

European E-commerce Report 2023

Introduction

The [2023 European E-commerce Report](#) encompasses 37 countries on the European continent and reveals data-driven insights into the current and projected size of their digital markets and consumer trends in internet use and e-shopping. The report includes the latest data and trends surrounding internet penetration, e-shopper penetration and B2C e-commerce turnover for all 37 countries, with an additional in-depth look at data for the EU-27. This executive summary highlights the most important findings of the report.

Nominal growth and upcoming markets

In 2022, total B2C European e-commerce grew to €899bn, with a growth rate of 6%. This is up from €849bn in 2021. The growth rate declined from 12% in 2021, which can be attributed to saturation in e-commerce markets after the fading of the Covid-19 pandemic in 2022. The forecast for 2023 B2C turnover figures reflects that e-commerce will grow at 8%.

Western Europe is, by far, the largest region, holding 67% of the total B2C turnover in Europe for 2022. Southern Europe follows, with a share of just 16%. Central Europe (8%), Northern Europe (7%) and Eastern Europe (2%) have a considerably lower share in the total B2C e-commerce turnover. In 2022, Western Europe traded €603bn online, Southern Europe traded €146bn and Central Europe €72bn. Northern Europe was just behind Central Europe with €65bn, followed by Eastern Europe with €14bn in turnover.

The leading countries in B2C e-commerce turnover are the United Kingdom (€291bn), France (€146bn), Germany (€102bn) and Spain (€72bn). The highest growth rates (not adjusted for inflation) in e-commerce turnover were found in Estonia (106%), Romania (51%), Bulgaria (31%), Spain (31%) and Belgium (22%).

The impact of inflation

When adjusting these nominal growth figures for inflation, we get a more nuanced and diverse picture of European e-commerce strength since the start of the cost-of-living crisis. In 2021, European e-commerce growth was still very strong (+9%) but it cratered in 2022 due to inflationary shocks (-2%), shrinking for the first time ever. The only regions without e-commerce decline in 2022 were Eastern Europe (+5%) and Southern Europe (+13%). In 2023, as inflation levels decreased, e-commerce started recovering, leading us to project a return to growth (+2%) in 2023.

Internet penetration

Internet penetration in Europe is 92% in 2022 compared to 90% in 2021. Internet use in Southern & Eastern Europe is still lagging behind, at just 89% and 88%, respectively. Most Eastern European countries fall far below the European average, particularly Albania (79%), Bosnia and Herzegovina (80%) and both Croatia and Bulgaria (83%). As is typically the case, Northern Europe and Western Europe boast the highest shares of internet users, with 97% and 95%, respectively. Northern & Western Europe's high internet use is reflected in their high scores in international rankings. France received fourth place in the 2022 Inclusive Internet Index, while Denmark ranks first in the E-Government Development Index and the Environmental Performance Index. Furthermore, Finland holds a top rank in the Logistics Performance and SDG Index.

E-shopper penetration

In 2022, the percentage of Europe's online population remained stable, at 76%. A cool-down of online sales was expected after the hyper-growth caused by the Covid-19 pandemic measures taken by the European governments, such as lockdowns. Several national e-commerce associations have reported a decrease in online shopping in their country due to the increasing inflation, making consumers more cautious to spend.

Western Europe has the highest share of e-shoppers, with 87% of internet users shopping online in 2022. Western Europe follows Northern Europe, with 85%, while Central Europe has 77%. Eastern Europe, which includes a significant number of countries outside the European Union, has shown a promising growth of six percentage points in online shopper penetration from 41% in 2021 to 48% in 2022.

The United Kingdom currently holds the highest share of e-shoppers (95%), followed by the Netherlands (92%), Norway (92%), Denmark (90%) and Switzerland (90%). The lowest share of online shoppers was found in Montenegro (31%), Bosnia and Herzegovina (39%), Albania (49%) and Bulgaria (49%).

Opportunities and challenges

In 2022, the main challenge to European e-commerce markets was the war in Ukraine, which increased energy and other commodity prices. This had a significant impact on consumers' purchasing power. For several European countries, the increase in e-commerce turnover was mainly driven by higher prices (inflation), not volume. The decrease in volume is somewhat compensated by the rise in online services purchases – such as travel and leisure – post Covid-19 lockdown.

The digital divide between SMEs and larger e-commerce firms may grow with technological advancements, since the latter have more resources to implement the latest technologies. As such, some European governments have created specific legislation for digital innovation by SMEs, with Ireland, for example, creating a dedicated digital technology tax credit for SMEs to enable greater technology adaptation. Other regulations have been adopted at the EU level, such as the Digital Services Act and the Digital Markets Act, which also impact e-commerce in Europe.

Apart from regulations, technology is helping e-commerce to grow. Technology (optical fiber, broadband connectivity, 5G) and SaaS shop solutions such as Shopify, will continue to push e-commerce penetration among the laggards (SMEs and retailers in Eastern and Southern Europe). Adaptation of new technology (AI, ChatGPT, AR/VR) has the potential to further increase e-commerce activities by enabling better marketing, customer service and shopping experiences. The rise of payment by smartphone (digital wallets) and seamless payment technologies are also considered important drivers for e-commerce.

There are still opportunities to improve the delivery of goods. More and more countries are focusing on developing a network of pick-up points and lockers. The drive for sustainability is continuing from all directions: legislation (Right to Repair, carbon footprint), consumer behavior (opting for Green Products) and companies making their business more sustainable (e.g. converting a fleet to EV, sustainable packaging material). National e-commerce associations across Europe mentioned 'returns' as a significant challenge for attaining sustainability. E-retailers are toiling with possible ways of limiting returns using technology (AR/VR, size chart optimization) or even charging customers for returning (either symbolically or in full).