

E-COMMERCE IN TURKEY

E-COMMERCE W TURCJI

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Abstract. E-commerce (electronic commerce), although it is a relatively young branch of the economy, has caused that more and more business processes are transferred to the Internet. The dynamic development of e-commerce is evidenced by the several-dozen-percent increase in its users every year. The article presents the outline of the e-commerce market in Turkey. It presents the essence of E-commerce, the history of its development in Turkey and the current state of e-commerce in this country, in comparison with other countries. Attention was also paid to conditions that create good prospects for its growth.

Keywords: e-commerce, Turkey, history of e-commerce in Turkey

Streszczenie. E-commerce, czyli handel elektroniczny, pomimo że stanowi stosunkowo młodą gałąź gospodarki, sprawił, że coraz więcej procesów biznesowych przenoszonych jest do Internetu. O dynamicznym rozwoju e-commerce świadczy coroczny kilkudziesięcioprocentowy wzrost liczby jego użytkowników. Artykuł przedstawia zarys rynku e-commerce w Turcji. Zaprezentowano w nim istotę e-commerce, historię jego rozwoju w Turcji oraz aktualny stan e-commerce w tym kraju w porównaniu z innymi krajami. Zwrócono również uwagę na uwarunkowania tworzące dobre perspektywy jego wzrostu.

Słowa kluczowe: e-commerce, Turcja, historia e-commerce w Turcji

Introduction

When we entered the twenty-first century, we were able to see a new revolution, namely the revolution of the network. Electronic connection of various parts of the world has enabled the smooth flow of information. The Internet is the engine of this revolution, and electronic commerce (e-commerce) is its fuel (Bhasin, 2005).

The idea of conducting business transactions via electronic media, not face to face, has been an integral part of many companies for several decades. However, the latest Internet technologies and advanced cryptographic technologies has led to the changes in the structure of the market, the consumer and communication environment have also enabled virtual marketing strategies.

Producers and consumers using e-commerce have excellent facilities and new perspectives for their business activities: they are able to spread the market around the world and quickly reach the global market.

The e-commerce revolution also did not avoid Turkey. Despite the late start, e-commerce is growing

rapidly in this country and is gaining more and more importance. In effect Turkey became one of the leaders in the growth of e-commerce in the world.

Material and methods

In order to understand the causes of the phenomenon of the rapid development of e-commerce in Turkey, the purpose of this article is to present the Turkey e-commerce market. The detailed objectives included: presentation of the idea of e-commerce, the history of its development and current state in Turkey and the analysis of the possibilities of its development in the future.

The implementation of the above formulated goal resulted in a specific course of research. The literature of the subject in the field of e-commerce as well as documents concerning its development in Turkey were analyzed.

It was also made an analysis of secondary statistical data on the functioning of individual e-commerce elements in Turkey from the perspective of changes

in time. Based on that, the development of e-commerce in Turkey and in the European Union Countries was also compared.

Results and discussion

The concept of e-commerce emerging in parallel with the advances in information and communication technologies. It is assumed that, E-business is the use of ICT to (Fredriksson, 2013, p. 2) :

- facilitate business processes e.g. by
 - communicating with governments, suppliers and clients,
 - purchasing or selling goods and services on line (e-commerce),
- automate business processes ,
- manage resources ,
- implement business policies (in marketing, HR, finance, etc.).

E-commerce means business activities (both communications and transactions) conducted electronically (includes not only ordering, invoicing and payment but also marketing, advertising and communications).

The definition of e-commerce in literature as well as in common life, often comes down to the transaction of buying or selling online. According to OECD, an e-commerce transaction is the sale or purchase of goods or services, whether between businesses, households, individuals, governments, and other public or private organisations, conducted over computer mediated networks. The goods and services are ordered over computer mediated networks, (broad definition) the Internet (narrow definition) (OECD 2002 Annual report, p. 46).

E-commerce transforms the world into a global market place that operates independently of time and space, with the opportunities offered by the point of purchase and sale of products and services to every segment of society, from businesses to the state and individuals.

