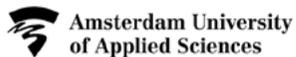


LIGHT VERSION



EUROPEAN E-COMMERCE REPORT 2022

Executed by:



A word from Ecommerce Europe

Luca Cassetti



Secretary General

As the European digital commerce association, Ecommerce Europe would like to thank the Centre for Market Insights of the Amsterdam University of Applied Sciences for preparing this report. In the past two years, retailers have gained a lot of experience in digitalization. This acceleration was significantly pushed by the Covid-19 pandemic, during which e-commerce and retail played an essential role for both the economy and society. These developments are reflected in this year's findings, which show that in 2021, total European e-commerce grew to €718bn with a growth rate of 13%. This is up from €633bn in 2020. In 2022, growth rates are forecast to continue their upward trend. However, we can notice that the growth is slightly stabilising, with an expected growth rate of 11% and a turnover of €797bn.

While it seems that we are slowly leaving behind the pandemic after more than two years, more recently, Europe has unfortunately become the stage of a major conflict. The war in Ukraine and the horrible consequences for the people of Ukraine have exposed the vulnerability of peace in Europe, but at the same time also demonstrated that Europeans were ready to help each other in times of need. While the safety of the Ukrainian people is the highest priority, the repercussions of the war can be felt across the whole continent. Although difficult to predict its long-term consequences at this stage, the war in Ukraine already has a major impact on European and global markets. The conflict has significantly exacerbated inflation and increased energy prices, impacting consumers' purchasing power and confidence, as well as disrupting global supply chains that were already weakened by the pandemic.

At the same time, in parallel to the digitalization of businesses, European policymakers are continuing their course to update EU legislation to the current digital reality. In the first half of 2022, this meant the finalization of two major digital files, the Digital Services Act and the Digital Markets Act. Given the increased importance of online marketplaces in the e-commerce ecosystem, these rules will significantly impact the sector, helping reduce illegal content online and make the internet safer and more transparent, but also leading to considerable implementation challenges. At the same time, the European Union is intensifying its efforts to make the economy more sustainable and has published extensive new legislative proposals covering all aspects of products and services placed on the EU market. These proposals cover a wide range of issues, from greening retail value chains to improving the circularity of products. Additionally, they also tackle quantifying the impact of products and activities on the environment, and how it is presented to European consumers.

With its extensive work on digitalization and sustainability, the EU has the power to considerably influence the transition to a more digital and circular economy. However, to meet its objective, it needs to align with the ambition of businesses and address existing barriers and boost solutions that already exist and work today.

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:

- Digital Regulations
- Digital Transactions and Innovation
- Logistics
- Taxation
- Sustainability
- Platforms
- Trust (Ecommerce Trustmark)

These pillars are structured into Working Committees that are managed by the Brussels Secretariat. Members of Ecommerce Europe can participate in the committees to discuss and contribute to the development of the positions of the association on a wide range of topics. These meetings are also the occasion to get informed, share best practices and discuss obstacles merchants face in their daily operations. Ecommerce Europe translates the outcome of the Working Committees into policy recommendations for legislators on how to make it easier for merchants to sell 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 Europe

Christel Delberghe



Director-General

EuroCommerce, the European voice of the retail and wholesale sector, is proud again this year to support the European E-commerce Regional Report. Our sector is an essential ecosystem ensuring access to essential services and products every day, the largest private sector employer in Europe, providing 26 million jobs, and playing a key role in the life of local communities. Our sector is undergoing a fundamental transformation - to become more digital, more sustainable and to train its staff and attract new talent. We estimate that businesses will have to nearly double their current investment by 2030 to equip the sector with the means to achieve this transformation successfully.

The shocking invasion of Ukraine is fueling further uncertainty and volatility, with a direct impact on our sector, facing even higher energy costs, high inflation, supply chain disruption and the growing risk of protectionism. Managing this crisis inevitably affects the sector's ability to significantly invest and we are asking European governments to prioritize retail and wholesale as an essential contributor to the European economy and a lynchpin of local communities.

The Covid-19 pandemic acted as an accelerator for online sales, as e-commerce quickly responded to the challenges of the Covid pandemic by ensuring continued access to producers and services to consumers. 2021 saw e-commerce sales continuing to grow, albeit at a slower pace as Covid restrictions loosened up. But consumers, many of who had not gone online before, have seen the utility and convenience of e-commerce, and preliminary results from a study currently being conducted for us expect online sales to make up an average of 30% of retail turnover by 2030.

The consumer journey has completely changed: our customers expect to be able to use various combinations of online and offline interaction. Retailers will have no choice but to invest in making their offering a seamless experience.

E-commerce has increased competition and fragmentation in online offerings, with new models such as quick commerce. Nevertheless, we expect physical stores to continue to play a major, but somewhat different role, offering experiences and expert advice. With retail and wholesale an important lynchpin of the European economy, we are calling on national governments and European policymakers to make digitalization a major priority for the recovery of our sector and the economy as a whole.

Having a digital presence is becoming a matter of survival for many companies. Prior to the pandemic, 70% of retailers, especially micro businesses, had no e-commerce offering or online presence. Supporting SME digitalization will require dedicated support, technical advice and awareness of the various tools to facilitate such an online presence without the need to invest in an elaborate operation.

Over the past year, we have seen the European Union embracing the digital agenda and proposing legislation now covered by updated competition rules, the Digital Services Act and the Digital Market act; and legislators are now negotiating rules covering data, cybersecurity and micro-chips. This will require e-commerce players to adapt some of their business models, and EuroCommerce will be monitoring the implementation and enforcement of these rules carefully to ensure that Europe provides an environment conducive to innovation while ensuring fair competition and appropriate levels of consumer protection.

The pandemic further accelerated pressure for changes in the traditional physical store and we are seeing significant levels of vacant premises throughout Europe. We will be calling on governments and the European Union to launch a program to facilitate a dialogue and exchange of good practices in securing the future of town centers and rural communities, and the role of stores in achieving this.

Finally, as Europe's largest employer, we have embarked on the process of creating a Pact for Skills for our sector which we aim to finalize before the end of the year. Our objective is to showcase the important investments our sector makes in growing our employees' skills and to highlight the need to attract new talent and skills to help achieve the digital and sustainability transformation of our sector.

EuroCommerce: The Voice of European Retail and Wholesale

EuroCommerce is the principal European organization representing the retail and wholesale sector. It embraces national associations in 27 countries and 5 million companies, including leading global players and many small businesses. Over a billion times a day, retailers and wholesalers distribute goods and provide an essential service to millions of business and individual customers. The sector generates 1 in 7 jobs, offering a varied career to 26 million Europeans, many of them young people. It also supports millions of further jobs throughout the supply chain, from small local suppliers to international businesses. EuroCommerce is the recognized European social partner for the retail and wholesale sector.



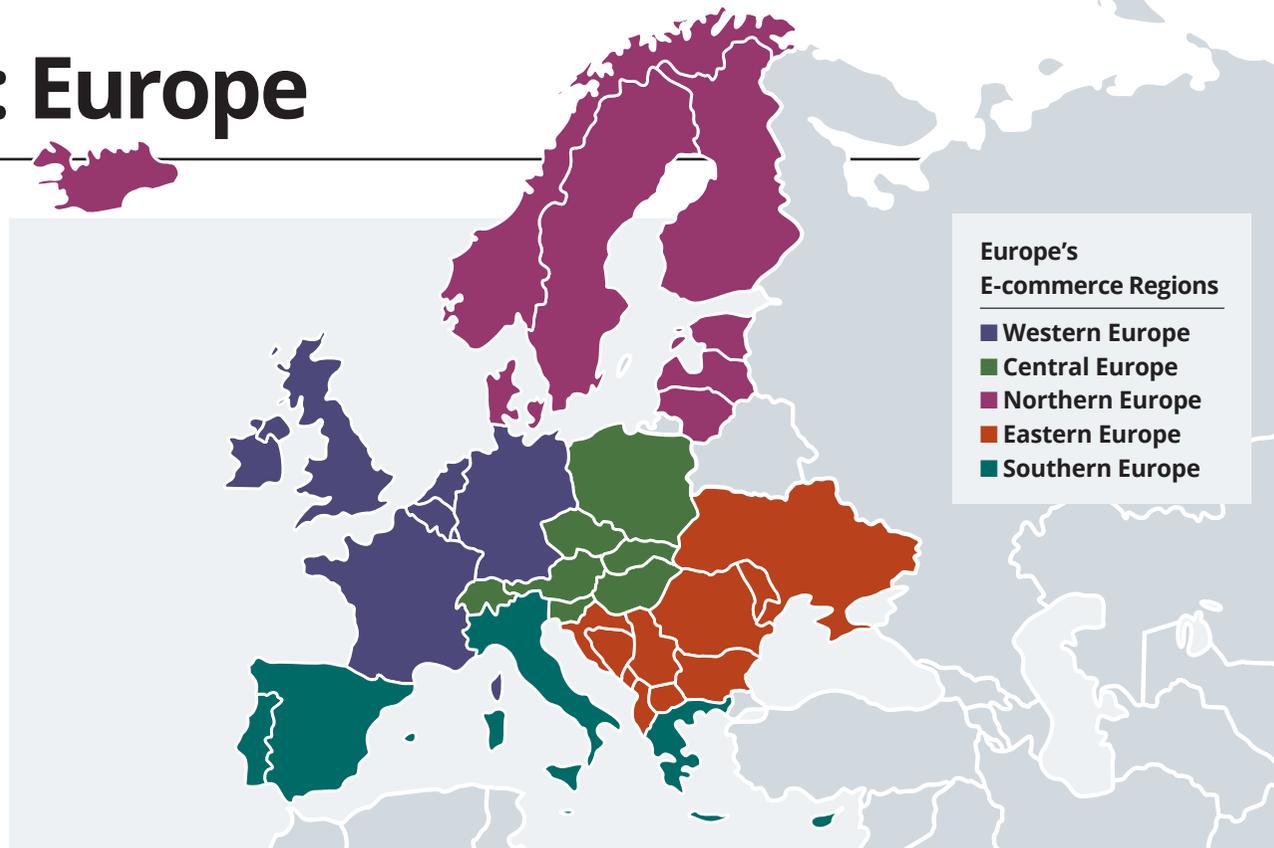
If you would like to get involved with EuroCommerce, please visit our website www.eurocommerce.eu or send us an e-mail at bastings@eurocommerce.eu.

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Market overview: Europe

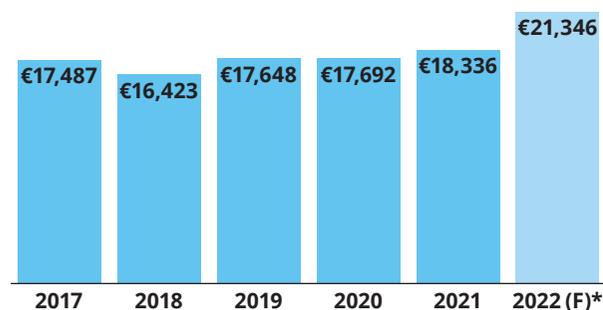
The European continent is home to diverse markets, and particularly intricate digital markets. Although the share of the populations accessing the internet and shopping online continue to grow, SMEs selling online continue to lag behind in their use of digital tools. Despite the expectation that e-commerce would slow significantly after the Covid-19 pandemic lockdowns were lifted, many countries saw their online purchasing remain stable.



*GDP projection is at current prices in bn USD and was converted into EUR in APR 2022; data includes projected inflation for 35 countries in the dataset (5.5% in advanced and 9.1% in emerging economies). Amsterdam University of Applied Sciences' Centre for Market Insights calculations on the basis of IMF data. See the Methodology on page 103 for more information.

GDP (€bn)

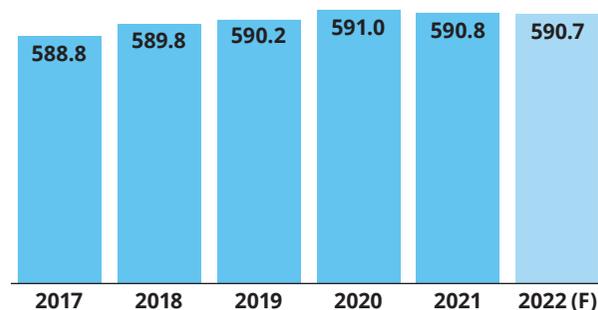
Gross Domestic Product (GDP) in €bn



SOURCE: IMF

Population of Europe

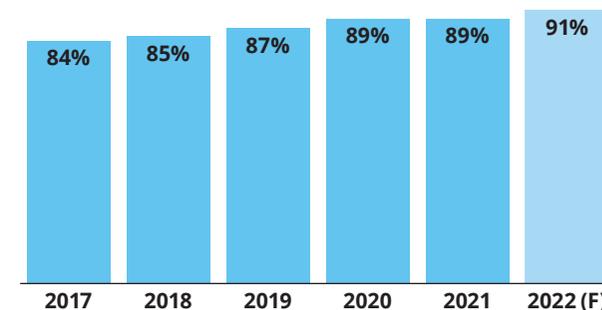
Year by year population in millions



SOURCE: WORLD BANK

Internet users

Percentage of the population accessing the internet



SOURCE: EUROSTAT; STATISTA

Infrastructure & Logistics

○ Rankings highlighted are leaders among countries in the report

	Logistics Performance Index (2018)	Ease of Doing Business Index (2020)	E-Government Development Index (2020)	Inclusive Internet Index (2021)	Universal Postal Union Reliability Score (2021)	UNCTAD B2C E-commerce Index Ranking (2020)	Environmental Performance Index Ranking (2020)	Global Cybersecurity Index Ranking (2020)
Belgium	3	46	41	21	12	21	15	19
France	16	32	19	6	5	17	5	9
Germany	1	22	25	25	2	6	10	13
Ireland	29	24	27	23	13	8	16	46
Luxembourg	24	72	33	-	64	36	2	13
Netherlands	6	42	10	16	6	2	11	16
United Kingdom	9	8	7	9	8	5	4	2
Denmark	8	4	1	9	45	3	1	32
Estonia	36	18	3	30	19	14	30	3
Finland	10	20	4	18	34	7	7	22
Iceland	40	26	12	-	83	32	17	58
Latvia	70	19	49	32	29	39	36	15
Lithuania	54	11	20	17	35	27	35	6

	Logistics Performance Index (2018)	Ease of Doing Business Index (2020)	E-Government Development Index (2020)	Inclusive Internet Index (2021)	Universal Postal Union Reliability Score (2021)	UNCTAD B2C E-commerce Index Ranking (2020)	Environmental Performance Index Ranking (2020)	Global Cybersecurity Index Ranking (2020)
Norway	21	9	13	-	51	9	9	17
Sweden	2	10	6	1	26	15	8	26
Austria	4	27	15	27	3	19	6	29
Czechia	22	41	39	31	18	22	20	68
Hungary	31	52	52	40	37	31	33	35
Poland	23	40	24	12	15	28	37	30
Slovak Republic	53	45	48	34	21	23	26	34
Slovenia	35	37	23	-	46	34	18	67
Switzerland	13	36	16	20	1	1	3	42
Albania	88	82	59	-	94	86	62	80
Bosnia & Herzegovina	72	90	94	-	61	70	78	109
Bulgaria	52	61	44	37	39	46	41	77

	Logistics Performance Index (2018)	Ease of Doing Business Index (2020)	E-Government Development Index (2020)	Inclusive Internet Index (2021)	Universal Postal Union Reliability Score (2021)	UNCTAD B2C E-commerce Index Ranking (2020)	Environmental Performance Index Ranking (2020)	Global Cybersecurity Index Ranking (2020)
Croatia	49	51	39	53	42	25	34	33
Montenegro	77	50	75	-	90	78	74	87
North Macedonia	81	17	72	-	63	52	43	38
Romania	48	55	55	29	36	45	32	62
Serbia	65	44	58	-	28	43	45	39
Ukraine	66	64	69	48	33	51	60	78
Cyprus	45	54	18	-	40	38	31	41
Greece	42	79	42	38	38	33	25	28
Italy	19	58	37	14	11	29	20	20
Malta	69	88	22	-	69	48	23	49
Portugal	23	39	35	33	22	40	27	14
Spain	17	30	17	3	31	24	14	4

DEFINITIONS

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

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

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

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

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

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

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

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

E-commerce overview: Europe

The e-commerce overview section of the report includes data from 37 countries on the European continent, showcasing the importance of the EU-27 and neighboring digital economies. Overall, European e-commerce experienced a growth in B2C turnover in 2021, despite some countries reporting lower e-commerce sales due to the lessening of Covid-19 pandemic measures. As has been the trend for quite some time, Eastern Europe has experienced higher growth rates in B2C e-commerce sales than many Western European countries, however Western Europe still holds the largest share of total turnover at 63% compared to Eastern Europe's 2%.

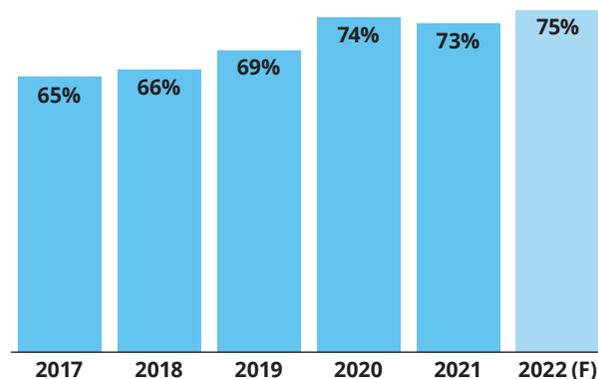
Countries included:

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

*Kosovo is not reflected in the B2C e-commerce turnover figures of this report.

E-shoppers, Europe

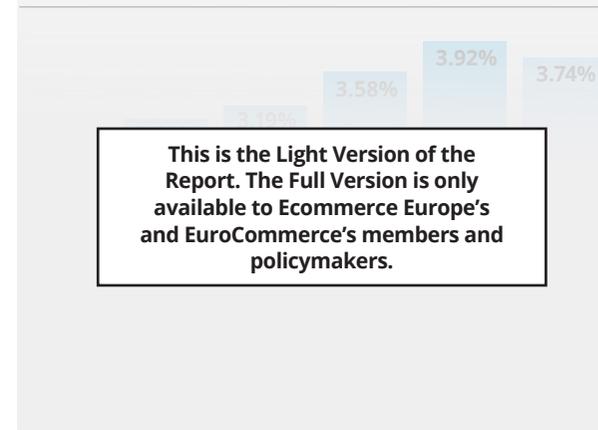
Percentage of internet users that bought goods or services online



SOURCE: EUROSTAT; STATISTA; UNITED NATIONS

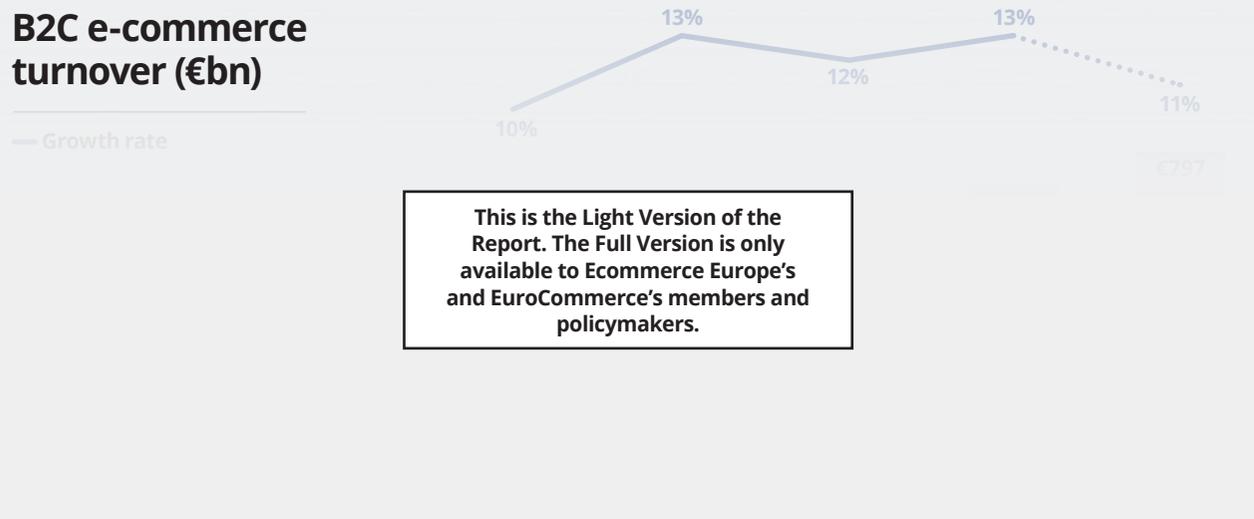
E-GDP, Europe

The percentage of GDP comprised of e-commerce sales



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)

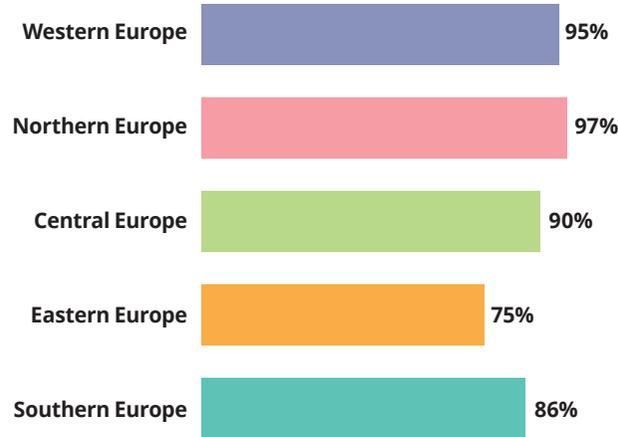


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E-commerce overview: by region

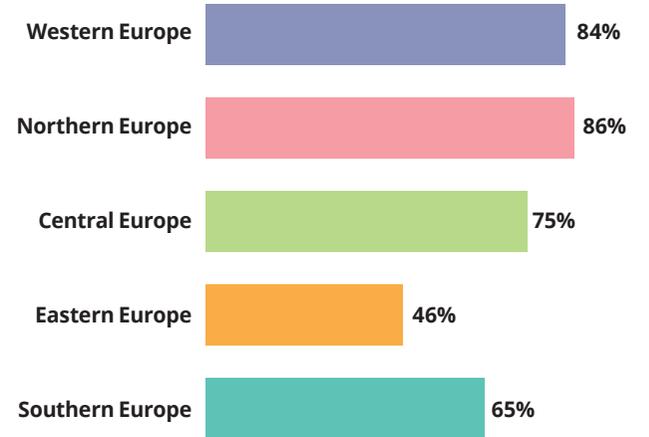
Western Europe remains the leader in terms of their share of B2C e-commerce turnover in Europe, consistently encompassing over 60% of total turnover. This share of turnover is reflected in the E-GDP of the regions, as Western Europe remains the highest. Despite the appearance that Northern Europe lags behind in the share of total European turnover, the e-commerce markets are robust and over 4% of total GDP can be attributed to e-commerce. Although the digital economy in Eastern Europe is continuing its growth trend, there is much ground to be covered if the region hopes to compete with Western and Southern European markets.

Internet users by region, 2021



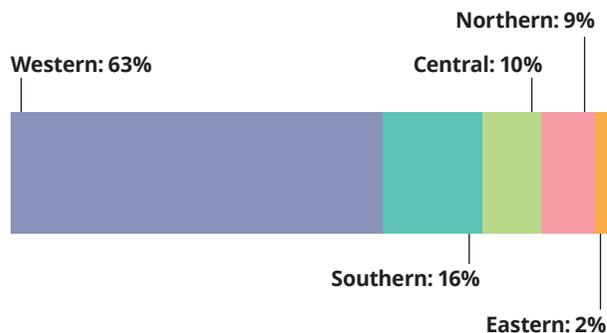
SOURCE: EUROSTAT; STATISTA

E-shoppers by region, 2021

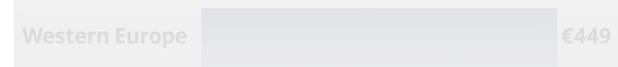


SOURCE: EUROSTAT; STATISTA; UNITED NATIONS

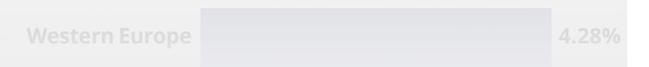
Share of total European e-commerce turnover by region, 2021



B2C e-commerce turnover by region in €bn, 2021



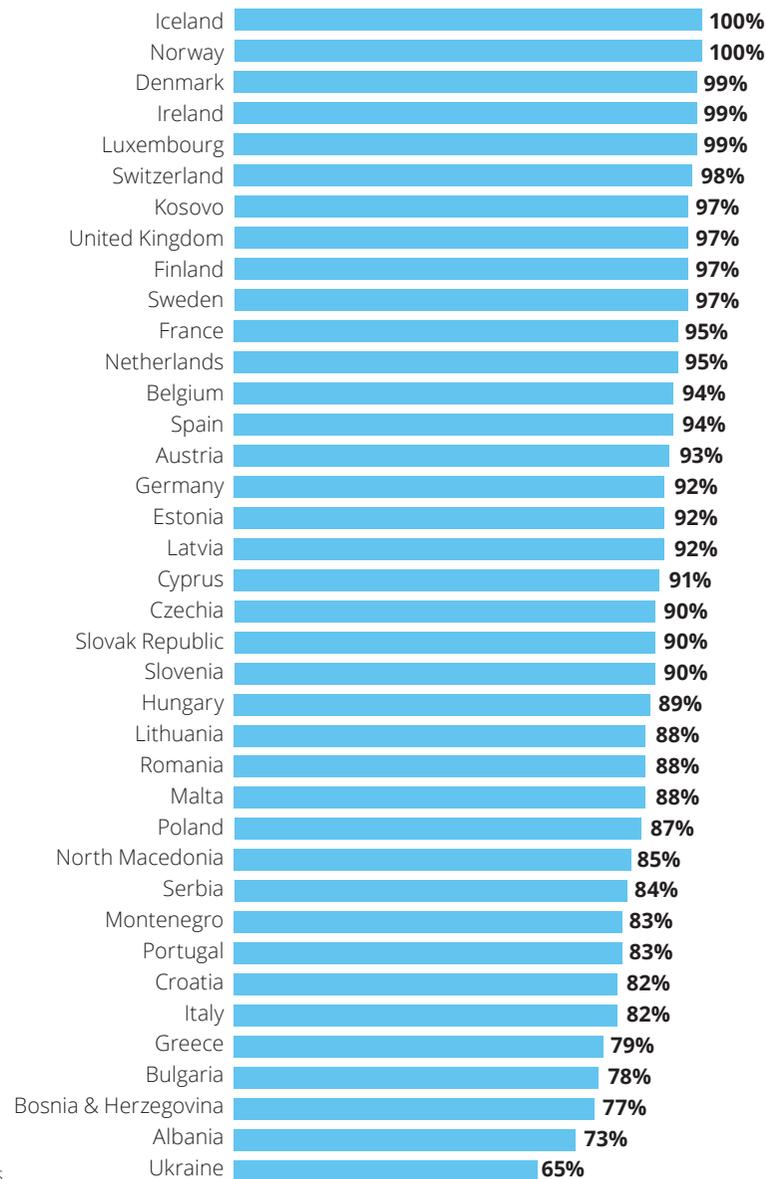
E-GDP as a percentage of GDP, 2021



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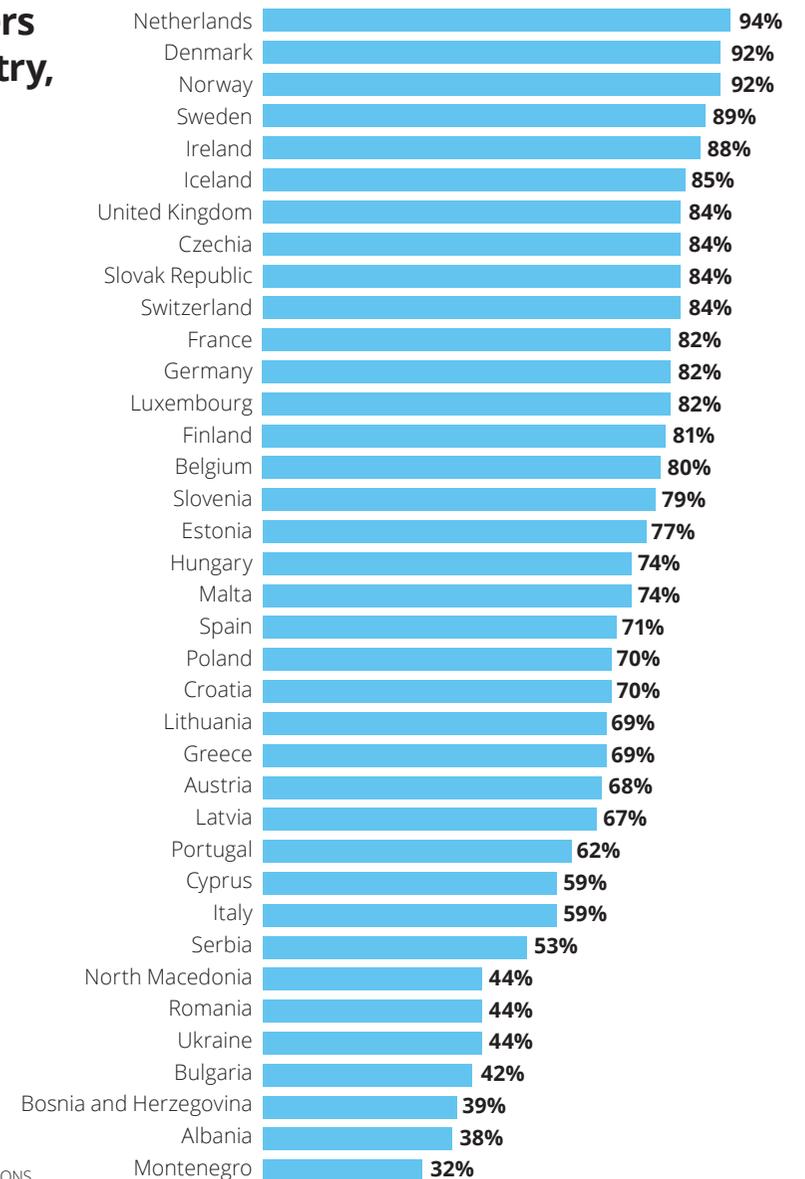
E-commerce overview: by country

Internet users per country, 2021



SOURCE: EUROSTAT; STATISTA; UNITED NATIONS

E-shoppers per country, 2021



SOURCE: EUROSTAT; STATISTA; UNITED NATIONS

E-commerce overview: by country

B2C e-commerce growth rate by country, 2021



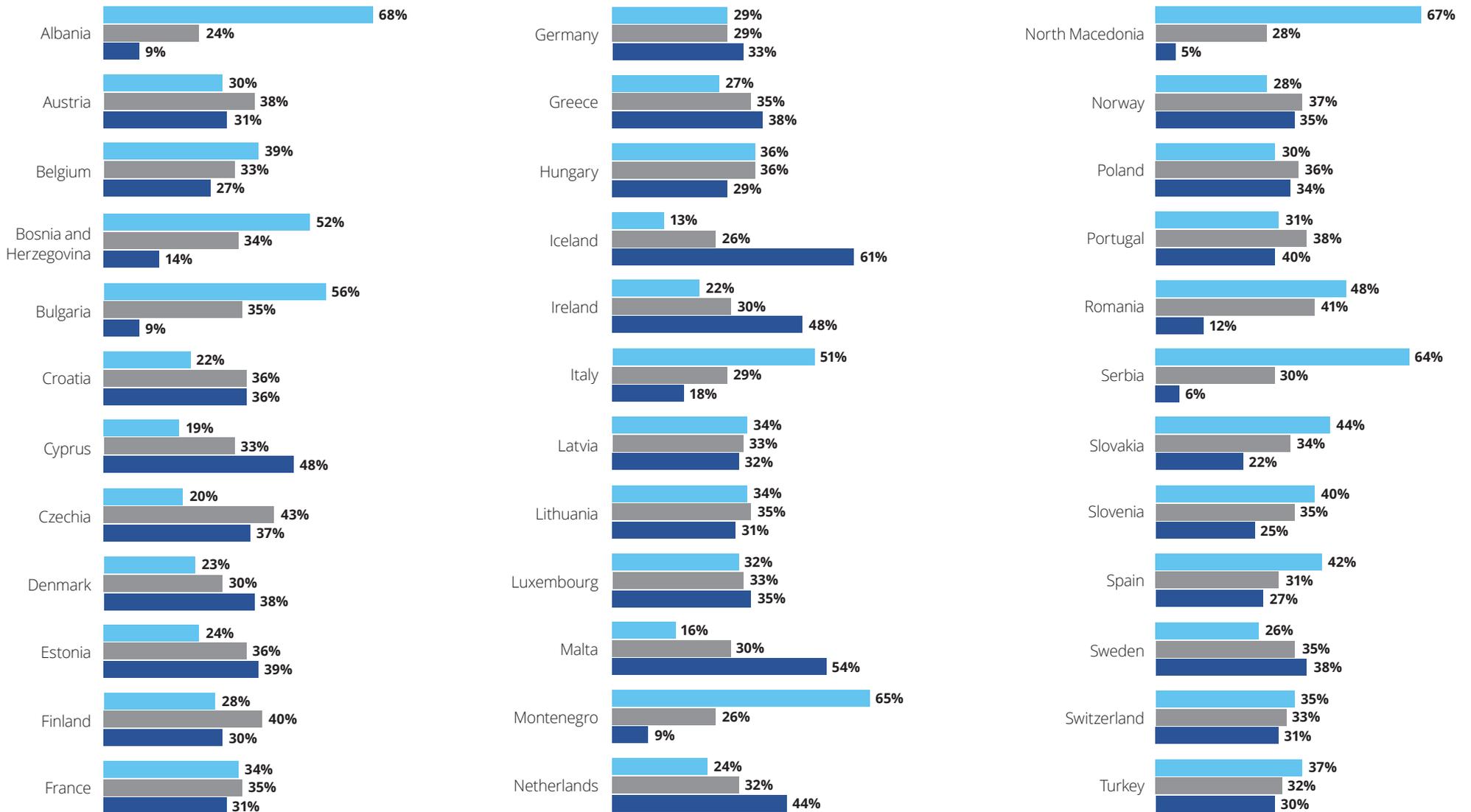
E-GDP by country, 2021



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

Frequency of online purchases in the last three months, 2021

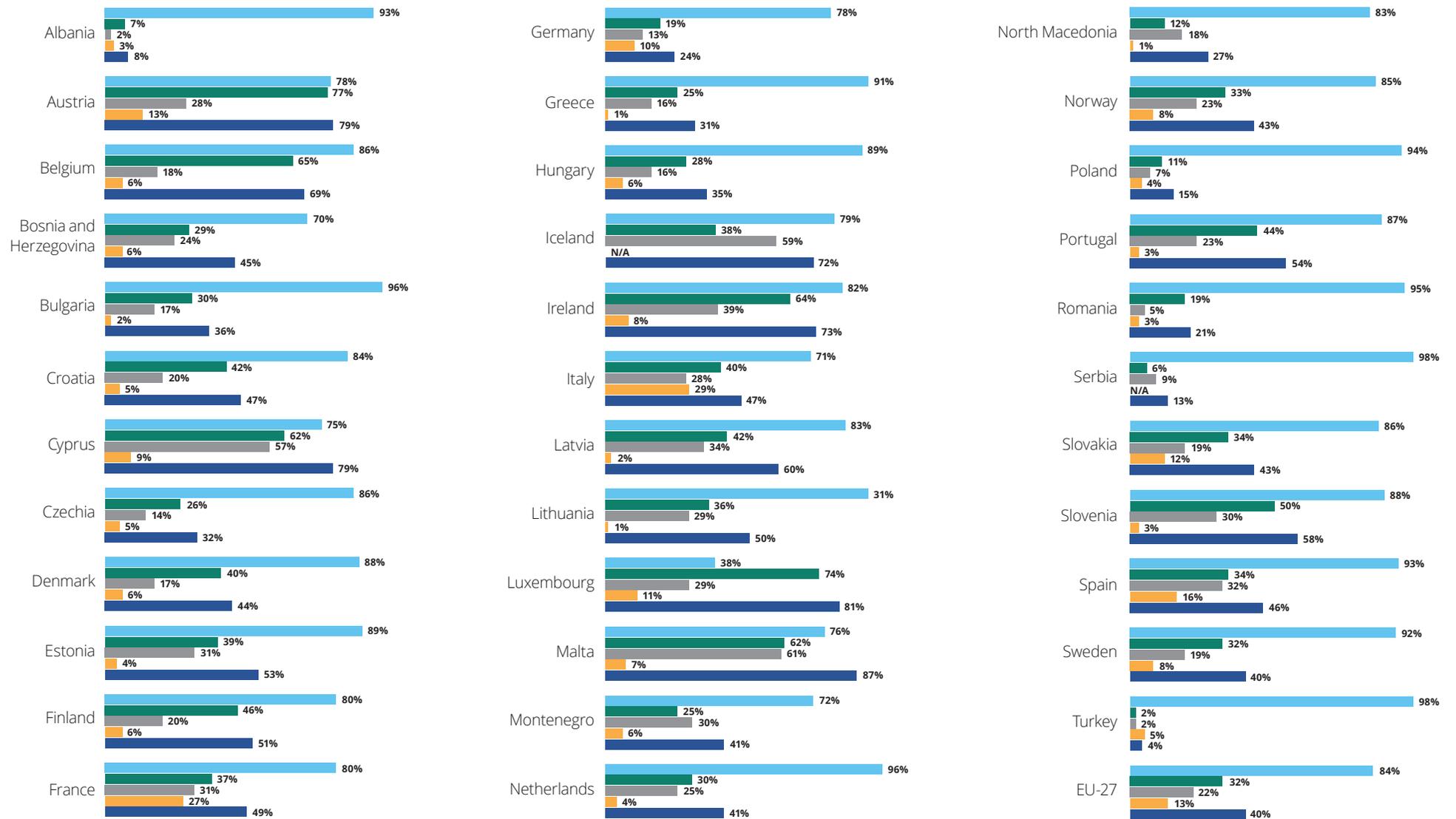
■ 1 or 2 times ■ 3 to 5 times ■ 6 times or more



SOURCE: EUROSTAT (2021); PERCENTAGE OF INDIVIDUALS WHO PURCHASED ONLINE IN THE LAST 3 MONTHS

Online purchasing nationally and cross-border, three months, 2021

■ 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)



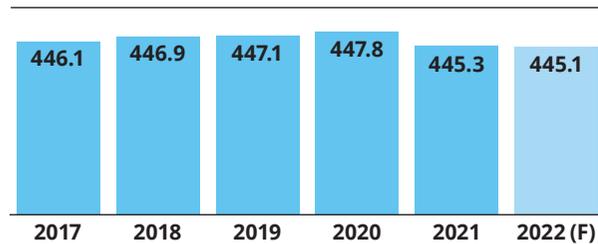
SOURCE: EUROSTAT (2021); PERCENTAGE OF INDIVIDUALS WHO PURCHASED ONLINE IN THE LAST 3 MONTHS

Market overview: EU-27

The EU-27 is the powerhouse of European B2C e-commerce. Despite the lifting of the Covid-19 pandemic measures, and the United Kingdom leaving the EU single market, e-commerce turnover grew at a rate of 16% in 2021. Internet users have now surpassed 90% of the population, and the share of internet users purchasing online is expected to reach 76% in 2022.

Population of the EU-27

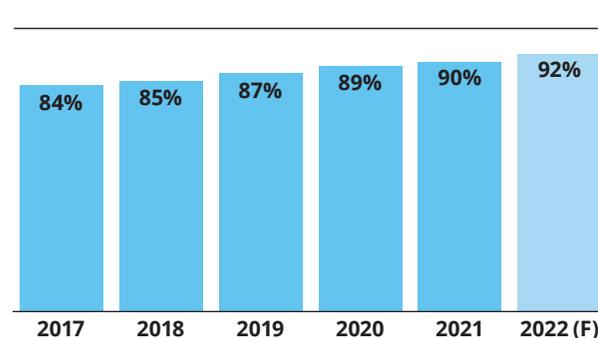
Year by year population in millions



SOURCE: WORLDBANK

Internet users

Percentage of the population accessing the internet



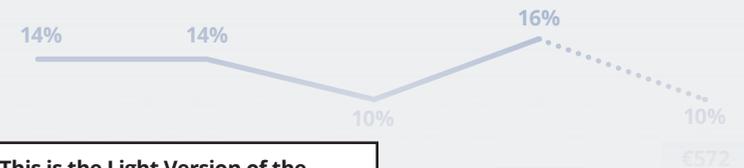
SOURCE: EUROSTAT

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)

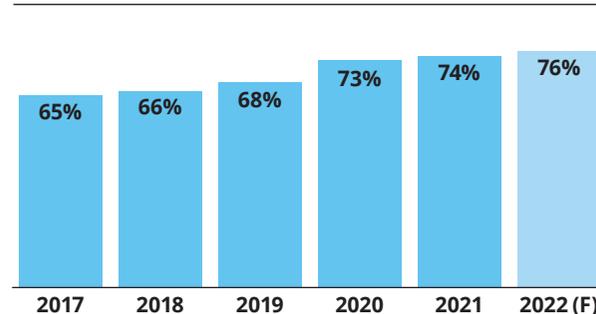
— Growth rate



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E-Shoppers

Percentage of internet users that bought goods or services online



SOURCES: EUROSTAT; NATIONAL E-COMMERCE ASSOCIATIONS; STATISTA

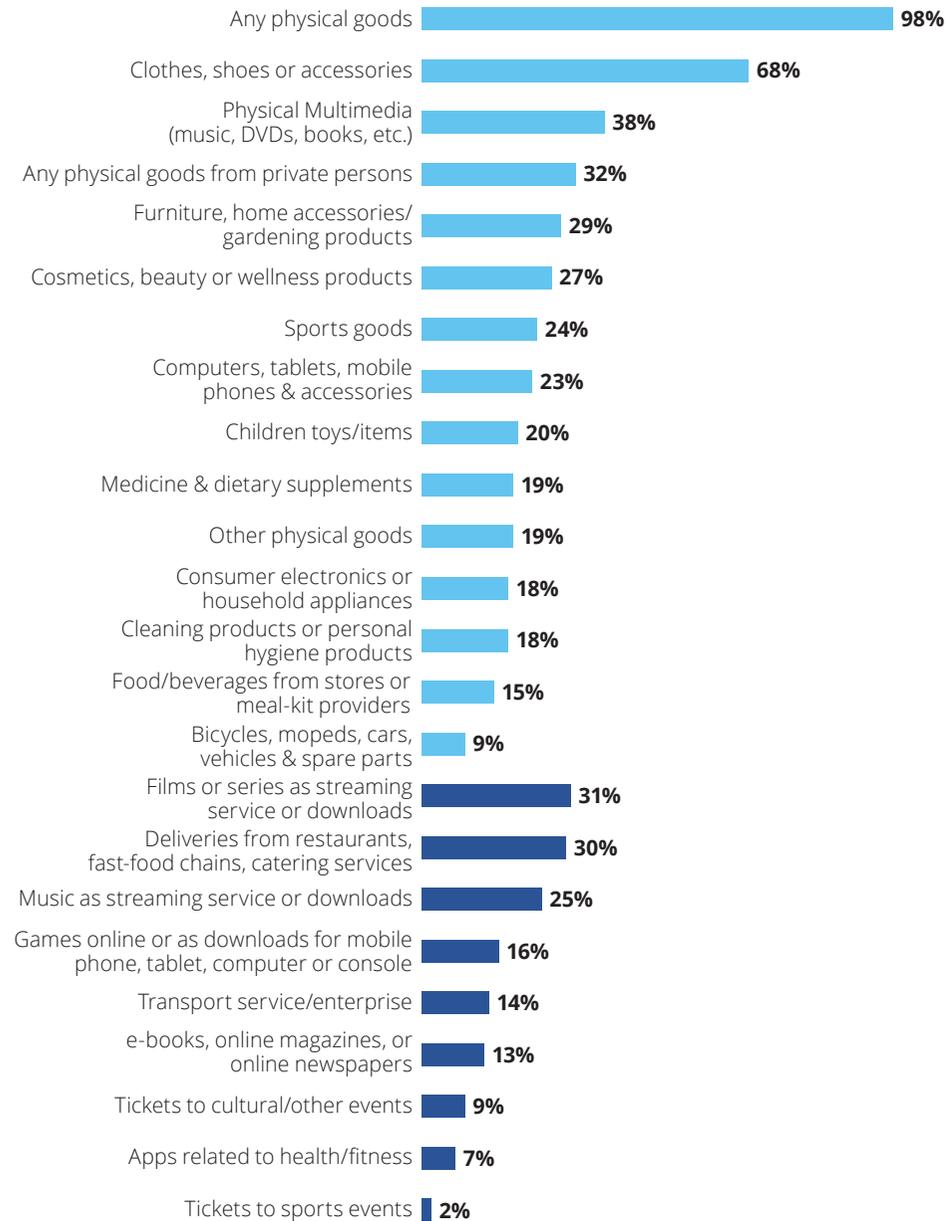
GDP and E-GDP (€bn)

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



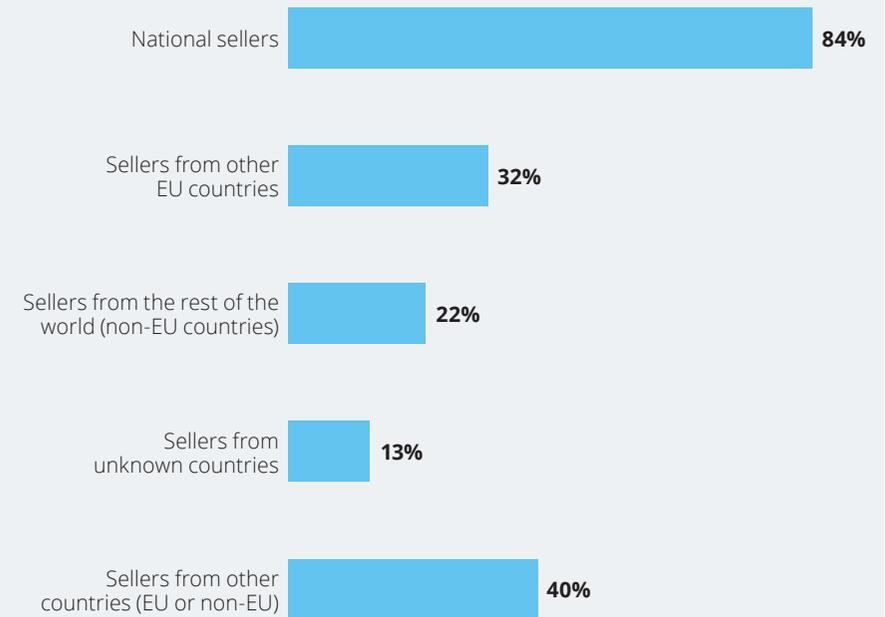
This is the Light Version of the Report. The Full Version is only available to Ecommerce Europe's and EuroCommerce's members and policymakers.

