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E-barometern

PostNord in association with HUI Research

Q2

2024

postnord

About E-barometern

PostNord monitors the Swedish retail sector's e-commerce development in association with HUI Research. E-barometern is published once a quarter and is based on four consumer surveys and a survey of companies. E-commerce is defined in E-barometern as being the online sale of items, 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-barometern:

- In-store purchases that were initially arranged via the internet
- The online sale of services (for example, travel, hotel accommodation and concert tickets)
- Downloads, streaming and subscription services such as music, movies and applications
- Business-to-business online sales
- Consumer-to-consumer online sales

E-barometern Q2 2024 is based on information collected from retail companies in August 2024. A total of 109 companies took part in the survey. Five consumer surveys have been carried out using KANTAR's web panel. All the surveys are conducted with a representative sample of Sweden's population between the ages of 18–79.

The first survey was conducted in May 2024, the second in June 2024 and the third in July 2024, with around 2,000 respondents per survey.

The fourth and fifth surveys were conducted in July 2024, with around 3,100 respondents each. 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

After a few tough years, households now view their financial future more positively. In May the Riksbank (Swedish central bank) cut the interest rate for the first time since 2016, followed by another cut in August. Further reductions have been announced in the fall. As household spending power grows, so does e-commerce. We are seeing a more mobile housing market, benefiting building products, furniture and home furnishing retailers. Despite positive signs in Sweden, the situation in the world remains unstable, affecting the world economy.

This year's second E-barometern focuses on the customer journey, with chapters on the themes of deliveries, returns and payments. In more challenging economic periods, consumer behavior changes, including how many people are willing to pay extra for shipping and preferred delivery methods, and which payment methods are most popular.

Freedom of choice is crucial for the consumer at checkout. Six out of ten consumers think that the delivery experience – being able to choose how the items are delivered – is the most important aspect. This also applies to the choice of delivery options when making returns and payments. Almost half think it is important to be able to choose between several different payment options.

Returns are an important part of the purchase journey. Consumers want more return options, and the returns process should preferably take place online. The most common reason for not returning an unwanted item is that the process of returning lower value items is seen as too complicated and not worth the effort. In this regard, e-retailers can help increase the return rate of unwanted purchases by highlighting and clarifying returns instructions.

External factors and foreign competitors are having an increasing impact on Swedish e-commerce. Google provides e-retailers with specific examples of how to offset cost increases from global supply chain disruptions and how to reduce the cost of returns.

We hope you find this year's second E-barometern informative and insightful.

Enjoy the read!

Marie Rudolfsson
Business Area
Manager Parcels,
PostNord
Sweden



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Slight improvement for the Swedish consumer

After some tough years, hopeful signs for the Swedish economy finally emerged in the second quarter. Falling inflation and lower interest rates have left consumers with slightly more money in their wallets and greater optimism regarding their finances. In May, the Riksbank cut the interest rate for the first time since 2016. Although the cut was small, it gave consumers a sense that better times are ahead. Since then, another cut has been made, and more are expected in the final months of the year. In connection with the interest rate cut in August, the Riksbank announced that it is very likely that the cuts will take place more rapidly than previously communicated.

Consumers' costs have reached their peak, and there is evidence that they are becoming willing to spend their money again. The household confidence indicator is rising, which means that households' view of their own finances is beginning to improve.¹⁾ When household activity

increases, so does e-commerce activity. For example, the housing market has started to move, with positive effects on sectors such as building products, furniture and home furnishings. During the recession, consumers refrained from buying capital-intensive items, but according to HUI Research's Retail Outlook report, there are signs that this trend will reverse in the near future.²⁾ However, purchasing power is recovering from a historically low level, which means that it may take time for the effects to reach e-commerce.

Developments in Sweden are thus expected to improve during the remaining months of the year, but the situation around the world remains uncertain. Wars, a US election year and humanitarian disasters continue to make their mark on the global economy, which may pose unexpected challenges even as the domestic economy starts to improve.

¹⁾ Economic Tendency Survey May 2024, National Institute of Economic Research

²⁾ HUI's Retail Outlook report Q2 2024

Total	3%
Pharmacy	20%
Clothing & footwear	6%
Groceries	5%
Books & media	5%
Home electronics	-2%
Furniture & home furnishings	-3%
Sports & leisure	-5%
Building products	-7%

E-commerce gaps narrow slightly

E-commerce experienced negative growth in 2023, but after two consecutive positive quarters in 2024, the future looks brighter. The growth rate for Q2 2024 is 3 percent. The positive result suggests that the upward trend that began to emerge in Q1 is here to stay and that e-commerce once again has a chance to grow. Much of the growth can still be explained by price increases, rather than volume increases, but increasing growth rates are still a relief for the industry.

A year ago, E-barometern showed that growth in the different sectors was more divergent than ever. Today, the situation in e-commerce is somewhat more stable, with the difference between the best

and worst performing sectors instead being the smallest in a year. As was the case a year ago, it is the pharmacy sector that continues to show incredible growth figures, while the building products sector continues to struggle the most – albeit slightly less than in many previous quarters.

Growth continues to diverge not only between sectors, but also within sectors – in some cases, the growth is like night and day. Clothing and footwear, books and media, and furniture and home furnishings are three sectors in which the growth of different product groups varies widely.

Pharmacy offer suits the e-commerce format

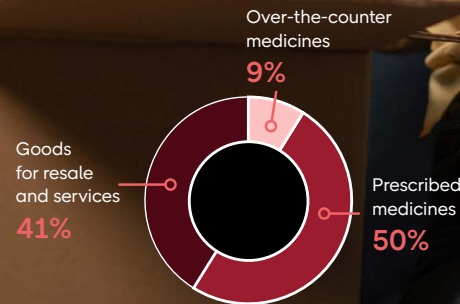
For the fifth consecutive quarter, online pharmacy retailers are showing double-digit growth, with a 20 percent increase for Q2 2024. The sector continues to show strong growth, even compared to the same quarter last year when growth amounted to 21 percent. Several factors are combining to create a unique growth curve for the sector, such as competitive prices compared to physical pharmacies and a sectoral shift towards beauty and cosmetics, which means that online pharmacies are continuing to perform strongly.

Also benefiting online pharmacy retail is the fact that the sector is highly compatible with e-commerce: pharmacy and beauty products are highly suitable for e-commerce supply chains. The products are often compact and easy to ship, and pharmacy and beauty products have one of the lowest return rates, which makes things easier both logistically and economically.

Another e-commerce-compatible sector is the home electronics sector, which today has an e-commerce rate of almost 50 percent. A strength of that sector is

the amount of detailed and accessible information that helps the customer make an informed choice. Pharmacy retail is also at the forefront in this regard. Especially in the pharmaceuticals category, a simplified patient information leaflet describing the contents and use of the product is often available. Even beauty, which accounts for a significant share of online pharmacy sales, is strong when viewed from this perspective.

Unlike many other sectors, pharmacy retail has also been relatively spared from competition from foreign low-price market participants. Although product categories such as beauty and cosmetics can be purchased from low-price giants outside Europe, this is not very popular, and very few consumers choose to look beyond national borders for medicines – both because of legislation and because of a perceived lack of safety. A study by the Swedish Medical Products Agency shows that it is difficult for some target groups, mainly the elderly, to determine whether an online pharmacy is legal¹⁾, which contributes to a general vigilance regarding online medicines.



Sales in the outpatient market, e-commerce, Q2 2024

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

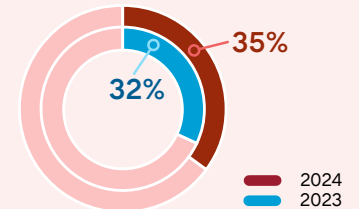


SEK 478

Start of survey

Average amount spent online over last 30 days

Basis: Consumer, has shopped online, average April – June



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

Basis: Consumer, has shopped online



Percentage of e-commerce consumers who had their most recent purchase delivered to a parcel locker

Basis: Consumer, has shopped online



Percentage of e-commerce consumers who had their most recent purchase delivered to their home

Basis: Consumer, has shopped online

¹⁾ Swedish Medical Products Agency, May 2024

Slight improvement for online building products

A deep recession, general price increases and high raw material prices in building products have shaken up the sector considerably, and several major market participants are feeling the effects. Monica Björk, CEO of the Association of Swedish Building Materials Merchants, feels that consumers have largely stopped renovating and extending their homes, and that the production of new homes has slowed, leading to weak demand for building materials during several quarters.¹⁾

However, the overall picture is that the sector has hit rock bottom, which can also be seen in E-barometern's metric for the quarter, in which the decline is decreasing even if the trend is still negative. The Building Materials Index for the quarter shows the same trend: a noticeable but still somewhat decelerating decline.²⁾ Something that also indicates

a turnaround in the sector is that in the second quarter, the Riksbank implemented the first of several planned interest rate cuts, after many quarters of increases. The positive effect of interest rate cuts on the housing market will also spill over to the building products sector in the longer term.

As price-sensitive consumers slowly start to renovate and extend their homes once again, they are likely to start with smaller projects. These often require smaller, less expensive building products that are easy to buy online, where quality and price comparisons are easy to make and items can be easily delivered across the country. Perhaps the construction sector is recovering faster online than physically, especially when comparative figures are weak. However, it is still difficult to predict the future of the online building products sector.

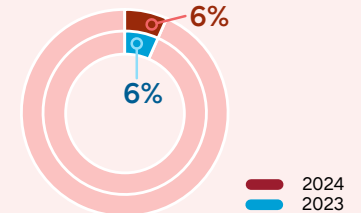


SEK 1 863

Start of survey

Average amount spent online over last 30 days

Basis: Consumer, has shopped online, average April – June



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

Basis: Consumer, has shopped online



Percentage of e-commerce consumers who had their most recent purchase delivered to a parcel locker

Basis: Consumer, has shopped online



Percentage of e-commerce consumers who had their most recent purchase delivered to their home

Basis: Consumer, has shopped online

¹⁾ Swedish newspaper Dagens Nyheter, March 2024

²⁾ Association of Swedish Building Materials Merchants, Building Materials Index Q2 2024

Books part of the circular economy online

The online book sector has had several tough quarters, but Q2 2024 is now indicating a break in the trend, with growth reaching five percent. Market participants in the online book sector are innovating and evolving to adapt to a changing market.

The Swedish Booksellers' Association's and the Swedish Publishers' Association's half-yearly report shows that the e-book format is still taking shares from physical book retail. However, it is not e-commerce sales of physical books that are growing, but subscription services (streaming), which grew by almost eight percent during the first six months of the year.¹⁾ E-commerce sales of physical books are declining according to the report, a sign that sales other than books are driving the growth of online book retail. Increasing numbers of people are turning to bookshops for board games and craft items, for example, and several major market participants are expanding these parts of their range.

The increased interest in subscription services is also reflected in the sector, with, for example, the Bokusgruppen group seeing a significant increase in

its subscription service and continuing to invest in developing its e-commerce platform, focusing on both user experience and in-house efficiency.²⁾ Another initiative within the group is that book retail chain Akademibokhandeln has started a circular initiative, 'Bokomlppet', which means that customers can return old books in exchange for a voucher for which they can buy new ones.³⁾

Circular online bookstores are nothing new; market participants such as Bokbörsen and Studentapan have long connected Swedes who want to buy and sell literature second hand. However, circular ventures among formerly linear retailers are becoming increasingly common, not only in the book sector but in e-commerce in general. On the one hand, it is a way to work towards achieving internal sustainability goals, and on the other, it is a means of capturing new revenue for the same items when they are sold a second time. As previously mentioned in E-barometern, books are a popular second-hand item, and by offering customers the opportunity to buy and sell them second-hand, booksellers are capturing shares of this new and growing market.

