



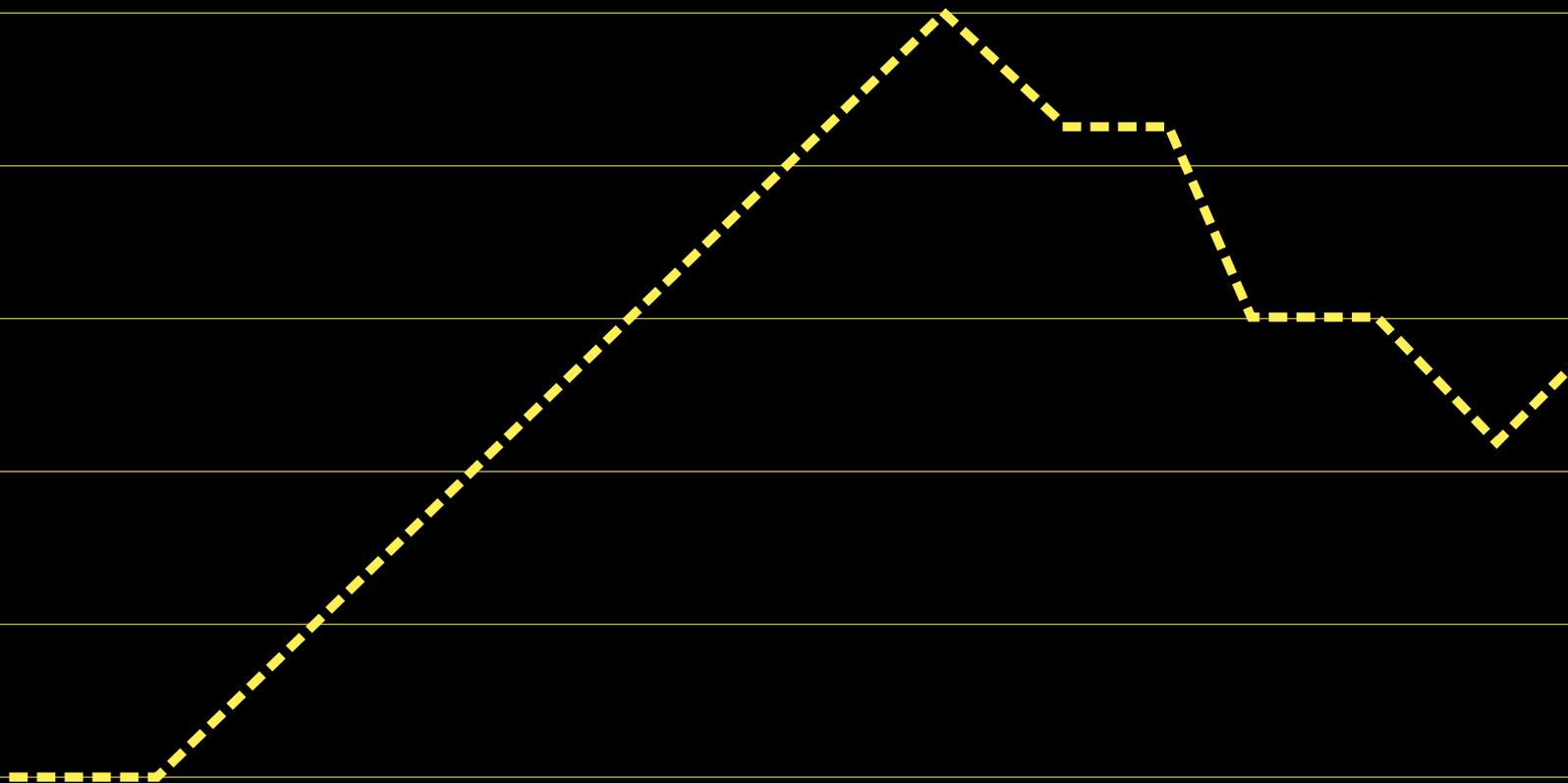
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2021

e-commerce

outlook

A research conducted by UPIDO + ShippyPro
Business Intelligence Team based on data
collection from January 2019 to 2021
and forecast for 2021



ACTIONABLE INSIGHT FOR GLOBAL E-TAILERS

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1. Introducing 2021 e-commerce outlook report n. 4

This fourth report in our series of reports of the Covid-19 impacts on consumers' behavior and online shopping highlights the disruptive outcomes of the pandemic in 30 markets across the world and compares the results between Amazon Prime countries, on the one hand, and non-Amazon Prime countries on the other hand.

