



## Analyzing Challenges and Opportunities in the E-Commerce Industry of Turkey

Mustafa BİLİK <sup>1</sup>

### Abstract

*This study provides an analysis of the e-commerce industry in Turkey, with a focus on recent developments, growth, and challenges. The primary objective of the study is to assess the size and growth rate of the e-commerce market in Turkey and identify key trends and emerging business models, such as social commerce and mobile commerce. Additionally, the study evaluates the impact of COVID-19 on e-commerce trends and analyzes the challenges facing the industry. Finally, the study provides recommendations for policymakers, regulators, and industry stakeholders to address the challenges and promote growth and development. The findings are useful for policymakers, industry stakeholders, and researchers to understand the dynamics of the e-commerce industry in Turkey and to develop effective strategies to leverage the opportunities and overcome the challenges.*

**Keywords:** Electronic commerce, Online shopping, Online marketing, Shopping preferences.

**Jel Codes:** L81, D12, M31

## E-Ticaret Sektöründe Güçlükler ve Fırsatların Değerlendirilmesi: Türkiye Örneği

### Özet

*Bu çalışma, Türkiye'deki e-ticaret endüstrisine odaklanarak sektörde gerçekleşen son gelişmeleri, büyümeyi ve karşılaşılan güçlükleri analiz etmektedir. Çalışmanın temel amacı, Türkiye'deki e-ticaret pazarının büyüklüğünü ve büyüme hızını değerlendirmek ve sosyal ticaret ve mobil ticaret gibi ana trendleri ve ortaya çıkan iş modellerini belirlemektir. Ayrıca, çalışma COVID-19'un e-ticaret trendleri üzerindeki etkisini değerlendirerek endüstrinin karşılaştığı zorlukları analiz etmektedir. Son olarak, çalışma politika yapıcıları, düzenleyiciler ve endüstri paydaşlarına, büyümeyi teşvik etmek için öneriler sunmaktadır. Bulgular, politika yapıcıları, endüstri paydaşları ve araştırmacılar için Türkiye'deki e-ticaret endüstrisinin dinamiklerini anlamak ve fırsatları değerlendirerek zorlukların üstesinden gelmek için bir dizi öneriler ortaya koymaktadır.*

**Anahtar kelimeler:** Elektronik ticaret, Online alışveriş, Online pazarlama, Tüketici tercihleri

**Jel Kodu:** L81, D12, M31

## 1. INTRODUCTION

Lorem Ipsum is simply dummy text of the printing and typesetting industry. Lorem Ipsum has been the industry's standard dummy text ever since the 1500s, when an unknown printer took a galley of type and scrambled it to make a type specimen book. It has survived not only five centuries, but also the leap into electronic typesetting, remaining essentially unchanged. It was popularized in the 1960s with the release of Letraset sheets containing Lorem Ipsum passages, and more recently with desktop publishing software like Aldus PageMaker including versions of Lorem Ipsum. Over the past decade, a combination of factors, including increased internet connectivity, the presence of a young, tech savvy population, and rising disposable income, has contributed to the growth of the Turkish e commerce market. This trend is driven by a data from Turkish Statistical Institute TurkStat, which indicates that in 2021, the share of households having access to the internet has reached 72.9% compared with 27.4% in 2008 and this significantly increases the potential for eCommerce markets throughout the region. Over the past decade, a combination of factors, including increased internet connectivity, the presence of a young, tech-savvy population, and rising disposable income, has contributed to the growth of the Turkish e commerce market. According to data from the Turkish Statistical Office, TurkStat, the number of households with access to the Internet increased from 27.4% in 2008 to 72.9% in 2021, significantly increasing the potential of the e commerce market in the region.

The rapid expansion of the internet around the world since the 1990s, and the ability to access it from almost anywhere with mobile smart devices in today's world, has led to significant expected and unexpected changes in our daily lives (Acılar, 2016). Online shopping has become increasingly popular in Turkey, with a growing number of consumers using their smartphones, laptops, and tablets to purchase goods and services. The e-commerce market in Turkey has grown rapidly, with a compound annual growth rate (CAGR) of 35% between 2015 and 2019, according to data from the Turkish e-commerce association, Hepsiburada. In addition to traditional online marketplaces, social media platforms such as Facebook, Instagram, and Twitter have also become popular channels for e-commerce in Turkey. This has led to the emergence of a new type of e-commerce platform, known as social commerce, where consumers can buy products directly from social media platforms.

The COVID-19 pandemic has caused unprecedented disruption to the global economy, including the e-commerce industry. However, while the pandemic has brought about many challenges for businesses, it has also accelerated the adoption of e-commerce and highlighted its potential for growth and development. In Turkey, the pandemic has had a significant impact on the e-commerce sector, with many consumers shifting towards online shopping due to lockdowns and social distancing measures. This trend has led to a surge in e-commerce sales, especially in sectors such as food, grocery, and health and beauty products. Additionally, the pandemic has also increased the demand for e-commerce platforms that offer contactless delivery and payment options, further fueling the growth of the industry. However, the pandemic has also highlighted the importance of addressing issues such as cybersecurity, logistics, and digital literacy, which are essential for ensuring the sustainable growth of e-commerce in Turkey.

