



# Global 2021

## Ecommerce Report

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# Introduction



## Welcome to the Global Ecommerce Report for 2021

The Global Ecommerce Report is one of RetailX's largest reports of the year. Its aim is to offer a picture of regions and pictures that are often seen as so geographically isolated as to have little effect on each other's retail markets and cultures.

The truth is rather more nuanced. Ideas and approaches developed in one country or region are often adopted elsewhere. Take the rise of livestreaming. Initially a Chinese phenomenon, this is becoming a key channel for brands around the world, perhaps because it chimes with wider 21st-century celebrity culture, the idea you can be famous for being famous, an influencer.

This sense of an interconnected world also applies to the global supply chain, as we have all become increasingly aware recently. The pandemic disrupted the flow of trade and it will take a while to recover yet. Indeed, we

may never see a full return to the particular iteration of globalisation that we have been living through in recent years. In great part, this is because consumers are worried about environmental issues – and if the extended global supply chain cannot deliver goods on time, hitherto its great virtue from a consumer perspective, why not shop local instead?

The report also offers a picture of how the coronavirus pandemic affected ecommerce and, more generally, the retail sector. The idea that more people now shop online is certainly true, but the numbers offer a more granular picture of what happened in different regions and countries – each with different retail cultures and at different levels of development.

Finally, this report is the result of months of work by RetailX's researchers, data journalists, designers and editors. Thanks to everyone for their efforts. We hope this report offers insights, ideas and perhaps even a few surprises to be found among the numbers. Please do get in touch to share your thoughts.

**Ian Jindal**  
CEO, RetailX



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# The global ecommerce market in 2021

The themes that dominate ecommerce and multichannel retailing around the world show its interconnected nature

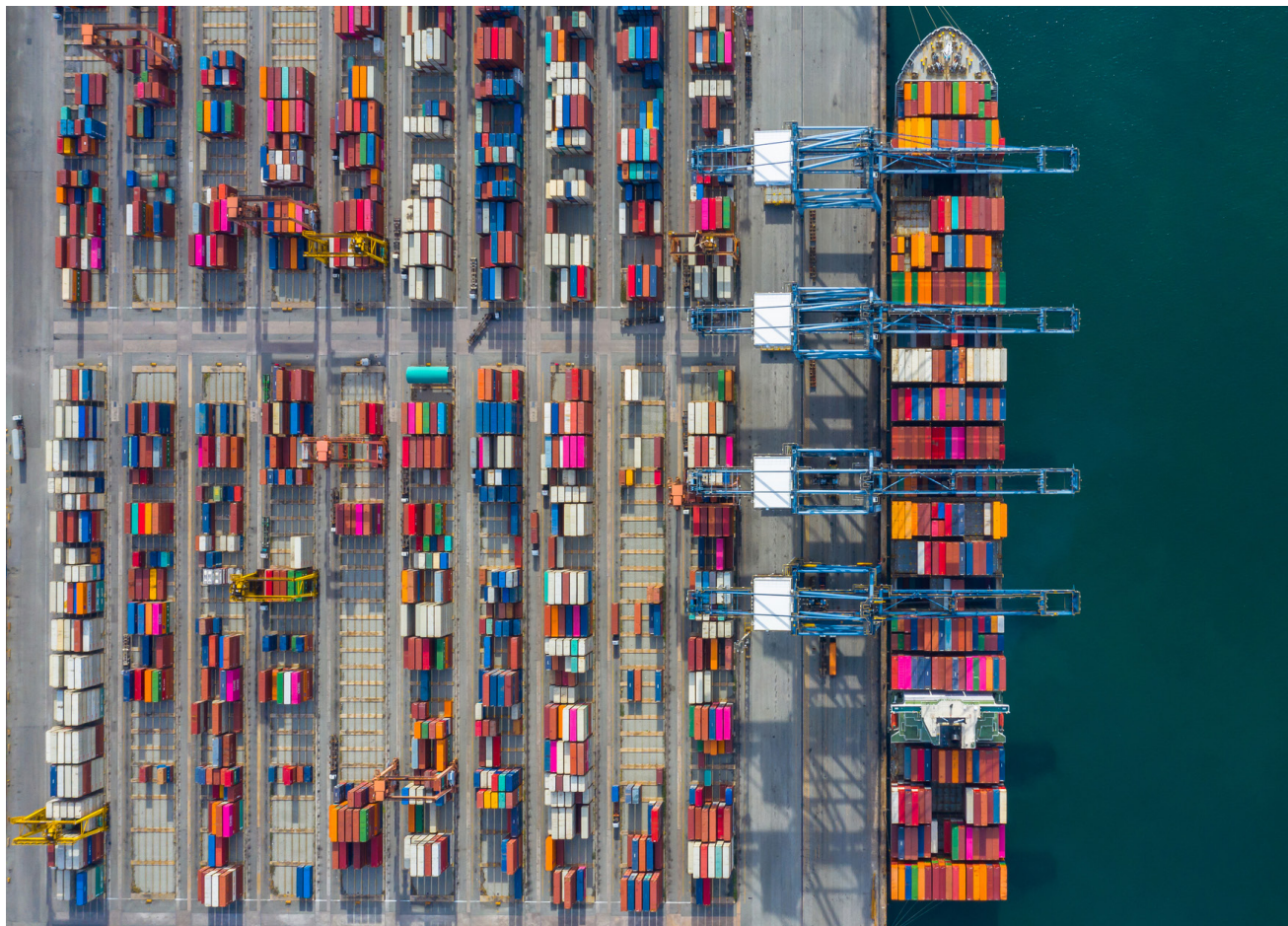
In 2021, the extent to which global commerce markets are interrelated and interdependent has been thrust to the forefront as perhaps never before. A global pandemic has continued to sweep the world. Covid-19 has infected people on every continent, even Antarctica – a virus for which vaccines made in a few countries are now being rolled out globally amidst criticisms that richer countries should do more to help developing nations.

The pandemic has also affected global supply chains while at the same time becoming a highly persuasive factor in taking shoppers on every continent online as never before.

**Not only was buying online more convenient in 2020, suddenly it was also safer.**

## CHANGING CUSTOMER BEHAVIOUR

Covid-19, now in its second year, has continued to encourage shoppers to buy online in 2021. From Europe, Africa and Asia to the Americas, Australasia and the Middle East, shoppers are now more likely to turn to digital in

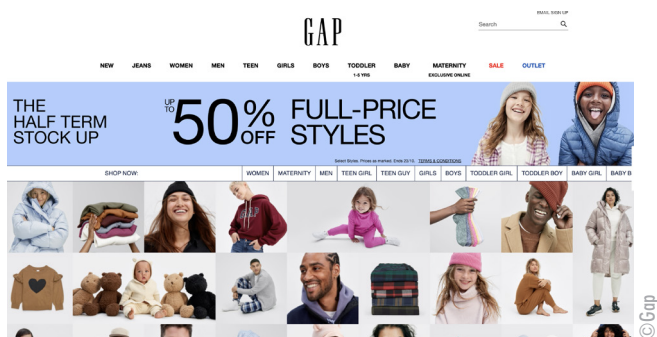


The global retail sector has been hit by supply chain issues because of the Covid-19 pandemic

order to buy than they were before the pandemic. The extent to which that has happened has varied by country and by age group but nonetheless, this change has been seen around the world.

Brand organisation **Unilever, which sells in all of these markets, has seen its ecommerce sales grow fast over the last year, to the point where it accounted for 12% of sales in the third quarter of 2021.** That's despite the return to face-to-face shopping, which Unilever has also detected in its sales figures. Some of that return to stores has come as customers have felt safer to buy in person. In some markets – including the USA and Northern Ireland – a factor here has been shoppers spending government-issued economic stimulus payments.

Overall, **shoppers across markets now appear more open to buying across a range of channels**, whether via stores, mobile apps, websites or other emerging channels.



Gap is no longer operating bricks-and-mortar stores in Europe

## STORES TO MOBILE APPS

As shoppers change their buying habits, retailers are now once more rethinking how they sell – and how many stores they need to do this. **US fashion retailer Gap is now selling online and through franchise or joint-venture partners in Europe, rather than running its own stores directly<sup>[1]</sup>** and it's invested in virtual fitting technology in order to help bridge the expanded gap that creates between ecommerce and the store.<sup>[2]</sup>

Swedish clothing company H&M is shutting stores in its most mature markets, while expanding its ecommerce business<sup>[3]</sup>. While it will still open new stores, they will be in new markets where, as yet, the retailer has less name recognition and needs to build its profile.

At the same time, **brands that found they made strong direct-to-customer sales when shops were closed during Covid-19 lockdown are giving renewed attention to their direct commerce strategies.**

## SUPPLY CHAIN ISSUES

The factors that helped drive the expansion of ecommerce globally have also caused pressures. Even as the demand for online has expanded, the supply chain has been hit by Covid-19 in both 2020 and 2021. Slowdowns in manufacturing in China hit supplies of goods in the rest of the world, as did unusually high levels of PPE demand. These factors disrupted the normal movements of shipping containers.

This disruption was compounded by the stranding of the Ever Given container ship, which blocked the Suez Canal in March 2021. The knock-on effects of all these factors have included blocked ports, ships waiting at sea to unload (especially in the United Kingdom where Brexit has also been a factor), a general slowdown in global trade movements and product shortages. The price of shipping container rates has increased hugely<sup>[4]</sup>.

As a result, prices have risen in shops and online, while **shortages have been seen in industries from electronics (semiconductor chips) to fizzy drinks (carbon dioxide).**

Covid-19 has also meant staff shortages in the supply chain, whether directly because of illness and precautionary isolation or because workers are choosing to leave the industry or retire early. **There are shortages of HGV drivers around the world**, exacerbated in the UK by Brexit. As the peak trading season arrived ahead of Christmas 2021, there were also predictions of shortages of warehouse workers, while seasonal retail staff were being eagerly sought by many ecommerce and multichannel retailers.

## EMERGENCE OF AUTOMATION

**Retailers around the world are starting to invest larger sums in automation** as they look to bridge gaps in the workforce, while removing more monotonous tasks from existing workers - and enabling a scale of service that human workers simply could not provide.

**In the UK, online grocer Ocado has developed automated picking and packing technology that it is now exporting to markets around the world** via contracts with third-party retailers. US ecommerce giant Amazon has also turned to robotics for tasks from picking and packing to robotic deliveries – including flying drones.

Automation is also being used in customer service, with chatbot technology now becoming highly advanced.

**Alibaba's AliMe chatbot, launched in 2015, answered 300m enquiries during Singles Day 2019 – or 97% of customer services enquiries<sup>[5]</sup>.** This is just one example of how chatbots are now used around the world, enabling retailers to give a much higher level of customer service than would previously have been possible.

It's also an example of how technology is helping retailers to sell in ways they previously could not have. Other examples include augmented reality – used to show how items would look in the shopper's space – and virtual reality. Both were put to good use during the Covid-19 pandemic, when shoppers could not longer touch and feel things for themselves but still wanted to visualise items before buying.

## LOOKING AHEAD

Ecommerce and multichannel retailing is set to continue to grow in coming years. Traders will be looking to technology and innovation that is currently in the pipeline to continue to make retail as easy and convenient as possible.

But shoppers will also be looking to buy in new ways, especially as sustainability moves to the top of the agenda over the coming years (see page 117 for more). That's likely to mean new fabrics, new selling models and more opportunities to sell secondhand, vintage and refurbished goods. All of these are factors that will continue to boost the trends towards buying on marketplaces. In addition, the subscription model of retail – food boxes and other regular purchases – may grow in importance too.

Analysis from Wunderman Thompson Commerce<sup>[6]</sup> suggests that, **post-pandemic, more than half of consumers buy online, with more than 40% of post-pandemic spending going to marketplaces.** Retailers are adapting their strategies accordingly, including marketplaces that are local to each region or market as a way of reaching customers in more markets via the places where they want to buy. Increasingly, those places will include social media platforms – and potentially virtual realities such as SecondLife and the Metaverse that Facebook has now committed to build. (For more on emerging trends to watch, see page 125.)

Like marketplaces, markets will be continue to be regional, with patterns of customer demand that necessarily remain unique individual to each country. But it's likely that global patterns such as those seen in 2021 will also continue to play an important part in the way that shoppers want to buy – and the way that retailers and brands sell in the future.



Etsy recently agreed to pay more than \$1.6bn for UK-based Depop, where many sellers list vintage and secondhand items, evidence of how sustainability is increasing in importance for consumers

- [1] <https://internetretailing.net/strategy-and-innovation/strategy-and-innovation/gap-to-close-its-uk-stores-and-sell-online-only-as-part-of-digital-first-strategic-shift-23383>
- [2] <https://internetretailing.net/strategy-and-innovation/strategy-and-innovation/gap-inc-invests-in-virtual-fitting-to-reduce-returns-as-its-business-continues-to-grow-online-23633>
- [3] <https://internetretailing.net/strategy-and-innovation/strategy-and-innovation/hm-expands-its-ecommerce-business-while-shutting-shops-as-shoppers-shift-online-23786>
- [4] [www.icis.com/explore/resources/news/2021/09/16/10685630/shipping-container-rates-continue-to-soar-despite-increased-attention](http://www.icis.com/explore/resources/news/2021/09/16/10685630/shipping-container-rates-continue-to-soar-despite-increased-attention)
- [5] <https://digital.hbs.edu/platform-digital/submission/ai-chatbot-behind-alibabas-38-billion-singles-day-sales-miracle/>
- [6] <https://internetretailing.net/marketplaces/marketplaces/marketplaces-clear-winner-as-51-of-post-pandemic-retail-set-to-take-place-online-23408>

# Market overview: International indices

The level of development of different economies is shown in several international indices, which we track as part of RetailX research. These are:

- Logistics Performance Index:** The World Bank’s “interactive benchmarking tool created to help countries identify the challenges and opportunities they face in their performance on trade logistics.”<sup>[1]</sup>
- Ease of Doing Business:** “The Doing Business project provides objective measures of business regulations and their enforcement across 190 economies and selected cities at the subnational and regional level.”<sup>[2]</sup>
- E-Government Development Index:** “Along with an assessment of the website development patterns in a country, the E-Government Development index incorporates the access characteristics, such as the infrastructure and educational levels, to reflect how a country is using information technologies to promote access and inclusion of its people.”<sup>[3]</sup>

**2IPD:** “The UPU’s Integrated Index for Postal Development (2IPD) provides an overview of postal development around the globe... The computation of the 2IPD stems from the integration of UPU postal big data, official UPU statistics, and key UPU surveys.”<sup>[4]</sup>

	LOGISTICS PERFORMANCE INDEX (2018) OUT OF 160	EASE OF DOING BUSINESS (2020) OUT OF 160	E-GOVERNMENT DEVELOPMENT INDEX (2020) OUT OF 190	THE UPU'S INTEGRATED INDEX FOR POSTAL DEVELOPMENT (2IPD) (2020) OUT OF 170	INTERNET INCLUSIVE INDEX (OUT OF 120)				
					AVAILABILITY (OUT OF 120)	AFFORDABILITY (OUT OF 120)	RELEVANCE (OUT OF 120)	READINESS (OUT OF 120)	OVERALL INTERNET INCLUSIVE INDEX (OUT OF 120)
<b>AFRICA</b>									
ALGERIA	117	152	120	73	79	86	95	94	86
EGYPT	67	114	111	101	70	73	76	78	73
GHANA	106	118	101	57	83	103	90	66	89
KENYA	68	129	116	83	82	70	38	55	71
MOROCCO	109	53	106	88	56	73	66	89	67
NIGERIA	110	131	141	64	98	59	47	50	75
SOUTH AFRICA	33	84	78	74	55	50	51	25	47
TANZANIA	61	141	152	94	108	54	92	64	98
<b>ASIA</b>									
AUSTRALIA	18	14	5	17	14	9	7	11	4
CHINA	26	31	45	18	27	64	22	26	38
INDIA	44	63	100	41	77	20	49	29	49
INDONESIA	46	73	88	68	59	84	56	74	66
JAPAN	5	29	14	5	17	12	52	9	14
SOUTH KOREA	25	5	2	23	2	21	59	7	11
VIETNAM	39	70	86	49	54	62	57	52	58
<b>EUROPE</b>									
FRANCE	16	32	19	6	19	3	15	41	6
GERMANY	1	22	25	3	20	22	60	12	25
ITALY	19	58	37	11	36	4	10	44	14
NORWAY	21	9	13	34	NA	NA	NA	NA	NA
RUSSIA	75	28	36	19	45	10	4	71	25
UK	9	8	7	8	16	2	46	24	9

KEY: ■ Top quartile ■ Second quartile ■ Third quartile ■ Fourth quartile

• **Internet Inclusive Index:** “Commissioned by Facebook and developed by The Economist Intelligence Unit, [this] seeks to measure the extent to which the Internet is not only accessible and affordable, but also relevant to all, allowing usage that enables positive social and economic outcomes at the individual and group level.”<sup>[5]</sup>

**The performance of economies shows strong regional variations.** Most countries in Europe, for example, are in the top quartile of nations. Where European countries are in the second quartile in a specific index, it is usually as the result of local conditions. It is more difficult to do business in Italy, for example, than many of its neighbours, most likely a reflection of Italy’s famed levels of bureaucracy. Russia, which by European standards has vast swathes of territory that are underdeveloped, performs more strongly in multiple indices when benchmarked against countries elsewhere in the world.

In comparison to countries elsewhere, African nations are generally ranked lower within these indices. Clearly, there are historical reasons for this, yet intriguingly **many African nations rank in the second quartile of the 2IPD.**

In other parts of the world, the picture is more mixed. In the Middle East, those countries we would broadly expect to rank most highly in these indices – Israel as an advanced economy, the UAE because of the levels of investment in the country’s digital infrastructure – do perform strongly when compared with near-neighbours. However, there

	LOGISTICS PERFORMANCE INDEX (2018) OUT OF 160	EASE OF DOING BUSINESS (2020) OUT OF 160	E-GOVERNMENT DEVELOPMENT INDEX (2020) OUT OF 190	THE UPU'S INTEGRATED INDEX FOR POSTAL DEVELOPMENT (2IPD) (2020) OUT OF 170	INTERNET INCLUSIVE INDEX (OUT OF 120)				
					AVAILABILITY (OUT OF 120)	AFFORDABILITY (OUT OF 120)	RELEVANCE (OUT OF 120)	READINESS (OUT OF 120)	OVERALL INTERNET INCLUSIVE INDEX (OUT OF 120)
<b>MIDDLE EAST</b>									
IRAN	64	127	89	48	58	63	34	41	57
ISRAEL	27	35	30	35	35	8	26	38	18
QATAR	30	77	66	65	18	58	50	1	35
SAUDI ARABIA	55	62	43	50	41	87	32	38	56
TURKEY	47	33	53	47	50	73	58	22	59
UAE	11	16	21	70	10	66	39	67	40
<b>NORTH AMERICA</b>									
CANADA	20	23	28	9	13	1	54	23	23
MEXICO	51	60	61	82	60	42	36	48	46
USA	14	6	9	7	12	5	3	8	2
<b>SOUTH AMERICA</b>									
ARGENTINA	61	126	32	91	47	53	30	18	43
BRAZIL	56	124	54	45	48	16	40	69	36
CHILE	34	59	34	75	42	14	17	5	21
COLOMBIA	58	67	67	56	64	33	41	14	44
PERU	83	76	71	76	73	52	48	34	60

KEY: ■ Top quartile ■ Second quartile ■ Third quartile ■ Fourth quartile

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are surprises too. Iran is in the second quartile for most of these indices. Granted, **Iran performs poorly in terms of Ease of Doing Business, yet so do Argentina and Brazil.**

Asia and South America both offer similarly mixed pictures, although the most developed countries in Asia, notably Japan, rank highly in most of the indices. In North America, there is a contrast between Mexico, and its

near-neighbours the USA and Canada. Again, this is hardly surprising when you consider the USA and Canada are advanced economies, members of the G7.

[1] <https://lpi.worldbank.org>  
 [2] [www.doingbusiness.org/en/doingbusiness](http://www.doingbusiness.org/en/doingbusiness)  
 [3] <https://publicadministration.un.org/egovkb/en-us/About/Overview/-/E-Government-Development-Index>  
 [4] [www.upu.int/en/Universal-Postal-Union/Activities/Research-Publications/Integrated-Index-for-Postal-Development-\(2IPD\)](http://www.upu.int/en/Universal-Postal-Union/Activities/Research-Publications/Integrated-Index-for-Postal-Development-(2IPD))  
 [5] <https://theinclusiveinternet.eiu.com>



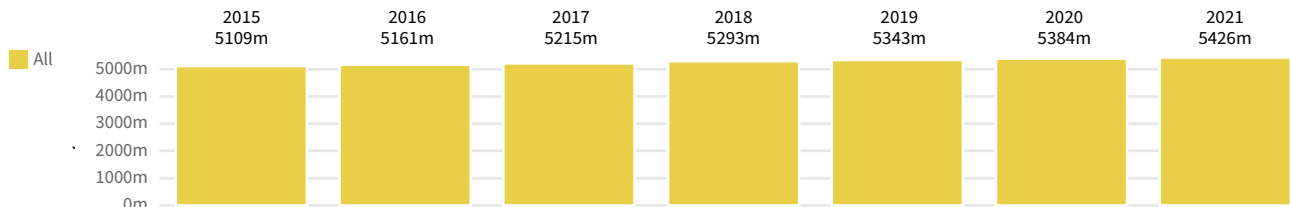
# Global graphics: how different regions compare

The global population currently stands at 7.9bn<sup>[1]</sup>. According to recent research, it will peak at 9.7bn in 2064<sup>[2]</sup>, after which it will decline, to 8.8bn in 2100. Leaving aside for another time dealing with deeper questions around how we will feed so many people, environmental issues and how we will retool the global economy to cope with declining birth rates, it's clear big changes lie ahead.

Many of these changes will be shaped by the adoption of digital technologies. Without wishing to over-claim here, it follows that **looking at the global economy through the prism of ecommerce offers a snapshot of where we are and where we are going** – especially in a report as wide ranging as this, which looks at countries with a combined population of 5.4bn.

As you would expect, the report shows evidence of clear regional inequalities. **In 2021, it's estimated, GDP per capita in North America will be \$51.6k** in the three countries we survey. **The equivalent figure for the African countries we focus on is \$2.9k.** And yet this, of course, is only part of the story, in that statistics only go

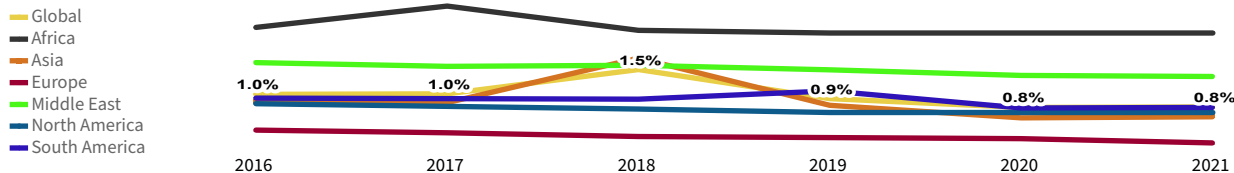
## Total population



Source: RetailX, drawing on data from International Monetary Fund, World bank

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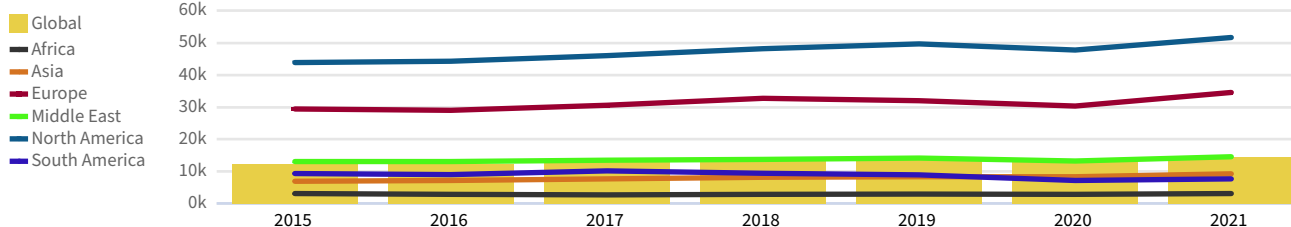
## Population growth



Source: RetailX, drawing on data from International Monetary Fund, World bank

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## GDP per capita (USD)



Source: RetailX, drawing on data from International Monetary Fund, World bank

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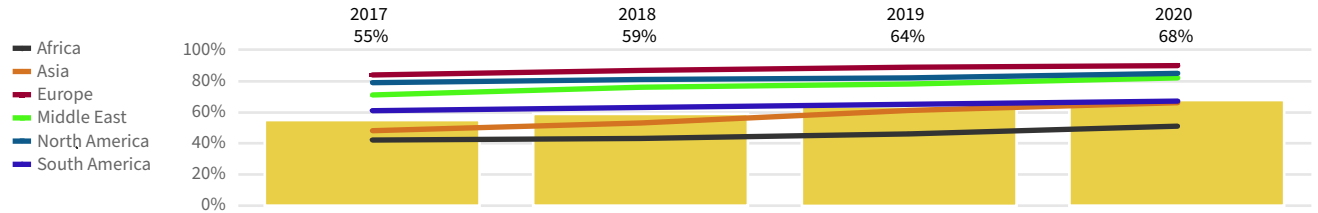
so far when it comes to capturing *potential*. One of the African nations we focus on is Nigeria. Metropolitan Lagos, the country’s largest city, has a population of 23.5m. The sheer number of consumers is attracting businesses from around the world to a city classed as ‘Beta minus’ city in terms of its global importance<sup>[3]</sup> – which is to say on a par with Manchester, Osaka and San Diego, but arguably with far greater potential for fast growth than cities in the developed world.

In terms of Africa more generally, the countries we have surveyed are predicted to have a combined population growth of 2.2% in 2021. In contrast, population growth in many countries in Europe is essentially zero, and would be negative were it not for immigration. **Technology companies from around the world, including those whose central business is ecommerce, will inevitably look to the African market for growth opportunities in the years ahead.** Where they will face competition from companies based in Africa’s tech hubs, including Lagos, Cape Town, Nairobi and Cairo.

The number of people online in different countries around the world broadly reflects economic development. In the countries in Europe we feature, the percentage of people using the internet is 90%. For Africa, the equivalent figure is 51%. Globally, it is 68%.

Elsewhere, there are some fascinating figures for internet usage. The overall figure for the Asian countries we look at

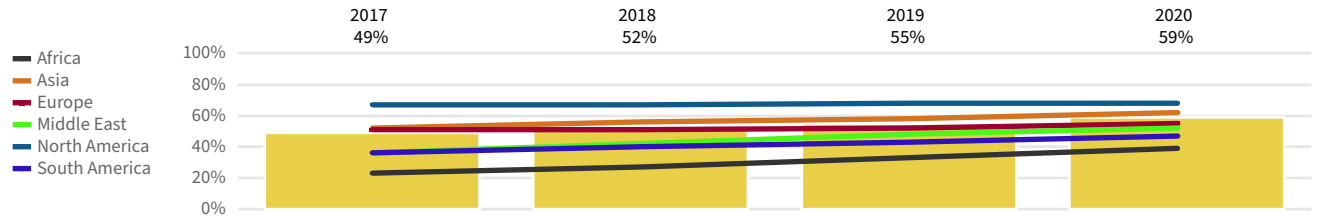
## Percentage of internet users



Source: RetailX, drawing on data from Worldbank, Statista

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## Percentage of internet users who shop online



Source: RetailX, drawing on data from Worldbank, Statista

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in detail, for example, is 66%. Yet drill into these figures and you find huge contrasts between countries. In South Korea, 89% of the population is online – and, it’s safe to say, **the online experience of young urban South Koreans is far removed from, say, middle-aged Europeans.** Here is an immersive vision of the digital future where the metaverse is already beginning to become a part of everyday life<sup>[4]</sup>. This in itself will change how online retail is conducted. Indeed, we can already capture glimpses of how Asia is

changing the wider ecommerce market, for example, the growth of livestreaming, a phenomenon initially associated strongly with China.

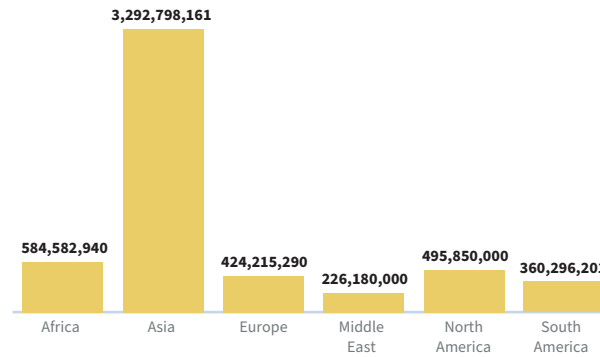
Turning to India, a country of more than a billion souls, just 50% of the population is online. Much of its population still lives in rural areas. While there are digital hubs in the cities, a result in part of the country’s heavy investment in science and technology over many decades, and the government’s

Digital India programme aims to transform India into “a digitally empowered society and knowledge economy”, the country is far from having South Korea’s level of digital sophistication – which isn’t to say that won’t change and perhaps change faster than many anticipate.

Finally, a note on the number of e-shoppers in different countries. In less developed countries where comparatively few people are online, those who enjoy internet access typically tend to shop online. The lesson? **People around the world will use ecommerce if given the chance.**

[1] [www.worldometers.info/world-population/](http://www.worldometers.info/world-population/)  
 [2] [www.forbes.com/sites/trevormace/2020/07/17/world-population-expected-to-peak-in-just-44-years-as-fertility-rates-sink/?sh=42c98322372a](http://www.forbes.com/sites/trevormace/2020/07/17/world-population-expected-to-peak-in-just-44-years-as-fertility-rates-sink/?sh=42c98322372a)  
 [3] [www.lboro.ac.uk/gawc/world2020L.html](http://www.lboro.ac.uk/gawc/world2020L.html)  
 [4] [www.beyondgames.biz/16706/10-reasons-why-south-korea-is-the-metaverse-pt1/](http://www.beyondgames.biz/16706/10-reasons-why-south-korea-is-the-metaverse-pt1/)

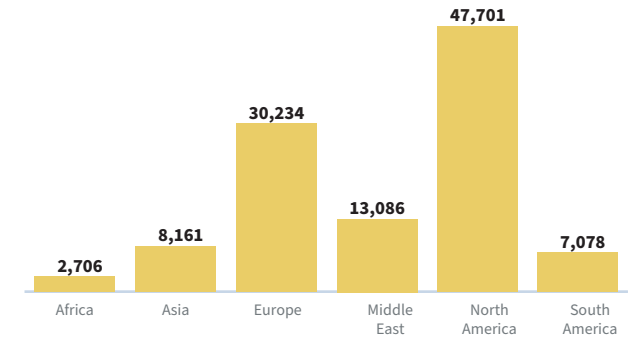
### Total population, 2020



RetailX, drawing on data from International Monetary Fund



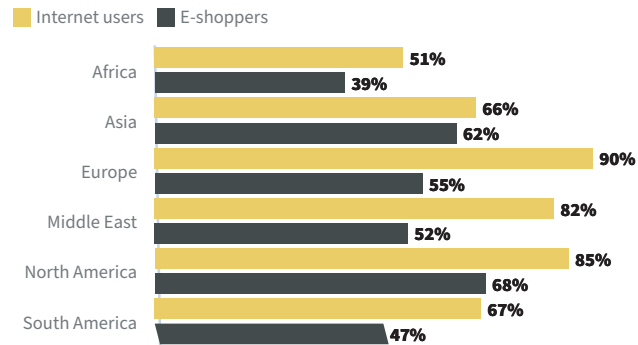
### GDP per capita (USD), 2020



RetailX, drawing on data from International Monetary Fund



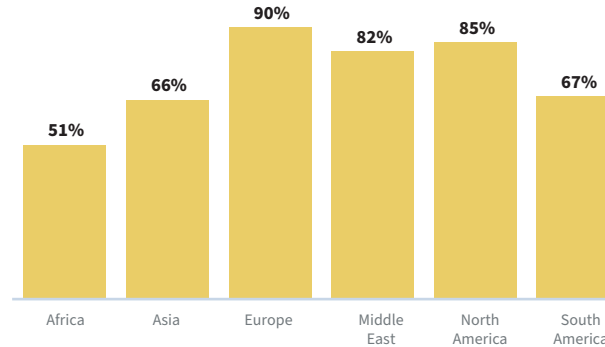
### Percentage of internet users and e-shoppers, 2020



RetailX, drawing on data from World Bank, Statista



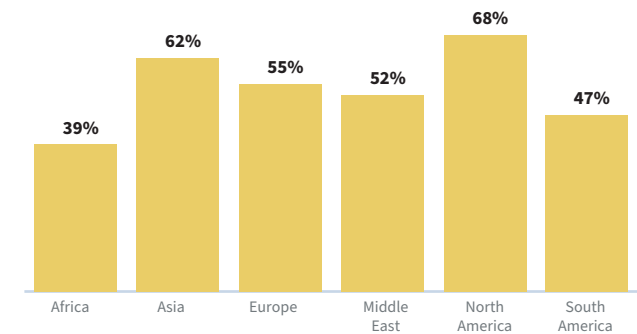
### Internet users, 2020



RetailX, drawing on data from World Bank, Statista



### E-shoppers, 2020



RetailX, drawing on data from World Bank, Statista



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## Expert insight

# Joeri Groenewoud



As Asendia's business development director, Joeri listens, gathers data and works closely with a team of talented people in order to present clients with the solutions that will help the most to grow their businesses

**It's been a year like no other for the ecommerce/multichannel sector. How well has the industry adapted on a global basis?**

The industry has always been very agile and adaptable to change, notwithstanding that every time you think you have caught up, something new happens. Yet such constant volatility means that costs can increase, making it a real challenge for brands and retailers to stay profitable. Now, more than ever, we need technology-driven solutions such as Artificial Intelligence to support us in better understanding our customers' wants and needs.

**What trend or development do you think businesses should be taking more notice of?**

There has been a growing shortage of raw materials. Production was very limited during the Covid-19 lockdown period and coming out of that has impacted sales across almost all verticals. You regularly hear in the media about shortages in the construction industry – especially wood – or that a shortage of microchips has led to limited stocks of the iPhone. All of these shortages have had a knock-on effect on the ecommerce sector.

**Which global delivery trends do you predict for 2022 and beyond?**

The main trend continues to be a focus on sustainability, especially regarding last-mile delivery. With big players like Amazon, but also postal operators like our parent company La Poste, investing in electric cars, greener last-mile deliveries have become a priority for everyone in ecommerce. The popularity of PUDO – pick-up and drop-off – and lockers will likely continue as more and more people value the flexibility of different delivery options. Nowadays, delivering what you promise, at the right price point, is often more important than the speed you do it.

**What impact will the growing awareness of sustainability have on the global ecommerce market?**

This will have a major impact as companies try to figure out how to best organise their supply chain model from factory to consumer. There is a lot to weigh up and consider, such as comparing the benefits and costs of, for example, local hubs versus regional hubs, or air freight versus ocean freight. Finding sustainable solutions for returns and recycling will dramatically transform how ecommerce operates. It's an exciting time.





**ASENDIA**  
BY LA POSTE & SWISS POST

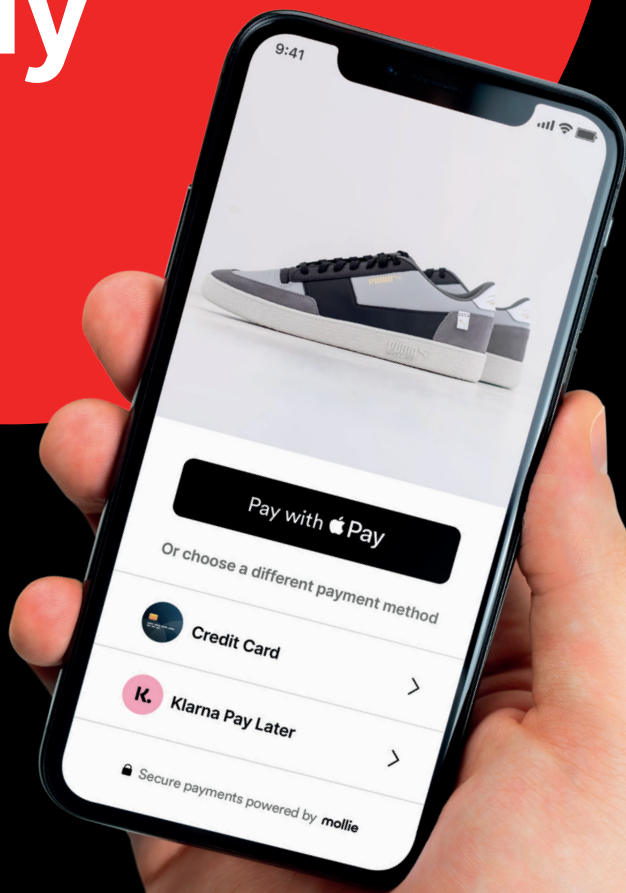
Asendia is a world leader in international ecommerce and mail. Combining the knowledge and expertise of its two founding companies, La Poste and Swiss Post, Asendia brings together a wealth of international and local know-how.

[www.asendia.com](http://www.asendia.com)

# Grow Your Way with Mollie

Simplified and easy to use online  
payments for eCommerce success.

-  20+ payment options
-  Easy onboarding
-  No contracts
-  Friendly local support



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## Expert insight

## Shane Happach



Thanks to its easy-to-use payments API, Mollie has become one of Europe's fastest-growing payment processors. Its CEO, Shane Happach, gives his take on recent changes within the sector

**It's been a year like no other for the ecommerce/multichannel sector. How well has the industry adapted?**

The ecommerce industry can be proud of itself. Over the last 18 months, Mollie has helped hundreds of thousands of small and medium-sized merchants pivot their businesses and start selling online. It's phenomenal when you think about how these companies not only survived challenging conditions but, in many cases, also grow ahead of their competitors. The industry as a whole has taken a big leap forwards, creating greater accessibility to products and services for both consumers and merchants.

**Different economies are at very different stages of development. What's your advice for companies trying to balance localisation with globalisation?**

It's simple: to succeed in ecommerce, you have to think local, on a global basis. At Mollie, we pride ourselves

on having a truly local approach by supporting local payment methods, local onboarding and local customer support in the right language. To be successful across markets, merchants must make similar moves by offering locally relevant payment methods, providing support in a consumer's language and making sure the end-user experience is optimised to local expectations.

**What are the most recent innovations you have seen within the sector and do they necessarily come from the most developed markets?**

Ecommerce is brimming with innovation but the trend that excites us the most is the opportunity to better serve a woefully underserved community: small and medium-sized merchants. When the pandemic forced companies to move online, these smaller players needed products and services to support everything, from the creation of their online retail site to the full checkout experience. Today, Mollie supports roughly 120,000 merchants with payments.

**What developments do you expect to see over the next 12-18 months and are they likely to be affected by each country's Covid-19 vaccination rollout?**

Travel, events and experiences will make a slow comeback but it's likely they'll become more localised because the demand has shifted. By contrast, as the direct-to-consumer market has boomed, we will see more innovation in delivery and logistics. Smaller businesses will want to provide the same services as larger competitors, such as same- or

next-day delivery. Finally, I think we'll see more fintech development around embedded financial services such as trading and saving. Mollie will soon be expanding services to provide things like working capital and business banking accounts specifically tailored to small- and medium-sized merchants.

**What trend or development do you think businesses should be taking more notice of?**

Open banking seems to be heating up, especially as a way to create greater transparency for account holders. This is creating room for account information service providers that are linking accounts to provide a single view for managing personal finances, lending and so on. Visa recently acquired Tink, while Mastercard acquired Aiiia, both of which are open banking platforms. It will be interesting to see what each of these major card networks is planning to do with them.

**mollie.com**

Mollie is one of Europe's fastest-growing payment processors. Founded in 2004, it facilitates companies of all sizes to scale thanks to its payments API, which offers multiple payment methods.

[www.mollie.com/en](https://www.mollie.com/en)

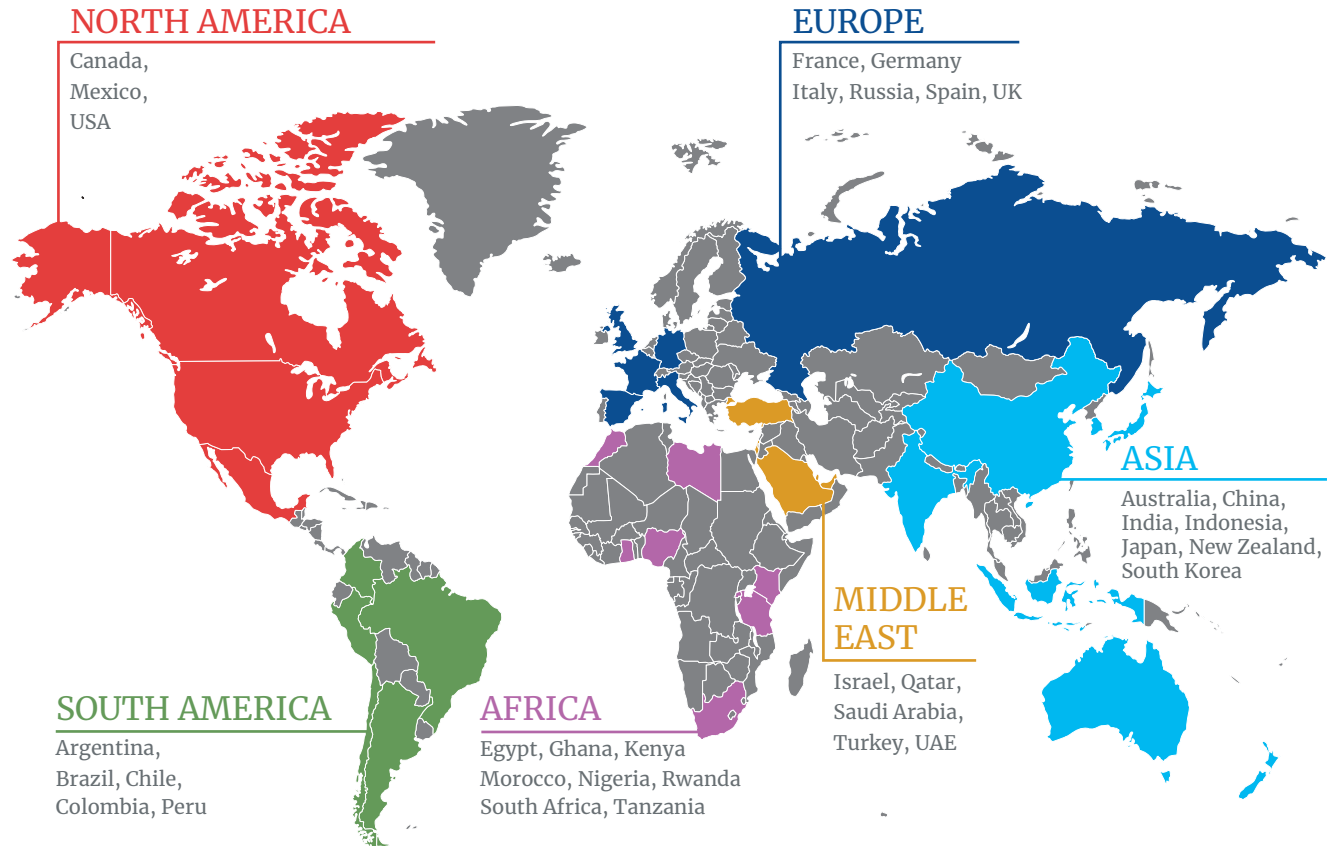
# Introduction to the regions

Over the following pages, we look in detail at some of the world's key ecommerce markets – at both a regional and country-specific level

The regions and countries highlighted for this report represent ecommerce markets at different stages of maturity and adoption. **We have grouped countries as far as possible into trading blocs.** These are simply nations that are most likely to trade with each other because of geographical proximity, which makes the logistics of ecommerce far more straightforward.

However, **it's important to recognise that retailers in many countries, especially nations with developed ecommerce sectors, sell around the world.** Such retailers may target international markets far from the country where they are headquartered.

We should also emphasise that we have selected a cross-section of countries. We have looked both at nations that have developing ecommerce sectors as well as those where online shopping is more established.





# Africa

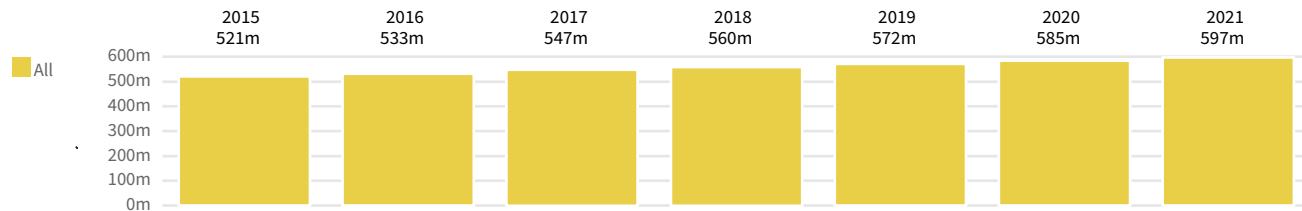
The young, growing population of Africa looks set to head online very quickly in a move most likely led by mobile

Africa has the capacity to be a world leader in ecommerce. **The continent has the youngest and second-largest population in the world** and it's growing at pace. International Monetary Fund and World Bank figures suggest that Africa's population has grown by at least 2.2% a year since 2017, reaching an estimated 585m in 2020 and **expected to reach 597m by the end of 2021.**

Although GDP per capita has stayed flat, there is still great potential for ecommerce to pick up quickly across Africa. Rates of online shopping were already accelerating before Covid-19, with World Bank and Statista figures suggesting that more than half (51%) of Africa's population was online by 2020, having grown from 42% in 2017. Of these internet users, **39% shopped online in 2020, according to Statista and World Bank figures**, up from 23% in 2017 and 33% in 2019. The shift online accelerated during the pandemic, with ecommerce offering a safe way to buy away from crowded areas.

Ecommerce has expanded in Africa through the widespread use of smartphones and other mobile devices.

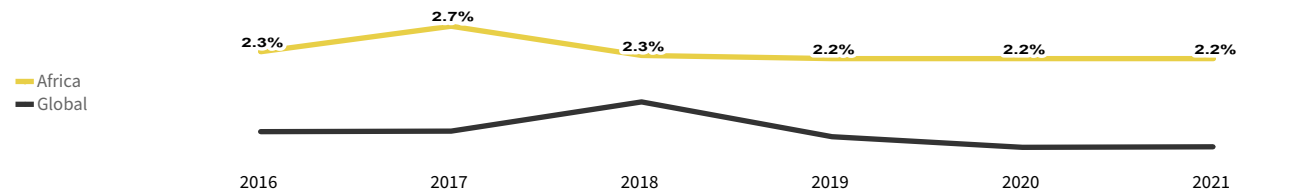
## Total population



Source: RetailX, drawing on data from International Monetary Fund, World Bank

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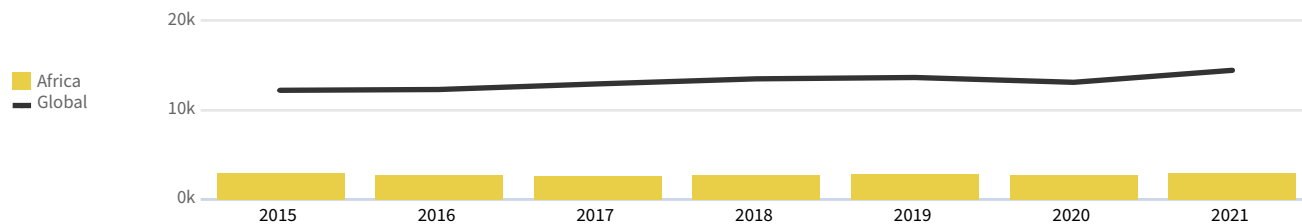
## Population growth



Source: RetailX, drawing on data from International Monetary Fund, World Bank

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## GDP per capita (USD)



Source: RetailX, drawing on data from International Monetary Fund, World Bank

© RetailX 2021

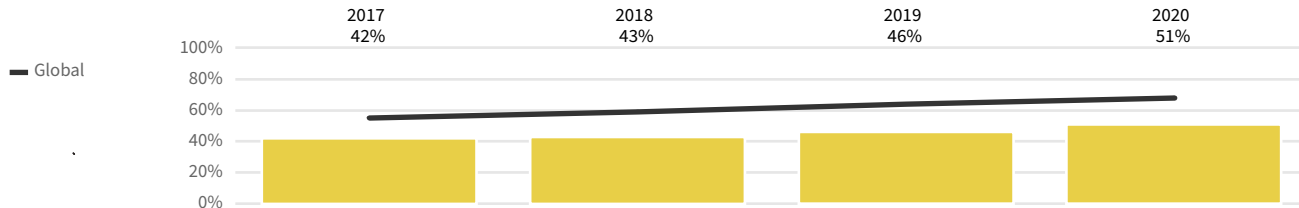
According to Statista, mobile-led online retail in 2020 saw 63% of online shoppers in South Africa buying using handheld devices, 62% of those in Morocco doing so, and more than half in Nigeria and Kenya.

**Cash-on-delivery is popular across the continent**, with clothing and electronics among the most popular ecommerce categories<sup>[1]</sup>, while marketplaces are a popular channel for online shopping.

This report focuses on eight leading ecommerce markets in Africa – South Africa, Morocco, Nigeria, Kenya, Egypt, Algeria, Ghana and Tanzania. Of those countries, Nigeria has the largest population, Morocco has the highest proportion of internet users and Egypt has the greatest proportion of those with internet access who shop online.

[1] [www.statista.com/topics/7288/e-commerce-in-africa/](http://www.statista.com/topics/7288/e-commerce-in-africa/)

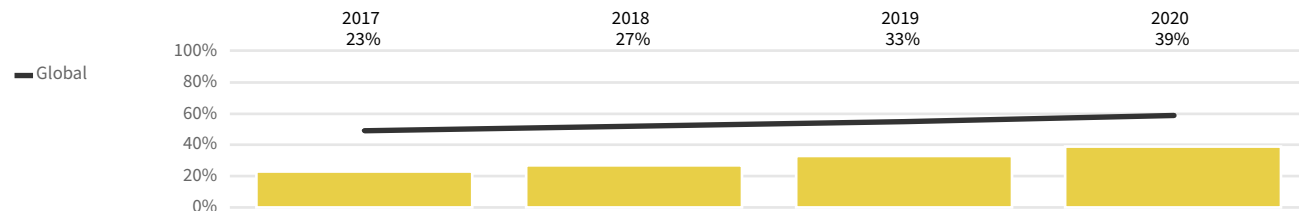
### Percentage of internet users



Source: RetailX, drawing on data from World Bank, Statista

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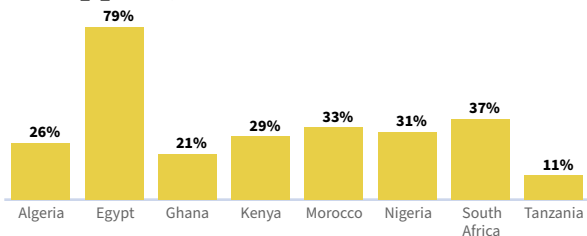
### Percentage of internet users who shop online



Source: RetailX, drawing on data from World Bank, Statista

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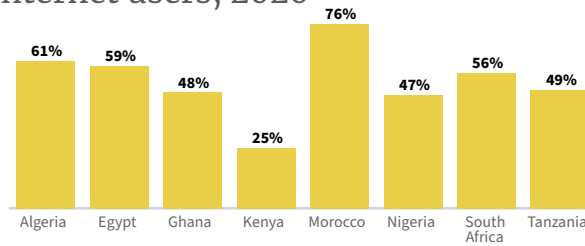
### E-shoppers, 2020



RetailX, drawing on data from World Bank, Statista

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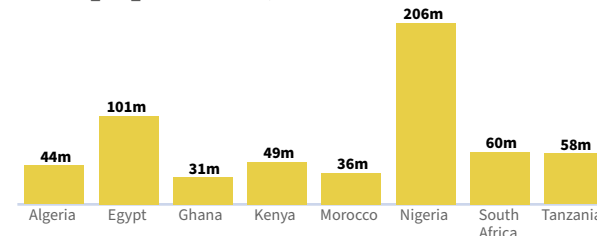
### Internet users, 2020



RetailX, drawing on data from World Bank, Statista

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### Total population, 2020



RetailX, drawing on data from International Monetary Fund

© RetailX 2021

# Algeria

The economy of Algeria, an exporter of oil and gas, shrank during Covid-19, with both GDP and consumers' ecommerce purchases declining noticeably

Algeria, in North Africa, is the largest country in Africa and the tenth-largest country in the world. **Capital city Algiers, with a population of 3.9m, lies on Algeria's Mediterranean coast.** Other major cities include Oran, a port city, and Constantine – recognised by Unesco as one of the world's oldest cities – on the coastal plain. To the south, the Sahara desert covers four-fifths of the country.

## Algeria

**Area:** 2,382 km<sup>2</sup>

**Capital:** Algiers

**Currency:** Algerian dinar (DZD)

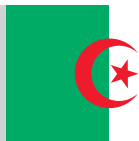
**Official language:** Arabic, Berber

**Other languages spoken:** Algerian Arabic (Darja), French

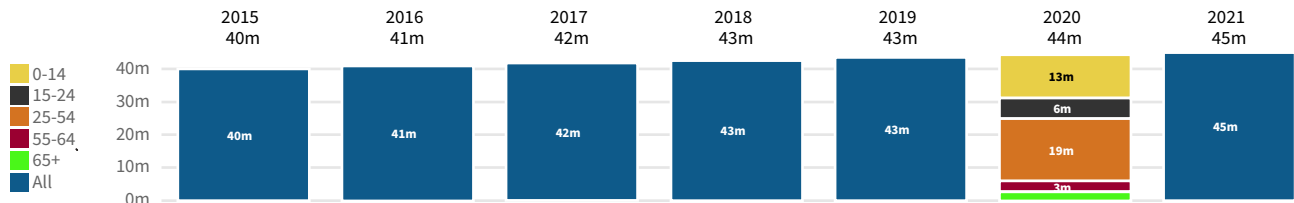
**Nationality:** Algerian

**Government:** Constitutional semi-presidential republic

**VAT:** 19% | **Reduced VAT:** 14%



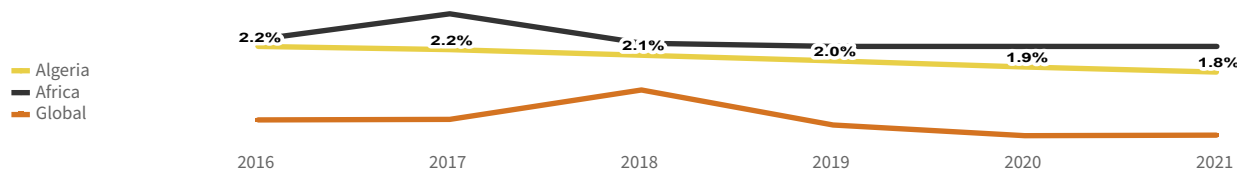
## Population structure



Source: RetailX, drawing on data from International Monetary Fund

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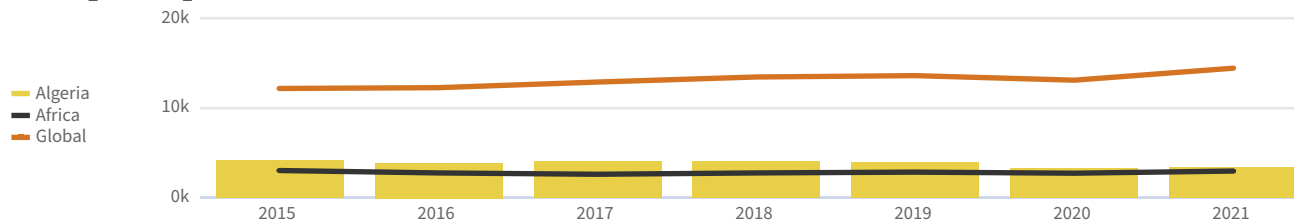
## Population growth



Source: RetailX, drawing on data from International Monetary Fund

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## GDP per capita (USD)



Source: RetailX, drawing on data from International Monetary Fund

Data for Africa includes: Algeria, Egypt, Ghana, Kenya, Morocco, Nigeria, South Africa, Tanzania. Data for Global includes the countries in this report.

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The population of Algeria is growing steadily and is expected to reach 45m in 2021, according to International Monetary Fund (IMF) figures. Income in the country, a presidential republic, is below the global average, but broadly in line with the other African countries included in this report.

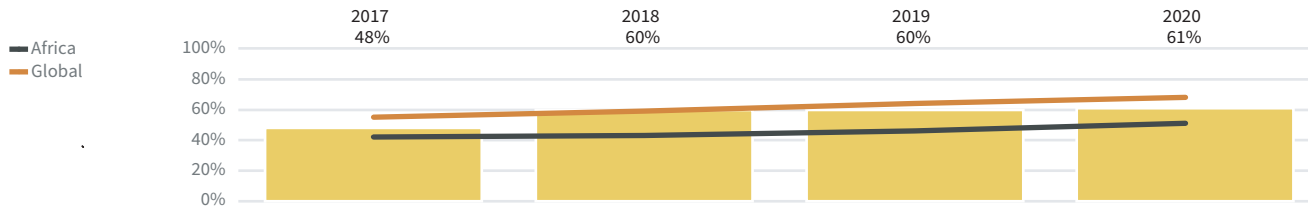
Algeria exports gas and oil, particularly to Europe. Its economy is largely dominated by the state. This is a legacy of the socialist development model that followed the country winning its independence from France in 1962. **Unusually for an African nation, the country has a cushion of foreign currency reserves.**

Income levels declined in 2020 and are expected to stand still in 2021, according to IMF data, analysed by RetailX. The World Bank says<sup>[1]</sup> that **Algeria’s real GDP is likely to have contracted by 5.5% in 2020**, as a result both of measures taken to restrict the spread of Covid-19 and a fall in oil production.

Vaccination is now reported to be proceeding slowly by the World Bank, which expects some pandemic containment measures to be in force until 2022.

The proportion of the Algerian population that uses the internet has grown steadily, rising to 61% in 2020 from 48% in 2017, according to RetailX analysis of World Bank and Statista figures. At the same time, **the proportion of those internet users that shop online fell to 11% in 2020** – more than halving from 23%

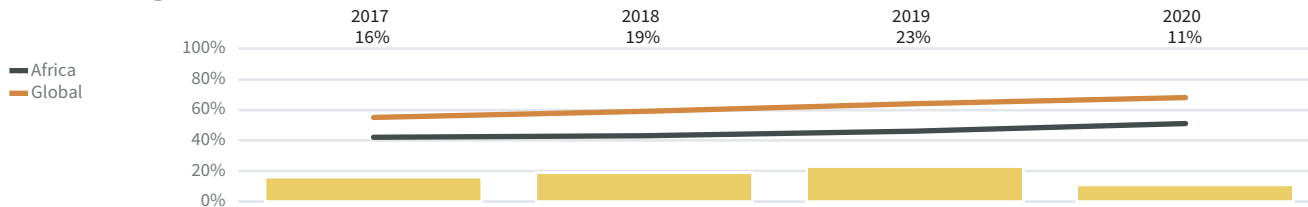
## Percentage of internet users



Source: RetailX, drawing on data from World Bank, Statista

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## Percentage of internet users who shop online



Data for Africa includes: Algeria, Egypt, Ghana, Kenya, Morocco, Nigeria, South Africa, Tanzania. Data for Global includes the countries in this report  
Source: RetailX, drawing on data from World Bank, Statista

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the previous year, a break with the pattern seen elsewhere in the world.

This sharp fall reverses previous steady growth in the proportion of online shoppers – up from 16% of internet users in 2017 to 19% in 2018. A major factor in explaining these figures may be that access to the internet is often via cybercafes, hardly places people want to visit during a pandemic. Citizens also access

the internet via mobile phones, with private computer ownership relatively low.

Statista figures<sup>[2]</sup> suggest that 55% of internet access in Algeria was via a PC in October 2020, with 44% via mobile phones and 1% via tablet devices.

