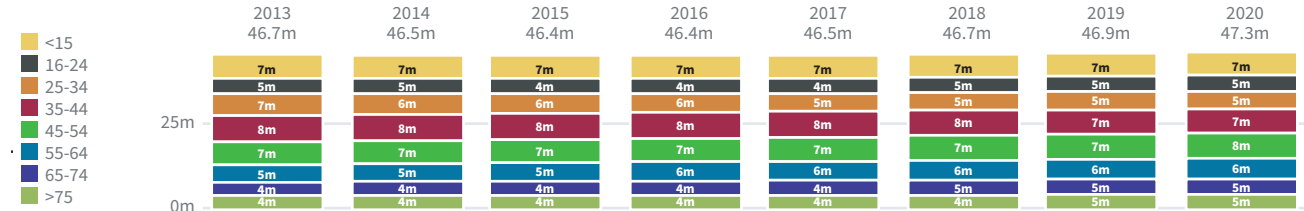
One of the economies hardest hit by the pandemic, Spain is working to recover

Spain's economy – the fourth largest in the EU – was among the hardest hit by the pandemic, partly thanks to its **huge reliance on the tourism industry**. GDP took a huge 11% tumble, impacting unemployment and confidence.

But, as one of the largest recipients of the €750bn recovery fund from the EU, **the country is working hard to rebuild as the pandemic eases**.

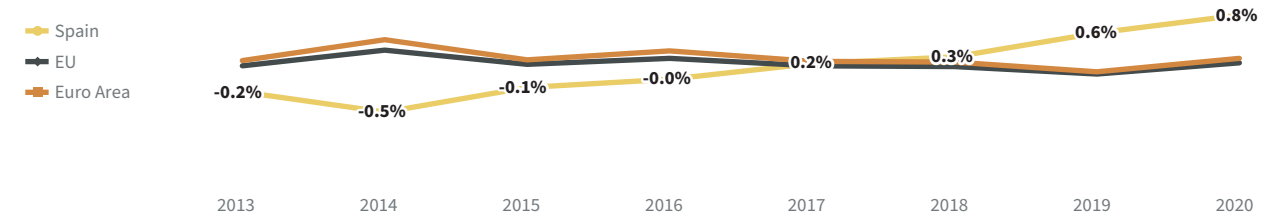
Spain's population has seen modest growth since 2014, returning to positive growth in 2017. It grew by 0.8% in 2020 to hit 47.3m, a rate of growth that is beyond the EU and Eurozone average.

Population structure



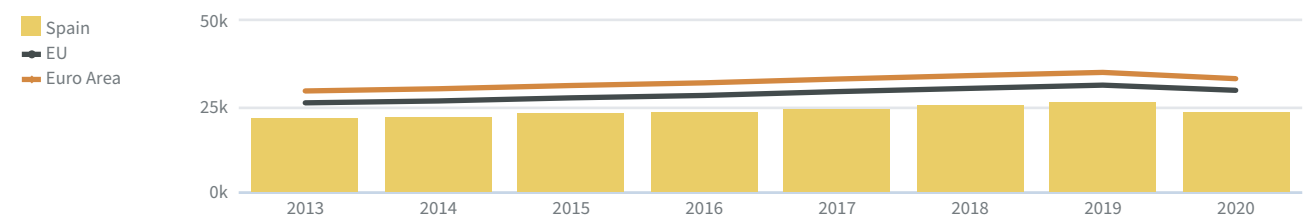
Source: RetailX, drawing on data from Eurostat

Population growth



Source: RetailX, drawing on data from Eurostat

GDP per capita (€)



