

# The state of e-commerce in Central Europe

WHITE PAPER ● 2025



## ● INTRODUCTION

The Central European e-commerce market has experienced steady growth and continues to expand, with several factors further impacting its expansion in 2025.

Economic uncertainty drives price sensitivity, with consumers favoring budget-friendly options. Despite lower interest rates and wage growth boosting disposable income, cautious spending persists due to ongoing economic instability.

Several trends are reshaping the e-commerce landscape, including the growth of mobile commerce, AI and personalization, evolving consumer expectations for convenience, sustainability and security, as well as the consolidation of marketplaces.

Understanding and adapting to these factors is crucial for online retailers seeking to stay competitive amid evolving e-commerce market challenges.

This white paper provides valuable insights and guidance to help retailers navigate the evolving e-commerce landscape.



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# 01

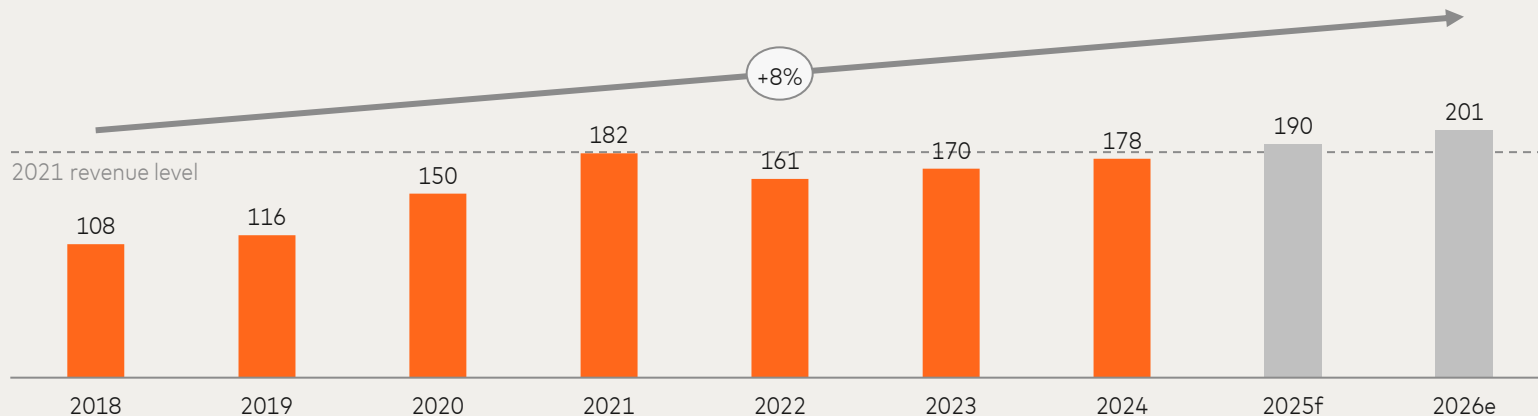
## E-commerce market size and growth

*Key insights in this chapter are supported by ECDB data*



**Current state** | After a decline in 2022, the Central European e-commerce market has been recovering and is projected to surpass 2021 levels by 2025

E-commerce revenue and growth rate per country in Central Europe, 2018-2026e, EUR billion



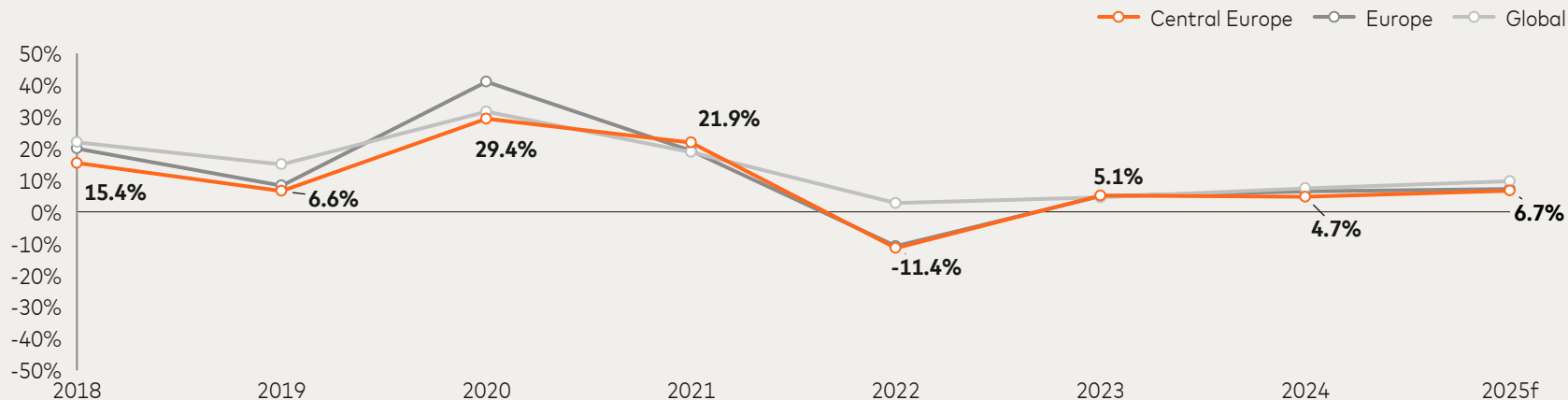
- The e-commerce market in Central Europe<sup>1</sup> (CE) reached approximately **EUR 178 billion in 2024** and is projected to exceed **EUR 200 billion by 2026**
- Despite a solid **8% CAGR from 2018 to 2026**, this growth **trails both the European (9.7%) and the global averages (12.1%)**

Source: ECDB analysis

Note: <sup>1</sup>For the full list of countries included in Central Europe, refer to the appendix

## Gaining traction | Following a significant post-COVID-19 decline, e-commerce in Central Europe is recovering but still lags European and global averages

Nominal annual growth rates of the key regions, 2018-2025f, %



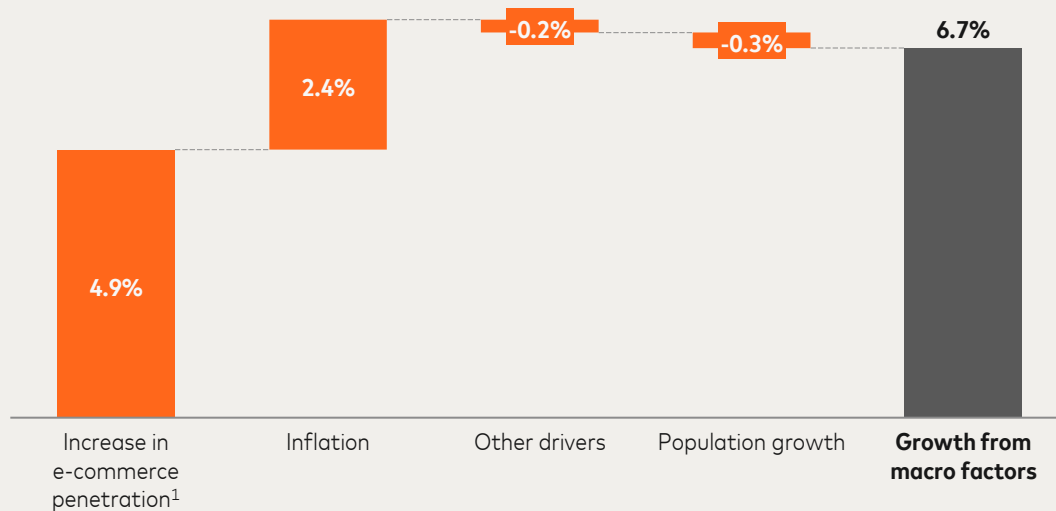
- The uptick of **growth rates in 2020** was driven by the **COVID-19 pandemic**, as online spending drastically increased
- The **sharp decrease in 2022** can be attributed to the **energy crisis, the war, and a correction** from previous years as people returned to physical stores
- In 2024, **e-commerce is slowly starting to return** to a higher growth rate in Central Europe, however, it **still lags the European (7.2%) and global averages (9.7%)**

Source: ECDB analysis



## Growth driving factors | The projected growth acceleration in 2025 is driven by key macroeconomic factors, with potential for both positive and negative impacts

Forecast for growth in population, e-commerce penetration and inflation in Central Europe, 2025f, %



### Positive factors contributing to e-commerce growth

- AI driving transformation across the value chain
- Robotics and automation enhancing efficiency
- Marketplace expansion fueling dynamic growth
- Innovations unlocking new opportunities



### Negative factors slowing down e-commerce growth

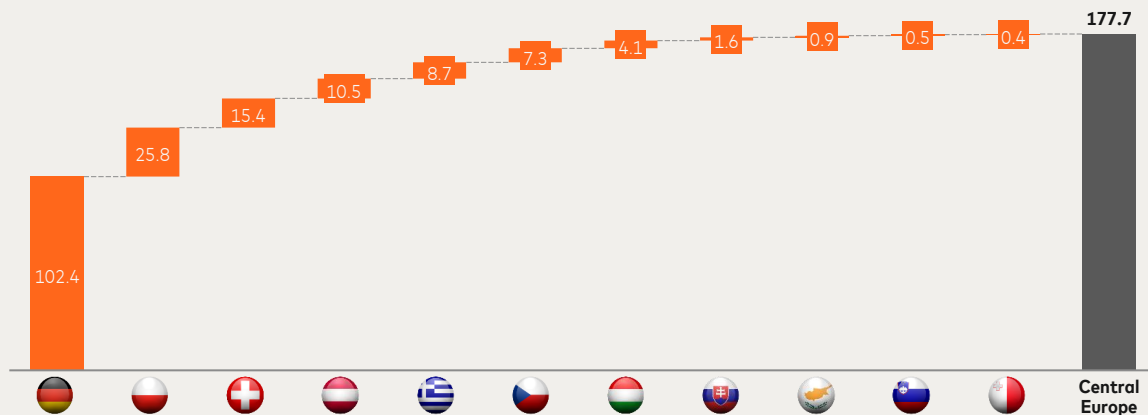
- Political instability disrupting markets
- Trade war negatively affecting supply chains
- Natural disasters and health crises impacting operations

Source: ECDB analysis




Note: <sup>1</sup>Increased share of revenue in physical goods purchased online

## Revenue contribution | Germany dominates the e-commerce landscape in Central Europe, accounting for over half of the region's revenue

E-commerce revenue in Central Europe, 2024, EUR billion



Comparison of the 3 largest contributors' e-commerce revenue with their population<sup>1</sup>

	Germany	Poland	Switzerland
			
	102.4B	25.8B	15.4B
	58%	15%	9%
	83.3M	36.7M	8.9M
	47%	21%	5%



- **Germany contributed EUR 102.4 billion** to Central Europe's e-commerce revenue in 2024, accounting for **more than half of the total** revenue
- **Poland ranked as the second-largest contributor** to Central European e-commerce revenue in 2024, generating EUR 25.8 billion
- While Germany's e-commerce market is approximately four times the size of Poland's, its population is only twice as large, highlighting a **gap in e-commerce penetration and market maturity**

