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E-commerce in Italy 2022

**CASALEGGIO
ASSOCIATI**
Digital Thinking

Change of pace after the Covid Boom

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CA Digital Thinking

We help companies to define their digital strategies and accompany them through the process of transformation, thanks to the solid experience we have gained since 2004.

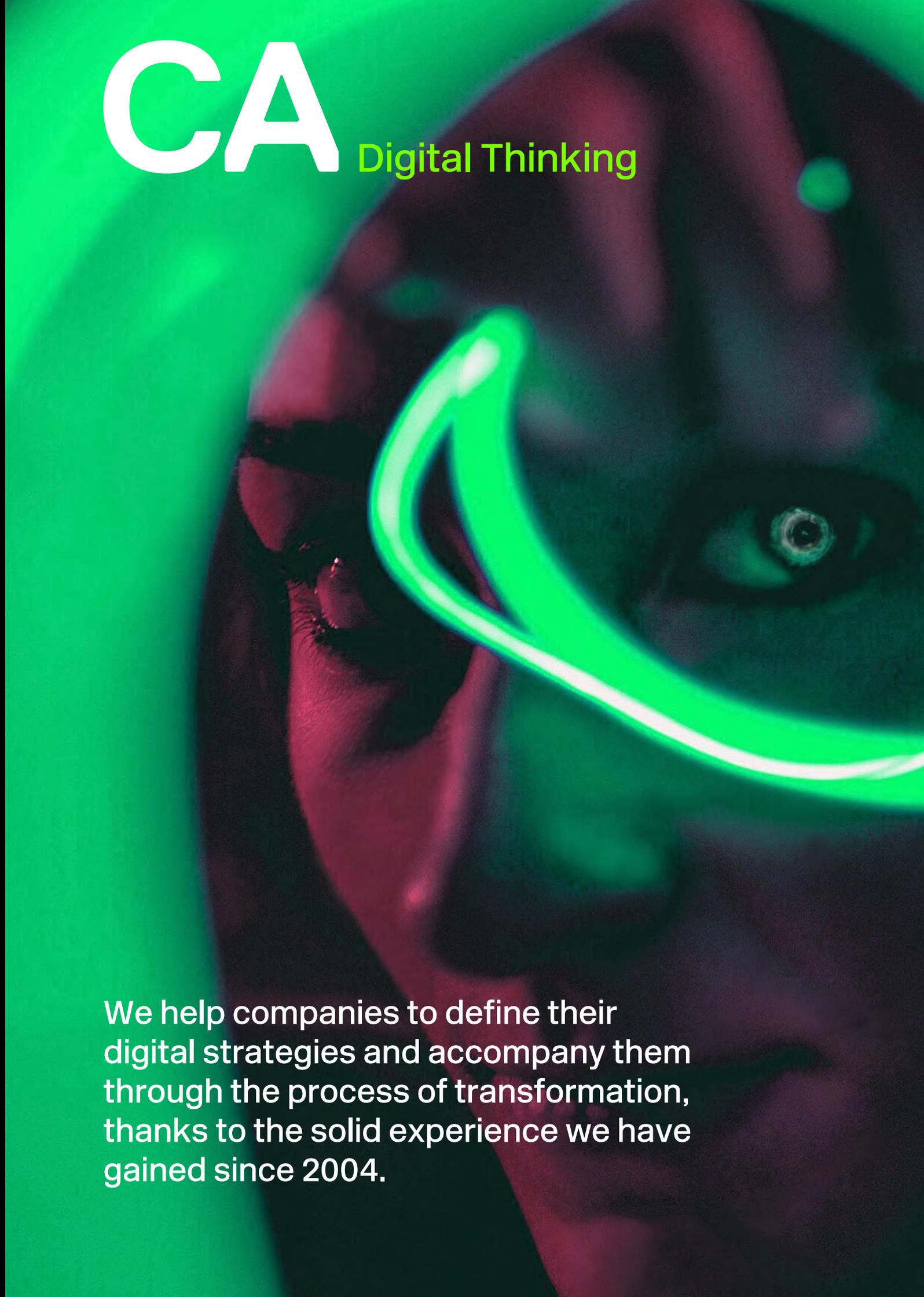
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Digital Thinking

We help companies to define their digital strategies and accompany them through the process of transformation, thanks to the solid experience we have gained since 2004.

Casaleggio Associati

We conceive and implement digital transformation projects

Business transformation has never been so quick and requires a medium to long-term strategy: we must set priorities, assess the feasibility, proceed with implementation and evaluate the return on investment. For these reasons, a solid strategy presupposes an overall vision in which business models, the digital ecosystem, advertising and digital relations with customers are jointly analysed as a unit.

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 - Rethinking Business Model
 - Blockchain & NFT Strategy
 - Roadmap to Smart Company
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 - Brand Positioning & Reputation
 - Digital Marketing Strategy
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HOME AND FURNITURE

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FASHION

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LEISURE

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INSURANCE

Car, motorcycle and home insurance policies



MARKETPLACE

Varied products, Ebay (B2C)



CONSUMER ELECTRONICS

Domestic appliances, Hardware, Telephony, Photography, Audio



HEALTH AND BEAUTY

Perfumes, cosmetics, wellness, medicines



TOURISM

Transport, hotels, tour operators, attractions

Method

The XVI edition of the Report "E-commerce in Italy" was created through the investigation of studies and market research, news articles and experience on the field by Casaleggio Associati, and also through an online survey and follow-up interviews with some of the key actors in the market. Participants: company owners, CEOs, general managers, marketing managers, country managers, e-commerce managers and Internet managers.

The companies examined are Italian or Italian branches of multinational groups. All the data presented refer to the Italian business to consumer market.

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Introduction

The Opinion

New Italian customers – more than 3 and a half million – who have started to access the internet in the last two years thanks to the lockdowns, have begun to show their effects on turnover which has grown by 33% in just one year, reaching over 64 billion euros in 2021. The main problem is still that in Italy there is still not enough investment in e-commerce. However, the digital channel makes up 17% of retail sales. This is why, on the one hand, thousands of Italian stores in 2021 have closed down and, on the other, foreign operators, who are expanding into the Italian market, are taking advantage of this new channel.

European countries have started to protect the internal market with privacy violation fines and by taking dominant positions against the big international giants. At the same time, they have simplified trade on the European continent by greatly simplifying VAT management with the One-Stop-Shop. Thanks also to these simplifications, today more than half of Italian e-commerce operators sell in foreign markets with a 32% turnover, obtained mainly from French, Spanish, German and English customers.

From a business model point of view, the considerable increase in turnover is pushing the companies with better infrastructures to be chosen for the service and on the other side, there are companies with product control who

want to have direct contact with the customer. This is why marketplaces consolidate at the top of the Top 100 Italian e-commerce rankings, while manufacturers are starting to climb the rankings by actually pushing retailers to evolve their business model. For example, Decathlon, becoming a marketplace to be considered the entry point for those looking for sports equipment.

Whoever becomes an entry point on the internet for the research of products to buy has also an important second advantage: optimising advertisement investments.

The high demand by customers during lockdown has significantly simplified marketing activity. However, at the end of lockdown, foreign operators have entered the field and again increased advertisement competition and therefore the complexity of marketing activities. In 2021, operators again had to find new ways to attract customers. One of these levers that, luckily, is proving to be important is the environmental sustainability of retail. Italy, more than other countries, has customers with a strong awareness of this issue.

2022 will probably be a year of strong acceleration of e-commerce in some areas such as Tourism that, thanks to a probable reopening of many businesses, will be able to take advantage of millions of new customers online.

CHAPTER ONE

E-commerce condition

E-commerce in the world

In the world, there are 4.95 billion users (+4.8%YoY) accessing the internet, more than 62% of the global population. Most internet users use mobile devices to connect and, for the first year, global mobile purchases have overtaken desktop purchases¹.

In China, which is currently the real rising driving force of e-commerce, the number of internet users is 1.011 billion, 21.75 million more than the previous year. Internet penetration amounts to 71.6% (+1.2% YoY) and the number of mobile internet users amounts to 1 billion².

Mobiles represent on average 54.79% of world traffic, while 42.73% comes from desktops, and 2.48% from tablets.³ In Europe and North America, the percentages are more or less equivalent, but in Africa and Asia there are peaks for mobile traffic that reach 64%⁴.

In 2022, world e-commerce will cross the threshold of 5 trillion dollars in turnover with one euro out of five spent on online retail. This growth will keep increasing since for at least the next three years global e-commerce turnover will confirm double-digit growth⁵.

Global buyers have already surpassed 3.78 billion, having increased by around 10% in 2021 with 344 new online buyers. Each customer spends on average \$1.017 per year with an increase in spending of 7.4% in the last year alone. World differences are again relevant, going from \$1.290 for Italians, to \$3,183 for Hong Kong citizens or \$3.105 for Americans.⁶

Last year, 58.4% of internet users bought a product or a service online in the reference week, and 28.3% purchased a product in a supermarket.⁷ There are great differences worldwide, as shown by the fact that in Italy 47.6% of citizens between 16 and 64 years old have purchased on average once a week compared with 68.3% of Thais or 64.5% of Mexicans.

Retail E-commerce sales worldwide

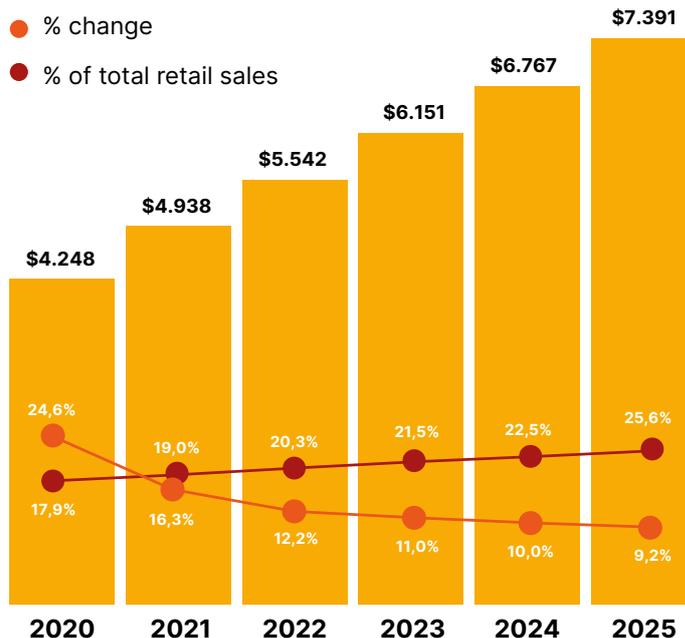


Chart source: eMarketer, January 2022.

1: DIGITALE NEL MONDO, Datareportal, 2022; 2: Increasing Internet penetration in Chinese lower-tier cities, ChemLinked, 2021; 3: Desktop vs Mobile vs Tablet Market Share Worldwide, Statcounter, 2021; 4: Desktop vs Mobile vs Tablet Market Share Worldwide, Statcounter, 2021; 5: Emarketer, 2022; 6: Statista, 2022; 7: Digital 2022, We Are Social and Hootsuite, 2022.

The Asia-Pacific area is the new true driving force of this market and has reached a turnover of 2.992 billion dollars (2.448 billion in 2020). China represents 52.1% of the market (48% last year), two-and-a-half more than the US market⁸ which has reached 886.2 billion dollars (+16,2%), which is 20% of US retail sales⁹.

On the other hand, the US market is one of the most concentrated and 53% of US e-commerce sales are performed by the 5 major players: amazon.com, walmart.com, bestbuy.com, homedepot.com and target.com¹⁰.

Next year, e-commerce turnover is expected to reach

4.225.309 million dollars, of which 1.535.304 million would be generated by China. The user penetration will be 53.8% in 2022 and should reach 62.4% by 2025¹¹. Among the predictions of higher growth, we highlight Turkey (14.59%), Argentina (12.76%), Indonesia (10.21%), South Africa (10%), and India (9.58%)¹².

Online retail now undermines physical retail in general. In 2021, 82% of retail turnover was produced offline, while 17.9 was produced online (+0.7 for online)¹³, but the general trend which accelerated during lockdown shows how coexistence between the two forms of media is now inevitable.

Average annual online revenue per consumer goods E-commerce user

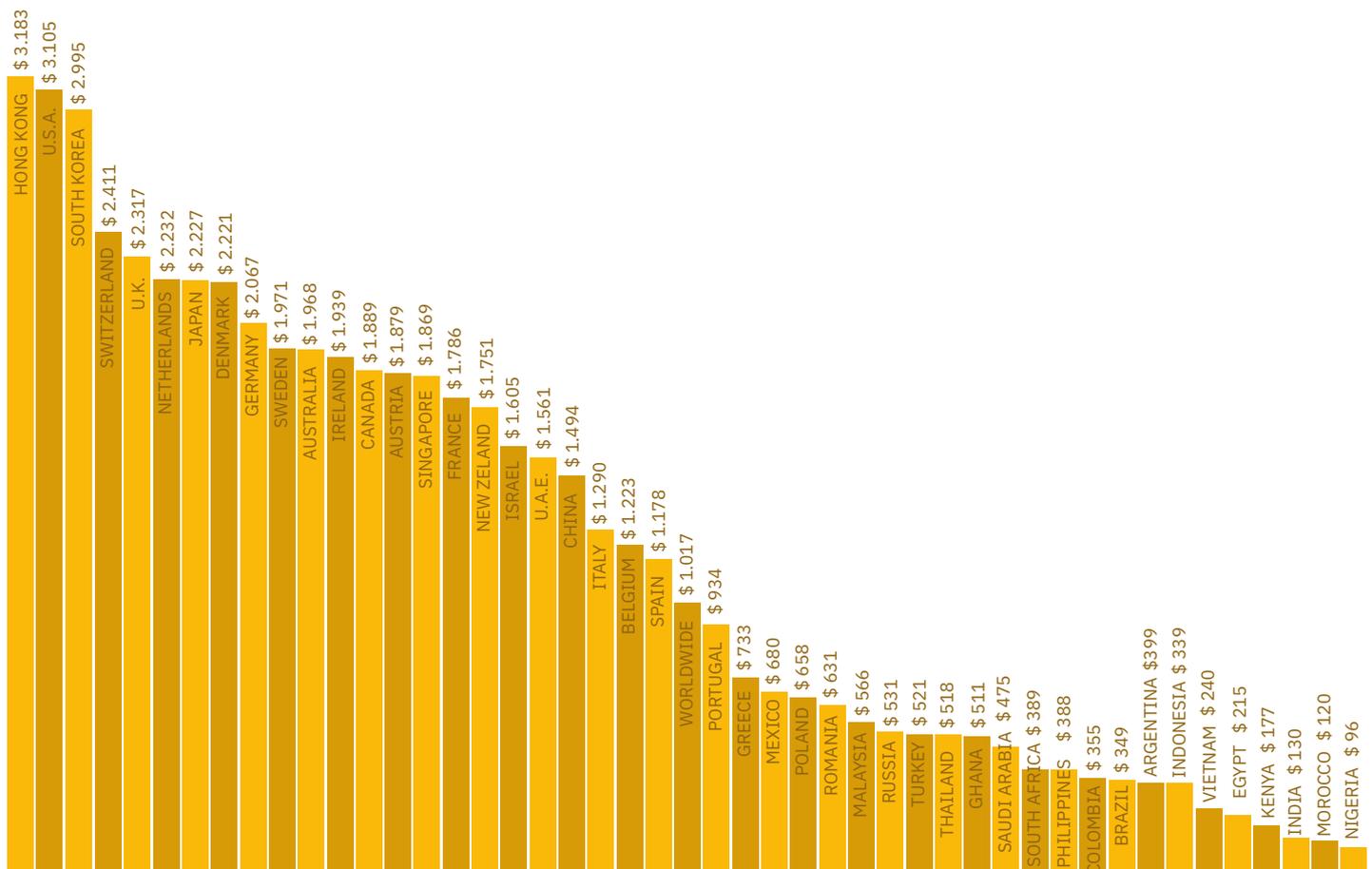


Chart source: GWI, Q3 2021

8: APACS booming e-commerce market, Aarki, 2022; 9: E-commerce market forecast, Digital Commerce, 2021; 10: U.S. E-commerce – top 5 dominate the market, E-commerceDB, 2021; 11: E-commerce, Statista, 2022; 12: Retail e-commerce sales CAGR forecast in selected countries from 2021 to 2025, Statista, 2022; 13: E-commerce, Statista, 2022

Just a year after a record number of stores closed, retail stores are back, with more store openings than closures in 2021. The main retailers have announced 5,083 new store openings compared to 5,079 closings, indicating that the retailers are reaching a balance between online and in-store purchases in the e-commerce era¹⁴. The pandemic has also caused the evolution of in-store shopping. It is estimated that the percentage of users thinking of going into a physical store is well above the data before the pandemic¹⁵.

Analysing by sector, the highest penetration rate for online sales is recorded by Electronics, in which 30.3% of users purchased online (+4% YOY), Fashion 28.8% (3.4%), Health and Beauty (19.3%, +2% compared to the previous year), Food 10% (+1%), Furniture 14% (+2%), Media 21.2% (+3%), Leisure/DIY 24.2% (+4%)¹⁶.

Sales Channels (online vs offline)

- offline
- online

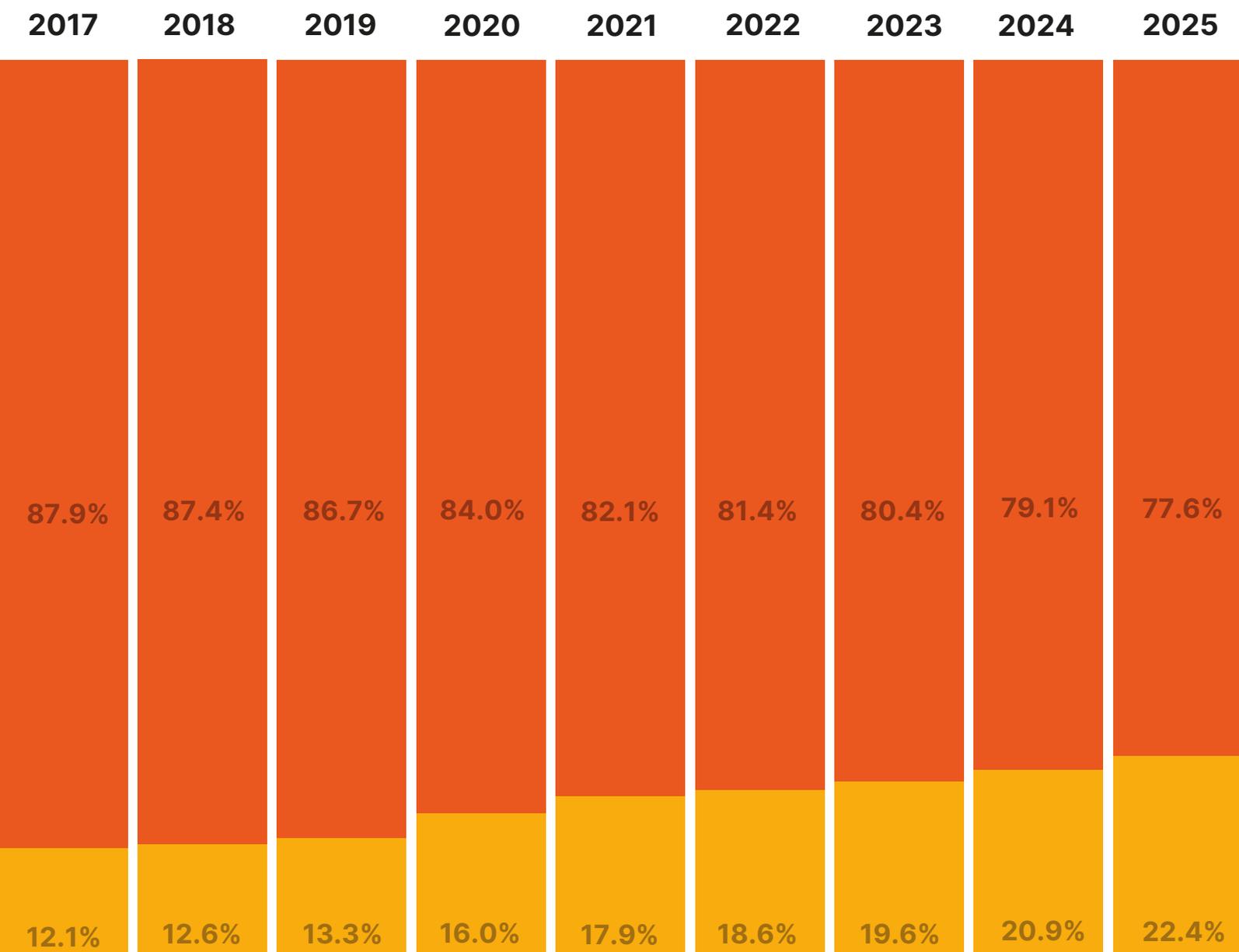


Chart source: Statista, 2022

¹⁴: 2021 was a turning point for retailers, with store openings outpacing store closures, NBCNews, 2021; ¹⁵: WHAT MATTERS TO TODAY'S CONSUMER, Capgemini, 2022; ¹⁶: E-commerce, Statista, 2022.

The sectors that experienced the highest global growth on turnover are Electronics (12.5%), Fashion (17.5%), Health and Beauty (21%), Food (37.8%), Furniture (12.5%), Media, (10.5%) Leisure/DIY (17.5%)¹⁷.

New technologies are also pushing product categories that are traditionally more difficult to sell online. By 2025, 10% to 15% of all cars will be sold online adding more than 150 billion dollars per year to e-commerce turnover. Even other expensive categories, such as jewellery and furniture, will also accelerate their online turnover¹⁸.

