

Online Sale Trends and Perspectives of Development in Georgia: A Pathway to Sustainable Business Growth

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ABSTRACT:

E-commerce is important for companies in order to gain competitive advantage in the market. It is solution for businesses to manage their operations and online sales. It enables merchants to set up an online store, lists services and products, and also accepts payments from consumer. It's user-friendly interface, where customers can purchase products, track orders and etc.

Accordingly, the given paper presents theoretical and practical aspects of online sales and its place in business development; the current situation and perspectives for the development of online sales are analyzed; problems related to online sales in Georgian reality are highlighted; it is noted that, when the competition in the market is increasing day by day, in order to maintain and further strengthen its position in the market, companies should focus more on modern online sales strategies, which together with other general marketing strategies are the basis for further development. Companies must realize that for success they have to implement modern online communications systems in practice, in order to have constant communication with customers.

At the end of the paper, appropriate conclusions are given, the consideration of which will contribute to the fact that companies will use modern approaches in the field of online sales which will raise the image of the company, gain trust of customers and obtain competitive advantage.

Key words: Internet-technologies; Online Marketing; E-commerce; Online Sales; Online stores; Virtual stores, traditional stores.

1. Introduction

Today, the winner in the competitive battle is not only the one who is strong, but also the one who has found his niche and thereby gained an advantage. In the terms of modern economy, most companies try to adapt their key strategy to market demand, and marketing should contribute to the realization of the key strategy - to create and stimulate demand.

Recently, modern technological advances, especially the wide use of the Internet, have created the so-called "The new economic". Many of the traditional marketing strategies and tactics of the recent past - mass marketing, standardization and certification of goods and services, media advertising, over-the-counter sales, etc. e. was adapted to the traditional economy.

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The Internet is a technology that strengthens business connection between consumers and companies. It is equipped with various computer programs and models, through which we can put the necessary information on any question, and this information will be reachable to any consumer. Through the Internet, manufacturing companies and consumers from different countries can communicate with each other in just a few seconds and receive the necessary information about the quality of goods, prices, rules of use and terms of sale. Before making important decisions, consumers obtain information through the Internet. According to the researches, one out of every three consumers rely on Internet information while choosing a school, buying a car, finding a job, or making investment decisions.

The development of Internet technologies contributed to the development of one of the directions of marketing - Internet marketing, which involves the implementation of marketing activities using the Internet. Such as: market research and study; product range development; development of pricing policy; Selling goods and stimulating the consumer. Despite the fact that modern approaches of online sales are already used by the companies in our reality, and the study of this issue has repeatedly become the subject of discussion by competent people, we think that the analysis of the current situation regarding the mentioned issues is still relevant at the modern stage. Georgian business has different challenges while adopting online sales strategies, such as: small audience and large number of online pages and its necessary to increase it with different marketing tools; building trust with consumer is too difficult, so online companies must create such strategy, which will increase their loyalty; perception of the real nature of the product – sellers must create videos which shows real product in detail; advantages is not shown properly – in competitive environment, they have to offer more advantages and values; delivery time and cost, especially in regions is too long and it's important to fix this problem and make more comfort for every consumer; often when one online sale company offers a high quality product, another one offers similar, but low quality product with low price, so for consumer it's difficult to distinguish them. Companies have to point out real advantages – quality, durability, guaranty and etc.

The purpose of the study was to study the current trends in the development of online sales to highlight the related problems in Georgia, and to make relevant conclusions regarding the mentioned problems.

2. Literature review

The growing importance of online sales have been the subject of extensive research for several scientists. Cumming, D., Johan, S., Khan, Z. (2023) points, that the rise of digitalization and information and communication technologies is playing a vital role in facilitating global trade and business activities and in overcoming cross-border transaction costs. The growth and widespread diffusion of internet-enabled technologies and platforms have created numerous opportunities for firms to provide products and services across both developed and developing markets. Yet, limited research has been conducted in the international business domain to explore the rise of e-commerce and its implications for international business scholarship.

Orzot M. (2023) in his article highlights, that the e-commerce market has been growing dynamically for years. Digital transformation forces companies to invest in new technologies and change existing sales models and to develop online sale. It is indisputable that in such a turbulent environment only those enterprises that can constantly adapt to changes have a chance of survival. Parikshth G. (2023) discusses online sales as a comprehensive solution for business in order to achieve aims and gain competitive advantage.

