



E-barometern

PostNord in association with HUI Research

2023

ANNUAL REPORT

postnord

About E-barometeren

PostNord monitors the Swedish retail sector's e-commerce development in collaboration with HUI Research. E-barometeren is published once a quarter and is based on four consumer surveys and a survey of companies. E-commerce is defined in E-barometeren as being the online sale of goods, with subsequent delivery to the home or a distribution point, or collection by the consumer from a store, warehouse or distribution center. The following are therefore not considered to be e-commerce in E-barometeren:

- In-store purchases that were initially arranged via the internet
- The online sale of services (for example, travel, hotel accommodation and concert tickets)
- Downloading of, for example, music files, movies and applications
- Business-to-business online sales
- Online sales between private consumers

The E-barometeren Annual Report 2023 is based on information collected from retail companies in January 2024. A total of 197 companies that sell goods online participated in the survey. The consumer results are based on 12 monthly surveys with just over 1, 200 respondents in each (total of 15, 000 respondents).

PostNord also conducted thematic surveys every quarter, with the most recent quarterly survey taking place in December 2023. This consisted of two questionnaires with approximately 3,000 and 2,000 respondents respectively. All the consumer surveys were conducted using KANTAR's web panel.

All surveys are conducted with a representative national sample of the Swedish population aged 18-79. The online surveys are representative of the 98 percent of Sweden's population that has internet access. PostNord can be contacted for detailed information about each survey.

Foreword

Annual report on e-commerce. It is with great pleasure and anticipation that we present the E-barometeren Annual Report 2023. The report provides an analysis of the e-commerce landscape over the past year, and also looks ahead with regard to key e-commerce trends.

2023 began with declining growth rates, inflation and increasing interest costs, which resulted in e-commerce shifting its focus from growth to profitability. Swedish low-cost market participants did well and we saw increased competition from global companies. During the second half of the year, sales recovered and e-commerce growth, according to figures from e-retailers, amounted to SEK 133 billion in 2023, a decline of 2 percent compared to the full year of 2022. A closer look at the share of e-commerce in eight different sectors gives us a clear picture of how digitalization has affected and reshaped each of them.

The E-barometeren Annual Report looks at the factors that affected

e-commerce during the year. An updated picture is given of what has happened regarding deliveries and returns, where both business and consumer price awareness is influencing consumer choice. We describe inter-generational e-commerce patterns and the interaction between stores and e-commerce. And, for the first time, we take a look back at the industry's most important time of the year – the Christmas shopping season and Black Friday Week – and highlight the growing trend of online second-hand shopping by interviewing Tradera.

The online pharmacy sector is growing at the expense of other sectors, including by offering lower prices and a much wider range of products. To get a better understanding of the success factors behind this impressive growth, we asked four pharmacies to summarize the factors that contributed to the high growth rate and to share their predictions for growth in 2024.

And we also look ahead and examine the trends that the industry should keep an eye on in 2024. With sections

on topics such as AI and loyalty, along with advice and tips from Google on the phasing out of third-party cookies, we aim to provide an insightful view of the future of the e-commerce landscape.

Regarding AI, only 7 percent of consumers are currently positive about advertising images that are AI-generated. Might this attitude change over time as the tools improve?

For the first time, this report includes AI-generated images.

Enjoy the read!

Marie Rudolfsson
Head of Parcel,
PostNord Sweden



Contents

| | | | | | |
|---|---------------------------|-----------|---|-------------------------------|-----------|
| ● | External analysis | 4 | ● | Generations | 36-41 |
| ● | E-commerce over time | 5-6 | ● | Christmas & Black Friday Week | 42-43 |
| ● | E-commerce development | 7-8 | ● | Second-hand shopping online | 44-46 |
| ● | Sector development beauty | 9-10 | ● | Interview: Tradera | 47-50 |
| ● | Pharmacy success factors | 11-13 | | | |
| ● | Sector development | 14-21 | ↓ | E-commerce trends 2024 | 51 |
| ↓ | E-commerce 2023 | 22 | ● | Insights Google | 52 |
| ● | Deliveries | 23-25 | ● | Cookies | 53-54 |
| ● | Returns | 26-27 | ● | Artificial Intelligence | 55-60 |
| ● | Omnichannel | 28-32 | ● | Loyalty | 61-62 |
| ● | Interview: Clas Ohlson | 33-35 | ● | Low price | 63-66 |

Tough year in the rear view mirror

Inflation, interest rates, recession and war were commonly-used terms in 2023. The cost-of-living crisis that started in 2022 broadened and deepened in early 2023. During the year, the scope for household consumption decreased as interest rates and prices increased.

Although households continued to prioritize retail consumption, they were restrained, which led many retailers to experience faster stock replenishment than depletion, which in turn has led to the holding of major discount sales. The combination of holding sales and price increases at the producer level has put significant pressure on retailers' margins.

According to HUI's Research's Retail Business Cycle Report (Detaljhandelns konjunkturrapport), consumption in early 2024 is expected to continue along the same lines as during fall 2023. Several sectors saw growth in sales figures

measured using actual prices but in fact experienced a clear decline in the number of goods sold (volume).

The economy is expected to gradually recover during the second half of 2024. Interest rate cuts, new business investment and a brighter economic outlook are giving rise to a slightly positive outlook for both the economy and the retail sector in 2024. Household consumption is expected to remain restrained throughout the year, but no further decline is expected.

With Riksbanken (Sweden's central bank) refraining from making further rate hikes in both November 2023 and January 2024, the interest rate peak may have been reached. A more predictable economy increases the likelihood of more money being spent on consumption, which increases the potential for e-commerce to grow again in the long run.



From pandemic boost to recession

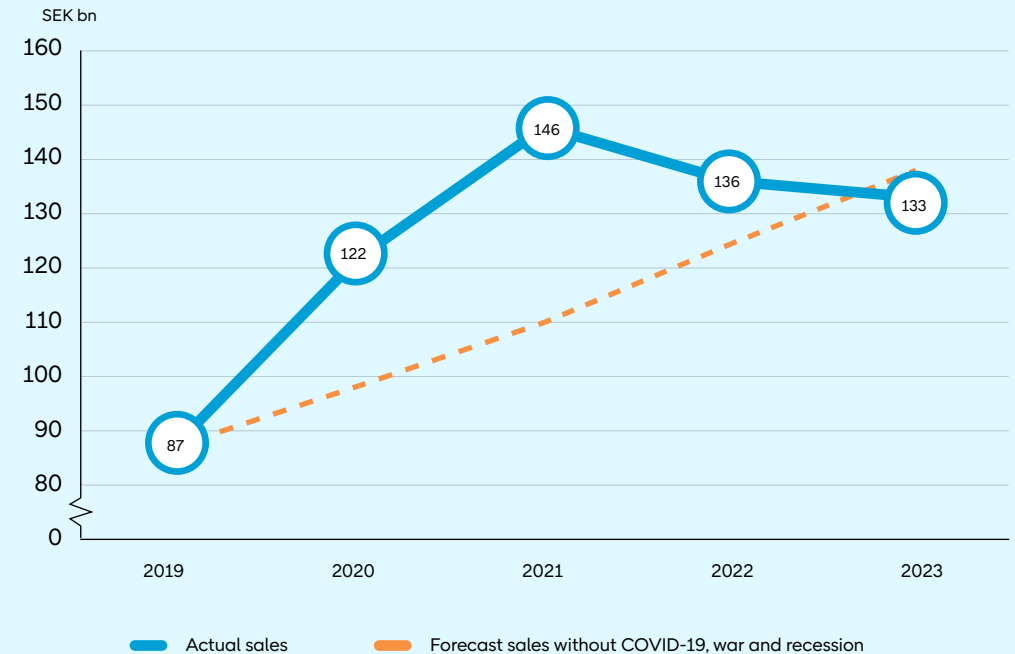
In the third quarter report for 2022, the actual e-commerce growth was presented against hypothetical growth without COVID-19, war and recession, to illustrate e-commerce's pandemic boost. The situation is now different and for the first time since 2019 the actual growth of e-commerce is now below the forecast growth without the influence of external factors.

Since the pandemic boost, it has been difficult for e-commerce to maintain its high growth rate. In the past, the negative figures have largely been due to high comparative figures, but in 2023 many sectors instead had low growth rates as the comparison. The forecasts for total retail trade are currently pointing upwards,¹⁾ while E-barometern surveys show a decrease. So, e-commerce had a tougher time than in-store trade in 2023.

In particular the first half of 2024 is expected to be tough for consumers, but a cut in interest rates and thus less pressure on consumer finances can be expected in the second half of the year.¹⁾ So, despite a tough start, there is light at the end of the tunnel. The third quarter of 2023 provided a taste of this as e-commerce recorded positive growth for the first time in a long time.

Despite the volatility that e-commerce has experienced in recent years, the sales channel still has the potential to grow over time and has probably not yet reached its full potential. Although it is interesting to calculate a development "without external factors", not least at a time when the world is shaky, it is the events that are happening that ultimately influence the development of e-commerce and shape the everyday life of Swedish e-retailers.

The effect of the pandemic boost is over for Swedish e-commerce



Source: Forecast by HUI Research. Sales in billions of kronor.

¹⁾ HUI's Research's Retail Business Cycle Report (Detaljhandelns konjunkturrapport), Q4 2023

Second-hand and beauty are among the favorites

The 2023 trends are reflected in the list of consumers' favorite online retailers. Pharmacy giant Apotea not only retained its top spot for the sixth year in a row, but is now also the favorite online retailer of almost one in six e-commerce consumers.

In 2022, Amazon made a big leap into the list, moving straight into third place. In 2023, the American giant climbed to second place. However, the gap to first place is still large, with 6 percent of Swedish e-commerce consumers stating Amazon as their favorite while 16 percent state Apotea. However, Amazon is gaining more votes from Swedish consumers every year.

An interesting theme in the top list is the increasing popularity of second-hand retailers. Both Tradera and Sellpy improved their positions in 2023, with Tradera making it into the top five this year.

The rise of the beauty sector in e-commerce is also evident. Lyko climbed another three places and Kicks entered the list this year. The e-commerce efforts of beauty retailers are making an impact. For example, Kicks has set up a new warehouse with the aim of eventually being able to handle over 2,000 orders per hour.¹⁾ With regard to the market participants that are declining in popularity, they are in the grocery and home electronics sectors, among others.

¹⁾ E-handel.se, November 2023

Consumers' online favorites

The arrows show how the companies' rankings changed since the previous year.

| Ranking | Company | (2022) | Ranking | Company | (2022) |
|---------|----------|--------|---------|------------|---------|
| 1 | Apotea | (1) → | 11 | Inet | (10) ↓ |
| 2 | Amazon | (3) ↗ | 12 | Lyko | (15) ↗ |
| 3 | Zalando | (2) ↓ | 13 | Webhallen | (8) ↓ |
| 4 | H&M | (4) → | 14 | Bokus | (12) ↗ |
| 5 | Tradera | (6) ↗ | 15 | Matsmart | (14) ↓ |
| 6 | Adlibris | (5) ↓ | 16 | Ellos | (New) ↗ |
| 7 | Apoteket | (7) → | 17 | Netonnet | (17) → |
| 8 | Boozt | (11) ↗ | 18 | Ica | (18) → |
| 9 | CDON | (9) → | 19 | Kicks | (New) ↗ |
| 10 | Sellpy | (13) ↗ | 20 | Elgiganten | (19) ↓ |

→ Unchanged ↗ Increased ↓ Decreased

Basis: Consumers who have shopped online

Slightly negative development for e-commerce

For the second year ever in the history of E-barometern, e-commerce had negative full-year growth, ending at minus 2 percent for the full year of 2023. However, compared to the growth rate in 2022, when e-commerce declined by 7 percent, the figure is slightly brighter.

But there are big differences between the various sectors. The differences between the capital-intensive and low-cost sectors, e-commerce-suitable goods and bulky goods, and pleasure and need-driven purchases are growing.

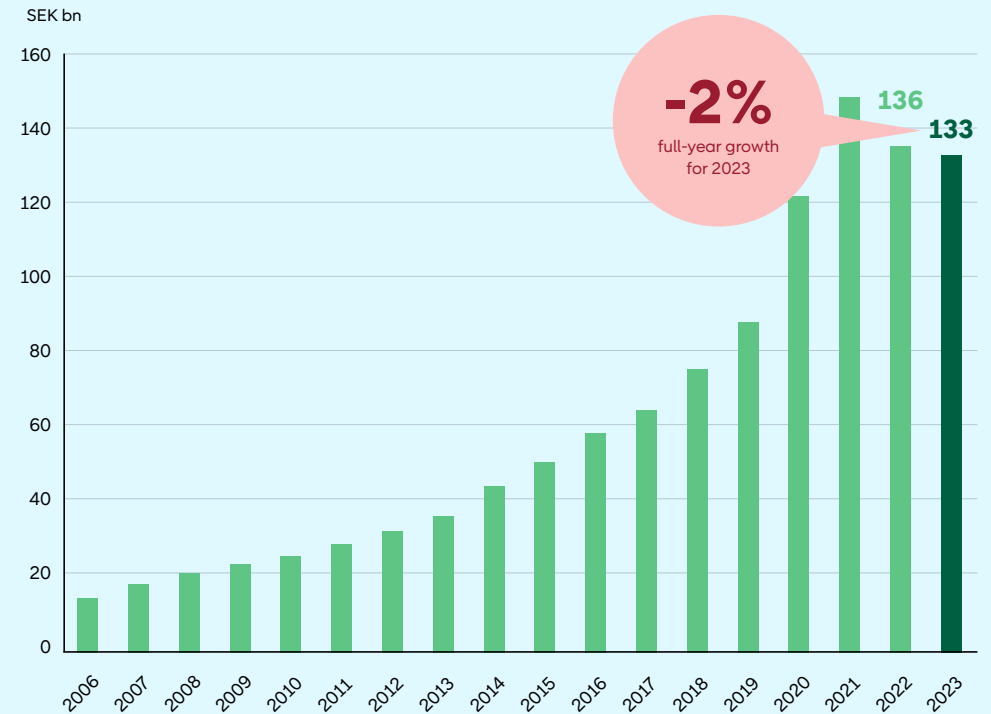
There was a slow start to 2023, but in the final months of the year some improvement could be seen. Both E-barometern's development figures

and the economic situation show that the situation is easing in some areas, which is a trend for which consumers and e-retailers have been waiting.

Consumers are also becoming ever more sophisticated in their e-commerce behavior as a result of the economic situation. It is possible to research, weigh up options and compare prices online, which is a priority for many consumers at the moment.

The past year has made it clear that e-commerce is a very heterogeneous place. To understand the annual performance, it is increasingly important to understand the development of each sub-sector, and this will continue to be the case in 2024.

E-commerce net sales



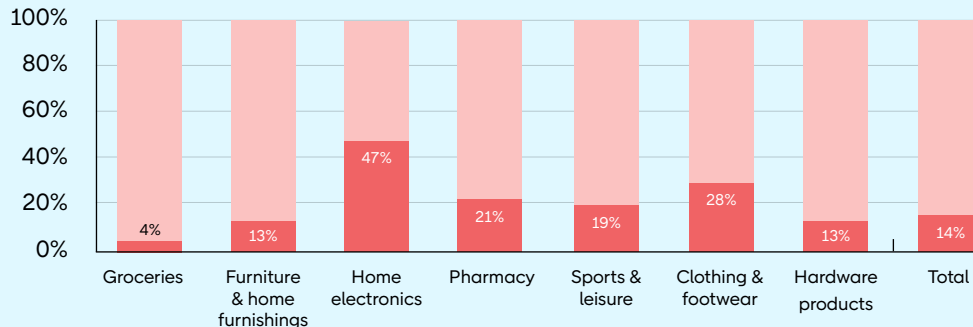
Source: E-barometern

Sales growth and net sales per sub-sector

| | Growth rate 2023 | Net sales 2023 (SEK bn) | E-commerce share 2023 | E-commerce share 2022 |
|---------------------|------------------|-------------------------|-----------------------|-----------------------|
| Groceries | -5% | 15 | 4% | 4% |
| Furniture & home | -6% | 8 | 13% | 13% |
| Home electronics | -3% | 27 | 47% | 47% |
| Pharmacy | 17% | 12 | 21% | 20% |
| Sports & leisure | -4% | 5 | 19% | 20% |
| Clothing & footwear | 3% | 19 | 28% | 29% |
| Hardware products | -19% | 7 | 13% | 15% |
| Books & media | -5% | 5 | N/A | N/A |
| Total | -2% | 133 | 14% | 15% |

Source: E-barometern

E-commerce shares per sub-sector



Source: E-barometern

Share of in-store retail E-commerce share

Growing differences between sectors' performances

Throughout 2023, E-barometern's development figures showed a mixed picture. The development figures have a range of 36 percentage points, and there are both clear winners and clear losers.

On one side of the spectrum there are cyclical sectors such as building products, which had a tough year with development of minus 19 percent.

At the other end of the spectrum is the success story of the pharmacy trade, which ended the year with an increase of no less than 17 percent. The sectoral spread toward an overlap with several other sectors contributed to the

successful performance. In addition, the pharmacy sector has been good at retaining consumers who turned to online shopping during the pandemic.

The sectoral examples are indicative of the developments in 2023: some sectors did well, others less well, and some had stable development despite the many challenges faced during the year. At the moment, there are no indications that the development of the sectors will converge in the near future. Sectors such as the pharmacy trade are expected to continue to grow, while capital-intensive sectors will continue to suffer from the tough economic environment.

New figures! The online beauty sector

For the first time, E-barometern provides a detailed insight into the beauty sector, by providing figures that have never been published before.

The sector's strong performance during the year has been highlighted by the media and industry experts. Large market participants such as Lyko are investing heavily in expansion, and the new owner of Kicks, the Danish company Matas, strengthened its results during the year.¹⁾

Online, the results are clear: the industry grew by a massive 18 percent in 2023 compared to 2022. These figures are in line with those of the pharmacy sector, which stands out together with the beauty sector as the e-commerce winners in 2023.

One phenomenon in the beauty sector that has flourished in recent years is

the building of communities: creating a space on the e-commerce platform where consumers can review and recommend products to each other. This is a popular feature for the main target group of young women, and means that more and more customers are finding their way online, and staying there.

Customers can also use the online format to read, in detail, about the content of the goods and easily compare brands. This is similar to the home electronics sector, where the online format has provided added value in itself. The community spirit is also strong there, which has contributed to the sector's major online presence. The longer-term development remains to be seen, but the beauty sector has a multitude of opportunities to continue to grow as an e-commerce industry.

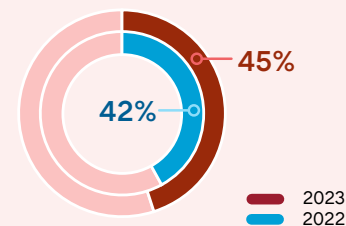


SEK 644

SEK +34 since last year

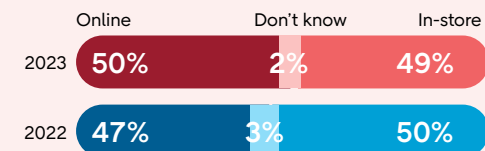
Average amount spent online over last 30 days

Basis: Consumers who have shopped online. Average January–December



Percentage of e-commerce consumers who made a purchase in the category

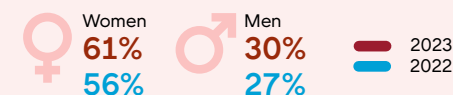
Basis: Consumers who have shopped online



Percentage who made their most recent purchase in the category online or in-store, respectively

Basis: Consumers who have shopped online

Percentage of women and men respectively that shopped online (Q4)



Basis: Consumers who have shopped online

¹⁾ DI.se, February 2024



Parfym.se

Jonas Häggqvist, CEO

With the online beauty industry showing impressive growth, we asked a leading market participant for insights. Jonas Häggqvist, CEO of Parfym.se, talks exclusively about which success factors have contributed to the sector's rise and what level he thinks sales will reach in 2024.

Which success factors do you consider most crucial for the positive development of the industry as a whole in recent years?

In our industry, we have many talented market participants both offline and online. This has contributed to the positive development in recent years, resulting in a wide range of products and high availability. We have also seen that a lot of new, smaller brands have emerged with a focus on high transparency, vegan "clean" ingredients, sustainability and a more personal connection.

I feel that it is more grassroots-inspired beauty, while at the same time the category is sufficiently broad and resilient. It appeals to young and old people and stands strong in times of boom and bust, partly due to trends that are about treating yourself to self-care/self-love, while at the same

"I feel that it is more grassroots-inspired beauty, while at the same time the category is sufficiently broad and resilient."

time it is an exciting and fun category that allows consumers to highlight different aspects of their personalities.

What do you consider to be the key factors that contributed to Parfym.se's success and growth in 2023?

We as a company had a clear

strategy that involves having a carefully selected and exclusive range. At the same time, we worked to improve clarity in our communication in different channels, and we explored the entire media mix, from traditional media to TikTok. I also think we didn't look too much at our competitors, but instead focused on our own journey, in which we have dared to be consistent and believe in our message.

Do you think that the 2024 sales figures for Parfym.se will be better than, worse than or the same as in 2023?

We believe that consumers will continue to prioritize purchases in the beauty category and we are positive about 2024. For us as a company, we will continue to focus on building the expert role we are acquiring, primarily in perfume but also in skincare, hair care and makeup.

Pharmacy success factors

Growth rates have increased in the pharmacy sector for several years in a row. In recent quarters, the growth rate has accelerated to over 20 percent. We asked four market participants about the reasons for this success and what they think will happen in 2024.



Björn Thorngren
CEO Meds

Which success factors do you think have been most crucial for the positive development of the sector as a whole in recent years?

Pharmacies have been the fastest growing sector online since well before the pandemic. There are two main reasons for this. One is that Sweden is the only Western country to have had a pharmacy monopoly, which meant that we were well behind all the other countries in terms of the number of pharmacies we had. This created a supply gap that we have filled. In addition, Sweden has good underlying conditions in the form of e-prescriptions, mobile bank ID signatures and regulations that enable the sale of prescription drugs in a smooth way. These two main factors have

combined to increase the online share from around 6 percent to around 22 percent since MEDS was created.

Pharmacy products, like books, are perfect products to sell online. The products do not need to be tried before making the purchase decision and do not lead to returns, and they mostly consist of small packages with a long shelf life. The online range is about 10 times the size of that in a regular pharmacy. It is also much cheaper than in-store ranges, in fact 30-40 percent cheaper according to Råd & Rön and TV4.

Other benefits of shopping online include not having to go to a store

(and be close to other sick people), and the fact that it is safer to get advice from pharmacists in the comfort of your own home and not have to worry about a neighbor overhearing you.

What do you think are the key factors that contributed to the success and rise of meds.se in 2023?

Pharmacies, both online and in-store, are generally very, very similar. MEDS stands out with its pink color and modern appeal. But above all, we keep our promises; it is better to keep to a delivery time than to promise a very fast delivery and then not deliver by then. We are constantly looking forward and building capacity to handle future volumes.

