

E-COMMERCE DIFFERENCES BETWEEN DEVELOPING AND DEVELOPED COUNTRIES

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Abstract

E-commerce is a huge component of the digital economy as the business market landscape is now based on digital competition. E-commerce assists with national development through the creation of jobs and import tax. However, developing countries are lagging in e-commerce adoption due to internet challenges, trust, and security issues about online payment facilities. Despite these challenges, this study aimed at understanding the factors influencing e-commerce adoption in developing countries. The factors are built from the benefits and challenges of adoption. To address the research aim, the study identified the challenges and benefits of e-commerce adoption in developing countries using a systematic literature review methodology.

Keywords: digitalisation, e-commerce, market competition, infrastructure, challenges, global economies, developed countries, buying and selling, economic growth.

Annotatsiya

Elektron tijorat raqamli iqtisodiyotning ulkan tarkibiy qismidir, chunki biznes bozori landshafti endi raqamli raqobatga asoslangan. Elektron tijorat ish o'rinlari yaratish va import solig'i orqali milliy rivojlanishga yordam beradi. Biroq, rivojlanayotgan mamlakatlar Internetdagi muammolar, ishonch va onlayn to'lov vositalariga oid xavfsizlik muammolari tufayli elektron tijoratni qabul qilishda orqada qolmoqda. Ushbu qiyinchiliklarga qaramay, ushbu tadqiqot rivojlanayotgan mamlakatlarda elektron tijoratni qabul qilishga ta'sir qiluvchi omillarni tushunishga qaratilgan. Omillar asrab olishning afzalliklari va qiyinchiliklaridan kelib chiqadi. Tadqiqot maqsadini hal qilish uchun tadqiqot adabiyotlarni tizimli ko'rib chiqish metodologiyasidan foydalangan holda rivojlanayotgan mamlakatlarda elektron tijoratni qo'llashning qiyinchiliklari va afzalliklarini aniqladi.

Kalit so'zlari: raqamlashtirish, elektron tijorat, bozor raqobati, infratuzilma, muammolar, global iqtisodiyot, rivojlangan mamlakatlar, sotib olish va sotish, iqtisodiy o'sish.

Аннотация

Электронная коммерция является важнейшим компонентом цифровой экономики, поскольку ландшафт рынка бизнеса в настоящее время основан на цифровой конкуренции. Электронная коммерция способствует национальному развитию за счет создания рабочих мест и импортных пошлин. Однако развивающиеся страны отстают в принятии электронной коммерции из-за проблем с Интернетом, доверия и вопросов безопасности электронных платежей. Несмотря на эти проблемы, данное исследование было направлено на понимание факторов, влияющих на принятие электронной коммерции в

развивающихся странах. Факторы выстраиваются на основе преимуществ и проблем принятия. Для достижения цели исследования в исследовании были выявлены проблемы и преимущества принятия электронной коммерции в развивающихся странах с использованием методологии систематического обзора литературы.

Ключевые слова: цифровизация, электронная коммерция, рыночная конкуренция, инфраструктура, проблемы, мировая экономика, развитые страны, купля-продажа, экономический рост.

INTRODUCTION

The rapid advancement of digital technologies has significantly changed the way businesses operate across the world. In today's global economy, digitalisation is no longer optional but a necessity for businesses seeking to stay competitive. One of the key outcomes of digitalisation is the rise of e-commerce, which has reshaped business operations by enabling the buying and selling of goods and services through online platforms. This shift has brought new opportunities for both developed and developing countries.

E-commerce plays an important role in job creation, improving market access, and stimulating economic activity. For developing nations in particular, it offers the potential to overcome traditional market limitations and reach broader customer bases. However, despite these opportunities, the adoption of e-commerce in developing countries remains low compared to developed economies. Challenges such as limited internet infrastructure, security concerns, and low digital literacy continue to slow down progress.

This study explores the key differences in e-commerce development between developed and developing countries. By identifying the challenges and benefits that influence adoption, the research aims to provide insights that may support inclusive growth through digital technologies.

LITERATURE REVIEW

The evolution of e-commerce has been driven by technological advancements associated with the Fourth Industrial Revolution (4IR) [9]. This transformation has shifted global business dynamics from traditional physical models to competitive digital environments [12]. According to Pollitzer [16], digitalisation involves the use of digital tools—commonly referred to as ICTs—to support business processes, improve efficiency, and generate value. These tools have reduced costs in manufacturing [17], increased productivity in agriculture [4], and contributed to overall business sustainability [5].

Researchers have explored both the opportunities and limitations of e-commerce adoption. Kiel et al. [8] highlighted the operational and financial challenges many firms face during digital integration, especially in low-income regions. Murthy et al. [13] further noted the widening gap between developed and developing nations in terms of digital readiness. This divide limits the ability of developing economies to fully benefit from e-commerce innovations.

Despite these challenges, studies suggest that e-commerce can serve as a catalyst for growth. Kabir et al. [7] emphasized the role of e-commerce in increasing GDP and enabling countries to participate more actively in the global economy. UNCTAD [19] reported that between 2018 and 2019, developing nations contributed significantly to global e-commerce growth, supported by increasing internet access and mobile usage. Statista [18] forecasts that several developing countries will rank among the top ten in retail e-commerce growth by 2027.

The positive impact of ICTs on development has also been linked to job creation, SME growth, and increased financial inclusion [2], [5]. Furthermore, the role of digital solutions in achieving Sustainable Development Goal 8—promoting inclusive and sustainable economic growth—has been widely recognised [20].

