

Understanding the Global E-commerce growth -A review

Dr. Zunaith Ahmed
Assistant Professor, University of Nizwa

Abstract

The Information technology and internet revolution has transformed the global business scenario and has spurred the introduction and growth of many new service-oriented businesses and new ways of doing business. Retail e-commerce is one sector which has largely benefited from this internet revolution globally and the COVID 19 pandemic has further roused the growth of electronic commerce. Though there were some hesitations amongst the consumers regarding buying online before pandemic, but due to the government regulations to control the pandemic and safety concern and the supporting infrastructure, consumers significantly shifted from conventional shopping to electronic commerce. The primary goal of this research is to understand the growth of e-commerce in different countries and to identify the aspects that are promoting growth of e-commerce. This research is review article research using secondary data, for the purpose of this study the researcher has reviewed articles, research reports, newspaper publications and other literatures published in e-commerce for the past 15 years.

Keywords: E-commerce, Challenges, and growth factors

Date of Submission: 04-11-2021

Date of Acceptance: 18-11-2021

I. INTRODUCTION

E-Commerce is a business model through which businesses and consumers can buy and sell goods and services through online using computers, mobile and other information technology gadgets. The advancement in the growth of internet and smart phones have transformed the shopping behaviour of consumers especially from traditional shopping methods to online shopping for their needs across all sectors ranging from diapers to car insurance. E-commerce presence is felt across all sectors and the revenue is projected to touch US\$3,284,927m in 2021 with Fashion and accessories alone occupying a major pie with an expected market volume of US\$898,670m in 2021. As the online consumer penetration is projected to exceed more than 65 % globally in 2021, the electronic commerce business will develop Statista. (2021). In addition to the Information technological revolution, COVID-19 pandemic also had a significant stake on the impact on the e-commerce acceptance globally. Pantelimon, Georgescu and Posedaru (2020) research reveals that COVID 19 pandemic has made more consumers to move from conventional shopping methods to e-commerce and most of the literature findings expects that these changes will continue even after the pandemic is over. The aim of this research is to understand the rapid growth of electronic commerce in different countries and to understand the factors that are promoting e-commerce growth and the challenges. This research reviewed research articles, research reports, newspaper publications and other literatures published in e-commerce for the past 15 years.

II. LITERATURE REVIEW

E-commerce is gradually becoming an essential and common practice in the part of our major lives irrespective of the socio-demographic groups and the number of customers start using online shopping has increased. Statista (2021) report reveals that worldwide around 2.14 billion persons are estimated to purchase products and services using online compared to 1.66 billion customers in 2016. The affordability of data plans, smart phones and faster internet connectivity have increased the growth of internet usage. More than 50% of the global population were using internet services globally in 2019. Among all the countries the internet usage is led by United States, Canada, Europe, and Caribbean countries in the past 15 years, In Africa internet usage rate is less than 30 % in 2019. (UNCTAD/DER/2021). Various reasons like convenience, competitive price, product information and reviews etc has made customers choose to buy online and this transformation has changed the conventional marketing strategies out-dated and made businesses to realise that the traditional way of doing business will not be effective in the future and businesses should adapt themselves to the changing digital era. Abdul Gaffar Khan (2016) study concludes that E-business revolution has affected the conventional business system in Bangladesh and enhanced convenience and made customer life easier. Sara Hamed and Sara El-Deeb (2020) study found that cash on delivery payment method improves hedonic value and do not affect the payment risk or utilitarian value among online consumers in Egypt. According to Statista (2021), Among online

consumer's majority of the buyers prefer PayPal as the favourite method of payment followed by the credit card and debit cards. Global E-retail sales accounted for 18% in 2020 and is projected to reach 21.8% in 2024. Among all the countries China leads the e-commerce retail sales followed by United states and United Kingdom. The report also states that Asian countries constitute more than 50% of the global online retail sales in 2021. Chang and Chen (2009) results show that online user satisfaction and loyalty towards e-commerce site is influenced by the quality user interface and perceived safety regarding online purchase and payment methods. Alyoubi, A. (2015) studies reveal that countries trade and infrastructure development policies have formed a gap between the developed countries and developing countries in the e-commerce sector. Developing countries to make use the potential of the e-commerce sector, should liberalise the international trade and invest more for the enhancement of telecommunication infrastructure. The study also recommends that the governments should also regulate the payment methods and educate the consumers that it is safe to shop online. D Mahipal and K Shankarajiah (2018) study suggest government that improving legal framework for safeguarding E-commerce safety will enhance the growth of electronic commerce in India. Ramcharran, H. (2013) studies show that there is stable demand for e-commerce business and suggest traditional retailers invest in Research & Development and Information technology and adapt to changes in the retail industry scenario. Mbayo Kabango and Romeo Asa (2015) studies show that technological effectiveness has an impact on the development of electronic commerce trade in developing countries and suggest governments s to enhance investment in Information and Communication Technology infrastructure to support e-commerce growth. Ibam Boyinbode and Afolabi (2018) studies show that electronic commerce trade had contributed for the growth on African economy and suggest the law makers to spend more in e-commerce infrastructure for boosting Nigeria's economy. The study also points out that distrust among the consumers is a major constraint for the growth of e-commerce. Ho, S., Kauffman and Liang (2011), studies stress that factors like Government investment in telecommunication infrastructure, rise in internet users and the countries openness to international trade led to the growth of Business to consumer e-commerce. Xubei Luo , Yue Wang and Xiaobo Zhang (2019)studies indicated that growth of e-commerce growth has reduced spatial inequality in the country and found more adoption among rural areas. Muhammad Nadhifa Suwandy and Ni Putu Wiwin Setyari study showed that ecommerce transactions in Indonesia is experiencing an uptrend and has a significant impact on the economic growth of the country.

