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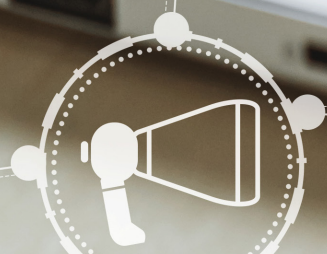
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The Outstanding Success of E-Commerce, Changes in Consumer Behavior, and Digitalization

Deloitte.
Digital

Executive Summary





Factors Affecting E-Commerce in the World and Turkey from a Consumer Perspective

Impact of Demographic Factors on E-Commerce

As the global population continues to grow, the economy will continue to evolve and change digitally. The acceleration of digital transformation across all industries increases users' interest and inclination toward the digital. In addition, the increased digital maturity of users of all ages and genders accelerates and guides digitalization. In other words, they are mutually supportive of each other's growth and have become interdependent. When looking at the e-commerce purchase figures of global consumers on any device (cell phone, tablet, PC), the figures for different age groups are similar. The high rates between the ages of 16 to 24, the youngest age group identified, show that the age and user habits have evolved toward online purchases. In contrast, the high rates between the ages of 55 to 64 show that adaptation to digital and e-commerce is rapid.

Growing internet penetration rates, number of mobile users, investments, and predispositions towards the digital of both users and businesses support the rapid and continuous development of e-commerce.

Internet Infrastructure and Its Prevalence

As of January 2021, the number of internet users worldwide was 4.66 billion, and the global internet penetration rate was 59.5%. Looking at the distribution of internet penetration by region, Africa, the Middle East, and Asia-Pacific, which account for approximately 76% of the world's population, have the lowest internet penetration rates, while North America has the highest.

It can be noted that users' have increasing expectations regarding internet access, such as speed, and they prefer newer technologies such as fiber and 5G, which dictates their perspective on the internet and the digital. From the perspective of internet providers, companies aim to offer internet services via satellite as an alternative to traditional methods. By advocating that the future of the internet lies in these alternative methods, pioneering companies aim to gain a competitive advantage by creating even more significant breakthroughs by combining their outstanding talents and functions with different companies.

Mobile Device Usage

When looking at global figures, it is estimated that 5.22 billion people worldwide use cell phones, which accounts for 66.6% of the world's population. While the share of mobile users worldwide has grown by 1.8% (93 million) since January 2020, the total number of mobile connections increased by 72 million (0.9%) to a total of 8.02 billion by the beginning of 2021.

Mobile and smart-device usage was found to have increased across all generations with the onset of COVID-19. According to a study conducted in March 2020, the percentage of respondents who said they spend more time on mobile devices or smartphones increased across all age groups. The figures were 82% for Generation Z (aged 16-23), 72% for Generation Y (aged 24-37), 66% for Generation X (aged 38-56), and 43% for baby boomers (aged 57-64).

Looking at the ownership rates of households between 2015 and 2020 in Turkey, the most significant increase falls into the category of smartphones and tablets. Over the last five years, smartphone ownership in households has increased by 57%. The widespread use of mobile devices and the mobile internet strongly indicates that the acceleration of mobile e-commerce will continue in the coming years.

Social Media Prevalence

In 2020, there were 3.6 billion social media users worldwide, and it is estimated that this number reached 3.78 billion in 2021. This figure is expected to reach 4.41 billion by 2025. 98.8% of social media users access these platforms via mobile devices, highlighting the importance of interaction with customers via mobile devices. The proliferation of internet infrastructure and the increasing use of mobile devices is also leading to growth in the social media user base. The prevalent user base and rising user numbers also bring social media platforms to the forefront as a vital marketing channel. Although companies mainly use social media platforms for marketing purposes, direct sales via these platforms are also one of the hot topics. It appears that users often prefer social media platforms for purchasing, product and brand research, etc.

Analyzing the platforms by the number of active users, the three most prominent players are Facebook, YouTube, and WhatsApp. It is known that these three platforms have more than 2 billion users. In addition, Instagram, WeChat, and TikTok also reach large audiences.