Source: Eurostat

© RetailX 2021

Spain Profile

Area: 505,990 km²

Capital: Madrid

Currency: Euro

Official language: Spanish

Other languages spoken: English

Nationality: Spanish

Government: Parliamentary monarchy

VAT: 21% | **Reduced VAT:** 10%



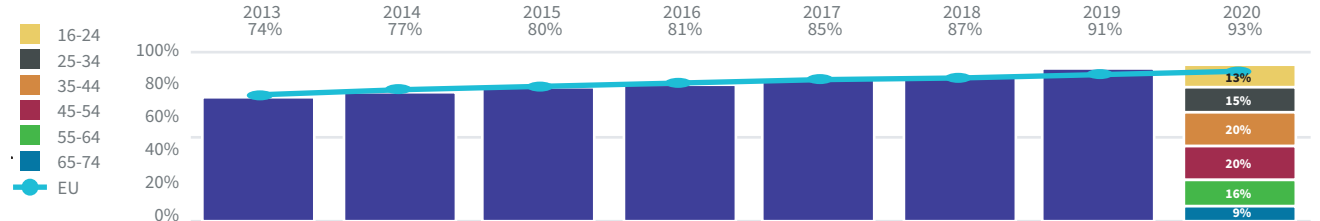
Internet usage is dominated by 35-54-year-olds who have the strongest representation of internet users, making up 40% of the overall 93% of internet users between 16 and 74 years of age in Spain.

The share of those using the internet in Spain is higher than the EU average but **the share of the population shopping online is lower**, at 66% in 2020 for Spain. More than half (56%) of online shoppers spend at least €15 a month online while a quarter (26%) spend €120-€300 a month.

More than half (51%) of Spanish consumers **preferred to pay by debit or credit card for online purchases** in 2020. This was followed by 41% preferring PayPal or similar options.

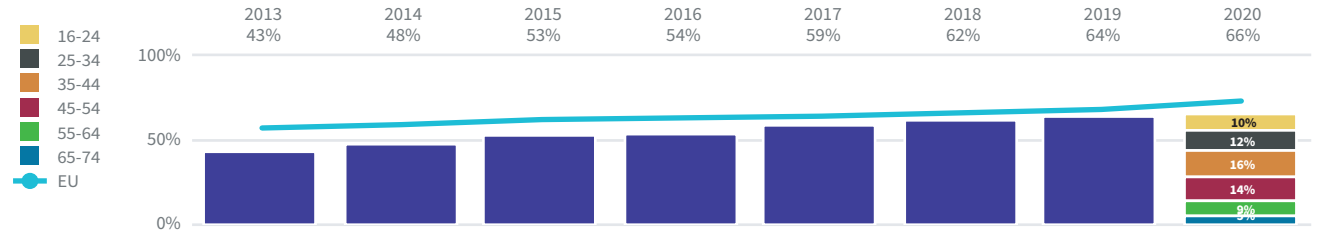
Spanish consumers shopped online for several reasons in 2020 with convenience the most cited, at 98%.

Percentage of population using the internet



Source: RetailX, drawing on data from Eurostat

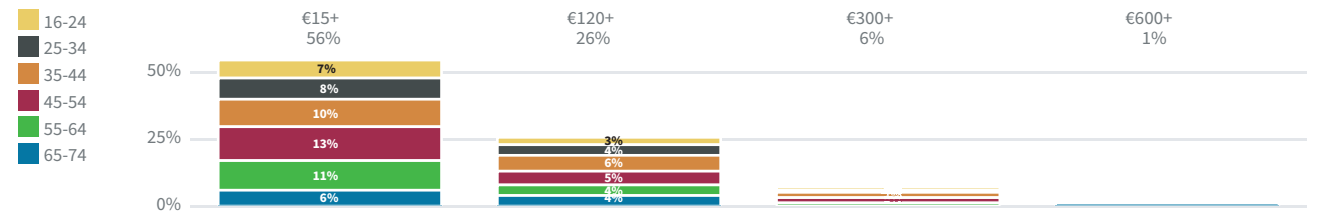
Percentage of population shopping online



