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

**VI Inter-American Dialogue of High Authorities for Micro, Small and Medium Enterprises**

James Howe, ITC  
Thursday 25th April  
Hotel Barcelo, San Salvador



# 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

**digital COOPERATION**  
UN SECRETARY-GENERAL'S HIGH-LEVEL PANEL



“As a global community, we face questions about security, equity, and human rights in a digital age. We need greater cooperation to tackle these challenges and mitigate risks.”

—UN Secretary-General António Guterres

[#digitalcooperation](#)



“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...

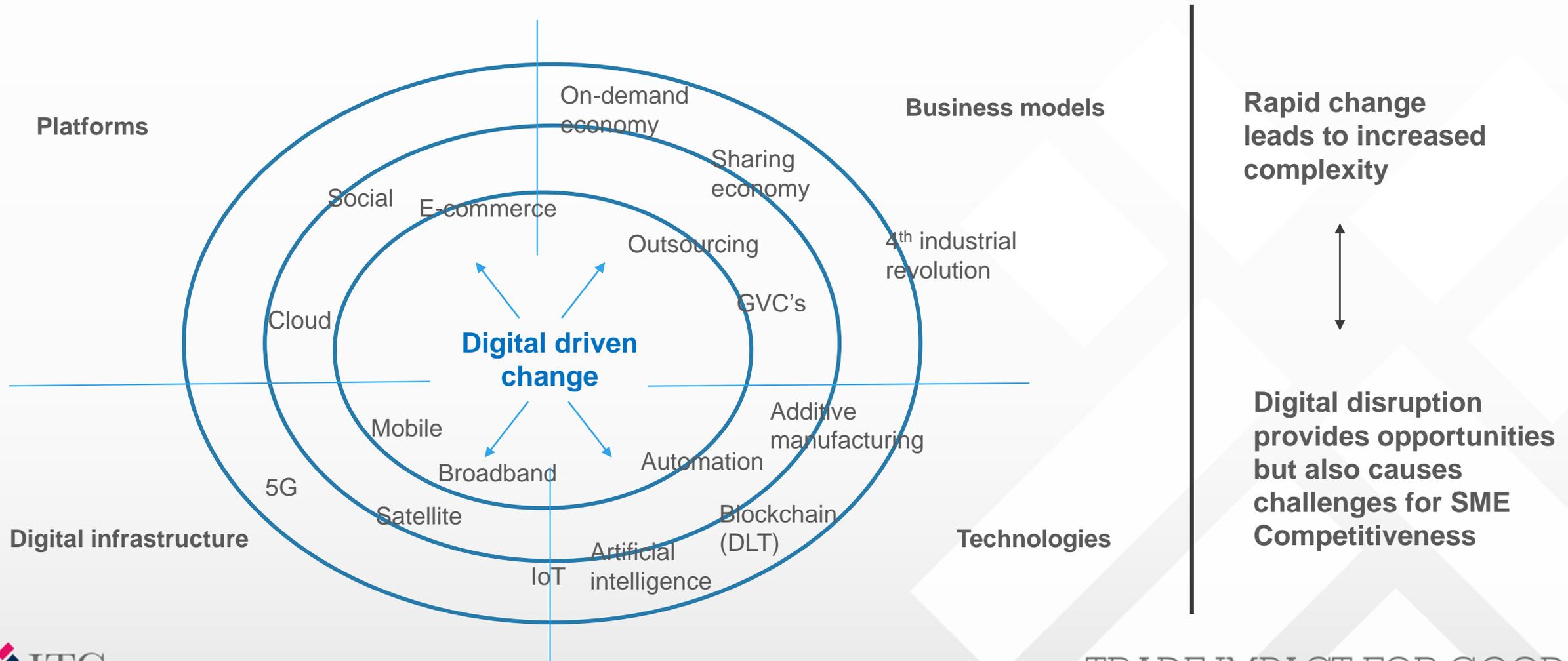
Focused actions are needed to lift the **767 million people** who still live on less than 1.90 US dollars a day...