Penetration rate

- Electronics
- Toys, Hobby & DIY
- Beauty & Health
- Beverage
- Fashion
- Media
- Forniture
- Food

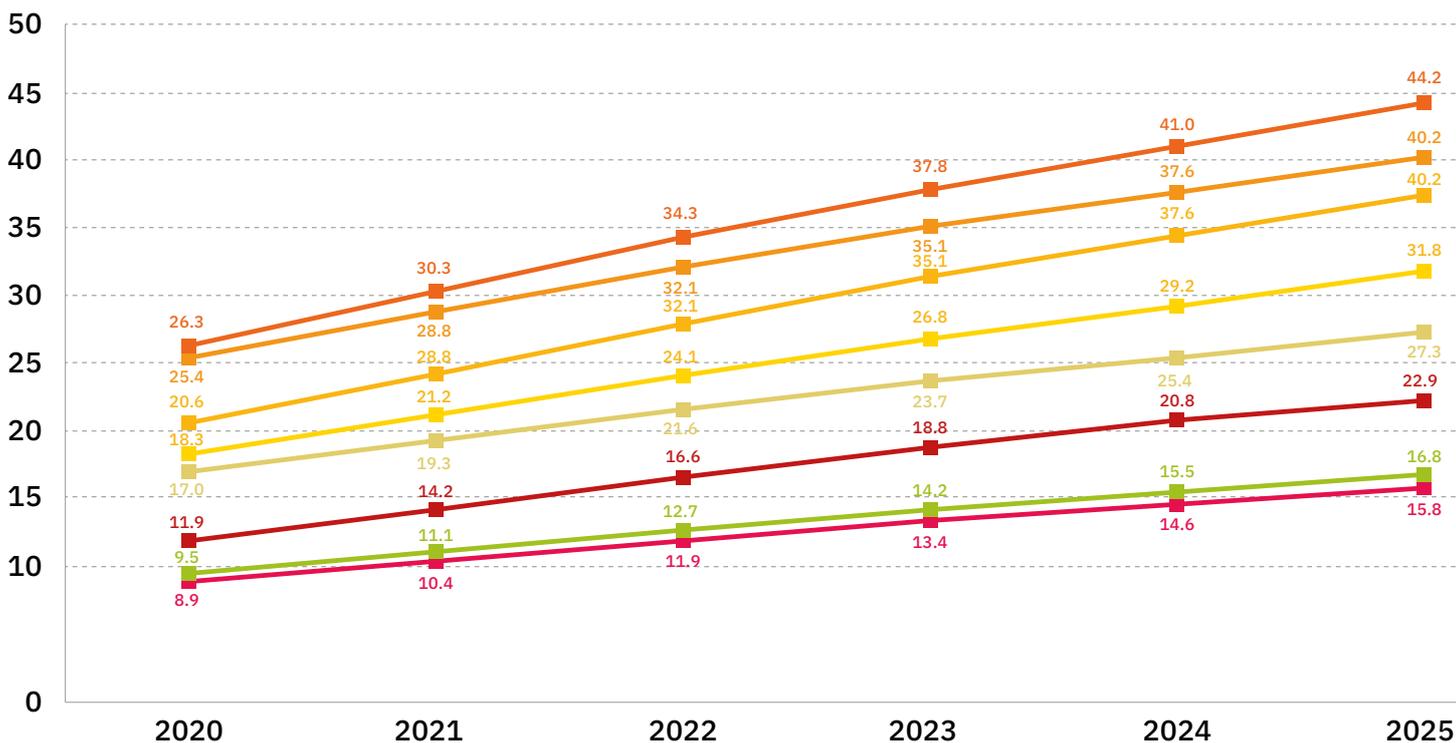


Chart source: Statista

17: E-commerce, Statista, 2022; 18: ACTIVATE TECHNOLOGY & MEDIA OUTLOOK 2022, Activate, 2022.

E-commerce in Europe

60% of European citizens purchase online and European e-commerce turnover also had an acceleration¹⁹ in 2021 reaching the value of 732 billion dollars²⁰.

The United Kingdom is the biggest market in Europe, with 104 billion dollars and a 7% increase in one year.

Germany created 95 billion dollars of turnover, with a growth of 8%. France created 58.9 billion and Spain 23.8 billion in e-commerce turnover²¹.

From a legal point of view, last year many changes occurred.

At the end of 2021, a norm was adopted, which was considered by many as a rule against tax evasion by the giants of the web: the European Parliament's digital market law proposal and negotiations with the Member States for the definition of the Digital Markets Act were launched. The aim is to provide for open and competitive digital markets and to regulate the activities permitted to big digital platforms.

The DMA can be implemented by companies having an annual turnover of 8 billion euros in the European economic area and with a market capitalization of 80 billion euros. They have to deliver in at least three EU countries and have at least 45 billion end users per month, and 10,000 commercial users.

Moreover, they have to belong to the following categories: online intermediation services (e.g. Amazon), social media (e.g. Facebook), search engines (e.g. Google), operating systems, advertising services, cloud computing, web browsers, virtual assistants, smart TVs and video sharing services²².

In Switzerland, already since 2018 those selling via e-commerce from abroad are subject to a sales tax (VAT) of 7.7% if the company invoices more than 100,000 francs a year (approximately 95,000 euros), this tax is added to a policy aimed at favouring national operators to the detriment of large international operators. Unsurprisingly, Amazon is not present in Switzerland but delivers to it from neighbouring countries, which apply customs clearance costs.

On the other hand, there was a strong acceleration in the pan-European VAT simplification process. Until 2020, it was necessary to register for VAT in each European country where the sales were higher than a specific amount (from 35,000 to 100,000 depending on the country), it is now possible to manage VAT centrally from the country of origin.

However, this change has lowered the foreign turnover threshold to 10,000 euros, above which, if you are not registered for the One-Stop-Shop, you have to register for a VAT number in all the countries where you have sold even one object. On the one hand, it has greatly simplified fiscal management; on the other, many operators having a website only in Italian could exceed the threshold

even without knowing it²³. That is why services directly integrated into the sales system for the management of VAT returns are being created, such as Taxdoo.

Mostly demonstrations and requests by companies and organizations are boosting the new norms.

In the Netherlands, for example, online retailers have created an organization called E-commerce Netherlands. The organization, intended for pure players, aims at strengthening the sector and promoting good social policy, as well as agreeing on collective work conditions for e-commerce companies and developing a new collective work agreement.²⁴ Similarly, two of the largest e-commerce organizations in Europe have pushed to also change and simplify VAT rules for companies that locate their stock in different EU countries. Currently, it is necessary to register for VAT in each country where stocks are stored, even before making a sale, with a compliance cost of approximately 8k per year per country. Therefore, the aim is to extend the current VAT one-stop-shop system to all transactions of goods where the seller is not located in the EU country of taxation²⁵.

19: European E-commerce revenues jump 30% to US\$465bn in 2021, Internet Retailing, 2022; 20: Statista, december 2021 <https://www.statista.com/outlook/dmo/E-commerce/europe#users>; 21: European E-commerce revenues jump 30% to US\$465bn in 2021, Internet Retailing, 2022; 22: Digital Markets Act (DMA), il Parlamento UE approva: principali modifiche e sanzioni, Digital360, 2022; 23: <https://www.dangelos.it/regime-iva-one-stop-shop-per-vendite-e-commerce-dal-1-luglio-2021/>; 24: Dutch online retailers unite to form labor agreement, E-commerce News, 2021; 25: Simplify-vat.eu, 2022.

The Food sector had a higher percentage increase (25%) and reached a turnover of 34 billion euros. Followed by Beverages (20.1%) with 24 billion, Beauty and Health (17.8%) with an 83 billion euros turnover, Consumer Electronics and Media (16.1%) with 173 billion²⁶.

Regarding cross-border e-commerce, 216 million (on 297 million in total) European consumers have shopped in other countries.²⁷ China is the preferred destination for online shopping, followed by the UK, USA and Germany.

Countries from which Europeans shop online (millions of people)

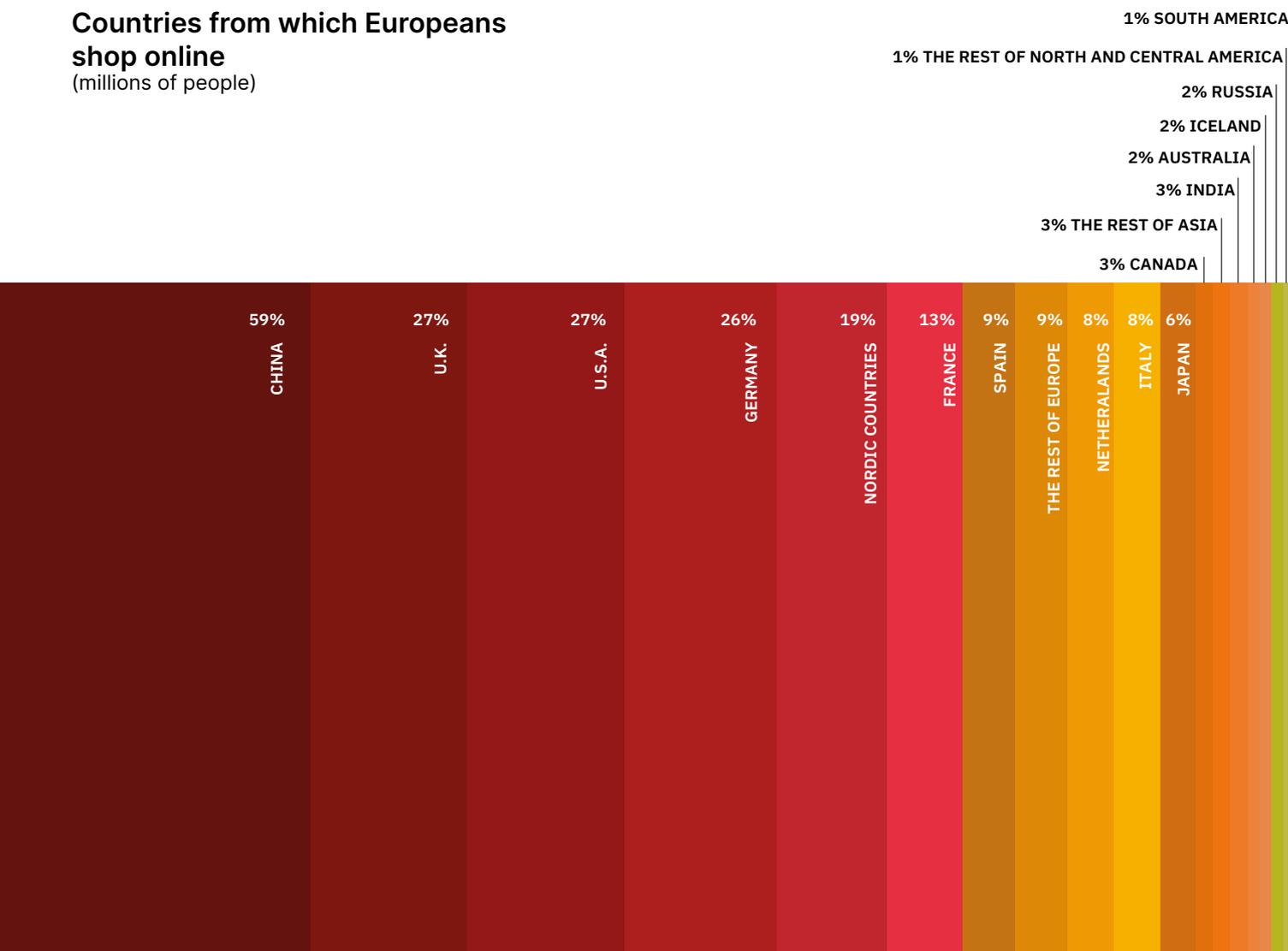


Chart source: Postnord, 2022

26: E-commerce - Europe, Statista, 2021; 27: E-commerce in Europe 2021, Postnord, 2022.

In most of Europe, delivery costs are the most relevant factor for online shoppers in choosing which online store to purchase from (55%), in some cases, it limits purchases to their country of residence. This does not necessarily mean that online customers are not willing to pay for a delivery, but it varies by country²⁸.

The lockdown has brought many new customers online. However, this has happened in all countries, leaving Italy at the tail end of the European ranking, only passing Romania and Bulgaria for penetration²⁹.

Favorites payment methods in Europe

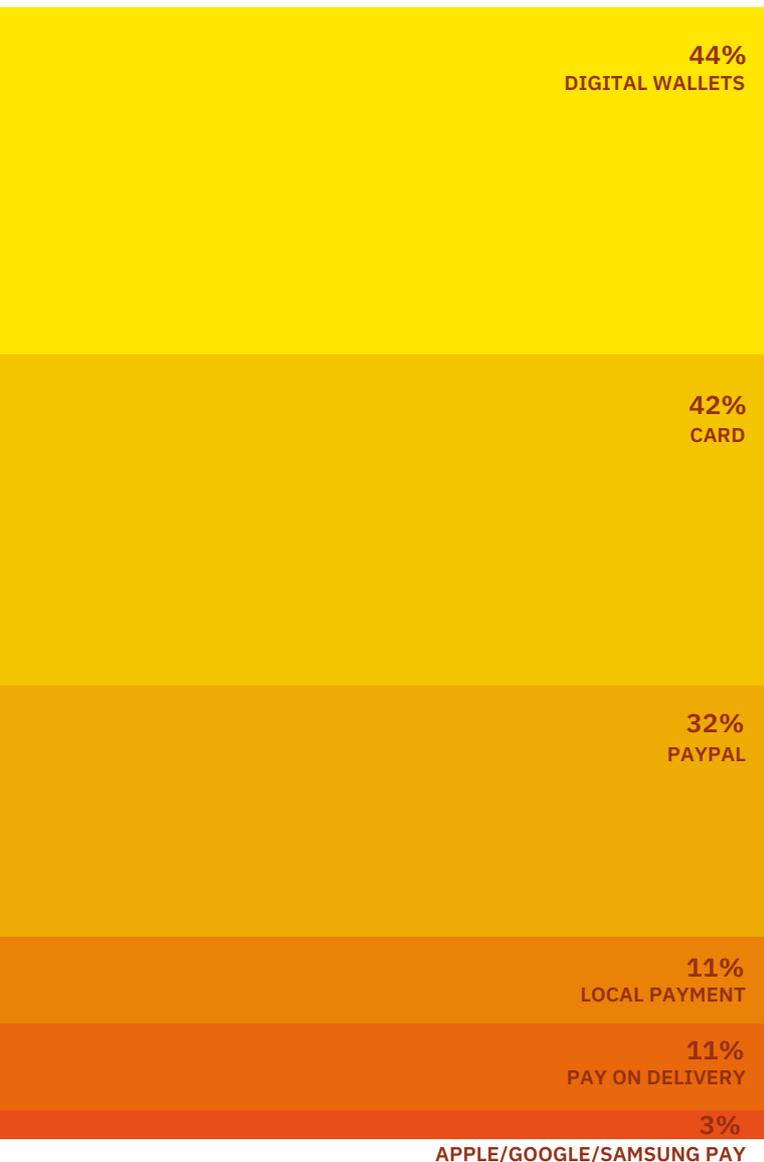


Chart Source: Eurostat, 2022

Digital wallets are increasingly becoming payment tools mostly for the younger target market, that do without credit cards. In Europe, the digital wallet (44% use it for online purchases) has surpassed the card (42%) as a payment method³⁰.

The e-commerce payment service has long been relegated to a technical matter but is proving to be increasingly important to raise the conversion rate to sales. An example of its underratedness emerges from a parameter: 94% of the most popular e-commerce websites in Europe have five or more errors on their checkout pages. Together with the fact that 21% of European consumers abandon a purchase if the check-out is longer than a minute and 15% of customers in Europe abandon their online cart when the preferred payment method is not available³¹, it is clear that this aspect should never be underestimated.

For payments, relevant changes are envisaged to the costs of relations with UK citizens. PayPal will increase commissions for transactions between companies in the United Kingdom and Europe. The reason for this price increase is Brexit. With the United Kingdom no longer being part of the European Economic Area, PayPal's costs are higher than usual. Starting November, the fee will go up to 1.29%. It is, however, still lower than PayPal's standard 1.99% for the rest of the world. PayPal isn't alone in this. Visa and Mastercard have also announced they will increase their credit and debit card fees fivefold from mid-October³².

How to present new products online is one of the issues that operators have always tried to understand. 67% of Europeans want to find inspiration on the website when shopping online. As a matter of fact, only 29% of consumers in Europe say online retailer stores inspire them. A lack of inspiration or a poor shopping experience is a barrier to buying products from these online shops³³.

Live shopping responds to this need to draw inspiration during purchases. This trend, coming from China and the rest of Southeast Asia, is also emerging in Europe. 70% of consumers state they are willing to participate in live shopping events. But while in Southeast Asia the majority of live shopping customers are young millennials, those interested in Europe are mostly between 32 to 43 years old. Last year, one in three fashion and beauty brands have offered at least one live shopping event. Currently, about 70% of live shopping events are held on brands' and retailers' websites.³⁴ To boost this new way to present products is a fundamental criterion: Live shopping conversion rates can be five times higher than the traditional digital sale³⁵.

²⁸: Delivery costs most important factor when choosing online stores, E-commerce News, 2021; ²⁹: Eurostat, 2022 https://ec.europa.eu/eurostat/databrowser/view/ISOC_EC_IB20_custom_1982796/bookmark/table?lang=en&bookmarkId=c53a4435-7924-46be-a138-42065d024778; ³⁰: Payvision, 2021 <https://E-commercenews.eu/preferred-payment-methods-in-europe-2021/>; ³¹: 94% of European checkouts have multiple errors, E-commerce News, 2021; ³²: PayPal raises fees between UK and Europe, E-commerce News, 2021; ³³: 67% of Europeans want to be inspired when shopping online, E-commerce News, 2021; ³⁴: 70% of Europeans are open to Live Shopping, E-commerce News, 2021; ³⁵: e-Commerce, il 2022 sarà l'anno del Livestream shopping, AdKronos, 2022.

CHAPTER TWO

E-commerce in Italy

In the first nine months of 2021, 6,700 declared bankruptcy (+43.6% year-over-year, but 16% lower than before the pandemic: due also to the stop in the activity of the courts during lockdown). 29% of bankrupt companies belonged to trade, 24% to services, 18% to construction and 16% to industry³⁶. In the first six months of 2021, new openings also decreased. Because of the crisis, 75,000 companies – of which a third would have been in trade and tourism – have not been created³⁷.

The average expense per Italian e-shopper is now significant, it amounts to 1,608 euros³⁸ a year. But the most significant expense is from abroad: 67% of users have purchased online from foreign websites and nearly all have purchased through marketplaces: 95% on Amazon, 46% on eBay (down compared to 52% of the previous year) and 45% on Zalando³⁹.

European countries, Italy included, have started to protect local companies and tax authorities. They have boycotted marketplaces accused of selling dangerous products – for example, the French government versus Wish⁴⁰ – with fines for the incorrect handling of customers' personal data⁴¹, or finally with fines for abuse of dominant position – for example, Italy versus Amazon with a fine of 1.1 billion euros.

However, despite the significant growth of e-commerce in Italy, less than 15% of companies earn at least one euro on the cent from e-commerces. In Europe, the average is 20%, with a peak of 37% in Denmark.⁴² This data confirms that we are currently dealing with the problems of changing selling methods, but companies from beyond the border that also sell to Italian customers take advantage of it.

Therefore, we risk slowing down US operators, on the one hand, and opening the door to European ones.

It is estimated that this transformation will cause the Italian retail sector to lose 3.7 billion euros in the next 4 years also due to the squeeze on margins⁴³.

Regarding Italian infrastructure, we are seeing relevant improvements. For example, 75% of broadband lines have

reached a speed equal to or higher than 30 Mbit/s⁴⁴, sharply improving access to multimedia content to support sales.

The Internet has become the place to get news, 30% of the population between 14 and 80 years old learn about news on Facebook, 12.6% on Youtube, and 3% on Twitter. In general, social media is used together with other sources of information, but for 4 million Italians it is the only source.⁴⁵

About visits, the most visited marketplaces in 2021 have been: Amazon.it (180.5 million monthly visits), eBay Italia (76.9), Mediaworld (11.3), UniEuro (10.4), AliExpress (8.65), Zalando Italia (8.1), IBS (6.3), Decathlon (5.9), ePrice (5.15) and Esselunga (5.1)⁴⁶.

In Italy, the diffusion of the internet in the population (from 2 years and up), in January 2022 has reached 76.3% (+1.4% compared to last year) with 45 monthly unique users and a growth of 300 million users. This is a sign that brings back to normal the growth that in the previous year in lockdown brought 3.2 million new internet users. Users accessing the internet from a smartphone are 38.9 million (90% of the adult population). On an average day, 33.6 million people connect and 77.9% from smartphones, for an average time of 2 hours and 16 minutes⁴⁷.

36: Aumentano i fallimenti delle aziende, ma non tutto è perduto, Dealflower, 2021; **37:** Covid, allarme Confesercenti: non solo chiusure, causa pandemia 75mila imprese mai nate, Sky tg24, 2022; **38:** E-commerce in Europe 2021, Postnord, 2022; **39:** E-commerce in Europe 2021, Postnord, 2022; **40:** <https://E-commercenews.eu/france-calls-for-a-boycott-on-wish>; **41:** <https://www.theguardian.com/technology/2022/jan/06/france-fines-google-and-facebook-210m-over-user-tracking-cookies>; **42:** Percentuale di aziende con almeno 1% di vendite online nel 2020, Eurostat, 2021; **43:** https://www.alvarezandmarsal.com/sites/default/files/true_cost_of_online.pdf; **44:** Osservatorio sulle comunicazioni, AGICOM, 2021; **45:** 4,5 MILIONI DI ITALIANI SI INFORMANO SOLO ATTRAVERSO I SOCIAL NETWORK, Engage, 2021; **46:** Number of monthly visits to leading e-commerce websites in Italy as of 2021 (in millions), Statista, 2021; **47:** Total Digital Audience del mese di gennaio 2022, Audiweb 2022.

E-commerce turnover in Italy

E-commerce turnover in Italy in 2021 is estimated at 64.01 billion euros, with an annual growth of 33%, consolidating more than 3 million new customers who arrived on the market in 2020 during the lockdown.

In 2021, in the first quarter, there was a sharp increase in e-commerce: Italy has registered +78%, the fourth country with the highest percentage increase after Canada, the Netherlands and the United Kingdom⁴⁸.