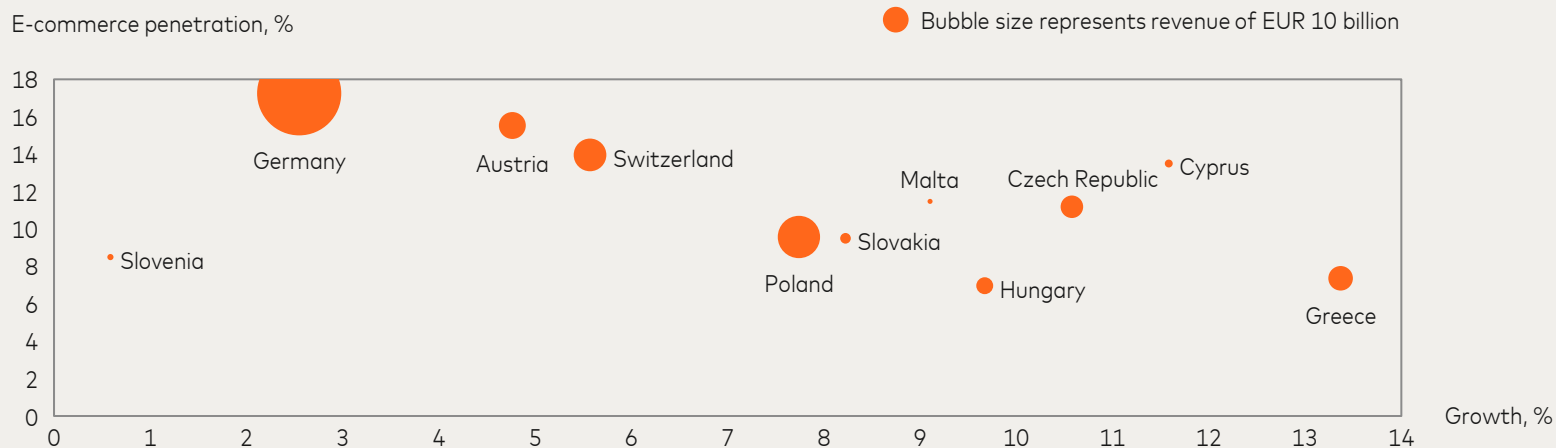
Source: ECDB analysis, World Bank

Note: <sup>1</sup>Share of overall Central European e-commerce revenue and total Central European population (177.3 million)



## CE landscape | Germany, representing the largest share of e-commerce revenue in CE, is among the slowest-growing markets, whereas Greece leads in nominal growth

Nominal growth, e-commerce penetration, and e-commerce revenue in Central Europe, 2024, % and EUR billion

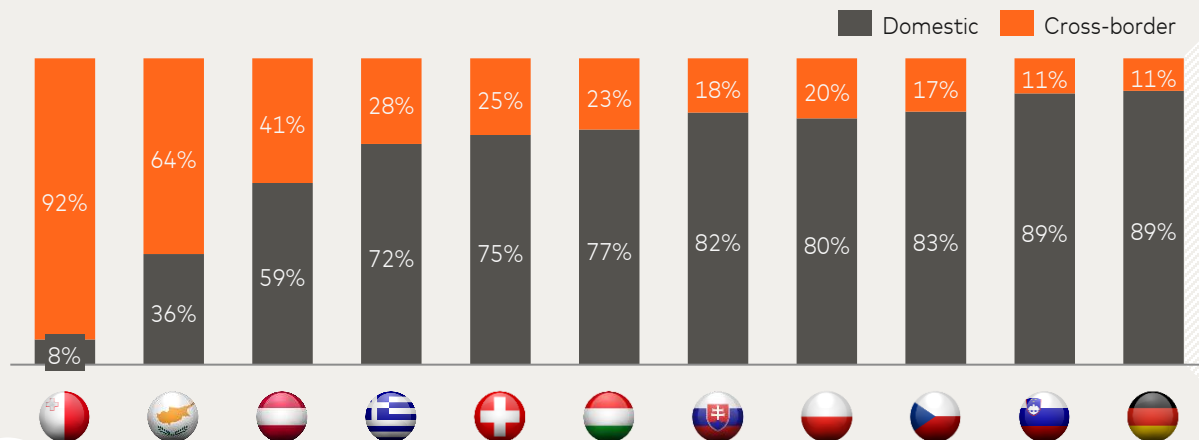


- While **Germany** has the largest contribution with a revenue of EUR 102.4 billion, it is also one of the **slowest growing countries**, with **2.5% YoY growth**
- The **top performers** in nominal e-commerce growth in 2024 are **Greece with 13.4%**, **Cyprus with 11.6%** and the **Czech Republic with 10.6%**
- Slovenia experienced the lowest growth rate, at 0.6%

Source: ECDB analysis

## CE landscape | Cross-border revenue shares vary significantly across Central European countries

Share of customer spending at domestic vs. cross-border shops in the selected countries, 2024, %



### Top 5 countries for German consumers' cross-border spend

64%	United States of America
6%	United Kingdom
2%	Spain
2%	France
2%	Italy
24%	Rest of the world

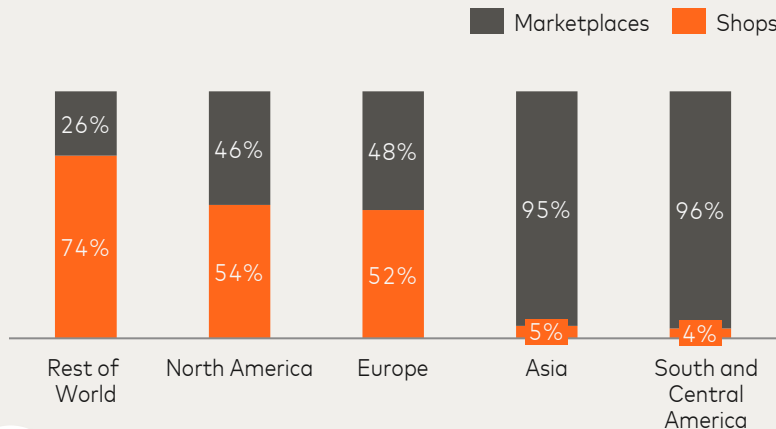


- Cross-border sales vary significantly by country, and are **heavily influenced by geographic factors**; as a result, Malta and Cyprus have the largest share of cross-border e-commerce revenue
- Germany and Slovenia have a **small proportion of foreign sales, primarily driven by U.S.-based retailers**, with 64% of the cross-border purchases directed toward the United States

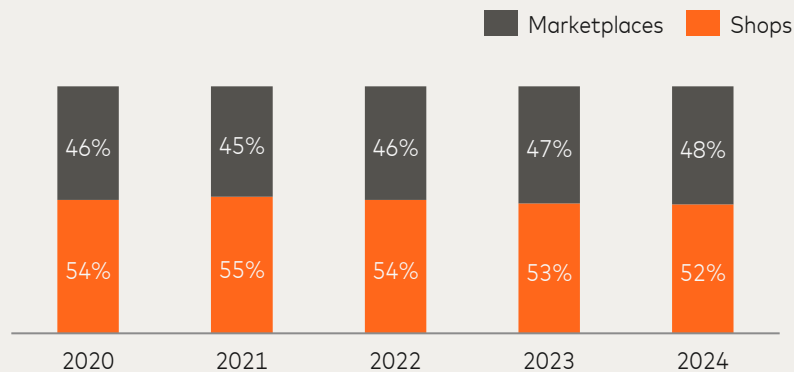
Source: ECDB analysis

## Marketplaces on the rise | Marketplaces dominate in Asia and South America, while in Central Europe, revenue is almost evenly split between marketplaces and shops

Share of total e-commerce market by sales channel in different regions, 2024, %



Revenue split for marketplaces and shops in Central Europe, % of total revenue



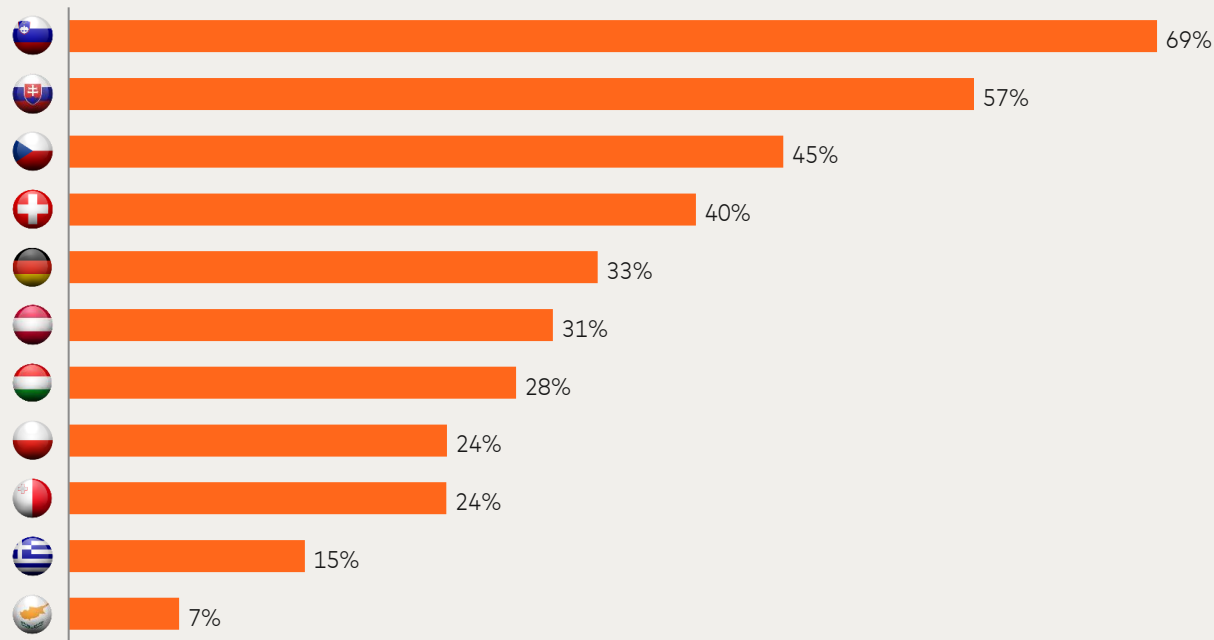
- **Marketplaces are most popular in Asia and Latin America**, driven by platforms such as Temu, AliExpress, and Mercado Libre
- Marketplaces are **steadily expanding in Europe**, accounting for **nearly half of e-commerce revenue** in 2024, with Central Europe matching the European figures
- In Central Europe, the **share of marketplaces has been steadily increasing since 2021**, driven by the growing trend of marketplace consolidation

Source: ECDB analysis

Note: <sup>1</sup>The revenues of players with hybrid models are divided into marketplace revenue and shop revenue

## Consolidation within shops | The revenue share of the top 15 shops varies across countries, highlighting differences in Central European e-commerce concentration

Revenue share of the top 15 shops of the country's total e-commerce revenue, 2024, %



