

AmCham Moldova
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The e-commerce market in Moldova in 2024

MAY 2024

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May 2024

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Important notice

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Abbreviations used in the report

USAID	United States Agency for International Development
m	million
H1, H2	first half, second half
Q1, Q2, etc.	first quarter, second quarter, etc.
y-o-y	year-on-year
n/a	available
VAT	Value Added Tax
POS	Point of Sales
EUR	Euro
mbps	megabit per second
3G, 4G	third generation, fourth generation

Definitions

e-commerce or online or internet sales refers to companies and individuals that sell and buy tangible goods and / or commercial services over the internet through electronic platforms such as websites, online marketplaces or mobile applications that implement goods ordering and / or payment.

e-marketplace is an electronic platform on the internet that allows vendors to list their goods and sell them on their behalf. e-Marketplace provides order processing, payment, product storage and order delivery services.

e-hypermarket is an electronic platform on the internet that sells a large number of goods in different product groups on its behalf. e-Hypermarkets implement order processing, payment, and delivery services.

e-stores and e-boutiques is an electronic platform on the internet that sells a narrow number of goods in one or few neighboring product groups on its behalf. e-Stores and e-boutiques implement order processing, payment, and delivery services.

e-outlets / e-shops is a generalized concept that includes e-marketplaces, e-hypermarkets, food ordering and delivery services on the internet and e-stores and e-boutiques.

brick-and-mortar stores are any type of physical outlet selling tangible products.

omnichannel retail is a business model in which all existing sales channels including e-outlets and brick-and-mortar stores become completely integrated to offer customers a seamless shopping experience.

Methodology

This report was prepared based on information collected through:

- research of e-commerce statistics provided by aftership.com;
- research of the data of SimilarWeb;
- research of the data provided by the National Bank of Moldova;
- research of the official statistics of the National Bureau of Statistics of the Republic of Moldova;
- study of statistics provided by commercial banks and payment processing companies in Moldova;
- study of data provided by last-mile delivery companies;
- study of data provided by credit organizations;
- study of data provided by XPlane market research agency;
- 7 research interviews with the managers of the leading e-commerce retailers;

In addition, the review of publications in Moldovan and regional media and on YouTube was carried out along with the study of the websites of the e-retailers. Relevant reports developed in 2020-2023 were reviewed.

Introduction

The development of the internet and internet applications in Moldova spurred many businesses in the country to use this technology to develop and expand the sales of their products and services. In the last five years, many companies in Moldova have been developing and launching fully dressed e-outlets with shopping carts and online payments. Other manufacturers and retailers are testing different models for their internet sales including sales on social networks like Facebook or Instagram or sales through the contact form embedded in their landing web pages.

All of this creates methodological difficulties for the research of the e-commerce market in Moldova.

Therefore, for this research study, the following methodological decisions were taken.

1. We include in the scope of the e-commerce goods retail market the sales of all tangible products done through web platforms and mobile applications that implement product catalogue and shopping cart functionality regardless of the payment method.

The shopper should browse the product catalogue and select the products adding them to the cart. The shopper should place the order indicating the delivery address and payment method. The shopper should be able to pay online with a bank card, Paypal, Apple Pay or Google Pay or do a bank transfer or pay cash or card on delivery.

2. We include in the scope of the e-commerce service retail market the sales of all commercial services, i.e. all services excluding civil utilities like heating, water supply and canalization, waste management, maintenance of multi-apartment houses, electricity and gas supply. There is no market for civil utilities services in Moldova yet and the consumers are not able to choose the supplier. What is more, the prices for civil utilities in Moldova are regulated by the government.

We also exclude from the scope of e-commerce service retail market lotteries because, based on the macroeconomic point of view, lotteries do not create added value as other services do being a model for re-distribution of money.

All e-commerce platforms selling services should have online payments to be included in the scope of this research because we consider that if the service is not paid, the purchase is not finalized.

This approach has its advantages and disadvantages; however, it allows us to delineate the boundaries of the study.

Executive Summary

- The e-commerce sales of tangible products and commercial services in Moldova increased by 15.2% y-o-y to an estimated EUR 358.6m [excluding VAT] in 2023. Online sales are accountable for 5.6% of the total value of the e-commerce market in the country.
- The online sales of tangible goods in the total value of the e-commerce market in Moldova slightly increased to 63.9% in 2023 however the proportion of goods and commercial services in the structure of the Moldovan e-commerce market remains relatively stable in the last six years
- The main drivers of last year's market growth are the e-commerce projects launched during the COVID pandemic period including e-marketplaces and food ordering and delivery services as well as the expansion of last-mile delivery companies in the country.
- Approximately 470-520 active online shops are selling tangible products in Moldova including 420 identified and examined in the course of this research. The majority of e-shops are small and only 82 of them had a total average monthly traffic exceeding 30,000 visitors from Moldova in the three months of February-April 2024.
- There are approximately 480 e-service retail platforms in Moldova. All of them accept online payments. Hotels, resorts, education centers, airline operators and sellers of air tickets are the largest group of online service retailers in the market.
- Approximately 327,600 urban consumers in Moldova aged 18-64 had online shopping and payment experience in H2 2023. The majority of them paid their telecom bills online and approximately 100,000 urban consumers in Moldova bought tangible products on the internet.
- In 2023, online shoppers in Moldova spent approximately EUR 91 per month for purchases on the internet. In general, there is a visible digital divide in the market with approximately 80% of the adult population being excluded from the e-commerce and modern economy.
- The three most popular product groups for online shopping are ready-to-eat food, apparel and footwear as well as cosmetics. In terms of value, the sales of consumer electronics and large home appliances have approximately 40% share of the e-commerce market in Moldova.
- In the services segment the internet sales of air tickets and payments for telecommunication services are accountable for over 76% of all services sold online in 2023.
- In 2023, the last-mile delivery companies implemented approximately 720,000 shipments from foreign e-stores to Moldova worth EUR 24.4m. Moldovan shoppers buy fashion products, consumer electronics and different accessories abroad.
- Moldovan consumers also bought on foreign e-commerce platforms different services worth EUR 344.1m in 2023.
- An important characteristic of the Moldovan e-retail market is the domination of card or cash on delivery as the main payment method in the segment of tangible products. Online payments by bank cards had a 7.1% share in the total value of e-commerce payments for goods in 2023. In the services segment, 100% of purchases were paid online by bank cards.
- Moldovan consumers have relatively low trust in online stores and prefer to pay for the purchases after they receive and inspect the orders. This practice assumes additional costs for e-retailers that operate their call centres to confirm the orders.
- The online retailers in Moldova consider that the key competitive advantage of e-outlets in the market is a vast product range that can't be physically placed in brick-and-mortar stores. Internet retailers do not offer a lower price for comparable products in offline retail.
- The development of e-commerce in Moldova over the next three years will depend on the efforts of e-retailers to diversify their product portfolios to offer unique items and brands that are not available in offline retail. The e-retailers also have to work on the improvement of their business processes to give a price advantage to the consumers.

01

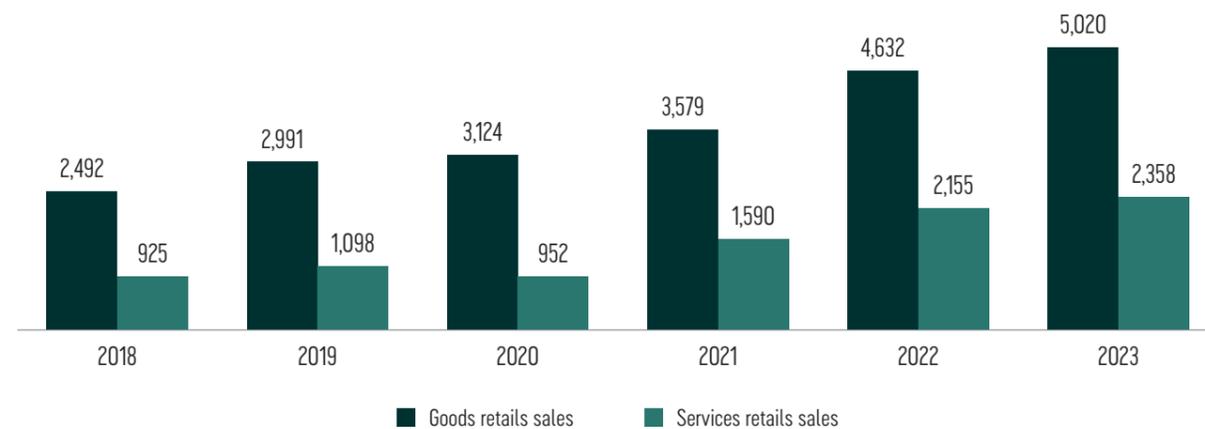
The retail market in Moldova

1.1 The retail market in Moldova

The total value of the retail sales of tangible products in Moldova excluding the sales of automotive vehicles increased by 8.4% y-o-y to EUR 5,020m (excluding VAT) in 2023. This means approximately EUR 167 of monthly retail sales per capita last year. The statistics of per capita retail sales of tangible products include the figures of organized retail only and do not count the sales of fruits and vegetables on the open markets where a lot of consumers in Moldova still buy basic foodstuff.

In regards to the retail sales of services, their value reached EUR 2,358m (excluding VAT) in 2023. This figure includes also the payments for civil utilities worth approximately EUR 1,000m (without VAT). We excluded civil utilities like electricity, gas, heating, water supply, canalization and waste removal payments from the assessment of the value of the retail services market. The consumers have no choice of the supplier and need to pay a price approved by public authorities therefore, at the moment, the market of civil utilities in Moldova has significant regulation and can't be approached in the same way as a commercial services market where the consumer can choose between several suppliers and suppliers set their price based on the competition.

Value (EUR m, no VAT) of the retail sales of tangible products and services in Moldova, 2018-2023



Please note: the value of the retail sales was converted to EURO based on the average official exchange rate of the National Bank of Moldova in the corresponding year and the growth rate in EURO may be different in comparison to the retail sales growth rate in Moldovan Lei due to currency exchange rate fluctuations.

The significant increase in retail sales in 2021 and 2022 is explained by consumer price inflation which was respectively 17.1% and 30.8%. In 2023, the inflation declined to 5.2%.