Turnover of the e-commerce in Italy and annual growth

Variation %
Turnover in billions of €

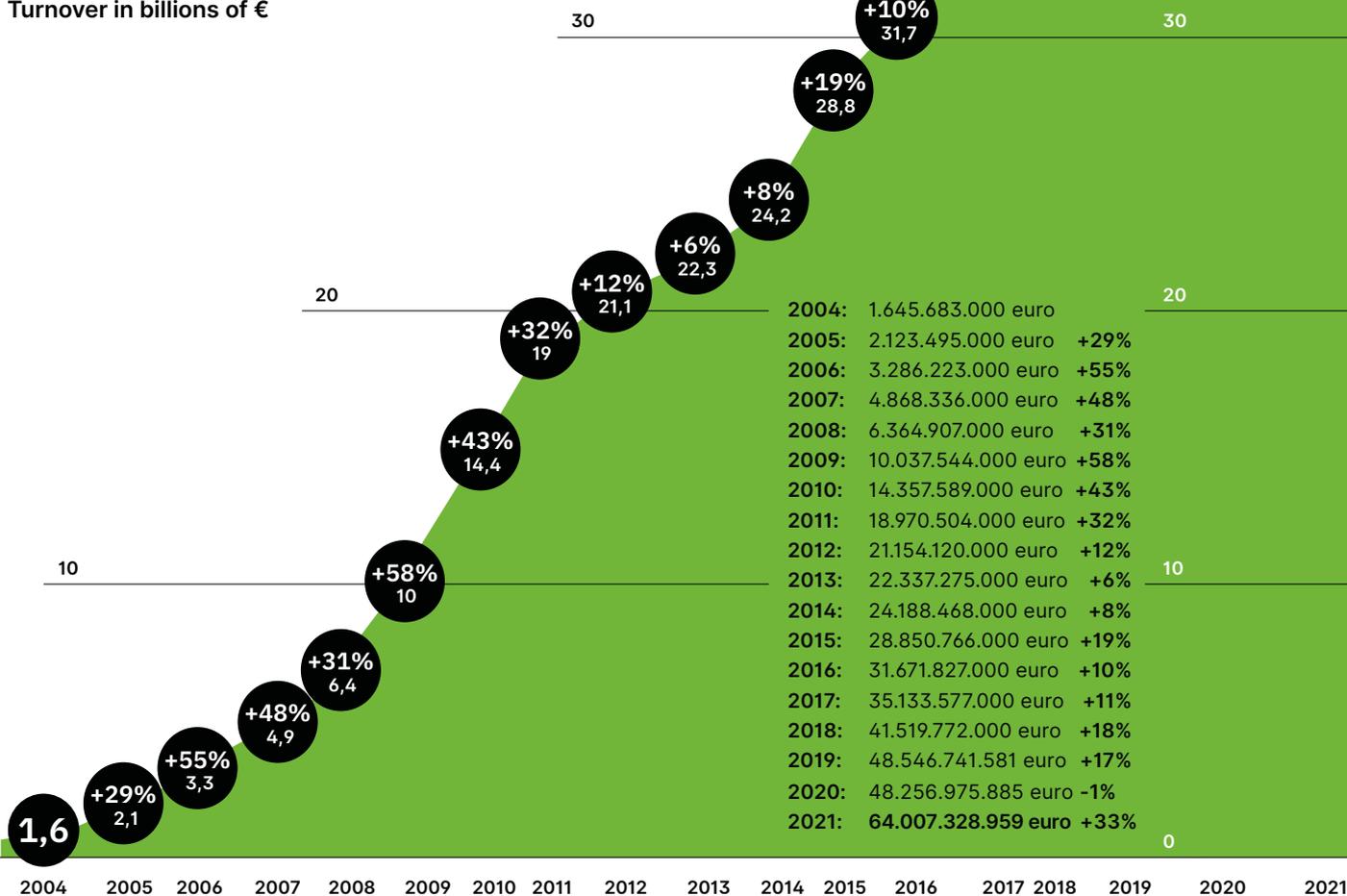


Chart source: Casaleggio Associati, 2022.

48: Postalmarket e televendite: così l'E-commerce parla agli over 50, Wired, 2021.

Coronavirus has continued to positively or negatively impact many operators during 2021, but considerably less than last year. Food, Home-Office and Furniture have been the best-impacted sectors. In particular, Tourism and Transport have continued to suffer the consequences. Those who reported an increase in turnover, on average, had a growth of 37% thanks to the coronavirus. Those who lost business, on average, left behind 34% of turnover.

Impact on e-commerce sales in 2021 due to Coronavirus

(comparison with 2020)

- Positive
- Negative
- Neutral

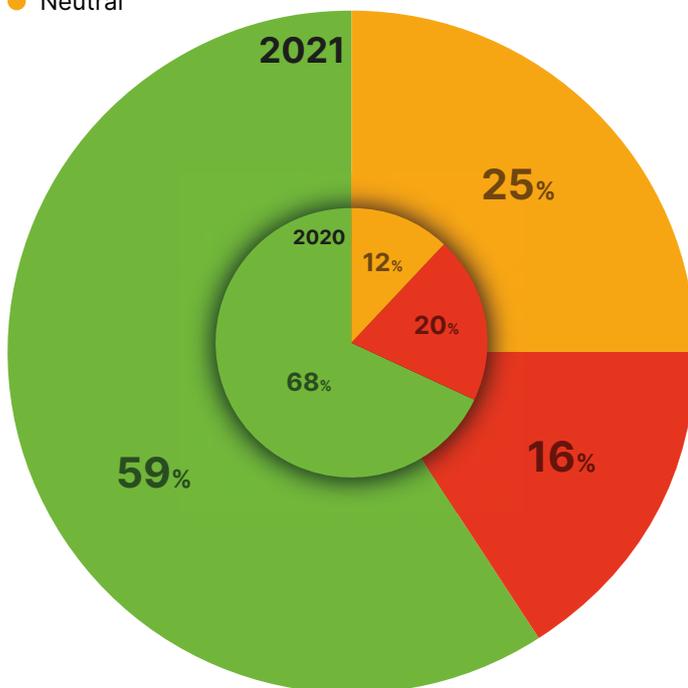


Chart source: Casaleggio Associati, 2022.

Distribution of turnovers in 2021

The lockdown has had a strong impact on the balance of power between sectors in continuous evolution. Leisure, for many years the most important sector, continues its trend and represents 48% of the turnover. This positive impact is due in particular to the growth of online gaming, as well as purchases related to hobbies and sports.

In second place in the distribution of turnover, online Shopping Centres climbed one position with 22%, compared to 21% in the previous year. The turnover growth is 40%.

Tourism is the most affected sector, with a loss of 58% in 2020 and a recovery in 2021 of 29%, not yet compensating for the impact of the pandemic. As of last year, it accounts for 11% of total turnover, far from the 26% of 2019.

The Food industry, after gaining +63% in 2020, still had significant growth of 37% in 2021 and today accounts for 6% of the total Italian e-commerce turnover.

Insurance companies drop slightly in terms of their share (4% of the total) with an annual growth rate of 5%.

Consumer electronics grew by 21%, with 4% of total turnover; then Fashion: stable at 2% of the total but with a growth of +36% in 2021, compared to 14% in 2020, and to 2% in 2019.

For the Publishing industry, online sales grew by 19% and the sector manages to maintain a 2% share.

Last in the ranking are Health and Beauty / Home and Furniture. These two sectors still affect the total little at 1% each, but during 2021 they have grown considerably. The former recorded the greatest growth (after Food) of 38%, while the second had a growth of 24%, in line with last year's growth.

Distribution of the 2020 e-commerce turnover in Italy (comparison with 2020 and 2019)

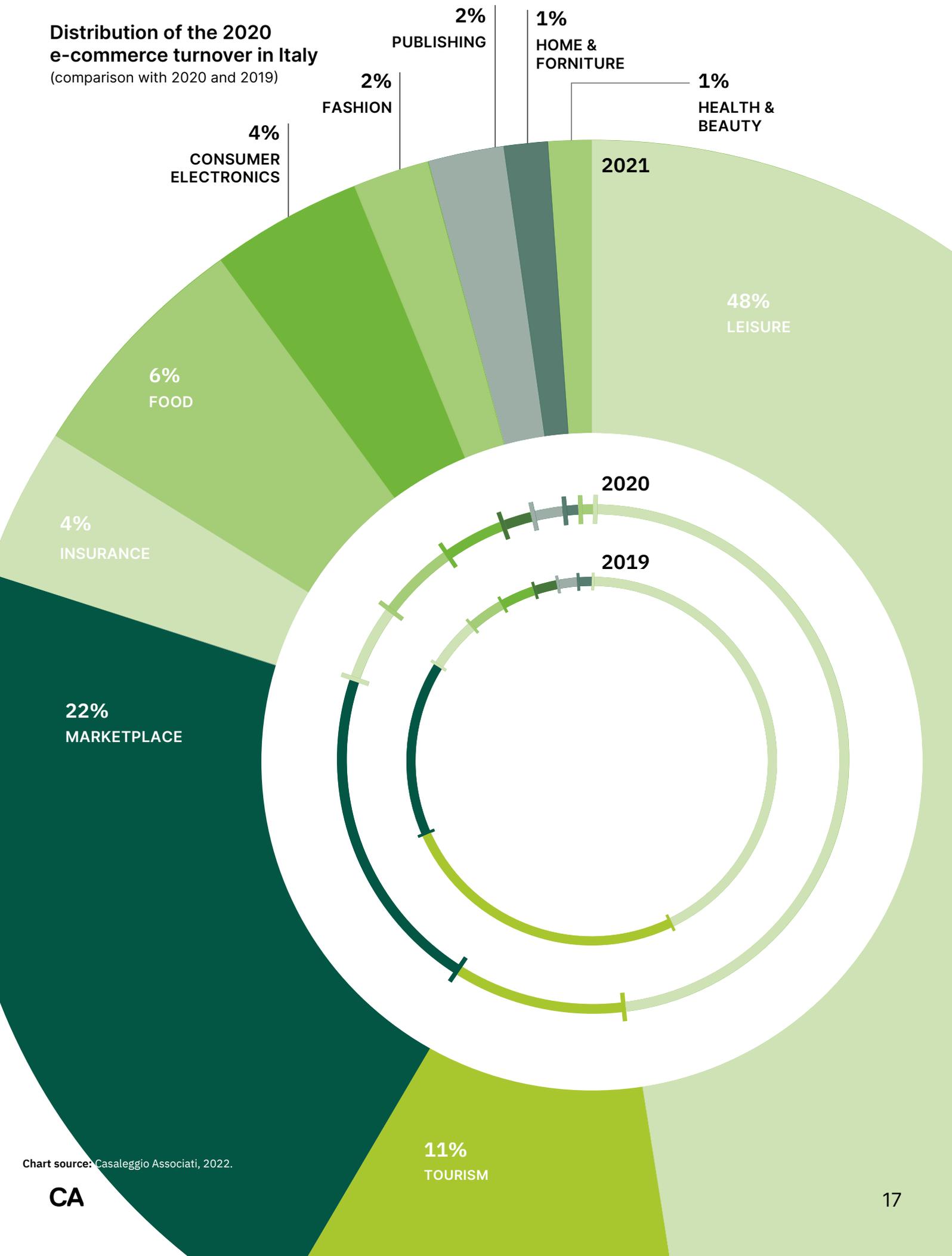


Chart source: Casaleggio Associati, 2022.

The average receipt on Italian e-commerce sites is 134.9 euros with great differences between sectors. Publishing is the sector with the smallest receipts (39 euros) while Furniture has the highest receipts average (214 euros).

In 2022, the balance of powers will change again, with a likely surge of Tourism. In addition to regaining the shares of the market lost in the lockdown, it still has to benefit from the additional 3.5 million internet users that the last two years have brought.

On average, an Italian e-commerce website envisages for 2022 to grow by 34.7% in terms of turnover. Tourism estimates a greater growth (+60%), hoping to recover after the health emergency, followed by Health and Beauty (+49%)

which has seen above all pharmaceuticals clearing through customs online and is now expanding to products not directly related to the coronavirus. Greater growth is expected by Food (+37%), Fashion (+36%), Home-Office and Furniture (+31%), Consumer Electronics (+28%), online Shopping Malls (+10%) and finally, a smaller growth in Leisure (+7%) and Publishing (+2%).

Some of the main objectives of the digital strategy, set out by the companies interviewed for 2022, are for 59% to increase their revenue/turnover, for 45% to acquire new customers, for 36% to retain the current ones, for 28% to increase awareness, for 24% to gain market share compared to competitors (in particular for Home-Office and Furniture sectors), while 4% have other objectives.

Main objectives of the digital strategy

(multiple answer)

- To increase turnover and/or revenue
- To acquire new customers
- To retain customers
- To increase awareness
- To gain market shares compared to competitors
- Other

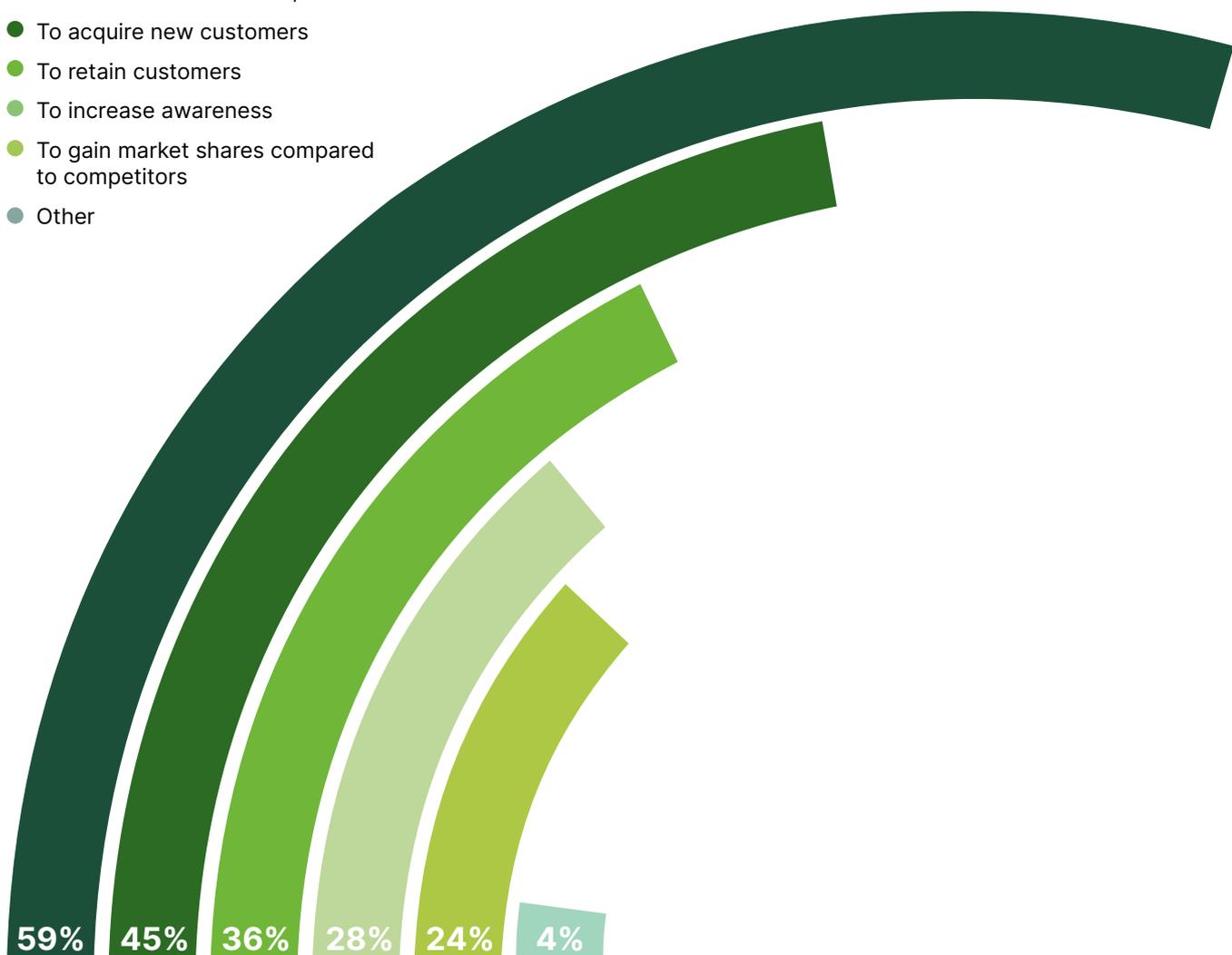


Chart source: Casaleggio Associati, 2022.

The turnover still comes mainly from their website (69.5%), however, the percentage of the other media is rising significantly, in particular from marketplaces (17.8%).

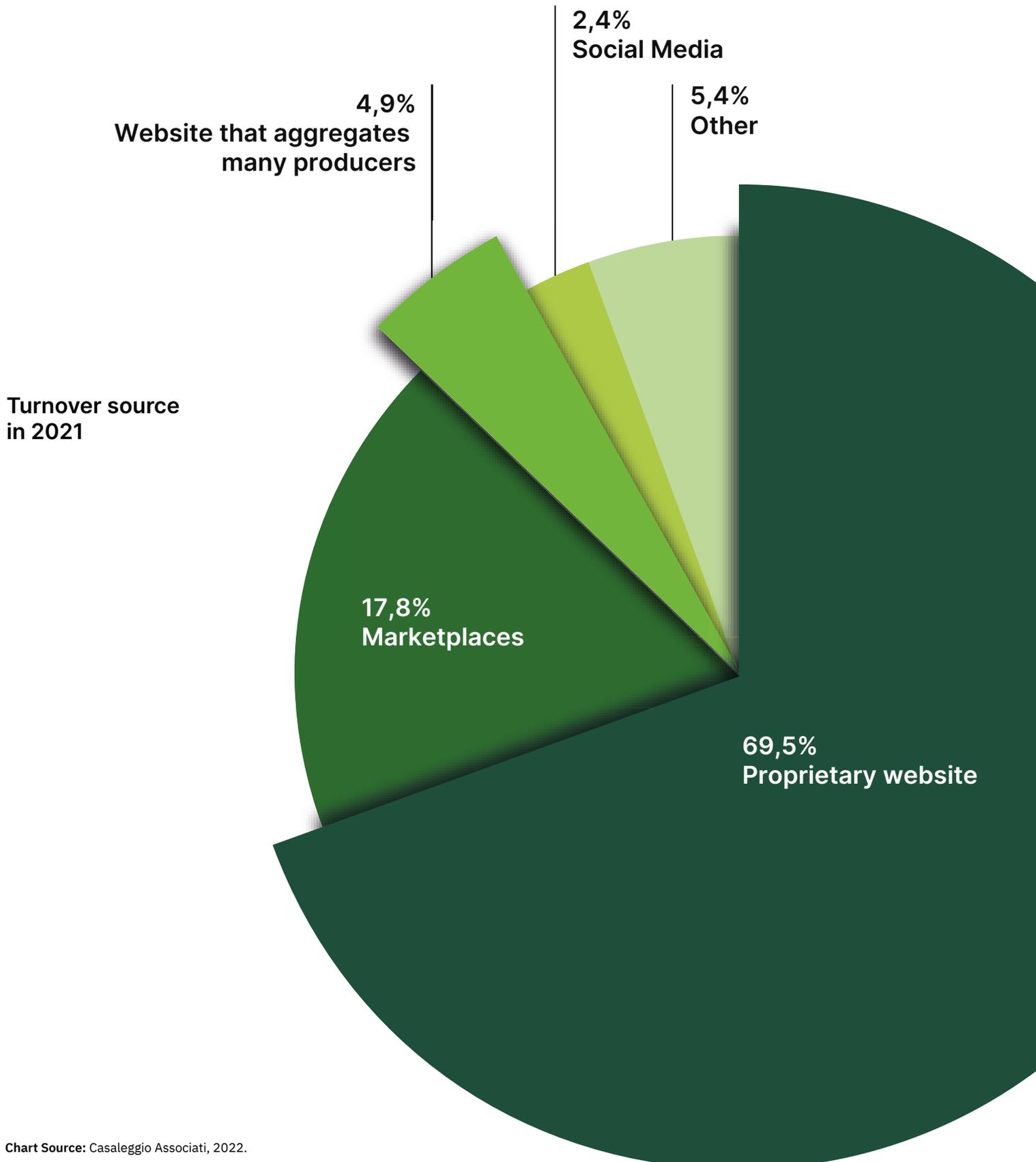


Chart Source: Casaleggio Associati, 2022.

Top 100 in Italy

The marketplaces investing in the service are at the lead of the top 100 most popular Italian e-commerce websites⁴⁹: it is a very condensed sector and in fact, they represent 16% of operators in the ranking, however, they remain in the lead, being on the entire podium.

Producers are starting to position themselves in the e-commerce world and represent 35% of operators in the ranking (average placement 46). Many had created an experimental e-commerce channel, but after the pandemic,

the volumes began to justify taking the risk of conflict with other channels. Between the two, there still are the retailers, once at the centre of the online business model, but today – despite still representing about half of the operators in the rankings – are no longer able to maintain the top positions. For this reason, some retailers are starting to evolve their business models. For example, Decathlon, since last year, has started to transform into a marketplace by presenting partner products on its website to become the main entry point of sports goods in the world⁵⁰.

1	Amazon	Marketplace
2	eBay	Marketplace
3	Subito.it	Marketplace
4	Booking.com	Tourism
5	Mediaworld	Electronics
6	Microsoft	Electronics
7	ManoMano	Marketplace
8	Zalando	Fashion
9	Ikea	Home
10	Trenitalia	Tourism
11	UniEuro	Electronics
12	lbs.it	Publishing
13	Leroy Merlin	Leisure
14	AliExpress	Marketplace
15	Apple Store	Electronics
16	Decathlon	Leisure
17	TicketOne	Leisure
18	Ryanair	Tourism
19	Etsy	Marketplace
20	Thun	Home

21	Groupon	Marketplace
22	Euronics	Electronics
23	ePrice	Electronics
24	Pandora	Fashion
25	Efarma	Health and Beauty
26	Airbnb	Tourism
27	Expedia	Tourism
28	Italo	Tourism
29	eDreams	Tourism
30	Shein	Fashion
31	Mondadori Store	Publishing
32	Feltrinelli	Publishing
33	Escarpe.it	Fashion
34	Sisal	Leisure
35	Nike	Fashion
36	The Space Cinema	Leisure
37	Notino	Health and Beauty
38	Zara	Fashion
39	Stileo.it	Fashion
40	Trivago	Tourism

⁴⁹: Per la classifica aggiornata su base mensile: <https://www.casaleggio.it/e-commerce-ranking/> ; ⁵⁰: https://www.decathlon.it/landing/marketplace/_/R-a-marketplace.