Do you think that the 2024 sales figures for meds.se will be better than, worse than or the same as in 2023?

The market has grown every year since the Middle Ages and will continue to grow every year for at least as long as I live, so it is quite easy to predict what will happen in the pharmacy market. It will always grow.

The online part will very likely continue to grow. In a recession, consumers are more price conscious and more and more people are discovering the lower prices online, especially now that it is talked about so much.

“The market has grown every year since the Middle Ages and will continue to grow every year for at least as long as I live.”





Apohem

Gustav Hasselgren, CEO

Which success factors do you consider most crucial for the positive development of the industry as a whole in recent years?

We see two main streams of customers being drawn to the online pharmacy category: pharmaceutical customers from physical pharmacies and health and beauty customers who have discovered that online pharmacies have a wide range of products, low prices and smooth and fast delivery.

What do you consider to be the key factors that contributed to apohem.se's success and growth in 2023?

Apohem grew by 50 percent in 2023 and, in simple terms, we are growing because we attract customers with communication and offers and retain customers due to having an engaging customer experience and a high level of service. We are building an exciting brand, always have something new and interesting happening on the website, and engage customers via both our club and our community.

“2023 was another year of growth for Apohem.”

Do you think that the 2024 sales figures for Apohem.se will be better than, worse than or the same as in 2023?

2023 was another year of growth for Apohem and we accelerated sharply in Q4, which means we have entered 2024 with good momentum. Our plan and ambition is to be the fastest growing online pharmacy and to become a large and profitable online pharmacy within a few years.



Apotek Hjärtat

Monika Magnusson, CEO

Which success factors do you consider most crucial for the positive development of the industry as a whole in recent years?

There are several factors that have been decisive. E-commerce obviously got a boost during the pandemic and we have managed to keep it going. The sector is broad and part of it, the pure pharmacy products, with pharmaceuticals at the forefront, has continued to be in high demand, even in the recession, so we have to see it as positive that people make a conscious choice to feel good and be healthy. In addition, all of us in the industry are constantly developing our product ranges, to take advantage of the large and growing interest in both health and beauty.

What do you consider to be the key factors that contributed to apotekhjärtat.se's success and growth in 2023?

E-commerce is an important area and we made several successful investments in 2023. We now have

a warehouse with a much higher basic capacity, where we have invested in automation to broaden our product and service range, improve our delivery capacity and become more efficient. We also have strong and flexible delivery options, so for example customers can pick up their purchases at a local pharmacy after two hours or have home delivery the same evening. In that regard, we really benefit from our strong combination of digital and physical stores. In addition, we are constantly developing the customer experience and the product range – with better search functions, exciting new products and, of course, wise advice.

Do you think that the 2024 sales figures for apotekhjärtat.se will be better than, worse than or the same as in 2023?

I am absolutely convinced that, with higher capacity, an updated website with improvements not least for prescription customers, and lots of new articles, we will grow in 2024 as well





Apoteket

Mikael Meijer, Head of E-Commerce

Which success factors do you consider most crucial for the positive development of the industry as a whole in recent years?

The demand for medicines and self-care is increasing annually. The sector has one crucial difference from other sectors, which is that it is not as sensitive to occurrences such as recessions and inflation, as medicines are covered by subsidies. In addition, there are high demands on the pharmacy industry, and this has created a culture and level of competition that contribute to developments and digital platforms being at the forefront of progress in Sweden. This is appreciated by customers, who are becoming ever more numerous and returning more frequently for more household purchases across a wider range of goods.

What do you consider to be the key factors that contributed to apoteket.se's success and growth in 2023?

Having a focus on the customer and the decisive factors in the buying experience. A high-quality and affordable range of products, and a smooth

shopping experience in which customers have their goods delivered quickly and easily, to the destination of their choice. Our setup, with seamless deliveries and the range of products across apoteket.se, the 'Apoteket' app and our nearly 400 stores throughout Sweden, is the best on the market, which many customers appreciate. The breadth of the range is also something we worked on last year and we saw immediate results, so having a broad and relevant range is an important success factor.

Do you think the 2024 sales figures for apoteket.se will be better than, worse than or the same as in 2023?

We have great expectations for apoteket.se in 2024 and are positive about the development, with a performance that beat the industry index by a considerable margin in 2023. We believe that investments in an attractive range of products, market-leading services and development of the shopping experience, as well as investments in logistics to ensure simple and smooth deliveries, will increase our sales.

Clothing and footwear manage the year in style

The online clothing and footwear sector is one of the sectors that managed to keep its head above water throughout 2023. During the past year, the sector had positive development figures at a time when e-commerce in general had a shaky time. It is worth mentioning that in practice, however, less clothing and footwear has been sold than last year, and the growth in the sector is mainly due to price increases, resulting in annual growth of 3 percent.

The cold winter and snowfall that hit much of the country in late 2023 increased the need to update people's footwear and gave the footwear trade as a whole a much-needed boost. During the last quarter of the year, total footwear retailing showed positive development figures and exceeded the development of the clothing trade as a whole.¹ A trend that has defined the past year is the increased

interest in phygital – a combination of physical and digital experiences. The line between digital and physical presence is blurring as more market participants establish themselves in new channels. For example, the second-hand operator Arkivet, which since it was founded in 2017 had only had physical stores, established itself online² – which also reflects the rise of the second-hand trend that was evident during the year.

The tough economic situation has led to consumers actively looking for affordable alternatives. Second hand, the Chinese discounter Temu and dupes* are examples of low-cost options that consumers turned to in the past year. These popular low-cost choices were detailed in the Q2 and Q3 E-barometer reports, and shaped the way consumers shop for clothing and footwear during the year.



3 TRENDING GOOGLE SEARCHES*

1. Adidas campus 00s (4,350 %)
2. Adidas Samba (180 %)
3. Ralph Lauren jacket (170 %)

*Full year 2023 compared to 2022

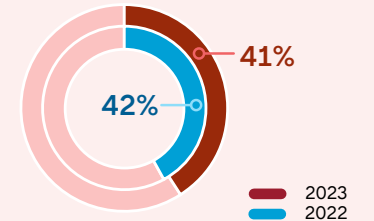
↑ 19 billion kronor net sales 2023
28% ↓ share of total sector

SEK 1,309

SEK -23 since last year

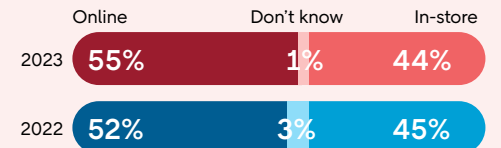
Average amount spent online over last 30 days

Basis: Consumers who have shopped online. Average January–December



Percentage of e-commerce consumers who made a purchase in the category

Basis: Consumers who have shopped online



Percentage who made their most recent purchase in the category online or in-store, respectively

Basis: Consumers who have shopped online

Percentage of women and men respectively that shopped online (Q4)



Basis: Consumers who have shopped online

¹ Style Index ² E-handel.se, April 2023

*Dupes means equivalent but more affordable counterparts to more exclusive goods

Battle for margins among home electronics retailers

The online home electronics industry had a tough 2023, with consistently negative performance figures. Reduced volumes due to the sector still being saturated after the pandemic, combined with the recession, lead to an annual performance of -3 percent. Companies have fought to increase volumes by holding sales, which has put pressure on margins.

In addition to a drop in sales figures, the sector has faced additional challenges as well. Over the course of six months, the chemicals tax was increased twice, which in turn resulted in home electronics retailers having to raise their prices. The goods affected by the largest price increases were white goods, televisions and computers/tablets.¹⁾ In tough economic times, price increases have an even more negative impact on sales, as consumers are more price-conscious than usual, especially with regard to capital-intensive goods like these. Black Friday Week, traditionally an

important sales period, was not sufficient to generate a positive result for the sector this year. Despite this, the period is and remains important for the home electronics sector, as is clearly illustrated by Svea's top 10 list of the most popular products during Black Friday Week, where home electronics dominated with the Playstation 5 in the lead.²⁾ The popularity of game consoles was also reported upon in Q3 and it is a category that stands out, as the increased level of sales is not due only to increased prices but also increased volumes. So, many home electronics consumers bought an item that may not have been essential, but which they chose to treat themselves to during the big promotional period.

A significant event in the industry during the year was the acquisition of the Swedish operations of the German company Media Markt by the Norwegian business Power, which aims to become the 'new electronics giant' in the Nordic region.³⁾



3 TRENDING GOOGLE SEARCHES*

1. Playstation Portal (1,400%)
2. Ps5 Slim (550%)
3. Sennheiser Momentum 4 (130%)

*Full year 2023 compared to 2022

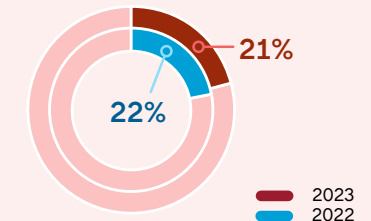
↓ **27** billion kronor net sales 2023
47% share of total sector

SEK 2,128

SEK -148 since last year

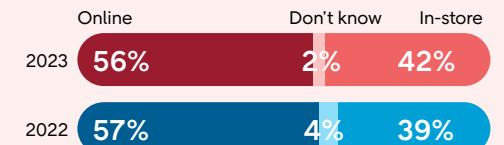
Average amount spent online over last 30 days

Basis: Consumers who have shopped online. Average January–December



Percentage of e-commerce consumers who made a purchase in the category

Basis: Consumers who have shopped online



Percentage who made their most recent purchase in the category online or in-store, respectively

Basis: Consumers who have shopped online

Percentage of women and men respectively that shopped online (Q4)



Basis: Consumers who have shopped online

¹⁾ Electronics sector ²⁾ Svea, November 2023 ³⁾ Power

Bookstores look for new ways to attract consumers

As was the case in 2022, books and media had a dismal year online in 2023. Development figures remained stable but negative during the year, despite the low comparative figures. Online sales are influenced by the success of physical stores and the digital alternatives, while there has been a decline in demand for printed books.¹⁾ This forms the basis for the sector's downward trend.

Despite challenges, online booksellers continue to find new ways to attract consumers, such as remaining relevant for the younger generation of readers. Trends from social media, such as #BookTok, have been seen at several e-retailers, and others feature books by popular YouTubers.²⁾ The fact that social media is playing a greater role in the choice of books also characterized the industry during the year, as sales of foreign printed

books increased.³⁾ Another example of how the industry is affected by trends and new articles is that the "Christmas gift of the year", the board game, was the product category that increased the most during the year at Adlibris³⁾, with an increase of almost 30 percent.

One topic that has become increasingly prevalent in the sector over the past year is AI, as reported in the E-barometern Q2 report. The phenomenon has attracted a lot of attention and some market participants have started exploring its potential. For example, Storytel has integrated AI into its app by offering listeners different reader voices.⁴⁾ The phenomenon is still in its infancy in the industry, and the possible consequences are still being discovered. What happens next will be exciting to follow and the discussions will continue into 2024.



3 TRENDING GOOGLE SEARCHES*

1. Johan Falk book (∞)
2. Fourth Wing (∞)
3. Jon Fosse books (3,500 %)

*Full year 2023 compared to 2022

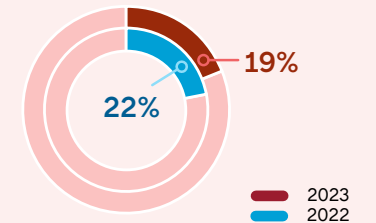
↓ 5 billion kronor net sales 2023
N/A share of total sector

SEK 558

SEK +29 since last year

Average amount spent online over last 30 days

Basis: Consumers who have shopped online. Average January–December



Percentage of e-commerce consumers who made a purchase in the category

Basis: Consumers who have shopped online



Percentage who made their most recent purchase in the category online or in-store, respectively

Basis: Consumers who have shopped online

Percentage of women and men respectively that shopped online (Q4)



Basis: Consumers who have shopped online

¹⁾ Svenska Förläggareföreningen and Svenska Bokhandlareföreningen, October 2023 ²⁾ Adlibris, January 2024 ³⁾ Adlibris, December 2023 ⁴⁾ Storytel, June 2023

Sports and leisure retailing facing an uphill battle

Many consumers made large investments in sports and leisure goods during the pandemic and have not felt the need to update them yet. This, combined with many consumers being on a tight budget, meant that the industry faced weak demand in 2023. The increased interest in circular business models also contributed to a reduced need to buy. Although market participants sold off much of their excess stock via sales campaigns during the year, only in Q2 did the industry manage to stay above zero online.

In the sports and leisure sector, the circular economy became increasingly important during the year, due to the popularity of both second-hand and rental. The challenging economy and increased environmental awareness are two of the reasons for this.

In 2023, several market participants closed some of their physical stores.¹⁾ To some extent, this has allowed e-retailers to capture the consumers who previously used such stores. Although this has not yet had a significant impact, it is worth monitoring in the future.

The good winter for which the industry had waited expectantly finally arrived at the end of the year. Lars Palmgren, CEO of SGN Sport (Team Sportia and Sportringen) is of the opinion that the impact of the winter weather is greater than that of the economic cycle.²⁾ Both November and December 2023 were cold and snowy, which gave the last quarter of the year a boost. Despite a brighter end to the year, 2023 was ultimately a tough year for the sports and leisure sector online.



3 TRENDING GOOGLE SEARCHES*

1. Golf equipment (∞)
2. Children's ice hockey equipment (300 %)
3. Skiwear (200 %)

*Full year 2023 compared to 2022

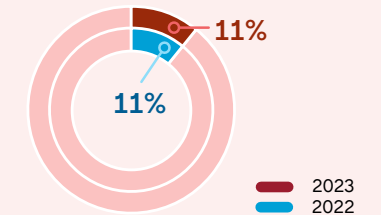
↓ **5** billion kronor net sales 2023
 ↓ **19%** share of total sector

SEK 1,317

SEK +10 since last year

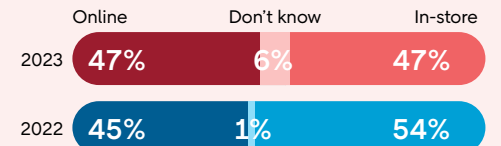
Average amount spent online over last 30 days

Basis: Consumers who have shopped online. Average January–December



Percentage of e-commerce consumers who made a purchase in the category

Basis: Consumers who have shopped online



Percentage who made their most recent purchase in the category online or in-store, respectively

Basis: Consumers who have shopped online

Percentage of women and men respectively that shopped online (Q4)



Basis: Consumers who have shopped online

¹⁾ D1.se, September 2023 ²⁾ Market.se, December 2023

Online builders' merchants are struggling

One sector that has been strongly affected by the faltering economy in 2023 is the building materials sector. The willingness of consumers to invest is low and many small construction companies have gone bankrupt.¹⁾ Another reason for the lower demand is that many households took the opportunity to expand and renovate during the pandemic, and these projects are not yet in need of renewal.

The fall in sales differs for different types of goods in the sector. For example, sales of goods related to larger and more capital-intensive projects, such as wood products, buildings and complete conservatories, have been hit harder than products related to smaller projects, such as soldering equipment and accessories for machine tools.²⁾ Byggmax addresses this in its Q3 report, stating that there was good development for products related to smaller projects, and that the decline was a consequence of a fall in the number of

large renovation projects. During the year, it was decided to increase the so-called ROT tax deduction, and this change will enter into force on July 1, 2024.³⁾ This will perhaps help the sector in 2024 and increase demand due to stimulation of employment in the construction sector. It will take a lot for the building materials sector to recover to previous levels, but initiatives like these could potentially give the industry a boost.

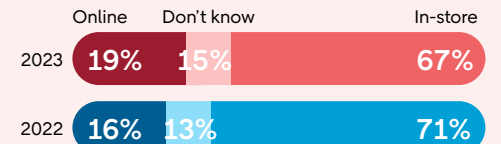
Participants in the construction industry therefore need to find ways to weather the storm in the short term. As was mentioned at the beginning of this report, a slightly brighter 2024 can be expected, which could bring back fluidity in the housing market, which in turn would benefit the building products industry. In the long term, market participants need to find their place in the new landscape as it begins to take shape after the reconstructions and bankruptcies that characterized 2023.



- ### 3 TRENDING GOOGLE SEARCHES*
1. ROT tax deduction (∞)
 2. Renovating windows (120 %)
 3. Building walls with Leca blocks (120 %)

*Full year 2023 compared to 2022

↓ **6** billion kronor net sales 2023
↓ **13%** share of total sector



Percentage who made their most recent purchase in the category online or in-store, respectively

Basis: Consumers who have shopped online

Percentage of women and men respectively that shopped online (Q4)



Basis: Consumers who have shopped online

¹⁾ Fastighetsbranschen.se, August, 2023 ²⁾ Byggmaterialindex, December 2023 ³⁾ Foretagarna.se, September 2023

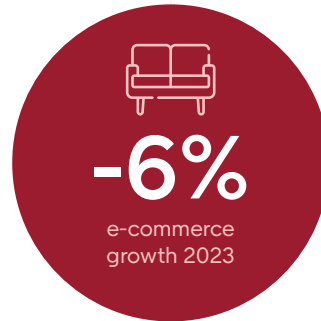
Luxury furnishings stand the test of time

It was a tough year for furniture and home furnishings retailers online. The year was characterized by high interest rates, which led to fewer people buying and selling homes. This in turn affected sales of furniture in particular. Prices in the sector have also increased significantly. According to a report from the National Institute of Economic Research, furniture and home furnishings is the product category that increased the most in price in 2023 in relation to how much production costs increased.¹⁾ The combination of challenges resulted in online sales of furniture and home furnishings falling by 6 percent in 2023.

Although the sector as a whole faced major challenges, it is an industry with varying aspects, and there is a difference between furniture and home furnishings. During the pandemic, many households renovated their homes and many took the opportunity to buy capital-intensive

furniture such as sofas and beds. However, home furnishings tend to be cheaper than furniture and that product group is therefore less cyclical. Interior design retailers have fared better than furniture retailers as a result of this.

An interesting trend is that the less cyclical premium segment of home furnishings actually had a strong year. For example, the interior design company Svenskt Tenn increased its sales figures despite the current economic situation. According to the company's CEO, this may be partly due to people looking for quality, and partly due to the fact that Svenskt Tenn has not had to increase its prices in the same way as other market participants, as it largely produces the same goods and can therefore plan its purchases.²⁾ However, despite the stability in the premium segment, the furniture and home furnishings sector ended up negative overall in terms of online sales for the year.



3 TRENDING GOOGLE SEARCHES*

1. Ikea Marimekko (1,050 %)
2. Solar powered fountain (250 %)
3. Flowerpot lamp (75 %)

*Full year 2023 compared to 2022

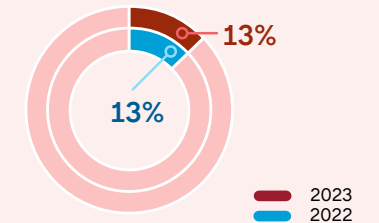
↓ 8 billion kronor net sales 2023
13% → share of total sector

SEK 1,711

SEK -106 since last year

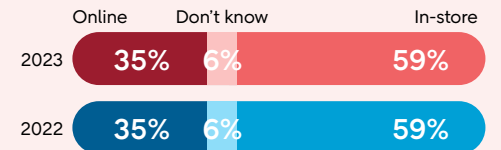
Average amount spent online over last 30 days

Basis: Consumers who have shopped online. Average January–December



Percentage of e-commerce consumers who made a purchase in the category

Basis: Consumers who have shopped online



Percentage who made their most recent purchase in the category online or in-store, respectively

Basis: Consumers who have shopped online

Percentage of women and men respectively that shopped online (Q4)



Basis: Consumers who have shopped online

¹⁾ National Institute of Economic Research, December 2023 ²⁾ SvD, August 2023

Selling food online is a difficult industry to navigate

Selling groceries online has been a business that has proved difficult to run profitably. It has been particularly difficult now that people in Sweden have less money to spend and have therefore cut back on options that were previously appealing, such as home delivery. A new development this year was the merger of food retail giant Mathem and the Norwegian operator Oda. The reason for the merger was the desire of these two market participants to achieve profitability.¹⁾

Grocery retailers have a unique place in the e-commerce landscape and also face unique challenges. Food products are often sensitive, so a lot of planning is needed to ensure a smooth and fast supply chain. Market participants have approached this in different ways. Coop has closed its central warehouse in Stockholm. Instead, it has e-commerce

hubs in six of Coop's supermarkets.²⁾ This allows Stockholm customers to buy the same food in-store as online. And Ica has closed its e-commerce warehouse in Gothenburg. It is also looking at the possibility of store-based e-commerce.³⁾ It is clear that grocery retailers are continuing to strengthen the synergies between physical stores and e-commerce in order to increase profitability.

Overall, in 2023 it was a struggle for market participants to create incentives for customers to buy food online. Value-added services such as ready-made recipes that are easy to click home the food for and several market participants publishing budget-friendly recipes are a couple of examples of efforts that were made. Online food retailers offering more services than just food shopping are likely to appear more frequently in 2024.



3 TRENDING GOOGLE SEARCHES*

1. Ice cream prices 2023 (∞)
2. Seasonal vegetables (∞)
3. Pinsa recipes (∞)

*Full year 2023 compared to 2022

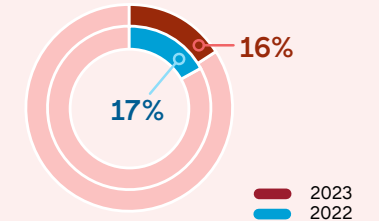


SEK 1,689

SEK -40 since last year

Average amount spent online over last 30 days

Basis: Consumers who have shopped online. Average January–December



Percentage of e-commerce consumers who made a purchase in the category

Basis: Consumers who have shopped online

Percentage of women and men respectively that shopped online (Q4)



Basis: Consumers who have shopped online

¹⁾ Mynewsdesk, November 2023 ²⁾ E-handel.se, October 2023 ³⁾ E-handel.se, October 2023

Pharmacies are growing and expanding

Pharmacies now sell much more than just medicine. One of the strongest trends in the development of online pharmacies is the shift towards the beauty segment. According to Radio Sweden (Sveriges Radio), general sales of makeup and skincare have doubled in Sweden since 2013.¹⁾ Statistics from the Swedish Pharmacy Association show that the category goods for resale, which includes makeup and skincare, currently accounts for almost 42 percent of the online sales of pharmacies. For example, Apotek Hjärtat and Apoteket, as well as Lyko, were finalists in the Health and Beauty category of the Market Awards in 2023.²⁾

2023 was most definitely the year of online pharmacies. E-barometern's surveys continue to show that Apotea is the favorite online retailer in Sweden and Apoteket is also on the list. The popularity of online pharmacies may be due to the fact that prices have been shown

to be significantly lower online than in physical stores and that consumers who find their way to online pharmacies stay with them, especially the elderly, who are an important target group for pharmacies. In total, online pharmacies had a positive growth rate of 17 percent in 2023.