COVID-19 has also affected social media platforms. During this period, more users spent more time on social media platforms. In addition, there were differences in the use of these platforms, such as functioning as marketing and news channels. Analyzing the figures for Turkey, the number of active social media users in January 2021 was 60 million, and 59.1 million (98.5%) users accessed social media via mobile devices. Looking at internet users in general, users spend an average of 2 hours and 57 minutes per day on social media. Time spent on social media is equivalent to 37% of the time users spend on the internet.

Financial Product Prevalence

The digital transformation that financial services have been going through in recent years has picked up pace in the wake of restraints on social life due to the COVID-19 outbreak.

Cards offering contactless payments, mobile wallets, and wearable technologies, which businesses and users approach cautiously or found inaccessible due to commercial concerns, became more prevalent during the pandemic. To encourage the use of these methods, limits for contactless payments have been increased worldwide. In Turkey, the number of contactless card transactions grew by 250% from 2020 to the first half of 2021. In 2020, the number of contactless transactions made with cell phones increased by 232%.

The credit services provided by fintech institutions in countries such as the U.S. and the U.K. during COVID-19 allowed for faster deployment of fintechs to make up for disruptions in the delivery of government-announced COVID-19 support packages to small businesses by public institutions and banks, contributing significantly to the inclusiveness of the support packages. Although fintechs in Turkey only provide payment services, the BRSA has taken measures to support the role of fintechs in improving financial inclusion issuing the "Regulation on the Operating Principles of Digital Banks and Service Model Banking."

Reaching a wider audience, e-commerce plays a significant role in the digital transformation of financial services, increasing the financial inclusiveness of the industry. In 2020, 44.5% of e-commerce payments worldwide were made via digital/mobile wallets. Although credit cards are still the dominant form of payment in the U.S., digital/mobile wallet use is expected to rise to the top in 2023.

The digital transformation of financial services that accelerated during the global breakout is expected to continue at the same pace after the pandemic, which will likely reduce the use of cash. In the transformation of payment services, the adaptation of traditional financial institutions to disruptive technologies is critical to long-term success. It is projected that future payment methods will be more competitive, digital, and data-based and will challenge the norms.

Overview of SMEs in Turkey from a Business Perspective

Overview of SMEs in Turkey

To understand the dynamics of the e-commerce market, it is beneficial to examine the demographic characteristics of businesses, too, and not just consumers. According to data published by TURKSTAT, SMEs account for 99.8% of the total number of businesses operating in Turkey as of 2020. SMEs have a significant impact on the economy, accounting for 72% of employment, 49.2% of personnel costs, 49.4% of turnover, 42.7% of production value, and 41.3% of factor costs and added value in Turkey. Therefore, in addition to the digitalization of large businesses, the digitalization of small and medium-sized businesses is also of great importance for the e-commerce market.

Supporting the SMEs and contributing to their digitalization is an issue that should be considered by marketplaces, payment service providers, Telecom service providers, e-commerce infrastructure providers, and other market players. The digitalization of SMEs enables businesses to adapt to technological developments in terms of production, business practices, and service delivery to be more competitive and work more efficiently.

With the increased digital maturity of SMEs, their development in digital marketing, payment systems, internet/e-commerce infrastructure can help improve the trade volume of small and medium-sized enterprises and positively affect their business activities, turning the pandemic into an opportunity.

Many institutions in Turkey aim to increase the e-commerce activities of SMEs by organizing training programs to support and contribute to their digitalization processes. Trendyol, Hepsiburada, Gittigidiyor, N11, Amazon, and Çiçeksepeti offer academic training programs to facilitate the entry of new sellers into the market and help existing sellers improve their performance. Training sessions deliver information on memberships, store openings, listings, after-sales follow-up, and performance systems. Academy programs are tailored specifically to requests from providers. Marketplaces contribute to the growth of SMEs in e-commerce by participating in the training programs organized by the Ministry of Commerce along with their own academy programs.

For SMEs to effectively carry out their e-commerce activities, businesses need to create a digitalization plan, set goals in technology, implement technology-oriented projects with the help of newly created positions and teams, and make new investments to maintain progress. To guide SMEs in the digitalization process, it is of great importance for NGOs and government institutions to offer more training, increase support, and raise SME awareness regarding the available support programs.

