



Turkish traditional bazaars are to replace with growing eCommerce sites.

## E-COMMERCE

# Neo “Grand Bazaar”

“Online shopping in Turkey becomes a rich prospect; the companies boosting globally with new business associations”

BY EFE DAŞMAN

**S**INCE MICHAEL ALDRICH has introduced online shopping in 1979, E-commerce has become one of the central figures of negotium and stock market in the world. With its low investment capital and considerably small transaction balance, internet entrepreneurship contributes new ventures to grow and seminars to practice. It also helps SMEs to stay competitive with global conglomerates thanks to

accessibility and low costs. After Alibaba set the record of the world’s biggest initial public offering \$25 million; it can be claimed that E-commerce is one of the most important investment areas in the world. According to Asseco SEE data, e-retail in the world today has a capacity of \$1.7 trillion; while E-commerce sales are growing by more than 19% a year, it’s predicted that will be almost \$2.5 trillion towards the end of 2017.

*With its 1,8% ratio and 40% growth rate, Turkey is catching up with developed countries, which shows a great area to invest upon.*

Turkey is getting its piece of the pie with its growing E-commerce business investments. According to the Association of Electronic Trade Operators (ETİD) 2014 data, Turkey’s E-commerce volume is over \$8 billion, and it has 40% augmentation ratio for the last year. In Turkey, online trade market grows recently in paralel with the growth of internet users. In 2014, Turkish Statistical Institute (TUİK) announced that there are 38 million internet users in Turkey, and 33 per cent of this population are e-shoppers. Consedering the evolution of mobile applications and the youth population in Turkey, the numbers tend to increase. According to Interbanking Card Center (BKM), Turkey is the fastest-growing country in Europe, when it comes to card-payment using internet. While increase rates of card-payments are 12-13% in UK

and Germany last year, this number was over 50 percent in Turkey.

Turkey's E-commerce market has been flourishing for the last five years, and now it's competitive with biggest E-commerce markets such as Japan and USA. In 2014, the ratio of e-retail to total retail was 7.4% in USA, 6.0% in Germany, 4.2% in Japan, and 1.7% in Italy. With its 1.8% ratio and 40% growth rate, Turkey is catching up with developed countries, which shows a great area to invest upon.

### Foreign Investors Approach on Turkish eCommerce sites

Turkish E-commerce sites are growing; expanding abroad with new business partnerships. Founded by Aksoy Group in 2000, Sahibinden.com is literally world's biggest Turkish site. Similar to Craigslist in terms of content, the site has more than 31 million unique visitor per month, with its over 4 million active ads. Turkish E-commerce company Yemeksepeti is not only the biggest online food order company in Turkey, but also grows in Russia and Middle East with its 'izrestorana' and 'foodonlick brands'. According to the company information, 50 million portion food, which had been prepared in 12,000 restaurants have been sent through 3 million directories. The company are listed as one of the major E-commerce companies in Europe.

Founded in 2010 by Demet Mutlu, Trendyol is Turkey based private shopping site which starts to sale works of Turkish designers. Trendyol offers products from outstanding global brands with discounts up to 85% to its customers, In August 2011, Trendyol raised

\$26 million in new funding from Kleiner Perkins & Tiger Global, the investors of global web companies such as Google, Facebook, Twitter, and Amazon. Thanks to the new investmets, Trendyol will probably grow in the future.

In partnership with Doğuş Group and Korean based SK Group, n11.com is the biggest E-commerce enterprise in Turkey. The company which has \$11 trading volume per second, has grew %200 last year. The site is also the biggest in Turkey, with its reputation of having the most categories on an e-trade site.

Turkey based Markafoni is a private shopping company. The company purchased by South African media and E-commerce platform Naspers Group last year. Over the past two decades, Naspers has managed to evolve from a traditional print media business operational in a

single country to a publicly listed e-media company operational in multiple markets. The company holds a 34% interest in Hong Kong-listed Tencent, China's largest internet services portal, a 29% stake in Mail.ru Group, and a 95% stake in BuscaPé, among many other investments. This initiate seems to provide two-way benefits; securing Naspers' position in the stock market, while helping Markafoni to grow globally. The company has become not only one of the biggest e-commerce brands in Turkey, but also stand out in Australia, Korean Republic, Greece and Eastern Europe. Markafoni now co-operated with Microsoft; introducing "Cloud Shopping Mall." Using Microsoft's cloud technology, Markafoni will be able to tailgate habits of its customers, thus to improve its recommendation engine.

### eCommerce in 2023

According to the Turkish Ministry of Customs and Trade, it's predicted that by 2018, E-commerce size is going to reach \$30 billion, and by 2023, this number will be up to \$150 billion in Turkey. BKM's 2023 projection is a Turkey which has 57 million Internet user, and 25 million e-customer. By Euromonitor 2013 accounts, while today the ratio of online to total retail is only 1.7%, this margin will increase by 8-10% for the next decade. It's estimated that by 2023, Internet penetration will be up to 70%, which is the EU standards, and annual Internet expense will be 500\$ per capita. Considering the population of Turkey will reach to 84 million, these numbers are quite realistic. With this potential, e-trade in Turkey could compensate for a great portio of \$500 billion export proposition by 2023.



**NEVZAT AYDIN**

CEO, Yemeksepeti

I believe entrepreneur's attitude is a key to succeed. When you look at Yemeksepeti, there are some crucial turning points which we did the right thing at the right time. Firstly, we provided staff consistency. Our front-end staff have continued working for eight years. Then we had a deal with General Atlantic in 2012. I think that General Atlantic enters Turkish E-commerce market is important for Turkish economy. Thanks to the financial support, we are now comparative globally. Lastly, for technological developments, we created our mobile app three years ago. Now, more than 45% of our sales are mobile based. We believe the numbers are going to increase in the future.



**DEMET MUTLU**

Founder & CEO, Trendyol

E-commerce in Turkey is becoming very popular further each day, the number of E-shoppers increases. However, when it is compared to other markets, we can say that the sector is still developing. Given the facts that the youth population is really high and that the purchase power increases, E-commerce has a significant growth potential.

3% of the \$62 billion total retail sale is online based. The rate of e-shoppers to the total amount of internet users are 14%. We expect that the percentage will be 30% by 2020.



**BİLGEN ALDAN ALBAYRAK**

Marketing Assistant Executive Officer, n11.com

As the sector augmented 25% in 2014, we implemented 200% growth. By the year-end we have 21 thousand registered stores, 24,5 million registered products, and around 4 million customers. The sector has been growing so quickly that we have 100 times more stores than the biggest shopping mall in Turkey. Including SMEs, n11's total trading volume for the last year is \$350 million.

E-commerce is one of the rising sectors in growing Turkish economy. While it is growing, it makes affiliated line of business grow as well. It helps one of the substantial of Turkey's economy SMEs to grow via eCommerce.