

Amazon Türkiye SME E-Commerce Outlook 2023

A deep-dive into domestic and cross-border
e-commerce patterns among Turkish SMEs

May 2023



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Table of Contents

1. Executive Summary 7

2. Insights on E-Commerce.....8

2.1. Global E-Commerce.....8

2.2. E-Commerce in Türkiye..... 12

3. Cross-Border E-Commerce 17

3.1. The Global State of E-Exporting 17

3.2. E-Exporting in Türkiye 19

4. Snapshot of Turkish SMEs22

5. Benefits of Cross-Border E-Commerce33

5.1. Diversified Business Opportunities34

5.2. Increased Brand Awareness35

5.3. Building Efficient Customer Relationships38

5.4. Fostering Business Sustainability41

5.4. Reduction in Costs.....43

6. Challenges of Cross-Border E-Commerce44

6.1. Lack of Know-How.....44

6.2. Challenges in Penetrating Local Markets.....48

6.3. Cross-Border Logistics49

6.4. Multi-Currency Transactions51

6.5. Multiple Payment Methods52

7. Sectoral Trends in Türkiye54

7.1. Rise in Social Commerce54

7.2. Shopping Using Mobile Devices57

7.3. Improvements in Shipping Times and Delivery Conditions59

7.4. Encouragement of Women-Owned SMEs60

7.4.1. Amazon Türkiye Supports Women Entrepreneurs62

7.5. Changing Consumer Values.....65

7.5.1. Mobilizing Earthquake Relief Efforts67

8. Amazon Türkiye Empowers Turkish Businesses.....69

8.1. Select Amazon Türkiye Services69

8.2. Views from Amazon Türkiye’s Selling Partners72

9. References.....74

Table of Figures

Figure 1 - Retail e-commerce sales and the share of e-commerce in retail sales between 2015-2025, (%).....	8
Figure 2 - Share of e-commerce in retail sales volume by region in 2021 and 2025, (%).....	9
Figure 3 - Global shares for the top 5 industries in online retail between 2016-2021, (%).....	10
Figure 4 - Compound Annual Growth Rates of the 5 Sectors with the Highest Market Segment Share in Online Retail, 2016-2021 and 2021-2026 (expected), (%).....	11
Figure 5 - Real growth rate of the e-commerce volume in Türkiye between 2019-2022, (Billion TRY and %).....	12
Figure 6 - E-Commerce Compound Annual Growth Rate Forecast for 2020 – 2025, (%).....	13
Figure 7 - The Evolution of E-Commerce in Türkiye.....	14
Figure 8 - Sectoral distribution of the top 8 e-commerce categories in Türkiye, 2022, (% based on TRY volume).....	15
Figure 9 - Share of e-commerce businesses using online marketplaces and their own websites in Türkiye, 2019 – 2022.....	16
Figure 10 - Number of marketplaces used by Turkish sellers, 2022, (%).....	16
Figure 11 - Global cross-border e-commerce share, 2016-2022, (%).....	17
Figure 12 - Distribution of domestic and cross-border e-commerce revenues by country, 2022, (%).....	18
Figure 13 - The comparison of cross-border e-commerce retail value in the world and in Türkiye, 2017 – 2022, (USD Trillion, TRY Billion).....	19
Figure 14 - Domestic and foreign distribution of e-commerce, 2021-2022, (% based on TRY volume)	20
Figure 15 - Proportional distribution of key indicators by size groups, 2021, (%).....	23
Figure 16 - Regional distribution of the SMEs who have participated in Amazon's SME E-Commerce Outlook Survey.....	24
Figure 17 - Maturity levels of Surveyed SMEs according to their year of establishment, (number of firms)	25
Figure 18 - Characteristics of Surveyed SMEs	25
Figure 19 - Rate of SMEs who engage and who are planning to engage in e-commerce, (%).....	27
Figure 20 - Digital marketing tools adopted by SMEs aiming to promote their businesses, (%).....	27
Figure 21 - Distribution of exports and imports by SMEs and large-scale companies, 2021, (%).....	28
Figure 22 - Surveyed SMEs and their views on E-Exporting, (%).....	28
Figure 23 - Percentage of SMEs' e-exports within overall exports, 2022, (%).....	29
Figure 24 - Distribution of SMEs carrying out e-export activities by sector, (%).....	29
Figure 25 - SMEs' e-export sales share in global markets for the year 2022, (%).....	30
Figure 26 - Percentage of channels preferred by SMEs for e-exporting operations, (%).....	30
Figure 27 - Forecasts regarding SMEs' future e-export sales, (%).....	31
Figure 28 - SMEs' organizational structure for e-exporting operations, (%).....	31
Figure 29 - Number of personnel employed within an e-exporting department, (%).....	32
Figure 30 - Turkish SMEs on why they use marketplaces to conduct their e-exporting activities, (%).....	33
Figure 31 - Factors that consumers consider before deciding to purchase a product, (%).....	35
Figure 32 - Brand awareness by category in Türkiye in 2022, (%).....	36
Figure 33 - Attitudes towards online shopping in Türkiye in 2022, (%).....	39
Figure 34 - Most important online purchase drivers in Türkiye, (%).....	40
Figure 35 - Consumer Attitudes towards the Return Experience, (%).....	41
Figure 36 - Share of individuals buying or selling goods or services online in Türkiye from 2011 to 2022, (%).....	42
Figure 37 - Reasons given by SMEs for not for e-exporting, (%).....	45
Figure 38 - Reasons given by e-exporting SMEs who do not use online marketplaces, %	45
Figure 39 - Methods used by SMEs to increase their e-exporting activities, (%).....	45
Figure 40 - Ranking SME Needs	47
Figure 41 - Top challenges faced by retailers, brands, and manufacturers in the cross-border e-commerce supply chain ecosystem, (%).....	50
Figure 42 - Online payments by type in Türkiye, 2022, (%).....	53
Figure 43 - Social commerce revenue worldwide, 2022-2030, (USD billion)	55
Figure 44 - Distribution of social commerce spending worldwide in 2025, by generation, (%).....	55
Figure 45 - Number of social media users in Turkey from 2018 to 2027, (in millions).....	56
Figure 46 - Forecast of mobile commerce size in Türkiye, (in USD billions).....	57
Figure 47 - Distribution of e-commerce transactions in Türkiye in the first 6 months of 2022 by platform, (%).....	58
Figure 48 - Share of female business owners in Türkiye (% of total business owners), 2014 – 2018, (%)..	60
Figure 49 - Share of consumers who prefer brands with sustainability goals, 2021, (%).....	65
Figure 50 - Share of consumers that plan to avoid products with a lot of packaging, 2022, (%).....	66

Amazon’s Impact on SMEs in Türkiye at a Glance

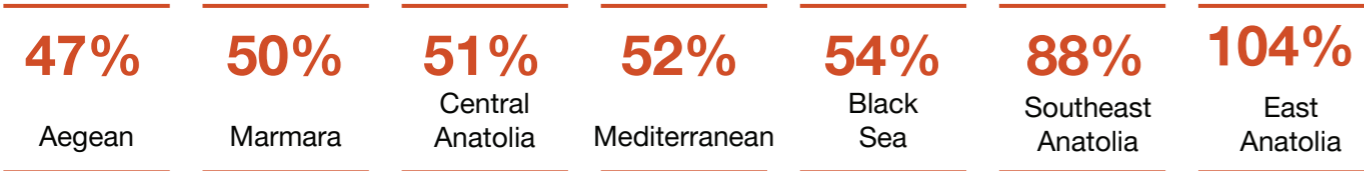
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Number of SMEs in Türkiye selling on Amazon **grew over 50%** in 2022 (y-o-y)

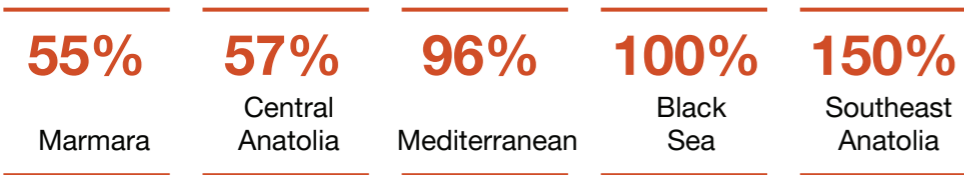
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Turkish SMEs’ export revenues from selling on Amazon in 2022 **increased by over 60%** (y-o-y).

Regional Growth in the # of Local Marketplace Sellers (2021 to 2022)



Regional Growth in SMEs’ € Export Volume (2021 to 2022)



Executive Summary

Turkish exporters are well-poised to leverage the benefits of e-commerce and e-exporting, provided they are supported by experienced intermediaries that facilitate the process. As their solution partner, we have surveyed over 2,000 Turkish SMEs to better understand their needs.

The meteoric rise in the usage of the internet, coupled with remarkable technological developments paving the way for the use of smartphones and tablets, have led to notable shifts in consumer habits. Online shopping practices have gained significant momentum in conjunction with the effects of the Covid-19 pandemic. Hence, the importance of e-commerce has steadily increased at a global scale, becoming a staple of daily life, as well as a driver of economic growth. As an extension of this, online channels that enable cross-border trade have come into prominence, transcending geographical limitations, massively improving the shopping experience, and offering ample opportunities for businesses. The increasing number of e-export transactions have led to the expansion of online shopping, with the integration of online retailers, carriers, and other service providers contributing to the creation of a borderless world.

As such, the evolution of the e-commerce industry has led to new opportunities for small and medium sized businesses (SMEs) around the globe, expediting their adaptation to digital markets and transforming their business operations. It is also a lucrative avenue for SMEs to export their goods, expanding their consumer base and increasing their market growth while promoting resilience to economic shocks and sustainability by accessing new ways of doing business.

E-commerce does not only bring economic benefits to small businesses but contributes to the growth of numerous industries within a country, where countries have the potential to become key players in the global retail market.

Although the e-commerce and e-exporting channels are interlinked, there is a lack of information and data regarding the e-exporting patterns of SMEs in Türkiye. Amazon Türkiye, in partnership with PwC, has surveyed over 2,000 SMEs across the country to better understand the needs and challenges they face regarding entry into both **domestic** and **foreign** markets via online channels.

Our survey findings indicate that e-commerce has enjoyed rapid growth in Türkiye, with **25.3%** of Turkish SMEs who were surveyed for this report currently engaging in e-commerce activities. This is in line with country-wide business statistics regarding e-commerce. However, per survey results, the share of Turkish SMEs currently e-exporting is at **4.1%**, suggesting that the penetration rate of e-exporting among SMEs is currently low, and signaling that there are further opportunities for engagement in this regard.

Amazon’s success in empowering SMEs in different markets lies in strong and consistent relationships with all stakeholders. In this vein, this study is a cornerstone in fostering Turkish SME growth and expansion into foreign markets, with Amazon continuing to actively support and guide our selling partners and collaborators throughout their journey.

Our report provides a comprehensive analysis of e-commerce and e-exporting, focusing on global and local developments and trends in the market. We also highlight the benefits of undertaking e-exporting for SMEs, as well as the challenges they might face throughout the process, emphasizing the invaluable role of online stores in this endeavor.



Insights on E-Commerce

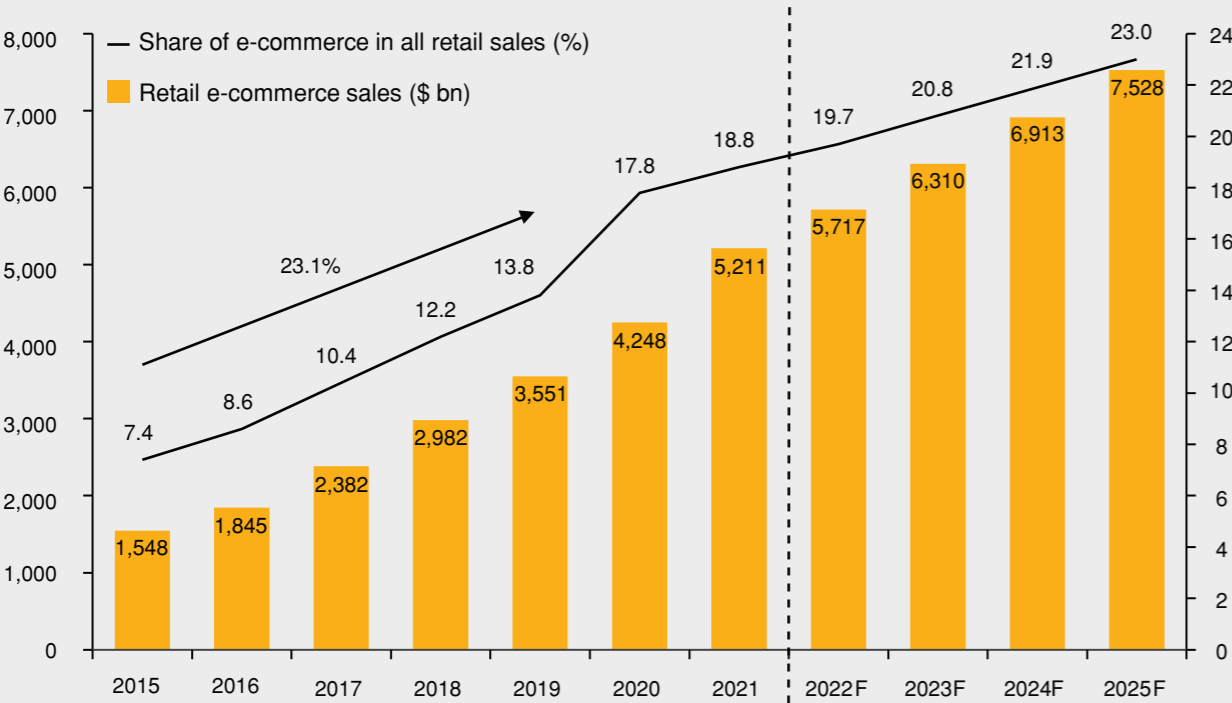
Global E-Commerce

Between the years 2015 and 2019, global online retail volume grew by an average annual growth rate of 23%, exceeding 3.5 trillion US dollars. From 2019 to 2020, online retail achieved an annual growth rate of 19.6% and increased its share by around 700 billion US dollars. In the same year, the share of e-commerce in total retail exceeded the 15% threshold. While the impressive growth of retail e-commerce in 2020 can in part be attributed to the residual effects of the COVID-19 pandemic, this trend has carried on in 2021, with global online retail attaining a volume of **5.2 trillion US dollars**, representing **18.8%** in all retail sales as well as signaling a permanent paradigm shift, both in ways of doing business and in consumer habits. Current

estimates predict that online retail, expressed as retail e-commerce in Figure 1, will continue to grow by an average annual growth rate of 10% between 2022 and 2025.

The boom in e-commerce will inevitably increase the market segment size of global e-exports, which was calculated to be around 719 billion dollars as of 2021, and is estimated to achieve notable growth through a compound annual growth rate of 25.8% between 2022 and 2030¹.

Figure 1 - Retail e-commerce sales and the share of e-commerce in retail sales between 2015-2025, (%)



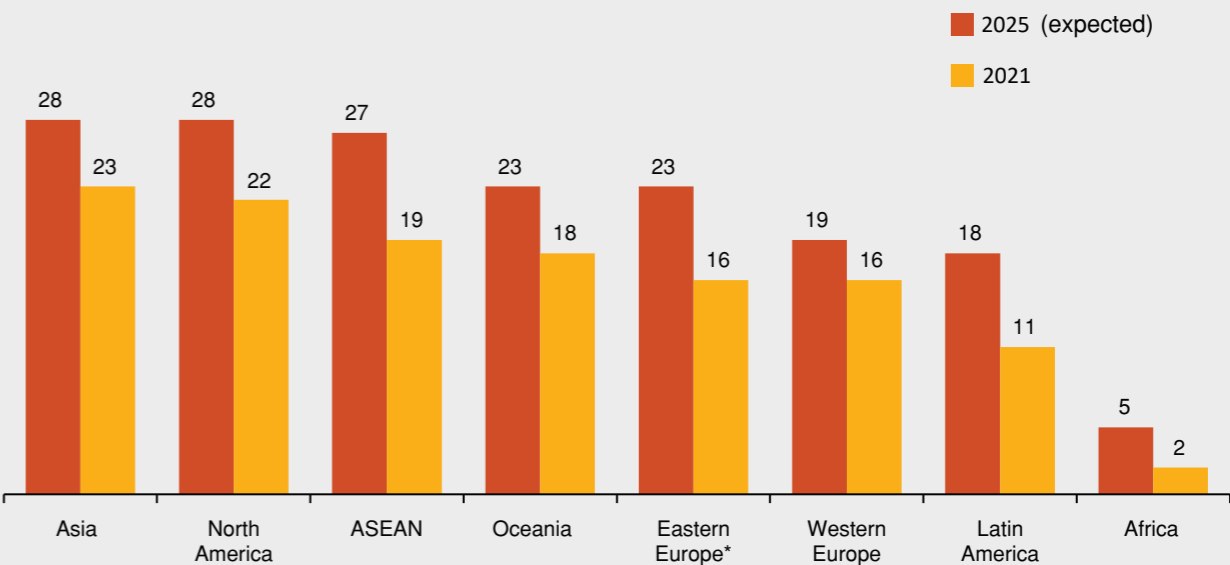
Source: Emarketer, PwC Analysis, F: Forecast

Market Analysis by Region

Leadership in the share of the e-commerce channel with relation to the total retail market currently belongs to the Asian continent, where leading countries in e-commerce such as China, Japan and South Korea are located, closely followed by the North American and ASEAN regions. E-commerce is predicted to keep growing in the aforementioned countries – in South Korea, where the e-commerce channel currently constitutes 37% of all retail sales, this statistic is estimated to reach 45% by 2025. In

addition, countries which are still in the early stages of e-commerce adaptation are ready for significant growth in the near future. The region of Eastern Europe is expected to overtake Western Europe in the coming years, with their shares predicted to reach 23% and 19% respectively, by 2025. In this sense, the Eastern European cluster is a market segment to watch, as it will originate numerous opportunities for Turkish SMEs to take advantage of and continue to expand their businesses.

Figure 2 - Share of e-commerce in retail sales volume by region in 2021 and 2025, (%)



*Türkiye is classified under Eastern Europe

Source: Morgan Stanley, PwC Analysis

¹Grand View Research. Cross-border B2C E-commerce Market Size, Share & Trends Analysis Report by Offering, By Payment Method, By Category, By Region and Segment Forecasts, 2022 – 2030

Prominent e-commerce categories among retail goods

An overview of the industries with the highest share in online retail over a 6-year period (2016 – 2021) highlights the fact that although the list of top categories remains mostly unchanged, with the clothing and footwear industry maintaining its leadership and the consumer electronics industry maintaining second place, there has been a steady decrease in their shares of total sales via e-commerce. The media category, which includes the sale of books and magazines in addition to music, movies, and video games, has consistently been the 3rd largest segment in e-commerce, only recently being replaced by the food and beverage sector in 2020. The spread of the Covid-19 virus contributed to this development, as consumers increasingly sought multichannel strategies to obtain their immediate needs.

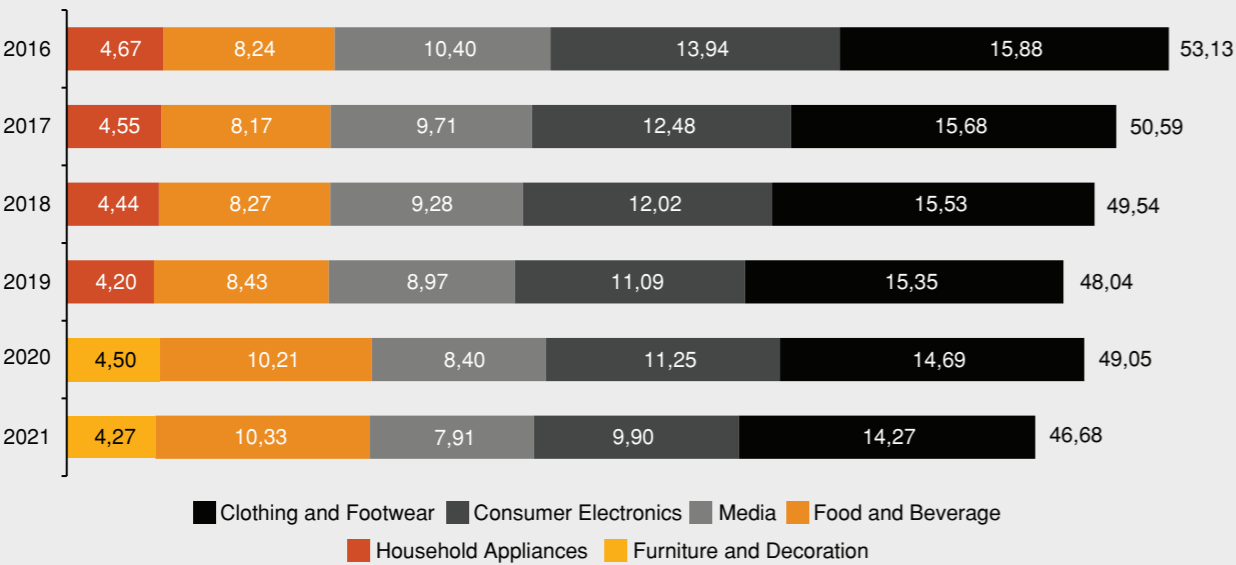
The household appliances sector, which was the 5th largest e-commerce segment until 2020, left its place to the furniture and decoration sector, as the stay-at-home guidelines initiated by the pandemic have bolstered the urge to invest in home improvement. As such, the significance of the Covid-19 outbreak on e-commerce cannot be overlooked, with newly emerging trends likely continuing to influence the future e-commerce landscape.

The overall reduction in the shares of the top 5 sectors (per Figure 3) indicates that the retail market has increased its engagement with e-commerce, as more sectors penetrate this segment of the market and broaden the range of available goods and services.

The top 5 sectors with the highest market segment share (clothing and footwear, consumer electronics, media, food and beverage, and furniture and decoration) have demonstrated significant compound annual growth for the years 2016 - 2021. The clothing and footwear industry, which has consistently ranked on top during the period under review, grew by 19.8% (per Figure 4), despite an overall decrease in market segment share. On the other hand, the food and beverage industry increased its market segment share and grew by an average of 28% per year. The shift in sectoral shares reflects the new and changing market dynamics, also partly accelerated by the Covid and post Covid-19 period.

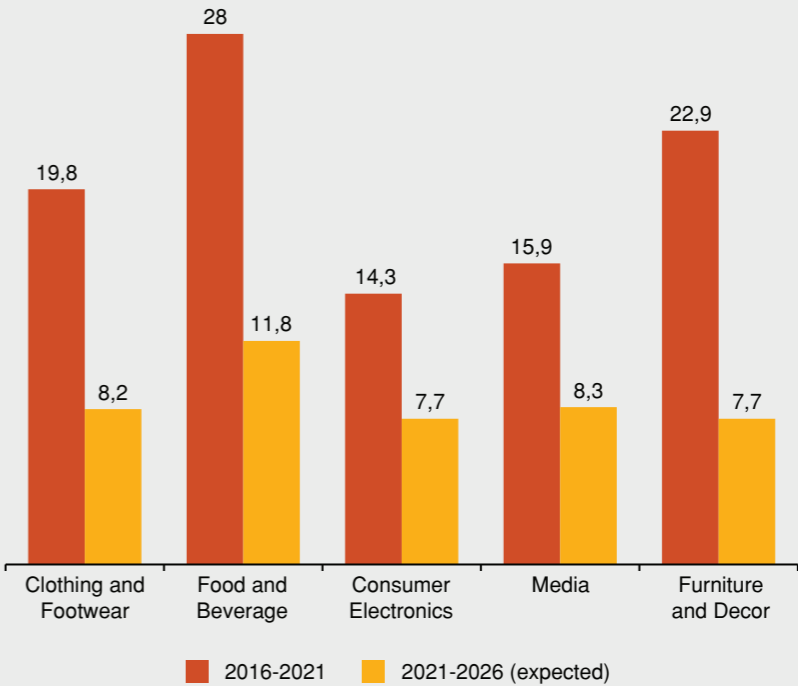
While the aforementioned 5 years represent a major milestone for e-commerce due to the perceived period of immense growth, expected growth rates for the 2021 – 2026 period are understandably not as high due to the increasing maturity of this segment of the retail market, as it is predicted to enter a period of stability. Nevertheless, the scarcity of goods in domestic markets will influence engagement in cross border e-commerce, specifically in the B2C (Business to Consumer) market segment, as customers increasingly seek affordable high-quality products. This will further propel growth.

Figure 3 – Global shares for the top 5 industries in online retail between 2016-2021, (%)



Source: Euromonitor, PwC Analysis

Figure 4 – Compound Annual Growth Rates of the 5 Sectors with the Highest Market Segment Share in On-line Retail, 2016-2021 and 2021-2026 (expected), (%)



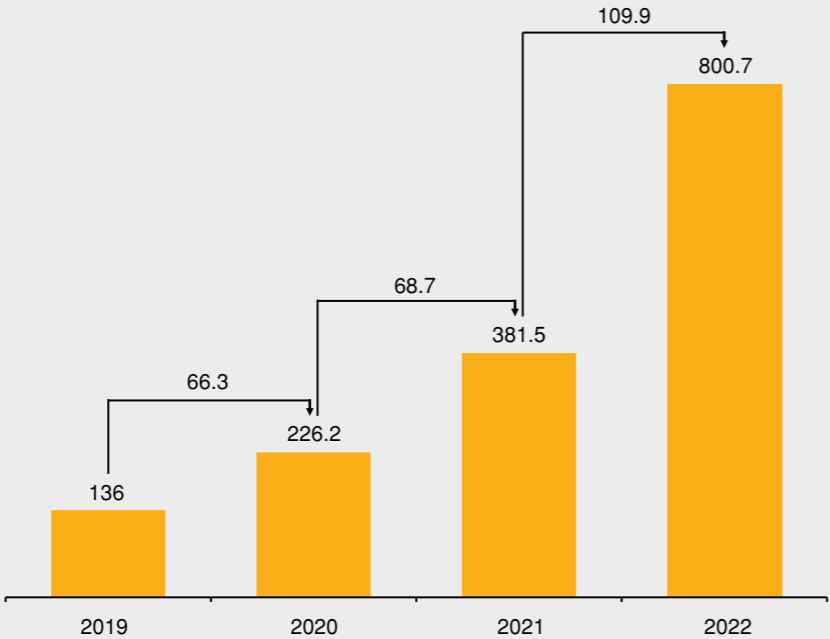
Source Euromonitor, PwC Analysis

E-Commerce in Türkiye

In line with the global trajectory, the e-commerce channel in Türkiye has been subject to rapid growth and changing trade dynamics. Data collected and published by the E-Commerce Information System (ETBİS) under the Ministry of Trade since 2019 confirms this, as the e-commerce volume in Türkiye, which was 136 billion TRY in 2019, was calculated to be 226 billion TRY in 2020 and 381.5 billion TRY in 2021. In 2022, the e-commerce volume in Türkiye increased by 109% compared to the previous year, reaching 800 billion TRY².

