

E - COMMERCE AS A BUSINESS OPPORTUNITY FOR ENTREPRENEURS

COMERȚUL ELECTRONIC CA OPORTUNITATE DE AFACERI PENTRU ÎNTRERINZĂTOR

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Abstract: Acest articol analizează rolul semnificativ pe care îl joacă comerțul electronic în relațiile comerciale internaționale și potențialul acestuia de a facilita creșterea economică. Odată cu utilizarea tehnologiei moderne pentru comunicare, utilizarea rețelelor și transmiterea electronică a datelor, comerțul electronic a deschis oportunități semnificative atât pentru țările dezvoltate, cât și pentru cele în curs de dezvoltare. Întreprinderile mari și mici beneficiază de creșterea comerțului internațional, care le-a permis să depășească barierele geografice și să acceseze noi piețe. În ciuda provocărilor reprezentate de pandemia COVID-19, se așteaptă ca dezvoltarea comerțului electronic să continue, vânzările de comerț electronic urmând să crească cu 10,4% în 2023. Articolul oferă, de asemenea, informații privind comerțul electronic în Republica Moldova, precum și provocările și oportunitățile întreprinzătorilor care doresc să se implice în sfera dată.

Key words: comerț electronic, Republica Moldova, digitalizare, comportamentul consumatorului, COVID-19, pandemie, previziuni.

JEL CLASSIFICATION: L81, M16, O33, P46, E17.

INTRODUCTION

E-commerce has become a rapidly growing business opportunity for entrepreneurs around the world. With the advancement of technology and the increasing use of the internet, e-commerce has become a major platform for buying and selling goods and services. It allows entrepreneurs to reach a broader audience, reduce overhead costs, and streamline the buying and selling process. As consumers continue to shift their purchasing habits online, the potential for entrepreneurs to establish successful e-commerce businesses has never been greater. In this era of digital transformation, e-commerce presents a unique opportunity for entrepreneurs to carve out their own niche in the market and create a successful business. In terms of geographic reach, e-commerce has been able to reach every corner of the world, but the adoption of digital technology and the subsequent growth of e-commerce vary greatly from country to country and from region to region. In this sense, the nations that were able to be among the first to integrate into international e-commerce networks are now the leaders in this area [1].

Aim and objectives of the research. The overall goal is to conduct comprehensive research on e-commerce and its impact on various aspects of business and society, with a focus on current and future trends, opportunities, and challenges.

The objectives of this research will include:

1. Highlighting the contribution of e-commerce to the growth of international trade;
2. Figuring out how the Covid-19 pandemic affected online shopping;
3. Investigating 2023 development predictions;
4. Identifying the challenges and opportunities that exist for entrepreneurs who want to start or expand their e-commerce businesses;

5. E-commerce research in the Republic of Moldova.

Literature overview. The term e-commerce emerged in the 1990s, but its initial applications can be traced back to the early 1970s with the introduction of electronic data exchange among industrial entities [2]. Since then, e-commerce has flourished and developed considerably, with the massive development of information and communication technology and the evolution of electronic computer systems. E-commerce refers to a commercial activity carried out through the internet or any means of electronic communication. The Organization for Economic Cooperation and Development (OECD) defined it as “business transactions accomplished through open networks” [3]. In recent years, e-commerce has experienced significant growth, primarily through a massive dependence on the internet [4], and the Coronavirus pandemic has further increased reliance on e-commerce through internet networks and electronic applications [5]. This crisis has also encouraged more institutions and individuals to enter the world of e-commerce.

Research methods used. A combination of quantitative and qualitative research methodologies is used in this study. The article bounds statistical data and analysis to show the rise in e-commerce sales and its impact on international trade, highlighting the contribution of e-commerce to the expansion of international trade. The research combines a literature evaluation with historical analysis to determine how e-commerce has developed over time. This study made use of data analysis to examine consumer behavior and patterns throughout the Covid-19 crisis in order to determine how the pandemic affected online buying. The research makes use of forecasting and trend analysis based on current data and previous trends to look into development forecasts for 2023. In order to understand the existing state of e-commerce in the Republic of Moldova and identify growth prospects and problems, the research is case study-based.

CORE CONTENT

E-commerce has changed the way transactions and relationships occur in the economy, which has resulted in a fundamental change in the labor market. The World Trade Organization and the Organization for Economic Co-operation define e-commerce as a network of telecommunication of sales, production, advertising, and distribution [7]. The advancements in information technology and communication have reduced the costs related to processing and gathering information, making it more available to all economic agents. E-commerce has competitive advantages such as reducing transaction costs, inventory, shortening the production cycle, and increasing opportunities.