Ryan D. and Jones C., (2017) marks that the world of digital media is changing at a phenomenal pace. Its constantly evolving technologies, and the way people are using them. They noted that in the developed world internet access is becoming practically ubiquitous, and the widespread availability of always-on broadband connections means that people are now going online daily to do everything from checking their bank statement, to shopping for their groceries, clothes, medicines, home appliances, accessories, perfume and etc. to play games and other. So, focusing on online sales is important for different spheres, in order to attract many consumers from around the world.

The development of the internet, World Wide Web and other digital technologies have transformed marketing: one of the most important direction is online sales. For consumers, they give a much wider choice of products, services and prices from different suppliers and a more convenient way to select and purchase items - Chaffey, D., Ellis-Chadwick, F. (2016). Shankaraiah K (2021) outlines, that online sales predominantly occupies a prime position in the currents business environment in the world, it helps in simplifying the business processes and make them faster and efficient.

3. Methodology

The research methodology is based on the specificity of the research object, subject, goals and objectives. Accordingly, the method of bibliographic research, logical analysis of relevant materials, data collection and grouping are used in the process of studying and researching the issue. Also, the paper uses practical materials that were found based on scientific (sociological) research and interviews (from June 2024 to November 28.2024, nearly 900 respondents were interviewed and we will consider the answers received from the respondents).

4. Discussion and results

The Internet is a unique global information system that is an effective environment and instrument for marketing. There is no doubt that the Internet has changed the environment. The rapid growth of the Internet has led to the weakening of traditional media, such as radio-television, magazines and newspapers. Online sales are the sale of products and services over the Internet, the main goal of which is to maximize profit by satisfying the consumers' needs as much as possible. It should be noted here that one of the necessary conditions for implementing an online sales strategy on the part of companies is access to the Internet by users and appropriate knowledge of the use of Internet technology tools.

According to the results of the 2024 „Survey on information and communication technologies use in households”, 91.5% of Georgian households have access to the Internet, which is 2.6% higher points compared to the previous year. The value of the mentioned indicator was distributed according to the regions as follows: the highest was recorded in Adjara A.R. and in Tbilisi, 97.8% and 95.8%. The share of households with internet access increased by 1.4% for urban and by 4.1% for rural areas, reaching 94.5 and 87.5 percent respectively (see figure 1). However, in 2017 37.9% of households of Georgia do not used internet.

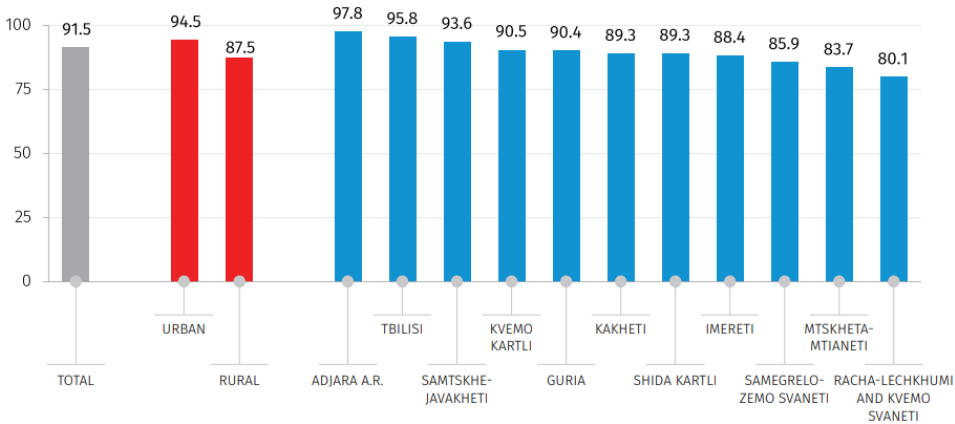


Figure 1: Share of households provided with Internet by settlement type and regions 2024

Source: National Statistics Office of Georgia 2024

<https://www.geostat.ge/media/65123/Indicators-of-Using-Information-and-Communication-Technologies-%28ICT%29-in.pdf>

The successful implementation of an online sales strategy is determined not only by what part of the population has access to modern online technologies, but also by what purpose they use the appropriate technologies.

