

European E-commerce Report 2024

Introduction

The European E-commerce Report 2024 provides a thorough analysis of the e-commerce landscape across 38 European countries. This report updates critical metrics on business-to-consumer e-commerce turnover, alongside internet and e-shopper penetration rates, with a special focus on the EU-27. Notably, while Estonia is included in the report, this edition does not feature its turnover data due to the unavailability of figures. Newly included this year, Moldova extends our analysis to provide a more comprehensive view of the evolving European market.

Nominal growth and upcoming markets

In 2023, the total B2C European e-commerce turnover saw a modest growth of 3%, increasing from €864 billion to €887 billion. Despite the overall growth, the landscape exhibited regional disparities. Western Europe, traditionally the largest market for European e-commerce, experienced a slight decline of 1%, closing the year at €596 billion. In contrast, Southern Europe and Eastern Europe exhibited strong growth rates of 14% and 15%, respectively, with turnovers reaching €166 billion and €17 billion. Central Europe showed resilience with an 8% increase, totalling €79 billion, while Northern Europe faced a 5% decline, ending at €56 billion. These varied growth patterns reflect shifting consumer behaviours and market adaptations post-pandemic. The forecast for 2024 predicts a more robust growth of 8%, indicating a rebound in consumer confidence and spending across Europe.

In terms of country-specific performance for 2023, Ukraine showed the most significant growth in turnover at 145%, followed by Bulgaria and Poland with 19% and 17%, respectively. Among the top declines, Sweden and Norway experienced notable reductions in turnover due to currency devaluation, impacting their euro-denominated figures more significantly.

In 2023, among the largest economies, the United Kingdom led with €249 billion in turnover. France followed with a significant increase to €160 billion. Spain also showed positive dynamics with €84 billion. Germany, however, experienced a downturn, reducing its turnover to €94 billion, which reflected a notable 9% decline from the previous year.

The impact of inflation

In 2023, European e-commerce markets faced high inflation, averaging 6.1%, which represents a decrease from 8.5% in 2022. Despite the lower rate, inflation still caused a real decline in e-commerce turnover, with a -3% adjustment for inflation, following a -6% adjustment the previous year. Eastern and Southern Europe were the only regions to show growth when adjusted for inflation, with Eastern Europe experiencing a strong growth of 9.0% and Southern Europe managing a growth of 2.6%. For 2024, with a projected more typical inflation rate of 2.7%, European e-commerce is expected to grow by 5% adjusted for inflation, indicating a positive shift in market conditions.

Internet penetration

In 2023, internet penetration in Europe increased to 92% from 90% the previous year, reflecting a steady increase in accessibility as more individuals across different demographics gain online access. For 2024, the penetration rate is expected to reach 93%, approaching complete coverage among the population aged 16-74 years. Regionally, Northern Europe maintained the highest penetration rate at 97%, followed by Western Europe at 95%. Central and Southern Europe both reported penetration rates of 91%, indicating significant improvements. However, Eastern Europe lagged behind with an 83% penetration rate.

Norway achieved a full penetration rate of almost 100%, setting a benchmark within the continent. Other high-ranking countries included Luxembourg, Switzerland, the Netherlands, Iceland, and Denmark, all at 99%. In contrast, internet access remains relatively lower in several Eastern European countries, with Croatia, Bosnia and Herzegovina, and Bulgaria all ensuring internet access for 84% of their population, Ukraine for 79% and Moldova for 61%. These figures underscore the varied levels of digital inclusivity across Europe, with implications for e-commerce growth and digital inclusivity.

E-shopper penetration

In 2023, the definition of e-shopper penetration was revised to align with the baseline used for internet penetration figures, counting the total population aged 16-74, rather than just internet users. This adjustment has resulted in slightly lower e-shopper penetration figures, offering a more accurate comparison across metrics in the report. In 2023, 71% of the European population aged 16-74 shopped online, a modest increase from 69% in 2022. The forecast for 2024 suggests a further slight increase to 72%. Despite this steady growth, significant disparities remain across different regions.

Northern Europe continues to lead in e-shopper penetration at 83%, closely followed by Western Europe at 82%. Central Europe has a penetration rate of 70%, while Southern and Eastern Europe lag behind at 59% and 53%, respectively, highlighting considerable growth potential. The highest e-shopper penetration within Europe is found in the Netherlands at 92% and Norway at 91%. Conversely, penetration remains below 50% in several countries, indicating room for substantial growth. The countries with the lowest rates are Moldova (26%), Montenegro (29%), Albania (33%), Bosnia and Herzegovina (35%), North Macedonia (44%), and Bulgaria (45%).

Opportunities and challenges

In 2024, the European e-commerce market continues to face a mix of opportunities and challenges. The ongoing conflict in Ukraine and its broader geopolitical effects have kept energy prices unstable, but with inflation now stabilising, the market is seeing more balanced growth. E-commerce turnover remains strong, driven by both an increase in sales volume and the normalisation of prices, rather than being heavily influenced by inflation as in previous years.

Technology is a major driver of growth in the e-commerce sector. The widespread adoption of AI is transforming the industry, making shopping experiences more personalised, improving inventory management, and enhancing customer service through tools like chatbots. Virtual and augmented reality technologies are also becoming more popular, especially in areas like fashion and home decor, where they improve product visualisation and customer interaction. Additionally, the expansion of 5G networks as well as the advancements in Internet of Things (IoT) technology are improving logistics and supply chain management, leading to faster and more efficient delivery services.

However, these technological advancements are widening the gap between large e-commerce firms and SMEs, as larger companies are better equipped to adopt these new technologies. In response, several European governments have introduced initiatives to support digital innovation among SMEs, recognising their vital role in the economy. Programmes like the Digital Kit in Spain and the Digital Transition Fund in Ireland are helping SMEs access the tools and resources they need to be competitive.

The rise of mobile payments and the growing adoption of digital wallets are also shaping the European e-commerce landscape. As consumers increasingly favour the convenience and security of these payment methods, businesses are expanding their payment options to include a wider range of choices. The growth of instant payment services, such as Bizum in Spain and BLIK in Poland, highlights this trend.

Another significant challenge for European e-commerce businesses is the increasing competition from global players, particularly those from Asia. The rapid rise of players like Temu in 2023 has attracted consumers in Europe, putting pressure on local players to stand out by offering better quality, sustainability, and localised customer service.

Sustainability remains a top priority across Europe. Consumers are increasingly willing to pay more for eco-friendly products, prompting businesses to adopt more sustainable practices, such as reducing packaging waste, using recyclable materials, and promoting circular economy initiatives like refurbishing and reselling returned items. However, high consumer return rates in some sectors, particularly fashion, continue to be a challenge. Companies are exploring ways to reduce the environmental impact of returns, including the use of smart lockers, encouraging in-store returns, and promoting responsible shopping behaviours.

In conclusion, while the European e-commerce market in 2024 faces challenges from global competition and the differences in technological adoption between large and small companies, it also has significant opportunities for growth driven by technological advancements and strong consumer demand for sustainability. The ability of businesses to innovate and adapt to these changing conditions will be key for their success in this competitive landscape.