Despite the growth of e-commerce in Turkey, the sector still faces several challenges. These include issues related to payment and delivery systems, logistics infrastructure, and trust and security concerns among consumers. In addition, there is a need for improved regulatory frameworks to address issues such as consumer protection, data privacy, and intellectual property rights. Addressing these challenges will be critical for the continued growth and development of e-commerce in Turkey.

The main objective of the study is to provide an analysis of recent developments in Turkey's e-commerce industry, including an assessment of the growth and size of the market, key trends, and emerging business models, as well as challenges and opportunities facing the sector.

Specifically, the study aims to:

1. Identify the size and growth rate of the e-commerce market in Turkey.
2. Examine recent trends and emerging business models in the e-commerce sector in Turkey, including social commerce and mobile commerce.
3. Assess the impact of COVID-19 on e-commerce trends in Turkey.
4. Analyze the key challenges facing the e-commerce sector in Turkey.
5. Provide recommendations for policy makers, regulators, and industry stakeholders to address the challenges and promote the growth and development of the e-commerce sector in Turkey.

## **2. A BRIEF LITERATURE ON E-COMMERCE INDUSTRY IN TURKEY**

Research on the e-commerce industry in Turkey has focused on various topics, including the impact of government policies on the sector, consumer behavior, and the challenges faced by small and medium-sized enterprises. Studies have also examined the role of social media in e-commerce and the impact of mobile commerce on the industry.

According to Özbay and Özcan (2021), Pandemic has been observed to develop/change political, economic, sociological, technological, and ecological behaviors. A research article by Göksel and Çavuşoğlu (2020) examined the factors influencing consumer behavior in e-commerce in Turkey, finding that trust, perceived value, and ease of use were the most significant predictors of consumer intention to shop online.

In terms of challenges facing the e-commerce industry in Turkey, a study by Özkan and İyigün (2021) identified issues such as logistics and supply chain management, cybersecurity, and digital literacy as significant barriers to the growth of e-commerce. Finally, a study by Duygun et al. (2020) examined the impact of social media on e-commerce in Turkey, finding that social media platforms such as Instagram and Facebook were widely used for e-commerce transactions, with influencer marketing being a particularly effective strategy for promoting products and services. However, the study also highlighted the need for businesses to address issues such as trust and authenticity in influencer marketing.

Acılar (2016), highlights the growth and development of the e-commerce industry in Turkey, because of the increasing use of the internet for business transactions. The study examines the status of e-commerce in Turkey using various reports and surveys, including the E-Commerce Transaction Reports, surveys on ICT usage in households and enterprises, and Eurostat e-commerce statistics for individuals. In their study, Basarir-Ozel and Mardikyan (2017) examined the relationship between perceived usefulness, perceived ease of use, trust, and e-commerce adoption in Turkey. They found that users' perceptions of usefulness and trust were significant factors in the adoption of e-commerce.

Aydın and Savrul (2014), examines the relationship between globalization and e-commerce, arguing that it is a mutually influential relationship rather than a one-way relationship. The study finds that the direction of the relationship varies depending on the level of technology and telecommunications infrastructure of the country in question.

Gökmen (2011), discusses the importance of virtual businesses and e-commerce applications in Turkey, highlighting the need for harmonization of traditional business structures with e-commerce.

The study concludes that while e-commerce is increasing in Turkey, there are still challenges such as lack of cooperation, standardization, and adoption of digital transactions that need to be addressed to further develop e-commerce in the country.

Yenisey et al. (2005), aimed to identify factors that positively influence users' perceived security while shopping on e-commerce sites and develop guidelines for perceived security in e-commerce. The study found two main factors that influence perceived security in e-commerce: perceived operational factors and perceived policy-related factors.

Ünver and Alkan (2021) conducted a study to investigate the relationship between e-commerce use in Turkey and demographic characteristics. The study found that individuals with higher education levels tended to engage more frequently in online shopping behaviors.

Sheikh and Basti (2015), explores Business-to-Customer e-commerce customer satisfaction in Pakistan and Turkey using the contingency valuation approach. The findings suggest that there is no significant difference between the levels of e-commerce customer satisfaction in these two countries, with few differences but mainly converging paths.

Alkan et al. (2021) conducted a study using data from the Information and Communication Technology Usage Survey to investigate the socio-demographic and economic factors affecting e-commerce use in Turkey. The study found that e-commerce use is gradually increasing and suggested that policies should be developed to encourage adoption among less educated individuals and those over middle age. In a separate study, Alkan, and Ünver (2021) examined the use of e-commerce in the eastern region of Turkey and identified demographic, economic, and personal factors associated with e-commerce use. The study found that factors such as income level, age, gender, occupation, social media use, internet banking, e-government, information equipment, and household size were all associated with e-commerce use.