According to the National Statistics Office of Georgia, 95.3% of the population of Georgia uses the Internet. 95.3% of the population use the Internet for participating in social networks, 54.3% - for reading online news sites, sending and receiving e-mail - 46.6%, 47.2% for seeking health-related information, 43.1% - are finding information about goods and services, 11.8% - are looking for a job or sending a job application, and 50.4% use the Internet for internet banking. Compared to the data of the previous years, the rate of Internet usage has increased in almost all areas. In 2017 the majority of the population – 92.1% - used internet for social networking, 53.8% - for reading online news and internet magazines, 53.8% - for electronic mail, for health issues -43.3%.

The development of the Internet in recent years has contributed to the development of online marketing, which involves the implementation of marketing activities using the Internet, namely market research and study, development of product assortment, development of pricing policies, sale of goods and stimulation of the consumer. If product selling is growing faster by using direct or traditional marketing channels, during online marketing, selling products have an almost "explosive" character. Online marketing uses computer systems that connect customers with sellers and sellers with customers. For the

consumer and seller, online marketing has many advantages, which are expressed in the speed of conducting negotiations, relatively more information about goods, buyers and competitors. The Internet has fundamentally changed peoples way of thinking and their attitude towards work performance.

Today, approximately 91.5% of the population in Georgia is provided with the Internet, which is 2.6% higher than the previous year's figure, and this number is increasing daily. Accordingly, Internet marketing are gaining significant advantages. It opens up huge opportunities for marketers.

As mentioned above, one of the directions of Internet marketing is online sales, which has recently reached a wide scale of distribution. Online sales have created a new economic space, the subject of which are various products and services, real estate, information, etc. Such companies, where virtual goods are optimized as much as possible, for example, books, compact discs, computer equipment and others have more popularity in the internet. Sales of products that are desirable to try before buying, comparing different parameters, for example, clothes, perfume, etc., were less popular, but it has changed. Such platforms, as Temu company, Taobao and other, is mostly used for buying clothes. In addition, Internet sales provide an opportunity to buy several products together by using a virtual basket.

The recent global pandemic (COVID-19) has further changed buyer behavior. The people who were employed in different fields and their transition to the remote work mode, online conferences and online lessons significantly increased the number of online users and the structural layout. According to the DE-CIX company, the growth of customer data increased by an average of 10%. The role of online conference portals (Skype, Zoom, Team, Google meet, WebEx, etc.) has also significantly increased, as well as a significant increase in the flow of social networks. For example, the price of shares of Zoom Video Communications has recently increased by 135%. It is worth noting that since January 31, 2020, the value of Zoom shares has doubled. In 2023 internet users increase with 1.9% (98 million) and active social media users with 3.0% (137 million).

Even those parts of daily activities that were done without online technology before the pandemic have now been fully embraced by technology. Consumers avoid going to supermarkets and turn to online stores. Demand has increased especially for food and daily household items.

It is a well-known fact that women are particularly fond of shopping, but according to online statistics, men spend more boldly in online stores than women. For example, 68% of men spend more on luxury items and electronics that may cost \$1,000 or more. Women mainly buy elementary things and cosmetics, the price of which is relatively cheap.

It is also necessary to show top online shopping categories worldwide in 2024. 922.5 billion \$ - electronics, 760.0 billion \$ - fashion, 460.1 billion \$ - food, 220.1 billion \$ - furniture and etc.

According to official data, online sales have grown in the last period. The chart below shows the growth dynamics of online sales in the world, which reflects the volume of sales in billions of US dollars. Forecasts for subsequent years are also reliable, which is confirmed by the forecast in the chart (see figure 2).

