

E-commerce And Its Impact on the Global Economic Trade Comparative Study between the Top Turkish Online Stores Exporting to the Gulf Countries

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Abstract: With the rise of the internet, a new model of commerce has been created that exceeded all other models due to its universal variables, that is: Ecommerce, also known as electronic commerce. For decades Global economic trade could not get affected by the traditional commercial activities between countries until E-commerce emerged. Covid-19 is the strongest evidence of the impact that E-Commerce is having on trades across countries. Turkey is one of the countries that are growing drastically in International Trade; moreover, its foreign policy relies on opening the country to cross-border e-commerce regardless of any political obstacles, its relation with Gulf countries as an example.

Keywords: E-commerce, Foreign trade, global economy, Gulf countries, trade relation, Turkish product.

1. INTRODUCTION

Digital commerce has revolutionized the retail industry. For decades the traditional relationship between consumers and companies had some obstacles like time management, cost, limited products to one specific area, the customer reach, communication between buyer and seller, etc. With the rise of Electronic commerce, these problems got reduced drastically. First, a company using the model can process a big number of different customers in the matter of seconds not only receive their orders but also the payment and shipping. Moreover, reduce the costs of businesses from finding the right supplier to the marketing of the products. Online shopping is one of the most popular online activities worldwide with total retail sales of 4.28 trillion US dollars in 2020 and projected to increase more in the years to come, this only shows the real impact on the world of trading and global commerce [1]. As for trading, its concept has improved by the evolution of e-commerce, that we see an increase in international economic transactions compared to the traditional model. We take as proof the Turkish- Gulf countries' trade relations that its exchange reached approximately 17,000 million dollars in the end of 2016 [2]. Further evidence can be shown in the shift that companies have made from traditional stores to virtual e-commerce websites and we can list as example these businesses: BAZAREA, TURKEY STORE Etc.

A. E-COMMERCE AND GLOBAL ECONOMIC TRADE

There are many definitions of electronic commerce by many professional organizations and researchers. E-commerce is the process of buying and selling services and products over the Internet and other transactions that take place electronically, such as paying bills, booking tickets. In 1991 when people became able to use the Internet in their transactions, online shopping became possible. The United States was first in this model with the creation of Amazon, to begin offering items online, after the success of this experience, thousands of websites followed their approach. At the present time, it might seem irrational to have the idea of living without e-commerce [3]. According to the Organization for

Economic Cooperation and Development (OECD), trades can be conducted between companies (Business to Business B2B) as well as between companies and customers (Business to Consumer B2C). Furthermore, performing business using the internet as a platform Not only enlarges the spectrum of both commercialization and information exchange by providing the different stakeholders with a digitalized infrastructure that enhances the creation of virtual action markets for a large selection of services and products, but also can expand any business to the global market with the notion of trade [4]. Regarding International trade it is defined as the economic transactions that take place between countries, whose transactions are facilitated through international financial payments. Consumer goods and capital goods are the most commonly traded items with more possibilities that include services such as travel services, virtual money trades, and virtual labor [5]. According to “Our world in data organization” Trade has grown remarkably over the last century due to the integration of national economies into a global economic system, in other words this integration is often called: Globalization, as the value of global exports during the period 1800-2014 was shown. It shows an extraordinary growth in international trade over the last couple of centuries: Exports today are more than 40 times larger than in 1913 [6]. Furthermore, the difference between 2014 and 2021 in electronic retail sales worldwide is \$ 3.6 T with 1.3 tons in 2014 reaching 4.9 tons in 2021 [7].

B. TURKEY AND GULF COUNTRIES FOREIGN RELATIONS

Economy of Turkey has shown a big interest on foreign trade due to its wide success to be one of the country’s biggest factors for its GDP with 61.4% input in 2019 according to the World Bank. Furthermore evidence is the free trade agreements that reached 21 with many countries and more are expected to be signed.