[1] [www.worldbank.org/en/country/algeria/publication/economic-update-april-2021](http://www.worldbank.org/en/country/algeria/publication/economic-update-april-2021)  
[2] [www.statista.com/statistics/685188/african-countries-online-traffic-channel-share/](http://www.statista.com/statistics/685188/african-countries-online-traffic-channel-share/)

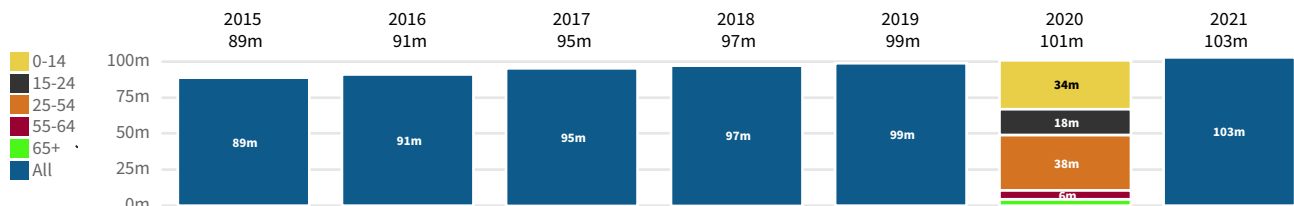
# Egypt

The pandemic has encouraged more Egyptians to buy online more often, with many paying with cash on delivery and opting for express delivery

Egypt's position in the north east of Africa means that it has both Mediterranean and Red Sea coastlines, with the River Nile running through the country. The Sinai peninsula to the north east of the country forms a land bridge between Africa and Asia. At the western side, **the Suez Canal is a key shipping route for international trade.**

Tourism, agriculture, media, petroleum and natural gas are all important to the country's economy. Egypt is a member of the Arab League and has, following the

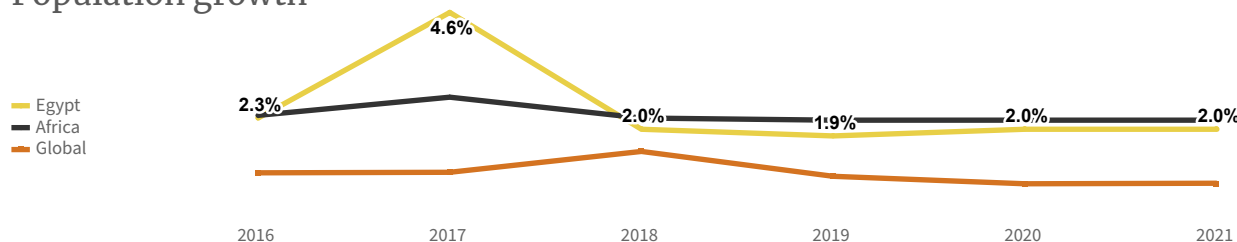
## Population structure



Source: RetailX, drawing on data from International Monetary Fund

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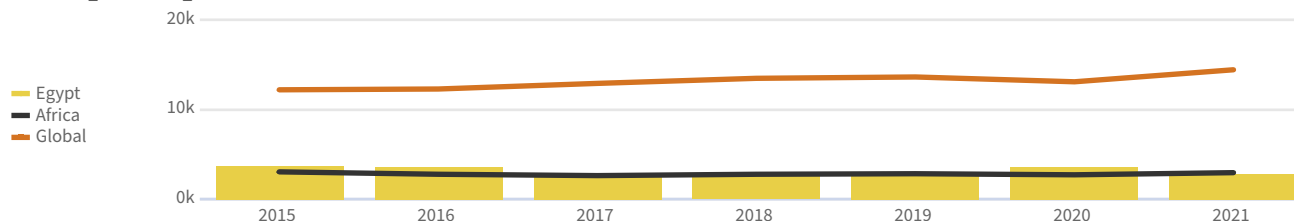
## Population growth



Source: RetailX, drawing on data from International Monetary Fund

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## GDP per capita (USD)



Source: RetailX, drawing on data from International Monetary Fund

⚠️ Africa includes: Algeria, Egypt, Ghana, Kenya, Morocco, Nigeria, South Africa, Tanzania. Data for Global includes the countries in this report.

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**Egypt**

**Area:** 1,010,408 km<sup>2</sup>

**Capital:** Cairo

**Currency:** Egyptian pound (EGP)


**Official language:** Arabic

**Other languages spoken:** Egyptian Arabic (most widely spoken), Sa'idi Arabic

**Nationality:** Egyptian

**Government:** Unitary semi-presidential republic

**VAT:** 14% | **Reduced VAT:** 5%

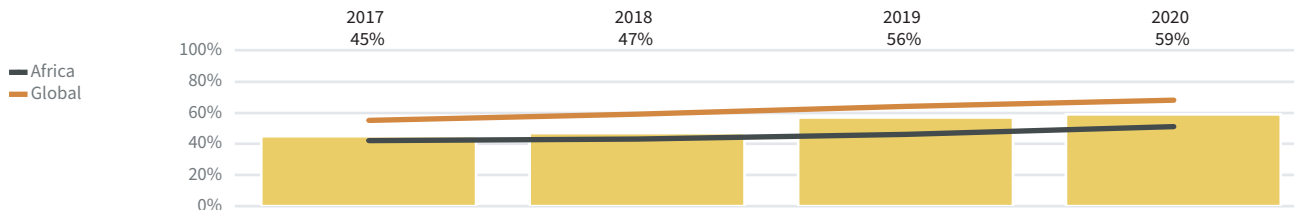


Egyptian Revolution of 2011, a semi-presidential system of government, with an elected president.

Egypt's population has grown steadily at around 2% a year in recent years and reached 103m in 2020, according to International Monetary Fund (IMF) figures. Its capital is Cairo, with an estimated population of over 12m people. Alexandria (5m) and Giza (4m) are also large cities. **GDP per capita is in line with other African countries** covered in this report but still well below the IMF global average. Egypt has reported more than 17,000 deaths of Covid-19, as of September 2021<sup>[1]</sup>, at which point more than 15m vaccines had been administered.

The proportion of Egyptians that use the internet has grown steadily in recent years, reaching 59% in 2020, up from 45% in 2017. Of those internet users, **79% shopped online in 2020, up from 50% in 2017**, according to World Bank/Statista figures. 72% of shoppers in the market say that they do more of their shopping online since the Covid-19 pandemic, according to Mastercard research<sup>[2]</sup>, which also found that respondents were turning to social media to buy. **83% of respondents said they have found new sellers through Facebook**, while 43% have done so via Instagram. The study also found that speed (77%) and price (77%) were both key factors for shoppers.

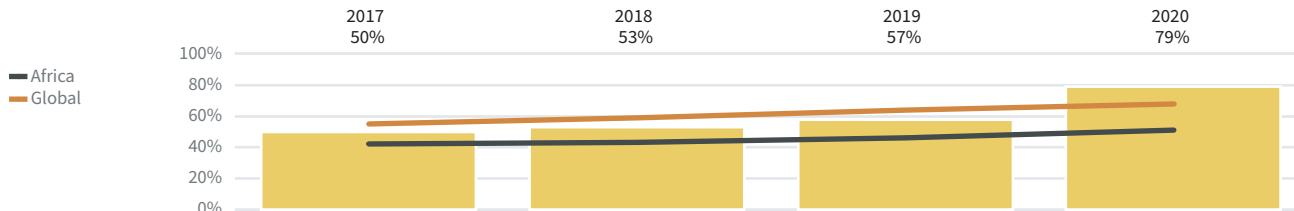
### Percentage of internet users



Source: RetailX, drawing on data from Statista, World Bank

© RetailX 2021

### Percentage of internet users who shop online



Data for Africa includes: Algeria, Egypt, Ghana, Kenya, Morocco, Nigeria, South Africa, Tanzania. Data for Global includes the countries in this report  
Source: RetailX, drawing on data from Statista, World Bank

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Amazon has recently moved further into the Egyptian market by taking over former leading site, Souk Egypt. Other **leading retailers in the market include shopping app OLX and pan-African online shopping mall Jumia**, which delivers to all cities in Egypt and provides logistics services to third-party retailers.

**Clothing is the most popular ecommerce category**, with 40% of Egyptian shoppers buying from it online in 2020, according to Statista research. Consumer electronics (39%) and shoes (33%) are also common online purchases. Just 8% say they buy furniture and household goods, while 9% buy sports and outdoor products over the internet.

Most shoppers (64%) research major purchases online before buying, while 60% find customer reviews useful.

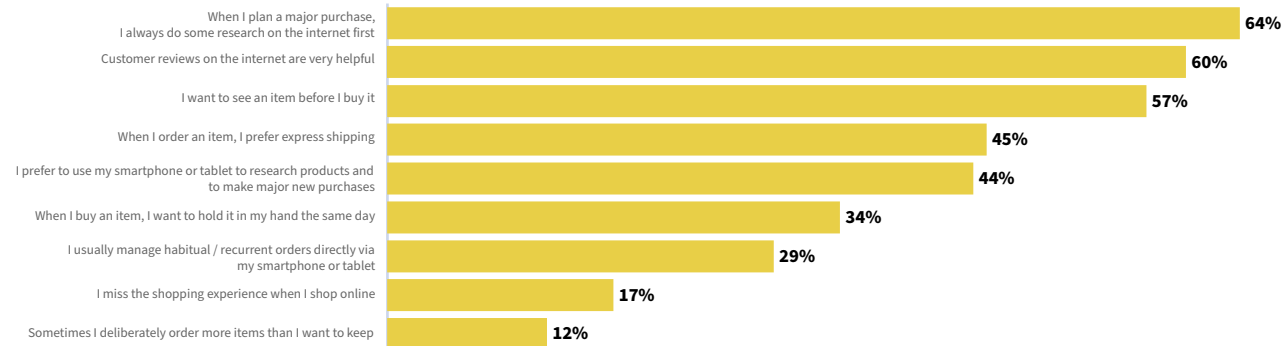
**More than half (57%) say they want to see an item before buying**, while 17% say they miss the shopping experience when they buy online. 45% say they prefer express shipping when they do buy online.

Cash on delivery is the most popular payment option (55%), PPRO research found, while 27% prefer to pay by card, 9% by bank transfer and 8% use an e-wallet.

[1] <https://covid19.who.int/region/emro/country/eg>

[2] <https://newsroom.mastercard.com/mea/press-releases/72-of-egyptian-consumers-are-shopping-more-online-since-the-start-of-pandemic-reveals-mastercard-study/>

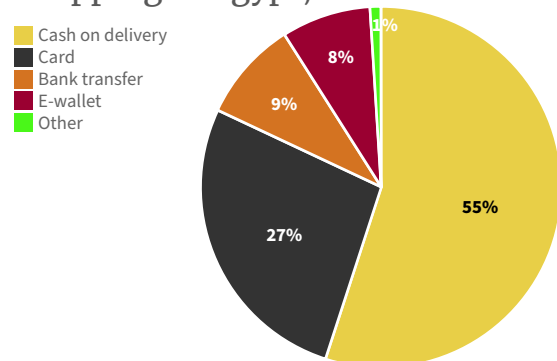
## Attitudes towards online shopping in Egypt, 2020



Source: RetailX, drawing on data from Statista Global Consumer Survey



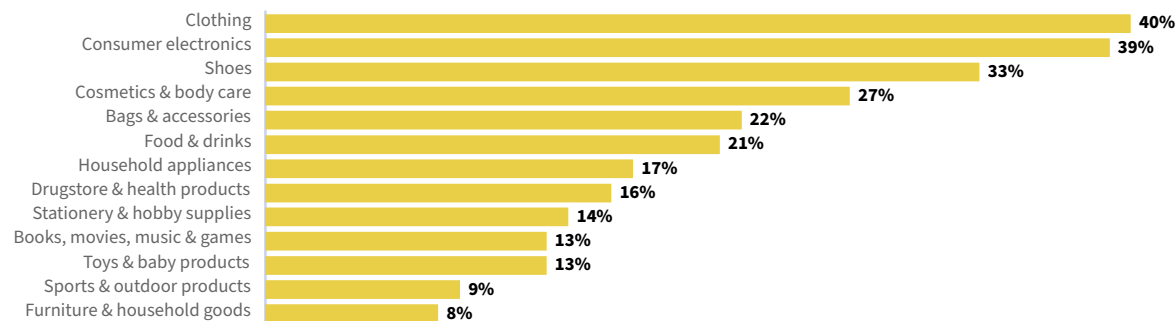
## Preferred payment method for online shopping in Egypt, 2020



Source: RetailX, drawing on data from PPRO



## Percentage of online shoppers who purchased items in different categories, Egypt, 2020



Source: RetailX, drawing on data from Statista Global Consumer Survey



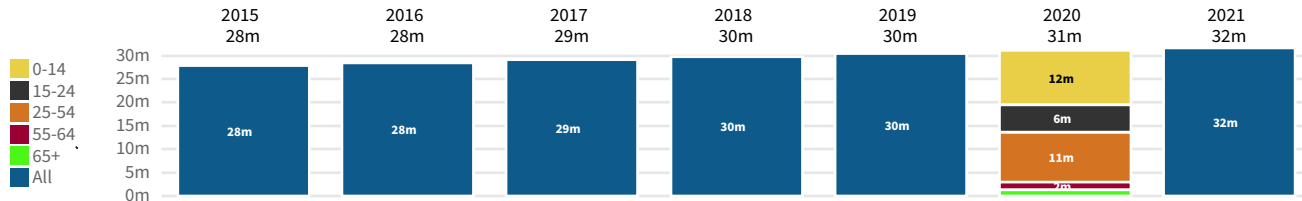
# Ghana

With one in five Ghanaians now shopping online, ecommerce has grown quickly during the Covid-19 pandemic

Ghana lies on the West African coast, with Côte d'Ivoire, Burkina Faso and Togo as neighbours. **Its population has grown at more than 2% each year over the last five years and reached 31m in 2020.** According to IMF figures, 17m Ghanians are aged between 15 and 64.

The country's capital is Accra, with the 2021 Population and Housing Census<sup>[1]</sup> noting that the Greater Accra Region had overtaken Ashanti as the country's most populous region. 57% of the population lives in cities.

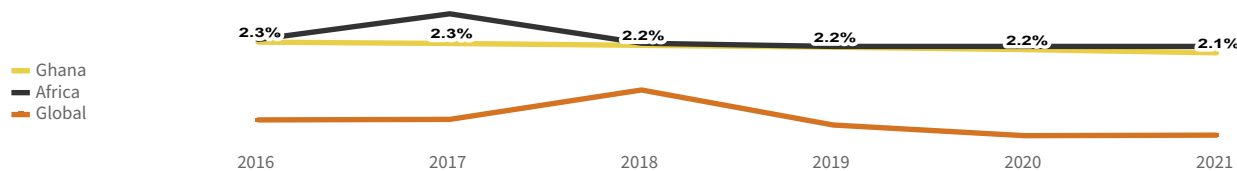
## Population structure



Source: RetailX, drawing on data from International Monetary Fund

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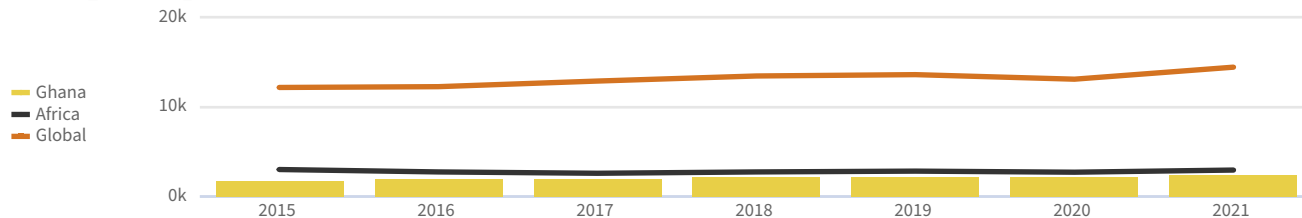
## Population growth



Source: RetailX, drawing on data from International Monetary Fund

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## GDP per capita (USD)



Source: RetailX, drawing on data from International Monetary Fund  
Data or Africa includes: Algeria, Egypt, Ghana, Kenya, Morocco, Nigeria, South Africa, Tanzania. Data for Global includes the countries in this report.

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**Ghana**

**Area:** 238,535 km<sup>2</sup>

**Capital:** Accra

**Currency:** Ghanaian cedi (GHS)

**Official language:** English

**Other languages spoken:** Akan languages, Dangme, Ewe, Ga, Guan, Kasem, Mole-Dagbani languages

**Nationality:** Ghanaian

**Government:** Presidential representative democratic republic

**VAT:** 12.5% | **Reduced VAT:** 5%



**The country is a leading producer of oil and of gold**, while around 1.13m international tourists visited the country in 2019.

Ghana is a presidential republic with a single chamber Parliament. GDP per capita is lower than average among the eight African countries included in this report, according to IMF data.

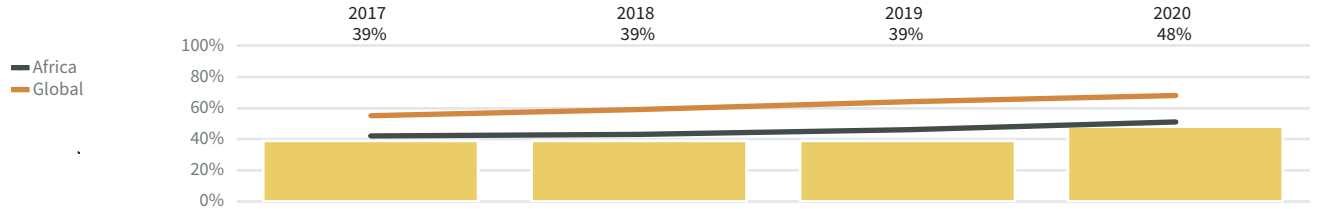
The World Bank reports<sup>[2]</sup> that the country went through its first recession in 38 years in the second and third quarters of 2020, from which it has since recovered, with strong performances in the agriculture, manufacturing and tradable services sectors.

**Ghana ranks in the top three countries in Africa for freedom of speech and press freedom**, with radio the most far-reaching medium.

Almost half (48%) of Ghana’s population use the internet. This figure has increased from 39% in 2017. The proportion of **internet users who shop online has grown quickly to 21% in 2020**, up from 12% in 2017.

According to Mastercard research<sup>[3]</sup>, **ecommerce is reported to have grown quickly during the Covid-19 pandemic**, with 79% of Ghanaians surveyed shopping more often online than previously. The largest groups of shoppers buys data top-ups (92%), clothing (62%) and beauty products (49%).

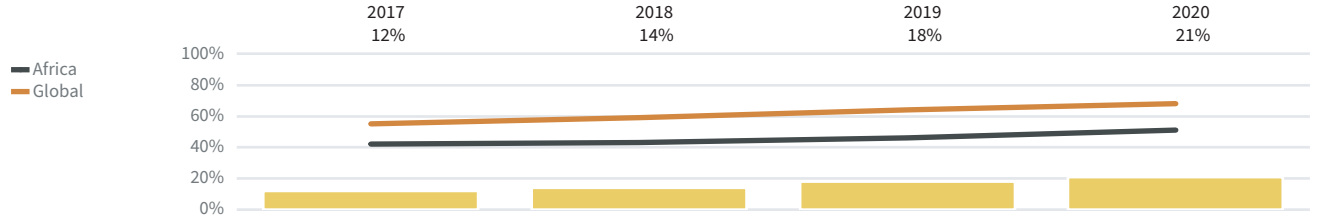
## Percentage of internet users



Source: RetailX, drawing on data from World Bank, Statista

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## Percentage of internet users who shop online



Data for Africa includes: Algeria, Egypt, Ghana, Kenya, Morocco, Nigeria, South Africa, Tanzania. Data for Global includes the countries in this report  
Source: RetailX, drawing on data from World Bank, Statista

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**Social media has become a useful tool for finding products and offers**, with 69% saying they have found new sellers through Facebook and 61% via Instagram. Price (82%) is a key factor in online purchase decisions, while 76% say they spend hours looking for the best deals on different sites.

**Leading ecommerce websites in Ghana include online shopping malls Jumia, SuperPrice and Kikuu as well**

**as technology retailer Compughana<sup>[4]</sup>**. These appear to reflect the shape of the malls, department stores and markets that are popular offline shopping locations in Ghana cities, primarily Accra.

[1] <https://census2021.statsghana.gov.gh/presspage.php?readmorenews=MTQ1MTUyODEyMC43MDc1&Press-Release-on-Provisional-Results>  
 [2] [www.worldbank.org/en/country/ghana/overview#1](http://www.worldbank.org/en/country/ghana/overview#1)  
 [3] <https://newsroom.mastercard.com/emea/press-releases/79-of-ghanaian-consumers-are-shopping-more-online-since-the-start-of-pandemic-reveals-mastercard-study/>  
 [4] <https://wopedigital.com/ecommerce-in-ghana/>

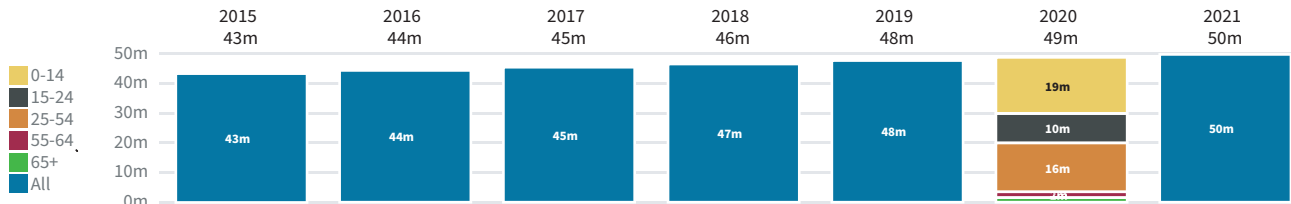
# Kenya

Relatively few Kenyans use the internet, with just over a quarter of those who do shopping online

Kenya, in East Africa, is a presidential republic, with a steadily growing population estimated to be nearly 50m in 2021. Per capita GDP is below the average for the eight African nations covered in this report.

According to African Development Bank (ADB) analysis, **the country's economy has continued to grow during the Covid-19 pandemic**, although that growth seems to have slowed to 1.4% in 2020, down from 5.4% in 2019. While the agricultural sector has continued to expand, services and industry have been weaker due to subdued domestic

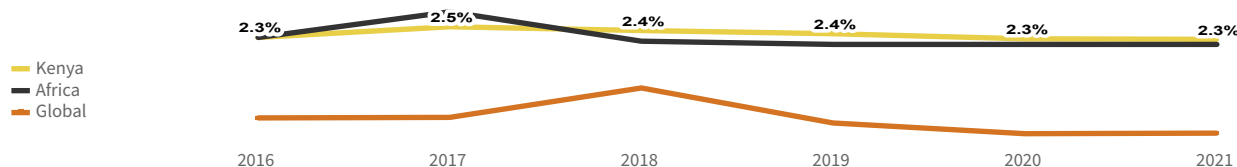
## Population structure



Source: RetailX, drawing on data from International Monetary Fund

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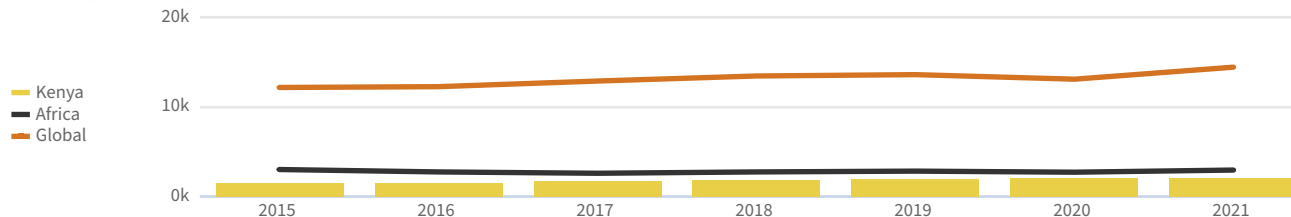
## Population growth



Source: RetailX, drawing on data from International Monetary Fund

© RetailX 2021

## GDP per capita (USD)



Data for Africa includes: Algeria, Egypt, Ghana, Kenya, Morocco, Nigeria, South Africa, Tanzania. Data for Global includes the countries in this report.

Source: RetailX, drawing on data from International Monetary Fund

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**Kenya**

**Area:** 580,367 km<sup>2</sup>

**Capital:** Nairobi

**Currency:** Kenyan shilling (KES)

**Official language:** Swahili, English

**Nationality:** Kenyan

**Government:** Representative democracy

**VAT:** 16% | **Reduced VAT:** 0%

demand as the economic impacts of Covid-19 struck. The ADB says that **Kenya is in high risk of debt distress**.

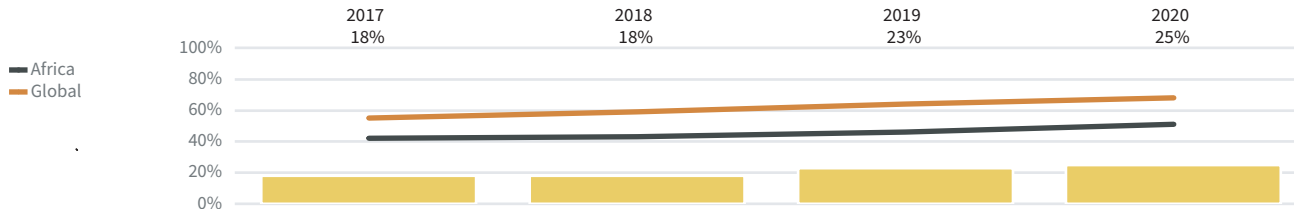
As yet, internet use is relatively limited. In 2020, a quarter (25%) of the population was thought to use the internet, according to World Bank/Statista analysis, while 28% of those internet users shopped online. Both figures are below the African average in this report.

Among those who do shop online, **the largest category is consumer electronics, bought by 61% of shoppers**, followed by clothing and shoes (both 38%). As yet, relatively few buy toys and baby products (9%), sports or health products (both 11%).

Shoppers prefer to pay by cash on delivery (32%) followed by cards (24%).

[1] www.afdb.org/en/countries/east-africa/kenya

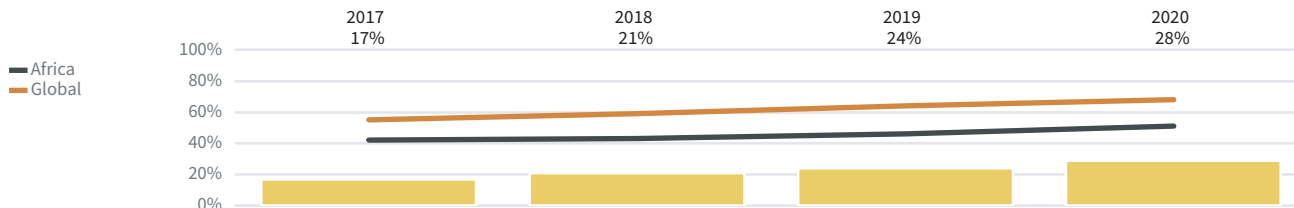
### Percentage of internet users



Source: RetailX, drawing on data from World Bank, Statista

© RetailX 2021

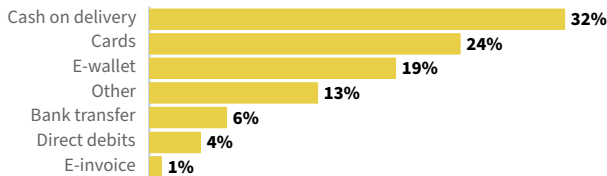
### Percentage of internet users who shop online



Data for Africa includes: Algeria, Egypt, Ghana, Kenya, Morocco, Nigeria, South Africa, Tanzania. Data from Global includes the countries in this report  
Source: RetailX, drawing on data from World Bank, Statista

© RetailX 2021

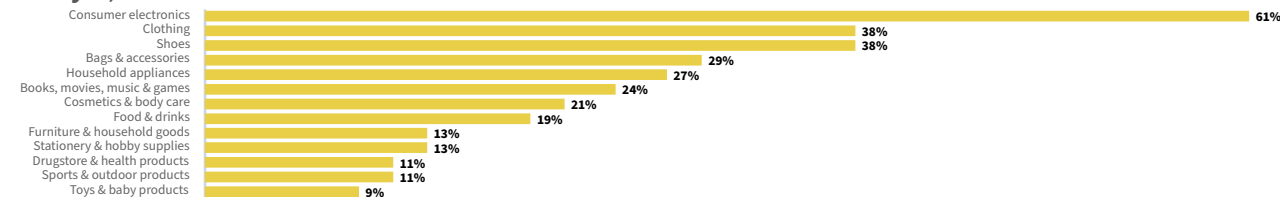
### Preferred payment method for online shopping in Kenya, 2020



Source: RetailX, drawing on data from Statista

© RetailX 2021

### Percentage of online shoppers who purchased items in different categories, Kenya, 2020



Source: RetailX, drawing on data from Statista Global Consumer Survey

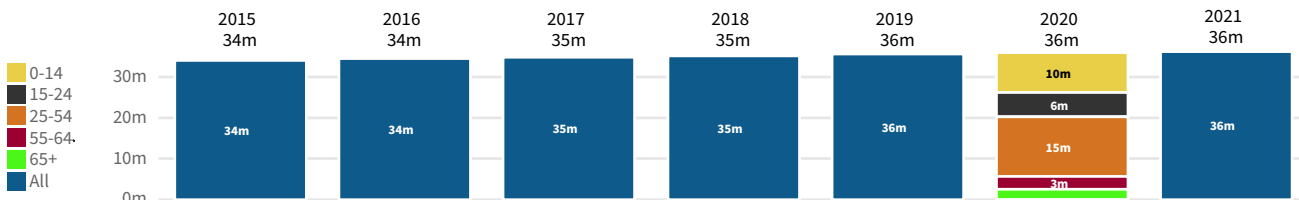
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# Morocco

As the country slowly recovers from a recession caused by the pandemic, most Moroccans are using the internet yet only a minority shop online

Morocco in North Africa has an estimated population of 36m, having grown by around 1% a year in recent years. In 2015, its population was 34m. Morocco’s capital – and seventh-largest city – is Rabat, on the northern coast, with a population of 580,000 and 1.2m people across its wider metropolitan area. According to the World Population Review<sup>[1]</sup>, **Casablanca, with a population of 3.35m, is the country’s largest city** as well as its economic centre and home to its most important sea port.

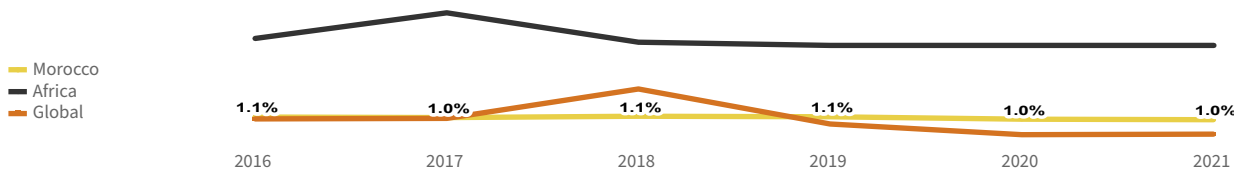
## Population structure



Source: RetailX, drawing on data from International Monetary Fund

© RetailX 2021

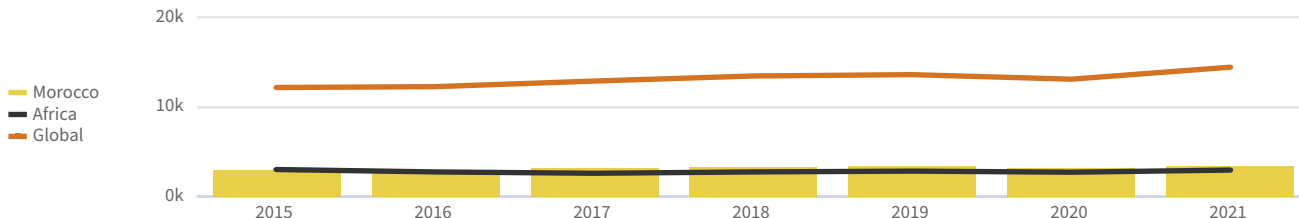
## Population growth



Source: RetailX, drawing on data from International Monetary Fund

© RetailX 2021

## GDP per capita (USD)



Source: RetailX, drawing on data from International Monetary Fund

Data or Africa includes: Algeria, Egypt, Ghana, Kenya, Morocco, Nigeria, South Africa, Tanzania. Data for Global includes the countries in this report.

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**Morocco**

**Area:** 710,850 km<sup>2</sup>

**Capital:** Rabat

**Currency:** Moroccan dirham (MAD)

**Official language:** Arabic, Berber

**Other languages spoken:** Moroccan Arabic, Hassaniya Arabic, French

**Nationality:** Moroccan

**Government:** Unitary parliamentary semi-constitutional monarchy

**VAT:** 20% | **Reduced VAT:** 14%

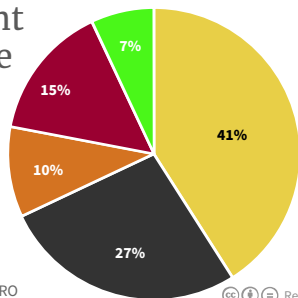
Average GDP in Morocco has stayed close to the average for the eight African countries covered in this report. The African Development Bank (ADB)<sup>[2]</sup> reports that the Moroccan economy had its first recession in more than two decades in 2020, when real GDP fell by 5.9% after having grown by 2.5% the year before. This downturn followed Covid-19 containment measures that included a strict three-month lockdown.

Since agriculture and tourism are both important to the economy, a recent drought affected rural incomes, while **a downturn in tourism meant that 78% fewer tourists visited in September 2020**. According to the ADB, unemployment reached 12.7% in September 2020 and demand for exports from partners including Spain, France and Italy fell by 10.1% in the first ten months of the year. The economy is expected to return to growth in 2021.

[1] <https://worldpopulationreview.com/countries/cities/morocco>  
 [2] [www.afdb.org/en/countries/north-africa/morocco/morocco-economic-outlook](http://www.afdb.org/en/countries/north-africa/morocco/morocco-economic-outlook)

### Preferred payment method for online shopping in Morocco, 2020

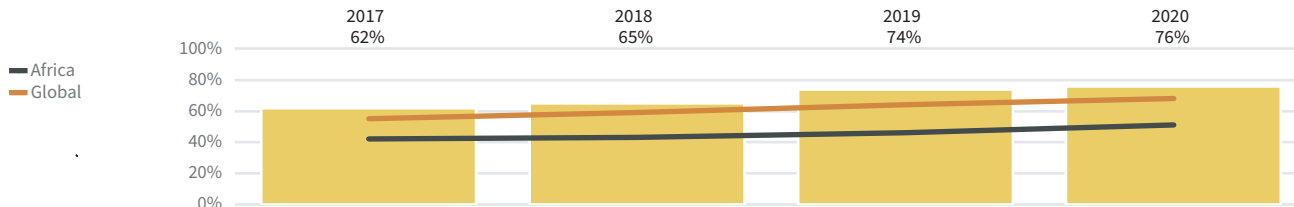
- Cash on delivery
- Card
- Bank transfer
- E-wallet
- Other



Source: RetailX, drawing on data from PPRO



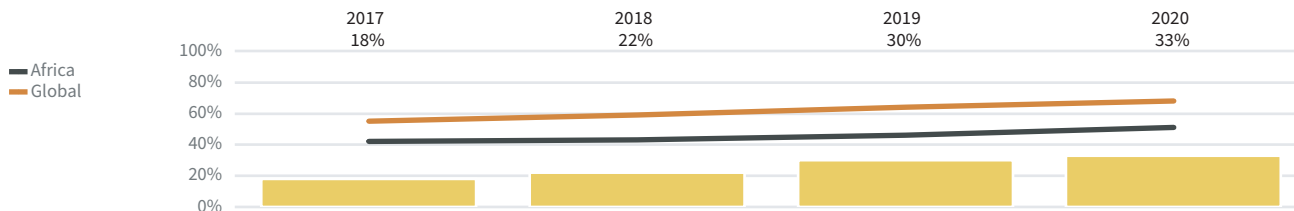
### Percentage of internet users



Source: RetailX, drawing on data from World Bank, Statista



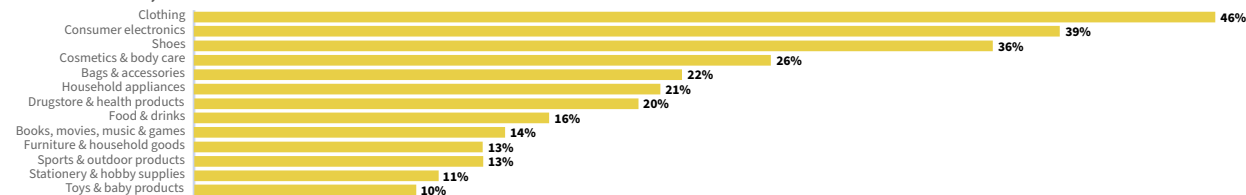
### Percentage of internet users who shop online



Data for Africa includes: Algeria, Egypt, Ghana, Kenya, Morocco, Nigeria, South Africa, Tanzania. Data for Global includes the countries in this report  
 Source: RetailX, drawing on data from World Bank, Statista



### Percentage of online shoppers who purchased items in different categories, Morocco, 2020



Source: RetailX, drawing on data from Statista Global Consumer Survey

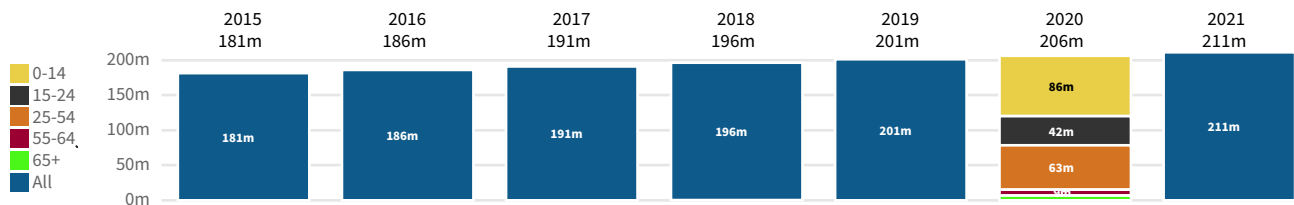


# Nigeria

Most of Nigeria’s growing population research via smartphones before they increasingly choose to buy online

Nigeria, in West Africa, is the largest economy in sub-Saharan Africa. According to International Monetary Fund figures, the population of this federal presidential republic has grown by an average of 2.6% a year since 2016, to an estimated 211m people in 2021. Per capita GDP is lower than the average among the eight African nations covered in this report. The African Development Bank suggests<sup>[1]</sup> that **Nigeria’s economy went into recession in 2020**, shrinking by 3% as crude oil prices fell amid Covid-19 containment measures.

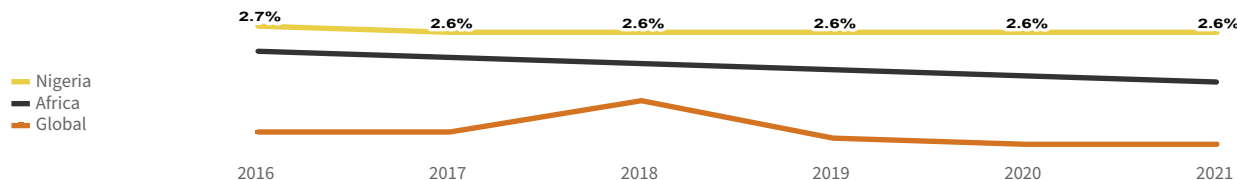
## Population structure



Source: RetailX, drawing on data from International Monetary Fund

CC BY ND RetailX 2021

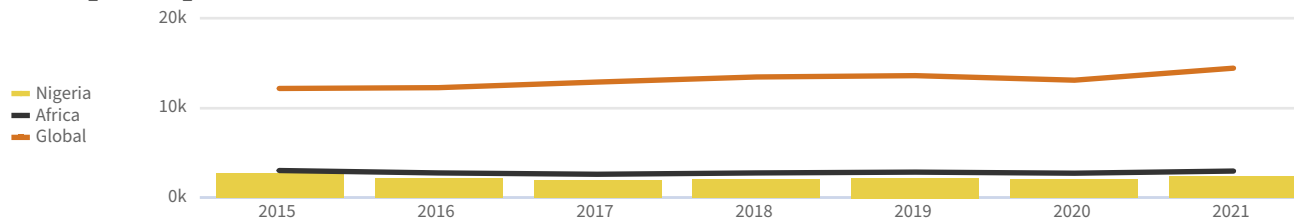
## Population growth



Source: RetailX, drawing on data from International Monetary Fund

CC BY ND RetailX 2021

## GDP per capita (USD)



Source: RetailX, drawing on data from International Monetary Fund

Data for Africa includes: Algeria, Egypt, Ghana, Kenya, Morocco, Nigeria, South Africa, Tanzania. Data for Global includes the countries in this report.

CC BY ND RetailX 2021

**Nigeria**

**Area:** 923,769 km<sup>2</sup>

**Capital:** Abuja

**Currency:** Naira (NGN)

**Official language:** English, Hausa, Igbo, Yoruba

**Nationality:** Nigerian

**Government:** Federal presidential constitutional republic

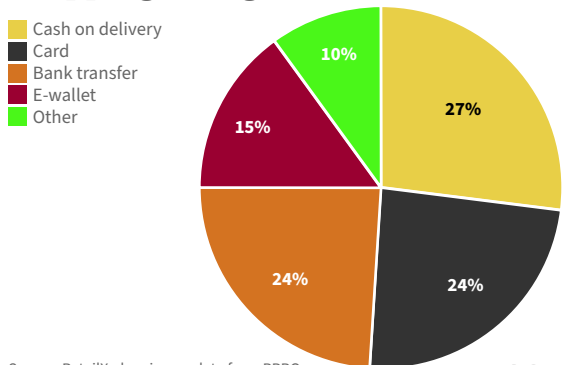
**VAT:** 7.5% | **Reduced VAT:** 0%

**Internet use appears to be growing steadily, reaching 46% in 2020 – up from 42% in 2017.** The percentage of internet users buying online seems to have accelerated during the Covid-19 pandemic, rising to 31% in 2020, Statista/World Bank figures suggest. That’s up from 26% in 2019 and is more than double the 15% of Nigerians who bought online in 2017.

Most Nigerian shoppers (71%) find online reviews helpful and **tend to use a smartphone to research products and major purchases** (66%), Statista research suggests. Cash on delivery (27%) is the preferred way to pay for Nigerian online shoppers, while just under a quarter (24%) prefer to pay by card or by bank transfer (24%).

[1] www.afdb.org/en/countries/west-africa/nigeria

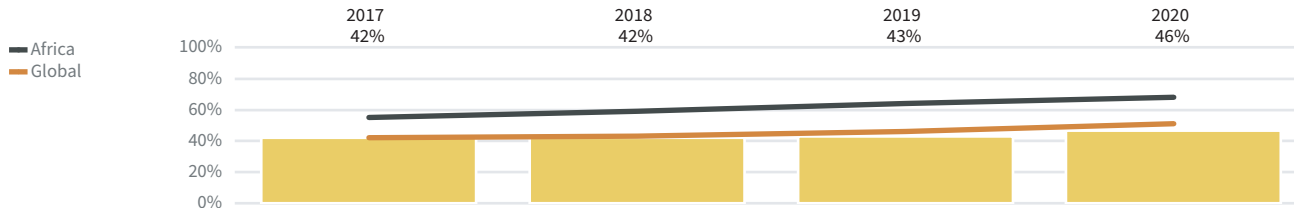
### Preferred payment method for online shopping in Nigeria, 2020



Source: RetailX, drawing on data from PPRO



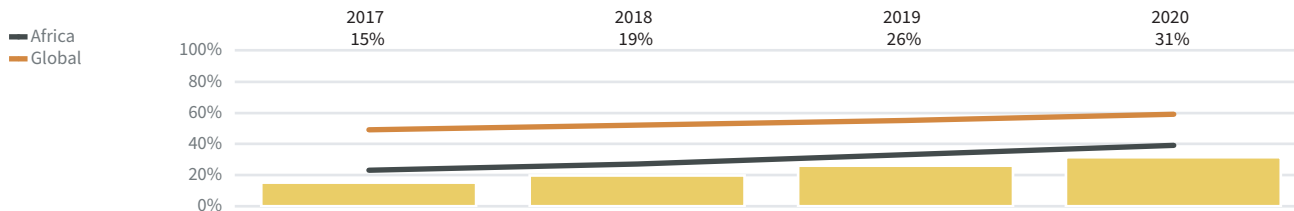
### Percentage of internet users



Source: RetailX, drawing on data from World Bank, Statista



### Percentage of internet users who shop online

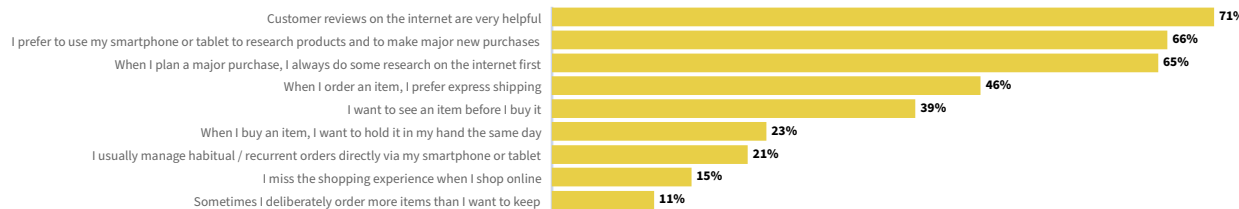


Data for Africa includes: Algeria, Egypt, Ghana, Kenya, Morocco, Nigeria, South Africa, Tanzania. Data for Global includes the countries in this report

Source: RetailX, drawing on data from World Bank, Statista



### Attitudes towards online shopping in Nigeria, 2020



Source: RetailX, drawing on data from Statista Global Consumer Survey



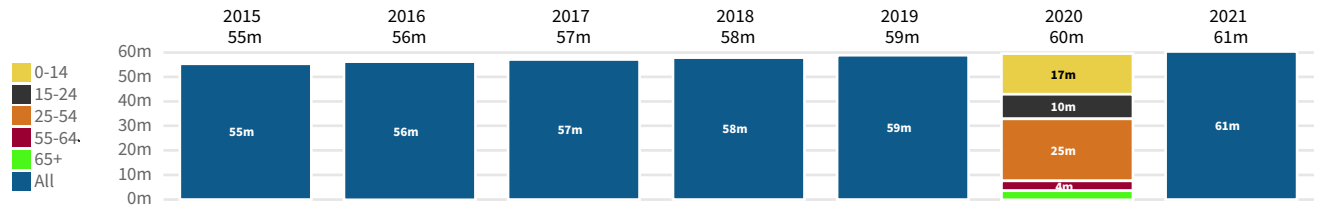
# South Africa

A mid-income country with growing unemployment, South Africa's shift to online accelerated during the pandemic

As its name suggests, South Africa lies at the southern tip of Africa. It is a parliamentary republic with Pretoria as its administrative capital, Cape Town its legislative capital and Bloemfontein its judicial capital. **South Africa's population has grown by about 1.5% a year in recent years to reach an estimated 61m in 2021.**

GDP per capita is lower than the global average but higher than the average of the eight African countries covered in this report. According to the African Development Bank<sup>[1]</sup> GDP grew slowly – by 0.2% – in 2019, but with the onset

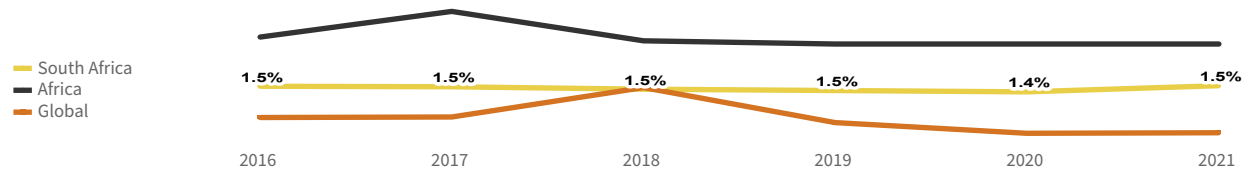
## Population structure



Source: RetailX, drawing on data from International Monetary Fund

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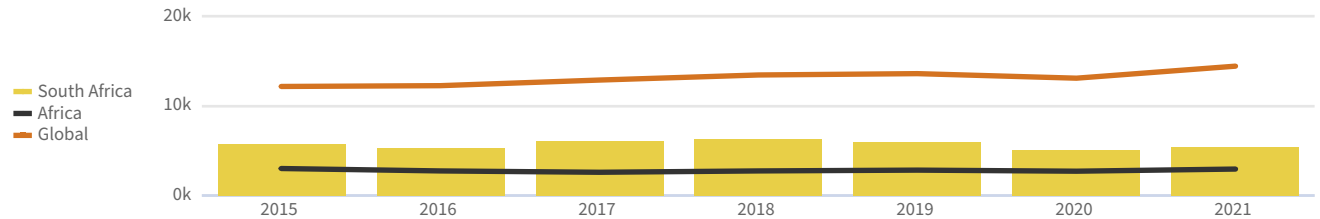
## Population growth



Source: RetailX, drawing on data from International Monetary Fund

CC BY-SA RetailX 2021

## GDP per capita (USD)



Source: RetailX, drawing on data from International Monetary Fund

Data for Africa includes: Algeria, Egypt, Ghana, Kenya, Morocco, Nigeria, South Africa, Tanzania. Data for Global includes the countries in this report.

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**Southafrica**

**Area:** 1,221,037 km<sup>2</sup>

**Capital:** Pretoria, Cape Town, Bloemfontein

**Currency:** South African rand (ZAR)

**Official language:** English, isiZulu, isiXhosa, Afrikaans, Sepedi, Setswana, Sesotho, Xitsonga, siSwati (Swazi), Tshivenda, isiNdebele

**Nationality:** South African

**Government:** Unitary dominant-party parliamentary republic with an executive presidency

**VAT:** 15% | **Reduced VAT:** 0%



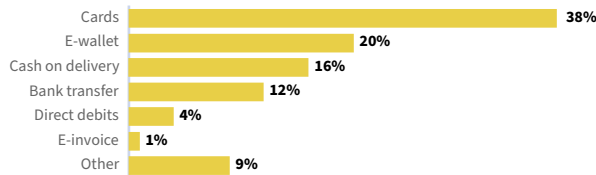
of the pandemic, fell by 8.2% in 2020. Unemployment reached 30.8% in September 2020. **ADB projections suggest growth will recover to 3% in 2021.** South Africa is ranked 52nd in the World Bank’s Doing Business index<sup>[2]</sup>.

More than half (56%) of the population uses the internet. This proportion has stayed steady since 2017, although **the proportion of internet users who shop online has grown steadily – to 37% in 2020, up from 29% in 2017.**

The pandemic drove shoppers further online. An October 2020 GetApp survey<sup>[3]</sup> found that 72% of shoppers preferred to collect or have goods delivered to avoid contact with crowds in shops. Convenience was a factor for 65%, while 84% said they would be likely or highly likely to carry on shopping online or via collection post-Covid-19. 61% named out of stock products as a pain point for online shopping, while 58% cited high delivery fees.

[1] [www.afdb.org/en/countries/southern-africa/south-africa](http://www.afdb.org/en/countries/southern-africa/south-africa)  
 [2] [www.doingbusiness.org/en/rankings](http://www.doingbusiness.org/en/rankings)  
 [3] [www.getapp.za.com/blog/1828/retail-south-africa-77-of-consumers-prefer-online-shopping](http://www.getapp.za.com/blog/1828/retail-south-africa-77-of-consumers-prefer-online-shopping)

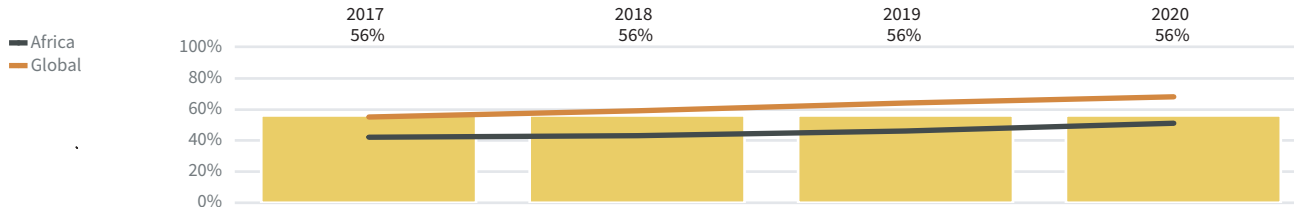
### Preferred payment method for online shopping in South Africa, 2020



Source: RetailX, drawing on data from Statista



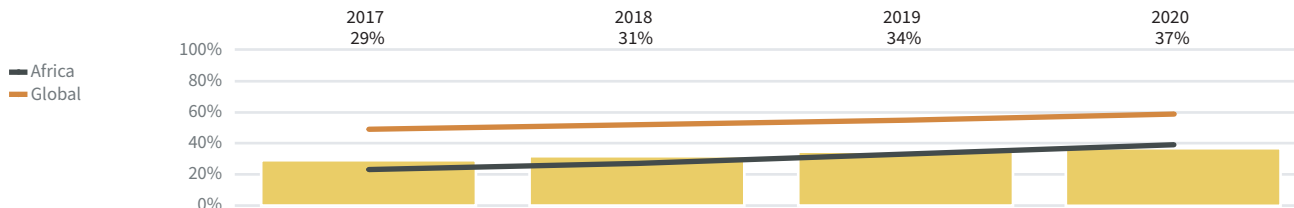
### Percentage of internet users



Source: RetailX, drawing on data from Statista, World Bank



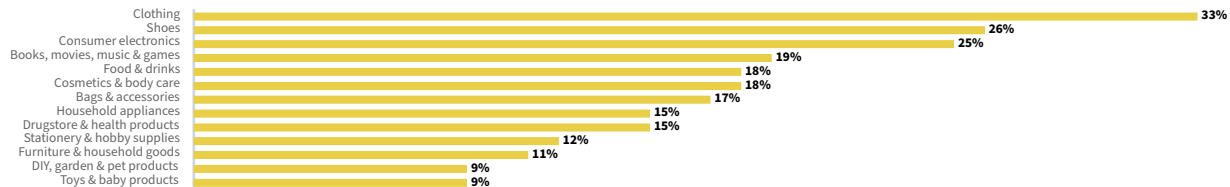
### Percentage of internet users who shop online



Data for Africa includes: Algeria, Egypt, Ghana, Kenya, Morocco, Nigeria, South Africa, Tanzania. Data for Global includes the countries in this report  
 Source: RetailX, drawing on data from Statista, World Bank



### Percentage of online shoppers who purchased items in different categories, South Africa, 2020



Source: RetailX, drawing on data from Statista Global Consumer Survey



# Tanzania

With a young and fast-growing population, Tanzania is seeing online shopping rates build quickly from a very low base

Tanzania, which includes the islands of Zanzibar, Pemba and Mafia, is the largest country in East Africa. It borders eight countries including Mozambique, Kenya and Burundi. According to International Monetary Fund figures, its population has grown by 3% per year. It is also **one of the continent's youngest populations**, with 25m, or almost half, of its 58m citizens aged 14 or under in 2020. This is unevenly spread, with dense clusters in the northern half of the country and also along its east coast.

The country is a presidential republic. Its legislative capital is Dodoma, which is home to an estimated 262,000 people,

**Tanzania**

**Area:** 945,087 km<sup>2</sup>

**Capital:** Dodoma

**Currency:** Tanzanian shilling (TZS)


**Official language:** Swahili, English

**Other languages spoken:** Arabic, Bemba, Bena, Chaga, Datooga, Digo, Gogo, Haya, Makonde, Sumbwa

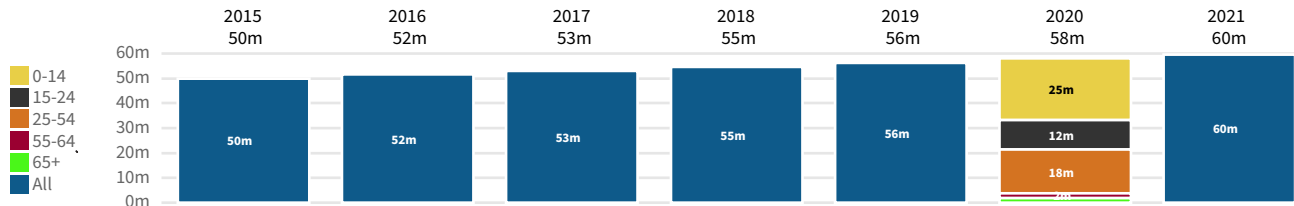
**Nationality:** Tanzanian

**Government:** Unitary presidential democratic republic

**VAT:** 18%



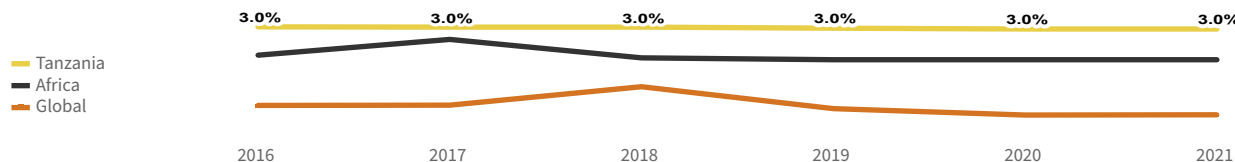
## Population structure



Source: RetailX, drawing on data from International Monetary Fund

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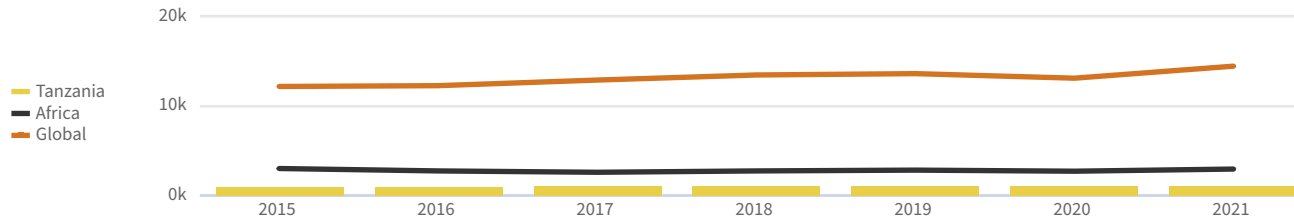
## Population growth



Source: RetailX, drawing on data from International Monetary Fund

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## GDP per capita (USD)



Source: RetailX, drawing on data from International Monetary Fund

Data for Africa includes: Algeria, Egypt, Ghana, Kenya, Morocco, Nigeria, South Africa, Tanzania. Data for Global includes the countries in this report.

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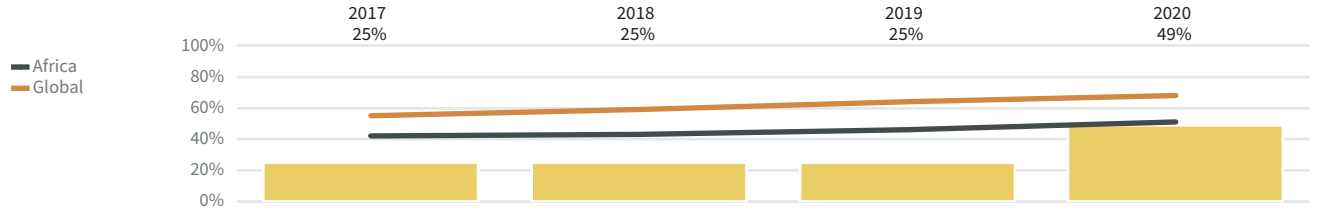
while its administrative capital is Dar es Salaam, where some 7m people live.

**Average GDP per capita is very low** and far less than the average for the eight African countries covered in this report. However, GDP has grown quickly in recent years, thanks to drivers such as construction and manufacturing. Funding from the World Bank, IMF and other donors is also being used to improve the country’s infrastructure.

**Economic growth slowed to 2.1% in 2020 – compared to 6.8% in 2019 – as a result of Covid-19**, according to the African Development Bank<sup>[1]</sup>. Gold is a key export, while agriculture accounts for just under a quarter of GDP and employs about 65% of the workforce. **Tourism is also an important industry for a country that is home to some of Africa’s best known national parks**, contains Mount Kilimanjaro, the highest point in Africa, and borders on Lake Victoria. Recent government policy moves to protect domestic industry are reported to have caused concern among investors.

