

**T.C.**  
**ISTANBUL AYDIN UNIVERSITY**  
**INSTITUTE OF GRADUATE STUDIES**



**E-COMMERCE AND ITS IMPACT ON THE GLOBAL ECONOMIC  
TRADE A COMPARATIVE STUDY BETWEEN THE TOP TURKISH  
ONLINE STORES EXPORTING TO GULF COOPERATION COUNCIL**

**MASTER'S THESIS**

**Imane AMIMER**

**Department of Business**  
**Business Administration Program**

**July, 2021**



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**Department of Business**  
**Business Administration Program**

**Thesis Advisor: Prof. Dr. Ahmet Sedat AYBAR**

**July, 2021**

## ONAY FORMU

## **DECLARATION**

I hereby declare that the thesis titled "E-commerce And Its Impact on the Global Economic Trade. A Comparative Study between The Top Turkish Online Stores Exporting to GCC" was written from the introduction to the conclusion without assistance in violation of research ethics and practices, and that this work was based on the sources listed in the bibliography. (03/07/2021)

Imane AMIMER

## **FOREWORD**

It is with great pleasure that I write these words to express my gratitude before any development in my research to everyone who has helped me complete this work. I laud and thank Allah for all the wonderful things he has blessed me throughout my thesis research.

A special greeting to my teacher and supervisor Dr. Ahmed Sedat Aybar for accompanying me during this period, for the occasion that allowed me his honorable guidance, I had the privilege of being under his supervision.

My gratitude to my family who believed in me and supported me morally and financially, I can not repay them for what they did to help in achieving my goals and aspirations in this life. To my husband also for his love, motivation and patience. To all my friends who contributed directly or indirectly to the completion of this work.

July, 2021

Imane AMIMER

**E-COMMERCE AND ITS IMPACT ON THE GLOBAL ECONOMIC TRADE  
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STORES EXPORTING TO GULF COOPERATION COUNCIL**

**ABSTRACT**

E-commerce has flourished with the tremendous development of the information technology revolution at the global level, where global economic trade between countries was affected like never before by traditional commercial activities until the emergence of electronic commerce. This trade has an important role in the development of trade more and more due to the speed with which information is exchanged, whether between individuals within the same country or from multiple countries, which facilitates decision-making In the context of conducting business deals across the world. Covid-19 is the strongest evidence of the impact of e-commerce on trades across countries.

Since ancient times, Turkey has been at a crossroads between Asia and Europe, which has qualified it to be an important hub of international trade. It was one of the first countries to embrace e-commerce of all kinds. It has witnessed a great development with all countries of the world in general, and with the GCC in particular, and in particular with the Kingdom of Saudi Arabia, which is considered a consumer market par excellence. The exchanges between them include various goods and commodities such as foodstuffs, clothes, electronics...etc. However, what should be noted is that the traditional or electronic trade exchanges cannot be separated from political variables and relations between countries regionally and internationally. It swings up and down according to the positions and interests of each country.

This qualitative study based on descriptive research by investigating and commenting on official government statements, annual reports, articles, previous studies, theses, books, and relevant websites, as well as comparing two Turkish online stores that are leading in the export of Turkish products to the GCC will help

us understand the mechanism of electronic commerce and its impact on The global economy, and the extent of the impact of countries' foreign policies on its functioning. The relationship between Turkey and the Gulf states is a great example of this. According to the collected data, the results showed that the trade relations between the two parties are very important. However, this relationship can be affected by some influences, such as; the country's internal economic situation, political decisions, and competition.

**Keywords:** E-commerce, Foreign Trade, Global Economy, GCC, Trade Relations, Turkish Product



**E-TİCARET VE KÜRESEL ÜZERİNE ETKİSİ EKONOMİK TİCARET  
KÖRFEZ İŞBİRLİĞİ KONSEYİ'NE İHRACAT YAPAN EN İYİ TÜRK  
İNTERNET MAĞAZALARI ARASINDA KARŞILAŞTIRMALI BİR  
ARAŞTIRMA**

**ÖZET**

E-ticaret, küresel düzeyde bilgi teknolojisi devriminin muazzam gelişimi ile gelişti. Ülkeler arasındaki küresel ekonomik ticaret, elektronik ticaretin ortaya çıkmasına kadar geleneksel ticari faaliyetlerden daha önce hiç olmadığı kadar etkilendiği yerdir. Bu ticaret, ister aynı ülke içindeki bireyler arasında olsun ister birden fazla ülkenin bireyleri arasında olsun bilgi alışverişinin hızı nedeniyle ticaretin gelişmesinde giderek daha önemli bir rol oynamakta ve bu da karar vermeyi kolaylaştırmaktadır. Covid-19, dünyada e-ticaretin ülkeler arası ticaret üzerindeki etkisinin en güçlü kanıtıdır.

Eski çağlardan beri Türkiye, Asya ile Avrupa arasında bir kavşak noktasında yer almakta ve bu da onu önemli bir uluslararası ticaret merkezi olarak nitelendirmektedir. Bununla beraber Türkiye, her türlü e-ticareti benimseyen ilk ülkelerden biridir. Genel olarak tüm dünya ülkeleri, özel olarak Körfez ülkeleri ve bunların en başında da mükemmel bir tüketici pazarı olarak kabul edilen Suudi Arabistan Krallığı ile büyük bir gelişmeye tanık olmuştur. Aralarındaki mübadele; gıda maddeleri, giysiler, elektronikler vb. gibi çeşitli mal ve ürünleri içerir. Ancak dikkat edilmesi gereken husus, geleneksel veya elektronik ticaret alışverişlerinin bölgesel ve uluslararası düzeyde siyasi sebeplerden ve ülkeler arasındaki ilişkilerden ayrılmayacağıdır. Bu sebepler aşağı yukarı her ülkenin konumuna ve çıkarlarına göre değişmektedir.

Bu nitel araştırmada ilk olarak resmi hükümet açıklamaları, yıllık raporlar, makaleler, önceki çalışmalar, tezler, kitaplar ve ilgili web siteleri incelenip yorumlanmış; ikinci olarak da Türk ürünlerinin ihracatında lider olan iki Türk çevrimiçi mağazası karşılaştırılarak betimsel bir araştırmaya dayandırılmıştır. Körfez

lkeleri; elektronik ticaretin mekanizmasını, kresel ekonomi zerindeki etkisini ve lkelerin dıř politikalarının iřleyiři zerindeki etkisinin boyutunu anlamamıza yardımcı olacaktır. Trkiye ile Krfez lkeleri arasındaki iliřki buna gzel bir rnektir. Toplanan verilere gre sonular iki taraf arasındaki ticari iliřkilerin ok nemli olduėunu gsterir. Ancak bu iliřki bazı etkilerden etkilenebilir: lkenin i ekonomik durumu, siyasi kararları ve rekabeti.

**Anahtar Kelimeler:** e-ticaret, dıř ticaret, kresel ekonomi, Krfez lkeleri, ticari iliřkiler, Trk malı

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## **ABBREVIATIONS**

<b>APRANET</b>	: Advanced Research Projects Agency Computer Network
<b>AKP</b>	: AK Party, Justice and Development Party,
<b>B2B</b>	: Business to Business
<b>B2C</b>	: Business to Consumer
<b>B2G</b>	: Business to Government
<b>C2B</b>	: Consumer to Business
<b>C2C</b>	: Consumer to Consumer
<b>C2G</b>	: Consumer to Government
<b>COD</b>	: Cash on Delivery
<b>EDI</b>	: Electronic Data Exchange
<b>ECCC</b>	: Electronic Commerce Coordination Council
<b>ETTP</b>	: Electronic Transformation Turkey Project
<b>FTA</b>	: Free Trade Agreement
<b>G2C</b>	: Government to Consumer
<b>GDP</b>	: Gross domestic product
<b>GCC</b>	: Gulf Cooperation Council
<b>HTML</b>	: Hyper Text Markup Language
<b>IP</b>	: Internet Protocol
<b>IT</b>	: Information Technology
<b>KSA</b>	: Kingdom Of Saudi Arabia
<b>MENA</b>	: Middle East North Africa
<b>METU</b>	: Middle East Technical University
<b>NSFNET</b>	: National Science Foundation Network

**OECD** : Organization for Economic Co-operation and Development  
**STRCT** : Scientific and Technological Research Council of Turkey  
**SCST** : Scientific Committee on Science and Technology  
**UAE** : United Arab Emirates  
**URL** : Uniform Resource Locator  
**WWW** : World Wide Web

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## **I. INTRODUCTION**

The spread of the Internet has affected today's world in the same way the industrial revolution affected societies in centuries past. As the Internet effectively connected all countries around the world, its prosperity and development in communication technologies has fostered an environment that promotes the globalization of markets throughout the world, and to the emergence of e-commerce, which has changed the concept of trade and the way companies work, providing incredible services, such as the dissemination of information, and promote and sell products with new technologies (OECD 1998). E-commerce has affected the global economy as exports today are forty times larger than they were in 1913. Moreover, in 2020, e-retail sales worldwide amounted to 4.28 trillion US dollars, and in 2022 it is expected to grow to 5.4 trillion US dollars (Statista.com, 2021).

After the trade deficit that Turkey experienced in the early eighties, several measures were taken to improve the economic situation, to stimulate export performance and to raise the quality of production. A series of important events contributed to the development of Turkish foreign trade and the growth of its exports, including the customs union agreement with the European Union in 1996, and the latter's decision to start Turkey's accession talks in December 2004. These events gave impetus to the process of Turkey's integration into the global economy, and it shows its effects on the current figures of foreign trade and foreign investment (Yılmaz, Ümit İzmen Kamil 2009).

In conjunction with this transformation that Turkey has gone through in the last two decades, the trend has been to search for new destinations and new emerging markets for exported goods such as expanding into African markets, which are not traditional targets for Turkish export companies (Cunedioğlu Ekrem, Ümit Özlale, n.d,2011). In this context, Turkey developed its relationship with the GCC, taking advantage of the geographical and cultural proximity between them. The relationship

began with the signing of the "Framework Agreement for Economic Cooperation between Turkey and the Cooperation Council for the Arab States of the Gulf"<sup>1</sup>, which aims to organize and direct not only political and foreign affairs but also the establishment of existing economic cooperation. Statistical data indicate that in 2006 the trade volume amounted to 4781 million US dollars, and when exchanges were strengthened after that, the total trade volume reached 15983 billion US dollars in 2016, in addition, the number of Gulf companies in Turkey reached 1,973 in 2017 (Long and Young 2017).

According to the Turkish Ministry of Trade, the beginning of e-commerce in Turkey was in the late nineties with the formation of a group working to establish an "e-commerce network" and expand e-commerce in the country (trade.gov.tr). The e-commerce model in Turkey has grown significantly due to the decision of normal and traditional stores to implement it to their businesses. Improvements in banking infrastructure, development of payment systems and the spread of mobile Internet use increased consumer confidence in e-commerce, which contributed to the industry's growth of 35% year-on-year between 2008 and 2012. In 2017, the active use of social media increased in Turkey by 17% and reached 48 million users, supporting online purchases, which represents nearly half of the total e-commerce volume (Afra 2014). It appears that Turkey has a high growth potential in e-commerce, as the revenues of the e-commerce market are expected to reach 6,853 million US dollars by 2023, with an annual growth rate of 2.8%, after the size of the e-commerce market was 42.2 billion Turkish liras and the sales retail volume was 22.9 in 2017 (Statista.com, 2017).

The next stage of e-commerce in Turkey is e-export, as e-commerce has begun to cross borders. Immediate access to distant markets is the most important advantage for producers in e-commerce, as the volume of Turkey's exports has expanded with electronic export, and it is calculated that Turkey will become a

---

<sup>1</sup> In preparation for the start of discussions on the free trade agreement, the Ministerial Council of the Gulf Cooperation Council (the 91st session, June 2004) agreed to finalize the framework agreement for economic cooperation between the GCC countries and the Republic of Turkey. The Gulf Cooperation Council and Turkey signed a framework agreement for economic cooperation on May 30, 2005 in Manama in the Kingdom of Bahrain, followed by discussions of a free trade agreement that has not yet seen the light of day. In this regard, the two sides have held four rounds of negotiations so far, during which they dealt with issues related to the agreement. <https://www.gcc-sg.org/en-us/CooperationAndAchievements>

regional center for e-commerce, providing services to the rest of the world, especially neighboring countries and closer markets (Turkish Ministry of development 2015). This applies to the attention that Turkey has given to the Middle East and the Gulf states in particular because of its geographical, logistical and cultural proximity. The latter has become one of the most attractive markets in the world due to the high purchasing power of consumers and their acquaintance with the e-commerce model in the region and their recognition of its profitability and satisfaction, especially during the pandemic period. Turkey has made initiatives and efforts to meet the needs of the Gulf market and introduce Turkish products by relying on electronic stores (Dailysabah.com, 2021).

