

Denmark E-Commerce Market - Growth, Trends, Covid-19 Impact, and Forecasts (2023 - 2028)

Market Report | 2023-01-23 | 100 pages | Mordor Intelligence

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Report description:

The Denmark e-commerce market is expected to register a CAGR of 9.2% during the period 2022-2027. The market is primarily driven by advanced infrastructure, high internet penetration, and a growing number of card-based payment systems.

Key Highlights

Denmark is well-positioned for ongoing e-commerce growth. The region is ranked as one of the top five countries to do business with by the World Bank. International merchants find Danish e-commerce logistics and payments easy to get to grips with and set up their regional businesses. Moreover, cross-border transactions take almost a quarter of total e-commerce in Denmark, making the country an attractive proposition for international merchants.

To access potential Danish customers via social commerce, many major market players in the region use digital advertising via Facebook. The shoppable platform has the highest reach among social media users in Denmark. As per Hootsuite, Facebook's potential advertising reach percentage of the total population is 61.8%.

Furthermore, high internet and smartphone penetration in the region is paving the way for the e-commerce market. As per EUROSTAT, 99% of the population has access to the internet in the area.

Moreover, Black Friday has become a key date in the Danish online shopping calendar. Danes expect good discounts over a week-long sale around the last week of November, with the event dubbed 'Black Week' in the country. Black Friday is a huge revenue opportunity for e-commerce businesses in the region.

However, increasing fraud in payments for e-commerce or online shopping can hamper the market's growth in the region. As reported by StatBank Denmark, fraud reported in Danish payments cards in e-commerce was 2,969 in Q1 2021, and it increased to 3,492 in Q4 2021. Since most of the population in Denmark uses card payments as a preferred payment method for e-commerce purchases, increasing fraud can limit card usage in e-commerce purchases.

The COVID-19 pandemic increased online shopping in the region. The increase in sales was present across all categories of

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e-commerce as consumers stayed at home during the COVID-19 outbreak to help prevent the spread of the COVID-19 virus in Denmark. Moreover, many companies have gone online or enhanced their presence due to Covid-19; this goes for B2B and B2C.

Denmark E-commerce Market Trends

Rising Adoption of Card Payments is Expected to Boost the E-commerce Market

The Danish cards and payments market is well developed and continuously growing, with Danes being prolific users of card payments. Consequently, the share of cash payments within total payment volume has consistently declined. Growing acceptance of payment cards by retailers, e-commerce, and the advent of contactless technology has resulted in accelerated use of electronic payments.

Online payments in Denmark are card-based and the most preferred online shopping option. Overseas merchants offer comprehensive card payment functionalities to reach as many consumers as possible and gain market share in the region. Cards dominate the Danish payment mix. Dankort debit cards co-branded with Visa are the most popular. As per HootSuite, credit card penetration in the region with 44.7%, while debit card penetration is 97.4%, mainly due to Dankort, the domestic bank-based card scheme that is free of charge for users. The card is commonly co-branded with Visa, offering international payment capabilities. The Dankort, the national debit card, is just as popular as cash for retail transactions in Denmark.

With a 100% banked population and growing adoption of contactless payments, card payments are anticipated to further displace cash transactions over the coming years. Moreover, as per EUROSTAT, the region has a high percentage of users who bought online goods and services, which increased from 82% in 2017 to 91% in 2021. With the increasing convenience of the card payments system, the e-shoppers and e-commerce market is expected to grow further over the forecast period.

As per Danmarks Nationalbank, the total value of transactions with Danish payments cards in Q1 2021 was 145,929 DKK million. Co-branded Dankort debit card generated the highest value of 100,940 DKK million, followed by the International debit card with 34,515 DKK million. Furthermore, this total value increased to 193,921 DKK million in Q4 2021. The rising adoption of card payments is expected to drive the e-commerce market over the forecast period.

Fashion and Apparel Segment Accounted for the Largest Market Share and is Further Expected to Grow at a Significant CAGR

The fashion segment is Denmark's most popular e-commerce purchase, with "Clothing, footwear, and jewelry" being the number one category. This applies to both sales revenues and the volume of purchases. This is evident because of the popularity of online fashion retailers in the region, where the most popular websites are fashion retailer companies.

The German clothing giant Zalando is a famous market participant in Denmark. The company launched its second-hand service Zircle on the Danish market in 2021, which further boosted the sales of clothing and footwear in the region, growing the demand for the fashion and apparel segment in Denmark.

With the increasing demand for fashion and apparel products, new players are emerging in the region to gain market share. One such player is the online platform The Founded. The Founded was created by the Danish fashion company Bestseller Group. The Founded offers sales of several fashion brands, including clothing from Jack & Jones, Only, and Vero Moda. The Founded replaces the company's former online store Bestseller.com.

Streaming services and social media platforms like Facebook, Instagram, Spotify, and YouTube are becoming increasingly popular for fashion-related advertisements, mainly aimed toward younger consumers. Since the country has high internet penetration, the advertisement conversion into sales is significantly higher, increasing the sales of fashion-related products in the country.

As per Statistics Denmark, sales turnover of clothing in Denmark was 2,403 DKK million in the first quarter of 2021, which increased to 5,203 DKK million in the third quarter of 2021. The rise in sales turnover of clothes is further expected to boost the

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demand for the fashion segment in the region over the forecast period.

Denmark E-commerce Market Competitor Analysis

Denmark's e-commerce market is moderately fragmented in nature. Key major players include Zalando.dk, Elgiganten.dk, Bilka.dk, Apple and Harald Nyborg. These major players account for a considerable percentage of online sales in the region and are actively participating in partnerships and product innovations to gain more market share.

February 2022 - Denmark's A.P. Moller - Maersk, an integrated logistics company, announced the acquisition of Pilot Freight Services, one of the leading US-based first, middle and last mile, as well as border crossing solutions providers, for USD 1.68 billion to extend its support to customers with around 150 locations in the US, including distribution centers, hubs, and stations. October 2021 - Boozt launched a free and seamless option for customers to shop and sell pre-owned fashion and lifestyle products. With the new ReBoozt option, consumers can quickly sell and buy pre-owned Boozt items with a few clicks and no fees. The opportunity to extend the lifetime of fashion and lifestyle items is a natural next step in the company's journey to becoming the leading responsible e-commerce company in Nordics.

Additional Benefits:

The market estimate (ME) sheet in Excel format
3 months of analyst support

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