Source: RetailX, drawing on data from Eurostat

© RetailX 2021

Online shoppers' monthly spending by age



Source: RetailX, drawing on data from the RetailX European Consumer Observatory

© RetailX 2021

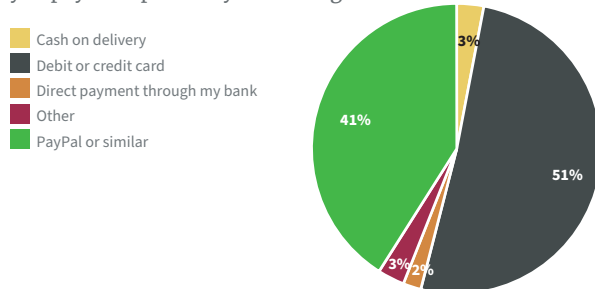
“More than half of online shoppers spend at least €15 a month online, while a quarter spend €120-€300 a month”

Convenience is important for delivery too, with **57% of Spanish consumers wanting to be able to choose their delivery location**, 49% wanting to choose delivery time and 48% demanding fast delivery.

Ecommerce is seeing big growth in Spain up from a 27% share in 2017 to 55% in 2020. **Smartphones are stealing share from desktop computers as shoppers get more mobile.** This attachment to mobile means that social commerce is also growing in Spain. In 2020, 27% of 18-34-year-old consumers bought via social media. That compared to 18% of 35-54-year-olds, and 8% of those aged 55 and above.

Most popular payment methods for online purchases in Spain, 2020

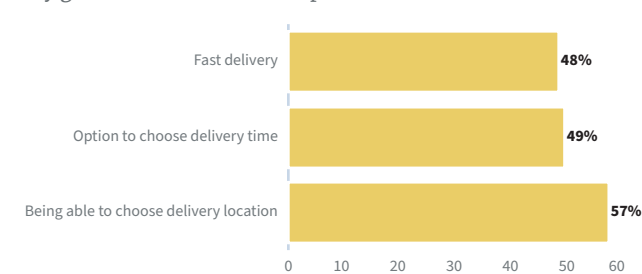
Which of the following methods do you prefer to use when you pay for a product you've bought online?



Source: RetailX, drawing on data from PostNord, Statista RetailX 2021

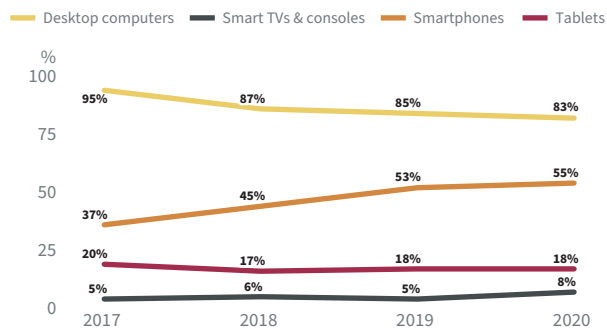
Ecommerce delivery preferences, Spain, 2020

How important are the following factors in your decision to buy goods from an online shop?



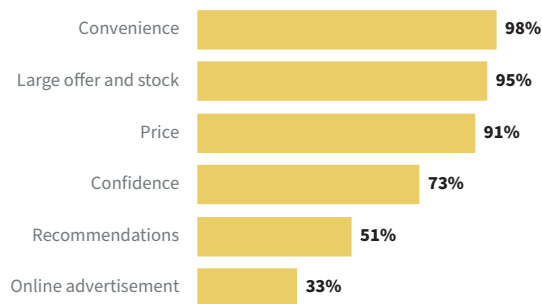
Source: RetailX, drawing on data from Statista, PostNord RetailX 2021

Devices used for online purchases in Spain, 2017-2020



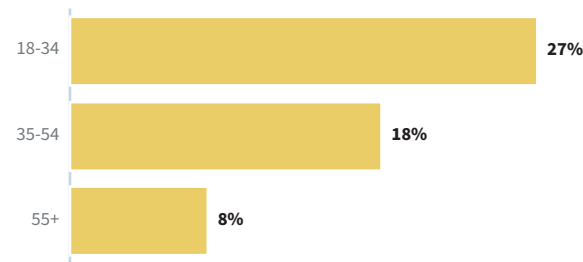
Source: RetailX, drawing on data from Statista, IAB Spain RetailX 2021