Electronic commerce draws on technologies such as mobile commerce, electronic funds transfer, supply chain management, Internet marketing, online transaction processing, electronic data interchange (EDI), inventory management systems, and automated data collection systems. Modern electronic commerce typically uses the World Wide Web for at least one part of the transaction's life cycle although it may also use other technologies such as e-mail (Statistica, 2016). The ICT landscape is evolving through:

- the number of Internet users growing,
- improved access to international broadband,
- mobile revolution,
- rapid uptake of Internet-enabled mobile phones (smartphones),
- spread of social media,
- governments eager to provide e-government services,

- allowing for online transactions,
- cloud computing raises new opportunities and risks.

There are 4 basic types of e-commerce (Stefaniuk, 2014, p. 234; Johnson 2018):

1. Business-to-Business (B2B) – encompasses all electronic transactions of goods or services conducted between companies. Producers and traditional commerce wholesalers typically operate with this type of electronic commerce (enterprise ecommerce platforms that work directly with other businesses in a closed environment).
2. Business-to-Consumer (B2C) – it is distinguished by the establishment of electronic business relationships between businesses and final consumers. Most people think of B2C e-commerce when they hear the term e-commerce.
3. Consumer-to-Consumer (C2C) – all electronic transactions of goods or services conducted between consumers (eg. eBay.com).
4. Consumer-to-Business (C2B) – involves individuals selling products or services to businesses, and is roughly equivalent to a sole proprietorship serving a larger business (eg. UpWork).

Another division of Internet sales, having the most practical relevance, includes analysis of places where online sales are carried out. We can distinguish (Stefaniuk, 2014, p. 243):

- online stores,
- online warehouse,
- Internet auctions,
- group shopping,
- price comparison engine,
- online exchanges,
- social media.

The first step for the e-commerce, was the application of the concept in 1992, Central Bank of the Republic of Turkey (CBRT) started with electronic money transfer (EFT) which started between banks (Aydemir, 2004, p.27).

For the first time in Turkey, electronic trade work was initiated by a meeting of the High Council of Science and Technology in 1997. In this meeting, the establishment of the "Electronic Commerce Network" and a working group was created to promote electronic commerce. The coordinator is the Undersecretariat of Foreign Trade (Canpolat, 2001, p. 39) .

In 1998, a meeting was prepared where the financial, technical and legal reports were presented. Since then the state of the development of electronic commerce has undertaken four basic missions:

1. Development of technical and administrative infrastructure.
2. Establishment of legal infrastructure.
3. Taking measures to encourage electronic commerce.
4. Harmonization of policies and practices abroad with national policies and practices.

The task was entrusted to the Undersecretariat of Foreign Trade and the secretariat was transferred to TUBITAK.

As a consequence of these studies, for the development of the e-commerce state 4.

Having a basic relative; necessary technical and administrative, legal infrastructure take measures to promote e-commerce, national policies and practices international policies and practices.

The implementation and development of decisions is under the supervision of the Ministry of Economy.

From 2001 an E-Commerce Working group participated in the Europe + action plan, e-Turkey Initiative I. At the beginning of 2003, it was decided that the work would be maintained in three application groups:

- "SMEs and other businesses",
- "Foreign Trade E document",
- "e-financial Services"

In May 2004, Foreign Trade, Export, with the participation of the Development Center and the Banks Association of Turkey representatives, "the development of new financial instruments in order to facilitate e-commerce for SMEs on" Information Sharing Meeting in the capital of Greece, was held in Athens.

In 2008, due to lack of legal regulation of electronic commerce, a number of States Trade Coordinator has worked to create a legal infrastructure. An "Electronic Trade Directive Working Group" has been established with the contributions of the Undersecretariat of State Trade and all other relevant public institutions and organizations to initiate legislative compilation studies in which the regulations of the European Union are covered by the Electronic Trade Directive numbered in 2000 (Altınok, 2008, p. 264)

After evaluating the reports produced by the Working Group, EU intergovernmental funds were used to prepare the e-trade law in 2009. A state developed by the Trade Undersecretariat, the Commission submitted to, and accepted from, the Netherlands-Turkey governments (G2G), "2000/31 EC Electronic Commerce Directive Compliance Supply and Support for Implementation of the Directive" was passed in coordination with the project of the Ministry of Justice.

