



2021 EUROPEAN E-COMMERCE REPORT

Executed by:



A WORD FROM ECOMMERCE EUROPE

Luca Cassetti
Secretary General



As the European association representing the digital commerce sector in Europe, Ecommerce Europe would like to thank the Centre for Market Insights of the Amsterdam University of Applied Sciences for preparing this report. This year's report covers a very special year, undeniably marked by the outbreak of the COVID-19 pandemic. Unlike ever before, the e-commerce sector played an extraordinary role in society, safely providing consumers access to goods in times that severe restrictions were in place to protect people's health. As a result, there has been an exceptional growth in the sale of products, but due to the lockdown measures, also a great loss in the tourism and events sector. These developments are reflected in this year's findings, which show that with a turnover growth rate of 10%, e-commerce in Europe still grew significantly, but slightly less than in 2019, when it was 14%. Growth rates are forecasted to continue their upward trend in 2021, with an expected growth rate of 12% and a turnover of 844 billion euros.

The last year has triggered many changes in our societies and economies. To respond to the rapidly changing commercial reality, businesses needed to accelerate their digital transformation. Companies that previously only operated via offline sales channels, now also started to develop a digital presence. Ecommerce Europe believes that the trend towards an increasingly omnichannel retail sector was inevitably coming, but the pandemic has further expedited this development. This has exposed the need for a complementarity between the physical and digital side of retail, both for businesses to be able to meet the growing expectations of consumers for a seamless commerce experience, but also in terms of policy. From a regulatory perspective, online and offline commerce are often still treated separately in the EU. Ecommerce Europe has identified the development of a channel-neutral and

futureproof legislative framework as one of the key priorities for the coming years for building a resilient and competitive EU retail sector.

In parallel to the digital transformation, moving towards an increasingly sustainable digital commerce sector is also one of Ecommerce Europe's key objectives. As part of a complex social, environmental and economic ecosystem, businesses have rethought the way they produce, the way they exchange, and how and what they sell to consumers. We consider the growth of e-commerce as an opportunity to structurally shift to more sustainable retail and consumption practices, as well as an opportunity to use the digitalisation of our society to make the transition to a more sustainable economy. The e-commerce sector has the potential to become a key driver for the circular economy and its evolution is constantly opening new opportunities for more sustainable practices, which should be further encouraged.

To build on the developments in the sector, EU policymakers should seize the opportunity to support digital transformation and innovation, in particular for SMEs, deliver on channel-neutral legislation, and continue to embed digitalisation as a key component of sustainability policies.

Ecommerce Europe: The European Digital Commerce Association

Ecommerce Europe represents, through its 24 national associations, more than 150,000 companies selling goods and services online to consumers in Europe. Ecommerce Europe acts at European level to help legislators create a better framework for online merchants, so that their sales can grow further. We are the European platform for digital commerce, where national associations, company members and business partners can network and share best practices, exchange information and knowledge on issues concerning their business.

Ecommerce Europe's Public Affairs Activities

Ecommerce Europe represents the interests of the digital commerce sector vis-à-vis European legislators. Our advocacy activities focus on the following main pillars:

- Digital Regulations
- Digital Transactions and Innovation
- Logistics & parcel delivery
- Sustainability
- Platforms
- Trust (Ecommerce Trustmark)

These pillars are structured into Working Committees that are managed by the Brussels Secretariat. Members of Ecommerce Europe can participate in the committees to discuss and further develop the positions of the association on a wide range of topics. These meetings are also the occasion to get informed, share best practices and discuss obstacles merchants face in their daily e-commerce operations. Ecommerce Europe translates the outcome of the Working Committees into policy recommendations for legislators on how to make it easier for merchants to sell online, especially cross-border. At the same time, we provide practical and useful information to our members on relevant developments at European Union level.



If you would like to get involved with Ecommerce Europe or one of our national associations, please visit our website www.ecommerce-europe.eu or send us an e-mail at info@ecommerce-europe.eu.

A WORD FROM EUROCOMMERCE

**Christian
Verschueren**
Director-General



EuroCommerce, the European voice of the retail and wholesale sector, is proud again this year to support the European E-commerce Regional Report. 2020 will go down as a year of massive challenges for the whole of the European economy and for every individual in Europe. E-commerce quickly responded to the challenges by ensuring continued access to producers and services to consumers during the pandemic.

Retail and wholesale, especially in non-food, was hit particularly hard by restrictions imposed during the pandemic. Providers of daily essentials and retailers supporting the “home nesting” economy and home working recorded strong activity rates in areas such as home improvement, gardening and electronics. Wholesalers serving the hospitality sector and retailers and wholesalers in other segments, such as clothing, shoes and accessories, have experienced dramatic falls in sales. Online sales and click & collect helped, but not sufficiently to compensate for the significant losses in physical shops arising from the restrictions. Investments in digitalisation accelerated, with digitalisation plans initially planned over several years being implemented in a matter of months.

E-commerce makes 10 -15% of total retail sales in the EU. Yet it influences a much greater share of the consumer journey (up to 50% or more), which nowadays includes a mixture of physical and online. Robust growth over the past decade accelerated with the Covid 19 pandemic with many more consumers going online for the first time: 71% of the population bought online in 2020, up from 66% in 2019, and 64% in 2018. We expect this trend to continue to grow as consumers having gained experience, see the advantages of online sales and expect a seamless experience including a combination of online and offline interactions for their shopping.

With retail and wholesale an important linchpin for the European economy, we are calling on national governments and European policymakers to make digitalisation a major priority for the recovery of our sector and the economy as a whole. Prior to the pandemic, 70% of retailers, especially micro-businesses, had no e-commerce offering. This is important as a digital presence showed itself as a vital lifeline and a matter of survival for many companies facing repeated waves of restrictions and are today very short of liquidity. We expect that 20-30% of retailers are likely to be unable to continue in business once all support mechanisms are removed. With retail and wholesale a vital element underpinning the life of local communities, this would have a dramatic effect on the continued attractiveness and vibrancy of local communities, and on very many local jobs.

Key priorities for supporting very small or micro companies going digital include awareness-raising, provision of advice on establishing an online presence to allow companies to reach their customer base and support to entrepreneurs. In parallel to this support, developing a regulatory environment to create a level playing field in relation to marketplaces should also be a priority. Online platforms have emerged as a useful mechanism for SMEs to reach customers online, without having to invest in a web-shop or branding. However, restrictions by suppliers on trading on third party marketplaces may restrict retailers, especially SMEs, in using this important channel.

We hope that this report, in providing important facts and figures on developments in European e-commerce, will contribute to better understanding where support for the digital transformation of retail and wholesale is needed.

“Robust growth over the past decade accelerated with the Covid 19 pandemic with many more consumers going online for the first time.”

EuroCommerce: The European Voice of the Retail and Wholesale sector

EuroCommerce is the principal European organisation representing the retail and wholesale sector. It embraces national associations in 28 countries and 5 million companies, both leading global players such as Carrefour, Ikea, Metro and Tesco, and many small businesses. Retail and wholesale is the link between producers and consumers. Over a billion times a day, retailers and wholesalers distribute goods and provide an essential service to millions of business and individual customers. The sector generates 1 in 7 jobs, offering a varied career to 26 million Europeans, many of them young people. It also supports millions of further jobs throughout the supply chain, from small local suppliers to international businesses. EuroCommerce is the recognised European social partner for the retail and wholesale sector.

EuroCommerce stands for:
fair, competitive & sustainable retail and wholesale in Europe

Our roles:

- EU advocacy and intelligence
- Research, learnings and thought leadership
- Exchange and networking
- Positive communication and sector reputation

We are EU policy specialists in:
Supply Chain & Economics, Data & Privacy, E-Commerce & Payments, Environment & Sustainability, Single Market, International Trade, Food & Non-Food Products, Jobs & Skills, Consumer Rights and Taxation.



If you would like to get involved with EuroCommerce, please visit our website www.eurocommerce.eu or send us an e-mail at bastings@eurocommerce.eu.

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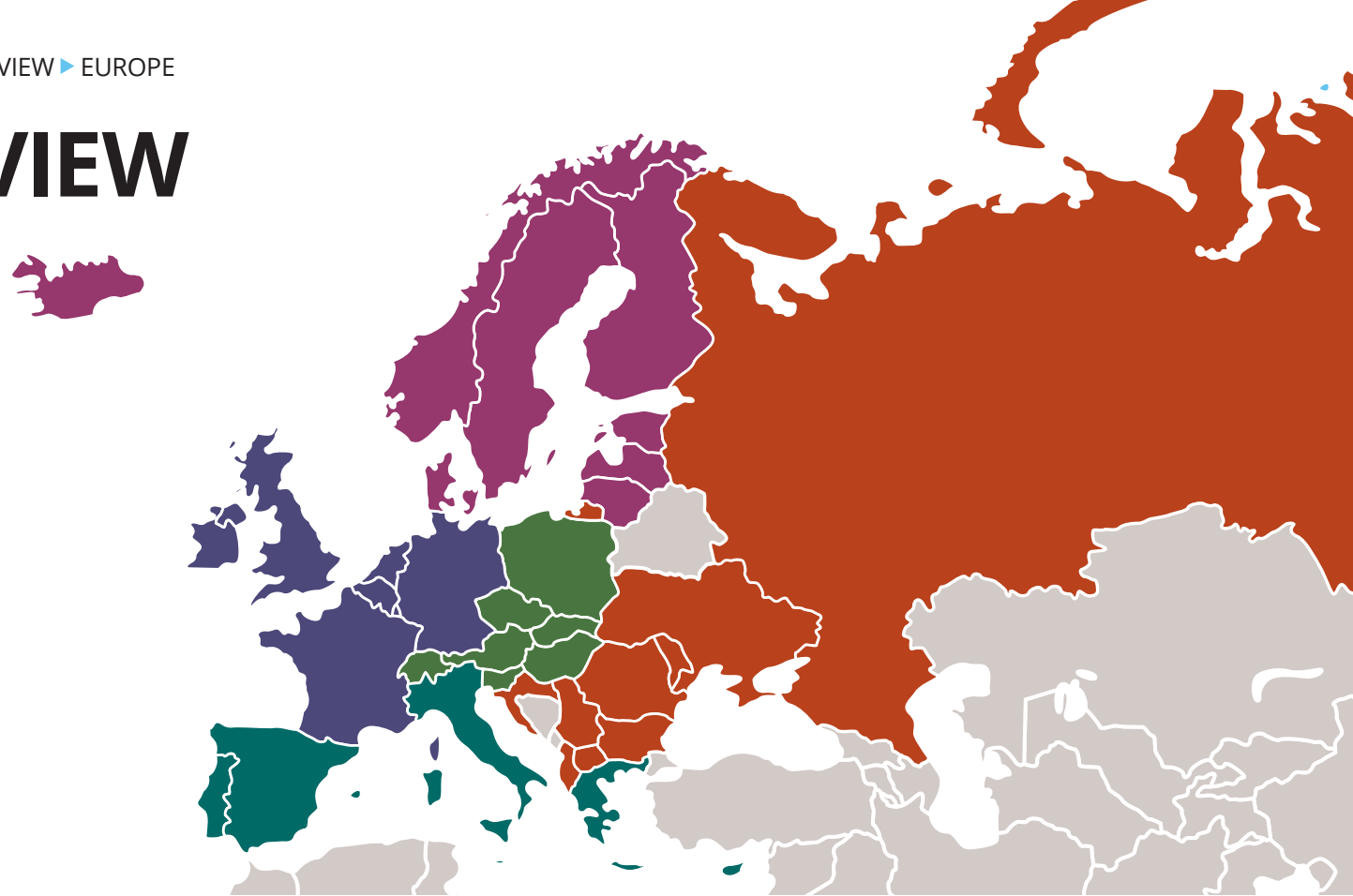
MARKET OVERVIEW

EUROPE

The European continent is home to diverse markets, with e-commerce markets that also vary greatly. Digital skills, including internet use, alongside purchasing power, are all factors that impact the adoption and growth of e-commerce. During the COVID-19 pandemic, internet use increased at a normal growth rate, rounding off the year with 89% of the population accessing the internet (this encompasses all 37 countries). Although GDP did not see substantial growth, 2021 is projected to be a better economic year for the continent.

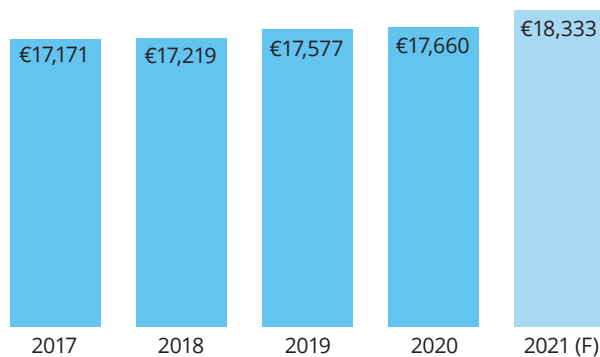
EUROPE'S E-COMMERCE REGIONS

- Western Europe
- Central Europe
- Northern Europe
- Eastern Europe
- Southern Europe



GDP

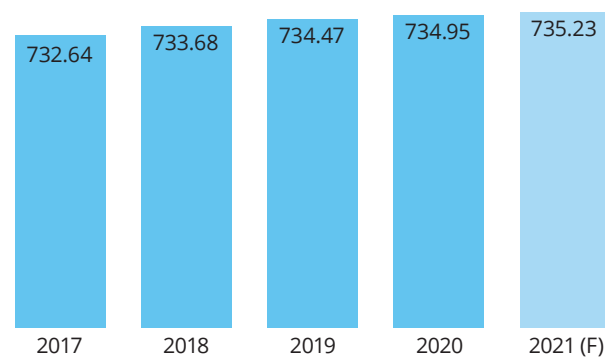
Gross Domestic Product (GDP) in €Billion



SOURCE: IMF

POPULATION OF EUROPE, MILLIONS

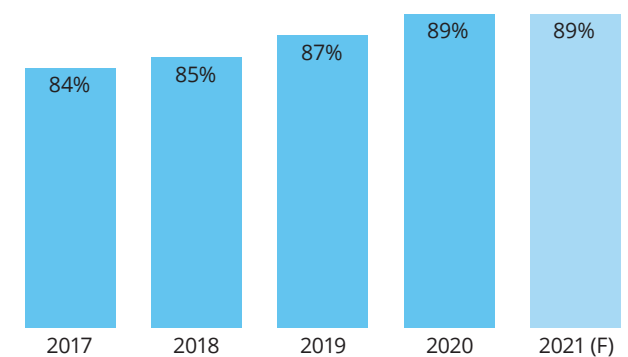
Year by year population in millions



SOURCE: WORLDOMETER

INTERNET USERS

Percentage of the population accessing the internet



SOURCE: EUROSTAT; STATISTA; UNITED NATIONS; PARTNERS

INFRASTRUCTURE & LOGISTICS

○ Rankings highlighted are leaders among countries in the report

	Logistics Performance Index (2018)	Ease of Doing Business Index (2020)	E-Government Development Index (2020)	Inclusive Internet Index (2021)	Universal Postal Union Reliability Score (2020)	UNCTAD B2C E-commerce Index Ranking (2020)	Environmental Performance Index Ranking (2020)	Global Cybersecurity Index Ranking (2020)
Belgium	3	46	41	21	12	21	15	19
France	16	32	19	6	6	17	9	5
Germany	1	22	25	25	3	6	10	13
Ireland	29	24	27	23	15	8	16	46
Luxembourg	24	72	33	-	71	36	2	13
Netherlands	6	42	10	16	4	2	11	16
United Kingdom	9	8	7	9	8	5	4	2
Denmark	8	4	1	9	53	3	1	32
Estonia	36	18	3	30	25	14	30	3
Finland	10	20	4	18	28	7	7	22
Iceland	40	26	12	-	79	32	17	58
Latvia	70	19	49	32	62	39	36	15
Lithuania	54	11	20	17	31	27	35	6

	Logistics Performance Index (2018)	Ease of Doing Business Index (2020)	E-Government Development Index (2020)	Inclusive Internet Index (2021)	Universal Postal Union Reliability Score (2020)	UNCTAD B2C E-commerce Index Ranking (2020)	Environmental Performance Index Ranking (2020)	Global Cybersecurity Index Ranking (2020)
Norway	21	9	13	-	34	9	9	17
Sweden	2	10	6	1	24	15	8	26
Austria	4	27	15	27	2	19	6	29
Czech Republic	22	41	39	31	16	22	20	68
Hungary	31	52	52	40	32	31	33	35
Poland	23	40	24	12	13	28	37	30
Slovak Republic	53	45	48	34	21	23	26	34
Slovenia	35	37	23	-	40	34	18	67
Switzerland	13	36	16	20	1	1	3	42
Bulgaria	52	61	44	37	43	46	41	77
Croatia	49	51	39	53	33	25	34	33
North Macedonia	81	17	72	-	51	52	43	38

	Logistics Performance Index (2018)	Ease of Doing Business Index (2020)	E-Government Development Index (2020)	Inclusive Internet Index (2021)	Universal Postal Union Reliability Score (2020)	UNCTAD B2C E-commerce Index Ranking (2020)	Environmental Performance Index Ranking (2020)	Global Cybersecurity Index Ranking (2020)
Romania	48	55	55	29	44	45	32	62
Serbia	65	44	58	-	29	43	45	39
Ukraine	66	64	69	48	30	51	60	78
Moldova	116	48	79	-	26	53	87	63
Russia	75	28	36	25	19	41	58	5
Albania	88	82	59	-	95	86	62	80
Cyprus	45	54	18	-	39	38	31	41
Greece	42	79	42	38	38	33	25	28
Italy	19	58	37	14	11	29	20	20
Malta	69	88	22	-	59	48	23	49
Portugal	23	39	35	33	22	40	27	14
Spain	17	30	17	3	37	24	14	4

DEFINITIONS

Logistics Performance Index (LPI): LPI measures performance along the logistics supply chain within a country.

Ease of Doing Business Index: A high Ease of Doing Business ranking means the regulatory environment is more conducive to the starting and operation of a local firm.

E-Government Development Index: The E-government Development Index measures the willingness and capacity of national administrations to use information and communication technologies in order to deliver public services.

Inclusive Internet Index: Benchmark based on internet availability, affordability, relevance and the readiness of people to use it.

Universal Postal Union Reliability Score: Comparative indicator of postal development around the world, based on reliability, reach, relevance and resilience.

UNCTAD B2C E-commerce Index Ranking: This index measures an economy's preparedness to support online shopping.

Environmental Performance Index: This index provides a data-driven summary of the state of sustainability using 32 performance indicators across 11 issue categories, the EPI ranks countries on environmental health and ecosystem vitality.

Global Cybersecurity Index: This index maps questions on Member State cybersecurity commitments across five pillars: legal measures; technical measures; organizational measures; capacity development measures; cooperation measures.

E-COMMERCE OVERVIEW

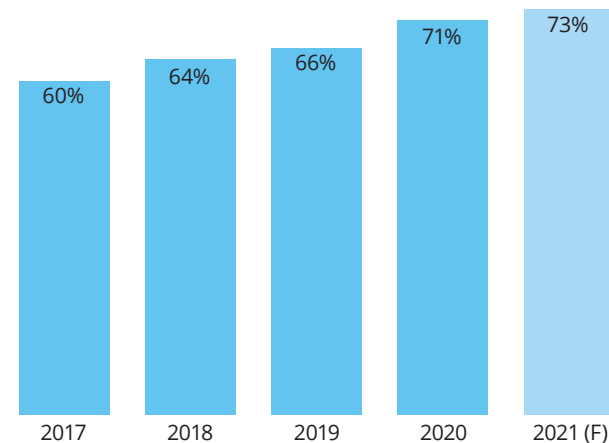
EUROPE

The e-commerce overview section of the report includes data from 37 countries on the European continent, showcasing the importance of the EU-27 and 10 neighboring digital economies. Throughout Europe, e-commerce use is on the rise, as the number and share of e-shoppers increases every year. The largest jump in e-shoppers can be seen in 2020, due in part to the Covid-19 pandemic pushing consumers to online shopping. All 37 countries experienced increases in B2C e-commerce turnover, as well as E-GDP (the share of GDP made up by e-commerce). Turnover growth rates for Europe have remained consistently in the double-digits and are expected to continue an upward trajectory for the foreseeable future.

COUNTRIES INCLUDED:

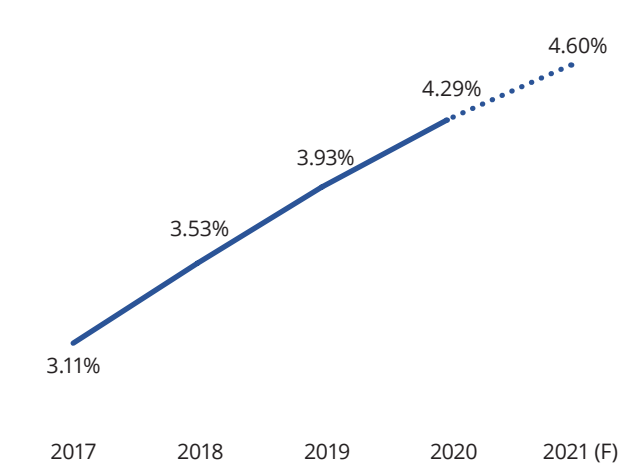
- | | |
|----------------|-----------------|
| Albania | Luxembourg |
| Austria | Malta |
| Belgium | Moldova |
| Bulgaria | Netherlands |
| Croatia | North Macedonia |
| Cyprus | Norway |
| Czech Republic | Poland |
| Denmark | Portugal |
| Estonia | Romania |
| Finland | Russia |
| France | Serbia |
| Germany | Slovak Republic |
| Greece | Slovenia |
| Hungary | Spain |
| Iceland | Sweden |
| Ireland | Switzerland |
| Italy | Ukraine |
| Latvia | United Kingdom |
| Lithuania | |

E-SHOPPERS, EUROPE



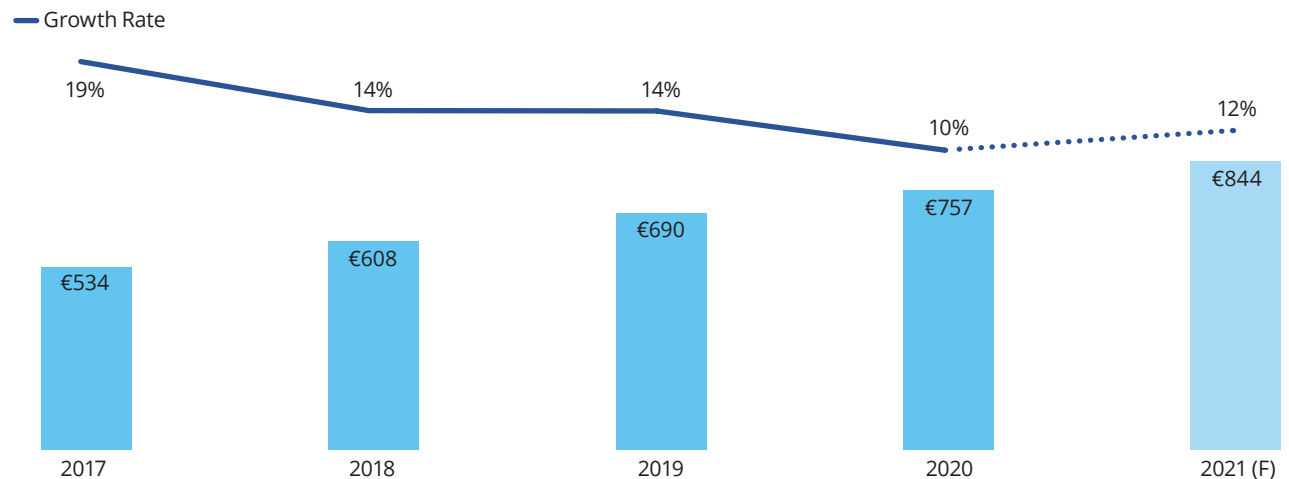
SOURCE: EUROSTAT; NATIONAL E-COMMERCE ASSOCIATIONS; PARTNERS; STATISTA; UNITED NATIONS

E-GDP, EUROPE



SOURCE: CMI ANALYSIS

B2C E-COMMERCE TURNOVER AND GROWTH RATE IN €BILLION, EUROPE



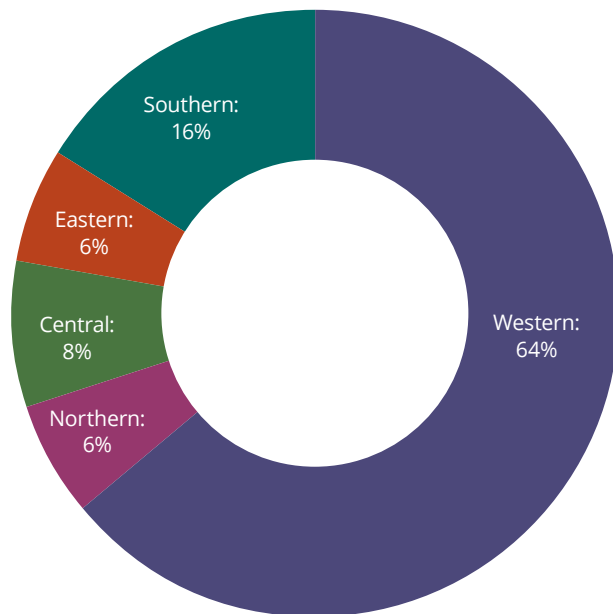
SOURCE: NATIONAL E-COMMERCE ASSOCIATIONS; REPORT PARTNERS; STATISTA; CMI ANALYSIS

E-COMMERCE OVERVIEW

BY REGION

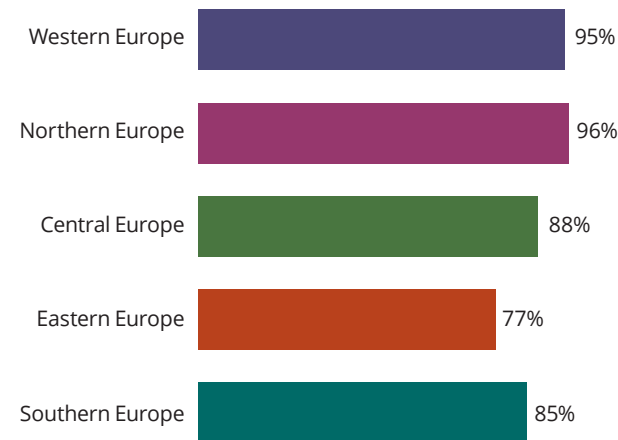
As with previous years, in 2020 Western Europe boasts the highest share of total European e-commerce turnover for 2020 with 64%. Following far behind, Southern Europe holds 16% of total turnover. However, in terms of growth, Eastern Europe shined in 2020 with a rate of 36%, while Western Europe's growth rate remained moderate at 4%. Central and Southern Europe saw similar growth rates in 2020, 28% and 24% respectively. It's likely that Eastern Europe's lag compared other European regions in B2C e-commerce turnover is due to low e-shopper penetration (41%), which is less than half of Western Europe's e-shopper penetration (86%).

SHARE OF TOTAL EUROPEAN E-COMMERCE TURNOVER BY REGION, 2020



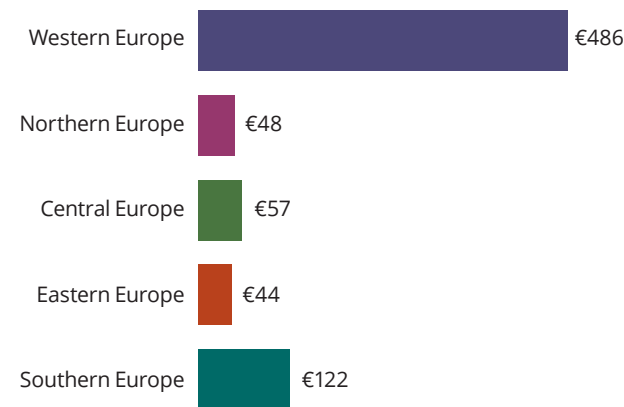
SOURCE: CMI ANALYSIS

INTERNET USERS BY REGION, 2020



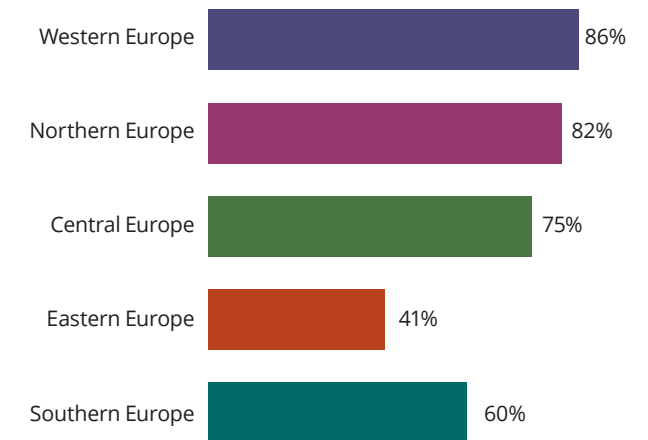
SOURCE: EUROSTAT; STATISTA

B2C E-COMMERCE TURNOVER BY REGION IN €BILLION, 2020



SOURCE: CMI ANALYSIS; NATIONAL ECOMMERCE ASSOCIATIONS; STATISTA; REPORT PARTNERS

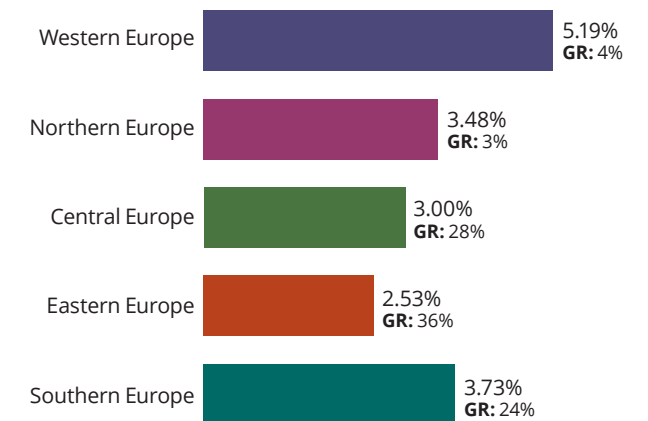
E-SHOPPERS BY REGION, 2020



SOURCE: EUROSTAT; STATISTA

E-GDP 2020

GR = B2C E-COMMERCE TURNOVER GROWTH RATE, 2020

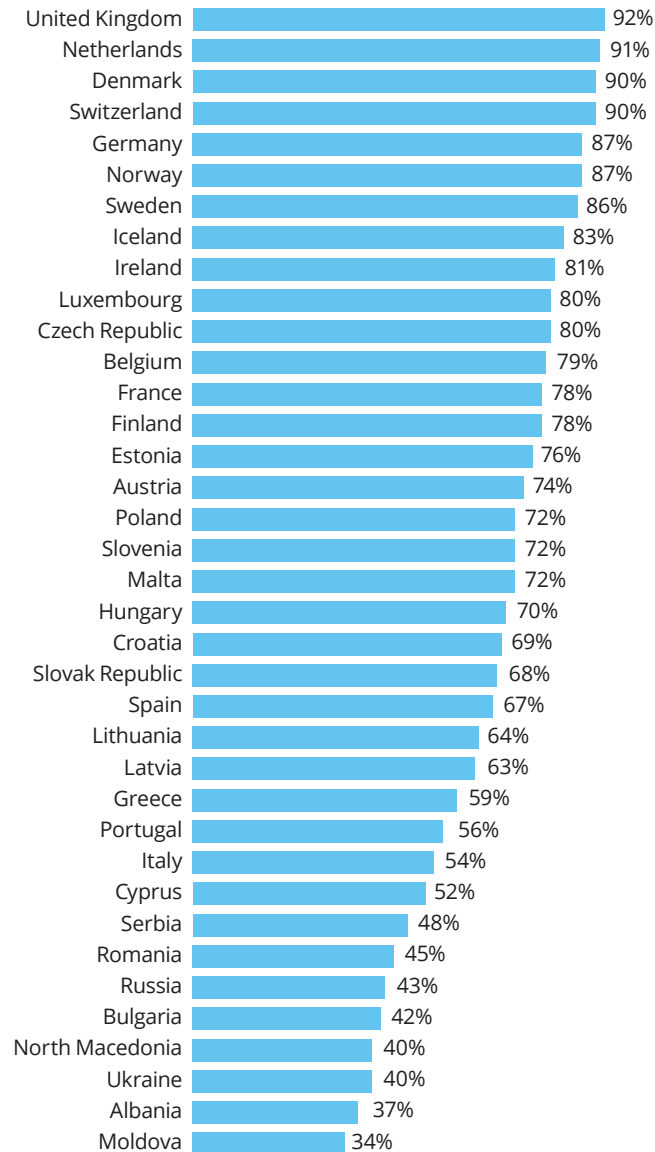


SOURCE: CMI ANALYSIS

E-COMMERCE OVERVIEW

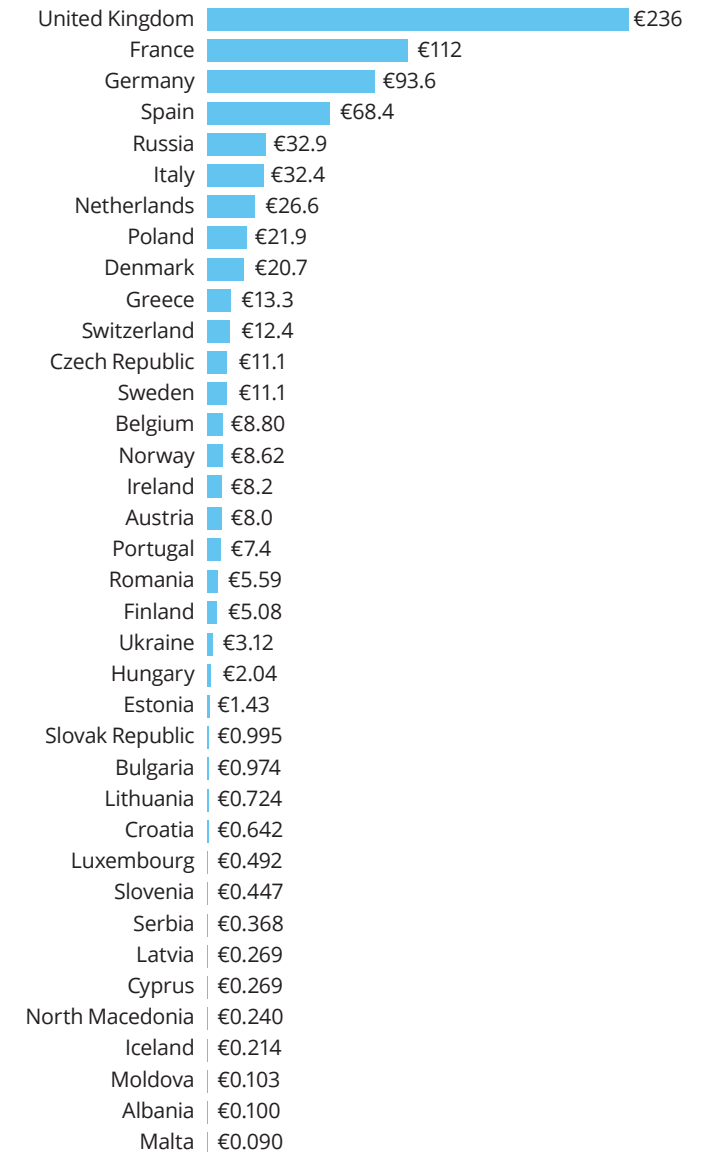
BY COUNTRY

E-SHOPPERS PER COUNTRY, 2020



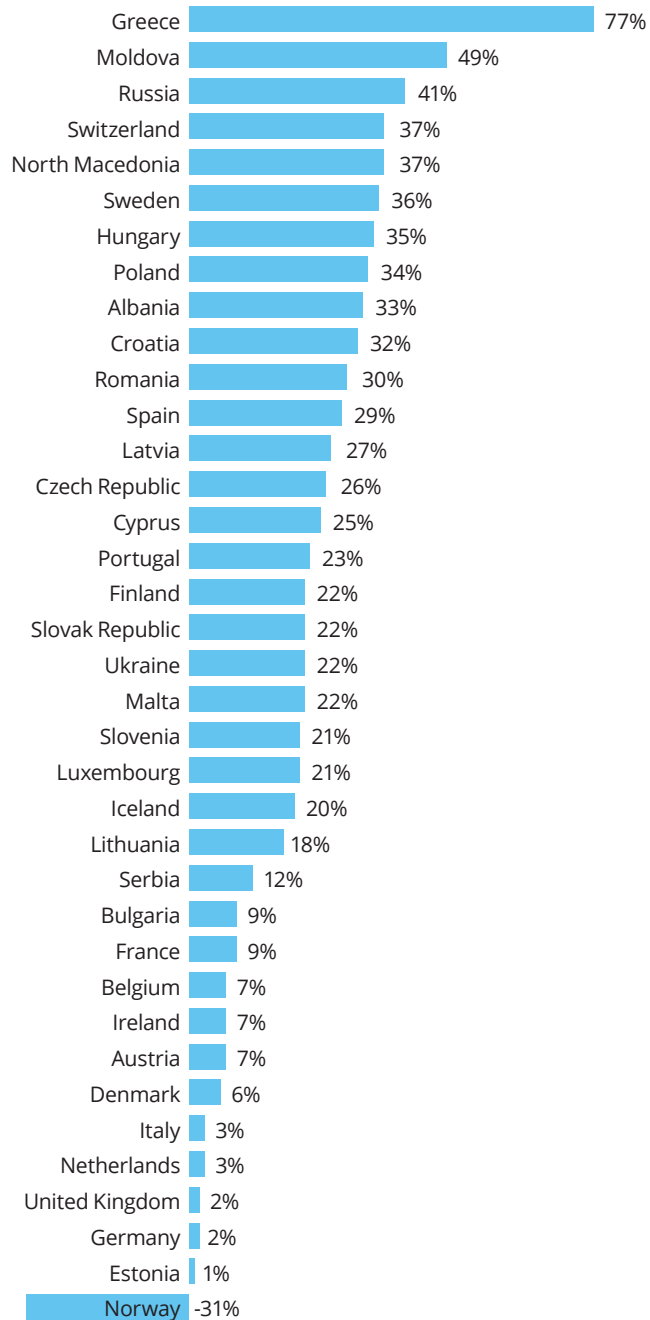
SOURCE: EUROSTAT; STATISTA; NATIONAL E-COMMERCE ASSOCIATIONS; PARTNERS; UNITED NATIONS

B2C E-COMMERCE TURNOVER BY COUNTRY IN €BILLION, 2020



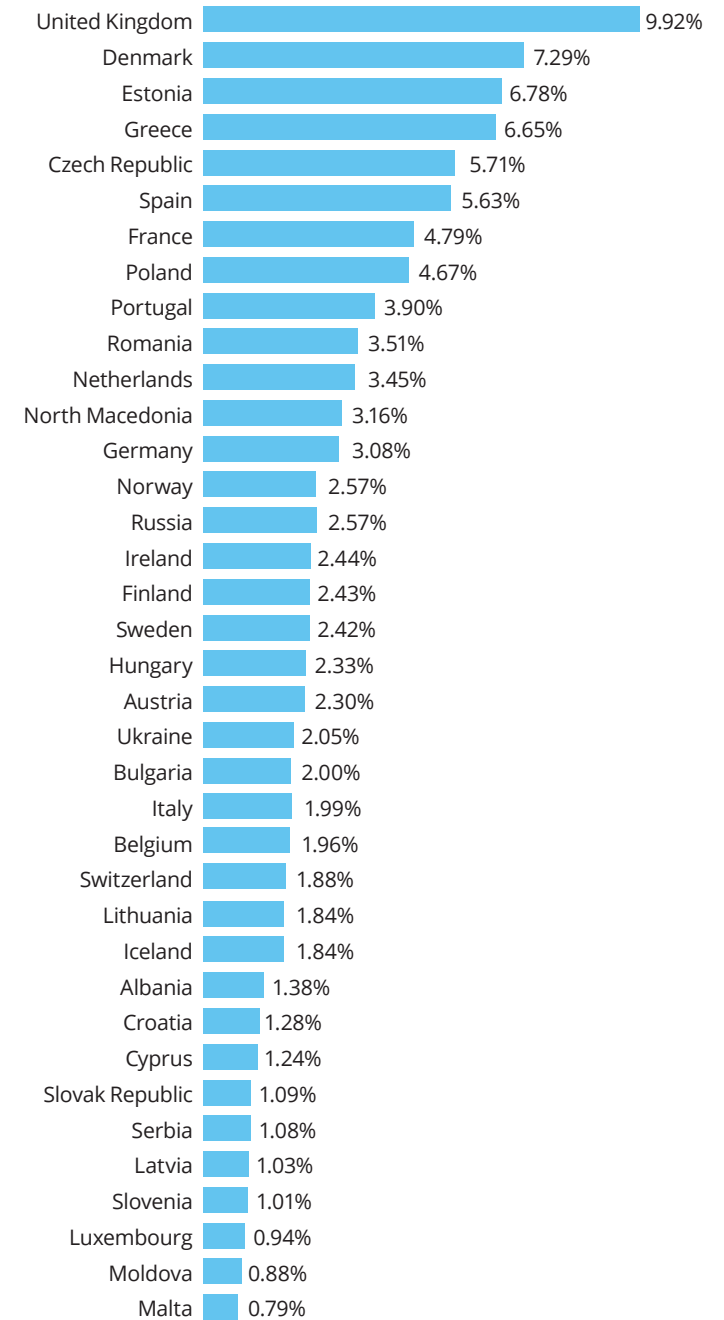
SOURCE: NATIONAL E-COMMERCE ASSOCIATIONS; REPORT PARTNERS; STATISTA; CMI ANALYSIS

**B2C
E-COMMERCE
GROWTH
RATE BY
COUNTRY,
2020**



SOURCE: CMI ANALYSIS

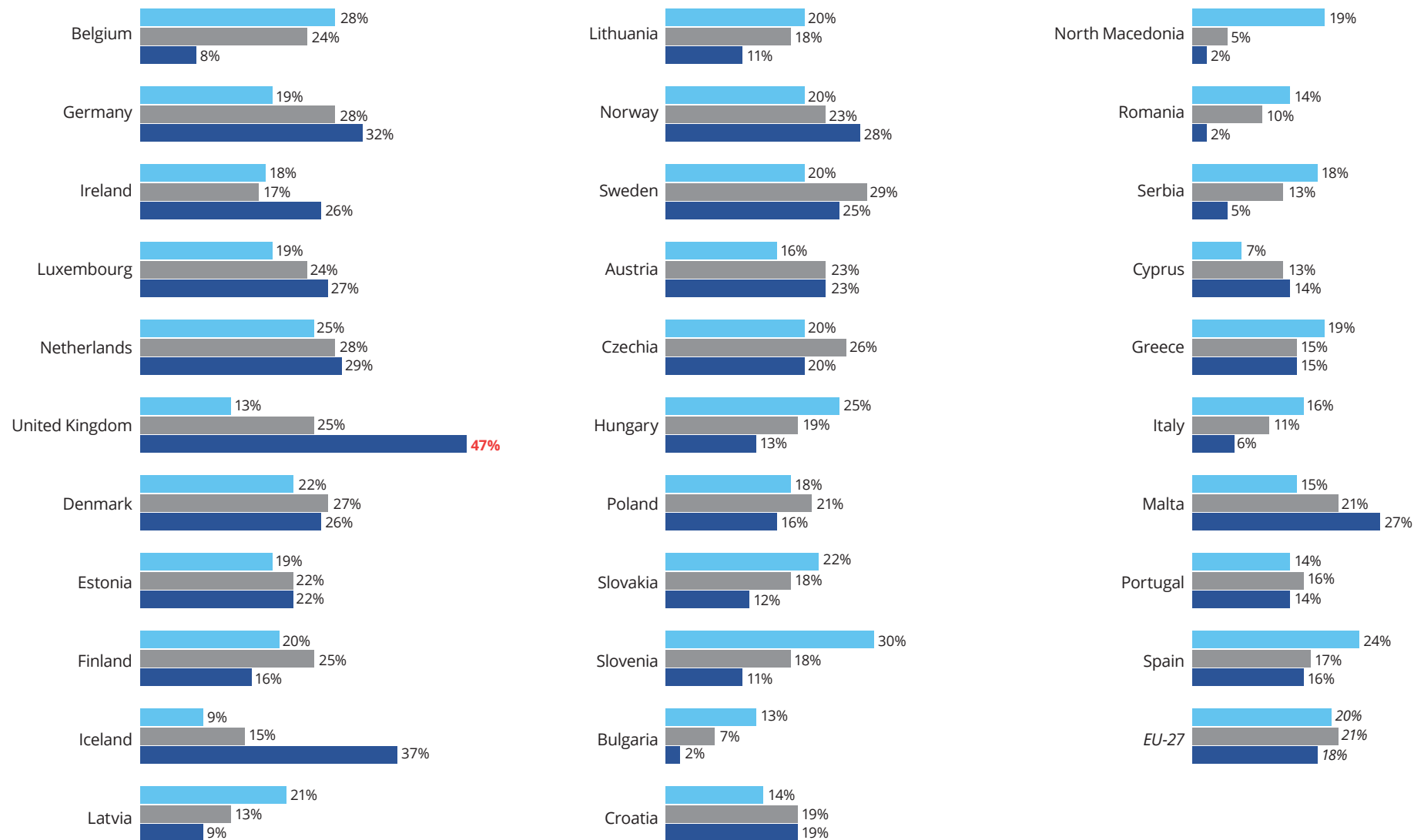
**E-GDP BY
COUNTRY,
2020**



SOURCE: CMI ANALYSIS;
IMF

FREQUENCY OF ONLINE PURCHASES IN THE LAST THREE MONTHS, 2020

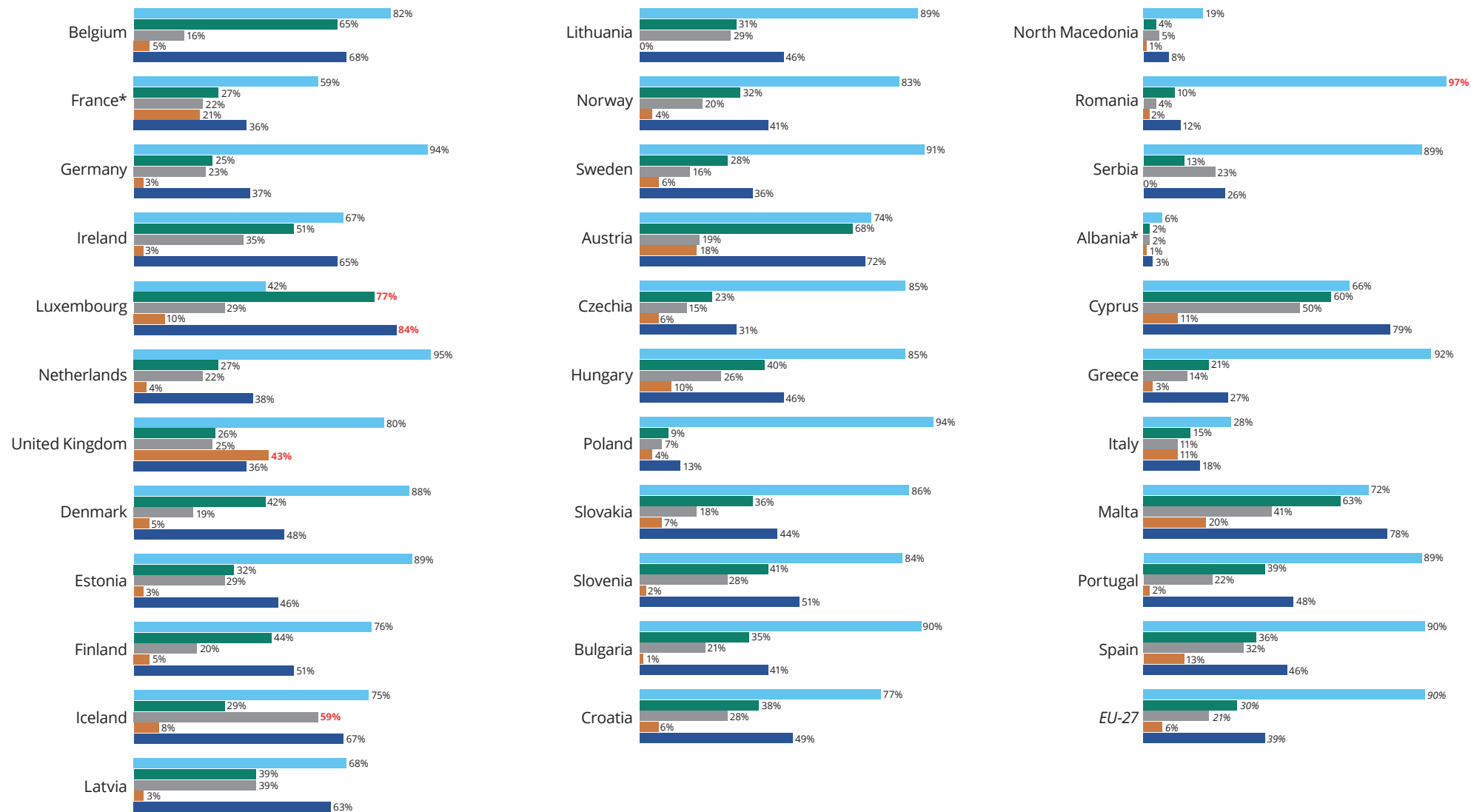
■ 1 or 2 times ■ 3 to 5 times ■ 6 times or more
 00% Leaders



SOURCE: EUROSTAT

ONLINE PURCHASING NATIONALLY AND CROSS-BORDER, THREE MONTHS, 2020

■ From national sellers
 ■ From sellers from other EU countries
 ■ From sellers of the rest of the world (non-EU countries)
■ From sellers from unknown countries
 ■ From sellers from other countries (EU or non-EU)
00% Leaders



SOURCE: EUROSTAT

*Figures from 2019

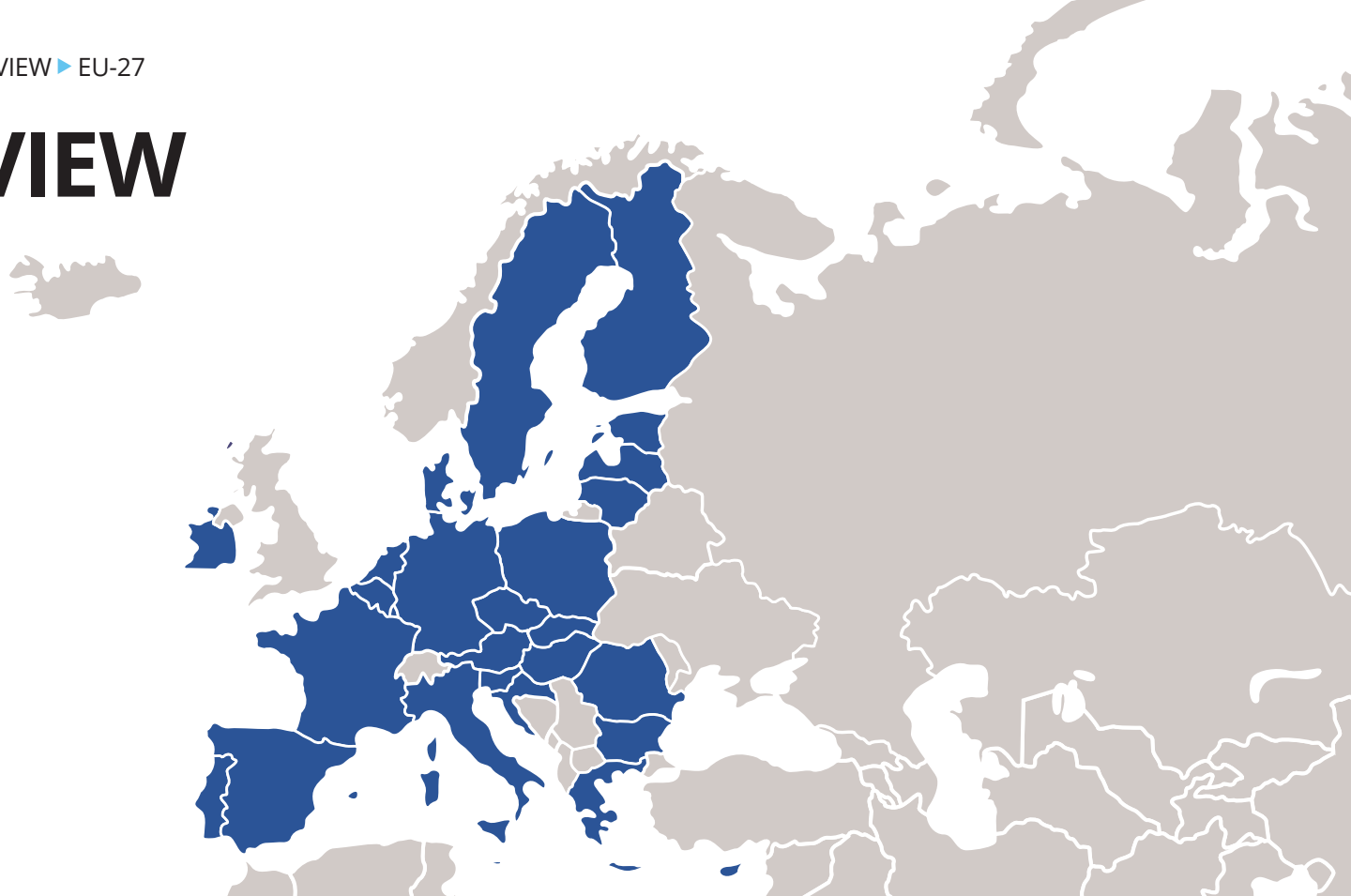
MARKET OVERVIEW

EU-27

In 2020, the once 28-country European Union became the EU-27, as the United Kingdom finalized its long-discussed exit. Although the UK has always been an economic powerhouse within the Union's e-commerce landscape, growth and progress in the remaining European countries' digital markets have not stalled. In fact, 89% of the EU-27's population accessed the internet, and 73% shopped online (up from 68% in 2019). Turnover in the Union amounted to €463 billion euros in 2020, with a 13% growth rate.