Reasons why people purchased items via ecommerce in Spain in 2020



Source: RetailX, drawing on data from Statista, IAB Spain, Elogia marketing 4 ecommerce RetailX 2021

Share of people who purchased goods on social media, Spain, 2020, by age group



Source: RetailX, drawing on data from Shopify, Elogia RetailX 2021

The Largest 100

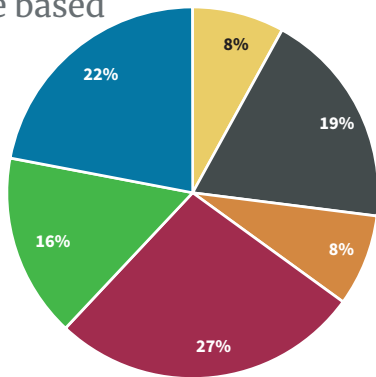
More than a quarter of Spain's Largest 100 are domestic retailers

Web visits to Spain-based companies in the Largest 100 from other countries are dominated by consumers from the US at almost 50%. This is followed by traffic from Spain (17.5%) and then China (14.3%).

Spanish consumers shop in French stores after their own, with **French stores accounting for 19% of the Spain Largest 100**. That's followed by 16% for US stores. 27% of Spain's Largest 100 are domestic retailers.

Countries where the Spain Largest 100 are based

- China
- France
- Germany
- Spain
- United States of America
- Other countries



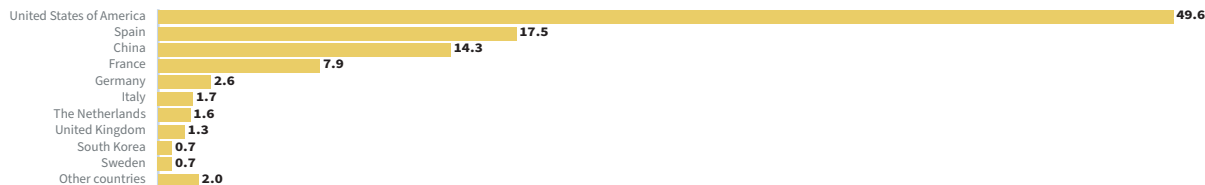
Note: retailers in the Largest 100 are selected for their significance to consumers in the country rather than where they are headquartered

Source: RetailX

© RetailX 2021

Web traffic from other countries

International web visits to Spain-based companies in the Largest 100, by country



Source: RetailX, drawing on data from SimilarWeb

© RetailX 2021

Web traffic by sector

The percentage of web visits to the Largest 100 retailers from consumers in Spain, by sector



Source: RetailX, drawing on data from SimilarWeb

© RetailX 2021

Spanish web traffic to the Largest 100 retailers split by country where the Largest 100 are based

The percentage of web visits from Spanish consumers to the websites of Largest 100 retailers split according to where those companies have their operational headquarters



Source: RetailX, drawing on data from SimilarWeb

© RetailX 2021

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The year ahead

We revisit our predictions from a year ago. We also look ahead as we identify a potential key consideration for 2021/22, the development of customer-centric retail offerings

Looking back over our ‘year ahead’ predictions in the 2020 RetailX Ecommerce Region Report, there is a mildly shellshocked quality to some of the prose. “Shortly into the year,” we said, “we realised that the Covid-19 pandemic was challenging all of our assumptions about how ecommerce might develop over the next year and beyond.”

Turning directly to the effects of the pandemic, we also noted: “The key retail takeaway from [the pandemic] is that ecommerce is now being seen not just as a viable option for both retailers and consumers, but also as something that’s truly convenient and safe.” Ecommerce associations, we added, had for a long time been “working tirelessly” to convince both consumers and retailers of the ease and security of online shopping. The crisis had made this happen “overnight”.

A year down the line, do these words still ring true? The first thing we should note here is that, for all it seems the pandemic is ending in Europe as populations are vaccinated, it continues to take a toll across the world.