The Turkish e-commerce market segment achieved an impressive compound annual growth rate of 80.6% between the years 2019 - 2022. Based on Euromonitor's e-commerce market segment growth forecast for the years 2020-2025, Turkish e-commerce is expected to achieve a compound annual growth rate of 23.7%. The same study predicts that the global compound annual growth rate will be 11.7%³. These findings underline the fact that **while currently e-commerce is nascent across Turkey in comparison to more mature channels, the e-commerce channel is poised to take off, driven by growing internet penetration and increased availability of quality online products.**

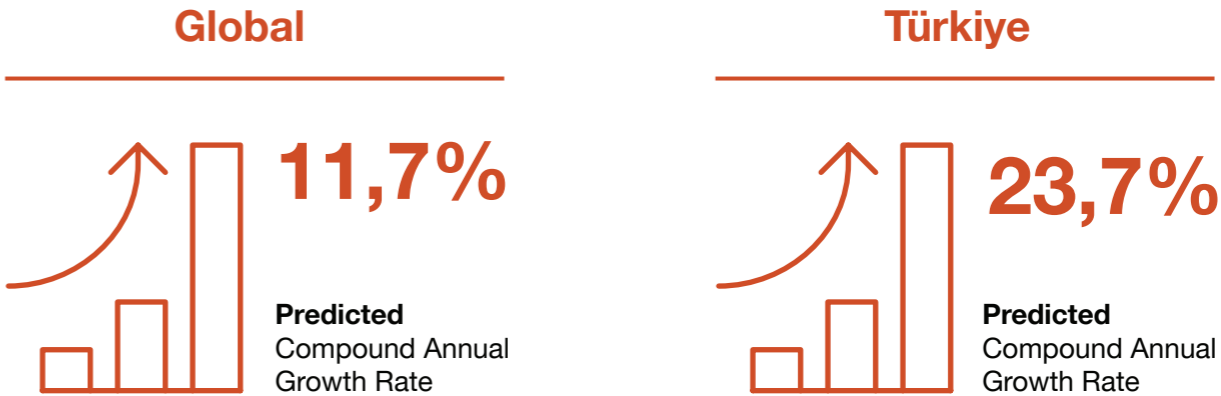
Figure 5 - Real growth rate of the e-commerce volume in Türkiye between 2019-2022, (Billion TRY and %)



Source: ETBİS, PwC Analysis

²ETBİS. www.eticaret.gov.tr/haberler/10089/detay
³Euromonitor International. E-commerce Market Size Forecast 2020-2025.

Figure 6 – E-Commerce Compound Annual Growth Rate Forecast for 2020 – 2025, (%)



Source: Euromonitor, PwC Analysis

The significant contribution of e-commerce to the greater economy is reflected in Türkiye's economic indicators, with the share of e-commerce in Türkiye's GDP increasing by 1.4 percentage points from 2020 to 2021 – this share being 4.1% in 2020 and 5.1% in 2021.

Furthermore, the number of Turkish businesses engaging in e-commerce increased by 701% between the years 2019 and 2022. This remarkable achievement emphasizes the rapid growth of domestic e-commerce in Türkiye. In a similar vein, the number of online orders has increased by 252% in the 3-year period between 2019-2021. This pattern of growth has not decelerated, as the growth achieved in 2022 compared to 2021 is equally impressive. As depicted in Figure 7, the number of orders realized grew by 43% from one year to the next, with the number of registered e-commerce businesses increasing by over 13.3%⁴. The share of e-commerce in general commerce is more or less in line with the global share of e-commerce in total retail sales, with the latter being 19.7% in 2022.

⁴ETBİS.<https://www.eticaret.gov.tr/istatistikler>

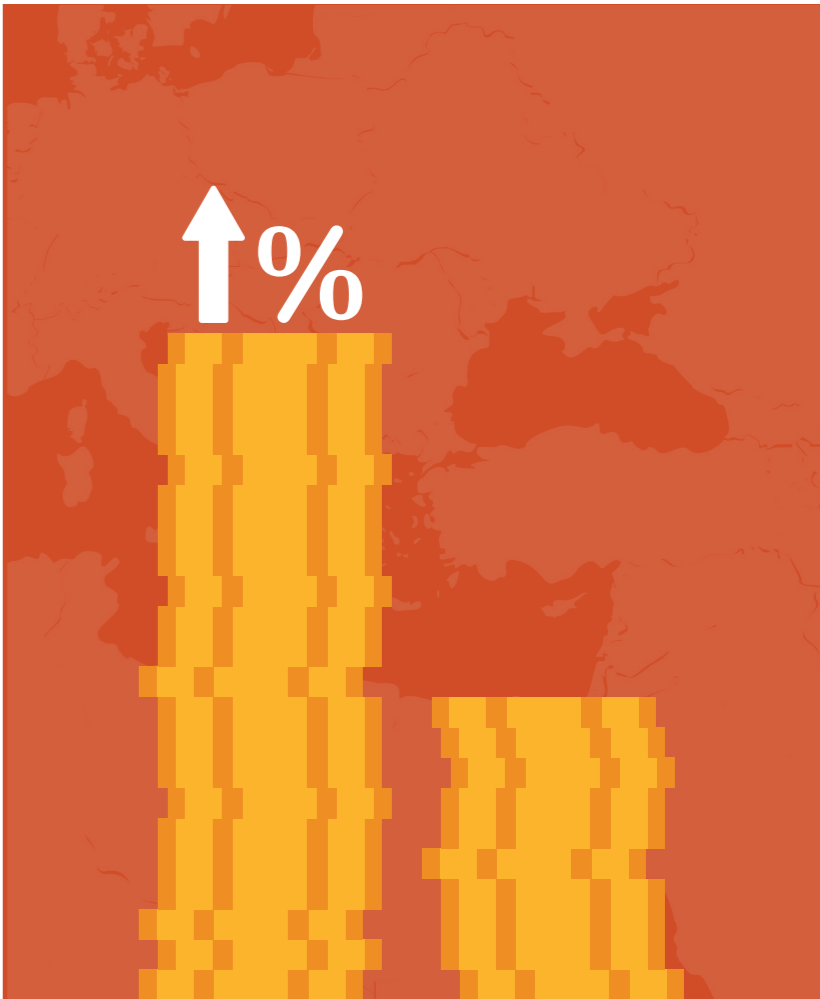
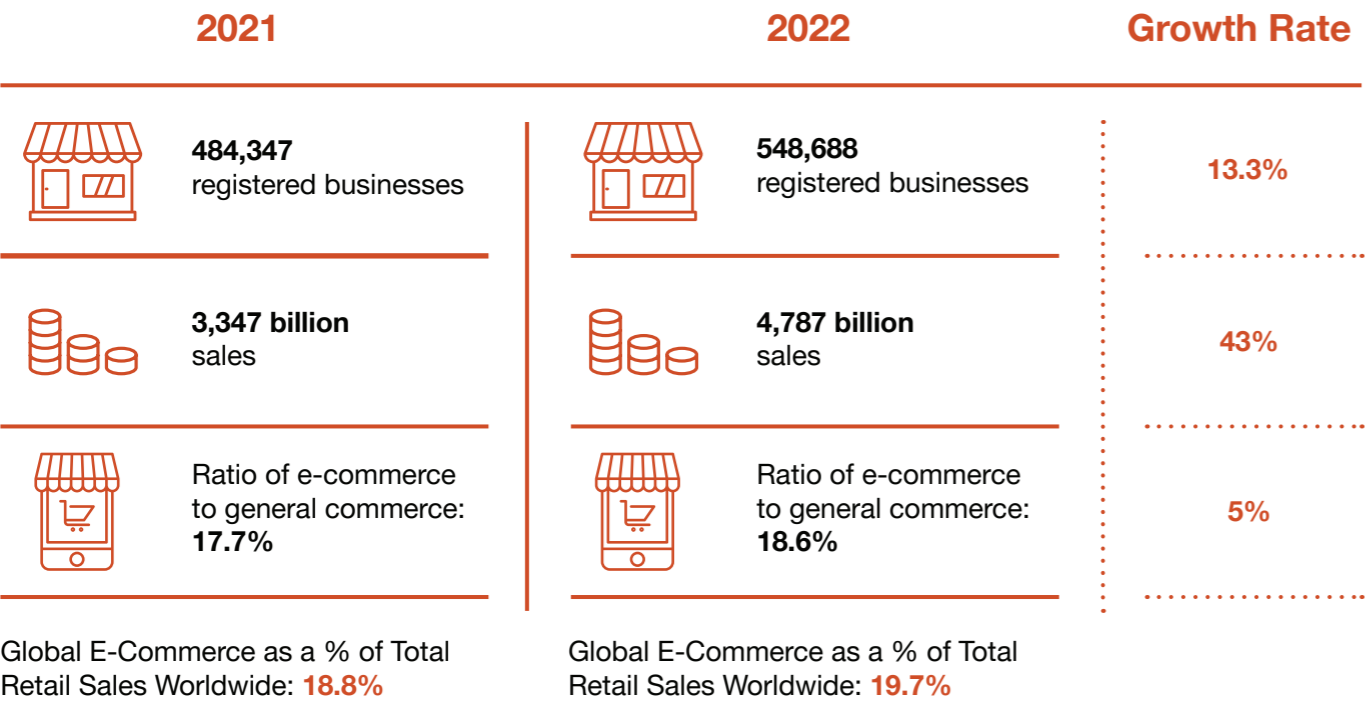


Figure 7 – The Evolution of E-Commerce in Türkiye



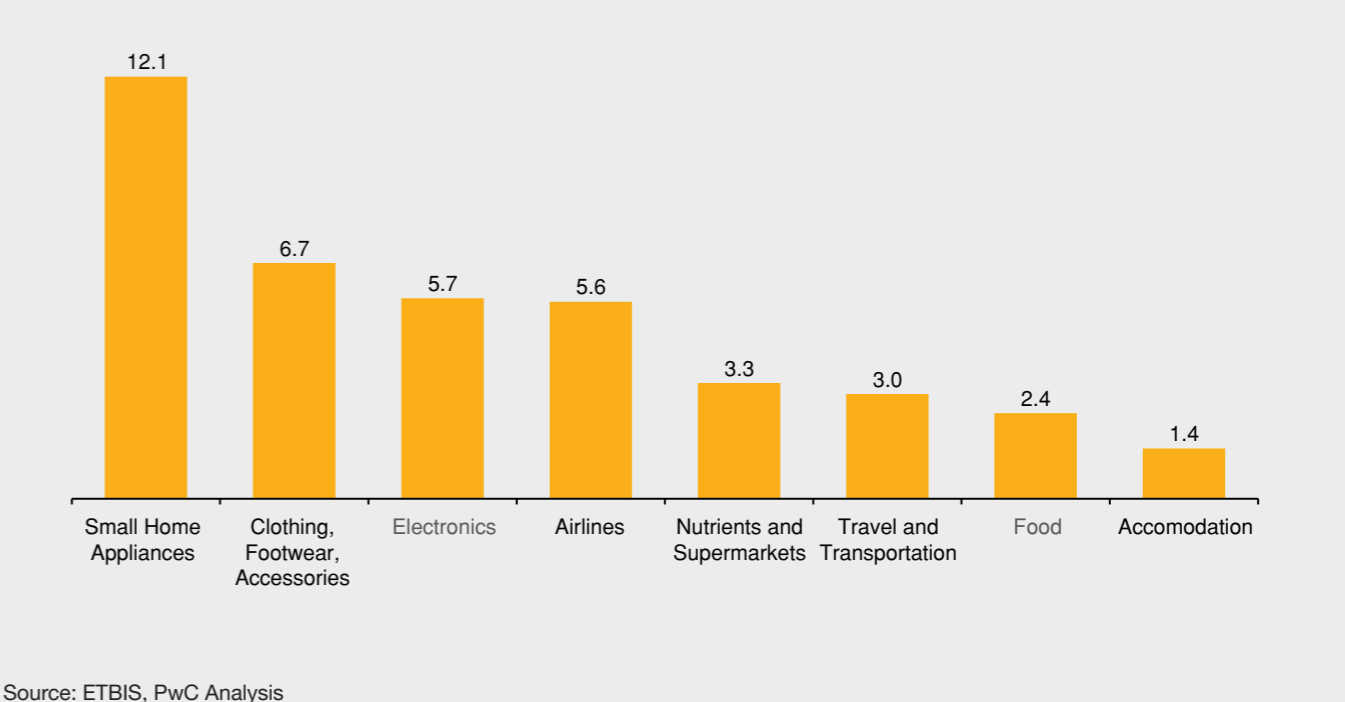
Source: ETBIS, Euromonitor, PwC Analysis

Interestingly, a picture different to that of global statistics emerges with regard to the sectoral distribution of e-commerce categories in Türkiye. The global share of the small home appliances category was not among the top 5 categories as of 2021, whereas in Türkiye, with a share of 12.1%, it's share is almost twice that of the next highest category. Similarly, while the ranking of the clothing, footwear and accessories and the electronics categories are on par with the world average, the shares of the food and the nutrients & supermarkets

categories are lower than that of the global average (global figures are displayed in Figure 3, Türkiye shares are displayed below). The collective share of the top 8 categories in Türkiye is around 40%, which implies that domestic e-commerce channels are used for a wide range of categories and products when compared to global shares, which are concentrated around a fewer number of categories.



Figure 8 - Sectoral distribution of the top 8 e-commerce categories in Türkiye, 2022, (% based on TRY volume)

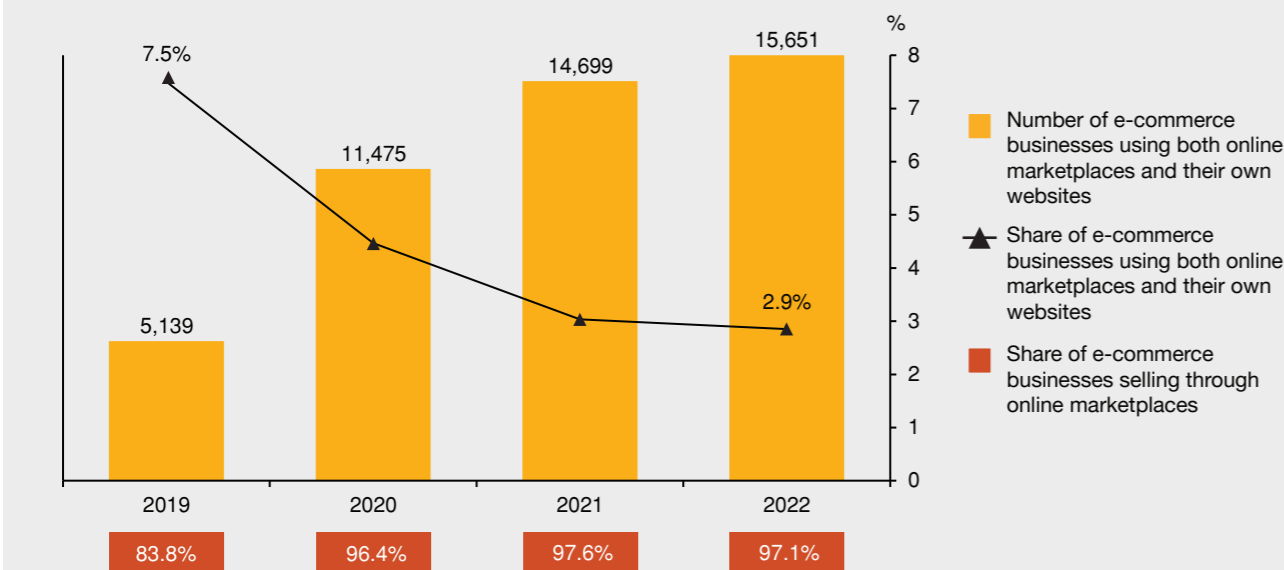


E-Commerce Marketplaces and Marketplace Operators

Owing to growing e-commerce activities, online marketplaces and marketplace operators in Türkiye emerge as an important sales channel. Digital marketplaces facilitate exchanges between consumers and sellers, supplementing their physical operations. Businesses within the country who engage in e-commerce have acknowledged this, opting to sell online through these platforms. As of 2019, 83% of Türkiye's e-commerce businesses were selling on online marketplaces. By 2022, their share has increased to 97%. The rise in the volume of businesses collaborating with marketplaces and

marketplace operators indicates that enterprises have moved to strengthen their efforts in reaching customers through established online channels. On the other hand, while the number of businesses using both online marketplaces and their own websites as a sales channel has gone up, their rate has gone down from 7.5% in 2019 to 2.9% in 2022, indicating that Turkish businesses who engage in e-commerce prefer to outsource certain aspects of their operations rather than take on the task of creating and running their own e-commerce website.

Figure 9 – Share of e-commerce businesses using online marketplaces and their own websites in Türkiye, 2019 – 2022

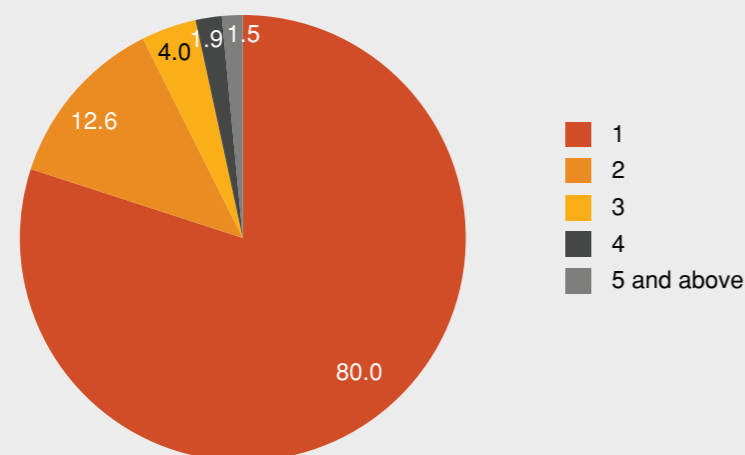


Source: ETBIS, PwC Analysis

According to research conducted by Türkiye's Competition Authority⁵, sellers stated they were willing to commercialize their products in multiple marketplaces as opposed to just one, with the belief of increased access to a more diverse customer base, increased brand visibility, cost efficiencies, more easy delivery options and special offerings. Despite this, 80% of Turkish sellers prefer to present

their products through a single online channel (Figure 10). This may be due to the sellers' limited resources, challenges in following up on multiple channels and issues with brand compatibility. In addition, working with one marketplace often comes with privileges offered for preferred status, with the collaboration being sufficient enough to meet business needs.

Figure 10 - Number of marketplaces used by Turkish sellers, 2022, (%)



Source: ETBIS, PwC Analysis

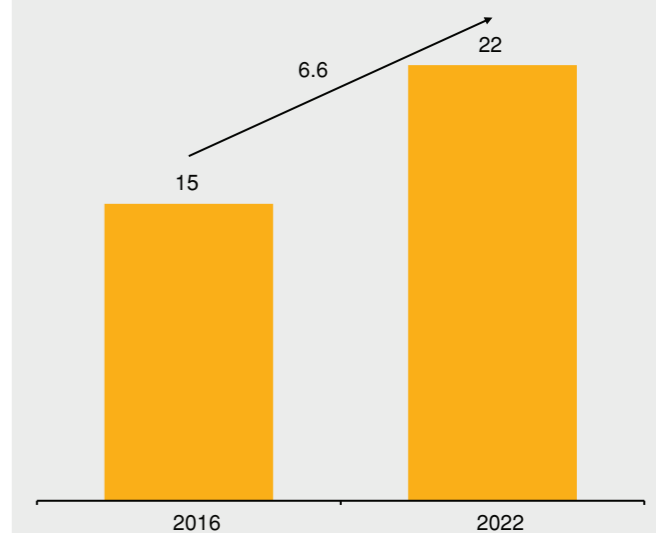
Cross-Border E-Commerce

The Global State of E-Exporting

With the introduction of advanced and innovative e-commerce technologies that enable quick online transactions and provide safe online payment methods, the scope of the e-commerce market has steadily grown at a global scale. The increasing significance of online marketing platforms has also been a major contributor to this growth. Thus, new opportunities and developments have led consumers to look beyond their local markets, fueling the global increase in online shopping. Most of online purchases are conducted due to better available deals in foreign countries, or unique products that are not available locally, specifically in the categories of clothing and footwear, and consumer electronics. While e-exporting has its challenges regarding efficient customer service and ensuring secure payment methods, the promise of increased foreign market opportunities and integration into international supply chain networks has helped to overcome online shopping barriers along with the aforementioned innovative technological developments.

The increases in the use of technological gadgets have created commercial opportunities for consumers that exceed country borders. While consumers in North American and European markets are more likely to use computers for cross-border purchases, mobile devices are gaining cross-border traction in mobile-first regions, namely the Asia-Pacific region, Africa, and the Middle East. Over a fifth of online shopping sales in 2022 have been generated internationally, and e-commerce consumers are becoming more accustomed to the idea of buying from retailers and manufacturers abroad, reflecting the increase in cross-border e-commerce. The United States and China are currently the most popular cross-border destinations for global shoppers⁶.

Figure 11 - Global cross-border e-commerce share, 2016-2022,

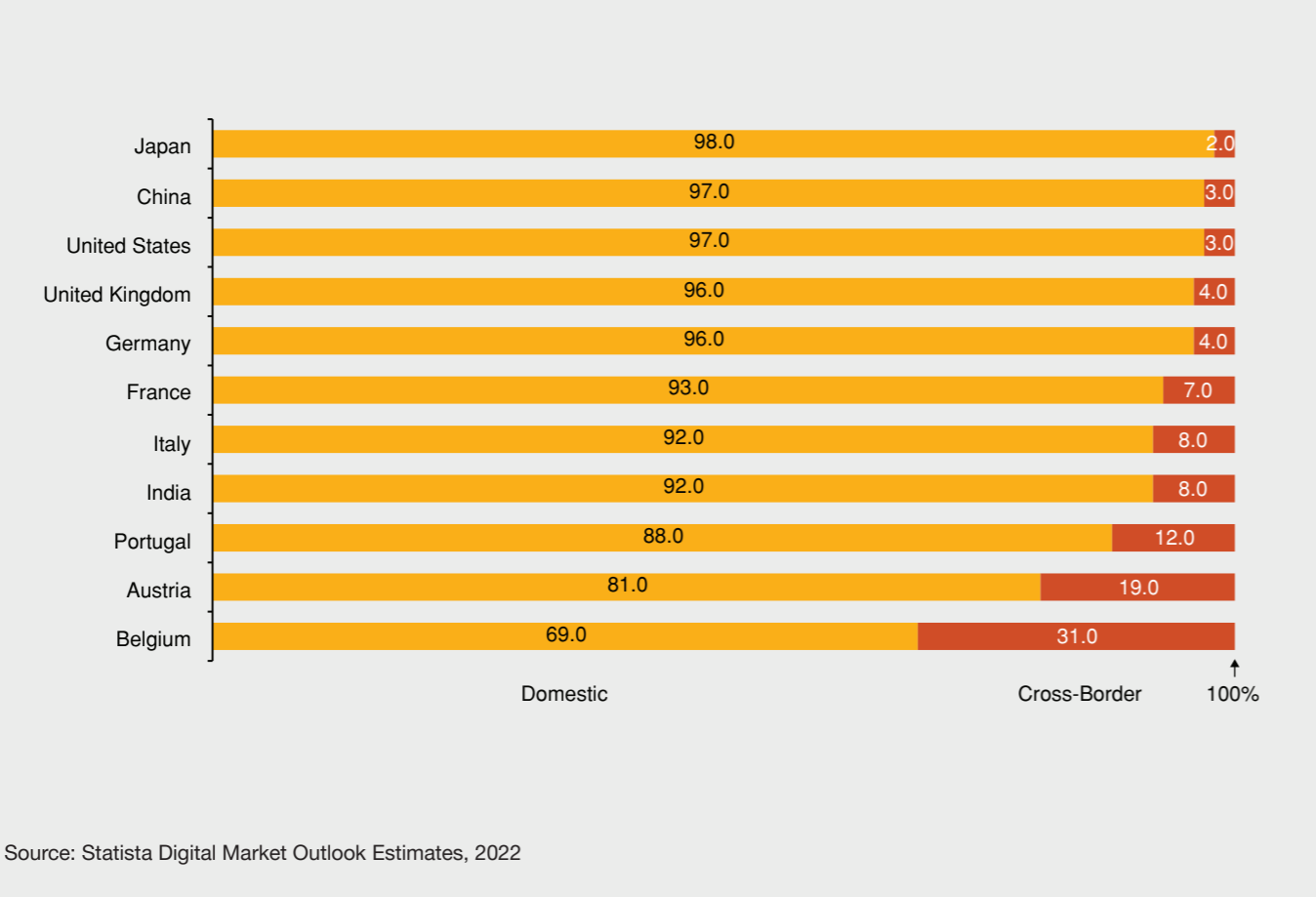


Source: Statista 2022

⁵Competition Authority E-Marketplace Platforms Sector Review Final Report

⁶Statista Cross-Border E-Commerce Report 2022

Figure 12 – Distribution of domestic and cross-border e-commerce revenues by country, 2022, (%)



Despite the growing popularity of engaging in cross-border e-commerce, domestic e-commerce remains a lucrative source of revenue, overtaking cross-border gains in major e-exporting markets, as displayed in Figure 12.

Amazon’s Position for E-Exports

Research Now Data has determined that Amazon is the preferred starting point for cross-border shoppers due to offerings that prioritize customer convenience⁷. Amazon allows customers to order from regional sellers as well as facilitate access to third-party seller offerings from their local online store, enabling a seamless cross-border shopping experience.

The inclination toward cross-border shopping is shaped by various factors such as the range of availability of domestic offerings, the ease of purchasing abroad and the perceived security of shipment handling and payment⁸. Consumers from countries with a relatively smaller market with a limited number of domestic online retailers are more likely to seek alternatives abroad to find attractive products. This case is particularly common in European countries, where various markets are clustered in a small space and purchasing products from a neighboring country is easy for consumers.