EU-27 product category purchasing



SOURCE: EUROSTAT (2021); PERCENTAGE OF INDIVIDUALS WHO PURCHASED ONLINE IN THE LAST 3 MONTHS

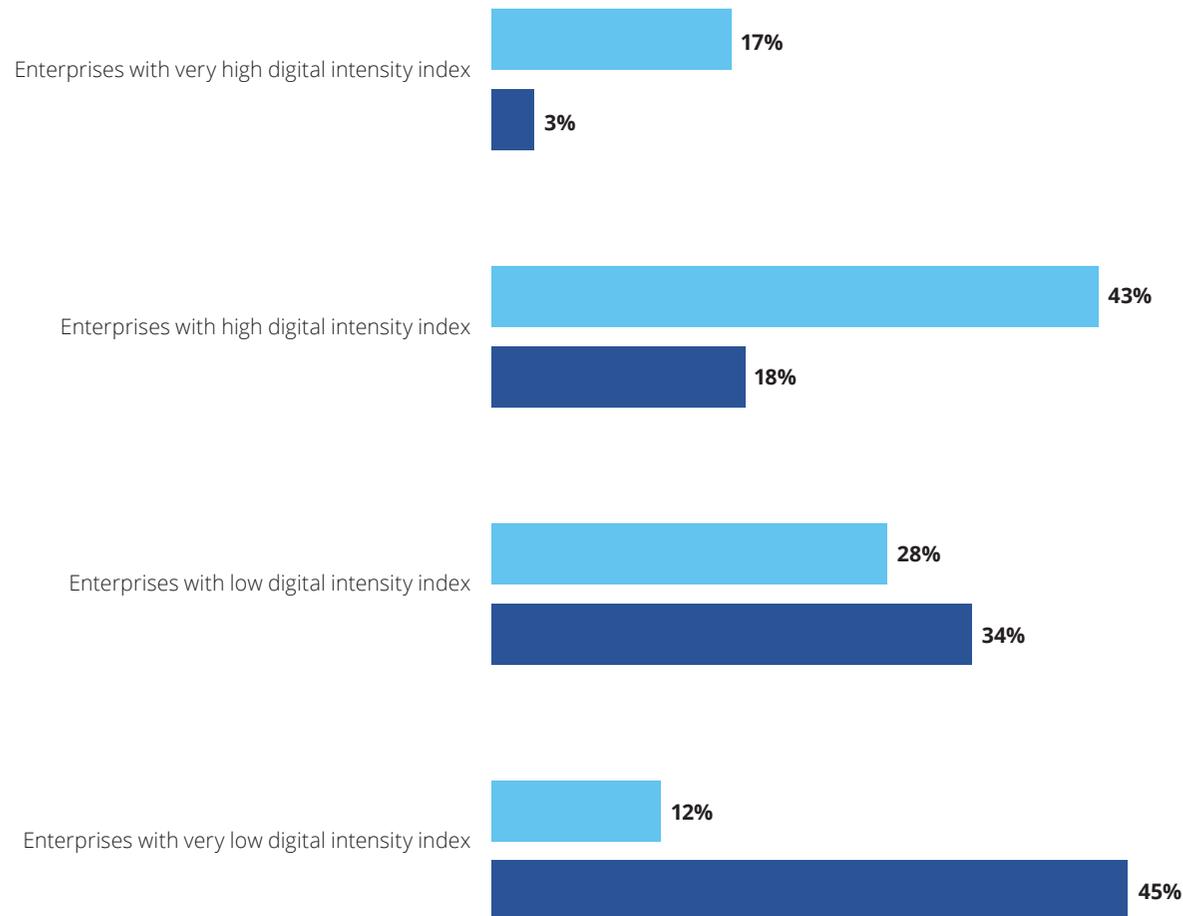
EU-27 cross-border online purchase



SOURCE: EUROSTAT (2021); PERCENTAGE OF INDIVIDUALS WHO PURCHASED ONLINE IN THE LAST 3 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 used computers with access to the internet for business purposes
- Have ERP software package to share information between different functional areas
- The maximum contracted download speed of the fastest fixed line internet connection is at least 30 Mb/s
- Enterprises where web sales were more than 1% of the total turnover and B2C web sales more than 10% of the web sales
- Use any Internet of Things
- Use any social media
- Have CRM
- Buy sophisticated or intermediate CC services
- Use any AI technology
- Buy CC services used over the internet
- Enterprises with e-commerce sales of at least 1% turnover
- Use two or more social media

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

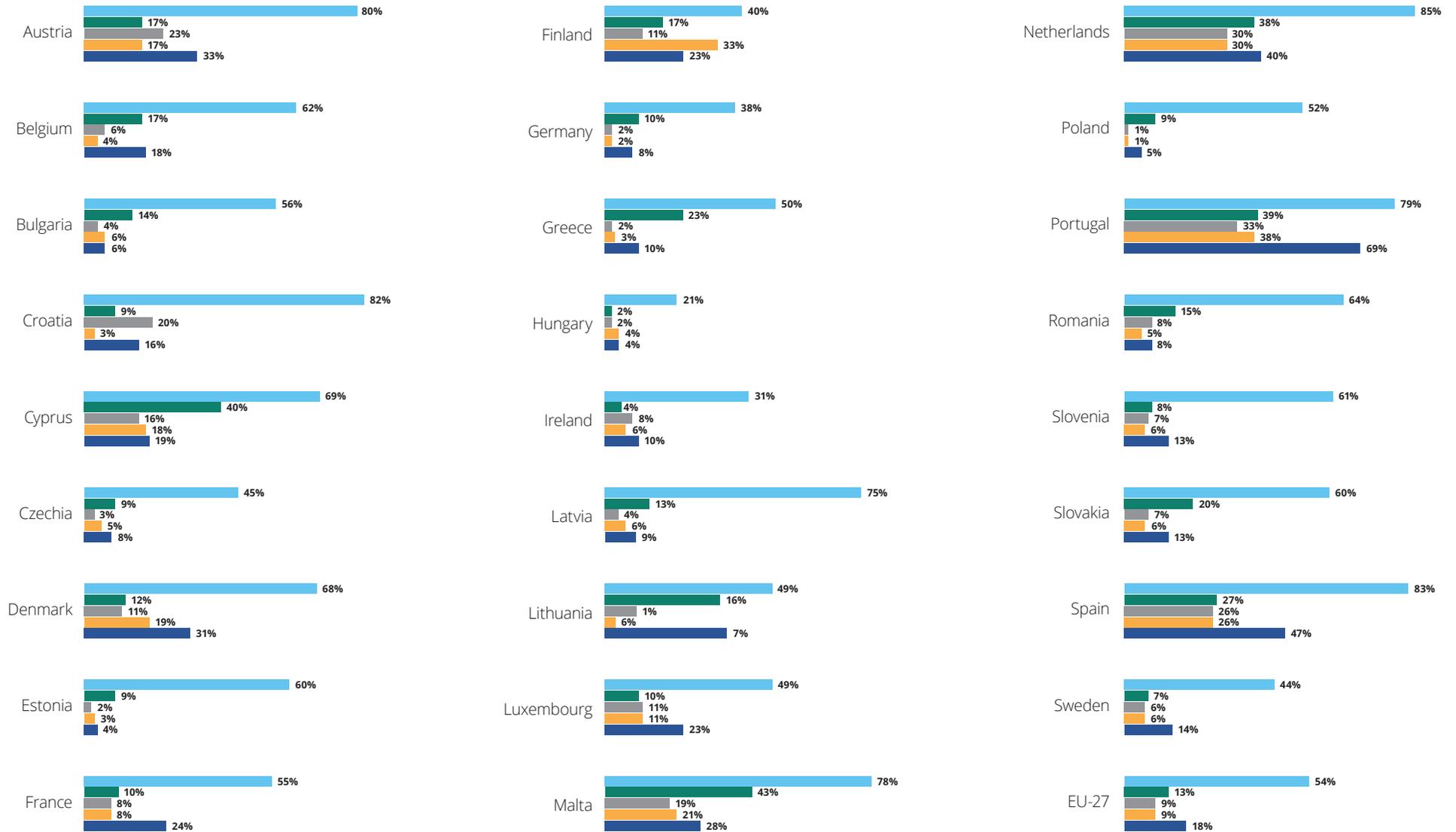
Enterprise has very high digital intensity index:
Count of enterprises with 10-12 points

SOURCE: EUROSTAT (2021)

*SME = 10-249 employees and self-employed persons, without financial sector
Large enterprise = 250 employees and self-employed persons or more, without financial sector

EU-27 perceived barriers to online shopping

■ Individuals prefer to shop in person, like to see product, loyalty to shops or force of habit
 ■ Individuals lack the necessary skills
 ■ Individuals have concerns about the cost of delivery of goods
 ■ Individuals have concerns about the reliability or speed of delivery
 ■ Individuals have concerns about payment security or privacy



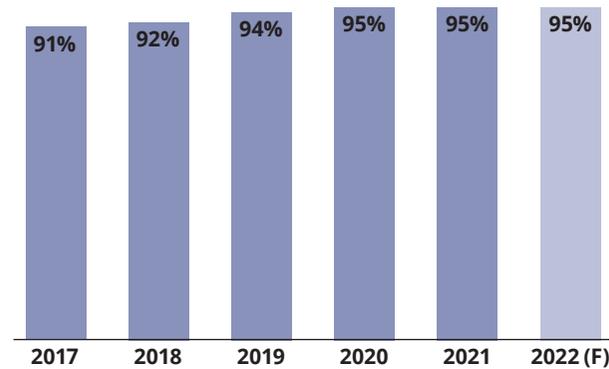
SOURCE: EUROSTAT (2021); PERCENTAGE OF INDIVIDUALS WHO DID NOT PURCHASE ONLINE IN THE LAST 3 MONTHS

Western Europe



Internet usage

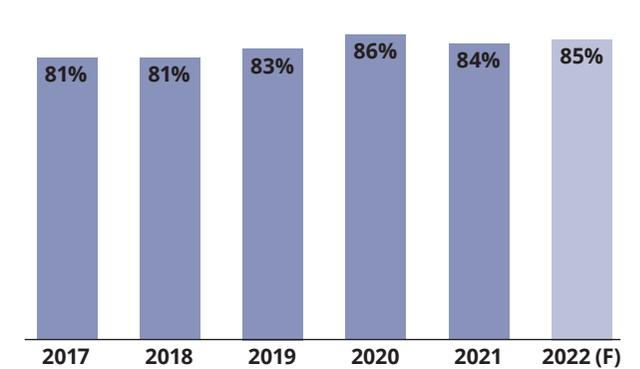
Percentage of the population accessing the internet



SOURCE: EUROSTAT; STATISTA

E-Shoppers

Percentage of internet users that bought goods or services online



SOURCE: EUROSTAT; STATISTA; UNITED NATIONS

B2C e-commerce turnover (€bn)

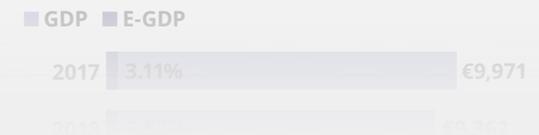
— Growth rate



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

GDP and E-GDP (€bn)

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

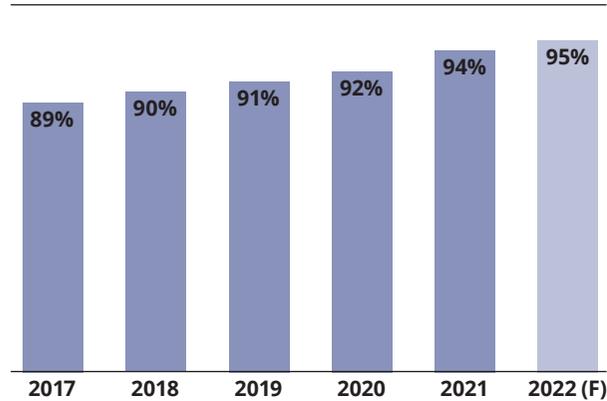


Belgium

▶ Currency: Euro ▶ VAT: 21%

Internet usage

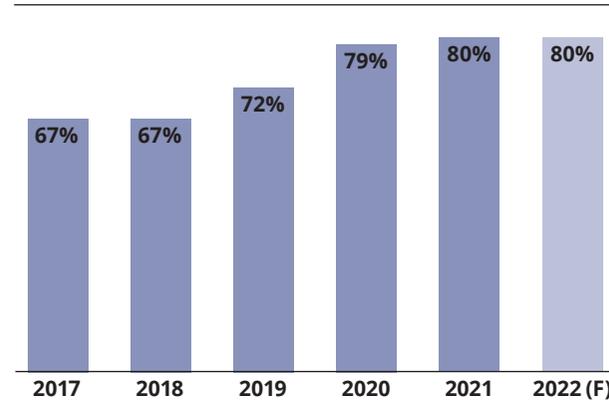
Percentage of the population accessing the internet



SOURCE: EUROSTAT

E-Shoppers

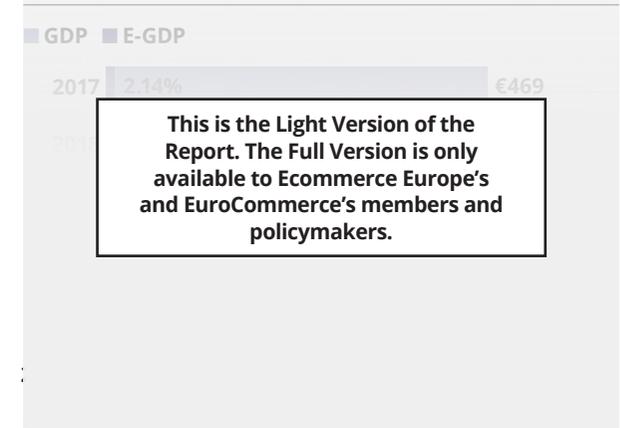
Percentage of internet users that bought goods or services online



SOURCE: EUROSTAT

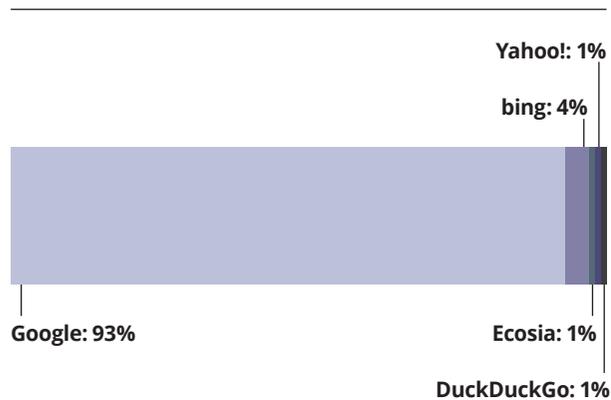
GDP and E-GDP (€bn)

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



Search engine market share

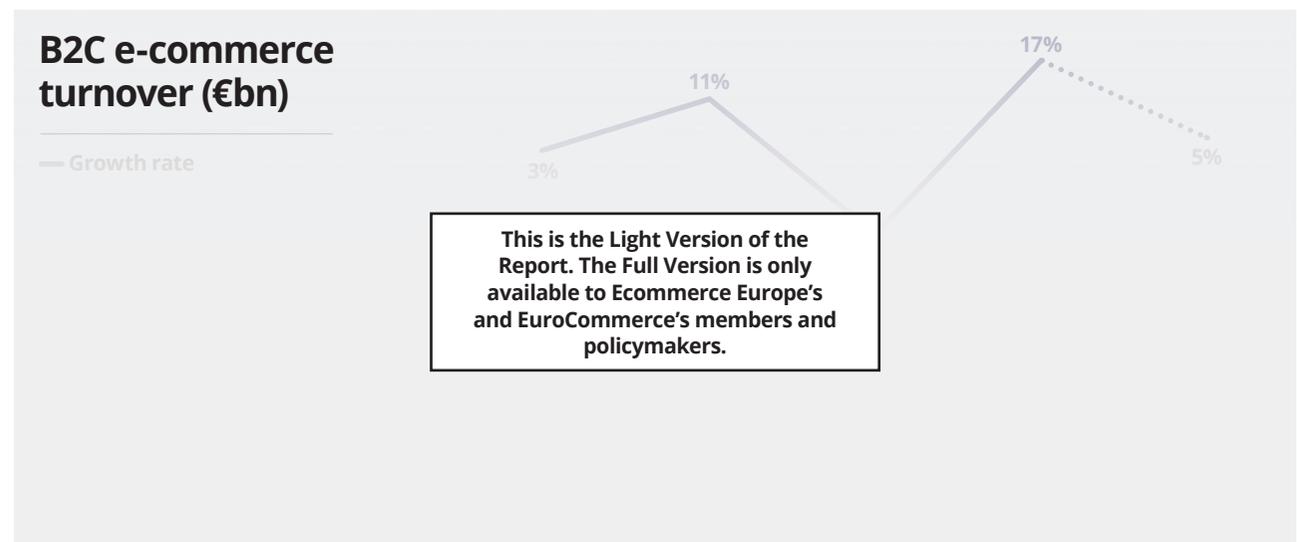
Most popular search engines in 2021



SOURCE: STATCOUNTER

B2C e-commerce turnover (€bn)

— Growth rate



Association analysis indicates that for the 2021 total, 16% represents goods and 61% services

Belgium



Interview Greet Dekocker



Managing Director, SafeShops.be vzw

POLICIES AND REGULATION:

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

Firstly, upcoming legislation on parcel mailboxes. An official position for these will ensure that there is less sprawl and that they will hopefully be considered more often as an option in new and refurbished buildings.

Secondly, a labor deal that will make night work in the retail sector easier.

Finally, a legislative proposal from the DeSutter cabinet regarding employment conditions for parcel distribution is on the agenda. This is to tackle certain working conditions within the package distribution sector.

What EU policies, if any, are being considered that you think will have an impact on the Belgian e-commerce market?

DSA, Omnibus and the Data Act are the most well-known ones. But also the attention that data export towards the US (read Google / Schrems II) demands.

Have the new VAT regulations (July 2021) impacted your market in any way?

We are seeing some imports from other continents being impacted. Due to this, customers are getting more prudent when ordering from intercontinental companies and also the UK. Although it's not always with ease, we've seen companies in Belgium adapting technically towards the new VAT regulations.

SUSTAINABILITY:

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

Several preparatory workshops have taken place as businesses enter an initiative phase. Ideas on the agenda include, for

example, a calculator to guide consumers towards the most sustainable option during checkout. We've also seen a lot of package suppliers taking individual initiatives such as electrifying their vehicle fleet, expanding it with bicycle courier services for inner city distribution or installing additional parcel lockers in eco-zones.

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

The relevant cabinet (De Sutter) ordered SafeShops – a study to investigate and stimulate the effects of return-limiting measures such as AR, better product information and better sales follow-up. When revealed, the conclusions and insights from this study should help the sector to map out a correct policy for returns during a second phase of this work.

TECHNOLOGY:

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

SMEs often already use SaaS solutions to get the job done. However, new players such as Shopware are now entering the Belgian market.

Which technologies are e-commerce industry players in your market focusing on in 2022? Technologies such as AI, VR, big data, etc.

Yes, AI and AR but also good PIM systems and customer contact software – Zendesk, for example – are increasingly being considered to manage data and contact. Speech technology is also making its appearance.

What is the conversation and feeling from the public around data privacy and protection?

They're aware of it and found it their most important concern of 2021 in our Belgian Online Shopper Survey (BOSS). With this at number one, customers' other concerns were undamaged delivery, product quality and warranties.

“After the lockdown year of 2020, consumers kept on shopping more online throughout 2021”

CURRENT EVENTS AND E-COMMERCE:

The ongoing conflict in Ukraine, initiated by Russia, is undoubtedly having an impact on markets across Europe. Have you seen any specific direct or indirect impacts on your e-commerce market from these unfolding events?

Purchasing power of the consumer is currently declining due to rising energy prices and the fear of an expanding war in Ukraine. Retail and, in particular, e-commerce are being affected by the consumers' reduced purchasing behavior and/or hesitation to make purchases.

Several members of E-commerce Europe have taken action to support Ukraine. Is there anything your association is doing, or plans to do?

Not directly. The initiative for action to support the people of Ukraine currently lies with the individual.

Covid-19 revealed the importance of e-commerce to Europe but as restrictions are lifted, there are concerns that citizens will head back into physical shops. Have you noticed a drop in e-shoppers, e-commerce turnover or e-commerce growth in the past year?

There's been no drop and we actually saw an increase in the transaction volume, from 107m transactions previously towards 150m in 2021. So after the lockdown year of 2020, consumers kept on shopping more online throughout 2021. We expect this online shopping habit to become regular behavior from now on.

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

A growing awareness of the importance of safety. Ukraine, cybercrime and the importance a consumer attaches to privacy (GDPR) are quietly leading to an awareness that e-commerce must pay further attention to safety online. While there is still a long way to go, the first seeds have already been planted.



Belgium

Interview Sofie Geeroms



Managing Director, BeCommerce vzw asbl

POLICIES AND REGULATION:

What domestic policies, if any, are being considered in Belgium that will have an impact on e-commerce?

Belgium is currently considering e-commerce labor policies. For example, can e-commerce work with flexible hours? Can it employ staff at evening or at night? Can e-commerce work with independents?

We are also looking at sustainability policies around last-mile delivery, packaging, corporate social responsibilities and so on.

What EU policies, if any, are being considered that you think will have an impact on the Belgian e-commerce market?

Belgian consumers are currently spending a lot on e-commerce through foreign platforms, so we need to look at how to redress the balance. Also, GDPR compliance requires businesses to look at their privacy regulation, as well as the banning of third-party cookies.

Have the new VAT regulations (July 2021) impacted your market in any way?

Yes they have, in that we see far fewer goods coming into Belgium from Asia and the UK.

SUSTAINABILITY:

What is currently happening in Belgium regarding sustainable transportation efforts?

There are initiatives coming from the Flemish region to work on last-mile delivery and to minimize packaging. This is a pilot project which will take two years and is being supported by the packaging industry as well as webshop and logistic players. We, as a nonprofit, are joining as well, as is the Brussels region.

We also recently signed the Green Deal, which is a commitment to reduce packaging among an alliance of nonprofits, middle

field organizations, packaging industry and bigger companies such as Nike and Coca-Cola.

What are your views on the Waste Framework Directive – Packaging and Packaging Waste Directive? What impact do you think this will have on sustainability?

The revision of the Waste Framework Directive is a good thing. The objectives were set by the European Commission in the previous Directive and cover a lack of both targets and monitoring of member states, as well as issues with waste collection systems and recycling. Waste management plays a key role in decreasing waste but is also an important tool for the transition towards a circular economy. The e-commerce sector represents a key opportunity to give secondary goods a second life because it connects businesses and consumers, so can act as an outlet for second-hand products.

TECHNOLOGY:

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

Yes, we saw an amazing shift. So many more webshops have been created and so many more micro-entrepreneurs started selling online. In our own community, we have been helping more than 1,000 SMEs by giving them knowledge about e-commerce through our general e-commerce guide, available for free through Ezyshop.be. We also have been coaching SMEs, allowing them to make the right choices.

Which technologies are e-commerce industry players in your market focusing on in 2022? Technologies such as AI, VR, big data, etc.

Technologies such as AI are really being used to KYC better and make advertisements custom-made. We also see blockchain coming up in the chain of KYC.

What is the conversation and feeling from the public around data privacy and protection?

Many consumers think it's important. It would be good if we could measure how many consumers change their cookie settings to opt-out from marketing, or decline to share, compared to those who accept the given settings on cookies and data-protection.

“Belgian consumers are currently spending a lot on e-commerce through foreign platforms, so we need to look at how to redress the balance”

Several members of E-commerce Europe have taken action to support Ukraine. Is there anything your association is doing, or plans to do?

We are, of course, not bordering with Ukraine, so it makes no direct sense for us to take actions in e-commerce.

Some logistical e-commerce players like BPost are taking actions to collect goods and to bring them to the border, although that does not relate specifically to e-commerce.

It is, of course, true that the consumers love merchants/webshops that are doing well. So, for instance, Adyen offers their merchant-clients the option to give the consumer the power to contribute to good causes that will help the people of Ukraine.

Covid-19 revealed the importance of e-commerce to Europe but as restrictions are lifted, there are concerns that citizens will head back into physical shops. Have you noticed a drop in e-shoppers, e-commerce turnover or e-commerce growth in the past year? If so, what do you attribute this to?

It is logical that citizens are now heading back into physical shops since e-commerce has never attempted to replace bricks-and-mortar stores but rather plays a complementary role of choice in the customer journey. However, e-commerce has helped many consumers and businesses weather the pandemic crisis.

We have seen a drop in e-commerce for certain sectors – home and garden, DIY and electronics, for instance – but still an overall increase compared to spending levels from before 2019. That makes sense since home office and home improvements



Belgium

Continued from previous page

became a priority during lockdown, yet items such as laptops, office desks, garden furniture and so on don't need to be replaced on an annual basis.

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

Sustainability is an important trend in Belgium. How can e-commerce businesses make that final mile greener? How can we create e-commerce that consumes less packaging?

Webshops, consumers and logistic players have to join forces in the interest of society at large. We need to demonstrate awareness, avoidance, action and anticipation around this subject. Logistics players are investing a lot in the electrification of their delivery fleets and in optimizing delivery methods by creating emission-free zones through the greater use of installed lockers and pick-up points.

The circular economy is already a fact. Consumers are re-using packaging but also clothes, shared goods and services for the greater good through all kinds of sharing economy platforms.

As a consumer-interest driven nonprofit, we will continue to defend the rights of the consumer to return their goods without giving a reason. However, we also want to make the consumer aware of their own responsibility towards a more sustainable economy.

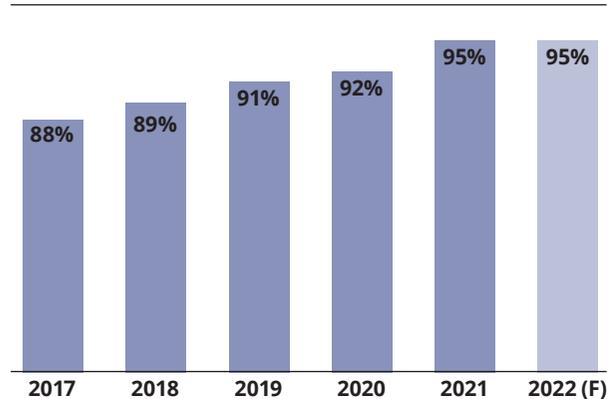
Consumer awareness is important in this regard. Webshops can enable this process by empowering the consumer in their choices of delivery time and delivery venue by creating transparency and using price-differentiation of different delivery options. They must also continue investing further in technology to reduce the number of items returned. Virtual Reality might be important in this regard, along with a good product information system, or even a buying limit on the number of same items in differing sizes or colors.

France

▶ Currency: Euro ▶ VAT: 20%

Internet usage

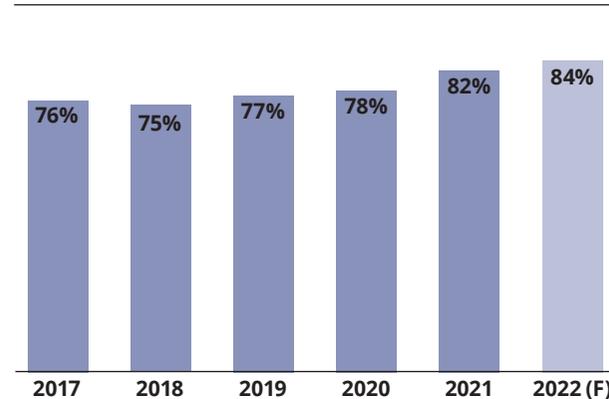
Percentage of the population accessing the internet



SOURCE: EUROSTAT; CMI ANALYSIS

E-Shoppers

Percentage of internet users that bought goods or services online



SOURCE: EUROSTAT

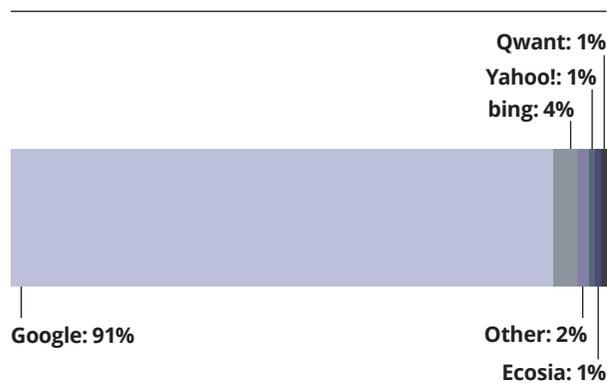
GDP and E-GDP (€bn)

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



Search engine market share

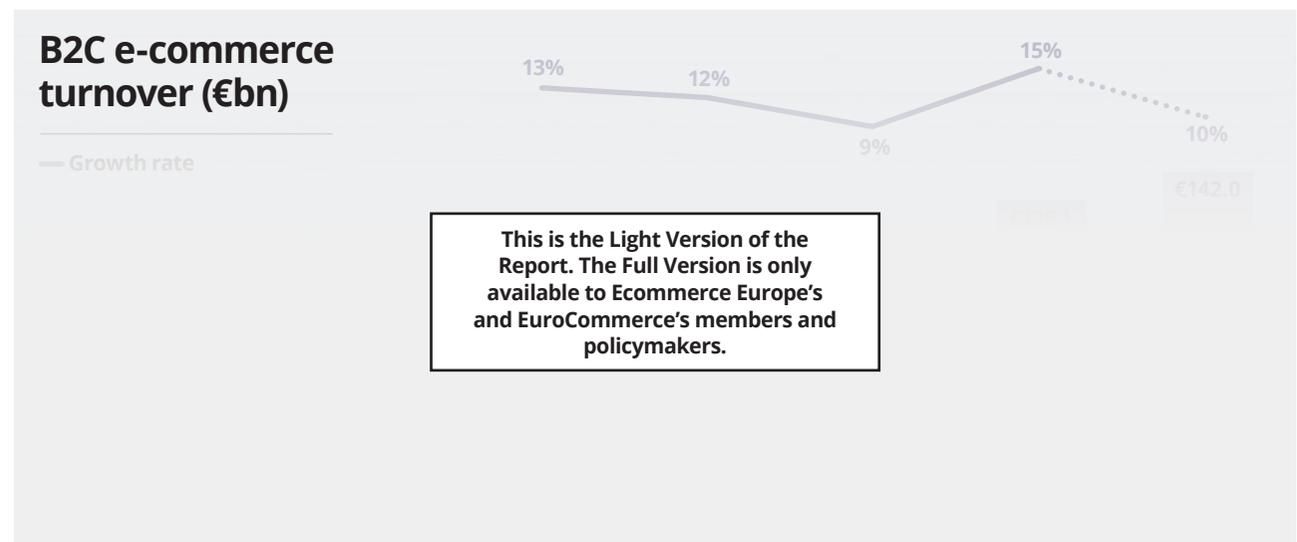
Most popular search engines in 2021



SOURCE: STATCOUNTER

B2C e-commerce turnover (€bn)

— Growth rate



Association analysis indicates that for the 2021 total, 52% represents goods and 48% services

France

Interview Marc Lolivier



Executive Director, Fevad

POLICIES AND REGULATION:

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

France is in a presidential and parliament election year in 2022 so we do not expect we will see too many new e-commerce policies before the completion of the elections in June. Then it will be in the hands of the new government and parliament.

What EU policies, if any, are being considered that you think will have an impact on the French e-commerce market?

We have the DSA, which is going to be a major change in the EU regulatory framework regarding comments, although specifically on platforms, since marketplaces are now playing a very important role in e-commerce across the EU. This is a game-changer because there are so many new EU rules coming up with the DSA that we will have to implement in a quite short period of time.

The previous directive was dated from 2000, so while it definitely needed to be updated and revised, I think we will have to be very careful in the implementation of these new regulations, even though they have really tried to make some aspects of it proportionate. It seems there are some rules for the very large online platforms which do not apply to small- and medium-sized enterprises, which I think is fair. A willingness to protect this fairness alongside consumers is absolutely needed but on the other hand, you have to be careful not to put too much burden on certain companies so that only the big ones end up surviving.

This is where you need to find the balance between the need for competition and the need to protect the consumers. I think in this particular case, the legislation seems not too bad, although we will now have to be very careful in the implementation of it.

Have the new VAT regulations (July 2021) impacted your market in any way?

We were very supportive of this directive because, to some extent, it's something that was already going on in different member states who had been willing to protect their domestic markets against unfair competition from overseas. The fact that it's been addressed at a European level, with marketplaces collecting VAT for imports from outside EU, has, I think, been a smart move.

France just make a decision to go beyond the directive. They have applied the rule even for imports beyond €150, which is the threshold in the directive by which you don't have to apply this rule of marketplace collecting.

The French government decided to over-transpose. Is that the correct way to go beyond the minimum and then create some extra problems? Once you try to do things differently then you create additional problems because other marketplaces that are collecting VAT do not know whether products already went through another member state where the VAT was paid. They don't have this information. So there's now a difficulty to implement the rule just because France decided to transpose in a different way or to over-transpose the directive.

France already has quite a lot of new legislation related to VAT and sustainability but what's important is that all this is at a European level. If every country applies their own legislation, then it becomes very counterproductive if European e-commerce wants to compete with the Chinese and or US.

This is why we absolutely need to further harmonize regulation in Europe so that companies are able to address the entire European market in a uniform way. This is key for the future of European e-commerce.

A good example is on data protection, when GDPR was supposed to have harmonized legislation. You can see it didn't quite do that because Google Analytics isn't compliant with GDPR since it includes a US clause that allows America's National Security Agency to use its data.

“ France already has quite a lot of new legislation related to VAT and sustainability but what's important is that all this is at a European level”

SUSTAINABILITY:

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

Companies now realize that sustainability is a real expectation from consumers and that it can also be good for financial performance. In 2021, we have seen a new code of conduct promoted by both Fevad and the government that encourages companies to do better.

Moving towards low-carbon transportation is largely a matter of investment, although logistics count too. Can businesses warehouse their stock closer to where the citizens live so that cargo bikes or electric vehicles can provide the last-mile delivery? Can they, you know, put fulfilment centers in old city-center factories rather than build new ones in the middle of a field? Although everyone likes the idea of being more sustainable, not everyone would welcome such increased commercial activity in urban areas.

So there's great expectation from consumers regarding this sort of code of conduct. Any kind of economical activity impacts on the planet but to reduce that means action from both companies and consumers.

Another important issue where e-commerce can improve its practices is parcels. Reducing their size, limiting plastic and so on. Some companies are even going further, with Amazon leading the way in some aspects. Amazon approaches this in a very smart way because some products require the extra protection of being a parcel inside a parcel, yet others are already protected by their original packaging. So sending that out in a single box is good for the planet but it's also cheaper for

France

Continued from previous page

Amazon. The good thing about sustainability is that sometimes, it's also good for the company's financial performance.

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

The right to return must be part of distance selling and e-commerce because if you can't see a product before you buy it, you need to be able to send it back. But what businesses have to try to avoid is pushing consumers to order one item in three sizes and eight different colors, only to send most of them back every time. Yet they must do this without trying to limit the customer's basic right to return.

What we know is that of course, free returns facilitate these types of behavior. We also need to improve information to consumers about the environmental effects of not just products but also of shipment, returns and express delivery. Most consumers are now aware of this and the need to do something, so they're willing to play the game. But we need to work with all the stakeholders to provide reliable, consistent and relevant information. Otherwise, consumers will get confused and this will not help. Every year, this becomes more important.

The quality of gathered data can also affect this enormously. If you have a wrong address, a parcel will have to go back to the warehouse to be delivered again. The same is true if the customer is not at home to accept the delivery. Since it's very expensive to employ staff and vehicles to deliver the same thing twice, improving data quality and even employing AI to verify delivery information are great ways to save costs and also be more sustainable.

Regarding repairs, we already have French laws relating to the availability of spare parts to ensure that products can be repaired. But we tend to put the burden on the distributor rather than the manufacturer and it's very important for future legislation to look at this balance, since most products are repaired by the manufacturer.

What are your views on the Waste Framework Directive – Packaging and Packaging Waste Directive? What impact do you think this will have on sustainability?

France already has this, although again, it's good news that we have a European legislation since anything that helps to harmonize rules across Europe is good news for us. France has a tendency to over-regulate everything, so we are happy when, as in this case, the French rules are exported to the rest of Europe.

TECHNOLOGY:

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

What we've seen over the past two years is the digitalization of retailers, particularly SMEs, speeding up considerably. In France and throughout Europe, figures show the amount of revenue coming from online really booming during Covid-19, although the rate of change is now slowing a little bit because we went very high during lockdowns.

More than accessing technology, I think retailers have learned a lot and gained four or five years of experience about digitization in less than half that time. The fact that shops were closed meant many had to do something different in order to survive. That's good because the opposition between e-commerce and commerce is less now that businesses can see how e-commerce can support their offline sales as well. We've moved away from one fighting the other and entered a multichannel world.

Which technologies or practices are e-commerce industry players in your market focusing on in 2022?

Technologies such as the metaverse are not yet in the day-to-day life of most retailers. Instead, retailers are looking into how to use data better in order to understand consumers as well as their own performance. AI is very much used for delivery but also for marketing purposes and to personalize communications.

While VR and other technologies such as NFT need to be looked at as they evolve and become more accessible, I think that data is still the most important thing.

“I think retailers have learned a lot and gained four or five years of experience about digitization in less than half that time”

A far more significant trend within France is the shift in consumer behavior and attitudes towards second-hand products. Over 50% of consumers say they've purchase a second-hand product in the last 12 months. This is very significant because it's not just sustainable but we've seen that people who buy second-hand stick with buying used goods, which is a major commercial shift.

I mentioned reducing returns earlier but this offers a route to use returned goods without simply destroying them. Now they can be reconditioned and sold again, which is a major evolution. Additionally, 70% of French consumers said they have personally sold used items on the internet through sites such as Vinted, which is massive in France. This is something that we are going to study more to see what its impact will be on e-commerce as a whole.

If you know you will ultimately be reselling your clothing when you no longer want it, you may be prepared to pay more for it yet you will also want it to be a higher, more durable quality. It's an interesting way to see the evolution of fast fashion which, until now, has meant buying something cheaply then throwing it away quickly. There can now be a more sustainable way to consume because you know someone else will buy it from you.

For all of the focus on the sustainability of packaging and delivery, we know that the most important impact on the environment is the manufacturing of the product itself. So if you can avoid manufacturing new products, that's the best way to have sustainable practices in shopping.

The second trend we see, which is not as developed as second-hand but is developing quickly, is renting. Decathlon, for example, has seen success renting tents for camping

France

Continued from previous page

holidays. Many people don't care about ownership of camping equipment, they just need a tent for two weeks of holiday each year. So if they rent it from Decathlon, they don't have to store it in their home for the rest of the year.

CURRENT EVENTS AND E-COMMERCE:

The ongoing conflict in Ukraine, initiated by Russia, is undoubtedly having an impact on markets across Europe. Have you seen any specific direct or indirect impacts on your e-commerce market from these unfolding events?

What France is seeing is an acceleration of the issues that had started before this crisis – the rising price of oil, inflation and so on. Covid-19 had made it hard to get manufactured products from China but while war in Ukraine has accelerated shortages, at the moment, we haven't seen major impacts on consumption.

E-commerce retailers are worried about potential impacts in the future because with price of petrol increasing, their transportation and delivery costs will increase too.

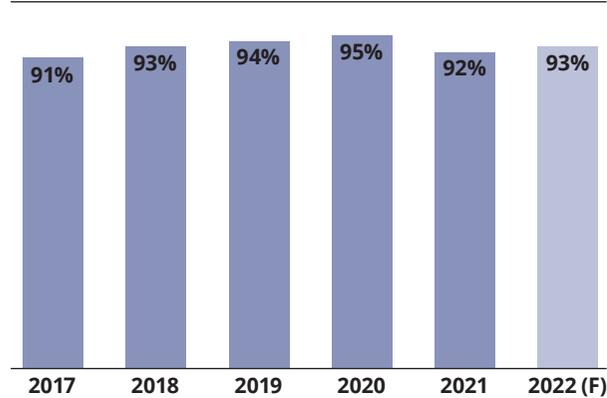
In terms of direct action, France currently has the Presidency of the EU and was asked by the Ukrainian government to see how many computers and laptops we could collect. So we contacted our members and asked them to donate as many computers, laptops and mobile phones as they could. Many of our companies also organized all sort of fundraising actions to support Ukrainian people.

Germany

▶ Currency: Euro ▶ VAT: 19%

Internet usage

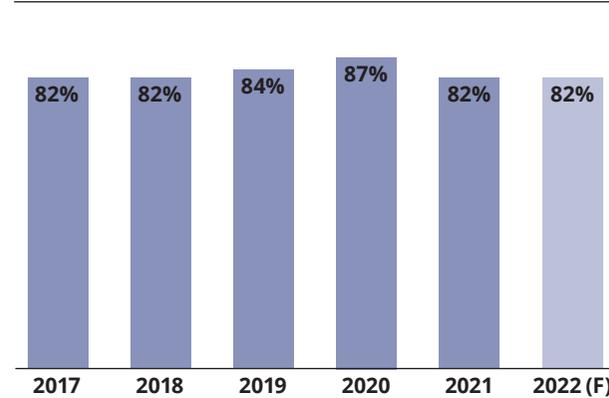
Percentage of the population accessing the internet



SOURCE: EUROSTAT

E-Shoppers

Percentage of internet users that bought goods or services online



SOURCE: EUROSTAT

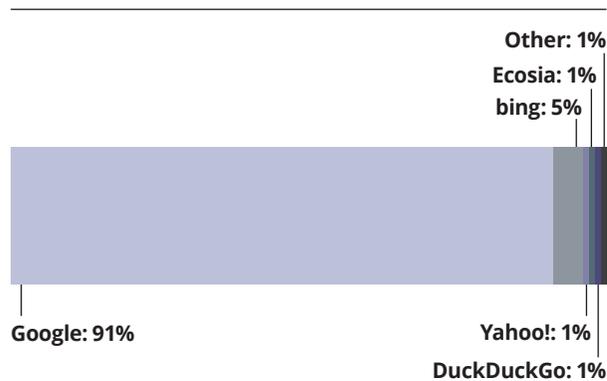
GDP and E-GDP (€bn)

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



Search engine market share

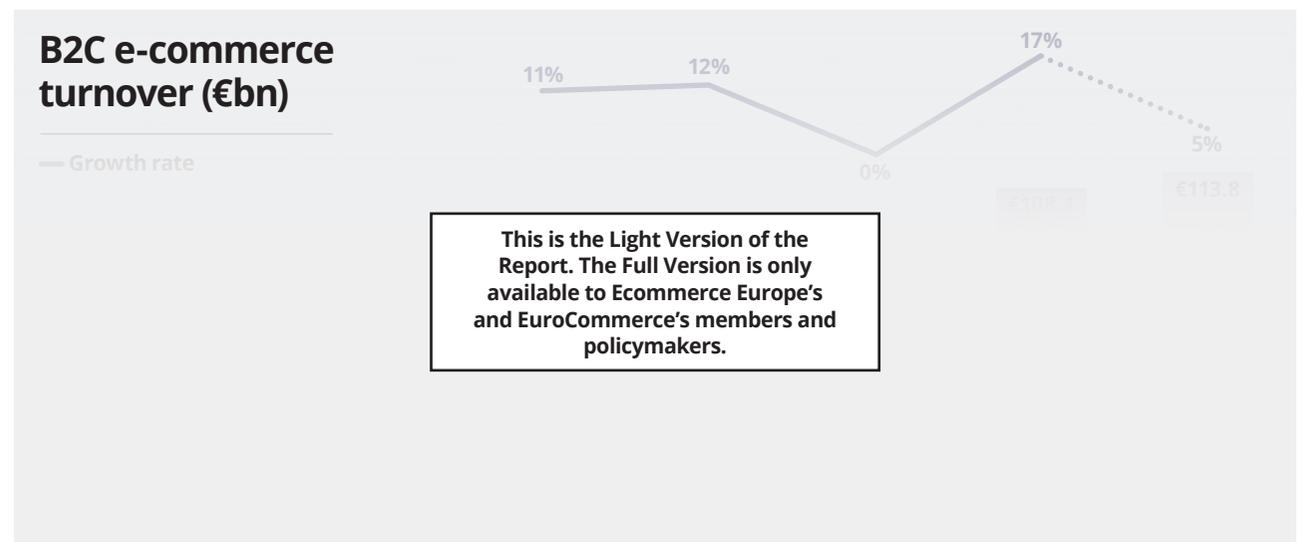
Most popular search engines in 2021



SOURCE: STATCOUNTER

B2C e-commerce turnover (€bn)

— Growth rate



Association analysis indicates that for the 2021 total, 92.5% represents goods and 7.5% services

Germany

Interview

Martin Groß-Albenhausen



Deputy Secretary General, Bundesverband E-Commerce und Versandhandel e.V.

POLICIES AND REGULATION:

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

Since a new German government took up its work at the end of 2021 and had to deal first with the Covid-19 crisis and then the war in Ukraine, there haven't been any new e-commerce related proposals so far. However, it is quite clear that the need for improvements in infrastructure and sustainability will play a bigger role, especially considering the role of the Green Party in the government.

What EU policies, if any, are being considered that you think will have an impact on German e-commerce?

In the area of sustainability, we will see a lot of changes coming our way that will have a huge impact on all types of retail. The Sustainable Product Initiative will require retailers to provide additional information about the sustainability of a product in the form of a digital product passport. Moreover, it will require companies to report on, and potentially ban, the disposal of goods. Consumers will be empowered to make greener purchase decisions based on substantiated green claims, which will require companies to prove that their products really do have the sustainability features they are advertising. However, at the same time, the Digital Services Act is aiming at banning techniques that allow retailers to positively nudge the consumer into a certain direction and buy the more sustainable option.

Finally, in June, the updated Vertical Block Exemption Regulation will come into force. This will most likely introduce the possibility for manufacturers and brands to charge higher retail prices for goods sold online than for the same vendor selling the same product offline. Moreover, manufacturers can ban retailers from

selling their products on marketplaces and platforms and set higher requirements for the online sale than for the offline sale. Moreover, hybrid platforms will be excluded from the scope of the VBER, which entails a huge potential for abuse. The new VBER will make online sales and the digitalization of retail less attractive. It will strengthen direct online sales by manufacturers whose market share has been increasing at very high rates for the past two years, who are further gaining influence and who could try to reserve the online sales channel for themselves.

Have the new VAT regulations (July 2021) impacted your market in any way?

Not all companies are yet convinced that the One Stop Shop is a simplification. Although the OSS is making accounting for VAT easier, there are still many uncertainties as its use is still quite complex. Moreover, there are still a couple of situations in which it cannot be used – B2B sales, for example. In addition, when using the FBA solutions of marketplaces and when having stock in various countries, the OSS does not apply and companies still have to register in each of the member states. Therefore, we are calling for an extension of the OSS to these cases and for a single VAT ID in the EU. This would really encourage SMEs in particular to make use of the Single Market and to sell cross-border. This could be further encouraged by aligning VAT rates for products across the EU.

SUSTAINABILITY:

What is currently happening in Germany regarding sustainable transportation efforts?

Postal and express couriers are investing into green delivery options to reduce emissions, especially for the last mile, with cargo bikes and alternative fuels vehicles. This development has been requested more and more by customers and retailers alike. Moreover, logistics service providers are looking into the optimization of packaging, the establishment of a reusable packaging system and the optimization of the use of the loading space in their vehicles. Finally, a pilot project on a certification system for sustainable transport is currently underway.

“Not all companies are yet convinced that the One Stop Shop is a simplification”

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

We have seen very strict take-back requirements for online merchants on old electronic devices that entered into force at the beginning 2022. These go beyond the requirements of the EU directive.

We are still waiting for a so-called Transparency Regulation – a sort of delegated act – that will specify what companies will have to report on concerning the disposal of goods. In this context, we are also still asking for simplifying and exempting in-kind donations from VAT. The right to repair is also on the agenda of the new German government but so far, there don't seem to be any concrete plans and everyone seems to be looking at what is coming at a European level.

Moreover, the German government is currently running a research project that wants to make sustainability information easier accessible for consumers and is, in many ways, mirroring the goals of the Sustainable Product Initiative.

What are your views on the Waste Framework Directive – Packaging and Packaging Waste Directive? What impact do you think this will have on sustainability?

Extended producer responsibility schemes are very complex. Compliance across various EU markets is costly and time intensive, especially for SMEs, who can find it impossible to cope with the various EPR requirements in the different member states. Because of this, many SMEs refrain from selling cross-border, especially since many member states are creating more national requirements and banning the labels of other member states from their own markets.

