

# Bringing SMEs onto the E-commerce Highway

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# E-commerce opportunities for inclusive trade

E-commerce helps MSMEs internationalize\*

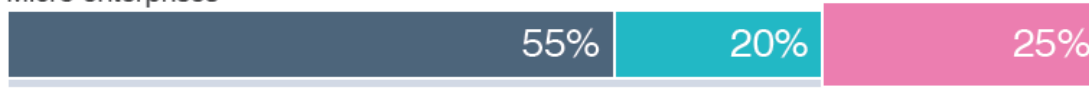
**82%** of enterprises that engage solely in cross-border e-commerce are micro and small in size



**New Pathways to E-commerce: A Global MSME Competitiveness Survey**

E-commerce enables micro enterprises in Africa to trade

Micro enterprises



Small enterprises



Medium enterprises



Offline Trade   Offline trade & cross-border e-commerce   Cross-border e-commerce

E-commerce opens up new export opportunities for Africa, especially for micro enterprises

E-commerce offers women easier access to the international market

**2X**

The share of women-owned enterprises doubles when moving from traditional offline trade to cross-border e-commerce

# More work has to be done to increase developing countries' participation

## There is interest to further engage in cross-border e-commerce

Percentage of those not yet doing cross-border e-commerce that have considered doing so:



Developed country companies export through e-commerce to **twice** as many markets as those in developing countries and **three times** as those in Africa.

Developed countries

15 export markets

Developing countries

7 export markets

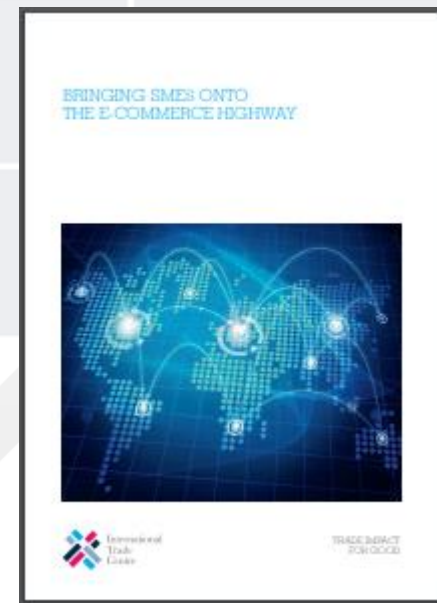
Africa

5 export markets

# ITC systematic approach to identify challenges in SME e-commerce

PHASE LAYER	ESTABLISHING ONLINE BUSINESS	INTERNATIONAL E-PAYMENT	CROSS-BORDER DELIVERY	AFTERSALES
Firm-level capabilities				
Immediate business ecosystem				
National environment				

ITC report Brining SMEs onto the E-commerce Highway



ESTABLISHING  
ONLINE BUSINESS

INTERNATIONAL  
E-PAYMENT

CROSS-BORDER  
DELIVERY

AFTERSALES

27%

Online visibility

21%

Technical skills

15%

Cost of platforms

9%

Business knowledge

9%

Platforms requirements

7%

Language skills

6%

Platform access as merchant

3%

Internet access

3%

Others

Online visibility is a greater challenge than Internet access

Technical skills and business knowledge remain key challenges in establishing online businesses

E-commerce platform access and fees are greater issues for developing country firms

Developing country firms face more set up challenges

ESTABLISHING  
ONLINE BUSINESS

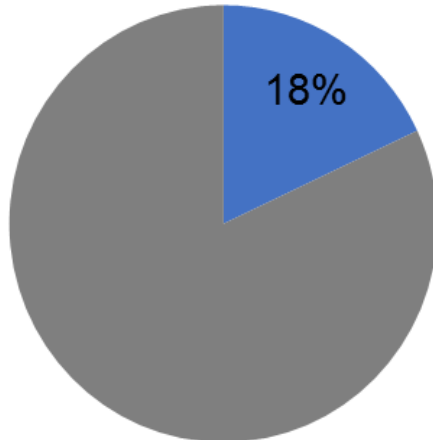
INTERNATIONAL  
E-PAYMENT

CROSS-BORDER  
DELIVERY

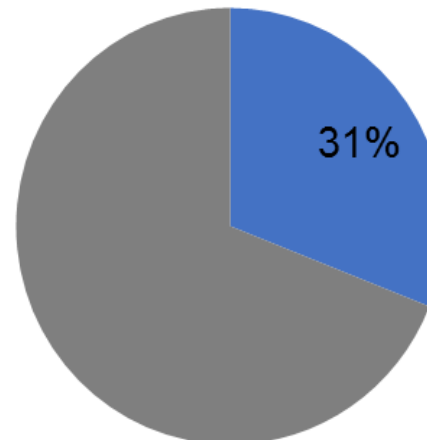
AFTERSALES

- 15% of companies (19% in Africa) identify **costly membership on e-commerce** platforms as a major bottleneck when establishing online business
- **Access to platforms**: more reported cases of companies being denied registration as sellers on e-commerce platforms in Africa

Overall



Africa



- registration not allowed
- other reasons

ESTABLISHING  
ONLINE BUSINESS

INTERNATIONAL  
E-PAYMENT

CROSS-BORDER  
DELIVERY

AFTERSALES

23% Link between e-payment providers and banks

20% Foreign exchange controls

18% No availability of e-payment providers

15% No online banking system

12% Knowledge of e-payment

8% Signing-up for encryption solutions

4% Others

Missing link between third-party e-payment service providers and local banks is a major challenge

This obstacle is more prominent in developing countries and Africa

Cash on delivery still prominent in developing countries

Electronic and mobile payment solutions on the rise

ESTABLISHING  
ONLINE BUSINESS

INTERNATIONAL  
E-PAYMENT

CROSS-BORDER  
DELIVERY

AFTERSALES

27% Costly postal and courier delivery

18% Finding warehouses and delivery at destination

11% Customs procedures and duties

10% No access to delivery with tracking ability

9% Anticipating payable duties

7% Data localisation

7% Preparing documentation

6% Warehouse organization

4% Handling surges in sales

Costly postal and courier delivery services is a major challenge

Logistic costs are higher in developing countries



26%  
IN DEVELOPING  
COUNTRIES



14%  
IN DEVELOPED  
COUNTRIES

The share of logistic cost over final price is **nearly double** in developing countries.