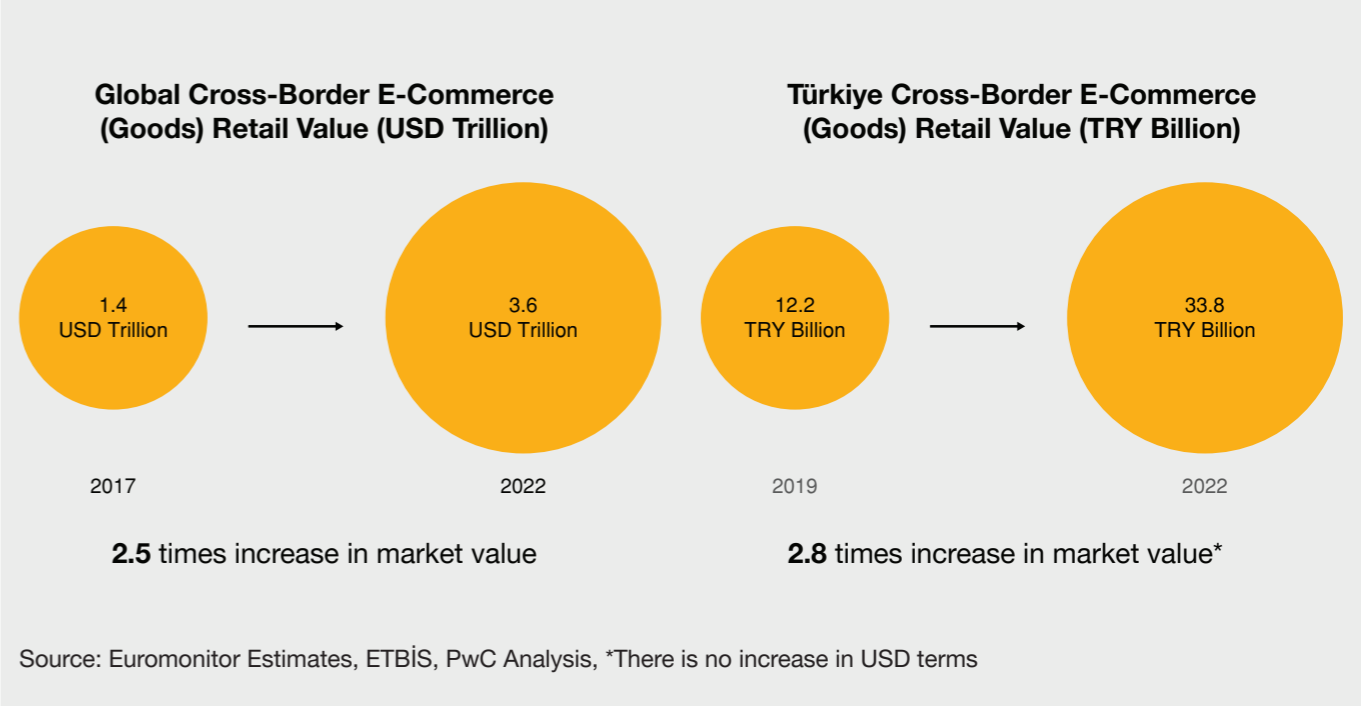
⁷Ibid
⁸PayPal and Ipsos 2022

E-Exporting in Türkiye

Along with the global shares of e-commerce and e-exports having gradually increased over the years, the shifting preferences of consumers and the increased usage of internet for shopping have led to a steady increase of the cross-border e-commerce value in Türkiye. According to Euromonitor figures, the global cross-border e-commerce retail value has increased from 1.4 USD Trillion in 2017 to 3.5 USD Trillion in 2022⁹. Similarly, in Türkiye, while the crossborder e-commerce retail value was 22.9 TRY Billion in 2017, this value increased to 220.8 TRY Billion in 2022¹⁰. To compare, while the global cross-border e-commerce value increased by 2.5 times in market value in a 5-year period spanning 2017 - 2022, the e-export value in Türkiye increased by 2.8 times in market value for the 3-year period covering 2019 - 2022. This is an indication of the increasing potential of the growing e-export potential in Türkiye.

In this vein, while an overview of the domestic and foreign distribution of e-commerce activities in Türkiye unsurprisingly highlights the significant role of domestic trade, there has been a gradual yet small increase in cross-border interactions. In support of this finding, for the year 2021, domestic trade accounted for 92% of total expenditures, while e-exports and e-imports accounted for 4% each, whereas for 2022, domestic trade expenditures decreased to 91.3%, while a minute increase in the share of e-exports and e-imports has been observed (Figure 14). As such, in line with global patterns, domestic e-commerce remains the overwhelming source of income in Türkiye.

Figure 13 – The comparison of cross-border e-commerce retail value in the world and in Türkiye, 2017 – 2022, (USD Trillion, TRY Billion)



⁹Euromonitor, Passport Stats Market Sizes 2023 Data
¹⁰ETBİS Statistics 2019 - 2022



Overview of Select Public E-Exporting Incentives In Türkiye



Market Entry Report Support

Monetary support for sectoral, destination country and e-export oriented reports detailing market entry strategies



Warehouse Rental Support Abroad

Rental expenses for warehouses abroad that are rented to ensure fast delivery of products and to manage return processes of e-export consortia, e-commerce sites and marketplaces



Digital Marketplace Promotion Support

Monetary support for e-export consortiums and e-commerce sites regarding the digital advertisements provided on e-export marketplace platforms



Overseas Marketplace Integration Support

Expenses related to foreign marketplaces and integration services to be made in the country for foreign marketplaces



E-export Promotion Support

Marketing expenses of brands that operate in marketplaces, B2B platforms, e-commerce sites or e-export consortia



Service Support from Online Store and Target Country E-Commerce Stakeholders

Expenses of companies, E-Export Consortiums and retail e-commerce sites regarding the opening of online stores in foreign markets of target countries



Order Fulfillment Service

Beneficiary expenses (companies, E-export Consortiums, retail e-commerce sites and Marketplaces)



Marketplace Commission Expense Support

Marketplace commission expenses in target countries performed through overseas marketplaces

Snapshot of Turkish SMEs

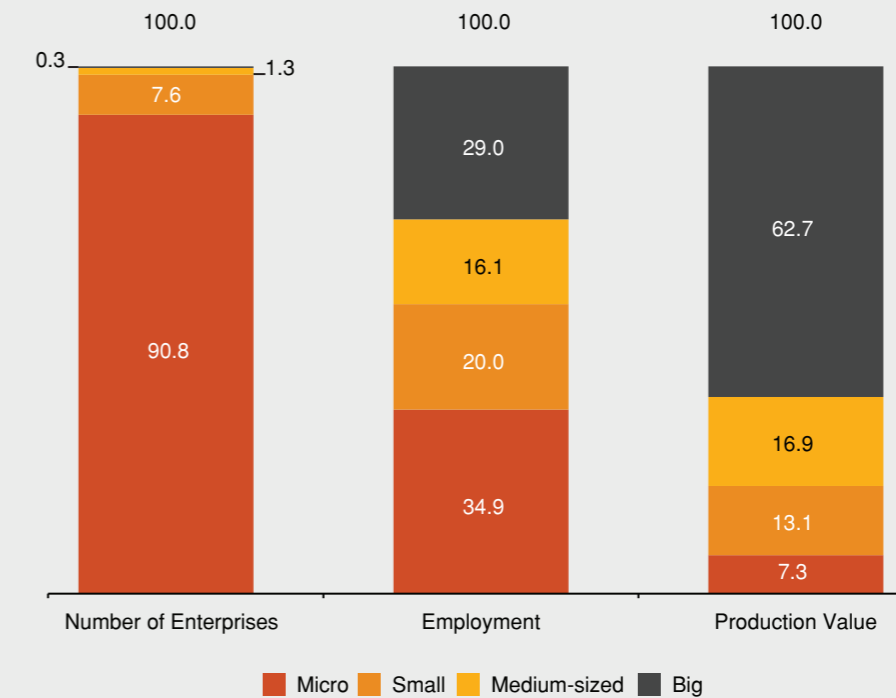
Despite the global difficulties incurred from COVID-19, the business environment in Türkiye has been conducive to the digital advancement and technological transition of enterprises. Policies and strategic action plans directed at SMEs encourage innovation and technology by fostering entrepreneurship, upskilling, internationalisation and productivity. One such example is the Turkish SME Agency's (KOSGEB) KOSGEB Strategic Plan (2019-2023), published to support the execution of coordinated SME policies and to boost SME productivity and internationalization. Its primary goals are to promote R&D, technology, innovation and encourage entrepreneurship. The Strategic Plan includes detailed guidelines that correspond to the goals stated in Türkiye's Eleventh Development Plan (2019-2023)¹¹. In 2021, KOSGEB announced that 89% of the goals specified in the Strategic Plan had been met, with 78% of its performance measures having been satisfied so far¹². Enterprises operating in Türkiye are classified according to their turnover and number of employees, where SMEs are defined as enterprises with less than 250 employees and whose annual net sales revenue or financial balance sheet does not exceed 125 million TRY. SMEs are classified under the following categories:

- Micro enterprises (with less than 10 employees and a financial balance sheet not exceeding 3 million TRY),
- Small enterprises (with less than 50 employees and a financial balance sheet not exceeding 25 million TRY),
- Medium-sized enterprises (with less than 250 employees and financial balance sheet not exceeding 125 million TRY)¹³

As of 2021, SMEs constitute 99.7% of the total number of enterprises in Türkiye. Upon detailed examination, the majority of the companies are identified as micro-sized, representing 90.8% of the total number of enterprises. SMEs have a significant impact on the Turkish economy, accounting for 71% of employment and 37% of the production value in Türkiye¹⁴. As such, in addition to the efforts made by large enterprises in the name of digitalization, the digitalization of SMEs is of great importance for the sustainability and future growth of the e-commerce market.



Figure 15 - Proportional distribution of key indicators by size groups, 2021, (%)



Source: TurkStat, PwC Analysis

Overview of Surveyed Turkish SMEs

Amazon Türkiye, in partnership with PwC, has surveyed over 2,000 SMEs across Türkiye to better understand the needs and challenges they face with running a business on online channels. 2089 businesses from 28 different provinces in Türkiye participated in our survey and have provided us with numerous insights on the current state of SMEs, as well as their outlook on e-commerce and the challenges that they face with regard to conducting business online.



¹¹OECD, SME Policy Index Western Balkans and Turkey, 2022

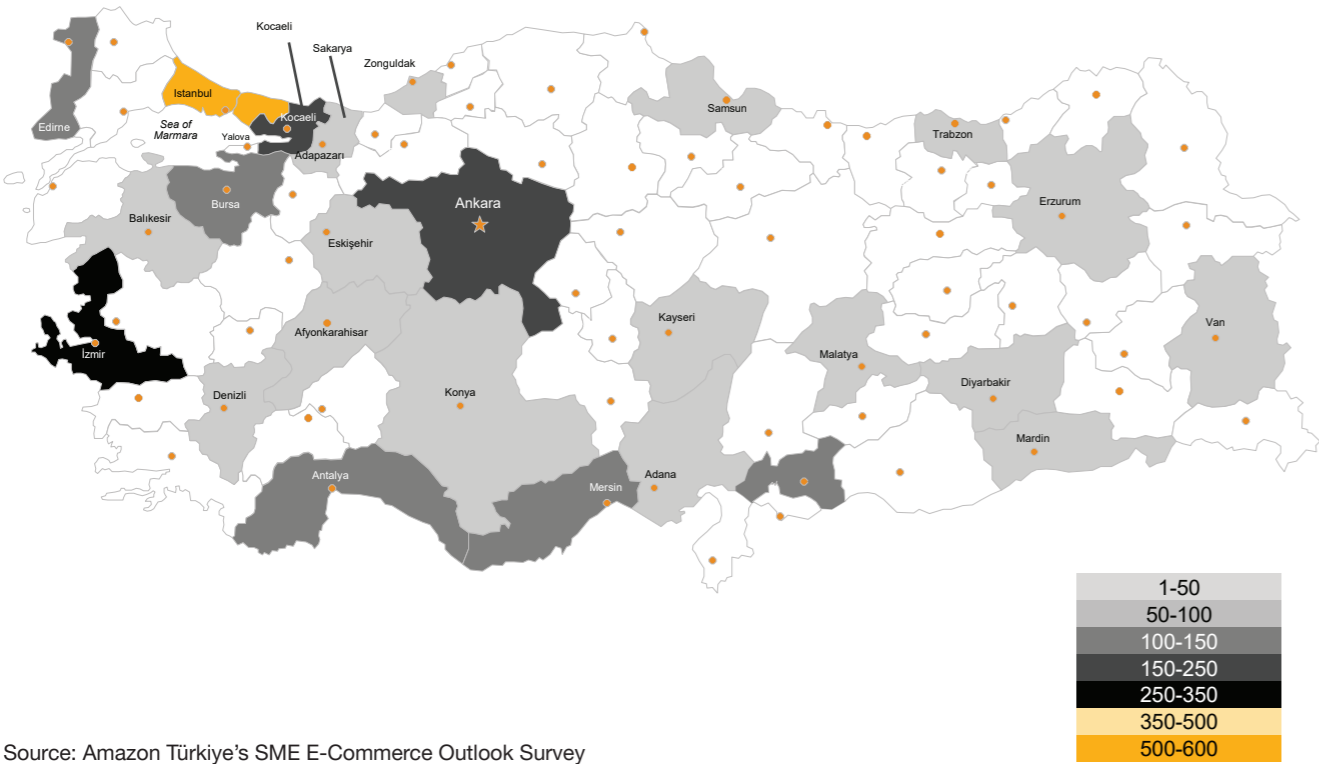
¹²KOSGEB, 2021

¹³TURKSTAT, SME Statistics Report, 2019

¹⁴TURKSTAT, Small and Medium Enterprise Statistics 2021

Survey

Figure 16 - Regional distribution of the SMEs who have participated in Amazon’s SME E-Commerce Outlook Survey



SMEs across Türkiye were surveyed to better understand their current state, their perception towards e-commerce and e-exporting, and their perceived areas of support regarding e-commerce activities, allowing us to pinpoint priority areas of support in this regard.

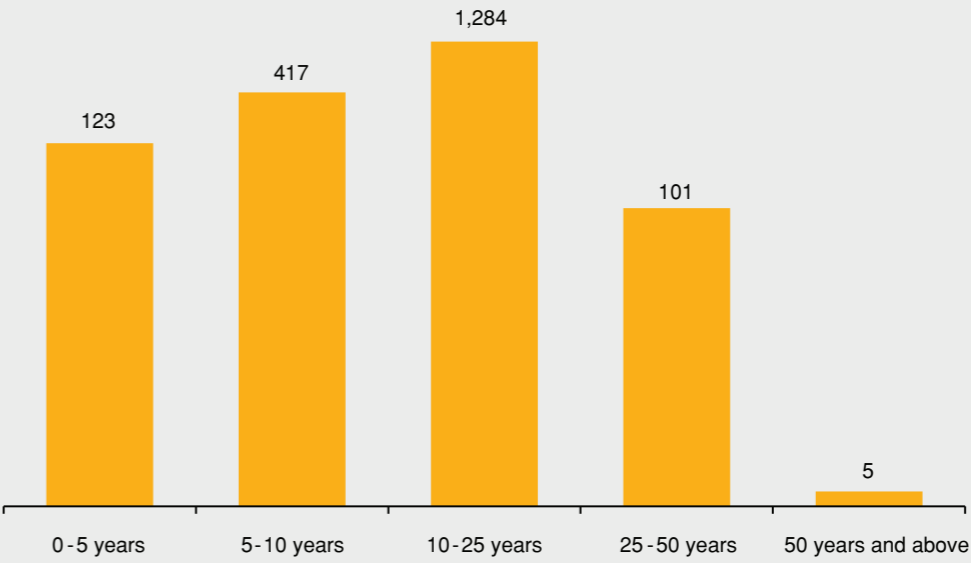
Survey results have also served to underline regional trends. For instance, more than 500 SMEs are located in Istanbul, indicating the clustering

tendencies of business enterprises in the region. Additionally, İzmir, Ankara and Kocaeli are prominent cities in terms of the presence of SMEs.

Furthermore, the maturity levels of the surveyed SMEs have been identified based on their year of establishment. Around 67% of participating firms have 10-25 years of experience.

Survey

Figure 17 - Maturity levels of Surveyed SMEs according to their year of establishment, (number of firms)



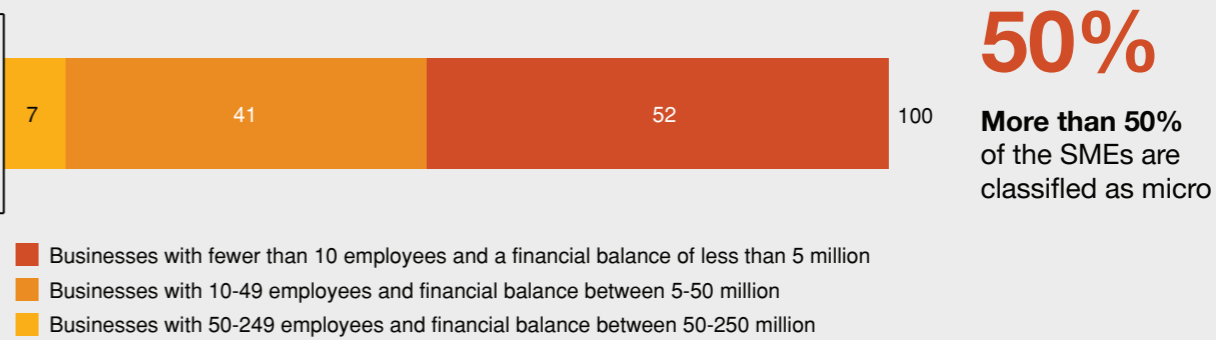
Source: Amazon Türkiye’s SME E-Commerce Outlook Survey

The majority of the survey participants are micro-sized enterprises and operate in the retail market. Participating micro-sized businesses represent 52% of the total number of enterprises, whereas

42% are represented by medium-sized companies. These figures are consistent with the country-wide characteristics of businesses, where most of the companies in Türkiye are identified as micro.

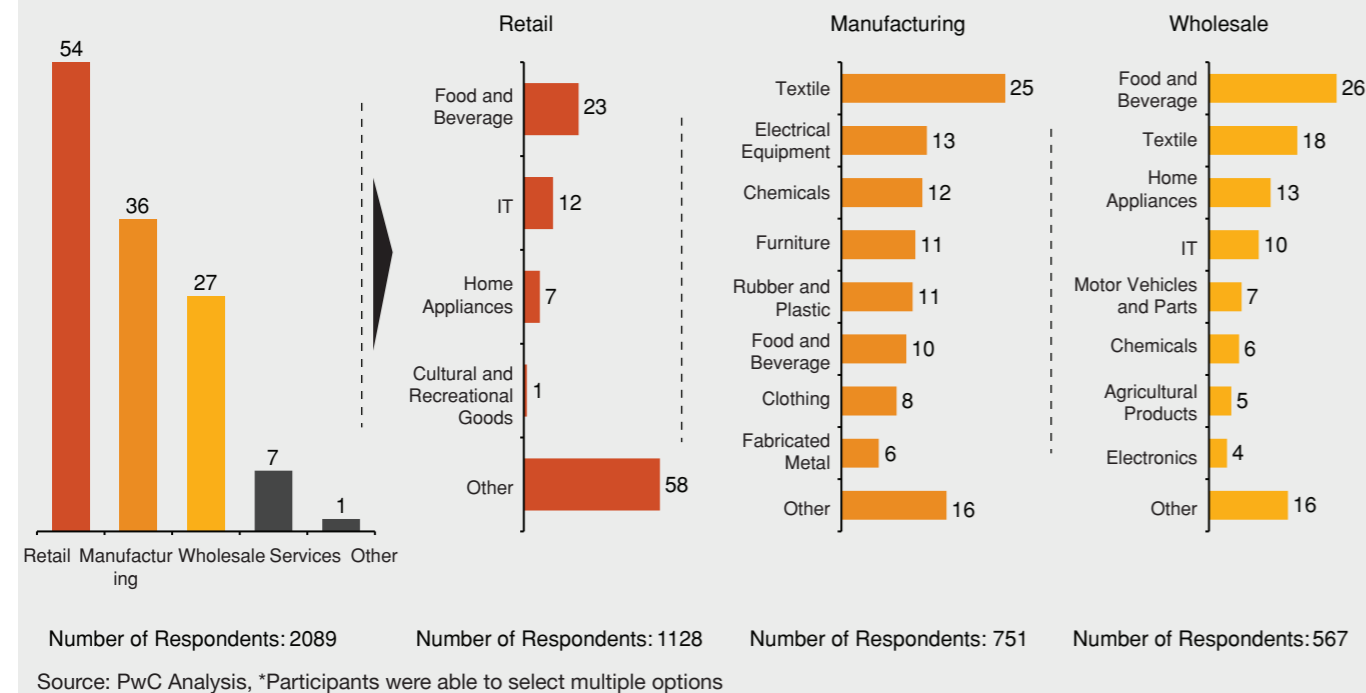
Figure 18 - Characteristics of Surveyed SMEs

Number of SMEs based on their size, (%)



Survey

SME business segments and most frequently selected sectors (%)*



Based on the data regarding the business segments of SMEs, 54% of the surveyed SMEs reported that they operate in the retail business segment. Among those in retail, 23% of the surveyed SMEs stated that they are in the food and beverage industry, whereas within the manufacturing business segment, 25% operate within the textile industry.

SMEs in E-Commerce

E-commerce activities have exponentially increased in importance and intensity during the COVID-19 period, with many Turkish SMEs initiating e-commerce operations by starting to sell a range of their products through online channels in order to supplement their physical stores. SMEs have thus increased their available product variety through the e-commerce channel in Türkiye, resulting in the increased digital presence of a wider variety of industries. In light of these developments, e-commerce for Turkish SMEs has shown major growth since 2020, forming an ecosystem of numerous stakeholders.

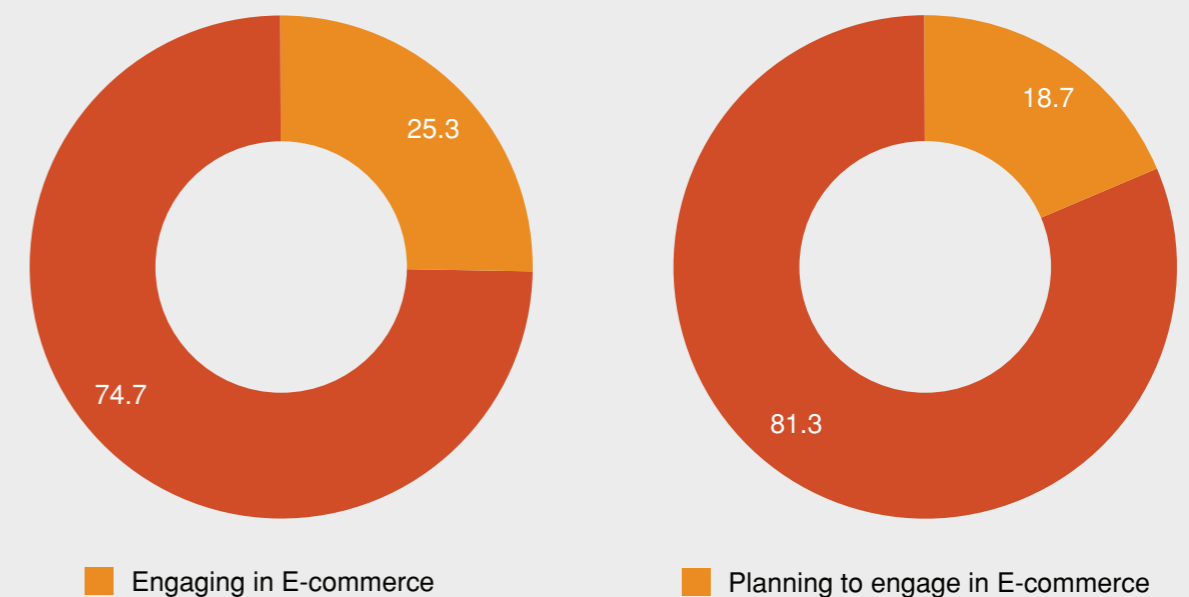
As businesses increasingly adopt e-commerce as a channel and increase the level of their digital transactions, electronic sales has become an important indicator of the digital maturity of companies in Türkiye. While approximately 20% of the enterprises in EU countries can perform electronic sales, this is true for 10% of enterprises in Türkiye¹⁵. As of yet, Türkiye remains below the regional average in this regard.

Survey results reflect that **74.7%** of the surveyed SMEs **do not conduct e-commerce activities**, while **25.3%** of SMEs **currently engage in e-commerce activities**. This is in line with country-wide business statistics regarding e-commerce.

Among those who engage in e-commerce, websites are widely used by SMEs as a digital marketing tool. Survey results indicate that the preferred and most commonly used digital marketing tools used by SMEs where e-commerce is part of their business are websites (77%), social media posts (49%) and mobile apps (43%).

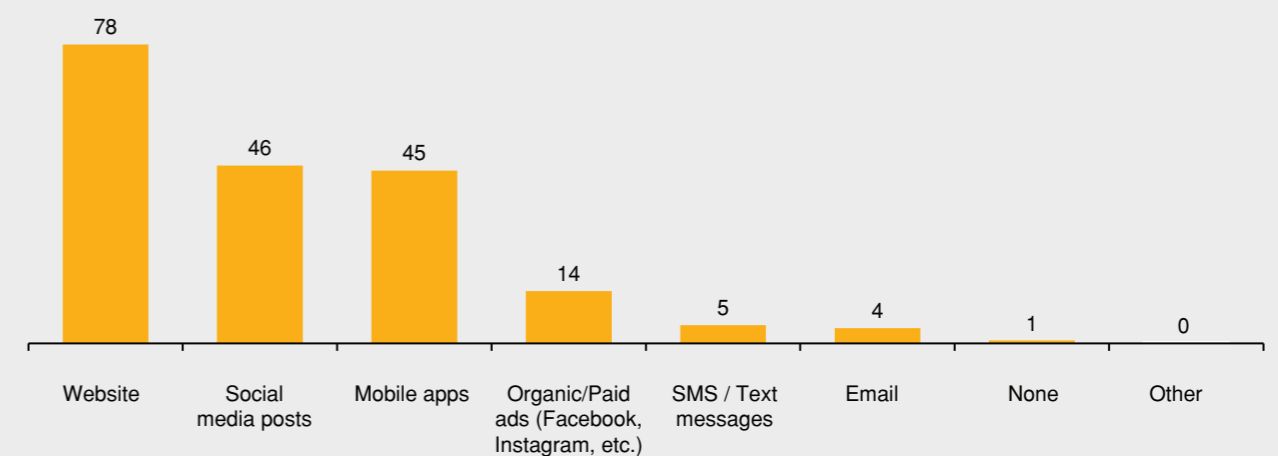
Survey

Figure 19 - Rate of SMEs who engage and who are planning to engage in e-commerce, (%)



Source: Amazon Türkiye's SME E-Commerce Outlook Survey

Figure 20 - Digital marketing tools adopted by SMEs aiming to promote their businesses, (%)



Source: Amazon Türkiye's SME E-Commerce Outlook Survey

It is further important to highlight that among the surveyed SMEs who are **currently not involved in e-commerce**, **19% are planning to start engaging in e-commerce activities** in the upcoming period, indicating that a significant share of businesses are ready to amplify their current operations by seizing the opportunities that come with e-commerce.