Source: National Bureau of Statistics of the Republic of Moldova, 2024

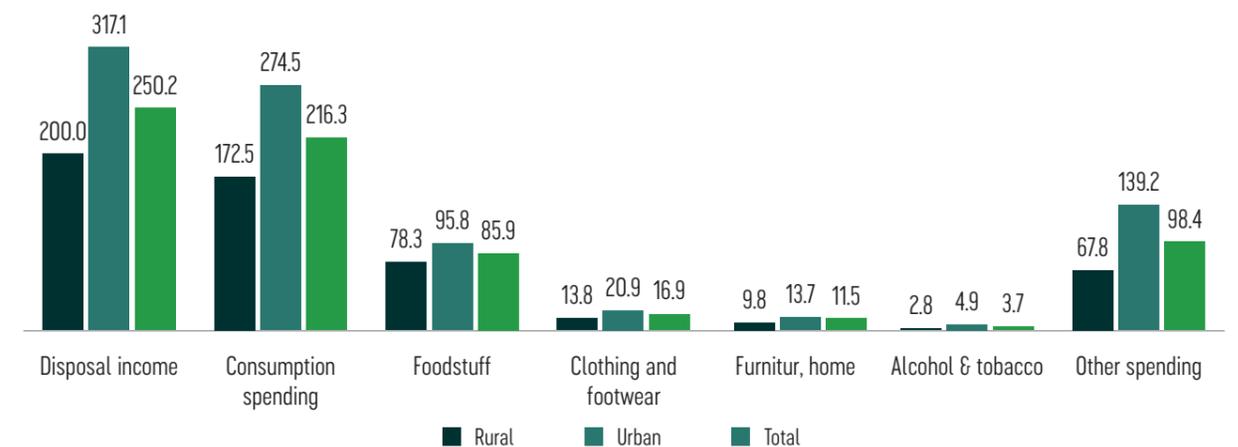
Official statistics do not disclose information on the product structure of retail sales of goods and services in the open access therefore we used data on incomes and spending to highlight which products and services the consumers in Moldova buy the most.

In 2023, the average monthly disposal income in the country slightly exceeded EUR 250 per capita whereas monthly spending was EUR 216. Moldovan consumers allocated approximately 41.4% of these spending on foodstuff, tobacco, and alcohol. Fashion products were the second largest single category accounting for 7.8% of the total consumption spending in the market followed by furniture and home care articles with 5.3%.

The rest of the spending includes the purchases of different tangible products like consumer electronics, cosmetics, personal care products, and home appliances as well as the payments for services including civil utilities but also for commercial services like tourism and entertainment.

There is a significant difference in the amount of disposal income, spending, and spending structure between rural and urban areas of Moldova. The consumers in the rural areas have a 57.4% share in Moldova's population and they earn and spend much less than people in the towns. Rural consumers also have to allocate a bigger share of their budget on foodstuff spending less on the other products.

Monthly per capita disposal income and main product groups for consumption spending in Moldova (EUR), 2023



Please note: based on statistical observations in 2023 per capita monthly spending on tangible products in Moldova hit EUR 144.3 which is lower than per capita retail sales of these products equal to EUR 167. We explain this difference by the fact that some products in retail are sold to foreign tourists, ex-pats, and Ukrainian refugees staying in Moldova. We also do not exclude the impact of shadow incomes on this indicator.

Source: National Bureau of Statistics of the Republic of Moldova, 2024

Online retailers in Moldova compete with traditional brick-and-mortar stores for the budgets of Moldovan shoppers in these product groups however the geographical and product structure of consumer spending in the country is not playing on the side of e-sales. Foodstuffs are a type of product that people in Moldova rarely buy online due to the proximity of grocery stores in the majority of localities in the country. Online retailers have to focus on non-food product segments where spending is not significant.

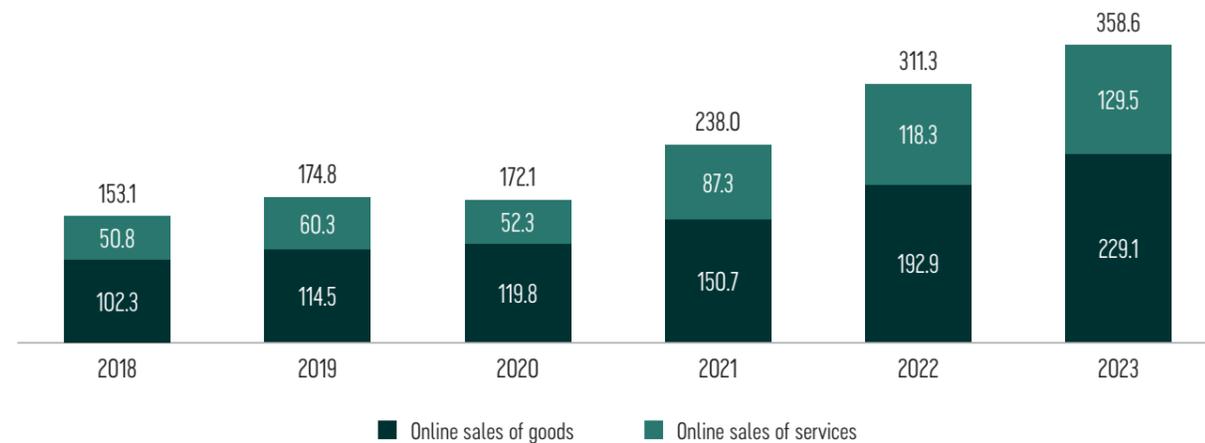
02

The e-commerce market in Moldova

2.1. Value and sales structure of the e-commerce market in Moldova

The internet sales of tangible products and commercial services in Moldova hit an estimated EUR 358.6m (without VAT) in 2023, which is 15.2% more in comparison to the previous year. The e-commerce market in the country was growing faster than offline retail. Value share of tangible products in the internet sales in Moldova slightly increased to 63.9% in 2023 however the proportion of goods and commercial services in the structure of the e-commerce market in the country remained relatively stable in the last six years.

Estimated value (EUR m, no VAT) of the e-commerce market in Moldova, 2018-2023



Please note: the significant increase in retail sales in 2021 and 2022 is explained by consumer price inflation which was respectively 17.1% and 30.8%. In 2023, the inflation declined to 5.2%.

Source: Dataline business inginerie SRL based on different sources, 2024

At the moment, online sales do not play a visible role in the retail market being accountable for only a modest 5.6% value share in the total sales of goods and commercial services in Moldova. The concentration of consumers in two main

country's urban centers including Chisinau and Balti with high proximity of food and non-food brick-and-mortar stores does not stimulate internet purchases. A relatively small share of digital natives in the total structure of the population does not play on the side of e-commerce either.

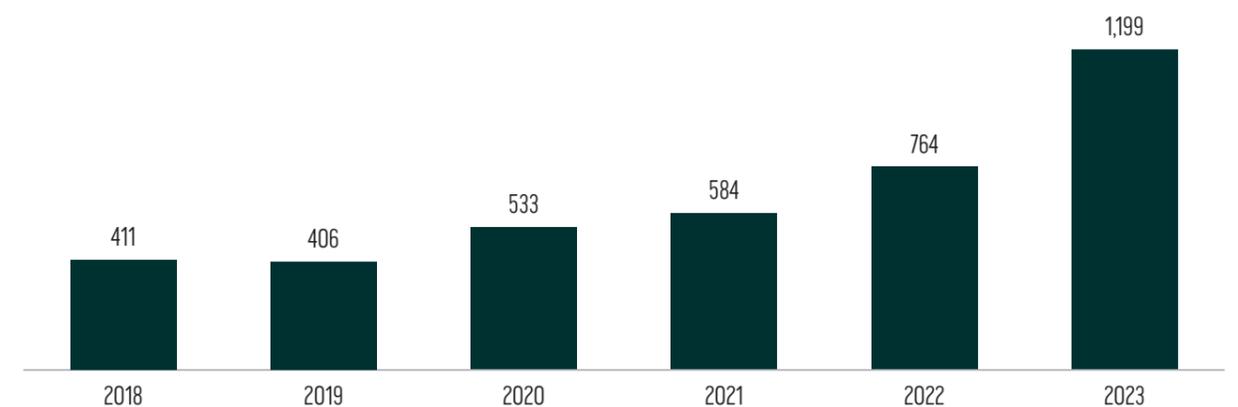
What is more, the holders of bank cards issued by foreign banks spent an estimated EUR 87.2m on the purchases of goods and commercial services on the e-commerce platforms in Moldova having a 24.3% share of the country's online retail market. In 2023, a total of 195,500 foreign tourists visited Moldova paying on the internet for flights and hotels. In addition, Moldovans living abroad also often pay for air tickets using bank cards issued by the banks in the countries of their current residence when they come home. Business visitors and ex-pats contribute to Moldova's e-commerce sales either. These three groups of consumers are not numerous however, they are active on the internet.

2.2. The e-commerce platforms in Moldova

An accurate number of e-commerce platforms selling goods and commercial services in Moldova remains difficult to estimate. There is no single source of data or e-commerce registry in the country. The statistics of the National Bank of Moldova count the internet platforms that accept online payments with bank cards and use payment processing services of Moldovan banks and payment processing companies.

This figure includes the websites offering internet payments for civil utilities and government services therefore it exceeds the actual number of e-commerce market players. Large online outlets often embed payment processing of two banks.

Number of internet platforms accepting bank card payments in Moldova, 2018 - 2023



Source: National Bank of Moldova, 2024

What is more, approximately one-third of Moldovan internet shops selling tangible products do not accept online payments working with cash or card on delivery or direct bank transfers. These e-outlets fall out of the official statistics therefore we can't use NBM data as a reference.

In 2022, the National Bureau of Statistics started collecting e-commerce data and identified 154 companies operating online shops in Moldova, two companies more in comparison to 2021. The data for 2023 are not available yet and will be published at the end

of June this year. The figure of the Bureau does not correlate with the data of commercial banks and last-mile delivery operators. Official statistics may also be distorted because one company can operate two or several online outlets as happens with Ultracom Electronics which develops two pretty large consumer electronics hypermarkets on the internet including Darwin and Enter.

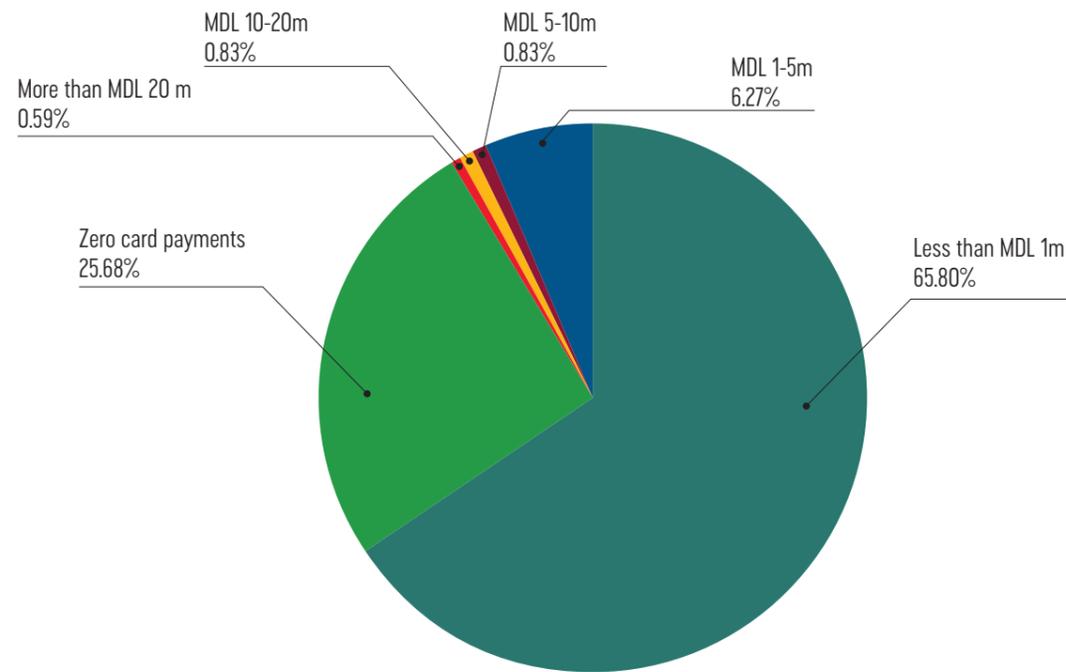
Therefore, we used the screening of the databases on the internet, keyword search, analysis of the statistics provided by key e-commerce software development platforms including Drupal, Shopify, OpenCart, Magento and others as well as analysis of the aggregated data of Moldovan commercial banks and last-mile delivery companies to identify and examine 420 Moldovan e-shops selling tangible products on the local and foreign markets including seven online retailers located in the left bank region. This number is not exhaustive therefore considering small niche players and web platforms with low traffic volume we expect that there will be a total of approximately 470-520 active online outlets selling goods in the Moldovan retail market in May 2024.