ESTABLISHING  
ONLINE BUSINESS

INTERNATIONAL  
E-PAYMENT

CROSS-BORDER  
DELIVERY

AFTERSALES

Enterprises estimate the share of transactions that involve product return, refund or cancellation as follows:

LDCs

11.8%

Africa

10%

Developing countries

6.7%

Developed countries

4.6%

## Product return a substantial cost factor

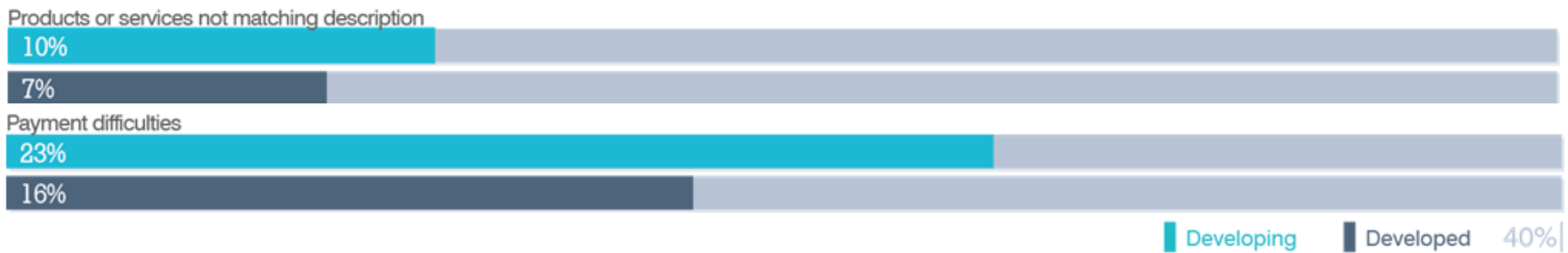
The average share of transactions that involve product return/refund drops as the level of development increases

**one in ten** transactions by e-commerce companies in Africa and LDCs could involve additional costs in handling aftersales or product return



## Frequent issues mentioned in customer feedback:

- Delivery time
- Unforeseen custom duties
- Return and refund policies
- Payment difficulties
- Products/ services not matching description



# Takeaway messages

- E-commerce promotes **inclusive trade**: opportunities for micro and women-owned companies to trade
- **Establishing online business**: Knowledge and skill gaps impede many firms from going online (**firm level**)
- **International e-payment**: Developing countries still rely on cash-on-delivery, but innovative payment solutions like mobile money is a promising tool to boost e-commerce (**business ecosystem**)
- **Cross-border delivery**: delivery options at an affordable rate represent a significant bottleneck. Logistics cost is a frequent issue that is more prominent in developing countries. (**business ecosystem**)
- **Aftersales**: Product return or refund is more frequent in LDCs and developing countries, a significant cost factor. (**national environment**)
- A **robust services sector** can spur the growth of e-commerce and help unlock its untapped potential, especially in developing countries.

# E-Strategies for action



ITC embraces the digital reality and works with partners to transform digital disruption into business opportunities, especially for MSMEs.

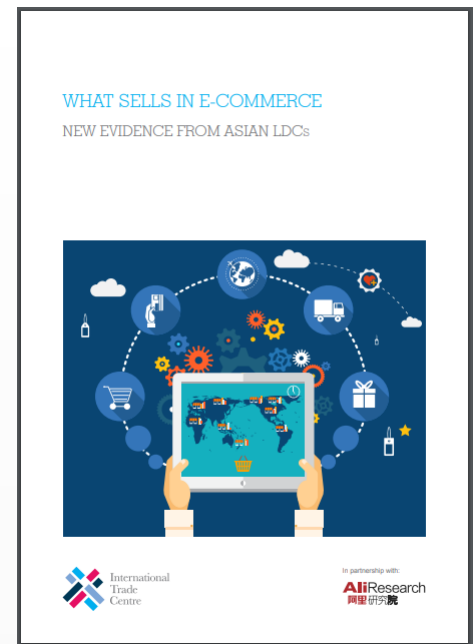
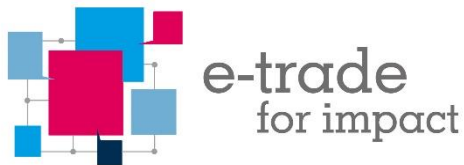
With 15 years of experience, ITC's e-strategies bring partner countries onto the highway.

- Deep sector expertise
- Tailored to countries' needs
- An inclusive and pragmatic method
- Co-ownership facilitates action

## E-strategies for:

- Côte d'Ivoire
- The Gambia
- Mauritius
- Rwanda
- State of Palestine
- Saint Lucia
- Sri Lanka
- Ukraine

# ITC's offering to bring SMEs onto the E-Commerce Highway



**E-strategies:** <http://www.intracen.org/itc/trade-strategy/e-Strategies/>

**E-learning:** [E-commerce for SMEs: An Introduction for Policy Makers](#)  
Joint course with DiploFoundation, UNCTAD, CUTS

**E-solutions:** [Enabling access to digital tools and market places](#)



TRADE IMPACT  
FOR GOOD

# Thank you

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<http://www.intracen.org/itc/sectors/services/e-commerce/>

