



Strategy Update

2024

B2C: The go-to-destination for quality fashion
& lifestyle shopping and inspiration

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We set the standard of fashion e-commerce in Europe addressing important needs

Trusted European brand

Tailored & innovative digital experience

Sustainable & inclusive choices

Highly relevant assortment & content

Localized & personalized convenience





Our offering allowed us build a ~50m customer base and strong partnerships with >6,000 brands

Last twelve month figures, FY/23

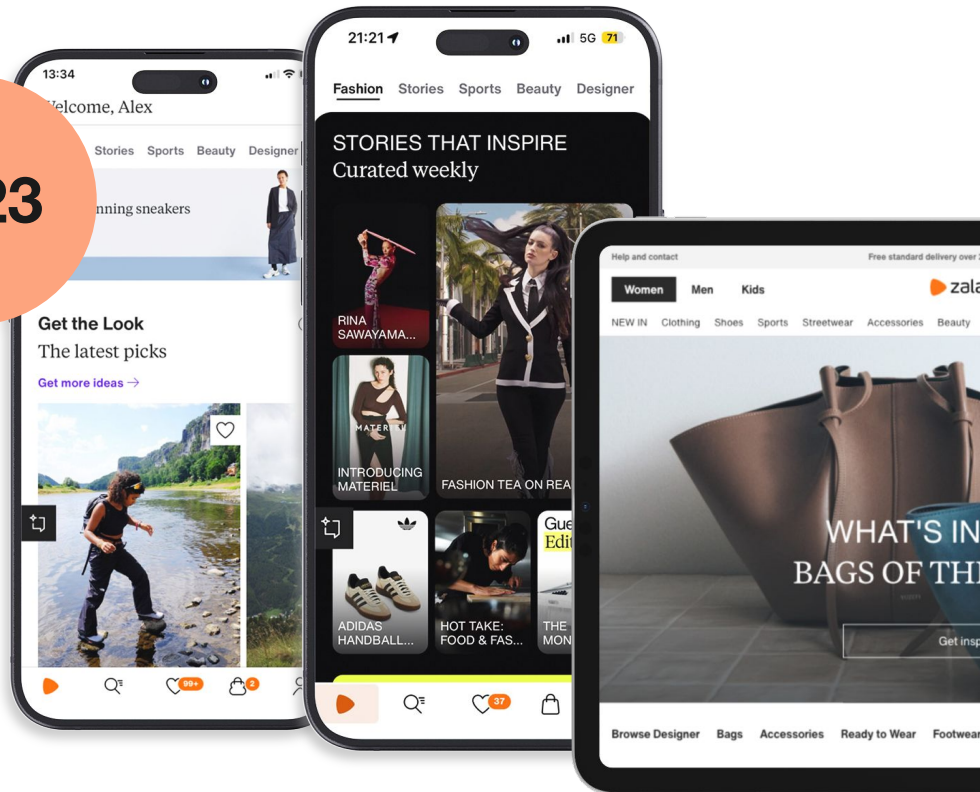
~**300**_{EUR}
GMV per customer

~**50m**
active customers

~**60**_{EUR}
average basket size
per customer

~**5x**
average order per
active customers

2023





Evolving needs of customers create new opportunities

Growing expectations

59% of Zalando customers are willing to pay more for good **quality**.¹

Increased lifestyle expenditure

>50% of consumer expenditure in Europe is on **lifestyle** categories.² Fashion represents less than a quarter of that.

Inspiration as entry point to shopping

86% of consumers look for **inspiration** within their shopping journey. For GenZ this increases to 96% and social media is the predominant source.³

Access, convenience, personalization & more sustainable choices

¹ Source: Zalando survey, ² Source: Eurostat COICOP excl. Rent, Utilities, etc. (2020), Statista, ³ Source: BCG consumer research (2023)

There is a new frontier.

We are entering a new era in e-commerce.



Three strategic growth pillars elevate our B2C business

Multi-brand platform

Differentiation through quality



Lifestyle expansion



Inspiration & entertainment



Differentiation through quality



We offer high equity brands that have a rich heritage, exciting products and unique stories to tell

The **brand is a major factor when buying** for >60% of customers.¹

✓ We are a preferred partner for many brands.

30% of Gen Z consumers rank quality as **the most important factor**, ahead of price, fast delivery, or free returns.²

✓ We have access to the most demanded products, many of which are exclusive to us.

Product quality is a top 3 reason when choosing where to shop. 59% are willing to **pay more for quality items.**³

✓ We have a proven capability to tell the story behind a brand and a product.