Literature related to E-commerce during Covid 19 Pandemic

Though the Information technological revolution has stimulated the development of electronic commerce, the COVID-19 pandemic also had a significant share on the impact on the e-commerce adoption globally. Pantelimon, Georgescu and Posedaru (2020) research highlights that during pandemic the consumer behavior has changed vastly among the e-commerce users and more consumers have moved from conventional shopping methods to e-commerce and predicts that these changes will continue even after the pandemic is over. UNCTAD report states that COVID-19 has improved the adaptation of information and communications technology related goods and services globally. According to study done by Javed, A. (2020) government's efforts related to e-Commerce and pandemic have helped significantly in the development of electronic commerce in growth of the electronic commerce trade Pakistan and recommends the law makers to enhance the ICT infrastructure and regulate payment gateways to exploit the. Before the pandemic, literature has claimed that e-commerce had some limitations such as trust issues related to online offering, hidden costs, and delays in delivery etc Chawla and Kumar (2021). The study also found that online users prefer cash on delivery while shopping online. During the pandemic as countries globally enforced lockdowns and movement restrictions as a safety measure to control the spread of covid, a substantial stake of both national and global trade in products and services were done over online in established marketplaces using earlier platforms. electronic payment methods were started to use by more businesses and consumers. Bloomberg (2021) Analysts forecasted that the increase in demand for electronic commerce is expected to continue even after the pandemic, particularly in groceries sector. UNCTAD reports propose government to concentration on digital readiness with reference to infrastructure enhancement, reliable payment platforms and regulatory frameworks to develop local businesses and to make use of the digital economy especially among small businesses and promoting digital entrepreneurship. Findings of ECLA summarized that pandemic had made law makers to make improvement on the e-commerce policy agenda, modify past strategies and regulatory frameworks and liberalising trade barriers. Increasing digitalization especially the COVID 19 pandemic has accelerated e-commerce trade across all countries in the world, but there is a significant gap between countries in the growth due their capability of their ICT infrastructure and trade policies. Addressing these issues will surely influence the growth of electronic commerce trade especially among emerging and least developed nations in 2020, the electronic commerce in Canada and the US reached over 100 parentages. The transition economies of commonwealth of independent states were relatively close to this level, but the penetration rates of mobile broadband in Asia and the pacific, Arab states and Africa represented, respectively three quarters, less than two thirds and only one third of the American and European levels. The causes for the disparity for mobile broadband gain access is due to the

variation in mobile broadband connection (3G,4G and 5G), smart phone usage as well as cheaper or economical smart phones and data plans. In the case of Least Developed Countries 23 percent of the people did not have access to broadband network in 2020. (UNCTAD/DER/2021). The COVID-19 pandemic has also led to varied fortunes for leading business to consumer e-commerce companies, according to the UNCTAD report hospitality industry sales reduced considerably due to travel restrictions during the pandemic.

III. DISCUSSION AND CONCLUSION

Literature reveals that global IT infrastructure development and increased usage of smart phones made a drastic impact on the businesses especially in retail e-commerce sector and reveals that consumers shopping behavior has changed and more consumers are shifting from traditional shopping methods to online shopping. According to Statista. (2021), Global E-retail sales accounted for 18% in 2020 and is expected to reach 21.8% in 2024. Though there were some reservations amongst the consumers regarding buying online before pandemic, but due to the government regulations to control the pandemic, safety factors concern, convenience, competitive price, product information and reviews and other reasons have made Customers choose to buy online. Though the Information technological revolution has spurred the development of electronic commerce, the COVID-19 pandemic also had a significant share on the impact on the e-commerce adoption globally. The literature also has a commonality that that the transformation from traditional shopping to e-commerce and its growth will continue even after the pandemic is over. E-commerce is gradually turning out to be an essential and common practice among the consumer lives irrespective of the socio-demographic and the changes have made businesses to realize that the conventional marketing strategies and the traditional way of doing business will not work in the future and businesses should adapt themselves to digital era. Literature also reveals that countries trade and infrastructure development policies have created a gap between the developing countries and developed countries in the e-commerce sector and suggests developing countries to liberalise the international trade and invest in telecommunication infrastructure. The findings of the literature also recommend that the governments should regulate and create reliable payment platforms and regulatory frameworks to enhance local businesses to make use of the digital economy especially among small businesses and promoting digital entrepreneurship.

