

LIGHT VERSION



EUROPEAN E-COMMERCE REPORT 2023

Executed by:



A word from Ecommerce Europe

Luca Cassetti

Secretary General



Ecommerce Europe, representing the European digital commerce sector, would like to thank the Centre for Market Insights of the Amsterdam University of Applied Sciences for their valuable work in creating this report.

Europe continues to be affected by Russia's aggression against Ukraine, which has brought about high inflation rates, surging energy prices and general geopolitical instability. All of these not only impact the purchasing power of consumers but also disrupt markets and global supply chains. Despite this, the findings of this year's report show that e-commerce still continues to grow. In fact, the turnover in European B2C e-commerce increased from €849bn in 2021 to €899bn in 2022, even though the growth rate did decrease from 12% in 2021 to 6% in 2022. That said, the growth rate for 2023 is forecast to slightly increase to 8%, with the turnover in European B2C e-commerce also continuing its positive growth tendency.

From a legislative point of view, we are witnessing how policymakers at the EU level are gradually wrapping up the different political priorities of this mandate, since next year will be marked by the European elections, taking place on 6-9 June 2024. In past years, the EU has rolled out a number of legislative acts that have attempted to adapt the legal landscape of Europe to the digital and green transitions. Many of these policies have proved to be of key relevance to the e-commerce sector, addressing topics such as online platforms and marketplaces, green claims and sustainable packaging, to name just a few. The next couple of years will therefore be critical for companies as these initiatives gradually start to be implemented across the whole industry, a move that will require investment in order to ensure compliance with new EU and national rules.

When the 2024 EU elections inevitably re-shuffle the European political landscape, the narrative around digitalization and digital commerce will also shift, influencing future policy agendas and negotiations over the next five years. Early voting predictions suggest a more polarized, potentially less regulatory-oriented European Parliament, which will impact the evolution of the EU regulatory landscape for years to come. Against this potential backdrop of increased political uncertainty, it is crucial for the digital commerce sector to remain vocal about the challenges it faces and what it needs to drive the necessary changes for a fair and sustainable digital transition.

There is still a lot of work to be done. 2022 marked the 30-year anniversary of the EU Single Market and while Ecommerce Europe recognises the important steps undertaken over the years, we also see that businesses still face significant barriers, especially in relation to cross-border selling. Policymakers have a responsibility to reduce market fragmentation and remove red tape for cross-border business operations.

Designing realistic, future-proof and channel-neutral policies that are capable of adapting to the evolving expectations of both companies and consumers, will be of paramount importance when the next EU cycle starts. Ecommerce Europe will continue its lobbying and advocacy efforts, in cooperation with its members, to bring the interests and challenges of the sector to the attention of the new legislators.

Ecommerce Europe: The European Digital Commerce Association

Ecommerce Europe represents, through its 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 towards European legislators. Our advocacy activities focus on the following main pillars:

- ▶ e-Regulations
- ▶ Sustainability
- ▶ Digital Transactions and Innovation
- ▶ e-Logistics & Taxation
- ▶ Platforms

These pillars are structured into 'working committees' where members of Ecommerce Europe can participate by contributing to the development of the policy 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 and platforms face in their daily operations. Ecommerce Europe translates the outcome of the committees into policy recommendations for legislators on how to make it easier for merchants to sell to their customers, especially cross-border. At the same time, we provide practical and useful information to our members on relevant developments at EU 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

Christel Delberghe

Director-General



As the European voice of the retail and wholesale sector, we are pleased to share this year's edition of the European E-commerce Regional Report. We hope it will inform you all on e-commerce trends occurring in such a rapidly changing environment.

As the largest private sector employer in Europe, our sector provides 26 million jobs and plays an essential role in the life of local communities and city centers, ensuring that European consumers and businesses have daily access to critical services and products.

The past few years have been challenging in Europe. We are recovering from the Covid-19 pandemic and dealing with a plethora of newer challenges such as a severe cost-of-living crisis and the impact of the war in Ukraine, as well as climate change, aging populations, tightening labor markets and a rapidly evolving digital landscape.

In 2022, with inflation soaring, consumers became a lot more price sensitive. They increasingly looked to save money and did so by comparing and diversifying their online and offline shopping channels. This year's report includes a special focus on the impact of inflation on turnover growth in the sector.

As the sector faces up to these challenges, it is going through significant transformation to become more digital and sustainable, while still seeking to attract and retain talent. A joint study with McKinsey identifies that the sector must nearly double its current investment rate by 2030. We are working with EU policy makers, through a co-creation process, to explore how to develop a more supportive environment and unlock potential for greater levels of investment to achieve this vital transformation.

Throughout the Covid-19 pandemic, many consumers switched to online out of necessity but continued to shop online through choice. We expect online sales to keep growing in the coming years, reaching an estimated 30% of retail sales by 2030. Being present online has become vital for many retailers, especially for smaller businesses. The consumer journey is also rapidly changing and combining online and offline interaction has become the new normal. Retailers have no choice but to invest in making this hybrid shopping a seamless experience. While physical stores remain essential, their role is evolving and their focus increasingly shifting to offering enhanced experience and in-person advice.

Over the past few years, the European Union has been designing new regulations for the digital world. These require e-commerce players to remain in step with such changes. EuroCommerce contributes on behalf of its members to this process and monitors the implementation and enforcement of these rules to ensure that Europe provides an environment that's conducive to innovation while ensuring fair competition and appropriate levels of consumer and environmental protection.

EuroCommerce: The voice of European retail and wholesale

EuroCommerce is the principal European organization representing the retail and wholesale sectors. It embraces national associations in 27 countries and five million companies, including leading global players and many small businesses. Over a billion times a day, retailers and wholesalers distribute goods and provide essential services to millions of business and individual customers. The sector generates one out of every seven jobs and offers a varied career to 26mn Europeans, many of them young people. It also supports millions of jobs throughout the supply chain, from small local suppliers to international businesses. EuroCommerce is the recognized European social partner for the retail and wholesale sectors.



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

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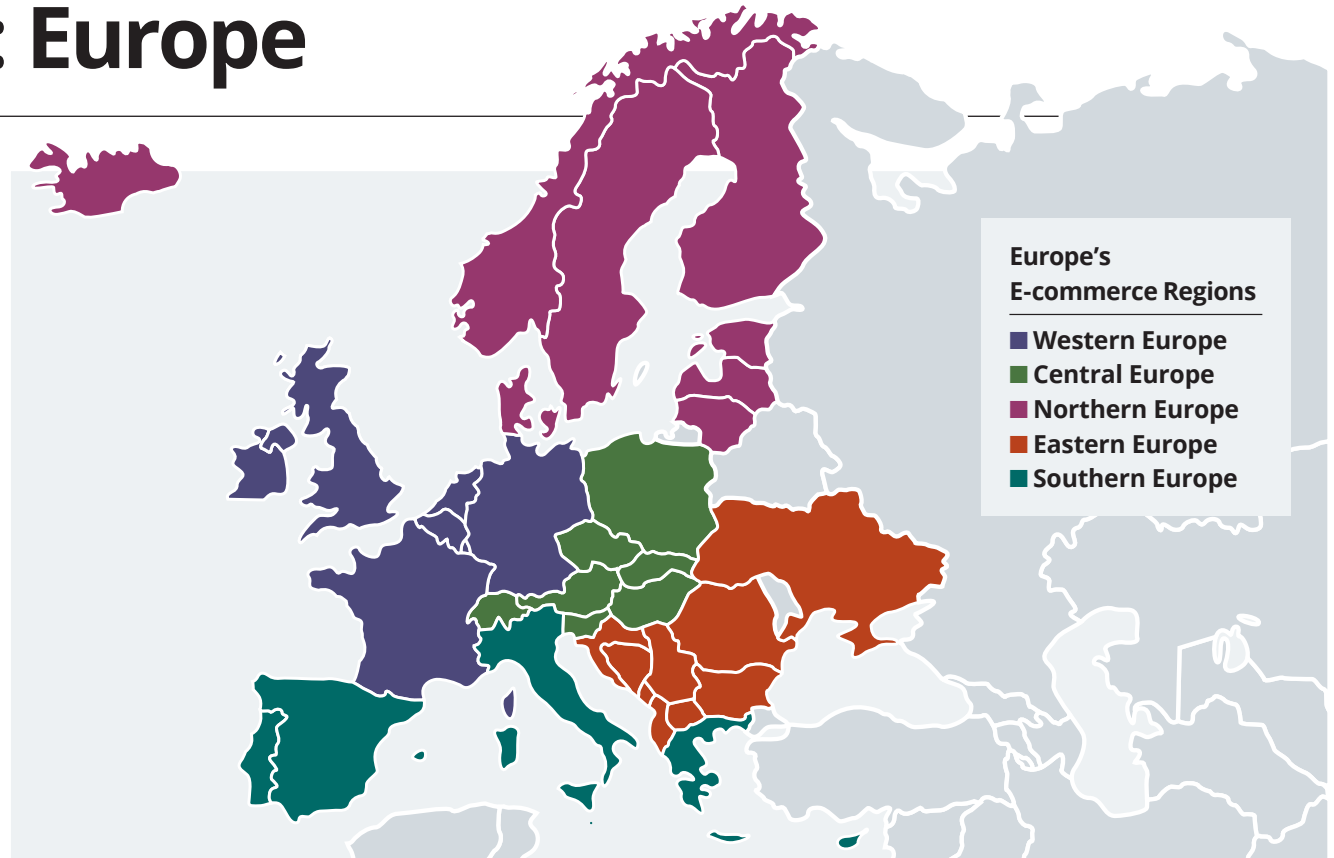
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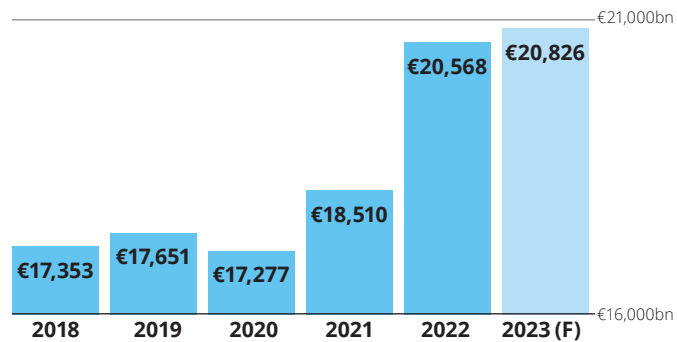
Market Overview: Europe

The European continent is home to diverse markets, in particular, intricate digital markets. After the rapid growth of internet users during the Covid-19 pandemic, they appear to have stabilized at 92% of the total European population. Despite challenges with inflation and a declining population, GDP continues to grow both regionally and across Europe.



GDP (€bn)

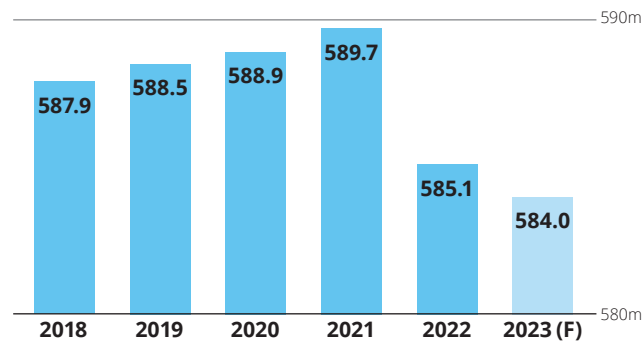
Gross Domestic Product (GDP) in €bn



SOURCE: IMF

Population of Europe

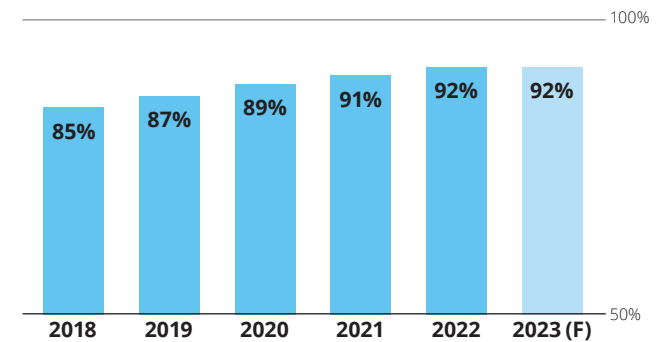
Year by year population, in millions



SOURCE: WORLD BANK, UN POPULATION DIVISION

Internet users

Percentage of the population accessing the internet



SOURCE: EUROSTAT, DATAREPORTAL

Infrastructure & Logistics

Rankings highlighted are leaders among countries in the report

	Logistics Performance Index (2023)	E-Government Development Index (2022)	Inclusive Internet Index (2022)	Environmental Performance Index Ranking (2022)	SDG Index Ranking (2022)
Belgium	7	39	24	21	18
France	13	19	4	12	7
Germany	3	22	14	13	6
Ireland	23	30	34	24	9
Luxembourg	26	26	-	6	36
Netherlands	3	9	8	11	17
United Kingdom	19	11	5	2	11
Denmark	3	1	19	1	2
Estonia	26	8	25	14	10
Finland	2	2	-	3	1
Iceland	26	5	-	10	22
Latvia	34	29	-	15	14
Lithuania	38	24	25	31	39

	Logistics Performance Index (2023)	E-Government Development Index (2022)	Inclusive Internet Index (2022)	Environmental Performance Index Ranking (2022)	SDG Index Ranking (2022)
Norway	19	17	-	20	4
Sweden	7	5	11	5	3
Austria	7	20	32	8	5
Czechia	43	45	44	33	21
Hungary	51	51	14	13	6
Poland	26	34	16	46	12
Slovak Republic	43	47	-	18	24
Slovenia	43	21	-	7	15
Switzerland	3	23	10	9	8
Albania	97	63	-	62	61
Bosnia & Herzegovina	61	96	-	102	59
Bulgaria	51	52	28	41	42
Croatia	43	44	-	16	23

	Logistics Performance Index (2023)	E-Government Development Index (2022)	Inclusive Internet Index (2022)	Environmental Performance Index Ranking (2022)	SDG Index Ranking (2022)
Montenegro	73	71	-	63	86
North Macedonia	57	80	-	34	57
Romania	51	57	30	30	30
Serbia	73	40	-	79	35
Ukraine	79	46	-	52	37
Cyprus	51	27	-	22	43
Greece	19	33	18	28	32
Italy	19	37	20	23	25
Malta	43	15	-	4	33
Portugal	38	38	28	48	20
Spain	13	18	7	27	16

Definitions

Logistics Performance Index (LPI):

LPI measures performance along the logistics supply chain within a country.

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.

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.

SDG Index Ranking:

This index provides an assessment of progress made towards the SDGs by all UN Member States. The SDG Index, in which scores are presented on a scale of 0 to 100 and can be interpreted as a percentage towards optimal SDG performance.

E-commerce Overview: Europe

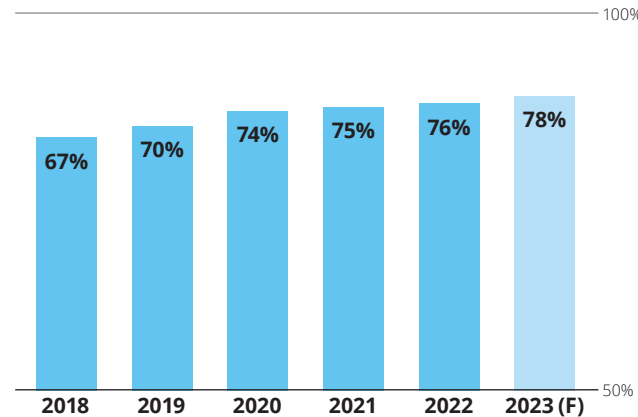
The e-commerce overview section of the report includes data from 37 countries on the European continent, showcasing the importance of the EU-27 and neighboring digital economies. Overall, European B2C e-commerce turnover continues to grow. As has been the trend for quite some time, Eastern Europe shows higher growth rates in B2C e-commerce turnover than many Western European countries. However, Western Europe still holds the largest share of total turnover, at 67% compared to Eastern Europe's 2%.

Countries included:

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

E-Shoppers, Europe

Percentage of internet users who bought goods or services online



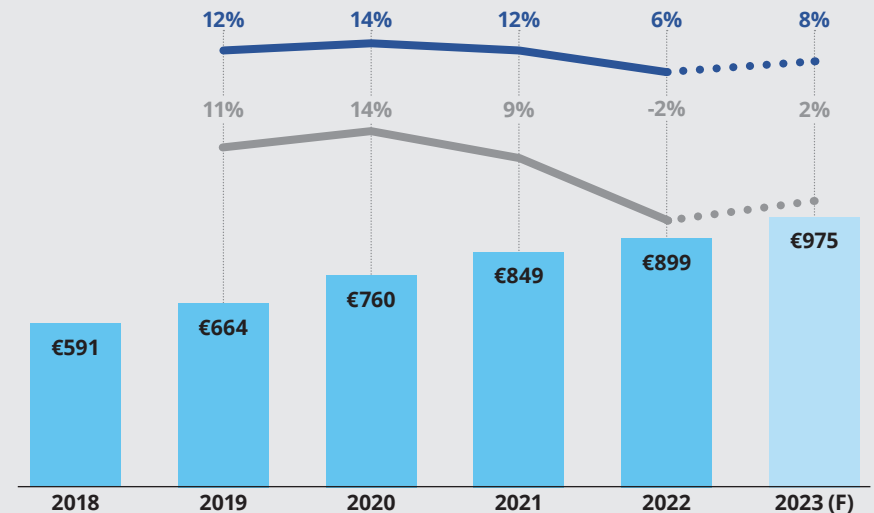
SOURCE: EUROSTAT, STATISTA

E-GDP, Europe

This is the Light Version of the Report. The Full Version is only available to Ecommerce Europe's and EuroCommerce's members and policymakers.

B2C e-commerce turnover (€bn)

— Growth rate
— Inflation-adjusted growth rate*



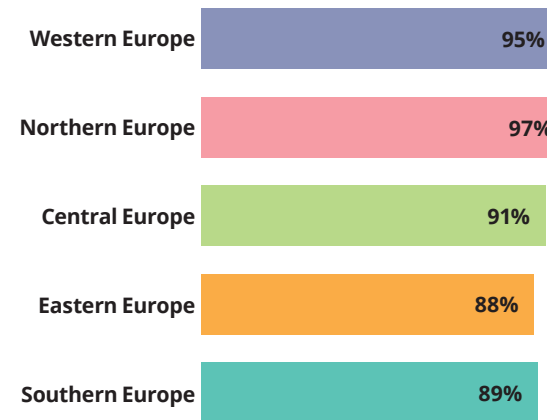
SOURCE: NATIONAL E-COMMERCE ASSOCIATIONS, STATISTA

*All Inflation-adjusted growth rates throughout this report were supplied by Eurocommerce. Further explanation of the methodology can be found on page 95

E-commerce Overview: By Region

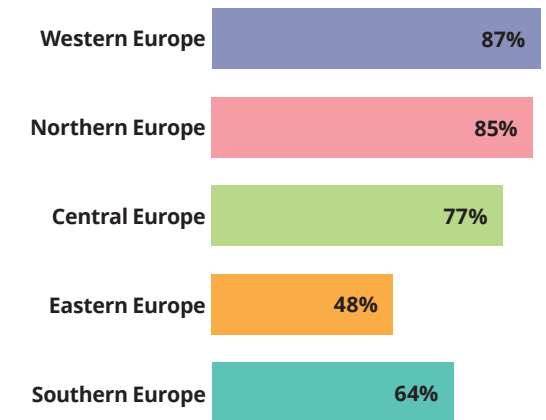
Western Europe remains the leader in terms of its share of B2C e-commerce turnover in Europe, consistently encompassing over 67% of total turnover, with Southern Europe catching up at 16%. This share of turnover is reflected in the E-GDP of the regions, with Western Europe remaining the highest at 5.2%. The e-commerce markets are robust and expected to contribute 5% to GDP in 2023. Eastern Europe's fast-growing digital economy provides ample opportunity for e-commerce players.

Internet users by region, 2022



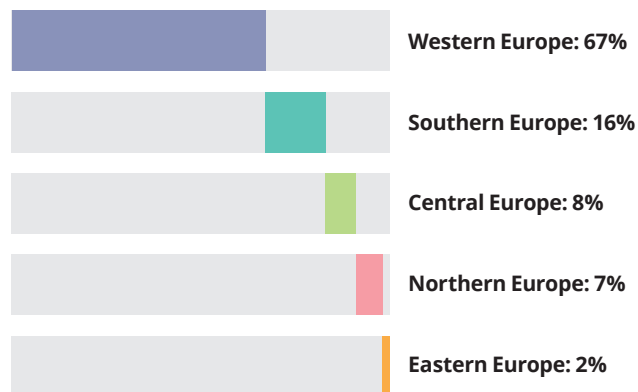
SOURCE: EUROSTAT, DATAREPORTAL

E-shoppers users by region, 2022



SOURCE: EUROSTAT, STATISTA

Share of total European e-commerce turnover by region, 2022



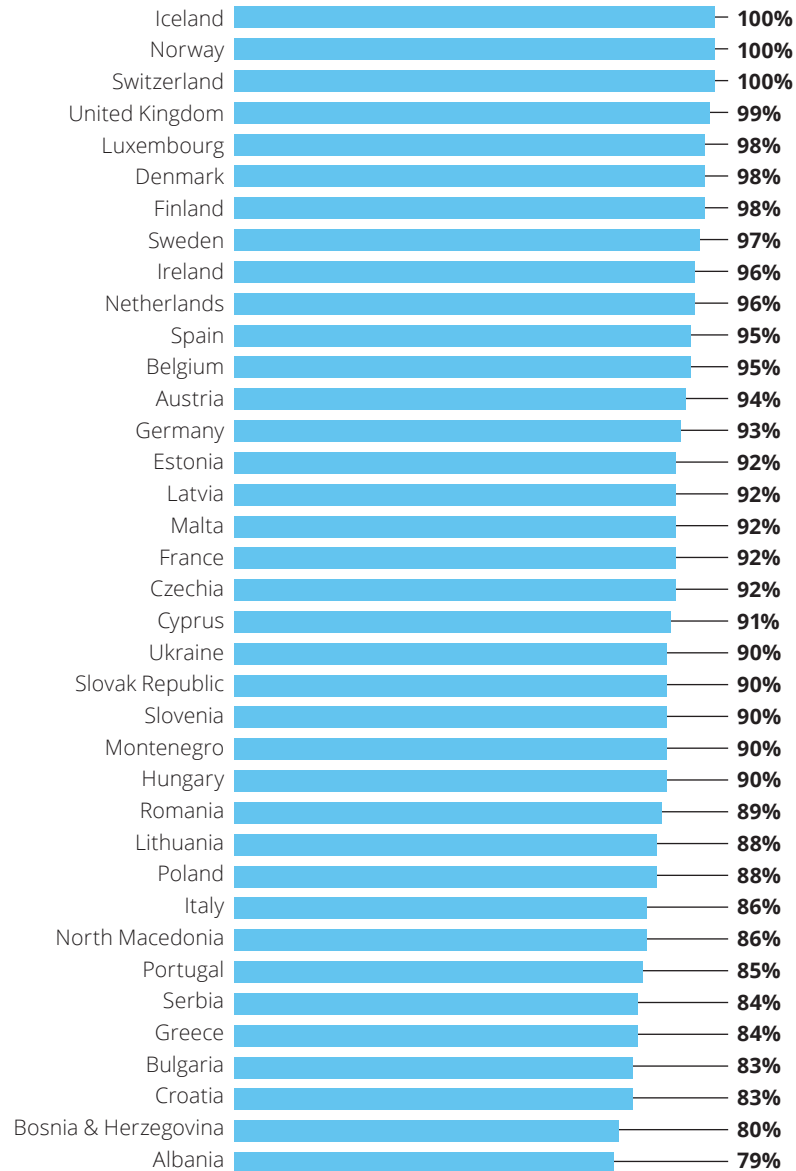
B2C e-commerce turnover by region in €bn, 2022

E-GDP as a percentage of GDP, 2022

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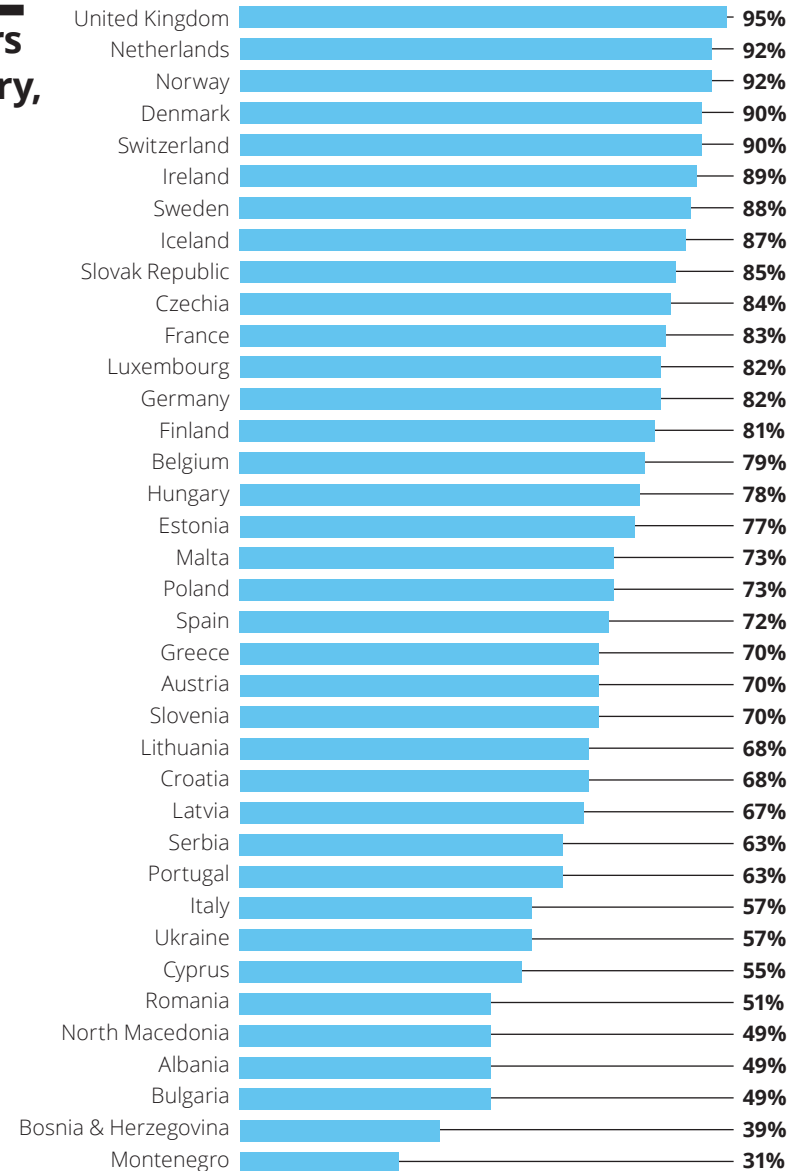
E-commerce Overview: By Country

Internet users per country, 2022



SOURCE: EUROSTAT, DATAREPORTAL

E-shoppers per country, 2022



SOURCE: EUROSTAT, STATISTA

E-commerce Overview: By Country

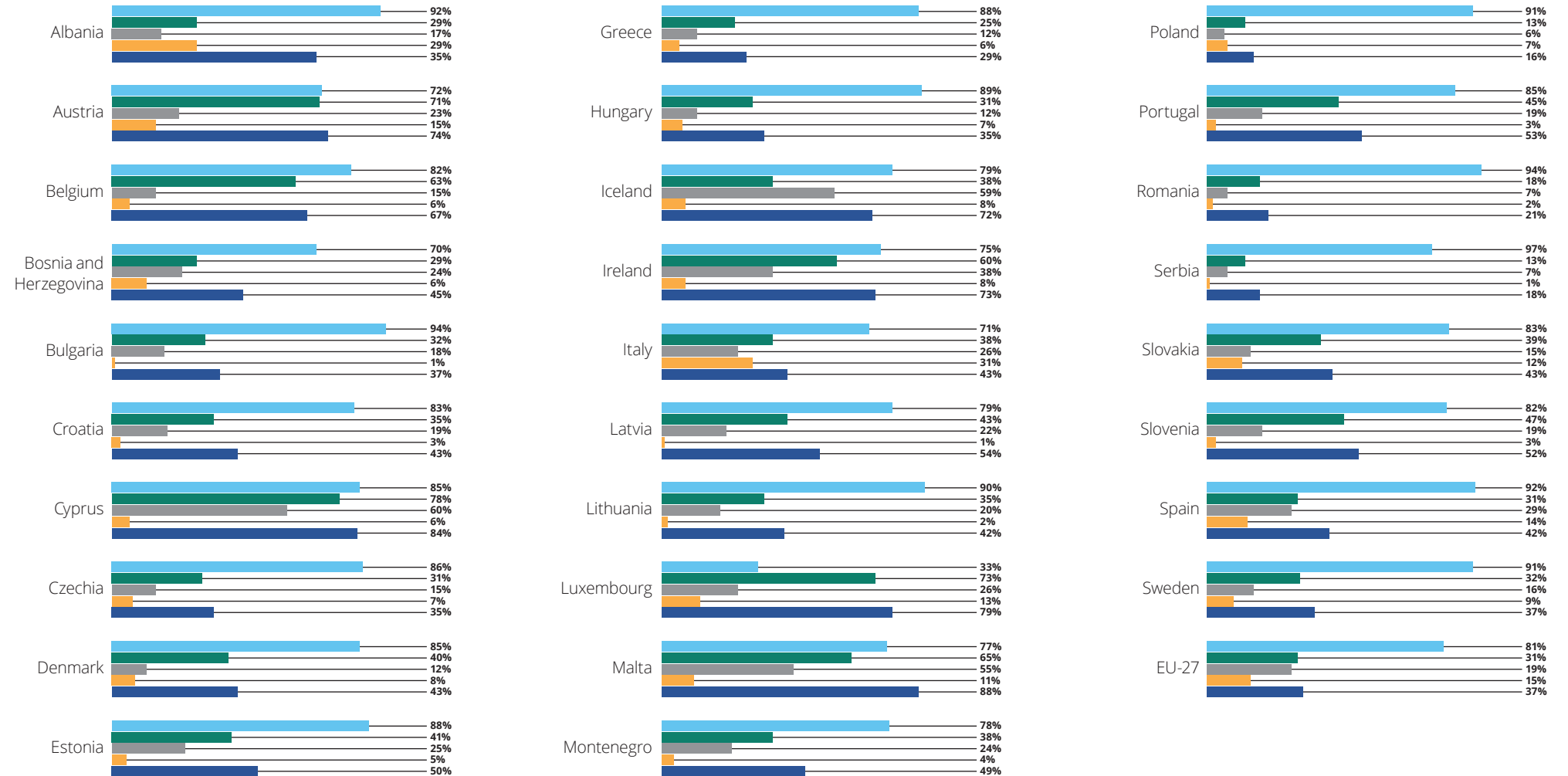
**B2C
e-commerce
growth rate
by country,
2022**

**E-GDP by
country,
2022**

This is the Light Version of the Report. The Full Version is only available to Ecommerce Europe's and EuroCommerce's members and policymakers.

Online purchasing nationally and cross-border, three months, 2022

- 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)



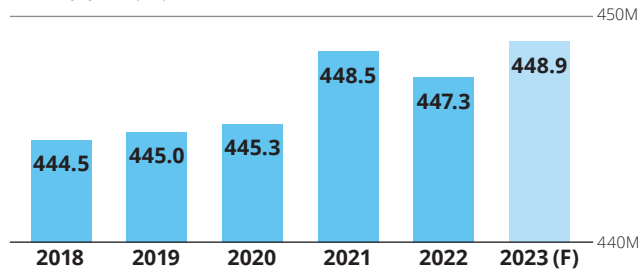
SOURCE: SOURCE: EUROSTAT (2022): PERCENTAGE OF INDIVIDUALS WHO PURCHASED ONLINE IN THE LAST THREE MONTHS

Market Overview: EU-27

The EU-27 is the powerhouse of European e-commerce. Although the United Kingdom, which officially left the European Union in 2020, represents the bulk of European e-commerce turnover, the Single Market's digital economy continues to thrive. Every year, the e-shopper population grows, as does E-GDP. The data reveals that consumers are confident in their domestic markets, evidenced by 81% having reported purchasing from national sellers in 2022.