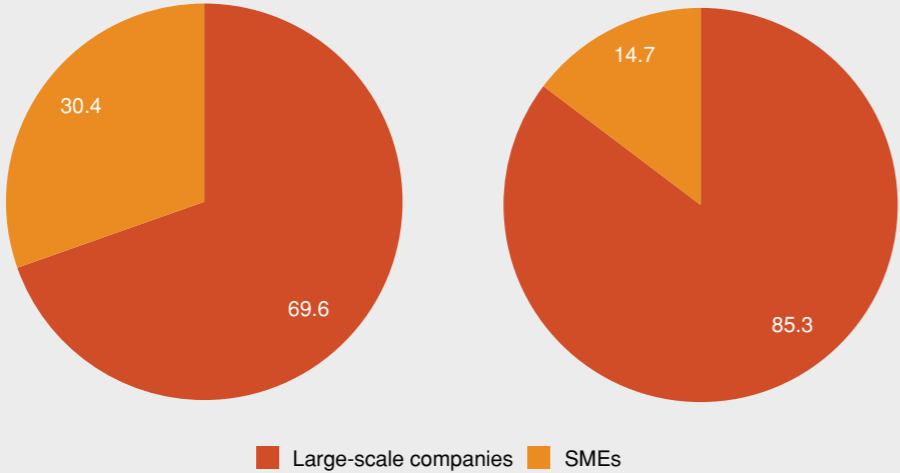
E-Exporting SMEs

In 2021, SMEs represented 30.4% of total Turkish exports and 14.7% of imports. As such, SME exports accounted for less than half of the export level of large-scale enterprises.

¹⁵Eurostat, 2019

Survey

Figure 21 - Distribution of exports and imports by SMEs and large-scale companies, 2021, (%)

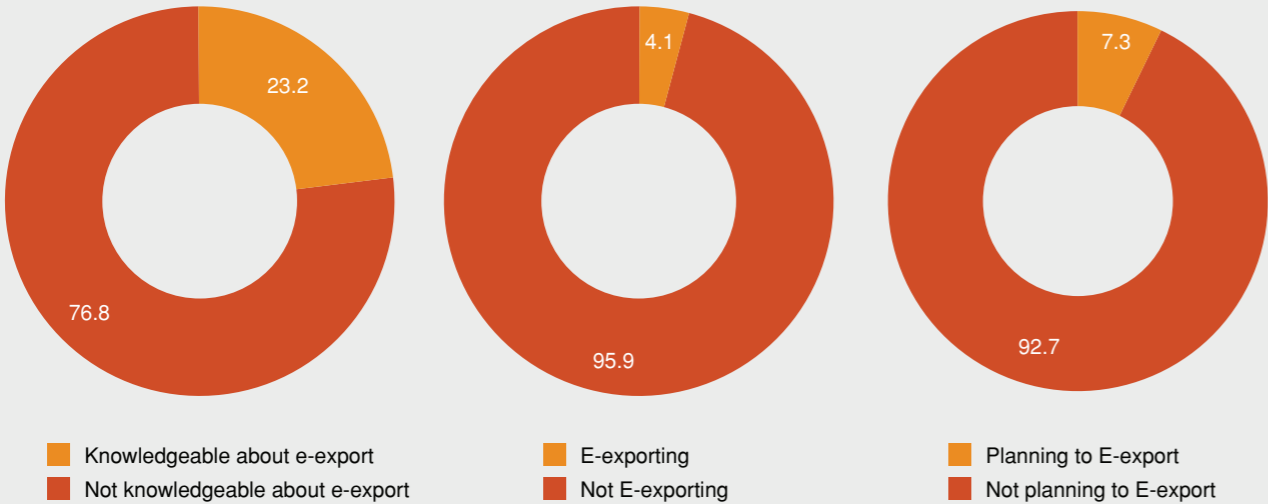


Source: TurkStat, PwC Analysis

Based on our survey findings, a modest level of SMEs in Türkiye have engaged in e-exports as of yet. 3 major findings emerge regarding Turkish SMEs' e-export activities in this regard, the first being that the majority of SMEs stated they lack knowledge on e-exports, most do not e-export, and they do not plan to e-export in the near future (Figure 22). As such, while 76.8% of the surveyed SMEs state they do not have enough knowledge on what e-exporting is and how to engage in it, only 23.2% state they are acquainted with e-exporting

terms. A significant finding is that **4.1%** of surveyed SMEs stated they have incorporated e-exporting into their businesses. This statistic is a valuable insight regarding larger e-exporting patterns among SMEs in Türkiye, suggesting that **the penetration rate of e-exporting among SMEs is currently low.** Furthermore, according to survey results, **59%** of SMEs' **e-export activities consists of 25-50% of their total export activities**, while only **3%** of SMEs claim that e-exports represent the **majority of their export activities in Türkiye.**

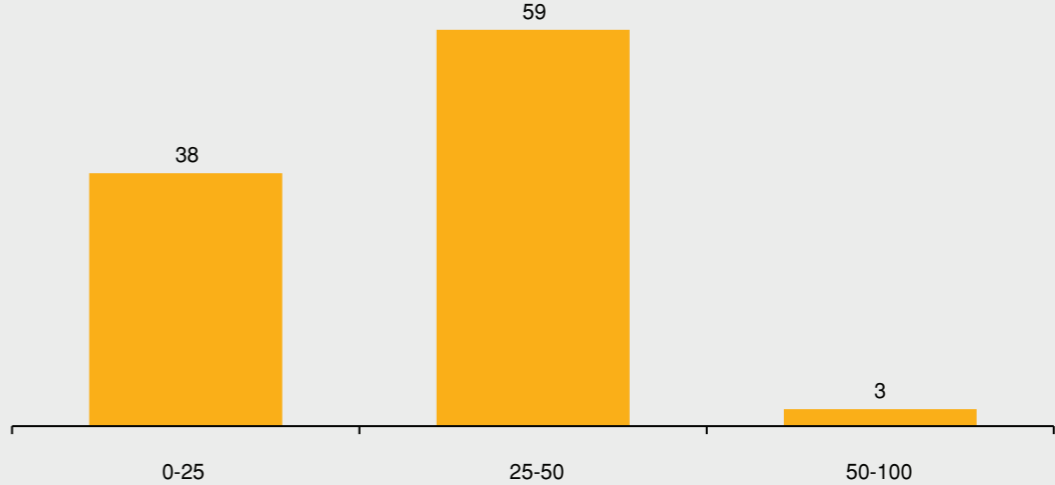
Figure 22 - Surveyed SMEs and their views on E-Exporting, (%)



Source: Amazon Türkiye's SME E-Commerce Outlook Survey

Survey

Figure 23 - Percentage of SMEs' e-exports within overall exports, 2022, (%)



Source: Amazon Türkiye's SME E-Commerce Outlook Survey

Among survey participants who e-export, **56% operate within the textile sector. SMEs who are in the Chemicals and Electronics industries represent 10% and 9% of the sample size, respectively.** While the majority of their e-export

destinations are in Europe and the Middle East, interestingly, 16.6% state that their e-exports destinations include the African continent, signaling future tendencies and further opportunities in terms of target markets.

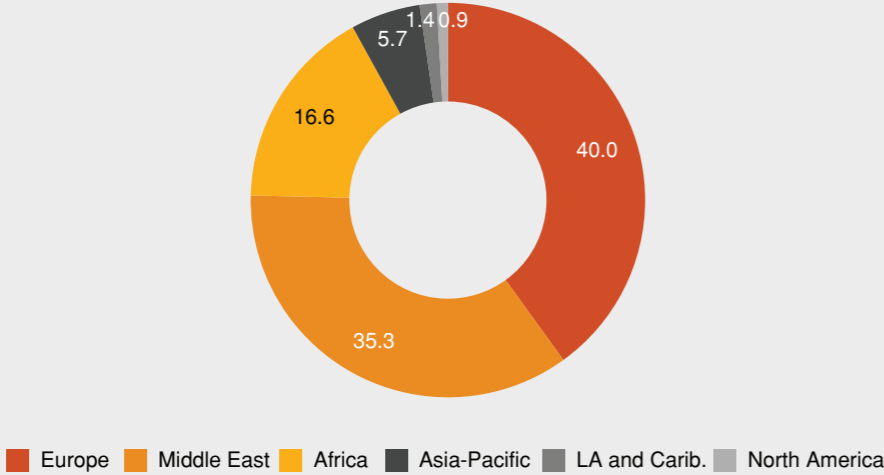
Figure 24 - Distribution of SMEs carrying out e-export activities by sector, (%)

Sector	Share
Electronics	9%
IT	2%
Chemicals	10%
Construction	3%
Foodstuffs	5%
Forestry	4%
Textiles	56%
Printing	5%
Engineering	1%
Jewelry	1%
Energy	2%
Trade	1%
Security	1%
Total	100%

Source: Amazon Türkiye's SME E-Commerce Outlook Survey

Survey

Figure 25 – SMEs’ e-export sales share in global markets for the year 2022, (%)

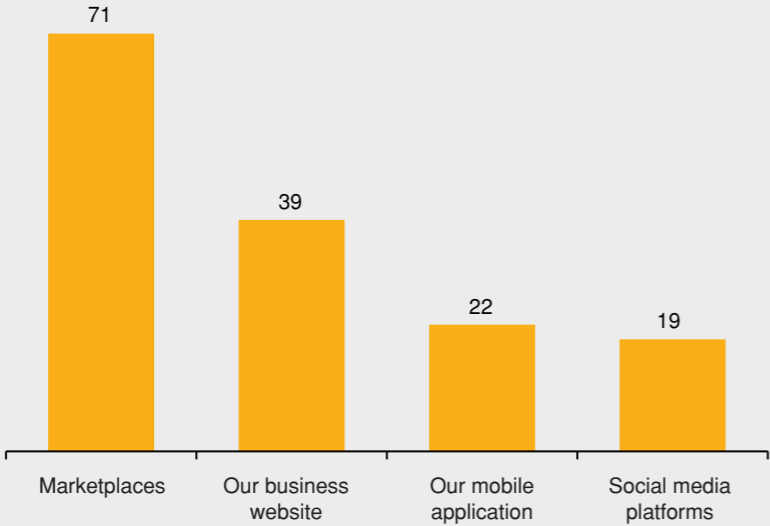


Source: Amazon Türkiye’s SME E-Commerce Outlook Survey

According to answers submitted with regard to preferred channels for e-exporting operations, SMEs predominantly selected online marketplaces. 71% of SMEs state that they aim to leverage opportunities by marketplaces, while 39% selected their own

business website as one of their preferences for e-exporting. This is reflected in the survey results, as opportunities offered by marketplaces resulted in a high preference rate (71%) compared to other channels.

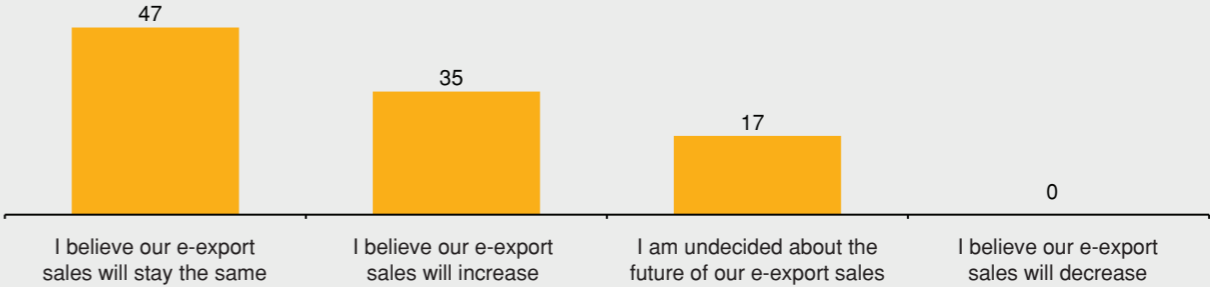
Figure 26 - Percentage of channels preferred by SMEs for e-exporting operations, (%)



Source: Amazon Türkiye’s SME E-Commerce Outlook Survey

Survey

Figure 27 - Forecasts regarding SMEs’ future e-export sales, (%)



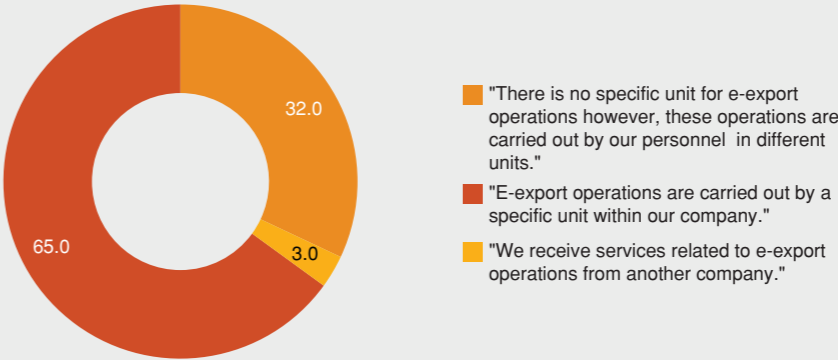
Source: Amazon Türkiye’s SME E-Commerce Outlook Survey

SMEs’ e-export transaction volume has been increasing since 2019. The increase in generated income encourages e-exporting SMEs to further incorporate this sales channel into their future goals and strategies. According to survey outcomes, SMEs believe that there will be an increase in their volume of e-export sales, where 35% of SMEs believe that their e-export transaction volume will increase in the future. None of the SMEs believe that their e-export sales will decrease, although the majority believe that their level of e-exports will stay the same. This is an indication that SMEs may not have the means or the knowledge to increase their e-export volume, however, pursuing strategies such as collaborating with online marketplaces who have a wider customer base and wider reach into other markets would allow them to achieve this. Thus,

survey findings demonstrate that the e-export transaction volume in Türkiye can increase given the right environment and opportunities.

An overview of SMEs’ organizational preferences is useful in determining the level of resources specifically dedicated to e-exporting, which will in turn provide insights on SMEs’ perspective and approach to the matter. Among surveyed SMEs who e-export, those whose e-exporting operations are managed by a specific unit represent 65%. Within these e-exporting departments, around 73% of the surveyed SMEs employ around 1 - 5 personnel (Figure 29). In the coming 12 months, 37% have stated that they are planning to expand their e-exporting department through a new recruitment process.

Figure 28 - SMEs’ organizational structure for e-exporting operations, (%)

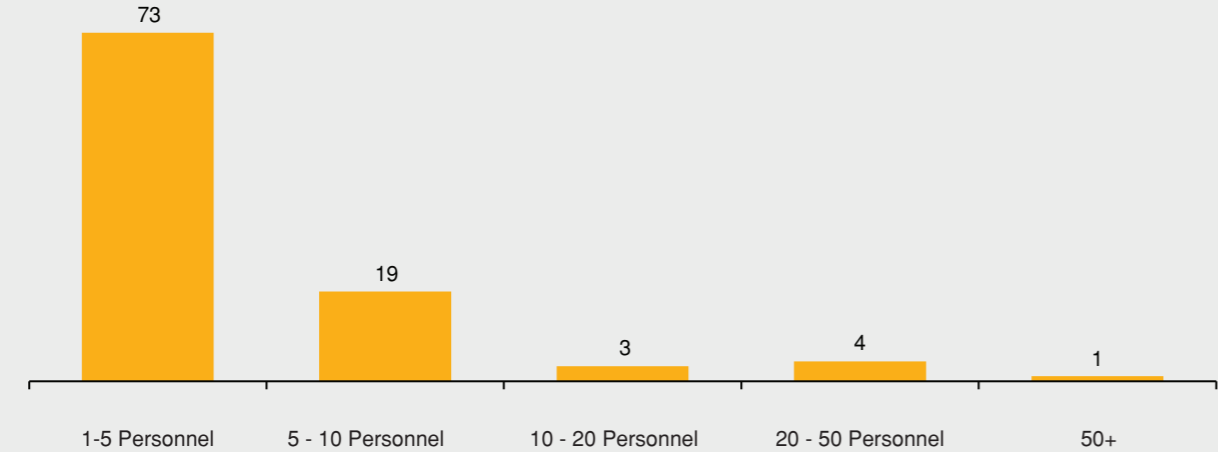


Source: Amazon Türkiye’s SME E-Commerce Outlook Survey

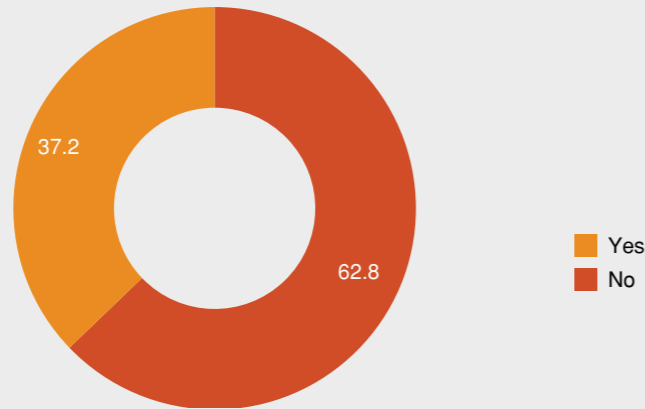
Survey

Figure 29 - Number of personnel employed within an e-exporting department, (%)

Number of personnel employed within SMEs' e-exporting departments



Percentage of SMEs with a new recruitment plan to expand e-export activities in the next 12 months



Source: Amazon Türkiye's SME E-Commerce Outlook Survey

Benefits of Cross-Border E-Commerce

As an additional sales channel, e-commerce does not only bring economic benefits to small businesses but contributes to the growth of numerous industries within a country, where countries have the potential to become key players in the global marketplace.

In terms of e-commerce, in addition to their own websites, businesses often opt to use online marketplaces and marketplace operators to conduct their e-commerce and e-exporting activities in order to leverage the numerous benefits they provide, including but not limited to widespread **marketing and promotion opportunities, advantages related to logistics processes and costs, increased brand visibility and awareness, efficient customer communication channels and potential business growth.**

Of the Turkish SMEs who participated in Amazon Türkiye's SME E-Commerce Outlook Survey, those who e-export through online marketplaces and marketplace operators emphasize that **marketplaces are useful for acquiring new customers through marketing and promotion, enabling enhanced and reliable customer service through efficient communication channels, cost efficiencies regarding logistics, and generating brand visibility** (Figure 30).

Figure 30 - Turkish SMEs on why they use marketplaces to conduct their e-exporting activities, (%)



Source: Amazon Türkiye's SME E-Commerce Outlook Survey



Diversified Business Opportunities

Engaging in e-commerce activities opens businesses up to a diverse customer base, proliferating their products to customers who otherwise might not have the chance to discover them. Cross border e-commerce is an extension of this, as through establishing a presence in different countries and regions, businesses can explore new markets and leverage prevailing shopping trends, eventually cultivating new business strategies and expanding their business opportunities. E-exporting also positively affects business profitability, as there is a higher chance of receiving consistent customer orders throughout the year with businesses penetrating markets with differing climates, seasons, and cultural occasions, hence benefiting from seasonal surges that occur at unique times in each market. In this vein, e-commerce marketplaces offer SMEs an opportunity to transcend boundaries, engaging with new markets that have distinct

shopping tendencies, and broadening their market reach through presenting attractive alternative products to local competitor SMEs operating in the same sector¹⁶.

While the rate of Turkish SMEs who are engaging in e-commerce activities has steadily increased, as of yet, survey results indicate that they have exhibited a relatively subdued level of e-exporting, as well as limited penetration in international online marketplaces, signaling that there is room for improvement in this regard.

Leveraging Marketplaces as Solution Partners

Expanding their businesses online through a reputable marketplace will allow SMEs to broaden their audience reach while penetrating new cross-border networks. Marketplaces simplify the process of international expansion through their knowledge and resources, as they already have built-in networks that will enable SMEs to gain instant exposure in new markets.

For instance, a store like Amazon, which ships internationally to 130 different countries and regions across the globe, provides the opportunity to reach audiences located in these destinations, without the constraints that businesses would otherwise face.

In addition to the benefits of reaching a wider audience, the e-commerce channel allows customers to conduct online transactions anytime, regardless of time differences, removing any issues regarding time constraints and further increasing customer reach.

¹⁶Amazon, Advantages of Ecommerce, <https://sell.amazon.in/seller-blog/advantages-of-ecommerce>



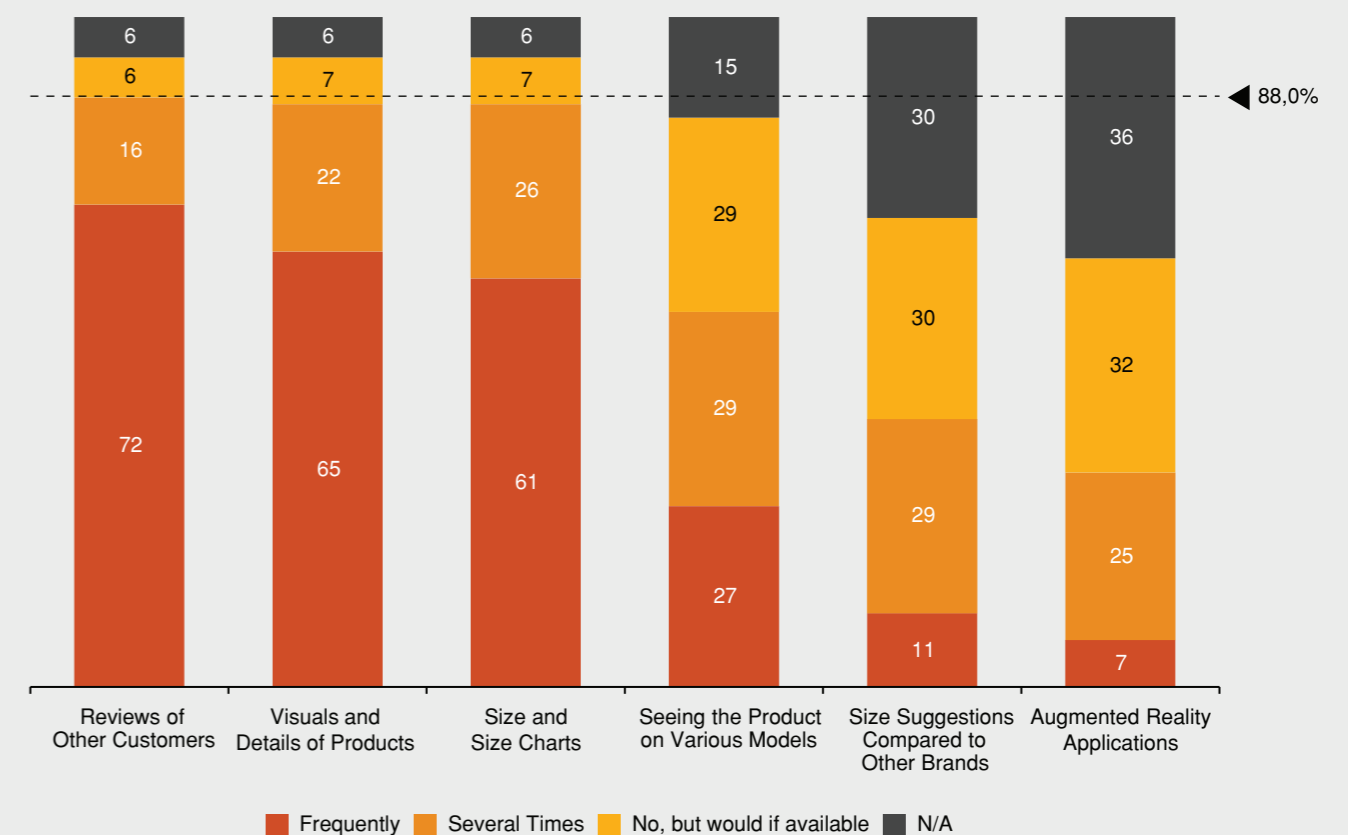
Increased Brand Awareness

Brand awareness is a pivotal aspect of a successful business, measured by the level of familiarity a brand's target audience has attained. The higher a brand's awareness, the more popular said brand's products become. Brand awareness is an important marketing and promotion tool for an SME's products, yet it is also significant as the correct awareness strategy communicates a brand's identity and values to their target audience, helping to build strong relationships with customers and inspire brand loyalty. In this sense, conducting businesses in multiple mediums inevitably increases engagement with a wider audience. E-commerce, by design, provides this platform. Through observing sales trends, SMEs have the opportunity to enhance their product quality and curate user experience accordingly to fulfil the needs of their audience and convert them into repeat customers. Through targeted marketing in e-commerce, businesses can grab the attention of customers and

grow the visibility and awareness of their brand. An additional and equally important aspect of brand visibility and awareness is the quality of the interactions SMEs engage in with customers. Positive product reviews left by consumers on online platforms are a useful method of spreading the word, contributing to a positive brand image. This also extends to all facets of the online user experience provided by SMEs, including interesting content, informative displays, engagement with customers, accessibility to assistance and easy navigation. Studies demonstrate that 88% of consumers attach high importance to the reviews of other consumers regarding the product they will potentially purchase during the decision-making process¹⁷. Similarly, in the same study, 87% of consumers state that they consider the details and visuals provided regarding the product, including size charts and measurements, to be important features in the decision-making process¹⁷.

Figure 31 - Factors that consumers consider before deciding to purchase a product, (%)

Have you ever used any of these tools or methods to help determine your purchases ?