In early 2023, the Medical Products Agency's proposal to regulate the home delivery of pharmacy products bought online was widely discussed. The original proposal was to require an ID check when the mail carrier delivers prescription pharmacy products. The Medical Products Agency has now revised the proposal and ID checks will only be required for specific medicines. A remaining issue, however, is that medicines must not be left "easily accessible", which means that they may not be hung on the door, for example.³⁾ Discussions on the impact of the proposal will continue in 2024.



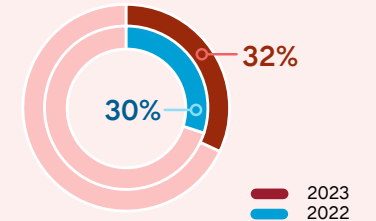
3 TRENDING GOOGLE SEARCHES*

1. High cost subsidy (∞)
2. Ordering medicine online (∞)
3. Ozempic (250 %)

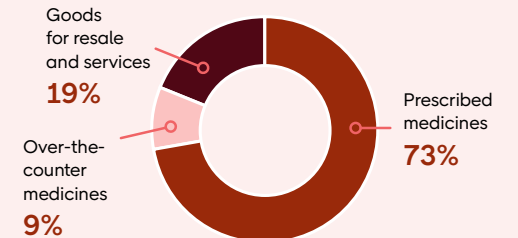
*Full year 2023 compared to 2022

↑ 12
billion kronor
net sales 2023

21% ↑
share of total sector



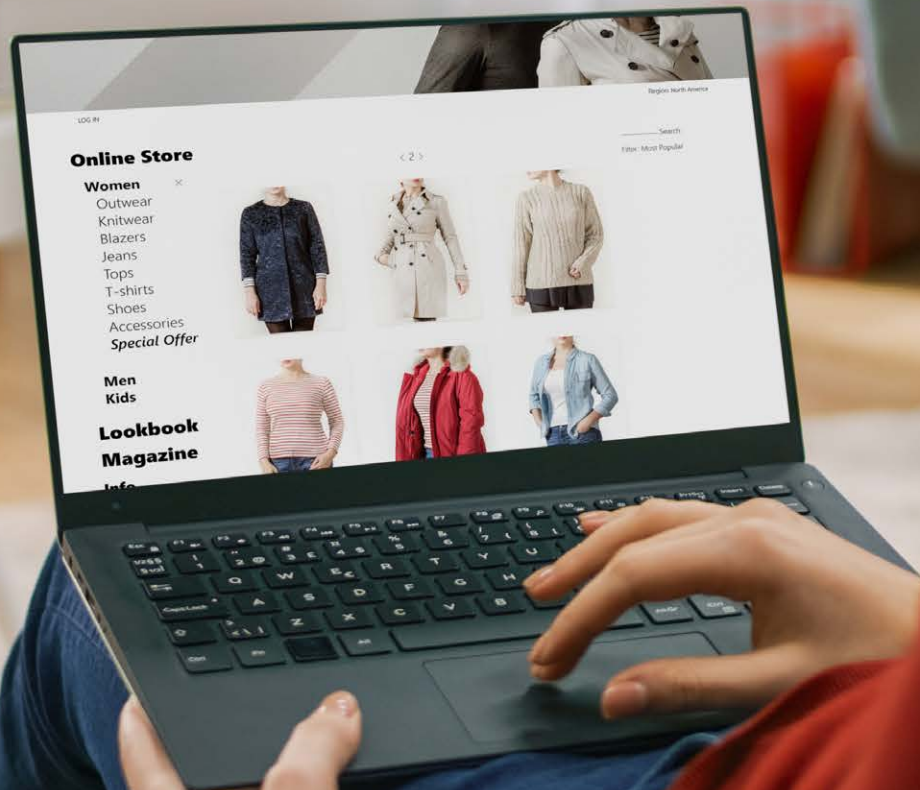
Percentage of e-commerce consumers who made a purchase in the category
Basis: Consumers who have shopped online



Sales in the outpatient care market, 2023 total

Source: Swedish Pharmacy Association/SA Service AB
Share of total sales, SEK.

¹⁾ Radio Sweden, December 2023 ²⁾ Market September 2023 ³⁾ Läkartidningen, December 2023



2023 from an e-commerce perspective

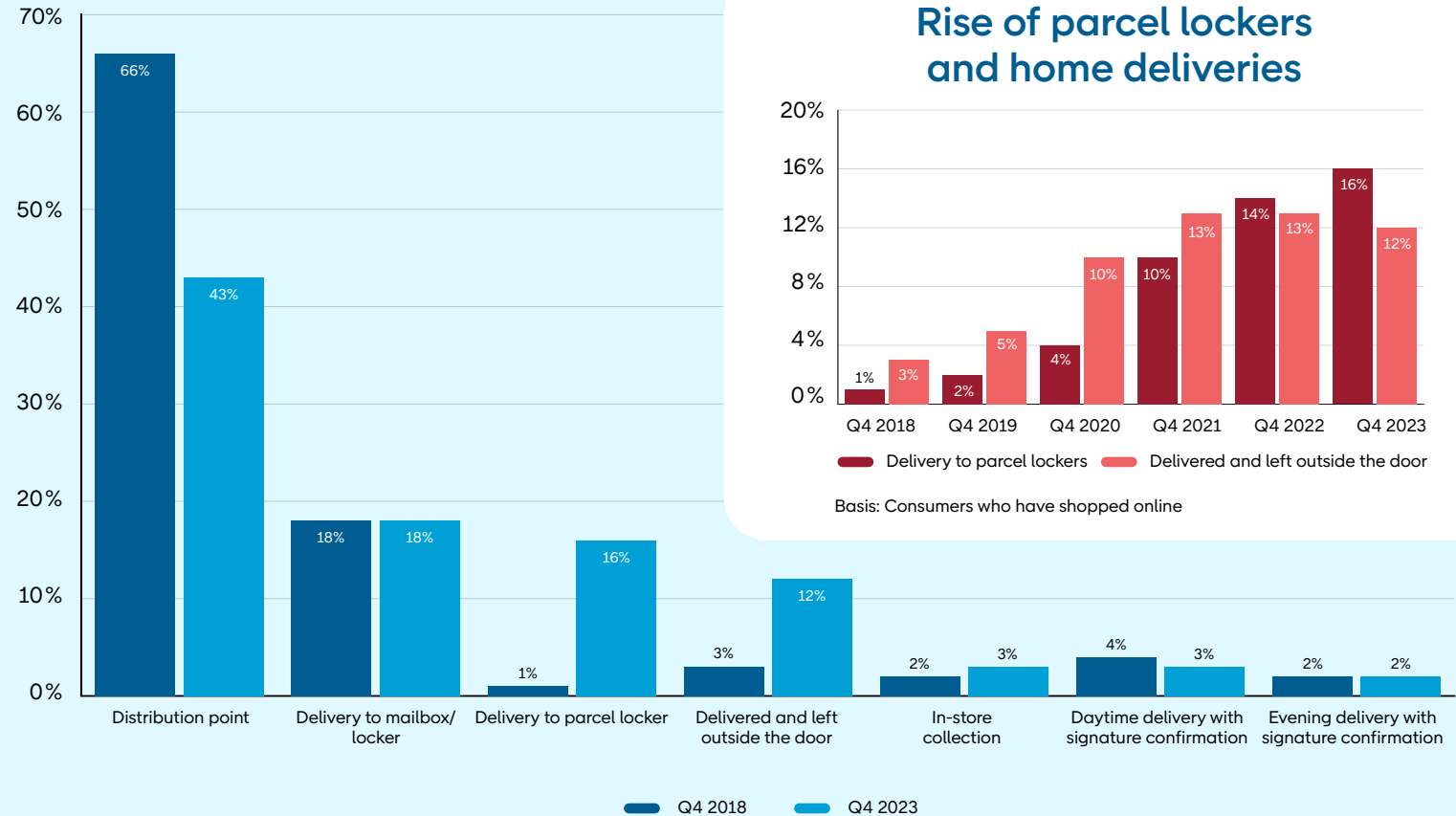
Despite 2023 being a challenging year for the national economy, Swedish e-commerce consumers continue to be active online, making purchases and decisions that affect the business of e-retailers every day. In this chapter, E-barometern looks back at 2023 and e-commerce during the past year. It presents a summary picture of consumer preferences regarding deliveries and returns, how omnichannel is becoming an increasingly complex issue, and how age and lifestyle affect the e-commerce choices we make. This chapter is also supplemented by insights and data from Google with comments from Håkan Löfgren, Industry Manager Retail at Google.

How consumers' most recent e-commerce purchases were delivered

Both parcel locker delivery and doorstep delivery have become increasingly common delivery options over the last five years. Delivery to the door increased significantly during the pandemic when many people stayed at home. Although everyday life has now returned to normal, the delivery option remains at a high level, although it has declined slightly in popularity over the past year. Under a new proposal made by the Swedish Medical Products Agency, ID checks will be introduced for the delivery of prescription medicines and non-prescription medicines will no longer be allowed to be left on top of a mailbox or hung on a door.¹⁾

The proposal has attracted quite a lot of attention and if the changes are introduced it could affect the development of home deliveries. Meanwhile, the use of parcel lockers continues to grow and is close to taking second place as the most common delivery option.

¹⁾ Läkemedelsverket



Basis: Consumers who have shopped online

E-retailers meet consumer expectations

It was very apparent in 2023 that there is a wide variety of ways in which e-commerce consumers wish to have their items delivered. These varying preferences create expectations that e-retailers should offer a wide range of delivery options, and this has become a key factor in consumers' purchasing decisions.

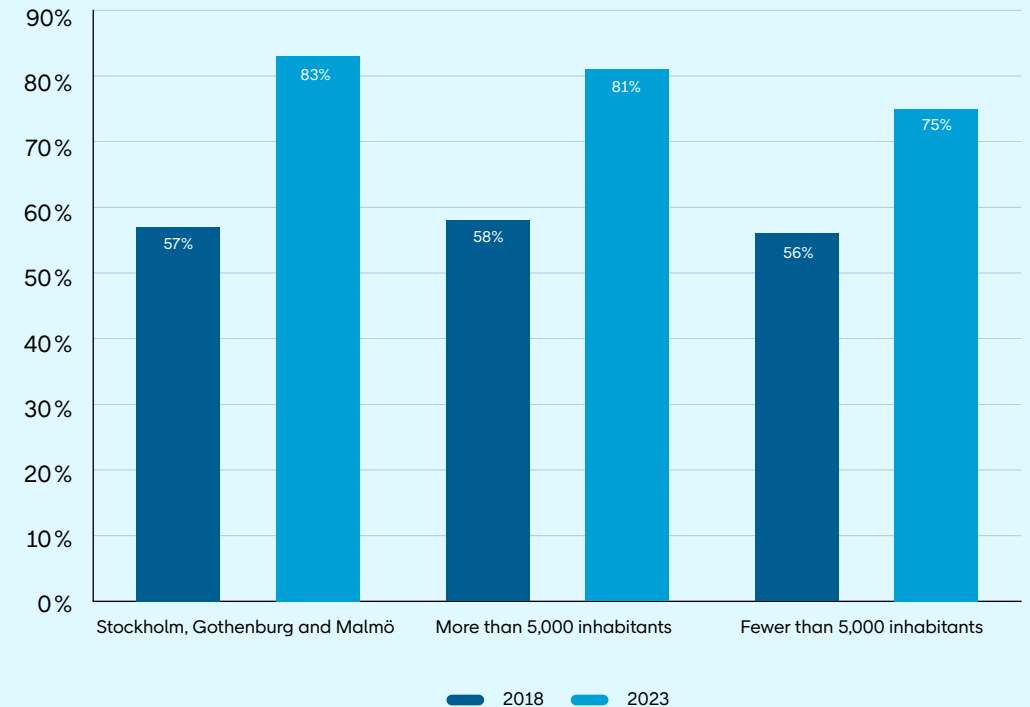
In recent years, an increasing number of consumers have been able to choose how their online purchases are delivered. This is partly due to the fact that e-retailers have started offering a greater variety of delivery options, as reflected in E-barometern surveys. It is also likely to be a result of consumers becoming more accustomed to e-commerce over time and exploring more delivery options to find the best fit

for different types of purchases. The fact that only 3 percent were dissatisfied with the delivery of their most recent online purchase further demonstrates that online retailers have adapted well to the increased demand among consumers for flexibility and choice.

At the same time, it is important to note that there is still room for improvement. A significant share of consumers, 21 percent, would like online stores to offer more delivery options. The e-commerce consumers of today have widely varying needs and wants. Just a few years ago, the majority of e-commerce purchases were sent to distribution points. Although this is no longer the case, there is still demand for more flexibility in terms of delivery options.

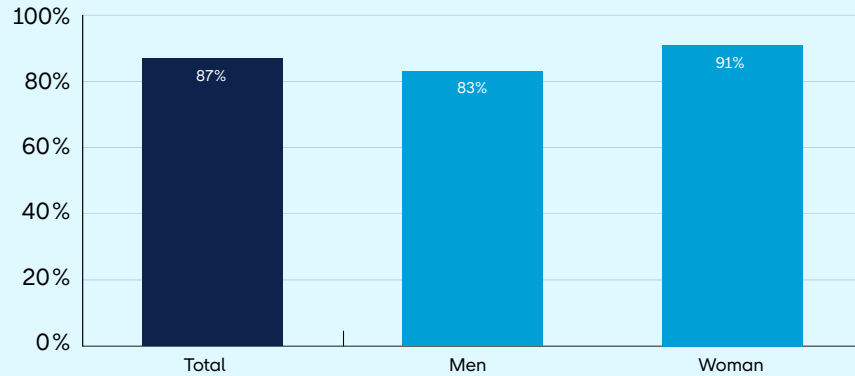
3%
were dissatisfied
with the delivery
of their most recent
online purchase*

Percentage of consumers who were given a choice regarding how their most recent e-commerce purchase should be delivered



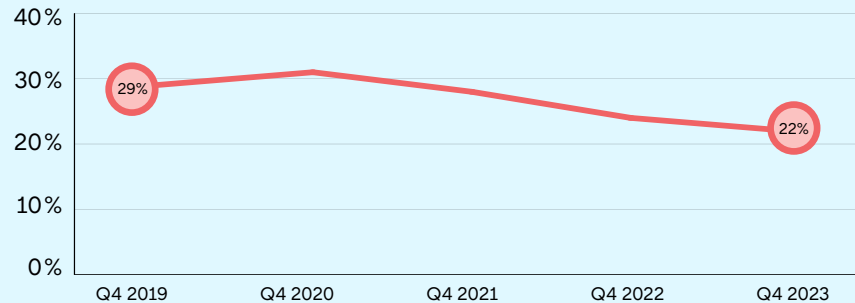
Basis: Consumers who have shopped online
* Basis: Consumers who have shopped online

Percentage of e-commerce consumers who think having a choice of delivery method is an important factor when choosing an e-retailer



Basis: Consumers who have shopped online

Percentage of e-commerce consumers willing to pay extra for same-day delivery



Basis: Consumers who have shopped online

* Basis: Consumers who have shopped online

49%
would like to **have their online purchases** delivered within 2-3 days*

Choice is crucial

When choosing which e-commerce store to buy from, the vast majority of consumers, in particular women, think that one of the most important aspects is being able to choose the delivery method. The flexibility to choose is crucial for many consumers and to ensure these consumers are not lost during the buying process it is necessary to offer a wide range of delivery options that can be adapted to different lifestyles and priorities.

In the year's previous E-barometer reports, it was clear that consumers prioritize choice but also reliability regarding deliveries, which shows that they have increasingly clear requirements that e-commerce should make everyday life easier for them. As many consumers prioritize reliability, the key is not simply getting the product quickly, as many people are willing to wait for

delivery as long as they know when it will arrive. The percentage of consumers who are willing to pay extra for same-day delivery varies by product category, but overall it has decreased in recent years. 22 percent of e-commerce consumers are willing to pay more for same-day delivery, but nearly half say they are happy to have their goods delivered within 2-3 days.

It is clear that flexibility and reliability are key aspects in ensuring customer satisfaction regarding the delivery process. By offering various delivery options that can be tailored to consumer preferences, while also ensuring reliable delivery, e-retailers can build and maintain consumer trust.

More diverse range of preferred returns options

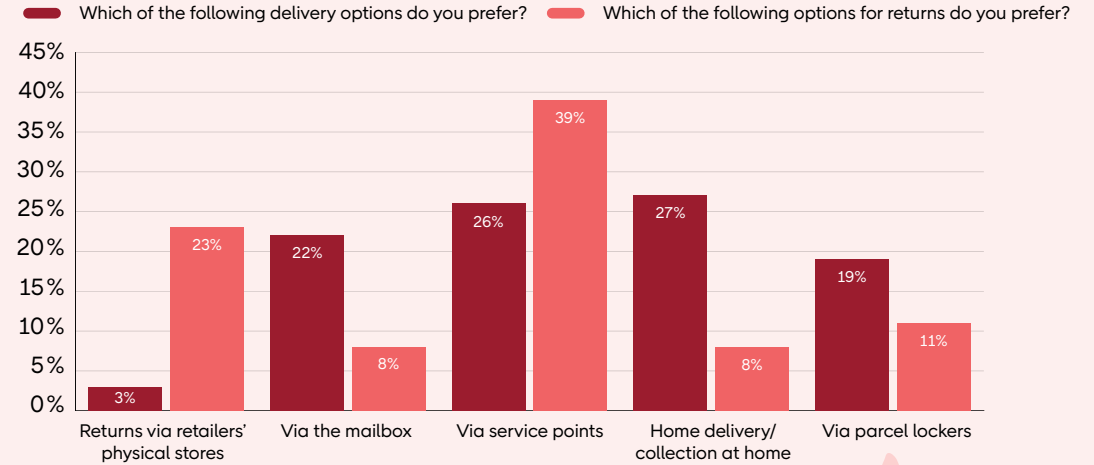
Physical stores play an important role in e-commerce, as many consumers are happy to return their online purchases there. Only 3 percent prefer to have their products delivered to a physical store, but no less than 23 percent prefer to return products there. Although many people find it convenient to be able to return goods to a store, the returns process itself is not an important factor when consumers choose between shopping in a physical store or online. Only 1 percent chose to shop in a physical store because they thought the returns process for online purchases would be too complicated if the item did not fit.

There is already a range of preferences regarding how consumers want to have

their goods delivered and the surveys are now also showing increased variation regarding how consumers prefer to return goods. This reflects the constant evolution and need for flexible options to meet different consumer preferences and needs.

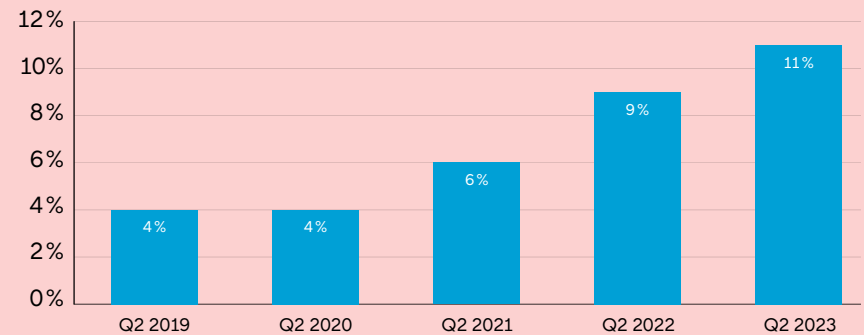
Return via parcel locker is still far down the list of preferred return options, but a closer look shows that it is rapidly gaining in popularity. As parcel locker deliveries have now become an established way of receiving online purchases, consumers are becoming increasingly comfortable with the option and more and more people want to return their goods via parcel lockers.

Consumers' preferred options for delivery and returns



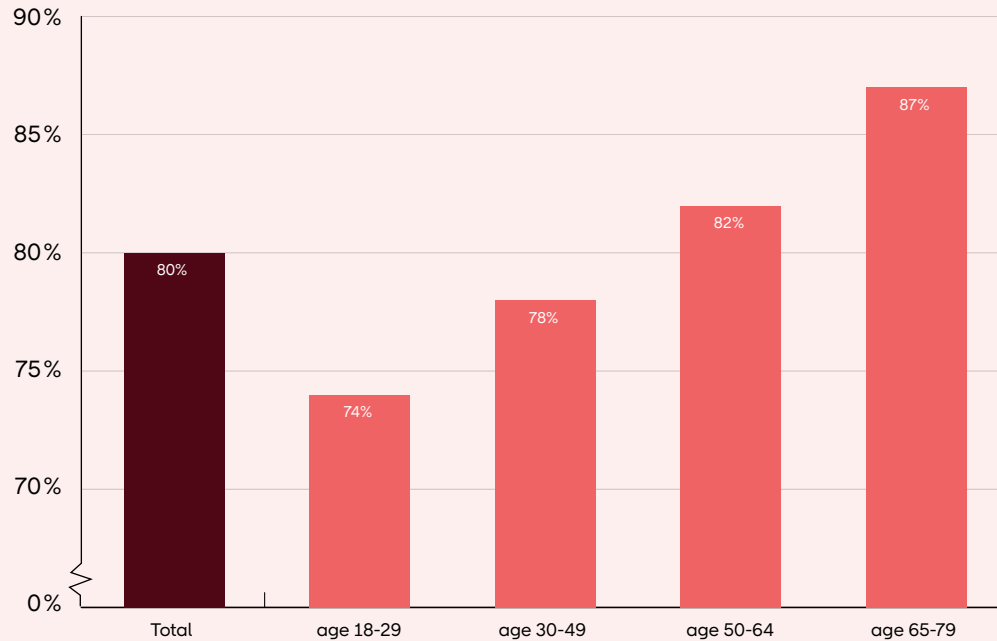
Basis: Consumers who have shopped online and returned their most recent online purchase

Percentage who prefer to return via parcel locker



Basis: Consumers who have shopped online

Percentage who think it is important to have clear information about returns procedures when choosing at which online store to make a purchase



Basis: Consumers who have shopped online
 * Basis: Consumers who have shopped online

15%
 of consumers think that the **returns conditions for their most recent e-commerce purchase** were unclear*

Clear returns procedures are crucial prior to purchase

The existence of clear information about returns procedures is crucial for e-retailers. This is particularly evident as no less than 80 percent of consumers indicate that clear information about returns management is one of the most important factors when choosing an online store. There is room for improvement for e-retailers in this regard, as 15 percent of consumers believe that the returns conditions for their most recent e-commerce purchase were unclear.

The fact that the share of people who consider clear returns information to be important increases with age can be partly explained by digital skills and habits. Younger generations have a

different attitude than older ones and often feel more familiar with digital platforms, which means they are more comfortable navigating online. At the same time, the increasing importance of transparent returns processes among older age groups can also be explained by their greater need for security and trust when making online purchases.

Regardless of age, the returns process seems to be a consistent and overall important point for all consumers. In order not to lose customers during the buying journey, it is important for e-retailers to provide clear and transparent guidelines about returns management.

Younger consumers optimize purchases via different channels

E-commerce and physical stores are becoming increasingly integrated and with the right tools the channels can support each other. Omnichannel strategies make the customer experience seamless and can benefit both e-commerce and physical stores.