The Relationship of Consumers and Businesses in the World and Turkey with the E-Commerce Ecosystem

Global Economic Trends

According to data released by the World Bank, the impact of COVID-19 on economies is still ongoing, although the global economy has started to grow again after the 3.4% contraction in 2020. In the January 2022 update of the Global Economic Prospects Report, the World Bank raised its 2021 growth forecast for the global economy to 5.5%, while it updated its growth forecast for Turkey to 9.5%.

With the declaration of COVID-19 as a pandemic by the World Health Organization in March 2020, countries began implementing lockdowns, which changed consumer trends. The trend of online shopping in the world went upward, forcing almost all industries and business models to transform themselves. The e-commerce volumes, which have grown exponentially globally over the past five years, have exceeded expectations and reached record levels with COVID-19. This transformation caused by the pandemic has also revealed the positive effects of e-commerce, removing in a short time various barriers and prejudices on the consumer side, which would typically take longer to be resolved.

Development of E-Commerce in Turkey and an Overview of the Current Situation

E-commerce spending in Turkey increased by about 3.2 times in inflation-adjusted terms between 2016 and 2020, reaching TRY 226.2 billion in 2020. According to the latest data published by ETBIS in October 2021, the e-commerce volume in the first half of 2021 was TRY 161 billion, a 49% real growth from the same period last year*. Furthermore, analyzing the ratio of e-commerce spending per capita to GDP per capita, Turkey remained slightly below average in 2019 while going above the average in 2020, ranking 23rd out of 94 countries according to 2020 figures.

Prohibitions and restrictions imposed due to COVID-19 have led to changes and shifts in consumer habits. Despite a pickup in social and commercial activities following the restrictions, consumers continued to do online shopping, thanks to a wide range of products on offer and considerable time savings offered by e-commerce. E-commerce, becoming increasingly important in consumers' lives in recent years, has changed their buying behavior/motivation. The impact of this change is expected to last for a specific customer segment. Low prices, time savings, a wide product range, etc., push consumers towards online shopping.

In addition, businesses can also benefit immensely from e-marketplaces. For companies, the primary goals are to increase brand awareness and reach a larger target audience at a lower cost. Marketplaces act as a bridge between the delivery companies and the seller by providing high-quality and fast logistics solutions to customers.

E-marketplaces have become the primary channel through which most businesses conduct their e-commerce activities. In the first six months of 2021, only 2.9% of companies conducting e-commerce activities in Turkey made sales exclusively on their own websites, while 4.4% made sales on their own websites and also e-marketplaces, with 92.7% of them operating only on e-marketplaces. It is projected that if consumers and businesses continue to take advantage of e-commerce and marketplaces during the pandemic with similar motivations, they may continue to use marketplaces after COVID-19.

Direct-To-Consumer Model

The direct-to-consumer sales model (DTC-Direct-to-Consumer) is a sales model that aims to sell products directly to customers without intermediaries such as distributors, dealers, or wholesalers.

The goal is to enable companies to interact directly with customers, design customer experiences, and thus increase the value of all purchases customers will make throughout their lives through customer loyalty.

During the COVID-19 outbreak, the DTC channel gained momentum thanks to a decline in customer acquisition costs and an increase in consumers' digital literacy. It is evident that consumers tend to shop on brands' own websites, allowing more direct interaction and engagement.

Consumers' desire to reach brands directly is expected to continue to grow, with 40% of consumers expected to spend 40% of their money through the DTC channel in the next five years.

* Real growth is growth adjusted for inflation.

In addition, brands can strengthen their financial performance, reduce their operating costs, and increase their market share by working on competencies that would enable them to reach consumers directly and leverage digital opportunities. While it is evident that the direct sales model can bring many benefits to brands, there are many areas of improvement for companies to transform their digital sales channels into e-commerce friendly and user-friendly platforms, build their supply chain and post-sales services skillfully, to build a loyal customer base

Logistics and Transportation in E-Commerce Operations

Online retail demand and rising consumer demands for fast delivery led the global e-commerce logistics market grew 27.3% in 2020. In this context, the global e-commerce logistics market is expected to grow at a compound annual rate of 8.6% between 2020 and 2025. The market is also expected to be worth 557 billion euros by 2025.