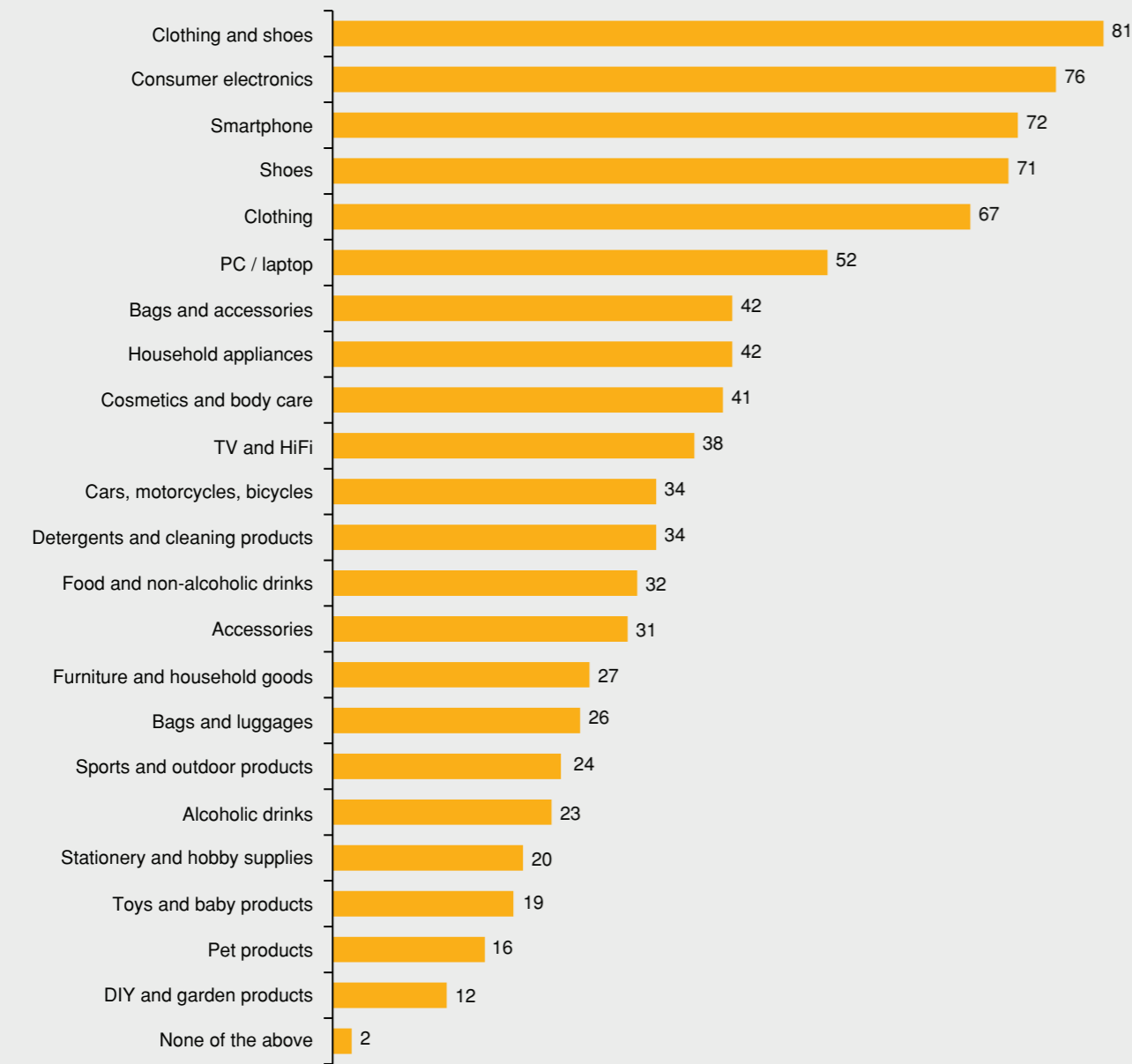


Source: Narvar Consumer Returns Study 2021

Based on the most recent Global Consumer Survey, consumer electronics, smartphones, and shoe brands are found to have the highest rate of brand awareness among consumers in Türkiye. 81% of consumers state that they pay close attention to clothing and shoe brands while 76% state they follow consumer electronics brands, with

72% stating that they follow smartphone brands, and 71% placing particular attention on shoe brands¹⁸. This implies that Turkish SMEs operating in the areas of clothing, consumer electronics, smartphones, and shoe brands are more likely to have the highest brand awareness among consumers in Türkiye.

Figure 32 - Brand awareness by category in Türkiye in 2022, (%)



Source: Global Consumer Survey 2022

¹⁷Narvar Consumer Returns Study 2021

¹⁸Global Consumer Survey 2022, <https://www-statista-com.libproxy.ucl.ac.uk/statistics/1118003/brand-awareness-in-household-appliances-by-country/>

Leveraging Marketplaces as Solution Partners

Online marketplaces have been proven to instill trust in their users, as returning customers become more familiar with the marketplace domain through frequent use, and repeat encounters with products allow brands to embed themselves into consumers' consciousness, increasing brand recognition. Although finding new customers and increasing brand visibility through their own means can be challenging for businesses, especially when starting out, by offering high quality products in online marketplaces, they can make use of the increased exposure of their products, simultaneously elevating brand perception through user-friendly marketplace features and positive reviews.

Businesses using Amazon's marketplace services for selling their products have access to the above-mentioned perks. Additionally, Amazon has several tools and channels available to help implement sound marketing strategies, including products such as Sponsored Products, which showcases individual products in shopping results, Sponsored Brands, which drives the discovery of brands, video and audio ads and other custom innovative advertising solutions that engage shoppers.

Other offerings include ad tech tools and modules that elevate the brand shopping experience through Amazon online brand pages and posts served to highlight brand products. Among these, Amazon's Demand Side Platform provides exclusive insights into consumer habits, in addition to helping make metric-based decisions and building programmatic campaigns while also providing options to display products through video and audio ads, increasing brand visibility and sustaining product demand in the process.





Building Efficient Customer Relationships

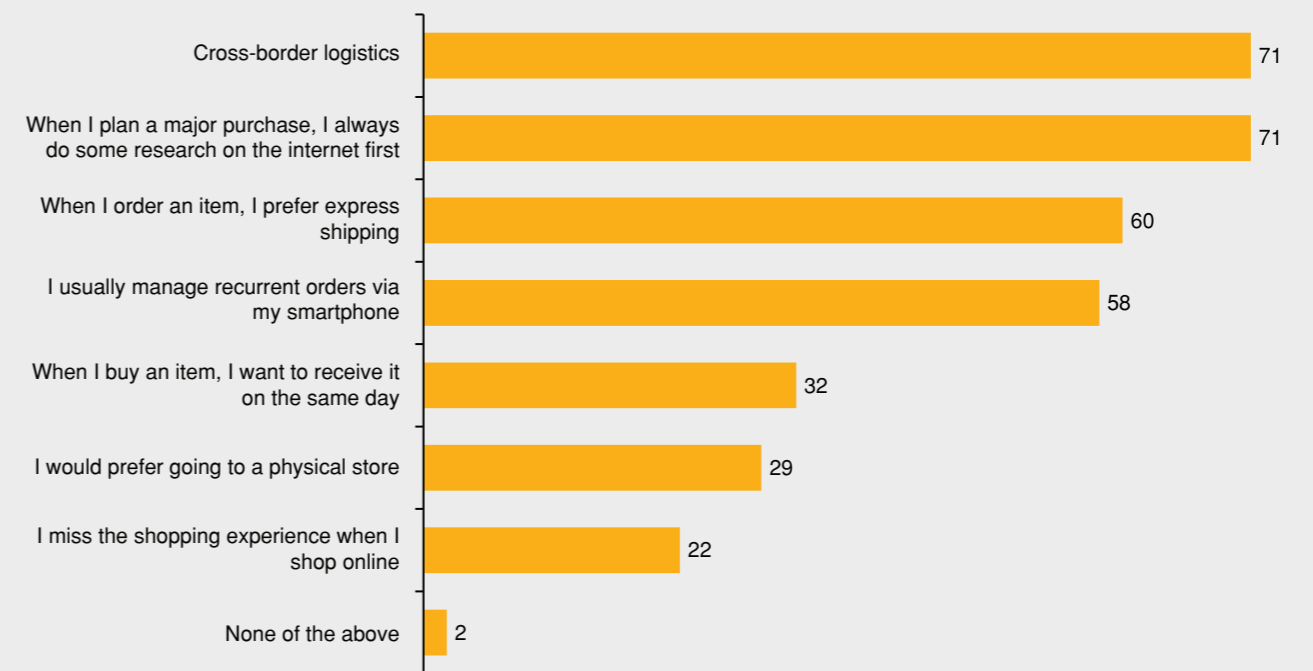
Among the several advantages e-commerce offers to small businesses, easier access to customer feedback and a better understanding of customer expectations is of significant importance to building strong customer relationships and hence increasing brand value. By encouraging customers to leave reviews and opinions on their online stores, businesses can gather valuable insights on customer satisfaction and analyze them to improve their products and increase sales. Additionally, online reviews provide an opportunity for businesses to address any customer complaints and resolve issues in a timely manner, leading to increased customer loyalty. Building strong relationships with customers will increase customer retention rates, improve sales, attract new customers, and contribute to the promotion of a business. Top-notch customer service, engagement through mailing lists, social media channels and brand platforms, loyalty programs and after-sales services with quick response rates, as well as simple and customer-friendly return processes, are among the key components of cultivating and maintaining positive and consistent relationships with customers, all of which is more easily achieved through e-commerce platforms. As previously established, the COVID-19 pandemic has significantly impacted consumer behavior, with some sectors experiencing a decline in market size while others have grown. Sellers should be aware of upcoming shopping trends and prioritize customer satisfaction to remain competitive. As such, a high-quality customer experience is an inevitable aspect of e-commerce (both domestic and cross-border).

In Türkiye, customer reviews play a crucial role in shaping consumer behavior. According to the Global Consumer Survey conducted in January 2022, 71% of Turkish consumers find online reviews to be very helpful¹⁹, highlighting the importance of customer feedback in driving customer satisfaction. As such, small businesses that prioritize customer satisfaction and utilize e-commerce platforms to gather and analyze customer feedback are better positioned to succeed in the Turkish market.

Another important aspect of customer satisfaction in e-commerce is the level of ease of the return process. Businesses are expected to have an optimized management system in place for returns. In Türkiye, 51.9% of customers have been found to prioritize easy returns (Figure 34), making it the

second most important factor after free delivery. Although addressing returns can be challenging for companies, as it requires additional personnel, warehouse space, and shipping costs, it can be a convenient tool in convincing consumers to buy, as well as useful in building a loyal consumer base.

Figure 33 - Attitudes towards online shopping in Türkiye in 2022, (%)

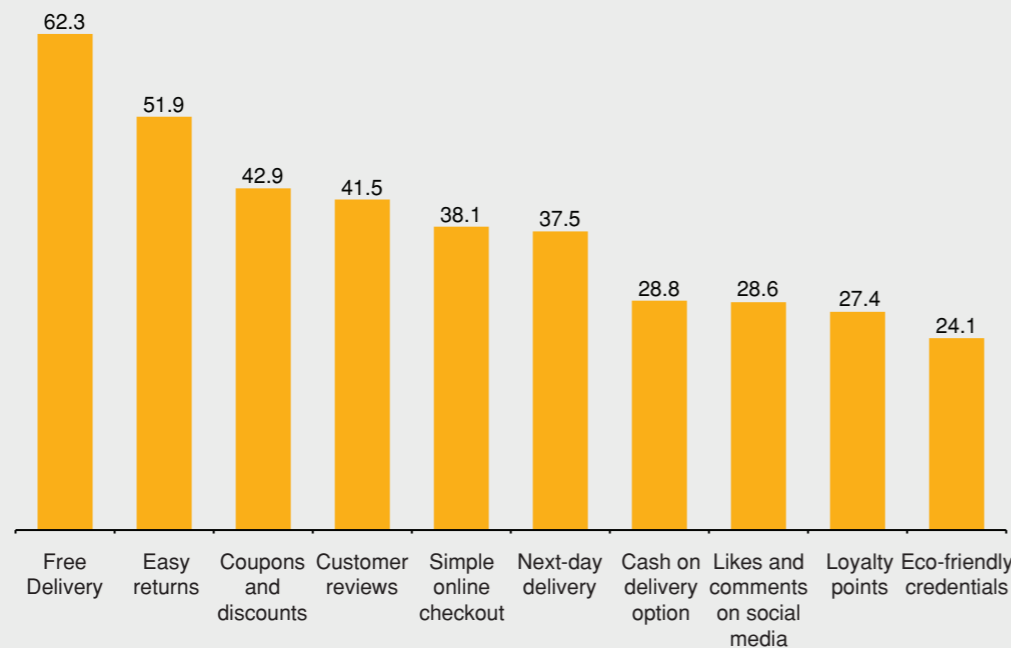


Source: Global Consumer Survey 2022

¹⁹Global Consumer Survey 2022, <https://www-statista-com/forecasts/1003017/attitudes-towards-online-shopping-in-turkey>



Figure 34 - Most important online purchase drivers in Türkiye, (%)



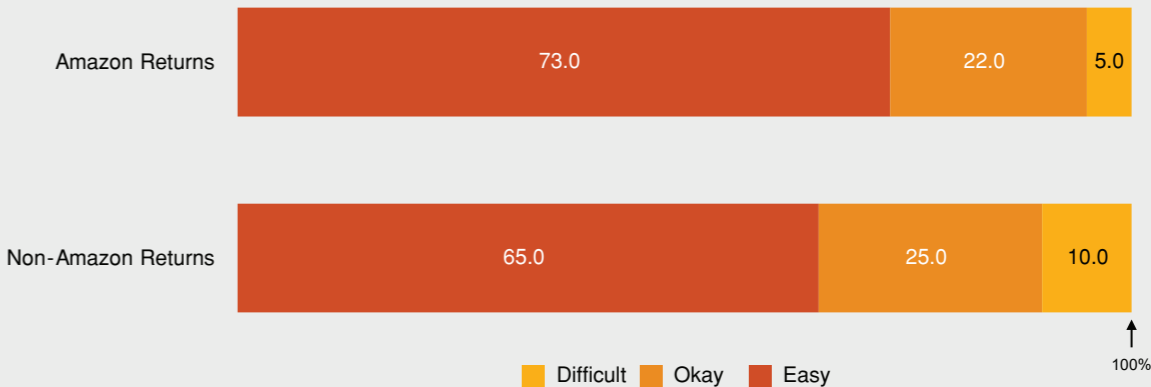
Source: Kepios 2021

Leveraging Marketplaces as Solution Partners

Online marketplaces offer several tools and features that allow businesses to engage with their customers in a more personalized way. Amazon offers several support channels that businesses can leverage to improve their customer relationships. Through chat support systems and customer service agents, businesses can provide prompt assistance to their customers, which can result in improved customer satisfaction and increased customer loyalty. Businesses can also use the Q&A section to answer customer questions and provide additional information on their products. It has been found that 63% of customers find it easy to contact a business through online chat²⁰. The support offered by customer service agents includes addressing issues related to the checkout process, answering questions regarding product returns, handling refunds, and resolving delivery-related concerns²¹. By effectively addressing customer queries and concerns, businesses can build healthier relationships with their customers, ultimately resulting in improved customer loyalty and increased sales.

²⁰Statista Report, Communication channels easy to use in customer service in the United States from 2019 to 2020
²¹Ibid

Figure 35 – Consumer Attitudes towards the Return Experience, (%)



Source: Narvar Consumer Returns Study 2021, PwC Analysis

Fostering Business Sustainability

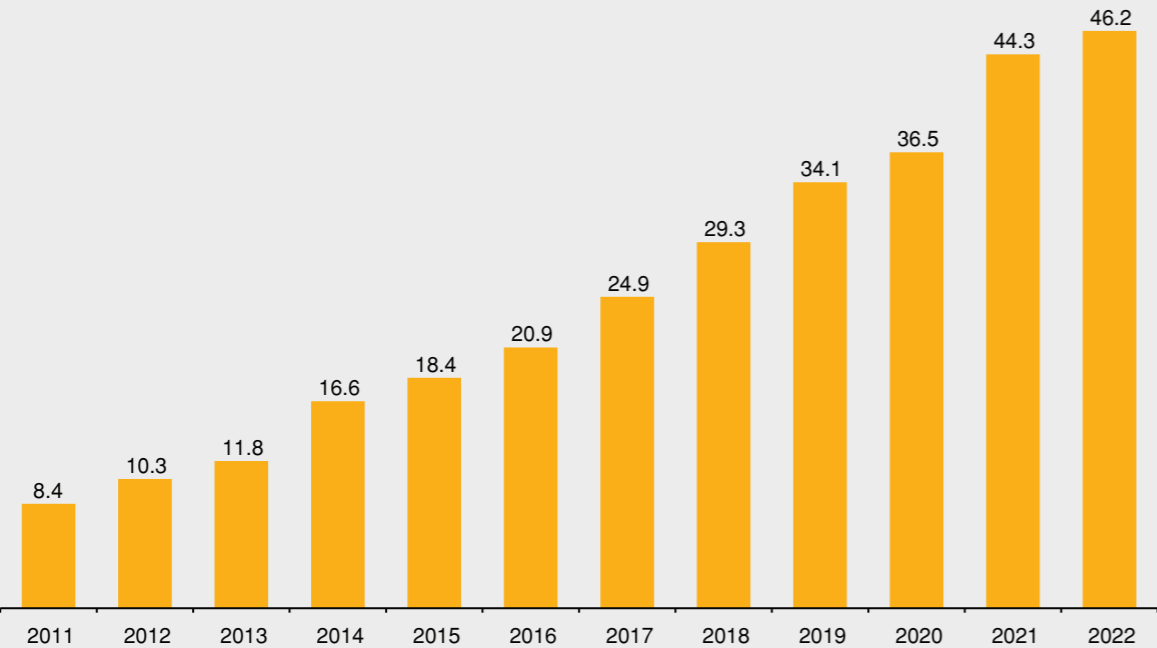
SMEs face numerous challenges in today’s business landscape, adapting to new technologies and changing business models being one of them. Digitalization is just one aspect of the broader challenge of SMEs adapting to changing market demands and trends. For SMEs, varying levels of structural and operational capacity, as well as the differing availability of resources may result in distinct rates of adaptation to technological trends. To that end, knowledge exchange through engaging in e-commerce can be advantageous for SMEs to sustain their longevity and business sustainability. In addition to knowledge exchange, e-commerce and e-exporting can also help SMEs to increase their production levels, decrease their costs, and consequently achieve economic growth. TurkStat statistics reflect an increasing trend in the number of people buying or selling goods or services online in Türkiye²². Per TurkStat’s annual

Household IT Usage Survey, in 2011, the share of individuals engaged in e-commerce was calculated to be 8.4%. This rate increased to 18.4% in 2015, with the most recent figure being 46.2% in 2022. The significant increase in the rate of individuals selling or purchasing goods and services online reflects the ever-expanding e-commerce activities for businesses, simultaneously providing an avenue for knowledge-exchange on related business models and technologies, as well as ways to navigate this emerging terrain.



²²TurkStat 2022, [https://data.tuik.gov.tr/Bulten/Index?p=Hanehalki-Bilisim-Teknolojileri-\(BT\)-Kullanim-Arastirmasi-2022](https://data.tuik.gov.tr/Bulten/Index?p=Hanehalki-Bilisim-Teknolojileri-(BT)-Kullanim-Arastirmasi-2022)

Figure 36 - Share of individuals buying or selling goods or services online in Türkiye from 2011 to 2022, (%)



Source: TurkStat, PwC Analysis

Leveraging Marketplaces as Solution Partners

Online stores, such as Amazon, offer a valuable solution for SMEs that struggle to adapt to new business models and technologies. By leveraging marketplace services, these businesses can gain knowledge and insights through Amazon’s extensive know-how and wide array of helpful tools and offerings to improve their business models in areas where they face challenges. Furthermore, digital environments promote the exchange of knowledge and work experience, which can enable SMEs to learn from the experiences of other businesses and help sustain their operations in the long run.

In addition, online stores make it easier for businesses to increase their production levels, expand their customer base, introduce new destination markets, and offer a wider array of products to keep up with consumer preferences and industry trends. As SMEs increase the number of orders they receive and products they sell both domestically and globally through online stores, they can expand the scale of their operations, which can have a positive impact on their business sustainability. This growth can result in increased revenue, reduced costs, and greater economic growth, which are essential factors for the long-term success of SMEs.

Reduction in Costs

While rewarding and high yielding, starting a business through a physical store in a different country requires investment in business registration, setup, maintenance, and operational fees – including accounting and legal services. Similarly, in the case of contemplating e-exporting as a sales channel, fixed and non-recurring costs such as creating and registering a web page and obtaining legal advice to comply with the regulations of the destination market emerge as examples of issues to tackle. Furthermore, the costs of website integration, such as making available different languages for customers in different regions globally, as well as establishing a secure checkout and payment system that is credible, are significant items to consider. Depending on the region, the

checkout should automatically update the VAT and Customs Duty fees accordingly. A significant investment should be made by the firm preparing to e-export to provide this integration in a safe manner. Moreover, harmonizing product codes, providing requested documents and completing registration requirements may be a time-consuming process if the seller is not familiar with the procedures.

These costs and tasks can be daunting for SMEs that lack the necessary infrastructure and/or expertise to launch an e-exporting business. In that sense, marketplace services emerge as a cost-efficient and affordable substitute or supplement for SMEs who would like to channel their resources to exporting activities²³.

Leveraging Marketplaces as Solution Partners

Online stores provide an opportunity for SMEs to reduce their startup costs, as they enable them to establish a global presence through the internet²⁴. For instance, when selling products on Amazon, businesses only need to provide basic information about their company, such as identification and registration details, and product details such as category and conditions of use. This takes less time and provides a cost-effective solution for SMEs looking to expand their business. In addition, online stores like Amazon offer businesses a streamlined order fulfillment process, reducing the burden of logistics and shipping and providing assistance in supply chain management. This allows businesses to focus on other aspects of their operations, such as marketing and customer service.

Moreover, signing up for a professional sales plan comes at a minimal fee and is significantly lower than the fees required for setting up a physical store or a website, which often includes registration, setup, and maintenance costs. By leveraging online stores and marketplaces, SMEs can reduce their costs and focus on growing their business.

²³Amazon Complete Guide on the Advantages of Ecommerce to Business, 2021
²⁴A Amazon Türkiye’de Satışa Nasıl Başlanır? (“How to Start Selling on Amazon Türkiye”)

Challenges of Cross-Border E-Commerce

Per Amazon Türkiye’s SME E-Commerce Outlook Survey, it can be inferred that the two main reasons participating SMEs do not engage in e-exporting activities are because they a) are not confident regarding their knowledge on e-exporting processes, and b) they lack the foundation to do so.

The majority of participating businesses who do not e-export have stated that they avoid e-exporting activities because they **lack know-how on how to penetrate potential destination markets**, with 55% of non-exporting participants selecting this reason. Furthermore, 43% of these same participants believe they maintain insufficient customer service processes that are unable to cater to an international audience, especially with regard to after-sales, while 30% abstain due to lack of access to adequate logistics services, and 14% are discouraged by high costs. It can hence be understood that generally, SMEs have minimal knowledge on the services and opportunities offered by online stores and marketplaces.

Lack of Know-How

Cross-border e-commerce can be daunting for SMEs due to their limited knowledge and know-how in this field. In addition to lacking sufficient know-how in handling e-export processes, they may have limited means to access the right flow of information. To address this issue, SMEs have several options, such as recruiting experts who are seasoned in sectoral knowledge, digitalization, e-exporting and marketing strategies, for example, so that SMEs are able to enhance their knowledge base and cultivate in-house technical expertise. Lack of know-how in this regard prevents SMEs from venturing into e-commerce and cross-border e-commerce in particular, as they feel that their performance will be affected due to the aforementioned limitations.

Turkish SMEs in various sectors have reported that they are hesitant to engage in e-commerce and e-exporting due to information asymmetry regarding

sectors and markets abroad, as well as inadequate technical infrastructure²⁵. In line with these findings, 55% (as detailed in Figure 37) of the Turkish SMEs who have been surveyed for this study have stated that the lack of destination market and sectoral knowledge is a major challenge that restricts their ability to conduct cross-border e-commerce.

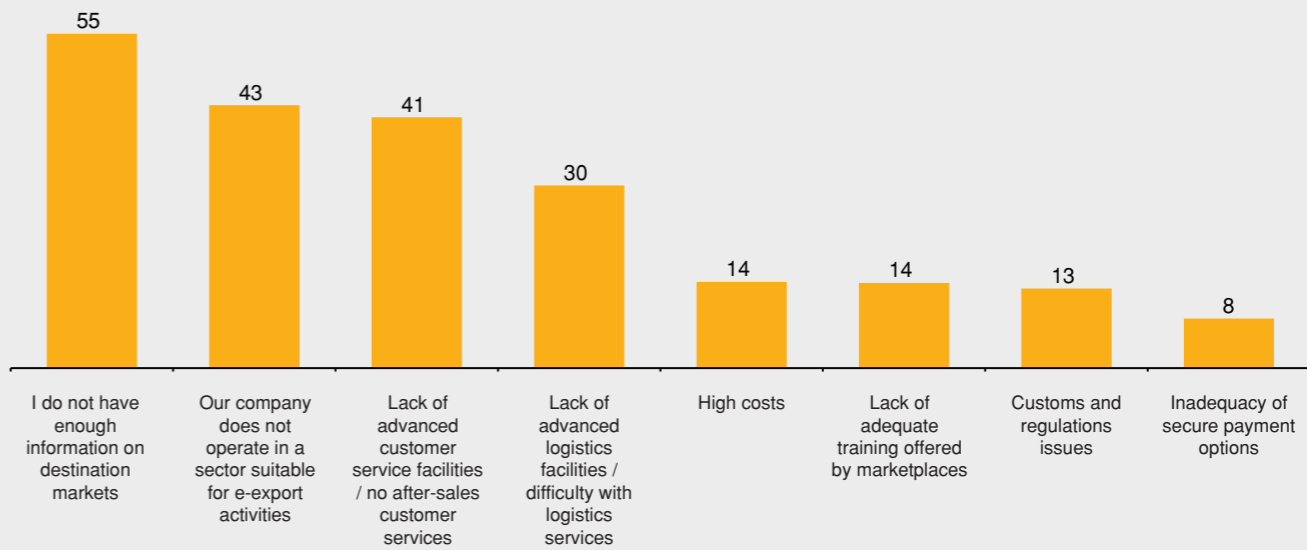
Similarly, our survey found that e-exporting SMEs who do not use online marketplaces usually lack awareness regarding their services. In this vein, 55% of the surveyed SMEs have indicated that they lack infrastructural and technical know-how on marketplaces (Figure 38). **To reiterate, Turkish SMEs have limited knowledge on marketplaces, hindering their ability to collaborate with them and thus make use of their vast resources.** Survey findings indicate that these sellers have focused on investing in their websites (45%), on increasing their advertising spending (39%) and on reaching customers through social media platforms (37%) to achieve their goals.

Going forward, it would greatly benefit SMEs to explore marketplaces as they provide an excellent opportunity to expand their customer base and increase their sales potential. SMEs can benefit from the various services provided by online marketplaces, such as free translation tools, and assistance in product and service localization. Accordingly, services offered by marketplaces, such as Fulfillment by Amazon (FBA), can help SMEs overcome language barriers, customer relationship issues, and shipping procedures.



