

CROSS-BORDER E-COMMERCE IN EASTERN EUROPE

Boost your online business in Eastern Europe

In Eastern Europe, low prices, home deliveries and AliExpress dominate

E-commerce market shares and especially **cross-border e-commerce volumes vary strongly across Eastern Europe**. China is of course a leading “destination” when online shoppers in this region decide to shop cross-border.

At the same time, **e-commerce flows from China have declined** in many countries in Eastern Europe compared to previous years, while we have witnessed that e-commerce volumes from Germany to Eastern Europe rising. We can also see that AliExpress remains the leading e-tailer across the region, though it has been losing market share.

Some trends, however, have not changed. **Lower prices are clearly the main driver to purchase items abroad** for shoppers in every country in Eastern Europe, especially for purchases from Chinese retailers. At the same time, lower prices are seen as less important than in previous years, likely due to the decrease in e-commerce from China to the region.

As in previous years, **home deliveries** remained the most popular delivery option across the region and **local post companies** continue to be the most used delivery providers, **though their market share has declined in recent years**. Finally, we can see that, across Eastern Europe, trust in the delivery provider is highly important when it comes to cross-border e-commerce.

And those are just a few highlights. This e-book is packed with many more insights and tips that will **help you to adapt and thrive as an e-commerce player across Eastern Europe**.



This e-book is packed with many insights and tips that will help you to adapt and thrive as an e-commerce player across Eastern Europe.

Olivier Leruth
EVP Cross Border Eurasia



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Sources used to write this report:

- Euromonitor 2019, 2020 and 2021.
- Euromonitor: Top 10 Global Consumer Trends 2020.
- ICP cross-border shopper reports (2019) for Poland, Hungary, Croatia, Slovenia, Lithuania, Estonia and Latvia.
- Postnord: e-commerce in Europe 2019.
- UPS Pulse of the online shopper. 2019 A customer Experience Study.
- DPD E-shoppers in Europe 2019 Barometer.
- Effigy Consulting: 2019 European CEP Market Summary on 2015-2018 & 2019-2024 Forecast.
- McKinsey: Covid-19: Impact on Post & Parcel Industry. Travel, Logistics, and Infrastructure practice. Update March 31st 2020.
- Escher. The Future of Posts. Growth strategies for 2020 and beyond.
- CEP research – newsletters.
- Europe 2020, E-commerce Region Report by Retail X.

Regional scope and figures

For the purposes of our e-book, we decided to focus on the Eastern European countries which are member states of the European Union. Countries like Serbia, Ukraine, Russia, Turkey and other non-EU countries will therefore not be included in this overview. Though some organisations consider the Baltic states as being a part of Northern Europe, we will incorporate them in Eastern Europe. The islands Cyprus and Malta, sometimes considered as Eastern European countries, are included in the Southern European region for this exercise.

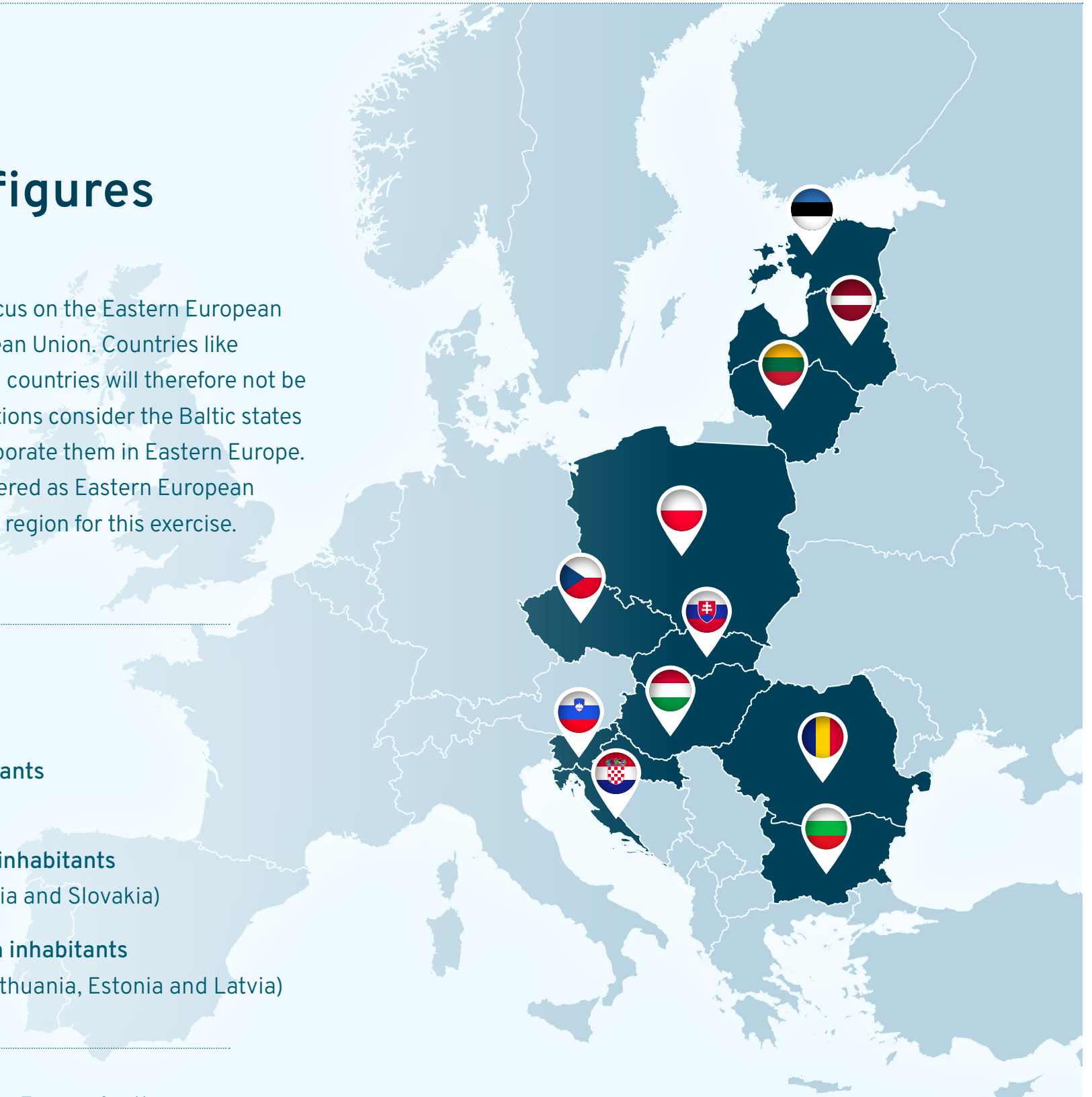
Note: you may notice that some data is not available for certain countries.

Eastern Europe by population size

Eastern Europe comprises:

- 📍 **1 large country of nearly 40 million inhabitants**
(Poland)
- 📍 **5 mid-sized countries with 5 to 20 million inhabitants**
(Romania, Czech Republic, Hungary, Bulgaria and Slovakia)
- 📍 **5 smaller countries with less than 5 million inhabitants**
(Croatia, Slovenia and the 3 Baltic states: Lithuania, Estonia and Latvia)

These are the countries that will make up Eastern Europe for the purposes of this e-book.



