



RetailX

Germany ecommerce country report 2023

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Introduction



In this RetailX Ecommerce Country report for Germany 2023, we examine the current state of the German ecommerce market, looking at everything from the influence of politics and the invasion of Ukraine by Russia and its impact on the market, to trends such as payments, delivery and consumer behaviour.

We see a German consumer that has inevitably been hit by high energy prices and the cost of living and has cut back on spending as a result, particularly on discretionary items such as furniture and electronics.

This has also fed through to how they are behaving during peak trading with many cutting back on Christmas and Black Friday spending.

In May 2023 Germany officially fell into recession after its GDP fell by 0.3% for the period from January to March which means the pain isn't over yet.

Another key theme in this report is the continued emergence of social commerce for the German consumer, as well as a wider range of devices being used to purchase goods. These include smart TVs and smart speakers, showing that voice commerce is emerging as a channel in its own right for German consumers alongside the more traditional growth areas, such as mobile.

Ian Jindal, CEO, RetailX

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Chancellor Olaf Scholz's first full year in power has proved to be a testing time

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Germany occupies the top quartile for all but two of the international indices measured

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Meet the omnichannel beauty provider with ambitious plans for international expansion

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Country profile

The first full year in power for Chancellor Olaf Scholz has been far from easy

Germany's 83.9 million population has remained relatively static over the years with a fairly even split between generations – Baby Boomers and Gen X having a slight dominance.

Among these are over a million Ukrainians, with Germany ranking second only to Poland for the number of refugees taken in following Russia's invasion of Ukraine.

By mid-2022 Germany had accepted 780,000 refugees since the start of the war, despite not sharing a direct border with Ukraine. By January 2023 that figure had risen to 1.1 million^[1].

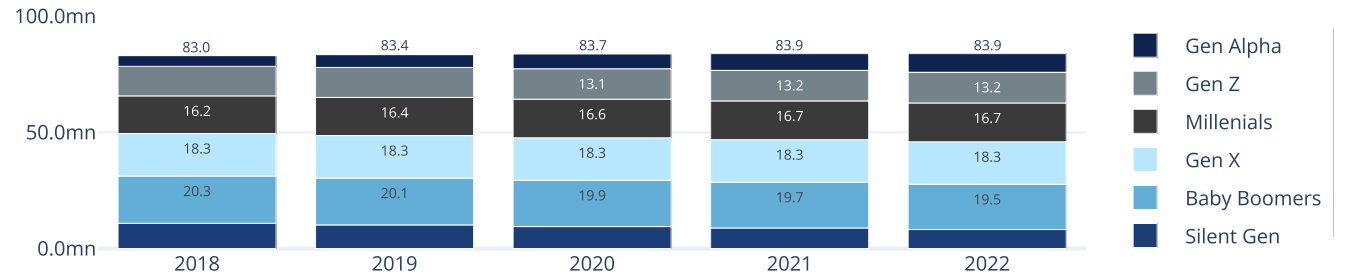
According to a survey in late 2022^[2] of more than 11,000 refugees, carried out by bodies including the Federal Office for Migration and Refugees, the majority of respondents said they felt welcome in the country and more than a third (37%) said they wanted to settle permanently or for several years.

A TESTING TIME FOR OLAF SCHOLZ

The Ukraine invasion by Russia in February 2022 was one of the first challenges for Chancellor Olaf Scholz who won the September 2021 election and then formed a coalition with the Greens and Free Democrats to manage the country. Of particular focus was his management of the Nord Stream

Figure 1: Germany population analysis

Population structure by age group (mn)

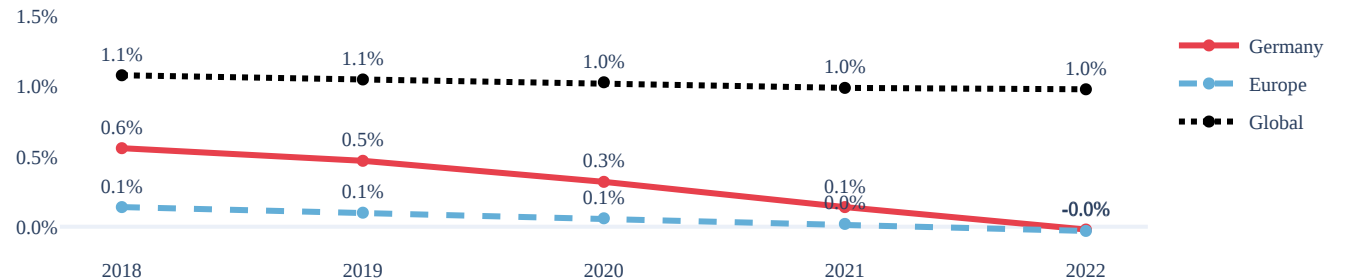


Age groups (year of birth): Silent Gen (1922-1945), Baby Boomers (1946-1964), Gen X (1965-1980), Millennials (1981-1996), Gen Z (1997-2012), Gen Alpha (2013-present)

Source: RetailX, drawing on data from the UN Population Division

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Figure 2: Population growth



Source: RetailX, drawing on data from the UN Population Division

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gas pipelines between Russia and Germany. Scholz's time in office hasn't been easy. In December 2022 [3] 25 people were arrested in raids across 11 German states on suspicion of plotting to overthrow the government. They included far-right and ex-military figures who were said to be preparing for a 'Day X' when they would storm the Reichstag parliament building to seize power and included members of the extremist Reichsbürger [Citizens of the Reich] movement, as well as the QAnon movement.

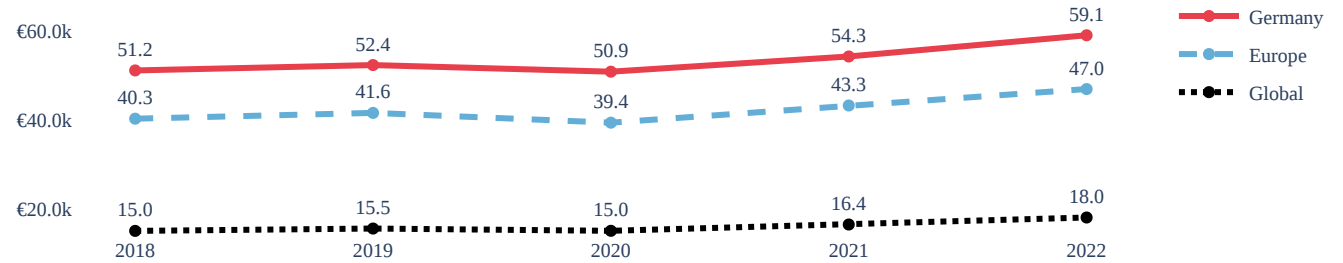
Around 50 people were said to be part of the group who allegedly wanted to overthrow the republic and replace it with a state modelled on the Germany of 1871, an empire called the Second Reich, according to reports. Their plan was to install aristocrat Heinrich XIII, Prince of Reuß, as national leader.

Meanwhile, in February 2023 [4] his party had their worst ever result in a Berlin election, marking the first time the Social Democrats had failed to win in the German capital since 1999. Instead the conservative Christian Democrats took the lion's share of the votes.

REFERENCES

- [1] <https://www.statista.com/statistics/1312584/ukrainian-refugees-by-country/>
- [2] <https://www.reuters.com/world/europe/ukrainian-refugees-feel-welcome-germany-37-keen-stay-permanently-survey-2022-12-15/>
- [3] <https://www.bbc.co.uk/news/world-europe-63885028>
- [4] <https://www.bloomberg.com/news/articles/2023-02-12/scholz-s-party-loses-berlin-election-for-first-time-since-1999>

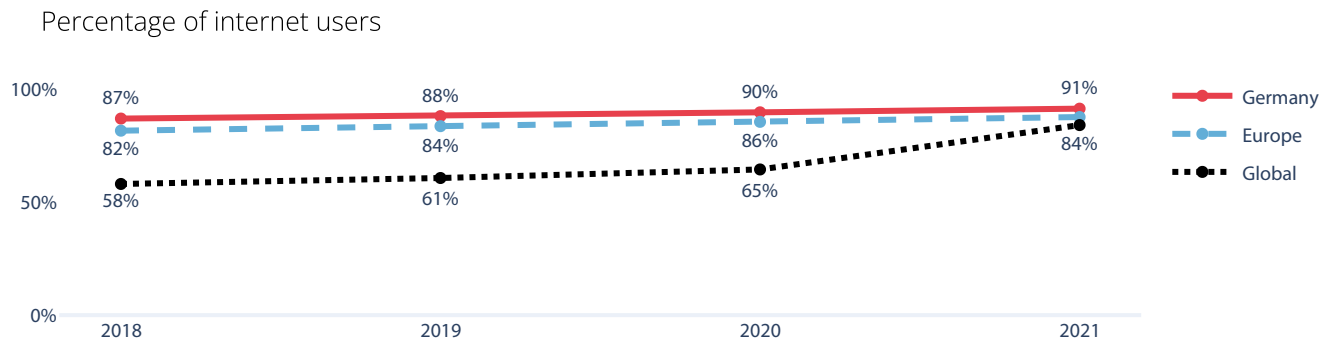
Figure 3: GDP per capita (k EUR)



Source: RetailX, drawing on data from the IMF and the UN Population Division

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Figure 4: Internet user analysis

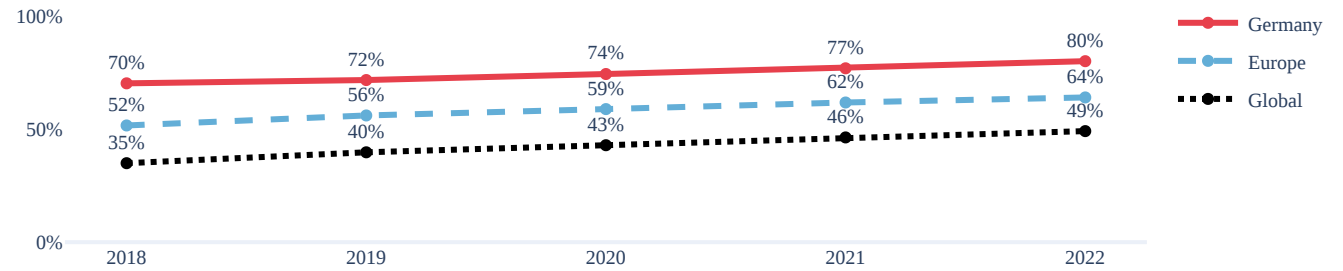


Source: RetailX, drawing on data from the International Telecommunication Union (ITU)

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Figure 5: Percentage of internet users who shop online



Source: RetailX, drawing on data from Statista

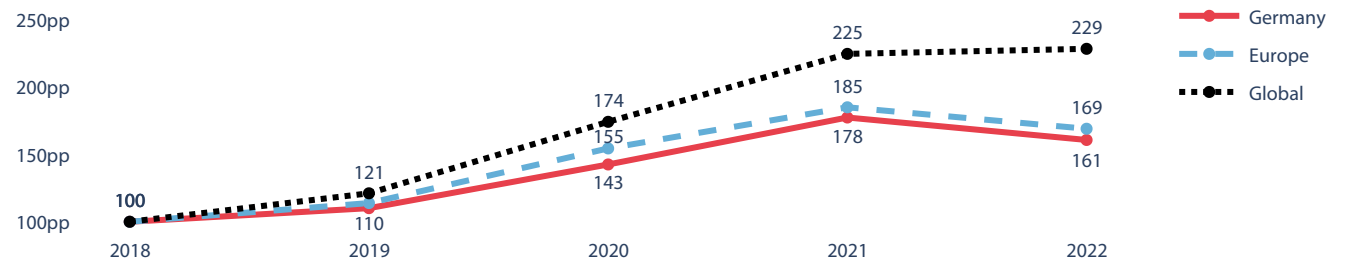
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Germany

Area: 357590 km2
 Capital: Berlin
 Currency: Euro (EUR)
 Official Language: German
 Foreign languages spoken: Danish, Frisian, Sorbian, and Romani
 Government type: Federal parliamentary republic
 VAT: 19%
 Reduced rate: 7%

Figure 6: Ecommerce revenue growth (indexed)



Index 2018=100

Source: RetailX, drawing on data from Statista

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Market context

Energy price rises as a result of the Ukraine conflict have hit high-ticket spending in Germany

In the previous section we saw that 80% of internet users shopped online in Germany in 2022, up three percentage points on the 2021 figures.

