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E-COMMERCE: ROLE, CONCEPT, DEVELOPMENT DIRECTIONS

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INTRODUCTION

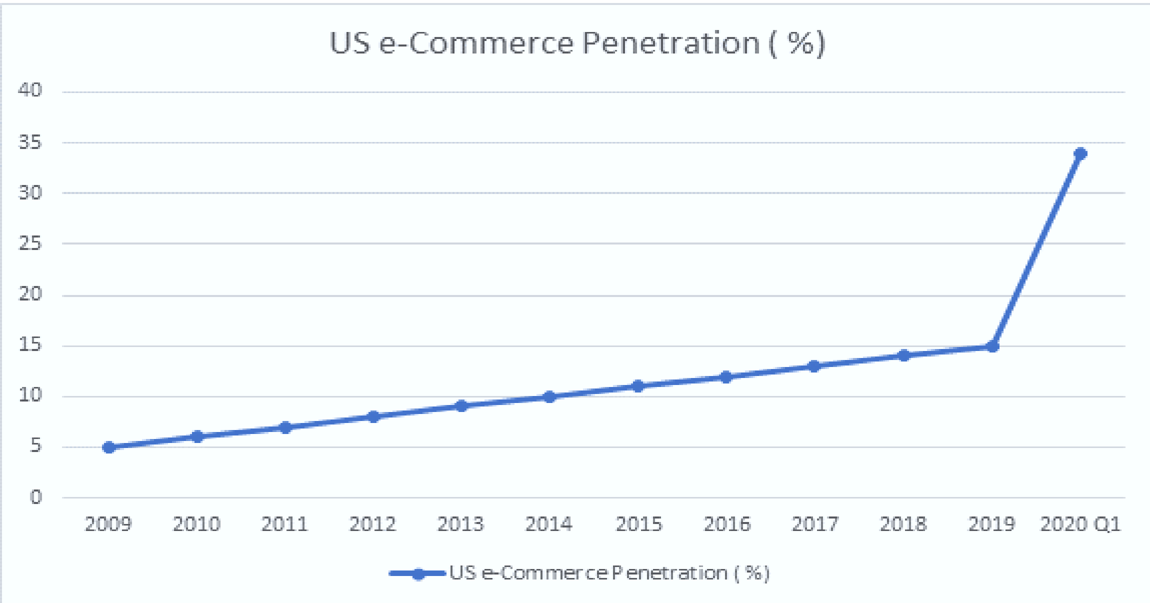
The history of e-commerce dates back to the 60s of the twentieth century and is characterized by the introduction airline booking systems. Further, its development is facilitated by the creation of inventory management systems, the emergence of computer networks and data transmission systems, payment cards and other electronic payment systems, and as well as the commercialization of the Internet.

A feature of the concept of "electronic commerce" is its application to all economic activities associated with the use of information technology.

Attempts to systematize and unify the categories and concepts of e-commerce were made by many authors. There are many interpretations that, to one degree or another, reveal the essence of e-commerce. It should be noted that most foreign authors in their works rely more on the practical side of the issue and pay less attention to the theoretical part.

One of the first authors who considered the theoretical aspects of this phenomenon and characterized e-commerce, is the American economist David Kozier. He is among the researchers who consider e-commerce as e-commerce. The basis of e-commerce Goats considers the structure of traditional trade, specifying that the use of electronic networks gives it flexibility.

In 2010, the United Kingdom had the highest per capita e-commerce spending in the world. As of 2013, the Czech Republic was the European country where e-commerce delivers the biggest contribution to the



enterprises' total revenue. Almost a quarter (24%) of the country's total turnover is generated via the online channel.

Table 1 From 2009 to 2020 USA e-commerce Penetration.

Among emerging economies, China's e-commerce presence continues to expand every year. With 668 million Internet users, China's online shopping sales reached $253 billion in the first half of 2015, accounting for 10% of total Chinese consumer retail sales in that period. The Chinese retailers have been able to help consumers feel more comfortable shopping online. E-commerce transactions between China and other countries increased 32% to 2.3 trillion yuan ($375.8 billion) in 2012 and accounted for 9.6% of China's total international trade In 2013, Alibaba had an e-commerce market share of 80% in China. In 2014, there were 600 million Internet users in China (twice as many as in the US), making it the world's biggest online market. China is also the largest e-commerce market in the world by value of sales, with an estimated US$899 billion in 2016. Research shows that Chinese consumer motivations are different enough from Western audiences to require unique e-commerce app designs instead of simply porting Western apps into the Chinese market.