The Gulf Cooperation Council (GCC) which contains six countries: Bahrain, Kuwait, Oman, Qatar, Saudi Arabia, and the United Arab Emirates (UAE) has one of the “highest spending consumers” not only due to its 45 million people living in the area but also the region’s high purchasing power [8]. It is safe to say then that the shift that turkey's political parties have made from west markets to the middle east region and GCC has paid its benefits with the “Framework Agreement for Economic Cooperation between Turkey and the Cooperation Council for the Arab States of the Gulf (GCC)” signed on 30 May 2005 in Manama, Bahrain which aims to organize and orient not only the political and foreign affairs but more importantly establishing the existing economic cooperation[9]. Statistical data as shown : in the year 2000 and before the relations were established, Exports was 1205 billion US Dollars and Imports 839 billion US Dollars [10]. After that as we can see in the below table the drastic change in the numbers with an 4781 billion US Dollars as total volume trade in 2006 further more in the year 2016 the number reached 15,983 billion US Dollars.

Trade volume between Turkey and GCC million US dollar

Country	2006			2016		
	Exports	Imports	Trade volume	Exports	Imports	Trade volume
UAE	1986	352	2338	5406	3701	9107
Saudi Arabia	983	623	1606	3175	1835	5010
Qatar	342	66	409	439	271	710
Kuwait	219	56	275	431	111	542
Bahrain	35	45	80	193	128	321
Oman	71	2	73	244	49	293
Total	3636	1144	4781	9888	6095	15983

Source: TUIK.2017

One other factor that made Turkey's economy attracted to the GCC is the consumers need for services and goods that Turkey can produce in high quality with reasonable prices. We set as example: the biggest Turkey’s exports are towards Saudi Arabia and UAE which are both considered to be giant markets in the region. As exports of minerals and jewelry amounted to 69%, iron and steel 38%, and 9% of carpets and textiles, according to the Turkish Statistical Institute TUIK in 2012 [11]. Without ignoring the high demands of Turkish delights: Baklava and Halkum candy, etc., from Gulf consumers, which it counts as one of the winning products that Ecommerce stores based in Turkey focus on providing.

C. E-COMMERCE BETWEEN TURKEY AND GULF COUNTRIES

The e-commerce model in Turkey has grown drastically due to the decision of normal and traditional stores to implement it to their businesses. In fact, in 2020, Turkey’s e-commerce value increased by 66 percent year on year to 226.2 billion

Turkish liras (32 billion dollars). Moreover the number of companies operating the electronic commerce model increased by 275 percent. (MENA), which is Middle east and North Africa including Gulf countries became one of the most attractive markets in the world and because of its geographical, logistical and cultural closeness to Turkey with the evidence that the exports from Turkey to regional states was worth 30 billion euros last year, which is a 7.1 percent increase compared to the situation one year before. Additionally the country's interest in targeting the region was made clear by the planning of new initiatives in the sector. In the form of the collaboration between E-commerce Association and Dubai Chamber of commerce that aims to create a virtual committee to promote and help e-commerce companies that operate online [12]. As we mentioned in this article above, the e-commerce boom that the world has seen, an immense amount of it has been shown in the (MENA) region, with profits that reached 20 US dollar in 2020 in the gulf cooperative council (GCC) countries when it was 5 billion US dollar in 2015. The growth of e-commerce in the (MENA) region and gulf countries can be explained by the consumer's characteristics. Firstly, the high rate of Internet penetration. Secondly the smartphone usage and how publicity can reach consumers hands easily because of it, and finally the region's consumers got introduced to the e-commerce model and they got addicted to how profitable and satisfying it is. For this reason Turkey has made all the initiatives and efforts to succeed to fulfil all the market's needs relying on online stores [13].

D. Comparison between 2 of top Turkish stores

When we talk about an online store or a business that sells goods via the Internet, we define three aspects in the model: A Store, A Product and A Buyer. This is shown nowadays to be very profitable for the business as well as for the customer satisfaction. In Turkey and with the rise of E-commerce, a number of online virtual stores have been shown on the surface targeting the global market with bigger focus towards Gulf countries. We take for real proof these two online bazars: Turkey Store and Bazarea.