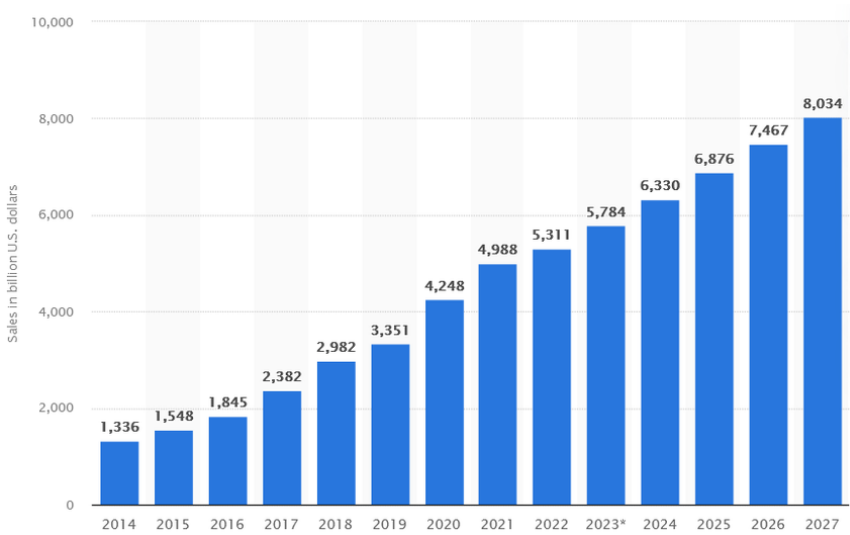


Figure 2: retail e-commerce sales worldwide from 2014 to 2027 (in billion U.S. dollars)

source: https://www.researchgate.net/figure/Retail-e-commerce-sales-worldwide-from-2014-to-2027-in-billion-US-dollars_fig1_381185713

It is interesting to find out E-commerce market size by country. According to statistics of 2024 the first one is China with 3.023,66 billion \$, then comes US – 1.163.49 billion \$, UK – 195.97 billion \$, Japan – 193.42 billion \$, South Korea – 147.43 billion \$, India – 118.9 billion \$, Germany – 97.32 billion \$, Indonesia – 97.14 billion \$, Canada – 82.81 billion \$, France – 79.36 billion \$ and etc.

In terms of the development of online sales, the leading positions in 2024 are held by such countries as: China 46.3%, the United Kingdom - 36.3%, South Korea - 32.2%, Germany - 20.2%, Indonesia - 20.2%, Norway - 19.4%, the United States of America - 16.1%, Finland - 14.6%, Sweden - 14.4%, Canada 13.6%. In these countries, 74-83% of the population subscribes online (see figure 3).

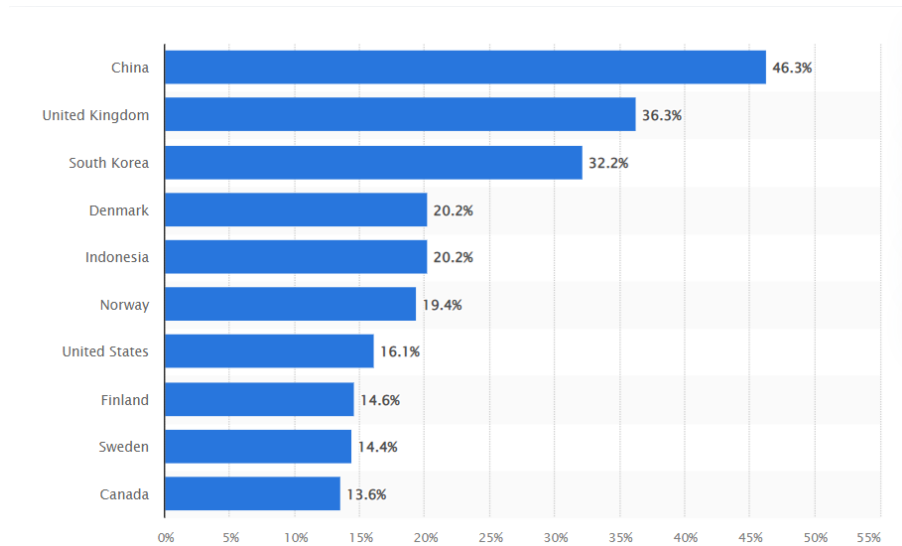


Figure 3: the world leading countries in E-commerce

Source: <https://www.mobiloud.com/blog/ecommerce-market-size-by-country>

In our country, online sales started in 2002-2003. It started when the first Georgian website appeared. Today there are also web portals, forums, internet stores and others. Georgia is actively involved in global Internet auctions, especially in the Internet auctions of cars in America and Japan, where the consumer can choose a car with the desired model, year, color and other data, and pay the corresponding amount in parts and after a certain period of time (which is necessary for the transportation of the car) receive a car in the port of Poti or in Tbilisi. Also, you can buy goods of different names from Europe or other developed countries. This reduces time and costs.