### Key takeaways:

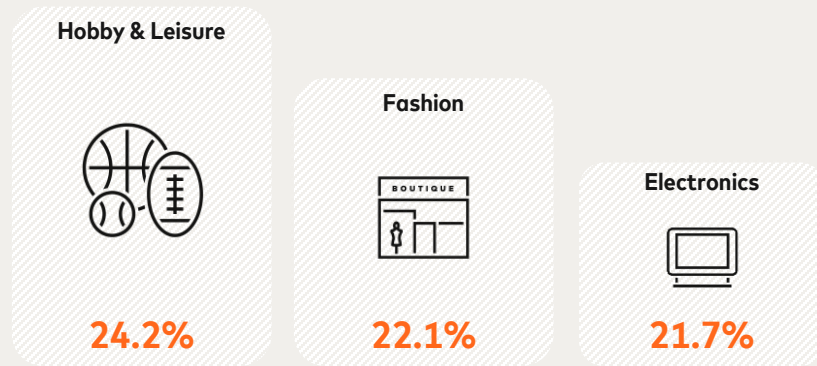
- There is **significant variation in the concentration of e-commerce revenue** from the top 15 shops, with **some countries showing high concentration** and others being more fragmented
- Countries such as Slovenia and Slovakia have higher concentration, while markets such as **Greece and Cyprus exhibit a more diverse e-commerce landscape**
- Countries with higher share of domestic revenue tend to have a more consolidated market regarding shops

Source: ECDB analysis

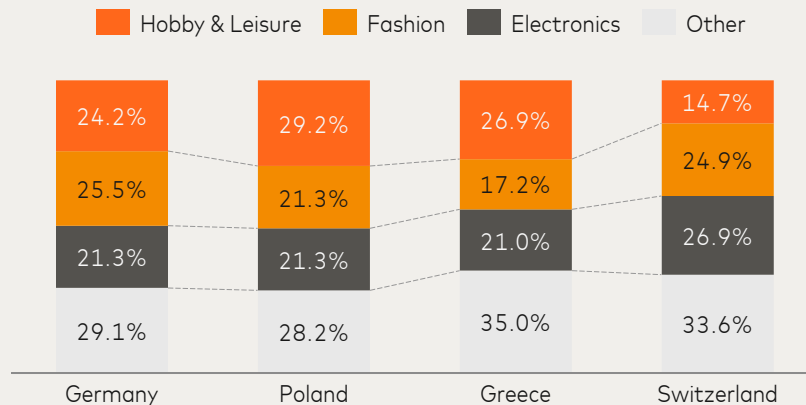
Note: Marketplace revenues, including the marketplace portion of hybrid business models, are excluded

## Key product categories | Hobby & Leisure is the largest e-commerce market segment in Central Europe, followed by Fashion and Electronics

Top 3 product categories in CE, 2024, %



Revenue split of the top 3 categories in selected CE countries, 2024, %

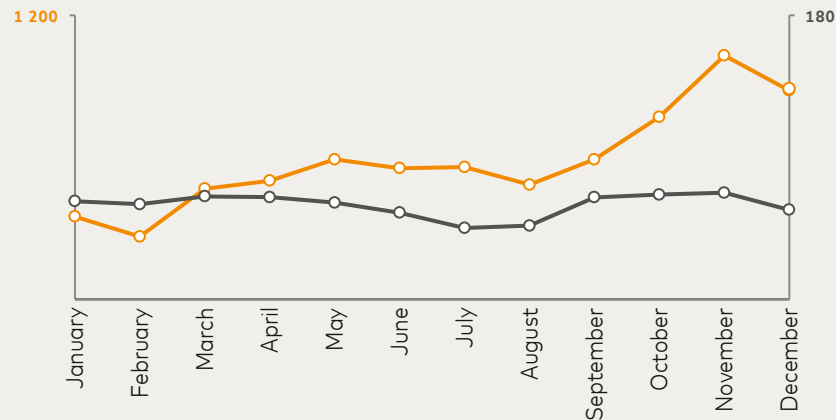


- **Hobby & Leisure is the largest** e-commerce segment accounting for one-quarter of the e-commerce market in Central Europe, with approximately **EUR 43 billion in revenue** in 2024, followed closely by the Fashion and Electronics categories
- Although **Hobby & Leisure** is the dominant category in most Central European countries, the DACH region seems to be an outlier as Fashion (Germany, Austria) and Electronics (Switzerland) take the lead as the most popular product categories

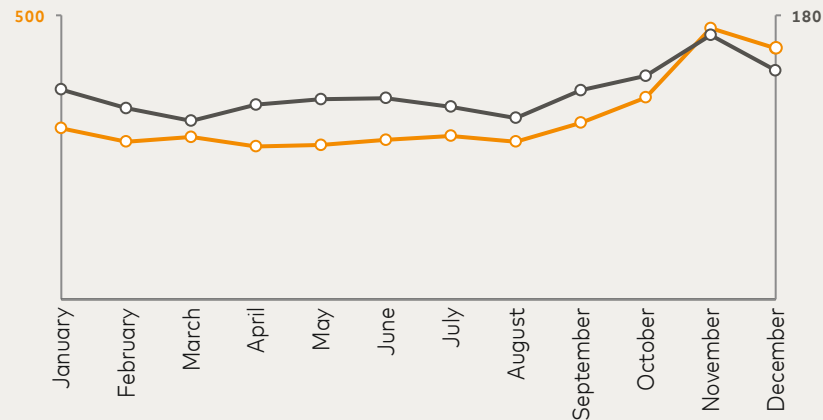
Source: ECDB analysis

## Seasonality | Average ticket size and overall monthly transaction value increase during peak times across Clothing Stores and Electronic Appliances

Value of all transactions, and average ticket size per card in the Clothing Stores category in Central Europe, 2024, million EUR and EUR



Value of all transactions, and average ticket size per card in the Electronic Appliances category in Central Europe, 2024, million EUR and EUR

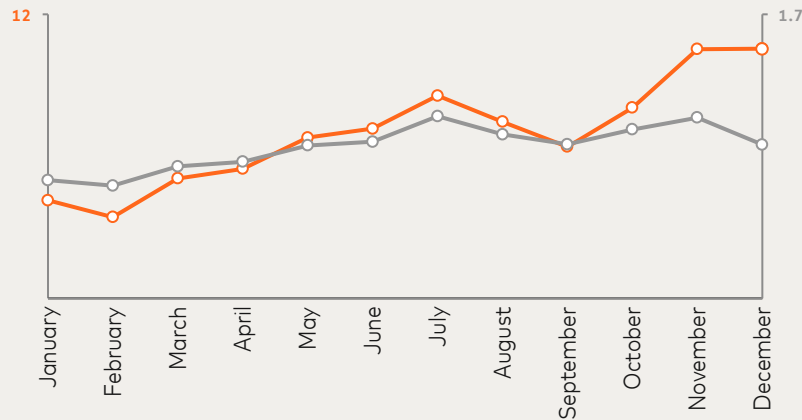


- In the Clothing Stores category, the **average ticket size stays consistent** throughout the year with only slight variations, peaking in November, while the **total monthly transaction value rises substantially** in the lead-up to Q3
- Even though **the average monthly transaction value for Electronic Appliances is less than half that of the Clothing Stores category**, the average ticket size for Electronics is much larger, peaking in Q4, indicating that **consumers wait to purchase electronic devices until Black Friday and Christmas**

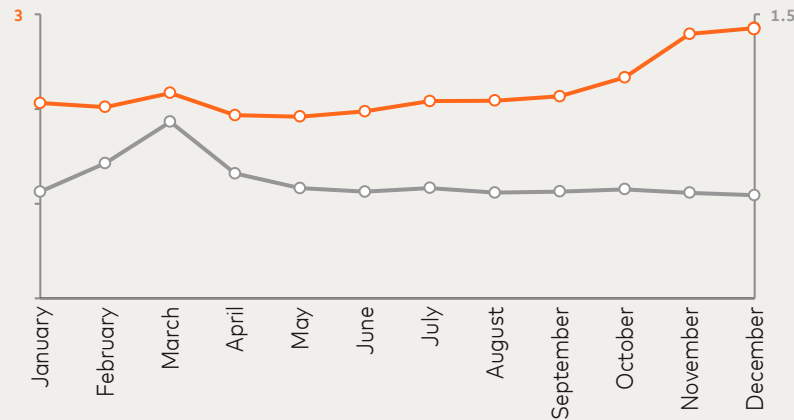
Source: Aggregated and anonymized Mastercard transaction data

## Seasonality | Average number of transactions per card and overall monthly transaction number increases during peak times across different product categories

Number of transactions, and average number of transactions per card in the Clothing Stores category in Central Europe, 2024, million # and #



Number of transactions, and average number of transactions per card in the Electronic Appliances category in Central Europe, 2024, million # and #



- In the Clothing Stores category, the **average monthly number of transactions per card increases slightly throughout the year**, while the overall volume of transactions rises steadily starting in February and **peaks once in mid-summer and again at the end of the year**
- For Electronic Appliances, the trend differs slightly; while the **average number of transactions stays constant throughout the year**, peaking in March, the **total number of transactions rises at the end of the year**, as do the average ticket size and total transaction value

Source: Aggregated and anonymized Mastercard transaction data

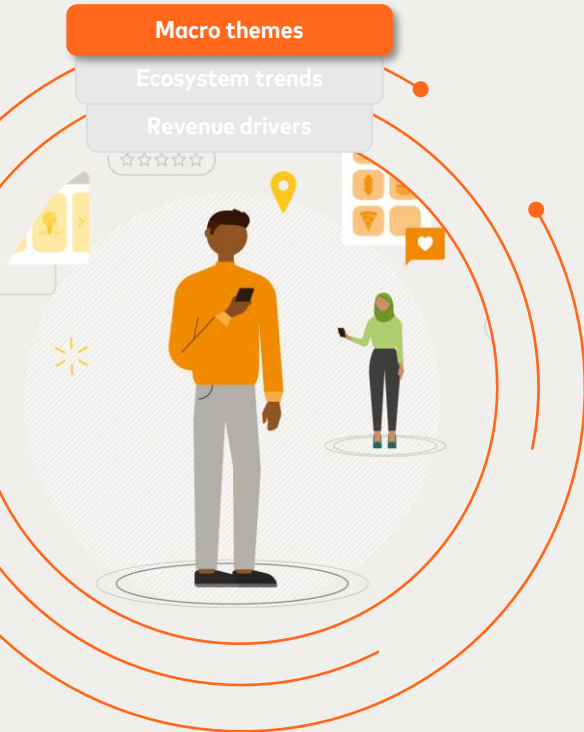


# 02

Ecosystem trends  
shaping e-commerce



## A changing world is reshaping e-commerce | E-commerce is evolving under key transformation forces redefining the global landscape



### Economic uncertainty

In response to global disruptions and economic volatility, companies are rethinking supply chain strategies. **Friend-shoring and nearshoring are gaining traction** to improve flexibility and reduce reliance on distant suppliers. Meanwhile, as **consumers become more cautious about their disposable income**, businesses must adapt their e-commerce offerings to shifting demand.

### Digitization & AI

**The line between the digital and physical worlds is fading**, with activities like booking taxis and paying via apps becoming seamless. Mobile commerce is driving this shift, as **consumers engage** with retailers **via smartphones**. AI-driven solutions are transforming **personalization in e-commerce**, tailoring experiences to individual preferences and **reshaping consumer behavior**.