¹ Source: BCG consumer research (2023), ² Source: Zalando survey, ³ Source: Zalando survey

Lacoste x Zalando

An **exclusive** capsule collection only available on Zalando



We brought the collection to where customers are in France, in a locally tailored way

Driving awareness



Driving engagement



+65%
traffic at campaign start

+37%
conversion rate increase
after go-live

+9%
YoY GMV increase¹

¹ Nov & Dec 2023 vs. 2022

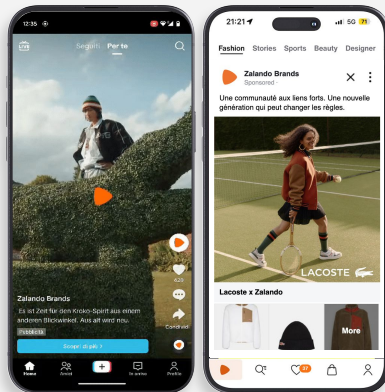
ZMS brought it across Europe and created a lasting impact

Awareness

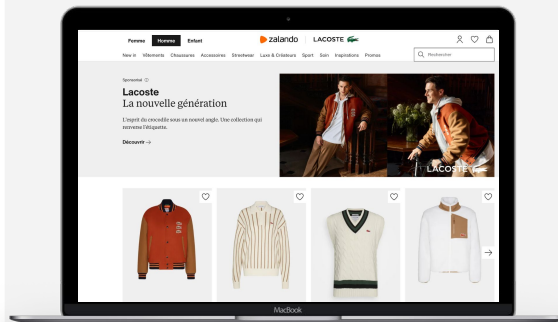
Consideration

Conversion

Offsite digital-first campaign



Onsite activation



>2.8m
PDP views¹

+27%
brand followership increase
during campaign

60%
of acquired customers are
new to the brand

¹ Nov & Dec 2023 vs. 2022

Size & Fit steps up quality of service

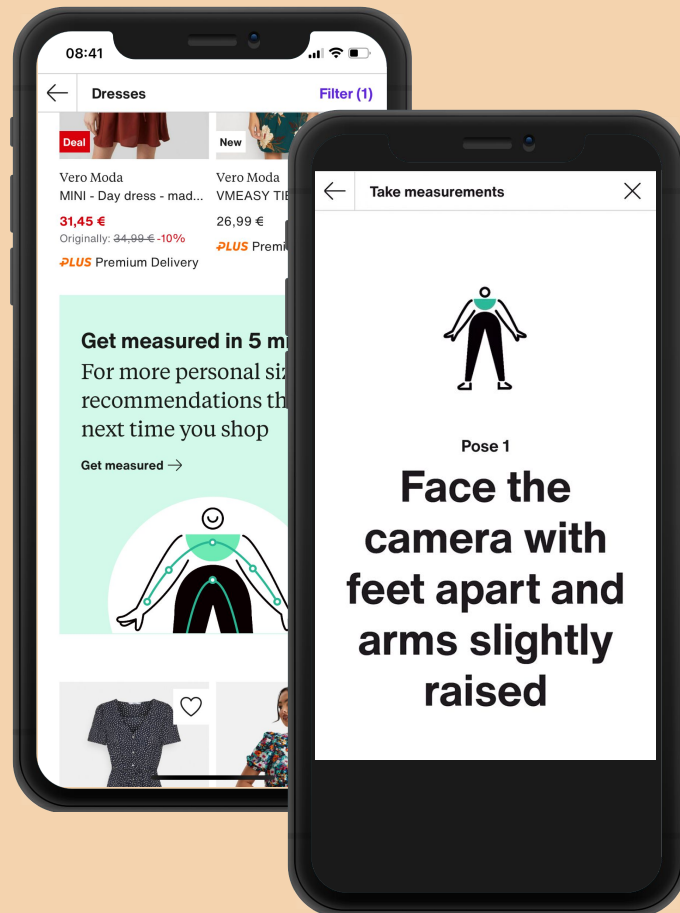
We continue to break ground and reduce the need for a physical changing room, **using computer vision, generative AI and mixed reality.**

60%

of all items sold on Zalando use size advice

>14%

reduction of size-related returns enabled by new technologies and experiences



Lifestyle expansion



Sports is our next frontier and we use the momentum of the 2024 'Summer of Sports' as accelerator

We enable customers to discover what fits them, their life, their passions and interests. **Sports is one of these passions.**

77bn

Market size in EUR (2027)¹

85%

of Zalando customers consider do sports as an indispensable part of their lifestyle.²

27%

of our customers shop Sports already today on our platform.

