



Weekly Briefing

**Greece economy briefing:
The rapid growth of e-commerce in Greece
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The rapid growth of e-commerce in Greece

Summary

This briefing is an overview of the e-commerce in Greece and its rapid growth during the last two years. Main statistics are also presented, as well as latest developments in this sector. It is worth noting, that the increase of online purchases in Greece, due to the pandemic, transformed the Greek market and created many opportunities for small and medium-sized enterprises (SME) as well as startups. This upward trend is expected to continue during the next years.

Introduction

The COVID-19 pandemic and the restrictive measures imposed by the governments changed dramatically the day to day lives of people. This change affected in a large scale the purchasing habits of the consumers. The result was the growth of e-commerce globally. In Greece, during the last years, e-commerce registered a rapid growth. Before the pandemic online shopping was not very popular in the country and the required infrastructure was not developed. However, the lockdowns and the restrictive measures against the pandemic, generated the need to purchase products and services online. Hence, during 2020 Greece ranked first, among other European countries, having the highest rate of increase in online sales compared to 2019.

This rapid e-commerce growth has initiated a transformation to the Greek market. Startups, as well as small and medium companies seized the momentum to become more innovative, more digital and reach a bigger scale of consumers. The government in 2021 took actions and support measures in order to assist the process. However, despite the rapid growth of the sector, Greece has still medium performance in comparison to other Western European countries. Thus, e-commerce in Greece is a sector with plenty of room for growth, which could potentially offer numerous opportunities to local businesses.

Greek e-commerce overview

As already mentioned, during the last two years a rapid growth of the e-commerce sector in Greece has been recorded. This rapid growth was mainly created due to the COVID-19 pandemic and the restrictive measures taken by the government, such as lockdowns or limitation on the number of people permitted inside the shops. It is observed that the pandemic on the one hand matured the consumers who were already purchasing online and on the other created new online customers.

In 2020 Greece registered the highest increase of online sales among European states, compared to 2019. Specifically, according to the annual report on e-commerce conducted by Ecommerce Europe and Eurocommerce, online sales increased in Greece by 77% in 2020, compared to last year, when the total turnover in Europe increased by 10%. This rapid growth of e-sales was the outcome not only of the increase of the purchases among the internet users, but also of the increase of the people shopping online as well. In 2020 internet users increased by 79%, from 76% in 2019 and the percentage of those who make online purchases increased by 19.67% in 2020, reaching 59%, in comparison to 51% in 2019 (1).

Katerina Fraidaki, President of the Board at Greek e-Commerce Association (GRECA), stated that surveys conducted by the Association revealed that 50% of the consumers purchasing online for the first time during the pandemic will continue online shopping (1). Moreover, according to data announced at the 7th Economic Forum of the Hellenic Entrepreneurs Association, in 2021 the e-commerce turnover exceeded 14 bil euros, which was a registered record, and it is expected that in 2022 this number will increase to 20 bil euros. Moreover, 18.000 Greek businesses had a fully developed sales website, and it is expected that in 2022 the number will grow to 30.000 businesses (2).

According to a recent study of the Athens University of Economic and Business completed in December 2021, 5 out of 10 users of the internet had proceed to an online purchase the last 15 days of December 2021. These are the same results with June 2021, which are lower than the 61% registered in December 2020 but double than the percentage registered in December 2019, 26%. Hence, the study reveals that 6 out of 10 internet users are considered online shoppers in Greece. This is a significant growth, however, remains low in comparison to other Western European states where 8 out of 10 citizens shop online services and products (3).

Moreover, according to the same study, in December 2021, at least 1 in 3 online consumers are considered advanced online consumers as 20% of their total purchasing is

conducted online. Further, the online purchases represent 10% of the total purchases of the costumers. The study also breaks down the services and products that the consumers prefer to shop online. In December 2021, the highest percentage is recorded in the category of hotel tickets with 45% and electronic items with 34%. The categories that follow are clothing 20%, toys-gifts-jewelry 17%, personal care items 13%, furniture 13%, stationary 12%, coffee delivery 12%, medicines 7% and groceries-consumables 3% (3).

An important aspect of e-commerce that needs to be also addressed is the preference of the consumers to shop online from companies based in the country or abroad. In 2019, a survey conducted by GRECA, revealed that consumers in Greece prefer to shop from Greek e-shops. In particular, 80% of the consumers declared that they spent more than 50% of their budget in Greek e-shops. Hence, Greek online consumers trust more companies based in Greece (1). However, this could potentially change in the future, when consumers get more accustomed to the online shopping and explore further the international markets.