The figure of 470-520 online stores selling tangible products correlates with the data of the US International Trade Administration which reported that Moldovan companies operated 525 online shops selling goods in March 2024.

In regard, to the online platforms of the service providers we used data from Moldovan commercial banks to identify approximately 480 e-shops that recorded bank card payments for the commercial services they sold in 2023.

As a result, we consider that there were approximately 950-1,000 operational e-commerce platforms in Moldova in December 2023. Half of them sell tangible products and half offer commercial services. Approximately 150 Moldovan e-commerce platforms do not accept bank card payments.

Share (%) of e-commerce platforms in Moldova by value of monthly bank card payments in Q1 2024



Source: Datalinie Business Inginerie SRL based on the data of commercial banks, 2024

In the last three years, we have observed a rapid increase in the number of e-shops in Moldova with the new e-commerce projects launched on the market. However, ill-considered expansion online caused many failures. Approximately 300 e-shops registered by NBM recorded zero card payments in Q1 2024. Many stores have monthly traffic lower than 1,000 visitors from Moldova per month. As a result, we expect to see a reverse trend in 2024 when some of the e-shops will suspend their operations.

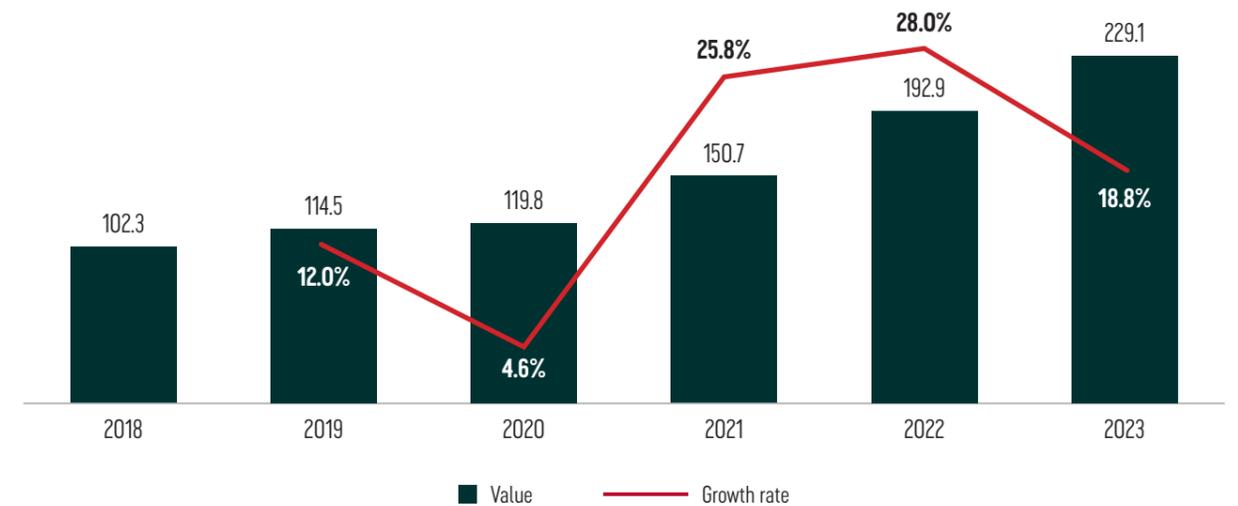
The e-commerce goods sales in Moldova

03

3.1. Value of e-commerce goods sales in Moldova, main market characteristics

The value of e-commerce sales of tangible products in Moldova increased by 18.8% y-o-y to an estimated EUR 229.1m (without VAT) in 2023. Last year internet segment of the goods retail market in the country was growing much faster than offline retail being driven by further development of the projects launched during and right after the COVID pandemic period. The efforts of the largest e-hypermarkets to differentiate their product portfolios and the expansion of the last-mile delivery companies in Moldova also contributed to the market growth.

Estimated value (EUR m, no VAT) and growth rate (% y-o-y) of e-commerce goods sales in Moldova, 2018-2023



Please note: the significant increase in retail sales in 2021 and 2022 is explained by consumer price inflation which was respectively 17.1% and 30.8%. In 2023, the inflation declined to 5.2%.

Source: aftership.com, statistica.gov.md, Datalinie business ingenierie SRL, 2024

The goods e-commerce market in Moldova remains non-transparent making it difficult to assess accurately its value. Many players are making online sales in the country now and the majority of these companies including large e-retailers and delivery service operators are not ready to disclose their financial and operational indicators. Offline goods retailers expand online and do not report the share of the internet in their total sales revenue which includes also the incomes of brick-and-mortar stores. Finally, online payments for the goods bought on e-shops are not a common practice in Moldova therefore it is not possible to use aggregated statistics of the commercial banks for market valuation.

The COVID pandemic facilitated the interest in e-commerce and investments in online retail in Moldova.

In 2021 and 2022, two main marketplaces including A1.md and 999.md/ro/marketplace were launched on the market as well as food ordering and delivery services Glovo and Straus. Many offline retailers were building their e-outlets. The consumers also tested e-shopping and many of them received the experience of buying online.

The carrier services and last-mile delivery operators including Fan Courier and Nova Poshta were quickly expanding their operations in the country making the fulfilment process cheaper and easier.

Large e-hypermarkets were adding some unique products including IKEA furniture and fashion brands like, for example, Karl Lagerfeld that are not available in the offline retail in Moldova.

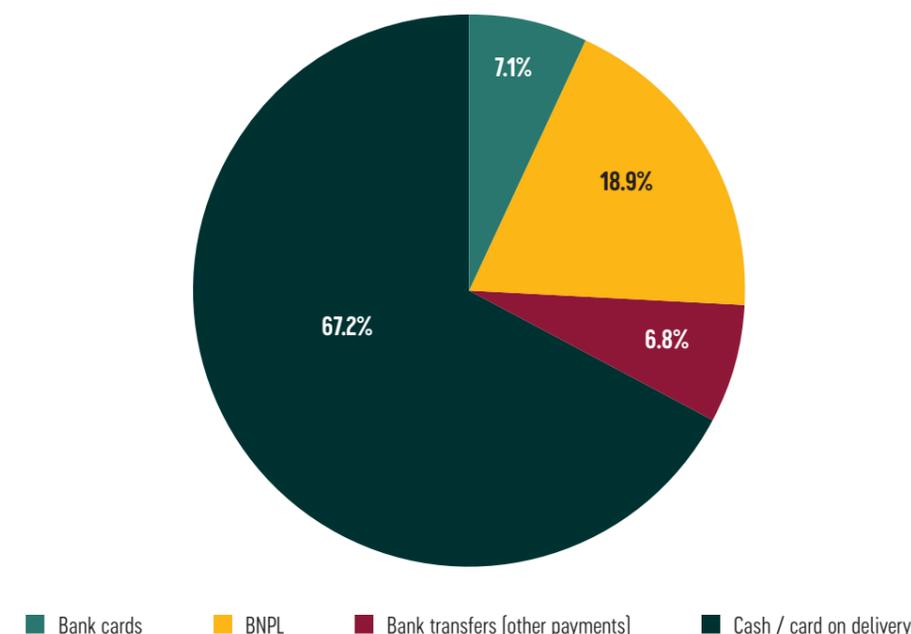
All these factors became the drivers of the e-commerce market growth in Moldova in 2022 and 2023.

The absence of reliable statistics forced us to use the ranges of monthly sales of the e-outlets provided by aftership.com and financial reports of the retailers and manufacturers published by the National Bureau of Statistics as a basis for the assessment of goods e-commerce market value. We also extrapolated the known shares of e-sales in the revenues of the omnichannel retail companies operating online platforms to evaluate the share of internet sales in the total size of their product markets. This approach does not guarantee a high accuracy of market assessment, but it is the only one possible under the given conditions.

The e-commerce goods market in Moldova has its specific characteristics. The main ones include the wide use of cash or card on delivery as the main payment method. In addition, many purchases are initiated online but the customers use e-platforms to reserve the products in the agreed physical stores of omnichannel retailers to collect them later. No order fulfilment is done in this event and we do not consider these transactions to be e-commerce.

Consumers in Moldova have relatively low trust in online outlets and prefer to pay only after they receive the order and check the quality of delivered products. This happens because quite often the goods listed in e-shops are not available in stock. Almost 70% of the suppliers registered on the marketplaces and selling through e-hypermarkets do not have a functional warehouse management system to update these e-platforms on product availability on time. As a result, depending on the e-shop, 10-30% of online orders done on e-marketplaces and e-hypermarkets in Moldova have to be canceled due to the lack of stock updates.

Share (%) of e-commerce platforms in Moldova by value of monthly bank card payments in Q1 2024



Please note: BNPL (buy now, pay later) is a type of short-term financing provided by micro-loan organizations and commercial banks that allows consumers to make purchases and pay for them over time. Approximately 30-40% of the purchases of consumer electronics, home appliances and furniture in Moldova are done with the help of BNPL instruments however sometimes these loans are used also for purchases of cosmetics and fashion goods. In the event of a BNPL purchase, the micro-loan organization or commercial bank pays the e-outlet full price for the purchased product.

Source: Datalinie business inginerie SRL based on the data of e-commerce goods retailers and micro-loan companies, 2024

It may also happen that the buyer receives a slightly different model of the product or a different color if the ordered one is not available. Online shops often do not discuss these changes with the customers. Finally, there are cases when refurbished or damaged products are delivered as new. All these force consumers to pay by card or cash to the courier to avoid refund issues.