Population of the EU-27

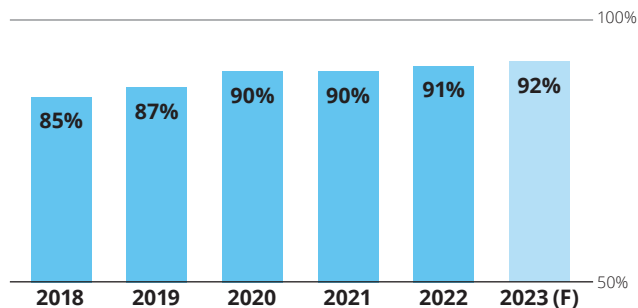
Year-by-year population, in millions



SOURCE: WORLDBANK, UN POPULATION DIVISION

Internet users

Percentage of the population accessing the internet



SOURCE: EUROSTAT, DATAREPORTAL

EU-27 member countries

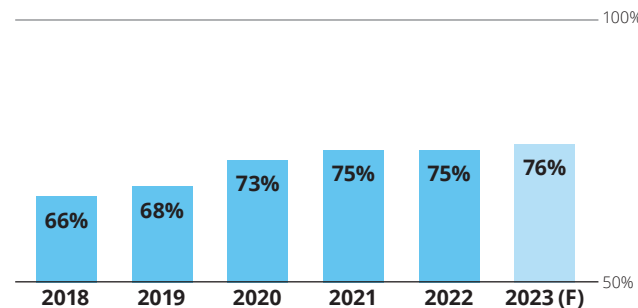
Austria, Belgium, Bulgaria, Croatia, Cyprus, Czechia, Denmark, Estonia, Finland, France, Germany, Greece, Hungary, Ireland, Italy, Latvia, Lithuania, Luxembourg, Malta, Netherlands, Poland, Portugal, Romania, Slovakia, Slovenia, Spain, Sweden

B2C e-commerce turnover (€bn)

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E-Shoppers

Percentage of internet users who bought goods or services online

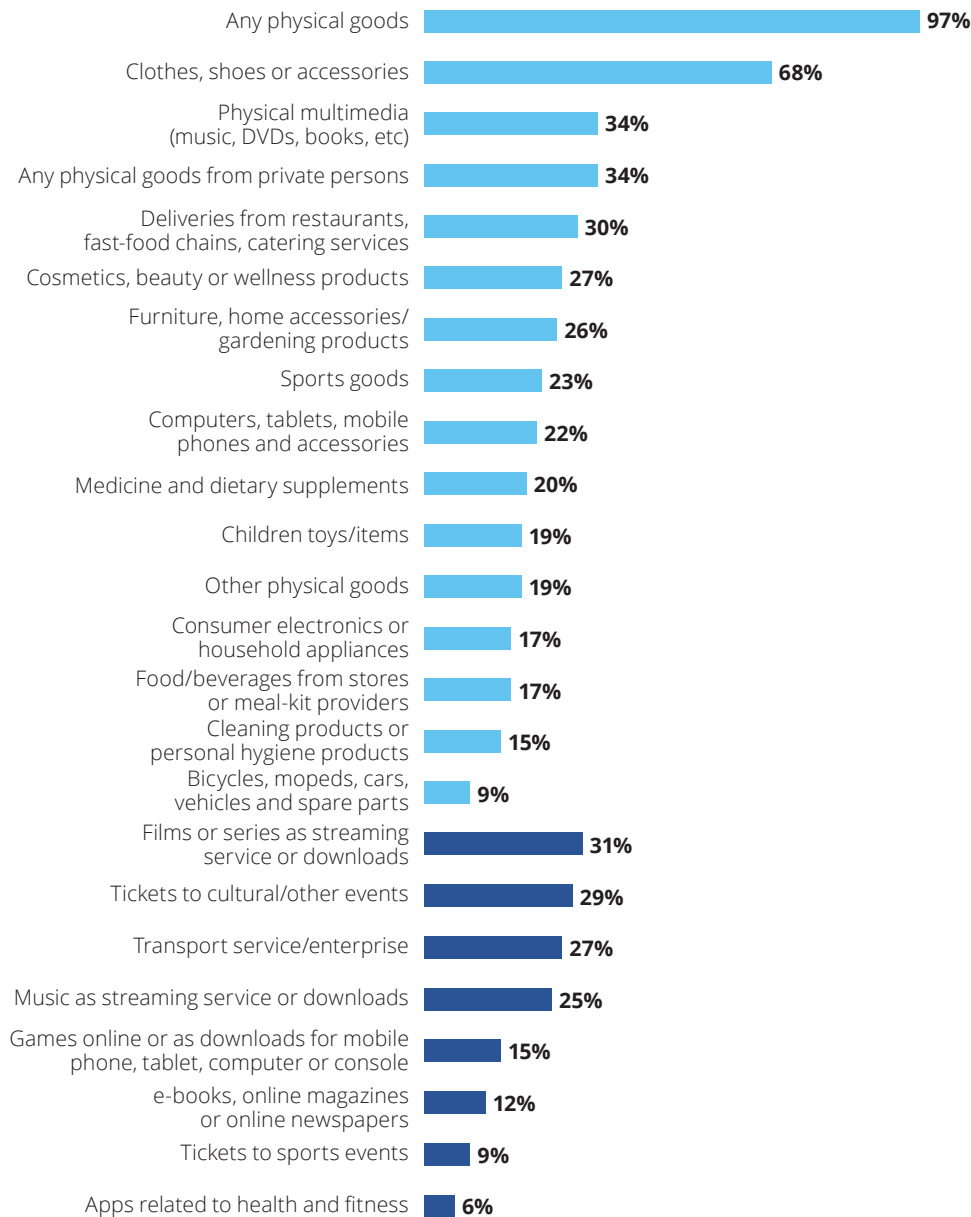


SOURCE: EUROSTAT, STATISTA

GDP and E-GDP (€bn)

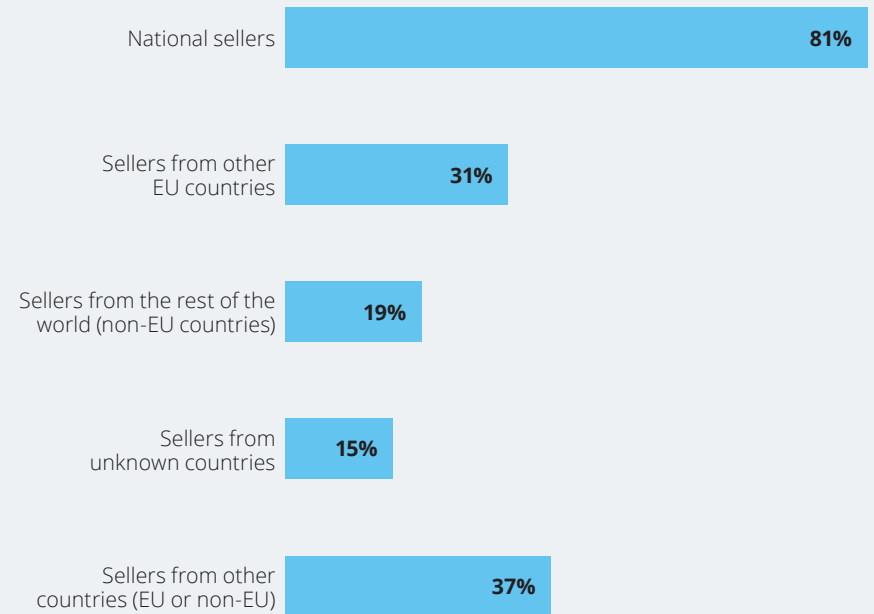
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EU-27 product category purchasing



SOURCE: EUROSTAT (2022): PERCENTAGE OF INDIVIDUALS WHO PURCHASED ONLINE IN THE LAST THREE MONTHS

EU-27 cross-border online purchase

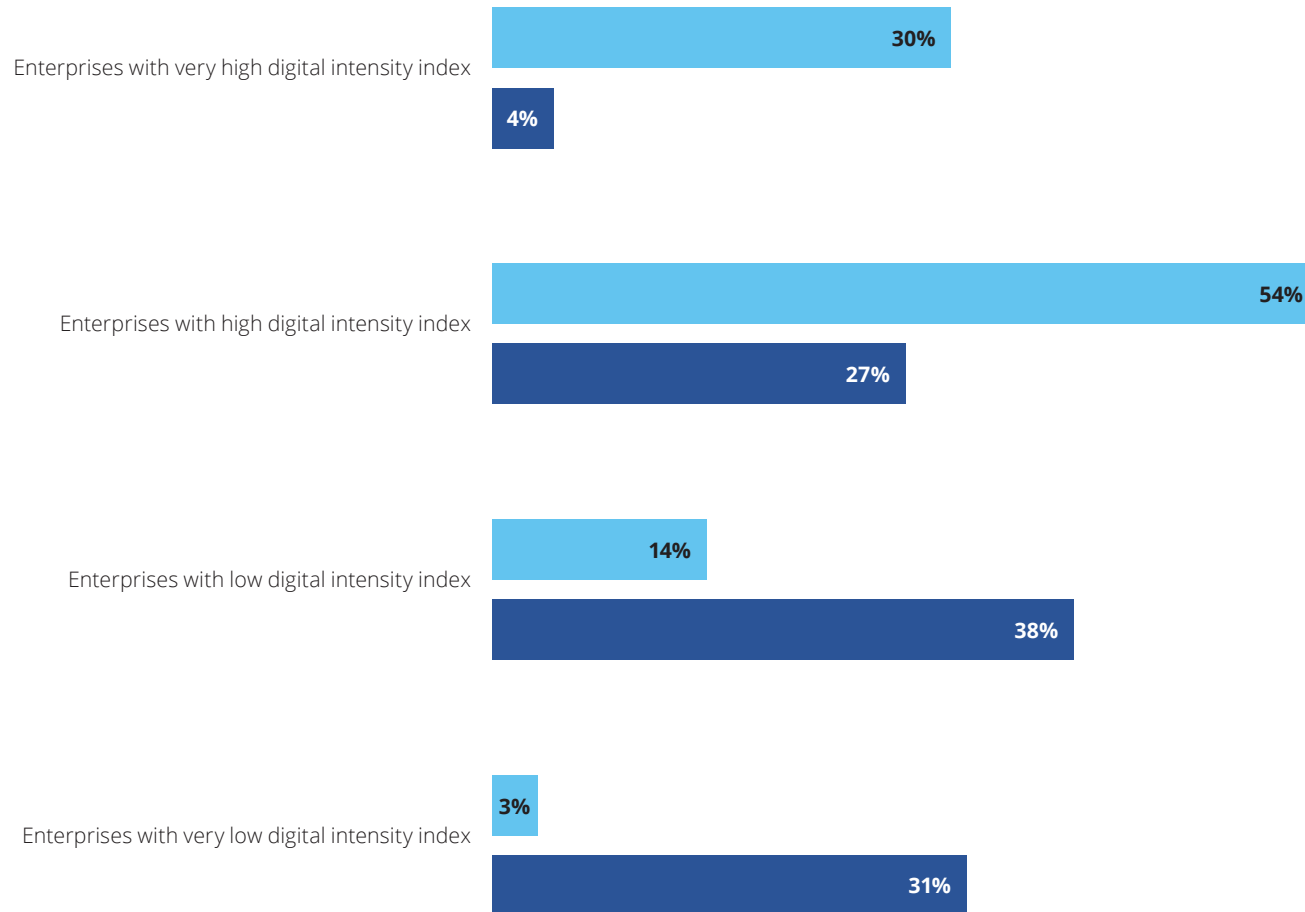


Compared with 2021, e-shoppers in the European Union appear more likely to purchase from sellers from unknown countries in 2022 (13% in 2021). Importantly, the share of consumers purchasing from national sellers and sellers from other EU countries has remained constant.

SOURCE: EUROSTAT (2022): PERCENTAGE OF INDIVIDUALS WHO PURCHASED ONLINE IN THE LAST THREE MONTHS

EU-27 digital intensity

■ Large enterprises
■ SMEs



EU-27 enterprises* were surveyed and given a point for each of the following conditions, if true:

- Enterprises where more than 50% of the persons employed had access to the internet for business purposes
- Employ ICT specialists
- The maximum contracted download speed of the fastest fixed line internet connection is at least 30 Mb/s
- Enterprises which conducted remote meetings
- Enterprises make persons employed aware of their obligations in ICT security related issue
- Any type of training provided to develop ICT related skills of the persons employed, during 2020
- Use at least three ICT security measures
- Enterprise with document(s) on measures, practices or procedures on ICT security
- Any of the persons employed having remote access to any of the following: e-mail, documents, business apps
- Use industrial or service robots
- Used any computer networks for sales (at least 1%)
- Enterprises where web sales are more than 1% of the total turnover and B2C web sales more than 10% of the web sales

Enterprise has very low digital intensity index:
Count of enterprises with 0-3 points

Enterprise has low digital intensity index :
Count of enterprises with 4-6 points

Enterprise has high digital intensity index:
Count of enterprises with 7-9 points

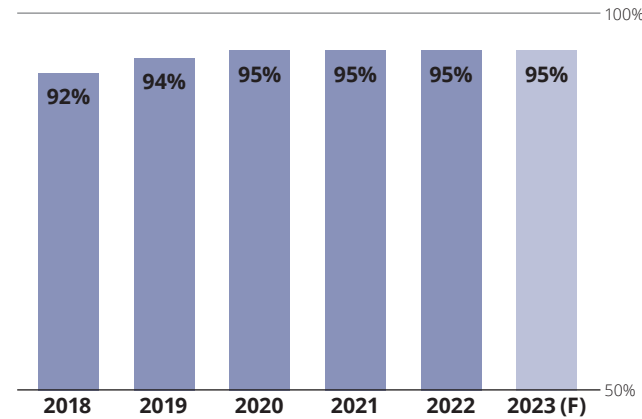
Enterprise has very high digital intensity index:
Count of enterprises with 10-12 points

Western Europe



Internet usage

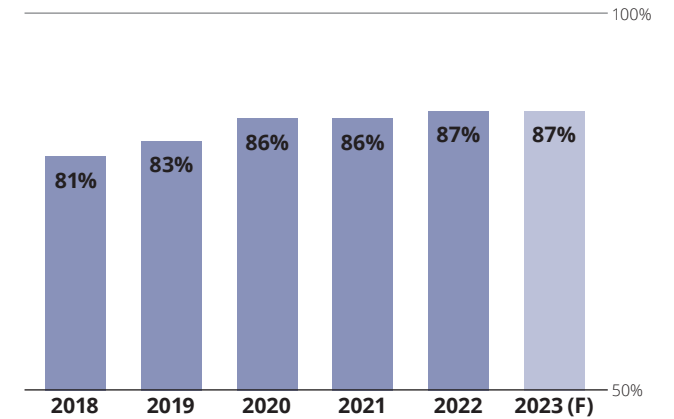
Percentage of the population accessing the internet



SOURCE: EUROSTAT, DATAREPORTAL

E-Shoppers

Percentage of internet users who bought goods or services online



SOURCE: EUROSTAT, STATISTA

B2C e-commerce turnover (€bn)

GDP and E-GDP (€bn)

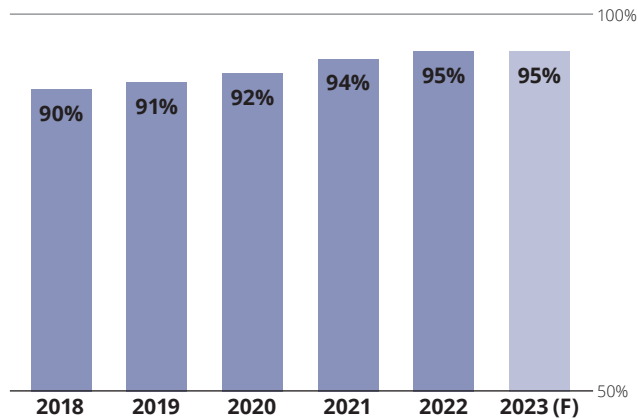
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Belgium

Currency: euro | VAT: 21%

Internet usage

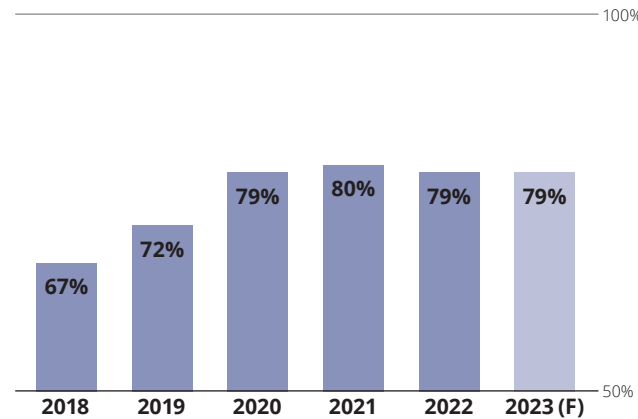
Percentage of the population accessing the internet



SOURCE: EUROSTAT, DATAREPORTAL

E-Shoppers

Percentage of internet users who bought goods or services online



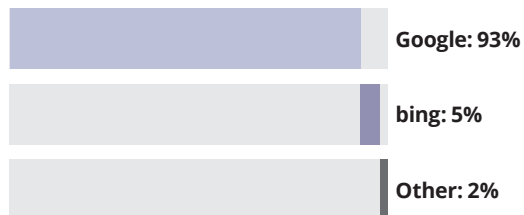
SOURCE: EUROSTAT, STATISTA

GDP and E-GDP (€bn)

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Search engine market share

Most popular search engines in 2022



SOURCE: STATCOUNTER

B2C e-commerce turnover (€bn)

This is the Light Version of the Report. The Full Version is only available to Ecommerce Europe's and EuroCommerce's members and policymakers.

Belgium



SafeShops.be

Interview Greet Dekocker

Managing Director, BeCommerce/SafeShops.be



Policies and regulation:

What national policies are being considered in your market that will likely have an impact on e-commerce?

We have an upcoming proposal on the new postal law proposed by our Minister of Postal Services which will have a significant impact on our postal operators. Its focus is to improve working conditions of parcel deliverers in Belgium, combating social and tax fraud, as well as to protect fair competition in the market. If passed, it will include several measures, obligations and a liability regime, including a minimum fee for postal service providers and subcontractors, setting up a time registration system and preventive measures such as training.

We are, however, worried that regulating the postal sector via such strict measures, introducing severe liabilities and putting extra financial burdens on the market operators will put Belgian e-commerce under increased pressures compared to those in neighboring countries.

How have some relevant EU policies, such as Right to Repair and Green Claims, affected the Belgian e-commerce market?

The most relevant policies that will impact our market are DMA and DSA. We also believe that the Packaging and Waste Regulation will impact our sector in a significant way. The DMA/DSA both strive to mitigate the influence from the large formats and big players such as Google and Meta. A safer online environment and a more even playing field will be beneficial to our consumers and webshops. Also, more sustainable packaging and more sustainable ecommerce in general are issues we're already focusing on. I think such regulation will be a helpful step

towards making e-commerce a sustainable way of trading, even though both regulations will be challenging to implement.

Sustainability:

What is currently happening in Belgium regarding sustainable transportation efforts?

Aside from the postal law that will focus on more social sustainability, there are a lot of sustainable efforts going on in the market. Webshops and retailers are adapting their offer and making it more sustainable while on different platforms, we are seeing the application of certain 'ecofilters', where a consumer can specifically search for sustainable products. Some e-commerce players have even introduced ecolabels to indicate whether a product is eco-friendly or not.

In general, there is more consumer awareness about greenwashing and we can see this in more circular e-business models that are focusing on re-commerce. Suppliers are also jumping on this bandwagon, with more packaging suppliers working with, or striving to work with, recyclable and reusable materials. It is remarkable that there is a genuine desire from most of our postal operators to work towards CO₂ neutrality.

What is currently happening in Belgium regarding returns and/or repairs and their impact on sustainability efforts?

There are a lot of positive things happening on returns right now. Mitigating the impact of returns is a topic that Belgian retailers are heavily invested in. Luckily, there is a willingness from the webshops to reduce their returns rate or the impact from returns. According to a survey we conducted in 2021, 83% of webshops are already trying by providing better, clearer product information. Destruction of returns has also been limited, with 74% of returns either repackaged and sold again, sold as second-hand items (9%) or donated (5%). There's also a huge potential for policy and technical implementation and we recently conducted a study on possible practices to reduce returns, with some hopeful and positive outcomes.

“In general, there is more consumer awareness about greenwashing and we can see this in more circular e-business models that are focusing on re-commerce”

Technology:

Have you seen a shift in digitalization and technology use among retailers in this last year? If so, what changes have retailers – particularly SMEs – made?

There has been a shift and a lot of new technology has been implemented. We see a definite increase in the use of ChatGPT as a base to start writing marketing text and it's currently mainly being applied in marketing and customer service. This helps webshops handle complaints faster and provide drafts in a timely manner. So, for the moment, we are reaping the benefits of ChatGPT.

When it comes to customer service, a lot of chatbots are already working with AI and this usage is increasing. Also, we see that the implementation of Augmented Reality (AR) can be a huge help in, for example, reducing fashion returns.

Which technologies such as AI, VR and big data are Belgian e-commerce industry players focusing on in 2023?

Concepts like the aforementioned AR and AI can help to mitigate returns or even increase sales. The current problem in returns is that there is a lack of adequate product information. AR tools such as virtual fitting rooms and 3D-product visualizations can help to close that gap. We are also seeing a lot of technology around data. A digital passport, linked to your bank card, is very much up and running in Belgium, which already provides a lot of options and possibilities.

Belgium



SafeShops.be

Continued from previous page

Current events and e-commerce:

There have been reports that 'direct-to-consumer' European e-commerce has grown substantially. Has this been the case in your market?

We see that some businesses such as Dyson are starting to focus on D2C. Another substantial growth is that of B2B e-commerce. We see more and more B2B-shops coming onto the market.

Have you seen any specific direct or indirect impacts from the war in Ukraine on your e-commerce market?

As with the economy in general, supply chains and buying power are under pressure, although in Belgium, that pressure is somewhat mitigated by the wage index. While this helps, it remains a challenging climate.

Even now, we still see that the volume of e-commerce is increasing, which is an ongoing trend. This growth is mainly pushed by services. Going to events and traveling are popular expenses, since people want to go out and experience more now that they're able to again. People are spending more on experiences and, actually, we're almost back on the same level as before Covid-19.

Have there been any changes or updates in Belgium regarding payment and delivery preferences or behaviors?

We see that debit is still the most popular payment method, with Bancontact as frontrunner (75%). Its popularity is not likely to decrease. Payconiq is also a very popular payment method in Belgium, where you can pay by scanning a QR code.

Something that is unique and upcoming in the Belgian market are meal vouchers and eco vouchers, with even some delivery services now implementing the meal vouchers. Eco vouchers are a handy indicator of whether a customer is buying a sustainable product. These vouchers are very popular among Belgian consumers and are also finding their way in e-commerce.

What would you say are the leading reasons for significant changes in e-commerce purchasing among consumers?

There is an increase in e-commerce because consumer generally have fewer concerns about it. Worries about product quality and delivery have decreased since last year. Also, we see that consumers are starting to spend their money again on experiences. Other sectors increasing in popularity are food and second-hand goods.

Are there any e-commerce trends specific or unique to the Belgian market?

While not unique, there are some rather remarkable trends going on. For example, the export mode of Belgian e-commerce is really starting to kick off. Belgian webshops are exporting more cross-border to neighboring countries. It's great for the sector to expand internationally.

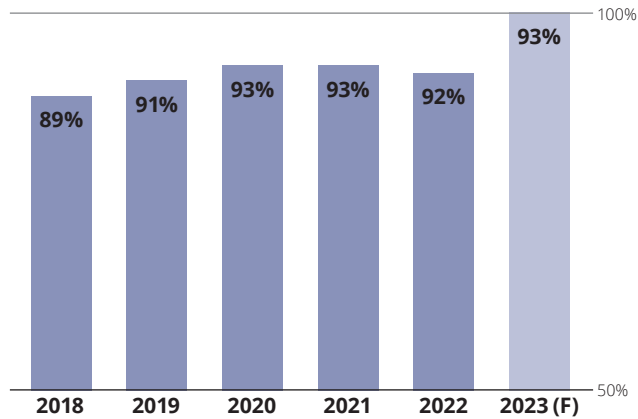
“Eco vouchers are a handy indicator of whether a customer is buying a sustainable product. These vouchers are very popular among Belgian consumers and are also finding their way in e-commerce”

France

Currency: euro | VAT: 20%

Internet usage

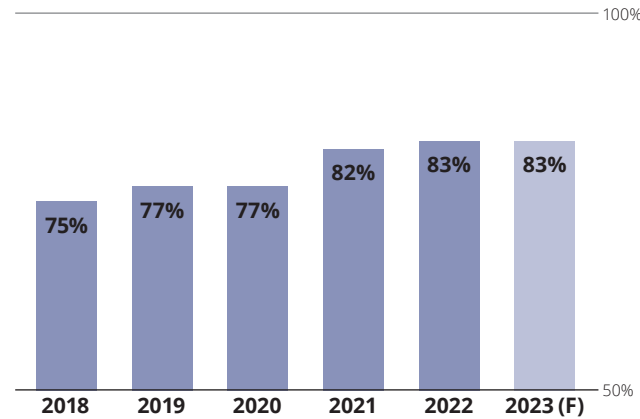
Percentage of the population accessing the internet



SOURCE: EUROSTAT, DATAREPORTAL

E-Shoppers

Percentage of internet users who bought goods or services online



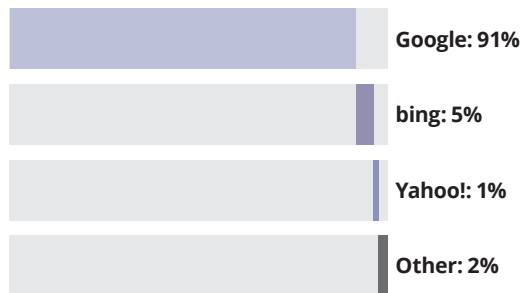
SOURCE: EUROSTAT, STATISTA

GDP and E-GDP (€bn)

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Search engine market share

Most popular search engines in 2022



SOURCE: STATCOUNTER

B2C e-commerce turnover (€bn)

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France

Interview

Marc Lolivier

Director General, FEVAD
French Federation of e-commerce



Policies and regulation:

What national policies are being considered in your market that will likely have an impact on e-commerce?

We have a major new digital law under discussion that is intended to strengthen internet regulation and security, as well as aiming to integrate the DSA into the national legislative order. This is an important legislative initiative for our sector because it will define the new rules applicable to marketplaces. Of course, we will be vigilant to ensure that French law remains faithful to the spirit and letter of European regulation in order to ensure a level playing field between platforms operating within the EU.

How have some relevant EU policies, such as Right to Repair and Green Claims, affected the French e-commerce market?

In general, national legislation concerning e-commerce is increasingly inspired by European law, which we regard as a positive development for the sector. At a European level, there are currently a number of initiatives closely associated with E-commerce Europe that we are following very carefully.

These include regulation on general product safety and the revision of the directives on consumer rights, not to mention the Data Act, the AI Act and changes to tax regulations. All these legal texts will significantly affect the future of our industry in France and Europe.

We also closely monitor European environmental regulations. French legislation in this area is already particularly advanced, both in relation to environmental claims and sustainable

practices, including information on reparability, as well as product and packaging waste. The EU regulations should make it possible to harmonize the law in Europe.

Sustainability:

What is currently happening in your market regarding sustainable transportation efforts?

Sustainability is now the focus of everyone's attention. There is strong demand from consumers concerning businesses in general and, of course, this extends to e-commerce. Our businesses are well aware of the need to respond to such expectations and, in 2023, corporate social responsibility has become the top priority investment for French e-commerce sites.

Of course, laws often trigger changes in this area but it would be wrong to think that they can solve everything. Companies must also be made accountable and responsible. This is the point of the Charter for Sustainable E-Commerce Logistics that we have developed with the government and which has been signed by the main e-commerce players. This charter includes very concrete measures concerning the packaging, storage and transport of products ordered online.

What is currently happening in France regarding returns and/or repairs and their impact on sustainability efforts?

The question of returns is dealt with in our Charter for Sustainable e-commerce logistics. Businesses must implement measures that may help to limit returns yet the challenge is to prevent returns that could have been avoided, without calling into question the customer's right to return. That is to say, changes can't ever limit the right to make a mistake, which has always been a consumer right in distance selling.

Technology:

Have you seen a shift in digitalization and technology use among retailers in this last year? If so, what changes have retailers – particularly SMEs – made?

Technological advances and, more generally, innovation, are among the main drivers of the success of e-commerce. We are a sector that is constantly innovating to improve competitiveness and quality of service. Among the technologies that are the

“Virtually all major brands now have an online retail site that is both a sales channel and a medium for customer communication”

focus of most attention from e-commerce sites, one finds AI, including ChatGPT. Such applications are increasingly found in marketing, customer relations, logistics, payment security and fraud prevention. AI also enables interesting progresses in CSR, particularly by making it possible to optimize inventory and delivery management. This is just the beginning, since AI's potential in terms of e-commerce appears to be considerable.

There is also increasing interest in VR and AR, particularly relating to product presentation. While there is certainly room for improvement on its technology side, substantial progress has been made in recent years in terms of consumer use, which suggests significant prospects for development in the future.

Current events and e-commerce:

There have been reports that 'direct-to-consumer' European e-commerce has grown substantially. Has this been the case in the French market?

There is a definite trend towards direct-to-consumer. The appearance of brands on e-commerce sites is not new, although Covid-19 accelerated the trend. While not all brands have the same strategies, most of them have understood all the potential benefits of a direct relationship with the customer through a successful shopping experience, especially in terms of brand commitment. Virtually all major brands now have an online retail site that is both a sales channel as well as a medium for customer communication.

France

Continued from previous page

Have you seen any specific direct or indirect impacts on your e-commerce market resulting from the war in Ukraine?

War in Ukraine has had an impact on inflation, which is now a major concern for e-commerce sites, not only because of the effects on the cost of transport and products, but also due to its impact on consumers' purchasing power. The rise in interest rates intended to curb inflation has consequences, particularly for startups with financing requirements. The war has also contributed to a climate of uncertainty, which is not very positive for investment and consumption.

Have there been any changes in France regarding payment and delivery preferences?

In terms of payments, 'buy now pay later' offers can be seen making a significant breakthrough and they are now available on an increasing number of sites. Against the background of a purchasing power crisis, it has to be said that offers of this kind are particularly enticing and attract more consumers. Instant transfers are also the subject of increasing interest.

On the delivery side, activity at pick-up points or stores that suffered during the Covid-19 crisis has recovered strongly since the end of the pandemic. Stores have also made considerable progress developing their e-commerce sites in the last two years, although from an economic and strategic point of view, their interest is to promote click and collect. One can sense that hub lockers, which are still of marginal importance in France, could develop in the years to come.

What would you say are the leading reasons for significant changes in e-commerce purchasing among consumers?

During the pandemic lockdowns, sales of products online reached exceptionally high levels as most instore sales switched to online. When the pandemic ended and the situation gradually returned to normal, people returned to stores as expected. In the months following the reopening of stores, a sort of post-Covid decline in product sales was therefore experienced. Yet despite this, product sales are still 30% above their pre-pandemic level.

At the same time, there has been an explosion in the sale of online services, particularly in the travel and leisure sector. After the sudden drop in sales during the pandemic, sales recovered and now the level of sales of services is far in excess of 2019 levels... and growing.

Obviously, there are trade-offs in terms of consumers' purchasing decisions as a result of inflation. These largely favor travel and leisure purchases, which are the items of expenditure that French people are trying to retain. Now the question is whether these new shopping behaviors tied to consumption trade-off due to inflation are going to remain.

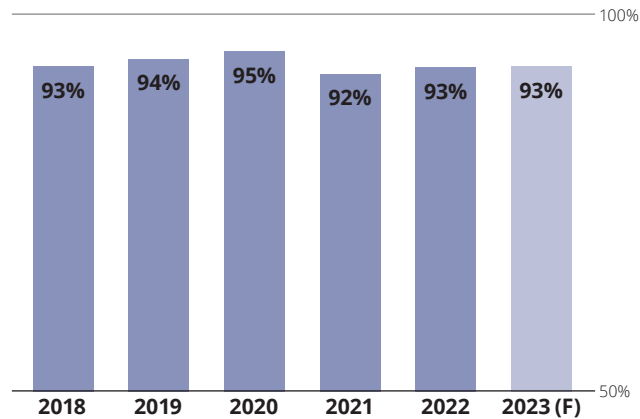
“There has been an explosion in the sale of online services, particularly in the travel and leisure sector”

Germany

Currency: euro | VAT: 19%

Internet usage

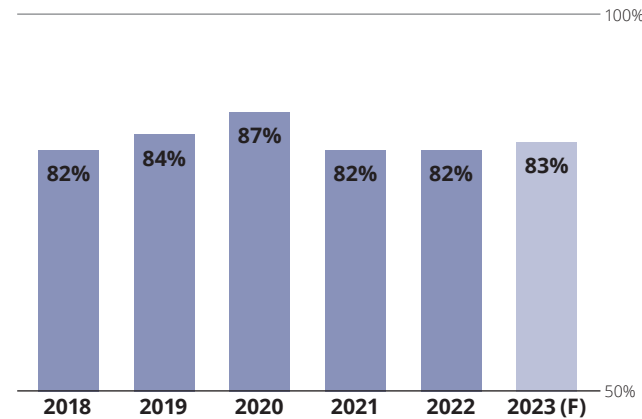
Percentage of the population accessing the internet



SOURCE: EUROSTAT, DATAREPORTAL

E-Shoppers

Percentage of internet users who bought goods or services online



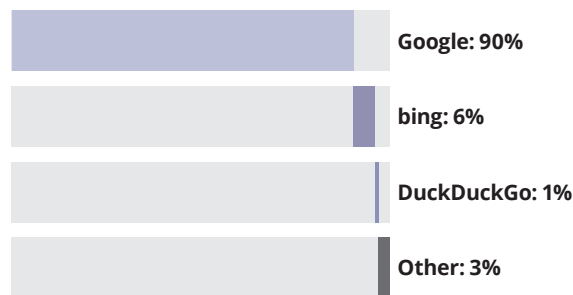
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Germany

Interview

Martin Gross-Albenhausen

Deputy Secretary General, bevh



Policies and regulation:

What national policies, if any, are being considered in your market that will likely have an impact on e-commerce?

Germany tends to shift national policy making to the European level. Therefore, besides some requirements in the area of extended producer responsibility for single-use plastics, there is no national legislation currently having an impact on e-commerce.

How have some relevant EU policies, such as Right to Repair and Green Claims, affected your e-commerce market?

The Packaging Regulation will have a huge impact. There are many products for which the requirement of having no more than 40% of empty space within a package is not possible. Products without their own packaging but with irregular shapes, such as hockey sticks or footballs, for example. Difficulties are also expected for very small products, since logistic service providers require a minimum parcel size to ensure that the label can be read and the parcel be processed. Similarly, fragile products require a certain amount of filling material as a buffer.

Moreover, the requirement would undermine existing efforts of retailers who tried to establish reusable boxes, since these are rarely adaptable to a wide range of product sizes. The targets for reusable boxes – especially 50% of all boxes by 2040 – are also difficult to fulfil because reusable packaging is not fit for all products and it requires huge investments, especially for SMEs. Moreover, online retailers rely on the cooperation of customers and their willingness to participate in a deposit system.