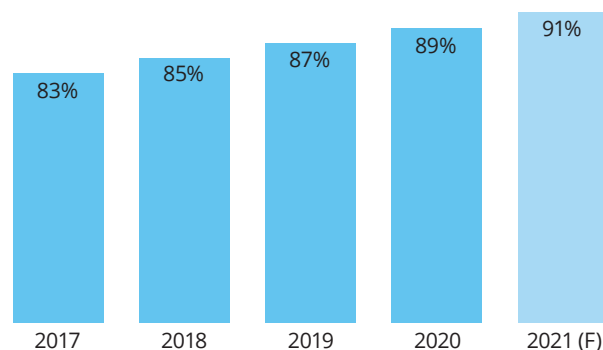
EU-27 MEMBER COUNTRIES

- Austria
- Belgium
- Bulgaria
- Croatia
- Cyprus
- Czechia
- Denmark
- Estonia
- Finland
- France
- Germany
- Greece
- Hungary
- Ireland
- Italy
- Latvia
- Lithuania
- Luxembourg
- Malta
- Netherlands
- Poland
- Portugal
- Romania
- Slovakia
- Slovenia
- Spain
- Sweden



INTERNET USERS IN EU-27 COUNTRIES

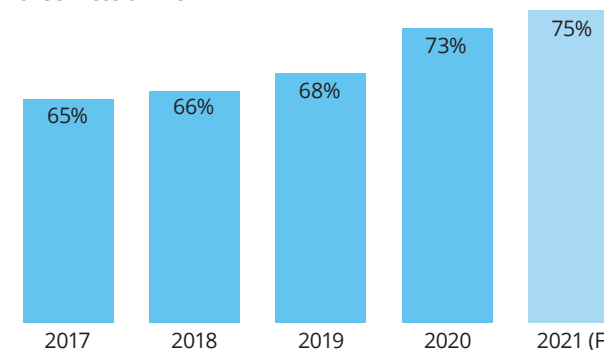
Percentage of the population accessing the internet



SOURCE: EUROSTAT

E-SHOPPERS IN EU-27 COUNTRIES

Percentage of internet users that bought goods or services online



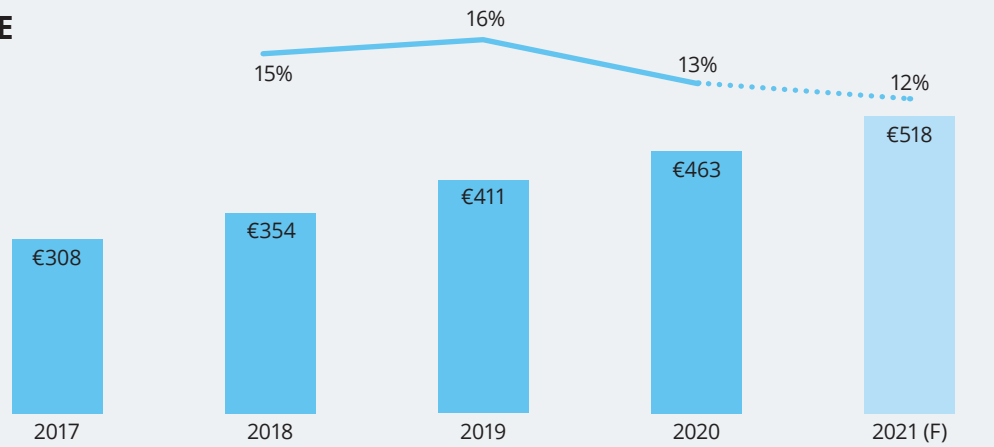
SOURCES: EUROSTAT; NATIONAL E-COMMERCE ASSOCIATIONS; STATISTA

B2C E-COMMERCE TURNOVER OF EU-27 (EUR, BN)

Measured in €Billion

— Growth Rate

SOURCES: NATIONAL ECOMMERCE ASSOCIATIONS; REPORT PARTNERS; STATISTA



GDP AND E-GDP OF EU-27 (EUR, BN)

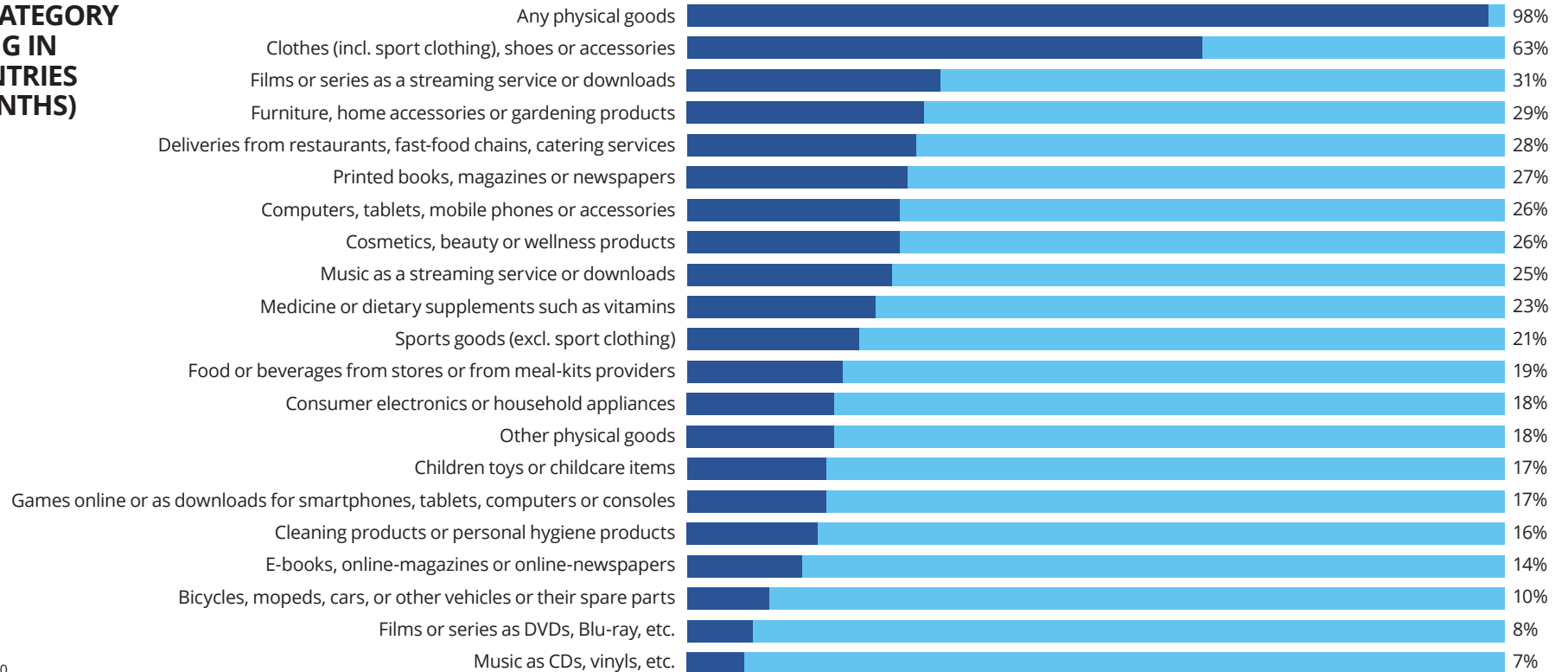
The Gross Domestic Product (GDP) in €Billion and the percentage of GDP comprised of e-commerce sales

■ GDP ■ E-GDP



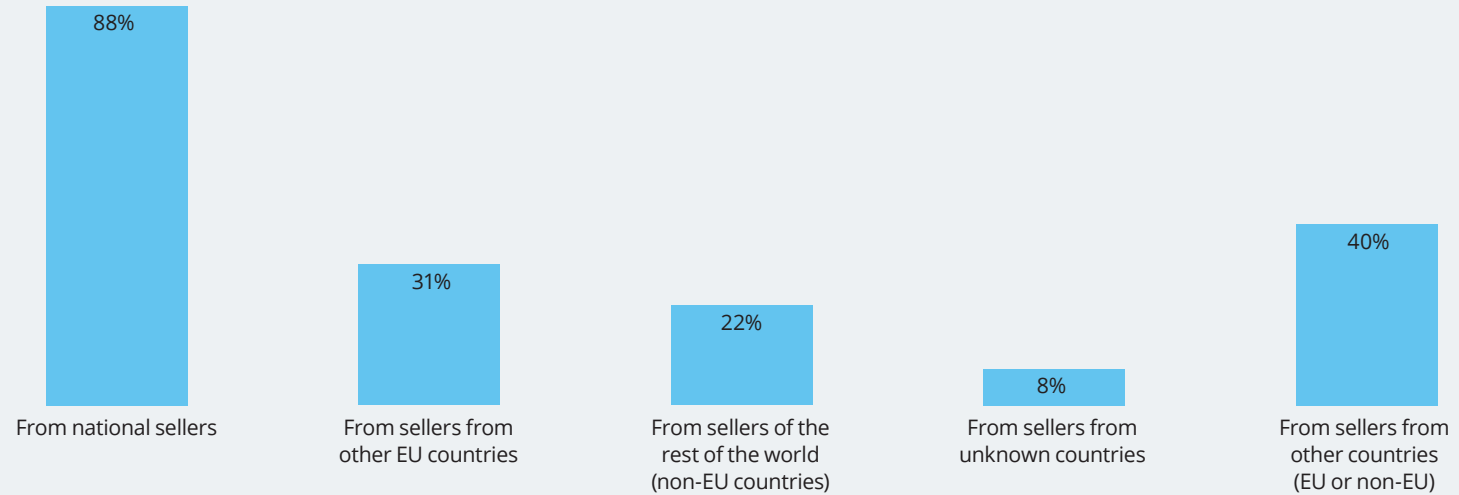
SOURCE: IMF; CMI ANALYSIS

PRODUCT CATEGORY PURCHASING IN EU-27 COUNTRIES (LAST 3 MONTHS)



SOURCE: EUROSTAT, 2020

CROSS-BORDER PURCHASING IN EU-27 COUNTRIES (LAST 3 MONTHS)

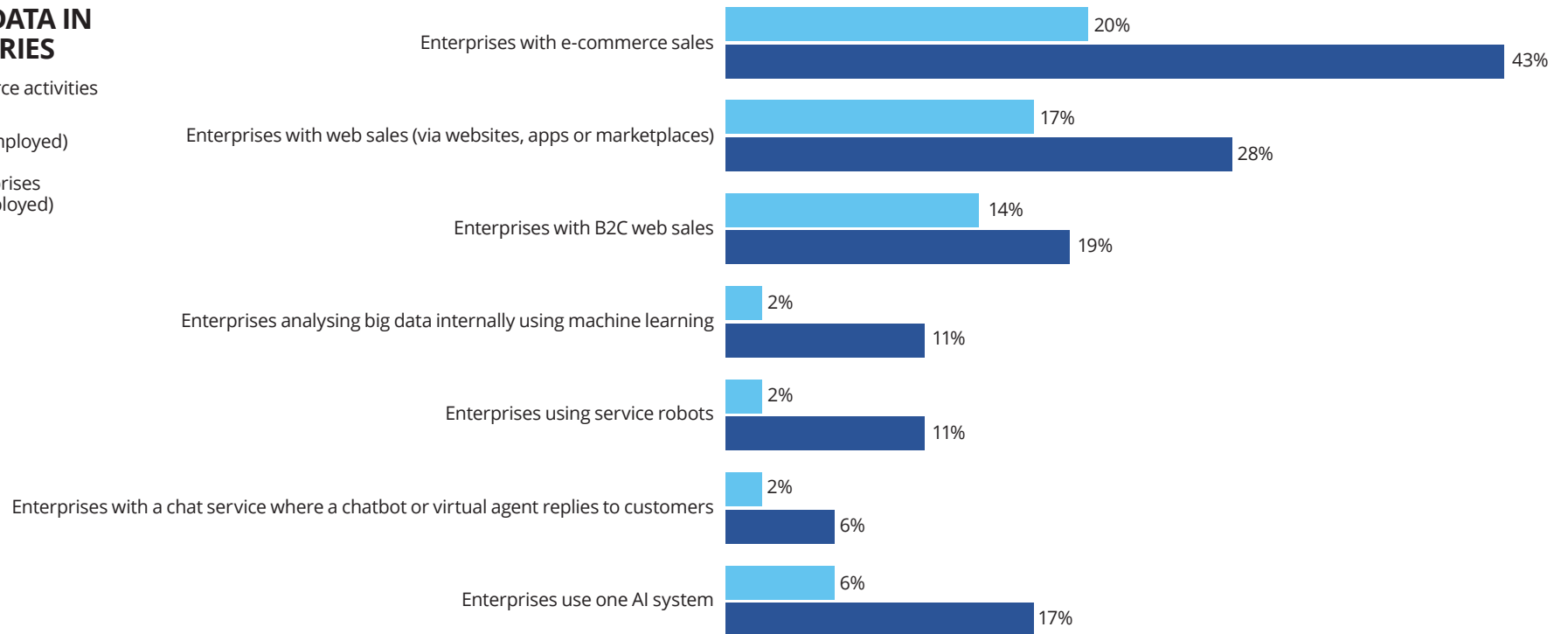


SOURCE: EUROSTAT, 2020

ENTERPRISE DATA IN EU-27 COUNTRIES

Enterprise e-commerce activities

- EU-27 SMEs (10-249 persons employed)
- EU-27 Large Enterprises (250+ persons employed)



SOURCE: EUROSTAT, 2020

EUROPEAN WEBSHOPS: AN ANALYSIS OF THE EU-27

Note to reader: the terms “webshop” and “e-store” are used interchangeably throughout this case study.

This year, the European E-commerce Report includes an extensive webshop content analysis surrounding the features, particularities, and growth of leading European webshops across the EU-27. More specifically, we measured the relationship between the features of e-stores, including contact options, social media, mobile apps, review systems, delivery options, and corporate social responsibility, with their characteristics, including size, sector, international orientation, region, and type of organization. Additionally, we show how web traffic has developed throughout 2020 and 2021, and how the traffic of various types of e-stores evolved in the EU-27 during the COVID-19 pandemic. The following case-study showcases figures from the webshop content analysis, highlighting relevant insights for retailers, policymakers, and e-commerce stakeholders.

Contact options

Currently, European webshops offer an average of 3.3 options for consumers to contact them. Phone, e-mail, and online contact forms are the most frequently provided contact options within the EU-27. Surprisingly, having a chat option (live or chatbot) is also very popular among leading European e-stores, as almost half offer a chat option on their website. Some contact options are more popular among certain types of webshops than others; for example, e-stores located in Northern Europe are more likely to have a chat option (58%) and less likely to have a contact form (48%), when compared with e-stores in other European regions.

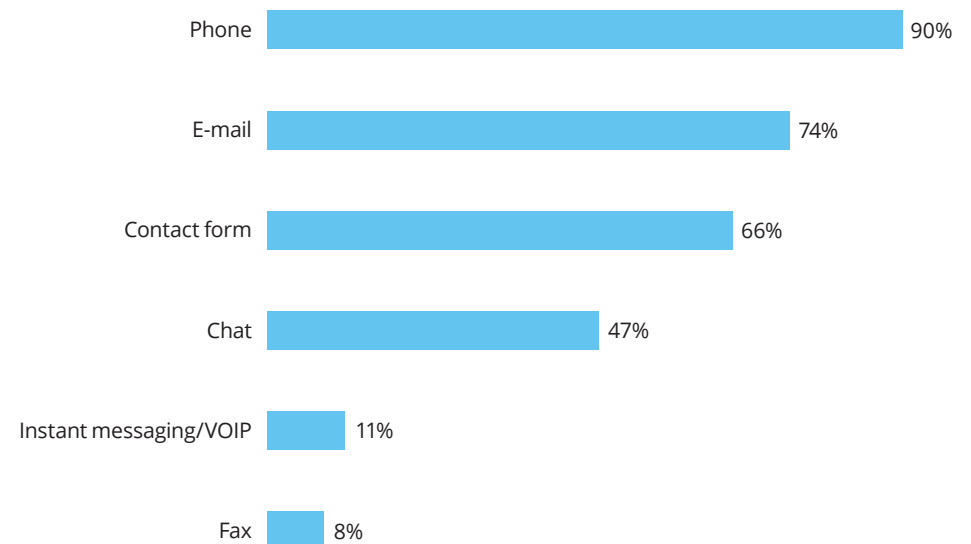
Chat options are less popular among webshops in the sectors books, music, films & video games (31%), and groceries (36%),

versus the sectors pharmacy, personal care & hygiene (55%), and fashion, shoes & accessories (54%). Another important contact option, instant messaging/VOIP, is most popular among e-stores in fashion, shoes & accessories (18%), and least popular among e-stores in books, music, films & video games (7%).

Social media use

Almost all European webshops display their social media channels on their website (93%). On average, e-stores present 3.2 social media sites on their website. Among all EU-27 online stores, Facebook, Instagram, and YouTube are the most popular social media channels. Less frequently used social media platforms are Tumblr, Snapchat and TikTok. Interestingly, e-stores with over 200 million visitors

USE OF CONTACT OPTIONS OFFERED AMONG WEBSHOPS IN THE EU-27 IN 2021, IN %



SOURCE: CENTRE FOR MARKET INSIGHTS

per year are less likely to display their social media accounts on the website (78%) compared to smaller e-stores (94%). Compared to other regions in the EU-27, results show that webshops from Northern Europe have fewer Pinterest (8%), YouTube (55%) and Instagram (69%) accounts on their website. Additionally, Twitter is much more popular among e-stores in Western Europe (71%) and Southern Europe (53%), compared to Northern Europe (24%) and Eastern Europe (26%).

Focusing on different types of retailers, multi-channel players with physical stores make use of Instagram (81%) and YouTube (72%) more often than pure-players with no physical presence (67% and 52%, respectively). However, marketplaces make use of Twitter (54%) and Pinterest (30%) more frequently than retailers (39% and 18%, respectively). Yet retailers find YouTube a more appealing option (69%) than marketplaces (54%).

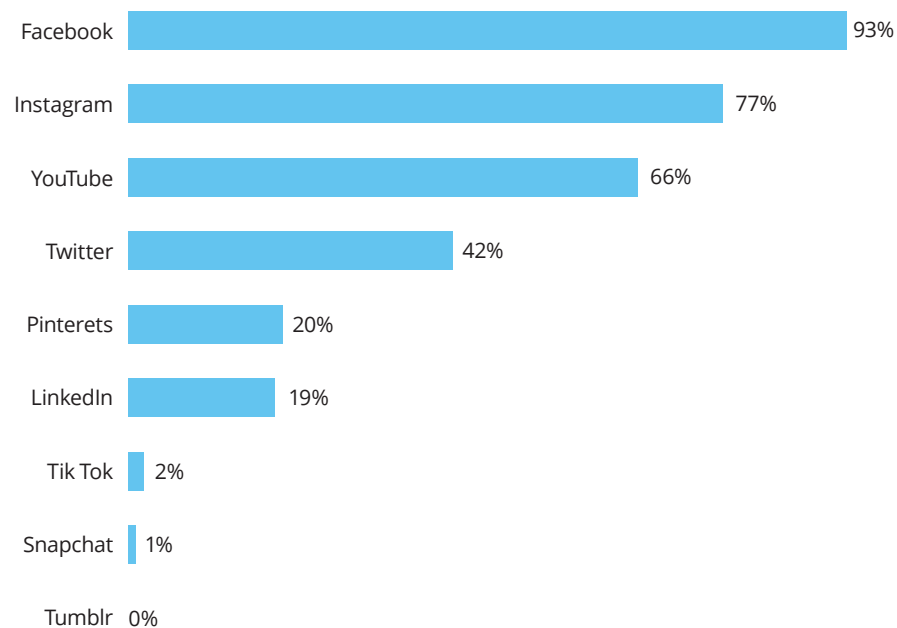
Within the different EU-27 retail sectors, there is significant variation in the use of social media. Twitter is most frequently used by webshops in the sector, books, music, films & video games (57%), and least often in home & garden (28%). Instagram is least popular among retailers in general merchandise (62%), bicycles & (car) accessories (64%), and electronics & accessories (69%). Additionally, bicycles & (car) accessories retailers rarely display a LinkedIn account on their e-store (5%). The same holds true for electronics & accessories retailers regarding the use of Pinterest (4%). Finally, retailers in fashion, shoes & accessories most frequently use Pinterest (37%) and TikTok (6%).

Mobile app use

To date, almost half (47%) of all leading webshops in the EU have a mobile app. More precisely, 46% have an Android app, 45% an Apple app, and 1% a Huawei app. The higher the annual number of visitors to an e-store, the more likely that it has one or more mobile apps.

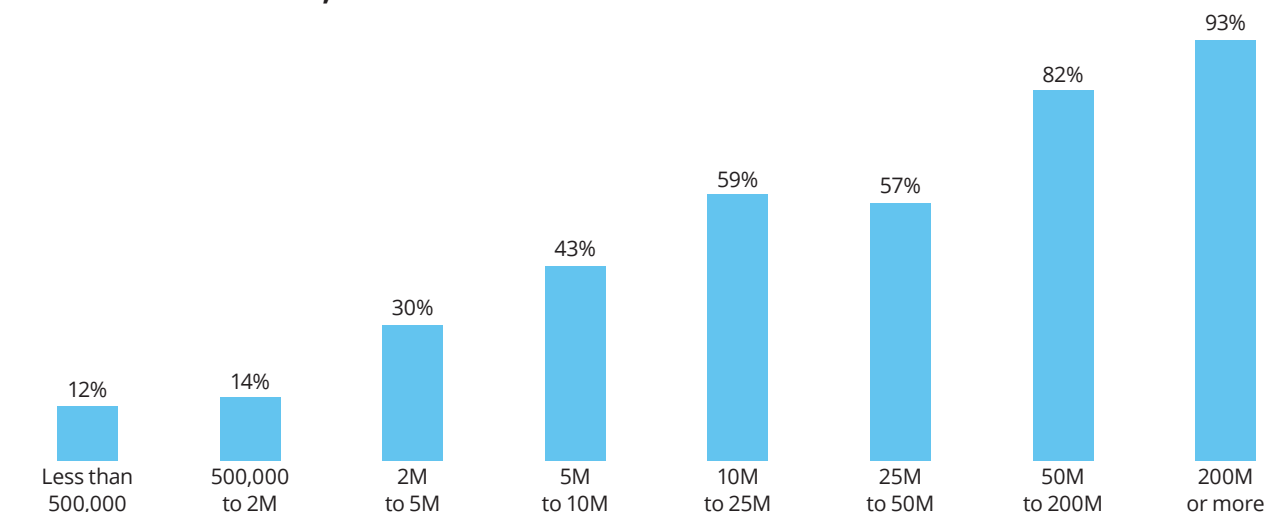
There are noticeable differences among retail sectors with regard to the use of mobile apps. Mobile app penetration is highest among e-stores in the sector groceries, (alcoholic) beverages & pet supplies (72%), and lowest among webshops selling bicycles & (car) accessories (21%). Among marketplaces and international webshops, mobile app usage is higher (75% and 60%, respectively), particularly when compared to retailers (40%) and domestic players (29%).

USE OF SOCIAL MEDIA CHANNELS AMONG WEBSHOPS IN THE EU-27 IN 2021, IN %



SOURCE: CENTRE FOR MARKET INSIGHTS

USE OF MOBILE APPS BY WEBSHOP SIZE (NUMBER OF VISITORS) IN THE EU-27 IN 2021, IN %



SOURCE: CENTRE FOR MARKET INSIGHTS; SIMILARWEB

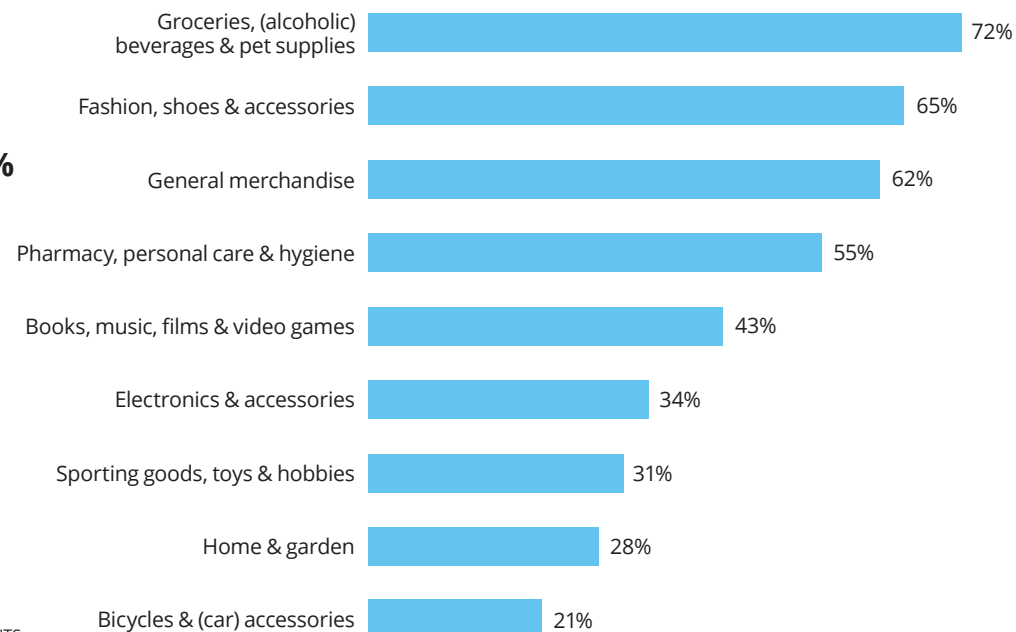
Finally, the analysis revealed regional differences of mobile app usage among e-stores. Webshops within Western and Central Europe have higher mobile app usage (62% and 54%, respectively), while Northern European webshops are significantly lower, with only 31%.

Customer Review Use

Customer reviews are, for many webshops, an important source of feedback, a trust enhancing mechanism, and a source of information for (potential) customers. Within the EU, 59% of e-stores offer customers the opportunity to write product reviews, and 23% provide consumers the option to review the company itself. Results show that the larger the webshop, the higher the chance that it has a product review feature on the website.

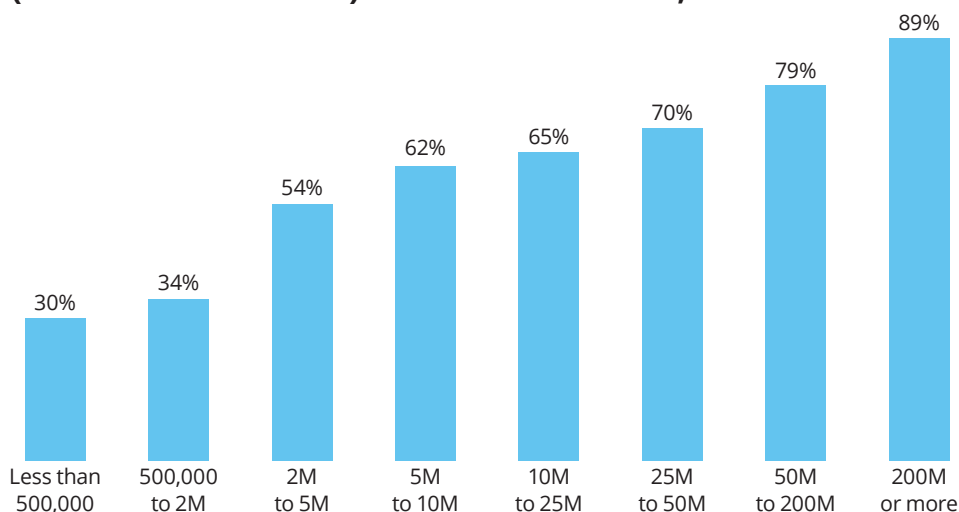
Webshop size is not the foremost predictor for use of company review tools, apart from the smallest and largest webshops. E-stores with less than 500,000 web visitors per year (12%) and 200 million visitors per year (7%) are considerably less likely to have a company review system on their website. There are also considerable differences among product sectors regarding the use of company and

USE OF MOBILE APPS AMONG WEBSHOPS BY SECTOR IN THE EU-27 IN 2021, IN %



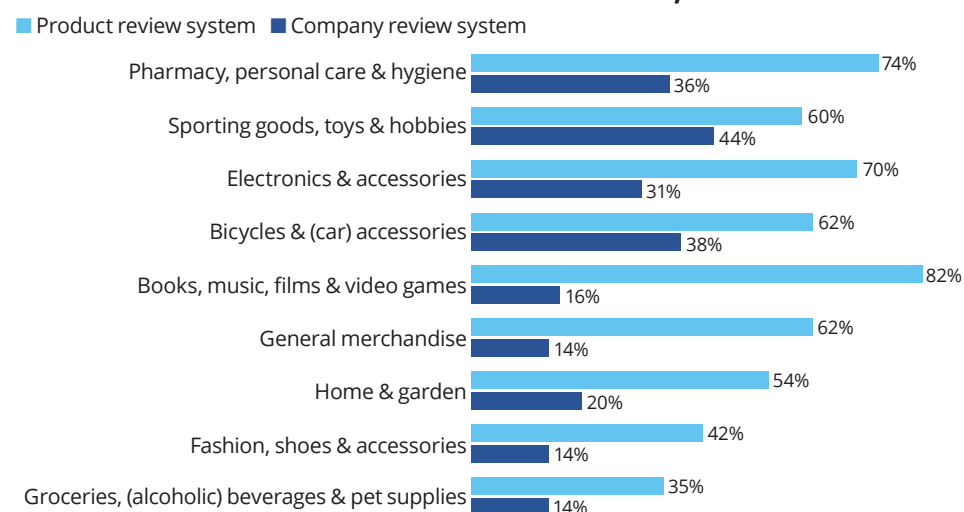
SOURCE: CENTRE FOR MARKET INSIGHTS

USE OF PRODUCT REVIEW SYSTEMS BY SIZE OF WEBSHOPS (NUMBER OF VISITORS) IN THE EU-27 IN 2021, IN %



SOURCE: CENTRE FOR MARKET INSIGHTS; SIMILARWEB

USE OF PRODUCT AND COMPANY REVIEW SYSTEMS AMONG WEBSHOPS BY SECTOR IN THE EU-27 IN 2021, IN %



SOURCE: CENTRE FOR MARKET INSIGHTS

product review systems. For example, company review systems are most frequently used by e-stores in the sector of sporting goods, toys & hobbies (44%), and less frequently by e-stores in fashion, shoes & accessories (14%). However, product review systems are most likely to be utilized among books, music, films & video games retailers (82%) and less likely among groceries, (alcoholic) beverages & pet supplies retailers (35%).

Marketplaces (72%) and international webshops (64%) are more likely to offer product reviews to customers than retailers (56%) and domestic players (53%). Finally, company review systems are more popular among pure players (35%) than among multi-channel retailers (18%) within the EU-27.

Delivery options and times

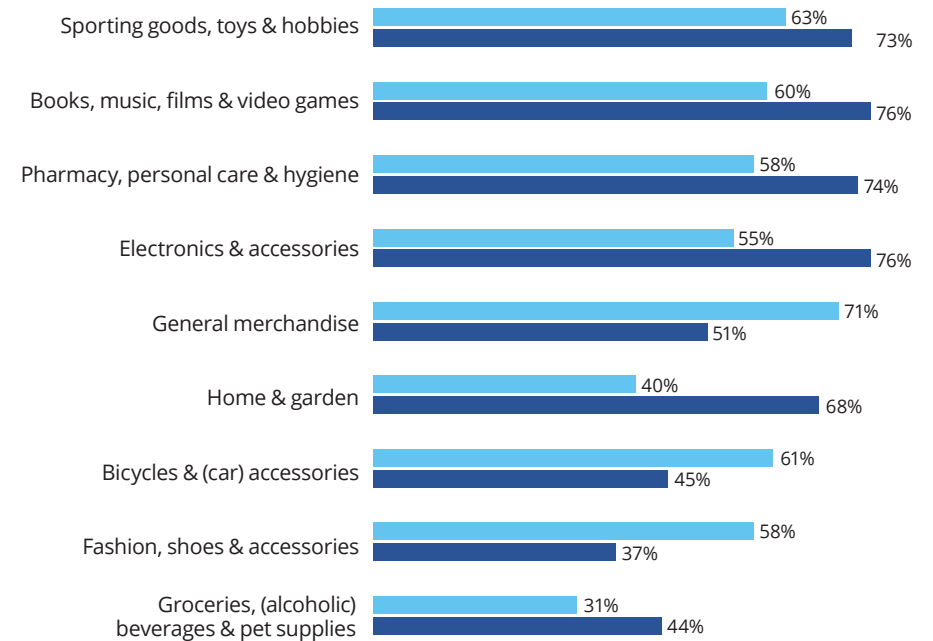
In the past decade, the number of delivery options offered by webshops has steadily increased, particularly in Europe. Apart from home delivery, 61% of e-stores in the EU-27 already offer the possibility of picking up an online order in their store(s)/outlet(s), and 56% of e-stores now offer the option of delivering orders to logistics service provider pick-up points. The use of pick-up points is highest among webshops with 200+ million visitors per year (89%), followed by webshops with 50 to 200 million visitors (76%), and lowest among webshops with less than 500,000 visitors (27%).

Focusing on retail sectors, results show that the option to collect online orders in-store/outlet is lowest among e-stores selling in the category of fashion, shoes & accessories (37%), and highest among e-stores selling in electronics & accessories, and books, music, films & video games (both at 76%). Webshops selling general merchandise are most likely to offer pick-up points as a delivery method, while webshops in groceries, (alcoholic) beverages & pet supplies are least likely to do so. Results further indicate that pick-up point usage is highest among e-stores targeting Northern Europe (73%) and lowest among e-stores that focus on Southern Europe (36%).

Regarding delivery times and the option to choose the date/time of delivery, results show that the majority of webshops in the EU-27 (68%) do not offer next-day delivery to their customers, and the proportion of webshops that offer weekend, same-day or a customized delivery time is even smaller. However, the differences between regions and webshop type are large. For example, in Western Europe the share of e-stores that offer customized delivery time (31%),

USE OF DELIVERY OPTIONS AMONG WEBSHOPS BY SECTOR IN THE EU-27 IN 2021, IN %

■ Pick-up point
■ Collect in store/outlet



SOURCE: CENTRE FOR MARKET INSIGHTS

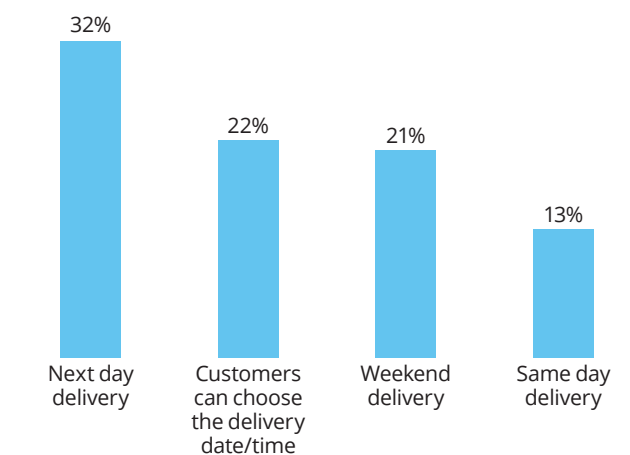
next-day (45%), and weekend delivery (35%) is considerably higher than in other European regions.

The availability of the four abovementioned delivery options (same-day, next-day, customized time, weekend) is significantly higher among the largest webshops in the EU-27 as compared to smaller webshops. For instance, of the e-stores with more than 200 million visitors per year, 70% offer next-day delivery, and 56% same-day delivery, as compared to 21% and 3% of e-stores with less than 500,000 visitors per year. Finally, marketplaces are more likely to offer same-day (19%) and next-day delivery (42%) than retailers (11% versus 30%).

Corporate social responsibility

Interviews with the national e-commerce associations for this year's report have revealed how important sustainability is for consumers, retailers, policymakers, and logistics providers. The IPCC report has reaffirmed the importance of this topic; within the European e-commerce sector, countless innovations have been developed and significant steps taken to reduce the ecological footprint of online retailers.

USE OF DELIVERY TIME OPTIONS AMONG WEBSHOPS IN THE EU-27 IN 2021, IN %



SOURCE: CENTRE FOR MARKET INSIGHTS

However, we ask: to what extent do e-stores in the EU-27 share their efforts to be(come) sustainable and responsible organizations with their (potential) customers?

To date, about 34% of webshops in the EU make a clear reference on their website to their corporate social responsibility (CSR) efforts. Note that CSR not only includes sustainability endeavors, but also other contributions to society, such as their efforts regarding fair trade, anti-slavery, anti-poverty, and supporting local communities. The larger the e-store (in terms of web traffic), the higher the likelihood of disclosing information on the website about their CSR goals. Looking at different product sectors, results show that webshops disclosing CSR information are highest among webshops selling in groceries, (alcoholic) beverages & pet supplies (50%), and lowest among those in bicycles & (car) accessories (13%).

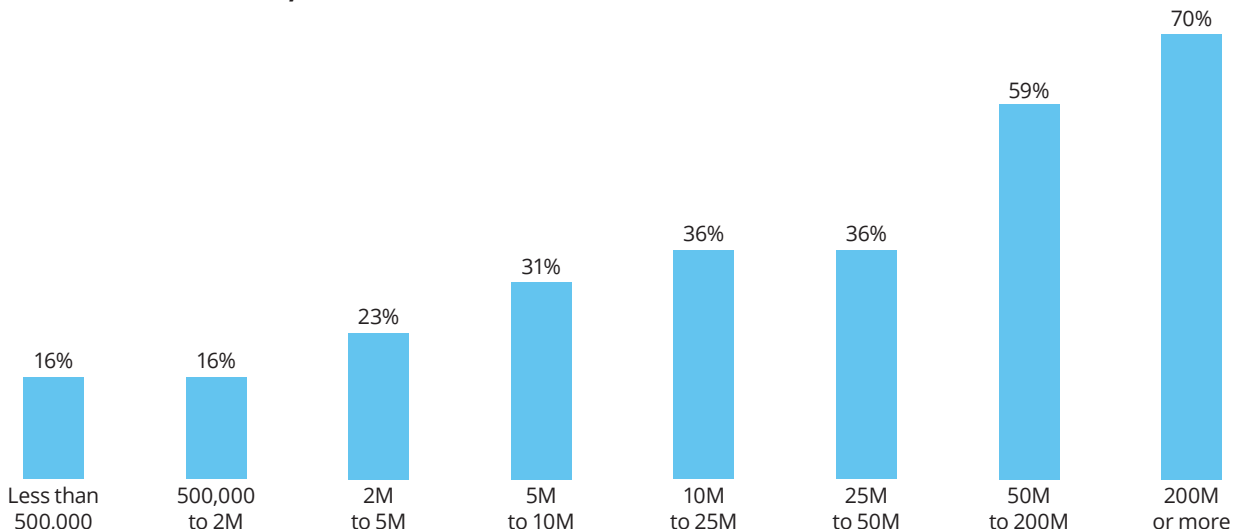
Marketplaces (46%) and international companies (41%) are more likely to display their CSR efforts than retailers (31%) and domestic players (23%). Finally, among e-stores targeting Western European countries, the share that display information about their CSR activities is significantly higher (50%) than among e-stores from other regions in Europe. However, it should be noted that differences between individual countries are large, including the countries within Western Europe.

Growth of webshop traffic

The years 2020 and 2021 have been exceptional due to the COVID-19 pandemic, particularly regarding e-commerce in the EU-27. Alongside the stringent (economic) measures taken to mitigate the spread of the virus, lockdowns (including closures of physical stores), and health/safety measures gave a boost to online shopping across Europe. Using web traffic data from SimilarWeb throughout the period of January 2019 until June 2021, we aimed to provide relevant insights into the growth of visitors to European webshops. Although there is a (strong) correlation between increased web traffic and higher sales, the results of this case study provide no direct insights into the financial performance of e-stores.

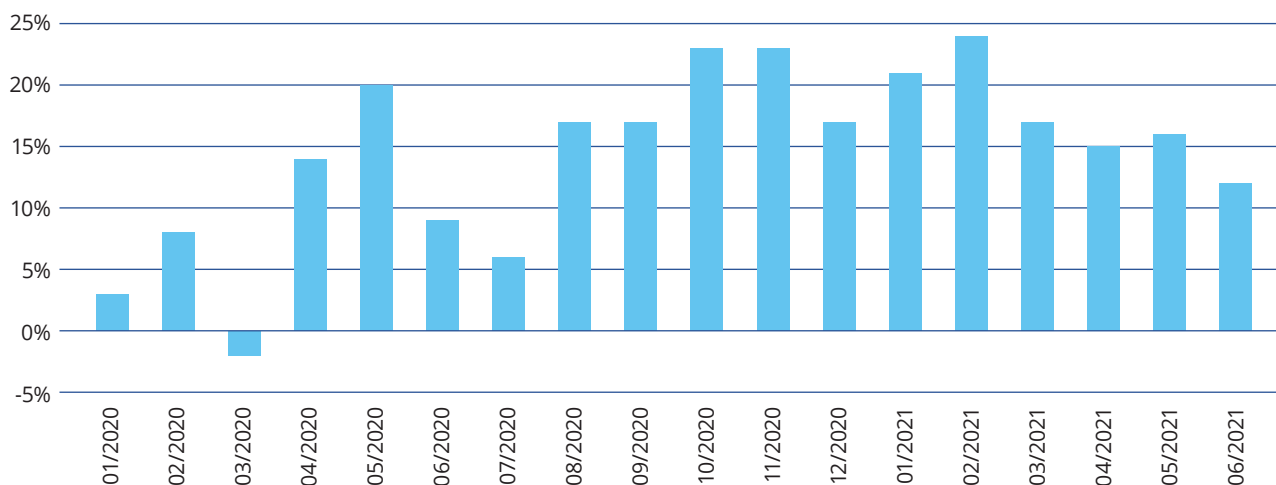
In 2020, leading webshops in the EU-27 witnessed an increase of 13% in web visitors as compared to 2019. In the first six months of 2021, web traffic grew with 8% as compared to the same period in 2020, and with 18% compared to the same period in pre-COVID 2019. These average growth figures do

DISPLAY OF CSR INFORMATION BY SIZE OF WEBSHOPS (IN NUMBER OF VISITORS) IN THE EU-27 IN 2021, IN %



SOURCE: CENTRE FOR MARKET INSIGHTS, SIMILARWEB

AVERAGE WEB TRAFFIC GROWTH PER MONTH IN THE EU-27 COMPARED TO THE SAME MONTH IN PRE-COVID YEAR 2019, IN %



SOURCE: SIMILARWEB, CENTRE FOR MARKET INSIGHTS

not reflect the volatile nature of online shopping in 2020 and 2021, which becomes clearer when looking at the growth figures per month. In March 2020, many governments across Europe took (the first) stringent measures to contain the spread of COVID-19. In this month, average web traffic declined, likely due to uncertainty among consumers about the new virus and the government responses. Limited access to physical stores, due to lockdowns and safety measures, gave a significant boost to e-store traffic from April 2020 and onwards.

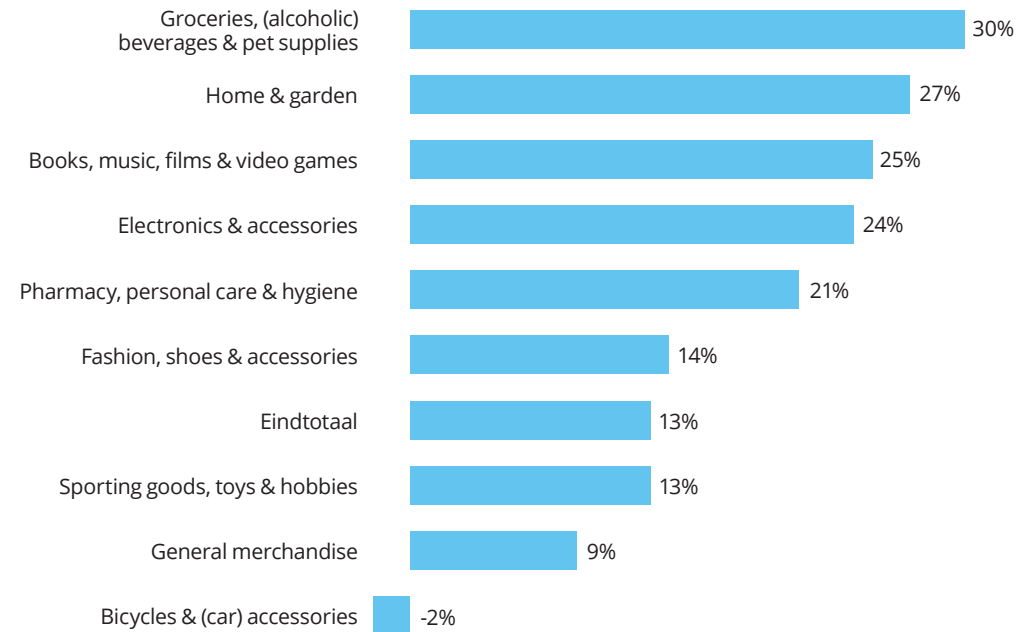
The nature of webshops (i.e., sector, type, etc.) largely determines the extent to which they profited from the increase in online shopping due to the COVID-19 pandemic. For example, e-stores in the sectors of groceries, (alcoholic) beverages & pet supplies, as well as home & garden, witnessed the largest annual average increase in web traffic. On the contrary, webshops selling in bicycles & (car) accessories experienced a decline in the number of visitors to their website in 2020. To reiterate, these annual growth figures do not reflect the large fluctuations in web traffic due to COVID-19 measures over time, however, these figures offer insights into overall e-commerce market trends.

Three sectors displayed the largest increase in online traffic between March and April of 2020, namely groceries, (alcoholic) beverages and pet supplies. This increase is likely due to current and future uncertainty of the availability of basic necessities during the first round of stringent government measures. Web traffic amongst home & garden e-stores peaked in May 2020 when consumers, bound to their homes, appeared to opt for home improvements and enhanced working-from-home spaces. Smaller peaks in web traffic can also be observed in early 2021, when many European countries were in lockdown. The strong decrease in non-essential travel during the first lockdowns in 2020 resulted in a decline of web traffic for e-stores selling bicycles & (car) accessories.

These examples reveal that for many retail sectors there is a strong and causal relationship between web traffic growth and COVID-19 measures taken by national governments.

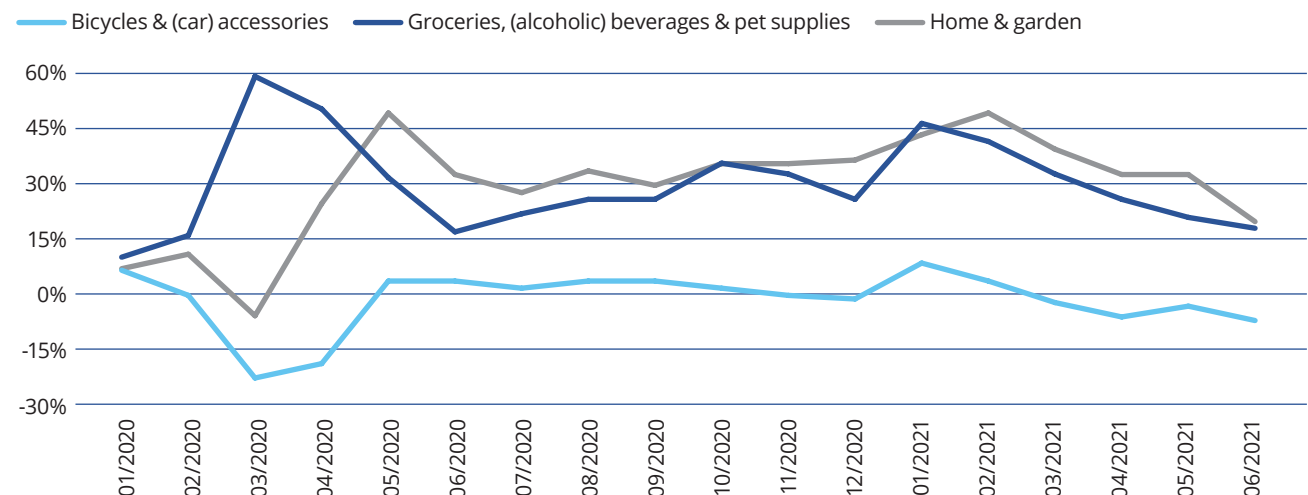
Alongside sector, several characteristics affected a webshop's increased web traffic growth in 2020. For example, retailers experienced a stronger increase in web traffic than marketplaces (+22% vs. +10%). And multi-channel players, of which many were confronted with forced store closures,

AVERAGE WEB TRAFFIC GROWTH OF WEBSHOPS IN THE EU-27 IN 2020 COMPARED TO PRE-COVID YEAR 2019, IN %



SOURCE: SIMILARWEB, CENTRE FOR MARKET INSIGHTS

AVERAGE WEB TRAFFIC GROWTH OF WEBSHOPS PER MONTH BY SECTOR IN THE EU-27 IN 2020 COMPARED TO THE SAME MONTH IN PRE-COVID YEAR 2019, IN %



SOURCE: SIMILARWEB, CENTRE FOR MARKET INSIGHTS

had a stronger web traffic growth than pure players (+20% vs. +8%). Domestic e-stores witnessed a sharper increase in the number of visitors to their website as compared to international players (+18% vs. +12%). Additionally, the smallest webshops with less than 2 million visitors per year experienced a stronger increase in web traffic when compared to the largest webshops with over 200 million visitors per year (+31% vs. +9%).

Regional differences were also present in the content analysis. E-stores in Northern and Eastern Europe witnessed larger web traffic increases in 2020 than e-stores in other European regions. Suffice it to say, the differences in web traffic development between countries can be quite high, even within the same region.

About the research

For this report, the Centre for Market Insights (CMI) of the Amsterdam University of Applied Sciences gathered a dataset of over 1,000 leading webshops in Europe. The dataset includes 30 leading webshops for each of the 37 countries covered in this report. These lists of e-stores per country have been developed with input from the national e-commerce associations.

To produce aggregated figures for Europe, we ensured that each country list contained sufficient variety in terms of webshop type, such as sector and/or international orientation. For this reason, we replaced larger webshops with smaller ones where necessary. Nevertheless, one can be assured that at least the 20 to 25 largest e-stores in each country are included in the dataset.

For this specific case study, we used a subset of dataset containing all 810 webshop targeting the 27 countries of the European Union (EU-27). Data on the characteristics (e.g., sector and type) and features (e.g., contact and delivery options) of webshops have been collected via a website content analysis, executed by three trained coders of the CMI that manually inspected all 1,110 websites in the dataset. The (estimated) web traffic data used in this analysis is from SimilarWeb and covers the period of January 2019 to June 2021.

Summary

To conclude, this case study presented the features and particularities found among leading EU-27 webshops. More specifically, the analysis included website options for consumers, as well as web traffic growth throughout the COVID-19 pandemic. This deep-dive content analysis aims towards helping retailers, policymakers, and logistics providers by offering insights into current e-store trends.

Extensive use of marketing and communication channels, such as social media and mobile apps, prove that EU webshops are advanced and ready to continue adapting to the EU consumer. However, it is apparent that e-stores have opportunities to expand their delivery options, as a large majority do not yet offer same-day or next-day delivery.

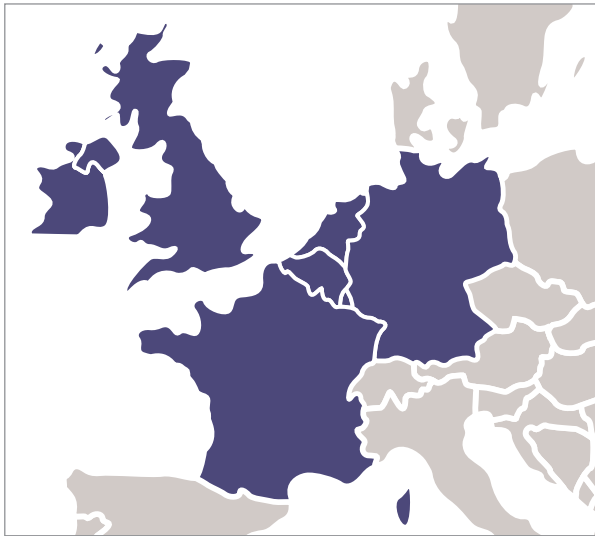
In the increasingly important area of corporate social responsibility, most webshops do not yet share information about their efforts via the website. Regarding the COVID-19 pandemic, results show that measures taken by national governments to contain the virus have had a significant effect on the growth of web traffic to European e-stores, both in 2020 and 2021. However, penetration levels and traffic growth vary significantly among different types of webshops, particularly among smaller and larger webshops, and those operating in different product sectors.

More trends and figures from our content analysis on the leading webshops in Europe can be found online via our interactive dashboard, which includes country-level figures and correlations between web traffic growth and COVID-19 measures. This dashboard will be available from October 2021, and can be accessed via the following link or QR code:

www.cmihva.link/EUdashboard21

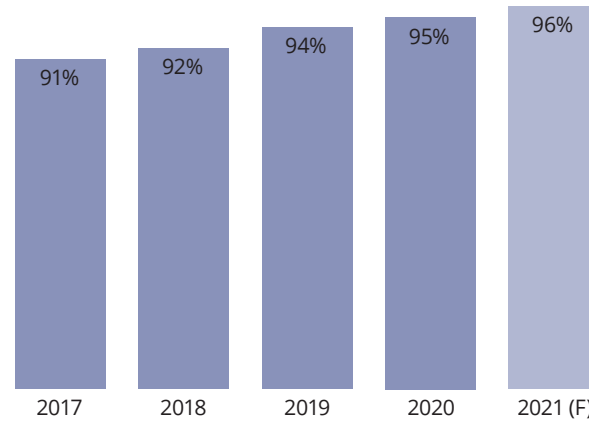


WESTERN EUROPE



INTERNET USERS

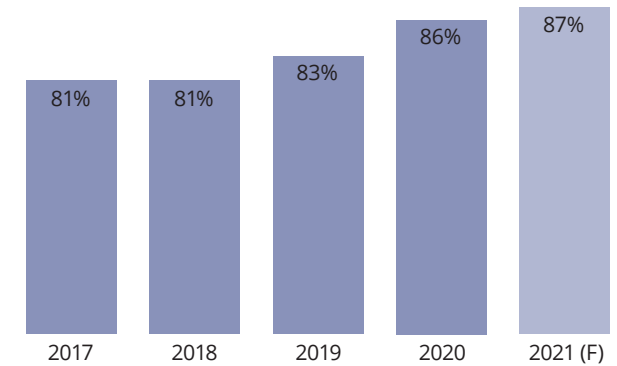
Percentage of the population accessing the internet



SOURCE: EUROSTAT

E-SHOPPERS

Percentage of internet users that bought goods or services online



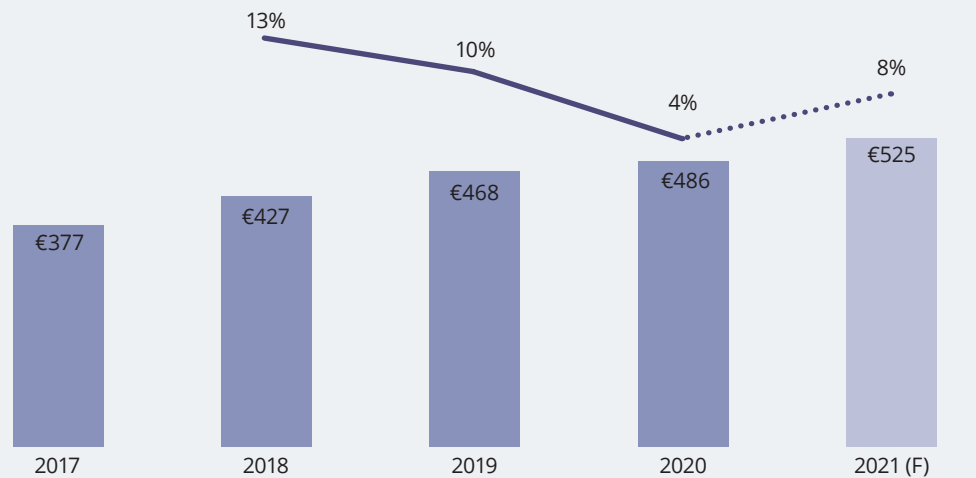
SOURCE: EUROSTAT

B2C E-COMMERCE TURNOVER (EUR, BN)

Measured in €Billion

— Growth Rate

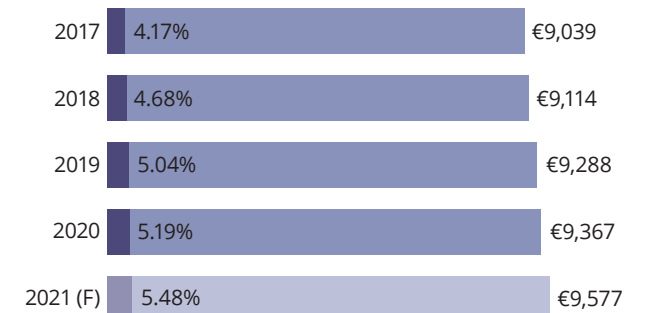
SOURCE: NATIONAL E-COMMERCE ASSOCIATIONS; REPORT PARTNERS; STATISTA; CMI ANALYSIS



GDP AND E-GDP (EUR, BN)

The Gross Domestic Product (GDP) in €Billion and the percentage of GDP comprised of e-commerce sales

■ GDP ■ E-GDP



SOURCE: IMF; CMI ANALYSIS

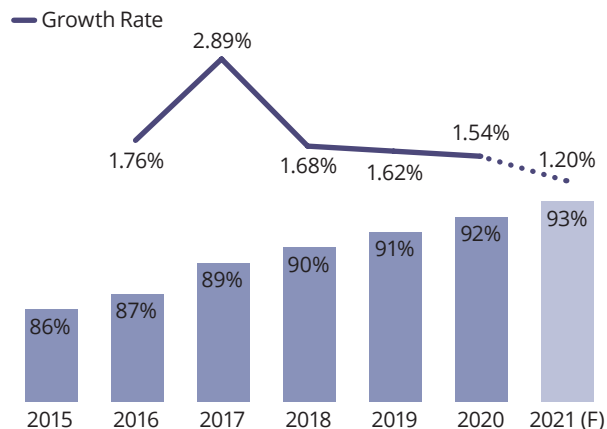
BELGIUM

CHARTS

▶ Currency: Euro ▶ VAT: 21%

INTERNET USAGE

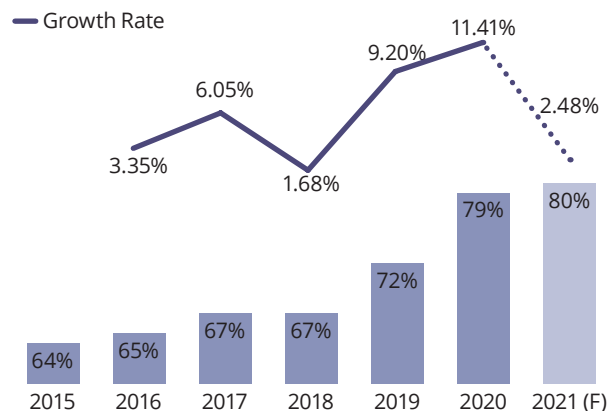
Percentage of the population accessing the internet



SOURCE: EUROSTAT

E-SHOPPERS

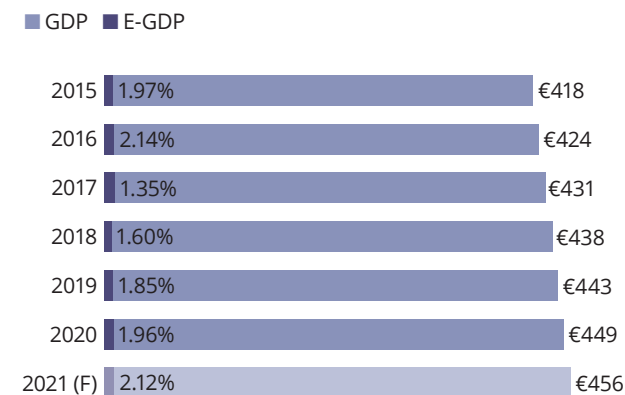
Percentage of internet users that bought goods or services online



SOURCE: EUROSTAT

GDP AND E-GDP (EUR, BN)

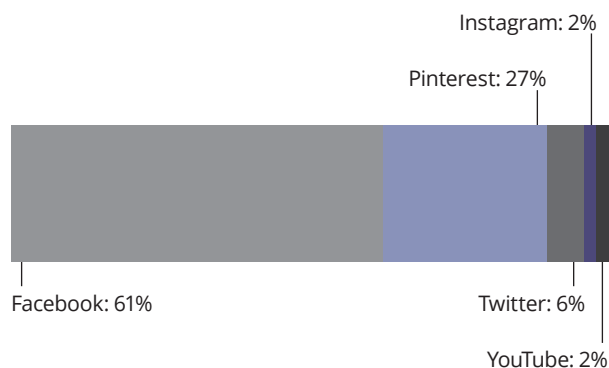
The Gross Domestic Product (GDP) in €Billion and the percentage of GDP comprised of e-commerce sales



SOURCE: IMF

SOCIAL MEDIA USE

Most popular social media channels in 2021

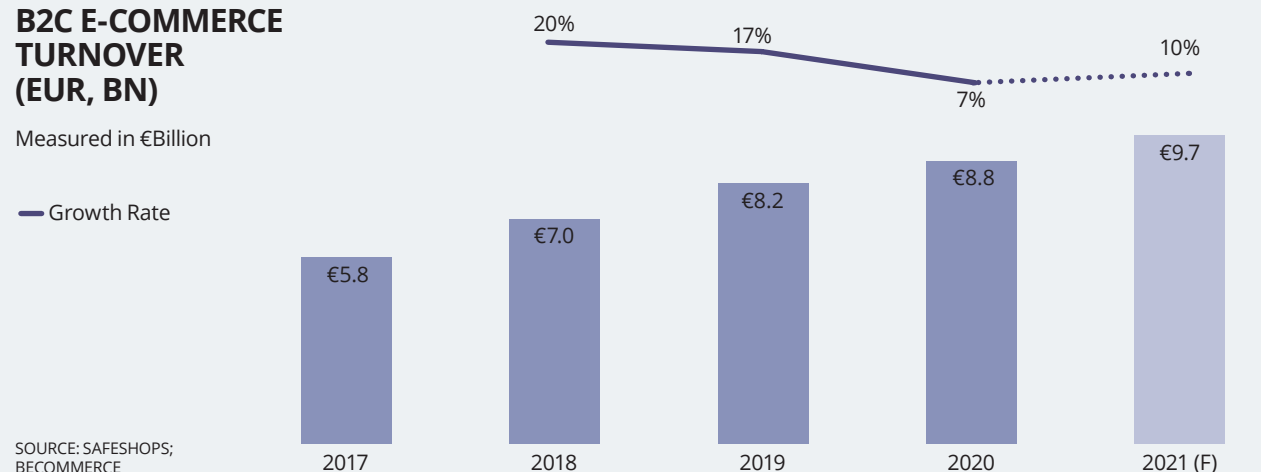


SOURCE: STATCOUNTER

B2C E-COMMERCE TURNOVER (EUR, BN)

Measured in €Billion

— Growth Rate



SOURCE: SAFESHOPS; BECOMMERCE

BELGIUM

INTERVIEW



Greet Dekocker

SafeShops



COVID-19

How has Covid-19 changed consumer behaviors and preferences in online shopping?

