

Iceland E-commerce - Market Share Analysis, Industry Trends & Statistics, Growth Forecasts (2025 - 2030)

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Report description:

The Iceland E-commerce Market is expected to register a CAGR of 14.8% during the forecast period.

Key Highlights

- Icelanders have very high internet usage, close to 99%, and in the past couple of years, online shopping has increased significantly, both from abroad and locally. Foreign e-commerce platforms are prevalent in Iceland, offering low-cost products across the region. The consumers in Iceland are also increasingly purchasing goods from American and European retailers, mainly fashion-related products, baby and beauty products, and electronic equipment.
- Furthermore, the high rate of urbanization, close to 94% (as reported by Hootsuite), is also paving the way for better infrastructure for the delivery of products by e-commerce companies in the region. With the high-tech and IT industries flourishing in Iceland, e-commerce is rapidly growing in Iceland as companies are increasingly offering their services online. This is further expected to boost the e-commerce market in the region.
- Digital marketing is widely used in Iceland. Many smaller e-commerce companies only advertise on social media, primarily Facebook, and many use social media influencers for marketing their products and services. Larger and more established e-commerce companies use digital marketing with a combination of conventional marketing.
- However, Iceland follows European e-commerce rules and regulations. A significant hindrance for online businesses in the region is high shipping costs, a high percentage of Value Added Tax (VAT), and handling fees charged by the local postal services, which can hamper the growth of the e-commerce market in the region.
- At the time of the COVID-19 pandemic, when most of the physical and brick-and-mortar stores were closed, the e-commerce market in the region grew owing to an increase in the strong demand for groceries, home furnishing, and pharmacy products. Many brick-and-mortar businesses introduced online channels for shopping in the region.

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Iceland E-commerce Market Trends

Growing Number of E-shoppers is Expected to Boost the E-commerce Market

- The number of online or e-shoppers is rapidly increasing in the region owing to the intense internet penetration and high rate of urbanization. Furthermore, after the pandemic, consumer preference shift from offline shopping to online shopping boosts the number of e-shoppers in the region.
- As per data reported by EUROSTAT, the percentage of internet users that bought goods or services online was 76% in 2018; this percentage grew to 83% owing to the increased online shopping during the COVID-19 pandemic. Furthermore, the rate of online shoppers increased by 2% in 2021.
- Moreover, with high mobile and internet penetration in the region, digital wallets are gaining traction as one of the most popular online payment methods for online shopping in Iceland, especially since Icelanders are keen to do their banking and buy from their smartphones. The ease of convenience provided by this method is also attracting online shopping in the region.
- Furthermore, as per STATCOUNTER, 75% population in Iceland uses Facebook as a social media platform. Many players in the region are extensively doing digital advertising on these social media platforms to gain new consumers for online shopping. This is further expected to drive the e-commerce market in the region.

The Fashion and Apparel Segment Accounted for the Largest Market Share

- One of the crucial trends in the fashion segment is the direct integration of shopping functionality into the content display on social media, enabling high-speed, inspiring, and selling customer conversion (e.g., Instagram Checkout). The audience is increasingly shifting from desktop to mobile, and improving the mobile browsing and checkout experience is crucial.
- Clothing, sports goods, and footwear online sales in the region generate a significant amount of share for the e-commerce market in the region. Further supported by mobile commerce, which makes up a significant proportion of Iceland's e-commerce market and is expected to surpass desktop usage in coming years. E-commerce merchants in the region are offering mobile optimization and a great mobile buying experience for online purchasing in the region.
- Furthermore, the household expenditure on clothing is continuously increasing in the region due to the increasing demand for fashion sector products, including clothing and apparel. For instance, as reported by Statistics Iceland, the annual household consumption expenditure on clothing in Iceland dramatically increased from 31,245 ISK million in 2015 to 42,268 ISK million in 2020.
- All of the aforementioned factors are expected to boost the E-commerce market in the region over the forecast period.

Iceland E-commerce Industry Overview

Competition intensifies in Iceland's e-commerce market as demand for online retail grows. The Iceland e-commerce market is fragmented owing to the presence of a large number of players. Major players in the Iceland e-commerce market include Amazon Inc. and Ebay Inc.

- February 2022- Iceland Foods announced to extend the benefits of its Bonus Card loyalty scheme to online shoppers. Iceland's Bonus Card acts as a payment card for shopping. Customers top it up from a debit or credit card. Previously, consumers have only been able to use the Bonus Card to pay in stores, but they can now use it for online shopping at Iceland.co.uk too.

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Additional Benefits:

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

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