### Market consolidation

**Online marketplaces** are rapidly expanding, overshadowing small retailers by **offering a one-stop-shop for consumers**. This shift is pushing more businesses and shoppers into the digital world, **reshaping retail dynamics** and setting new expectations for competition and innovation. Additionally, these platforms reduce entry barriers and intensify price competition.

### Sustainability

Consumers are increasingly **aware of the environmental impact of their choices**, driving demand for sustainable products. They **expect greater transparency and the integration of sustainable practices** throughout supply chains, influencing how retailers operate and driving increased accountability and eco-friendly innovation.

## Key trends are emerging within the ecosystem | Shifting consumer behavior is steadily redefining the rules and expectations of e-commerce globally



### CONSUMERS ARE TRADING DOWN

Economic uncertainty and inflation are driving consumers to trade down, increasingly **opting for second-hand platforms alongside discount retailers and marketplaces**, often from outside of Europe, for more affordable options.

### LOGISTICS ENVIRONMENT IN TRANSITION

Consumers are driving the **shift toward new logistics models, seeking out-of-home delivery options** for greater convenience, flexibility, and cost-effectiveness in their e-commerce experiences.

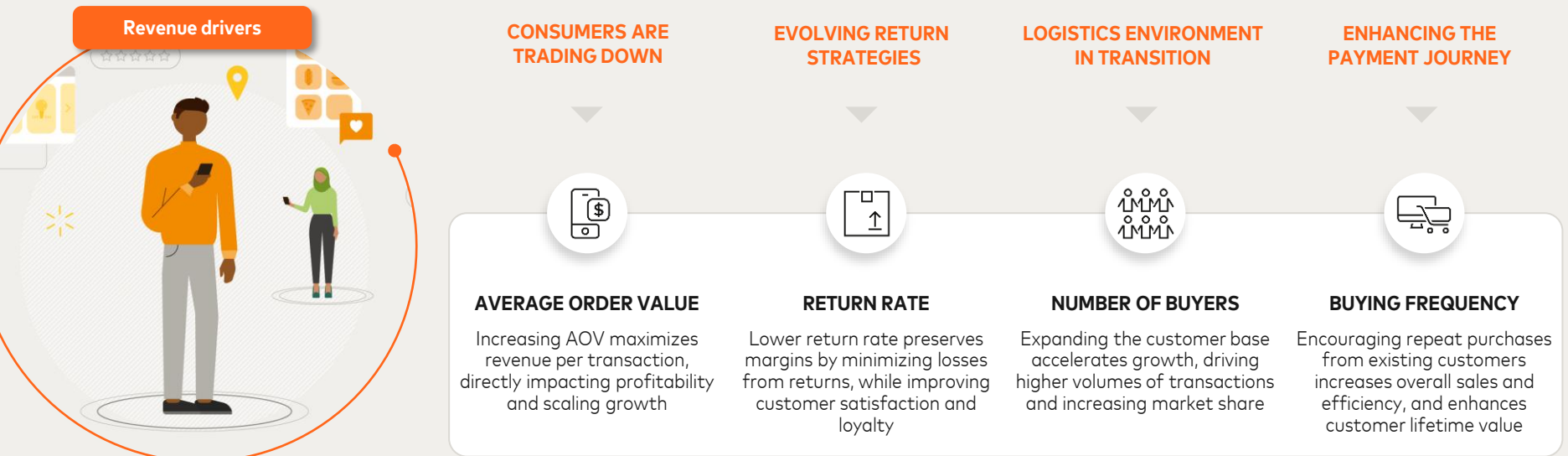
### EVOLVING RETURN STRATEGIES

**Increasing return rates and cost pressures** are pushing retailers to **refine their return strategies** by introducing stricter policies and return fees, while also focusing more on consumer education.

### ENHANCING THE PAYMENT JOURNEY

Consumers are increasingly prioritizing secure, fast, and convenient **mobile-first shopping experiences, favoring instant and seamless checkouts** through virtual cards and digital wallets.

## Revenue drivers powering success | Each ecosystem trend impacts a key revenue driver that retailers must monitor and optimize to drive success



*Other factors, such as conversion rate and effectiveness of sales channels, also influence the e-commerce revenue*

Note: The revenue drivers are assessed from online retailers' perspective

## Consumers are trading down | More and more consumers are opting for affordable alternatives, embracing second-hand platforms and discount marketplaces

### Shift toward affordable alternatives

As **rising costs reshape spending patterns**, consumer purchasing behavior is **shifting**. While demand for essential goods remains steady, discretionary categories with varying price and quality tiers are **seeing a “trading down” trend**, with consumers **shifting toward more affordable choices**.

### Rise of second-hand platforms

**Driven by affordability and sustainability**, the **second-hand e-commerce market** (re-commerce) in Europe is **experiencing notable growth**. Fashion is emerging as the dominant category, representing 45% of purchases in 2024. The growing interest in pre-owned goods is particularly pronounced among younger generations.

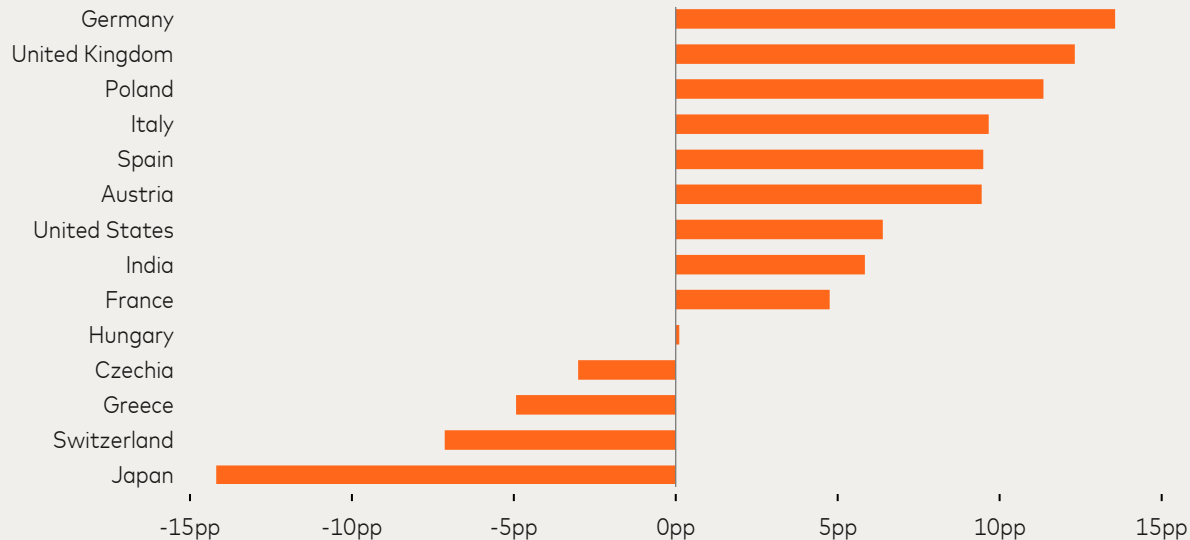
### Growth of online discount retailers and marketplaces

**Asian online discount retailers and marketplaces are rapidly expanding in Europe**, driven by low prices and social commerce. **While Germany is less affected** due to strong local competitors and a preference for quality over price, **other markets are experiencing disruptions** as consumers **opt for ultra-low-cost alternatives**.



## Consumers are trading down | Mass-market apparel spending is growing faster than luxury apparel spending in several European countries and worldwide

YTD spending growth differential, mass vs. luxury apparel across selected countries, 2024 Q1-Q3, percentage points

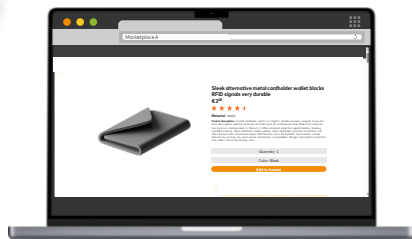


### Key Takeaways:

- Across most of the analyzed countries, **spending on mass** apparel brands is **growing faster than** on **luxury** apparel brands
- This trend reflects a “trading down” behavior, particularly evident in Europe, where **consumers are prioritizing affordability** over premium offerings
- **Japan and Switzerland are notable exceptions**, where luxury apparel is gaining traction, driven by factors like local economic conditions and international visitor spending

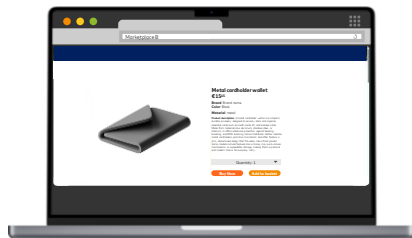
## Consumers are trading down | Surge in low-cost imports raises safety and compliance concerns across the EU

**5x** more expensive on the incumbent's platform than on the disruptor marketplace, an example product highlights the stark **price difference** between two major marketplaces<sup>1</sup>



**Marketplace A**

**€ 3.08**



**Marketplace B**

**€ 15.45**

**Disruptor marketplaces**—sometimes originating from Asia—are **rapidly gaining traction in Europe**, often offering **identical products** at a fraction of the price. Several factors contribute to the price difference:



**Business model** – Disruptor marketplaces operate with minimal markups, while resellers on the incumbent's platform factor in higher margins and fees



**Positioning** – The incumbent's resellers invest in branding and marketing, often printing their brand name on the products



**Operational costs** – The incumbent's strong return policies and consumer protection contribute to higher operational costs, driving product prices



**Logistics** – The incumbent platform enables fast delivery with local warehouses, while disruptor platforms ship directly from manufacturers, resulting in longer wait times



The rapid **expansion of Asian e-commerce giants is reshaping Europe's retail landscape**. According to the European Commission 'many of these goods have found to be non-compliant with European legislation' — **raising safety, ethical, and legal concerns**. In response, the **EU is introducing stricter measures** across three key areas: customs & trade regulations, consumer protection laws and digital regulations.

Source: Mastercard research, European Commission

Note: <sup>1</sup>This analysis, conducted using publicly available data as of February 2025, compares the same product—defined by identical descriptions, images, and product details—across two distinct marketplaces



## Evolving return strategies | High return rates are reshaping e-commerce

In the 2010s, some online retailers **adopted lenient return policies to attract customers, build trust, and foster loyalty** by encouraging more purchases. However, taking various factors into account, they are now **revising these policies or finding ways to reduce return-related costs**.

**31%** of German e-shoppers **returned a clothing item** that they purchased online in 2024

**High return rates pose significant challenges**, particularly in industries like fashion, where clothing is frequently sent back for being the wrong size and fit, or looking different in-person. Returns are costly, disrupt logistics, and reduce profit margins for retailers. Among these challenges, **fraudulent returns — such as wardrobing and bracketing — have the greatest impact**.