The aim of this research is to analyze the impact of e-commerce on the global economy, Turkey's relationship with the GCC through their development of electronic exports as an example, with a comparison of two Turkish electronic stores exporting to the GCC. The study consists of four chapters. The first chapter provides an overview of electronic commerce, as well as its impact on global commerce. The second chapter shows the development of e-commerce in Turkey. The third chapter focuses on the commercial relationship between Turkey and the Gulf States and the spread of e-commerce in the latter. The fourth chapter presents a descriptive comparison between two emerging Turkish stores whose target market is the GCC. At the end of the thesis, a conclusion and recommendations are given.

## **II. LITERATURE REVIEW**

### **A. E-commerce as a conceptual framework**

#### **1. E-commerce an overview**

According to (Laudon, K. C., & Traver, C. G), 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 ticket, etc. Through electronic data and phone sales, it is evident that the appearance of e-commerce is significantly related to the appearance of the Internet. In 1991 when people became able to use the Internet in their transactions, then online shopping became possible. Amazon was the first in this area, and in the United States, to begin offering items online, after the success of its experience, thousands of websites followed their approach. At the present time, it might seem irrational to have the idea of living without e-commerce. Today, During this brief time frame, e-commerce has become a platform for new and unique media, services and capabilities that do not exist in the physical world after it was only a mechanism for online sales. Global e-commerce has begun in 1995 with an enormous grown from a standing start to €1.96 billion business-to-consumer and a €14.2 trillion business-to-business. That it brought major changes in business companies, markets and consumer behavior. (Laudon and Traver 2016)

In the same context, based on the vision that the Organization for Economic Cooperation and Development (OECD) had, there is no widely agreed definition for the term e-commerce. In general, it can be said that e-commerce stands for developing business over the internet, which includes providing products and services both offline like material goods and online like computer software. Through e-commerce, 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 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. (Coppel, n.d.)

To inform other types of e-commerce such as (consumer-to-consumer, C2C), eBay was among the first successful sites to provide a framework where consumers could trade a variety of goods and services with each other, also at least in principle with businesses (consumer to business C2B). E-commerce did not stop there, but governments have begun to reorganize the management of online public procurement operations in many countries as well, opening the possibility of large (Business to Government B2G) transactions. Likewise Governments use the technology to send or receive information (Government to Business G2B, Government to Consumer G2C). To enhance convenience and reduce payment systems costs and tax enforcement (Consumer to Government C2G), and to handle after-sales operation by companies and improve direct marketing for customers.(Coppel, n.d.)

The figure 1 below shows the two basic types and the other types of e-commerce.

Government	G2G Co-ordination	G2B Information	G2C Information
Business	B2G Procurement	B2B E-commerce	B2C E-commerce
Consumer	C2G Tax compliance	C2B Price comparison	C2C Auction market

Figure 1 Types of E-commerce and Internet applications

Source: OECD Economics Department Working Papers No. 252

## 2. Historical background of e-commerce

### a. History of internet

To learn about the history of e-commerce, (Tian and Stewart 2008) has stated that the history of the Internet must looked first and how it has transformed from

limited services and used by scientists and engineers only to what we see today. The emergence of electronic data exchange (EDI) in the mid-1960s allowed electronic commerce. Although it appeared in the 1960s, the actual use of companies for electronic data exchange (EDI) did not begin until the 1970s and 1980s. This use was limited to exchanging information, submitting requests, and conducting electronic transfer of funds through computers. This is the part of the first generation of e-commerce. As for the second generation, it did not start until the development of the Advanced Research Projects Agency Computer Network (ARPANET). The term Internet was not actually used until 1982, when the number of hosts on the ARPANET network increased to 213. Then, in 1983, Internet Protocol (IP) became the only approved method for transmitting data on the network, enabling all computers to exchange information on foot equality. The development of the graphical user interface (GUI) and the ability to navigate the World Wide Web (WWW) is what changed the use and the nature of the Internet after it was limited to specific areas and by certain professions. What led to the development of the Web into the environment we know today was the creation of a Hypertext Markup Language (HTML) with specifications for URLs in the early 1990s. With this, the Internet was taken out "from the realm of technical ambiguity to common use," thus making the use of the Internet possible by ordinary people without an understanding of advanced computer technologies. Hence, with the increasing number of users, the Internet has become attractive to the business world. Perhaps the most important milestone occurred in 1991, when (National Science Foundation Network) NSFNET decided to lift commercial barriers on network use, thus opening up opportunities for e-commerce. After this widespread, the Internet has become a necessity in our daily life, in businesses and homes, new applications present new benefits for our society. As a result, the national strength will be reinforced. It will also eliminate the problem of the digital gap and reduce the differences in information between countries or regions, making cooperation between them stronger on all levels, especially commercial ones. (Tian and Stewart 2008)

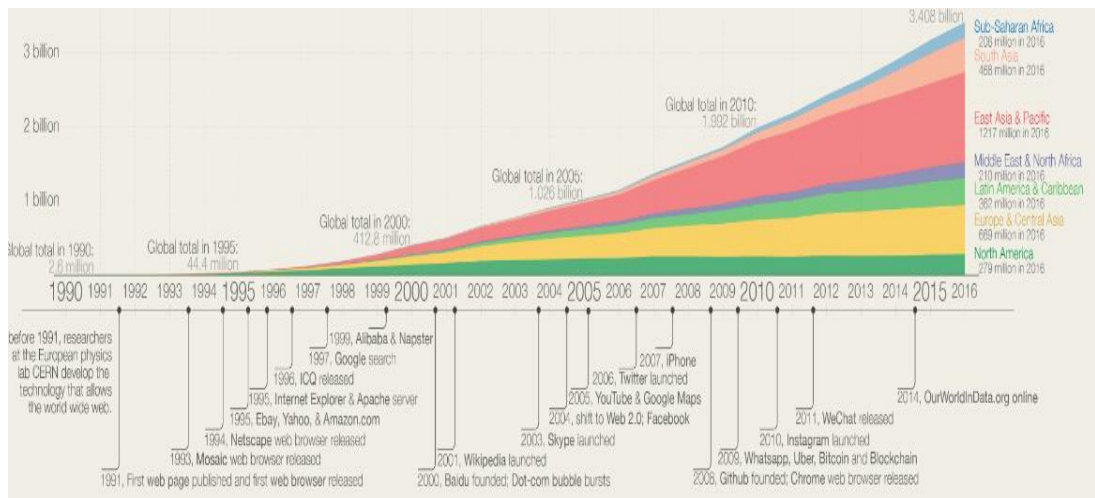


Figure 2 Total number of people using internet (1990-2016)

Source: International Telecommunication union, world telecommunication / ICT development report via world development indicators

As shown in Figure 2, which expresses the timeline since the emergence of the Internet in 1990 and all the stages it has gone through from the development of technology that has enabled the World Wide Web passing by the apparition of companies (Yahoo, Amazon, Alibaba, etc.) that completely changed the concept of the Internet and commerce to the internet of today introducing the number of users during these years in the mentioned areas.

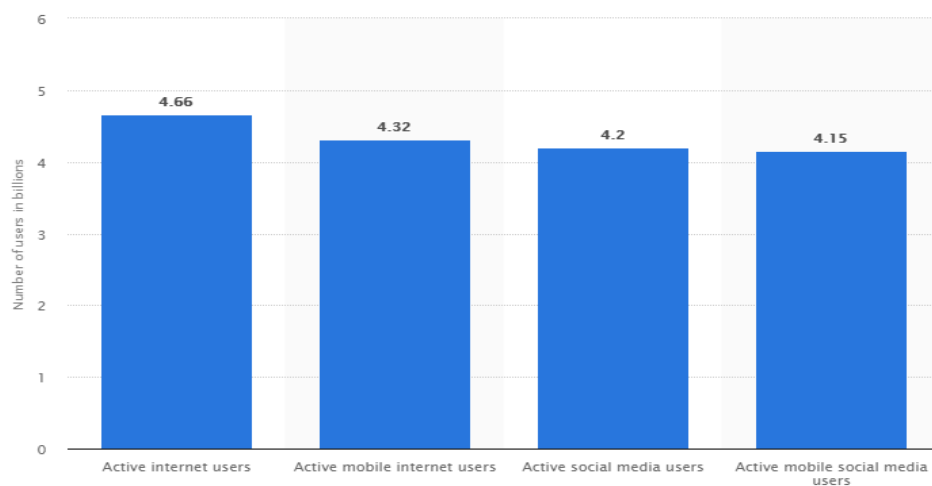


Figure 3 Global digital population as of January 2021 (In billions US Dollars)

Source: Statista, 2021

The latest statistics as shown in Figure 3 indicate that Internet users in the current situation of the Internet have approached 5 billion users, exactly 4.66 billion,

which is 59.5 percent of the world's population. When we talk about internet usage, it includes use on mobile phone, computer, personal digital assistant, digital television, and game consoles, etc.

## **b. Evolution of e-commerce**

Many scholars and stakeholders have researched and followed the evolution of electronic commerce. Including (Santos et al. 2017) who insisted that e-commerce had its first stage in the seventies, when electronic commerce was limited to operations between large companies that formed private communication networks between them, and through electronic money transfer systems, which carried out financial transactions and exchange documents electronically.

In the same context the development of e-commerce can be divided into four stages, In accordance with the description made by (Santos et al. 2017). The primary incentive for the development of e-commerce was the organization's use of Internet functions to disseminate information related to their products and services. This was the first stage. The second phase was marked by the first impact of logistics on companies, receiving orders and sending information and instructions on the use of their products and services. The third stage of the evolution, still according to (Santos et al. 2017) was the distribution of products and services using information technology (IT). At this point, some products have begun to be marketed digitally, such as music and software. Finally, with the advancement of information technology and the spread of the use of the Internet comes the stage that integrates e-commerce, with the interaction between the seller and the consumer, which enabled the simple Internet user to become a potential consumer, no further transfer of data or just furnishing products and services. This development has led to a real revolution in how products, services and information are marketed, which provides more convenience and a wide variety of offers and options for both the consumer and the seller.

According to the authors, the advent of 3G and 4G technology has enabled high-speed Internet access through mobile devices, such as smartphones and tablets. This technology allows the consumer more ease in conducting price research for different sites, as it has become used by some consumers, even inside the physical stores, to connect with the product, and there they choose the buying channel for



sales that best suit their needs. Electronic commerce, far from being a new trend, is becoming a reality in this way. Firms today aim to adapt their systems to achieve convenience to meet the needs of new customers. One of the common indicators that are cited to measure the spread of e-commerce that is difficult to measure based on other criteria and can be compared internationally is the number of Internet hosts.