41	Game Stop	Leisure
42	Farmae	Health and Beauty
43	Mondo Convenienza	Home
44	Volagratis	Tourism
45	Yoox	Fashion
46	Bonprix	Fashion
47	Douglas	Health and Beauty
48	Sephora	Health and Beauty
49	Wish	Marketplace
50	ASOS	Fashion
51	H&M	Fashion
52	Stroili Oro	Fashion
53	Alibaba	Marketplace
54	Lego	Leisure
55	Adidas	Fashion
56	Bet365	Leisure
57	Flixbus	Tourism
58	Lottomatica	Leisure
59	Shop Apotheke Europe	Health and Beauty
60	OVS	Fashion
61	Carrefour	Marketplace
62	JustEat	Food
63	Easyjet	Tourism
64	Maisons du Monde	Home
65	Cisalfa Sport	Leisure
66	Esselunga	Food
67	Hotels.com	Tourism
68	Kasanova	Home
69	Privalia	Marketplace
70	Snai	Leisure

71	Lastminute.com	Tourism
72	Tannico	Food
73	Eurospin	Marketplace
74	Ipercaramica	Home
75	Intimissimi	Fashion
76	Tezenis	Fashion
77	Huawei	Electronics
78	JuveStore	Leisure
79	Viva Ticket	Leisure
80	Drezzy	Fashion
81	Xiaomi	Electronics
82	Monclick	Electronics
83	Deporvillage	Leisure
84	Comet	Electronics
85	Maxi Sport	Leisure
86	Farfetch	Fashion
87	Kiabi	Fashion
88	Blue Spirit	Fashion
89	Arcaplanet	Leisure
90	Costa Crociere	Tourism
91	QVC Italia	Marketplace
92	Calzedonia	Fashion
93	Libreria Universitaria	Publishing
94	Strumenti Musicali .net	Leisure
95	Farmacia Igea	Health and Beauty
96	Toys Center	Leisure
97	Bernabei	Food
98	Lightinthebox.com	Fashion
99	Saninforma	Health and Beauty
100	Coop	Food

Casaleggio Associati, 2022.

Find out the updated ranking

casaleggio.it/en/e-commerce-ranking-en/

CHAPTER THREE

E-commerce trends

Last year the acceleration of some trends that will take hold in 2022 occurred. In particular:

Social Shopping Becomes Live Video Shopping.

Social shopping is evolving towards live video. Social shopping is estimated for a value of 315 billion dollars worldwide in 2021.⁵¹ Social media that still didn't have the purchase functions are adding it, such as Twitter. Shopify has created a partnership with Tiktok to sell online on it, emulating the services already on Facebook and Instagram. The live online sale is an evolution of social shopping and telemarketing, but with a great difference in the direct contact with the spectators in real time. This selling method was developed in China where a turnover of 423 billion is estimated for 2022⁵² increasing by 85% compared to the previous year and today it is also expanding to Europe and the United States. Many operators have created specific media such as Amazon Live and Taobao Live. Walmart, a large-scale distribution giant, started using TikTok to sell products during live shows. Others have created dedicated channels, such as the Italian Marlen or the American Bambuser and Livescale.



Voice e-commerce.

The spread of voice assistants has accelerated with lockdown, and it is expected to reach 8 billion by 2023 with a growth rate of 25%.⁵³

The spread of these objects (in particular Alexa, Google Assistant and Siri) has made selling products with a high reordering rate by voice very attractive. Besides the possibility of buying from Alexa on Amazon it is also possible to integrate – as Just Eat and Uber did – allowing purchases only by making a verbal request.

Integrating Physical Shops with Online Shops.

After the first experiments to integrate online with physical shops, retailers are now taking the next step, designing physical spaces with a business model integrated online. For example, Ikea has opened its small-format shop (4,500 m2) in London, where shoppers will be able to purchase only half of about 4,000 products. Everything else can be ordered for home delivery. On the other hand, purchasers looking online on some sites such as Ikea, Decathlon and Argos can check the availability of a specific product at the nearest physical store.

Augmented Reality.

Augmented reality allows consumers to see the product in its final environment or while worn when choosing it. For example, the Ikea Place App allows the customer to virtually place a piece of furniture in a room; the Dulux Visualizer App to create videos and photos of a room with repainted walls; Lego Hidden Side to see hidden features of constructions; Wanna Kicks app to see the shoes you want to buy on your feet; Warby Parker to choose glasses and see how they fit. These features are enabled by white label services such as Threekit and Atlatl.

51: Emarketer, 2021; 52: Fonte: Mckinsey, 2021; 53: Jupiter Research.

Instalment Payments.

Millennials have started to use the alternative of credit cards, buy-now-pay-later wallets. They allow, without special authorization processes, to pay in instalments. In Italy there are only 15 million credit cards and they are little used by young people who have found alternative solutions. The system is particularly suited for fashion and beauty, and consumer electronics. In Italy, the Swedish operator Klarna is the leader in these solutions. It is transferring them also to physical retail with immediate approval. However, there are increasingly integrated solutions in the purchasing processes, such as Amazon which has integrated Cofidis payment in instalments for many products on sale. Finally, Soisy offers a similar service based on peer to peer financing, guaranteeing investors a 4% return and approval in 3 minutes.

The Metaverse.

To date, the metaverse is a word everyone mentions, but that no one has codified yet. It is the most ethereal trend, but it could have a greater effect from a marketing point of view for the operators that will understand it. The technologies which are already mature are virtual 3D environments, heirs of Second Life that allow the customer to live experiences; and transactions between objects (digital and physical) that are now enabled by cryptocurrencies and smart contracts.

Some companies, such as Meta and Microsoft, are leading the race to create virtual environments that will populate the metaverse.

The users can access these through 3D visors, with realistic avatars, meet other users, create virtual objects or properties, go to concerts, conferences, travel and so much more.

- Meta Horizon Worlds and Work. Beta launched in 2019 by Facebook, is now available to all American and Canadian users. Horizon Worlds is an entertaining metaverse created for spending time with other people, using the Oculus Quest 2 headset.
- Microsoft Mesh is an interactive platform for virtual experiences within the Microsoft Teams system. Based on HoloLens 2, it simulates being in the same room while working from different locations.
- Decentraland is a digital world created by Ethereum. In this virtual universe, users can create buildings, homes, and parks and make others pay for their visits. All the virtual elements in Decentraland can be bought with a cryptocurrency called MANA.
- Sandbox is a virtual metaverse, featuring avatars that have a blocky visual style like Minecraft and can build, own and make money, by using NFTs and SANDs. Sandbox has partnered with over 16 brands to create avatars of characters such as Snoop Dog and The Walking Dead.

E-commerce Sustainability.

Sustainability has become a key factor in many aspects of e-commerce, not only by request made by customers but also for the general convenience it can bring.

The famous dilemma of the impact of courier travels compared to customers' travels to the physical store was measured. The final data shows that e-commerce saves 4 to 9 times the traffic it generates⁵⁴: a delivery van saves about 50 trips by car. In general, the CO2 impact of e-commerce is 2.3 times less than that of the physical supply chain⁵⁵.

More than 2,000 companies worldwide representing more than US GDP are committed to science-based emission reduction targets. The companies managing to convert climate commitments into real actions will gain sustainable leader status⁵⁶.

Regarding the rest of the companies, 75% have stated that climate change is fundamental for the strategic success of their companies. However, 43% of companies do not have clear objectives for the reduction of carbon emissions. 50% are not satisfied with the actions of their companies in dealing with climate change⁵⁷.

E-commerce growth is a unique opportunity to give new life to second-hand materials, allowing the growth of reuse, repair, upcycling and DIY.

The second-hand market has increased worldwide. 64% of Gen Z sellers say they are selling more than in previous years, 73% of Gen Zers who have considered online reselling say it's for financial reasons, 81% of Gen Z say buying pre-owned has become more common in the last year.⁵⁸

Many brands are exploring educational projects, such as Prada, which in partnership with Unesco, has promoted the educational programme Sea Beyond. The project is for secondary schools all over the world to raise awareness in younger generations of sustainability and ocean preservation in line with the United Nations 2030 Agenda and its 17 Sustainable Development Goals (SDGs)⁵⁹.

The players are exploring many options to reduce their impact and to show the evolution of consumer demand. These options concern packaging but also supply chains, energy, omnichannel commerce and logistics that influence infrastructure and transport⁶⁰.

Sustainability activity of the company

REDUCE THE MATERIALS USED AND PROMOTE RECYCLING IN THE COMPANY

44%

OFFER CUSTOMERS A SUSTAINABLE/ RECYCLABLE PRODUCT/PACKAGING

39%

AIM TO REDUCE THE CO2 EMISSIONS

37%

ECONOMICALLY CONTRIBUTE TO SUPPORTING ENVIRONMENTAL SUSTAINABILITY INITIATIVES

20%

KNOW THE OPINION OF THEIR CUSTOMERS ON SUSTAINABILITY

17%

WRITE A REPORT ON CORPORATE SUSTAINABILITY

16%

USE SUSTAINABLE MEANS OF TRANSPORT/COURIERS

14%

NONE OF THE ABOVE

21%

USE ZERO IMPACT SERVER PROCESSING ENERGY 5%

ENTER THE DATA ON CORPORATE SUSTAINABILITY IN THE FINANCIAL STATEMENTS 4%

AIM TO GET/HAS OBTAINED BETTER CONDITIONS FROM THE FINANCIAL SECTOR THANKS TO SUSTAINABILITY ACTIVITIES 2%

OTHER 2%

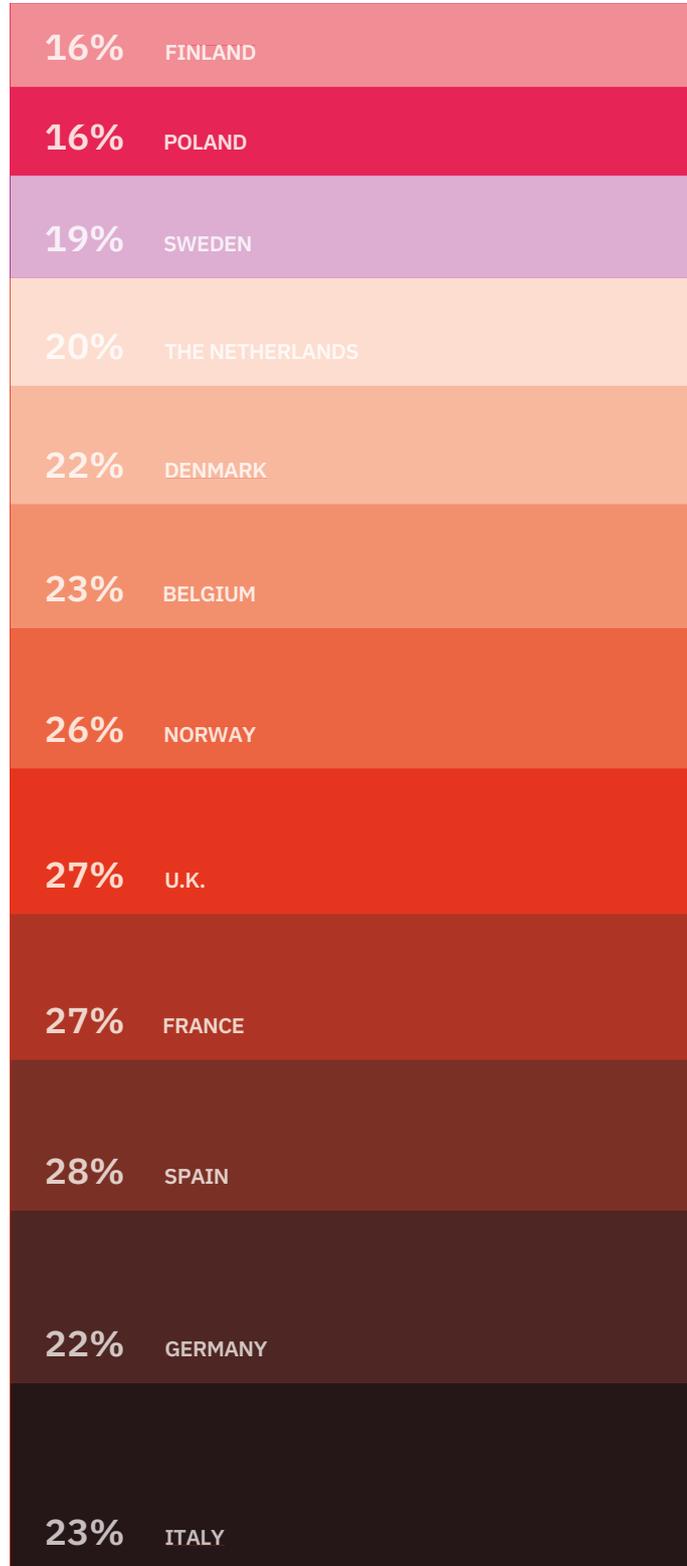
Chart source: Casaleggio Associati, 2022.

54: <https://www.oliverwyman.com/content/dam/oliver-wyman/v2/publications/2021/apr/is-E-commerce-good-for-europe.pdf>; 55: Oliver Wyman, 2019; 56: Winning the Race to Net Zero: The CEO Guide to Climate Advantage, World Economic Forum, 2022; 57: How can companies become sustainability leaders in 2022?, PlanA, 2022; 58: RE-commerce, Ebay, 2020; 59: Prada e Unesco danno il via alla fase finale di Sea beyond, Fashion United, 2021; 60: Collaborative Report on Sustainability and e-Commerce, E-commerce Europe, 2021.

The sustainability subject is very close to heart among Italian companies. Eight companies out of ten declared having ongoing activities linked to sustainability goals. The main ones are linked to the reduction of the materials used, promoting recycling in the company and using sustainable and recyclable products and packaging. Some companies even have certifications in this area which are industry specifications (e.g. GOTS⁶¹ in fashion). The least aware in this area are companies in the Home, Office and Furniture sectors and online Shopping Malls.

The subject is even more interesting because, on a European level, Italian citizens seem more interested in evaluating a surcharge for greener shipping with 35% of buyers declaring it compared to 16% of Finns⁶².

Percentage who would pay extra for an eco-friendly delivery



CO2e impact of a product purchased [E-commerce - Physical sales]



Chart source: Oliver Wyman.

Chart source: Postnord, 2022.

61: <https://global-standard.org/>; 62: Postnord.se 2022.

However, there are many fields in which e-commerce operators can make a difference.

Packaging.

Packaging is a burning issue for distance selling given the impact on the disposal system of cities now invaded by e-commerce cardboard. The impact is not limited to cardboard: 15% of plastics released for consumption in Italy come from e-commerce⁶³. Because of that, operators are using different strategies: the use of packaging with recycled materials or compostable materials with products derived from corn or vegetable fibres or closing tapes with non-toxic glues. Some operators are also experimenting with reusable bag packaging, such as the RePACK project in Germany, financed by the German government⁶⁴.

Finally, there are strategies for optimizing the use of packaging, such as Zalando's "one parcel policy" strategy: sending a single package even with products purchased from different brands.

Delivery methods.

Deliveries, especially in metropolis centres are necessarily made by electric vehicles or by bike or on foot due to the new city rules. However, some operators are already using a full electric strategy, such as Ikea. By 2025, the company will deliver only using zero-emission vehicles.

Cargo ships.

Regarding international sea transport, the main retail sale chains such as Inditex, Amazon and Patagonia have joined the Cargo Owners for Zero-Emission Vessels (Cozev) coalition⁶⁵ and are working towards carbon-free shipments by 2040. Sea shipping now accounts for 3% of all global emissions and could rise to 10% by 2050 if the industry keeps relying on carbon-intensive fuels.

Pickup points.

Avoiding last-mile delivery might be the most advantageous system nowadays for CO2 impact. A study carried out by a collection point operator, Easybox, showed that CO2 emissions are reduced by 20.5% compared to home delivery⁶⁶.

Re-commerce.

The circularity of sold products is obtained by promoting repair, reuse, recycle and re-commerce. On the latter, eBay is running a promotional campaign linked to raising awareness of the fact that each family has on average more than a thousand dollars worth of items that could be sold online⁶⁷.

Some operators, such as Zalando, are handling "pre-owned" product categories for pieces of clothing, allowing the customers to sell their clothes in exchange for a credit on the e-commerce website for a donation to the Red Cross or WeForest.

To extend the life of their furniture, Ikea has leasing and repurchasing programmes. Vaude, the sustainable clothing brand, sells leftover PVC-free fabrics from manufacturing on eBay.

Datacenter energy.

The datacentres in the world produce the same CO2 emissions as all the airlines.⁶⁸ In Europe, they produce 6% of all CO2, reaching the relative majority stake. Because of that, many new zero-impact proposals are emerging in line with the European Community's goal of making all datacentres carbon neutral by 2030. It is economically supporting a certification, called Green Cloud, to identify zero impact datacenters. In Italy, there is a virtuous example: Executive Service, a company from Bologna.⁶⁹

Customers nudging.

Making the customer choose the best option based on environmental impact can be the responsibility of the operator, such as showing the CO2 impact in the different delivery options. A delivery in 24 hours has 3 times the energy demand than the traditional option.⁷⁰ Inserting the CO2 value in the selected delivery doubles the choice for the delivery to a collection point. This number is quadrupled if the collection point is put as the default choice.⁷¹

63: Consorzio per il riciclo degli imballaggi di plastica Corepla, 2016; 64: <https://utopia.de/repack-tchibo-otto-avocadostore-mehrwegversandtasche-196722/>; 65: <https://www.cozev.org/>; 66: <https://E-commerce-europe.eu/wp-content/uploads/2021/06/Collaborative-Report-on-Sustainability-and-e-Commerce-June-2021-2nd-edition.pdf>; 67: <https://static.ebayinc.com/assets/Uploads/Documents/eBay-RE-commerce.pdf>; 68: <https://thenextweb.com/news/data-centers-generate-the-same-amount-of-carbon-emissions-as-global-airlines>; 69: <https://www.storage-backup.com/executive-service/il-primo-datacenter-green-in-italia-e-emiliano-13493/>; 70: <https://www.dday.it/redazione/29849/amazon-impatto-ambientale-trasporto>; 71: <https://E-commerce-europe.eu/wp-content/uploads/2021/06/Collaborative-Report-on-Sustainability-and-e-Commerce-June-2021-2nd-edition.pdf>

CHAPTER FOUR

Online marketing

The Martech

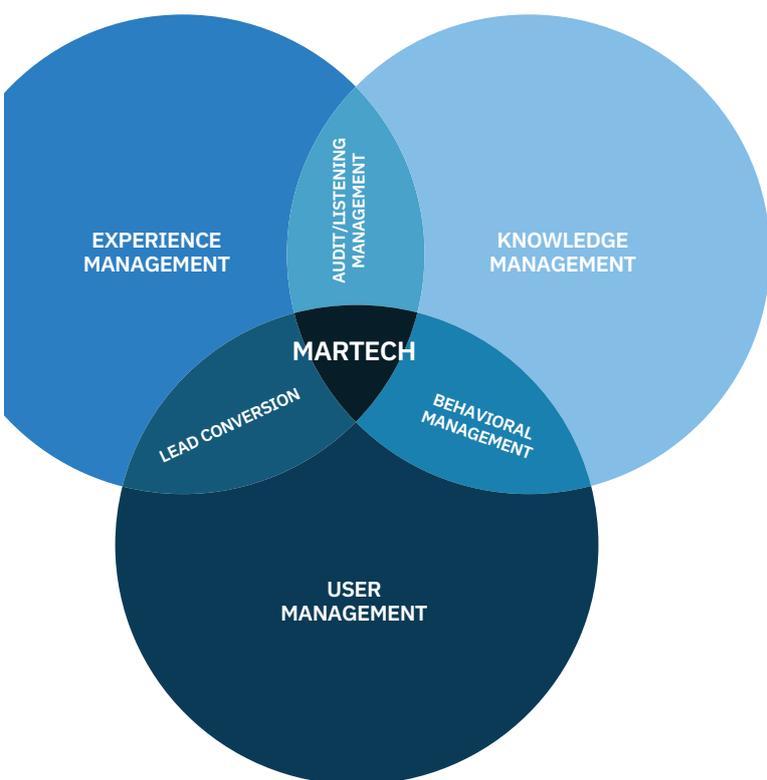


Chart source: IAB, 2021.

The Martech

Martech is the union between marketing and technology, and its main objective is to handle the relationship with the customer⁷².

Growth of the Martech landscape 2011-2020⁷³

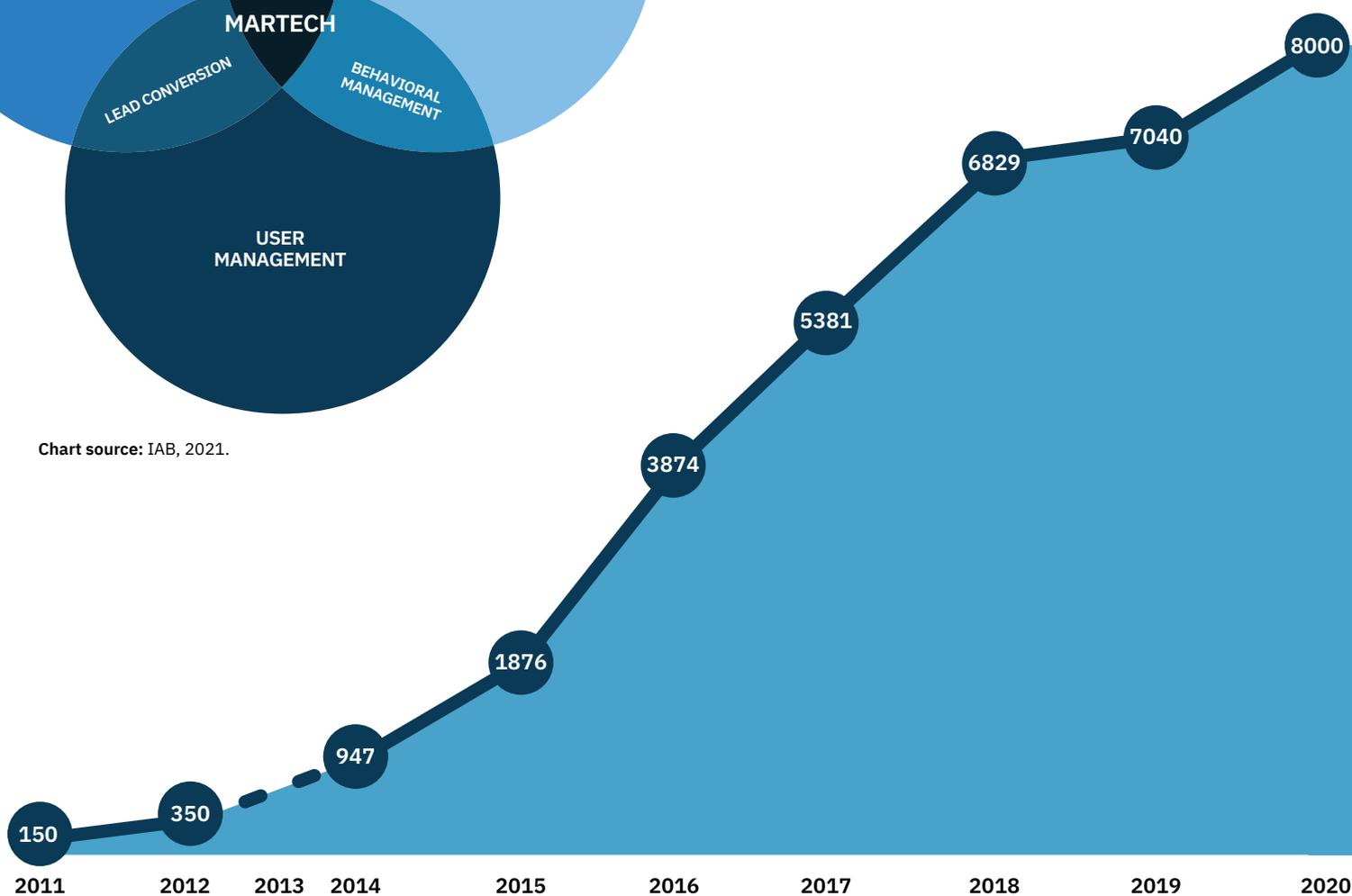


Chart source: Chiefmartec.com

72: Martech, connubio tra marketing e tecnologia, IAB, 2021; 73: Marketing Technology Landscape Supergraphic (2020): Martech 5000 – really 8,000, but who's counting?, ChiefMartec, 2020

Marketing automation services are developing in many directions. The main ones on the rise are Conversational Marketing & Chat (+70%), data governance and GDPR process management (+68%), project management and workflow (+41%), automated management of advertisement on paper (+35%), video marketing (+26%), and the management of proximity stores (+15%)⁷⁴.