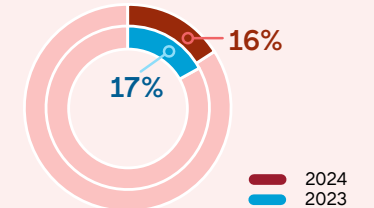


SEK 614

SEK +95 since last year

Average amount spent online over last 30 days

Basis: Consumer, has shopped online, average April – June



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

Basis: Consumer, has shopped online



Percentage of e-commerce consumers who had their most recent purchase delivered to a parcel locker

Basis: Consumer, has shopped online



Percentage of e-commerce consumers who had their most recent purchase delivered to their home

Basis: Consumer, has shopped online

¹⁾ Book sales statistics Q2 2024, Swedish Booksellers' Association and Swedish Publishers' Association ²⁾ Bokusgruppen, 2024 ³⁾ Market, May 2024

Grocery retailers looking for profitability online

Summertime is often a low season for e-commerce in the grocery sector, but strong spring months make up for it, and the sector is now showing a long-awaited five-percent increase for the second quarter of the year.

As mentioned, summer presents a challenge for online grocery retail. Vacationers do not have the same need for the everyday solutions that otherwise attract them, and many people move to their vacation homes during the warmer part of the year. Some e-commerce market participants such as Coop and Mathem have tried to solve this problem by offering deliveries to the Stockholm archipelago during the summer. This year, however, the sector's e-commerce share decreased during the summer, according to Svensk Dagligvaruhandel, the organization for the grocery retail sector in Sweden.¹⁾ The remaining challenge in the sector is to generate long-term profitability online. Several online market participants continue

to reorganize and develop their offering to find the key to profitability. For example, Mathem, which had not yet made a profit on its own, was bought by Oda in the hope of increasing profitability. To reach the 2025 profit target, the company also had to make several redundancies during the quarter.²⁾

It is not only purely online grocery retailers that are struggling to achieve profitability. At regular intervals, different types of niche market participants have achieved rapid success, only to encounter difficulties in the long run. One example is pre-determined curated meal kits that contain ingredients for selected recipes, some with almost ready-to-eat meals. A compilation by the retail and e-commerce sector magazine Market shows that all nine market participants experienced a decline in growth in 2023.³⁾ Consumers prefer to be able to choose the items that suit their everyday lives and wallets.

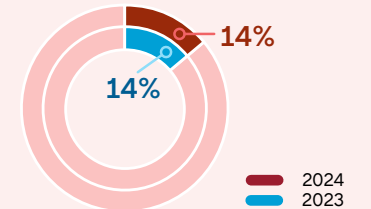


SEK 1 402

SEK -422 since last year

Average amount spent online over last 30 days

Basis: Consumer, has shopped online, average April – June



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

Basis: Consumer, has shopped online



Percentage of e-commerce consumers who had their most recent purchase delivered to a parcel locker

Basis: Consumer, has shopped online



Percentage of e-commerce consumers who had their most recent purchase delivered to their home

Basis: Consumer, has shopped online

¹⁾ Svensk Dagligvaruhandel, June 2024 ²⁾ Breakit.se, June 2024 ³⁾ Market, August 2024

Making technology easier to repair

Online sales of home electronics are continuing to stagnate, with a two-percent decline in the second quarter of the year. Many people are waiting for the economy to improve before they upgrade their phones and televisions. A boost may await at the end of the year as consumers use Black Week to upgrade, and something that could also turn the sector's numbers around further down the line is that producer prices for home electronics have been steadily declining during the year after a period of major increases.¹⁾

As written about previously in E-barometern, home electronics are very well suited to the e-commerce format. Customer needs for clear, detailed product information are easily met online, and items are often easy to ship. Several players continue to develop formats, for example technology retail chain Teknikmagasinet has launched a collaboration with the delivery company Wolt.²⁾ This means that customers living in the Stockholm area can have electronic items delivered to their homes within half an hour.

A recurring theme in the sector is repairs and spare parts. The EU Right to Repair Directive entered into force on July 30. The Directive aims to make it easier for consumers to have their items repaired rather than replaced. This includes manufacturers being able to offer to repair their items and customers who choose to repair receiving an additional year's warranty.³⁾ One retailer that has scaled up its repair service recently is Kjell & Company. The company has started working with the repair company Mentech and now offers repairs in all its stores.⁴⁾

Ultimately, the aim is for retailers to help their customers consume more circularly, but in the short term, utilizing valuable storage space for spare parts that may not be used can present a challenge. Significant resources and expertise will also be required to meet the requirements of the Directive. Surveys show that consumers currently still prefer to buy new or exchange for a brand new product⁵⁾, although repairs may become a popular option in the future.

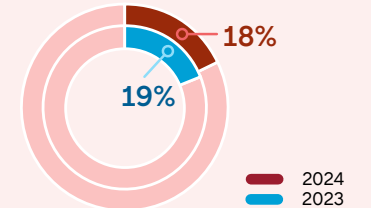


SEK 2 134

SEK +290 since last year

Average amount spent online over last 30 days

Basis: Consumer, has shopped online, average April – June



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

Basis: Consumer, has shopped online



Percentage of e-commerce consumers who had their most recent purchase delivered to a parcel locker

Basis: Consumer, has shopped online



Percentage of e-commerce consumers who had their most recent purchase delivered to their home

Basis: Consumer, has shopped online

¹⁾ Statistics Sweden ²⁾ Wolt, June 2024 ³⁾ European Parliament, April 2024 ⁴⁾ Ehandel.se, May 2024 ⁵⁾ Swedish Commerce's Sustainability Survey 2023/2024

Intense competition puts pressure on fashion retail

The fashion sector is continuing to grow in the second quarter. However, as in several other sectors, growth is largely driven by price increases, although these are slowly starting to abate in some parts of the sector.¹⁾

Consumers have been reluctant to make large and expensive purchases, but this has now started to change after a few months of caution. Growth for the quarter is six percent, which is a good result compared to the more capital-intensive sectors. Other surveys show that the sector is still divided – for example, the Swedish Commerce Style Index shows that the footwear segment is having a particularly tough time right now.²⁾

The clothing and footwear sector is perhaps the one that has been hit hardest by the new competition from foreign low-price giants. For example, both Temu and Shein have launched initiatives to penetrate deeper into the European

and Western markets. Temu has recently enabled European companies to sell items on its platform.³⁾ Shein has recently partnered with US fast fashion retailer Forever21. The partnership means that Shein sells products on Forever21's platform, while the consumer has the opportunity to return items purchased from Shein in Forever21's stores. Shein is promoting the BORIS (Buy Online Return in Store) phenomenon as the future of intercontinental fashion retail.⁴⁾

Collaboration is not a new phenomenon in fashion retail, but two low-price giants working together is an interesting development. So far, there is no equivalent in the European market, but new forms of cooperation in the clothing and footwear sector may become more common in the future. As the competitive landscape changes, the sector is adapting to find new competitive advantages in everything from partnerships to deliveries, quality and sustainability.

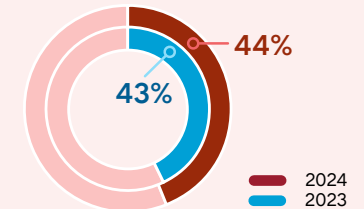


SEK 1 352

SEK +56 since last year

Average amount spent online over last 30 days

Basis: Consumer, has shopped online, average April – June



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

Basis: Consumer, has shopped online



Percentage of e-commerce consumers who had their most recent purchase delivered to a parcel locker

Basis: Consumer, has shopped online



Percentage of e-commerce consumers who had their most recent purchase delivered to their home

Basis: Consumer, has shopped online

¹⁾ Statistics Sweden, Retail turnover ²⁾ Swedish Commerce, Style Index June 2024 ³⁾ E-Commerce News, August 2024 ⁴⁾ CNBC, July 2024

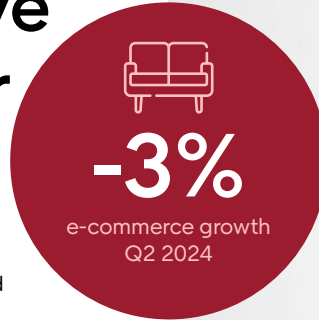
Low-price options attractive in home furnishings sector

The second quarter of 2024 has been a tough period for furniture and home furnishings. Many people are waiting until the economy has stabilized before making capital-intensive furnishing purchases. Growth for the quarter was minus three percent.

Something written about previously in E-barometern that is still highly topical is the impact of the housing market on the furniture and home furnishings sector. When people move, they tend to shop for furniture and furnishings, with many investing in a sofa or dining set, for example. In recent months, inflation has been falling slowly but surely and, in line with this, the Riksbank has decided to cut the interest rate. According to real estate statistics provider Svensk Mäklarstatistik, prices of tenant-owned apartments have increased by more than three percent in the last quarter¹⁾, which is also an indication that customers are expecting an improvement in the economy. Perhaps better times are also ahead for the furniture and home furnishings sector – as the situation improves, many people who have been waiting for the

right moment are likely to replace their worn-out sofa or other furnishings.

In tougher economic periods, people tend to turn to low-price options, and Chinese online market participants in the low-price sector in particular have become popular for consumers looking to stretch their home furnishing budgets. A number of Chinese low-price giants are increasingly gaining a hold among Swedish consumers, although this has been widely contested. Organizations such as the Swedish Consumers' Association, the Swedish Chemicals Agency and the Swedish National Electrical Safety Board highlight the complexity of buying directly from market participants such as these. Among other things, the Swedish Consumers' Association claims that it can be difficult to trace where the products actually come from, which in the long run makes it difficult to make a complaint or guarantee the content of the products.²⁾ Marketing via social media has also been discussed, for example how market participants use TikTok to reach an underage target group.³⁾

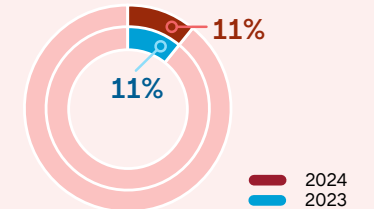


SEK 1 999

SEK +144 since last year

Average amount spent online over last 30 days

Basis: Consumer, has shopped online, average April – June



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

Basis: Consumer, has shopped online



Percentage of e-commerce consumers who had their most recent purchase delivered to a parcel locker

Basis: Consumer, has shopped online



Percentage of e-commerce consumers who had their most recent purchase delivered to their home

Basis: Consumer, has shopped online

¹⁾ Mäklarstatistik real estate statistics, 2024 ²⁾ Swedish Chemicals Agency, August 2024 ³⁾ Ehandel.se, May 2024

Running races give sector a boost

Sports retailers continue to face challenges on several fronts and are clearly observing an attitude of continued caution among consumers, who are continuing to prioritize items other than major sports and leisure purchases. Sports retail in physical stores has seen negative growth for ten consecutive quarters¹⁾ and online growth is also negative. In the second quarter of the year, growth in online sports and leisure retail was minus five percent.

While equipment such as skis and bikes are largely purchased in physical stores, clothing and footwear retailers are increasingly moving online. One sub-segment that has weathered the crisis reasonably well over the past year and is

also performing strongly online is running shoes and running clothing, boosted by the growing interest in running.

The major running events in Sweden, which had a period with almost half the number of competitors as a result of the pandemic, have struggled to recover, but now seem to be enjoying a renaissance. Already in Q1, the television news program TV4 Nyheterna reported on a new TikTok trend that is inspiring young women in particular to put on their running shoes. Many amateur running race organizers have reported record levels of interest this year²⁾ – something that could create positive ripple effects for sports and leisure retail as consumers look to update their running wardrobe.