In parallel with the project works, a "Draft Bill on the Regulation of Electronic Commerce" was prepared in accordance with the works of the "Commission for the Preparation of e-Commerce Law" established and coordinated by the Ministry of Justice and a seminar held in Istanbul in 2009 was presented to public and private sector representatives.

In 2010, the Commission issued a "Draft of the Law on the Regulation of Electronic Commerce" Turkey. After the presentation of the Ministry of Justice to the National Assembly, the lower Commissions discussed for a period exceeding 2 years, has been accepted. Later, the Ministry of Justice made the draft law which was submitted to the Grand National Assembly of Turkey corrections again and was adopted on October 23, 2014, November 5, 2014 and published in the Official Gazette No. 29 166 and entered into force in 2015.

In 2011 eBay acquired 93 percent of Turkey's largest auction site, GittiGidiyor* in a deal rumored to value the company at \$215 million.*5M Monthly unique visitors. Same year, South African Naspers acquired 70 percent of Markafoni* one of Turkey's largest private shopping companies, in a deal valuing Markafoni at about \$200 million*3.3M Monthly unique visitors (Hergül, 2014).

The Ministry of Customs and Trade has been tasked with coordinating public regulatory activities and all sub-legislation on e-commerce as a requirement of the "Regulation on Electronic Commerce" numbered 6563. The Ministry is responsible for the preparation of the legal infrastructure of e-commerce in our country and for coordinating and conducting the necessary activities at the public level at this stage. Regulation on Commercial Communication and Commercial Electronic Communications "on 15.07.2015 and" Regulation on Service Provider and Intermediary Service Providers in Electronic Commerce "on 26/08/2015 specified the responsibilities of service providers and contents of commercial messages.

Within the scope of the action titled "Creating the e-Export Strategy" numbered 53 in the Information Society Strategy and the Action Plan for 2015-2018, the required strategy was identified and carried out by the coordination and the participation of the relevant parties.

As can be seen in Figure 1, in the last 5 years there has been a dynamic increase in the number of Internet users in Turkey. Thanks to this, and because Turkey was the fastest growing country in continental Europe (Hergül, 2014), the dynamic development of the e-commerce market has become possible. Turkey is actually the second fastest growing e-commerce market after India.

According to the Deloitte report, the e-commerce sector grew by 37%, reaching a total size of 42.2 billion TL in 2017, from 30.8 to 40.2 billion USD, and the average annual increase in 2013-2017 was 32% (Deloitte 2018, p.11), what has been shown in Figure 2 and 3.

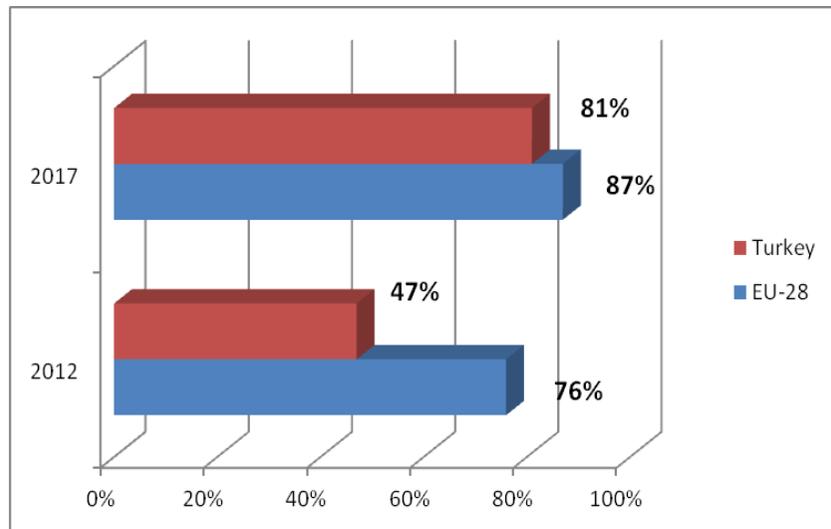


Figure 1. Comparison of Individuals who have the Internet access of households in Turkey and EU, in 2012 and 2017
Source: own elaborate based on (Digital economy and society statistics 2017).