In this section we discover how they are shopping and in what sectors they are spending their money on in order to understand their demands as customers.

The annual revenue chart shows that fashion continues to dominate spending in the German market, accounting for €27.3 billion of the €100.5 billion of revenue for the ecommerce market in 2022.

This share is down a little on 2021 when the ecommerce market was worth €102.1 billion in total and fashion accounted for €29.1 billion. Electronics is the next strongest sector with €18.7 billion of sales in 2022.

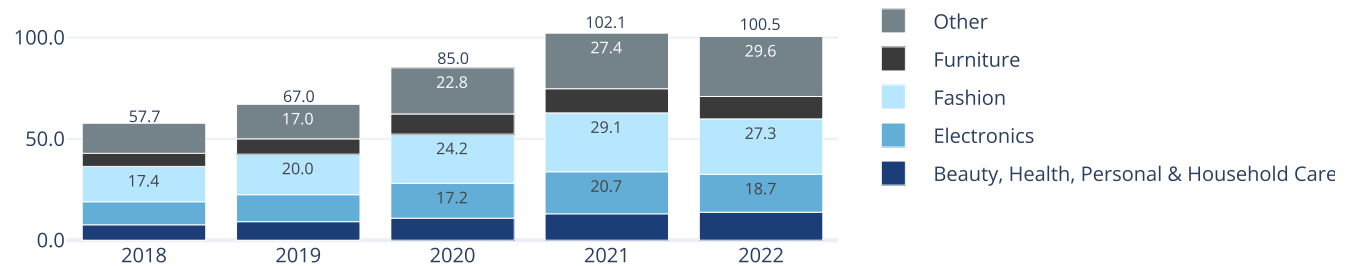
GROWTH HAS SLOWED IN ALL SECTORS

The annual change in revenue chart shows us that growth has slowed in all sectors in 2022, most likely as consumer confidence and spending has been impacted by the cost-of-living crisis, something we examine in further detail in the consumer behaviour section later in this report.

This is particularly reflected by the falls witnessed by the furniture and electronics sectors which are

Figure 7: Fashion dominates ecommerce spending

Annual revenue for the ecommerce market (bn EUR), Germany, 2018-22

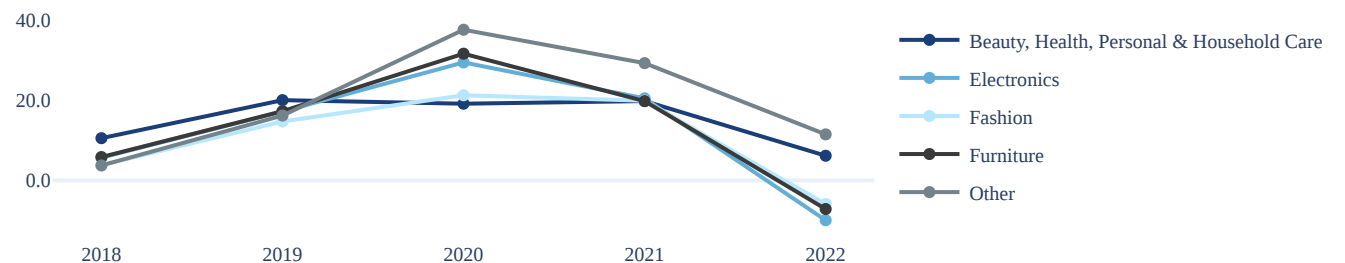


Source: Statista Digital Market Insights

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Figure 8: Revenues have declined for high-ticket items in 2022

Annual change in revenue for the online ecommerce market (%), Germany, 2018-22



Source: Statista Digital Market Insights

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more often high-ticket items, and therefore the most likely purchases to be impacted when shoppers cut discretionary spending to save cash.

THE IMPACT OF ENERGY PRICE RISES

German consumers have been hit hard by energy price rises. In February 2022 Olaf Scholz halted the Nord Stream 2 Baltic Sea gas pipeline project ^[1], then in August Russia turned off the gas supply to Germany via the Nord Stream 1 undersea pipeline, putting the country under pressure to find winter fuel reserves. Germany previously obtained more than half (55%) of its gas from Russia, but by last summer that percentage had already dropped to a third (35%).

Despite the pressures consumers are facing, when looking at the percentage of ecommerce shoppers in Germany we see that shares have grown across all sectors. The biggest proportion of shoppers is in electronics, followed closely by fashion. Both shares have risen consistently over the years. For example, the share of electronics shoppers has grown from 43% in 2018 to 62% in 2022, while the share of fashion shoppers has grown from 42% in 2018 to 59%.

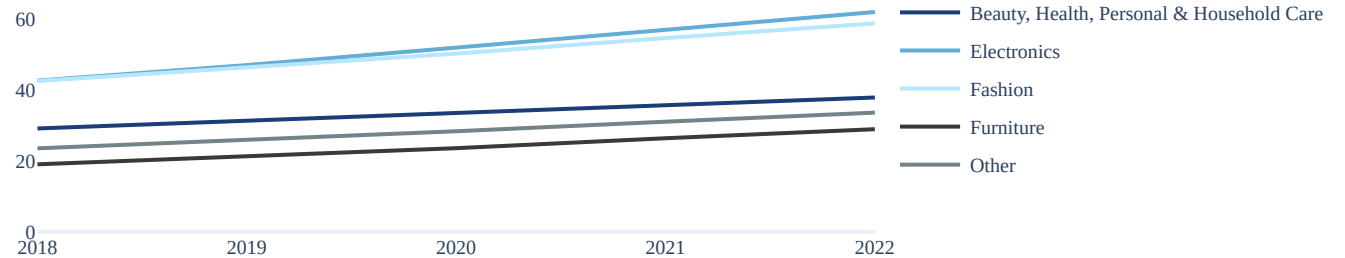
Further analysis shows that 52 million shoppers bought electronics online in 2022, up from 35 million in 2018. In fashion 49 million customers bought online, compared to 35 million in 2018. By comparison, 24 million bought furniture online in 2022.

REFERENCES

^[1] <https://www.reuters.com/business/energy/germanys-scholz-halts-nord-stream-2-certification-2022-02-22/>

Figure 9: The share of e-shoppers has grown across all sectors

Percentage of ecommerce e-shoppers, Germany, 2018-22

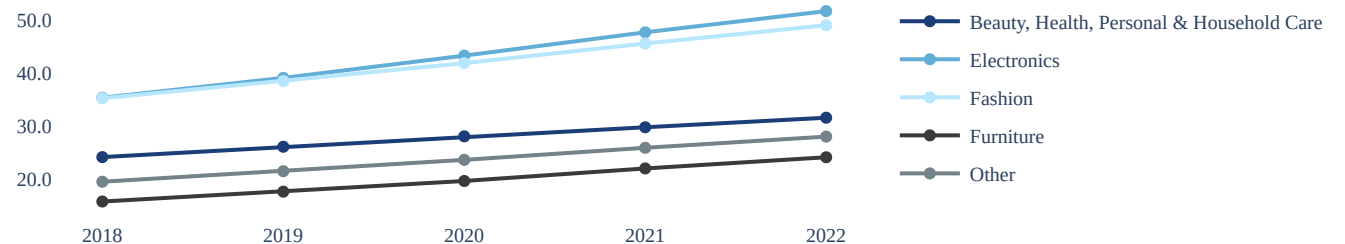


Source: Statista Digital Market Insights

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Figure 10: The number of ecommerce users has grown consistently

Number of ecommerce users (in millions), Germany, 2018-22



Source: Statista Digital Market Insights

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Expert insight

Conrad Bennett

Director of Solutions Consulting EMEA,
Iterable



Marketers are well aware by now that personalisation makes a huge impact on consumers' shopping experiences. As McKinsey pointed out in 2021, "71% of consumers expect companies to deliver personalised interactions. And 76% get frustrated when this doesn't happen."

And it's not just a matter of preference—personalisation impacts brands' bottom lines. McKinsey continued, "Furthermore, our research found that companies that excel at personalization generate 40% more revenue from those activities than average players."

But to achieve true personalisation, brands need to adapt a cross-channel marketing strategy. And this doesn't just mean using a mix of channels to send marketing messages. All marketing channels should be introduced to enhance the overall experience. Play to each channels' strengths to deliver a seamless experience, regardless of where, when, and how a customer interacts with your brand.

With an array of mobile channels, plus a large audience using them, it's crucial to incorporate mobile into your strategy.

In last year's Germany Ecommerce Country Report, we learned "just over a third (35%) of online shopping is now done via desktop." But not only were online shoppers straying away from sitting at a desk, 58% of online shoppers were shopping via mobile phones.

This year is shaping up to look the same. According to the 2023 report, "37% of German consumers haven't bought via desktop computer in the last 12 months—these are most likely to be younger consumers for whom shopping via mobile is very much the norm. Indeed, 40% of German consumers used their mobile all the time to shop online in the last 12 months."

Mobile is no longer a supplementary, last-minute addition for marketers. It should be considered as highly as email marketing when planning your marketing strategy. According to [Statista](#), "In 2025, the number of mobile users worldwide is projected to reach 7.49 billion." With such a large, interconnected mobile audience, failing to include mobile as a marketing channel could end up being detrimental.

Mobile channels to incorporate into a cross-channel strategy

Luckily, there are a lot of ways to add mobile into your cross-channel strategy, including SMS, push notifications, and in-app messaging. Like non-mobile marketing channels, all three of these channels can play important—but different—roles in your brand's cross-channel strategy.

SMS is excellent for urgent messaging or transactional messaging. Think about how you use SMS with your friends and family. It's the first channel you go to when you have to share information quickly.

Push notifications are tied directly to your brand's mobile app. With deep linking, you can send app-specific promotions that lead mobile users directly to the related page within your app. It's a quick way to re-engage app users who aren't actively in your app.

For those users who are actively in your app, you can send automated, triggered in-app messages that guide them through the lifecycle. Depending on where users are and what they click, a message can pop up within the app leading them where they want to go.

When creating cross-channel strategies incorporating all of these mobile channels, it's important to have the right marketing technology in place. With a modern cross-channel communication platform, your marketing team can avoid a heavy manual lift by taking advantage of automation and templatisation.



ITERABLE

Iterable is the AI-powered cross-channel communication platform that helps organizations like UNiDAYS, Headway, Typeform, Dgtl Fundraising, Zoopla, Calm, Manchester Airport Group, and FiiT TV activate customers with joyful interactions at scale. With Iterable, organisations drive high growth with individualised, harmonised, and dynamic communications that engage customers throughout the entire lifecycle at the right time.

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Expert insight

Dino Leupold von Löwenthal

Director Sales & Business Development,
Rakuten Advertising



In a fast-moving global economy, retailers must be agile to remain competitive. To stay ahead, it's essential to be proactive in exploring new markets and growth opportunities, however unsteady the outlook may seem

No one can deny the world is still riding the wave in the wake of the transformative global events over the last few years. Predictions for economic growth over the next 12 months are certainly looking up but the pandemic, the war in Ukraine, inflation and the resulting general uncertainty has undoubtedly impacted consumer behaviour across the world. In Germany alone, 77% of people confirmed that the economic crisis and rising costs has impacted their online shopping choices.

Considering this, international expansion into Germany might not seem the obvious choice for businesses right now. However, with new challenges in the face of changing behaviours, come new opportunities. History also teaches us that the average recession is much shorter than the period of growth which always follows. This too, shall pass' rings true. Retailers who

can continue to reach and engage consumers during tough times will be all the stronger for it when the time for growth rolls around again.

