

e-Commerce Statistics Workshop

ULAANBAATAR, 20-23 MARCH 2023

EMILIO BUGLI INNOCENTI

E-Commerce Statistics Workshop Agenda

DAY 1 – Importance of e-Commerce and e-Comm Official Statistics

- ❑ *Basic e-Commerce (DE) definitions and facts*
- ❑ *International and Mongolia situation*
- ❑ *Why official ICT/E-Commerce Statistics is important*
- ❑ *How to re-enforce official e-Commerce Statistics*
- ❑ *Discuss Specific e-Commerce Statistics cases*

The role of e-Commerce and Digital Economy

Broad definition of e-commerce transactions (OECD):

- *An electronic transaction is the sale or purchase of goods or services, whether between businesses, households, individuals, Governments, and other public or private organizations, conducted over computer-mediated networks. The goods and services are ordered over those networks, but the payment and the ultimate delivery of the good or service may be conducted on or offline.*

The role of e-Commerce and Digital Economy

Broad definition of e-commerce transactions (OECD):

- As a guideline for the interpretation of the definition above, the OECD notes that the broad definition includes orders received or placed on any online application used in automated transactions, such as Internet applications, electronic data interchange (EDI) or interactive telephone systems.

The role of e-Commerce and Digital Economy

Narrow definition of e-commerce transactions (OECD):

- *An Internet transaction is the sale or purchase of goods or services, whether between businesses, households, individuals, Governments, and other public or private organizations, conducted over the Internet. The goods and services are ordered over the Internet, but the payment and the ultimate delivery of the good or service may be conducted on or offline.*

The role of e-Commerce and Digital Economy

Narrow definition of e-commerce transactions (OECD):

- As a guideline for the interpretation of the definition above, the OECD notes that the narrow definition includes orders received or placed on any Internet application used in automated transactions, such as web pages, extranets and other applications that run over the Internet such as EDI over the Internet or over any other web-enabled application regardless on how the Web is accessed (e.g., through a mobile phone or a TV set, etc.). The definition excludes orders received or placed by telephone, facsimile or conventional email.

The role of e-Commerce and Digital Economy

e-Commerce can be:

- **B2B:** Business to Business.
- **B2C:** Business to Consumer
- **C2C:** Consumer to Consumer, e.g., some aspects of eBay, Amazon
- **C2B:** Consumer to Business, e.g., crowdfunding

The role of e-Commerce and Digital Economy - Global

- According to the most updated estimates, the global e-commerce has produced a turnover of 10.780 billion, considering B2C and B2B together. Online retail trade, which last year accounted for 23% of the total, now accounts for 39% due to a combination of decreased B2B transactions caused by many business closures and the rise in B2C.
- The global B2C e-commerce is worth 4,280 billion dollars, 27.6% more than the previous year. It is estimated that the turnover will reach 4.891 billion during 2021, with a 14.3% growth rate. While revenue from retail e-commerce in the United States was estimated at roughly 768 billion U.S. dollars in 2021, in Europe, online retail sales amounted to 376 billion euros, 67 billion euros more than last year, beyond the expected estimates of 343 billion euro in 2020.

The role of e-Commerce and Digital Economy - Mongolia

- Mongolia's eco-system for eCommerce has remarkably improved over the last two years. Mongolia has a relatively good infrastructure for eCommerce centred in the capital city of Ulaanbaatar.
- Out of a population of three million, 2.6 million have Internet access, two million use smart phones, 1.3 million regularly use Facebook and Twitter (Communication Regulatory Commission).

The role of e-Commerce and Digital Economy - Mongolia

- However, barriers to domestic eCommerce remain, including a lack of trust between buyer and seller, lack of logistics infrastructure to deliver products cost effectively, poor Mongolian-language search engines to locate products, and inconsistent and unclear government regulation affecting delivery, payment, and taxation of eCommerce transactions.

The role of e-Commerce and Digital Economy - Mongolia

- According to other authors , the Mongolian e-commerce market is growing faster and expected to see tremendous growth over the next few years. There is a tendency in Mongolia to choose of online shopping to avoid the spread of COVID-19. The current Mongolian e-commerce industry has experienced unprecedented growth, with its total revenue increasing over 60 percentages during last year (Mongol bank 2020).
- According to an e-commerce market survey conducted by the Mongol Bank in May-June 2020, 95% or 3,331 out of 3,520 individuals purchased products online and 5% (189) bought products for resale.

The role of e-Commerce and Digital Economy - Mongolia

- 45% ordered through intermediaries in Mongolia, 23% made direct purchases from foreign websites such as Amazon, Alibaba and G-market. In terms of age, 27% of 16-25 years old, 46% of 26-35 years old, 22% of 36-45 years old, and the remaining 5% are over 46 years old. E-commerce is dominated by young women (66%). Even though e-commerce is well established in developed countries, it is still at an early stage in Mongolia

The role of e-Commerce and Digital Economy – Mongolia (UNCTAD Assessment, 2023)

STATE OF DEVELOPMENT OF E-COMMERCE IN MONGOLIA / ICT INFRASTRUCTURE

- ICT infrastructure development is at the core of many strategies, well diversified fundings and supported
 - Increased ICT investment
 - Mobile broadband prevails over the fixed broadband 10-fold
 - 4G/LTE accessible to 70% users, 5G deployment is imminent (Ulaanbaatar)
 - Satellite connection available in remote areas
-
- **Rural areas: insufficient connectivity, lower quality, more expensive.**
 - **Limited access to non-mobile ICT devices**
 - **High costs of infrastructure sharing**