With the progressive increase of e-commerce's share in retail, consumer expectations of e-commerce are changing, evolving, and increasing rapidly. Consumers are becoming more demanding regarding e-commerce processes in terms of location, time, and delivery method, compounded by the desire for a personalized experience, which are important aspects that companies looking to compete in the transportation industry should consider. The fact that consumer requirements and needs can be met across a range of areas directly impacts consumer purchases. For this reason, companies embrace different approaches to meet customer expectations in terms of logistics services, transportation, and delivery to the end consumer.

Given the impact of COVID-19, the pandemic has increased demand for e-commerce, and the majority of potential e-commerce consumers have had their first e-commerce experience, spurred by the prohibitions and restrictions imposed due to the pandemic. Logistics and warehousing activities had to evolve and change in response to more consumer demand.

Investments

While there were 390 mergers and acquisitions in 2021, the total transaction volume was 10.1 billion USD. Seventeen of these transactions in 2021 were in the e-commerce category, and e-commerce was in the top ten in terms of the number of transactions. These were worth 2,886 million USD. Looking at e-commerce transactions strategically and financially, three transactions are strategic mergers, realized by market players to increase their customer potential by occupying a more dominant place in the market through acquisitions and mergers, with the remaining 14 transactions were financial investments made by companies to leverage the potential and lucrativeness of e-commerce.



Subject Reviews

Social Commerce

While social media always stood out as an important part of the digital marketing component of the e-commerce ecosystem, in recent years, it has evolved into a direct sales channel giving rise to the term "social commerce." Social commerce gives customers an end-to-end shopping experience through social media platforms without being directed to e-commerce websites. This makes it easier for businesses to reach consumers and provides consumers with an uninterrupted shopping experience and crucial time savings. In addition, social commerce can provide more accurate and personalized information about the target audience, allowing the development of the services or products offered for sale in a data-driven manner.

The volume of global social commerce in 2020 was 474.8 billion USD. It is projected to be worth 584.9 billion USD in 2021 and rise to 3,369 billion USD in 2028 with a compound annual growth rate of 28.4%.

It is well known that COVID-19 also affected the social commerce industry. The "Stores" feature, added in 2020 to social media platforms such as Facebook and Instagram, allows businesses and individual sellers to create digital showcases and product catalogs, direct customers to their own websites, WhatsApp, or Facebook Messenger messaging screen, or make direct sales on the platform. In light of these developments, social commerce is considered the future of major social media platforms.

Online Video and Music Streaming Services

Born-Digital Services refers to the provision of digital products, content, or services (audiovisual media content, SaaS services, etc.) to consumers over the internet, usually on-demand or on a subscription basis. Under the report, born-digital services are categorized as music download and streaming services over the internet, digital videos that can be downloaded or streamed, purchase/subscription-based use of digital versions of books and magazines, and games supported by a range of devices.

The increased popularity of born-digital services during COVID-19 also enabled market players to post significant growth figures. Consumers who had to spend more time at home due to the pandemic restrictions had more interaction with digital services. Accordingly, the number of views of digital videos, downloaded or streamed, increased by 10%. Companies offering these services have started to position themselves as publishers and content producers, offering different services to users engaged in e-commerce activities as demand increases and trends move in another direction.

While rapid growth rates and areas open to improvement make for an optimistic outlook, companies offering services in this category may also face difficulties related to copyrights, restricted content, and the security of user data. Although this may seem negative, it also shows that this is a large area that can be invested in, open to development and transformation.

Influencer Marketing

Since influencer marketing was introduced to the global market in 2010, it is now worth 9.7 billion USD in 2020, while its global market size is projected to reach 13.8 billion USD by 2021. In recent years, the dissemination of influencer marketing in the global market also positively affected the Turkish market, especially in the last two years. Research and industry surveys show that despite the setbacks suffered by influencer marketing caused by COVID-19, the market size has increased during the pandemic, becoming a popular marketing strategy with marketers. Especially with the introduction of restrictions on social life due to the pandemic, there has been increased use of social media by consumers and a growth in the reach of influencer marketing campaigns.