Platforms such as Amazon have played a critical role in the Covid-19 driven acceleration of e-commerce over the last year and have reshaped consumption over the holiday season.

After providing the results for December 2020, a focus on the full year results is provided before examining the e-commerce perspectives and outlook for 2021.

2. December 2020: New Holiday season normal

We picture the most recent trends by further analyzing the online shopping holiday season that was covered by our first three reports.

December 2020 was like no holiday season ever observed before. The combination of worsening second and third waves of the pandemic and consumers' behavioral changes unleashed an unprecedented wave of online shopping.

80% of the geographies covered in this study have set up new e-commerce transactions records compared with the 2019 holiday season figures.

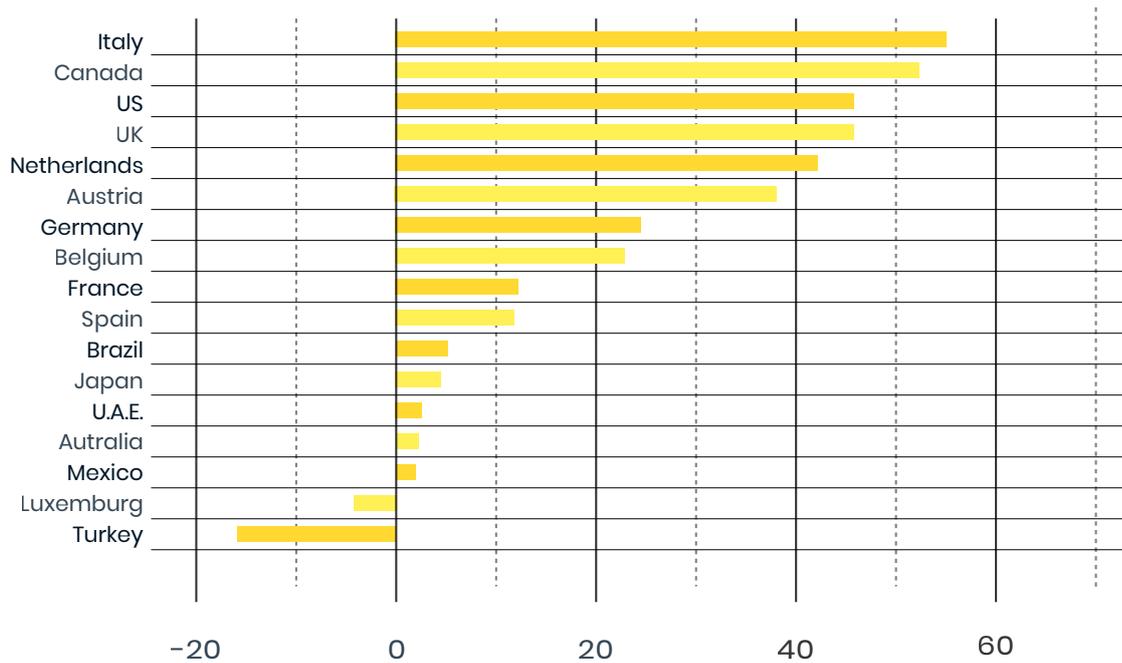
Top 6 Markets for 2020 December Sales

- Italy (with a 54.6% Year-on-Year growth), Canada (with 52.0%) and the United States (with 46.8%) ranks at the top among Amazon Prime countries in terms of growth rates when comparing December 2020 to December 2019 e-commerce volumes.
- The Czech Republic (with 43.9%), Ireland (with 39.0) and Sweden (with 23.7%) are leading the non-Amazon Prime group.

Once again, one can notice higher growth in the Amazon Prime subscription group with respect to the non-Amazon Prime one.