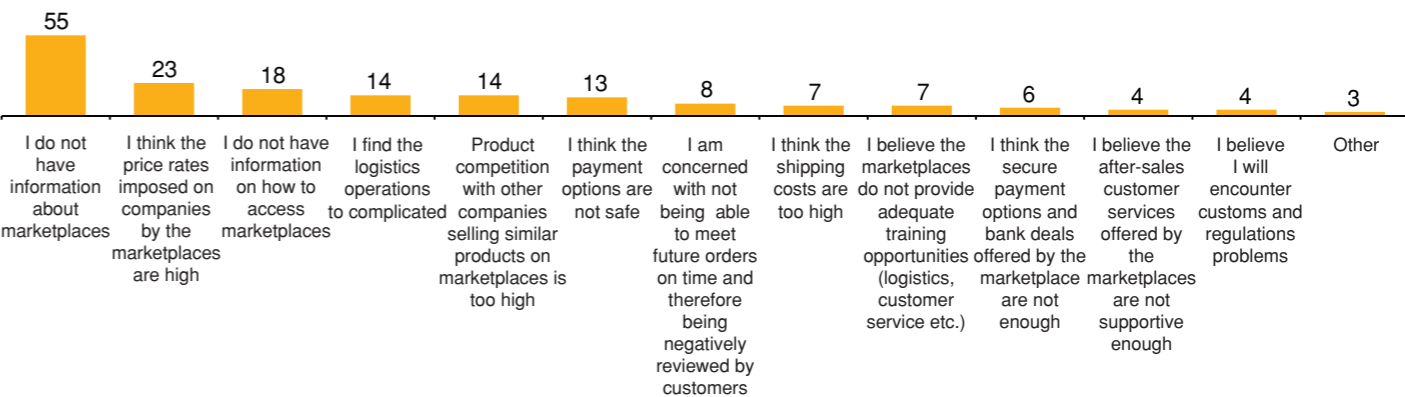
Survey

Figure 37 - Reasons given by SMEs for not for e-exporting, (%)



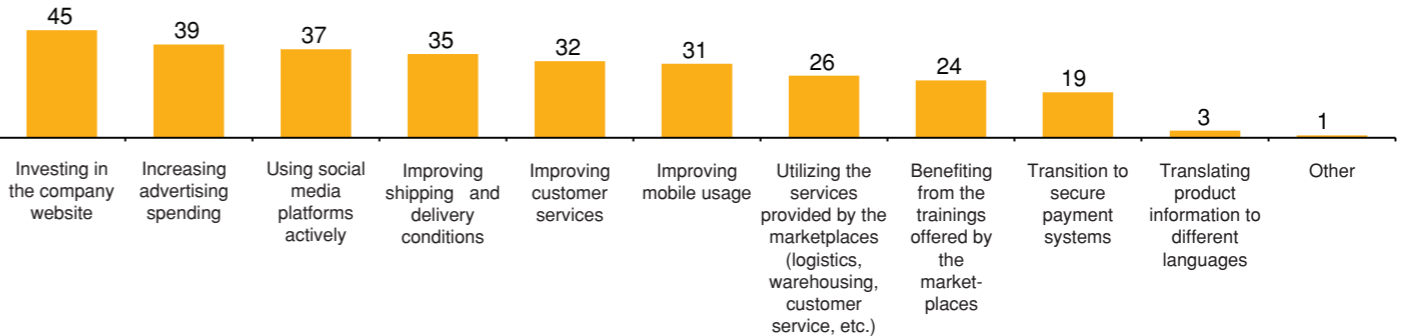
Source: Amazon Türkiye’s SME E-Commerce Outlook Survey

Figure 38 - Reasons given by e-exporting SMEs who do not use online marketplaces, %



Source: Amazon Türkiye’s SME E-Commerce Outlook Survey

Figure 39 - Methods used by SMEs to increase their e-exporting activities, (%)



Source: Amazon Türkiye’s SME E-Commerce Outlook Survey

²⁵Bozkurt and Sönmez 2004, “Kobilerin Verimlilik Sorunları ve Çözüm Önerileri” (“Productivity Problems in SMEs and Solutions”)

Survey

Leveraging Marketplaces as Solution Partners

SMEs face significant challenges when it comes to acquiring knowledge on destination markets, sectoral trends and gaining technical expertise, which can hinder their ability to succeed in cross-border e-commerce. Online stores like Amazon, however, offer SMEs the opportunity to enhance both their production and operational procedures.

SMEs who encounter new challenges and need new methods to increase their performance may lack the necessary expertise or resources to do so effectively. By leveraging Amazon’s third-party seller tools, SMEs can overcome these challenges and improve the overall effectiveness of their operations²⁶.

Amazon’s smart solutions can help SMEs in every step of the operational process, from supply chain management to internal operations and appropriate business models²⁷. However, as derived from our survey findings, many small businesses in Turkey have limited knowledge regarding the opportunities offered by online stores.

It is imperative that Turkish SMEs become part of the growing e-commerce channel and are encouraged to take advantage of the technical and operational conveniences of marketplaces so that they do not avoid conducting e-commerce and e-exporting activities through this channel and they do not miss out on numerous opportunities.

In addition, marketplaces often provide guidance and training to SMEs on how to leverage the various tools and services that they offer, such as advertising, shipping, and customer support. This can help SMEs improve their visibility and attract new customers, as well as streamline their operational procedures and reduce costs. With the right knowledge and support, SMEs can leverage the power of online marketplaces to enhance their competitiveness and succeed in cross-border e-commerce.

Our survey findings show that SMEs who e-export mainly require assistance in reaching destination markets, as well as guidance on marketing and promoting their products. Surveyed SMEs stated that they expect lower logistics costs, faster and efficient service provision, and good customer interaction opportunities from marketplaces, and while the majority of participants value training customer relationship management, they also prioritize learning about marketing and market research methods.



²⁶AWS Smart Business Hub 2023, <https://aws.amazon.com/smart-business/manufacturing/?SME-all.sort-by=item.additionalFields.sortDate&SME-all.sort-order=desc&awsf.location=location%23all&events-cards-main.sort-by=item.additionalFields.startDateTime&events-cards-main.sort-order=asc&awsf.event-location=location%23name>
²⁷Amazon, Smart Manufacturing for Small and Medium Businesses

Figure 40 - Ranking SME Needs

Problems that SMEs encounter frequently during their e-export activities, in order of priority

1	Market research and reaching the market	7	Problems related with product returns
2	Marketing and promotion	8	Different exchange rates
3	Logistics problems (delays in product delivery, etc.)	9	Secure payment options and bank deals offered by the marketplaces
4	Compliance with sales conditions and regulatory framework of target markets	10	Use of foreign languages
5	Compliance with regulations of marketplaces	11	Domestic legislation
6	Customs operations	12	Compliance with overseas standards

SMEs’ expectations from marketplaces, in order of priority

1	Provision of a faster service	5	Training companies for cross-border trading strategy opportunities and providing information about specific market dynamics
2	Applying low price rates to SMEs	6	Advanced logistics opportunities
3	Better and improved customer service opportunities	7	Ease of use of marketplace infrastructure
4	Secure payment options and bank deals offered by the marketplace	8	Marketplaces’ provision of support with after-sales services

Training Content	Distribution (%)	Ranking (1 - highest)
Marketing and promotion	47	1.2
Market research and reaching the market	58	1.6
Customer relationship management	61	1.9
International trade and customs procedures	35	1.9
Domestic legislation	6	2.3

Source: Amazon Türkiye’s SME E-Commerce Outlook Survey

Challenges in Penetrating Local Markets

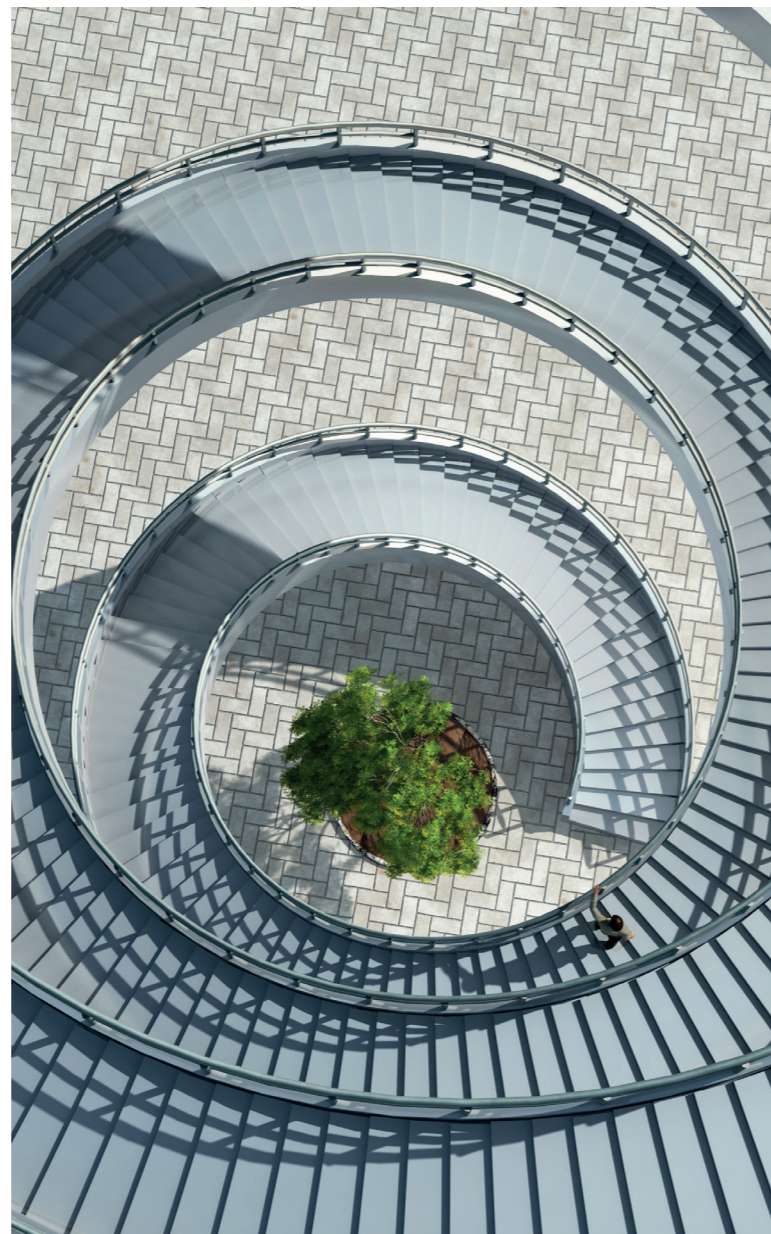
Localizing to a foreign market can provide SMEs with a competitive advantage and increase their market share. It has been found that 47% of consumers believe the presence of an SME in their local market is an important factor in choosing a brand²⁸. As such, SMEs that adapt their online presence to different markets can observe faster growth rates and higher customer satisfaction rates²⁹.

However, for businesses using the e-commerce channel for exporting, personalizing the existing content of their online website to a different market can be challenging. SMEs may face difficulties in finding expert translators to establish or promote their company overseas, in addition to challenges adapting to the local customs, language and culture. They may also be unaware of consumer trends in the destination market. Adapting products and services to different markets requires a localized team in the target market, which may not be feasible for all SMEs who engage in e-commerce.

There are numerous successful examples of Turkish SMEs expanding their businesses abroad and localizing in various sectors, ranging from SMEs operating in white appliances, household appliances, food delivery, clothing and footwear, to furniture and home decor. Turkish SMEs who have conducted localization activities in the white appliances sector in previous years have experience manufacturing for Europe's biggest companies³⁰. Similarly, the Turkish home appliances sector exported 26 million products in 2021, ranking first in Europe, with its annual export volume exceeding \$4.5 billion³¹.

Even so, while penetrating foreign markets, SMEs may encounter challenges due to various factors, such as lack of qualified personnel, competition in the foreign market, difference in standards of product quality, and the language barrier. Not addressing these challenges can significantly limit their operations, restricting their socio-cultural abilities to interact with authorities and customers when penetrating foreign markets.

Alternatively, using marketplaces to reach customers in different countries can be beneficial for businesses, as this channel enables access to new markets in a straightforward and cost-effective way. In short, SMEs should carefully evaluate the benefits and challenges of localizing to foreign markets and choose strategies that align with their business goals, available resources, and market conditions.



Leveraging Marketplaces as Solution Partners

As globalization accelerates and emerging economies grow, marketplaces present opportunities for businesses to expand internationally. Leveraging marketplaces and online stores to enter unfamiliar and foreign markets can increase technological connectivity at a global scale. Marketplaces provide localization opportunities, offering contextual merchandising with targeted promotions that fit local practices and benefit target consumers.

Amazon has localized teams ensuring currency options, pricing strategy, shipping methods, and local regulations for a wide range of countries. Each country's website and mobile application is designed within a suitable context, such as color and content layout, standardized spellings, spending habits, cultural beliefs, and local events and holidays, in accordance with consumer preferences and for a diverse range of products.

When exporting products online, it is important to adjust the product content and details according to the language of the target country to minimize language barriers. To that end, Amazon provides free translation tools for localizing products and services, which is crucial for keyword research and increasing product visibility. For sellers, Fulfillment by Amazon (FBA) is proposed to overcome language barriers regarding customer relationships, shipment, and after-sales processes. The advantages of FBA include **storing** the products that SMEs want to sell, **packaging** and **dispatching** them to users, **tracking shipped products** and **sending tracking information** to users, **providing shipments from Amazon warehouses**, supporting after-sales processes such as returns, exchanges, and refunds for products, and increasing SMEs' sales potential through products in FBA being eligible for Amazon Prime³².

In summary, online stores like Amazon can be a valuable resource for small businesses looking to expand into foreign markets. By leveraging their localization strategies and services like FBA, SMEs can overcome language barriers and successfully compete in global markets.

Cross-Border Logistics

Cross-border logistics is one of the top challenges faced by retailers engaging in cross-border e-commerce³³. There can be delays in shipping due to a range of factors, including customs clearance, incorrect documentation, technological issues, peak seasons, global events, port congestion,

and weather conditions. Although customers attach importance to transparent and up-to-date communication on estimated delivery times and possible delays, delays in shipping can still have a negative impact on customer satisfaction.

²⁸Shopify Future of Commerce Report, <https://www.shopify.com/research/future-of-commerce>

²⁹Shopify Ecommerce Personalization, <https://www.shopify.com/enterprise/ecommerce-personalization-examples>

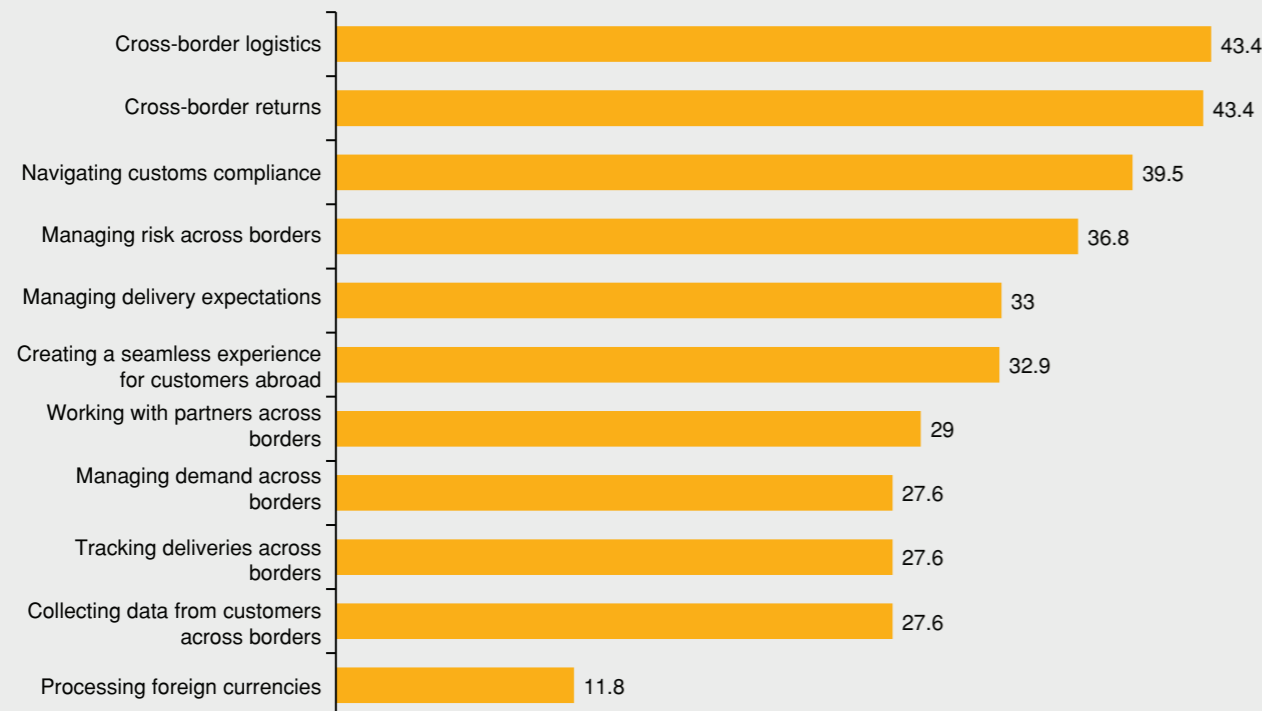
³⁰Gülsoy, Özkanlı & Lynch, "International branding strategies of developing countries: The case of Arçelik", 2011.

³¹TRT World, 2022.

³²Worldref, 2023

³³Eft Supply Chain and Logistics Business Intelligence Report

Figure 41 - Top challenges faced by retailers, brands, and manufacturers in the cross-border e-commerce supply chain ecosystem, (%)



Source: eft Supply Chain and Logistics Business Intelligence Report

To minimize the negative impact of shipping delays, it is critical for businesses to communicate regularly with customers about the delivery process. Proactive communication, regular updates, and flexible delivery options are necessary for sustaining customer satisfaction. It is also important to consider the costs associated with transportation, especially for big or heavy items, as well as customs transactions and the potential for damaged or returned items.

The growth in global e-exporting rates has made ensuring a smooth and satisfactory delivery and return process an important part of the logistics process for retailers, brands, and manufacturers engaged in cross-border e-commerce. According to a survey conducted with stakeholders who engage in e-commerce activities, 43.4% of respondents stated that cross-border logistics and cross-border returns are one of the top challenges they face in cross-border e-commerce, followed by navigating

customs compliance with 39.5%, and managing risk across borders with 36.8% (see Figure 41). By addressing these challenges, businesses can enhance their cross-border e-commerce capabilities and remain competitive in the fast-paced global market.

In Türkiye, the most prominent types of exports are business-to-business and business-to-customer transactions. Many SMEs face cost-oriented and operational process-oriented issues related to shipping³⁴. Delays in product shipping and lack of information provided to customers in case of a delay can result in loss of customers. The Narvar Consumer Returns Study results shows that 70% of consumers are less likely to shop from a seller if there is a delay in shipping of which they are not informed, and 45% prefer sellers who clearly provide estimated delivery times³⁵.

Leveraging Marketplaces as Solution Partners

Fast shipping is a key selling point of online shopping for customers. SMEs can take advantage of the fast and free shipping opportunities offered by online stores such as Amazon. These stores have efficient order processing systems that ensure smooth delivery. SMEs can automate this process through software systems, which allow them to access all the necessary details related to the product and follow all the necessary deadlines, minimizing the possibility of delays.

In addition to the order processing systems, marketplaces provide fast and reliable customer support. This ensures transparent and up-to-date communication with customers regarding the processing, shipping, and delivery of purchased products, increasing customer satisfaction, and ensuring long-term customer loyalty.

Online stores also offer various delivery options, such as quick delivery for urgent purchases. For instance, customers can select the quick delivery method on the online platforms to obtain the product in a short time. On Amazon Prime, customers can benefit from the “Unlimited Free Next Day Delivery” and “Unlimited Same Day Delivery” options. By selling their products on Amazon, SMEs can leverage the fast and reliable shipping opportunities provided by the platform and ensure high customer retention.

Furthermore, by using online stores, SMEs can reduce their shipping costs and save time that would otherwise be spent on logistics. In this way, SMEs can focus on their core business activities and grow their sales. Fulfillment by Amazon (FBA) is a great example of the range of services offered by online marketplaces. Sellers can store their products in Amazon’s fulfillment centers, and Amazon is in charge of packing and shipping the product on behalf of the seller, in addition to handling customer service and returns within the scope of the Fulfillment process.

In conclusion, online stores offer a range of benefits for SMEs engaged in cross-border e-commerce. By leveraging this channel, SMEs can ensure fast and reliable shipping, transparent communication with customers, and cost savings on logistics, all of which contribute to increased customer satisfaction and long-term customer loyalty.

Multi-Currency Transactions

As an inevitability of engaging in cross-border e-commerce, SMEs must navigate the complexities of multi-currency transactions. This involves selling products in the local currency of the market they are targeting, whether it be on their website, on online stores, on social media, or other applications. Displaying prices in the local currency in the shopping cart can improve customer satisfaction and loyalty, which can lead to repeat purchases. Providing product details in the local language and pricing information in the local currency can also increase customer trust. Despite all the benefits, offering multi-currency transactions on online channels is a challenge to execute. Adapting to the local currency of different markets requires setting up new bank accounts and compliance with the regulatory requirements of national markets.

Additionally, SMEs may lack the necessary technical prowess and resources to obtain support from a payment service provider who would facilitate the collection of payments in a single currency and who would undertake the conversion process. Furthermore, they would have to seek additional guidance in adapting to the legal requirements of different markets. Moreover, fluctuations in foreign currencies can lead to high exchange rate differences, resulting in higher costs for SMEs. Another challenge lies in declaring payments obtained in foreign currencies. To overcome these obstacles, SMEs should consider partnering with payment service providers that offer multi-currency transactions and have experience in cross-border trade.

³⁴Uluslararası Taşımacılık ve Lojistik Hizmet Üretenleri Derneği Türkiye’de E-Ticaret ve E-İhracat Gelişim Potansiyeli ve Lojistik Süreçler, <https://www.utikad.org.tr/images/HizmetRapor/turkiyedeeticaretveeihracatgelisimpotansiyelivejojistiksurecler-05853.pdf>

³⁵Narvar Consumer Returns Study 2021

Leveraging Marketplaces as Solution Partners

To minimize the challenges of multi-currency transactions in e-commerce, SMEs can use multi-currency payment gateways often provided by online stores. These payment methods are secure and are able to convert currencies within transactions, and users can easily access the payment amount in their local currency while placing an order, with the help of online stores’ integrated Currency Converter. Additionally, international online shopping is made possible with credit and debit cards. As an example, the integration of foreign exchange rates is facilitated by third-party service providers that Amazon works with, namely Payoneer and TransferWise, whose rates are updated daily. By making use of these simplified payment technologies, SMEs can remove borders from payment processes and execute their export activities through multi-currency transactions. In this way, SMEs can mitigate foreign exchange risks and sell their products in different currencies, thus expanding their customer base.

Multiple Payment Methods

Electronic payment methods have become fundamental in cross-border e-commerce, which involves monetary transactions between parties located in different jurisdictions. Although electronic payment systems have consolidated transactions between customers, e-commerce merchants, financial institutions, and banks in an efficient way, challenges related to high costs, slow transactions, limited access, and insufficient transparency remain. Secure cross-border payments involve multiple correspondent banks and intermediaries, resulting in additional regulatory costs and delays in transaction times. The market is highly competitive, and there are barriers to entry for firms supporting cross-border payments, especially for SMEs. Moreover, the payment process involves long transaction chains with varying compliance standards, resulting in a lack of transparency. These factors can affect the efficiency of payment methods, leading to difficulties in e-exporting.

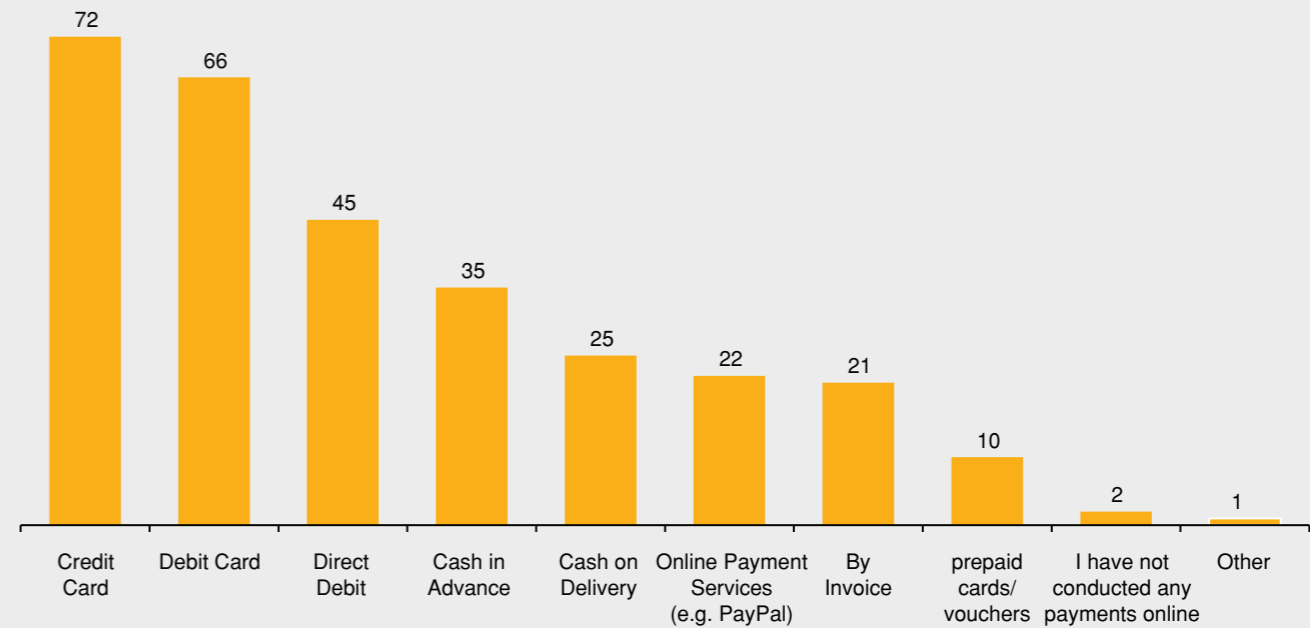
One of the major concerns plaguing SME owners is fraud in cross-border payments and cybercrime. To prevent losses due to fraud, SMEs should ensure that their payment processes comply with local rules and regulations. Strong user authentication, such as multi-factor authentication tools like 3D Secure, is paramount to improving the safety of SMEs’ payments. Complications can also arise due to the detailed regulations and legislative requirements of VAT and customs duty regarding e-export procedures for both the country of origin and the destination country.