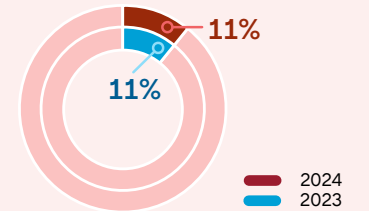


SEK 1 367

SEK +81 since last year

Average amount spent online over last 30 days

Basis: Consumer, has shopped online, average April – June



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

Basis: Consumer, has shopped online



Percentage of e-commerce consumers who had their most recent purchase delivered to a parcel locker

Basis: Consumer, has shopped online

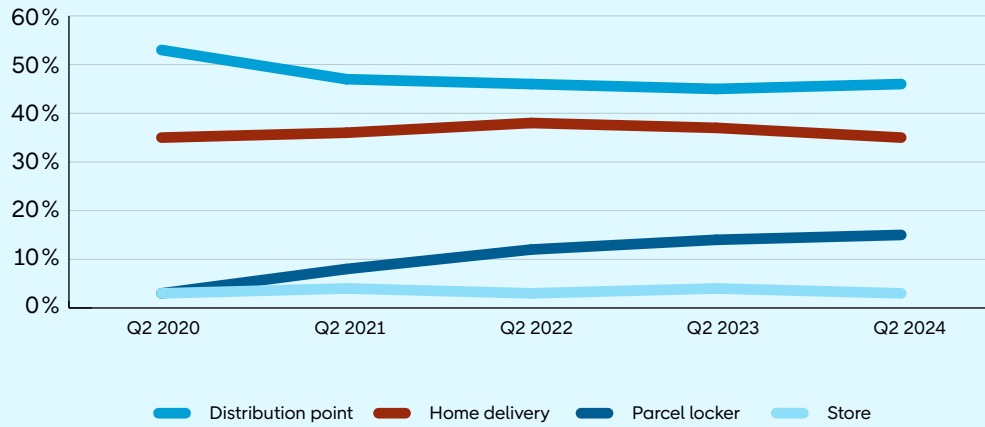


Percentage of e-commerce consumers who had their most recent purchase delivered to their home

Basis: Consumer, has shopped online

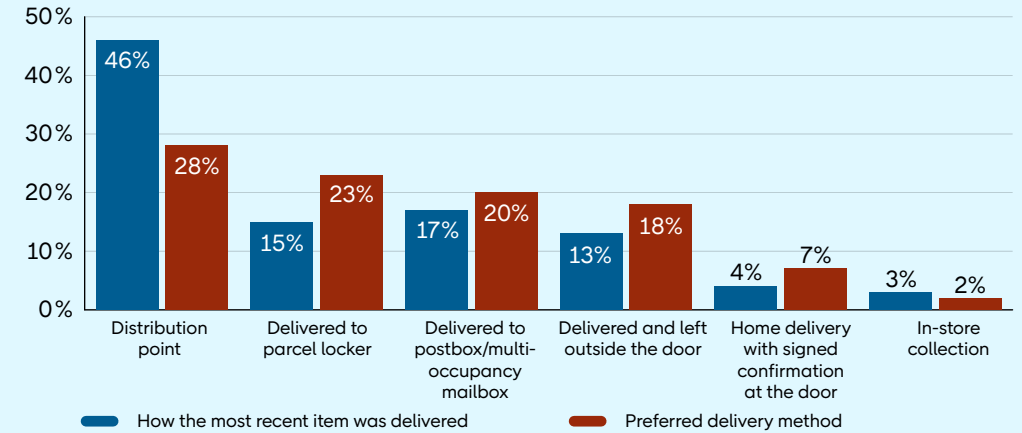
¹⁾ Sports index ²⁾ TV4 Nyheterna, January 2024

Consumers' most recent e-commerce delivery over time



Basis: Consumers, have shopped online

Consumers' most recent e-commerce delivery



Basis: Consumers, have shopped online

Parcel lockers take share from other delivery methods

The advent of parcel lockers has made an impact on Swedish e-commerce consumers' deliveries, taking share from other delivery methods. Since 2020, there has been a slight decline in the number of parcels collected via a distribution point, while collection via a parcel locker has increased. In 2020, three percent of consumers collected their most recent delivery from a parcel locker; in 2024, the corresponding figure is 15 percent.

Besides increased usage, there is growing evidence that consumers have also started to become accustomed to the parcel locker. Almost a quarter of consumers prefer it as a delivery option, a significant increase compared to when this delivery option was measured for the first time in 2019, when the corresponding proportion was five percent. As more parcel lockers are established around Sweden, their popularity is increasing.

Collection from a distribution point is still the most common delivery method

Despite the fact that parcel lockers are taking share from distribution points, the distribution point is still the most common and preferred delivery method. Almost half of recent deliveries were collected from a distribution point, and most e-commerce consumers prefer this option – whether they live in a major city or a small town.

However, there is a movement towards increasing numbers of people wanting to be able to pick up their parcels outside regular opening hours. When consumers are asked why they prefer parcel lockers in particular, a large proportion, one third, value flexible opening hours. Parcel lockers are now mostly used in metropolitan areas, but as their popularity grows, they are also becoming more common in smaller communities.

Each delivery method has its value

As noted earlier, consumers prefer distribution points as a delivery method, but what is the attraction of these? It is mainly due to their proximity and the possibility of running other errands when collecting items, but it is also the delivery method that consumers are most used to. No less than 30 percent say they prefer to collect items via a distribution point out of habit.

Today, many parcel lockers are open late at night, or even around the clock, offering a new level of flexibility. It is therefore not surprising that flexibility and convenience are the main reasons why consumers prefer to use them. A full 61 percent agree that flexible opening hours are the best thing about choosing parcel locker delivery. This has also proved to be a successful concept where customer satisfaction is concerned. 93 percent of recent parcel locker users were satisfied with their delivery. Other delivery options have a customer satisfaction *rate of around 85 percent.

As expected, the main reason for choosing home delivery is not having to stand in line or leave your own home. Home delivery is particularly popular among those shopping for large, bulky items such as furniture as well as among parents of young children, who want their items delivered to their doorstep for convenience.

As the different delivery methods offer different benefits, it is not possible to establish that a certain type of consumer prefers a particular delivery method. The tendency to prefer the same delivery method regardless of purchase could be observed in the earliest E-barometer surveys, but this has become less decisive over time. As customers become more active and accustomed to shopping online, different benefits will suit different purchases. As previously mentioned, many consumers choose distribution points because they are used to them, but as they become accustomed to more delivery methods, preferences are likely to change.



Consumers' favorite aspect per delivery method

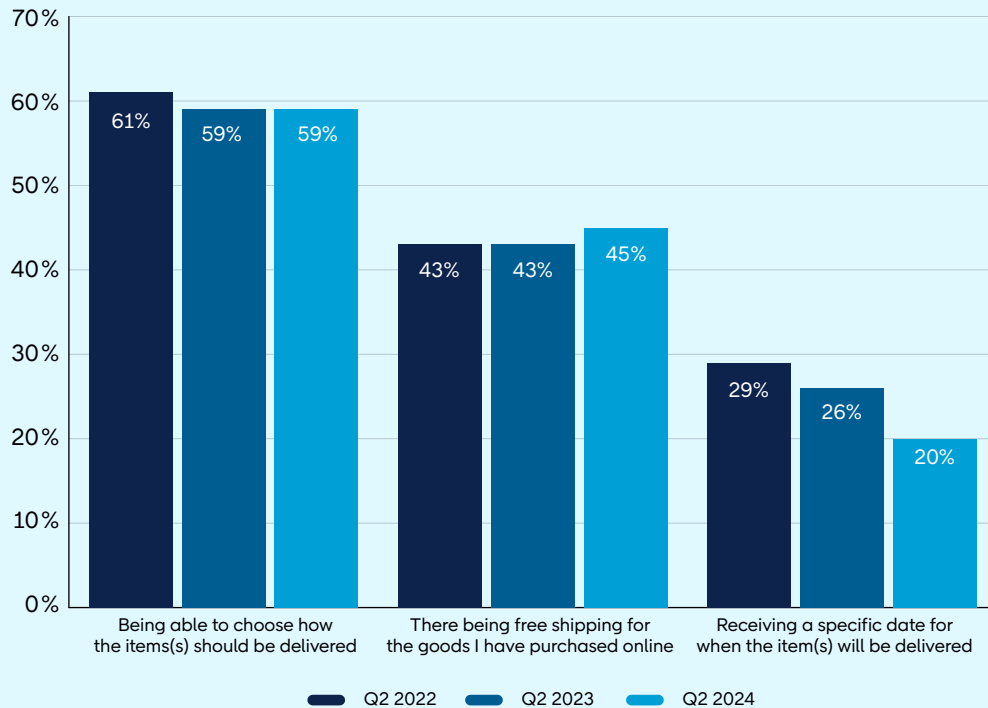
Distribution point	
It is close to my home/workplace	44 %
I can run other errands at the same time	43 %
I am used to using the delivery option	30 %
Parcel locker	
I can collect it/have it delivered outside normal opening hours	61 %
I don't have to stand in line	39 %
It is close to my home/workplace	36 %
Postbox/PO box	
I don't have to stand in line	32 %
I don't have to go outside my gate/property	31 %
It is close to my home/workplace	31 %

Basis: Consumers, have shopped online

*Basis: Consumers, have shopped online **Basis: Companies that have e-commerce operations

45%
of e-commerce
companies offer free
shipping above
a certain order
value*

Most important delivery aspects over time



Basis: Consumers, have shopped online

Ability to choose crucial to the consumer

Being able to choose how the items are delivered is the most important thing in terms of the consumer's delivery experience. For the past three years, the delivery option has remained in a stable first place. How and where items are delivered are simply hygiene factors where consumers are concerned.

Next in line is the opportunity for free shipping, 45 percent, and in third place is receiving a specific date when the item will be delivered, 20 percent. Aspects assigned lower priority include more detailed delivery provisions such as being able to choose the time of delivery, the maximum delivery time and the day of the week the items are to be delivered.

When it comes to items purchased from abroad, consumers rank the same aspects as most important in their deliveries, with one exception. If the consumer has shopped from China, the most important

thing is free shipping. The most obvious explanation for this is price consciousness. As noted previously in E-barometern, the average purchase from China generally costs relatively little, which means that consumers simply do not feel it is worth paying for the items if they have to pay for delivery.

The Parcel Index for the second quarter of 2024 shows that the proportion of parcels purchased from abroad increased sharply during the period.¹⁾ The fact that increasing numbers of people are getting used to shopping from China may change the delivery requirements for Swedish e-retailers as well. Many of the popular Chinese low-price market participants have invested in free deliveries to large parts of Europe to attract new customers, which in turn creates an expectation for Swedish e-retailers to do the same, even in the case of low-cost average purchases.

¹⁾ Swedish Confederation of Transport Enterprises, Parcel Index, Q2 2024

*Basis: Companies that have e-commerce operations

70%
of consumers
have shopped online
from their cell phone
in the last month*

Consumers want to track deliveries on their cell phones

As consumers make more online purchases using their cell phones, they are increasingly willing to use their phones to track their purchases all the way from the online store to delivery. It is also becoming more common as logistics operators develop their digital services, such as more convenient text message updates or delivery apps.

Ideally, consumers want to track their delivery in a delivery app. Today, a total of 28 percent of e-commerce consumers track their most recent delivery in an app. Younger consumers in particular are driving this development, with almost half of them wishing to track their delivery this way. The 'hyper-digital' Generation Z spends a lot of time in the digital world¹⁾ and is keen to follow everything from social media to e-commerce deliveries frequently and in detail.

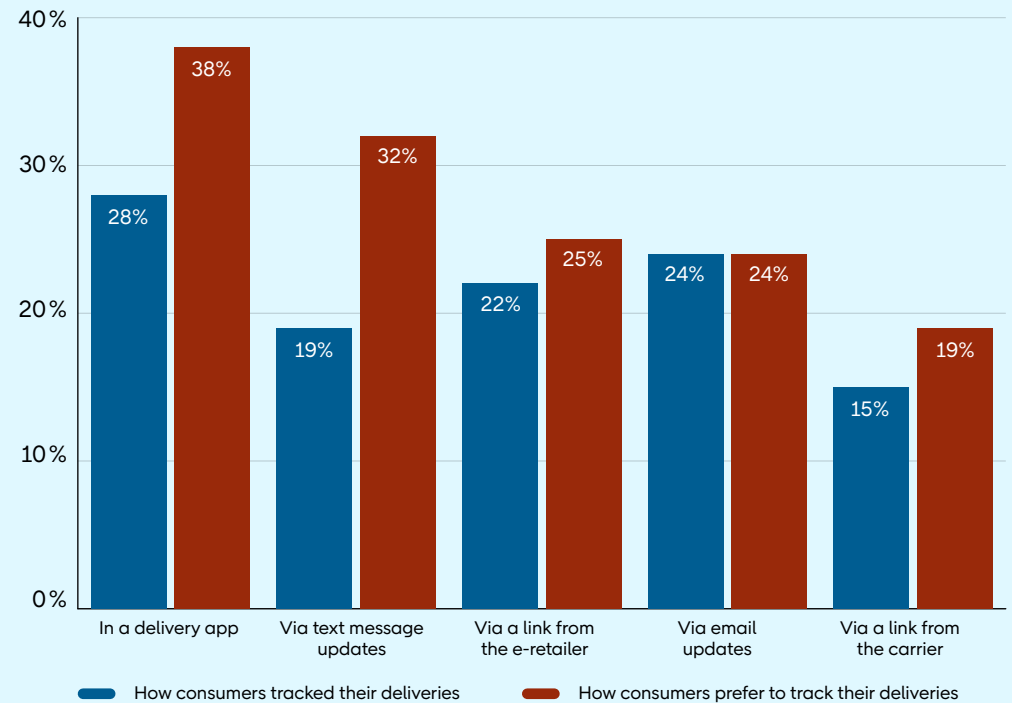
Although it is less common to track your delivery via text message, a significant proportion prefer text updates. These are

most used and preferred by older consumers, with one in four between the ages of 50 and 79 preferring to track their delivery using text notifications.