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

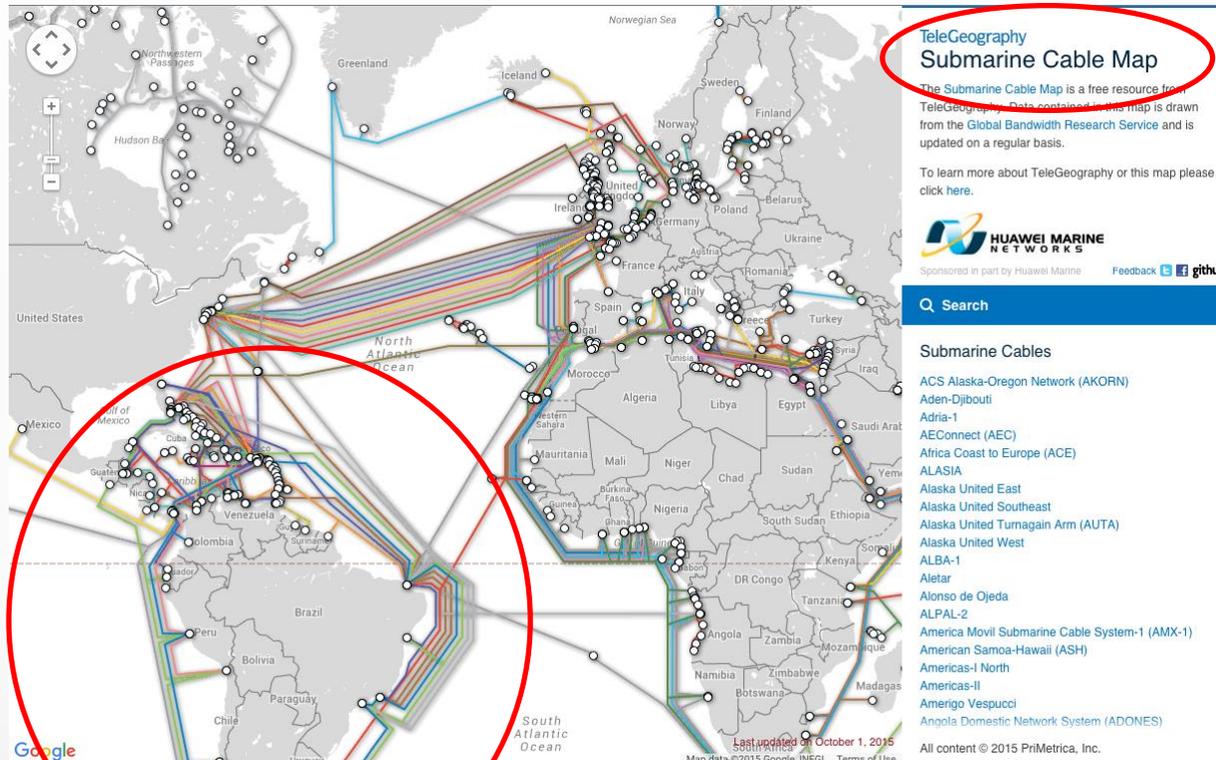
“Our networked society is changing the way we live. The **impact and implications of the digital revolution are becoming more evident with each passing hour**. The 2030 Agenda for Sustainable Development recognizes the great potential of global connectivity to spur human progress.”