Online commerce has opened up significant opportunities for both developed and developing countries, and its continuous development is expected to have both direct and indirect impacts on international trade [7]. By utilizing e-commerce, the process of trade can be made more cost-effective, faster, and easier. Information collection is often a costly necessity, especially when it involves acquiring information from national borders, and such costs can be considered a trade barrier. The process of locating the right resources, such as supplies, arranging production and product requirements, setting prices, quality control, and organizing delivery and marketing can also be costly. However, e-commerce and the internet can simplify these activities, as they involve all necessary functions without the need for close involvement of buyers and sellers. As a result, the use of e-commerce and the internet reduces costs and promotes international trade. In the context of international trade, both exporters and importers have their own business purposes, and trade can only occur when these purposes are linked between both parties.

E-commerce plays a significant role in international trade, as it involves the use of modern technology for communication, network usage, and electronic transmission of data for the complete establishment of trade relations, transaction settlements, and permit applications. Many studies have investigated whether the use of the internet has an impact on trade. For instance, a study conducted in 20 middle-income countries in Central Asia and Eastern Europe found that companies with better access to information technology and the internet tend to export more than enterprises that do not have adequate connectivity [6]. This highlights the importance of e-commerce in enabling international trade and its potential for facilitating economic growth.

For example, companies like Amazon, Alibaba, and eBay have established themselves as major players in the global e-commerce market, enabling millions of sellers to reach customers in different parts of the world. Through online platforms like these, businesses can sell their products to customers in multiple countries with relative ease.

In addition to large e-commerce platforms, small and medium-sized enterprises (SMEs) are also benefiting from the growth in international trade. Many SMEs are using online marketplaces to sell their products to customers in foreign countries, which was previously not possible due to high barriers to entry. For instance, a small jewelry maker in India can now sell their products to customers in the United States or Europe through online marketplaces like Etsy or Shopify.

E-commerce has also facilitated cross-border trade by enabling businesses to overcome geographical barriers and access new markets. For instance, a business in China can sell their products to customers in the United States without having a physical presence there, thanks to e-commerce platforms like Amazon or Alibaba. This has greatly reduced the cost and complexity of doing business across borders, opening up new opportunities for businesses of all sizes.

According to a research and survey made by the United Nations Conference on Trade and Development (UNCTAD) [9], e-commerce companies have mostly experienced a decline in sales, with around 58% of them reporting a reduction in sales due to COVID-19 lockdown measures and restrictions. On the other hand, nearly 60% of third-party online marketplaces have seen an increase in sales by attracting more customers and onboarding new sellers. However, there were variations among sub-sectors and sales composition, and nearly a third of the marketplaces experienced a shrinking customer base while a fifth lost sellers. Overall, fully digital business models such as third-party online marketplaces performed better than e-commerce companies during the pandemic.

The COVID-19 pandemic has significantly impacted e-commerce, resulting in a surge in online shopping due to physical store lockdowns and restrictions. This increase in e-commerce sales, however, created challenges such as supply chain disruptions, delivery delays, and out-of-stock situations. E-commerce companies had to adopt new safety measures, such as contactless delivery, to ensure the safety of their employees and customers. According to the survey, Facebook and own e-commerce websites have been the most growing sales channels, with more than half of the businesses surveyed using their own e-commerce websites. Phone channels were also frequently used.[9]

COVID-19 lead to other challenges that affected e-commerce. For example, consumers have been showing less loyalty to their preferred brands due to various reasons. According to eMarketer [10], over 80% of consumers have reported purchasing a different brand than their usual one in mid-2021, with lower prices (65%) and products being out of stock (51%) being the main reasons for this shift in brand loyalty. Despite the challenges, the pandemic accelerated the growth of e-commerce and is expected to have a lasting impact on the industry. Even as the pandemic subsides, more consumers are likely to continue shifting to online shopping.

According to an article published by Forbes on Feb 8, 2023 [11], e-commerce is expected to experience significant growth in the coming years. E-commerce sales are anticipated to grow by 10.4% in 2023, and the global e-commerce market is expected to total \$6.3 trillion in the same year. The article suggests that e-commerce can help businesses sell more and earn more by allowing them to have a global presence. It warns that businesses that do not start selling online might miss out on great profit, as the e-commerce market is expected to total over \$8.1 trillion by 2026.