We would therefore like to see EPR registration, reporting obligations and fees harmonized in the EU and dealt with via an EU One Stop shop, as it is already done for VAT purposes. This

Germany

Continued from previous page

could really help to unlock the potential of the EU Single Market for SMEs. Our members are already working on reducing packaging material as much as possible. This is not only becoming more necessary for economic reasons because of rising prices and supply chain and energy constraints, but also because they want to act as sustainably as possible. However, obliging retailers to use a specific required size of packaging, regardless of the product type being shipped, could risk some products being damaged on their way to the customer, causing even more waste rather than reducing it.

TECHNOLOGY:

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

In 2021, we saw an increasing share of e-commerce in the retail sector, probably following increasing investments during the pandemic. This, however, does not hold true for every sector. In pet supplies, the share of traditional retail in e-commerce has been shrinking and while the share of online pure players in this sector has remained stable, the share of online marketplaces has grown rapidly. This might indicate that many retailers have used marketplaces as their prime entry gate into e-commerce, which is also reflected in a growing share of merchants' revenue as part of GMV on hybrid marketplaces.

Which technologies are e-commerce industry players in Germany focusing on in 2022? Technologies such as AI, VR, big data, etc.

AI and Machine Learning (ML) currently mainly play a role as part of marketing optimization and personalization, as well as of big data analytics. In addition, smart printing is used in order to cope with the current shortage of paper. We also see AI usage for customer service – chatbots – and innovative approaches to use artificial intelligence in monitoring customer satisfaction.

What is the conversation and feeling from the public around data privacy and protection?

Consent management is a major concern because of growing awareness among the public. Due to the developments in France

and Austria, many e-commerce companies doubt whether they should invest into Google Analytics 4 as an alternative to Universal Analytics. Rather, they tend to evaluate independent alternative software. Privacy concerns are now a predominant topic because of the adoption of 'privacy by design' in Apple, Android (upcoming) but also different browsers like Chrome etc.

CURRENT EVENTS AND E-COMMERCE:

The ongoing conflict in Ukraine, initiated by Russia, is undoubtedly having an impact on markets across Europe. Have you seen any specific direct or indirect impacts on your e-commerce market from these unfolding events?

Only a few of our members (about 10%) have been directly impacted by the ongoing war in Ukraine due to operations within Ukraine, Russia or Belarus. The major impact has been on energy price increases as well as a shortage of supply and problems in distribution due to a lack of lorry drivers. On the demand side, there has been a heavy general drop in consumption following the invasion. Especially older consumers seem to be more concerned, not because of the war itself but because of gas prices, inflation and a shortage of certain groceries. Exact figures are difficult to obtain since revenues have to be measured against 2021, which was a year of extraordinary growth. This has, in general, a dampening effect on this year's growth rates.

Several members of E-commerce Europe have taken action to support Ukraine. Is there anything your association is doing, or plans to do?

We use our network and enable our members to support and help directly. There is aggregated and curated information on our website about the items needed and the possibilities to make in-kind donations that will be distributed by one of our members to refugee shelters. In addition, we have promoted several initiatives by our members cooperating with boy-scout organizations in Poland and other countries transporting goods to the Ukrainian border.

Covid-19 revealed the importance of e-commerce to Europe but as restrictions are lifted, there are concerns that citizens will head back into physical shops. Have you noticed a drop in e-shoppers, e-commerce turnover or e-commerce growth in the past year?

E-commerce grew at an even higher rate in 2021 than in 2020. Even with stores now open again, many shoppers have continued to buy online, while customer satisfaction has been at the highest levels ever. In the early weeks of 2022, there has been some decline, which is linked to the growing uneasiness about the developments in Eastern Europe.

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

First, we see an ongoing 'Marketplaceation', which means that big online shops such as otto.de, conrad.de and zalando.de broaden their scope by integrating third-parties as merchants on their websites. The online sales via marketplaces already reach more than 50% in Germany.

Secondly, the D2C-business increases, which means a direct competition for both traditional retailers and online shops. This leads to a reflection of the use of merchants for customers and the whole economy.

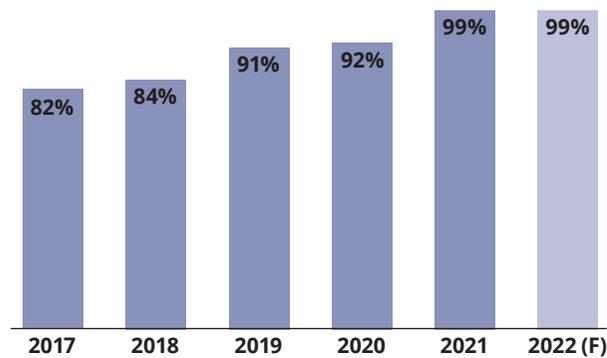
Overall, 2022 will be a very difficult year because of many different operational problems. Besides the war in Ukraine, a major lockdown in China is currently worsening supply chain problems, a paper shortage is hampering marketing efforts and the war is impacting distribution, sales and warehousing costs. All of this at a time that consumer confidence is at a low level due to higher petrol prices, meaning that 2022 will be an exceptional year. As consumers have learned to shop online for cheap prices, some additional demand might go to e-commerce, but certainly prices will be comparably higher across the board and therefore e-commerce will not capture and convert all demands.

Ireland

▶ Currency: Euro ▶ VAT: 23%

Internet usage

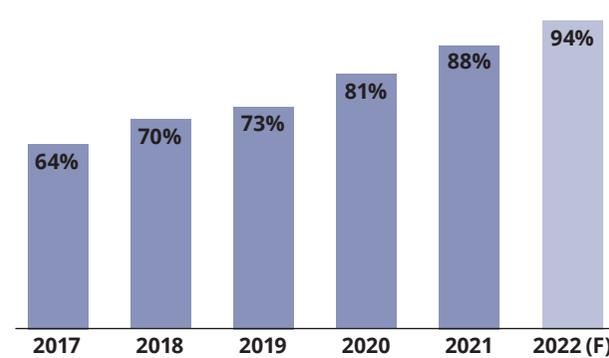
Percentage of the population accessing the internet



SOURCE: EUROSTAT

E-Shoppers

Percentage of internet users that bought goods or services online



SOURCE: EUROSTAT

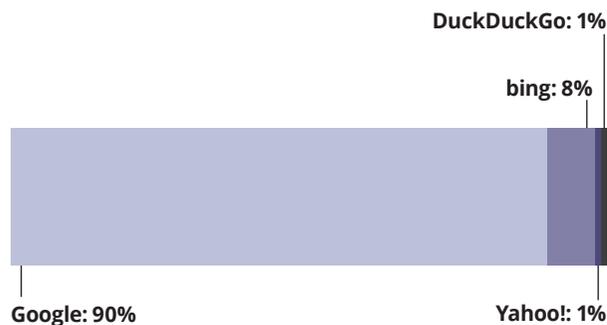
GDP and E-GDP (€bn)

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



Search engine market share

Most popular search engines in 2021



SOURCE: STATCOUNTER

B2C e-commerce turnover (€bn)

— Growth rate



Statista figure indicates that for the 2021 total, 96% represents goods and 4% services



Ireland

Interview James Byrne



Director & Chair of Retail Excellence
Ecommerce Forum

POLICIES AND REGULATION:

What domestic policies, if any, are being considered that will have an impact on Irish e-commerce?

The game-changer for Irish retailers has been the Covid-19 Online Retail Scheme – a government grant for businesses to expand online, administered by Enterprise Ireland. This much-needed state-support has had a major impact on the e-commerce market in Ireland by enabling retailers to expand and grow online.

So far, we have had four rounds of the grant of up to €40,000 funding per retailer, per round. The scheme was open to Irish-based retailers with a physical store and a pre-existing online presence who employ ten or more people. In 2021, €5m in funding was awarded in the fourth round, with a fifth round set to open for applications in 2022.

The Online Retail scheme is complementary to the Trading Online Voucher Scheme by the Local Enterprise Offices that offers funding of €2,500 to smaller businesses of up to ten employees.

There is also a recognised underserved cohort of retailers that have significant online potential but have fewer than ten employees. Retail Excellence has been working hard on this issue and we understand from our engagements with government that additional support for such businesses may be launched in 2022.

Have the new VAT regulations (July 2021) impacted the Irish e-commerce market in any way?

The OSS has simplified VAT treatment for cross-border sales within the EU for retailers with some key positive and negative effects. The positives are that it has greatly simplified the VAT

Duncan Graham



Managing Director, Retail Excellence Ireland

return process. All returns are now via the Irish Revenue Service, with whom retailers have an existing relationship and familiarity with processes and procedures. The cost and admin burden for VAT reporting has been greatly lessened for retailers who are operating at scale.

One negative reported by our members is that the threshold for the entire EU, at just €10,000, is very low. Under the previous system, retailers could in effect sell up to €500k across the EU (across various thresholds for individual countries) but this has dropped to an incidental amount for most retailers. This has added to the administrative burden for smaller retailers in particular – those who are selling across the EU on a smaller scale of under €500k each year. We believe the threshold should be raised to reduce this burden on retailers.

Some ecommerce platforms, such as Shopify, are calculating the correct VAT rate payable by country, at the checkout, in a simple – albeit imperfect – way. However, many retailers using other ecommerce platforms require further investment for development in order to achieve compliance. Again, this is another additional cost.

SUSTAINABILITY:

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

Logistics operators in Ireland continue to invest in greening their fleets. An Post, our national postal service, has Ireland's largest electric vehicle fleet, with 1,000 EVs in operation and 110 electric trikes delivering in urban areas. An Post's objective is to double their electric fleet to 2,000 EVs by the end of 2022.

In 2021, DPD Ireland announced it was investing a further €2m decarbonising its Irish fleet, with the addition of 100 new electric

“‘Pre-loved’ as a category is expanding, with retailers such as Designer Exchange, Thriftify and Siopaella all operating physical and online stores”

vehicles by the end of 2022. The company has already invested €3.2m since 2019 in electric vans and infrastructure. In 2021, DPD Ireland also installed air quality sensors on 104 of their delivery vans. These capture real-time street air quality data, with the information then shared for free with universities, local authorities, the Asthma Society of Ireland and the public, as part of a sustainability initiative by the company to highlight the issue of air pollution.

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

We are seeing mainstream retailers dipping their toes into this area but no significant developments around returns or repairs for ecommerce.

Our member Brown Thomas – the luxury retailer and part of the Selfridge Group – introduced a number of circular services in their new 62,000 sq ft Dundrum flagship store. These include a dress rental service, luxury handbag and shoe restoration, a zero-waste retail pop-up and a returns service for beauty product containers in exchange for loyalty points.

Thriftify, the online marketplace for charity shops, worked with most of Ireland's charity retailers to help them connect to a wider market and unlock fundraising potential during Covid-19. Thrifty has now launched into the UK market following a €500,000 fundraising round.

‘Pre-loved’ as a category is expanding, with retailers such as Designer Exchange, Thriftify and Siopaella all operating physical and online stores. Designer Exchange has launched a partnership with Arnotts Department Store to offer pre-loved handbags and accessories online.



Ireland

Continued from previous page

What are your views on the Waste Framework Directive – Packaging and Packaging Waste Directive? What impact do you think this will have on sustainability?

The Environmental Protection Agency has warned that upcoming targets for recycling plastic packaging are going to be “extremely challenging” for Ireland to reach. Ireland will need to reverse negative trends and more than double the proportion of plastic packaging that is currently recycled.

A ‘Deposit Return’ scheme (DRS) for plastic bottles and aluminium cans will come into force in late 2022, following legislation supporting this being signed into law in 2021.

According to Repak Ireland, the country is currently exceeding the EU plastic recycling target of 22.5%. However, achieving plastic recycling targets of 50% by 2025 and 55% by 2030 under the Circular Economy and EU Legislation will require a concerted effort from everyone in Ireland. Between the start of 2019 and the end of 2020, recycled plastic packaging tonnage increased by 9%. In 2021, Repak said that in 2021, Ireland achieved a total provisional forecast recovery rate of 98%, along with a recycling rate of 63.4%, subject to EPA verification in due course.

TECHNOLOGY:

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

We are seeing a continued and rapid shift towards online retail, with Covid-19 a catalyst in accelerating digital adoption and usage. State investment in online retail development continues, with over €5m investment by government over the last year. Many grant-funded projects now in the development phase.

New .ie domain registrations increased by 24% in 2021 compared to pre-pandemic 2019, with tens of thousands of SMEs building websites and online stores.

Ireland’s first-ever completely frictionless store, Market x Flutter, opened in February 2002 after being developed for Flutter by Compass Group Ireland. The store uses AI-powered computer

vision technology from leading global AI experts, AiFi, which allows shoppers to purchase items in-store without having to wait in line or stop to scan or pay.

Which technologies are e-commerce industry players in your market focusing on in 2022? Technologies such as AI, VR, big data, etc.

A significant trend among our members is the development of virtual store experiences. 3D store tours with connected shelves and products are more common than a complete VR experience, with the technology more affordable for SMEs.

During the period of Covid-19, restrictions on physical retail online retailers such as Irish design store, Kilkenny Group, or farm and garden supply store, Homeland, launched virtual stores. These developments allow customers to take part in the in-store experience and view products alongside complementary link sells and upsells. While this type of technology has progressed from the novelty stage, it is not yet very widespread.

First-party data capture has become a hot topic for Irish online retailers. Digital best-of-breed services such as Klayvio and Shopify are focusing on how to facilitate first-party data capture and CRM approach to segmentation, due to less availability and therefore reliance on cookie-based data. Achieving a unified view of their customers has become a key focus in 2022 for ecommerce players.

What is the conversation and feeling from the public around data privacy and protection?

In Ireland, data privacy and protection are not currently contentious consumer issues. Our view is that Irish consumers are generally pleased with the additional and significant protections afforded under GDPR.

The number of Irish consumers concerned over the use of their data has fallen in the past three years, down to 25% this year, from 54% in 2018, according to Deloitte Ireland’s latest *Digital Consumer Trends* report (Jan 2022). In 2021, the Irish Data Protection Commissioner received 7,469 queries and 3,419 complaints from individuals – an increase of 7% on 2020 figures.

“The Environmental Protection Agency has warned that upcoming targets for recycling plastic packaging are going to be “extremely challenging” for Ireland to reach”

Consumers are generally fatigued with cookie and privacy notifications. Our view is that these preferences should be maintained at the browser level.

CURRENT EVENTS AND E-COMMERCE:

The ongoing conflict in Ukraine, initiated by Russia, is undoubtedly having an impact on markets across Europe. Have you seen any specific direct or indirect impacts on your e-commerce market from these unfolding events?

We are seeing a reduction in consumer confidence and this is expected to continue to deteriorate this year as the impacts of rising costs of living continue to affect Irish consumers. Fuel costs have increased significantly and this, combined with already rising supply chain costs, is driving increases in retail prices and transport costs.

On a human level, many of our technology development partners have employees and contractors based in Ukraine. Their lives and work have been majorly disrupted by the war. Ireland is expected to welcome up to 100,000 Ukrainian refugees over the next year.

Several members of E-commerce Europe have taken action to support Ukraine. Is there anything your association is also doing, or plans to do?

Retail Excellence Ireland are supporting our partner Unicef in their Ukrainian appeal that is working with teams in eastern Ukraine to deliver life-saving programs for children.

We are also supporting and encouraging our member retailers who have been supporting Ukraine in various ways. Petstop, for



Ireland

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example, has shipped truck loads of dog food, while Glanbia Ireland, an agri cooperative, has donated 250,000 nutritional meal kits and Cara Pharmacy Group has donated essential medical supplies and toiletries. These are just a few examples of some amazing work being done by Irish retailers to help the Ukrainian people.

Art of Coffee owner Ruslan Mocharsky, a Ukrainian who has been living in Ireland for 20 years, has opened Palyanytsya, a shop where everything is free of charge for Ukrainian refugees

Covid-19 revealed the importance of e-commerce to Europe but as restrictions are lifted, there are concerns that citizens will head back into physical shops. Have you noticed a drop in e-shoppers, e-commerce turnover or e-commerce growth in the past year? If so, what do you attribute this to?

We welcome the return to physical retail and the majority of our members operate an omnichannel strategy with both physical and online stores.

We are seeing an expected fall off in e-commerce sales compared to 2021 as the remaining retail restrictions have eased and the market settles down with retail stores now trading normally again. The reductions we are seeing are variable but, on average, between 10-25% drop YoY.

Online sales in Ireland on average remain 20% up compared to pre-pandemic levels in 2019 and online retail remains a key growth area for Irish retailers.

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

Ireland's first Amazon distribution centre opens in Spring 2022 in Dublin. At almost 60,000m² and employing 500 staff, this will undoubtedly change the e-commerce landscape in Ireland.

Consumer friction caused by customs and VAT charges for Irish customers who shop on Amazon will be lessened, which is a good thing for Irish consumers. Irish online retailers have

benefited from this friction since Brexit, which has allowed Irish retailers to increase their share of domestic online sales from 30% to 40% over the last two years, with 60% of online spend to overseas outlets. In 2021, 70% of BFCM spend went to Irish retailers, which is a significant shift.

We expect that the increased competition will be positive for Irish consumers but our members are understandably nervous and concerned about the potential disruption to the market caused by such a large operator in a small market like Ireland.

Ireland

Interview David Campbell



Director of Digital Business Ireland

POLICIES AND REGULATION

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

The Consumer Rights Bill 2022 is arguably the most crucial piece of legislation to impact businesses and consumers in Ireland this year. The Bill offers renewed protections on digital goods and services, strengthening existing consumer rights, but with a renewed focus on digital services and content. In many ways, the legislation reflects the exponential growth in e-commerce that was initiated by the Covid-19 pandemic. Since consumers are increasingly buying goods online, the e-commerce marketplace is also growing, so it was imperative that our legislation reflected this.

Under the Bill, consumers will be afforded rights and protections in relation to streaming, downloads and cloud products. A number of these rights include the right to a full refund as well as to exchange or repair when an online product (or service) is not fit for purpose.

Over the last two years, businesses across Ireland have taken extraordinary steps in pivoting online and, as a direct result, consumers have become accustomed to the convenience of online shopping. Therefore, it was essential that the Irish Government took steps to adequately protect consumers, while providing coherent guidelines for businesses who trade online. These new measures will also help to empower Irish merchants who are looking to trade in the global marketplace.

What EU policies, if any, are being considered that you think will have an impact on the Irish e-commerce market?

The EU legislative proposal on 'right to repair' will certainly have an impact on the Irish e-commerce market, in light of the Irish government's recent publication of the Circular Economy Bill. Arguably, the most pressing challenge to the growth of a vibrant,

dynamic refurbished and second-hand market is the absence of a clear legal definition around a "refurbished product".

At present, such products are considered second-hand goods under EU Consumer Law. While this has been the case for a number of years, this legal definition has implications for consumer rights in relation to these products, since existing protections are limited. A variety of commercial definitions has led to confusion and a lack of trust among consumers.

Ireland and the EU should take a lead in defining a clear, harmonized, legal framework that includes definitions, quality standards and related contractual rights and protections on refurbished and/or repaired products.

Have the new VAT regulations (July 2021) impacted your market in any way?

The new VAT regulations mean that since July of last year, all goods arriving into Ireland from non-EU countries are subject to VAT. Prior to the onset of the Covid-19 pandemic, €21m was spent online by Irish consumers every day, with €14 million leaving the country in orders that were being fulfilled by businesses outside of Ireland. Many of these goods emanated from third countries and were therefore not subject to VAT. In practical terms, this meant that prices on these products attracted a lower price, putting Irish businesses at a disadvantage.

The introduction of new VAT regulations should encourage a pivot towards Irish businesses who are selling online. This should help to provide a much-needed boost to small businesses across the country, as we emerge from the Covid-19 pandemic. In light of the fact that so many businesses have invested heavily in enhancing their e-commerce capabilities, the new VAT regulations should act as a further incentive, encouraging consumers in Ireland to buy their goods and products from Irish websites.

SUSTAINABILITY:

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

As a trade-dependent economy, we certainly rely on effective logistic transport systems to support both our domestic

“The introduction of new VAT regulations should encourage a pivot towards Irish businesses who are selling online”

economy and our global trade markets. In light of the current European energy crisis and ongoing supply-chain issues, the movement of goods and products has become a more pressing issue for many.

In the last year, the Irish government has taken a number of proactive steps to help improve our collective efforts in sustainable transport. The Low Emissions Vehicle Toll Incentive Scheme offers incentives and refunds on tolls for low-emission vehicles, while the Alternatively-Fuelled Heavy Duty Vehicle Purchase Grant Scheme has accelerated the uptake of cleaner freight transport vehicles.

Improving the environmental efficiency of the supply chain is crucial to achieving a low-carbon future.

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

Just recently, the government of Ireland published the Circular Economy Bill, which will underpin Ireland's shift from a 'take-make-waste' linear economic model, to a more sustainable pattern of production and consumption that aims to minimize waste and encourage the repurposing of materials and goods. This Bill has established a clear roadmap, helping Ireland to develop an economy that places refurbishment, reuse and repair at its very core.

Crucially, the Bill has enshrined sustainable practices into law. While repurposing and recycling existing products had previously served as an aspirational policy ambition, it has now been deemed a statutory requirement by the Irish Government.

At Digital Business Ireland, we welcomed the government's publication of the Circular Economy Bill since it formally solidifies our nation's sustainability goals. As Ireland's leading

Ireland



Continued from previous page

representative body for online businesses, we have outlined a number of recommendations to the government to help further the development of a circular economy. These include the need to establish increased transparency on second-hand products while simultaneously fostering a greater trust of refurbished goods.

What are your views on the Waste Framework Directive – Packaging and Packaging Waste Directive? What impact do you think this will have on sustainability?

The Waste Framework Directive provides a crucial opportunity for alignment on additional pieces of legislation such as the Sustainable Product Initiative and the revision of the Packaging and Packaging Waste Directive. From an Irish perspective, it provides a solid statutory foundation for the development of a circular economy and is a timely arrival, given the Irish government's recent publication of the Circular Economy Bill.

In terms of impact, there are a couple of measures that must be implemented to ensure that the Directive has positive implications for the sustainability objectives of businesses in Ireland. For a start, we need to ensure a streamlined approach to information on packaging, particularly in the context of a circular economy. Consumers need clear, concise information on how to dispose, recycle or reuse their products. Increasing the requirements on the volume of information which must be provided to customers is unnecessary. This can lead to the re-labelling of packaging or can result in packaging being discarded – actions which do not align with the goals of a circular economy.

Digital Business Ireland remains committed to ensuring that an effective waste management and packaging framework can be implemented. Alignment with future legislation and the objectives of a sustainable economy is crucial.

TECHNOLOGY:

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

Over the course of the Covid-19 pandemic, we witnessed an exponential growth in the popularity of e-commerce, digital payments and purchasing services online. With bricks-and-mortar premises effectively closed overnight, businesses were forced to pivot online – and quickly.

Throughout the last year, in Ireland, many businesses – particularly SMEs – have invested in their digital functionality and have sought to enhance their websites, digital marketing strategies, logistics and online payment facilities. At the start of the pandemic, we saw a surge in patriotic sentiment, with many consumers making a conscious effort to purchase from Irish websites. Our own internal research at Digital Business Ireland shows that this initial support has dropped off somewhat.

As we move forward and look to reignite that sense of national pride and encourage consumers to buy Irish online, it is imperative that Irish businesses have functional, user-friendly websites that ensure an appropriate level of compliance and data protection. This will reassure consumers, who may be tempted by the sophistication of the websites of global brands. Irish SMEs have invested heavily in enhancing their digital capabilities, which we must now leverage.

There has also been a huge rise in recruitment within the digital and e-commerce sector as companies understand the importance of this area in relation to future growth strategies.

Which technologies are e-commerce industry players in your market focusing on in 2022? Technologies such as AI, VR, big data, etc.

Digitalization and technology are key enablers to delivering on sustainability efforts. This is where we are currently seeing real focus in the Irish marketplace.

Capturing data and trends in manufacturing and supply chains can help uncover crucial information on carbon impacts but, importantly, data tools help to deliver transparency to business

“ Innovative concepts such as virtual dressing rooms are designed to enhance the customer experience and boost engagement”

operations. The Covid-19 pandemic brought a real acceleration in digital adoption and, as a result, there have been considerable advancements in terms of data acquisition tools, analytics and smart AI. Companies have invested heavily in different data management software such as Salesforce, which enables them to utilize data more efficiently, monitor consumer behavior and target consumers with relevant content based on previous shopping habits.

Data enables companies to effectively utilize their online channels to assist with driving customers in-store through digital marketing activities, which creates a successful omnichannel experience. Innovative concepts such as virtual dressing rooms are designed to enhance the customer experience and boost engagement. Companies also monitor the latest online trends across international markets through search Engines such as Google, which enables businesses to gain insights into key areas including payments, logistics and culture.

Over the course of 2022, I think we will begin to see a further merging of sustainability and technology.

What is the conversation and feeling from the public around data privacy and protection?

Trust remains a key issue when it comes to data privacy and protection. More than anything, consumers need to feel confident that their data is being treated with the utmost confidentiality and that businesses are fully compliant with GDPR regulations.

In light of this, Digital Business Ireland published our Cybersecurity Guide last year, which provided a range of tips to

Ireland



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ensure that businesses across Ireland were equipped with the necessary insights on Irish data protection legislation.

A number of high profile security and information breaches have taken place in Ireland over the last year, which has certainly impacted on consumer trust levels and may have led to a certain level of apprehension among customers when buying goods online. We find that in Ireland, the vast majority of businesses have a high level of compliance with data privacy laws. This is something that should reassure consumers.

CURRENT EVENTS AND E-COMMERCE:

Covid-19 revealed the importance of e-commerce to Europe but as restrictions are lifted, there are concerns that citizens will head back into physical shops. Have you noticed a drop in e-shoppers, e-commerce turnover or e-commerce growth in the past year? If so, what do you attribute this to?

E-commerce continues to remain largely popular – this is a reflection of the successful pivot online of so many businesses throughout Ireland. Buying goods online offers a level of convenience and flexibility that so many of us have become accustomed to. It is unlikely that these pandemic trends will ever revert.

At the same time, some customers still prefer the experience of shopping in-store, particularly for more expensive products. Therefore, where possible, businesses should aim to offer a multichannel experience to their customers – one which incorporates an online element and offers the option of purchasing in-store. At Digital Business Ireland, our advice to businesses would be to build resilience and flexibility into their operations by investing in a well-designed, user-friendly website and online payments system.

While we may have expected to see a drop in e-shoppers or a decline in e-commerce turnover, this has not been the case. This can be attributed to a preference for online shopping among consumers, businesses investing in their digital operations and the emergence of multichannel retail.

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

At Digital Business Ireland, we undertake regular market research in order to gain a more fulsome understanding of emerging e-commerce trends. Most recently, we conducted a nationwide survey on consumer attitudes towards sustainability when shopping online.

The results of our Digital Insights research showed that despite common perceptions that it is younger people who most consider sustainability when purchasing goods and services, it is in fact older generations who are leading the charge on this. Our research demonstrated that while 39% of 18-24 year olds either always or sometimes consider sustainability when shopping online, this figure leaps to 51% for those aged 65+.

In addition, while more than a third (37%) of those earning less than €5k always prioritize sustainability when buying goods and/or services online, just 6% of those earning over €80k do the same. Evidently, there is a disparity between climate policy ambitions and consumer attitudes towards sustainability. In Ireland, we need to bridge this gap.

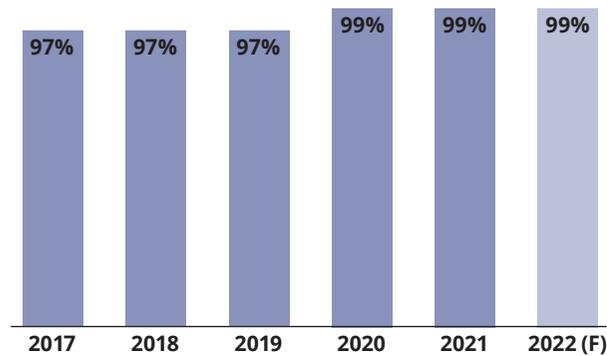
Our research highlights the need for strategic national awareness campaigns across Ireland, aimed at educating customers on the importance of sustainable shopping, while removing some of the cost barriers associated with purchasing environmentally friendly products.

Luxembourg

▶ Currency: Euro ▶ VAT: 17%

Internet usage

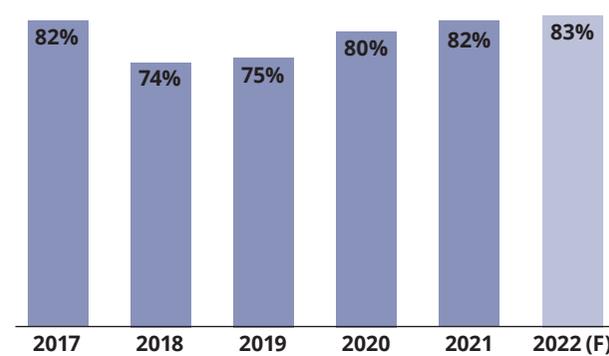
Percentage of the population accessing the internet



SOURCE: EUROSTAT

E-Shoppers

Percentage of internet users that bought goods or services online



SOURCE: EUROSTAT

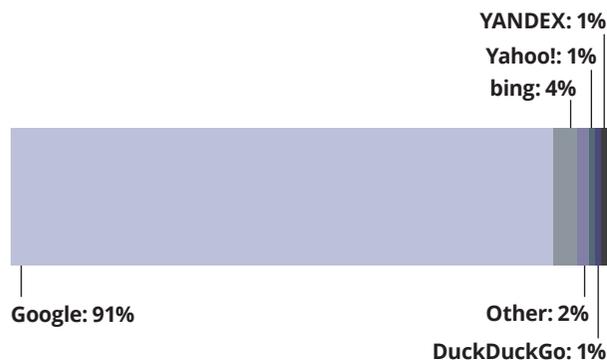
GDP and E-GDP (€bn)

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



Search engine market share

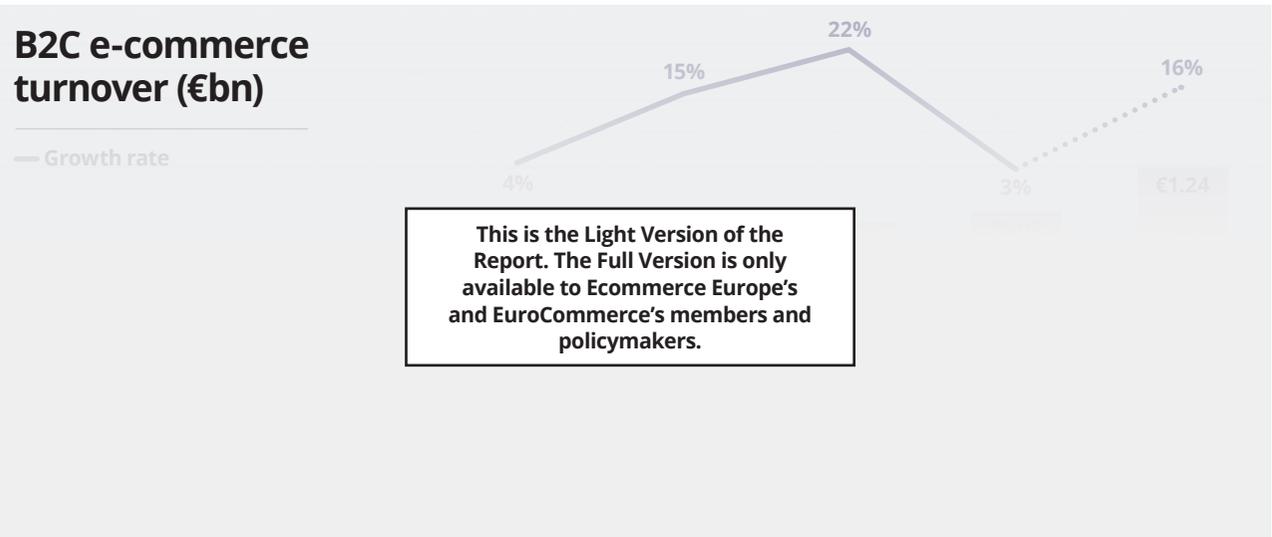
Most popular search engines in 2021



SOURCE: STATCOUNTER

B2C e-commerce turnover (€bn)

— Growth rate



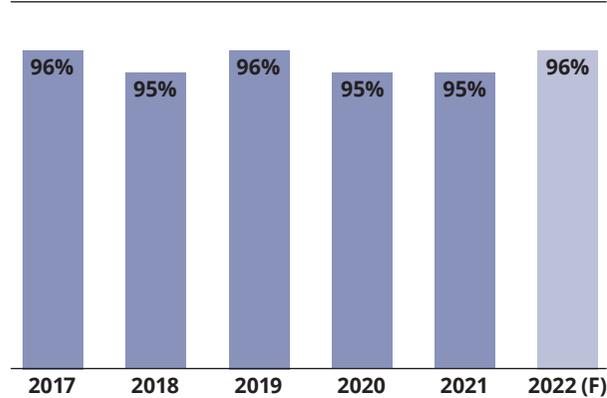
Statista figure indicates that for the 2021 total, 97% represents goods and 3% services

Netherlands

▶ Currency: Euro ▶ VAT: 21%

Internet usage

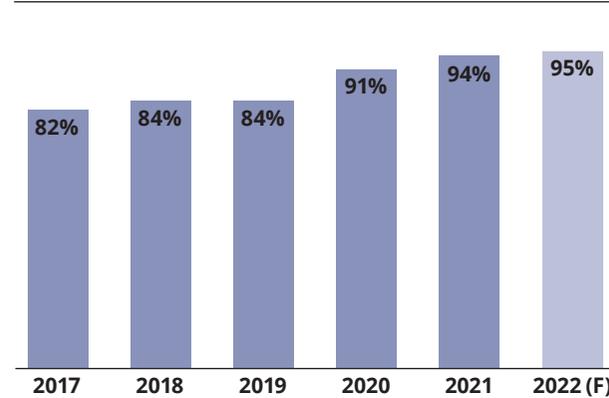
Percentage of the population accessing the internet



SOURCE: EUROSTAT

E-Shoppers

Percentage of internet users that bought goods or services online



SOURCE: EUROSTAT

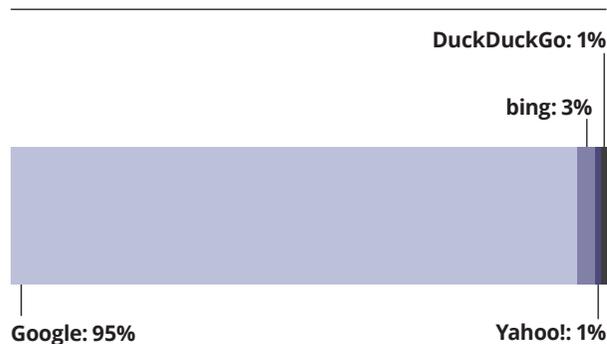
GDP and E-GDP (€bn)

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



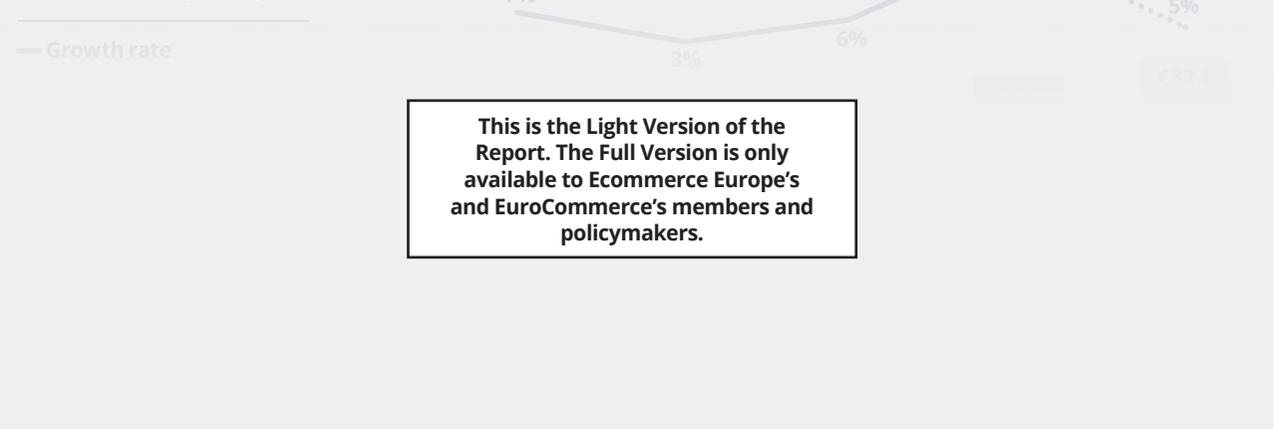
Search engine market share

Most popular search engines in 2021



SOURCE: STATCOUNTER

B2C e-commerce turnover (€bn)



Association analysis indicates that for the 2021 total, 74.5% represents goods and 25.5% services

Netherlands

Interview Marlene ten Ham



General Manager, Thuiswinkel.org

POLICIES AND REGULATION:

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

In the Netherlands, there are several policies that have or will have an impact on the local e-commerce market. Firstly, flash couriers are frequently used by consumers to get groceries delivered in less than ten minutes. Overwhelmed by the speed of growth of such rapid delivery services during the pandemic, municipalities are now choosing to restrict them. Noise, reckless cycling and blacked-out windows on vehicles are just some of the reasons that rapid delivery services have clashed with residents in cities across the Netherlands. Thuiswinkel.org recently sent a statement to the municipalities regarding this issue to ask for a debate that took account of consumer demand and looked at better fitting policies instead of banning them.

Secondly, there is a lack of fraud prevention. In the Netherlands, laws and regulations regarding the processing of personal data and, in particular, the interpretation of privacy legislation by the Personal Data Authority, are an obstacle. For example, the Personal Data Authority does not give its approval for a nationwide cross-industry fraud registration system. An organized exchange of data would make it possible to combat fraud effectively and provide a great deal of knowledge and insights into cybercrime in order to prevent or limit it. The exchange of information about fraud incidents, and thus about criminals, within specific industries has a proven preventive effect, such as CIFAS in the UK.

In the Netherlands, we are still not working effectively together on the issue of online identification. Ministerial departments do not cooperate when it comes to product groups where age must be verified. Currently, a different solution must be found for each product group such as knives, games and alcohol. We advocate for a single system concerning online identification.

What EU policies, if any, are being considered that you think will have an impact on the Dutch e-commerce market?

We believe that all EU policies affect our market. For example, the DMA, DSA, GPSR, e-Privacy and VAT. We believe strongly and participate in our European lobbying and advocacy efforts, as well as translating these towards the political debates in the Netherlands to ensure that the voice of the digital commerce sector is represented on both a European and local level.

Have the new VAT regulations (July 2021) impacted your market in any way?

Yes, we noticed that fewer consumers are buying goods from non-EU countries. The online cross-border spending on products decreased by 6% in the third quarter of 2021, compared to Q3 2020. In particular, spending on products on Chinese websites decreased this quarter from 14% to 10%.

However, the new VAT rules need further improvement. Businesses with multiple warehouses in EU countries still have to VAT register in each country of storage, which is repetitive, time-consuming and costly. To tackle this problem, Thuiswinkel.org, together with Ecommerce Europe, believes strongly in working towards a single VAT ID registration number by extending the existing VAT OSS.

SUSTAINABILITY:

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

We are seeing an ever-increasing 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 also see an increase in environmental zones and zero-emissions in large cities.

Since more and more consumers want to be able to choose a sustainable delivery option, more online stores and carriers are offering this option.

This goes to increase the importance of transparency: how much CO₂ emissions are associated with a delivery option and is this measured equally across the sector?

“An organized exchange of data would make it possible to combat fraud effectively and provide a great deal of knowledge and insights into cybercrime”

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

The share of second-hand and second-chance is increasing. Consumers are ready for it, as evidenced by the growth of platforms like Vinted. Not all retailers are yet prepared for the sustainable change, which requires different business models. Via our research program, ShoppingTomorrow, we run expert groups that write blue papers to help online stores on their way.

What are your views on the Waste Framework Directive – Packaging and Packaging Waste Directive? What impact do you think this will have on sustainability?

Packaging is necessary to protect a product but too much packaging becomes waste. Eventually, we will move towards reusable packaging wherever packaging is still needed. Research by Thuiswinkel.org, in collaboration with KiDV and Mission Reuse, shows that 82% of online stores see opportunities for reusable packaging in the future.

TECHNOLOGY:

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

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.

Which technologies are e-commerce industry players in your market focusing on in 2022? Technologies such as AI, VR, big data, etc.

AI and VR are only for the happy few and so will remain small-scale for now, with conversational AI and chatbots, for example. Data remains important among online shops because they need to know what drives their consumers' urge to buy.

Netherlands

Continued from previous page

What is the conversation and feeling from the public around data privacy and protection?

There is still a paradox between personalized information on the one hand and privacy on the other, according to GfK and ShoppingTomorrow research in 2021. The results show that almost half of consumers share data only when absolutely necessary, 54% even call it a “necessary evil”.

Only 9% say they will share data if they get something in return, while 6% say they don't care about sharing their personal data and preferences at all. However, more than half of consumers indicate that they like it when online shops adapt to their wishes. In addition, 53% are more willing to return to these shops if there is a personalized experience.

CURRENT EVENTS AND E-COMMERCE:

The ongoing conflict in Ukraine, initiated by Russia, is undoubtedly having an impact on markets across Europe. Have you seen any specific direct or indirect impacts on your e-commerce market from these unfolding events?

There are many primary and secondary effects on Europe and on trade. Many members shared that they have seen a decline in the number of sales in recent months. There is still remaining stock for most things but concerns are rising over many product groups. The delivery period for furniture and white goods, among others, has become longer because raw materials or parts would, under normal circumstances, have come from Ukraine or Russia. According to the CBS, consumer sentiment deteriorated in March 2022. Consumer confidence came in at -39, down from -30 in February. That is almost an all-time low.

There are direct disruptions to production lines of raw materials that are important to products sold here. Then there are the European-wide sanctions, which have impacted supply chains and producers. These create costs that have to be passed on somewhere. Inflation in the Western world was already rising to unprecedented levels. There are several causes behind this, including the impact of Covid-19 and low interest rates. These effects will not go away so in addition to rising costs, money is also subject to inflation.

Several members of E-commerce Europe have taken action to support Ukraine. Is there anything your association is doing, or plans to do?

We find it very important to support Ukraine in these difficult times. To raise money for emergency aid, we opened a digital donation box for the National Day of Action from GIRO 555. We promoted the box on social media and on our website. In addition, we decided to change our homepage for this week into the colors of the flag of Ukraine and we added a little flag to our logo on social media.

We also launched a landing page with information about the war and the impact on Dutch companies. We support our members with information with regards to doing business in or buying from Ukraine. We also opened an email address – helpdesk@thuiswinkel.org – for members where they can ask questions about the situation.

Covid-19 revealed the importance of e-commerce to Europe but as restrictions are lifted, there are concerns that citizens will head back into physical shops. Have you noticed a drop in e-shoppers, e-commerce turnover or e-commerce growth in the past year? If so, what do you attribute this to?

The past year resulted in an ecommerce turnover of €30.6bn and more online shoppers than ever. In 2021, online purchases of products increased by 13%. In the first quarter, consumers still massively purchased products online (+43%). In the second and third quarters, the products sector recorded modest growth of 5% and 8%, while in the fourth quarter, there was even a contraction of 1%.

For services, we see an opposite picture. The first quarter was still in the red (-52% in online purchases) but in the second quarter, the services sector picked up as a result of relaxed travel restrictions. In the fourth quarter, services even recorded a combined increase of 63% in online purchases.

In 2021, we had a fairly good e-commerce year but 2022 will be different due to the decreased consumer sentiment, the inflation and the sky-high energy and gas prices.

“The delivery period for furniture and white goods has become longer because raw materials or parts would, under normal circumstances, come from Ukraine or Russia”

We also see a challenge concerning VBER. Ecommerce Europe recently launched a campaign to highlight the importance of maintaining a single price for online and offline sales. During the pandemic, omnichannel retail (selling products off and online) helped SMEs sell their products when stores were forced to close. The proposed changes to European competition rules will mean higher online prices for European consumers, who will literally pay the price for the Commission's plan to protect offline retailers.

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

Our logistics are arranged very efficiently. Ordered today, delivered tomorrow is the standard here. Most online shops offer free delivery and return.

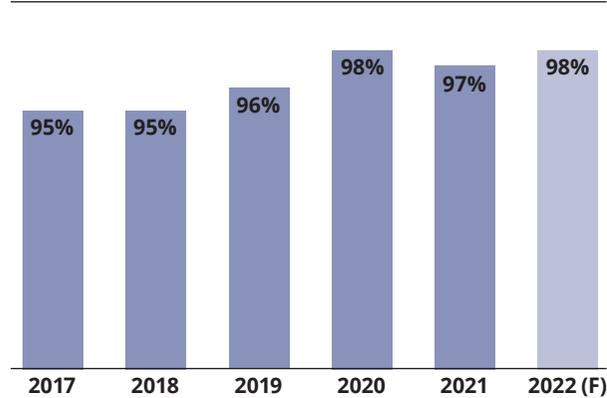
Furthermore, most online shoppers (towards 60%) use iDEAL to pay with. iDEAL is a 100% pre-payment method.

United Kingdom

▶ Currency: Pound ▶ VAT: 20%

Internet usage

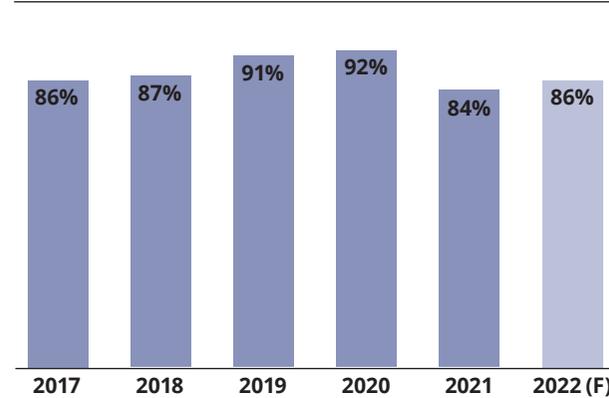
Percentage of the population accessing the internet



SOURCE: EUROSTAT; CMI ANALYSIS

E-Shoppers

Percentage of internet users that bought goods or services online



SOURCE: EUROSTAT; STATISTA

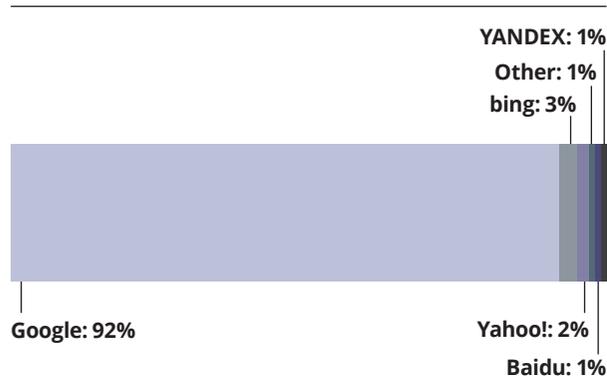
GDP and E-GDP (€bn)

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



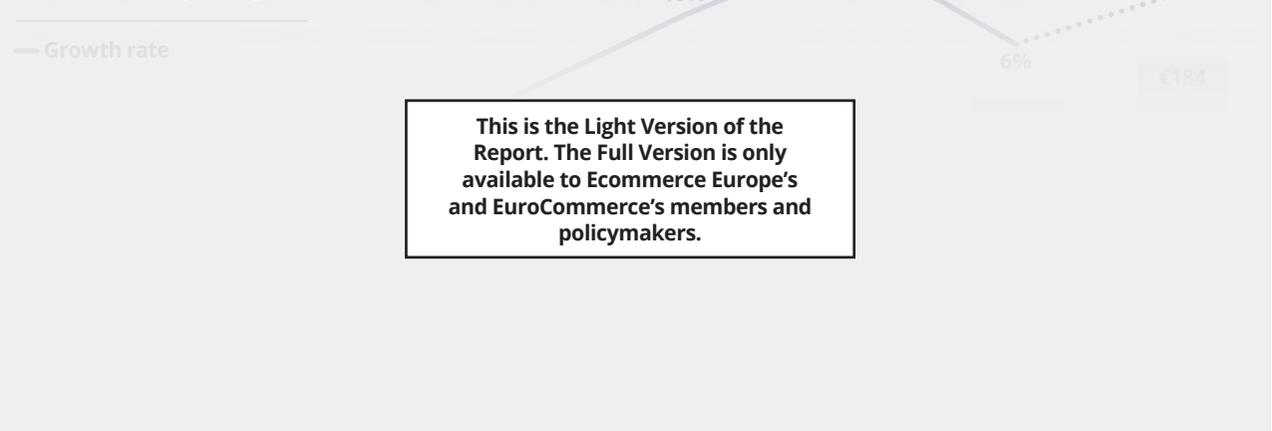
Search engine market share

Most popular search engines in 2021



SOURCE: STATCOUNTER

B2C e-commerce turnover (€bn)



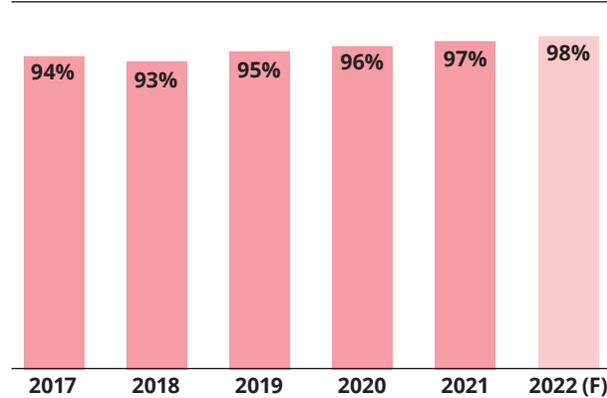
The share of goods and/or services represented in the B2C e-commerce turnover graph is either unknown or was not provided during data collection.