Setting the scene

The current market share of e-commerce varies strongly across Eastern European countries. In absolute numbers, **Poland is obviously the largest market as it has the highest population**. Completing the top 5 of the largest e-commerce markets are Romania, the Czech Republic, Hungary and Slovakia. When we look at the percentage online retail represents of total retail sales, Poland, Estonia

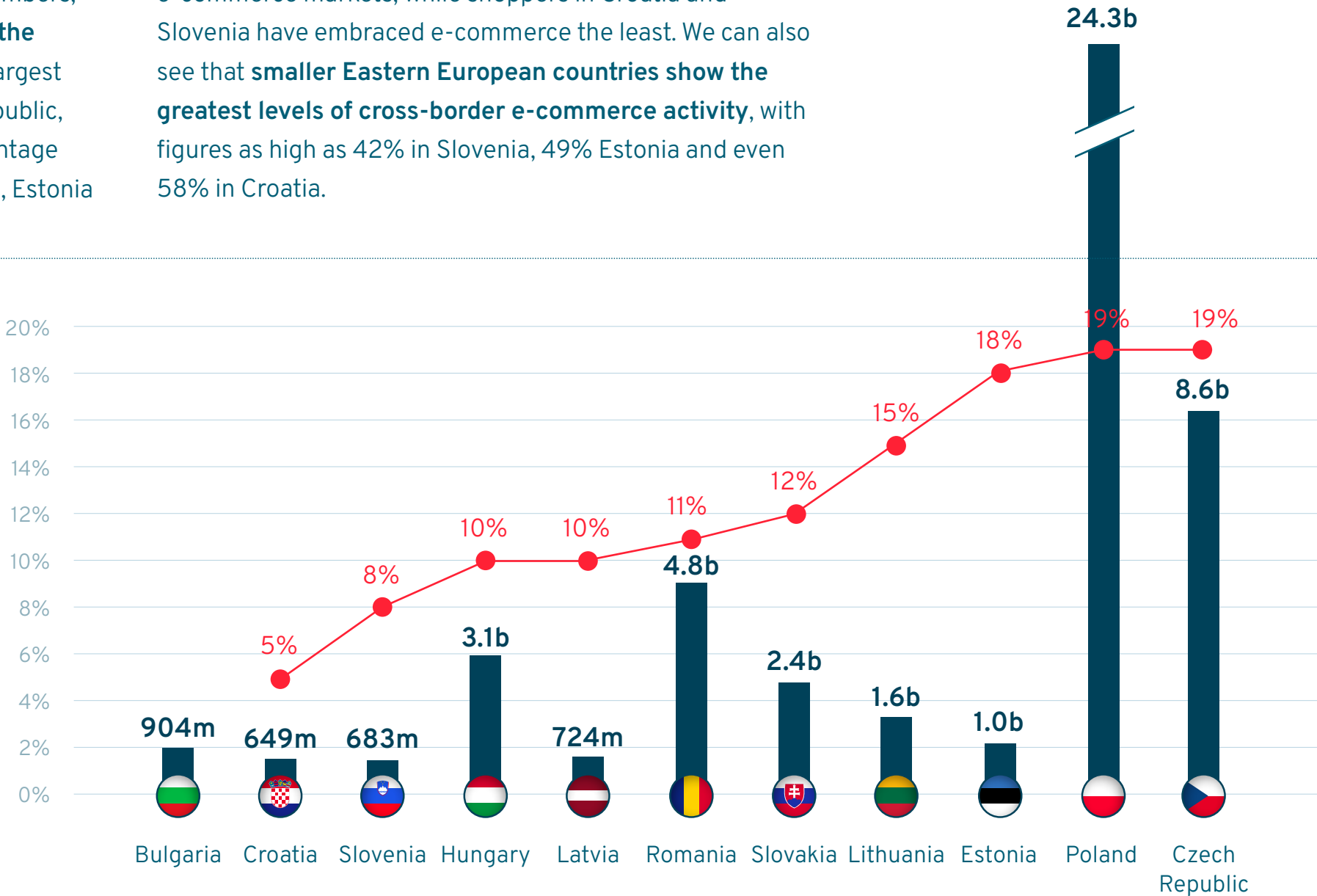
and the Czech Republic become the most developed e-commerce markets, while shoppers in Croatia and Slovenia have embraced e-commerce the least. We can also see that **smaller Eastern European countries show the greatest levels of cross-border e-commerce activity**, with figures as high as 42% in Slovenia, 49% Estonia and even 58% in Croatia.

E-commerce in numbers

E-commerce value includes all sales of consumer goods to the general public via the Internet (also sales through mobile phones and tablets) Services (e.g. tickets, insurances, travel, takeaway...), and sales between private individuals are not taken into account.

Source: Euromonitor 2022

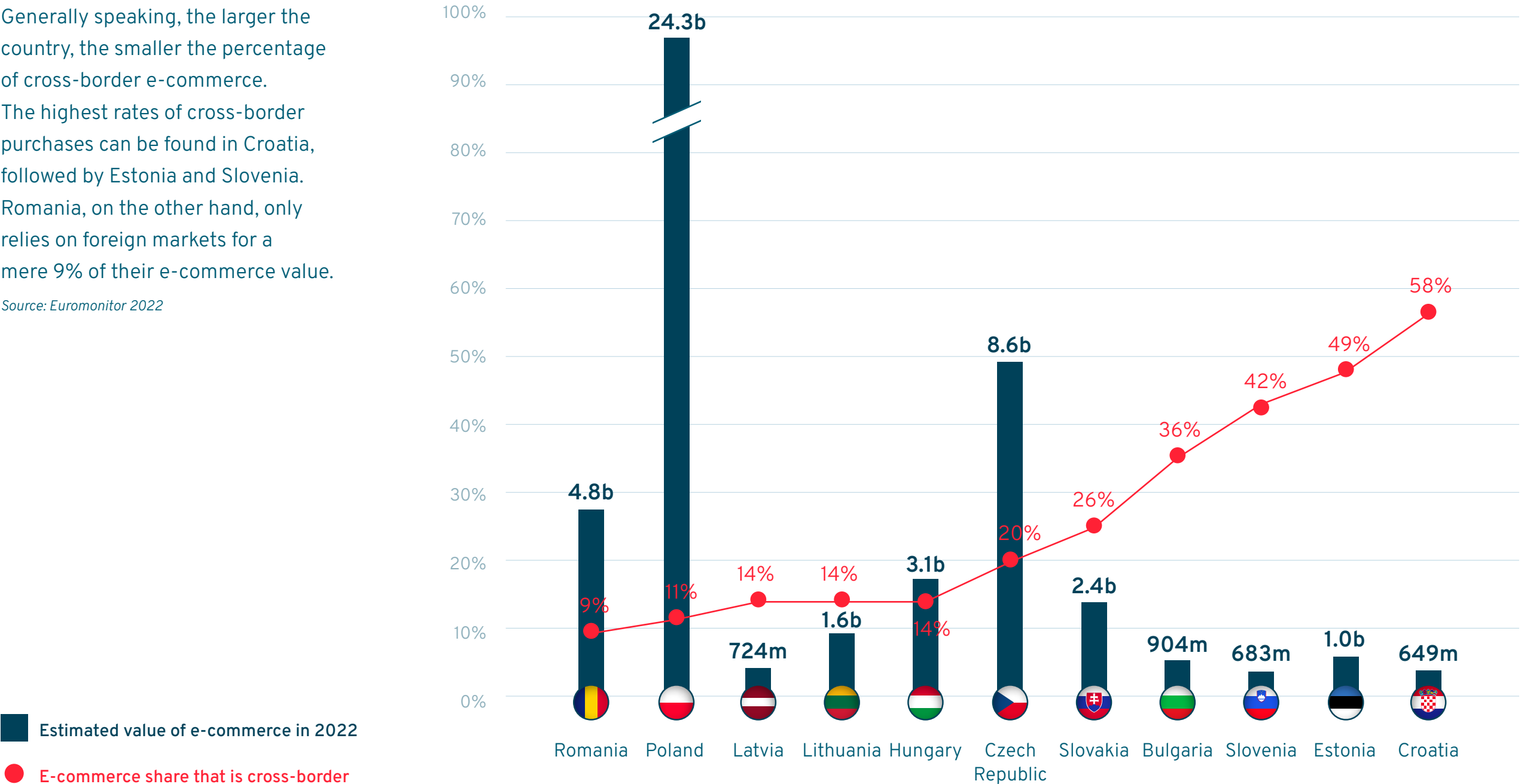
- Estimated value of e-commerce in 2022
- E-commerce share of total retail



Share of cross-border shopping total online retail

Generally speaking, the larger the country, the smaller the percentage of cross-border e-commerce. The highest rates of cross-border purchases can be found in Croatia, followed by Estonia and Slovenia. Romania, on the other hand, only relies on foreign markets for a mere 9% of their e-commerce value.