It is predicted that the expected increase in the use of social media in the coming period will also have a positive impact on influencer marketing (Deloitte analysis).

Unlike the marketing language used in traditional advertising campaigns, influencer marketing campaigns use a more authentic language, laced with sincerity and trust, with influencers sharing hands-on experiences of the product/service they are advertising, allowing consumers to trust the brand more. During the global outbreak, the connections between influencer marketing campaigns and brands and consumers were strengthened by influencers. According to the study, consumers want to see how much their own lives, thoughts, or values intersect with those of the brand and look for a story behind the brand's message conveyed by influencers. It is projected that consumers will continue to attach just as much importance to branding messages in the post-pandemic period.

Cross-Border E-Commerce in the World

Cross-border e-commerce is the sum of e-exports and e-imports. With e-export, an order placed by an end consumer through a country's e-commerce platform is delivered by international freight to the country where the consumer lives. Companies establish subsidiary organizations in the countries where they market their products and sell these on e-commerce in their own countries. The growth rate of cross-border e-commerce is on an upward trend across the globe. Cross-border e-commerce volume in 2020 stood at 1.5 trillion USD, exceeding the projected figure of 1 trillion USD. It is expected to be worth 4.82 trillion USD worldwide in 2026. This is due to increased consumer purchases of foreign products due to the growth of e-retail, improvement in logistics, increased consumer confidence, and the overall penetration of online sales and payments in previous years. At 261 billion USD in 2020, China ranked first globally for cross-border e-commerce transactions, followed by the U.S., the U.K., and Germany.

Cross-border e-commerce offers a whole range of benefits for consumers and vendors. Thanks to platforms selling foreign products, consumers can access new/branded products and affordable prices, while businesses tap into new marketplaces and handle exports with ease. E-commerce finds itself on a continuous development trajectory around the globe. From this perspective, it is considered the growth strategy of the future for companies.

Location-wise, China is the country with the highest e-exports in the world. China's high e-exports are not balanced by imports from abroad through cross-border e-commerce transactions. Indicating so much potential waiting to be tapped into, this in itself is promising for investors. Cross-border e-commerce transactions in the EU accounted for 25.5% of the e-commerce volume in 2020, at 146 billion euros.

Regulations introduced by the EU in 2021 levied more taxes on cross-border e-commerce products. It is worth watching how this will affect the EU's cross-border e-commerce with non-EU countries, especially China, in the future.

Cross-border e-commerce in Asia-Pacific grew due to more demand from the emerging middle class for foreign products. Consumers were not able to go to physical stores during the pandemic and instead turned to digital channels, and the region promises considerable business.

B2B cross-border e-commerce: The pandemic also caused a change in B2B cross-border e-commerce transactions. Face-to-face agreements were replaced by online transactions and processes were digitalized. With sweeping innovations brought by digitalization, new payment methods are also being developed to make B2B e-commerce transactions more secure and practical. B2B has almost five times the volume of B2C in e-commerce worldwide. As cross-border e-commerce evolves, B2B payments need to keep pace through automation, an instant payment channel, and virtual IBANs (important because virtual IBANs enable local payment options). It is projected that Blockchain will play an important role in B2B, and this is an area open to development.

The Success of E-Export in Turkey

E-export focuses on shipments from Turkey to overseas end-users and international B2B2C sales to cross-border marketplaces and e-commerce sites, based on digital customs declarations through authorized freight carriers, within defined limits.

Cross-border e-commerce is increasing worldwide due to the pandemic and is showing a similar upward trend in Turkey. Due to its unique location, Turkey is in contact with many major marketplaces through e-commerce.

According to the latest data from the Ministry of Commerce, Turkey's e-exports were recorded at 1.42 billion USD in the last half of 2020. Germany, the United States, and the United Kingdom are the largest customers of Turkey's e-commerce platforms. The best-selling product categories in Turkey's micro-exports are ready-made clothing, household goods, ornaments, lighting equipment, and automotive products.