Northern Europe



Internet usage

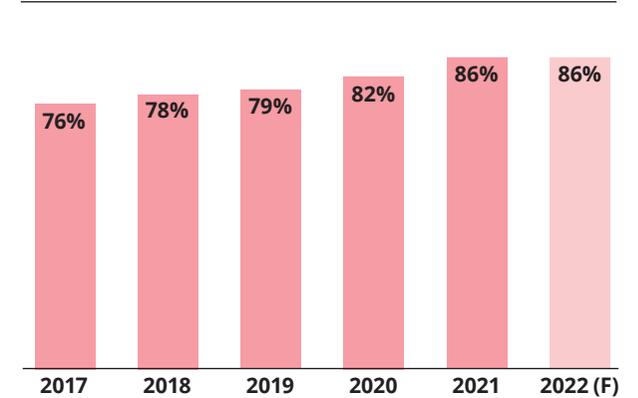
Percentage of the population accessing the internet



SOURCE: EUROSTAT; STATISTA

E-Shoppers

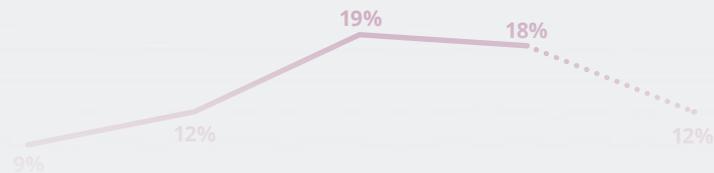
Percentage of internet users that bought goods or services online



SOURCE: EUROSTAT; STATISTA; UNITED NATIONS

B2C e-commerce turnover (€bn)

— Growth rate

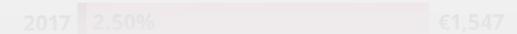


This is the Light Version of the Report. The Full Version is only available to Ecommerce Europe's and EuroCommerce's members and policymakers.

GDP and E-GDP (€bn)

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

■ GDP ■ E-GDP

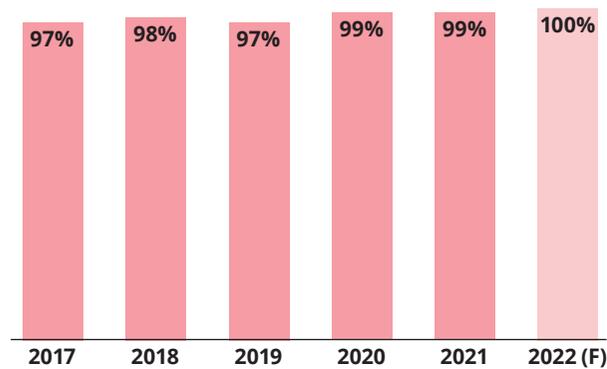


Denmark

▶ Currency: Krone ▶ VAT: 25%

Internet usage

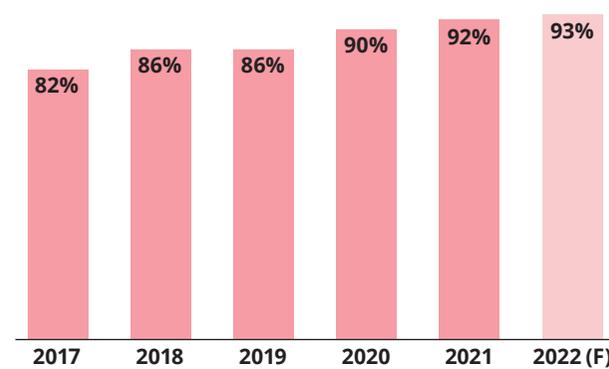
Percentage of the population accessing the internet



SOURCE: EUROSTAT

E-Shoppers

Percentage of internet users that bought goods or services online



SOURCE: EUROSTAT

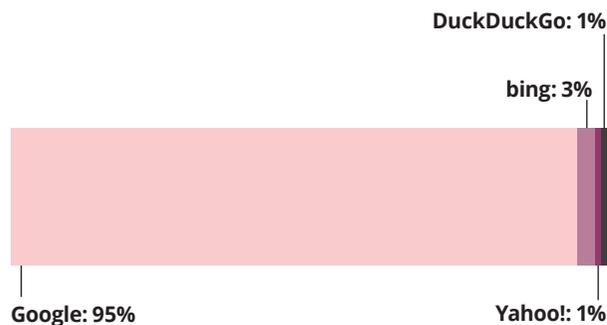
GDP and E-GDP (€bn)

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



Search engine market share

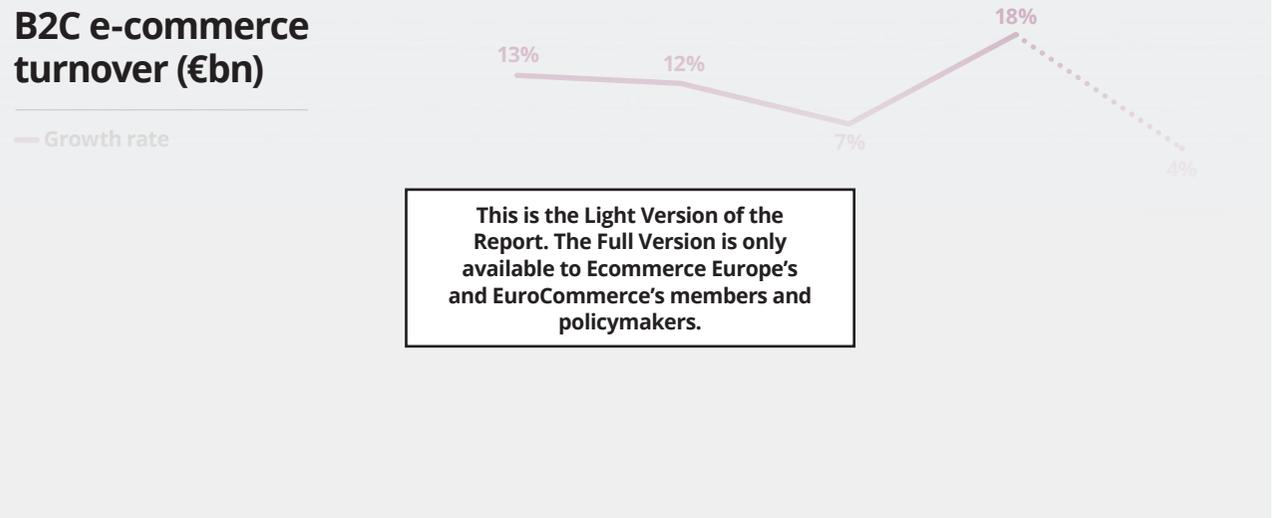
Most popular search engines in 2021



SOURCE: STATCOUNTER

B2C e-commerce turnover (€bn)

— Growth rate



Association analysis indicates that for the 2021 total, 60% represents goods and 40% services

Denmark

Interview Niels Ralund



Director Digital Commerce,
Dansk Erhverv Digital Handel

POLICIES AND REGULATION:

What domestic policies, if any, are being considered in Denmark that will have an impact on e-commerce?

Marketing rules on 'before and now prices', along with strict enforcements relating to spam and marketing, which tend to cut Danish webshops off from using the same efficient marketing tools that their competitors outside Denmark use.

What EU policies are being considered that you think will have an impact on the Danish e-commerce market?

Mainly GDPR, which has very detailed consent issues that will extend the purchase process, affecting the conversion rates. Both Danish customers and webshops will find it burdensome to comply with these rules.

Also, the EU's legislation on privacy matters relating to cookies, GDPR and DSA (Digital Service Act) are very detailed and place a heavy administrative burden on SMEs even when legislation is aimed at big multinational companies.

The storing of data and the missing Privacy Shield agreement with the US is of big concern, especially the ruling of Google Analytics as "illegal", since the software isn't GDPR-compliant.

Have the new VAT regulations (July 2021) impacted the Danish market in any way?

Yes – a smaller number of parcels now arrive in Denmark from countries outside the EU, especially from China. Lower threshold on parcel value, along with VAT on even small value parcels, means that many consumers have cut down on ordering cheap – and less safe – products from the Far East. The authorities have become far more efficient on checking both parcel value and product safety.

SUSTAINABILITY:

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

Sustainability is generally not a big issue for Danish consumers. They mainly want the products they buy online to be safe, although they also want them to be wrapped in less packaging. Their main concerns used to be around Covid-19 and currently are around war in Ukraine.

That said, we are working to start a research project on packaging in order to minimize the size of parcels and the use of packaging materials. On transportation, some companies are looking into buying electric vans and even bigger trucks while, in the cities, they are focusing on bikes and electric mopeds.

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

Nothing. We are looking towards the EU for legislation, or rather, clarification. A few electronics companies are looking into business models for repairs, while others have introduced re-usable packaging, albeit with limited success.

What are your views on the Waste Framework Directive – Packaging and Packaging Waste Directive? What impact do you think this will have on sustainability?

It is very important that exactly the same rules must apply to all member states. Different national rules within the EU will twist the competition between webshops located in the EU whether they are selling domestic or cross-border. Internal variations in rules will weaken their ability to compete with webshops outside of the EU.

TECHNOLOGY:

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

The Covid-19 lockdowns have clearly had an impact on increasing digitalization among retailers. Some small shops (clothing, cosmetics, etc) stayed connected to their customers during lockdowns via Facebook and Instagram. A few bigger shops are now trying live-shopping, while more supermarkets and grocery-shops are implementing new schemes for ever-

“We are working to start a research project on packaging in order to minimize the size of parcels and the use of packaging materials”

faster delivery options such as next-day and even same-day.

Which technologies are e-commerce industry players in your market focusing on in 2022? Technologies such as AI, VR, big data, etc.

AI, live-shopping, chatbots and PIM.

What is the conversation and feeling from the public around data privacy and protection?

The public in general is aware but not scared. Privacy discussions are limited to the media, with politicians, specialists and journalists taking positions as being the ones most concerned about breaches and non-compliant behavior. Public administration constantly delivers stories on breaches – even the very smallest ones – which are then disproportionately covered by the press.

CURRENT EVENTS AND E-COMMERCE:

The ongoing conflict in Ukraine, initiated by Russia, is undoubtedly having an impact on markets across Europe. Have you seen any specific direct or indirect impacts on your e-commerce market from these unfolding events?

The Danish e-commerce market is not different from the general retail market so like everywhere else, it is starting to feel the effects of a lack of goods, raw materials, fuel, gas and commodities. All of these will eventually mean higher prices and longer delivery waits for the customer.

Denmark

Continued from previous page

Several members of E-commerce Europe have taken action to support Ukraine. Is there anything your association is doing, or plans to do?

The Danish Chamber of Commerce is in line with the position of the Danish Government. While we do not take specific actions towards Ukraine ourselves, we support and help members in their actions to support it, receive fugitives or help employees within Ukraine to leave that country and travel to Denmark to be with their families.

Covid-19 revealed the importance of e-commerce to Europe but as restrictions are lifted, there are concerns that citizens will head back into physical shops. Have you noticed a drop in e-shoppers, e-commerce turnover or e-commerce growth in the past year?

In 2021, we have had more sales, more shoppers and a bigger turnover in e-commerce, especially in the domestic market, than in both 2019 and 2020. Many bricks-and-mortar shops have started to sell online for the first time and will continue to do so.

During the first two months of 2022, we have seen a drop in the number of consumers who say they will shop more online in 2022 than the year before.

More recently though, we are seeing a drop in consumer confidence after two years of Covid-19 and now war in Ukraine. With rising prices for groceries and the higher cost on home heating and fuel, we expect fewer sales in 2022 for retailers both online and offline.

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

Grocery has grown and, in 2021, it counted for 7% of the Danish ecommerce market. This is up from 4 % in 2019.

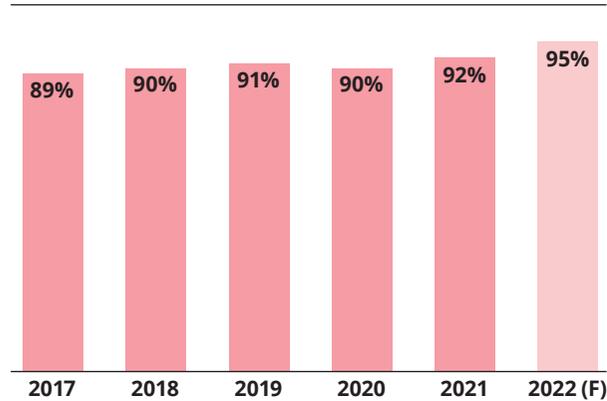
The use of smartphones as a device to search and finalize online purchasing, including payment, is rising quickly and will be used in more than 50% of purchases by the end of 2022. Younger generations and families with children are already there.

Estonia

▶ Currency: Euro ▶ VAT: 20%

Internet usage

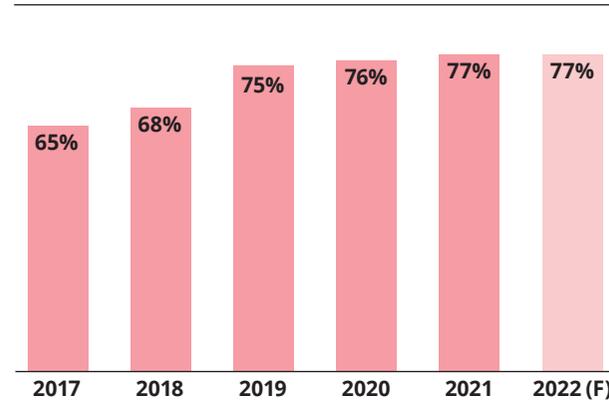
Percentage of the population accessing the internet



SOURCE: EUROSTAT

E-Shoppers

Percentage of internet users that bought goods or services online



SOURCE: EUROSTAT

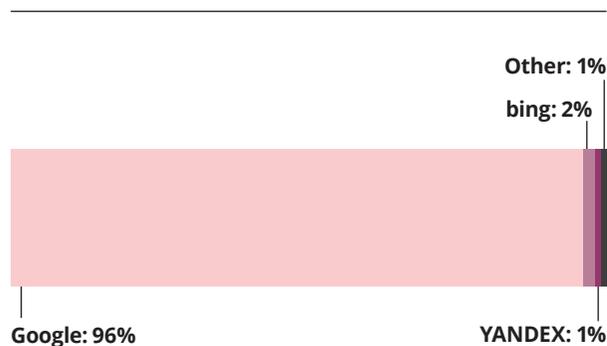
GDP and E-GDP (€bn)

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



Search engine market share

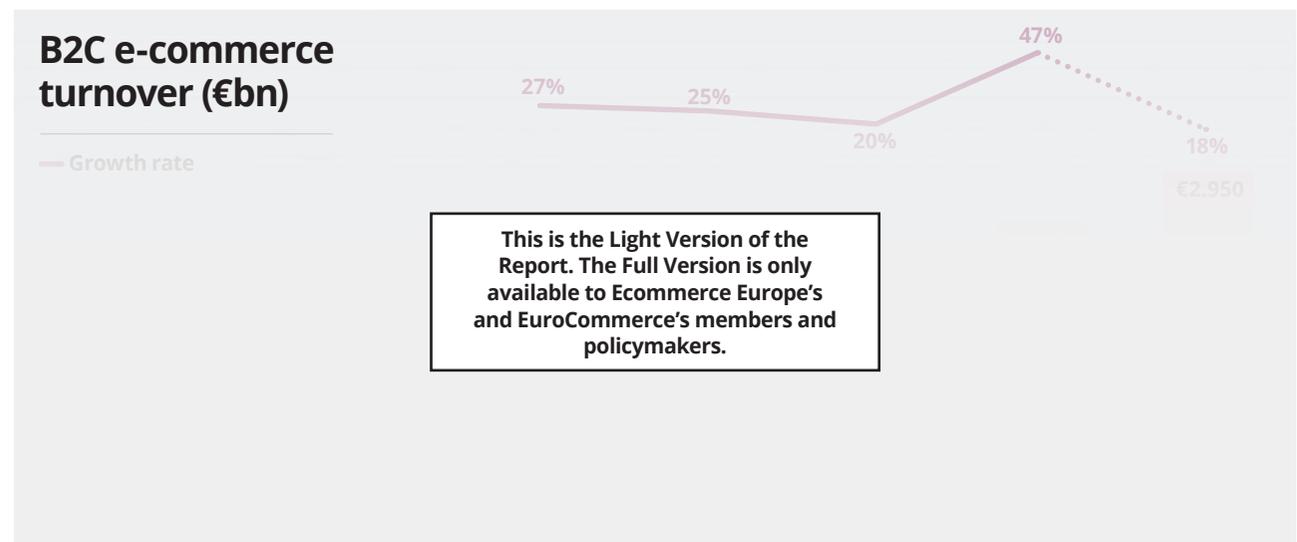
Most popular search engines in 2021



SOURCE: STATCOUNTER

B2C e-commerce turnover (€bn)

— Growth rate



The share of goods and/or services represented in the B2C e-commerce turnover graph is either unknown or was not provided during data collection.

Estonia

Interview Tõnu Vää



CEO, Estonian e-commerce Association

POLICIES AND REGULATION:

Have the new VAT regulations (July 2021) impacted your market in any way?

Since we are part of the EU, there are no differences in the laws that Estonian traders abide to. The new VAT regulations were welcomed because they have created fairer competition levels between the EU and Asia. At the same time, many countries experience the same problem in that local tax authorities are unable or unwilling to control tax revenues. We believe that €100m of VAT will not be received by Estonia each year!

SUSTAINABILITY:

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

Estonian logistic companies are moving to carbon neutrality and electric delivery vehicles. It is understood that the whole process must be optimized, since consumers are also thinking about the ecological footprint of e-commerce. To achieve this, there will be new service providers for packaging, offering added value such as planting a tree for each purchase. However, there is also a lot of confusion, which is causing delays. Green and environmental issues are costly for the trader and will inevitably increase the price of the product for the consumer.

TECHNOLOGY:

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

The consumer want fast delivery and clear communication as part of a good customer experience. To achieve this, many organizations are upgrading platforms to introduce automated marketing tools, chat windows and so on. Despite new data privacy rules, many large companies outside of e-commerce have become bolder in sending even more marketing messages. E-shops, by contrast, are very correct and well-regulated.

“The new VAT regulations were welcomed because they have created fairer competition levels between the EU and Asia”

CURRENT EVENTS AND E-COMMERCE:

The ongoing conflict in Ukraine, initiated by Russia, is undoubtedly having an impact on markets across Europe. Have you seen any specific direct or indirect impacts on your e-commerce market from these unfolding events?

Estonians have been some of the most active Ukraine supporters in Europe. Probably every other Estonian citizen, along with one in three companies, have supported refugees. The Estonian e-commerce Association has not made any subsidy adjustments itself, since most members have already done so on their own initiative. Without doubt, war in Ukraine has immediately changed consumption patterns. Gas, electricity and heating have all gone up 36%, while an average shopping cart now costs 12% more. In addition, there have been instant raw materials and supply difficulties.

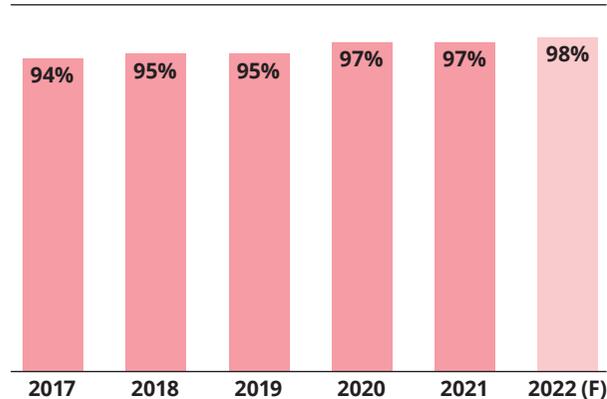
On the other hand, e-shopping in Estonia grew by 50% last year as physical stores were closed throughout March. Growth at this level is difficult to match and will probably not be exceeded in the coming months. However, we are rather optimistic and I think that e-shopping could grow by 15-20% this year, even while the economy as a whole flattens or even contracts.

Finland

▶ Currency: Euro ▶ VAT: 24%

Internet usage

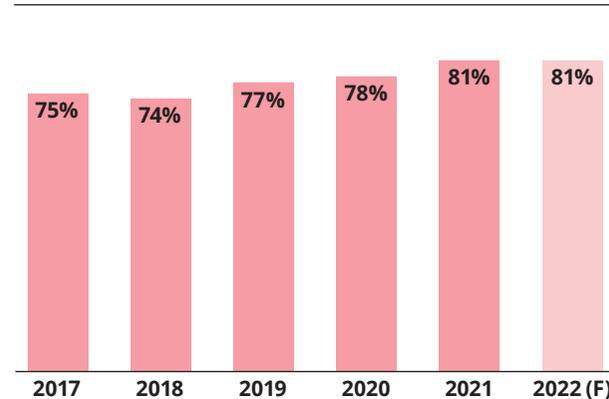
Percentage of the population accessing the internet



SOURCE: EUROSTAT

E-Shoppers

Percentage of internet users that bought goods or services online



SOURCE: EUROSTAT

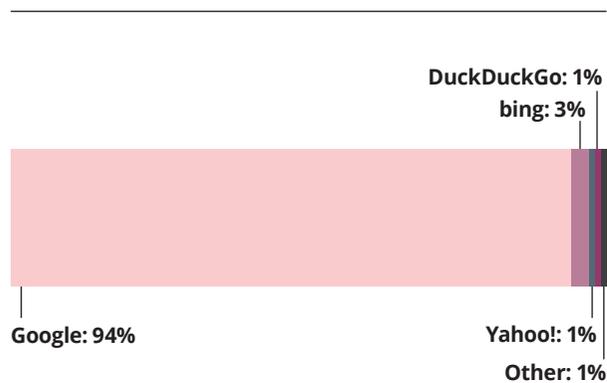
GDP and E-GDP (€bn)

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



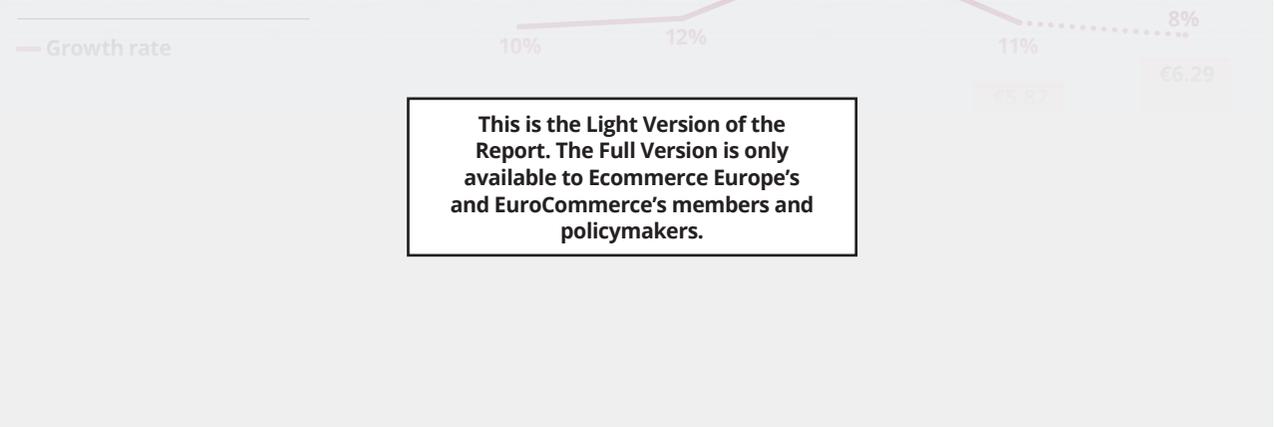
Search engine market share

Most popular search engines in 2021



SOURCE: STATCOUNTER

B2C e-commerce turnover (€bn)



Association analysis indicates that for the 2021 total, 100% represents goods

Finland

Interview Ilari Kallio



Chief Policy Adviser, Finnish
Commerce Federation

POLICIES AND REGULATION:

What domestic policies, if any, are being considered in Finland that will have an impact on e-commerce?

The government is preparing a report on the future of the retail sector by hearing stakeholders' views. This report is meant to help with the strategic long-term development of the retail sector by covering everything from digitalization and new technologies to green transition, employment and skills. It will include a host of policy recommendations, some of which are likely to be taken up by this or future governments. For more info, go to: <https://tem.fi/en/government-report-on-the-future-of-the-retail-sector>

What EU policies, if any, are being considered that you think will have an impact on your e-commerce market?

Some of the key files currently handled by the EU institutions are DSA, General Product safety regulation, Data Act and ePrivacy regulation. They all will certainly have a significant impact on e-commerce, both at a domestic and international level. The effects are two-fold. On the one hand, they can help create a more level playing field but on the other, possible restrictions on things such as targeted advertising are likely to have adverse impact on sales and marketing costs.

Some other initiatives such as the Digital Product Passport included in the Sustainable Products initiative, the revision of product liability rules, and the consumers' right to repair will likely have an effect on e-commerce. However, it's still too early to say whether the overall outcome will be a positive or negative one for e-commerce traders.

Have the new VAT regulations (July 2021) impacted the Finnish e-commerce market in any way?

There's no exact data yet but, based on the feedback from the member companies, the new VAT rules have had a positive impact. They have made it more interesting for the Finnish companies to expand their online sales to other EU countries. Also, they have simplified tax payments and reporting, reduced the undervaluation of shipments from outside the EU, and added tax revenues.

SUSTAINABILITY:

What is currently happening in Finland regarding sustainable transportation efforts?

A roadmap for fossil-free transport was adopted by the Finnish government in May 2021. This aims to halve emissions by 2030 and for transport to be emission-free by 2045. The roadmap includes incentives for electric and gas vehicles and delivery infrastructure, for example.

Also, the obligation to supply biofuels is around double that of the EU level. By 2030, the share of biofuel across Europe should be 14 % of all fuel distribution within the EU yet in Finland, the level was already 18% by 2021 and will go up to 30% by 2030. In the roadmap, it was even suggested that the share should be a higher level of 34%, once all fuel types were considered.

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

The transposition of the Sales of Goods Directive (SDGD) required the rules on legal guarantees to be updated in a way that the seller can no longer choose whether non-conforming goods are repaired or replaced, as was the case previously. So in a way, we took a step backwards due to the EU rules, which were previously transposed the 'wrong' way into Finnish consumer law.

Also, softer measures are planned by the government to provide help for those companies aiming to improve their sustainability efforts. One of these is a guidebook on the different obligations and requirements that traders face when selling repaired and refurbished goods, most likely including key issues relating to online sales.

“There's no exact data yet but, based on the feedback from the member companies, the new VAT rules have had a positive impact”

What are your views on the Waste Framework Directive – Packaging and Packaging Waste Directive? What impact do you think this will have on sustainability?

The issues with reducing packaging waste are complicated. Essentially, waste management and disposal systems vary significantly from one member state to another. This is why full harmonization – turning the directive into legal regulation – of rules is not feasible, including sorting instructions and EU-wide targets to cut packaging material.

Re-use obligations for consumer packaging may also have adverse effects, such as increased food waste or expensive and inefficient reforms of national waste management schemes. However, from a business perspective, an EU-wide recycling label for packaging would be welcome and cost-effective.

TECHNOLOGY:

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

A growing number of small retailers are entering e-commerce in a development that was kicked off by the Covid-19 pandemic. Another continuing trend has been providing more personalized services for consumers. Another is the cooperation between online stores and app-based delivery services, which has made rapid delivery – even same-day – possible for new businesses.

Some businesses are also starting to prepare updating their online sales channels to conform with the accessibility requirements, although the application of national rules based on the Accessibility act (Directive (EU) 2019/882) is still a few years away.

Finland

Continued from previous page

What is the conversation and feeling from the public around data privacy and protection?

Due to the increased possibility of Russian aggressions such as cyber attacks towards Finland and other EU countries, the public focus is more on cybersecurity than data privacy. These, combined with relatively wide media coverage on DMA, DSA and so on, mean that the topic will likely gain more, not less attention in the near future.

CURRENT EVENTS AND E-COMMERCE:

The ongoing conflict in Ukraine, initiated by Russia, is undoubtedly having an impact on markets across Europe. Have you seen any specific direct or indirect impacts on your e-commerce market from these unfolding events?

So far it is not clear how the Russian war against Ukraine will affect e-commerce. It is anticipated that the war may have a negative impact in grocery e-commerce. Because Finnish consumers are very price sensitive, any price increases of foodstuff and deliveries may steer them away from online stores.

Several members of E-commerce Europe have taken action to support Ukraine. Is there anything your association is doing, or plans to do?

The Finnish Commerce Federation, together with the member associations, donated to the organization Save the Children, which is providing humanitarian aid to children in Ukraine. Several member companies have made both monetary and goods donations.

Covid-19 revealed the importance of e-commerce to Europe but as restrictions are lifted, there are concerns that citizens will head back into physical shops. Have you noticed a drop in e-shoppers, e-commerce turnover or e-commerce growth in the past year? If so, what do you attribute this to?

The estimated growth of e-commerce was about 11% in 2021. This was significantly lower than in 2020, when the sales jumped by 28%, but still on the average level. In 2022, the growth rate is estimated to be below average, at around 8%.

“Due to the increased possibility of Russian aggressions such as cyber attacks towards Finland and other EU countries, the public focus is more on cybersecurity than data privacy”

The growth of grocery e-commerce was still strong in 2021, although not as rapid as it was in 2020, when it was given a boost by the pandemic. Although online sales still constitute only 3% of all groceries, they have become a major factor in e-commerce.

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

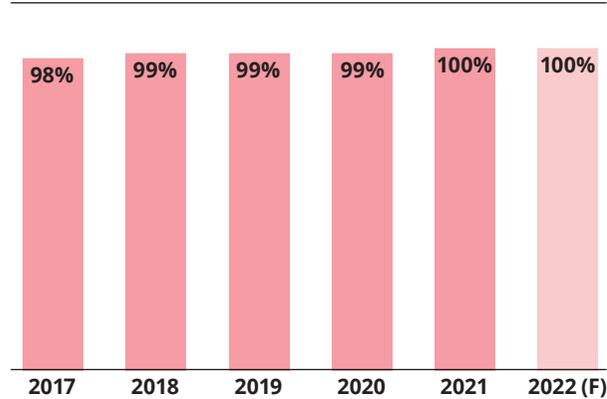
An interesting development is that domestic e-commerce is gaining market share from international e-commerce. In 2021, 64% of shipments were from national traders and 36% from EU and non-EU traders (19.4% EU, 9.4% China, 7.2% rest of the world). Compared to that, in 2019, the respective numbers were 58% and 42%. This means that a major share of the overall growth of e-commerce has come from national sales. In 2021 the growth rate of domestic e-commerce was 16.8% and the international e-commerce only 2.8%.

Iceland

▶ Currency: Króna ▶ VAT: 24%

Internet usage

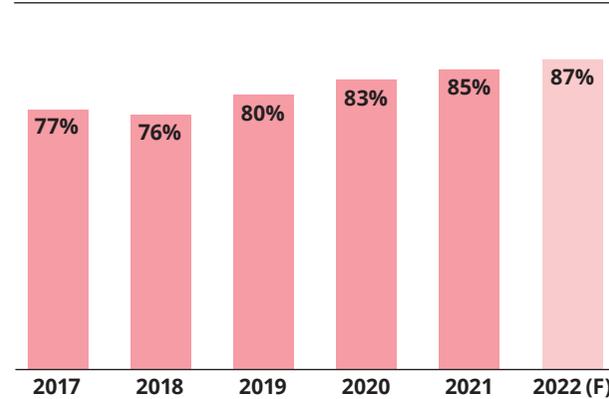
Percentage of the population accessing the internet



SOURCE: EUROSTAT

E-Shoppers

Percentage of internet users that bought goods or services online



SOURCE: EUROSTAT

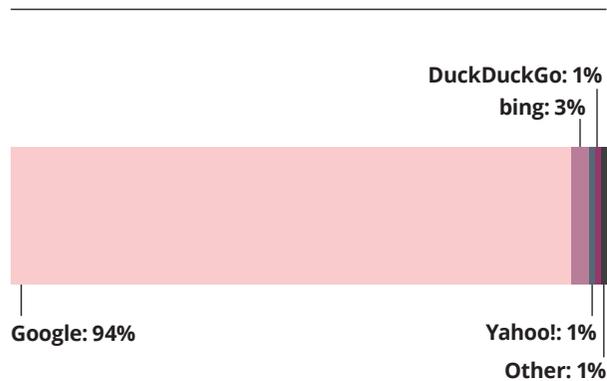
GDP and E-GDP (€bn)

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



Search engine market share

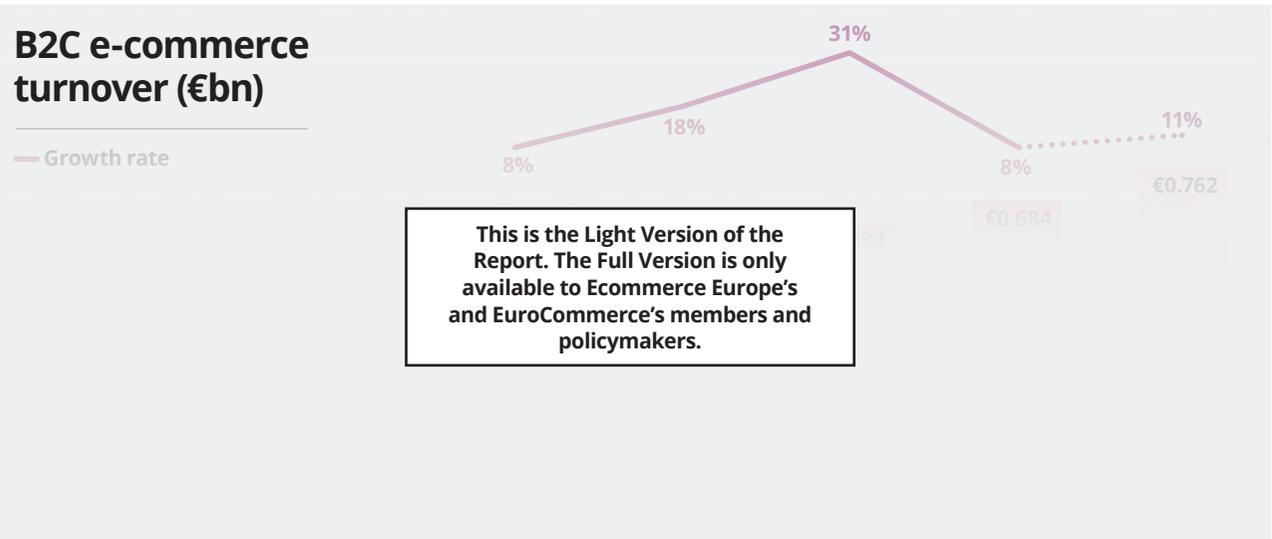
Most popular search engines in 2021



SOURCE: STATCOUNTER

B2C e-commerce turnover (€bn)

— Growth rate



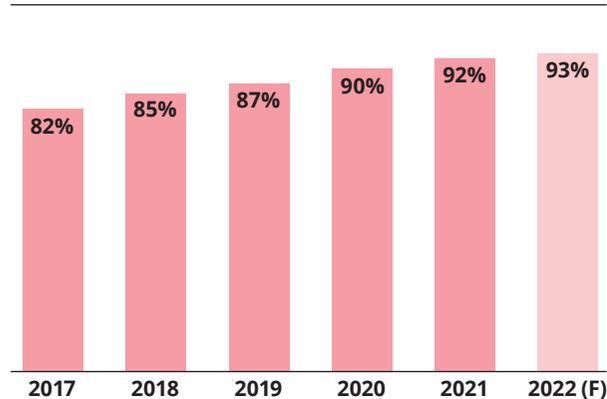
Statista figure indicates that for the 2021 total, 99% represents goods and 1% services

Latvia

▶ Currency: Euro ▶ VAT: 21%

Internet usage

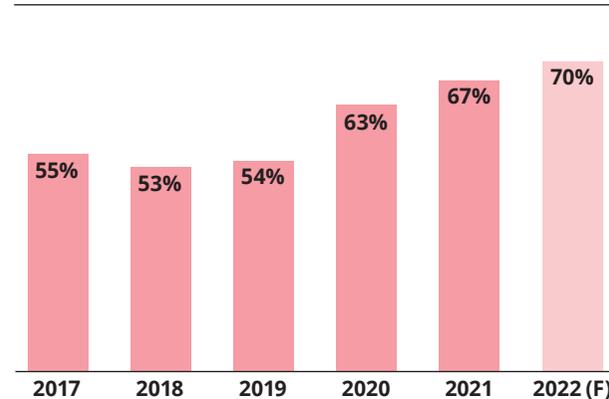
Percentage of the population accessing the internet



SOURCE: EUROSTAT

E-Shoppers

Percentage of internet users that bought goods or services online



SOURCE: EUROSTAT

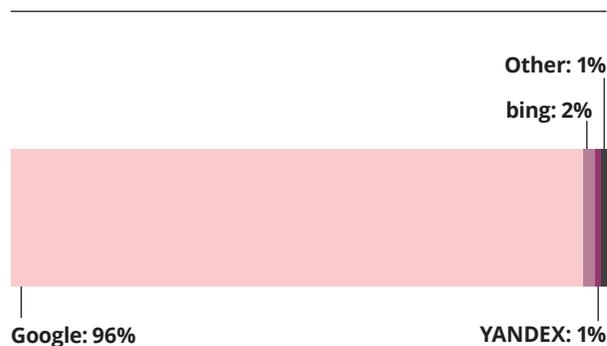
GDP and E-GDP (€bn)

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



Search engine market share

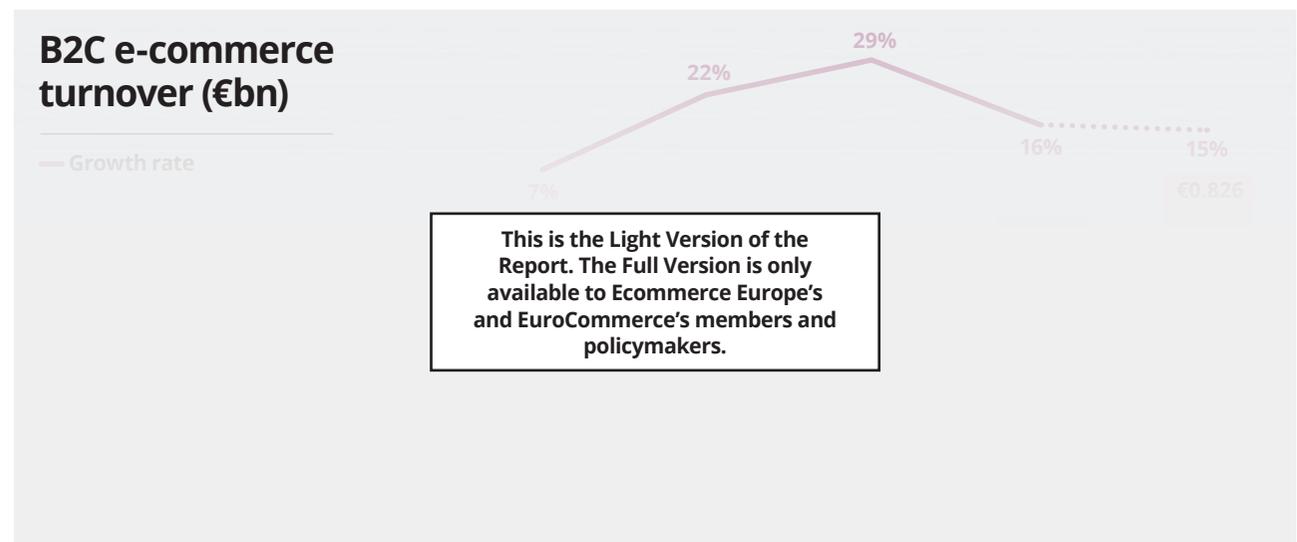
Most popular search engines in 2021



SOURCE: STATCOUNTER

B2C e-commerce turnover (€bn)

— Growth rate



Statista figure indicates that for the 2021 total, 96% represents goods and 4% services

Latvia

Interview Edgars Pentjuss



Member of the Board,
Latvian E-Shop Association

POLICIES AND REGULATION:

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

Mostly concentrating on policies regarding the protection of customer rights, as well as eco-friendly packaging used by online stores. Both have certain impacts on e-commerce since they require a modification of the approaches and methods used in daily business.

What EU policies, if any, are being considered that you think will have an impact on your specific e-commerce market?

We believe that the data protection aspect will have the greatest and soonest amount of impact in Latvia.

Have the new VAT regulations (July 2021) impacted Latvian e-commerce in any way? If yes, how?

Not considerably. Mostly, these VAT regulations affect those local e-commerce companies that were already shipping internationally. However, most of our current members and potential new members are small- and mid-size businesses that focus on local markets, so they are largely unaffected by this EU-wide regulation.

SUSTAINABILITY:

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

There has been a recent requirement at a national level to add a certain amount of biofuel to all regular diesel being sold at gas stations. This is the most widely implemented and well-known sustainable transport initiative in Latvia.

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

While there have been no recent changes in this regard, it is loosely related to an initiative to use eco-friendly or reusable packaging for returns, as well as the back-and-forth transport of product repair shipments.

What are your views on the Waste Framework Directive – Packaging and Packaging Waste Directive? What impact do you think this will have on sustainability?

This hasn't happened yet, so we expect the impact of this directive to be more visible from 2023 onwards.

TECHNOLOGY:

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

Yes, definitely. Changes made include a rapid advancement of online payment systems and efficient new delivery methods – 'automatic post devices' for automated package pick-up.

Which technologies are e-commerce industry players in your market focusing on in 2022? Technologies such as AI, VR, big data, etc.

Integrated shipment arrangements and outsourced production of small-scale consumer goods vendors.

What is the conversation and feeling from the public around data privacy and protection?

Positive but slow. While most of the retailers are adjusting to the requirements, these adaptations have been a steady, step-by-step process.

CURRENT EVENTS AND E-COMMERCE:

The ongoing conflict in Ukraine, initiated by Russia, is undoubtedly having an impact on markets across Europe. Have you seen any specific direct or indirect impacts on your e-commerce market from these unfolding events?

Not really. While the general impact of the war has been huge, we've yet to feel its effects on the local e-commerce market.

“While the general impact of the war has been huge, we've yet to feel its effects on the local e-commerce market”

Even those Latvian companies that have a more international outlook have tended to be orientated towards EU cooperation and less towards their Eastern neighbors.

Several members of E-commerce Europe have taken action to support Ukraine. Is there anything your association is doing, or plans to do?

Our association is planning to offer free membership to any company established by a Ukrainian immigrant.

Covid-19 revealed the importance of e-commerce to Europe but as restrictions are lifted, there are concerns that citizens will head back into physical shops. Have you noticed a drop in e-shoppers, e-commerce turnover or e-commerce growth in the past year? If so, what do you attribute this to?

Definitely not. Our opinion is that any rises in the use of e-commerce brought about by the Covid-19 pandemic are here to stay.

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

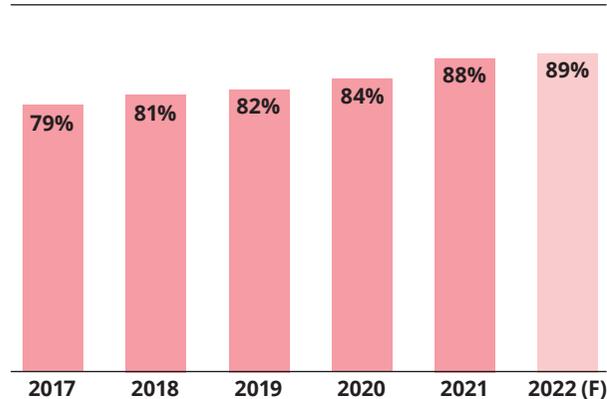
In Latvia, we have seen a reduction in the use of courier delivery services and a huge corresponding rise in the use of so-called 'automatic post devices' to facilitate pick-up from a network of automated lockers.