Affiliate marketing is the resilient revenue driver during economic tough times – and further on. No other marketing channel offers the adaptability affiliate does. It allows brands to pivot performance-based strategies based on changing shopper behaviours regionally and globally. It also allows advertisers to optimise top-of-the-funnel branding campaigns through content publishers as readily as it does bottom-of-the-funnel performance through discount partners.

Let's put this into context. Our survey found 51% of German shoppers are now searching online for the best deals more often than before, 41% are using price comparison portals more often, and 37% are using coupon codes more often (multiple answers possible). At first these tighter budgets may seem like bad news. But tighter consumer budgets doesn't stop shopping altogether, it leads to savvier shopping. Partnering with established community sites provides retailers looking to gain ground in Germany a chance to reach consumers ready to purchase in brand new ways.

But how do you uncover the right partners? A global affiliate network knows the international and local partners that cut through the noise. For example, we know the use of linkless tracking codes unlocks sales attribution when working with podcast producers in Germany and the rest of Europe. We know that coupons and loyalty programmes drive increased purchases of high-priced products during Cyber Week. Using this knowledge and deeper insights into the regional markets – like those uncovered in this report

- we help our advertisers outthink the competition, even during tough times.

This doesn't just apply to Germany, but internationally. Rakuten Advertising is in the extraordinary position to grow with brands on a regional, a cross-market, international or global level – having the people, technique, data and ecosystem to help customers to outthink and outperform, get bigger in their country of origin as well as to expand into new markets – based on knowledge and expertise from more than 25 years.

By adopting an affiliate marketing approach that adapts to changing market conditions, you can achieve your goals while ensuring sustainable growth. Tried-and-tested strategies used in one market can be quickly implemented in new regions, providing an efficient way to access new revenue streams.

Rakuten Advertising

Rakuten Advertising delivers performance-driven, brand-driven, and people-driven ad solutions that help the world's top brands connect with unique, highly engaged audiences – from first impression to final sale. Backed by industry-leading technology, global media properties, and the largest, high-quality partner network, Rakuten Advertising taps into decades of data and experience to develop the strategies and ad experiences that will drive engagement, sales, loyalty, and beyond.

Benchmarking performance

Germany sits in the top quartile for all but two of the indices measured and is strongest in terms of postal development

When analysing the international indices in our country reports our researchers examine the comparative performance of countries in a range of measures – from the Happiness Index to Affordability.


Overall in 2023 Germany has improved its position in several of these indices compared to 2022. The country sits in the top quartile for all but two of the indices that we measure within this report.

STRONGEST FOR POSTAL DEVELOPMENT

Its position is strongest in the Integrated Index for Postal Development (2IPD), where it maintains its second place ranking. This is a comparative indicator of postal development built on the four pillars of Reliability, Reach, Relevance and Resilience.

In the E-Government Development Index meanwhile, Germany has moved from 25th position in 2022, to 22nd this year. This measures the willingness and capacity of national administrations to use information and communication technologies to deliver public services.

In the Happiness Index, which rates the relative happiness of consumers, German shoppers just fall short of being in the first quartile. Instead Germany's

This data refers to	2023	
Region this research refers to (Country)	Germany	

	Region	Total
Happiness Index 0 (unhappy) - 10 (happy)	7.03	10
E-Government Development Index	22	193
Integrated Index for Postal Development (2IPD)	2	172

Availability	11	120
Affordability	19	120
Relevance	44	120
Readiness	19	120
Overall Internet Inclusive Index	14	120

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

score of 7.03 out of 10 puts it into the second quartile of results for this index.

AN IMPROVEMENT IN THE OVERALL INDEX

Germany's position in the Overall Internet Inclusive Index has improved dramatically on 2022. This year the country ranks 14th out of 120, compared to 25th in 2022.

This is thanks to improvements in all of the four measures that make up the Overall Internet Inclusive Index. These measures assess the different elements required for a comprehensive internet offer and include assessments of Availability, Affordability, Relevance and Readiness. Of these the most dramatic

improvement is in Relevance, where the country has risen from 60th position to 44th.

When examining the Availability Index we see that Germany's ranking has risen nine places from 20th in 2022 to 11th in 2023. This means that improvements continue to be made in the quality and breadth of the available infrastructure required for internet access and usage.

The Affordability Index has risen by the smallest degree, up three places since 2022, to 19th in 2023. This measure examines the cost of access relative to income and the level of competition in the internet marketplace.

The German consumer

Reliability, attractive pricing and online reviews are all important for shoppers

Our analysis shows that German ecommerce shoppers tend to be older, with 18-24 age bracket making up only 13% of the overall share.

Shoppers across the other age brackets are fairly evenly split – making up around 20% for each age bracket with customers aged between 45-54 marginally in dominance.

The same even split is evident when we examine the income of German consumers, with almost equal weighting between low, medium and high-income, although medium income just leads. And the German consumer is marginally more likely to be male, with a 52% male versus 48% gender split between shoppers.

GERMAN CONSUMER SHOPPING PATTERNS

More than one in ten German consumers shop online at least once a day, a figure that is higher than Europe overall. Around one in four (26%) shop online more than once a week and 42% shop online more than once a month.

The spend of the German consumer is almost equal to that of their European counterparts across the spend brackets. Four in ten (41%) shoppers spend between €12 and €120 a month. Nearly a third (30%)

spend between €121 and €290 a month. 16% say they spend between €291 and €590 a month, which is equal to European shoppers as a whole.

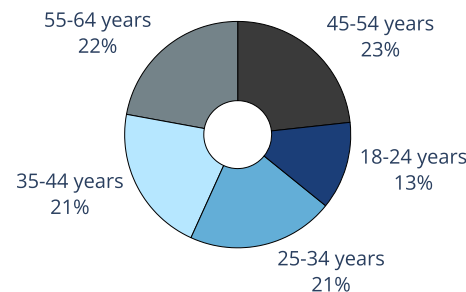
GERMAN SHOPPING PREFERENCES

The German consumer has two main priorities for shopping online. Almost half of them (49%) prioritise the cheaper prices that ecommerce enables. This is a slightly higher figure than for Europe as a whole which sits at 45%.

The next key reason is the option of direct delivery to the home. This was chosen by 44% of consumers, who value convenience.

Figure 11: German consumers are fairly evenly split by age

Age distribution of ecommerce shoppers, Germany, 2021

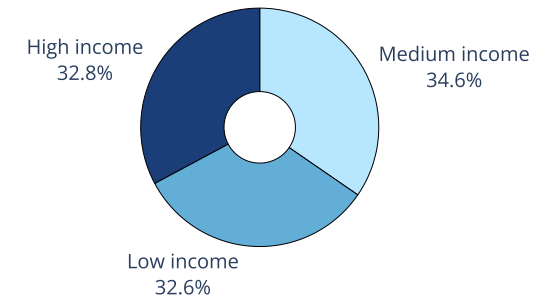


Source: Statista Digital Market Insights

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Figure 12: German consumers are most likely to be of medium income

Income status split of ecommerce shoppers, Germany, 2021

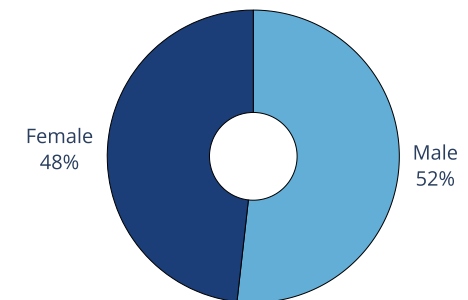


Source: Statista Digital Market Insights

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Figure 13: German ecommerce shoppers are more likely to be male

Gender split of ecommerce shoppers, Germany, 2021



Source: Statista Digital Market Insights

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Following these two priorities are the benefits of a wider product range, the ability to save time and around-the-clock availability – all selected by around a third of German consumers. For those that don't shop online, the main reason is a preference to shop in physical stores (79%).

HOW AND WHY GERMAN CONSUMERS BUY

German consumers like to do their homework when shopping online. Almost half (48%) state that they research on the internet before buying. More than half (53%) say that customers reviews, in particular, are a useful tool to help them decide on their purchase.

Around a third (34%) use their mobiles to undertake such research. The prevalence of mobile is evident in that a similar amount (32%) also usually make and manage regular orders via their phone.

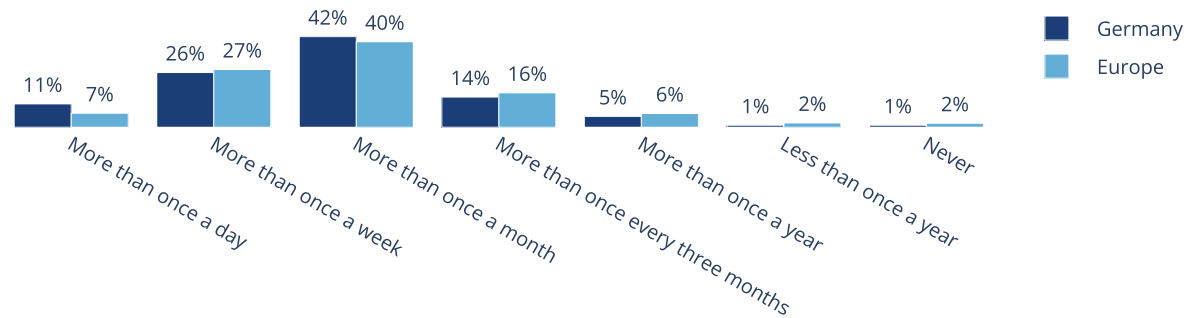
When understanding the factors that influence a German consumer to purchase it is the reliability of the retailer which is most important, chosen as very important by 6 out of 10 (58%). That's followed by product availability (48%) and then easy returns (45%) and preferred payment options (44%).

THE FUTURE BALANCE OF ONLINE AND INSTORE

Looking to the future, more than two-thirds (69%) of German consumers say that their balance of online and physical store shopping is likely to remain the same over the next 12 months, but one in five (21%) are looking to buy even a greater proportion of their shopping online rather than instore.

Figure 14: German consumers are most likely to shop online at least once a month

Frequency of online purchase, Germany, 2022



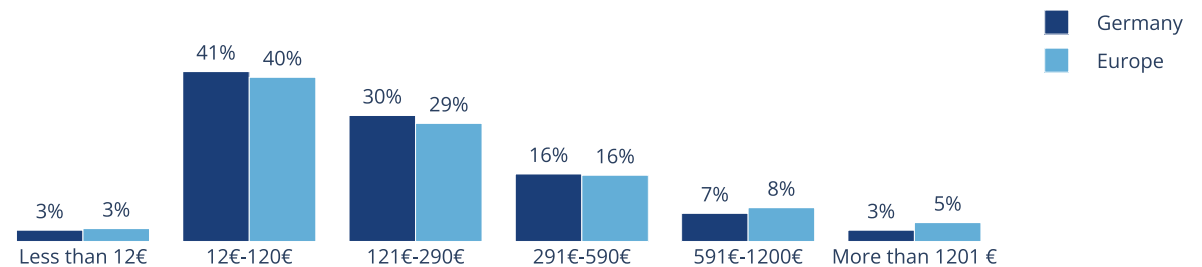
Based on 750 individuals in Germany and 9302 in Europe, aged 16-97, who shop online, Jun 2022. Question: "How often do you shop online?"

Source: RetailX Consumer Observatory

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Figure 15: German consumers are most likely to spend €12-120 a month shopping online

Monthly online shopping expense, Germany, 2022



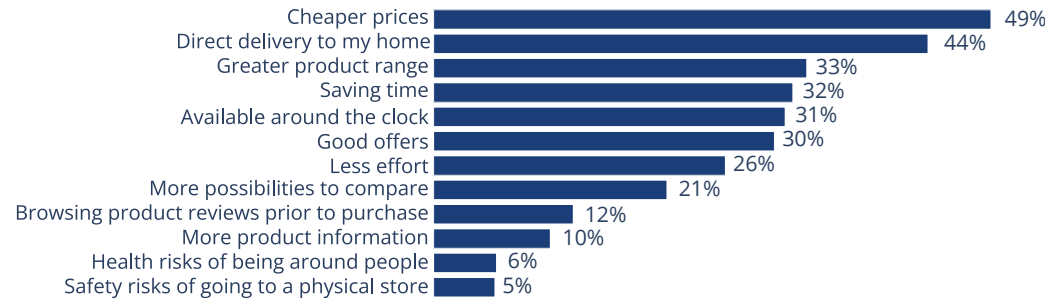
Based on 736 individuals in Germany and 8941 in Europe, aged 16-97, who shop online, Jun 2022. Question: "In the last 12 months, how much have you spent on average per month on online shopping?"