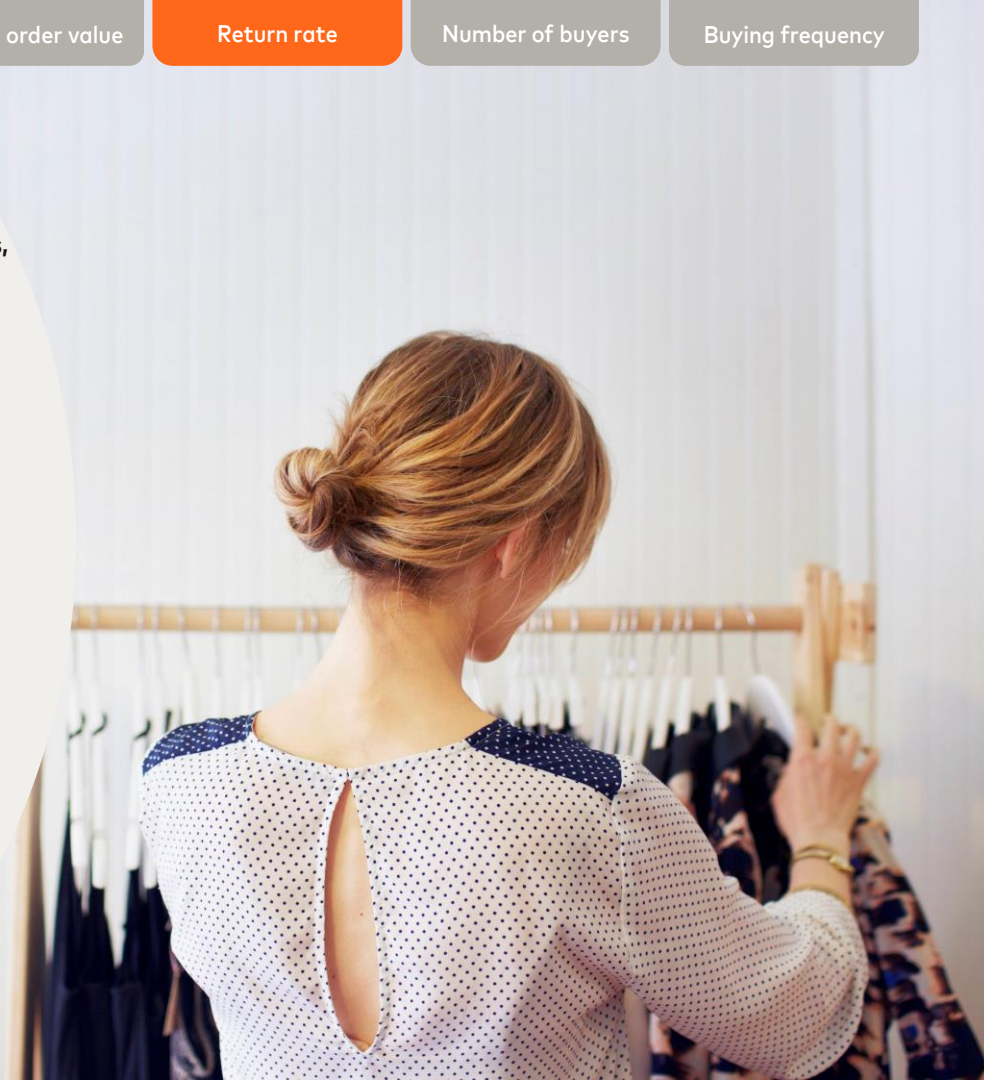


**Wardrobing** is the act of purchasing a clothing item, wearing it once and returning it as unused



**Bracketing** is when shoppers order multiple sizes and colors of an item, with the intention of returning most of them

Source: Statista, Datos Insights, Naval Research Logistics



## Evolving return strategies | While a strong return policy builds customer trust, some brands aim to reduce return rates without compromising the customer experience

Costly and fraudulent returns are **prompting retailers to implement stricter return policies**, with various strategies being employed to combat high return rates.



### RETURN PERIOD REDUCTION

Return periods that were once permissive, such as 100 days, are now being shortened to 60 or even 30 days



### RETURNLESS REFUNDS

For low-cost items, retailers often opt to issue refunds without requiring the return of goods to save on shipping and handling costs



### RETURNS FOR A FEE

To discourage fraudulent returns, some retailers now charge for returns instead of offering them for free



### CONSUMER EDUCATION

To reduce return rates, some retailers are implementing size guides, product videos, and even leveraging virtual reality

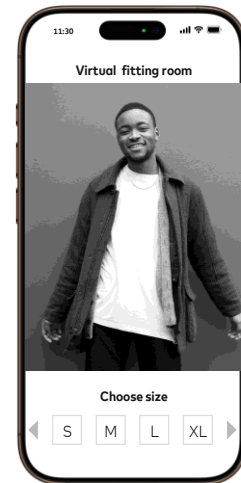
**40%** reduction in return rates with the virtual fitting room technology during pilot testing



### Virtual fitting room utilizing a 3D avatar based on body measurements

Virtual fitting rooms are one of several **emerging solutions aimed at reducing return rates** in online fashion retail. These tools allow shoppers to **create a 3D avatar using body measurements** to improve size accuracy and fit confidence.

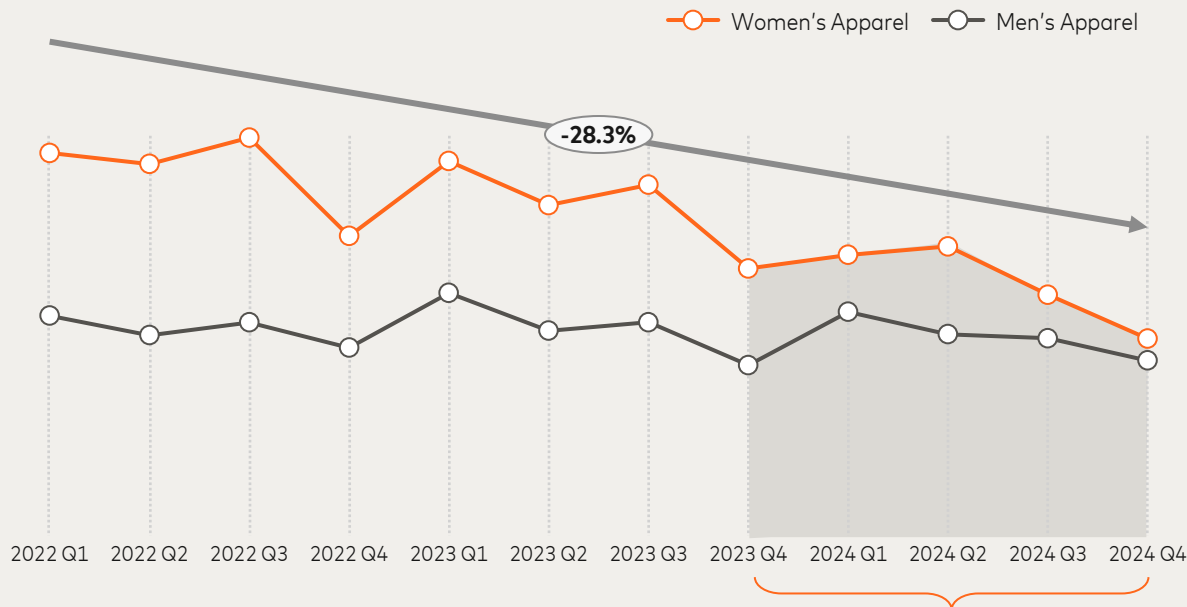
In one example, a **major European fashion retailer introduced** such a feature recently across several markets, built on their **body measurement technology** that launched in 2023. This tool offers size recommendations and has already contributed to a 10% reduction in size-related returns compared to products without a guided sizing option.



Source: Mastercard analysis, Zalando

## Evolving return strategies | As several retailers adopted stricter return policies, the return rates experienced a decline in 2024

Return rate in Germany, women's and men's apparel, 2022 Q1–2024 Q4, %

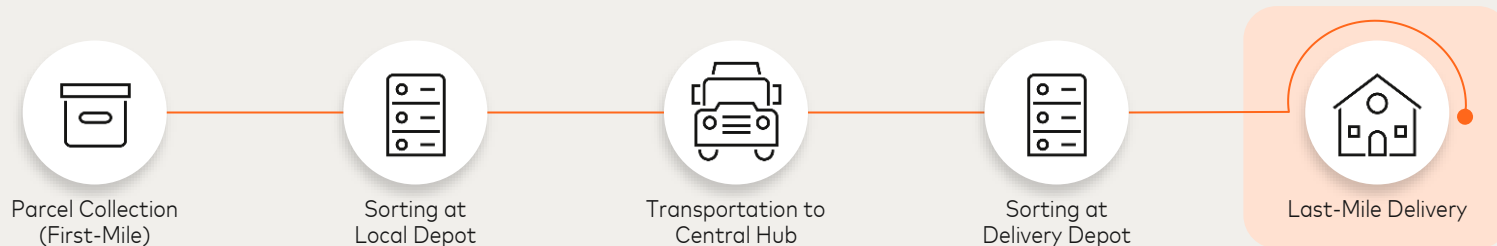


### Key Takeaways:

- **Return rates** for both women's and men's apparel **declined across all quarters from 2023 to 2024**, with a more significant drop in women's apparel, where the **average yearly return rate decreased by ~6%**
- This trend underscores how **stricter return policies**, combined with **enhanced product information** and the use of **virtual tools**, are **driving consumers** to make more **informed and confident purchasing decisions**

Source: Aggregated and anonymized Mastercard transaction data

## Logistics environment in transition | Rising pressure on logistics networks is driving a shift toward out-of-home delivery models



The rapid **rise of e-commerce during the COVID-19 pandemic has led to an unprecedented increase in parcel shipments, creating pressure on logistics networks.** Consumers expect seamless delivery experiences—fast, predictable, cost-effective, and sustainable—challenging traditional delivery models. One of the **most complex and resource-intensive aspects of logistics, last-mile delivery** faces increasing inefficiencies due to fragmented drop-offs, urban congestion, and failed delivery attempts.

To **address these challenges, logistics providers are increasingly adopting OOH<sup>1</sup> delivery models.** While PUDO<sup>2</sup> points remain a viable option, **APMs<sup>3</sup> are emerging as the dominant scalable solution.**

**For online retailers, the key is to offer a diverse range of delivery options** that not only enhance flexibility and operational efficiency but also drive higher basket conversion rates, maximize first-time delivery success, and elevate the overall customer experience.

**90%** of Europeans **have abandoned** an online purchase due to the **lack of a preferred delivery option**

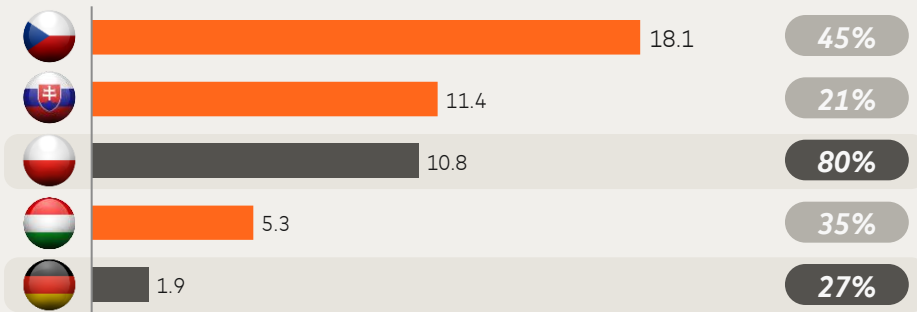
**42%** of online shoppers choose where to shop based on the **delivery options available**

**33%** increase in the **number of OOH points** in Europe from 2020 to 2023

## Logistics environment in transition | APMs boosting reach, efficiency, and parcel volumes

APMs<sup>1</sup> have become a pivotal solution in optimizing last-mile delivery, with their rapid expansion offering a more efficient alternative to traditional methods. For online retailers, APMs drive down logistics costs, streamline operations, support sustainability efforts, and increase customer loyalty, all while expanding market reach and simplifying reverse logistics. Additionally, APMs provide significant advantages to consumers, enhancing their overall experience and satisfaction, which further benefits retailers by fostering long-term engagement.