Lithuania

▶ Currency: Euro ▶ VAT: 21%

Internet usage

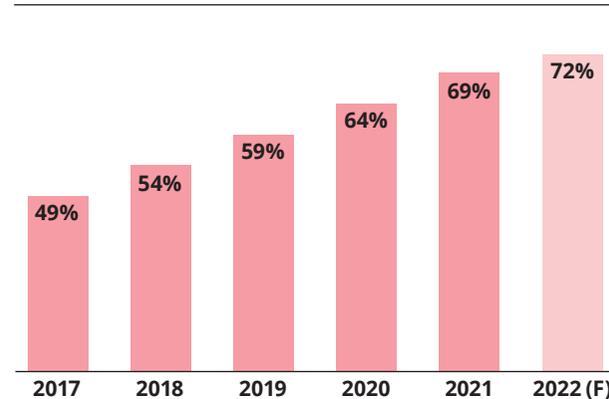
Percentage of the population accessing the internet



SOURCE: EUROSTAT

E-Shoppers

Percentage of internet users that bought goods or services online



SOURCE: EUROSTAT

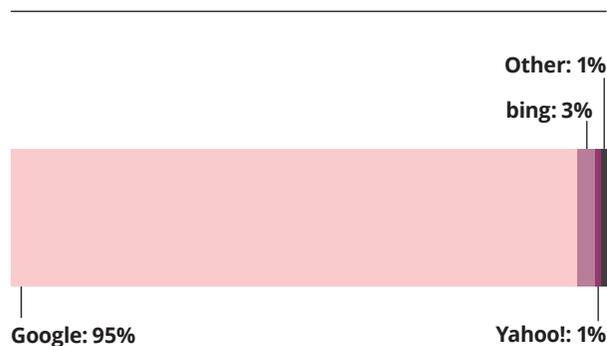
GDP and E-GDP (€bn)

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



Search engine market share

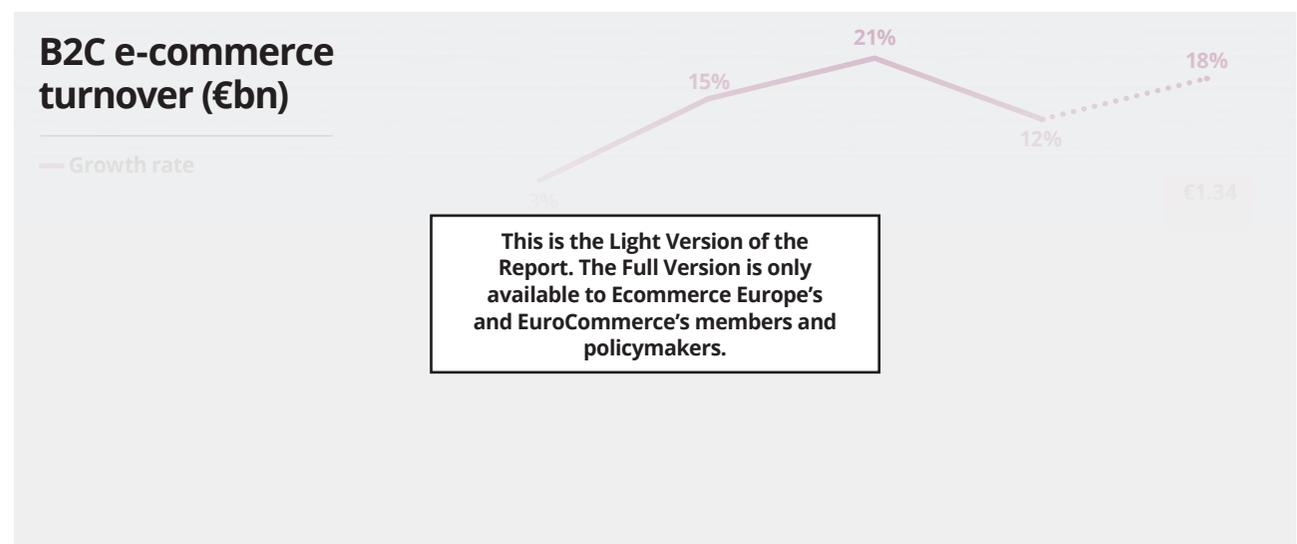
Most popular search engines in 2021



SOURCE: STATCOUNTER

B2C e-commerce turnover (€bn)

— Growth rate



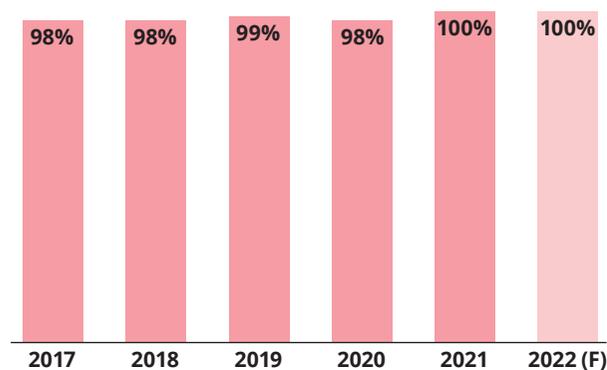
Statista figure indicates that for the 2021 total, 96% represents goods and 4% services

Norway

▶ Currency: Krone ▶ VAT: 25%

Internet usage

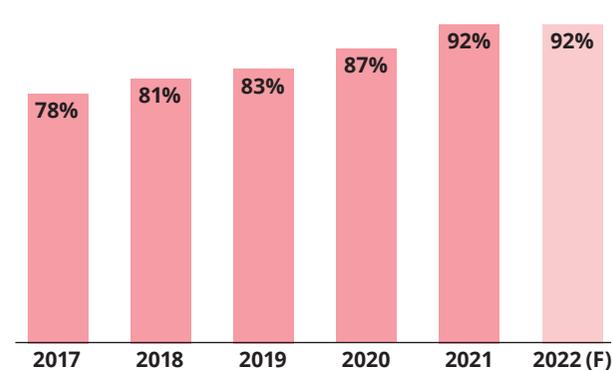
Percentage of the population accessing the internet



SOURCE: EUROSTAT

E-Shoppers

Percentage of internet users that bought goods or services online



SOURCE: EUROSTAT

GDP and E-GDP (€bn)

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



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Search engine market share

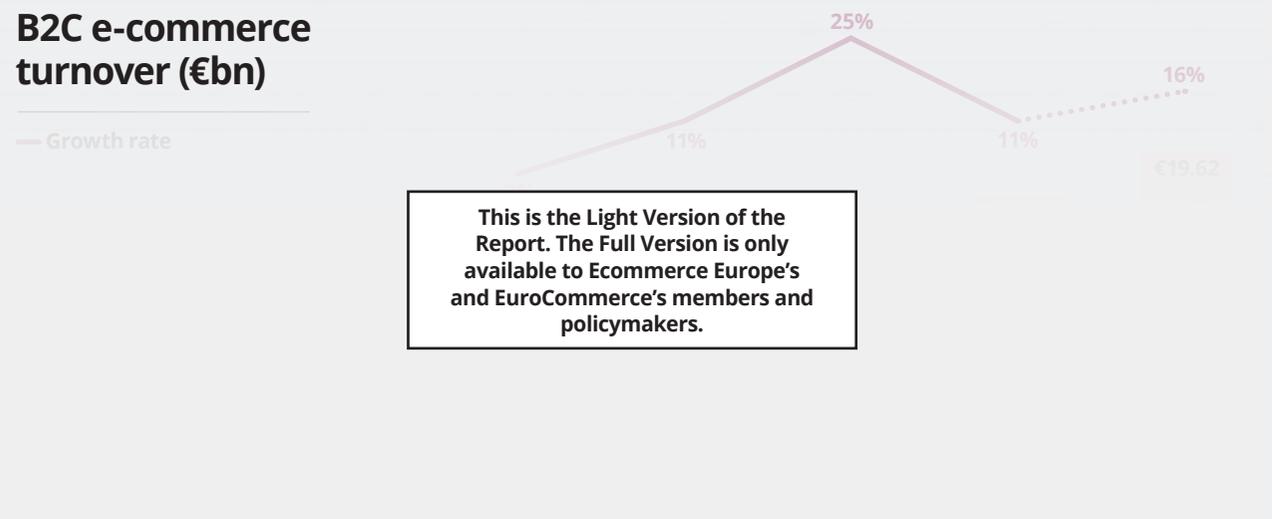
Most popular search engines in 2021



SOURCE: STATCOUNTER

B2C e-commerce turnover (€bn)

— Growth rate



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Association analysis indicates that for the 2021 total, 53% represents goods and 47% services

Norway

Interview Gerhard Anthun



General manager, Virke Digitalhandel (formerly Virke e-Handel) – a part of Virke, the Federation of Norwegian Enterprises

POLICIES AND REGULATION:

What domestic policies, if any, are being considered that will have an impact on Norwegian e-commerce?

The customs and tax authorities have been asked by the government to increase VAT-control of low-value consignments and make sure that all foreign e-commerce vendors selling to Norwegian customers are registered in VOEC (VAT On E-commerce) if they do not have a representative, or were registered before these changes.

What EU policies, if any, are being considered that you think will have an impact on Norway's e-commerce market?

The DSA, regulations on sales marketing and e-privacy regulations, in particular.

Have the new VAT regulations (July 2021) impacted your market in any way?

No. Most Norwegian e-commerce businesses already have a representative in the EU, since Norway is part of the Internal Market thorough the EEA. The Norwegian VOEC will be more closely linked to the IOSS.

SUSTAINABILITY:

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

A big increase in carbon tax is increasing costs on emissions related to transport.

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

The government is planning to implement extended producer responsibility as well as a right to repair, awaiting EU definitions.

What are your views on the Waste Framework Directive – Packaging and Packaging Waste Directive? What impact do you think this will have on sustainability?

There is need of common EU standards and regulation. This may have a positive impact, increasing sustainability.

TECHNOLOGY:

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

Many have invested heavily in technology over many years but they are starting to have problems with outdated technical architecture and old integrations. At the same time, there are many new companies with great ambitions in the market that are currently investing heavily without the same 'technical debt'. While marketplaces are also a hot topic, many retailers are still skeptical to companies like Amazon and Zalando.

Which technologies are Norwegian e-commerce industry players focusing on in 2022? Technologies such as AI, VR, big data, etc.

There is still a great focus on creating a seamless customer journey. Many people invest in last mile and fast deliveries. Others focus a lot on creating better customer experiences, with a strong emphasis on product reviews, onsite-search and personalization. Many retailers are also experiencing increases in their marketing costs.

What is the conversation and feeling from the public around data privacy and protection?

There has been a lot of attention around the GDPR for several years and now that tools like Google Analytics may be illegal, this has become very relevant. It seems to be something that concerns companies of all sizes, so many are now in a phase where they are re-orienting themselves. If we get a local decision that, for example, Google Analytics is illegal, or we see more GDPR fines than we do today, we are likely to see big movements in the local market.

“There is still a great focus on creating a seamless customer journey. Many people invest in last mile and fast deliveries”

CURRENT EVENTS AND E-COMMERCE:

The ongoing conflict in Ukraine, initiated by Russia, is undoubtedly having an impact on markets across Europe. Have you seen any specific direct or indirect impacts on your e-commerce market from these unfolding events?

Logistics: E-commerce companies with goods ordered from the Far East must use alternative, longer, more costly routes since Russian airspace is inaccessible. Fuel prices are expected to affect logistics directly but due to agreement inflexibility, these effects have not yet materialized. Last-mile logistics see a further tightening in manpower as drivers from Ukraine and Eastern Europe have returned home in light of the conflict. We have reports of employees within Norway being called up for military service in their home countries.

Several members of E-commerce Europe have taken action to support Ukraine. Is there anything your association is also doing, or plans to do?

We use our network of 25,000 businesses in Norway to map and match ways companies can contribute either in assisting with the integration or reception of refugees, or to employ refugees (both with or without support from public funding schemes). These reports are shared directly with relevant government agencies, nationally and regionally.

Covid-19 revealed the importance of e-commerce to Europe but as restrictions are lifted, there are concerns that citizens will head back into physical shops. Have you noticed a drop in e-shoppers, e-commerce turnover or e-commerce growth in the past year?

We have observed a sustained growth in domestic e-commerce over a strong 2021 and an even stronger 2020. There has been an unprecedented digitalization of Norwegian commerce with physical retail players going digital at increased rates, and even laggard sectors, such as construction and groceries, adopting

Norway

Continued from previous page

e-commerce. While some of these effects are expected to wear off, we expect e-commerce turnover to remain close to pandemic levels due to highly digitized customers (eight out of ten pre-pandemic customer journeys were started online), coupled with committed investments in e-commerce solutions and an observed snowball effect of “what’s been bought online yesterday, I will buy online again tomorrow”.

We would expect e-commerce growth to slow along with an expected normalization of services versus goods consumption, which has not yet reverted to pre-pandemic patterns in Norway, along with retaining e-commerce’s share of wallet at 15-18% of retail spending, compared to a pre-pandemic level of 8-10%.

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

A hybrid form of physical and e-commerce retail from nationwide chains whereby physical stores serve as forward logistics points. This is a trend we pay close attention to.

While stores’ standard offering includes click and collect, some also combine this with last-mile delivery from your nearest physical store, rather than from a central logistics hub. This approach saves valuable time and utilizes a physical store as a strongpoint of “instant” access to the goods sold.

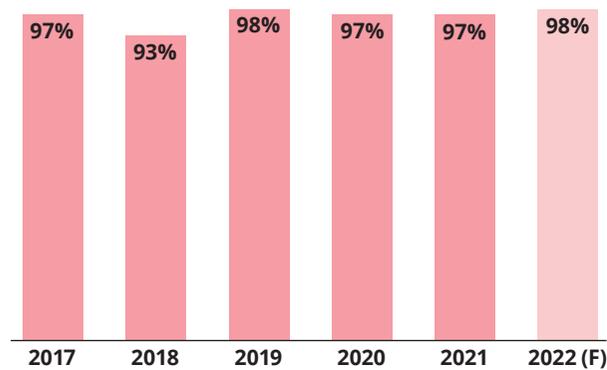
“We would expect e-commerce growth to slow along with an expected normalization of services versus goods consumption, which has not yet reverted to pre-pandemic patterns in Norway”

Sweden

▶ Currency: Krona ▶ VAT: 25%

Internet usage

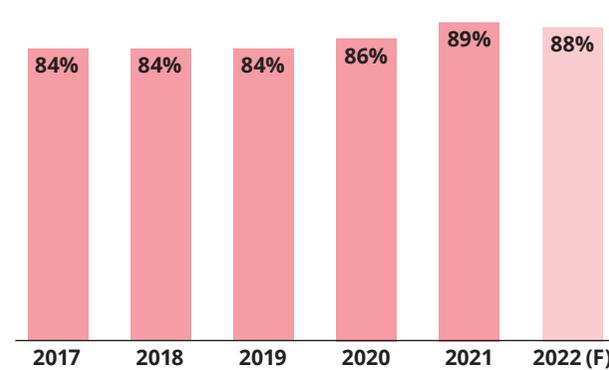
Percentage of the population accessing the internet



SOURCE: EUROSTAT

E-Shoppers

Percentage of internet users that bought goods or services online



SOURCE: EUROSTAT

GDP and E-GDP (€bn)

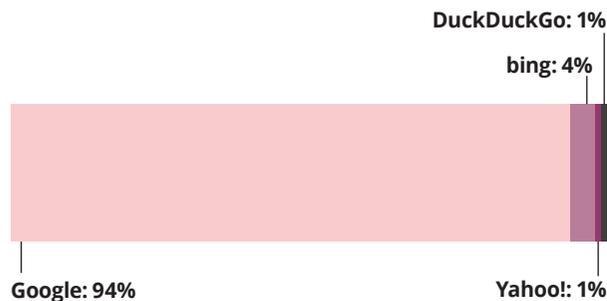
The Gross Domestic Product (GDP) in €bn and the percentage of GDP comprised of e-commerce sales



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Search engine market share

Most popular search engines in 2021



SOURCE: STATCOUNTER

B2C e-commerce turnover (€bn)

— Growth rate



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The share of goods and/or services represented in the B2C e-commerce turnover graph is either unknown or was not provided during data collection.

Sweden

Interview Per Ljugnberg



CEO, Svensk Digital Handel

POLICIES AND REGULATION:

What EU policies, if any, are being considered that you think will have an impact on the Swedish e-commerce market?

New legislation regarding marketplaces, platforms and AI.

SUSTAINABILITY:

What is currently happening in Sweden regarding sustainable transportation efforts?

The development of an industry-wide agreement on achieving fossil fuel-free delivery.

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

While there are many different draft initiatives to decrease e-commerce returns, nothing concrete has yet come out of these discussions.

TECHNOLOGY:

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

Sweden has seen significantly higher levels of tech investment within e-commerce taking place during the pandemic. Many of these have been regarding the use of digital marketing, although we have also seen the development of existing web shops as well as the creation of new ones. Many retailers have also started experimenting with live-shopping.

Which technologies are e-commerce industry players in your market focusing on in 2022? Technologies such as AI, VR, big data, etc.

Mostly live-shopping by creating live-streamed promotional events. However, some retailers are also at the start of using the data they have been collecting to improve the degree of personalization for each customer.

“Sweden has seen significantly higher levels of tech investment within e-commerce taking place during the pandemic”

What is the conversation and feeling from the public around data privacy and protection?

The public pays more attention to how retailers use their data now than ever before.

CURRENT EVENTS AND E-COMMERCE:

The ongoing conflict in Ukraine, initiated by Russia, is undoubtedly having an impact on markets across Europe. Have you seen any specific direct or indirect impacts on your e-commerce market from these unfolding events?

We are seeing a negative effect on e-commerce because consumers are being more careful with their purchases and are tending to hold onto their money to see whether worse times lie ahead.

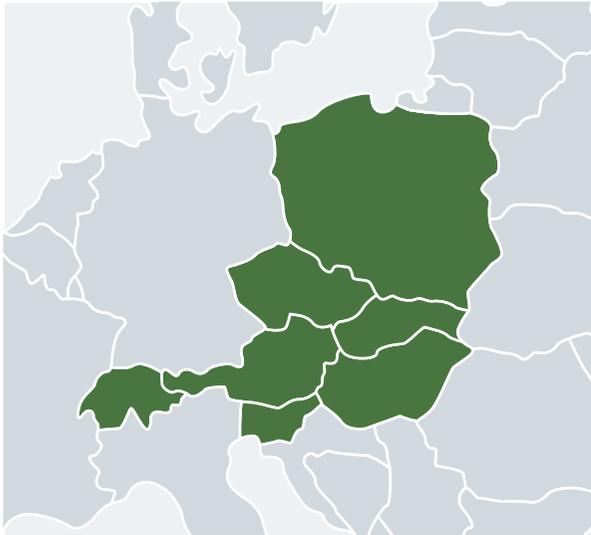
Covid-19 revealed the importance of e-commerce to Europe but as restrictions are lifted, there are concerns that citizens will head back into physical shops. Have you noticed a drop in e-shoppers, e-commerce turnover or e-commerce growth in the past year? If so, what do you attribute this to?

We absolutely see that consumers are returning to physical stores but we are not yet at the numbers who were shopping in-store in 2019. By contrast, Swedish e-commerce has enjoyed strong growth compared to 2019.

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

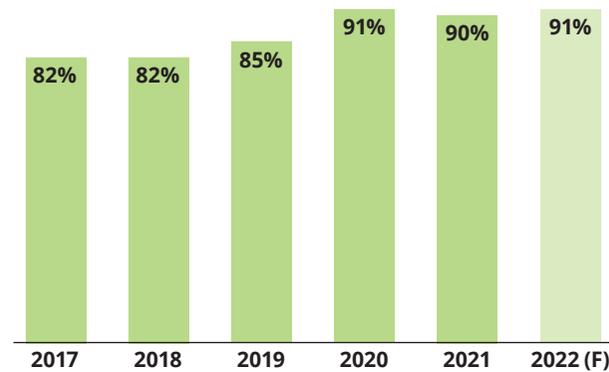
The development of last-mile delivery is strong in Sweden and we are probably ahead compared to rest of Europe. Live-shopping and streaming are also progressing well.

Central Europe



Internet usage

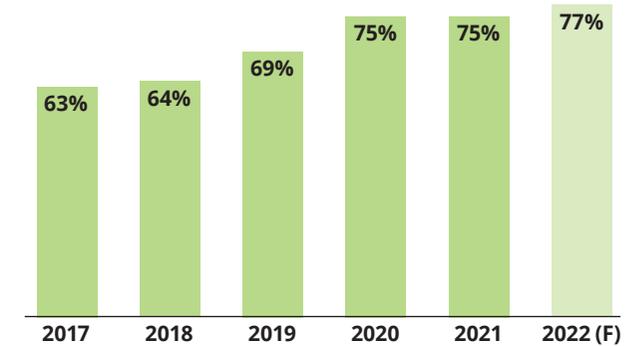
Percentage of the population accessing the internet



SOURCE: EUROSTAT; STATISTA

E-Shoppers

Percentage of internet users that bought goods or services online



SOURCE: EUROSTAT; STATISTA; UNITED NATIONS

B2C e-commerce turnover (€bn)

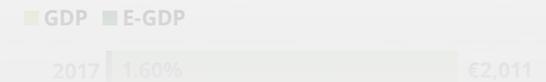
— Growth rate



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GDP and E-GDP (€bn)

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

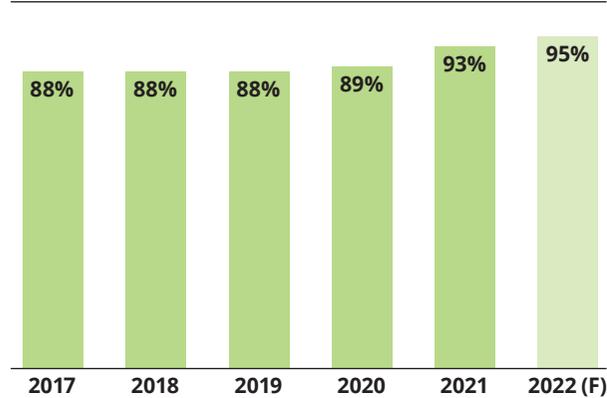


Austria

► Currency: Euro ► VAT: 20%

Internet usage

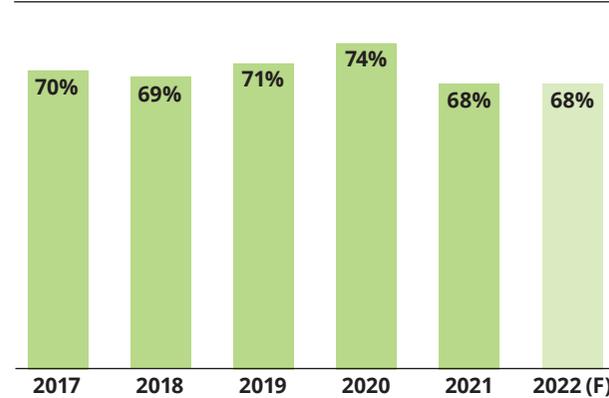
Percentage of the population accessing the internet



SOURCE: EUROSTAT

E-Shoppers

Percentage of internet users that bought goods or services online



SOURCE: EUROSTAT

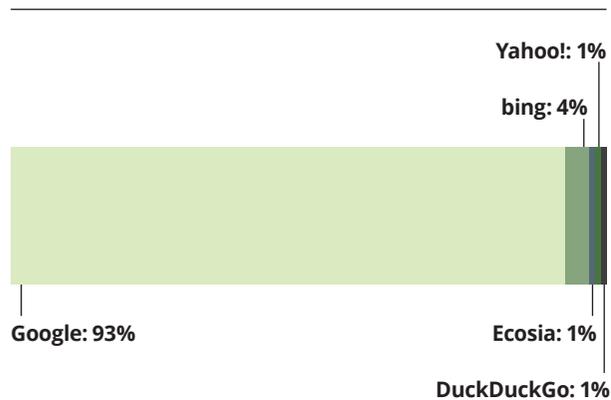
GDP and E-GDP (€bn)

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



Search engine market share

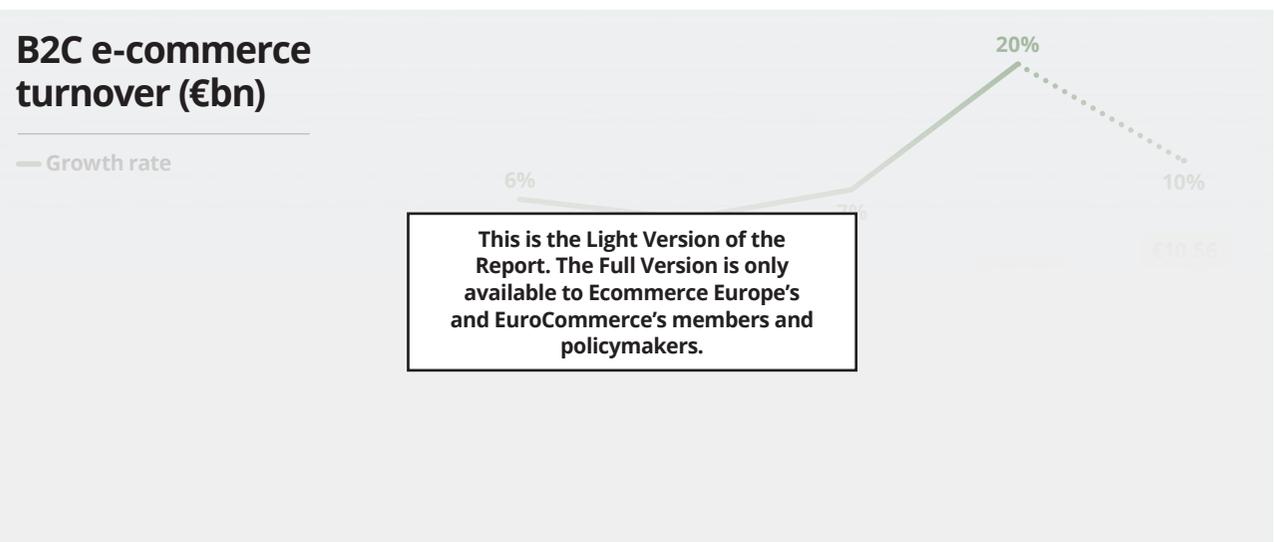
Most popular search engines in 2021



SOURCE: STATCOUNTER

B2C e-commerce turnover (€bn)

— Growth rate



The share of goods and/or services represented in the B2C e-commerce turnover graph is either unknown or was not provided during data collection.

Austria



Interview Rainer Will



CEO, Handelsverband /
Austrian Retail Association

POLICIES AND REGULATION:

What EU policies, if any, are being considered that you think will have an impact on the Austrian e-commerce market?

The Digital Markets Act will further level the playing field for Austrian business users on gatekeeper platforms. The self-preferencing practices of gatekeeper platforms, along with the combining of personal data from different sources, were the main points of contention for Austrian sellers. Hopefully both will now become a thing of the past due to the DMA.

Furthermore, the reshuffling of the 'Privacy Shield' is important for Austrian online sellers so that they can once again have more legal certainty about transatlantic data transfers.

Have the new VAT regulations (July 2021) impacted your market in any way? If so, how?

Yes. The Import One Stop Shop (IOSS) is a relief for many online retailers but we also see that SME dealers in particular continue to know little about it. We receive regular queries regarding legal details, such as the EU-wide threshold of €10,000.

The abolition of the €22 VAT exemption limit was also a very decisive step towards more fairness in European online trading. The figures speak for themselves, with the number of parcels arriving in Austria from Asia halving within just three months of this limit being applied. This single regulation brought Austrian traders an additional income of around €35m in 2021.

SUSTAINABILITY:

What is currently happening in Austria regarding sustainable transportation efforts?

Investments in e-mobility and alternative delivery methods have contributed to Austrian Post's self-imposed goal of achieving completely CO₂-free delivery by 2030, in part by using only

vehicles with alternative drives on the last mile to the customer. In addition, many Austrian retailers are currently evaluating the use of reusable transport boxes, while several research projects are also underway on the possible use of white-label parcel boxes. The aim is to develop a customer app through which all parcel boxes from a wide variety of providers can be used, returned and then reused.

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

Leading e-commerce providers such as UNITO/Otto have launched their own 'buy instead of rent' platforms, the use of which is constantly being expanded. While the number of users has been increasing, especially since the outbreak of the pandemic, these still remain niche offers.

What are your views on the Waste Framework Directive – Packaging and Packaging Waste Directive? What impact do you think this will have on sustainability within the Austrian e-commerce market?

We hope that the revision of the EU Waste Framework will focus on the harmonization of EPR in order to facilitate compliance and to reduce the administrative burden for businesses, especially SMEs. The current systems and rules surrounding declaring items and paying fees is pretty divergent across member states, which makes it difficult for merchants to comply. The revision should be used to align and harmonize with other existing legislation 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 made, particularly SMEs?

The Covid-19 pandemic has shown how important it is to be able to serve consumers in every situation and age group. That's why three-quarters of retailers have upgraded digitally over this period, one-third of them massively.

However, there's still a lot of potential to be tapped. Customers want more communication in advance and want to be able to choose from specific procurement modalities. Only 5% of retailers make it possible to ask questions about the product

“Investments in e-mobility and alternative delivery methods have contributed to Austrian Post's self-imposed goal of achieving completely CO₂-free delivery by 2030”

on the product page, yet two-thirds of customers want this. The same is true of a callback function, which is still only offered by 14% of e-commerce retailers.

Which technologies are Austrian e-commerce industry players focusing on in 2022? Technologies such as AI, VR, big data, etc.

Big data is becoming more and more important but it is still a challenge, especially for SME retailers. Elsewhere, cybercrime is growing rapidly. Almost two-thirds of Austrian retailers have already been victims of online fraud, while 20% of consumers have experience with fake web shops. As countermeasures, retailers are increasingly relying on identity and credit checks.

Apart from that, VR applications are gaining in importance again due to the announcement of Metaverse. More and more retailers are exploring possible use cases for it, often in combination with Non-Fungible Tokens (NFT).

Another exciting technological development is live shopping. The concept has been booming in China for years, yet more Austrian retailers have started to use the format.

What is the conversation and feeling from the public around data privacy and protection?

Relatively little has happened in Austria in the last few years. In theory, it's important to many consumers that their data is safe and not used for questionable purposes. Particularly in the area of social media, privacy and data protection are often forgotten or bypassed in favor of convenience. However, we remain convinced that a new form of made-in-Europe data protection is still needed.

Austria



Continued from previous page

CURRENT EVENTS AND E-COMMERCE:

The ongoing conflict in Ukraine, initiated by Russia, is undoubtedly having an impact on markets across Europe. **Have you seen any specific direct or indirect impacts on your e-commerce market from these unfolding events?**

War in Ukraine has increased the procurement bottlenecks and delivery delays that have existed since the pandemic. At the same time, product prices have also climbed as a result of increased energy and production costs. In the medium term, rising fuel costs will cause significant problems in logistics and make e-commerce delivery substantially more expensive.

Several members of E-commerce Europe have taken action to support Ukraine. Is there anything your association is also doing, or plans to do?

For the Austrian Retail Association, the most important thing has been to help quickly. The people of Ukraine urgently need our support, so we have initiated a Ukraine Task Force to coordinate all aid measures by the Austrian trade sector. Handelsverband has also compiled a list of selected aid organizations where donations are guaranteed to be deductible. www.handelsverband.at/ukraine

Covid-19 revealed the importance of e-commerce to Europe but as restrictions are lifted, there are concerns that citizens will head back into physical shops. Have you noticed a drop in e-shoppers, e-commerce turnover or e-commerce growth in the past year? If so, what do you attribute this to?

No. In Austria, e-commerce grew by 17% in 2020 and by 21% in 2021 as a result of the pandemic. We expect slightly lower growth for 2022, in part due to rising inflation, which is reducing the purchasing power of the population. In an international comparison, the e-commerce share of total retail sales in Austria is still relatively low, at around 13%, which is why we do not expect the e-commerce boom to end any time soon.

“**War in Ukraine has increased the procurement bottlenecks and delivery delays that have existed since the pandemic”**

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

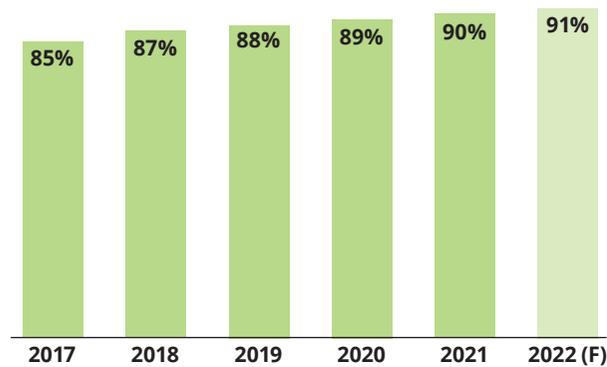
Over the two years of the pandemic, we have experienced strong growth in the area of regionality. Regional web shops and platforms are booming in Austria and we expect this trend to continue over the next five years.

Czechia

► Currency: Koruna ► VAT: 21%

Internet usage

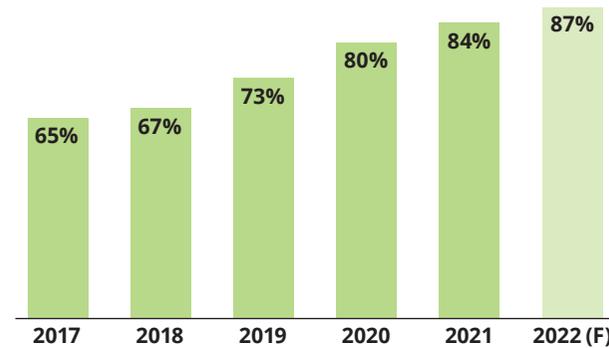
Percentage of the population accessing the internet



SOURCE: EUROSTAT

E-Shoppers

Percentage of internet users that bought goods or services online



SOURCE: EUROSTAT

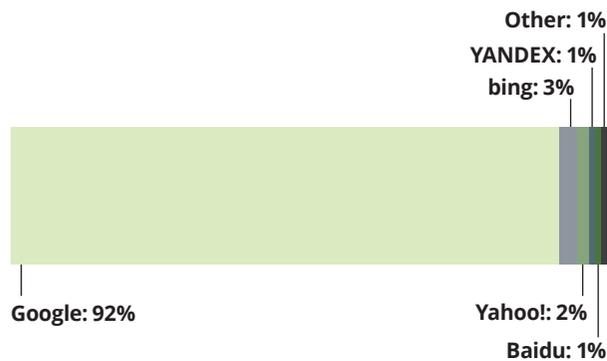
GDP and E-GDP (€bn)

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



Search engine market share

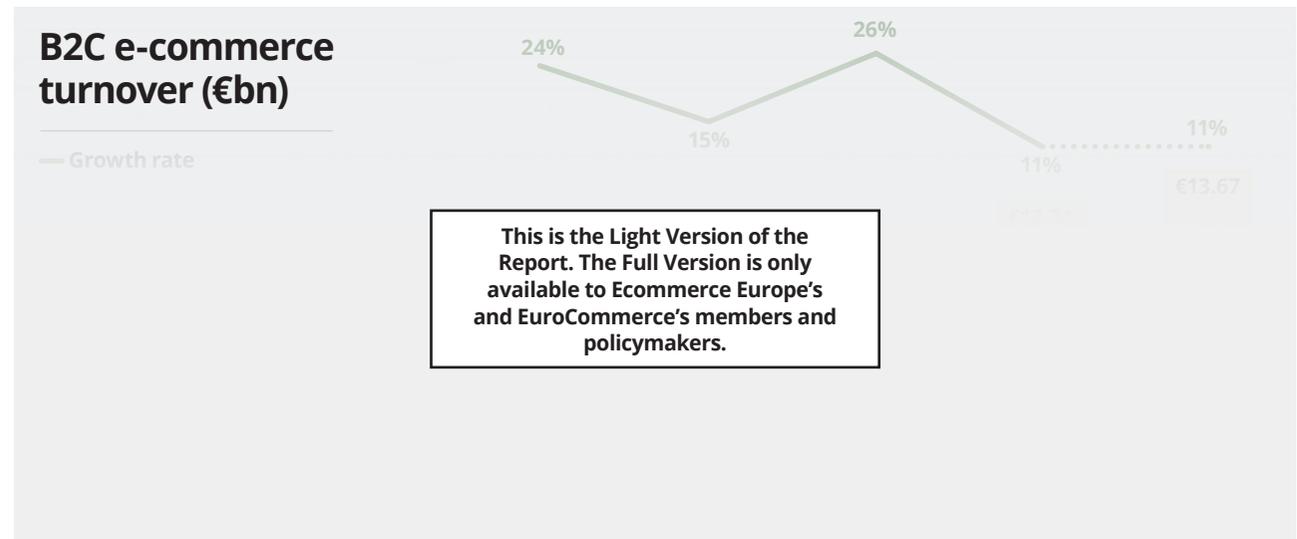
Most popular search engines in 2021



SOURCE: STATCOUNTER

B2C e-commerce turnover (€bn)

— Growth rate



Association analysis indicates that for the 2021 total, 69% represents goods and 31% services

Czechia

Interview Jan Vetyška



Executive director, Asociace pro elektronickou komerci (APEK)

POLICIES AND REGULATION:

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

We are waiting for the updates of the Civil Code (Občanský zákoník 89/2012) and Consumer Protection law (Zákon o ochraně spotřebitele 634/1992). These two amendments will have important impacts on all online shops, including SMEs. New text within them should correct mistakes in the transposition of EU rules from previous years and also add new parts from the 'Omnibus' directive.

What EU policies, if any, are being considered that you think will have an impact on the e-commerce market in Czechia?

In 2022, the Omnibus directive should apply. However, since it has yet to be transposed, this will probably be no earlier than May. In the future, this will bring several important changes to Czech e-commerce together with other directives that are focused mainly on platforms.

Have the new VAT regulations (July 2021) impacted your market in any way? If yes, how?

While Czechia has not seen any major regulation changes, the new VAT rules have made cross-border sales easier. Every harmonization that results in less administration at the border is appreciated.

SUSTAINABILITY:

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

Most logistics companies are trying to make their transportation 'greener'. However, the effectiveness of most solutions are not yet successful. In the cities, many companies are supporting electric vehicles and trying new options but the traditional modes of transportation and delivery are still the most-used.

The popularity of pick-up points and boxes is still growing in Czechia. That helps to reduce the transportation since each logistics company only has to deliver to one place where multiple customers can then pick-up their packages.

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

We are at the beginning. Online shops are more involved in the sustainable solutions. We do not see significant changes to returns or repairs as a result of efforts to improve sustainability.

TECHNOLOGY:

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

The digitalization of traditional retailers has been spurred on since 2020 by the Covid-19 pandemic. We now see that omnichannel is necessary for success within our market and the trend is certainly going in that direction.

SMEs, as well as the biggest players, have started their own online shops, or at least are looking for new possibilities on marketplaces. The successful digitalization of the government and authorities will be very important for the future of e-commerce within Czechia.

Which technologies are Czechian e-commerce industry players focusing on in 2022? Technologies such as AI, VR, big data, etc.

It is a mix. AI is very important and is developing both for communication with consumers and internal processes too. I feel that AI will be one of the key technologies for the future development of e-commerce in Czechia.

Big data is also necessary but it is important that those who need it can access it. For the top players in the market, it is one of the most important sources for their business strategies.

What is the conversation and feeling from the public around data privacy and protection?

For the consumers, data privacy is not a major concern. There haven't been any huge frauds or risks connected to data

“The successful digitalization of the government and authorities will be very important for the future of e-commerce within Czechia”

privacy and we do not feel a pressure in Czechia. However, we understand that the importance of privacy and data protection will grow over time.

CURRENT EVENTS AND E-COMMERCE:

The ongoing conflict in Ukraine, initiated by Russia, is undoubtedly having an impact on markets across Europe. Have you seen any specific direct or indirect impacts on your e-commerce market from these unfolding events?

We expect there will have been a decrease of sales at the beginning of the war. Also, many refugees have come here from Ukraine – around 300,000 at the moment. Currently, consumers are being more careful about their purchases as they wait to see what the long-term situation will be.

Several members of E-commerce Europe have taken action to support Ukraine. Is there anything your association is doing, or plans to do?

We have publicly called on traders to stop selling goods produced in Russia. The important players on the Czech e-commerce market have supported this initiative and withdrawn Russian products from their online shops. Similarly, online sellers from Czechia have also left the Russian market and stopped selling to Russia, through Notino, for example.

Czechia

Continued from previous page

Covid-19 revealed the importance of e-commerce to Europe but as restrictions are lifted, there are concerns that citizens will head back into physical shops. Have you noticed a drop in e-shoppers, e-commerce turnover or e-commerce growth in the past year? If so, what do you attribute this to?

In Czechia, e-commerce sales were up 14% year-on-year. Based on our consumer research, we believe that most customers will continue to use online shops more than they did before the pandemic. For example, groceries are now the second-biggest category by turnover, which is a huge change compared to 2019. In 2021, Czechian e-commerce reached a 17% retail share.

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

The role of marketplaces has become more important, even though there is no dedicated version of Amazon in Czechia, although Amazon.de can be viewed in Czech. Also, delivery methods are changing and most of the logistics companies now offer automated boxes, which are becoming more and more popular. We are looking forward to the future of e-commerce in Czechia as we believe that the online environment is buoyant, opening the way for future development.

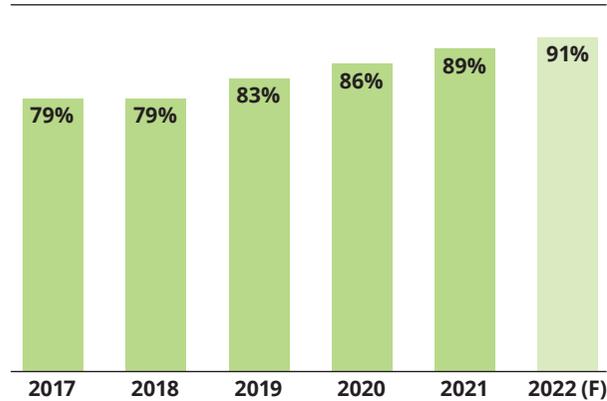
“Based on our consumer research, we believe that most customers will continue to use online shops more than they did before the pandemic”

Hungary

► Currency: Forint ► VAT: 27%

Internet usage

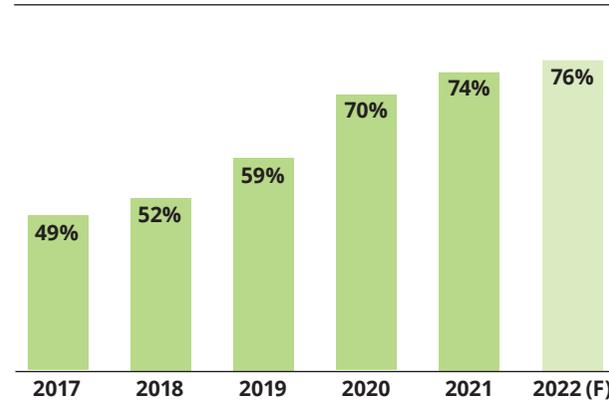
Percentage of the population accessing the internet



SOURCE: EUROSTAT

E-Shoppers

Percentage of internet users that bought goods or services online



SOURCE: EUROSTAT

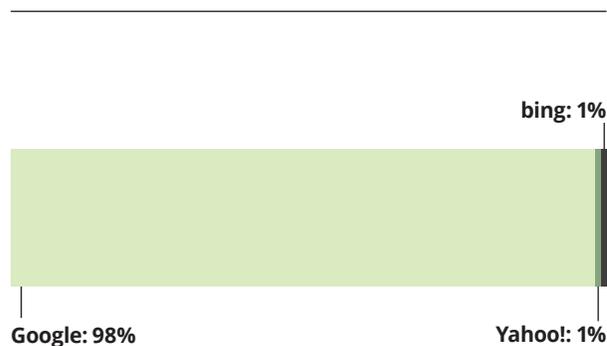
GDP and E-GDP (€bn)

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



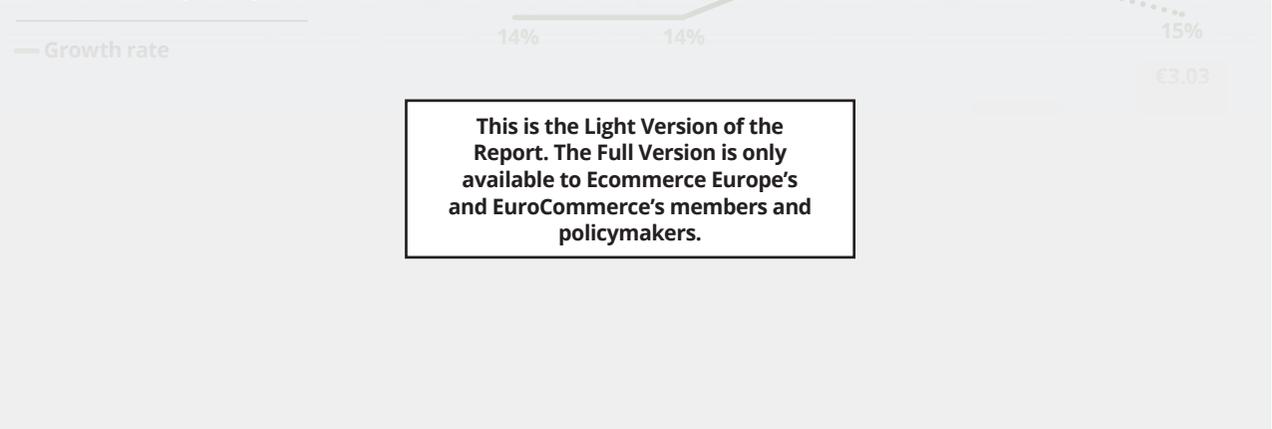
Search engine market share

Most popular search engines in 2021



SOURCE: STATCOUNTER

B2C e-commerce turnover (€bn)



The share of goods and/or services represented in the B2C e-commerce turnover graph is either unknown or was not provided during data collection.

Hungary

Interview

Norbert Madar



Lead consultant & partner, gkid
Research & Consulting Ltd

THE SITUATION ON THE HUNGARIAN E-COMMERCE MARKET

Market environment

In March 2022, two years after the first Covid-19 restrictions resulted in e-commerce growth due to sudden restrictions, online retailing in Hungary is still growing.

In 2020, lockdown restrictions resulted in extra spending transferring to online stores, leading to a 45% increase in sales. By contrast, in 2021, e-commerce was no longer influenced by the direct effects of the epidemic but by changing shopping habits as online shopping became more natural and, as a result, more regular.

At the same time, the rise of e-commerce due to the pandemic has been followed by economic trends that have caused serious damage to global production and supply chains. These have made the market more unpredictable and raised costs. These changes include:

- Production losses caused by the epidemic followed by further shortages and reduced choice
- Shipping container shortages due to imbalanced demand, making transport more expensive
- A continuing shortages of raw materials, especially in the case of semi-conductors
- Rising energy prices
- Rapid inflation and exchange rate decline

The Hungarian online retail turnover reached 1,203bn HUF in 2021. Following an annual growth of 32.4%, Hungarian online retail closed 2021 with a sales volume of 1,203bn HUF. Although the online market, which accounts for 10.4% of total Hungarian retail sales, lost some speed after a record year in 2020, it still

grew twice as fast in 2021 than in the years before Covid-19. Growth is now driven by the increase in shopping frequency.

In 2021, the online retail market in Hungary reached a sales volume of 1,203 billion HUF, with 68.9m successful Hungarian online orders. Although the rate of growth slowed down somewhat (from 45 to 32.4%), it was still twice as fast as in the years before the pandemic.

Until 2020, sales volumes grew faster than transactions (orders) but the growth rates of the two indicators balanced out in 2021, despite high inflation. In 2022, the growth dynamics of transactions could even be higher than those of sales volumes. The high growth rate is also being maintained by people ordering more online: the annual per person ordering frequency has increased from 12-13 times in 2019 to 19-20 online orders per person, per year by the end of 2021.

According to gkid Research & Consulting, the number of online shoppers among the 6.5m Hungarian active adult internet users is 78.4%. That's around 5.1m people, of whom 3.7m also regularly buy products.

As in past years, almost half (46%) of online retail sales continue to be realized in Budapest and Pest County, the latter being three times larger than the next largest counties, Győr-Moson-Sopron and Fejér. The advantage of selling within this central region is the difference in order frequency: online shoppers in Budapest and Pest County order much more often online than the Hungarian average.

The growth of online shopping is well illustrated by the market for food and household goods (FMCG products), which had barely made a place for itself in the Hungarian e-commerce market before the pandemic but has since seen rapid growth in the last two years.

Online sales of food, household goods and beauty products grew by 53.7% in 2021 in Hungary, making FMCG the fastest-growing segment of online retail last year. The sector is now the fourth-largest online segment in the Hungarian market, after technical goods, clothing and toys/gifts.

“In 2021, e-commerce was no longer influenced by the direct effects of the epidemic but by changing shopping habits”

The epidemic has helped the population to become digitally up-to-date and has also had a positive impact on bank card usage. According to MNB (Hungarian National Bank) statistics, in 2020, for the first time ever, the amount of money paid (online or in person) with Hungarian-issued bank cards was higher than the amount of cash taken out through the ATM network. Before the pandemic, the total value of card payments was usually less than the amount of cash withdrawals. However, this gap continued to grow in 2021 in favor of cashless card payments.

At the same time, the importance of cash for online shopping is gradually decreasing: in 2021 it was only 30%, a 6 percentage point decrease compared to 2020. Cash on delivery is still popular among Hungarian shoppers but 50% of cash on delivery transactions are now electronic.

The changing lifestyles of the last two years have made home delivery a popular option and this service is also well developed on the Hungarian market, even at an EU level. Hungarian shoppers are used to time slot delivery, calling the courier, online time and address change options, and detailed tracking. All these make home delivery predictable, manageable and convenient. As a result, this delivery method was still the most popular in 2021, with 74% of transactions ordered by shoppers.