Source: RetailX Consumer Observatory

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Figure 16: Cheaper prices is the main reason German consumers shop online

Reasons for shopping online, Germany, 2022



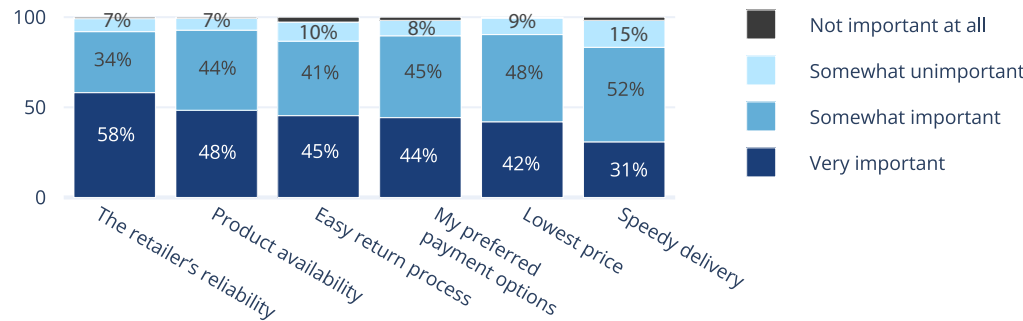
Based on 736 individuals in Germany and 8941 in Europe, aged 16-97, who shop online, Jun 2022. Question: "What are the top three reasons you would choose to buy a product online instead of in-store?"

Source: RetailX Consumer Observatory

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Figure 18: Reliability and product availability are most important to German consumers

Importance of factors as drivers of purchase, Germany, 2022



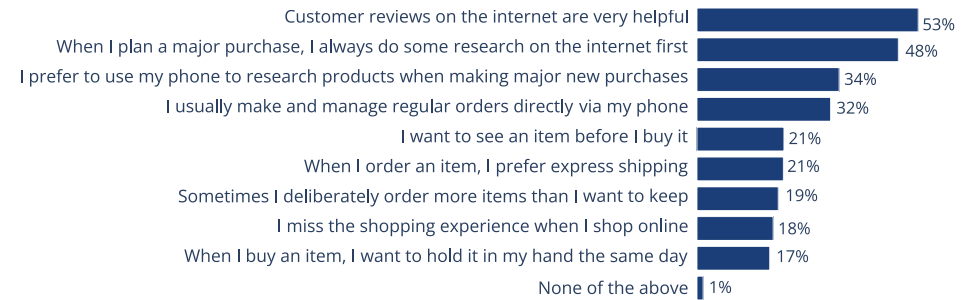
Based on 736 individuals in Germany, aged 16-97, who shop online, Jun 2022. Question: "How important to you are the following factors when purchasing an item online?"

Source: RetailX Consumer Observatory

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Figure 17: Reviews and online research are important for German consumers

Agreement with shopping statements, Germany, 2022



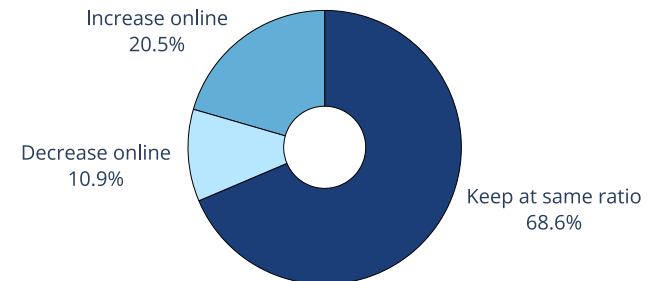
Based on 750 individuals in Germany, aged 16-97, who shop online, Jun 2022. Question: "Which of the following statements do you agree with?"

Source: RetailX Consumer Observatory

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Figure 19: One in five German consumers expect to increase the ratio of goods bought online

Predicted change in purchase behaviours, online versus offline purchases, Germany, 2022



Based on 736 individuals in Germany, aged 16-97, who shop online, Jun 2022. Question: "When thinking about your future purchases over the next 12 months, which of the following is most likely to happen?"

Source: RetailX Consumer Observatory

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Product categories

The cost-of-living crisis is impacting what consumers are buying in 2023

German consumers spend the most on fashion, around €560 a year in 2022, down from €640 in 2021. Average spend per customer has fallen in all individual categories except for beauty, health and personal care. A sector which can include must-have items and has remained at €440.

Consumer electronics and fashion clothing or accessories dominated consumer online purchases in 2022, with more than half of consumers having bought them online in the past 12 months. Hobby supplies, homewares and cosmetics products were the next most popular products at 39% each.

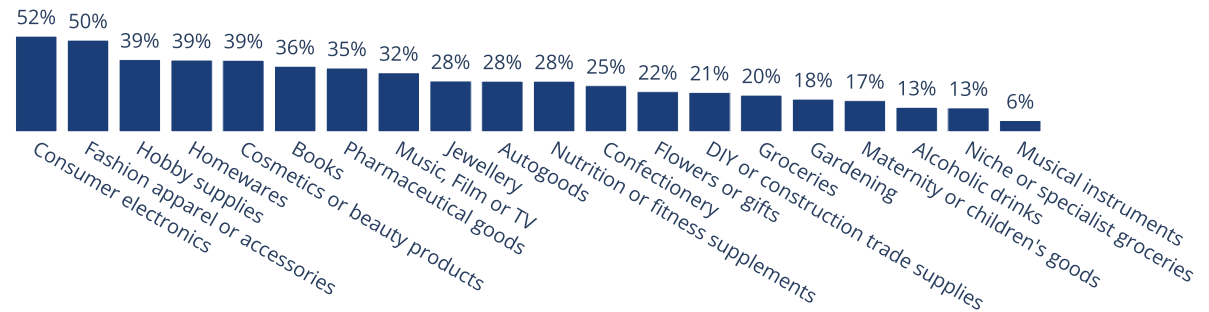
THE COST-OF-LIVING IMPACT

We see the cost-of-living crisis is likely impacting consumer considerations for purchase over the next 12 months. The biggest proportion (23%) of customers predicting their spend will decrease comes in consumer electronics.

Consumers in Germany feel their spending will increase most in the supermarket, where half of consumers (50%) expect to spend more. This is likely to be a reflection of their awareness that inflation is driving up prices of everyday items needed for basic living, such as groceries, rather than a conscious choice to increase their spend on such items.

Figure 20: Consumer electronics and fashion dominate purchases

Consumer online purchases, by sector, Germany, 2022



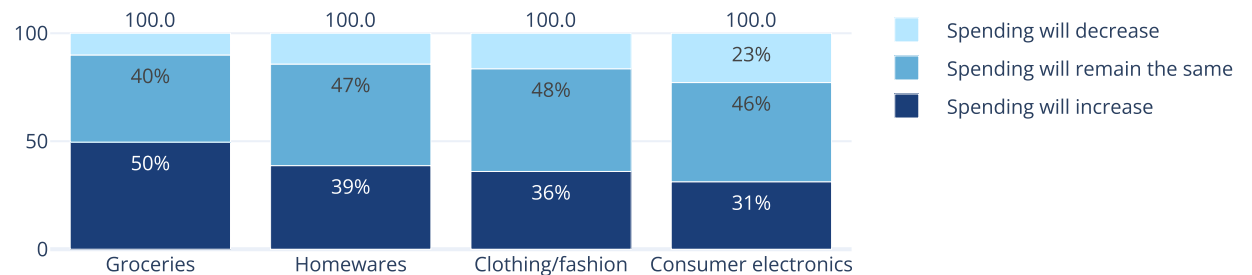
Based on 736 individuals in Germany, aged 16-97, who shop online, Jun 2022. Question: "What have you shopped for online in the past 12 months?"

Source: RetailX Consumer Observatory

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Figure 21: Consumers expect increase in grocery spending the most

Predicted change in spending, by sector, Germany, 2022



Based on 736 individuals in Germany, aged 16-97, who shop online, Jun 2022. Question: "When thinking about your future purchases over the next 12 months, which of the following is most likely to happen?"

Source: RetailX Consumer Observatory

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Channels

As desktop usage recedes newer channels, such as smart devices, are becoming more popular

In the preferred shopping channel chart we see that the proclivity of German consumers for shopping online, which had been growing consistently, actually fell back slightly during 2022 down from 18.6% preferring to shop online in 2021 to 17% in 2022.

This is most likely the result of increasing confidence from shoppers to go back instore following the end of pandemic restrictions.

For those that do shop online the share of those shopping via mobile rather than desktop is increasing when we look at the revenue split between online and offline spending.

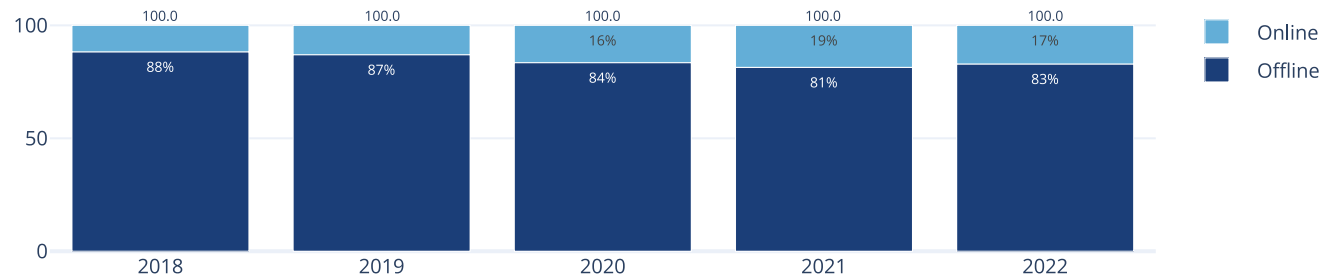
This is despite the figure having previously remained static in 2020 and 2021 – possibly due to consumers being stuck at desktops during the pandemic. 42% of revenue spent online was via mobile, compared to 58% via desktop.

HOW GERMANS BUY DIFFERENT PRODUCTS

When looking at what channels German consumers look to buy different product categories we see that music, film or TV is the most popular to buy online with more than three-quarters of consumers buying such products in this way. This is largely due to the popularity of streaming or digital access for the products in this category.

Figure 22: Around one in five consumers prefer to shop online

Preferred shopping channel for ecommerce multichannel shoppers (%), Germany, 2018-22

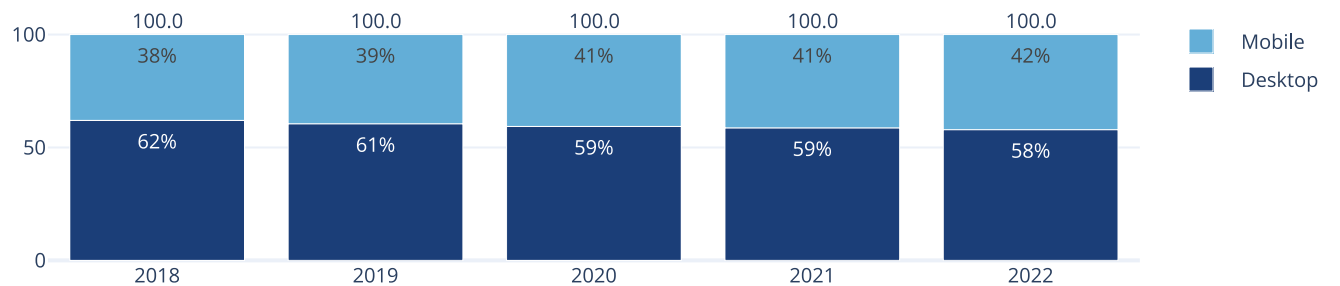


Source: Statista Digital Market Insights

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Figure 23: The preference for shopping via mobile is increasing

Preferred device for online shopping (%), Germany, 2018-22



Source: Statista Digital Market Insights

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Pharmaceutical goods are the least likely of the ten product categories listed to be bought online, but are the most likely to be bought instore where consumers can access in-person advice.