The role of e-Commerce and Digital Economy - Mongolia (UNCTAD Assessment, 2023)

STATE OF DEVELOPMENT OF E-COMMERCE IN MONGOLIA / E-COMMERCE REGULATORY/LEGAL ASPECTS

- Partially complying with international standards and best practices
- Progress on going
- Some key international treaties were recently ratified
- Aligning with international standards, implementation, stakeholder engagement in the rule-making and awareness about legal/regulatory aspects

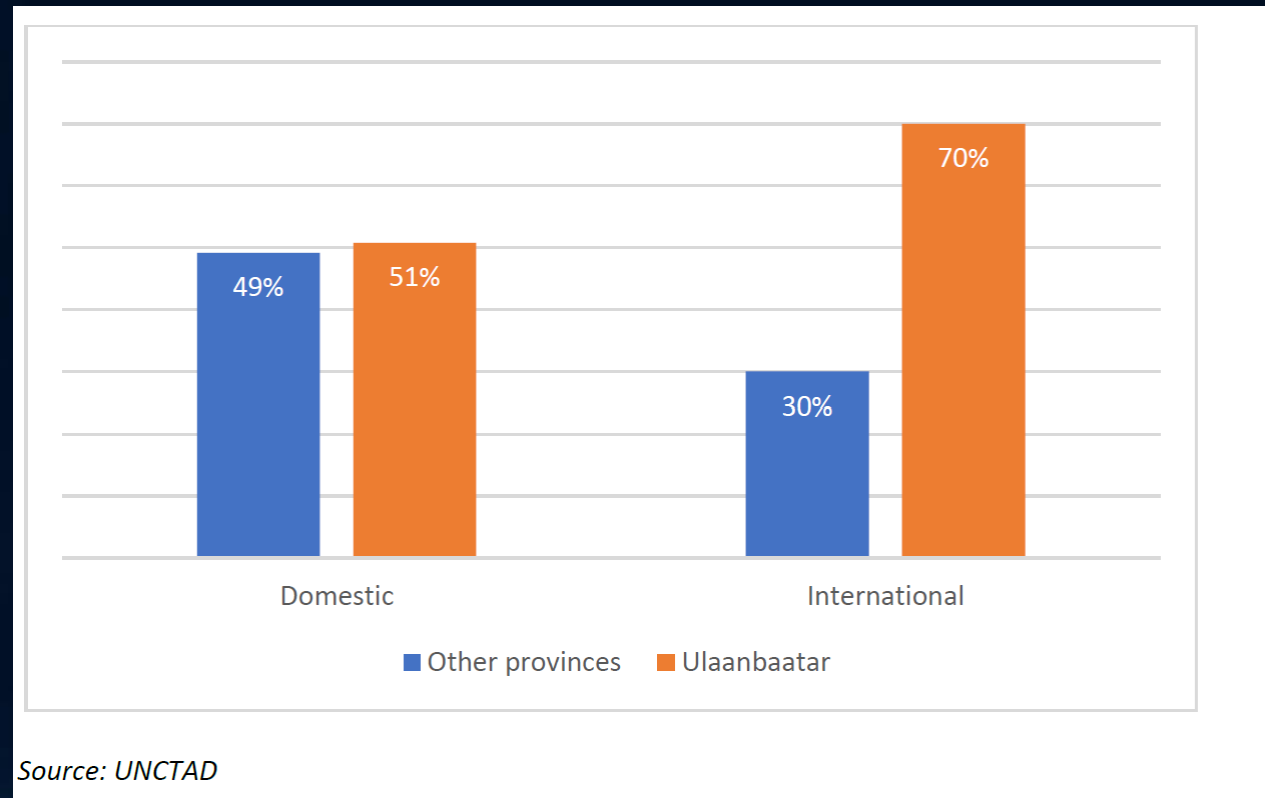
The role of e-Commerce and Digital Economy – Mongolia (UNCTAD Assessment, 2023)

STATE OF DEVELOPMENT OF E-COMMERCE IN MONGOLIA / E-COMMERCE SKILLS DEVELOPMENT

- Partially target by formal education and selected life-long programmes including incubator/accelerators
- Efforts to build ICT/e-Commerce capacity for disadvantaged groups (disabled, elderly, rural)
- Private/public incubators exist
- Scarce entrepreneurs capacity, linguistic proficiency, consumer competence, trained staff, non-mobile ICT skills, MSME awareness of e-commerce opportunities. limited offer from incubators/accelerators