We saw 12% of consumers that had never shopped online before, make a purchase online. Older folks, 60+, they had to because in the first lockdown everything was closed and in the second lockdown, only essential shops were open. Food, DIY, pharma and toys did well in Q1 2020, while ticketing, events and services saw significant drops. When looking at Belgium e-commerce figures, they seem contradictory, but they are not; we saw a decrease in travel and ticketing, which are some of the most expensive product categories, but we saw an increase in Belgian trade. Consumers discovered where and how to shop, and e-commerce logistics improved during the pandemic.

Regarding infrastructure: there are two aspects to food, classic shopping (cold chain) and restaurants (warm chain). For restaurants, it was more food pickup, but the problem we saw with food was difficulty in transportation. DPD opened their food section to Belgium, which covers the fresh food circuit, allowing consumers to order fresh fruits, herbs and other fresh meals or products. We also saw oversized transportation adapting to needs during the pandemic.

Have you noticed any specific product categories or retailers that were hit hard or did well during or due to the lockdown?

Fashion, sports, medicine and home/garden did well. In the beginning, fashion was slow, but eventually it took off. These online sales didn't compensate the loss of physical stores, but they helped retailers remain afloat. During the lockdown, food and groceries increased, as did electronics, hardware, leisure and entertainment.

Did the lockdown impact retailers going online or creating a stronger online presence?

We definitely had an increase. For comparison, if you look at 2016 when we had 16k webshops, every year around 3-5k new webshops popped up. Last year we had 20k new webshops join, so it was huge. Most classic retailers were obliged in 2020 to organize themselves and open a webshop, including restaurants, salons, and little boutiques.

What have some of the specific challenges/opportunities been in the Belgian market for SMEs going online?

For many, logistics has been a challenge. Creating a digital webshop is one thing, but logistics is an entirely different beast. Suddenly your stock is interrupted via the webshop and it's not organized properly with the shop inventory system. For SMEs handling returns, these new business activities are difficult to synchronize.

The biggest challenge remains marketing for SMEs – they're not used to social media, marketing, analytics, or adwords. Social media is one of the big things retailers in Belgium need to think about, digital marketing in general needs more focus. Omnichannel challenges are also present for Belgian retailers – managing a shop on a marketplace, managing a classic webshop, and managing a physical shop.

Were there any new innovations in payment/delivery methods during the lockdown?

If we ask consumers what their preferred payment method is, it's PayPal, then Bancontact, then credit card – but many traders do not offer PayPal because it's an expensive payment method. Many purchases are made via debit card or Bancontact, and then credit cards. We noticed a 20% increase in contactless payment, and QR codes are also popping up and being used more in omnichannel shopping. We also saw the introduction of digital eco- and lunchpass as e-commerce payment method.

SUSTAINABILITY

What is the general conversation around sustainability in e-commerce?

“Omnichannel challenges are also present for Belgian retailers – managing a shop on a marketplace, managing a classic webshop, and managing a physical shop.”

For consumers, sustainability is increasing on their priority list. A consumer survey revealed that 48% believe sustainability is an important element that determines whether a webshop is “good” or “bad”. Consumers have said they feel retailers should focus on working with sustainable and environmental packaging, efficient packaging and shipping, and ensuring that old products are recycled. Secondhand is also up-and-coming in the Belgian market.

What, if anything, are retailers/consumers/policymakers doing in regard to sustainability and e-commerce?

For the moment, it's all about Covid. There have been several initiatives to get traders online, but there was not a large focus on sustainability within online shopping during the crisis. Politically, there has been a push towards shopping locally, promoting Belgian consumers to shop locally whenever possible rather than ordering from China. It is still premature but we see traders starting to invest and transform towards sustainable business, but there is still lot's to do.

ADDITIONAL TOPICS

Has Brexit had any impact on the Belgian e-commerce market?

Yes, we have seen the market impacted. We saw that predominantly exports decreased, which lowered partly due to the Covid pandemic, but also the idea to shop local is more prevalent. We have also heard of complaints and difficulties with stock and supply chain issues. That said, our leading export countries for e-commerce are France, the Netherlands

Continued on the following page

BELGIUM

INTERVIEW



and Germany, followed by the UK, so the impact will likely lessen over time as we rely more firmly on these other markets.

What is the conversation around innovative technology in e-commerce? (ex. AI, cryptocurrency, Blockchain, VR, etc.)

Bitcoin is one of the payment method possibilities offered via PSPs, but it is still minor in Belgium. That could be due to the lack of webshops offering these payment methods, but overall, it is still minor. There are several stimulating courses and talks around tech tools for webshops, like installing AI-driven chatbots, but it is a slow adaptation. It is something we believe in, specifically because we think it will help webshops organize themselves, particularly if they are operating in an omnichannel setting.

“Bitcoin is one of the payment method possibilities offered via PSPs, but it is still minor in Belgium.”

BELGIUM

INTERVIEW



Sofie Geeroms

BeCommerce



COVID-19

How has Covid-19 changed consumer behaviors and preferences in online shopping?

Our results showed consumers discovered many more products than pre-Covid. Products that were never ordered online before, like swimming pools, BBQs and garden sets started to be during the pandemic. We saw 200,000 new consumers come into the e-commerce market, so an increase of around 2%. So, there were several new consumers online discovering new products during the pandemic. As for retailer behavior, we know for sure that many retailers started a website, started selling on a platform and/or started a new webshop.

Have you noticed any specific product categories or retailers that were hit hard from the lockdown?

The entire services sector fell because consumers were no longer purchasing travel, nor going out to eat. We saw 1 billion euros less spent on travel when compared to 2019. Other sectors, like entertainment, zoos, concerts, museums, they were all closed and experienced huge losses. Retailers who experienced the most growth during this time were consumer electronics, household appliances and computer accessories.

SUSTAINABILITY

What is the general conversation around sustainability in e-commerce?

For us it's important that e-commerce be sustainable, and there's a negative perception that we have to deal with from policymakers and consumer federations thinking it is negative – we have to work on that perception, that a van carrying packages is more sustainable than several people driving to shops. Our consumer panel surveys have proven

that consumers are very concerned with sustainability in e-commerce.

There are retailers who are mandated by law to take back household appliances for recycling. There's another initiative being pushed by consumers, the secondhand market (circular economy, sharing economy) is growing quickly. There's definitely a big market here for this and consumers are taking part. From my perspective, I don't think returns should be free – retailers and consumers have to start working together on making clear agreements on who is paying for delivery and return. Apart from the secondhand market, only a small portion of consumers would be willing to pay for sustainability options.

ADDITIONAL TOPICS

What have some of the challenges/opportunities been in the Belgian market for SMEs going online?

The challenges in Belgium are definitely the lack of digital skills/knowledge and lack of willingness to invest financially. Opportunities are the fact that Belgium missed the first train and had some delay, which means retailers here don't have to reinvent the wheel – there are so many platforms and examples to learn from and take advantage of.

What do you think has made the leading retailers in Belgium successful?

For six years now we have ranked webshops, and this is the third year we are basing that on digital performance, because we believe that digital performance is key to your success in the market. If your webshop is not performing, pages are slow to load, etc., then consumers will go somewhere else. So, we are big believers of digital performance as a key element in being successful in the market. Digital performance encompasses user experience and customer service, and this is even more important for omnichannel retailers operating offline and online. Creating synergies between your online and offline shop are incredibly important.

“Our consumer panel surveys have proven that consumers are very concerned with sustainability in e-commerce.”

Continued on the following page

FRANCE

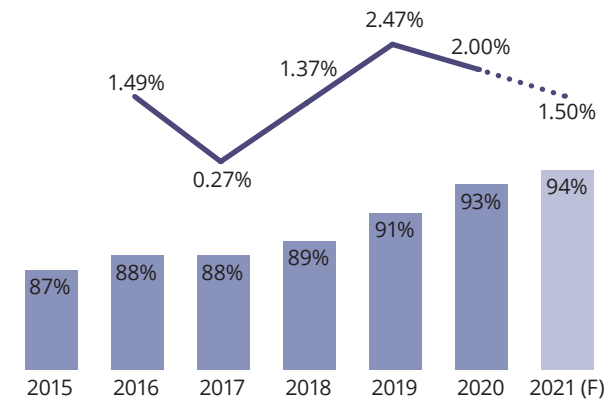
CHARTS

▶ Currency: Euro ▶ VAT: 20%

INTERNET USAGE

Percentage of the population accessing the internet

— Growth Rate

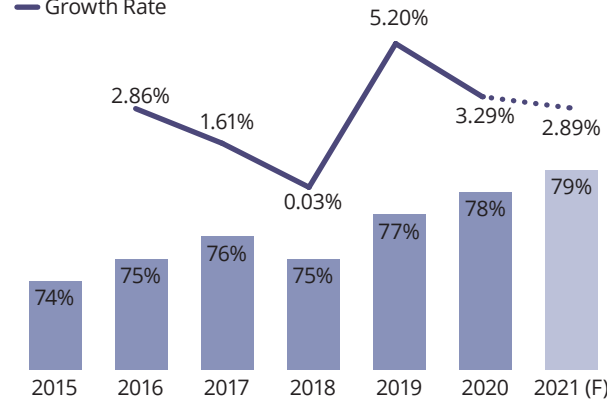


SOURCE: EUROSTAT

E-SHOPPERS

Percentage of internet users that bought goods or services online

— Growth Rate

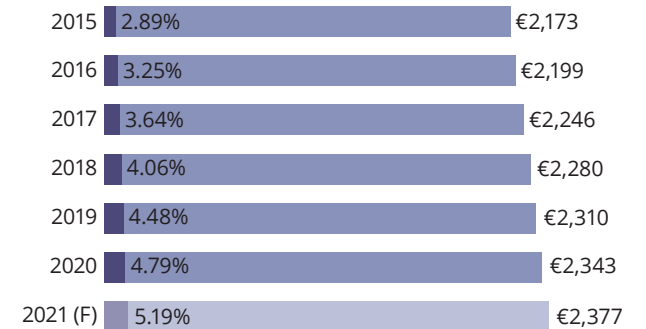


SOURCE: EUROSTAT; FEVAD; STATISTA

GDP AND E-GDP (EUR, BN)

The Gross Domestic Product (GDP) in €Billion and the percentage of GDP comprised of e-commerce sales

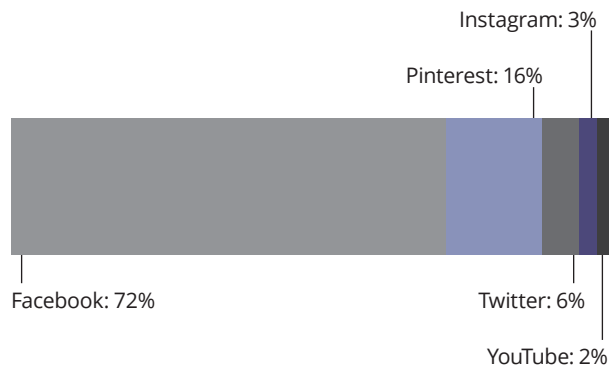
■ GDP ■ E-GDP



SOURCE: IMF

SOCIAL MEDIA USE

Most popular social media channels in 2021

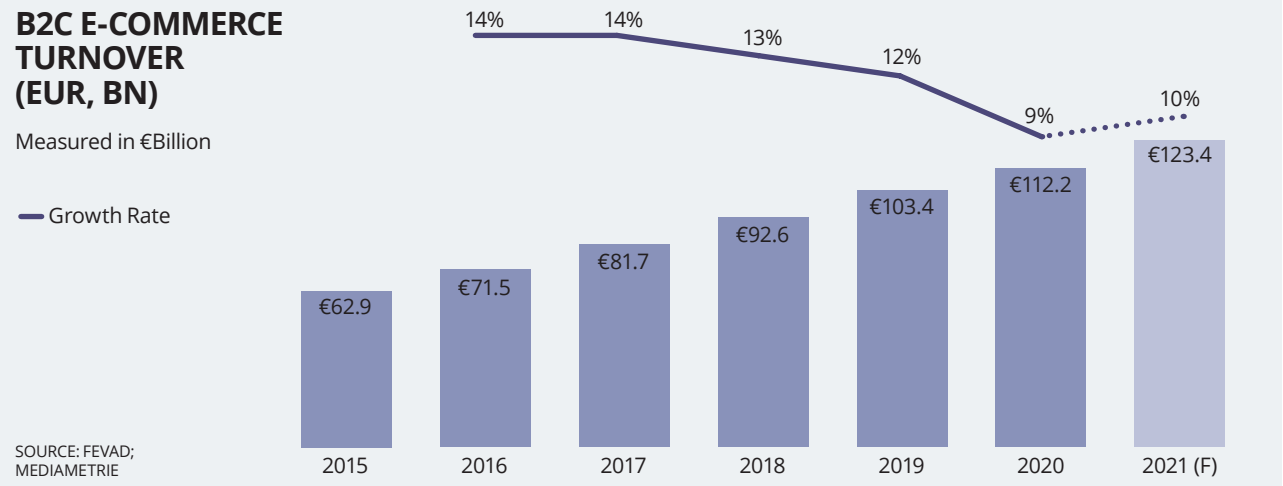


SOURCE: STATCOUNTER

B2C E-COMMERCE TURNOVER (EUR, BN)

Measured in €Billion

— Growth Rate



SOURCE: FEVAD; MEDIAMETRIE

Association analysis indicates that for the 2020 total, 54% represents Goods and 46% Services

FRANCE

INTERVIEW



Marc Lolivier

FEVAD



COVID-19

How has Covid-19 impacted the French e-commerce market?

Purchasing of goods online was steady and progressive and then in 2020 it skyrocketed. Whereas the services sector had extreme decreases in e-commerce. We witnessed the largest growth in B2C e-commerce we've ever seen with over 29% overall in 2020 and almost 41% growth in Q4 2020. Travel services were hit hard in Q2 2020 with -75%, and an overall 2020 growth rate of -47%. In one year, we have seen the total B2C e-commerce for online goods market growth we would have normally only seen over 4 years in France.

In fact, e-commerce market share for consumer goods went from 10% to 14% in one year, but that's only consumer goods. If you look at e-commerce (goods and services, 112 billion), then the total growth is 8.5% below 2019 growth at 11.5%. The total shows that online goods growth almost offset online services decline, which shows the resilience of the sector.

Usually, the reasons French consumers buy online is for practical reasons, namely that consumers have more choice and diversity of products. However, during Covid-19, it was for safety reasons and health protection. Even when shops reopened, consumers seemed to avoid them due to potential exposure to the virus. During the first lockdown, computers (IT) and cultural products were the most purchased products online, while during the 2nd lockdown, consumers were purchasing more furniture and home products. Meanwhile, throughout the year, health and beauty remained consistently high, as well as online food (which was surprising as food stores remained open). Nevertheless, online food, both pickup and home delivery really boomed over the last 12 months, and new habits were created.

During the first lockdown, at the beginning people were shocked and Logistics were heavily impacted including half of all post offices and all the pickup stores were closed. That said, after three weeks the market was able to cope with the influx of online orders, and by the 2nd lockdown in November, companies were much more prepared for the situation (logistically) and people got more used to it.

The growth on mobile devices has slowed down during 2020 – we mistook this for consumers shopping from their computers at home, but it was the decrease in purchasing services online that decreased mobile shopping.

Marketplaces experienced about the same growth as e-commerce, approximately 30%. The main difference was at the beginning of the first lockdown, you could see the difference between marketplaces and the market – marketplaces suffered a little more in the first lockdown because logistics were less prepared, and the capacity was quite weak. This was not the case during the 2nd lockdown – marketplaces showed they were much more prepared and handled it much better.

Even after the lockdown(s), sales online have still been high, due largely to the fact that shopping in-store was still less convenient with masks, social distancing, and heightened risk of getting sick.

E-commerce has been a buffer for stores; though it did not fully replace brick-and-mortar sales, it helped stores maintain some activity, which was important for everyone (retailers, consumers and the economy). Stores in France have said that e-commerce has saved them, because without e-commerce they would have had to close entirely. Throughout this difficult time, e-commerce continues to fill the gaps for everyone.

We noticed a difference between pure players and high street stores – growth was much higher for e-tailers than for pure players – in two lockdowns, the online sales of stores went up 100%. After the lockdown, their online sales went down a bit, but still stayed high.

“E-commerce has been a buffer for stores; though it did not fully replace brick-and-mortar sales, it helped stores maintain some activity, which was important for everyone (retailers, consumers and the economy).”

SUSTAINABILITY

What is the conversation around sustainability in e-commerce?

This is one of the major topics for e-commerce in France right now. It's driven by three forces, the first being customers. All surveys are showing this is something people care more and more about -- there are more expectations from consumers to contribute, improve and decrease the environmental impact of consumption, so webshops are taking this into consideration. The second driver is expectation from companies and employees. The average age of companies is quite young, and we see that for the younger generation this topic is extremely important – employees are demanding the companies they work for to improve. The third driver is investors; we have several new companies who need to get money to invest, and they take this seriously into consideration.

Perhaps most importantly, companies have realized that sustainability can be a way to improve performance. For quite some years, sustainability was seen as a regulatory constraint, something that was imposed and there was no choice – now, people and companies realize this is something that can help them improve the effectiveness and performance of the company. Additionally, our research has shown that Covid will not stop or slow down this issue of sustainability but will in fact increase the willingness to invest.

Continued on the following page

FRANCE

INTERVIEW

What are retailers/consumers/policymakers going in regard to sustainability in e-commerce?

A specific example here: sometimes you have small items in a parcel, and this costs a lot for the company due to transportation and materials to make the parcel. So, they are now equipping new machines to help reduce parcel sizes, which is a win-win situation, good for business and for the planet.

We have to work on our transparency towards consumers. It is important to give choices to the consumer, so they can make the decision, and consumers are really in demand of having all the information. They want information regarding delivery, but also recycling of packaging.

From a policy perspective, we are working on consistent and credible evaluation measures – it's important we set this up, otherwise we will have controversy for how to calculate the sustainability measures that are taken. With this, we can give the right tools to consumers and e-commerce players.

“It is important to give choices to the consumer, so they can make the decision, and consumers are really in demand of having all the information.”

GERMANY

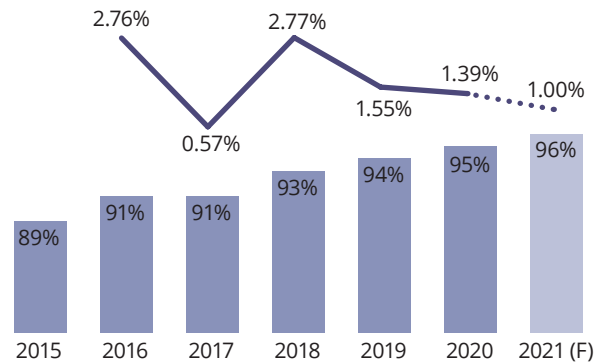
CHARTS

▶ Currency: Euro ▶ VAT: 19%

INTERNET USAGE

Percentage of the population accessing the internet

— Growth Rate

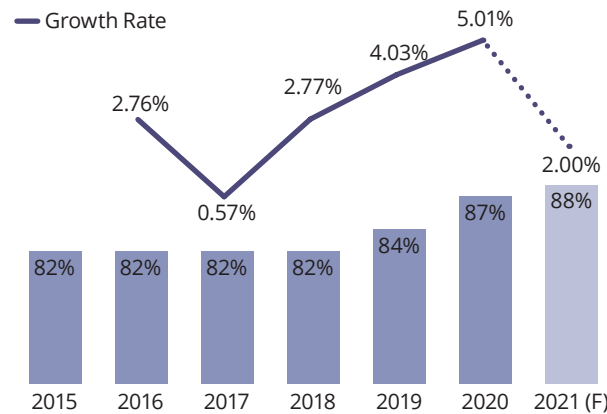


SOURCE: EUROSTAT

E-SHOPPERS

Percentage of internet users that bought goods or services online

— Growth Rate

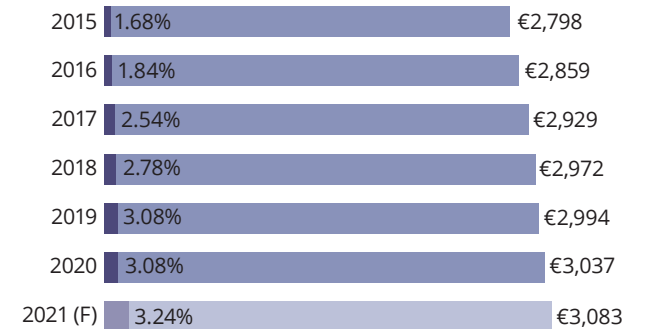


SOURCE: EUROSTAT

GDP AND E-GDP (EUR, BN)

The Gross Domestic Product (GDP) in €Billion and the percentage of GDP comprised of e-commerce sales

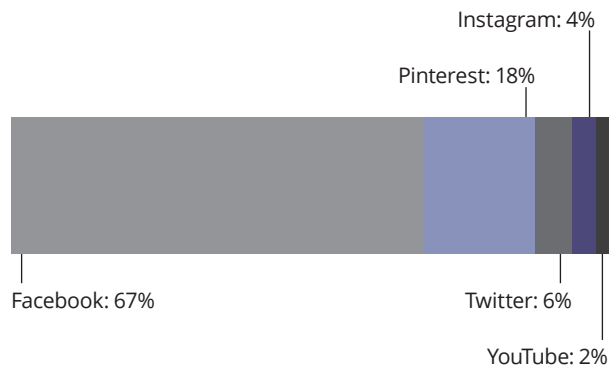
■ GDP ■ E-GDP



SOURCE: IMF

SOCIAL MEDIA USE

Most popular social media channels in 2021

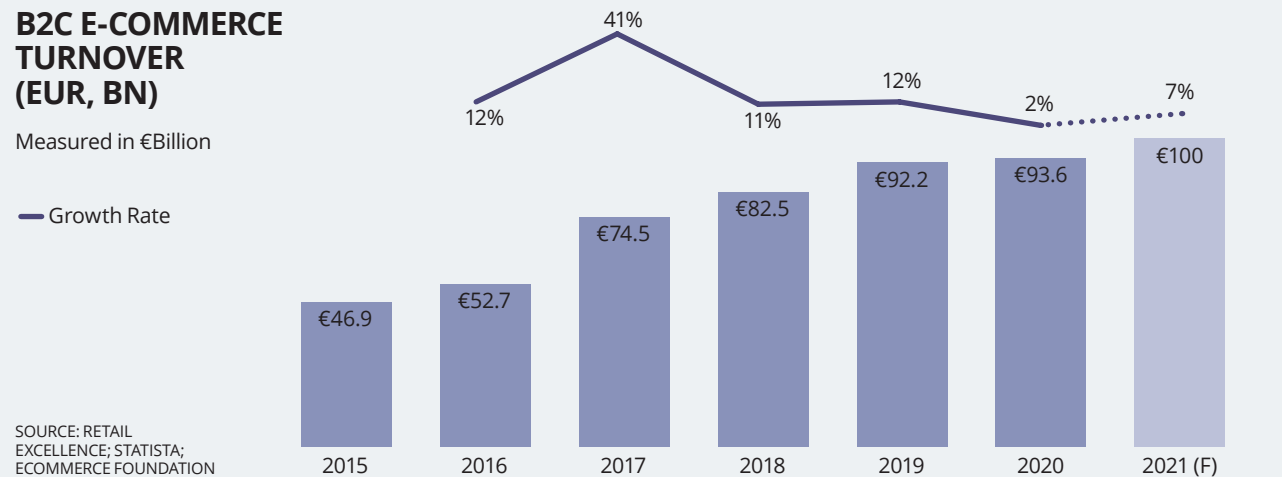


SOURCE: STATCOUNTER

B2C E-COMMERCE TURNOVER (EUR, BN)

Measured in €Billion

— Growth Rate



SOURCE: RETAIL EXCELLENCE; STATISTA; ECOMMERCE FOUNDATION

Association analysis indicates that for the 2020 total, 90% represents Goods and 10% Services

GERMANY

INTERVIEW

Martin Groß-Albenhausen

BEVH



COVID-19

How has Covid-19 changed consumer behaviors and preferences in online shopping?

E-commerce has always increased by about 10 % per year. During the Covid-19 crisis we have seen the biggest growth of online shopping in categories like grocery and pharmacy – although people know they can go and get food and drugs in stationary shops as well, they still prefer to do so online first. Consumers realized that they can buy everything online as well – also consumers who didn't use to buy goods online in the past. Therefore, we saw for example the strongest growth in older people shopping online.

As a result, we have also seen companies shifting from traditional multi-channel business models to an online-first-multi-channel model.

Moreover, German consumers have modified their online payment behaviors, as digital payments such as Paypal and Apple Pay are on the rise and invoice is declining. We saw this same trend in brick-and-mortar stores and on the high-street. In the past, bakeries would ask consumers to pay with cash, now they are requesting payment with contactless options.

Have you noticed any specific product categories or retailers that were hit hard from the lockdown?

The hardest hit were tickets and travel, as well as clothing in Q1 (though it's bounced back since then). For quite some time we had a real problem in the category of travel items, namely for products to take to the beach. Not taking online pharmacies into account (they had the strongest growth overall but are a special market due to regulation), the two winning product categories have been bicycles and groceries, specifically

alcoholic beverages. Office supplies were also selling well, but they struggled with shortages and having too little stock after 3-4 weeks of lockdown.

Did the lockdown impact retailers going online or creating a stronger online presence?

Yes. We had a lot of new entrants into the market, namely from companies that had never sold online before, who started listing telephone numbers, WhatsApp information, Instagram posts, etc. Many were forced to become e-commerce companies. Online marketplaces facilitated their market entry by providing them with the necessary infrastructure. Moreover, we also had initiatives catered towards store-based retailers to enable them to go online.

Were there any new innovations in payment/delivery methods during the lockdown?

There were several in relation to payments, like new ways to use PayPal in stores, which has been one of the better innovations. One interesting change regarding the delivery took place in Berlin, when the Senate decided that e-commerce and distance selling are to be considered part of "normal retail" and therefore must be taken into account when developing city streets and general urban planning. In order to have a habitable place there has been a push towards making home shopping and pickup possible, so this was put into the legislative process and written into law, which is a huge step for us.

SUSTAINABILITY

What is the general conversation around sustainability in e-commerce?

For the German population, as well as German legislation, sustainability is a huge topic. It's a conversation about returns management, packaging, sustainable shipping and foreign e-tailer requirements. Interestingly, for the first time the German Environment Agency has issued a study that shows that there is no evidence that e-commerce is less sustainable than regular retail, and in more cases, it is even more sustainable to buy online than in a physical shop. Therefore, the tone of the discussion is changing.

"For the German population, as well as German legislation, sustainability is a huge topic."

We also have some inconsistencies in our legislation regarding sustainability. We have a new law requiring retailers to make sure that their goods remain marketable during the whole selling process, which is in the interest of every retailer anyway. However, in the future retailers will be required to document and report what they have done with the products that were returned. Instead of increasing the administrative burden for retailers, we call on the Ministry of Finance to change the law to exempt donations of companies to charitable organizations from VAT, which we feel would result in higher benefits for sustainability and the society than the drafting of reports.

Of course, the other big discussion is around China and the EU, as many cheap items come from Chinese companies that do not have to comply with the same regulation as German or other EU retailers have to. We need to set the rules to keep a level playing field – we cannot force German companies to comply with sustainability regulations when foreign companies do not have to do the same.

Do you feel consumers are willing to pay more for online products with sustainability in mind? If so, under what conditions?

If you ask consumers, they say "yes." If you charge consumers, they say "no!" It's not that consumers are unwilling, but consumers will no longer pay more if you simply list a product as "organic" and then charge more for it. In grocery stores the customer is very price sensitive – even in organic supermarkets. Another example: Right now, our members are trying to reduce packaging, but they have seen that if something is not packaged in the original packaging, return rates increase.

Continued on the following page

GERMANY

INTERVIEW

ADDITIONAL TOPICS

What is the status of cryptocurrency use in the German e-commerce market?

We know that whenever we talk about Bitcoin in retail, hardly anybody would want to talk about it. People regard it as snake oil – they don't understand it and see it as a scam, like something used on the dark web for fraud. That is the current mindset in Germany, so I'm happy consumers are using something like PayPal, but as far as Blockchain and cryptocurrency is concerned, we are 3-4 years behind the US and other European markets. We do have some shops accepting cryptocurrency, but it certainly isn't a payment method easily accepted – nor by retailers neither by customers. Banking companies want to regulate it, which is like ripping the core out of cryptocurrency and transforming it into a digital euro without the benefits of a stable digital currency. The discussion in Germany with these topics is to regulate rather than drive them forward.

What is the conversation around data protection and privacy in Germany?

With the deletion of legitimate interest in the current e-privacy proposal, data protection in Germany is, right now, a completely European hot topic. It's a hot topic not only for businesses but for consumers, too. German consumers want data protection and consent management is huge because we are required by law to comply. However, more business will be shuffled to big players because these companies have created enough value of some kind to the customer that he is willing to consent the ongoing use of his data. Small businesses might lose a lot of insights because they can track less data; this, of course, hurts competition. Data is very valuable, so the question we have now is: How much tracking can you lose and still make good business decisions? How can you do more with less data? Which data can/do you track? These are the questions we're currently asking in Germany.

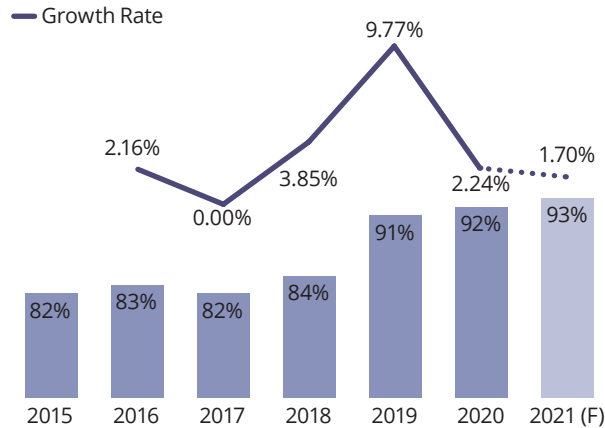
IRELAND

CHARTS

▶ Currency: Euro ▶ VAT: 23%

INTERNET USAGE

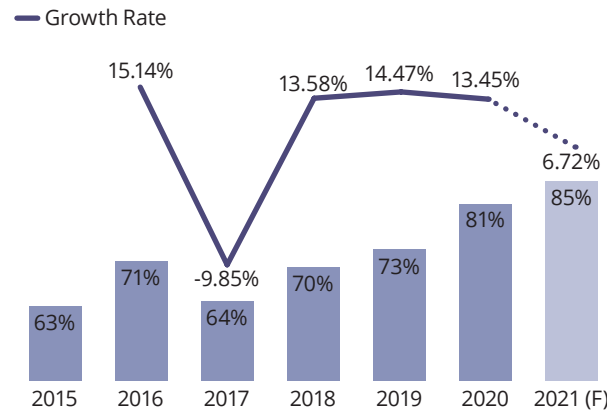
Percentage of the population accessing the internet



SOURCE: EUROSTAT

E-SHOPPERS

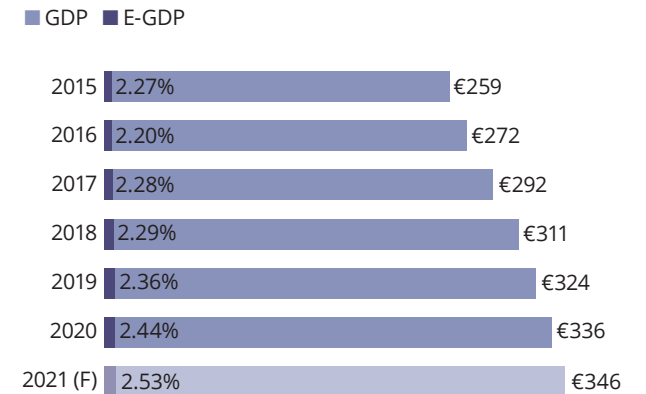
Percentage of internet users that bought goods or services online



SOURCE: EUROSTAT

GDP AND E-GDP (EUR, BN)

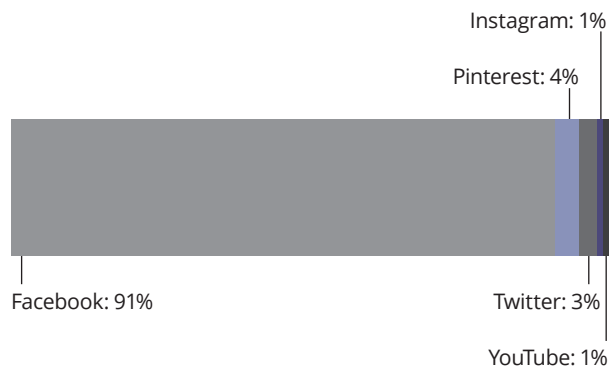
The Gross Domestic Product (GDP) in €Billion and the percentage of GDP comprised of e-commerce sales



SOURCE: IMF

SOCIAL MEDIA USE

Most popular social media channels in 2021

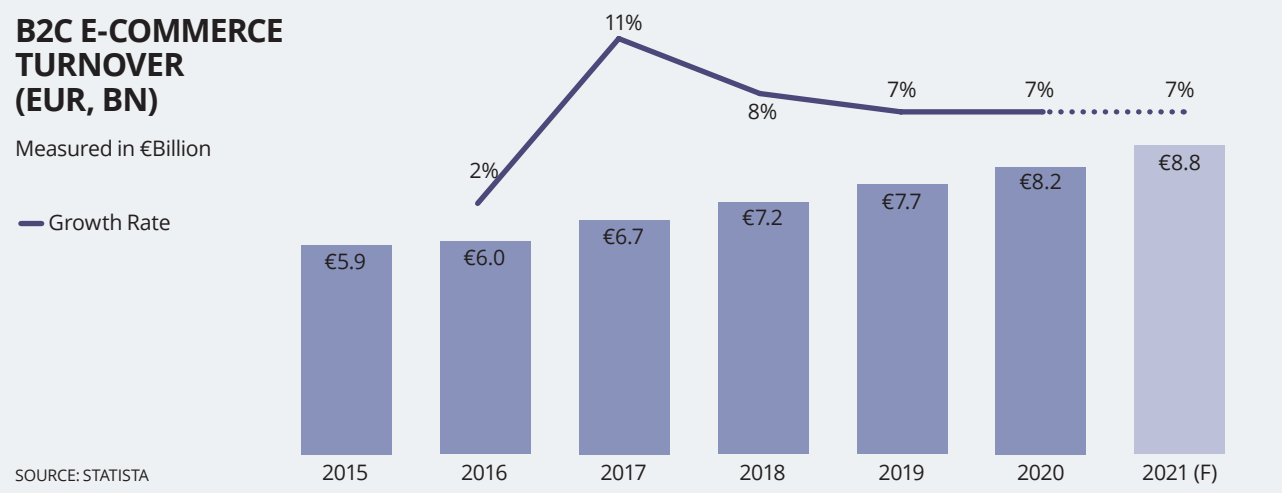


SOURCE: STATCOUNTER

B2C E-COMMERCE TURNOVER (EUR, BN)

Measured in €Billion

— Growth Rate



SOURCE: STATISTA

IRELAND

INTERVIEW



David Campbell

Digital Business Ireland



COVID-19

How has Covid-19 changed the e-commerce market in Ireland?

E-commerce grew by years in the Irish economy, there was unprecedented acceleration in the market. Obviously, a lot of retailers were already prepared and had operational frameworks in place, but many others were caught napping. Small businesses, but also large brands, weren't able to cope with demand when the pandemic hit. They didn't have the necessary logistics in place, including resources, skills, staff, partners, etc., but the pandemic highlighted to everyone the importance in online trade. Covid-19 also solidified the omnichannel landscape in Ireland, retailers learned they needed a 360 approach – online shoppers shopping in-store, and vice-versa.

We saw an increase in new online shoppers because the traditionally physical in-store shoppers were forced to shop online with no other options. We saw a steady progression in online sales, though it didn't make up for the loss of sales in brick-and-mortar retail. At the moment of this interview, retailers are not permitted to use click-and-collect, which has been extremely challenging for online retailers.

We've seen a large push towards shopping local because this has been a challenging time for Irish retailers. Because we couldn't travel outside of our communities, we began supporting more Irish/local retailers. We began highlighting the great products we have and promoting consumers support Irish retailers as much as possible.

Have you noticed any product categories or retailers hit hard during the lockdown(s)?

Product categories that performed really well were health

and fitness, particularly gym equipment. Of course, gyms were closed, so consumers purchased sports equipment to use at home. Additionally, consumer electronics and tech was massive. Phones, tablets, everything to make things efficient for working from home. Outdoor furniture, garden equipment and DIY were also huge categories during the lockdown. Also, there was a massive surge in online shopping for groceries, especially amongst the elderly.

SUSTAINABILITY

What is the general conversation around sustainability in e-commerce?

It's becoming more and more prevalent. We have a specific committee around sustainability in Digital Business Ireland, and it's the topic for our upcoming conference. Global brands really need to be sustainable and ethical; you see this in all the big tech companies in Ireland, that their mission statements encompass sustainable sourcing and ethical policies and supply chains. I think there is a responsibility that we all need to search for products that are ethical and sustainable, products that are sourced correctly and manufactured in a safe and secure manner. Since Covid-19, more people are evaluating their work-life balance and are more in-tune with how products and services are produced.

Do you feel consumers are willing to pay more for online purchases with sustainability in mind?

Yes, 100%. It's case-by-case of course, but different brands are showing positive success stories. More brands are highlighting their ethical business practices and sustainable sourcing, so consumers are also becoming more interested. With next-day delivery, consumers are willing to pay more – everyone wants their products quickly and conveniently. Sustainability is no different for consumers – it's important to them, so they are willing to pay more for it.

ADDITIONAL TOPICS

What have some of the specific challenges/opportunities been for SMEs going online & what do they need to go

“Covid-19 also solidified the omnichannel landscape in Ireland, retailers learned they needed a 360 approach – online shoppers shopping in-store, and vice-versa.”

online and be successful?

Limited skills and resources are the biggest challenges. Educating them with the correct partners is where we try to help, but they need to do their background research, get case studies and talk to customers of partners and their experiences. There's a wealth of opportunities in Ireland, tech multinationals, service providers, government support, associations and initiatives, training courses and resources. The most important thing is for retailers to do some consumer research, monitor shopping habits and behaviors, and sector-by-sector analyses.

How has Brexit impacted the Irish e-commerce market?

It's strange for Irish retailers because a lot were not prepared – they likely didn't think it was going to cause as large an impact as it has. Many retailers are having problems with customs and duties/taxes, especially with large equipment orders (ex. Sports equipment). Typically, they would import from China and transport from the UK to Ireland, which is now seeing huge taxation implemented, so they've had to modify their entire logistics and warehouse operations. Several still need to discuss with their various providers to make sure they are registered for VAT implementations.

The most important thing here is to make sure customers are not charged extra for customs or VAT, because that is a bad experience for customers. If you advertise a product online for a certain price and they have to pay more, that is a very negative experience. Several Irish businesses working in

Continued on the following page

IRELAND

INTERVIEW



bulk are avoiding the UK now, as they would need large bulk shipping to justify the costs – they are likely to go to France or Germany.

Ireland is home to some massive tech companies – what is their relationship with local Irish e-commerce players?

Big tech corporations are actually big contributors to the local workforce via skills training, which benefits SMEs across Ireland. The Google Digital Garage has online training courses, Facebook Blue offers research reports on advertising, Microsoft launched Global Skills to educate the workforce, and LinkedIn Learning has free tools.

We feel it's important to partner with large multinationals to provide upscale training, education and resources across categories. We've partnered with Google on a resource called Pointee, which is essentially an online marketplace to promote local businesses in Ireland. We've also partnered with Virgin Media to do a road show, selecting 5 companies in each region around the country to build up their websites, scale their businesses, and give them skills and expertise training.

We're working with Google for all tailored education and training courses – we usually do 5-6 sessions with them a year for SMEs. This could be basic tools, signing up an adwords account, export potential, etc., but we always try to survey members and partners to see what key aspects and trends they need addressed.

Big tech corporations are actually big contributors to the local workforce via skills training, which benefits SMEs across Ireland.”



IRELAND

INTERVIEW

Duncan Graham Retail Excellence



COVID-19

How has Covid-19 changed consumer behaviors and preferences in online shopping?

We've had three significant lockdowns in Ireland and seen a massive surge in online shopping. During the lockdown, anyone who wanted to purchase something non-essential has gone online to purchase. We have seen a growth in sales of at least 125% during the lockdowns compared to 2019, particularly in the run-up to Christmas. This third lockdown that we're still in (as of March 2021) has resulted in closure of click-and-collect services, moving the entire purchasing experience online.

Irish consumers have generally adapted really well and moved online quickly, but we noticed every time the lockdown was lifted there was a strong move to go back to physical shopping. So, although there has been huge growth in e-commerce, every time the lockdown is lifted that growth normalizes again. It's difficult to say which trend will last, as we've been in lockdown for 7 out of the last 12 months, but we expect a mix of consumer shopping behaviors.

Did the lockdown impact retailers going online or creating a stronger online presence?

It was reported that 65,000 new .ie domains were registered during the early months of the pandemic. We're not sure how much is retail, but it's likely that a large percentage would have been. There was a significant shift for businesses to move online and there have been two significant government-backed funding schemes for online retail.

One scheme amounted to 11 million euros in funding aimed at larger organizations to move their businesses online, and there was additional funding for smaller retailers up to approximately 2,000 euros. There have been around 600

companies that have taken up that particular grant and a large number of companies have received the smaller grant as well, so this policy push has been very significant.

Have you noticed any specific product categories or retailers that were hit hard or did well during the lockdown?

Online grocery shopping and delivery became a thing, but you haven't seen it to the same degree as other countries. With the main supermarket chains, they have their own in-house delivery, and by and large they are managing that way, so we've not seen new delivery companies associated with grocery delivery.

There's been a significant shift on the run-up to Christmas in people buying online and specifically buying local, with Irish retailers. Traditionally the figure for the share of business being done with online retailers outside of Ireland was 70%, and it has dropped to 60% with the gap being filled by Irish retailers. People are buying locally so they don't have to travel, and I think that will stay after Covid-19 measures are gone.

Clothing, department stores, jewelry stores, gift businesses and smaller independent retailers were hit harder than mixed retailers. Specialist food stores performed well because restaurants were shut, so people were eating at home. Typical brick-and-mortar shops like butchers, fishmongers, green grocers, and specialist food stores, moved online to continue reaching customers.

SUSTAINABILITY

What is the general conversation around sustainability in e-commerce?

There are several sustainable retailers emerging, but during the pandemic we haven't had many consumers demanding it as strongly. The pandemic and Brexit seem to have overshadowed the conversation around sustainability. There was a comment in the media around packaging that had been generated in relation to online shopping. While there was nothing that came out of it in terms of policy/government, there

“It was reported that 65,000 new .ie domains were registered during the early months of the pandemic. We're not sure how much is retail, but it's likely that a large percentage would have been.”

was certainly a question mark being raised about how much shopping was being done online and how much packaging it was creating. We are seeing a growing need for food stores to source locally and certain food stores have connected to farms around the corner.

Do you feel consumers are willing to pay more for online purchases with sustainability in mind?

I think it's a growing “yes.” It's not reached a tipping point yet, but there are consumers that are interested and would opt for sustainability solutions if presented to them during checkout.

ADDITIONAL TOPICS

What do SMEs need in your market to go online and be successful?

Financial support and government backing are #1. A good platform needs a support function in the background, something like Shopify or another good platform to launch from. Those are the two key points coming out at the moment. Additionally, the biggest thing is having an overall omnichannel strategy rather than simply going online. There has to be a strategic plan. I would also say that understanding the fulfillment side of e-commerce is a bigger task than people realize – ensuring everything flows from warehouse to front door can be overwhelming.

Continued on the following page

IRELAND

INTERVIEW



What impacts has Brexit had on the Irish e-commerce market?

The movement of goods throughout the supply chain hasn't been resolved yet, so there are clear issues with Brexit. There's an additional cost to Irish consumers in bringing in anything from the UK and it's costing more now than ever before. Because of this, we've seen more Irish consumers buying from German or French webshops to ensure they're not charged a higher rate. Anything that comes from the UK is now going to have these new higher costs for Irish consumers. Anybody that is or has been trading into Ireland through the UK and has a strong Irish customer base will likely consider potentially opening up a distribution center in the future. We've noticed several shops and brands from Europe popping up across the country.

“The movement of goods throughout the supply chain hasn't been resolved yet, so there are clear issues with Brexit.”

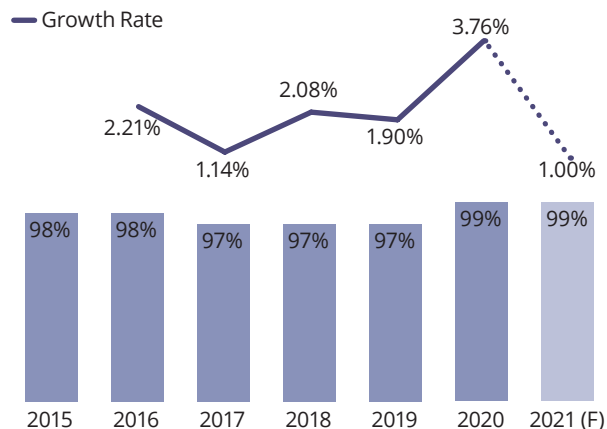
LUXEMBOURG

CHARTS

▶ Currency: Euro ▶ VAT: 17%

INTERNET USAGE

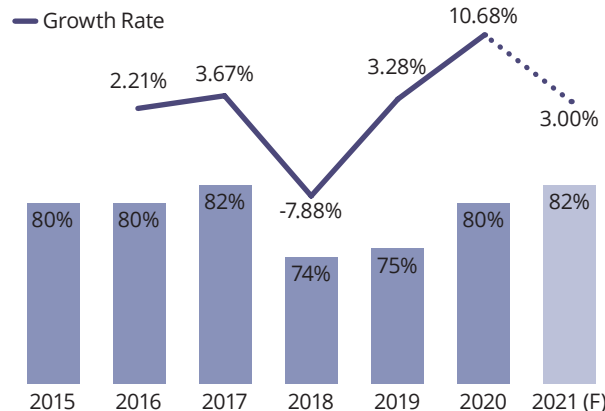
Percentage of the population accessing the internet



SOURCE: EUROSTAT

E-SHOPPERS

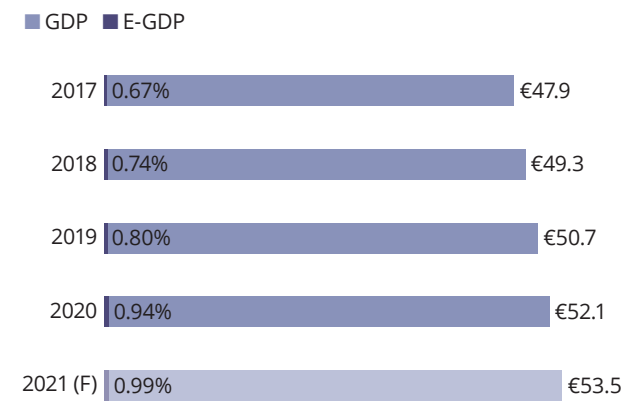
Percentage of internet users that bought goods or services online



SOURCE: EUROSTAT

GDP AND E-GDP (EUR, BN)

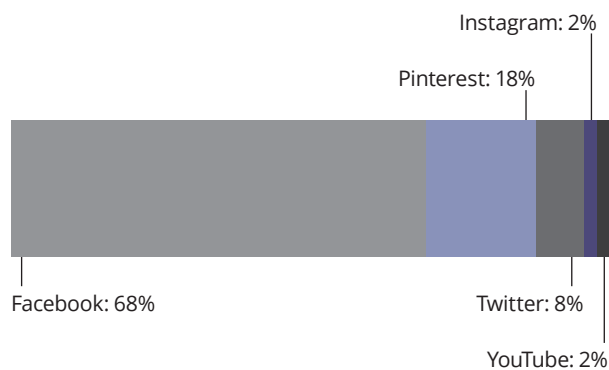
The Gross Domestic Product (GDP) in €Billion and the percentage of GDP comprised of e-commerce sales



SOURCE: IMF

SOCIAL MEDIA USE

Most popular social media channels in 2021

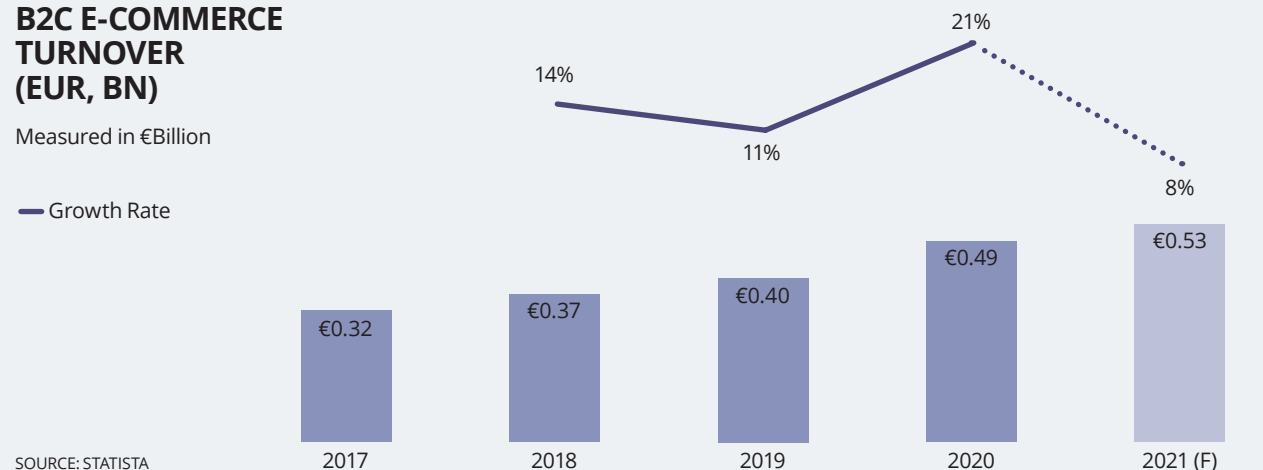


SOURCE: STATCOUNTER

B2C E-COMMERCE TURNOVER (EUR, BN)

Measured in €Billion

— Growth Rate



SOURCE: STATISTA

NETHERLANDS

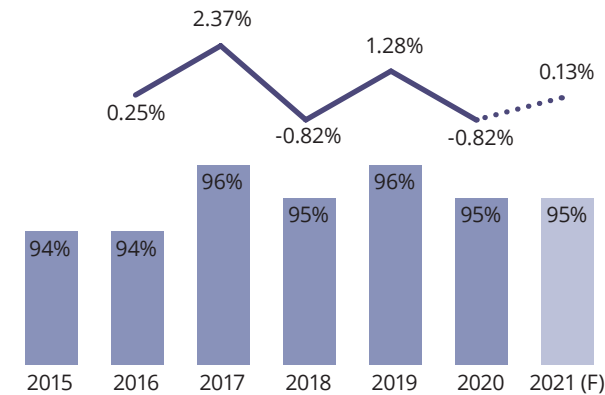
CHARTS

▶ Currency: Euro ▶ VAT: 21%

INTERNET USAGE

Percentage of the population accessing the internet

— Growth Rate

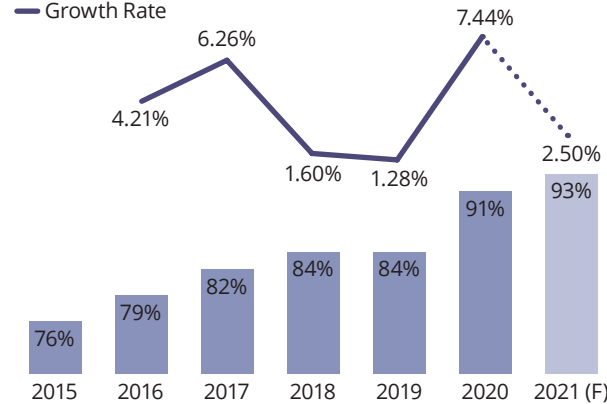


SOURCE: EUROSTAT

E-SHOPPERS

Percentage of internet users that bought goods or services online

— Growth Rate

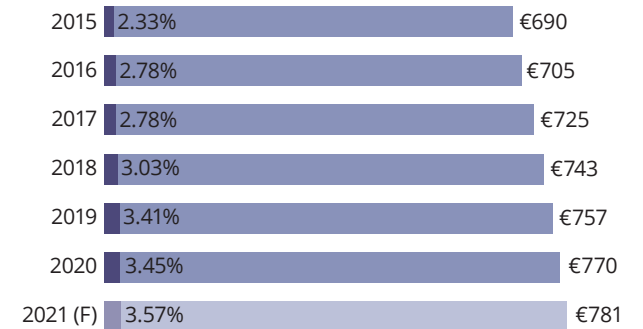


SOURCE: EUROSTAT

GDP AND E-GDP (EUR, BN)

The Gross Domestic Product (GDP) in €Billion and the percentage of GDP comprised of e-commerce sales

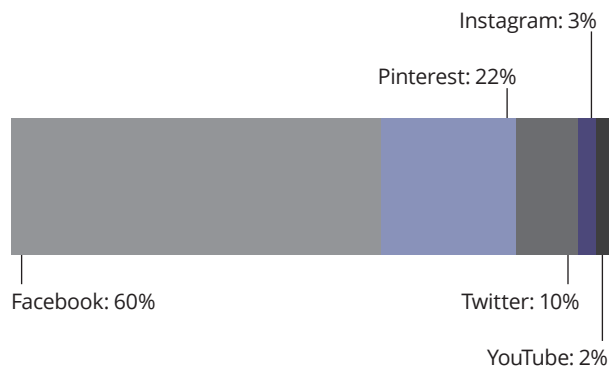
■ GDP ■ E-GDP



SOURCE: IMF

SOCIAL MEDIA USE

Most popular social media channels in 2021

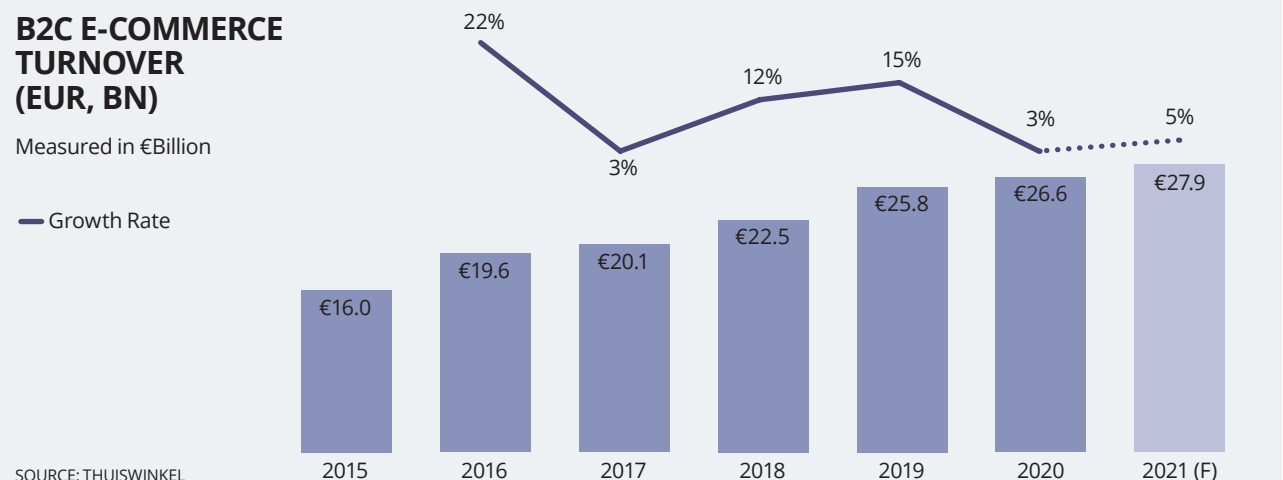


SOURCE: STATCOUNTER

B2C E-COMMERCE TURNOVER (EUR, BN)

Measured in €Billion

— Growth Rate



SOURCE: THUISWINKEL

Association analysis indicates that for the 2020 total, 75% represents Goods and 25% Services

NETHERLANDS

INTERVIEW



Marlene ten Ham

Thuiswinkel.org



COVID-19

How has Covid-19 changed consumer behaviors and preferences in online shopping?

Because of the lockdown, people were forced to stay home, and shops were closed, so more and more people went online for purchases. Businesses digitalizing was already happening in the Netherlands, but Covid-19 really accelerated that transformation. We believe that even when the pandemic is over, many of the online behaviors will continue to exist.

Looking at consumer purchases, it's clear that almost every product category shows a rise in online spending and online purchases. Because of Covid-19, we specifically saw a rise in the number of online purchases. Additionally, we saw a strong decline in the services category.

Have you noticed any specific product categories or retailers that were hit hard from the lockdown?

Due to the lockdown, people started buying things to make their homes nicer, including office and IT equipment to work from home. Consumers are also spending more on sports and recreation, namely outdoor sports, and food and nearfood, as online grocery purchasing spiked.

Services and travel were hit hard during Covid. Compared to 2019, tickets for attractions and events were -41%, single airplane tickets and accommodations were -41%, and travel packages were -65%. Looking at products, almost every product category experienced growth.