The battle between digital and in-store has proven to be a close one when it comes to the channel in which purchases are actually made. Although the actual purchase is ultimately made in one or the other channel, consumers have proven to be adept at integrating both the physical and digital stores into the buying process. A third of consumers often combine the two options when shopping.

Younger consumers in particular are good at carrying out research on a cell phone, testing items in stores and then ordering online or using other combinations of channels when shopping.

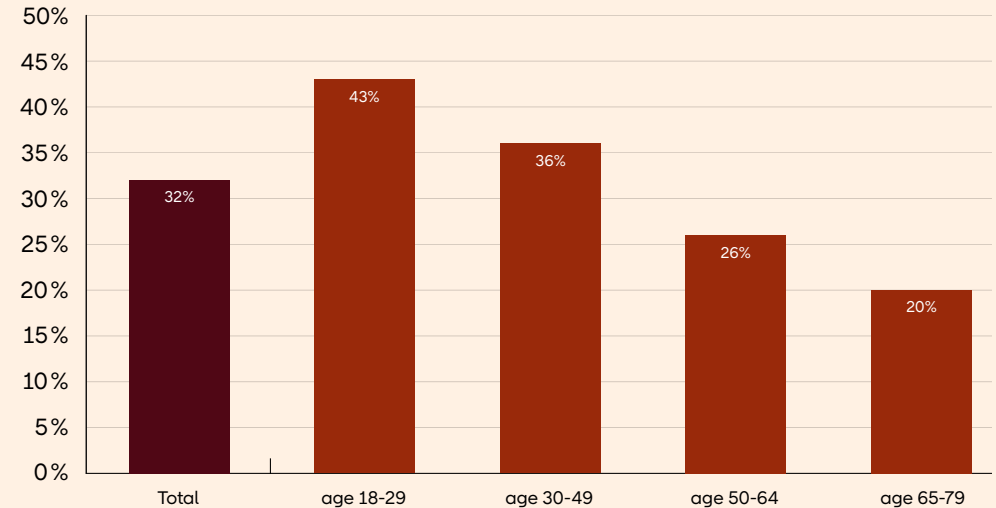
When buying in a physical store, almost half of consumers do some online research before making the purchase. Often using search engines or visits to the retailer's online store, and also by searching on social media such as TikTok. By offering added value such as online inspiration and promotions, e-retailers can attract consumers to their digital platforms while increasing the likelihood of them completing their purchases there.

Where the consumer made their most recent purchase



Basis: Consumers, all

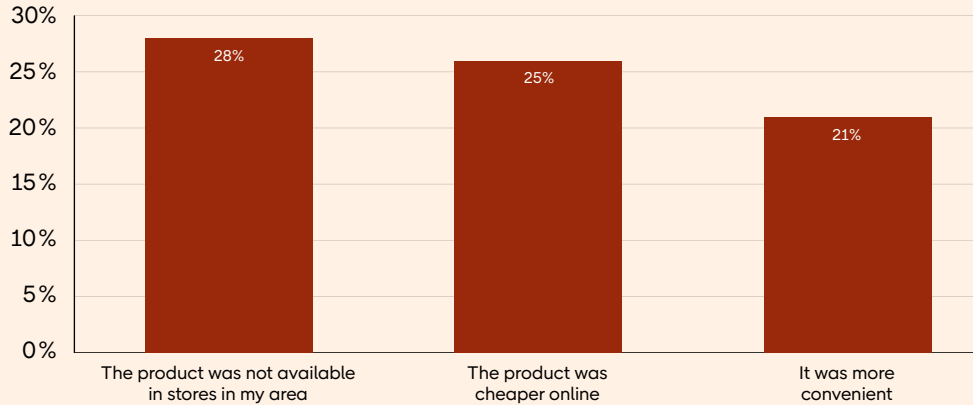
Percentage of consumers who shop always or mostly via multiple channels



Basis: Consumers, all

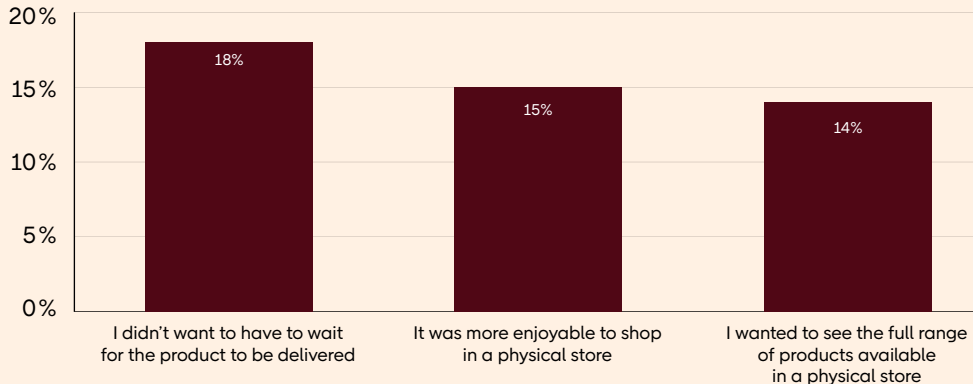
49%
of consumers in big cities **could have bought** their latest product in person but chose to shop online instead*

The three main reasons for shopping online



Basis: Consumers who have shopped online

The three main reasons for shopping in physical stores



Basis: Consumers, all

* Basis: Consumers who have shopped online

Crucial to play to one's strengths

Almost half of consumers in major cities chose to make their most recent purchase online, even though they could have bought the item in a physical store. Understanding why consumers actively choose to make their purchases online and playing to their strengths is essential in enabling businesses to develop successful e-commerce strategies. According to consumers, the main reasons for them choosing to shop online are the competitive prices and the wide choice.

Convenience is also a key reason for consumers choosing to shop online, but at the same time the unwillingness to wait for deliveries can make consumers consider choosing the physical store. Consumers are less impatient when

buying sports and leisure goods, but when it comes to home electronics they are more likely to shop in the physical store to avoid having to wait for delivery. This demonstrates complex needs among consumers, as both quick access and convenience are important.

To meet the diverse needs of consumers while taking advantage of the benefits offered by the in-store experience, e-retailers can implement strategies that encompass both online and offline commerce. Omnichannel allows customers to get the best of both worlds by combining the convenience and extensive range of products online with the immediate availability and personalized experience of a physical store.

The channels complement each other

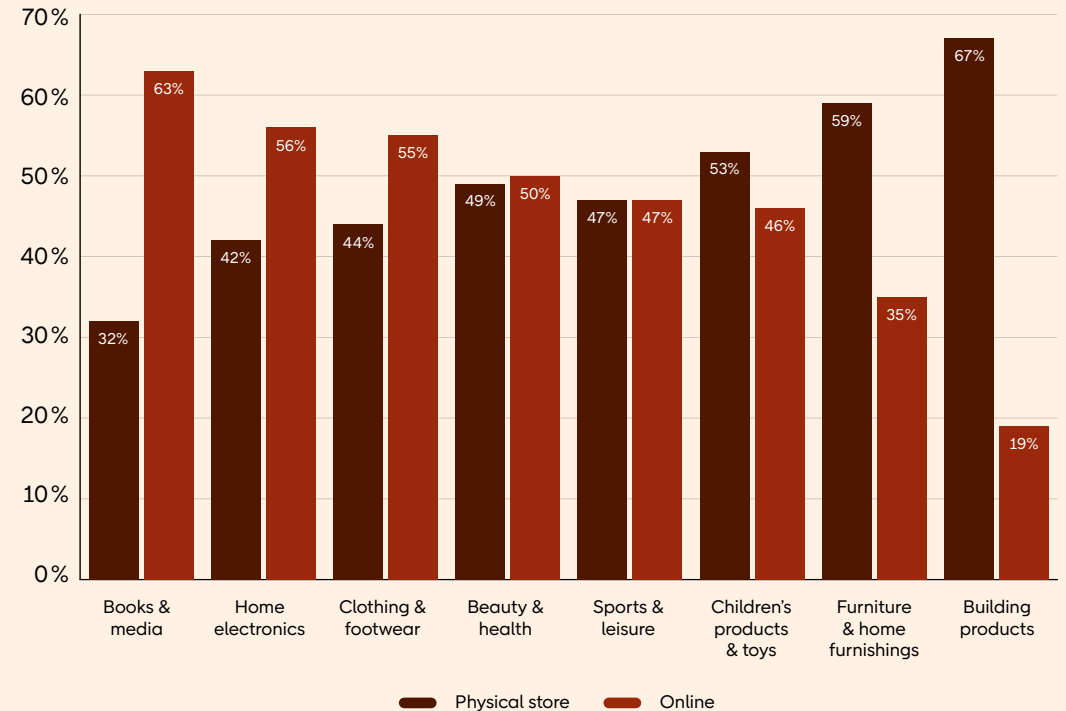
Although many people choose online shopping because of lower prices, it turns out that the average receipt is slightly higher online than in physical stores. Consumers tend to add more products to their virtual shopping carts, as shopping online is not only about hunting for the best deals; it is also easy to explore and discover a wider range of products online.

Consumers prefer to buy some products, such as books and media, online, while other products, such as building materials, are bought more often in physical stores. This shows not only which products are suitable for online purchase, but also what is currently most available to consumers and the maturity of the e-commerce industry. In some sectors, when consumers are asked where they made their most recent purchase, it is a tie between physical stores and e-commerce. In the beauty and health, and sports and leisure categories, physical stores and e-commerce are at the same level.

An interesting dynamic emerges when digital and physical channels interact. E-commerce companies sometimes choose to open physical stores to improve the customer experience. Customers can feel the material and get a better understanding of the size and appearance of the products there, creating a more engaging and personalized shopping experience. One example is Caia Cosmetics, which last fall opened its first physical store in the form of a pop-up.¹⁾ Lyko also invested in the physical channel and opened a flagship store in Stockholm in November.²⁾ At the same time, traditional physical stores can invest in e-commerce in order to meet customer needs regarding accessibility and product range in a more efficient way.

There doesn't necessarily have to be a battle between physical and online stores; instead retailers can benefit from the fact that the channels often complement each other.

Where did you buy your most recent purchase?



Basis: Consumers, all

¹⁾ NK
²⁾ Lyko

More than three quarters of consumers say that their most recent purchase in a physical store was preceded by digital research

E-barometern worked with Google to strengthen the analysis of some sections of the report. Initially, insights on omnichannel are shared here and more voices from Google appear later in the report.

Interaction between stores and e-commerce

Håkan Löfgren, Industry Manager Retail at Google, comments:

It is no surprise that the purchase journey is becoming increasingly digital. The Smart Shopper 2023 study provides interesting insights into consumer preferences and challenges for e-commerce, physical retail and omnichannel market participants.



Håkan Löfgren

Interestingly, this behavior is also very common prior to making in-store purchases as well, and in Sweden more than three quarters of consumers say that their most recent in-store purchase was preceded by digital research.

During the pandemic, the share of purchases preceded by digital research rose sharply and, despite a decline after societies reopened, we are now back at roughly the same levels as in 2020. In EMEA*, 73 percent of respondents say they did some research online regarding their most recent purchase. In Sweden, search engines are most commonly used, 52 percent, followed by online videos, 32 percent, retailer sites/apps, 21 percent, and social media, 19 percent.

At the same time, we see that e-commerce's share of all purchases is steadily increasing. Among Swedish consumers, almost half, 48 percent, of their most recent purchases were made on a website or in an app. The largest share is in the categories of home electronics, 64 percent, and jewelry, 69 percent. The cell phone is the device most commonly used for shopping, and accounts for nearly half of all purchases, which makes the cell phone purchase journey all the more important to optimize, in terms of both accessibility and speed.



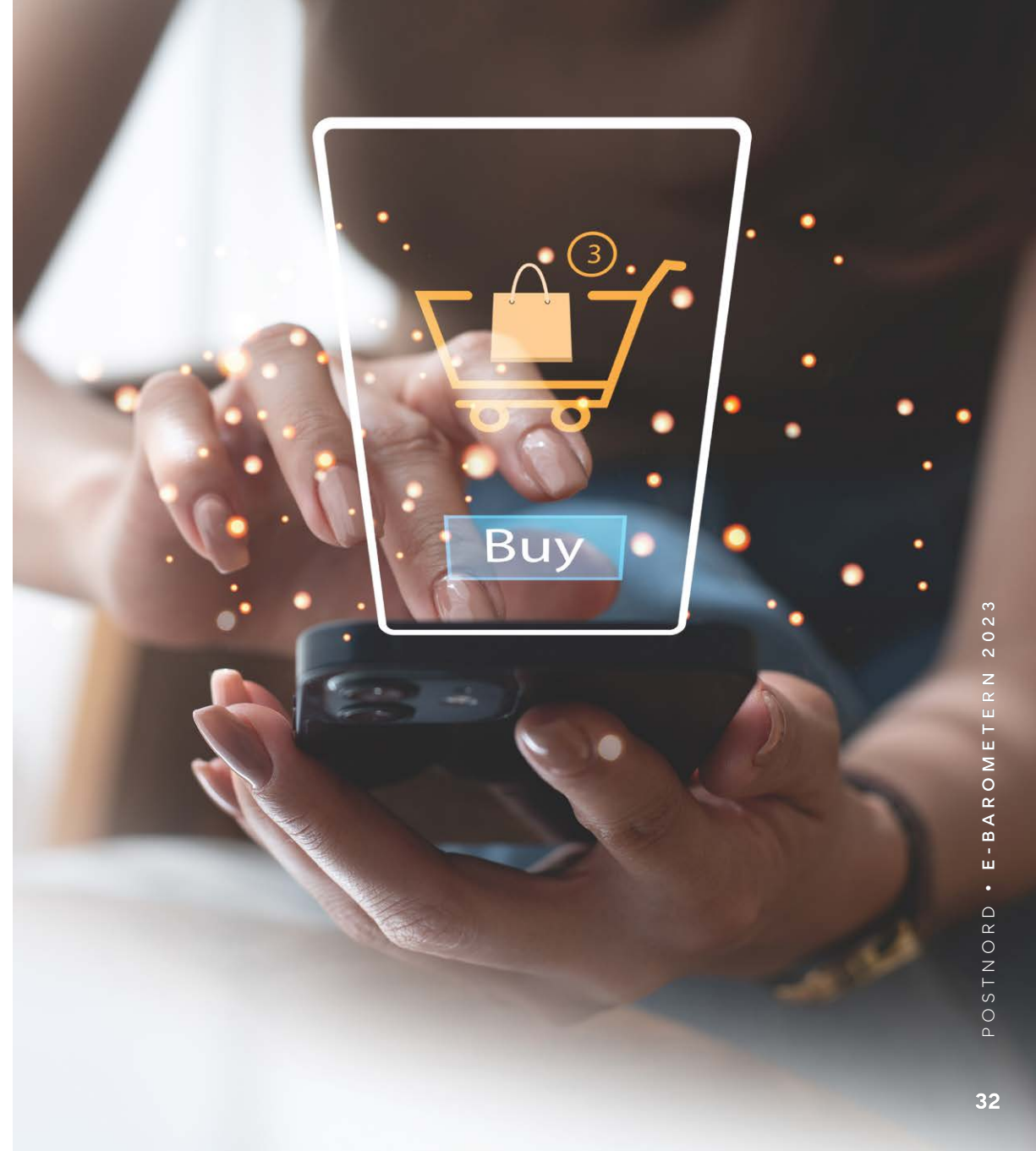
AI-generated image

* Source: Smart Shopper study 2023. Sweden How store closures impacted U.K. shopping behaviour

The proportion of customers who say they are channel agnostic, regardless of whether they choose to shop in-store or online, is also growing each year. Across all categories, 61 percent of consumers in Sweden say they do not have a preference with regard to e-commerce or physical stores, while only 11 percent prefer to shop online. However, the results vary greatly across categories, with home electronics having the highest share of customers preferring e-commerce, and grocery retailers having the lowest share. The large percentage of channel-agnostic customers creates interesting opportunities for both physical and e-commerce retailers to make their products visible and accessible to every customer, in every purchase journey. The factors that spoke most in favor of e-commerce were that it was easier to find a specific – or new – product, easier to find relevant information, and more convenient. For physical retailers, the main factors were the ability to take the product home directly and the ability to physically feel the product.

In 2023, Swedish consumers also became more inclined to buy well-known brands. On average, 23 percent of Swedish consumers say they have tried a new brand or retailer in the last 4 months, with the lowest proportion in the grocery sector and the highest in the jewelry category. The survey also shows that consumers are more likely to know which brand they want to buy than to know from which retailer they want to buy. Price is still the strongest reason to try new brands.

With increased online research, and given the large proportion of consumers who are channel agnostic, there should be plenty of potential for retailers to embrace an omnichannel strategy. There is potential in this regard to make greater use of both digital tools and marketing channels to drive consumers to stores and meet them where they are located. At the same time, there are a lot of opportunities for e-commerce to work on perceived pain points and make the purchase journey even faster and smoother. This represents an opportunity for the whole industry – and not least for brands looking to recruit new customers.





Omnichannel the secret to success

A well-developed infrastructure with fast deliveries, easy returns, the right price for relevant products and seamless interaction between stores and e-commerce. This is the recipe for success for DIY giant Clas Ohlson, which ended 2023 doing very well.

“We have noticed that when we open a new store, e-commerce also increases in that area,” says Lene Iren Oen, Sales Director with responsibility for e-commerce at Clas Ohlson.

Clas Ohlson was an early adopter of sending goods to customers, although it was called mail order when the company started operations in 1918. Today, e-commerce is a major success factor, thanks largely to integration with the store network, and lightning-fast e-commerce deliveries from its physical stores in Sweden, Norway and Finland.



Lene Iren Oen

solutions in their homes. And it has paid off: “Omnichannel thinking is by far the biggest success factor,” says

Lene Iren Oen, Sales Director with responsibility for e-commerce at Clas Ohlson:

“We get the best of both worlds when the two channels work together and complement each other. 100 years ago, we were early adopters of distance selling, and since

then we have acquired great competence in running a store, and magic happens for customers when the two channels meet. We have noticed that e-commerce also increases in areas where new physical stores open, so



“E-commerce also increases in areas where we open physical stores.”

there is a clear connection and I am proud that we have succeeded with the omnichannel concept,” says Lene.

“We took big steps forward in 2023 with products for the connected home, and machines for the garden was a big online category,” says Lene.

Today, half of the e-commerce flow goes through the physical stores, which Lene sees as being a natural development.

“Our customers use both sales channels interchangeably. Sometimes people do research online about what is available in stores and what is in stock, and then make the actual purchase in stores. We recognize that customers want to use both channels, so we focus a lot on the customer journey and how customers navigate our website and stores.”

Despite the current economic downturn and increased competition from low-cost market participants online, Clas Ohlson had strong results for both in-store and online sales in the second half of 2023. One reason is the focus on affordability in key product categories, to match customers’ tighter finances.

“We have noticed that customers have become more selective. A strong trend is increased price awareness, so we are adapting to ensure that customers feel they get value for money with us.”

There was strong growth at the end of 2023 in e-commerce in particular: sales increased by 17 percent in October and by 22 percent in December, to give some examples.

“This is based on getting the right price for relevant products. And good accessibility and service are an excellent combination for ensuring success and relevance,” says Lene.

Something the company has managed to do well recently is to be relevant to a broader group of customers. Twenty years ago, Clas Ohlson was jokingly referred to as the “old man’s nursery”. Since then, the Dalarna-based retail giant has undergone an extensive branding journey. Today, the customer base consists of equal numbers of men and women of all ages, and the product range now includes everything from home furnishings and lighting to tools and multimedia.

E-commerce customers are generally a bit younger and there are more women, and more durable goods are bought online whereas consumer goods such as batteries are bought in stores.

Clas Ohlson’s success in being both fast and responsive has broadened its customer base.

“We quickly adapt our products to meet customer expectations. We are also quick to change what we offer online and spend a lot of time trying to fulfill customer expectations regarding location. There have been challenging situations and changes for consumers in recent years and we try to be quick to follow trends in our product categories depending on the needs of our customers,” says Lene.

Such an example was during the pandemic when many customers needed products for their home office or in January this year when the media warned that war could happen in Sweden and Clas Ohlson was able to quickly meet the demand for survival products.

Another contributing factor to the success is the quick and high quality service Clas Ohlson offers its customers. In just 30 minutes, the customer’s online purchase is ready for pick-up in one of the chain’s 224 stores, which was particularly appreciated by



About Clas Ohlson

Accessible, sustainable and fun DIY for everyone is the motto of Clas Ohlson, founded in 1918 in Insjön, Sweden. The company currently has around 5,000 employees and is one of the strongest retail brands in the Nordic region. Its product range includes everything from kitchen products to cleaning and storage, electrical and lighting, home environment, construction, garden, leisure, the connected home and multimedia as well as spare parts. Sales are made via e-commerce and 224 stores in Sweden, Norway and Finland. In 2022/2023, Clas Ohlson had sales of SEK 9 billion. The Club Clas loyalty program, with over 5 million members, is one of the largest loyalty programs in the Nordic region.



“The key for us has been a strong e-commerce channel that integrates with our stores.”



customers during the pandemic.

“The pandemic made us think and adapt, and now that times are tough, we have a bit of a head start. Many retailers are struggling and it will get worse for them,” Lene believes.

“We work continuously to shorten our lead times and have worked hard with our delivery options to enable competitive and fast deliveries based on customer preferences. Improving our deliveries is an important part of our DNA, and our last mile deliveries are currently almost 100 percent green. We also have a concept that we call ‘feeder store’; we have ten such stores that we have adapted to be like e-commerce warehouses from which we offer same day deliveries to the customer’s home or other stores. The customer’s needs are always our starting point,” says Lene.

Clas Ohlson is focusing on optimizing its entire logistics network of distribution centers and stores to quickly handle larger volumes and customers’ increasing demands for fast deliveries.

“Meeting customer needs, reducing lead times, increasing availability and service are our main areas of focus. Thanks to the easy way of returning

products to the store, including anything bought online, we don’t have typical return problems,” says Lene, who also points out that the return rate is lower when buying consumables than, for example, clothes.

Clas Ohlson still sees great growth potential in Sweden and wants to open more stores.

“We see opportunities in a turbulent market and can expand our store network and interaction with e-commerce. We strongly believe in our model where e-commerce is developed together with the store network; more stores means more pick-up points for our e-commerce. Online shopping also increases in areas where we open physical stores. Through the click & collect option, we also bring customers into the store and have the opportunity to provide them with extra service and a better shopping experience, and we provide advice about products needed for a complete purchase, such as a light bulb.”

What do you think will happen in 2024? Which trends and customer behaviors will be important?

“If there is one thing we have learned, it is that long-term forecasts

are very difficult to make. Instead, we want to have products for all possible situations and be positioned to make quick changes if customers demand it. Relevance and price will become even more important in the coming years. Good customer experiences and fast deliveries will continue to be demanded and valued by customers. Helping customers solve problems and fix things at home makes us relevant. Our goal is to always have products that solve your problems.”