*António Guterres, 2017*

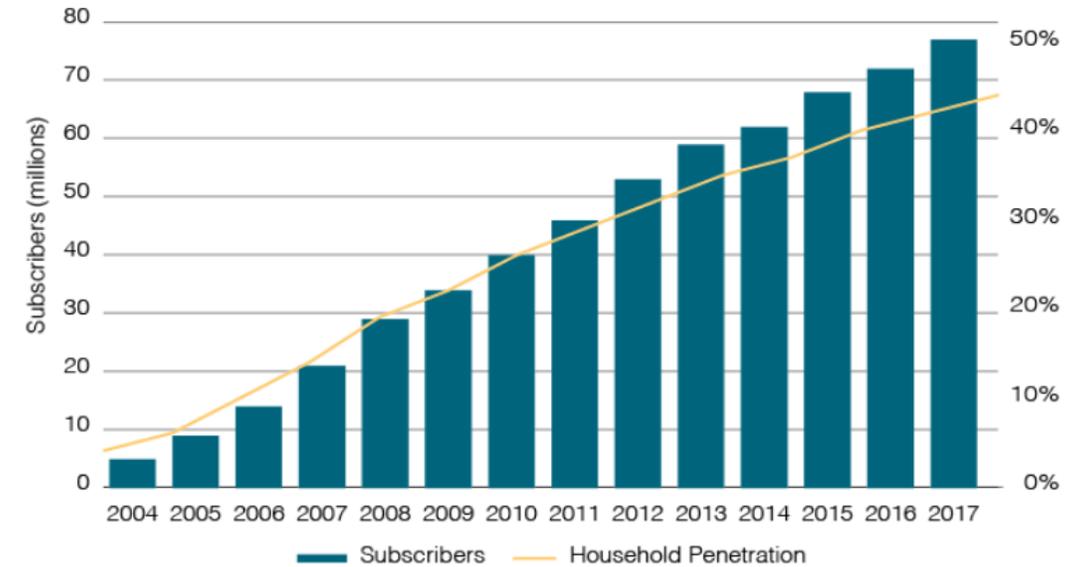
Change is being accelerated, and disruption more frequent and significant  
 - by digital technology, infrastructure, platforms and business models



# Digital Infrastructure



## Growth of fixed broadband in Latin America, 2004-2019



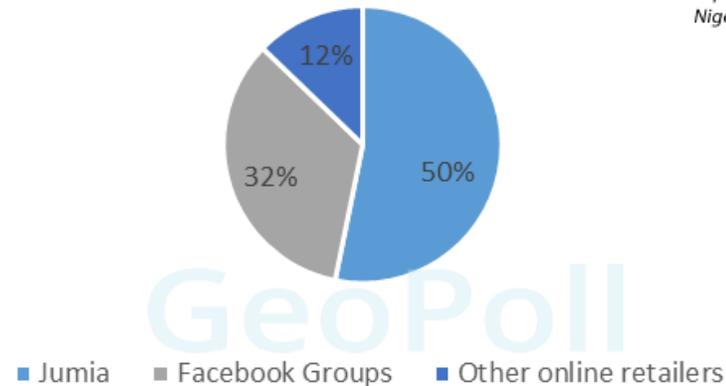
TeleGeography

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



*Note: December 2017 Black Friday & Ecommerce Straw Poll based on a sample of 2031 respondents in Nigeria, South Africa & Kenya*

Source: Nairobi Business Monthly (2018)

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

## Which Social Media Platform DOMINATES?



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

- 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.