However, in addition to home delivery, couriers and retailers are also focusing more and more on automated parcel lockers, a service that's seen huge growth since the beginning of 2021. More than 800 new APLs have been installed in just one year and, as of April 2022, the total number of parcel lockers in Hungary is more than 1,300. The two biggest advantages of the parcel lockers are speed and two-way operation: they can even receive same-day orders, while they also make sending and returning parcels much easier.

Hungary

Continued from previous page

POLICIES AND REGULATION

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

Hungary's government extended a moratorium on household and business loan repayments to mitigate the impact of the coronavirus crisis for 2020 and 2021. From June 2022, all households must restart paying installments, so the free household income will be lower.

The government is capping the sales price of petrol and diesel at 480 forints from November 2021, but only for cars and trucks under 3.5t. Also, prices for basic food items such as sunflower oil, flour and chicken are fixed on the October 2021 level. These restrictions will be resolved in Q2 – Q3 2022, at which point households will have to face significantly higher actual market prices. Energy prices have also been kept lower than the market. This should also be corrected because it is not sustainable and of course, higher petrol and diesel prices will increase logistic and delivery costs.

The EUR/HUF rate is changing dramatically daily – between 355-400 HUF / 1 EUR – which makes hard to calculate retail prices for importers. Consequently, they play it safe and set their HUF prices high. This is affecting the inventory options of smaller Hungarian e-retailers.

Have the new VAT regulations (July 2021) impacted the Hungarian market in any way?

There have been significantly fewer orders from outside the EU since July 2021. New delivery routes and methods have been implemented from China since then, so the order numbers have since started to go back up again.

SUSTAINABILITY

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

The number of Automated Parcel Lockers (APLs) tripled in the last year, to over 1,300. These are considered more sustainable than home delivery. In 2021, several new, environmentally friendly warehouses were opened by the major logistics

companies. While electric vehicle and bike delivery represents only a small percentage of total deliveries, Hungarian online shoppers still care about the environment – they just don't want to pay any extra for environment-safe packaging or delivery.

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

Share of returns is low in Hungary (1-2% from 70m online transactions). For clothes, there are higher rates return, at around 8-10%, but free returns are still rare, so rates are unlikely to climb.

What are your views on the Waste Framework Directive – Packaging and Packaging Waste Directive? What impact do you think this will have on sustainability?

It will raise prices and costs, so sellers will have to think about it and make efforts. Most of the consumers would not choose to be environmentally friendly if there is a cheaper option, so these options should be banned.

TECHNOLOGY

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

Since the beginning of the pandemic, there has been more focus on the online retail channel among the SMEs. The number of Hungarian based webshops reached 37,000 in the beginning of 2022. Share of electronic payments has increased: in 2021 37% of the online orders were paid online in advance. The COD rate is still 63% but half of the COD transactions were paid by bank card.

What is the conversation and feeling from the public around data privacy and protection?

During the last couple of months, there were many data phishing incidents related to e-commerce. People are getting fake e-mails and even text messages in the name of e-retailers, logistics companies and payment providers. The current laws protect only the customers but these types of hack are really damaging the market, along with the good names of the online retailers caught up in such scams.

CURRENT EVENTS AND E-COMMERCE

The ongoing conflict in Ukraine, initiated by Russia, is undoubtedly having an impact on markets across Europe. Have you seen any specific direct or indirect impacts on your e-commerce market from these unfolding events?

Before the war, many Ukrainians were working in Hungary in the retail and logistics sector. Most of these blue-collar workers went back to fight, so there is now a significant labor shortage.

Covid-19 revealed the importance of e-commerce to Europe but as restrictions are lifted, there are concerns that citizens will head back into physical shops. Have you noticed a drop in e-shoppers, e-commerce turnover or e-commerce growth in the past year?

We can't see any serious backflow in Hungary and online retail is still very popular. The annual growth rate was around 32% last year – a rate twice that of average growth between 2016 and 2019. The main driver is now the growing average online shopping frequency, which is around 19-20 orders per customer, per year. In 2022, the reason for the smaller increase will not be the return to the physical shops, but the economic situation. We forecast that sales from bricks-and-mortar stores will decrease more than online sales during 2022.

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

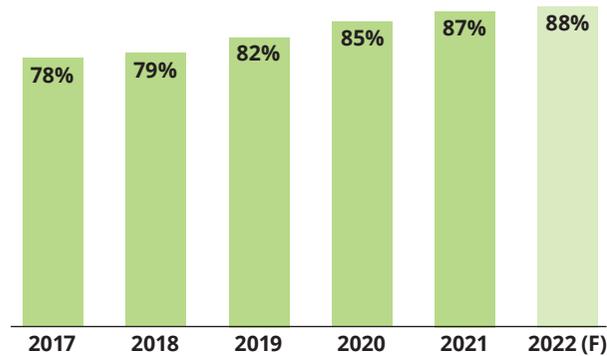
The service level of home delivery is very high in Hungary. Customers can get 2-3 hour delivery windows, can reach the courier directly by phone or in chat, and can follow deliveries real-time through online. Also, same-day delivery has become very popular, especially for e-grocery and FMCG products. Because of all these features, home delivery is predictable, reliable and convenient in Hungary. The home delivery percentage from the total orders is around 74%.

Poland

► Currency: Zloty ► VAT: 23%

Internet usage

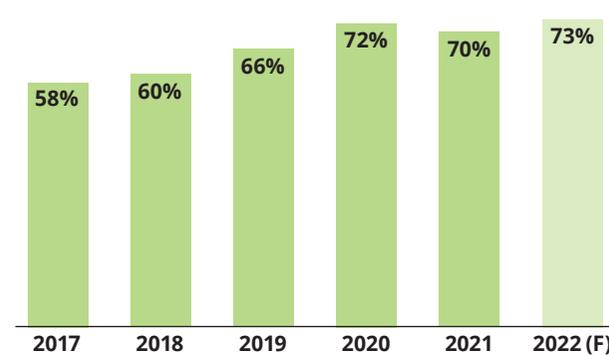
Percentage of the population accessing the internet



SOURCE: EUROSTAT

E-Shoppers

Percentage of internet users that bought goods or services online



SOURCE: EUROSTAT

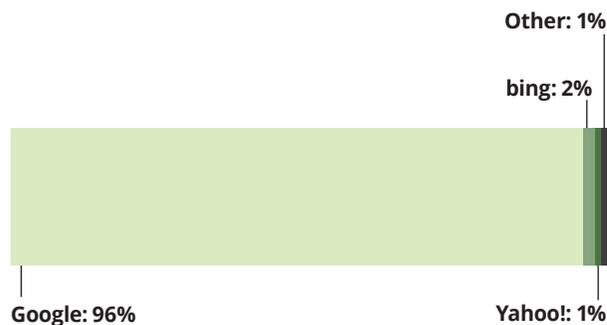
GDP and E-GDP (€bn)

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



Search engine market share

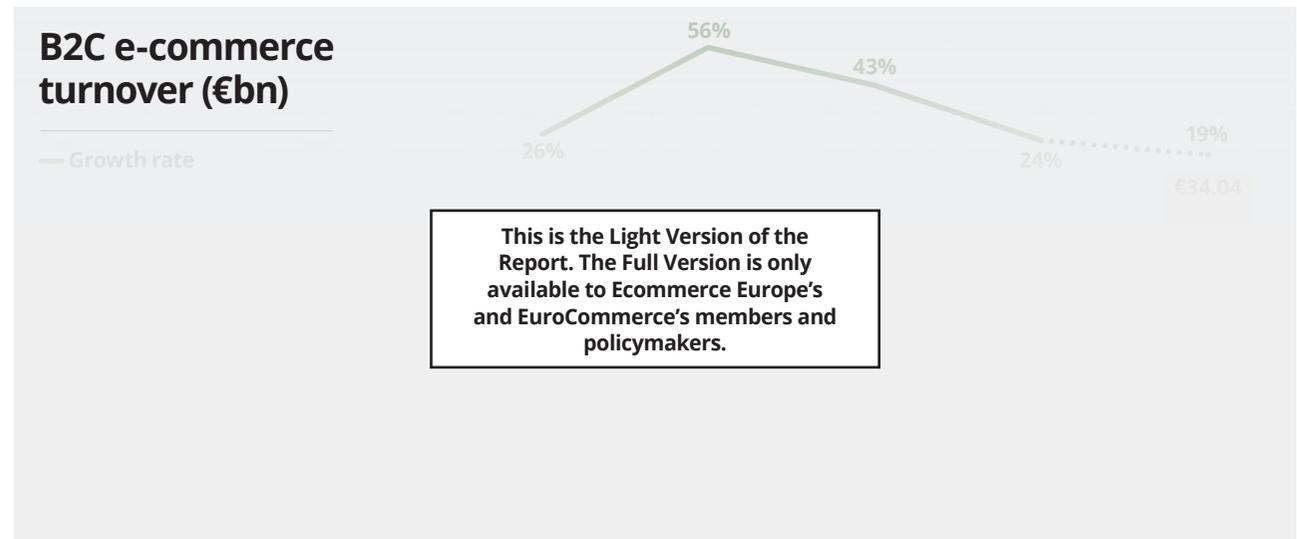
Most popular search engines in 2021



SOURCE: STATCOUNTER

B2C e-commerce turnover (€bn)

— Growth rate



Association analysis indicates that for the 2021 total, 84% represents goods and 16% services

Poland



CHAMBER OF DIGITAL ECONOMY

Interview

Patrycja Sass-Staniszweska



President, Digital Chamber of Economy

POLICIES AND REGULATION:

What EU policies, if any, are being considered that you think will have an impact on Poland's e-commerce market?

Poland is becoming a leader in the development of the e-commerce industry within Europe. The pandemic has shown that Poles like online shopping even more, with nine out of ten Polish internet users now buying online. In Poland, the digital sector is developing rapidly, with the value of Poland's e-commerce market predicted to be worth PLN 162bn by 2026. There are currently around 150,000 Polish companies selling their products and services over the internet, either independently through their own website, through a company account on Allegro, or as sellers only on Allegro.

EU policies that we believe will affect this market include:

- The amendment to the Act on Consumer Rights and the Act – Civil Code. The draft is the implementation of Directive 2019/770 and Directive 2019/771 into the Polish legal system.
- Amending the Act on consumer rights and certain other acts. The draft is an implementation of Directive 2019/2161 (Omnibus Directive) into Polish law.
- A draft act on the protection of freedom of speech on social networking websites.
- A draft act amending certain acts in order to prevent usury. Its impact will be on 'buy now, pay later' purchasing policies.

Have the new VAT regulations (July 2021) impacted the Polish e-commerce market in any way?

The Same Start is the e-Chamber's campaign which aims to provide an equal competitive framework for European and Asian e-entrepreneurs. This is the second year that the Chamber of Digital Economy has been running a campaign for an equal legal and competitive framework for Asian and

European e-commerce entrepreneurs, with particular emphasis on e-entrepreneurs operating in Poland. The campaign is aimed at business, consumers and government administration bodies. It is prepared by the e-Chamber, together with associated entities. Poland still has problems with VAT enforcement on shipments from outside the EU since the implementation of the VAT directive e-commerce did not bring the results expected by Polish e-commerce businesses.

SUSTAINABILITY:

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

According to our latest report, 'Sustainable e-commerce 2021', e-consumers believe that responsibility within Polish e-commerce gives us an advantage over European e-commerce. The social responsibility of the Polish e-commerce market was rated at 3.89 (on a scale of 1-6). As many as 68% of respondents believe that the Polish e-commerce market is more socially responsible than the intercontinental market. Poland is becoming a leader in the development of European e-commerce, with Polish online shoppers buying quickly and often compared to other European shoppers. We're not surprised by this – we not only have great products and high operational capabilities but also excellent customer service.

The market share of e-commerce is growing and amounts to 15-18% of retail sales (Q421). In the B2B sector, goods are delivered in containers and pallets – logistics in the B2B channel are as energy-efficient and optimal as possible.

There is a trend – large logistics companies serving e-commerce customers. They deal with a large number of small orders of small products, but also with the delivery of furniture and large household appliances directly to the individual customer.

Another trend is deliveries with additional services, such as bringing in, unpacking, connecting up items such as dishwashers or collecting and removing used equipment. Such additional services impact on transport efficiency and aid efforts towards more eco-friendly packaging. In Q4 2021, in the categories of household appliances and electronics, furniture, garden and sport, e-commerce volume increase by 40%. The Allegro One

“Another trend is deliveries with additional services, such as bringing in, unpacking, connecting up items such as dishwashers or collecting and removing used equipment”

Box parcel machine network started in 2021 and, within two months, had 1,000 machines operating. By the end of 2022, we expect that number to be closer to 3,000. The carbon footprint of deliveries to collection points is lower than that of courier deliveries. At CCC, some transportation is by rail, when possible. Some deliveries from eobuwie.pl stores, which also function as mini distribution centers, are by electric vehicle.

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

Poland is one of the most important European countries in this category, with Zalando developing the pre-owned category, while the second-hand clothing market grows rapidly. Poland was the first country, next to Germany, Spain, Belgium, France and the Netherlands, where the service was launched. Since its introduction in September 2020, the range has grown tenfold – from 20,000 to over 200,000,000 items.

Vinted uses the same business model and is already so popular in Poland that it's planning entry into international markets.

After collecting the first package, customers of Allegro One Box can bring non functioning electrical equipment to a parcel machine, where collected equipment will then either be recycled or given a second life. Additionally, for every ten packages received, the Allegro.pl platform will plant a tree with an individual dedication from the client.

Dzielnia is a pilot program with access points in Warsaw that serve as hubs for sharing items and food. The space will also be a place of neighborhood integration and ecological education.

Poland



Continued from previous page

What are your views on the Waste Framework Directive Packaging and Packaging Waste Directive? What impact do you think this will have on sustainability?

We know, that one of the main causes for the premature disposal of goods lies in the difficulties of repairing broken products. Therefore, we must consider the following points:

- Businesses have to change their consumers' knowledge about the planned obsolescence of consumer items.
- Paid extended warranties increase the distrust of businesses, who must remove this distrust by delivering more durable items to market.
- A Universal European warranty for household appliances and electronics of five or six years should be introduced.
- A consumer's right to repair should be obligatory.
- Instead of a wide range of products appearing across the low, medium and high-cost segments, manufacturers should move towards producing fewer products in the medium-cost segment plus one or two in the high-cost segment, all with a much-improved quality and durability.
- The development of a widespread sharing economy.

TECHNOLOGY:

What is the conversation and feeling from the public around data privacy and protection?

Since e-commerce is based on technology, investing in e-commerce technologies is the basis for reliable functioning as well as following the needs of the consumer. Undoubtedly, investments in technologies such as AI and VR are now a necessity for e-commerce and omnichannel.

Noteworthy trends to watch are metaverse and NFT. The metaverse promises to be a parallel world, usually based on technology and within a virtual world, that can create a new, multidimensional network. Through the metaverse, e-commerce could increase its turnover through consumer visits to virtual stores, allowing them to directly access and sample products without leaving their home. Another innovation is NFTs – a topic that breaks records of search popularity in the country and abroad. NFTs are unchangeable tokens – a unique

one that is non-replaceable – so its potential within e-commerce is obvious. Currently, NFT technologies are used within art, fashion, games and sports, while brands such as Nike and Gucci are already using it.

CURRENT EVENTS AND E-COMMERCE:

The ongoing conflict in Ukraine, initiated by Russia, is undoubtedly having an impact on markets across Europe. Have you seen any specific direct or indirect impacts on your e-commerce market from these unfolding events?

The current political situation is not optimistic, nor is the economic landscape drawn by economists. Increasingly higher prices, increasingly limited availability of raw materials, virtually no exports to Russia or Ukraine, rising inflation and interest rate hikes are all expected. Nothing is going to be easy.

Experts point to several areas through which the war in Ukraine may affect the economic situation in Poland. On the one hand, the rapidly increasing prices of raw materials – mainly crude oil – on which electronic commerce and transport both depend on. On the other hand, when it comes to Poland, the influx of refugees from Ukraine should increase consumer spending... provided that Ukrainian citizens can secure steady incomes.

We are aware that the war in Ukraine will affect the further development of e-commerce. For Polish e-commerce, it's yet another impulse to go out to Western European markets, which we constantly encourage as part of the e-Chamber's activities and the development of cross-border trade. During the first days of the war, logistics companies such as UPS and DHL suspended operations in the area. In Ukraine, it was dictated by security reasons, while in Russia, by sanctions – companies suspended deliveries from and to this country. This means that it will not be possible to deliver parcels from foreign stores. Large brands have also withdrawn from Russia, including Polish brands such as CCC and Modivo.

Consumer attitudes in the first days of the war also changed. Similarly to the first weeks of the Covid-19 pandemic, we revised our purchasing needs down by limiting consumption. Nevertheless, online shopping in Poland has since bounced back. We still buy online because it is a quick, easy and safe

“We know, that one of the main causes for the premature disposal of goods lies in the difficulties of repairing broken products”

form of shopping. I agree with the market forecasts that Polish e-commerce will maintain its optimistic growth.

Several members of E-commerce Europe have taken action to support Ukraine. Is there anything your association is doing, or plans to do?

In the office of the Chamber of Digital Economy, we are gathering basic goods for the citizens of Ukraine who now need support. These items will go through the Polish Red Cross (PCK) to refugees in Poland and will be distributed in Ukraine through the Ukrainian Red Cross.

The office is located at 18 Lutska Street Apt 76 (8th floor) and is open from 9:00 to 16:00. Contact: biuro@eizba.pl, 506 577 824.

Here is a link to the website where you can find information about how to help financially, with housing, transportation, etc: <https://pomagamukrainie.gov.pl/>

This is the link to donate support for animals rescued from Ukraine: www.ratujemyzwierzaki.pl/centaurus-ukraina

Additionally, the Chamber of Digital Economy, in cooperation with the member company Lubasz i Wspólnicy, prepared a guide for refugees full of information on:

- Basic documents needed to enter Poland.
- Covid-19 pandemic restrictions and border crossings.
- The length of any legal stay in Poland.
- Basic assistance after crossing the border with Poland.
- Useful contact details.

<https://eizba.pl/wp-content/uploads/2022/03/Poradnik-dla-OBYWATELI-UKRAINY.pdf>



Poland

Continued from previous page

Covid-19 revealed the importance of e-commerce to Europe but as restrictions are being lifted, there are concerns that citizens will head back into physical shops. Have you noticed a drop in e-shoppers, e-commerce turnover or e-commerce growth in the past year? If so, what do you attribute this to?

Covid-19 trade restrictions and, above all, successive lockdowns in Poland both increased the popularity of online shopping. The Polish e-commerce market has seen double-digit growth in recent years, with the largest number of online shops actually created in 2019, the year before the pandemic.

Paradoxically, the lifting of all barriers to traditional trade after the lockdown did not slow down the popularity of online stores. With such a rapidly growing e-commerce market, the entire industry of logistics, couriers, warehousing, payments and delivery within Poland is also expanding.

Polish e-commerce has also welcomed a new type of customer – the Silver Generation. Research shows that during the pandemic, the interest in online shopping for older age groups increased by 12%. For online sellers, this is a signal they must adapt the offer and the purchasing process to these new buyers.

Older shoppers are now more willing to shop online, with 39% of 55 to 64-year-olds having a social media account and 94% saying that they use electronic banking. According to our study, *'Mr & Mrs E-commerce'*, interest in online shopping from this age group increased 12% during the pandemic.

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

E-consumers are more likely to buy from an online store that minimizes its impact on the environment. As many as 71% of Poles buying online declare that they notice whether the package they receive is packed in an environmentally friendly way, while 49% would pay extra for such a solution.

“Polish e-commerce has also welcomed a new type of customer – the Silver Generation”

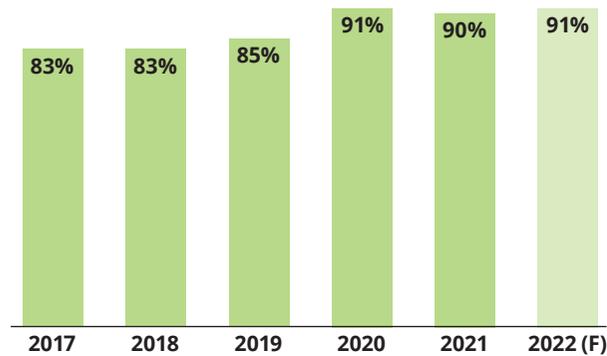
Respondents mostly agree that nowadays, corporate social responsibility is a “must-have” for companies if they want to be competitive on the market (4.12 on a scale of 1-6). It is therefore worthwhile for companies to invest in being more environmentally friendly.

Slovak Republic

► Currency: Euro ► VAT: 20%

Internet usage

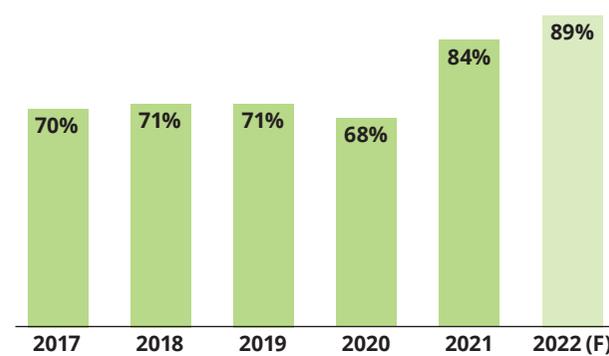
Percentage of the population accessing the internet



SOURCE: EUROSTAT

E-Shoppers

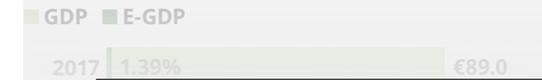
Percentage of internet users that bought goods or services online



SOURCE: EUROSTAT

GDP and E-GDP (€bn)

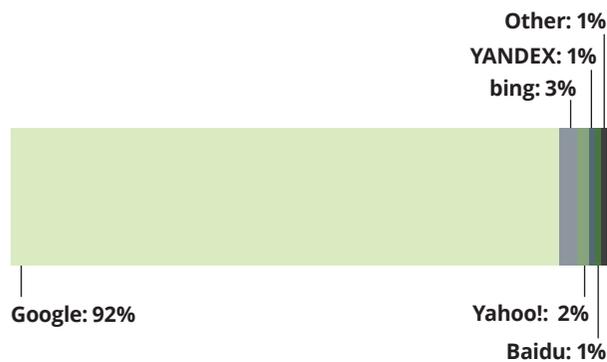
The Gross Domestic Product (GDP) in €bn and the percentage of GDP comprised of e-commerce sales



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

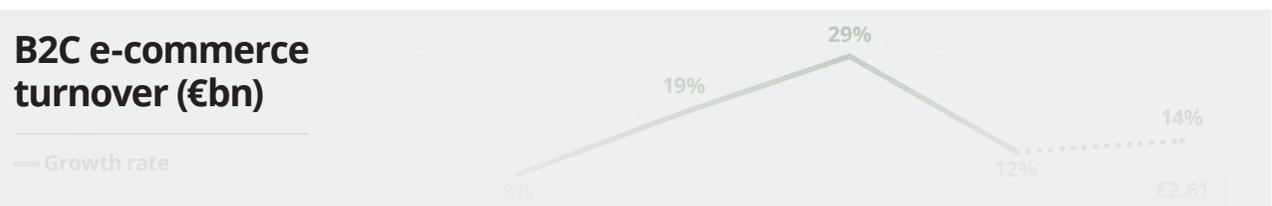
Most popular search engines in 2021



SOURCE: STATCOUNTER

B2C e-commerce turnover (€bn)

— Growth rate



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

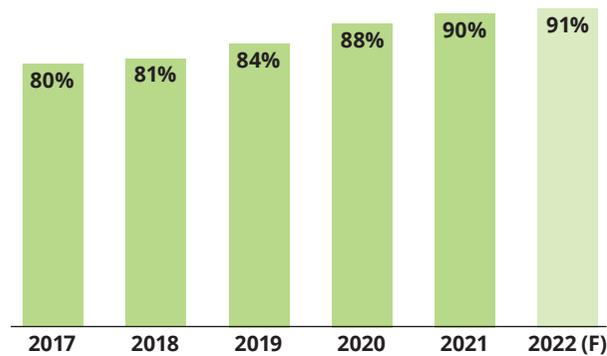
Statista figure indicates that for the 2021 total, 96% represents goods and 4% services

Slovenia

► Currency: Euro ► VAT: 22%

Internet usage

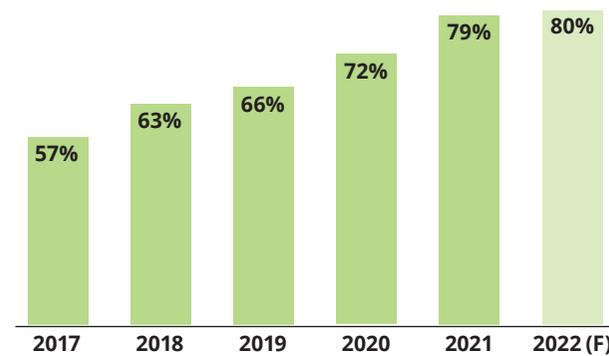
Percentage of the population accessing the internet



SOURCE: EUROSTAT

E-Shoppers

Percentage of internet users that bought goods or services online



SOURCE: EUROSTAT

GDP and E-GDP (€bn)

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



Search engine market share

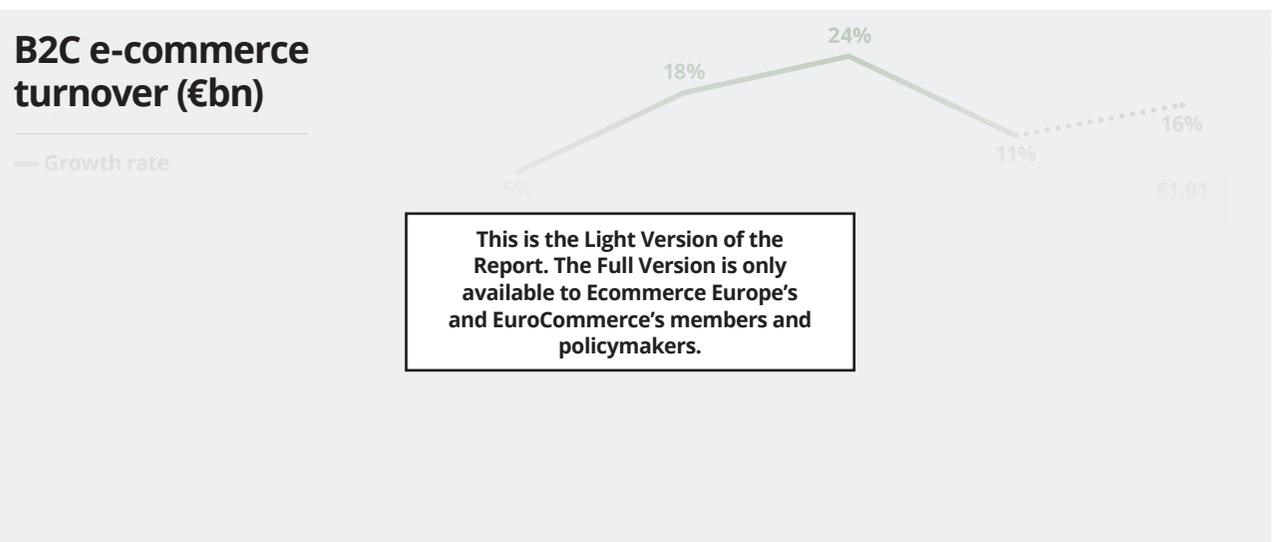
Most popular search engines in 2021



SOURCE: STATCOUNTER

B2C e-commerce turnover (€bn)

— Growth rate



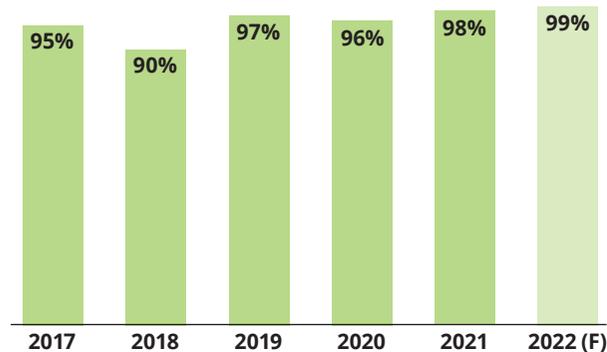
Statista figure indicates that for the 2021 total, 96% represents goods and 4% services

Switzerland

► Currency: Swiss Franc ► VAT: 7.7%

Internet usage

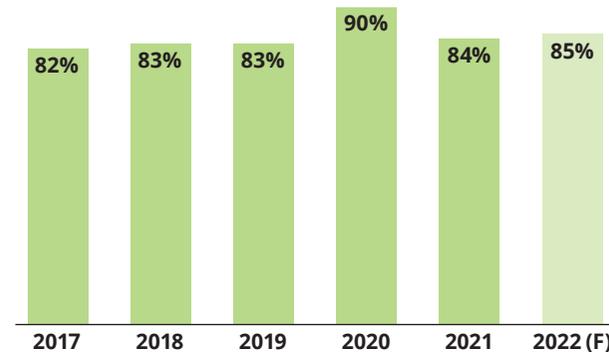
Percentage of the population accessing the internet



SOURCE: EUROSTAT; STATISTA

E-Shoppers

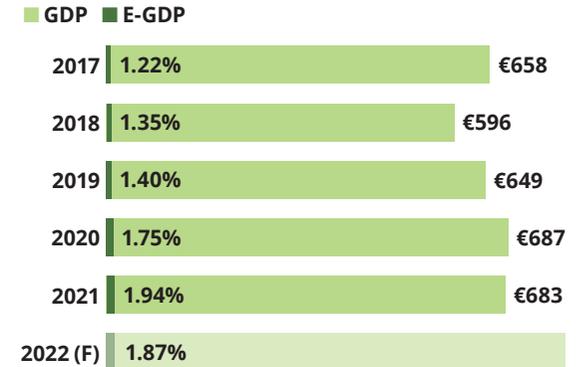
Percentage of internet users that bought goods or services online



SOURCE: EUROSTAT; STATISTA; UNITED NATIONS

GDP and E-GDP (€bn)

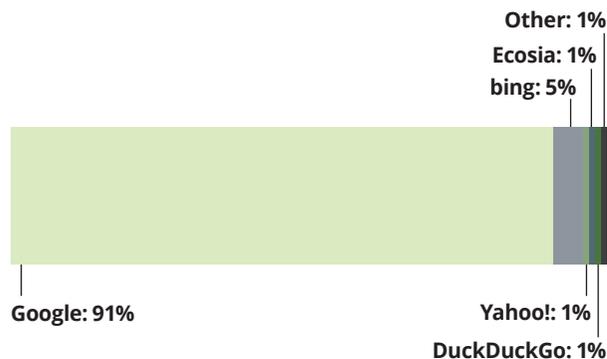
The Gross Domestic Product (GDP) in €bn and the percentage of GDP comprised of e-commerce sales



SOURCE: IMF

Search engine market share

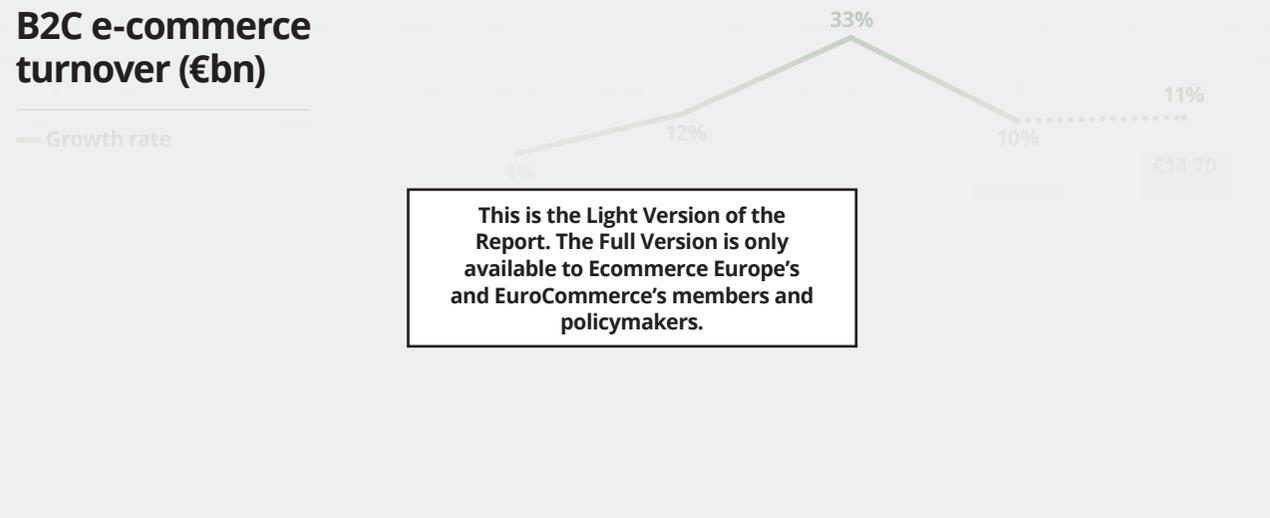
Most popular search engines in 2021



SOURCE: STATCOUNTER

B2C e-commerce turnover (€bn)

— Growth rate



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

Association analysis indicates that for the 2021 total, 100% represents goods

Switzerland

Interview

Patrick Kessler



Director, HANDELSVERBAND.swiss

POLICIES AND REGULATION:

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

By the start of 2024, Switzerland will implement a VAT obligation for marketplaces and platforms similar to one used within the EU. On top of that, Switzerland is about to eliminate customs duty for industrial items crossing the border, although it will still keep the declaration obligation. This will make Switzerland better accessible for cross-border commerce shops.

What EU policies, if any, are being considered that you think will have an impact on the Swiss e-commerce market?

None. Switzerland is not an EU member.

Have the new VAT regulations (July 2021) impacted your market in any way?

No, since we are not an EU member.

SUSTAINABILITY:

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

Postal operators are heavily investing in electric vehicles. We estimate that by 2030, 80% of last-mile delivery will be electric-powered. City logistics projects are booming and decentralized re-sorting of parcels within big cities has been a topic of many studies. However, our association does not believe that a second or even a third step consolidation and re-sorting is the solution to growing parcel volumes.

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

There are political and legal attempts against the free return policies of companies. There are also voices asking for a mandatory 'right to repair'.

What are your views on the Waste Framework Directive – Packaging and Packaging Waste Directive? What impact do you think this will have on sustainability?

This does not apply to Switzerland. However, we observe many ways of reducing package material, such as replacing plastic and paper through multi-use packages. We have even tested sending certain products without additional packaging beyond what the product is already boxed in.

TECHNOLOGY:

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

We have seen, of course, more online shops and more digital communication activities. We also see merchants that have had very limited activities on their own online shops turning to marketplaces and social media in order to promote sales of their products.

What is the conversation and feeling from the public around data privacy and protection?

Switzerland will implement a new data protection law by September 2023 that will be very similar to existing EU laws. Therefore, we expect an intensified awareness of, and more reactions by, both consumers and consumer organizations in the next few months.

CURRENT EVENTS AND E-COMMERCE:

The ongoing conflict in Ukraine, initiated by Russia, is undoubtedly having an impact on markets across Europe. Have you seen any specific direct or indirect impacts on your e-commerce market from these unfolding events?

We observed a drop in demand when the war started but after that first shock, the demand side has recovered slightly. On the supply side, we are seeing a bottleneck in certain categories that originate in Ukraine and Belarus. The 'home and living' segment in particular seems to be facing some supply chain issues. On top of that, a lot of Swiss companies have Ukrainian outsourcing partners, which is obviously now affecting their tech development.

“Postal operators are heavily investing in electric vehicles. We estimate that by 2030, 80% of last-mile delivery will be electric-powered”

Several members of E-commerce Europe have taken action to support Ukraine. Is there anything your association is doing, or plans to do?

No, we do not have plans to take direct action.

Covid-19 revealed the importance of e-commerce to Europe but as restrictions are lifted, there are concerns that citizens will head back into physical shops. Have you noticed a drop in e-shoppers, e-commerce turnover or e-commerce growth in the past year?

No, we cannot confirm this development. We had growth of 10% over the last year, with consumers trending towards more online shopping. We expect this trend to probably slow down a little bit during 2022 but pick up speed again in 2023.

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

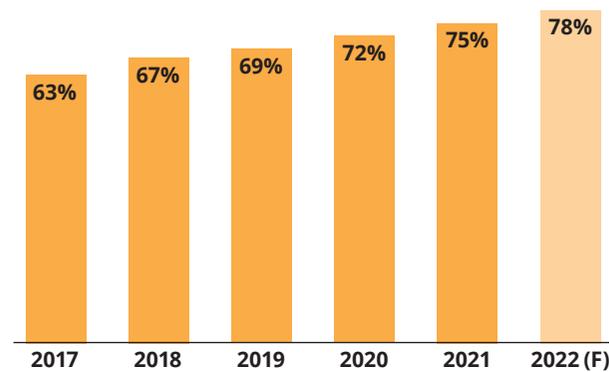
We have noticed a stagnating level of cross-border shopping over the past two years. 'Buy local' has been a strong trend that we hope will continue.

Eastern Europe



Internet usage

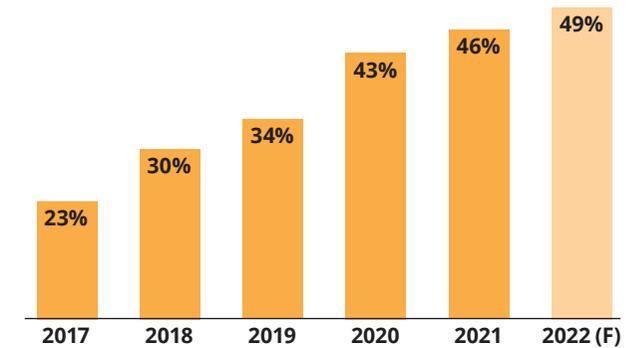
Percentage of the population accessing the internet



SOURCE: EUROSTAT; STATISTA

E-Shoppers

Percentage of internet users that bought goods or services online



SOURCE: EUROSTAT; STATISTA; UNITED NATIONS

B2C e-commerce turnover (€bn)

— Growth rate

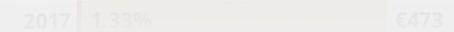


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GDP and E-GDP (€bn)

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

■ GDP ■ E-GDP

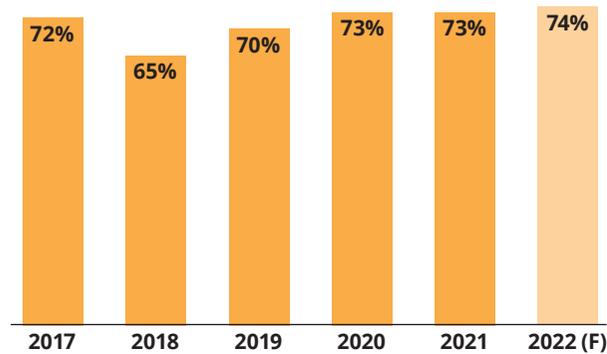


Albania

▶ Currency: Lek ▶ VAT: 20%

Internet usage

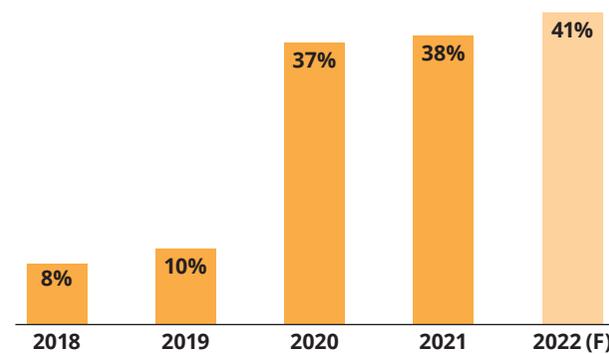
Percentage of the population accessing the internet



SOURCE: EUROSTAT; STATISTA

E-Shoppers

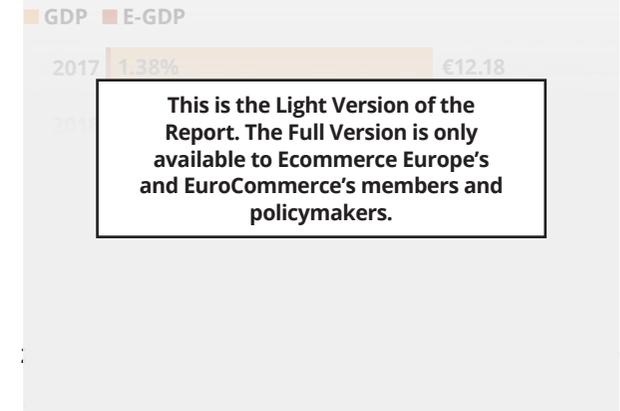
Percentage of internet users that bought goods or services online



SOURCE: EUROSTAT; STATISTA; UNITED NATIONS

GDP and E-GDP (€bn)

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



Search engine market share

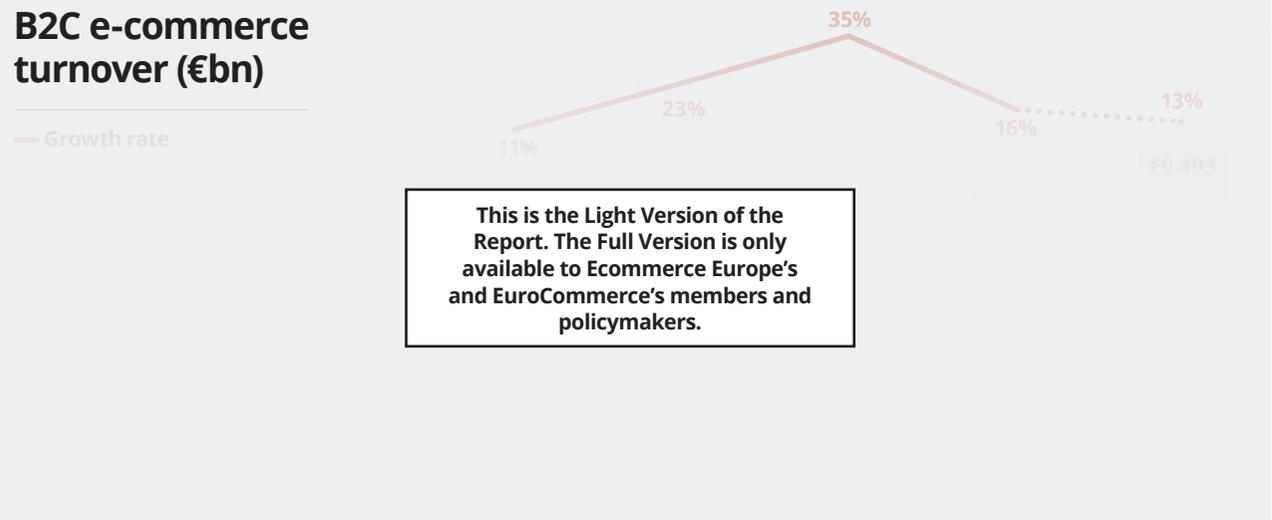
Most popular search engines in 2021



SOURCE: STATCOUNTER

B2C e-commerce turnover (€bn)

— Growth rate



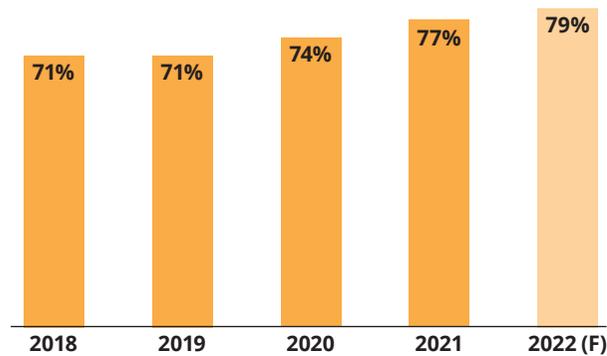
Statista figure indicates that for the 2021 total, 98% represents goods and 2% services

Bosnia & Herzegovina

▶ Currency: Bosnian Convertible Mark ▶ VAT: 17%

Internet usage

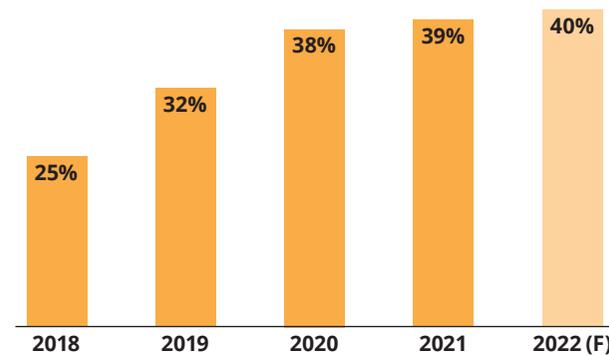
Percentage of the population accessing the internet



SOURCE: EUROSTAT

E-Shoppers

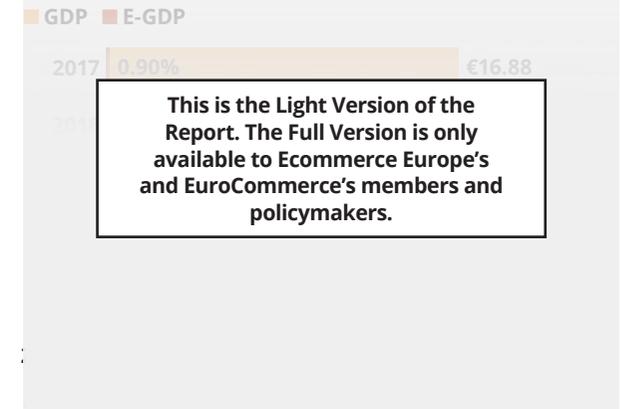
Percentage of internet users that bought goods or services online



SOURCE: EUROSTAT

GDP and E-GDP (€bn)

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



Search engine market share

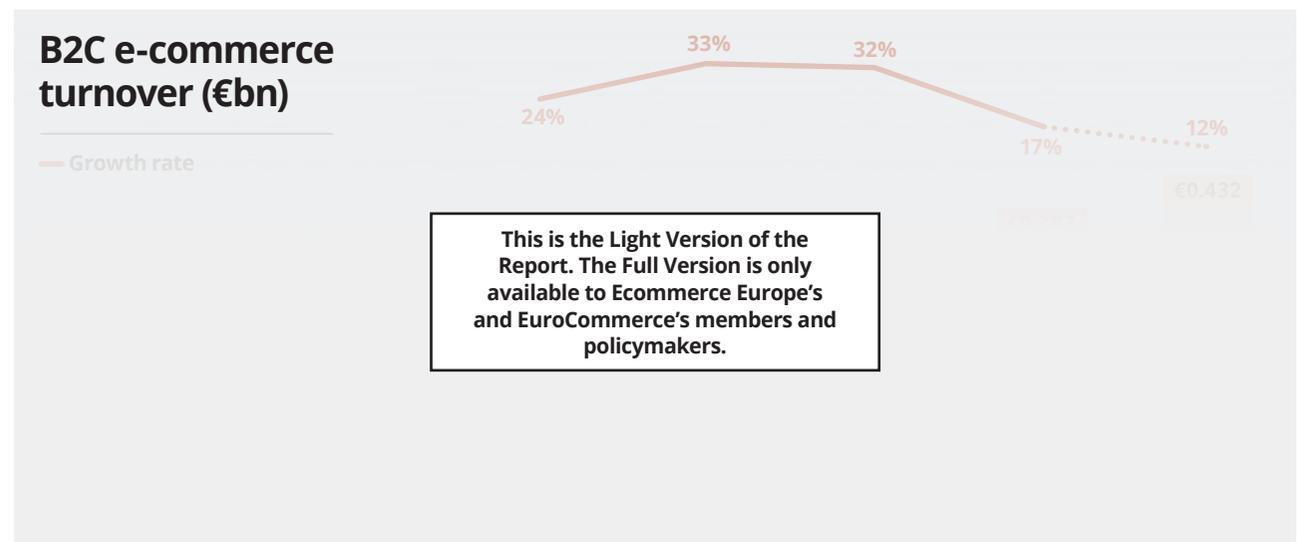
Most popular search engines in 2021



SOURCE: STATCOUNTER

B2C e-commerce turnover (€bn)

— Growth rate



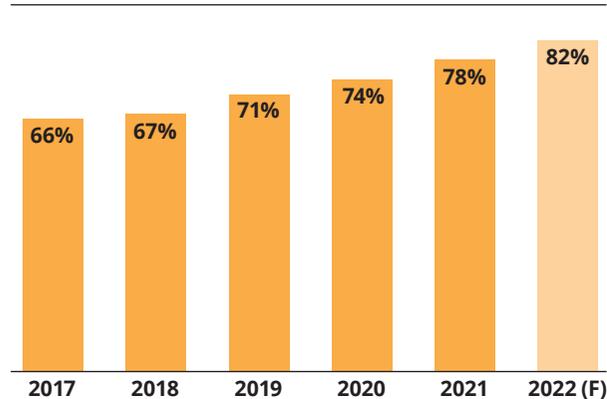
Statista figure indicates that for the 2021 total, 99% represents goods and 1% services

Bulgaria

▶ Currency: Lev ▶ VAT: 20%

Internet usage

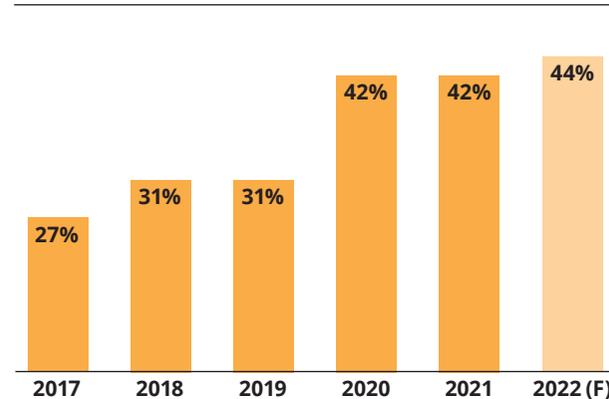
Percentage of the population accessing the internet



SOURCE: EUROSTAT

E-Shoppers

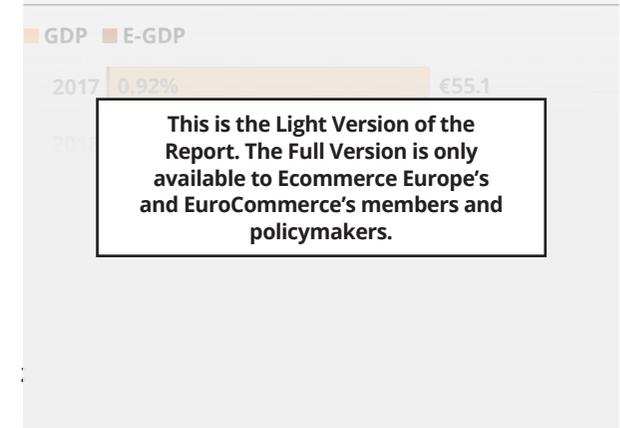
Percentage of internet users that bought goods or services online



SOURCE: EUROSTAT

GDP and E-GDP (€bn)

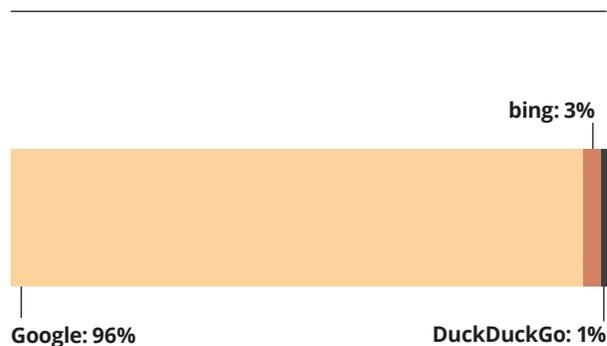
The Gross Domestic Product (GDP) in €bn and the percentage of GDP comprised of e-commerce sales



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Search engine market share

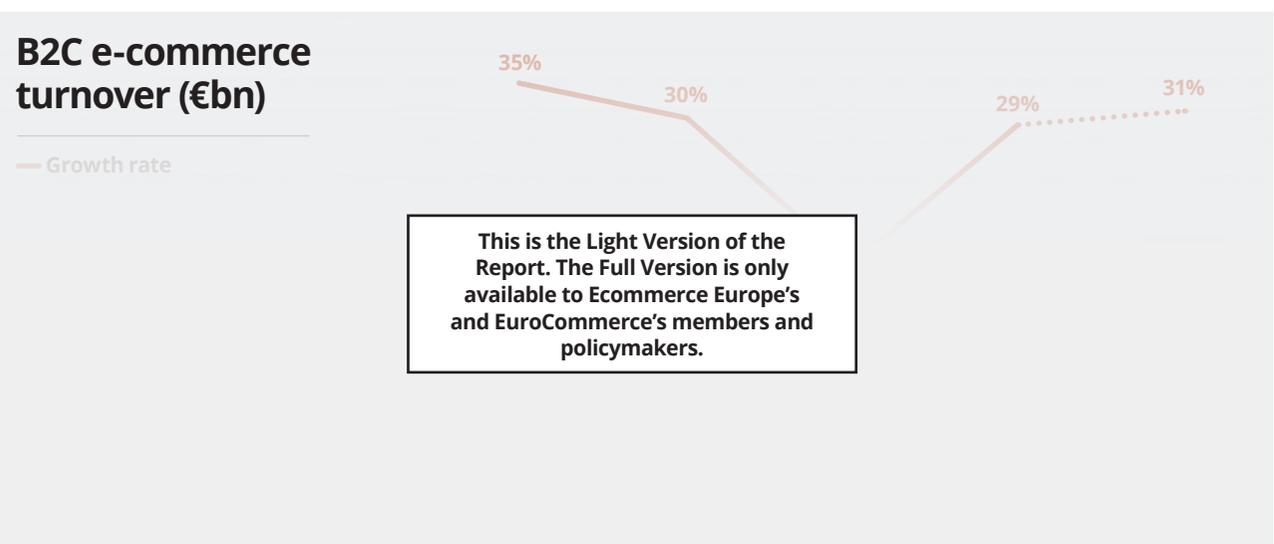
Most popular search engines in 2021



SOURCE: STATCOUNTER

B2C e-commerce turnover (€bn)

— Growth rate



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Association analysis indicates that for the 2021 total, 65% represents goods and 35% services

Bulgaria

Interview Janet Naidenova



Chairperson,
Bulgarian E-commerce Association

POLICIES AND REGULATION:

What domestic policies, if any, are being considered in Bulgaria that will have an impact on e-commerce?

