

Worldwide Trends in E-Commerce



By Chiharu Oyama

Origins

E-commerce started in the U.S. since the 1980's and became widespread in the 1990's along with the penetration of the Internet. In the U.K. where e-commerce is the most developed, e-commerce and mobile-commerce business account for 4.8% of GDP, roughly 110 billion scale of business in 2011.

E-commerce market size by major countries



United Kingdom	
Country GDP:	2250 billion USD (2011 est.)
E-commerce:	107.7 billion USD (2011 est.)
M-commerce	1.1 billion USD (2011 est.)
Smartphone penetration	39%



United States (USA)	
Country GDP:	15.040 billion USD (2011 est.)
E-commerce:	180 billion USD (2011 est.)
M-commerce:	6.7 billion (2011 est.)
Smartphone penetration	33% (2011 est.)



China	
Country GDP:	11.300 billion USD (2011 est.)
E-commerce:	74 billion USD (2011)
M-commerce:	953 million USD (2010 est.)
Smartphone penetration	8%



India	
Country GDP:	4463 billion USD (2011 est.)
E-commerce:	9.3 billion USD (2011 est.)
M-commerce:	Unknown
Smartphone penetration	4% (Aug 2011 est.)

Source <http://www.about-payments.com/>

The scale of major e-commerce players business

Company name	Country	Year of foundation	Revenue in 2012	Number of employees
Flipkart	India	2007	\$92 million	4,500
Rakuten	Japan	1997	\$4.9 billion	9,311
Alibaba	China	1999	\$4.1 billion	24,000
Amazon.com	U.S.	1994	\$61.09 billion	88,400
eBay	U.S.	1995	\$14.07 billion	27,770

E-commerce developments in emerging markets

Looking into trends in emerging markets, the Chinese B2B e-commerce giant, Alibaba.com entered market when Internet penetration was still 4.6% in 1999. South Africa is the leader in e-commerce business in Africa. Its first complete online shop, “kalahari.com” was established in 1998, while Internet penetration was less than 4.9%. They watched international trends and decided to take a leap of faith. E-commerce in South Africa has since grown at a rate of about 30% annually.¹ The number of kalahari.com employees jumped from 49 to 150 in 2012. The current Internet penetration rate of South Africa is 17.4%, just a little higher than that of Ghana (14.1%). According to Research published by World Wide Worx, South Africa’s Internet economy contributed 2% to the national GDP and was estimated to reach 2.5% by 2016.

Not only in South Africa, but also in Sub-Saharan Africa, e-commerce has already taken off. Jumia, one of Nigeria’s largest online retailers was established by two Harvard graduates in 2012. Now, they grew to have a 90,000-sq-ft (8,360-sq-m) building headquarters with 500 workers and 150 delivery vehicles nationwide in just a little over 1 year. Nigerian found a shopping option for home-grown online retailers while Amazon nor eBay has dedicated retail presence on the continent yet. In Sub-Saharan Africa, people rely on others going abroad to come back with clothes and household items. Even if they found items in shops they were always overpriced, so these shopping websites are like a breath of fresh air to Nigerian consumers. Meanwhile, Jumia received investment from Rocket Internet, a German online incubator which has now replicated the site in Kenya.²

So why not in Ghana?

¹ <http://businesstech.co.za/news/internet/29801/kalahari-com-reports-big-revenue-spike/>

² <http://www.bbc.co.uk/news/business-24381684>

Ghana-Market Opportunity in E-commerce

In 2012, Ghana's economy recorded a GDP growth of 7.9%. The country has a population of approximately 24.65 million people and is the second most populous country in West Africa after Nigeria. 15.4% of total population of residents in the Greater Accra region, an area which is twice the size of London.

In contrast to many other countries in Africa, Ghana enjoyed political stability since achieving independence in 1957. The population of the country has tripled since then and is estimated to increase to 27 million by 2020. The structure of the Ghanaian population is healthy and consists of 37.3% of the youth aged under 15 years old, 59.1% from 15 to 64 years old and only 3.6% over 65 years old.³ 95% of Ghanaians have access to primary and secondary education which Ghana having one of the highest school enrolment rates in all of Africa.⁴ The official language there is English. According to the World Bank "doing business 2013 Fact Sheet", Ghana is the most improved business environment in Sub-Saharan Africa.

The level of Internet penetration is reasonable within the target market at 14.1%, and there are over 12 million mobile phone subscribers.⁵ Adoption of internet and mobile technology is rising quickly, and an International Telecoms Union report ranked Ghana as the first in Africa with more people using or connected to mobile broadband.⁶

Country	Population (2012)	Internet Users (2000)	Internet Users (30/Jun/2012)	Penetration (% Population)	Facebook (2012/12/31)	Population (The greater Accra)
Ghana	25,292,392	30,000	3,568,757	14.10%	1,630,420	3,895,028
India	1,205,073,612	5,000,000	137,000,000	11.40%	62,713,680	
South Africa	48,810,427	2,400,000	8,500,000	17.40%	6,269,600	
China	1,343,239,923	22,500,000	538,000,000	40.10%	633,300	
Japan	127,368,088	47,080,000	101,228,736	79.50%	17,196,080	
U.S.	313,847,465		245,203,319	78.10%	166,029,240	
Netherlands	16,730,632		15,549,787	92.90%	7,554,940	

Internet penetration

Source: <http://www.internetworldstats.com/stats.htm>

³ http://en.wikipedia.org/wiki/Demographics_of_Ghana

⁴ <http://en.wikipedia.org/wiki/Ghana>

⁵ [Doing Business in Ghana 2012, KPMG](#)

⁶ <http://business.myjoyonline.com/pages/news/201301/99976.php>

While credit cards are not commonly used yet, ATM/ Debit cards are highly penetrated. The transport infrastructure is semi-developed. There are some logistic networks but it is difficult to deliver products or service as scheduled due to the bad traffic. However, this barrier also presents big opportunities. Similar to the situation in India and Nigeria, a shopping trip can mean being packed into buses, being stuck in jammed traffic and dealing with a lot of chaos outside. Hence, it is a place where consumers would have a lot to gain from not physically going to the stores. Ghanaian people generally dislike stress and hustle and are open to try new stuff. There are some well-recognized classified sites but when it comes to online shopping sites, a few commercial activities have started but they not dominant yet. Therefore, Ghana is perfectly poised to develop a robust online economy.