Were there any new innovations in payment/delivery methods during the lockdown?

Partially because of Covid, consumers are much more aware of the impact on the environment and push for more green

ways of delivery. I believe that the greener ways of delivery are gaining ground, particularly in the crowded areas with solutions like bike couriers. The last mile has become more of a concern and e-commerce players are increasingly working on greener solutions. Extreme peaks in logistics have been a challenge but it has also sparked innovation and entrepreneurship. Retailers organizing their own deliveries and collaborations of local stores in specific regions. Covid-19 has increased the interest of consumers for local goods.

What were some of the logistics issues with Covid-19?

There were lots of logistics issues during the pandemic, despite our infrastructure being great. The problem here was that there was so much online ordering. Logistics providers had to upscale and hire new people very quickly. So did the webstores; some had four times as many orders as usual in the first lockdown, all of which had to be processed and packaged. We advised our members to give consumers as many opportunities for delivery and returns (30 days instead of 14) as possible and to be transparent and make no promises you can't deliver on without doubts. Luckily we saw a lot of understanding with consumers that in these extreme circumstances promises of next day delivery couldn't always be made.

SUSTAINABILITY

What is the general conversation around sustainability in e-commerce?

Online retail is very visible, with the vans going around the streets delivering packages. What is fairly unknown is that online shopping is actually a very efficient and thus sustainable way of shopping. One van can deliver about 200 packages; imagine all these consumers taking their car to go to the store. The emissions would be much higher.

Nevertheless, the e-commerce sector has a serious responsibility to work on sustainability and we see this high on the agenda of many of our members. We are working towards online delivery with 50% less CO2-impact in 2025. Online shops are measuring and reducing CO2 emissions by looking

“Due to the lockdown, people started buying things to make their homes nicer, including office and IT equipment to work from home.”

at greener ways of delivering their orders and helping their customers with choosing the most sustainable delivery option.

Packaging is another area the sector is taking serious steps in. We've set goals for using less and recycled packaging materials, reducing air in packages and exploring the possibilities of reusable packaging.

Last but not least: we are obviously very aware of the transition towards a circular economy. This new form of business provides lots of opportunities for the sector and will be the ultimate way of distinguishing yourself from competitors. It has implications for the way we look at returns, how we dispose and recycle used products and for offering a much broader sustainable product range to consumers.

Do you feel consumers are willing to pay more for online purchases with sustainability in mind?

Only 16% of consumers are willing to pay for a delivery with lower CO2 emissions. The average amount they are willing to pay is EUR 2.10. Consumers believe it is very important to be green and care for the environment until it hits their own wallet. Our advice to retailers is just to inform consumers the best you can, give opportunities to consumers to choose green options, promote the green options and incentivize the greener options.

OTHER TOPICS

What is your goal moving forward as an e-commerce association?

Continued on the following page

NETHERLANDS

INTERVIEW



“The new VAT implementation will definitely impact Dutch online shops selling to other EU countries.”

Our goal is to create a level playing field for all SMEs and we are lobbying for that in Europe so that legislation will be changed accordingly. We are getting some results in that regard and the most important thing is that all online stores/entrepreneurs can compete in a fair way. We're never opposed to consumer protection, but it shouldn't always be at the cost of online retailers, so we're looking for ways to protect consumers while still allowing retailers to manage. This also goes for cross border consumer rights. A single market means unified rules.

The new VAT implementation will definitely impact Dutch online shops selling to other EU countries. In regulation they have to charge VAT in the country that customers are buying it in – the country of the consumer. One other thing that was really impactful was the VAT exemption of countries like China on smaller packages and orders up to EUR 22.00 which came to an end in July. Thuiswinkel.org is in favor of this because it has hampered a level playing field.

UNITED KINGDOM

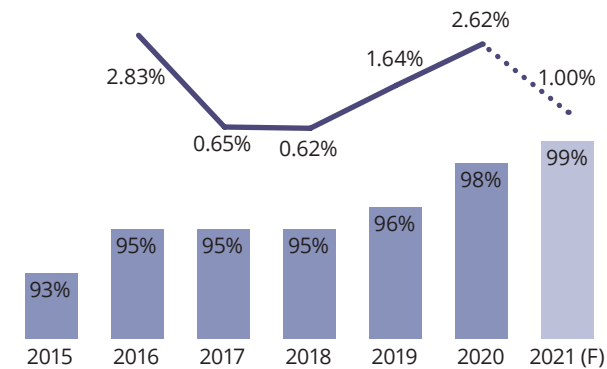
CHARTS

▶ Currency: Pound ▶ VAT: 20%

INTERNET USAGE

Percentage of the population accessing the internet

— Growth Rate

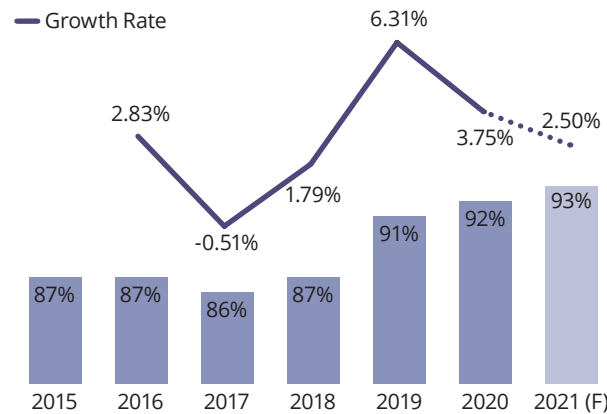


SOURCE: EUROSTAT

E-SHOPPERS

Percentage of internet users that bought goods or services online

— Growth Rate

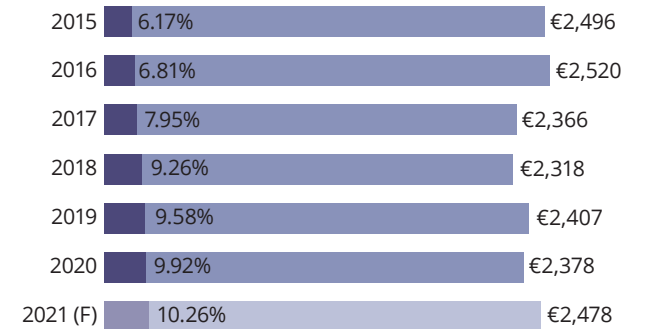


SOURCE: EUROSTAT

GDP AND E-GDP (EUR, BN)

The Gross Domestic Product (GDP) in €Billion and the percentage of GDP comprised of e-commerce sales

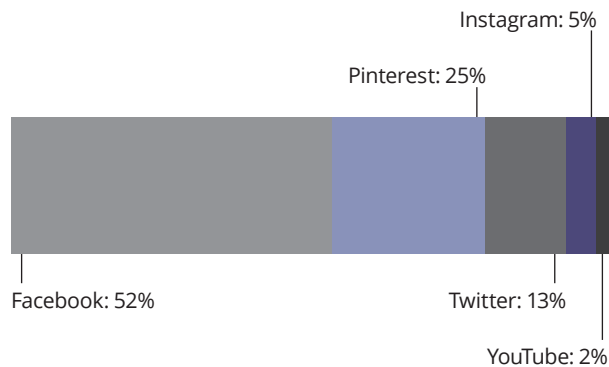
■ GDP ■ E-GDP



SOURCE: IMF

SOCIAL MEDIA USE

Most popular social media channels in 2021

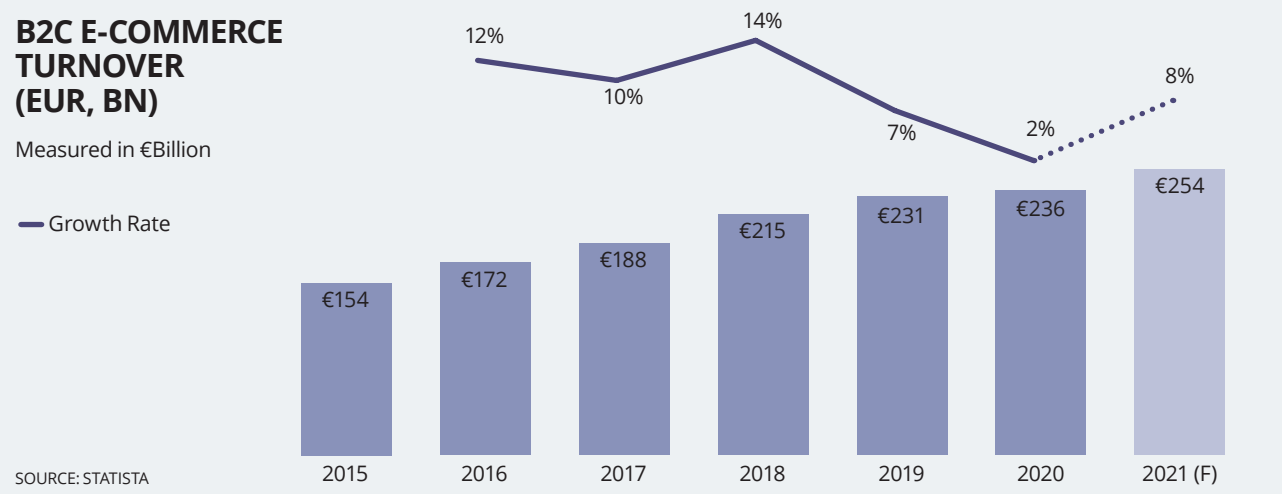


SOURCE: STATCOUNTER

B2C E-COMMERCE TURNOVER (EUR, BN)

Measured in €Billion

— Growth Rate



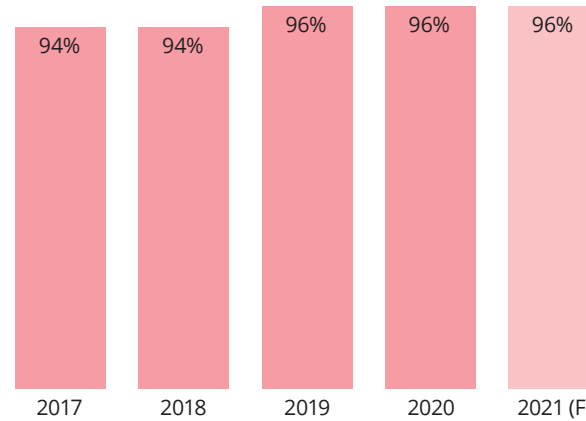
SOURCE: STATISTA

NORTHERN EUROPE



INTERNET USERS

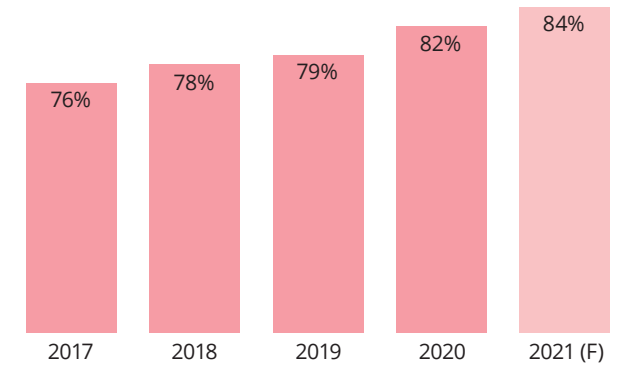
Percentage of the population accessing the internet



SOURCE: EUROSTAT

E-SHOPPERS

Percentage of internet users that bought goods or services online

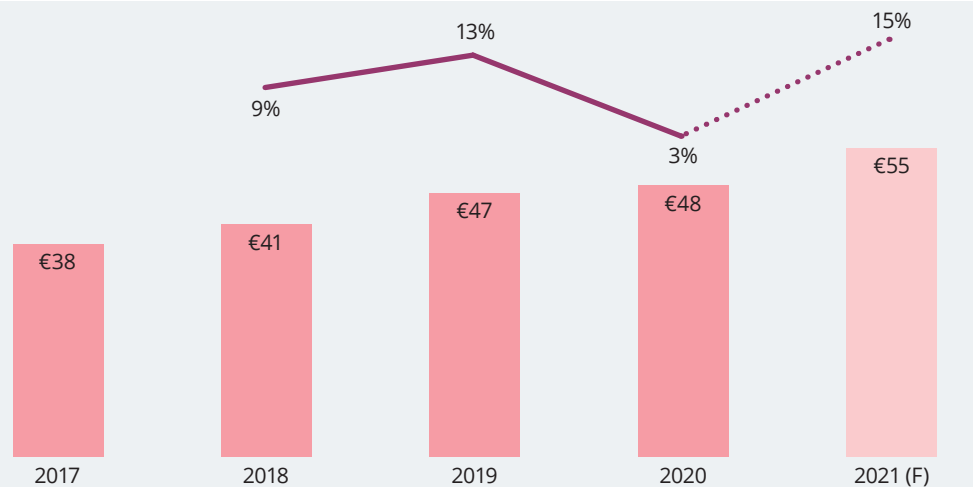


SOURCE: EUROSTAT

B2C E-COMMERCE TURNOVER (EUR, BN)

Measured in €Billion

— Growth Rate

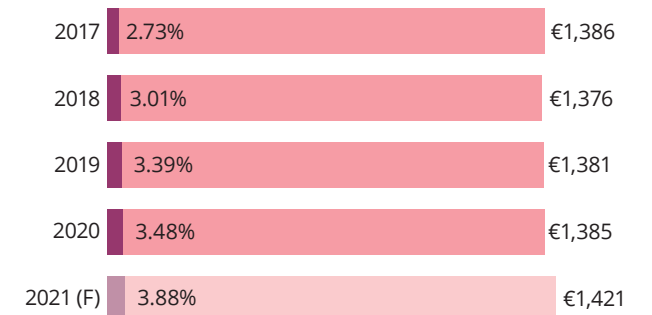


SOURCE: NATIONAL E-COMMERCE ASSOCIATIONS; REPORT PARTNERS; STATISTA; CMI ANALYSIS

GDP AND E-GDP (EUR, BN)

The Gross Domestic Product (GDP) in €Billion and the percentage of GDP comprised of e-commerce sales

■ GDP ■ E-GDP



SOURCE: IMF; CMI ANALYSIS

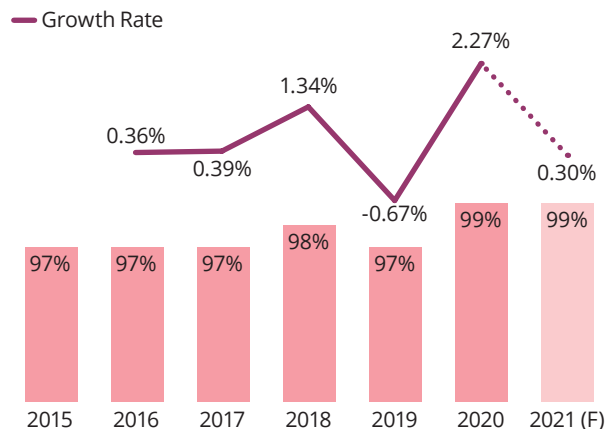
DENMARK

CHARTS

▶ Currency: Krone ▶ VAT: 25%

INTERNET USAGE

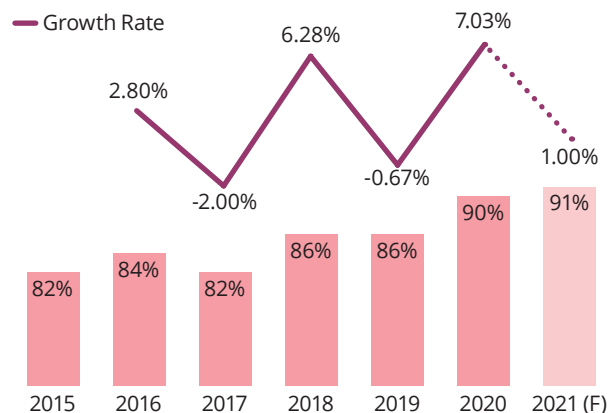
Percentage of the population accessing the internet



SOURCE: EUROSTAT

E-SHOPPERS

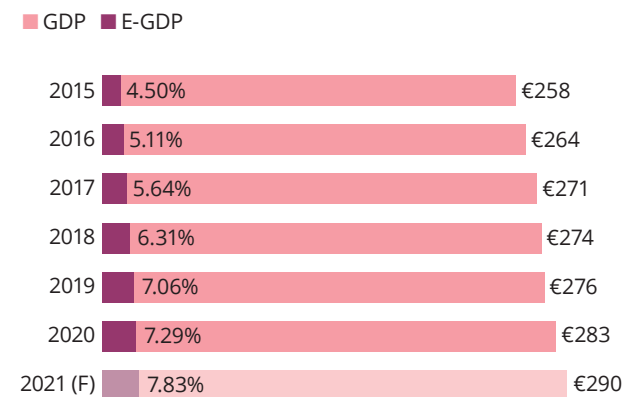
Percentage of internet users that bought goods or services online



SOURCE: EUROSTAT

GDP AND E-GDP (EUR, BN)

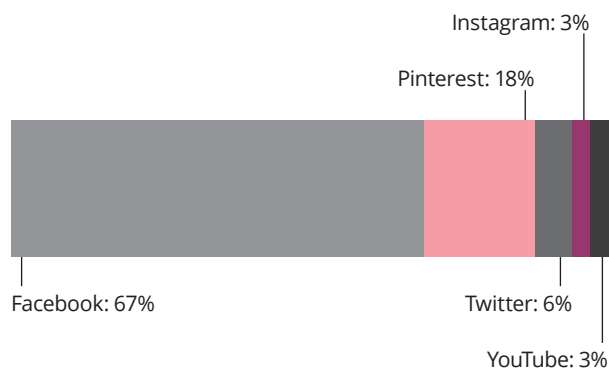
The Gross Domestic Product (GDP) in €Billion and the percentage of GDP comprised of e-commerce sales



SOURCE: IMF

SOCIAL MEDIA USE

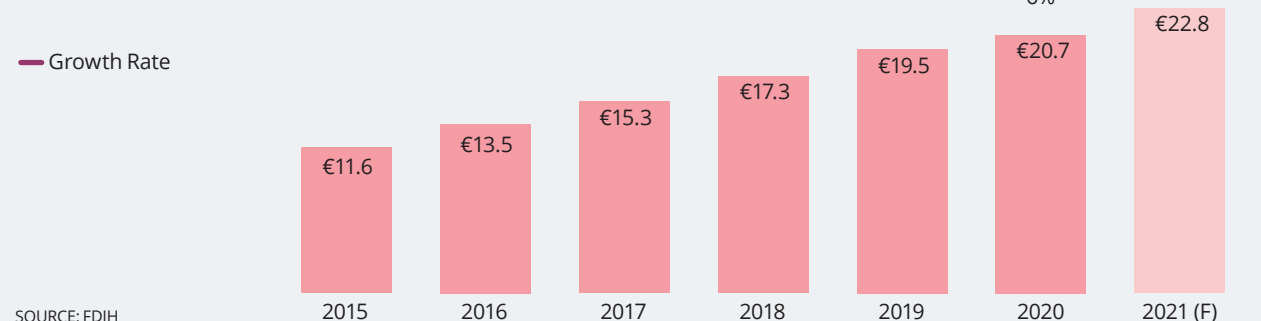
Most popular social media channels in 2021



SOURCE: STATCOUNTER

B2C E-COMMERCE TURNOVER (EUR, BN)

Measured in €Billion



SOURCE: FDIH

DENMARK

INTERVIEW

Henrik Theil

Dansk Erhverv



COVID-19

How has Covid-19 changed consumer behaviors and preferences in online shopping?

Increased online shopping. Due to more buys by the experienced online shopper and for groups of consumers who are new to online shopping. Growth rate +6% in sales (154 bn DKK) compared to 2019 (145 bn), number of online sales +13% from 222 mio in 2019 to 252 mio in 2020.

Have you noticed any specific product categories or retailers hit hard from the lockdown?

Travels' share of total sales fell from 27% in 2019 to 12% in 2020. Leisure/tickets for sports, cinema and amusement dropped from 5% to 3% DIY and furniture grew.

Did the lockdown impact retailers going online or creating a stronger online presence?

Webshops increased sales, and many smaller brick-and-mortar shops set up an online presence (e.g., Liveshopping on Facebook, new webshop, chatrooms, etc.). The biggest Danish Hosting operator DanDomain said they tripled the number of new websites in the summer 2020 compared to 2019.

More companies have gone online or enhanced their presence online due to the Covid-19 – this goes both for B2B and B2C.

Were there any new innovations in payment/delivery methods during the lockdown?

Click-and-collect rose, especially with the closed brick-and-mortar shops used as pick-up points. No entry for customers to the shop but picking up the goods at the door. Home delivery grew after years of declining. Payments is often by smartphone/app – 21% of all online sales were paid by phone.

SUSTAINABILITY

What is the general conversation around sustainability in e-commerce?

Mainly focus on the goods, how they're produced, and secondly on packing (waste) and a little on distribution. 10% of consumers say sustainability is of great importance, and 21% say it doesn't matter. The rest (7 of 10 consumers) say it has some importance to them when shopping online.

What, if anything, are retailers/consumers/policymakers doing in regard to sustainability in e-commerce?

Policymakers are following initiatives / directives from EU, and retailers work hard to comply with new legislation. Consumers may say they want to buy sustainable products, but price and convenience seems to win in the end. The consumers care for the origin and production of products, and some groups may be willing to pay a little extra to avoid bad products like cheap stuff from Wish, but in the end – buying or not depend on the price.

ADDITIONAL TOPICS

What have some of the challenges/opportunities been for SMEs going online?

Lack of expertise and understanding of e-commerce. Both public authorities as well as organizations and private companies have offered a great number of webinars on digitation and counseling. Many SMVs are also looking for new employees with the needed skills to drive e-commerce projects to a successful completion.

What's the status of cross-border/domestic online shopping?

Danes' cross-border online shopping in 2020 remained on the same level as in 2019 (45 bn DKK), but due to the rise in total e-commerce sales, the share of domestic sales rose by 15%, while the cross-border share of shopping dropped 10%. Our own top 20 for 2020 shows more domestic e-commerce with more Danish SMEs in the top 20 in 2020 than in 2019. For the first time, we have a pharmacy in our top 20 list.

DANSK ERHVERV

“Home delivery grew after years of declining. Payments is often by smartphone/app – 21% of all online sales were paid by phone.”

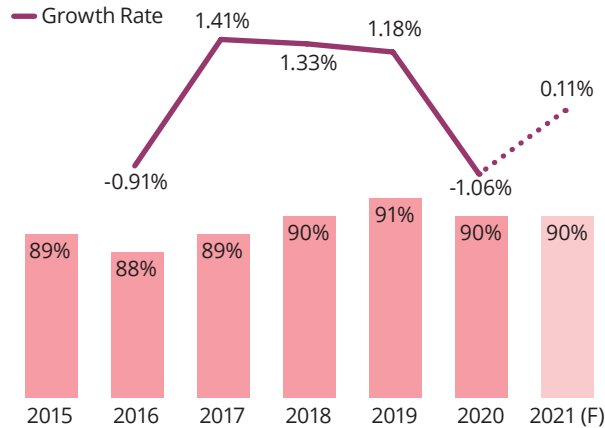
ESTONIA

CHARTS

▶ Currency: Euro ▶ VAT: 20%

INTERNET USAGE

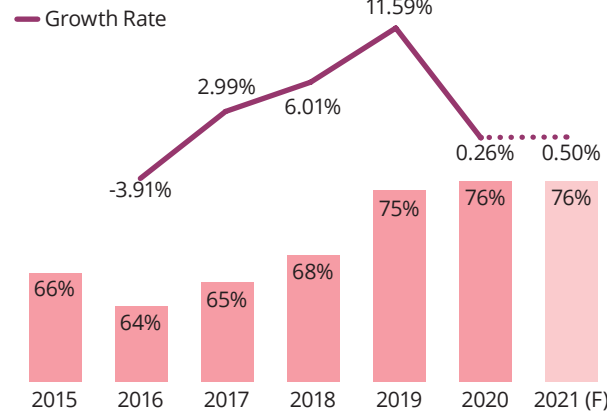
Percentage of the population accessing the internet



SOURCE: EUROSTAT

E-SHOPPERS

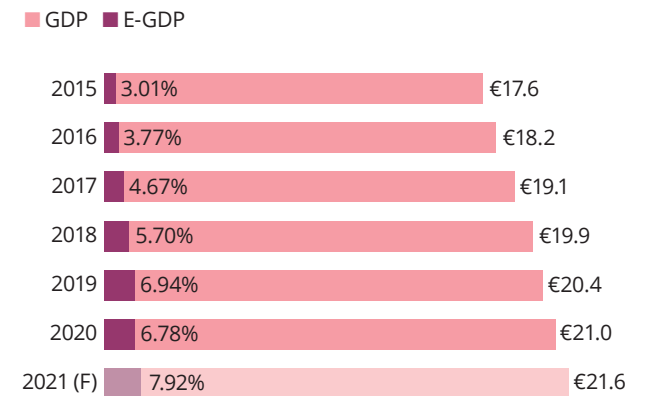
Percentage of internet users that bought goods or services online



SOURCE: EUROSTAT

GDP AND E-GDP (EUR, BN)

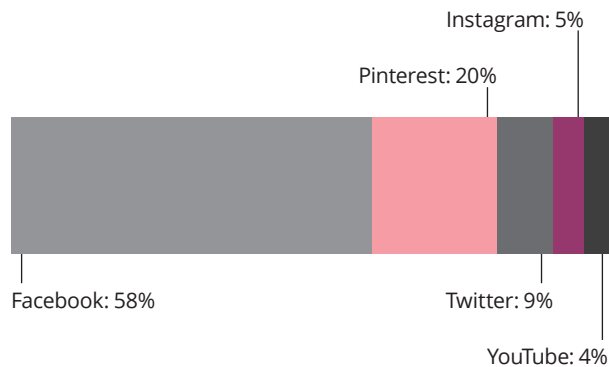
The Gross Domestic Product (GDP) in €Billion and the percentage of GDP comprised of e-commerce sales



SOURCE: IMF

SOCIAL MEDIA USE

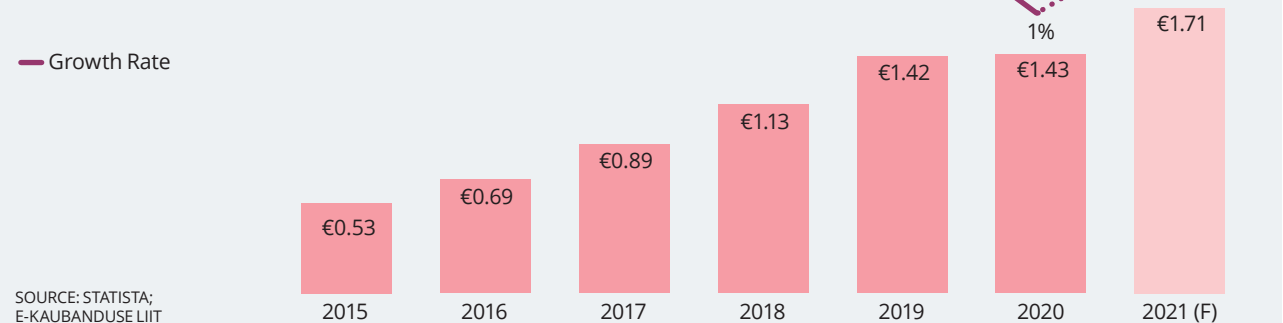
Most popular social media channels in 2021



SOURCE: STATCOUNTER

B2C E-COMMERCE TURNOVER (EUR, BN)

Measured in €Billion



SOURCE: STATISTA; E-KAUBANDUSE LIIT

ESTONIA

INTERVIEW

Tõnu Väärt E-kaubanduse Liit



COVID-19

How has Covid-19 changed the Estonian e-commerce market?

The biggest change was in March 2020. E-commerce turnover growth before was 20-25%, which is quite ordinary, but from March 2020, turnover of e-services fell by at least 80% (tickets, documentation, etc.). Turnover from 2020 was the same as it was in 2019 due to the lack of purchasing during the pandemic. That said, purchases in e-shops increased by 50-55%, despite the drop in e-service purchasing.

Our association monitors parcel machines to obtain the volume of e-goods; last year, the traffic in domestic parcel machines ordered by private consumers totaled over 9 million parcels, 54% more than the year before the pandemic. Keep in mind, courier service makes up 20% of parcel delivery. One of the big changes in consumer behavior was receiving packages via parcel machines, as over 70% preferred to receive packages through this delivery method.

Overall, the infrastructure was prepared for the rapid growth in online grocery shopping. We have five large companies and they all have quite a decent system for grocery delivery, so we didn't see massive delays in those logistics operations.

Have you noticed any specific product categories or retailers hit hard during the lockdown?

Normally, most concert and theater tickets are purchased online, accounting for as much as 40-45% of all purchases in normal times. It was approximately 30% electronics, 25% food, 24% furniture, and 20% sports goods. During the pandemic, the largest drop was in payment towards travel and fashion, and on the flipside, we experienced increases in home office and food. Regarding e-food, the typical market share of e-food

is 3-4% of all transactions, but it has been growing substantially – both grocery and restaurant delivery.

Did the lockdown impact retailers going online or creating a stronger online presence?

Yes, of course. At least 1,000+ e-shops were started; studies have shown that only 50% of companies have e-channels. There were government initiatives, investments and subsidies to help companies get online. Large companies were supported but we have had a problem with smaller companies who don't have enough knowledge and funds to sell abroad. One of our problems is that small companies need more help from the government.

SUSTAINABILITY

What is the general conversation around sustainability in e-commerce?

This issue is very important right now in many ways. The pandemic has significantly changed people's attitudes in Estonia towards environmental issues. In the past, the concerns were predominantly about plastics in the Baltic states, but now concerns about health and environment have expanded concerns around sustainability. What we've noticed since last year is that ordering online from China has dropped significantly – less cheap goods are ordered from Asia now, which is (I think) for the environmental footprint. Our government is trying to raise awareness, it is one of their focuses, and consumers are demanding more sustainable options.

Do you think consumers are willing to pay more for online purchases with sustainability in mind?

It's the million-dollar question. Innovation has big issues with reducing the environmental footprint and keeping up with digital and technology. Consumers are willing to pay more, but there is still a need for clarity and clear solutions in these topics. It will need to develop in the coming years, but if we have some very good solutions and the cost isn't prohibitively high, then I think consumers will pay more. It's a hot topic, we just need transparency about the policies.

“In the past, the concerns were predominantly about plastics in the Baltic states, but now concerns about health and environment have expanded concerns around sustainability.”

ADDITIONAL TOPICS

What is the status of cryptocurrency use in Estonia?

We have more companies this year than ever before dealing in cryptocurrency, but I think this topic is strange. We in the e-commerce world need to work to understand this issue better; the average consumer may not want to use cryptocurrency because every time we see an article, it's mostly bad news about developments.

What are some of the challenges/opportunities for SMEs going online and what do SMEs need to do to be successful online?

The biggest point is just investment in advertising. Estonians are very open-minded, but you have to have a well-designed e-shop and in e-channels where you can be found. Maybe it sounds simple, but these are the main issues we see.

Estonia is small, so I think the biggest point is investment. You need to be found in the channels and to market, which can be hard to do for smaller sites. Big international players have it easy, but smaller players will need to be mindful of their marketing and investments.

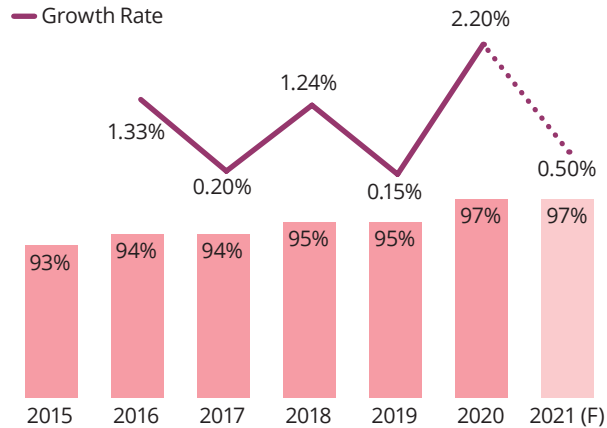
FINLAND

CHARTS

▶ Currency: Euro ▶ VAT: 24%

INTERNET USAGE

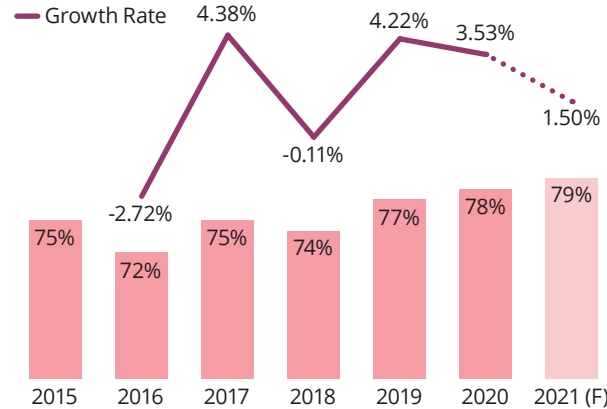
Percentage of the population accessing the internet



SOURCE: EUROSTAT

E-SHOPPERS

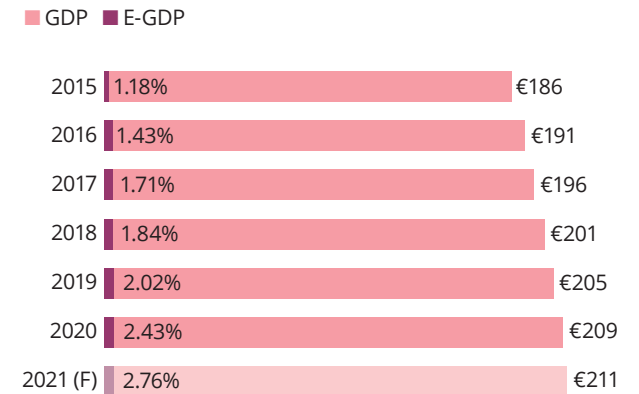
Percentage of internet users that bought goods or services online



SOURCE: EUROSTAT

GDP AND E-GDP (EUR, BN)

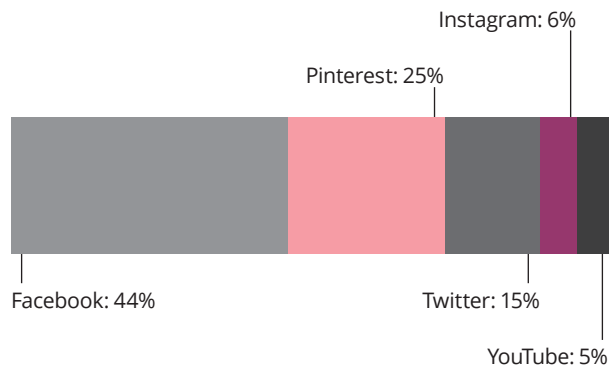
The Gross Domestic Product (GDP) in €Billion and the percentage of GDP comprised of e-commerce sales



SOURCE: IMF

SOCIAL MEDIA USE

Most popular social media channels in 2021

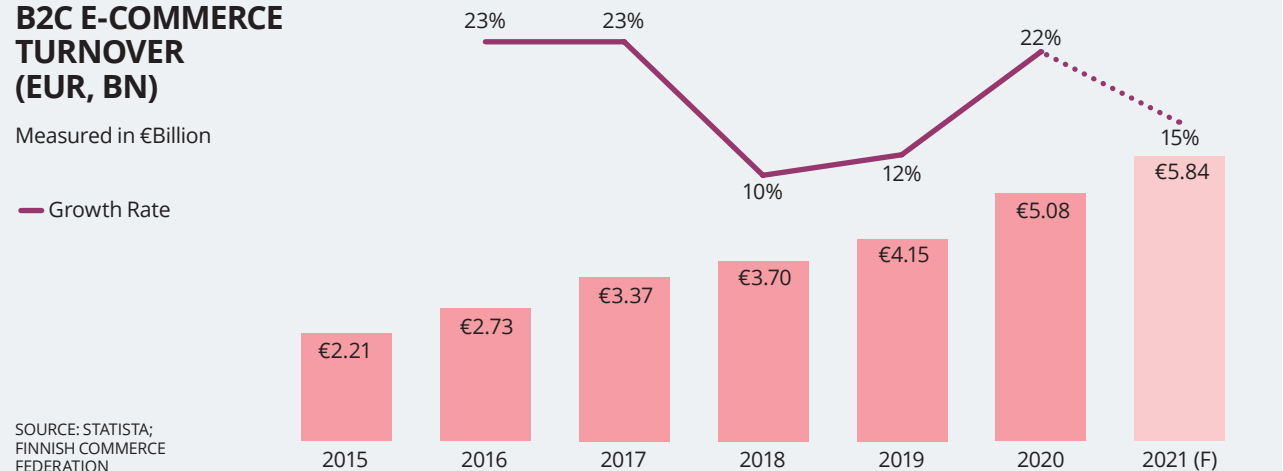


SOURCE: STATCOUNTER

B2C E-COMMERCE TURNOVER (EUR, BN)

Measured in €Billion

— Growth Rate



SOURCE: STATISTA; FINNISH COMMERCE FEDERATION

FINLAND

INTERVIEW



Ilari Kallio

Kaupan litto



COVID-19

How has Covid-19 changed consumer behaviors and preferences in online shopping?

The clearest change has been the growth of online shopping compared to previous years. Annually, the growth has been between 8-12% over 10 years, and last year we saw a growth of 22%, so there was a huge jump. More people were going online, not just those shopping online making more online purchases, but more and more customer sentiment towards shopping online.

Have you noticed product categories or retailers that were hit hard from the lockdown?

Although we didn't have a lockdown as such, people reduced their movement outside and began avoiding physical shops, opting instead to purchase online. Covid has had an impact on several sectors. Houseware, hardware and sports equipment have fared well, whereas clothing, shoes, and luxury items have done poorly. Naturally, grocery stores have been doing very well, partially because customers shopping online try to concentrate their shopping via hypermarkets.

The infrastructure of grocery delivery struggled, as they were not fully prepared, even with click-and-collect. Keeping items cold was difficult, and despite having some cold-lockers, supermarkets in highly populated areas could only get you your order a week from the day you made the order. Alongside logistics struggling, they didn't have enough employees to collect everything from the shelves at the beginning. That said, there are no more delays now, but there could and should be more competition in delivery/logistics providers from an e-commerce perspective.

Did Covid impact retailers going online or creating a

stronger online presence?

It did in a way – online sales went up more than ever before, but most interesting was the growth in grocery sales online. The share of e-commerce in groceries was approximately 0.6% before the pandemic and has now jumped to around 2%. We've estimated that it would have originally taken years to see the e-commerce part of the grocery sector grow to 2%. Some companies reported that the online sales were eight times higher for groceries than before, and overall, the sales in this sector tripled.

Click-and-collect was the preferred method for purchasing groceries online. You could have your groceries delivered, but it was expensive compared to click-and-collect. The prices are decreasing, but even now it is still the more expensive option.

Smaller retailers who didn't have an online store before the pandemic had no sales during spring of 2020 because people were staying home. Many of them had to put up a webshop and/or use online marketplaces to cope.

SUSTAINABILITY

What is the conversation around sustainability in e-commerce?

Sustainability is visible, and it depends on where you look. We have commissioned a study with a Finnish postal operator regarding online sales and online shoppers, which revealed that the frontrunners of online shopping are quite inclined to know about sustainability of products and reparability. A major part want to know about how ethical and sustainable their choices or different stores are. Overall, 40% of online shoppers want information about how something was manufactured and what the supply chains are.

A large part of online shoppers concerned with sustainability are willing to pay more for sustainable choices. We found that 30% of consumers are now buying products they feel are more ethical and/or sustainable. Additionally, organic and fair-trade products are much more visible nowadays in Finland. Specifically, consumers in grocery stores almost always have

“Although we didn't have a lockdown as such, people reduced their movement outside and began avoiding physical shops, opting instead to purchase online.”

at least one organic option.

What, if anything, are retailers/consumers/policymakers doing in regard to sustainability and e-commerce?

One thing is the extended producer responsibility for electronics and batteries. One of our focuses as an association (and what gives us a headache) is when consumers purchase goods from foreign countries outside the EU through online marketplaces that are (a) not compliant with EU rules and/or (b) from manufacturers and suppliers that are not involved in and/or are not paying for recycling these products. We are trying to solve this problem via EPR schemes, which includes obligations to pay for recycling fees, etc. With this in mind, the level playing field for e-commerce is currently missing, as companies who comply with regulations on recycling and sustainability are essentially paying for those that are not.

We are seeing more companies communicate their focus on sustainability. Retailers keep this topic quite visible in different forms, e.g. large grocery chains writing on plastic bags what percentage of the bag is recycled plastics, etc. Additionally, we see stores increasingly concerned with their energy efficiency, particularly in hypermarkets where cold storage is essential and energy consuming. Also, more and more companies are making it a business case for the ethical side of this conversation as well, addressing their focus on ethical labor standards throughout their supply chains.

Policymakers are looking specifically at the circular economy – this topic has been highly visible for policymakers and the

Continued on the following page

FINLAND

INTERVIEW



industry, and a major portion of the population understands what the circular economy means. The commerce, tech industry and majority of sectors are quite active in the circular economy, and Finland has become a flag-bearer on this topic in the EU. There are a variety of ongoing projects consistently focused on improving the situation, from raw materials all the way to recycling of products at the end of their life cycle.

ADDITIONAL TOPICS

What have some of the challenges/opportunities been for SMEs going online?

One clear challenge is related to logistics and deliveries. Distances are long and if you're a small operator, you can't use all the logistics service suppliers. If you rely only on one or two, it can take longer to get your goods from Helsinki to other parts of Finland than to Berlin. Long distances also make shipping more expensive.

Competing against international online retailers is difficult, which is why we suggest online marketplaces to retailers as an alternative to webshops, telling them they are a possibility for SMEs if they don't want to run their own website and if they want to go cross-border.

Another topic we have highlighted regarding online sales is digital skills. Many retailers lack personnel with skills to run online operations, like setting up a website. So, we need more investment into digital skills across the population.

“Competing against international online retailers is difficult, which is why we suggest online marketplaces to retailers as an alternative to webshop.”

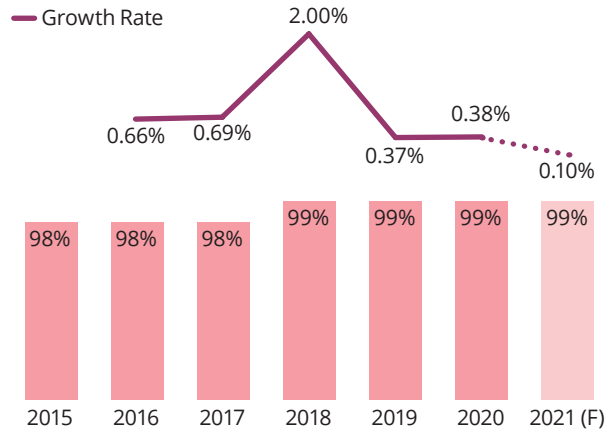
ICELAND

CHARTS

▶ Currency: Króna ▶ VAT: 24%

INTERNET USAGE

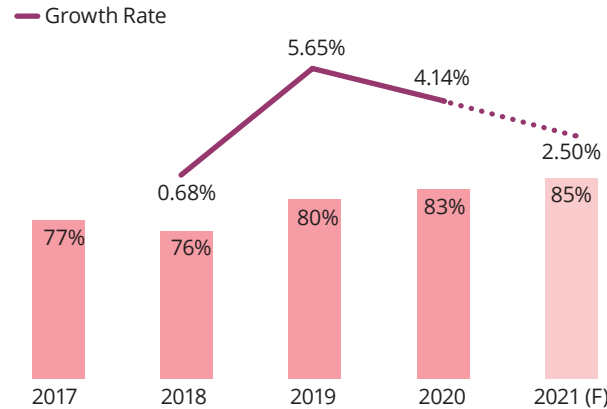
Percentage of the population accessing the internet



SOURCE: EUROSTAT

E-SHOPPERS

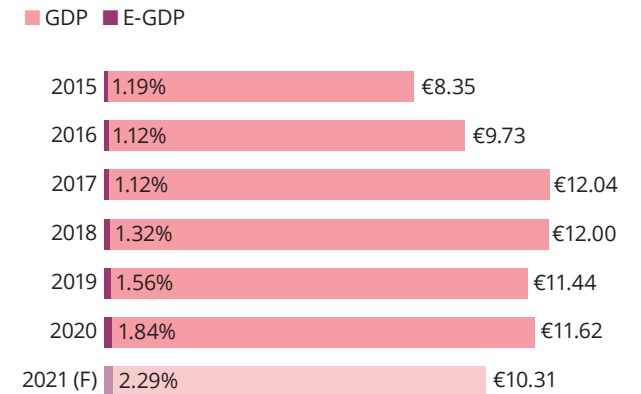
Percentage of internet users that bought goods or services online



SOURCE: EUROSTAT

GDP AND E-GDP (EUR, BN)

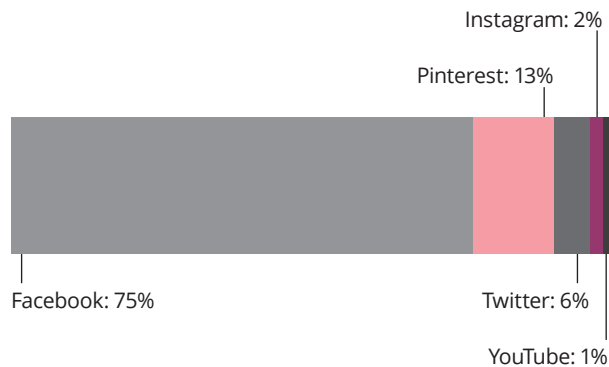
The Gross Domestic Product (GDP) in €Billion and the percentage of GDP comprised of e-commerce sales



SOURCE: IMF

SOCIAL MEDIA USE

Most popular social media channels in 2021

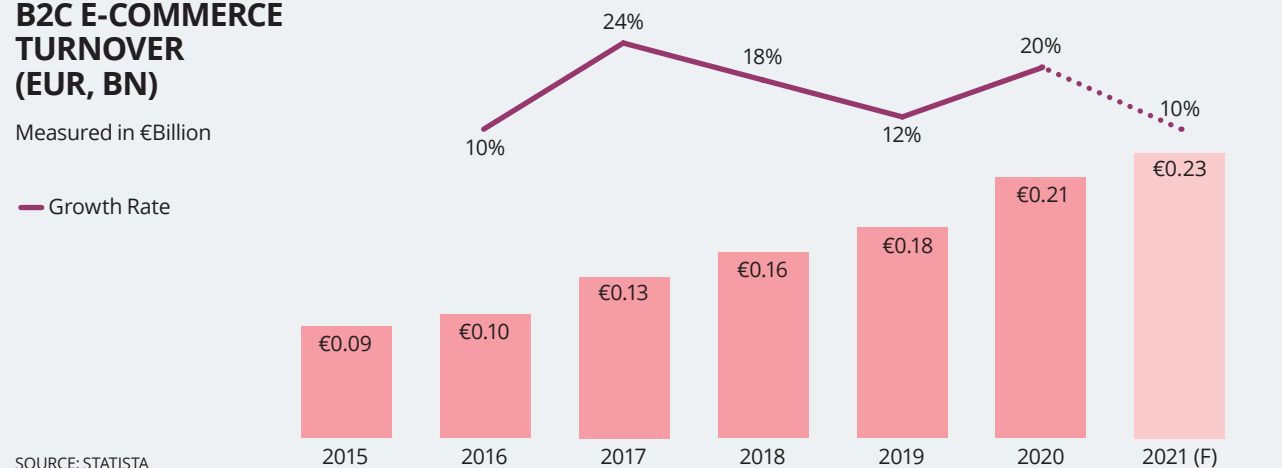


SOURCE: STATCOUNTER

B2C E-COMMERCE TURNOVER (EUR, BN)

Measured in €Billion

— Growth Rate



SOURCE: STATISTA

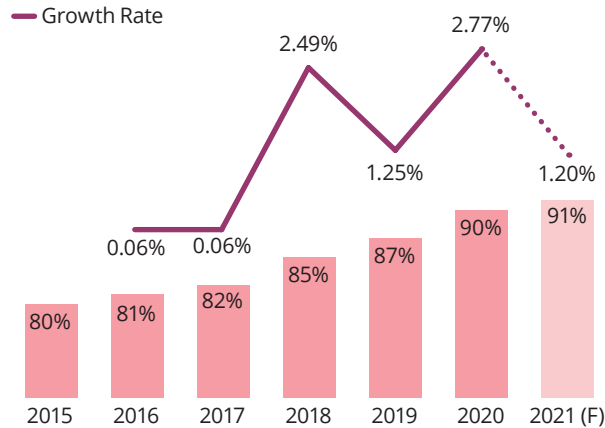
LATVIA

CHARTS

▶ Currency: Euro ▶ VAT: 21%

INTERNET USAGE

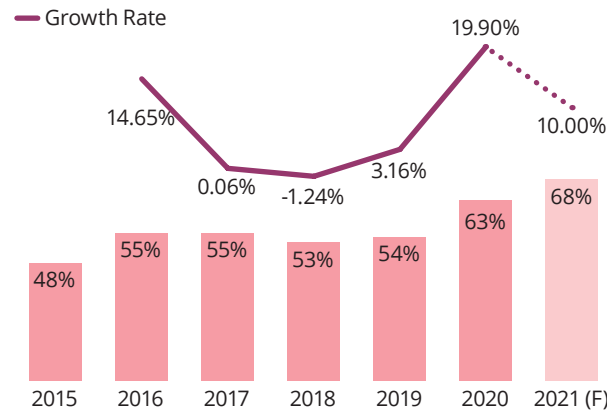
Percentage of the population accessing the internet



SOURCE: EUROSTAT

E-SHOPPERS

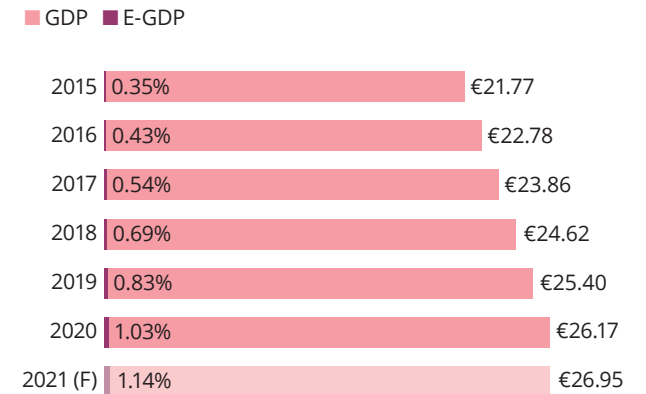
Percentage of internet users that bought goods or services online



SOURCE: EUROSTAT

GDP AND E-GDP (EUR, BN)

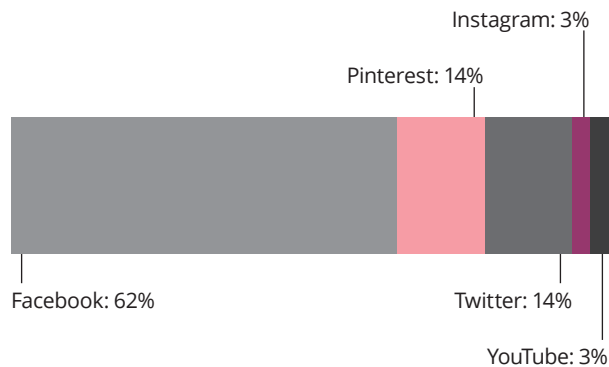
The Gross Domestic Product (GDP) in €Billion and the percentage of GDP comprised of e-commerce sales



SOURCE: IMF

SOCIAL MEDIA USE

Most popular social media channels in 2021

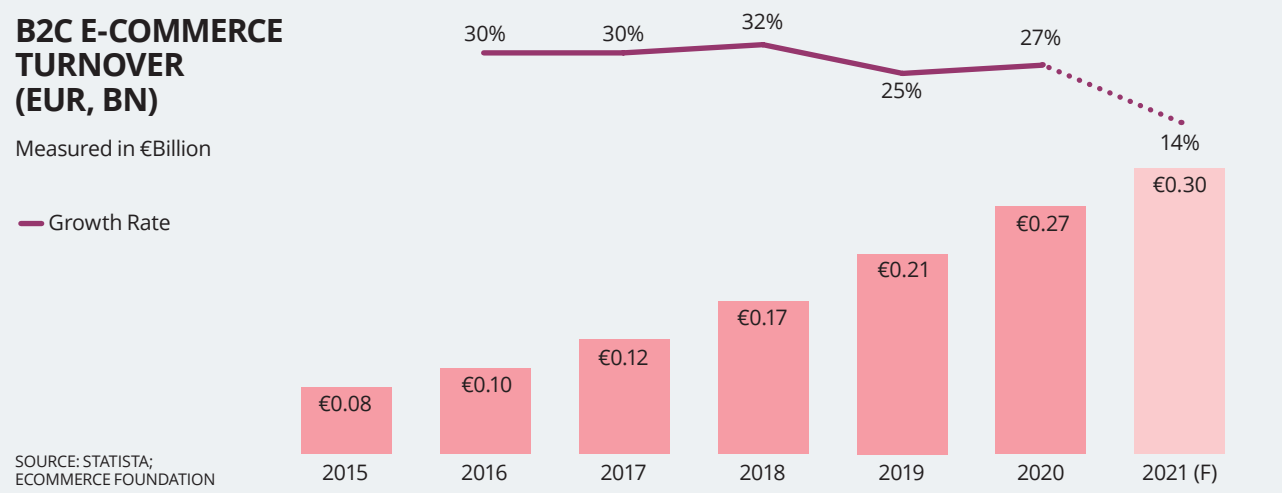


SOURCE: STATCOUNTER

B2C E-COMMERCE TURNOVER (EUR, BN)

Measured in €Billion

— Growth Rate



SOURCE: STATISTA; ECOMMERCE FOUNDATION

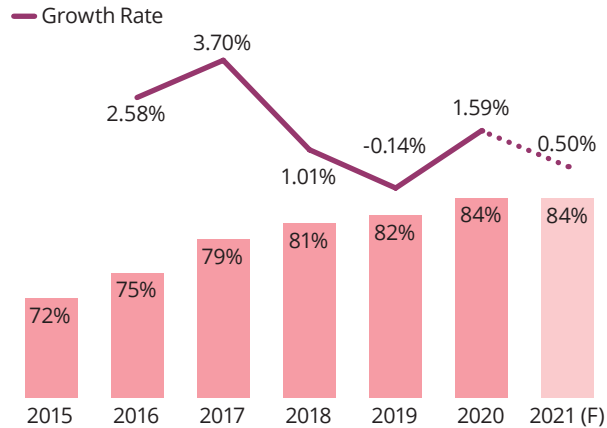
LITHUANIA

CHARTS

▶ Currency: Euro ▶ VAT: 21%

INTERNET USAGE

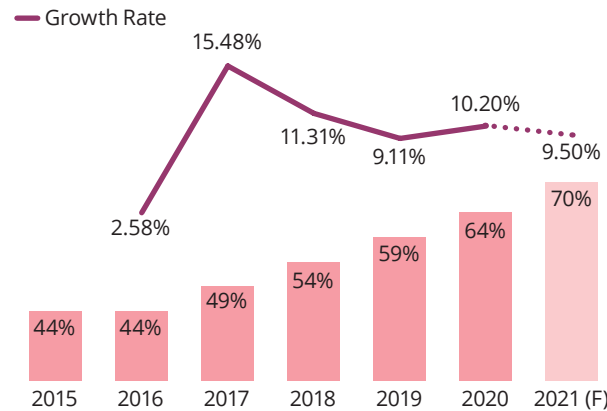
Percentage of the population accessing the internet



SOURCE: EUROSTAT

E-SHOPPERS

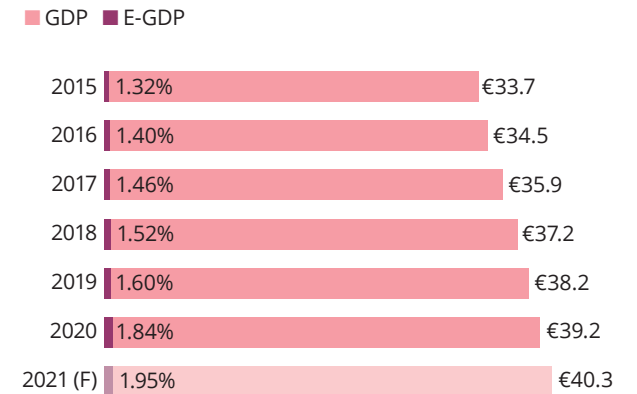
Percentage of internet users that bought goods or services online



SOURCE: EUROSTAT

GDP AND E-GDP (EUR, BN)

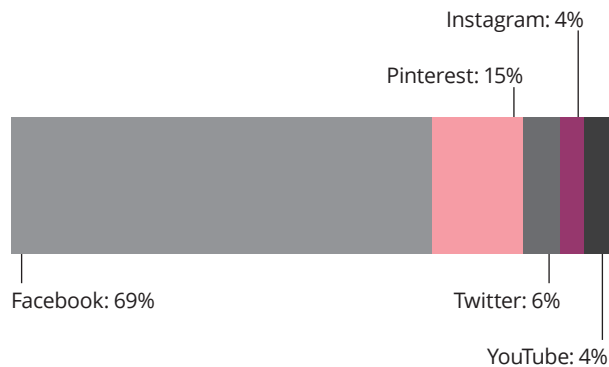
The Gross Domestic Product (GDP) in €Billion and the percentage of GDP comprised of e-commerce sales



SOURCE: IMF

SOCIAL MEDIA USE

Most popular social media channels in 2021

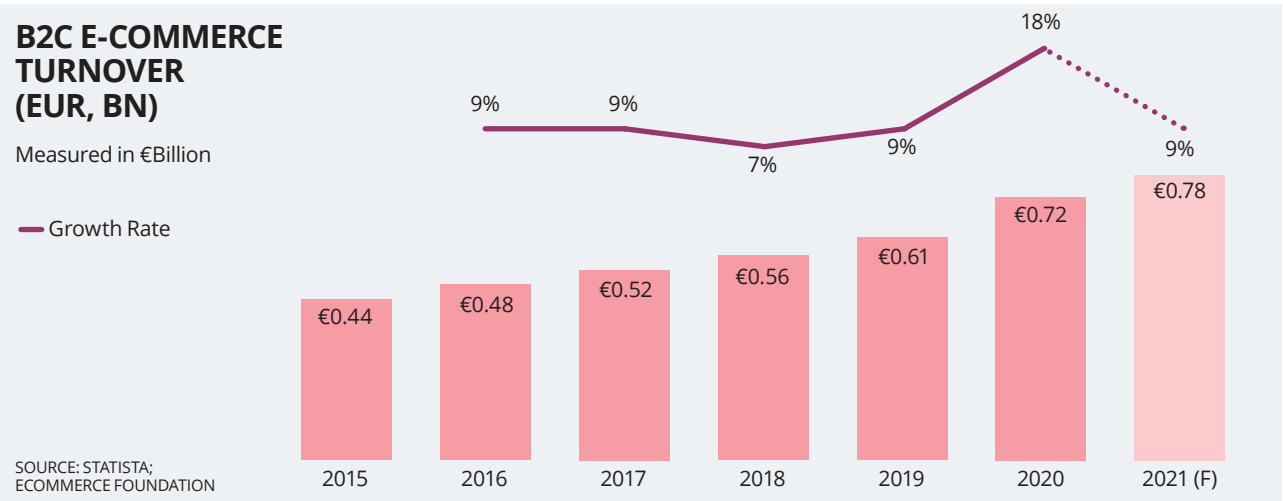


SOURCE: STATCOUNTER

B2C E-COMMERCE TURNOVER (EUR, BN)

Measured in €Billion

— Growth Rate



SOURCE: STATISTA; ECOMMERCE FOUNDATION

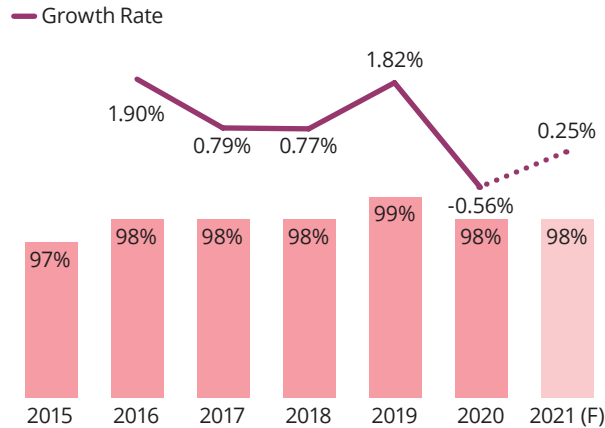
NORWAY

CHARTS

▶ Currency: Krone ▶ VAT: 25%

INTERNET USAGE

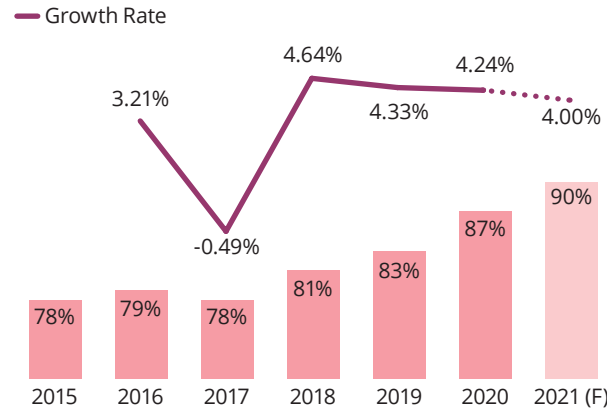
Percentage of the population accessing the internet



SOURCE: EUROSTAT

E-SHOPPERS

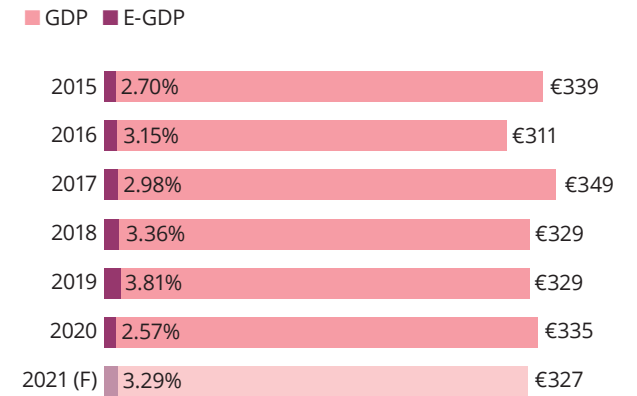
Percentage of internet users that bought goods or services online



SOURCE: EUROSTAT

GDP AND E-GDP (EUR, BN)

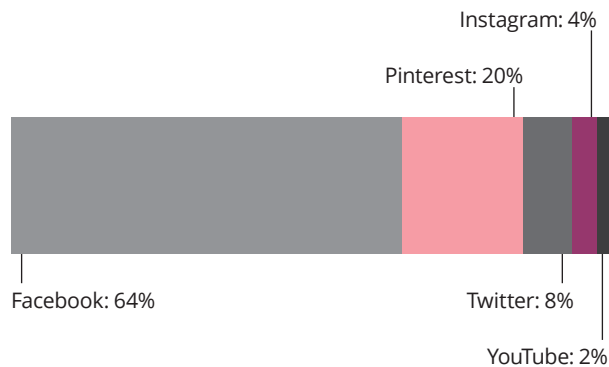
The Gross Domestic Product (GDP) in €Billion and the percentage of GDP comprised of e-commerce sales



SOURCE: IMF

SOCIAL MEDIA USE

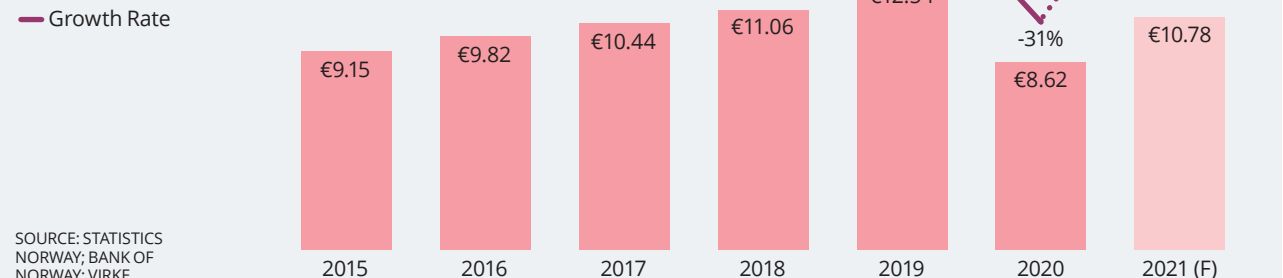
Most popular social media channels in 2021



SOURCE: STATCOUNTER

B2C E-COMMERCE TURNOVER (EUR, BN)

Measured in €Billion



SOURCE: STATISTICS NORWAY; BANK OF NORWAY; VIRKE

Association analysis indicates that for the 2020 total, 64% represents Goods and 36% Services

NORWAY

INTERVIEW



Gerhard Anthun Virke e-Handel



COVID-19

How has Covid-19 changed the Norwegian e-commerce market?