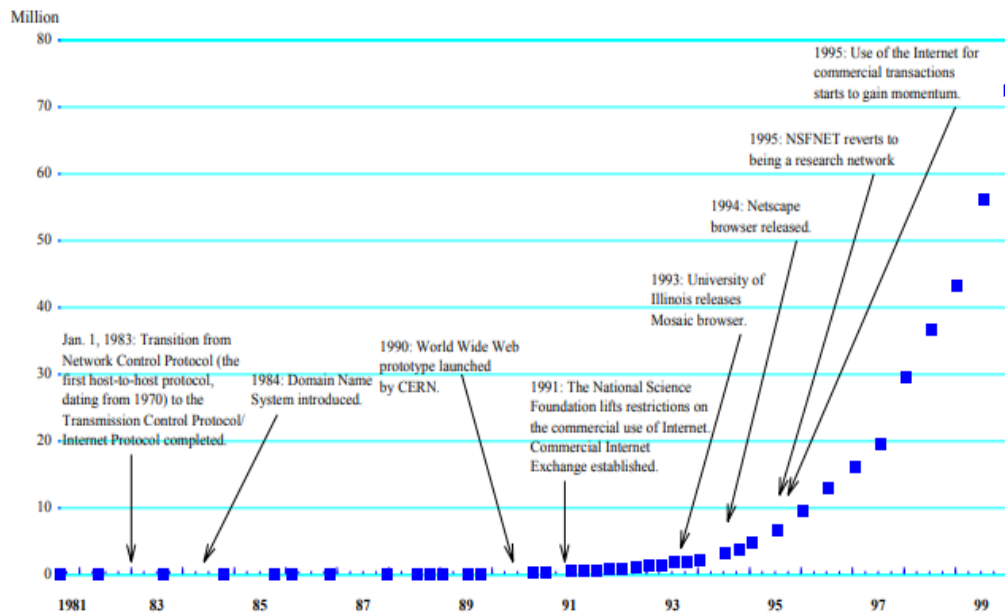


Figure 4 Number of Internet hosts between 1981 and 1999

Source: OECD ([www.oecd.org/dsti/sti/it/index.htm](http://www.oecd.org/dsti/sti/it/index.htm)); Internet Software Consortium ([www.isc.org](http://www.isc.org)); CERN ([public.web.cern.ch/public/](http://public.web.cern.ch/public/)); NSF ([www.nsf.gov](http://www.nsf.gov)); Hobbes'Internet TimeLine v.5.0 ([www.isoc.org/zakon/internet/history/hit.html](http://www.isoc.org/zakon/internet/history/hit.html)).

Figure 4 above shows the number of Internet hosts from 1981 to 1999, as the actual jump occurred after 1993. Ecommerce is expanding at a very fast pace, and internet hosts also increased exponentially. Internet hosts are known as any computer system with an Internet Protocol address that has connection to a network.

In relation to the rapid spread of the Internet, The figures and statistics below show the growth of e-commerce.

2014 to 2021 by trillions of USD



Figure 5 Retail e-commerce sales worldwide (In trillion US Dollars)

Source: Statista, 2021

As we can see in figure 5, the e-commerce sales worldwide are drastically increasing, the market gained 3.6 US Dollars in a matter of just Six years between 2014 and 2021 with China being the biggest market in 2019 as it reached 740 Billion USD followed by the US with 561 Billion USD, then the UK with 93 Billion USD as we can see below in figure 6 with more information about the growth of each country in table 1 that shows the e-commerce revenue calculated by 2018 to 2023, the 10 largest ecommerce markets in the world and the development and the expected progress over the years.

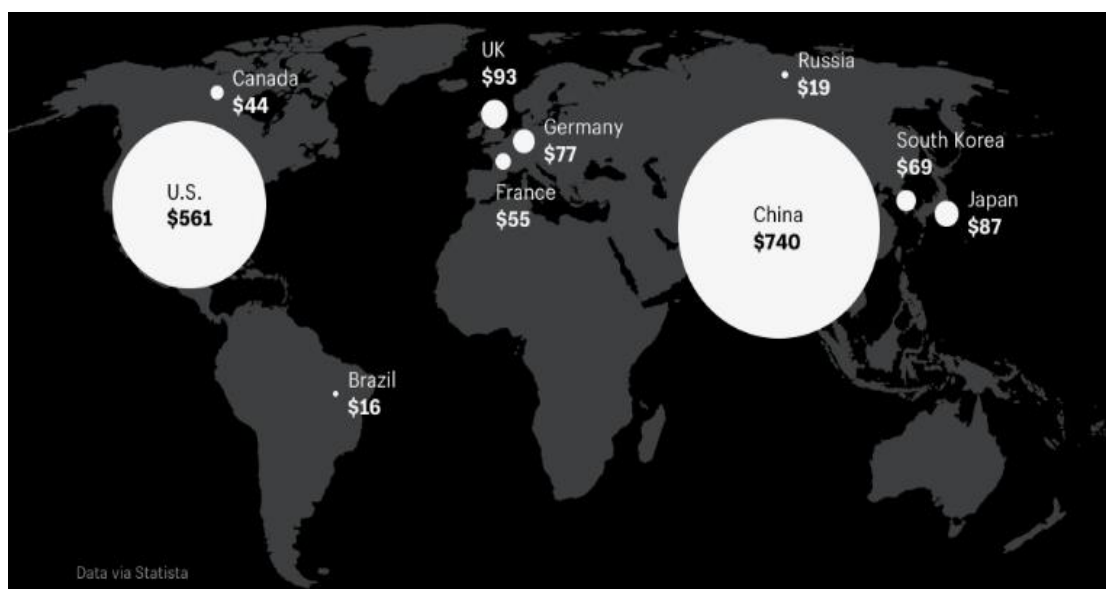


Figure 6 Largest e-commerce markets in the world.

Source Statista

Table 1 E-commerce growth country by country

	<b>2018</b>	<b>2023</b>	<b>Five year growth</b>
China	\$ 636.1B	\$1086,1B	70,7%
United states	\$504,6B	\$735,4B	45,7%
France	\$49,4B	\$71,9B	45,6%
Australia	\$18,6B	\$26.9B	44,6%
Russia	\$17,2B	\$24,8B	44,2%
Canada	\$39,9B	\$55,4B	38,8%
Germany	\$70,3B	\$95,3B	35,6%
United kingdom	\$ 86,5B	\$113,6B	31,3%
Japan	\$81,7B	\$103,6B	26,8%
South Korea	\$63,7B	\$80,2B	25,9%

Source Statista, 2020

### 3. Effects of e-commerce on international trade

According to the Britannica online Encyclopedia ( Encyclopaedia Britannica, 2021), bartering goods or services between different peoples is an ancient practice as old as human history. It is now defined as international trade, which refers to exchange between members of different states, and explanations of this trade only began with the rise of the modern nation-state at the end of the European Middle Ages. International trade is the economic transactions that take place between countries, whose transactions are facilitated through international financial payments, as the private banking system and central banks of the trading countries play important roles in this. Consumer goods and capital goods are the most commonly traded items and others include services, such as travel services.

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 starting from product design and development through production, inventory and distribution to after-sales service support. This result in improved efficiencies, faster marketing time, reduced total order times, and expanded customer support with less cost. The impact of e-commerce on global trade lies in several points, namely:

- Reducing costs in finding the right supplier, identifying product specifications and quality, negotiating price, scheduling deliveries and marketing products. And because Internet applications and e-commerce, which are carried out through electronic markets, can contribute to the

occurrence of these activities while allowing consumers and vendors to conform and interact electronically, which reduces the importance of geographical proximity and traditional business networks, which leads to the promotion of the removal of trade barriers, and thus the increase in the volume of international trade.( United Nations, 2002)

- Delivering products that require a traditional physical delivery to the customer over a network in digital form such as informational products, but on the other hand, most internationally traded goods cannot be distributed in digital form, and therefore transportation costs continue to be high.( United Nations, 2002)
- Making non-tradable services such as research and development, computing, inventory management, quality control, accounting, personnel management, marketing, advertising and distribution tradable through the use of e-commerce. This requires only the quality and speed of communication between the buyer and the seller; there will also be an increase in a set of financial and legal services and communications, as well as customized software, which will greatly serve the international cross-border trade.( United Nations, 2002)
- Opening of previously closed markets; which can be considered as a form of trade liberalization in many service sectors due to the decrease in costs. Among the areas most affected by electronic commerce, according to studies, are electronic components, foodstuffs, and medicines.(Panagariya, 2000)
- The possibility for developing countries to benefit from e-commerce, even if they do not export any services, they can benefit from their import and pay for them in terms of goods.(Panagariya, 2000)

The merger of Internet and e-commerce is one of the main reasons driving the rapid development of international trade, because it creates a new pattern of process, time, cost and effort. There are two parties in international trade, importers and exporters, and they are expanded only if they have the same intention and connection, and new technology, services and support processes can be used to link them together to enable both sides to reach their goals.

Figure 7 and Table 2 below show the correlation between global trade volume and Internet use. Although the volume of global trade fluctuated between 2000 and 2010, the situation was positive with the rise in the use of the Internet in the world until 2008, when the global financial crisis began where a decrease in the volume of trade was noted to start rising again after the year 2009.

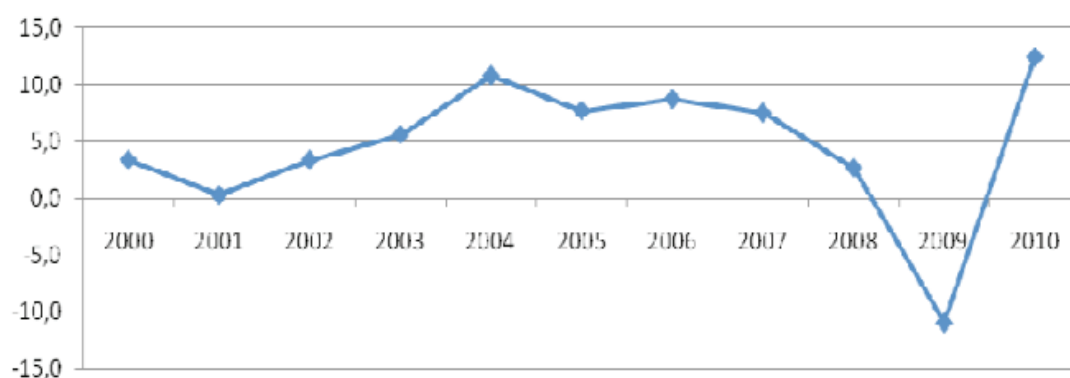


Figure 7 World trade volume (2000-2010)

Source IMF, WEO, 2006/2011

Table 2 Expansion of world internet usage (2000-2010)

World regions	Growth 2000-2010
Africa	2357.3 %
Asia	621.8 %
Europe	352.0 %
Middle east	1825.3 %
North America	146.3 %
Latin America /Caribbean	1032.8 %
Ocenia / Australia	179.0 %

Source IMF, WEO, 2006/2011

## B. E-commerce in Turkey

### 1. The background of e-commerce in Turkey

Based on the Istanbul Chamber of Commerce Publications (Küçükylmazlar 2006), the background of Internet in Turkey goes back to 1993 when the Middle East Technical University (METU) established the Internet, considered Turkey's only

gateway to the world via the Internet. Institutions had to have a connection with the METU channel to use Internet. With the Scientific and Technological Research Council of Turkey (STRCT) and the former subunit of the Turkish Telecommunication Company (TR-NET) and at the beginning of 1996, the number of Internet servers began to rise. Now, with the amazing developments in information and communication technology and technological infrastructure in Turkey Internet access has multiplied and the presence of many Internet servers makes social, business, and public life easier. Nowadays, the majority of e-commerce applications in Turkey are B2C for businesses and consumers. However, in order to comply with the current e-commerce applications in the world, the exchange of goods and services between B2B companies is on the rise.

To illustrate the further development of internet usage in Turkey, and based on the Internet world statistics, Table 3 shows the increase in Internet users over time (2000 to 2015) compared to the country's population. We notice that after a few years of the emergence of Internet in Turkey in 2000, the internet usage rate was around 2.9%. It continued to rise until 2010, when it rose very significantly to 45.0%, where the number of users reached 35,000,000 compared to 77,804,122 people, until Turkey had nearly 46.3 million internet users, with a rate of 59.6 %. (internetworldstats.com)

Table 3 Internet usage statistics in Turkey (2000-2015)

Year	Users	Population	% Population
2000	2.000.000	70.140.900	2,9 %
2004	5.500.000	73.556.173	7,5%
2006	10.220.000	74.709.412	13,9%
2010	35.000.000	77.804.122	45,0 %
2015	46.282.860	77.695.904	59,6 %

Source Internet world statistics

During a meeting of the Scientific Committee for Science and Technology (SCST) in 1997 in charge of implementing Turkish science policy, and defining

long-term technological plans in Turkey, the idea of establishing a study committee to further develop e-commerce in Turkey. In 1998, the Electronic Commerce Coordination Council (ECCC) set four long-term goals:

- Establish the basic administrative and technical infrastructure.
- Form the legal framework.
- Take basic steps to boost e-commerce.
- Coordinate national and international e-commerce policies and applications.

Electronic Transformation Turkey Project (eTTP), launched by the State Planning organization, is the most significant step taken by the Turkish government to move Turkey into the digital era through virtual bodies. This program aims to facilitate the information society's growth and plans within the framework of e-government. (GÖKMEN and TEMİZİ 2010)

(GÖKMEN and TEMİZİ 2010) reported also that after the major economic downturn that the Republic of Turkey was exposed to, as a result of the economic crisis in 2001, due to the weak financial structure of Turkey, and to the global financial crisis of 2008. The Turkish economy was negatively affected during these periods, as many companies went bankrupt and the rest of them began to search for new ways to expand into new markets and gain new consumers, and e-commerce was a good investment option to achieve this, especially since electronic commercial operations are less expensive than normal trade ones.