The popularity of cash or card on delivery means additional operational costs for e-retailers in Moldova. First of all, the retailer never knows if the order he receives is a real one or a fake and needs to operate a call center to verify every client. The fact that the customer pays on delivery also means a significant number of abandoned orders because the shopper may change this decision without notification before the product is delivered or find a new product option. Finally, e-retailers need to build a self-operated delivery department to manage cash collection.

On the opposite side, many e-retailers in Moldova including e-hypermarkets are comfortable accepting cash because card systems, private payment providers and commercial banks charge from 1.5% to 3.0% and reserve part of the payments as a security guarantee for a period of several months. High payment processing fees are one of the constraints for the development of e-sales in Moldova especially for the products with low retail margins.

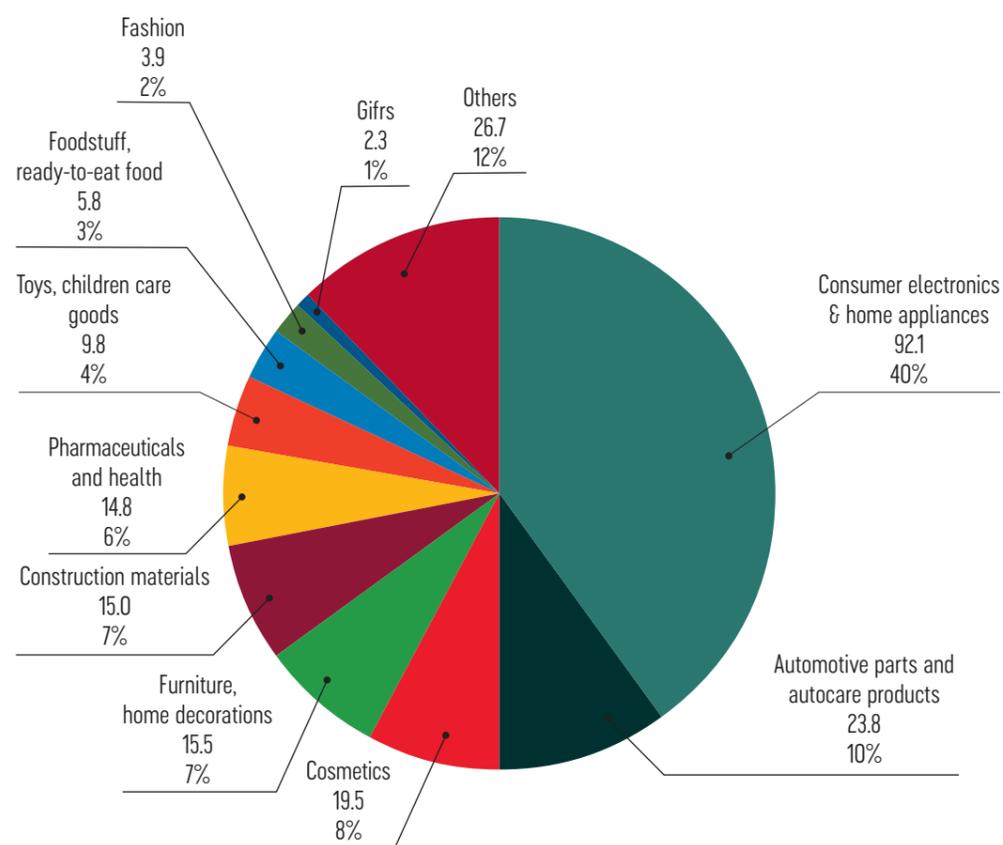
The other important market characteristic is approximately 5.4% share of the foreign holders of bank cards in the total value of goods sold at e-shops in Moldova. Consumers from other countries buy gifts, flowers, and other products for their relatives or friends in Moldova. There is a growing popularity of food orders on the internet to support adult parents. At the same time, part of these payments are attributed to the export sales of Moldovan manufacturing companies oriented to the external market.

3.2. Structure of e-commerce goods sales in Moldova

Consumer electronics and large home appliances dominate the sales structure of the e-commerce goods market in Moldova. These product groups also have the biggest share of online sales reaching 27% of the total revenues of consumer electronics and home appliances retailers. There are 54 e-outlets in this segment of the e-commerce goods market including five large e-hypermarkets and five more online stores of omnichannel retailers. Several smaller companies develop niche retail projects focusing on a single brand like Xiaomi or offering a narrow group of products.

At the same time, the valuation of the product shares is not accurate. In addition to consumer electronics, e-hypermarkets as well as omnichannel retailers offer furniture, toys, cosmetics, fashion, and some other products sometimes positioning, for example, IKEA furniture at the top of the product catalogues. The retailers do not disclose the product structure of their revenue.

Value (EUR m, no VAT) and share (%) of the main product groups in online sales in Moldova, 2023



Source: aftership.com, statistica.gov.md, Datalinie business inginerie SRL, 2024

The other large product groups are cosmetics and automotive parts, accessories, and auto care products.

Ready-to-eat food dominates the online sales of foodstuff due to the active expansion of two food ordering and delivery services in Moldova including Straus and Glovo. Both services offer food from almost 300 restaurants and catering companies. The other visible project in this market segment is Metro.Zakaz which is focused also on B2B sales.

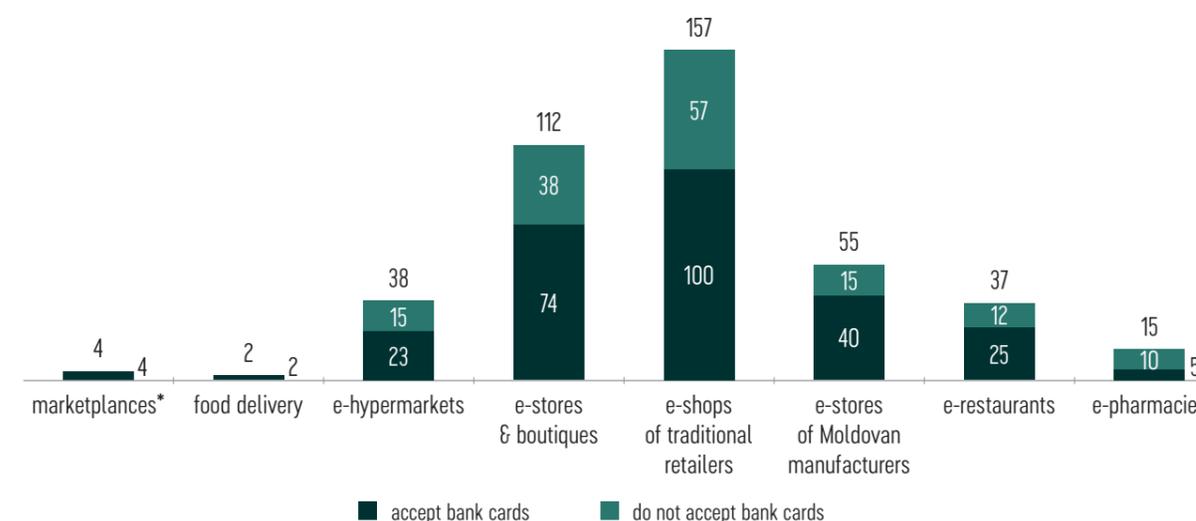
The category of other online outlets includes numerous niche commodities. These are sports equipment, products for pets, tobacco and smoking accessories, hobby markets, books, and similar goods

3.3. Online outlets selling tangible products in Moldova

Based on the examination of 420 online outlets selling tangible products in Moldova we defined three main groups of e-shops. The largest one includes approximately 200 e-commerce platforms launched by large and small offline retailers, restaurants, and pharmacy chains. These retailers develop their e-sales channels in addition to the brick-and-mortar outlets they operate.

The internet has not become an important sales channel for offline retailers yet and e-shops were accountable for 3-14% of their annual sales revenue in 2023 depending on the product group, internet marketing efforts, brand development and promotion. The managers of retail companies mentioned that Moldovan consumers often study the products on the internet to compare prices and make a decision however, they come to the physical shops to finalize the purchase.

The number of identified e-outlets selling tangible products in Moldova by the main groups, May 2024



* in 2024 the marketplace <https://999.md/ro/marketplace> temporarily suspended accepting payments by bank cards due to technical reasons but anyway, we consider this platform accepting online payments because the team of this market plans to resolve the issue;

Source: Datalinie business inginerie SRL based on the data provided by aftership.com, SimilarWeb and different sources, 2024

In the last years, several offline retailers have been trying to expand their product portfolios offering online those commodities that are not regularly available in the brick-and-mortar shops to test the demand and overall possibility of growing their e-commerce projects to e-hypermarkets or even e-marketplaces. As a result, the largest consumer electronics and home appliances chains in Moldova including Bomba, Enter, and Maximum gradually transformed their online platforms into e-hypermarkets offering on their behalf furniture, toys, cosmetics, and other products imported or produced by their partners.

Online projects of solely e-retailers including e-marketplaces, e-hypermarkets, food ordering and delivery applications, and e-boutiques are the second largest group of e-shops in the country with over 150 identified internet platforms. Online hypermarkets dominate this group in terms of sales value and overall visibility on the market.

Seven large players in the segment of e-hypermarkets in Moldova including Smart, PandaShop, Bigshop, Smadshop, Elefant, Ultra, and Makeup are relatively big having an estimated revenue comparable to the revenue of e-outlets of traditional retailers dealing in the same product groups. Monthly sales of the other e-hypermarkets are not significant. Some of the small e-hypermarkets in Moldova are created by the large e-commerce market players to test the prices and promotion ideas therefore they are not expected to generate big sales.

The marketplaces have not yet become the main type of e-shopping platform in Moldova as it happens in other countries. There is one relatively well-developed marketplace and electronic advertising board in Moldova covering B2C and C2C segments of the market. This is <http://999.md/ro/marketplace>. The platform had approximately 400 vendors at the beginning of 2024, 58% more than one year ago. 999.md/ro/marketplace almost doubled its gross merchandise value last year although this impressive growth is explained by the low base for comparison as the project was launched in the fall of 2021 only. At the same time, further development of this e-platform is put “on hold” and the owners of 999.md may return to active expansion of the marketplace early in 2025.

Three other e-marketplace projects including A1, Selia and Vend were at the start-up stage in May 2024.

Food ordering and delivery websites including Straus and Glovo are relatively new and fast-growing e-commerce projects in Moldova. Straus has 250 restaurants and groceries on its website already. Glovo lists almost 280 restaurants. Both platforms offer delivery from smaller food stores, and supermarket chains and also start the expansion to the area of pharmacies and cosmetics.

Numerous online boutiques and smaller e-stores as a rule offer unique and niche products including single brands. Many of them are launched by importers and distributors of specific products to Moldova.

