Sifted/Reports

Europe's ecommerce boom

The startups on the rise

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Europe's ecommerce boom: the startups on the rise is a Sifted Intelligence report, sponsored by Checkout.com. It looks at the trends and startups powering the European ecommerce industry, from the brands selling directly through the web to the marketplaces with dreams of taking on online titans.

Through interviews with startups, analysts and investors from across the continent, the report identifies the challenges facing this sector, including the need to keep up with the fast-changing world of online payments, and the recipes for success for new entrants.

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Contact Christopher Sisserian, head of Sifted Intelligence via chris@sifted.eu

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4 questions with Antoine Nougué

Head of commercial at Checkout.com

We've seen an explosion in ecommerce across Europe. How do you see the market settling down in the next few years?

I think it may be too soon to speak of the market 'settling down'. The last year and a half has given a glimpse of just what digital can do for retailers and consumers. But the door has only just opened and in the coming years we'll see a flurry of innovation as all parties push the boundaries of what's possible.

In our recent 'New State of Retail' report we surveyed over 10k European consumers, and 550 of Europe's biggest retailers, and the statistics point to a period of significant evolution in ecommerce models. 74% of consumers say that, even as lockdowns subside, they have no intention of significantly reducing their online shopping. Most consumers say the ease and convenience of ecommerce are key to their loyalty; others cite their own personal productivity, stating that ecommerce has given them time back to focus on other things.

> **“Retailers have seen that investing in their online business generates better ROI than offline.”**

Meanwhile retailers have seen that investing in their online business generates better ROI than offline, and that a lot of opportunity still exists for most of them to further refine their digital processes to boost the bottom line. We know from our research that merchants have invested significantly in their online operations and in cross-border capacities, a natural corollary of a digital presence, and this kind of structural change is built for the long haul.

Then there's the fact that the majority of merchants are at an early stage in their digitisation journeys. And they know the playing field is never static. 97% of ecommerce CEOs want to innovate their business models in the next 18 months with the specific purpose of remaining relevant and competitive in the post-lockdown market. This makes good sense when we consider how many consumers told us they are looking for new digital experiences. These range from social and conversational shopping to greater personalisation and the use of AI in the shopping experience. Consumers are also demanding a wider range of digital payment options and subscription models including lucky-dip and rental. This is just the tip of the iceberg, but it illustrates that much change has been set in motion which will be fascinating to watch evolve.

What are some of the big future innovations and trends in this space that startups need to be thinking about?

Digital payment methods are increasingly becoming a matter of great competitive advantage for merchants. 60% of consumers we surveyed say they will abandon their cart if they cannot use their preferred payment method and 30% now actively want to try new methods based on their positive experiences of digital payments during 2020. The move to ecommerce allowed consumers the benefit of very seamless experiences at the checkout. It also gave them a menu of new choices.

Embedded finance such as buy now, pay later is on a steep rise in every market according to our research this year. Similarly digital wallets like Apple Pay and Google Pay are growing across all markets. What we are seeing is that traditionally cash-centric and underbanked markets are transitioning directly to digital wallets, facilitated by pervasive mobile ownership. In emerging markets we are also seeing digitised local APMs rising fast — take for example Fawry in Egypt. But more mature markets are also shifting towards digital wallets, for the pure convenience. In Europe 50% of consumers reported having used Apple Pay or Google Pay in 2020 and 80% intend to do so in the next year.

This discussion wouldn't be complete without mention of cryptocurrency. As commentators continue to ponder whether it can truly transition from commodity to currency, there are signs that merchants and consumers alike have appetite to see that shift through. I read this week that a hotel in Switzerland now accepts payment in cryptocurrency and there are marketplaces who have been taking payment in digital currency for some time. Whether this proliferates remains to be seen but our data tells us that 40% of men and 20% of women in Europe would like to pay for goods and services with crypto currencies. Meanwhile, nearly half of ecommerce executives say that accepting payment in cryptocurrencies is going to be an important marketing tool which will make them more relevant, exciting and competitive.

Secondhand marketplaces are thriving in Europe. Do you expect we'll see more over the next few years?

The trend to reuse will continue. This is a fantastic ecommerce use-case enabling recycling at scale. This will only become more relevant as the global focus on sustainability grows. More than half of the consumers we surveyed said they would only buy from retailers who could demonstrate a commitment to ethical issues. Appetite for 'pre-loved' items and rental subscriptions are an exciting evolution in conscious consumerism. We'll see more such innovation, facilitated by digital, which can redefine commerce for good. The trend for secondhand marketplaces is also thanks to the rise of the collectibles market. We see this with our merchant, Chrono24, where the value of a watch is 3x the original price.

> **"We'll see more such innovation, facilitated by digital, which can redefine commerce for good."**

Finally, what are some of the big innovations/trends we'll all be talking about in 2030?

By 2030, I hope the principles of sustainability will be significantly embedded in shopping habits and in the models of ecommerce merchants. Merchants will think much more carefully about all their operations — from supply chains to payments. This will mean a decrease in fast fashion and an increase in the types of models discussed above. Current initiatives to reduce the carbon footprint of digital currencies and payments will also be reaching maturity. People are rightly placing scrutiny on this and the industry is reacting. To see where this is by 2030 will be so important.

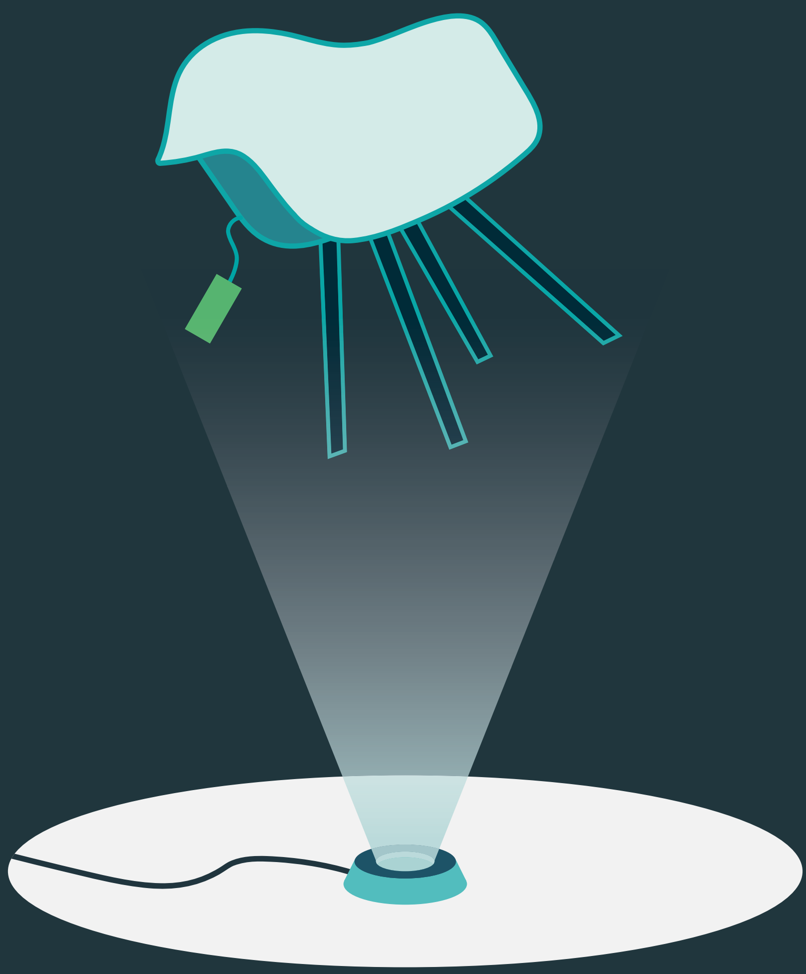
We've covered digital payments and currencies which lead us onto digital ownership — or 'metaverse shopping' and NFTs. This trend is going to be really exciting. For example, how cool is it that soon we can buy from a Dolce & Gabbana NFT collection? But as well as fueling the growth of the fashion and branded metaverse, it's going to really change the market for artists for whom NFTs are opening new revenue streams. Instead of only being able to sell a piece once, as in the traditional market, creators can set the terms of secondary sales using smart contracts. They'll receive a percentage each time the NFT is resold and will no longer be limited by location. Artists across the world will be empowered by digital.

Finally, a trend to keep an eye out for is 'instant shopping'. As people are increasingly fed what they want by ever smarter AI within social channels and other sites I think we will slowly see the end of the search engine.

\Europe's ecommerce boom

Introduction

Fast forwarding to an ecommerce future



The quest to dominate today's retail environment is being largely fought on the internet. Ecommerce boomed in 2020/2021, growing 2-5x across the world compared to pre-pandemic levels, as customers flocked online to buy all manner of goods, including their groceries, for the first time.