2020 DEC. E-COMMERCE GROWTH

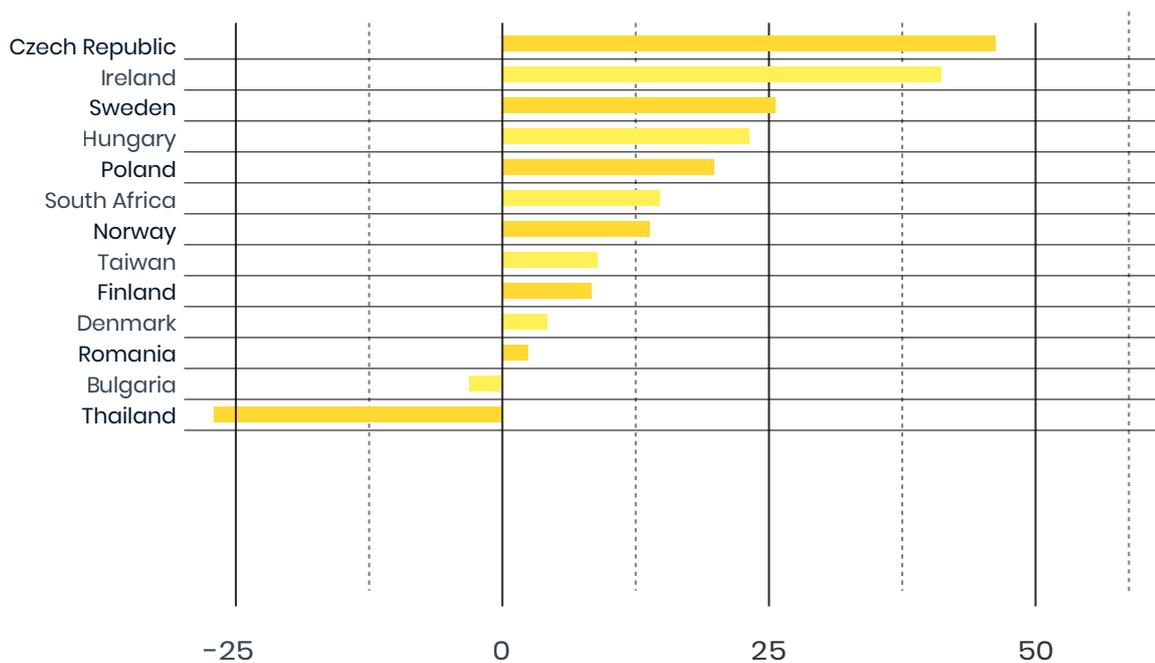
Compared with 2019 [Amazon Prime Countries]



E-COMMERCE SHIPMENTS VOLUME GROWTH %

2020 DEC. E-COMMERCE GROWTH

Compared with 2019 [Non-Amazon Prime Countries]



E-COMMERCE SHIPMENTS VOLUME GROWTH %



3. 2020: a pivotal year for e-commerce development

The year 2020 will be remembered as the greatest accelerator of e-commerce ever and a real start of a new era for retail. Indeed, consumers all over the world have been confronted with a structural break, driven by the pandemic, in the way they move, work and live, and have adapted their lifestyles and shopping habits as a result.

More than half of the markets we have been monitoring in 2020 have reached record Year-on-Year growth rates higher than 20% if one compares e-commerce volumes in 2020 with those in 2019.

While 70% of Amazon Prime countries in our sample were achieving this 20% Year-on-Year (yoy) growth threshold, only 30% of the non-Amazon Prime markets in this study were benefiting from this superior market development performance. The extent to which consumers could access a wider variety of Amazon services, as illustrated by the Prime program, has seemingly been instrumental in framing favorable conditions for maximal annual e-commerce growth.

Top 6 markets* with a Year-on-Year Growth Rate above 30%

In 2020, the world's top-three performers, among Amazon Prime countries, were Canada, the United States and Great Britain with Year-on-Year growth rates of 41.4%, 37.1% and 31.6% respectively, which also correspond, approximately, to the highest e-commerce growth rates observed in China over the course of previous years.