Total number of APMs per 10,000 inhabitants in selected Central European countries, in 2024, #



The highlighted countries suggest different logistics models emerging.

Source: Mastercard research, Last Mile Experts

Note: <sup>1</sup>Automated parcel machine, <sup>2</sup>Share of respondents who enjoy using APMs, by indicating their answers as 'it is cool', 'I like it', based on Mastercard consumer research conducted in 2025

### CONSUMER BENEFITS



#### Convenience

24/7 pick-up and drop-off availability ensures seamless access and expands coverage



#### Fulfillment

Streamlined logistics reduce delivery times and improve overall shipping efficiency



#### Cost savings

Consolidated deliveries lead to lower consumer delivery costs



#### Security

Minimized risk of theft or damage through controlled access



#### Returns

Simplified return process with easy-to-access drop-off points

## Logistics environment in transition | Consumer expectations shape delivery options in Europe, with two distinct models prevailing

>50%

of German and Polish e-shoppers **abandon carts** if their preferred delivery option is unavailable

**Flexible delivery options are key to reducing cart abandonment**, as high shipping costs, slow delivery, and limited choices drive customers away; online retailers must clearly communicate costs and offer diverse delivery options to retain buyers with unique needs. **Local preferences vary and understanding them helps retailers optimize delivery and boost satisfaction.**

2 out of 3

German consumers cite **home delivery as a key driver** for online shopping

4 out of 5

of Polish consumers **prefer APMs** as last-mile delivery



### Poland positions APMs as a key solution for e-commerce delivery

Polish e-shoppers are increasingly **turning to alternative parcel delivery methods** for their convenience, flexibility, and 24/7 accessibility. This ongoing consumer shift has significantly accelerated the **rollout and adoption of APM networks** across the country.

As expectations for seamless, efficient, and user-friendly delivery experiences continue to rise, **logistics providers that invest in APM infrastructure are emerging as key players** in shaping Poland's dynamic, fast-growing, and highly competitive e-commerce logistics landscape.



### Germany leads in at-home delivery logistics with focus on speed

German consumers increasingly value delivery features such as free shipping, real-time tracking, and easy returns. The market continues to **diversify with a range of delivery options designed to meet evolving consumer needs**, including same- and next-day delivery, weekend availability, and an expanding parcel locker network.

To meet these expectations, retailers are turning to **logistics partners with broad, flexible service offerings**. Those with strong infrastructure and diverse capabilities are becoming trusted enablers of consumer-focused e-commerce logistics in Germany.

## Enhancing the payment journey | Tokenization and virtual cards simplify payments, providing a seamless, streamlined, and secure payment flow

Mobile commerce is no longer just a segment of e-commerce — it is becoming the dominant force. In Europe, nearly 50% of all e-commerce transactions now originate from mobile, a share that continues to rise. **Consumers are making a clear shift toward mobile-first shopping**, demanding secure, convenient and fast payment experiences. **From virtual cards to digital wallets, they prioritize instant, frictionless checkouts** that are fundamentally:



### Virtual card

Virtual cards are **unique card numbers linked to a credit or debit account**, offering the same capabilities as physical cards. Many consumers adopt them as an **added layer of security** — often in place of their primary card — to better manage spending and reduce exposure to fraud.

#### Use Case:

A key type is the **one-time virtual card**, created **for single-use transactions**, particularly **with unfamiliar or international retailers**, providing an added layer of security to reduce fraud risk.

### Digital wallet

Digital wallets **securely store digital versions of cards, credentials, and payment information**. Using tokenization, they **replace sensitive card details with encrypted tokens**, enhancing security. Digital wallets can integrate various payment methods, including virtual cards.

#### Use Case:

By enabling registered and guest checkouts, digital wallets **eliminate the need for manual card entry**, streamlining the payment process and enhancing the overall customer experience.



## Enhancing the payment journey | Digital wallet payments in Central Europe tripled between 2022 and 2024, further accelerating the growth of mobile commerce

**3x** The number of **digital wallet transactions** in e-commerce **tripled** between 2022 and 2024 in Central Europe



In today's e-commerce landscape, **mobile-friendly payments are essential**. Digital wallets, like Click to Pay, are transforming transactions — making them fast, convenient, and secure. For retailers, adopting digital wallets is a strategic way to **increase conversions, drive repeat purchases, and enhance customer experience**. By integrating digital wallets, retailers can streamline the checkout process, reduce friction and eliminate manual inputs.



### Digital wallet implementation increases buying frequency

Mastercard analysis at a selected retailer that **introduced a digital wallet brand in 2023** found that shoppers who made **online purchases in the 12 months prior** (using any card method) and then used **the digital wallet in the following 12 months** displayed the following behavior:



**Over 80%** of shoppers **increased their online purchase frequency**, with more than half of them doubling it at the selected retailer



**Over 70%** of shoppers **increased their average ticket sizes** per transactions, compared to twelve months earlier



**Over 50%** of shoppers now make **more online purchases** than they previously made across both online and in-store channels combined

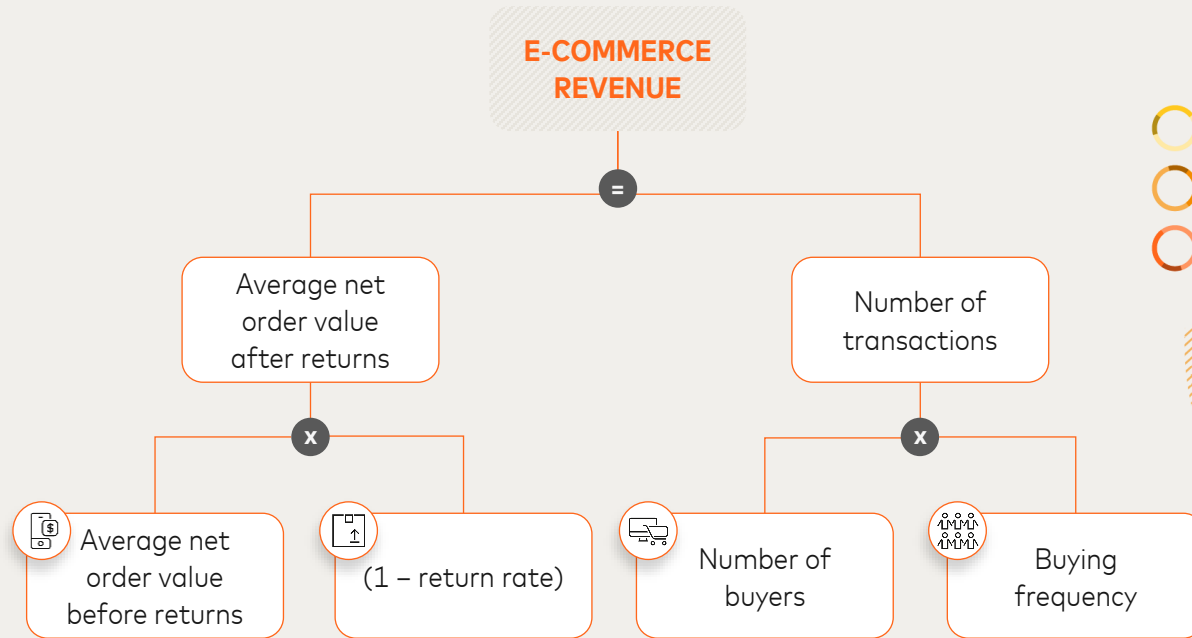
The analysis shows that **digital wallets boost online transactions**, raise average spend, and improve conversion by enhancing convenience.

# 03

## The tale of three market players



## Building blocks of e-commerce revenue | The e-commerce revenue equation provides a coherent framework to capture competitive dynamics between market players



Source: ECDB analysis

## Introduction to the tale | The player types help illustrate how the elements of the revenue equation come into play

To better understand performance dynamics, we **analyze the key components of the revenue equation** across **different types of players (categorized as mass incumbents, traditional champions, and high-growth entrants)** on the **German online fashion market**. Germany, as the largest market in the region, offers a representative landscape, while the fashion industry stands out as one of the most complex sectors due to the influence of fast fashion, high return rates, and shifting consumer trends. The analysis is based on **anonymized benchmarks used for illustrative purposes**, to ensure confidentiality, while **highlighting relevant patterns and differences across players**.



### Mass incumbents

**Mature players with average performance**

Modest growth rate, with average unit economics



### Traditional champions

**Established players with dynamic performance**

Modest growth rate, with unit economics above market



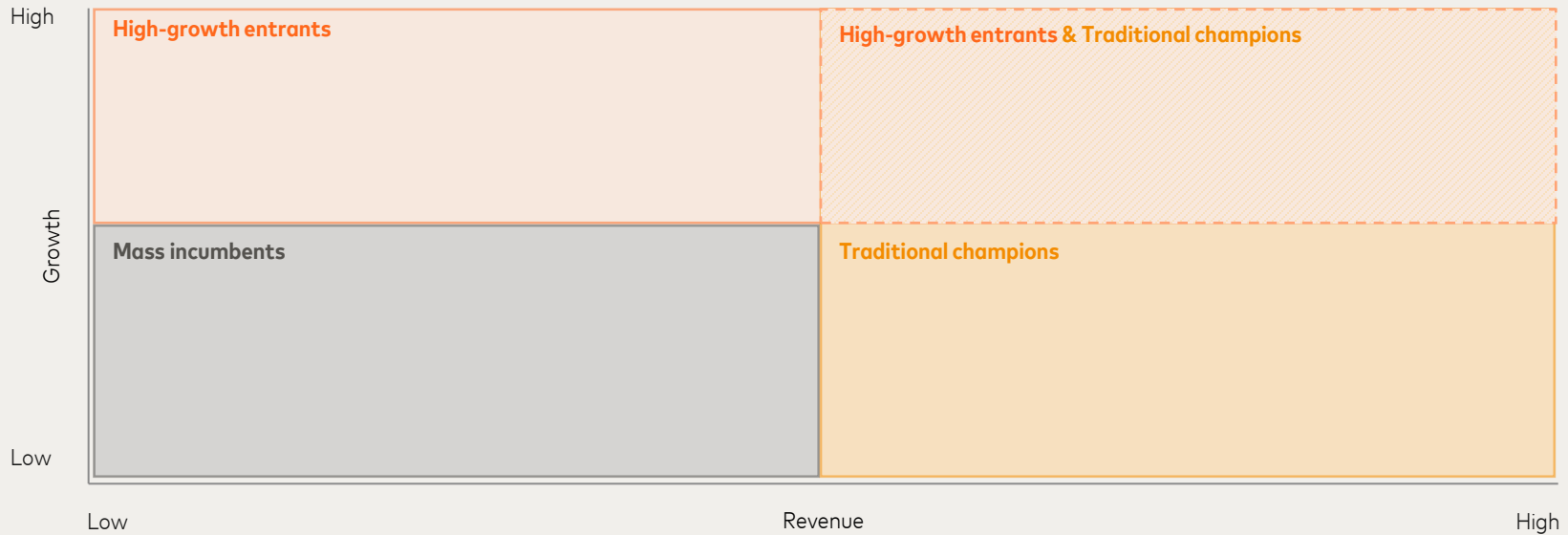
### High-growth entrants

**Rising players with dynamic performance**

High growth rate, with advancing unit economics

## Positions on the market | The three player types occupy distinct positions on the German fashion market, driven by their unit economics and growth rates