# 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 and Fulfillment



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



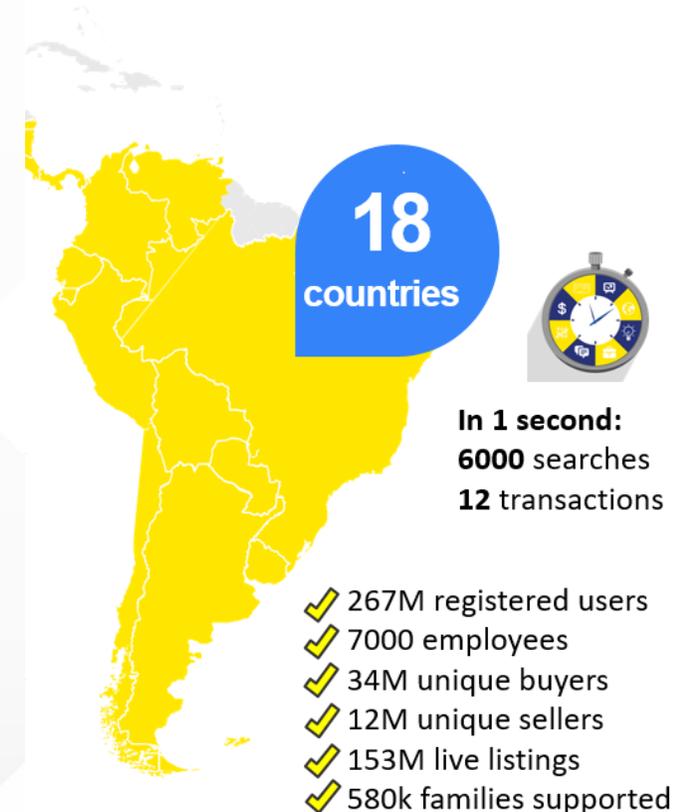
Sellers pay set-up and maintenance fees **on storefronts powered by us**.



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)

