

# Consumer Characteristics of E-commerce Markets in Georgia

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**Abstract:-** The paper aims to analyse the structure of the e-commerce market of Georgia with focus on the consumers (users) and to evaluate potential short-term and long-term trends. Studying e-commerce is a multidimensional issue for academia as there are similarities and differences between developed and developing countries. Additionally, every country has its own characteristics in electronic markets and this paper overviews a specific practical research for Georgia.

The research's major outcome serves to fill the practical analysis gap related to characteristics of users in local e-commerce markets. Therefore, the findings can be a basis and source for upcoming research in this field in Georgia. The authors use the approach of making their own calculations according to their research aims based on the ICT survey database provided by National Statistic Office of Georgia (Geostat).

The conclusions section discusses the main findings and provides authors' recommendations on likely trends in these markets.

**Keywords:-** E-commerce, Digital Markets, Digital Economy, E-commerce in Georgia, Consumer Characteristics in E-commerce.

## I. INTRODUCTION AND LITERATURE REVIEW

E-commerce has become an important part of the digital economy as well as the overall global economy. Therefore, studying the structure of e-commerce markets is essential for developing academic ideas in the digital economy and also has a practical purpose in real business.

Internet access is rapidly increasing in Georgian households and businesses. In 2022, 88.4% of Georgian households and 84.2% of local enterprises had access to the world wide web, but only 23.8% of internet users had used e-commerce services (source: Geostat, 2022). However, the number and volume of e-commerce users is rising in Georgia. By 2020, the local e-commerce market was already sized at GEL 137.9M (source: Galt & Taggart, 2021).

The analysis of e-commerce markets has been an important topic in academic studies from the early 2000s when the e-commerce platforms started to multiply globally (Gefen, 2000; Miyazaki & Fernandez, 2001; Bhattacharjee, 2002; DeLone & McLean, 2004). Rapid internetization and

the fact that the digital economy is already an important part of the total economy, transforms research questions to be more complex for modern authors (Nisar & Prabhakar, 2017; Kim & Peterson, 2017; Tian et al., 2018). The pandemic situation accelerated the development of e-commerce and even raised the topic's prominence in academia (Tran, 2021; Guthrie & Arnaud, 2021; Scutariu et al., 2021).

Studying the nature and characteristics of e-commerce users is a key area of scientific interest for several practical researches. The problem is described as e-commerce customers are markedly different from customers in offline markets (Li, 2019; Lim et al., 2018; Kim & Peterson, 2017; Dewanti & Indrajit, 2018). Many publications argue that "classic" consumer characteristics (age, gender, etc.) are research objects to understand customer behaviour in the decision-making process (Escobar-Rodríguez et al., 2017; Chiu & Cho 2019; Saridakis et al., 2018). However, many authors have also focused on emotional factors as this analysis can be an advantage in marketing policy (Bilgihan, 2016; Tang et al., 2019). All in all, studying the characteristics of e-commerce users can help us to answer the question, how best to describe the average e-commerce user?

## II. METHODOLOGY AND MATERIALS

Our main source consists of a database from the National Statistics Office of Georgia - "Survey on Information and Communication Technologies Usage in Households" which investigates internet usage characteristics in local households. Indicators in the results section were calculated by the authors according to answers from individual respondents in line with survey methodology. A recalculation process used selected sample weightings from the survey.

The standard digital indicators which are published by the National Statistics Office of Georgia includes country level e-commerce usage rates for selected sectors. To provide new findings for business and academic analysis, the research used a different approach and distinguished different demographic segments of the total users, and then analysed their role/contribution in the total e-commerce market. In other words, this research is not trying to calculate e-commerce indicators for each group separately but seeks to provide e-commerce market breakdown by each group and user characteristics from the market research perspective.

The database for the 2022 ICT survey includes completed forms from 3208 individual respondents (the main questionnaire). These respondents were individuals with experience of using the internet or a computer within the last 1 year. Module “E” from the main questionnaire covers questions related to individuals’ involvement in e-commerce. According to answers from individual respondents and weightings from the database, the authors have calculated absolute and relative numbers describing characteristics of e-commerce users and their breakdown by gender, age, skills, etc. Cross-tabulation analysis was used to determine market size (by users) for specific groups based on different survey questions.