Sustainability:

What is currently happening in your market regarding sustainable transportation efforts?

More logistics companies are trying to convert their fleet to mostly electric vehicles for final-mile delivery. In addition, cargo bicycles are used wherever possible. For long distances, companies are currently investigating whether rail can be used more for transportation.

What is currently happening in Germany regarding returns and/or repairs and their impact on sustainability efforts?

There's an increasing number of businesses interested in circular business models. In the current economic crisis, customers are actively looking to save money, which empowers circularity as they resell their old products and buy used ones.

E-commerce acts as an enabler here but in general, we see that companies are increasing their sustainability efforts and making their processes more efficient. This includes constant checks and improvements in their returns processes.

Technology:

Have you seen a shift in digitalization and technology use among retailers in this last year? If so, what changes have retailers – particularly SMEs – made?

In high street retail, while we saw more examples of self-checkouts, some are already scaling back their efforts due to incidents of fraud or burglary. Making use of e-commerce, especially marketplaces or SaaS shop solutions such as Shopify, is more common than before.

Which technologies such as AI, VR and big data are German e-commerce industry players focusing on in 2023?

Since technology lifecycles are becoming ever-shorter, we see many companies facing relaunches of their shop software and their ERP. At the same time, larger companies are investing in headless technologies such as composable commerce and MACH-concepts.

“More logistics companies are trying to convert their fleet to mostly electric vehicles for final-mile delivery”

We also have more companies investing in technology to make better use of product data (PIM/MAM/DAM/MDM), since the variety of input data and output formats and channels requires a very structured approach to data management.

Have there been any changes in your market due to disruptive technologies such as ChatGPT?

While e-commerce companies have already invested in big data analytics, ChatGPT is currently being used for different purposes such as PR content, customer service, the optimization of chatbots, extraction of data off unstructured texts and so on.

Opportunities for more significant uses might arise in the near future, although this is less ChatGPT than GPT-4 and novel approaches to AI-usage. Complex platforms such as Google's Vertex AI or AI-tools like CoPilot or CodeWhisperer (Amazon) have more impact than consumer-oriented (and therefore PR-heavy) technology like ChatGPT.

Current events and e-commerce:

There have been reports that 'direct-to-consumer' European e-commerce has grown substantially. Has this been the case in your market?

We have seen D2C to be less impacted by lackluster consumer consumption. The decline on manufacturer's ecommerce revenues is less substantial than on multichannel retailers and online pureplayers.

Germany

Continued from previous page

Have you seen any specific impacts on your e-commerce market resulting from the war in Ukraine?

We saw a very clear drop in consumer buying behavior following the Russian aggression. Since 22 March, we have seen two developments hampering ecommerce: the basic effect of shrinking revenues after the end of Covid-19 restrictions and, to a much stronger degree, a very negative consumption climate that is hitting all retail.

Have there been any changes in Germany regarding payment and delivery preferences or behaviors?

We see a continuous growth of online payments services like Paypal or Klarna. We do not, however, perceive a considerable problem with BNPL-offers leading to rising consumer debts.

What would you say are the leading reasons for significant changes in e-commerce purchasing among consumers?

The major part of the decline in e-commerce purchasing is due to insecurity about the personal economic outlook. It is not necessarily fear of unemployment but mostly a rise of energy costs and inflation on FMCG that leads to frugality. There is also a small statistical effect in the aftermath of two exceptional e-commerce-years during Covid-19.

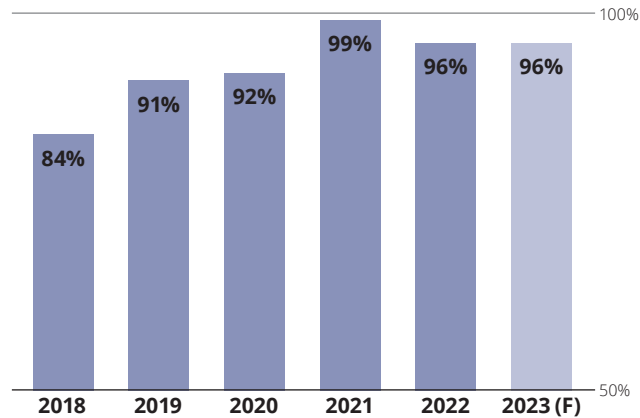
“The major part of the decline in ecommerce purchasing is due to insecurity about the personal economic outlook”

Ireland

Currency: euro | VAT: 23%

Internet usage

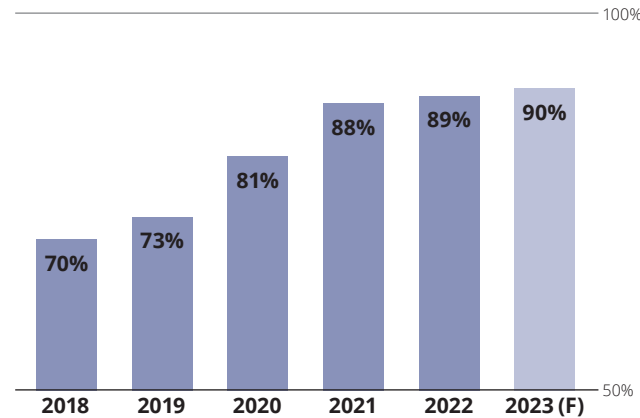
Percentage of the population accessing the internet



SOURCE: EUROSTAT, DATAREPORTAL

E-Shoppers

Percentage of internet users who bought goods or services online



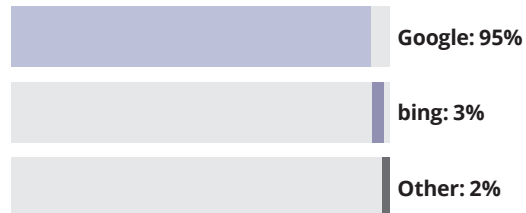
SOURCE: EUROSTAT, STATISTA

GDP and E-GDP (€bn)

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Search engine market share

Most popular search engines in 2022



SOURCE: STATCOUNTER

B2C e-commerce turnover (€bn)

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Ireland

Interview

Lorraine Higgins

Founder, DBI (Digital Business Ireland)



Policies and regulation:

What national policies, if any, are being considered in your market that will likely have an impact on e-commerce?

On 9th December 2022, the Irish government published its Digital Connectivity Strategy, which established clearly defined targets for broadband connectivity. As per this legislation, all Irish households and businesses must be covered by a Gigabit network by 2028, all populated areas covered by 5G by 2030 and digital connectivity must be established for all broadband connection points by the end of 2023. As the leading representative body for online and digital businesses, Digital Business Ireland welcomed the publication of this strategy. The association has long been campaigning for enhanced connectivity to be made available to businesses throughout Ireland.

Based on engagement with our own member businesses, it is clear that in the absence of sufficient connectivity, many struggle to run their operations, given that many professional and business services such as tax returns, general book-keeping and payroll have all become digitalized.

Businesses without adequate broadband access are limited in their ability to import, export, sell, distribute and carry out essential administrative tasks. At DBI, we are committed to supporting businesses on their digitalization journeys, so it is imperative that national policy aligns with this ambition. We therefore acknowledge the positive steps taken by the Irish government in publishing the Digital Connectivity Strategy.

How have some relevant EU policies, such as Right to Repair and Green Claims, affected Ireland's e-commerce market?

People are becoming more conscious with their purchasing, which has driven demand for reused, repurposed and repaired goods. The Right to Repair legislation in particular has encouraged this consumer behavior through the emergence of circularity businesses in the SME sector.

Sustainability:

What is currently happening in your market regarding sustainable transportation efforts?

As is known to many, Ireland is a trade-dependent economy that values and optimizes its export potential at every juncture. We therefore rely substantially on effective, efficient logistics and supply chain management systems to support both our homegrown domestic economy and also to leverage the ambitions of our global trade markets.

In the last year alone, the Irish government has taken a number of proactive steps to incentivize the adoption of sustainable transport and facilitate transport operators in purchasing alternatively fueled vehicles.

As an example, in the Climate Action Plan 2023 published just last year, the government set a target of having 95,000 commercial electric vehicles on the road by 2030, with an additional target of 3,500 electric HGVs within the same time period. These targets signal the government's ambition to significantly reduce carbon emissions from transport within this decade, while offering clear and tangible policy signals to investors.

These signals are in addition to schemes such as the Alternatively Fuelled Heavy Duty Vehicle Purchase Grant Scheme, which has been instrumental in incentivizing the uptake of cleaner freight transport vehicles. There is evidently scope to expand these initiatives further and to introduce targeted purchasing incentives to reduce the environmental impact of logistics and freight transport.

“People are becoming more conscious with their purchasing, which has driven demand for reused, repurposed and repaired goods”

What is currently happening in Ireland regarding returns and/or repairs and their impact on sustainability efforts?

Over the last few years, Ireland has witnessed an increased focus on repurposing and recycling that's in-line with both EU-level developments and the direction of national climate action policy.

Just last year, the Circular Economy Act was signed into law, demonstrating Ireland's tangible shift from a 'take-make-waste' economic model, to one which values a truly sustainable pattern of manufacturing, production and consumption.

This model of economic activity further aims to reduce and minimize waste and, where possible, to encourage the repurposing of materials and goods. Perhaps most crucially, the act enshrined sustainable practices into law. While previously, businesses and individuals may have made a conscious, voluntary effort to repurpose products, this has now been enshrined as a statutory requirement.

At DBI, we are mindful of the need to support businesses as they seek to improve the environmental credentials of their operations. Legislation such as the Circular Economy Act provide clarity and certainty to businesses on the expectations and mandates that they are required to meet.

As Ireland's leading representative body for online businesses, we continue to support the objectives of the Circular Economy Act, most notably, the need to establish greater transparency on second-hand products while enabling greater trust of refurbished goods.

Ireland



Continued from previous page

Technology:

Have you seen a shift in digitalization and technology use among retailers in this last year? If so, what changes have retailers – particularly SMEs – made?

While many businesses are demonstrating an interest in how AI might be applicable in their business, they tend to be reviewing the best approach as these technologies continue to grow and develop. Ireland does not have a Web3 strategy and because of this, embracing the metaverse and other AI tools has been slow among the SME community.

Which technologies such as AI, VR and big data are Irish e-commerce industry players focusing on in 2023?

In recent years, Ireland has enhanced its capabilities as a global hub for digital and e-commerce, in part due to the rollout of schemes such as the €85mn Just Transition Fund.

This provided critical support to enable growth within the Irish digital sector, which has a significant potential to attract inward investment and create a network of highly skilled jobs. As a known location for attracting and retaining talent, Ireland must stay ahead of the curve on emerging and advanced technologies. Equipping our extensive SME community with the skills and resources to do this is a must.

The growth and prominence of emerging technologies such as AI, blockchain and Web3, means that once again, there is an acute risk of the digital gap between SMEs and larger firms becoming more pronounced. Typically, while larger firms possess the resources and expertise to more efficiently adopt advanced technologies, barriers to adoption still exist for SMEs. Implementation of technologies still proves costly and for many businesses, remains confined to basic services and functions.

As emerging technologies mature and develop over the coming years, SMEs will struggle to remain competitive as consumer expectations increase in line with technological advancements. On this basis, Digital Business Ireland is calling for the introduction of a dedicated digital technology tax credit, which would allow SMEs to claim relief on qualifying expenditure to include

product development, subcontractor payments and training for employees. Through initiatives such as this, we reduce the risk of the digital divide between SMEs and larger firms becoming wider, particularly in the presence of technologies such as AI.

Current events and e-commerce:

There have been reports that 'direct-to-consumer' European e-commerce has grown substantially. Has this been the case in your market?

There are trends in some leading retailers' supply chains which enable the 'direct to consumer' sales process. However, the advent of Covid-19 made businesses take stock and keep the supply chain locally.

Have you seen any specific direct or indirect impacts from the war in Ukraine on your e-commerce market?

Apart from increasing energy costs, there is no other impact on the e-commerce market in Ireland.

Have there been any changes or updates in Ireland regarding payment and delivery preferences or behaviors?

Over the last few years, we have witnessed a number of changes in consumer behavior, most notably around payments and the preference for a seamless experience that consumers can place their trust in. Ireland is a compact, connected country and so, more so than in other jurisdictions, ideas and best practices are learned, shared and often promptly adopted.

During the Covid-19 pandemic, many consumers pivoted online and became accustomed to the distinct type of experience and convenience offered by making a purchase via a digital store.

With the rise of Web3, we see that many industries and sectors believe that their customers will continue to prioritize the online experience, so investment in this type of technology is deemed to be necessary.

This sentiment also extended to payments. So many Irish-based consumers have become accustomed to spending online that they tend to have well-formed, definite ideas of what a seamless payment experience should feel like. These consumers do not tend to operate on a passive basis but rather, they actively

“Once again, there is an acute risk of the digital gap between SMEs and larger firms becoming more pronounced”

and proactively seek out a level of functionality and trust when it comes to online payments.

They expect swift approval of the payment and appreciate a verification process which ensures that proper procedures are followed throughout. Once payment is made, these consumers will require updates on shipping and estimated delivery times. While consumers have alternative requirements and preferences, the most successful businesses must work to cater to them if they are to succeed in an increasingly competitive marketplace.

What would you say are the leading reasons for significant changes in e-commerce purchasing among consumers?

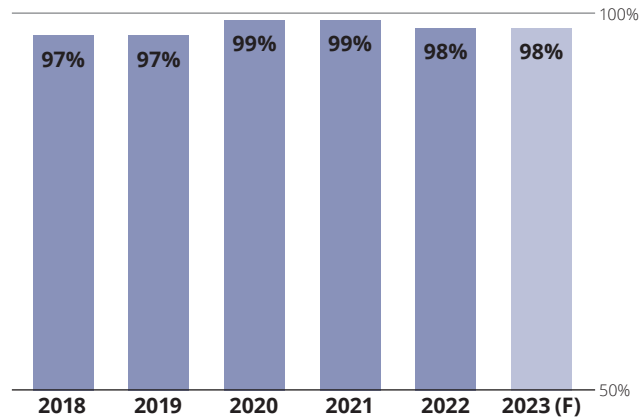
The need for human-to-human contact. Irish people enjoy the opportunity to physically engage with people. Furthermore, Brexit has had an impact on e-commerce sales. The increasing cost of either selling from and selling to Ireland is due to the fact that goods, products and services now attract customs duties.

Luxembourg

Currency: euro | VAT: 17%

Internet usage

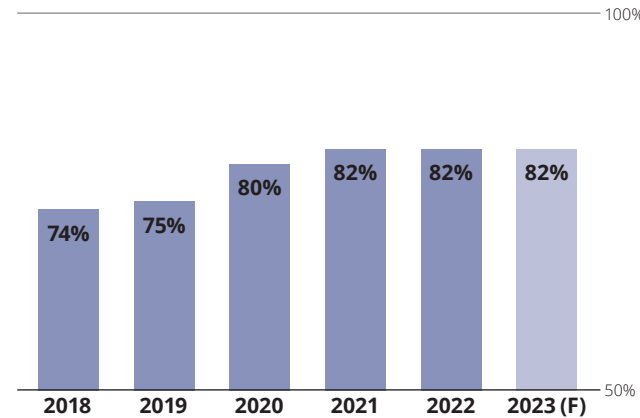
Percentage of the population accessing the internet



SOURCE: EUROSTAT, DATAREPORTAL

E-Shoppers

Percentage of internet users who bought goods or services online



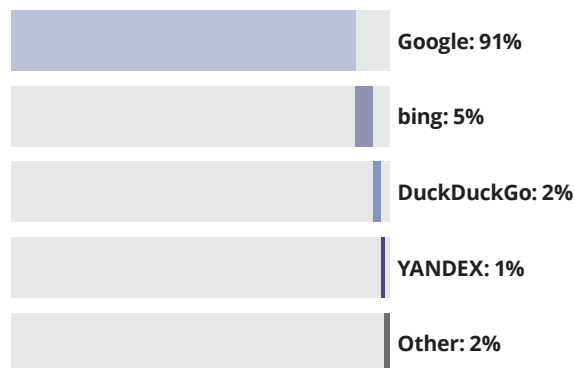
SOURCE: EUROSTAT, STATISTA

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Search engine market share

Most popular search engines in 2022



SOURCE: STATCOUNTER

B2C e-commerce turnover (€bn)

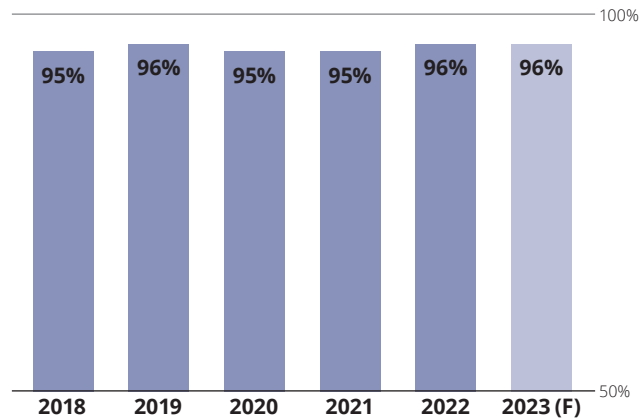
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Netherlands

Currency: euro | VAT: 21%

Internet usage

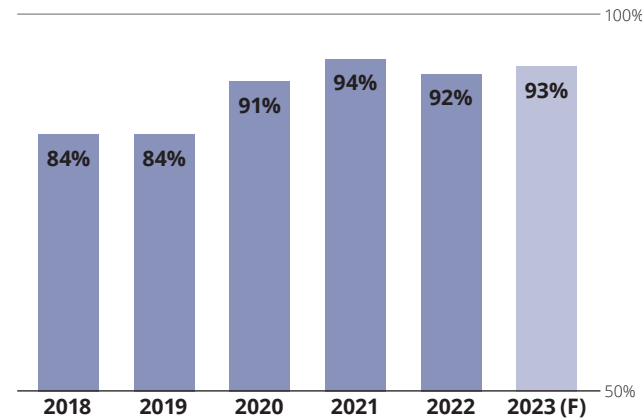
Percentage of the population accessing the internet



SOURCE: EUROSTAT, DATAREPORTAL

E-Shoppers

Percentage of internet users who bought goods or services online



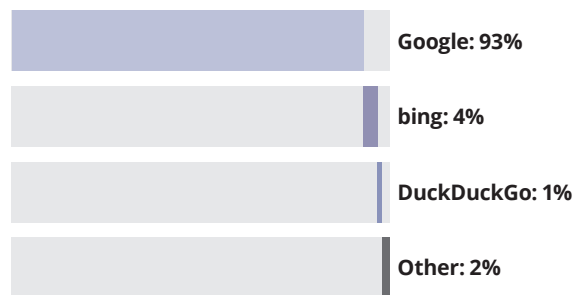
SOURCE: EUROSTAT

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Netherlands

Interview

Marlene ten Ham

General Manager, Thuiswinkel.org



Policies and regulation:

What national policies, if any, are being considered in your market that will likely have an impact on e-commerce?

There are several national policies that will have an impact on the e-commerce market in the Netherlands:

- A growing cross-section of society seems to be demanding that online shops charge consumers a fee for returning items.
- Demands are being made to restrict 'buy now, pay later' options. The Netherlands is the only EU country where online stores are required by law to offer a payment method that allows consumers to pay at least 50% later. One of the implications of this is the rise of problematic debts, particularly among young and/or vulnerable people. Thuiswinkel.org is lobbying for the law to be changed and is suggesting that online shops should always have some control over the payment methods they offer.
- A motion has been passed in the Dutch parliament forcing the government to draw up policies to prevent the construction of very large distribution centers.

How have some relevant EU policies, such as Right to Repair and Green Claims, affected the Dutch e-commerce market?

We are on the verge of a major transition to a more sustainable e-commerce sector and we see a great number of regulations coming our way. Even though some EU policies have not been implemented yet, we see on Green Claims, for example, that the designated enforcer, The Netherlands Authority for Consumers and Markets (ACM), is heavily and disproportionately giving fines

to leading sustainable companies. This leads to 'greenwashing' far more than to any positive impacts on sustainability. This does need substantiation, since unambiguous communication is crucial for the online sector.

Thuiswinkel.org recently launched its new strategy – Shop Responsible – as a transition to sustainable, safe and reliable business models that respect consumer and privacy laws. Together with frontrunners in the sector, we are currently developing a standard on sustainable e-commerce so that what we claim is certified and will also help companies gain insight into which steps still need to be taken. This could eventually be implemented sector-wide and thus inform consumers about packaging, CO₂ emissions, sustainable product supply, the circular economy and sustainability strategy.

Another example of a policy affecting e-commerce is the implementation of the OMNIBUS regulation and, more specifically, the obligation to provide a phone number for every online shop, which has led to some troublesome situations for e-commerce retailers.

Sustainability:

What is currently happening in your market regarding sustainable transportation efforts?

We are still seeing an increased interest in sustainable transportation efforts such as the focus on carbon-neutral fleets at logistics partners, delivery options by bicycle and different delivery models, such as distributing from stores and click and collect. We have also noted an increase in environmental zones and zero-emissions in large cities.

An increasing number of online stores and carriers are offering a sustainable delivery option due to consumer demand. This increases the importance of transparency: how much CO₂ is associated with a delivery option and how do we measure this equally across the sector?

Thuiswinkel.org is conducting research on how to encourage consumers to make sustainable delivery choices in the checkout. These outcomes will be presented in June 2023.

“A growing cross-section of society seems to be demanding that online shops charge consumers a fee for returning items”

What is currently happening regarding returns and/or repairs and their impact on sustainability efforts?

In the Netherlands, we are seeing an increase of online shops that charge return costs – some a symbolic amount, others the full price. This is an enormous step in raising awareness that both delivery and returns are not free of charge. Products that are sent unnecessarily are a waste of space, effort and money.

The market share of second-hand and second-chance is still growing. Not all retailers are yet prepared for such a sustainable change, which requires a change in their business models. Via our research program, ShoppingTomorrow, we run expert groups that write papers to help online stores make the right choices.

Technology:

Have you seen a shift in digitalization and technology use among retailers in this last year? If so, what changes have retailers – particularly SMEs – made?

Traditional bricks-and-mortar retailers were forced to sell online due to the lockdowns in the Covid-19 pandemic. Most of them chose to sell their products through a platform but now that the pandemic is over and consumers are choosing to shop in physical stores more frequently, they need to optimize their technology.

Which technologies such as AI, VR and big data are Dutch e-commerce industry players focusing on in 2023?

It appears that many e-commerce players are focusing on using AI and ChatGPT. This poses both opportunities and threats in the light of marketing and personalization. Data remains an important subject among online shops because they need to

Netherlands

Continued from previous page

know what drives their consumers' urge to buy. Companies are also experimenting with ChatGPT to improve their Product Information Management, as well as a way of providing new ideas and inspiration for content on their websites.

Current events and e-commerce:

There have been reports that 'direct-to-consumer' European e-commerce has grown substantially. Has this been the case in your market?

Although we cannot yet back this up with figures, we are indeed seeing an increase in the number of companies going direct-to-consumer. A good opportunity to increase brand awareness and collect first-party data.

Have you seen any specific direct or indirect impacts on your e-commerce market resulting from the war in Ukraine?

Since the war in Ukraine, the Netherlands has seen a drop in consumer confidence, increased gas prices, inflation and the problematic supply of goods. Despite this, Dutch consumers spent €33.3bn online in 2022, a growth of 9% compared to 2021. This increase in spending is striking, since the number of purchases actually fell by 5% to 347mn.

What would you say are the leading reasons for significant changes in e-commerce purchasing among consumers?

This is partly explained by the difference in market conditions: there was no lockdown in Q4 2022 (in Q4 2021 there was a lockdown – with accompanying travel restrictions) and in Q1 2022, it was shorter than the lockdown in Q1 2021. As a result, Dutch consumers bought more in the services category.

However, we did face new crises: the war in Ukraine, the energy crisis and high inflation. The increase in the services sector is mainly caused by the many purchases of tickets for attractions and events and travel-related purchases. We also purchased insurance online more often in 2022 than in 2021, and at a higher price.

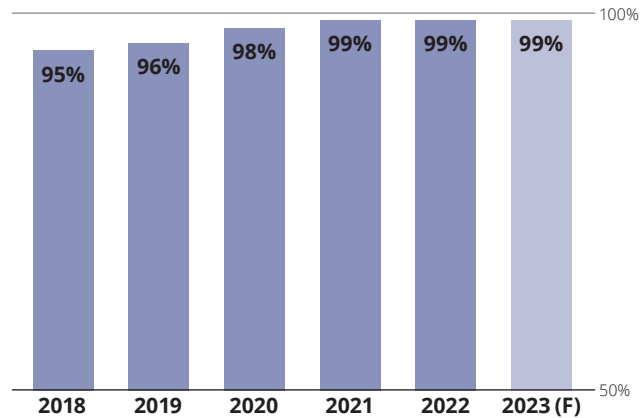
“Since the war in Ukraine, the Netherlands has seen a drop in consumer confidence, increased gas prices, inflation and the problematic supply of goods”

United Kingdom

Currency: pound | VAT: 20%

Internet usage

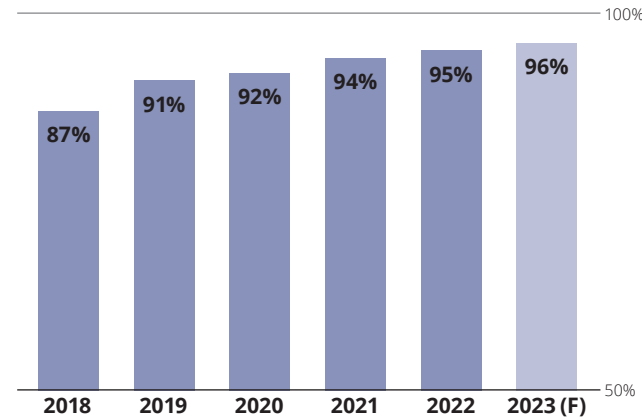
Percentage of the population accessing the internet



SOURCE: EUROSTAT, DATAREPORTAL

E-Shoppers

Percentage of internet users who bought goods or services online



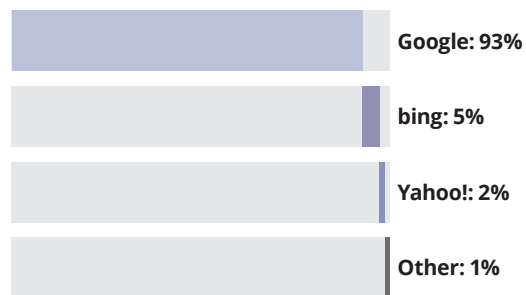
SOURCE: EUROSTAT, STATISTA

GDP and E-GDP (€bn)

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Search engine market share

Most popular search engines in 2022



SOURCE: STATCOUNTER

B2C e-commerce turnover (€bn)

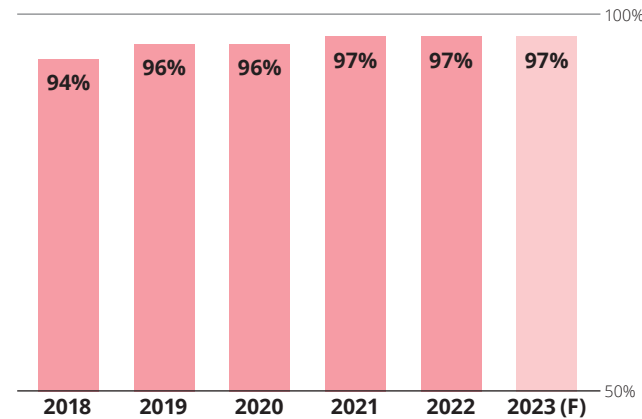
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Northern Europe



Internet usage

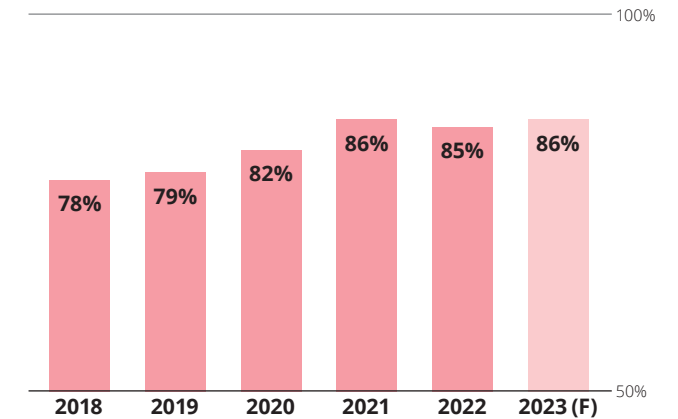
Percentage of the population accessing the internet



SOURCE: EUROSTAT, DATAREPORTAL

E-Shoppers

Percentage of internet users who bought goods or services online



SOURCE: EUROSTAT, STATISTA

B2C e-commerce turnover (€bn)

GDP and E-GDP (€bn)

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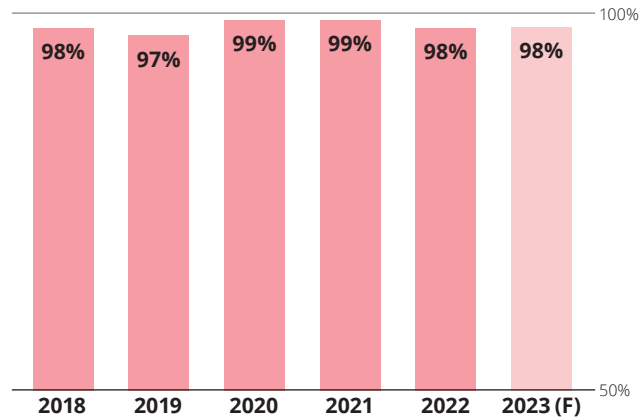
After this report had been published, an update to Estonia's 2021 B2C e-commerce figures on page 36 was made. While Estonia's page shows accurate figures, this regional B2C e-commerce data (page 33) has not been updated to reflect these changes. As a result of this update, there are slight discrepancies on this regional page compared to page 36.

Denmark

Currency: krone | VAT: 25%

Internet usage

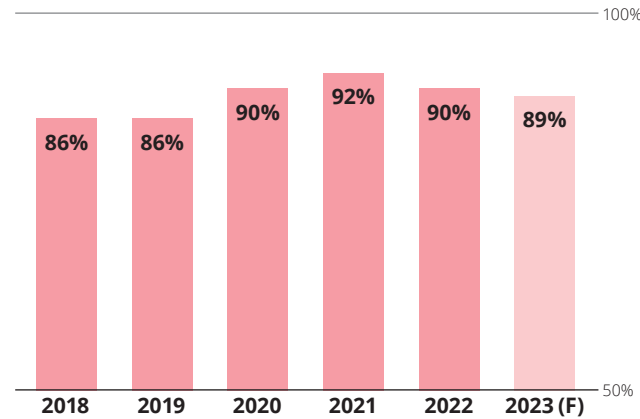
Percentage of the population accessing the internet



SOURCE: EUROSTAT, DATAREPORTAL

E-Shoppers

Percentage of internet users who bought goods or services online



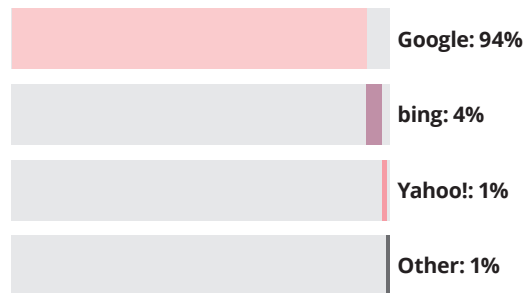
SOURCE: EUROSTAT, STATISTA

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Search engine market share

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Denmark

Interview Niels Ralund

Ecommerce Director, Dansk Erhverv
(Danish Chamber of Commerce)



Policies and regulation:

What national policies, if any, are being considered in your market that will likely have an impact on e-commerce?

Policies in Denmark on VAT, sustainability, online payments and consumer protection are mainly in-line with EU directives and regulations. However, the Consumer Ombudsman is very strict in her enforcement of Danish rules on consumer protection in areas such as reservation of payment on credit cards and Green Claims.

How have some relevant EU policies, such as Right to Repair and Green Claims, affected the Danish e-commerce market?

The EU VAT regulation serves to minimize competition on VAT rates in cross-border ecommerce, which is advantageous for Danish ecommerce due to a national VAT rate of 25%. The Danish Chamber of Commerce published a guidebook on how to comply with the Green Claims regulations and more guidebooks on sustainability will be published during 2023.

The ongoing debate (Shremms) and regulation on GDPR, cookies and privacy are also being closely monitored but so far, we have many more questions than answers.

Sustainability:

What is currently happening in Denmark regarding sustainable transportation efforts?

Webshops are generally focused on using less packaging, smaller parcels and more sustainable packaging materials. In urban areas,

use of electric vans and bikes for final-mile deliveries is growing, while a Nordic trustmark on green delivery – Svanemaerket – has been introduced. However, since consumers in general not are willing to pay extra fees for ‘greener’ delivery, we doubt this trust mark will be widely used by webshops.

What is currently happening in Denmark regarding returns and/or repairs and their impact on sustainability efforts?

While returns remain on the same level as in previous years, more shops now offer refurbished products, while second-hand products are being sold online through the Danish Red Cross, Trendsales and so on. So far, not much has happened about repairs in Denmark.

Technology:

Have you seen a shift in digitalization and technology use among retailers in this last year? If so, what changes have retailers – particularly SMEs – made?

Email marketing and personalization are growing, while ‘live-shopping’ is currently at a slightly lower level than it was during Covid-19 lockdowns. Spending on marketing has declined slightly, especially on affiliate marketing.

Which technologies such as AI, VR and big data are Danish e-commerce industry players focusing on in 2023?