The pandemic pretty much changed the game for brands and consumers. Online sales in western Europe leaped 26.3% in 2020, to €481.5bn, according to data collected by market research company eMarketer, with big money flowing into online shopping ventures.

> **"More changes happened in the last few years than in the 10 years before that."**
>
> ***Rob Cassedy**, chief executive of Wallapop*

This shows little sign of abating; European marketplace and ecommerce funding hit €16bn in the first seven months of 2021, double the amount raised in the whole of 2020, according to research platform Dealroom.

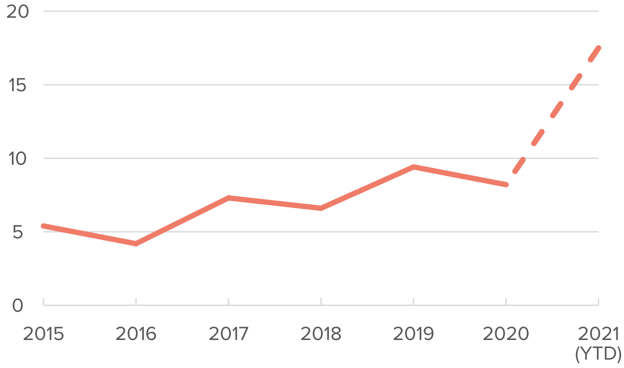
"More changes happened in the last few years than in the 10 years before that," says Rob Cassedy, chief executive of Spanish online marketplace Wallapop.

Image: gitti

2021 has already seen twice as much funding as 2020

VC funding into European ecommerce and marketplace startups (€bn), 2015-2021

***Source:** Dealroom (as of 1 September 2021)*



BIG MONEY, BIG GOALS

Ecommerce ventures are currently raising eye-watering sums. ManoMano, the French marketplace specialising in online DIY, home improvement and gardening, announced the completion of a £256.7m round in July, with a valuation of £1.9bn. Another French startup, Back Market, which sells refurbished electronics goods, raised £244m in May. Wallapop raised £139m in February, at a valuation of £590m.

At the same time, sales have rocketed for brands that mainly sell directly through the web — so-called direct to customer (DTC) companies.

"We increased our sales by 1,200% in 2021," says Aaron Rosen, interim chief marketing officer of gitti, a German beauty brand.

"We doubled the business last year," says Panni Morshedi, chief operating officer at London-based skincare company Beauty Pie.

In fact, only 22% of the 89 DTC brands across home, fashion, beauty, electronics, food and other verticals surveyed by Totem Media this year reported sales declines, far fewer than the 80% of larger, traditional retailers that suffered sales dips since the onset of the pandemic.

In many ways the pandemic has forced a change of tactics for sellers everywhere. Many had to ramp up their digital activity in a hurry, learning as they go. The Totem Media survey revealed a shift from defensive tactics early on to offensive strategies. Among them: redeploying shop-based workers to new digital roles, bumping up digital ad spending, and boosting digital capabilities.

Luckily, starting an ecommerce site has never been easier. "[The sector] has matured, with faster and cheaper deliveries for customers, better return policies, higher trust, better payment options and more customisation," says Jessica Schultz, general partner at Northzone Ventures, an early-stage investor group.

"Third-party payment processors have exploded over the last 18 months."


Image: *Shopify*

There's now an increasingly wide selection of tools available to business owners, coming from a range of sources. These include web hosting companies like GoDaddy, which created a portal of resources for small businesses during lockdown, as well as third-party payment processors like PayPal, Stripe and Checkout.com, which have boomed over the last 18 months.

Shopify, the Canadian ecommerce company that lets people build online shops quickly, said that the number of new stores set up on its platform rose by 62% between March and April last year. During the same period, 45% of consumers made purchases from a merchant they'd never shopped with previously.

RISE OF THE 'DIGITAL PROCTOR AND GAMBLES'

Of course, most of these efforts continue to occupy a distant second place to Amazon among shopping websites in Europe; last year saw the company's net profit grow by 84% in 2020.

But as the American platform has grown, many other online sellers have benefited, too. "People predicted Amazon was going to eat the world, but it's far from the only one out there," says Tomek Kasperski, chief executive of Warsaw-based fulfilment company Omnipack.

Nowadays there's a growing industry of so-called aggregator companies in Europe, piggybacking off Amazon by raising large amounts of money and then buying up brands that sell their wares through the platform. In 2020 alone, investors poured almost £1bn into the aggregator industry.

The idea is that these companies — which include the likes of Thrasio, Berlin Brands Group and SellerX — will become a kind of "digital Proctor and Gamble," owning a vast array of products, everything from soaps to phone charges; even garden rakes.

Predicting the future is never easy, however, with people's shopping habits more in flux than they've been for a very long time. Online sellers are also exercising vigilance. Not everyone profited during the pandemic, and big retailers have been feeling enormous pressure to make the right bets on what consumers will want in the second half of 2021 and beyond. Goods orders are still flying out of the virtual shops, but the increasing cost of freight delivery threatens to bring many online retailers crashing back to earth.

But clearly some of the consumer habits picked up during the pandemic will stick.

"Before, I was someone who liked going to the shop to feel my avocados but suddenly I realised how convenient online shopping is and my behaviour changed," says Ruma Bose, chief growth officer at Clearco, a growth capital company. During lockdown Bose ordered perfume from Fiole, which calls itself the world's first virtual perfumery. The company sent her six vials to choose between. "It was a wonderful example of a category of goods you wouldn't have purchased online in the past," she says.

Image: Back Market

> **"Clearly some of the consumer habits picked up during the pandemic will stick."**

EVERYONE'S ONLINE

It's also not just 20-somethings — pretty much everyone in Europe is now doing some form of shopping online. "We see a much broader sector of consumers across ages and geographies. You have 50-65 year olds shopping online for the first time," says Luca Bocchio, partner at the Accel investor group.

More transactions than ever are taking place online. The pandemic has intensified a natural development, speeding up a process that was already underway. "People are going to buy more online now because they've realised it's more convenient. People tend to be lazy — if we can save time we will," says Lena Jüngst, cofounder of German beverage DTC air up, which flavours water using scented air to trick your brain into perceiving a taste.

At the same time, many smaller online specialists are having some success at outfoxing the giants, by focusing on unique selling points like used items. Some brand execs would even say that being the 'anti-Amazon' is one of their key selling points.

> **"You have 50-65 year olds shopping online for the first time."**
>
> ***Luca Bocchio**, partner at the Accel investor group*

In chapter one, we take a closer look at the new generation of ecommerce merchants who want a shot at success by going out on their own. Chapter two introduces the European aggregator companies that are using Amazon to gain a larger market share while chapter three uncovers some of the many successful European marketplaces that have found niches unoccupied by the big ecommerce giants. Finally, we poll investors, company founders and top execs for the big online shopping trends worth following over the next decade.

\Europe's ecommerce boom

Chapter I

Going it alone: A look at the DTC startups rising in Europe

There's never been a better time to be selling your wares on the web — but the cost of deliveries, freight and the challenge of designing a sleek platform make the path far from straightforward

Even before the virus came and pushed brands more heavily online, investors were paying increasing attention to online-only sellers. Venture capital investment in European consumer startups hit €16.6bn in 2019, up from €4.4bn in 2014.

However, the pandemic, and the way it has forced people to shop online, has made DTC initiatives even more viable. Data from The Direct Selling Association UK found that its member companies had seen average sales grow by 45.5% through direct channels in 2020.

In 2020 several European DTC startups became $1bn+ brands, including meal kit company Gousto and fitness business Gymshark.

It's been an unpredictable time to run a web shop but many companies have made a good fist of it. Germany's air up, which creates and sells drinks products including water flavourings — like wild berry and coffee — with 0% sugars and additives, ticks the usual DTC boxes. The brand boasts an attractive Instagram presence and a sleek ecommerce platform. "We grew substantially last year," says cofounder Lena Jüngst, with the company's headcount rising from 30 to 160. "We've been expanding into France, Belgium, Switzerland and the UK. We made €20 million in sales; for us that was crazy. This year, we already made €20 million in sales in our first four months," she adds.