Internet use has grown very quickly recently, perhaps as a result of the Covid-19 pandemic. According to World Bank/ Statista figures, **49% of the population had access to the internet in 2020, which was up from 25% in 2019**. Of those users, 11% shopped online in 2020, up from 5% in 2017 and 9% in 2019. This is significantly below the average for the eight African countries included in this report.

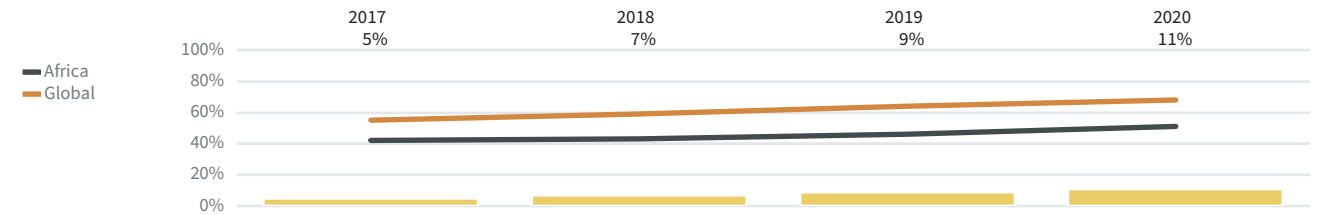
### Percentage of internet users



Source: RetailX, drawing on data from World Bank, Statista

© RetailX 2021

### Percentage of internet users who shop online



Data for Africa includes: Algeria, Egypt, Ghana, Kenya, Morocco, Nigeria, South Africa, Tanzania. Data for Global includes the countries in this report  
Source: RetailX, drawing on data from World Bank, Statista

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The Tanzania Communications Regulatory Authority (TCRA)<sup>[2]</sup> has reported that the number of mobile internet subscribers grew quickly to 27.9m at the end of September 2020, up from 26.8m in March the same year. **This rapid growth of more than a million subscribers came as more people started using the internet to buy groceries**, to stay in touch with relatives, and for official purposes during the Covid-19 pandemic.

[1] [www.afdb.org/en/countries/east-africa](http://www.afdb.org/en/countries/east-africa)  
[2] [www.thecitizen.co.tz/tanzania/news/-tanzania-number-of-internet-users-crosses-27-million-3015192](http://www.thecitizen.co.tz/tanzania/news/-tanzania-number-of-internet-users-crosses-27-million-3015192)

# Asia

Asia is a leader in ecommerce, but uneven development across nations means there is plenty of scope for further growth

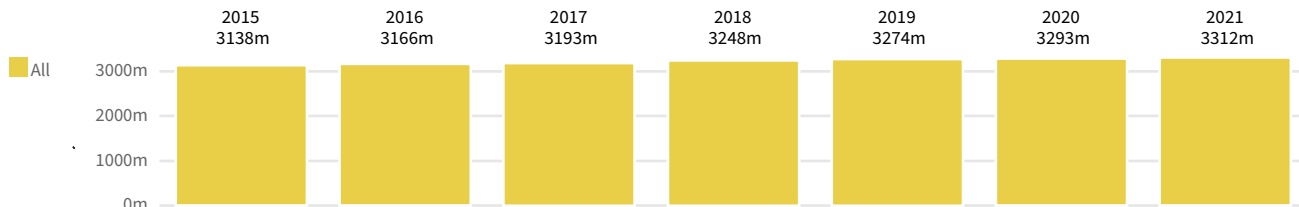
Ecommerce in Asia is big business, with the sector predicted to hit some \$1.9tn by the end of 2021<sup>[1]</sup>. Looking at the countries we have surveyed in the region, internet usage is 66%, with 62% of those online also buying online. However, this belies the vast differences seen in individual markets in the region.

**On the one hand, South Korea represents perhaps the most advanced ecommerce market in the world.** It was the first place to roll out 5G, which was itself the just the latest in a long list of techno-infrastructure advances seen in the country. Here, internet usage sits at nearly 90% and 72% of those online also use ecommerce – 70% of them via mobile. It also is a market to watch to garner an idea of where ecommerce is going, with sales across social networks, smart TVs and smart speakers all growing rapidly.

At the other end of the spectrum lies Vietnam, with 50% of people online and 47% of surfers shopping digitally.

In between are a raft of fascinating markets that are both large and immature. China is often seen as an ecommerce powerhouse and 79% of those with internet access shop.

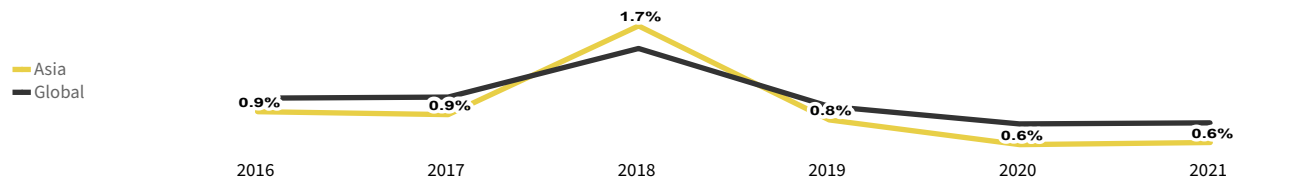
## Population structure



Source: RetailX, drawing on data from International Monetary Fund, World Bank

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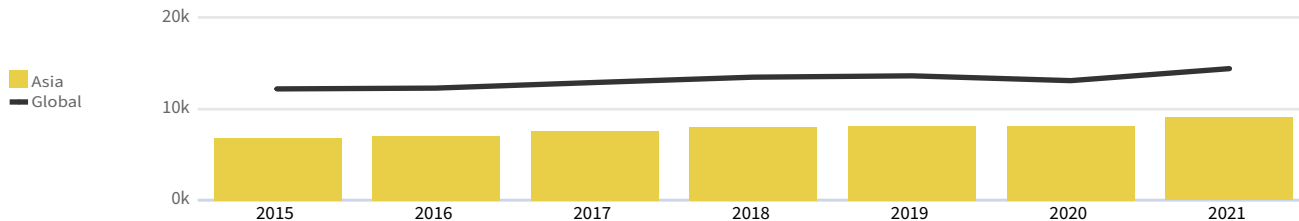
## Population growth



Source: RetailX, drawing on data from International Monetary Fund, World Bank

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## GDP per capita (USD)



Source: RetailX, drawing on data from International Monetary Fund, World bank

© RetailX 2021

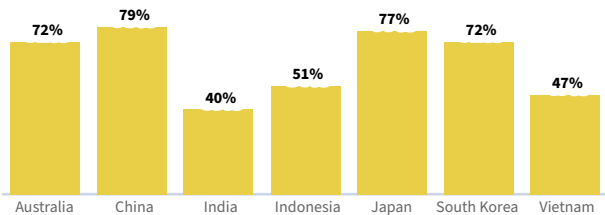
The kicker is that **only 69% of China's population is online**. Around 20% of India's population shops online and much of the country lives below the poverty line. However, both India and China have such vast populations – around 1.4bn each – that even with relatively low ecommerce levels, they are generating high sales revenue online.

The technological advancement in these markets, particularly in China, is also spilling out into the rest of the region. **Chinese online vendors make a good showing in all other Asian markets, bringing their vast ecommerce reach to bear outside their home borders.** The same is also happening across Europe and the US.

But while these are all up-and-coming ecommerce markets, Asia also plays host to two very mature ecommerce markets: Japan and Australia. These differ again, from the rest of the region and from each other – another reason why the region is so fascinating to examine.

[1] [www.statista.com/outlook/dmo/ecommerce/asia](http://www.statista.com/outlook/dmo/ecommerce/asia)

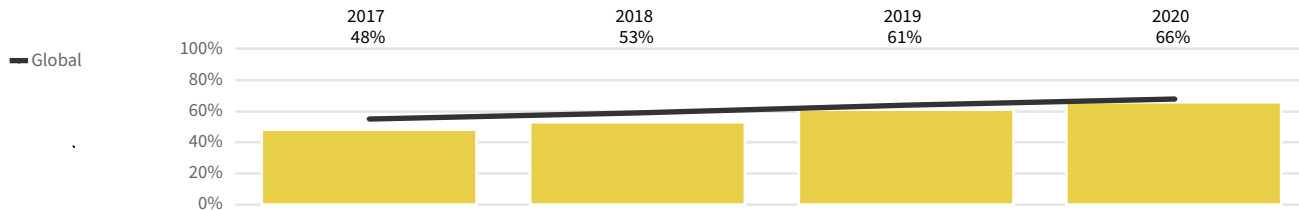
### E-shoppers, 2020



RetailX, drawing on data from World Bank, Statista



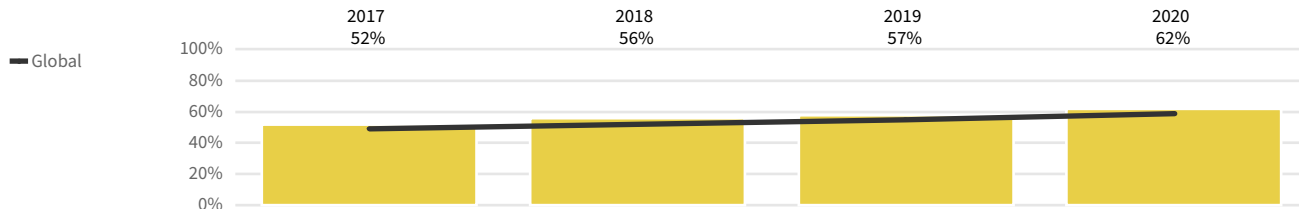
### Percentage of internet users



Source: RetailX, drawing on data from World Bank, Statista



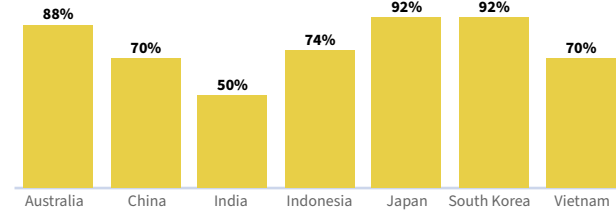
### Percentage of internet users who shop online



Source: RetailX, drawing on data from World Bank, Statista



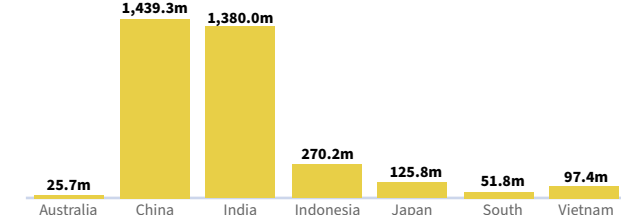
### Internet users, 2020



RetailX, drawing on data from World Bank, Statista



### Total population, 2020



RetailX, drawing on data from International Monetary Fund



# Australia

Tech-savvy and with high GDP per capita, Australian shoppers have driven an ecommerce boom, making it one of Asia’s most promising markets

Considering that it has a relatively small population compared to its Asiatic neighbours – and one that is actually shrinking – **Australia has still managed to become the tenth-largest ecommerce market in the world<sup>[1]</sup>**. The country is strong and stable and boasts an impressive GDP per capita in the region of US\$60k – far above the global and Asian averages.

With a population that skews towards the under 50s, **much of this disposable income is spent online**, with 88% of

**Australia**

**Area:** 7,692,024 km<sup>2</sup>

**Capital:** Canberra


**Currency:** Australian dollar

**Official language:** English (de facto)

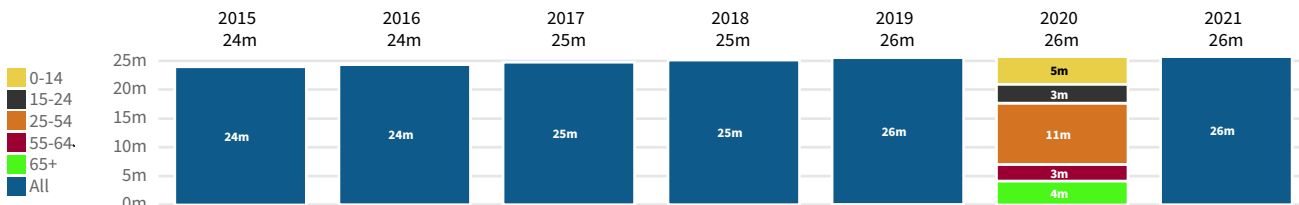
**Nationality:** Australian

**Government:** Federal parliamentary constitutional monarchy

**VAT:** 20% | **Reduced VAT:** 13%



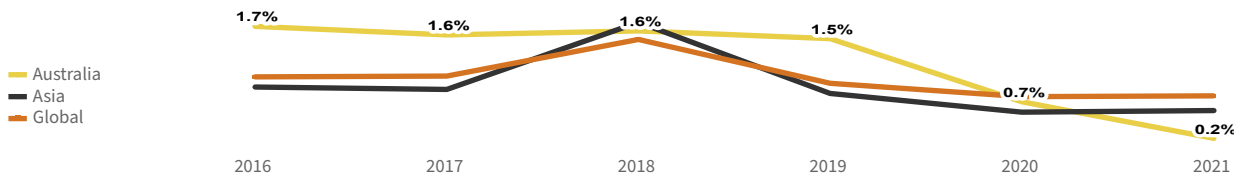
## Population structure



Source: RetailX, drawing on data from International Monetary Fund

© RetailX 2021

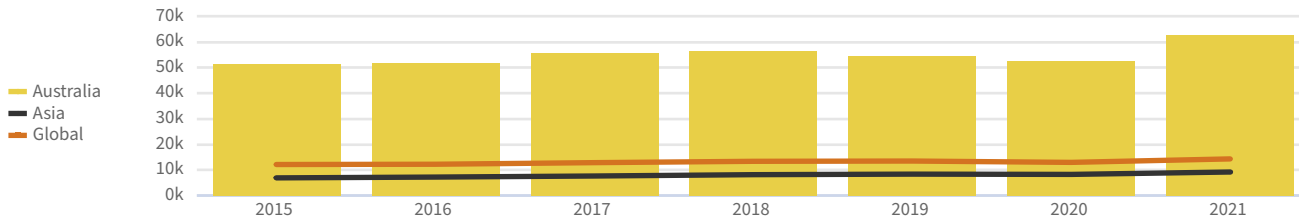
## Population growth



Source: RetailX, drawing on data from International Monetary Fund

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## GDP per capita (USD)



Source: RetailX, drawing on data from International Monetary Fund  
Data for Asia-Pacific includes: Australia, China, India, Indonesia, Japan, South Korea, Vietnam. Data for Global includes the countries in this report.

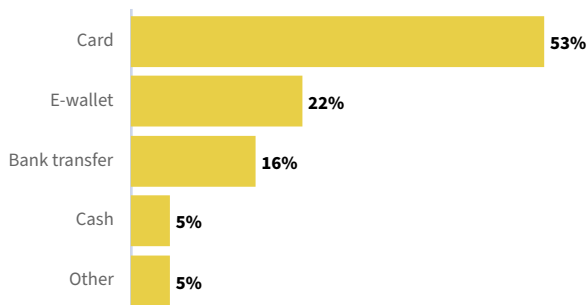
© RetailX 2021

the population actively using the web in 2020. This level has been consistent for around five years, while **online shopping use has hit 72% and continues to rise.**

Australian consumers are far ahead of the technology curve compared to many Western markets. **Smartphone usage in the country is at more than 90%, putting it in the top five globally.** This directly impacts ecommerce, with 57% of Australian shoppers using smartphones as their main means of online shopping. That's a full ten percentage points ahead of laptop and almost double the rate of desktop PC use. **Almost a quarter of Australian online shoppers already use digital wallets.**

[1] <https://ecommercedb.com/en/markets/au/all>

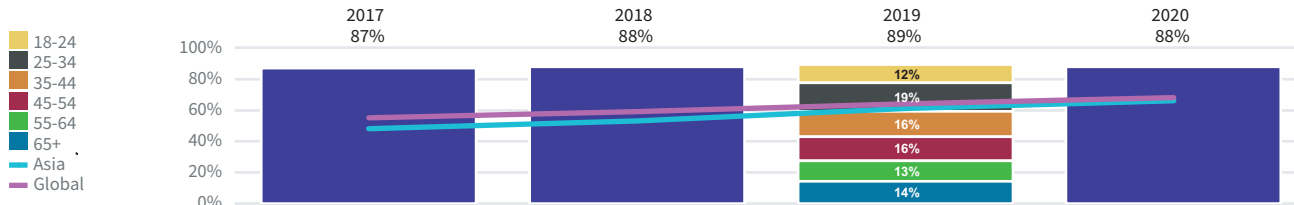
### Preferred payment method for online shopping in Australia, 2020



Source: RetailX, drawing on data from PPRO



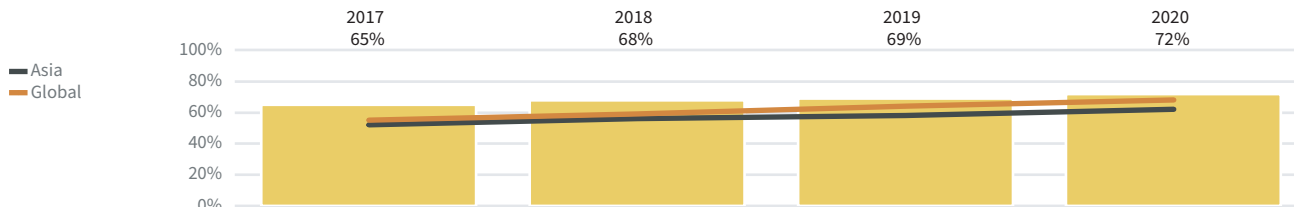
### Percentage of internet users



Source: RetailX, drawing on data from Statista



### Percentage of internet users who shop online

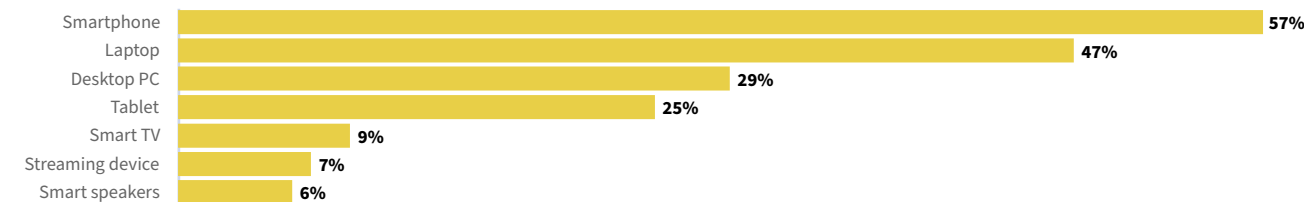


Data for Asia-Pacific includes: Australia, China, India, Indonesia, Japan, South Korea, Vietnam. Data for Global includes the countries in this report

Source: RetailX, drawing on data from Statista



### Online purchases by device in Australia, 2020



Source: RetailX, drawing on data from Statista Global Consumer Survey

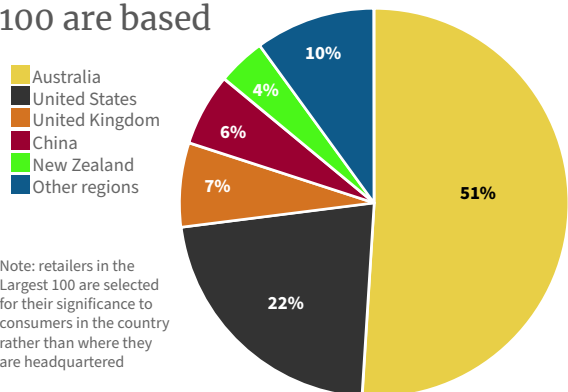


# The Largest 100

While Australian consumers are buying at least half their products from within the country, they are also **avid cross-border shoppers, turning particularly to the US and the UK** for goods.

Homewares and appliances are by far the most sought-after foreign goods, with imports of grocery items and liquor also popular. **Much of their cross-border shopping is done with multi-sector retailers.** This is because shoppers search for uniqueness of products and also due to a very global world-view among the population, created in part by the country's geographic location.

## Countries where the Australia Largest 100 are based

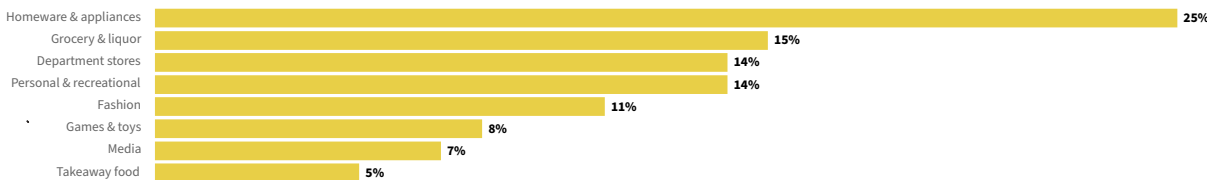


Note: retailers in the Largest 100 are selected for their significance to consumers in the country rather than where they are headquartered

Source: RetailX

© RetailX 2021

## Percentage of online shoppers who purchased items in different categories, Australia, 2020



Source: RetailX, drawing on data from Statista, NAB (Australia)

© RetailX 2021

## Web traffic from other countries

International web visits to the Australia-based companies in the Largest 100, by country



Source: RetailX, drawing on data from SimilarWeb

Note: retailers in the Largest 100 are selected for their significance to consumers in the country irrespective of where they are headquartered

© RetailX 2021

## Web traffic by sector

The percentage of web visits to the Largest 100 retailers from consumers in Australia, by sector



Source: RetailX, drawing on data from SimilarWeb

Note: retailers in the Largest 100 are selected for their significance to consumers in the country irrespective of where they are headquartered

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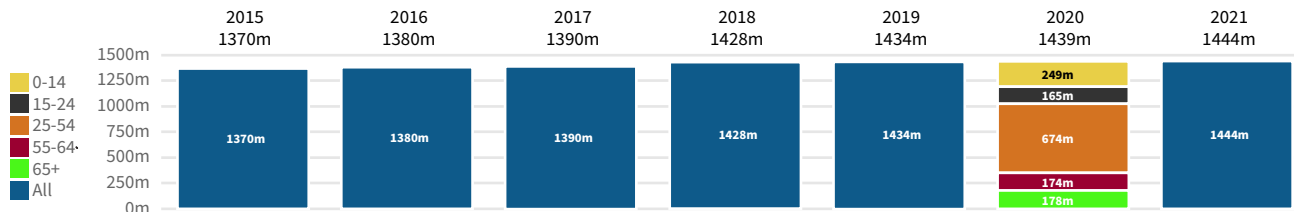
# China

Despite average levels of internet usage, China is still pioneering the next generation of online shopping trends

China is often seen as the powerhouse of Asia and, from an ecommerce point of view, it certainly offers volume. However, **the country's enormous population of around 1.4bn isn't as online as you might expect.**

Internet usage in the country stands at 69% of the total population. This is only just on a par with the rest of the world and average for Asia, but even this small proportion of such a large population means that China is seeing a large level of online retail, with **79% of current internet users saying that they had purchased something online in 2020.**

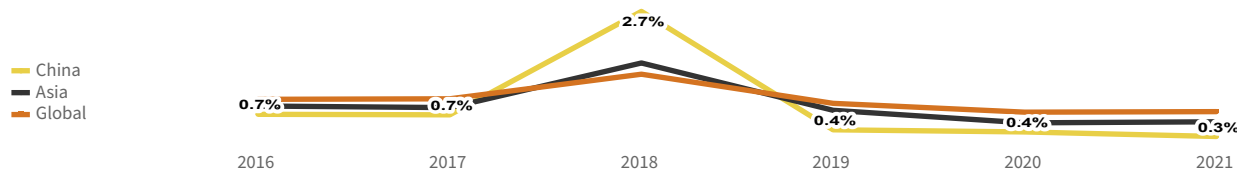
## Population structure



Source: RetailX, drawing on data from International Monetary Fund

© RetailX 2021

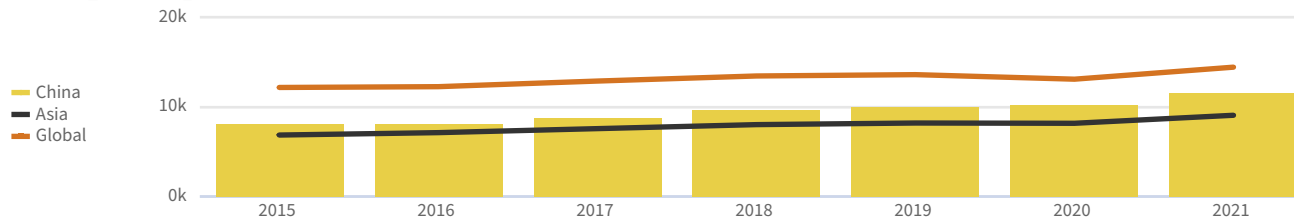
## Population growth



Source: RetailX, drawing on data from International Monetary Fund

© RetailX 2021

## GDP per capita (USD)



Source: RetailX, drawing on data from International Monetary Fund  
Data for Asia-Pacific includes: Australia, China, India, Indonesia, Japan, South Korea, Vietnam. Data for Global includes the countries in this report.

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**China**

**Area:** 9,596,961 km<sup>2</sup>

**Capital:** Beijing

**Currency:** Renminbi (CNY)

**Official language:** Chinese

**Other languages spoken:** Mongolian, Uyghur, Tibetan, Zhuan

**Nationality:** Chinese

**Government:** Unitary Marxist-Leninist one-party socialist republic

**VAT:** 13% | **Reduced VAT:** 9%



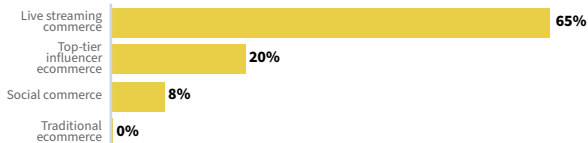
The drivers for these purchases are price and convenience. Ecommerce allows many more merchants and retailers to reach an audience, so Chinese shoppers are offered a broad range of goods available to buy online. Online shopping is also seen as more convenient than heading to the shops, especially as China now has a well-developed delivery network across the country.

Where Chinese ecommerce truly shines is in the uptake of new ways of shopping online. **Livestreamed ecommerce is popular and sees a respectable 65% conversion rate** – something that retailers and marketplaces outside of China are starting to notice.

Social media commerce is also popular, with many **Chinese users opting to use all-encompassing ‘super apps’ such as WeChat to do everything** from arrange their social lives to buying cars<sup>[1]</sup>.

[1] <https://internetretailing.net/mobile-theme/mobile-theme/mobile-drives-shake-up-in-motoring-with-apps-to-buy-cars-from-vending-machines-and-using-apple-pay-to-subscribe-to-a-volvo-17465>

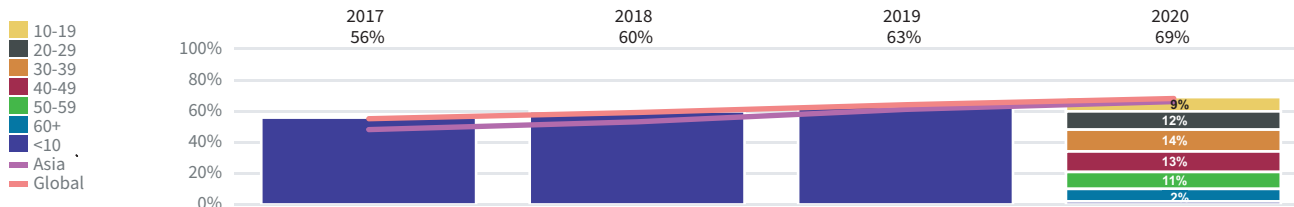
## Conversion rates of ecommerce by category in China, 2020



Source: RetailX, drawing on data from Statista, Topklout, JD Logistics



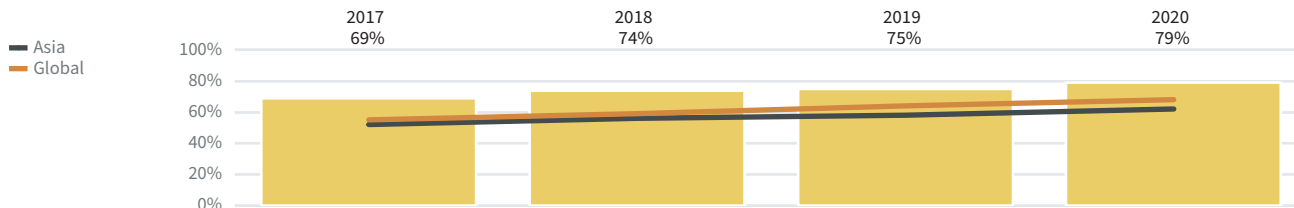
## Percentage of internet users



Source: RetailX, drawing on data from Statista



## Percentage of internet users who shop online



Data for Asia-Pacific includes: Australia, China, India, Indonesia, Japan, South Korea, Vietnam. Data for Global includes the countries in this report  
Source: RetailX, drawing on data from Statista



## Main drivers for shopping online in China, 2020



Source: RetailX, drawing on data from Statista Global Consumer Survey



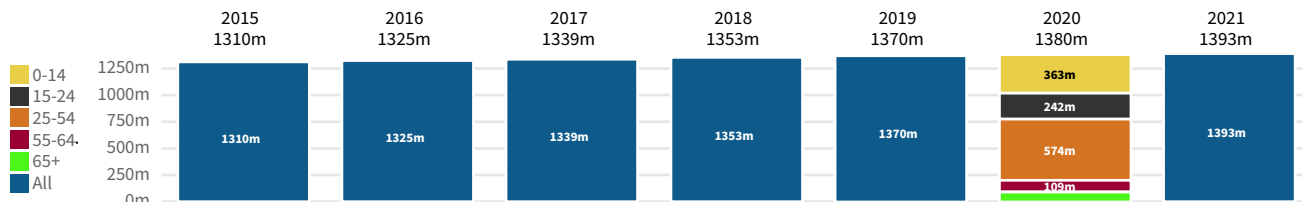
# India

While India’s huge population currently lags behind the world in terms of internet usage, those that do shop online are driving immense growth

India has a rapidly growing population and, at 1.4bn, one that’s catching up with China. Unlike China, though, the country has a relatively low level of internet usage, with only around half the population having access to it. As a result, **India has a low level of ecommerce**, with around 40% of online users doing any kind of online shopping in 2020. This is below both the global and Asian averages.

According to Indian government statistics<sup>[1]</sup>, those that do shop online are largely confined to the large urban areas

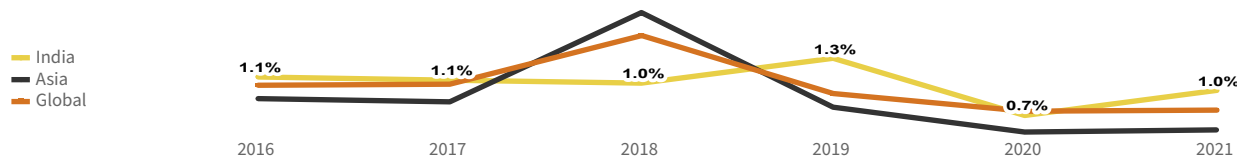
## Population structure



Source: RetailX, drawing on data from International Monetary Fund

CC BY ND RetailX 2021

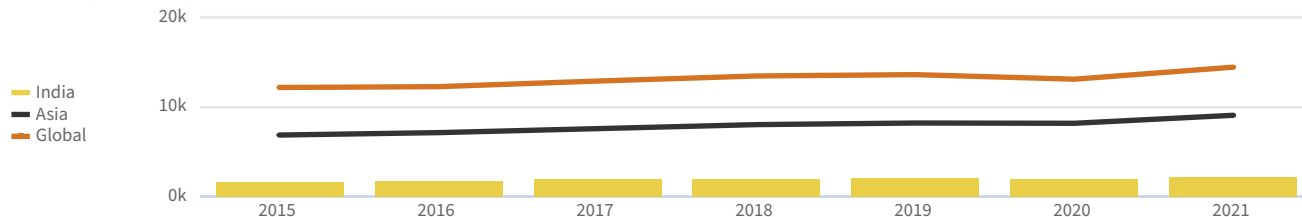
## Population growth



Source: RetailX, drawing on data from International Monetary Fund

CC BY ND RetailX 2021

## GDP per capita (USD)



Source: RetailX, drawing on data from International Monetary Fund

Data for Asia-Pacific includes: Australia, China, India, Indonesia, Japan, South Korea, Vietnam. Data for Global includes the countries in this report.

CC BY ND RetailX 2021

**India**

**Area:** 3,287,263 km<sup>2</sup>

**Capital:** New Delhi

**Currency:** Indian rupee (INR)

**Official language:** Hindi, English

**Nationality:** Indian

**Government:** Federal parliamentary constitutional republic

**VAT:** 28% | **Reduced VAT:** 18%

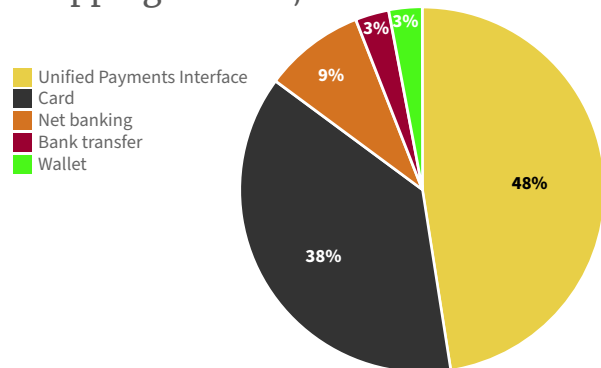
around Mumbai, New Delhi and Bangalore. Of these, many are young and increasingly affluent professionals who have embraced digital technology in all facets of their lives.

**70% of online purchases are made on mobile.** Rapid investment in India's infrastructure over the last five years has accelerated this trend and also revolutionised the payments industry, with the domestically developed Unified Payments Interface (UPI) technology facilitating instant payments and dominating the Indian market.

As a result, **the Indian ecommerce market is likely to be a huge opportunity in the coming years**, with Statista tipping it to be worth \$73bn by as early as 2022<sup>[2]</sup>.

[1] <https://santandertrade.com/en/portal/analise-markets/india/reaching-the-consumers>  
 [2] [www.statista.com/topics/2454/e-commerce-in-india/](https://www.statista.com/topics/2454/e-commerce-in-india/)

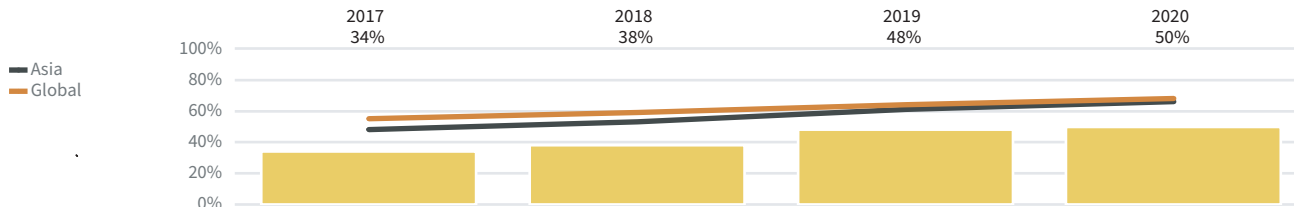
### Preferred payment method for online shopping in India, 2020



Source: RetailX, drawing on data from Razorpay



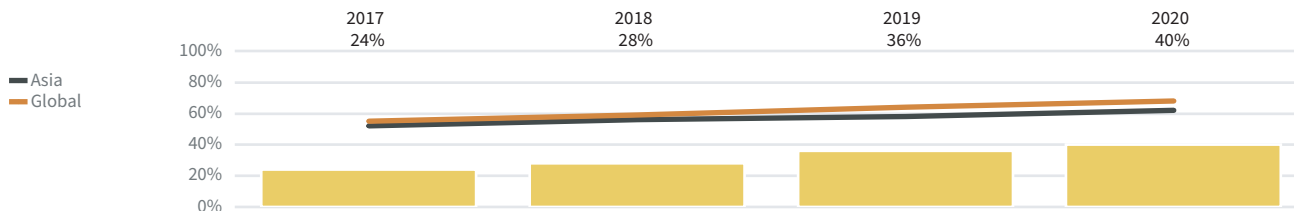
### Percentage of internet users



Source: RetailX, drawing on data from Statista



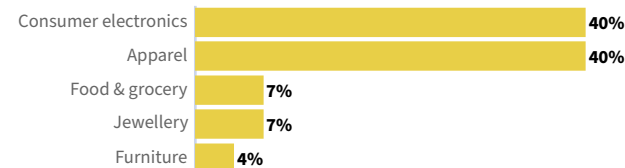
### Percentage of internet users who shop online



Data for Asia-Pacific includes: Australia, China, India, Indonesia, Japan, South Korea, Vietnam. Data for Global includes the countries in this report  
 Source: RetailX, drawing on data from Statista



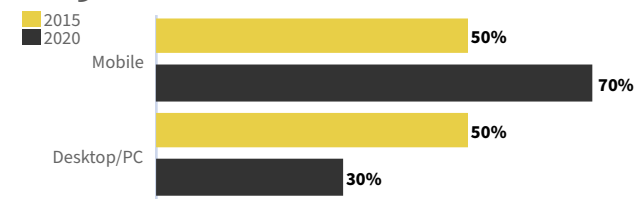
### Ecommerce retail market value share in India by segment, 2020



Source: RetailX, drawing on data from Statista, eMarketer, India Brand Equity Foundation, Kalaari Capital



### Online purchases by device in India, 2015-2020



Source: RetailX, drawing on data from Statista, Kearney, GfK, Google



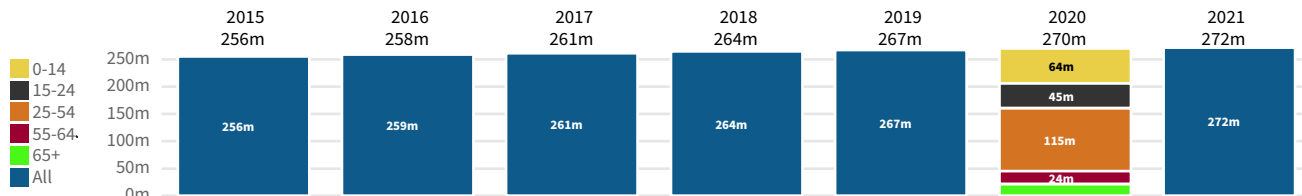
# Indonesia

Low internet availability hasn't stopped ecommerce, with smartphone-savvy Gen Z driving cross-border sales

Indonesia is something of an ecommerce dark horse. For a country that has a relatively low level of online shoppers (around 51% of those online), it's also **currently the 11th-largest ecommerce market in the world**<sup>[1]</sup>. Indonesia's population is predominantly under 50, belonging to generations that are receptive to ecommerce.

**What really drives the sector, though, is the embrace of overseas ecommerce sites** such as China's JD, which has seen such success in the country that it has opened a domestic Indonesian site.

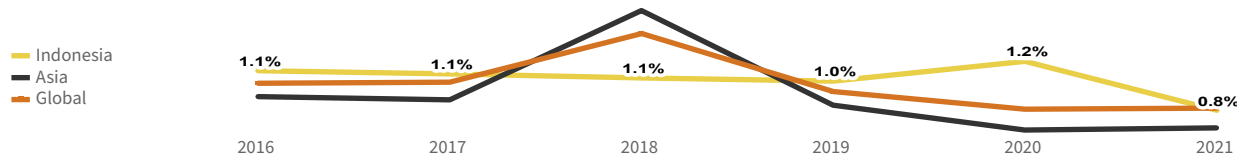
## Population structure



Source: RetailX, drawing on data from International Monetary Fund

© RetailX 2021

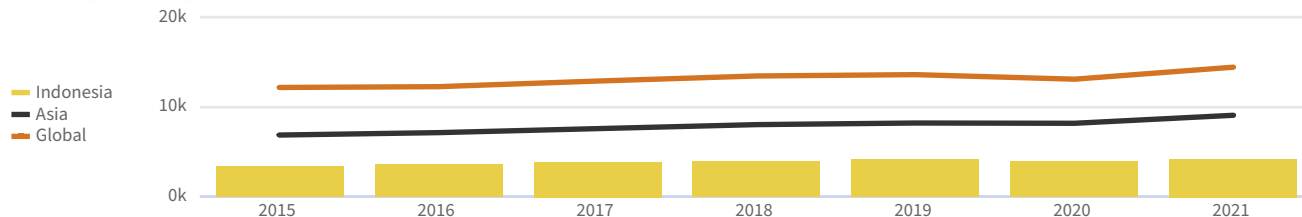
## Population growth



Source: RetailX, drawing on data from International Monetary Fund

© RetailX 2021

## GDP per capita (USD)



Source: RetailX, drawing on data from International Monetary Fund  
Data for Asia-Pacific includes: Australia, China, India, Indonesia, Japan, South Korea, Vietnam. Data for Global includes the countries in this report.

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### Indonesia

**Area:** 1,904,569 km<sup>2</sup>

**Capital:** Jakarta

**Currency:** Indonesian rupiah (IDR)

**Official language:** Indonesian

**Nationality:** Indonesian

**Government:** Unitary presidential constitutional republic

**VAT:** 10% | **Reduced VAT:** 0%

Online retail brands in China, the USA and, closer to home, Singapore, have all leveraged this and now account for around half of ecommerce in the country.

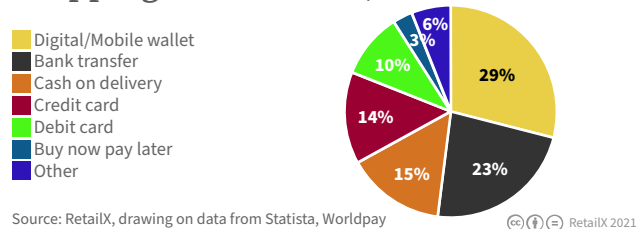
This success, however, has also spurred many local retailers to spring up online and, coupled with a fairly stagnant physical retail environment, has seen **the emerging Indonesian middle class disproportionately embrace ecommerce.**

Part of this has been due to the leapfrogging of desktop in favour of mobile among these younger users, with **smartphone usage standing at 67%**<sup>[2]</sup>.

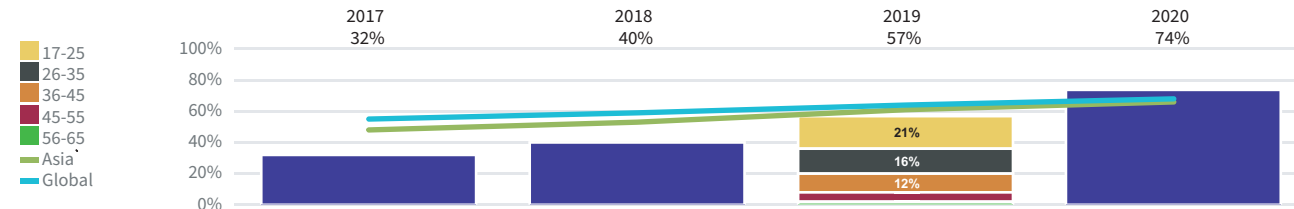
This has proved to be a boon for digital marketers, which have used smartphones to help engage consumers and propel them to purchase. It has also seen digital wallets on mobile become the main way in which Indonesians pay.

[1] <https://ecommercedb.com/en/markets/id/all>  
 [2] [www.statista.com/statistics/321485/smartphone-user-penetration-in-indonesia/](http://www.statista.com/statistics/321485/smartphone-user-penetration-in-indonesia/)

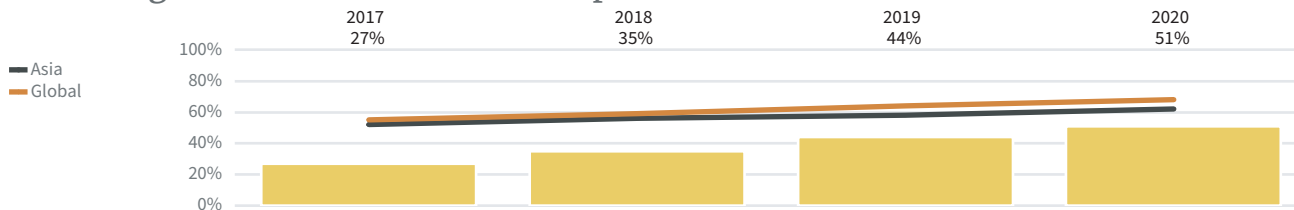
### Preferred payment method for online shopping in Indonesia, 2020



### Percentage of internet users

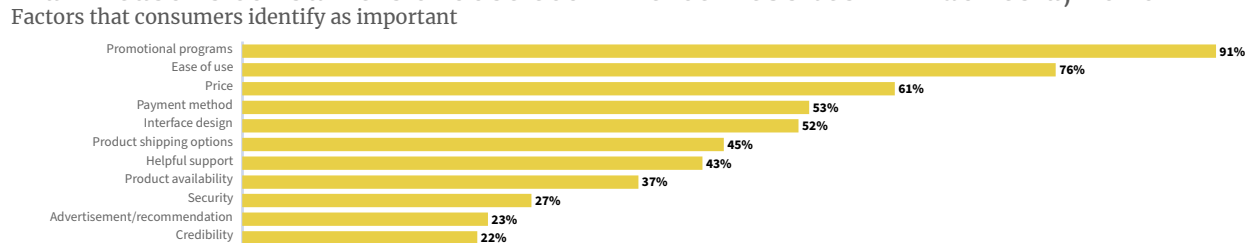


### Percentage of internet users who shop online



Data for Asia-Pacific includes: Australia, China, India, Indonesia, Japan, South Korea, Vietnam. Data for Global includes the countries in this report

### Main reasons consumers choose ecommerce websites in Indonesia, 2020



# Japan

An elderly population and some unique shopping habits make Japan an ecommerce powerhouse, but also a market not reaching its full potential

Japan has the world's third-largest economy and, despite being seen as a slow-growth economy, its GDP per capita is eight times that of China, making it by far the most economically powerful country in Asia<sup>[1]</sup>. **There are 62 Japanese companies in the Fortune 500, compared to the UK's 26.** Thanks to economic reforms, the country is looking to grow its GDP by 6-7% annually from 2021<sup>[2]</sup>.

Japan is also **the third-largest ecommerce market in the world, with a revenue of £75bn in 2020.** While

## Japan

**Area:** 377,975 km<sup>2</sup>

**Capital:** Tokyo

**Currency:** Japanese yen (JP¥)

**Official language:** Japanese

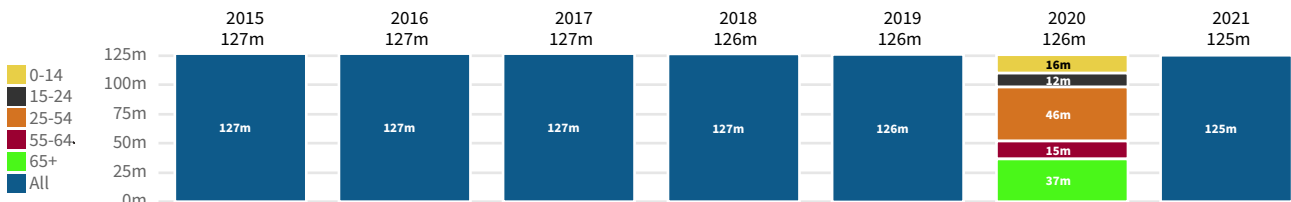
**Nationality:** Japanese

**Government:** Unitary parliamentary constitutional monarchy

**VAT:** 10% | **Reduced VAT:** 8%



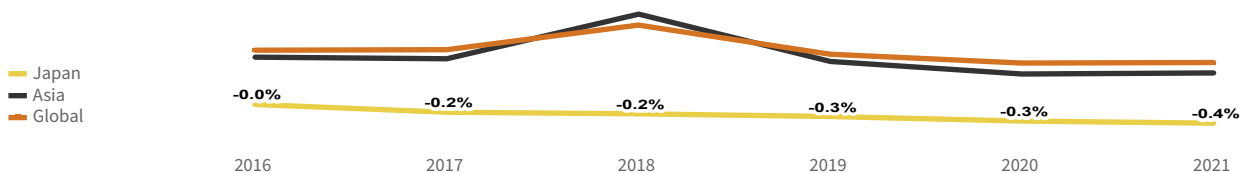
## Population structure



Source: RetailX, drawing on data from International Monetary Fund

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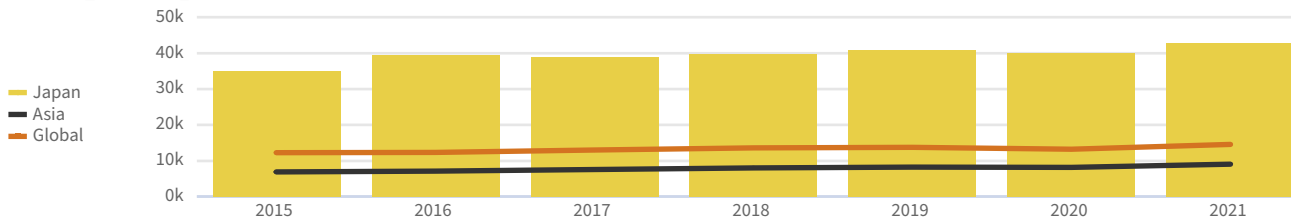
## Population growth



Source: RetailX, drawing on data from International Monetary Fund

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## GDP per capita (USD)



Source: RetailX, drawing on data from International Monetary Fund

Data for Asia-Pacific includes: Australia, China, India, Indonesia, Japan, South Korea, Vietnam. Data for Global includes the countries in this report.

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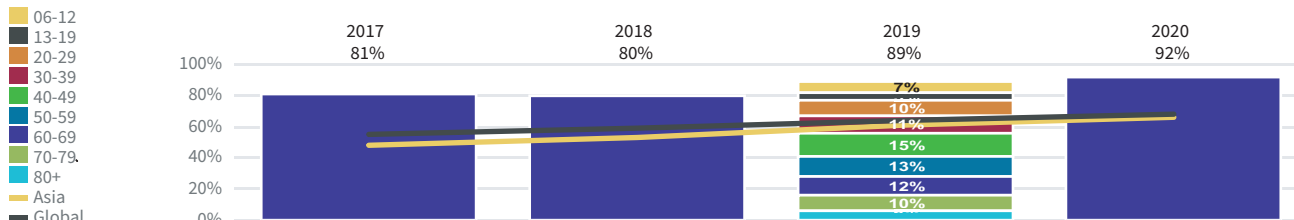
accounting for only 13% of total retail, its large population and high GDP per capita put its ecommerce market on a similar level to the UK's, while **it dwarfs ecommerce in France, Germany and most of Asia**<sup>[3]</sup>.

That said, **Japan's ecommerce market is differentiated by some key cultural tropes not seen in other ecommerce markets in Asia**, or anywhere else for that matter. Due to population density, living space and storage are at a premium, making shoppers more considered when making purchases, who **tend to buy fewer, higher value goods**. Japanese consumers look for quality, value and brand identity more than for price and convenience and tend to pay more for it<sup>[4]</sup>. Together, such behaviour skews Japanese ecommerce revenues upwards.

Japan has a relatively elderly population, with around 40% of the population being over 55, according to RetailX. This has led to relatively slow growth in ecommerce in the country and also **marks Japan out as having a surprisingly low level of smartphone usage – just 56%**. This sees only 25% of ecommerce come from mobile devices, a figure that is among the lowest in the developed world<sup>[5]</sup>, according to JP Morgan.

Yet both ecommerce and mobile commerce are slowly starting to gain ground. Given the propensity to look for high-quality items, **the chief driver of online shopping in Japan is the ability to compare the quality and price of different items**. This even trumps convenience and price –

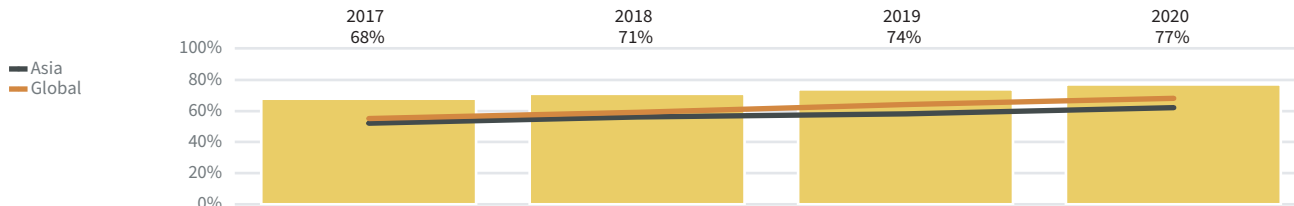
### Percentage of internet users



Source: RetailX, drawing on data from Statista

© RetailX 2021

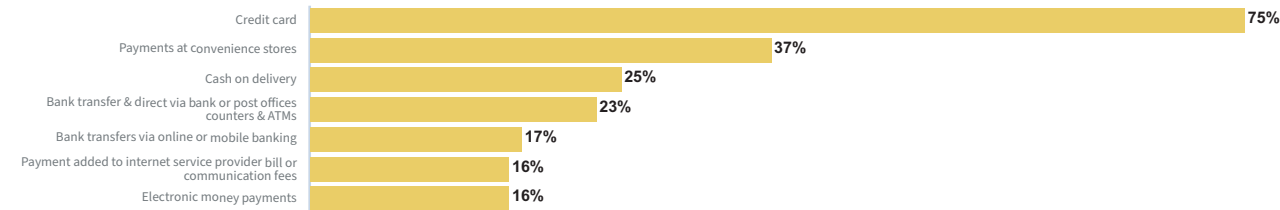
### Percentage of internet users who shop online



Data for Asia-Pacific includes: Australia, China, India, Indonesia, Japan, South Korea, Vietnam. Data for Global includes the countries in this report  
Source: RetailX, drawing on data from Statista

© RetailX 2021

### Preferred payment method for online shopping in Japan, 2020



Source: RetailX, drawing on data from Statista, Ministry of Internal Affairs and Communications (Japan), e-Stat (Japan)

© RetailX 2021

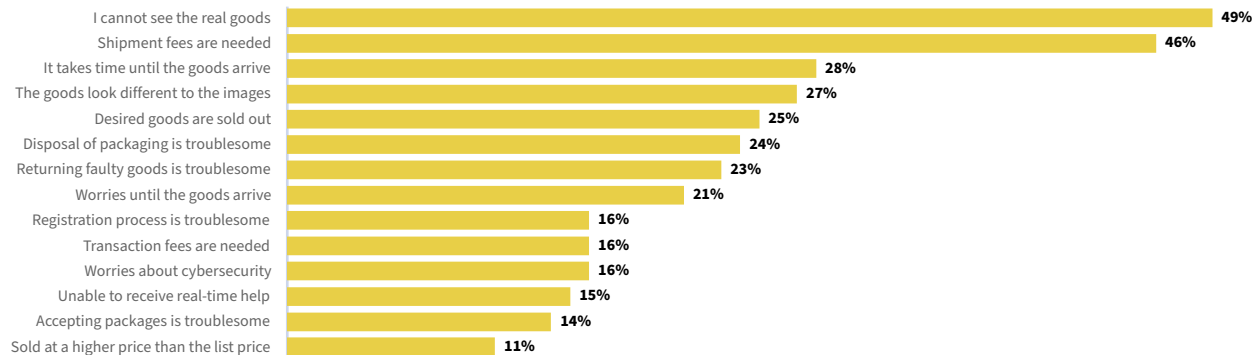


the key ecommerce drivers seen in other markets. Post-pandemic, the ability to shop without going outside or coming into contact with others also shows strong appeal to Japanese consumers.

Overall, the Japanese ecommerce market has been slow to grow. On the one hand, there has been an increase in ecommerce as older shoppers have been forced online by the pandemic. On the other hand, there still are many older shoppers who aren't going online. **Growth has slowed in Japan's top 100 retailers since 2019.**

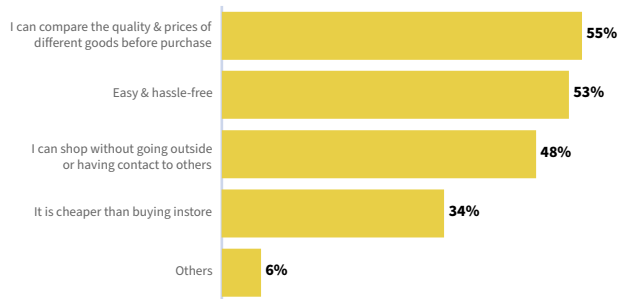
[1] [www.focus-economics.com/blog/the-largest-economies-in-the-world](http://www.focus-economics.com/blog/the-largest-economies-in-the-world)  
 [2] <https://exporttojapan.co.uk/guide/getting-started/japanese-market-overview/>  
 [3] <https://ecommercedb.com/en/markets/jp/all>  
 [4] [www.mckinsey.com/-/media/mckinsey/industries/retail/-/perspectives-on-retail-and-consumer-goods\\_issue-8.pdf](http://www.mckinsey.com/-/media/mckinsey/industries/retail/-/perspectives-on-retail-and-consumer-goods_issue-8.pdf)  
 [5] [www.jpmorgan.com/merchant-services/insights/reports/japan](http://www.jpmorgan.com/merchant-services/insights/reports/japan)

## Major issues experienced during online shopping in Japan, 2020



Source: RetailX, drawing on data from Statista, MMD Labo, Smart Answer © RetailX 2021

## Main drivers for shopping online in Japan, 2021

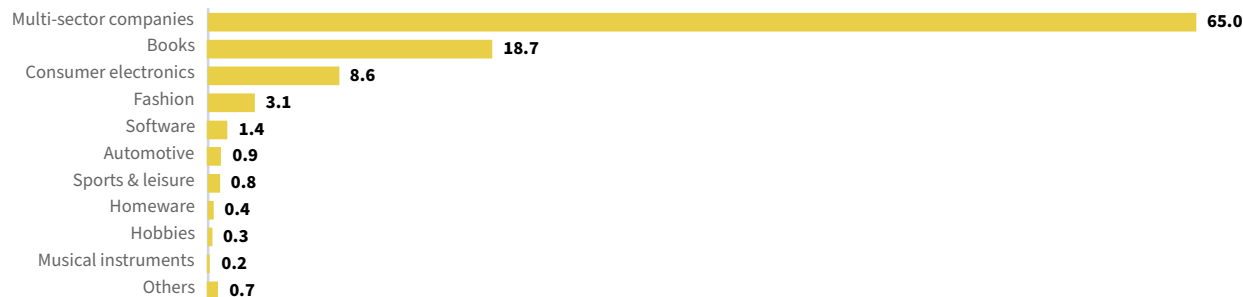


Source: RetailX, drawing on data from Statista, CAA

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## Web traffic by sector

The percentage of web visits to the Largest 100 retailers from consumers in Japan, by sector



Note: retailers in the Largest 100 are selected for their significance to consumers in the country irrespective of where they are headquartered

Source: RetailX, drawing on data from SimilarWeb

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# South Korea

The most technically advanced population on Earth drives a rapidly expanding ecommerce sector

South Korea was **the first country in the world to roll out 5G** and, with advanced, high-speed internet infrastructure throughout the country, it is also one of the planet's most developed ecommerce markets.

Internet usage stands at 89%, with **online shopping levels among these surfers topping 72%** – a potent combination that is likely to see **ecommerce and mobile commerce sales hit \$242bn by 2025<sup>[1]</sup>**.