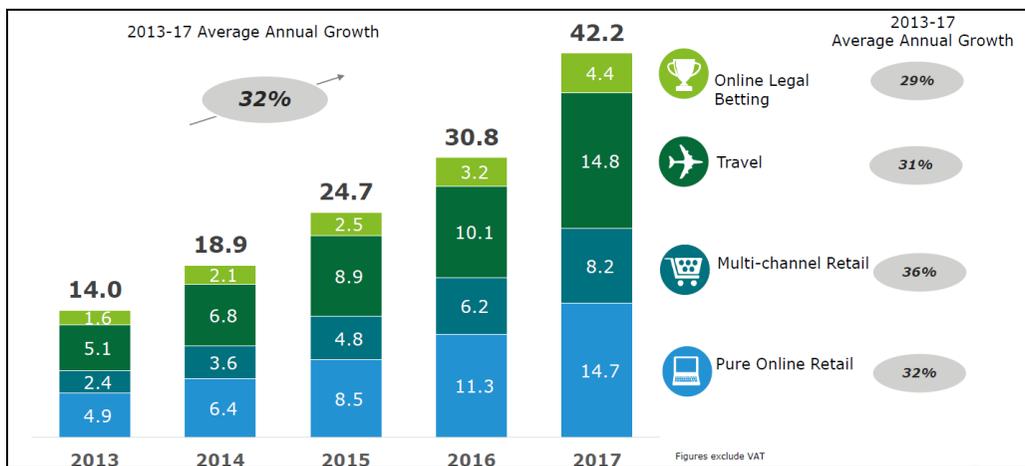


Figure 2. E-Commerce market size in Turkey (billion USD)
Source: (Deloitte 2018 p. 12).



Figure 3. Turkish E-Commerce market size and growth in global comparison
Source: (Deloitte 2018 p. 19).

There are 12 thousand e-commerce sites in Turkey. Besides private companies in the sector and NGOs, there are electronic sales platforms belonging to other legal entities such as sports clubs. The domestic e-commerce market is more focused on the end user (Business to Consumer-B2C) than the market. Online, the main goal in opening a business is to reach more consumers and increase sales volume. Retailers, the online platform has a lower cost advantage than the traditional one in competitive prices. In recent years, the aim of women targeting e-commerce in Turkey has seen a rapid development in fashion retailing (<https://ekonomi.isbank.com>)

According to research by Deloitte, about 60% of Turkey's 25 leading online retailers only provide services through e-commerce. These so-called "Pure player" players, creating their own brands goes his own way. On the other hand, in the inner market, the activities of online retailers are vertical and there are two groups for horizontal trade. Websites that focus on just one area are vertical; while different web sites offering a large number of products from the sectors are doing horizontal e-commerce (Deloitte 2018).

Firms can sell using their own web sites and / or shopping platforms. Shopping platforms, products from multiple vendors, or a multi-product website in a different category offering diversity and price advantages to its customers. Marks, like this is in the open market platform itself can create its own product store and sell it on its own, as if it were opening its own retail stores or in multiple categories (Özen, Saydam Gürack, 2017). The main activities of e-business clients in Turkey are presented in Figure 4.