Table 4 Virtual business transactions and e-commerce in Turkey (In million US Dollars)

Years	2005	2006	2007	2008	2009	2010	2011
Number of e-commerce transactions	18 286 776	21 688 037	54 145 804	64 560 748	66 487 123	91 923 281	47 914 190
Volume of e-commerce transactions	925	1608	3691	6058	6848	10 150	5170

Source [www.bkm.com.tr](http://www.bkm.com.tr)





Upon reviewing Table 4, it is evident that the number of e-commerce transactions doubled 5 times from 2005 to 2010. Moreover, the number of e-commerce transactions only in May 2011 is more than two and a half times the entire 2005 number. This means that Turkish entrepreneurs tend to adopt virtual business processes more in their businesses. In addition, the volume of e-commerce also increased, as it was less than one billion dollars in 2005 and nearly 10 times in 2010, in May 2011 only it reached 5.1 billion dollars, which is more than five times the total volume of 2005. An important point should be noted here, which is the increase of the number and volume of e-commerce transactions from 2008 to 2009 despite the negative effects of the global economic crisis. This may mean that e-commerce and participation in the digital economy might reduce the costs of commercial transactions and facilitate growth of trade volume.

In accordance with the statistics provided by the Turkish Industry and Business Association TÜBİSAD in 2019, the Turkish e-commerce market grew by more than 17%, to reach \$ 14.6 billion. Online products were the biggest contributors to growth of 26% in US dollars and 48% in Turkish lira. Whereas, the average growth rate during the past five years was 13%. (TÜBİSAD 2019,)

## **2. The Effects of e-commerce on Turkey's trade**

Turkey is located at the meeting point of Europe and Asia, and it is also a threshold for many markets. It is possible to reach the European, Caucasian, Asian, Middle Eastern and African markets and expand them through Turkey. According to the International Monetary Fund (WEO\_Data, n.d.), Turkey's economy is classified as an emerging market economy, with the 20th highest nominal GDP and the 11th highest GDP in the world, and one of the newly developed and industrialized nations of the world according to the economists and political scientists. It is considered a leader in the production of agricultural products, textiles, cars, transportation equipment, building materials, consumer electronics and home appliances. There have been major developments in the economic and social aspects of the Turkish economy over the past 20 years, including increases in employment and income levels since 2000; however, indicators show a decline in the economy of Turkey due to significant changes in external factors, including economic and political ones.

(Gökmen 2012) reported in his study that Turkey can face this decline and cover the gaps, even with a small percentage, by applying e-commerce. It will be more effective, and less expensive when compared to traditional commercial activities as it facilitates commercial operations with flexible structures, and enables access to different markets. Reaching more consumers lead to lower costs and higher trade volumes. However, the percentage of e-commerce in Turkey is very small when compared to the total trade. Therefore, Turkish government should take the necessary precautions to promote its development.

What we have mentioned can be verified through an article by the Anatolian Agency ([www.aa.com.tr](http://www.aa.com.tr)) on the words of the country's trade Minister Rohsar Bikan, in which he stated that in 2020, Turkey's e-commerce value increased by 66 percent year on year to 226.2 billion Turkish liras 32 billion dollars. She noted that E-commerce spending would account for 4.1 percent of GDP in 2020, up 51.8 percent from the previous year, and that the number of companies operating e-commerce operations in Turkey increased by 275 percent to 256,861 last year, indicating the sector's rapid growth, mentioned that Turkey's total e-commerce volume to general trade ratio increased from 9.8% in 2019 to 15.7 percent in 2020.

Depending on the chart of e-commerce volume compared to traditional trade, we notice a fluctuation in progress in the year of 2019, at rate of 8.4 %. The year 2020 witnessed a huge increase that cannot be ignored over the first six months, as the volume reached 14.2%. (figure8)

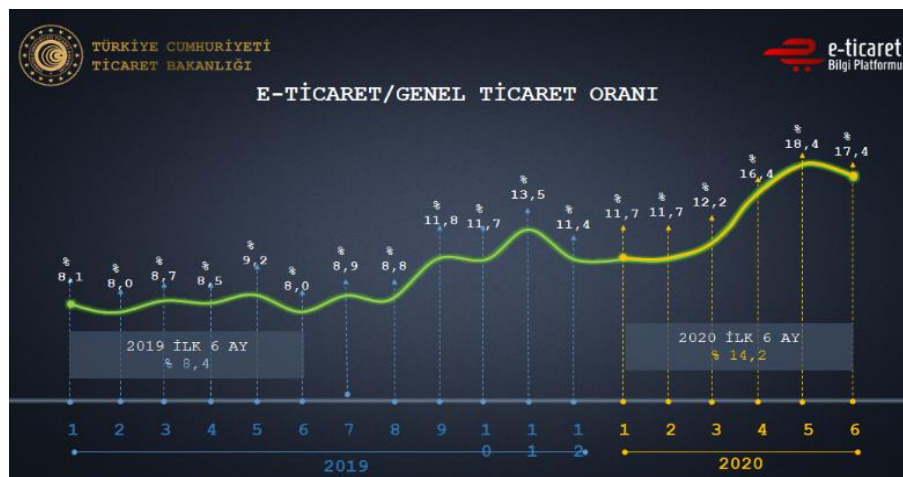


Figure 8 E-commerce and general trade volume and ratio in Turkey (2019-2020)

Source Electronic-commerce information platform\www.eticaret.gov.tr

Based on the same source :The Anatolian Agency, in the context that e-commerce contributes significantly to raise the level of the country's economy, it helped in the last year to reduce the unemployment rate through a very innovating website in Turkey :Trendyol<sup>2</sup> by creating and maintaining 1.1 million jobs, and this happened in the period in which the Corona virus<sup>3</sup> dominated to the world and still, with it the concepts of global trade changed and e-commerce began to expand as the conditions imposed by the virus led to an increase in sales on online platforms ([www.aa.com.tr](http://www.aa.com.tr), 2021).

COVID-19 has changed the landscape of online retailing, according to the ministry of trade, compared to May 2019; e-commerce grew by 48% during May 2020. As shown in figure 9, the increasing development of electronic commerce during the period of the Coronavirus in many areas between 2019 and 2020, such as food and household appliances, at high rates of 420% and 102%, respectively, and a shortage in other areas such as airlines and tourism, due to the suspension of global movement due to Conditions imposed by the virus (eticaret.gov.tr).

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<sup>2</sup> Trendyol is the largest e-commerce platform in Turkey. It operates in the Trendyol group structure with Dolap, the largest second-hand platform in the country. Founded in 2010 by Demet Mutlu the platform employs a total of 4,000 people, including Trendyol Express couriers and service providers. As a shopping site aiming to make fashion accessible for everyone, it initiated the marketplace model by extending the range of products and services offered in line with its growth. More than 300 million products per year are delivered to customers in numerous categories such as fashion, electronics, home and furniture, mother-child, and cosmetics. With more than 15 million customers per year and 180 million mobile visitors per month on average, the platform's mobile application has been downloaded 45 million times. Trendyol digitalizes the shopping experience with technology developed through its own efforts. Trendyol contributes to the solution of social problems, the platform supplied materials and equipment to the Ministry of Health during the COVID-19 pandemic.

<sup>3</sup> The ongoing global pandemic of coronavirus disease 2019 (COVID-19) is caused by severe acute respiratory syndrome coronavirus 2 (SARS-CoV-2). The novel virus was identified in Wuhan, China, in December 2019; a lockdown in Wuhan and other cities in Hubei province failed to contain the outbreak, and it spread to other parts of mainland China and around the world. The World Health Organization (WHO) declared a Public Health Emergency of International Concern on 30 January 2020, and a pandemic on 11 March 2020. Since 2021, variants of the virus have emerged or become dominant in many countries, with the Delta, Alpha and Beta variants being the most virulent. As of 24 August 2021, more than 212 million cases and 4.44 million deaths have been confirmed, making it one of the deadliest pandemics in history.



Figure 9 Effect of Covid 19 on e-commerce in Turkey

Source Electronic-commerce information platform\www.eticaret.gov.tr

### **III. TURKEY AND GCC**

#### **A. Turkey's foreign trade**

As the International Trade Center reported (ITC 2014), Turkey, which straddles Southeastern Europe and Southwestern Asia, has long served as a vital crossroads for trans-continental trade. Sharing land borders with Armenia, Azerbaijan, Bulgaria, Georgia, Greece, Iran, Iraq, and Syria, and has coastlines on the Black, Aegean, and Mediterranean Seas. Turkish exports are characterized by diversity, from natural resources and low-value-added goods such as minerals, gem stones, energy, clothing, and foodstuffs, to higher-value items including vehicles and machinery. However, Europe still remains a major source of exports. Meanwhile, oil and high value-added imports are leading to a large trade deficit.

To improve its integration, Turkey, a member of the World Trade Organization, has made a number of trade agreements, including the European Free Trade Association, being also a candidate for membership of the European Union, a participant in the Euro-Mediterranean Partnership and a signatory of the EU Customs Union Agreement. Turkish trade continues to be hampered despite significant progress, due to limited financial access, complex regulatory and business environments.

Along these lines, foreign trade is an important element in Turkey's economy which is open to it, according to the World Bank, for 2019 it represents 61.4% of the GDP. This is evidenced by Turkey's free trade agreements (FTA) that reach 21 active agreements with many countries, and others are expected to be signed soon.

The main destinations for Turkish exports in 2019 were Germany (9.2% of total exports), the United Kingdom (6.2%), Iraq (5.7%), Italy (5.4%) and the United States (5%). The main supplier was Russia (11%) and Germany (9.2%), followed by China (9.1%), the United States (5.6%) and Italy (4.4%).

Table 5 Main Turkey's partner countries in 2019

Main customers (2019)	% of exports	Main suppliers (2019)	% of imports
Germany	9,2 %	Russia	11,0 %
United kingdom	6,2 %	Germany	9,2 %
Italy	5,4 %	China	9,1 %
United states	5,0 %	United states	5,6 %
Spain	4,5 %	Italy	4,4 %

Source UN Comtrade, 2019, <https://santandertrade.com>.

Turkey's highest exports in 2019 were in the field of cars and petroleum products, followed by jewelry, textiles and steel products. As for the imported products, they are gold (5.4%), oil (4.5%), cars and their accessories.

Due to the consequences of Covid-19, like most of countries whose economy has been affected, Turkey's exports decreased as never before, reaching 17.8% in 2020, which the International Monetary Fund expects to increase in 2021 by 26.5%, while its imports have shrunk by 6.4% and is expected to recover at a slower rate (6%).

According to the Turkish Statistical Institute, in cooperation with the Ministry of Trade, the current state of Turkey's foreign trade compared to December 2019, in December 2020 exports reached 17 billion 850 million dollars, an increase of 16.0%, and imports 22 billion 381 million dollars, an increase of 11.6%. In January-December 2020 period compared to January-December 2019, exports amounted to \$ 482 billion 169 billion, down 6.3%, and imports \$ 219 billion \$ 397 million, up 4.3%. The table 6 below lists all the mentioned statistics. (<https://data.tuik.gov.tr>).

Table 6 Turkey's foreign trade by months (million dollars)

Months		Exports		Imports	
January- December	Year	Value	Change (%)	Value	Change (%)
	2019	180 833	6,3	210 345	4,3
	2020	169 482		219 397	
December	2019	15387	16,0	20 055	11,6
	2020	17850		22 382	

Source TUIK Turkish Statistical Institute, 2020

## B. Turkey and GCC Foreign Trade Relations

For a simple introduction, as mentioned by the General Secretariat of the Gulf Cooperation Council on its official website. The Gulf Cooperation Council (GCC) is a group of six Persian Gulf oil-exporting countries that is also known as the Gulf Cooperation Council for the Arab States. In 1981, the cooperative council was established to promote economic, scientific, and business collaboration. Bahrain, Kuwait, Oman, Qatar, Saudi Arabia, and the United Arab Emirates were the members as of December 2020. The Gulf States are among the richest countries in the world on a per capita basis, as they supply a third of US oil and own at least \$ 273 billion in US debt. These Middle Eastern countries share religion and Arab culture, and they also have one interest: to diversify the growing economy away from oil.