¹ Source: Euromonitor data as of February 2024, International forecasts, values based on actuals and estimates; fixed exchange rates, ² Source: Zalando survey Germany

Credible assortment

We have built a distinct multi-brand offer across key Sports categories and continue to add high equity brands with global as well as local reach.

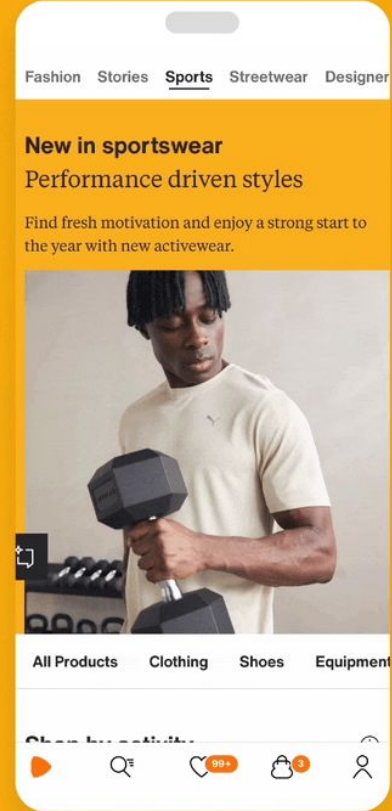
“Zalando and On share a passion for innovation and a focus on getting our customers out and moving. We're always looking for new ways to reach our customers and partnering with Zalando opens up a new, young and active audience to On in more than 20 European markets.”

Marc Maurer, CEO ON



Elevated experience

We turn activity hubs into the sports companion for our customers with sports-type specific experiences



Inspiration & Entertainment



Inspiration is becoming a key driver of the shopping journey

31%

of fashion shoppers know the brand and product they want to buy when they start their fashion journey¹

