

BELARUS CONSUMER MARKET CHANGES IN THE CONTEXT OF TRADE DIGITALIZATION

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<https://doi.org/10.5281/zenodo.10022384>

Abstract. *The emergence of information technology, a new generation of buyers who are more demanding to convenience when choosing goods and making purchases, lead to the constant increase in online purchases. In the article, the author analyzed changes in consumer behavior in Belarus consumer market, which determines the development of e-commerce. The author presented a number of indicators reflecting the new trade form state. In Belarus, there has been an increase in Internet users, the number of online stores, and the share of sales in turnover. The author identifies the trends characteristic of Belarus consumer market in the conditions of trade digitalization.*

Keywords: *e-trade, signs of e-trade, consumer market, online shop, online shop network, retail sales, e-trade growth factors, trends in the development of e-trade.*

Trade is the most important sphere of the national economy, providing the solution of social and economic problems. In recent decades, trade has been transformed under the influence of information and communication technologies, offering a new form of its implementation - e-commerce.

By e-commerce, the author understands "a form of trade (wholesale and retail), providing the purchase and (or) sale of goods using telecommunication networks and systems" [1]. At the same time, the following characteristics of parties' interaction in electronic commerce can be cited:

- through the Internet or other information resources and is not related to the conclusion of a contract on a tangible medium;
- the interaction is of a procedural nature and each participant performs certain operations to conclude a transaction (participates in the trade process).

Researcher N.S. Yemanova notes that in e-commerce, "the essence of the transaction remains the same, only the form of data transmission necessary for the conclusion of the transaction changes" [2]. The author identifies the following features of e-commerce:

- an improved form of traditional obligations registration, consisting of the electronic means of data exchange usage in concluding transactions;
- technological innovation of business processes by automating the processes of order acceptance and processing;
- a fundamentally new way of communication between the seller and the buyer – remote communication;
- a complex structure of legal relations of e-commerce, different from the traditional one, due to the emergence of new subjects of social relations [2, p.48].

Based on the above mentioned, we view e-commerce as a form of trade realization, which emerged as a result of trade process transformation under the influence of information and communication technologies and networks. As a result of such transformation, the content of the

trading process itself does not change, but the form of individual operations implementation in trading process changes.

The development of e-commerce in the consumer market is of the greatest interest, since it implements the processes of buying and selling consumer goods and services used for personal, family or home consumption, ensuring the overall balance of the country's economic system. Considering that most of the participants in this market are individuals (acting as buyers) who, due to their economic activity, seek to optimize the time spent on meeting demand for goods and services, new technologies, including information technologies, are being introduced quite quickly in the consumer market.

According to the analytical publication Insider Intelligence, "by 2025, the volume of retail sales of e-commerce worldwide may grow by 50%, to \$ 7,3 trillion, and will amount to 24,5% of total retail sales. For comparison, the results of 2021: \$ 4,9 trillion and 19.6%. The share of the ten countries with the largest volumes of e-commerce markets accounts for 88,6% of the total global volume of this industry" [3].

According to experts, the share of e-commerce in the retail turnover of Belarus in 2021 reached 5,8%. According to the operational data of the Ministry of Antimonopoly Regulation and Trade of the Republic of Belarus for 9 months of 2022, the share of e-commerce exceeded 7% with the trend of a general decline in the volume of trade. By the end of 2021, online sales increased by 25%. This trend continued in 2022 (Table 1).

Table 1 – The share of e-commerce in retail turnover, %

T			2021	
			8	19,7
				14,9
				7,1

Note: compiled by the author

As presented in Table 1, the researched countries are characterized by an increase in the share of e-commerce in retail turnover. The largest increase occurred in 2020, which was due to the Covid-19 pandemic and, as a result, the restrictions imposed. The world leader in e-commerce turnover growth by the end of 2022 was China. According to the researched indicator, it overtook the United States 2,8 times, 3,7 times - France, 4,7 times - Russia and 7 times - Belarus.

It is important to note that the growth rate of the share of e-commerce in consumer market turnover varies across the countries presented in Table 1. According to Figure 1, for the USA, France and Russia, the growth rate of e-commerce share in consumer market turnover is almost the same, 105 % on average. The leaders in terms of growth rate are China and Belarus (123,5 % and 129,3 % respectively). At the same time, by the end of 2022, Belarus has surpassed even China by this indicator. This can be explained by the fact that China has reached almost the maximum indicator so its growth rate will slow down annually. For Belarus, the situation is the opposite as the trend of online shopping will continue in order to achieve the world average.