According to the Turkish Ministry of Foreign Trade The “Framework Agreement for Economic Cooperation between Turkey and the Cooperation Council for the Arab States of the Gulf” that was signed on May 30, 2005 in Manama, Bahrain marked the beginning of Turkish institutional relations with the countries of the Gulf Cooperation Council, and aimed to monitor economic cooperation activities and identify new areas for that. In order to deepen these relations in the cultural and political fields, a memorandum of understanding was signed at a meeting of the

foreign ministers of Turkey and Gulf states on 2 September 2008 in Jeddah, Saudi Arabia. Turkey was the first country with which the council established such a bilateral mechanism (mfa.gov.tr).

This signed memorandum had another goal, which is organizing strategic dialogue meetings that issued a statement of the action plan and to form sub-committees to follow up each of the following areas: health, environment, trade and investment, transport and communications, agriculture and food. Security, energy, electricity, education, economy, finance, cash and culture, 5 meetings have been held so far, 2008 in Jeddah, 2009 in Istanbul, 2010 in Kuwait City, 2012 in Istanbul and 2016 in Riyadh, where it was agreed to extend the joint work plan until the end of 2018.

Table 7 Turkey's total exports and imports to the GCC 1990-2000 (In million US Dollars)

Years	1990	1991	1992	1993	1994	1995	1996	1997	1998	1999	2000
Total of imports	787	1846	1747	1595	1308	1489	1842	1248	882	717	1205
Total of exports	445	510	577	787	770	630	790	967	846	889	839

Source Turkish Statistical Institute TUIK <http://www.tuik.gov.tr/>

Table 8 Turkey's total exports and imports to the GCC 2001-2011 (In million US Dollars)

Years	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
Total of imports	939	279	362	600	908	1144	1469	1947	1755	2582	4214
Total of exports	1036	1215	1677	2297	3011	3636	5563	12268	5390	6410	6516

Source Turkish Statistical Institute TUIK <http://www.tuik.gov.tr/>

Based on Table 7, we can notice that the volume of Turkish exports to the



Gulf Cooperation Council countries doubled, from 445 million US dollars to 839 million US dollars. As for Turkish imports from the Gulf Cooperation Council countries, their average volume reached 1.333 billion US dollars between 1990 and 2000. However, both statistics did not represent a significant portion of either side's economic capacity. The reason for the decline in economic relations between Turkey and the countries of the Middle East and the Gulf was due to the focus of the Western-oriented Turkish governments on the relationship with the West, considering that the Arab and Islamic structures are incompatible with the Turkish national identity. The situation changed when the Justice and Development Party government (AKP) came to power in 2002, adopting a new foreign policy open to strengthening diplomatic, economic and cultural relations with the Middle East and the Gulf States. Where we note, as shown in Table 8, the increase in the volume of Turkish exports to the Gulf Cooperation Council countries more than six times from 1.036 billion US dollars to 6.516 billion US dollars, and the volume of Turkish imports from the Gulf Cooperation Council countries more than quadrupled from 939 million US dollars to 4.214 billion US dollars between 1991 and 2011. The trade exchange reached its peak in 2008 to 12.270 billion dollars, but decreased due to the global financial crisis in 2009. In the last two years the volume of trade increased again reaching 10.730 Billion US dollars in 2011.(Hürsoy 2013)

The shift brought about by political parties in Turkey from interest in Western markets to the Middle East and the Gulf Cooperation Council (GCC) has led to cooperation in many sectors including energy, investments, economy, health and tourism. This quest for closer economic relations, which began after the signing of the 2005 agreement and the strategic dialogue of 2008, resulted in raising the volume of its trade from 4.8 billion dollars in 2006 to about 16 billion dollars in 2016, a more than threefold increase (Table 9).

Table 9 Trade volumes between Turkey and GCC In million US Dollars (2006-2016)

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 Turkish Statistical Institute TUIK <http://www.tuik.gov.tr/>

The trade exchange between Turkey and the GCC according to an article in Arab News journal can be extracted based on the Saudi Arabian and UAE markets, as they are the largest markets within the GCC. Crude oil has long dominated Turkish imports from Saudi Arabia; meanwhile, petrochemicals have grown in importance and become the second largest category of Saudi exports to Turkey. As for what Turkey exports to Saudi Arabia, it is more diversified. It includes steel and iron products to automobiles, electrical engineering products, and others. The most important Turkish exports to the United Arab Emirates are iron and steel, textiles and electrical machinery. Gold and silver coated with gold and metals are considered the highest dominating the import side, which makes Dubai and Turkey one of the leading global gold markets (arabnews.com).

It is not possible to talk about Turkey's relationship with GCC without referring to the recent Gulf crisis and its cultural and economic effects. After Turkey sought to overcome its security and diplomatic tensions with its Arab neighbors, giving priority to the countries of the Gulf Cooperation Council, and considering the

Kingdom of Saudi Arabia and the United Arab Emirates most important due to the superiority of the size of their economies over other countries, the Gulf crisis emerged and changed a lot in the international relations. Table 10 shows Turkey's trade volume with Qatar, Saudi Arabia, and the United Arab Emirates, from 2016 to 2018. Following the announcement of the economic blockade on Qatar in June 2017, Turkish exports to Qatar increased as Turkey advanced to provide Qatar with alternatives to many commodities, including agricultural goods such as dairy products and poultry, which Qatar had previously imported from Saudi Arabia and the UAE. While Turkey's trade with the UAE suffered a very noticeable decline after 2017 with a 66% loss in exports and a 32% in imports, these drops were significant for Turkey because the UAE was the country's largest trading partner in 2017. However, the impact of the Qatar crisis on Turkey's trade with Saudi Arabia was not noticeable. As shown in Table 10, the volume of Turkey's exports to Saudi Arabia has been declining since 2015, so that the percentage decrease in 2018 (3.6%) is much lower than in 2017 (13.8%). As for imports, they did not decline after the crisis, but rose by 9.9% to \$2.3 billion in 2018. Despite tensions witnessed in that year, these numbers show a surprising resilience in bilateral trade between these two countries.(Habibi 2019)

Table 10 Turkey's exports and imports to Ksa, Uae and Qatar In million US Dollars (2015-2018)

Turkey's exports to Ksa, Uae and Qatar				
Years	2015	2016	2017	2018
Qatar	423	439	469	1097
Ksa	3473	3172	2735	2636
Uae	4681	5407	9184	3138
Turkeys exports to Ksa, Uae and Qatar				
Years	2015	2016	2017	2018
Qatar	361	271	264	335
Ksa	2117	1835	2110	2318
Uae	2009	3701	5547	3781

**Source** United Nations Comtrade Database

## **C. E-commerce in MENA and GCC**

### **1. Growth of E-commerce in MENA and GCC**

E-commerce is growing at a rapid pace in MENA<sup>4</sup> and Gulf states, although just five years ago, the e-commerce sector in the GCC was a small channel contributing only 0.4 percent of the region's GDP in 2015 generating 5 billion US Dollars in profit, but between 2015 and 2020, the sector experienced tremendous growth with revenues of about 20 US Dollars billion in 2020 (figure 10). Despite the fact that about 90% of their online goods are imported from other countries, the e-commerce sector remains profitable. In addition to that, the current epidemic situation that completely changed the concepts of commerce, gave new horizons to electronic commerce. As the closure of malls and stores as a measure by the governments to limit the spread of the virus (COVID-19) since March has forced a large segment of consumers to shop online hence the shift in consumer behavior in the world in general and in the Gulf Cooperation Council Countries in particular (Mukherja, B, D, B, n.d.2019). According to research by Ernst & Young (Malkawi 2021) found that shopping habits of 92 percent of consumers have changed in the UAE and Saudi Arabia.

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<sup>4</sup> The Middle East and North Africa (MENA) region is a diverse region, bringing together the Maghreb countries: Algeria, Morocco, Mauritania, Tunisia and Libya, and the Gulf states: Bahrain, Kuwait, Oman, Qatar, Saudi Arabia, the United Arab Emirates, Djibouti, Egypt, Iraq, Jordan, Lebanon, Palestine, Syria and Yemen. Although these countries are affected by economic and political transformations, the possibility of achieving more and better growth is high, due to the distinguished geographical location with access to large markets, the proportion of young and educated people and comparative advantages in many sectors such as industry, renewable energies and tourism. MENA economies are undertaking efforts to reform and advance economic growth, governance structures, employment, private sector development and integrity. It supports the OECD MENA Initiative for Development, undertaken by the governments of the region, <https://www.oecd.org/mena/>

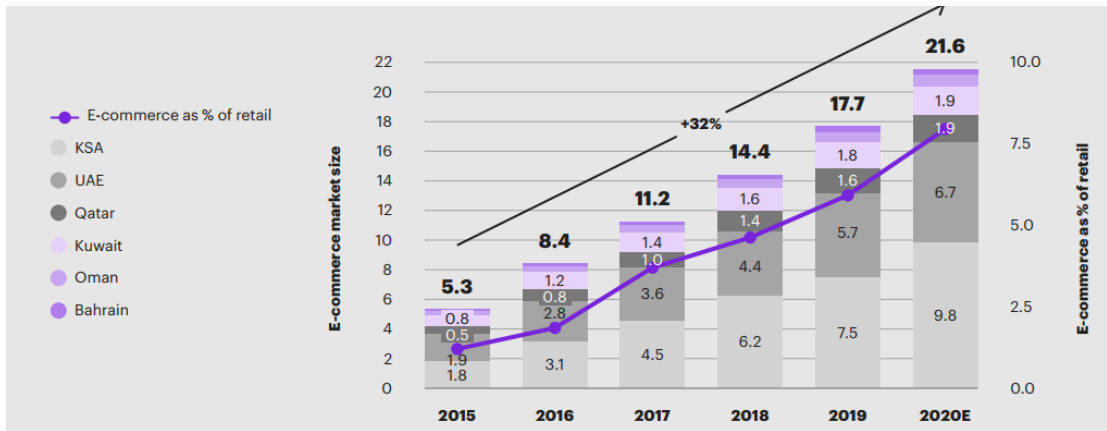


Figure 10 E-commerce market size Growth in GCC 2015-2020E (billions of dollars)

Source Statista, Euromonitor PRPO, Kearney analysis

It should be noted that the statistics in Figure 10 include all B2C areas: fashion, electronics, furniture, personal care, media, food, digital music and videos, etc.

In a study conducted in 2019 for Bain & Company in partnership with Google: Compared to the regions already leading in digital commerce, it appears that its penetration in the Middle East and North Africa remains weak and that there is intense work for e-commerce actors to promote. As we can see in figure 11, the e-commerce areas were divided into three sections in 2017, according to the percentage of e-commerce penetration of the total retail trade: developed, emerging moderate growth, and high growth. The countries of the region are still witnessing a decline in this percentage, the highest being the UAE with 4,2 percent and Saudi Arabia 3,8 percent, but the development that they are progressing seems fast (figure 10) and it is expected that the region will take a place in the trade market Electronic global.(Bain & Company, n.d.,2019)

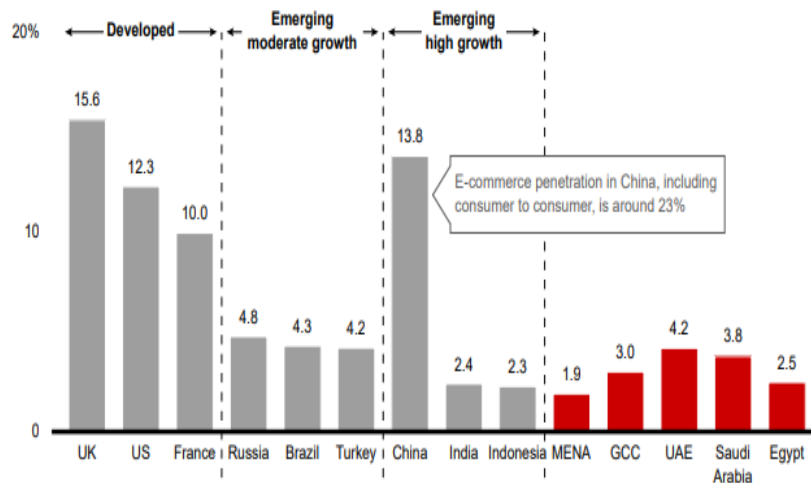


Figure 11 Percentage of e-commerce penetration of the total retail trade

Source Household expenditure surveys; Forrester; Euromonitor; Bain analysis

## 2. Reasons for the fast spread of e-commerce in the MENA region

This rapid growth in e-commerce across these markets in this region, which is expected to continue, is due to several reasons mentioned in this report (The, n.d,2019), including: First, the higher penetration of the internet and usage of smartphone, consumers in the MENA region, particularly in the GCC, are among the most connected digitally in the world with 3.8 percent of the global internet-using population according to the Internet World Statistics in the year of 2017. With a penetration exceeding 90 percent in Qatar, Bahrain and the United Arab Emirates, and 75 percent in the Kingdom of Saudi Arabia are among the highest levels of internet penetration, smart phones and social media as we can see in figure 11. As the importance of owning a smartphone using the Internet plays a major role in accessing e-commerce, especially since all the steps from the effect to ordering any product to receiving it, passing through the search, watching ads, choosing the most appropriate, paying and controlling delivery are all done through this device. Second, the increase in investment in large e-commerce, the e-commerce landscape has changed in the GCC, the Kingdom of Saudi Arabia and the United Arab Emirates, after turning to major investments in global e-commerce companies, for example, Amazon's acquisition of Souq, the leading e-commerce company in the Middle East and North Africa, for 580 million US Dollars in March 2017, contributing to

increased competition, product diversity, and evolution in logistics and payments systems. Third and last, logistics improvements, the Middle East and North Africa region, especially the GCC, seeks to overcome logistical problems with regard to delivery, which usually constitutes an obstacle to electronic commerce, by introducing improvements to services in terms of delivery time and the competitive pressure caused by e-commerce platforms attempting to meet the demands of consumers .