Domestic B2C ecommerce has been growing rapidly in South Korea for the past decade, but this growth has

## South Korea

**Area:** 100,363 km<sup>2</sup>

**Capital:** Seoul

**Currency:** Korean republic won (KRW)

**Official language:** Korean

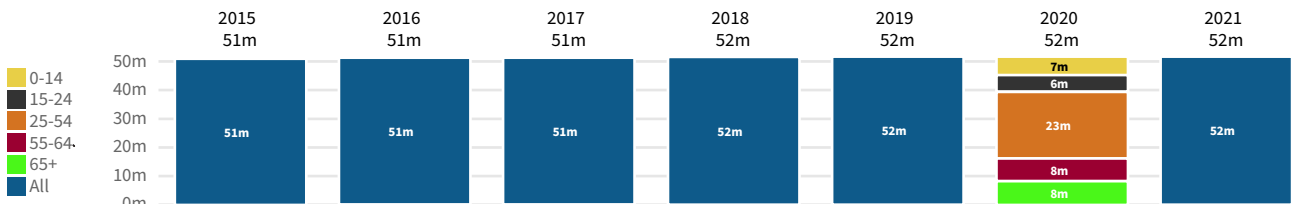
**Nationality:** South Korean

**Government:** Unitary presidential constitutional republic

**VAT:** 10% | **Reduced VAT:** 0%



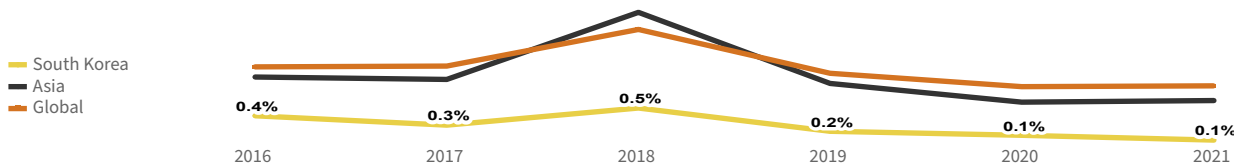
## Population structure



Source: RetailX, drawing on data from International Monetary Fund

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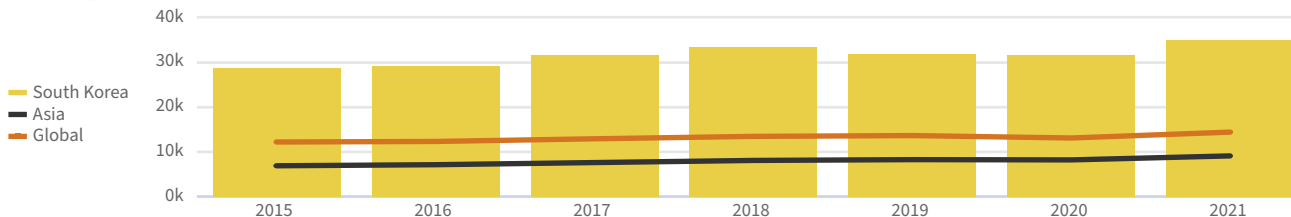
## Population growth



Source: RetailX, drawing on data from International Monetary Fund

CC BY-NC-SA RetailX 2021

## GDP per capita (USD)



Source: RetailX, drawing on data from International Monetary Fund

Data for Asia-Pacific includes: Australia, China, India, Indonesia, Japan, South Korea, Vietnam. Data for Global includes the countries in this report.

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come at the expense of physical retail. Today, South Korean shoppers tend to use bricks-and-mortar stores only to window shop before buying items online using their smartphones.

While **online shopping has grown around 20% in 2020, mobile commerce has increased by 25%** over the same period and now accounts for almost 70% of total ecommerce revenues.

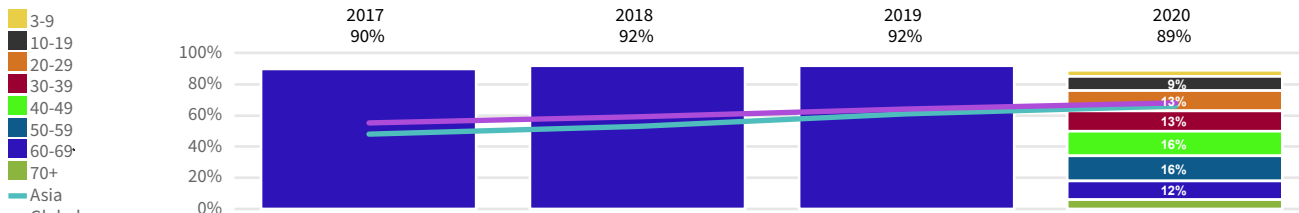
This move to mobile has seen many other digital platforms start to adopt ecommerce, with **shoppers now regularly buying through portals, social networks, smart TVs and smart speakers**<sup>[2]</sup>.

This predominance for ecommerce means that most verticals within retail have a large online element. However, **clothing and footwear are the most popular items, with 82% of shoppers buying them.** This is far ahead of food (52%) and household items and books and magazines (both 44%).

Mostly, items are purchased from multi-sector companies, which account for 70% of web visits within South Korea's Largest 100 retailers. **Naver Shopping, Coupang, Auction and G-Market are the dominant players domestically.** All other specialist sectors are in single digits, reflecting just how dominant multi-sector sellers are.

This is echoed in cross border sales, which accounted for some \$3.5bn in 2020. **48% of these overseas sales came from the US, China, Japan,** although the EU is tapping

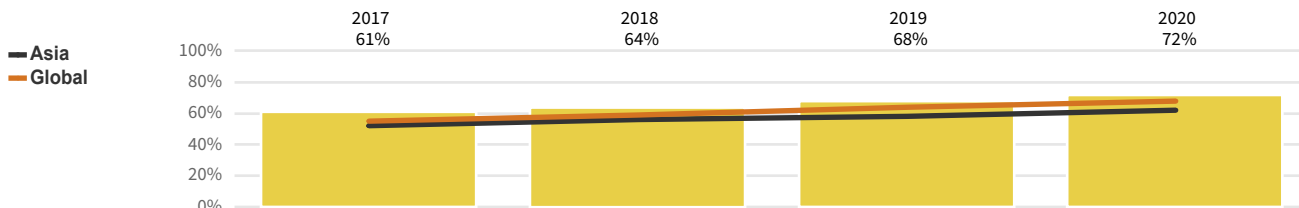
### Percentage of internet users



Source: RetailX, drawing on data from Statista

CC BY-NC-SA RetailX 2021

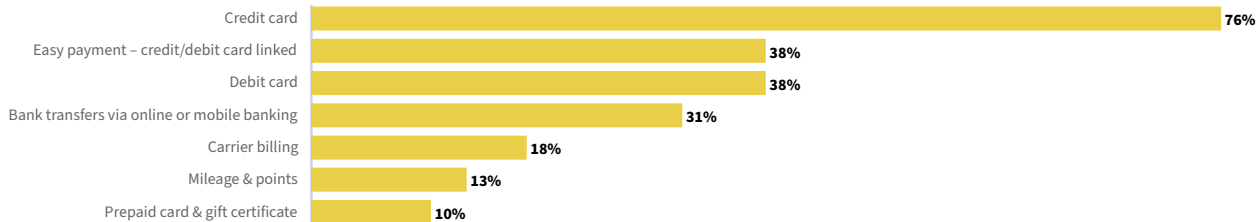
### Percentage of internet users who shop online



Data for Asia-Pacific includes: Australia, China, India, Indonesia, Japan, South Korea, Vietnam. Data for Global includes the countries in this report. Source: RetailX, drawing on data from Statista

CC BY-NC-SA RetailX 2021

### Percentage of e-shoppers who use different payment methods, South Korea, 2020



Source: RetailX, drawing on data from Statista, Ministry of Science and ICT (South Korea), Korean Internet & Security Agency, NIA

CC BY-NC-SA RetailX 2021

into this market. Increasingly, though, this ‘overseas’ ecommerce is being offered by partnerships between non-Korean retailers and their domestic counterparts.

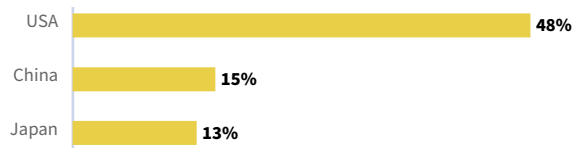
For example, Amazon is looking to target the market in partnership with local ecommerce marketplace 11st, with Amazon aiming to put its Global Store on 11st’s marketplace. Meanwhile, **eBay’s South Korean operation was bought by local ecommerce group Shinesegae for \$3bn**<sup>[3]</sup>.

While credit cards dominate, payments are also digitally sophisticated, with mobile payments and digital wallets such as Samsung Pay and Naver Pay attracting a growing number of users. **There is also a growing trend for using buy now, pay later (BNPL) services.** In August 2020, ecommerce giant Coupang launched a BNPL service on a trial basis, enabling consumers to purchase products up to KRW300,000 (\$250) per month, although this was later increased to KRW500,000, or \$420. A similar BNPL service was launched by online platform Naver in April 2021<sup>[4]</sup>.

South Korea is a highly developed and high-income democracy, a member of the G20. Having invested heavily in education over the years, it is a technological powerhouse. Its only land border is with North Korea, a country with which South Korea is still technically at war.

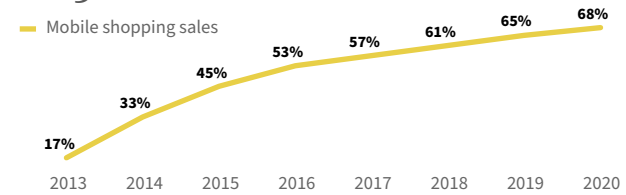
[1] www.globaldata.com/e-commerce-market-south-korea-surpass-us242bn-2025-says-globdata/  
 [2] www.trade.gov/country-commercial-guides/south-korea-ecommerce  
 [3] www.businessoffashion.com/news/global-markets/amazon-launches-in-south-korea-in-partnership-with-11st  
 [4] www.koreaherald.com/view.php?ud=20200828000629

### Countries with the largest percentage of cross-border ecommerce from South Korea, 2020



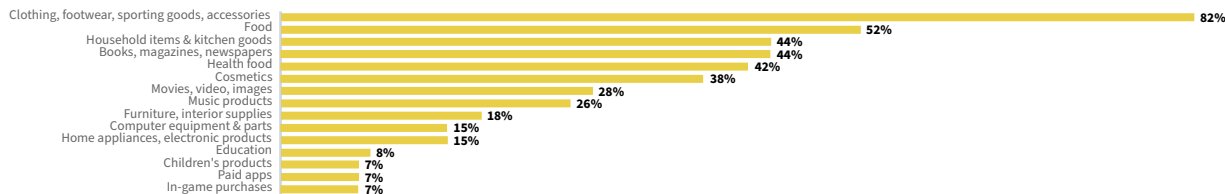
Source: RetailX, drawing on data from PPRO © RetailX 2021

### Share of m-commerce in South Korea, 2013–2020



Source: RetailX, drawing on data from Statista, Statistics Korea © RetailX 2021

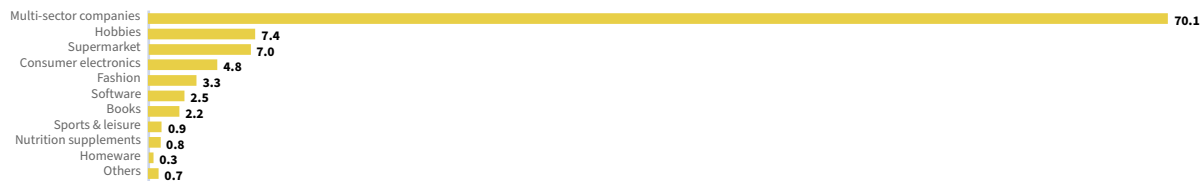
### Percentage of online shoppers who purchased items in different categories, South Korea, 2020



Source: RetailX, drawing on data from Statista, Rakuten Insight © RetailX 2021

### Web traffic by sector

The percentage of web visits to the Largest 100 retailers from consumers in South Korea, by sector



Note: retailers in the Largest 100 are selected for their significance to consumers in the country irrespective of where they are headquartered  
 Source: RetailX, drawing on data from SimilarWeb

© RetailX 2021

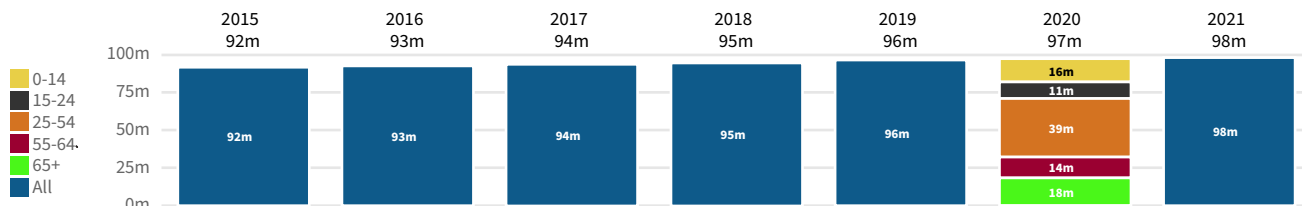
# Vietnam

Widespread internet availability and a well-developed delivery infrastructure are driving growth in this nascent market

Vietnam is home to 98m people and, with most of them aged under 55, it's no surprise that **47% of those online were shopping online in 2020**, or that they have been predicted to spend around US\$7.3bn in 2021<sup>[1]</sup>.

The Vietnamese ecommerce market is growing quickly, with online shopping uptake set to hit 70.9% by 2025. This is being driven by rapidly increasing internet usage, the unstoppable spread of smartphones and increasing trade with China, which already accounts for most of Vietnam's online sales. China supplies around \$83bn worth of goods

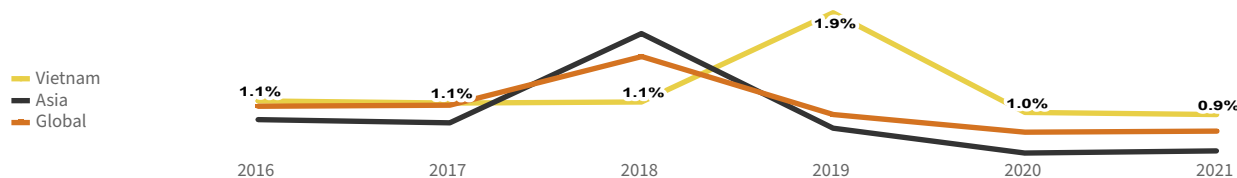
## Population structure



Source: RetailX, drawing on data from International Monetary Fund

CC BY-ND RetailX 2021

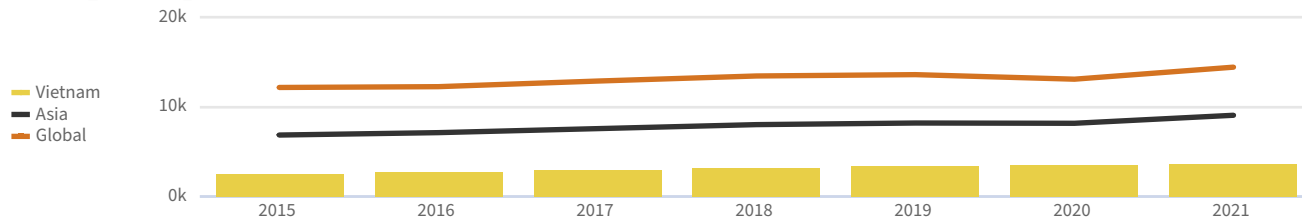
## Population growth



Source: RetailX, drawing on data from International Monetary Fund

CC BY-ND RetailX 2021

## GDP per capita (USD)



Source: RetailX, drawing on data from International Monetary Fund

Data for Asia-Pacific includes: Australia, China, India, Indonesia, Japan, South Korea, Vietnam. Data for Global includes the countries in this report

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**Vietnam**

**Area:** 331,699 km<sup>2</sup>

**Capital:** Hanoi


**Currency:** Vietnamese dong (VND)

**Official language:** Vietnamese

**Nationality:** Vietnamese

**Government:** Unitary Marxist-Leninist one-party socialist republic

**VAT:** 15% | **Reduced VAT:** 10%



to the country, while South Korea – one of the most advanced ecommerce markets in the world – sells some \$48bn and Japan \$15bn<sup>[2]</sup>. That said, more Vietnamese retailers are starting to enter the domestic online market.

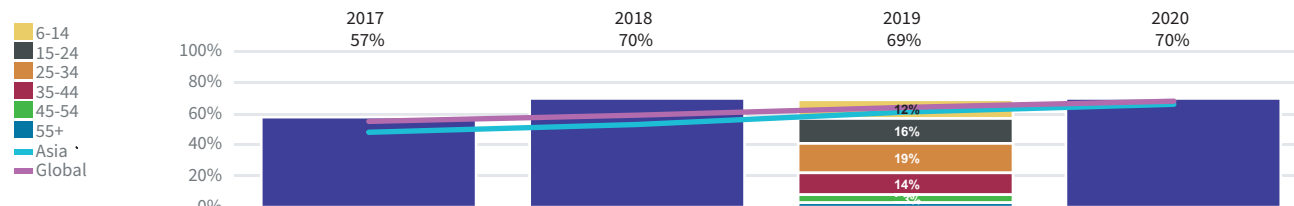
The main drivers for ecommerce in Vietnam are those typically seen in all markets, with convenience and ease of use ranking highly. Where Vietnam differs from other markets is that the success of ecommerce is creating even more success. **19% of consumers say that their principle reason for shopping online is that they've had a good experience doing so already.** This points to a market in its infancy that's set to mature rapidly.

A factor in this customer satisfaction is delivery, with 17% of shoppers ranking speed and convenience of delivery as their main reason for shopping online. While 55% of Vietnam's population live in urban areas<sup>[3]</sup>, which aids speedy delivery, the country as a whole actually has a well-developed delivery network. In 2018, Vietnam was ranked 39th in the World Bank Logistics ranking<sup>[4]</sup>

Internet availability in the country is also surprisingly high, given Vietnam's relatively low per capita GDP. At 70%, it is above both the global and Asia averages.

Smartphone usage, however, remains relatively low at 42% and is forecast to grow only slowly, hitting just 45% by 2023<sup>[5]</sup>. For this reason, most of the country's ecommerce is conducted on desktop PCs, with just 18% of ecommerce coming from mobiles<sup>[6]</sup>.

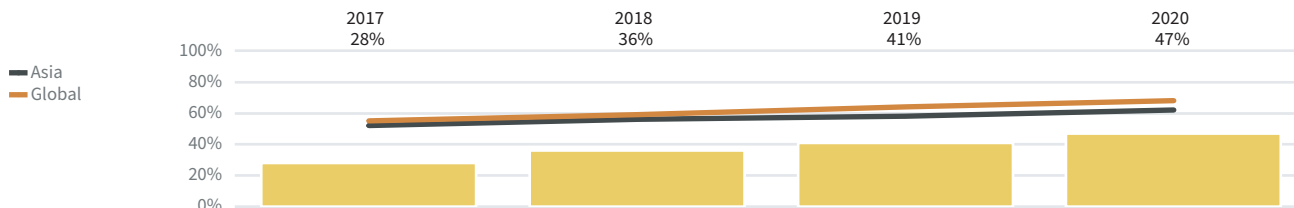
## Percentage of internet users



Source: RetailX, drawing on data from Statista

© RetailX 2021

## Percentage of internet users who shop online



Data for Asia-Pacific includes: Australia, China, India, Indonesia, Japan, South Korea, Vietnam. Data for Global includes the countries in this report  
Source: RetailX, drawing on data from Statista

© RetailX 2021

The biggest players in the market are domestic online retailers: thegioididong.com, focuses on media and electronics, while hoanghamobile.com is a direct competitor. dienmayxanh.com also sells furniture and appliances. Between them, these three retailers generate some \$539m<sup>[7]</sup>.

Ecommerce in Vietnam is forecast to grow by around 12% a year over the next five years, with the knock-on effect of

increasing mobile usage and infrastructure investment. These advances, along with the growing use of online by more consumers, are set to take Vietnam up a few notches from 28th in the world's ecommerce rankings.

[1] [www.statista.com/outlook/dmo/ecommerce/vietnam#market-users](https://www.statista.com/outlook/dmo/ecommerce/vietnam#market-users)  
 [2] <https://oec.world/en/profile/bilateral-country/chn/partner/vnm>; <https://oec.world/en/profile/bilateral-country/kor/partner/vnm>; <https://oec.world/en/profile/bilateral-country/jpn/partner/vnm>  
 [3] <https://data.worldbank.org/indicator/SP.URB.TOTLIN.ZS>  
 [4] <https://api.worldbank.org/international/global>  
 [5] [www.statista.com/forecasts/1146953/smartphone-penetration-forecast-in-vietnam](https://www.statista.com/forecasts/1146953/smartphone-penetration-forecast-in-vietnam)  
 [6] [www.statista.com/statistics/375620/device-used-for-online-purchase-vietnam/](https://www.statista.com/statistics/375620/device-used-for-online-purchase-vietnam/)  
 [7] <https://ecommercedb.com/en/markets/vn/all>

# Europe

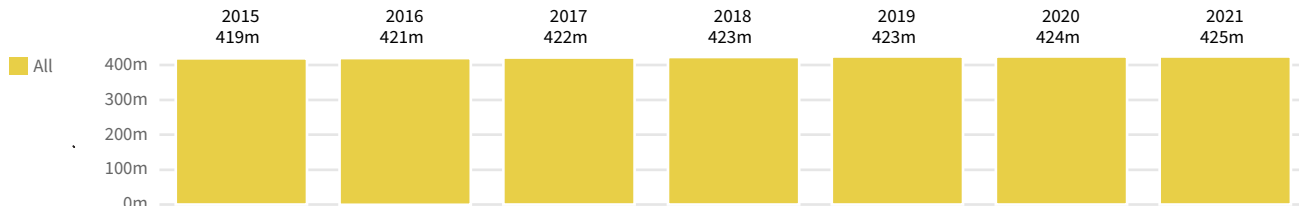
Although being a leader in ecommerce globally, there are still countries within Europe that have yet to shine... until now

Europe is one of the most advanced ecommerce markets in the world. The continent, which boasts a population of 425m and a GDP per capita far above the global average, has an average internet availability of more than 90%. In some markets, such as Norway, the UK and Germany, this is above 95% of the population.

However, online shopping isn't as prevalent as might be expected. Despite the high levels of web use, only 55% of internet users in the countries we survey have ever bought online. This disparity lies in the great differences between countries in how ecommerce is viewed by consumers. **In the UK, for instance, 92% of internet users have purchased online yet in Russia, by contrast, only 63% have.** In Italy, the number drops to just 55%.

This range is due to European cultural and technological differences. In the UK, where online access and smartphone ownership are high, shoppers have long been avid online consumers. In Italy, despite internet usage being relatively high and mobile use close to 70%, a culture more centred on the social side of shopping means that

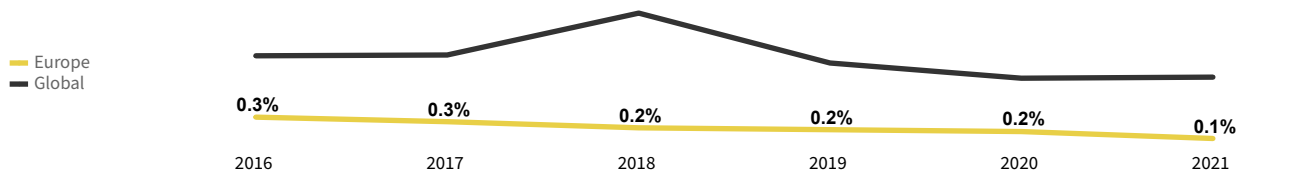
## Population structure



Source: RetailX, drawing on data from International Monetary Fund, World bank

© RetailX 2021

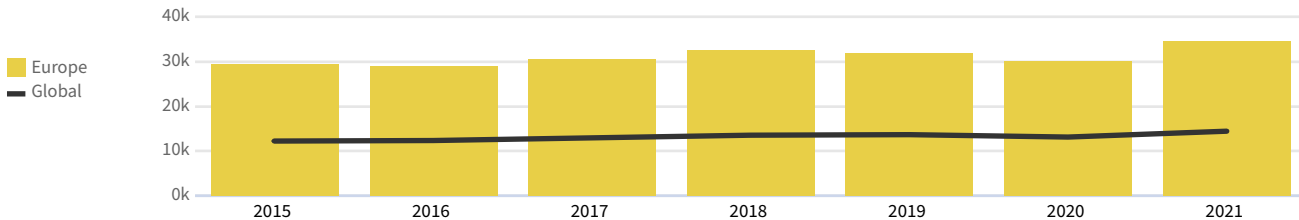
## Population growth



Source: RetailX, drawing on data from International Monetary Fund, World bank

© RetailX 2021

## GDP per capita (USD)



Source: RetailX, drawing on data from International Monetary Fund, World bank

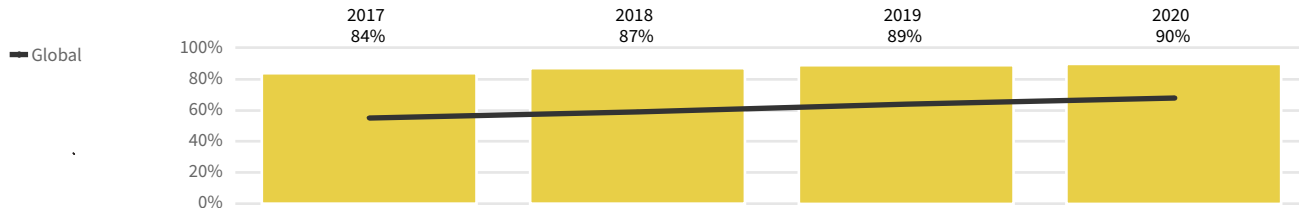
© RetailX 2021

shoppers have not given up on visiting stores to purchase. In Russia, the story is different again. A slower roll out of internet infrastructure, a lower GDP per capita and a low population density have all contributed to keep online shopping levels lower than average.

However, two years of the pandemic have changed much across the region. As with everywhere else in the world, **lockdowns saw more people embrace online shopping out of necessity**. This is starting to translate into ecommerce growth that is likely to reorganise how each market performs.

Russia, for instance, has seen the highest and most rapid growth in ecommerce – 58% in a year – during the pandemic and is rapidly becoming an online powerhouse. For example, **Russia’s leading online seller, marketplace Wildberries, is now expanding across the region and even into the USA.**

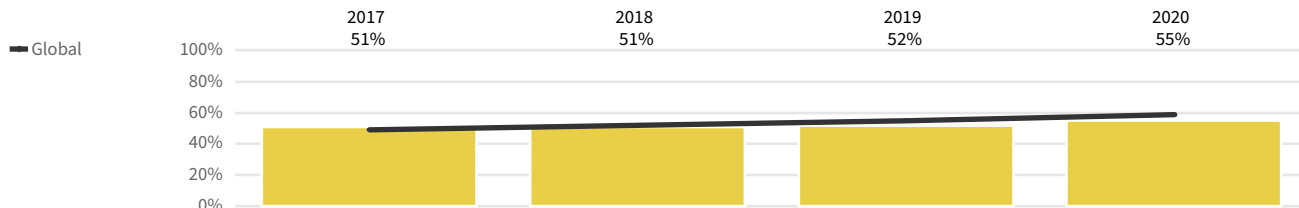
### Percentage of internet users



Source: RetailX, drawing on data from World Bank, Statista

© RetailX 2021

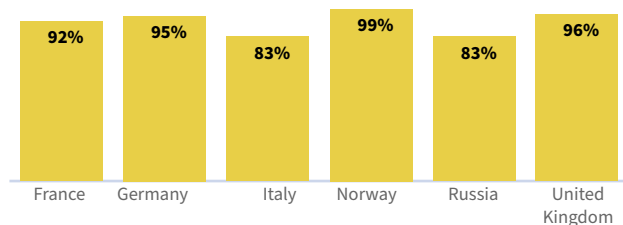
### Percentage of internet users who shop online



Source: RetailX, drawing on data from World Bank, Statista

© RetailX 2021

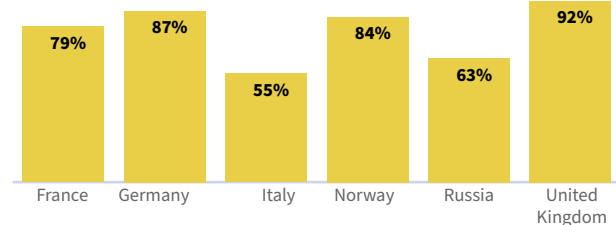
### Internet users, 2020



RetailX, drawing on data from Worldbank, Statista

© RetailX 2021

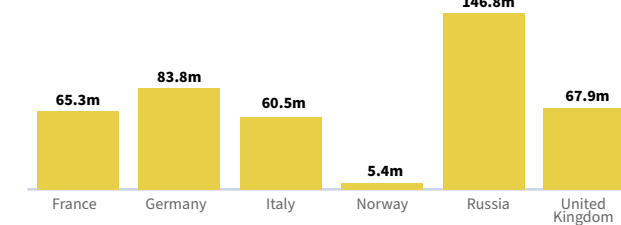
### E-shoppers, 2020



RetailX, drawing on data from Worldbank, Statista

© RetailX 2021

### Total population, 2020



RetailX, drawing on data from International Monetary Fund

© RetailX 2021



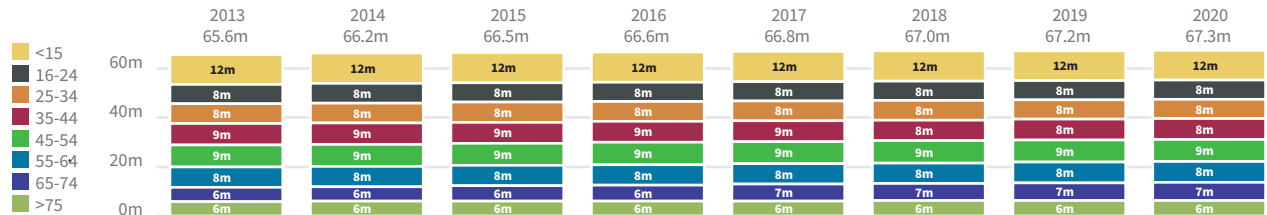
# France

Covid-19 still has the potential to put a stop to France's ambition for 6% economic growth for 2021

France is one of the leading ecommerce markets in Europe, which meant **the French retail industry was in a strong position when the pandemic hit**. Many retailers were already operating online successfully, with a large percentage of the population using the internet on a regular basis and shopping online with ease.

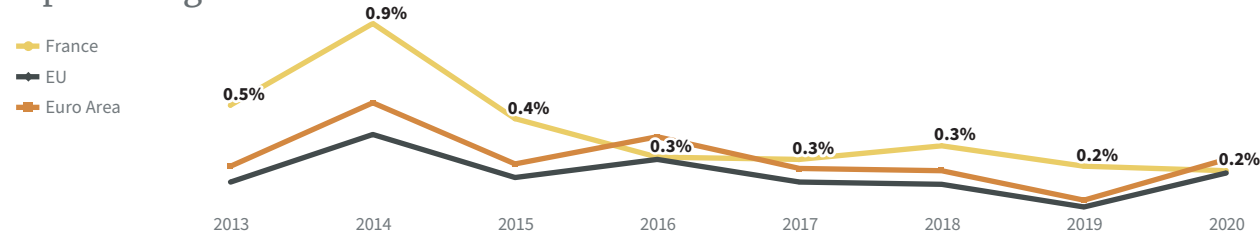
While **home delivery is favoured by the majority of shoppers**, the ability to have an order shipped to a convenient pick-up-and-go location from which they can collect their parcel comes in a close second.

## Population structure



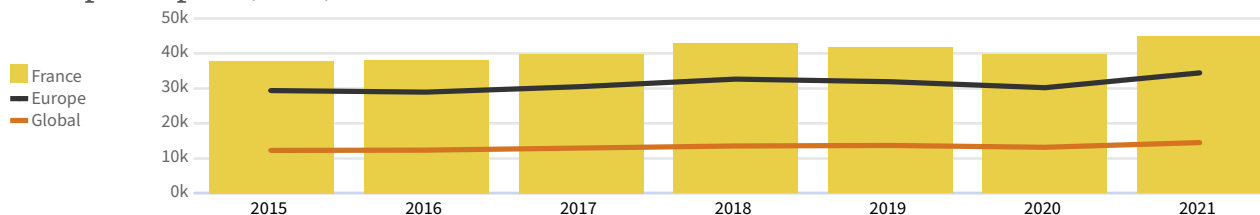
Source: RetailX, drawing on data from Eurostat

## Population growth



Source: RetailX, drawing on data from Eurostat

## GDP per capita (USD)



Data for Europe includes: the UK, France, Germany, Russia, Italy, Norway. Data for Global includes the countries in this report  
Source: RetailX, drawing on data from Eurostat and International Monetary Fund

**France**

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**Area:** 643,801 km<sup>2</sup>

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**Capital:** Paris

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**Currency:** Euro (EUR)

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**Official language:** French

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**Other languages spoken:** English, Spanish

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**Nationality:** French

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**Government:** Semi-presidential

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**VAT:** 20% | **Reduced VAT:** 10%

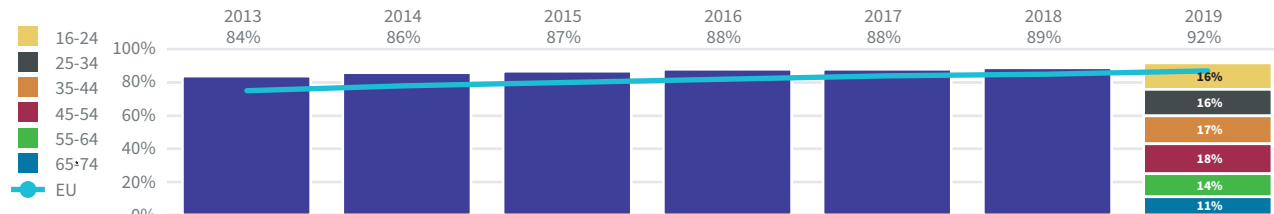
**Being able to predict or choose delivery time and place is something French consumers care about,** according to the *RetailX France 2021 Ecommerce Country Report*. This report found that **visibility of the precise delivery date is considered very useful** for 58% of shoppers, with choice of delivery time slot a close second, at 49%.

France did see GDP dip in 2020 and its economy has been predicted to grow 6% during 2021, with life returning to near normal for people who have been vaccinated against Covid-19. **France has introduced a Covid passport system for people attending large events, which has already been extended to smaller venues.** Consumers are expected to prove that they have been vaccinated or provide a negative test result in order to eat out in restaurants, go to the theatre or enter a cinema. It is also required for long-distance train travel and to board an airplane.

While retailers questioned the government on how the system would be enforced, consumers rushed to

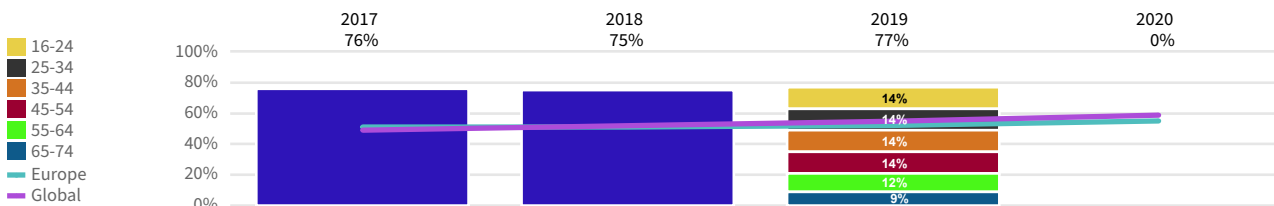
**Consumers are expected to prove that they have been vaccinated or provide a negative Covid test result in order to eat out, go to the theatre or enter a cinema**

### Percentage of internet users



Source: RetailX, drawing on data from Eurostat

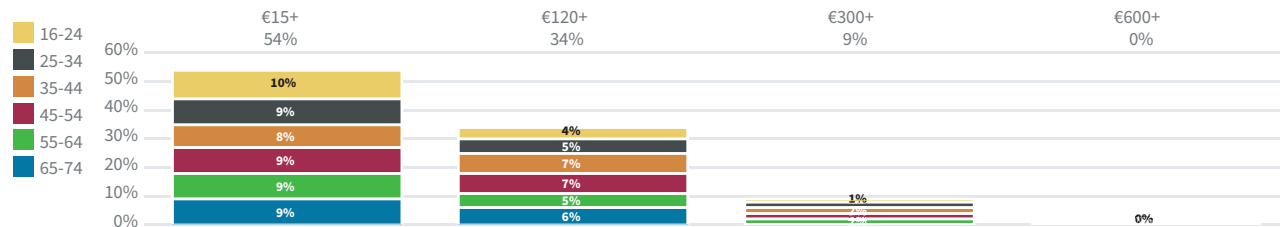
### Percentage of internet users who shop online



Data for Europe includes UK, France, Germany, Russia, Italy and Norway. Data for Global includes the countries in this report  
Source: RetailX, drawing on data from Eurostat

RetailX 2021

### Online shoppers' monthly spending by age



Source: RetailX, drawing on data from the RetailX European Consumer Observatory

RetailX 2021

book vaccination appointments online. As of October 2021, **49.4m French citizens had received two jabs, resulting in around a 75% full vaccination rate.**

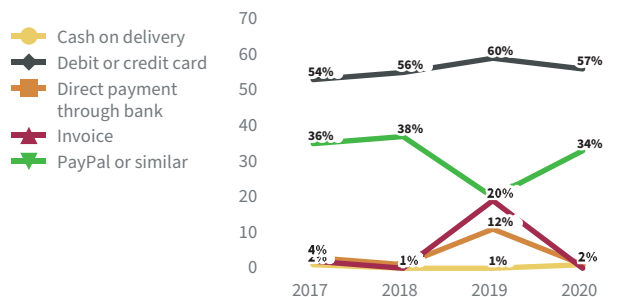
Despite such impressive progress, finance minister Bruno Le Maire has warned that any increases in cases could still stop France achieving its 6% economic growth for 2021<sup>[1]</sup>.

The country's recent **regional elections**, in which large numbers abstained from voting, **hint at unrest ahead in a country that is quick to take to the streets**<sup>[2]</sup>.

[1] www.reuters.com/world/europe/more-than-900000-people-france-rush-covid-vaccine-tougher-measures-near-2021-07-13

[2] www.spectator.co.uk/article/france-s-deep-unrest

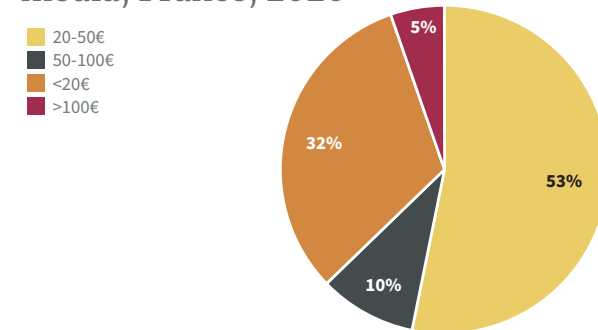
### Payment methods used for ecommerce in France, 2017-2020



Source: RetailX, drawing on data from PostNord, Statista



### Average budget for shopping on social media, France, 2020

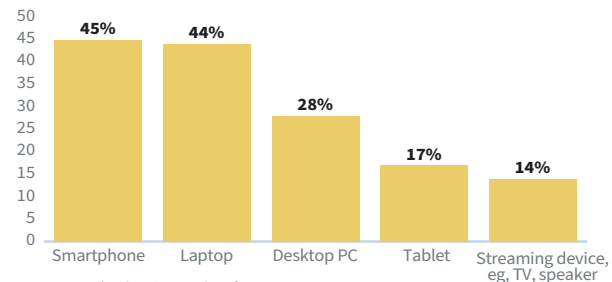


RetailX, drawing on data from YouGov, Statista



### Online purchases by device, France, 2020

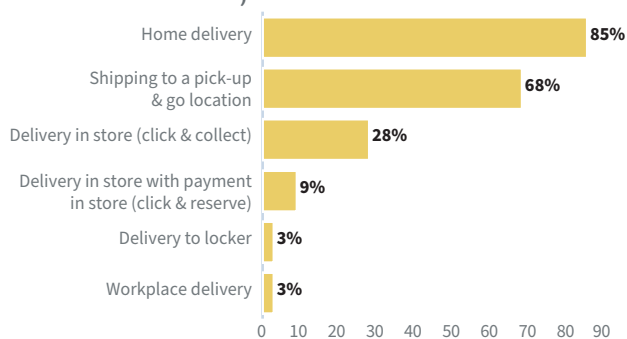
Which of the following devices have you used for online shopping in the past 12 months?



Source: RetailX, drawing on data from Statista Global Consumer Survey



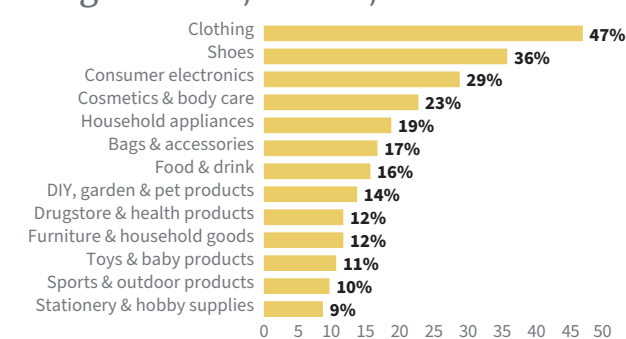
### Leading ecommerce delivery methods used in France, 2020



Source: RetailX, drawing on data from FEVAD, CSA, Statista



### Most popular categories of goods bought online, France, 2020



Source: RetailX, drawing on data from Statista Global Consumer Survey

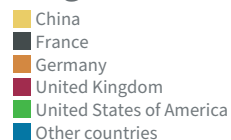


# The Largest 100

## French shoppers mainly visit French retailers and prefer those selling across multiple categories

Analysing web traffic to French retailers' ecommerce sites, as well as looking at other retail sites that French consumers visit, gives a greater understanding of their overall behaviour, browsing and purchasing patterns. **French consumers like French brands.** 61.5% of web visits from French consumers are to retailers headquartered in France within the Largest 100 ranking.

## Countries where the France Largest 100 are based



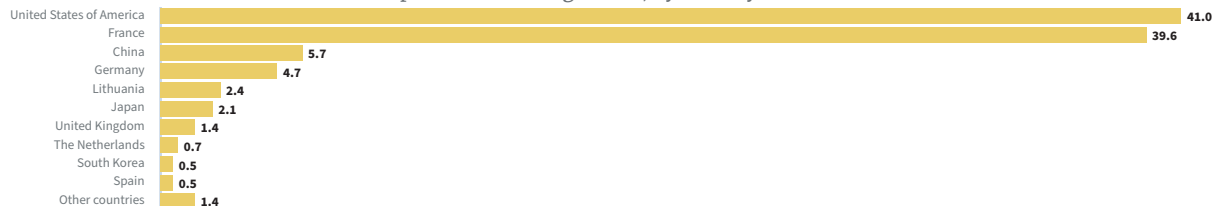
Note: retailers in the Largest 100 are selected for their significance to consumers in the country rather than where they are headquartered

Source: RetailX



## Web traffic from other countries

International web visits to France-based companies in the Largest 100, by country



Source: RetailX, drawing on data from SimilarWeb



## Web traffic by sector

The percentage of web visits to the Largest 100 retailers from consumers in France, by sector



Source: RetailX, drawing on data from SimilarWeb



## French web traffic to the Largest 100 retailers split by country where the Largest 100 are based

The percentage of web visits from French consumers to the websites of Largest 100 retailers split according to where those companies have their operational headquarters



Source: RetailX, drawing on data from SimilarWeb



# Germany

Germany's underlying economy is strong, which will help the country to weather an inconclusive election result

Germany has the largest economy among the EU countries and **is recovering well from 2020's financial dip**. Reports of a rocky road ahead for the powerhouse of Europe are being attributed to supply issues for manufacturers and a continued slowdown in car exports. A rise in inflation predicted for the second half of 2021 is seen as temporary<sup>[1]</sup>.

Consumer spending is expected to drive growth as the country opens up following an emergency brake applied early in 2021 to curb another wave of Covid-19. **Retail sales are rising**. Figures released by the federal statistics office reported

**Germany**

**Area:** 357,386 km<sup>2</sup>

**Capital:** Berlin

**Currency:** Euro (EUR)


**Official language:** German

**Other languages spoken:** English, Spanish, Italian, French, Dutch, Russian, Danish

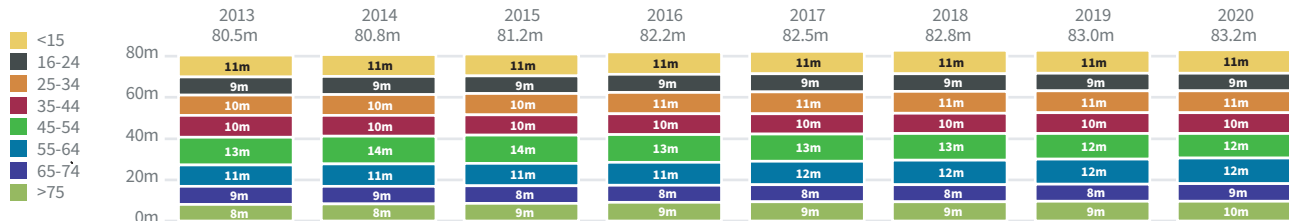
**Nationality:** German

**Government:** Democratic, federal parliamentary republic

**VAT:** 19% | **Reduced VAT:** 16%

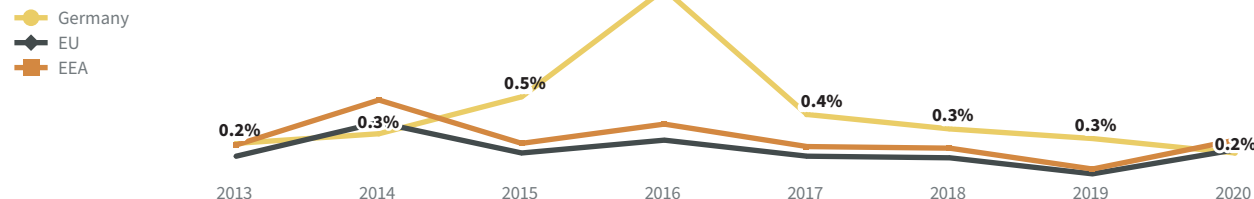


## Population structure



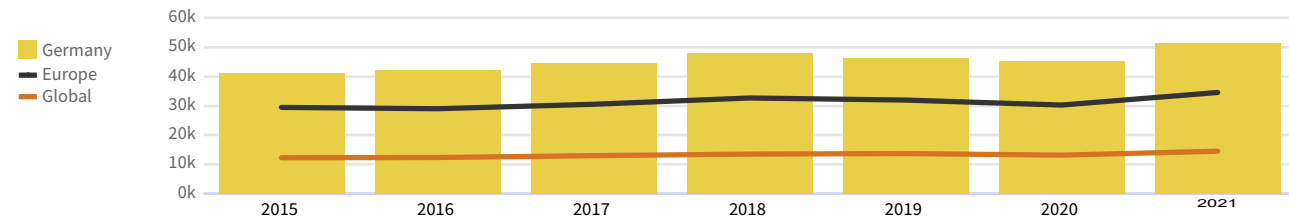
Source: RetailX, drawing on data from Eurostat

## Population growth



Source: RetailX, drawing on data from Eurostat

## GDP per capita (USD)



Data for Europe includes: the UK, France, Germany, Russia, Italy, Norway. Data for Global includes the countries in this report  
Source: RetailX, drawing on data from Eurostat and International Monetary Fund

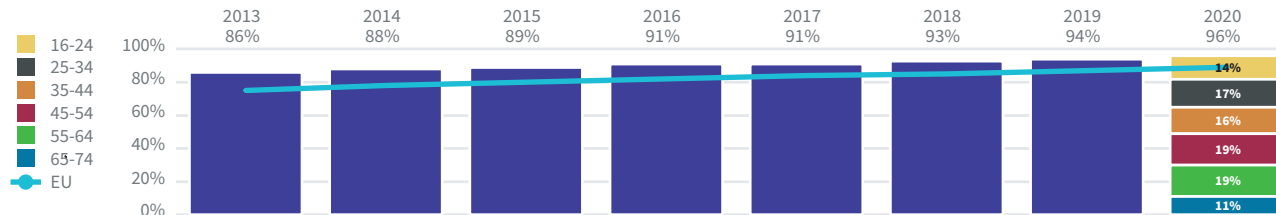
retail sales growing 4.2% in May following a month-on-month decline in April, when many bricks-and-mortar stores were still closed<sup>[2]</sup>. **Grocery sales in May were 3.4% higher than in April 2021**, with sales in bricks-and-mortar supermarkets and hypermarkets also higher than the previous month.

A number of other retail sectors saw demand increasing as consumers returned to shopping in physical stores. Overall, non-food sales were up 6.7%. **Sales of clothing and shoes increased 72.1% compared to April**, department stores increased by 15.3% and sales in the home furnishings, household appliances and building supplies trade were 9.6% higher than April. Sales remained high online too, with the federal statistics office reporting internet and mail order businesses achieving a calendar and seasonally adjusted sales increase of 5.7% compared to the previous month.

German consumers are at ease with online shopping and many have been doing so for a long time. **85% of the population shops online** and this has risen steadily from 80% in 2013. The majority of consumers in the 24-35-year-old age bracket spend at least €120 per month online. Those aged 35 to 44 are also spending this much online, if not more. **Some shoppers are spending upwards of €600 each month online**, although for the majority between €15 and €120 is more likely.

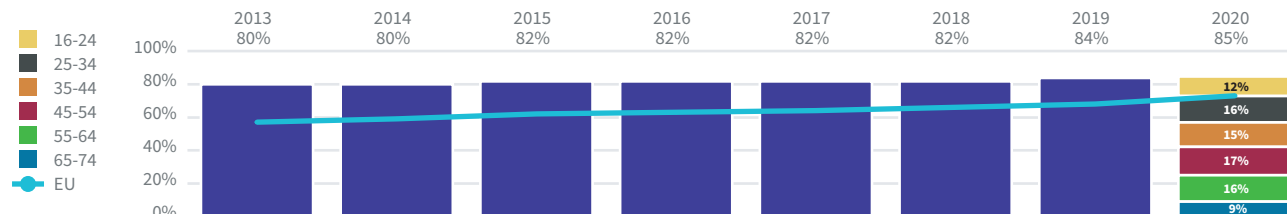
In the wake of the recent election, negotiations are ongoing to form a new governing coalition, at which point Angela Merkel will stand down as Germany's chancellor.

### Percentage of internet users



Source: Source: RetailX, drawing on data from Eurostat

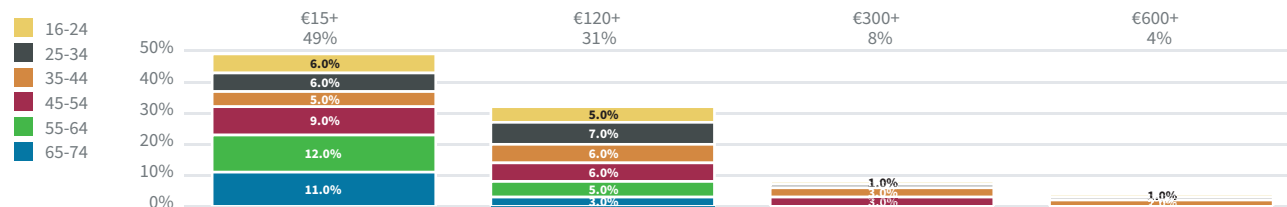
### Percentage of internet users who shop online



Source: Source: RetailX, drawing on data from Eurostat

CC BY ND RetailX 2021

### Online shoppers' monthly spending by age



Source: Source: RetailX, drawing on data from the RetailX European Consumer Observatory

CC BY ND RetailX 2021

[1] [www.msn.com/en-ca/money/topstories/german-economic-recovery-at-full-swing-ministry/ar-AAM8rUV](https://www.msn.com/en-ca/money/topstories/german-economic-recovery-at-full-swing-ministry/ar-AAM8rUV)  
 [2] <https://translate.google.com/translate?sl=auto&tl=en&u=https://www.presseportal.de/pm/32102/4956801>

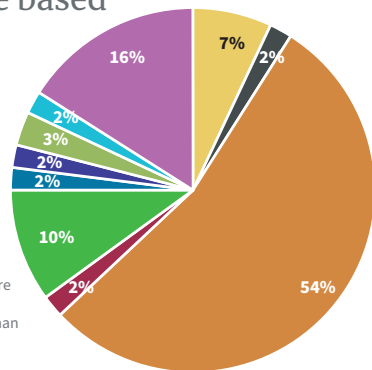
# The Largest 100

## Amazon and eBay offer good starting points for testing the German market

German consumers like to visit online marketplaces and the large percentage of traffic to multi-sector stores attests to this behaviour. More than half of all web traffic to the 100 most-visited sites is to retailers selling in multiple retail categories. **53% of unique visits are to retailers based in the US**, highlighting Amazon and eBay's prominence in the German market.

## Countries where the Germany Largest 100 are based

- China (mainland)
- France
- Germany
- Korea, Republic of
- Other regions
- Poland
- Sweden
- The Netherlands
- United Kingdom
- United States of America



Note: retailers in the Largest 100 are selected for their significance to consumers in the country rather than where they are headquartered

Source: RetailX

© RetailX 2021

## Web traffic from other countries

International web visits to Germany-based companies in the Largest 100, by country



Source: RetailX, drawing on data from SimilarWeb

© RetailX 2021

## Web traffic by sector

The percentage of web visits to the Largest 100 retailers from consumers in Germany, by sector



Source: RetailX, drawing on data from SimilarWeb

© RetailX 2021

## German web traffic to the Largest 100 retailers split by country where the Largest 100 are based

The percentage of web visits from German consumers to the websites of Largest 100 retailers split according to where those companies have their operational headquarters



Source: RetailX, drawing on data from SimilarWeb

© RetailX 2021

# Italy

Working hard to recover from the pandemic, Italy is a nation of low-spending yet regular online shoppers

Italy has worked hard to recover from the pandemic, when it witnessed nearly a 9% shrinkage of its GDP. The country's government has put in place a raft of recovery measures and **a growth estimate of 4.5% for 2021 looks set to be exceeded.**

However the country's **finance minister, Daniele Franco, has warned of a cautious rebound rather than a recovery,** given the scale of the initial fall.

Population growth has been lower than Italy's EU counterparts, with actual decline witnessed since 2015.

**Italy**

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**Area:** 301,340 km<sup>2</sup>

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**Capital:** Rome

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**Currency:** Euro (EUR)

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**Official language:** Italian

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**Other languages spoken:** English, German, Spanish

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**Nationality:** Italian

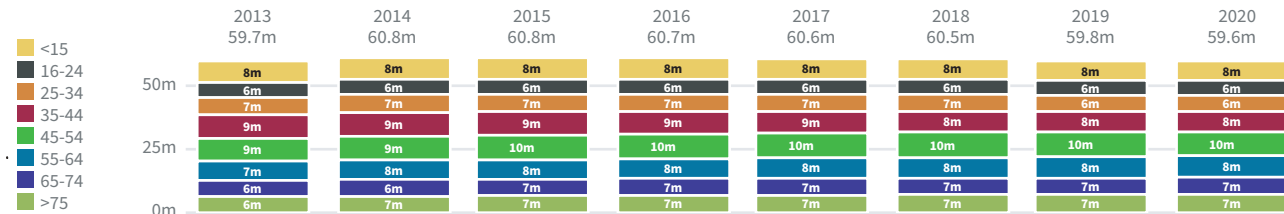
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**Government:** Parliamentary republic

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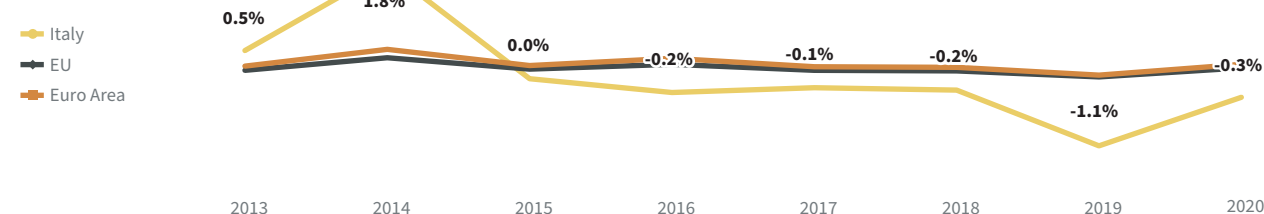
**VAT:** 22% | **Reduced VAT:** 10%

## Population structure



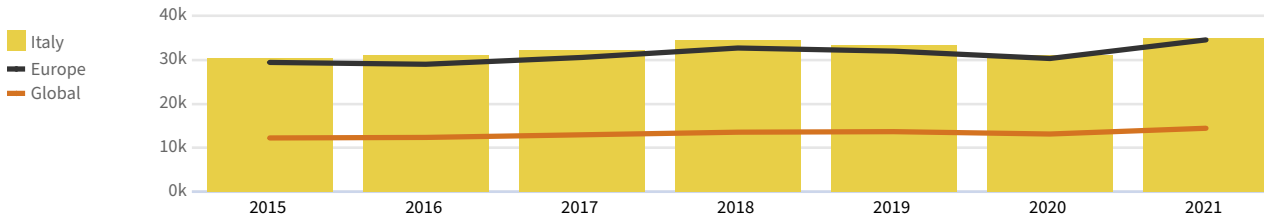
Source: RetailX, drawing on data from Eurostat

## Population growth



Source: RetailX, drawing on data from Eurostat

## GDP per capita (USD)



Data for Europe includes: the UK, France, Germany, Russia, Italy, Norway. Data for Global includes the countries in this report

Source: RetailX, drawing on data from Eurostat and International Monetary Fund

© RetailX 2021



Those aged between 45 and made up a sixth of the 59.6m population in 2020.

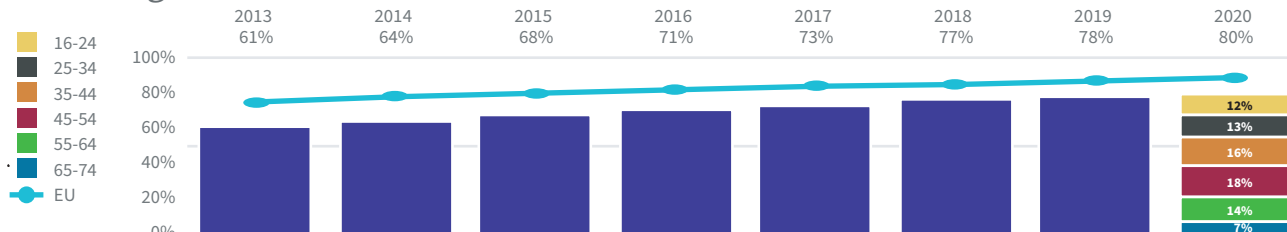
Internet usage has risen steadily, with **80% of the population using the internet in 2020, fuelled in part by the need to use the internet during lockdown**, as well as the Italian government providing resources to incentivise Italian citizens to move online.

However, only just over half (54%) of internet users shop online, with 45-54-year-olds also dominating both categories here. Ecommerce in Italy has historically lagged behind Europe due to a number of factors, including a historic preference for cash, an ageing population and low broadband availability. **This has been compounded by high transport costs and a poor delivery infrastructure.**

All this obviously had to change during the pandemic. **Those that do shop online are regular but small spenders**, with 56% of online shoppers spending between €15 and €120 each month.

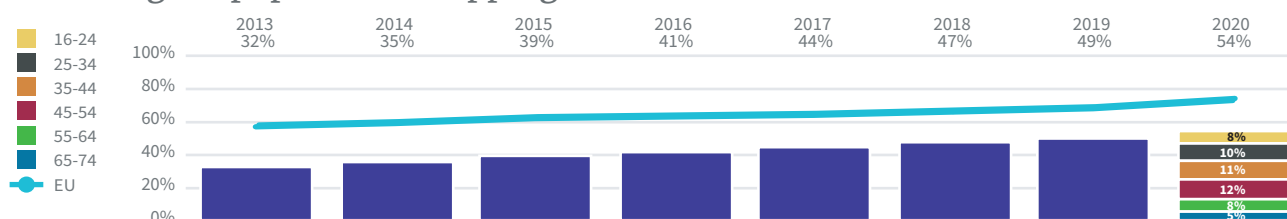
Ecommerce in Italy has historically lagged behind Europe due to a number of factors, including a historic preference for cash, an ageing population and low broadband availability

### Percentage of internet users



Source: RetailX, drawing on data from Eurostat

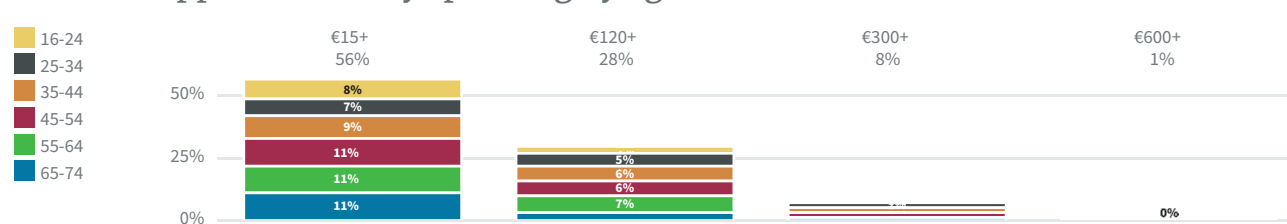
### Percentage of population shopping online



Source: RetailX, drawing on data from Eurostat

CC BY ND RetailX 2021

### Online shoppers' monthly spending by age



Source: RetailX, drawing on data from the RetailX European Consumer Observatory

CC BY ND RetailX 2021

**Credit card usage grew in 2020, accounting for a 28% share.** Digital wallet usage also grew, up 1pp to 23%. Mobile payment saw a fall to 7% in 2020, down from 9% in 2019, most likely due to lockdown and store closures.