Seventeen percent of e-commerce consumers do not track their delivery at all. There is not always a need for detailed delivery updates, but it is also clear that this depends on age. In the younger age group, only 13 percent do not track their deliveries, while the corresponding figure in the older age group is 23 percent – indicating that the younger generations' frequent use of mobile phones makes it easy to keep track of deliveries.

By far the most important information for three out of four consumers is that the online store has received the order, which has been viewed as the most important information since the start of the survey in 2019. The second most important aspect is finding out the online store's estimated delivery time, and the third most important is that the order has left the warehouse.

How the consumer tracked or prefers to track their delivery

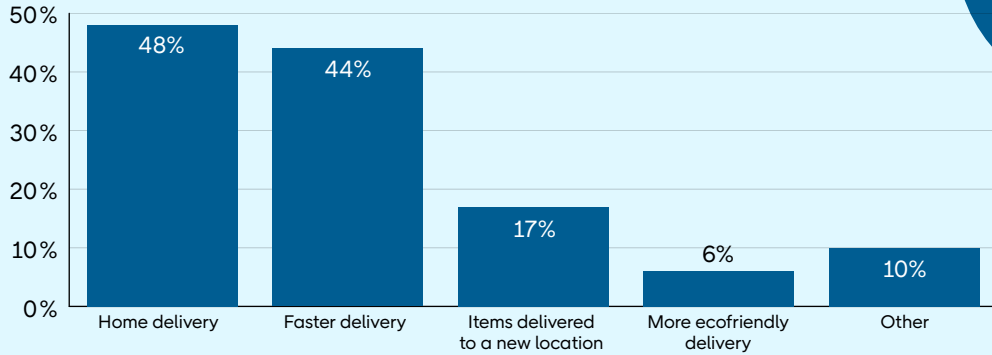


Basis: Consumers who have shopped online. Multiple answers possible

*Basis: Consumers, have shopped online

¹⁾ Ungdomsbarometerens generationsrapport (Youth Barometer Generational Report), 2024

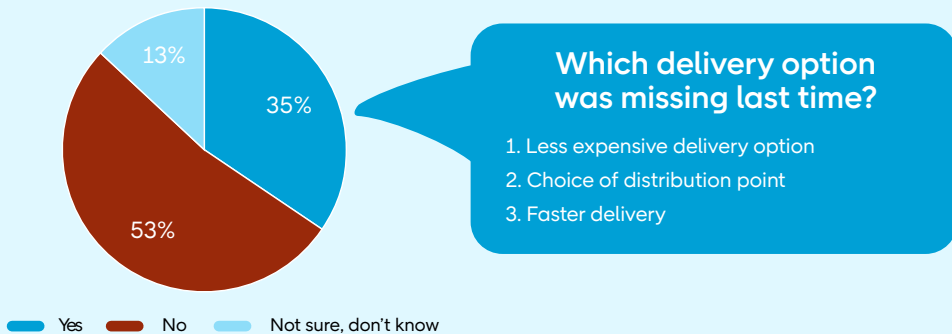
What did you pay extra for?



10%
of consumers between 18 and 29 years old paid extra for a more ecofriendly delivery*

Basis: Consumers, have shopped online and paid extra to change delivery methods

Percentage of people who declined to complete a purchase due to a missing delivery option



Basis: Consumers who have shopped online. Consumers, have shopped online and refrained from buying an item. Multiple answers possible.

Speed and convenience crucial to young people

E-commerce consumers still pay extra for convenience. Despite challenging times economically, almost a third pay more to have a product delivered in a way that is different from the default. Consumers mainly pay extra for home delivery, especially when it comes to purchasing larger or heavier products. Almost seven out of ten people who pay more to have building products delivered choose home delivery. Children's products and toys also stand out as a product group for which parents of young children often purchase home delivery as an additional service, as they need to use e-commerce to make their daily lives work.

Notably, younger consumers are more willing to pay for speed. Five out of ten consumers between 18 and 29 years old paid extra for faster delivery on their most recent purchase, which is in line with the younger generation's overall behavioral pattern of wanting everything

to be quick and convenient – both in life and in their purchase journey.¹¹ Young people are also those most bothered by late deliveries. If there are not several delivery options to choose from, whether or not there is an additional cost, there is a risk that the consumer will not make a purchase at all. Thirty-five percent cancel online purchases if the preferred delivery method is not available and here too, young people are the most sensitive.

The youngest age group is also the one most willing to pay for an ecofriendly delivery, which is otherwise very unusual among e-commerce consumers in general. While the proportion is not high – only ten percent of younger consumers paid for such a delivery – it shows a divergence in priorities. Such deliveries may become more common in the future as young consumers get older and their purchasing power increases.

¹¹ Retail Brew, October 2022

*Basis: Consumers, have shopped online and paid extra to change delivery methods

Google: A logistic's guidebook for peak season 2024

How can e-retailers mitigate cost increases from global supply chain disruptions? Tatiana Oneissy, International Logistics Program Manager at Google, has the answer.



Tatiana Oneissy

learnings and in the midst of a 4th industrial revolution! AI-powered solutions are now available to enhance your operational capabilities and drive growth. This article delves into key logistics challenges that arise during peak season, sharing

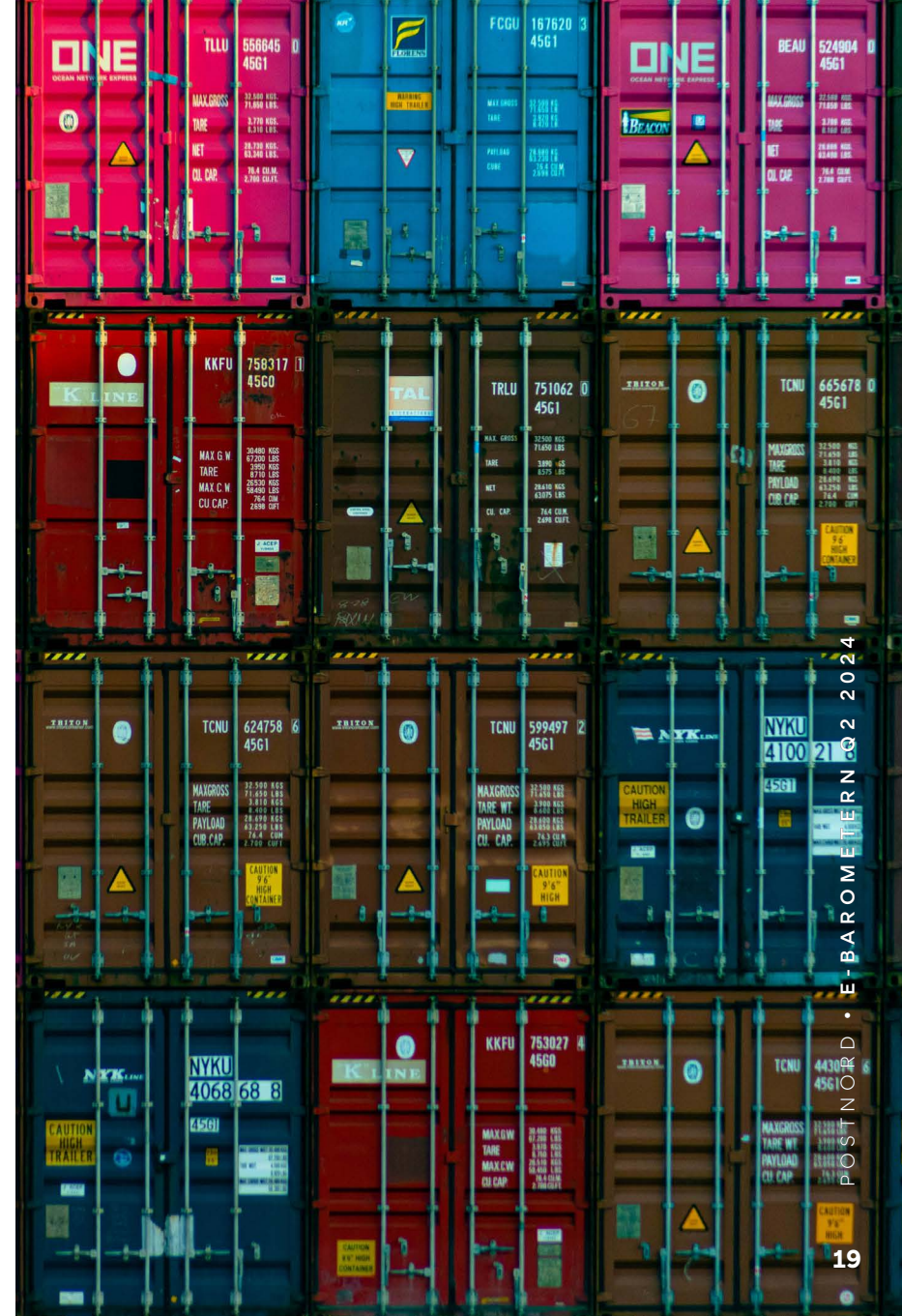
best practices and actionable recommendations to tackle them. In 2023 alone, Google's International Growth Team prepared over 100 retailers globally to build successful Peak logistics strategies, and the insights below are distilled from their firsthand experiences.

Below is a brief snapshot of the current state of supply chain.

- Global supply chain pressures are mounting.
- Ocean freight rates have surged, and lead times are lengthening (e.g., China to the U.S. East Coast lead time has increased from 59 to 62 days).
- Air freight rates are steadily increasing. As of July, 85% of Q4 Asia capacity was already sold out, with Asia to US prices up by 17% year over year and Asia to Europe up by 22% year over year.



Sources: FT, Flexport, Flexport, TAC Index, NY Fed





Recommended resources

- Explore Google logistics partners' ecosystem via this [hub](#) and connect with some providers to evaluate how they can help you.
- Check these free and open source tools to analyze complex data with ease, unlock new efficiencies, and generate creative content: [Lookerstudio](#), Gemini.
- Stay up to date on the state of supply chain.

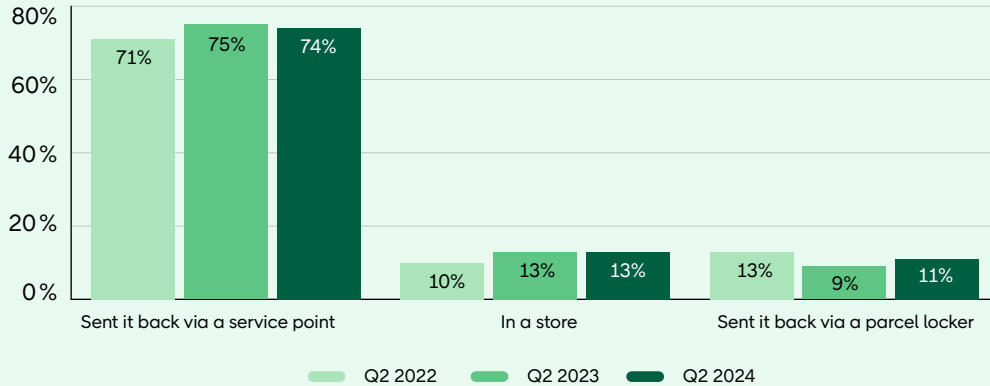
“Nearly half of consumers (46 percent) favor retailers offering sustainable delivery options.”