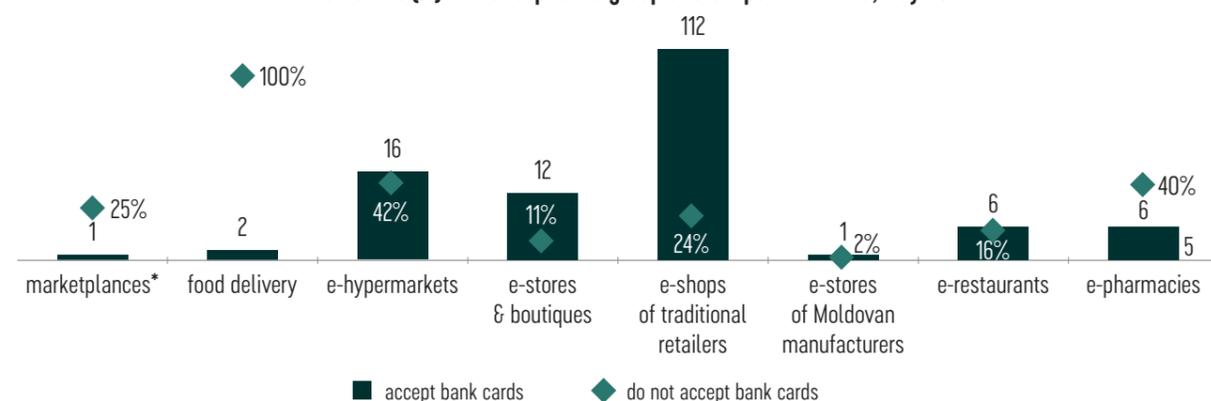
The last group of e-outlets is the projects of Moldovan manufacturing companies. Many of them are building online and offline retail channels in addition to product development and production however internet sales are accountable for 5-14% of the total value of their sales. The managers of manufacturing companies mentioned a lack of finances and knowledge for professional SEO and social media marketing to promote their online stores. The development of e-commerce is not on the priority list for the manufacturing companies. Some manufacturing companies built their online stores financially supported by donor projects in Moldova and have not approached the internet projects carefully.

The majority of e-outlets selling tangible products in Moldova are not visible on the internet. Based on SimilarWeb website analysis 82 out of 420 examined online stores attracted a total average monthly traffic exceeding 30,000 visitors from Moldova in the three months of February-April 2024. 29 e-commerce platforms in the country had an average monthly traffic from Moldova higher than 100,000 visitors. Despite the fact, that visitor traffic remains a volatile indicator with significant variations that depend on SEO efforts and online advertising spending of e-shop teams, it gives an idea of the popularity of e-commerce platforms in Moldova.

What is more, approximately one-quarter out of 420 examined online shops in Moldova do not correspond to informal industry standards. They do not publish legal information with the name, fiscal code, hotline phone number and address of the operating company despite the fact they implement shopping carts and online purchase processes. Many platforms do not declare a cookies policy and are not registered as operators of personal data. These e-outlets look suspicious. Other market players have no information updates or links to social media with recent publications and thus may be abandoned.

Finally, approximately one-third of Moldovan internet shops selling tangible products do not accept online payments working with cash or card on delivery or direct bank transfers. As a rule, these are relatively small e-stores but not only.

The number of e-outlets with average monthly traffic of Moldovan visitors exceeding 30,000 in Feb-Apr' 2024 and their share [%] in the respective group of e-shops in Moldova, May 2024



Please note: a total of 420 e-stores in Moldova were examined in eight groups. Average monthly traffic from Moldovan IP addresses was assessed for three months from February until April 2024.

Source: SimilarWeb, 2024

04

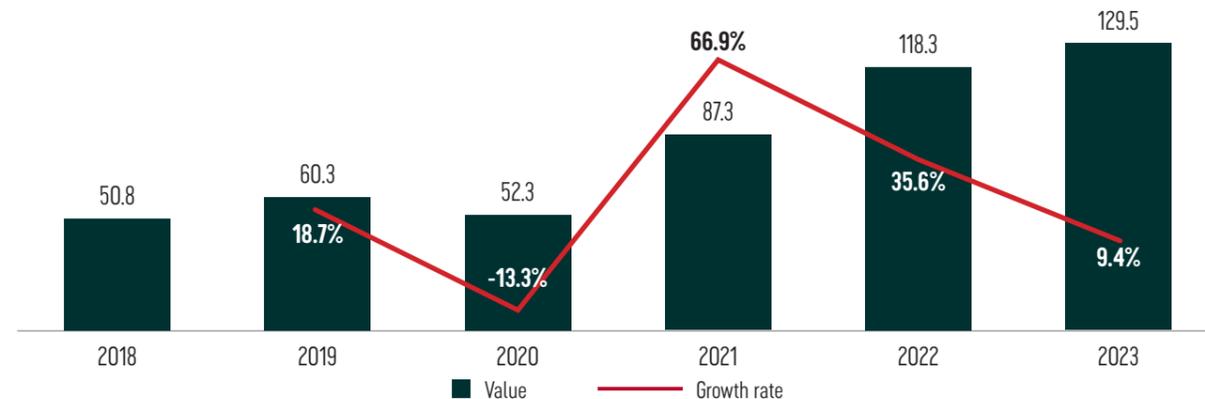
The e-commerce services sales in Moldova

4.1. Value of e-commerce services sales in Moldova, main market characteristics

The value of online sales of commercial services in Moldova grew by 9.4% y-o-y to an estimated EUR 129.5m (without VAT) in 2023. This segment of the national e-commerce market is formed primarily by air ticket sales therefore flight demand largely defines its dynamics. In total, based on the data of the commercial banks at the beginning of 2024, approximately 480 online platforms were selling commercial services in Moldova and 180 of them were hotels, resorts, education centers, airline operators, and air ticket sellers. Three other relatively large groups of services e-platforms in Moldova are insurance companies, travel agencies, and medical centers.

Moldovan service providers generated approximately 9.3% of their sales revenue on the Internet in 2023, twice more than the vendors of tangible products.

Estimated value [EUR m, no VAT] and growth rate [%, y-o-y] of the e-commerce services sales in Moldova, 2018-2023



Please note: the significant increase in retail sales in 2021 and 2022 is explained by consumer price inflation which was respectively 17.1% and 30.8%. In 2023, the inflation declined to 5.2%. The COVID pandemic led to air flight and travel restrictions which caused a sharp decline in services sales in 2020.

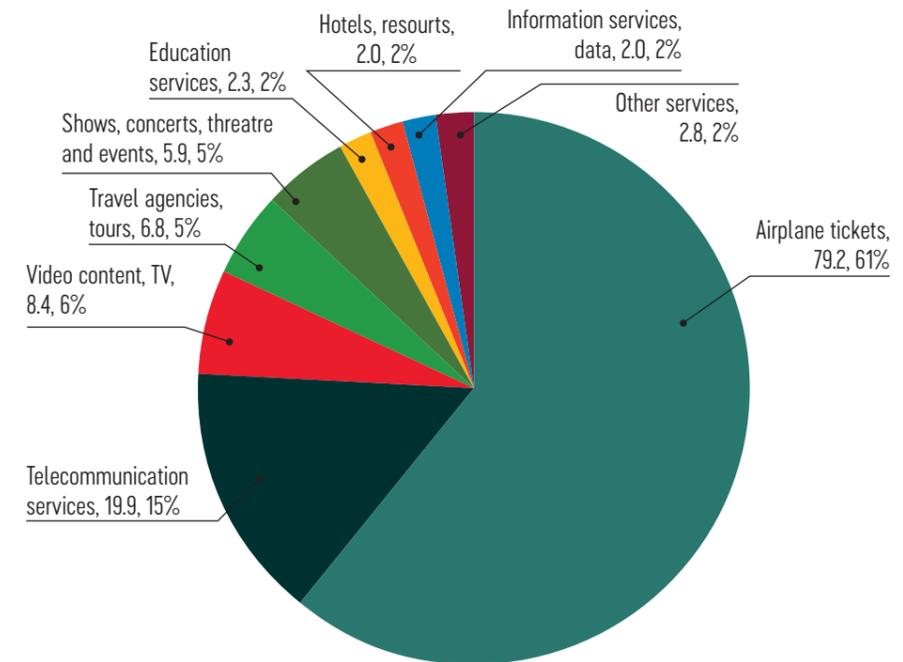
Source: Datalinie business inginerie SRL based on the statistics of the commercial banks and other sources, 2024

Last year, the value share of air flights and telecommunication solutions in the internet sales of Moldovan service providers exceeded 76.5%. Consumers in Moldova are generally comfortable making regular online payments for telecommunication services therefore the share of internet sales in the B2C segment of the telecom market in the country approached 12%. In the event of air tickets, the airlines and air ticket sellers offer almost no alternative reservation and payment options except the Internet.

Each of the six other service categories including video content and TV, travel tours, concerts, education, hotels, and information solutions had more than EUR 2m of online sales in 2023. The group of other services counts a lot of smaller players and includes insurance, bus and railway transportation services, sports, legal, medical, business, taxi, car and estate rental, and similar solutions offered by many Moldovan companies.

The holders of foreign bank cards had an estimated 58% share in the revenues of Moldovan service providers in 2023.

Value [EUR m, no VAT] and share [%] of the main services in online sales of services in Moldova, 2023



Source: Datalinie business inginerie SRL based on the statistics of the commercial banks and other sources, 2024

5. The shopping of Moldova's consumers on the foreign e-commerce platforms

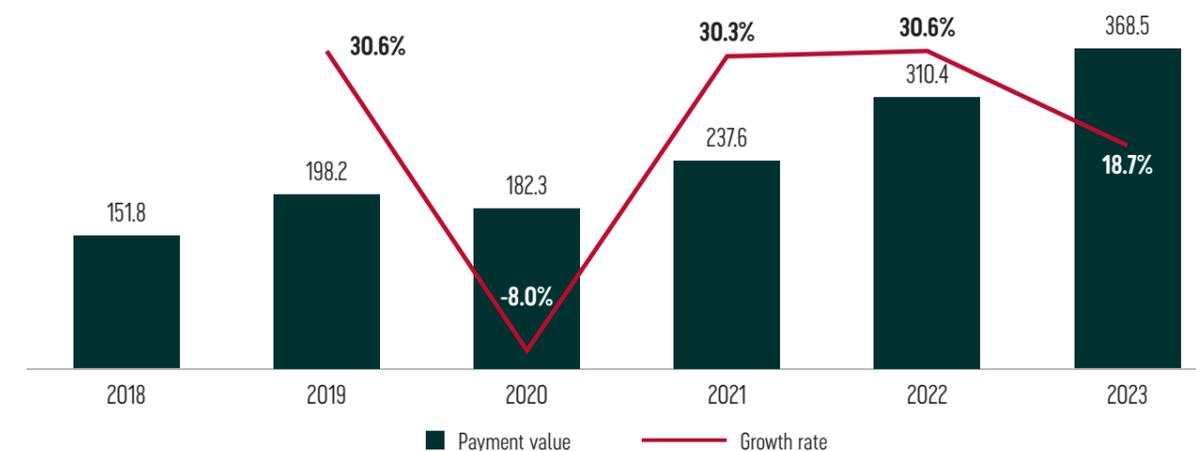
05

5.1. Value of online goods and services shopping on foreign websites done by Moldovan consumers

The value of payments done by the holders of bank cards issued by Moldovan banks on the websites in other countries hit EUR 368.5m in 2023. At the same time, the share of tangible goods in these payments slightly exceeded 6.6% last year. Consumers from Moldova prefer to buy abroad different services including plane, train, and bus tickets, hotel accommodations, digital content or education products.