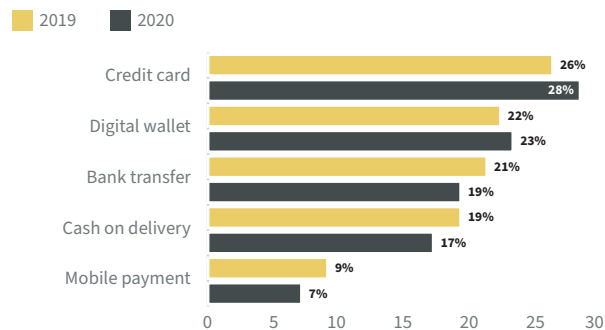
Mobile commerce dominates how people buy, however, with **more than two-thirds (68%) of consumers in 2020 shopping via smartphones and 26% via tablets.** Home daytime delivery was the preferred delivery method for 71% of online purchases in 2020.

**Facebook and Instagram were cited as the most effective social networks for ecommerce** companies in 2020, at 53% and 40% respectively. Newer channels such as TikTok had a far lower take-up, at 9%.

Italy's politics are notoriously volatile. Since the end of the Second World War, the country has had 66 governments, testament to a large number of unstable coalitions. Economically, the country has a huge north-south divide, with the north of the country far richer and more productive than the south. Nevertheless, it has a highly developed mixed economy, the third-largest in the Eurozone, and it is a member of the G7.

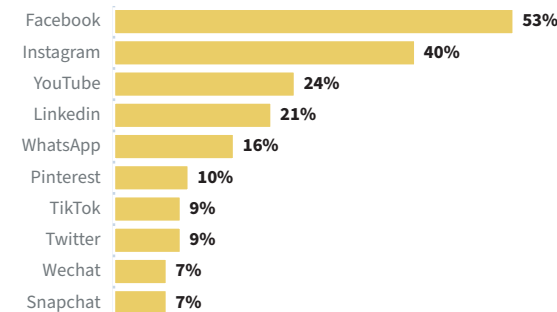
**Home daytime delivery was the preferred delivery method in 2020 for 71% of online purchases**

### Preferred methods of payment for online purchases, Italy



RetailX, drawing on data from Casaleggio Associati © RetailX 2021

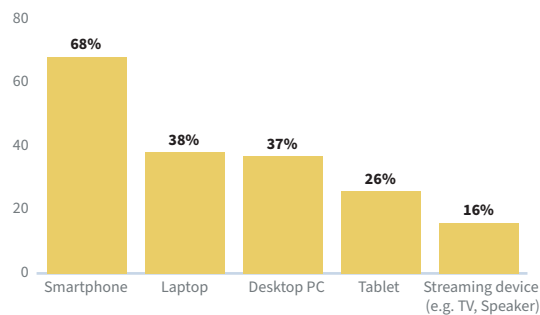
### Most effective social networks for ecommerce companies, Italy, 2020



Source: RetailX, drawing on data from Casaleggio Associati © RetailX 2021

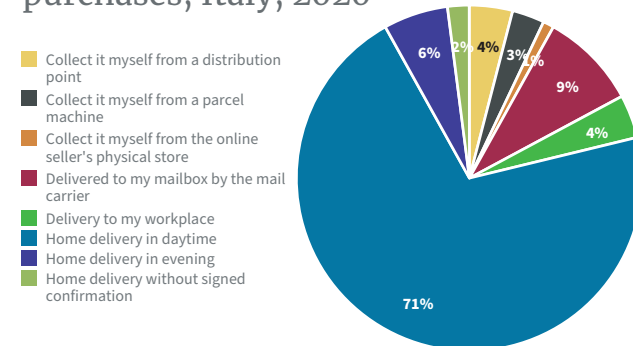
### Online purchases by device, Italy, 2020

Which of the following devices have you used for online shopping in the past 12 months?



Source: RetailX, drawing on data from Statista Global Consumer Survey © RetailX 2021

### Preferred delivery methods for online purchases, Italy, 2020



Source: RetailX, drawing on data from PostNord, Statista © RetailX 2021

# The Largest 100

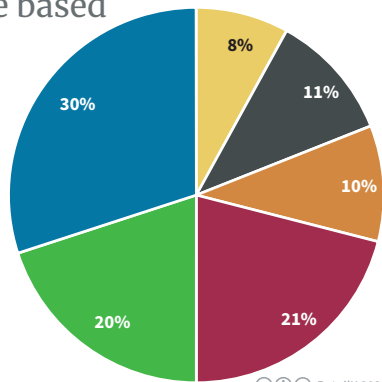
US consumers love Italian brands while Italian consumers love US brands, according to the Largest 100

Italy's home-based retailers attract a range of international customers but **US consumers dominate, with US web visits to Italy-based companies in the Largest 100 accounting for a 68.4% share**, compared to 8% for China.

The US is also the second-biggest share for where the Italy Largest 100 are based, at 20%, beaten only by Italy at 21%.

## Countries where the Italy Largest 100 are based

- China
- France
- Germany
- Italy
- United States of America
- Other countries



Note: retailers in the Largest 100 are selected for their significance to consumers in the country rather than where they are headquartered

Source: RetailX

© RetailX 2021

## Web traffic from other countries

International web visits to Italy-based companies in the Largest 100, by country



Source: RetailX, drawing on data from SimilarWeb

© RetailX 2021

## Web traffic by sector

The percentage of web visits to the Largest 100 retailers from consumers in Italy, by sector



Source: RetailX, drawing on data from SimilarWeb

© RetailX 2021

## Italian web traffic to the Largest 100 retailers split by country where the Largest 100 are based

The percentage of web visits from Italian consumers to the websites of Largest 100 retailers split according to where those companies have their operational headquarters



Source: RetailX, drawing on data from SimilarWeb

© RetailX 2021

# Norway

Well-connected and well-read, Norway's online credentials are good for ecommerce

Famously stable and progressive, **Norway has one of the most successful and wealthy economies on the planet.** Its small population (just under 5.5m in 2020) enjoys one of the most consistently high standards of living, regularly topping the Human Development Index as well as the OECD's Better Life Index.

Thanks to the largest natural gas and oil reserves outside of the Middle East, **Norwegians have the fourth-largest per-capita income in the world.** Despite its relatively modest population, the geography of Norway means that the populace is well distributed and often remote.

**Norway**

**Area:** 385,207 km<sup>2</sup>

**Capital:** Oslo

**Currency:** Krone (NOK)


**Official language:** Bokmål Norwegian, Nynorsk Norwegian

**Other languages spoken:** English

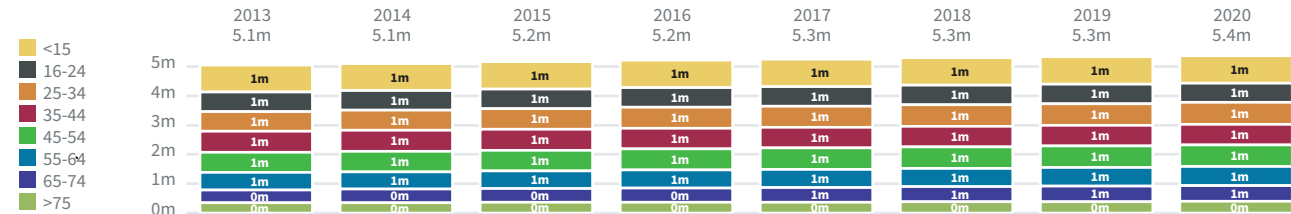
**Nationality:** Norwegian

**Government:** Parliamentary, representative democratic constitutional monarchy

**VAT:** 25% | **Reduced VAT:** 15%

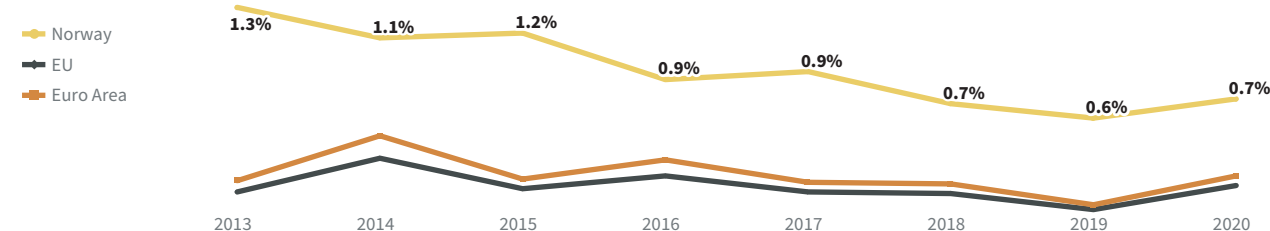


## Population structure



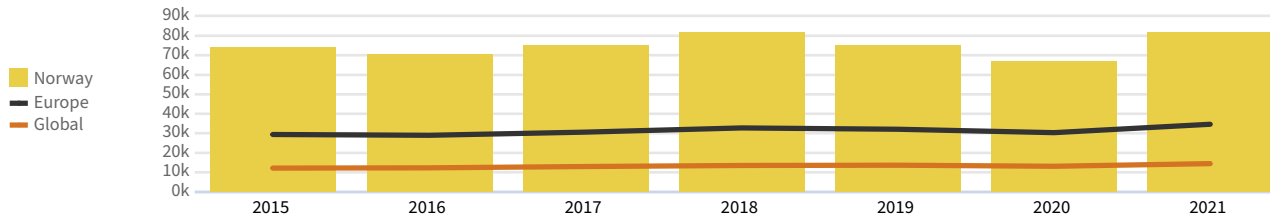
Source: RetailX, drawing on data from Eurostat

## Population growth



Source: RetailX, drawing on data from Eurostat

## GDP per capita (USD)



Data for Europe includes: the UK, France, Germany, Russia, Italy, Norway. Data for Global includes the countries in this report

Source: RetailX, drawing on data from Eurostat and International Monetary Fund

This, in a country that has always been keen to adopt and innovate scientific and technological advances, has led to **exceptional levels of online literacy and use.**

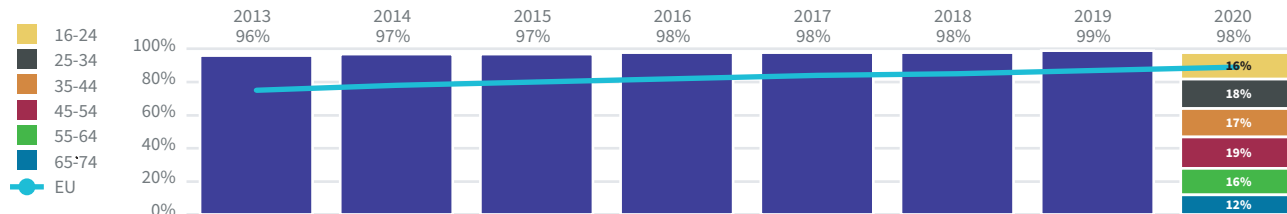
The stats show 98% of people in Norway with internet connectivity, well ahead of the average of its European neighbours. This of course, has translated into online shopping habits and **2020's pandemic-led bump resulted in 87% of Norwegians who go online buying from internet retailers.**

Norway's online shopping habits differ from some of its neighbours, particularly those popular in some southern European countries. Regular online spending is small and **by far the most commonly bought items are fashion, toiletries and small consumer electronics.** Spending isn't limited by age as in other regions and purchases are evenly distributed among age brackets.

Perhaps given the smaller nature of purchases, direct-to-home, **letterbox delivery is the number-one choice**, with delivery hub collection as well as click and collect available but much more rarely used.

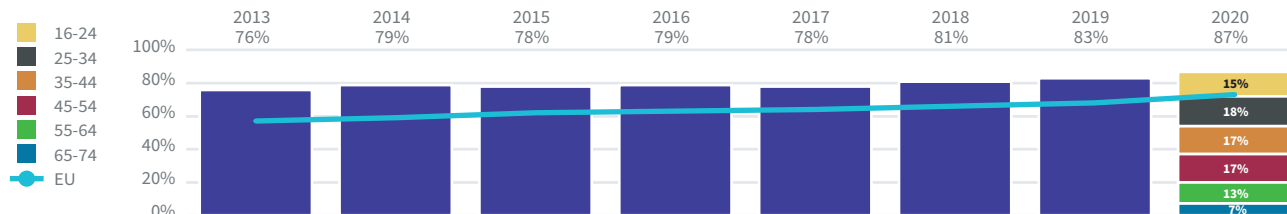
**Credit and debit cards are still king and, inevitably, Visa and Mastercard are at the fore.** While mobile payment apps are widely distributed, they still need to grow in popularity. Native mobile payment app, Vipps, was launched in 2015. Although it has been installed by 60% of the population, it still lags behind established players.

### Percentage of internet users



Source: RetailX, drawing on data from Eurostat

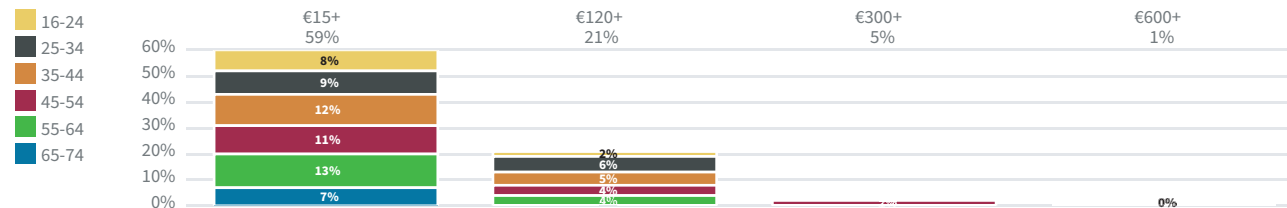
### Percentage of internet users who shop online



Source: RetailX, drawing on data from Eurostat

© RetailX 2021

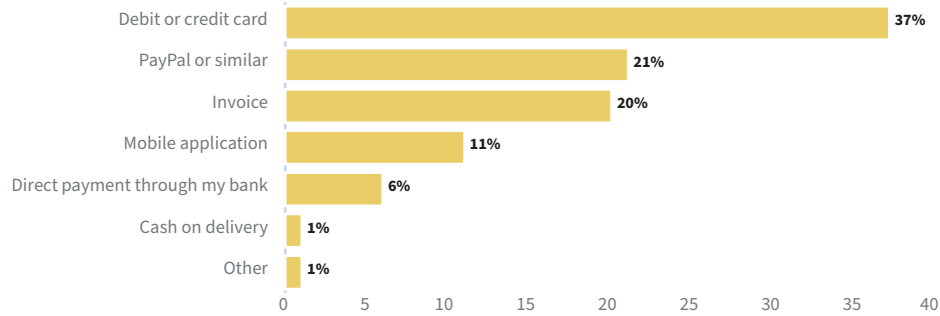
### Online shoppers' monthly spending by age



Source: RetailX, drawing on data from the RetailX European Consumer Observatory

© RetailX 2021

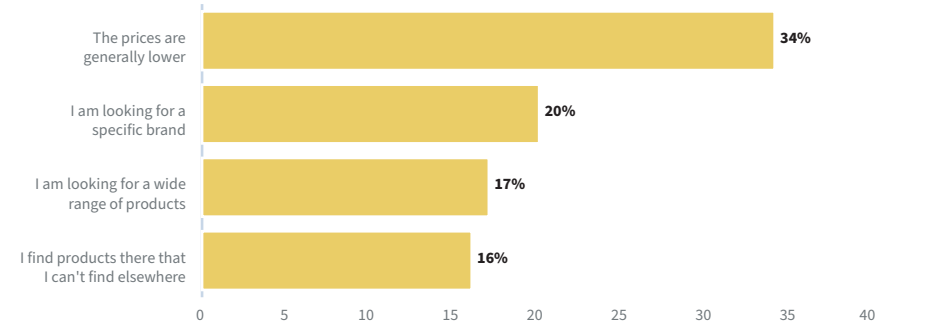
### Most preferred payment methods for online purchases, Norway, 2020



Source: RetailX, drawing on data from PostNord, Nepa, Statista



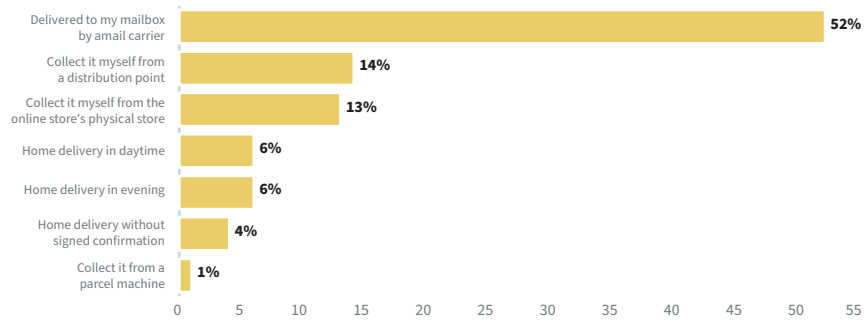
### Reasons to shop online from a foreign-based retailer, Norway, 2020



Source: RetailX, drawing on data from PostNord, Statista



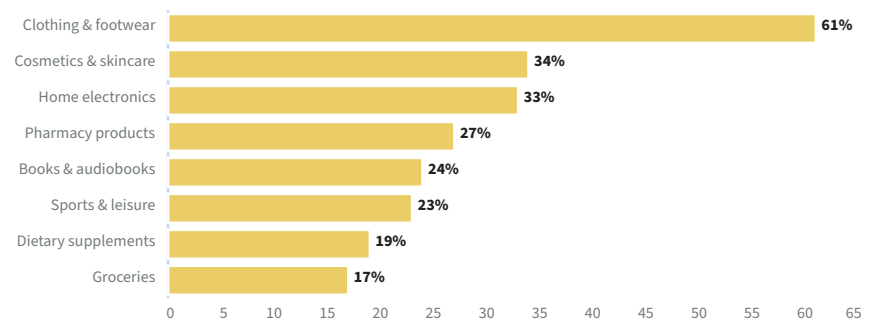
### Preferred delivery method when ordering online, Norway, 2020



Source: RetailX, drawing on data from PostNord, NEPA, Statista



### Most popular goods purchased online, Norway, 2020



Source: RetailX, drawing on data from PostNord, Nepa, Statista

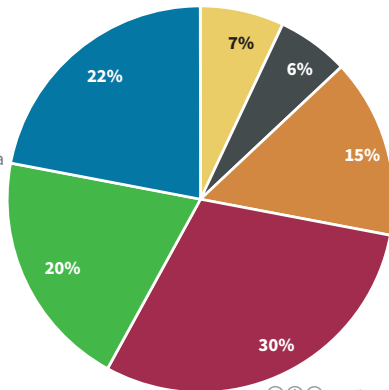


# The Largest 100

## Norway keeps its neighbours close in the Largest 100

There's a strong Nordic preference in the Largest 100, with 30% based in Sweden. Some 20% are based in the US but just 6% in Denmark (against 7% in China). **International web visits to Norway-based Largest 100 companies mostly come from the US** (at 32%), followed by Sweden (22%). Of these Norway-based Largest 100 companies, Norwegian traffic is a loyal 63.8%.

## Countries where the Norway Largest 100 are based



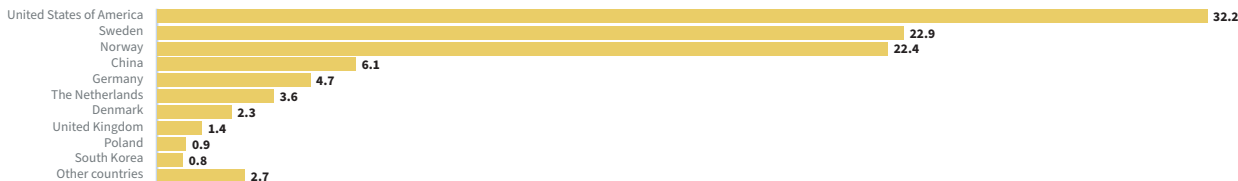
Note: retailers in the Largest 100 are selected for their significance to consumers in the country rather than where they are headquartered

Source: RetailX

© RetailX 2021

## Web traffic from other countries

International web visits to Norway-based companies in the Largest 100, by country

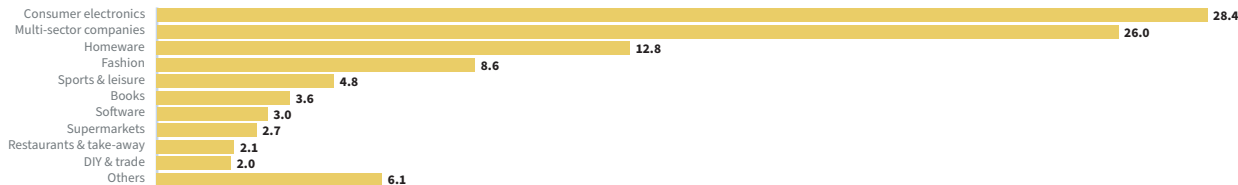


Source: RetailX, drawing on data from SimilarWeb

© RetailX 2021

## Web traffic by sector

The percentage of web visits to the Largest 100 retailers from consumers in Norway, by sector



Source: RetailX, drawing on data from SimilarWeb

© RetailX 2021

## Norwegian web traffic to the Largest 100 retailers split by country where the Largest 100 are based

The percentage of web visits from Norwegian consumers to the websites of Largest 100 retailers split according to where those companies have their operational headquarters



Source: RetailX, drawing on data from SimilarWeb

© RetailX 2021

# Russia

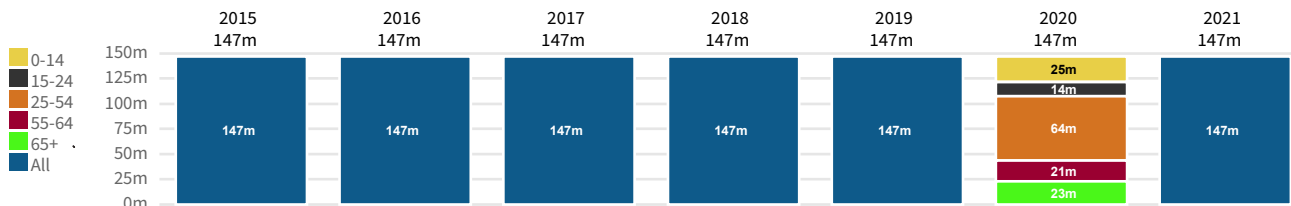
Logistical and payment issues have held ecommerce back, but innovation and a startup mentality are seeing that shift

Russia, despite its vast size and global political power, is still a relatively untapped ecommerce market. Ranking 12th in the world with revenues of some \$26bn a year, it is on a par with Spain, but lags behind Indonesia<sup>[1]</sup>.

The country, the fifth-largest in the world, has an increasingly young population – almost half of them are under 55 – and a low, but steadily growing GDP per capita.

**Russia's youthful populace is increasingly tech-savvy** and the country has invested heavily in internet technology, putting online usage at an above-global-average 85%.

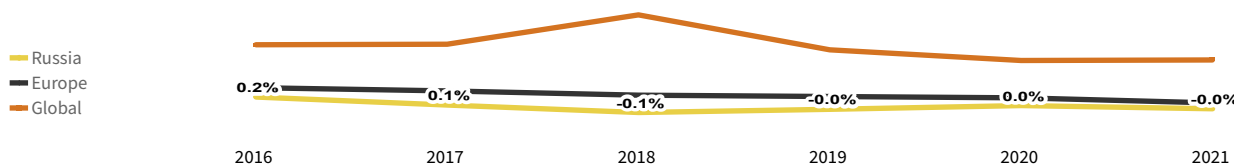
## Population structure



Source: RetailX, drawing on data from International Monetary Fund

CC BY ND RetailX 2021

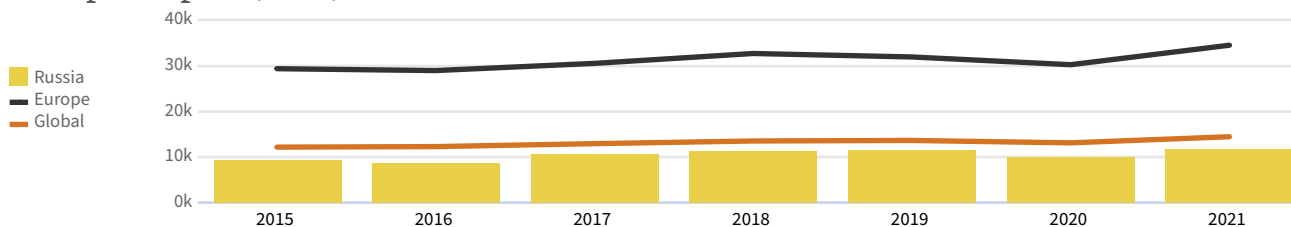
## Population growth



Source: RetailX, drawing on data from International Monetary Fund

CC BY ND RetailX 2021

## GDP per capita (USD)



Source: RetailX, drawing on data from International Monetary Fund  
Data for Europe includes: the UK, France, Germany, Russia, Italy, Norway. Data for Global includes the countries in this report

CC BY ND RetailX 2021

**Russia**

**Area:** 7,098,246 km<sup>2</sup>

**Capital:** Moscow

**Currency:** Russian ruble (RUB)

**Official language:** Russian

**Other languages spoken:** varies by region

**Nationality:** Russian

**Government:** Federal semi-presidential constitutional republic

**VAT:** 20% | **Reduced VAT:** 16.67%



This internet use has been slow to translate into online shopping, with just 63% of those using the internet having purchased goods online. This, however, is in line with the overall European average, although it lags behind leading nations Germany, France and the UK.

Things are accelerating. **Across 2019-2020, the Russian ecommerce market grew by 58%**, making it one of the fastest-growing ecommerce markets in the world<sup>[2]</sup>.

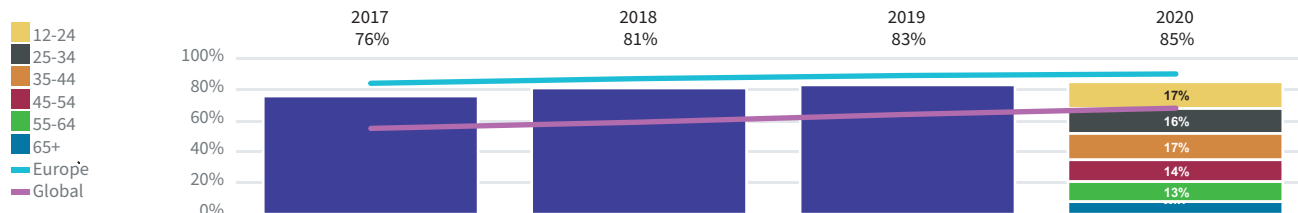
As ever, much of this growth came about as a result of the pandemic lockdown and **the most prominent growth was seen in the online grocery sector, which grew by 250% in 2020** compared to the previous year. As in most other regions, this shift to online shopping appears to be sticking in Russia.

The leading online retailer in Russia is generalist marketplace Wildberries, which has grown from a single mother reselling baby items from her Moscow flat to a company generating turnover of \$5.7bn in 2020. The marketplace has proved so successful that it now also operates in Poland, Slovakia, Ukraine and Israel, as well as making tentative steps into Western Europe and even the United States.

**The fastest-growing online retailer in Russia is Ozon, which saw 140% growth between 2019 and 2020**, and is now the second-largest online retailer in the country<sup>[3]</sup>.

However, the Russian ecommerce market faces a range of challenges that are specific to the country. Online

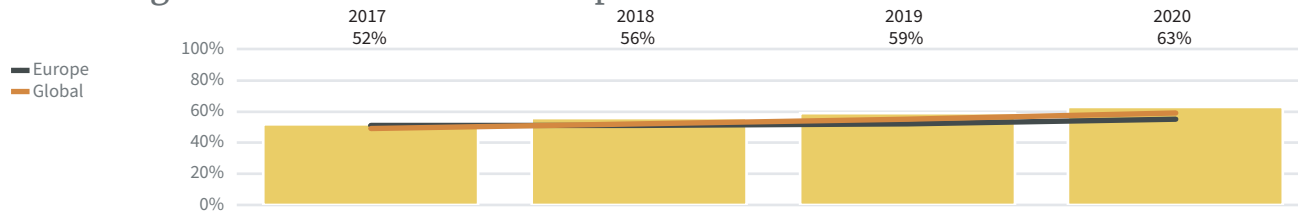
## Percentage of internet users



Source: RetailX, drawing on data from Eurostat

© RetailX 2021

## Percentage of internet users who shop online



Data for Europe includes UK, France, Germany, Russia, Italy and Norway. Data for Global includes the countries in this report

Source: RetailX, drawing on data from Eurostat

© RetailX 2021

security, especially around payments, is the biggest hurdle. Secondly, there is the question of logistics. Russia is the largest country by area in the world, and so creating efficient national and even regional ecommerce logistics systems is challenging.

**Most Russian consumers still tend to pay with cash – both instore and for online items.** The fact that many shoppers pay cash on delivery, or rather that deliveries that

fail or aren't paid for have often accrued large shipping costs, has hampered the startup mentality that is needed to inculcate a thriving ecommerce market. This has started to change as ecommerce has become more of a necessity to people's lives in lockdown during 2020, but there is still some way to go here.

[1] <https://ecommercedb.com/en/markets/ru/all>

[2] [www.datainsight.ru/en/main/](http://www.datainsight.ru/en/main/)

[3] [www.statista.com/statistics/1006643/leading-online-stores-russia/](http://www.statista.com/statistics/1006643/leading-online-stores-russia/)

# United Kingdom

The UK has become a nation of shoppers who use smartphones and digital wallets to order online quickly and easily

The UK is Europe's largest ecommerce market. While ecommerce has grown – and continues to do so – multichannel services including click and collect have matured as well. Retailers continue trying to give shoppers reasons to visit brick and mortar stores but **traditional high street retailing is suffering**, footfall has declined and stores are closing permanently.

Some brands are being bought and resurrected but **many longstanding retailers have disappeared** from Britain's high streets. The pandemic brought a semi-reprise for

**United Kingdom**

**Area:** 242,495 km<sup>2</sup>

**Capital:** London

**Currency:** Sterling (GBP)


**Official language:** English

**Other languages spoken:** French, German, Spanish, Scots, Ulster Scots, Welsh, Cornish, Scottish Gaelic, Irish

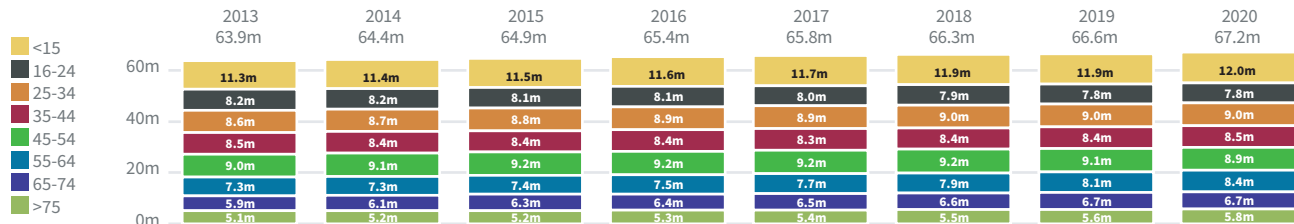
**Nationality:** British

**Government:** Constitutional monarchy

**VAT:** 20% | **Reduced VAT:** 5%

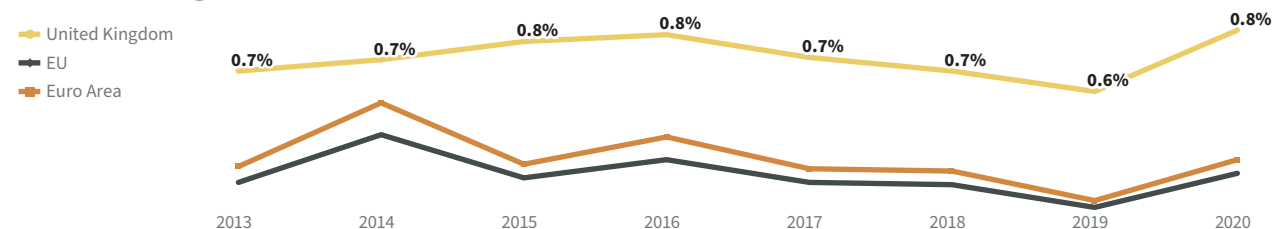


## Population structure



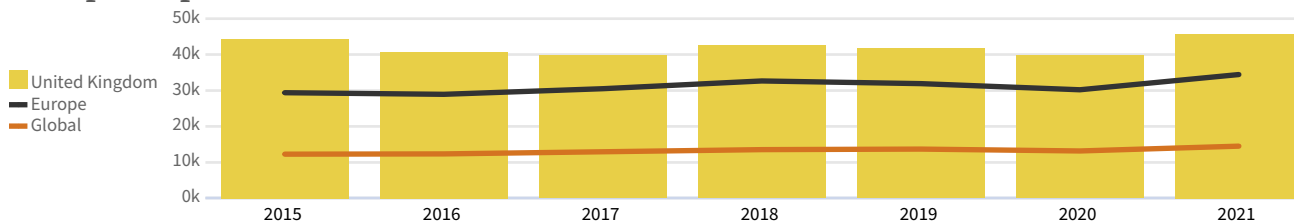
Source: RetailX, drawing on data from Eurostat and Office for National Statistics

## Population growth



Source: RetailX, drawing on data from Eurostat and Office for National Statistics

## GDP per capita (USD)



Data for Europe includes UK, France, Germany, Russia, Italy and Norway. Data for Global includes the countries in this report  
Source: RetailX, drawing on data from Eurostat, International Monetary Fund and Office for National Statistics

some, with multichannel retailers seeing higher increases in spend on their online sites than pureplay retailers.

In 2020, ecommerce rose by 36.7%, according to industry association IMRG. Multichannel retailers reported sales growth of 57%, compared to 9.1% from pureplay retailers.

**Overall though, retail spend was down.**

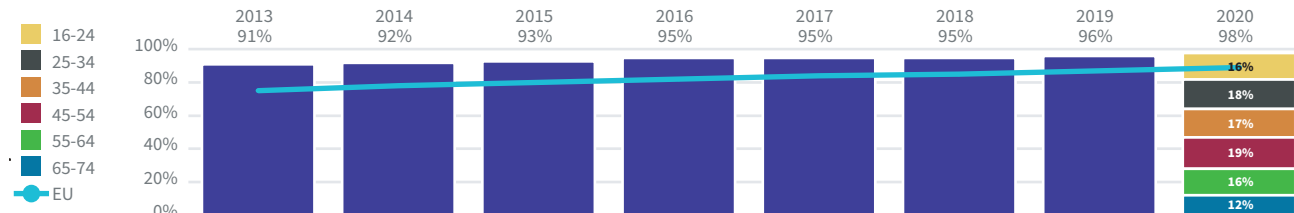
This has meant that retailers have been innovating with store designs, testing different concepts that are experience-led and customer focused. Much of this is focused within flagship stores but **multichannel services are commonplace across retailers' store estates** and are expected by shoppers.

When consumers opt to have an online order delivered, **home delivery during the daytime is the preferred method.** This was chosen by 64% of shoppers. Just 11% prefer to have items delivered in the evening.

Analysing what shoppers in the UK are buying, **clothes, shoes and accessories are the items most likely to be purchased online.** Following close behind in popularity is ordering food for delivery from restaurants, fast-food chains or catering services.

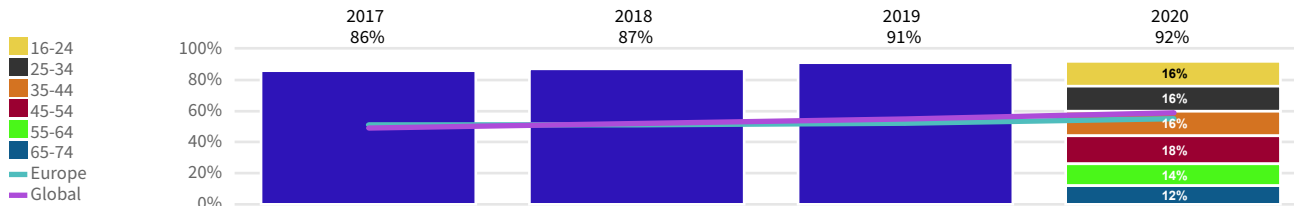
**Retailers have been innovating with store designs, testing different concepts that are experience-led and customer focused**

### Percentage of internet users



Source: RetailX, drawing on data from Eurostat

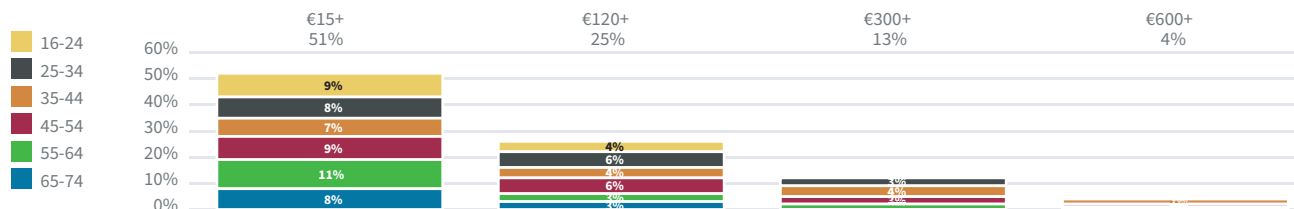
### Percentage of internet users who shop online



Data for Europe includes UK, France, Germany, Russia, Italy and Norway. Data for Global includes the countries in this report  
Source: RetailX, drawing on data from Eurostat

© RetailX 2021

### Online shoppers' monthly spending by age



Source: RetailX, drawing on data from the RetailX European Consumer Observatory

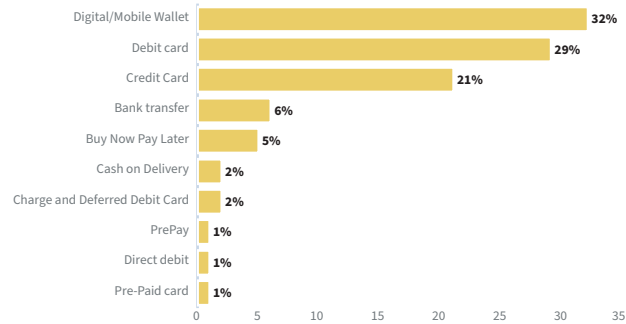
© RetailX 2021

This attests to the maturity of the UK market, how at ease consumers are with shopping online and the proliferation of food delivery services and third parties set up to work with the hospitality sector.

Since consumers are more likely to reach for their smartphone when placing an order online, doing so when ordering food is a simple matter. **63% of consumers have shopped from their smartphone** in the last year, while 49% have used a laptop.

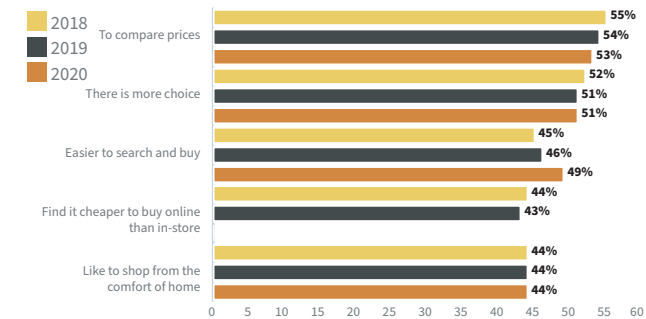
Consequently, **digital wallets are popular in the UK**. 32% of consumers use them for online shopping, while 29% prefer to use a debit card and 21% a credit card. Pre-paid cards are the least likely to be used (1%).

### Payment methods used for ecommerce in the United Kingdom, 2020



Source: RetailX, drawing on data from Worldpay, Statista

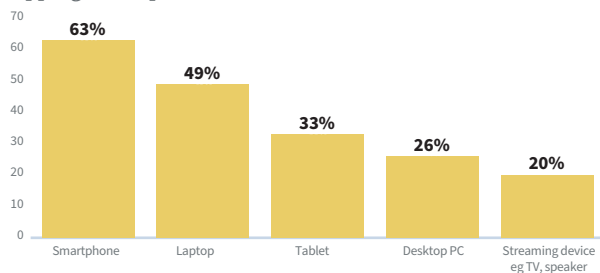
### Consumer reasons for shopping online in the UK, 2018-2020



Source: RetailX, drawing on data from Royal Mail, Trinity McQueen, Statista

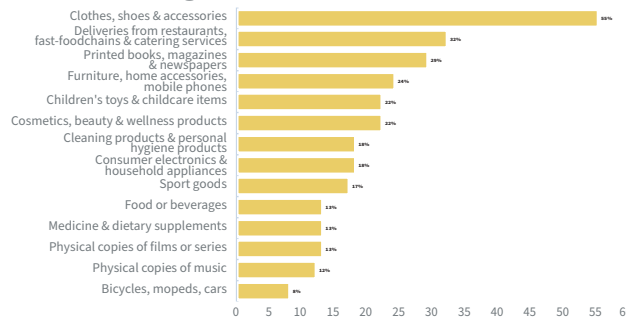
### Online purchases by device, United Kingdom, 2020

Which of the following devices have you used for online shopping in the past 12 months?



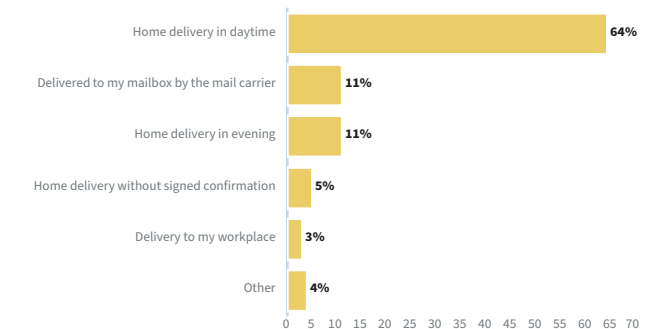
Source: RetailX, drawing on data from Statista Global Consumer Survey

### Most popular good purchased online, United Kingdom, 2020



Source: RetailX, drawing on data from Office for National Statistics (UK)

### Preferred delivery methods among online shoppers in the UK, 2020



Source: RetailX, drawing on data from PostNord, Statista

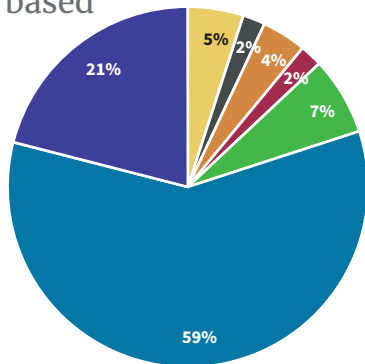
# The Largest 100

## Brexit has become more of an issue for retailers than for consumers

The majority of retail sites in the Largest 100 belong to UK-based retailers (59%). US-based retailers make up the second-largest group, with 21% of retailers headquartered across the Atlantic. However, **American retailers gather a larger share of web traffic** (38.1%). Retailers based in other parts of Europe hardly appear in the ranking – possibly due to language barriers and Brexit complexities.

## Countries where the United Kingdom Largest 100 are based

- China (mainland)
- France
- Germany
- Korea, Republic of
- Other regions
- United Kingdom
- United States of America



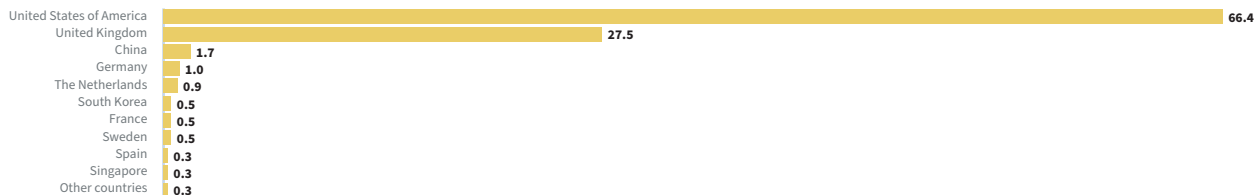
Note: retailers in the Largest 100 are selected for their significance to consumers in the country rather than where they are headquartered

Source: RetailIX

© RetailIX 2021

## Web traffic from other countries

International web visits to United Kingdom-based companies in the Largest 100, by country

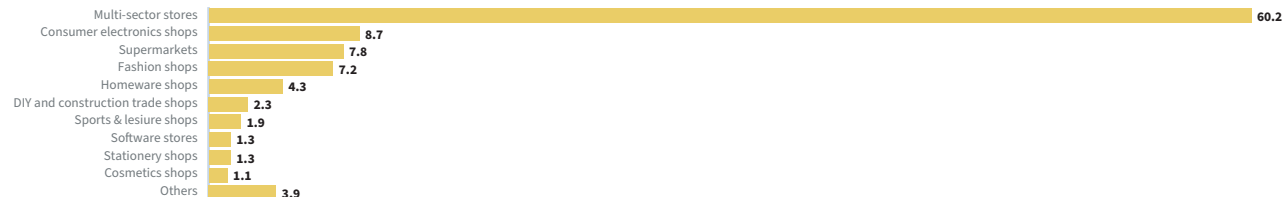


Source: RetailIX, drawing on data from SimilarWeb

© RetailIX 2021

## Web traffic by sector

The percentage of web visits to the Largest 100 retailers from consumers in United Kingdom, by sector

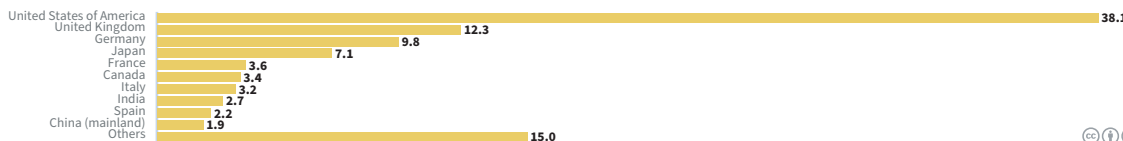


Source: RetailIX, drawing on data from SimilarWeb

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## British web traffic to the Largest 100 retailers split by country where the Largest 100 are based

The percentage of web visits from British consumers to the websites of Largest 100 retailers split according to where those companies have their operational headquarters



Source: RetailIX, drawing on data from SimilarWeb

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# Middle East

A region of contrasts, but one with huge potential for growth in the years ahead

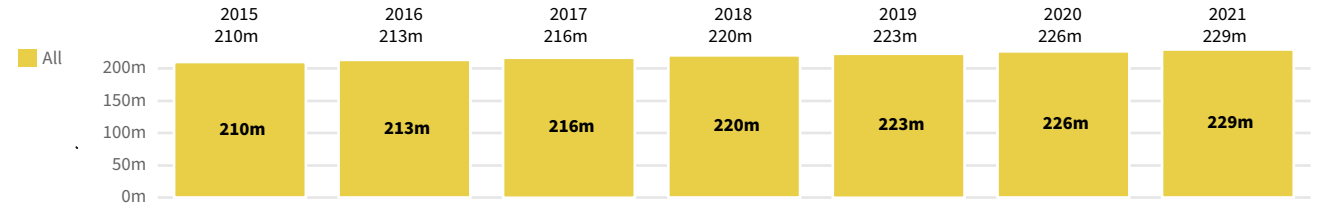
Currently in the middle of making the shift from brick and mortar retail to a more multichannel model, **the Middle East is a region where ecommerce is beginning to gain a real foothold**. However, the region's potential is, to say the least, unevenly distributed. Looking for a moment beyond the countries we focus on in this report, Syria has been the scene of a brutal civil war from which it has yet to recover.

Even among those countries we have surveyed, there are huge contrasts. Israel is a liberal democracy and an advanced economy. Its near-neighbour Iran could be described as an authoritarian theocracy. Sadly, the ongoing antagonism between these two nations is hardly unusual in a region of multiple flashpoints.

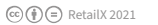
Nevertheless, **the region is attractive to international investors, including those involved in ecommerce**. This is because energy revenues have created a market of comparatively wealthy consumer, including expats, who are often happy to shop with international retailers.

Richer countries have invested oil and gas revenues in their infrastructures, including their digital infrastructures. In Qatar, Saudi Arabia and the United Arab Emirates, 99%

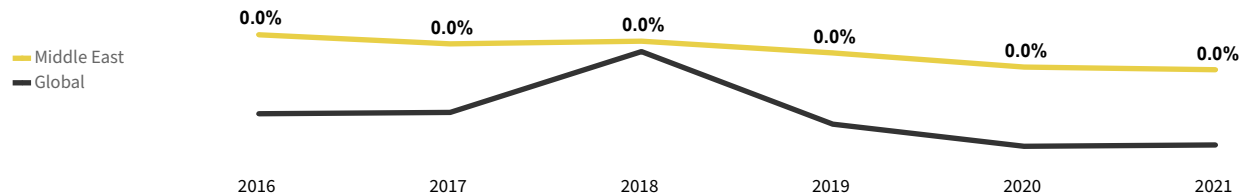
## Total population



Source: RetailX, drawing on data from International Monetary Fund, World Bank



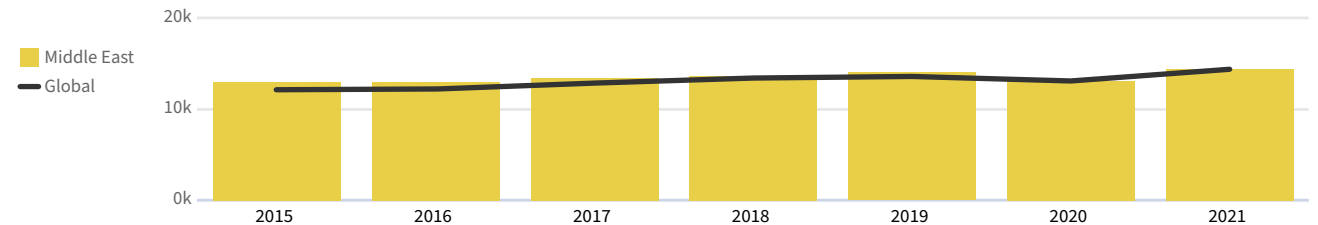
## Population growth



Source: RetailX, drawing on data from International Monetary Fund, World Bank



## GDP per capita (USD)



Source: RetailX, drawing on data from International Monetary Fund, World Bank



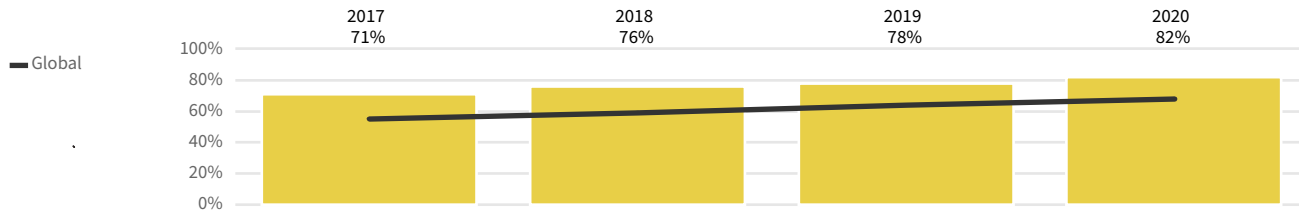
of the population is online. **Many consumers in these countries are as yet reluctant to buy goods and services online but that's changing** – a change hastened, as elsewhere in the world, by the Covid-19 pandemic.

Not all nations in the Middle East have such bountiful energy reserves as this trio, yet ecommerce is still making ground elsewhere. **In Turkey, 80% of the overall population is online**, yet that figure is likely far higher in the capital Istanbul, where more than 97% of households have internet access<sup>[1]</sup>. There's even anecdotal evidence that Iran's lack of contact with the wider world may be helping local ecommerce to grow, slowly but organically.

The six countries we look at in detail in this report – Iran, Israel, Qatar, Saudi Arabia, Turkey and the United Arab Emirates – have been selected because they show the region's similarities and its contrasts.

[1] [https://data.tuik.gov.tr/Bulten/Index?p=Survey-on-Information-and-Communication-Technology-\(ICT\)-Usage-in-Households-and-by-Individuals-2021-37437&dil=2](https://data.tuik.gov.tr/Bulten/Index?p=Survey-on-Information-and-Communication-Technology-(ICT)-Usage-in-Households-and-by-Individuals-2021-37437&dil=2)

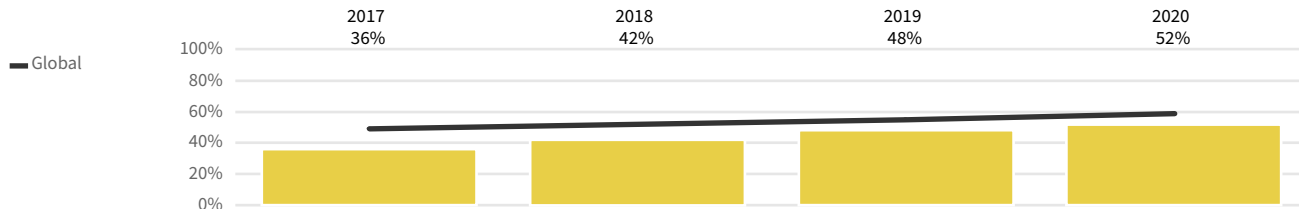
### Percentage of internet users



Source: RetailX, drawing on data from World Bank, Statista

© RetailX 2021

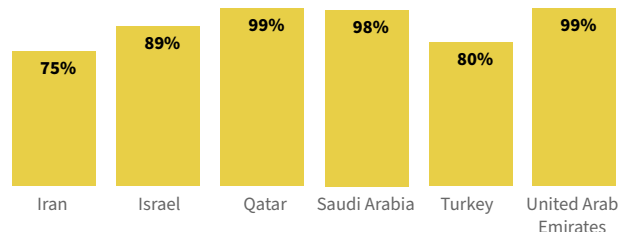
### Percentage of internet users who shop online



Source: RetailX, drawing on data from World Bank, Statista

© RetailX 2021

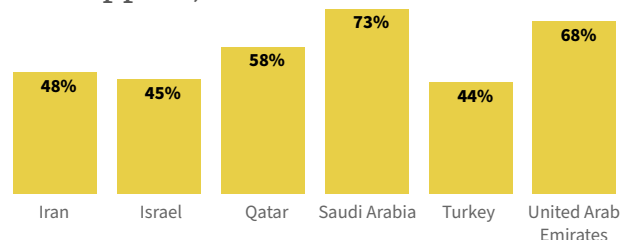
### Internet users, 2020



RetailX, drawing on data from World Bank, Statista

© RetailX 2021

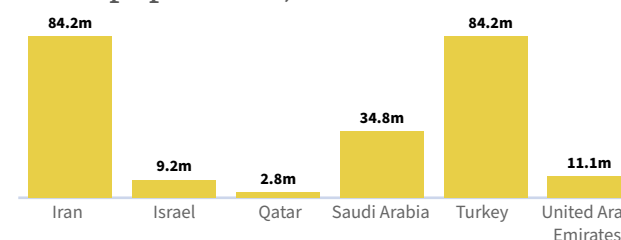
### E-shoppers, 2020



RetailX, drawing on data from World Bank, Statista

© RetailX 2021

### Total population, 2020



RetailX, drawing on data from International Monetary Fund

© RetailX 2021

# Iran

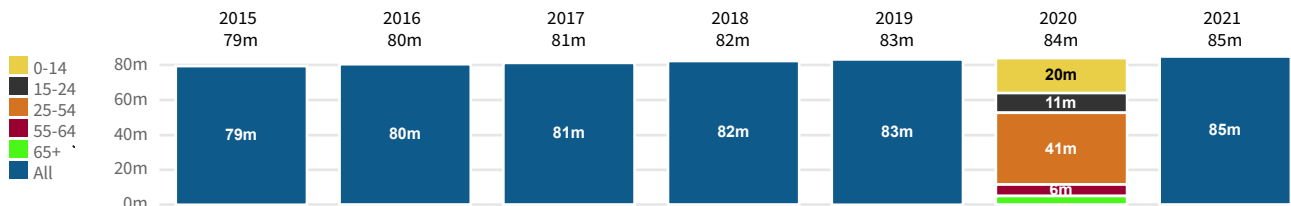
Despite huge potential and vast underlying wealth, Iran's place in the world is constantly being defined by its theocratic leaders

Tracing its story back to the Elamite kingdoms of the fourth millennium BC, **Iran has one of the world's oldest civilisations**. It is the second-largest country in the Middle East, bordered by Armenia, Azerbaijan, Turkmenistan, Afghanistan, Pakistan, Turkey and Iraq. It has direct access to the Caspian Sea, the Persian Gulf and the Gulf of Oman. The population of metropolitan Tehran, its capital, is 15m.

Despite the country's rich history and its regional importance, many outsiders know little about Iran. This is

<b>Iran</b>	
<b>Area:</b> 1,648 km <sup>2</sup>	
<b>Capital:</b> Tehran	
<b>Currency:</b> Iranian rial (IRR)	
<b>Official language:</b> Persian	
<b>Other languages spoken:</b> Azerbaijani & other Turkic dialects, Kurdish	
<b>Nationality:</b> Iranian	
<b>Government:</b> Islamic republic	
<b>VAT:</b> 8%	

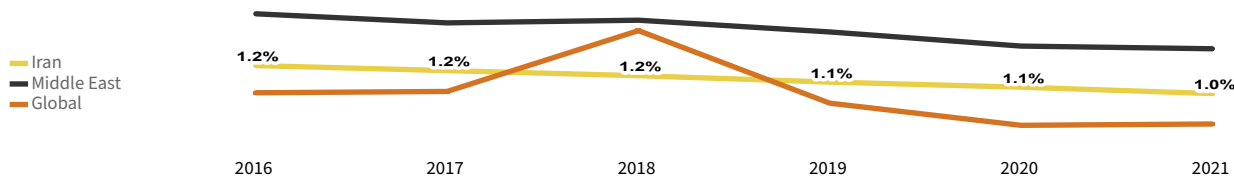
## Population structure



Source: RetailX, drawing on data from International Monetary Fund

© RetailX 2021

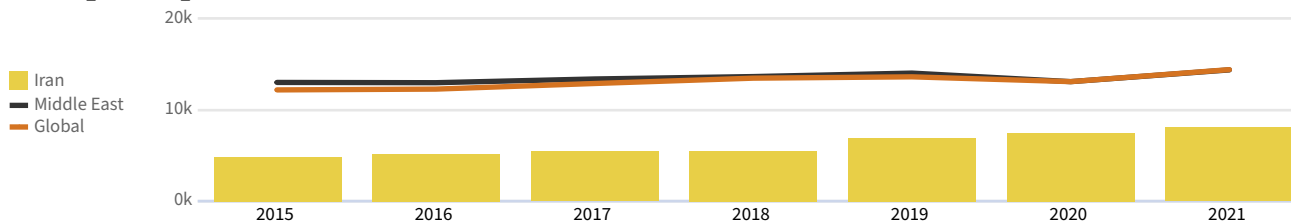
## Population growth



Source: RetailX, drawing on data from International Monetary Fund

© RetailX 2021

## GDP per capita (USD)



Source: RetailX, drawing on data from International Monetary Fund  
Data for Middle East includes: Israel, Iran, Qatar, Turkey, Saudi Arabia, UAE. Data for Global includes the countries in this report

© RetailX 2021



at least in part because of the 1979 revolution, which saw the overthrow of the country's last Shah, the authoritarian Mohammad Reza Pahlavi. This resulted in the country being treated with huge suspicion by much of the rest of the world, especially the USA – “the Great Satan” in the estimation of Iran's theocrats.

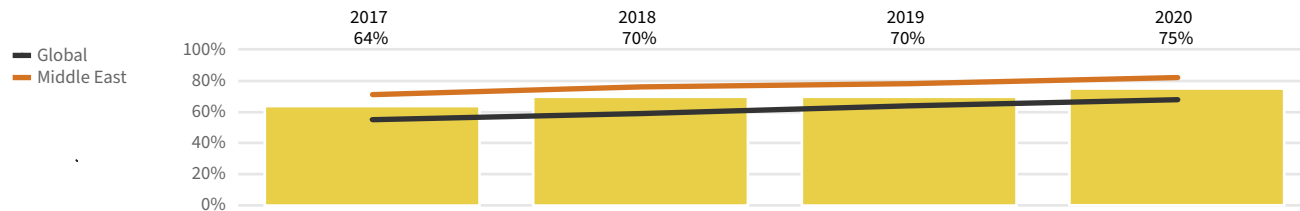
Iran's ongoing struggle with Saudi Arabia for influence in the Middle East – a struggle complicated by Iran being a leading Shia Muslim power while Saudi Arabia sees itself as the leading Sunni Muslim power<sup>[1]</sup> – has been dubbed ‘the Middle Eastern Cold War’<sup>[2]</sup>. Iran's nuclear ambitions are also an ongoing source of tension with the wider world<sup>[3]</sup>.