TURKEY STORE

It is considered one of the first e-commerce stores operating in Turkey for five years, focusing on consumers in the Gulf countries. The platform has been established by Arab youth who were living in the country and observing the Turkish markets keeping in their minds one day they would create a strong relation between those products and the Arab world, with the language barrier destroyed and a direct relation between them the providers and end receiver buyers. According to the company managers, they first started with 5 orders a day gaining 15000 dollars monthly to reach 15 orders a day gaining between 15000 and 30000 dollars monthly recently. Furthermore the company stated that because of the Arab market's dynamic demands the store's total income may vary in reason of special events like the holy month of "Ramadan" and religious days like "Eid"...For this specific store, Saudi Arabia is the highest percentage of its customers.

BAZAREA

Bazaria.com is one of the biggest e-commerce platforms based in Turkey targeting the Gulf countries market. The company operates both on computers and on Mobile smartphones which makes it more accessible and gains more income than its rivals in the field. The store is known to have a very wide range of products from: Food, Jewelry, Home products, Accessories, etc. delivering not only to Arab countries but all over Europe as well. Their objective is to be able to bring millions of visitors to their store monthly and reach more than 1000 high quality Turkish products to list for sale. Shopping on Bazaria Mobile application and website allows the buyer to use his country's currency and different ways of payment methods. "From Turkey to the World!" is the company's Motto, in other words the company works on making it possible for people all over the world no matter the age or the backgrounds whether a person sitting on the couch inside his home or working outside it can be easy to access the Turkish Bazar online and shop his needs. According to company insiders: Given the current situation, the number of orders is about 70 with an approximate income of 3000 USD per month, best company records are 500 orders per month gaining 30000 US dollars at once with 10 percent of profit.

The Model of Ecommerce in Turkey in the time being is going bigger every year with new stores being introduced bringing new strategies, learning from the previous ones.

To distinguish between some of these strategies we have on one hand **BAZARIA.COM**. One of its features is a mobile application that is used not only on android smartphones but also on iOS devices, also the company's use of paid online advertisement to help bring their products to a larger number of potential clients. Thereafter, the store claims its capital is 100 percent local and their variety of products exceed every one of their competitors.

On the other hand, **TURKEY STORE** is one of the first stores that operated online using all the advantages of electronic commerce to its benefit working with no head to head outside stores, this made its experience in the field currently to be very respectful and the ability to gain more profit with little marketing budget. Despite the obstacle of the pandemic that happened in 2019, the store kept its profit steady compared to the other store because of their wide range of delivering services and partners.

However, Electronic commerce is still not a perfect model. According to the two store's owners, the tensions between the Turkish government and Gulf countries in the past year have escalated due to different reasons, in addition to some logistics and shipment obstacles. It can be concluded that, Both of these Stores are real life proof of the power of E-commerce platforms in this day and age, we keep in mind that they are still growing with a lot of potential to reach more success like other big e-commerce stores for example Amazon and Aliexpress. As online shops getting much higher with the obvious positive results these companies are achieving, in addition to the fact that the Arab customer is not fully used to the action of shopping and paying online in virtual stores that means directly the model is going to only keep growing, achieving higher numbers and bringing the value of these companies much up all over the Arab world.

2. CONCLUSION

The Internet and e-commerce have changed the way companies operate by changing the roles and relationships between the various parties in all stages of their work by adopting new definitions of operations. The trade relation between Turkey and Gulf countries is a well-respected example of the power of electronic commerce all over the world with bigger potential to reach higher stages of the model, even so geo-political obstacles that appear. Moreover it can affect traditional and static commerce with e-commerce standing strongly between companies and customers. Indeed, the future holds much more available space for new stores and businesses to start operation on the internet.

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