Disruptive Technologies in the Digital Era – how can small firms become competitive in e-Commerce

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Disruptive Technologies in the Digital Era

1. Opportunities and challenges of the digital era
2. Implications for MSMEs
3. Implications for ITC
4. Case study
OPPORTUNITIES AND CHALLENGES IN THE DIGITAL ERA
Issue: need to accelerate and scale delivery to achieve the SDGs

“The 2030 Agenda is deliberately ambitious and transformational…

Implementation has begun, but the clock is ticking… the rate of progress in many areas is far slower than needed to meet the targets by 2030…

Focused actions are needed to lift the 767 million people who still live on less than 1.90 US dollars a day…

Our challenge now is to mobilize action that will bring these agendas meaningfully and tangibly to life.”

“Our networked society is changing the way we live. The impact and implications of the digital revolution are becoming more evident with each passing hour. The 2030 Agenda for Sustainable Development recognizes the great potential of global connectivity to spur human progress.”

António Guterres, 2017
Change is being accelerated, and disruption more frequent and significant - by digital technology, infrastructure, platforms and business models.

Digital driven change

Rapid change leads to increased complexity

Digital disruption provides opportunities but also causes challenges for SME Competitiveness
The fixed broadband market in Latin America and the Caribbean has undergone steady subscriber take-up in recent years.

- Compound annual growth rate of 12.9% between the end of 2004 and end-2017
Platforms: Facebook

Most preferred e-commerce sites by shoppers in Nigeria, Kenya & S.A

At 32%, Facebook is the **second leading online retailer** in the leading e-commerce regions.

Through informal entrepreneurs who utilize this leading social media channel to either sell through their groups or similar interest groups, Facebook is proving to be a formidable, albeit odd player in this space.


Source: Shopify

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Which Social Media Platform DOMINATES?

- 85% of all e-commerce orders from social media come from Facebook
- Highest market share by visitors is Facebook. YouTube 17%, Google+ 4%, Twitter is 4th at 3%

Source: Shopify
Platforms: Mercado Libre, the next Amazon of Latin America

Sellers pay commissions on successful transactions, equal to a percentage of the value of an item (or GMV).

Partnership with first class carriers and logistic companies to provide efficient and reliable logistic solutions:
- Drop Shipping
- Cross Docking
- Fullfilment

Credit solution to provide cash advances and working capital loans to professional sellers and loans to MercadoLibre buyers.

Sellers pay set-up and maintenance fees on storefronts powered by us.

Broad offer of financial services, including payment processing, gateway services, mobile payments, credits and cards.

Advertisers promote their brands and products within the Mercado Libre marketplace, paying on a CPC basis for Product Ads and on a CPM basis for Display banners.

Source: Euromonitor (2018)

In 1 second:
6000 searches
12 transactions

- 267M registered users
- 7000 employees
- 34M unique buyers
- 12M unique sellers
- 153M live listings
- 580k families supported
IMPLICATIONS FOR MSMEs
The digital evolution is transforming the way SMEs are doing business

…but this opportunity is not available to everybody

- Poor ICT infrastructure
- High logistics costs
- Unfavourable or absent government policies
- Low visibility
- Lack of e-commerce skills and knowledge
- Limited access to online payment solutions
IMPLICATIONS FOR ITC
Branding and communicating

Understanding and responding to the digital imperative links all areas of expertise in ITC.
The ITC e-Solutions provide answers to these problems

- Training on e-commerce business practices
- Advisory on payments, logistics and services
- Research on e-commerce environment and market opportunities
- Partnerships with e-commerce providers
- Awareness raising events
Current E-Commerce projects with MSMEs

**Morocco**: Establishing a formal commercial presence in Europe

**Qatar**: Foundations for B2B e-commerce

**Central America**: Linking women business with the global gifts and home decoration market

**Senegal**: Online platform that will connect with global e-commerce marketplaces

**Rwanda**: Enabling the future of e-commerce

**Morocco**: Setting up export arrangements for handicrafts from Syria to connect internally displaced women artisans to global markets.

**Senegal**: Assisting SMEs from 5 South East Asian LDCs prepare their promotions on e-Commerce – in particular toward China.
CASE STUDY
Maria has a Facebook page

- With followers from the US and Europe
- The majority are individuals who wish to buy her products online
- Maria **does not have a website** nor an online payment solution
Maria is not alone...

200 Companies from Costa Rica, El Salvador, Guatemala, Nicaragua, Honduras and Panama selling handmade jewellery, home accessories and fashion
What we did…

- Conduct **research** to understand the e-commerce ecosystem in the six countries (availability of online marketplaces, payment solutions)
- Provide **advisory** on duties and taxes in e-commerce in the EU and the US
- **Review** logistics landscape in Central America and develop a set of **recommendations**
- Develop a **guidebook** for selling on online marketplaces and payment solutions
- Organise **workshops** for trainers
- Provide trainers with **tools** that help monitor the progress of companies in the field
- Organise online and offline **promotion** of the best companies
What does this mean for Maria Teresa?

- Maria Teresa is a newcomer
- She received her first training on market research and e-commerce strategy
- The result: Etsy in France, Spain and the US is the best way for Maria Teresa to start selling online
- **Her long term goal:** Create her own online shop with Shopify using her Facebook page to drive traffic to the online shop and start to sell on Amazon Handmade
- We help Maria Teresa register on the marketplaces, create quality e-commerce content, manage transactions and improve visibility within the marketplaces
- We help Maria Teresa open a PayPal and Payoneer account to collect payments online
The ITC e-commerce toolkit

Elements in our toolkit

- E-Strategies
- Trade Facilitation
- SME Competitiveness for e-Trade
- TISI – Institutional Capacity Building
- Training and coaching on capabilities for e-Commerce
- Solutions: delivered with local and international partners
- Advisory: accompanying institutions, SMEs through the e-Commerce process chain

Policymakers
- Implementing conducive policies

TISIs
- Implementing shared solutions

SMEs
- Building skills for e-commerce

Partners
- Enabling sales through digital channels

Ecosystem
- Skills and capacity building

E-Commerce Process Chain
- Strategy