THE GROWING PREVALENCE OF MOBILE

Although our earlier chart showed the desktop versus mobile split of purchases by revenue, in the device preference for online shopping chart we look at the prevalence of a wider range of channels.

We see some interesting themes emerging here. 37% of German consumers haven't bought via desktop computer in the last 12 months – these are most likely to be younger consumers for who shopping via mobile is very much the norm. Indeed, 40% of German consumers used their mobile all the time to shop online in the last 12 months.

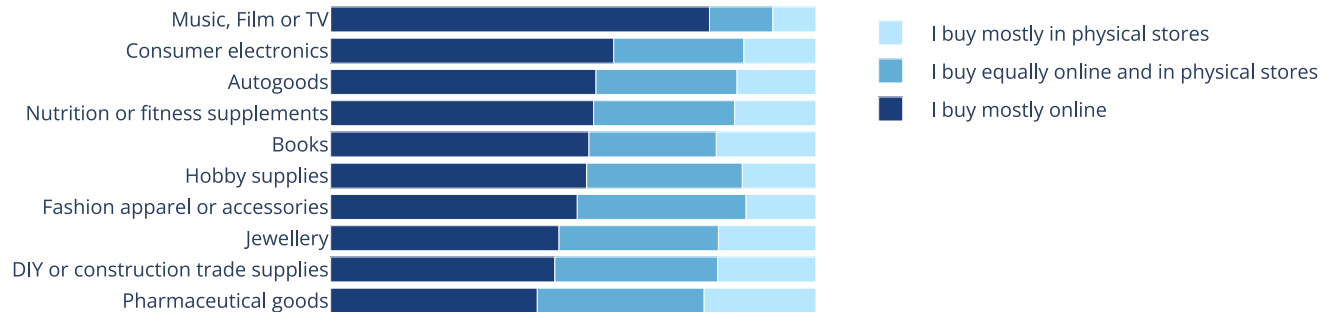
THE INCREASING IMPACT OF SMART DEVICES

But what is interesting to note is the growing prevalence of newer shopping devices. Around a third of German consumers say they have used their smart TV (34.4%) or smart speaker (31.5%) to buy online in the last 12 months.

Around one in 10 have used such devices most of the time and around 7% have used them all the time. This signals the growing influence of voice commerce and smart device usage and will likely increase further as consumer familiarity with using such devices continues to rise.

Figure 24: Music, film and TV are most likely to be bought online

Purchase channel, by category, Germany, 2022



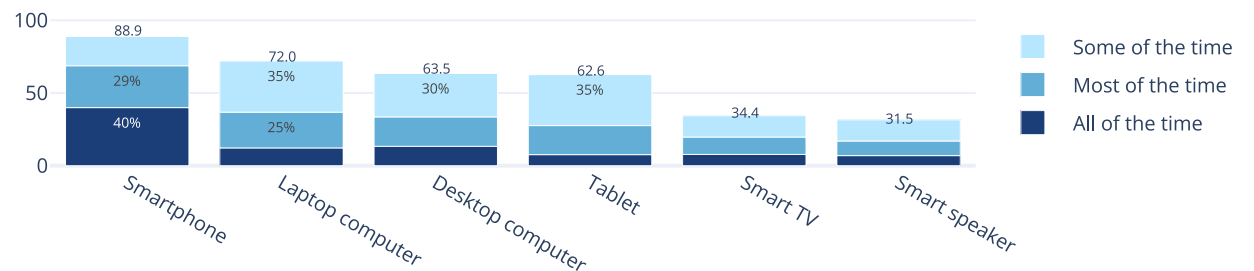
Based on 736 individuals in Germany, aged 16-97, who shop online, Jun 2022. Question: "Which of the following best describes your purchase behaviour in each category?"

Source: RetailX Consumer Observatory

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Figure 25: A third of consumers have bought through their smart TV or smart speaker

Device preference for online shopping, Germany, 2022



Based on 736 individuals in Germany, aged 16-97, who shop online, Jun 2022. Question: "Thinking about your online purchases in the last 12 months, how frequently on average did you use the following devices for online shopping?"

Source: RetailX Consumer Observatory

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Social commerce

With more than a third of German consumers shopping via social commerce in 2022 the importance of the channel is growing

For nearly half of German consumers, the primary use of social media is to keep in touch with friends and family (46%) or to keep in touch with the world by catching up on the news (38%).

But we also see that it is an important research tool for German online shoppers. Almost one in four German consumers (24%) use it to find inspiration for things to do and buy. While, more specifically, almost one in five (19%) use social media to find products to purchase.

Our consumer survey results show that in 2022 more than a third (38.6%) of German consumers had bought via social commerce.

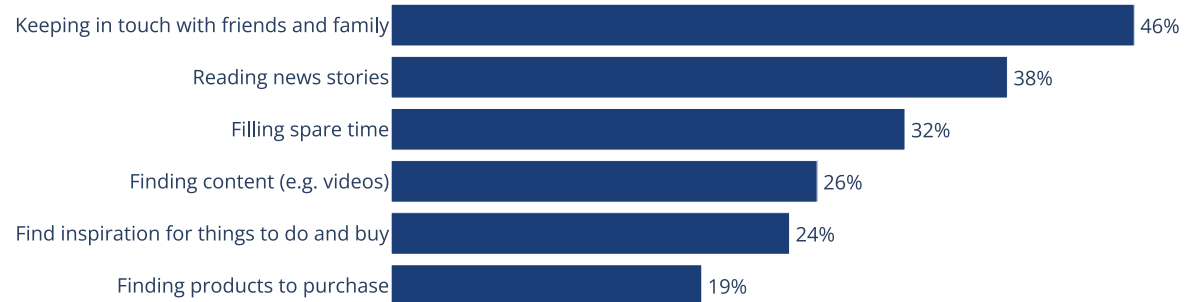
Of those that had shopped via social media last year, the most popular platform that customers had bought through was Instagram, with nearly two-thirds (65%) of German consumers using it to buy goods. This was followed by Facebook where almost half (47%) bought via the platform.

SOCIAL COMMERCE USE BY AGE

When we look at the age breakdown of how social commerce shoppers use the different platforms in Germany we see that older consumers, including Gen X (50%) and Baby Boomers (50%), are more

Figure 26: Almost a fifth of German online shoppers use social media to look for products to purchase

Top reasons to use social media, Germany, 2022



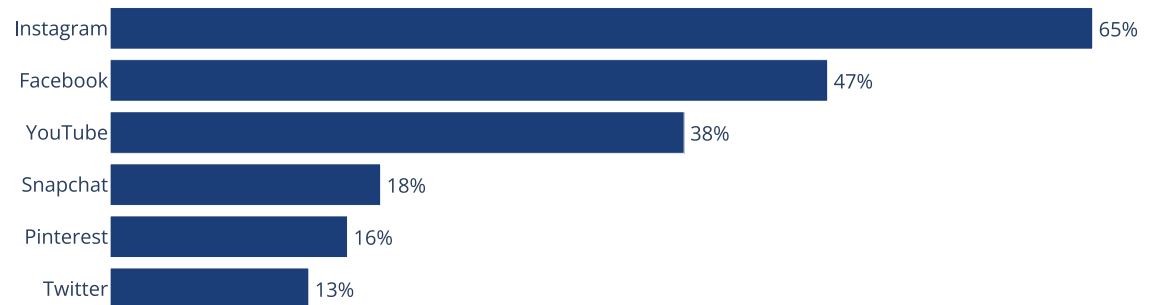
Based on internet users in Germany, aged 16-64, Q3 2022

Source: GWI, We Are Social, DataReportal, Meltwater

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RXRDE23RP-1-v5

Figure 27: Nearly two-thirds of German social commerce consumers have bought via Instagram

Social media commerce usage, by platform, Germany, 2022



Based on 275 individuals in Germany, aged 16-97, who shop through social media, Jun 2022. Question: "Which social media sites did you shop on?"

Source: RetailX Consumer Observatory

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likely to use Facebook to shop through. YouTube is the second most popular channel for Baby Boomers to use to buy via social media.

By contrast, younger consumers are more likely to use Instagram, with more than two-thirds (67%) of Gen Z consumers shopping through the channel. Another alternative is the video-based platform TikTok, where more than half (51%) of German Gen Z consumers shop through the channel.

THE ROLE OF THE INFLUENCER

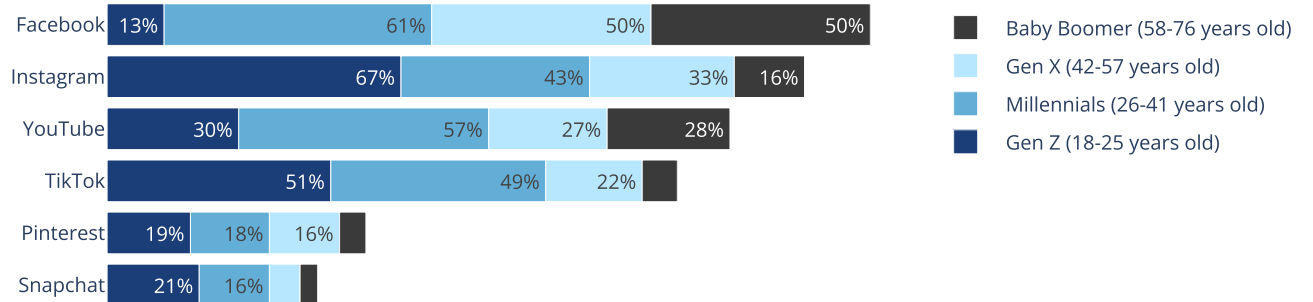
Social commerce and ecommerce behaviour is often driven by online influencers. When asked what type of influencer content German consumers follow we find fashion is the most popular category – with 71% of consumers following fashion influencers. This compares to 62% for home and design but only 38% for food and health.

When looking at who is doing the influencing, we see that less than one in five (17%) German consumers are influenced by celebrity endorsements.

Nearly three-quarters (73%) say they have never consciously bought from a brand because of a famous influencer.

Figure 28: Older generations in Germany mainly purchase through social media using Facebook, while younger ones prefer Instagram and TikTok

Social media platforms used for shopping, by age group, Germany, 2022



Based on 1,000+ respondents in Germany, aged 18+, Q4 2022

Source: Klarna; Nepa

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RXRDE23RP-2-v4

Figure 29: Less than one in five German consumers are influenced by celebrity endorsements

Proportion of German consumers who have consciously bought from a brand because of a famous influencer, 2022



Based on 1,303 respondents in Germany, aged 16+, Jan 2022

Source: YouGov

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Payments and subscriptions

Subscription services are used by nearly six in ten German consumers while third-party checkouts dominate payment use

The charts show that bank transfer is the preferred payment type for online shopping for German consumers at 28%.

This figure has remained fairly static since 2018. Card preference is declining, down from 23% in 2018 to 17% in 2022. The preference for e-wallets is gradually increasing, up four percentage points since 2018 to 24%.

