

E-commerce and Retail- Tech in European markets

Country Snapshots

Germany, France, UK, Denmark, Sweden

Current E-commerce & Retail Tech Trends in Europe – 2020

- **Multi- or omnichannel strategies, Click & Pick:** Online shops and physical outlets are intertwining. An omnichannel strategy is often not only focused on growing online sales but also on boosting store sales & vice versa. Strong development of web-to-store concepts where you buy online and collect from the store (but also other way around)
- **Social/Instagram/live shopping:** Especially fashion and beauty
- **M-commerce boom:** More and more e-shoppers purchase goods over their smartphones
- **Ethical and sustainable shopping:** Supporting local entrepreneurs, produce and other ethical choices
- **Increasing capacity and optimizing delivery:** Delivery services, warehouse automation, innovative supply chain solutions
- **Innovative payment solutions and contactless paying:** Demand for more choice in digital payment and credit solutions or “human free check-out” experiences are on the rise
- **Customer experience + data collection:** Companies are increasingly collecting data of their customers and target groups for demand forecasting and other predictive analytics, promotion and pricing optimization
- **Data security & Mobile Shopping App Security:** Collected customer data and growth of online and mobile shopping also rise the demand for better security
- **In-store tech:** E.g. H&M perfect fit app with personalized avatar, digital wardrobe, shopping gamification, digital “mirrors” that take pictures etc.

Germany



Market Overview

- Digital heavy-weights such as Amazon and Zalando dominate the e-commerce market
- The retail market in Germany is fragmented
 - Highest retail growth rates are expected in furniture and fashion & apparel during the next years
- Best business opportunities found in mid-sized retail due to relatively low digitalization level and experience with new retail technology
- Consumers expect a localized shopping experience
 - E.g. German product description
- The German concern for the protection of personal data has direct impact on all projects related to digitalisation.

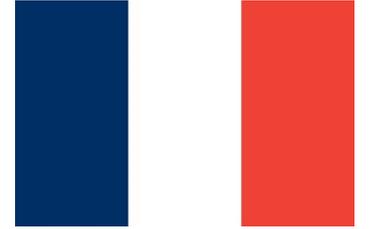
Innovative payment solutions and contactless paying

- According to the Deutsche Kreditbank the number of contactless transactions rose to over 50 percent in March 2020.
- Payback Pay (bonus system), Google Pay and Apple Pay in the forefront, but room for new solutions
- Acceptance of digital payment wallets such as PayPal
- Consumer behaviour leading the change, retailers need to adapt

Ethical and sustainable shopping

- Environmentally friendly packaging and the reduction of carbon footprints are connected with local shopping activities and regionally sourced products
- New local platforms to connect producers, shops and customers
- Case: Archipel delivery

France



Market Overview

- French retail market is well developed and is undergoing a structural change, expansion of e-commerce but also revival of local and independent stores in big cities
- 3rd e-commerce market in Europe with more than 200 000 active websites, biggest players Amazon, CDiscount and Fnac
- Leaders in m-commerce: 81% of cyberbuyers have searched information with their mobile phone, 41% made a purchase
- Le Drive / Click and Collect concept has flourished due to COVID-19 and is expected to remain important
- *Paris Retail Week* in September 2020 will be partly virtual event
- *Lafayette Plug and Play* – European Retail Tech accelerator in Paris

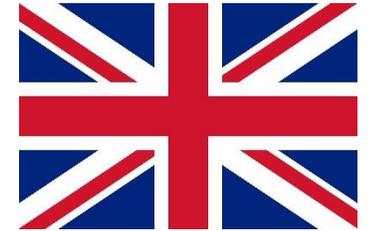
Omnichannel Strategy

- Beauty retailer Sephora is leading the way in innovation in both e-commerce and in-store tech with an application to try on make-up virtually using augmented reality and facial scanning.
- They have also very popular click and collect concept bridging online shopping with physical store and offer personalized services based on customer data. Strong loyalty program.