>70%

GenZ shoppers make their decision to purchase while seeking inspiration²

72%

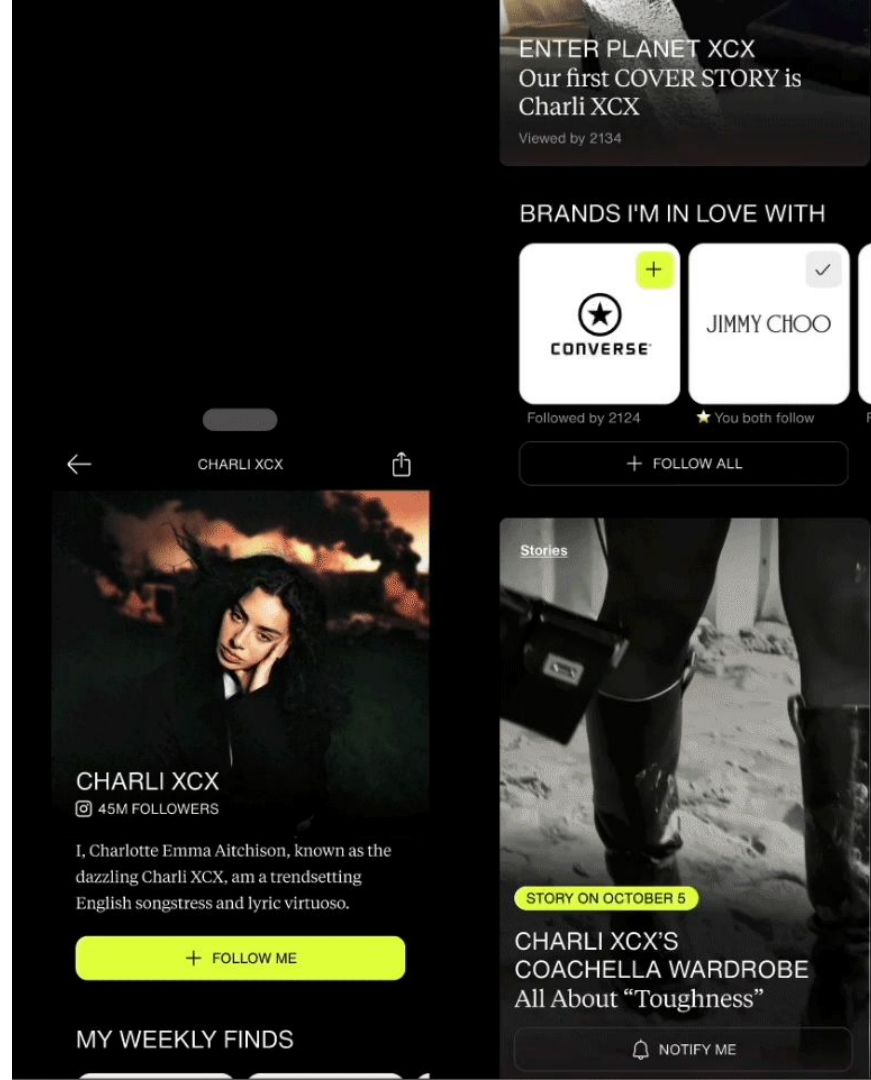
of inspiration happens online¹

¹ Source: BCG consumer research (2023), ² Source: Highsnobility

We are engaging and entertaining our customers by telling more compelling stories

~5m

engaged customers of **Stories on Zalando** since launch in January 2023

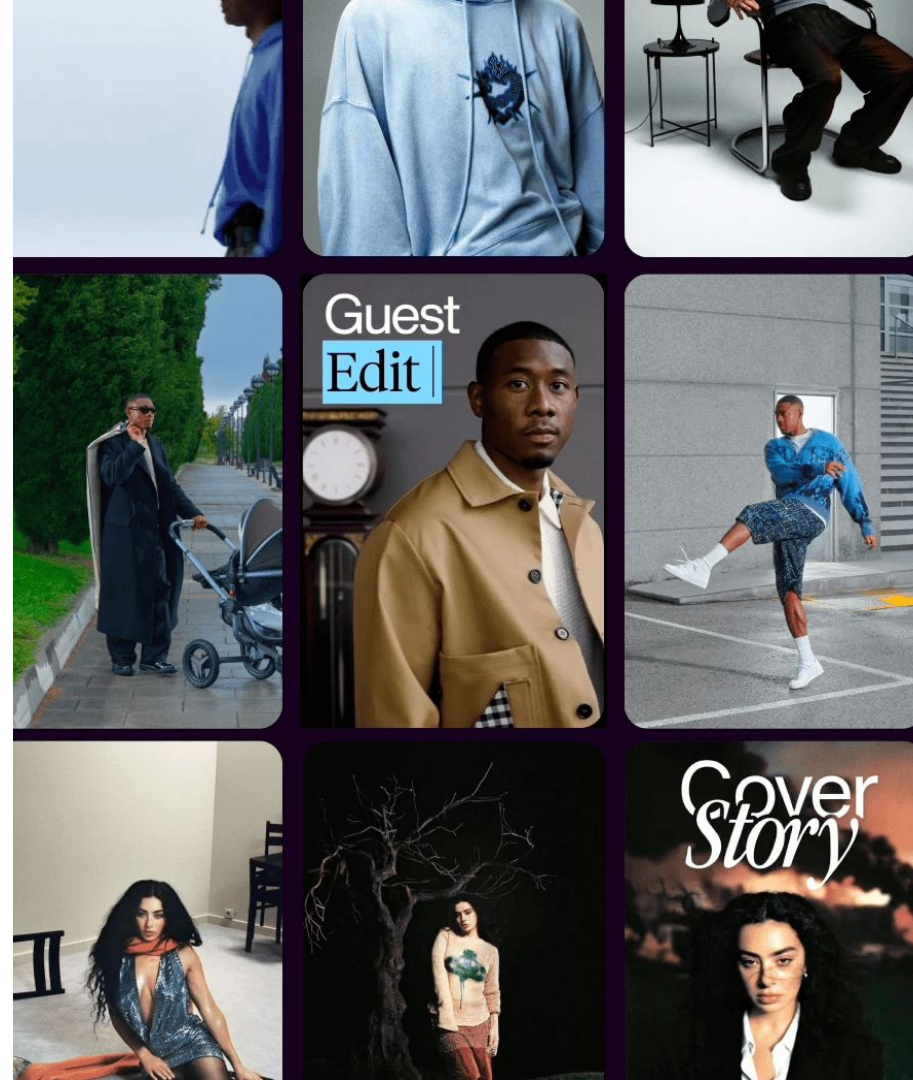


We leverage creators to expand into more content sources

43%

of consumers prioritize **fashion creators** that are relatable and authentic¹

¹ Source: McKinsey & Business of Fashion State of Fashion Report



We turn our customers into contributors by enriching the experience with social elements