Özdemir and Çam (2016), aims to explore the potential of e-commerce in the national economy by analyzing its impact on the city of Gümüşhane, Turkey. The study investigates the various factors that influence the growth of e-commerce as a trading platform, communication tool, and educational field, among others.

Chmielarz et al (2021), compares the opinions of Polish and Turkish respondents on the impact of e-commerce on globalization processes during the Covid-19 pandemic using a dedicated questionnaire. The findings reveal significant differences in the perception of the place and role of e-commerce and their influence on globalization processes, providing valuable insights for developing new products in the e-commerce area.

Ergün and Kabadayı-Kuşçu (2013), examines the relationship between e-commerce, market orientation, innovation orientation, and e-loyalty. The findings suggest that market and innovation orientation have a significant impact on e-loyalty, providing insights for firms to improve customer loyalty in the e-commerce setting.

Yılmaz et al. (2016), investigates the relationship between the perceived strategic value of e-commerce and its adoption among SMEs in Turkey. The findings suggest that organizational support and managerial decision aids have a positive and significant impact on e-commerce adoption through perceived usefulness, organizational factors, and external pressure.

In their study, Huseynov and Yıldırım (2017) analyzed real e-commerce transaction records of 10,000 customers to identify different consumer segments. The study resulted in the identification of five distinct consumer segments.

Özekenci et al. (2019) conducted a panel data analysis to examine the determinants of e-commerce in Turkey and European countries. The findings indicated that variables such as the number of

internet users, GDP per capita, inflation, and employment rates by educational level were positively associated with e-commerce. Demirdöğmez (2015), explores the impact of electronic commerce and Internet technology on both companies and customers in Turkey through a review of existing literature. It highlights the growing importance of e-commerce and the internet in Turkish society and its potential to transform the way businesses operate and interact with customers.

There is a need for further research to explore the potential of emerging technologies such as artificial intelligence and blockchain in the e-commerce sector. Additionally, more research is needed to understand the impact of e-commerce on employment and economic growth in Turkey. Overall, the academic literature on the e-commerce industry in Turkey highlights the potential for growth and development in the sector, but also the need for policies and measures to address challenges and promote competition.

### **3. CHALLENGES AND OPPORTUNITIES**

According to a report by the Turkish e-commerce association (ETİD), the e-commerce market in Turkey grew by 66% in 2020 compared to the previous year, reaching a market size of approximately \$28 billion USD. This growth can be attributed to the COVID-19 pandemic, which led to increased online shopping as people were confined to their homes. According to the Turkish Statistical Institute (TÜİK), the total value of e-commerce sales of Turkey to abroad in 2021 was approximately 3.8 billion US dollars. This indicates a significant increase compared to previous years, as the value of e-commerce sales of Turkey to abroad was 2.8 billion US dollars in 2020 and 1.9 billion US dollars in 2019. The top three countries to which e-commerce sales were made from Turkey in 2021 were Germany, the United Kingdom, and the United States. The most sold products were clothing, accessories, and electronics. Overall, the e-commerce market in Turkey is expected to continue to grow in the coming years, as more consumers turn to online shopping and as the government works to address some of the challenges facing the industry. The Turkish government has implemented various incentives to support the e-commerce sector in recent years. Some of these incentives include:

1. **Tax exemptions:** In 2017, the Turkish government introduced a tax exemption for e-commerce companies with annual revenues below a certain threshold. This exemption applies to corporate income tax, VAT, and customs duties. Especially, law no: 7256, was introduced in Turkey in 2020 with the aim of promoting economic growth and development. According to the new law, e-commerce sellers who generate less than 240,000 Turkish Lira) in annual sales will be exempt from paying value-added tax (VAT) and income tax.
2. **Investment support:** The Turkish government offers investment support to e-commerce companies through its investment promotion agency, the Presidency of the Republic of Turkey Investment Office. This support includes financial incentives such as grants and loans, as well as non-financial support such as assistance with company registration and licensing.
3. **Infrastructure improvements:** The Turkish government has invested in improving the logistics and delivery infrastructure to support the e-commerce. For example, it has established a national postal and courier service (PTT) and implemented a digital address system to improve delivery efficiency.
4. **Digital transformation initiatives:** The government has also launched various digital transformation initiatives aimed at promoting e-commerce and improving the overall digital economy. These initiatives include the Digital Turkey Platform, which aims to promote the use of digital technologies in various sectors, and the National E-Commerce Strategy, which aims to increase e-commerce penetration in Turkey and improve the competitiveness of Turkish e-commerce companies.