Customer Experience

- Finnish e-commerce tech company Nosto, having a subsidiary in France since 2018, has collaborated with several fashion retailers such as Chantelle and Volcom to improve visitor experience on their websites. Physical presence in France has opened doors for them.

United Kingdom



Market overview

- One of the most advanced ecommerce markets in the world. 87% of consumers* shopped online in 2019 and online sales penetration was 19% in 2019 (pre-corona)
- Fragmented market but Amazon and eBay dominate with a combined market share of c. 35%
- UK has an established retail tech ecosystem with many homegrown companies. Innovation touches every part of the retail business.
- Retailers with more advanced digital capabilities & local fulfilment seem to have performed better during the COVID-19 crisis
- D2C is expected to grow further
- Moving forward: phased approach to reopening stores and retailers reassessing their estates. Digital journeys are expected to be accelerated

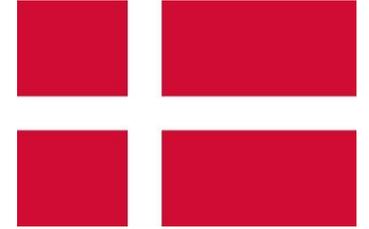
In-store experience

- Due to COVID-19 and social distancing measures, ensuring safety in store e.g. Sainsbury's smart shop, Brompton bicycles
- Omnichannel approach becoming more important. Some e-commerce operators have opened physical outlets, e.g. Made.com showroom

Last-mile delivery

- One of the main barriers to even greater uptake of e-commerce can be the slow and untrustworthy delivery services
- Players in the UK are investing to make delivery windows shorter in order to meet customers' expectations, e.g. Gophr & HelloFresh, Amazon & Morrisons

Denmark



Market overview

- E-commerce in Denmark forecast to be worth 21.45 billion € by the end of 2020 – up 10 %.
- Innovative online payment security, high-use of digital payments, and exceptionally high internet (98%) and smartphone (77%) penetration.
 - 1 out of 4 e-shoppers make purchases over their smartphone.
 - Payment via mobile apps up by 23%, and shopping on smartphones up by 31% during the crisis.
- Post COVID-19: 41% of Danes say they want to act more locally, 66% intend to support Danish companies, and 77% favor a stronger green transition.
- Stronger pressure on Danish SMEs to digitalize and embrace new technology in their business model.

Case examples

- **Locality: Connecting producers and consumers through tailor-made online platforms:**
 - Vielskervoresby.dk for local shops, rolled out in 45 cities - incl. over 500 businesses.
 - Transparency and storytelling via social channels are an integral part.
- **Convenience & safety: Screenless parcel lockers**
 - SwipBox is solely app operated.

Current challenges / Opportunities

- **Logistics performance:** increasing capacity and optimizing delivery, warehouse automation, innovative supply chain solutions
- **Platform:** mobile optimization and instant shop solutions particularly for SMEs
- **Marketing:** Extending the in-store experience to the online universe

Sweden



Market Overview

- Largest retail and e-commerce market in the Nordics
- E-commerce accounts for around 11 % of the total retail market
 - Major differences between categories, share of online in retail excl. food around 16 %
- From European perspective, one of the most mature markets
 - Still room for growth and rapid increase expected to continue
- Home to global retail giants, e.g. H&M and Ikea
- Digitally native vertical brands (DNVB) booming
- Hot topics: value-driven brands & sustainable e-commerce
- Amazon to Sweden/Nordics?

Live-shopping: engaging digital brand experience & seamless shopping journey?

- On average:
 - 12,5 % add a product on the shopping cart
 - 15 % comment in the chat
 - 25 % engage with likes
 - 11 minutes viewing time
- Some brands experienced + 10 % sales increase during live shopping compared

Sustainability

- Green logistics and deliveries, e-com customized packaging, transparency and tracking
- Are consumers ready to pay for it?
- Boozt.com Fair Use policy
- Encouraging consumers to recycle
 - Skincity collaboration with deposit refund app PantaPå
 - Simple Feast pilot in Gothenburg

Country specific webinars will continue after the summer holidays



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