With increased demands for sustainability and value for money, Clas Ohlson has also put an increasing focus on repairs and spare parts.

“Our handyman service Clas Fixare makes our customer journey even smoother, with practical at home help, and the increasing trend for reuse is an important reason why we last fall acquired Spares Europe AB, a leading company in spare parts and accessories for electronic products. I don’t think we’ll be selling second-hand goods in the foreseeable future, but right now we’re making a big investment in spare parts so that customers can fix and reuse things, instead of buying new items.”



Top sellers in 2023

Online

Garden tools
Kitchen appliances &
coffee machines
Headphones

Store

Batteries
Printer paper
Food storage

The generations and e-commerce

E-barometer has examined several different perspectives to better understand how e-consumers shopped in 2023. One such perspective is generational and age-related online behaviors. Although age does not tell you everything about the consumer, it is a way of predicting trends in how e-commerce consumers will act in the future.

The four generations - Gen Z, Millennials, Generation X and Boomers - are not only different in terms of age, but also have different generational attitudes concerning online shopping. As all generations move online, it is important to understand similarities and differences so that no potential e-commerce consumers are left out.

Around one third of all consumers say they shop online at least once a month. The two younger consumer groups in E-barometer, age 18-29 and age 30-49, shop online the most, at 2-3 times per week. The older generations (50-64 and 65-79 years old) are less likely to shop online, but the significant increase during the pandemic has left a permanent mark. E-commerce is no longer just an alternative to physical stores, but has become an integral and natural part of commerce as a whole.

Another difference between the generations concerns which tools are used to shop online. For example, one in three young consumers shop online from their cell phone, compared to just over one in ten older consumers.

26%
of Gen Z and
Millennials shop
online 2-3 times
a week

Boomers

The post-war generation. It covers a wide age range, which is currently around 60-78 years old. This generation is slightly less likely to shop online than younger ones. However, the increased digitalization during the pandemic has led to more people shopping online. There is a certain amount of skepticism about internet use and e-commerce, which makes it important for Boomers that websites feel reliable, are easy to navigate and offer familiar payment methods. Boomers can be divided into two groups - Boomers I (1946-1954) and Boomers II (1955-1964).¹⁾

¹⁾ Beresford Research, January 2024





Gen X

The generation that entered adulthood in the 1990s. Aged 44 to 59 years old, they are also the group with the highest purchasing power at the moment. They ask for recommendations and reviews from other buyers rather than from influencers. They are also more skeptical about advertising than younger generations. Gen X is considered to be cautious, having experienced the harsh economic climate of the 1990s. They have greater demands for discounts and loyalty rewards than other generational groups.

Millennials

The first generation to grow up with the internet. Aged 28 to 43 years old, they are a high-spending consumer group with many of them being "DINKS".²⁾ With many years of internet experience, they are active e-commerce consumers, comfortable shopping online and used to looking for affordable goods. They have more brand loyalty and also expect rewards for being loyal. Like Gen Z, they are a group that care about the image of the brands they choose to support.



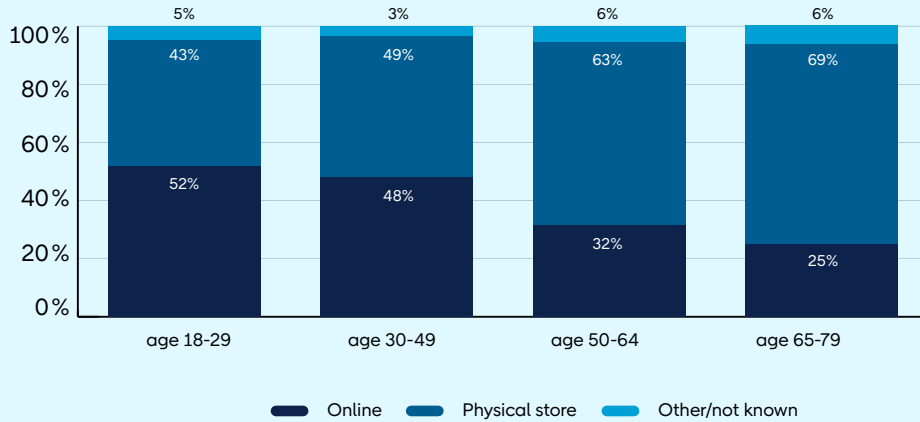
Gen Z

The youngest consumer group on the market. Gen Z are now between the ages of 12 and 27 and is the group that spends the most time online. They act quickly, which means that user-friendliness and online visuals are important for making purchases. As they do most of their research and exploring online, Gen Z both influences and is influenced there. Rather than being loyal to specific brands, they identify with the "image" of goods and what brands stand for.



²⁾ Acronym for: Double Income No Kids

In which shop type do you shop most often?



1 in 5
boomers prefer to search for goods in physical stores

8
percentage points. How much older people's online consumption increased over the last five years

Young people make more than half of their purchases online

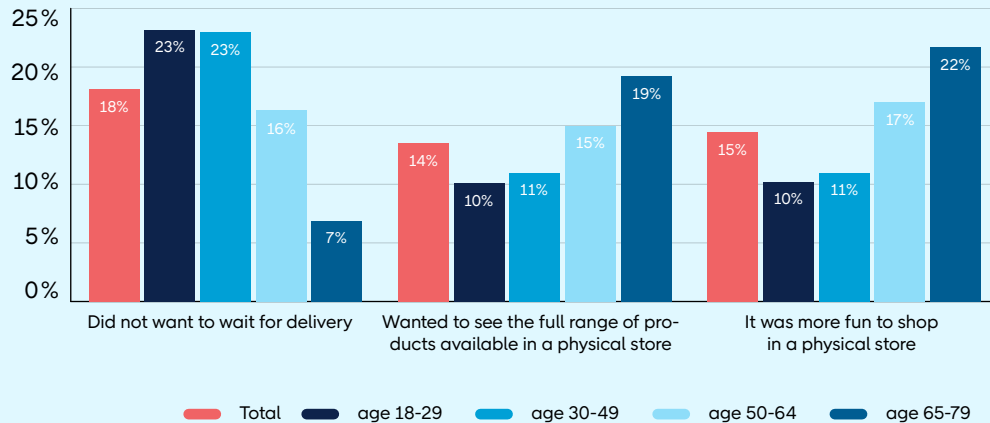
In 2023, more than half of young people's purchases were made online. For older consumers, it was a quarter, which is a significant number in a historical perspective. In the oldest age group, there is a marked increase in the amount of online shopping now - a full 8 percentage points more than in 2018. This means that all age groups, both young and old, are becoming a significant part of the consumer base.

of goods in a physical store. Among younger people who shop in physical stores, it is more about not wanting to wait or take delivery times into account. The desire for speed is a typical generational behavior, with younger people wanting speed in e-commerce, with smooth deliveries and fast processes in general.

In contrast, older consumers largely prefer physical stores. This is mainly driven by the fact that shopping in stores is more fun and that people want to be able to see and explore the range

Younger consumers are also most demanding of a fast and smooth user experience. One in five Gen Z would like online stores to offer better product images with visual tools to explore products more closely - which forces e-retailers to review their user friendliness.

Why physical stores are chosen over e-commerce



Basis: Consumers, all

The shopping cart - a modern wish list

Abandoned online shopping carts are becoming an increasingly common phenomenon. 40 percent of e-commerce consumers leave their shopping cart without completing the purchase at some point or another and as many as 30 percent do so several times a month. There are significant age differences here. Older people occasionally abandon their purchases, while younger people do so frequently - up to 15 times a month. For younger people, you could say that the shopping cart acts as a tool or a shopping list, probably because they spend more time online.

Using the shopping cart as a shopping list is a behavior that is likely to persist, even as Gen Z consumers get older. This makes the requirements for shopping cart designs tougher for e-retailers. This can include tools such as the ability to mark favorites and create

personalized shopping lists for easier and smoother purchases. Another example is the trend of gamification*, which Webhallen, among others, has been using for several years.¹⁾

Other non-completion behaviors are linked to age. For example 16% of 18-29 year olds do not complete their purchase because it was too expensive; this is a behavior that decreases with age.

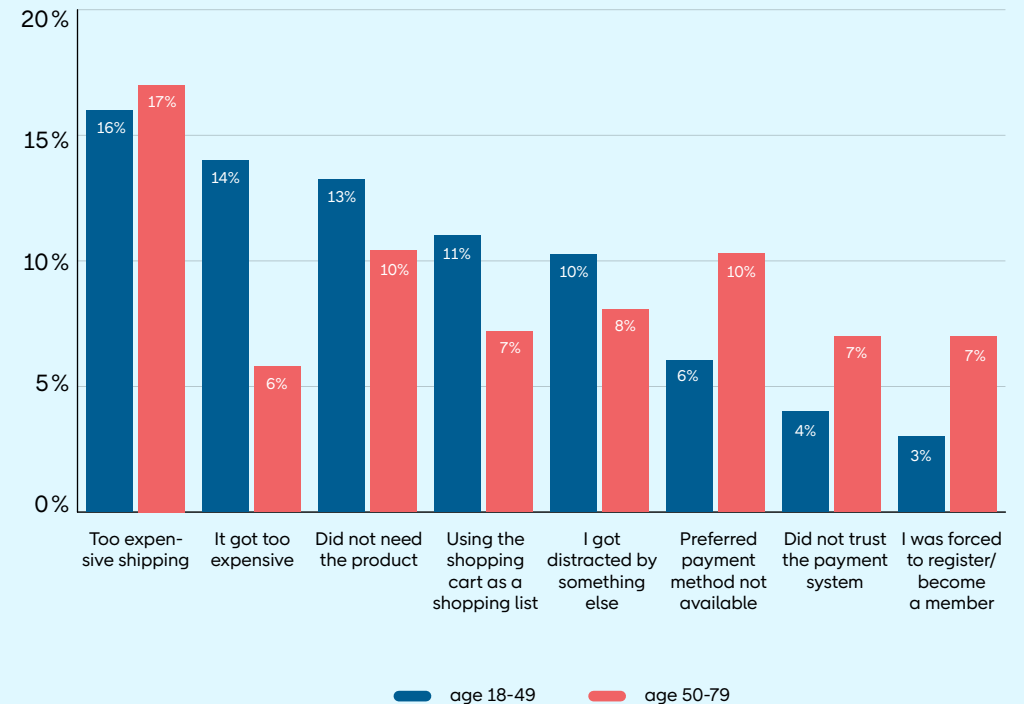
The reason for Gen X or Boomers abandoning purchases before completion is often that the preferred payment method is not available, or because they do not trust the payment system. More restrictive internet use in the older age groups makes it feel more cumbersome to have to register or share personal information online. As an e-retailer, it is therefore important to continue working on security in e-commerce.

¹⁾Gamification means that a website uses tools that create games within that platform. These can turn the purchase itself into a game where you can win points, increase loyalty points or find deals.

70%
of all e-consumers
sometimes cancel
their purchase while
they still have
something in
shopping cart

13%
of Gen Z use
the shopping cart
as a shopping list

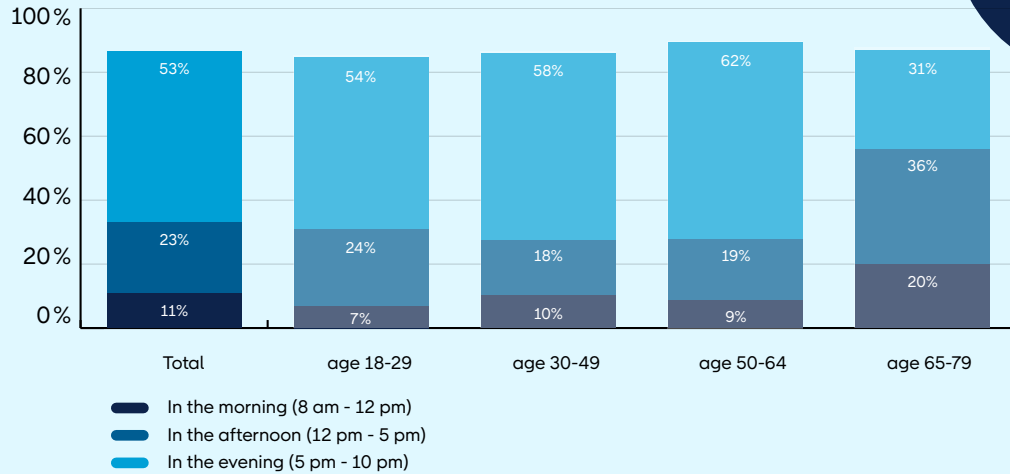
Canceled purchases in the shopping cart



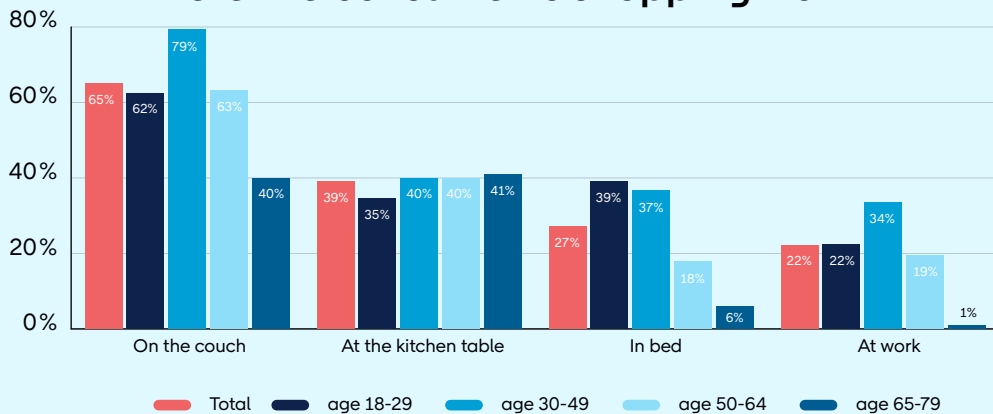
Basis: Consumers who have abandoned an e-commerce purchase

53%
of online purchases
take place in
the evening

Time of day when consumers shop online



Where the consumer is shopping from



Basis: Consumers who have shopped online

Age-related lifestyle influences

Today, three of four consumers do research before shopping online, and this number will increase as there becomes ever greater digital presence.

Gen X and Boomers mainly use Google or the shops' own websites. Younger consumers also use social media, marketplaces and customer reviews such as Trustpilot. The choice of research sources shows that the younger generations are keen to communicate with others online, for example when it comes to reviews. Communities where consumers share experiences and reviews among themselves have become increasingly common in e-commerce, so-called "UCG", User Generated Content.¹⁾ An example of UCG among Swedish e-retailers is the beauty company Lyko's site "Lyko Social".²⁾

Even the physical location from which you shop online varies depending on the type of purchase and lifestyle. Planned and financially heavy purchases are made at the kitchen table. Spontaneous or last-minute purchases are made in bed, and pleasure purchases are made on the couch. As the younger generations age, some aspects of their e-commerce behavior will change and others will remain - now they shop quickly, conveniently and late at night. The tendency to shop late can be seen as age-related and linked to time availability, while the desire for quick and convenient purchases is part of generational behavior.

The difference between an age-related lifestyle and generational behavior is therefore important to keep in mind as an e-retailer. When it comes to predicting generational behavior and changes in e-commerce, this can be particularly important.

¹⁾ Cosmetics Business, July 2023 ²⁾ Lyko, October 2022

1 of 3
 young people spend
more than 6 hours
online each day

Awareness of healthy screen time is increasing

With the rise of technology, a significant proportion of consumers are now part of fully digital generations, known as digital natives*. They navigate the internet better than any other generation, and don't just shop online - they live online.

This may not necessarily always be the case going forward. Younger generations have started questioning their extensive online presence. The phenomenon of digital detox, or disconnecting from the digital world, has become a popular phenomenon in society and research. In the Nordic countries, research on what happens in the brain when a person disconnects from the digital world is being conducted,¹ and this is increasing the focus on the link between

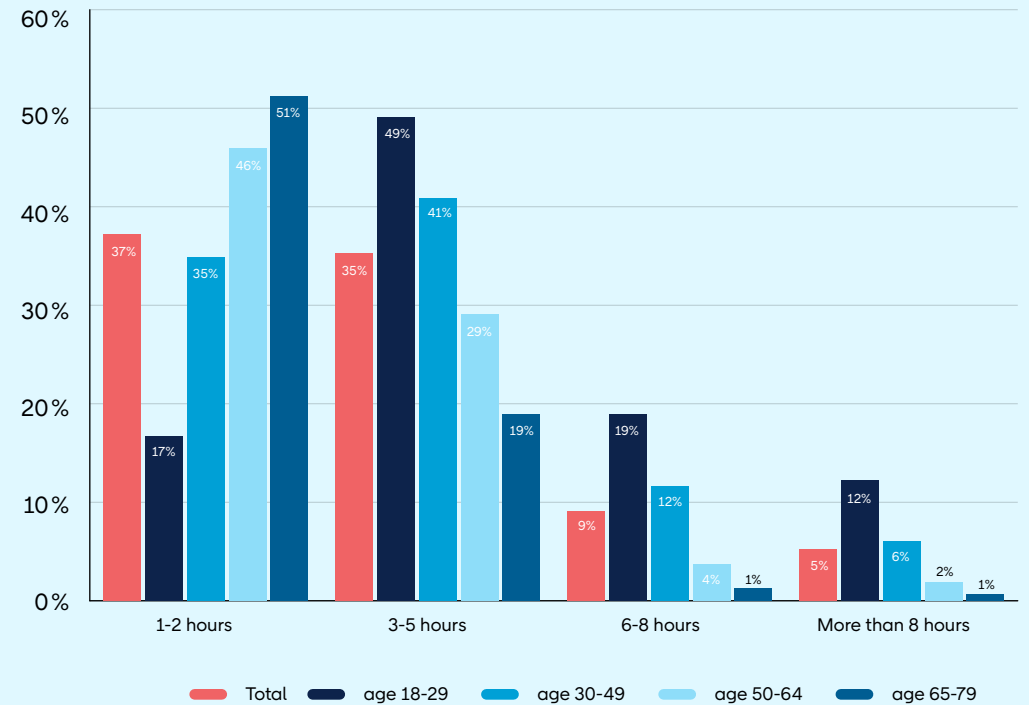
screen time and health. Screen time is significantly higher among younger generations than older ones. One in three young people spends more than 6 hours a day online, and according to Ungdomsbarometeren, 73% say they have too much screen time.² More and more young people are aware and critical of their digital habits.

So there are signs of a trend where e-commerce consumers may spend less time online in the future. While this does not guarantee a trend reversal in the future, it is interesting for e-retailers to follow the evolution of what their target audience thinks about their internet use - after all, it is a basic prerequisite for e-commerce consumption.

*Digital natives refers to generations that have come after the advent of the internet and the rapid development of technology. These are individuals who have grown up in a fully digital society, and are more accustomed to using digital tools than older generations.

¹ University of Oslo, January 2024 ² Ungdomsbarometeren 2023

E-commerce consumers' screen time per day



Basis: Consumers who have shopped online

More than a third of Black Friday Week sales were Christmas presents

34%
of **Black Friday Week**
online sales were for
Christmas presents*

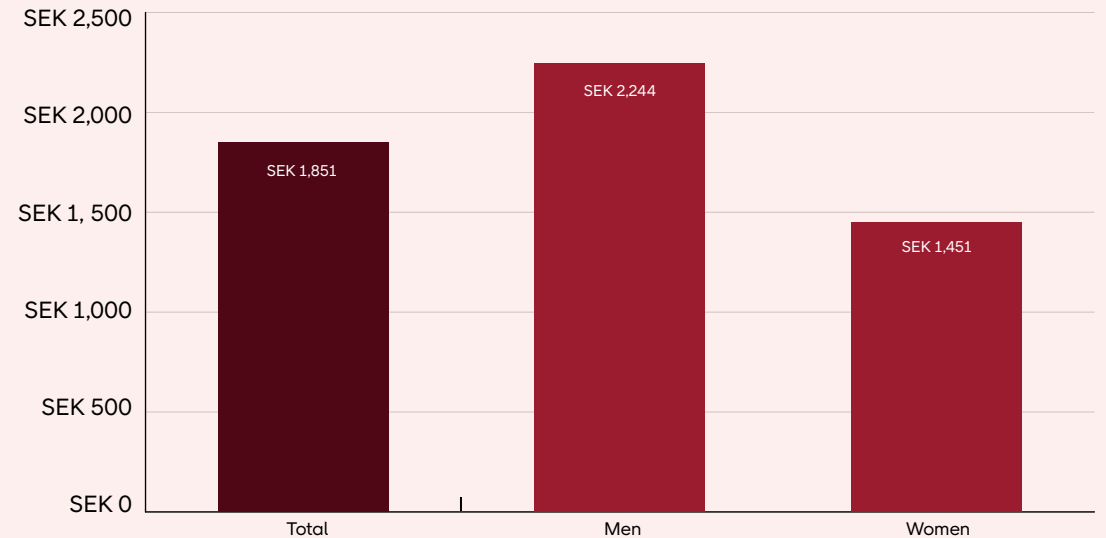
The latest E-barometern took a deep dive into Black Friday Week and Christmas shopping. The report showed that good preparation was made by online retailers in the run-up to Christmas. Now that Black Friday Week has passed, the measurements show that as much as 34 percent of Black Friday Week sales were for Christmas presents. However, the economic situation has had an impact. Consumers are price-conscious and increasingly keen to buy their Christmas presents at a good price.

For the first time, E-barometern measured the volume of sales during Black Friday Week, and now therefore has an interesting reference point for future measurements. According to Prisjakt and Svea Bank, sales during the entire Black

Friday Week decreased by 2.2 percent while on Black Friday as a single day they increased by 2.4 percent.¹⁾ This further demonstrates consumers' price consciousness, as many of them postponed their purchases until the Friday hoping for even greater discounts.

The gendered pattern of consumption during Black Friday Week is still evident. On average, men spend significantly higher amounts than women, mainly as they tend to buy more expensive items such as home electronics. The outcome of Black Friday Week thus shows an increased price awareness among consumers. The fact that a large proportion of Christmas presents are purchased already during Black Friday Week shows that consumers are more proactive than ever.