These incentives and initiatives demonstrate the Turkish government's commitment to supporting the growth of the e-commerce sector and promoting a more digital economy. As indicated in Figure 1, the ratio of e-commerce to general trade in Turkey has been steadily increasing over the years. The biggest jump occurred in 2020, which can be attributed to the COVID-19 pandemic and the resulting increase in online shopping. The Turkish government's efforts to promote e-commerce have also played a role in the growth of the sector. With the increasing popularity of online shopping and the government's continued support, the ratio of e-commerce in Turkey is expected to continue to rise in the coming years.

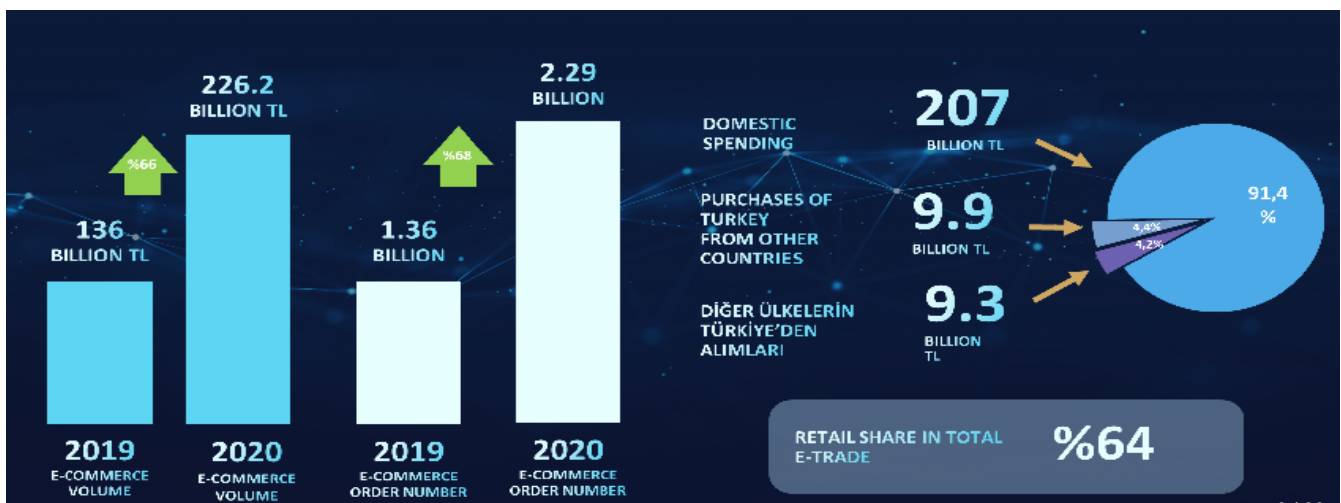
**Figure 1:** Ratio of E-Commerce to General Trade – Monthly (2019-2020)



Source: <https://www.eticaret.gov.tr/istatistikler>

Figure 2 displaying the 2020 e-commerce volume in Turkey illustrates a significant increase in both e-commerce volume and e-commerce order numbers from 2019 to 2020. According to the graph, the e-commerce volume surged from 136 billion TL in 2019 to 226.2 billion TL in 2020, indicating a staggering 66.5% increase. Similarly, the e-commerce order number also saw a remarkable increase from 1.36 billion in 2019 to 2.29 billion in 2020, a growth rate of 68.4%.

**Figure 2:** 2020 E-commerce volume



Source: <https://www.eticaret.gov.tr/istatistikler>

These remarkable percentage increases in e-commerce volume and order numbers reveal the acceleration of digital commerce in Turkey. This growth can be attributed to various factors such as the COVID-19 pandemic, which caused a shift in consumer behavior towards online shopping, the

increasing accessibility and convenience of e-commerce platforms, and the advancement of technology. The significant increase in e-commerce volume is a promising trend for the future of the Turkish economy. This growth in e-commerce volume and order numbers implies a boost in employment opportunities, as well as an expansion in market opportunities for businesses. It is important to note, however, that this growth must be accompanied by measures to address the challenges of cybersecurity and data privacy to maintain the trust of consumers and ensure the sustainability of e-commerce.

Figure 3 depicting e-commerce volume according to payment types. As new payment methods continue to emerge at a rapid pace, it is becoming increasingly challenging for end-users to effectively manage their payment instruments (Murthy et al, 2001). Figure reveals that card transactions were the most popular payment method, constituting 61% of all transactions in Turkey in 2020. Remittances and EFTs were the second most utilized payment method, accounting for 36% of transactions, while cash on delivery lagged at only 3%. The shift towards digital payments has been facilitated by the advancement of technology, increased access to financial services, and the convenience and security that digital payments provide.

**Figure 3: E-Commerce Volume According to Payment Types**



**Source:** <https://www.eticaret.gov.tr/istatistikler>

In conclusion, the graph depicting e-commerce volume according to payment types shows a significant shift towards digital payments, with card transactions being the most popular payment method in Turkey.