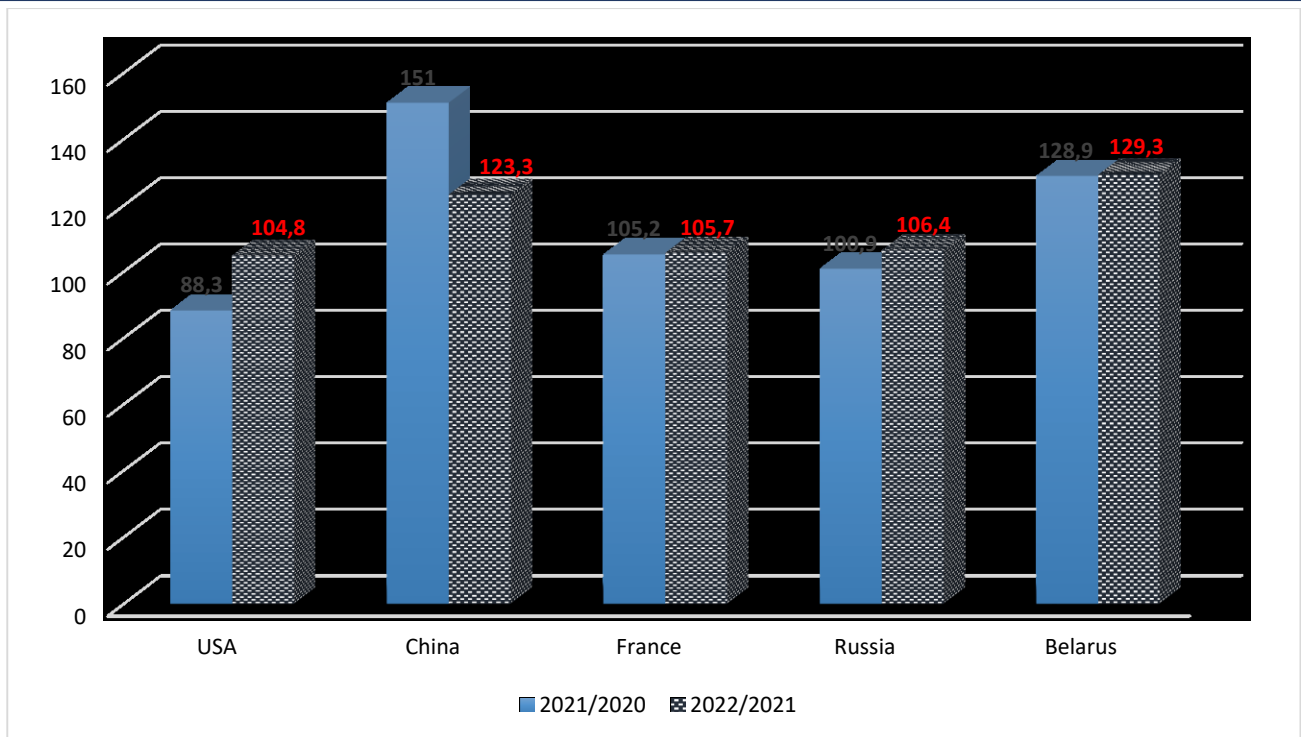


Figure 1. The growth rate of the share of e-commerce in the turnover compared to the previous one, %

Note compiled by the author

We believe that the presented growth rates of e-commerce share in the total turnover of Belarus consumer market are due to:

- 1) development of information and communication technologies and the resulting economic processes aimed at improving the quality of country's population life;
- 2) retail trade liberalization;
- 3) improvement of the consumer market regulation system in Belarus;
- 4) increase in the level of population welfare;
- 5) the emergence of new employment forms and, as a result, new sources of population income;
- 6) socialization processes implementation.

What factors are responsible for the growth of e-commerce in the consumer market?

According to many reports, the Internet penetration indicator, which characterizes the share of Internet users in the total population of the country, is put forward in the first place. It should be noted that at the beginning of 2022, 62,5 % of the world's population used the Internet [4]. At the same time, the average annual growth of Internet users amounted to 2,5 % over the last five years. In Belarus, this figure is significantly higher. According to the DataReportal analytical report, at the beginning of 2022, 8.03 million people or 85,1% of the population used the Internet in the country [5], i.e. the republican indicator exceeds the world average by more than 20 %. For comparison, in the Russian Federation the similar indicator at the beginning of 2022 amounted to 89 % [4]. The data on the above indicators at the beginning of 2022 and 2023 are presented in Table 2.