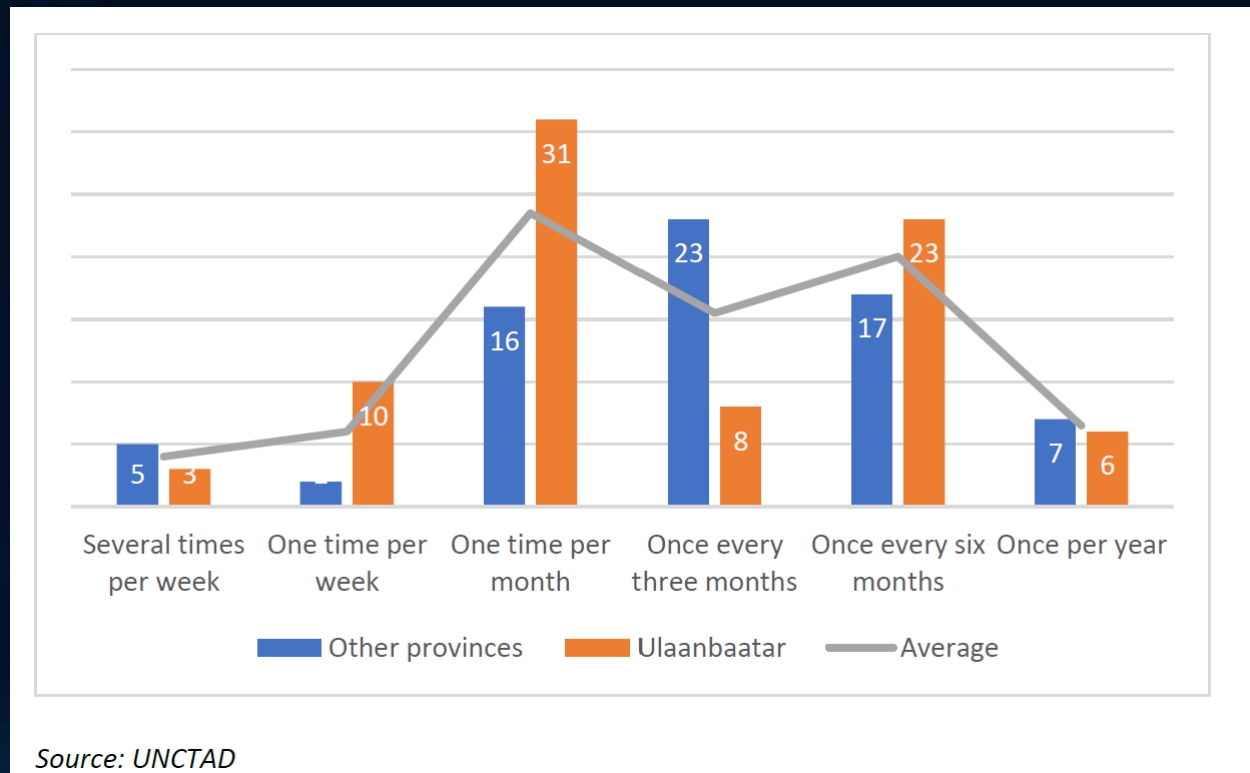
The role of e-Commerce and Digital Economy

STATE OF DEVELOPMENT OF E-COMMERCE IN MONGOLIA: NATIONAL/INTERNATIONAL E-COMMERCE PURCHASES



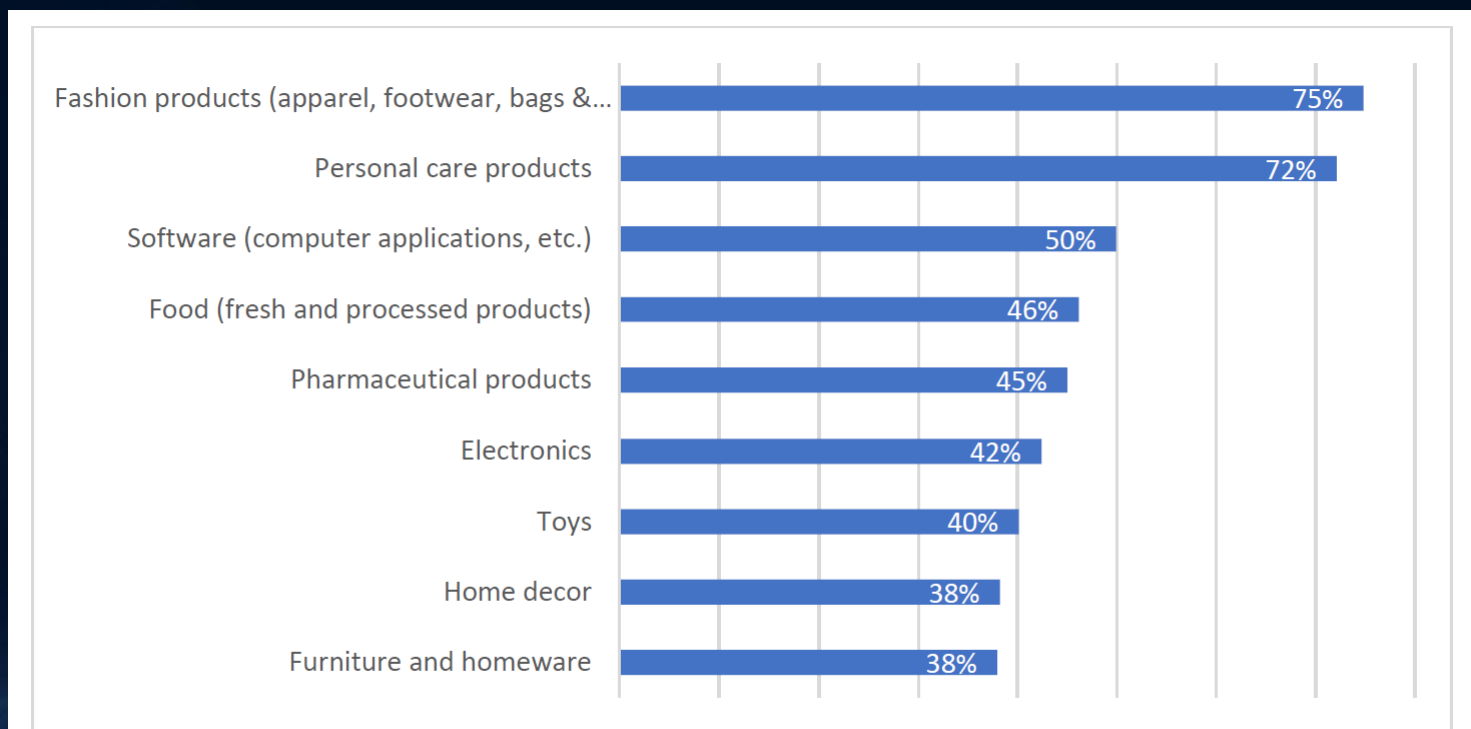
The role of e-Commerce and Digital Economy