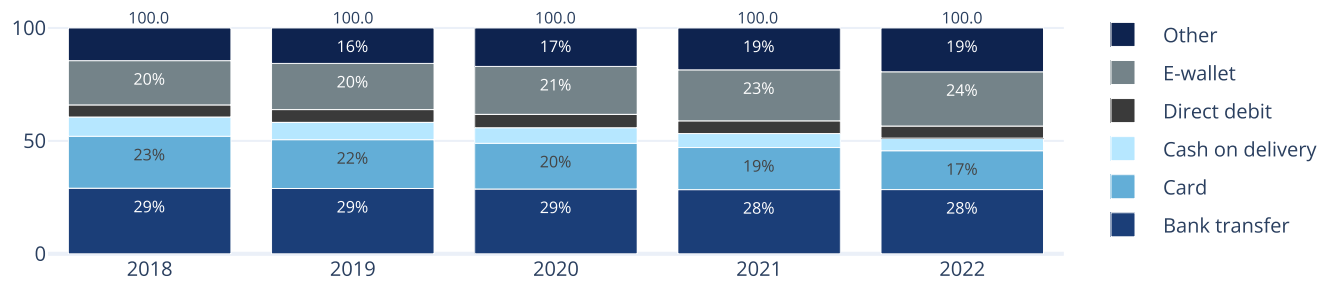
When we examine how preferences translate to use, we see that third-party checkouts and e-wallets dominate actual usage, with two-thirds (66%) of consumers having used such a payment option in the past 12 months.

This is followed by invoices for more than half (57%) of German consumers and then debit or credit cards with 45% .

Of the online payment services used we see that PayPal dominates, with 95% of consumers having used the payment provider in the past 12 months. This compares to just over half (51%) who have used Klarna. Only one in five (19%) have used Amazon Pay to fund a purchase in the last 12 months.

Figure 30: German consumers prefer to pay via bank transfer

Preferred payment type for online shopping (%), Germany, 2018-22

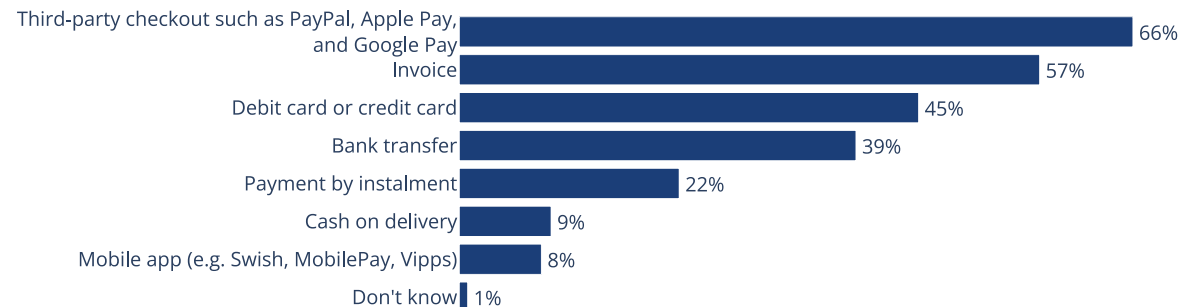


Source: Statista Digital Market Insights

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Figure 31: Two-thirds of German consumers have used a third-party checkout in the last year

Usage of online payment methods, Germany, 2022



Based on 735 individuals in Germany, aged 16-97, who shop online, Jun 2022. Question: "Which online payment methods have you used in the past 12 months?"

Source: RetailX Consumer Observatory

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ROLE OF SUBSCRIPTIONS TO DRIVE LOYALTY

An effective way for retailers and brands to lock customers in and boost loyalty is through the use of subscription services. They offer a range of benefits and potential savings for those shoppers who maximise their benefits.

Nearly two-thirds (63%) of German consumers have a paid subscription to an online shopping premium service that provides free or cheap delivery or other benefits to shoppers, according to our research.

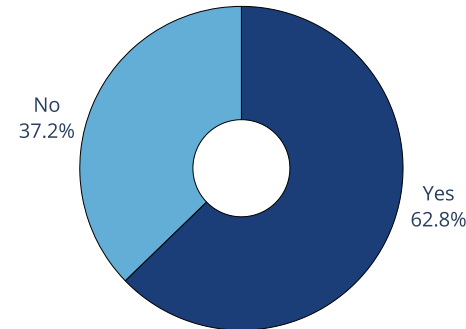
We find that German consumers take out these subscriptions for a number of reasons – of which delivery tops the list. For almost three-quarters (73%) of German consumers the benefit includes free delivery. For nearly two-thirds (62%) it is about speedy delivery of their goods.

Nearly a third (29%) of German consumers see the primary role of subscriptions being to ensure greater product availability and around 15% use paid subscription services for the regular delivery of groceries and drinks.

Subscription boxes are also a popular option for those who are living overseas but still want a taste of Germany. Ecommerce retailer German Chocolate Box, for example, offers a monthly subscription box full of high quality premium chocolates which are packaged and sent directly from Berlin to its sweet-toothed customers. Customers can choose boxes of varying weights that they can sign up for one-off or monthly deliveries.

Figure 32: Almost two-thirds of German consumers are signed up to retailer subscription services

Usage of retailer-specific subscription services, Germany, 2022



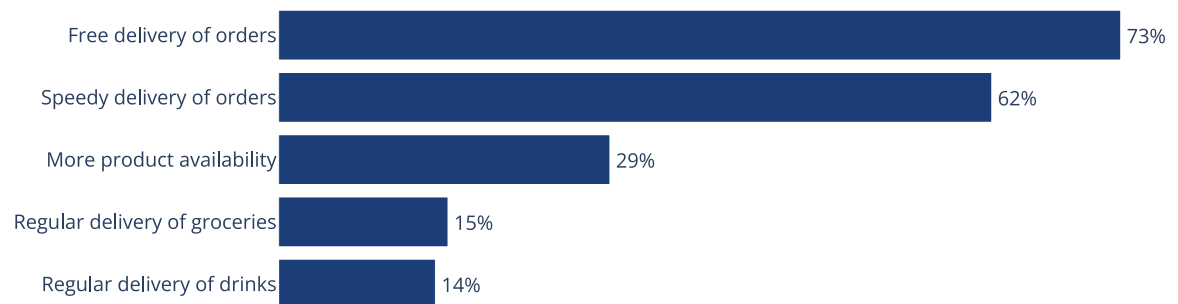
Based on 736 individuals in Germany, aged 16-97, who shop online, Jun 2022. Question: "Do you have any paid subscriptions to any online shopping premium services that provide free or cheap delivery or some other benefit from a specific retailer?"

Source: RetailX Consumer Observatory

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Figure 33: Free delivery is the most popular subscription benefit

Perceived benefits of retailer-specific subscriptions, Germany, 2022



Based on 457 individuals in Germany, aged 16-97, who shop online, Jun 2022. Question: "What benefits do you receive from your paid subscription(s)?"

Source: RetailX Consumer Observatory

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Delivery

Convenience and immediacy is important for German consumers when it comes to delivery services

German consumers prefer to order online and get goods delivered to their home or work, with half (50%) doing this most of the time and nearly a quarter (23%) doing so frequently.

The next most popular delivery option is collection from a distribution point which is most used, or frequently used, by just over half of consumers (51%) in total.

However, our chart on the following page shows that the share of parcels delivered to collection points actually decreased in Germany between 2021 and 2022, down from 12% to 7%.

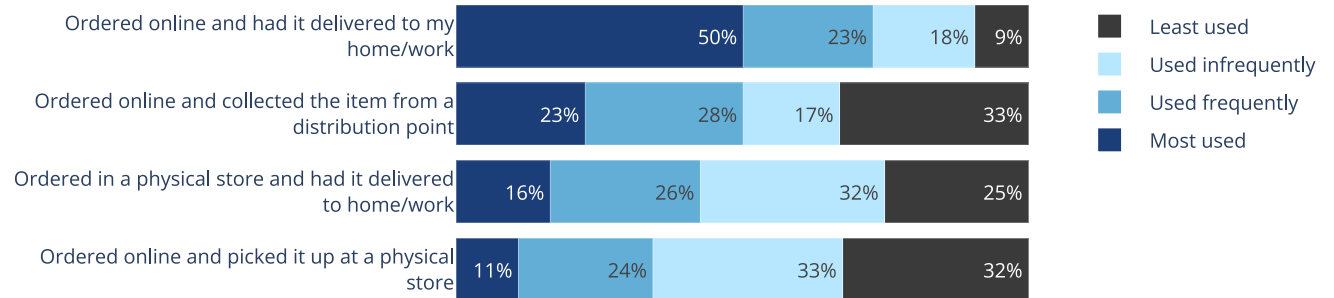
The least popular method of delivery is ordering online and collecting instore, with a third (32%) saying this was their least used method and only just over a third (35%) using it regularly.

THE ROLE OF NEXT-DAY OR SAME-DAY DELIVERY

We saw in the usage chart that consumers in Germany want the convenience of goods delivered to their homes or places of work but how urgently do they want to receive such goods and how important is next-day or same-day delivery to them?

Figure 34: German consumers order for delivery to home or work the most

Usage of delivery services, by frequency of use, Germany, 2022



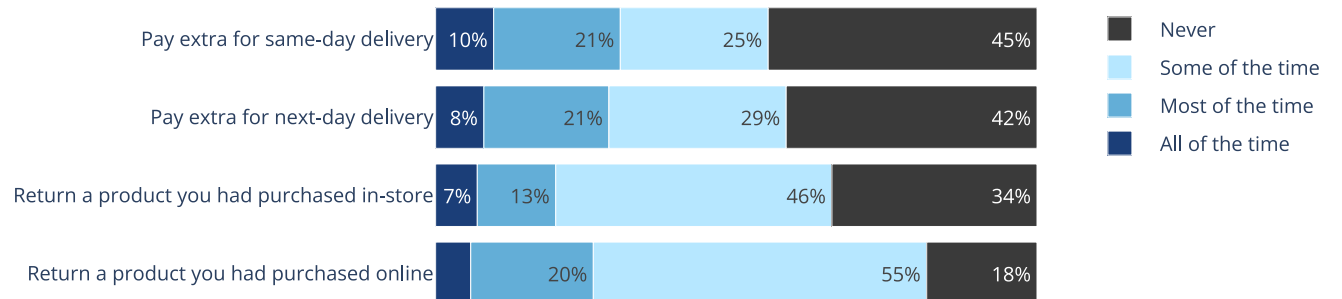
Based on 750 individuals in Germany, aged 16-97, who shop online, Jun 2022. Question: "Please rank the following purchase practices, based on the frequency of using each in the last 12 months. Please select only those that apply to you."

Source: RetailX Consumer Observatory

RetailX 2023
RXRDE23RP-DE-CS-19-v8

Figure 35: Around one in ten German consumers pay extra for same-day or next-day delivery all of the time

Usage of delivery and return services, by frequency of use, Germany, 2022



Based on 750 individuals in Germany, aged 16-97, who shop online, Jun 2022. Question: "Excluding the delivery of takeaway (ready-made) food and considering purchases in the last 12 months only, how frequently did you:"

Source: RetailX Consumer Observatory

RetailX 2023
RXRDE23RP-DE-CS-20-v8

The usage of delivery and return services chart shows that more than half (56%) of German consumers will pay extra for same-day delivery with one in ten (10%) doing so all of the time. Similarly, more than half (58%) will pay extra for next-day delivery, with 8% doing so all of the time.

THE IMPORTANCE OF NEXT-DAY DELIVERY

Next-day delivery as an option for German consumers is important, with more than 8 in 10 (82%) saying that it was important to some degree. Although, as we saw above, that does not necessarily translate to them paying for such a service in the same volume as the demand.

Just under a third (32%) said that next-day delivery was important for most of their purchases and just over a third (35%) said it was important for some. Less than one in four (18.3%) said that it was not important for them for any of their purchases.

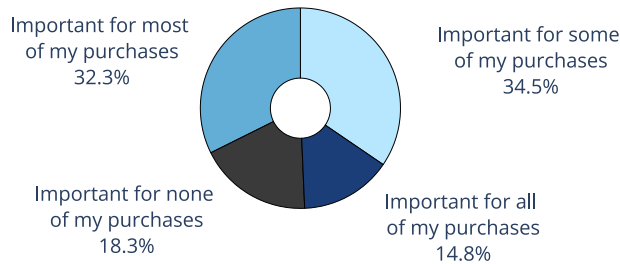
DELIVERY SUCCESS RATES

When looking at the journey of packages out for delivery we see that both transit times and first time delivery success ratios are largely holding steady.