Classed as a mixed and transition economy, Iran has the world's fourth-largest proven crude oil reserves<sup>[4]</sup>. **It has a well-educated and young population and is relatively strong in science and technology.** Ongoing domestic protests are at least in part rooted in the gap between Iran's potential and its relatively poor economic performance<sup>[5]</sup>.

**The largest online marketplace is Digikala, which claims to attract more than 30m visitors per month**<sup>[6]</sup>, although the company does not publicise its revenue. Intriguingly, there is a thriving women's fashion sector online, in part rooted in the need to develop an internal fashion ecosystem due to Iran's comparative isolation.

In June 2021, Farhad Dejpas, Iran's finance and economic affairs minister, announced the share of ecommerce in the country's GDP had increased by 2.4 times. **Between March**

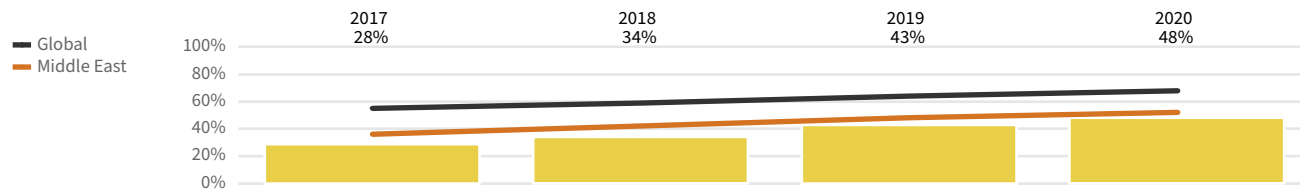
## Percentage of internet users



Source: RetailX, drawing on data from World Bank, Statista

© RetailX 2021

## Percentage of internet users who shop online



Data for Middle East includes: Iran, Israel, Qatar, Saudi Arabia, Turkey, United Arab Emirates. Data for Global includes the countries in this report

Source: RetailX, drawing on data from World Bank, Statista

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**and September 2020, the number of new licences issued to online businesses tripled in comparison to the same period in 2019.**

Nevertheless, this remains at best a difficult market for outsiders for all kinds of reasons. In 2018, **Donald Trump's government imposed sanctions on Iran that have yet to be rolled back**, despite ultra-conservative president Ebrahim Raisi characterising them as “crimes

against humanity”. Covid-19 hit the country hard, with deaths to date estimated at more than 120,000<sup>[7]</sup>. Of 167 countries, authoritarian Iran ranks 152nd in The Economic Intelligence Unit's Democracy Index<sup>[8]</sup>.

[1] [www.bbc.co.uk/news/world-middle-east-16047709](http://www.bbc.co.uk/news/world-middle-east-16047709)  
 [2] [www.britannica.com/topic/20th-century-international-relations-2085155/The-Cold-War-in-the-Middle-East-and-Asia](http://www.britannica.com/topic/20th-century-international-relations-2085155/The-Cold-War-in-the-Middle-East-and-Asia)  
 [3] [www.theguardian.com/world/irans-nuclear-programme](http://www.theguardian.com/world/irans-nuclear-programme)  
 [4] [www.worldbank.org/en/country/iran/overview#1](http://www.worldbank.org/en/country/iran/overview#1)  
 [5] [www.bbc.co.uk/news/topics/c34k51rkynt/iran-protests](http://www.bbc.co.uk/news/topics/c34k51rkynt/iran-protests)  
 [6] <https://financialtribune.com/articles/sci-tech/109916/iran-e-commerce-trending-higher>  
 [7] [www.worldometers.info/coronavirus/country/iran/](http://www.worldometers.info/coronavirus/country/iran/)  
 [8] [www.eiu.com/n/campaigns/democracy-index-2020/](http://www.eiu.com/n/campaigns/democracy-index-2020/)

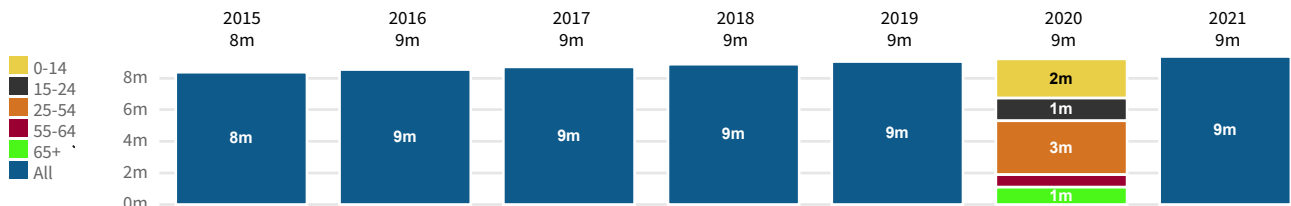
# Israel

One of the most developed nations in the Middle East, Israel is also a global hub for high-tech and digital tech companies

A developed free-market economy, Israel is ranked 35th in the World Bank's Ease of Doing Business index<sup>[1]</sup>. Major sectors include high-value industrial manufacturing and technology. **After the USA and China, Israel has the third-largest number of companies listed on the Nasdaq stock market.**

Its strength in digital technologies is reflected in the number of international companies that have opened research and development facilities in the country, including Intel, Microsoft, Apple, IBM, Google, Facebook

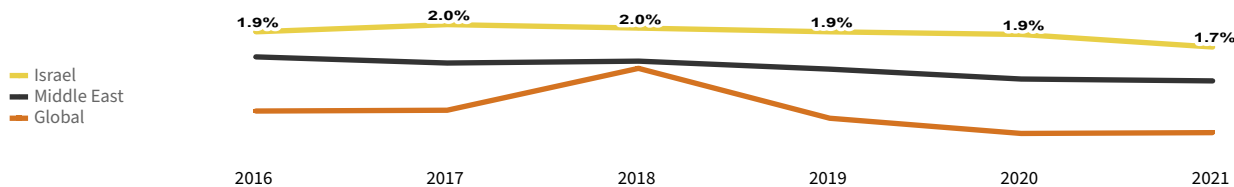
## Population structure



Source: RetailX, drawing on data from International Monetary Fund

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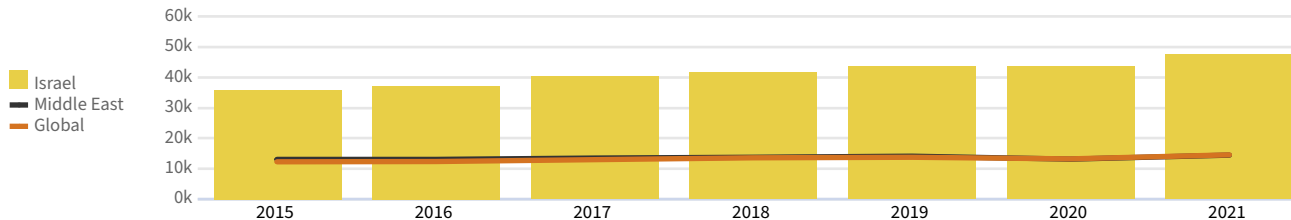
## Population growth



Source: RetailX, drawing on data from International Monetary Fund

© RetailX 2021

## GDP per capita (USD)



Source: RetailX, drawing on data from International Monetary Fund  
Data for Middle East includes: Israel, Iran, Qatar, Turkey, Saudi Arabia, UAE. Data for Global includes the countries in this report

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### Israel

**Area:** 22,072 km<sup>2</sup>

**Capital:** Jerusalem

**Currency:** New shekel (ILS)

**Official language:** Hebrew

**Other languages spoken:** Arabic

**Nationality:** Israeli

**Government:** Unitary parliamentary republic

**VAT:** 17% | **Reduced VAT:** 7.5%



and Cisco Systems. **Israel has a particularly strong cybersecurity sector.** In the first half of 2021, according to the Israel National Cyber Directorate, the country's cybersecurity companies raised \$3.4bn in 50 deals<sup>[2]</sup>, with seven of these businesses becoming unicorns, or private companies valued at more than \$1bn.

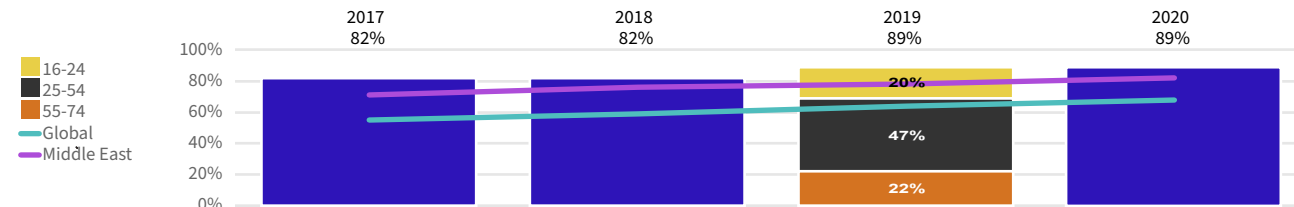
In recent years, the B2C ecommerce market has been growing. It is estimated this will be worth \$6.5bn in 2021<sup>[3]</sup>, in part a reflection of the country's high GDP per capita, which is projected to exceed US\$47k in 2021. **Fashion is the largest sector in the market, with a projected market volume of US\$1.9bn in 2021.**

**The biggest company in the market in 2020 was amazon.com**, with revenues of \$195m<sup>[4]</sup>. Other popular ecommerce sites include the Chinese fast-fashion firm shein.com and ksp.co.il, an Israeli multi-category retailer.

In July 2018, the Israeli parliament passed legislation that characterised the country as primarily a "Nation State of the Jewish People"<sup>[5]</sup>. Hebrew became the country's official language. It has a long history of tension and conflict with its neighbours. The Israeli-Palestinian conflict, which has now gone on for more than half a century, seems far from ever being resolved.

[1] [www.doingbusiness.org/en/rankings](http://www.doingbusiness.org/en/rankings)  
 [2] [www.timesofisrael.com/israel-cybersecurity-firms-raise-record-3-4b-41-of-global-sector-investment/](http://www.timesofisrael.com/israel-cybersecurity-firms-raise-record-3-4b-41-of-global-sector-investment/)  
 [3] [www.statista.com/outlook/dmo/ecommerce/israel](http://www.statista.com/outlook/dmo/ecommerce/israel)  
 [4] <https://ecommercedb.com/en/markets/il/all>  
 [5] [www.bbc.co.uk/news/world-middle-east-44881554](http://www.bbc.co.uk/news/world-middle-east-44881554)

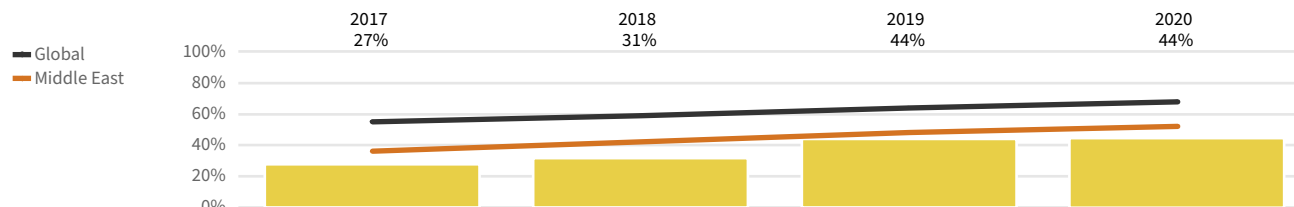
## Percentage of internet users



Source: RetailX, drawing on data from Statista

© RetailX 2021

## Percentage of internet users who shop online

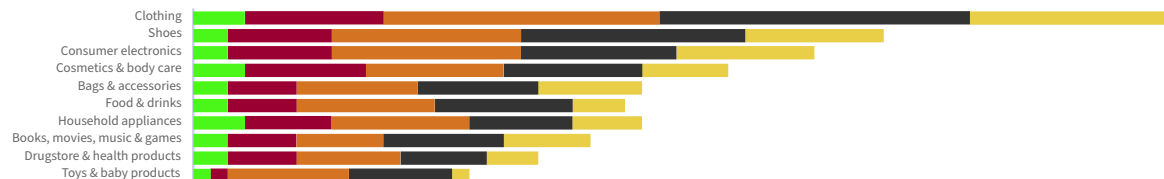


Data for Middle East includes: Iran, Israel, Qatar, Saudi Arabia, Turkey, United Arab Emirates. Data for Global includes the countries in this report

Source: RetailX, drawing on data from Statista

© RetailX 2021

## Percentage of online shoppers in different age groups who purchased items in different categories, Israel, 2020



Source: RetailX, drawing on data from Statista Global Consumer Survey

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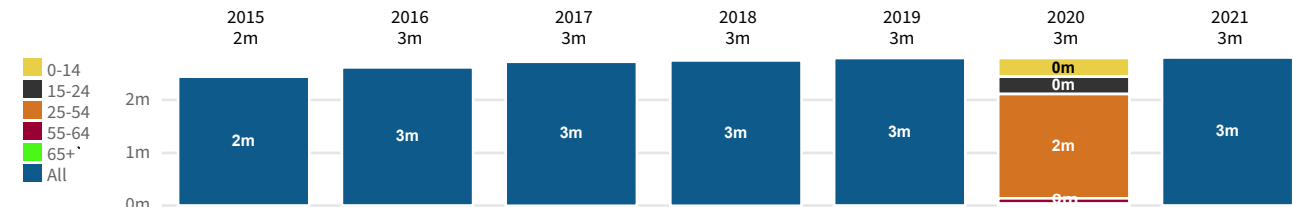
# Qatar

Having grown rich from the energy sector, Qatar is now showing tentative signs of becoming more liberal

The economy of Qatar is built on its petroleum and natural gas sector, which accounts for more than 60% of GDP. The country has the **world's third-largest proven natural gas reserve**<sup>[1]</sup> and, in 2020, had the fourth-highest GDP per capita PPP<sup>[2]</sup>. The World Bank classes Qatar as a high-income economy. There is no income tax in Qatar. This wealth has attracted outsiders and, in 2017, the **population of Qatar was 2.6m, of whom just 313,000 were Qatari citizens**<sup>[3]</sup>.

The ecommerce market in Qatar has grown steadily over recent years, yet this is a country where **super-regional malls are key to the retail infrastructure**. In 2020, in a

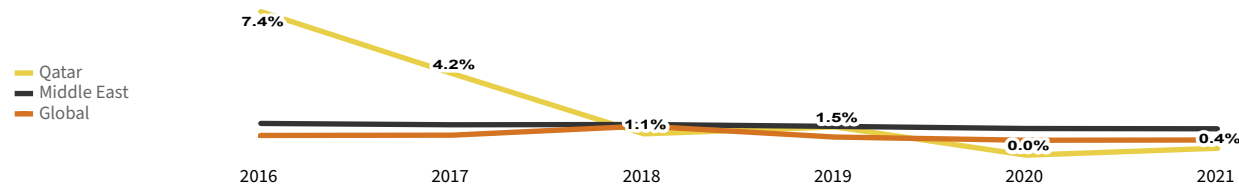
## Population structure



Source: RetailX, drawing on data from International Monetary Fund

© RetailX 2021

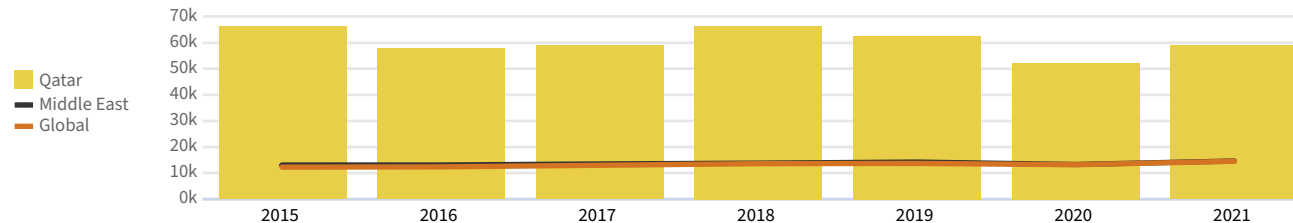
## Population growth



Source: RetailX, drawing on data from International Monetary Fund

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## GDP per capita (USD)



Source: RetailX, drawing on data from International Monetary Fund  
Data for Middle East includes: Israel, Iran, Qatar, Turkey, Saudi Arabia, UAE. Data for Global includes the countries in this report

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### Qatar

- Area: 11,582 km<sup>2</sup>
- Capital: Doha
- Currency: Riyal (QAR)
- Official language: Arabic
- Other languages spoken: English
- Nationality: Qatari
- Government: Unitary constitutional monarchy
- VAT: 0%



country where **99% of the population is online**, 59% of the population used ecommerce.

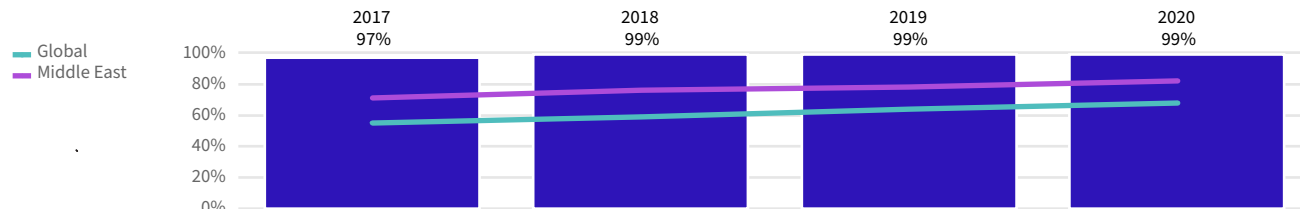
**In 2019, a government report noted, “Qatar’s domestic e-sales are lagging behind international averages.”** The same report emphasised a need to build consumer trust in order to build the sector domestically<sup>[4]</sup>. As in so many countries around the world, the pandemic led to a growth in online shopping. International brands such as Amazon and eBay attract heavy traffic from Qatar. Mzad Qatar is the largest local marketplace.

Historically, there has been a requirement for companies in the country to be 51% owned by Qatari nationals but in 2021, the Qatari Council of Ministers approved a draft law allowing foreign investors to own up to 100% of the capital of companies listed on the Doha Stock Exchange<sup>[5]</sup>.

While Sheik Tamim bin Hamad Al Thani has ruled Qatar as an absolute monarch since 2013, there are signs of change in the country. In 2003, a referendum was held, which approved the country becoming a constitutional monarchy with a legislative assembly. On 2 October 2021, after years of delays, Qatar finally held elections for this assembly. Since political parties are banned, candidates stood as independents and it is not expected that the elections will, for now at least, loosen the ruling family’s grip on power<sup>[6]</sup>.

Qatar has a **high international profile, built partly through its soft-power initiatives**. In 2022, it will become the first country in the Middle East to host the World Cup.

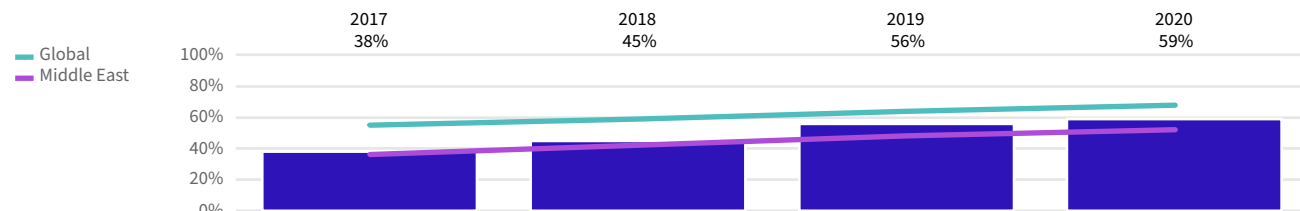
## Percentage of internet users



Source: RetailX, drawing on data from World Bank, Statista

© RetailX 2021

## Percentage of population shopping online



Data for Middle East includes: Iran, Israel, Qatar, Saudi Arabia, Turkey, United Arab Emirates. Data for Global includes the countries in this report  
Source: RetailX, drawing on data from World Bank, Statista

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**The country is home to the Al Jazeera Media Network**, which receives state funding. The Qatar Investment Authority (QIA) is a sovereign wealth fund that has invested billions and controls Paris Saint-Germain FC.

Qatar has a pragmatic foreign policy based on the ‘open-door’ idea of maintaining ties to regional and international powers – and even to such groups as the Taliban. This approach hasn’t always worked. In 2017, a group of Arab

nations, including Saudi Arabia, the one country with which Qatar shares a land border, broke diplomatic ties, accusing Qatar of supporting extremist groups<sup>[7]</sup>. **Qatar’s human rights record has been widely criticised.**

[1] [www.cia.gov/the-world-factbook/countries/qatar/](http://www.cia.gov/the-world-factbook/countries/qatar/)  
 [2] [https://data.worldbank.org/indicator/NY.GDP.PCAP.PP.CD?most\\_recent\\_value\\_desc=true](https://data.worldbank.org/indicator/NY.GDP.PCAP.PP.CD?most_recent_value_desc=true)  
 [3] <http://priyadsouza.com/population-of-qatar-by-nationality-in-2017/>  
 [4] [https://ecommerce.gov.qa/wp-content/uploads/2019/10/20191010\\_MoTC\\_Impact-Survey-Report\\_Online-Shoppers-Preferences\\_FINAL.pdf](https://ecommerce.gov.qa/wp-content/uploads/2019/10/20191010_MoTC_Impact-Survey-Report_Online-Shoppers-Preferences_FINAL.pdf)  
 [5] [www.aa.com.tr/en/middle-east/qatar-allows-full-foreign-ownership-of-listed-companies/2210451](http://www.aa.com.tr/en/middle-east/qatar-allows-full-foreign-ownership-of-listed-companies/2210451)  
 [6] [www.bloomberg.com/news/articles/2021-10-02/qatar-votes-in-first-election-with-world-cup-spotlight-ahead](http://www.bloomberg.com/news/articles/2021-10-02/qatar-votes-in-first-election-with-world-cup-spotlight-ahead)  
 [7] [www.hurriyetdailynews.com/saudi-egypt-axis-cuts-ties-to-isolate-qatar-113926](http://www.hurriyetdailynews.com/saudi-egypt-axis-cuts-ties-to-isolate-qatar-113926)

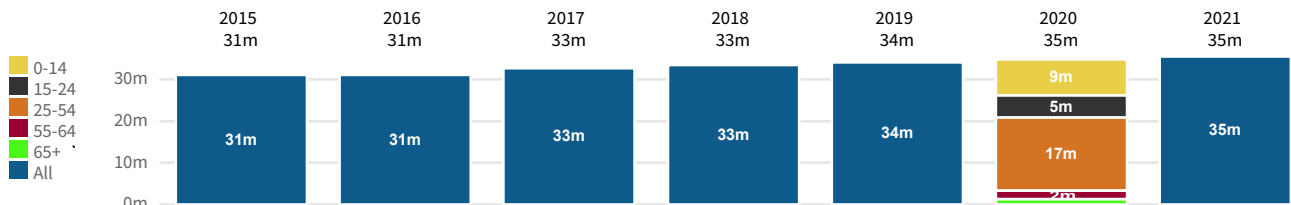
# Saudi Arabia

As this energy superpower looks towards diversifying its economy, its plans include embracing ecommerce

Occupying most of the Arabian Peninsula, **Saudi Arabia is the second-largest country in the Arab world.** It has borders with Jordan, Iraq, Kuwait, Qatar, Bahrain, the UAE, Oman and Yemen. It has coastlines along both the Red Sea and the Persian Gulf. With a population of 35m people, its capital, Riyadh, is classed as a global city.

**Saudi Arabia's economy, built on controlling the world's second-largest oil reserves** and the sixth-largest gas reserves, is the largest in the Middle East. It is the only Arab country to be one of the G20 major economies and

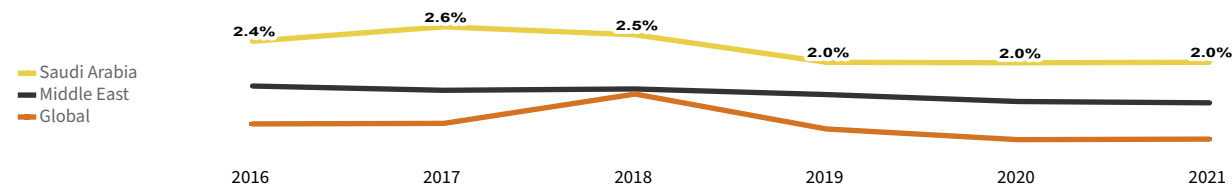
## Population structure



Source: RetailX, drawing on data from International Monetary Fund

© RetailX 2021

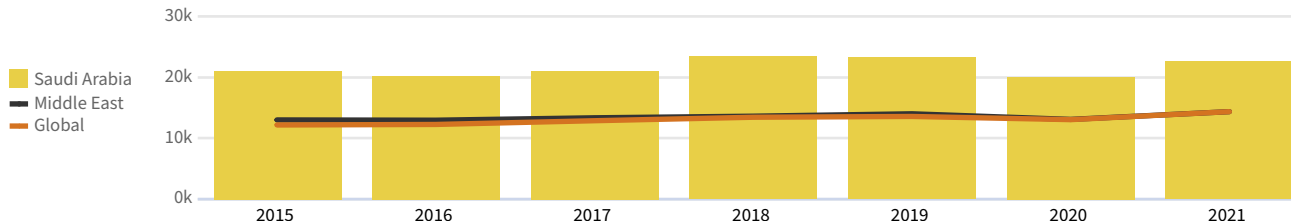
## Population growth



Source: RetailX, drawing on data from International Monetary Fund

© RetailX 2021

## GDP per capita (USD)



Source: RetailX, drawing on data from International Monetary Fund  
Data for Middle East includes: Israel, Iran, Qatar, Turkey, Saudi Arabia, UAE. Data for Global includes the countries in this report

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### Saudi Arabia

Area: 2,149,690 km<sup>2</sup>

Capital: Riyadh

Currency: Saudi riyal (SAR)

Official language: Hejazi, Najdi, Hassawi, Janubi (Southern)

Nationality: Saudi Arabian

Government: Unitary Islamic absolute monarchy

VAT: 15% | Reduced VAT: 0%



is ranked 40th globally in the UN’s Human Development Index<sup>[1]</sup>. It’s a young country, with those aged between 25 and 54 making up close to half the population in 2020. GDP per capita is above the global mean.

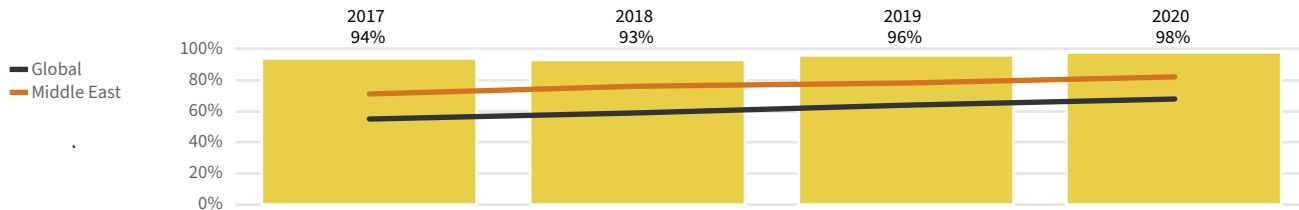
Saudi Arabia is classed as a regional and mid-level power, and its closest allies include the USA. **It sees itself as the Muslim world’s leading Sunni power.** It is home to the holy cities of Mecca and Medina.

An absolute monarchy, Saudi Arabia has been criticised for its human rights record, notably over the murder of journalist Jamal Khashoggi and its role in the Yemeni Civil War. Tension and proxy wars with Iran – the Middle Eastern Cold War – have lasted for more than 40 years.

While its vast energy sector dominates Saudi Arabia’s economy, **the country has tried to diversify**, with the first of a series of development plans launched in the 1970s. Its latest, Vision 2030, sets out the government’s goals as it seeks to grow its financial and high-tech sectors<sup>[2]</sup>. Huge challenges for Saudi Arabia likely lie ahead as **the wider world tries to move towards a post-carbon economy.**

Ecommerce is growing significantly in Saudi Arabia. Most of the population is online and **close to three-quarters of these consumers already use commerce.** The pandemic led to a growth in ecommerce, with the numbers suggesting a population that is well aware of the advantages of buying online – speed, convenience, choice, access to foreign-based retailers. Expect further

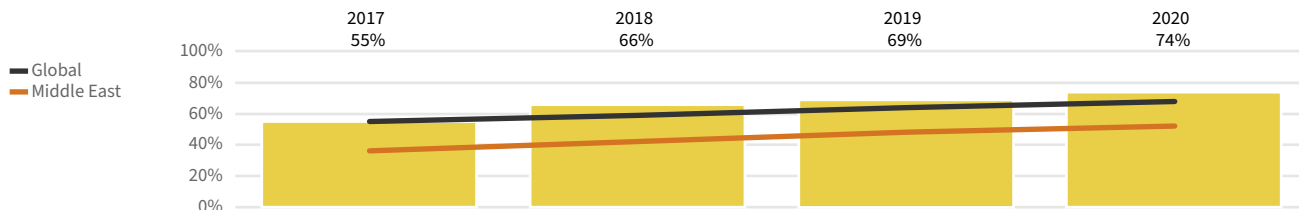
### Percentage of internet users



Source: RetailX, drawing on data from World Bank, Statista

© RetailX 2021

### Percentage of internet users who shop online

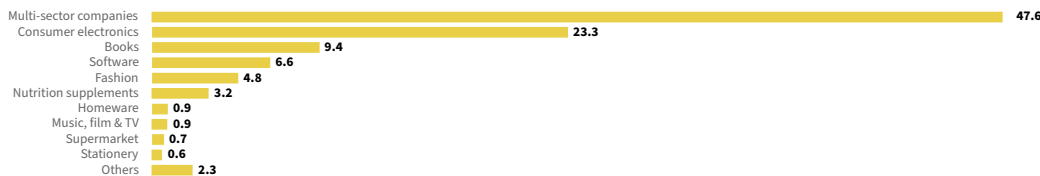


Data for Middle East includes: Israel, Iran, Qatar, Turkey, Saudi Arabia, UAE. Data for Global includes the countries in this report  
Source: RetailX, drawing on data from World Bank, Statista

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### Web traffic by sector

The percentage of web visits to the Largest 100 retailers from consumers in Saudi Arabia, by sector



Note: retailers in the Largest 100 are selected for their significance to consumers in the country irrespective of where they are headquartered  
Source: RetailX, drawing on data from SimilarWeb

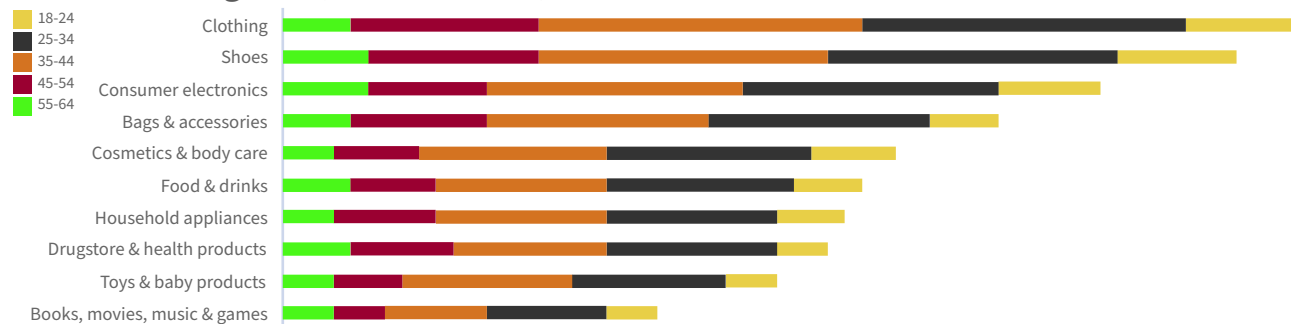
© RetailX 2021

developments as the Saudi authorities roll out even more advances, such as 5G, for example.<sup>[3]</sup>

Sectors that perform strongly include clothing and consumer electronics. **Significant online retailers in Saudi Arabia include namshi.com, a UAE-based fashion site**, book retailer jarir.com and electronics retailer extra.com. International retailers, notably Amazon.com, are also significant, with some sales certainly originating from expats. Retailers in China and the USA are the chief beneficiaries of cross-border ecommerce.

[1] <http://hdr.undp.org/en/content/latest-human-development-index-ranking>  
 [2] [www.vision2030.gov.sa](http://www.vision2030.gov.sa)  
 [3] [www.al-monitor.com/originals/2021/05/saudi-arabia-buys-e-commerce](http://www.al-monitor.com/originals/2021/05/saudi-arabia-buys-e-commerce)

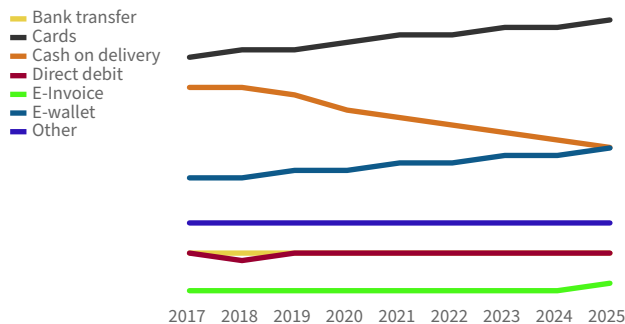
### Percentage of online shoppers in different age groups who purchased items in different categories, Saudi Arabia, 2020



Source: RetailX, drawing on data from Statista Global Consumer Survey

© RetailX 2021

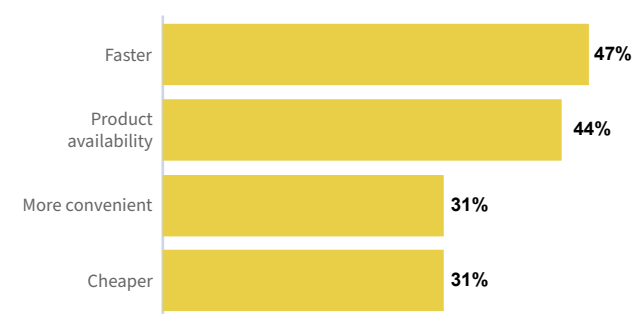
### Preferred payment method for online shopping in Saudi Arabia, 2017-2025



Source: RetailX, drawing on data from Statista

© RetailX 2021

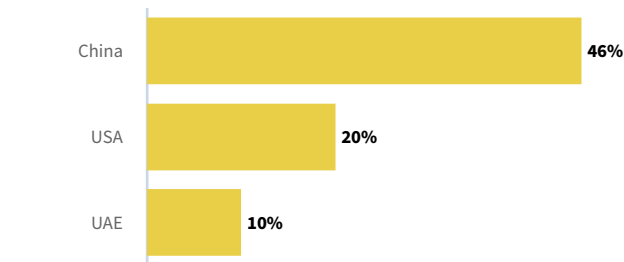
### Reasons for e-shoppers buying from new retailers in Saudi Arabia, 2020



Source: RetailX, drawing on data from Statista, Kantar, Google

© RetailX 2021

### Countries with the largest percentage of cross-border ecommerce from Saudi Arabia, 2020



Source: RetailX, drawing on data from PPRO

© RetailX 2021



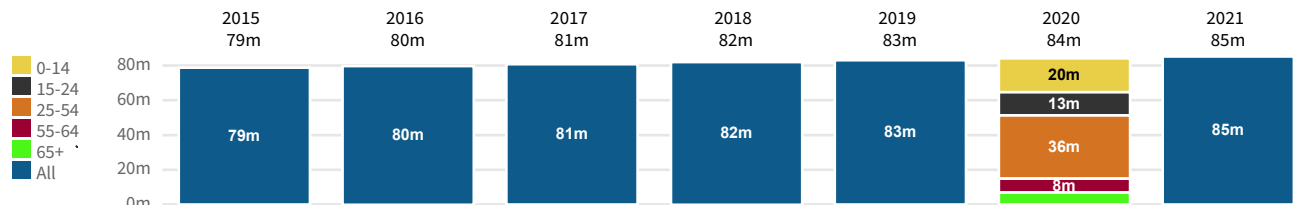
# Turkey

A country with huge potential, Turkey has growing tech and ecommerce sectors

Sharing borders with both European nations and Iran, Iraq and Syria, Turkey straddles Europe and Asia. A regional power located at a historically and strategically significant crossroads, it is **an emerging market economy**. It joined the EU Customs Union in 1995 and began accession negotiations with the EU, unlikely to be concluded anytime soon, in 2005.

According to the International Monetary Fund, Turkey has the world's 11th-largest GDP by PPP<sup>[1]</sup>. This reflects the country's status as **an industrial nation that exports such products as motor vehicles, steel and consumer electronics**. The Turkish tech sector is thriving, with Turkish tech companies having raised more funding in

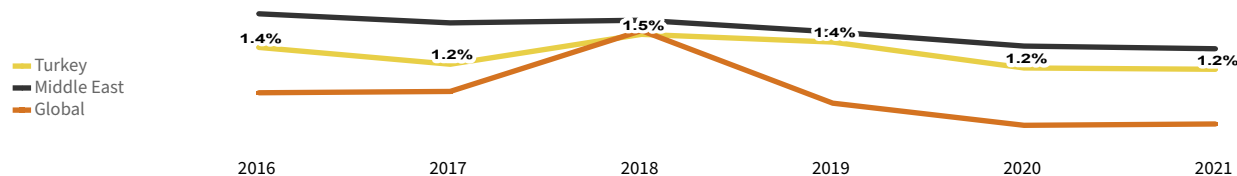
## Population structure



Source: RetailX, drawing on data from International Monetary Fund

© RetailX 2021

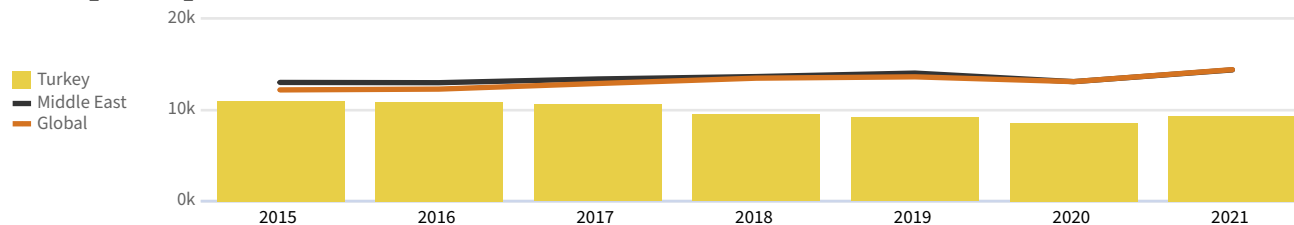
## Population growth



Source: RetailX, drawing on data from International Monetary Fund

© RetailX 2021

## GDP per capita (USD)



Source: RetailX, drawing on data from International Monetary Fund  
Data for Middle East includes: Israel, Iran, Qatar, Turkey, Saudi Arabia, UAE. Data for Global includes the countries in this report

© RetailX 2021

**Turkey**

**Area:** 783,562 km<sup>2</sup>

**Capital:** Ankara

**Currency:** Lira (TRY)

**Official language:** Turkish

**Other languages spoken:** Kurdish, Zaza, Laz, Kabardian-Cherkess, Arabic

**Nationality:** Turks

**Government:** Republican parliamentary democracy

**VAT:** 18% | **Reduced VAT:** 8%

2021 by August than in the previous four years combined<sup>[2]</sup>. Politically, the country has become more authoritarian under Recep Tayyip Erdoğan’s socially conservative Justice and Development Party (AKP). The Economist Intelligence Unit’s Democracy Index 2020 noted both **“an increased willingness of citizens to participate in demonstrations and improved confidence in political parties”** and a low civil liberties rating<sup>[3]</sup>.

Turkey’s ecommerce sector is expanding, with some of the recent growth linked to people trying online shopping because of the pandemic. E-shoppers belong predominantly to younger age groups, suggesting more growth ahead since the population is so young.

**Multi-category retailer hepsiburada.com is the leading website in Turkey.** The rapid growth of the Adidas store in Turkey suggests a demand for foreign brands.

[1] www.imf.org/en/Publications/WEO/weo-database/2021/October  
 [2] www.ft.com/content/1010e729-a33f-4fd8-acd6-e5391bca45e0  
 [3] www.eiu.com/n/campaigns/democracy-index-2020/

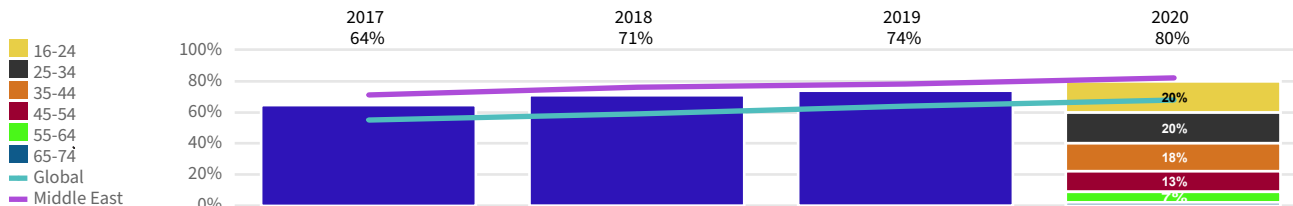
### Preferred payment method for online shopping in Turkey, 2020



Source: RetailX, drawing on data from Statista



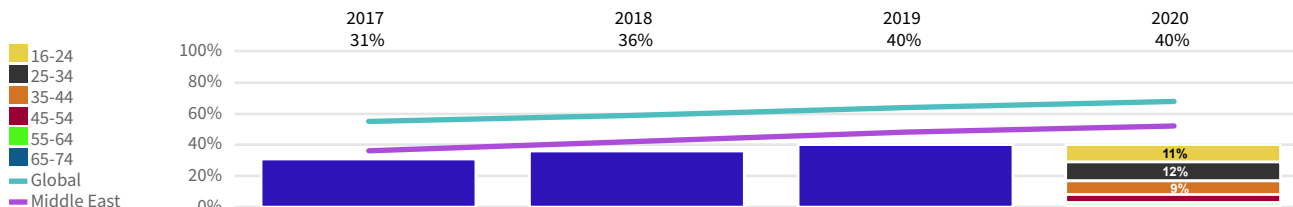
### Percentage of internet users



Source: RetailX, drawing on data from Eurostat, Statista



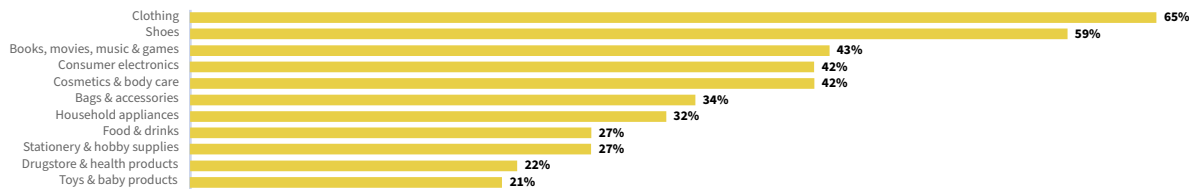
### Percentage of internet users who shop online



Data for Middle East includes: Iran, Israel, Qatar, Saudi Arabia, Turkey, United Arab Emirates. Data for Global includes the countries in this report  
 Source: RetailX, drawing on data from Eurostat, Statista



### Percentage of online shoppers who purchased items in different categories, Turkey, 2020



Source: RetailX, drawing on data from Statista Global Consumer Survey



# United Arab Emirates

Home to the global city of Dubai, the UAE is a country trying to diversify away from its reliance on the energy sector

With the world's sixth-largest oil reserves and seventh-largest gas reserves, **the economy of the United Arab Emirates is built on its energy sector.** It is both a developing economy and a high-income economy. The UAE has the second-largest economy in the Arab world, after Saudi Arabia.

It was classed as an authoritarian regime in the Economist Intelligence Unit's Democracy Index 2020<sup>[1]</sup> and **human rights organisations have reported systematic human rights abuses.** It is a federation of seven emirates,

**United Arab Emirates**

**Area:** 83,600 km<sup>2</sup>

**Capital:** Abu Dhabi


**Currency:** UAE dirham (AED)

**Official language:** Arabic

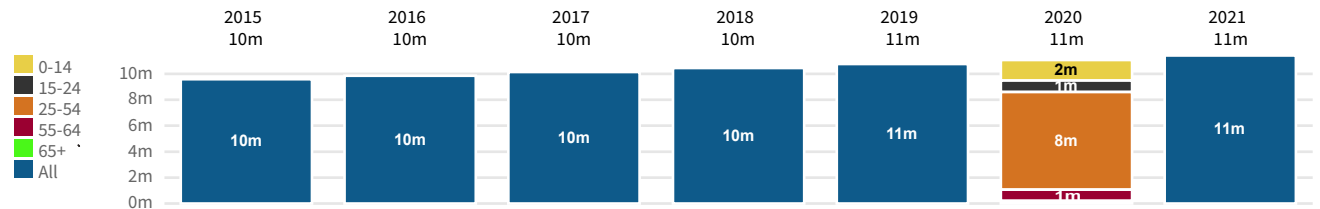
**Nationality:** Emirati

**Government:** Federal absolute monarchy

**VAT:** 5% | **Reduced VAT:** 0%



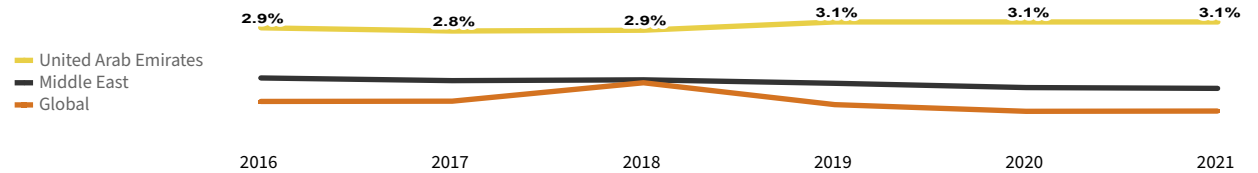
## Population structure



Source: RetailX, drawing on data from International Monetary Fund

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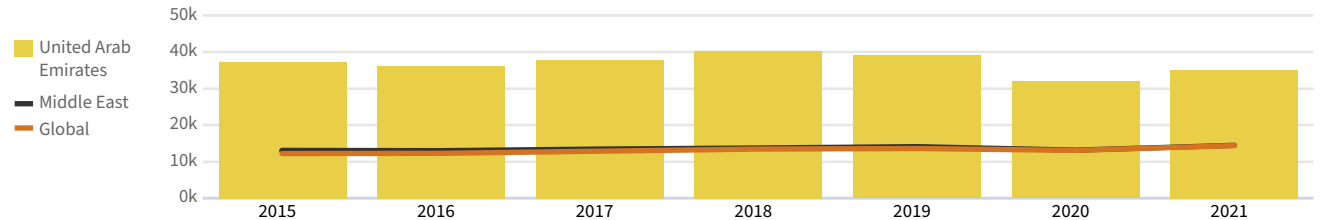
## Population growth



Source: RetailX, drawing on data from International Monetary Fund

© RetailX 2021

## GDP per capita (USD)



Source: RetailX, drawing on data from International Monetary Fund  
Data for Middle East includes: Israel, Iran, Qatar, Turkey, Saudi Arabia, UAE. Data for Global includes the countries in this report

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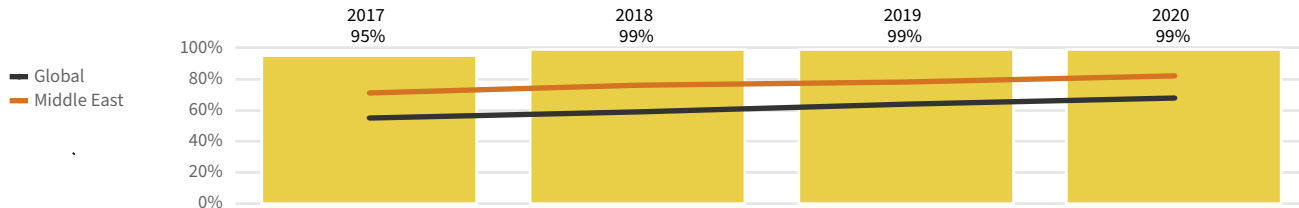
each governed by a sheikh who is also a member of the country's Federal Supreme Council. One of the seven serves as president.

In recent years, the authorities in the UAE have made **efforts to diversify its economy away from energy**. Over this time, **Dubai has grown to become an internationally important city**. The Dubai International Financial Centre (DIFC)<sup>[2]</sup> is a special economic zone and self-styled "leading financial hub for the Middle East, Africa and South Asia". It is "home to an internationally recognised, independent regulator and a proven judicial system with an English common law framework". It offers companies 100% ownership without the need for a local partner.

Linked to the success of the DIFC, **the fintech sector is important in Dubai** and the city works hard to attract investors and the venture capital community. Dubai is also one of the world's most popular tourist destinations and home to the world's tallest building, the Burj Khalifa<sup>[3]</sup>.

Ecommerce is booming in the UAE. According to a June 2021 report by the Dubai Chamber of Commerce and Industry, **the ecommerce sector grew by 53% year-on-year in 2020** and now makes up 8% of the retail market. Mobile commerce has made up a big part of this growth and it is predicted the sector will generate \$3.9bn in sales for the retail sector by 2025<sup>[4]</sup>.

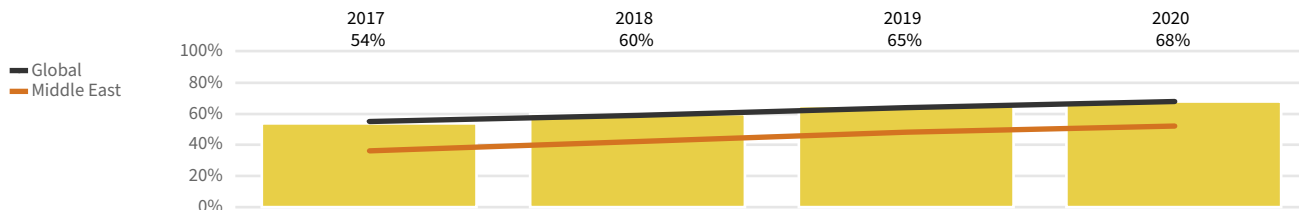
### Percentage of internet users



Source: RetailX, drawing on data from World Bank, Statista

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### Percentage of internet users who shop online



Data for Middle East includes: Israel, Iran, Qatar, Turkey, Saudi Arabia, UAE. Data for Global includes the countries in this report  
Source: RetailX, drawing on data from World Bank, Statista

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### E-shoppers' action following payment issues in the UAE, 2020



Source: RetailX, drawing on data from VISA

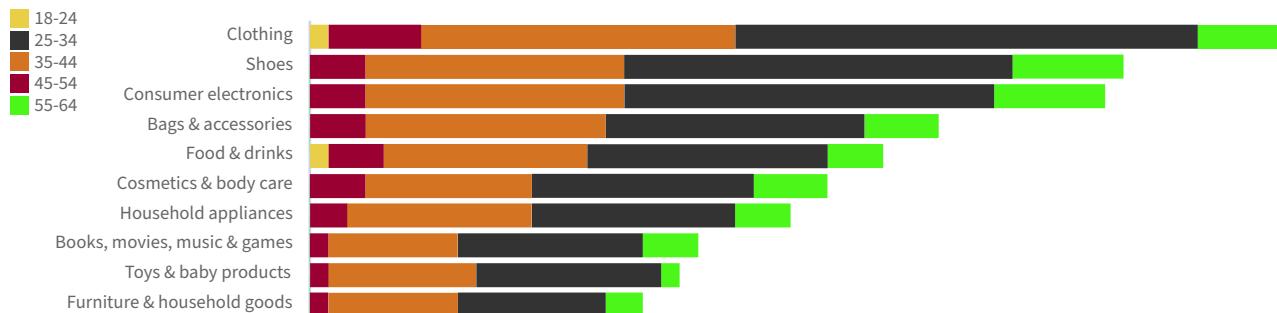
© RetailX 2021

The country's investment in infrastructure is reflected in the number of people who are online: 99% of the population. **A little more than two-thirds of people buy online**, with important sectors including clothing, consumer electronics and food and drink. Consumers are increasingly using smartphones to make online purchases.

**The international significance of the UAE is reflected in the country having its own Amazon store, amazon.ae**, which generated revenues of \$338m in 2020. Fashion store namshi.com and multi-category seller noon.com are also important ecommerce players.

[1] www.eiu.com/n/campaigns/democracy-index-2020/  
 [2] www.difc.ae  
 [3] www.burjkhalifa.ae/en/  
 [4] www.mediaoffice.ae/en/news/2021/June/23-06/Dubai-Chamber

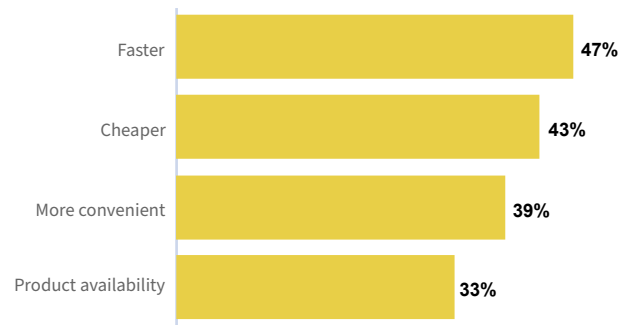
### Percentage of online shoppers of different ages who purchased items in different categories, UAE, 2020



Source: RetailX, drawing on data from Statista Global Consumer Survey



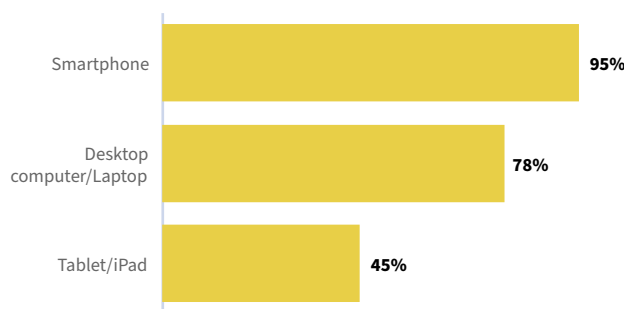
### Reasons for e-shoppers buying from new retailers in the UAE, 2020



Source: RetailX, drawing on data from Statista, Kantar, Google



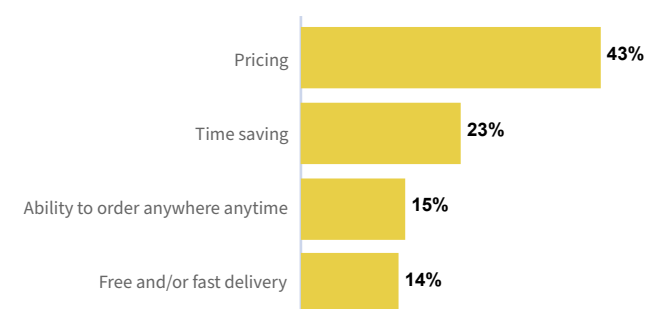
### Devices used by online shoppers for purchases, UAE, 2020



Source: RetailX, drawing on data from VISA



### Main drivers for shopping online in the UAE, 2020



Source: RetailX, drawing on data from UPS



# North America

Is this a mature market with nowhere left to grow? Not if US ecommerce companies can tap into growth in Mexico

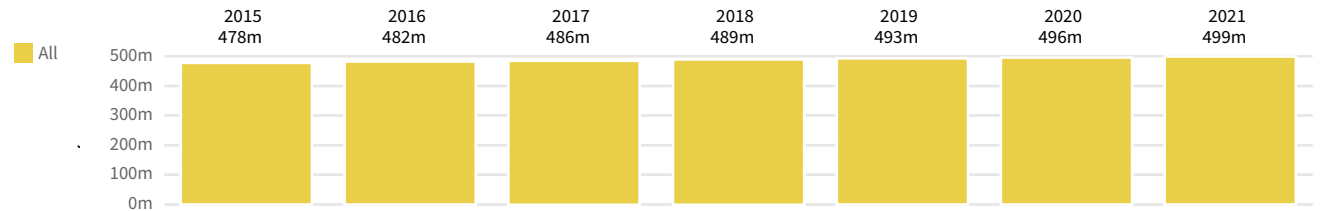
North America sports the highest proportion of online shoppers – 66% – of any of the regions of the world, significantly ahead of Asia’s 50% and even topping Europe’s 60%. While **ecommerce turns over \$641bn and contributes 2.6% of total GDP**, sales admittedly lie behind Asia \$1.1tn, yet that belies how advanced the region is when it comes to online shopping.

Both the **USA and Canada are in the top 10 ecommerce economies of the world** and have, over the course of the pandemic, seen their ecommerce sales rise, often driven by sales between the two nations that share the longest land border on the planet.

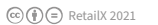
That’s not the whole North American story though, for also within the grouping is Mexico. The poor cousin to these two behemoths of online retail, **Mexico used to have one of the lowest ecommerce rates of any nation**, with just 39% of consumers shopping online.

Then, with shoppers forced to switch to online in 2020, that all changed. As of 2021, **Mexico’s once underperforming ecommerce sector has seen an 81% surge** in online

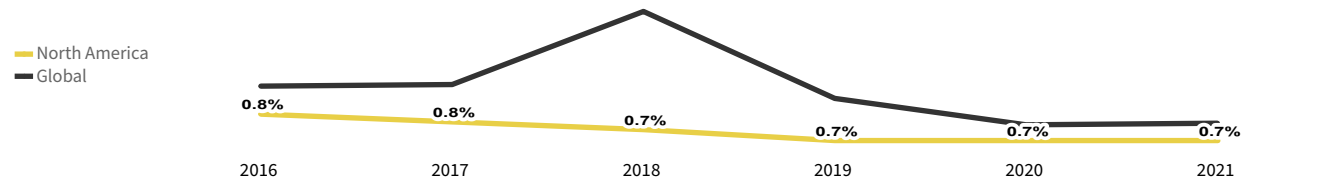
## Total population



Source: RetailX, drawing on data from International Monetary Fund, World bank



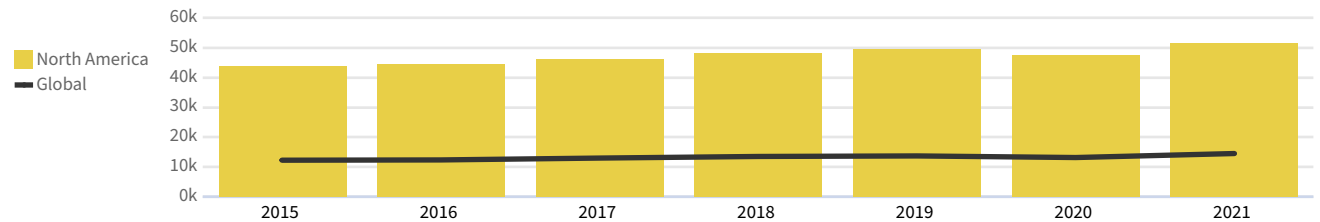
## Population growth



Source: RetailX, drawing on data from International Monetary Fund, World bank



## GDP per capita (USD)



Source: RetailX, drawing on data from International Monetary Fund, World bank



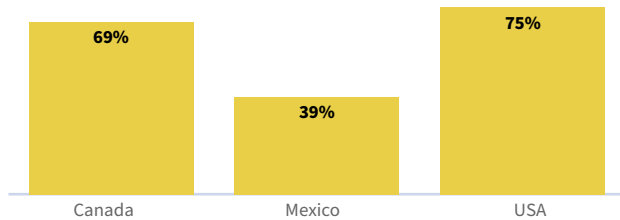
turnover in a year and is now attracting the attention of many retail giants from the US.

While this is great news for Mexican shoppers, it is also a boom to the US ecommerce industry, which has become so mature that many predict slow growth rates, or even reversals. That's because **with 75% of US internet users shopping online already, there isn't really anywhere left to grow.** On top of that, the advancing Chinese market is starting to erode US online sales.

For ecommerce giants such as Amazon and Walmart, as well as the ecommerce technology companies that underpin the industry, **a boom in Mexico is just what they need.** It is an emerging ecommerce market, ripe for development and just across the border.