THE EFFECTS OF THE PANDEMIC

That noted, we might rein back in our assessment of the effects of the pandemic on the ecommerce sector. Yes, we have seen **more companies go online**, including many smaller retailers; we have seen **logistics operations expand to cope with new demands**; and **many consumers have made online purchases for the first time**, especially in countries where ecommerce was less developed at the start of the pandemic.



Environmental issues such as plastic waste are becoming more important to consumers

Nevertheless, without underestimating the importance of, for example, greater sales volumes leading to economies of scale within ecommerce, what we have seen over the past year is Covid deepening and accelerating existing market developments. Broadly, **ecommerce is becoming part of everyday life for more and more people**, and this has been true for a while.

SUSTAINABILITY

The second area highlighted last year was sustainability. In 2020, we said: “It cannot be overstated how many consumers are thinking about sustainability with the purchases they make online, surrounding not only the ethical/sustainable quality of products (and often the webshop’s mission), but also the packaging and delivery of the products they order.”

These kinds of concerns might seem initially like issues that people would worry about less during a pandemic. But if anything, we would argue, **issues around sustainability have come even more to the fore** because so many people have reassessed their lives during the pandemic. As flash-floods have engulfed parts of Europe, overwhelming parts of wealthy Germany, and forest fires have raged in the western USA, environmental issues have played into these personal calculations.

In this context, an innovation as small as Amazon Day, which allows Prime customers to gather together the delivery of their purchases on a specific day and avoid

couriers making multiple trips, is going with the grain of customer behaviour.

Over the months and years ahead, consumers, especially those in wealthier nations, will continue to give greater weight to the environment. **There’s a generational aspect to the changes.** Vegan-related searches on Google increased by 47% in 2020^[1], according to Google Adwords, a reflection in part of the way younger consumers are making ethically driven choices. For more on sustainability, including the results of our original research, see page 22.

CUSTOMER-CENTRIC RETAIL/MULTICHANNEL CUSTOMER

There are, of course, contradictions here. As consumers, we all have favourite smaller and independent retailers we support, yet we all use large retailers that are efficient and convenient – and which sometimes compete with the smaller retailers we profess to love.

From an ecommerce perspective, these contradictions need to be understood if retailers are to reach consumers. They lie at the centre of such questions as:

- Why do consumers make the choices they do?
- How will changing an offer affect sales?

This is especially relevant to current thinking about ecommerce because **the idea of customer-centric retail keeps recurring** – and will continue to do so in the year ahead. Essentially, this is the idea that **customers should be at the centre of all that businesses do**. Get this right, goes the reasoning, and companies build brand loyalty.

Often, the issues get subsumed into a narrow focus: how does an individual retailer achieve consistency across different channels so that customers have a similar experience across different touchpoints? Without underestimating the importance of data and branding consistency, this is not enough in itself.

As customers, **we don’t just want consistency, we want great experiences.** But what does that mean in practice? One way to answer is to follow through the logic of customer-centricity and think of multichannel customers rather than multichannel retailers. This is another way of saying we all shop online, via apps, mobile and social media, and out in the real world – and with multiple retailers. **Increasingly, we are multichannel creatures.**

With every interaction, we want a great experience, but we’re realists too. Shopping with a large retailer, a great experience may be one that is fast and efficient. With a smaller retailer, we may want expertise from an informed shop assistant, or time to browse. From brands, we may want the novelty and marketing pizzazz so often associated with landmark stores, retail as theatre.

A prediction then for 2021/22. Especially in developed markets, where ecommerce is growing more slowly and gains are likely to be incremental, understanding how customer-centricity works in each of these scenarios will be an increasing preoccupation for successful retailers.

REFERENCE

[1] <https://vegnews.com/2021/1/vegan-google-searches-spike-by-47-percent-in-2020>

Conclusion

We hope that you have found our research and analysis to be of interest and commercial value. We would be very pleased to hear from you with questions, suggestions or comments, and in particular we would like to hear about any areas you think we should include in the 2022 report.

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