Figure 4 displaying the general export and e-export data for July-December 2020 indicates a stark contrast between total exports and e-exports. Total exports amounted to 108 billion dollars, while e-exports only accounted for a mere 1.4 billion dollars, indicating that e-exports only represent a fraction of total exports. The low percentage of e-exports can be attributed to various factors, including low awareness and adoption of e-commerce among exporters, challenges in logistics and shipping, as well as limited availability of international payment gateways. This percentage reflects the slow integration of e-commerce among exporters in Turkey.

**Figure 4:** General Export and E-Export Data\* (July-December 2020, USD)



**Source:** <https://www.eticaret.gov.tr/istatistikler>

Turkey is a country that heavily relies on its export industry, and it has established trade relations with many countries around the world. According to recent statistics by TURKSTAT, the top three countries that Turkey exports to are Germany, the United Kingdom, and Italy. In 2020, Turkey exported \$15.4 billion worth of goods to Germany, accounting for 9.4% of its total exports. The United Kingdom was the second-largest market for Turkish exports, with \$11.7 billion worth of goods, followed by Italy with \$8.4 billion worth of goods. Other major markets for Turkish exports include the United States, Iraq, and Spain. Turkey's main export products include machinery, vehicles, textiles, and iron and steel products.

The low share of e-export in total e-commerce, as shown in Graph 3, and the absence of global payment systems in e-commerce, as shown in Graph 4, jointly explain why e-export is significantly low in Turkey. These findings highlight the need for improvements in both e-commerce infrastructure and global payment systems to foster e-export growth in Turkey.

The Global Payments Report 2021 provides insights into the most used payment gateways in e-commerce around the world. According to the report, PayPal continues to be the most popular payment gateway globally, with a market share of 19% in 2020. Stripe is the second most used payment gateway, with a market share of 6.2%, followed by Alipay with 5.3%. Amazon Pay and WeChat Pay are also gaining popularity, with market shares of 3.5% and 3.3%, respectively. Mobile payment gateways, such as Apple Pay and Google Pay, have been growing in popularity, with market shares of 1.5% and 1.2%, respectively. The report also highlights the increasing adoption of digital wallets and instant payments, with digital wallets expected to account for 51% of all e-commerce transactions by 2024. With the continued growth of e-commerce worldwide, the report underscores the importance of providing consumers with convenient, fast, and secure payment options to support the growth of online transactions. (Source: The Global Payments Report 2021 by Worldpay from FIS). The fact that these payment gateways are hardly used in Turkey is one of the most significant factors negatively impacting e-export.

Another challenge of e-commerce in Turkey is its high concentration rate. In Turkey's e-commerce market, four major companies dominate the market: N11.com, Hepsiburada.com, Trendyol.com, and Gittigidiyor.com. Amazon.com is a newcomer to the Turkish market and therefore has a limited market share.

In economics, market concentration is measured by CR4 and CR2. These measures are used to determine the concentration of the market share among the top firms in a particular market. CR4 is calculated by adding the market shares of the top four firms in a market, while CR2 is calculated by adding the market shares of the top two firms. CR4 and CR2 provide insight into the level of



competition in a particular market, with higher values indicating a higher level of market concentration and less competition. These are widely used in economic analysis, particularly in antitrust policy, to assess the competitive dynamics of a particular market and to identify potential barriers to entry for new firms.

According to Borsenberger (2015), even though there are many online merchant sites in countries with a well-developed e-commerce sector such as France, Germany, the United Kingdom, the USA, and China, the online selling industry is highly concentrated around a few major players. In fact, it appears to be more concentrated than traditional brick-and-mortar commerce. Figure 5 shows market concentration of e-commerce in Turkey.

**Figure 5:** Market concentration of e-commerce service providers

YEARS	CR2	CR4
2015	63.28%	93.83%
2016	67.06%	92.14%
2017	59.73%	92.90%
2018	56.06%	91.39%
2019	59.77%	92.54%
2020	70.10%	93.86%

**Source:** <https://www.eticaret.gov.tr/istatistikler>

The CR2 and CR4 statistics, which measure market concentration, indicate that CR4 has been over 93% between 2015-2020, while CR2 has increased from around 59% to over 70%. These percentages show that the e-commerce sector has an oligopoly structure to some extent, which negatively affects competition. This situation also makes marketplace providers price makers for commission and shipping fees charged to sellers, which reduces the profit margins for individual sellers.

The high market concentration in the e-commerce sector can lead to significant challenges for both sellers and buyers. Sellers may have limited options to reach their customers, and buyers may not have many choices for the products and services they need. Moreover, the oligopolistic nature of the e-commerce market in Turkey has a negative impact on competition, as the major players have significant bargaining power and can dictate the terms of engagement with smaller players. This limits innovation and creativity in the market, which can have long-term implications for the sector.