In 2023, last-mile delivery companies implemented approximately 720,000 shipments of tangible products from foreign e-shops to Moldova worth EUR 24.4m (including VAT). We do not include this figure in the valuation of the Moldovan e-commerce market.

Total value (EUR m, including VAT) and growth rate (% y-o-y) of payments done by the holders of Moldovan bank cards on foreign websites, 2018-2023



Source: National Bank of Moldova, 2024

Being a small country, the Republic of Moldova is not an attractive market for global brands. There are no European fashion retail chains including H&M, Zara, Deichman, and others present in the country. Many products are not available on the local market or they are relatively expensive in comparison to the prices abroad. This forces Moldovan consumers to search for needed goods on global e-commerce platforms. The Customs Code of Moldova allows duty-free import of shipments from foreign e-shops worth lower than EUR 150 except alcohol, tobacco, and cosmetics and this value is feasible to import apparel, footwear as well as many other products.

Several e-platforms including bayshop.md and npshopping.md were launched by last-mile delivery companies to facilitate shopping in e-outlets in other countries for Moldovan consumers. These platforms offer delivery to Moldova of the products ordered and paid abroad if the vendor does not cover overseas shipments. As a rule, the consumers from Moldova buy abroad fashion products and different accessories.

The number of shipments from foreign e-stores and e-marketplaces to Moldova increased in 2023 and promises further stable organic growth in the next years. The absence of global retail brands and products in the country's market and lower prices for many goods in foreign e-outlets will drive the interest of Moldovan consumers in shopping abroad.

06

The e-commerce audience in Moldova

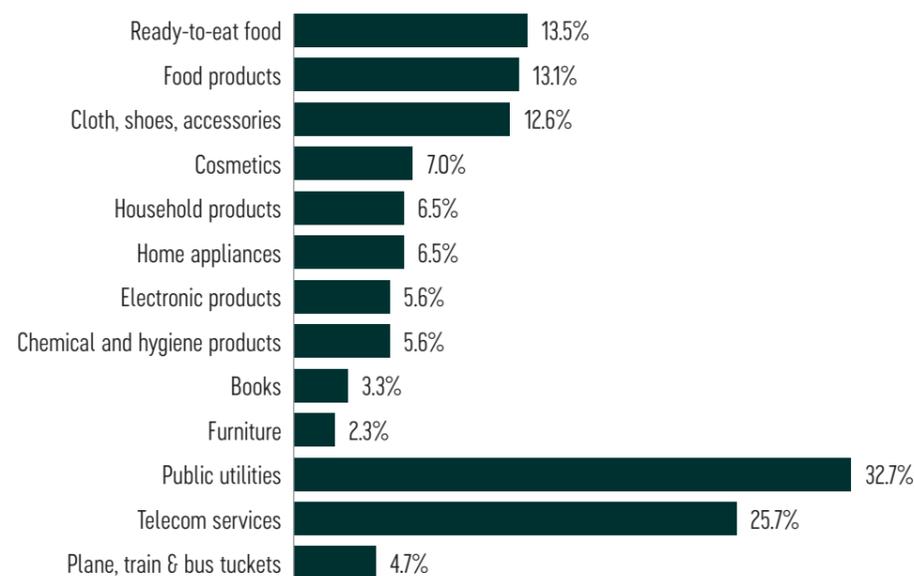
6.1. The e-commerce audience in Moldova

When extrapolating the results of the poll of 1,161 respondents implemented by the XPLANE market research agency in January 2024 to the entire urban population in Moldova, approximately 46.7% of people in Chisinau and other towns aged 18-65 bought some products or services on the internet at least once in H2 2023.

This means approximately 327,600 urban consumers on the market with some experience of online purchases, 3.8% more in comparison to January 2023.

The share of the rural population aged 18-65 in the total size of this demographic stratum in Moldova is 56.4% however, consumers in the villages are not active online. E-retailers reported that the share of rural shoppers is not visible in the structure of their sales revenue. Partially this may be explained by the absence or relatively high cost of delivery services for remote localities in the countryside.

Percentage of urban population aged 18-65 who made online purchases of specific services and tangible products in Moldova and abroad at least once in H2 2023

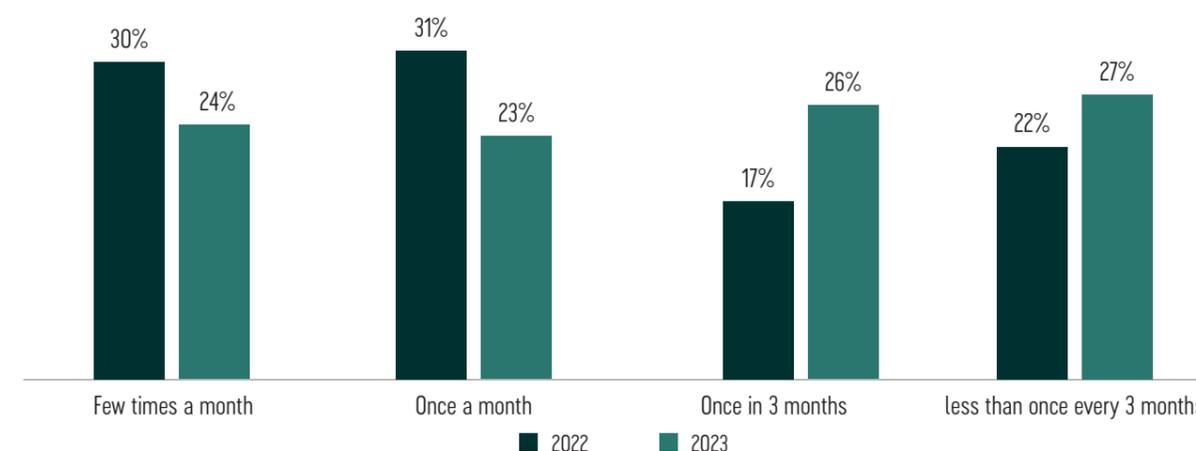


Please note: based on the National Bureau of Statistics of Moldova, the size of the urban population aged 18-65 in the country was 701,456 people on 01.01.2023 and declined by 1.7% y-o-y.
Source: XPLANE Research, 2024

Moldovan urban consumers are comfortable paying online for public utilities and telecommunication services. Almost 230,000 of them or 32.7% pay their electricity, gas, heat, and water bills on the internet in H2 2023. At the same time, the number of consumers buying tangible products on e-outlets in Moldova and abroad is not that significant being respectively around 100,000 and 90,000 people only in the case of ready-to-eat food and fashion goods.

This finding correlates with the statistics of the commercial banks. Only approximately 14% of the active banking cards of Moldovan holders or slightly more than 270,000 were used to make online payments on Moldovan and foreign websites at least once in Q1 2024. The majority of bank card payments are payments for civil utilities, telecommunications, bus and airplane tickets and other services whereas cash or card on delivery remains the main payment method for the purchases of tangible goods in Moldova.

Volume share of the main groups in the total number of e-shoppers in Moldova by frequency of e-purchases, H2 2023



Source: XPLANE Research, 2024

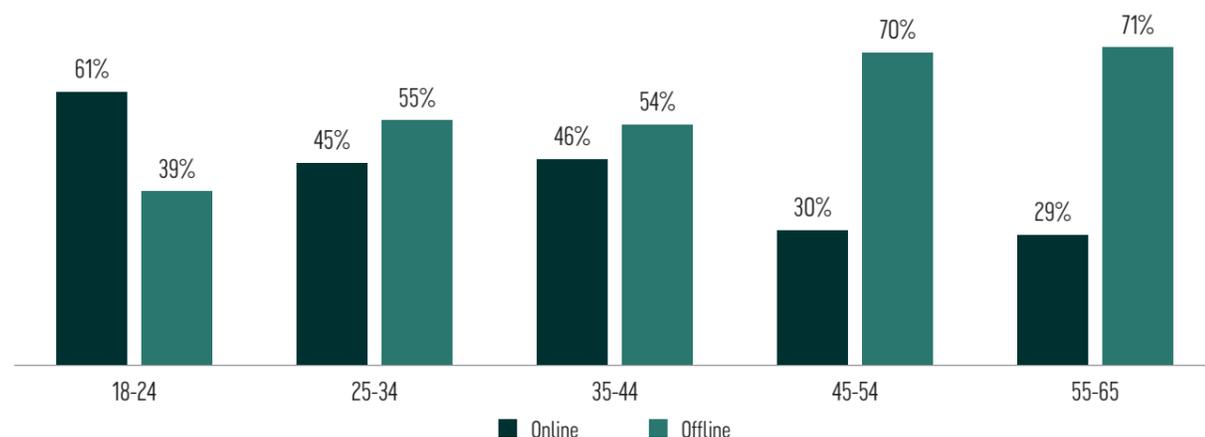
Female and male shoppers have respectively 52% and 48% shares in the total size of the e-commerce audience in Moldova. The consumers from Chisinau have a share of 57% and this is in line with the value share of Moldova's capital city in the sales revenue of the large e-hypermarkets and also smaller e-stores and in the structure of shipments of last-mile delivery companies. Romanian-speaking audience has a 67% share in the total number of e-shoppers in Moldova. 77% of the e-commerce audience in Moldova has a medium level of income or income above the medium which means more than EUR 250 per family member.

The share of buyers with online shopping experience in Generation Z or people of 18-26 is the highest climbing to 57%. Only 42% of people aged 43-58 had e-shopping experience in H2 2023.

In regards to the frequency of online purchases, only approximately 47% of the Moldovan e-commerce audience, or 154,000 people buys products or services on the Internet once or a few times a month. The share of frequent e-commerce shoppers declined last year. What is more, having an opportunity to buy the same product offline, 56% of e-shoppers in Moldova will prefer offline purchases. This figure reaches 39% even in Generation Z of people of 18-24.

The average value per e-commerce transaction in Moldova varies significantly depending on the e-shop, the operator of the payment processing service and the method of payment. Therefore, the average figure is not meaningful. In the event of online payments on the e-shops in Moldova, in Q1 2024, the average e-commerce transaction value was approximately EUR 32.3 (excluding VAT). However, e-hypermarkets selling furniture and consumer electronics had a much higher average bill in both cash or card on delivery and online payment transactions.