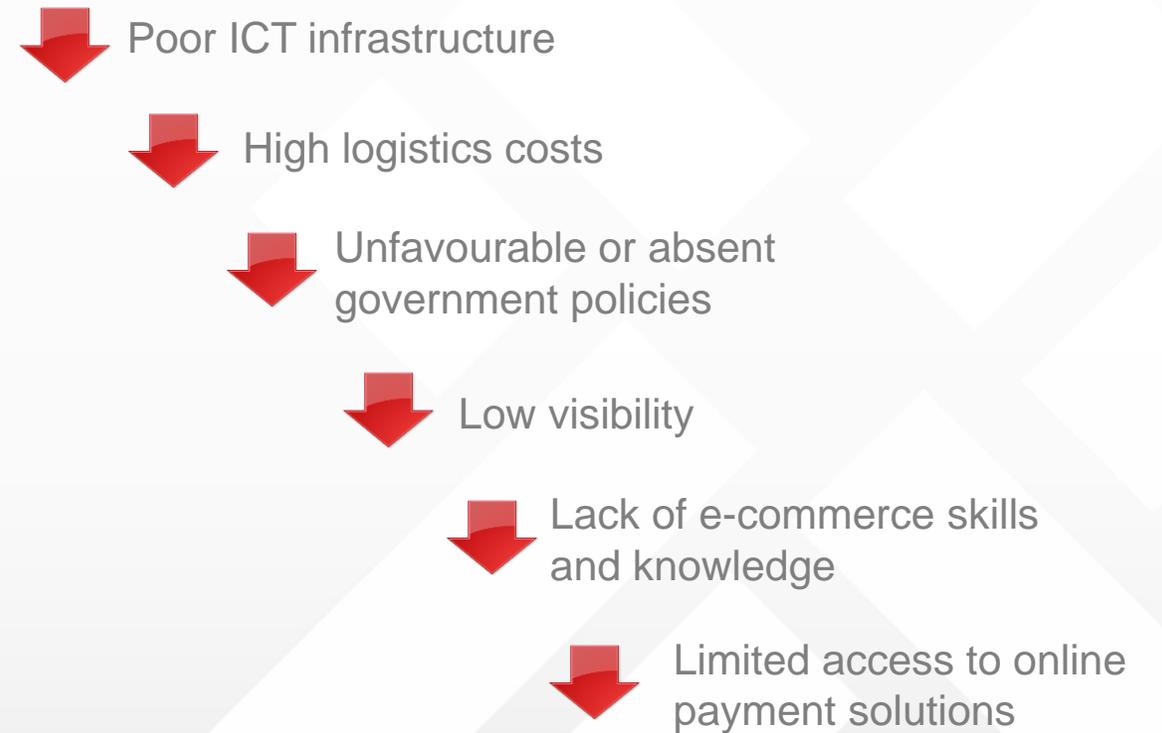


# IMPLICATIONS FOR MSMEs

## The digital evolution is transforming the way SMEs are doing business

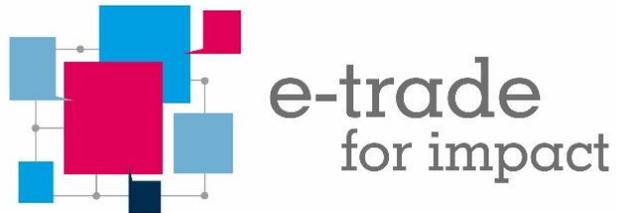


...but this opportunity is not available to everybody

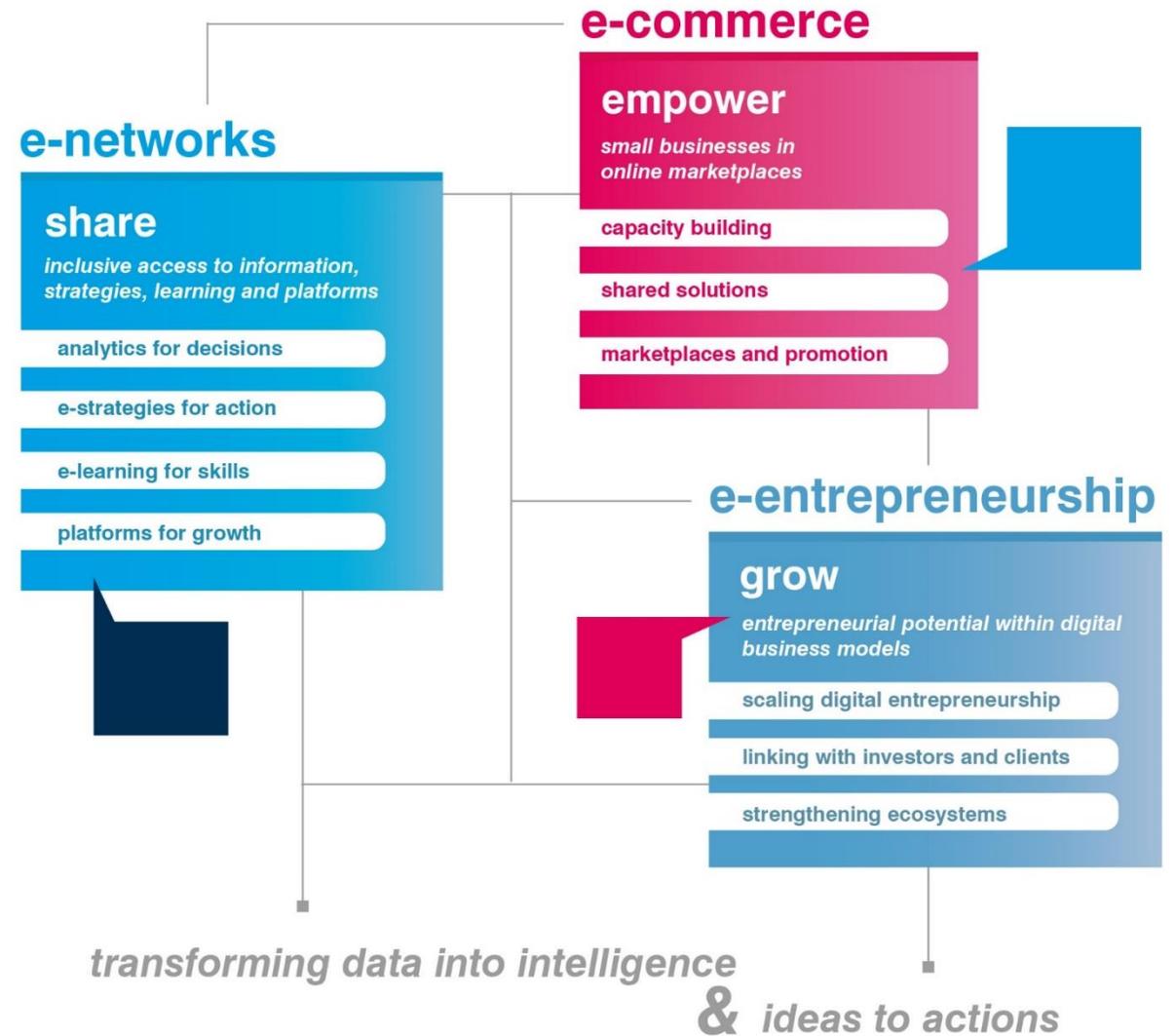


# IMPLICATIONS FOR ITC

## 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



Awareness raising events