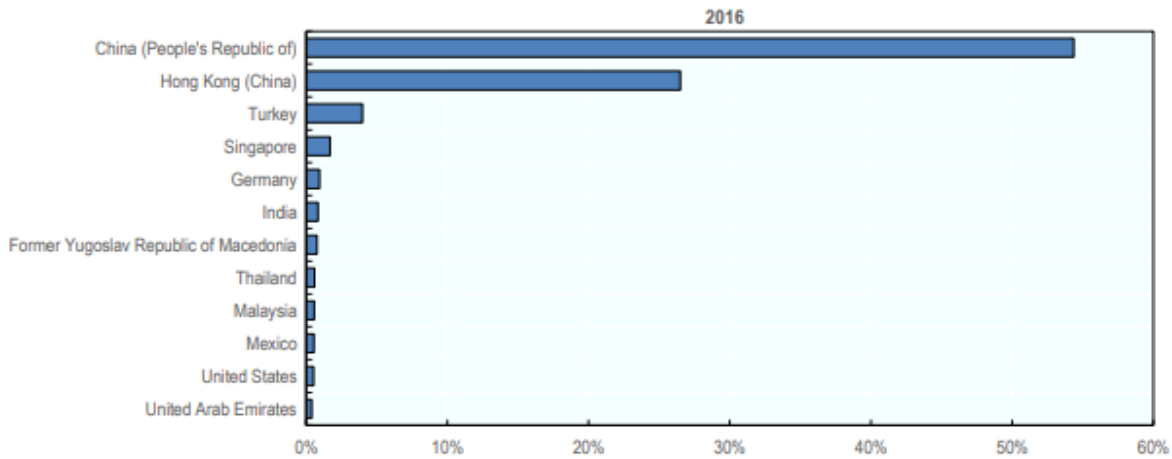
According to the "E-Commerce Marketplace Platforms Sector Report" published by the Turkish Competition Authority, Trendyol.com has had a significantly high market share between 2015 and 2020. This level of market concentration has had a negative impact on competition within the e-commerce sector. As the dominant player in the market, Trendyol.com has been able to exert a significant amount of control over pricing, commissions, and shipping costs. This level of market concentration has also made it difficult for new players to enter the market, as they must compete with the established dominance of Trendyol.com. As such, the report underscores the importance of addressing market concentration and promoting greater competition within the e-commerce sector in Turkey.

The dominance of a few major players also creates challenges for smaller and emerging e-commerce companies, as they may find it challenging to gain a foothold in the market. This can limit the growth of the sector and may lead to reduced investment in e-commerce, which can have negative consequences for the Turkish economy in the long run.

Another challenge is the sale of counterfeit products on online marketplaces. According to a 2020 report by the Organization for Economic Co-operation and Development (OECD) on the trade in counterfeit goods, Turkey was identified as one of the top countries of provenance for counterfeit goods (3.3% of total). The report highlighted that Turkey was the fourth largest country of provenance for seized counterfeit goods, after China, Hong Kong, and India.

In Turkey, improving copyright laws would be crucial for the production and marketing of new and high-quality products, particularly those that are niche products. If these products can obtain patents easily, it would be a significant advantage for niche product manufacturers. However, the copying of products is detrimental to the interests of these manufacturers. If legal regulations are increased and market access is granted for these products, it is possible to create a market that targets high-income consumers. This development would provide significant competitive advantages in foreign markets in the medium term.

**Figure 6:** Seizures of counterfeit and pirated goods



**Source:** OECD/EUIPO (2019)

One of the key benefits of strengthening copyright laws is the potential to spur innovation and creativity in the marketplace. As manufacturers feel more secure in their intellectual property rights, they are more likely to invest in research and development and create new, innovative products that may not have been possible otherwise. This, in turn, would provide consumers with a wider range of choices and increase competition within the market. Furthermore, the protection of intellectual property rights would incentivize businesses to invest more in marketing and advertising campaigns, which would promote their products and create more jobs in the industry.

In the long term, creating a niche product market that is protected by strong copyright laws could provide a significant boost to Turkey's export industry. With a reputation for producing high-quality niche products that are protected by strong intellectual property laws, Turkish businesses would be more likely to gain a foothold in international markets and compete more effectively with larger players in the global marketplace. Overall, strengthening copyright laws for niche products would have significant economic and social benefits for Turkey, both in the short and long term.

One of the other challenges that firms, and individual producers face in global e-commerce, particularly in e-export, is a low level of awareness about global compliance. Global compliance standards are essential for ensuring that products meet legal and regulatory requirements in different countries, and failure to meet these standards can result in significant financial and reputational damage. However, many firms and individual producers, especially those operating in developing countries, may not have access to the necessary information or resources to understand

and comply with these standards. This lack of awareness can be compounded by language barriers and limited access to training and education. To address this challenge, governments and international organizations can play a role in providing information and resources to firms and individual producers to help them better understand and comply with global compliance standards. Additionally, e-commerce platforms can develop tools and resources to help sellers navigate the complex landscape of global compliance and ensure that their products meet legal and regulatory requirements in different markets.