The use of big data and AI is growing, especially now when the customers aren't spending very much. The need for higher data quality and precise access to customers are essential. Software as a Service (SaaS) apps offer easy and affordable use of data, so are being widely adopted, even by smaller businesses.

Have there been any changes in your market due to disruptive technologies such as ChatGPT?

ChatGPT is being used, or at least tested, across a wide range of areas, from Product Information Management (PIM) to online customer chats. Yet many companies and government offices have security concerns around the use of AI, as seen with the recent ban of the TikTok app on many work- and government-related smartphones.

“Spending on marketing has declined slightly, especially on affiliate marketing”

Current events and e-commerce:

There have been reports that ‘direct-to-consumer’ European e-commerce has grown substantially. Has this been the case in your market?

We believe there has been a growth in D2C, although we haven't yet been able to quantify that. When we do, we are expecting it to impact the smaller webshops who depend on selling well-known brands, if and when the brands themselves start selling directly to consumers.

Have you seen any specific direct or indirect impacts on your e-commerce market resulting from the war in Ukraine?

We have seen a general decline in spending due to increased uncertainty about the future. Also, inflation and higher interest rate have resulted in less consumer spending.

Have there been any changes or updates in Denmark regarding payment and delivery preferences or behaviors?

The use of mobile instead of card has risen so much that Denmark is now seeing wallet payments such as MobilePay and Apple Pay outstrip credit and debit card payments. Click and collect is growing, since it is usually the cheapest solution for the customer.

Are there any e-commerce trends specific or unique to the Danish market?

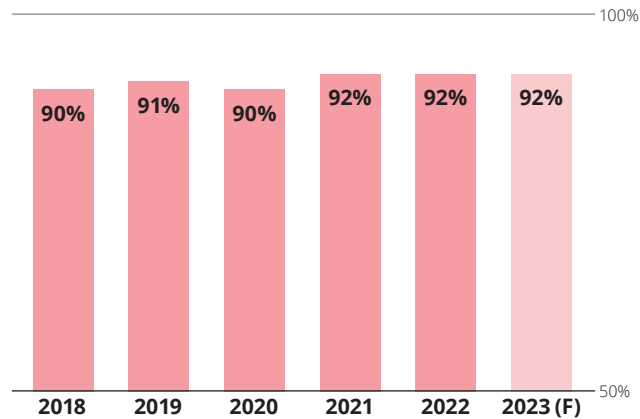
A general consolidation and stabilization of earnings rather than business growth has seen a focus on running businesses more efficiently and professionally. This is in response to activity and growth in number of sales throughout 2022 being broadly the same as in years up to 2019, yet the average basket size being smaller as consumers put a greater importance on the price of everything.

Estonia

Currency: euro | VAT: 20%

Internet usage

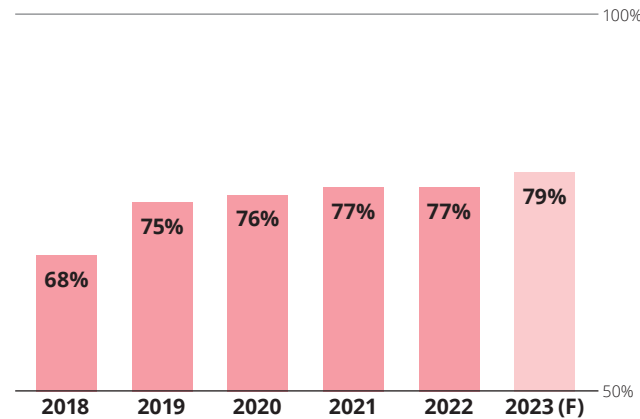
Percentage of the population accessing the internet



SOURCE: EUROSTAT, DATAREPORTAL

E-Shoppers

Percentage of internet users who bought goods or services online



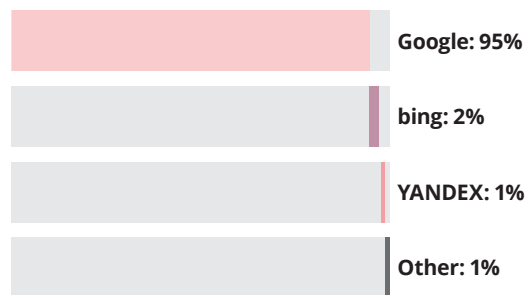
SOURCE: EUROSTAT, STATISTA

GDP and E-GDP (€bn)

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Search engine market share

Most popular search engines in 2022



SOURCE: STATCOUNTER

B2C e-commerce turnover (€bn)

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Estonia

Interview Tõnu Vää

CEO, Estonian E-commerce Association



Policies and regulation:

What national policies, if any, are being considered in your market that will likely have an impact on e-commerce?

A waste law, which imposes a reporting obligation on small businesses, is administratively burdensome for small businesses. It is being implemented due to a lack of control around discounts and deliveries of cross-border companies, as well as to control the declaration and payment of VAT to Estonia.

How have some relevant EU policies, such as Right to Repair and Green Claims, affected your e-commerce market?

The Right to Repair law raises many questions: where are the companies tasked to repair products, who recommends them and who controls the work they do? Many products are not repaired today since it is not practical to do so. Then there is the risk that it is actually more useful to a customer to get a new product and for a business to deliver them one.

Sustainability:

What is currently happening in Estonia regarding sustainable transportation efforts?

Sustainability is the future and certainly a hot topic yet again, there are a lot of unanswered questions. There are many prohibitions and recommendations, yet there are no substitutes being offered. For example, more environmentally friendly packaging materials and shipping methods can be many times more expensive but the consumer is not interested in paying for it. There are few substitutes as cheap as a plastic bag.

Technology:

Which technologies such as AI, VR and big data are Estonian e-commerce industry players focusing on in 2023?

Omnichannel is certainly on the rise, combining the bricks-and-mortar store with an online store into one customer journey, simplifying and optimizing overall processes. As well as AI, VR and other technologies, chat, improving user comfort and accessibility are other issues, as are delivery speed and automatic returns. 'Buy now, pay later' has also become the new normal across various sectors of Estonian e-commerce.

Current events and e-commerce:

What would you say are the leading reasons for significant changes in e-commerce purchasing among consumers?

The convenience that comes with an ability to shop around the world, combined with speedy and easy returns and, of course, the lower prices that e-commerce often offers.

Are there any e-commerce trends specific to your market?

Estonians believe in parcel machines and bank links. 70% of purchases are ordered to a parcel machine and payment is made using a bank link. 60% of e-commerce orders are from Estonian webstores, while 40% are from cross-border e-shops.

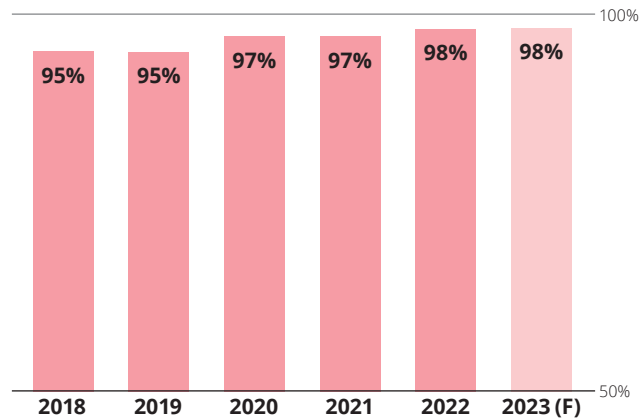
“Omnichannel is certainly on the rise, combining the bricks-and-mortar store with an online store into one customer journey”

Finland

Currency: euro | VAT: 24%

Internet usage

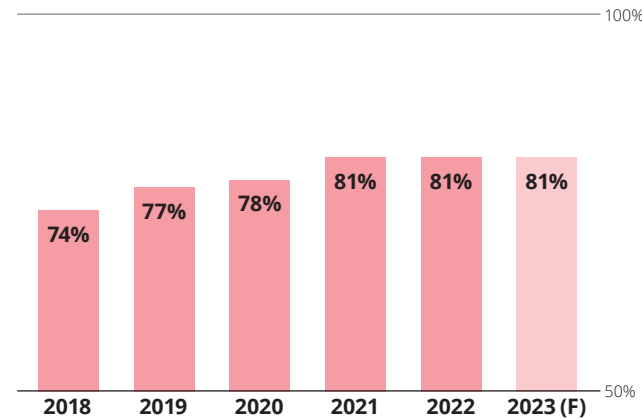
Percentage of the population accessing the internet



SOURCE: EUROSTAT, DATAREPORTAL

E-Shoppers

Percentage of internet users who bought goods or services online



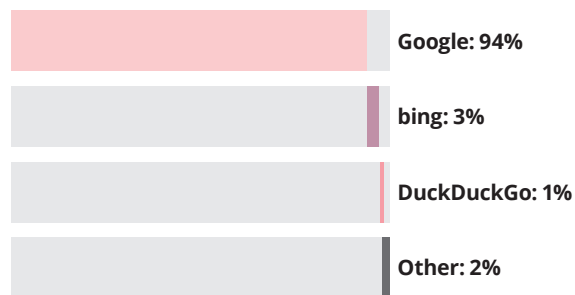
SOURCE: EUROSTAT, STATISTA

GDP and E-GDP (€bn)

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Search engine market share

Most popular search engines in 2022



SOURCE: STATCOUNTER

B2C e-commerce turnover (€bn)

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Finland

Interview Ilari Kallio

Chief Policy Adviser, Finnish Commerce Federation



Policies and regulation:

What national policies, if any, are being considered in your market that will likely have an impact on e-commerce?

There were several policy proposals introduced in a 2022 government report on the future of the retail sector that could have positive impacts on the sector. These include support for innovation ecosystems and RDI funding, skills development for digital and omnichannel sales, a state-driven e-commerce development program, improved e-commerce logistics and addressing regulatory barriers for market entry. While this report didn't go through parliament before national elections in April 2023 due to lack of time, we are hopeful that the new government will take many of its proposals forward.

How have some relevant EU policies, such as Right to Repair and Green Claims, affected the Finnish e-commerce market?

The influx of new and upcoming legislation around digital consumer rights, accessibility, sustainability and environment is burdensome for all businesses, especially for e-commerce players in cross-border consumer trade. This is not to say that these new rules aren't necessary but that our concern is that their uneven implementation undermines the functioning of the single market, while any benefits to the consumers remain unclear. At the same time, DSA, DMA and other regulations have tackled some of the problems related to fair competition between EU and non-EU traders, which we are happy about.

Sustainability:

What is currently happening in your market regarding sustainable transportation efforts?

There is a lot happening with the digitalization of logistics, which aims to reduce emissions while also supporting sustainable growth. Due to Finland's long distances and sparse population, results can be harder to achieve than in some other parts of Europe. From an e-commerce perspective, packaging waste from products ordered by Finnish consumers from abroad has become an issue, since those sellers often neglect their extended producer responsibility obligations.

What is currently happening in Finland regarding returns and/or repairs and their impact on sustainability efforts?

We're seeing increasing demand and supply for second-hand, repaired and refurbished products, while the consumers' willingness to consider renting instead of buying products is also growing. There are still several growth bottlenecks, though. To help companies overcome these, an online playbook titled *Circular Economy in Retail* was published on the Finnish Commerce Federation's website in May 2023. This was funded by the Ministry of Environment and the Ministry of Economy and Employment and was executed by a group of consultants in cooperation with our association. In the last three years, customer returns have grown, with the share of online consumers sending back clothes increasing up to 75% from pre-pandemic levels. So far, discussions on policy measures to reduce such returns have been insufficient.

Technology:

Have you seen a shift in digitalization and technology use among retailers in this last year? If so, what changes have retailers – particularly SMEs – made?

Social commerce on social media platforms and live shopping are still relatively unpopular and even unknown among Finnish consumers compared even to other Nordic countries and well behind the likes of Asian and US consumers. On the other hand, influencer marketing is reaching potential customers better than before. Around 18% of consumers say they have recently bought a product based on an influencer's recommendation.

“Influencer marketing is reaching potential customers better than before”

Which technologies such as AI, VR and big data are Finnish e-commerce industry players focusing on in 2023?

It's hard to predict which new technologies will make a breakthrough among Finnish e-commerce players and consumers. In any case, customer data, combined with algorithmic and AI-based solutions, is creating opportunities for e-commerce. Consumers can be offered not only products and services they need but information on things such as their carbon footprint. Logistics can also be improved by AI.

Have there been any changes in your market due to disruptive technologies such as ChatGPT?

There's certainly a lot of noise around generative artificial intelligence this year, like there was around the metaverse last year. These phenomena have so far had limited impacts on the e-commerce market in Finland, apart from the emergence of smarter chatbots. However, when the technologies mature and new use cases are discovered, this situation is likely to change.

Current events and e-commerce:

There have been reports that 'direct-to-consumer' European e-commerce has grown substantially. Has this been the case in your market?

Cross-border online shopping has increased in absolute numbers and in relation to domestic online sales, although it's not clear to what extent this includes growth in D2C commerce. At the same time, this business model creates new opportunities for Finnish companies. Businesses have also been assisted in boosting D2C sales, for example, by the Experience Commerce Finland program, which runs until the end of 2023.

Have you seen any specific direct or indirect impacts on your e-commerce market resulting from the war in Ukraine?

The overall economic situation, including high inflation and energy prices driven by Russia's war on Ukraine, has limited the possibilities for non-essential consumption. It is hard to

Finland

Continued from previous page

say how much of an impact this has had specifically on Finnish e-commerce, though.

Have there been any changes in Finland regarding payment and delivery preferences or behaviors?

While available payment methods are diversifying, bank transfers, along with credit and debit cards, are still used for over half of all payments. Options such as digital wallets and mobile and instant payment applications are available, yet they still rely mainly on credit cards issued by the major players in the market. Buy now, pay later payment services are gaining popularity in the Nordics. E-commerce deliveries to pickup points instead of home deliveries are relatively more popular in Finland than in many other EU member states.

What would you say are the leading reasons for significant changes in e-commerce purchasing among consumers?

After years of substantial annual growth of 10% on average, peaking at around 20% during the Covid-19 pandemic, e-commerce sales declined in value by just over 6% for the first time in 2022, despite the number of online shoppers increasing slightly. Unfortunately, it was domestic e-commerce taking the hit by losing 12% of their sales in value, down to 60% marketshare, while purchases from abroad increased by more than 4%. There are many possible reasons for this, such as customers returning to physical stores and high price sensitivity of Finnish consumers, together with the high inflation. The e-commerce market has also matured, so future growth is forecast to remain at lower level than before.

Are there any e-commerce trends specific to your market?

Overall, Finnish consumers are active users of digital tools and services. Against this background, it's noteworthy that the number of consumers searching for information online prior to major purchases is decreasing, even if they are more interested in factors such as sustainability than before. And did you know that although physical stores can, and do, stay open seven days a week, online shopping is most popular on Sundays and on evenings around 9pm?

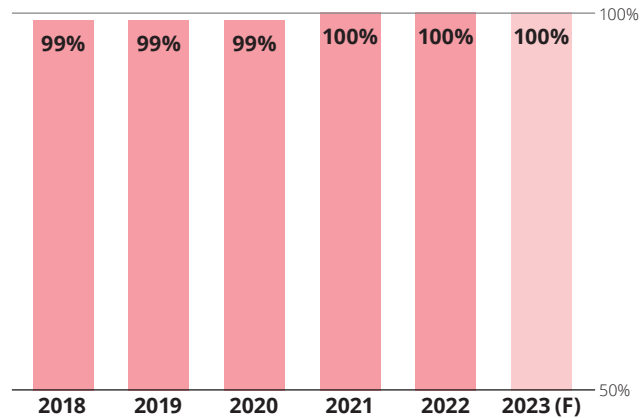
“It’s noteworthy that the number of consumers searching for information online prior to major purchases is decreasing”

Iceland

Currency: krona | VAT: 24%

Internet usage

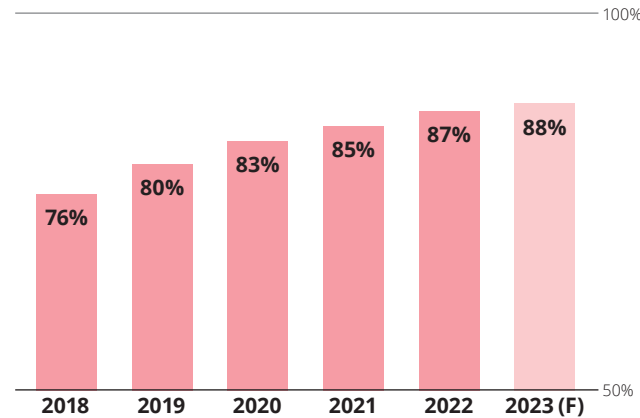
Percentage of the population accessing the internet



SOURCE: EUROSTAT, DATAREPORTAL

E-Shoppers

Percentage of internet users who bought goods or services online



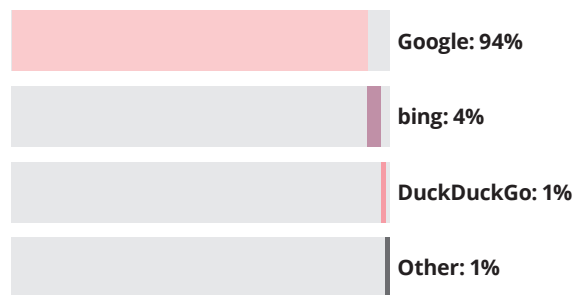
SOURCE: EUROSTAT, STATISTA

GDP and E-GDP (€bn)

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Search engine market share

Most popular search engines in 2022



SOURCE: STATCOUNTER

B2C e-commerce turnover (€bn)

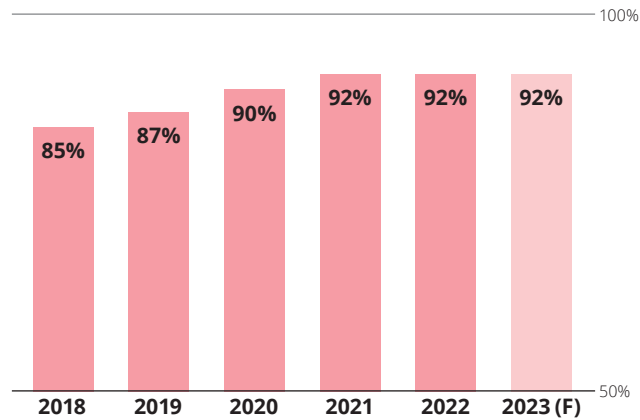
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Latvia

Currency: euro | VAT: 21%

Internet usage

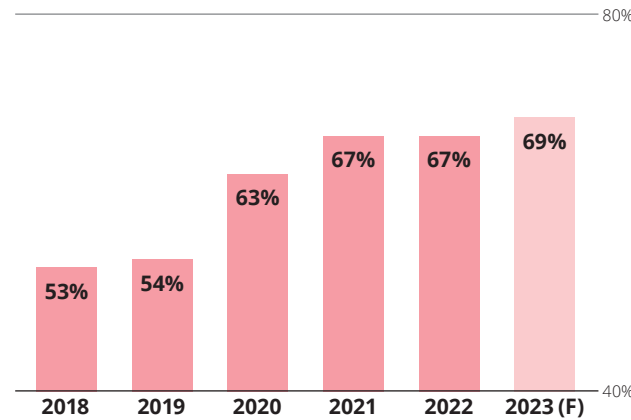
Percentage of the population accessing the internet



SOURCE: EUROSTAT, DATAREPORTAL

E-Shoppers

Percentage of internet users who bought goods or services online



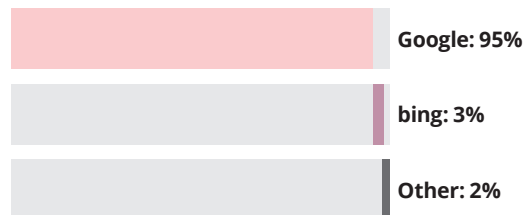
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SOURCE: STATCOUNTER

B2C e-commerce turnover (€bn)

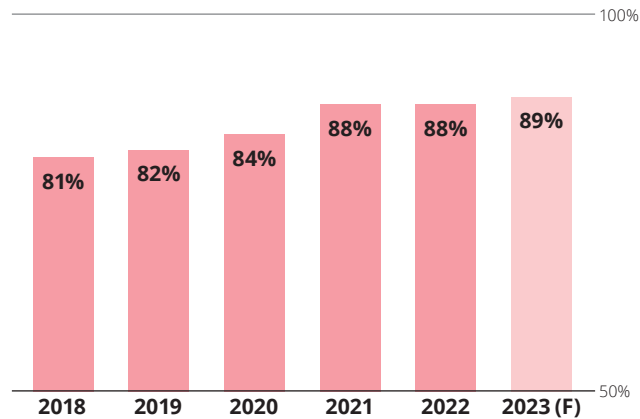
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Lithuania

Currency: euro | VAT: 21%

Internet usage

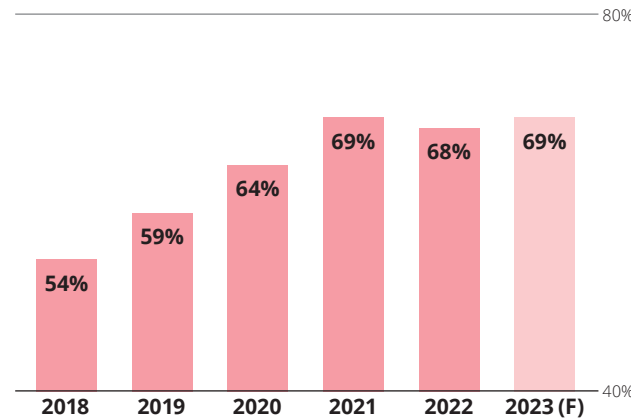
Percentage of the population accessing the internet



SOURCE: EUROSTAT, DATAREPORTAL

E-Shoppers

Percentage of internet users who bought goods or services online



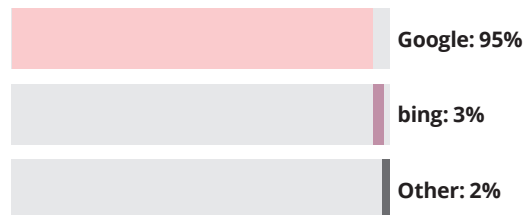
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Search engine market share

Most popular search engines in 2022



SOURCE: STATCOUNTER

B2C e-commerce turnover (€bn)

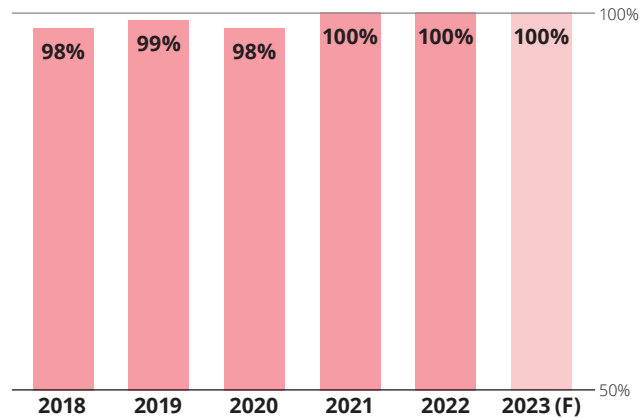
This is the Light Version of the Report. The Full Version is only available to Ecommerce Europe's and EuroCommerce's members and policymakers.

Norway

Currency: krone | VAT: 25%

Internet usage

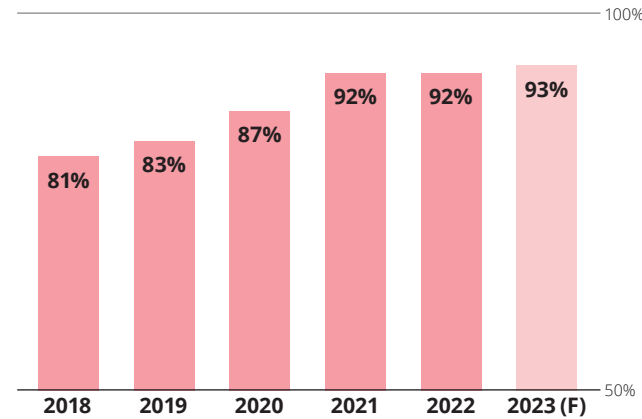
Percentage of the population accessing the internet



SOURCE: EUROSTAT, DATAREPORTAL

E-Shoppers

Percentage of internet users who bought goods or services online



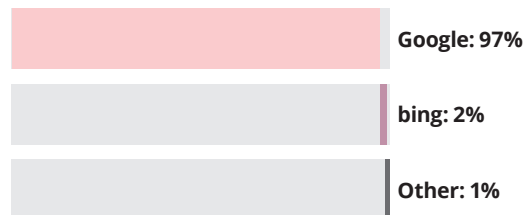
SOURCE: EUROSTAT, STATISTA

GDP and E-GDP (€bn)

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Search engine market share

Most popular search engines in 2022



SOURCE: STATCOUNTER

B2C e-commerce turnover (€bn)

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Norway

Interview

Marianne Bjarstad

General Manager, Virke Digitalhandel



Policies and regulation:

What national policies are being considered in your market that will likely have an impact on e-commerce?

On 1 October 2023, the declaration exemption for consignments of low value will be abolished, which means that all goods bought by Norwegian customers from online marketplaces and shops abroad will have to be declared and checked for VAT, as well as registered in VOEC (VAT on e-commerce)

How have some relevant EU policies, such as right to repair and green claims, affected your e-commerce market?

Dir. EU 2019/2161 contains new and stricter rules on the 'before' prices for sales, offers and price campaigns (sales marketing). There is a requirement that the pre-price must be explicitly stated in the sales marketing, when no such requirement currently applies.

Stricter requirements are also being introduced for the use of customer reviews. Webshops must make sure that reviews are genuine and entered by actual people who have purchased the relevant product or services being commented on.

Sustainability:

What is currently happening in Norway regarding sustainable transportation efforts?

A national strategy for electric charging is being proposed by the government that supports electric vehicles through the VAT and tax system. The trend in e-commerce is more use of bicycle couriers and electric cars for the delivery of goods.

What is currently happening in Norway regarding returns and/or repairs and their impact on sustainability efforts?

Producers and sellers are required to take part in Extended Producer Responsibility, while a new EPR is being organized for textiles by Virke.

There is also a large increase in companies starting to rent out products rather than sell them, as well as companies selling second-hand and refurbished products.

Technology:

Which technologies such as AI, VR and big data are Norwegian e-commerce industry players focusing on in 2023?

AI and data sharing are hot topics, while ChatGPT has received a lot of attention in recent months. Some retailers and suppliers are conducting beta tests and exploring its possibilities.

Current events and e-commerce:

There have been reports that 'direct-to-consumer' European e-commerce has grown substantially. Has this been the case in your market?

E-commerce increased by 30% between 2020 and 2022. While the trend is continuing – driven by retail omnichannel – the rate of change has slowed over 2023.

Have you seen any specific direct or indirect impacts on your e-commerce market resulting from the war in Ukraine?

Like the other European countries, Norway is experiencing historically high interest rates and inflation because of the situation in Ukraine. It has also resulted that the Norwegian currency being greatly weakened. More specifically for the e-commerce-business, the war has probably mostly affected IT companies due to their high dependence before the war on staff and developers from Ukraine and Russia.

“Webshops must make sure that reviews are genuine and entered by actual people who have purchased the relevant product or services being commented on”

Have there been any changes or updates in Norway regarding payment and delivery preferences or behaviors?

Vipps (digital wallet) is increasing rapidly. So is home express delivery by final-mile deliverers such as Foodora and Wolt, however this is only in the biggest cities.

What would you say are the leading reasons for significant changes in e-commerce purchasing among consumers?

Many dealers are experiencing a decline after the pandemic. While this trend was expected, it has nevertheless come suddenly on many companies.

Are there any e-commerce trends specific to your market?

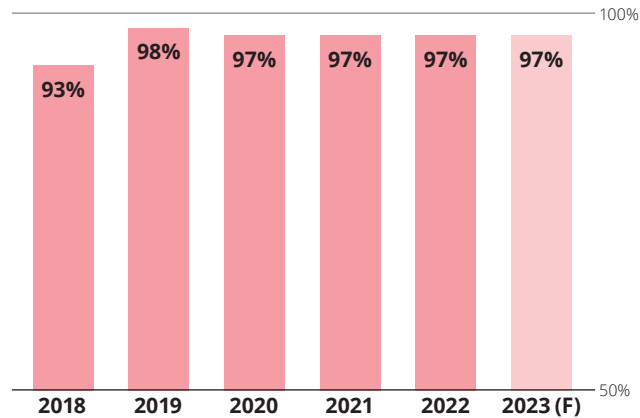
Despite live shopping being predicted to grow strongly, this really has not happened in Norway. Omnichannel companies are taking market share online, while small online stores face the greater challenge of just surviving the current market conditions.

Sweden

Currency: krona | VAT: 25%

Internet usage

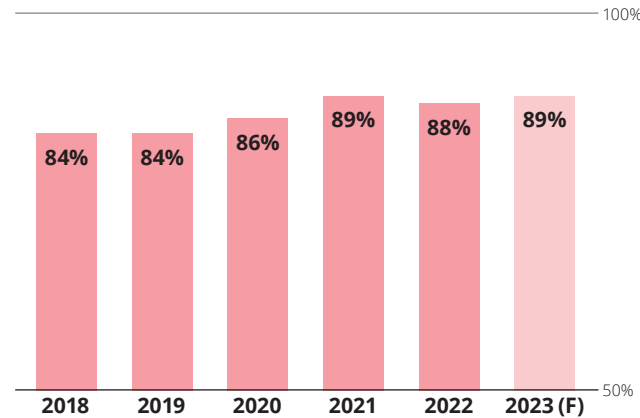
Percentage of the population accessing the internet



SOURCE: EUROSTAT, DATAREPORTAL

E-Shoppers

Percentage of internet users who bought goods or services online



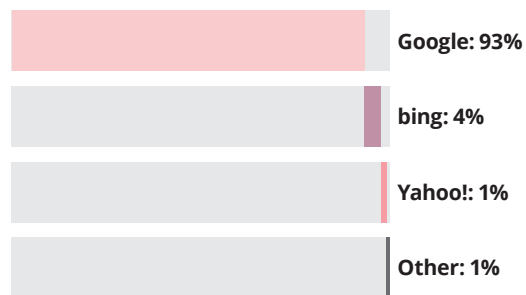
SOURCE: EUROSTAT, STATISTA

GDP and E-GDP (€bn)

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Search engine market share

Most popular search engines in 2022



SOURCE: STATCOUNTER

B2C e-commerce turnover (€bn)

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Sweden

Interview

Martina Elfgrén

Director International Affairs,
Swedish Trade Federation



Policies and regulation:

What national policies, if any, are being considered in your market that will likely have an impact on e-commerce?

There's a discussion that within the directive of distance marketing of consumer financial services, a right of withdrawal function might be introduced that covers the entire consumer rights directive. This must be visible and accessible throughout the right of withdrawal period, although without the requirement that this must be on the "same online interface".

How have some relevant EU policies, such as Right to Repair and Green Claims, affected your e-commerce market?

All of these coming EU legislations will have an effect on all retail trade, including e-commerce. There are no legislations specifically for the e-commerce sector.

Sustainability:

What is currently happening in Sweden regarding returns and/or repairs and their impact on sustainability efforts?

There is a discussion driven by the employees' organizations whether or not there should be free returns. The Swedish Trade Federation is of the opinion that this would lead to more consumption by foreign retailers, often from third countries where the sustainability ambitions are significantly lower.

Current events and e-commerce:

There have been reports that 'direct-to-consumer' European e-commerce has grown substantially. Has this been the case in your market?

The Swedish Trade Federation's E-commerce indicator for the month of April 2023 shows that e-commerce turnover, measured by Swedish consumers' e-commerce from Swedish players alone, decreased by 2% compared to the same month last year and by 5% if e-commerce from abroad is also included.

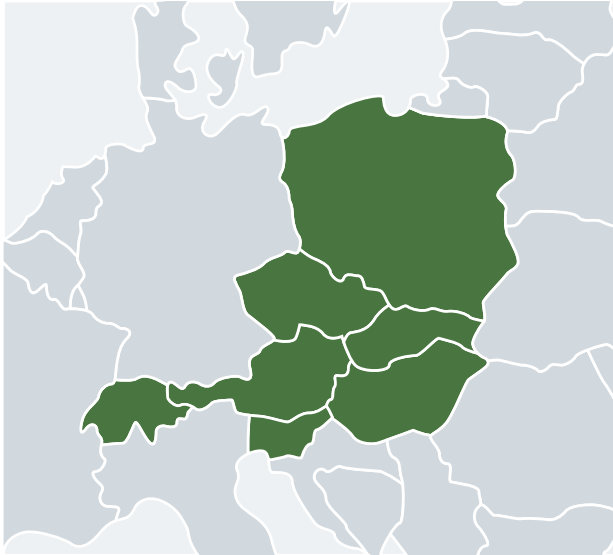
What would you say are the leading reasons for significant changes in e-commerce purchasing among consumers?

The trend so far this year is that e-commerce has developed somewhat weaker than in 2022 and significantly weaker than in 2021. However, the sales trend in volume is much weaker, which is not clearly reflected in current prices due to the continued high inflation. The e-commerce indicator does not measure volume sales development but by comparison, it saw increased sales in the entire retail trade (sales in both stores and e-commerce) in March 2023 by 0.7% in current prices, while falling by as much as 10.9% in volume. The development in only the consumer goods trade is even worse, decreasing 13.7% in volume.

Both the percentage of consumers who shopped online and the average purchase amount per e-commerce consumer fell in April compared to the same month in 2022. Among those who e-shop, many also shop in fewer product categories than last year. Yet some sectors resisted the negative trend during the beginning of the year, including clothes and shoes. However, this resistance seems to be declining and even industries that started out with positive growth figures currently appear to be slowing down the further into the year we get.