Europe's DTC startups saw rapid growth in 2020

2020's fastest growing DTC startups by headcount increase

● Healthtech ● Beauty ● Food ● Fintech

Source: *Sifted, Dealroom*

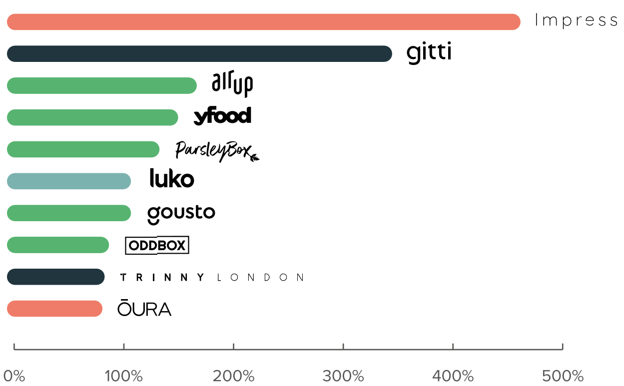


Image: *air up*

The DTC model has several perceived advantages for sellers: higher margins, closer relationships with customers and a life free of middlemen (downsides include the cost and complexity of handling deliveries and payments). Owning the relationship with the consumer is a key part of DTC life.

"Our ecommerce business has grown a lot. We had a number of launches that went exceptionally well," says Freddy Furber, founder and managing director of UK-based beauty care company Ellipsis Brands, which makes products such as Lunar, Q+A, Percy Nobleman and Dr Craft.

The company has opened new distribution centres in the US and Australia and is working on one in Europe to mitigate Brexit delivery headaches. "Without ecommerce, I wouldn't be doing what I'm doing. I started my business as one man, one laptop. Now I sell to thousands around the world; the barriers of entry are getting lower all the time," Furber adds.

ECOMMERCE OPERATING LIKE A CLUB

London-based Beauty Pie exists as a DTC membership service. Customers pay monthly fees that then go toward buying products at prices much closer to manufacturing costs. The retailer — which sells a range of products from makeup to haircare — has boosted its membership rates by over 300% since the pandemic began, according to the company's founder Marcia Kilgore. One of the company's new hires this year was Panni Morshedi, previously of fintech company Funding Circle, who says she was won over by Beauty Pie's mission to 'democratise access to luxury products'. "It works like a club, the more members you have, the lower the prices you charge," she explains.

COO Morshedi says the company's products helped get some people through lockdowns. "I never realised what an emotional connection people had to these products. People tell me, 'I get this pink box, and I feel nice for a moment – I felt human again.'" In September, the company announced that it had raised over £70 million for expansion.

"We're a sleep company but we never rest," says Dennis Schmoltzi, cofounder and CEO of Emma – The Sleep Company, the online mattress seller, which has the UK as its largest online market. "During lockdowns people shifted spending to their homes. Almost every second mattress is bought online in the UK; in other markets it's still only around 10%," he adds. The company offers customers a type of credit that has soared in popularity: buy now and pay later. Installment paying — traditionally used for big-ticket purchases like cars, furniture and electronics — is an option increasingly being adopted by smaller retailers.

Image: *Emma*

Meanwhile, ecommerce's 'back end' — logistics, shipping and fulfilment — has also experienced a big jump in demand. "We have successfully acquired bigger and bigger merchants and our headcount doubled during the pandemic," says Tomek Kasperski of Warsaw-based fulfilment company Omnipack. Now the company is plotting expansion into Germany, Austria and Switzerland. "Many businesses had to move their fulfilment to central Europe after Brexit. That helped us. Remote work is helping us, too — you can talk to a Polish partner or a Dutch partner online now. The physical element is not as relevant as it once was," he says.

> **"Ecommerce's 'back end' — logistics, shipping and fulfilment — has also experienced a big jump in demand."**

GROWING PAINS

Like other DTCs, Ellipsis Brands was not spared the early pandemic supply chain chaos. Even today, keeping sufficient inventory remains a big challenge. "There's a global cardboard shortage which of course has all to do with ecommerce going berserk. Recycling plants can't cope. Our cardboard supplier can't cope; they went from a three-week to three-month lead time overnight," says Furber. The Ellipsis boss is also seeing a surge in demand for retail space, as the world opens back up. "You can't get anything for love or money right now."

Beauty Pie faced "so many operational challenges" during the pandemic, adds Morshedi. "We ran out of inventory in the dark days – we had to slow down growth. Right now, there's a global shortage of pumps — they're being used for antibacterial products. There's still the Suez Canal disruption. And doubling your business on [video conference site] Zoom by the way is very hard."

Some brands question whether they can survive as an online-only operation, with delivery costs a huge barrier to going direct for many. Bigger retail companies report that the direct strategy is invaluable for gathering data on who your online shoppers are and also how they behave, but it's not a money spinner to the scale of traditional retail channels.

"Competition has also increased in the [DTC] sector which has led to higher costs to acquire and retain customers. As a response to this we see more innovation in marketing and in business models," says Northzone's Schultz.

Some executives say they have no ambition to replace bricks-and-mortar businesses on a substantial scale. Others feel they can continue mainly online, but with in-person involvement in 'pop up' shops on high streets.

Emma mattresses can be found offline in more than 3k retail stores. "I don't believe the future of our industry is all digital — you'll test something offline, buy online," says Schmoltzi. "Our smart beds are easier to understand if a customer gets to experience them in a store. It's also about older people — they usually want to see things offline first before purchasing."

THE FUTURE

The quest to dominate tomorrow's retail environment has a strong footprint in social media. In a landscape where customer attention is the scarcest resource, DTC brands are now seeing the need to expand their marketing beyond Facebook and Google.

Celebrities like Kylie Jenner can leverage their pre-existing audiences on Instagram or Snapchat into billion-dollar ecommerce businesses seemingly overnight. While TikTok, which recently allowed its users to shop directly in the app for the first time, has become a key source of beauty information for GenZ.

Scores of skin-care influencers have emerged who can make-or-break sales for brands. Selling goods via influencer streams — what is being called livestream ecommerce — is already a huge phenomenon in China, pulling in over $100bn in estimated sales last year. "Currently few brands do it successfully at scale in Europe, but we expect the market to mature," says Northzone's Schultz.

Germany's air up currently works a lot with influencers, who bring readymade audiences to the company. "We advertise all over the different social media platforms. The combination is quite successful. We didn't want to depend on one channel," says Jüngst.

"The power dynamic in retail is changing in favour of creators and influencers."

Pontus Karlsson*, cofounder and chief executive of Off Script*

In Stockholm, startup Off Script is helping influencers build their own online shop in minutes, out of a virtual inventory of DTC brands. Pontus Karlsson, the cofounder and chief executive, wants to help turn people into brands. "The power dynamic in retail is changing in favour of creators and influencers," he says. Over 200 brands and a few 100 influencers have signed up to Off Script so far, with the biggest creators on the site having 10k followers and generating €3k in revenue per month on average.

Karlsson predicts customers will soon be buying from brands that share the last name of their favourite influencer. "The creator economy is the future of ecommerce. It's happening already," he says. "The new generation do not want to go to a department store. They want to swipe up or swipe down." According to survey data from Checkout.com, 63% of European consumers hope to shop more frequently directly within social media apps.

Image: *Off Script team*

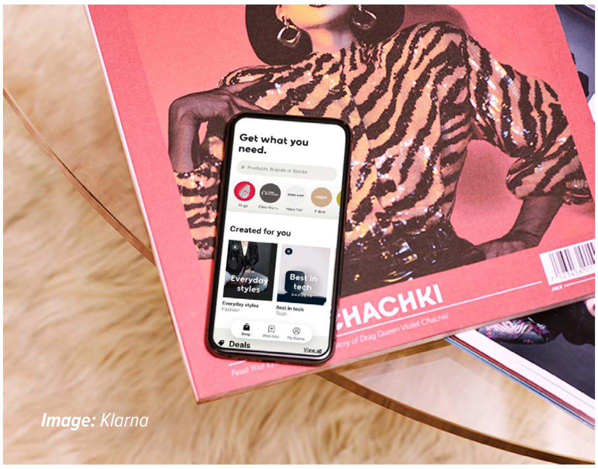


Image: Klarna

In fact, a statement on where social shopping in Europe is going came from Klarna this summer when the Swedish payments firm acquired influencer marketing software firm APPRL. Klarna, which allows shoppers to buy online through its merchant partners and settle their dues in instalments via a 'buy now, pay later' process, said 28% of the US population were expected to shop across social channels by 2022.

In July the company also bought HERO, a social shopping platform designed to provide consumers with inspiration, advice and immediately 'shoppable' content produced directly from retailers' physical stores. "People have been looking to social channels for shopping opportunities for quite some time," says AJ Coyne, Klarna's head of UK marketing. "The tech is finally catching up."