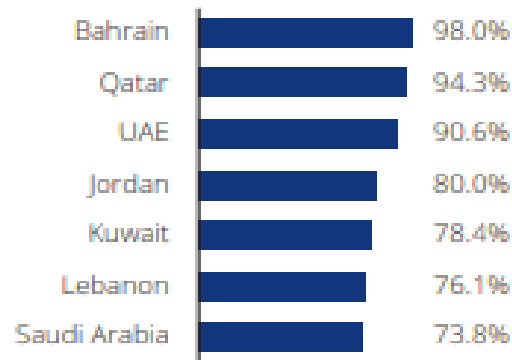


Figure 12 Percentage of e-commerce penetration of the total retail trade in GCC

Source Internet world statistics

### 3. The largest electronic markets in Mena region and GCC

The huge potential of this region has caught the attention of many international companies who have chosen to open their own e-commerce platforms. According to an article published by the Service Internet Marketing Agency, The 3 most important e-commerce players in the Middle East and GCC are: Souq Amazon, Noon

- Souq

The Emirati Souq platform was established and introduced in the Middle East in 2005, which is today the most popular e-commerce platform in the Arab world, with a number of visits that exceeded 45 million visits per month in 2019, and its provision of various products in more than 31 categories, as well as shipping them to Multiple countries: Saudi Arabia, Kuwait, Egypt, Bahrain, Oman and Qatar. It started as a website similar to eBay and achieved medium levels of success, after that they moved towards online retail and achieved millions in profits in a short time. Due to customer satisfaction and market profits, Amazon decided to buy Souq in

2017 through which its profits reached 500 million US dollars in annual income. The platform has developed solutions to the e-commerce problems of delivery, payment and fulfillment of delivery needs.

- Amazon:

By purchasing Souq.com in 2017 which had more than 50 million customers and operations in all GCC countries, Amazon, the largest e-commerce holder in the world, entered the MENA and GCC region. At first Amazon kept Souq functioning only making internal changes, but in 2019, it changed its policy when it renamed Souq in the UAE to Amazon.ae. Amazon still maintains Souq.com as its brand's face until now in other countries such as Saudi Arabia and Egypt, but this is expected to change shortly. Furthermore, as part of its regional expansion strategy, Amazon opened a data center in Bahrain in late 2017.

- Noon:

Noon.com was launched in October 2017 with an investment of over 1 billion US dollars, with the goal of "shaping a digital marketplace that is relevant to local markets and supports the growth of traditional retailers." It came as a competitor to Amazon after entering the Middle East market. This competition between the two stores will be in the interest of the consumer, as they race in prices and services, although Noon ships only to Saudi Arabia and the United Arab Emirates currently, but there are plans to expand in the MENA region and the other countries of Gulf Cooperation Council (istizada.com).

#### **4. Challenges of E-commerce in MENA and GCC.**

E-commerce in the Middle East and GCC faces many challenges that it is still trying to overcome. The logistical problems represented in the high cost of product delivery, as figures in the United Arab Emirates and Saudi Arabia indicate that the average cost of delivering orders is more than three times the cost in global practices, in addition to that, failed deliveries that are rejected by the customer constitute a loss as well . Delivery problems are due to the weakness of the postal system in the Middle East and North Africa, as many countries do not have postal codes and addressing systems are still a little late. There are still streets and neighborhoods that do not have their official name, which causes problems when delivering. But this



opened the way for innovative youth in the region to find solutions such as Fetchr, which adopted precise location on the map as a delivery target, rather than using addresses as the United States.

The second challenge facing e-commerce in the MENA region and the GCC is the problems of cash on delivery (COD), which leads to higher rates of failed deliveries; this is due to the lack of customer confidence in paying via credit cards. About 62% of online shoppers in the Middle East and North Africa prefer the online payment method, compared to less than 5% in the UK and France even in markets with good credit card penetration such as UAE, where the economy still depends on cash, and that the habit of paying on delivery is extended from paying in the store and is rooted in the culture of the Arab consumer in general, As shown in Figure 12, 64 percent of consumers prefer to touch the product first and then pay its amount, and 33 percent confirm that they do not trust credit card information to be stored securely. But on the other hand, this fear is noticed by the Arab customer only when dealing with local electronic stores, while they deal with experienced global platforms, they use credit cards comfortably and without any problems, so the emerging local stores must enhance customer confidence in all ways and motivate him in order to build a reliable trade mark.(Bain & Company, n.d.2019)

Third, the impact of Value Added Tax in the UAE and Saudi Arabia on the e-commerce markets in the region is not only on buyers but also on businesses. On the consumer side, the tax is applied to goods and services, especially since most purchases are shipped from abroad, and on the other hand, the costs for companies rise in compliance with the added tax policy. To avoid the impact of this problem, e-commerce players must implement the value-added tax system in a way that does not transfer costs to customers because this makes them lose the customer and the order.(Mehta and Bhandari 2018)

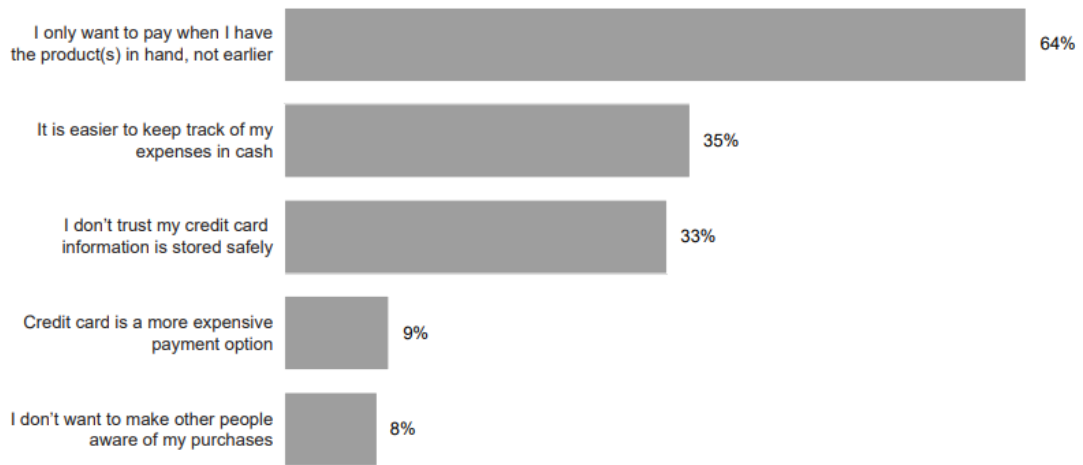


Figure 13 Reasons for preferring cash on delivery for consumers of the region

Source Google MENA consumer survey 2018 (n=6,295, Saudi Arabia/UAE/Egypt)

Fourth and finally, cross-border storage and shipping problems are one of the biggest problems that e-commerce sites face in the Middle East. Ordering from Amazon is easy because the probability that the ordered product will not be available is very low since there are warehouses all over the country. Unlike local stores where on-demand products are purchased from retailers, which makes the logistics of getting and transporting goods difficult.

## 5. The future of E-commerce in MENA and GCC

According to an article published by Bain & Company in partnership with Google (Bain & Company, n.d.2019) the evolution of electronic commerce differs from one market to another. For example, the growth of electronic commerce in the United States of America differs from that in China. America experienced linear growth and took more than two decades to reach a 12 percent share of total retail sales, and for China the growth was even faster, with e-commerce reaching 14 percent of total retail sales in just eight years. Although the take-off has been delayed, the MENA e-commerce market has gained significant experience over the past couple of years, and is expected to witness a large increase if elements of the ecosystem continue to emerge, as the region is still in the early stages of e-commerce development, so the future could take many different forms. An important factor besides consumer readiness and the development of the various elements of the ecosystem can help accelerate the transformation of e-commerce, which is the entry

of major e-commerce players, for example, Amazon's entry into the e-commerce market in India, which was growing before its launch by 38% annually between 2009 and 2012, after Entering Amazon in 2013, India's e-commerce market saw a remarkable rise in which growth more than doubled, averaging 88% annually between 2013 and 2016, and the launch of Amazon Prime in 2016 was another catalyst for growth. The future of e-commerce in the MENA and Gulf states looks promising; the region's market is expected to grow 3.5 times by 2022, as we can see in Figure 13, with a total market size of \$28.5 billion and a penetration rate of 7% of total retail sales. Saudi Arabia, the largest market in the region, is estimated to develop the e-commerce market at 27% annually, reaching about \$10 billion by 2022, with an 8% share of total retail sales. As for the UAE market, it is expected to grow by 31% annually, to reach \$9 billion by 2022. Expanding and diversifying the range of products beyond mobile phones and home appliances, joining new players, innovating problem solutions, improvements in logistics, and geographical expansion in cities constitutes The new areas, especially in Saudi Arabia, are the most important reasons for the development of electronic commerce in the region.

In addition, as stated in (Mehta and Bhandari 2018), the measures taken by governments, especially in the GCC, enable the strengthening of electronic commerce in the future. This is represented in the digitization of the work system and the transition to the online platform, whether at the level of departments, such as issuing visas, passports, licenses, logistical tracking, or online payment platforms from invoices and other payments, where such initiatives from governments contribute to enhancing citizen confidence in the Internet, leading to more digital shopping operations.