In Turkey, one of the major obstacles to the growth of e-commerce is the lack of trust and confidence among buyers. Although online shopping has gained popularity in recent years, many consumers still hesitate to make purchases online due to concerns about fraud, security, and privacy. This issue has been widely discussed in academic literature, with several studies highlighting the factors that contribute to this problem. ((Huseynov & Özkan Yıldırım, 2016), Kabadayi and Gupta (2005), (Sevim & Elif Eroğlu Hall, 2014))

In summary, the lack of trust and confidence among buyers is a significant challenge for e-commerce in Turkey. Perceived risk, security concerns, and a lack of trust in online transactions are major factors that contribute to this problem. To overcome these challenges, it is essential to establish legal and regulatory frameworks that protect consumers, as well as to provide secure payment systems and website security certificates that enhance the trust and confidence of online shoppers in Turkey.

These challenges are significant obstacles that need to be addressed if the e-commerce sector in Turkey is to continue to grow and thrive. To address these challenges, policymakers, e-commerce companies, and other stakeholders need to work together to develop solutions that improve logistics infrastructure, payment and delivery systems, and consumer trust and security.

#### **4. CONCLUSION AND RECOMMENDATIONS**

Several recommendations should be considered by policy makers, regulators, and industry stakeholders to address these problems and support the growth of the eCommerce sector in Turkey. First, greater competition needs to be addressed in the sector. The reduction of barriers to entry and improvement in the legal environment can help encourage new players to enter the market. In addition, regulatory authorities should pay particular attention to ensuring fair competition by enforcing antitrust legislation and monitoring the market for anticompetitive practices. Second, for the e-commerce sector to grow and evolve, Turkey's infrastructure and logistics system needs to be improved. To facilitate the smooth movement of goods across the country, it is appropriate for the government to invest in developing transport and logistics infrastructure. Additionally, measures should be taken to address issues related to customs clearance and the payment system, which are important factors in cross-border e-commerce. Finally, efforts should be undertaken to increase awareness and knowledge of e-commerce amongst the public that would help support this sector and stimulate demand.

The situation of businesses and individual producers involved in e-exporting is a key issue to be considered when it comes to the area of electronic commerce in Turkey. To support these actors, specific tax advantages have been introduced, such as a 50% tax reduction for e-exporting companies, subject to meeting certain employment and revenue conditions, as stipulated by the Law No. 7256. For firms and individual producers that are involved in exporting electronically, increasing the revenue limits of this law might be beneficial. To gain a competitive edge on the global eCommerce market, it might also be useful to increase advertising support for these actors and facilitate access to such support. It is due to the increase in advertising costs because of the recently depreciated lira's value, which makes it harder for companies to market their products globally.

Furthermore, improving access to international payment gateways and electronic payment systems, such as PayPal, would be beneficial for e-exporters in Turkey. Since PayPal stopped its operations in Turkey in 2016, e-exporters have had to rely on other payment methods that may not be as secure or efficient. As a result, facilitating access to internationally recognized payment systems and ensuring their security could improve the reputation of Turkish e-exporters in the global market and increase consumer confidence in their products.

Despite the popularity of payment gateways in other parts of the world, their limited availability and use in Turkey have hindered the growth of e-commerce in the country. This is due to various factors, including regulatory challenges and limited infrastructure for online payment systems. As a result, many Turkish e-commerce businesses have been unable to fully take advantage of global markets, and international customers often face payment issues when attempting to purchase goods from Turkish companies. This highlights the need for the development of more effective payment systems and infrastructure in Turkey to support the growth of the e-commerce industry and enable Turkish businesses to compete more effectively in the global market.

To increase the growth in e-commerce in Turkey, it is essential that awareness be raised between export companies and individual producers. Although the opportunities and advantages of e-commerce, especially as regards international trade, are well known to many SMEs, a significant number still do not know about them. Therefore, educational and training programs should be developed and implemented with the aim of raising awareness about e-commerce export procedures and learning how they are carried out. To increase the awareness of online commerce between businesses and producers, Government aid and incentives can also be a major factor. Companies and producers can benefit from the opportunities for e-commerce by providing financial and technical support, such as on online shopping platforms and logistics services. Furthermore, to provide educational and training courses on e-commerce and Digital Marketing Partnerships between online shopping platforms and education institutions may be established. In addition, information sharing and networking opportunities for businesses and producers can be facilitated by cooperation between e-commerce platforms, trade associations and chambers of commerce. Partnerships could also contribute to promoting e-commerce as an instrument for global trade and raising awareness about the benefits of online commerce in comparison with other forms of economic activity. In conclusion, an important factor for the development of e-commerce in Turkey lies in increasing awareness between businesses and retailers about online shopping.