Average amount per person during Black Friday Week

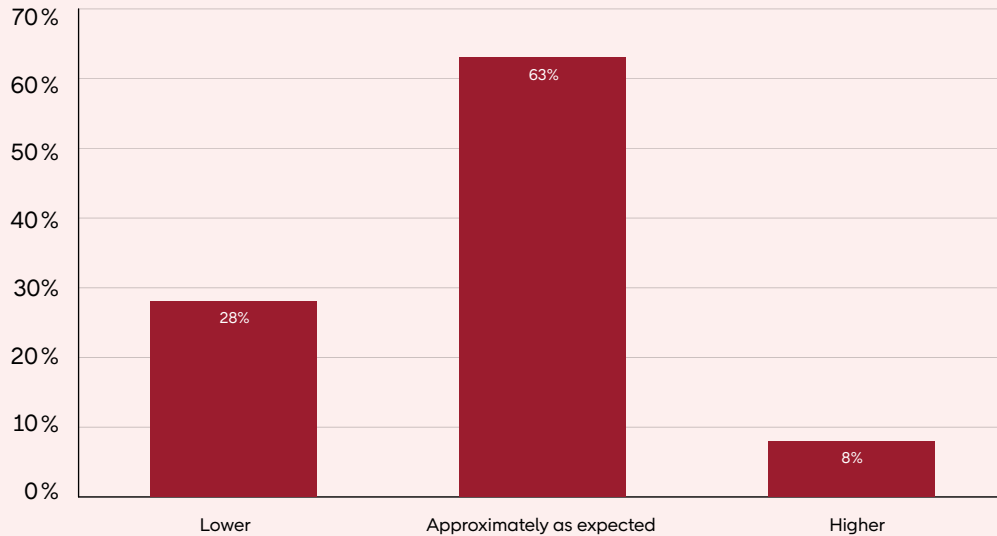


Basis: Consumers who have shopped online

* Basis: Consumers who have shopped online. Percentage calculated by dividing the average receipt for Christmas presents during Black Friday Week by the average total receipt during Black Friday Week

30%
 increase in the number
 of international parcels
 in comparison to the
 previous year's
 Black Friday Week¹⁾

E-retailers' Black Friday Week sales compared to their expectations



Basis: All e-retailers

More parcels despite a calmer Black Friday Week

As previous E-barometer reports have shown, Black Friday Week has become a solid tradition in recent years. More than a third of consumers planned to shop during the 2023 Black Friday Week, which is in line with previous years' surveys.

In terms of e-commerce companies' expectations, Black Friday Week sales were roughly as expected for most companies. However, a significant proportion of companies, one in three, report that their sales did not live up to expectations and were lower than they had anticipated.

Despite the fact that many Swedish e-retailers experienced lower sales than expected, Paketindex shows that the number of parcels purchased online by Swedish consumers grew by 8.5 percent compared to the same period last year.¹⁾ It is therefore likely that more parcels but with lower average prices were

purchased during Black Friday Week. It's also clear that consumers are buying more goods online from abroad, as seen during the Black Friday Week period this year, when the number of international parcels increased by as much as 30 percent.

The main explanation for the increasing volumes from abroad is the entry of international low-cost giants that started to turn their attention to Europe during the year. For example, international discount retailer Temu significantly increased its advertising for Black Friday Week,²⁾ launching sales promotions on already extremely low prices. The low price trend is described in more detail later in the report but is likely to have had an impact on this year's Black Friday Week. Together with the underlying economic situation of consumers, this generated a slightly lower than expected result for several Swedish e-retailers.

¹⁾ Transportföretagen, Paketindex Q4 2023 and entire year 2023 ²⁾ E-handel.se, November 2023

Second-hand online, something for all generations

The second-hand market has grown significantly in recent years and has often been described as a 'young trend', driven by Gen Z. Women aged 18 to 29 have been the target group for many retailers that have established circular models.

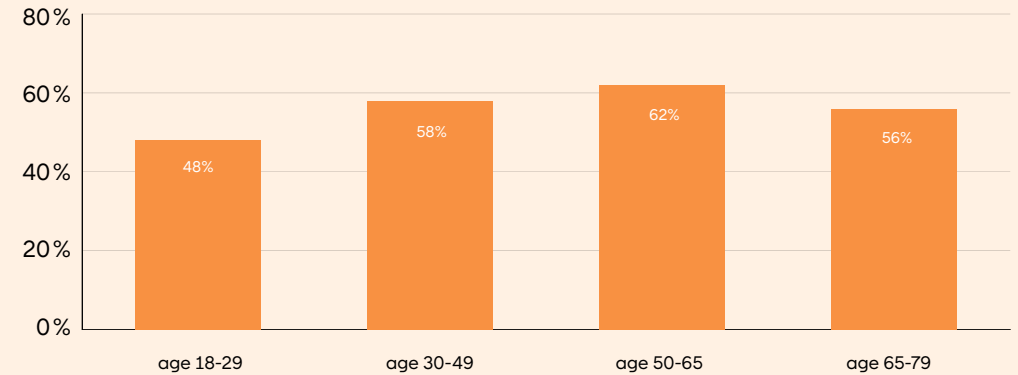
However, it is clear from the E-barometer surveys that second-hand goods are becoming increasingly popular among all generations. The e-commerce format in particular is attracting more people every year. Growth can be seen in particular in the 50-64 age group, where 6 of 10 now say they buy more than half of their second-hand goods online. Within the age group 18 to 29, less than half of them buy most of their

second-hand goods online, and for them the physical format is still appealing.

In fact, it's not surprising that older people are turning to the digital format to make their second-hand purchases. As mentioned in the generations chapter, smoothness and convenience are crucial for older target groups, and these needs are met by the fact that it is easier to search and browse used goods online than in physical stores.

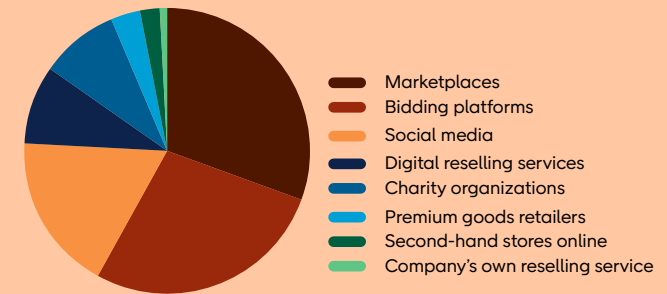
In the older target groups, it is also more popular to buy second-hand items from premium retailers and via online auctions. Again, smooth search functions and convenience are key factors.

Percentage of consumers buying more than half of their second-hand goods online



Basis: Consumers, all

Where this age group buys their second-hand goods online



Basis: Consumers who bought at least one second-hand item online in the past month, age 50-64 years old

35%

bought second-hand in 2023 due to the economic situation*
(4 percent more than in 2022)

Average purchase for top four most popular categories for second-hand shopping online

| | |
|--------------------------------------|------------------|
| Clothing and footwear (23%) | SEK 484 |
| Furniture and home furnishings (17%) | SEK 765 |
| Children's products and toys (12%) | SEK 290 |
| Home electronics (10%) | SEK 2,039 |

In brackets: percentage of consumers who purchased their most recent online product from that category

Average second-hand purchase*

SEK **1,473**
(SEK +328)

Consumers spend more on second-hand

For the past two years, E-barometer has surveyed the second-hand consumption of Swedish e-commerce consumers. Since the start of the survey, the phenomenon has grown; for example, the average purchase has increased by SEK 328 since Q1 2022. So consumers are spending more this year, despite tough economic times. In fact, more consumers than ever say that this is exactly why they are buying more second-hand now compared to last year - to save money in the long run. Thus, the increasing interest in second-hand is not a complementary behavior, as consumers are actually shifting part of their consumption of new products to second-hand.

The second-hand market is a very heterogeneous market, with goods from all categories and time periods. There is also a wide variation in price, with some goods becoming cheaper and others significantly more expensive over time. The average price for different categories of goods varies widely. The most common second-hand purchases are clothing and footwear, but these are at the low end of the average prices. In this category, affordability is the key.

Home electronics are at the other end of the spectrum with their average value being over SEK 2,000, but are only purchased by 10 percent of e-commerce consumers. For e-retailers who are curious about circular business models, it is important to follow the development of the second-hand market for their particular product category.

* Basis: Consumers who have bought at least one second-hand item online in the past month

Used goods with added value have an appeal

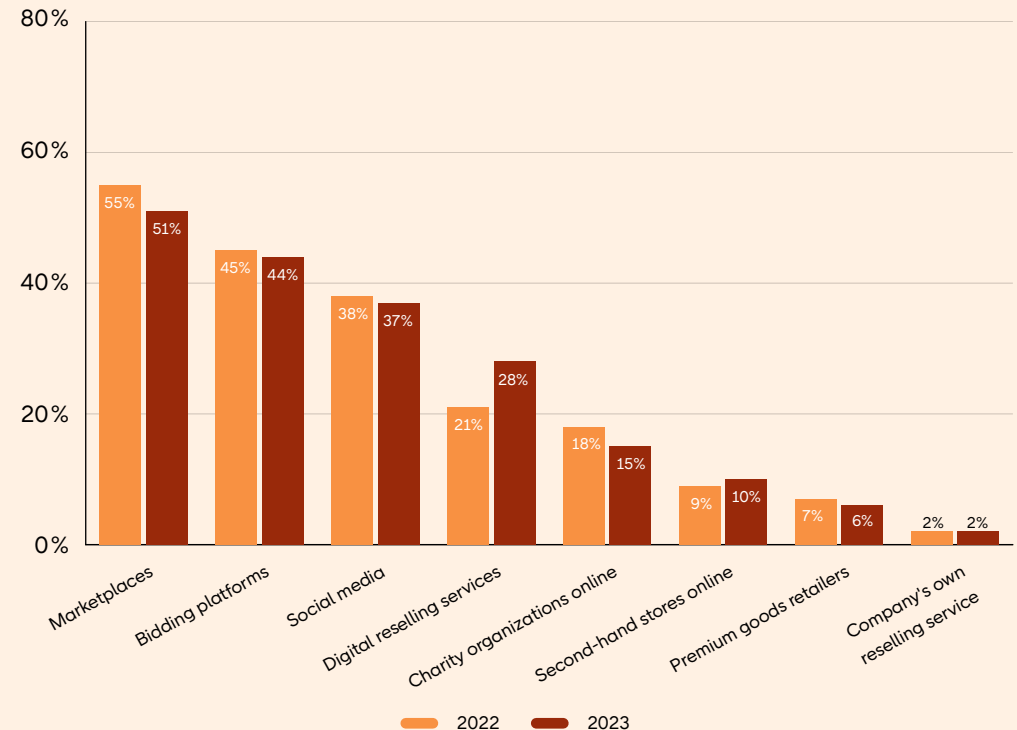
More and more consumers are turning to the second-hand market, many because of the current economic situation. But it's not just the prices that are appealing. As described in previous reports, there are several good reasons for buying second-hand: consumers also perceive it as sustainable, unique and exciting.

2023 was a year when second-hand was not only talked about but became a distinct and separate market. New players are establishing themselves rapidly and battling to find their place in the market. Market participants with traditional linear sales are starting to adopt circular models to expand their catalogues. One example is H&M's Arket, which launched Rearket at the end of the year. This is an indication that even large, established

players are starting to realize the potential of second-hand.

In a maturing market, more and more market participants are looking for new innovative ways to attract customers and add new value. Many focus on creating a smoother buying journey, or even a smoother selling journey. Market participants like Plick and Sellpy are integrating services like collection and valuation to appeal to sellers, with these being known as digital reselling services. For Sellpy, it is clear that the concept works. As many as 43 percent of women aged 18 to 29 used a digital reselling service in 2023, and overall, the proportion increased by 7 percent since the previous year.

How consumers shopped second-hand during the year



Basis: Consumers who have bought at least one second-hand item online in the past month

Tradera: “Men have woken up”

Tradera started its circular trading 25 years ago. The e-commerce site is now more in line with the times than ever, and has grown to become Sweden's largest marketplace for second-hand and used goods, and now men have also woken up and started clearing out their closets. We met Tradera to summarize 2023 and hear their thoughts about 2024.

The myth that it is mostly women who buy second-hand goods online has never been true on the e-commerce site Tradera. A third of Swedish consumers have a Tradera account and just as many men as women look for bargains there. What the average buyer looks like is different for each category. Mothers of young children hunt for children's clothes and toys and furnishings, while men hunt for car parts or collectibles such as coins, watches and stamps.

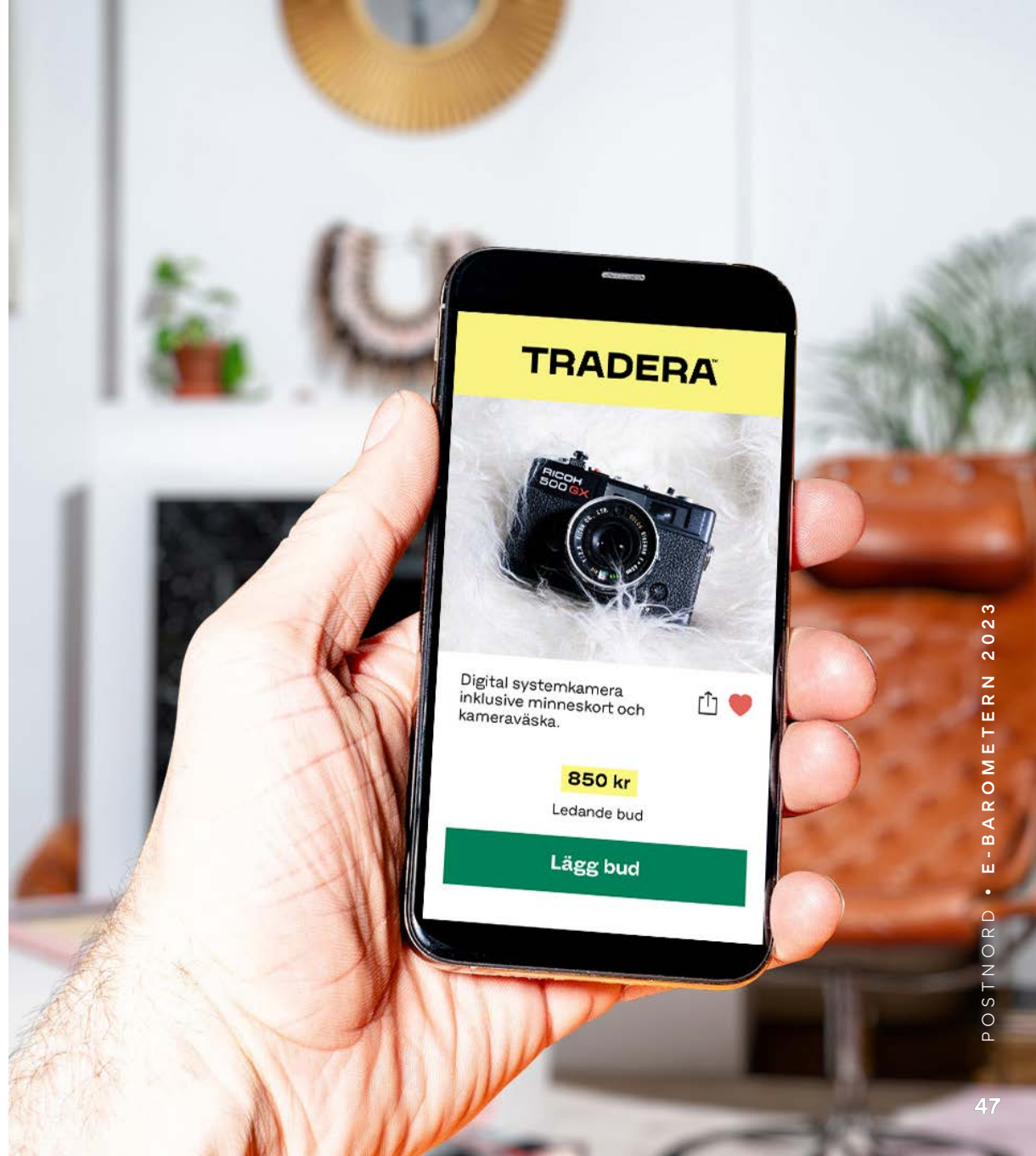
“Shopping patterns differ between men and women. Men buy more items and more expensive things and in different categories than women,” says Sofia Hagelin, Head of Communications at Tradera.

Tradera's vision is to be a leader in the transition to a circular economy and,

despite the economic downturn, 2023 was the best year in Tradera's history. More than 10.7 million reused items found new owners. Sellers can choose to list items at a fixed price, for auction or for a combination of the two, and sellers pay 10 percent commission to Tradera. For buyers, the service is free and payment and shipping costs are integrated to facilitate the transaction. It is also possible to pay for buyer's protection, to safeguard against the product breaking during shipping or not meeting the buyer's expectations.

“We work hard to be the best marketplace for second-hand goods. The process of making circular purchases should be easy, convenient and enjoyable,” says Sofia.

The target audience is reached



Sofia Hagelin



via television, outdoor and digital advertising.

“We also ensure we have a presence on forums and in interest groups in specialist areas where we have a good range of products available, such as exclusive watches. For example, collector categories such as stamps and Pokemon cards are mainly reached via fairs or magazines, but in fashion we work with PR, influencers and collaborations with fashion communities, such as the Facebook group Labels we love.”

In terms of the number of products, clothing, footwear and accessories are by far the largest but the top list of the most searched product categories reflects the wide range of products that are available. Svenskt Tenn, Lego and photographic equipment are always near the top of the list, and fishing gear, games consoles, exclusive watches, stamps and collectible images such as Pokemon are also in demand. In other words, it's a good mix, which is to be expected with 3.8 million registered users.

But not just physical items are sold on Tradera – last year a duet with Molly Sandén was sold for SEK 115,500. The opportunity to take over Therése Lindgren's Instagram account for a day attracted nearly 46,000 users and the most popular auction of the year was a private performance by Markoolio with

the proceeds going to Musikhjälpen.

“But more often than not, customers are looking for a specific item and search for the brand. In some categories, there are lots of searches but not many items available, which results in high sell-through. We work actively in such cases to bring in more of the desired products,” says Sofia.

There are demand trends during the year, with the strongest month being October, when many people seem to clean out their homes, and for Christmas-loving Swedes the hunt for vintage Christmas decorations and second-hand Christmas gifts begins then as well.

What stood out in 2023 was that men, who previously mostly looked for cars and building parts, seemed to wake up and start clearing out their closets.

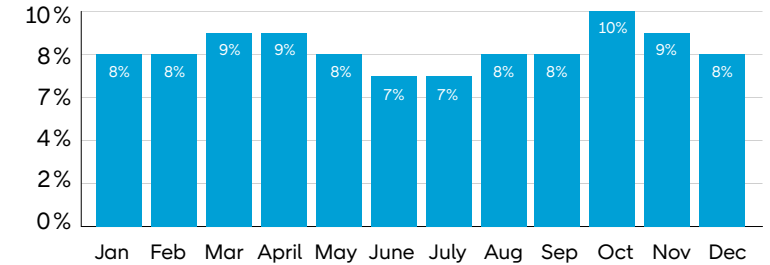
“We have always had equal numbers of men and women, but men are now more active in the clothing category. Men's clothing climbed to number seven on the top list and sales of men's shoes, wristwatches and sunglasses also increased,” says Sofia.

Barbie dolls and clothes also saw an unexpected 25 percent increase thanks to the Barbie movie. At the same time, interest in former best sellers such as retro porcelain and cuttings cooled.

“Some teacups from Gefle



Distribution of GMV by month, 2023



Source: Tradera. Gross merchandise value, sales

Categories that were trending in 2023

1. Wristwatches 36%
 2. Men's clothing 34%
 3. Sunglasses 24%
 4. Women's clothing 22%
 5. Collector images 21%
 6. Headphones 17%
 7. Musical instruments 16%
 8. Playstation 14%
 9. Bags 13%
 10. Fishing 13%
- (increased most in terms of number of completed auctions for private individuals 1 Jan - 31 Dec compared to 2022)

Largest categories in 2023

1. Clothing (1)
 2. Antiques & Design (2)
 3. Collectors' items (4)
 4. Children's clothing (3)
 5. Music (5)
 6. Hobbies (7)
 7. Children's toys (6)
 8. Books & magazines (8)
 9. Stamps (10)
 10. Home and household items (9)
- (last year's ranking in brackets)

Tradera in figures

6 million – this is how many visits Tradera has every week.
1,000 items are acquired by new owners every hour on Tradera
1,000,000 transactions are completed every month on Tradera
10.7 million items got new owners in 2023
4,892,614 carbon offset shipments booked via Tradera in 2023
SEK 310,500 was the cost of the most expensive item of the year on Tradera – a diamond ring
8.4 days is the average time for a sale

The 10 most frequent search terms on Tradera in 2023

Svenskt Tenn, Lego, Zundapp, Märklin, Volvo, Saab, Omega, Puch, Fjällräven, Barbie



Porlins-fabrik used to sell for astronomical sums of several hundred thousand kronor.”

“But in tougher economic times, shoppers are being more careful with their money and demanding more everyday items. More people are looking for cheaper alternatives when shopping for clothing, footwear and furnishings. It also feels virtuous to buy second-hand because it’s good

for the planet,” says Sofia.

Over the past six years, Tradera’s profitability has increased and broken records, despite the pandemic and more difficult economic times.

“In a time of global uncertainty and recession, during which the retail sector has had major challenges overall, we have had stable sales. But we noticed a slight slowdown in demand in 2023.”

This year also looks like it will continue

“Our vision is to be a leader in the transition to a circular economy.”

to be tough economically. That’s why Tradera is working hard to push sales and expand its services. A major innovation last year was the possibility for buyers to suggest a price and for the seller to then make a counter-offer.

“Being able to negotiate like this has increased the number of transactions completed on Tradera, especially in the current recession. Going forward, we believe that the main areas of growth will be everyday items such as footwear, clothing, furnishings, computers and home electronics. In bad times, more people choose to buy goods second-hand for reasons of affordability. We think many people will supplement their income by selling more expensive items, such as jewelry, watches, bags, motorcycles and expensive tools,” says Sofia.

The last five years have seen a change of attitudes in society. More and more people, especially young people and women, have become aware of the downsides of the consumption of newly-produced articles. However, second-hand buying is



Most visited auctions in 2023

1. Private gig with Markoolio! (69,434)
2. Henrik von Eckermann auctions off an exclusive watch! (53,726)
3. The magical amber in the Christmas calendar Troll Times - The Legend of the Mountain Troll (48,963)
4. Signed Electric Banana Band guitar (47,518)
5. Take over Therése Lindgren’s Instagram account for a day! (45,709)
6. Best-in-test desk (37,395)
7. “I’m on fire” picture by Jennifer V Franzén (34,814)
8. 50 Öre 1875 (30,933)
9. Gröna Lund guitar, signed by 25 artists! (32,797)
10. Sing a duet with Molly Sandén on her tour! (23,977)

"An item is sold on Tradera every three seconds"

still a small part of total retailing and achieving the UN climate goals requires that even linear businesses become more circular.

"But reuse and circular trade is still a relatively undeveloped future industry and the situation will be different going forward. This means new opportunities for Tradera to collaborate with companies and develop new business areas," says Sofia.

One example launched in 2023 is Tradera Circular Brands, which is a way of helping other companies become more circular in their business models.

"A major challenge for companies with linear production is making their circular business profitable and finding a responsible way to deal with returns, sample collections or goods with production defects that cannot be sold as new. Tradera can help businesses with this transition and we can also help them encourage their customers to recycle more. We can offer a huge platform of Swedish fans of second-hand and help companies reach out to these buyers in a good way, through a mutually beneficial business agreement," says Sofia.