Low prices and a wide selection offered by international companies attract more Georgian customers every year. It must be noted, that the Covid-19 pandemic has forced local companies to expand their digital offerings. At the same time, international shipments became more difficult due to limited mobility. As a result, the share of local e-commerce increased from 11% to 23% in the period 2018-2020. With the development of online platforms for local retail trade and increasing consumer confidence, according to GALT & TAGGART research, the share of local e-commerce will continue to grow and will reach more than half of total online trade spending by 2025. It should be noted, that there are several online sale platforms in Georgia. Reliability, orientation to customer's needs, acceptance of individual orders and justification of expectations and other are their main characteristics. For the customers it is important to offer such values that will increase their loyalty and lead to customer attachment to the brand. Interesting and different offers, smart paying methods for a regular customer will further improve their loyalty. The formation of these circumstances will be an important component for gaining competitiveness.

Shopping restrictions imposed due to the Covid-19 pandemic have forced many people to buy products online for the first time or more frequently. As a result, the size of the e-commerce market increased 3.2 times annually in 2020 and amounted to 140 million GEL.

The growth continued in 2021 as well, in the first quarter the revenues of the sector increased 5.4 times annually. Despite the rapid growth in 2020, the share of e-commerce in total retail sales in Georgia is still insignificant compared to developed markets, for example, it is 12% in Europe.

It should be noted, that there are not relevant data on the website of National Statistics Office of Georgia which reflects in detail the trends of the current situation in the field. Despite the fact that, according to the representatives of the business sector online sales in Georgia are characterized by a growing trend, in order to clearly present the current situation in the field, we conducted a relevant study. We have provided online marketing research and have interviewed nearly 900 respondents (citizens of Georgia). The first question was about if they purchase products online. 79% of the respondents were using online shopping and 21 % are not using it (see figure 4)

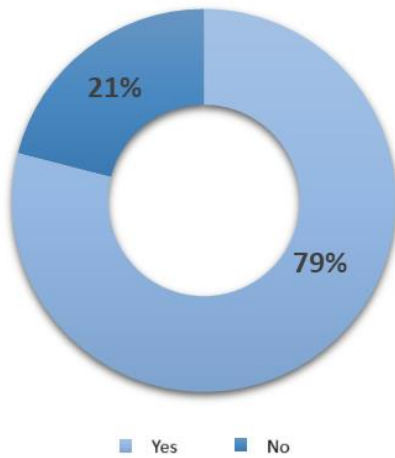


Figure 4: online shopping usage rate

Source: compiled by the author's based on the research results

Online sales are growing faster. More and more people apply it for purchasing different products. It's important to find out the most common reasons why people use online sales. 18.9% of respondents prefer it, because they can find out those things, which are not reachable in traditional stores, 17% - products can be purchased any time of the day, 16.7% - purchasing process is simple, 15.9% - smart process of product delivering, 8.4% it's easy to find and compare information about products, and etc. (see figure 5).