It's changed a lot; today, online sales represent more than 10%, whereas before it less than 5% approximately 5 years ago. We saw 3-4 years growth in one year due to Covid-19. The market had 37% growth in 2020 and it used to be 8-10%. That said, e-commerce has not filled the gap for physical retail. A quarter or third of turnover, but not all retail. E-commerce has certainly helped retailers, and they are taking it into consideration, adopting more an omnichannel approach.

Regarding product categories that were hit hard from the pandemic, travel, public transit, flights and hotels were halved from the previous year. The number of air passengers fell by more than 90% during March 2020. However, almost 80% of Norwegian retail chains are now an online store, which has increased from 70% last year. This shows the ability for solution-oriented innovation, not just among larger chains but also smaller stores.

Were there any innovations in payment/delivery methods or other comments on infrastructure issues?

Click and collect has taken a part of this unique e-commerce growth, as has contactless payments. It's also evident that the restaurant industry was largely digitized in 2020.

The issues with infrastructure/logistics were more about containers from abroad and supply chain issues. They scaled up Norwegian transportation quite well, new services were launched, new companies started, so the problem was predominantly goods from abroad. As for purchasing groceries online, they did great and cooperated with other online companies to have their own distribution services

and e-fulfillment system – they were able to deliver groceries alongside other products.

Were there any initiatives to help during this time?

There were no government initiatives to get people online, but several suppliers and agencies were working to do so. Also, the association has helped in giving input, but it's also word-of-mouth. Virke has been working with the government to help them during the lockdown, to offer financing help rather than getting online.

SUSTAINABILITY

What is the conversation around sustainability in e-commerce?

People are talking a lot about reduction of packaging, Styrofoam and cardboard. We continue to see increased awareness. Interestingly, rental products have become more relevant. <https://sharefox.no/> entered the Norwegian market in 2016 and has done well with its rental platform.

Norwegian law says repairing and recycling products should be more sustainable, i.e., if you buy a vacuum cleaner, 5 years later they should still have what you need for repairing it, including parts. Being able to go online and order the exact part you need to make an appliance work is becoming more important. We're all having to rethink the value chain, as well as rethink the way we are living and consuming.

Do you feel consumers are willing to pay more for online purchases with sustainability in mind?

There are examples where consumers are willing to pay more if you combine it with quality, uniqueness, marketing and packaging. We believe consumers are willing to pay more for a combination of sustainability and quality in mind. That said, the majority would not wait for their packages, though there is willingness to pay CO2 offset/taxes.

ADDITIONAL TOPICS

What are some of the challenges/opportunities for SMEs

“Norwegian law says repairing and recycling products should be more sustainable, i.e., if you buy a vacuum cleaner, 5 years later they should still have what you need for repairing it, including parts.”

going online?

Many newcomers struggle with little knowledge about e-commerce and everything it entails. Some of the agencies working with companies are deficient, while others are unique. However, there are more opportunities than there are challenges.

What has made the most successful players in Norway successful?

Continuous improvement and new development, these are the key words for those companies. They never stop and always continue to innovate. Because of this, they are growing larger and larger and are able to fund some failures – you can learn a lot from failures.

There is an incredible amount of personalization happening with chatbots (AI) and other tools to help customers choose the right product. Active use of customer data is high priority. It's interesting to see how the industry can be relevant in marketing using customer data, and how non-cookies will impact this in the future.

Are there any new big players in the market?

Amazon entered the Swedish market last year, but still it hasn't affected the Norwegian market. They haven't done that well, in fact, Zalando is much larger in Norway than Amazon. The people buying from Amazon have typically already done so via Amazon.co.uk.

Continued on the following page

NORWAY

INTERVIEW



Are there any interesting innovations or policies coming up?

Data privacy is a very hot topic in Norway. We don't know yet, but there are several issues around the use of cookies and what customer data companies are allowed to store. All the large companies were building up systems for cookies, and now we're unsure what will happen due to upcoming laws.

Regarding technology, companies are using a lot of AI and you see several solutions in the e-commerce market popping up. We're looking at different ways of using technologies for good purposes in the market.

Finally, we follow the discussions on the DSA and DMA closely. We need better regulations to deal with illegal content and intermediary liability, and we need to adapt regulations to very large online platforms.

“All the large companies were building up systems for cookies, and now we're unsure what will happen due to upcoming laws.”

SWEDEN

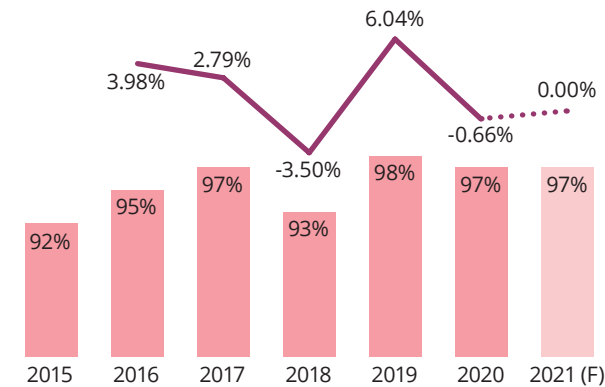
CHARTS

▶ Currency: Krona ▶ VAT: 25%

INTERNET USAGE

Percentage of the population accessing the internet

— Growth Rate

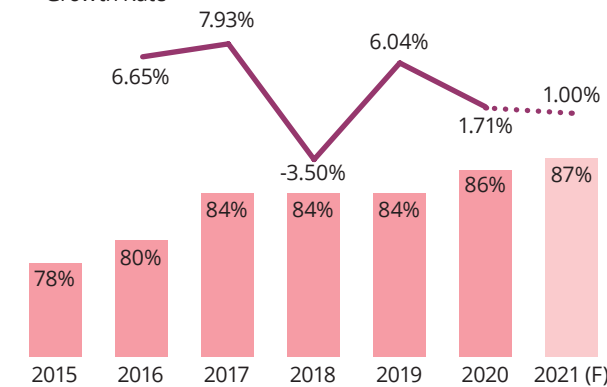


SOURCE: EUROSTAT

E-SHOPPERS

Percentage of internet users that bought goods or services online

— Growth Rate

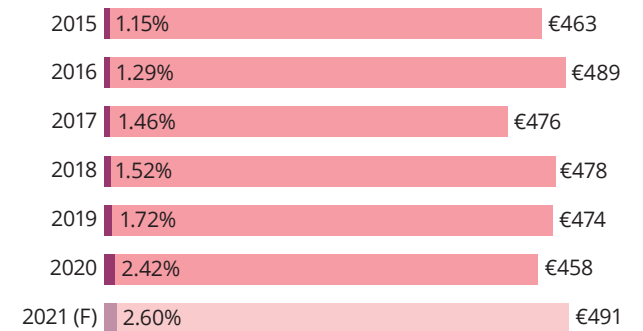


SOURCE: EUROSTAT

GDP AND E-GDP (EUR, BN)

The Gross Domestic Product (GDP) in €Billion and the percentage of GDP comprised of e-commerce sales

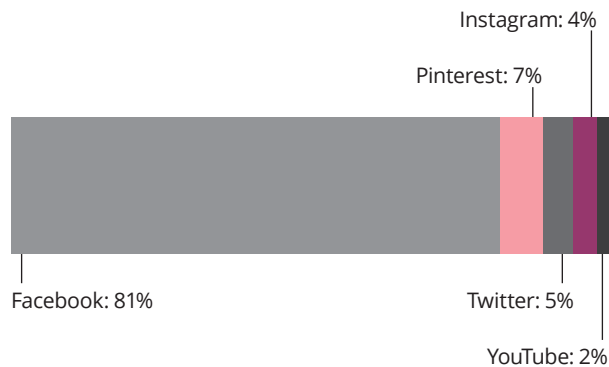
■ GDP ■ E-GDP



SOURCE: IMF

SOCIAL MEDIA USE

Most popular social media channels in 2021

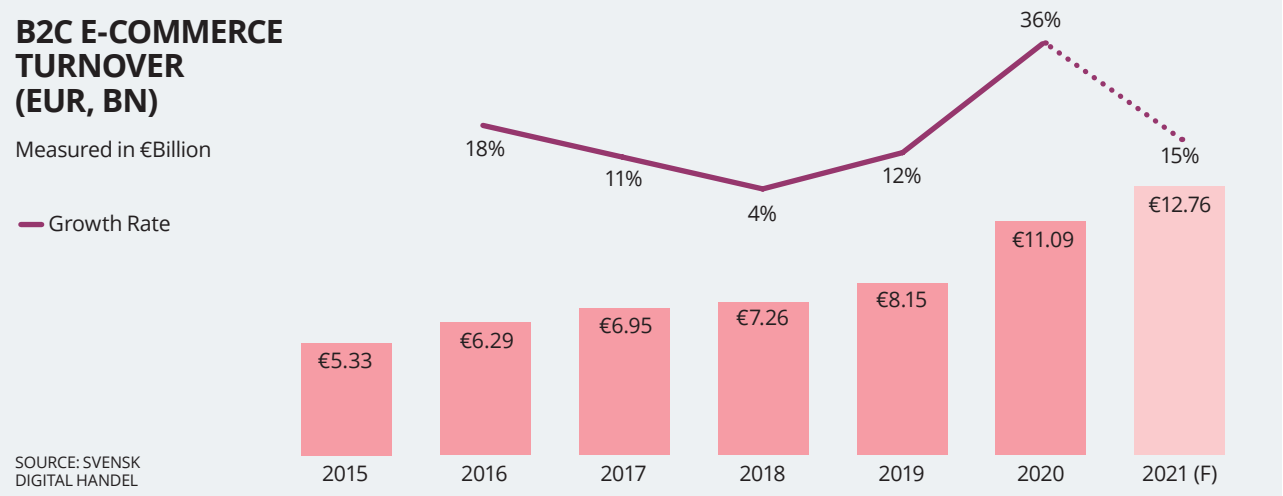


SOURCE: STATCOUNTER

B2C E-COMMERCE TURNOVER (EUR, BN)

Measured in €Billion

— Growth Rate



SOURCE: SVENSK DIGITAL HANDEL

SWEDEN

INTERVIEW

SVENSK
DIGITAL
HANDEL

Per Ljungberg

Svensk Digital Handel



COVID-19

How has Covid-19 changed consumer behaviors and preferences in online shopping? Additionally, have you noticed any specific product categories/retailers that were hit hard from lockdown?

Strong growth in e-commerce, sales increased by 40% last year. The strongest growth was in groceries (95%), furniture and home furnishings (63%) and pharmacy products (59%). Moderate growth rate in clothing and footwear (20%) who also had a very tough time when it comes to physical trade.

Growth has been strongest from people who previously did not shop for goods online. Three out of four e-commerce companies indicate in the annual industry report, the e-barometer, that they have gained new customer groups during Covid-19. This is especially true for people aged 65 and over.

Did the lockdown impact retailers going online or creating a more online presence?

Yes. Among other things, the classic department store NK in Stockholm has launched e-commerce. Many merchants have also started offering drive-through and click-and-collect. Live Video Shopping has also increased significantly in Sweden.

Were there any new innovations in payment/delivery methods during the lockdown?

Sweden was already well ahead in online payments thanks to world leading fintech companies. Home deliveries from companies that use AI for route optimization have increased sharply. Broad launch of parcel boxes that receive parcels from all logistics companies is underway.

SUSTAINABILITY

What is the general conversation around sustainability in e-commerce? What, if at all, are retailers/consumers/policymakers doing in regard to sustainability and e-commerce?

Returns, reduce the proportion of air in packaging, working condition of drivers and warehouse workers. Eco-labeling for e-commerce deliveries. Use of nudging in check-outs.

That the industry succeeds in creating an eco-label is important, otherwise politicians threaten legislation for deliveries to become more sustainable.

Do you feel consumers are willing to pay more for online purchases with sustainability in mind?

Consumers claim that in surveys, but we do not yet see it in practice.

SMES & ENTREPRENEURS

Have you noticed more/less SMEs/entrepreneurs going online?

Several already established physical retailers are going online, but we do not assess the influx of new pure e-commerce companies. Rather, consolidation among e-commerce. It is the large established e-commerce companies that take the largest share of the growth in the market.

What have some of the specific challenges/opportunities been in your market for SMEs going online?

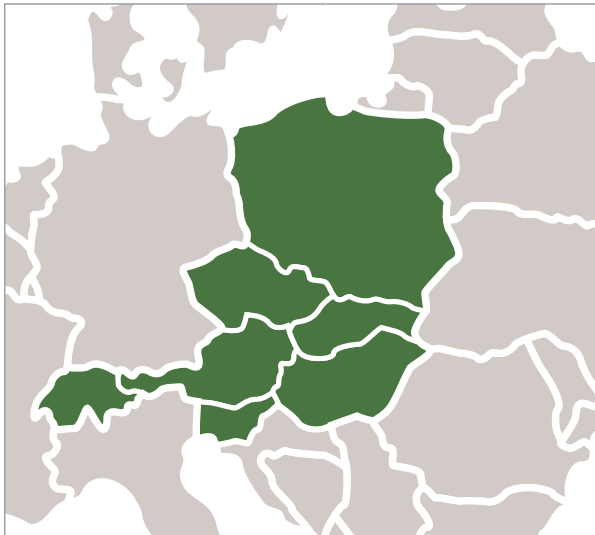
To gain knowledge and build a strong brand. The e-commerce market in Sweden is mature with many talented large e-commerce companies. Hard to compete and reach out.

What do SMEs need in the Swedish market to go online and be successful?

Cost-effective ways to build knowledge, such as how to work with SEO and SEM. Support in how to follow legislation.

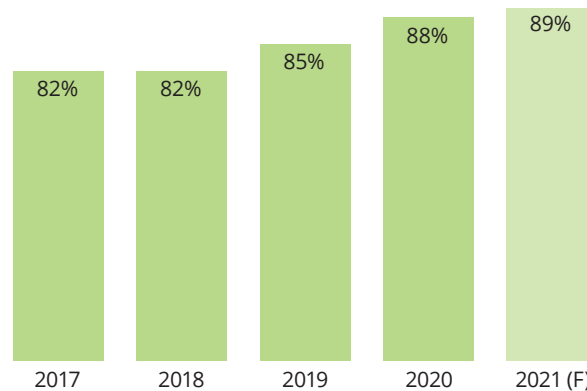
“Three out of four e-commerce companies indicate in the annual industry report, the e-barometer, that they have gained new customer groups during Covid-19.”

CENTRAL EUROPE



INTERNET USERS

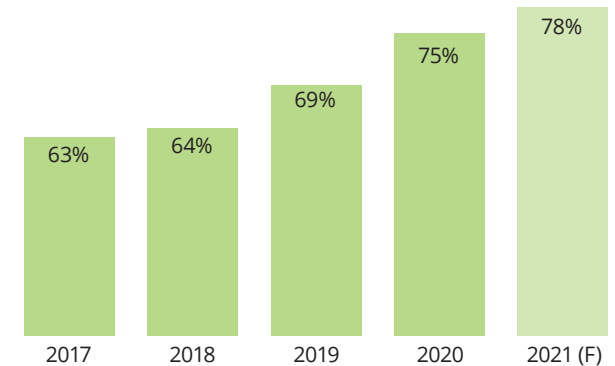
Percentage of the population accessing the internet



SOURCES: EUROSTAT; WE ARE SOCIAL; HOOTSUITE

E-SHOPPERS

Percentage of internet users that bought goods or services online

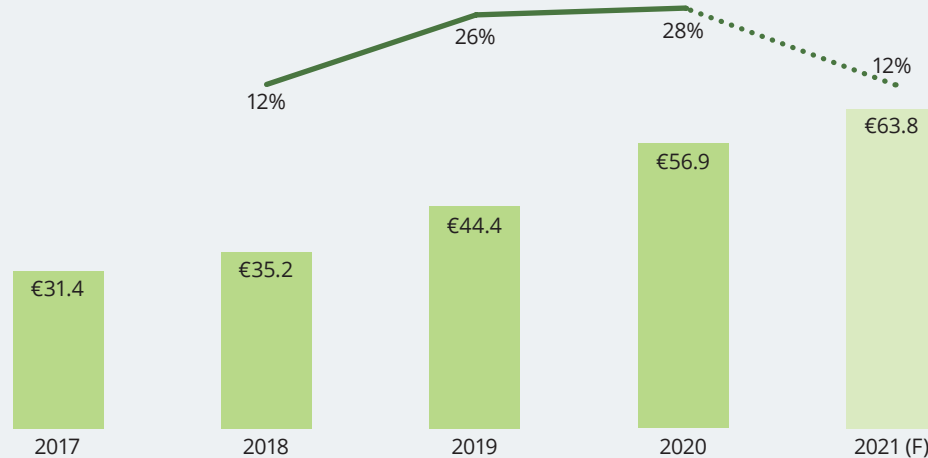


SOURCES: EUROSTAT; ECOMMERCENEWS; DELOITTE; CMI ANALYSIS

B2C E-COMMERCE TURNOVER (EUR, BN)

Measured in €Billion

— Growth Rate

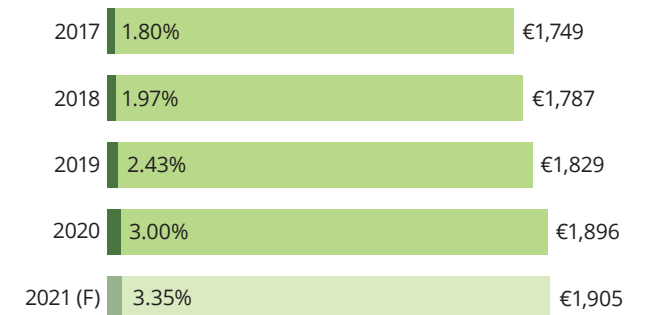


SOURCE: NATIONAL E-COMMERCE ASSOCIATIONS; REPORT PARTNERS; STATISTA; CMI ANALYSIS

GDP AND E-GDP (EUR, BN)

The Gross Domestic Product (GDP) in €Billion and the percentage of GDP comprised of e-commerce sales

■ GDP ■ E-GDP



SOURCE: IMF; CMI ANALYSIS

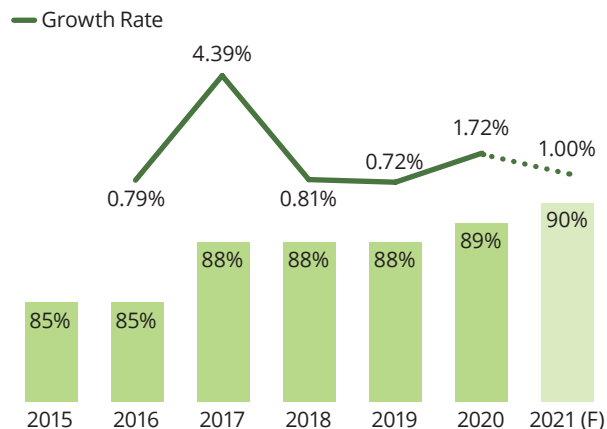
AUSTRIA

CHARTS

► Currency: Euro ► VAT: 20%

INTERNET USAGE

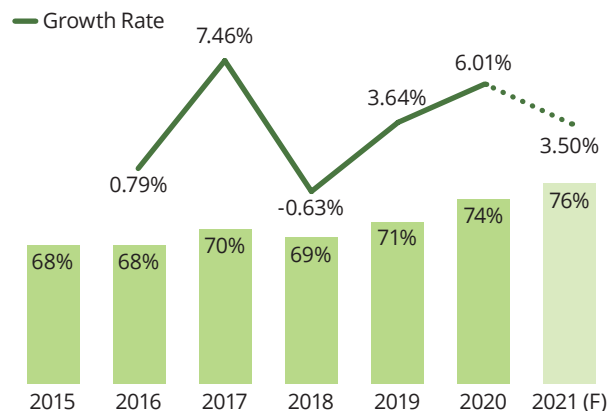
Percentage of the population accessing the internet



SOURCE: EUROSTAT

E-SHOPPERS

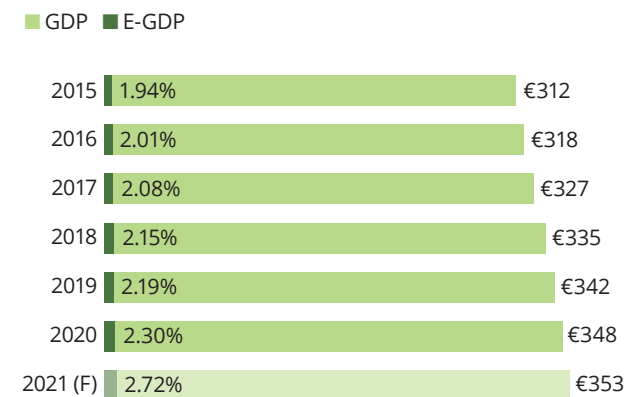
Percentage of internet users that bought goods or services online



SOURCE: EUROSTAT

GDP AND E-GDP (EUR, BN)

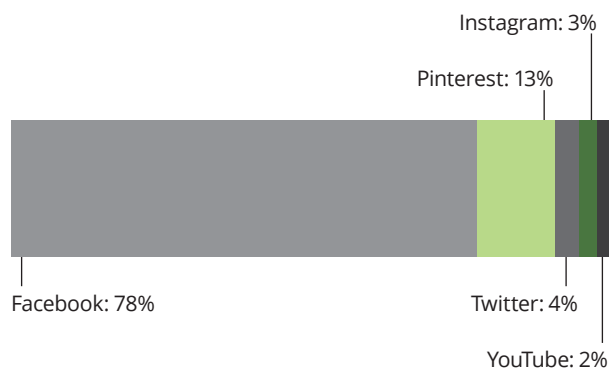
The Gross Domestic Product (GDP) in €Billion and the percentage of GDP comprised of e-commerce sales



SOURCE: IMF

SOCIAL MEDIA USE

Most popular social media channels in 2021

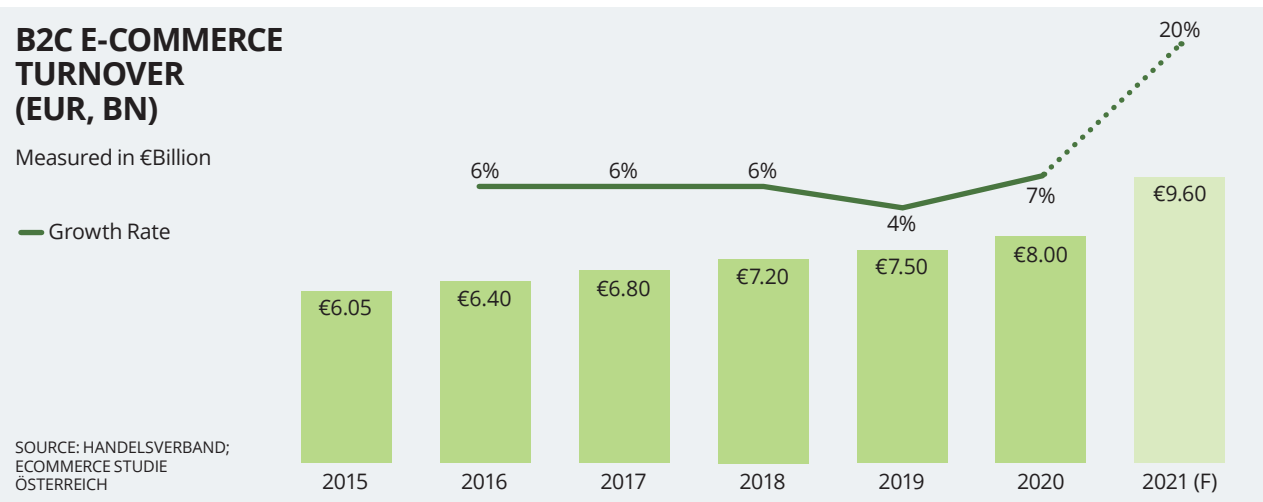


SOURCE: STATCOUNTER

B2C E-COMMERCE TURNOVER (EUR, BN)

Measured in €Billion

— Growth Rate



SOURCE: HANDELSVERBAND; ECOMMERCE STUDIE ÖSTERREICH

AUSTRIA

INTERVIEW



Rainer Will Handelsverband



COVID-19

How has Covid-19 changed consumer behaviors and preferences in online shopping?

Covid gave online shopping quite a boost in 2020. Last year we had sales increase 17% in domestic e-commerce, and marketplaces have grown over 32%. Most consumers had a seamless shopping experience and discovered how easy online shopping is and how well it goes. Many consumers over 60 did not shop online before and now they do and will likely continue to do so. The increase of digitalization in the last 12 months is equivalent to what we would have experienced in 12 years in Austria.

Have you noticed any specific product categories or retailers that were hit hard or did well during the lockdown?

Virtually all segments in e-commerce benefited from Covid-19. However, this did not make up for the losses in brick-and-mortar retail. The worst hit was the fashion sector, there we saw about 25% losses, and in toys a decrease of 20%. Shoe retailers also saw a decrease of about 16% in sales. Online grocery retail grew about 30%, which was a big hit for us because traditionally this sector had the lowest turnover.

Did the lockdown impact retailers going online or creating a more robust online presence?

Yes, we saw 2,500 new retailers online, and the pre-existing 12,000 webshops expanded substantially, adding new payment methods and expanding their presence onto marketplaces. Many retailers recognized that e-commerce is a resilient sales channel. We didn't notice any challenges with our infrastructure or delivery in the beginning of the pandemic, so new retailers were not hindered by logistics.

Were there any new innovations in payment/delivery methods during the lockdown?

We see a lot of retailers now accepting cryptocurrency, like Bitcoin. Although it's still a niche topic, a lot of retailers are still skeptical about it. That said, it is a good opportunity if you want to look innovative. We also know several consumers are experienced with Bitcoin, but they don't tend to use it for payment. Cryptocurrencies are popular in Vienna specifically, and Austrian Post has setup Bitcoin machines.

Austria has always been considered a "cash nation" and that has partially changed from the pandemic. In the previous year the volume of ATM cards increased by over 10% and we saw a boost in contactless payments with the limit for pin-code entry increased from 25 to 50 euros. As for delivery, click-and-collect was not allowed in the first two lockdowns, but in the third and fourth it is allowed, which has led to an increase of 15% of retail companies offering click-and-collect. We've switched much more to an omni-channel e-commerce market.

SUSTAINABILITY

What is the general conversation around sustainability in e-commerce?

We are currently experiencing a massive trend growing in sustainability and organic food; in grocery stores, we have growth rates of about 30% for organic foods. In e-commerce, the concept of sustainability is booming. More and more consumers have a guilty conscience when they shop with foreign retailers or marketplaces who are less sustainable or tax evaders. We are trying to help companies and retailers transition because this is an important issue for us.

What, if anything, are retailers/consumers/policymakers doing in terms of sustainability and e-commerce?

At the political level there are many initiatives to curb corporate tax avoidance, and this is important. There is also a lot happening around competitive privacy and we are glad that the exemption of 22 euros is finally fully abolished since July 2021. Many retailers are trying to switch to sustainable shipping options or offer appropriate reusable boxes. They're

also working hard to reduce return rates in online purchasing and to make last-mile delivery more environmentally friendly.

ADDITIONAL TOPICS

What have some of the specific challenges/opportunities been in your market for SMEs going online?

We had subsidies for SMEs, which started around six months ago. SMEs can apply and if your venture is sustainable then you can get an even higher amount of funding. The greatest challenge for online retailers is visibility. It's extremely difficult if you have a small webshop or you've just started, but that is where retailers can rely on domestic marketplaces. Interestingly, we had some digital farmers markets and they worked really well – local farmers could connect with a startup and sell over marketplaces, including non-traditionally online professionals like butchers.

We have a bit of a problem with fraud in e-commerce. This is actually a major challenge for new startups and webshops because most do not have it in mind when they create a webshop. We have seen a huge increase in fraud because criminals have now moved to the online sector since Covid. We conducted a study last year and almost 50% of all retailers have now been victims of fraud. Since then, we've started working together with the police and have a new working group in Handelsverband dedicated to security in online retail.

Are there any upcoming policies that may impact the Austrian e-commerce market?

This year we have:

- VAT e-commerce package came into force in July of 2021.
- The national transposition of the Omnibus-directive (New Deal for Consumers) and the directive on certain aspects concerning contracts for the supply of digital content and digital services and on certain aspects concerning contracts for the sale of goods.
- Important upcoming e-commerce regulations at EU-level: DSA/DMA.

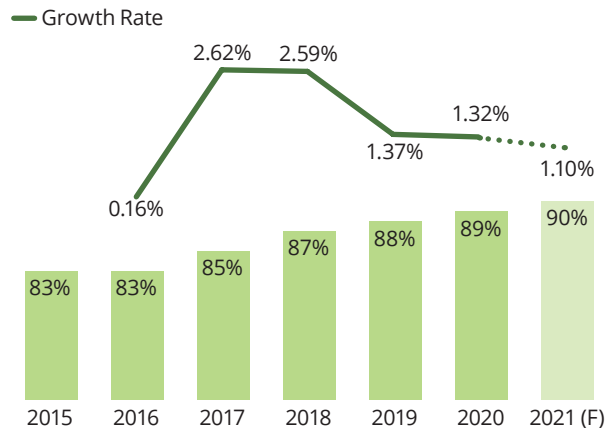
CZECHIA

CHARTS

► Currency: Koruna ► VAT: 21%

INTERNET USAGE

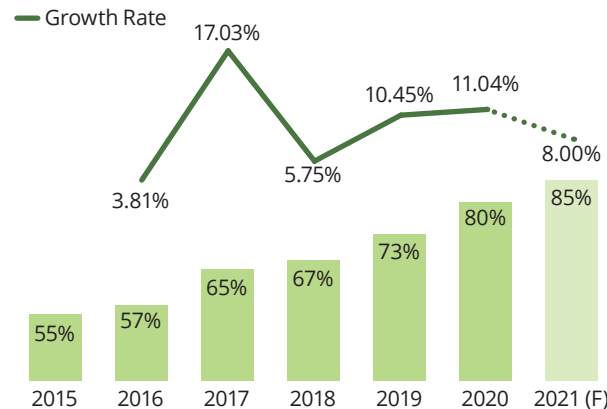
Percentage of the population accessing the internet



SOURCE: EUROSTAT

E-SHOPPERS

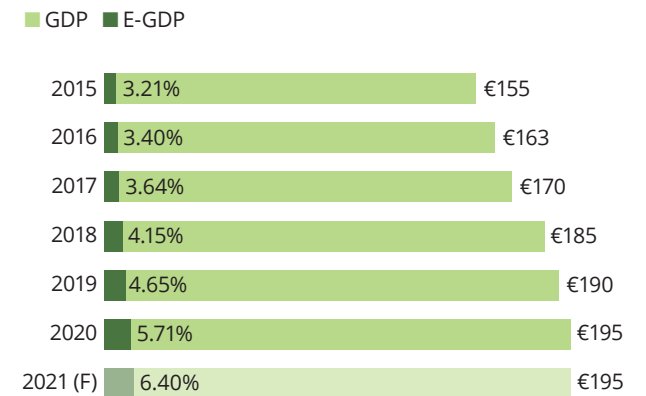
Percentage of internet users that bought goods or services online



SOURCE: EUROSTAT

GDP AND E-GDP (EUR, BN)

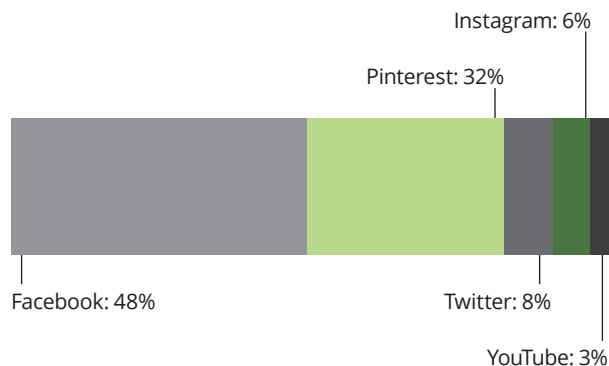
The Gross Domestic Product (GDP) in €Billion and the percentage of GDP comprised of e-commerce sales



SOURCE: IMF

SOCIAL MEDIA USE

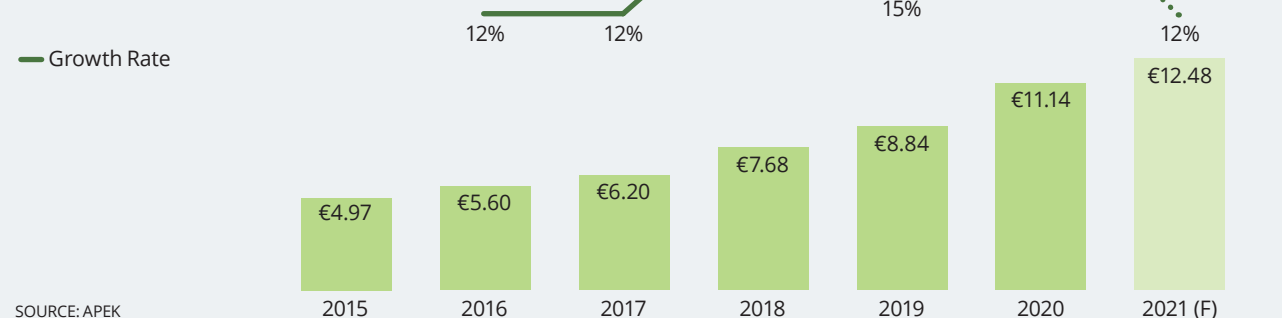
Most popular social media channels in 2021



SOURCE: STATCOUNTER

B2C E-COMMERCE TURNOVER (EUR, BN)

Measured in €Billion



SOURCE: APEK

Association analysis indicates that for the 2020 total, 100% represents Goods and 0% Services

CZECHIA

INTERVIEW

Jan Vetyška

APEK



COVID-19

How has Covid-19 changed consumer behaviors and preferences in online shopping?

Before the beginning of last year, we expected there would be an increase of 15% in online turnover for goods (not including services); in the end, the increase was 26%. Almost 50% of respondents to our survey said they shopped more online when Covid-19 lockdowns began. Only grocery stores and pharmacies were open, so if you wanted to order shoes, you had to do it online.

Have you noticed any specific product categories or retailers that were hit hard from the lockdown?

In the beginning fashion was hit hard, but during the year fashion rose again and is now back to normal. Most online shops have grown, and the most successful categories were groceries and pharmacy/hygiene purchases. Electronics for home office and home schooling were also successful. We experienced some infrastructural issues in the first weeks, then they really quickly adapted to the whole situation. From April 2020 onwards, Czech consumers were not impacted from Covid-19 logistics issues in their e-commerce purchasing.

Did the lockdown impact retailers going online or creating a more online presence?

Yes. We have a number of online shops now in Czechia. Number of online shops increased by 6% as so many traditionally brick-and-mortar stores went online.

Were there any new innovations in payment/delivery methods during the lockdown?

I believe that online payments by card are now on the same level as we see in Western Europe. In the past, cash-on-delivery was the most popular, about 3-4 years back, but now it's cards,

including card-on-delivery. We also have pickup points now, even for smaller stores, and use of automatic boxes is growing.

SUSTAINABILITY

What is the general conversation around sustainability in e-commerce?

Sustainability conversations for companies center more around advertisements to address sustainability, specifically because 99% of e-commerce delivery cars are still traditional vehicles. Though the situation is changing quite quickly. It was not an issue in Czechia in past years, but we can see now that the biggest players are trying to change their mind. We know that the biggest shop in Czechia wants to change their procedures to have no extra paper inside, they are planning to purchase electric delivery cars, etc. It's not yet how it is in Western Europe, but it is a rising issue. Additionally, there is nothing coming from the Czech government towards sustainability in e-commerce, only policies from the EU.

Do you feel consumers are willing to pay more for online purchases with sustainability in mind?

No. This could be the case in Prague, which is a rich city, but we see that consumers are more interested in price. If the price difference is not huge, then yes they will opt for the sustainable option, but if there is a large difference between the price, then they will opt out.

SMES & ENTREPRENEURS

What have some of the specific challenges and opportunities been in your market for SMEs going online?

A new phenomenon in Czechia is the growing importance of marketplaces. Both the biggest players have pushed and accelerated their marketplaces programs, so I think this is an interesting new aspect to the market. Most SMEs have their own website and use marketplaces. It's not difficult for retailers to get online, there are so many services available to them.

What are your thoughts on the e-commerce VAT implementation?

“Most SMEs have their own website and use marketplaces. It's not difficult for retailers to get online, there are so many services available to them.”

Our association position is that all companies on the market should have the same rules, so if Czech companies have to pay the VAT, then companies from outside Czechia should have to do the same. We fully support that the market should have the same rules and a level playing field.

Which countries are the most likely cross-border partners for Czech retailers?

Slovakia – most online shops can deliver easily to Slovakia, so they are a big partner for retailers. Hungary has also become very popular amongst larger companies, as is Romania. Naturally, Germany, Austria and Poland are interesting markets for Czech retailers, but the markets are highly competitive, saturated and have tough legislation and regulations.

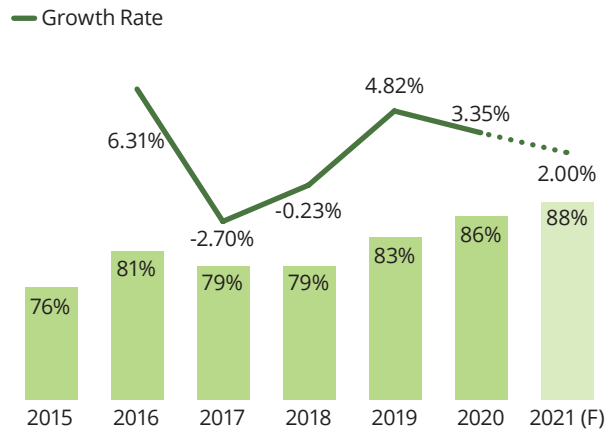
HUNGARY

CHARTS

► Currency: Forint ► VAT: 27%

INTERNET USAGE

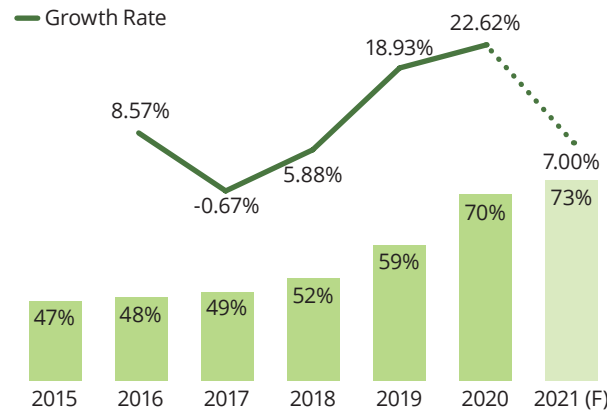
Percentage of the population accessing the internet



SOURCE: EUROSTAT

E-SHOPPERS

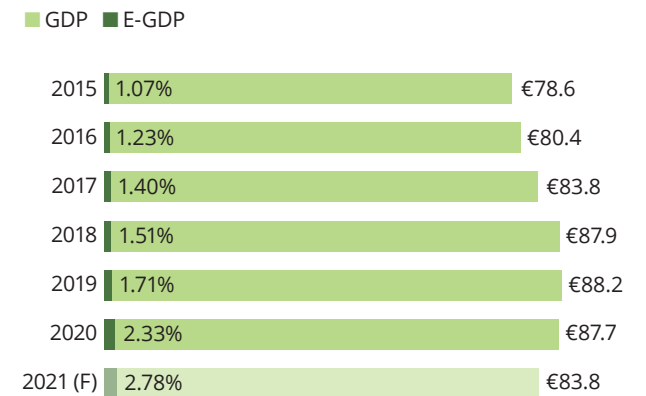
Percentage of internet users that bought goods or services online



SOURCE: EUROSTAT

GDP AND E-GDP (EUR, BN)

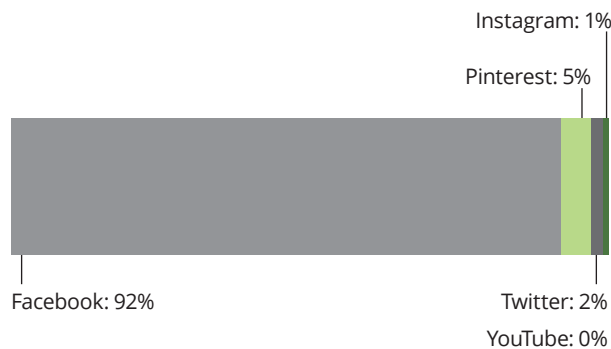
The Gross Domestic Product (GDP) in €Billion and the percentage of GDP comprised of e-commerce sales



SOURCE: IMF

SOCIAL MEDIA USE

Most popular social media channels in 2021

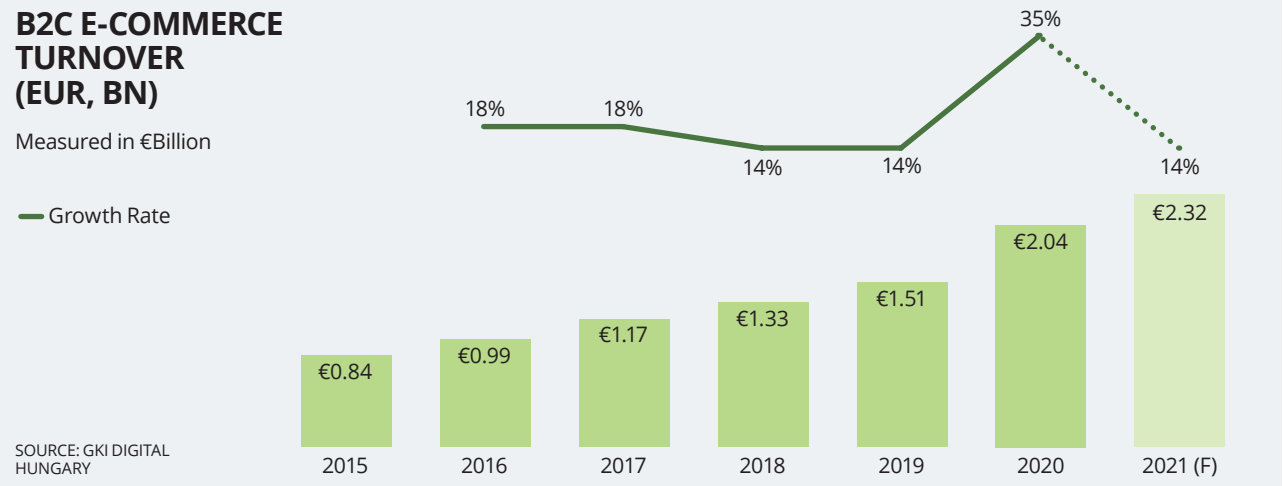


SOURCE: STATCOUNTER

B2C E-COMMERCE TURNOVER (EUR, BN)

Measured in €Billion

— Growth Rate



SOURCE: GKI DIGITAL HUNGARY

HUNGARY

INTERVIEW



Norbert Madar

GKI Digital



COVID-19

How has Covid-19 changed consumer behaviors and preferences in online shopping?

The pandemic began more than one year ago in the Hungarian and European market(s), but various restrictions and rules have shaped everyday life and, with it, shopping habits.

During the period of closures, we typically experienced a stronger shift towards online shopping, while during the period of less strict restrictions there was a reorganization. The number of online shoppers did not increase dramatically (+80,000 / +2.3% new shoppers), however shopping frequency (18%) and basket value (20%) increased significantly in 2020 compared to previous years' growth.

The preferences associated with online shopping also changed: the number of pre-paid orders has increased, thus reducing the share of cash on delivery (that is otherwise very high on the Hungarian market: 34% vs. 27% in 2019). Also, payment at delivery by credit card has become more common (28% vs. 22% in 2019).

Since the start of the pandemic, the rate of home delivery increased, and the proportion of personal contact receipts decreased – the share of orders delivered by external courier service increased by 12% instead of the stagnation in previous years, from 52% to 64%.

Although there is a reorganization, it is expected that the changed shopping patterns and habits will also shape the “new normal” period expected in the second half of 2021.

Have you noticed any specific product categories or retailers that were hit hard from the lockdown?

FMCG (+51%) and game and culture (+36%) were the biggest winners in 2020, but DIY, clothing, sports and fashion also grew significantly.

The pandemic situation has led shoppers towards retailers with high stock and selling wide range of products (online shopping malls). Also, retailers that have already been tried and trusted gained more transactions. TOP retailers experienced higher volume growth than the market average.

Did the lockdown(s) impact retailers going online or creating a more robust online presence?

Yes, in 2020, online became the most important selling channel – the pandemic situation forced retailers to develop their online presence. Developing a website is time consuming, but marketplaces (like the market leading eMAG marketplace), and ready-to-use webshops (like Shopify and Shoprenter) were available and helped retailers in the quick go-to-market strategy.

Were there any new innovations in payment/delivery methods during the lockdown(s)?

The Hungarian market is well-developed in terms of payment solutions, delivery methods, and the service level of logistics. Since almost all the services that are popular in the world are available, it was not so much the emergence of innovative solutions as their use that characterized this period. Minor modifications have been made – contact-free pick-up solutions have appeared very quickly.

The most important thing, however, is that customers have become more open to new solutions, so the market has been able to improve in this respect as well.

SUSTAINABILITY

What is the general conversation around sustainability in e-commerce?

The issue of sustainability is currently much less decisive in online commerce than in traditional retail. There are good examples, but for the time being it is not common to have a

“Although there is a reorganization, it is expected that the changed shopping patterns and habits will also shape the “new normal” period expected in the second half of 2021.”

sustainability policy for online retailers and suppliers.

What, if at all, are retailers/consumers/policymakers doing in regard to sustainability and e-commerce?

Unfortunately, not much. There are some good examples (like packaging solutions, zero emissions logistics center), but it's not common. Also, only a low percentage of customers consider sustainability an important factor when making decisions and ordering. The pandemic made this even worse – hopefully, after Covid-19 is over, it will change.

Do you feel consumers are willing to pay more for online purchases with sustainability in mind?

No, not really. The average Hungarian online customer is very price sensitive – only a very small amount of them is considering sustainability as a factor in decision making, and most of them would not pay extra for this. Some retailers are forcing it – like there is no choice but having a paper bag instead of plastic – customers like that idea, but they do not pay extra for it.

SMES & ENTREPRENEURS

What have some of the specific challenges/opportunities been in your market for SMEs going online?

- The stakeholder management dilemma (the owner's will is stronger than that of managers)
- Make or buy strategy
- Organizational integration vs. outsourcing (be it online)

Continued on the following page

HUNGARY

INTERVIEW



division, separate organization or vertically distributed online post within the company)

- Connection-driven operation vs. data-driven operation (=organizational culture change)

What specifically do SMEs need in the Hungarian market to go online and be successful?

First of all, they need to learn about digital solutions, online marketing possibilities. Also, it would be important to understand who their customers are and why they chose the retailer, and how to reach more – data-driven operation is a huge challenge for retailers who have no staff, resources or experience.

POLAND

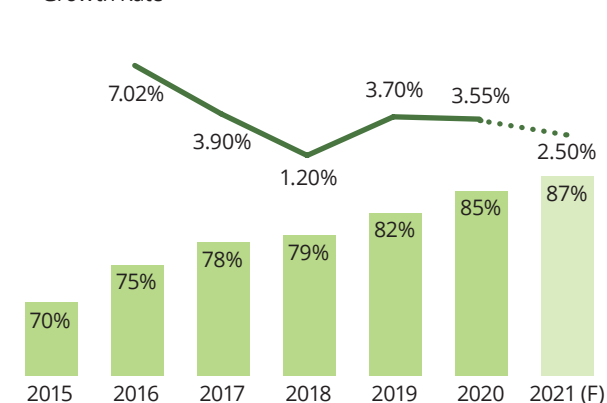
CHARTS

► Currency: Zloty ► VAT: 23%

INTERNET USAGE

Percentage of the population accessing the internet

— Growth Rate

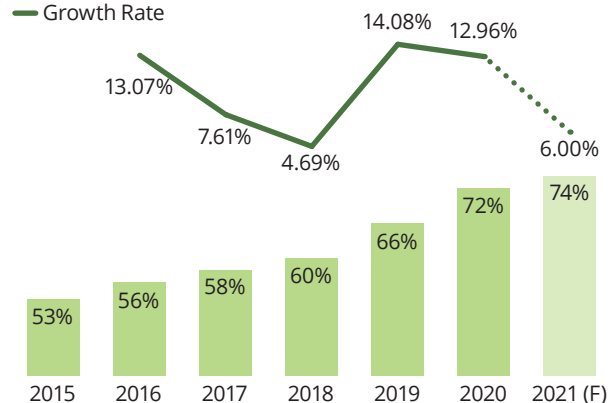


SOURCE: EUROSTAT

E-SHOPPERS

Percentage of internet users that bought goods or services online

— Growth Rate

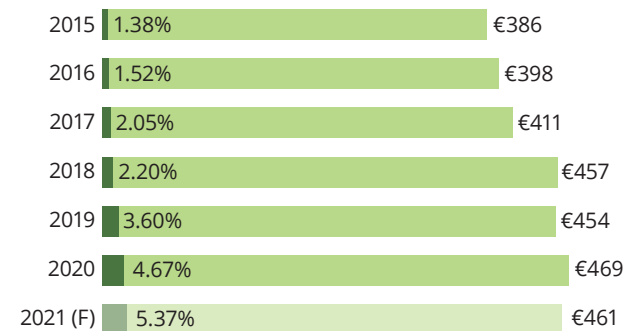


SOURCE: EUROSTAT

GDP AND E-GDP (EUR, BN)

The Gross Domestic Product (GDP) in €Billion and the percentage of GDP comprised of e-commerce sales

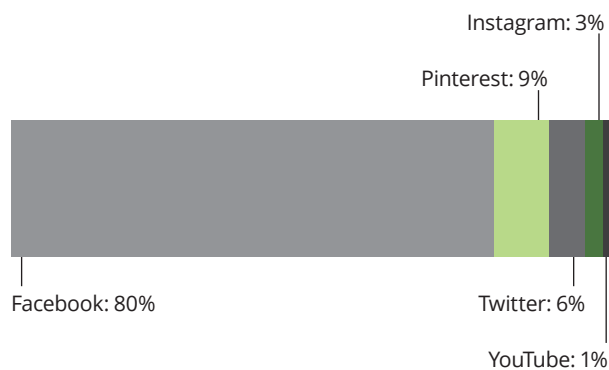
■ GDP ■ E-GDP



SOURCE: IMF

SOCIAL MEDIA USE

Most popular social media channels in 2021

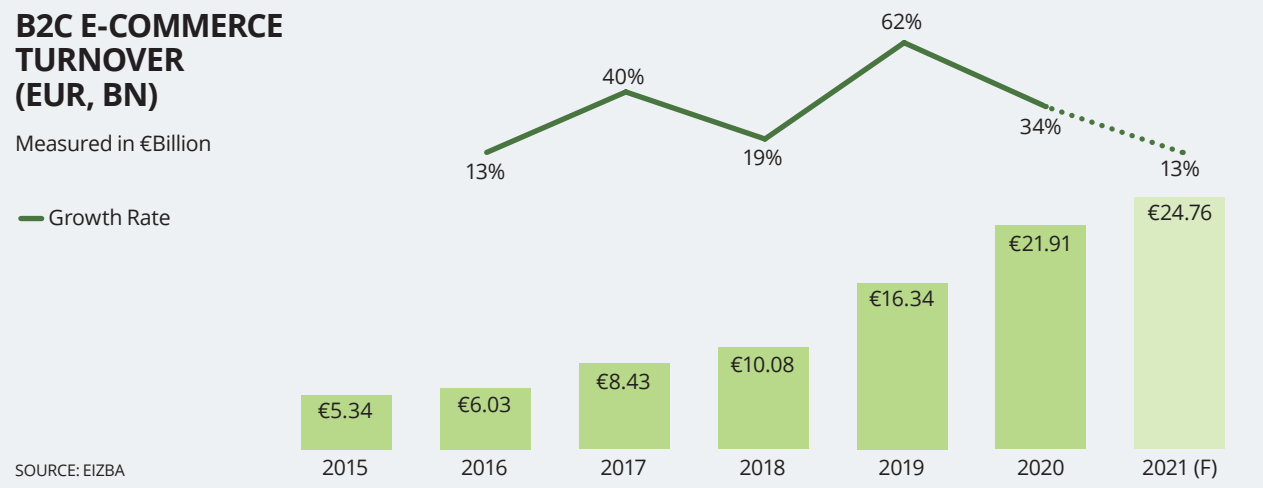


SOURCE: STATCOUNTER

B2C E-COMMERCE TURNOVER (EUR, BN)

Measured in €Billion

— Growth Rate



SOURCE: EIZBA

POLAND

INTERVIEW

Patrycja Sass-Staniszevska

EIZBA



COVID-19

How has Covid-19 changed consumer behaviors and preferences in online shopping?