REFERENCES

- [1]. Abdul Gaffar Khan (2016) Electronic Commerce: A Study on Benefits and Challenges in an Emerging Economy, Global Journal of Management and Business Research: B Economics and Commerce Volume 16 Issue 1 Version 1.0 Year 2016, Global Journals Inc. (USA)
- [2]. Alyoubi, A. (2015). E-commerce in Developing Countries and how to Develop them during the Introduction of Modern Systems. *Procedia Computer Science*, 65, 479-483. doi: 10.1016/j.procs.2015.09.127
- [3]. Chawla, N., & Kumar, B. (2021). E-Commerce and Consumer Protection in India: The Emerging Trend. *Journal Of Business Ethics*. doi: 10.1007/s10551-021-04884-3
- [4]. Chang, H., & Chen, S. (2009). Consumer perception of interface quality, security, and loyalty in electronic commerce. *Information & Management*, 46(7), 411-417. doi: 10.1016/j.im.2009.08.002
- [5]. D Mahipal and K Shankarajiah (2018), E-Commerce growth in India: A study of segments contribution, *Academy of Marketing Studies Journal*, Vol: 22 Issue: 2
- [6]. Digital Economy Report 2021 | UNCTAD. (2021). Retrieved 22 October 2021, from <https://unctad.org/webflyer/digital-economy-report-2021>
- [7]. Digital buyers worldwide 2021 | Statista. (2021). Retrieved 30 October 2021, from <https://www.statista.com/statistics/251666/number-of-digital-buyers-worldwide/>
- [8]. E-commerce stocks soar with pandemic gains seen as long-lasting. (2021). Retrieved from <https://finance.yahoo.com/news/e-commerce-stocks-soar-pandemic-184554109.html>
- [9]. Hamed, S., & El-Deeb, S. (2020). Cash on Delivery as a Determinant of E-Commerce Growth in Emerging Markets. *Journal Of Global Marketing*, 33(4), 242-265. doi: 10.1080/08911762.2020.1738002
- [10]. Ho, S., Kauffman, R., & Liang, T. (2011). Internet-based selling technology and e-commerce growth: a hybrid growth theory approach with cross-model inference. *Information Technology and Management*, 12(4), 409-429. doi: 10.1007/s10799-010-0078-x
- [11]. Ibam, E., Boyinbode, O., & Afolabi, M. (2018). e-Commerce in Africa: The Case of Nigeria. *EAI Endorsed Transactions on Game-Based Learning*, 4(15), 153536. doi: 10.4108/eai.5-1-2018.153536
- [12]. Javed, A. (2020). Prospects and Problems for E-commerce in Pakistan. *Asian Journal of Economics, Finance and Management*, 2(4), 131-139. Retrieved from <https://globalpresshub.com/index.php/AJEFM/article/view/900>
- [13]. Luo, Xubei and Wang, Yue and Zhang, Xiaobo, E-Commerce Development and Household Consumption Growth in China (April 10, 2019). World Bank Policy Research Working Paper No. 8810
- [14]. Mbayo Kabango, C., & Romeo Asa, A. (2015). Factors influencing e-commerce development: Implications for the developing countries. *International Journal of Innovation and Economic Development*, 1(1), 59-66. doi: 10.18775/ijied.1849-7551-7020.2015.11.2006
- [15]. Pantelimon, F., Georgescu, T., & Posedaru, B. (2020). The Impact of Mobile E-Commerce on GDP: A Comparative Analysis between Romania and Germany and how Covid-19 Influences the e-Commerce Activity Worldwide. *Informatica Economica*, 24(2/2020), 27-41. doi: 10.24818/issn14531305/24.2.2020.03
- [16]. Post Pandemic Covid-19 Economic Recovery: Enabling Latin America and the Caribbean to better harness e-commerce and digital trade. (2021). Retrieved 22 October 2021, from <https://www.cepal.org/en/publications/46858-post-pandemic-covid-19-economic-recovery-enabling-latin-america-and-caribbean>

- [17]. Ramcharran, H. (2013). E-Commerce Growth and the Changing Structure of the Retail Sales Industry. *International Journal Of E-Business Research*, 9(2), 46-60. doi: 10.4018/jebr.2013040104
- [18]. Impacts of the Covid 19 Pandemic on Trade in the Digital Economy. (2021). Retrieved from https://unctad.org/system/files/official-document/tn_unctad_ict4d19_en.pdf

Dr. Zunaith Ahmed. "Understanding the Global E-commerce growth -A review." *International Journal of Business and Management Invention (IJBMI)*, vol. 10(11), 2021, pp. 50-53. Journal DOI- 10.35629/8028