Best practice

- **Supply chain disruptions are the “new normal”.**
While you can't control these challenges, you can take steps to minimize their impact:
- **Be prepared.**
Have a contingency plan for all the disruptive scenarios. Plan for higher costs and factor this into your pricing and promo strategy. Identify your critical SKUs, determine how much capacity you need, secure it ahead of the holiday rush. No matter which carrier you're partnering with, there are bound to be issues. Make sure that your carrier(s) designates a point of contact with which you can easily align and design a plan B.
- **Manage customer expectations.**
Be proactive with your communication, bad news gets worse with time! Refine your FAQs, set clear expectations throughout the purchase process, especially at checkout. Consider automated email/text notifications to inform customers of delivery delays and prevent unnecessary customer service requests.
- **Put AI to work for you.**
Companies that implemented AI solutions in their operations have seen on average a 28-percent cost reduction and a 70-percent revenue increase (source: Google Cloud Insights). If you haven't started yet, explore how you can implement AI to personalize customer emails on delivery updates, forecast demand, manage inventory, optimize routes, detect returns fraud, etc.
- **Be eco-conscious.**
Nearly half of consumers (46%) favor retailers offering sustainable delivery options. A majority (63%) are even willing to wait a bit longer for environmentally responsible deliveries. Implement cost-effective green delivery methods and actively promote them to your customers. This demonstrates your dedication to both their needs and the planet's well-being, which can enhance your brand image and foster customer loyalty.

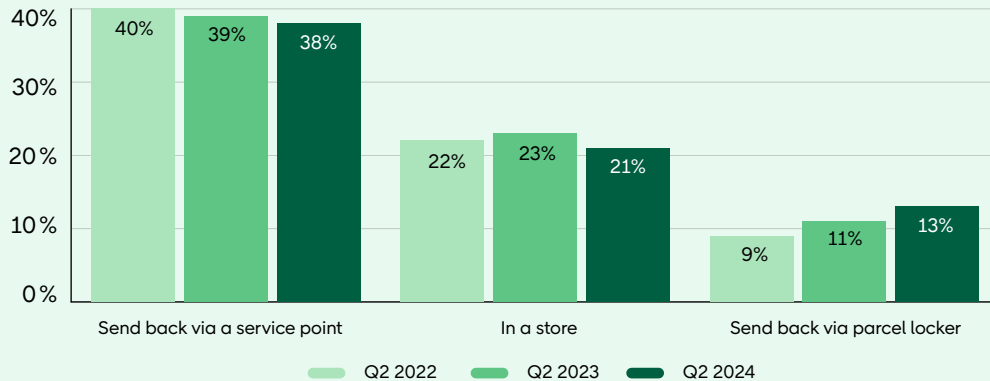
Source: Euromonitor International 2023

The three most common return options for consumers' most recent returns



Basis: Consumers, have returned items

The three most preferred return options among consumers



Basis: Consumers, have shopped online

55%
of e-retailers offer returns in their physical stores*

Consumers want to explore more return options

Thirteen percent of online shoppers have made at least one return in the past month, a share that has remained stable since measurements began in 2022. Despite this, the Parcel Index¹⁾ shows that e-commerce is facing a declining return rate, and one of the reasons is said to be that sales of beauty and pharmacy goods in e-commerce have exploded in recent years. An increase in purchases from abroad is also a factor contributing to the declining rate. However, categories such as clothing and footwear still have a high return rate.

Almost three out of four consumers sent their most recent return via a service point, but the share of consumers who prefer that particular return method is all of 36 percentage points lower; in 2022, the difference was 31 percentage points. There is therefore a gap between what consumers

choose and what they prefer. Consumers are keen to explore more ways to make returns, but at present, the most commonly used method is still the service point.

Returns via a service point is a return option offered by almost all e-retailers, while returns via a store or parcel locker, for example, are offered to a lesser extent, which may explain the difference. One reason why more e-retailers do not offer the parcel locker return option is that it is a newer and therefore more untested option. However, more and more e-retailers are embracing this option; this year, 11 percent of e-retailers say they offer parcel locker returns, compared to eight percent in 2022. Offering a greater variety of return options in addition to service points would likely result in e-retailers having even more satisfied customers.

¹⁾ Swedish Confederation of Transport Enterprises, Parcel Index, Q2 2024

*Basis: Companies with e-commerce operations

Returns important part of purchase journey

Returns are a natural part of the purchase journey, but are often a difficult balancing act between customer satisfaction and profitability. The key is to find a returns policy that does not lead to excessive costs while being appealing to consumers. More than one in four consumers has refrained from buying an item in the past year because they did not like the company's returns policy. With a returns policy that appeals to more consumers, there is potential to increase conversion rates. At the same time, however, the risk of increasing the return rate increases.

A convenient returns process not only encourages consumers to make their current purchase, it also contributes to them making further purchases. Among consumers who did not want to keep their most recent online purchase but did not return it anyway, 44 percent said it was too complicated. If a consumer has had a negative return experience with an e-retailer, it may

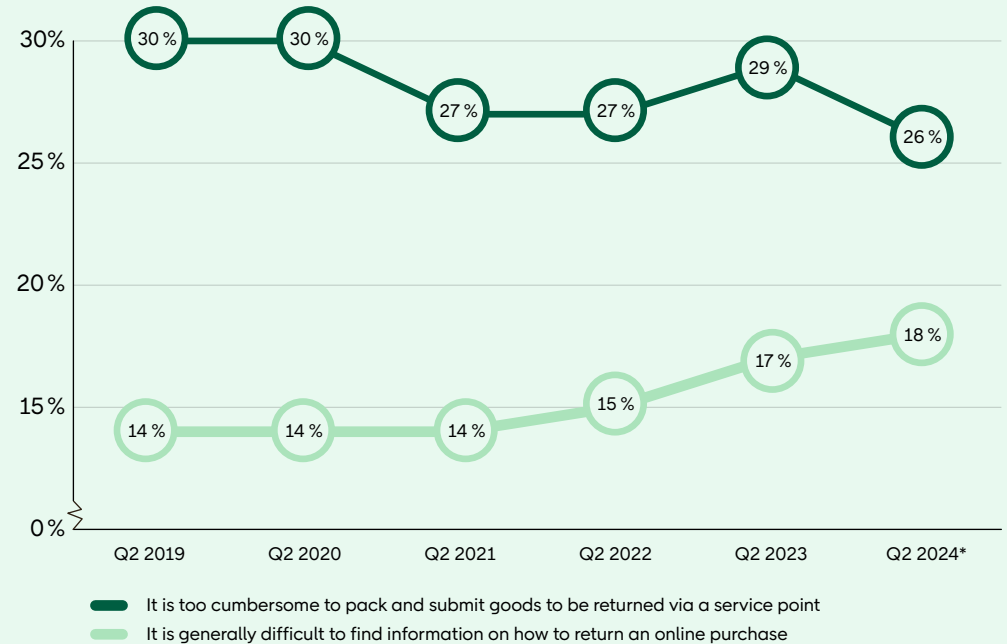
make them less willing to make purchases from them again.

On the positive side, consumers find it increasingly easy to pack and submit items for return. Two factors contributing to the long-term trend are that consumers are becoming more accustomed to making returns and that logistics operators, together with e-retailers, are offering more convenient ways to submit items for return. On the other hand, increasing numbers of people seem to find it more difficult to find information on how to make a return. An increasingly complex returns landscape with more return options to choose from and purchases from more e-retailers and countries may explain this.

It is therefore important for e-retailers to consider all steps in the returns process. Although the lowest possible return rate is generally preferable, a positive return experience can be the key to customer satisfaction and loyalty.

28%
of consumers
sometimes refrain from
making online purchases
because they do not
want to pay return
fees**

Percentage of consumers who agree with each statement

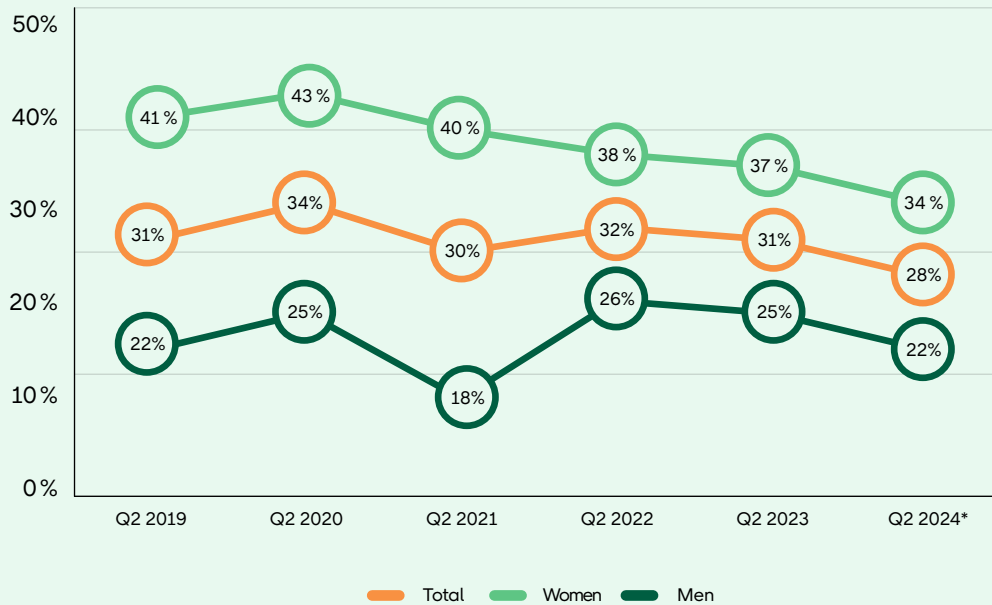


Basis: Consumers, have shopped online *Answers edited compared to previous year **Basis: Consumers, have shopped online

27%
of consumers
paid for their
most recent return*

Cost of returns not decisive factor despite recession

Percentage who have refrained from making online purchases because of the return fee



Basis: Consumers, have shopped online *Answers edited compared to previous year

Almost one in five consumers consider that more e-retailers are charging a return fee than before, yet the importance of return fees seems to have diminished – fewer and fewer consumers are refraining from making purchases because of the cost of returns. Many consumers cut their costs during a recession, but this does not seem to apply to the cost of returns. Compared to five years ago, although the share of consumers who have refrained from purchasing items because of return fees is only three percentage points lower, the trend is heading steadily downwards.

Over the last two years, the share of respondents who do not know whether they have refrained from making online purchases because of the return fee has increased significantly. This is a further indication that return fees are not influencing consumers' purchasing decisions as much as they used to. This change in

behavior seems to have started after the pandemic. The fact that e-commerce has become a more natural part of consumers' daily lives may have led to returns and return fees becoming a matter of course.

The fact that consumers seem to care less and less about return costs is also evident when they are asked to choose their three most important delivery aspects. In 2022, 27 percent of consumers said that free returns were one of the most important aspects, but this year the share has dropped to 14 percent. Consumers no longer take free returns for granted.

Especially in a recession, where every purchase is particularly important, it is understandable that e-retailers are reluctant to introduce return fees out of concern that it will negatively impact customer relations. However, the fees do not seem to be as controversial for consumers as one might think.

*Basis: Consumers, have returned items

Future of returns digital and seamless

The seamless purchase journey has been discussed at length, often focusing on digitalization and payments, but convenient returns are equally important. What makes seamless experiences possible is digitalization, and since last year the share of returns that are fully or partly digital has increased by ten percentage points. A large proportion of returns are now digital to some extent.

