Case Study of Global E-Commerce system

Objective:

To have a brief overview of the E-commerce system/ websites that are running globally in the present time.

Research:

Introduction:

Global e-commerce systems refer to the various online platforms, technologies, and infrastructures that enable businesses and individuals to conduct transactions electronically across national borders. Here is a case study of the global e-commerce systems of Amazon, eBay, AliExpress and Rakuten, some of the largest e-commerce companies in the world.

Status of E-commerce globally:

E-commerce has grown rapidly over the past decade and has become a major force in the global economy. Global e-commerce sales are projected to reach $4.9 trillion in 2021, up from $3.5 trillion in 2019. E-commerce now accounts for over 14% of all retail sales worldwide, and this figure is expected to continue to grow. Mobile commerce (m-commerce) is growing at an even faster rate, with sales expected to reach $3.5 trillion by 2021, up from $1.4 trillion in 2019. The leading e-commerce markets in the world are currently China, the United States, and the United Kingdom. E-commerce adoption rates vary widely across the globe, with some regions and countries, such as Asia and Europe, having higher adoption rates than others.

The COVID-19 pandemic has accelerated the growth of e-commerce, with many consumers shifting their shopping habits online due to lockdowns and social distancing measures. Cross-border e-commerce is also growing rapidly, with global cross-border sales expected to reach $627 billion in 2022, up from $401 billion in 2016. The leading e-commerce platforms globally include Amazon, Alibaba, eBay, and JD.com.

In conclusion, e-commerce has become a significant part of the global economy and is expected to continue to grow in the coming years. The COVID-19 pandemic has also accelerated the adoption of e-commerce, and businesses that do not have an online presence risk falling behind their competitors.

List of Globally running E-commerce Websites

1) Amazon:

Amazon.com is a vast Internet-based enterprise that sells books, music, movies, housewares, electronics, toys, and many other goods, either directly or as the middleman between other retailers and Amazon.com's millions of customers. Amazon officially opened for business as an online bookseller on July 16, 1995. The company now has over 185 fulfillment centers in 27 countries, which enables it to offer fast and reliable delivery to customers in different regions. Amazon gross profit for the quarter ending December 31, 2022 was $63.564B, a 16.47% increase year-over-year and is the top E-commerce website in the world.

In addition to the global website, Amazon also has localized websites in different countries and regions, such as amazon.co.uk for the United Kingdom, amazon.ca for Canada, amazon.de for Germany, amazon.in for India and so on. These websites are designed to cater to local customers by offering localized content, language, and payment options. Amazon also has an International Selling Program that allows businesses to sell their products on Amazon's global marketplaces. This program enables businesses to reach a global customer base and expand their sales internationally.

Amazon's global e-commerce systems have played a significant role in the company's success by enabling it to reach a vast global customer base and expand its sales internationally. However, the company must continue to address the challenges associated with global e-commerce to maintain its competitive edge and ensure continued growth in the future.

2) eBay:

eBay is one of the world's largest e-commerce websites, connecting buyers and sellers from around the globe. The platform was founded in 1995 and has since grown into a multinational corporation that operates in over 190 markets worldwide. eBay annual revenue for 2022 was $9.795B, a 6% decline from 2021 while eBay annual revenue for 2021 was $10.42B, a 17.16% increase from 2020.
eBay is known for offering a vast selection of products in various categories, including electronics, fashion, home and garden, automotive, and collectibles. eBay has more than 1.5 billion product listings at any given time, making it an attractive destination for

buyers looking for unique or hard-to-find items. eBay operates on an auction-based model, where sellers can list their items for sale and buyers can bid on them. The highest bidder at the end of the auction wins the item. eBay also offers fixed-price listings, where sellers can set a specific price for their items.

Hence, eBay is a popular and well-established e-commerce website that offers a wide range of products, a robust feedback system, buyer protection policies, and a mobile app. These features have contributed to eBay's success and popularity among buyers and sellers worldwide.

3) Ali Express:

AliExpress is an e-commerce website that belongs to the Alibaba Group, a Chinese multinational conglomerate specializing in e-commerce, retail, and technology. The platform was launched in 2010 and has since become one of the largest online market places in the world. Alibaba Gross Merchandise Value (GMV) reached staggering historic amount of $1 trillion in 2020. Ali Express supports wide range of products including electronics, fashion, home and garden, home appliances, etc. The platform has over 100 million product listings from sellers in China and other countries.