Tradera already has around 20 partnerships with retailers in fashion

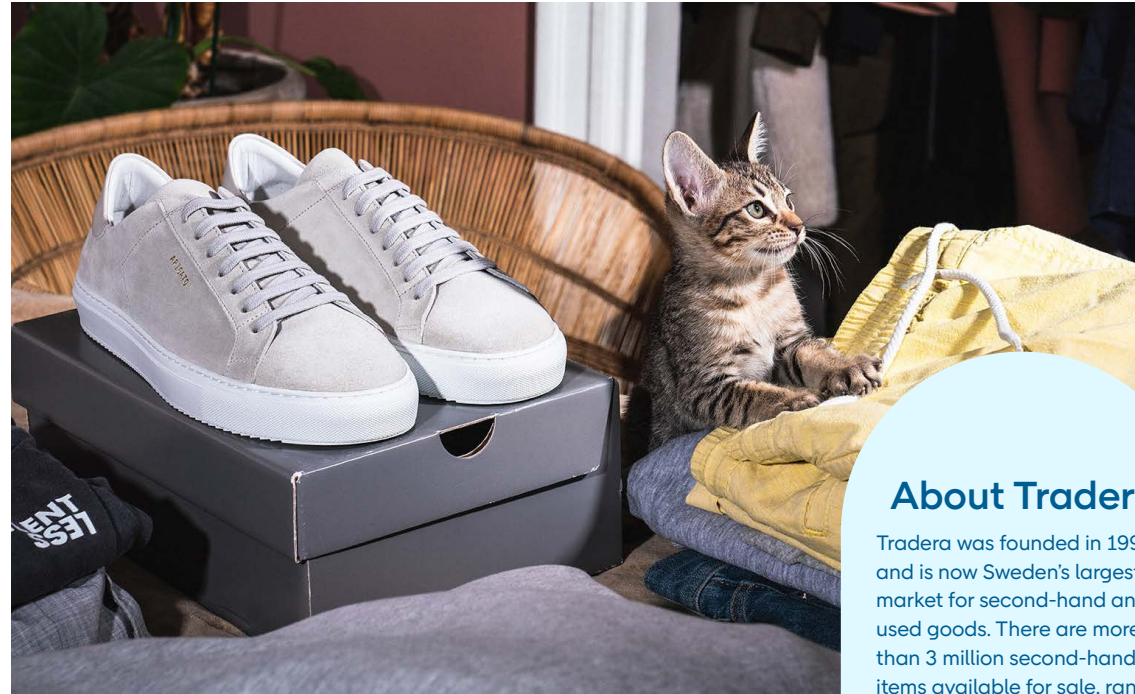
and interior design, including Ittala, Rörstrand, Arabia, Lundhags, Lindex, Gina Tricot, Kavát children's shoes, Woolpower and Norrgavel, and many more are on the way.

Because at a time when interest in reuse is growing due to concerns for both wallets and the environment, a new arena for second-hand shopping is starting to take shape. Many companies that never thought reuse and second-hand would be part of their business model are now rethinking their approach.

"We will see many new participants entering the second-hand market, not only in the clothing segment but also in other sectors such as building products, home electronics and car parts. Competition will increase, but competition is good because then we have to sharpen our skills," says Sofia, with a smile, as she continues:

"Because Tradera's competitors are no longer just market participants such as Blocket, Sellpy and Marketplace. Our arena is now so much bigger than that and we have to view ordinary stores as competitors as well."

But the growth of e-commerce also means that the number of online fraudsters is increasing. There is



therefore a constant effort to keep fraud and the sale of stolen and pirated goods on the e-commerce site to a minimum. A dedicated security team works 365 days a year to review ads, users and transactions on the site.

"The number of frauds on Tradera has fallen drastically in recent years, partly because we verify all sellers using BankID. We have a really good and close cooperation with both the Swedish

Tax Agency and the Police," says Sofia.

To continue to grow, Tradera is now investing in establishing itself in neighboring Denmark and expanding to more markets is also underway.

"But we also see that there is still great potential for us in Sweden in certain categories in which demand is increasing. Our challenge is to refine our skills so we can continue to be the market leader," concludes Sofia.

About Tradera

Tradera was founded in 1999 and is now Sweden's largest market for second-hand and used goods. There are more than 3 million second-hand items available for sale, ranging from branded clothing, designer bags and children's clothing to furnishings, antiques, home electronics and collectibles, with an annual value of SEK 2.7 billion. Tradera has 50 employees, 34 consultants and 3.8 million registered users. The company's vision is to be a leader in the transition to a circular economy. Sales in 2022 reached SEK 405 million.

E-COMMERCE TRENDS 2024

Rapid technological development and changing consumer needs

2023 was an eventful year for e-commerce. The pace of innovation was high, and with AI leading the way e-commerce is changing at a rapid pace. During 2024, the market will be characterized by new technological advances, restrictions on the use of third-party cookies and a new type of international competition. This chapter is also supplemented by insights and data from Google with comments from Google's Head of Retail Emma Hallerstedt and Claes Eriksson, the company's Head of Data & Measurement Northern Europe.



Insights 2024

– new times new strategies

Emma Hallerstedt, Head of Retail at Google, comments:

E-barometer asked Google for help finding out what insights a marketer needs to know about in 2024 and for some comments on third-party cookies, AI and how the marketing industry needs to adapt.

As economic uncertainty is expected to continue in 2024, growth will remain a key focus for brands. After some years of uncertainty, we know that what matters is being able to adapt quickly to changing situations, such as a changing world economy, new consumer needs and fluctuating budgets. With that in mind, there will be a lot of opportunities to experiment and drive profitable growth.

One issue that will be important this year is privacy online. Privacy is essential for building trust among users. In a world in which only 3 percent



Emma Hallerstedt

of consumers feel in control of their data online, trust is essential for achieving customer loyalty and growth. In fact, 43 percent of consumers say they would switch from their preferred brand to their second choice if the latter offered a better privacy experience.

AI has also opened up huge potential for businesses. The development of technology is making things faster and more accessible, but also requires taking a responsible approach. For example, generative AI allows marketers to speed up text and image

creation, but that doesn't mean we can be completely detached from the technology. This is because it is the combination of human input and technology that is driving this new era of creativity. Marketers are in the driver's seat and must ensure that the assets that are produced are safe to use from a legal and copyright perspective and that they properly represent the tone of the brand.

We are also facing a major shift regarding the meaning of value as a factor when purchasing. Consumers no longer make purchasing decisions based solely on the traditional considerations of price and quality. At the forefront of this new value-driven thinking* are younger generations such as millennials and generation Z. For these groups, value is a multi-faceted concept. They now take into account factors such as 'sustainability

value', 'experience value' and even 'the value of sharing first-party data in exchange for benefits' in their purchasing choices. This new value-driven reasoning shows that consumers are reassessing their priorities and moving toward more responsible and conscious consumption. And while discounts and offers will undoubtedly continue to influence consumer decision-making in the face of rising inflation, 82 percent of consumers now require a brand's values to be consistent with their own, according to CGT.

“Only 3% of consumers feel in control of their data online”

“Trust is essential for achieving customer loyalty and growth”



The phasing-out of third-party cookies in Chrome

Claes Eriksson, Head of Data & Measurement Northern Europe, Google comments:

The digital marketing landscape has long been built on third-party cookies. Marketers have used these to track website visitors, improve the user experience, and collect data to help target ads at the right audiences.



Claes Eriksson

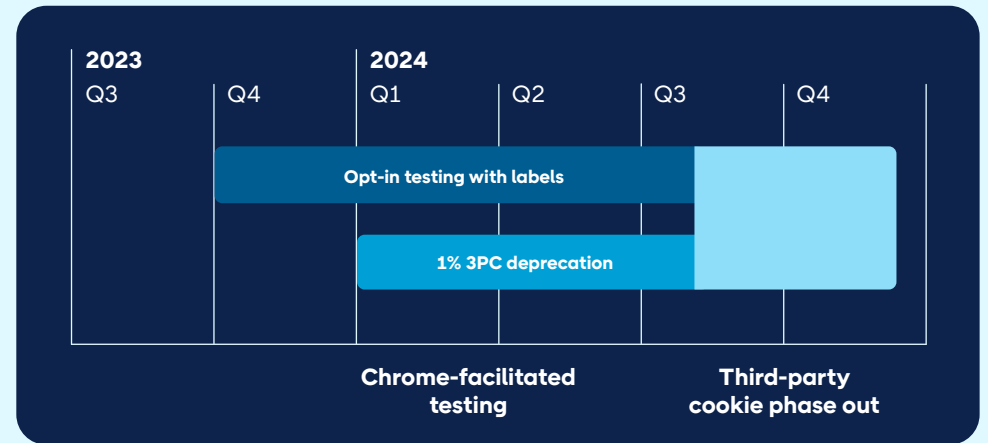
Third-party cookies are now about to finally be phased out of Chrome in 2024, and this requires a major shift in companies' digital marketing efforts. To prepare for this shift, it is recommended to address the actions on the right.

1. Review your organization's use of third-party cookies
2. Block third-party cookies in Chrome to simulate and test what could stop working
3. Take measures to ensure that the website works after the removal of third-party cookies
4. Develop a data strategy based on first-party data



“Major shift in marketing efforts as third-party cookies are phased out”
 Claes Eriksson
 Google

Timetable for the phasing out of third-party cookies



Source: [Developers.google.com/privacy-sandbox/3pcd](https://developers.google.com/privacy-sandbox/3pcd)

“The future of
the web depends on
retaining user trust”

Claes Eriksson
Google

... leading to new approaches

Claes Eriksson, Head of Data & Measurement Northern Europe, Google comments:

Experimentation and learning:

Marketers should experiment with new measurement tools, data sources and media activation methods. Proactive experimentation will now be valuable as older measurement systems become less reliable.

Utilization of first-party data:

With reduced access to third-party data, marketers must focus on their own (first-party) data. Retargeting/remarketing without depending on cookies via server-to-server and API connections are some examples that can be applied. This data can be enriched through behavioral analysis, contextual placement and sentiment analysis.

Cooperation with data clean rooms:

Clean rooms provide a controlled environment for data integration. They

create a secure environment in which companies can share data with each other without revealing sensitive information. Clean rooms provide security and confidentiality, anonymity, and the ability to link data together with analysis and insights.

Privacy Sandbox: The Privacy Sandbox is an initiative by Google to develop new technologies to protect users' privacy on the internet. The goal of the Privacy Sandbox initiative is to create technologies that protect people's online privacy while giving companies and developers the tools they need to develop successful digital businesses. The initiative aims to keep the web open and accessible to everyone. More information on the Privacy Sandbox can be found [here](#).



The future of the web depends on retaining user trust. Businesses should be focused on building new technologies so that people around the world can access information online while trusting that their privacy and choices are respected. Putting the customer first builds trust and loyalty, which combined with a robust automation and measurement strategy increases both marketing impact and overall cost efficiency.

As the digital landscape changes, marketers must embrace an experimental mindset, prioritize first-party data and explore the potential of clean room technology. Future success requires adaptability, strategic thinking and a willingness to explore new approaches.

AI-generated image

Restrained reception for AI in retailing

2023 was a transformative year for technology development. Artificial intelligence has been around for a long time but has in recent years skyrocketed, with the development of generative AI (GPT*), the primary focus of which is creating new content.¹⁾

Retail companies have begun to explore the field, using AI both externally and internally for everything from inventory optimization and tailored marketing to consumer insights. For example, H&M uses AI solutions in its inventory management to ensure popular products are in stock, Sephora uses camera scanning to color match consumer skin tone, and Zara has an AI robot that picks orders in some of its stores.²⁾ However, consumer attitudes towards AI-based solutions in e-commerce remain reserved. Just over 1 in 10 consumers are positive about the AI phenomenon, and many react negatively

if artificial intelligence is noticed in the e-commerce experience.

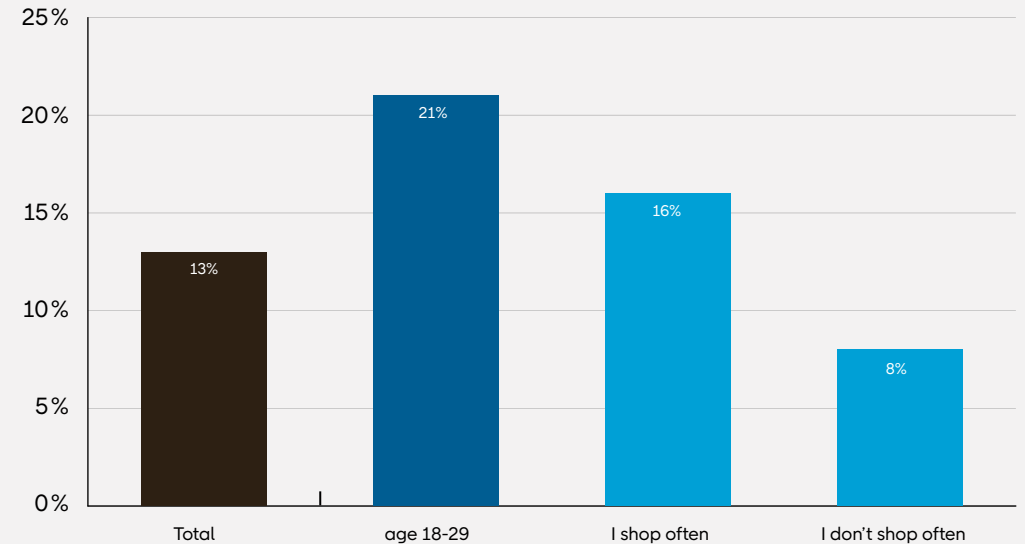
However, younger people, who are often early adopters, have a more positive view of the solutions. One in five people aged 18-29 have a positive opinion. However, there are differences between frequent and infrequent e-commerce consumers - 16 percent of frequent shoppers have a positive opinion, while 8 percent of infrequent shoppers have a positive opinion of AI solutions in e-commerce.

This indicates that the consumer is at the beginning of a learning curve, and that the attitude towards AI tools will become more positive as the phenomenon becomes more familiar. Moreover, technological developments are creating opportunities for a smoother shopping journey - which is something that consumers want and appreciate.

*GPT stands for [Generative Pre-trained Transformer](#), which is the name of the AI model used by ChatGPT, Google Bard, Bing Copilot and more.

¹⁾ Techtargget, October 2023 ²⁾ Forbes, May 2019

Percentage of people who are positive about AI-based solutions in e-commerce



Basis: Consumers, all. Percentage of consumers with a positive opinion score of 4-5, on a 5-point scale

Almost
6 of 10
consumers have
negative attitudes
towards AI-generated
advertising images
or texts

Translation: the most popular AI tool

AI is multifaceted and can be useful in many different areas of e-commerce, but different types of features have different levels of consumer support.

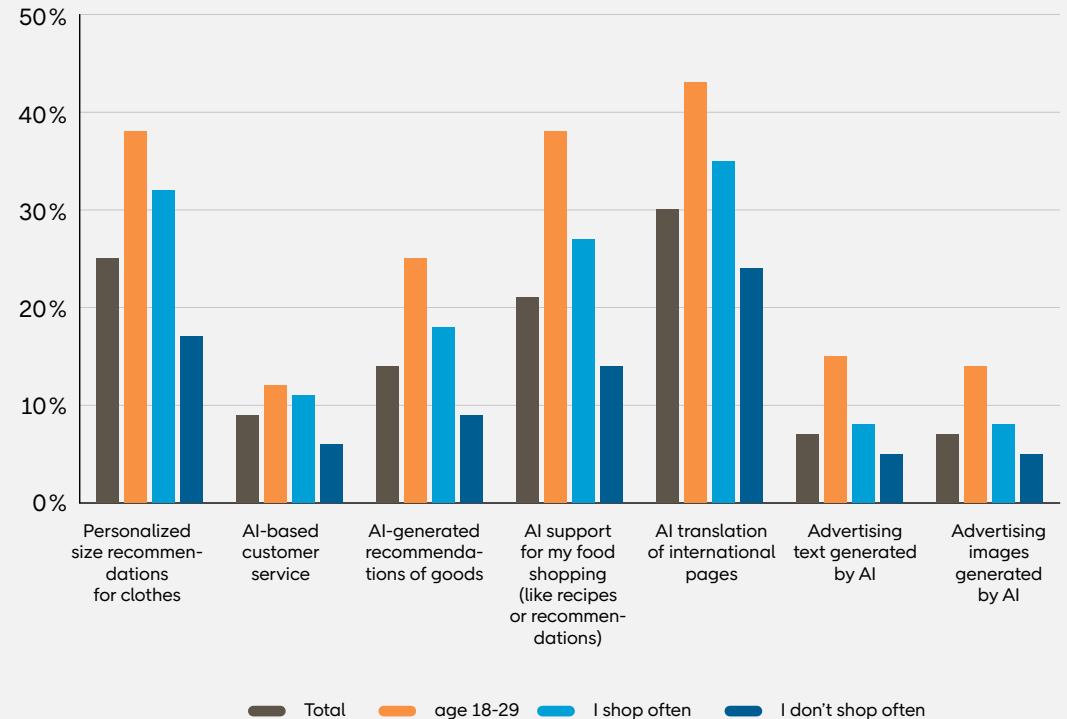
The AI types that consumers are most positive about are translations of international pages, support with food shopping and personalized size recommendations. All these features are optional for the consumer to use. Furthermore, AI is well suited to assisting consumers in the more technical parts of the e-commerce journey. In other words, technological features can meet consumer needs to a greater extent than features that replace human communication.

Services and marketing, such as AI-based customer service and advertising texts and images, are generally less

popular among consumers. In these cases, AI replaces human interaction or human-produced content. Only 9 percent of consumers have a positive attitude towards AI-based customer service - this is discussed in more detail on the next page.

Advertising images and texts produced by AI have the highest number of negative consumers. Around 4 in 10 consumers have a negative opinion about these AI concepts. However, the picture can be nuanced somewhat. Research carried out by MIT shows that people are not generally hostile to AI-produced content, but simply prefer human-produced content.¹⁾ The question is whether it is really the quality of images and text that determines consumer trust in this type of tool.

Consumers' attitudes towards different AI types differ according to their function



Basis: Consumers, all. Percentage of consumers with a positive opinion score of 4-5, on a 5-point scale

Confidence in AI tools remains low

As noted earlier, consumer attitudes towards AI in e-commerce remain reserved. However, the attitude becomes even more negative when consumers are asked whether they trust the tools. The development of AI has been rapid over the past year, and consumer confidence is generally low as a result. Consumers who rarely shop online have a particularly low trust in AI tools; for example, only 4 percent of them say they would be confident in AI handling their personal data.

It is clear that young people have a more positive outlook and more trust in AI than older people. 20 percent of people aged 18-29 trust product recommendations generated by AI, and 10 percent would find it acceptable for AI to handle their personal data. In the 2023 Ungdomsbarometeren, the 15-24 year olds surveyed state that AI will be a dominant trend in 2024. One of the

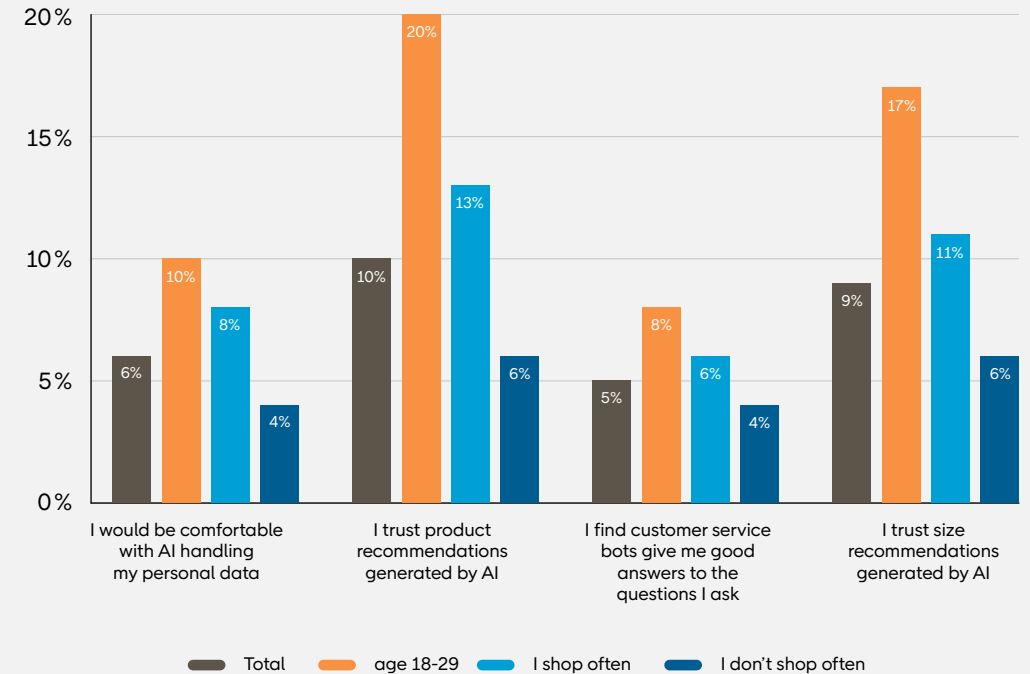
key functions that AI will fulfill is "AI as a personal assistant."¹⁾ This is something that e-retailers can take advantage of by offering features that facilitate the shopping journey, such as personalized shopping lists. For example, US-based Instacart has a partnership with OpenAI where consumers' groceries are added to a shopping cart after ChatGPT has planned the meal.²⁾

Customer service bots are the worst rated by consumers. Only 5 percent think they provide good answers to the questions that are asked. Many online retailers and websites have had customer service bots for years, but these have not necessarily been built using AI. In all likelihood, customer service bots will become more sophisticated as the use of advanced AI technology increases, and thus consumer attitudes may improve rapidly.