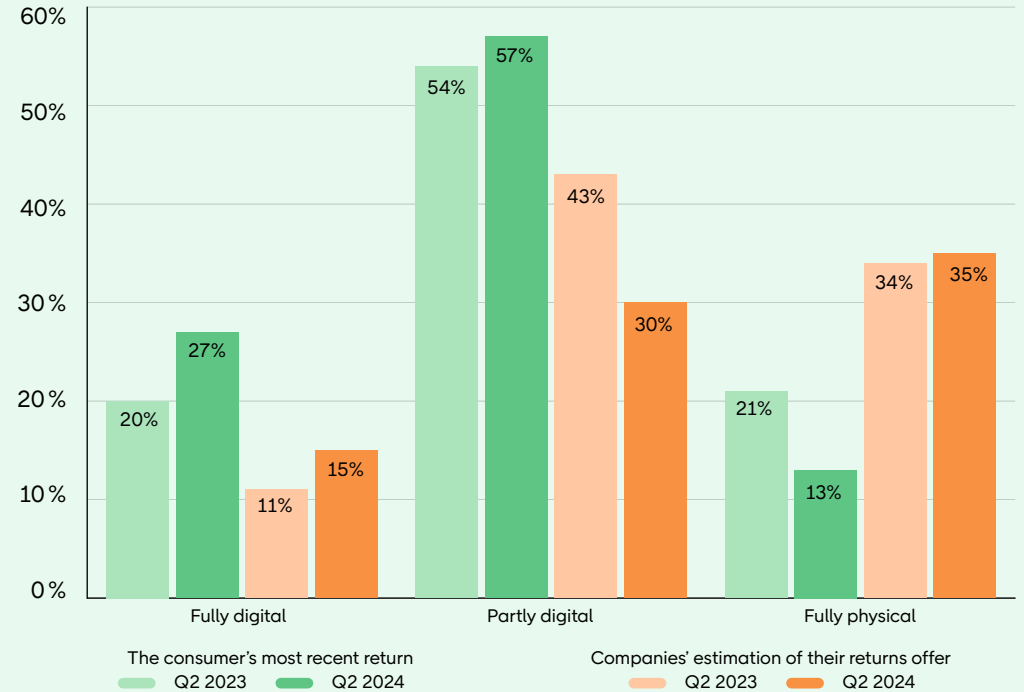
Companies are offering more fully digital returns, up four percentage points on 2023, but the proportion offering partially digital returns has decreased while the proportion responding 'don't know' has increased. One explanation for this may be that it is becoming increasingly difficult for e-retailers to assess how digital a return is as digitalization accelerates.

Rapid refunds are another important part of a smooth return and purchase experience. Forty-four percent of consumers who returned an item and did not pay by invoice had to wait 3–7 days for a

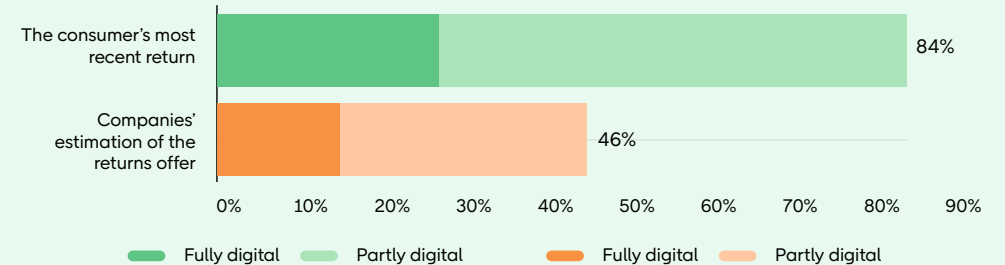
refund and 21 percent had to wait over a week. Faster refunds are one way to increase seamlessness, but they also entail challenges. For example, many e-retailers need time to receive and approve returns before a refund can be issued. Innovative solutions and collaboration between more players in the sector could help consumers get their money back more quickly in the future.

Seamless exchanges are also important. Almost half of consumers who wanted to exchange an item online had to place a new order. In practice, this means that the consumer first makes a return and then makes a new purchase, thus being owed even more money. Inflexible exchanges can even lead to e-retailers directly losing sales. More than one in ten consumers who actually wanted to exchange an item chose to return it only. A significant proportion of returns would therefore not have had to mean the end of the purchase journey. This means that there is potential for e-retailers to increase conversion rates.

The level of digitalization of consumers' returns and companies' return offers

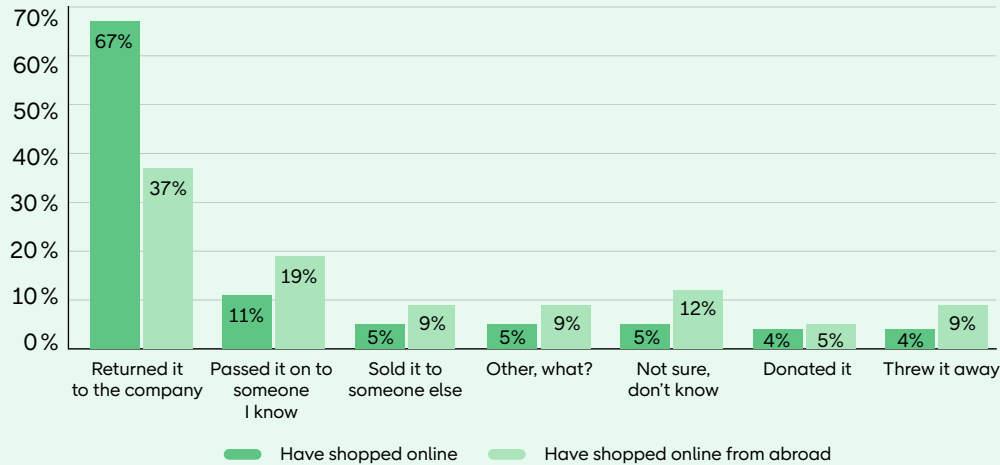


Proportion of fully or partially digital returns



Basis: Consumers, have returned items. All e-retailers

What consumers did with the item they most recently bought online that they did not want to keep



Basis: Consumers, have purchased an item online that they did not want to keep

Most common reasons for not making a return

	Have shopped online	Have shopped online from abroad
It was too complicated/I couldn't be bothered	44%	42%
The item was worth too little	22%	26%
I didn't want to pay the return cost	8%	14%

Basis: Consumers, returned unwanted item

Items from abroad are returned less frequently

Consumers who purchased an item from abroad and do not want to keep it rarely return it. The unwanted item is more likely to be given away, sold or thrown away than online purchases in general.

Sustainability issues are often discussed in the context of e-commerce, and especially when it comes to unused items from abroad, it becomes clear that there are sustainability deficiencies. Returning a product that has already been transported long distances obviously puts additional pressure on the environment, but throwing it away instead of returning it is not a sustainable solution either. In the United States, a solution is being trialed that could mitigate this issue, along with other problems such as lead times. Consumers can now return Shein purchases in Forever21 stores, get their money back immediately and also receive a discount

coupon that can be used for same-day purchases in the store.¹¹ The collaboration is new but shows that the issue is on the agenda for the major foreign market participants.

The most common reason for not returning an unwanted item, both in general and where foreign purchases are concerned, is that it is perceived as being too complicated. In the case of foreign purchases, it is more common that consumers do not want to keep an item because it is considered to be worth too little. The fact that China accounts for a large share of online purchases from abroad is a contributing factor. Average Swedish purchases are significantly lower in China than in other countries. Long lead times, combined with low average purchases, mean that consumers do not find it worthwhile to return goods, either in terms of time or money.

¹¹ New York Post, May 2024

Google: How to reduce the cost of returns

Tatiana Oneissy is the International Logistics Program Manager at Google and here she shares tips on how e-retailers can reduce the cost of returns.



Tatiana Oneissy

E-commerce returns surge during peak season. In 2023, they increased by 15 percent year-over-year, with December experiencing the highest monthly return volume. Return rates vary significantly, even within the same industry. Dresses are the product categories with the highest return rates in the EU fashion sector (some retailers have seen up to 80 percent return rates on dresses!). 50 percent of returns are due to sizing, fit, or style issues.

Consumer behaviors like 'bracketing' (buying multiple sizes/colors) and

'wardrobing' (wearing an item once then returning it) exacerbate return rates, costing UK retailers £1.5 billion annually.

Best practice

● First-party data:

You have a mine of insights, leverage them! Understand your return rate and identify its root causes.

● Product details:

Help customers make more informed purchasing decisions and reduce returns (i.e. Customer Reviews, Shop the look, Social Media Ambassadors' Posts, Size & Fitting Tech Solutions, Virtual Try On Tools – AR/VR)



“Offering returns to the store and/or drop off at a post office/locker can be both cost efficient and eco friendly.”

● Mitigate for fraud:

Solutions can range from simple measures to sophisticated automation. When it comes to clothing for example, some merchants add a visible ribbon to their pieces that makes it hard for consumers to wear it and return. AI & predictive analytics can help you identify serial returners and segment your customer database.

● Returns pricing:

The ‘era of free returns’ is coming to an end. With a growing number of retailers charging customers for returns, it’s time to rethink your strategy. Consider options like: Flat-rate return fees, deducting shipping costs from refunds, hybrid models (free returns under certain conditions), subscription programs with free returns as a perk. If you choose to charge for returns, make

sure to mitigate the impact on conversions by keeping the fee competitive and transparent, and ensuring a seamless return process that is clearly explained on your website.

● Self-service return method:

69 percent of global consumers prefer self-service returns. Offering returns to the store and/or drop off at a post office/locker can be both cost efficient and eco friendly.

● Liberal return window:

Extending the returns windows for holidays (minimum 30 days) gives customers enough time to make returns, eases pressure on distribution centers, and can even encourage gifting vs. returns.

● Save sales with store credit:

40 percent of consumers globally are willing to get instant store credit

vs. refund. Retailers can save sales loss by offering and incentivizing ‘store credit’ or ‘gift cards’ vs. refunds (e.g. Credit toward delivery charge for the next item a customer purchases, additional credit (1–5 percent) of store credit, loyalty points/other loyalty program perks, free gift on next purchase).



49%
think it is important
to be able to **choose**
between several
different payment
options**

Freedom of choice key for consumers

You would think that more consumers would want to take advantage of the opportunity to defer payments during tough economic periods, but a majority still choose to pay for their items directly, for example by debit or credit card, Swish mobile payment or direct payment via a bank. Swish in particular is growing slightly but steadily as the most recently chosen payment method. Increasing numbers of market participants are establishing Swish as a payment option, which attracts younger target groups in particular.

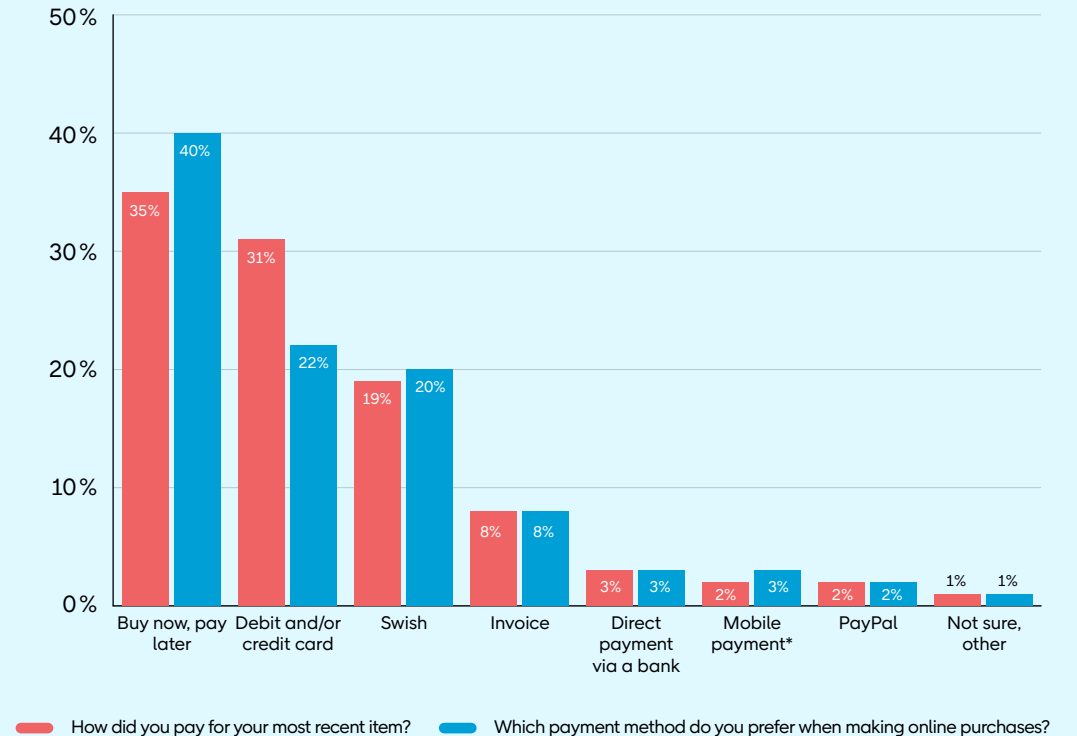
The share of people paying through buy now, pay later schemes has decreased by seven percentage points since 2022. Despite this, it remains both the most common and the most popular payment method among Swedish e-commerce consumers. In contrast to Swish, it is most popular in the older target groups.