In non-Amazon Prime countries, Ireland, Poland and the Czech Republic are leading e-commerce volumes growth with yoy rates of 45.3, 37.0 and 34.0 respectively. These six countries have started a process of e-commerce catch-up with China, the world leading e-commerce market. The Covid-19 health crisis has raised this new fascinating issue: who will catch up with China first and how many years will be required to ensure full e-commerce convergence in the share of online shopping in total retail sales? We may not be able to fully answer this question now but 2020 has probably been providing us with the first part of the answer.



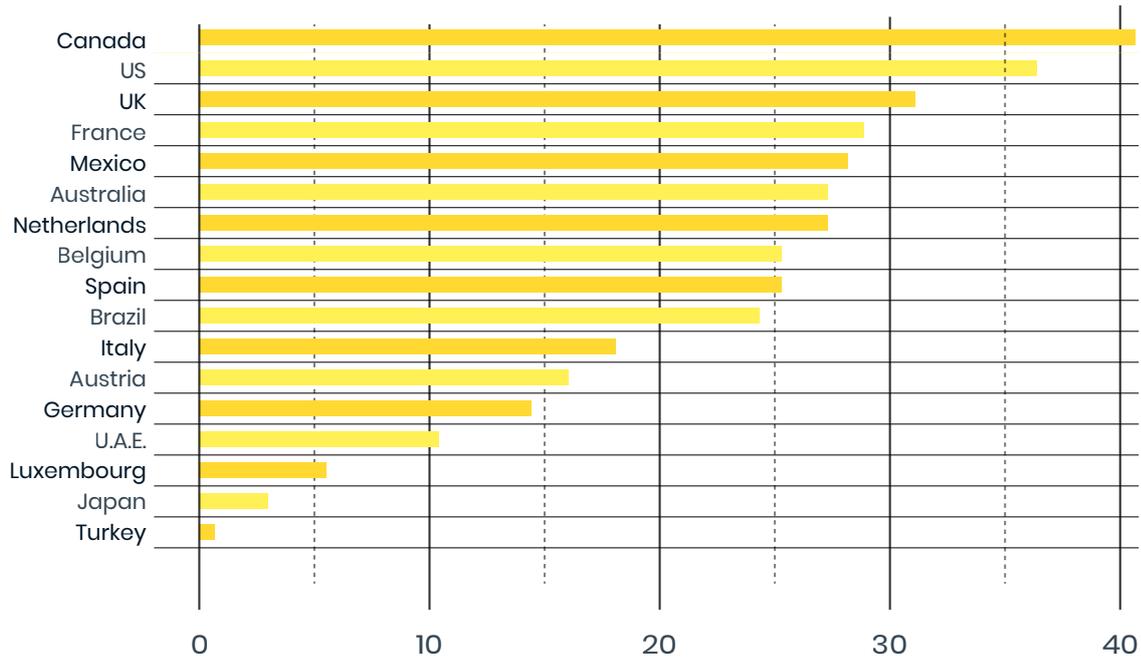
Top 8 Markets with a Year-on-Year Growth Rate above 20%

Between 20% and 30% Year-on-Year growth rates, one can only find Amazon Prime countries, namely France, Mexico, Australia, the Netherlands, Belgium, Spain (the median growth country with 25%), and Brazil, with the exception of Taiwan where Amazon Prime is not available.

A relatively fast convergence with the pace of the Chinese digital economy is also very likely in these markets.