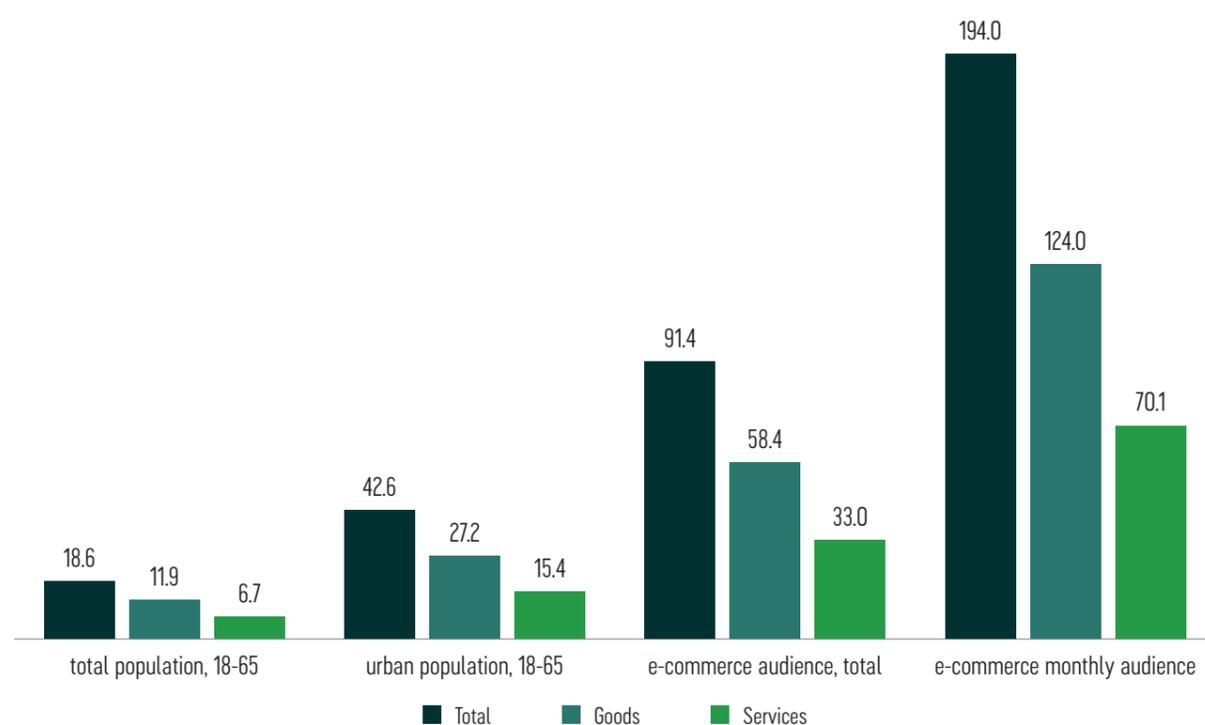
The share of shoppers in Moldova preferring online and offline purchases of a similar product by age groups, H2 2023



Source: XPLANE Research, 2024

The more meaningful indicator is the per capita average spending on internet purchases in Moldova. In the e-commerce audience in Moldova, this spending reached EUR 91.4 (no VAT included) per month in 2023 including EUR 58.4 (no VAT included) of spending on goods. Monthly e-commerce audience had even higher per capita online spending.

Per capita e-commerce average monthly spending in Moldova (EUR, no VAT), 2023



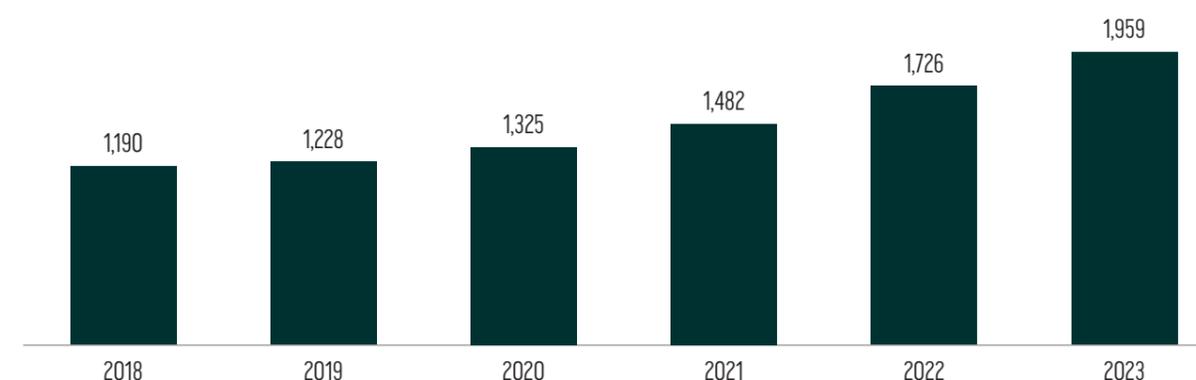
Source: Dataline Business Inginerie SRL based on data from XPLANE Research and National Bureau of Statistics, 2024

These per capita spending indicators show a significant digital and online shopping divide in Moldova. Approximately 327,000 people who make up slightly more than 20% of the adults in the country have a sufficient level of online spending. The rest of the population in Moldova is excluded from the e-commerce market.

6.2. The use of bank cards in Moldova

Significant digital divide and exception of almost 80% of the adult population in Moldova from the e-commerce market and more broadly from the modern economy raises an issue of the number and use of bank cards in the country. In total, at the end of 2023, there were 1.96 million active debit and credit cards issued by Moldovan banks on the market. This means 0.78 cards per capita including children below 18. We believe that this number is approaching the organic level and expect only a modest increase in the total number of active cards and bank card penetration in Moldova in the next few years.

Number of active debit and credit cards issued by the banks in Moldova at the end of the year, 2018-2023

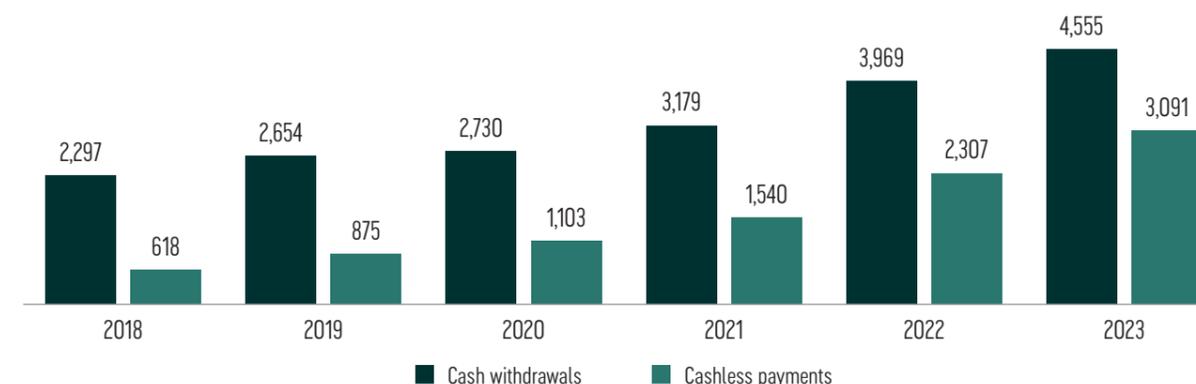


Source: National Bank of Moldova, 2024

Almost every company in Moldova including small businesses pay salaries on the bank accounts of the employees linked to their debit or credit cards. Retired people receive social payments on their bank accounts as well, therefore most of the incomes of Moldovans are cashless.

At the same time, people in Moldova withdraw more cash from ATMs than they pay on POS terminals even though POS terminals are widely available in the country. There were 36,709 POS terminals on the market in December 2023 or 1.87 per 100 active bank cards. We need to recognize a significant improvement in this area. In 2023, the consumers in Moldova used 40.4% of available money for cashless payments which is twice more in comparison to 21.2% in 2018.

Value of operations with bank cards in Moldova (EUR m), 2018-2023

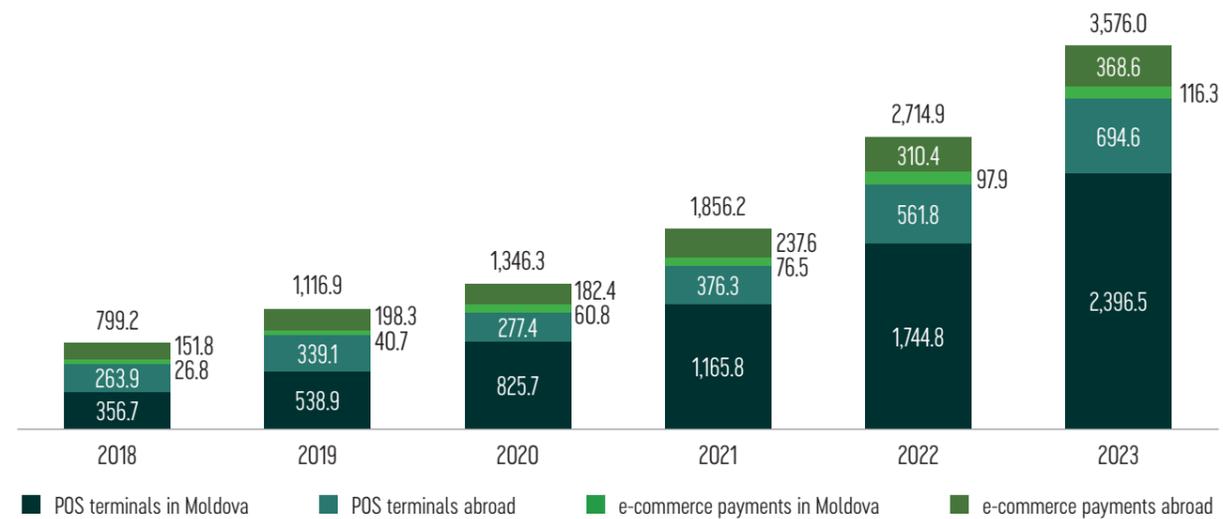


Source: National Bank of Moldova, 2024

A big share of cash withdrawals in Moldova is partially explained by the fact that more than 600,000 retired people in Moldova are not comfortable using bank cards and prefer to deal in cash. They usually withdraw their retirement incomes.

POS terminal payments dominate the cashless payment structure in Moldova and also abroad. The consumers in Moldova make more payments through POS terminals in the country than abroad however in the event of e-commerce the situation is different. The total value of payments for tangible products and services done on the e-commerce platforms in the other countries in 2023 was approximately threefold bigger in comparison to the e-commerce card payments in Moldova.