**III. RESEARCH RESULTS**

The research results seek to determine the characteristics of the average e-commerce user in Georgian digital markets. The aggregative results are shown on Graph 1. The total number of e-commerce users of Georgia for the year 2022 is estimated to be 570 thousand individuals. The e-commerce market is dominated by women from the gender perspective (59.4%) supported by the fact that women have a higher share of the Georgian population. It should be also noted that growth of e-commerce market in 2022 is mostly boosted by new women users.

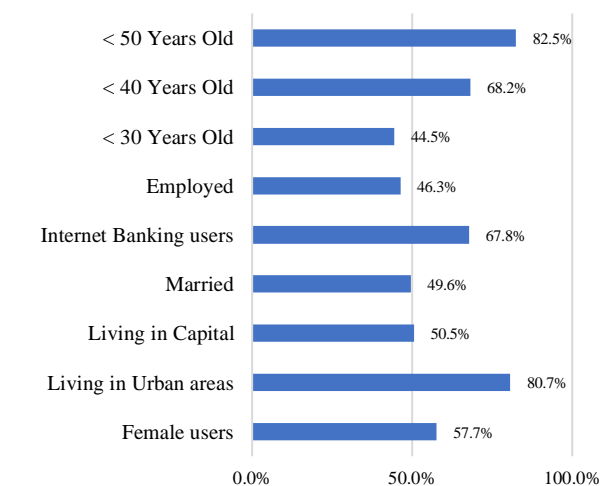


Fig 1:- Share of specific groups in total e-commerce users in 2022.

Source: Authors’ own calculations on Geostat ICT database

The major part of e-commerce users are concentrated in urban areas (79.3%), mainly in the capital - Tbilisi (50.5%). Relatively low rates of internet related activities are shown in rural areas. The biggest sector of the e-commerce market is young people (15-29 years) - 42.9% of the total market (244 thousand users). However, a large proportion of e-commerce users are employed (45.2%). The people who are using e-commerce services are also characterized by a high level of internet and computer skills and self-confidence. For example, 67.9% of them are using e-banking services frequently.

Another interesting fact is that 81.5% of individuals in e-commerce markets are purchasing product/services from local e-commerce sellers and 30.0% from international sellers. 11.4% are using both local and global opportunities. The most popular product category by number of users is “clothing and sport products” - 81.5% of total individuals in e-commerce are using this option. It is interesting that 19.5% of users are purchasing only this product category in e-commerce. This demonstrates the importance of the fashion industry in local digital economy.

More detailed base numbers about the e-commerce market breakdown are included in Table 1.

Category	Individuals (000s)	Share in total E-commerce market
<b>Total users</b>	569.8	100%
<i>Gender</i>		
<b>Female</b>	338.2	59.4%
<b>Male</b>	231.6	40.6%
<i>Age</i>		
<b>15-29</b>	244.4	42.9%
<b>30-59</b>	294.9	51.8%
<b>60+</b>	30.5	5.4%
<i>Urban-Rural</i>		
<b>Urbal</b>	452.0	79.3%
<b>Rural</b>	117.8	20.7%

Table 1:- E-commerce market Breakdown in 2022 in Georgia

Source: Authors’ own calculations on Geostat ICT database

**IV. CONCLUSIONS**

Growing digitalization trends are creating opportunities in the Georgian e-commerce. The usage of internet-related activities is increasing yearly at a high rate. Growth is apparent in every individual social-economic group. These developments provides challenges for e-business for expansion into new markets.

This paper provides major findings and recommendations for academia and for business:

- Currently, the major sector of the local e-commerce market is young people living in the big cities with proficient internet-related skills. Therefore, short-term marketing strategies should focus on them;
- Clothing and sports products is characterized as the most popular product category for local e-commerce;
- Digitalization rates are increasing for each social-economic group. This means that many new internet users will probably start using the internet for business purposes within the next few years. Therefore, e-commerce markets will and should transform to became more inclusive. It is a challenge for firms which are entering the market but also a great opportunity in the long-term, benefiting users in a big and broad market;
- The COVID-19 pandemic has boosted the local e-commerce transition to becoming a more inclusive marketplace.

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