The playing field for e-commerce retailers on the German market

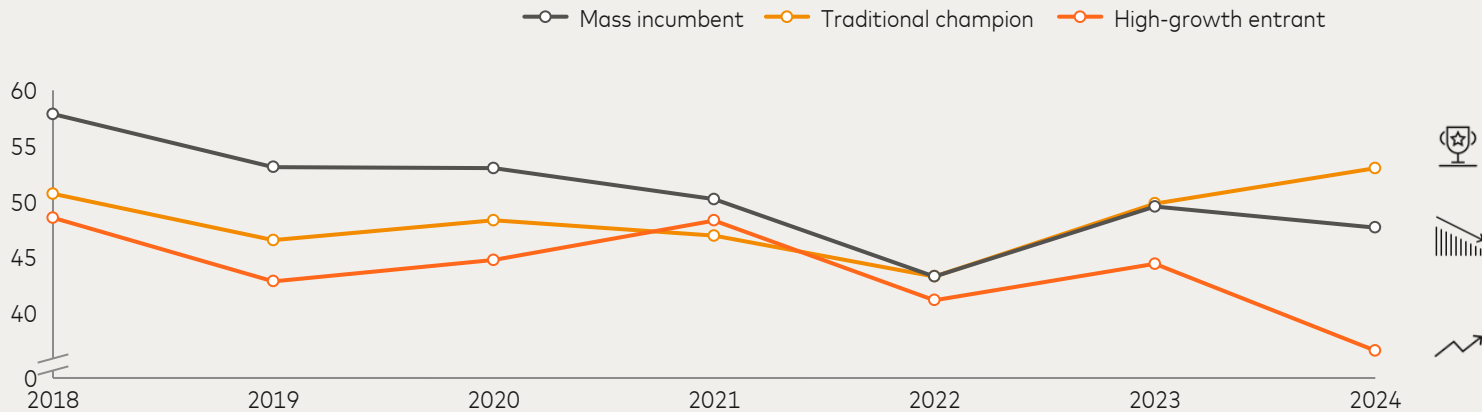


Source: ECDB analysis

## AOV driven by target consumers | The AOV varies across the player types, with lower values for budget-focused brands and higher values for premium offerings

Average net order value development for the three player types on the German fashion market per year, 2018-2024, EUR

ILLUSTRATIVE



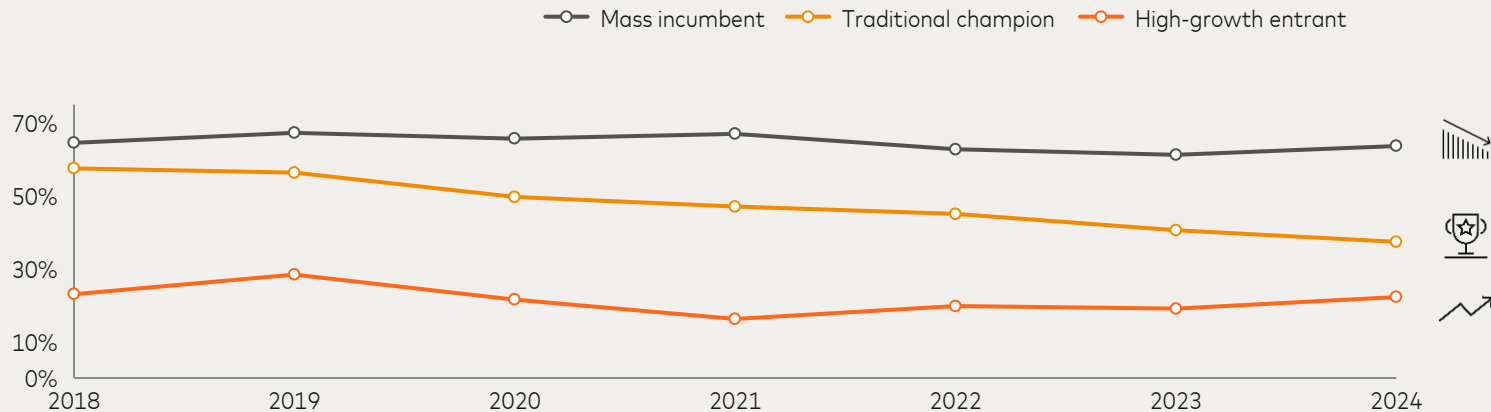
- The **high-growth entrant** started to focus on cheaper products, resulting in a **lower average order value**
- Meanwhile, the **mass incumbent** player bounced back to a **higher order value** after 2022

Source: ECDB analysis

## Impact of differing return policies | Return rates vary; the traditional champion reduced returns by enhancing customer experience and fit information

Return rate development for the three player types on the German fashion market, 2018-2024, %

ILLUSTRATIVE



- The **high-growth entrant** had the **lowest return rate** throughout the years, driven by **lower order values**, **high return prices** and a **shorter return window** that discourage consumers from sending products back
- While the **traditional champion** noticed the issue with a high return rate and **slowly improved its return** policies, the **incumbent** has experienced a **very high return** rate throughout all the years

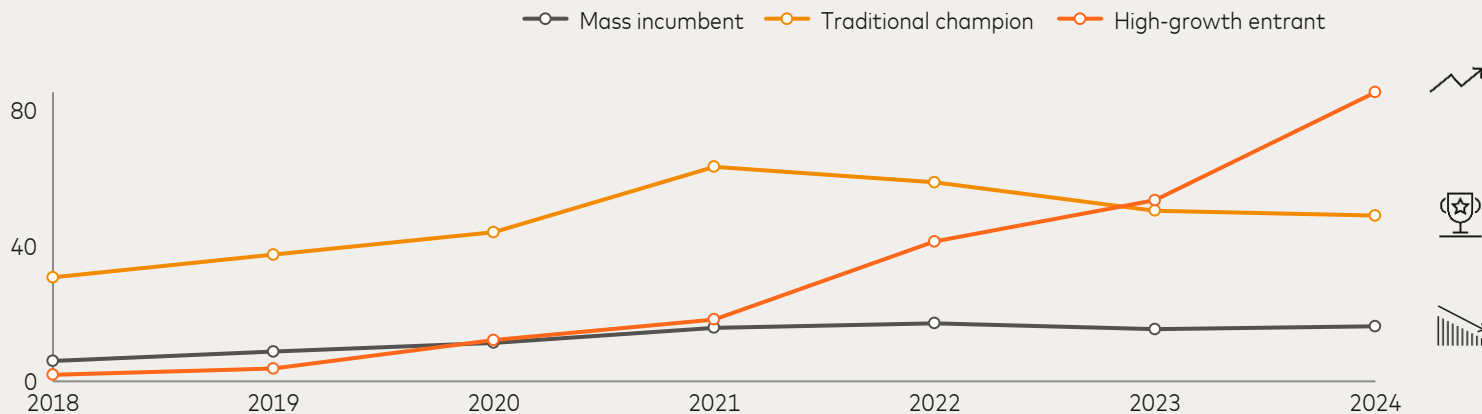
Source: ECDB analysis



## Transaction number shifts | The high-growth entrant is seeing explosive growth, while the traditional champion has stable transaction numbers

Number of transactions for the three player types on the German fashion market per year, 2018-2024, million #

ILLUSTRATIVE



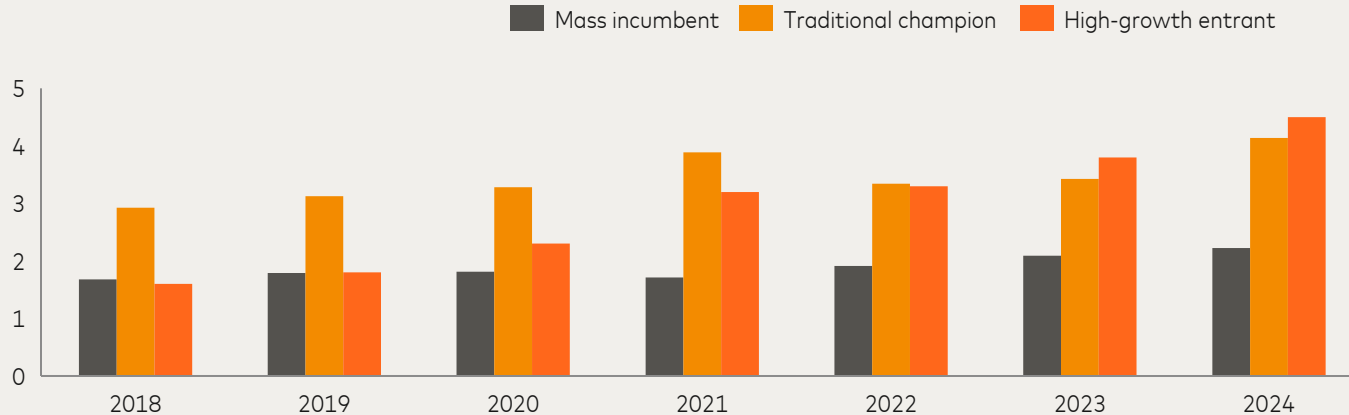
- The **number of transactions** for the high-growth entrant **drastically increased throughout the years, outpacing its competitors** due to a model that emphasizes constantly changing stock, frequent new arrivals, and competitive pricing
- The growth of the **traditional champion accelerated due to the pandemic**, however, transaction numbers have declined as average order value increased

Source: ECDB analysis

## Changes in buying frequency | While the traditional champion experienced a gradual rise in purchasing frequency, the high-growth entrant doubled its rate

Buying frequency for the three player types on the German fashion market per year, 2018-2024, #