The average transit time was 1.2 days in 2022 compared to 1.3 the year before. Although we see a 1pp fall in the success ratio for first delivery attempts to 95%, this is still impressive given that the 2020 figures are likely positively influenced by a larger proportion of consumers working from home during the pandemic and subsequent lockdowns, which meant more consumers were at home to take in their parcels on the first delivery attempt.

Figure 36: Next-day delivery is important for more than 8 in 10 German consumers

Importance of next day delivery, Germany, 2022



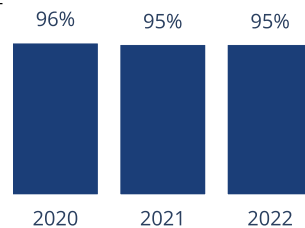
Based on 736 individuals in Germany, aged 16-97, who shop online, Jun 2022. Question: "Considering your purchases in the last 12 months, was next-day delivery important to you?"

Source: RetailX Consumer Observatory

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Figure 38: Nearly all packages are delivered on the first attempt in Germany

Success ratio for first delivery attempt, Germany, 2020-2022



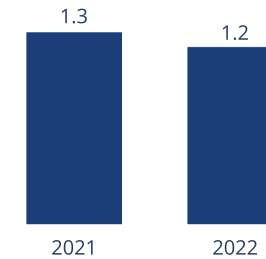
First attempt success ratio = Percentage of parcels successfully delivered to the end-consumer at the first attempt

Source: Parcel Monitor

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Figure 37: The average transit time for package delivery in Germany is slightly improving

Transit time (in days), Germany, 2021-2022



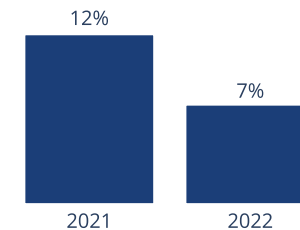
Transit time = Transit time is defined as the number of business days a carrier holds a parcel until their first attempt to deliver to parcel recipient

Source: Parcel Monitor

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Figure 39: The share of parcels delivered to collection points decreased in Germany

CP ratio, Germany, 2021-2022



CP ratio = Collection Point ratio refers to percentage of parcels delivered to collection points over total parcels in a period of time

Source: Parcel Monitor

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Peak trading

The cost of living caused German consumers to cut back on peak trading spending

Peak trading times such as Black Friday and Christmas are traditionally when consumers tend to overspend, either because they are chasing promotions or are splurging on gifts and festivities.

In our research this year we see how the cost of living and the energy crisis has hit the pocket of German consumers during this period. 25% said they would look to cut all related expenses and 47% planned to cut at least some related expenses.

This comes despite the importance of events like Black Friday, used by more than three-quarters (79%) of German consumers to buy their Christmas gifts.

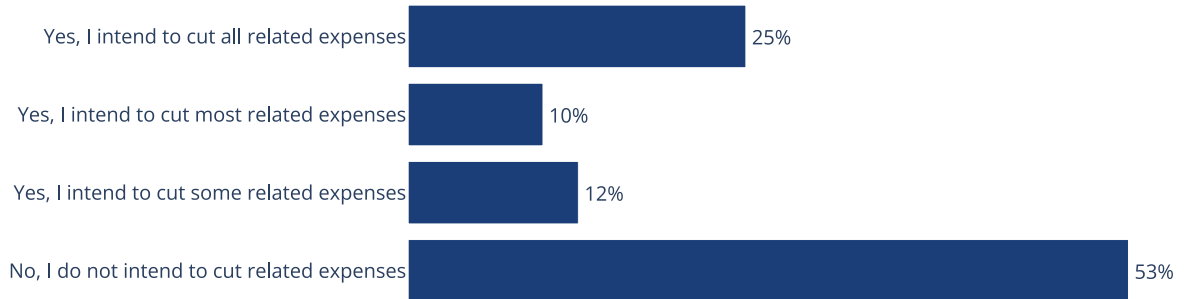
CONSUMER PESSIMISM AROUND CHRISTMAS

Overall, German consumers were looking to spend around €270 on Christmas gifts in 2021, the largest proportion of which was online where they expected to spend €117.

However, by 2022 they were expecting to cut their Christmas gift spending to €252, with a reduced spend of €111 online and a marginally higher proportion than in 2022 in department stores and shopping centres (€53 in 2022 versus €49 in 2021). This is most likely reflective of consumer confidence to return to such places following the ending of the pandemic restrictions during 2022.

Figure 40: A significant share of German consumers intended to cut back on their holiday season spending in response to the increased cost of living

Consumers expecting to reduce holiday season spending due to increased cost of living, Germany, 2022



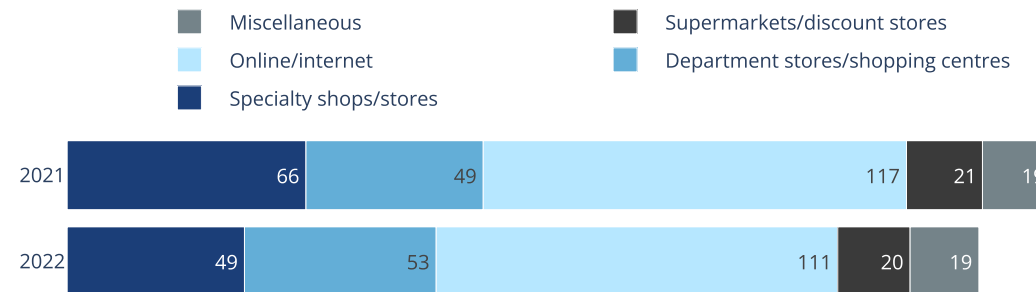
Aug 2022. Original question: "If we go by your non-food expenses during Black Friday and Christmas, do you expect to reduce them this year due to the rising cost of living?"

Source: Packlink PRO; Retail Economics

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Figure 41: Consumers in Germany were expecting to spend less online on Christmas presents when compared to the previous year

Anticipated consumer spending on Christmas gifts (in EUR), by retail sales channel, Germany, 2021-2022



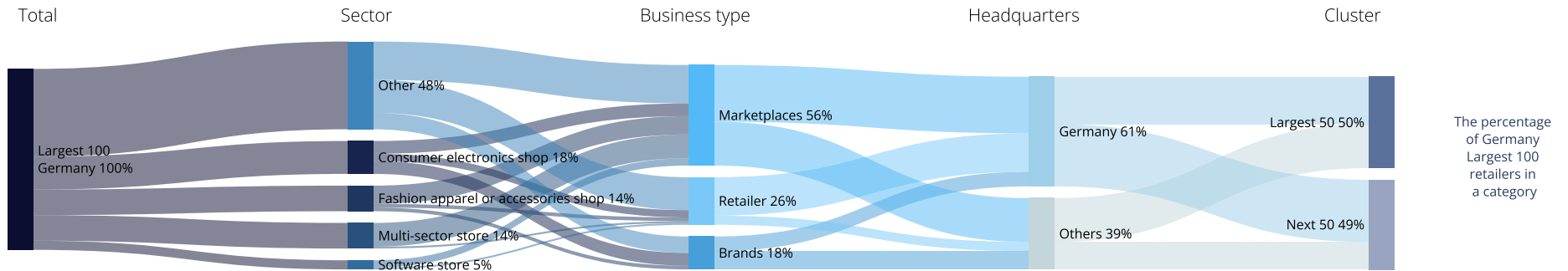
Source: EY, surveyed by Valid Research

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The largest 100

Figure 42: Category analysis of the Germany Largest 100

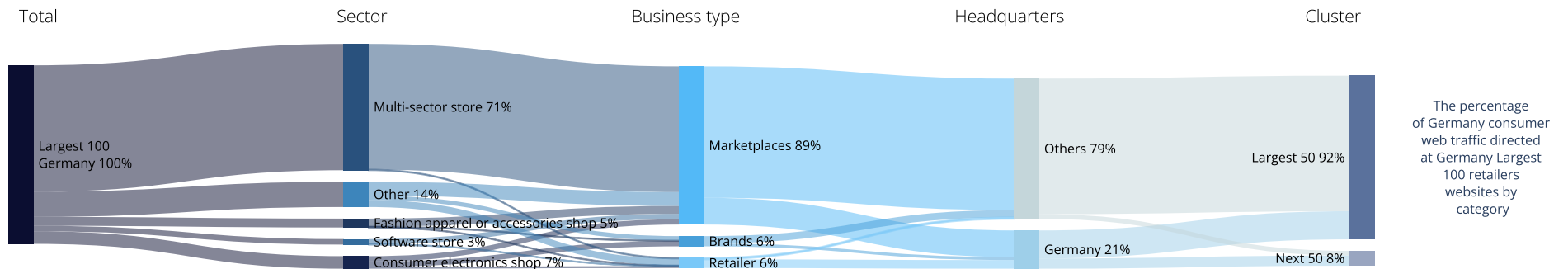
Categories of the Germany Largest 100



Source: RetailX

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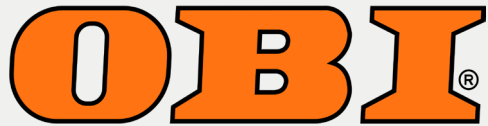
Web traffic to Germany Largest 100, by category



Source: SimilarWeb, RetailX

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www.obi.de



OBI app users get a 1% discount

OBI is the market leader in the DIY sector in Germany. It was founded in 1970 by Emil Lux, Manfred Maus and Klaus Birker who opened their first store in Hamburg. Today the company is part of Tengelmann Group, a family-owned company established in 1867 which also includes women's fashion and homewares retailer KiK.

OBI offers a range of products across garden and leisure and the home, as well as DIY technology, building tools and materials along with associated guidance. Customers can easily shop via product, room or by brand.

Customers who have downloaded the company's heyOBI app have access to a number of additional features to help them in their DIY projects. These include free digital consultations from expert



advisors, relevant discount and coupons and free care calendars, inspirations, instructions and other helpful advice. The loyalty benefits in the app replace those previously available from the company's Top Customer Program which has now been discontinued.

Extra advice is also available to all customers through the online OBI magazine which offers several 'how-to' articles. Registered heyOBI users also receive a 1% discount on purchases bought online as well as in participating OBI stores.

REDUCING PRICES TO EASE THE STRAIN

Customers can pay via a range of secure payment options, including Visa, Mastercard, American Express, PayPal, Klarna, Vorkasse and Barzahlung. As well as promoting exclusive offers via its heyOBI

app the retailer has also permanently reduced the prices of many popular products to help its shoppers better beat the impact of inflation.

Stock availability can be checked online and customers can also reserve goods to pick up instore. By using the OBI Service Express pickup customers can pick up goods ordered online instore in under two hours with some stores also offering reserved parking spaces for pickup express customers. OBI's instore collection services are free while shipping for standard delivery parcels is €4.95 or free on purchases over €50.

www.mindfactory.de



Mindfactory has sold a million CPUs

Mindfactory is a German retailer of computer notebooks, hardware and software that was formed in 1996 as a small local retailer.

The business expanded quickly, becoming a public limited company in 2000, increasing storage space two years later and adding a second warehouse the year after that in 2003.

It began selling internationally in 2005 and expanded its space again in 2020 to handle the additional growth of the company.

Today Mindfactory attracts more than 4 million online visitors a month to its website; sells more than 100,000 items online and claims to be one of the largest online retailers of gaming and hardware components.

Mindfactory claims to have sold more than a million CPUs over the last 10 years. It also offers entertainment products and home and garden products such as smoke detectors.

As well as a large private customer base Mindfactory also sells its products to a range of government and industrial customers.

For items stored in the Mindfactory warehouse delivery is within one to three working days. For items available in the external warehouse delivery is within three to five working days.

Goods are delivered via DHL (nationally) or UPS (internationally or for express delivery). DHL Packstations are also an option for Mindfactory customers.

A RANGE OF FINANCING OPTIONS

Customers can select to pay via a range of payment options including PayPal, Giropay and bank transfer.