Where this takes North American ecommerce remains to be seen, but in the short term Mexico is likely to shore up the sector – if Chinese ecommerce doesn't get there first.

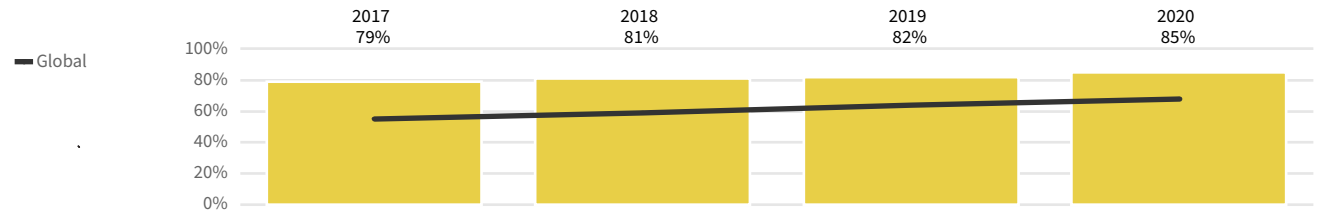
### E-shoppers, 2020



RetailX, drawing on data from Worldbank, Statista



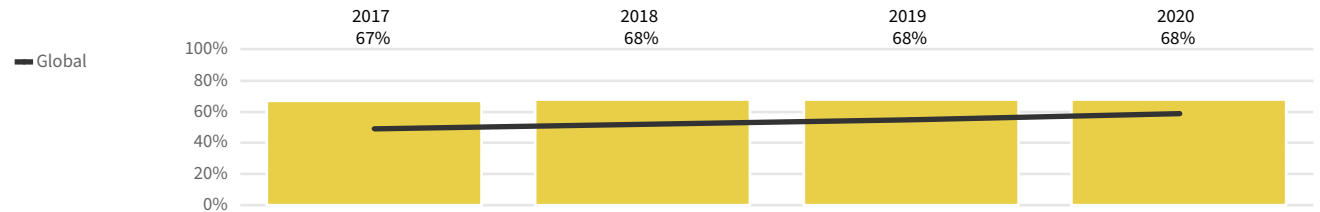
### Percentage of internet users



Source: RetailX, drawing on data from Worldbank, Statista



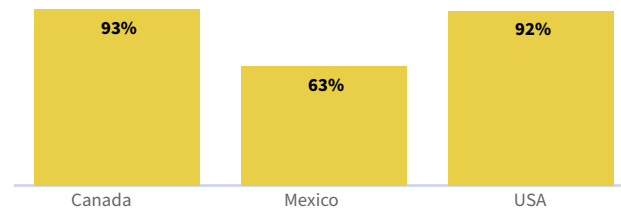
### Percentage of internet users who shop online



Source: RetailX, drawing on data from Worldbank, Statista



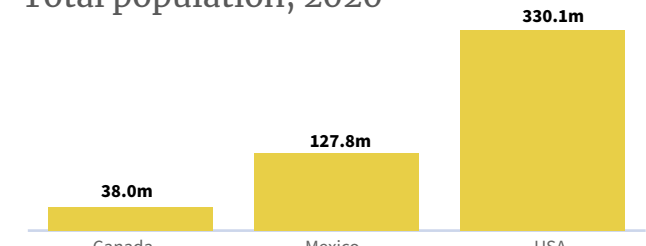
### Internet users, 2020



RetailX, drawing on data from Worldbank, Statista



### Total population, 2020



RetailX, drawing on data from International Monetary Fund



# Canada

Bordering the US and having a large French-speaking segment makes Canadians adept at cross-border buying

By land mass, Canada is the largest country in North America, but at 38m, its population is far less than its southern neighbour, the USA. Up until around 2019, **the country had seen only modest ecommerce growth relative to the size of its economy** and certainly not mirroring the growth seen in the USA. However, across the latter half of 2019 and 2020, it saw **a rapid shift, expanding 23% in 18 months, overtaking Australia and India to be worth some \$31bn** and making it the ninth-largest ecommerce market in the world<sup>[1]</sup>.

**Canada**

**Area:** 9,984,670 km<sup>2</sup>

**Capital:** Ottawa


**Currency:** Canadian dollar (CAD)

**Official language:** English, French

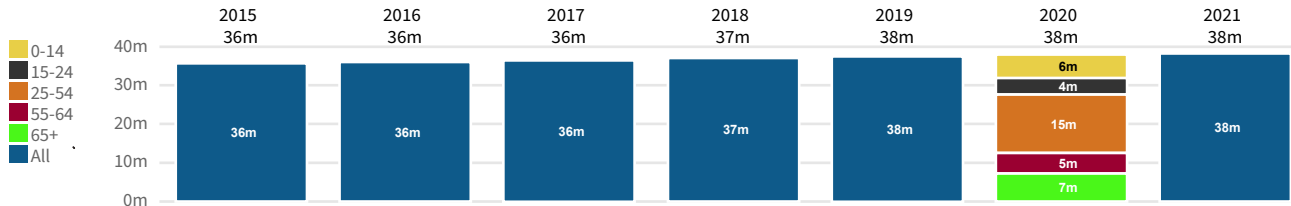
**Nationality:** Canadian

**Government:** Federal parliamentary constitutional monarchy

**VAT:** 5%



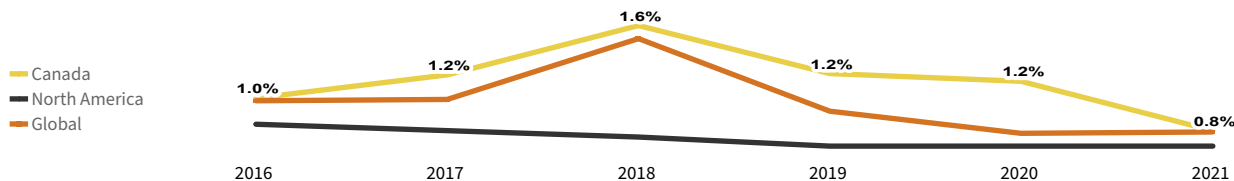
## Population structure



Source: RetailX, drawing on data from International Monetary Fund

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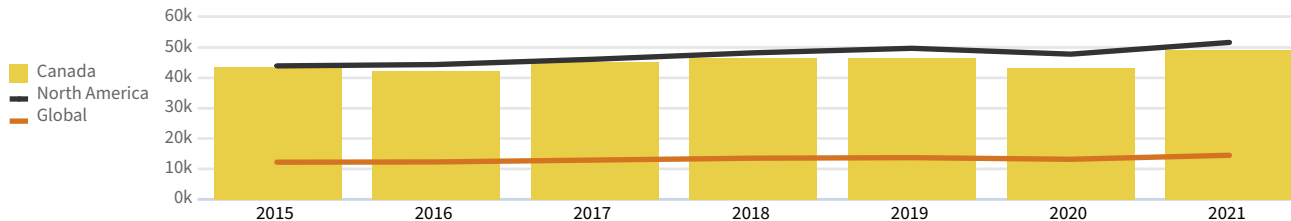
## Population growth



Source: RetailX, drawing on data from International Monetary Fund

© RetailX 2021

## GDP per capita (USD)



Source: RetailX, drawing on data from International Monetary Fund  
Data for Europe includes: the UK, France, Germany, Russia, Italy, Norway. Data for Global includes the countries in this report

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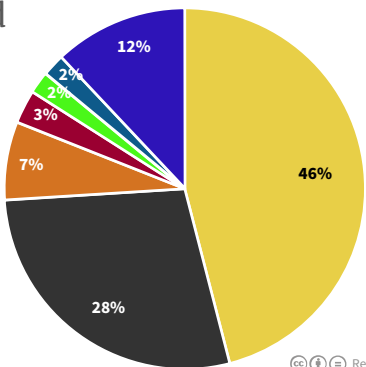


With **93% of the population using the internet**, Canada sits above the global and North American average, yet **still only sees some 69% of consumers conducting online shopping**.

What marks Canada out among ecommerce markets is that **much of its ecommerce comes from outside its borders**. In part this has been down to sharing a land border and many trading customs with the United States. **Almost half of the businesses that shoppers use in Canada are located in the USA** or with HQs there, while around 7% are from China and 3% from France. Indeed, research by RetailX and the UK's Department for International Trade found that 70% of Canadian shoppers have purchased something online from a foreign retailer or brand in the

### Countries where the Canada Largest 100 are based

- United States
- Canada
- China
- France
- Denmark
- Japan
- Other regions

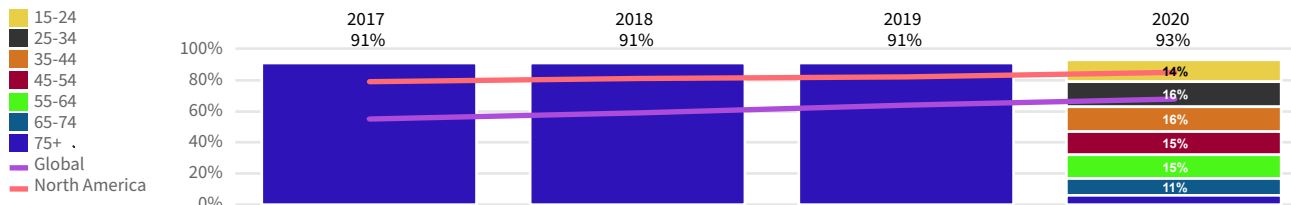


Note: retailers in the Largest 100 are selected for their significance to consumers in the country rather than where they are headquartered

Source: RetailX

© RetailX 2021

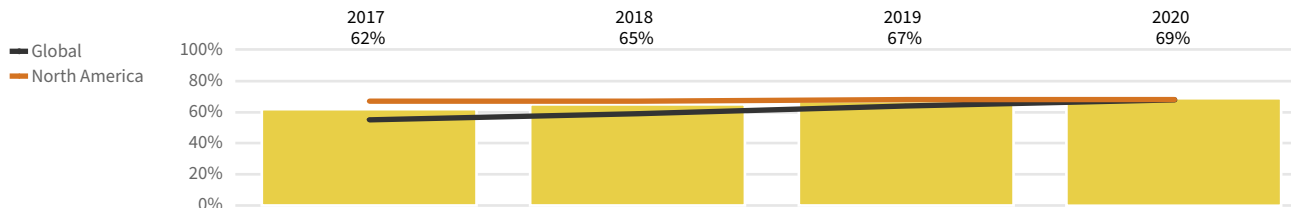
### Percentage of population using the internet



Source: RetailX, drawing on data from Eurostat

© RetailX 2021

### Percentage of internet users who shop online



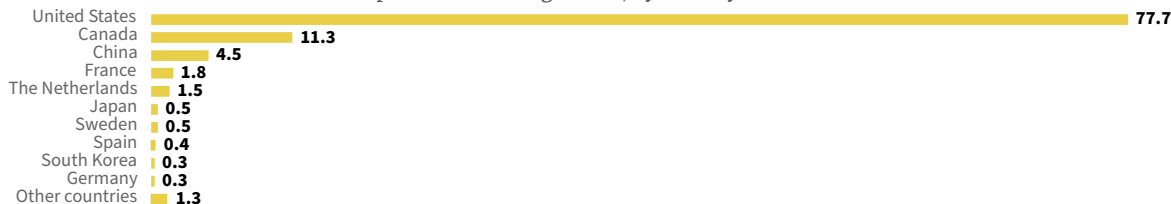
Data for North America includes: Canada, Mexico and USA. Data for Global includes the countries in this report

Source: RetailX, drawing on data from Statista

© RetailX 2021

### Web traffic from other countries

International web visits to Canada-based companies in the Largest 100, by country



Note: retailers in the Largest 100 are selected for their significance to consumers in the country irrespective of where they are headquartered

Source: RetailX, drawing on data from SimilarWeb

© RetailX 2021

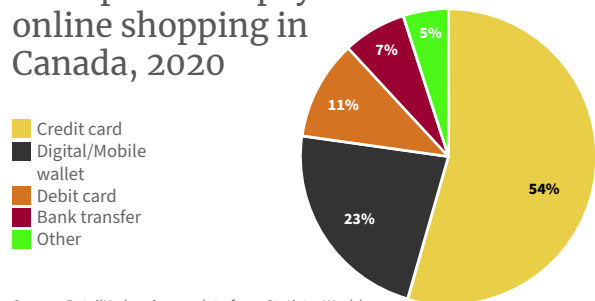
past 12 months. This both stems from, and is driven by, Canadian shoppers seeking out the best value when online, regardless of country of origin, since they are already used to buying cross-border and, with a large French-Canadian population, from overseas<sup>[2]</sup>.

Looking within the Canadian market, **consumers are increasingly using mobile to shop, with smartphones now accounting for 53% of ecommerce**, compared to 50% on laptops and 32% on PCs.

Using these devices, shoppers are in the main targeting multi-sector retailers, with Amazon.ca, the Canadian arm of US marketplace Amazon, the most visited ecommerce site in the country<sup>[3]</sup>. Typically, they are buying consumer electronics, fashion and apparel and homewares online.

[1] <https://ecommercedb.com/en/markets/ca/all>  
 [2] [www.mckinsey.com/~media/mckinsey/industries/retail/our%20insights/perspectives%20on%20retail%20and%20consumer%20goods%20number%208/perspectives-on-retail-and-consumer-goods\\_issue-8.pdf](http://www.mckinsey.com/~media/mckinsey/industries/retail/our%20insights/perspectives%20on%20retail%20and%20consumer%20goods%20number%208/perspectives-on-retail-and-consumer-goods_issue-8.pdf)  
 [3] <https://ecommercedb.com/en/markets/ca/all>

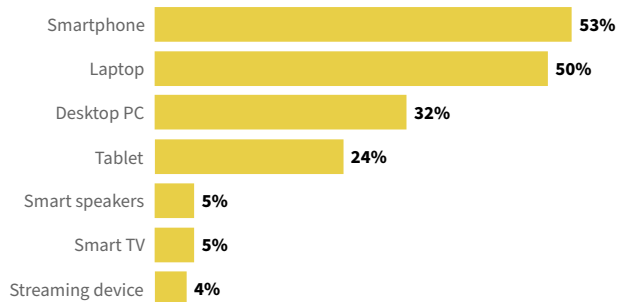
### Most preferred payment methods for online shopping in Canada, 2020



Source: RetailX, drawing on data from Statista, Worldpay



### Devices used by online shoppers for purchases, Canada, 2020



Source: RetailX, drawing on data from Statista Global Consumer Survey



### Main drivers for shopping online in Canada, 2020



Source: RetailX, drawing on data from PayBright



### Web traffic by sector

The percentage of web visits to the Largest 100 retailers from consumers in Canada, by sector



Note: retailers in the Largest 100 are selected for their significance to consumers in the country irrespective of where they are headquartered  
 Source: RetailX, drawing on data from SimilarWeb



# USA

The pioneer of online sales may have grown as far as it can – so what comes next for the world’s second-biggest ecommerce market?

The US is the second-largest ecommerce market in the world behind China and has seen significant pandemic-driven growth in 2020, with **ecommerce accounting for 21.3% of the country’s total retail sales.**

In 2020, **75% of those online were shopping as well as surfing** and ecommerce grew by 44% as consumers spent around £600bn online with the US-based merchants that dominate this pioneering market.

The biggest player in the US ecommerce market is amazon.com, which had a revenue of \$112.5bn in 2020.

**USA**

**Area:** 9,833,520 km<sup>2</sup>

**Capital:** Washington, DC

**Currency:** United States dollar (USD)


**Official language:** English

**Other languages spoken:** Spanish, Chinese, Tagalog, Vietnamese, French, Korean, German

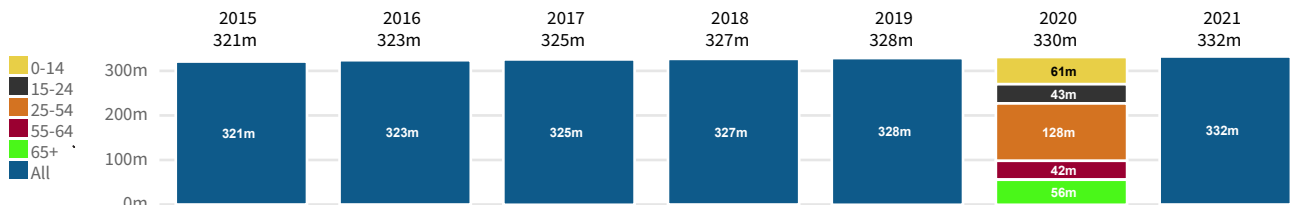
**Nationality:** American

**Government:** Federal presidential constitutional republic

**VAT:** 10%



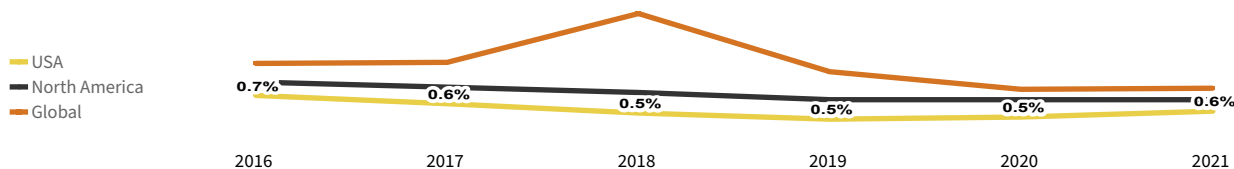
## Population structure



Source: RetailX, drawing on data from International Monetary Fund

© RetailX 2021

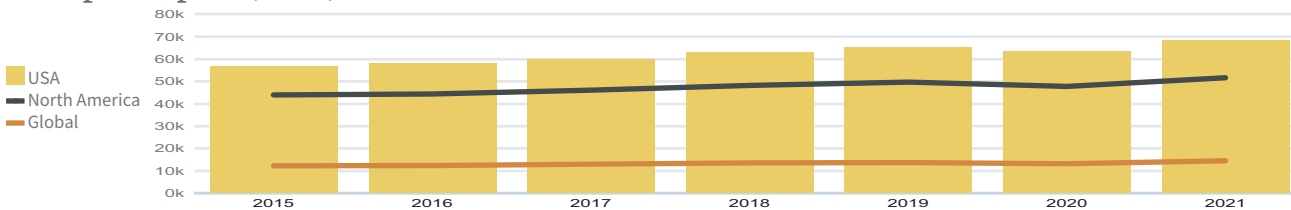
## Population growth



Source: RetailX, drawing on data from International Monetary Fund

© RetailX 2021

## GDP per capita (USD)



Data for North America includes: Canada, Mexico and USA. Data for Global includes the countries in this report

Source: RetailX, drawing on data from International Monetary Fund

© RetailX 2021

It is followed by walmart.com, with \$41.1bn revenue, and bestbuy.com, with \$18.7bn. **These top three stores take 30% of online revenue in the United States<sup>[1]</sup>.**

Chief among the items US shoppers buy online are clothes and shoes. Books, movies, music and games, along with consumer electronics and cosmetics, account for the bulk of online retail. However, most categories of retail you can think of are covered.

The US invented online retail and, unsurprisingly, it is at the vanguard of how ecommerce evolves. However, **there are signs that it is reaching saturation.** With 75% of the population buying online, there isn't much further room for growth and it is likely that sales will plateau. Some

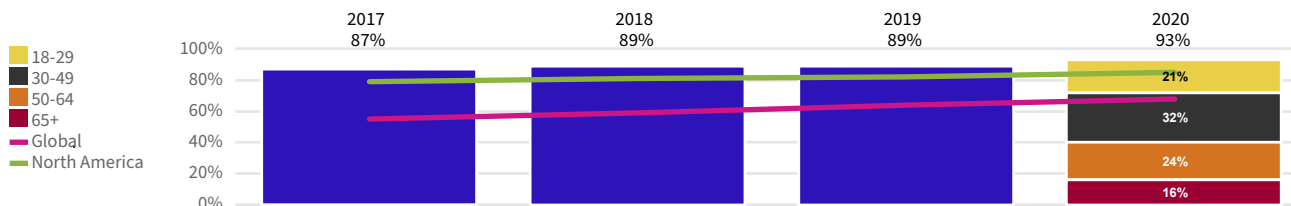
### Countries where the USA Largest 100 are based



Source: RetailX

© RetailX 2021

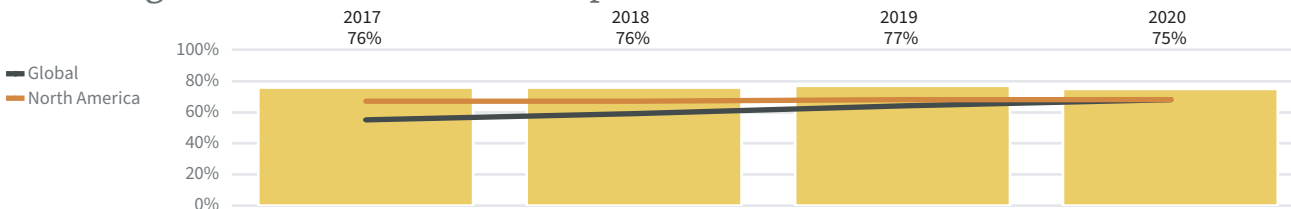
### Percentage of population using the internet



Source: RetailX, drawing on data from Eurostat

© RetailX 2021

### Percentage of internet users who shop online



Data for North America includes: Canada, Mexico and USA. Data for Global includes the countries in this report

Source: RetailX, drawing on data from Statista

© RetailX 2021

### Web traffic from other countries

International web visits to USA-based companies in the Largest 100, by country



Note: retailers in the Largest 100 are selected for their significance to consumers in the country irrespective of where they are headquartered

Source: RetailX, drawing on data from SimilarWeb

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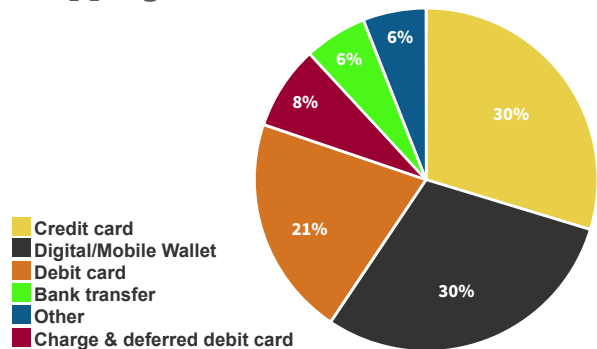
growth may come from increasing cross-border sales from Canada and Mexico, yet the in-roads being made by Chinese ecommerce vendors into the US market – much like all others worldwide – are likely to offset this.

The only caveat is that **US retailers may be able to adopt some of the trends that are driving Chinese ecommerce** – live streaming, super apps and social commerce – and leverage those to at least maintain sales levels.

It will be intriguing to see whether the larger US digital companies are more tightly regulated in the years ahead, something that is a real possibility.

[1] <https://ecommercedb.com/en/markets/us/all>

### Preferred payment method for online shopping in the USA, 2020



Source: RetailX, drawing on data from Statista, Worldpay



### Web traffic by sector

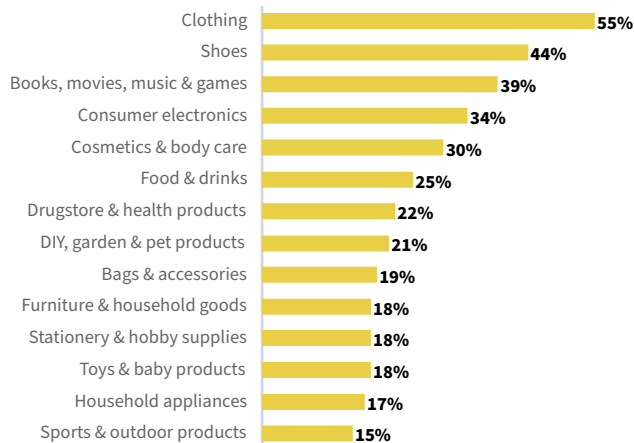
The percentage of web visits to the Largest 100 retailers from consumers in the USA, by sector



Note: retailers in the Largest 100 are selected for their significance to consumers in the country irrespective of where they are headquartered  
Source: RetailX, drawing on data from SimilarWeb



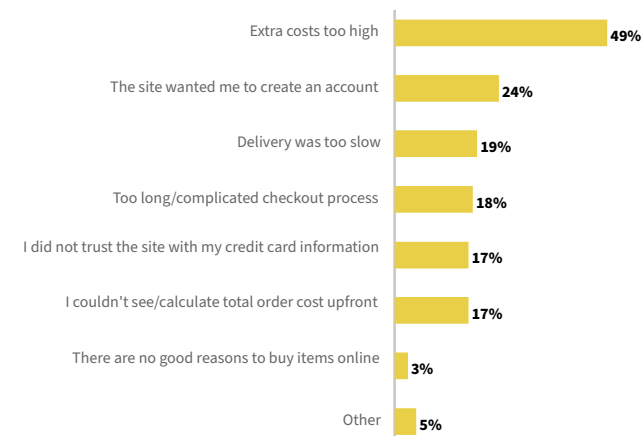
### Percentage of online shoppers who purchased items in different categories, USA, 2020



Source: RetailX, drawing on data from Statista Global Consumer Survey



### Reasons given by consumers for not completing the checkout process, USA, 2021



Source: RetailX, drawing on data from Statista, Baymard Institute



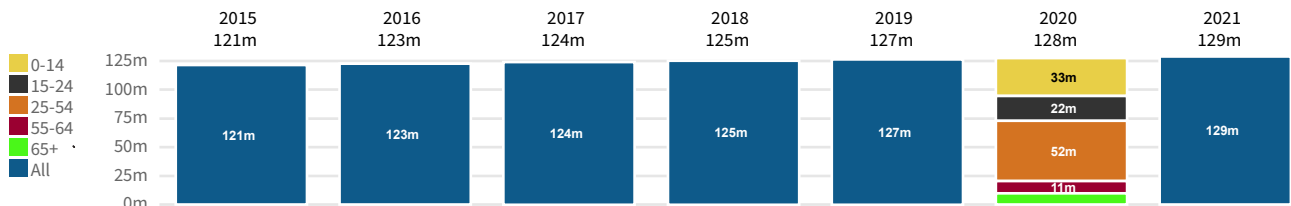
# Mexico

As Mexican ecommerce heats up rapidly from a very low level, foreign players are eager to invest in the boom times

Despite its respectable internet usage by 63% of the population, Mexico has one of the lowest levels of ecommerce in the world, with **just 39% of those online shopping online in 2020**.

The pandemic, however, has seen that shift. According to the Mexican Online Sales Association, the domestic ecommerce market was valued at \$15.8bn in 2020 – 81% up from 2019. **In 2020, there were 50.7m Mexican ecommerce users, a 9% increase over 2019<sup>[1]</sup>**. This growth has been driven by a surge in online food delivery,

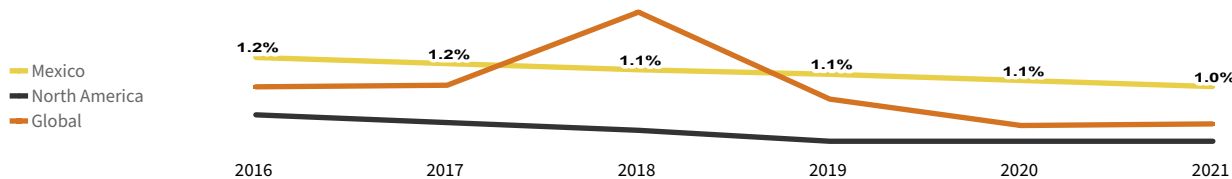
## Population structure



Source: RetailX, drawing on data from International Monetary Fund

© RetailX 2021

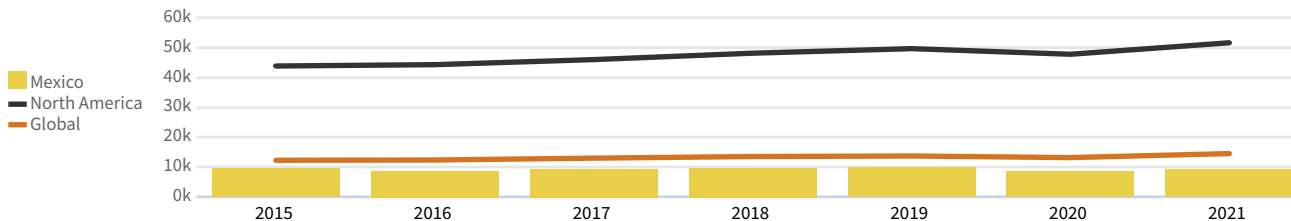
## Population growth



Source: RetailX, drawing on data from International Monetary Fund

© RetailX 2021

## GDP per capita (USD)



Data for North America includes: Canada, Mexico and USA. Data for Global includes the countries in this report

Source: RetailX, drawing on data from International Monetary Fund

© RetailX 2021

**Mexico**

**Area:** 1,972,550 km<sup>2</sup>

**Capital:** Mexico City

**Currency:** Mexican Peso (MXN)

**Official language:** Spanish

**Other languages spoken:** Amerindian languages

**Nationality:** Mexican

**Government:** Federal presidential constitutional republic

**VAT:** 16% | **Reduced VAT:** 8%

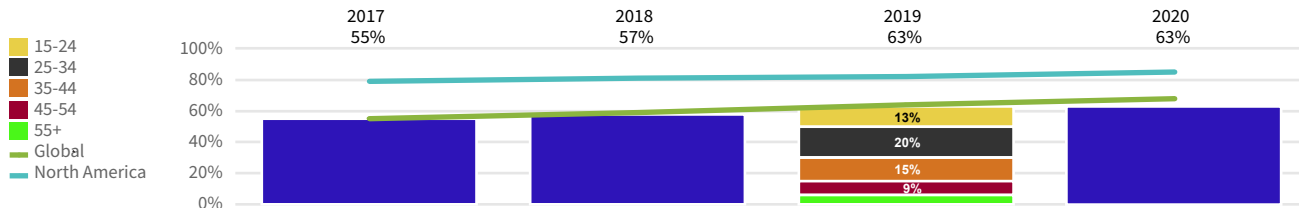
online fashion and beauty products. Online pharmacy use has also increased by some 40% in the last year. While all these upturns are likely directly attributable to the pandemic, most are likely to stick<sup>[2]</sup>.

**The Mexican ecommerce market is dominated by smartphones, with estimates putting mobile commerce at around 98% of the market.**

Marketplaces such as [www.mercadolibre.com.mx](http://www.mercadolibre.com.mx) and [www.amazon.com.mx](http://www.amazon.com.mx) are widely used in Mexico. **Mercado Libre was the most visited ecommerce site in 2020**, with 128m visits per month, followed by Amazon, with 64m<sup>[3]</sup>.

Additionally, some bricks-and-mortar retailers have been very successful at expanding into ecommerce sales. In 2020, Walmart Mexico’s online sales increased by 13%<sup>[4]</sup>. As a result of ecommerce growth in Mexico, **Amazon announced a \$100m investment in 2020 to open two new distribution centres and 12 delivery stations**<sup>[5]</sup>.

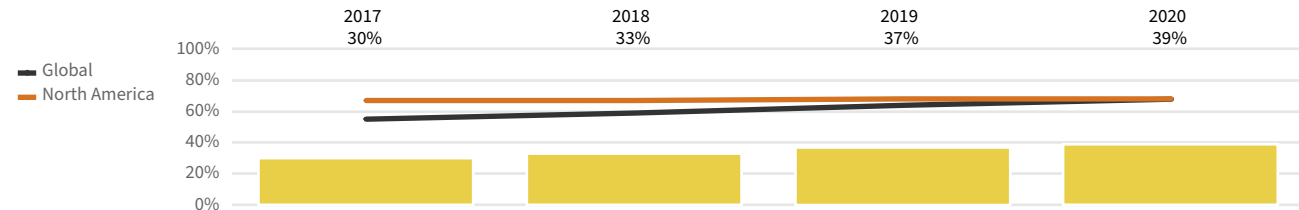
### Percentage of population using the internet



Source: RetailX, drawing on data from Eurostat

© RetailX 2021

### Percentage of internet users who shop online



Data for North America includes: Canada, Mexico and USA. Data for Global includes the countries in this report  
Source: RetailX, drawing on data from Statista

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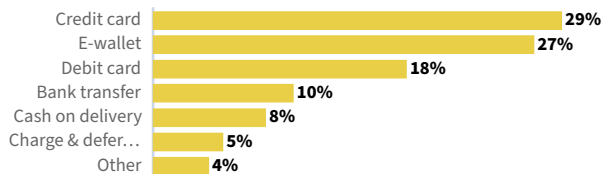
With so much of its domestic ecommerce development work in progress, much of Mexico’s nascent ecommerce is still conducted cross-border.

**In 2019, 50% of Mexican online shoppers purchased from international retailers, with 64% of those purchases coming from US sites**, while purchases from Latin American sites in 2020 increased by 7%<sup>[2]</sup>. However, the market is encountering some headwinds. The

Mexican Online Sales Association has warned that many of the growing number of online shoppers in Mexico are **concerned by cyber security threats and fraud**<sup>[2]</sup>.

[1] [www.amvo.org.mx](http://www.amvo.org.mx)  
 [2] [www.trade.gov/country-commercial-guides/mexico-ecommerce](http://www.trade.gov/country-commercial-guides/mexico-ecommerce)  
 [3] [www.statista.com/study/70370/ecommerce-in-mexico/](http://www.statista.com/study/70370/ecommerce-in-mexico/)  
 [4] <https://ecommercedb.com/en/store/walmart.com.mx>  
 [5] <https://mexiconewsdaily.com/news/amazon-to-build-new-distribution-center-in-mexico-state/>

### Preferred payment method for online shopping in Mexico, 2020



Source: RetailX, drawing on data from Statista, Worldpay

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# South America

Across the continent, the pandemic may have kicked off a boom in ecommerce, but there's much more still to come

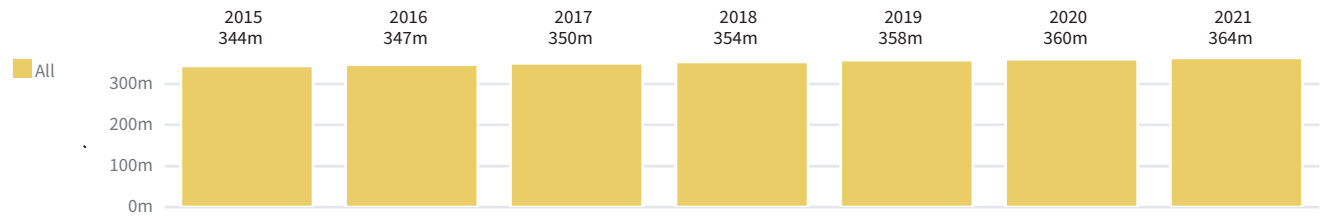
Continental South America, with a population approaching 370m, has been **slow to embrace ecommerce** but has also been a region where the impact of the pandemic on ecommerce has been most profound.

All South American countries analysed in this report saw sluggish growth pre-pandemic, with both low internet availability and a **disinterest in online shopping dramatically coming to an end when lockdowns were introduced** in early 2020.

Suddenly, consumers all across South America had to shop online and for many, the experience was a real eye-opener. In Peru, for example, a country where just 36% of the population used the internet, **the local culture for seeking out bargains and keen prices finally found its natural habitat online.** The pandemic has seen a profound shift for this country, with some estimates suggesting that there was a 250% increase in ecommerce in 2020 among some demographics<sup>[1]</sup>.

Across Brazil, Colombia, Argentina and Chile, a general disinterest in ecommerce has been rapidly turned around by the pandemic to varying degrees. Another

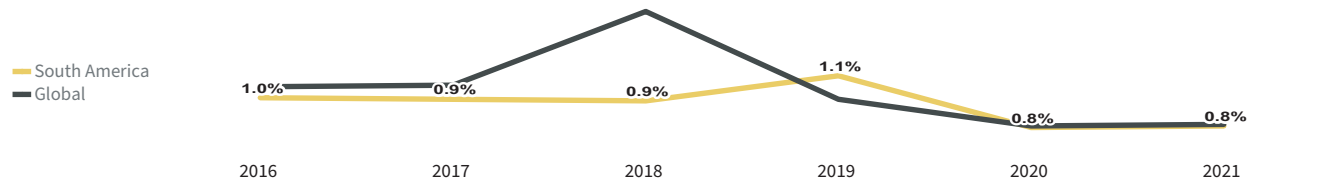
## Total population



Source: RetailX, drawing on data from International Monetary Fund, World Bank



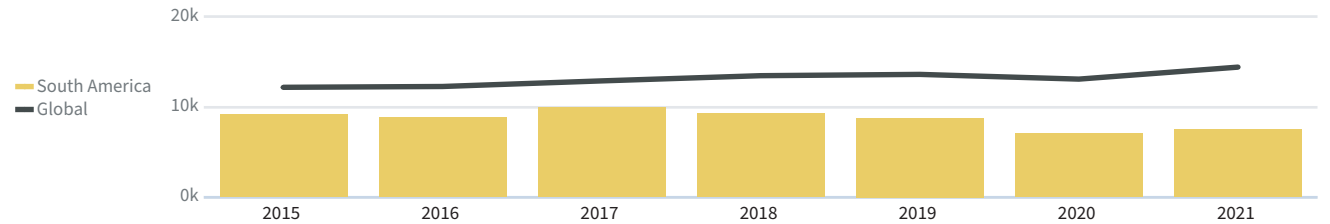
## Population growth



Source: RetailX, drawing on data from International Monetary Fund, World Bank



## GDP per capita (USD)



Source: RetailX, drawing on data from International Monetary Fund, World Bank





standout example is Chile. This small country has both the largest percentage of internet users (84%) and the largest number of these surfers shopping online (59%). With its relatively high GDP per capita, this stable country has reaped the rewards of early investments in technology.

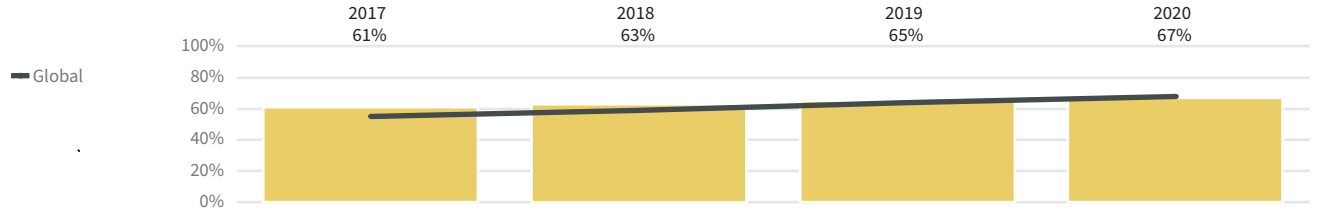
**One trait of the South American ecommerce market has been its reliance on mobile**, which has a high 70% rate of uptake on average across the whole region<sup>[2]</sup>. Indeed, **for many consumers, their first and only experience of the internet has been on a smartphone**.

Increasing investments by governments and private companies in digital mobile networks have been the key driver and this largely paved the way for the ecommerce explosion that took place in the region in 2020.

The South American ecommerce market is full of potential. **With an average of just 47% of those online also using ecommerce, there is ample room for growth**.

[1] [www.trade.gov/country-commercial-guides/peru-ecommerce](http://www.trade.gov/country-commercial-guides/peru-ecommerce)  
 [2] [www.statista.com/statistics/218141/mobile-penetration-rate-in-latin-america-since-2007/](http://www.statista.com/statistics/218141/mobile-penetration-rate-in-latin-america-since-2007/)

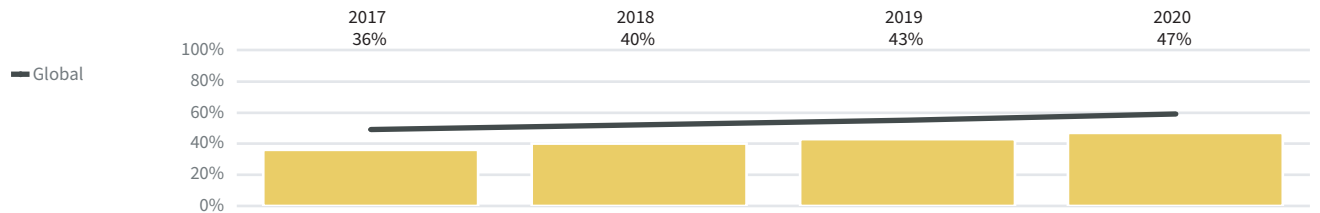
### Percentage of internet users



Source: RetailX, drawing on data from World Bank, Statista

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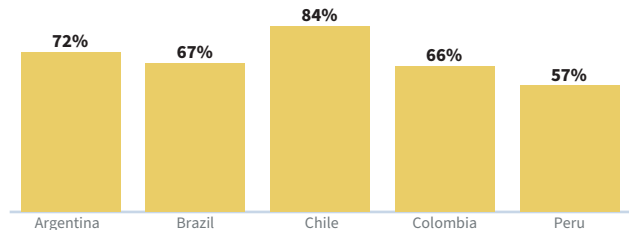
### Percentage of internet users who shop online



Source: RetailX, drawing on data from World Bank, Statista

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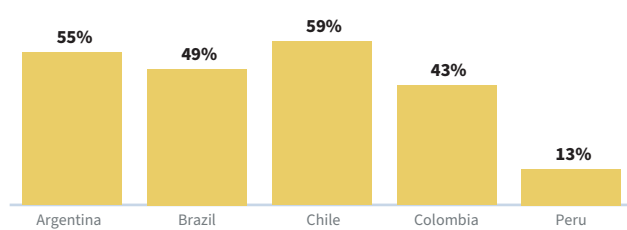
### Internet users, 2020



RetailX, drawing on data from World Bank, Statista

© RetailX 2021

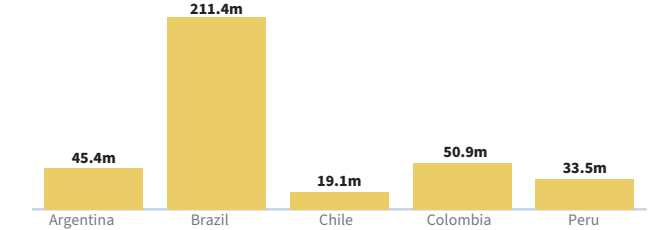
### E-shoppers, 2020



RetailX, drawing on data from World Bank, Statista

© RetailX 2021

### Total population, 2020



RetailX, drawing on data from International Monetary Fund

© RetailX 2021

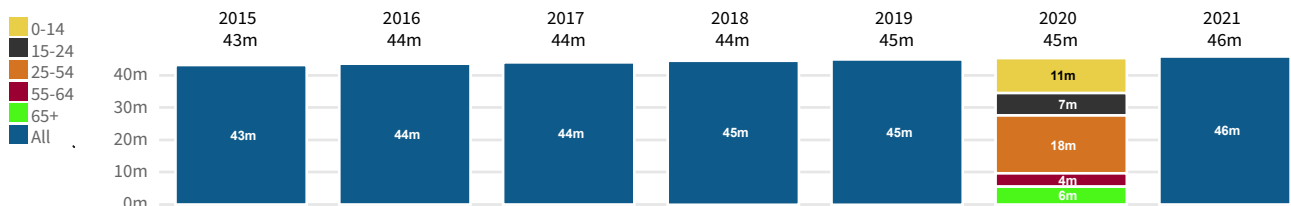
# Argentina

A slow-to-develop ecommerce market is now set for impressive growth as mobile adoption and a need for convenience drive Argentinian shoppers online

With 72% of people online, Argentina sits right on the global average, so has a relatively strong ecommerce presence for the region. Some **55% of those online also shop online, generating around \$5.76bn in revenues in 2020**. This places Argentina as the 33rd-largest ecommerce market in the world<sup>[1]</sup>, ahead of Colombia but behind Brazil.

As internet use grows in the country – particularly through **mobile adoption, which already stands at a high 70%**<sup>[2]</sup> – it is predicted that the Argentinian ecommerce market

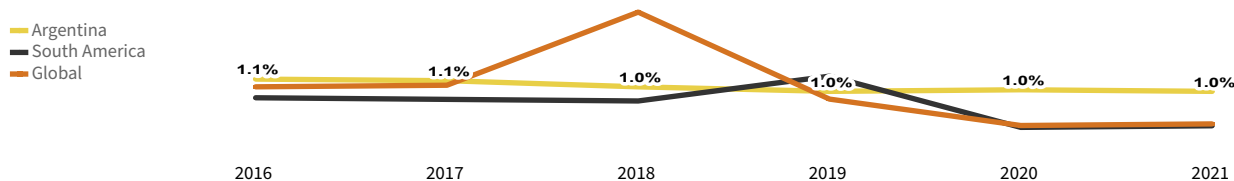
## Population structure



Source: RetailX, drawing on data from International Monetary Fund

© RetailX 2021

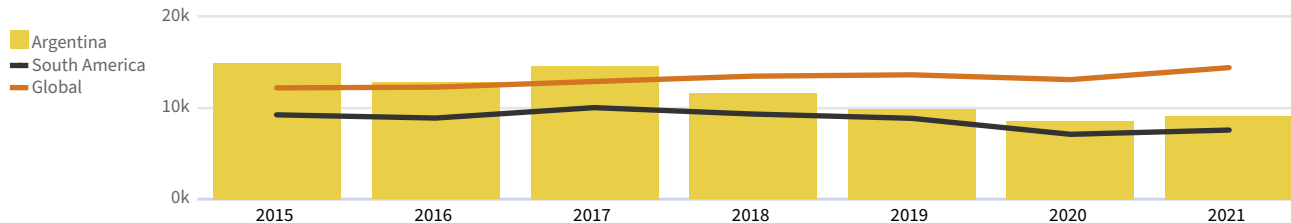
## Population growth



Source: RetailX, drawing on data from International Monetary Fund

© RetailX 2021

## GDP per capita (USD)



Source: RetailX, drawing on data from International Monetary Fund  
Data for South America includes: Argentina, Brazil, Chile, Colombia, Peru. Data for Global includes the countries in this report

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**Argentina**

**Area:** 2,780,400 km<sup>2</sup>

**Capital:** Buenos Aires

**Currency:** Argentinian Peso (ARS)


**Official language:** Spanish

**Other languages spoken:** regional languages

**Nationality:** Argentinian

**Government:** Federal presidential constitutional republic

**VAT:** 27% | **Reduced VAT:** 21%



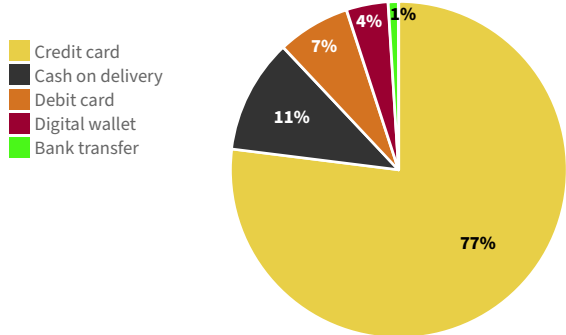
will grow by around 18% between 2020 and 2024, slowing from a pandemic peak of 44% in 2020.

Two of the top three retailers in the country are foreign brands, with Walmart turning over \$144m in the country and Adidas \$121m. **The third-largest retailer is domestic player Falabella, on \$119m.**

Simplicity and convenience are the key drivers for Argentinian consumers. Fashion and consumer electronics are the leading sectors selling online, with furniture and DIY catching up.

[1] <https://ecommercedb.com/en/markets/ar/all>  
 [2] [www.statista.com/forecasts/621034/smartphone-user-penetration-in-argentina](http://www.statista.com/forecasts/621034/smartphone-user-penetration-in-argentina)

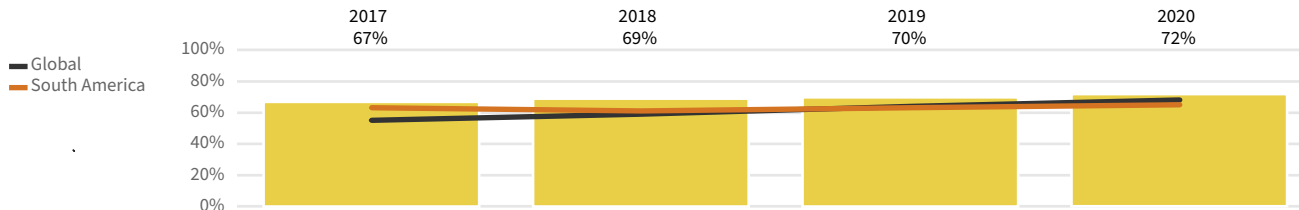
### Preferred payment method for online shopping in Argentina, 2020



Source: RetailX, drawing on data from Statista, CACE, Kantar TNS



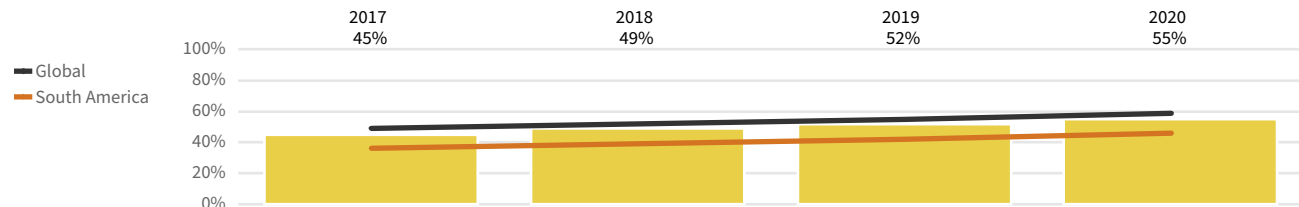
### Percentage of internet users



Source: RetailX, drawing on data from Statista



### Percentage of internet users who shop online



Data for South America includes: Argentina, Brazil, Chile, Colombia, Peru. Data for Global includes the countries in this report  
 Source: RetailX, drawing on data from Statista



### Main drivers for shopping online in Argentina, 2020



Source: RetailX, drawing on data from Statista, CACE, Kantar TNS



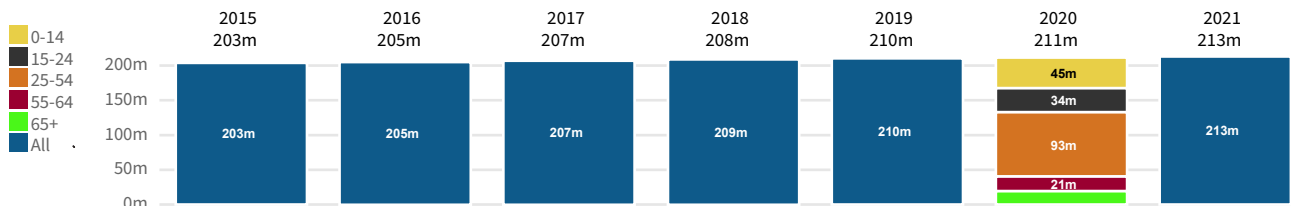
# Brazil

A relatively small proportion of a huge population is driving Brazil to be a slow-burn ecommerce powerhouse

Despite a relatively low internet usage of 66% and only 49% of those online also shopping online, **Brazil's ecommerce market is worth around \$22bn in 2020, making it the 15th-largest market in the world**, on a par with the Netherlands and Italy<sup>[1]</sup>.

The secret is in the numbers. **Brazil has an enormous population – 213m people – which far outstrips most developed European markets.** Even with such a low ecommerce uptake, that still adds up to a large number of shoppers. Most are Gen Z and millennials in urban areas.

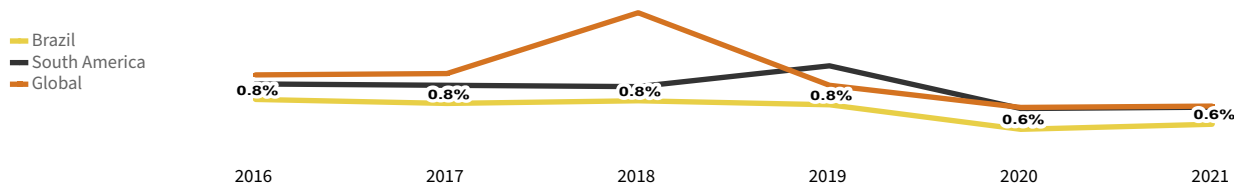
## Population structure



Source: RetailX, drawing on data from International Monetary Fund

© RetailX 2021

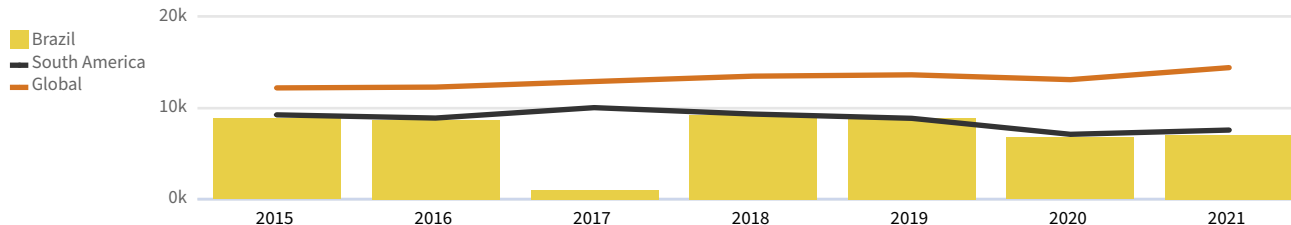
## Population growth



Source: RetailX, drawing on data from International Monetary Fund

© RetailX 2021

## GDP per capita (USD)



Source: RetailX, drawing on data from International Monetary Fund  
Data for South America includes: Argentina, Brazil, Chile, Colombia, Peru. Data for Global includes the countries in this report

© RetailX 2021

**Brazil**

**Area:** 8,515,767 km<sup>2</sup>

**Capital:** Brasília


**Currency:** Real (BRL)

**Official language:** Language

**Nationality:** Brazilian

**Government:** Federal presidential constitutional republic

**VAT:** 17% | **Reduced VAT:** 12%



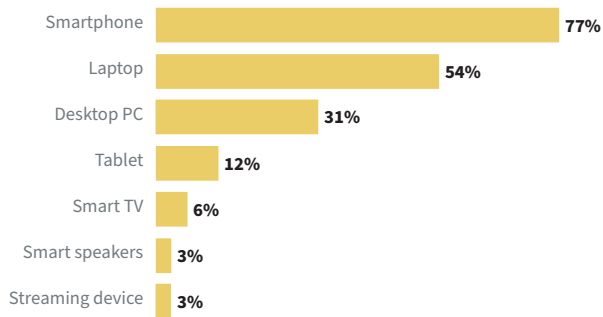
The country's GDP is around average for the continent, driving those that shop to seek relatively high-value goods, such as consumer electronics, household appliances and furniture and household goods.

As ecommerce becomes more widespread, it is also being used to shop for clothes, cosmetics and food. **Much of what Brazilians buy comes from China (62%) and the US.**

**Of those Brazilians that shop online, the overwhelming majority (77%) do so on mobile.** Mobile usage in the country, however, is not especially high, sitting at just 68% in 2021 and set to increasing only marginally over the next five years<sup>[2]</sup>.

[1] <https://ecommercedb.com/en/markets/br/all>  
 [2] [www.statista.com/forecasts/625406/smartphone-user-penetration-in-brazil](http://www.statista.com/forecasts/625406/smartphone-user-penetration-in-brazil)

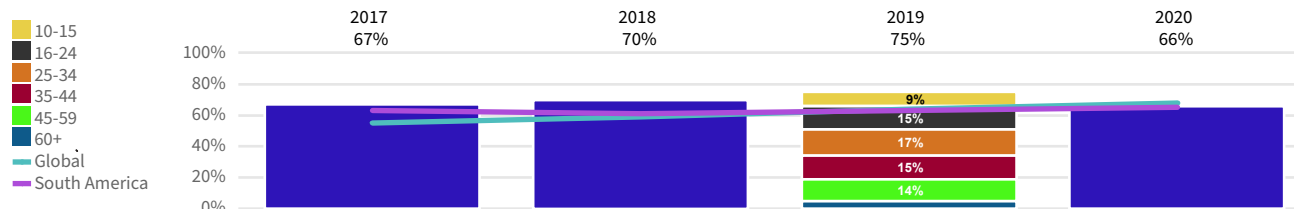
### Devices used by online shoppers for purchases, Brazil, 2020



Source: RetailX, drawing on data from Statista Global Consumer



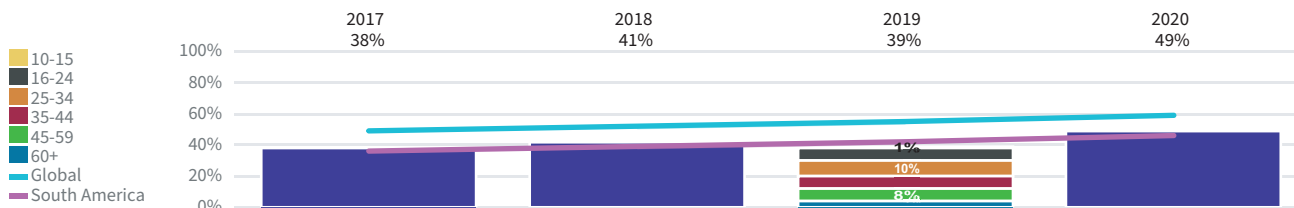
### Percentage of internet users



Source: RetailX, drawing on data from Statista



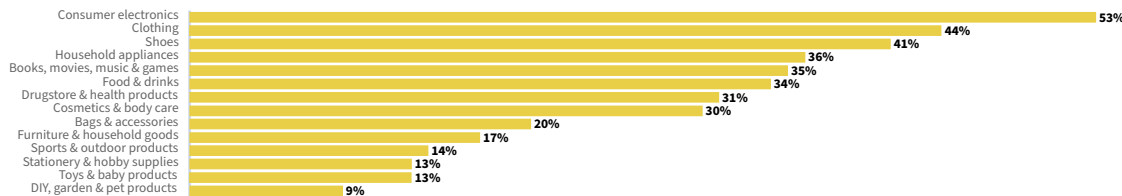
### Percentage of internet users who shop online



Data for South America includes: Argentina, Brazil, Chile, Colombia, Peru. Data for Global includes the countries in this report  
 Source: RetailX, drawing on data from Statista; Cetic.br



### Percentage of online shoppers who purchased items in different categories, Brazil, 2020



Source: RetailX, drawing on data from Statista Global Consumer Survey



# Chile

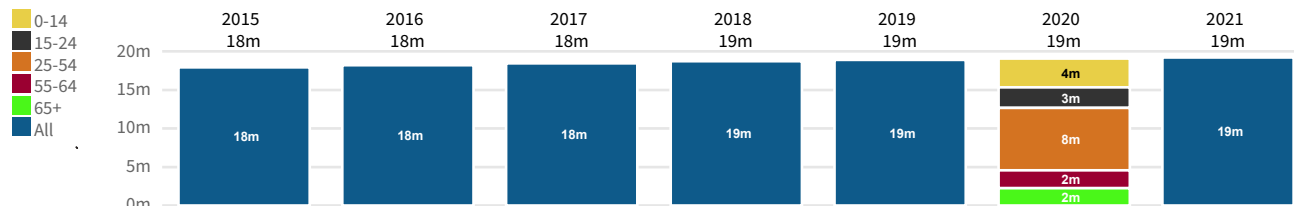
Sustained tech investment and a well-off population have delivered 95% mobile ownership and digital transformation

Chile is a relatively small yet wealthy South American nation, with a per capita GDP that lies just above the global average and is significantly above the rest of the continent.

**At 84%, the percentage of the population online is high.**

Perhaps more significantly, smartphone penetration is 95% (suggesting some consumers own more than one phone), with **Chilean consumers primarily using mobile to access the web**<sup>[1]</sup>. As a result, Chile has a **strong ecommerce sector, generating some \$6bn in 2020, on a par with Denmark**<sup>[2]</sup>. This is all the more remarkable given the country's population of just 19m.