Overall, the Turkish e-commerce sector could gain significant benefits from supporting exports through tax incentives, advertising support and secure payment systems. These measures, regarding the recent Turkish lira devaluation, could contribute to improving the competitiveness of Turkish exporters on the world market.

---

## REFERENCES

---

- Alkan, Ö., & Ünver, Ş. (2021). Determination of Factors That Affect Use of E-Commerce in Eastern Turkey Through Categorical Data Analysis. *Toros Üniversitesi İİSBF Sosyal Bilimler Dergisi*, 8(Special Issue on International Symposium of Sustainable Logistics), 22-36.
- Alkan, Ö., Kucukoglu, H., & Tutar, G. (2021). Modeling of the Factors Affecting E-Commerce Use in Turkey by Categorical Data Analysis Factors Affecting e-Commerce Use. *International Journal of Advanced Computer Science and Applications*, 12(1).
- Aydın, E., & Savrul, B. K. (2014). The relationship between globalization and e-commerce: Turkish case. *Procedia-Social and Behavioral Sciences*, 150, 1267-1276.
- Borsenberger, C. (2015). The concentration phenomenon in e-commerce. *Postal and delivery innovation in the digital economy*, 31-41.
- Basarir-Ozel, B., & Mardikyan, S. (2017). Factors affecting E-commerce adoption: A case of Turkey. *The International Journal of Management Science and Information Technology (IJMSIT)*, (23), 1-11.
- Chmielarz, W., Zborowski, M., Fandrejewska, A., & Atasever, M. (2021). The impact of e-commerce on globalization processes: comparison of Poland and Turkey.
- Demirdöğmez, M. (2015). Development and Impact of E-Commerce in Turkey. *The Russian Academic Journal*, 31(1).
- Ergün, H. S., & Kuşcu, Z. K. (2013). Innovation orientation, market orientation and e-loyalty: evidence from Turkish e-commerce customers. *Procedia-Social and Behavioral Sciences*, 99, 509-516.
- Gökmen, A. (2012). Virtual business operations, e-commerce & its significance, and the case of Turkey: current situation and its potential. *Electronic Commerce Research*, 12, 31-51.
- Huseynov, F., & Yıldırım, S. Ö. (2017). Behavioural segmentation analysis of online consumer audience in Turkey by using real e-commerce transaction data. *International Journal of Economics and Business Research*, 14(1), 12-28.
- Kabadayi, S., & Gupta, R. (2005). Website loyalty: an empirical investigation of its antecedents. *International Journal of Internet Marketing and Advertising*, 2(4), 321-345.
- Murthy, N. N., Mehtre, B. M., Rao, K. P. R., Ramam, G. S. R., Harigopal, P. K. B., & Babu, K. S. (2001). Technologies for e-commerce: An overview. *Informatica*.
- OECD/EUIPO (2019), *Trends in Trade in Counterfeit and Pirated Goods*, Illicit Trade, OECD Publishing, Paris, <https://doi.org/10.1787/g2g9f533-en>.
- Özdemir, A., & Çam, H. (2016). The importance of e-commerce in terms of local development: a study in Turkey. *International Journal of Business and Management Information*, 5(1), 9-16.
- Özekenci, E. K., GÜLMEZ, M., & ERBAS, C. Ü. (2017). The determinants of e-commerce in Turkey and European countries: A panel data analysis. *Journal of Business in The Digital Age*, 2(1), 15-23.
- Rekabet Kurumu (2022). E-Pazaryeri Platformları Sektör İncelemesi Nihai Raporu. <https://www.rekabet.gov.tr/Dosya/sector-raporlari/e-pazaryeri-si-raporu-pdf/20220425105139595-pdf>.
- Sevim, N., & HALL, E. E. (2014). Consumer trust impact on online shopping intent. *Journal of Internet Applications and Management*, 5(2), 19-28.

- Sheikh, S. M., & Basti, M. (2015). Customer satisfaction in business to consumer (B2C) E-commerce: a comparative study of Turkey and Pakistan. *Eurasian Journal of Business and Economics*, 8(16), 73-100.
- Ünver, Ş., & Alkan, Ö. (2021). Determinants of E-Commerce Use at Different Educational Levels: Empirical Evidence from Turkey e-Commerce Use at Different Educational Levels. *International Journal of Advanced Computer Science and Applications*, 12(3).
- Yenisey, M. M., Ozok, A. A., & Salvendy, G. (2005). Perceived security determinants in e-commerce among Turkish university students. *Behaviour & Information Technology*, 24(4), 259-274.
- Yilmaz, K. G., Gungordu, A., Ayci, A., & Yumusak, T. (2016). E-commerce adoption as a predictor of the perceived strategic value of e-commerce among e-commerce adopter SMEs in Turkey. *International Journal of Managerial Studies and Research*, 4(3), 35-43.



© Submitted for possible open access publication under the terms and conditions of the Creative Commons Attribution (CC BY NC) license.  
(<https://creativecommons.org/licenses/by-nc/4.0/>).