Source: Euromonitor 2022



Neighbouring countries popular with shoppers from the Baltic states

Online shoppers in the Baltic states often turn to their slightly bigger neighbouring countries, with Estonia buying from Latvia, Latvia buying from Lithuania and Lithuania buying from the Polish market. This phenomenon can be observed in other parts of the world as well, particularly in areas with a shared economical history, often leading to advantageous regional trade agreements.

01 | Fewer shoppers buying from Chinese online retailers

Looking at the share of foreign countries in cross-border purchases, **China undeniably comes out on top**. This is true for Europe in general, but for Eastern Europe especially.

Overall, 37-66% of people purchased an international item from China. The Chinese market share is especially high in the Baltic states, Poland and Hungary.

Companies such as AliExpress and Wish mainly **attract customers with inexpensive products**, while the UK, Germany and the US are more appealing with respect to brands, good service and unique products.

(Postnord 2019)

At the same time, **e-commerce flows from China have declined in many countries** in Eastern Europe compared to previous years.

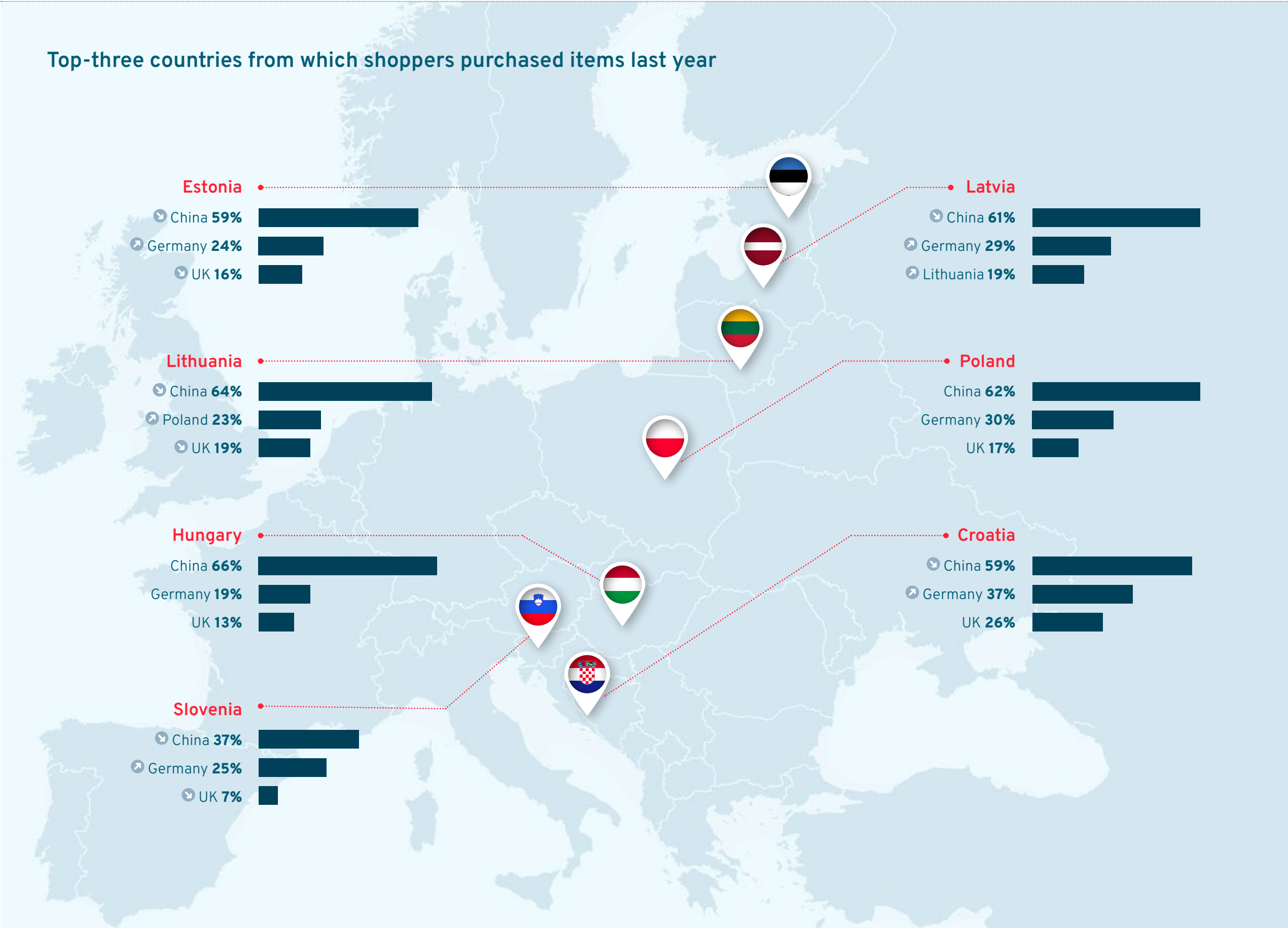
An overview of the top-three countries from which shoppers purchased items last year is offered on the next page. Germany is also popular with online shoppers in Eastern Europe, and e-commerce volumes from that country to Eastern Europe are increasing. The UK also confirm its importance with significant market presence across all of Eastern Europe, though there has been a downward trend in recent years.

Source: IPC Cross-Border Shopper Report 2021



Examine the potential of each individual country. Landmark Global can get your parcels through customs quickly and efficiently.

Top-three countries from which shoppers purchased items last year



02 | AliExpress remains leading e-tailer but is losing market share

When we examine the retailers favored by online shoppers, it becomes obvious that the online marketplace giants play an important role. With players like Amazon, Alibaba, eBay, Taobao and JD.com, the list of the major online marketplaces is varied.

In spite of the varying regions from which they operate, these **marketplaces have achieved close to 100% B2C market penetration** among online shoppers in Eastern Europe. On average, 96% of surveyed consumers made an online purchase from a marketplace in the three months before this study. The most popular marketplaces in Europe are Amazon, eBay and Zalando. *(UPS Pulse Survey 2019)*

Apart from Zalando, the other online marketplace giants consequently appear in the top 3 of e-tailers

used for the latest cross-border purchase. **Unlike the large Western European markets**, such as the UK, France and Germany, we observe that **AliExpress is the largest marketplace for Eastern Europe**, though it has lost market share in recent years. For cross-border online purchases, AliExpress is especially popular in Poland and the Baltic states. Though eBay has a strong foothold in Croatia and Wish is a notable player in Hungary, both have lost market share in these countries recently. Some smaller local e-tailers also play a role, such as Allegro in Poland (12%).

The Chinese dominance of Eastern European e-commerce is reflected in the platforms and web shops used for the most recent cross-border online purchase, with impressive market shares for AliExpress and Wish.