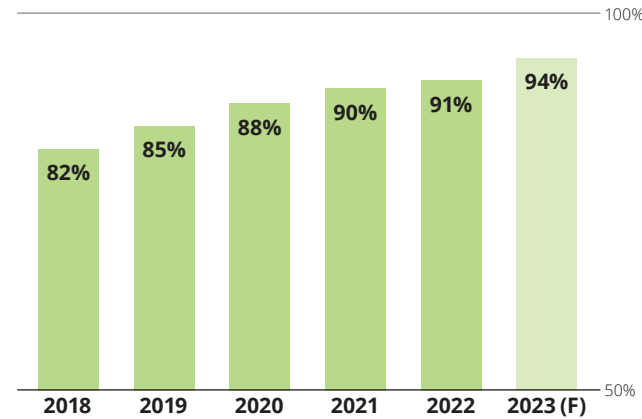
“The trend so far this year is that e-commerce has developed somewhat weaker than in 2022 and significantly weaker than in 2021”

Central Europe



Internet usage

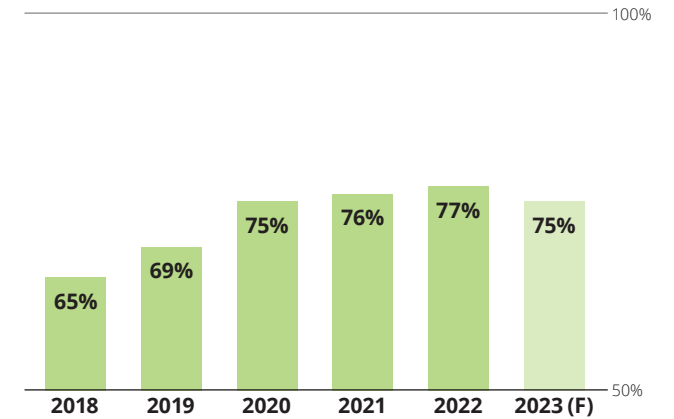
Percentage of the population accessing the internet



SOURCE: EUROSTAT, DATAREPORTAL

E-Shoppers

Percentage of internet users who bought goods or services online



SOURCE: EUROSTAT, STATISTA

B2C e-commerce turnover (€bn)

GDP and E-GDP (€bn)

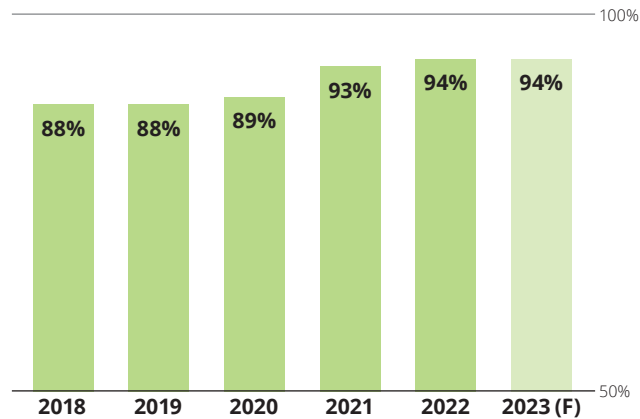
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Austria

Currency: euro | VAT: 20%

Internet usage

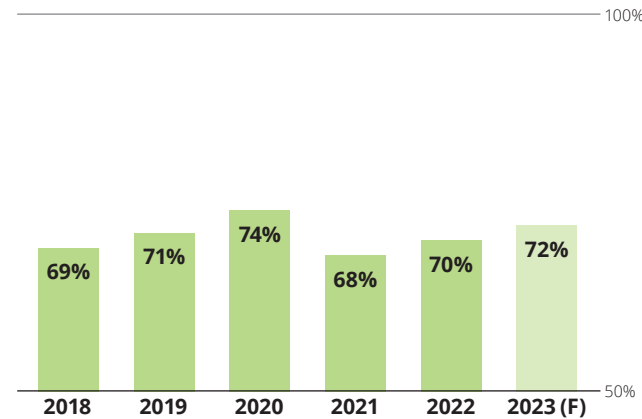
Percentage of the population accessing the internet



SOURCE: EUROSTAT, DATAREPORTAL

E-Shoppers

Percentage of internet users who bought goods or services online



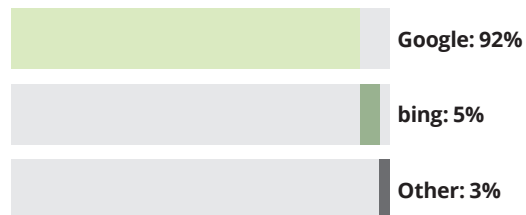
SOURCE: EUROSTAT, STATISTA

GDP and E-GDP (€bn)

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Search engine market share

Most popular search engines in 2022



SOURCE: STATCOUNTER

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Austria

Interview Rainer Will

CEO, Austrian Retail Association



Policies and regulation:

What national policies, if any, are being considered in your market that will likely have an impact on e-commerce?

All retailers that do not have a branch in Austria but that deliver directly to private-end consumers in Austria must appoint an authorised representative for packaging from 1 January 2023 and can therefore no longer register directly to a collection and recycling system in Austria. This is to ensure better control by the authorities to enforce legally compliant action and licensing. The authorization of each authorized representative must be certified by a notary in Austria. Since this is a very high barrier to entry and also involves costs, it will lead to a decrease in packages delivered from other countries.

How have some relevant EU policies, such as Right to Repair and Green Claims, affected your ecommerce market?

The Austrian Supreme Court has taken a strict line on Green Claims for years now, which is why the EU's proposal for the Green Claims Directive, which goes far beyond this, has not had any immediate impact. Domestic retailers consider a verification of the communication of explicit environmental claims to be completely excessive and disproportionate. We hope that this will be removed in the course of the legislative process.

Sustainability:

What is currently happening in Austria regarding sustainable transportation efforts?

Many online retailers are experimenting with CO₂-neutral or CO₂-free delivery. Österreichische Post is deservedly regarded as an international pioneer. The use of sustainable reusable packaging is also being intensified.

What is currently happening in Austria regarding returns and/or repairs and their impact on sustainability efforts?

Returns are the main reason for the e-commerce sector's large carbon footprint. The returns rate in Austrian online retail is still around 38%, with fashion retail being particularly affected. Since 2022, however, there has been a decline in the rate of returns. On the retail side, this can be explained by technological improvements such as the use of AI, size chart optimization and more widespread use of product ratings. On the consumer side, increased awareness of the problem has helped to reduce return rates. Nevertheless, numerous retailers are still currently considering dropping their free returns policies.

Technology:

Have you seen a shift in digitalization and technology use among retailers in this last year? If so, what changes have retailers – particularly SMEs – made?

Despite all the challenges and multiple crises, Austrian SMEs are rapidly embracing digitalization. 84% of all AT retailers operate their own website, while more than 30% sell online. On the consumer side, the number of online shoppers increased by 2%, to 5.5mn people. There are now more than 12,000 e-commerce websites in Austria.

Which technologies such as AI, VR and big data are Austrian e-commerce industry players focusing on in 2023?

Definitely AI... it's here to stay. We expect nothing less than a technological revolution that will offer a personalized and ultra-flexible shopping experience for all customers. Despite all the opportunities and potential, one must, of course, also keep an eye on the potential risks of AI on our society.

“The returns rate in Austrian online retail is still around 38%, with fashion retail being particularly affected”

Have there been any changes in your market due to disruptive technologies such as ChatGPT?

8% of Austrian domestic retailers are already using AI solutions, while another 23% are planning to use them this year. Together with tech partners, 2% of Austrian retail companies have already developed their own AI application.

Current events and e-commerce:

There have been reports that ‘direct-to-consumer’ European e-commerce has grown substantially. Has this been the case in your market?

We have been seeing this trend in Austria for many years as more large producers are going into direct sales. Our retailers are reacting to this with a stronger focus on private labels in order to become less dependent on global producers.

Have you seen any specific direct or indirect impacts from the war in Ukraine on your e-commerce market?

Not really. At the beginning of the war, there were substantial effects on supply chains – delivery delays and bottlenecks with sunflower oil, for example. These problems have now been solved. Yet the situation in the logistics sector continues to be challenging since many Ukrainian logistics employees can no longer work in Austria.

Austria

Continued from previous page

Have there been any changes or updates in Austria regarding payment and delivery preferences or behaviors?

More than 80% of retailers currently offer payment by credit card on their online shop and the number of large online retailers is even higher, at 92%. Credit card is once again first place in the overall ranking of the most common payment methods, ahead of PayPal (78%) and Sofort-Überweisung/Klarna (69%), which increased significantly from 2021 to 2022. Payment in advance (65%) is in fourth place, followed by debit card.

At least 41% of SMEs indicated that they would accept purchase on account as a payment method. 12% of SME webshops also offers Amazon Pay as a payment method. Overall, Apple's mobile payment (25%) option and Google Pay (14%) are among last year's winners.

Little has changed in terms of logistics and fulfillment partners. Österreichische Post is still by far the most popular deliverer (77%), followed by DPD (36%), GLS (27%), DHL (25%) and other freight forwarders (25%).

What would you say are the leading reasons for significant changes in e-commerce purchasing among consumers?

In 2022, e-commerce sales in Austria fell by almost 8% after adjustment for inflation – the largest decline in the history of the Austrian online retail sector. In addition to ongoing high inflation (21% of the population can only afford essential goods), this was mainly due to the strong growth in online trade during the pandemic years of 2020 and 2021 and a subsequent realignment. In 2024, we therefore expect sales growth again, albeit modest.

Are there any e-commerce trends specific or unique to the Austrian market?

The trend towards sustainability and regionality continues despite high inflation. In addition, we are currently seeing strong growth in social media e-commerce solutions such as TikTok Shopping – especially among GenZ consumers.

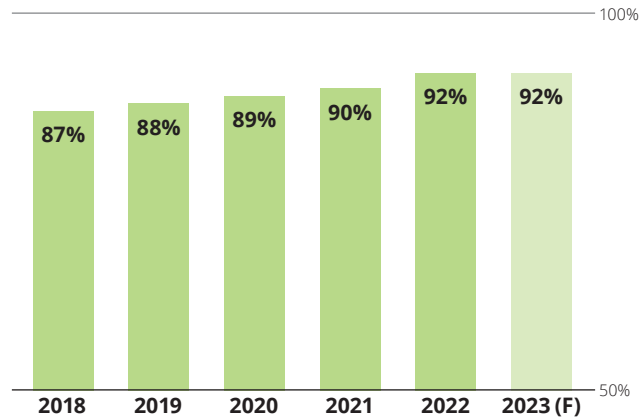
“In 2022, e-commerce sales in Austria fell by almost 8% after adjustment for inflation – the largest decline in the history of the Austrian online retail sector”

Czechia

Currency: koruna | VAT: 21%

Internet usage

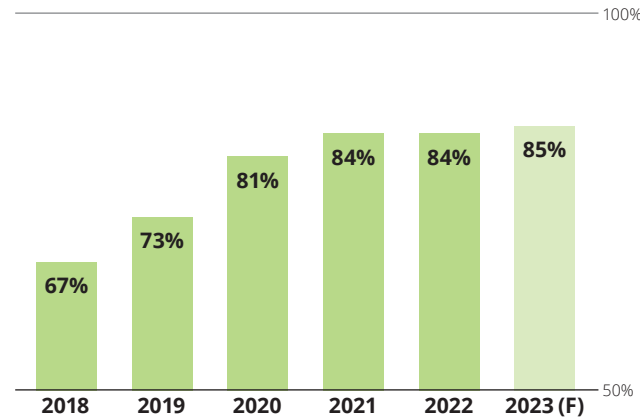
Percentage of the population accessing the internet



SOURCE: EUROSTAT, DATAREPORTAL

E-Shoppers

Percentage of internet users who bought goods or services online



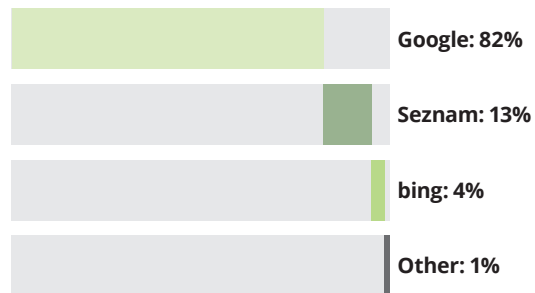
SOURCE: EUROSTAT, STATISTA

GDP and E-GDP (€bn)

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Search engine market share

Most popular search engines in 2022



SOURCE: STATCOUNTER

B2C e-commerce turnover (€bn)

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Czechia

Interview Jan Vetyška

Executive Director, APEK
(Asociace pro elektronickou komerci)



Policies and regulation:

What national policies, if any, are being considered in your market that will likely have an impact on e-commerce?

At the beginning of 2023, the Omnibus Directive was incorporated in the Czech legislation and a few previous mistakes in transposition were removed. We do not expect any national policies to be adopted that have a direct impact on e-commerce although in 2024, VAT and taxation changes are presumed.

How have some relevant EU policies, such as Right to Repair and Green Claims, affected the local e-commerce market?

The biggest impact for e-commerce was connected to new sales rules. The practical impact of these changes on the area of complaints are still unclear since they were only adopted a few months ago. Similarly, we are looking forward to seeing details relating to the EU's green plans.

Sustainability:

What is currently happening in Czechia regarding sustainable transportation efforts?

There are no new rules specific to Czechia, so any changes will be in line with EU developments. However, Czech logistics companies are developing new procedures to support sustainability.

What is currently happening in Czechia regarding returns and/or repairs and their impact on sustainability efforts?

In Czechia, there are not any new rules – only pressures on and responses within individual companies.

Technology:

Have you seen a shift in digitalization and technology use among retailers in this last year? If so, what changes have retailers – particularly SMEs – made?

Digitalization is an important issue in Czechia. Unfortunately, it is quite limited by the government since widespread digitalization of public services has been slow and ineffective. However, development in this area is a priority for the future.

Which technologies such as AI, VR and big data are local e-commerce industry players focusing on in 2023?

AI technology and its potential have been widely discussed and its development is keenly anticipated. AI can change the industry in many ways, for both SMEs and the biggest players.

Have there been any changes in your market due to disruptive technologies such as ChatGPT?

Not yet, although its implementation and potential new uses are high on everyone's wish list.

Current events and e-commerce:

Have you seen any specific direct or indirect impacts on your e-commerce market resulting from the war in Ukraine?

In Czechia, there has been huge inflation, with a rate of 17% in 2022 and over 10% so far in 2023. Russia's war in Ukraine is one of the main reasons.

Have there been any changes or updates in Czechia regarding payment and delivery preferences or behaviors?

The networks of pick-up points and automated pick-up boxes are growing rapidly and delivery into participating shops or boxes is almost the most popular delivery method in Czechia. Along with

“Delivery into participating shops or boxes is almost the most popular delivery method in Czechia”

this, payments in advance or on delivery using debit and credit cards are also becoming very popular.

What would you say are the leading reasons for either a decline or increase in e-commerce purchasing amongst consumers?

In 2022, for the first time, turnover of Czechia's e-commerce retail decreased for several reasons. Firstly, during the Covid-19 pandemic years, growth was boosted higher and faster than it should have been. The second problem is inflation, which is making consumers more cautious. We expect that growth will resume in the second half of 2023.

Are there any e-commerce trends specific or unique to your market you would like to share?

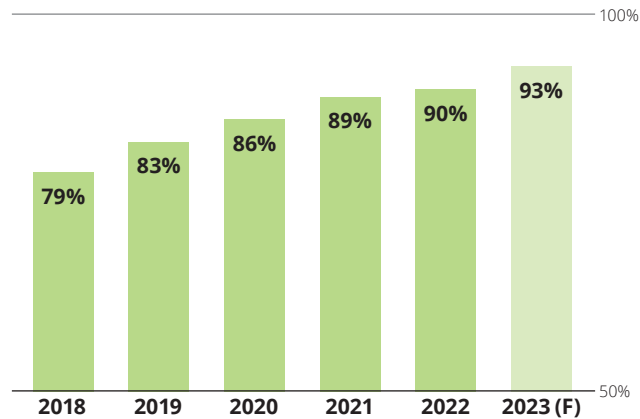
Marketplaces are getting more important comparing to previous years, with Kaufland and Allegro entering the market. On the other hand, leading local online shops are expanding. Yet inflation is still at a high level, impacting both consumers and manufacturers. Once again, we believe that this situation will be stabilized over the second half of 2023.

Hungary

Currency: forint | VAT: 27%

Internet usage

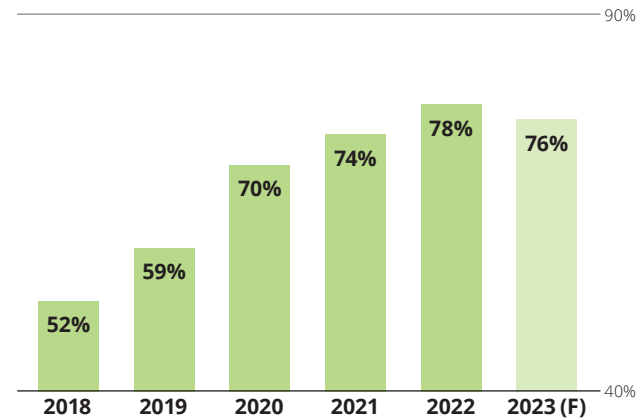
Percentage of the population accessing the internet



SOURCE: EUROSTAT, DATAREPORTAL

E-Shoppers

Percentage of internet users who bought goods or services online



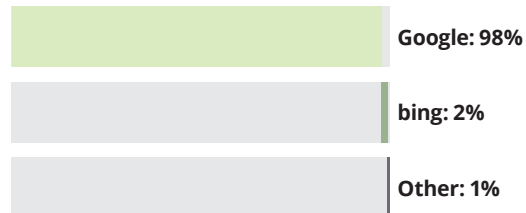
SOURCE: EUROSTAT, STATISTA

GDP and E-GDP (€bn)

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Search engine market share

Most popular search engines in 2022



SOURCE: STATCOUNTER

B2C e-commerce turnover (€bn)

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Hungary

Interview

Norbert Madar

Lead consultant and partner, GKID
(Budapest-based research and consulting firm)



Policies and regulation:

What national policies, if any, are being considered in your market that will likely have an impact on e-commerce?

The two most important local regulations that have affected general commerce as well as e-commerce were the application of price caps and the imposition of special taxes, both of which primarily affected traders active in the FMCG segment. From now on, mandatory promotions being introduced will have a significant impact on trade.

How have some relevant EU policies, such as Right to Repair and Green Claims, affected your e-commerce market?

From 1 July 2021, cross-border sales to consumers within the EU have been subject to VAT in the country to which goods are dispatched or transported. This change has affected delivery lines and deadlines. EU warehouses were built, more delivery companies entered the market with higher service levels and cross-border sales became more competitive to local Hungarian e-commerce than ever before.

Sustainability:

What is currently happening in your market regarding sustainable transportation efforts?

There is an emphasis on more sustainable delivery methods and the share of PUDO points and parcel lockers is increasing. Several logistics service providers have installed electric vehicles and are using bicycles for downtown deliveries.

What is currently happening in Hungary regarding returns and/or repairs and their impact on sustainability efforts?

There is no significant change in this area, since free returns are not yet widely used in Hungary. The only change is that more merchants now offer the possibility of returning goods through the PUDO point or parcel locker.

Technology:

Have you seen a shift in digitalization and technology use among retailers in this last year? If so, what changes have retailers – particularly SMEs – made?

While digitalization is continuous, large companies with an international background tend to be at the forefront of this and SMEs are just following trends. The spread of digital payment solutions is the most spectacular change. While cash on delivery is still dominant, the proportion of online payments from a credit card or digital wallet, as well as orders paid by credit card to the courier, is increasing. In the case of small operators, it is becoming increasingly important to use fulfillment providers with professional solutions instead of their own warehousing.

Customer service and conversational commerce are key areas where e-commerce marketers have been applying chatbots. However, user satisfaction from these is expected to improve significantly by integrating ChatGPT in the near future.

Which technologies such as AI, VR and big data are Hungarian e-commerce industry players focusing on in 2023?

E-commerce platforms such as Shoprenter and Shopify have started to provide generative AI tools for store owners to enhance their product descriptions. According to our research at GKID, 43% of Hungarian store owners identified “increasing buying frequency” as their main problem, so in the future, they are likely to focus on implementing more effective marketing automation solutions.

Have there been any changes in your market due to disruptive technologies such as ChatGPT?

While several retailers and logistic providers are working on ways to integrate ChatGPT into internal or customer-related processes, these developments have not yet impacted the market.

“Hungary has the highest inflation rate in the European Union, which is considerably reducing the disposable income of the population”

Current events and e-commerce:

There have been reports that ‘direct-to-consumer’ European e-commerce has grown substantially. Has this been the case in your market?

Hungary is a very small market that’s not on the radar of the big manufacturers, so D2C does not manifest itself so strongly here. However, there are domestic manufacturers who did not sell directly to consumers and are now examining the possibility of doing so by using fulfillment service providers. These attempts are still ongoing and have not yet affected the local market.

Have you seen any specific direct or indirect impacts on your e-commerce market resulting from the war in Ukraine?

Ukraine is our neighbor and Hungary is also very dependent on Russia. The direct impact of the war on e-commerce may be due to the fact that stocks have appeared in the country that are destined for the Ukrainian and Russian markets. There’s a significant oversupply of technical goods, for example, which reduces inflation in these segments. The impact of the war is mostly seen in inflation, since energy and food prices have risen enormously. Hungary has the highest inflation rate in the European Union, which is considerably reducing the disposable income of the population.

Have there been any changes or updates in Hungary regarding payment and delivery preferences or behaviors?

Following the digital step-up in 2020 and 2021, the steady shift in payment preferences towards electronic transactions continued into 2022, with 63% of online orders being paid electronically. Among the different payment solutions, online payments have the largest share (35%), followed by cash on delivery (28%).

Hungary

Continued from previous page

On the delivery front, although home delivery is still the most popular method for customers, the share of PUDO points is steadily increasing. This is being mainly driven by the popularity and use of parcel lockers, which provided significantly increased coverage during 2022 and 2023. As of May 2023, there were more than 4,000 lockers across Hungary.

What would you say are the leading reasons for significant changes in e-commerce purchasing among consumers?

High inflation, along with increased food and energy prices driving up the cost of living, have both significantly reduced disposable income. Shoppers are therefore now looking for cheaper solutions, with a growing demand for substitute products, alongside a reduction in the number of purchases made. While a cool-down of online sales was expected after the hyper-growth caused by pandemic lockdowns, this has actually been far more drastic due to the current economic environment. In the current world situation, many online shoppers have been returning to stores in order to seek out cheaper products and make savings by cutting out delivery costs.

Are there any e-commerce trends specific or unique to the Hungarian market?

The Hungarian market is small but the growth opportunity of retailers is further restricted by the fact that a growing number of webshops entering our market from neighboring countries regard Hungary as an important target market. These are mainly Slovak, Czech, Polish and Romanian companies. These foreign e-commerce companies are operating Hungarian webshops that act like a Hungarian-based domestic store by providing the same delivery and payment options as every other average Hungarian domestic webshop.

“A growing number of webshops entering to our market from neighboring countries regard Hungary as an important target market”

While this is an advantage for customers, it is putting Hungarian traders in a difficult situation. It has become increasingly difficult to stay afloat in such a fiercely competitive yet small market, so it's been necessary to open up to foreign markets, in which Hungarian retailers have not been at the forefront so far.

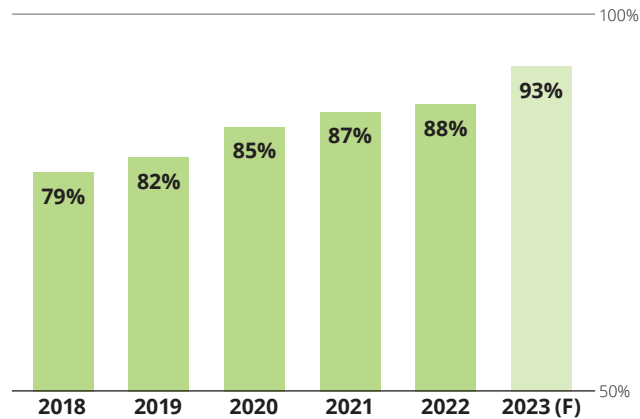
To help this cross-border growth of Hungarian e-commerce companies, a new alliance was formed in 2022, called Hungarian Digital Retail Alliance. GKID is among the founding members, which includes, among others, Google, DHL and Mastercard.

Poland

Currency: zloty | VAT: 23%

Internet usage

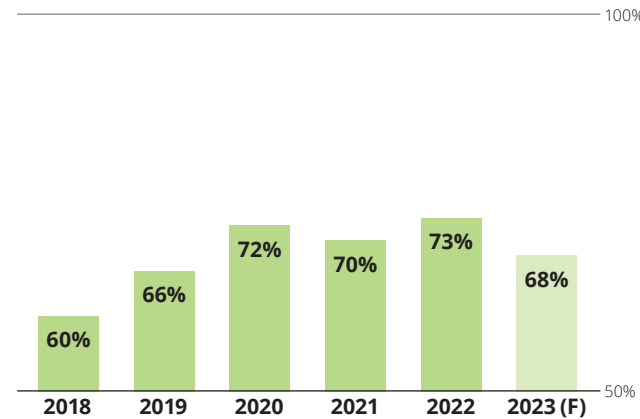
Percentage of the population accessing the internet



SOURCE: EUROSTAT, DATAREPORTAL

E-Shoppers

Percentage of internet users who bought goods or services online



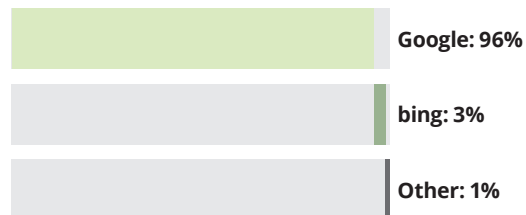
SOURCE: EUROSTAT, STATISTA

GDP and E-GDP (€bn)

This is the Light Version of the Report. The Full Version is only available to Ecommerce Europe's and EuroCommerce's members and policymakers.

Search engine market share

Most popular search engines in 2022



SOURCE: STATCOUNTER

B2C e-commerce turnover (€bn)

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Poland



Interview Patrycja Sass- Staniszewska

President, Chamber of Digital Economy



Policies and regulation:

What national policies, if any, are being considered in your market that will likely have an impact on e-commerce?

There are currently regulations to implement new EU regulations such as the DSA and DMA into Polish law. During the legislative process, special attention should be paid to new tools concerning, among other things, product safety controls and the reporting of counterfeits, the improper implementation of which may undermine fair competition.

National regulations implementing the provisions of the DAC7 Directive raise doubts about the legal basis, the scope of data required and the obligations of merchants and platform operators, as well as about compliance with GDPR. The law provides for the extension of the obligations under the DAC7 Directive. Reporting obligations under the provisions of this implemented directive may be very difficult to enforce for non-EU platform operators – particularly from China – which will negatively affect the competitiveness of Polish and EU entities vis-à-vis non-EU sellers.

How have some relevant EU policies, such as Right to Repair and Green Claims, affected the Polish e-commerce market?

Digital marketers will clearly be affected by an EU regulation on packaging and packaging waste, as well as by an amendment of Regulation (EU) 2019/1020 and Directive (EU) 2019/904, and the repealing of Directive 94/62/EC particularly as it relates to limits

on recycling, returnable packaging and acceptable packaging-to-content ratio.

Our concerns include Articles 4(5) and 11(8) of the Proposal, as well as Article 38 of the Proposal, which sets out prevention goals in member states that could lead to the creation of barriers within the internal market.

Establishing sustainability requirements for the recyclability or the reusability of packaging is insufficient if they are not supported by a system capable of triggering investment in infrastructure for the widespread collection, sorting, recycling and reuse of packaging across Europe.

Directive (EU) 2019/2161 (Omnibus Directive) made a big impact on the e-commerce industry. This has introduced new information obligations for traders, including promotions, as well as new obligations relating to offering consumer reviews. One impact of the Omnibus Directive that has already been observed is in the area of discounts. The Polish legislator has expanded the obligation to inform consumers about promotions. A consequence of the changes brought about by the Omnibus Directive was the need for changes in the documentation of online stores and the necessity of redesigning online stores.

Sustainability:

What is currently happening in your market regarding sustainable transportation efforts?

● Logistics: E-commerce platforms and retailers are increasingly collaborating with third-party logistics providers that specialize in eco-friendly and sustainable delivery options. That means that several e-commerce companies in Poland – grocers in particular – have started incorporating electric vehicles into their delivery fleets. EVs produce zero emissions during operation, reducing the localized air pollution and carbon emissions produced by gasoline or diesel vehicles.

● Changing behavior: The cost-of-living crisis is resulting in some shoppers buying smaller quantities more often and others buying occasionally but in bulk. This has become a challenge for logisticians. The solution? Technology and data will save stores and the supply chain during these times of crisis.

“The cost-of-living crisis is resulting in some shoppers buying smaller quantities more often and others buying occasionally but in bulk”

● Final-mile delivery: The final mile is a significant contributor of carbon emissions so to address this, companies are adopting strategies such as route optimization algorithms, delivery consolidation and delivery methods like bicycle couriers in urban areas such as Gdańsk, Poznań, Warszawa and Kraków.

● Packaging optimization: E-commerce companies are focusing on reducing the amount of packaging waste, which contributes to carbon emissions.

● Green certification and labeling: Some e-commerce platforms and retailers may seek certification or use eco-labels to highlight their commitment to sustainability. Such certifications take into account various factors including transportation practices, carbon emissions and waste reduction.

What is currently happening in Poland regarding returns and/or repairs and their impact on sustainability efforts?

Poland's Chamber of Digital Economy is just starting a media project whose aim is to inform the general public about the ecological and business costs of e-commerce returns. In Poland, there is a 14-day right of withdrawal from a distance contract which is frequently used by consumers, leaving companies with an increasing number of returns. Cost of return is included when calculating a total value of each product in an e-commerce shop yet the most important in this context is the environmental cost.

The Chamber of Digital Economy is treating its mission of educating business and consumers in a responsible manner by launching this campaign, which pays attention to all aspects of returns. This includes both retailers and consumers, along with businesses such as warehouses which cooperate with retailers in the area of logistics and supplies. Sometimes these are part of

Poland



Continued from previous page

the store's infrastructure but often, e-commerce companies use the independent fulfillment option.

We are emphasizing the importance of attractive, detailed product descriptions based on photos or videos. It is often errors in descriptions that cause goods to be returned. Retaildive.com writes that 72% of returns are from the e-fashion industry and are most often made because garments are too small (30%) or too large (22%). This is where PIM (Product Information Management) systems help to manage product information by guaranteeing the efficient creation of detailed descriptions.

An efficient business model is of great importance when we consider returns in e-commerce. There are courier companies that emphasize the habits of Poles regarding easy free returns to promote their business, without considering the environmental impact of their practices. However, at the current stage of e-commerce development, we should face a more balanced approach. While the right of 14-day returns for the customer remains sacred, using it should be considered a conscious shopping choice.

Technology:

Which technologies such as AI, VR and big data are Polish e-commerce industry players focusing on in 2023?

Undoubtedly, the pandemic was a booster of e-commerce on a global scale, with 28% growth annually from 2020. 100% of Polish internet users say they have now made at least one online purchase. VR has taken the market by storm and is not going to stop. In addition, the further development of omnichannel, international e-commerce and the development of online exports provide great opportunities, especially for SMEs, to further develop electronic commerce and global sales.

Have there been any changes in your market due to disruptive technologies such as ChatGPT?

ChatGPT has the potential to take over some of the professions currently held by people, since it can write text, work for customer service, write reports and create legal documents. However, AI will also create opportunities, new jobs and new professions in

new fields of study. It requires a new innovative approach to education from primary education.

Current events and e-commerce:

Are there any e-commerce trends specific or unique to your market you would like to share?

The beginnings of e-commerce in Poland date back to the second half of the 1990s, when the first online stores, e-commerce catalogs and auction platforms were established.

However, it is in the last decade that Polish e-commerce has developed most rapidly. In this time, the Chamber of Digital Economy has also been working vigorously, both in legislative and educational terms. We educate e-consumers how to buy safely online. We support companies by advising them how to build or develop an e-store, how to carry out digital transformation and how to export online.

Poles have fallen in love with online shops and it's hardly surprising. They are simple, fast and safe. They are accessible to anyone from anywhere, at a convenient time, which was especially important during the pandemic period. They allow you to buy more cheaply and reasonably, which has become an important factor in the past year.

A few important figures summarizing the last ten years of e-commerce in Poland:

- The number of households with internet access has increased from 60% in 2012 to 96.2% in 2021.
- 100% of Polish internet users say they have made an online purchase. The frequency of purchases and the average value of the shopping basket has also increased.
- We see a significant increase in the popularity of online shopping among people who have not previously shopped online, such as the Silver Power generation or rural residents.
- There has been a five-fold increase in the value of the B2C e-commerce market.

“Personalization has become very important, while AI budgets are reaching dizzying amounts”

- There has been over a three-fold increase in the value of the B2B e-commerce market.
- There has been a three-fold increase in the share of digital sales in total retail sales.
- The number of registered online stores has increased two and a half times.

E-commerce is growing rapidly and analysts forecast its further expansion. The key drivers of e-commerce development are undoubtedly modern technologies, omnichannel development and the growing awareness that e-commerce knows no borders, making it the most effective form of online export development. Hence the growing number of B2B companies that are choosing to develop sales in this channel.

Technologies are mainly concerned with personalization, programmatic buying, mobile shopping, the use of AI in e-commerce, AR for product visualization and the use of intelligent chatbots.