Table 2 - Share of population using the Internet, %

Indicator	As of early 2019	As of early 2022	As of early 2023
Percentage of the world's population using the Internet	57,0	62,5	64,4
Percentage of the population of Belarus using the Internet	74,0	85,1	86,9
Percentage of the population of Russia using the Internet	76,0	89,0	88,2

Note: compiled by the author

Another factor in the growth of sales through e-commerce can be called the presence of online stores and electronic trading platforms focused on the consumer market (marketplaces).

At the beginning of 2023, 28927 online stores were registered in the Trade Register in Belarus. Registration of an online store in the Trade Register is a mandatory requirement for online stores' owners. Note that there is a constant trend of registered online stores growth (Figure 2).

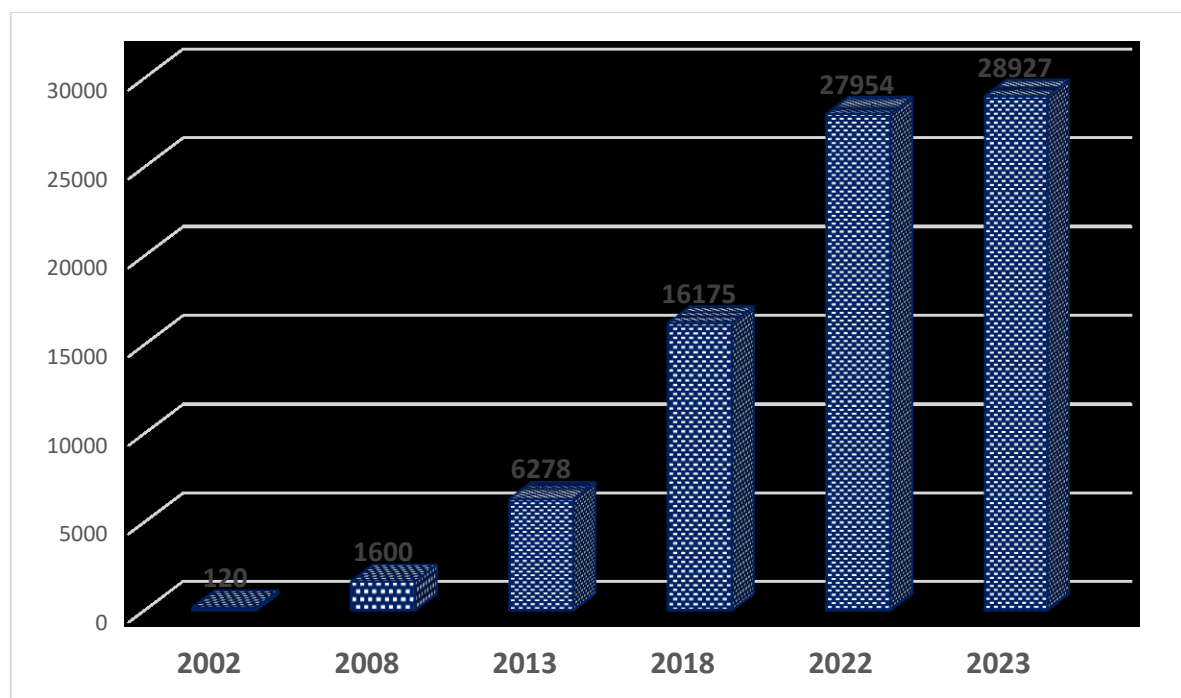


Figure 2. The number of online stores at the beginning of the year in the Trade Register of Belarus, units.

Note: compiled by the author

According to the data presented in Figure 2, it can be noted that the network of online stores in Belarus is characterized by a high average annual growth rate. Over the past 20 years, the network of online stores has grown more than 240 times. The average annual increase in the network of online stores at the beginning of the year in Belarus for 2002-2023 amounted to 1,371 units. The network began to grow most rapidly starting in 2013. So for 2013-2018, the average annual turnover of online stores was 1979 online stores, for 2018-2023 – 2550. The pandemic (a

global trend in the development of e-commerce) also had an unconditional impact on the development of the country's online stores. In 2020, the network of online stores grew by 2213 units, and in 2021 - by 3189 units, i.e. the average annual indicator of twenty-year development was exceeded in 2020 by 1,6 times, and in 2021 – by 2,32 times.