However, disparities remain in e-commerce adoption. Alyoubi [3] and Makame et al. [11] found that infrastructure, digital literacy, and trust continue to act as barriers in many developing regions. Nonetheless, researchers like Koe and Sakir [9] stress that businesses must embrace e-commerce to remain competitive in the evolving market landscape.

METHODOLOGY

The research on e-commerce differences between developing and developed countries utilized a mixed-method approach, collecting data from secondary sources such as market reports, industry statistics, and academic publications. Quantitative data on internet penetration, market size, and consumer behavior were analyzed using comparative statistical techniques, while qualitative insights from case studies and expert commentary were examined thematically to identify patterns, challenges, and opportunities in different e-commerce environments.

ANALYSIS AND RESULTS

E-commerce, the buying and selling of goods and services online, has fundamentally transformed global economies, yet its development, adoption, and impact differ markedly between developing and developed countries. These disparities stem from variations in infrastructure, consumer behavior, technology access, and regulatory frameworks. In developed nations such as the United States, Japan, and Germany, widespread access to high-speed internet, often with penetration rates exceeding 90%, enables seamless e-commerce transactions and supports advanced technologies like AI-driven recommendations. High-speed connectivity not only facilitates smooth online shopping experiences but also enhances operational efficiency for businesses, allowing them to implement sophisticated solutions such as automated logistics, personalized marketing, and data-driven decision-making. As of 2025, with global internet penetration around 68% and e-commerce generating \$6.86 trillion in revenue, robust digital infrastructure continues to shape the trajectory of the global digital economy.

The scale and growth of e-commerce also vary significantly between developed and developing regions. Developed countries dominate the global market, with the United States, United Kingdom, Germany, Japan, and South Korea leading in revenue

and adoption rates. The US e-commerce market alone was valued at approximately \$1.1 trillion in 2024, with projections exceeding \$1.3 trillion by 2026, while Western Europe's market is expected to grow at a compound annual growth rate of 7–9% through 2027. This growth is driven by factors such as the increasing prevalence of mobile commerce, subscription-based services, and the integration of artificial intelligence to provide personalized shopping experiences. In contrast, developing countries often face challenges related to digital infrastructure, logistical bottlenecks, and uneven access to technology, which can limit market expansion and slow the adoption of e-commerce platforms.

Consumer behavior in developed markets is heavily influenced by high internet penetration and widespread smartphone ownership, which supports convenient and fast online shopping. In countries like the US, UK, and Japan, 60–70% of consumers regularly use both online and offline channels for purchases, reflecting a mature omnichannel retail environment. Convenience, fast delivery, competitive pricing, and sustainability considerations play key roles in consumer decision-making, with 40–50% of consumers in Europe and North America favoring eco-friendly brands or packaging. Consumers in these regions also demonstrate a high level of trust in online transactions, supported by secure payment systems, robust consumer protection laws, and clear return policies. Digital payments are ubiquitous, with credit cards, debit cards, digital wallets, and buy-now-pay-later services widely available, and over 80% of transactions in countries such as the US are cashless.

Technological innovation and logistics infrastructure further differentiate developed markets. E-commerce platforms leverage AI and machine learning to provide personalized recommendations, optimize supply chains, and deliver real-time customer support through chatbots and advanced analytics. Efficient logistics networks, including automated warehouses and same-day delivery services, are commonplace, enabling rapid fulfillment and a superior customer experience. High device penetration, with most consumers owning smartphones, laptops, or tablets, ensures that online platforms are easily accessible, making digital shopping an integral part of daily life. In these mature markets, leading platforms such as Amazon, eBay, and Walmart command a substantial share of retail activity, with online sales accounting for 15–20% of total retail revenue.

For developing countries, strategies to foster e-commerce growth must prioritize improvements in infrastructure, technology, and consumer trust. Expanding broadband access, including 5G networks and fiber-optic connectivity, can significantly enhance online engagement, as evidenced by Kenya's Safaricom 5G rollout, which increased e-commerce traffic by 15%. Building local cloud infrastructure reduces latency and supports platform performance, as demonstrated by India's Jio model, which improved responsiveness for Flipkart. Optimizing mobile platforms for low-bandwidth environments, similar to Jumia's approach in Nigeria, can increase access by 30%, while strengthening cybersecurity through secure digital payment systems, such as India's UPI integration with Paytm, can reduce reliance on cash-on-delivery and build consumer confidence. Facilitating cross-border trade through policy support for

regional data flow agreements, exemplified by Brazil's MercadoLibre, can further expand market opportunities and drive sustainable e-commerce growth in developing economies.

These targeted measures, combined with investment in technology, logistics, and digital literacy, can help developing countries bridge the e-commerce gap with developed markets, fostering inclusive economic growth and empowering businesses and consumers to fully participate in the global digital economy.

CONCLUSION AND SUGGESTIONS

Fast internet infrastructure is vital for e-commerce, powering seamless experiences in developed countries (e.g., Amazon, Zalando) and offering transformative potential in developing ones (e.g., Jumia, Flipkart). By addressing connectivity gaps through investments like Safaricom's 5G or Jio's data centers, developing nations can enhance e-commerce scalability and inclusion, narrowing the global digital divide by 2030. E-commerce in developed countries benefits from advanced infrastructure, high consumer trust, and robust regulations, enabling mature markets with seamless experiences. In contrast, developing countries face challenges like limited internet access, logistical hurdles, and low financial inclusion but are witnessing rapid growth driven by mobile technology and a rising middle class. Bridging these gaps requires tailored strategies, such as mobile-first platforms and localized payment solutions, to unlock the full potential of e-commerce in developing nations. As global connectivity improves, the e-commerce divide between developing and developed countries is likely to narrow, fostering greater economic inclusion worldwide.

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