Globally, there has been a huge increase in investment in research into AI solutions, with Berkshire Hathaway estimating that the amount is expected to exceed \$200bn as early as 2025. This will have a huge impact on the development of new innovative applications and technologies based on intelligent algorithms, machine learning and deep neural networks. As a result, companies around the world are already planning to invest sizable budgets in artificial intelligence. This creates even more opportunities for the digital economy.

Without a doubt, the Chamber of Digital Economy has made a huge contribution to the development of the e-commerce market over these past ten years. In addition to its legislative

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Poland



Continued from previous page

and educational activities, e-Chamber plays an invaluable role as an integrator of the industry. This is a meeting place for the people, companies, organizations and institutions that make up the ecosystem of Polish e-commerce.

We perfectly integrate the industry by organizing events and competitions such as e-Commerce Poland awards, e-commerce Director of the Year and Performance Marketing Diamonds EU. Our research and reports are also a source of valuable market analysis and a barometer of consumer behavior. We continuously promote Polish e-commerce, both in and outside our country, as part of the international organization E-commerce Europe.

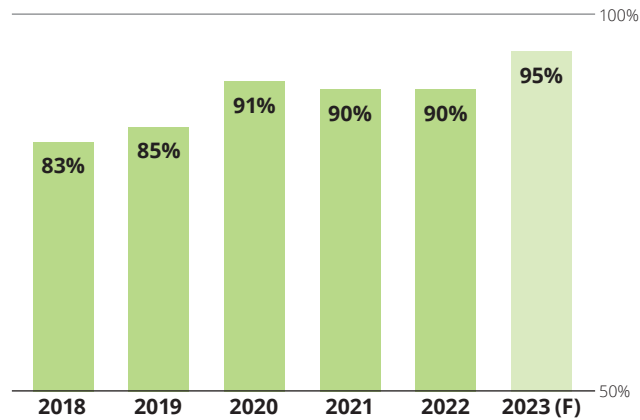
“In addition to its legislative and educational activities, e-Chamber plays an invaluable role as an integrator of the industry”

Slovak Republic

Currency: euro | VAT: 20%

Internet usage

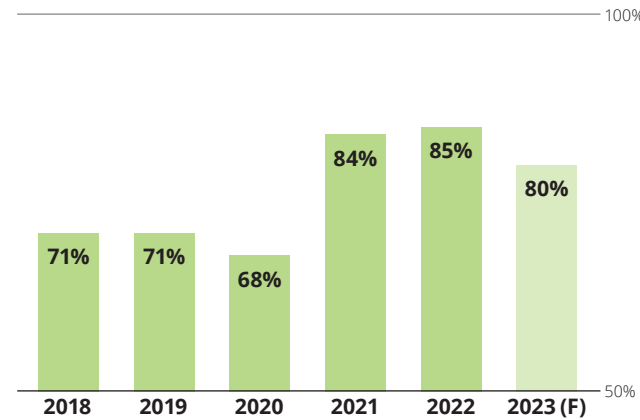
Percentage of the population accessing the internet



SOURCE: EUROSTAT, DATAREPORTAL

E-Shoppers

Percentage of internet users who bought goods or services online



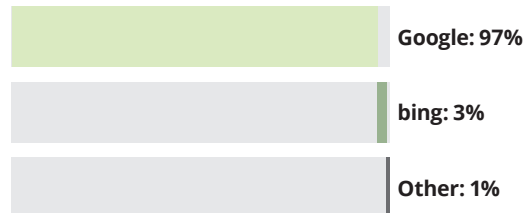
SOURCE: EUROSTAT, STATISTA

GDP and E-GDP (€bn)

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Search engine market share

Most popular search engines in 2022



SOURCE: STATCOUNTER

B2C e-commerce turnover (€bn)

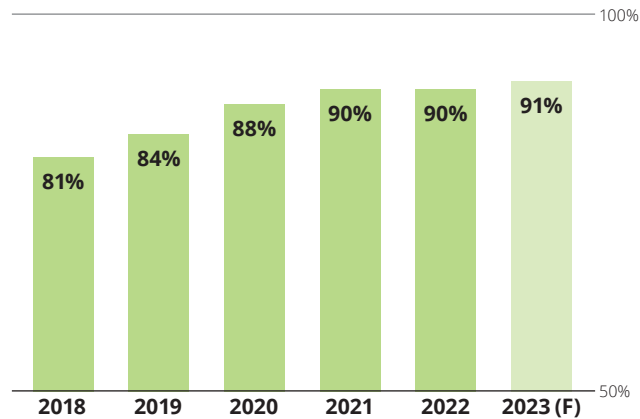
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Slovenia

Currency: euro | VAT: 22%

Internet usage

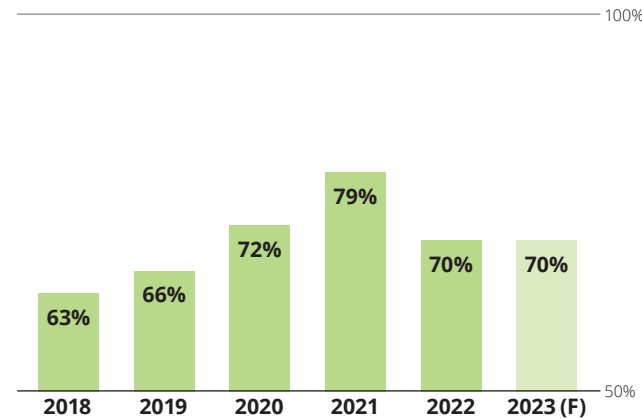
Percentage of the population accessing the internet



SOURCE: EUROSTAT, DATAREPORTAL

E-Shoppers

Percentage of internet users who bought goods or services online



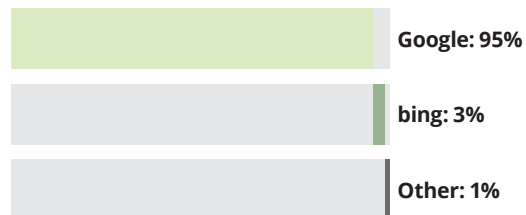
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GDP and E-GDP (€bn)

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Search engine market share

Most popular search engines in 2022



SOURCE: STATCOUNTER

B2C e-commerce turnover (€bn)

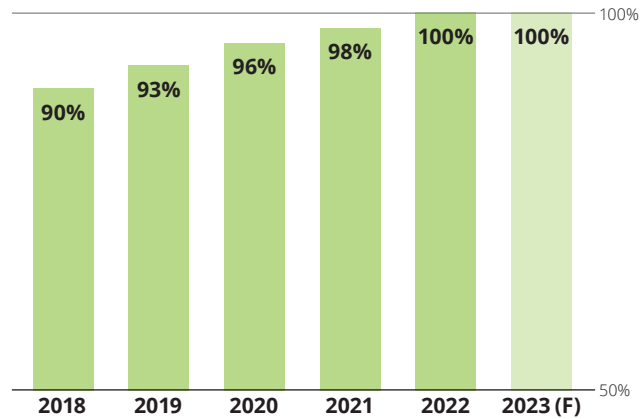
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Switzerland

Currency: Swiss franc | VAT: 7.7%

Internet usage

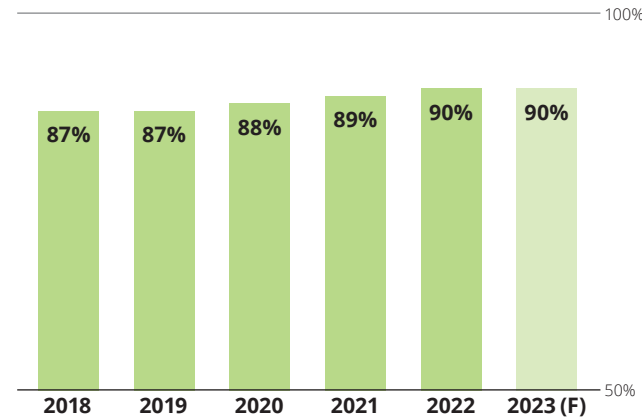
Percentage of the population accessing the internet



SOURCE: EUROSTAT, DATAREPORTAL

E-Shoppers

Percentage of internet users who bought goods or services online



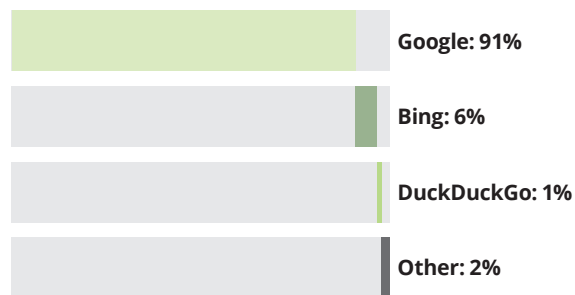
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Search engine market share

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SOURCE: STATCOUNTER

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Switzerland

Interview Bernhard Egger

Geschäftsführer, HANDELSVERBAND.swiss



Policies and regulation:

What national policies are being considered in your market that will likely have an impact on e-commerce?

As of the start of January 2023, the new data protection law will become relevant in Switzerland. All Swiss online shops are now obliged to comply with this legislation and meet these requirements. These include adapted general terms and conditions, cookies banners and so on.

As of the start of 2024, industrial duties for authorized importers in Switzerland will also be abolished. This means that goods from third countries that have already been imported into the EU do not have to be customs cleared again in Switzerland. The administrative part will remain in order to retain statistical data yet the abolition of industrial customs duties will mean a cost saving for the Swiss market.

How have some relevant EU policies, such as Right to Repair and Green Claims, affected the Swiss e-commerce market?

At present, we do not see any major impact of EU policy on Switzerland, at least none directly. Of course, we see comparable issues, such as in the area of sustainability. However, this is less due to EU policy than to the generally changing environmental awareness of consumers everywhere.

Sustainability:

What is currently happening in Switzerland regarding sustainable transportation efforts?

The topic of 'smart city logistics' is becoming increasingly important as efforts are underway to find out what the cities of the future will look like. The focus here is on last-mile delivery and how we can achieve this in a more sustainable and ecological way. We see a responsibility here in e-commerce which includes the following points that can already be implemented today and that already have an impact on sustainability:

- Avoidance of partial deliveries
- Avoidance of returns
- Longer delivery times to the customer

We are convinced that we can swiftly make a contribution to sustainability and efficiently with these measures. The freight forwarders in Switzerland have committed themselves to net-zero CO₂ and are working hard to achieve this goal.

What is happening in Switzerland regarding returns and/or repairs and their impact on sustainability efforts?

Returns have always been an issue in the mail order business. In e-commerce, free returns have triggered a hype that is difficult to reconcile with sustainability. Efforts to launch returns-avoidance programs are particularly appropriate here. Great steps forward have already been seen in the fashion sector in particular. AI-powered clothing size advisors, fast feedback for the reasons of each return and charges for returns are being discussed and assessed in many sectors. There is great potential for sustainability in this area.

Technology:

Have you seen a shift in digitalization and technology use among retailers in this last year? If so, what changes have retailers – particularly SMEs – made?

Digitalization is here to stay and the pandemic years showed how important the likes of social media and live shopping are for the future of e-commerce. In the social media commerce sector, SMEs have opportunities to reach their customers and engage those even on a lower budget. As an additional sales channel,

“ChatGPT is certainly on everyone’s lips in Switzerland, with new startups springing up like mushrooms every week”

marketplaces – especially ones local to the country – offer traders in Switzerland a good option.

Which technologies such as AI, VR and big data are Swiss e-commerce industry players focusing on in 2023?

AI has certainly received a big boost through widespread media attention. However we still need to see more practical, everyday applications before we can assess the utility of this technology.

We haven't seen VR being used Switzerland yet, or only to a very small extent. Data collection, evaluation and follow-up projects, along with customer journey management, are trends in which a lot of time and money is currently being invested.

Have there been any changes in your market due to disruptive technologies such as ChatGPT?

ChatGPT is certainly on everyone's lips in Switzerland, with new startups springing up like mushrooms every week. Its development here has been very fast. We see its near-future application in researching product descriptions and summarising them for a product detail page. In the more distant future, we will certainly also see customer service such as the automation of advice. This is a development that is here to stay and will certainly keep us busy. The ethical discussion of generative AI will also be part of this agenda.

Switzerland

Continued from previous page

Current events and e-commerce:

There have been reports that 'direct-to-consumer' European e-commerce has grown substantially. Has this been the case in your market?

D2C is steadily growing and has become an indispensable part of the retail landscape, be it in the area of verticalization with a business's own stores, or in the area of e-commerce. The gap is between "How do I serve wholesalers?" and "How do I do that while also building up a D2C channel?" There are different forms and strategic considerations for the players here. Cooperation, especially in the area of an 'endless aisle', will help all participants and, ultimately, lead to an optimal customer experience.

Have you seen any specific direct or indirect impacts on your e-commerce market resulting from the war in Ukraine?

We have certainly seen its effects, especially in the area of energy costs during the winter months and uncertainty among consumers slowing sales.

Have there been any changes in Switzerland regarding payment and delivery preferences or behaviors?

Payment on account, which is still the most popular payment method in Switzerland, has decreased from over 80% before the pandemic to around 50%. On the other hand, the TWINT app has increased dramatically and will have a share of 18% in 2022. This is a mobile payment solution in Switzerland that has 5mn users out of an entire population of around 9mn.

Credit cards have lost ground in favour of TWINT and are currently also at around 18%. Paypal plays a subordinate role, with 6%. Increases can be observed among payment service providers in the area of 'buy now, pay later'.

Referring to delivery preference, some providers are now asking customers whether next-day delivery is necessary or whether they would consider a longer delivery time. This approach could become a 'new normal' in delivery preference as it would help considerably in terms of sustainability efforts.

What would you say are the leading reasons for significant changes in e-commerce purchasing among consumers?

During the pandemic, consumers became more accustomed to online shopping and found their regular web shops. This loyalty towards individual e-commerce retailers as well as the online channel will continue to be noticeable in customers' shopping behavior. In home electronics in particular, every second item in Switzerland is already bought online. Here, the consumer has put their trust in e-commerce.

Even as we see customers return to bricks-and-mortar stores, the growth of the last four years since 2019 has increased e-commerce by a total of 44% in Switzerland. That's a linear increase of approximately 10% per year. It's expected that this development will weaken somewhat across 2023 and probably stabilize in 2024.

Are there any e-commerce trends specific or unique to the Swiss market?

We see a strong Switzerland-specific marketplace trend due to the customs and VAT hurdles when shopping outside of Switzerland. This trend will inevitably continue, although the possibility of Swiss companies becoming active on foreign marketplaces or platforms will increase. Zalando and Amazon are investing a lot of effort in this area with Swiss retailers.

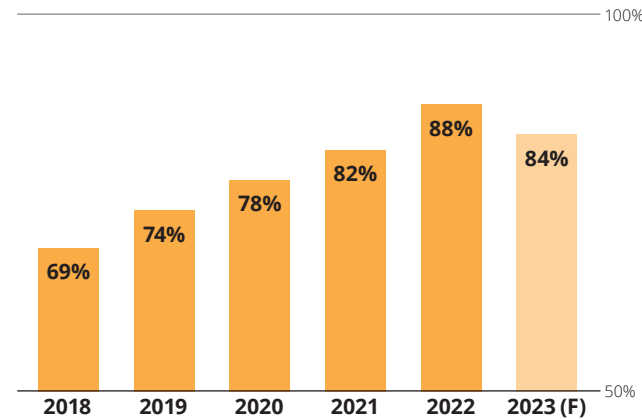
"Payment on account, which is still the most popular payment method in Switzerland, has decreased from over 80% before the pandemic to around 50%"

Eastern Europe



Internet usage

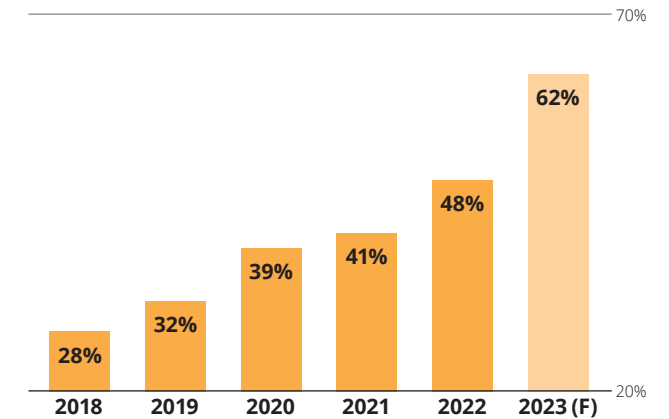
Percentage of the population accessing the internet



SOURCE: EUROSTAT, DATAREPORTAL

E-Shoppers

Percentage of internet users who bought goods or services online



SOURCE: EUROSTAT, STATISTA

B2C e-commerce turnover (€bn)

GDP and E-GDP (€bn)

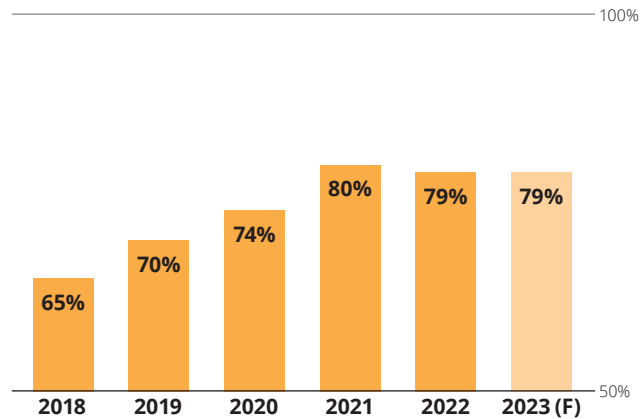
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Albania

Currency: lek | VAT: 20%

Internet usage

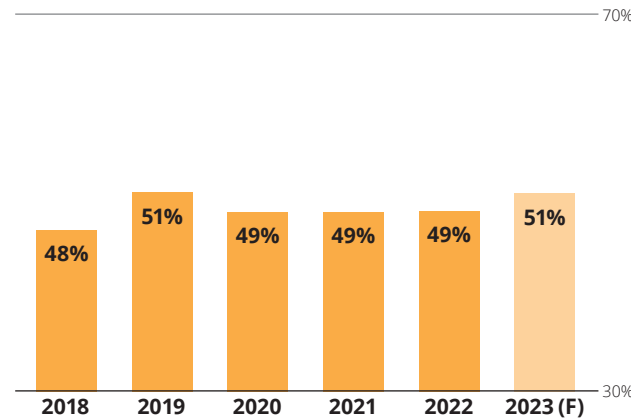
Percentage of the population accessing the internet



SOURCE: EUROSTAT, DATAREPORTAL

E-Shoppers

Percentage of internet users who bought goods or services online



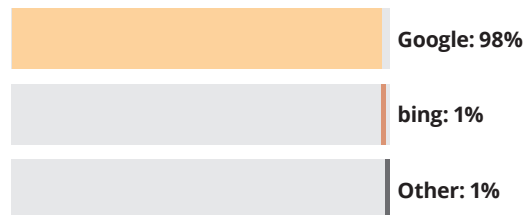
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GDP and E-GDP (€bn)

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Search engine market share

Most popular search engines in 2022



SOURCE: STATCOUNTER

B2C e-commerce turnover (€bn)

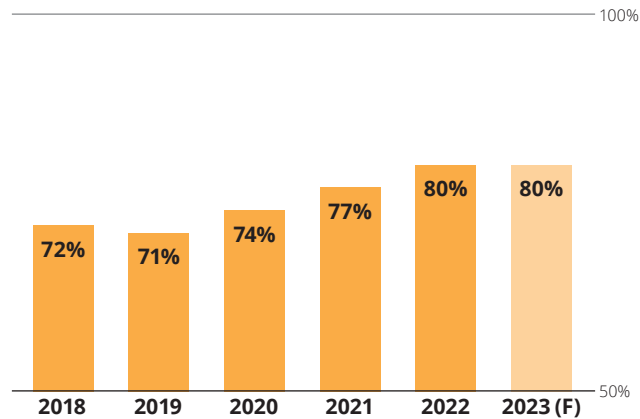
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Bosnia and Herzegovina

Currency: convertible mark | VAT: 17%

Internet usage

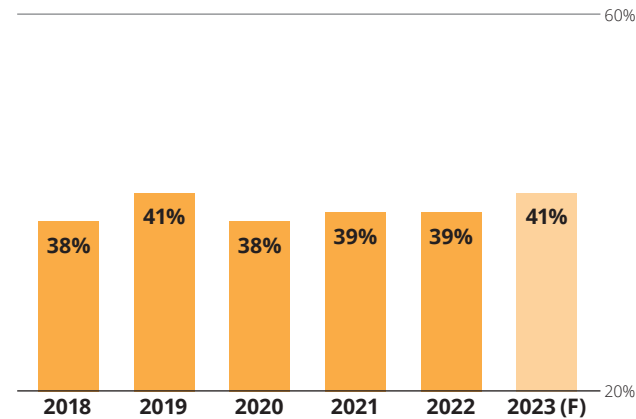
Percentage of the population accessing the internet



SOURCE: EUROSTAT, DATAREPORTAL

E-Shoppers

Percentage of internet users who bought goods or services online



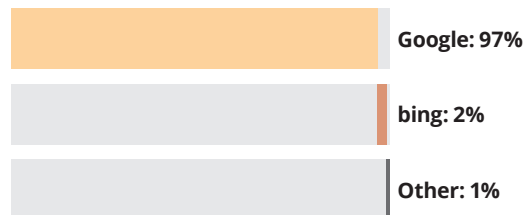
SOURCE: EUROSTAT, STATISTA

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SOURCE: STATCOUNTER

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Bosnia and Herzegovina

Interview

Orhan Gazibegović

President, E-commerce Association
in Bosnia and Herzegovina



Policies and regulation:

What national policies are being considered in your market that will likely have an impact on e-commerce?

Bosnia and Herzegovina (B&H) is taking progressive strides towards shaping a robust e-commerce sector. One key step towards this goal is policy for regulating the online market in internal trade that has been drafted by the Federal Ministry of Trade. This new represents a significant advancement for our country since it regulates the specific details of internet sales.

I am proud to share that the E-commerce Association of Bosnia and Herzegovina is playing a crucial role in this process. The government has entrusted us with the responsibility of assisting in the creation of practical, efficient regulations that address the needs of all stakeholders in the digital market.

To enrich this proposed legislation, we draw on the current legal and regulatory context of our country. At present, online sales are governed by the Law on Internal Trade, the Law on Electronic Legal and Business Trade, and the Consumer Protection Law.

The proposed policy, once enacted, will streamline these multiple provisions into a cohesive regulatory framework, bringing clarity and consistency to our e-commerce sector. We are optimistic about this transformative change and, with continued collaboration and dedication, are confident that we can create a thriving e-commerce landscape within the country.

How have some relevant EU policies, such as Right to Repair and Green Claims, affected your local e-commerce market?

Since Bosnia and Herzegovina is not yet part of the EU, our e-commerce market has not been directly influenced by such EU policies. Our current regulations lag far behind the EU standards, as does our general e-commerce landscape.

B&H applied for EU membership in February 2016 and was granted EU candidate status in December 2022. However, our membership is conditional upon the country taking steps to strengthen the rule of law, to combat corruption and organized crime, to uphold fundamental rights and to manage migration.

It's important to note that these wider political and regulatory conditions directly impact our e-commerce sector. Strengthening the rule of law and combating corruption, for example, are prerequisites for creating a secure and trustworthy digital marketplace. The steps the country takes to meet these conditions will consequently shape our e-commerce regulations, aligning them closer to EU standards.

Despite the current disparities, we are hopeful that our progress towards EU membership will stimulate the development of more modern and comprehensive regulations for our e-commerce market which will, in turn, align us more closely with international best practices.

Sustainability:

What is currently happening in Bosnia and Herzegovina regarding sustainable transportation efforts?

Bosnia and Herzegovina is well positioned on the crossroads of important regional transport corridors, allowing the country access to its main export markets and to participate in regional cooperation and integration processes within the wider Western Balkans market. Good progress has already been made in enhancing the quality of the country's transport links, yet challenges still remain. The quality of transport infrastructure needs further improvement since the country still lacks efficient and modern road, rail and air transport infrastructure.

“The E-commerce Association in B&H has been included by the government to assist all institutions in creating proper, workable regulation”

What is currently happening regarding returns and/or repairs and their impact on sustainability efforts?

There is no specific legislation regulating product returns and repairs, while consumer protection laws are not fully enforced. This can lead to a lack of responsibility by manufacturers and retailers to ensure that their products are durable and long-lasting, which can lead to even more waste and pollution.

However, some efforts are being made by non-governmental organizations (NGOs) to promote sustainable consumption and production practices. For example, organizations like the Center for Environment (CZZS) and the Association of Consumers are working to educate B&H consumers about their rights, including the right to product returns and repairs, along with the importance of reducing waste.

Overall, while there are challenges facing sustainability efforts in B&H, there are also positive steps being taken towards more sustainable practices. More still needs to be done by both the government and the private sector to ensure that sustainability is prioritized and enforced in all aspects of the market.

Technology:

Have you seen a shift in digitalization and technology use among retailers in this last year? If so, what changes have retailers – particularly SMEs – made?

Digitalization and technology had been on the rise in B&H yet the Covid-19 pandemic accelerated this trend as businesses quickly adapted to changing market conditions and consumer behavior. Many retailers, including SMEs, had to shift their operations online to reach customers who were increasingly turning to e-commerce.

Bosnia and Herzegovina



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Some changes that retailers have made in response to the pandemic include:

- Developing e-commerce platforms: Retailers, especially SMEs, have started to develop their own e-commerce platforms or partnered with existing online marketplaces in order to reach a wider customer base.
- Offering online payment options: Many retailers have started accepting online payments, including credit card payments, in order to facilitate contactless transactions and reduce risks.
- Utilizing social media for marketing: Retailers have been using social media platforms such as Facebook and Instagram to market their products and communicate with customers.

These changes helped retailers, particularly SMEs, to stay afloat throughout the pandemic and to even reach new customers. However, digitalization and technology use are still relatively new concepts for many SMEs in B&H, so there are challenges that businesses must overcome. These include access to financing, digital skills training and internet connectivity.

Which technologies such as AI, VR and big data are B&H e-commerce industry players focusing on in 2023?

The focus of the larger e-commerce players is on fully utilizing the online channel as a equal revenue stream and sales channel alongside mainstream bricks-and-mortar stores. We have noticed a rise in online-only merchants, which currently take 34% in all online merchants.

VR is slowly being recognized by the most advanced companies, who are testing the ground for Meta marketplaces as an all-new shopping experience.

Have there been any changes in your market due to disruptive technologies such as ChatGPT?

The importance of AI and other disruptive technologies is growing in various industries worldwide. These technologies have the potential to transform the ways in which businesses operate and interact with customers, offering benefits such as increased

efficiency, personalized experiences, and improved decision-making. However, there is currently no significant change to the local market. The adoption of disruptive technologies including AI within B&H may face challenges related to digital skills, infrastructure and regulations. However, as the benefits of these technologies become more apparent, it is likely that more businesses in B&H will begin to adopt them in order to stay competitive and improve their operations.

Current events and e-commerce:

There have been reports that 'direct-to-consumer' European e-commerce has grown substantially. Has this been the case in your market?

While direct-to-consumer sales are still rare in B&H, they are becoming increasingly popular globally due to the rise of e-commerce and changes in consumer behavior. It's therefore possible that this trend will eventually catch on here.

Currently, there are a few businesses in the country that offer DTC sales, mainly in the fashion industry. By selling directly to consumers through their own e-commerce platforms or through online marketplaces, such businesses can offer more competitive prices and greater control over the customer experience.

Yet there are challenges associated with DTC sales in B&H, particularly for SMEs. These include limited access to financing, digital skills training and internet connectivity. Additionally, the lack of a well-developed logistics infrastructure can make it difficult for businesses to deliver products efficiently and cost-effectively to customers.

Despite these challenges, there is potential for DTC sales to grow as more consumers turn to online shopping and businesses look for ways to cut costs and increase efficiency. It will be important for businesses to carefully consider the costs and benefits of DTC sales as they develop strategies that are tailored to the local market conditions.

“Many consumers in B&H still prefer to shop in physical stores rather than online, due in part to concerns about fraud and delivery times”

Have you seen any specific direct or indirect impacts from the war in Ukraine on your e-commerce market?

The ongoing war in Ukraine is a grave concern for the entire region. However, in terms of direct impacts on our e-commerce market, we are fortunate to report minimal effects at this time. Our e-commerce landscape is primarily domestic, which lessens the disruptions of international trade. Our online market has, to date, been insulated from the major cybersecurity threats that can sometimes escalate during times of geopolitical tension.

However, the war in Ukraine and the ensuing global recession, as detailed in the recent World Bank report, have broader macroeconomic implications that could indirectly affect our e-commerce landscape. Economic growth in Europe and Central Asia slowed sharply in 2022 to 0.2% due to Russia's invasion of Ukraine. This is of concern to us because the EU, specifically Italy, Germany and Croatia, are significant export markets for B&H.

Despite this widespread economic slowdown, it was still less severe than initially anticipated. On the domestic front, B&H's nominal GDP in 2021 was 38.6bn KM (Bosnian marks) – a nominal increase of 12.8% compared to 2020, with real growth at 7.5%. This robust performance of our economy provides a solid base for our e-commerce sector.

That said, we remain vigilant and are closely monitoring potential indirect impacts, such as changes in consumer behavior due to economic uncertainty and fluctuations in exchange rates affecting the cost of imported goods. Our priority continues to be the growth and resilience of B&H's e-commerce sector. We are committed to facilitating a reliable, robust market for businesses and consumers, irrespective of the international climate.

Continued on the next page

Bosnia and Herzegovina

Continued from previous page

Have there been any changes in your market regarding payment and delivery preferences or behaviors?

In recent years, the use of electronic payment methods has been increasing in B&H, although cash remains the dominant form of payment. According to a survey by the Central Bank of Bosnia and Herzegovina, around 70% of transactions are still conducted in cash. However, there has been a noticeable increase in the use of electronic payments, particularly among younger consumers.

When it comes to delivery preferences, many consumers in B&H still prefer to shop in physical stores rather than online, due in part to concerns about fraud and delivery times. However, online shopping is becoming more popular, particularly for items such as electronics, clothing and cosmetics. To address some of these concerns, some online retailers are offering faster delivery times and free shipping. 29.5% of retailers also now offer the option to pay upon delivery.

In terms of delivery methods, traditional shipping methods such as postal services and courier companies are still widely used. However, some retailers are exploring new delivery methods such as PUDO/APM and same-day delivery to meet changing consumer demands and expectations.

Overall, the use of electronic payment methods and online shopping is expected to continue to grow in B&H, particularly as more businesses move online and consumers become more comfortable with e-commerce. As a result, businesses will need to keep up with these changing trends and adapt their payment and delivery strategies accordingly.

What would you say are the leading reasons for significant changes in e-commerce purchasing among consumers?

There are several factors that can influence the level of e-commerce purchasing among consumers, both positively and negatively. Some of the leading reasons include:

- **Trust and Security:** One of the main reasons why some consumers in B&H are hesitant to shop online is because of concerns about security and fraud. Businesses need to invest in robust security measures to build trust and increase sales.

- **Payment methods:** Limited payment options or difficulties with payment processing can be barriers to e-commerce purchasing in B&H. Consumers often prefer cash on delivery or payment through local payment processors. Providing solid and affordable payment options can help to increase consumer confidence in the purchasing process.

- **Logistics:** Delivery times, shipping costs and the reliability of delivery services can all impact e-commerce purchasing behavior. Consumers want fast, reliable delivery at a reasonable cost, so the businesses that can offer these services are more likely to attract and retain customers.

- **Digital infrastructure:** Poor internet connectivity and low digital literacy levels in some parts of the country are limiting the growth of e-commerce in B&H. Businesses need to ensure that their websites are accessible and easy to navigate for all consumers, regardless of their level of digital literacy or the quality of their internet connection.

- **Price and selection:** Consumers want a wide range of products at competitive prices, so businesses that can offer this are more likely to succeed in the e-commerce market.

Overall, the growth of e-commerce in B&H is driven by a combination of convenience, selection, pricing, security and payment/delivery options. As these factors continue to improve, it is likely that e-commerce will continue to grow in popularity.

Are there any e-commerce trends specific to your market?

- **Cash on delivery:** This is especially popular among those consumers who are hesitant to use online payment methods. E-commerce businesses in B&H have adapted to this trend by offering cash on delivery as a payment option alongside the more secure online card payments. In past year, though, a slight decrease in cash on delivery payments has been noticed, with a corresponding increase in card payments.

“Some e-commerce businesses in B&H are focusing on niche markets, such as handmade crafts or local food products”

- **Social media commerce:** Platforms such as Facebook and Instagram are popular in B&H, so some individuals (not businesses) have started to leverage these platforms for commerce. While consumers can purchase some products directly through social media posts or adverts, this can be an unsafe and unsecure method for customers.

- **Niche marketplaces:** Some e-commerce businesses in B&H are focusing on niche markets, such as handmade crafts or local food products. These niches can be successful by catering to the unique interests and preferences of Bosnian consumers.

- **Mobile commerce:** With the growing use of smartphones in B&H, mobile commerce is becoming increasingly important. E-commerce businesses are therefore optimizing their websites and platforms for mobile devices in order to provide a seamless shopping experience for consumers on the go.

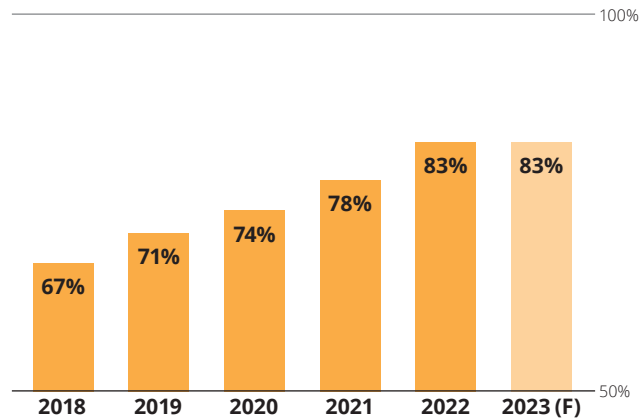
Overall, these trends highlight the characteristics and preferences of the Bosnian market, so e-commerce businesses that can adapt or avoid these trends may be more successful in this market.