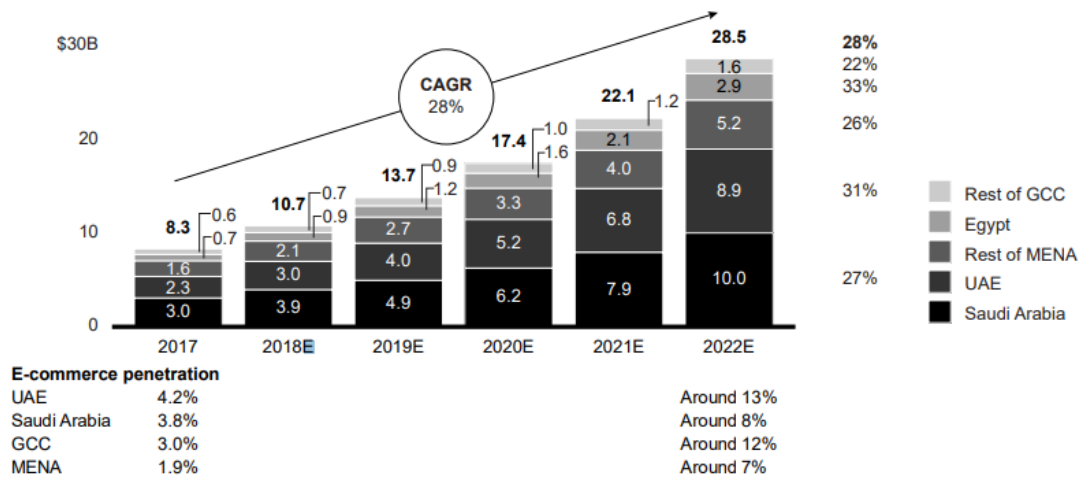


Figure 14 MENA e-commerce market size expectations (2017-2022E)

Source OMD Arabnet

#### D. Turkey and GCC E-commerce relationship

As stated on Daily Sabah the Turkish pro-government daily, in recent years, Turkey's interest in investing and increasing its share in the export market in the Middle East and North Africa has grown. By diversifying its economic activity and opening up to new areas in the region, the e-commerce sector is one of them. Therefore, it is planning new initiatives including the announcement of the Turkish E-Commerce Association and in cooperation with the Dubai Chamber of Commerce the formation of a virtual committee to promote and assist online e-commerce companies, aiming to bring together companies from Turkey and stakeholders in the e-commerce sector from the GCC and North African countries. The MENA region has become an attractive market for Turkish exports nowadays. This is due to the great logistical and cultural proximity between Turkey and these countries. The value of exports from Turkey to the countries of the region amounted to 30 billion euros in 2019, an increase of 7.1 percent compared to the situation a year earlier. On the other hand, the Turkish economy is trying to take advantage of the e-commerce boom that the Middle East and North Africa is witnessing, as the volume of e-commerce grew from 400 to 850% in April 2020. Such a consumer base offers huge potential for e-commerce to anyone looking to enter the region's e-commerce market. (Dailysabah.com, 2021)

Many factors contributed to the cultural and logistical rapprochement between Turkey and the Gulf states that began after the Justice and Development Party came to power, a positive image of Turkey was formed in the Arab world as a promising political and economic model, leading to the rise of its soft power. Despite its foreign policy, which is supported from some and disagrees with others, another important factor cannot be neglected as a reason for the great openness to Turkish culture and products on the part of Arab and Gulf consumers, which is the translation and dubbing of Turkish series in Arabic. This media move served many areas in Turkey, from trade to tourism, as Turkey gained popularity in the Gulf region that it did not have before. Media marketing played a role in introducing the country and its high-quality products and services that can be provided. This was matched by the intellectual and cultural proximity to the Arab consumer in general and the Gulf consumer in particular. Given that tourism has specific seasons, e-commerce was the gateway to trade between the two countries, as its horizons began to expand with the establishment of Turkish electronic stores targeting the Middle East and the GCC.(Long & Greene, n.d. 2015)

In a statement to Anatole Agency, The establishment of the e-commerce site [turkishsouq.com](http://turkishsouq.com) is an example of Strengthening electronic relations between Turkey and the GCC within the framework of a joint project for Turkish and Qatari postal services in 2018, which aims to be a global platform that enables the export of Turkish products to 47 countries and shopping through it. The platform includes a wide choice of high-quality products from renowned brands, combining a shopping experience with international shipping, backed by a competitive pricing system, all delivered directly from Turkey to all over the world. Thanks to this cooperation, Turkish Post has undertaken an important initiative in the field of electronic export, which is also supported by its strong logistics infrastructure, which has ensured the supply of approximately 300,000 Turkish products to the world market. The best-selling products electronically from Turkey to the GCC, especially its largest market, the Kingdom of Saudi Arabia, are home textiles, carpets, home accessories, women's clothing, jewelry accessories, organic products and health and beauty products.(Anatole Agency,aa.com, 2021)

## **IV. COMPARISON BETWEEN 2 OF TOP TURKISH STORES EXPORTING TO GCC**

### **A. Online stores**

Online shopping is a form of e-commerce that allows consumers to purchase goods or services directly from the seller over the Internet using a mobile application or web browser, or today using all electronic devices from smart phones, tablet and computers. Consumers can find the product they want when visiting the retailer's website or by searching among multiple sellers online using the shopping search engine, which displays the availability and prices of the same product at different e-retailers. To complete an online purchase transaction, it is sufficient for customers to have access to the Internet and a valid payment method, such as a credit card or a service such as PayPal, and the electronic seller ships the selected products to the customer if they are physical, such as: paper books, clothes, beauty products... As for digital products, such as digital audio files of songs, they are sent to the customer via the Internet. The first server and browser for the World Wide Web opened in 1989 and began commercial use in 1991, then in 1994, Internet banking began, the first online pizza shop appeared by Pizza Hut, followed by Netscape's SSL v2 encryption standard for secure data transmission, and the first online purchase system for Intershopm and in the same year the first secure online retail transaction was conducted by NetMarket Online Shopping Network. Immediately after that, the largest online retail companies emerged as Amazon.com was launched as an online shopping website in 1995 and eBay was also introduced, and in 2003 the website of Alibaba followed suit.(Dimitroyannis and Hines 2016)

When purchasing online, a customer's buying behavior may not be influenced by the brand and company, as far as interactions with the search engine, online recommendations and reviews. In other words, the digital environment is having an increasing impact on consumer perceptions and purchasing decisions. In other words, the digital environment has a significant impact on the consumer mind and buying

behavior, the interactive decision may have an impact on the customer's purchase decision making and the reviews and posts of others about the product online become the biggest driver on the behavior of other potential buyers. (Kannan and Alice 2017) Thus, risk and trust are two important factors in e-purchasing, as the customer can easily switch between electronic channels to search for the most secure and appropriate, because there are performance risks and product inadequacies compared to offline shopping. Therefore, online retailers should focus on customer trust, as a way to positively motivate them in the digital environment.

After the consumer finds the desired product when searching in various online stores and among alternative sellers, he places it in the shopping cart used by online retailers to allow the customer to collect the items he wants to order. To complete the process, he chooses the payment method, whether cash on delivery, credit card, bank transfer or other payment methods provided by online shopping. Consumers often get a permanent account by registering and entering payment and delivery information only once. To confirm an order, the consumer receives an email confirmation or emerging stores may rely on communication for verbal confirmation. ("The Construction of Online Shopping Experience : A Repertory Grid Approach," n.d.) Once payment is accepted, the goods are received and shipped to customer's addresses via the postal system or shipping companies such as FedEx, UPS or DHL... Shipping is carried out in two ways either directly to the customer without passing by the local retail stores or picking up his order from the company's nearest branch.

Since the goal of e-commerce is to enhance customer interaction, support his decision-making and encourage him to return, e-retailers must take into account some dimensions when designing e-commerce platforms that make them effective and well categorized against competitors. The features necessary to design good online stores are not limited to the availability and quality of the product, but extend to the way it is presented, the usability and quality of the web site itself, the quality of information, and the quality of the service it provides. (Helander and Khalid 2000)

Usability measured by ease of use, aided by e-commerce website design, simplicity of use, speed of locating an item, ease of website navigation, consistent design formats, and users' ability to control movement within the system (Helander and Khalid 2000). The quality of information is one of the basic design principles in

e-commerce because it is a source of value for customers, and it refers to the suitability, accuracy, understanding, usefulness, timeliness of the information provided by the e-commerce website, flexible information display, price information, product comparison and its full description (Susser and Ariga 2006). Website quality is defined as the performance of an e-commerce system in providing information and services and has a significant impact on customer's purchasing decision, satisfaction and trust. It focuses on appearance (text size, color, and page layout), content, functionality, navigation, and security (Lee and Lee 2003). Another important e-commerce design principle that (DeLone and McLean 2004) emphasized it: service quality. It can be defined as e-commerce companies' online assistance capabilities, covering a wide range services, such as answering commonly asked questions, tracking orders, and managing complaints via customer service. Otherwise, failure to provide effective support may result in lost customers and sales.

## **B. Comparison between 2 of top Turkish stores exporting to GCC**

### **1. Introduction to stores**

When researching the topic, it was found that Turkish electronic stores became aware of the Arab and Gulf market in particular and directed their trade towards it. 5 years ago there was only one store, today hundreds are competing in the export of Turkish products. Taking into account the high purchasing power and the increasing demand for Turkish goods, these stores made a new business that studies the Gulf market and tries to overcome the obstacles it faces, achieving significant profits in a very short time of its establishment. An example of some of leading stores in the field BAZAREA, TURKEY STORE which will be used in this comparison, ALMARASI, BASHASARA. This comparison will be based on a descriptive study based on two criteria: Observation and questioning the stores managers.

### **2. Overview on Stores**

#### **a. Turkey store**

Based on the observation of the store's website It is considered one of the first e-commerce stores operating in Turkey for five years, which understood the need of the Gulf market for its lack of some basics and focus on the Saudi market in



particular as it is the largest market in the region due to the population census and the important historical relationship with Turkey. It was established by Arab youth who have direct contact with future buyers, which made it easier for them to study the exact needs of consumers. They predicted that Turkish products would invade the Arab and Gulf world one day. The store's website contains 9 categories and nearly 2500 products, including food, drinks, health and beauty, spices, accessories, Ottoman folklore and others. The store provides weekly offers to encourage customers to buy and ships through Aramex the leading shipping company in Middle East and the international FedEx. Payment methods differ at Turkey Store, as it offers its customers credit card and the service of cash on delivery and bank transfers. The storefront looks interesting with pictures that display various products and advertisements that change according to the seasons of holidays and occasions.

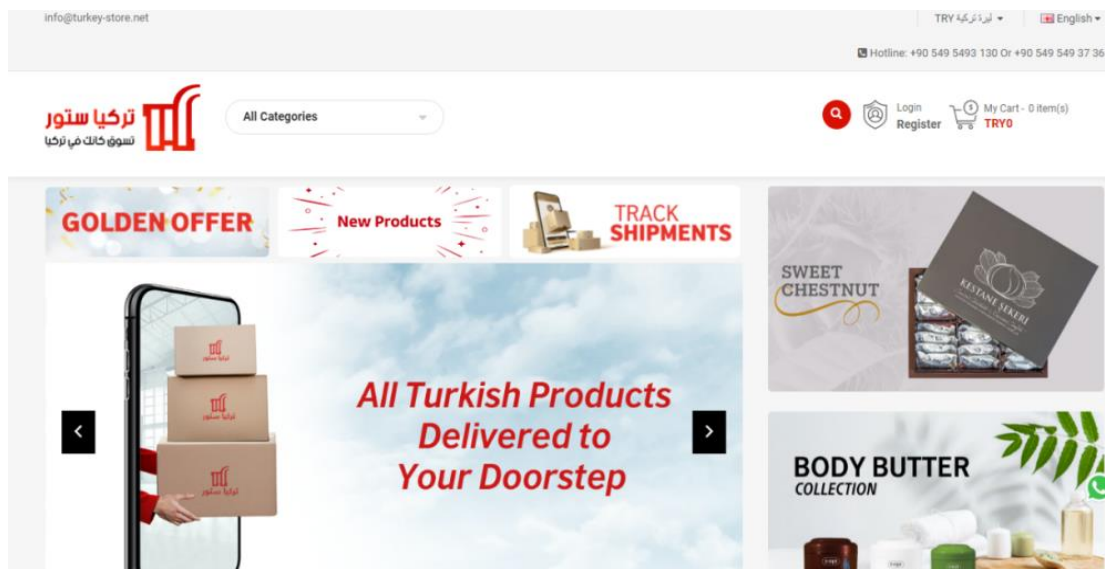


Figure 15 Turkey Store's website interface

Source <https://ty-store.net>

The store has accounts on social media of up to 26.000 followers on Instagram and 17.700 on Facebook, and 17 thousand on Twitter, knowing that the Gulf region uses the Twitter platform more but the interaction on them remains weak. "Shop as if you were in Turkey" The slogan of the online store suggests its orientation to enable consumers around the world to get what they want from Turkish products wherever they are.

## b. Bazarea

Today, Bazaria.com is one of the largest Turkish e-commerce platforms targeting especially the markets of GCC. It derives its name from the word bazaar, which means market in Turkish, and takes its slogan "From Turkey to the world." In other words, it can be easy for consumers around the world to access the online Turkish bazaar and shop for their needs of original Turkish goods. When visiting the website, banners of discounts on shipping and offers on products appear in a way that attracts the attention of the browser. With the provision of express shipping service, Bazarea store has 6 main categories and 4,000 products divided between: food and beverages, household products, accessories, jewelry, health and beauty.