Research on e-commerce  
environment and market  
opportunities



Partnerships with e-commerce  
providers



## Current E-Commerce projects with MSMEs

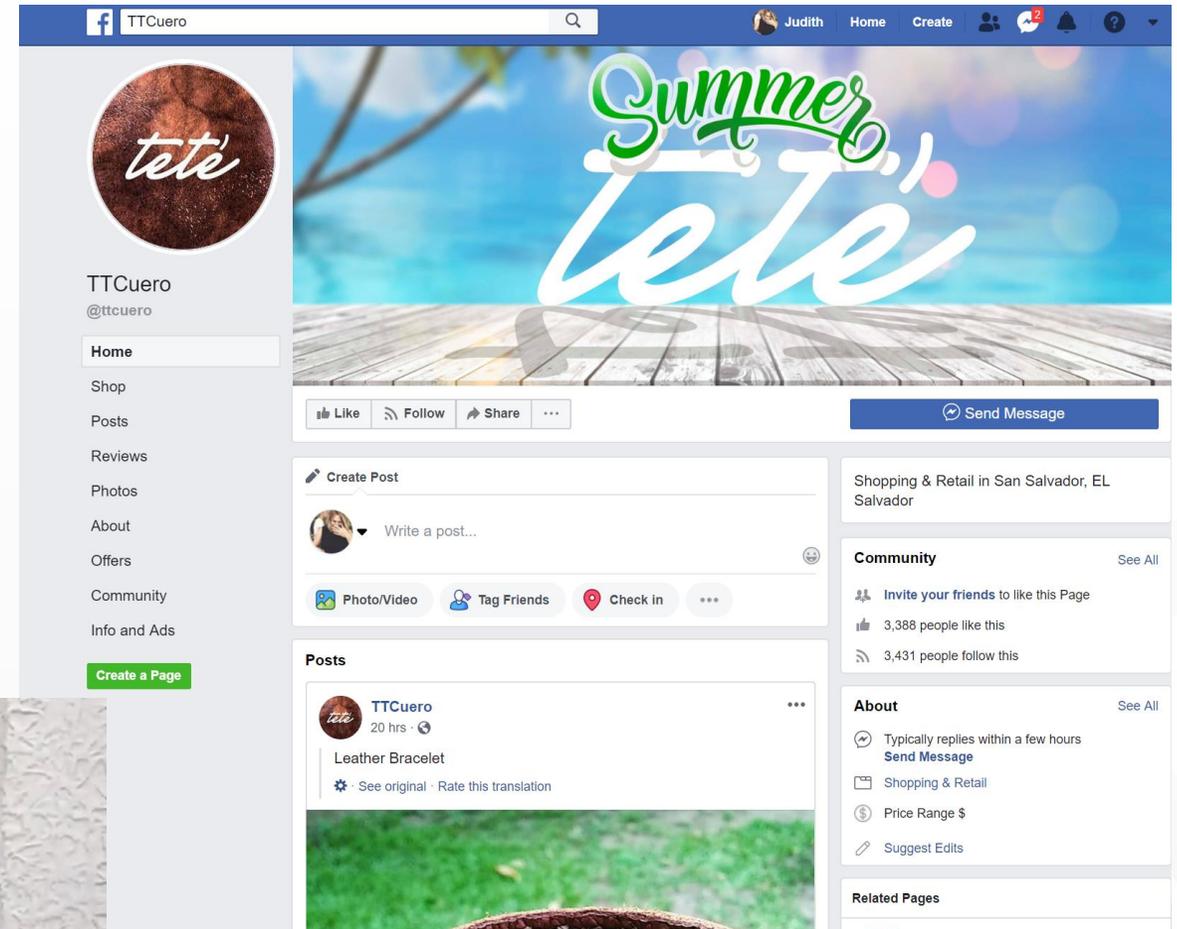




# CASE STUDY

## Maria Teresa Camacho de Orellana

- 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...



La Casa Cotzal



kory heart