Bulgaria

Currency: lev | VAT: 20%

Internet usage

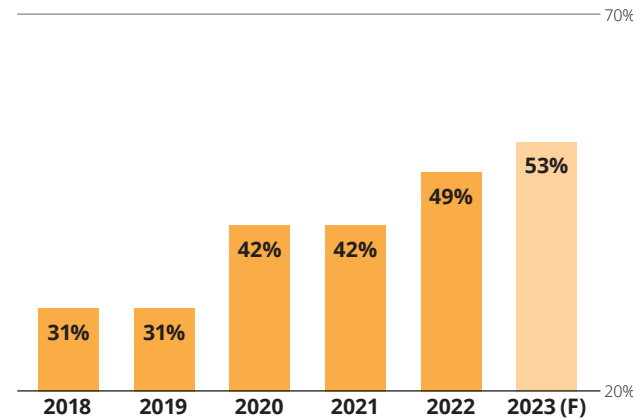
Percentage of the population accessing the internet



SOURCE: EUROSTAT, DATAREPORTAL

E-Shoppers

Percentage of internet users who bought goods or services online



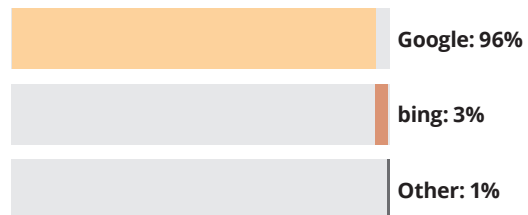
SOURCE: EUROSTAT, STATISTA

GDP and E-GDP (€bn)

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Search engine market share

Most popular search engines in 2022



B2C e-commerce turnover (€bn)

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Bulgaria

Interview

Janet Naidenova

Chairperson, Bulgarian E-commerce Association



Policies and regulation:

What national policies are being considered in your market that will likely have an impact on e-commerce?

The proposed changes in Ordinance-18 (domestic policy) will have a positive impact on e-commerce if payments by credit cards, debit cards and through mobile payment services will finally be considered a credit payment, so online sellers will not be required to issue a cash receipt. This move would reduce the administrative burden for e-merchants and allow a huge number of online stores to offer this type of payment to customers, rather than the current method of cash on delivery. Such an increase of digital payments would provide greater convenience to customers and brighten the economy.

How have some relevant EU policies, such as Right to Repair and Green Claims, affected the local ecommerce market?

The new proposal on common rules promoting the repair of goods will result in savings for consumers and support the objectives of the European Green Deal by reducing waste. Over the last decades, replacement of defective goods has often been prioritized over repair, with insufficient incentives offered to consumers to repair goods once the legal guarantee expires.

This new proposal will make it easier and more cost-effective for consumers to repair as opposed to replace goods. More demand would translate into a boost to the repair sector, while incentivizing producers and sellers to develop more sustainable business models. This would ensure that more products are repaired within the legal guarantee and that consumers have easier and cheaper options to repair technically repairable

products such as washing machines and smartphones once the legal guarantee has expired but before extended wear and tear renders them inoperable.

Sustainability:

What is currently happening in Bulgaria regarding sustainable transportation efforts?

Transport has a significant negative impact on the environment by directly affecting biodiversity, air quality and human health. One of the goals of sustainable development is to meet the needs of transport services by reducing the harmful effects of transport activities. Our guidelines are based around achieving sustainable levels of energy consumption in transport, the reduction of greenhouse gas emissions and to redirect transport activities to more efficient, environmentally friendly modes.

Combating climate change and its associated impacts are currently the top priorities for the transport sector. The policies of transport companies are tuned to measure the impact of their sector on nature and humans, ensuring proper environmental stewardship for a greener and safer planet.

What is currently happening in Bulgaria regarding returns and/or repairs and their impact on sustainability efforts?

Between 7% and 20% of e-commerce orders in Bulgaria are unsolicited or with the wrong address, while between 6% and 20% of orders are returned to retailers. This not only generates costs but the extra deliveries and returns also have a negative impact on the environment. A large number of e-shops offer their customers the ability to try on their purchased clothes or shoes in the comfort of their homes, not in a courier's office. If, for some reason, their expectations are not met, customers can also return goods within 30 days. Their money is returned as soon as the items are delivered to the courier, or no later than ten days after the return of the goods, depending on the conditions of the merchant. In this way, e-shops strive to reduce the percentage of returned orders and the negative effects on the environment.

“SMEs are shifting towards technology such as cloud services and software as a service (SaaS) to set up their own e-shops”

Technology:

Have you seen a shift in digitalization and technology use among retailers in this last year? If so, what changes have retailers – particularly SMEs – made?

SMEs are shifting towards technology such as cloud services and software as a service (SaaS) to set up their own e-shops. There are so many SaaS services available to them, it's no longer difficult for retailers to get online, with the challenging part beginning after the online store's launch – online marketing, integrations, analysis and so on. New online stores need time to start operating effectively and serving their online customers, so the positive effect on sales will not be felt immediately.

In Bulgaria, we see the growing importance of marketplaces. Many SMEs that have their own website or e-shop are additionally using marketplaces as an additional channel.

Which technologies such as AI, VR and big data are Bulgarian e-commerce industry players focusing on in 2023?

Automation and AI are at the heart of business development. Technology makes processes easier and enables businesses to expand. E-commerce industry players in Bulgaria are focusing on AI and machine learning (ML) since they both offer increased customer satisfaction and profits. They are most commonly used in product recommendation tools, chatbots and predicting customer behavior for personalized content, as well as facilitating sales by making customers buy quicker and more often.

AI is being successfully applied for price optimization (dynamic prices). Price is one of the most important features when it comes to making an online purchase, since consumers are more likely to buy a product from the cheapest available retailer.

Bulgaria

Continued from previous page

The Bulgarian company Dynamicpricing.ai automates the opening of competitive offers and optimizes prices based on sales, stocks, product visits, delivery prices, returned products, logistics costs and more. This is offered as a SaaS solution on a subscription basis and leads to more sales and increased profits for e-merchants.

AI is also successfully applied by Bulgarian company Releva for full journey personalization to create personalized shopping experiences for every customer and touchpoint in their journey, whether it's on the product page, checkout, email, SMS, push notifications, messenger apps, social media or commerce search. Such AI-driven retention also saves save time and increases retention rates with a one-click reactivate subscription email and automated follow-up emails after purchase.

Additionally, it can predict users' next purchases by using customer behavior tracking in order to help retailers evaluate the user's intent to purchase immediately after each product view or search. On the next click, the user will see relevant products.

Releva wants to prove that marketing automation with the right tools can be empathetic and humanly connected to people. As the world undergoes digital transformation, the company is confident that the role of learning machines will become more prominent as people expect timely, optimized machine communication to help them achieve their everyday objectives faster, better and cheaper.

Have there been any changes in your market due to disruptive technologies such as ChatGPT?

Businesses and people will become much more productive with the help of tools like ChatGPT. More productive businesses will achieve bigger results with less effort. We can see how ChatGPT will 'talk' to users to guide them through their shopping journey in a personalized, natural-language way. We are about to see an avalanche of such use-cases.

Current events and e-commerce:

There have been reports that 'direct-to-consumer' European e-commerce has grown substantially. Has this been the case in your market?

We are seeing 'direct-to-consumers' e-commerce growth as well 'subscription' models in Bulgaria, mainly in the FMCG sector. Online sales are taking place in many ways, opening up bigger niches for brands to sell directly to consumers online. Companies, however, have to master e-commerce, logistics and shipping if they are to achieve faster contactless shipping.

Have you seen any specific direct or indirect impacts on your e-commerce market resulting from the war in Ukraine?

The ongoing war in Ukraine is undoubtedly having an impact on markets across Europe, including Bulgaria. This affects the whole economy – including e-commerce – due to rising inflation and increasing electricity, oil and gas costs. When there is uncertainty about tomorrow, consumers are more careful in their spending and there is already less demand for certain product groups.

Have there been any changes in Bulgaria regarding payment and delivery preferences or behaviors?

The share of cash on delivery payments in Bulgaria has decreased rapidly, from 70% in 2021 to 60% in 2022. At the same time, the share of card payments has increased from 25% to 32%, while bank and mobile payments have increased from 5% to 8%. It is expected that the share of card and mobile payments in Bulgaria will continue to grow in the coming years. We are also seeing a trend new to Bulgaria – 'buy now, pay later' – growing quickly.

What would you say are the leading reasons for significant changes in e-commerce purchasing among consumers?

Convenience is the main driver of e-commerce in Bulgaria. Many consumers who were not online shoppers before the pandemic have seen the utility and convenience of online shopping and stuck with it. Already, nearly 50% of online users in Bulgaria shop online and this percentage will continue to grow.

Another major factor driving e-commerce is the emergence of Millennials as a stable group of shoppers interested in environmentally friendly products and 'green consumerism'. This demand is driving e-commerce companies to adopt more

“Forecasts for the development of B2C e-commerce in Bulgaria are to slow down the growth rate, rather than see markets decline”

eco-friendly practices in order to increase online purchasing frequency and spend among Millennials.

Are there any e-commerce trends specific or unique to your market you would like to share?

Economic expansion is expected to slow down by the end of 2023. Price increases and higher borrowing costs are set to weigh on household consumption. With inflation gradually slowing down, GDP growth is projected to accelerate from 1.5% in 2023.

Against this background, forecasts for the development of B2C e-commerce in Bulgaria are that the growth rate will slow, rather than markets will start to decline. Currently, the ratio of the volume of B2C e-commerce in Bulgaria to the country's gross domestic product e-GDP is 2.14%. In Europe, the e-GDP parameter averages between 4% and 5%. In Estonia, e-GDP is 8.22%, in Greece 8.02%, in Romania 2.56%. Forecasts indicate that the Bulgarian online market in the next three to five years will have a huge potential for development.

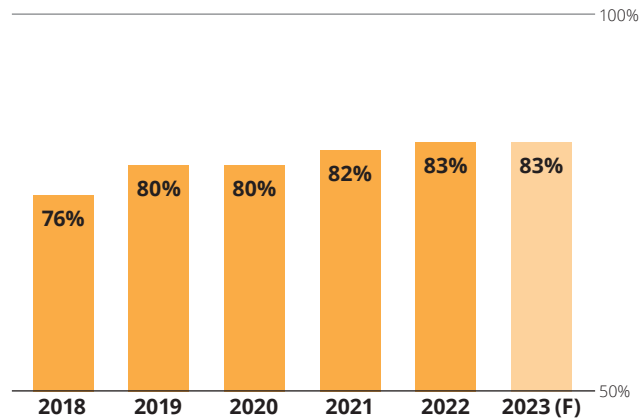
The top-ten Bulgarian online stores collectively made up 20.48% of the volume of the entire B2C market in Bulgaria in 2021, which shows that the future of e-commerce is not in the many niche online stores but is actually in the large platforms.

Croatia

Currency: euro | VAT: 25%

Internet usage

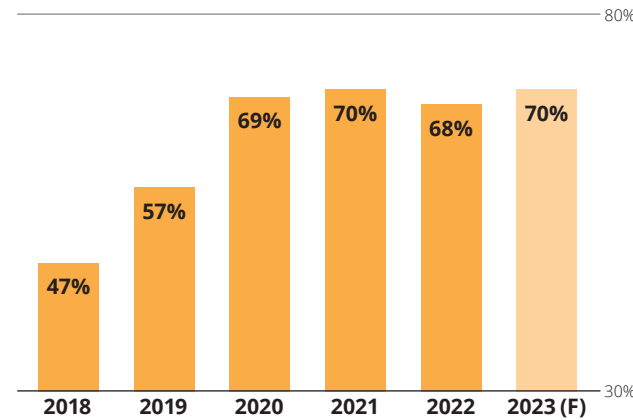
Percentage of the population accessing the internet



SOURCE: EUROSTAT, DATAREPORTAL

E-Shoppers

Percentage of internet users who bought goods or services online



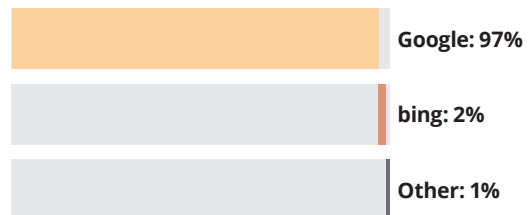
SOURCE: EUROSTAT, STATISTA

GDP and E-GDP (€bn)

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Search engine market share

Most popular search engines in 2022



SOURCE: STATCOUNTER

B2C e-commerce turnover (€bn)

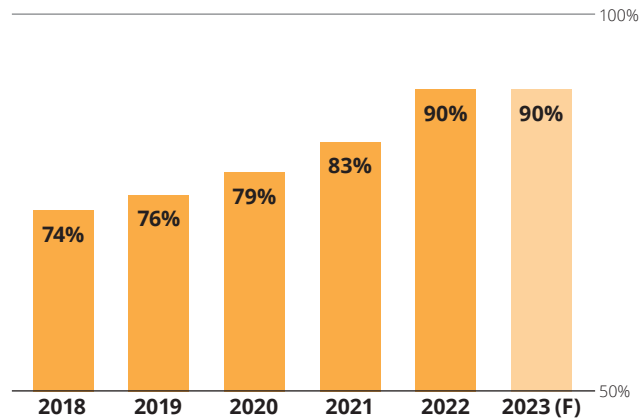
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Montenegro

Currency: euro | VAT: 21%

Internet usage

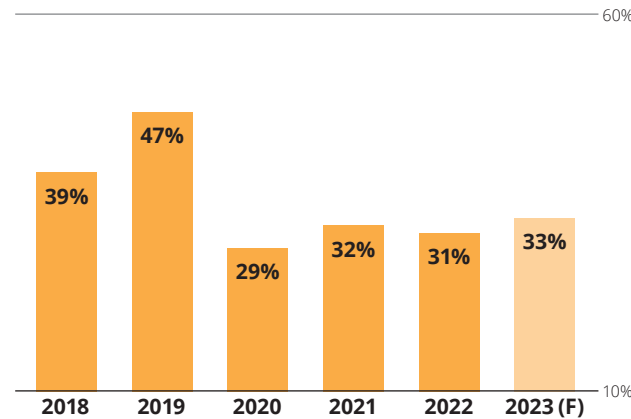
Percentage of the population accessing the internet



SOURCE: EUROSTAT, DATAREPORTAL

E-Shoppers

Percentage of internet users who bought goods or services online



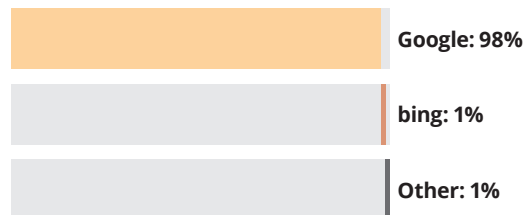
SOURCE: EUROSTAT, STATISTA

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Most popular search engines in 2022



SOURCE: STATCOUNTER

B2C e-commerce turnover (€bn)

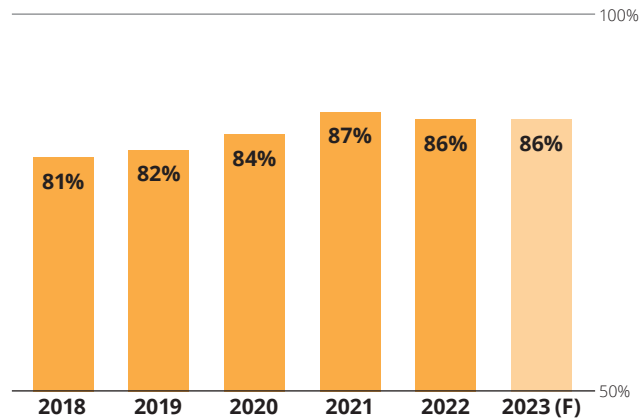
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North Macedonia

Currency: denar | VAT: 18%

Internet usage

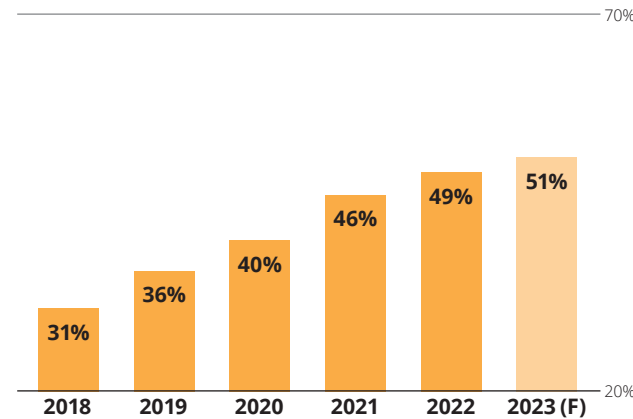
Percentage of the population accessing the internet



SOURCE: EUROSTAT, DATAREPORTAL

E-Shoppers

Percentage of internet users who bought goods or services online



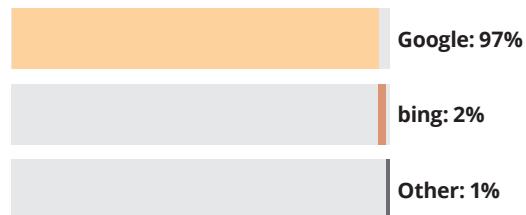
SOURCE: EUROSTAT, STATISTA

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Search engine market share

Most popular search engines in 2022



SOURCE: STATCOUNTER

B2C e-commerce turnover (€bn)

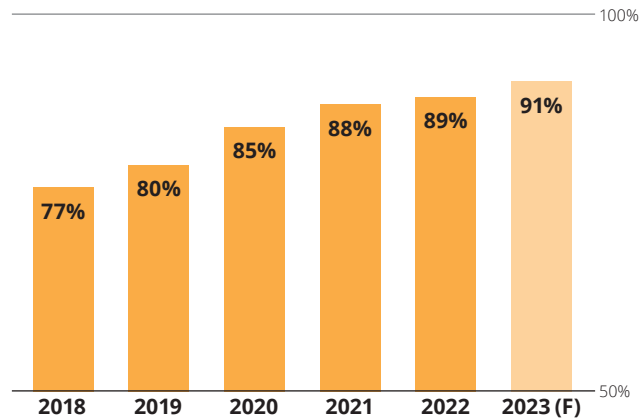
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Romania

Currency: New leu | VAT: 19%

Internet usage

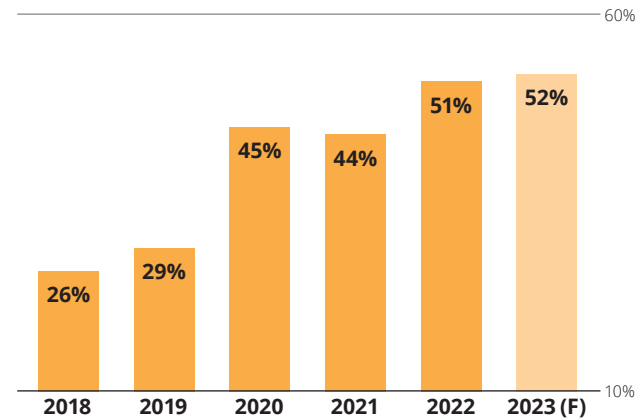
Percentage of the population accessing the internet



SOURCE: EUROSTAT, DATAREPORTAL

E-Shoppers

Percentage of internet users who bought goods or services online



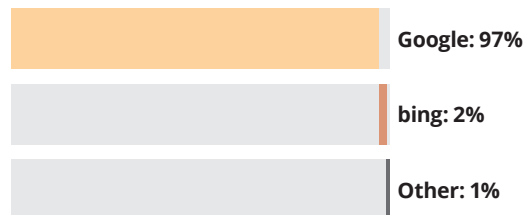
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SOURCE: STATCOUNTER

B2C e-commerce turnover (€bn)

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Romania

Interview

Cristian Pelivan

Executive Director, ARMO
(Romanian Association of Online Stores)



Policies and regulation:

What national policies, if any, are being considered in your market that will likely have an impact on e-commerce?

Romania is currently in the decisive phase of implementing pivotal measures that are projected to boost e-commerce growth through enhanced security and simplicity of online transactions. These initiatives include the incorporation of the electronic ID card, digital identity and a new regulatory framework governing electronic signatures.

However, a debated bill mandating human operators to answer customer calls within five minutes could affect e-commerce and businesses offering modern customer support solutions. Technological advancements, including large language models such as GPT-4, should benefit customers in the long-term, improving the efficiency and personalization of all kinds of e-commerce experience.

Another significant development in national policies is the focus on digital transformation in the public sector, supported by the Recovery and Resilience Facility (RRF) funds. Such initiatives will introduce Romanian society to modern technologies and enhance the overall digital ecosystem. ARMO strongly believes that advancing Romania's digital transformation will greatly benefit e-commerce and foster the digital ecosystem's growth.

How have some relevant EU policies, such as Right to Repair and Green Claims, affected your e-commerce market?

The introduction of EU directives such as the Right to Repair and Green Claims, alongside other legislative developments aimed at enhancing sustainability, have instigated shifts in the Romanian e-commerce market towards environmentally conscious business models. For instance, we are witnessing an uptick in the refurbishment and resale of second-hand goods. Moreover, companies are becoming more meticulous about substantiating, communicating and verifying their sustainability commitments and objectives to their customers.

However, the transposition of Directive 2019/771 into national law has presented Romanian e-tailers with new challenges. One contentious clause stipulates that sellers refund the consumer upon receipt of the returned goods or proof of their return, posing a potential risk to e-tailers who may have to reimburse customers before verifying the condition of each returned item.

Sustainability:

What is currently happening in your market regarding sustainable transportation efforts?

Romania has been actively transitioning towards the electrification of the transport sector. Investments in logistics and vehicle fleets have resulted in faster, less carbon-intensive deliveries. The introduction of parcel lockers has also offered a more environmentally friendly delivery option, reducing carbon emissions by up to 95% compared to conventional courier deliveries. According to a recent study by the postal services market regulator ANCOM, 56% of Romanians have utilized parcel lockers at least once in the past year. We're seeing both courier companies and consumers become more mindful of how their actions affect the environment and they're both making thoughtful choices that help build a greener future.

What is currently happening in Romania regarding returns and/or repairs and their impact on sustainability efforts?

The refurbished goods market has been steadily growing, with several major e-commerce entities entering this space. However, contrary to this trend, the current legal framework appears to favor the replacement rather than the repair of defective goods that are still under warranty. There are also 're-sealed' items often

“There are also ‘re-sealed’ items often sold at a tasty discount, catching the eye of bargain hunters”

sold at a tasty discount, catching the eye of bargain hunters. Best-case scenario? They get a shiny new item. The worst case? A little beauty mark on an opened but then returned and re-sealed bargain buy adds character and a story to tell.

Technology:

Have you seen a shift in digitalization and technology use among retailers in this last year? If so, what changes have retailers – particularly SMEs – made?

Retailers across the board, from SMEs to large corporations, are increasingly embracing online commerce as an opportunity to expand their reach and reduce operational costs. Selling online has proven to be cost-effective and operationally efficient. While large retailers are opting to create their own platforms or utilize established third-party platforms, most SMEs are listing their products on marketplaces and using fulfillment services, allowing them to concentrate on sourcing and selling.

As for digitalization, a recent PwC survey indicates that approximately three-quarters of Romanian companies are migrating to cloud solutions, with future plans to develop capabilities such as data analysis, cybersecurity, storage, artificial intelligence and machine learning.

Which technologies such as AI, VR and big data are Romanian e-commerce industry players focusing on in 2023?

Years of focusing on logistics enhancement have resulted in cutting-edge logistics facilities featuring automated processes and advanced robotics, which set new standards for delivery expectations among Romanians. One-third of Romanian e-shoppers currently expect their orders to be delivered the next-day. Now we have a true potential for technologies centered around AI solutions making their presence increasingly felt within Romania's national digital commerce ecosystem.

Romania

Continued from previous page

The growing implementation of AI tools such as chatbots and virtual shopping assistants signals a shift towards a more tech-driven, customer-centric retail experience. It's a trend that not only mirrors global advancements in digital commerce but also exemplifies Romania's commitment to embracing cutting-edge technology to enhance consumer's digital engagement and grow customer satisfaction.

Have there been any changes in your market due to disruptive technologies such as ChatGPT?

While it's early days, companies in Romania perceive technologies such as ChatGPT not as a threat to workforce redundancy but rather as a tool to offload routine tasks, enabling employees to focus more on professional and personal development.

Current events and e-commerce:

There have been reports that 'direct-to-consumer' European e-commerce has grown substantially. Has this been the case in your market?

Romania's e-commerce market mirrors global trends, with 'direct-to-consumer' strategies predominantly employed by international brands. A diverse and dynamic e-commerce ecosystem should encourage innovation and drive the sector forward in its entirety.

Have you seen any specific direct or indirect impacts on your e-commerce market resulting from the war in Ukraine?

Undeniably, the war in Ukraine has influenced sales, causing a drop after an initially promising start to 2022. The primary consequence of the war in Ukraine, which coincided with the global energy price crisis, has resulted in a historic rate of inflation, the likes of which the country hasn't experienced in a while. These regional and global events resulted in shifts within the e-commerce sector.

Have there been any changes or updates in Romania regarding payment and delivery preferences or behaviors?

As locker infrastructure has expanded, it has become the preferred delivery method for many Romanian consumers. Electronic payment methods have also seen a surge.

Our concerted efforts in promoting electronic payment methods are bearing fruit, with a 20% YoY increase in card payments in 2022. Initial data and market indicators project a steady growth rhythm in 2023, pointing to the continuation of consumer preferences for these convenient and efficient delivery and payment methods.

What would you say are the leading reasons for significant changes in e-commerce purchasing among consumers?

Despite significant challenges such as the war in Ukraine, the outgoing pandemic, global geopolitical conflicts and economic uncertainties, Romanian online stores have managed to expand their sales.

This growth has been driven by factors such as increased rural consumer engagement (a 23% YoY increase in e-shoppers), flexible delivery and payment options, and broadened high-speed internet access, contributing to a more seamless and accessible online shopping experience for customers.

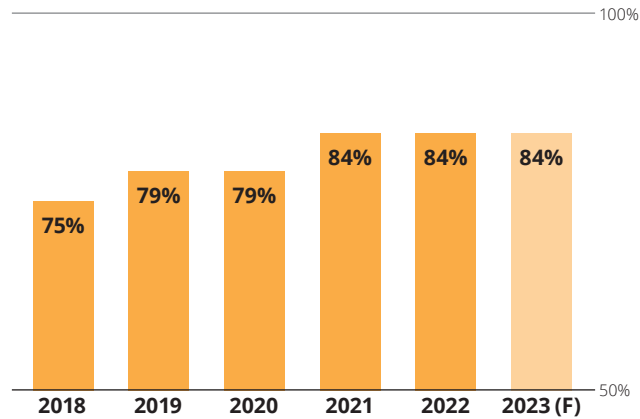
“As locker infrastructure has expanded, it has become the preferred delivery method for many Romanian consumers”

Serbia

Currency: dinar | VAT: 20%

Internet usage

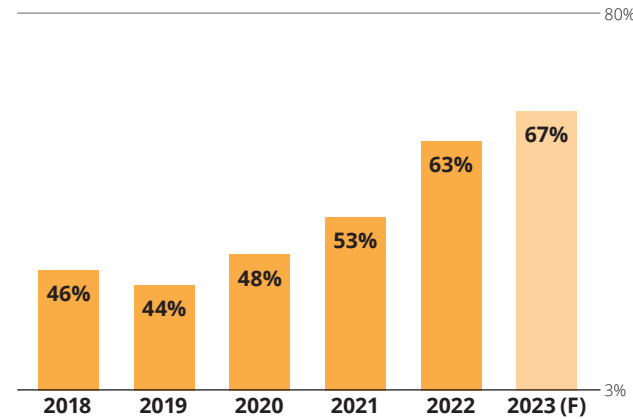
Percentage of the population accessing the internet



SOURCE: EUROSTAT, DATAREPORTAL

E-Shoppers

Percentage of internet users who bought goods or services online



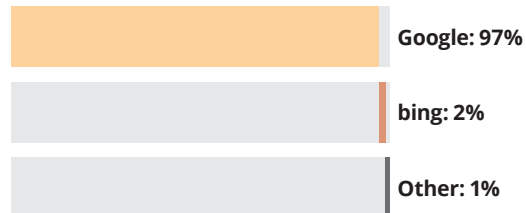
SOURCE: EUROSTAT, STATISTA

GDP and E-GDP (€bn)

This is the Light Version of the Report. The Full Version is only available to Ecommerce Europe's and EuroCommerce's members and policymakers.