GROWING THE PAYMENT POOL

While brands dip their toes into these new influencer streams, executives continue to obsess over the bread-and-butter of conversion — getting customers through checkout. As many as seven out of 10 customers currently abandon their online checkout because of complicated login processes, or inadequate payment options. This problem is worse on mobile, notes Tom Lambert, a partner at LocalGlobe, an early stage investment firm in London.

Sellers are spreading their bets by growing their pool of payment options. "We offer a wide range adapted to each local market, to make the purchase process as convenient as possible," says Jennifer Baum-Minkus, cofounder of German beauty company gitti.

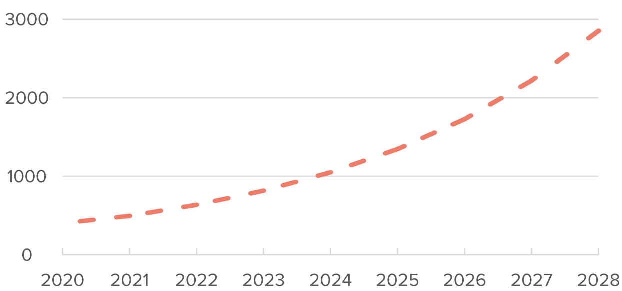
> **"Sellers are spreading their bets by growing their pool of payment options."**

Getting the web shop right and ensuring it can host multiple payment options "took us a long time," air up's Jüngst says. "We want to keep the hurdle for buying our product as low as possible. It's not low hanging fruit; it's something that needs all of our attention," she adds.

Social commerce revenue is set to increase 7x by 2028

Global projected social commerce revenue (€bn), 2020-2028

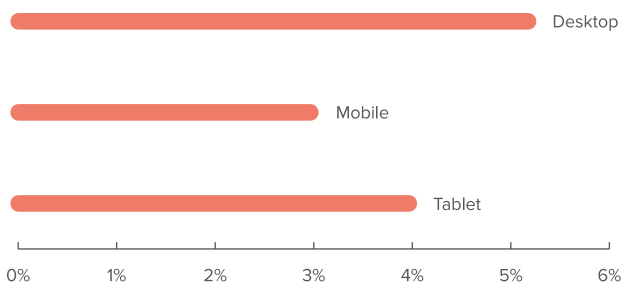
Source: *Grandview Research*



Conversion rates are one of DTC startups' biggest headaches

Conversion rates per device in the UK (2020)

Source: *Kibo Commerce*



European startups are now appearing that have the goal of helping sellers with the technical complexities that go with processing payments. Companies like Primer, PayDock, Stripe, Checkout.com, Spreedly and Apexx have created software to take on some of the heavy-lifting on behalf of merchants, consolidating various payment methods into a single API.

> **“Covid is acting as a big accelerant towards e-wallet adoption in the West.”**

Image: Beauty Pie

The growth in e-wallet usage, particularly in Asia, has been remarkable in recent years. Without significant legacy card infrastructure or consumer bank account penetration, they've effectively skipped card payments altogether and moved straight onto using mobile payments and e-wallets online, says LocalGlobe's Lambert. Now, Covid is acting as a big accelerant towards e-wallet adoption in the West. Survey research by Checkout.com found that 50% of European consumers used a digital wallet such as Apple Pay or Google Pay at least once in 2020 and 80% say they plan to use one in the next 12 months. By 2023, e-wallets are expected to become the most popular online payment method in the UK, accounting for 33% of the market, according to Fidelity National Information Services.

GROWING DIGITAL OPPORTUNITIES

Brands are also exploring embedded banking features, which allow businesses to have their own software to perform financial operations. “Lockdowns made physical businesses suddenly start to think deeply about pure digital experiences,” says Alex Mifsud, cofounder and chief executive of London-based fintech Weavr.

Yoga sessions went online. Ordering at a restaurant saw the second coming of QR codes. Chefs created playlists and videos to complement the food they delivered to customers. “It's quite extraordinary what has been unleashed,” Mifsud says.

Group payment is another shopping frontier. “These are obvious financial services that would accelerate the commerce we can do — the whip round, for example. In a remote world, we can't collect payments from people as easily as before. What if we built features to let friends buy goods together,” Mifsud says.

Many ecommerce analysts and startups look to China for a sense of the future. Chinese ecommerce giant Pinduoduo was built on group purchases. The company offered low prices to “teams” of online buyers, encouraging consumers to recruit friends and family to buy together in bulk at cheaper prices than they would normally pay when buying individually.

A ROSY FUTURE?

One key question is whether customers venture back onto the high street or continue to shop mostly online after the pandemic. Many believe it's going to be a bit of both.

“We see a hybrid model where people want to keep the convenience of online shopping. People want the online service, the prices — so you don't need to have the cost of retail space everywhere,” says Beauty Pie's Morshedi.

Sarah Clark, head of the UK office of capital provider Clearco, which calls itself the world's largest ecommerce investor, predicts a surge in pop-up shops with landlords desperate to get people back renting their stores. “If you're DTC, you have to go where the consumers are — merchants are increasingly becoming sophisticated at leveraging a number of platforms,” she says.

> **“You spend so much time looking at screens, I just want to get out and see the shops.”**

***Freddy Furber**, founder and managing director of Ellipsis Brands*

Ellipsis Brands’ Furber says that he personally wants to shop less online. “You spend so much time looking at screens, I just want to get out and see the shops,” he says, predicting that the market will become more punishing for ecommerce ventures, with the giant tech companies going deeper on shopping.

“Google will up its game,” he says, adding that the dominance of a few ecommerce sites could threaten other merchants. “Entrepreneurs know you need to spread your bets. Instagram could do something in the future with its algorithm and disrupt influencers. The platforms are all very enabling for entrepreneurs but also you want to be in charge of your own destiny.”

Deliveries, meanwhile, will continue to evolve, predicts Omnipack’s Kasperski, with challenges remaining over buying from international retailers creating barriers for consumers shopping abroad. “Joint delivery is a big area for disruption,” says Kasperski.“The question is how you make it accessible to the small guys. Returns are still not solved across Europe. If you don’t like something but you bought it [abroad] from Finland for example, how are you going to return it easily? I think there will be innovation around that,” he adds.

***Image:** Emma founders*

At the same time, customer awareness regarding ecommerce’s growing carbon footprint is another aspect that is hugely impacting the sector, says Northzone’s Schultz. “DTC brands are reassessing the manufacturing processes, materials and deliveries. There is also innovation taking place around the aftermarket with several DTC brands starting circular marketplaces,” she adds.

> **“Returns are still not solved across Europe. If you don’t like something but you bought it [abroad] from Finland for example, how are you going to return it easily?”**

***Tomek Kasperski**, chief executive of Omnipack*

More than anything, however, brands will have to keep ensuring they have a unique offering. In the busy world of mattress buying, for example, “If I look at the next 10 years, there’s so much we can do to improve peoples’ sleep,” says Schmoltzi. “We haven’t seen any true innovation in the past decade beyond [mattress] materials when someone came up with memory foam in the 80s. We are [now] thinking about smart wakeup functions and heating and cooling users. Snoring is something we could do something on too,” he adds.

The company is also thinking about giving customers access to sleep experts via its website but it is generally wary about the need to hop on every passing trend. “We see tonnes of ideas every day. We have to decide which ones to pursue and which ones to drop. The time needs to be right for some ideas. Choose your battlegrounds wisely,” Schmoltzi adds.

Chapter II

Aggregators, and the art of piggybacking off of Amazon

A growing ecosystem of cash-rich companies are acquiring successful, private-label brands and consolidating them under one roof

Mid-way through 2020, Amazon seller David Stephen started getting phone calls from companies interested in buying his gardening tools brand Davaon. “It wasn’t on my radar to sell, although there’s always the hope,” he says, adding: “I thought it would have been a good couple of years down the line before we’d be approached. It was a nice surprise that people were interested.”

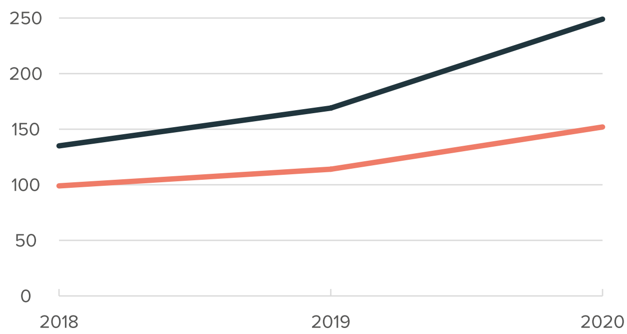
Stephen, who would eventually sign a deal with the UK-based aggregator Heroes, set up his business after wanting to spend more time at home with his family. Within five years the fulfilled-by-Amazon (FBA) company was forecasted to turn over £2m annually, boosted by a rise in interest in gardening during the Covid lockdown. “It was good timing as well,” he adds about the deal. “We were looking at what we’d need to do this year to cope with demand. We would have had to look for our own office, warehouse, possibly hire some employees and that’s not really what we wanted to do.”