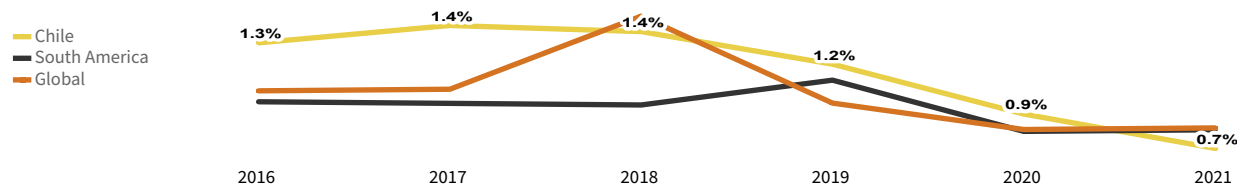
## Population structure



Source: RetailX, drawing on data from International Monetary Fund

© RetailX 2021

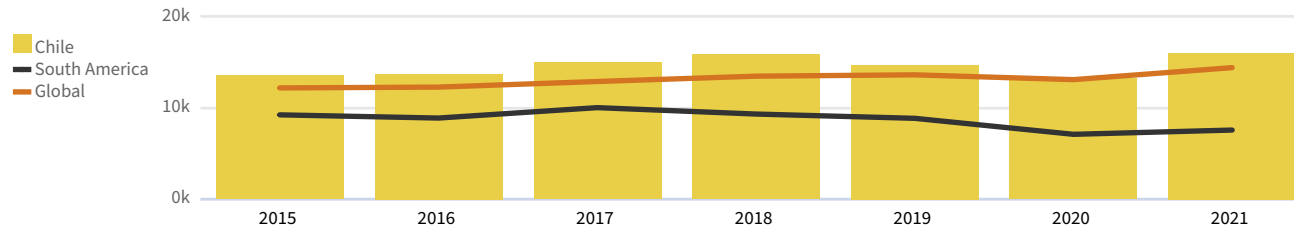
## Population growth



Source: RetailX, drawing on data from International Monetary Fund

© RetailX 2021

## GDP per capita (USD)



Source: RetailX, drawing on data from International Monetary Fund  
Data for South America includes: Argentina, Brazil, Chile, Colombia, Peru. Data for Global includes the countries in this report

© RetailX 2021

**Chile**

**Area:** 756,102 km<sup>2</sup>

**Capital:** Santiago

**Currency:** Chilean Peso (CLP)

**Official language:** Spanish

**Nationality:** Chilean

**Government:** Unitary presidential constitutional republic

**VAT:** 19%



Chile's ecommerce sector is dominated by regional players.

**Falabella, a pan-Latin American retailer that's also popular in Argentina, is the country's main online retailer.** Lider and Paris fill out the top-three retailers in the country and are both also operated domestically.

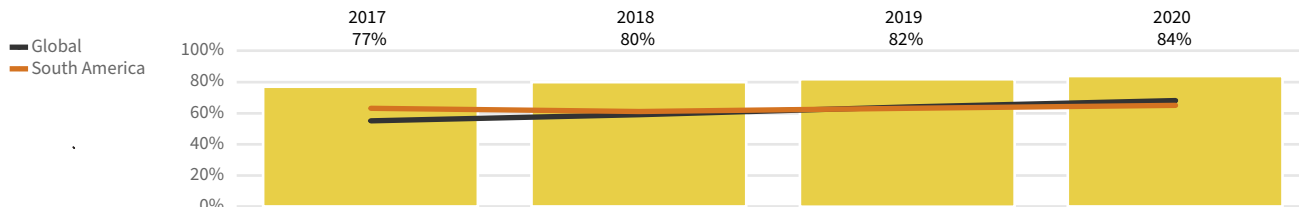
Such regionality is at odds with Argentina, where the top two online retailers are foreign-owned. It also points to the health of the Chilean ecommerce industry, which is investing in itself as it looks to tap into **growth predicted to be around 13% year-on-year until 2024<sup>[3]</sup>.**

Much of this confidence in Chile's domestic ecommerce market has been propelled by **sustained governmental and private sector investment in technological infrastructure.** The government has encouraged public-private partnerships to support the digital transformation of all aspects of Chilean life, including healthcare and entertainment. This has seen not only ecommerce growth, but also new online services in food delivery and medicines across the country.

In the wider economy, sectors in Chile that are important include mining (mainly copper), business services, manufacturing and tourism. The capital Santiago is also the largest city in Chile and its financial centre, with a population of 8m living in its metropolitan area.

[1] [www.trade.gov/knowledge-product/chile-ecommerce](http://www.trade.gov/knowledge-product/chile-ecommerce)  
 [2] <https://ecommercedb.com/en/markets/cl/all>  
 [3] [www.statista.com/statistics/937831/chile-ecommerce-key-figures/](http://www.statista.com/statistics/937831/chile-ecommerce-key-figures/)

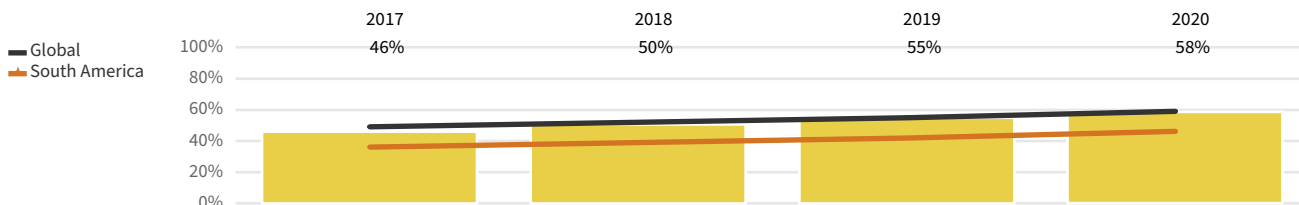
## Percentage of internet users



Source: RetailX, drawing on data from Statista

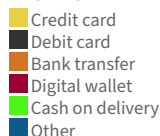
© RetailX 2021

## Percentage of internet users who shop online



Source: RetailX, drawing on data from Statista Data for South America includes: Argentina, Brazil, Chile, Colombia, Peru. Data for Global includes the countries in this report © RetailX 2021

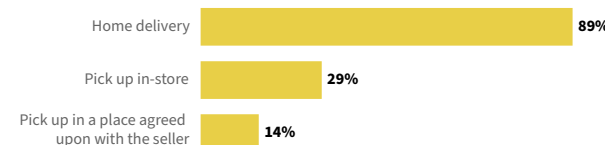
## Preferred payment method for online shopping in Chile, 2020



Source: RetailX, drawing on data from CCS

© RetailX 2021

## Delivery methods used by e-shoppers for online purchases in Chile, 2020



Source: RetailX, drawing on data from CCS; Kawésqar Lab

© RetailX 2021

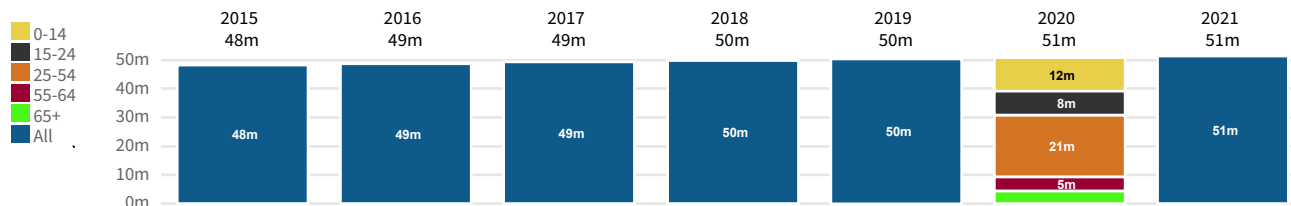
# Colombia

This ecommerce backwater exploded into overdrive during the pandemic and has since become the fourth-largest online market in the region

With a population of around 51m, Colombia is an emerging economy with a per capita GDP way below the South American and global averages. However, despite this and its relatively low levels of internet usage, it is starting to get a handle on ecommerce.

Online purchasing has grown steadily since 2017, with **43% of Colombian consumers buying online by 2020, compared to 28% just four years ago**. There is clearly

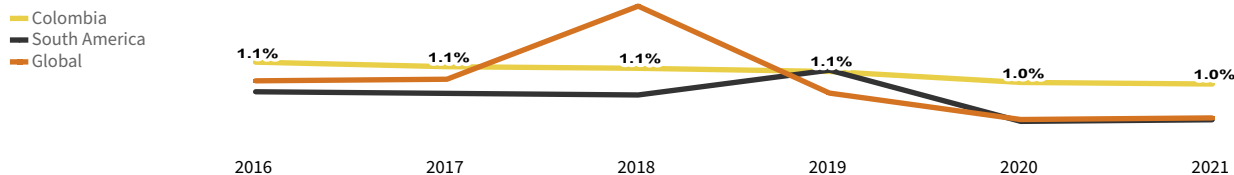
## Population structure



Source: RetailX, drawing on data from International Monetary Fund

© RetailX 2021

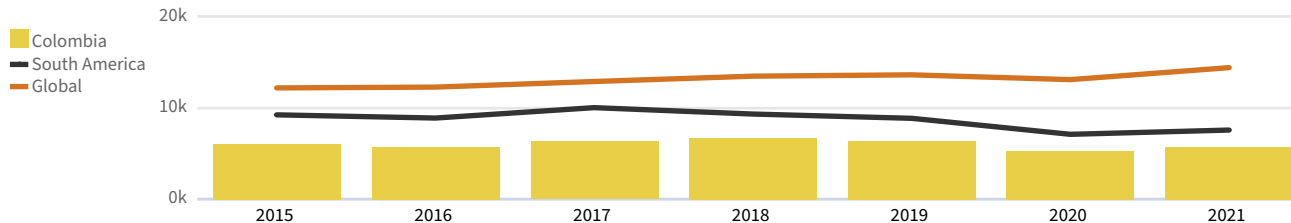
## Population growth



Source: RetailX, drawing on data from International Monetary Fund

© RetailX 2021

## GDP per capita (USD)



Source: RetailX, drawing on data from International Monetary Fund  
Data for South America includes: Argentina, Brazil, Chile, Colombia, Peru. Data for Global includes the countries in this report

© RetailX 2021

**Colombia**

**Area:** 1,141,748 km<sup>2</sup>

**Capital:** Bogotá

**Currency:** Colombian Peso (COP)

**Official language:** Spanish

**Other languages spoken:** regional languages

**Nationality:** Colombian

**Government:** Unitary presidential constitutional republic

**VAT:** 19% | **Reduced VAT:** 5%



a growing demand in the market for online shopping and, accelerated by the pandemic, some of this was unleashed over 2020. By the end of that year, it had seen online revenues hit \$6bn, placing it as **the 32nd-largest ecommerce market globally, ahead of Argentina**<sup>[1]</sup>.

This leap forward in web usage has driven profound change within Colombian shopping habits and propelled almost two-thirds of the population to make an online purchase at some point<sup>[2]</sup>. It has also changed what they buy, with **many more people buying food and supplies online than they did pre-pandemic**.

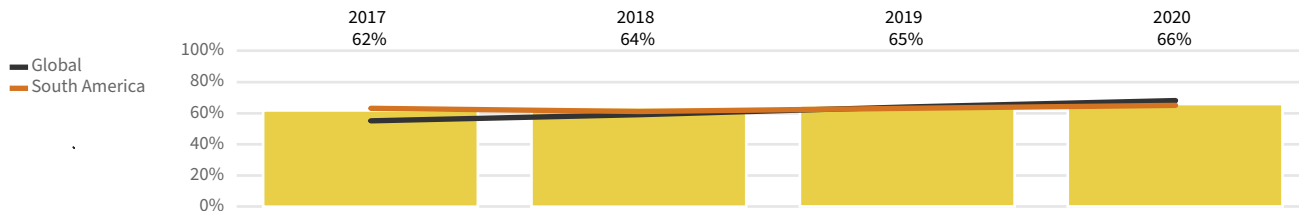
In less than a year, these factors have totally recast ecommerce in Colombia, which **now seems set to grow even further in the years ahead**.

**South American ecommerce powerhouse Falabella is the largest online retailer in Colombia**, as it is in many Latin American countries, selling \$188m in the country in 2020. Second, however, is US amazon.com, which sells \$101m of goods in Colombia annually<sup>[1]</sup>.

While grocery, food and medicine shopping forced a sea change in Colombian consumer shopping habits during the pandemic, **the market is dominated by fashion and apparel**, which accounts for a third of all online sales. Electronics, media, furniture and toys account for almost all the rest.

Turning to the wider economy, Colombia has experienced something of a boom over the past decade, in part because

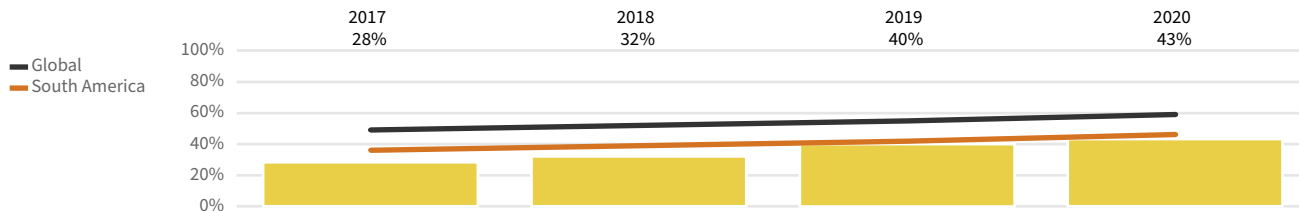
## Percentage of internet users



Source: RetailX, drawing on data from Statista

© RetailX 2021

## Percentage of internet users who shop online



Data for South America includes: Argentina, Brazil, Chile, Colombia, Peru. Data for Global includes the countries in this report  
Source: RetailX, drawing on data from Statista

© RetailX 2021

it has become more stable after long years when violence associated with the illegal narcotics trade cast a long shadow over the country and its reputation.

Important sectors include shipbuilding, electronics and appliances, and tourism. The government has supported the country's arts and culture sector. The country is rich in natural resources, including petroleum reserves, and deposits of nickel, gold, silver, platinum and emeralds.

Metropolitan Bogotá, the capital is home to 10.7m. The city is the country's main financial centre and, perhaps a clue as to why ecommerce took a while to get started, famed for its plethora of shopping malls.

[1] <https://ecommercedb.com/en/markets/co/all>  
[2] [www.statista.com/topics/6005/e-commerce-in-colombia/#dossierKeyfigures](http://www.statista.com/topics/6005/e-commerce-in-colombia/#dossierKeyfigures)

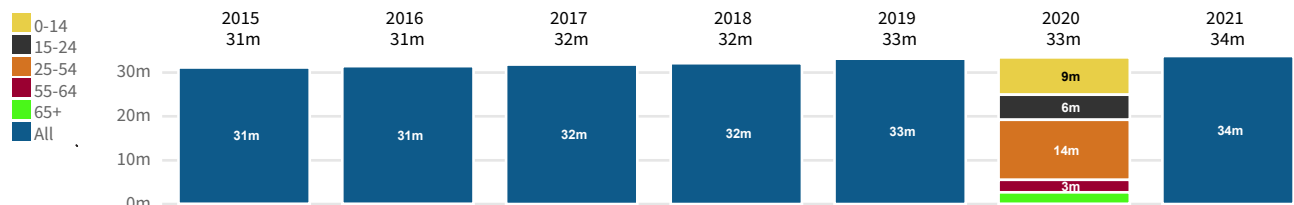
# Peru

With one of the lowest ecommerce rates in the world, Peru is building on pandemic growth as shoppers now look for bargains

At 13%, Peru has one of the lowest ecommerce rates of anywhere in the world. **Internet usage is also low, at just 56%**. Both figures pull it way below both the South American and global averages.

However, there are signs that Peruvians are beginning to embrace online shopping. **Consumers value choice and competitive pricing** so, as more have been exposed to online shopping by pandemic necessity, more have seen the competitive nature of ecommerce. This, in turn,

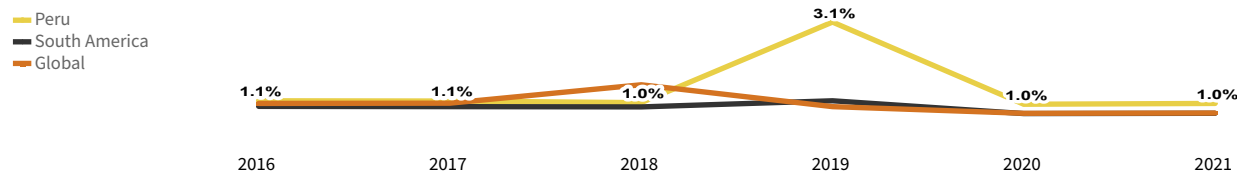
## Population structure



Source: RetailX, drawing on data from International Monetary Fund

CC BY ND RetailX 2021

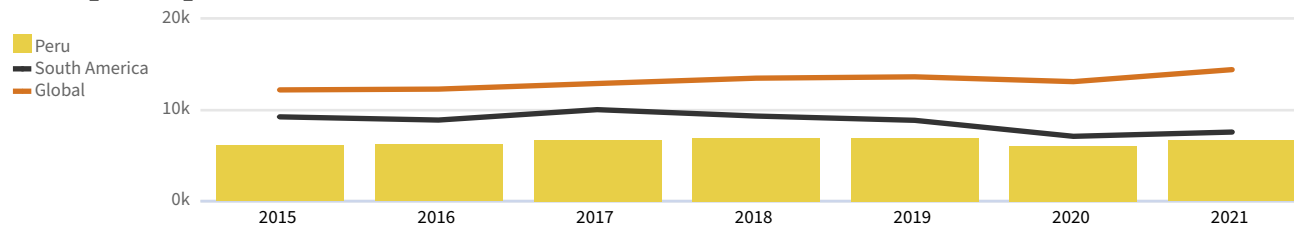
## Population growth



Source: RetailX, drawing on data from International Monetary Fund

CC BY ND RetailX 2021

## GDP per capita (USD)



Source: RetailX, drawing on data from International Monetary Fund  
Data for South America includes: Argentina, Brazil, Chile, Colombia, Peru. Data for Global includes the countries in this report

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**Peru**

**Area:** 1,285,220 km<sup>2</sup>

**Capital:** Lima

**Currency:** Sol (PEN)

**Official language:** Spanish, Quecha, Aymara

**Nationality:** Peruvian

**Government:** Unitary presidential republic

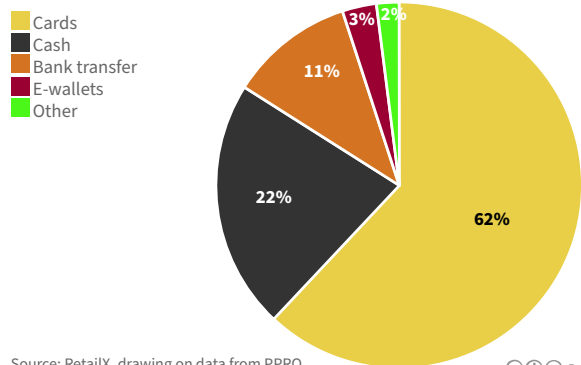
**VAT:** 18%

has started to create an interest in online shopping over shopping at bricks-and-mortar stores.

**This nascent interest in ecommerce is spurring other sectors to expand**, with delivery companies, taxi firms and food delivery operations springing up to support the demand created by more shoppers looking online.

The government is also making its first tentative steps into **digitally transforming the country's infrastructure and services**.

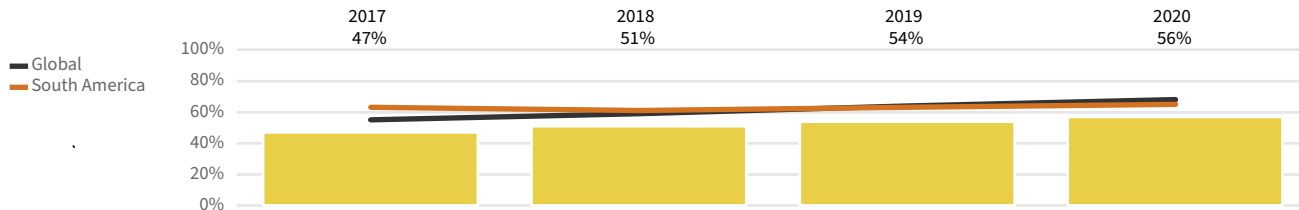
### Preferred payment method for online shopping in Peru, 2020



Source: RetailX, drawing on data from PPRO



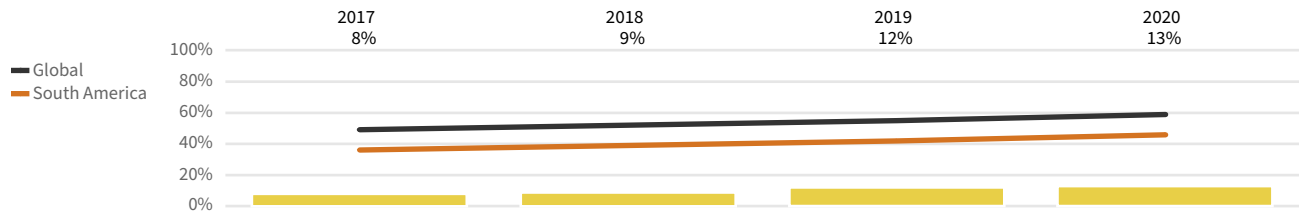
### Percentage of internet users



Source: RetailX, drawing on data from Statista



### Percentage of internet users who shop online



Source: RetailX, drawing on data from Statista Data for South America includes: Argentina, Brazil, Chile, Colombia, Peru. Data for Global includes the countries in this report



It is widely expected that this confluence of factors will snowball into creating more rapid online growth in Peru in the years ahead<sup>[1]</sup>.

Currently, **the country is the 47th-largest ecommerce market in the world, with revenues of some \$6bn**. This places it on a par with Egypt and Pakistan, although it is tipped to grow at an average of 14% between 2020 and 2024, following a record 52% boost in 2019/20.

**Unusually, the leading vertical is furniture, which accounts for 23% of online sales**, followed by the DIY sector at 21%<sup>[2]</sup>.

[1] [www.trade.gov/country-commercial-guides/peru-ecommerce](http://www.trade.gov/country-commercial-guides/peru-ecommerce)

[2] <https://ecommercedb.com/en/markets/pe/all>

# Global issues

Over the following pages, we look at some of the questions that will be on the agenda for retailers in the months and years that lie ahead

This section focuses on global challenges and opportunities facing ecommerce stakeholders around the world. Sustainability, in particular, has been a recurring theme in recent years. There is plenty of evidence that consumers are ahead of politicians in worrying about the issues here and that this is beginning to affect the choices they make around, for example, which goods to buy and which retailers to favour.

We also look at some of the numbers around Covid-19. The received wisdom is that the pandemic has accelerated ecommerce development around the world, but do the statistics bear this out?

Finally, we look briefly at issues that, while they may not be on the immediate agenda for businesses, may impact on the ecommerce sector in the years ahead.

## Section contents



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# Sustainability

## Will world leaders meeting at COP26 in Glasgow act swiftly to fix “code red” for climate change?

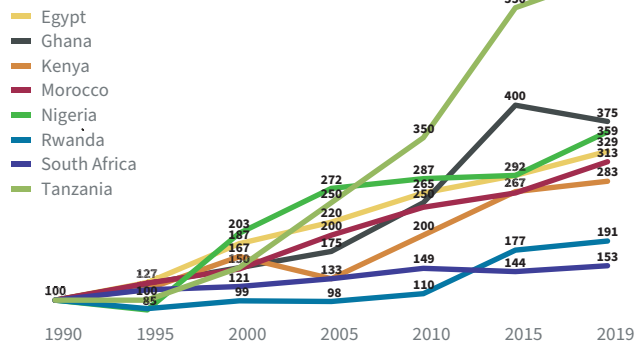
World leaders, government officials, NGOs, business and interested parties will join together in Glasgow, UK, at the end of October in **a bid to move forward environmental ambitions to tackle climate change**. The 26th Conference of the Parties summit – commonly referred to as COP26 – is taking place between 31 October and 12 November in a year that is seen as **decisive for the future of the planet**. (Note: this piece was written in the middle of October.)

This year, countries have to update the targets and action plans set in Paris in 2015. It is hoped that countries will set new, stricter targets for net zero emissions by 2050 and that these will **keep global temperature increases to 1.5°C compared with pre-industrial levels or well below 2°C**, figures that scientists say are imperative.

**“Whether future generations look back at this time with admiration or despair, depends entirely on our ability to seize this moment,”** says Alok Sharma, COP president designate.

### CO<sub>2</sub> emissions, Africa

Based on index 1990=100

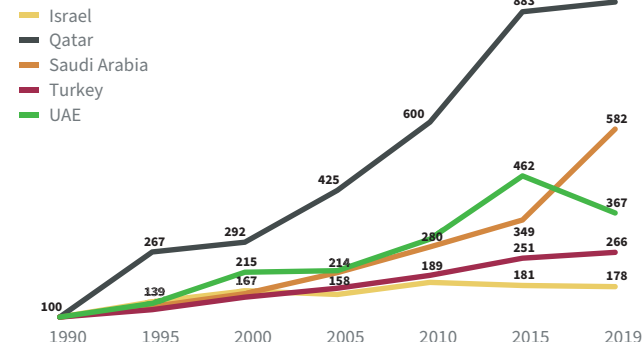


Source: OurWorldInData

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### CO<sub>2</sub> emissions, Middle East

Based on index 1990=100

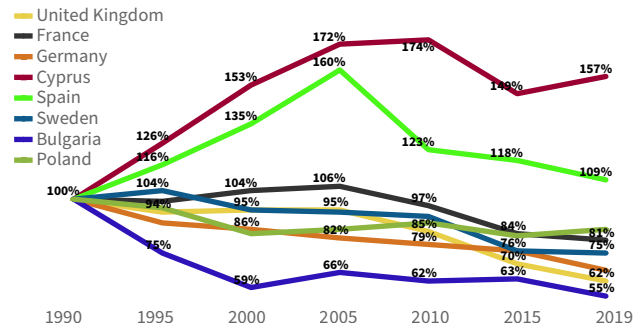


Source: OurWorldInData

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### CO<sub>2</sub> emissions, Europe

Based on index 1990=100

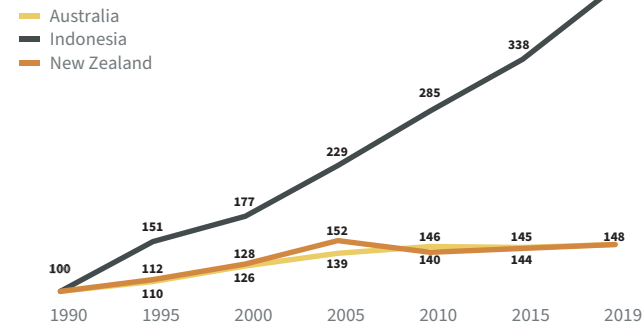


Source: OurWorldInData

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### CO<sub>2</sub> emissions, Oceania

Based on index 1990=100



Source: OurWorldInData

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### COP26 AMBITIONS

COP26 aims to reach agreement across four key areas:

#### 1. Secure global net zero by mid-century and keep 1.5 degrees within reach

Countries are being asked to set ambitious 2030 emissions reductions targets that align with reaching net zero by 2050. To deliver on these stretching targets, countries will need to:

- Accelerate the phase-out of coal
- Curtail deforestation
- Speed up the switch to electric vehicles
- Encourage investment in renewables

#### 2. Adapt to protect communities and natural habitats

The climate is already changing and it will continue to do so even as emissions reduce. This is having devastating effects on countries and regions. COP26 wants everyone to work together to enable and encourage countries affected by climate change to:

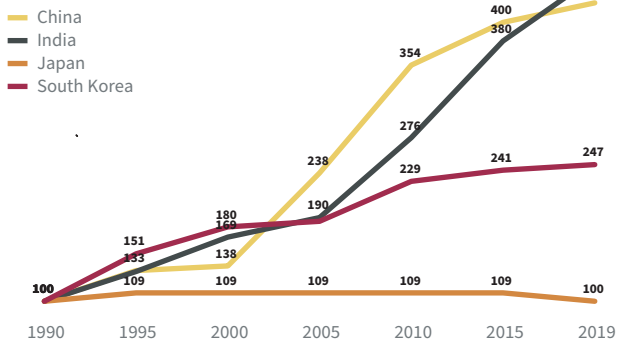
- Protect and restore ecosystems
- Build defences, warning systems and resilient infrastructure and agriculture to avoid loss of homes, livelihoods and lives

#### 3. Mobilise finance

To deliver on the first two goals, developed countries must make good on their promise to mobilise at least \$100bn in climate finance per year. International financial institutions have a part to play here as well in working towards

### Co<sub>2</sub> emissions, Asia

Based on index 1990=100



Source: OurWorldInData

© RetailX 2021

unleashing the trillions in private and public sector finance required to secure global net zero.

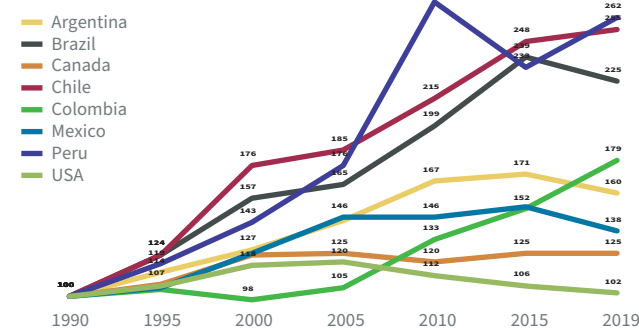
#### 4. Work together to deliver change

The challenge of the climate crisis ahead is recognised and the world needs to rise to that challenge and work together. Therefore, COP26 must:

- Finalise the Paris Rulebook. This comprises the detailed rules that make 2015's Paris Agreement operational
- Accelerate action to tackle the climate crisis through collaboration between governments, businesses and civil society

### Co<sub>2</sub> emissions, America

Based on index 1990=100



Source: OurWorldInData

© RetailX 2021

Leaders are going into the summit with prior negotiations already having taken place and these goals have already been debated in the lead up to the summit. Most recently, 50 ministers and high-level representatives met in Milan at the end of September to discuss the outcomes their countries expect from COP26 and to provide guidance on outstanding negotiations issues.

However, extra urgency has been added to negotiations following **the Intergovernmental Panel on Climate Change (IPCC) calling “code red” on the current climate position.** The IPCC, which assesses the science of climate change for the United Nations, reported in August that “climate change is widespread, rapid and intensifying”.

Scientists are observing **changes in the Earth’s climate in every region and across the whole climate system**, with many of the changes observed being “unprecedented in thousands, if not hundreds of thousands of years”. Some of the changes set in motion, such as rising sea levels, are now irreversible<sup>[1]</sup>.

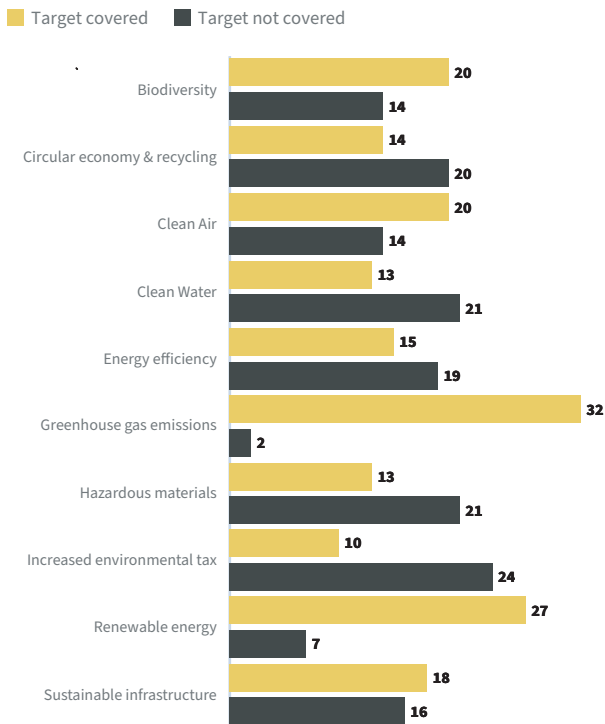
In a message to governments, the IPCC said that they must urgently and drastically scale up action to address climate change this decade, accelerate efforts to **respond to the impacts that are already happening and prepare for them to get much worse**. Ko Barrett, a vice-chair at IPCC, warns that only the most stringent efforts to immediately reduce greenhouse gas emissions will keep a 1.5°C future in reach.

The actions that countries are taking currently – and those they plan to undertake in the future – may not be enough to keep temperatures below the hoped for 1.5°C rise. IPCC predicts that by 2030, **the actions could result in an increase in emissions 16% above 2010’s levels**, rather than the required 45% reduction in emissions.

The situation is clear for governments. It’s now time for policy makers to act on the scientific findings, steer a way to reduce emissions and bring in legislation to help countries, businesses and citizens mitigate and adapt to the challenges ahead.

## Environmental and Sustainable Development Targets 2030

How many European countries cover these targets in their Environmental Policy



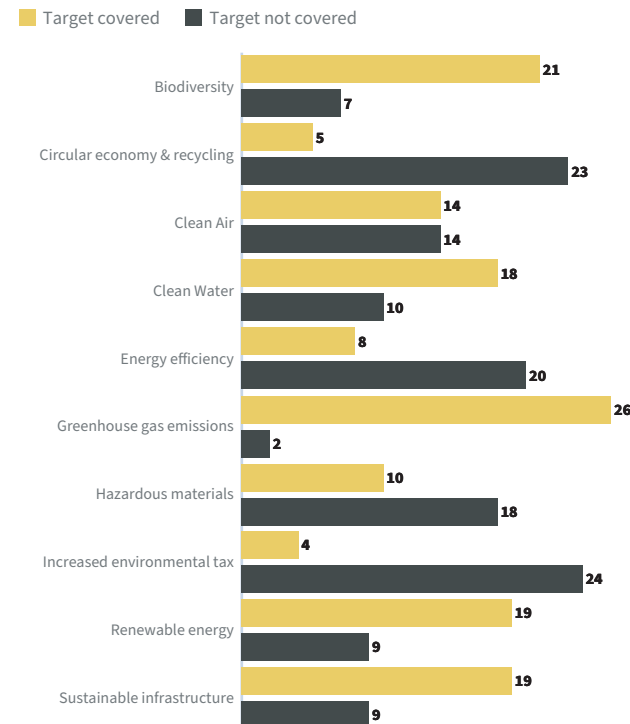
Measuring targets that appear only in a countries specific Environmental Policy, from their Government's website

Source: RetailIX

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## Environmental and Sustainable Development Targets 2030

How many Non-European countries cover these environmental targets in their governmental policy



Measuring targets that appear only in a countries specific Environmental Policy, from their Government's website

Source: RetailIX

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### HOW DO DIFFERENT COUNTRIES RANK?

The challenge that each country faces is different. Factors such as economy, geography and topography all play a part. How will rising sea levels impact the country, can defences alleviate the issue, **can citizens afford the switch to green energy** and how will developing economies manage a move to cut emissions while trying to grow exports? These are just some of the questions facing governments and their sustainability objectives.

A number of reports investigate the situation faced by these regions and countries, their vulnerabilities and readiness to adapt and how they are aligned with UN Sustainability Development Goals (SDGs).

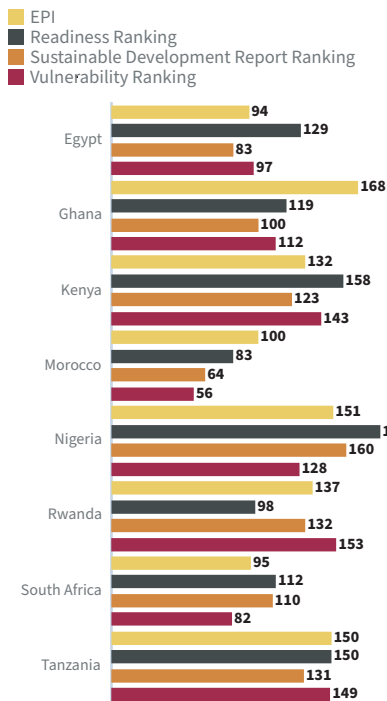
RetailX researchers have looked into these reports, taken a snapshot and analysed how a mix of countries are performing. These assessments are shown in the ‘Environmental & Sustainability Rankings’ charts. Countries with a lower number are better placed to tackle sustainability and other issues being assessed and are therefore ranked higher.

The Sustainable Development Report tracks the progress of countries towards the 17 UN SDGs. These cover areas from tackling poverty and hunger to sustainable cities and biodiversity<sup>[2]</sup>.

**The Environmental Performance Indicator (EPI) by Yale University provides a data-driven summary of the state of sustainability around the world.** It gauges countries

### Environmental & Sustainability Rankings

How do African countries score across various rankings

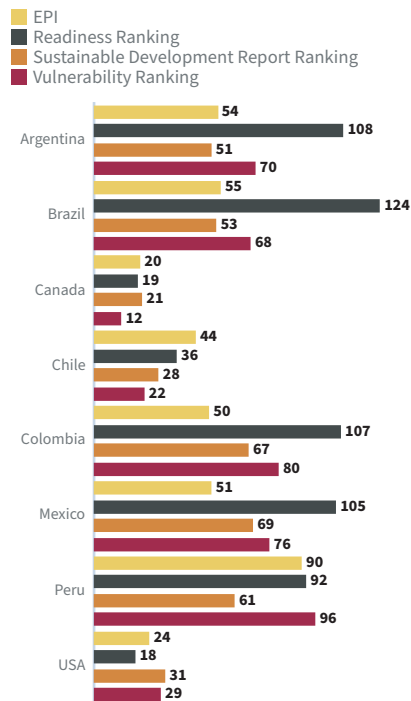


The lower the number, the better the country has scored

Source: RetailX, drawing on data from Sustainable Development Report, Yale Center for Environmental Law & Policy, University of Notre Dame Global Adaptation Index

### Environmental & Sustainability Rankings

How do American countries score across various rankings

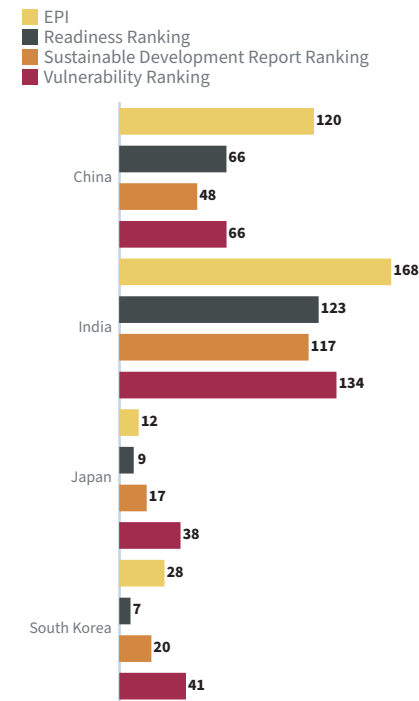


The lower the number, the better the country has scored

Source: RetailX, drawing on data from Sustainable Development Report, Yale Center for Environmental Law & Policy, University of Notre Dame Global Adaptation Index

### Environmental & Sustainability Rankings

How do Asian countries score across various rankings



The lower the number, the better the country has scored

Source: RetailX, drawing on data from Sustainable Development Report, Yale Center for Environmental Law & Policy, University of Notre Dame Global Adaptation Index



and governments against 32 performance indicators across 11 issue categories in order to assess environmental health and ecosystem vitality. In all, 180 countries are included in the EPI ranking<sup>[3]</sup>.

The University of Notre Dame Global Adaptation Initiative analyses how vulnerable individual countries are to climate change and other global challenges and well as their readiness to improve resilience<sup>[4]</sup>.

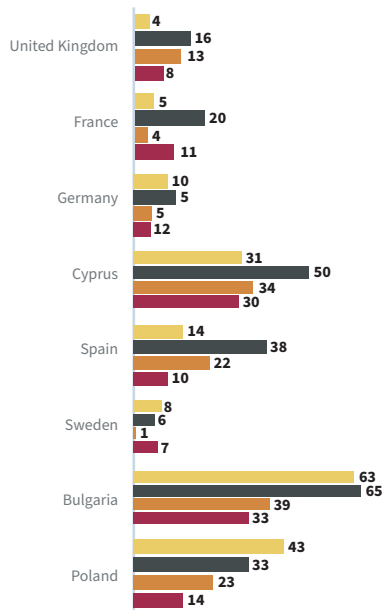
Countries with low scores in the Readiness Ranking also tend to be those less vulnerable to climate change. Vulnerable countries include those that will be affected directly by changes in the environment, **have an economy reliant of industries that will be impacted by changing temperatures or other climate hazards**, or a society that lacks the resources to adapt to the challenges ahead.

Western and Northern Europe, the US, Japan, South Korea, Australia and New Zealand are **all able to leverage investments in order to mitigate climate vulnerability and adapt accordingly**. They are also score well against social measures that enhance the mobility of investment and promote adaptation actions including social equality, ICT infrastructure, education and innovation.

These countries rank well against the UN's Sustainable Development Goals, but how they trade can undermine other countries abilities to achieve the SDGs. **It is countries in East and South Asia that have progressed the most in recent years.**

## Environmental & Sustainability Rankings

How do European countries score across various rankings



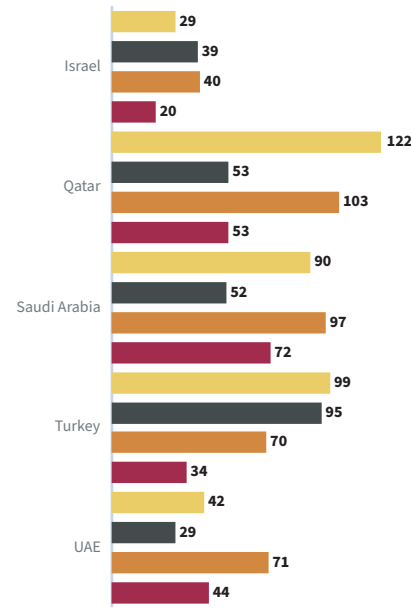
The lower the number, the better the country has scored

Source: RetailX, drawing on data from Sustainable Development Report, Yale Center for Environmental Law & Policy, University of Notre Dame Global Adaptation Index



## Environmental & Sustainability Rankings

How do Middle Eastern countries score across various rankings



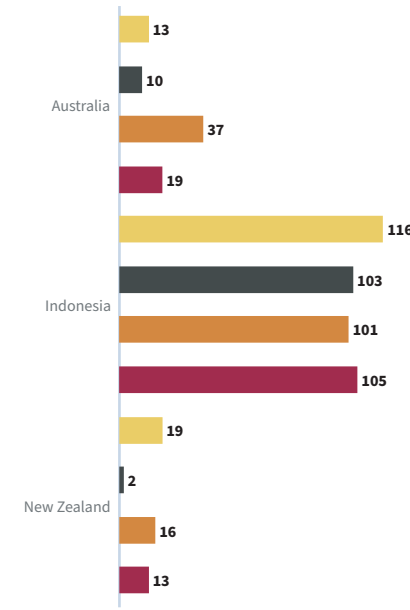
The lower the number, the better the country has scored

Source: RetailX, drawing on data from Sustainable Development Report, Yale Center for Environmental Law & Policy, University of Notre Dame Global Adaptation Index



## Environmental & Sustainability Rankings

How do Oceanian countries score across various rankings



The lower the number, the better the country has scored

Source: RetailX, drawing on data from Sustainable Development Report, Yale Center for Environmental Law & Policy, University of Notre Dame Global Adaptation Index



### CONSUMER ATTITUDES TOWARDS PACKAGING

Within retail, companies are making major changes in line with their sustainability goals and **consumers are actively seeking information about retailers' actions**, their products and how they treat employees.

Across Europe, **72% of consumers want retailers to be ecologically sustainable**. The number wanting retailers to have fair workplace practices and ensure the companies that supply them also have high standards of staff and community welfare is even higher, at 83%. Indeed, **75% of European consumers are willing to boycott companies or brands that contribute heavily to global warming**.

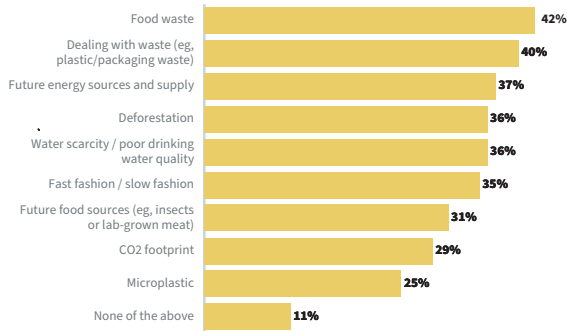
The situation is the same elsewhere in the world, with very few people not making planet-friendly changes. **In China, 80% of consumers are willing to pay extra to have online orders delivered using an environmentally friendly method**. German fashion platform Zalando gives customers the option to add €0.20 to offset delivery emissions while **Coca-Cola, which has been ranked as the world's biggest plastics polluter, has been testing bottles made from paper**.

Packaging and shipping are two areas that consumers care a lot about and, from a retailer perspective, they are an area over which they have control while giving consumers a sign of the business's sustainability intentions.

[1] <https://yaleclimateconnections.org/2021/08/key-takeaways-from-the-new-ipcc-report/>  
 [2] <https://sdgindex.org/reports/sustainable-development-report-2020/>  
 [3] <https://epi.yale.edu/downloads/epi2020report20210112.pdf>  
 [4] <https://gain.nd.edu/our/work/country-index/>

### The status of sustainability in India

Topics about which consumers are actively seeking information

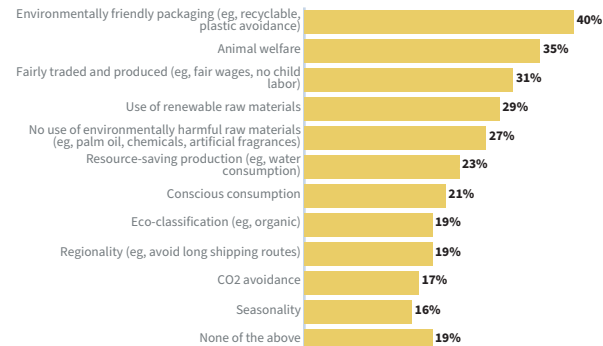


Source: RetailX, drawing on data from Statista



### The status of sustainability in the US

Important aspects of sustainable consumption

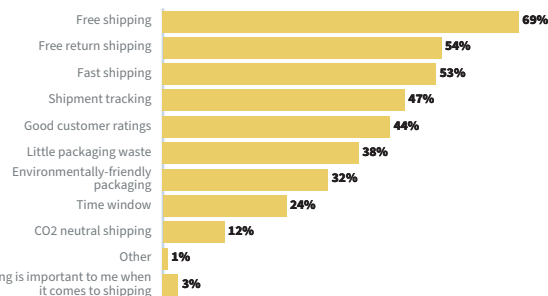


Source: RetailX, drawing on data from Statista



### Important delivery criteria for UK consumers

Eco-friendly packaging is important to shoppers

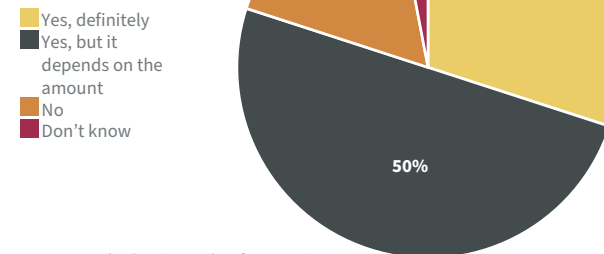


Source: RetailX, drawing on data from Statista



### Willingness to pay for eco-friendly delivery, China

Important delivery criteria for consumers



Source: RetailX, drawing on data from Statista



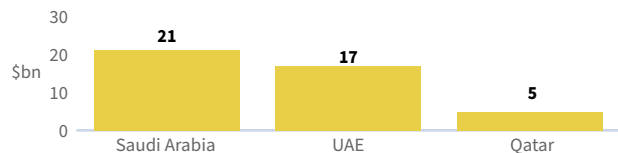
# Covid-19

We round up some of the numbers that show how consumer behaviour has changed because of the pandemic

The Covid-19 pandemic accelerated the development of ecommerce. With lockdowns in force around the world, consumers turned to online shopping as a way to get hold of essential items. Even in countries that either didn't institute strict Covid-containment measures or were slow to do so, **consumers often chose to shop online rather than risk venturing into stores and shopping malls.**

We explore the longer-term implications of more people adopting ecommerce in our Market Context feature (page 4), but here we look at some of the numbers that show how the pandemic changed consumer behaviour.

## Forecast ecommerce market size post-Covid-19 in 2025, by country



Source: RetailX, drawing on data from Statista, Consultancy-me.com, AT Kearney



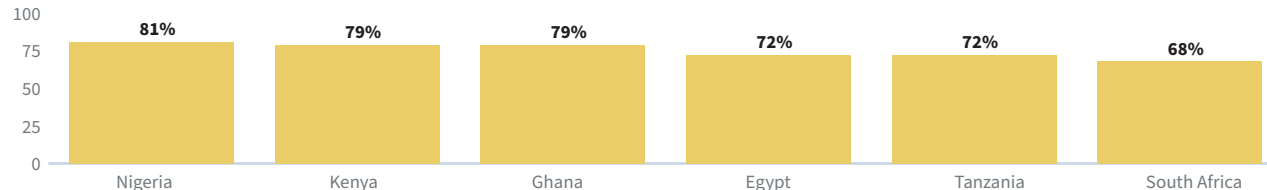
## Percentage of the overall Latin American ecommerce (including Central America) market by country, 2020-2021



Source: RetailX, drawing on data from Statista Digital Market Outlook



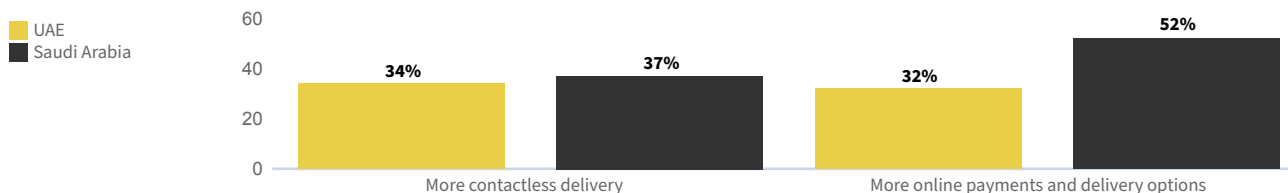
## Share of consumers shopping more online due to Covid-19 in Africa 2021, by country



Source: RetailX, drawing on data from Statista, MasterCard



## Increase in requests for new delivery & payment options during the Covid-19 pandemic, 2020, in the UAE and Saudi Arabia



Source: RetailX, drawing on data from Statista, DED (Dubai), Visa Inc, various sources (kantar Covid-19 barometer)



In Africa, the change can be seen clearly in the increase in the number of people who, when surveyed in early 2021, said they are shopping more online – fully 81% of those questioned in Nigeria. Turning to the Middle East, **consumers in Saudi Arabia and the UAE discovered a new enthusiasm for contactless payments** and being offered different delivery options for their purchases.

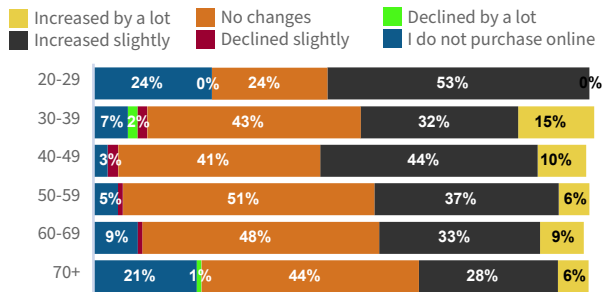
Intriguingly, what Covid didn't much change was countries' overall share of the ecommerce market, if Latin America is anything to go by. **Figures for Latin America suggest that ecommerce growth in the region was more or less even across different countries.**

Looking in more detail at one specific advanced nation, Japanese consumers, 46% of those surveyed, don't think the pandemic affected their online shopping behaviour. However, it's worth noting this may be in part because Japan already had a strong ecommerce sector.

Finally, it's particularly fascinating to consider what the numbers say about how the retail cultures of different countries have – or haven't – changed in the wake of the pandemic. **In Germany ecommerce had a 14% share of the overall retail market during the pandemic, up from 9% before. In the wake of lockdowns, the equivalent figure is 10%.**

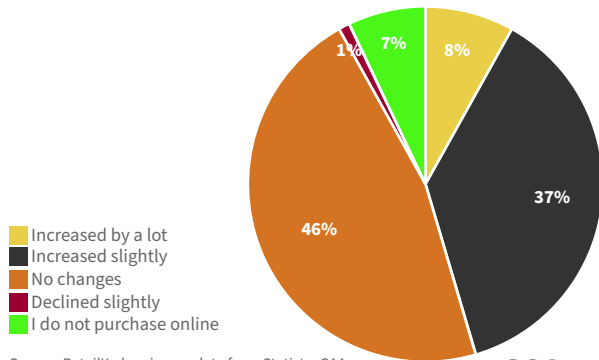
In contrast, ecommerce in the USA represented 11% of the market pre-pandemic. The equivalent figure today is 17%, suggesting a major shift in consumer behaviour.

### Online shopping behaviour during the Covid-19 pandemic in Japan 2021, by age group



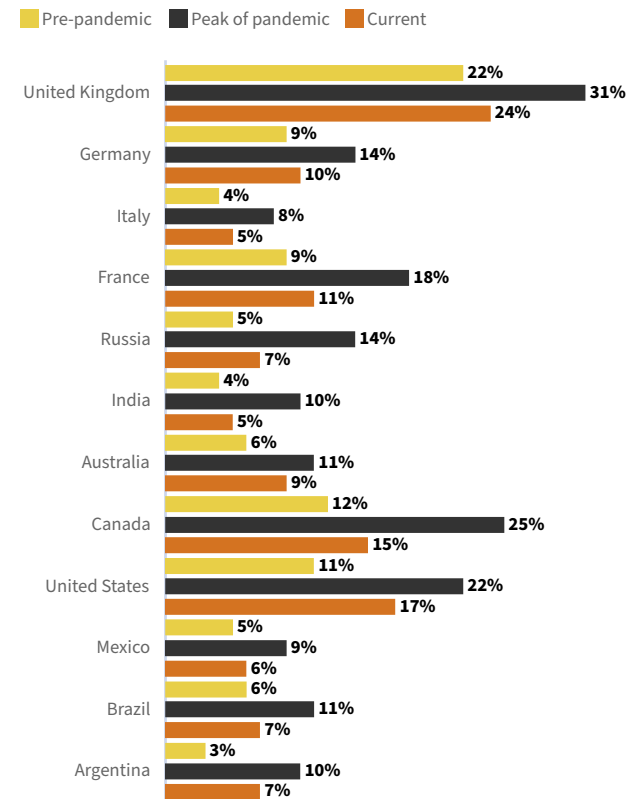
Source: RetailX, drawing on data from Statista, CAA © RetailX 2021

### Online shopping behaviour during COVID-19 pandemic in Japan, 2021



Source: RetailX, drawing on data from Statista, CAA © RetailX 2021

### Ecommerce market share as a proportion of total retail, pre-Covid-19 and post-Covid-19



RetailX, drawing on data from Statista, Mastercard Economics Institute © RetailX 2021

# Issues to track

## What lies ahead in 2022 and beyond? We look at some of the questions that retailers need to monitor

For all there's often a sense among digital professionals of working lives taking place primarily in cyberspace, the real world constantly intrudes. Or perhaps more accurately, societal change, along with the actions of governments, international organisations and multinational companies, constantly impact on and shape the issues we face during our working lives.

It follows that anyone working at a senior level in the ecommerce sector, while they might specialise in merchandising or logistics, at the very least needs to keep a weather eye on new and ongoing developments both in the digital economy and within digital culture. And then to think about how these might affect ecommerce.

To look ahead is, of course, to offer yourself up as a hostage to the future and the idea that what seems important now will turn out to have been a mere novelty or passing fad. Nevertheless, here are seven areas to watch in 2022 as well as in the years beyond.



Digital artist Beeple's Everydays, The First 5000 Days realised \$69m when sold at auction earlier this year

### NON-FUNGIBLE TOKENS (NFTS)

A decade ago, the idea that a pop star might raise \$6m by selling digital artwork would have seemed absurd. Yet that's precisely what Grimes did in March 2021<sup>[1]</sup>, essentially profiting from selling digital certificates of authenticity. What does this mean for ecommerce? Look at it this way. People like to collect and own things. **The rise of NFTs is evidence that the connection between physical object and ownership/collecting is breaking down.** This is an important cultural development – and one that will likely help shape retail in the years ahead. For

spectacular evidence of this, consider the \$69m that digital artist Beeple's 'Everydays' recently fetched at Christie's.

### 5G

Consumers could be forgiven for being cynical about 5G. The promise of superfast mobile broadband tomorrow too often collides with the present day-to-day difficulties of, for example, getting any kind of mobile signal at a large sporting event or festival. But **5G is being rolled out, this rollout is accelerating and, at the very least, this will hasten the shift towards a mobile-first world.**

## CLOUD-BASED TECHNOLOGIES

Should businesses invest in their central technology stacks or cloud-based services? It's high time to reframe this question away from an either/or proposition. On the one hand, many companies have invested too much in their core technologies to switch wholly to the cloud. Rather, retailers are now working out where best to employ cloud-based technologies in ways that are nimble and benefit the business – without necessarily having to subject their existing IT infrastructures to surgery. On the other hand, some companies, notably startups, may work wholly in the cloud because they haven't got legacy systems. But whichever approach businesses take, cloud-based technology is here to stay. (Amazon Web Services, incidentally, posted \$13.5bn in profits for 2020.)

## LIVESTREAMING

Ecommerce began in the dial-up era. Think of it as a kind of supercharged catalogue shopping. But it has evolved, and continues to do so. A little over five years ago, Alibaba launched its Taobao Live service. Live streaming has subsequently transformed China's retail sector. In 2020, during the first 30 minutes of an Alibaba's Singles' Day pre-sales campaign, Taobao Live generated \$7.5bn in transactions<sup>[2]</sup>. The importance of this is not just in livestreaming as a new channel, it's in the idea that retailers will increasingly have to move fast to make the most of the opportunities that *digital* commerce offers in a world where more and more people have superfast broadband.

## SOCIAL MEDIA

Having been banned from Twitter and suspended from Facebook, Donald Trump has launched a new social media service, TRUTH Social<sup>[3]</sup>. This may or may not be a success, especially as it looks likely to attract only specific demographics, yet the very fact Trump has announced this is evidence of how integral social media is to our lives now. At a time when Facebook is under huge pressure over how it conducts its business<sup>[4]</sup>, retailers will, for commercial reasons if nothing else, likely have to be alert to how people are using social media and their attitudes towards different social media companies. Retailers also need to be alert to the possibility of regulatory changes in this area.



How will our town centres fare if more of work from home?

## THE METAVERSE

Facebook recently announced it was investing \$50m in creating the 'metaverse'. The term refers to a collective virtual space in which people can interact with each other in an augmented reality<sup>[5]</sup>. Yes, this kind of development has been promised for a long time, but if the metaverse really is going mainstream, this represents both a challenge and an opportunity for retailers. It's easy to imagine, for example, that it could become routine to buy a sofa online, testing out colours and styles in a simulacrum of your own living room as you shop.

## WORK-LIFE BALANCE

While many business owners would like their workers to return to the office now the pandemic is (in parts of the world at least) abating, many workers aren't so keen. From the perspective of employees, why should they spend money on commuting and lunches out? For the retail sector, the issues here cascade outwards once employees begin to work even a couple of days at home, taking in the amount of office space needed, the danger of team members becoming too atomised to find creative solutions in conjunction with colleagues, and how many bricks-and-mortar shops to rent/buy and where to rent/buy these stores.

[1] [www.bbc.co.uk/news/technology-56252738](http://www.bbc.co.uk/news/technology-56252738)

[2] [www.mckinsey.com/business-functions/mckinsey-digital/our-insights/its-showtime-how-live-commerce-is-transforming-the-shopping-experience](http://www.mckinsey.com/business-functions/mckinsey-digital/our-insights/its-showtime-how-live-commerce-is-transforming-the-shopping-experience)

[3] [www.bbc.co.uk/news/world-us-canada-58990330](http://www.bbc.co.uk/news/world-us-canada-58990330)

[4] [www.bbc.co.uk/news/technology-58784615](http://www.bbc.co.uk/news/technology-58784615)

[5] [www.theguardian.com/technology/2021/oct/18/facebook-jobs-eu-metaverse-social-network](http://www.theguardian.com/technology/2021/oct/18/facebook-jobs-eu-metaverse-social-network)

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# Conclusion

We hope that you have found our research and analysis to be of interest and commercial value. We would be very pleased to hear from you with questions, suggestions or comments, and in particular we would like to hear about any areas you think we should include in the 2022 report.

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