Search engine market share

Most popular search engines in 2022



SOURCE: STATCOUNTER

B2C e-commerce turnover (€bn)

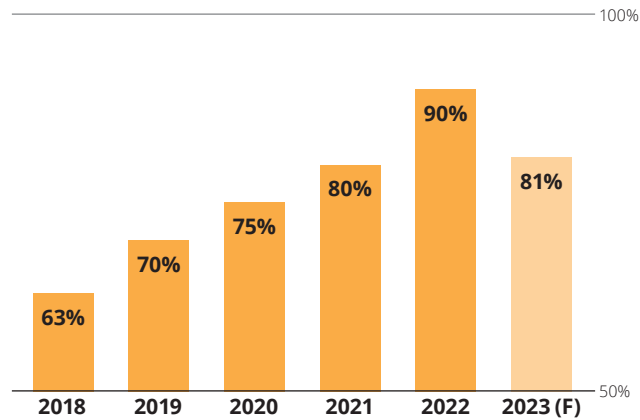
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Ukraine

Currency: hryvnia | VAT: 20%

Internet usage

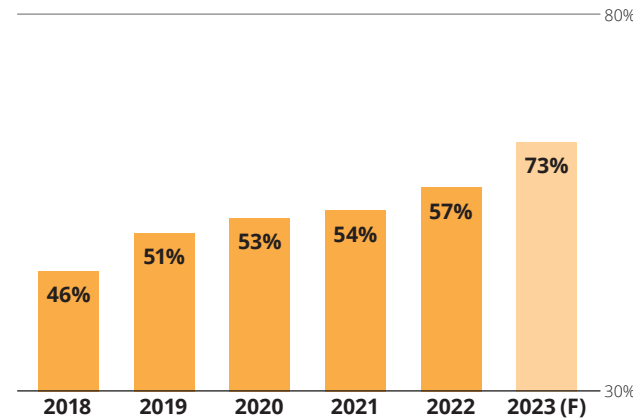
Percentage of the population accessing the internet



SOURCE: EUROSTAT, DATAREPORTAL

E-Shoppers

Percentage of internet users who bought goods or services online



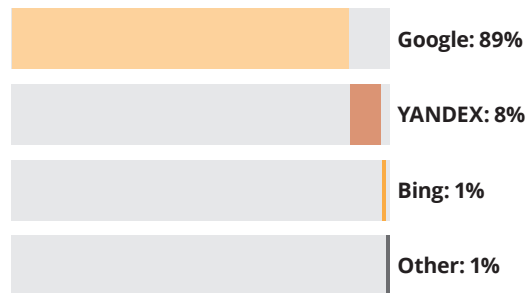
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Search engine market share

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B2C e-commerce turnover (€bn)

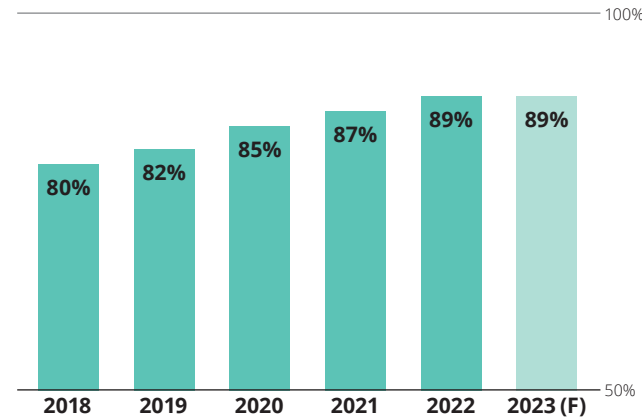
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Southern Europe



Internet usage

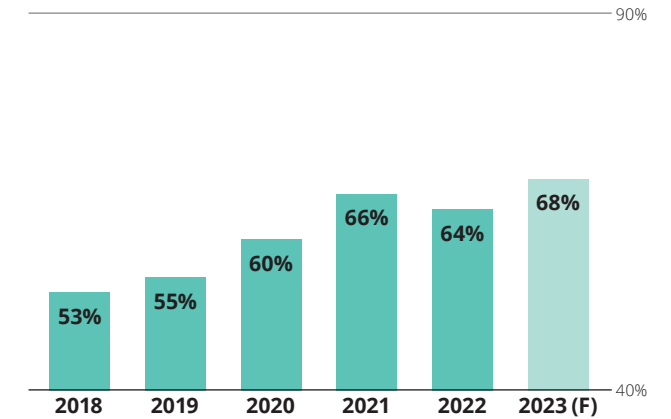
Percentage of the population accessing the internet



SOURCE: EUROSTAT, DATAREPORTAL

E-Shoppers

Percentage of internet users who bought goods or services online



SOURCE: EUROSTAT, STATISTA

B2C e-commerce turnover (€bn)

GDP and E-GDP (€bn)

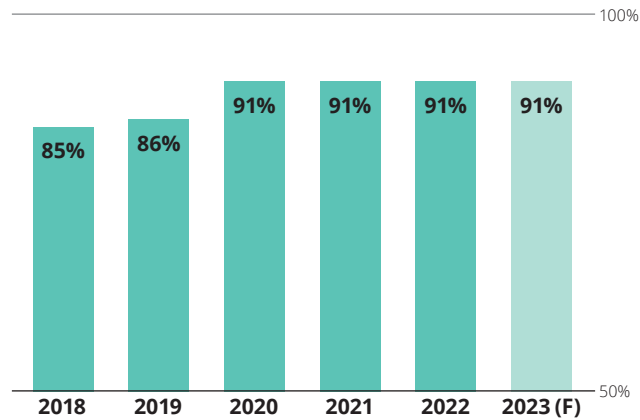
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Cyprus

Currency: euro | VAT: 19%

Internet usage

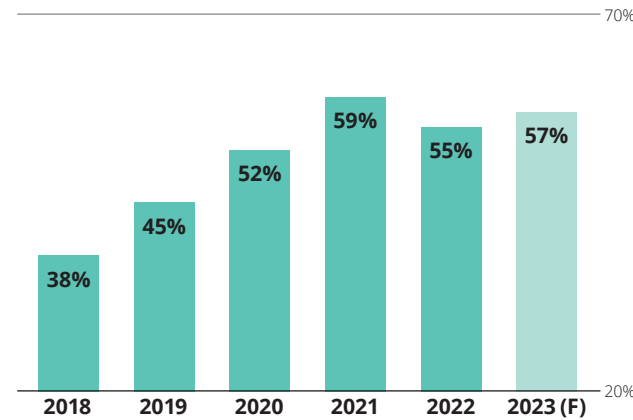
Percentage of the population accessing the internet



SOURCE: EUROSTAT, DATAREPORTAL

E-Shoppers

Percentage of internet users who bought goods or services online



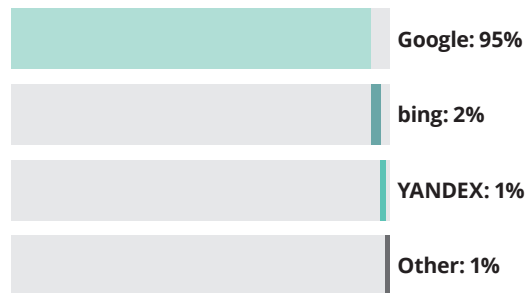
SOURCE: EUROSTAT, STATISTA

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Search engine market share

Most popular search engines in 2022



SOURCE: STATCOUNTER

B2C e-commerce turnover (€bn)

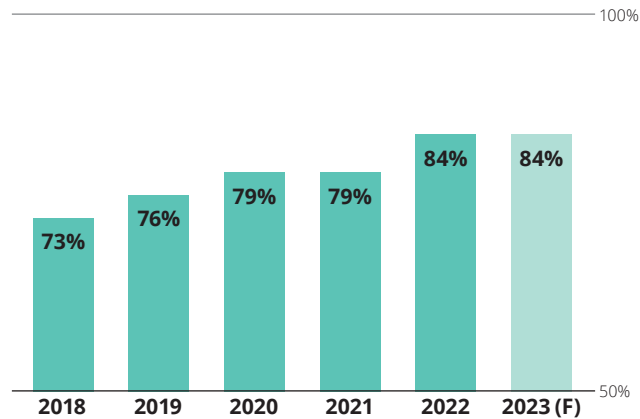
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Greece

Currency: euro | VAT: 24%

Internet usage

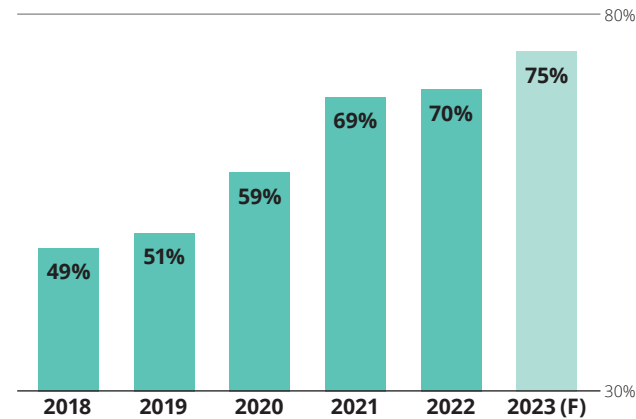
Percentage of the population accessing the internet



SOURCE: EUROSTAT, DATAREPORTAL

E-Shoppers

Percentage of internet users who bought goods or services online



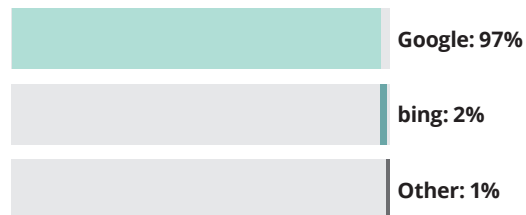
SOURCE: EUROSTAT, STATISTA

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Search engine market share

Most popular search engines in 2022



SOURCE: STATCOUNTER

B2C e-commerce turnover (€bn)

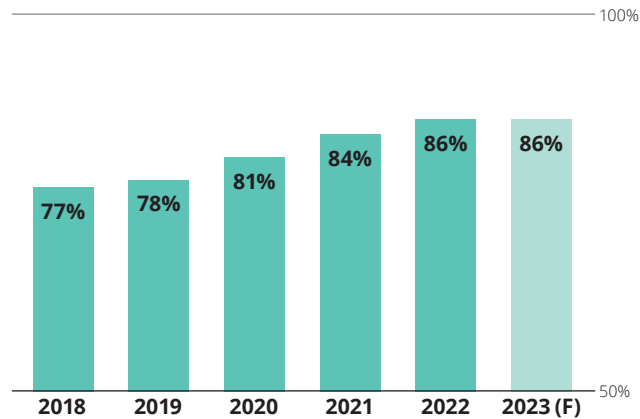
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Italy

Currency: euro | VAT: 22%

Internet usage

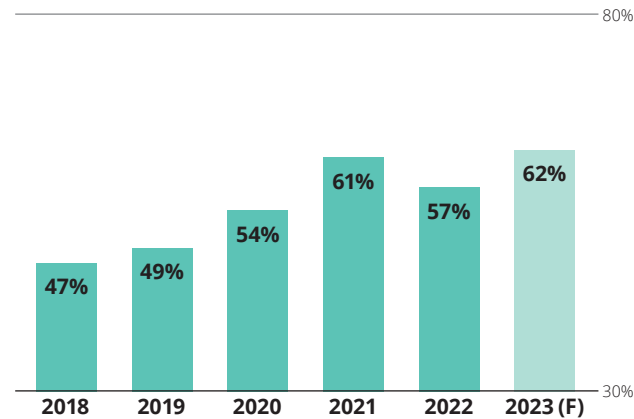
Percentage of the population accessing the internet



SOURCE: EUROSTAT, DATAREPORTAL

E-Shoppers

Percentage of internet users who bought goods or services online



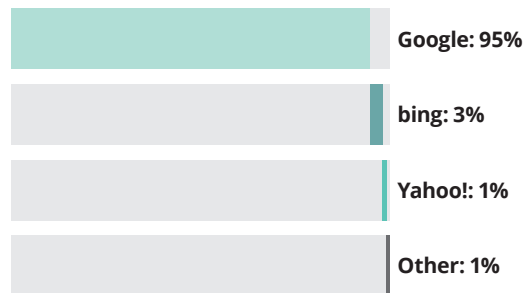
SOURCE: EUROSTAT, STATISTA

GDP and E-GDP (€bn)

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Search engine market share

Most popular search engines in 2022



SOURCE: STATCOUNTER

B2C e-commerce turnover (€bn)

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Italy

Interview Roberto Liscia

President, Consorzio Netcomm



Policies and regulation:

What national policies, if any, are being considered in your market that will likely have an impact on e-commerce?

One important policy (Reg. 1150/2019) relates to the regulation of online marketplaces and requires online marketplaces to verify the identity of their sellers, as well as to provide more transparent information regarding the relationship between the platform and merchants. It's aimed to guarantee greater transparency in the commercial relationship and to reduce fraud and counterfeiting, which are two major concerns of the e-commerce industry.

Another policy affecting Italian e-commerce relates to data protection and privacy. In 2018, the European Union introduced the General Data Protection Regulation (GDPR), which set strict rules for how companies collect, use and store personal data. GDPR requires all businesses operating within the EU to comply, which could impact the operation of Italian e-commerce businesses and potentially lead to fines if they are found to be in violation.

Italy has also recently introduced a new tax on digital services that's aimed at those companies providing online advertising, social media and e-commerce platforms. The tax is designed to ensure that they are paying their fair share of taxes in the countries in which they operate. While it's aimed primarily at large tech companies, it could still impact smaller e-commerce businesses that operate in Italy.

On 18 March, 2023, Italy implemented the Omnibus Consumer Protection Directive, which introduces new obligations of

informative transparency for businesses operating within the country. The legislation becomes effective on 2 April 2023 and includes provisions related to distance contracts, online reviews, price reductions, transparency of marketplace search results, unfair commercial practices and protection for contracts that provide the supply of personal data to the professional. E-commerce companies and marketplace providers will need to adjust their practices and ensure compliance with the new requirements to avoid the risk of fines and penalties.

How have some relevant EU policies, such as Right to Repair and Green Claims, affected the Italian e-commerce market?

One of the most notable is the GDPR, as previously noted. This has required many Italian e-commerce companies to make significant changes to their data management practices.

The EU's Right to Repair policy has also had an impact since it requires manufacturers to make spare parts and repair information available to consumers. This has led to increased demand for repair services which has, in turn, encouraged some Italian e-commerce companies to focus on repairing and refurbishing products rather than selling new ones.

Finally, the EU's Green Claims policy, which aims to prevent misleading environmental claims in advertising and labeling, has encouraged Italian e-commerce companies to be more transparent about their environmental impact and to adopt more sustainable business practices. This has led to increased demand for environmentally friendly products and has encouraged some Italian e-commerce companies to focus on sustainability in their marketing and product offerings.

Sustainability:

What is currently happening in your market regarding sustainable transportation efforts?

There is a growing trend towards sustainable transportation for e-commerce. Many companies are looking for ways to reduce their carbon footprint and improve their environmental impact, especially when it comes to transportation and logistics.

“Overall, there is a growing awareness and commitment towards sustainable transportation in the Italian e-commerce market”

One of the key initiatives in Italy is the use of electric vehicles for last-mile delivery. Several companies have already started to implement this, including Amazon, which has launched a pilot project using electric vehicles in Milan. Other companies, such as GLS Italy, have started to take the same approach.

Another initiative adopted by companies, including Glovo, is the use of bike couriers for delivery within built-up areas. This not only helps to reduce carbon emissions but also alleviates traffic congestion and improves delivery times in dense urban areas.

There are additional initiatives to improve the efficiency of transportation through the use of data analysis and optimization. These include using advanced routing algorithms and the integration of real-time traffic data to optimize delivery routes, thus reducing unnecessary journeys and therefore emissions.

Overall, there is a growing awareness and commitment towards sustainable transportation in the Italian e-commerce market that we only expect to grow in the coming years.

What is currently happening in Italy regarding returns and/or repairs and their impact on sustainability efforts?

There has been an increasing focus on the sustainability of returns and repairs in the e-commerce sector. The Right to Repair legislation that was recently introduced in the EU has also been implemented in Italy. Under this, e-commerce companies must provide consumers with repair options for products that are still functional, as well as make spare parts and repair information available. This is expected to increase the lifespan of products and reduce the amount of waste generated by e-commerce.

Italy

Continued from previous page

There's also a growing trend among e-commerce companies in Italy to adopt sustainable packaging practices. Many are already using biodegradable and recyclable packaging materials, as well as reducing the overall amount used.

Technology:

Have you seen a shift in digitalization and technology use among retailers in this last year? If so, what changes have retailers – particularly SMEs – made?

After the pandemic, Italian SMEs, which represent the majority of digital retailers, realized the importance of expanding into non-local markets as well as the need to serve their local customers using new technologies. They have since invested on various fronts, recognizing the role marketplaces play in cross-border expansion and selling outside their geographical location.

At the same time, to better serve local customers, they have used all available technologies, including social networks such as WhatsApp, and Google technologies such as Google Maps and Google Waze, to communicate their location, opening hours, product and service availability to their customers.

They have also started to invest in e-commerce tools with platforms that are more suitable for their size, enabling innovative businesses to improve their income and competitive position.

Which technologies such as AI, VR and big data are Italian e-commerce industry players focusing on in 2023?

A distinction must be made here between SMEs and large enterprises, as well as between different sectors, since there are great differences in investments between, for example, consumer products, commodities and fashion-related products.

The largest e-commerce companies are all investing in AI tools to improve their supply chain processes and customer intelligence, and also to develop more personalized products, services and communications based on the interests of their customers.

Some sectors that are well-developed in Italy, such as fashion, are increasingly investing in VR and AI tools to better engage

customers and to provide them with increasingly immersive shopping experiences that can lead to customer loyalty. These tech-based approaches can also reduce the number of returned products, since they allow customers to be more selective in their product and size choices.

Have there been any changes in your market due to disruptive technologies such as ChatGPT?

In Italy, as in other countries, ChatGPT is at the beginning of its development. I believe that it could have significant benefits, especially regarding all the activities related to customer-product relations, thus improving the satisfaction level of non-human interactions (chatbots) between retailers and customers.

Current events and e-commerce:

There have been reports that 'direct-to-consumer' European e-commerce has grown substantially. Has this been the case in your market?

In Italy, D2C is experiencing positive growth thanks to the increasing uptake of online shopping and the growing attention of consumers to sustainability and product origin. The Covid-19 pandemic further accelerated this trend, since many physical stores were forced to temporarily close and consumers required to turn to e-commerce.

D2C is becoming an important player in many sectors, including fashion, furniture, food and cosmetics. Some Italian fashion brands have chosen to sell directly to consumers through their own websites or e-commerce platforms. Similarly, even food startups are leveraging the D2C model to offer sustainable, organic and quality products directly to consumers.

Overall, D2C is becoming increasingly relevant in Italy and represents a great opportunity for those manufacturers who want to reach consumers directly in order to build a trusted relationship with them.

However, competition is strong and manufacturers must be careful that they are offering high-quality products and an excellent shopping experience to differentiate themselves from the crowd.

“D2C is becoming an important player in many sectors, including fashion, furniture, food and cosmetics”

There is still a strong lag compared to the rest of Europe in this area because only 8.2% of production companies in 2022 had developed this channel, compared to 12.4% European average.

Italian companies operating in the D2C sector face several challenges. These include: efficient warehouse management for order preparation, setting up direct-to-consumer sales channels, managing couriers for deliveries, managing packaging and shipping of items, adapting warehouse and logistics management for small shipments, identifying and categorizing inventory for D2C, using a useful data and marketing platform, maintaining profit margins, designing and configuring warehouse facilities, and managing returns.

Have there been any updates in Italy regarding payment and delivery preferences or behaviors?

E-commerce is driving major transformations in logistics, with fast and convenient shipping services becoming important for consumers. Moreover, the adoption of digital payments is growing, along with the integration of innovative payment methods such as QR codes and digital wallets.

The role of payments in omnichannel purchasing is becoming increasingly important as consumers seek to buy products and services through multiple channels, including physical stores, websites and mobile apps. Companies are responding by offering more flexible and convenient payment options.

Due to this, the payment market is undergoing a global transformation, with an increasing adoption of technologies such as mobile payments, digital wallets and cryptocurrencies. These trends are having a significant effect in Italy, where SCA is incentivizing companies to offer more secure and transparent payment options with new promising technological innovations also related to the development of Open Banking solutions.

Continued on the next page

Italy

Continued from previous page

In summary, 'everywhere payments' are becoming increasingly important due to omnichannel purchases, with companies responding by offering more advanced and personalized payment solutions to meet specific customer needs.

In 2022, the estimated volume of B2C e-commerce shipments in Italy was 500mn transactions, with an average estimated growth of 1.3%. Amazon Logistics intermediates 25% to 30% of the market, with a high growth trend. The Shipping Integration Platform generates 10% to 15% of the market, with a very high growth trend.

What would you say are the leading reasons for significant changes in e-commerce purchasing among consumers?

The primary factors affecting e-commerce in Italy include economic conditions, consumer behavior, government policies and technological advancements. We can summarize the key elements of this new context as follows:

- Online shopping continues to grow: E-commerce is experiencing steady growth, with more and more people preferring to shop online for convenience, a wide range of products and there being more competitive prices.
- Key role of marketplaces: Online marketplaces like Amazon, Alibaba and eBay play a fundamental role in e-commerce by providing centralized platforms where sellers can reach a wide customer base, while consumers can find a variety of products from different sellers.
- Increasingly omnichannel and mobile shopping: Shoppers expect a seamless experience between offline and online channels. The use of mobile devices for shopping is steadily increasing, and retailers are adapting their strategies to provide optimized shopping experiences for mobile devices.
- Relevant social and live commerce: Social media platforms are becoming increasingly important for e-commerce, with integrated shopping functionalities directly implemented within

the social platforms. Additionally, live commerce, which combines live video and online shopping, is gaining popularity, offering an interactive and engaging experience for buyers.

- Sustainability, but not at the expense of the consumer: This is becoming an increasingly important factor in e-commerce, with consumers expecting retailers to adopt sustainable practices. However, consumers are not willing to pay a significantly higher price for sustainable products, so it is necessary to find the balance between sustainability and affordability.
- The arrival of the new multidimensional consumer: Today's consumers are increasingly informed, demanding and connected. They expect a personalized experience, quality products, fast shipping and excellent customer service. Retailers must adapt to this new type of consumer in order to remain competitive in the e-commerce market.

Are there any e-commerce trends specific or unique to the Italian market?

One such trend is the preference for local products and brands. Italian consumers tend to have a strong attachment to their local culture and heritage, often preferring to support local businesses. This has led to the growth of marketplaces and e-commerce platforms that focus on local Italian products and brands.

Another trend is the popularity of mobile commerce (m-commerce) in Italy. According to a survey conducted by advertising platform Criteo, over 50% of e-commerce transactions in Italy are made on mobile devices. This has led many Italian retailers to focus on developing mobile-friendly websites and apps.

Furthermore, Italian consumers are very conscious of the environmental impact of their purchases. This has led to the growth of new eco-friendly and sustainable e-commerce platforms which offer socially responsible, environmentally friendly products.

“Italian consumers tend to have a strong attachment to their local culture and heritage, often preferring to support local businesses”

Finally, the Italian e-commerce market is characterized by a strong demand for luxury goods. This has led to the growth of e-commerce platforms that specialize in luxury products such as fashion, jewelry and home decor.

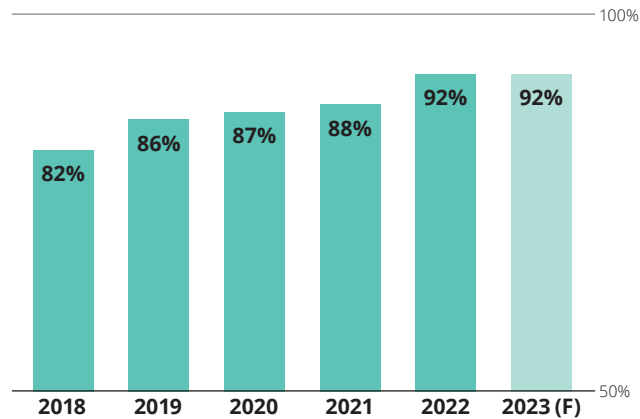
These platforms often offer a curated selection of high-end products from top Italian and international brands, providing a premium shopping experience to customers.

Malta

Currency: euro | VAT: 18%

Internet usage

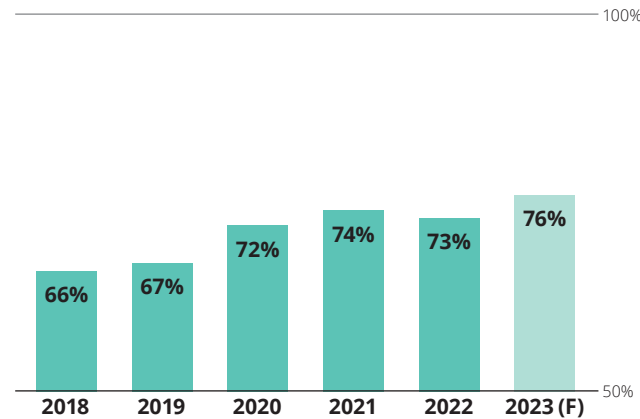
Percentage of the population accessing the internet



SOURCE: EUROSTAT, DATAREPORTAL

E-Shoppers

Percentage of internet users who bought goods or services online



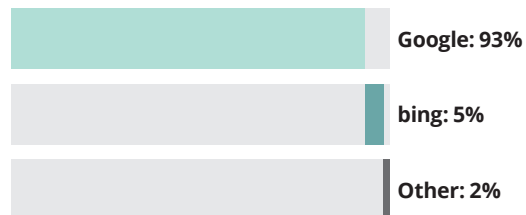
SOURCE: EUROSTAT, STATISTA

GDP and E-GDP (€bn)

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Search engine market share

Most popular search engines in 2022



SOURCE: STATCOUNTER

B2C e-commerce turnover (€bn)

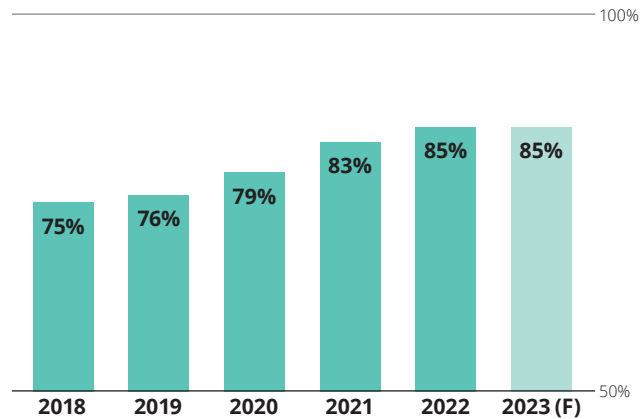
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Portugal

Currency: euro | VAT: 23%

Internet usage

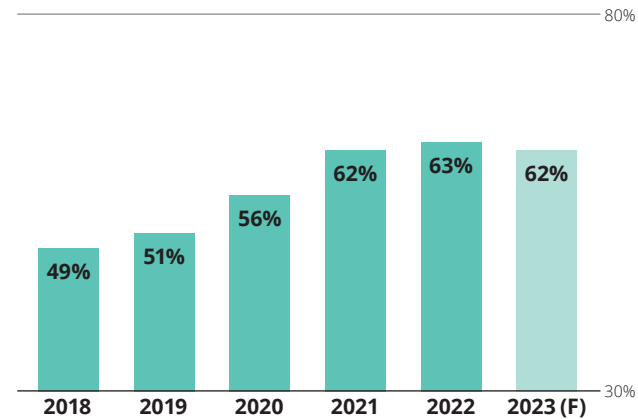
Percentage of the population accessing the internet



SOURCE: EUROSTAT, DATAREPORTAL

E-Shoppers

Percentage of internet users who bought goods or services online



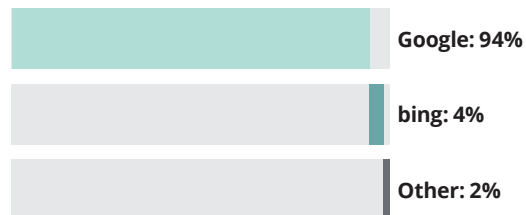
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Search engine market share

Most popular search engines in 2022



SOURCE: STATCOUNTER

B2C e-commerce turnover (€bn)

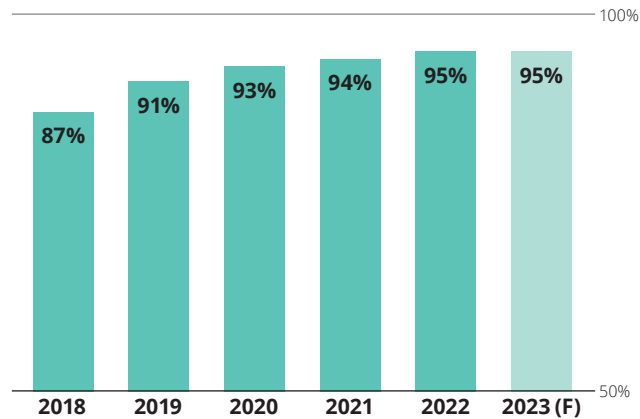
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Spain

Currency: euro | VAT: 21%

Internet usage

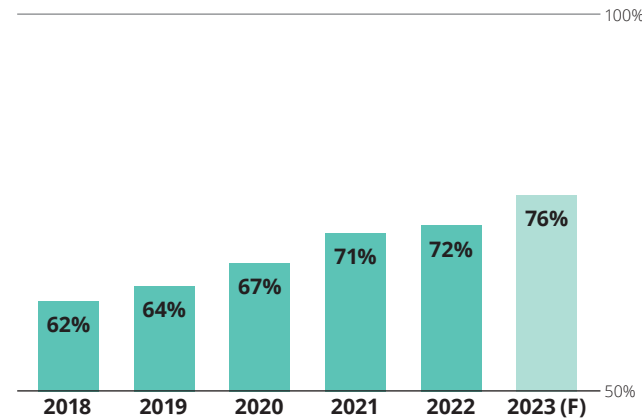
Percentage of the population accessing the internet



SOURCE: EUROSTAT, DATAREPORTAL

E-Shoppers

Percentage of internet users who bought goods or services online



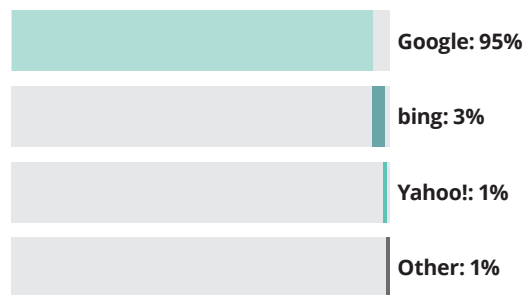
SOURCE: EUROSTAT, STATISTA

GDP and E-GDP (€bn)

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Search engine market share

Most popular search engines in 2022



SOURCE: STATCOUNTER

B2C e-commerce turnover (€bn)

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Spain



Interview

Miguel Ferrer

Director of Strategy and Public Policy, Adigital
(Asociación Española de la Economía Digital)



Policies and regulation:

What national policies, if any, are being considered in your market that will likely have an impact on e-commerce?

The main policies are Barcelona's e-commerce tax based on soil occupation, use-plan for activities related to last-mile delivery in Barcelona, a draft law on Customer Services and a draft law of Representation Actions for the Protection of the Collective Interests of Consumers.

How have some relevant EU policies, such as Right to Repair and Green Claims, affected your e-commerce market?

The Spanish e-commerce Market has been affected in the following areas:

- Digital fairness
- A withdrawal button – Financial Services Directive
- GPRS
- The Consumer Credit Directive
- The Data Act
- AI Act
- eIDAS2
- The Data Privacy Framework
- AILD
- PLD
- EUCS
- VAT Digital
- Right to Repair
- Green Claims
- ESPR (Ecodesign)
- PPWR

Technology:

Have you seen a shift in digitalization and technology use among retailers in this last year? If so, what changes have retailers – particularly SMEs – made?

The digitalization of the Spanish economy and companies has continued its momentum in 2022. According to the Digital Economy in Spain study conducted by Adigital and Boston Consulting Group, the Spanish digitalized economy, defined as all economic activity based on digital goods and services, reached 22.6% of total GDP in 2022. This is 0.6 percentage points (pp) higher than in 2020 (22.0%) and almost 4pp higher than in 2019 (18.7%).

The estimated direct impact of the digital economy on GDP in 2022 is 11.2% – 0.3pp higher than in 2020 and 2.2pp more than in 2019. SMEs play a key role in this increase in the digital contribution to the Spanish economy, since they represent 99.8% of the businesses in Spain.

Have there been any changes in your market due to disruptive technologies such as ChatGPT?

The political and business conversation about ChatGPT and foundational AI has intensively increased. A key advisory think-tank and consultancy (AFI) has analyzed its impact in the Spanish productive model. Beyond this general level, the most relevant developments are:

- The idea of including these technologies in the Spanish AI Sandbox.
- The announcement of several big Spanish companies related to the idea of banning ChatGPT (including Telefonica or BBVA).
- The idea to address public funding to create general purpose AI in Spanish.

“The Spanish digitalized economy reached 22.6% of total GDP in 2022 –almost 4pp higher than in 2019”

Current events and e-commerce:

There have been reports that ‘direct-to-consumer’ European e-commerce has grown substantially. Has this been the case in your market?

Yes, this has also been the case in Spain. B2C e-commerce in Spain exceeded €72bn in 2022, 25% more than the previous year, according to CNMC e-commerce data. The sectors of activity with the highest revenues were travel agencies and tour operators, clothing and air transport.

Have you seen any specific direct or indirect impacts on your e-commerce market resulting from the war in Ukraine?

The Black Friday 2022 Forecast and Sales Report conducted by Adigital shows that despite the war in Ukraine, the supply crisis of 2021 has not been reproduced in 2022 in Spain. Only 35% of the companies surveyed claimed to be having complications with supplies, compared to 55% who accused this situation in 2021. 38% did not anticipate any impact from supply shortages, while 28% stated that their company continued to operate normally.

Have there been any changes or updates in Spain regarding payment and delivery preferences or behaviors?

Payment methods in the digital environment have undergone a revolution in recent years, triggered by aspects ranging from new authentication regulations to new payment models. All this in the midst of a pandemic-driven e-commerce explosion.

One of the most novel aspects to emerge in Spain has been the emergence of new payment methods. For many years, payment methods in Spain were dominated by credit/debit cards, PayPal and bank transfers. In recent years, both Bizum and Buy Now Pay Later (BNPL) options have emerged in the market.

Spain

Continued from previous page

The report on payment methods and online fraud 2023 by Adigital shows that in just two years, Bizum has grown meteorically, reaching 37.5% of presence. This data contrasts if we compare it with the fact that in 2020, it only appeared in 13.82% and was non-existent before that date. Simultaneously, BNPL solutions have a marked positive trend since 2018, growing their presence in payment processes by an annual average of 12% and rising from 25% to 36%.

What would you say are the leading reasons for significant changes in e-commerce purchasing among consumers?

The pandemic increased online shopping habits that have been consolidated after Covid-19. Additionally, in Spain 25% of SMEs sell online, compared to an EU average of 18%.

Are there any e-commerce trends specific or unique to the Spanish market?

Some such trends are:

- Expansion and diversification of marketplaces
- A decreasing digital age gap
- Increasing implementation of AI
- New live shopping experiences
- Customer experience personalization
- Increased automation

“The pandemic increased online shopping habits that have been consolidated after Covid-19”

Methodology and 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:

Internet Usage:

Desk research via:

- Eurostat: Share of population accessing the internet within the last year, yearly; (isoc_ci_ifp_iu)
- DataReportal: Share of the population using the internet, yearly

E-shoppers:

Desk research via:

- Eurostat: Last online purchase in the 12 months, yearly; (isoc_ec_ib20) & (isoc_ec_ibuy)
- Statista: Share of the (online) population shopping online; Digital Market Outlook by country

Supplementary Data:

- Online purchasing nationally and cross-border: (isoc_ec_ibos)
- Product category purchasing: (isoc_ec_ibgs)
- Digital intensity: isoc_e_dii

B2C E-commerce Turnover & Share Goods/Services:

- National E-commerce Associations: Data was requested and submitted by April 2023, which includes data collected and analyzed by associations with local/international research firms and universities. Data entries were submitted in both local currency as well as the euro. Data submitted in local currencies were converted into euros. Each association has its own data collection methodology for B2C e-commerce turnover (only goods; goods and services; only services, etc), therefore this should be considered when comparing markets.
- Desk research: In the event that an e-commerce association did not submit data, or there is no known association, different sources were utilized to ascertain the B2C e-commerce turnover figures. Statista's Digital Market Outlook was utilized with the output in euros and includes both physical products and services.
- Report partners: Contact with and 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).

GDP:

- International Monetary Fund: Yearly GDP, current prices in USD, converted into euros. The GDP database was exported from the IMF data repository on 30 June 2023 and was converted into euros on 1st July 2023. The IMF report utilized for GDP data can be obtained via this website: <https://www.imf.org/en/Publications/WEO/weo-database/2023/April/download-entire-database>

Search Engine Market Share:

- Statcounter: From April 2022 to March 2023. Statcounter "analyzes every page view referred by a search engine."

Indices:

- World Bank: Logistics Performance Index report 2023
- United Nations: E-Government Development Index report 2022; UNCTAD B2C E-commerce Index report 2022
- SDG Index Ranking: Sustainable Development Report 2023
- Yale University: Environmental Performance Index report 2022
- *The Economist* Intelligence Unit: Inclusive Internet Index 2023

Important notes about the report: Inflation-adjusted growth rate

- Inflation-adjusted numbers were calculated using Inflation indices from the IMF Outlook database, extracted on 18 August, 2023. For regions, Europe and the EU-27, the inflation rate was calculated as the weighted average inflation of all the member countries, weighted by nominal GDP

- The inflation-adjusted growth rate is calculated as follows
 $((1 + \text{growth rate}) / (1 + \text{Year-over-year inflation})) - 1$

Both growth rate and year-over-year inflation being expressed in % (eg. 14% and 3%)

Example: $((1 + 14\%) / (1 + 3\%)) - 1 = (1.14 / 1.03) - 1 = 10.7\%$

About us and thanks

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Thanks

The Amsterdam University of Applied Sciences & Centre for Market Insights team would like to thank all our report contributors. The insights are continuously enriched with your additions of quantitative and qualitative data. Importantly, creation of this report would not be possible without the contributions of experts in the e-commerce field, particularly the member associations of Ecommerce Europe. A special thank you goes out to our report contributors, particularly non-association partners and non-EU-associations:

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>

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Lone, S., & Weltevreden, J.W.J. (2023). 2023 European E-commerce Report. Amsterdam/Brussels: Amsterdam University of Applied Sciences & Ecommerce Europe.

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