The changes in Ordinance-18 (domestic policy) will have a positive impact on e-commerce if payments by credit cards, debit cards and via mobile payment services will all be considered a credit payment. In this situation, online sellers will not be required to issue a cash receipt. This will reduce the administrative burden for e-merchants, while a huge number of online stores will offer this type of payment to customers, not just cash on delivery. This will increase digital payments, providing more resources and convenience to customers and livening up the economy.

What EU policies, if any, are being considered that you think will have an impact on the Bulgarian e-commerce market?

Basic regulations in e-commerce help provide greater security for customers as well as transparency for traders and goods offered. However, over-regulation creates barriers for business, so the key thing is finding a balance.

Have the new VAT regulations (July 2021) impacted your market in any way?

On 1 July 2021, the new VAT rules for sales to end-users (B2C) came into force. BEA warmly welcomes the EU's efforts to simplify VAT legislation and ensure a level playing field for European companies. The new e-commerce package with VAT offers a great advantage for Bulgarian e-traders for two reasons:

1. The new measures prevent unfair commercial practices by non-EU traders, since the VAT exemption of €22 has been abolished, so VAT will be paid on all imported consignments, regardless of their value.

2. These VAT reforms simplify VAT obligations for B2C e-commerce sellers by allowing some sellers to report all their pan-European sales through a single VAT registration in their home country.

We expect these to strengthen cross-border online trade and promote competitive advantage in the EU single market.

SUSTAINABILITY:

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

Transport has a significant negative impact on the environment and directly affects biodiversity. Emissions of pollutants from transport affect air quality and can harm plants and animals, thus affecting 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. The guidelines intend to achieve sustainable levels of energy consumption in transport, a reduction of greenhouse gas emissions and the redirection of transport activities towards more efficient and environmentally friendly modes of transport.

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

Around 7% to 20% of orders are unsolicited or have the wrong address, which generate costs. A large number of e-shops allow their customers to try on purchased clothes or shoes in the comfort of their home, not in the courier's office. If, for some reason, their expectations are not met, they can then return the goods within 30 days. Their money is returned as soon as the returned items are delivered to the courier, or no later than ten days after the return of the goods, depending on the terms of each merchant. In this way, e-shops are striving to reduce the percentage of returned orders, along with the accompanying negative effects on the environment.

“The e-commerce sector has a key role to play in connecting businesses and consumers in order to find an outlet for second-hand products or materials”

What are your views on the Waste Framework Directive – Packaging and Packaging Waste Directive? What impact do you think this will have on sustainability?

The challenge for the European Commission is how to best promote waste prevention and reuse above recycling as part of the Waste Framework Directive. The growth of e-commerce represents a unique opportunity to rethink how to give a second life to secondary (raw) materials and goods, how to extend the reach of second-use markets and how to enable the development of reuse, repair, upcycling or DIY markets.

The e-commerce sector has a key role to play in connecting businesses and consumers in order to find an outlet for second-hand products or materials. It offers the opportunity to ensure access to a large number and variety of spare parts as well as contributing to the growth of intermediary businesses offering repaired and refurbished products, which are in fast-growing demand in the tech and parts sectors.

TECHNOLOGY:

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

We've seen SMEs shift towards digitalization and technology such as cloud services and SaaS in order to set up their own e-shops. It's not difficult for retailers to get online – there are so many SaaS services available to them. The challenging part begins after the launch of the online store – the online marketing, integrations and analysis. Any new online store needs time to start operating effectively, marketing and serving their online customers, so the positive effect on sales will not be felt immediately.

Bulgaria



Continued from previous page

In Bulgaria, we see the growing importance of marketplaces. SMEs that have their own website and e-shop are, additionally to their own channels, also using marketplaces.

Which technologies are e-commerce industry players in your market focusing on in 2022? Technologies such as AI, VR, big data, etc.

Automation and artificial intelligence are at the heart of business development. Technology makes processes easier and enables businesses to expand. E-commerce industry players in Bulgaria focus on Artificial Intelligence (AI) and Machine Learning (ML) technologies. While the benefits of using AI and ML in e-commerce are numerous, the most important are increasing customer satisfaction and profits. AI and ML are most commonly used in product recommendation tools, chatbots, predicting customer behavior for personalized content and facilitating the sales process by making customers buy faster and more.

AI is also successfully applied for price optimization (dynamic prices). Price is one of the most important features when it comes to making an online purchase. If it is higher than that of competitors, consumers are more likely to buy the product from the competition. Dynamicpricing.ai, a Bulgarian company, automates the opening of competitive offers and optimizes prices based on sales, stocks, product visits, delivery prices, returned products, logistics costs and many more factors. It is offered as a Software as a Service (SaaS) solution on a subscription basis, leading to more sales and increased profits for e-merchants.

AI is also widely used in logistics. Berry.bg is an intelligent Bulgarian platform for city logistics that assists same-day delivery to customers. It optimizes delivery to an address by using user-friendly customer questioning alongside AI to predict and schedule visits.

What is the conversation and feeling from the public around data privacy and protection?

The Bulgarian public recognizes the need to reconcile fundamental values such as respect for the right to privacy

and the free movement of information between people. Data Protection Day 28.01. is celebrated in Bulgaria to emphasize the importance of adequate data protection in both personal and professional life of every citizen and educate the public about the challenges of data protection, along with their rights and how to exercise them. The Commission for Personal Data Protection in Bulgaria raises public awareness and maintains dialogue with the public.

CURRENT EVENTS AND E-COMMERCE:

The ongoing conflict in Ukraine, initiated by Russia, is undoubtedly having an impact on markets across Europe. Have you seen any specific direct or indirect impacts on your e-commerce market from these unfolding events?

This affects the whole economy, including e-commerce, due to inflation and the rising prices of electricity, oil and gas. It has created uncertainty about tomorrow, so consumers are being more careful in their spending. There is already less demand for certain product groups.

Several members of E-commerce Europe have taken action to support Ukraine. Is there anything your association is doing, or plans to do?

The Bulgarian E-commerce Association cares for the people of Ukraine. Members of BEA are engaging with the Bulgarian Red Cross to gather goods which will then be sent to the Ukrainian Red Cross to be finally distributed to Ukrainian citizens.

The Bulgarian community joins forces with the government to offer as much support as possible to everyone affected by the crisis in Ukraine. We are devoted to helping every single Ukrainian national who wishes to find shelter in Bulgaria. A national portal for people affected by the war in Ukraine can be found here: <https://ukraine.gov.bg/>

Covid-19 revealed the importance of e-commerce to Europe but as restrictions are lifted, there are concerns that shoppers will return to physical shops. Have you noticed a drop in e-shoppers, e-commerce turnover or e-commerce growth in the past year?

E-commerce has an impact on a much larger share of the consumer experience, which includes a mix of offline and

“Data Protection Day 28.01. is celebrated in Bulgaria to emphasize the importance of adequate data protection in both personal and professional life of every citizen”

online. Strong growth over the last decade has been accelerated due the Covid-19 pandemic, when many people started using the internet for the very first time. Indeed, 47% of Bulgarian internet users shopped online in 2021, compared to 42% in 2020 and 31% in 2019. We expect this trend to continue once experienced consumers see the benefits of buying online due to increasingly seamless experiences, including a combination of online and offline shopping interactions.

In 2021, e-commerce B2C (business to end-user) showed a 29% increase compared to 2020, reaching a volume of over BGN 2.4bn and, for the first time, the ratio of the volume of B2C e-commerce in Bulgaria to gross domestic product of the country's e-GDP exceeded 2% and reached 2.5%.

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

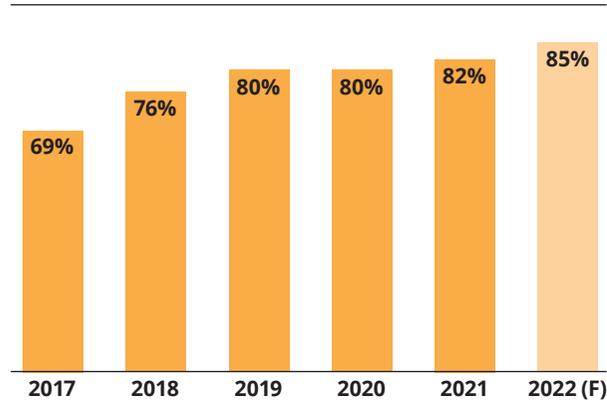
Over 40% of older Bulgarians shopped online at least once a month in 2021, while the level in Western Europe is over 60%. The top ten online stores in Bulgaria were responsible for more than 20% of total revenues in 2021, which shows that the future of e-commerce is not in the many small niche online stores, but through the larger players who have the capability to invest in greater innovation.

Croatia

▶ Currency: Kuna ▶ VAT: 25%

Internet usage

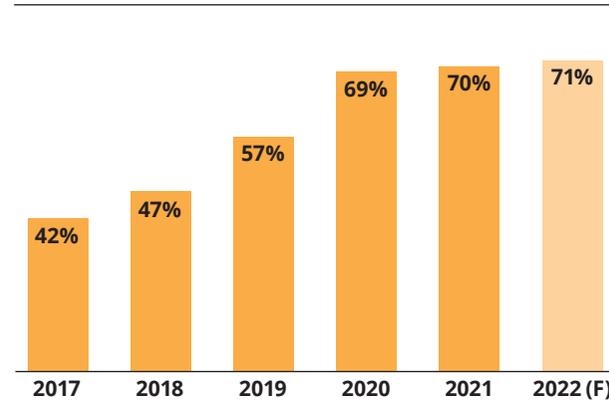
Percentage of the population accessing the internet



SOURCE: EUROSTAT

E-Shoppers

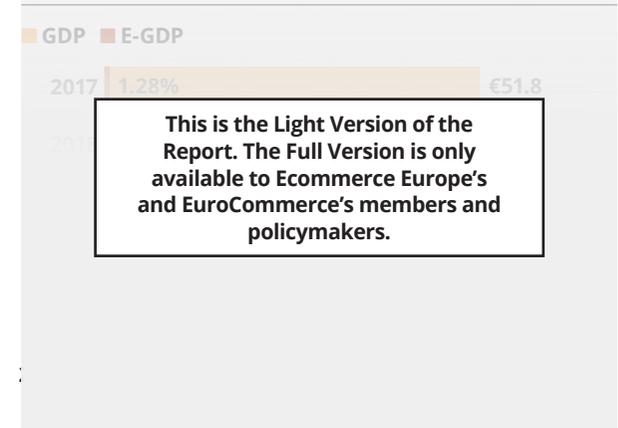
Percentage of internet users that bought goods or services online



SOURCE: EUROSTAT

GDP and E-GDP (€bn)

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



Search engine market share

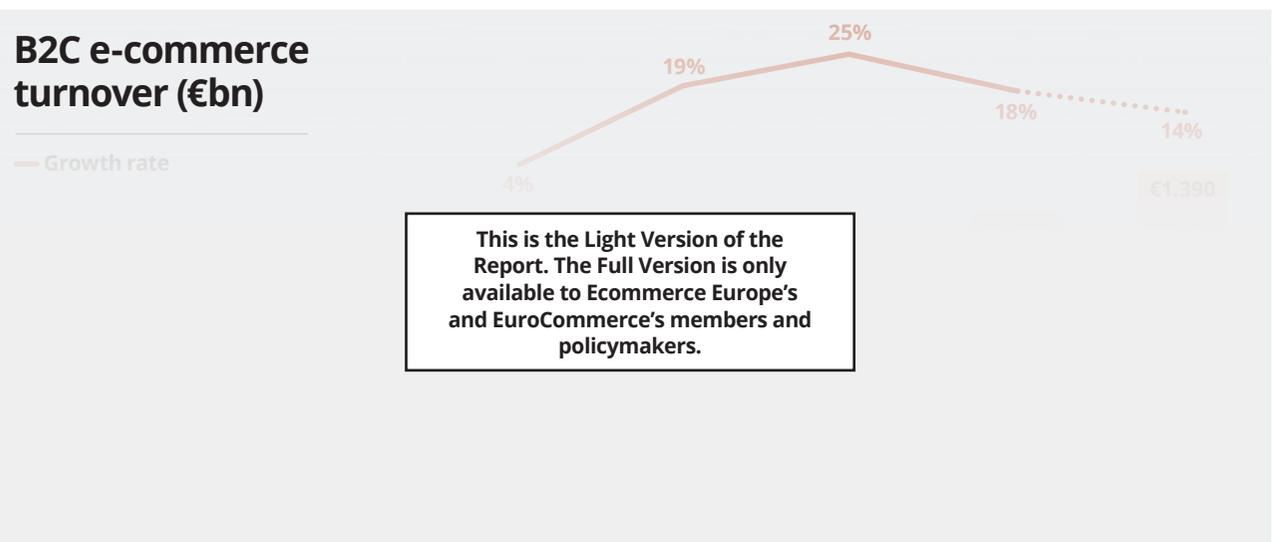
Most popular search engines in 2021



SOURCE: STATCOUNTER

B2C e-commerce turnover (€bn)

— Growth rate



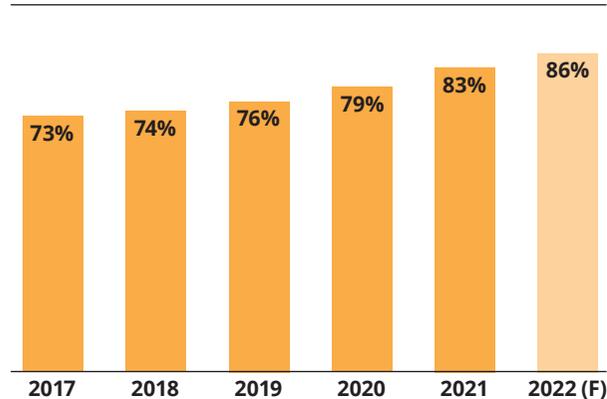
Statista figure indicates that for the 2021 total, 94% represents goods and 6% services

Montenegro

▶ Currency: Euro ▶ VAT: 21%

Internet usage

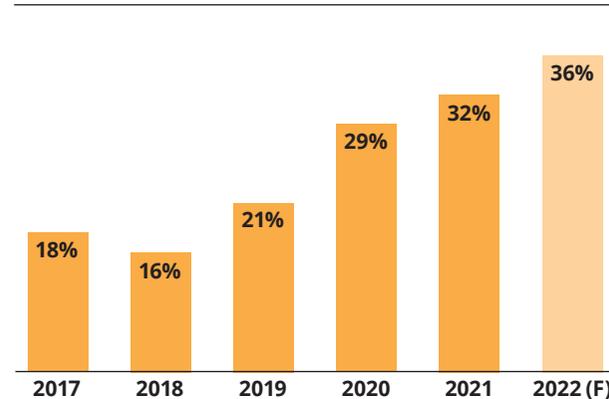
Percentage of the population accessing the internet



SOURCE: EUROSTAT

E-Shoppers

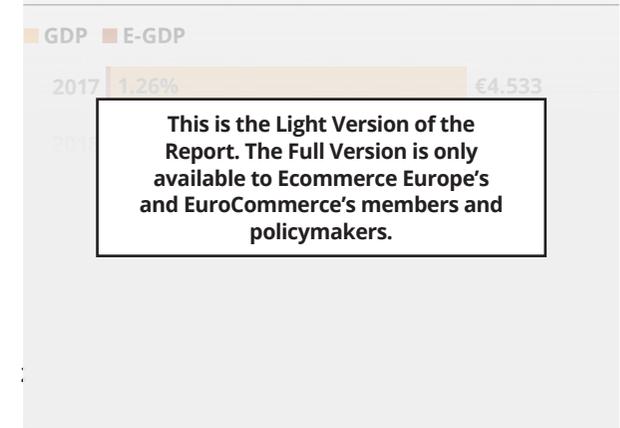
Percentage of internet users that bought goods or services online



SOURCE: EUROSTAT

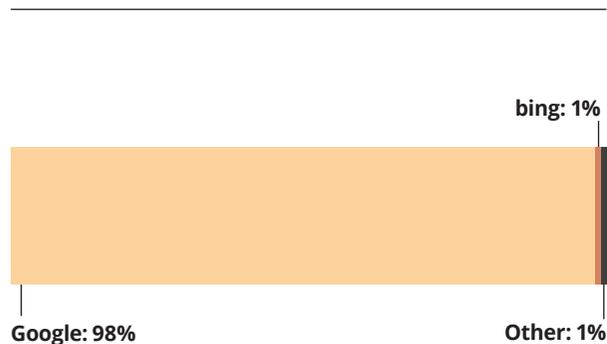
GDP and E-GDP (€bn)

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



Search engine market share

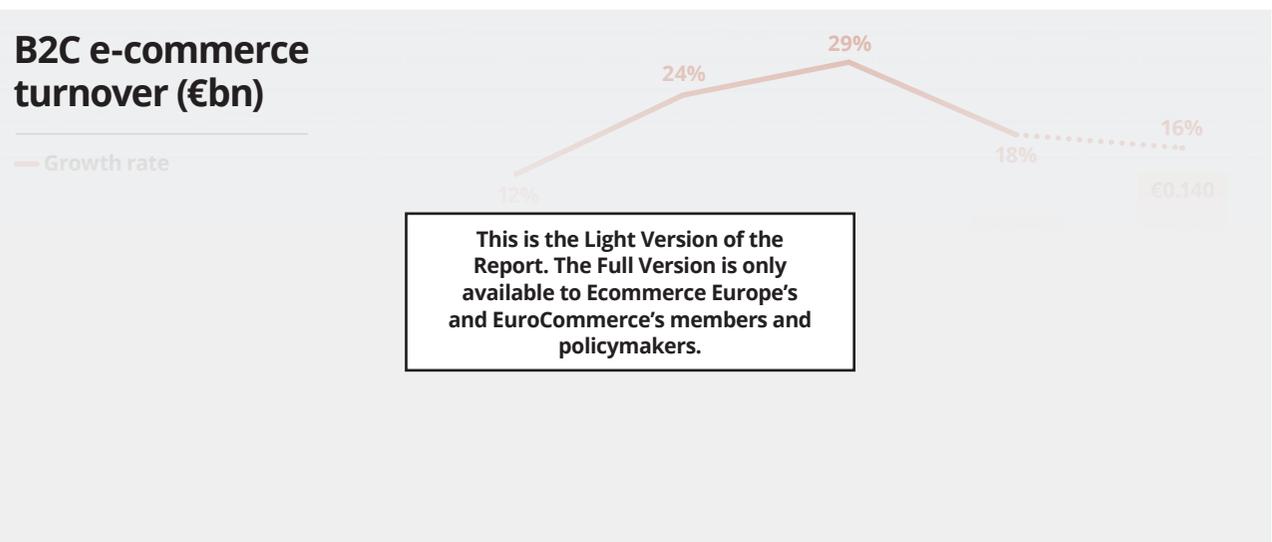
Most popular search engines in 2021



SOURCE: STATCOUNTER

B2C e-commerce turnover (€bn)

— Growth rate



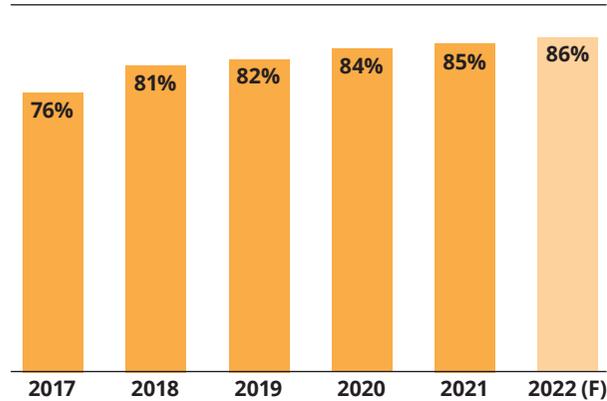
Statista figure indicates that for the 2021 total, 98% represents goods and 2% services

North Macedonia

▶ Currency: Denar ▶ VAT: 18%

Internet usage

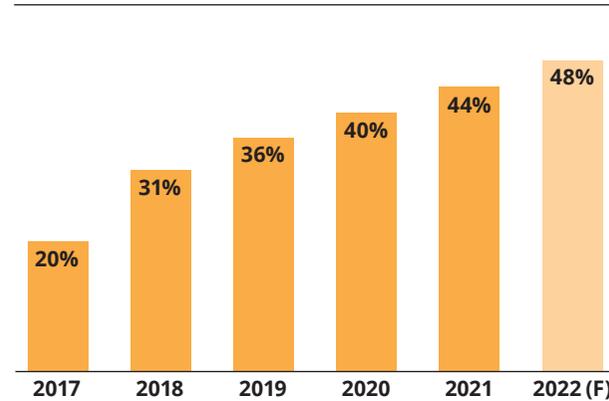
Percentage of the population accessing the internet



SOURCE: EUROSTAT; STATISTA

E-Shoppers

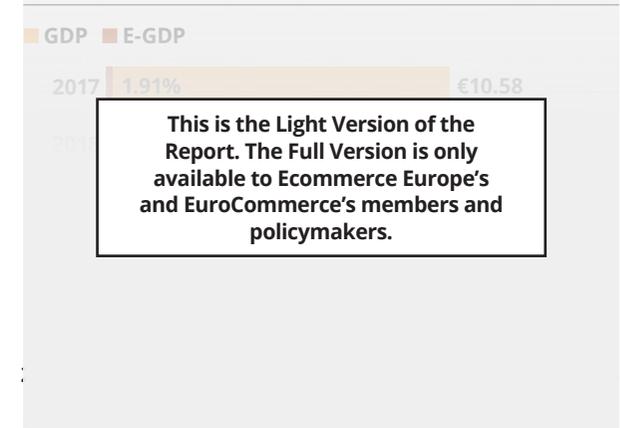
Percentage of internet users that bought goods or services online



SOURCE: EUROSTAT; STATISTA

GDP and E-GDP (€bn)

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



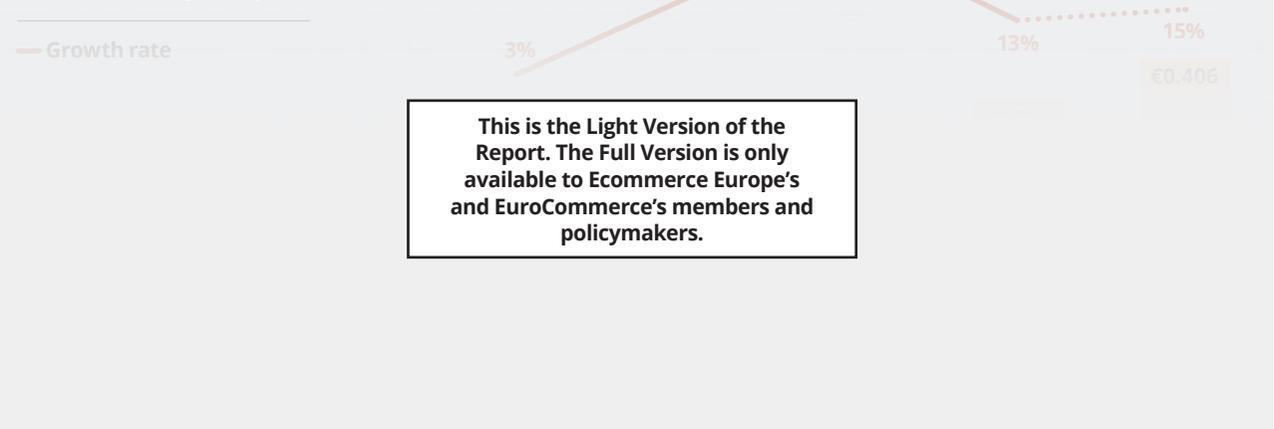
Search engine market share

Most popular search engines in 2021



SOURCE: STATCOUNTER

B2C e-commerce turnover (€bn)



Statista figure indicates that for the 2021 total, 99% represents goods and 1% services

North Macedonia

Interview Nina Angelovska



Macedonian Ecommerce Association

What EU policies, if any, are being considered that may have an impact on the Macedonian e-commerce market?

The German Agency for International Cooperation (GIZ) and the CEFTA Secretariat have projects dedicated to e-commerce development in the CEFTA region that are expected to help create a better e-commerce regulatory framework. However, one of the key challenges when it comes to implementing regulatory changes and improving the climate for e-commerce growth is the lack of capacities across institutions. There are several new CEFTA decisions related to e-commerce – only some of which have yet been adopted – so the enforcement of them and putting them in practice will be challenging.

The new 'Open Balkan' initiative across North Macedonia, Serbia and Albania envisages increased trade and cooperation in the region by facilitating movement of people, goods, capital and services among the three countries, as well as making business operations easier. This initiative, depending on its implementation, should have a positive impact on cross-border e-commerce in the region.

Have you seen a shift in digitalization and technology use in this last year?

Being connected to the internet is one of the pre-conditions for increased use of technology, digital services and e-commerce. According to Eurostat data, North Macedonia ranks well in internet penetration – 86% of Macedonians aged 15-74 are connected in 2021, compared to 81% in 2020. However, we still have a long way to close the gap on most developed countries, which have internet usage over 90%, while the best ones have 99% coverage.

If we take a look at a list of what people use the internet for, online shopping is not among the top activities. Macedonians use the internet mostly for video calls and social media, which

is why they're highly ranked in global usage of social media and posting content. While there is an increase in the share of internet users shopping online – 46% in 2021, up from 40% in 2020 – the progress is far from satisfactory when compared to other countries. We are still somewhere near the bottom of the charts when listed with European countries.

On a positive note, the use of e-banking in Macedonia has doubled, from 15% in 2020 to 31% of internet users using it in 2021. Even with this increase of more than 100%, we are still among the last countries in using e-banking. The shift is happening but we need to speed it up urgently.

What are some of the initiatives your association is involved in?

There are many initiatives we are working on in parallel. Recently, we organized the first Macedonian 'Ecommerce Awards' competition, which aimed to recognize the best in the country, as well as raise awareness regarding the potential of e-commerce. We are also starting to work on the fifth edition of the Macedonian Ecommerce Conference, which will take place in Oct/Nov 2022.

A fresh project that we are proud of is the Regional Ecommerce4All platform that we are working on. In 2020, we launched this as a resource center for conducting e-commerce to cover key aspects such as legal framework, payments, delivery and so on. It was developed with the support of USAID and now, with the support of GIZ, we are scaling and expanding the platform to make it available for the whole CEFTA region.

We design our plans and programs based on a comprehensive analysis that we conduct and publish every year in the form of an Ecommerce Report. The mapped challenges represent a base for taking actions in the future to remove barriers to successful e-commerce.

The grey economy in e-commerce has been one of the key priorities since last year. As the pandemic accelerated e-commerce, it also triggered an even greater increase in unregistered transactions across social media that are part of the grey economy.

“The use of e-banking in Macedonia has doubled, from 15% in 2020 to 31% of internet users using it in 2021”

A common scenario is when the customer makes an order and pays cash on delivery but when they are not satisfied with the product, they can't return it or file a complaint since the seller cannot be reached and, according to the current regulation in place, a physical bill of sale or invoice is needed before a dispute at the State Market Inspectorate can be opened. Unfortunately, this hinders the trust in online shopping overall, since these shoppers form their opinions about online shopping based on such negative experiences.

The grey economy in e-commerce is also one of the key challenges for businesses because it creates disloyal competition for registered companies. Last year, we organized the first student hackathon, 'Hack the Grey Economy in Ecommerce', in collaboration with academia and institutions. We awarded three winning teams who developed and implemented their solutions and also published a video aiming to raise awareness regarding the negative implications of the grey economy.

In cooperation with the five Macedonian banks that offer e-commerce payments, we created the first 'online registry of e-shops' which can serve all customers to search and check before making orders. We developed and launched the 'badge for verified e-shop', which not only gives consumers reassurance that the shop has been checked and verified but also helps companies comply with the regulatory requirements. In addition to the regulatory requirements to qualify for a badge, we ask companies to have a refund policy, SSL certificate and offer the ability to transact online – to complete the purchasing process online with a payment card – since retailers solely offering cash on delivery do not qualify for a badge. Over one hundred badges have been issued so far.

North Macedonia

Continued from previous page

However, the grey economy is a complex phenomenon in Macedonia and one that calls for a holistic approach involving outstanding collaboration and alignment among the Government institutions. We are cooperating with some of the institutions striving to contribute and facilitate solutions.

Last but not least, our brand new initiative is the Gender Equality Alliance (GEA) – a subsidiary of the Macedonian Ecommerce Association that strives to promote equal opportunities, equal representation and equal pay in the workplace. The under-representation of women represents a significant loss to our economies, businesses and society. Studies show that more equal and diverse teams produce better business results. Our efforts are aimed at unlocking the powerful synergy between women, digitalization and e-commerce. The commitments of GEA are part of the Generation Equality Forum by UN Women. Our goal is for companies to be able to take a leading role in promoting gender equality in the workplace, as well as to set an example for others. The Alliance will seek to foster dialogue between the private and public sectors on issues related to gender equality in the workplace and work towards the Sustainable Development Goal (SDG) #5 – Gender Equality.

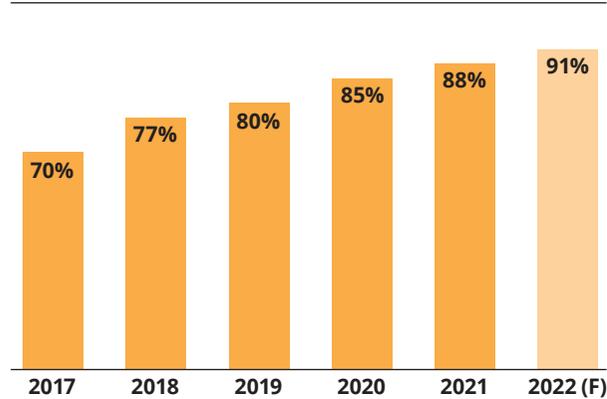
“The under-representation of women represents a significant loss to our economy and society. Studies show that more equal and diverse teams produce better business results”

Romania

▶ Currency: Leu ▶ VAT: 19%

Internet usage

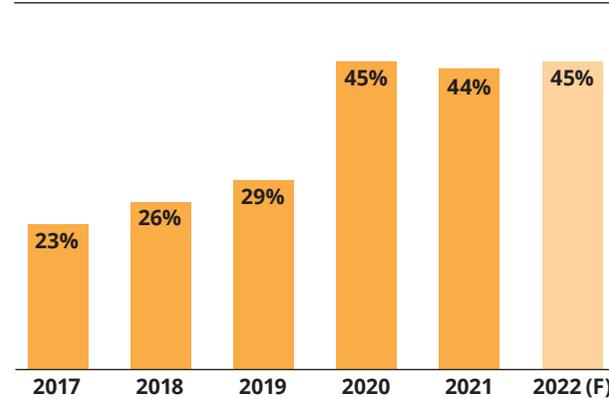
Percentage of the population accessing the internet



SOURCE: EUROSTAT

E-Shoppers

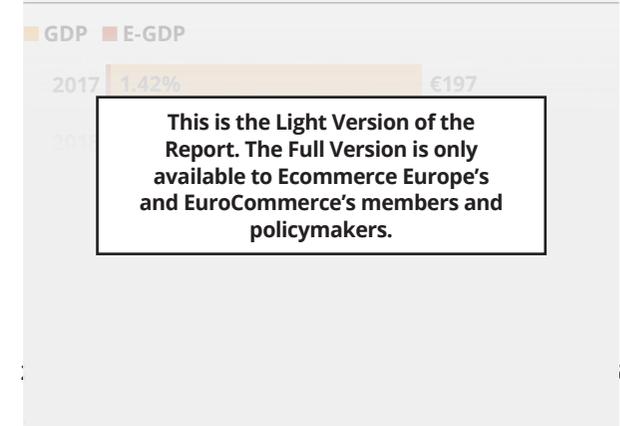
Percentage of internet users that bought goods or services online



SOURCE: EUROSTAT

GDP and E-GDP (€bn)

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



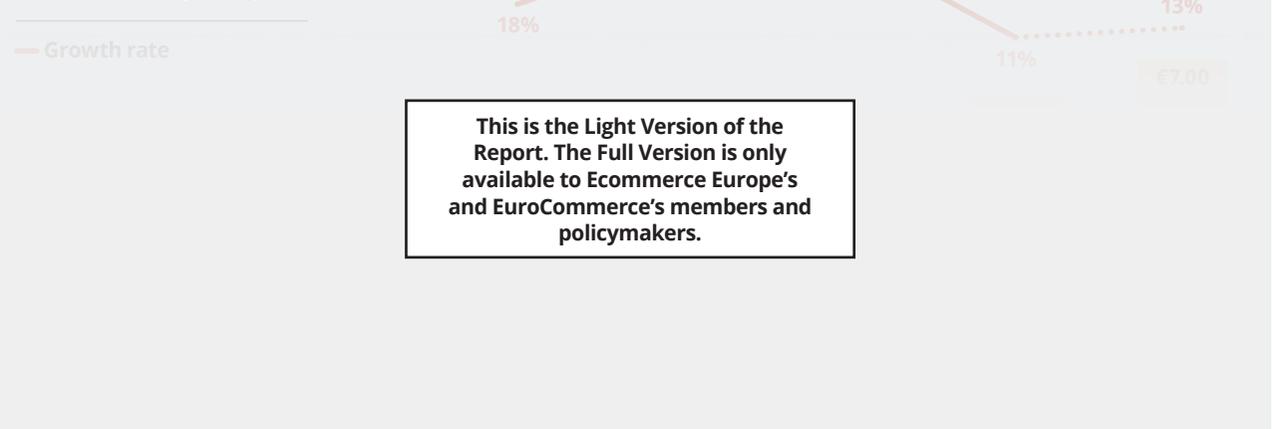
Search engine market share

Most popular search engines in 2021



SOURCE: STATCOUNTER

B2C e-commerce turnover (€bn)



The share of goods and/or services represented in the B2C e-commerce turnover graph is either unknown or was not provided during data collection.

Romania

Interview Florinel Chiș



Executive Director, The Romanian E-commerce Association (ARMO)

POLICIES AND REGULATION:

What domestic policies, if any, are being considered in Romania that will have an impact on e-commerce?

One important policy currently being debated at a national level is the transposition of the Omnibus Directive, which aims to modernize and strengthen existing consumer protection rules and ensure a better enforcement of those rules. The digital transformation chapter within Romania's Recovery and Resilience plan will bring important domestic policy changes that will have an important impact on e-commerce as a sector, boosting digital skills and helping SMEs towards digital transition.

Have the new VAT regulations (July 2021) impacted your market in any way?

The new VAT regulations have indeed impacted the Romanian market. The most encouraging change is that barriers to cross-border online sales have been reduced as a result of a simpler VAT registration process, making it easier to start selling online. On the other hand, from a tax reporting point of view, a new set of record-keeping and reporting obligations has been added, making it more onerous for companies to comply.

SUSTAINABILITY:

What is currently happening in Romania regarding sustainable transportation efforts?

Over the past few years, both e-commerce in particular and the Romanian market as a whole have witnessed an increase in efforts towards establishing e-mobility in the road transport sector. On e-commerce specifically, delivery companies have started to replace combustion-based fleets with electric and hybrid ones wherever possible, with a focus and positive impact on last-mile deliveries, especially within large urban areas. In addition, couriers have developed extensive networks of parcel lockers in order to achieve a more sustainable delivery process.

Future investment plans speak of further developing the network with 3,000+ parcel lockers, the national network being expected to more than double in the coming years.

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

The topic of the circular economy has made its way onto both private and public agendas. As a result, the Romanian administration is currently working on a nation-wide circular economy strategy. In general terms, the local return and repair markets are still at a nascent stage, yet there are several pioneering initiatives at a national level. Several ARMO members already sell refurbished products such as electronics, while one member announced an increase of 26% in this segment in the last year alone.

What are your views on the Waste Framework Directive – Packaging and Packaging Waste Directive? What impact do you think this will have on sustainability?

All legislative efforts in the direction of waste and packaging are a much-needed step towards a sustainable future of all economic sectors of the EU. In the Romanian market, fast delivery still seems to have an advantage in influencing consumer choice when compared to sustainable packaging and/or consolidated orders. Overall, Romania is still a market that could benefit from a generalized effort when it comes to informing customers, consumers, and the society as a whole about the benefits of waste management and recycling. This is possibly the only and most efficient way of achieving a paradigm shift. A turning point for the Romanian market is going to be the arrival of laws that would establish a system of warranty-return on packaging. This initiative would be the game-changer in shifting society's long-term perception of packaging and emphasizing its inherent de facto use as a raw material.

TECHNOLOGY:

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

Similar to 2020, 2021 has brought about changes in the digitalization rates and technology adoption of retailers, specifically SMEs. The Covid-19 pandemic forced many smaller

“The most encouraging change is that barriers to cross-border online sales have been reduced as a result of a simpler VAT registration process”

retailers to develop an online presence and to shift from offline to online in order to survive. Romania is no exception and we have seen more retailers making this transition recently. We expect this shift to continue in the coming years as well.

Which technologies are e-commerce industry players in your market focusing on in 2022? Technologies such as AI, VR, big data, etc.

With the AI regulation being debated at EU level, this technology is very topical and of interest to e-commerce industry players. Not only will it provide new business opportunities and foster innovation, it will also facilitate customers' online experiences and build trust in the online world.

Big data is of great interest as well, so the Data Act being currently discussed in Brussels is on our radar for 2022. This legislation has the potential to create a wealth of data-driven innovation if the right balance is struck when sharing business data on a voluntary basis.

What is the conversation and feeling from the public around data privacy and protection?

Data privacy and data protection are becoming increasingly more important to the public. We have seen that online, users are informing themselves more and more on this topic, since data permeates practically all facets of our lives.

Romania

Continued from previous page

CURRENT EVENTS AND E-COMMERCE:

The ongoing conflict in Ukraine, initiated by Russia, is undoubtedly having an impact on markets across Europe. Have you seen any specific direct or indirect impacts on your e-commerce market from these unfolding events?

In the first days after the outbreak of the conflict in Ukraine, people focused on basic necessities and personal safety, while shopping for sustainable goods was postponed. Now, at the beginning of April, we can see that people are gradually returning to their pre-war consumption habits. Since e-commerce as a shopping tool is integrated into Romanian people's shopping routine, the range of products available online will increase and the services will be better.

Several members of E-commerce Europe have taken action to support Ukraine. Is there anything your association is also doing, or plans to do?

ARMO as an association has not taken any action in this sense, yet several of our members have launched campaigns to support Ukraine. One ARMO member, Elefant.ro, partnered with the Margareta of Romania Royal Foundation to offer housing, food, counseling, medical services, translation and so on to Ukrainian refugees coming to Romania. On their website, users can also make donations. Another ARMO member, eMAG, has opened its platform for donations, allowing customers to donate directly to the Romanian Red Cross. Donations can be made either on the platform Donează pentru Ucraina, eMAG.ro (Donate for Ukraine) or in the cart upon purchase, when customers can select an amount. The Romanian Red Cross will purchase the necessary food and health products for the Ukrainian civilian population that is severely affected by the military conflict.

Covid-19 revealed the importance of e-commerce to Europe but as restrictions are lifted, there are concerns that citizens will head back into physical shops. Have you noticed a drop in e-shoppers, e-commerce turnover or e-commerce growth in the past year?

The second year of the pandemic continued to challenge us all to innovate more for our customers and come up with solutions to help them make the most of their time by focusing on what

really matters to them. While some consumers only started shopping online during the pandemic, most of them were already there but for a limited number of categories. During the past two years, we noticed that even existing e-commerce shoppers started to discover more categories and order a wider variety of goods. Once they started to discover that they can find practically anything online, they came back more often. This increased frequency in online shopping will probably have a positive impact on the entire sector in the years ahead. We also see that the more categories they discover, the more they appreciate the fast, flexible, and predictable delivery.

ARMO estimates that the e-commerce sector was worth around €6bn in 2021, up from €5.6bn in 2020. Currently, it accounts for around 8% of the retail market, which indicates that there is plenty of room for growth compared to other European countries, where around 30% of purchases are made online.

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

One of the emerging trends which has already been visible for the past months is order consolidation. Since customers want to find all the products they've ordered in a single package, retailers will have to invest in innovative packaging systems and, as a result, the amount of waste generated on the market will be reduced. Especially with the high frequency products such as FMCG, this is an important issue. Indeed, as sustainability has become more of a top priority, companies have developed environmentally friendly solutions that help them reduce their carbon footprint.

Flexibility is another feature embraced easily by consumers, both with respect to delivery as well as with payments. In terms of delivery, the fast adoption of parcel lockers has come about due to their flexibility, which allows customers to pick up their orders any time of the day.

Flexible payment solutions such as 'buy now, pay later', along with online card payments, will gain ground over the next year. We have already noticed that around 40% of orders are paid by card, while during major shopping events such as Black Friday, around half of online orders are card payments.

“One of the emerging trends which has already been visible for the past months is order consolidation”

As the internet penetration rate increases and smart technology grows in accessibility, more people will go digital, even in remote rural areas. Since online users will start to order more online, consumers will want more predictable and flexible delivery services such as parcel lockers. In time, these are expected to attract ever more users.