STATE OF DEVELOPMENT OF E-COMMERCE IN MONGOLIA: **FREQUENCY OF ONLINE SHOPPING**



The role of e-Commerce and Digital Economy

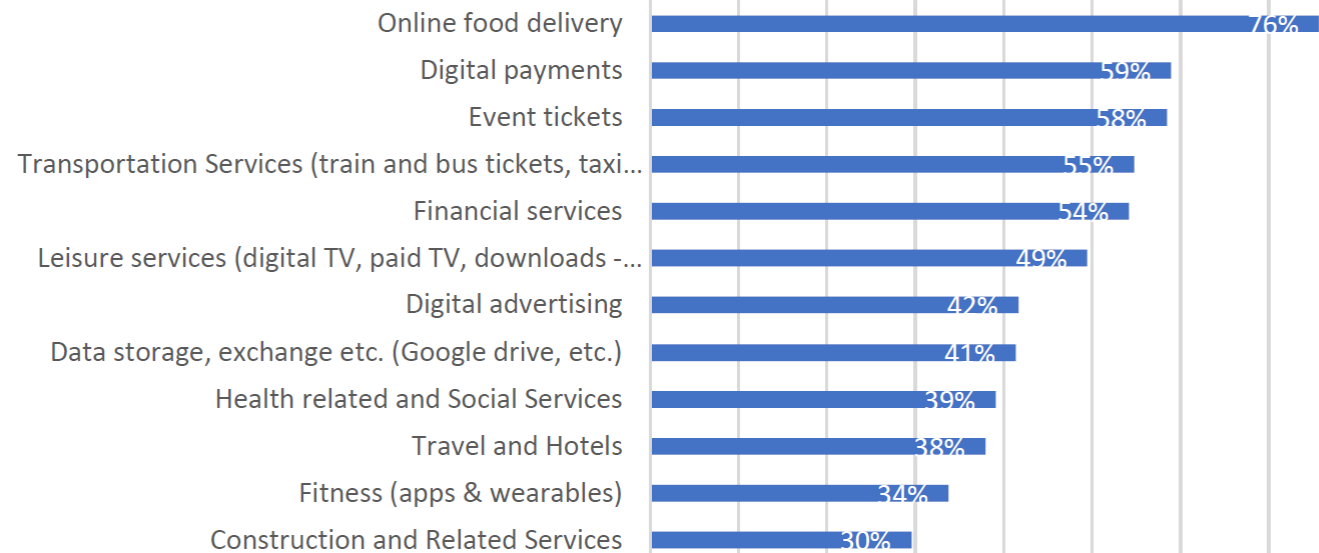
STATE OF DEVELOPMENT OF E-COMMERCE IN MONGOLIA: **MOST PURCHASED ONLINE PRODUCTS**