Although credit cards and payment in instalments are common in practice, fewer consumers have them as their first choice.

It shows that although these payment methods are widely used, consumer preferences are more scattered. Payment in instalments is the second most common way to make purchases, but when we look at preferences, Swish is in the process of becoming a challenger in this regard. Debit and credit cards are the option offered by most e-retailers, while Swish is the third most offered option. However, changing consumer preferences may affect the range of payment options offered by businesses.

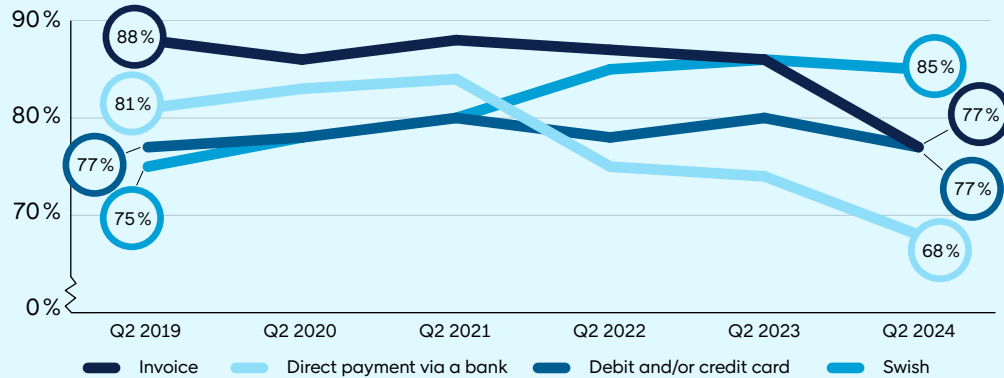
The varying preferences of consumers show that freedom of choice is key when it comes to payments. Almost half of consumers think it is important to be able to choose between several different payment options, depending on the occasion. Like with deliveries, consumers are becoming increasingly accustomed to using different solutions in different contexts; for example, home electronics are more commonly purchased by debit or credit card, while buy now, pay later is often used for clothing and footwear.

Consumers' most recent payment method compared to the preferred one



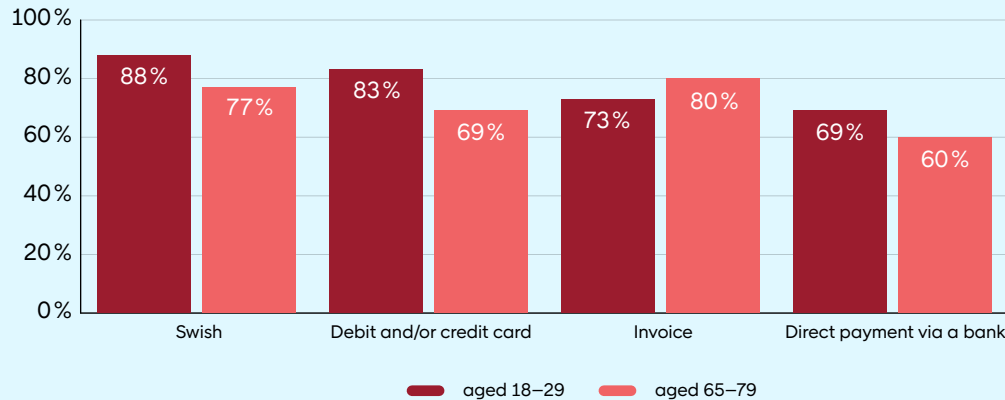
Basis: Consumers, have shopped online **Basis: Consumers, have shopped online
*Mobile payment solution, e.g. Apple Pay, Google Pay

Percentage who consider it secure to pay with the following



Basis: Consumers, have shopped online

Percentage who consider it secure to pay with the following



Basis: Consumers, have shopped online

Perceived security decreasing

Trust in most of the payment methods is high, although there is a slight downward trend. One contributing factor is the growing concern about fraud, which is not exclusive to e-commerce but is having an impact on it. According to the Riksbank, fraud is the type of crime that is increasing the most in Sweden¹⁾ and there are regular reports of companies being the victims of data breaches. Cyber fraud and the development of AI that can create realistic and misleading content are also contributing to increased consumer vigilance.

Older consumers are particularly vulnerable to fraud.²⁾ Many in this group consider invoices to be the safest payment method, probably because they are a more familiar and traditional option that provide a sense of control and security. While more modern solutions such as Swish have become increasingly popular even among older users, trust in this payment method is noticeably lower among older consumers than among younger

ones. The perceived security of direct payment via a bank has decreased significantly in recent years. Perhaps banking information feels particularly vulnerable to fraud, as in the worst case scenario, banking information can be used for further fraud, such as identity theft or unauthorized transactions.

Security and trust are always key concepts when it comes to payment, but it is now increasingly important to ensure consumer trust and for e-retailers to communicate their security measures and privacy policies in a clear and transparent way. However, trust is about more than just the payment – it is the overall experience that builds trust and leads to completed purchases. By signaling seriousness and reliability through a professional website, clear information and easily accessible customer support, a sense of security is created among consumers throughout the purchase journey, increasing the likelihood of both a purchase and repeat visits.

¹⁾ Riksbanken ²⁾ Sveriges Radio

Consumers want security and flexibility

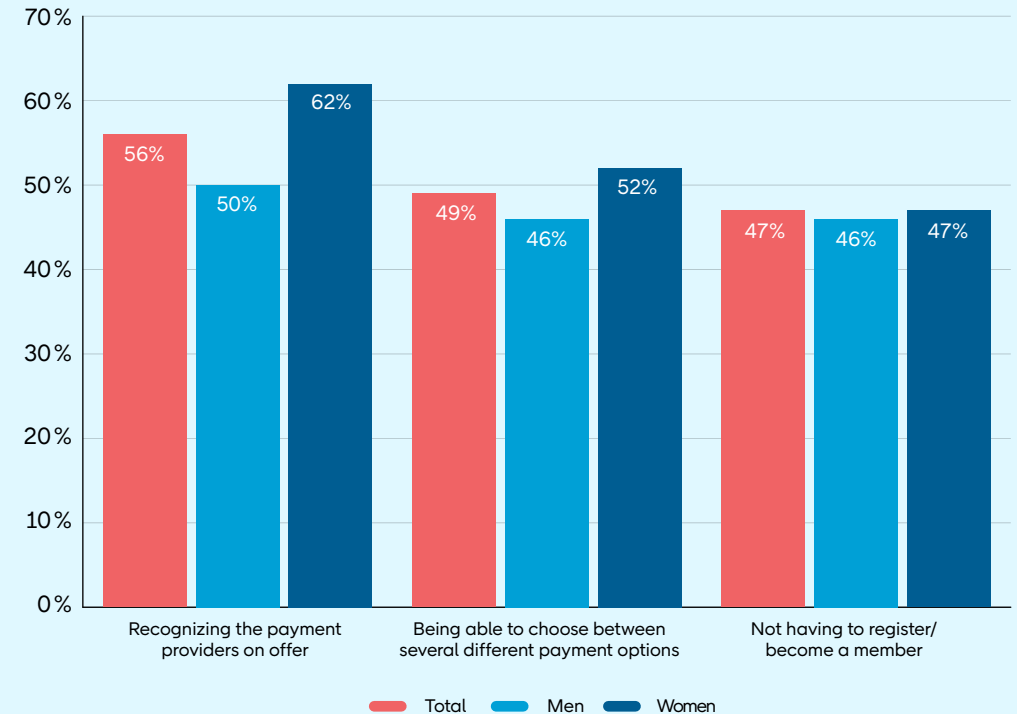
Once again, the need for recognition shows that consumers are seeking security and are vigilant against fraud. What most consumers consider important when making payments is recognizing the payment service providers on offer. Being able to choose between several payment options is also important for many consumers, both in terms of security and flexibility. It helps give them the freedom to customize the payment process according to both needs and preferences.

Almost half of consumers also think it is important not to have to register or become a member in order to make purchases. Awareness of their individual data and the willingness to protect their privacy is increasing, contributing to their reluctance to register their personal data. Increasing numbers of customers also want to avoid the time-consuming checkout process and not have their inboxes filled with newsletters and offers. For e-retailers, this can present challenges when it comes to collecting valuable customer data, especially with the restrictions

imposed by data legislation such as the GDPR. Membership of loyalty clubs is thus becoming an increasingly important strategy to effectively collect customer data. Previous E-barometer surveys have shown that consumers who choose to join loyalty clubs do so to access benefits such as discounts and free delivery. Despite the benefits, consumers seem to be less positive about being forced into membership at the point of payment. A fast and convenient shopping experience is crucial and having to register for membership at checkout can be perceived as a barrier.

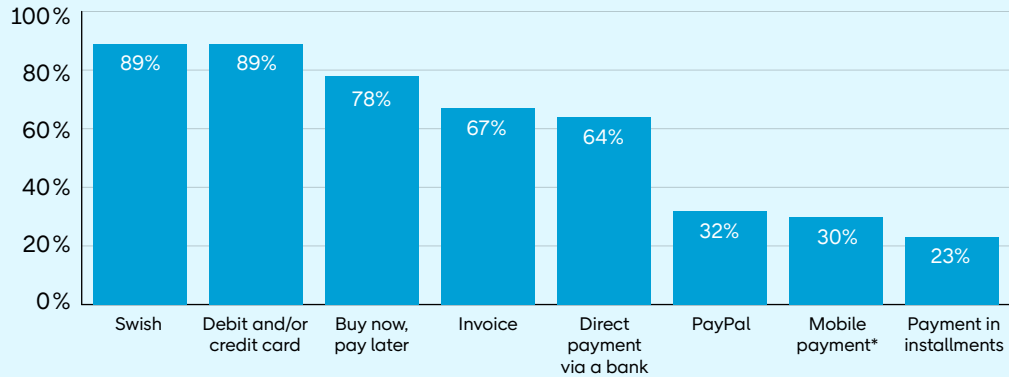
If the perceived benefits outweigh the sense of coercion, compulsory membership may still work well. Chinese low-price giant Temu is an example of an international e-retailer that requires membership to make purchases. Despite this, the company has managed to grow rapidly and attract an expanding customer base, with a clear focus on non-product drivers such as free shipping, gamification on the website and time-limited discount offers.

Consumers' main concerns when making payments



Basis: Consumers, have shopped online

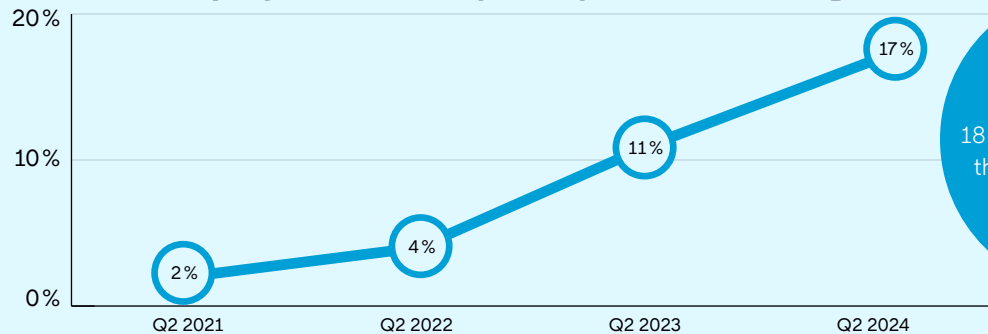
Percentage of people who find it fairly or very easy to use the following payment methods



Basis: Consumers, have shopped online

*Mobile payment solution, e.g. Apple Pay, Google Pay

The percentage of people who find mobile payments very easy is increasing



Basis: Consumers, have shopped online

46%
of those between 18 and 29 years old think that mobile payments are an easy way to pay*

Convenient payment essential to avoid losing customers

In order not to lose the customer during the purchase journey, it is important that the payment process is simple and convenient. Thirty-eight percent have canceled a purchase in the past year due to payment problems. Technical problems, slow websites or compatibility issues due to the website not working properly on a cell phone can create such a negative experience that the consumer decides not to complete the purchase. For the e-retailer, this means not only a lost purchase but also deterioration in the customer relationship.