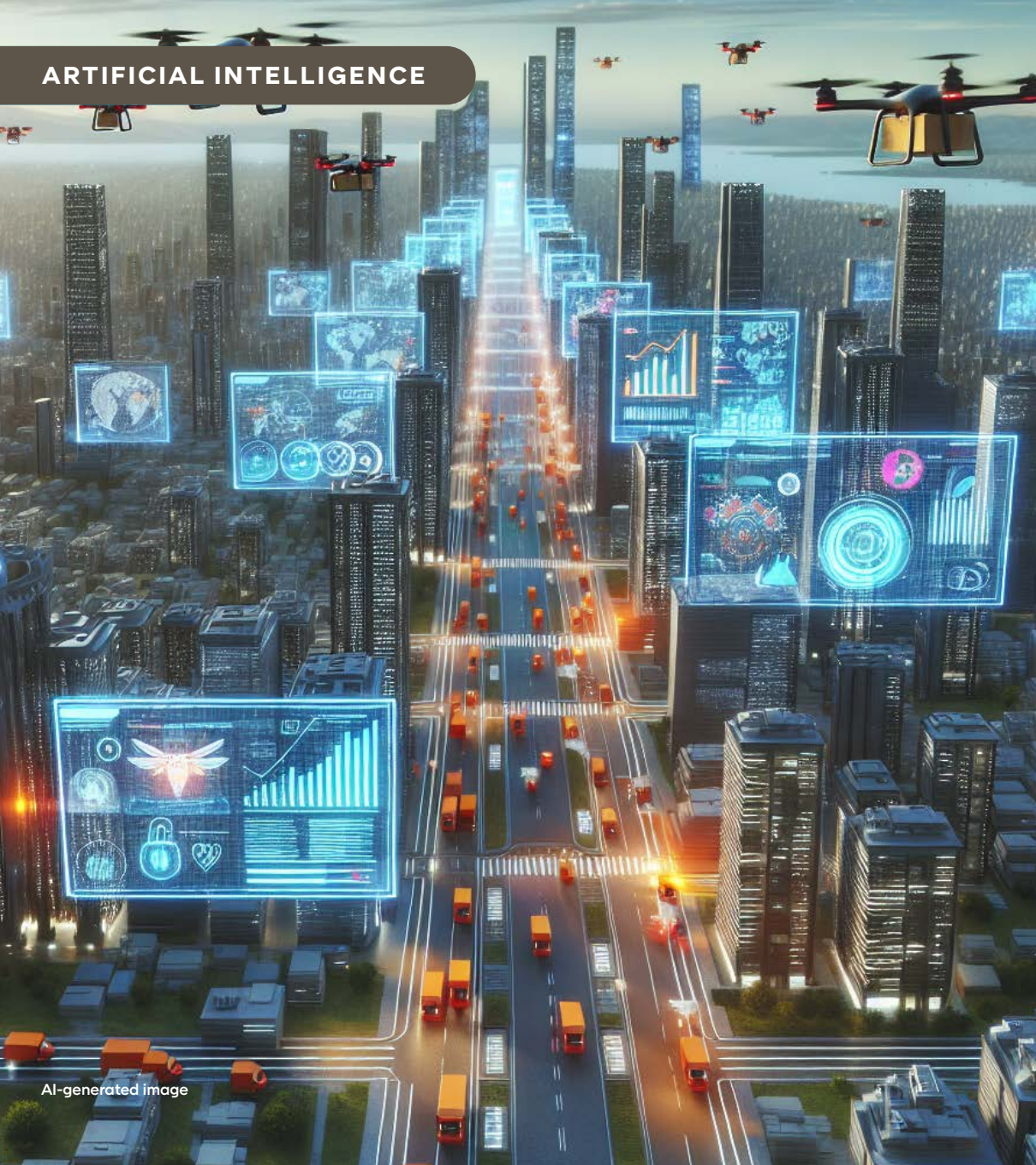
52%
of consumers are
extremely
uncomfortable with
AI handling their
personal data

To what extent do you agree with the following statements?



Basis: Consumers, all. Percentage of consumers who agree

¹⁾ Ungdomsbarometeren 2023 ²⁾ New York Times



AI-generated image

How AI helps marketers

Emma Hallerstedt, Head of Retail at Google, comments:

The introduction of AI represents a paradigm shift in the marketing world. As so often is the case with something that has so much initial hype, it can be easy to overestimate its potential. When large gains are not immediately made, there is a risk of pursuing other ways forward and thus underestimating the longer-term impact. What is clear, however, is that analytical, predictive and generative AI can be used here and now - and it will help marketers get better results than if they didn't use the technology. Handing over tasks such as:

- Bidding
- Identifying and finding target groups
- Generating insights
- Optimizing results
- Creating and scaling creative formats to AI frees up time for marketers to

concentrate on the aspects of marketing where human insight and creativity are crucial. Marketers will have more time to focus on areas such as strategy, positioning, goal setting, creative design, experimentation and holistic assessment of impact metrics.

By embracing AI, marketers can focus more on marketing.

In fact, many companies are already using AI to connect with their customers more effectively. As many as 80 percent of Google's customers use AI-based products for search ads. With generative AI, marketers now also have access to a rapidly growing range of AI-based tools that have the potential to revolutionize every single part of marketing.



One of the industry's biggest challenges is that there are never enough people to keep up with the speed, volume and variety required to reach people at the right time, in the right place and with the right message. But with the help of new AI-based tools, marketers can scale creative concepts to more formats with superior precision. This means that more time and attention can be devoted to developing and shaping the core of the concepts. AI can then draw from this source material to instantly generate assets such as social posts, landing pages and emails.

AI can do the same for ads, with alternative ad captions, automatically formatted videos, and multiple combinations of product images, leading to

endless variations of customized ads for each customer. While AI cannot match human creativity, it can help streamline the creative process and generate new types of content.

With AI, your brand can also be seen in a smarter way. In today's market, every penny counts. AI-based ad solutions such as Google's Performance Max can give your budget more return by using a variety of signals to reach people and provide results throughout the buying journey.

AI makes things smart - but it's smart people combined with AI that unlock the greatest, and most creative, potential.

By embracing AI, marketers can focus on marketing



AI-generated image

Marketers must adapt

Emma Hallerstedt, Head of Retail at Google, comments:

The marketing industry is facing major changes, with challenges such as data loss, new privacy rules and changing consumer preferences.

Regulation and restrictions are changing how data can be collected and used. This means that marketers must develop new strategies in accordance with their privacy policies and balance data use with consumer trust.

Establishing a strong collaboration between the DPO (Data Protection Officer), tech team and marketing team is crucial.

A cross-functional data privacy team consisting of these parties ensures that companies can make decisions from a commercial, technical and legal perspective.

Once this is done, companies ensure a long-term data strategy regarding how data can be collected, analyzed and linked with other data and used for marketing activation. This is also the basis for building customer relations.

“Establishing a strong collaboration between tech and marketing teams is crucial”
Emma Hallerstedt
Google

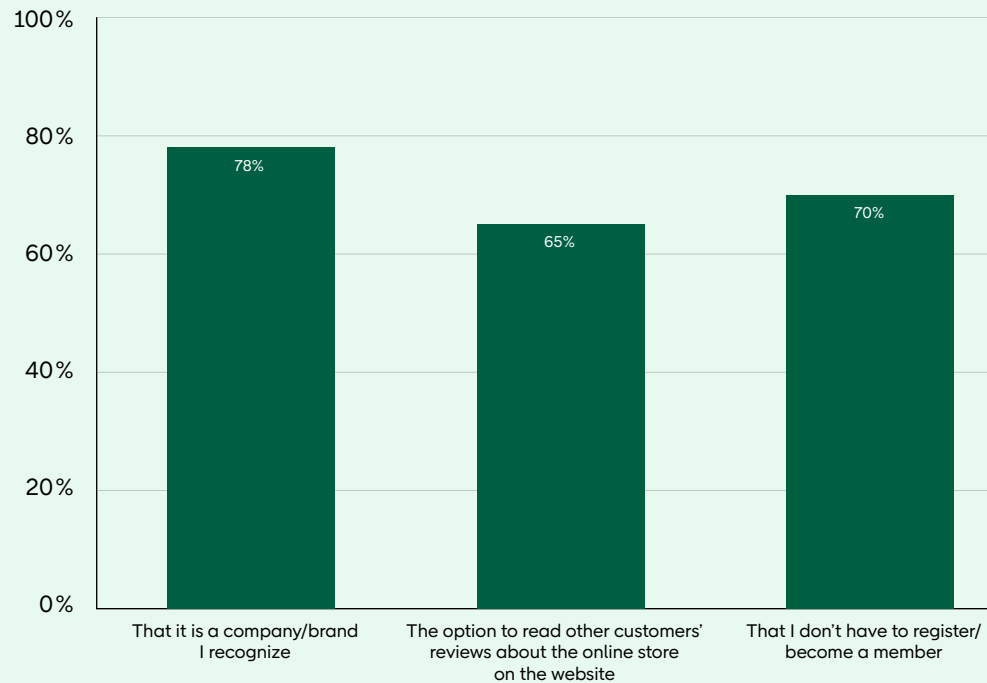


AI-generated image

37%

chose their latest e-commerce website because **they had previous experience of using it**

Key factors for consumers' choice of e-retailer



Basis: Consumers who have shopped online

How can loyalty be created in 2024?

Loyalty programs are important for enabling companies to understand consumers and create loyal customers, and will become increasingly important as third-party cookies are phased out. The phase-out will have a significant impact on the digital advertising industry as e-retailers will no longer be able to collect consumer data by tracking internet user actions.

Over the past year, loyalty in the Swedish retail sector has been the subject of much debate. Both the economic situation and consumers becoming loyal to things other than the brand (delivery, payment options, etc.) have been identified as factors that reduce customer loyalty to specific e-retailers.¹⁾

According to McKinsey's report *The State of Fashion 2024*, customer loyalty is changing. Loyalty will increasingly be built on values other than price and speed, factors that have historically

been able to create a loyal customer base. However, the report shows that price still plays an important role in attracting customers, but that product variety, an enjoyable shopping experience and social media attention are just as important.²⁾

For e-retailers, creating a clear identity and functionality in loyalty programs will become increasingly important in the future.

In the Swedish market, there are several examples of how retailers develop their loyalty programs and platforms to increase incentives for membership. H&M has a points system in which loyal customers are offered free standard shipping and returns, priority access to promotions and free click & collect.³⁾ In its loyalty program, Webhallen works with a community inspired by Japanese gaming culture aesthetics.⁴⁾

¹⁾ Market, August 2023 ²⁾ McKinsey The State of Fashion 2024 ³⁾ H&M ⁴⁾ Webhallen

Loyalty stable over time - but can change form

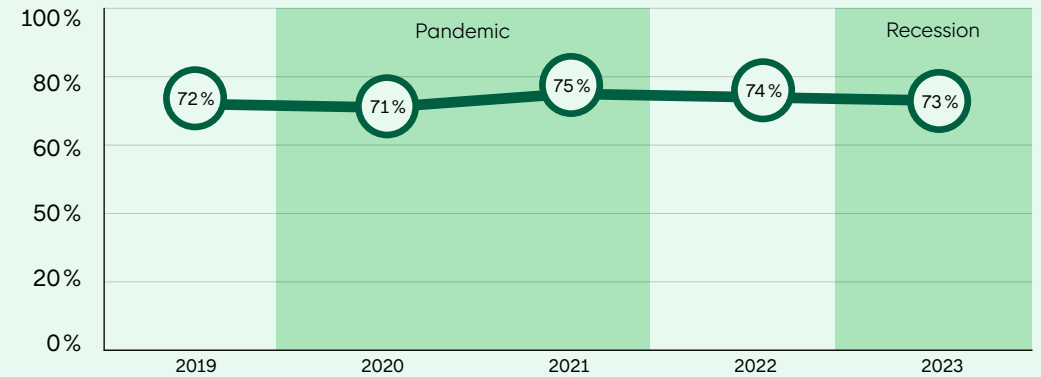
Loyalty is a complex issue in e-commerce, especially in times of recession and new regulations on the use of third-party data. In 2022, 36 percent of companies responded that they would work more on customer loyalty to increase their profitability - and that trend continued this year. 40 percent of companies say that loyalty is one of their top priorities for increasing profitability.

According to consumers, loyalty is stable over time. When asked if they made their most recent e-commerce purchase from a website/online store where they had shopped before, more than 70 percent said this was the case. This partly contradicts the idea that consumers become less loyal in a recession. The percentage also does not differ between age groups, and is roughly the same for all ages. However, loyalty is slightly more common among people who frequently shop online. 77 percent of those who shop

at least once a month had previously shopped from the store. Despite the fact that consumers often shop where they have shopped before, a large number believe in the importance of not having to become a member of the store's loyalty program in order to shop. 70 percent of consumers think this is important when choosing where to shop, and this percentage is stable over time.

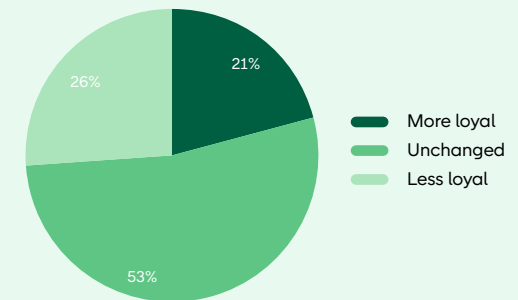
The results show that the idea of loyalty is complex. Provided the customer is satisfied with their last purchase, it is possible to create a loyal customer base, but forcing the customer to become a member is off-putting. As third-party cookies are phased out, companies will need to use other techniques to collect information. Companies that want to be able to collect customer data will have to attract members in other creative ways to avoid the risk of losing customers.

Consumer loyalty stable over time - despite tough times



Basis: Consumers who have shopped online

Companies' perceptions of their customers' loyalty due to the economic situation



Basis: All e-retailers

International low-cost giants online

Discount shopping has long flourished in the retail sector, and it has had a real boost online over the past year. Two major international low-cost giants have been leading the market's development over the past year: Shein and Temu. The companies offer an extremely wide range of products at very low prices, and are being widely discussed. The Chinese low-cost giants are now setting their sights on the European market. This creates challenges for Swedish e-commerce - but also propels its own type of consumer behavior.



In 2023, the shopping platform Temu's app was the most downloaded in the US.¹⁾ In July, the app was launched in Sweden and, by the following month, it was at the top of the charts in the Swedish App Store and Google Play Store.²⁾ With its very low prices, a marketing budget of over SEK 21 billion and widespread gamification in the app,³⁾ Temu has already made in its short lifetime a significant impact on Swedish and international e-commerce.



Shein is the ultra fast fashion company that has made a huge impact on the fashion industry in recent years. Shein offers thousands of items at very low prices, with between two and ten thousand new items added to the platform every day.⁴⁾ Shein uses AI technology to create new designs and collections at an extremely fast pace, making it particularly popular with the fast-moving Tiktok generation. As recently as the beginning of January 2024, reports indicated that the company was aiming for a listing on the US stock exchange. If successful, Shein will be the highest listed Chinese company on the New York Stock Exchange.⁵⁾

Low-cost giants create a sense of need

The online discount giants, including Temu and Shein, create emotions and behaviors that drive consumption. This includes a perceived sense of value; consumers are 99 percent more likely to buy an item if it's sold at a 50 percent discount.¹⁾ Shein prices are typically half the price of an H&M store, and Temu prices are between 10 and 40 percent lower than Shein prices.²⁾ In addition, there are big discounts, lightning-fast sales, and a plethora of promotions.

The question is how Swedish e-retailers can compete against the low-cost giants. Working with well-known brands and further strengthening their position is a possible way forward. The international low-cost providers usually sell unknown brands of varying quality, which Swedish e-commerce can use to its

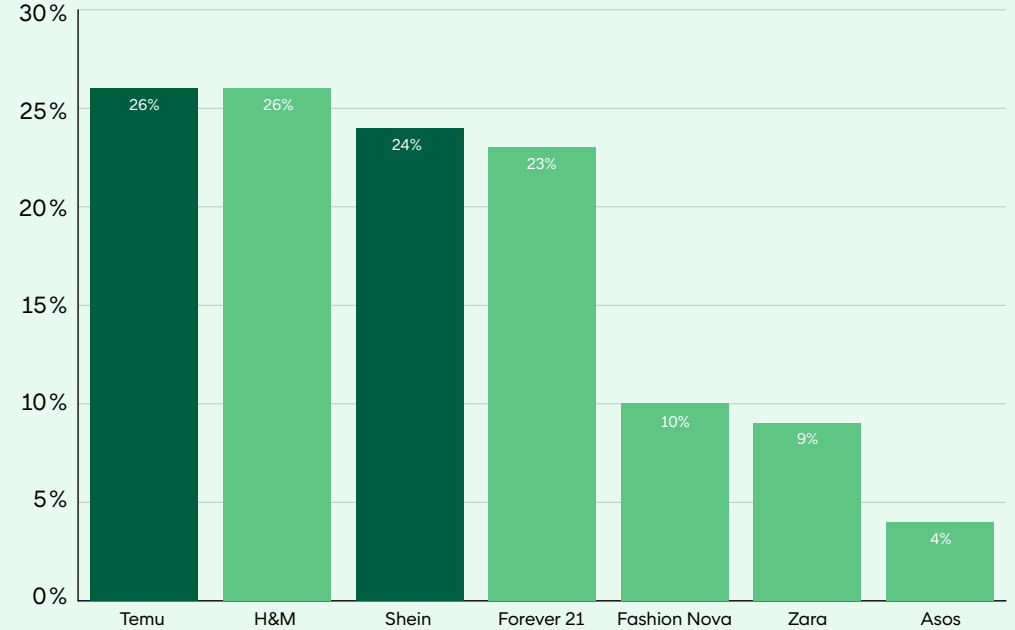
advantage. The sustainability aspect is also important; 20 percent of consumers would like companies to work more on it.

Finally, Temu's product and delivery reliability has also been questioned. According to the non-profit consumer advocacy organization Better Business Bureau, there have been an unusually high number of complaints about Temu since its launch on the US market.³⁾ As previously noted, reliability is one of the most important aspects for consumers when shopping online, which is something the Chinese low-cost giants cannot currently offer.

16%
made their **latest foreign purchase from China**

54%
of those who shopped online from China did so **because of lower prices***

More and more people in the US and UK are shopping with third generation fast fashion companies



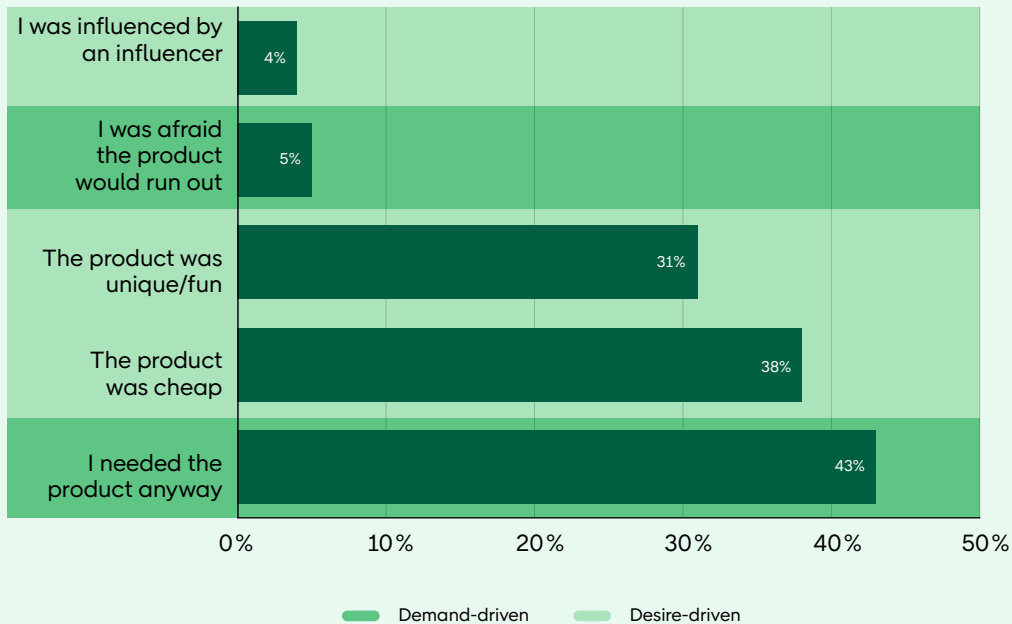
Source: McKinsey, The state of fashion 2024

* Basis: Consumers who have bought at least one item online from China in the past month

¹⁾ RetailWire, July 2023 ²⁾ McKinsey The State of Fashion 2024 ³⁾ Time, December 2022

33%
of consumers have
spontaneously shopped
in the last month*

Why did you spontaneously buy the item?



1 in 3 spontaneously buy goods because they are cheap

Despite tough times, a third of consumers have made a spontaneous purchase in the last month. Most spontaneous shopping occurs only once in a while, but younger women are slightly more likely to do it more often than that. 1 in 10 have shopped on impulse several times in the last month.

Spontaneous shopping is driven by both need and desire. 43 percent have spontaneously bought a product because they needed it anyway. In these cases, it is not necessarily the product itself that represents spontaneity, but the time of purchase. An almost equal proportion, 38 percent, shop spontaneously because they find something interesting at a very low price. Low-cost operators such as Shein and Temu are actively working to capture this type of consumer. It is mainly women who spontaneously buy

goods for their cheap cost, and these purchases are particularly common in clothing and footwear shops. The third most common reason is also desire-driven. 31 percent say they made the purchase because the product was unique or fun. There is a significant difference between older women and other groups; 44 percent of women aged 65-79 spontaneously bought the item because they thought it was fun.

As personalized marketing increases and discount interest grows, there is reason to believe that spontaneous purchases when online shopping will become more common in the future. As consumers want to continue shopping on the spur of the moment, but can no longer afford to do so at full price, the importance of the discount giants will increase.

Basis: Consumers who have spontaneously bought goods online in the last month

* Basis: Consumers, all

Swedish market participants find ways to meet low-cost interest

The Swedish low-cost market has been growing for several years. Since 2016, growth in discount retail has been higher than growth in the retail sector as a whole.¹⁾ However, the success of discount stores is largely a physical phenomenon in Sweden. The low-cost operators in the Swedish e-commerce market have mainly been international companies such as Wish, Amazon and Temu.

However, ever more Swedish discount chains are going online, and finding ways to use e-commerce solutions to complement their physical stores. For example, Biltema has a click & collect offer where customers can buy their goods online and then pick them up from a store.²⁾ Julia launched a new e-commerce platform in 2023 and offers free shipping to its stores.³⁾ Rusta also

uses e-commerce as a complement to its stores and decided after the pandemic to focus on reaching out to customers who live far from Rusta stores.⁴⁾ The situation in the Swedish online low-cost market shows that physical and digital sales channels can be used together to create an appealing offer.

It is not only budget retailers that are focusing on appealing to the heightened interest in low prices among customers. Market participants in sectors that are especially suitable for e-commerce, such as pharmacies, use the e-commerce channel to offer goods at a lower price. Apoteket and Apotek Hjärtat, among others, have price comparisons in their online shops, with both the lower online price and the higher shop price being printed on the website.

Companies' focus for increased profitability in 2024



¹⁾ Läget i handeln 2023 ²⁾ Market.se, May 2022 ³⁾ E-handel.se, December 2023 ⁴⁾ E-handel.se, January 2023

Basis: All e-retailers

Question: What will your company focus on in particular to generate greater profitability in 2024? Selection of response options. **66**

E-barometern is published by PostNord in cooperation with HUI Research

postnord

About PostNord

PostNord is a leader in parcels and logistics services to, from and within the Nordics. Our business and private customers must be able to reach their recipients at the right time, reliably and efficiently – whether the task involves a global logistics solution, an advertising campaign or a birthday greeting. With around 24,000 employees, PostNord is one of the largest employers in the Nordic region and bears a considerable measure of social responsibility. PostNord aims to offer an attractive, stimulating workplace. Visit us at www.postnord.com.

hui.

About HUI Research

HUI Research AB provides, via its consultancy and research activities, professional decision-making material and advice to businesses and the public sector in the areas of retail, tourism, consumption and economics. The company was founded in 1968 and is an independent subsidiary of the trade association Svensk Handel (Swedish Commerce).

If you have any questions about E-barometern, please contact:

PostNord media relations, press@postnord.com, +46 (0)10-436 10 10
Emma Gutestam, HUI Research, emma.gutestam@hui.se, +46 (0)73-054 76 79