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

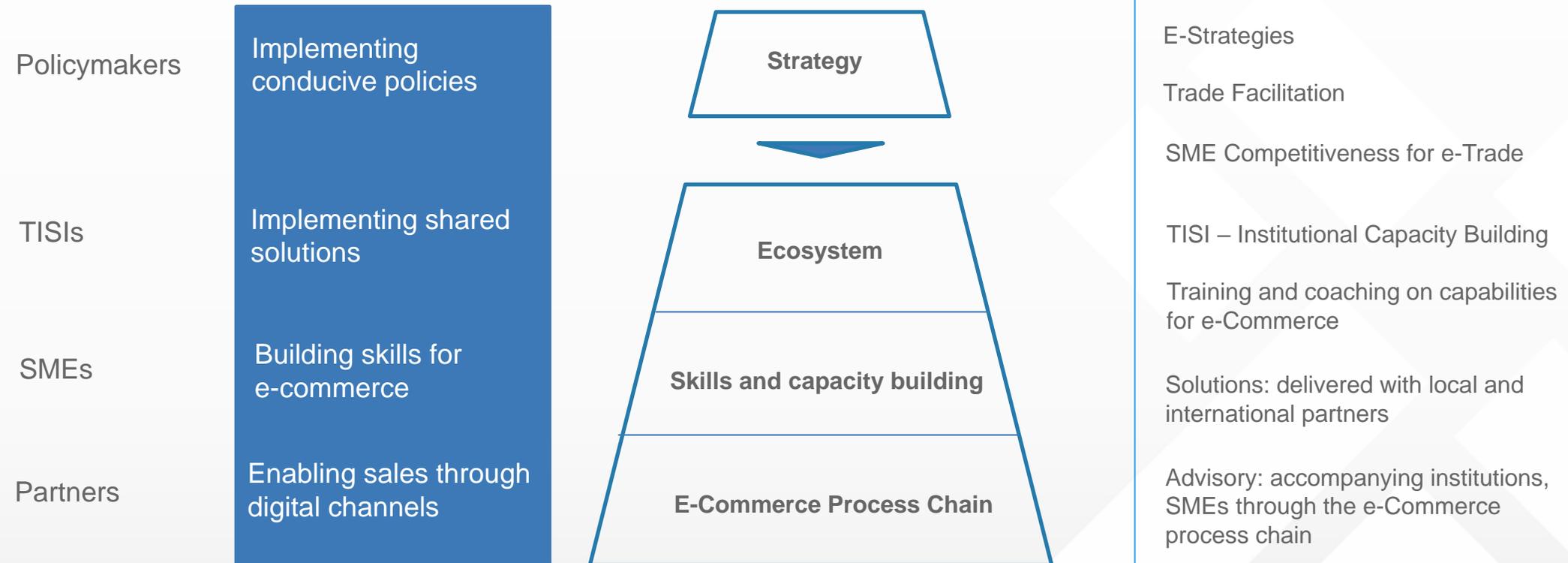


## What does this mean for Maria Teresa?



- 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  page to drive traffic to the online shop and start to sell on 
- 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





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