It should be mentioned that in Spring 2021 the government announced economic support measures for small and medium enterprises. The measures included a grant of 5.000 euros for each company in order to built online presence and access the online markets. During the first round of applications 11.503 applications were submitted with a budget of 53.6 mil euros in total (4). The second round was conducted during the last months of 2021. These support measures aimed to boost the local markets, support SMEs during the pandemic, as well as increase the e-commerce sector in Greece.

However, despite the rapid growth registered, according to Eurostat, in 2021 Greece was at the 19th place, among the EU countries, as far as the amount of internet users that shop online is concerned, which was 69%. The leader country of the e-commerce sector in the EU was Netherlands with 94% of internet users purchasing services or products online, Denkmarr follows with 92% and Sweden with 89%. The countries in the last places of the ranking were Romania with 44% and Bulgaria with 42% (5).

In addition, according to the 2021 Europe E-Commerce Report, Greece in 2020 had medium performance in the infrastructures and logistics sectors, crucial for the growth and sustainability of e-commerce. Such parameters were the logistic performance, ease of doing business, e-government development, internet inclusiveness, postal reliability, economic preparedness to support online shopping, cybersecurity etc. (1). Furthermore, in the beginning of the lockdowns and restrictive measures, the online purchases increased so rapidly that companies could not respond efficiently. This change was addressed by the immediate increase

of the courier companies, as well as the emergence of new technologies and digital systems by numerous startups. In a nutshell, during the last two years the Greek market was majorly transform, by creating new systems that would respond to the needs of the consumers.

E-platforms skyrocketed in the period 2020-2021. An example is the platform efood which from an originally ordering platform involved into a distribution platform. The turnover of the platform in 2020 was 64.4 mil euros, with an increase of 49%, from 43.1 mil euros in 2019. Delivery Hero, the multinational corporation based in Germany, and the parent company of efood, acquired four companies by the Mouhalis group, which included a network of 500 sales points, like mini markets and kiosks, as well as the online platform delivery.gr. The main goal of the company is to develop a system of quick commerce, where the online orders will be delivered in 15-30 minutes. Another, success story is the e-platform Skrutz. The turnover of the Skrutz affiliated stores, in 2021, was estimated to more than 1 bil euros, from 940 mil euros in 2020 and 644 mil euros in 2019. In 2020, Skrutz's turnover was estimated to 38.8 mil euros, an increase of 96% compared to 2019, while the company's profits increased by approximately 146%, to 12.48 mil euros. Wolt was also a platform benefited during the pandemic, with the turnover of the cooperating companies exceeded in 2021 the 100 mil euros (6).

Latest events

Amazon Web Services, in December 2021, decided to invest in Greece 150 mil euros to develop one of its first “Local Zones” outside the US. On 11 February 2022, Amazon Web Services announced the cooperation with the Elevate Greece, an initiative of the state to support startups and innovation in Greece. Through this cooperation Amazon Web Services will support the startups included in the Greek initiative by providing access to services and resources that will enable them to innovate and grow faster. In particular, the startups will have the chance to follow workshops and technical sessions and receive free technical and business guidance from experts. Moreover, B2B companies will be able to use the Amazon’s and Web Services Partner Network and have access to marketing tools and technical evaluations (7).

An important recent development in the online payment sector is the acquirement of 49% stake of Viva Wallet by JPMorgan. Viva Wallet is a Greek startup which provides card acceptance services through its own POS application, Google play devices and hi-tech advanced payment systems in online stores. The company operates in 23 countries across Europe and its value is estimated approximately to 2 bil \$. The investment of JPMorgan’s will

exceed 1.15 bil \$ and the founders of the company Haris Karonis and Makis Antypas, will keep the majority of the stakes, 51.5%. Due to this recent deal the company became first FinTech “unicorn” in Greece, that is when a private startup company has value over 1 bil \$ (8).

The growing trend of online shopping has driven ELTA courier, the subsidiary of ELTA (Hellenic Post), to build its own e-commerce platform. Since the beginning of February, the company has in a trial mode its own digital marketplace with the name ecouriermarket.com. The market of online shopping platforms is very competitive; however according to the company its advantage is that in comparison to other platforms, which charge according to the percentage of the company’s turnover, ELTA Courier will offer an annual fixed subscription. Moreover, the platform will use the already existing distribution network of ELTA Courier, for fast deliveries (9). However, this will not be the only release of a new digital marketplace in Greece. During the following months it is expected that the company Wellcomm of the Marinakis group will release the platform SHOPFLIX.gr (10).

Conclusion

The recent developments in the e-commerce sector in Greece, as well as the rapid growth registered during the last years, evidently show that the country has undergone a major transformation towards a more digital and innovative business sector. For Greece, the pandemic was the driving force behind this transformation. However, despite the speedy increase in online purchases, e-commerce in Greece is still weakly developed. Hence, the next years it is expected that the sector will continue to grow and positively affect the business environment in the country.

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