Amazon's third-party sales are outpacing its first-party sales both in terms of total revenue and YoY growth

Amazon estimated global gross merchandise volume (€bn)

● First-party sales ● Third-party sales

Source: *Marketplace Pulse*



MODERN-DAY COMMERCE

As Amazon grows, there’s a growing ecosystem of cash-rich aggregator companies in Europe looking to acquire successful, private-label FBA brands and consolidate them under one roof. Third-party sellers generated $295bn worth of product sales on the US platform last year, with two thirds of them using the FBA platform (whereby Amazon holds the stock and organises delivery when an order comes in).

> **“In 2021, there was a flood of VC cash for the European aggregators.”**

It’s a model that has piqued the interest of the venture capital world, which staked $1bn on aggregators in 2020 alone. In 2021, there was a flood of VC cash for the European aggregators – Heroes raised $200m, Olsam $165m, and Berlin Brands Group closed a $700m round, to name a few. These companies aim to become the new digital Unilevers, or P&Gs, by focusing on an array of products with lasting appeal in categories such as home and garden, pet and baby, sport and health (most avoid the faster moving fashion and consumer technology sectors).

There are now more than 60 aggregators worldwide (including an estimated 23 in Europe), many of which launched over the past few years. One of the stand-outs, Thrasio, is said to be the fastest US startup to reach profitable unicorn status and is now eyeing an IPO in 2022, having only been founded in 2018.

Pierre Poignant is a Paris-based ecommerce veteran, fresh from the $3bn sale of Asian marketplace Lazada, which he cofounded in 2012. He is now at the helm of Branded Group, which raised $150m in equity funding in 2020 and has already acquired more than 25 home and leisure brands across Europe and the US. “Ultimately this trend is about how to professionalise a marketplace,” Poignant says. “Where [aggregators] bring value is providing technology, capital, professional services and mentorship to entrepreneurs. We take all the different, very minute activities of running a business and we automate or scale them. There’s an opportunity to create a new kind of consumer goods company – online, multiplatform and global from Day One.”

Like Stephen at Davaon, many entrepreneurs don't have the knowhow, money or appetite to take their FBA brand to the next level, Riccardo Bruni, cofounder of Heroes, says. "Think about operating multiple supply chains, different currencies, tax, finance, legal, corporate governance. All of these things are extremely difficult and not to be underestimated," he adds.

From an aggregator's point of view, the upside is there are no question marks around product-market fit. "We're not looking at what may or may not work but what's currently working. That's validated by the millions in revenue [generated by these sellers], their 20-30% profit margin, and thousands of reviews and 4.8-star ratings," Bruni explains.

SCALING BEYOND A SOLE FOUNDER'S CAPABILITIES

There are typically four ways an aggregator will grow a brand once the deal is done: they will improve operational efficiencies by reducing 'out of stocks', improving content such as photography and product descriptions, pay-per-click advertising and customer service; invest in geographic expansion onto other marketplaces (typically across Europe via its pan-European fulfillment programme and into the US); launch new product variations; and pursue channel expansion onto new marketplaces (such as ManoMano in France or Ozon in Russia) or even offline retail stores. Berlin Brands Group, for example, sells its 3,700 products through 100 different channels, across 28 countries.

Because they can build a diversified portfolio, aggregators can also take advantage of economies of scale and combat peaks in seasonality, Bruni says. "You don't buy just one baby brand but seven. That's when you can start extracting synergies, leverage your power over suppliers, build customer insights and incentives, and create the ability to cross sell and upsell."

Aggregators can also use technology to adjust pricing, automate marketing campaigns and keep an eye on competitors. "Without technology, you would very quickly fall behind," says Bruni.

One of the investors backing this market is Cesare Maifredi, general partner of 360 Capital, which co-led Heroes' $65m funding round in 2020. Based in Milan, Maifredi first became aware of the aggregator space last summer, and says it represents an exciting opportunity for investors. "This is a highly fragmented market and not professionalised so you can create value," he suggests. The sellers are also already profitable, which opens up the debt market as well as opportunities for equity investment. "Basically if you do it right, you can tap into an almost unlimited amount of money to grow."

> **"Basically if you do it right, you can tap into an almost unlimited amount of money to grow."**
>
> ***Cesare Maifredi**, general partner of 360 Capital*

Filip Dames, founding partner of Cherry Ventures in Berlin, agrees. "This is a very interesting way to build brands, because you're doing it based on existing revenue. You can reinvest that to build out the brand further and create something that lives [on its own]."

PLANS FOR NEW RIVAL WEBSITES

Cherry Ventures recently participated in a €100m funding round for German aggregator SellerX. The company has acquired more than 30 brands since its launch in August 2020, and has built a team of 250 people.

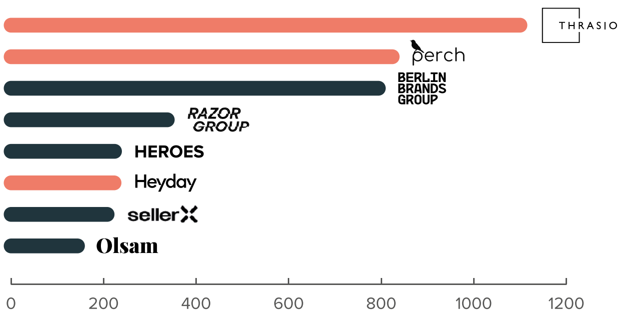
Cofounder Philipp Triebel says while Amazon is a springboard, there are difficulties building real brands on the platform. Customers tend to be review oriented and product led – searching for something they need, rather than paying attention to the brand behind it. Plus, Amazon will always own the customers on its site. "A big challenge for building brands is owning the customer, telling a brand story and building trust," he says. "Amazon shares very limited aggregated information… you don't have customers' email addresses, and there's very limited space on [the site] to tell a story," he adds. SellerX's aim is to eventually launch its own websites to sell directly to consumers via trade retail channels.

European aggregators catching up to US competitors in their funding volumes

Europe's biggest aggregator startups by total funding (€m)

● US ● EU

Source: *Dealroom*



That strategy also provides protection if Amazon was to ever change its terms of service around whether aggregators can operate on the platform. Most think that's unlikely. Sam Hörbye, cofounder of aggregator Olsam, used to lead Amazon UK's marketplace team. He says that there are upsides for the ecommerce platform, too, in supporting the evolution of the aggregator market. "Internally they've been a bit caught off guard by this and initially didn't really know what was going on… [but] they like that aggregators are professionalising the space," he says. Meanwhile, in the US Amazon has publicly acknowledged that a new trend is underway but says it still expects the majority of sellers to remain independent.

LEVERAGING LOCAL EXPERTISE

It's no surprise to see large European countries like the United Kingdom and Germany dominate in terms of the number of aggregators in this space. But others are getting in on the act too, applying the same principles to local conditions. In the Netherlands, Demian Beenakker, founder and chief executive of Dwarfs, is already exploring other local marketplaces, such as Bol.com. Three quarters of Dutch shoppers visit Bol.com every month, versus one in five who visit Amazon.

Dwarfs' approach of focusing on local sellers — 80% of its acquisitions are done with sellers that are active in the Netherlands, although they also sell internationally — has also meant they work with brands that are not dependent on Amazon's distribution channels (known as fulfilled-by-merchant or FBM brands). The move placed them in good stead in 2020 when Amazon placed stock limitations on its sellers to preserve warehouse space. "Those inventory limits can be a pain for you to grow your company, so you need to have alternatives and you don't want to be dependent," Beenakker says. In August 2021, Dwarfs secured €30m in debt financing to further expand its business.

Yaba has similarly found success in southern Europe, targeting sellers in France, Italy and Spain. "We really liked this model and the idea of generating a playbook that is very replicable and scalable," Alejandro Fresneda, Yaba's cofounder and co-chief executive, says.

Yaba has just acquired its seventh brand and expects to close this year with revenues in excess of €20m. And while Amazon's presence in southern Europe is less mature, it's a fast-growing market, with more than 2k sellers that already fit Yaba's criteria, Fresneda says. Amazon's Spanish marketplace reported its highest-ever revenue in 2020 ($6.4bn).

Fresneda also highlights a key benefit of focusing efforts on the local area. "I would say 90% of the time sellers are surprised to be contacted — they don't know about this model. Others have already had a call from someone in Germany, the UK, the US, but they're not used to the aggressive approach. We are on the ground, we can go to visit them, have founder-to-founder conversations and build an empathic relationship."