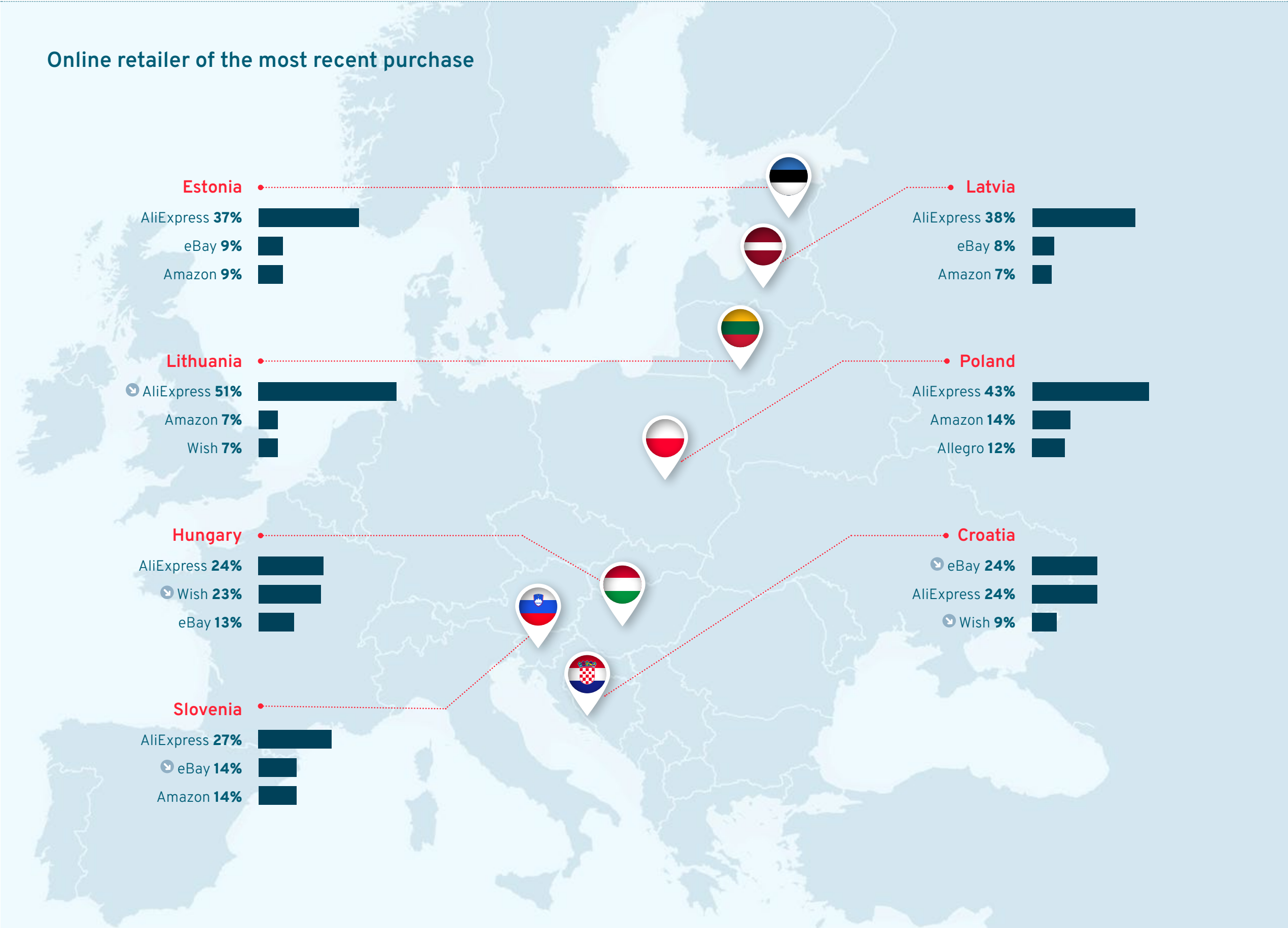
AliExpress™

In the Baltic states and Poland, AliExpress has a market share of 37% or higher. When we add the numbers for Wish, Chinese e-tailers have a combined market share of more than 50%. In Slovenia, eBay is still holding strong, even if AliExpress has now taken the lead. In Hungary, Wish (23%) is almost as popular as AliExpress (24%). Nearly 24% of Croatian online shoppers turn to eBay for their cross-border purchases.

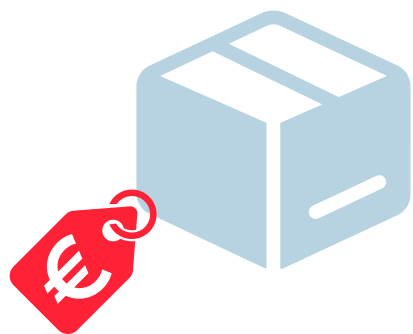


It will probably become easier for online shoppers in small countries to buy from international marketplaces. In spite of losing market share, AliExpress remains popular across Eastern Europe, making it worth to consider selling through this e-tailer.

Online retailer of the most recent purchase



Source: IPC Cross-Border Shopper Report 2021



Searching for the lowest price

Nowadays, because most major brands operate globally and many products are standardised, consumers can easily compare prices across countries. When prices differ from one country to another, they can simply purchase the item from the e-tailer offering the lowest price.

Source: PostNord Report 2019

03 | Cross-border shopping is driven by low prices, especially for purchases from Asia

Why do online shoppers buy cross-border? If we examine the top-three drivers for buying online cross-border, we can see that they are **largely the same across Eastern Europe**.

Lower prices are clearly the main driver to purchase items abroad for shoppers in every country in Eastern Europe, especially for purchases from Chinese retailers. **Lower prices are the leading reason for around 7 in 10 online shoppers to buy cross-border.** This reason is significantly more important for Eastern European shoppers than it is for Western Europeans, which can be explained by the lower purchase power.

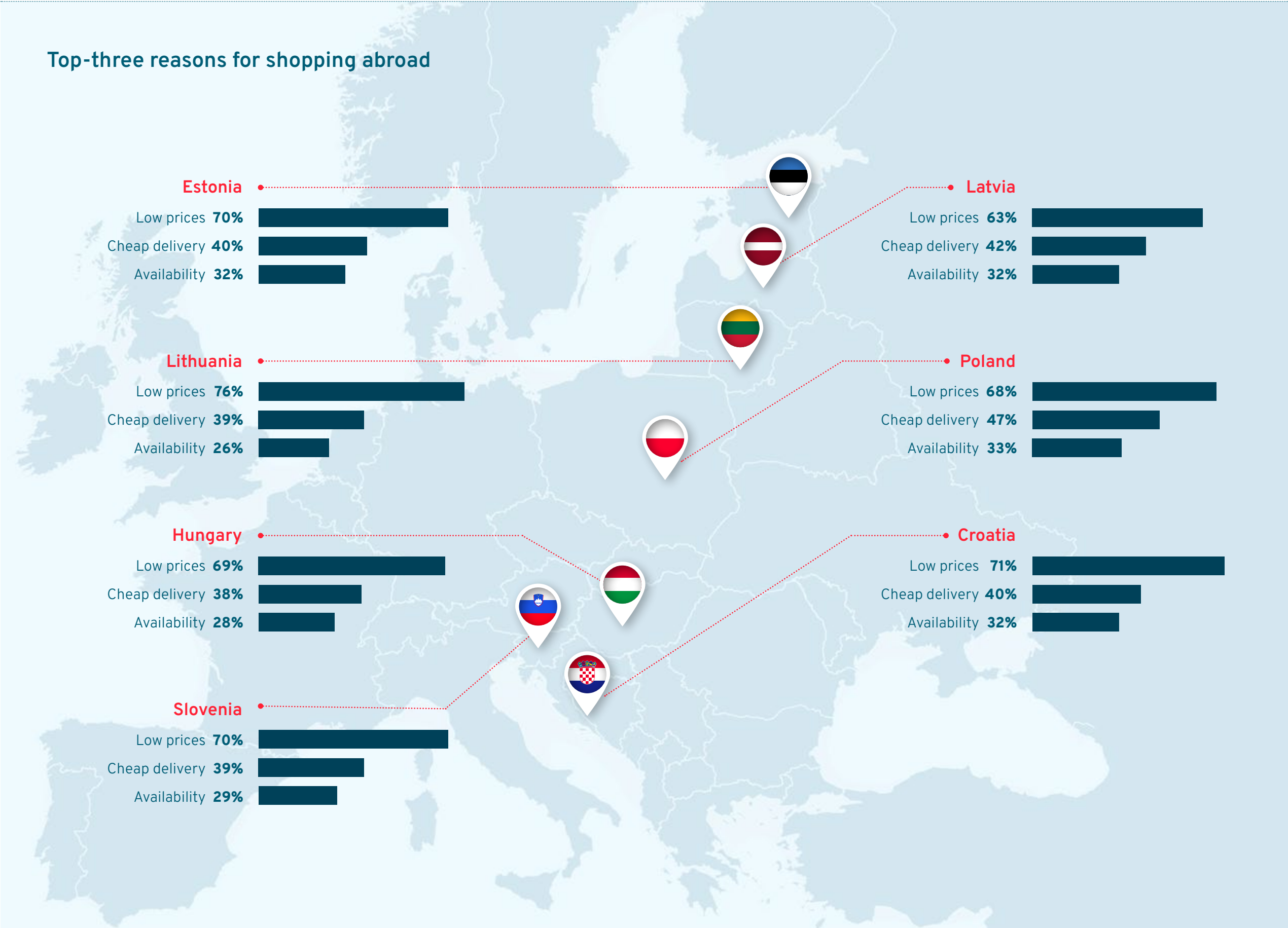
At the same time, lower prices are seen as **less important than in previous years**, likely due to the decrease in e-commerce from China to the region.