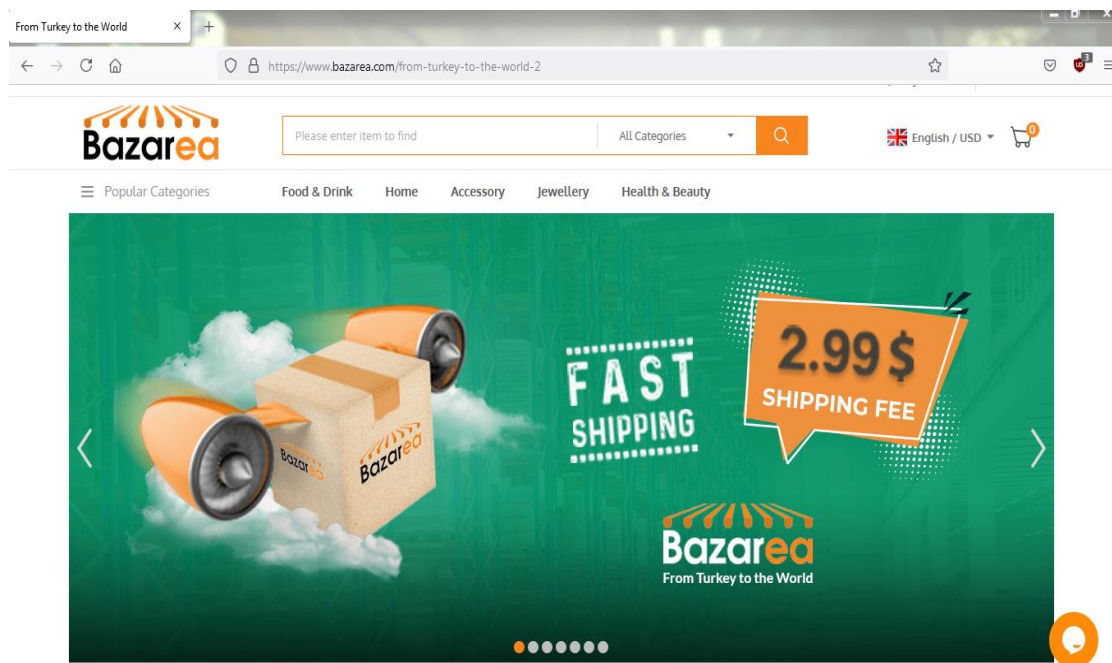


Figure 16 Bazarea's website interface

Source <https://www.bazarea.com/>

The online store works on both computers and mobile smartphones because it has developed its own apps on both Android and Apple Store, making them more accessible than its competitors. Shopping on the Bazaria Mobile application and website allows the buyer to use the currency of his country and various payment methods, cash on delivery, bank transfers and credit cards. The store's accounts on social media are fairly well-known, with followers on Instagram reaching 132,000 and on Facebook 2,930 followers. The store tries to interact with its customers through it, as it offers giveaways and meets with Arab and Gulf celebrities on these

sites as a kind of marketing to increase its reputation.

### 3. Interviewing the managers

Table 11 Interviewing

Questions	Turkey store	Bazarea
<b>Can you give us general information about the store?</b>	The concept of our online store, which was a forerunner in this field five years ago, is to provide all kinds of Turkish goods not only to be displayed and sold to people all over the world, but also to enable us store owners to take advantage of the margin difference in the currency that customers use.	We are a store that sells to the whole world with 100% local capital. The company emerged as an idea in the spring of 2018. In November, all the preparations were completed and our team started working together and in December 2018, our website went official and the sale started. At the beginning of this process, the goal was to open Turkish products that are very popular around the world, to the global market. Where the Arab world was targeted as a primary market but as the website progressed on the Internet, it started selling all over the world. The advertising strategies are formulated according to the Arab world and the main reason for this is the travel map of the Arab world to Turkey and their love for Turkish products. With the growth of the team and the increase in customer demands, we began to take our place among the competitors.
<b>How is working with the GCC in the field of e-commerce?</b>	The escalation of tensions between the Turkish government and the GCC in the past year for various reasons greatly affected the e-commerce market and made it difficult for Turkish online stores to continue to operate as they were before, especially in Saudi Arabia, whose customers represent the highest percentage of consumers of Turkish goods.	In general, relations with the GCC started well. The three largest markets in the GCC are Saudi Arabia with a rate of 85%, the Sultanate of Oman and the United Arab Emirates, due to shopping habits and population rates, especially the largest market which is Saudi Arabia. However, there are challenges in working with these countries such as shipping and payment issues, but these are overcome over time. What affect more is the political problems that have emerged in the last of these years. In June 2019, the Kingdom of Saudi Arabia announced in its position that lasted until September 2020 that shipments from Turkey would not be accepted as they waited at customs for months and this caused delays in deliveries and a decrease in shopping prices, and in the number of orders and the rate of profit in the Saudi market. As for other countries, besides similar problems at the door, the number of shoppers was insufficient compared to the advertising spent.

Table 11 (con) Interviewing

Questions	Turkey store	Bazarea
<b>How is the sale progress?</b>	<p>Due to the demands of the dynamic Arab market, the total income of the store may vary due to special occasions such as the holy month of Ramadan, “Eid” and religious events in general. For us, and because we are the first to enter the field, we first started with an average of 30 to 50 orders per month, earning 15,000 US Dollars per month, to reach today between 100 to 200 orders per month, with a profit of between 30,000 US Dollars and 40,000 US Dollars per month, affected by the current epidemiological situation and many other challenges.</p>	<p>There are many factors that influence the sale process. From the start of the store to this day, it has gone through periods of ups and downs in profits.            2018-2019-----high                      June 2019-December 2019 Short decline due to the Gulf crisis            December 2019- 2020 high Contracting a new shipping company            March 2020-June 2020 Decline due to Corona            June 2020-October 2020 High Strengthen ads            November 2020-2021 Regression            The number of orders per month ranges from 100 to 170 on normal days. The company's best records are 500 orders per month with a profit of 30,000 US Dollars at 10 percent of profits. Given the current situation, the number of orders is about 70 with an approximate income of 3000 US Dollars per month, covering the company's expenses with little profit.</p>
<b>What are the best selling goods to GCC?</b>	<p>Boosters, Spices, Accessory, Cosmetics</p>	<p>There is a huge demand for Turkish sweets, especially baklava, as well as spices and organic foods. Followed by Turkish-style accessories, silver rings, and rosaries. Textiles also became an important trade, especially for women, because of their interest in Turkish style.</p>
<b>What are the challenges faced by electronic stores exporting to the GCC?</b>	<p>Political problems that disturb the operation of the store.            Payment problems at the door for Arab consumers, as they can return the receipt of the order and cause a big loss to the store.            - The high costs of shipping and its poor quality compared to the interest that the Turkish government gives to shipping in China and the United States of America.</p>	<p>In addition to the political problems that affect the stability of trade in Turkey in general and e-commerce in particular, there are other challenges faced by Turkish electronic stores:            - High shipping costs and poor quality of delivery, which often lead to damage to goods. On the other hand, high-quality companies offer exorbitant delivery fees.            - Customs practices in the Kingdom of Saudi Arabia, and some customs demands in Europe and America (food hygiene, Food and Drug Administration approval request, etc.)            - Cash on delivery, most Arab buyers either don't use credit cards or don't trust the seller because it's international shipping. This makes them prefer to pay at the door as they refuse to receive shipments many times and thus the loss to the store is not only for the value of the product but also the shipping costs.</p>

Table 11 (con) Interviewing

<b>How do you see the future of this sector?</b>	This is the sector of the future. But it remains unexpected, as Turkish online stores can flourish more and achieve important profits if Turkish-Arab-Gulf relations improve, as well as the Turkish government's interest in shipping operations to GCC, such as China and America.	We see the future for this industry, with the pandemic losing its value in regular shopping, everything started being sold online. People's confidence in this process increased and countries began to introduce legal regulations regarding it. Now you can be on an island in the Caribbean and eat Turkish baklava. Turkish products have proven their quality, from foodstuffs to household goods, electronics and textiles.. This will only increase their demand from everyone. Our focus remains on the GCC as the No. 1 market and we hope that the tensions between Turkey and these countries will ease to achieve more significant profits.
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To distinguish some of these strategies we have on hand BAZARIA.COM. One of its features is the mobile application that is used not only on Android smartphones but also on iOS devices, as well as the company's use of online paid advertising to help introduce its products to a larger number of potential customers. In addition, the variety of its products exceeds every one of its competitors. On the other hand, TURKEY STORE is one of the first online stores with all the advantages of e-commerce, which made its experience in this field very respectable and the ability to earn more profit with little marketing budget.

Despite the pandemic that affected global trade and the Gulf crisis that occurred in 2018, the two stores maintained a steady percentage of their profits due to the wide range of delivery services and customer trust. However, these two models are still not perfect. According to the managers of the two stores, the escalation of tensions between the Turkish government and the Gulf States, in addition to the logistical and shipping obstacles that they agreed upon, was a reason to destabilize their course. It can be concluded that both stores real-life proof of the power of E-commerce platforms in this day and bear in mind that they are still growing with a lot of potential for more success like other big e-commerce platforms : Amazon and Aliexpres as an example.

## **V. CONCLUSION AND RECOMMENDATIONS**

By tracing the pace of e-commerce development, it becomes clear that it is the trade of today and the future because of the huge possibilities it provides that facilitate commercial exchanges, both in terms of demand for goods, merchandise and services and the speed with which they take place, or in terms of financial transfers, compared to traditional trade. Thanks to it, any country can expand the circle of its commercial dealings, to include the whole world with its five continents.

Thanks to e-commerce or the soft hand as it is called, Turkey has been able today to enter almost all the houses of the world with its products in various fields at reasonable prices and high quality, in Asia, Europe, Middle East, America and Africa, which made it achieve important figures in the Turkish economy and improve per capita income. Due to its strategic location, many markets can be accessed and expanded, such as European, Caucasian, Asian, Middle Eastern and African markets.

Despite the crisis that swept the world due to Covid 19, it was an occasion for e-commerce to double its number of transactions. For Turkey, the demand for its products through e-commerce has increased, especially from the Gulf consumer. Gulf States whose consumer base offers huge potential to anyone looking to enter the e-commerce market in the region. The common interests between Turkey and the Gulf states can be explained by geographical, cultural and logistical proximity, no matter how some try to ignore it, and the commercial and economic relations that bring them together despite all the challenges and political problems they face is the best evidence of that. Especially Turkey and Saudi Arabia, which is the largest market for Turkish products, and the interest of the Saudi consumer in Turkish goods continues even if their government launched a boycott of everything that came from Turkey during the recent Gulf crisis.

Turkish stores, such as the ones I worked on, do not deny their managers that political problems greatly affect the customer's attitude, interaction with the website and making the purchase decision, and prevents from achieving double profits that can be obtained in the event of political stability, in addition to the fact that the Arab

customer is not accustomed to the process of shopping and paying through Internet. Nevertheless, it continued to operate at a lower pace, and this did not prevent it from continuing in the exchange market, providing the minimum profit and enabling it to pay the expenses and wages of the workers.

Economic openness to new markets and the adoption of the e-commerce model, including its challenges, is required at the present time, as it is an effective alternative to traditional trade. However, this openness must be carefully prepared by governments to avoid ending companies and stores that contribute a large percentage to the development of the country's economy and introducing the local product.

Among the measures that governments should take is trying to avoid the impact of political problems on the economy and trade. As an example, Turkey's relationship with Israel, which is bound by the Free Trade Agreement, keeps increasing the economic dealings between them. The bilateral trade volume between Turkey and Israel amounted to 4.913 million US dollars in 2017, an increase of 12% compared to 2016 and 6.2 billion US dollars in 2018. Turkey is considered Israel's sixth economic partner, despite the complete difference in orientation and foreign policy. The relationship that unites Turkey and Israel is greater than the difference in foreign policies, but rather is dominated by common interests through technology. We can conclude that technology overcomes the geographical distances and political problems between countries.

We can say that the cultural and political barriers that we mentioned constitute a strong obstacle to the spread of electronic commerce, but they will absolutely open the door to creativity for the main players to overcome them. The main catalyst for the strong growth of the e-commerce market in the countries of the region will be the shift in the cultural mindset. Will e-commerce be an effective alternative to traditional commerce? Or will they both complement each other and grow? One thing is for sure, based on current figures and data, that e-commerce in the Middle East is here to stay and grow.

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