The Polish e-commerce market in 2020 was estimated at 100 billion PLN.

A year ago, in May 2020, 72% of respondents declared online shopping. Currently, it is 84%, which means an increase of + 12 pp. A smaller percentage of Internet users than a year ago buy more than five times a month (13%).

Poles internet users buy online mainly from online stores and shopping platforms, so the leaders have not changed. We have a visible increase in the use of price comparison websites, as Polish consumers have become more price-sensitive as a result of the pandemic.

The most popular e-category is fashion, but indications for beauty, sports, home furnishings, as well as culture and entertainment categories have risen. The share of the food category is stable from a significant increase after the first wave of the pandemic.

The importance of searching for opinions about a product in the purchasing process has increased. During the last purchase, this activity was performed by as many as 38% of respondents, and 27% compared the offers.

Foreign purchasing platforms - 12% of internet users use foreign platforms, and 16% of mobile buyers. Online shopping in e-shops outside Poland was done by 10% of internet users in the last year.

Coronavirus has had a positive impact on purchases on such platforms. 28% of customers declared that as a result of the pandemic they increased their purchases, and in the case of the other 46% they remained unchanged.

Dynamic development of the e-grocery in Poland.

New customer group grows fast – Seniors.

Have you noticed any specific product categories or retailers that were hit hard from the lockdown?

Pandemic hit hard especially on horeca, tourism and events markets.

Did the lockdown impact retailers going online or creating a more online presence?

Yes, even in food category and B2B sector.

Retailers have changed the way they manage their budgets with an emphasis on e-commerce.

Were there any new innovations in payment/delivery methods during the lockdown?

Consumers' expectations have increased significantly, they expect a wide choice of both delivery and payment methods. This is a characteristic feature of the Polish consumer, used to the fact that in every store or on a marketplace platform, they get the widest choice of options when it comes to payment methods - fast transfer, Blik, card or cash. These are strong distinguishing features of purchasing attitudes, the consumer wants to have a wide choice, and our report confirms that it is not only expectations - if the consumer does not see his favorite payment method they will give up shopping and abandon the basket. Poles most often pay online using fast transfers (similar to a year ago). Other most frequently selected payment methods are again, blik and deli, respectively.

SUSTAINABILITY

Do you feel consumers are willing to pay more for online purchases with sustainability in mind? If yes, under what



“If the consumer does not see his favorite payment method they will give up shopping and abandon the basket.”

conditions?

- 1/5 will wait for eco-delivery, even 3-5 days more
- 1/5 will pay for eco-packaging options
- Generally, 85% of e-consumers notice non-ecological activities of sellers

● Deliveries - consumer specialization: When buying online, Poles typically have one preferred form of delivery they choose. It is usually a courier shipment, and then collection at a dedicated point, which has almost already caught up with the courier shipment in terms of the number of indications. It is also considered the most convenient and most popular, as well as ecological. But that's not all; consumers also indicate that they want more convenient forms of delivery. Of course, the popularity of parcel machines is growing a lot, but customers go a step further; they want to have them as close to home as possible. If they wish to have free deliveries and free returns, they are basically all shop.

SMES & ENTREPRENEURS

The coronavirus pandemic revolutionized the e-commerce sector in two ways. First, it has changed the purchasing habits of consumers who like online shopping, primarily because of security, such as speed and simplicity. Secondly, it forced businesses to digitally transform and adapt to new realities more efficiently. Not only the most prominent players but also representatives of the SME sector have joined the online sales channel.

Continued on the following page

POLAND

INTERVIEW



Have you noticed more/less SMEs/entrepreneurs going online, both before/during/after Covid-19?

Over 11000 shops went online since March to December 2020 (around 30% with no success = closed).

What have some of the specific challenges/opportunities been in your market for SMEs going online?

Challenges: Price sensitivity of Polish consumers (promo hunters, even more in crisis times), specific payment requirements (BLIK) and delivery requirements (paczkomaty).

Opportunities: dynamic growth of e-commerce, new consumers in e-commerce – Silver Power generation, international purchases growth (young consumers).

Investment in technology, because Polish consumers love shops that are based on new technology.

Leading Companies: Allegro more than 30% of the market. SMEs are 90% of the Polish e-commerce market.

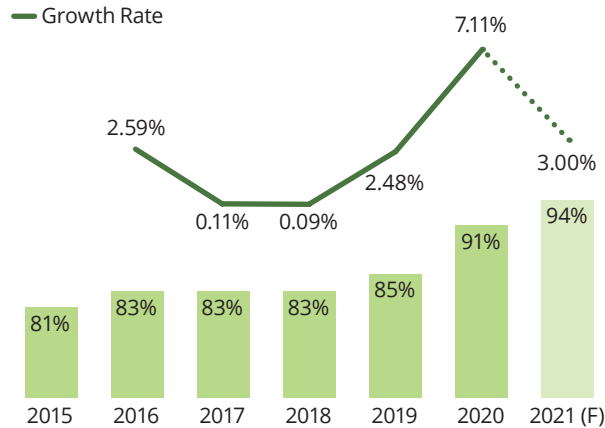
SLOVAK REPUBLIC

CHARTS

► Currency: Euro ► VAT: 20%

INTERNET USAGE

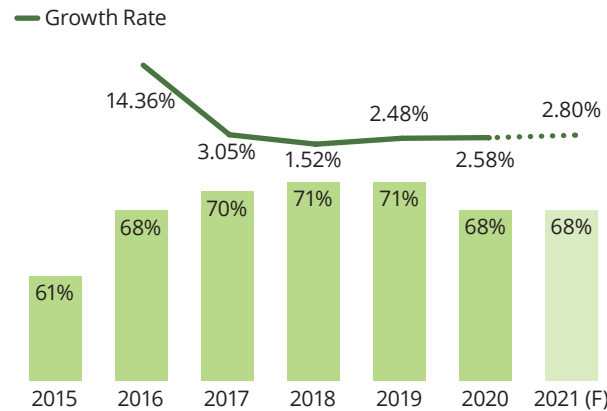
Percentage of the population accessing the internet



SOURCE: EUROSTAT

E-SHOPPERS

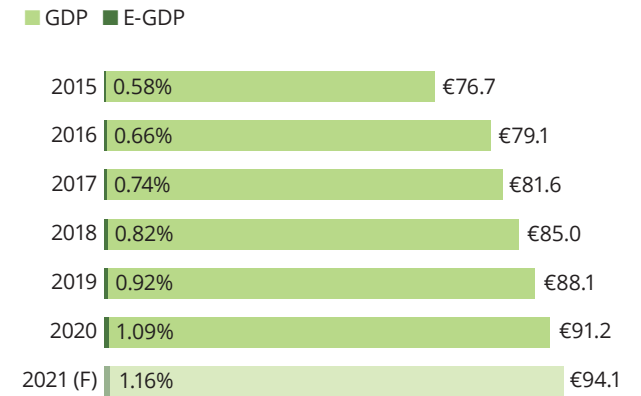
Percentage of internet users that bought goods or services online



SOURCE: EUROSTAT

GDP AND E-GDP (EUR, BN)

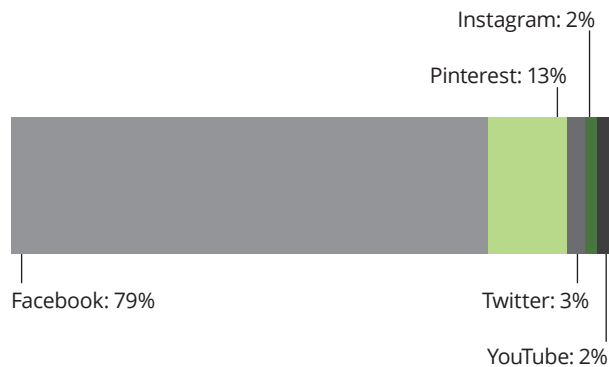
The Gross Domestic Product (GDP) in €Billion and the percentage of GDP comprised of e-commerce sales



SOURCE: IMF

SOCIAL MEDIA USE

Most popular social media channels in 2021

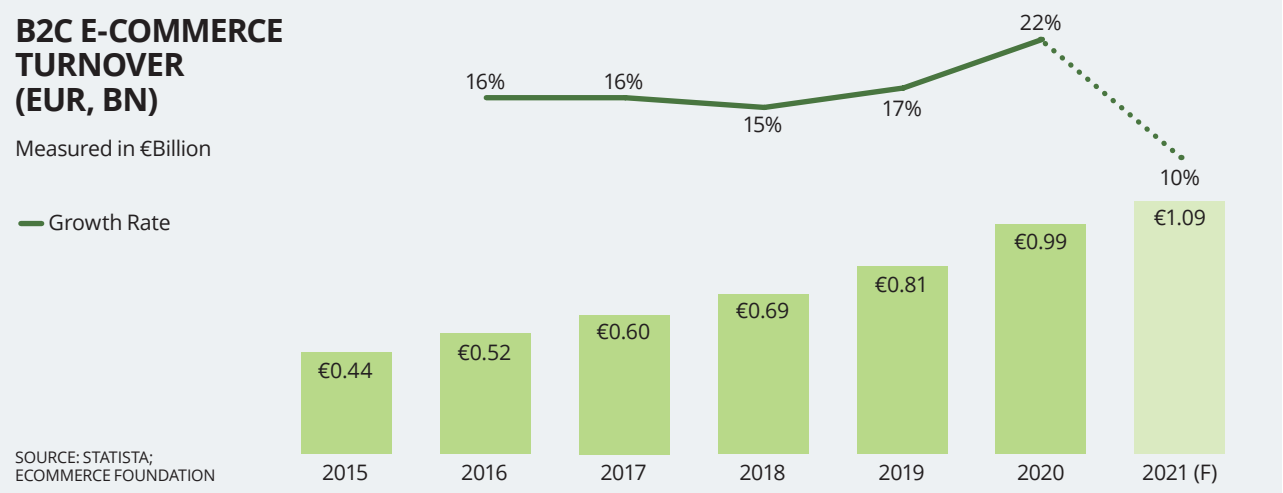


SOURCE: STATCOUNTER

B2C E-COMMERCE TURNOVER (EUR, BN)

Measured in €Billion

— Growth Rate



SOURCE: STATISTA; ECOMMERCE FOUNDATION

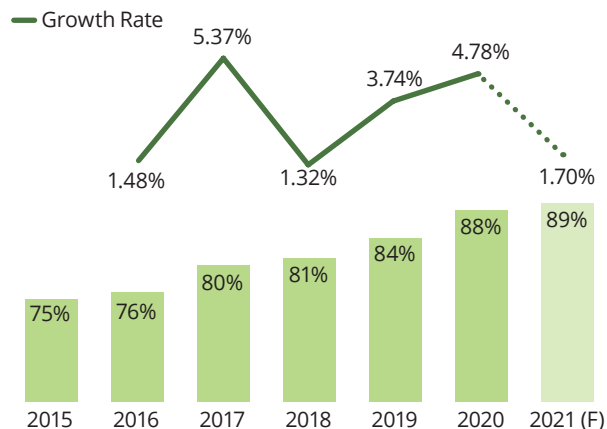
SLOVENIA

CHARTS

► Currency: Euro ► VAT: 22%

INTERNET USAGE

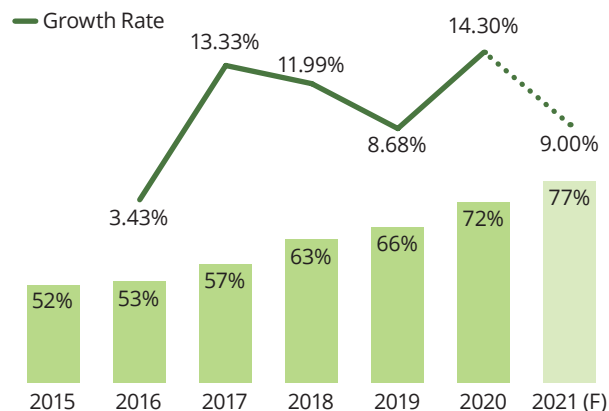
Percentage of the population accessing the internet



SOURCE: EUROSTAT

E-SHOPPERS

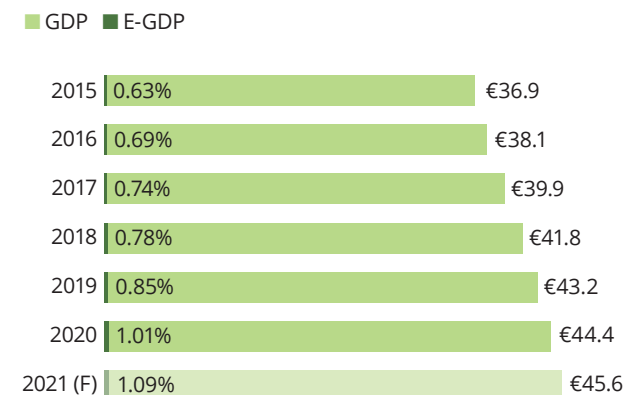
Percentage of internet users that bought goods or services online



SOURCE: EUROSTAT

GDP AND E-GDP (EUR, BN)

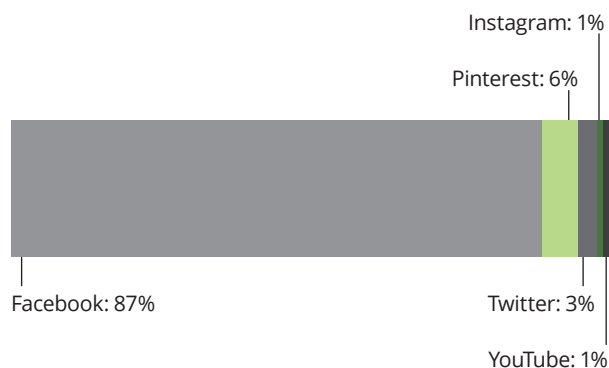
The Gross Domestic Product (GDP) in €Billion and the percentage of GDP comprised of e-commerce sales



SOURCE: IMF

SOCIAL MEDIA USE

Most popular social media channels in 2021

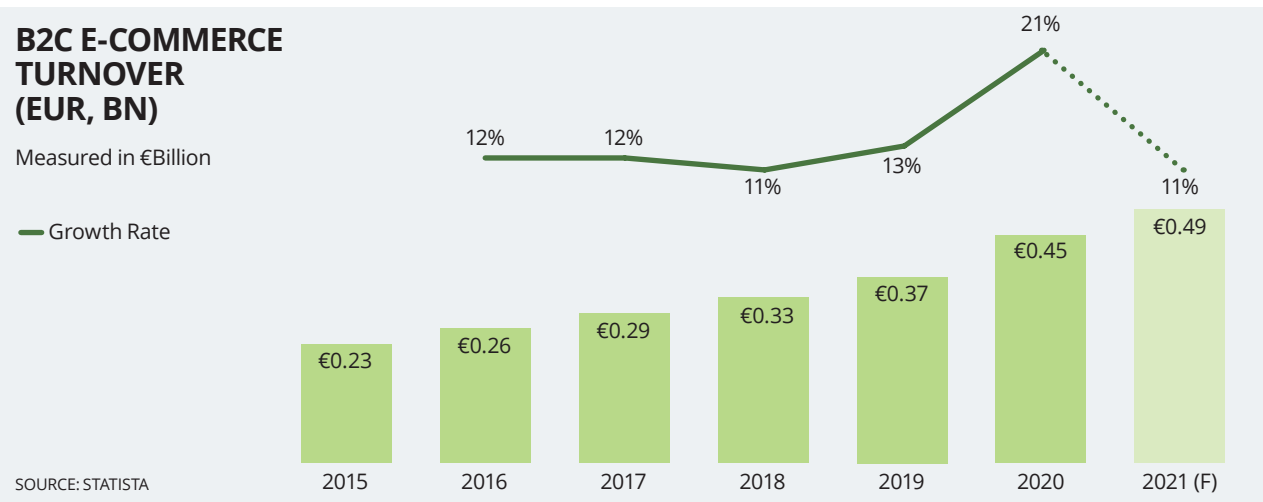


SOURCE: STATCOUNTER

B2C E-COMMERCE TURNOVER (EUR, BN)

Measured in €Billion

— Growth Rate



SOURCE: STATISTA

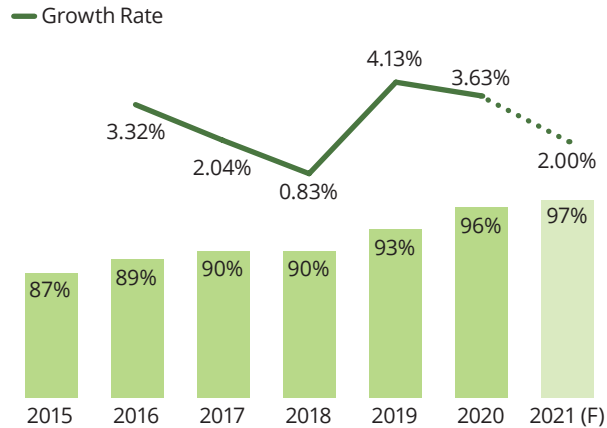
SWITZERLAND

CHARTS

► Currency: Swiss Franc ► VAT: 7.7%

INTERNET USAGE

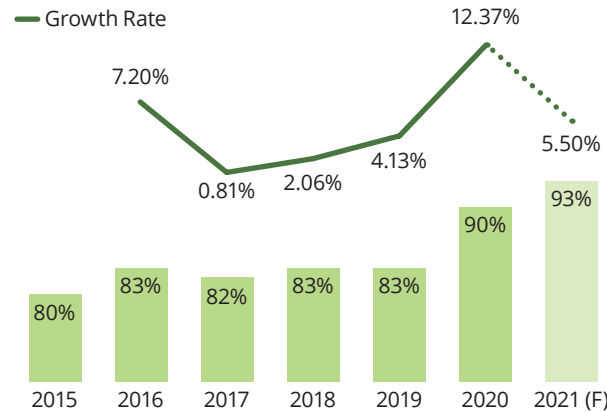
Percentage of the population accessing the internet



SOURCE: EUROSTAT; WE ARE SOCIAL; HOOTSUITE

E-SHOPPERS

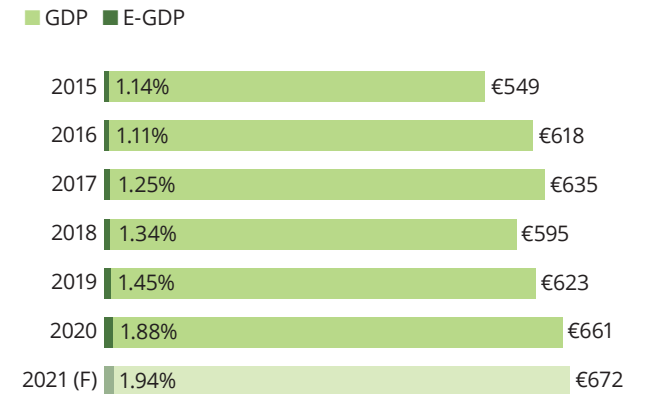
Percentage of internet users that bought goods or services online



SOURCE: EUROSTAT; ECOMMERCE NEWS; DELOITTE

GDP AND E-GDP (EUR, BN)

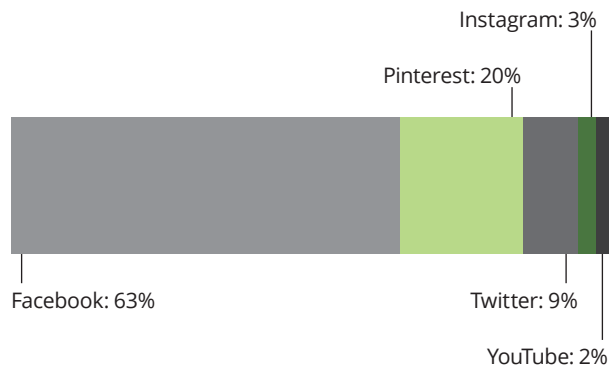
The Gross Domestic Product (GDP) in €Billion and the percentage of GDP comprised of e-commerce sales



SOURCE: IMF

SOCIAL MEDIA USE

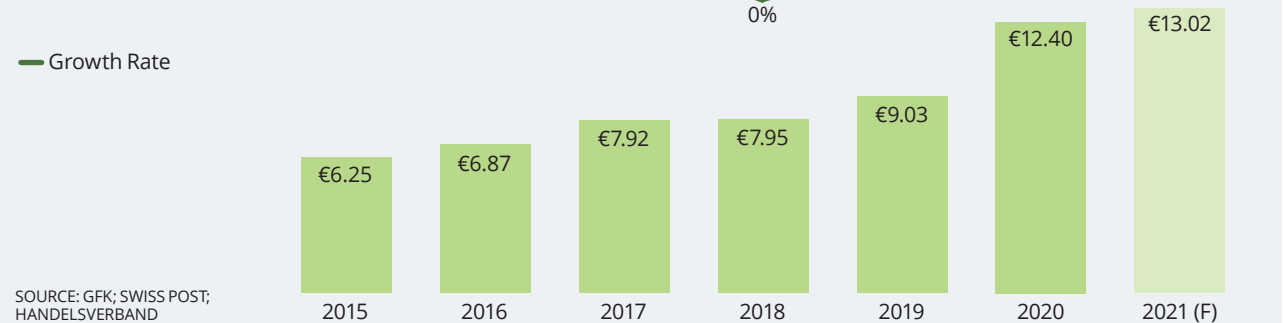
Most popular social media channels in 2021



SOURCE: STATCOUNTER

B2C E-COMMERCE TURNOVER (EUR, BN)

Measured in €Billion



SOURCE: GFK; SWISS POST; HANDELSVERBAND

Association analysis indicates that for the 2020 total, 100% represents Goods and 0% Services

SWITZERLAND

INTERVIEW

Patrick Kessler
HANDELSVERBAND.swiss



COVID-19

How has Covid-19 changed consumer behaviors and preferences in online shopping?

In the first wave of lockdown we saw product categories and assortments which were not typically online explode in the e-commerce market, particularly home living, DIY and sports goods. We see now that we don't have the same levels of online purchasing that we had during lockdown, but we have higher levels of online shopping, around 30-40%, which remained over all periods. The willingness of people to shop online has increased dramatically and it seems it won't go away.

Additionally, we have noticed a change in payment behavior with many more credit card payments being used. Switzerland was around 70% invoice, but we have seen a move towards paying via credit cards and PayPal. Food purchasing online has increased dramatically as well.

Have you noticed any specific product categories or retailers that were hit hard during the lockdown?

The under-performer in terms of growth was fashion and shoes – we had about 15% growth and the average was 30% growth. On the other hand, department store retail has lost much more in fashion retail. We've had an overall growth in most of non-food assortments, so e-commerce + department store business had overall growth in 2020.

It could be attributed to the welfare we have in Switzerland – consumers had their money and as they couldn't go out, they spent money consuming whatever they needed to make staying at home nicer. That's unique about Switzerland: there is money around.

Did the lockdown impact retailers going online or creating

a more online presence?

Companies definitely started to go online. There weren't a lot of companies not online in that period of time. Lots of SMEs were jumping into the adventure to participate in selling online, not really with a store per se, but with WhatsApp, Instagram, QR codes, anything to activate consumers by digital means. Of course, there were some attempts to really set up new online shops, but the time to do so was rather short because we had shutdown of just 8-9 weeks. Existing online shops experienced huge growth and are continuing to grow. The most successful stories are the omnichannel players selling both online and in-store.

What was your experience with online grocery/food delivery in Switzerland?

We have a very strong food infrastructure and two dominant brands with physical stores covering 50% of the market and they are in every corner in every village. So, food delivery is really not a necessity in Switzerland, it's just nice to have. Swiss people like to cook, so food stores overall had an increase of 11-12% in terms of turnover. There was a boost for restaurant delivery services, but we are still underdeveloped in terms of food delivery because our labor costs are so high. For a single household, delivery is very expensive as opposed to a large group of people/families.

Any innovations or challenges during the lockdown?

Click and collect increased in the home and living and DIY product categories very strongly. So, 2020 was a breakthrough year for those product categories. We had some shops overrun with traffic who installed a second website before you entered the online shop to queue visitors, saying, "You have to wait 10 minutes before you can go to the online shop." They really couldn't cope with the traffic generated.

We had some logistics problems – in April 2020 there was a limit of what you can deliver per day because Swiss Post (which delivers 90% of parcels) couldn't handle all the volume. We experienced one week of limitations in delivery and then we found solutions together to create a work-around. By mid-April everything was organized and stable, though everything

“There was a boost for restaurant delivery services, but we are still underdeveloped in terms of food delivery because our labor costs are so high.”

was running at such a high capacity that any problem, such as a winter storm in December, would have broken the system down.

SUSTAINABILITY

What is the general conversation around sustainability in e-commerce?

It hasn't changed that much. With the online boom there is the idea that online shopping is bad for the ecological system, so this discussion is ongoing, particularly regarding last-mile delivery. We have a new parcel service establishing electric vehicles which has the goal of covering 80% of Switzerland within 3 years. Swiss Post is also investing in green delivery, so my bet is that by 2030 the last mile will be green.

The other interesting point with this is packaging. There are interesting pilots in development to deliver without packaging; some companies are conducting pilot tests delivering a computer without additional packaging and even without an address, just a digital connection delivery chain.

Do you feel consumers are willing to pay more for online purchases with sustainability in mind?

Overall, I would say consumers are willing to pay a little more, but the period we had last year during Covid was not the period to implement such mechanisms. Last year was pure crisis mode – we were blown away with orders, just deliver, deliver, deliver. I'm sure consumers are going in this direction because the mindset of Swiss people seems to be quite green.

Continued on the following page

SWITZERLAND

INTERVIEW



ADDITIONAL TOPICS

What specifically do SMEs need in your market to go online and be successful?

It's advantageous to offer payment in Swiss Francs, as well as offering payment against invoice. Regarding language, it's best to offer German, French and/or English. Some insight into Swiss consumers: they do not like to bear additional costs when they receive the cross-border delivery, so be sure you have paid all the VAT beforehand – do not charge your customer extra. Swiss consumers do not like aggressive marketing tactics, so do not send them a newsletter every day.

Are there any upcoming e-commerce policies in the Swiss market?

Anti-GEO blocking regulations will be up for a public vote and a fair-price initiative. The goal is to get companies to deliver to Switzerland at the same price level as Germany, France, etc., so there will be regulation pressure to ensure there are no price differentiations. We also have new data protection regulations coming for 2022, though the exact date is unclear. Related to data privacy, we recently had a vote about e-IDs and the Swiss voted against having private companies involved, preferring it be government-oriented for the public.

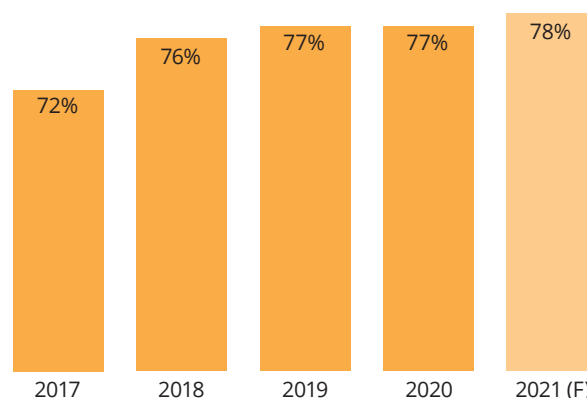
“The goal is to get companies to deliver to Switzerland at the same price level as Germany, France, etc., so there will be regulation pressure to ensure there are no price differentiations.”

EASTERN EUROPE



INTERNET USERS

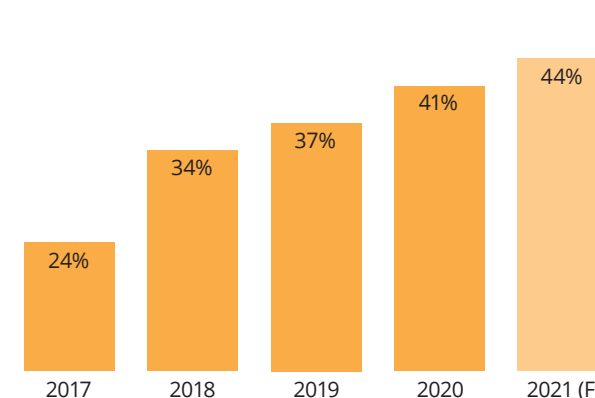
Percentage of the population accessing the internet



SOURCES: EUROSTAT; STATISTA; WE ARE SOCIAL; HOOTSUITE

E-SHOPPERS

Percentage of internet users that bought goods or services online



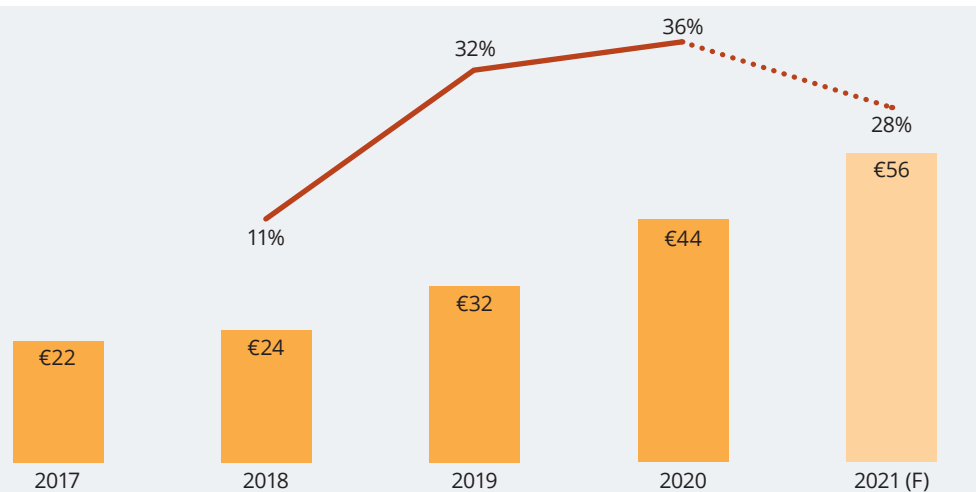
SOURCES: EUROSTAT; UNCTAD; STATISTA

B2C E-COMMERCE TURNOVER (EUR, BN)

Measured in €Billion

— Growth Rate

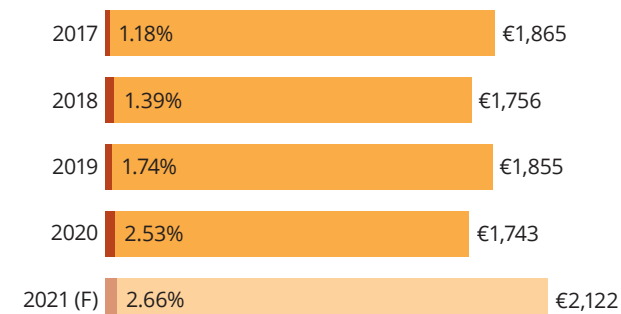
SOURCE: NATIONAL E-COMMERCE ASSOCIATIONS; REPORT PARTNERS; STATISTA; CMI ANALYSIS



GDP AND E-GDP (EUR, BN)

The Gross Domestic Product (GDP) in €Billion and the percentage of GDP comprised of e-commerce sales

■ GDP ■ E-GDP



SOURCES: IMF; CMI ANALYSIS

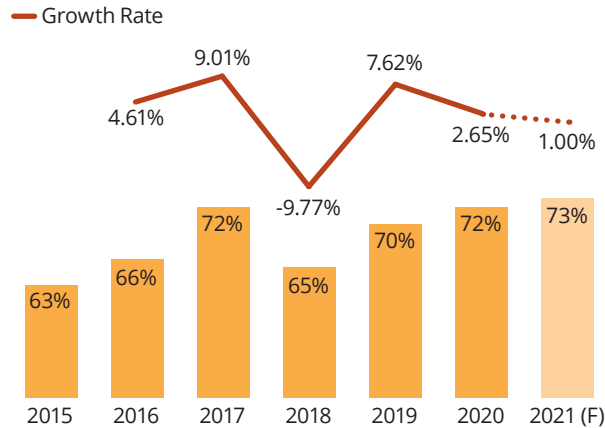
ALBANIA

CHARTS

▶ Currency: Lek ▶ VAT: 20%

INTERNET USAGE

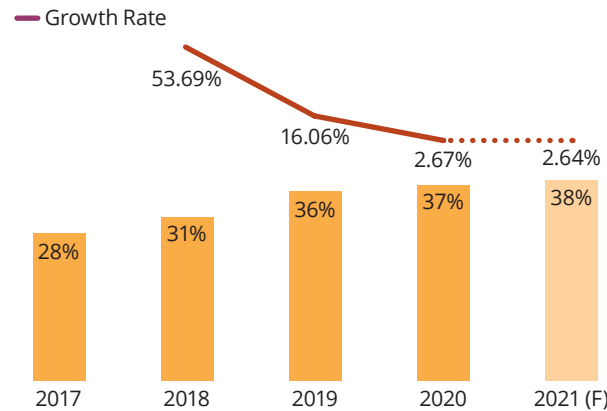
Percentage of the population accessing the internet



SOURCE: STATISTA; WE ARE SOCIAL; HOOTSUITE

E-SHOPPERS

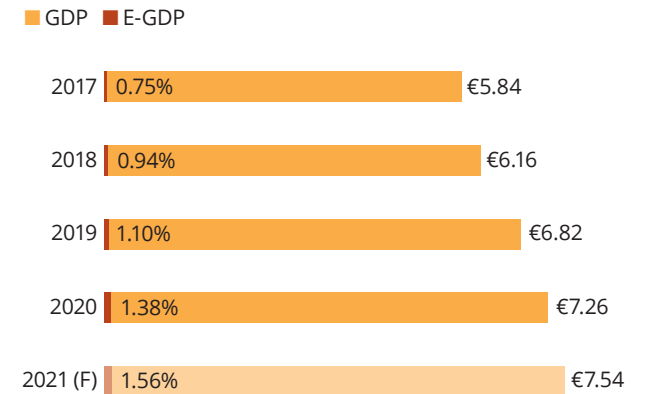
Percentage of internet users that bought goods or services online



SOURCE: STATISTA

GDP AND E-GDP (EUR, BN)

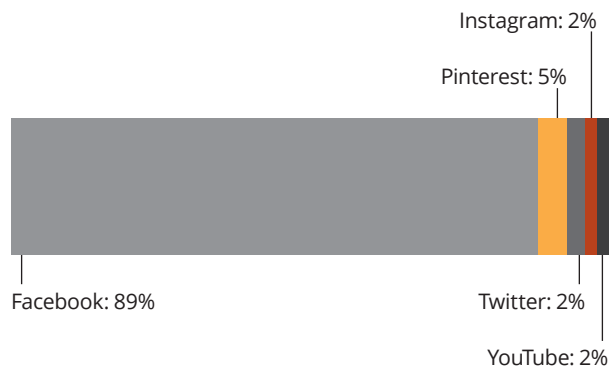
The Gross Domestic Product (GDP) in €Billion and the percentage of GDP comprised of e-commerce sales



SOURCE: IMF

SOCIAL MEDIA USE

Most popular social media channels in 2021

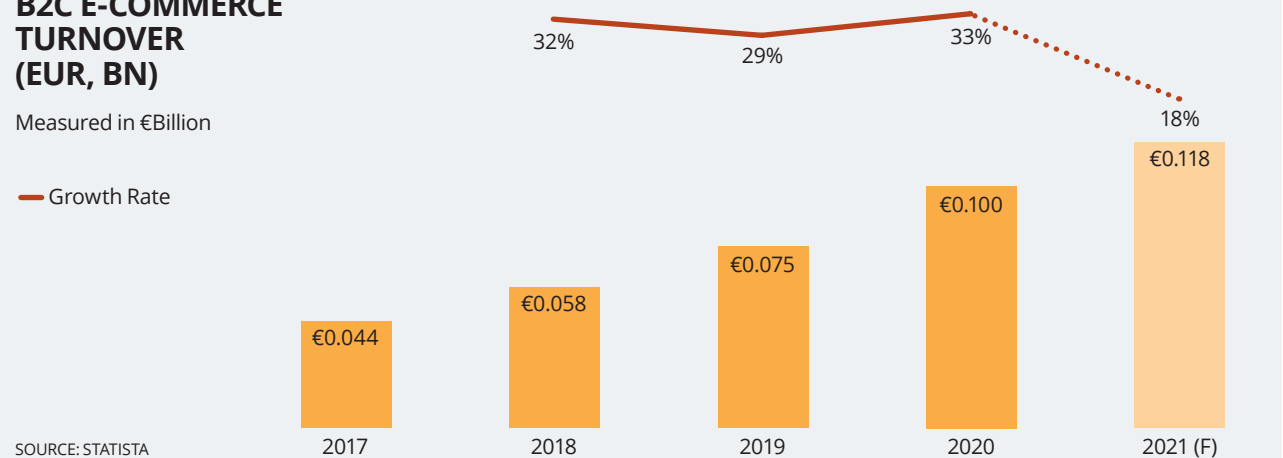


SOURCE: STATCOUNTER

B2C E-COMMERCE TURNOVER (EUR, BN)

Measured in €Billion

— Growth Rate



SOURCE: STATISTA

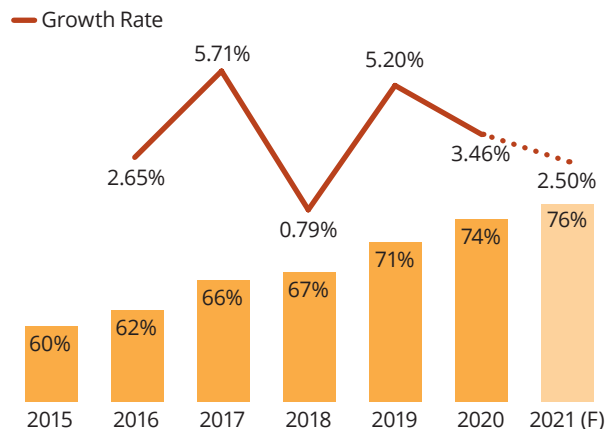
BULGARIA

CHARTS

▶ Currency: Lev ▶ VAT: 20%

INTERNET USAGE

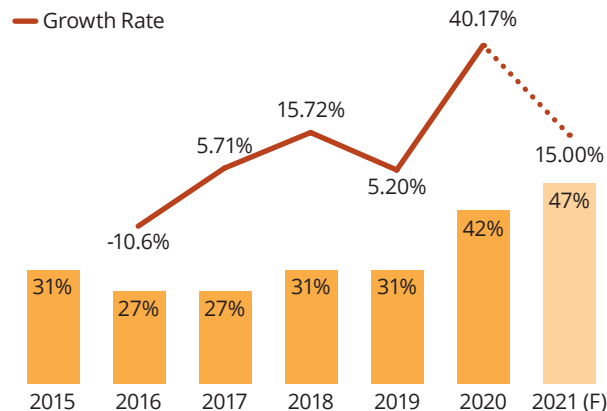
Percentage of the population accessing the internet



SOURCE: EUROSTAT

E-SHOPPERS

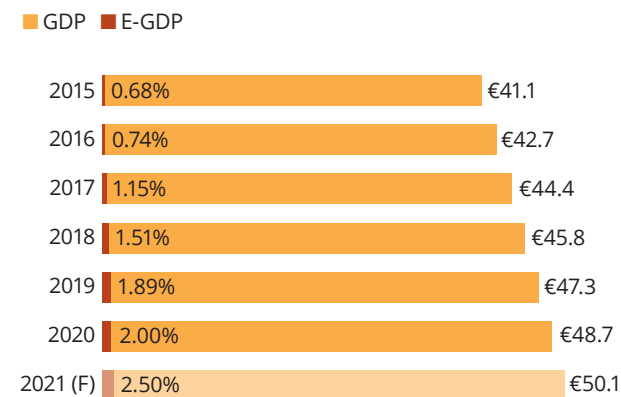
Percentage of internet users that bought goods or services online



SOURCE: EUROSTAT

GDP AND E-GDP (EUR, BN)

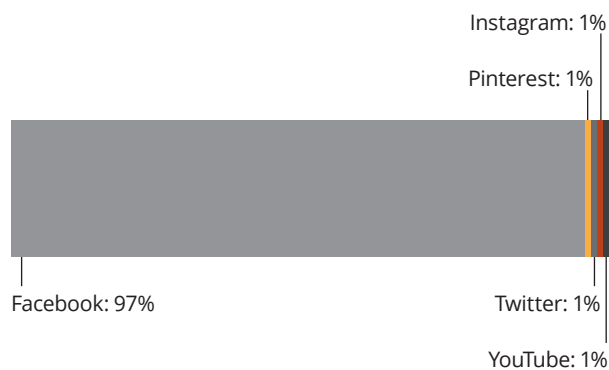
The Gross Domestic Product (GDP) in €Billion and the percentage of GDP comprised of e-commerce sales



SOURCE: IMF

SOCIAL MEDIA USE

Most popular social media channels in 2021

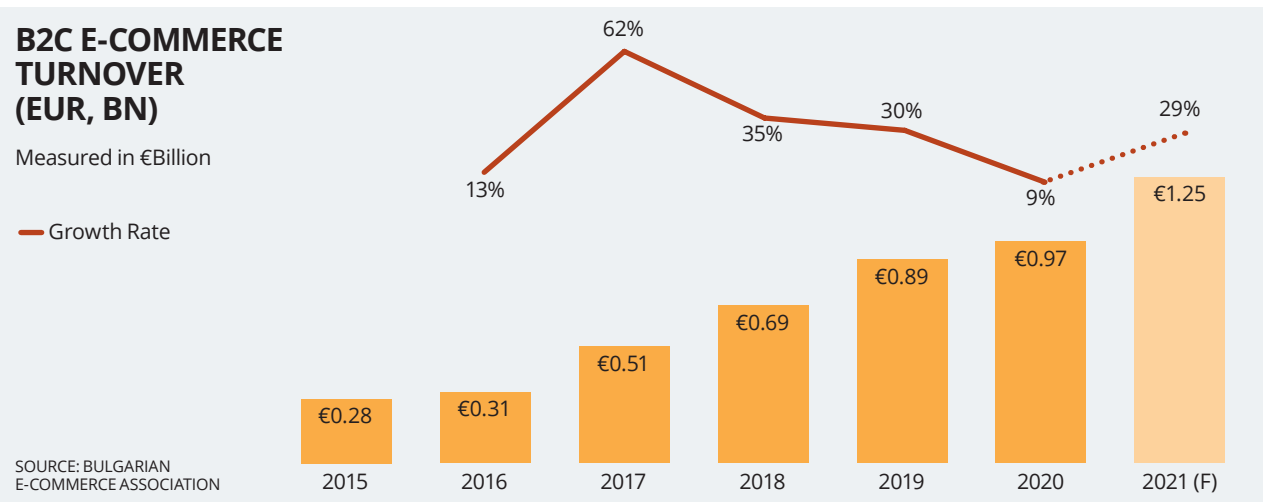


SOURCE: STATCOUNTER

B2C E-COMMERCE TURNOVER (EUR, BN)

Measured in €Billion

— Growth Rate



SOURCE: BULGARIAN E-COMMERCE ASSOCIATION

Association analysis indicates that for the 2020 total, 66% represents Goods and 34% Services

BULGARIA

INTERVIEW



Janet Naidenova

Bulgarian E-commerce Association



COVID-19

How has Covid-19 changed consumer behaviors and preferences in online shopping?

Consumers changed their habits during the pandemic. They worked from home, children learned from home, played sports and had fun at home. They bought electronics for work and study, upgraded internet plans, bought books, games and toys, bought small sports equipment to keep fit, bought health and personal care products, detergents and household supplies and food.

The pandemic created new trends: a clear increase in consumption at home and an increase in online shopping in this segment, growth in consumers shopping online. More were buying food products online and preparing their own food rather than ordering ready-made food at home during the pandemic. We are also seeing a trend for more online payments, less cash-on-delivery due to fear of infection via banknotes.

Have you noticed any specific products categories that were hit hard or did well during the lockdown(s)?

Home electronics and office supplies, like laptops, tablets, printers, webcams, consoles, video games, office and gaming chairs, books and toys, sports equipment, masks and disinfectants, health and personal care products, food products, household consumables and detergents – all of these categories increased in demand by 40-60%. Online grocery stores grew by over 100% due to the increased number of orders. They changed their business processes, hired new employees and introduced shift work to deliver orders on time.

During the lockdown, there was a decrease in sales in clothing,

shoes, car parts, travel, hotel reservations, tourist packages, air tickets, tickets for sports events and concerts. Online stores in saw a decline in these categories of 70-80% compared to their sales before the pandemic.

Did the lockdown impact retailers going online or creating a more robust online presence?

The past pandemic year was a turning point for the development of e-commerce. E-commerce has become a major channel through which a number of companies keep in touch with their customers. The Covid pandemic accelerated the digital transformation of businesses in Bulgaria and accelerated the merger of physical and online trade. This readjustment has permanently transformed the retail market.

There is great flexibility of small farm shops, which quickly managed to start an e-shop and start offering products online. The pandemic also accelerated the supply of online shopping opportunities by large chains. Chains have long delayed the addition of an online sales channel to the classic offline shopping channel, but the pandemic has significantly accelerated this channel's development process.

Where there any new innovations in payment/delivery methods during the lockdown?

These are some specific examples during the pandemic:

- I. Completely offline business – workshop for coloring ceramics in Sofia completely transforms the online business model, in about 10 days during the state of emergency transforms the model, processes, launches an online store and has orders.
- II. Completely offline business creates a landing page with the ability to purchase, send a link with bank payment, contactless payment and contactless delivery.
- III. Your favorite beer, restaurant, bakery now take orders online
- IV. Taxis have become couriers for the delivery of online orders

“The Covid pandemic accelerated the digital transformation of businesses in Bulgaria and accelerated the merger of physical and online trade.”

V. Online concerts

VI. Online clubs

Additionally, a new VibeMarket service from Mastercard and myPOS was launched during the state of emergency, which helps small businesses trade directly in the popular Bulgaria Viber application. Through Vibe Market, merchants can offer goods and services directly in the Viber community they have created.

SUSTAINABILITY

What is the general conversation around sustainability in e-commerce?

Climate change is one of the biggest challenges we face today, and like all other industries, e-commerce plays a role. The good news is that small changes can lead to big results. We believe it is important to promote sensible and sustainable consumer behavior.

What, if at all, are retailers/consumers/policymakers doing in regard to sustainability and e-commerce?

We have a leading example of a sustainable Bulgarian brand for e-commerce with a unique business model. Remixshop.com is one of the leading online stores for branded second-hand and outlet fashion in Europe, operating in 9 countries (Austria, Bulgaria, Germany, Greece, Poland, Romania, Slovakia, Czech Republic and Hungary). In addition to purchasing, customers can also send their reserved clothes and accessories to remixshop.com for sale through their service. The company believes in the green side of fashion and

Continued on the following page

BULGARIA

INTERVIEW



therefore gives a second life to the preserved and almost new clothes and accessories, standing behind their motto: “reuse, reduce, remix”.

Do you feel consumers are willing to pay more for online purchases with sustainability in mind?

Environmental friendliness affects online sales. Brands are expected to take the green consumer wave, with many consumers acknowledging that they have been influenced by environmental concerns when making a purchase decision. The renewed focus on environmental sustainability is a clear sign that online stores need to grow in line with environmental practices. Companies can do this by making sure that a greener online sales environment is created by supplying products only from fair trade organizations.

Another major factor driving green consumerism is the emergence of Millennials as a stable group of buyers. Members of this generation are interested in nature-friendly products. This demand for green products is driving e-commerce companies to adopt environmentally friendly practices.

As consumers become more motivated by sustainability rather than price, second-hand sales of luxury items will change the industry. This is an interesting opportunity for brands to open their own market for ReCommerce and turn second-hand shopping into an exciting experience.

SMES & ENTREPRENEURS

Have you noticed more SMEs or entrepreneurs going online?

For 2020 there was an increase of 46% of new installations of platforms for online stores compared to 2019 according to Superhosting.BG. There is also growth in the new stores created with the Shopiko platform of the hosting company. They increased by 18% compared to 2019. The strongest interested was in creating new stores in April, follow by October and November 2020. The growth of domains in the .shop zone in 2020 compared to 2019 is 52%

“Small entrepreneurs are in a better and more flexible position. They can quickly set up an e-shop and start offering products online immediately.”

What have some of the specific challenges/opportunities been in the Bulgarian market for SMEs going online?

The two main challenges for SMEs are:

- Increasing the efficiency of ‘Omni channel’ marketing investments and optimizing the ‘conversion rate’ across multiple channels, while providing personal experience and experience in the shopping process
- Supply chains need to adapt to customer expectations

What do SMEs need in the Bulgarian market to go online and be successful?

Small entrepreneurs are in a better and more flexible position. They can quickly set up an e-shop and start offering products online immediately. There is increased interest in starting an online business, as the Coronavirus pandemic has accelerated the digital transformation of businesses in Bulgaria. There is also more activity from retailers, uploading products to marketplace platforms and online classified sites, all hoping to sell in these difficult times.

The challenging part begins after the launch of an online store – online marketing, integrations and analysis. However, new online stores will need time to start operating effectively, marketing and serving their online customers, so the positive effect on sales will not be immediately felt.

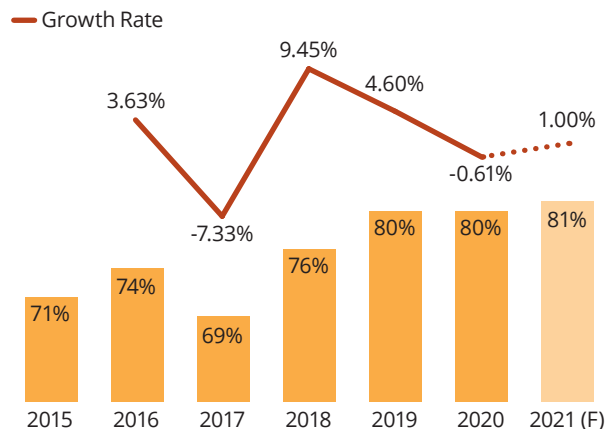
CROATIA

CHARTS

▶ Currency: Kuna ▶ VAT: 25%

INTERNET USAGE

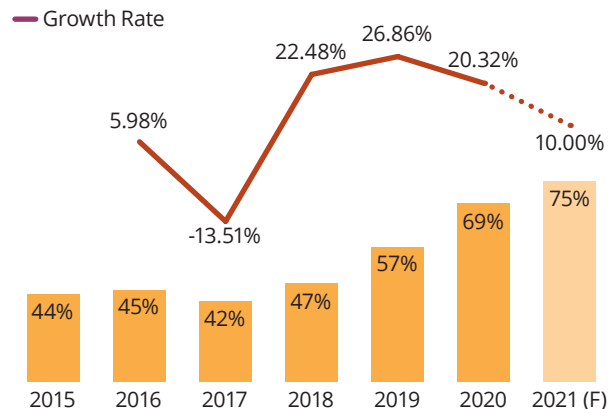
Percentage of the population accessing the internet



SOURCE: EUROSTAT

E-SHOPPERS

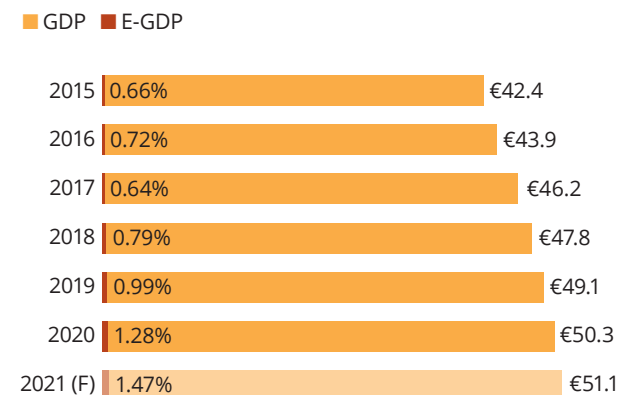
Percentage of internet users that bought goods or services online



SOURCE: EUROSTAT

GDP AND E-GDP (EUR, BN)

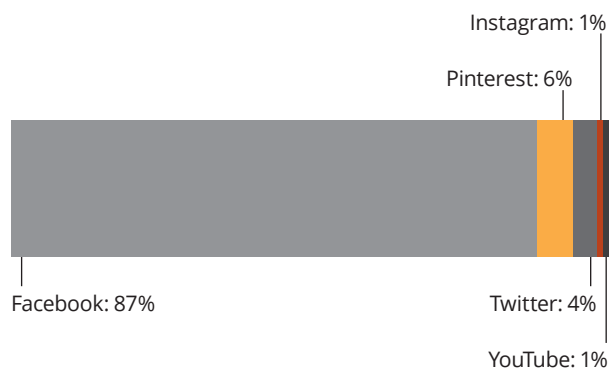
The Gross Domestic Product (GDP) in €Billion and the percentage of GDP comprised of e-commerce sales



SOURCE: IMF

SOCIAL MEDIA USE

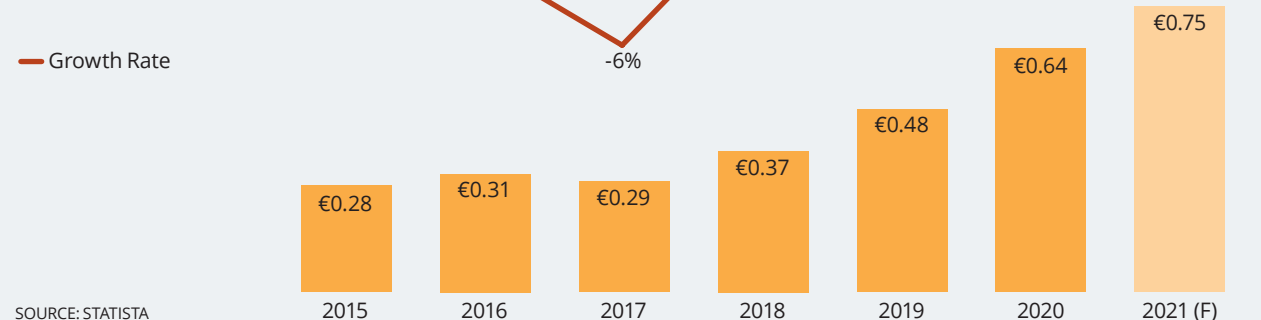
Most popular social media channels in 2021



SOURCE: STATCOUNTER

B2C E-COMMERCE TURNOVER (EUR, BN)

Measured in €Billion



SOURCE: STATISTA

CROATIA

INTERVIEW



Marcel Majsan eCommerce Hrvatska



COVID-19

How has Covid-19 changed consumer behaviors and preferences in online shopping?

Due to the pandemic, there's a big increase in new online customers that had not shopped online before, especially consumers of older age. They continued to buy even after shops were open, so I think we will continue to see an increase in online buyers even after Covid. In Croatia, cash-on-delivery is still a strong preference among consumers and consists of over 50% of online purchases. Our association members in the service industry tell us consumers want to buy with credit card, but retailers and webshops experience 50-80% of online orders as cash-on-delivery. This is predominantly due to lack of trust in online shops.

Have you noticed any specific product categories or retailers that were hit hard (or did well) due to the lockdown?

Except for travel and tourism, we did not have categories that struggled during this period, but I see the greatest opportunity in online stores offering food and hygiene. In the FMCG sector we only had one online store, and when the lockdown began their sales increased 100 times and they have no competition in the sector right now, so this is a big opportunity for new online retailers. We saw a large increase in selling domestic products, fashion and technology have continued to do well and are increasing, and sports gear has also increased.

Did the lockdown impact retailers going online or creating a more online presence?

We noticed one new category of sellers that began going online: family farms, selling fruits, vegetables and animal products. They were forced to go online in a short time because of the crisis and didn't have another way to sell their products other

than online. The government also started promotion and online surveys for a marketplaces specifically for family farms, and I believe this is the best way for them to start selling online. They struggle a bit because they are not digitally as savvy and are not aware of regulations, how to start an online shop, logistics, customer relations, etc.

Were there any new innovations in payment/delivery methods during the lockdown?

Yes, there was one trend from our largest Croatian bank, they created a wallet payment that was integrated into the most popular e-commerce platform. This wallet payment connects to a bank and makes online payments easier, directly from buyer to seller. You can login to PayPal but you don't have to enter credit card details, and if you have an app you can confirm with your fingerprint. Additionally, our biggest online marketplace started a pickup point in Zagreb so consumers had same-day pickup. Due to this, some delivery providers increased their number of pickup points, though they are still not used extensively. Last year, less than 20% of consumers surveyed wanted to use pickup points, so it's not yet very popular but it is increasing.

SMES & ENTREPRENEURS

Have you noticed more/less SMEs and entrepreneurs going online since Covid-19?

Yes, we aren't sure how many, but we have a Facebook group with seven-thousand members and it's growing quickly and is more active. Our association has been making e-books with guidelines for selling online and we have thousands of downloads now.

What have some of the challenges and opportunities been in your market for SMEs going online?