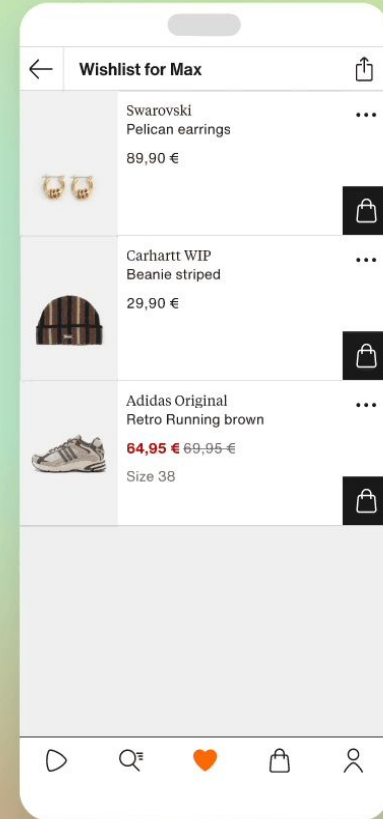
8%

share of customers visiting a product detail page that clicked the **share button** at least once

29%

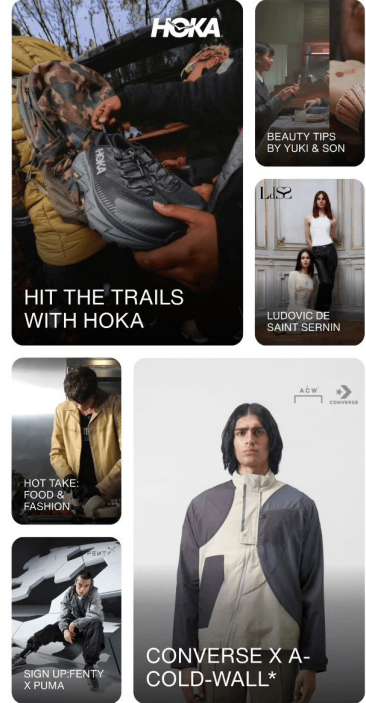
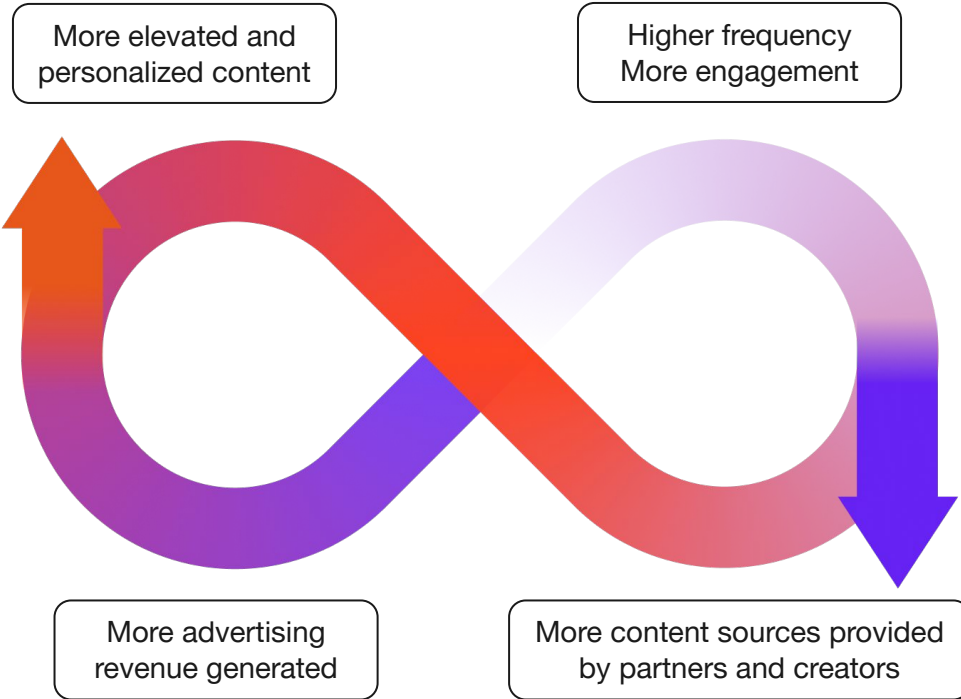
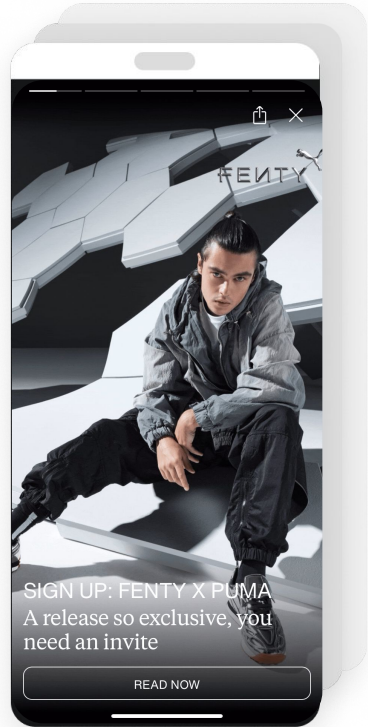
share of GenZ customers that **talk to others about the product** after they bought it¹