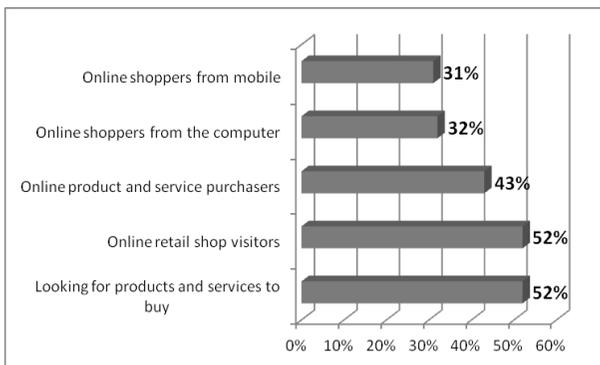


Figure 4. Turkey E-commerce actions in the last 30 days in 2017

Source: own elaborate based on: (Özen, Saydam Gürack, 2017),

The largest e-commerce websites in Turkey are:

1. *GittiGidiyor.com*, which started broadcasting on February 5, 2001, was founded by Serkan Borançılı, Burak Divanlıoğlu and Tolga Kabataş, who set out to create an e-commerce site that brings buyers and sellers together. With this system called "Zero Risk System", more than 13 million sales operations in thousands of products in a total of 4,000 categories have been carried

out. Since May 2007, GittiGidiyor's partner has been E-buy, with this strategic partnership and mutual know-how transfer, GittiGidiyor increased service diversity (gittigidiyor.com)

2. *Markafoni.com* Founded in 2008 by Sina Afra, Ahmet Sarı and Tolga Tatari, Markafoni is one of today's web-based shopping sites with more than 5 million members. Markafoni has more than 250 employees. The site, which is a good tool for brands to unite customers, works with 900 domestic and 900 foreign brands in Ukraine, Greece and South Korea. Markafoni's aim of serving in countries such as Australia may be the first from Turkey's most visited e-commerce site. Since it is the first Turkish e-commerce site showing its opening activities abroad, Markafoni, which is preferred today, is increasing its prestige with the campaigns offered to its customers (Afra, Tatari, Sarı, 2014).
3. *Yemeksepeti.com* is an online food ordering company providing the facility to place food orders on-line from an affiliated network of restaurants without charging the user any extra fees. Yemeksepeti currently operates in 64 cities in Turkey and in Cyprus with more than 11,000 member restaurants, 5.2 million users, and 150,000 orders on a daily basis. The company expanded to 6 different countries under the name foodonclick.com in the GCC region; The United Arab Emirates, Lebanon, Jordan, Kingdom of Saudi Arabia, The Sultanate of Oman and The State of Qatar (Bozgül, 2017).

Turkey e-commerce accounts for approximately 1.3% of total retail sales. Compared to developed countries, e-commerce spending has significant growth potential in the coming years (Büyüklüğü, 2016). Similarly, when we look at Figure 5, we can still see a large disparity between Turkey and the EU countries in numbers of Individuals who ordered goods or services over the internet for private use. This indicates a very large growth potential of the e-commerce market in this country.

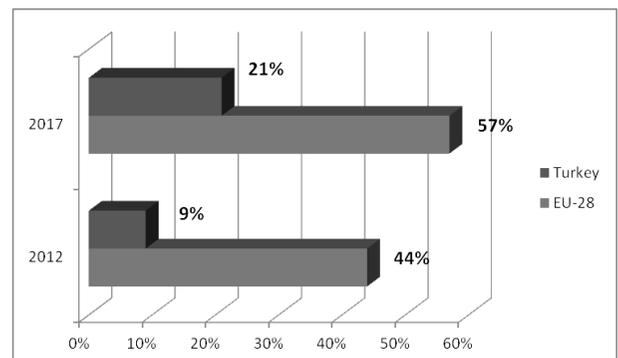


Figure 5. Comparison of Individuals who ordered goods or services over the internet for private use in the 2012 and 2017 in Turkey and EU

Source: own elaborate based on (Digital economy and society 2017).

Conclusions

E-commerce is currently an increasingly used form of running a business as well as an increasingly important element of the economies of developed countries.

The development of this form of trade in Turkey began much later than in European countries and there are still differences in both: the percentage share of this form of trade and the number of

e-commerce clients. On the other hand, the e-commerce market in Turkey is one of the most dynamically developing in the World. Taking into account other global trends, such as the steady increase in the use of the Internet, especially mobile devices or the dynamic development of global players in the e-commerce market (E-buy, Amazon or Alibaba), it should be noted that e-commerce in Turkey has great prospects development in the coming years.

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