Low delivery costs (around 40%) are a second important reason to make cross-border online purchases. Finally, the variety of goods is the third reason (around 30%) to purchase cross-border online, since products are not always available domestically.



Landmark Global can help you increase customer satisfaction by publishing transaction totals that include all duties, taxes and shipping costs.

Top-three reasons for shopping abroad



Source: IPC Cross-Border Shopper Report 2021

04 | Most popular payment methods vary in each country

The preferred payment methods of online shoppers greatly vary across the region. Unlike in Western Europe, we see that **bank transfers and cash on delivery (COD) are still common in some Eastern European countries.**

In Hungary, Croatia and Slovenia, cash on delivery is a preferred payment method for 13-22% of online shoppers. Bank transfers are especially important in Poland and the Baltic states.

Regardless of the continued popularity of traditional payment methods, **alternative payment solutions like PayPal and Alipay are clearly on the rise** in most of Eastern Europe, except for the Baltic states. PayPal is now a leading payment method in Poland, Hungary, Croatia and Slovenia. In Hungary and in the Baltic states, online shoppers tend to prefer debit cards. Shoppers in Slovenia, Croatia and the Baltic states also frequently use credit cards to pay for their online purchases.



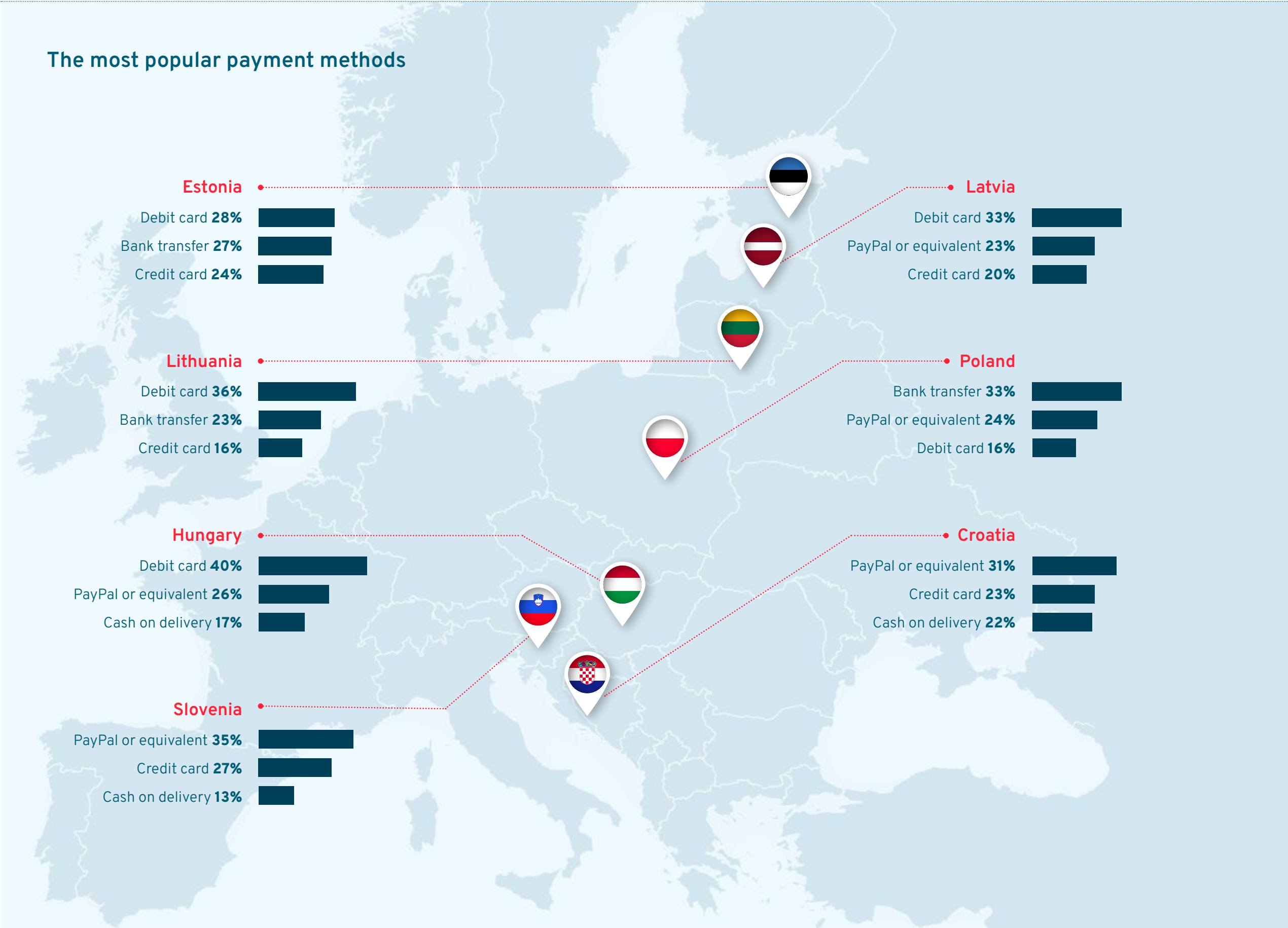
Cash is king

In some parts of Eastern Europe, cash on delivery is still a widely used payment method. The e-commerce region report by Retail X confirms that this is the case for Bulgaria (60% of all payments) and Romania (62%). Other countries, like Czech Republic, have embraced card payments (42%).



Try to offer as many different payment methods as possible and display the icons of the leading payment methods on your website to build trust.

The most popular payment methods



Source: IPC Cross-Border Shopper Report 2021

05 | Many online parcels are delivered to lockers and post offices

Delivery preference vs. chosen delivery option

The delivery option depends on consumers' availability. For instance, "I won't be home at the estimated time of delivery, so I choose to have my parcel delivered to a locker."

Across the region, online shoppers are highly **accustomed to having their parcels delivered to pick-up and drop-off locations** such as lockers and the post office. Parcel lockers are especially popular in Poland and the Baltic states. Shoppers in the Baltics as well as in Croatia and Slovenia also commonly pick up parcels from their local post office. In Hungary, Slovenia and Croatia, meanwhile, online parcels are frequently delivered to a safe place around the house.

If we look at the figures for the most recent cross-border online purchase, the share of home delivery varies between 18 and 61% across the region. **When home delivery is not an option**, most consumers in Eastern Europe consider delivery to a **post office or a parcel locker to be a convenient alternative**. Again, lockers are especially popular in Poland and the Baltic states.



Landmark Global delivers all your cross-border shipments, right to your customers' doorstep or to a pick-up location of their choice.