¹ Source: BCG consumer research (2023)





Personalised content at scale will drive user engagement, time spent and advertising





Three strategic growth pillars elevate our B2C business

Multi-brand platform

Differentiation through quality



Differentiating through quality will improve **quality and retention** of customer cohorts & **increase active customer growth**

Lifestyle expansion



Serving more of our customers' lifestyle needs will drive **multi-proposition adoption** and **increase share of wallet**

Inspiration & entertainment

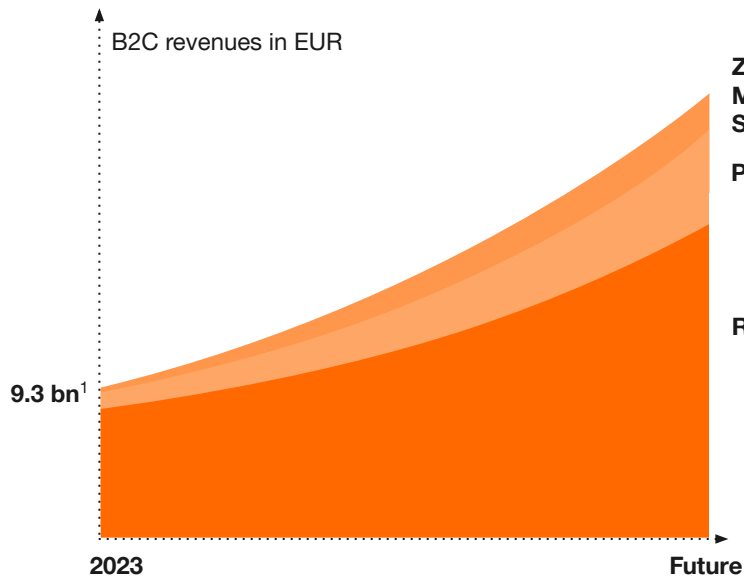


Quality content and personalised inspiration will increase **user engagement** and generate **higher advertising revenues via ZMS**

Leveraging the group's unique capabilities, B2C supports Zalando's long-term value creation

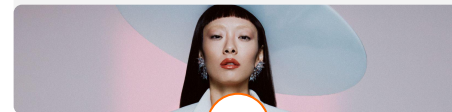
Unique Zalando capabilities enabling B2C long-term growth trajectory ...

- 1 Customer reach & brand engagement
- 2 Strong brand partnerships
- 3 Sustainability
- 4 Logistics infrastructure
- 5 Technology & data



... by capitalizing on three key strategic growth pillars

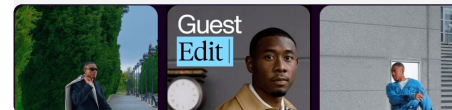
Differentiate through quality



Lifestyle expansion



Inspiration & engagement



¹ B2C also includes other B2C service revenues like shipping fees



Key takeaways

1 We differentiate through quality, offering **high equity brands, products and content** and a **flawless customer experience**.

2 We expand into lifestyle addressing **more needs and lifestyle choices** of our customers, combining **credible assortment** and an **elevated experience**.

3 We go beyond transactions making the e-commerce experience **more inspiring and entertaining**, driving deeper engagement and increasing advertising revenue.



Disclaimer

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You should not rely on these forward-looking statements as predictions of future events and we undertake no obligation to update or revise these statements.

Our actual results may differ materially and adversely from any forward-looking statements discussed on this call due to a number of factors, including without limitation, risks from macroeconomic developments, external fraud, inefficient processes at fulfillment centers, inaccurate personnel and capacity forecasts for fulfillment centers, hazardous material / conditions in production with regard to private labels, lack of innovation capabilities, inadequate data security, lack of market knowledge, risk of strike and changes in competition levels.

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