Entrepreneurs who want to start or expand their e-commerce businesses may face several challenges and opportunities. One major challenge is the competition from established players in the market who already have a strong customer base, brand recognition, and marketing resources. This can make it difficult for new businesses to stand out and attract customers.

Another challenge is the need for effective digital marketing strategies to reach and engage potential customers online. This includes search engine optimization (SEO), social media marketing, email marketing, and other forms of digital advertising.

However, there are also many opportunities for entrepreneurs in the e-commerce space. For example, the global e-commerce market is expected to continue growing, creating new opportunities for businesses to reach customers around the world. Additionally, advancements in technology, such as mobile shopping apps and virtual reality shopping experiences, can help businesses differentiate themselves and provide a unique customer experience.

Another opportunity is the importance of customer experience and trust. By providing a seamless and secure online shopping experience, businesses can build customer loyalty and trust, which can lead to repeat purchases and positive reviews.

Overall, while there are challenges to starting or expanding an e-commerce business, there are also many opportunities for entrepreneurs who are willing to invest in effective marketing strategies, provide a unique customer experience, and build trust with their customers.

Entrepreneurs in the Republic of Moldova have the potential to leverage opportunities in the e-commerce market while addressing its challenges through research. Effective digital marketing strategies can help them overcome competition from established players in the market, and understanding the customer experience and trust can help them improve their online reputation and attract more customers. Research can also help entrepreneurs identify gaps in the market, such as underserved customer segments or product categories, that they can fill with their e-commerce businesses.

According to Motorintelligence.com [12], e-commerce is in its early stages in Moldova, with limited retailers offering it and few people accustomed to online ordering. However, the increasing use of the internet, credit cards, online banking, and e-mail is driving e-commerce development. The Moldovan government has developed a digitization roadmap to support e-commerce development, including promoting online stores and attracting international e-commerce actors, and facilitating cashless payments. The COVID-19 pandemic has also emphasized the importance of online payment systems.

The Moldova e-commerce market is divided into B2C and B2B segments, with B2C further segmented into categories such as beauty and personal care, consumer electronics, fashion and apparel, food and beverage, furniture and home, and others [12]. The product types segment includes travel and tourism, as well as sport accessories and equipment. E-commerce in Moldova has fewer trade barriers compared to traditional retail. Chinese and American e-commerce websites are popular among Moldovans for consumer electronics, while France and the UK are preferred for clothing and footwear [12].

There are a few domestic e-commerce aggregators that digitize ticket sales, compare prices, distribute food, and assist in the delivery of products ordered online. B2B e-commerce has potential for small businesses to buy and sell online, aided by government initiatives promoting electronic signatures and e-documents. The top three e-commerce sites in Moldova are 999.md, aliexpress.com, and makler.md. eBay.com and Amazon.com are also popular shopping sites in Moldova [12].

Based on research and forecast by Statistica.com, the e-commerce market in Moldova is expected to generate revenue of US\$816.10m in 2023, with a projected annual growth rate of 12.71% leading to a market volume of US\$1,317.00m by 2027. The e-commerce market is expected to have 1.59 million users by 2027, with user penetration expected to increase from 42.5% in 2023 to 49.7% by 2027. The average revenue per user (ARPU) is predicted to be US\$559.10 [13].

In summary, e-commerce is still in its early stages in Moldova, but it is showing significant growth potential due to increased internet usage and the government's efforts to promote digitalization. There are challenges such as the limited availability of electronic payment methods and competition from established players, but there are also opportunities for entrepreneurs to start or expand their e-commerce businesses by utilizing social media for marketing and taking advantage of the growing popularity of online banking and mobile internet. Overall, the e-commerce market in Moldova is projected to show strong growth in the coming years.

CONCLUSION

In conclusion, e-commerce has become an integral part of the global economy, and it is rapidly growing in popularity in many countries, including Moldova. The COVID-19 pandemic has accelerated the growth of e-commerce, and the trend is likely to continue in the coming years. Entrepreneurs who want to start or expand their e-commerce businesses face many challenges, including competition from established players, the need for effective digital marketing strategies, and the importance of customer experience and trust. However, there are also many opportunities for those who are willing to invest in this growing industry. With the government's efforts to promote e-commerce through national digitization roadmaps and other initiatives, there is potential for enterprises and SMEs to sell and buy online or shift procurement activities to the internet. As technology continues to advance, e-commerce is likely to become even more accessible and convenient for consumers, creating even more opportunities for businesses. Therefore, it is essential for entrepreneurs to conduct research and stay up-to-date with the latest trends and developments in e-commerce to take advantage of these opportunities and overcome the challenges.

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