Delivery location: top five used in the past year (at least 6 times)

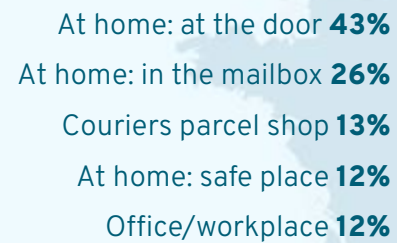
Estonia



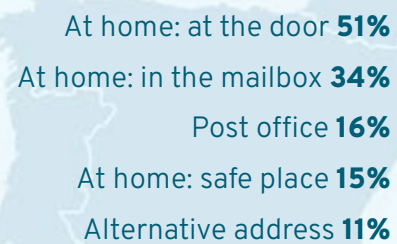
Lithuania



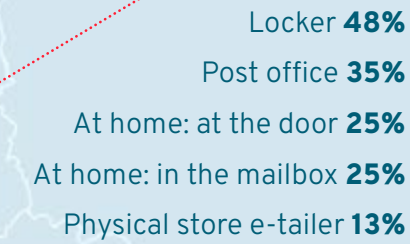
Hungary



Slovenia



Latvia



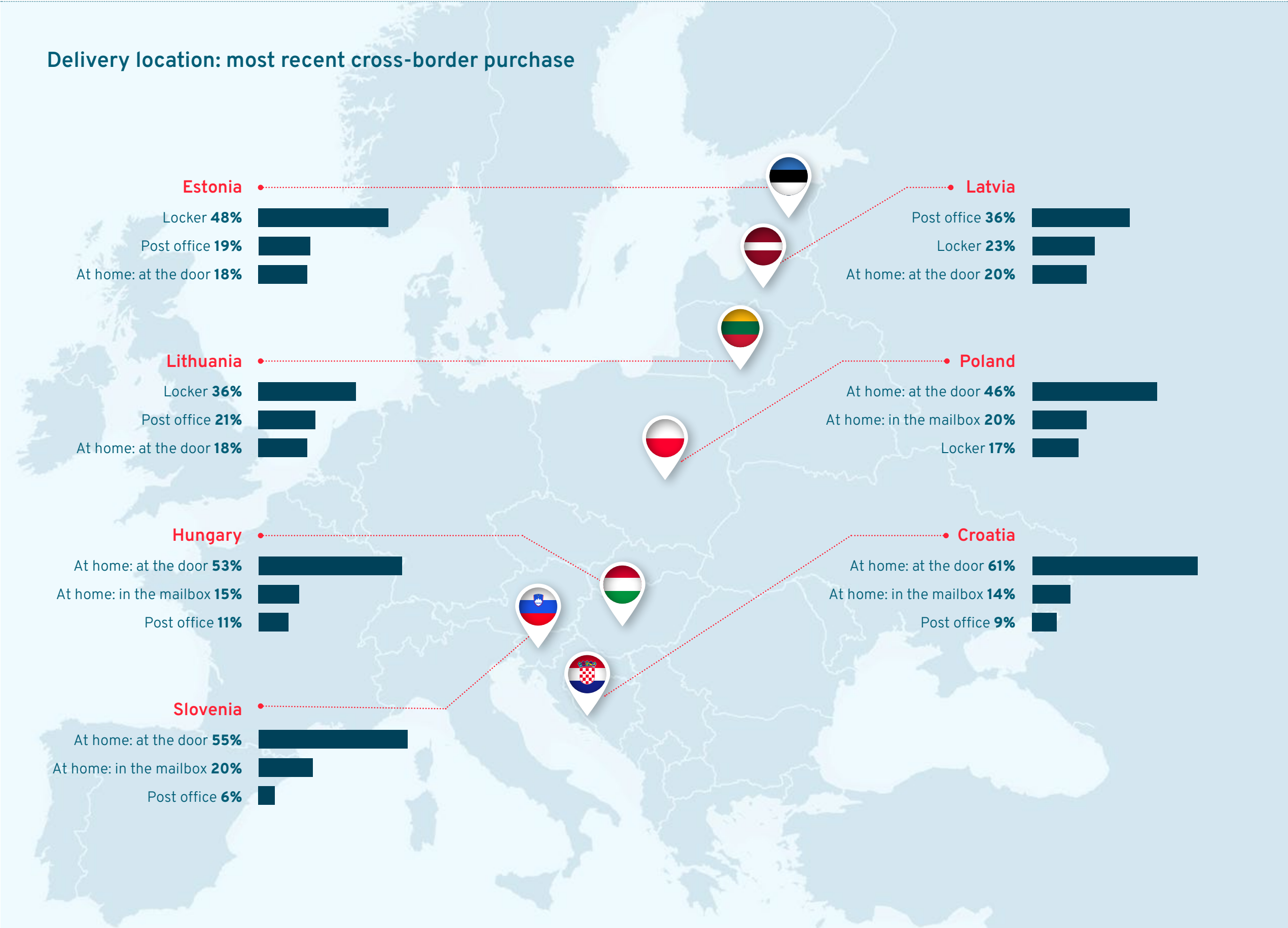
Poland



Croatia



Delivery location: most recent cross-border purchase



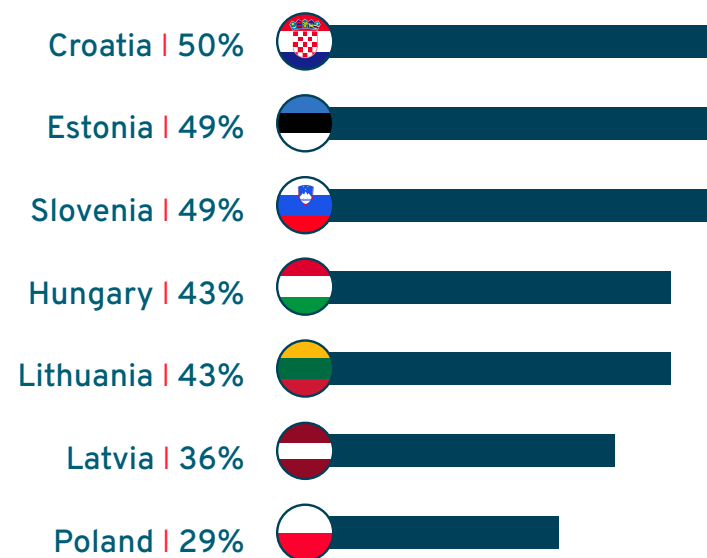
Source: IPC Cross-Border Shopper Report 2021

06 | Local post operator remains most common chosen delivery company

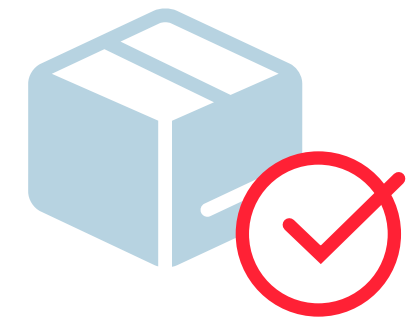
With the exception of Poland, between 36 and 50% of cross-border parcels in Eastern Europe are **delivered by local postal operators**, though their market share is declining.

Shoppers' **preference for postal operators is also lower than their actual use of these delivery providers**. The suppliers favored by many shoppers in this region are the end-to-end integrators DPD and GLS. GLS has a strong presence in Hungary, Croatia and Slovenia, while DPD is popular in the Baltic states. In Poland, a little over half of shoppers prefer for their parcels to be delivered by InPost, which is explained by the popularity of locker deliveries in this country. The **top 3 delivery services take care of roughly 80% of all deliveries** in most countries, which confirms that the delivery market is largely consolidated.