Source: UNCTAD

The role of e-Commerce and Digital Economy

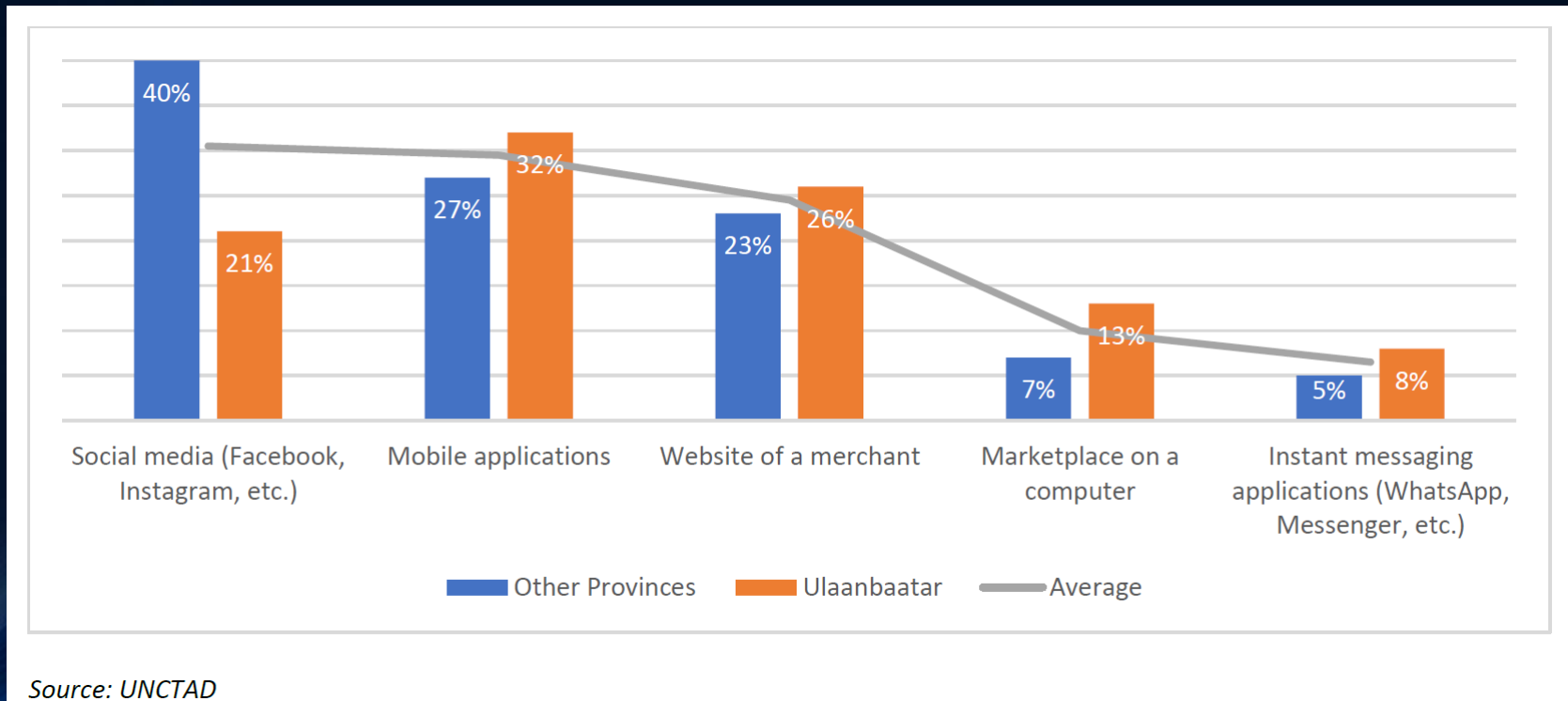
STATE OF DEVELOPMENT OF E-COMMERCE IN MONGOLIA: **SERVICES MOST PURCHASED ONLINE**



Source: UNCTAD

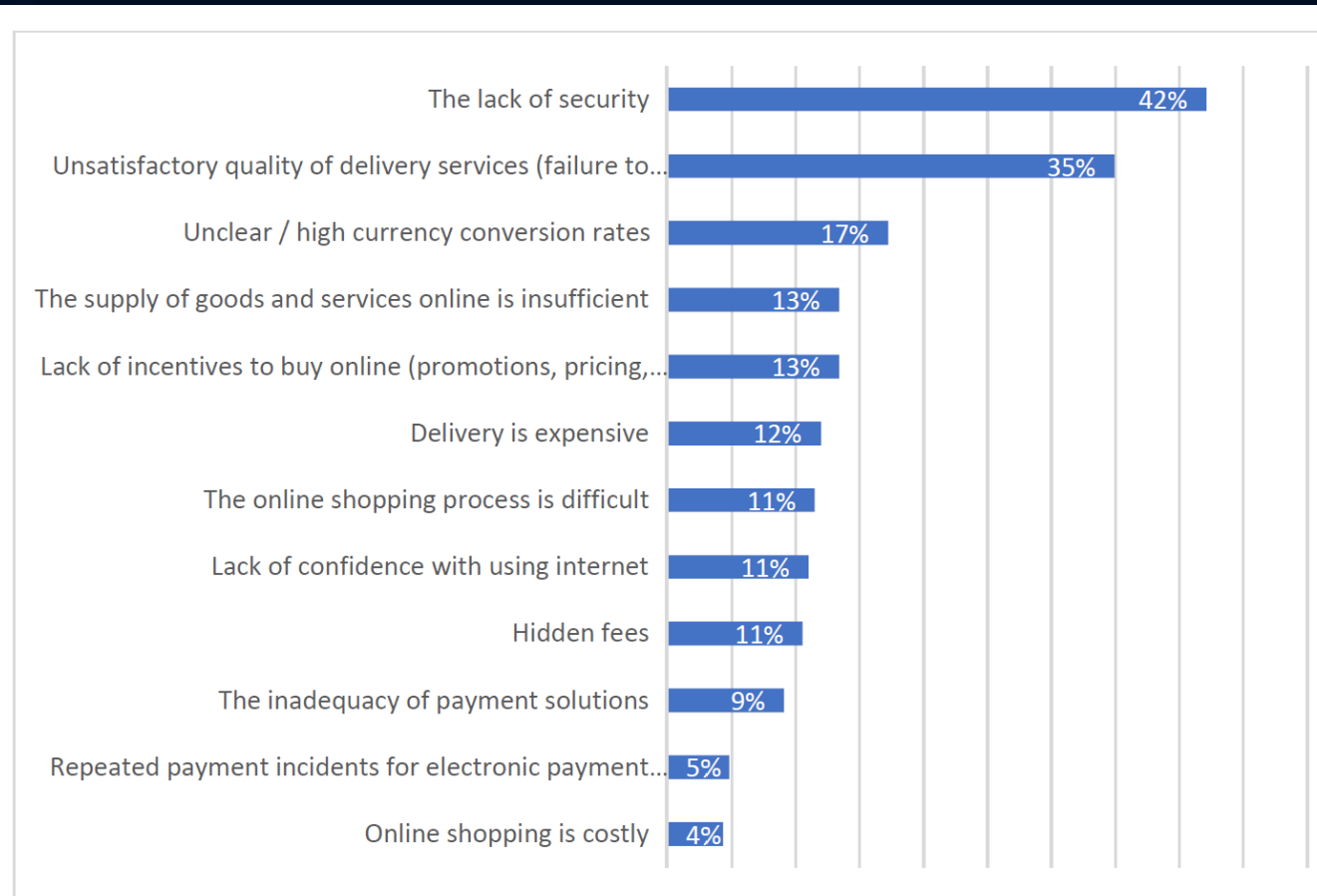
The role of e-Commerce and Digital Economy