Image: Dwarfs team

MATURING MARKET

In Finland, the team behind eBrands are differentiating themselves by focusing on activity and wellness brands. "We try to think about finding synergies between the brands we buy," says cofounder and chief executive Robin Bade. "This gives us benefits in building the branding team – we don't need to have specialists in car parts and sexual wellness products and everything in between," he adds.

"We really view eBrands as a consumer brand company, rather than an aggregator," Bade says. "I believe this market will mature to a point where we're not going to talk about aggregators anymore. These businesses will become real e-commerce brands. That will be interesting to see because at the moment, [the conversation] sometimes feels like it's more about money than brands," he adds.

This maturation is likely to be accompanied by some consolidation in the space. Yael Cabilly and Michal Baumwald Oron, cofounders of Fortunet, which specialises in bringing investment banking services to the space, say they've already seen aggregators up for sale. Even so, it's a business model they believe has fundamentally changed the ecommerce market for the long term. "The deals are closing very fast, within 45 days or two months – if you compare that to other industries, it's outstanding," Cabilly says. "It's a real opportunity for sellers to take advantage of this situation. The size of transactions are probably five times what we had last year."

> **"The size of transactions are probably five times what we had last year."**
>
> ***Yael Cabilly**, cofounder of Fortunet*

HARD M&A CLIMATE

Despite the recent growth, Hörbye from Olsam says the market is still very underdeveloped in the UK and Europe, compared to the United States. "Sellers don't know how to sell their businesses. One of the first brands we bought was from a retired policeman and he couldn't believe we wanted to buy his company."

Hörbye thinks this will change, as well as aggregators starting to specialise in niches, and others going bust. "We've seen some brands decelerate at sometimes triple digits after Covid-19. It's a hard M&A climate right now." Freight costs are also hitting margins hard, with container prices up to four or five times higher than a year ago.

> **"Sellers don't know how to sell their businesses. One of the first brands we bought was from a retired policeman and he couldn't believe we wanted to buy his company."**
>
> ***Sam Hörbye**, cofounder of Olsam*

Danny McMillan, host of the podcast Seller Sessions, predicts the next 18 months will be key. "That's when the market will settle down a bit. But we're going to get to a stage where sellers are going to become more sophisticated in understanding this, and will see their businesses as an asset they can sell."

Amid the competitive nature of the aggregator market, he also expects to see aggregator companies offering seed money to kickstart the business of sellers who go again after a buyout. "So someone like Thrasio might say: 'Instead of us coming to buy your business in two years time, we'll give you $100k now to get the ball rolling, and we'll work out a deal to give you a fixed outcome at the other end'. They'll want to create a pre-deal flow."

One thing is for sure, Yaba's Fresneda adds, this isn't a winner-takes-all industry. "We're talking about a huge shift from offline retail to online retail. This is an industry of hundreds of billions of dollars, even thousands of billions — it's huge and it will become even larger. One aggregator cannot acquire all of these sellers. There is space for at least 15 Thrasios over a number of years."

\Europe's ecommerce boom

Chapter III

Defending their home turf: online marketplaces

More and more of Europe’s marketplaces are becoming household names. How have they managed to outfox the big players?

There isn't a single-destination marketplace in Europe. Several major European countries have their own marketplaces that receive significant traffic — the likes of Otto and Real in Germany, CDiscount in France, Bol in the Netherlands and Allegro in Poland. Sites like Vestiaire Collective and Vinted, meanwhile, have become fixtures in the lives of many Europeans.

Joining a marketplace exposes sellers to larger amounts of passing traffic and helps them compete with more established ecommerce players. The competition is good news for customers. As the marketplace landscape becomes busier, not only will there be a downward pressure on price but there will also be a push for better delivery, returns, and user experience.

A number of sellers have already added some sort of marketplace functionality to what they offer. UK-based fashion site Asos, for example, runs its own marketplace, selling not only its own clothing but other popular brands. Similarly, French supermarket chain Carrefour has created a grocery marketplace.

With the world still working remotely, there's never been a more pertinent time for the services of Israel's Fiverr, the marketplace that allows companies to buy services from a pool of freelancers. The company, which has a current market cap of around £4.65bn, counts more than 3m buyers on its platform. "After the pandemic, the future of work is already the present. We're well positioned to be at the forefront of this revolution," says Fiverr's chief marketing officer Gali Arnon. "The world of working with freelancers is a bit like where ecommerce was 20 years ago. It's just starting up," she adds.

Image: Vinted

Meanwhile, some online marketplaces in Europe are finding a sustainability groove.

THE 'PRE-LOVED' MARKETS

A major trend shaping the European marketplace landscape is the rise of the secondhand — or 'pre-loved' — market. With sustainability becoming a consumer driver, especially among younger GenZ shoppers, there has been an uptick in marketplaces specialising in secondhand sales. "Europe and the US have been at the forefront of the rise in these markets," says Luca Bocchio, a partner at investor group Accel.

> **"A major trend shaping the European marketplace landscape is the rise of the secondhand — or 'pre-loved' — market."**

Clara Chappaz, chief business officer at Vestiaire Collective, a French resale platform for luxury fashion, says that consumers today are hyper aware of sustainability and the circular movement, "whereas a few years ago value was their first motivation."

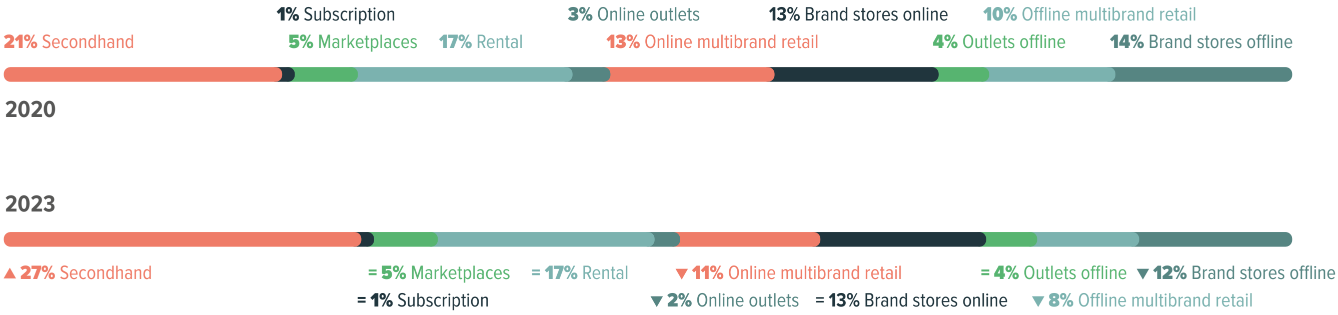
Browsing on Vestiaire became routine for millions of people during the pandemic. The company was able to post record growth, experiencing an increase of more than 100% in orders in 2020, in a year when the fashion industry as a whole experienced a 93% drop in profits, according to data from consultancy McKinsey.

In fact, secondhand clothes shopping has flourished over the course of the pandemic. In May, Lithuanian fashion unicorn Vinted raised €250m, at a pre-money

Secondhand fashion could make up as much as 27% of closet share by 2023

Wardrobe composition by channel for secondhand customers

***Source:** BCG*



valuation of €3.5bn. Europe's largest online consumer-to-consumer platform, Vinted claims to have more than 45m global members, and around 300m items listed on its platforms. None of this is likely to be a temporary pandemic trend either. Secondhand clothing is projected to make up 27% of consumers' wardrobes by 2023, up from 21% in 2020, according to the Boston Consulting Group.

MAKING SECONDHAND 'COOL, SMART AND FUN'

This increase in sales of secondhand items doesn't just touch the apparel market, it is increasingly seen in many other verticals, including electronics and furniture.

"We help people turn things they don't need into money and in doing so help keep things out of the trash," says Rob Cassedy, chief executive of Wallapop, a Spanish marketplace that sells clothes, electronics, accessories and crafts.

When the pandemic hit last year, Wallapop saw a substantial drop in demand, followed by a bounce back to record levels. "It's been a really strong year. Before, Spain was a laggard in ecommerce but people have gotten a lot more used to shopping online," says Cassedy. "Now we are one of the fastest growing ecommerce markets in the world," he adds.

Cassedy says that customer mindsets are shifting more to sustainability — a third of people are buying more secondhand goods post-pandemic than pre-pandemic, he says. "Sustainability is becoming quite a driver — 70% of our customers are saying it's important." Wallapop has "put a lot of work into making secondhand sales cool, smart and fun," he adds. The company now counts over 15m users — about half of Spain's internet population.