In particular, some operators positioning in Italy in these fields are linked for example to the integrated management of all shipping processes by different operators. Qapla.it allows handling all shipping integrating into the different platforms and with the tracking of different couriers, and sending emails automatically to customers to handle customer service and stimulate new purchases.

With regards to price monitoring of the competition, handling dynamic prices compared to fixed prices allows for increasing the turnover by up to 25%⁷⁵. Prices can be varied automatically based on several internal and external factors, such as inventories, the time of day, the number of visits and, above all, the prices of the competition. Competitor.it, an Italian operator, allows monitoring of the prices of similar products sold by thirds to optimize the pricing of each channel, in real time. also handling dynamic prices.

Regarding the relationship with the customer, emails remain important, but even more important are the messages during their shopping experience. For example, Transactionale.com allows interaction with the customer while they are shopping by sending customized messages on the website⁷⁶.

Online presence

The worth of an e-commerce website can be measured in particular with the metric of the conversion rate between visitors and customers. The average conversion rate is 1.5%. Thanks to the demand for Health and Beauty products (including pharmacies) on the podium with 2.2%. Last in the ranking, Fashion with 0.9%.

Conversion rate between visitors and customers

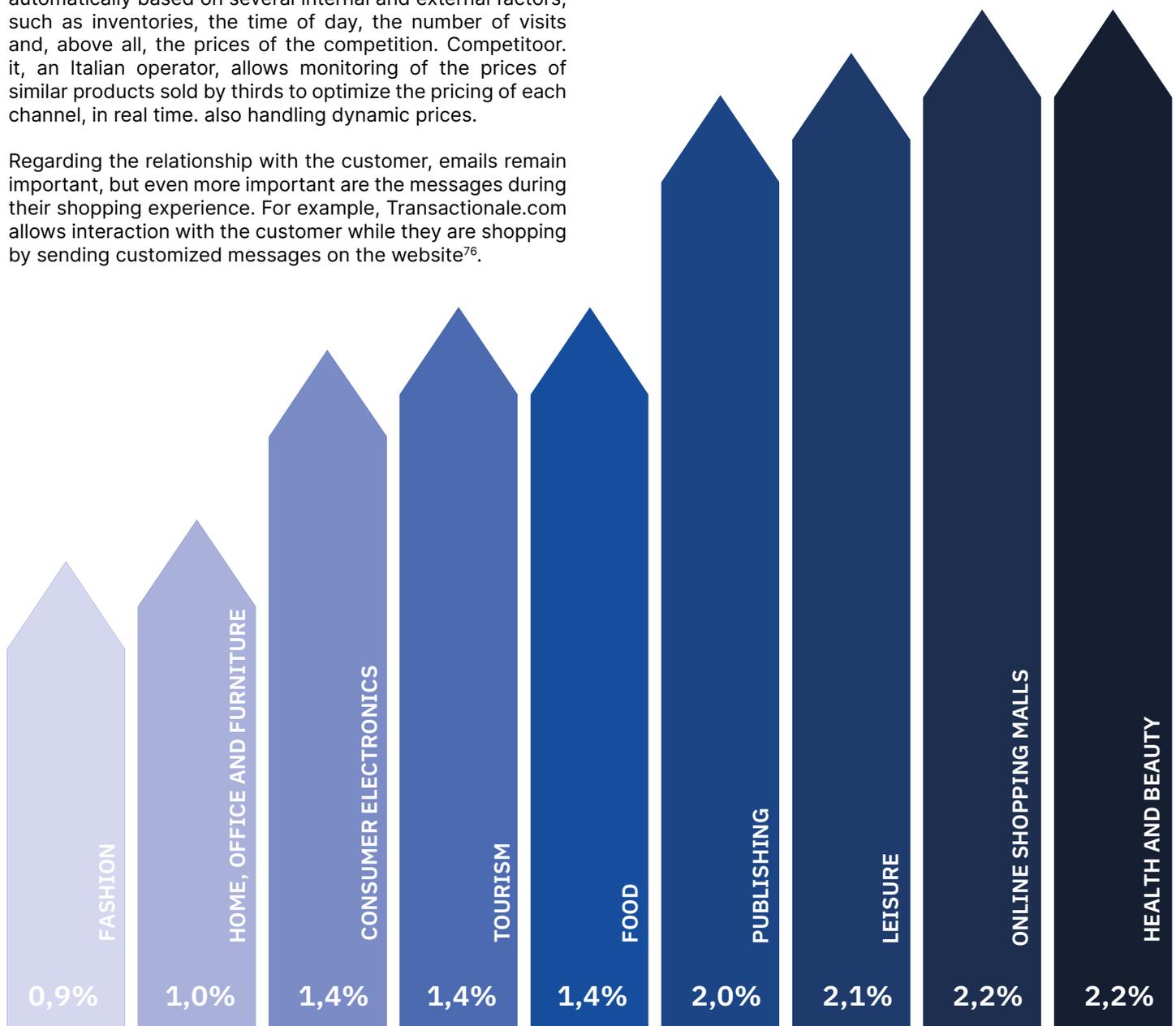


Chart source: Casaleggio Associati, 2022.

⁷⁴: Chiefmartec.com, crescita rispetto al 2019.; ⁹²: Survey E-commerce in Italia 2021, CA, 2021; ⁷⁵: Forbes, 2016; ⁷⁶: Per una lista onnicomprensiva: Il panorama italiano del martech 2021, Vincos Blog, 2021.

Globally, the main conversion levers are linked to price discounts. However, with the same discount, some types are more effective. In particular, free shipping is considered a purchase driver for 51.1% of purchasers worldwide⁷⁷, followed by coupons (39.2%). Reviews of other customers are third on the podium with 33.5%.

Online purchased driver

FREE DELIVERY	51.1%
COUPONS AND DISCOUNT	39.2%
REVIEWS FROM OTHER CUSTOMERS	33.5%
EASY RETURNS POLICY	32.1%
QUICK AND EASY ONLINE CHECKOUT PROCESS	29.5%
NEXT-DAY DELIVERY	29.0%
LOYALTY POINTS	25.9%
LOTS OF "LIKES" OR GOOD COMMENTS ON SOCIAL MEDIA	22.1%
KNOWING THE PRODUCT OR COMPANY IS ECO-FRIENDLY	20.6%
ABILITY TO SPREAD PAYMENTS OVER TIME, INTERESTS FREE	18.5%
ABILITY TO PAY WITH CASH ON DELIVERY	18.0%
"GUEST" CHECKOUT (NO SIGN-IN REQUIRED)	15.3%
EXCLUSIVE CONTENT OR SERVICES	15.2%
CLICK AND COLLECT DELIVERY	15.1%
LIVE CHAT TO SPEAK TO THE COMPANY	14.5%
ENTRY INTO COMPETITIONS	13.4%
"BUY" BUTTON ON SOCIAL MEDIA	12.7%

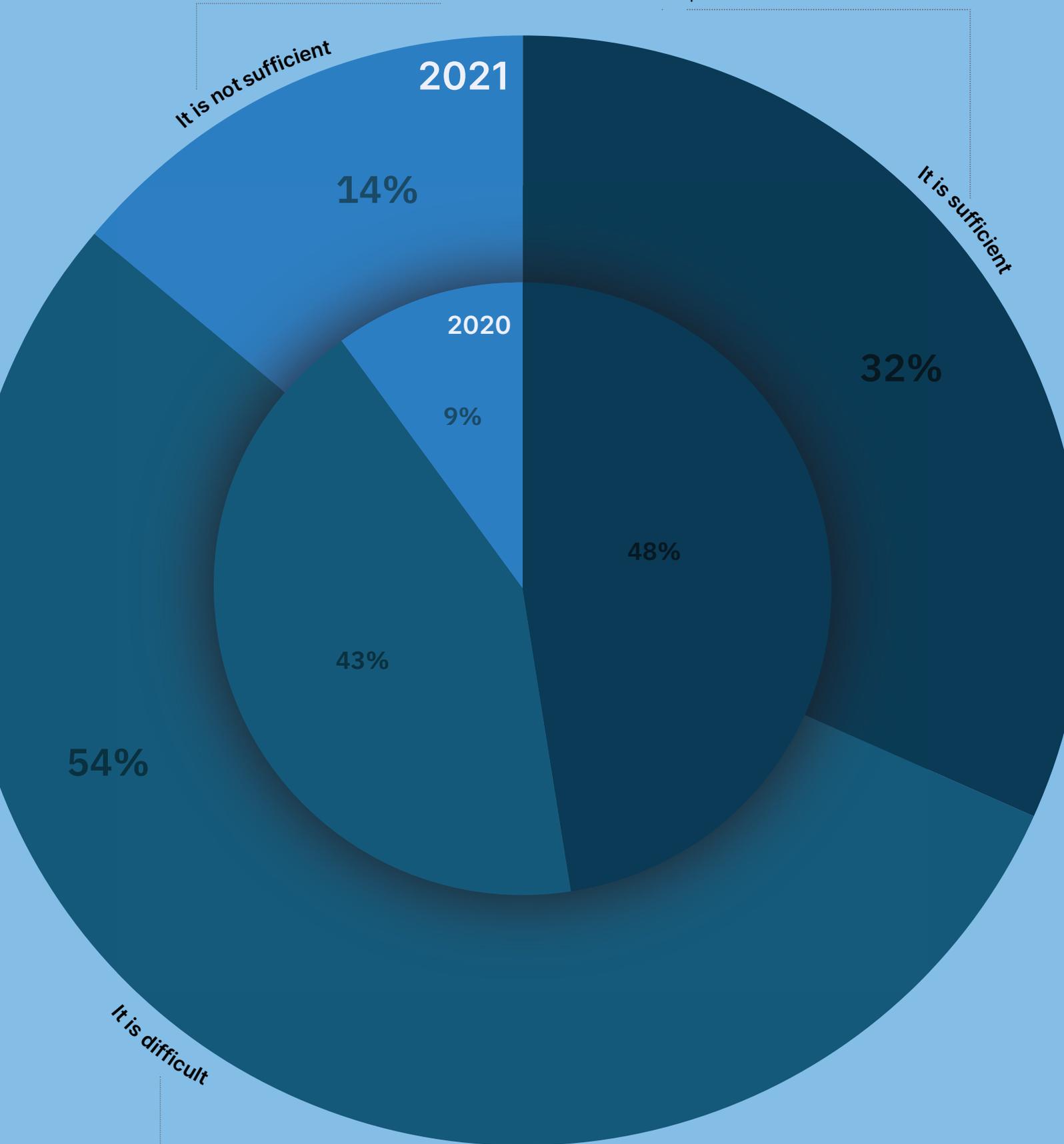
Chart source: GWI, Q3 2021

⁷⁷: Fonte: GWI, Q3 2021.

Online Brand Advertisement

We can't find a system with an advantageous cost/result ratio

We have found the path to best promote our brand



It is difficult

We are continuously experimenting

Chart source: Casaleggio Associati, 2022.

Online Advertisement

Regarding the online advertisement activities of one's brand, Italian companies are struggling again after an easy year due to lockdown and the online demand for goods that exceeded supply. 32% of companies interviewed declared they were satisfied and to have found the right path to promote their brand (-16% compared to last year). Online advertisement activity is still considered difficult by 55% of companies (+12% than last year). 14% declared the activity unsatisfactory, being unable to find a system with a good cost/result ratio.

Marketing and advertising activity

After quite an easy year for acquiring new customers, the theme of advertising and marketing becomes central again.

The average acquisition cost in Italy is 34.4 euros with great differences between sectors. Fashion, for example, is the most expensive business: 93 euros to get a new customer;

while for Food only a 25 euros marketing investment is needed, for Home-Office and Furniture 26 euros, and for Consumer Electronics 33 euros.

Among the marketing activities, SEM (Search Engine Marketing) continues to have the greatest investments (24%) with a higher increase than last year (19%). In second place with 14%, we find SEO (Search Engine Optimization). In third place, there is Social Media with 13%, followed by Email marketing with 9%, Display advertising with 6%, Comparison services with 5%, Remarketing and Retargeting with 5%. Sponsorships drop two percentage points to 5%, Affiliation stays at 3% and Programmatic rises at 5%.

A particular mention goes to TV, Radio and Press which after dropping from 13% to 5% last year, regain shares to 7%. However, by comparing data it can be noted that especially the companies declaring not to be satisfied with the results of the promotional strategy invest in traditional media.

% Distribution of marketing & advertising activities

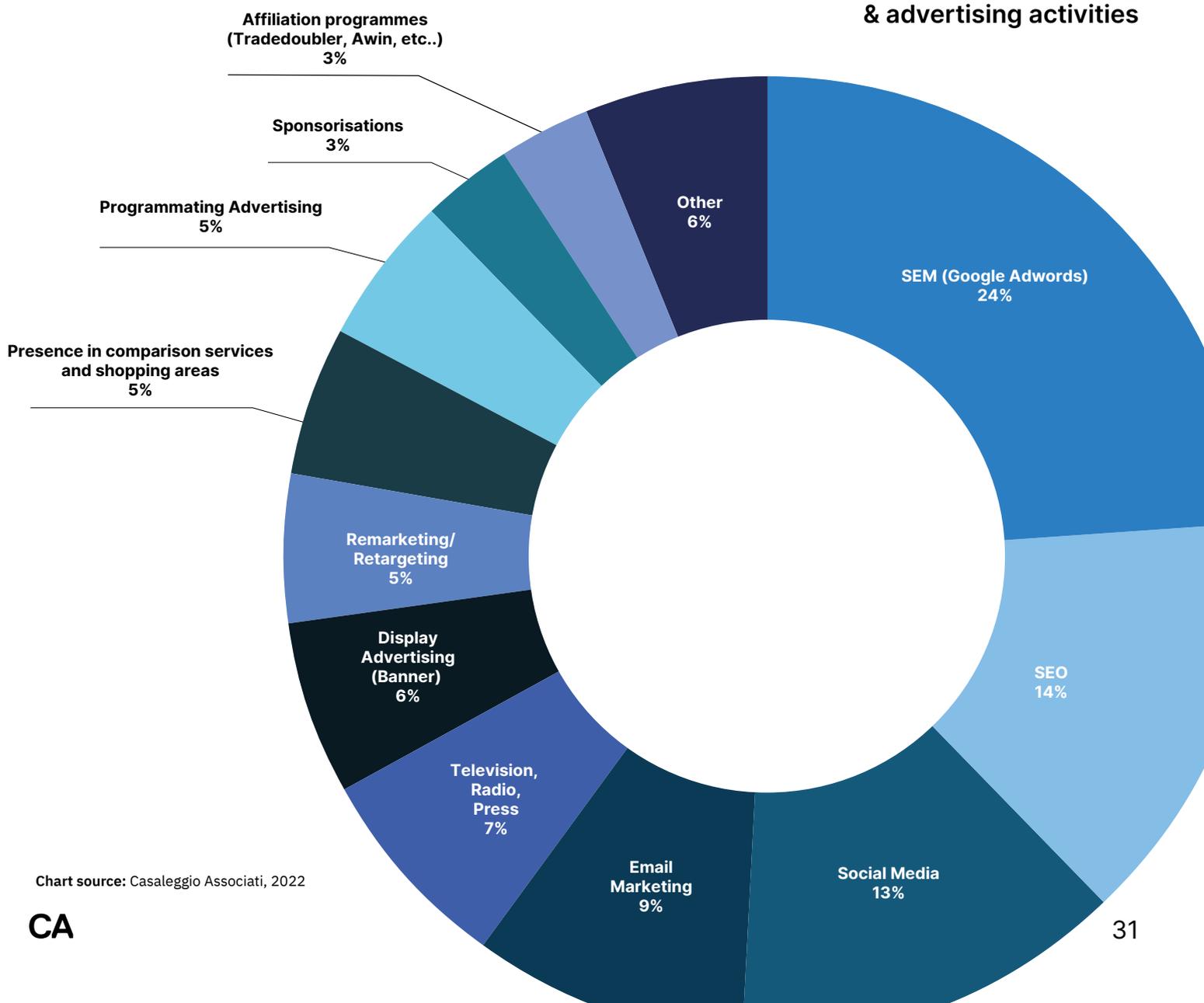
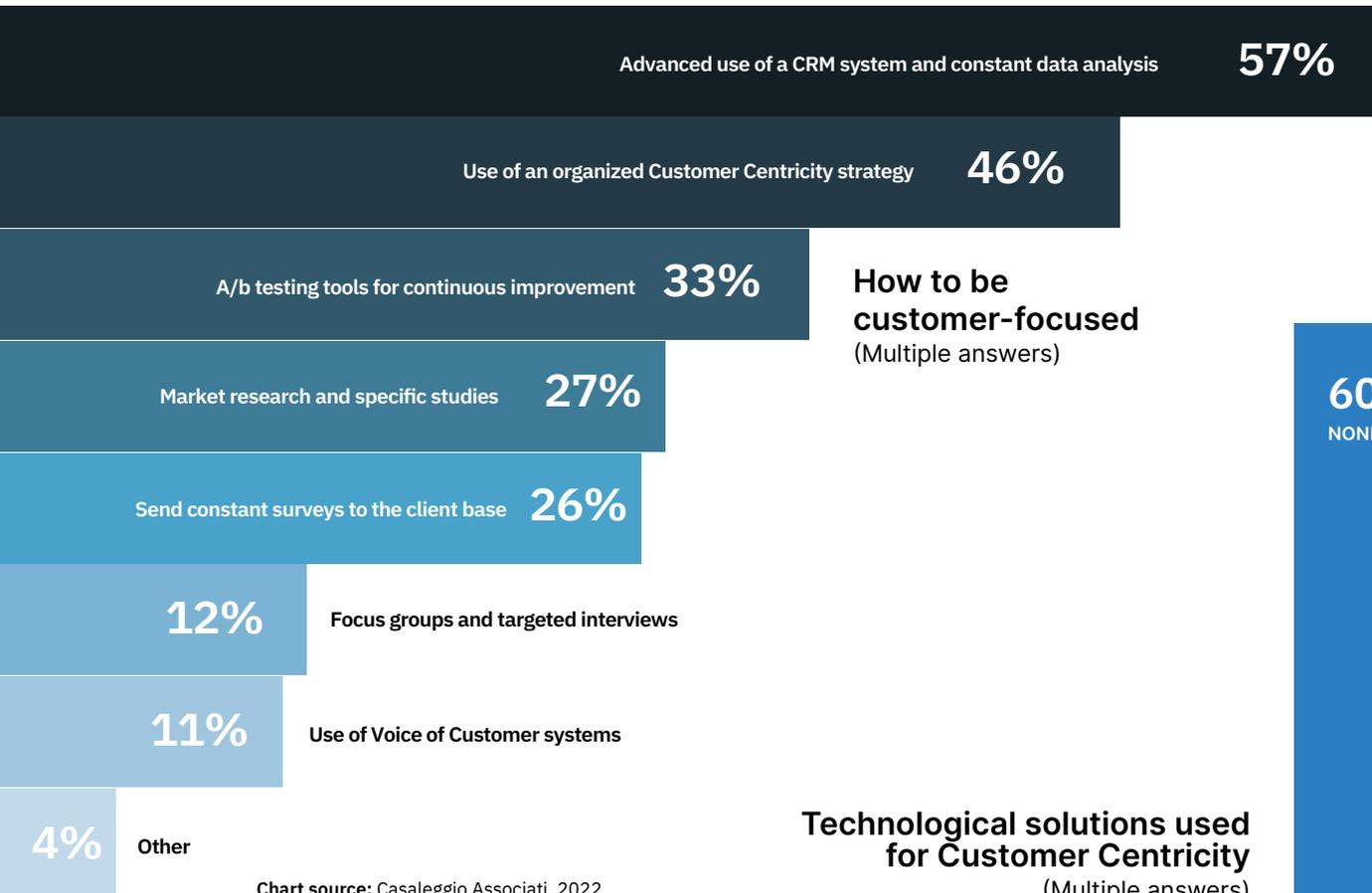


Chart source: Casaleggio Associati, 2022



Customer Centricity

The more the customer is understood, the higher the possibility of success. Many companies are focused on the product or available service and not on the full experience of the customer. Putting people at the core means thinking like the customers, immersing yourself into their world, trying what customers try and then creating for them. A mindset shift is necessary to make processes and technology evolve, intending to bring the customer's point of view to the table where decisions are made.

By listening and extensively knowing the needs of people, customer centricity gives the possibility of matching the company's strategies to customer needs, creating an advantage that is difficult for competitors to copy or cancel.

Shifting the focus from the available product/service fully to customer experience allows for creating value strictly linked to the characteristics of the customers, in a logic of continuous improvement.

Customer centricity is the key to creating effortless experiences to increase satisfaction but also to understand future demands and anticipate new needs.

Some of the different ways Italian e-commerce companies chose to interpret the concept of customer centricity are: the advanced use of a CRM system and constant data analysis (57%), the use of an organized customer centricity strategy (46%), the a/b testing tools for continuous improvement (33%), market research and specific studies (27%), sending constant surveys to the customer base (26%), focus groups and targeted interviews (12%) and the use of Voice of Customer systems (11%).