The biggest opportunity is in the FMCG category, food and hygiene. Apart from that sector, the biggest challenge for SMEs going online is regulation. We have some older e-commerce laws, and it can be hard to follow the regulation without a lawyer. Just last week the CEO of a marketplace complained that they have issues with consumers returning goods that

are damaged; by EU law, online retailers cannot charge the buyer for returns within 14 days, and our inspectors typically rule in favor of buyers rather than retailers, even if the goods are damaged. Therefore, one of the main challenges for SMEs selling online is more laws protecting purchasers rather than sellers.

What do SMEs need in your market to go online and be successful?

They need help with laws and regulations, and typically help setting up an online store. We at the association help by teaching them how to go online, sell online, and give customer support in our e-commerce academy. A good first step towards selling online in Croatia is to join our association Facebook group, which is very helpful because seven-thousand online retailers help each other.

Can you talk a bit about cross-border e-commerce?

If you want to sell into Serbia or neighboring countries that are not in the EU, online retailers will have added challenges in taxes and delivery costs. It would be easier to set up a company and logistics center in Serbia rather than to sell cross-border from Croatia. In terms of the shared language, it is easier to sell to Serbia, Bosnia and Montenegro. Additionally, it's not a problem to sell into Slovenia, online retailers just need to translate their webshops. Overall, we are in a perfect spot to reach multiple markets.

What has made the leading e-commerce players successful in your market?

Croatians have more trust in your online shop if you have a brick-and-mortar store. So, if you have a big brand name, an online presence and a quality webshop, you will be successful. If you start a pure e-commerce brand, you will need to invest quite a bit into marketing to gain trust or have incredibly low prices. Omnichannel is best.

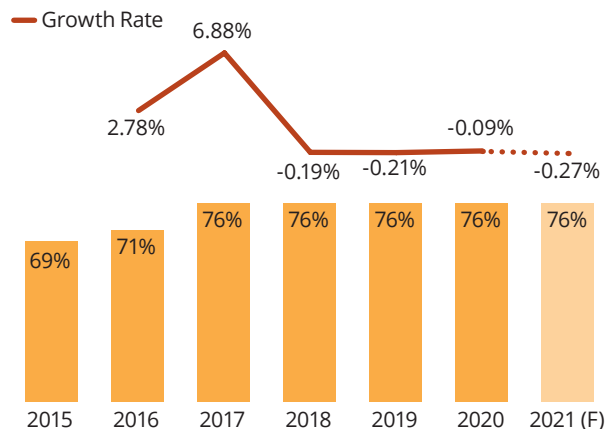
MOLDOVA

CHARTS

▶ Currency: Leu ▶ VAT: 20%

INTERNET USAGE

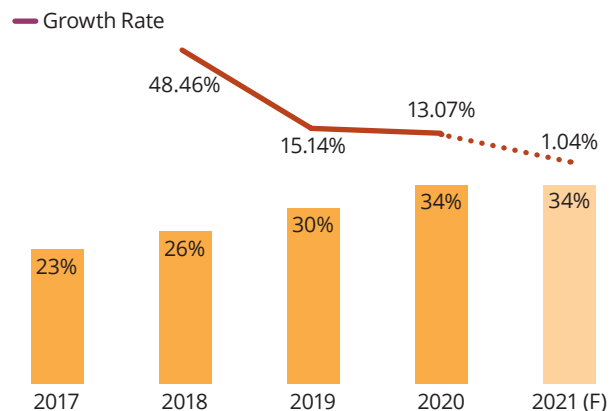
Percentage of the population accessing the internet



SOURCE: STATISTA; WE ARE SOCIAL; HOOTSUITE

E-SHOPPERS

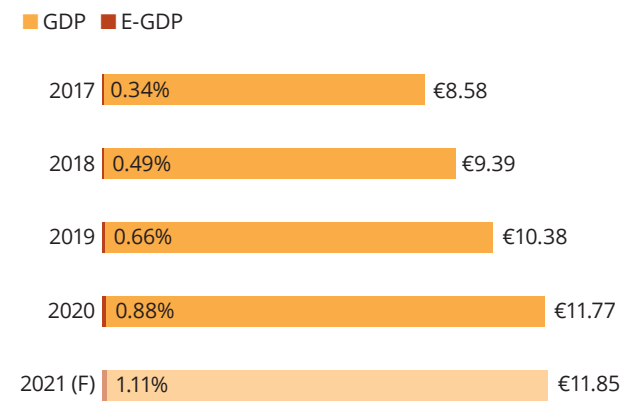
Percentage of internet users that bought goods or services online



SOURCE: STATISTA

GDP AND E-GDP (EUR, BN)

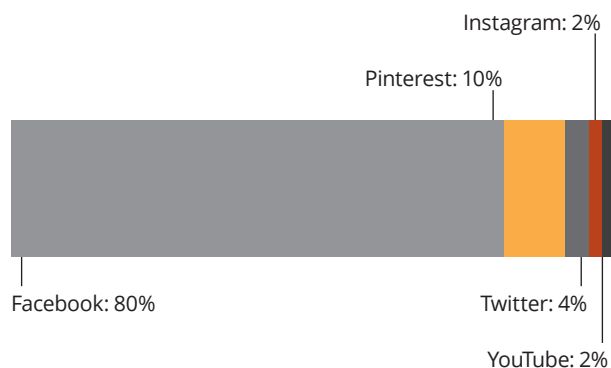
The Gross Domestic Product (GDP) in €Billion and the percentage of GDP comprised of e-commerce sales



SOURCE: IMF

SOCIAL MEDIA USE

Most popular social media channels in 2021

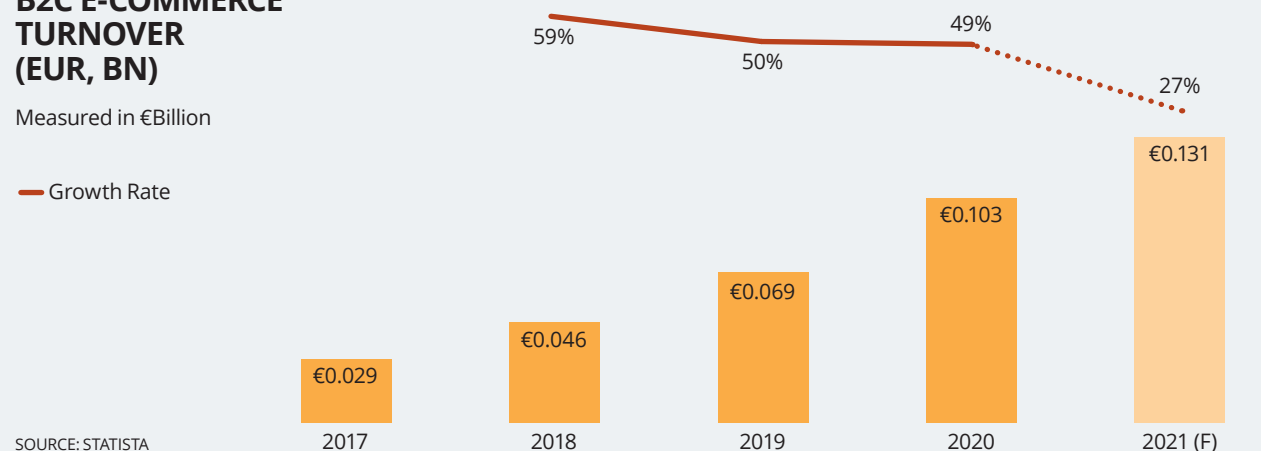


SOURCE: STATCOUNTER

B2C E-COMMERCE TURNOVER (EUR, BN)

Measured in €Billion

— Growth Rate



SOURCE: STATISTA

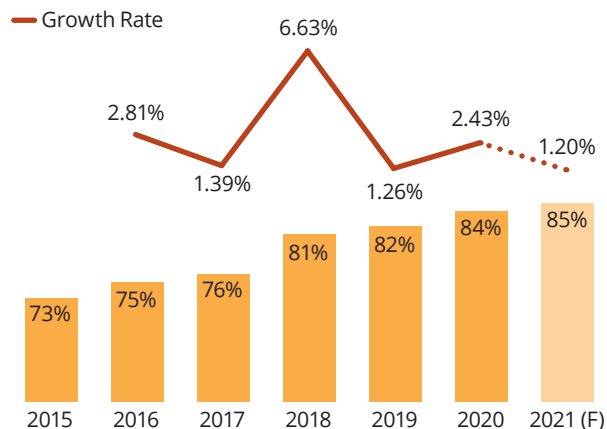
NORTH MACEDONIA

CHARTS

▶ Currency: Denar ▶ VAT: 18%

INTERNET USAGE

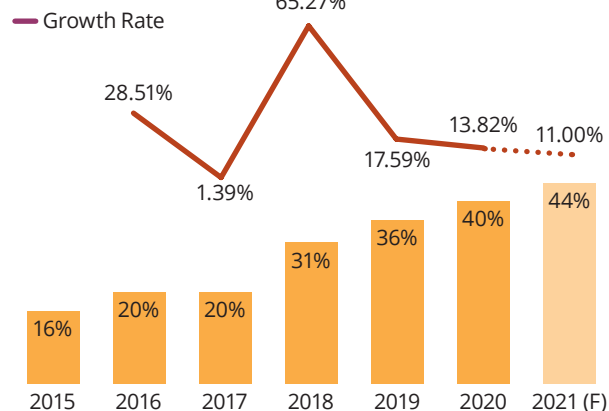
Percentage of the population accessing the internet



SOURCE: EUROSTAT

E-SHOPPERS

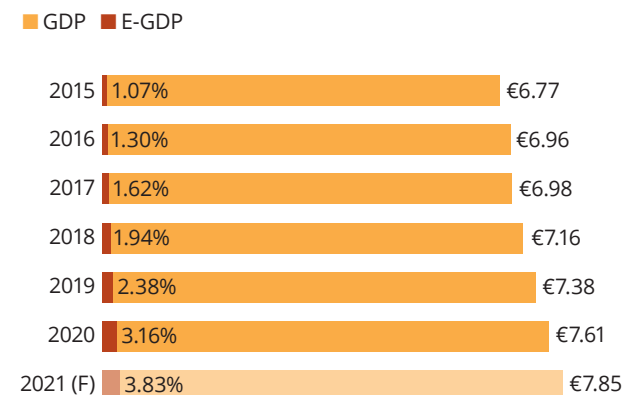
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SOURCE: EUROSTAT

GDP AND E-GDP (EUR, BN)

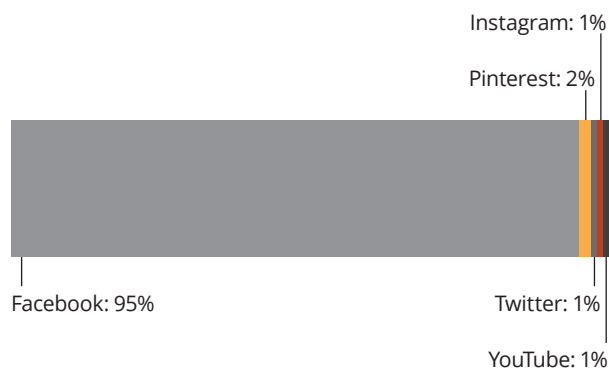
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SOURCE: IMF

SOCIAL MEDIA USE

Most popular social media channels in 2021

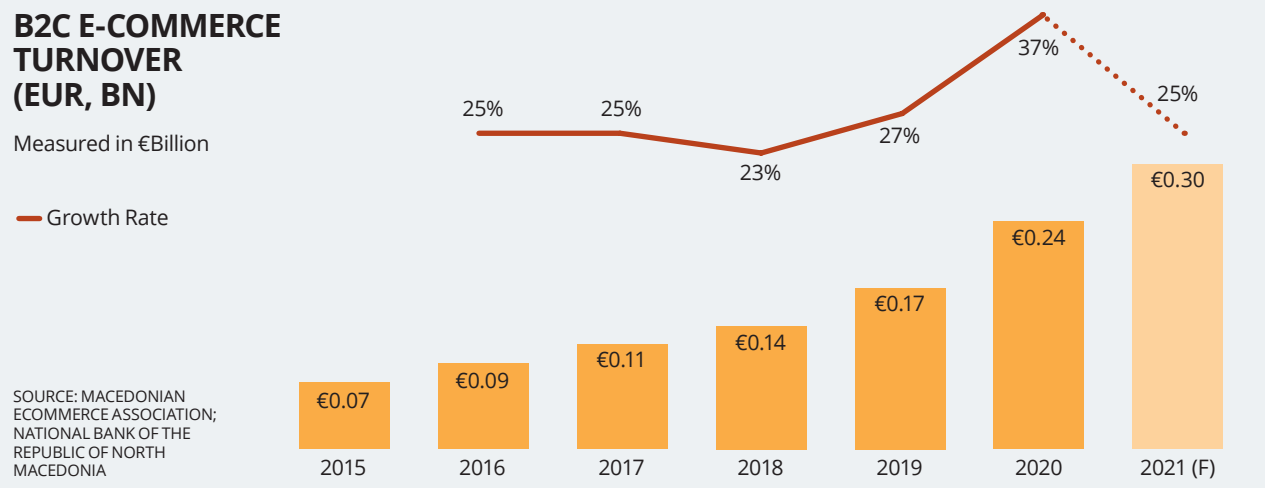


SOURCE: STATCOUNTER

B2C E-COMMERCE TURNOVER (EUR, BN)

Measured in €Billion

— Growth Rate



SOURCE: MACEDONIAN ECOMMERCE ASSOCIATION; NATIONAL BANK OF THE REPUBLIC OF NORTH MACEDONIA

NORTH MACEDONIA

INTERVIEW

Nina Angelovska

Macedonian Ecommerce Association



COVID-19

How has Covid-19 changed consumer behavior and preferences in online shopping?

According to data from the National Bank, online transactions to domestic e-shops noted an increase of 135% in 2020, compared to 2019. However, this data includes utility bills, payments and other services, which means it's not all retail or online shopping.

According to our survey, conducted on 2,800 e-shoppers, 46% said that Covid did not affect or change their habits, and 37% said that as a result of Covid, they started buying more online and increased the number of orders they were making pre-Covid. Additionally, 20% started using e-government services for the first time. When asking respondents if these habits will stay, the majority said they intend to keep shopping online at this increased rate.

The restrictive measures imposed by the Government due to Covid have pushed people to change their behaviour. As a country with very low digital skills, this has pushed people to increase their digital skills during this time. The selling propositions of e-commerce during the pandemic were no longer "saving time and more convenience" but rather protecting our health or simply not having another choice during lockdowns and restrictive measures imposed by the Government. That was a very important factor in accelerating and pushing people to learn how to pay their bills online, how to shop groceries online etc.

Have you noticed specific product categories or retailers hit hard from the lockdown(s)?

E-commerce turnover to foreign e-shops and platforms dropped significantly in 2020 due to booking hotels, travel, and

airline tickets. The most sold product online is still apparel – there was actually an increase due to Covid. Previously, grocery shopping online was extremely small, but has grown, and it is expected that people will continue using online supermarkets to have groceries delivered at home.

How did the infrastructure fare with the increase in online shopping from Covid-19?

The increased volumes imposed challenges for e-retailers, delivery in particular. However there were businesses that were ready to respond to the challenges and capitalize on the opportunities. Some adapted with introducing contactless delivery and other Covid-related measures.

There are around 40 logistics delivery companies in North Macedonia. The pandemic increased domestic online shopping, increasing proportionally the business of the delivery companies. The challenges of the delivery companies were on one hand from the tech side, how to make their systems more efficient and handle the increase, but on the human resources side as well. As this is a very people-intensive industry, having one positive Covid case meant interrupting the whole chain and process due to isolation of others. Many increased their number of employees and vehicles to cope.

Were there any initiatives towards helping SMEs get online or stay afloat, or any digitalization initiatives?

I was part of the Government, as Minister of Finance until September 2020. We designed many COVID measures to support the business sector...putting focus not only on the "What" but the "Why" and "How". With one of the measures that was aiming to stimulate domestic consumption by giving financial assistance to targeted groups of people, we designed the measure in a way that people get it via payment cards, be able to spend it to the affected sectors aiming to also achieve other more systematic goals like speeding up our way towards a cashless society, more payment cards usage (at physical and online shops), more POS terminals. The fund for innovation and technology development had some initiatives for small grants to help with digital tools. There were interest-free loans from the Development Bank with a grant component for

“Previously, grocery shopping online was extremely small, but has grown, and it is expected that people will continue using online supermarkets to have groceries delivered at home.”

MSMEs who will apply e-commerce or digitalize processes.

Additionally, the Association helped with the transition to online commerce. With the project "Ecommerce for all" supported by USAID Business Ecosystem Project, the Ecommerce4all.mk platform was launched that represents a knowledge and resource center for all existing and new e-commerce companies. As part of the project, the Association also contributed to increasing the digital skills of over 150 MSMEs via the organized learn-a-thons and helped 40 MSMEs open their e-shop or join a marketplace through the financial and advisory support it provided.

Digitalization has definitely been put higher on the agenda now since Covid-19.

Were there any new innovations in payment/delivery methods during the lockdown?

Regarding payments, there is a new law that is expected to be adopted soon that will open the landscape for fintech companies. PayPal is available only for paying, but not receiving. Domestic companies can only connect with one of the five banks for e-payment processing, so there haven't been any innovations on the payment side during the pandemic.

Regarding delivery, many companies introduced contactless delivery during the pandemic making people feel safer with limited body contact. Some delivery companies began investing in new software and digital processes.

Continued on the following page

NORTH MACEDONIA

INTERVIEW

I think that overall, as a country we managed to capitalize on the opportunities brought by Covid as we were navigating the challenges, but we could have done much better. And this is due to many underlying weaknesses of our society, i.e., lack of readiness for the digital economy, ability to apply digital solutions quickly, low digital skills of our nation, capacity and skills for fast adaptations, etc.

What are policymakers doing in regard to e-commerce?

E-commerce is getting more attention with the onset of the pandemic among policymakers and international donor organizations as well. There are plans for drafting a new law on e-commerce aligned with the EU standards and regulation. Other related laws are being updated and amended as well. The above-mentioned new law on payment services that is awaited to be adopted in 2021 is expected to have positive effects in the e-commerce market, as it will enable fintech solutions and stimulate more competition, especially to the banks. There is also a new law on Personal data protection complying with the EU regulations (GDPR), which has been recently adopted.

SUSTAINABILITY

What is the conversation around sustainability in e-commerce?

In recent years there is a growing discussion on the green economy and we are looking forward to seeing more efforts on this very important topic. IFIs, donors and international organizations are contributing to putting a stronger focus on sustainability. There are many non-governmental organizations and activists pushing for change that play a great role in raising awareness.

However, we still have a long way to go. For the moment, I do not think consumers are willing or able to pay more for sustainable options in e-commerce, mostly due to the level of development of our economy and the weak purchasing power.

“There are plans for drafting a new law on e-commerce aligned with the EU standards and regulation.”

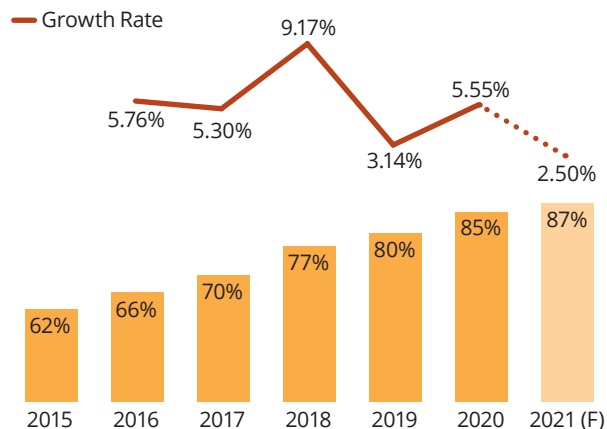
ROMANIA

CHARTS

▶ Currency: Leu ▶ VAT: 19%

INTERNET USAGE

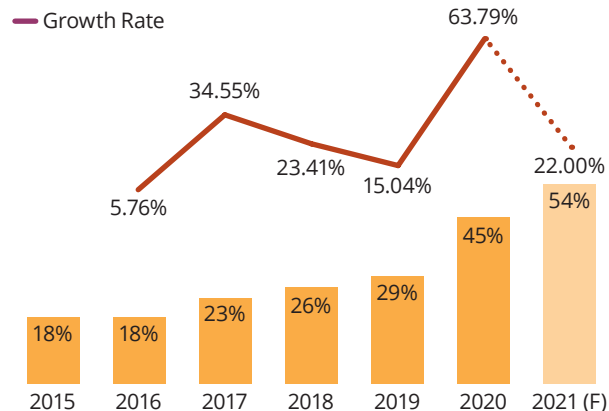
Percentage of the population accessing the internet



SOURCE: EUROSTAT

E-SHOPPERS

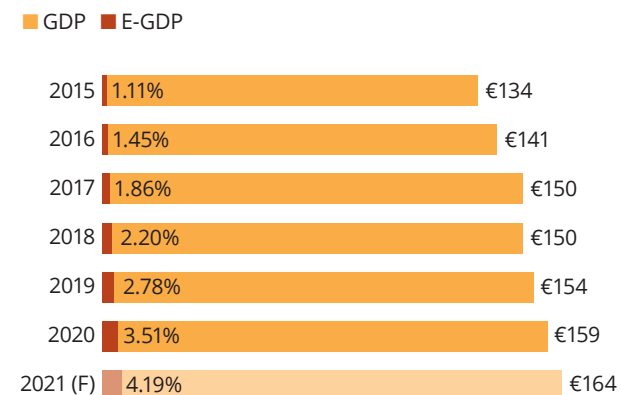
Percentage of internet users that bought goods or services online



SOURCE: EUROSTAT

GDP AND E-GDP (EUR, BN)

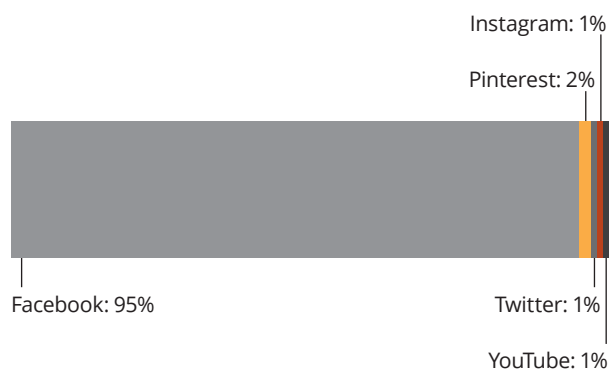
The Gross Domestic Product (GDP) in €Billion and the percentage of GDP comprised of e-commerce sales



SOURCE: IMF

SOCIAL MEDIA USE

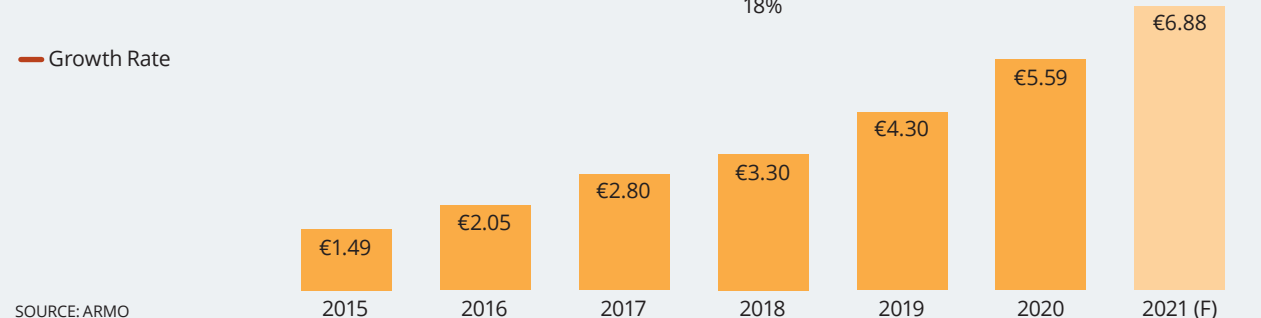
Most popular social media channels in 2021



SOURCE: STATCOUNTER

B2C E-COMMERCE TURNOVER (EUR, BN)

Measured in €Billion



SOURCE: ARMO

ROMANIA

INTERVIEW



Florinel Chis

ARMO



COVID-19

How has Covid-19 changed consumer behaviors and preferences in online shopping?

We have seen a significant increase in e-commerce as a result of Covid-19. Consumers started shopping online a lot more due to restrictions, buying from the safety and comfort of their own homes rather than exposing themselves to risks in crowds. The shift to shopping online was not only seen in fashion, but also food and grocery – these sectors exploded when they were non-existent a few years ago.

We've also seen more consumers paying via card, which was previously not the preferred payment method. Before Covid-19, 75% of payments were cash-on-delivery, but the authorities and media began requesting that consumers purchase with contactless solutions. Additionally, we noticed an increase in online shopping amongst all age segments.

Have you noticed any specific product categories or retailers hit hard or having done well during the lockdown(s)?

The travel sector was majorly hit, with approximately a 45% decrease in sales. However, fashion, beauty, personal care, electronics and food are booming, with an increase of more than 40%. Most fashion stores in Romania are in shopping malls, meaning we don't have many street shops – the malls were closed so everyone was forced online. Overall, consumers had great experiences shopping online, they found it easier, more comfortable, and had more diversity in the products they were able to buy. With these positive experiences, I believe consumers will continue to shop online.

Did the lockdown impact retailers going online or creating a more online presence?

Yes, retailers' natural reaction when the lockdown hit was to increase or create their online presence.

Were there any notable innovations or changes in payment/delivery methods during the lockdown?

There was a huge increase in card payments, which was encouraged by authorities and media. As people started buying more online, we had to learn to manage the infrastructure. One additional shift was the increase in click-and-collect, which was almost non-existent in Romania before the pandemic. Now we have delivery providers who have implemented these options, so customers can get their parcels from a click-and-collect box nearby, and it's contactless because recipients get a code on their phone to open the machine and locker.

SUSTAINABILITY

What is the general conversation around sustainability in e-commerce?

Sustainability is still in its initial phases in terms of policy and political willingness to engage. There are numerous initiatives from the private sector, i.e., looking towards green energy, and they're moving much fast. Companies are looking towards green energy specifically for delivery vehicles, warehouse proficiency, utilizing recycled materials, refurbishing, etc.

There are movements towards educating consumers in making responsible choices when purchasing products, whether that be looking for green-labeled products, buying organic/local food, buying secondhand, etc. These initiatives are coming from the private sector and NGOs. We also have one government program wherein consumers can exchange an old appliance (ex. refrigerator) and receive a voucher to purchase one that is more energy efficient.

Do you feel consumers are willing to pay more for online purchases with sustainability in mind?

We need more data to know the answer. However, if we look towards purchasing power, Romanian citizens have less purchasing power than a German or French citizen, which we need to take into consideration. There is a percentage of

“One additional shift was the increase in click-and-collect, which was almost non-existent in Romania before the pandemic.”

consumers who can't afford to pay more even if they want to because price is too important.

ADDITIONAL TOPICS

What is the status of digitization for consumers and businesses?

In terms of digitization for SMEs (DESI), Romania is at the bottom. In terms of cross-border and companies using technology, it is low. We're doing well in some areas – access to fast internet is affordable and we have good coverage, but digital literacy and digital skills are struggling. There is huge potential here, but we need measures to aid citizens in becoming more tech-savvy, using digital technology to interact with authorities, etc. Change is slow.

What are some of the specific challenges/opportunities in your market for SMEs going online?

For SMEs there are a number of challenges, including lack of business knowledge and struggling to have a valid business case or model to implement.

What do SMEs need in the Romanian market to go online and be successful?

Retailers should strive for differentiators – ask yourself: what do you offer differently to benefit the customer compared to the competition? There are a lot of products available in Romania now, so you'll need good products, differentiators and business knowledge.

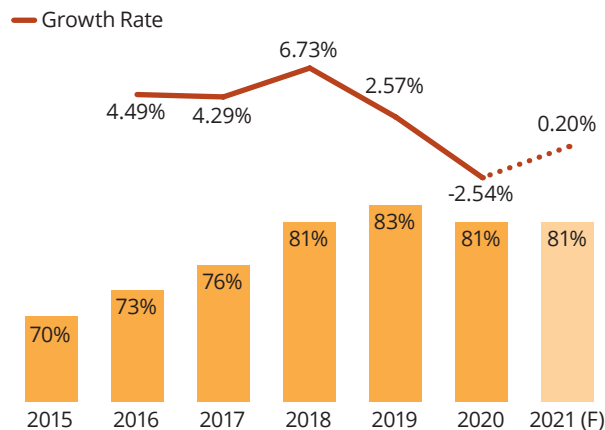
RUSSIA

CHARTS

▶ Currency: Ruble ▶ VAT: 20%

INTERNET USAGE

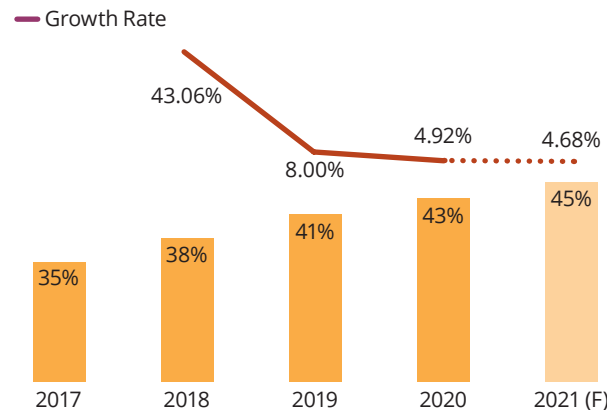
Percentage of the population accessing the internet



SOURCE: STATISTA; WE ARE SOCIAL; HOOTSUITE

E-SHOPPERS

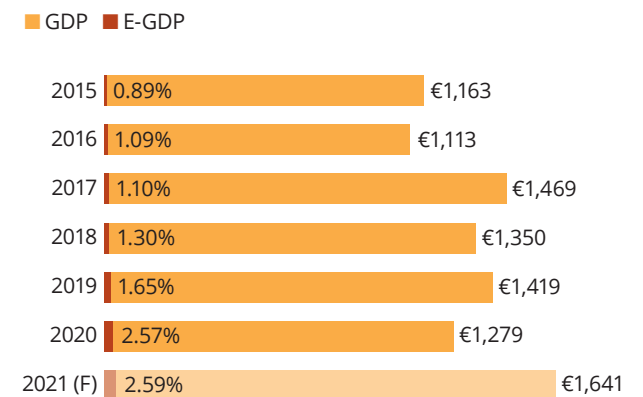
Percentage of internet users that bought goods or services online



SOURCE: STATISTA

GDP AND E-GDP (EUR, BN)

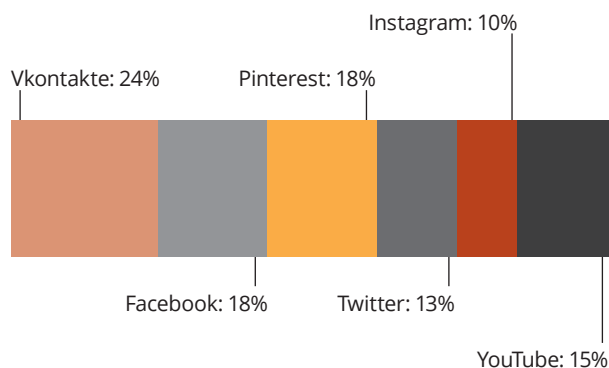
The Gross Domestic Product (GDP) in €Billion and the percentage of GDP comprised of e-commerce sales



SOURCE: IMF

SOCIAL MEDIA USE

Most popular social media channels in 2021

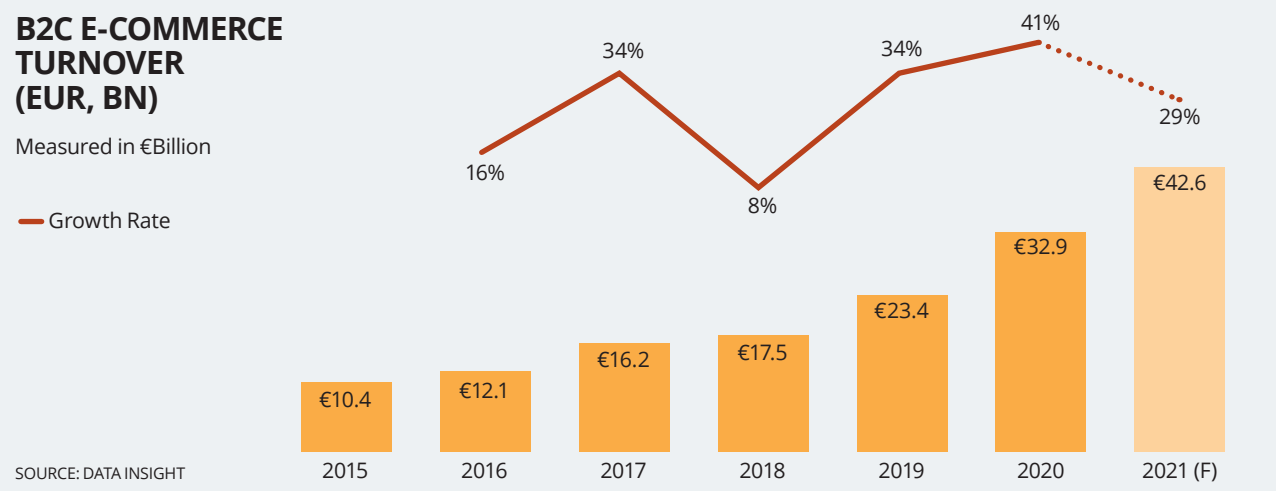


SOURCE: STATCOUNTER

B2C E-COMMERCE TURNOVER (EUR, BN)

Measured in €Billion

— Growth Rate



SOURCE: DATA INSIGHT

RUSSIA

INTERVIEW



Nadezhda Vinogradova

Data Insight



COVID-19

How has Covid-19 changed consumer behaviors and preferences in online shopping?

The pandemic became the growth driver for online shopping, and e-commerce growth in 2020 was up 44%. We have 10 million new customers who had never made an online purchase before, and 57 million employees began working remotely. Additionally, the pandemic increased the frequency of online purchases and reduced in-store customers. There are some restrictions in Russia, and overall, we have reduced our offline shopping.

We feel that new buyers will continue to shop online because it is very convenient. Once you try it once, if you've had a good experience, you want to continue. Perhaps for groceries it won't be entirely convenient after the pandemic, so it will likely see a decrease in online shoppers.

Have you noticed any specific product categories or retailers that were hit hard or did well from the lockdown?

There were some categories that did well during lockdown, namely sports apparel, cosmetics, shoes and everything we use in the office. Additionally, the grocery market grew 4.5 times in geography and audience. The most hard-hit categories were services, sports events and tourism.

As for retailers, small and medium retailers started their online shops and started on marketplaces. Medium and large retailers were already online before the pandemic.

Have you noticed more SMEs going online?

We think about 100,000 sellers are new on our market in the

past 12 months, so this is not just about retailers, but also product owners and brands. We've noticed more sellers going online to sell their own products via Instagram and influencers, roughly 105k influencers began selling through their own channel. This has been quite successful in Russia.

There are some government initiatives to help in this, mostly educational initiatives. There are a lot of regional initiatives via regional governments working to educate those in the ecosystem. There are also subsidiaries for Russian marketplaces working with money from the government. So, there are not a huge number of initiatives, but a few thousand companies have used this type of help.

What have some of the challenges/opportunities been for SMEs going online?

This biggest challenge is the lack of digital skills. There are barriers for foreign sellers in Russia, namely due to the language and alphabet. There are also difficulties with logistics and customs, as the logistics in Russia work similarly to Europe. There are several different companies with different areas of work and different abilities to work with different types of products. If you're selling refrigerators or a cell phone, there will be different delivery companies and that is difficult to know.

There are significant issues with customs for sales between Russia and the EU. The biggest foreign seller in Russia only has one person in the Russian office, and players like Asos have no office in Russia, working specifically from England. Our biggest import/export trading countries are (export) the United States, England, Germany, France and Austria, while China, the United States, and neighboring nations are the most popular import countries.

Were there any new innovations in payment/delivery methods during the lockdown?

We had contactless as a payment method before the lockdown, however, use of this method grew substantially. As for delivery, our online stores started contactless delivery and same-day delivery, which became very popular, especially in

“our online stores started contactless delivery and same-day delivery, which became very popular, especially in grocery markets.”

grocery markets. There were some new stores that delivered groceries in 15 minutes and drugstores based near houses that had really fast delivery.

How did the logistics infrastructure fare with increased demand?

We already had good logistics before the pandemic, like courier and pickup. In Russia, pickup is more popular because it's safer and more comfortable for consumers. If you order via courier you have to wait the whole day and stay home waiting, which is less convenient. When the pandemic started, pickup delivery decreased slightly, but the new method of pickup/delivery appeared, which was delivery from pickup points. Transport service delivers your order at the pickup point and then another transfer service can deliver it to homes.

SUSTAINABILITY

What is the conversation around sustainability in e-commerce?

Russia feels like two different countries; they are Moscow and the region around the Moscow belt/ring, and then there's everywhere else. In Moscow, the sustainability topic is being discussed. That said, in the regions outside Moscow, there are no discussions around this topic. In some cases, EU regulations can impact Russian policies, but it is unlikely that EU sustainability regulations will impact Russian policies.

ADDITIONAL TOPICS

What is the use status of innovative technologies in Russian e-commerce?

Continued on the following page

RUSSIA

INTERVIEW



We have restrictions for use of cryptocurrency from March 2021, and crypto is not a very mainstream concept in Russian e-commerce. In 2020, Russia became very investor-oriented on a customer level. There are several dozens of thousands of EU investors with new accounts on the stock market, and this is big for Russia because the stock market in Russia is extremely small.

What is the status of multi-channel e-commerce?

There is no e-commerce now, there is retail, omni-retail, and the new technology I see growing very fast – they are growing. If you enter a local store, consultants will come to you with a tablet/iPad and will show you 200+ products for you to choose from. Customers then order online via the tablet, so there is a mixture of sales, not fully offline or online.

“We have restrictions for use of cryptocurrency from March 2021, and crypto is not a very mainstream concept in Russian e-commerce.”

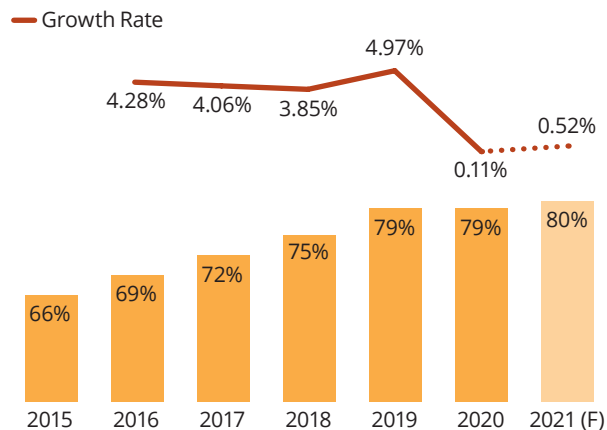
SERBIA

CHARTS

▶ Currency: Dinar ▶ VAT: 20%

INTERNET USAGE

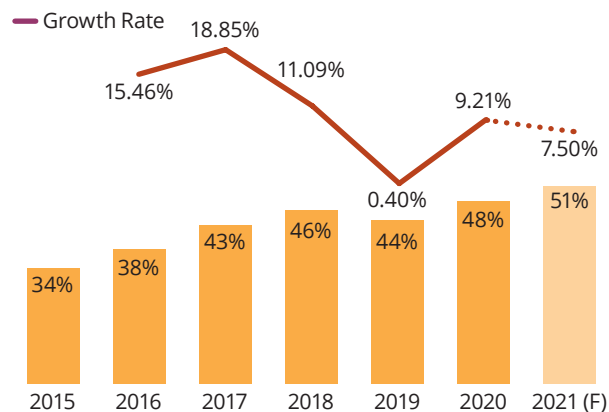
Percentage of the population accessing the internet



SOURCE: EUROSTAT

E-SHOPPERS

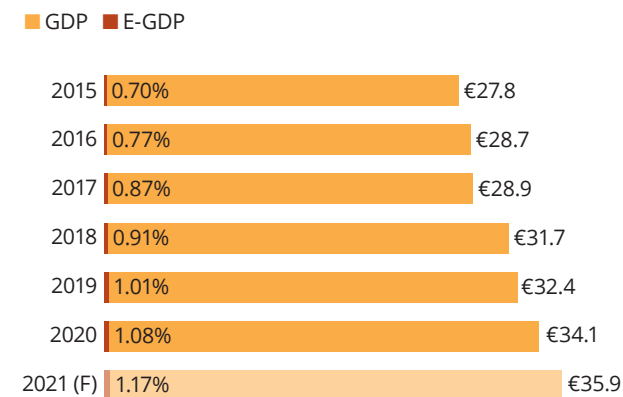
Percentage of internet users that bought goods or services online



SOURCE: EUROSTAT

GDP AND E-GDP (EUR, BN)

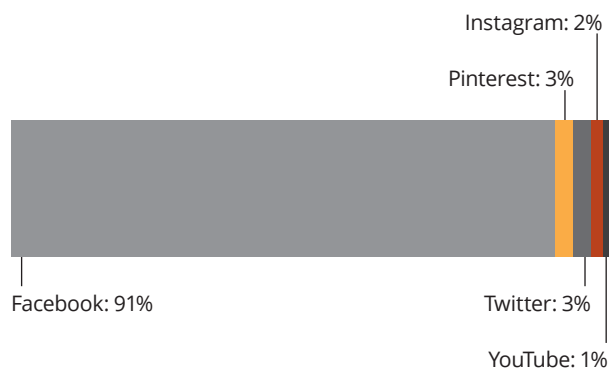
The Gross Domestic Product (GDP) in €Billion and the percentage of GDP comprised of e-commerce sales



SOURCE: IMF

SOCIAL MEDIA USE

Most popular social media channels in 2021

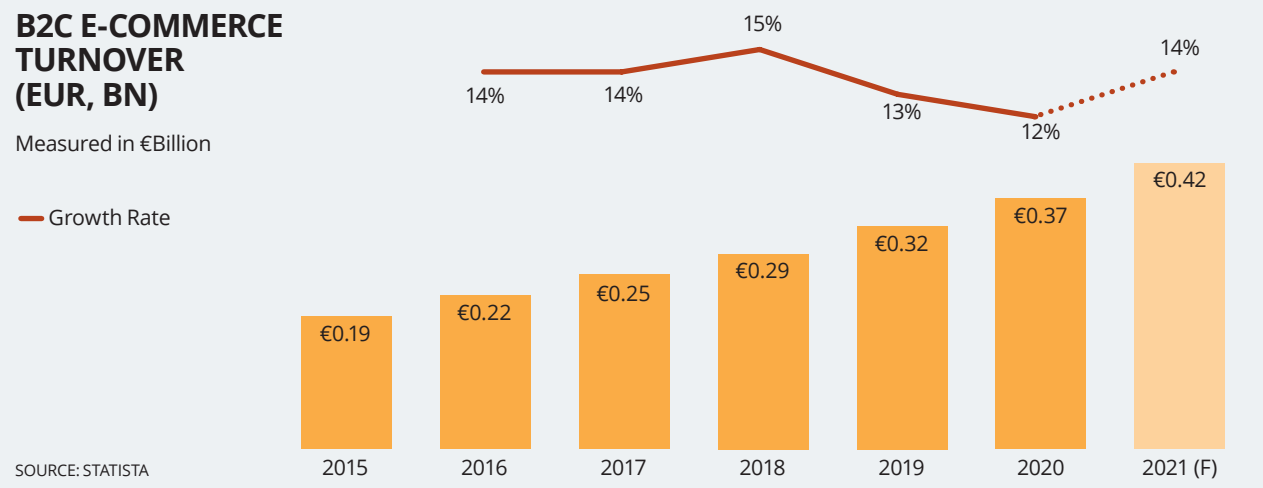


SOURCE: STATCOUNTER

B2C E-COMMERCE TURNOVER (EUR, BN)

Measured in €Billion

— Growth Rate



SOURCE: STATISTA

SERBIA

INTERVIEW



Zorana Milidrag

Ecommerce Association
of Serbia



COVID-19

How has Covid-19 changed consumer behaviors and preferences in online shopping?

Covid was a game-changer for the Serbian e-commerce market. Our market was growing every year before the pandemic, but last year the amount of growth amounted to 4 years of previous YoY growth rates. Firstly, customers have much more trust in e-commerce, as many people purchased online for the first time and were successful. Trust has really increased because digitalization is happening all around us. With a holistic digitalization approach, we're seeing a higher impact on consumer trust.

E-commerce players who had products and existing e-commerce processes grew 400%, which was huge. We saw that the players that grew 400% still showed growth of 200% from September 2019 to 2020, so even though we came out of lockdown, consumers continued to shop online. Despite opening malls, there is still higher spending on digital channels at this point.

Grocery shopping online was found predominantly within the bigger cities, and these stores grew, but interestingly only 2% of overall sales in grocery markets is online. They had logistics and capacity problems, but many had their own delivery and were quick to rise to the challenge.

As an aside, we've also had an explosion of quick commerce applications like UberEats, including Wolt, Glovo, Donesi, and Car Buttler – we realized in 2020 that consumers are ready for all different types of e-commerce they never were before. These Q commerce apps became small marketplaces because they began offering more than just food. Consumers are ready, and the society is much more digitized with government

supporting holistic digital transformations.

What were some of the challenges for SMEs going online during the lockdowns?

Digital skills were the biggest problem. We still have a lack of human resources, which has negatively impacted the whole ecosystem. That said, we've realized the importance of the digital economy and are investing more in training. Additionally, we now see huge salaries in e-commerce, and have begun seeing large players invest in the Serbian e-commerce market, and the eCommerce ACADEMY run by ECS educated around 200 e-commerce professionals in 2020.

SUSTAINABILITY

What is the conversation around sustainability in e-commerce?

It's similar to 2020, but I am more optimistic with the way the conversation is going! This year we had a large ecological protest in Belgrade and people have finally started talking about sustainability, which had never happened before. We finally have regulation regarding packaging, and it is no longer allowed to pack in plastic bags. Packaging must now be in recyclable material, biodegradable plastic.

ADDITIONAL TOPICS

What is the status of cross-border e-commerce, as Serbia is not in the EU?

Serbian retailers would like to sell across the border, and we do have the CEFTA agreement (like the EU) with surrounding countries, including North Macedonia, Bosnia, Albania, and Montenegro; our agreement is regarding sales without boundaries between these countries, and there is a project regarding e-commerce in each market. The biggest difficulty is with logistics companies operating in these markets – it's quite expensive to send to other countries in the region.

Are there any new trends in Serbian e-commerce?

We are going to have 3 large marketplaces in the region, so we are creating new value to customers because they are all

“Grocery shopping online was found predominantly within the bigger cities, and these stores grew, but interestingly only 2% of overall sales in grocery markets is online.”

competing with better customer service. Additionally, there are more campaigns from payment institutions to increase the share of digital payments and card usage, which was always quite low in previous years.

Big brands are going direct to consumer, they are not giving their best products to distribute to marketplaces, so now you have huge demand from market players for branded products. This is worldwide trend that will affect us, as players like Nike are not selling on Amazon anymore. Before, they didn't have much direct to consumer, but they are growing quickly, especially now that they are collecting their own consumer data. So, for retailers outside Serbia, there is a lot of opportunity in the market for those with great products who want to sell direct to consumer.

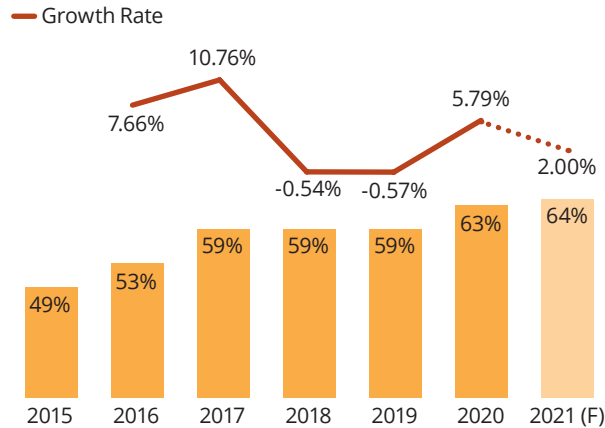
UKRAINE

CHARTS

▶ Currency: Hyrvnia ▶ VAT: 20%

INTERNET USAGE

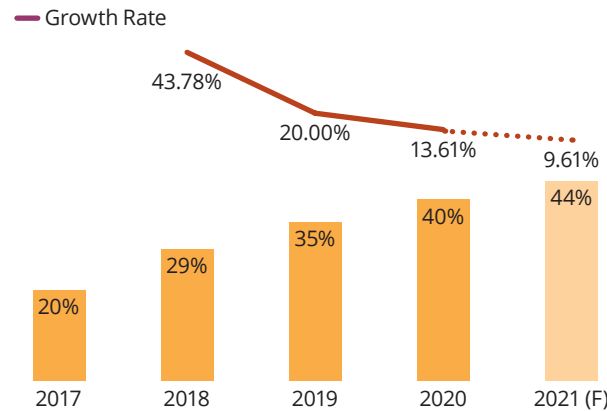
Percentage of the population accessing the internet



SOURCE: STATISTA; WE ARE SOCIAL; HOOTSUITE

E-SHOPPERS

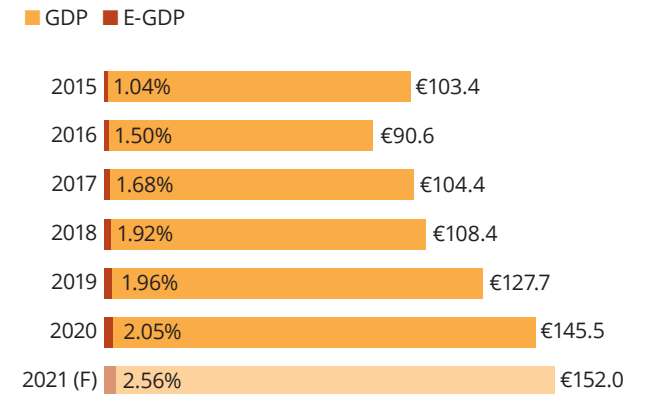
Percentage of internet users that bought goods or services online



SOURCE: UNCTAD; STATISTA

GDP AND E-GDP (EUR, BN)

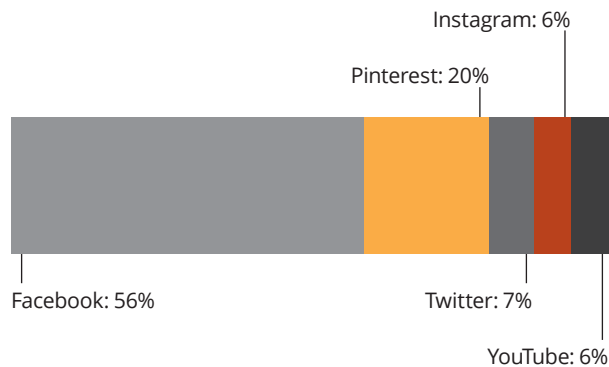
The Gross Domestic Product (GDP) in €Billion and the percentage of GDP comprised of e-commerce sales



SOURCE: IMF

SOCIAL MEDIA USE

Most popular social media channels in 2021

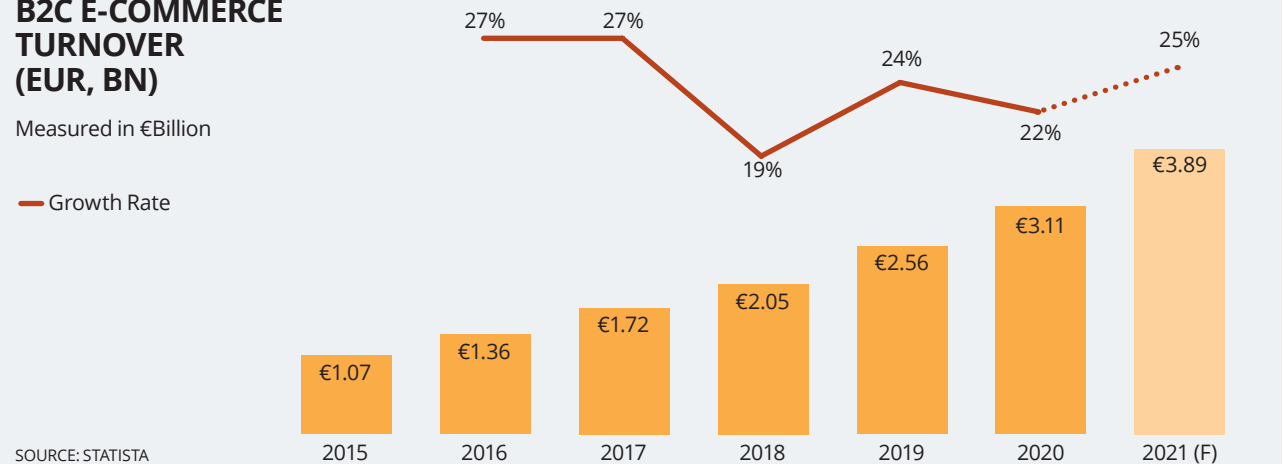


SOURCE: STATCOUNTER

B2C E-COMMERCE TURNOVER (EUR, BN)

Measured in €Billion

— Growth Rate



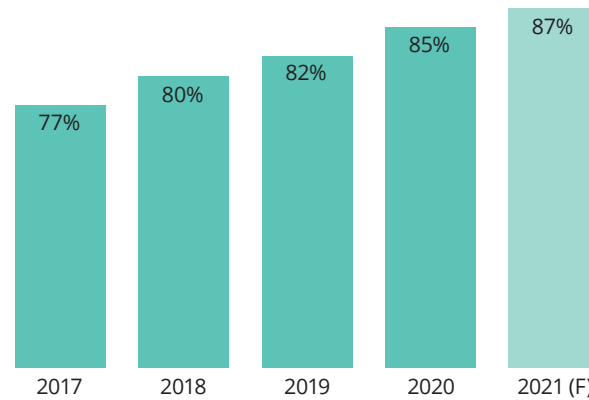
SOURCE: STATISTA

SOUTHERN EUROPE



INTERNET USERS

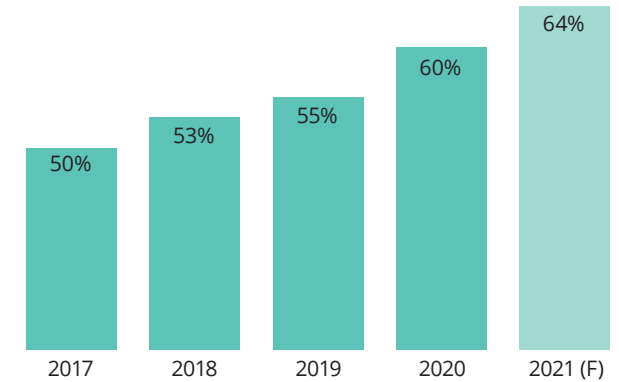
Percentage of the population accessing the internet



SOURCE: EUROSTAT

E-SHOPPERS

Percentage of internet users that bought goods or services online

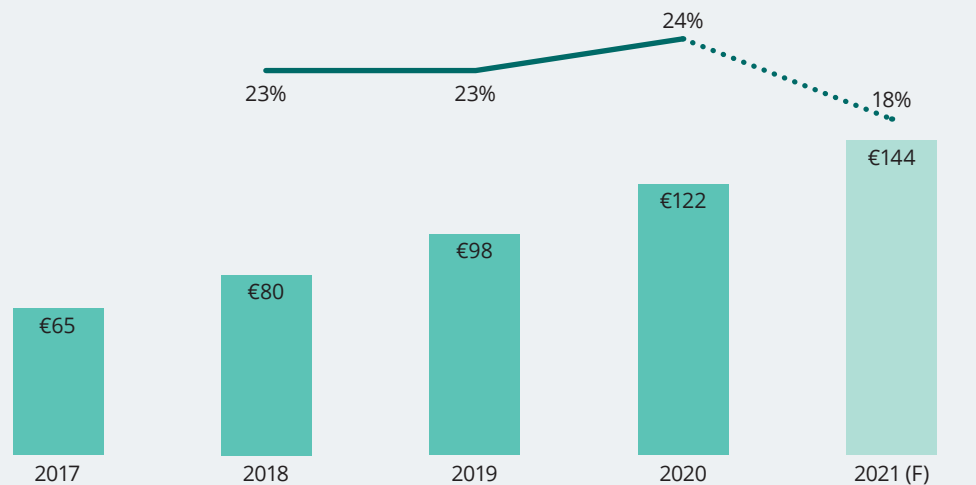


SOURCE: EUROSTAT

B2C E-COMMERCE TURNOVER (EUR, BN)

Measured in €Billion

— Growth Rate

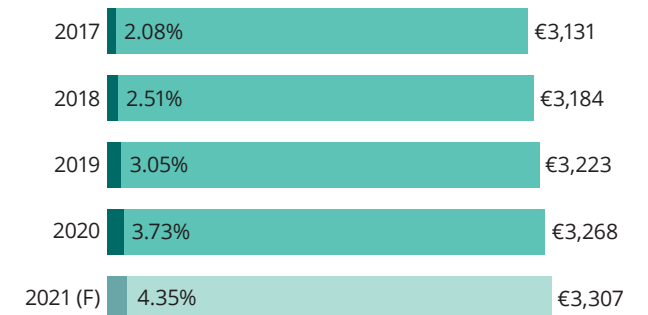


SOURCE: NATIONAL E-COMMERCE ASSOCIATIONS; REPORT PARTNERS; STATISTA; CMI ANALYSIS

GDP AND E-GDP (EUR, BN)

The Gross Domestic Product (GDP) in €Billion and the percentage of GDP comprised of e-commerce sales