Share of the national postal service (most recent cross-border purchase)



Source: IPC Cross-Border Shopper Report 2021



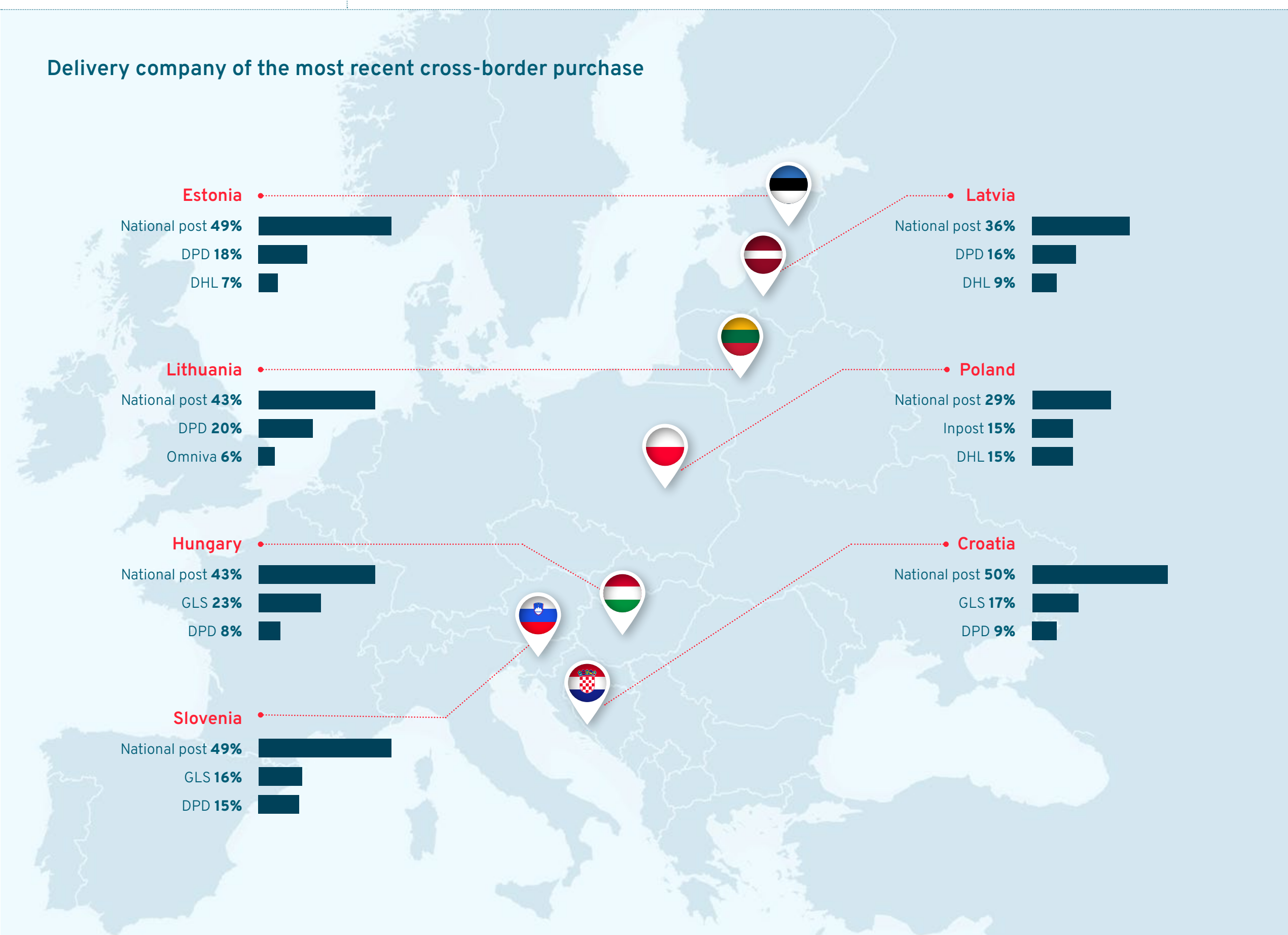
29 – 50%

of cross-border parcels in Eastern Europe are delivered by local postal operators.



The post is the most commonly used delivery provider. Landmark Global has partnerships with many postal operators and trusted local delivery companies.

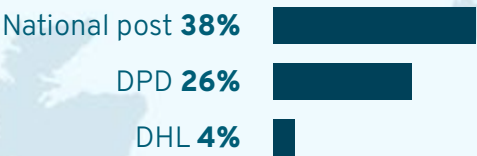
Delivery company of the most recent cross-border purchase



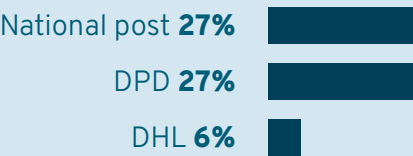
Source: IPC Cross-Border Shopper Report 2021

Delivery company preference

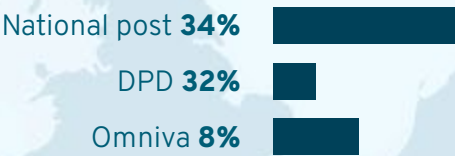
Estonia



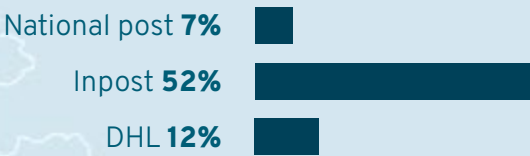
Latvia



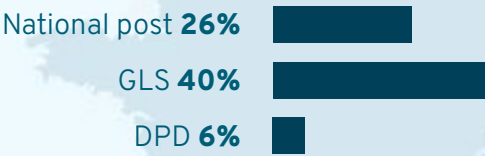
Lithuania



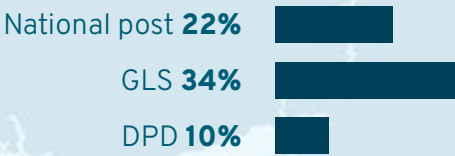
Poland



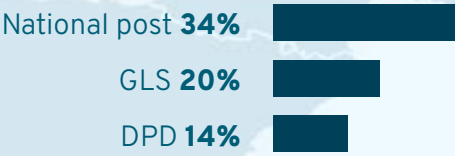
Hungary

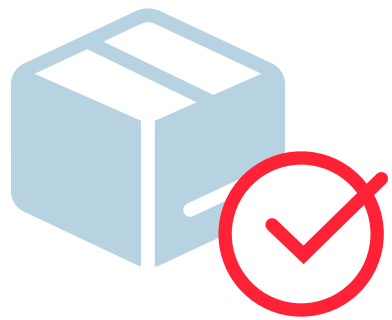


Croatia



Slovenia





46 – 64%

of online shoppers consider trust in the delivery provider to be highly important

31 – 41%

of online shoppers value being informed about the company that will deliver their online parcel