Depending on the planned exporting method (directly sending goods to the customer, holding stock abroad, working with a logistics company, benefiting from FBA service, etc.), a VAT registration may be necessary, a VAT and/or customs duties may be applicable, and/or a permanent establishment risk may arise. Therefore, before exporting goods, it is essential to evaluate the available exporting routes and options from the perspective of the related countries’ legislative practices. These details may require additional labor force or outsourced consultancy. The online payment market in Türkiye continues to grow, with approximately 463.6 million e-commerce transactions conducted in the second quarter of 2022, representing an increase of more than 40% compared to the previous year³⁶. When it comes to e-commerce transactions, card usage is highly common in Türkiye compared to other payment methods. The total transaction amount for online shopping using cards is approximately 44 million TRY, with a total number of 1.5 million transactions³⁷. Credit cards are the preferred payment method for e-commerce transactions as they allow users to delay payment and collect rewards. Although digital wallets are currently a minority payment method, their usage is expected to increase in line with the growth of mobile e-commerce, and Türkiye’s intention is to eventually transition to a cashless economy where the use of cards and alternative payment methods, including digital wallets, will become more widespread. There have been several initiatives aimed at

establishing digital payment methods for Turkish firms. As an example, The Union of Chambers and Commodity Exchanges of Türkiye (TOBB) and a popular credit card company in Türkiye, have collaborated to establish a platform aimed at promoting the digital transformation of SMEs. This platform provides information on payment methods,

consumer and commercial cards, and information regarding the specific financial needs of businesses. Moreover, many Turkish banks and payment service providers offer commercial card privileges to SMEs, thereby utilizing digital payment processes to their advantage.

Figure 42 - Online payments by type in Türkiye, 2022, (%)



Source: Statista, PwC Analysis

Leveraging Marketplaces as Solution Partners

SMEs face various challenges when it comes to cross-border e-commerce, such as unfamiliar payment methods, additional fees, technical concerns, and the threat of payment fraud. To remain competitive, SMEs need to reduce these inefficiencies. One way to achieve this is by partnering with marketplaces that have considerable experience and options in establishing payment methods, which can optimize cross-border trade regardless of the destination country.

Cross-border payments should be immediate, cheap, universal, and settled in a secure medium to protect both customers and SMEs from international payment problems. Marketplaces offer a variety of international payment options, including payments made through credit and debit cards, digital wallets, gift cards, and other financing arrangements. These payment methods are secure and safe for online transactions, independent of location.

³⁶Statista, 2022

³⁷BKM, 2021

Sectoral Trends in Türkiye

E-commerce is subject to many different trends that are developing and changing at a fast pace. In an environment where the dynamics of this sales channel are constantly evolving, it is vital for a company to be proactive and anticipate changes, adapting its business processes accordingly.

E-commerce and e-exporting trends in Türkiye are interconnected and shaped by global dynamics. In this section of our report, we briefly go over the recent trends influencing Türkiye's e-commerce and e-exporting activities, as well as shifting consumer behaviors and expectations. Understanding these trends can help businesses and policy makers in Türkiye develop productive strategies and policies to increase engagement in e-commerce.

Rise in Social Commerce

The trend of social commerce, which refers to consumers shopping directly on social media channels, is on the rise worldwide. Social commerce has grown significantly due to the addition of shopping features on prominent social media platforms such as Instagram, TikTok, and Pinterest, making it easier for brands to reach consumers. This rapid development of e-commerce through social media offers significant opportunities for businesses. In the United States, 30% of internet users shop directly from social media platforms³⁸, while in Southeast Asia, one fifth of online retail spending is through social media³⁹.

Using social media channels creates opportunities for businesses to build brand identity and interact with consumers. By using social media for buying products, consumers can have a fast and direct consumer journey, without the need to leave the platform. The popularity of using social media platforms as a shopping tool is constantly increasing, with global revenue for social commerce expected to surpass six trillion USD by 2030, after reaching over 724 billion USD in 2022⁴⁰.

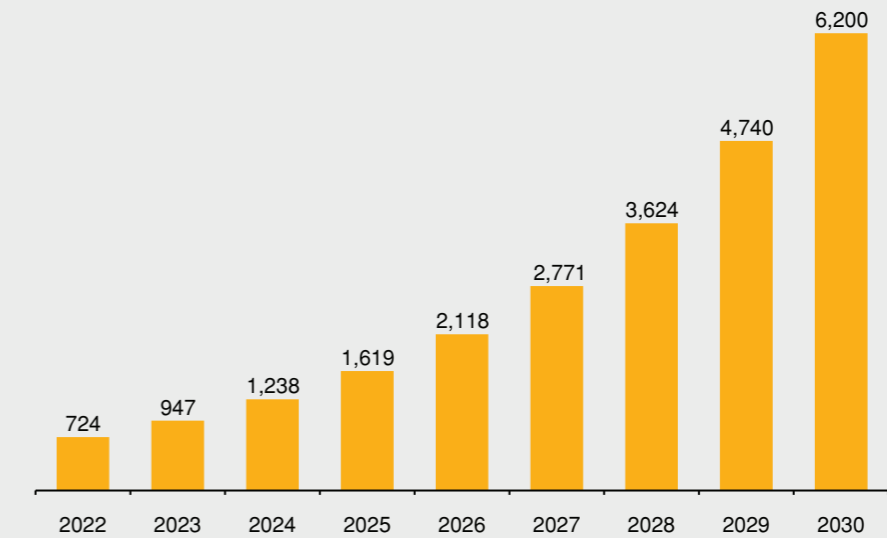
The rise in social commerce is particularly notable among millennials and Generation Z consumers, and this trend is expected to continue⁴¹.

By 2025, one-third of global social media shopping spending will come from millennials, with Generation Z consumers following closely behind, accounting for 29% of social commerce spending⁴². This underscores the fact that for businesses operating in online channels, millennials and Generation Z consumers are a primary target audience.

Social media usage in Türkiye is at an all-time high, with over 67 million social media users recorded in 2022, accounting for over 80% of the population (Figure 45). As the number of social media users in Türkiye continues to grow, so does the potential for social commerce. In fact, it is expected that the number of social media users in Türkiye will reach 76.59 million by 2027, up from 52.33 million in 2018⁴³. In line with this pattern of growth, businesses in Türkiye have acknowledged the importance of social media as a shopping channel when developing strategies to expand their business opportunities and reach their target audience.

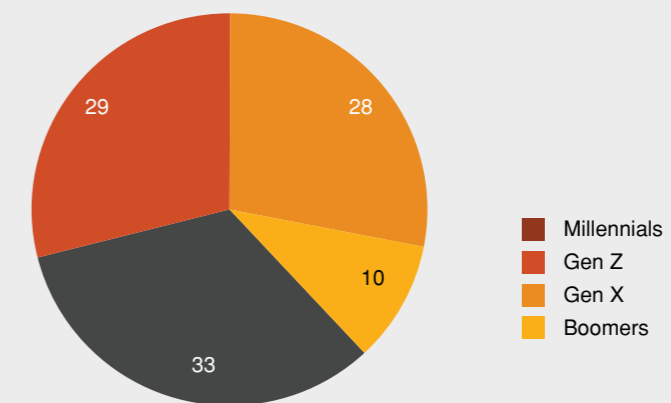


Figure 43 - Social commerce revenue worldwide, 2022-2030, (USD billion)



Source: Grand View Research, Statista, PwC Analysis

Figure 44 - Distribution of social commerce spending worldwide in 2025, by generation, (%)



Source: Statista

³⁸Emarketer, Why small businesses could benefit launch of Facebook shops

³⁹Statista, Global social commerce market size 2022-2026

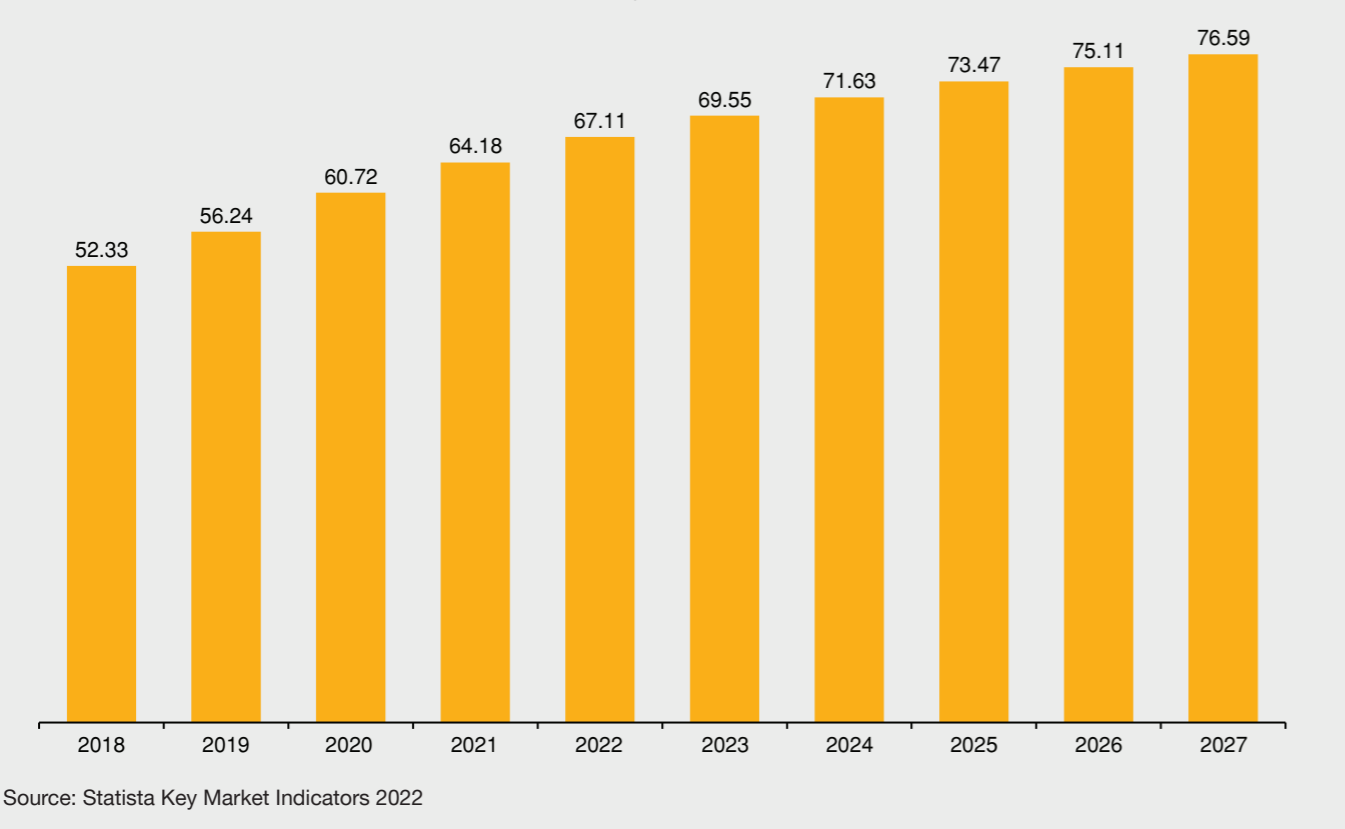
⁴⁰Statista, Social commerce revenue worldwide 2022-2030

⁴¹Forbes, 2023 E-Commerce Trends

⁴²Statista, Distribution of social commerce spending worldwide in 2025, by generation

⁴³Statista Key Market Indicators 2022

Figure 45 - Number of social media users in Turkey from 2018 to 2027, (in millions)

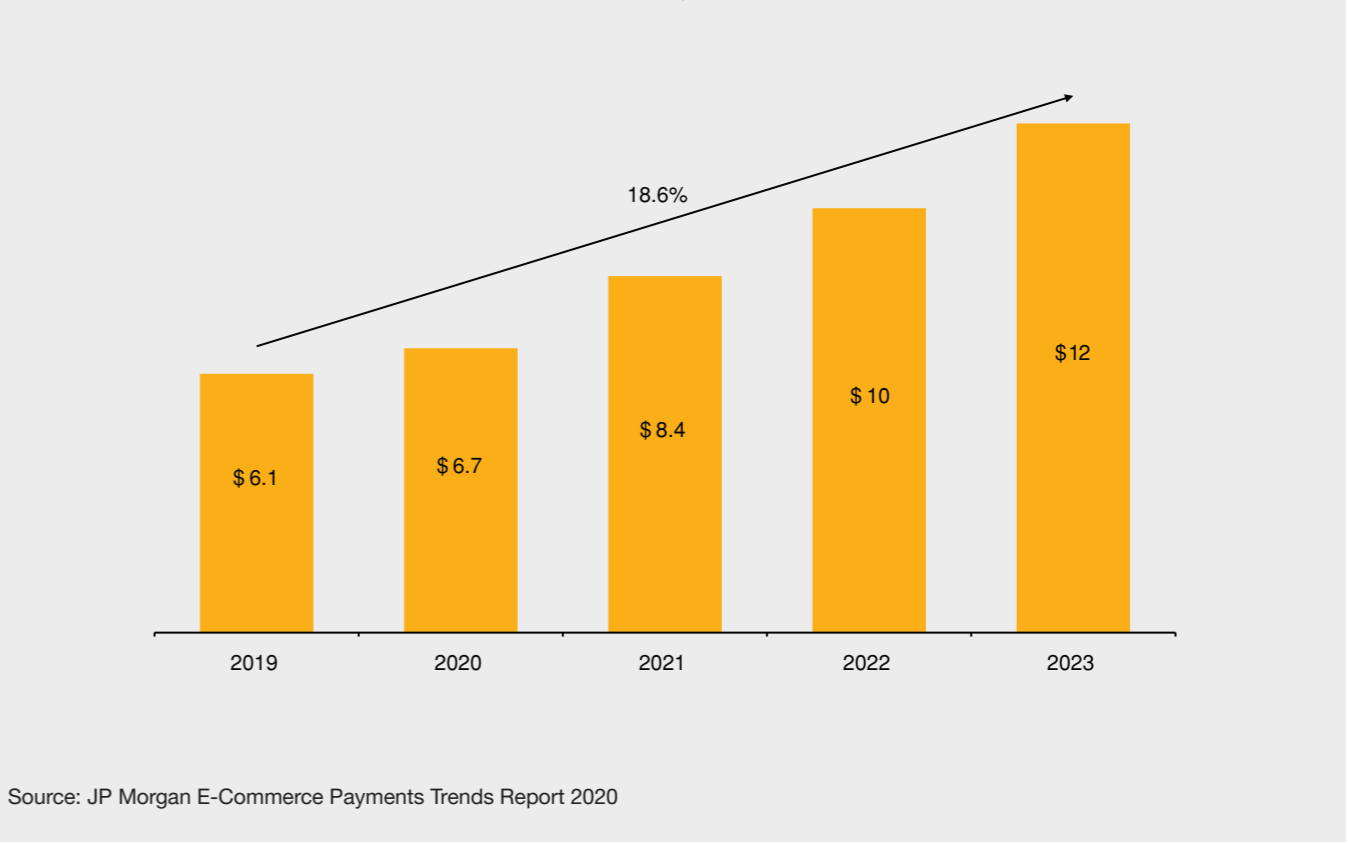


Shopping Using Mobile Devices

Mobile shopping (m-commerce), which allows consumers to shop without a computer, has significantly increased its share in e-commerce, and this trend is expected to continue at an accelerated pace in the coming years. Mobile shopping will continue to grow, especially as the number of people with smartphones increases around the world (from 3.6 billion in 2016 to 6.2 billion in 2021)⁴⁴. In Türkiye, mobile commerce is rapidly becoming more widespread, with the country's mobile commerce market size expected to reach \$12 billion by the end of 2023, reflecting a forecasted CAGR of 18.6% for 2019-2023⁴⁵.

In Türkiye, as of the first 6 months of 2022, around 76% of e-commerce transactions are conducted on mobile devices, with 6% of transactions made through mobile websites and 70% through mobile applications. This places Türkiye ahead of the world average, where mobile commerce accounts for 72.9% of e-commerce⁴⁶, emphasizing that both buyers and sellers that engage in a-commerce activities in Türkiye are well-accustomed to mobile platforms. It is also a notable increase from the same period of the previous year, where mobile transactions constituted 66% of all transactions.

Figure 46 - Forecast of mobile commerce size in Türkiye, (in USD billions)

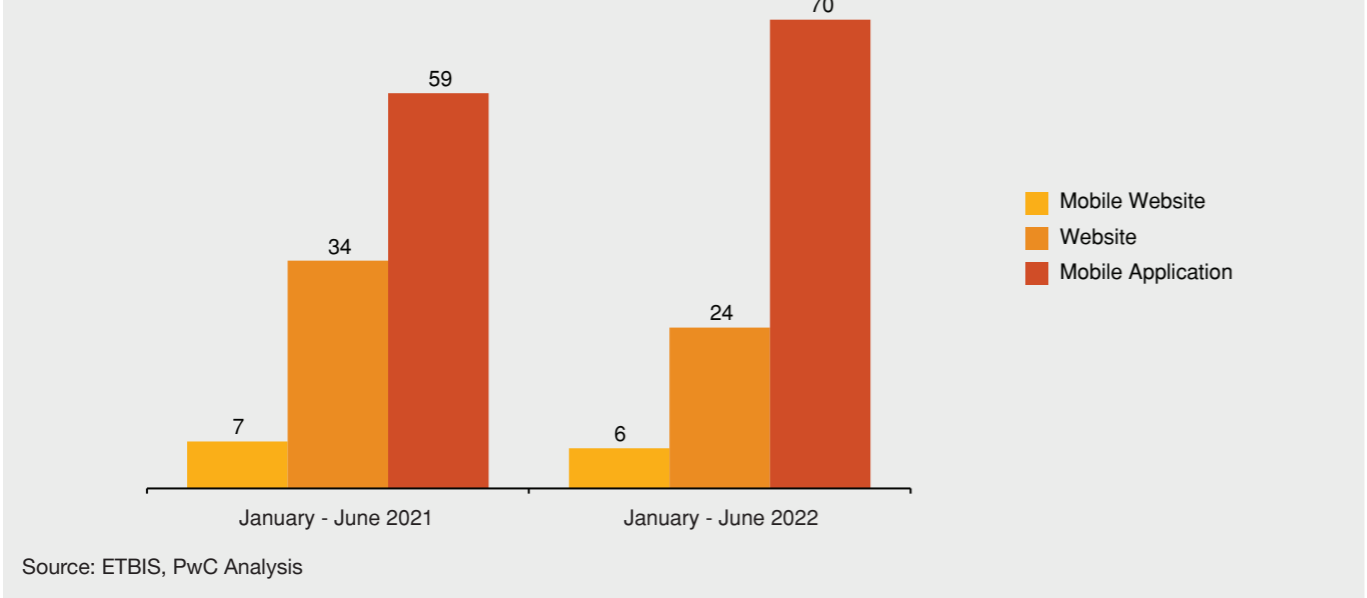


⁴⁴Ericson Mobility Report 2022

⁴⁵JP Morgan Merchant Services Insights Reports Türkiye 2020

⁴⁶Statista 2022, Mobile retail commerce sales as percentage of retail e-commerce sales worldwide from 2016 to 2022

Figure 47 - Distribution of e-commerce transactions in Türkiye in the first 6 months of 2022 by platform, (%)



Based on mobile commerce rates both globally and in Türkiye, it can be concluded that mobile devices and mobile applications will continue to consolidate their position in e-commerce and increasingly play a central role in its expansion. Recent studies show that 57% of consumers prefer mobile applications over other channels⁴⁷, and 66% of consumers state

that text messages make it easier for them to shop from a local business⁴⁸. Considering these consumer preferences, user-friendly mobile applications and communicating with customers via text messages will be among the preferred customer engagement methods in the near future.

Improvements in Shipping Times and Delivery Conditions

The rise in online retail demand and increasing consumer requirements for fast delivery have led to significant growth in global e-commerce logistics. This market segment is expected to grow by a compound annual growth rate of 8.6% between 2020 and 2025 and projected to reach 557 billion Euros by 2025⁴⁹. While the share of retail e-commerce increases, consumer expectations are also undergoing rapid shifts. Consumers are becoming more selective in terms of delivery time length and delivery methods. Additionally, their desire for personalized experiences emerges as another important factor for companies aiming to attain a competitive advantage in shipping and delivery to the end-user.

A summary of the expectations consumers around the globe and in Türkiye are prioritizing for the shipment and delivery of their purchased products has been provided below:

- Accurate information regarding delivery is paramount for consumers. The delivery times and windows proposed by carriers should reflect accurate timing to track a package in real-time.
- Although recipients are able to manage their shipments through mobile applications, the option to easily contact a customer service department for assistance is an expected service. In this way, in case of a shipment problem, customers can interact with the shipping firm and obtain details regarding the state of their delivery.
- Options to schedule delivery times on the merchant's website⁵⁰.
- In the realm of "track and trace", there are several innovate ways to track one's package in real time, such as text messaging a parcel's recipient, indicating the package's estimated time of arrival, as well as the ability to follow a delivery driver's geo-positioning on a map with real-time updates⁵¹.
- Delivery without damage is also essential for e-commerce customers. In this vein, companies are developing compensation policies to reimburse any damage or losses since defected or lost deliveries disrupt brand image and negatively influence customer return rate.

Several developments have made it easier to meet these expectations. Along with the effects of the COVID-19 pandemic, Quick Commerce (Q-Commerce) has emerged as an advanced form of e-commerce to meet the evolving expectations of consumers in both global and Turkish markets. While traditional e-commerce models may take days or weeks to deliver products, q-commerce delivers in just hours or minutes. the development of new online services like Q-Commerce has led to an increase in the variety of Stock Keeping Units (SKUs) that consumers order, resulting in a higher frequency of shipments.

Additionally, the increasingly widespread use of artificial intelligence for supply chain management in particular has brought about important developments to the e-commerce channel. Through self-correcting supply chains based on artificial intelligence and machine learning technologies, it is possible to make better decisions in a rapid and transparent manner. Smart order management systems allow regulation of requests in real-time, from the start of the delivery process to returns. Further technological developments such as the availability of external data sources (e.g. weather and traffic conditions) will make it easier for SMEs in Türkiye to predict and act on resource requirements and transportation scenarios in future supply chain planning processes. In addition, the approach to the issue of storage, which is an important cost item in the supply chain, is also expected to evolve among Turkish SMEs operating their own warehouses, as automation in storage systems will be frequently used to reduce costs and operate efficiently.

Turkish SMEs operating in e-commerce, and especially those that are e-exporting, need to consider these new developments to be able to meet changing demands, and enhance shipping conditions and delivery methods for improved customer experience.

⁴⁷FedEx 2022, E-Commerce Trends to Watch
⁴⁸Podium 2021, The Ultimate Guide to SMS Marketing

⁴⁹Reuters, 2021
⁵⁰Geodis, 2022
⁵¹Ibid.

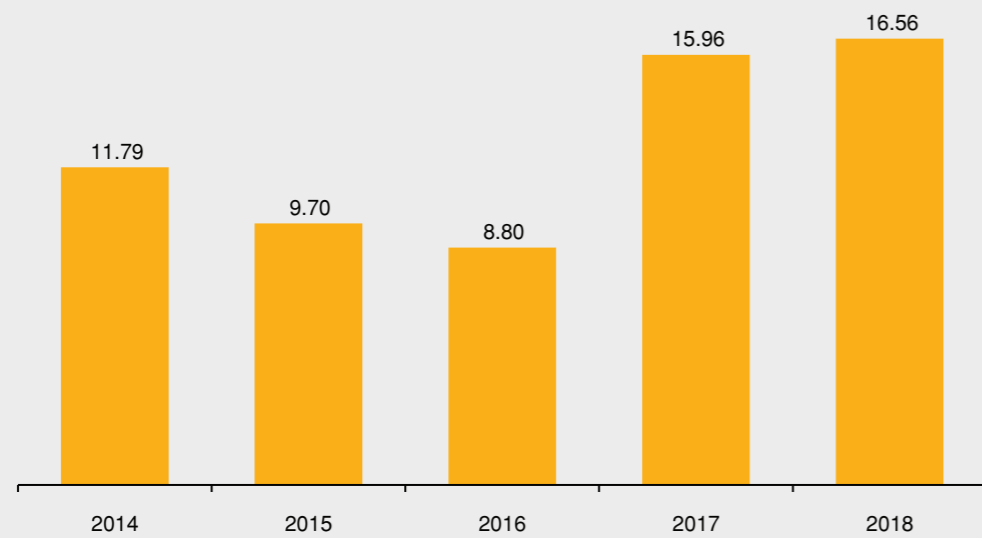


Encouragement of Women-Owned SMEs

Fostering the economic and social inclusion of women through the promotion of women entrepreneurs is an undeniable component of Türkiye's social development goals. In this vein, encouraging and supporting women entrepreneurs at the national level not only empowers women but also contributes to the country's economic growth. Generally, a major constraint for women entrepreneurs managing their businesses is limited access to finance. Additionally, women-owned SMEs face challenges related to inclusiveness, including lack of information and guidance on ways to grow their businesses in new markets, and a lack of experience in building business partnerships. Both public and private stakeholders have dedicated significant efforts to promoting women-owned SMEs in Türkiye, such as ensuring their readiness in transitioning to sustainable practices, enabling their digital transformation, encouraging the smooth adoption of new technologies and paving the way for easier access to financing.

Available data on women-owned businesses in Türkiye is sparse, however, the most recent available figures show a notable rise in the share of female business owners as a percentage of total business owners, from around 12% in 2014 to almost 17% in 2018, signaling the gradual increase of women entrepreneurs in the country. As these figures reflect pre-pandemic level proportions, it is safe to say that new ways of working will have affected the share of women entrepreneurs. On that note, during the COVID-19 pandemic, women entrepreneurs who adopted digitalization processes into their businesses demonstrated a high level of flexibility when transitioning to online channels. Since the beginning of the pandemic, it has been observed that the number of women-owned SMEs on Instagram has increased by 92%. In addition, 51% of entrepreneurship-related Facebook groups in Türkiye were created by women⁵², underlining the steady rise of women entrepreneurs in the country.

Figure 48 – Share of female business owners in Türkiye (% of total business owners), 2014 – 2018*, (%)



Source: World Bank DataBank, PwC Analysis, *most recent available data



⁵²Meta Türkiye, Küçük İşletmeler Küresel Durum Raporu (Small Businesses Global Status Report), 2022

Amazon Türkiye Supports Women Entrepreneurs



Hülya İmer

Mara Cosmetics
İstanbul, Türkiye

“I was on my own when I started this venture, now our team has over 100 people says.” - Mara Cosmetics Founder Hülya İmer

Hülya İmer's venture into the beauty industry resulted in her founding Mara Cosmetics, a beauty brand dedicated to professional women like herself. The company's partnership with Amazon Türkiye has enabled her to grow her business internationally through Amazon's vast global network.

After working in the pharmaceutical industry for 12 years, Hülya İmer was inspired to make beauty products. The first milestone in her entrepreneurial journey was when she was granted a utility model patent from the Turkish Standards Institution (TSE) for her first product, where she subsequently started her own brand, Mara Cosmetics, in 2010. The brand was specifically created with working women like herself in mind. Since its launch, Mara's products have been sold throughout retail chain stores in the country. Owing to the establishment of their factory in Tuzla's Organized Industrial Zone in 2019, their products have been distributed to over 35,000 retailers nationwide.