Structure of cashless bank card payments of the holders of bank cards issued by the banks in Moldova, (EUR m, VAT included), 2018-2023



Source: National Bank of Moldova, 2024

The e-commerce market development opportunities in Moldova

07

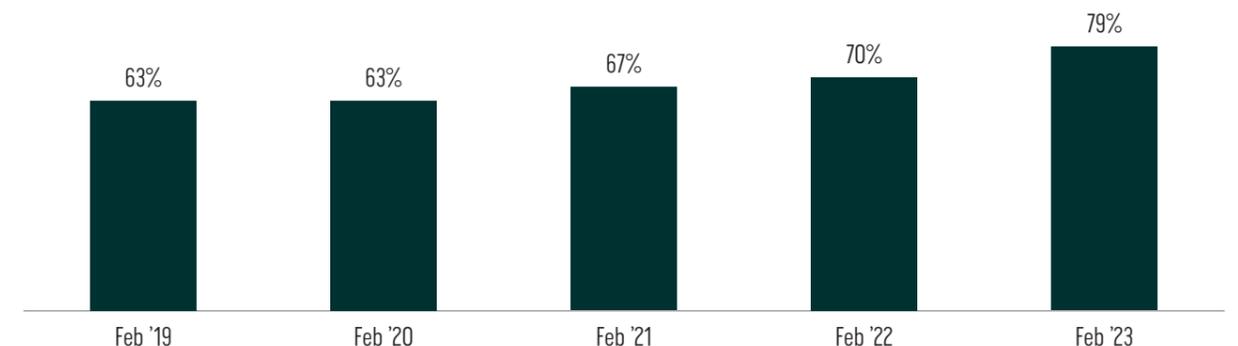
7.1. Opportunities for the development of the e-commerce market in Moldova

We believe that in 2024 and the following three years the development of the e-commerce market in Moldova will depend on the growth of the disposal income of the population as well as on the efforts of the leading e-retailers to expand and differentiate their product portfolios, improve customer web shopping experience and offer the prices lower than in offline retail.

The launch of the instant payments system MIA early in 2024 may decrease the cost of e-commerce transactions in the country when implemented for B2C transactions and is expected to contribute to the development of the market.

The impact of the previous market growth drivers including the launch of new e-commerce platforms in 2021-2022 and the expansion of last-mile delivery operators in Moldova is expected to be exhausted this year already. We do not expect breakthrough e-commerce projects as well as a large number of new e-outlets to be launched in Moldova in 2024 to boost internet sales.

Share of urban population aged 18-65 who has active bank card(s) in Moldova, 2019-2023



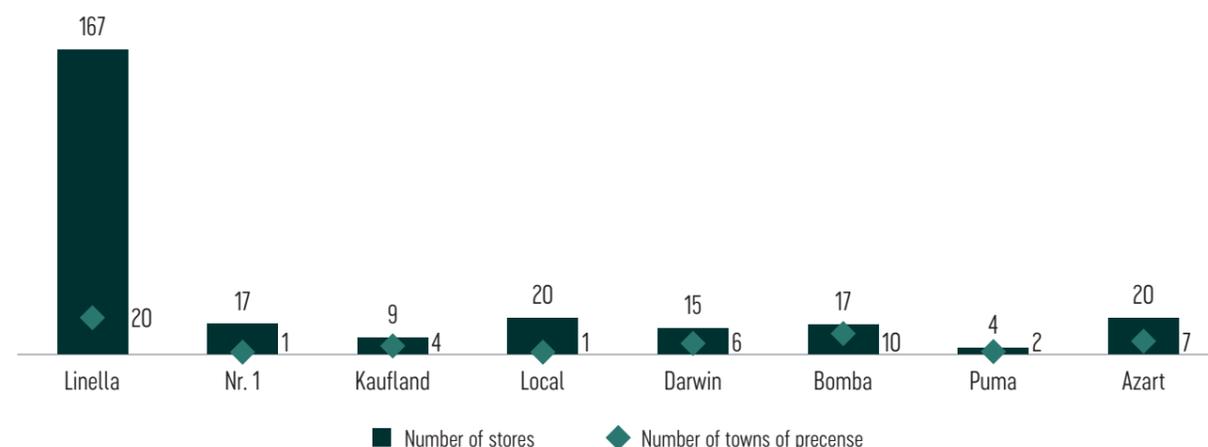
Source: XPLANE Research, 2024

In regards to the technical infrastructure, we believe it has no impact on the development of the market already. In particular, there were almost 800,000 fix-line internet connections in the residential sector in Moldova at the end of 2023 which means that 70% of the households in the country can access e-shops from their home computers. In the mobile segment, there were 2.79m active SIM cards with 3G and 4G access to the internet and we can't expect further significant growth in these numbers. The average monthly cost of telecommunication services in Moldova is respectively EUR 5.1 and EUR 7.7 for mobile and fix-line access services, which is affordable for the mass consumer. Almost 100% of the fix-line subscribers in the residential sector have a connection speed higher than 10 Mbps and this is enough for e-shopping.

In December 2023, there were 1.96 million active bank cards issued by the banks in Moldova and we also can't expect a visible growth in this area. As a result, almost every Moldovan consumer has one or several bank cards and access to the internet and technically can buy products online. No significant growth in the e-commerce audience can be expected. Now, consumers in Moldova choose between offline and online shopping.

All this means that e-retailers in Moldova have to develop a strong competitive advantage to take over the market share of offline retailers which is not easy considering the concentration of the majority of Moldovan shoppers in the towns of Chisinau and Balti where the concentration of brick-and-mortar stores is relatively high. The majority of Moldovan consumers live in the walk distance of the grocery stores and can easily access consumer electronics or fashion outlets, at least in Chisinau and in Balti.

Number of brick-and-mortar stores of popular retail chains and the number of towns of presence in Moldova, May 2024



Source: Dataline Business inginerie SRL, different sources, 2024

The managers of e-shops in Moldova recognized that the key competitive advantage of online retail in the country is a broad range of products. The leading e-hypermarkets, for example, offer over 200,000 stock-keeping units for sale. Very few brick-and-mortar stores have sufficient space to shelve every product item they have in their portfolio. The other advantage of e-retail is delivery to the house which is important for furniture and sizable and heavy home appliances. However, in the field of prices, the e-outlets can't offer a visible advantage. The prices in e-retail in Moldova are comparable to the prices of similar products in offline stores.

The disadvantages of the online shopping experience in Moldova include the remaining popularity of carrier delivery despite relatively well-developed chains of collection points of Posta Moldovei and Nova Poshta in the country. The shoppers have to wait for the carrier to deliver their orders and this often requires more time than visiting an offline

store. In addition, there are many cases when products listed on e-stores are not available in stock or the carrier delivers different models, colors, or even refurbished and damaged items.

If e-retailers manage to control their costs and decrease prices, improve product ranges, and organize convenient delivery, e-retail sales in Moldova are expected to grow much faster than offline retail. This is an optimistic scenario. Otherwise, we consider that the e-commerce market in the country will increase only slightly faster than offline retail being driven primarily by the organic expansion of the share of the more internet-active younger generation in the total e-commerce audience.

The e-marketplace projects in Moldova are a separate story. Being launched in 2021, they have not taken off yet and have not become an important sales channel for small and niche Moldovan foodstuff, fashion, and other manufacturers and importers who have no resources to develop their brick-and-mortar stores or enter offline retail chains. On the opposite many manufacturers launched their e-commerce projects having no skills and resources to develop online sales. Only a few of these e-commerce projects became financially sustainable.

e-Marketplace projects may need better promotion and accurate positioning on the market to grab the attention of the e-commerce audience in Moldova. They may also need to have their fulfilment service including a warehouse where the marketplaces will be able to accumulate the stock of products of their vendors. At the moment, the products offered through the marketplace are kept by the vendors and this creates difficulties and assumes additional costs when the customer orders several small goods from different suppliers. Last-mile delivery companies should collect each of the products ordered from different places in Chisinau. If the teams of e-marketplace projects manage to develop fully functional retail platforms, e-marketplaces may become a new driver of the development of online sales in the country.

Annex 1. The largest 32 e-commerce retailers in Moldova

Approximately 60 e-stores in the country may have an estimated average monthly sale revenue higher than EUR 100,000 in 2024 whereas 11 of them may exceed EUR 300,000 threshold. The monthly sales of only three Moldovan e-commerce operators may bypass EUR 1m this year. The majority of e-outlets in the country are relatively small.

Nr.	URL of e-store	Type of e-stores, product Groups	Monthly average traffic from Moldova in Feb-Apr'2024
e-marketplaces			
1	https://999.md/ro/marketplace	Marketplace	4,281,450 *
2	https://a1.md	Marketplace	6,208
e-hypermarkets			
3	https://www.smart.md	Home appliances, consumer electronics, furniture, auto and other products	582,470
4	https://www.pandashop.md	Home appliances, consumer electronics, auto, fashion and other products	468,745
5	https://smadshop.md	Home appliances, consumer electronics, construction materials and other products	226,543
6	https://ultra.md	Home appliances, consumer electronics, toys and some other products	125,955
7	https://bigshop.md	Home appliances, consumer electronics, toys and some other products	106,767
8	https://makeup.md	Cosmetics, fashion	309,561
9	https://www.elefant.md	Cosmetics, fashion, watches, foodstuff	143,226
10	https://relaxe.md	Furniture	40,996
e-stores of traditional retailers			
11	https://darwin.md	Consumer electronics	783,500
12	https://enter.online	Home appliances, consumer electronics, auto, fashion and other products	450,513
13	https://maximum.md	Home appliances, consumer electronics, toys and some other products	415,840
14	https://bomba.md	Home appliances, consumer electronics, toys and some other products	323,214
15	https://atehno.md	Home appliances, consumer electronics	163,767
16	https://supraten.md	Construction materials	211,911
17	https://volta.md	Electrical products	154,513
18	https://jysk.md	Furniture	119,204
19	https://pumamoldova.md	Fashion	54,363
20	https://linella.md	Foodstuff	171,385
21	https://metro.zakaz.md	Foodstuff	62,125
22	https://librarius.md/	Books, toys, office supplies	130,257
Restaurants, Catering			
23	https://mcdonalds.md/livrare	Restaurant	110,609
24	https://andys.md	Restaurant	90,608
25	https://laplacinte.md	Restaurant	54,121
26	https://dulcinella.md	Foodstuff, candies	55,381
27	https://esushi.md	Restaurant	56,893
28	https://www.straus.md	Food ordering and delivery service	34,181
29	https://glovoapp.com/md	Food ordering and delivery service	n/a
e-Pharmacies			
30	https://ff.md	Pharmacy	483,065
31	https://felicia.md	Pharmacy	385,953
32	https://farmacie.md	Pharmacy	288,620

* 999.md is first of all a popular electronic advertising board on the internet therefore most of the traffic should be allocated to advertising, the share of marketplace is not significant

Please note: average monthly traffic remains a volatile indicator with significant variations that depend on SEO efforts and online advertising spending of e-stores. What is more, there are no data on unique visitors available and we assume that many visitors access e-stores several times during one month when doing product selection. We also do not know the conversion rate which can be around 2% in the consumer electronics and home appliances market segment in Moldova. Still, based on our opinion, total traffic gives a good understanding of the popularity of online stores and generally correlates with their sales revenues.

Source: SimilarWeb, 2024