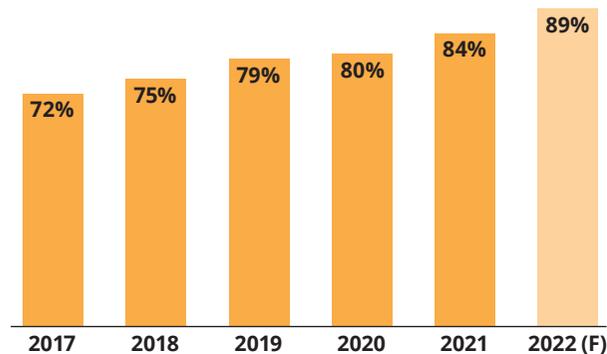
From a retailer's perspective, being listed in a marketplace, using a fulfilment service and having an omnichannel approach will play important roles in terms of business sustainability and development. Romania's digital economy has huge growth potential and we also see this capacity when it comes to improving the e-commerce business via cross-border sales.

Serbia

▶ Currency: Dinar ▶ VAT: 20%

Internet usage

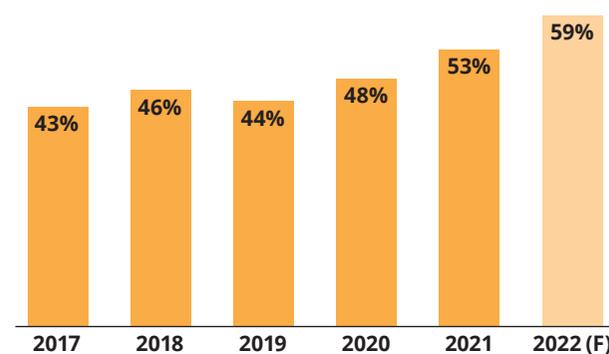
Percentage of the population accessing the internet



SOURCE: EUROSTAT; STATISTA

E-Shoppers

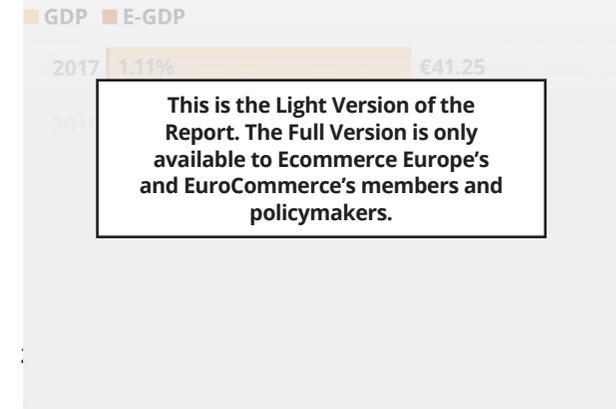
Percentage of internet users that bought goods or services online



SOURCE: EUROSTAT; STATISTA

GDP and E-GDP (€bn)

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



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

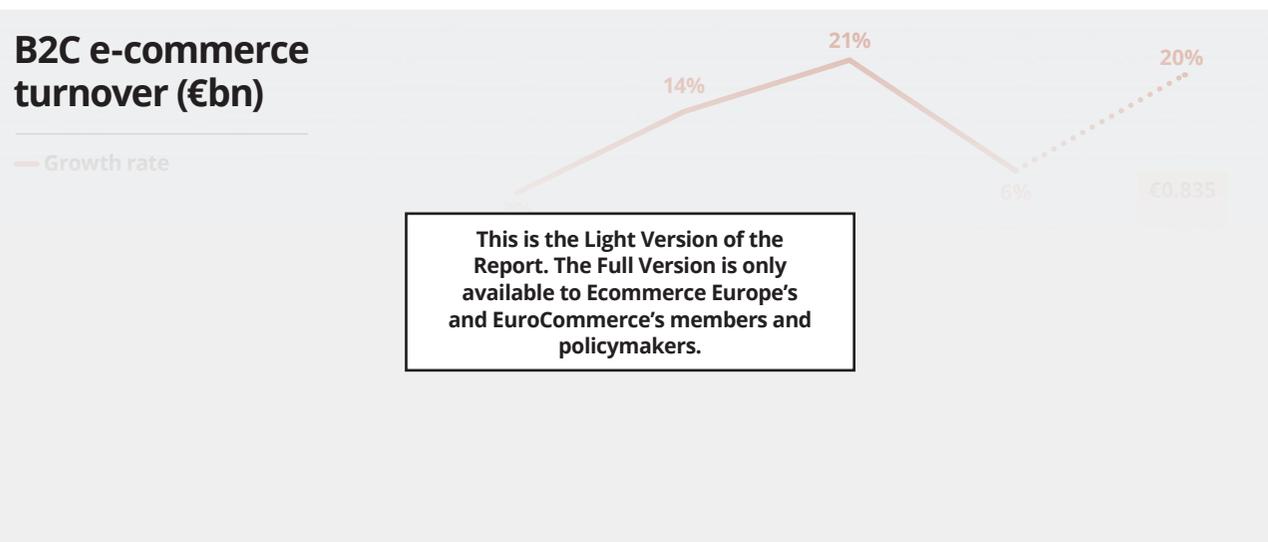
Most popular search engines in 2021



SOURCE: STATCOUNTER

B2C e-commerce turnover (€bn)

— Growth rate



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

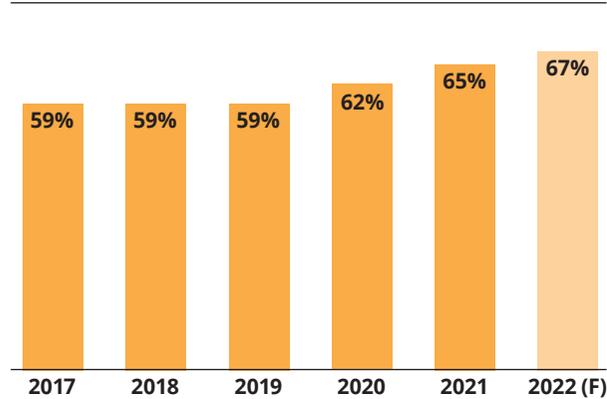
Statista figure indicates that for the 2021 total, 95% represents goods and 5% services

Ukraine

▶ Currency: Hyrvnia ▶ VAT: 20%

Internet usage

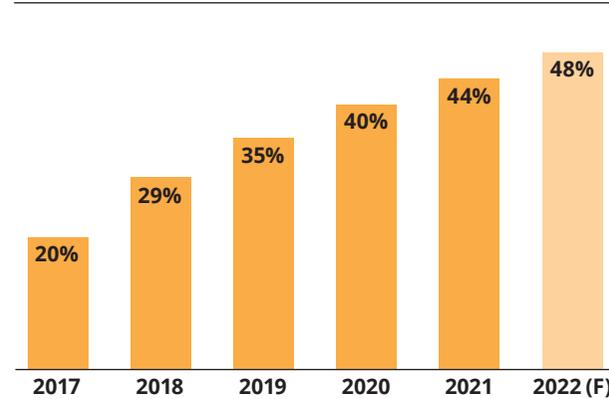
Percentage of the population accessing the internet



SOURCE: STATISTA

E-Shoppers

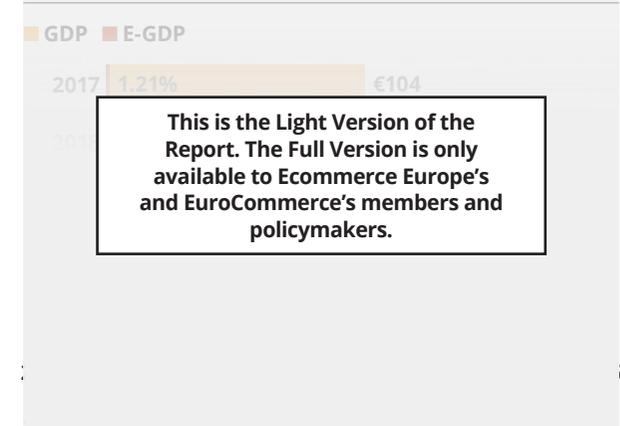
Percentage of internet users that bought goods or services online



SOURCE: STATISTA; UNITED NATIONS

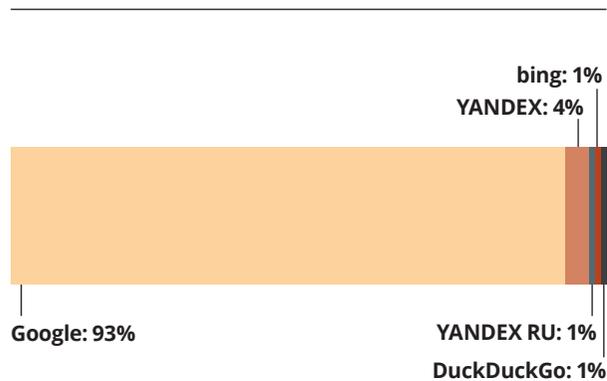
GDP and E-GDP (€bn)

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



Search engine market share

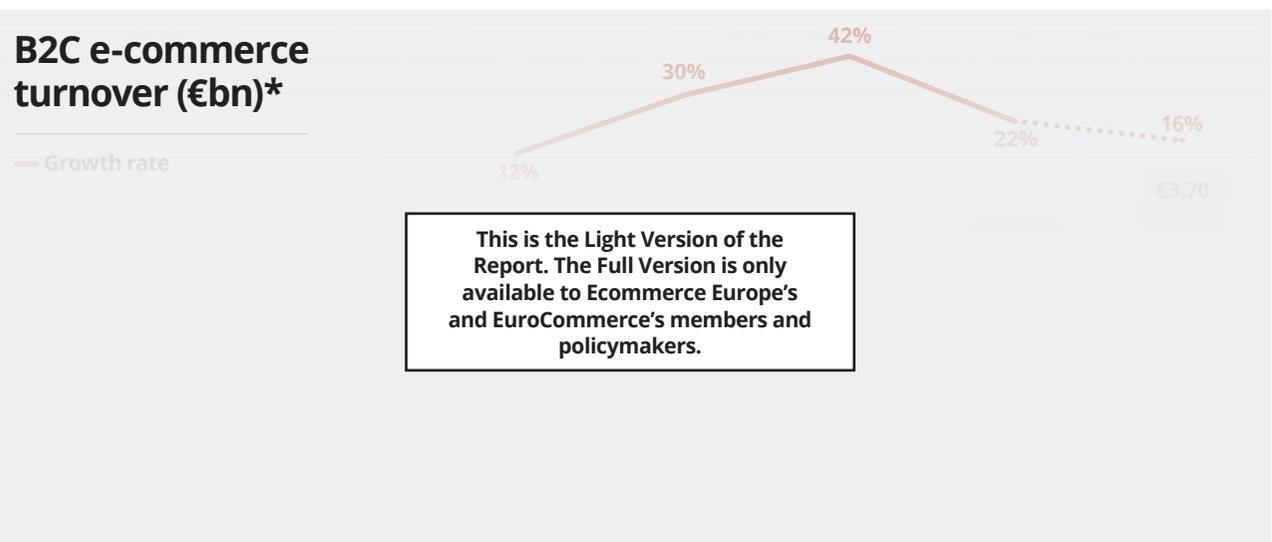
Most popular search engines in 2021



SOURCE: STATCOUNTER

B2C e-commerce turnover (€bn)*

— Growth rate



Statista figure indicates that for the 2021 total, 98% represents goods and 2% services

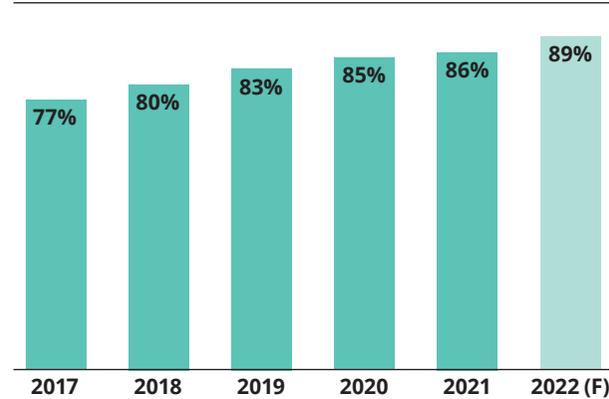
*Data collection was initiated before the war in Ukraine began, therefore the estimated growth and B2C e-commerce turnover is likely to be lower than estimated in 2022.

Southern Europe



Internet usage

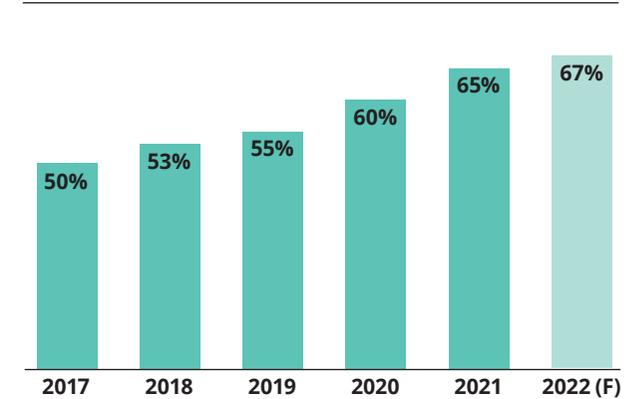
Percentage of the population accessing the internet



SOURCE: EUROSTAT; STATISTA

E-Shoppers

Percentage of internet users that bought goods or services online



SOURCE: EUROSTAT; STATISTA; UNITED NATIONS

B2C e-commerce turnover (€bn)

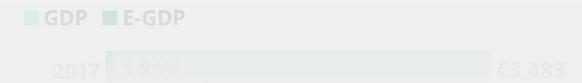
— Growth rate



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GDP and E-GDP (€bn)

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

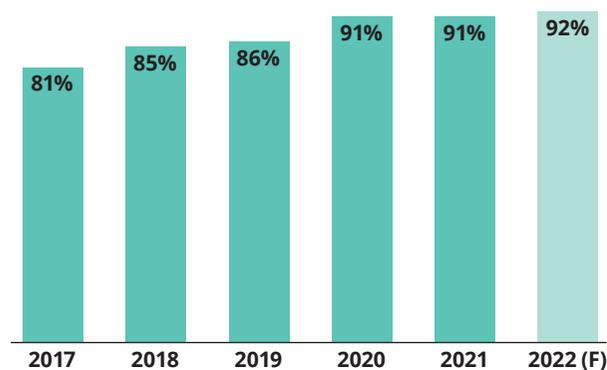


Cyprus

▶ Currency: Euro ▶ VAT: 19%

Internet usage

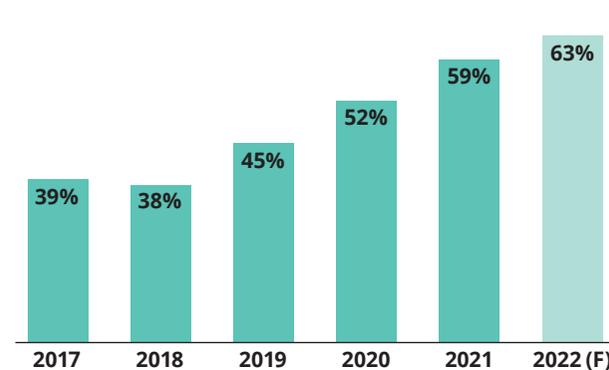
Percentage of the population accessing the internet



SOURCE: EUROSTAT

E-Shoppers

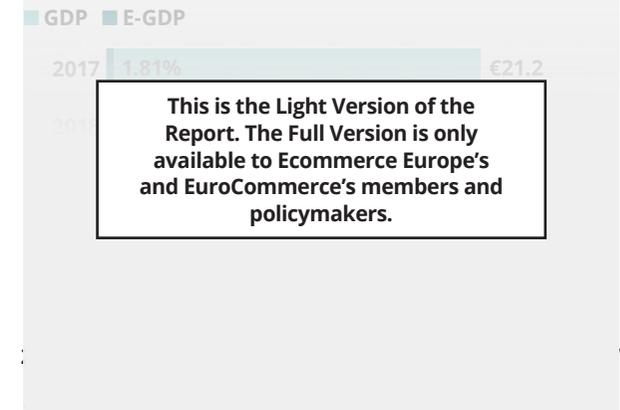
Percentage of internet users that bought goods or services online



SOURCE: EUROSTAT

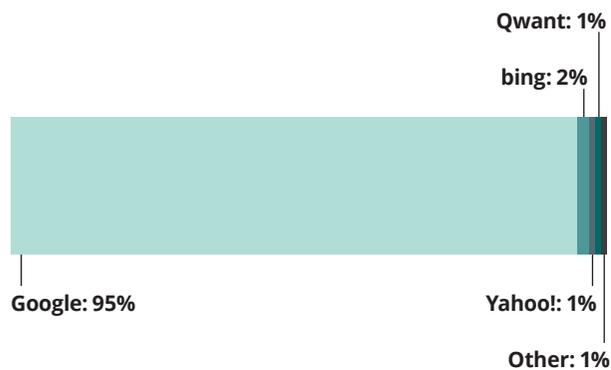
GDP and E-GDP (€bn)

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



Search engine market share

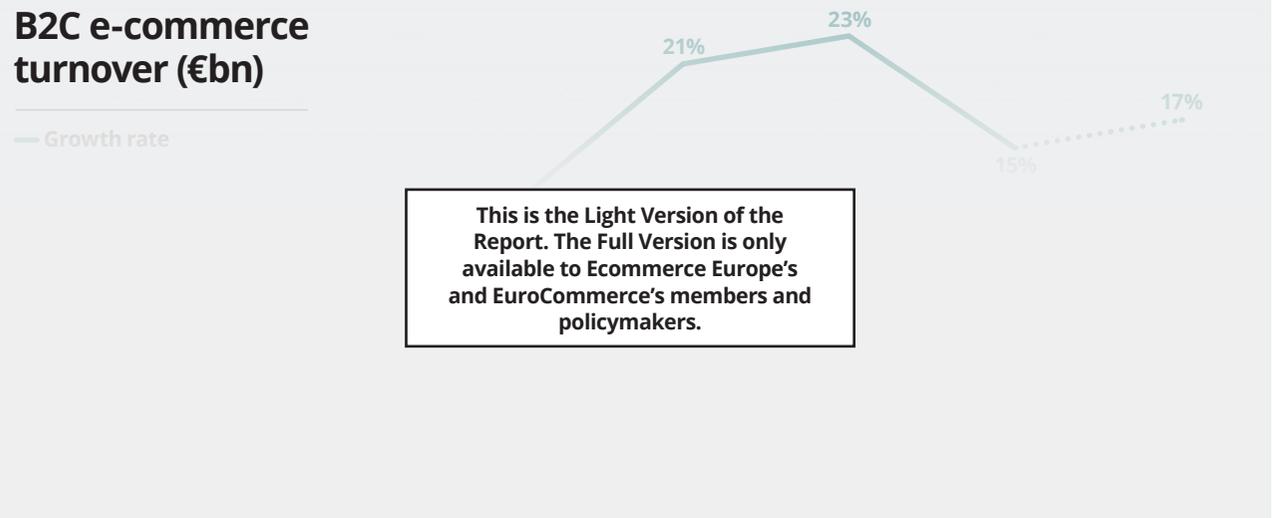
Most popular search engines in 2021



SOURCE: STATCOUNTER

B2C e-commerce turnover (€bn)

— Growth rate



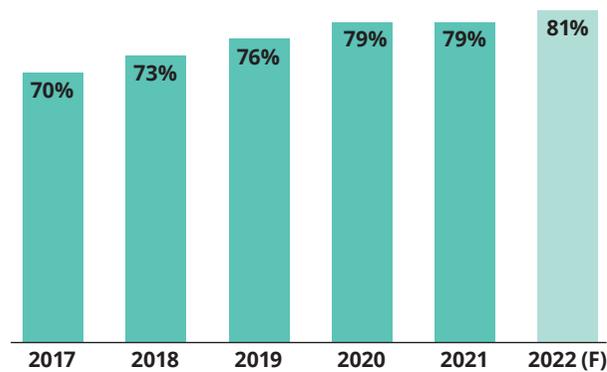
Statista figure indicates that for the 2021 total, 98% represents goods and 2% services

Greece

▶ Currency: Euro ▶ VAT: 24%

Internet usage

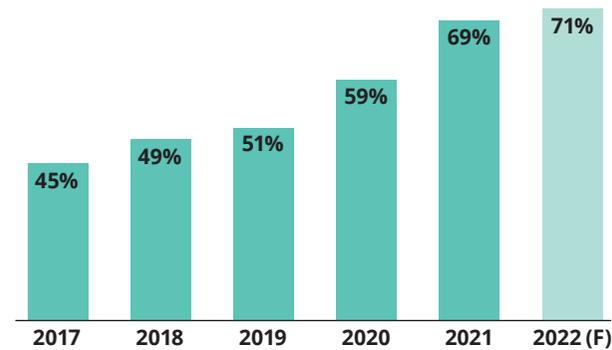
Percentage of the population accessing the internet



SOURCE: EUROSTAT

E-Shoppers

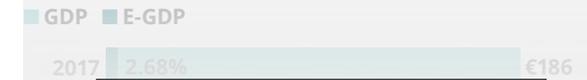
Percentage of internet users that bought goods or services online



SOURCE: EUROSTAT

GDP and E-GDP (€bn)

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



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

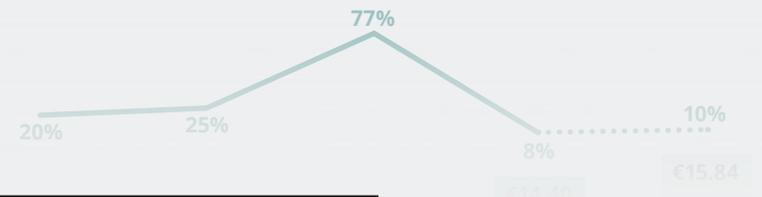
Most popular search engines in 2021



SOURCE: STATCOUNTER

B2C e-commerce turnover (€bn)

— Growth rate



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

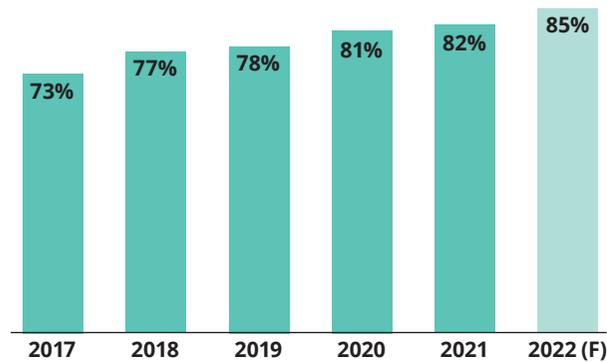
Association analysis indicates that for the 2021 total, 55% represents goods and 44% services

Italy

▶ Currency: Euro ▶ VAT: 22%

Internet usage

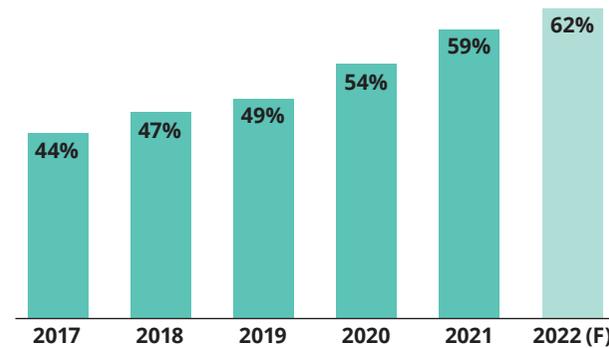
Percentage of the population accessing the internet



SOURCE: EUROSTAT; STATISTA

E-Shoppers

Percentage of internet users that bought goods or services online



SOURCE: EUROSTAT

GDP and E-GDP (€bn)

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



Search engine market share

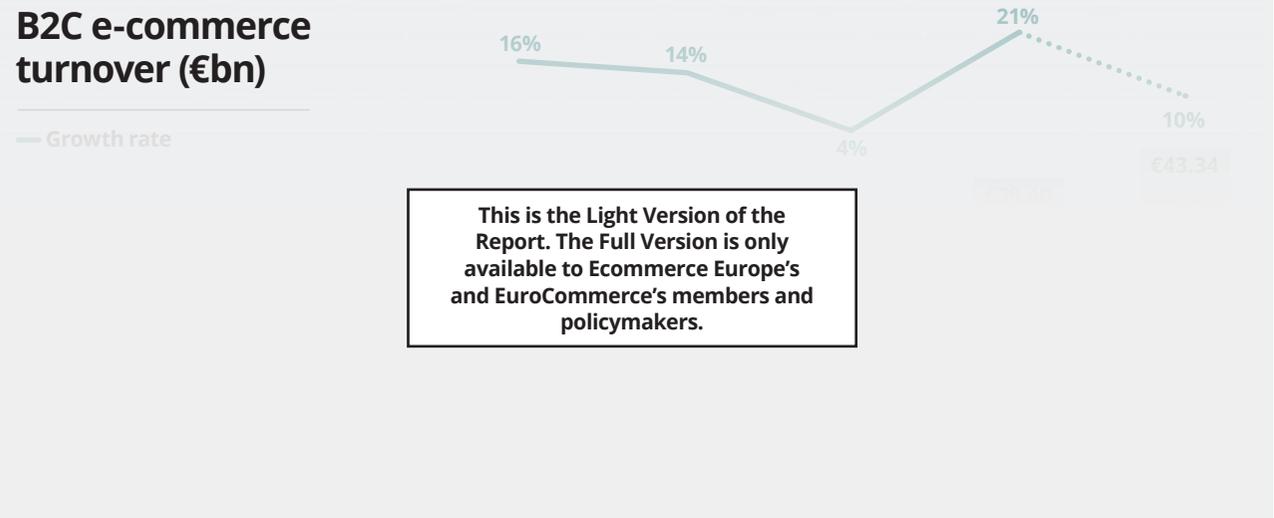
Most popular search engines in 2021



SOURCE: STATCOUNTER

B2C e-commerce turnover (€bn)

— Growth rate



Association analysis indicates that for the 2021 total, 80% represents goods and 20% services

Italy

Interview Roberto Liscia



President, Netcomm

POLICIES AND REGULATION:

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

In Italy, the legislation applied to the e-commerce sector is almost entirely of European derivation. The laws transposing recent European regulations are currently under discussion, including the Omnibus directive, which will affect compliance.

What EU policies are being considered that you think will have a specific impact on your e-commerce market?

In general, all European regulations have effects on the national e-commerce market. Currently, the most relevant regulations are DSA and DMA. Impacts are also expected in relation to New Consumer Agenda 2022, ePrivacy and the new incoming agreement announced on data flows.

Have the new VAT regulations (July 2021) impacted your market in any way?

We received positive comments from the sector after an initial phase. The reform is appreciated in Italy because it overcomes the barriers to cross-border online sales. Moreover, the VAT rate applied is now the same throughout Europe, which is highly appreciated by consumers.

SUSTAINABILITY:

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

The Italian government has considered the issue of sustainable transformation in the National Recovery and Resilience Plan (NRRP or PNRR), presented and published on 24 April, 2021.

The goals of the NRPV are to raise GDP to 3.6 percentage points higher in 2026 than it is today, as well as to improve employment by 3.2 percentage points.

In particular, the a.c. third mission of the PNRR has provided for a series of investments aimed at creating a digital network along with a sustainable and interconnected transport infrastructure that will be able to improve the overall competitiveness of the country, particularly in the southern region of Italy.

These operations will impact the existing logistics systems, including airport systems, which should then reduce environmental impacts through innovative technology solutions.

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

The customer return policy is a key element for e-commerce shops but, at the same time, it has a strong impact on sustainability. To be more sustainable, e-shops will have to manage their returns policy through the use of technologies that reduce environmental impact. Use of automatic parcel machines, for example, can decrease urban traffic and consequent CO₂ emissions. Other advances will be able to identify practices of 'social returns' that, through the circular economy, can give new life to products.

What are your views on the Waste Framework Directive – Packaging and Packaging Waste Directive? What impact do you think this will this have on sustainability?

The Waste Framework Directive, Packaging and Packaging Waste Directive provides for different responsibilities for companies in the waste management and recycling chain. Unfortunately, it is still possible to recognize a lack of compliance on this issue, which causes serious consequences. Several companies do not yet know the rules and do not apply them, while others apply them incorrectly. Similarly, private citizens still ignore how waste product and packaging can be delivered and recycled properly.

To comply with the law, companies rely on third parties (such as Consortia) for their responsibility for waste management, EEE and the end-of-life recycling of packaging. In this way, companies are confident that they are performing their tasks correctly but, from another point of view, they are not improving their awareness of sustainability in waste management, which would also improve the way they manage their business.

“To be more sustainable, e-shops will have to manage their returns policy through the use of technologies that reduce environmental impact”

TECHNOLOGY:

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

Italian companies are strengthening their presence in digital channels. Their approach is more and more sophisticated and covers direct e-shops to strategic partnerships with e-retailers and marketplaces.

Technology operators are strongly supporting the digital evolution of Italian companies, in particular SMEs, since they offer advanced technologies at affordable prices in all business areas – marketing, payments, logistics, customer care, etc.

Which technologies are e-commerce industry players in your market focusing on in 2022? Technologies such as AI, VR, big data, etc.

Big data is central in the growth strategies of Italian players. The main reasons for this are regulatory compliance combined with the willingness of personalizing the relationship with customers. Generally speaking, the entire marketing context is evolving quickly, with a broad spread of marketing automation tools, CRM solutions and DMPs.

What is the conversation and feeling from the public around data privacy and protection?

The awareness of the correct use of data is becoming increasingly widespread, both among companies and consumers. Recent Netcomm research on Italian companies revealed that 50% of e-commerce companies in Italy think that the impact of cookie-less sales and marketing will strongly affect their business.

Italy

Continued from previous page

CURRENT EVENTS AND E-COMMERCE:

The ongoing conflict in Ukraine, initiated by Russia, is undoubtedly having an impact on markets across Europe. Have you seen any specific direct or indirect impacts on your e-commerce market from these unfolding events?

Export has always been a milestone for Italian companies. The Russian market, in particular, is one of the most important for sectors such as fashion and food. We are therefore expecting large losses due to an ongoing inability to export Italian products to Russia. This could be as much as €700-800m in lost sales.

Covid-19 revealed the importance of e-commerce to Europe but as restrictions are lifted, there are concerns that citizens will head back into physical shops. Have you noticed a drop in e-shoppers, e-commerce turnover or e-commerce growth in the past year? If so, what do you attribute this to?

Many Italian consumers experienced online shopping for the first time during the lockdown of 2020 and 2021 and the number of Italian e-shoppers has significantly grown in the last two years by as many as two million. Even though Italians have since return to shopping in physical stores, their use and appreciation of digital channels have remained stable in 2022 compared to 2021.

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

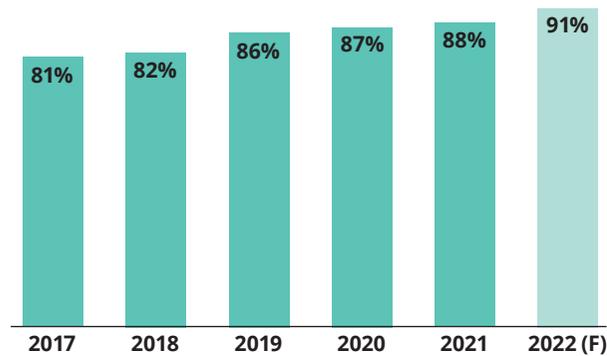
More and more companies, in particular large corporations, are adopting a marketplace approach, launching new marketplace channels in their own shops, or signing collaborations with third-party players. This collaborative economy is particularly important in Italy since it is opening new markets to SMEs.

Malta

▶ Currency: Euro ▶ VAT: 18%

Internet usage

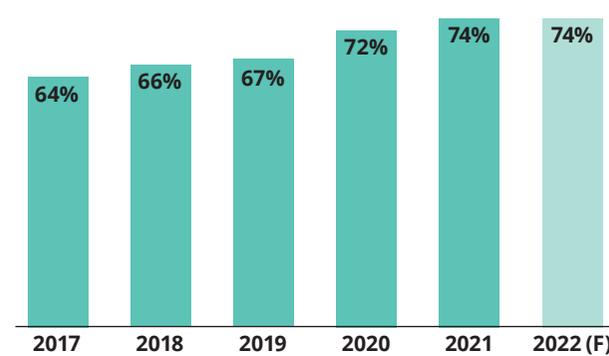
Percentage of the population accessing the internet



SOURCE: EUROSTAT

E-Shoppers

Percentage of internet users that bought goods or services online



SOURCE: EUROSTAT

GDP and E-GDP (€bn)

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



Search engine market share

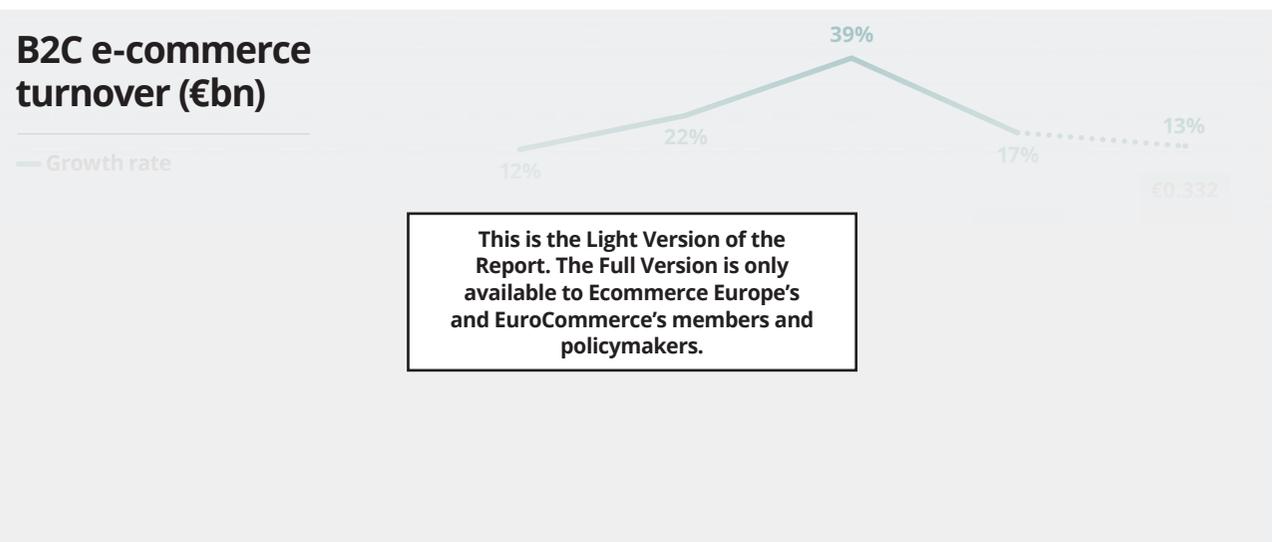
Most popular search engines in 2021



SOURCE: STATCOUNTER

B2C e-commerce turnover (€bn)

— Growth rate



Statista figure indicates that for the 2021 total, 98% represents goods and 2% services

Malta

Interview Denise Borda



E-commerce Analyst,
Malta Communications Authority

POLICIES AND REGULATION:

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

The MCA has recently finished compiling its e-commerce strategy for the coming three years. Through this strategy, the MCA continues to further strengthen an open, fair and sustainable e-commerce-enabled ecosystem. Awareness and education initiatives complement the building of a sound regulatory framework that strives to accelerate uptake, build capacity and encourage excellence in this area.

What EU policies, if any, are being considered that you think will have an impact on Maltese e-commerce?

The coming into force of the DMA and the DSA will inevitably further shape e-commerce in Malta. These regulations aim to harmonize rules governing digital intermediary services across the EU and ensure a level playing field for all digital players, regardless of size. The DSA in particular focuses on providing safeguards against illegal content and unsafe products transacted online. The DMA addresses competition imbalances in digital markets.

SUSTAINABILITY:

What is currently happening in Malta regarding sustainable transportation efforts?

Although we do not have any hard data on this, business associations have commented that their members are increasingly showing more interest in sustainable transport. The government has also recently rolled out a number of financial incentives aimed at consumers and business to promote greener and more sustainable transport.

TECHNOLOGY:

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

According to data published by Eurostat, since the pandemic, Malta registered the highest share in the EU of businesses that started or increased their efforts to sell online. Due to Covid-19 shutdowns and restrictions, many consumers turned to e-commerce and have since embraced it. In response, retailers have become more adventurous in their tech endeavors.

Which technologies are e-commerce industry players in your market focusing on in 2022?

Besides seeing more traditional SME retailers transition to e-commerce, we are observing more sophistication in both the technologies used and business practices. Most of the innovation is happening behind the scenes, since businesses appear to be utilizing third-party services to improve their offerings through better marketing, business intelligence and UX, to name a few.

What is the conversation and feeling from the public around data privacy and protection?

People are very much aware of the importance of data privacy, although we are not sure that they quite understand the full implications, or that it takes more than a cookie consent to protect one's own privacy when online. More education is required to help users shape their actions in a way that protects themselves and others when online.

CURRENT EVENTS AND E-COMMERCE:

The ongoing conflict in Ukraine, initiated by Russia, is undoubtedly having an impact on markets across Europe. Have you seen any specific direct or indirect impacts on your e-commerce market from these unfolding events?

It is too early to draw any conclusions. However, such events will impact the Maltese e-commerce scene. Higher shipping costs are already being felt, especially by those having to seek new markets from where to source their products. In addition, the rising cost of raw materials is inevitably leaving its mark on the local market.

“ Since the pandemic Malta registered the highest share in the EU of businesses that started or increased their efforts to sell online”

Several members of E-commerce Europe have taken action to support Ukraine. Is there anything your association is doing, or plans to do?

As a public Authority, we support efforts undertaken at both national and European levels. Likewise, SME associations are joining their counterparts in other countries to support Ukraine.

Covid-19 revealed the importance of e-commerce to Europe but as restrictions are lifted, there are concerns that citizens will head back into physical shops. Have you noticed a drop in e-shoppers, e-commerce turnover or e-commerce growth in the past year?

From data collated by our National Statistics Office, online shopping continues to grow, albeit at a slower rate than in previous years. Besides, a slight drop in e-commerce turnover was noted, which could be attributed to various reasons. However, we are expecting the retail market to assume a hybrid model, where consumers expect to use both channels, sometimes simultaneously. Whilst we do expect shops to become busy again, we don't expect a decrease in online activity.

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

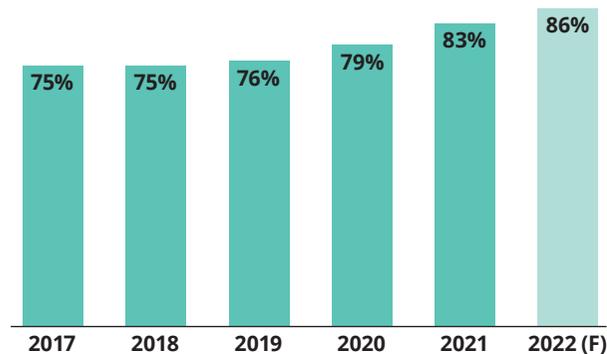
Malta, like other very small European markets, reports high cross-border e-commerce activity. Many thought that economies of scale would limit Maltese sellers from competing against global sellers. This has not been the case and since there has been substantial growth in Maltese e-commerce setups that specifically target the local market, Maltese businesses appear to be pivoting to target specific niches or bespoke services that mainstream e-commerce providers might be failing to fulfill.

Portugal

▶ Currency: Euro ▶ VAT: 23%

Internet usage

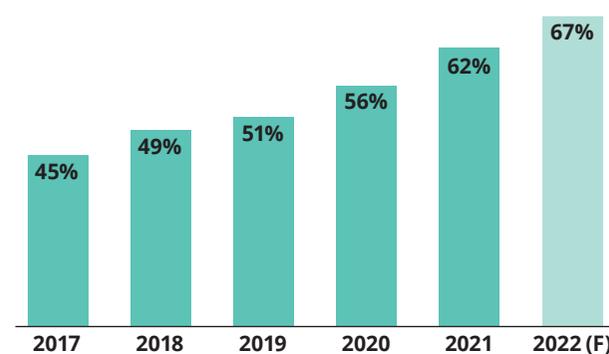
Percentage of the population accessing the internet



SOURCE: EUROSTAT

E-Shoppers

Percentage of internet users that bought goods or services online



SOURCE: EUROSTAT

GDP and E-GDP (€bn)

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



Search engine market share

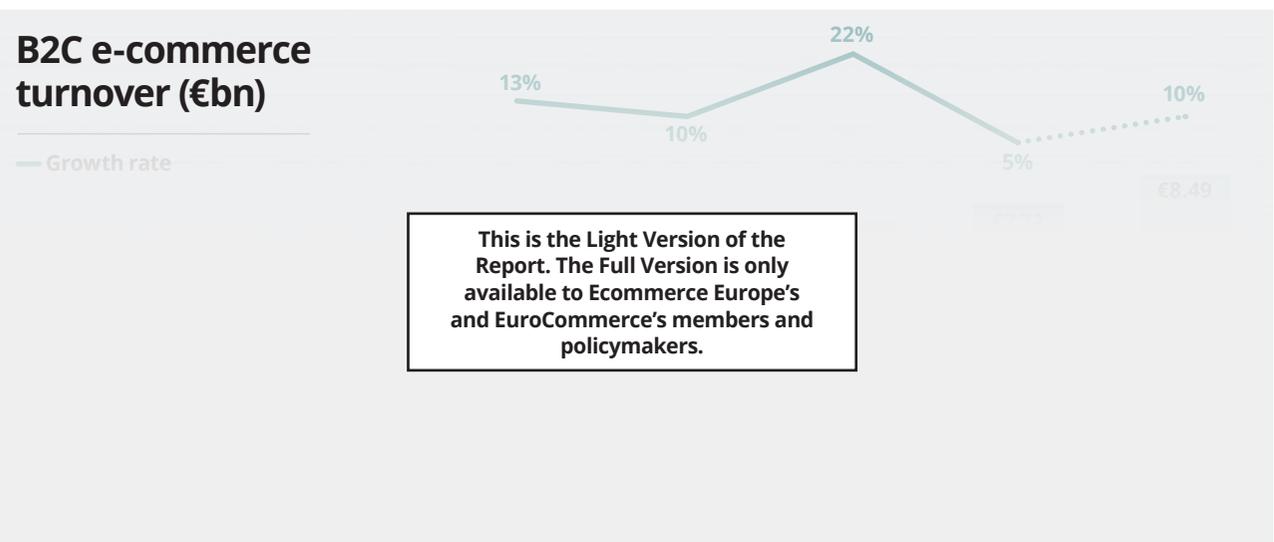
Most popular search engines in 2021



SOURCE: STATCOUNTER

B2C e-commerce turnover (€bn)

— Growth rate



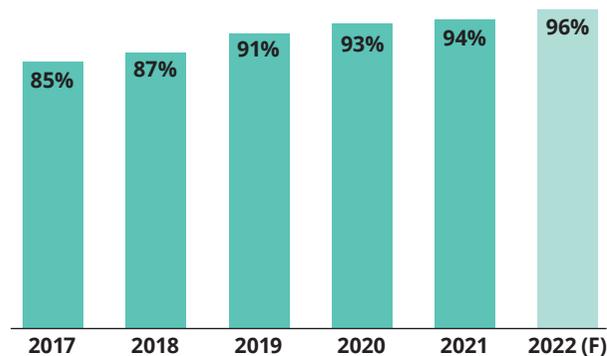
The share of goods and/or services represented in the B2C e-commerce turnover graph is either unknown or was not provided during data collection.

Spain

▶ Currency: Euro ▶ VAT: 21%

Internet usage

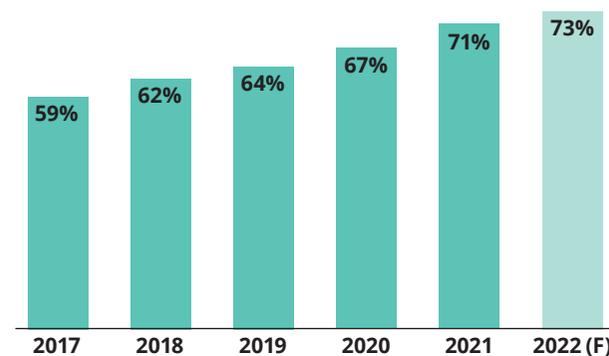
Percentage of the population accessing the internet



SOURCE: EUROSTAT

E-Shoppers

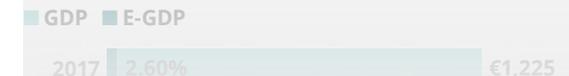
Percentage of internet users that bought goods or services online



SOURCE: EUROSTAT

GDP and E-GDP (€bn)

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



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Search engine market share

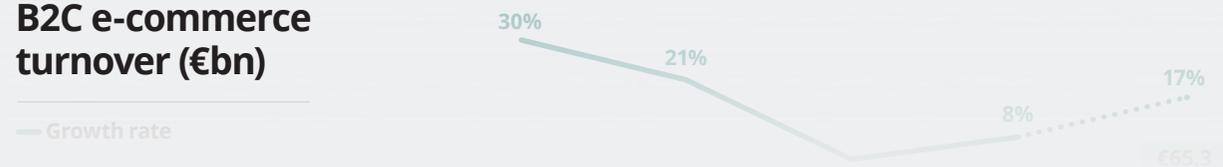
Most popular search engines in 2021



SOURCE: STATCOUNTER

B2C e-commerce turnover (€bn)

— Growth rate



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The share of goods and/or services represented in the B2C e-commerce turnover graph is either unknown or was not provided during data collection.

Methodology & Sources

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

Internet Usage:

Desk research via:

- Eurostat: Share of population accessing the internet within the last year, yearly; [isoc_ci-iffp_iu]
- Statista: 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
- United Nations: UNCTAD B2C E-commerce Index 2020

Supplementary Data:

- Frequency of Online Purchases: [isoc_ec_ib20]
- Online Purchasing Nationally and Cross-Border: [isoc_ec_ibos]
- Product Category Purchasing: [isoc_ec_ibgs]
- Digital Intensity: [isoc_e_dii]
- Perceived Barriers to Online Shopping: [isoc_ec_inb21]

B2C E-commerce Turnover & Share Goods/Services:

- National E-commerce Associations: Data was requested and submitted by April 2022, 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 (e.g., 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' Digital Market Outlook was utilized with the output in euros and includes both physical products and services. Additionally, turnover figures for the United Kingdom were collected from the UK Office for National Statistics, accompanied by estimates from the Centre for Market Insights based on trend data.
- 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 14 April 2022 and was converted into EUR on 14 and 15 April 2022. As of 23 June 2022, the IMF has updated their GDP projection to reflect the impacts of the currently ongoing war in Ukraine, which you can access in their most recent WEO update: <https://www.imf.org/en/Publications/WEO/weo-database/2022/April>
- Additionally, during data collection three countries were omitted in the total European GDP in this report: Bosnia & Herzegovina, Kosovo, and Montenegro.

Search Engine Market Share:

- Statcounter: From April 2021 to March 2022. Statcounter "analyzes every page view referred by a search engine."

Indices:

- World Bank: Logistics Performance Index report 2018; Ease of Doing Business Index report 2020
- United Nations: E-Government Development Index report 2020; UNCTAD B2C E-commerce Index report 2020
- Universal Postal Union: Integrated Index for Postal Development report 2021
- Yale University: Environmental Performance Index report 2020
- International Telecommunication Union: Global Cybersecurity Index report 2020
- The Economist Intelligence Unit: Inclusive Internet Index 2022

Important notes about the report:

- Sourcing for B2C e-commerce turnover of the United Kingdom has changed for the 2022 report, leading to a difference in reported turnover when compared to earlier European E-commerce reports. The UK's Office of National Statistics is the source for the 2022 European E-commerce Report. Additionally, B2C e-commerce turnover appears lower than in years past as Russia was not included in this report.
- The war in Ukraine has undoubtedly had an impact on European e-commerce, particularly in the countries nearest to the conflict. However, much of the data included in this report was collected in Q1 2022, therefore the effects of the war were unable to be fully presented or explored.

About us & 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:

- ▶ GKI Digital
- ▶ Macedonian Ecommerce Association
- ▶ Malta Communications Authority

About the CMI:

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

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

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

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Lone, S., & Weltevreden, J.W.J. (2021). 2021 European E-commerce Report. Amsterdam/Brussels: Amsterdam University of Applied Sciences & Ecommerce Europe.

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