The goals of the company, which grew rapidly during the pandemic, is to expand the company in foreign markets via exports.

Mara Cosmetics offers 352 different products under 6 different categories. These categories include nail polish, nail care, hair care, skin care and sun care products. Each of their products have been designed to make life easier for professionals, using innovative, environmentally friendly design techniques for easy application and instant results. Mara Cosmetics' collaboration with Amazon Türkiye began in 2020. Shortly after becoming a sales partner, they sought the services of Fulfillment by Amazon (FBA) “in order to provide fast delivery and reliable customer service to our shoppers”, says Hülya İmer.

As of 2022, their products are being sold on Amazon Europe. Hülya İmer underlines the different opportunities provided to small businesses by Amazon Türkiye, **“Working with Amazon is a great way to grow your business. Amazon is a global pioneer in e-commerce, and this can really be felt in their approach. They offer tailor-made services that are easily adaptable to many types of businesses, and their vast amount of knowledge and know-how has instilled confidence and reinforced our partnership. I encourage all small business owners to partner with Amazon Türkiye as they will have the opportunity to grow their customer base and enter international markets.”**



Samime Sert Taşbaş

OVVO
Antalya, Türkiye

Samime Sert Taşbaş, founder of OVVO, is in the business of manufacturing and selling wooden balance boards, exercise equipment for yoga, as well as yoga apparel and workout clothes. She is a highly experienced trainer who previously owned a gym and has leveraged her knowledge and know-how to start her business. Her fun and

trendy designs are a hit among consumers. She describes her experience with Amazon's FBA and Prime services in the following manner: **“Working with Amazon has been a great convenience for me. After using Amazon's Fulfillment by Amazon (FBA) services, I was able to focus on the areas of my job that I enjoy, leaving the heavy lifting to Amazon, so to speak. Ever since I stopped being involved in the packaging and shipping process, I have more time to focus on my designs and on my production line. Amazon Logistics has been my biggest supporter through its pre-sales and after-sales services.”**



Sermin İşbilen

İlyas's Natural Produce
Bursa, Türkiye

“İlyas's Natural Produce was founded with the aim of introducing our healthy and tasteful products to the world beyond the borders of the village of İlyas. Our products are currently being sold on Amazon Türkiye and Amazon Europe. The fast and economical delivery offered by Amazon Logistics has been like a lifeline for us. Although we were intimidated at first, we became more efficient in process management after the initial shipments of our products to FBA centers. As we no longer had the burden of packaging and shipping, we were able to focus solely on our operations, launching new products in the process and gaining new business partners. If

you want to allocate more time to the creative side of your business, or even have some down time, I definitely recommend Fulfillment by Amazon.” says Sermin İşbilen, founder of İlyas's Natural Produce. She founded the company with women farmers from the village of İlyas, located in Manisa's Akhisar district. Handpicked olives from centuries-old olive trees rooted in the fertile soil of the İlyas Village are used to make olive oil, while jams are produced from homegrown fruit via traditional methods. Their products range from different types of olives to olive oil, jams, tomato paste, compost and pickled goods, and are natural and organic, produced without pesticides, additives, hormones or preservatives. While the business initially consisted of a single woman farmer, today operations continue with dozens of women farmers producing and packing İlyas goods. The company is proud of providing employment for women all over the country.



Seda Solmaz

Küss Toys
İstanbul, Türkiye

Seda Solmaz is a 40-year-old entrepreneur who spent 10 years working in the private sector. She founded Küss Toys in 2020, following a trip abroad. In search of toys to purchase for her young daughter, she came across magnetic building blocks for toddlers. Upon her return to Türkiye, she was dismayed to find that magnetic cube toys were not manufactured or available locally, which inspired her venture into the toy industry. Her magnetic building blocks are beloved by young children,

and the images on them are both educational and entertaining. She partnered with Amazon in 2021 in order to provide a quality shopping experience. **“As an Amazon Türkiye customer, I prefer products that have high delivery standards and convenience, such as Prime,”** she says, **“I wanted my own goods to be among these products, so I started using Amazon Logistics (FBA). After switching to FBA, we saved time on packaging, shipping, and customer service. Once our products have been sent to the warehouse, all we have left to do is follow our stock status. This way, I have more time to concentrate on developing my business.”**



Müge Ergüleç

Mughe Gourmet
İstanbul, Türkiye

“Mughe Gourmet creates artisanal, handcrafted edible gifts, bringing the tastes and flavors of the Mediterranean through visually stunning and incredibly delicious products like traditional Turkish delights and gourmet baklava to the world. Our mission is to introduce Turkish confectionery goods to a global audience while providing customers with an exceptional culinary experience. Our products are sold primarily in the USA, Canada, Australia, and all over Europe, including France, Spain, Italy and

the United Kingdom. We aim to take advantage of all the services Amazon has to offer in order to increase our sales overseas. The Fulfillment by Amazon (FBA) service has been a great way to achieve this. We benefit hugely from their services in an operational sense, especially due to fast and reliable shipping services and lower rates” - Müge Ergüleç, founder of Mughe Gourmet says. She explains that her company ventured into e-commerce in 2013 and joined Amazon’s global network shortly after. While their production facility is in Türkiye, Mughe Gourmet has branches in the UK and Poland. Through their vast selection of gourmet sweets, many consumers have the opportunity to discover unique, flavorful delights from Türkiye, with an added bonus of vegan and gluten free options.

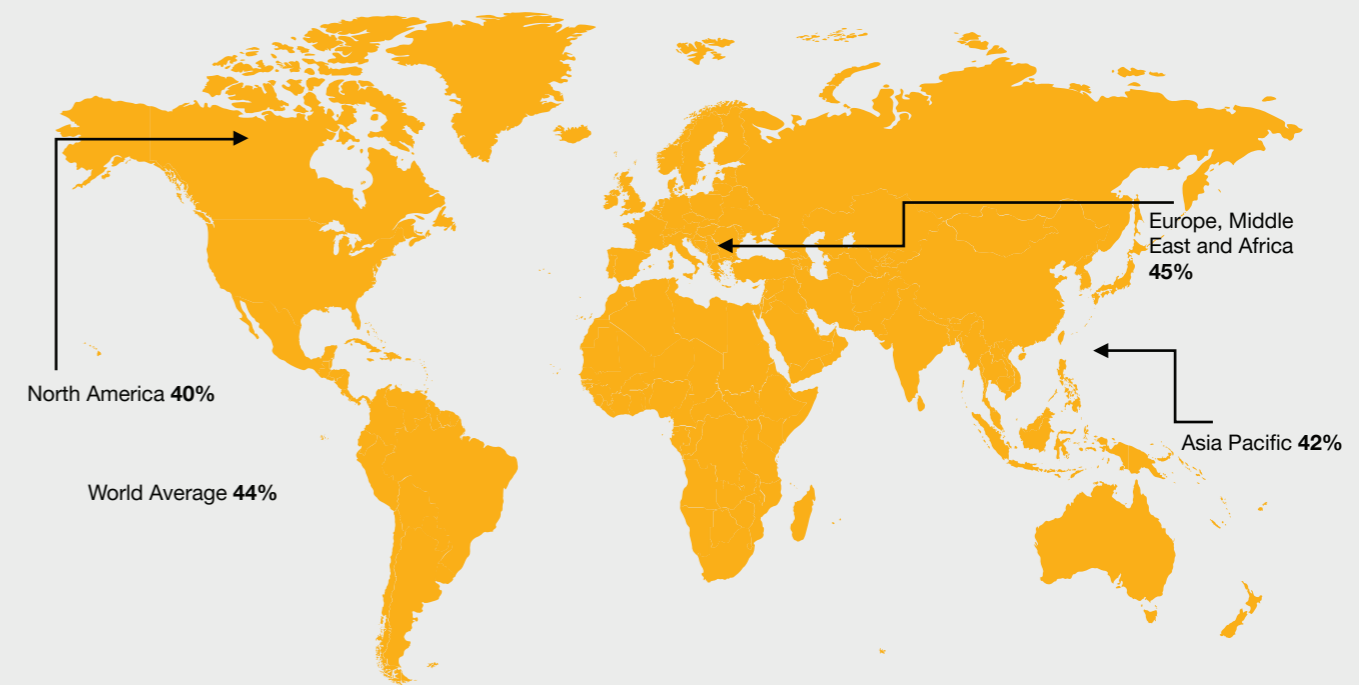
Changing Consumer Values

In recent years, the evolution of consumer values has led producers and sellers to recalibrate their way of doing business. The fundamental shift in consumer preference has led to the rise of socially and environmentally responsible brands that go beyond traditional for-profit considerations. As such, the concept of sustainability has become a prominent issue for consumers, playing a role in influencing their purchasing decisions. Globally, it is observed that there has been a 71% increase in online searches for sustainable products, particularly in high-income countries like the UK, USA, and Canada⁵³. 44% of global consumers attach high importance to shopping from brands that set clear sustainability goals⁵⁴. This rate is 40% in North America, 45% in the EMEA region (which includes Türkiye), and 42% in the Asia-Pacific region. Thus, global statistics confirm that sustainability considerations for consumers are similar across

the board, justifying the importance that small and medium-sized businesses (SMEs) in Türkiye have begun to attach to the sustainability aspect of their products. Consumers in Türkiye have similar considerations to global consumers, increasingly attaching higher importance to sustainability goals. As such, for businesses operating in Türkiye, attaching importance to sustainability and determining sustainability goals is beneficial for long-term objectives.

In a 2022 survey investigating the share of consumers that plan to avoid products with excessive packaging for sustainability reasons in selected countries worldwide, it was observed that 55% of consumers in Türkiye, as well as Belgium, Brazil, and Germany, state that the amount of packaging of the brands is an important consideration when shopping.

Figure 49 – Share of consumers who prefer brands with sustainability goals, 2021, (%)

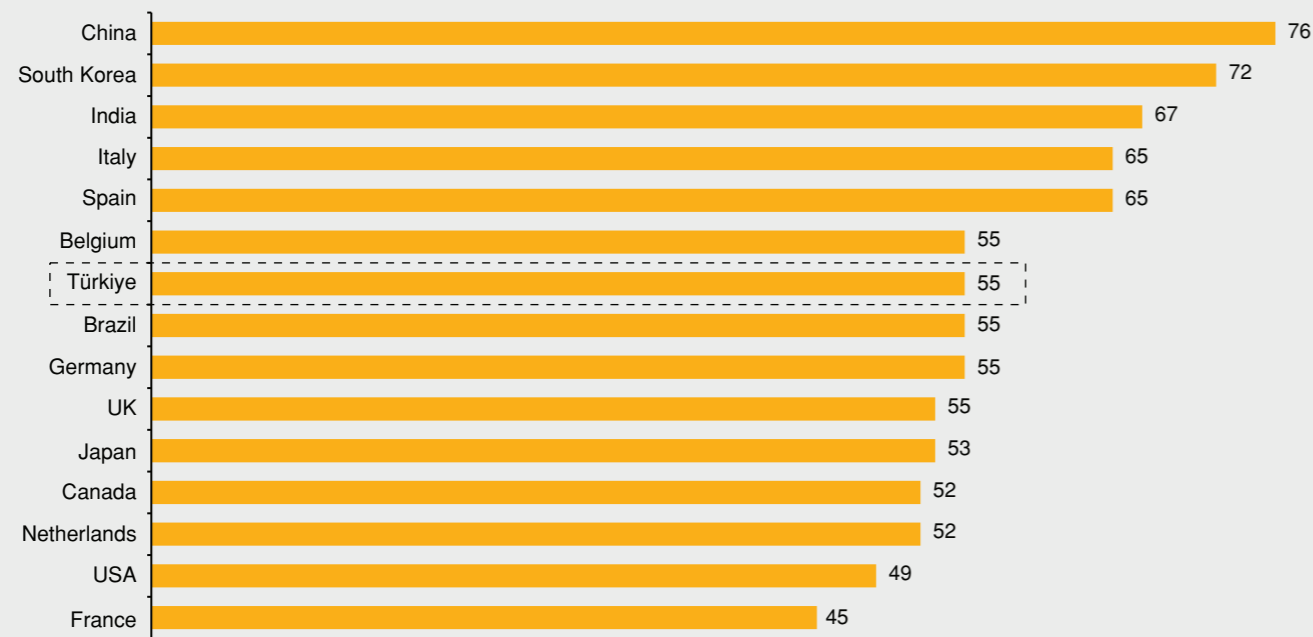


Source: Shopify, PwC Analysis

⁵³The Economist, 2021

⁵⁴Shopify, 2021

Figure 50 – Share of consumers that plan to avoid products with a lot of packaging, 2022, (%)



Source: Ipsos 2022, PwC Analysis

Moreover, social impact is another topic that consumers prioritize when shopping. The social dimension of the supply chain, such as the working conditions of factory and shipping personnel, as well as ethical and fair production processes are factored into the decision-making process when shopping, as the rise of social media has allowed consumers to gain detailed insights into the production processes of select brands, and with increased visibility, consumers have begun to expect accountability.

As societal awareness on the importance of social and environmental responsibility grows, businesses are recognizing the need to adapt and prioritize the need for sustainability in their operations. With the goal of meeting consumer demands and reducing their ecological footprint, companies are taking proactive measures to produce recyclable products and to increase production efficiency. This is not just a trend among large global corporations, but also among small businesses in Türkiye and around the world.

In summary, large corporations, SMEs and consumers are increasingly concerned about social and environmental consequences when making decisions, and these factors have become an integral part of businesses when producing and packaging their products, while also acknowledging changing consumer demands and the need to shift to more sustainable business models.



Mobilizing Earthquake Relief Efforts

In the aftermath of the devastating 7.7 and 7.6 magnitude earthquakes in Southeast Türkiye and Syria, the global community came together, setting in motion much-needed relief and support initiatives. Stakeholders within the e-commerce ecosystem played a vital role in all aspects of earthquake relief mobilization efforts.

Many actors, including marketplaces, local vendors, online service providers, and logistics companies launched a wave of mobilization campaigns aimed at assisting victims of the earthquake. These initiatives have provided all types of aid, including but not limited to digital support cards, freelance transportation services, care packages and donations.

By leveraging their extensive networks, e-commerce stakeholders have been actively and consistently involved in supporting the earthquake zone and helping to alleviate the suffering caused by the earthquakes.

To that end, Amazon has been helping communities impacted by the earthquake since the first hours of the disaster, swiftly initiating its disaster relief capabilities to help meet the immediate needs of relief organizations active in the region. Amazon has effectively:

- Pledged an initial commitment of \$600,000 in total cash donations to NGOs providing critical support in areas affected by the earthquake,
- Shipped tens of thousands of immediate relief supplies to several NGOs working on the ground.



- Deployed two Amazon Air cargo planes carrying tents, sleeping bags, blankets, heaters, and other much-needed supplies to Türkiye from the US and Germany.
 - Launched the Türkiye Disaster Relief Hub - Together with one of our local logistics partners, we converted 2,000 square meters of warehouse space into a facility that helped move critical supplies to front-line organizations.
 - Joined the Turkish Ministry of Trade's Earthquake Solidarity Campaign and launched a Wishlist on amazon.com.tr to provide customers a convenient way to donate products to be sent to the impacted region.
 - Created NGO donation cards for customers to purchase directly from amazon.com.tr.
 - Spearheaded donation campaigns for customers on 16 Amazon stores worldwide: Türkiye, Sweden, Germany, Spain, France, Italy, Netherlands, United Arab Emirates, United Kingdom, India, USA, Poland, Japan, Canada, Singapore, Australia.
- In addition, **Amazon Web Services (AWS)** has
- Provided technical support to local organizations helping with relief efforts, working with its local cloud technology partners VNGRS and Skyloop Cloud to help AFAD, a Turkish governmental disaster management agency, developing software powered by artificial intelligence (AI) to coordinate incoming calls for help. This digital solution enabled faster response to rescue alerts, which were passed on to search and rescue teams. With this software, the data from incoming calls was digitized through speech-to-text technology to quickly gain actionable insights from conversations with those in need, including the type of assistance needed.
 - Helped AKUT Search and Rescue Association scale their app Güvendeyim (which translates to "I am Safe") to help local residents notify loved ones that they were safe.
 - Provided Turkish tech customer Başarsoft with technical support to create the Earthquake Assistance Needs Mapping Portal. The portal used location-based social media posts to help direct search efforts to critical areas, such as collapsed buildings and rubble. The app also helped locate people in need of assistance and allowed anyone to submit aid requests.
 - Helped launch another mapping effort, Afetharita.com ("disaster map"), coming together with tech professionals also came together. The app made use of AI to create a map showing requests for help posted through social media.

Amazon Türkiye Empowers Turkish Businesses

From access to new marketplaces to easy and efficient delivery, Amazon provides various advantages for businesses looking to expand via e-commerce.



Access to New Markets

Amazon allows for access to new markets, shipping internationally to 130 countries and worldwide.



Straightforward and Cost-Effective Marketing

Through innovative digital marketing tools and advertising options, firms working with Amazon can promote their products in an unprecedented scale.



Access to New Customers

Through its expansive network spanning a wider range of geographies, Amazon provides businesses with access to a new and diverse customer base.



Easy and Efficient Delivery

From packing, storage, delivery and returns, Amazon provides tools and solutions for an easy and efficient delivery process, with customers receiving their purchases intact and on time.

Select Amazon Türkiye Services

Amazon's selling partners can take advantage of the numerous services offered by Amazon Türkiye, removing a significant amount of operational burden, providing fast, reliable and price advantageous shipping services, product prioritization options as well as access to Seller University materials and educational webinars to build upon their success.



Amazon Air executed two relief flights with over 100k lbs of supplies

Amazon is committed to leveraging its infrastructure, inventory, and teams to provide the relief needed for the region. For more information on Amazon's disaster relief response, visit:

<https://www.aboutamazon.com/news/community/how-amazon-is-helping-communities-impacted-by-the-earthquake-in-turkiye-and-syria>



Amazon's Global Logistics Network

- 200 million paid Prime members globally
- Via the «Global Selling» option, Turkish sellers can manage their overseas Amazon accounts on up to 21 stores through one seller central account – they can connect their accounts in 9 European stores and 12 global stores in the US, Canada, Mexico, Brazil, Japan, India, Australia, Singapore, UAE, Saudi Arabia and Egypt

Fulfillment by Amazon

- Let Amazon pick, pack, and ship your orders.
- Amazon can also provide customer service and process returns for those orders.
- Amazon services let your business scale quickly.
- Amazon handles the details to save you time, so you can focus on your business.

Prime Services

- Prime members love free and fast shipping, and all [Amazon.com.tr](https://www.amazon.com.tr) customers can get free shipping on eligible orders.
- When you list products for FBA, they are eligible for free shipping, too. Qualified FBA listings are displayed with the Prime logo, so customers know that Amazon handles packing, delivery, customer service, and returns.

IP Accelerator

- Amazon created the Intellectual Property (IP) Accelerator specifically with small and medium businesses in mind, to make it easier and more cost effective to protect your brand.
- IP Accelerator directly connects SME owners with a curated network of local IP specialists charging reduced, pre-negotiated rates on key services, giving SMEs access to expert legal and general IP advice that may otherwise be cost-prohibitive or hard to find.
- IP Accelerator provides SMEs with early access to Amazon's brand protection tools that help them protect their brand and IP even before their trademark is officially registered.
- Launched in Türkiye in June, 2022

Amazon Brand Registry

- Amazon Brand Registry helps you protect your intellectual property (IP), manage your listings, and grow your business, regardless of whether you sell in our store – for free.
- Participants benefit from Amazon's automated, data-driven protections that proactively remove suspected infringing or inaccurate content as well as tools that enable brands to report suspected infringement.
- Enrollment in Brand Registry also provides brands with greater influence over product information displayed on Amazon's product detail pages to help customers make confident, informed purchasing decisions.

Trainings

- Seller University - Educational resources to help brands, businesses, and entrepreneurs learn how to succeed as Amazon selling partners.
- Free webinars year-long
- **Amazon Türkiye Sellers Training Programme** [YouTube Channel](https://www.youtube.com/channel/UCv8v8v8v8v8v8v8v8v8v8v8)
- **OneClick Exports Program** – launched in May 2022, supported by the Ministry of Commerce in partnership with TOBB (The Union of Chambers and Commodity Exchanges in Türkiye), TOBB ETÜ, Bogazici University and PwC Türkiye. Providing SMEs in Türkiye free training and consultancy opportunities in sales, e-commerce and e-export.

Amazon Türkiye's OneClickExports (BiTiklaİhracat) Program

The OneClick Exports (“BiTiklaİhracat”) program, launched in May 2022 through the collaboration of Amazon Türkiye, TOBB (Union of Chambers and Commodity Exchanges of Turkey), TOBB ETÜ, PwC Türkiye, and BÜYEM (Boğaziçi University Lifelong Learning Center) with the support of the Ministry of Trade of the Republic of Turkey, aims to support SMEs and entrepreneurs in online sales and e-exports in Turkey. It stands out as a comprehensive and multi-stakeholder training and consultancy program that aims to enhance the personalized knowledge of Turkish entrepreneurs in this field.

The “BiTiklaİhracat” program, which is open and free for participation to SMEs (Small and Medium Enterprises) engaged in or planning to engage in e-export, entrepreneurs, and anyone who wants to improve themselves in this field, has four main pillars: online video training modules, online and face-to-face live events, consultancy services, and a news center providing up-to-date information and news about e-exporting. The online video training modules, which can be accessed at <https://bitiklaihracat.com/>, offer a comprehensive curriculum covering all the necessary topics about

e-commerce and e-exporting.

In addition to the online video training modules, the BiTiklaİhracat program supports SME capacity development through live events. Expert professionals from various areas of expertise in e-commerce and e-export, as well as public personnel, come together with entrepreneurs through physical conference events and webinars. Throughout the year, entrepreneurs and SMEs benefit from activities such as e-export information seminars based on target export markets-industry matches, webinars with e-commerce experts on various topics, and conferences hosting inspirational discussions.

In addition to the educational content and events presented by experts in the field, SMEs and entrepreneurs also have the opportunity to receive free online consultancy support from expert lawyers and consultants in tax, customs, and fiscal processes. Participants who have completed a certain portion of the online training can receive one-on-one free consultancy support in their desired subject to contribute to the resolution of their specific e-export problems.



Views from Amazon Türkiye's Selling Partners



Mustafa Uğur

On Off Moto & Kamp
İstanbul, Türkiye

“Turning his passion for motorcycling and nature into business”

On Off Moto & Kamp caters to avid motorcyclists and nature lovers through a wide and varied selection of products. Mustafa Uğur, owner of On Off Moto & Kamp, credits the expansion of his business to his fruitful partnership with Amazon Türkiye, stating that one of the major factors of his business success stems from the innovative services provided by Amazon Logistics (FBA).

Mustafa Uğur, who founded On Off Moto & Kamp in 2015, has relied on his 22 years of motorcycling and 14 years of teaching experience to execute his vision of facilitating life on the road for motorcycle riders and nature-lovers alike.

The terms “on-road” and “off-road” are key to the company’s product lines in the motorcycle segment, and “on-camping” and “off-camping” are used to differentiate the various products available to adventurers, elevating their experiences in nature. The On Off Moto & Kamp brand contributes to a curated experience that enables those with a passion for the outdoors to have access to professional-grade, unique and quality products.

To date, On Off Moto & Kamp is the only brand in Türkiye selling motorcycling and camping gear under one roof.

On Off Moto & Kamp sales have been soaring online, in addition to wholesale. Although carrying operations online can be seen as daunting at first for enterprises, Mustafa Uğur believes that e-commerce will revolutionize the future of retail and says **“We have our own online store with all our products, however, we are also very active on e-commerce sites. In fact, I can easily say that e-commerce is one of our most important sales channels. The digital environment is a major component of the future of our operations, helping to proliferate our products near and far.”**



İsmail Zencirkıran

Espressomm
İstanbul, Türkiye

Having lived in Germany for 22 years, İsmail Zencirkıran felt it was time to return to Türkiye. Once he returned, he noticed that he had difficulty in finding fresh, affordable, and tasty coffee capsules to use for the coffee maker he brought back with him. He then had the idea to create a Turkish coffee capsule brand, which led to the birth of Espressomm. The Espressomm facility, which was established in 2018 with a capacity of 500,000 units,

currently produces 3 million capsules of coffee per month. These coffee capsules are produced for both end consumers and wholesale large coffee companies. Shortly after their products started selling on Amazon Türkiye, they applied to work with Amazon Logistics. **“Ever since Amazon Logistics started conducting our operational processes for us, our workload has decreased, along with our operational costs. In addition, we are able to offer our products to Amazon Türkiye customers at a more competitive price range. After having joined Amazon Logistics, our sales increased tenfold. I would definitely recommend that all affiliates consider using Fulfillment by Amazon (FBA).”** – İsmail Zencirkıran, founder of Espressomm



Aziz Aydın

Robotistan
İstanbul, Türkiye

“In our quest to provide better service to our customers, we decided to join forces with Fulfillment by Amazon, which offers fast delivery,

quality customer service and manages returns on our behalf. We are happy and feel secure partnering with Amazon,” says Aziz Aydın, one of the founders of Robotistan, founded in 2010 with the aim providing customers an opportunity to learn about coding through their robotic coding and Maker products.



Sinan Uğur Yılmaz

Lissiya Farm
İstanbul, Türkiye

“Amazon Logistics is a service that every sales partner should absolutely experience. It is a win-win situation for both our company and our customers due to lower costs and robust and fast shipping opportunities. In addition, our lower shipping costs result in a price advantage for our

customers, increasing both our sales and our brand awareness. Customers who are satisfied with our products and the overall shopping experience continue to purchase from us. The positive feedback we receive from our customers also helps us to further embrace our business. Our next target is to export to Europe. In order to achieve our goal, we will take advantage of Amazon’s know-how.” - Sinan Uğur Yılmaz, founder of Lissiya Farm, which produces natural and additive-free food products.



Yüksel Özkasap

Interigo
İzmir, Türkiye

Yüksel Özkasap’s interest in e-commerce started when he quit his job in banking and initially founded a shipping agency. During his time there, he noticed how customers often returned pieces of furniture they had purchased online because they had failed to assemble them. Interigo was thus established with the aim of providing decorative, practical modular

furniture. Working out of his facility in Torbalı, İzmir along with 45 of his colleagues, Yüksel Özkasap underlines his company’s mission: **“Our aim is to provide our customers who shop online with products that can be disassembled but are very easy to assemble, at reasonable prices. I am very glad we joined Amazon Logistics, we do not have to deal with the day-to-day operational burdens and can devote all our time to designing and selling new products. Once our products received the Prime Label, they became part of the bestsellers list in the furniture category, which became an added source of motivation.”**

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