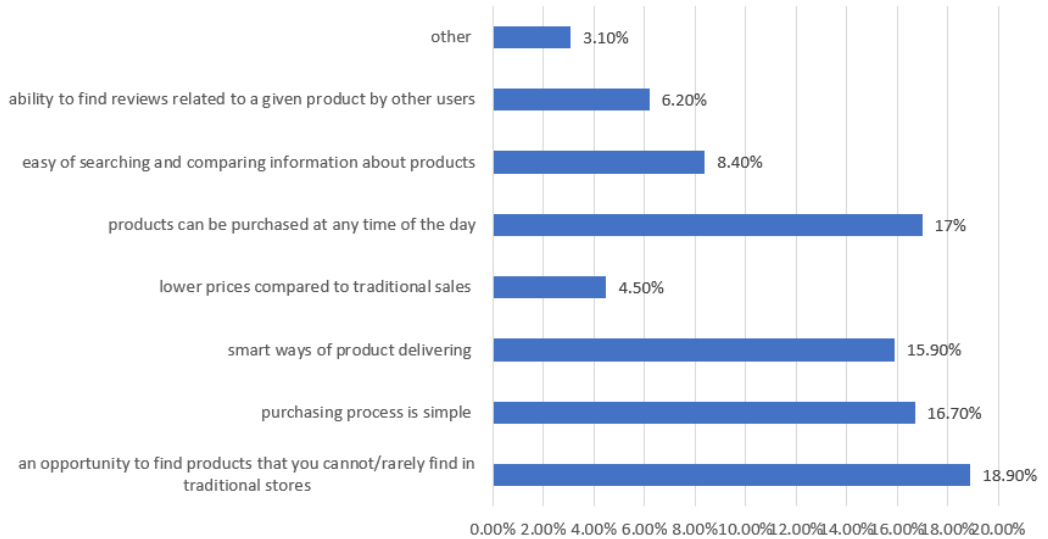


Figure 5: determining factors of online purchase

Source: compiled by the author's based on the research results

Above given figure (figure 4) shows that 21% are not using online shopping. We were interested to find out reasons. 44.9% noted that goods purchased online is not common with expectations, 21.5% - didn't trust e-commerce companies, 12.1% - it takes lot of time and 4.7% noted that purchasing process is too difficult (see figure 6).

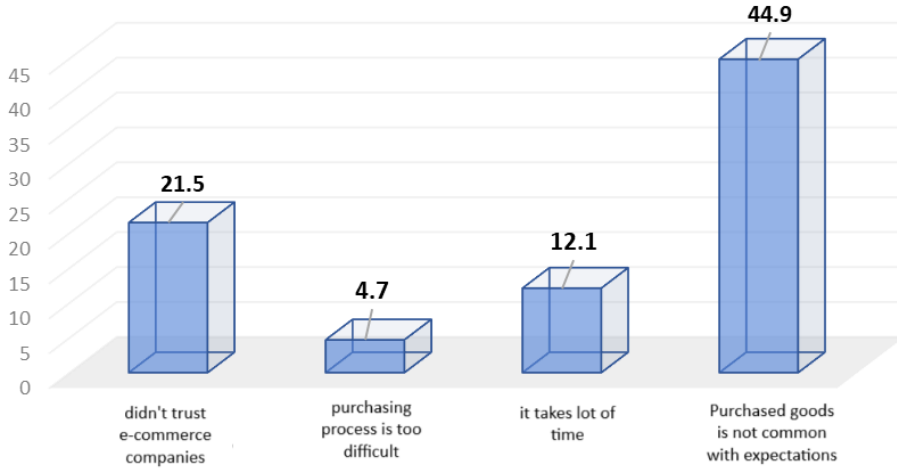


Figure 6: Factors leading to refusal of use online shopping
 Source: compiled by the author's based on the research results

Online sales give opportunity to consumers buy different products, such as: clothes, sport accessories, technics, perfume, phone accessories, shoes, books and other. During the research process, we find out most popular products to buy. The most purchased is clothes – 23.6%, then comes shoes – 15.4%, books – 8.8% and other (see figure 7).

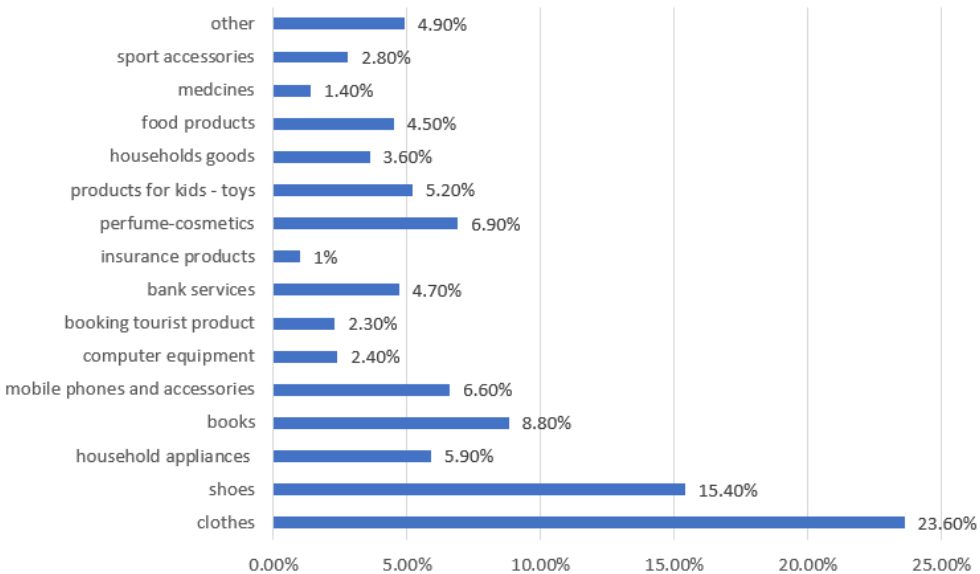


Figure 7: specific share of online sales product categories in total sales volume
 Source: compiled by the author's based on the research results