Much of what is perceived as simple is in fact a matter of habit. The payment options that are most common are also those perceived to be easiest. Habit and simplicity reinforce each other in a slow but upward-moving trend.

Mobile payments such as Apple Pay and Google Pay are still a relatively uncommon way to pay for items online and few

e-retailers offer this option. However, it is clear that increasing numbers of people are getting used to the payment method. Over the past few years, the share of consumers who view mobile payments as an easy way to pay has increased significantly. The proportion is particularly high among younger consumers. As much as 46 percent of consumers between 18 and 29 years old find mobile payments easy to use. Younger consumers have grown up with digital technology and are often early adopters of new digital tools and services in their daily lives, which also seems to apply to mobile wallets.

The use of mobile payments is still low, but it has the potential to become more common. However, it is likely to take time before we see a distinct change. As the trend towards a broader range of checkout options and consumers becoming more accustomed to them gains momentum, mobile payments may play an increasingly important role in the future.

*Basis: Consumers, have shopped online



Everlasting Ellos Group on furniture, fashion and target audience

From successful mail order to equally successful e-commerce. Ellos Group is now a highly data-driven commerce platform with several strong brands. Their customer promise remains as important as ever, but their target audience has been further refined.

“Women in the midst of life – that’s where our focus and strategies lie,” says Mathias Parkhagen, Logistics Director at Ellos Group.

Ellos Group has undergone a lot of changes. The classic mail order company is now a highly data-driven, digital commerce platform. The menswear company Stayhard disappeared from the group, along with physical stores, due to the new (digital) strategy focusing on a single target group.

“Women in the midst of life, along with their homes and the people in them who they’re shopping for,” says Mathias Parkhagen, Logistics Director at Ellos Group.

The group now has four brands – Ellos, Jotex, Homeroom and the Elpy payment solution – which are targeting the new target group with great success.

“Naturally, we’re adding interesting

categories around women in midlife, including those that we already knew we were strong in,” says Mathias. “So when our customer shops for fashion and home furnishings, we naturally want her to buy her makeup and shampoo here, too.”

There is no doubt that Ellos Group is extremely data-driven, at all levels. From the websites’ products and customer purchases to deliveries and returns.

“If we are to be fully accurate and in control at every step of the supply chain, we need to address challenges and work through them,” he says.

“We look in detail at every step of the order’s journey, checking on return rates





“We look at how much goes to service points, compare with other market participants and look at return rates. All in order to obtain a solid basis for decision-making.”

and any non-conformities that occur. All this aims to obtain a solid basis for decision-making that we can use internally, but also in collaboration with our external partners on what we and they can improve.”

And there is no lack of support within the group.

“We’re fortunate enough to have our own analysis team,” says Mathias Parkhagen.

In addition, the Ellos Group is working with external consultants to obtain assistance from artificial intelligence, too.

“We want to identify how we can smoothly integrate AI into our processes,” he says. “Obviously to improve efficiency but also to come up with smart solutions for customers. In this regard, it’s important not to see AI as a threat, but as a colleague and a tool.”

How long does it currently take from when a customer places an order with you until the order is ready to be picked?

“When an order comes in, it’s issued with a time stamp – the time at which it should leave the warehouse,” he says. “That labeling accompanies the order into the production – while we keep

track using real-time data. That way, we always know what is waiting to be sent out the same day.”

But Mathias Parkhagen emphasizes that lead times depend on the company and product concerned.

“We’re a leading Nordic shopping destination offering different kinds of solutions for logistics, finance and payment for all companies in the group,” he says. “And when it comes to logistics, the times vary depending on where the products are sold. We have a home warehouse for larger bulky products and we sell from the warehouses of dropshipping operators. In addition, we also sell some larger products that are ‘on the ship’ – that is, the customer buys something that is on its way in.”

According to Mathias Parkhagen, the delivery process as a whole still requires some development, but the Ellos Group has already come quite far.

“Most stages in the process take place automatically,” he says. “If you as a customer place an order in which the products come from different warehouses, this is clearly stated at checkout, along with the fact that there are different lead times for deliveries.

About Ellos Group

The Ellos Group is a shopping destination for fashion and home furnishings in the Nordic region. The group includes the online stores Ellos, Jotex, Homeroom and the payment brand Elpy.

The top performer among the target groups is women in the midst of life, their families and their homes. The Ellos Group’s headquarters are in Borås, Sweden and they have around 550 employees and annual sales of approximately SEK 3.4 billion. Ellos has been well known in Sweden for a long time. Founded in 1947, the company has evolved from a gigantic mail order company into an e-commerce operator with 1.6 million active customers. At ellos.se, the group’s largest marketplace, there are over 400 brands.

The best-selling product categories there include dresses, outdoor clothing, textiles and carpets. At Homeroom, elegant storage is most popular and at Jotex, bedding and curtains dominate. In total, own brands account for 64 percent of the Ellos Group’s product range.



Elpy – own payment platform

The Ellos Group has its own payment platform called Elpy. It offers a range of payment solutions and financial services to enable customers to shop flexibly, easily and securely – and allows them to try out their purchases at home before paying.

Elpy cooperates with Resurs Bank and Trustly.

Mathias Parkhagen: “Ellos founder Olle Blomqvist was one of the first to introduce invoice and payment solutions, and having our own digital solution in Elpy is in our DNA. Otherwise, we aim to offer payment methods that are relevant to our customer group, especially based on their demographics. And because we are customer-oriented, we are obviously considering offering Swish, Vipps and other mobile payment solutions in the future.”

The order enters our business and logistics system and everything is divided up conveniently.”

The standard delivery time from the Ellos Group’s fashion warehouses is two to four days, with the average being closer to two days.

“But there is also Express, where you order before 1 pm to receive your delivery the next day,” he says. “Both to service points and to your home.”

What Mathias Parkhagen and his colleagues want to improve further is the actual delivery date when several different warehouses are involved.

“Shipments can reach the customer on different days depending on whether they’re sent using dropshipping, from a home warehouse, from a ship...” he says. “As a customer, you want to pick everything up at the same time. There’s a lot to look at in the future where this concerned, strategically. In Europe, for example, there are market participants, like PostNord, who keep all items to be delivered together until all the parcels have arrived.”

He also highlights the challenge of the ‘black hole’ – the time between the

Ellos Group’s final picking scan and the carrier’s first production scan.

“We’ve noticed a gap there, and all market participants experience it,” he says. “It shouldn’t really exist because the delivery should be handled immediately after loading. Sometimes we may have sorted incorrectly, sometimes the parcel may have been left at the carrier’s terminal. But this shouldn’t be allowed to happen.”

The return flows within the Ellos Group obviously vary quite widely, but most of them involve digital handling,

“This applies to all fashion and home furnishings returns that go to service points,” he says. “But home deliveries of heavier items are not currently managed digitally – the customer has to contact customer service and can then choose between different solutions. A text message is then sent to the customer, or the carrier calls to book collection.”

Mathias Parkhagen believes that some improvement still needs to take place and that new solutions are just around the corner.

“It’s going to be really amazing, with convenient returns solutions that barely involve us,” he says. “Well, unless they involve complaints, of course.”

And the item’s journey doesn’t end with its return. If it is damaged in any way, it may end up in the Ellos Group’s outlet store in Borås, but otherwise it is sold anew online. And this takes place quickly.

“Yes, because we keep track of every step of the item’s progress,” he says. “We already sell items that are on their way in by ship – the only difference is that’s a purchase order and in this case, it’s a return order. Of course, there are risks – we’re not entirely certain that it’s that particular garment that has been returned by the customer, and we always do a physical inspection.”

It turns out that most of the time there are no defects in the returned items, and in the case of furniture, a light touch-up is sufficient, as the transport packaging minimizes any damage.

Some e-retailers have chosen to refuse to trade with customers who have made too many returns, but this has not

“But you have to remember that we don’t have free returns like some other companies, and the return fee obviously means that we don’t get as many returns.”





been the case for the Ellos Group.

“There are other ways, such as rewarding the good customers instead,” he says. “We’re looking at additional ways, too. But you have to remember that we don’t have free returns like some other companies, and the return fee obviously means that we don’t get as many returns.”

In addition, the Ellos Group works with a quality index for each SKU (stock keeping unit) that clearly shows whether it is good or bad from a qualitative perspective – and naturally also for the customer.

“The return rate is one of the key parameters in this regard,” he says. “And if a product has a poor quality index rating, we actually remove it from our offering.”

And as with most other things the Ellos Group works with and develops, the processes are data-driven.

“We’re building data foundations to be able to create innovative solutions going forward, whether for better packaging, product design or customer offerings,” he says.

What are your biggest opportunities – and challenges – going forward?

“When it comes to returns, they’re a challenge for the entire sector,” he says. “But they’re also an important part of our business model – our customers need to be able to try on and try out what they’ve bought from us. At the

same time, we want to minimize returns, and in this respect, we have a solid improvement program ahead of us – from the website’s size recommendations to product design. There is huge potential for improvement and the challenge is to construct good solutions that are appreciated by customers.”

Mathias Parkhagen also believes that there is much to be done in the area of deliveries, which have also suffered from the large fluctuations in volume in recent years.

“There’s a lot of room ahead for new challengers and new ideas,” he says. “For example, there are some exciting bicycle deliveries coming up. It’s simply a matter of keeping up with everything that’s going on regarding sustainability.”

According to the Parcel Index for the first quarter of the year, sales abroad increased dramatically. Are you sensing the stiffer competition from China?

“I think it’s affecting the younger target groups more, those who shop from Temu and Shein,” he says. “We have a long history with our customers – they’re loyal and recurring and that’s naturally something we’ll continue to work with. We’re making very large investments in this area, and those customers are crucial for us going forward.”

Mathias Parkhagen also thinks that the level of quality offered by Swedish and Nordic market participants

provides consumers with a greater sense of security compared to Chinese market participants.

“We stand for quality while being modern in terms of both fashion and home furnishings,” he says. “We also focus sharply on sustainability, and I believe that as a society we need to work together to safeguard this – as well as product quality.”

The pandemic brought major fluctuations, with fashion sales plummeting while interest in home furnishings increased, and then the reverse.

“That’s why Ellos Group is so strong,” he says. “We have a broad offering – we have the whole package.”

But he says there is no room for complacency – you need to be agile and able to scale up quickly.

“We have a stable platform, and although we believe in a more or less normalized world ahead, there are some concerns in the form of war and global economic challenges,” he says. “But we’re strong in fashion and items for the home, have plans for both segments and will continuously accelerate in these areas. We have focused relatively intensely on profitability rather than growth, but the basis for the Ellos Group has always been profitable growth so we will continue to focus on the future now that the market is easing.”

Ellos Group Outlet – physical and digital

The Ellos, Jotex and Homeroom websites have an outlet section in which items are sold at reduced prices. But in Borås, Ellos Group also has a physical outlet store with a large selection of its own brands in furniture, home furnishings and fashion. If you want to find out more, take a look at their Instagram account: [@ellogroupoutlet](https://www.instagram.com/ellogroupoutlet)

Ellos Group deliveries

Services: Varubrev, parcel locker, service point, home delivery, Express

Lead times for express shipments: 1–2 days

Lead times for parcel shipments: 2–4 days

Lead times for home delivery of heavy items: 2–5 days

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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 23,000 employees, PostNord is one of the largest employers in the Nordic region and has a significant social responsibility. PostNord aims to offer an attractive, stimulating workplace. Visit us at www.postnord.com.

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