STATE OF DEVELOPMENT OF E-COMMERCE IN MONGOLIA: **PREFERRED WAY TO MAKE ONLINE PURCHASE (INDIVIDUALS)**



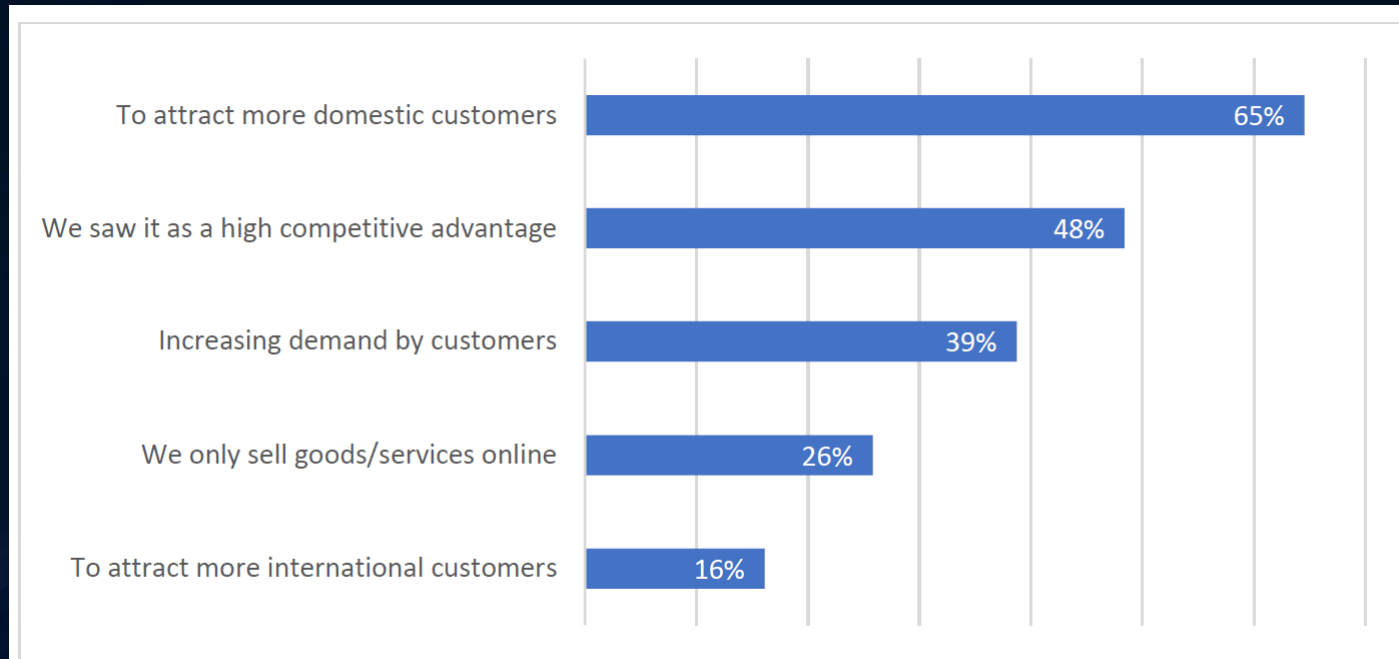
The role of e-Commerce and Digital Economy

STATE OF DEVELOPMENT OF E-COMMERCE IN MONGOLIA: REASONS FOR NOT BUYING ONLINE (INDIVIDUALS)