The Ministry of Commerce continues to negotiate with all ecosystem players to find ways to support e-commerce, including new regulations. In this regard, it seeks to give companies more direction and guidance and expand their capacity to help them succeed in e-commerce through cooperation with fast freight companies.

One of the primary initiatives launched by the Ministry of Commerce to achieve these goals is the "Easy Export Platform." With the platform going live on Aug 31, 2020, potential exporters and citizens not registered with an exporters' advisory board will have access to a wealth of data on destination countries, industries, education, and information. The platform offers user-friendly services developed using machine learning algorithms, incorporating features such as target markets and complementary product recommendations for exporting companies.

Turkey faces the same issues with global e-commerce as other countries do. These issues can be circumvented by implementing facilitating regulations and joint efforts bringing together the public/private sector and NGOs to help determine the right strategies for companies.

Four approaches to solve these issues are:

1. Improvements to the e-export strategy, customs procedures, regulations, and notifications,
2. Steps to improve logistics and transportation,
3. More focus on branding and grasping the importance of digital marketing,
4. Improving company structures and focusing on customer experience.

Transformation of Commerce

Amid the pandemic and advances in technology, the retail industry has entered a period of rapid change in recent years. This has been a time characterized by rising customer expectations, in parallel with opportunities offered by new technologies. As consumer expectations increased, companies entered a rapid change process and adapted to the new normal, facing supply chain and operational processes challenges. While online sales proliferated, footfall fell rapidly due to the lockdowns, causing a retreat in turnovers generated by physical stores. Under the new normal, some physical locations, such as stores, were converted into distribution centers to offer consumers in-store pickup after online purchases. All these developments have raised customers' expectations, who want an uninterrupted experience between online and offline channels. Customer demands have increased even further when seeing the same service levels across all channels, same-day delivery options, and product availability. It has become crucial for companies to develop solutions that address the customer experience end-to-end to meet consumer expectations. Offering services such as the return of products purchased online in-store, in-store pick-up, the ability to make cross-channel payments, sharing customer profiles across channels, etc., can propel companies forward.

In the era of new normal, in the medium and long term, the retail industry will be talking about consumer habits leaning towards online shopping, digitized payment methods, the impact of social media, the increasing importance of accessible luxury, and corporate sustainability. For companies to respond to potential developments in the coming period, they need to approach commerce in a more holistic and agile way.

To be successful and competitive, companies need to determine how to position themselves in the future, what digital skills they will need, and what decisions they will need to make to meet customer needs.

Overview of E-commerce in China

It is estimated that e-commerce sales, which accounted for 42.4% of the total retail market in China in 2020, will account for more than half of the retail market by 2022. Between 2016 and 2020, the number of people shopping online in China increased by about 67.6%, reaching 782.4 million people, while the share of e-import in online shopping increased from 8.8% to 27% over the same period. The Chinese government's policies to support domestic demand and consumption under the 14th Five-Year Program for 2021-2025, accompanied by a rising middle class, create positive prospects for the e-import market. Although Chinese demand for foreign products offers excellent potential for Turkish companies looking to export goods to China, high investment costs involved in opening a digital business in Chinese digital marketplaces and competition between suppliers require companies to build strategic roadmaps to succeed.

While the People's Republic of China, the world's largest economy after the U.S., posted a growth of 2.3% in 2020 when the impact of COVID-19 was clearly felt, the economies of countries such as the U.S., England, and France were clearly felt, and Germany reduced. Looking at the consumer profile in China, which puts technology at the center of daily life, high rates of internet, cell phone, smartphone, and social media use, and the prevalence of digital payment services ensure that there is a big e-commerce market. Comparing the size of countries' e-commerce retail market, China leads the world in e-commerce with 2.16 trillion USD. In the global e-commerce retail market worth 4.21 trillion USD, China and the USA dominate the market with their e-commerce market sizes. By the end of 2021, 52% of the market will be dominated by China, 19% by the USA, and 4.8% by England.

In the 30 years since the beginning of its reform and expansion efforts, China, as a country covering a massive area, continues on its economic growth trajectory. Along with industrialization and urbanization efforts, the country continues to grow despite low per capita income. Having successfully established a socialist market economy, China continues to pursue reform and innovation by integrating these two systems, applying the dynamics of the market economy.