2020 FULL YEAR E-COMMERCE GROWTH

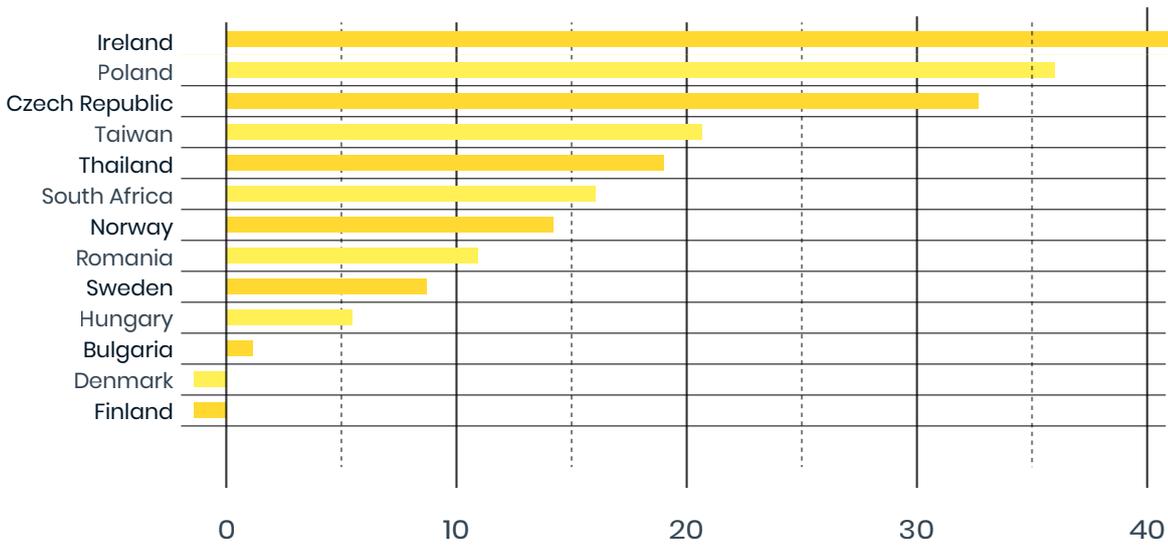
Compared with 2019 [Amazon Prime Countries]



E-COMMERCE SHIPMENTS VOLUME GROWTH %

2020 FULL YEAR E-COMMERCE GROWTH

Compared with 2019 [Non-Amazon Prime Countries]



E-COMMERCE SHIPMENTS VOLUME GROWTH %

3.1 2021 e-commerce outlook and perspectives in transition to the post-Covid-19 normal

The year 2021 will most likely correspond to the first, and hopefully last, transition year towards the post-Covid-19 normal. Considering the impact of Covid-19 restrictions on e-commerce growth, we have been modelling this transition in order to release our e-commerce predictions for the year 2021 according to three possible scenarios.

1. The best-case scenario posits that vaccination campaigns can be accelerated and restrictions can be lifted for the summertime – July 1st in the graph.
2. The base case scenario assumes that the whole population of a country can be inoculated by the end of the summer and most of the restrictions removed by October 1st.
3. The worst-case scenario deals with the impact of new Covid-19 variants spreading across geographies and a lower efficacy of the vaccination campaigns. Mobility restrictions would be lifted only by January 1st, 2022

3 possible scenarios from a small Year-on-Year decline to continuous growth

For the majority of the countries, the end of mobility restrictions related to Covid-19 crisis:

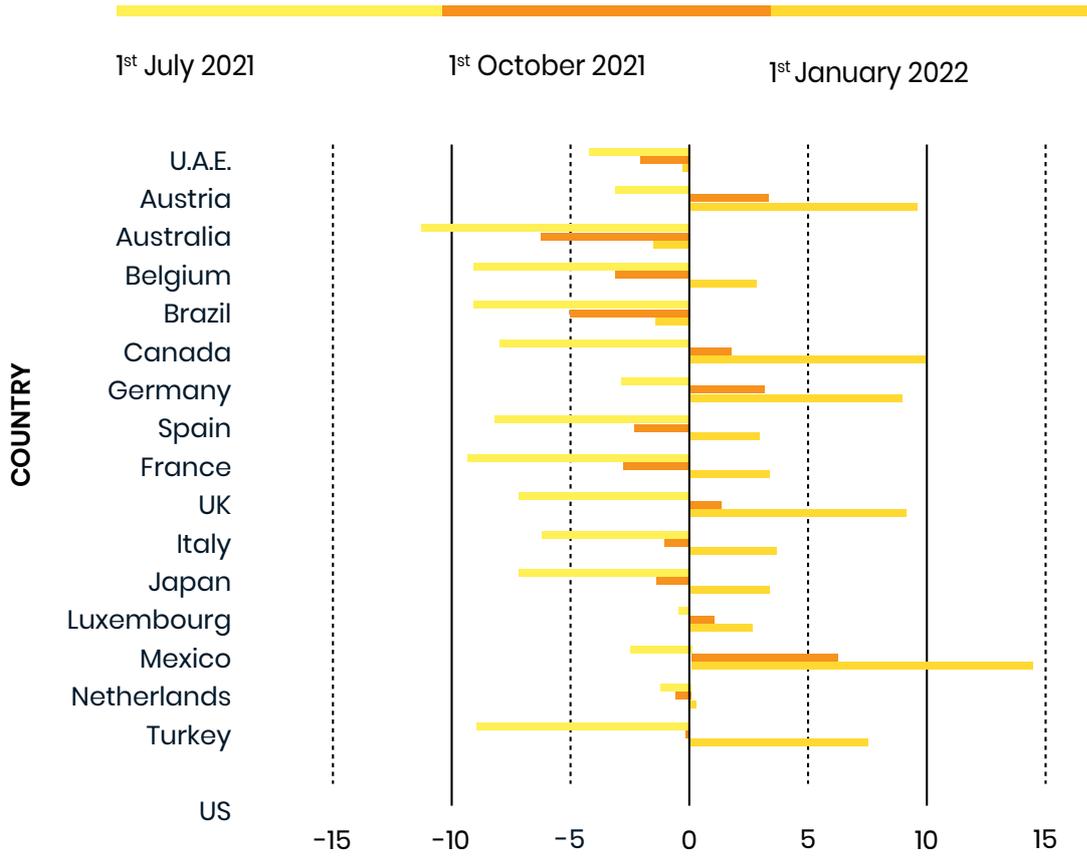
1. By July 1st will lead to a small Year-on-Year decline of less than 10% compare to the 2020 e-commerce performance. Even with this small decline, when offline retail channels will re-open permanently e-commerce sales will continue to grow compared to pre Covid-19 crisis
2. **By October 1st** will lead either to:
 - a smaller decline (less than 5%)
 - or a small Year-on-Year growth especially in Netherlands, Austria, Germany and Ireland.

2021 E-commerce sales results in this case will remain almost as high than 2020 ones.

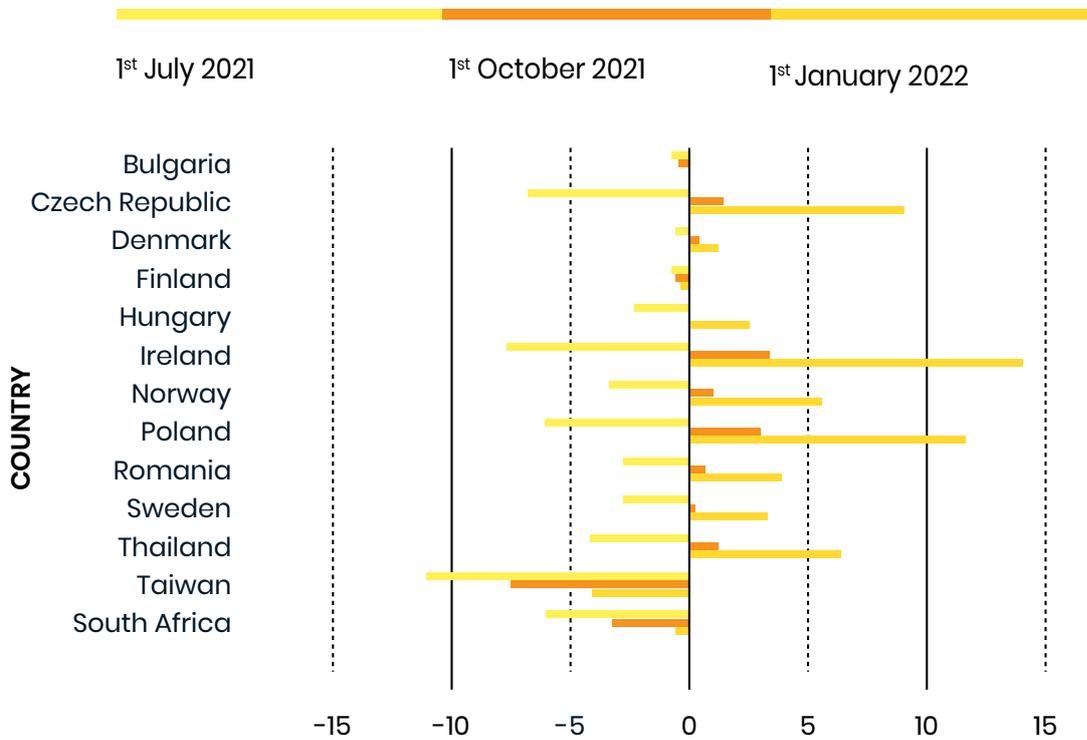
3. **By January 1st 2022** will lead either to a Year-on-Year growth from 2 to 15% depending on the countries.
 - GB : 9% of YoY Growth
 - Germany : 9% of YoY Growth
 - France : 4% of YoY Growth
 - Italy : 4% of YoY Growth
 - Spain : 3% of YoY Growth
 - US : 7% of YoY Growth
 - Canada : 10% of YoY Growth