In comparison, we can cite the indicators of the development of a network of retail facilities in Belarus (Table 3).

Table 3 – Indicators of the development of a network of retail facilities and online stores in Belarus, units.

Indicator	2002	2008	2013	2018	2021
Total retail retail facilities	29576	41036	49228	64335	67438
Number of stores	24870	34820	44346	58474	60411
Number of online stores	120	1600	6278	16175	24765

Note: compiled by the author

As can be noted according to Table 3, for the period 2002-2021 under study, the retail network of retail facilities increased 2,3 times, the chain of stores almost the same – 2,4 times (which is 10 times lower than the growth rate of the online store network). Their average annual growth rate was 1992 retail facilities and 1870 stores, respectively. At the same time, we note that despite the presence of an increase in both traditional retail facilities and online stores, the growth rates are significantly different. For 2013-2018, the growth rate of the retail chain was 30,7 %; stores – 31,8 %; online stores -157,6 %. For the period 2018-2021, the indicator was 4,8 %; 3,3 %; 53,1 %, respectively. It can be noted that there is a significant slowdown in the development of the retail chain, including stores. One of the reasons for such a slow pace of development of a network of retail facilities is the popularity of shopping in online stores and the further increase in the network of online stores.

Another trend in the development of e-commerce in the consumer market of Belarus can be called the increase in the number of legal entities involved in e-commerce. The indicators characterizing the ownership of online stores are presented in Table 4.

Table 4 – Owners of online stores in Belarus, %

Indicator	As of early 2019	As of early 2022	As of early 2023
Number of online stores of legal entities	7004	11689	14254
The share of online stores of legal entities	43,3	47,2	49,3
Number of online stores of individual entrepreneurs	9171	13075	14673
The share of online stores of individual buyers	56,7	52,8	50,7

Note: compiled by the author

As can be seen from the data in Table 4, the share of online stores owned by legal entities has increased over the last 5 years (+6,0 % or 7,250 units). According to the data presented, legal entities increased the number of registered online stores from 7004 units in 2018 to 14254 units in 2023 (data at the beginning of the year), i.e. almost 2 times (average annual growth rate is 1450 online stores). Over the same five-year period, the number of online stores of individual entrepreneurs increased from 9171 units in 2018 to 14673 units in 2023, i.e. only 1,6 times. The

average annual growth rate for this group of online store owners was 1,100 units. Comparing the average annual growth rate of the online stores number registered by legal entities and individual buyers, we note that the former had a 1.3-fold higher growth rate.

We believe that this is a positive trend, because many business entities with traditional trading objects (stationary - stores and non-stationary - pavilions, kiosks) have transferred their activities to the Internet, providing greater accessibility for customers to the available range of goods and thereby improving trade services by allowing them to order goods at home, to the nearest post machine or delivery point. In addition, in the consumer market, the factor of loyalty to well-known retailers is always important, which ensures success for the owners of their Internet analogs in the consumer e-commerce market as well.

Belarus consumer market is represented not only by online stores, but also by electronic trading platforms (marketplaces). According to Skor Systems LLC, the top five largest marketplaces by sales in Belarus include [6]:

- 1) Wild berries (international trading platform, established in 2004 as a Russian online store);
- 2) Ozon (Russian trading platform, operating since 1998);
- 3) Yandex.Market (Russian electronic trading platform, operating since 2000);
- 4) AliExpress (Chinese electronic trading platform launched in 2010);
- 5) Deal.by (Belarusian trade portal).

According to the data of the Antimonopoly Regulation and Trade Ministry of the Republic of Belarus, Belarusians purchase household goods more often on the Internet (17,6%), household appliances and electronics (15,9 %), automotive goods (12,8 %), knitwear (11 %), health and beauty products (5,2 %), outerwear (3,3 %) and sanitary equipment (3,3 %). Other product categories in the structure of Internet purchases occupy 30,9 % [7].

Taking into account the achieved results of trade digitalization, the following changes can be noted in the consumer market of Belarus:

- the consumer market is being saturated with both trading facilities and online stores and electronic trading platforms;
- certain difficulties related to the multiple alternatives of consumer choice appear;
- the achieved rates of e-commerce development will be maintained and its share in the turnover will increase;
- the awareness of buyers about goods, services, sellers is increasing, which facilitates the decision to purchase goods;
- individualized models of consumer behavior are formed and developed.

One way or another, but the consumer market has already changed, which all interested persons, adjusting the model of behavior or work, should take into account.

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