Consumers have opportunity find out information about different things from several sources. Information about products, which they want to buy, find out from different

social networks – 53.3%, from web-cites 22.1%, from commercial – 13.3% and etc. (see figure 8).

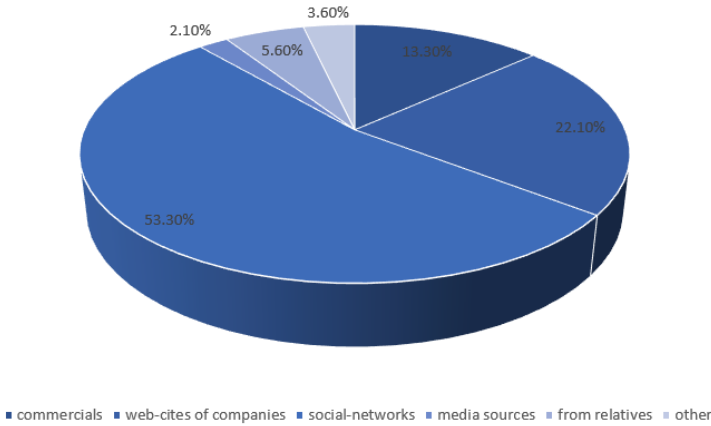


Figure 8: sources of information about goods for sale in the online space
 Source: compiled by the author's based on the research results

During the research process, for us, it was also important to find out those online shopping companies, which people prefer in Georgia. Temu company - 42.4%, Taobao – 39.5%, Amazon – 13.2%, Trendyol – 3.2%, other 1.7% (see figure 9). While the world's largest online marketplaces is Amazon, eBay, AliExpress, Walmart and etc.

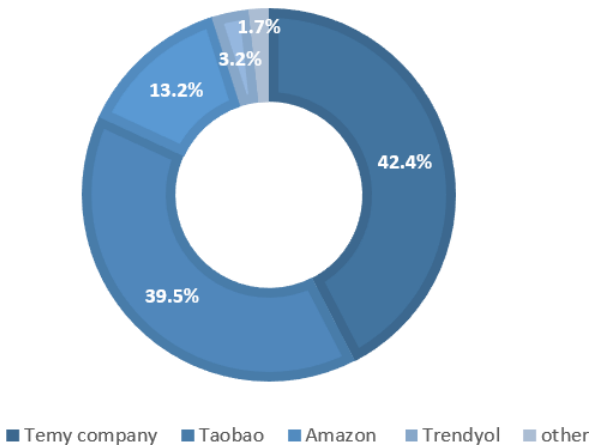


Figure 9: the most popular online sale platforms in Georgia
 Source: compiled by the author's based on the research results

5. Conclusions

Based on the materials presented above and data obtained from the research, we can conclude that today trends of online sales are developing quite rapidly. However, for the further growth and perfection of online sales, it is advisable to focus on the following circumstances:

- ✓ Company managers (employees) must obtain relevant tools of modern online sales;
- ✓ Tailoring online sales strategies to customer needs;
- ✓ Creating smooth, simple and attractive websites;
- ✓ Optimizing a chatbot system is important;
- ✓ Availability of permanent stocks of goods for sale. As well as placing complete information about goods and their properties, delivery conditions, payment forms, loss compensation systems in the online space and etc.
- ✓ Online companies must ensure the sales of goods and communication with customers 24/7.
- ✓ To respond to customer questions and complaints as quick as possible, as in many cases there is a delayed response. Accordingly, the customer will find out concurrent in order to satisfy his needs.
- ✓ Studying the level of satisfaction of internet users, increasing user confidence in online purchases. Etc.

And finally, management of the company must constantly think about what value should be created for the customer, how to make the conditions for purchasing goods and services more comfortable. Every company must know that good relationship with each customer is the most important asset for achieving long-term results.

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