END OF MOBILITY RESTRICTIONS

[Amazon Prime Countries]



[Non—Amazon Prime Countries]



2021 GROWTH RATE VS 2020 %

4. Preparing for more online shopping surges and the return to offline shopping

E-commerce companies are tasked with two opposing demands: preparing for online shopping surges and the return of offline shopping all in the same year.

In 2021, surges can be caused by smaller Q1 and Q2 holidays compared to Christmas (such as Easter or Mother's Day) in their key markets. Surges could also be caused by worsening lock downs in certain markets.

On the other hand, it is quite possible that in the fall and winter, we will see some consumers ready to return to offline shopping. Younger consumers who are excited by stores re-opening, and those who have been vaccinated, may seize the opportunity to window shop once again. This potential trend might not undo the e-commerce advancements that have been made when it comes to everyday purchases, but offline shopping could gain ground later in the year when it comes to browsing and weekend shopping.

The return of offline shopping is subject to not only governmental regulation but consumers' comfort levels. Brands who serve older customers may find themselves still experiencing high levels of e-commerce activity even at the end of the year, as older consumers may not want to test the longevity of their vaccination.

While capturing more e-commerce customers will be key in the first half of 2021, we may see a focus on customer retention campaigns towards the end of the year.

To prepare, e-commerce companies need to adjust their strategy according to their target audience and find ways to keep consumers coming back to their sites.



Data source & Methodology

The outcomes of this research rely on UPIDO proprietary Internet search indicators on online shopping and parcel delivery methods. Search and delivery data were collected daily covering the period ranging from 1st January 2019 until 22nd January 2021. On this basis, a series of indicators were built and tested according to UPIDO methodology in order to provide a reliable measurement and monitoring system regarding the evolution of consumers' preferences for the online and offline channels respectively. Robustness checks with other sources of information have also been successfully conducted so as to confirm the high reliability of the indicators.

**This report is the first part of our Peak Season report series.
We will send you the next chapters directly to your inbox**

PART 1	PART 2	PART 3	PART 4
<i>October & Prime Days</i>	<i>Black Friday & Cyber Monday forecast</i>	<i>Black Friday & Cyber Monday results & findings</i>	<i>2021 e-commerce outlook</i>
MID NOV. 2020	LATE NOV. 2020	MID DEC. 2020	LATE JAN. 2020



UPIDO is a Swiss start-up providing delivery intelligence as a service through proprietary data, indicators, and predictions about online consumers' behaviour globally. Its systems track parcel volumes, delivery capacity and predictability in the postal and logistics industry in real time. It fosters AI-driven hyper-collaboration between e-commerce stakeholders.

www.upidoag.ch



ShippyPro is a shipping platform born from a long study based on the e-commerce sector. It helps worldwide online sellers in shipping, tracking and returning their orders with the aim of automating the whole shipping process. Thanks to our dedicated support in 5 languages, 120+ Carriers and 60+ Sales Channels integrated, online vendors can seamlessly reach more than 175 new markets.

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