The main feature of the current economic growth model is that it relies on the expansion of investment and external demand and the use of low-cost resources. At a time when the scale of the economy and total consumption began to pick up after COVID-19, its insufficient energy resources and changes to the scale of its economy will limit the sustainability of the upward trend and weaken the advantage of traditionally low costs, even though China has been gaining momentum due to low-cost resources and high inputs.

E-Commerce Trends and Future Prospects

Super-Apps

Super-apps provide many services in a single app through in-house technologies or third-party integrations. WeChat, hailed as a pioneer of super apps with around 1.25 billion users, was launched in 2011 as smartphone sales accelerated in China, and is used in almost all areas, including messaging, gaming, dining, hotel reservations, and payments.

Examples of other super-apps that have been successful in Asia include Gojek and Grab. Super-apps are also gaining rapid traction in the financial services landscape around the world. Examples include Alipay, founded in 2004 for payments by Alibaba users, and Revolut's hotel reservation service Revolut Stays launched as a digital banking application.

Looking at the Turkish market, Trendyol and Hepsiburada have been diversifying their services in the pursuit of becoming a super-app. Trendyol supports its marketplace business model with its own distribution service Trendyol Express, offers grocery and food services through its courier network Trendyol Go, as well as digital wallet services with Trendyol Wallet, and a consumer-to-consumer business model with Dolap, a second-hand selling platform.

On the other hand, Hepsiburada is expanding its ecosystem with services such as HepsExpress (market and catering service), Hepsijet (fast delivery), Hepsiglobal (e-export), Hepsipay (payment).

As competition heats up in a mobile world, companies are expected to continue their efforts in becoming a super-app to meet all consumer needs and achieve customer loyalty and continuous interaction by offering an uninterrupted experience flow on a single platform.

Artificial Intelligence and Cognitive Technologies

Artificial Intelligence refers to a set of technologies and methods that make sense of Big Data using advanced algorithms with self-learning capabilities. These technologies serve three primary purposes: automation, optimization, and development of existing competencies. Looking at the reflections of artificial intelligence technologies on e-commerce, they are effective and open to development in experience-oriented approaches, personalization, analytical decision making, demand management, flexible operations, and cross-channel order fulfillment.

Visual Commerce

Visual commerce" is an approach companies use to stand out from the competition and enrich the customer experience by increasing consumer interaction through inspiring and powerful visual content. Examples of "visual commerce" include 360-degree videos, visual searches, augmented reality and virtual reality applications, tracking and using user-created content in marketing campaigns, adding shopping layers on top of visual elements to create shortcuts in the shopping journey. Leading technology companies investing in visual commerce have launched apps such as Pinterest Lens, Google Lens, and Amazon Stylesnap. Future projections are shaped by consumers' social media habits, visual search preferences, advances in cognitive technologies, and user-business interactions.



Voice Commerce

Voice commerce," a sub-category of "conversational commerce," is the completion of the purchase process with verbal commands, using voice recognition technologies with the help of digital assistants such as Siri, Cortana, Alexa, Google Now. Speech recognition technologies spawned new marketing innovations such as voice-activated shopping lists and voice ordering. It is believed that the "voice commerce" market will rise in popularity in the future, being a convenient way to buy things.

Subscription-Based Business Models

Subscription-based business models, which have grown much faster than traditional business models in many different industries over recent years, are more about presenting products and services to users in a way that covers a specific range according to consumption needs/habits in place of one-off sales. From the consumer's point of view, they have control as the budget spent is directly associated with the amount consumed or the results achieved. At the same time, companies constantly strive to provide a high level of service, allowing purchased services or products to be canceled. Another advantage for consumers is that their needs can be met without the need for significant investments. For businesses, on the other hand, it creates a continuous and predictable revenue channel. In addition, it provides detailed insights into consumer behavior and trends, allowing them to look for additional revenue opportunities in line with these insights.

It is estimated that subscription-based business models will continue to grow in the coming period. Therefore, companies considering transforming their existing business models should prioritize determining the value proposition, setting a pricing strategy, and providing operational support.





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