Six companies out of ten do not use a specific software to support Customer centricity. Some of the users standing out are Salesforce with 28% users, followed at a distance by Getfeedback (4%), Qualtrics (3%), Medallia (3%) and Sprinklr (3%).

CHAPTER FIVE

Selling abroad

Strategies for presence in foreign markets and turnover

In 2021, Italian e-commerce companies that sold in foreign countries increased and today make up just over half, while 44% sold only in Italy, compared to 49% of last year. The main strategy to have a presence in a foreign market is a multilingual website. Residually, some websites have used a specific presence strategy, for example in the USA through marketplaces. Online Shopping Malls and Consumer Electronics are the most resistant to foreign markets due to the product and distribution policies. Food, Home-Office and Furniture are the most present.

The turnover produced abroad accounts for approximately 32% of the total, growing compared to 29% in 2020. Last year it was reported that sales made abroad increased for 53% of cases for the companies involved in the survey, stable for 33% and decreased for 14%.

International e-commerce sales trend

(comparison with 2020)

- Decreased
- Stable
- Increased

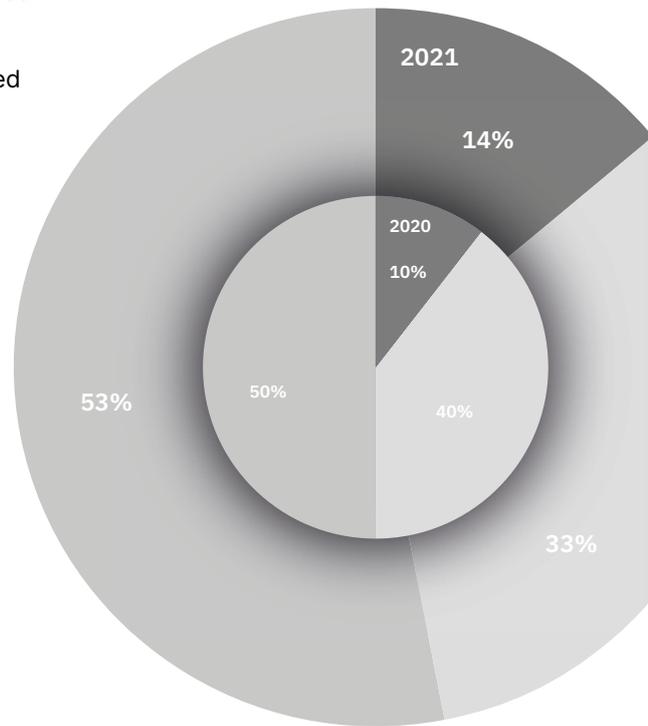


Chart source: Casaleggio Associati, 2022.

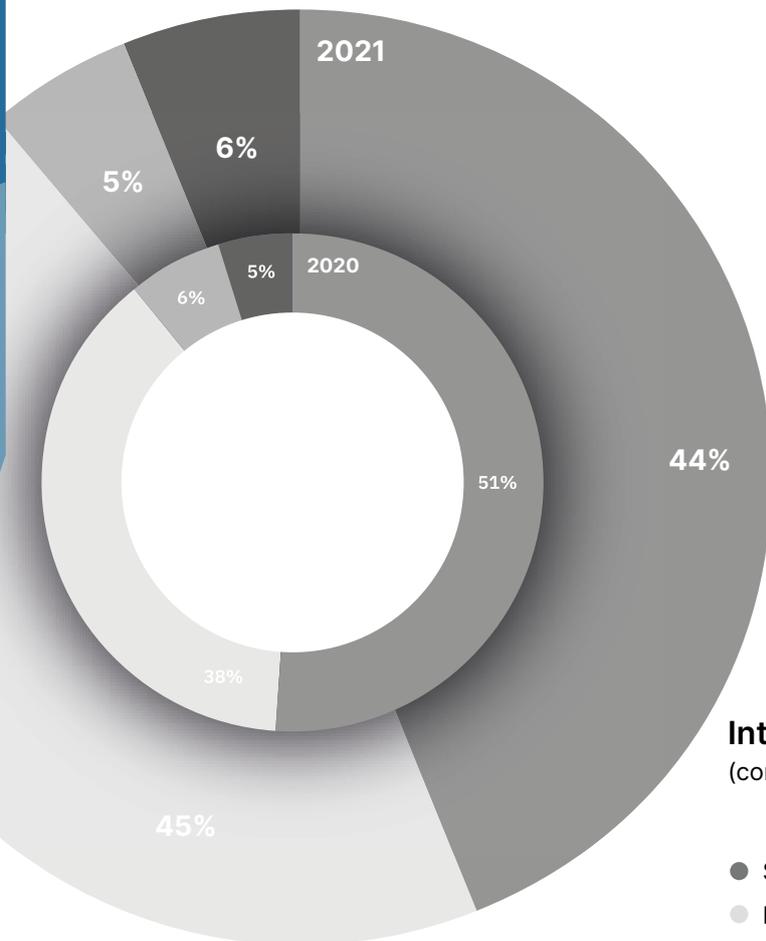


Chart source: Casaleggio Associati, 2022.

International presence

(comparison with 2020)

- Sell only in Italy
- Multilingual website
- Sell on marketplaces
- Other

Foreign markets with a greater presence of Italian companies

The foreign presence is becoming increasingly strong in many countries. Of the Italian companies interviewed 90% are in Germany, 76% in France, 71% Spain, 48% in the UK, 40% in Northern Europe, 39% in Switzerland and in the USA, 23% in the Balkans, 8% in Russia and in Latin America, 6% in Japan and China, 3% in India, 3% in Asia (other states), and 2% in Africa. 10% sell in other countries.

Over the last year, the typical sectors of Italy (Fashion, Food and Furniture) entered, in particular, the German market. The Balkans, which are growing more rapidly than last year, have also joined the traditional export countries.

Presence of Italian companies abroad (Multiple answers)

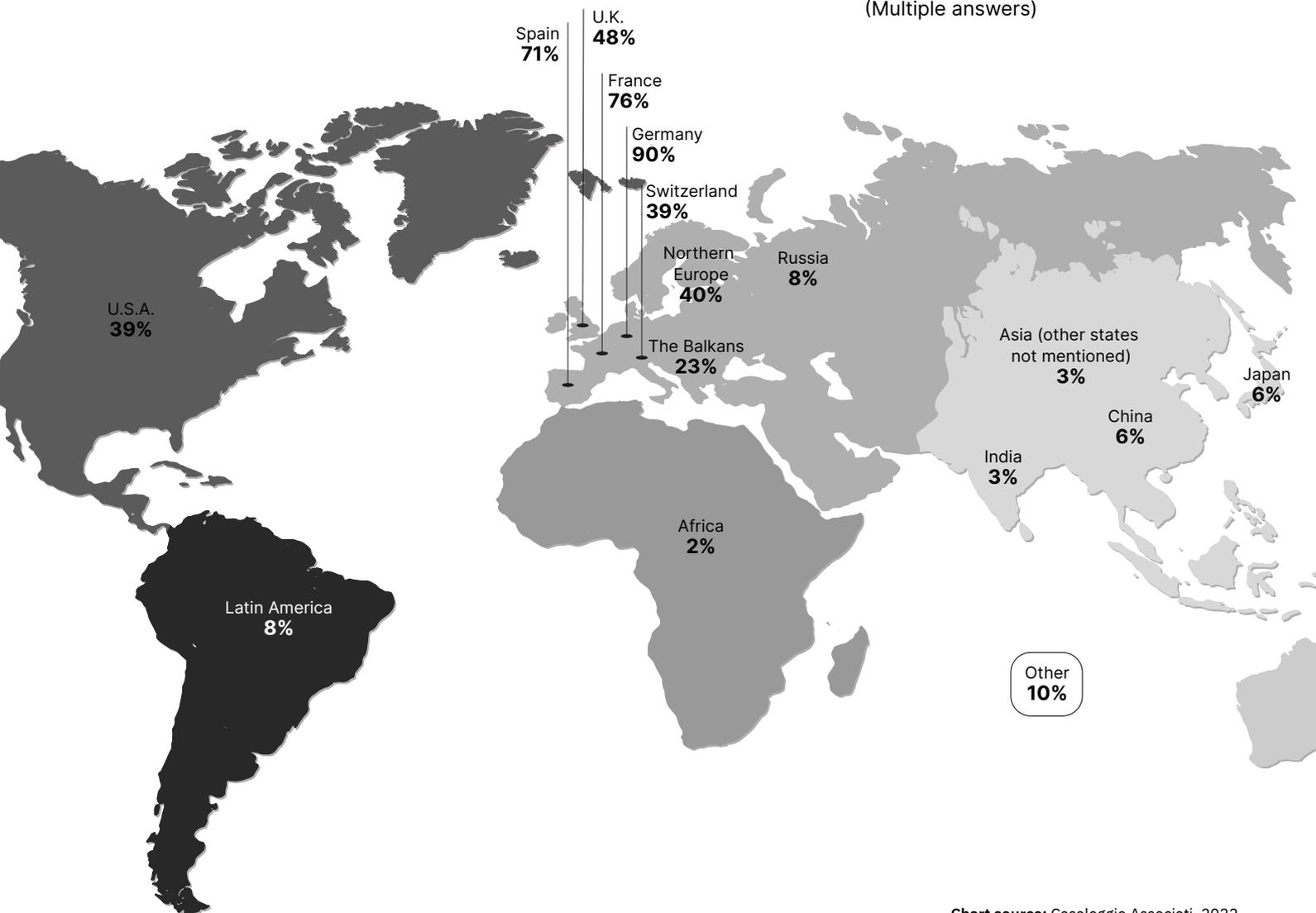


Chart source: Casaleggio Associati, 2022.

CHAPTER SIX

Selling on marketplaces

European online marketplaces are estimated to value around 120 to 150 billion euros⁷⁸ in turnover. They are preferred by the younger generations, but in general, most internet users have now made at least one purchase on a marketplace, namely Amazon or eBay.

Marketplaces are the starting point for research in 44% of cases. Only 9% of initial product searches are done on brands' websites. This trend was particularly present in consumers

aged 18-24, where up to 52% use marketplaces as a starting point and only 18% use search engines⁷⁹.

Italy proves to be the country most familiar with marketplaces given that 98% of online shoppers last year made at least one purchase from them, compared to countries such as Finland (61%) or Holland (69% where not everyone has used this type of service yet⁸⁰.

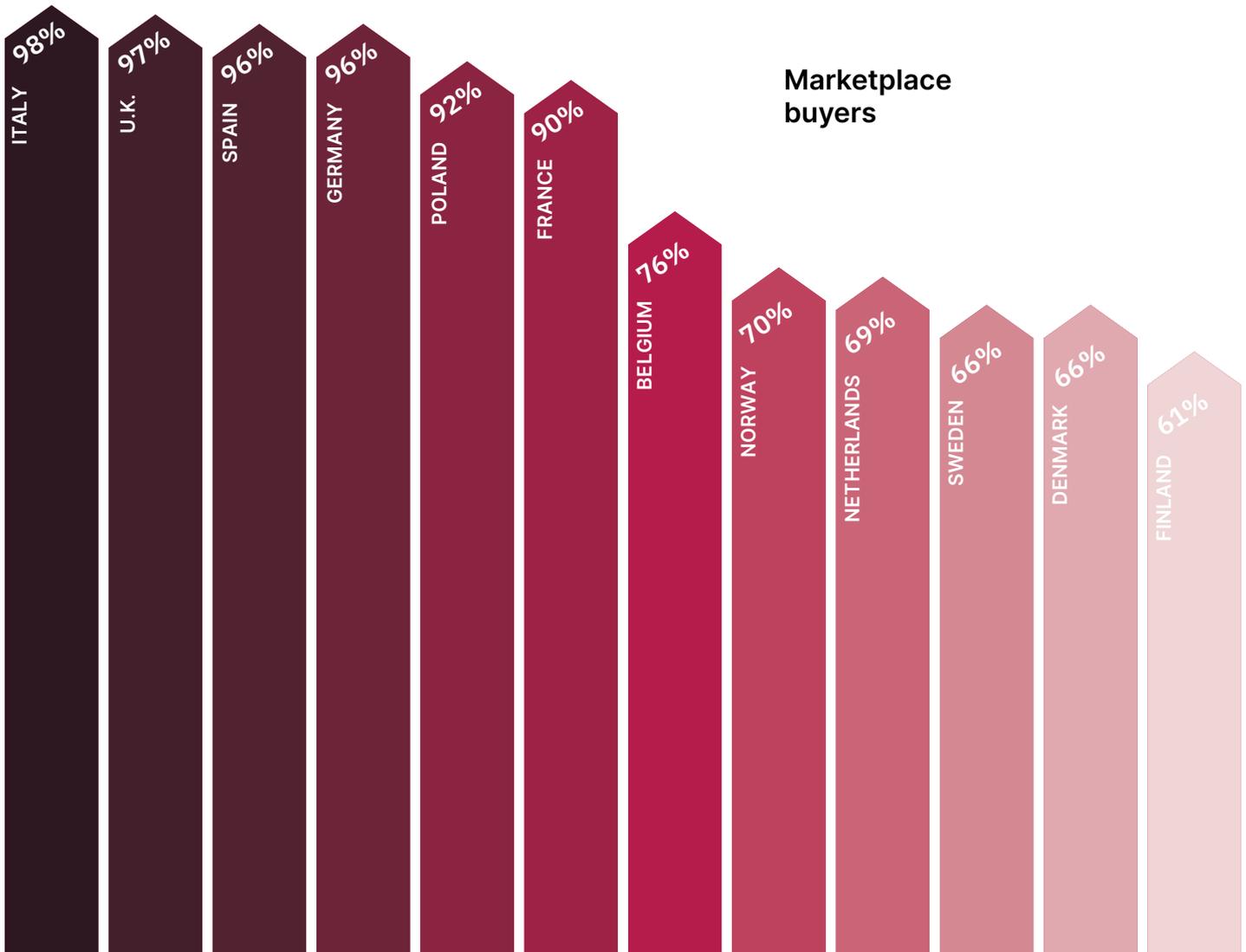


Chart source: PostNord, 2022

⁷⁸: Europe: online marketplaces sales €120 billion, E-commerce News, 2021; ⁷⁹: Nearly half of product searches start on marketplace, E-commerce News, 2021; ⁸⁰: PostNord, 2022

In December 2021, Amazon was hit with a record fine of 1.13 billion euros by Italy's competition and market authority because its logistics service, called Fulfillment by Amazon, has abused its dominant position in the market and harmed competitors in the e-commerce logistics service⁸¹. This fine was not the only one in 2021 for Amazon: the European Union fined Amazon 746 million euros in July for violating GDPR⁸².

Despite the many legal and mediatic attacks – probably inevitable due to the economic footprint it has in many countries – Amazon does not stop its progress not even in physical and it is launching a physical store for fashion in Los Angeles that will allow people to digitally shop. The Amazon Style store will feature apparel, shoes, and accessories from a mix of well-known and emerging brands.

Using the Amazon Shopping app, customers simply scan an item's QR code to see sizes, colours, overall customer

ratings, and additional product details. Simply by tapping a button, shoppers can add the item to a fitting room or, if they don't need to try it on, send it directly to the pickup counter⁸³.

Again, concerning the integration of the physical world with the digital one, Zalando has launched a pilot Care & Repair program in Germany, offering customers a digital platform where they can make appointments with local dressmakers for repairs⁸⁴.

The companies in the marketplaces (49% of companies interviewed compared to 45% of the previous year), in the last year, have rationalized the number of their marketplace presence; the majority are present in two or three marketplaces (46% of companies). More than others, Fashion and Consumer Electronics reduced the number of marketplaces in which they are available.

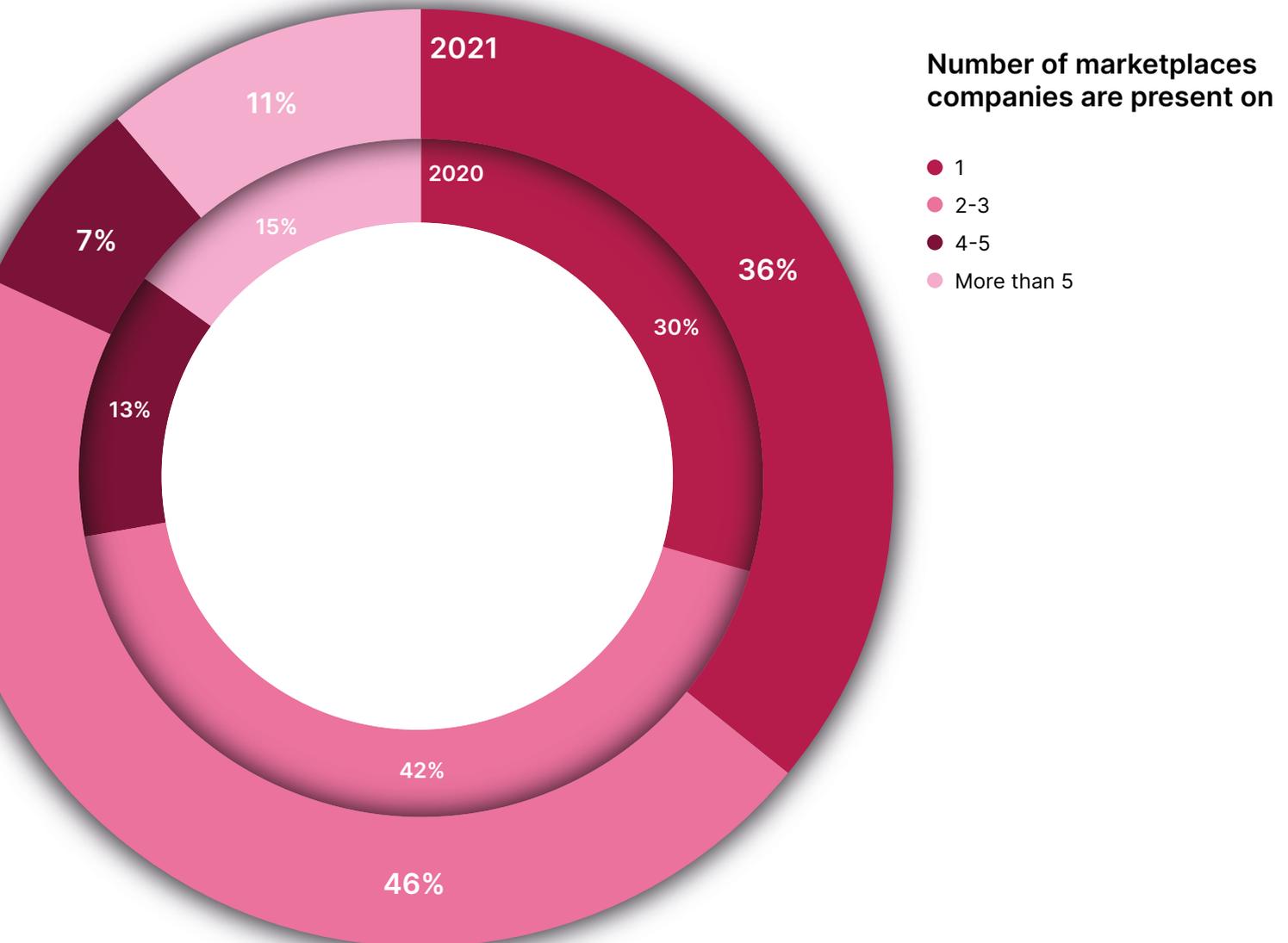


Chart source: Casaleggio Associati, 2022.

81: Antitrust: multa ad Amazon, 1,12 miliardi per abuso posizione dominante, TG24 Sky, 2021; 82: Amazon fined €746 million for violating privacy rules, E-commerce News, 2021; 83: Amazon Opening Fashion Store with Digital Fitting Rooms, Pymnts, 2022; 84: Zalando launches Care & Repair program, E-commerce News, 2021.

According to 39% of companies selling through marketplaces, they affect the turnover for less than 10%. According to 22% of companies, they affect the turnover from 11 to 25%. 17% of companies have an incidence of 26-50% for turnover, and 13% have an incidence from 51 to 75%. 9% have an incidence higher than 75%. Leisure, Home-Office and Furniture limit more sales on marketplaces.

Percentage of online sales generated by marketplaces

- Less than 10%
- 11-25%
- 26-50%
- 51-75%
- More than 75%

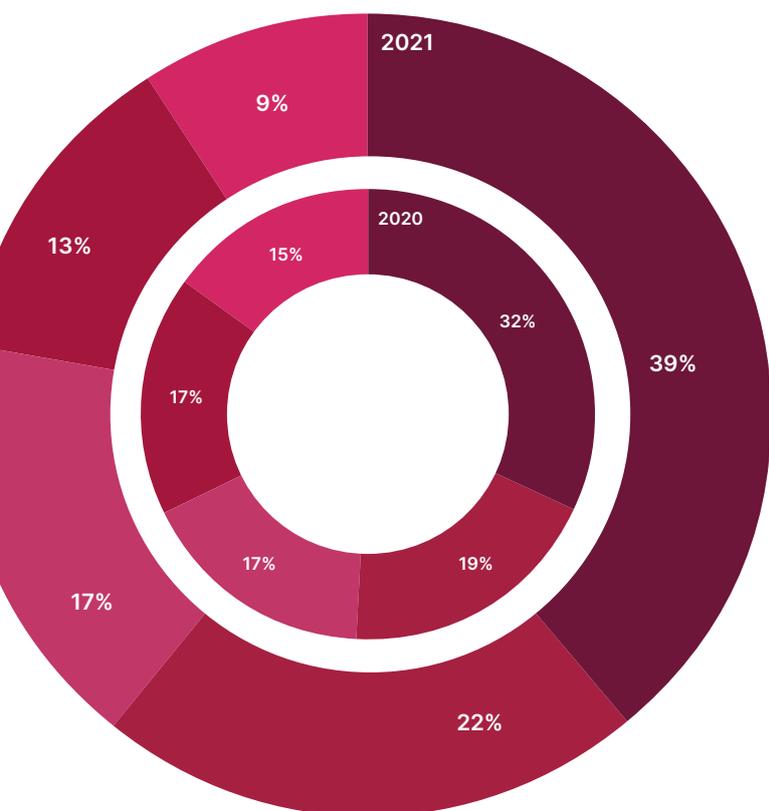


Chart source: Casaleggio Associati, 2022.