ILLUSTRATIVE



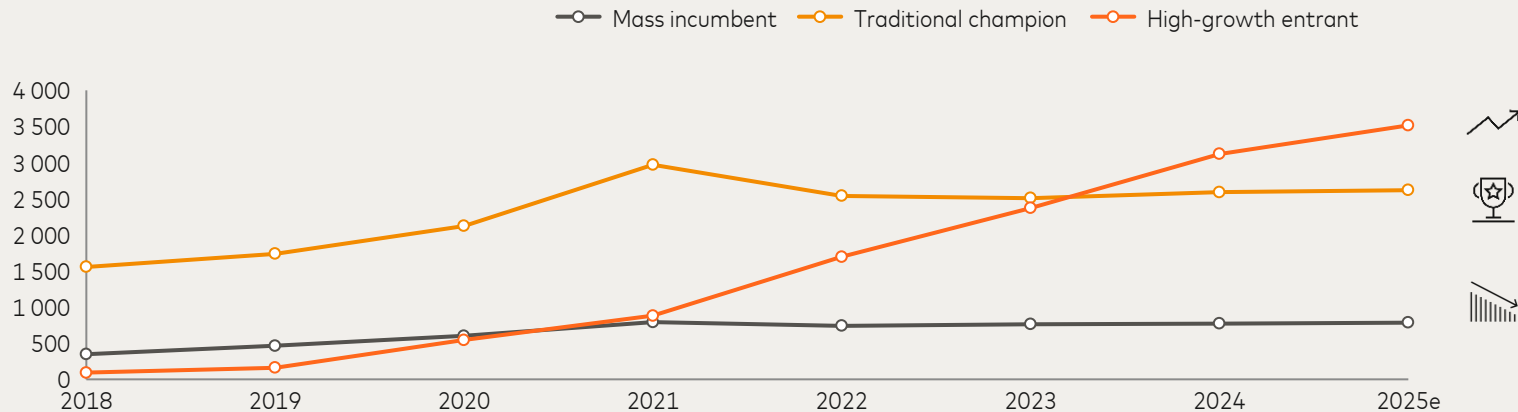
- The high-growth entrant **continuously improved its purchasing frequency** throughout the years, **overtaking slower-moving competitors** and reaching **4.5 purchases** per customer a year, driving a higher degree of loyalty among customers
- While the **traditional champion slowly increased** their values, the **mass incumbent was unable to keep up**

Source: ECDB analysis

## Determining the leader | Overall, the high-growth entrant is outpacing the competition, driven by strong performance in key metrics

Revenue development for the three player types in the German fashion industry in net values, 2018-2025e, EUR million

ILLUSTRATIVE



- The **high-growth entrant increased its revenue significantly** from 2018, overtaking the traditional champion by 2024
- The **mass incumbent doubled its revenue** from 2018 to 2024, while the **traditional champion faced stagnation** in the post-COVID years

Source: ECDB analysis

## Key learnings from the tale | Sustainable growth demands balance across core performance metrics

### Growth drivers



#### High frequency beats high order value

Winning players might succeed not by selling more per order, but by driving more frequent purchases



#### Fast trend responsiveness fuels engagement

Offering trend-driven, constantly updated assortments keeps shoppers coming back



**Mobile-first, frictionless shopping experience** helps convert and retain high volumes of users efficiently

### Customer behavior



#### Winning means bringing people back

Buying frequency and consumer loyalty matter more than just acquisition



#### Know your customer – and price accordingly

Align pricing and product selection with your brand and customer expectations, especially during trading-down trends



**Low AOV and high returns can indicate disengagement**, but their impact depends on context like growth momentum and purchase frequency

### Strategy into action



#### Low return rates are a competitive advantage

They protect margins and signal product-market fit



#### Quick adaptation pays off

Players who refine logistics, provide sizing tools and product info, and offer a selection of payment methods reduce returns and improve retention



#### The cost of inaction

Players that fail to respond to shifting customer behavior and performance signals risk losing relevance and growth



#### Growth requires balance across key KPIs

Focusing on a single metric—like transactions, AOV, or return rate—can give a false sense of success. Sustainable growth comes from managing volume, value, and efficiency together, ensuring that no single area drags performance down. In addition to revenue equation components, other performance metrics like conversion rate and customer engagement are equally important for overall success, indirectly impacting revenue.

# 04

## Future outlook and opportunities



## Navigating the future | E-commerce growth is expected to stabilize, influenced by economic uncertainty, advancing technologies and shifting consumer expectations

### Market growth

The e-commerce market **remains on a growth trajectory**, but at a **slower pace as the sector stabilizes**. In larger, more developed markets like Germany, growth is slowing due to market saturation, while countries such as Hungary, Poland, and the Czech Republic are expanding at a faster rate. The current **economic uncertainty** may impact overall growth across the region. **Cross-border commerce remains important**, particularly for smaller markets where consumers seek broader product choices and competitive pricing.

### Market consolidation

As competition intensifies, **market consolidation might accelerate**. Larger players are adopting hybrid models, selling their own products while also hosting third-party sellers. This trend may lead to a **more concentrated market** in some countries, but it may also **offer opportunities for niche businesses** to thrive by focusing on specialized sectors or innovative approaches. In this environment, smaller players will need to differentiate themselves to maintain relevance and compete effectively.

### Digitization and technology advancements

Digital transformation is impacting multiple aspects of e-commerce. Enhanced **payment solutions, AI-driven personalization**, and logistics automation are becoming essential for businesses aiming to improve efficiency and gain a competitive edge. Companies that adopt these technologies, while **harnessing data to better understand customer behavior and streamline operations**, will likely lead the market and deliver enhanced customer experiences.

### Consumer expectations

Consumer expectations are shifting due to economic uncertainty, with many **trading down for more affordable options**. At the same time, the **demand for sustainable products** and eco-friendly practices is growing, reflecting a shift toward responsible consumption. Convenience also plays a key role, as **consumers seek seamless shopping experiences, faster delivery, and easier returns**. These trends will continue to influence business strategies and interactions with customers.

## Seizing the moment | Tapping into key e-commerce opportunities enables businesses to drive growth, enhance customer experiences, and stay ahead of the competition



### Consumer-centric growth

**Opportunity:** Adapt to evolving consumer expectations by addressing price sensitivity, prioritizing convenience, and integrating sustainable practices



### Expanding reach

**Opportunity:** Expand reach and visibility by optimizing mobile experiences, partnering through collaborations, and leveraging marketplaces to diversify sales channels



### Leverage technology

**Opportunity:** Use technology, data, and automation, such as AI recommendations, data-driven personalized customer experiences, and automated logistics, to stay competitive

## Boosting customer experience | Retailers should leverage diverse tools across the customer journey for sustained growth

To respond to **evolving e-commerce trends**, online retailers can **use tools across four key stages of the online shopping journey**: Brand Awareness, Browsing Process, Purchase, and Post-Purchase. Each stage offers opportunities to **improve KPIs like order value, conversion rates, cart abandonment**, boosting engagement and driving sustainable growth through seamless customer experience.



**Brand Awareness**



**Browsing Process**



**Purchase**



**Post-Purchase**





## Boosting customer experience | Optimizing the customer journey with personalized, seamless, and transparent experiences boosts conversion, retention, and loyalty



### Brand Awareness

Strong **brand awareness drives customer acquisition and traffic growth**, directly boosting revenue potential. To expand their reach and stay top-of-mind, retailers invest in **digital marketing** like SEO and social media, supported by offline efforts such as billboards and flyers.

**Brand-building tactics**—like influencer partnerships, collaborations, and event sponsorships—**further enhance visibility, trust, and engagement**, helping to increase both traffic and conversion rates.



### Browsing Process

**Improving the browsing experience** is key to guiding customers **from interest to purchase**, boosting engagement and sales.

**Personalized recommendations, live chat, and responsive support** reduce drop-off and build trust. Interactive features like **360° views and virtual try-ons** enhance product confidence, especially in fashion.

These tools collectively **boost satisfaction, conversion, and retention**.



### Purchase

A **smooth and seamless purchase experience** is key to reducing cart abandonment and building trust. A clear, convenient checkout process **encourages customers to complete transactions** with confidence.

Offering **diverse payment options** and a **user-friendly flow** minimizes friction, while customer reviews support informed decisions. Flexible delivery through multiple shipping partners adds convenience and reliability, **increasing the chance of repeat purchases**.



### Post-Purchase

Post-purchase efforts are essential for **reducing churn and boosting repeat purchases**. A positive experience after checkout builds trust and long-term satisfaction.

**Order tracking and clear communication** reduce uncertainty and inquiries. Reliable return policies and accurate product info help cut return rates without compromising the experience.

**Post-purchase emails, retargeting, and loyalty programs** drive repeat purchases and strengthen customer relationships.

## About this white paper

*Mastercard believes that privacy must be embedded into the design of every one of our products and solutions. We employ a set of rigorous standards to ensure the protection, safety and security of data within Mastercard, our partners and our vendors. At Mastercard, Privacy by Design, data responsibility and best-in-class technology and cybersecurity are at the heart of our trust strategy.*



## Authors | Mastercard and ECDB, providing key insights into the Central European e-commerce market



Mastercard is a **global technology company** in the payments space, powering an inclusive digital economy that benefits everyone, everywhere. Operating in over 210 countries and territories, Mastercard enables individuals, businesses, financial institutions, and governments to thrive through **secure, seamless, and innovative transactions**. With multi-rail capabilities and a commitment to doing well by doing good, Mastercard **drives sustainable growth and financial inclusion**.

**Mastercard Advisors** helps businesses enhance performance, elevate experiences, and drive innovation through **data-driven insights** and **strategic solutions**.



### ECDB

ECDB is a **comprehensive platform** that provides valuable **data and insights** into the **global e-commerce market**. It offers detailed information on **online stores**, their **performance**, **sales data**, and key **industry trends** across various regions and categories.

ECDB delivers actionable insights to **help optimize e-commerce strategies**, **identify growth opportunities**, and stay ahead of market trends. By leveraging robust data, ECDB supports decision-making and provides a **deeper understanding of the e-commerce landscape**.

## Glossary | The perimeter of the analysis is defined as online retail of physical goods with a B2C focus in Central Europe

### Definition of e-commerce for the purpose of this white paper

E-commerce revenue refers to the annual gross income generated from **the sale of physical goods through online stores, marketplaces** (including hybrid players, acting both as a marketplace and a shop), **or apps** targeting end consumers (B2C), after deducting returns, allowances for damaged or missing items, and authorized discounts, but **including VAT**. This figure **excludes shipping and payment processing costs**.



### Included in the analysis

- B2C e-commerce (e.g., electronic appliance bought from an electronics retailer)
- D2C e-commerce (e.g., sneakers bought directly from the brand's official website)
- Physical goods (e.g., clothing items, electronic appliances)
- Taxes (e.g., VAT)
- Sales via websites and apps (including individual shops and marketplaces)
- Sales via desktop and mobile devices



### Excluded from the analysis

- Accommodation (e.g., hotel bookings)
- B2B e-commerce (e.g., retailer ordering from wholesaler's website)
- C2C e-commerce and classifieds (e.g., selling used furniture to another individual)
- Travel (e.g., flight tickets)
- Event (e.g., concert tickets)
- Gambling (e.g., betting)
- Ready-to-eat food delivery (e.g., ordering from restaurants)
- Subscriptions (e.g., streaming services)
- Revenues from service fees (e.g., booking fees)



### Countries included in the analysis

- Austria
- Cyprus
- Czech Republic
- Germany
- Greece
- Hungary
- Malta
- Poland
- Slovakia
- Slovenia
- Switzerland

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