07 | Customer trust in delivery company is key

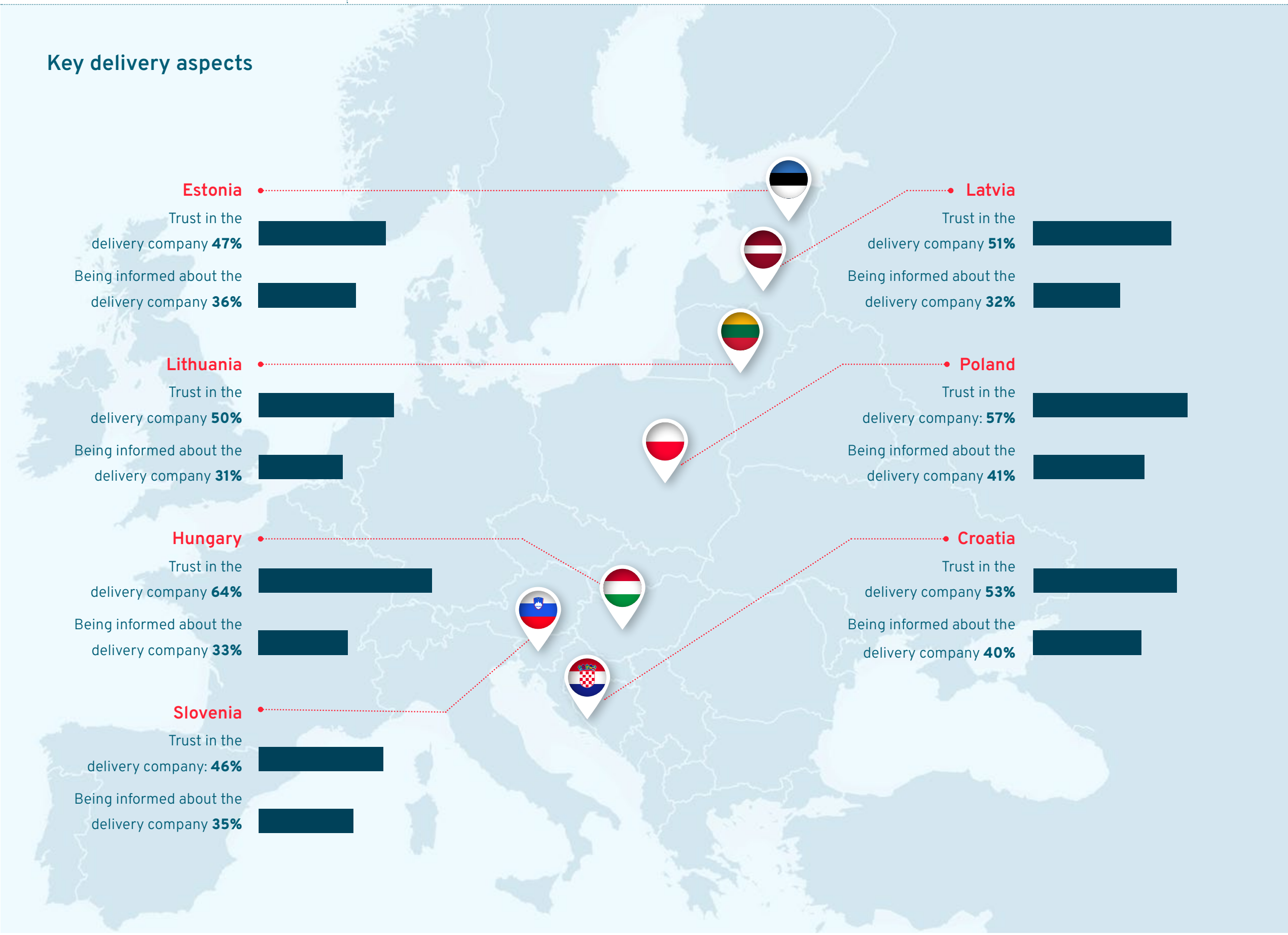
The importance of customer trust in the delivery company should not be overlooked. Across Eastern Europe, **half of shoppers consider trust in the delivery provider to be highly important**. This is especially the case in Hungary, where 64% of online shoppers describe trust in the delivery company to be crucial.

Roughly 30 to 40% of shoppers across Eastern Europe also value **being informed about the company that will deliver their online parcel** when making their purchase.



Choose a trusted logistic partner to deliver your parcels and communicate the delivery company to shoppers during the checkout process.

Key delivery aspects



Source: IPC Cross-Border Shopper Report 2021

08 | Cross-border parcels, especially those from China, are seldomly returned

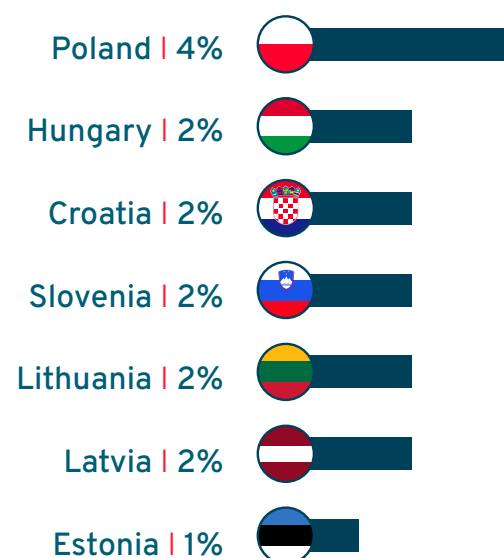
The returns figures for the most recent online cross-border purchase are roughly the same across Eastern Europe.

In general, only about 3% of cross-border parcels in Eastern Europe are returned to e-tailers. This low rate can be explained by the high share of Chinese imports, which are typically **more difficult to return**. Simultaneously, the low parcel value and especially the absence of a free returns policy also diminish the appeal of returns.

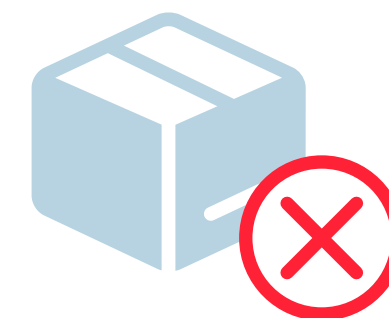
When we look at postal companies, we can see that 57% of them offer shoppers an easy return solution for international parcels, illustrating the importance of this option.

Source: Escher Survey 2020

Return rates per country in Eastern Europe



Source: IPC Cross-Border Shopper Report 2021



Why do shoppers return items?

Globally, around 1 in 3 (36%) online shoppers returned an item in the past three months. The reasons for returns are varied, from a faulty or damaged product (30%), to issues with delivery (18%).

Source: UPS Pulse Survey 2019



Landmark Global offers flexible returns solutions and can manage your returns exactly according to your needs.

09 | Many shoppers value delivery speed over sustainability

Yesterday wouldn't be too soon

36 – 46%

of online shoppers in Eastern Europe attach great importance to the delivery speed.

21 – 33%

shoppers readily agree to receive their package a few days later to reduce the environmental impact.

Are online shoppers willing to accept slower delivery times in exchange for a reduced environmental impact? Shipping parcels together can reduce the carbon footprint of the delivery process significantly, as shipments can be optimised in terms of weight and occupied space. However, it will inevitably slow down delivery times because it might take some time for shipping companies to fill up all the available space for a certain destination. Moreover, slower delivery times allow local couriers to optimise their delivery routes and reduce their carbon footprint.

Globally, around 40% of online shoppers across Eastern Europe insist on having their parcels delivered as quickly as possible, while **roughly 30% state that they agree to slow down the delivery process to reduce the ecological footprint.** This does not apply to Estonia and Latvia, where less than 1 in 5 respondents strongly agreed with a delayed delivery.

Source: IPC Cross-Border Shopper Report 2021



It is important to know which delivery aspects matter most to your customers and to offer a sustainable, slower delivery option.

Importance shoppers attach to fast delivery and shoppers' willingness to accept slower delivery times

Estonia

Importance of speed
(very important) **37%**

Openness to
slower delivery **22%**

Lithuania

Importance of speed
(very important) **41%**

Openness to
slower delivery **28%**

Hungary

Importance of speed
(very important) **41%**

Openness to
slower delivery **33%**

Slovenia

Importance of speed
(very important) **36%**

Openness to
slower delivery **29%**

Latvia

Importance of speed
(very important) **39%**

Openness to
slower delivery **21%**

Poland

Importance of speed
(very important) **45%**

Openness to
slower delivery **27%**

Croatia

Importance of speed
(very important) **46%**

Openness to
slower delivery **32%**

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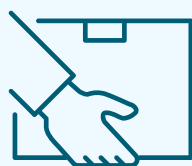
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Open your world

Landmark Global is the trusted international logistics partner, powering your e-commerce growth. With a network spanning 220 destinations, our services include international parcel delivery, customs clearance solutions, and returns management. Being part of the bpost group enables us to expand our knowledge and capabilities and provide better e-logistic solutions to our customers.

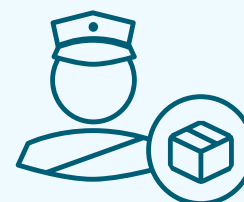
Our fully integrated logistics services



Parcel
Delivery



Returns
Management



Customs
Clearance



International
Mail Delivery