Considering this variety, some of the most used marketplaces are Amazon (79%), eBay (39%), ManoMano (21%) with a relevant growth in the last year, Privalia (16%), Facebook (12%), E-price (7%), Zalando (7%), IBS (5%), Alibaba (4%), Aliexpress (4%) and Etsy (2%). Amazon is the first choice for many people. The only marketplaces chosen excluding Amazon are eBay, Zalando and Booking.

Other used marketplaces are in particular vertical ones dedicated to individual sectors, such as Booking.com, Expedia, Ctrip, C-Discount - Spartoo, Veepee, Deesup, FlixBus, Everly, Gorillas, Volagratis, Last Minute Tour, YallaYalla, Vivino, Drinks&co.

Used Marketplaces (Multiple answer)

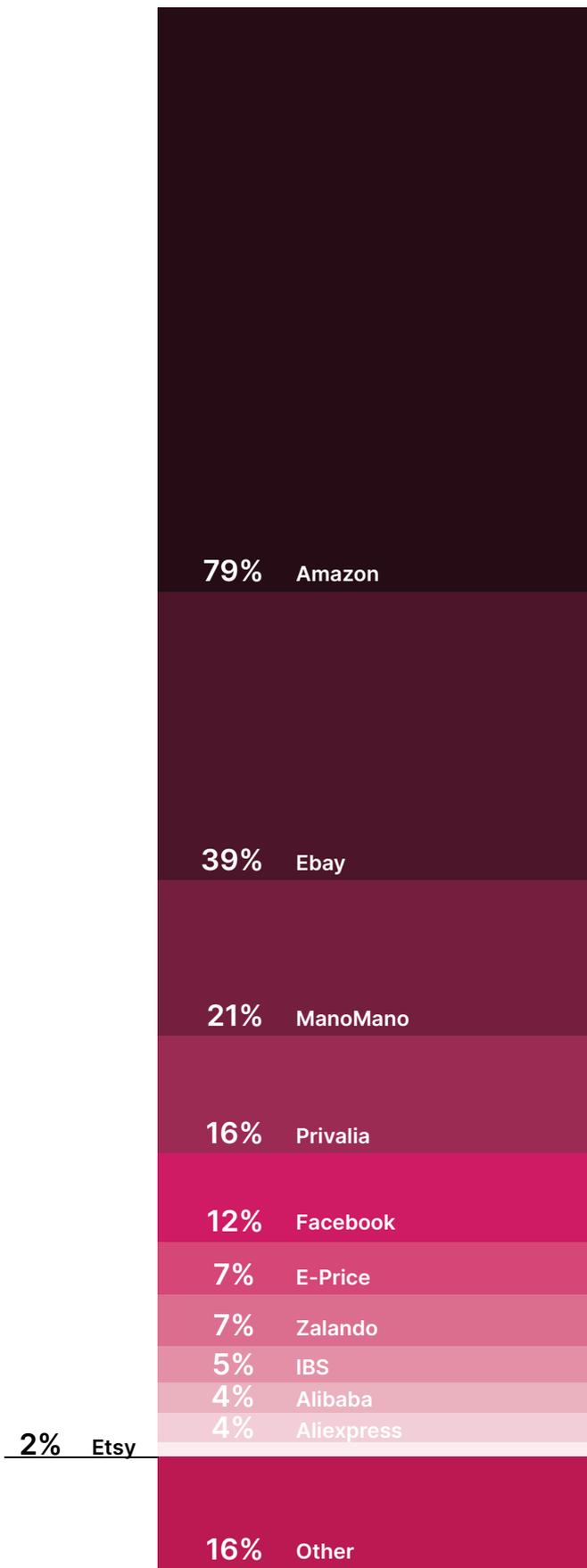


Chart source: Casaleggio Associati, 2022.

CHAPTER SEVEN

Social media

In 2022, social commerce is emerging, both for on and offline interaction, and simply for online retail, thanks also to live social commerce.

The brands will focus on communities and will make partnerships with creators to foster interaction, gain trust and build relationships. Employee advocacy and listening programs will be further developed to fully understand what is happening online⁸⁵.

55% of users learn about new brands on social media, 2 consumers out of 5 get in touch with brands with a like on social contents, and 43% of consumers have increased their social media use to discover new products in the last year. 78% of users are willing to buy from a brand after having had a positive interaction with them on social media.⁸⁶ Many brands invest in these channels, both for content and advertising. In particular, some sectors invest more than others, 60% of

beauty contents, for example, comes from Instagram.⁸⁷

Italian companies' favourite socials

The social considered the most effective for e-commerce, Facebook (26%), has dropped in the rankings after Instagram (37%) and Whatsapp Business (27%).

Whatsapp Business requires specific knowledge, unlike other social media, and for this reason, there is a strong dichotomy between who finds it effective and who does not. Then, Youtube (8%), Linkedin (7%), Pinterest (5%), Twitter (3%) and WeChat (2%).

Among the emerging socials for e-commerce, there is TikTok which has tripled the number of companies that have found a way to use it in a "quite effective" way (27%).

Effectiveness of social media

● High ● Medium ● Low

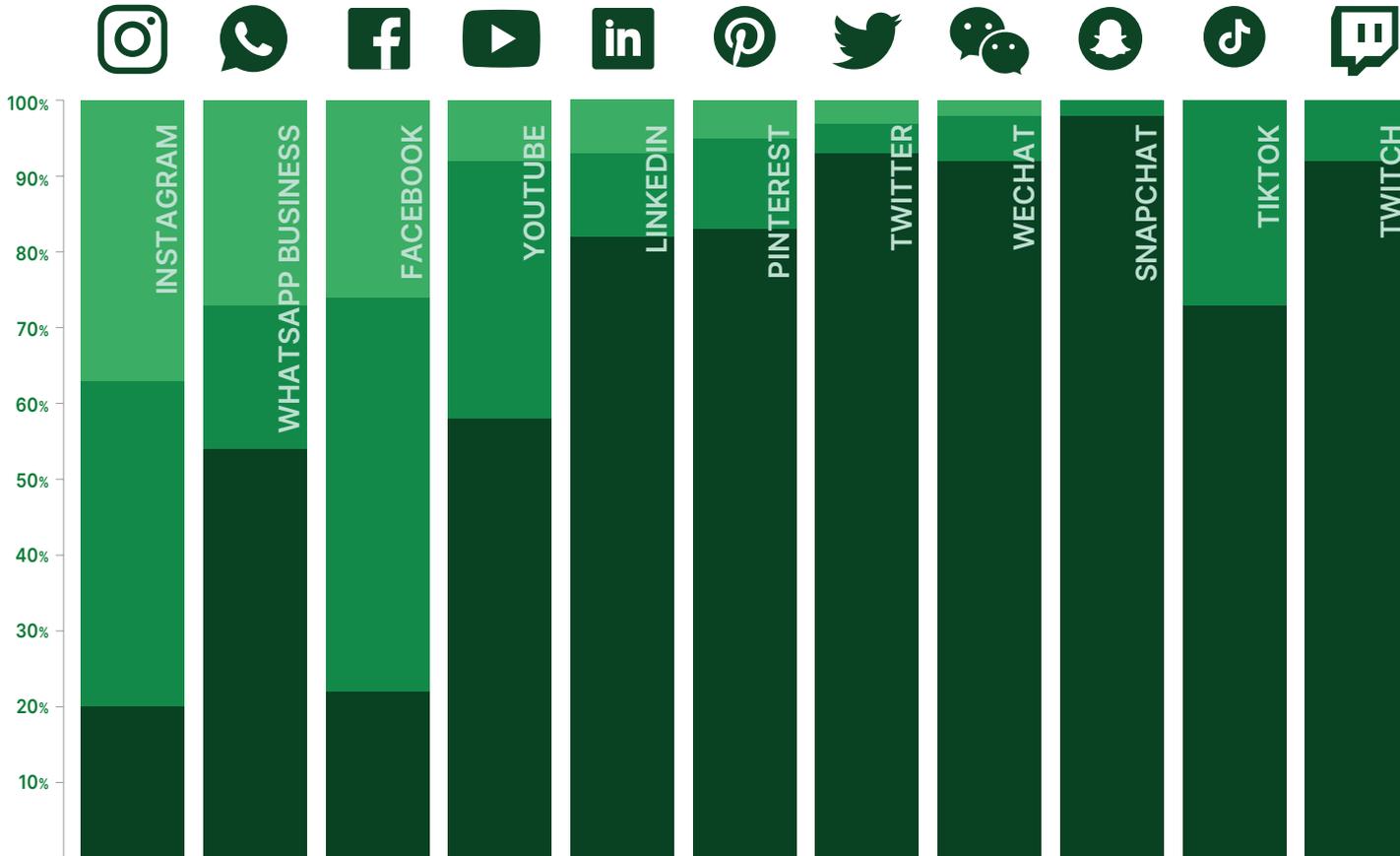


Chart source: Casaleggio Associati, 2022.

85: Social Trends 2022, Hootsuite, 2022; 86: 7 statistics that prove the importance of social media marketing in business, Sprout Social, 2021; 87: E-COMMERCE E BEAUTY: I 12 TREND DEL MOMENTO SECONDO DIGITAL MAO, Engage, 2021.

Social media and ROI

The perception of the effectiveness of social media in terms of return on investment is still complicated for the Italian e-commerce companies interviewed. In 2020, they had proved to be easier to be used for the imbalance between supply and demand, but 2021 has brought back the use of social media to its previous difficulty levels.

The increase in social media numbers has increased the difficulty of handling them. This is also the reason why it is still an experimentation and even just the measurement of results is a subject of debate.

Only one-fourth of companies are satisfied with the performance of social media, one fourth considers it completely unsatisfactory and the remaining half are struggling with finding a solution.

We have not yet found an adequate measurement method to assess the impact of social media marketing activities on sales

Social media and ROI

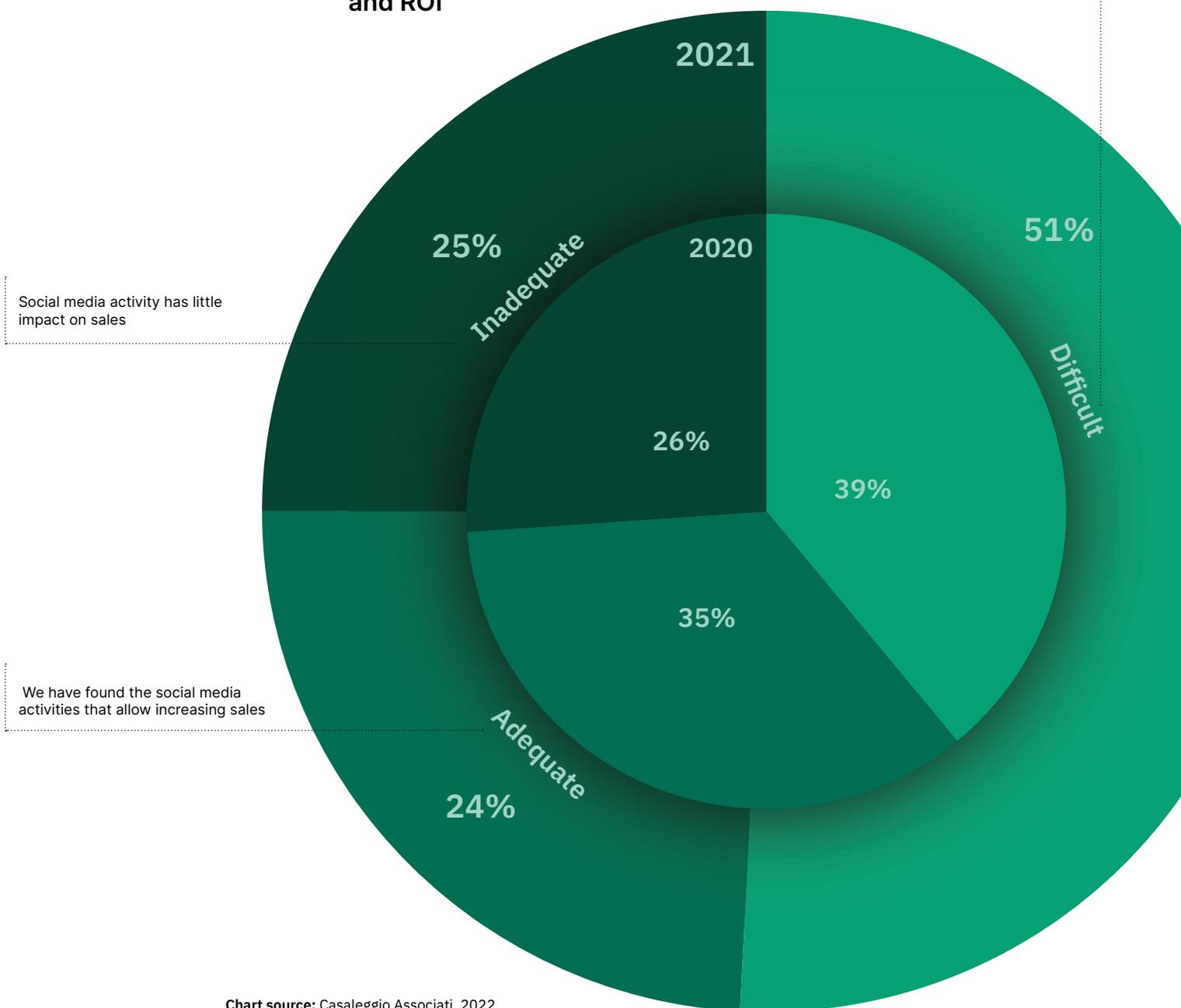
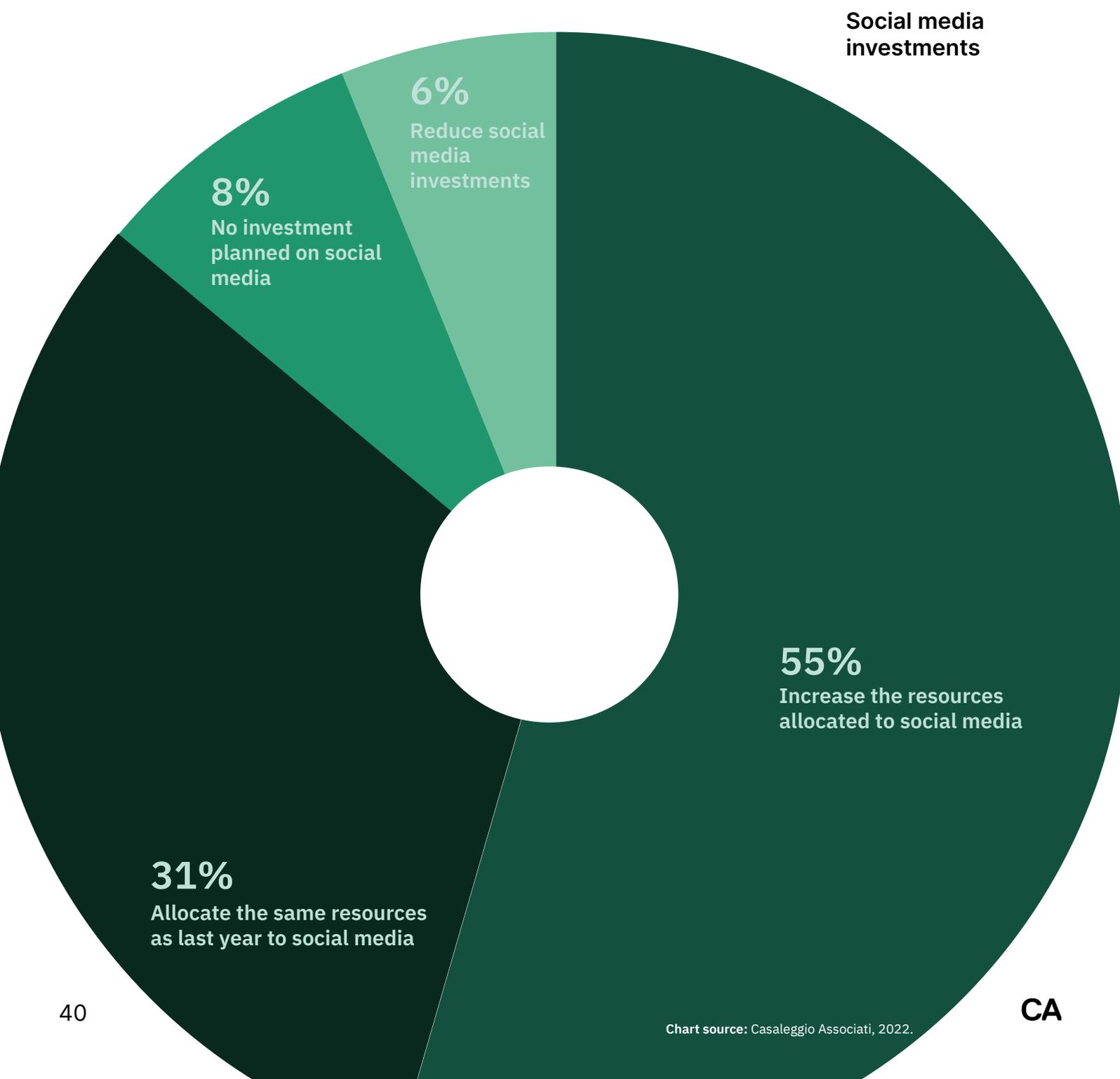


Chart source: Casaleggio Associati, 2022.

Social media investment predictions

55% of Italian companies (-4% than last year) want to continue investments in this channel increasing their investment compared to the previous year. The number of e-commerce companies that decided to keep the same investment is increasing (32%, +5% from last year), in favour of an increase in resources allocated to social media. The percentage of companies that will reduce their investment during this year is also increasing (6%). The number of companies that envisage not investing in social activities in 2022 is still constant (8% compared to 10% of last year).



CHAPTER EIGHT

Organizational structure

The strong acceleration of e-commerce in the last two years has determined to question the internal organizations of companies.

Investments in the short-term

Like last year, Italian e-commerce companies plan to invest primarily in marketing and advertisement (52%) in the short term. In the second place, as in the previous year, investments aimed at improving website performance, usability, and user experience (47%), while in the third place there are investments aimed at improving the technological infrastructure (37%). The use/optimization of the CRM and marketing automation are expected for 33% of companies.

The presence on marketplaces and the enhancement of logistics services are expected as investments by 22% and 21% of the Italian companies interviewed, while the sales activity abroad by 19% of these companies.

According to the survey, 16% expect investments destined

for the placement or enhancement of customer service/care and the customization of products proposed to the customer and/or the purchase methods.

Then there are companies thinking of destining the budget for customization of delivery and return methods, the expansion and customization of the payment method, and the acquisition of third-party companies or startups to enhance e-commerce companies and security systems.

Investments in the short-term (Multiple answers)

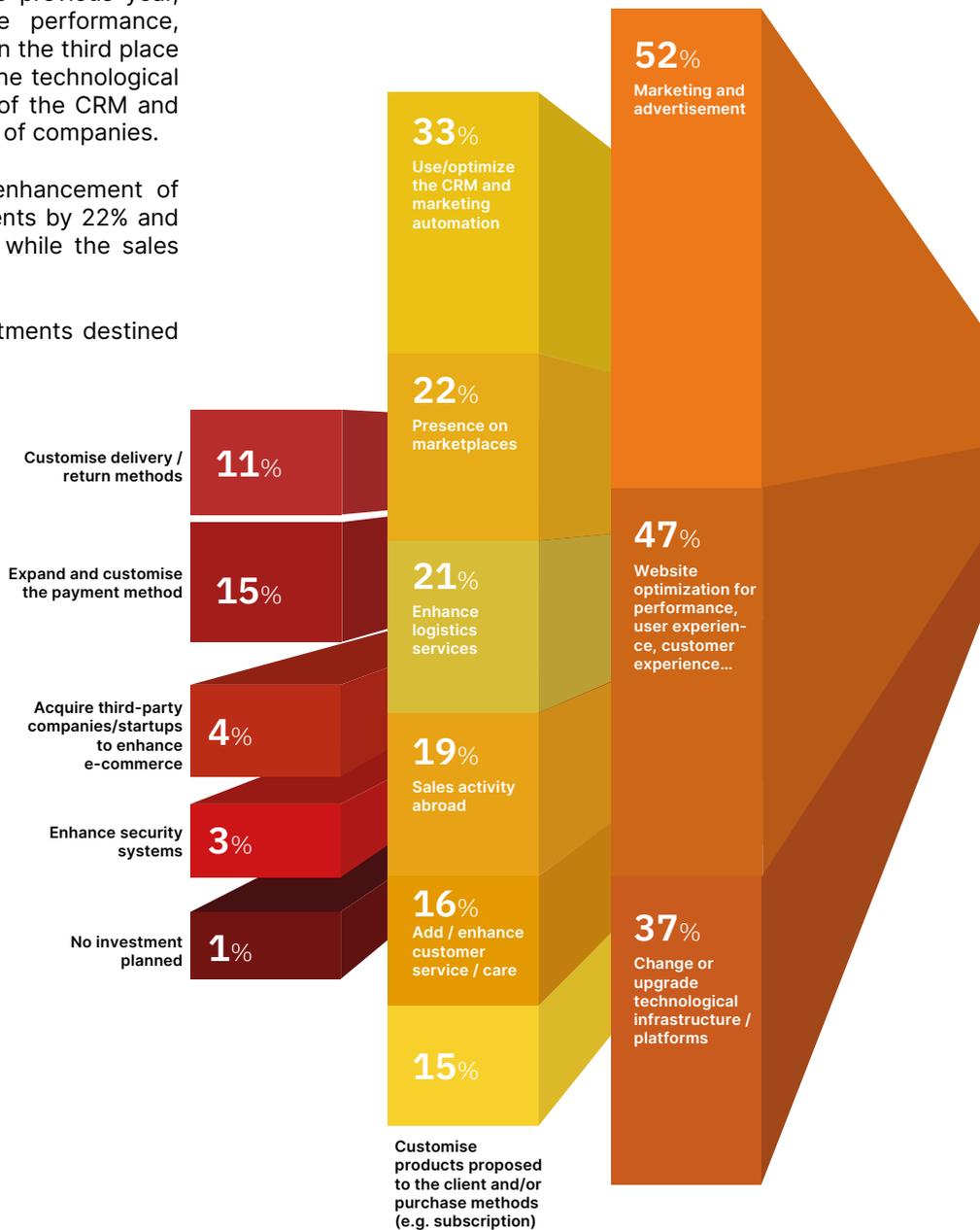
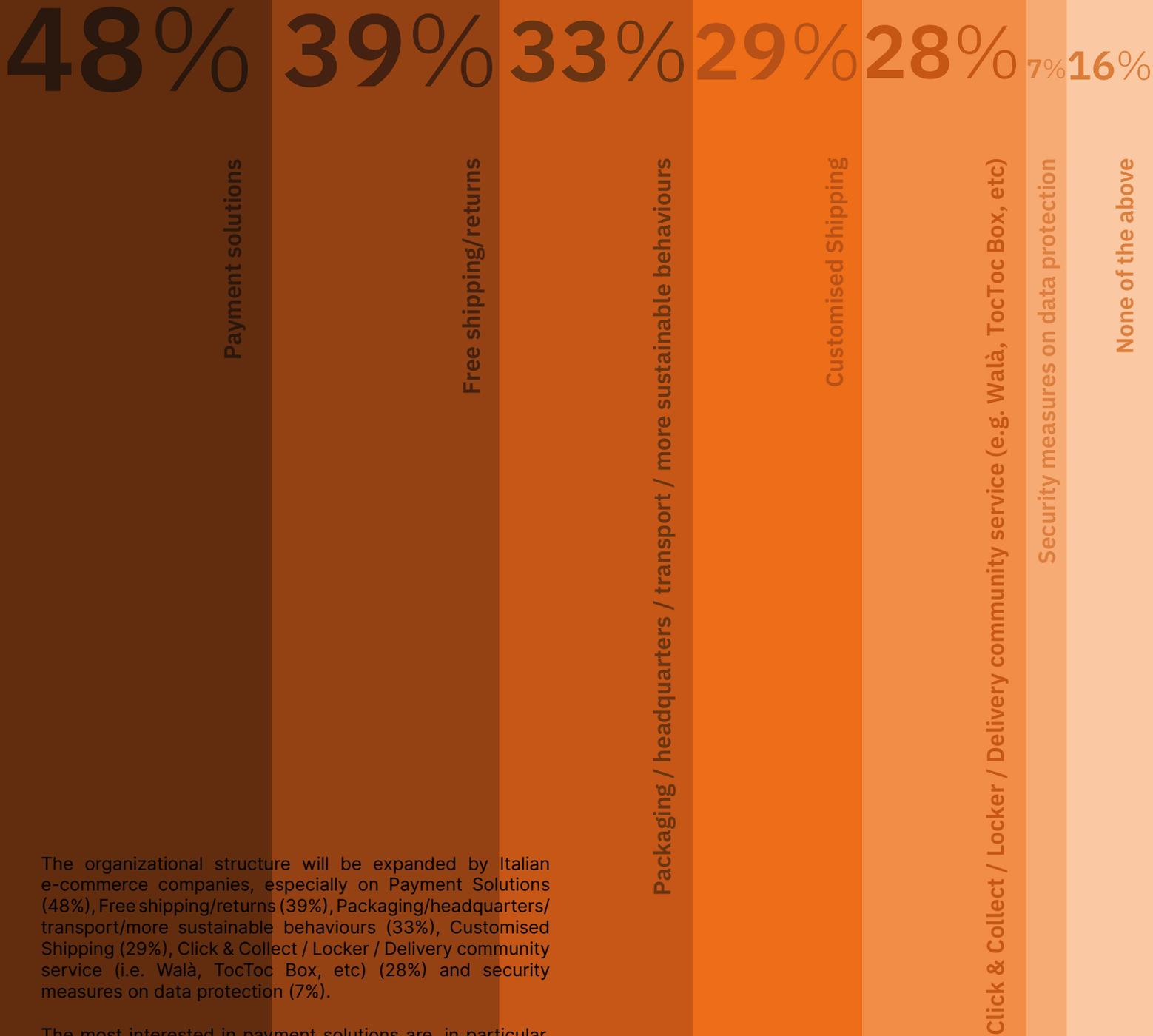