Recent research indicates that electronic commerce, commonly referred to as e-commerce, presently shapes the manner in which people shop for products. The GCC countries have a rapidly growing market and are characterized by a population that becomes wealthier (Yuldashev). As such, retailers have launched Arabic-language websites as a means to target this population. Secondly, there are predictions of increased mobile purchases and an expanding internet audience (Yuldashev). The growth and development of the two aspects make the GCC countries become larger players in the electronic commerce market with time progress. Specifically, research shows that the e-commerce market is expected to grow to over $20 billion by 2020 among these GCC countries (Yuldashev). The e-commerce market has also gained much popularity among western countries, and in particular Europe and the U.S. These countries have been highly characterized by consumer-packaged goods (CPG) (Geisler, 34). However, trends show that there are future signs of a reverse. Similar to the GCC countries, there has been increased purchase of goods and services in online channels rather than offline channels. Activist investors are trying hard to consolidate and slash their overall cost and the governments in western countries continue to impose more regulation on CPG manufacturers (Geisler, 36). In these senses, CPG investors are being forced to adapt to e-commerce as it is effective as well as a means for them to thrive.

In 2013, Brazil's e-commerce was growing quickly with retail e-commerce sales expected to grow at a double-digit pace through 2014. By 2016, eMarketer expected retail e-commerce sales in Brazil to reach $17.3 billion.[31] India has an Internet user base of about 460 million as of December 2017.[32] Despite being the third largest user base in the world, the penetration of the Internet is low compared to markets like the United States, United Kingdom or France but is growing at a much faster rate, adding around 6 million new entrants every month.[citation needed] In India, cash on delivery is the most preferred payment method, accumulating 75% of the e-retail activities. The India retail market is expected to rise from 2.5% in 2016 to 5% in 2020.

The future trends in the GCC countries will be similar to that of the western countries. Despite the forces that push business to adapt e-commerce as a means to sell goods and products, the manner in which customers make purchases is similar in countries from these two regions. For instance, there has been an increased usage of smartphones which comes in conjunction with an increase in the overall internet audience from the regions. Yuldashev writes that consumers are scaling up to more modern technology that allows for mobile marketing. However, the percentage of smartphone and internet users who make online purchases is expected to vary in the first few years. It will be independent on the willingness of the people to adopt this new trend (The Statistics Portal). For example, UAE has the greatest smartphone penetration of 73.8 per cent and has 91.9 per cent of its population has access to the internet. On the other hand, smartphone penetration in Europe has been reported to be at 64.7 per cent (The Statistics Portal). Regardless, the disparity in percentage between these regions is expected to level out in future because e-commerce technology is expected to grow to allow for more users.

The e-commerce business within these two regions will result in competition. Government bodies at the country level will enhance their measures and strategies to ensure sustainability and consumer protection (Krings, et al.). These increased measures will raise the environmental and social standards in the countries, factors that will determine the success of the e-commerce market in these countries. For example, an adoption of tough sanctions will make it difficult for companies to enter the e-commerce market while lenient sanctions will allow ease of companies. As such, the future trends between GCC countries and the Western countries will be independent of these sanctions (Krings, et al.). These countries need to make rational conclusions in coming up with effective sanctions.

The rate of growth of the number of internet users in the Arab countries has been rapid – 13.1% in 2015. A significant portion of the e-commerce market in the Middle East comprises people in the 30–34 year age group. Egypt has the largest number of internet users in the region, followed by Saudi Arabia and Morocco; these constitute 3/4th of the region's share. Yet, internet penetration is low: 35% in Egypt and 65% in Saudi Arabia.

E-commerce has become an important tool for small and large businesses worldwide, not only to sell to customers, but also to engage them.

Small businesses and entrepreneurs in developing economies are also at the forefront of this emerging trend—with e-commerce providing important new opportunities for economic development. In Nigeria, for example, studies show that the development of e-commerce has leapfrogged the development of traditional bricks-and-mortar retail.

With the right global policies in place there is an opportunity to unleash a new era of “inclusive trade”: one in which all companies—regardless of size, sector or location—can benefit from equal access to the global trading system.

But trade policies need to keep pace with 21st Century trade.

Internet-led changes to the composition, nature and speed of global trade are raising increasing policy frictions—both in the online space and for the delivery of e-commerce shipments.

Today’s trade rules largely reflect 20th Century patterns of trade: large, containerised shipments on a B2B basis. The result is that tax, customs and market access rules are not always well suited to supporting the growth of SME e-commerce which is characterised by high-frequency, small shipments direct to consumers.

Another precondition for the success and viability of e-commerce is the ability for information to freely and efficiently cross borders—without being limited by technical barriers or anti-competitive bottlenecks. Fragmented national rules on data and the availability of online information increasingly act as a major impediment to trade.

For example, unjustified restrictions on cross-border data flows create significant costs for additional data management, local facilities and power—undermining the “global platform” model that most digital services suppliers use to keep costs low for SME users.

We think the time has come for a new global agreement to support Internet-led trade.

In September 2016, ICC issued a new report calling on WTO members to give active consideration to launching new talks on a holistic package of trade disciplines, rules and assistance to boost SME e-commerce—with an overriding objective to promote inclusive growth.

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