AliExpress is known for its competitive pricing, with many items priced significantly lower than other e-commerce websites. This is due in part to the fact that many of the sellers on AliExpress are based in China, where labor and manufacturing costs are lower. AliExpress offers several buyer protection policies to ensure that buyers receive their purchased items as described. These policies include a full refund if the item is not received within the specified time frame or if the item is significantly different from the seller's description.

One of the reasons, why it is so popular globally is because it offers global shipping to over 200 countries and territories, making it a popular destination for buyers looking for unique or hard-to-find items from around the world.

Briefly speaking, AliExpress is a popular e-commerce website that offers a wide range of products at competitive prices, buyer protection policies, a feedback system, global shipping, and a mobile app. These features have contributed to AliExpress's success and popularity among buyers worldwide.

4) Rakuten:

Rakuten is a Japanese e-commerce website that operates in over 29 countries and regions around the world. Rakuten was founded as MDM, Inc. by Hiroshi Mikitani on 7 February 1997 as an online marketplace for Japanese shoppers, but has since expanded to become a global e-commerce platform. The online shopping marketplace Rakuten Shopping Mall (楽天市場, Rakuten Ichiba) was officially launched on May 1, 1997. Rakuten annual gross profit for 2021 was $-2.59B, a 122.07% increase from 2020. Their annual gross profit for 2020 was $-1.166B, a 4169.17% increase from 2019.

Rakuten offers a wide range of products on just about everything you need. The platform has over 200 million products available for purchase from sellers around the world. Rakuten offers a membership program called Rakuten Super Points, which allows buyers to earn points on purchases that can be redeemed for discounts on future purchases. This program incentivizes buyers to shop on Rakuten and encourages repeat purchases. It has a feedback system that allows buyer to rate sellers based on the quality of their products and the transaction experience. It also offers buyer protection policies that help ensure that buyers receive their purchased items as described. If a buyer does not receive their item or if the item is significantly different from the seller's description, Rakuten will refund the buyer.

Rakuten offers global shipping to over 200 countries and regions, making it a popular destination for buyers looking for unique or hard-to-find items from around the world. And hence why Rakuten is a popular e-commerce website that offers a membership program, a wide range of products, seller feedback, buyer protection policies, global shipping, and a mobile app. These features have contributed to Rakuten's success and popularity among buyers and sellers worldwide.

Challenges of Global E-commerce system:

Despite the many advantages of the E-commerce systems, there are also several challenges that the companies face all the time. Some of the challenge includes:

a) **Cross-border Regulations**: Each country has its own laws and regulations regarding e-commerce, which can be difficult for global e-commerce platforms to navigate. Compliance with regulations can be time-consuming and costly, and failure to comply can result in legal issues and financial penalties.

b) **Logistics and Shipping**: Shipping products across borders can be complex and costly. Global e-commerce platforms must manage logistics and customs requirements for

different countries, which can result in increased shipping costs and longer delivery times.

c) **Payment Processing:** Payment processing can be challenging for global e-commerce platforms, as different countries have different payment systems and regulations. This can result in increased transaction fees, currency conversion fees, and payment fraud risks.

d) **Language and Cultural Differences**: Global e-commerce platforms must consider language and cultural differences when targeting different markets. Product descriptions, customer service, and marketing materials must be adapted to local languages and cultural norms.

e) **Competition**: The global e-commerce market is highly competitive, with numerous platforms vying for market share. Global e-commerce platforms must differentiate themselves from their competitors and continuously innovate to stay ahead.

f) **Cybersecurity**: Cybersecurity is a major concern for global e-commerce platforms, as they store sensitive customer and payment information. Platforms must have strong cybersecurity measures in place to prevent data breaches and protect customer data.

Conclusion

Despite the challenges, we simply can't deny the impact of E-commerce in the present world and how easy and comfortable it has made our day to day lives. However, the company must continue to address the challenges associated with global e-commerce to maintain its competitive edge and ensure continued growth in the future.

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