Chart source: Casaleggio Associati, 2022.

Expansion of the organisational structure to increase online sales
(Multiple answers)



The organizational structure will be expanded by Italian e-commerce companies, especially on Payment Solutions (48%), Free shipping/returns (39%), Packaging/headquarters/transport/more sustainable behaviours (33%), Customised Shipping (29%), Click & Collect / Locker / Delivery community service (i.e. Walà, TocToc Box, etc) (28%) and security measures on data protection (7%).

The most interested in payment solutions are, in particular, companies in Shopping Malls, Home-Office, Furniture and Fashion sectors.

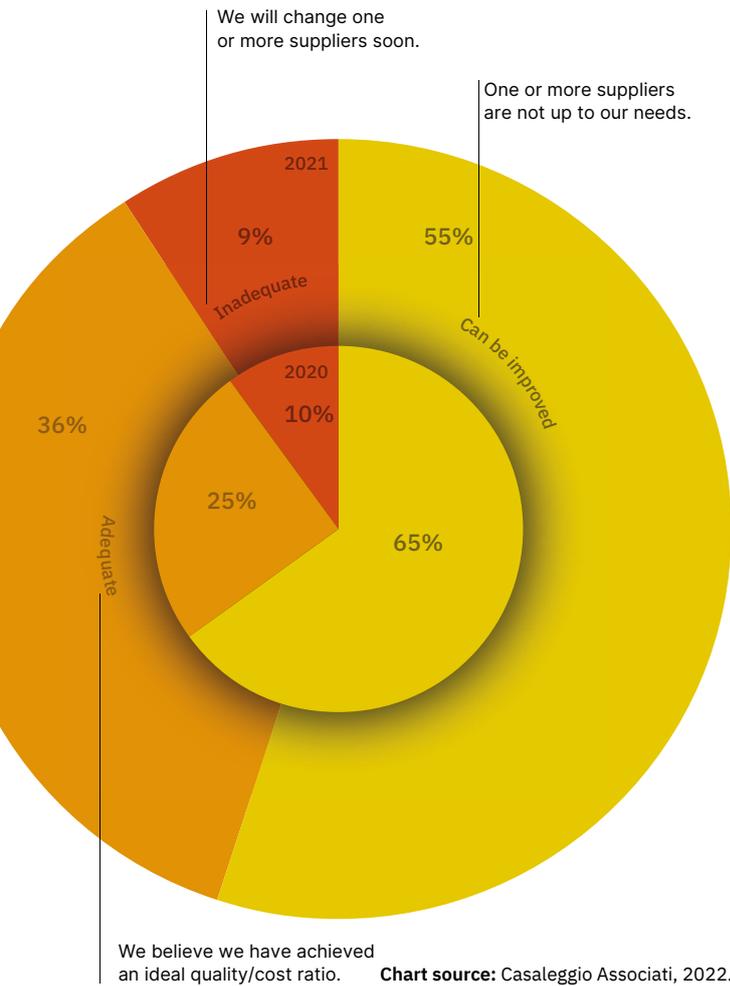
Chart source: Casaleggio Associati, 2022.

Logistics

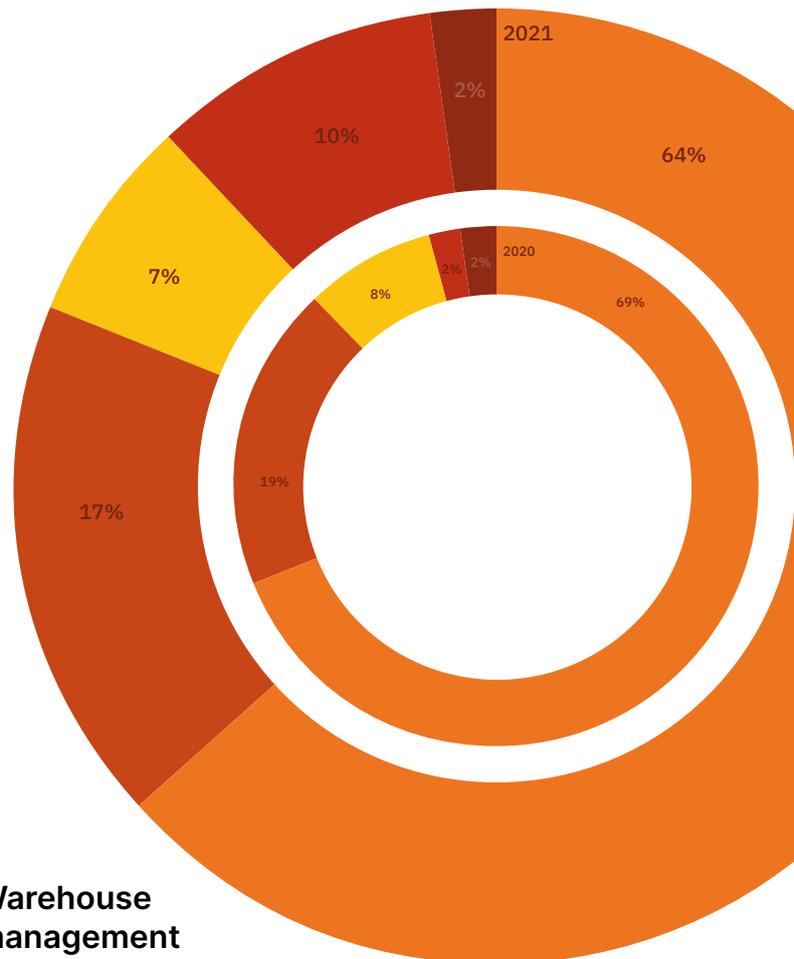
Over the last two years, shipping services have been under pressure. Logistics in most cases are still borne by the company. However, over the last year, a strong increase was noted (from 2% to 10%) in companies relying on marketplaces for logistics (in particular Amazon). This can probably be linked to an increase in satisfaction (from 25 to 36%) with the shipping service.

To pay for an ever faster (and therefore expensive) service, on average, the shipping price is set at 8 euros. To make it more acceptable to the customer, several operators are starting to insert shipping prices ending with .99. On the other hand, one in five operators has a free delivery option, although always linked to some condition such as a minimum purchase amount.

Shipping service rating



To solve problems related to shipping, the operators use the internalisation of the company's warehouse (for 64% of Italian e-commerces), which allows for greater control over stock and shipping, to the detriment of warehouse logistics managed by partners (18% of respondents). Last year there was an acceleration of logistics and outsourced shipping to the marketplace (chosen by 10% of respondents, compared to 2% of the previous year). In particular, the Amazon Shipping service guarantees more stringent SLAs.



Warehouse management

- Managed by the company
- Managed by third parties (partners)
- Use of dropshipping
- Managed by the marketplace
- Other

Chart source: Casaleggio Associati, 2022.

Digital payments on e-commerces

Also, this year, for Italian e-commerce companies, credit cards are the most used payment method and are growing (50% vs 41%), followed by digital wallets (28% vs 26%) and bank transfers which have declined in percentage of users. A stronger increase in credit cards compared to last year mainly to the detriment of bank transfers (8% vs. 15%) and payment upon delivery (9% vs 12%). The latter is still very important to generate up to one additional tenth of the companies' transactions. Payment upon delivery (9%) and payment via mobile (1%) in favour of instalment payment methods (3%).

The big news of the last two years in Italy is the category of instalment payments that follow the global trend of Buy now/ Pay later.

This online payment method gives several advantages that justify its diffusion, including an increase in the average shopping cart, a growth in conversions because it is easy to use for the customer, a higher frequency of orders and the approach to a younger consumer target who can thus access purchases, even for small amounts (it is not unusual

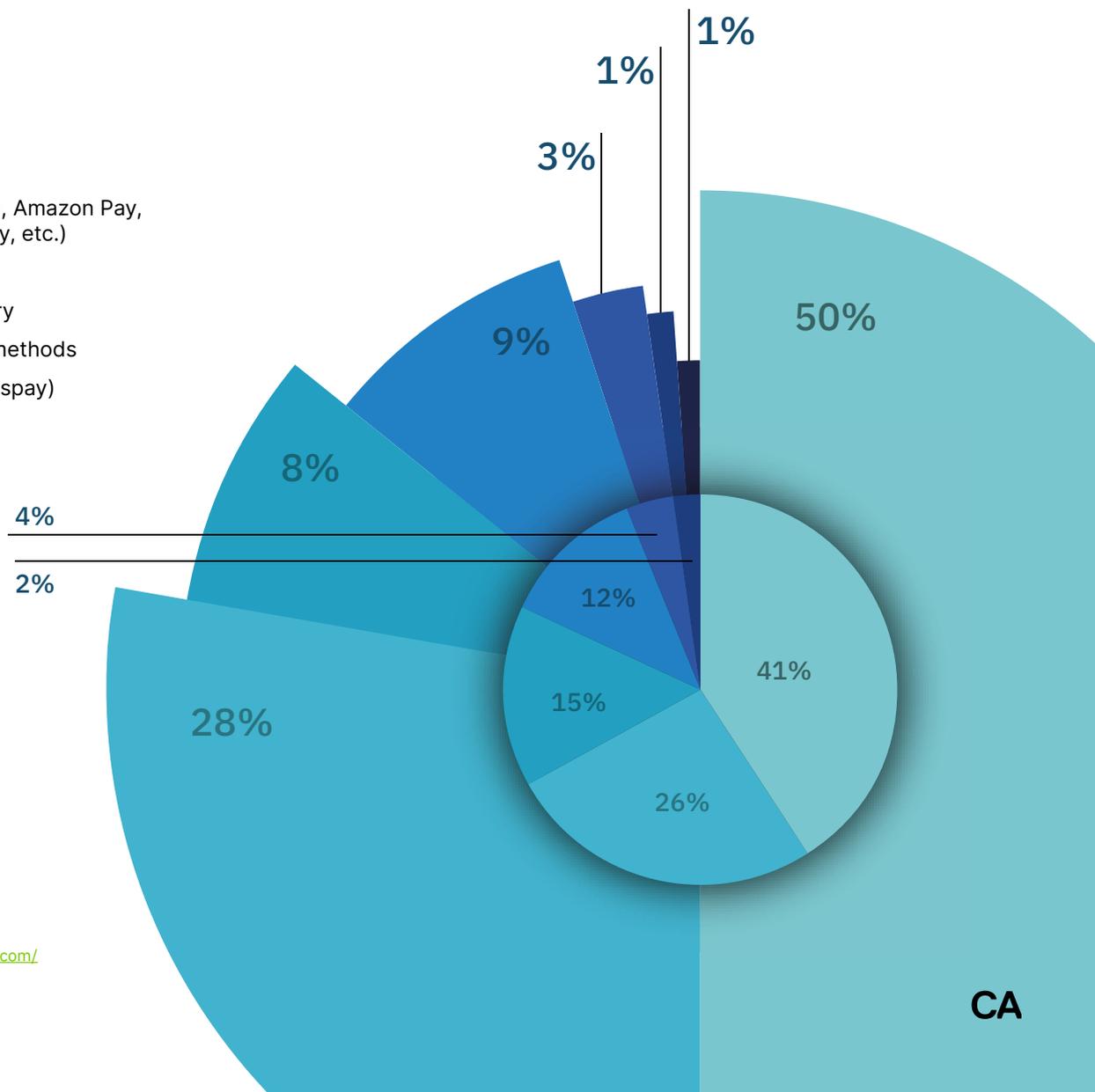
that amounts of around 15 euros are split).

Together with Klarna, Soisy, Scalapay and Amazon, many operators have entered the Italian market for instalments for online shopping.

Another aspect that will have to be considered in the coming years is the possibility of accepting cryptocurrencies. It is already possible to buy online using Bitcoin. Some services also allow you to intermediate the most popular sites. For example, Shopping.io intermediates Walmart and Amazon allows purchases using Bitcoin, Ethereum and USDC. For merchants, there are services, such as Coinbase, which has developed a system allowing the integration of their checkout with a 1% commission for the main cryptocurrencies (less than credit cards).⁸⁸

Used payment methods

- Credit card
- Digital Wallet: (Paypal, Amazon Pay, Apple Pay, Google Pay, etc.)
- Wire transfer
- Payment upon delivery
- Instalment payment methods
- Mobile/SMS (e.g. Satispay)
- Other (es. MyBank)



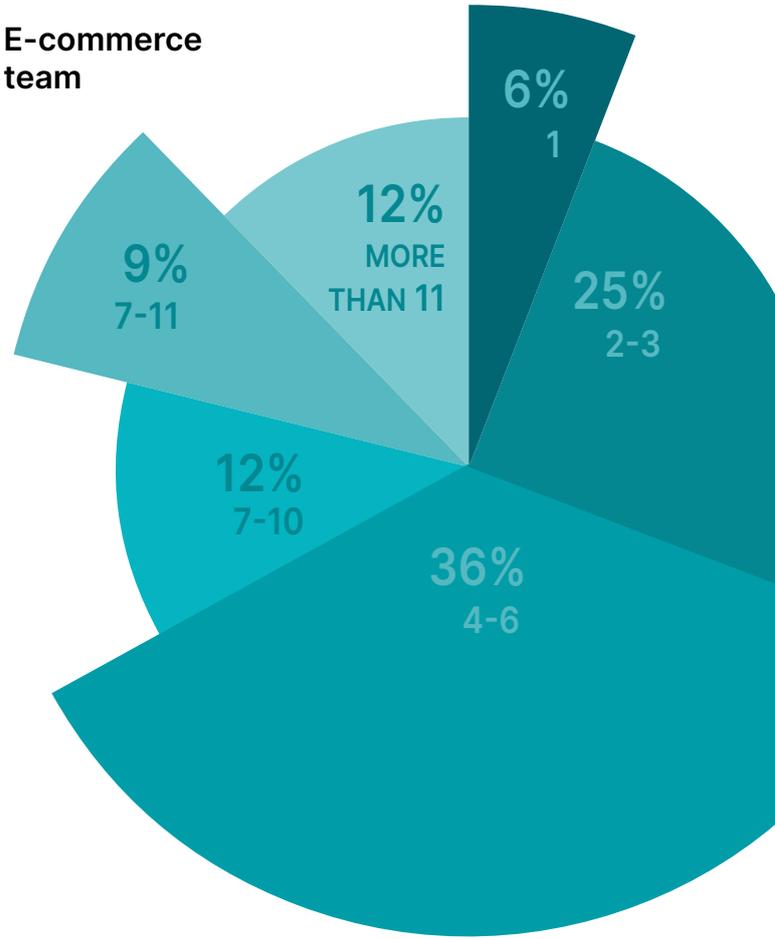
88: <https://commerce.coinbase.com/>

E-commerce manager

The main activities currently carried out by e-commerce managers are sales-oriented, such as monitoring sales performance and data on customer base (65% of e-commerce managers think it is very important), but include many other activities, such as defining the evolution of digital strategies (54%), managing their team and relations with other company areas (53%), defining and evolving advertisement campaigns (42%), organizing the evolution of the platform and technological innovation (36%), carrying out market analyses and studying trend evolutions (35%), checking daily operations and problem-solving (33%), managing collaboration with third parties (24%).

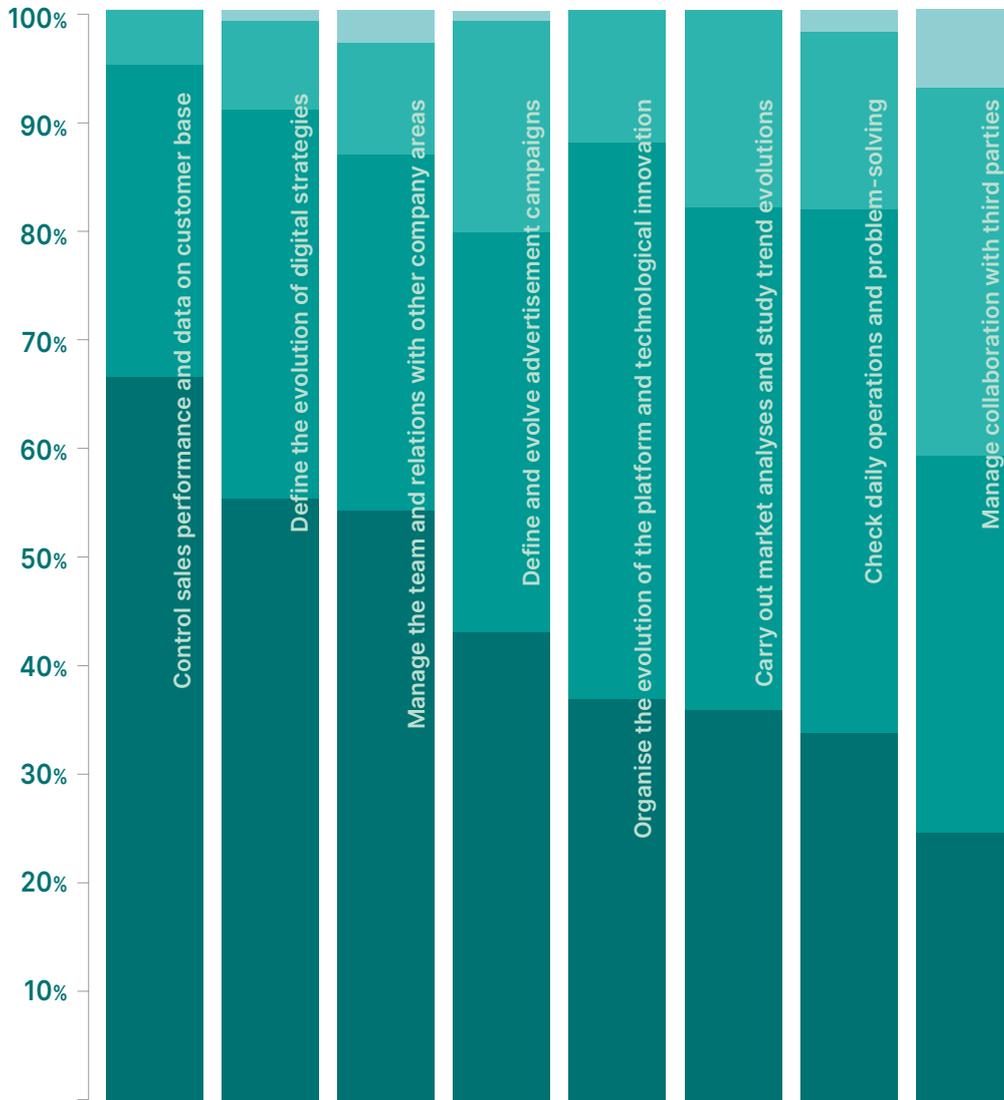
With the increase in turnover and the internal importance of the e-commerce division in companies, in many cases, there have been organizational restructuring to better integrate digital activities into the rest of the company. At the same time, there has also been an increase in people in the team.

E-commerce team



Relevant activities in the role of e-commerce manager

- High
- Enough
- Sufficient
- Insufficient



Organizations interviewed

We thank all the companies that actively participated in the realisation of this study, in particular:

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