The role of e-Commerce and Digital Economy

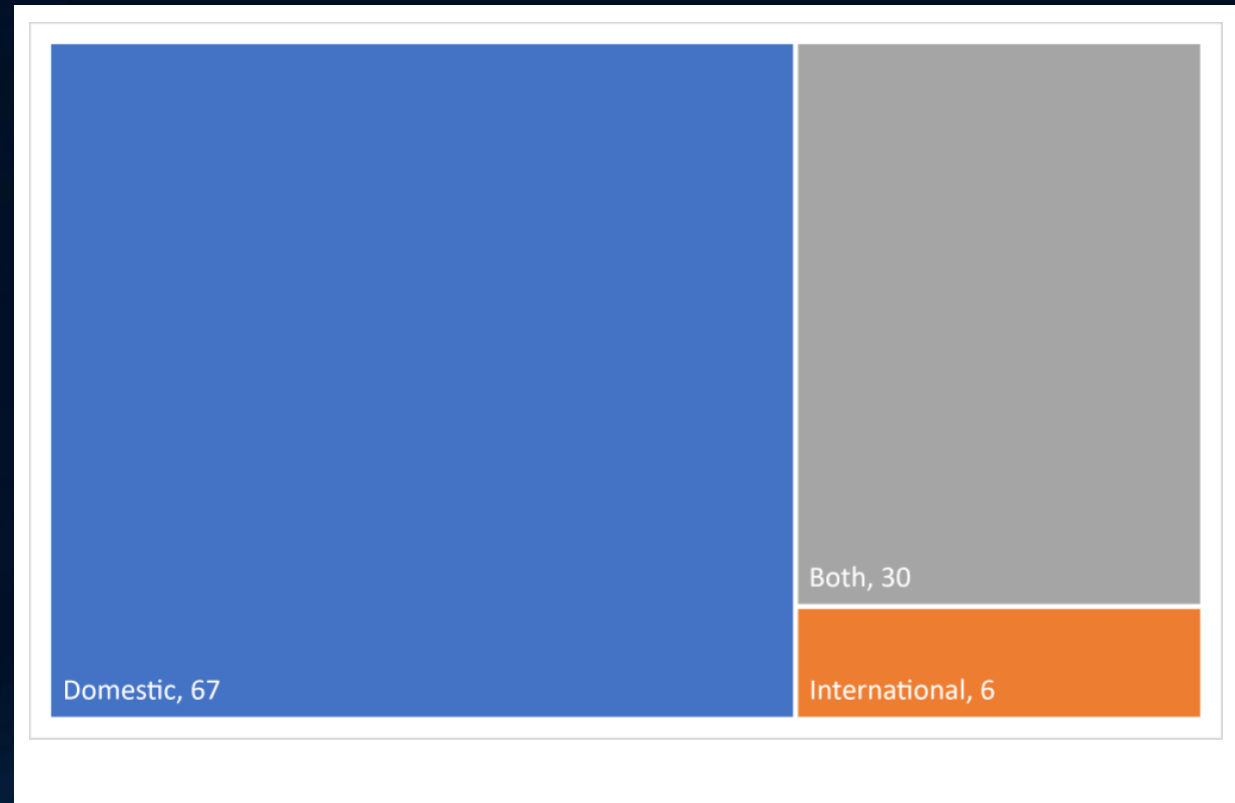
STATE OF DEVELOPMENT OF E-COMMERCE IN MONGOLIA: REASONS FOR GOING DIGITAL/SELLING ONLINE (ENTERPRISES)



Source: UNCTAD

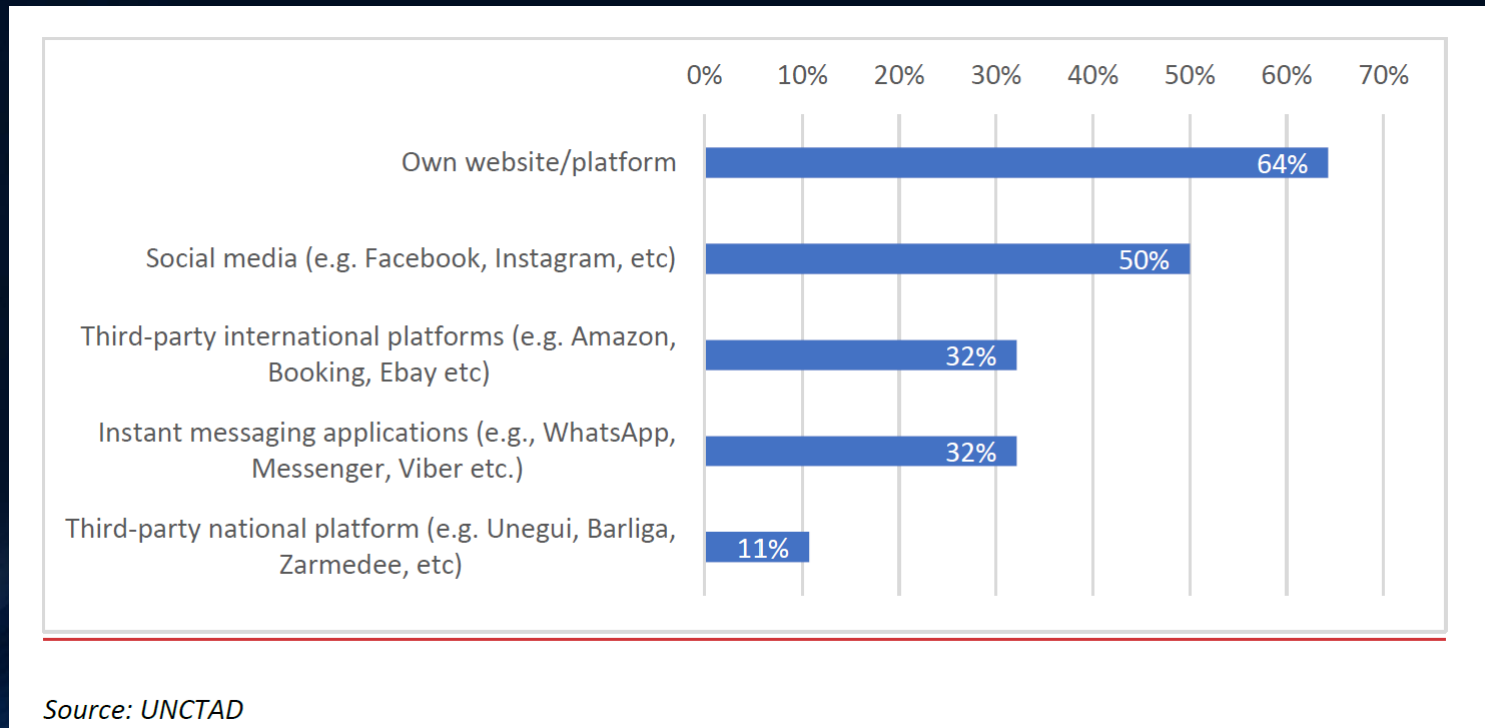
The role of e-Commerce and Digital Economy