At the same time, the pandemic was a good excuse for Wallapop to improve its online presence. "The pieces that changed the game for us were adding new payment features and a shipping solution," says Cassedy. "The hardest part for us is how do we bring these different experiences together in a unified platform. We've invested a lot in simplicity; people want things to be easy. They want the hard part to be on our side, not on their side."

Cassedy takes pride in Wallapop being "in some ways the anti-Amazon. We see ourselves as a marketplace for unique goods; a place for entrepreneurs with artisanal products. You want something unique, then come to Wallapop. Personally, I use it to shop for rare records," he says.

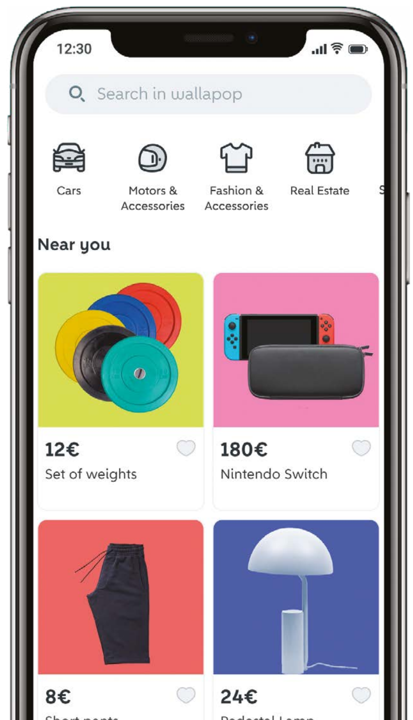


Image: Wallapop

Image: Pesky Fish

SEA OF OPPORTUNITY

In the United Kingdom, sustainability is driving interest in online fish marketplace Pesky Fish, according to the site's cofounder and chief executive, Ben King. The marketplace, which has been described as the eBay of fish, connects fishermen directly with restaurants, wholesalers and home chefs. The market opens everyday at 6pm, after the day's catch is landed onshore. "It's like Benny Hill — 4,000 people typically log on and buy up everything in around 10 minutes," says King.

The Pesky pitch involves better prices for fishermen and reliable information for customers on what they're getting on their plates. "We've never spent a penny on advertising. We were fortunate that people have watched documentaries like Seaspiracy and began questioning whether their seafood is sustainable," King says.

The plan now is to perfect the model in the UK and then take it abroad. "The translatability of Pesky is enormous to any country that has a shipping fleet. We got contacted by the Sri Lankan industry, which told us their tuna is getting hammered. They need to find a way to safeguard their stocks," he says.

King adds that Pesky has done everything it can to focus on sustainability and not depleting fish stock. "I want to know if I'm sourcing something sustainable or otherwise I won't eat it. This industry isn't broken but it's not been working as well as it could be," he adds.

REFURBISHED MARKET CATCHES FIRE

Sustainable consumerism is beginning to catch fire around Europe. In London, Whirli, a toy subscription service founded in 2019, allows parents to rent toys for their kids (don't worry if your child falls in love with a toy, the company promises parents they can buy it for a less-than-retail price).

Meanwhile French secondhand electronics marketplace Back Market saw a huge uptick in demand during the pandemic. "People had an urgent need for phones, laptops and tablets so they could work remotely. Our growth almost doubled, it was very intense," Back Market cofounder and chief executive Thibaud Hug de

"Sustainable consumerism is beginning to catch fire around Europe."

Image: Whirli

Larauze says. The company now has a headcount of 550 and has expanded into 16 countries, including the US and Japan.

> **"The emergence of sellers like Back Market goes some way to tackling the growing problem of electronic waste."**

"We see a boost in secondhand shopping because tech products are costing more and more – we're providing cheaper products with warranties," De Larauze explains. "You go on Craigslist or eBay, it's all mixed up, no safety net, no warranty, no services. The bet of Back Market is to create trust – we only allow professional sellers in and we add warranties to goods sold," he adds. "People will pay a mark-up for this kind of safety." Back Market will soon offer customers an additional repair service.

De Larauze praises the marketplace model. "You can grow very fast without having inventory or working capital issues," he says.

The emergence of sellers like Back Market goes some way to tackling the growing problem of electronic waste. In 2019, 53.6m tonnes of electronic equipment

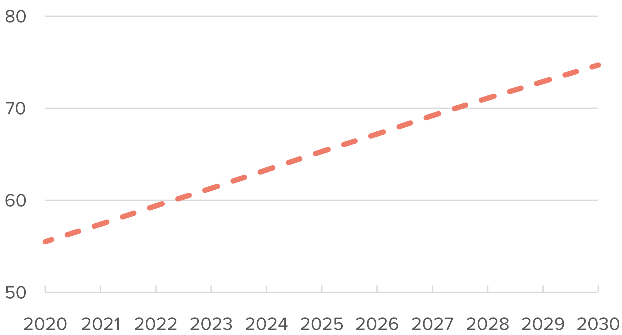
Image: *Back Market*

— or e-waste, as it is known — was discarded globally, according to the UN's Global E-waste Monitor. Europe contributed roughly 22% of this, and it's estimated that the average European citizen generates more than 16kg of e-waste per year. Globally, e-waste is expected to more than double to 110m tonnes by 2050.

The average European citizen generates more than 16kg of e-waste a year

Global projected e-waste in Mt, 2020-2030

Source: *Global E-waste monitor*



Back Market has direct competitors around Europe. In Finland, Jiri Heinonen and Sami Marttinen founded Swappie after struggling to get past scammers while trying to buy a used iPhone online. Their solution: a marketplace that professionally fixes up iPhones so that people can buy and sell without the stress. A funding round in June 2020 brings Swappie's total funding to €40m. Vienna-based startup refurbed, meanwhile, recently announced a new round, bringing in $54m in August.

"The circular economy has to become normalised," De Larauze says. "You can't keep the linear economy going for too much longer."

The future: will all this online shopping stick?

DTCs and marketplaces will need to stay on their toes — and keep investing — to stay relevant

Predicting the future is a huge part of retail — even if, thanks to the pandemic, the world has rearranged itself in a way few trend forecasters could have foreseen. While it's premature to say that the ecommerce boom will last, shoppers have continued to buy more, and from more channels throughout 2021.

At the same time, there's more to come from countries playing catchup in Europe. If there are currently more ecommerce users in western Europe, it's not because the rest of the continent lacks knowhow or ideas for the sector.

"There's a lot happening in central and eastern Europe. Vinted is Lithuania-based, of course, Allegro is a very large and successful business in Poland. It's maybe all less interconnected but it's not behind," argues Accel's Bocchio. The region saw 22% growth in online shopping in 2020, making it the highest growth ecommerce hotspot in the world, according to research site eMarketer.

Meanwhile, reducing "friction" for browsers will stay top of every brand's to-do list in the near term, with cart abandonment representing a $4tr problem globally. Tech ideas that enable more seamless checkout experiences are rapidly growing in popularity. "Payment architecture is not just a cost item for brands — it's a means to ensure customers stay happy," says Bocchio. Friction-reducing payment options that brands are investigating include mobile and digital wallets, auto-renewing recurring payments or subscriptions, invisible payments, in-app payments and one-click payments.

As ecommerce continues to grow and change, two items most brands say they want to improve on are mobile commerce and personalisation.

In a world where everyone has a smartphone, brands are feeling the pressure to come up with a great mobile customer experience. "We have just relaunched our webshop, focusing on mobile shopping, as more than 70% of our customers shop from their mobile devices," says gitti cofounder Jennifer Baum-Minkus.

Mobile shopping also heavily fuels another trend in the sector, namely quick commerce. "We have seen this trend with groceries as that is a natural sector to start in, due to the nature of the products and the frequency of consumption. We expect quick commerce to reach more sectors during the next few years," says Jessica Schultz, general partner at Northzone Ventures.

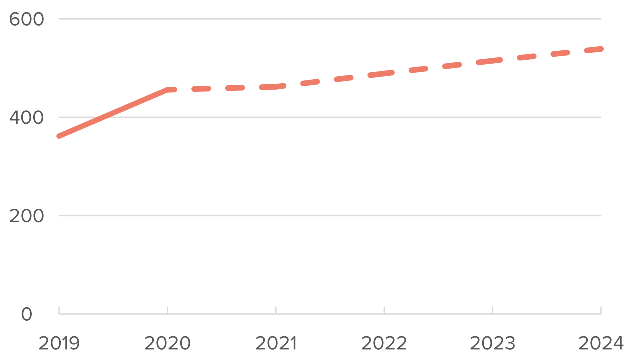
Meanwhile, the introduction of chatbots has been one way for brands to boost their personalisation drive. Berlin-based Charles and Barcelona's Hubtype are building "conversational" apps to help brands inject less formality into encounters with customers. "I'm American; I'm used to talking to people in shops. I want advice and for people to tell me what I need," says Beauty Pie's Morshedi. Her company is now working with AI and machine learning to find out more about customers' skincare requirements, to better tailor beauty regimes.