■ GDP ■ E-GDP



SOURCE: IMF; CMI ANALYSIS

CYPRUS

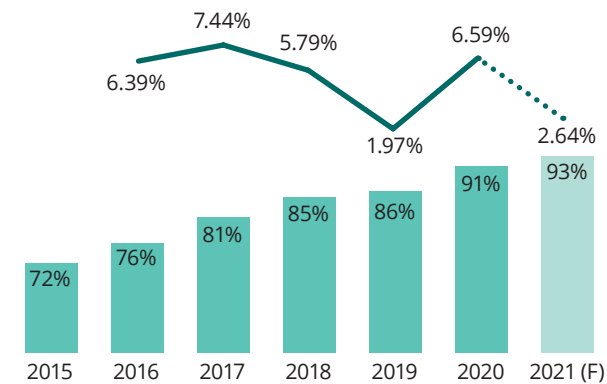
CHARTS

► Currency: Euro ► VAT: 19%

INTERNET USAGE

Percentage of the population accessing the internet

— Growth Rate

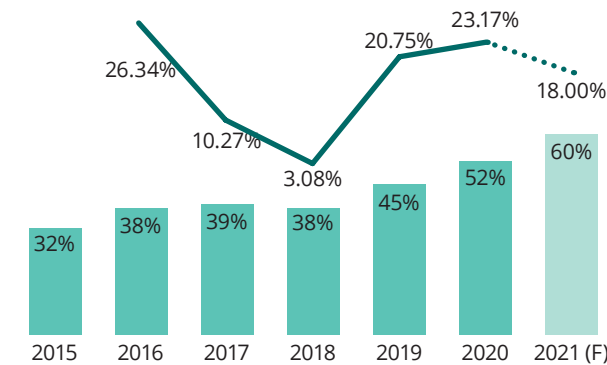


SOURCE: EUROSTAT

E-SHOPPERS

Percentage of internet users that bought goods or services online

— Growth Rate

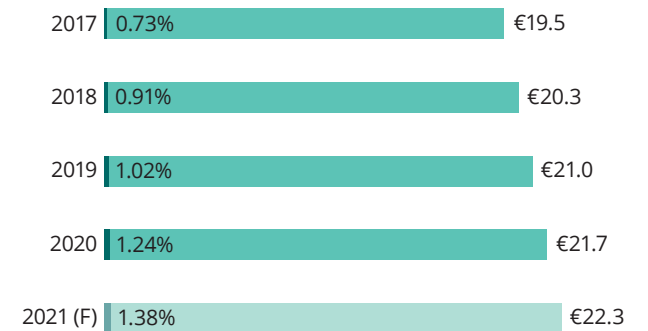


SOURCE: EUROSTAT

GDP AND E-GDP (EUR, BN)

The Gross Domestic Product (GDP) in €Billion and the percentage of GDP comprised of e-commerce sales

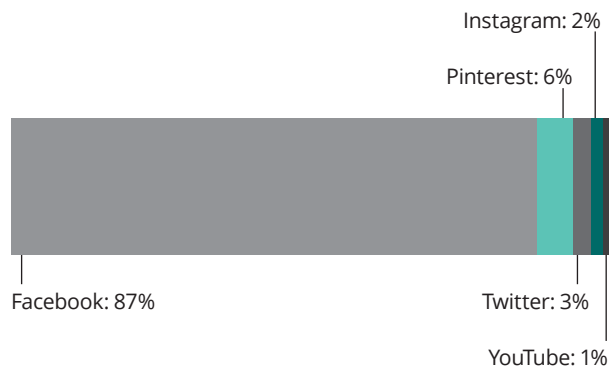
■ GDP ■ E-GDP



SOURCE: IMF

SOCIAL MEDIA USE

Most popular social media channels in 2021

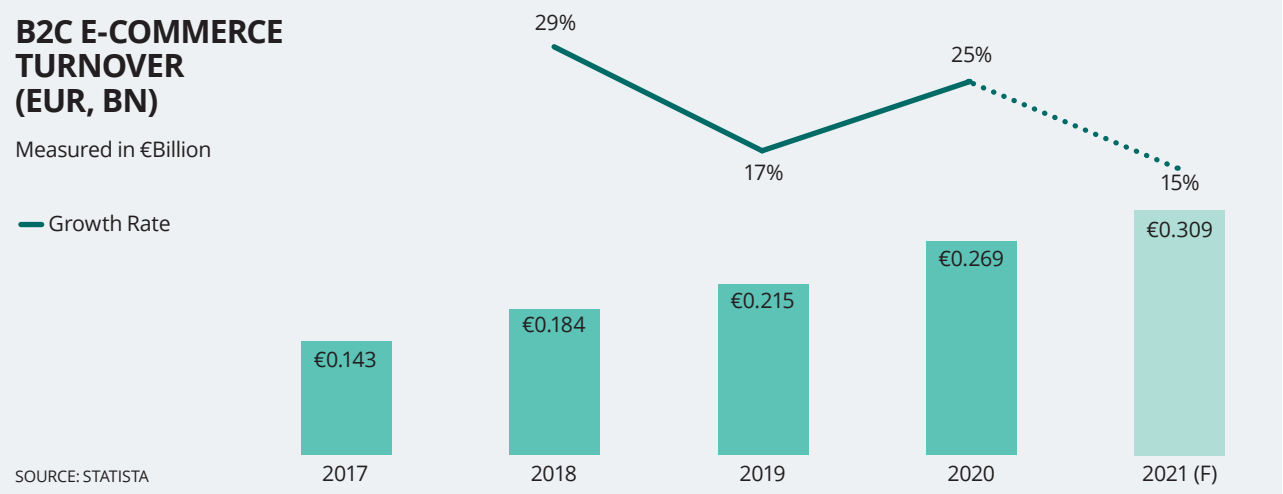


SOURCE: STATCOUNTER

B2C E-COMMERCE TURNOVER (EUR, BN)

Measured in €Billion

— Growth Rate



SOURCE: STATISTA

GREECE

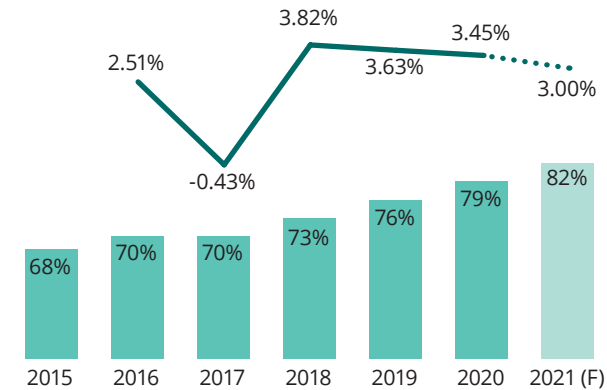
CHARTS

► Currency: Euro ► VAT: 24%

INTERNET USAGE

Percentage of the population accessing the internet

— Growth Rate

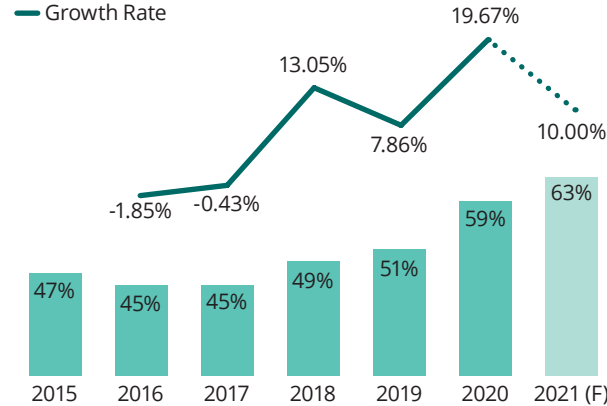


SOURCE: EUROSTAT

E-SHOPPERS

Percentage of internet users that bought goods or services online

— Growth Rate

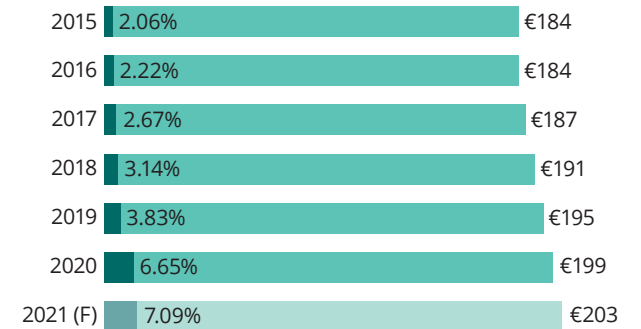


SOURCE: EUROSTAT

GDP AND E-GDP (EUR, BN)

The Gross Domestic Product (GDP) in €Billion and the percentage of GDP comprised of e-commerce sales

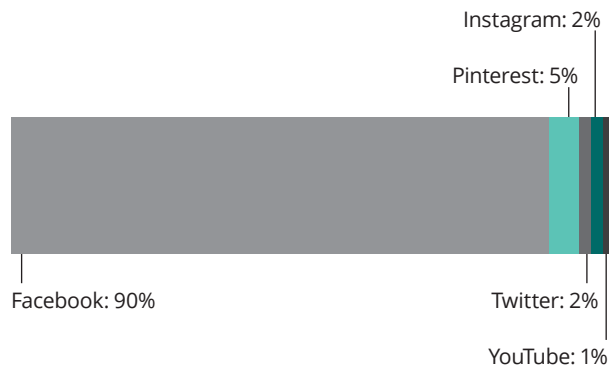
■ GDP ■ E-GDP



SOURCE: IMF

SOCIAL MEDIA USE

Most popular social media channels in 2021

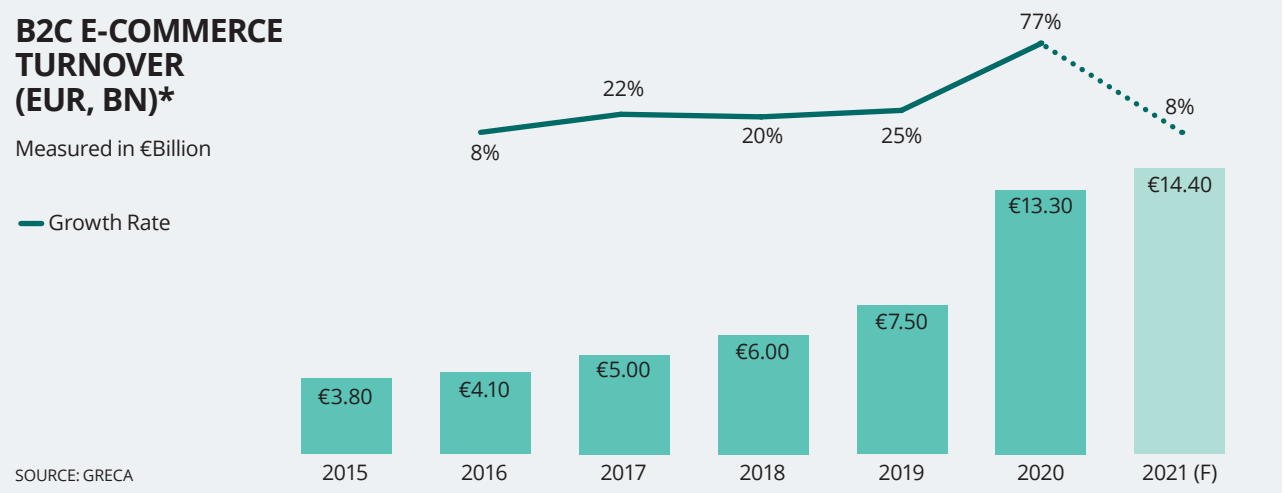


SOURCE: STATCOUNTER

B2C E-COMMERCE TURNOVER (EUR, BN)*

Measured in €Billion

— Growth Rate



SOURCE: GRECA

Association analysis indicates that for the 2020 total, 65% represents Goods and 35% Services
 *In 2020, GRECA changed the algorithm of revenue calculation, making it more accurate. Please communicate with the association if you need more details for the comparison of this year with the previous ones.

GREECE

INTERVIEW

Katerina Fraidaki

GRECA



COVID-19

How has Covid-19 changed consumer behaviors and preferences in online shopping?

Firstly, we have two different categories of consumers. In the first category, consumers became more mature, as they had already purchased online in previous years. In the second category, we have consumers who purchased online for the first time. In some surveys we conducted, 50% of people who made a purchase for the first time during Covid declared they are going to continue making purchases via online shops.

Have you noticed any specific product categories or retailers that were hit hard from the lockdown?

In the first period of lockdown, our association conducted research to understand what was happening with online shopping, consumers, and product categories. We looked into 100 categories to determine the greatest increases and decreases in purchasing. In the first lockdown, the categories that went up with at least 100% were electronics, vitamins, and anything to occupy children. On the other hand, fashion saw the greatest decline in the beginning of the lockdown, though after 2-4 months we saw an increase in visits and conversion to fashion store websites.

Did the lockdown impact retailers going online or creating a stronger online presence?

We saw a lot of big players change their sites and change their philosophy to come closer to consumers. Of course, Covid made logistics very difficult, which made it difficult to keep consumers happy. In terms of getting shops online, our government gives EUR 5,000 to small companies to digitize and get online. Through these initiatives, we are expecting to see at least a 30% increase in the number of e-shops, and we know in 2021 we will have more SMEs in the online environment.

To summarize, 2020 was the year for existing e-shops to become stronger and for SMEs to start using digital tools, such as telephone and email for orders (i.e., the butcher in your neighborhood), and all these people are likely to use 2021 to become fully digital.

Were there any new innovations in payment/delivery methods during the lockdown?

The most important thing to come out of the pandemic was logistics and last-mile delivery. We have many couriers, but couriers had to do 10-20 times their normal deliveries. It was difficult for them, so there was space for both new startups and companies. The startups focused on the technology part, as they created systems that facilitated the work of couriers. Every e-shop pre-Covid was contracted with just one courier, and after Covid, we're seeing that they are cooperating with multiple.

Regarding grocery and logistics, when consumers switched from offline to online for grocery purchasing, the wait time could be up to 10 days to receive their order, but we had the most innovative ideas in this field. Quite quickly we saw collaboration within e-food via online applications to begin receiving orders same-day or next-day. Several brands and retailers began using applications in this same way, but grocery was the first sector to see consumers go from offline to online so abruptly.

Alongside these delivery changes, consumers started to use credit cards more with online purchasing, which was an opportunity for credit and debit cards to become the first choice for online payment. Before Covid, cash on delivery was much more preferred by consumers online. Additionally, a lot of consumers search for trustmarks before they buy something.

SUSTAINABILITY

What is the conversation around sustainability in e-commerce?

Sustainability is a matter that started to be discussed in the

“In some surveys we conducted, 50% of people who made a purchase for the first time during Covid declared they are going to continue making purchases via online shops.”

last years. In previous years we spoke of sustainability, but we hadn't yet had designs or actions until now. We have some large companies working towards sustainability, but typically towards branding/marketing. We now have specific government committees that are beginning to discuss sustainability and its importance in e-commerce.

What are retailers/consumers/policymakers doing in regard to sustainability and e-commerce?

One initiative from policymakers, in order to minimize the amount of plastic bags in supermarkets, the government has imposed a cost for plastic bags when shopping. This has been really good for our sustainability initiatives.

As for consumers, second-hand is a new and fast-growing trend. We have a few shops based on this concept, but it is still in its infancy and is still a concept we need to convince our consumers to trust. Most consumers will say they want sustainability options and to support companies with sustainable initiatives, but the share of consumers willing to pay more money for this is still low.

ADDITIONAL TOPICS

What have some of the challenges/opportunities been for SMEs going online?

The first challenge is education, especially for SMEs we need to educate for them to understand what is digital, what “online” means, and how you can transfer your job from an offline to online environment. The second challenge is convincing them

Continued on the following page

GREECE

INTERVIEW

that there is a market out there, that there are people who want to buy online. Regarding opportunities, we have a lot of sectors that are not yet online, so there is a lot of opportunity there. If we can combine the startup ecosystem with the e-commerce ecosystem, we will have new ideas that we don't currently see in the market.

What is the status of cross-border vs. domestic online shopping?

In 2019 we conducted a survey wherein 80% of Greek consumers said they spent more than 50% of their budget in Greek e-shops, which means they prefer to buy online from Greece. In terms of the "why", I don't believe that is due to the language barrier, it's due more so to trust. If something goes wrong, consumers want to have myriad ways to communicate with the shop, particularly another Greek person, to solve their problem.

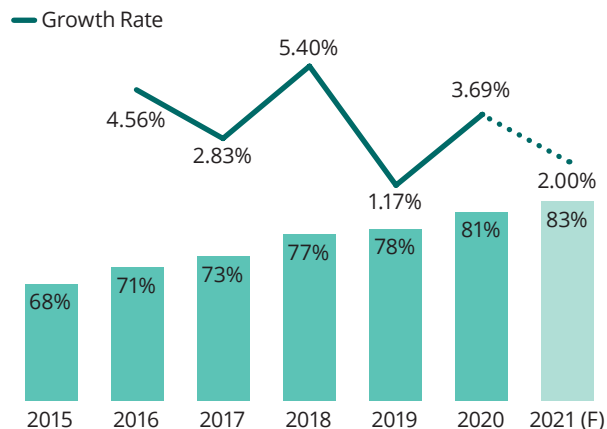
ITALY

CHARTS

► Currency: Euro ► VAT: 22%

INTERNET USAGE

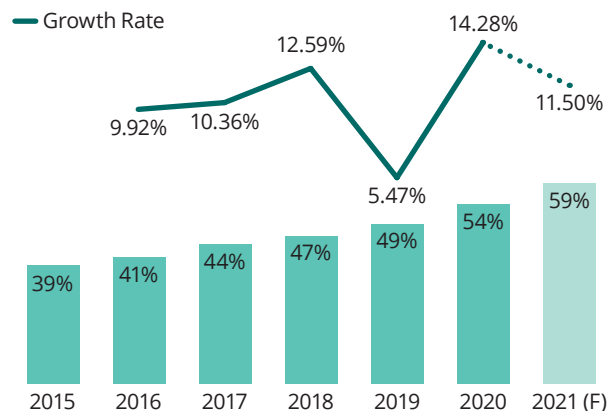
Percentage of the population accessing the internet



SOURCE: EUROSTAT

E-SHOPPERS

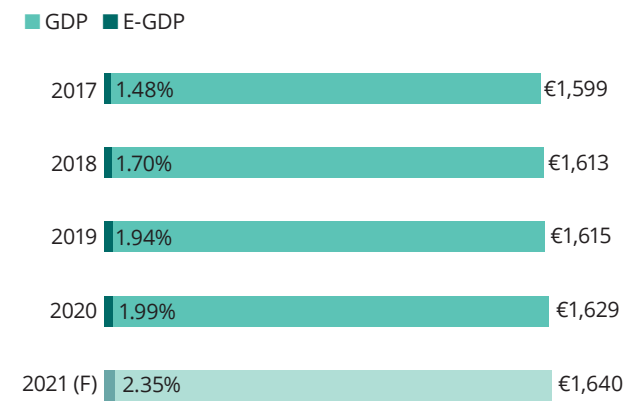
Percentage of internet users that bought goods or services online



SOURCE: EUROSTAT

GDP AND E-GDP (EUR, BN)

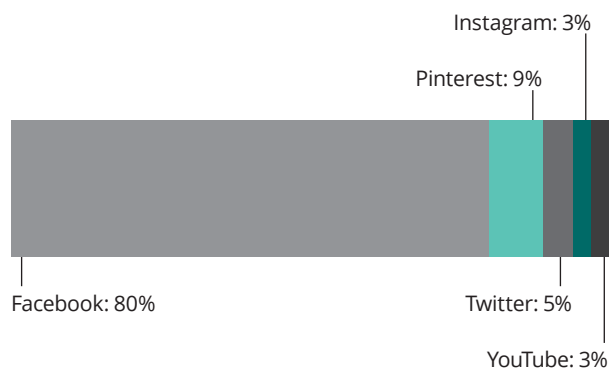
The Gross Domestic Product (GDP) in €Billion and the percentage of GDP comprised of e-commerce sales



SOURCE: IMF

SOCIAL MEDIA USE

Most popular social media channels in 2021

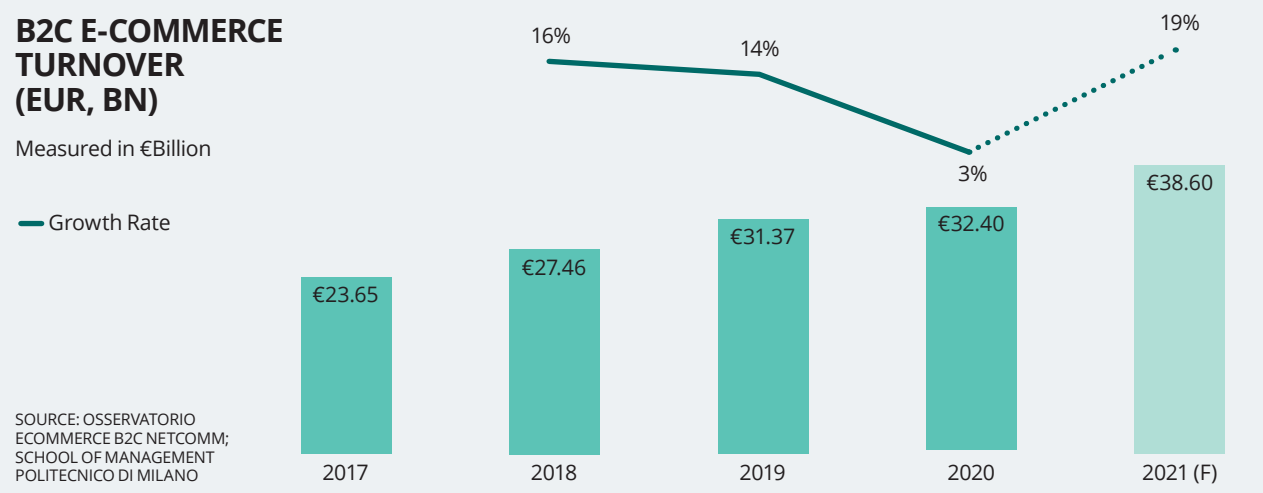


SOURCE: STATCOUNTER

B2C E-COMMERCE TURNOVER (EUR, BN)

Measured in €Billion

— Growth Rate



SOURCE: OSSERVATORIO ECOMMERCE B2C NETCOMM; SCHOOL OF MANAGEMENT POLITECNICO DI MILANO

Association analysis indicates that for the 2020 total, 76% represents Goods and 24% Services

ITALY

INTERVIEW

Roberto Liscia

Netcomm



COVID-19

How has Covid-19 changed consumer behaviors and preferences in online shopping?

We had a strong increase in the number of e-shoppers and in the frequency of buying products and services online. During the first two months of the pandemic, Italian consumers who buy online grew by 2 million, reaching the total number of 27 million. Another strong change was the decrease of cash as payment use in online transactions. This shift was due to two main reasons: (1) consumers preferred to have less physical contact, so they decided to pay with digital payments rather than cash, and (2) many merchants and brands allowed clients to pay only with digital payment solutions to protect their deliver staff. Italian consumers have appreciated the experience of shopping online since Covid began which has really pushed Italy into omnichannel shopping.

Have you noticed any specific product categories or retailers that were hit hard or did well during the lockdown?

Travel has decreased substantially: we had 57% less sales for travel services, so the travel industry was without any doubt the worst hit industry in 2020. FMCG and the food industry were the best performers in terms of growth, as we had 70% growth in sales of food and grocery products. In general, all logistics players were hit hard in managing this strong increase in demand, though they were very clever in managing this situation. Most importantly, merchants remained transparent and open about their difficulties which was very appreciated.

Did the lockdown impact retailers going online or creating a stronger online presence?

Definitely retailers are going online, and every kind of firm is trying to be more present in the digital ecosystem. However,

e-commerce and digital projects need time, investment and competencies to be properly developed. Companies that were already planning digital programs accelerated their timelines, and SMEs with no plans to go online were pushed into the digital market. The biggest challenge for these SMEs is to become stable online, develop new digital business models, integrate digital services, and incorporate long-term strategies and investments.

SUSTAINABILITY

What is the general conversation around sustainability in e-commerce?

Sustainability is a key topic for government, entrepreneurs, and consumers. Debates about the green economy are widespread among Italian stakeholders. There are several companies developing new logistics projects and adopting new packaging policies and practices to decrease their impact. At Netcomm, two years ago we made guidelines for our members to support them in developing new best practices to manage environmental problems, like having a better management of delivery services and a more efficient packaging policy.

Additionally, the Italian government is discussing a new next-generation plan for Italy, and the plan is built on two pillars: digital and green. We are discussing with institutions and analyzing projects in the vision of evolving the Italian economy and the overall Italian ecosystem. Authorities agree that digital and green should be the key pillars.

Do you feel consumers are willing to pay more for online purchases with sustainability in mind?

I'm not sure that they will be willing to pay more for green services, but they appreciate brands and companies incorporating green policies. Sustainability is now a leading value for Italian citizens, and this is affecting consumers' behaviors such as the choice of products and retailers who pay attention to environment.

“To go from the B2B to B2C relationship is a big challenge but also a big opportunity for Italian companies since this would allow them to significantly expand their relationship with customers.”

OTHER TOPICS

What is the relationship between foreign markets and in the Italian e-commerce market?

Competition is an issue because most of our companies are small and do not have a huge amount of money to invest in their online presence. So, competition is tough. Oftentimes Italian companies are retailers, but we also have lots of brands and producers, so one big opportunity that Italian companies have is to directly sell their products, which are unique and appreciated all over the world. To go from the B2B to B2C relationship is a big challenge but also a big opportunity for Italian companies since this would allow them to significantly expand their relationship with customers.

What has contributed to the success of e-commerce players in your market?

You win if you have an overall excellent experience for customers. This means that you have to offer very good products and services, but also that your relationship with consumers should be excellent. You must be able to reply properly to all their requests, support them and be loved by them to create brand loyalty. To be such a winning player, companies need to plan and execute more and more innovation projects among the entire value chain, and this requires and entrepreneurial vision and excellent competences among employees.

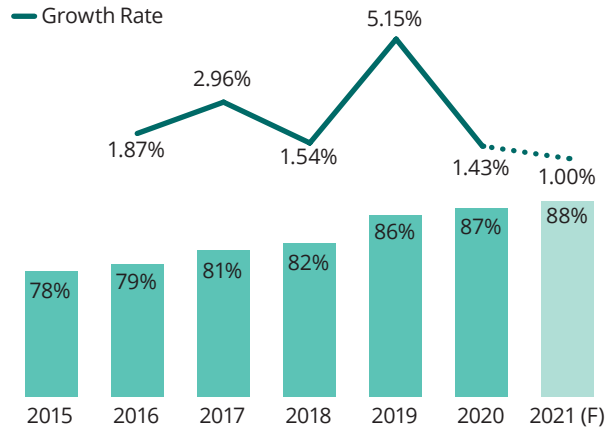
MALTA

CHARTS

► Currency: Euro ► VAT: 18%

INTERNET USAGE

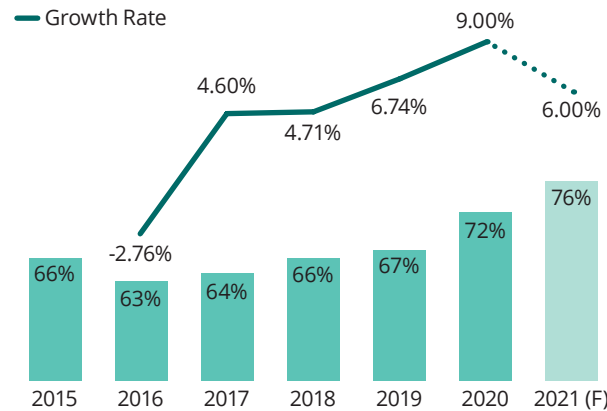
Percentage of the population accessing the internet



SOURCE: EUROSTAT

E-SHOPPERS

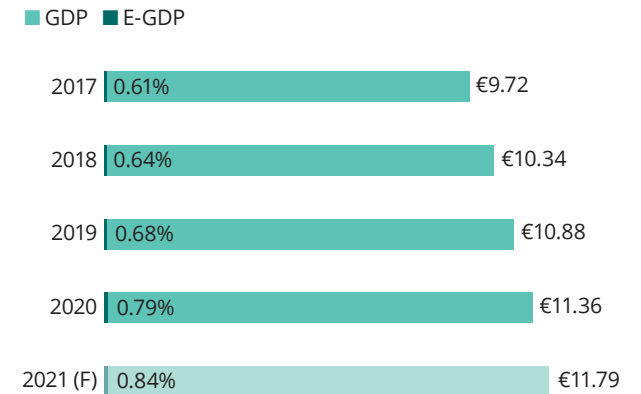
Percentage of internet users that bought goods or services online



SOURCE: EUROSTAT

GDP AND E-GDP (EUR, BN)

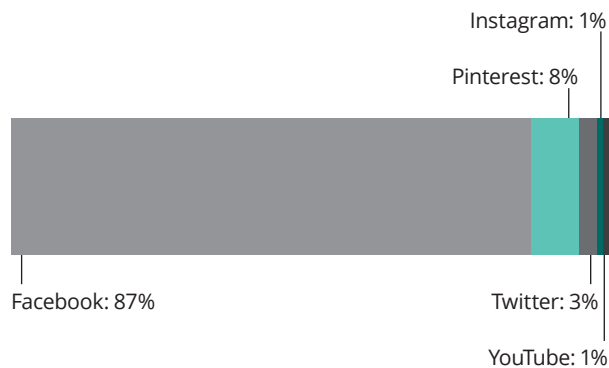
The Gross Domestic Product (GDP) in €Billion and the percentage of GDP comprised of e-commerce sales



SOURCE: IMF

SOCIAL MEDIA USE

Most popular social media channels in 2021

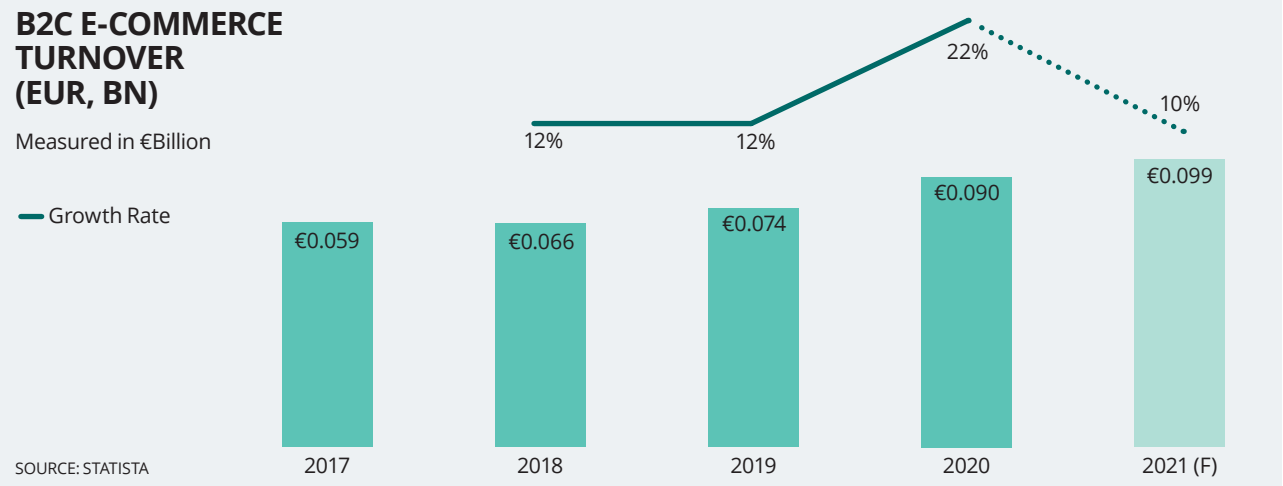


SOURCE: STATCOUNTER

B2C E-COMMERCE TURNOVER (EUR, BN)

Measured in €Billion

— Growth Rate



SOURCE: STATISTA

MALTA

INTERVIEW



Denise Borda

Malta Communications Authority (MCA)



COVID-19

How has Covid-19 changed consumer behaviors and preferences in online shopping?

According to NSO data published in 2020, e-commerce increased around 5% on the previous year. Various retailers detected an increase in consumers buying via online channels in this last year. An MCA survey conducted in 2020 reports that 27% of e-commerce users increased their online shopping activity since Covid began with a significant increase in local grocery online shopping.

Buying online from locally-based websites really escalated in the last year and this occurred when most online shopping was usually done from overseas.

Have you noticed any specific product categories that were hit hard or did well during lockdown?

Whilst Malta did not need to adopt a hard lockdown, non-essential shops had to close during the peak of the pandemic. Many were not geared for online selling and this resulted in a number of shops being badly hit, particularly clothing, fashion, events and especially Tourism.

There was a temporary shortage of sports equipment as all gyms had to close and this led people to invest in exercise machines and equipment for the home. There was a similar situation with electronics as people were staying indoors and working remotely but the IT sector managed to address the increase in demand promptly. Despite Malta being an island and the shortcomings associated to its geographical insularity from mainland Europe, there were no major shortages, more so as the situation stabilized over time.

Most supermarkets initially struggled to scale up their delivery

service, however the situation was eventually resolved. Besides, consumers quickly adapted to online ordering as it's quick and convenient and it does away with traffic and parking headaches!

Did the lockdown impact retailers going online or creating a stronger online presence?

We had already noticed more retailers going online before Covid but it accelerated even more during COVID. The latest MCA survey reveals that the number of businesses (including microenterprises) selling via a website or marketplace has almost doubled from 4 years ago. When factoring in other online sales channels (social media, messaging and email), this figure leaps to 38%. Last year, a number of village shops in Malta also started selling online, mostly through their Facebook page as only a few had a website.

Most large supermarkets that did have an e-commerce website, had to upgrade their platforms as they lacked resources to cater for the surging traffic during lockdown. This led to a significant improvement in their operations and ability to reach out to customers. Currently, online services offered by supermarkets are proving to sufficiently meet customers' expectations.

How did the infrastructure fare with the increase in online orders?

The overarching digital connectivity infrastructure (wired and wireless) in Malta handled the additional load well with no downtime.

Were there any initiatives from the government or industry to help?

The Malta Communication Authority (MCA) together with Government has been active for a number of years in supporting businesses going online through a number of initiatives such as training and collaboration with other stakeholders.

For instance, three years ago the MCA launched the eBiznify eLearning platform, which delivers an online training program

“Buying online from locally-based websites really escalated in the last year and this occurred when most online shopping was usually done from overseas.”

in e-commerce practices. It is a short and focused program that offers participants, especially those already in business, a high level of flexibility, allowing them more control over their study schedule. eBiznify proved to be extremely beneficial during the pandemic as we were able to offer e-commerce training, allowing individuals and SMEs to acquire skills related to digital commerce at a time when physical classes were not permissible and when most businesses had to close their physical stores.

The MCA also helped in ensuring that telco operators provided solid connectivity that could scale up to the dramatic increase in demands. Ongoing monitoring of the service was performed to identify and mitigate, as early as possible, any bottlenecks that could lead to major issues. The MCA also monitored the local DNS infrastructure which also coped perfectly well. Overall, this provided a sound underlying infrastructure for e-commerce to flourish.

During the last 3 years, the Government also rolled out an e-commerce scheme encouraging businesses to go online, by offering financial assistance for the implementation of a new website or a payment gateway for their existing website.

Were there any innovations in payment/delivery methods during the lockdown?

From MCA surveys carried out over the years, credit cards and cash on delivery are the methods of payment mostly offered by businesses selling online. Following the pandemic, there is also a growing disposition towards payment apps and

Continued on the following page

MALTA

INTERVIEW



surveys conducted with consumers demonstrate that most e-commerce buyers prefer payment apps (predominantly Paypal) and credit cards over other methods of payment. This is probably because until recently, most online shopping was done from abroad.

The pandemic has certainly brought about a positive shift in the local delivery landscape. Local retailers started partnering with different postal/delivery companies, as not all could efficiently handle their deliveries in-house and thus had to outsource. Interestingly, we also observed cab companies venturing into this area and offering innovative delivery services, and quick delivery including same-day delivery service.

SUSTAINABILITY

What is the conversation around sustainability in e-commerce?

There is definitely more awareness about sustainability. Industry representatives are actively working with members and policymakers on this topic. Most websites related to sustainable products have an e-commerce platform with a number of these having only an online set-up. A number of local initiatives aim to promote and educate citizens towards sustainability, encouraging them to buy local produce and lead a more sustainable life. Besides, there is also an online marketplace promising to sell genuine, ethical and sustainable products that are good for people and the planet.

ADDITIONAL TOPICS

What are the main cross-border e-commerce markets for Maltese consumers or retailers?

Maltese consumers mostly buy from the UK, followed by China, Germany and Italy. Events such as Brexit and amendments to the VAT Directive may change this dynamic somewhat in the future. The MCA is following these developments so that it can keep consumers and retailers informed about new policies and procedures.

“Local retailers started partnering with different postal/delivery companies, as not all could efficiently handle their deliveries in-house and thus had to outsource.”

Only a small percentage of retailers sell cross-border due to unsustainable delivery costs and lack of economies of scale. However, we are observing an increase to some extent in this area particularly through international online platforms.

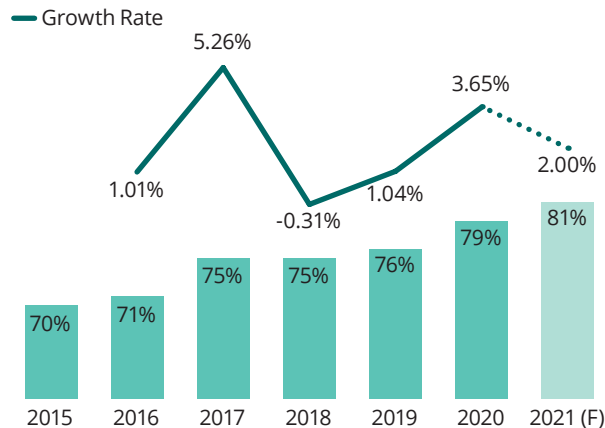
PORTUGAL

CHARTS

▶ Currency: Euro ▶ VAT: 23%

INTERNET USAGE

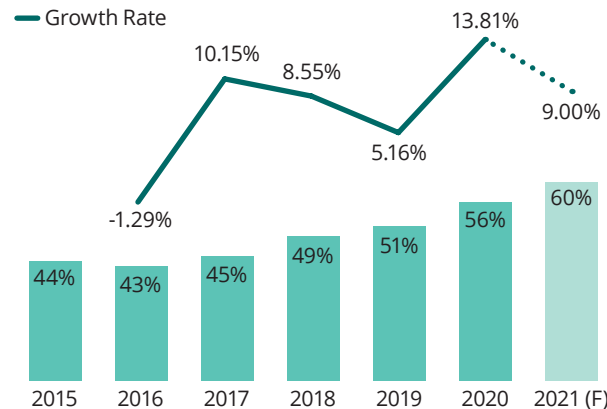
Percentage of the population accessing the internet



SOURCE: EUROSTAT

E-SHOPPERS

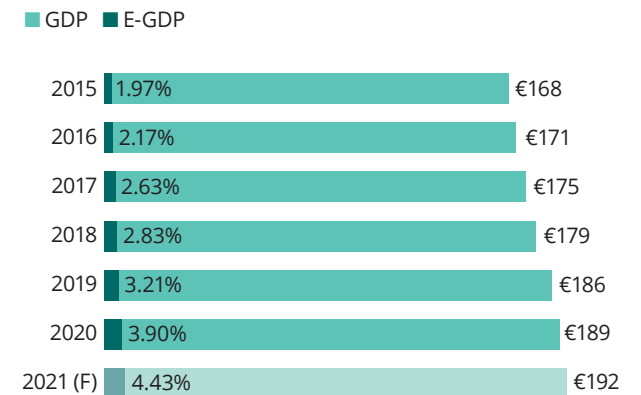
Percentage of internet users that bought goods or services online



SOURCE: EUROSTAT

GDP AND E-GDP (EUR, BN)

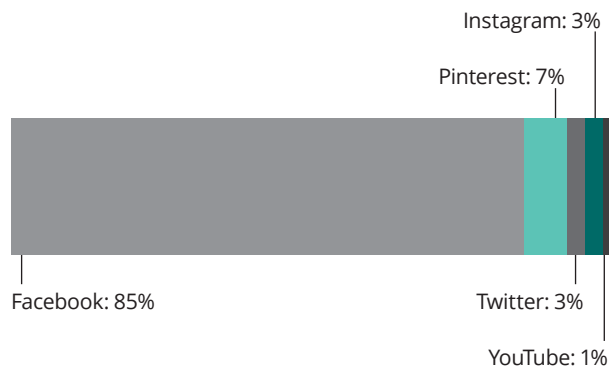
The Gross Domestic Product (GDP) in €Billion and the percentage of GDP comprised of e-commerce sales



SOURCE: IMF

SOCIAL MEDIA USE

Most popular social media channels in 2021

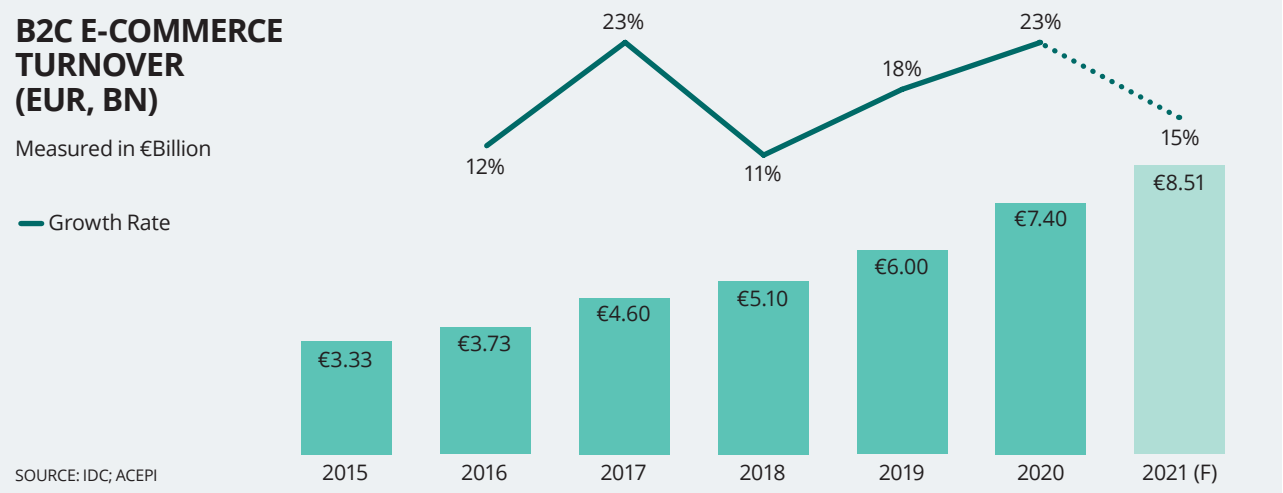


SOURCE: STATCOUNTER

B2C E-COMMERCE TURNOVER (EUR, BN)

Measured in €Billion

— Growth Rate



SOURCE: IDC; ACEPI

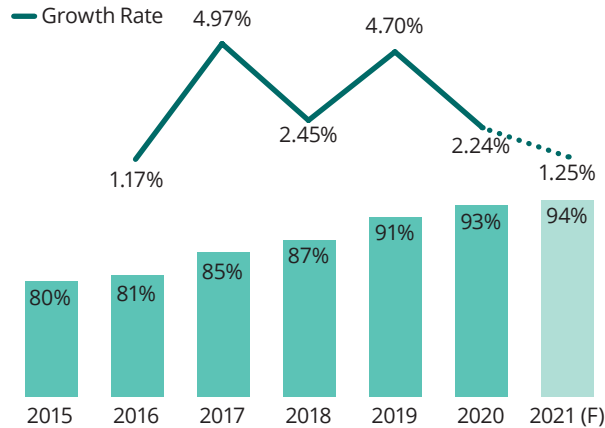
SPAIN

CHARTS

▶ Currency: Euro ▶ VAT: 21%

INTERNET USAGE

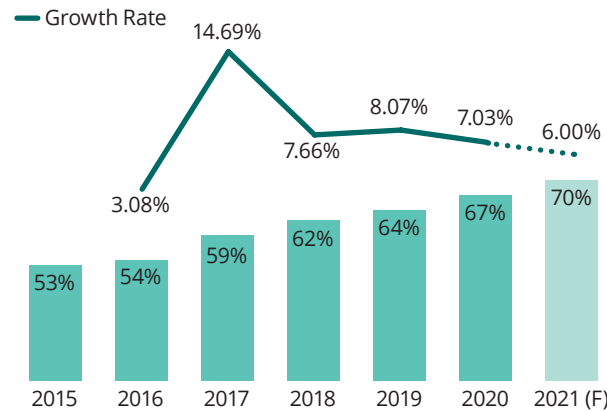
Percentage of the population accessing the internet



SOURCE: EUROSTAT

E-SHOPPERS

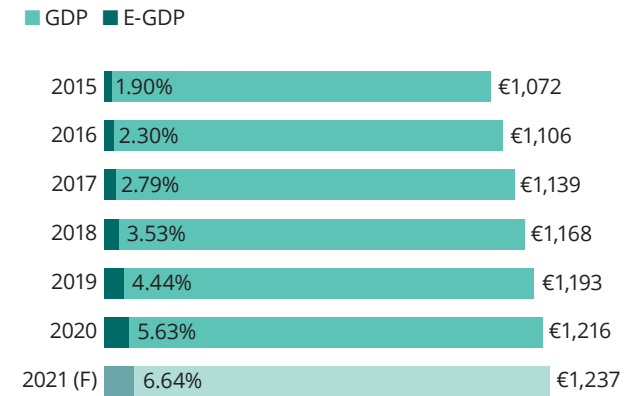
Percentage of internet users that bought goods or services online



SOURCE: EUROSTAT

GDP AND E-GDP (EUR, BN)

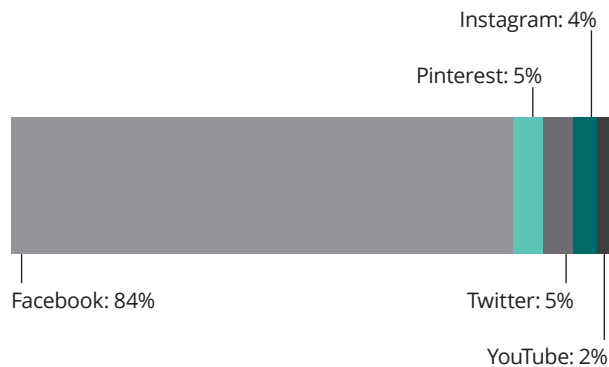
The Gross Domestic Product (GDP) in €Billion and the percentage of GDP comprised of e-commerce sales



SOURCE: IMF

SOCIAL MEDIA USE

Most popular social media channels in 2021

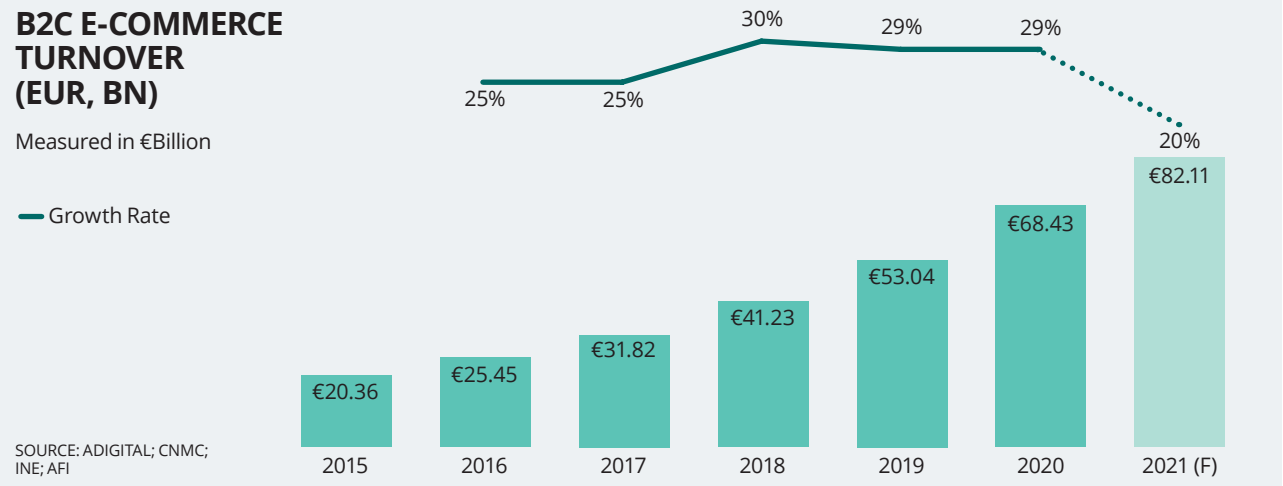


SOURCE: STATCOUNTER

B2C E-COMMERCE TURNOVER (EUR, BN)

Measured in €Billion

— Growth Rate



SOURCE: ADIGITAL; CNMC; INE; AFI

Association analysis indicates that for the 2019 total, 23% represents Goods and 77% Services

SPAIN

INTERVIEW



Cesar Tello

Adigital



COVID-19

How has Covid-19 changed consumer behaviors and preferences in online shopping?

Covid-19 has had a significant impact on consumer behaviors regarding online shopping. Since this was the only option to access goods and services during lockdowns, many people felt “forced” to use it more (or even for the first time), and, by doing so, they have been able to realize how easy, useful and safe it can be. We don’t know what the future holds, but we believe once you have broken those initial barriers, there is no going back.

Have you noticed any product categories or retailers hit hard from the lockdown(s)?

The impact of the pandemic has varied across sectors. For instance, it has worked as a good “ice-breaker” when it comes to buying fresh produce, which represented a tiny 2% of Spanish e-commerce before the pandemic and has gone up to 3.5%. However, we’ve seen a significant decrease in tourism, transport and ticketing, which were leading e-commerce in the country until lockdowns started.

We’ve seen this has worked the other way around too: lots of small and local businesses (retailers, restaurants) have started to sell online as a way to keep operating during lockdowns. Many of them wouldn’t have survived otherwise. The most interesting thing is that some of them have started their online operations just by using WhatsApp and not necessarily by creating a website or setting up a profile on a marketplace. That gives us an idea of how flexible the online shopping model is and how this could evolve in the upcoming years.

Were there any new innovations in payment/delivery methods during the lockdown?

Using WhatsApp is, probably, one of the key aspects of innovation in e-commerce during this period. The other one has to do with delivery and the role digital platforms have played in it. This option has made selling online less of a hassle for lots of small shops and restaurants. Offline we have seen a significant increase in the use of contactless payment options.

SUSTAINABILITY

What is the conversation around sustainability in e-commerce?

Sustainability has left marketing departments to enter board rooms and has been taken into account by strategic decision making. It’s been in the spotlight for the last 2-3 years, but the pandemic has accelerated this trend: companies are more and more aware of it.

What are retailers/consumers/policymakers doing in regard to sustainability and e-commerce?

Shoppers are demanding more eco-friendly and socially responsible products and there are several international and national reports that confirm they would be willing to pay more for goods that are more sustainable. However, in order to do so, they need clear information about where the products come from, how they have been produced, what their impact will be, how long they’ll be able to use them and what to do at the end of their lifespan.

Ongoing regulation processes at a national and European level are working on this (labeling, transparency, traceability, recycling, circular design, waste management), so online sellers have no option but to ensure their processes, packaging and delivery processes are as ethical and sustainable as possible.

The good news is that we’ve already got good examples of companies working towards it, but we still need to support them: we need to make sure online businesses understand the impact their activity may have on the environment and provide them with the tools and resources to minimize it.

“Spanish SMEs account for 99% of the total companies and 78% of total employment in the country, but the vast majority of them lack the economic and human capital to take the next step.”

ADDITIONAL TOPICS

Have you seen more SMEs going online? If so, what have some of the challenges/opportunities been for SMEs going online?

The pandemic has only accelerated digital transformation, especially amongst SMEs: they had no option but to move online. We are not naïve about how difficult this can be, though. First of all, we need to do a lot of work to help them understand what digitalizing their business means and how to do it. There are lots of organizations that still think digitalization is about having a website or a social media profile, but they also need resources.

Spanish SMEs account for 99% of the total companies and 78% of total employment in the country, but the vast majority of them lack the economic and human capital to take the next step. Without innovation, they cannot scale and reinvest in growing their business, selling abroad or implementing circular and responsible design, which are key to ensure competitiveness and productivity.

We believe setting up national and regional programs to support SMEs and guide them through this new digital world is crucial for the economy and society as a whole. SMEs need training in digital skills, capital and an appropriate regulatory framework to thrive.

Continued on the following page

SPAIN

INTERVIEW



What are the innovative or new tech solutions retailers are using online?

They are mostly using automation solutions, especially linked to customer relations management and marketing. We haven't seen a massive use of blockchain or other technologies such as VR so far. At the moment, we are particularly promoting cloud computing technologies, since we believe these can really help SMEs scale; it gives them access to cutting-edge applications at reasonable costs, which can help them innovate at the same level bigger companies do.

Are there any upcoming policies in Spain that will have an impact on domestic e-commerce?

In April, the government passed an extensive decree transposing several European directives that will affect e-commerce, specifically those referring to VAT for e-commerce and the directive for digital contracts and the provision of electronic services and digital content. Whereas the directives on consumer rights won't be enforced until January, the VAT reform will be applicable from July 2021. Among the novelties, free digital services are regulated, and the guarantee periods are modified, which go from 2-3 years for goods, and 6 months to 2 years for digital content and services. In addition, the time that the manufacturer must have spare parts is extended, which goes from 5-10 years after the product ceases to be manufactured.

Last mile delivery will also be affected by a foreseeable decree regulating the labor status of platform workers. The government will pass a decree establishing an objective presumption that qualifies all delivery managed by platform as employees, avoiding the possibility that they may be considered as self-employed.

Regarding the extended responsibility for packaging obligations, there is still no new regulation, but there are several projects that will modify the current rules. Also, the government has just launched a public consultation regarding the establishment of a reparability index, most likely copying the French precedent.

“At the moment, we are particularly promoting cloud computing technologies, since we believe these can really help SMEs scale.”

METHODOLOGY & SOURCES

Much of the content in this report is the result of direct collaboration with national e-commerce associations across the European Continent. Alongside desk research to collect country-specific figures (internet penetration, e-shopper penetration, etc.), in-depth interviews (and/or questionnaires) were conducted with national association experts to explain what is happening on the ground in each country. The methodology for data collected is explained below:

Gross Domestic Product: Desk research using the International Monetary Fund

Population: Desk research using Worldometers

Internet Users: Desk research using:

- Eurostat: Share of population accessing the internet within the last year, yearly; [isoc_ci_ifp_iu]
- Statista: Share of the population using the internet, yearly
- United Nations: UNCTAD B2C E-commerce Index 2020
- National E-commerce Associations & Report Partners: Data request

Indices: Desk research using:

- World Bank: Logistics Performance Index Report 2018; Ease of Doing Business Index 2020
- United Nations: E-Government Development Index 2020; UNCTAD B2C E-commerce Index 2020
- The Economist Intelligence Unit: Inclusive Internet Index 2021
- Universal Postal Union: Integrated Index for Postal Development 2020
- Yale University: Environmental Performance Index 2020
- International Telecommunication Union: Global Cybersecurity Index 2020

E-Shoppers: Desk research using:

- Eurostat: Share of the online population shopping online; [isoc_ec_ib20] & [isoc_ec_ibuy]
- Statista: Share of the (online) population shopping online; Digital Market Outlook by country
- National E-commerce Associations & Report Partners: Data request
- United Nations: UNCTAD B2C E-commerce Index 2020

B-GDP: Centre for Market Insights Analysis using B2C e-commerce turnover and GDP

B2C E-commerce Turnover:

- National E-commerce Associations: Data was requested to be submitted by April 2021, which includes data collected and analyzed associations, and by local/international research firms and universities; data entries were in multiple different currencies, which required a historical currency conversion from 2017-2021 utilizing xe.com, yearly
- Statista: Statista's Digital Market Outlook was utilized in countries where there is no national e-commerce association, or where there is no relationship to the association; desk research was conducted, with the output in euros (i.e., no currency conversion)
- Report Partners: Contact with & subsequent data requests from partners of the report that do not fall under the category of national e-commerce association, or their research firms/universities include: GKI Digital Hungary (Hungary); Data Insight (Russia)

Frequency of online purchases in the last three months, 2020: Eurostat; [isoc_ec_ib20]

Online purchasing nationally and cross-border, three months, 2020: Eurostat; [isoc_ec_ibos]

EU-27 Eurostat Charts (by order of charts): [isoc_ec_ibgs]; [isoc_ec_ibos]; [isoc_ec_ib]

Social Media Use: Desk research utilizing Statcounter:

- Statistic: social media (Desktop, Mobile, Tablet)
- Region: by country
- Period: "Last 6 months", accessed in May 2021

SOURCES

AR
 Bank of Norway
 Bank of the Republic of North Macedonia
 CNMC
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 Ecommerce News
 Eurostat
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 Statistics Norway
 Swiss Post
 The Economist Intelligence Unit
 UNCTAD
 United Nations
 Universal Postal Union
 We Are Social
 World Bank
 Worldometers
 XE Historical Currency Converter
 Yale University

ABOUT US & THANKS

Authors



Sara Lone, MA

Sara Lone is a lead quantitative and qualitative research analyst in the field of digital trade at the Centre for Market Insights of the Amsterdam University of Applied Sciences.

Email: s.m.lone2@hva.nl

LinkedIn: [linkedin.com/in/sara-lone](https://www.linkedin.com/in/sara-lone)



Nahid Harboul, MS

Nahid Harboul is a quantitative research analyst for the Centre for Market Insights and a lecturer for the Amsterdam University of Applied Sciences.

Email: n.harboul@hva.nl

LinkedIn: [linkedin.com/in/nahid-harboul](https://www.linkedin.com/in/nahid-harboul)



Jesse Weltevreden, PhD

Dr. Jesse Weltevreden is professor of Digital Commerce at the Amsterdam University of Applied Sciences (AUAS) and is the director of the Centre for Market Insights within the School of Marketing at AUAS.

Email: j.w.j.weltevreden@hva.nl

LinkedIn: [linkedin.com/in/jesseweltevreden](https://www.linkedin.com/in/jesseweltevreden)

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About the CMI:

The Centre for Market Insights is the research center of the School of Marketing at the Amsterdam University of Applied Sciences. The CMI helps organizations tackle challenges in the fields of marketing research, data science and emerging technologies.

For more information, please visit us at <https://www.cmihva.nl/en>

For questions about the report and/or press inquiries, please contact Sara Lone at s.m.lone2@hva.nl

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Centre for Market Insights
Amsterdam University of Applied Sciences
Business Campus
Fraijlemaborg 133
1102 CV Amsterdam
The Netherlands

Ecommerce Europe
Rue d'Arlon 69-71
1040 Brussels
Belgium