State of Development of e-Commerce in Mongolia: **Nature of e-commerce sales (domestic/international) (enterprises)**



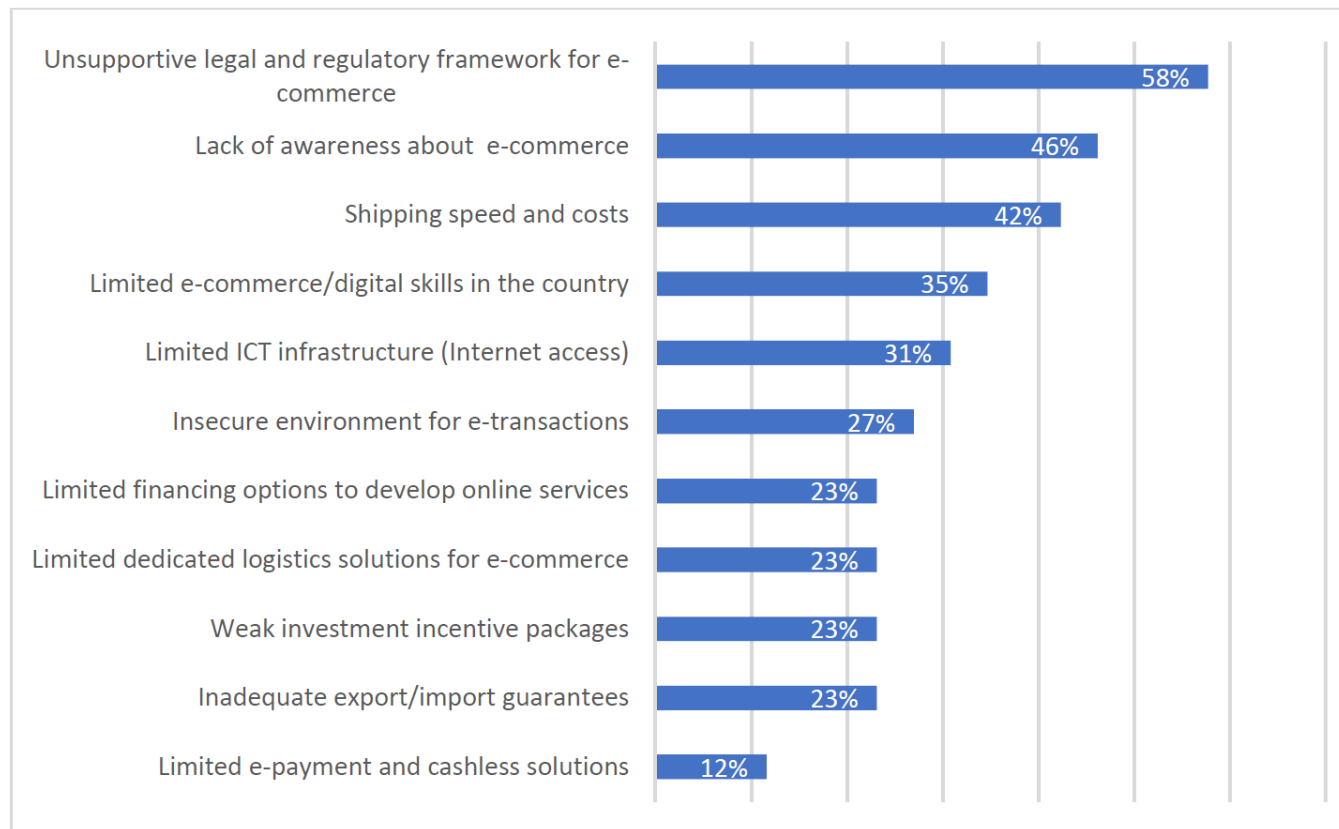
The role of e-Commerce and Digital Economy

STATE OF DEVELOPMENT OF E-COMMERCE IN MONGOLIA: **PREFERRED WAYS TO SELL ONLINE (ENTERPRISES)**



The role of e-Commerce and Digital Economy

STATE OF DEVELOPMENT OF E-COMMERCE IN MONGOLIA: REASONS FOR NOT INVESTING IN E-COMMERCE SOLUTIONS (ENTERPRISES)



Source: UNCTAD

The role of e-Commerce and Digital Economy

Discussion, Questions/Answers

Agreement/Disagreement with estimated e-commerce data and behaviour