The pace of change for most online sellers and marketplaces has quickened over the past 18 months. In many ways, shops received the ultimate spur, in the form of Covid-19, to further establish their online presence, and brands will only become more digitally integrated in the coming years, with advances in technology and changing business models expected to keep lowering the barriers to entry for sellers. The result? More competition, with a greater onus on sellers to find innovative ways of standing out from the thickening online crowd. It will be an exciting space to watch, and the traditional ecommerce giants will need to keep raising their game if they want to stay ahead.

After a 26% jump in 2020, growth in ecommerce sales is set to stabilise

Projected retail ecommerce sales in Western Europe (€bn), 2019-2024

Source: *eMarketer*



Web shops that know you

One of the things I see changing completely is personalisation. Every time you go on a site it's the same interface for everyone – but these experiences should be completely different for everyone. When I open Wallapop, it should feel like I'm walking into a record store. Every time I come back, it should know a little bit more about me. This is something we're just scratching the surface of so far.

Rob Cassedy, CEO, Wallapop

Forget about drones

Drone delivery doesn't feel like it's going to be a big thing for a while. What solution are drones trying to solve? There are so many convenient points in a city for picking up parcels. You also have bikes and escooters getting your packages to you quickly. The real innovation will be around figuring out joint deliveries and how to optimise package returns across borders.

Tomek Kasperski, CEO, Omnipack

Growth in embedded finances

Sellers will incorporate more and more financial services into their web shops. We don't like to go to get our financial services, we like them to come to us.

Alex Mifsud, founder and CEO, Weavr

Virtual shop assistants are coming

I can see virtual assistants on websites in a year – not to the level of Alexa, maybe, but an evolution beyond answerbots, which aren't great yet. We will also see more sophisticated AI tools that will [get better at] predicting what you want to order next.

Panni Morshedi, COO, Beauty Pie

Shopping's structural change

You're going to see an enormous structural change in shopping. People will not want to keep consuming products that are unsustainable. We will see people really start to care more about the 'traceability' of the items they buy.

Ben King, CEO, Pesky Fish

Circular economy 'to become normalised'

We will see the circular economy become more and more normalised. We need a hundred more Back Markets.

Thibaud Hug de Larauze, founder and CEO, Back Market

Physical shops hold their own

A physical presence for your shop – even if it's just a temporary 'experience' store – is going to remain important for brands and especially for older [shoppers].

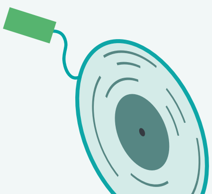
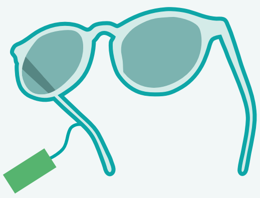
Dennis Schmoltzi, cofounder and CEO, Emma – The Sleep Company

Much needed shakeup in B2B land

Business to business selling will soon start seeing some of the innovations that have made C2C [customer to customer] marketplaces so user friendly and enjoyable. I think we will see more simplification across the board here.

Luca Bocchio, partner, Accel




Keeping up with the UK... and China

The goal for brands will largely remain the same – making things as frictionless as possible. Personally I think the UK is well ahead of the curve in Europe around ecommerce innovation; you could argue China is several steps ahead again. One thing for sure we'll see more of is the entrepreneur selling jewellery in rural Wales who suddenly will have access to the whole world. Language translation for landing pages, then, will become a bigger deal.

Ruma Bose, chief growth officer, Clearco

Ecommerce uptick in laggard countries

Especially in those countries that have been more heavily impacted by Covid, we'll see a faster growth rate and adoption of ecommerce in the coming years (e.g. Italy, Spain).

Robin Bade, CEO and cofounder, eBrands Global

Stronger entertainment element

The west is evolving towards more entertainment content in ecommerce, more discovery across social, the likes of which we're already seeing in Asia.

Pierre Poignant, CEO, Branded Group

Things staying hot

Ecommerce is clearly here to stay. There continues to be a lot of interest from the capital markets in this space. I expect things to stay pretty hot for a while.

Philipp Triebel, cofounder, SellerX

Online habits here to stay

Covid-19 just helped to accelerate the shift from offline to online. It changed the habits of millions of people in terms of how they buy products.

Alejandro Fresneda, cofounder and Co-CEO, Yaba

Strong stickiness

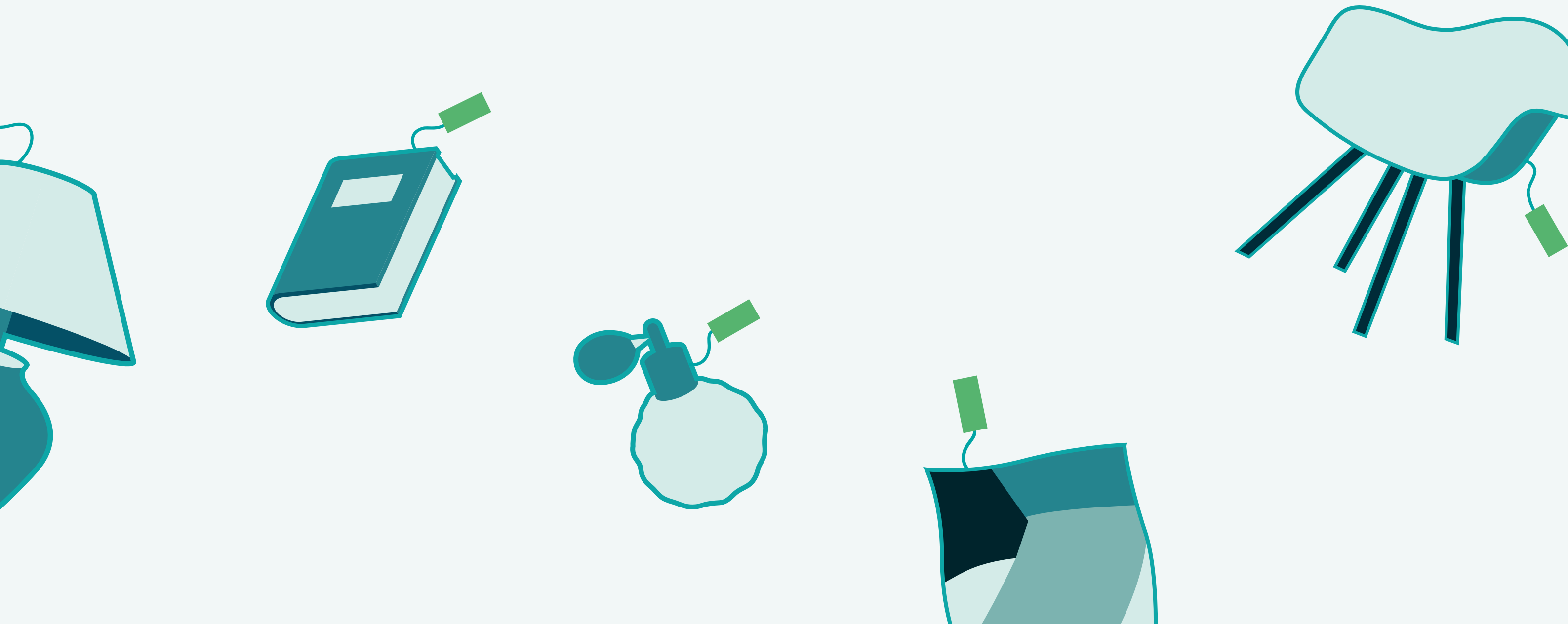
I remain extremely bullish, I think it would be concerning if I wasn't. With the easing of lockdown, we have seen consumer spend turn back towards offline but that was always expected. However, we are seeing very strong stickiness. Lockdown has introduced a lot of consumers to the ecommerce market. Consumers have really seen the benefit of the convenience and I think we'll only see it increase from here.

Riccardo Bruni, cofounder, Heroes

Tailor-made shopping is coming

I think the direct link from social media to shopping will become even more intuitive. The shopping experience will get ever faster and tailor-shopping in particular will grow in popularity. I can imagine the experience we get in physical stores will be digitised more and more.

Lena Jüngst, cofounder and chief evangelist, air up



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