The retailer has also partnered with Santander Consumer Bank to offer a variety of short, medium and long-term financing options for its customers. These options range from six to 72 months. This financing option is only possible within Germany.

Online the company also shows how many of each item have been sold, helping customers to understand the popularity of products which can help in their buying decisions.

www.thalia.de



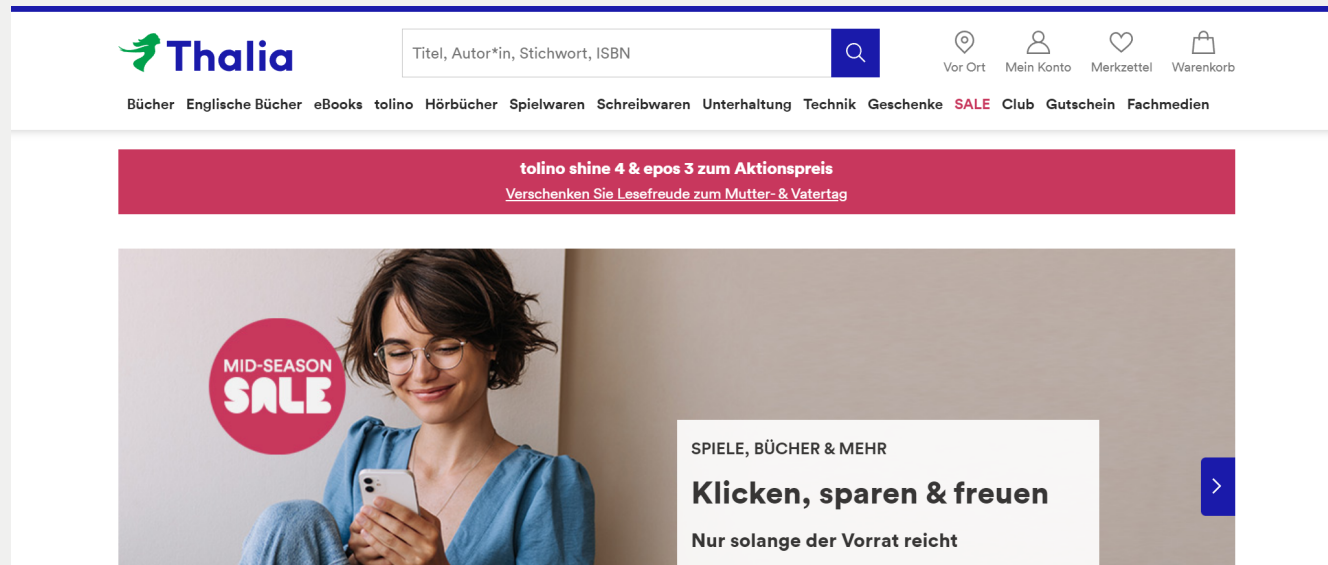
Thalia is creating new reading worlds

Germany's Thalia is a book-based and digital retailer that pledges to "create future-oriented reading worlds".

The company claims to do this through a shopping experience that mixes personal advice and inspiring assortments with a number of innovative digital solutions.

The company is the market-leading omnichannel bookseller in the DACH region, employing around 6,000 employees and operating a network of around 380 bookstores in Germany and Austria.

Thalia also sells online and through its own app and in Switzerland it holds a 50% stakeholding in 40 bookstores operating under the Orell Füssli Thalia brand.



Thalia's omnichannel focus is complemented by a desire to offer an easy shopping experience for its shoppers.

ROLLING OUT SELF-CHECKOUTS

The company plans a nationwide rollout of self-checkouts by the end of the year after a three-week initial pilot in Thalia bookstores in Giessen, Oberhausen and Haus des Buches in Dresden in February 2023. In March 2023, Thalia extended the trial to a further 50 stores in order to free up staff, reduce queuing times and speed up payments for customers.

Also in March of this year, Thalia announced that it would be an anchor tenant in the newly emerging Westfield Hamburg-Überseequartier in HafenCity in Hamburg.

Thalia will also open a new 1,700 sq m bricks-and-mortar store in the new development in spring 2024. It will see the creation of a modern bookstore with its own character and location-specific elements within its design, according to the company. It will offer book-related items as well as digital services.

Thalia's portfolio is complemented by the Berlin-based product studio for digital retail solutions Thalia Digital Retail Solutions, the specialist information specialist Lehmanns Media and Thalia Retail Concepts (TRC).

In the 2021/22 financial year, Thalia, including all partner companies, generated sales of around 1.6 billion euros.

www.bonprix.de

bonprix.

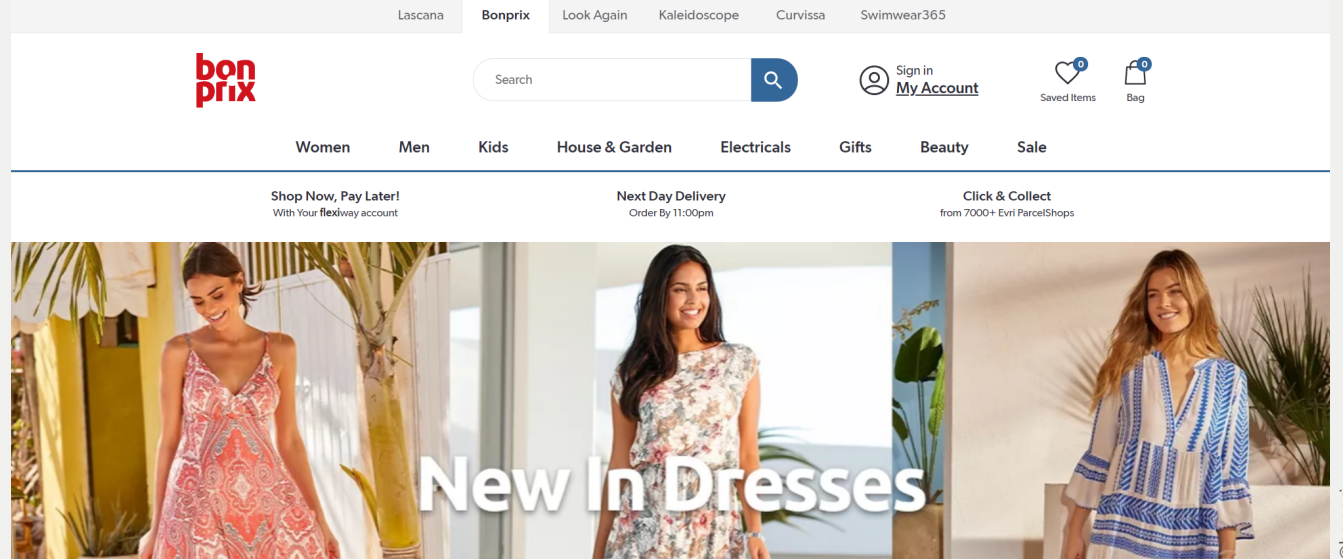
Fashion made smarter at Bonprix

International fashion retailer Bonprix is headquartered in Hamburg, and is part of the larger Otto Group. It is one of the top three online fashion stores in Germany and originally launched in 1986 with its first 32-page catalogue.

The Bonprix range includes women's, men's and children's fashion, accessories and home and living products.

The fashion range comprises five own brands including its casual range bpc collection; a more classic modern collection called bpc Selection; feminine fashion brand Bodyflirt; high-trend label Rainbow and denim label John Baner Jeanswear.

Bonprix debuts new collections monthly in its online stores, catalogue or brick-and-mortar



stores in Germany and refreshes its website weekly to ensure there is always something new for its customers to see.

Despite its physical presence, the company generates the most business online with its ecommerce business accounting for around 90% of its global turnover in the 2021/22 financial year.

Bonprix aims to delight its shoppers by offering its customers what it believes is an inspiring fashion experience that meets their needs at better-than-expected value for its price range.

The business operates across 30 countries in Europe and North and South America, generating 60% of its total turnover outside of its German homeland and employing around 4,000 staff worldwide.

Like many retailers responding to the invasion of Ukraine by Russia it made the decision to withdraw from the Russian market in March 2022.

A NEW TAGLINE AS BONPRIX REPOSITIONS

In March 2023, Bonprix launched a new logo and brand positioning replacing the previous 'it's me' tagline with 'fashion made smarter'.

In its most recent results statement in October 2022, Bonprix revealed that despite single to double-digit growth in many Eastern European and Scandinavian markets, in its German core market sales declined by nearly 13%.

It said this was the result of the impact of rising energy costs and price sensitivity causing its customers to spend less, especially on fashion.

www.douglas.de

DOUGLAS

Douglas ramps up growth plans

Douglas claims to be Europe's leading omnichannel provider for beauty. As well as selling online and through its partner programme its products are also sold in around 1,800 stores, with Douglas operating 330 standalone stores in Germany itself.

The online perfumery, drugstore and cosmetics mail-order business also offers free consultation services and make-up advice. In its fiscal year 2021/22 Douglas generated sales of €3.65 billion.

The company was founded as a soap factory in Hamburg's Speicherstadt warehouse district in 1821. Today Douglas is headquartered in the beauty and lifestyle metropolis of Düsseldorf. It also operates an office in Hagen, its former headquarters, and a central warehouse in Wojkowice, Poland.



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Operating under the umbrella of Hüssel Holding, the Douglas perfumery business first expanded internationally in 1973 with the purchase of Parfümerie Rüttner in Austria.

Further branches and acquisitions in the Netherlands, France and Italy followed in the eighties, followed by stores in Switzerland, Spain and Portugal in the 90s.

Since 2001, Douglas has also been represented in Poland, Hungary and Monaco and in 2003 it began operating perfumeries in Slovenia.

Over the following four years the company entered the Czech Republic, Denmark, Slovakia, the Baltic States, Romania, Bulgaria and Croatia.

AGGRESSIVE INTERNATIONAL EXPANSION

Expansion via acquisition took place in France, Spain and Italy between 2014 and 2018, as well as Douglas strengthening its position in Germany. Expansion into Bulgaria and Slovenia is next on the horizon for the retailer.

Douglas launched an exclusive partner program in 2019, marking the first marketplace for beauty products in Europe, initially launching in Germany before a wider international rollout.

2023 has seen the launch of 'Let it Bloom – Douglas 2026', a four-year growth plan which marks strengthened investment in the customer journey and ecommerce experience, as well as its European footprint. The company is targeting sales of €5 billion by 2026.

www.alternate.de

ALTERNATE

Alternate offers daily special deals

Alternate is one of the largest ecommerce companies in Germany, selling everything from consumer electronics to household items, garden and outdoor goods, tools and toys.

The company launched in 1992 before opening its first online store in 1997. Today the product portfolio comprises more than 85,000 products which are sold to both private and business customers via two local stores in Linden in Germany as well as online.

The business is served by 45,000 sq m of warehouse space, with facilities in both Linden and Pohlheim. Alternate says that a state-of-the-art logistics system helps it to ensure good product availability and fast delivery to customers.

Shipping takes place within 24 hours of order and order status and the progress of shipments can also be tracked online. Should customers require further assistance they can get in touch with the retailer through a range of social media channels including Facebook, Instagram and Twitch.

Customers are tempted by a range of special daily deals as well as weekly deals where the discounts on normal prices are clearly marked. A stock availability function shows how many of the special deal goods are available at the promotional price for each item while a countdown timer shows how long such deals have left to run.

EXTRA DISCOUNTS IN THE ALTERNATE OUTLET
Shoppers can pay for goods online via a selection of payment options, including Apple Pay, PayPal (and PayPal by instalments; card (including Mastercard, Visa, Diners Club and Discover) or via Vorkasse (bank transfer).

As well as new products, the site also includes an outlet section where many goods are sold in as new condition with the state of packaging and the visual and technical condition of goods (where applicable) clearly stated.

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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 2024 report. Please get in touch via: research@retailx.net

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RetailX at InternetRetailing Media Services Ltd

27 Clements Lane

London, EC4N 7AE

Tel: +44 (0) 20 7062 2525

Printed in Great Britain

www.retailx.net





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