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DEVELOPMENT OF E-COMMERCE IN TÜRKİYE: POST COVID-19 ERA

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Abstract:

The COVID-19 pandemic catalyzed a significant transformation in consumer behavior, accelerating the adoption of e-commerce worldwide. This study focuses on the development and growth of e-commerce in Türkiye during the post-COVID-19 era, examining the sector's expansion from 2020 onwards. Key factors contributing to this growth include increased internet and smartphone penetration, advancements in digital payment systems, and heightened consumer reliance on online shopping during lockdowns. The analysis highlights how these shifts have not only enhanced domestic retail e-commerce but also positioned Türkiye as a rapidly growing e-commerce market globally, with a projected compound annual growth rate of 11.6% between 2024 and 2029. Additionally, the article explores opportunities for Turkish businesses to leverage cross-border e-commerce for international market expansion, emphasizing the strategic role of digitalization, logistics improvements, and government incentives. By presenting key data and trends, the study underscores Türkiye's potential to strengthen its presence in global trade through e-commerce, driving economic growth and fostering innovation in its digital economy.

Keywords: E-commerce; online retail; marketplace; basket size; digital payment
JEL Codes: L81, F43, O19, O40

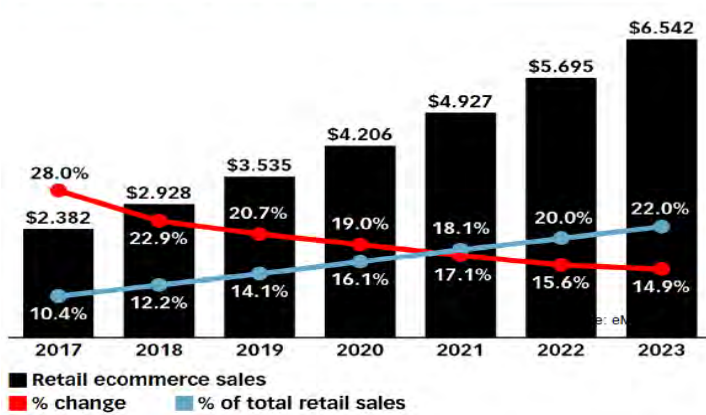
Introduction

The COVID-19 pandemic has profoundly reshaped global consumer behavior, accelerating the digital transformation of commerce. Türkiye, as an emerging economy with a dynamic and digitally savvy population, has experienced significant growth in e-commerce since 2020. During the lockdowns, the necessity for contactless shopping drove millions of Turkish consumers and businesses to adopt online platforms (Atalay Şimşek, 2021). This shift was accompanied by a surge in e-commerce infrastructure investments, an expansion of digital payment systems, and the rise of new marketplaces. Post-pandemic, the momentum has continued, with average spending per online shopper steadily increasing as digital commerce becomes an integral part of everyday life. The article examines Türkiye's rapid e-commerce adoption during the pandemic and its sustained growth in the post-COVID-19 era, highlighting key data points and trends that illustrate its transformative impact on the nation's economy and consumer habits.

The Role of E-Commerce in Global Economy

E-commerce has played a critical role in the transformation of the global economy during the pandemic. Between 2019-2021, total e-commerce sales increased from \$3.5 Trillion to \$4.9 trillion, representing a total growth of 46.85%. In the same period, the share of e-commerce sales in total retail sales increased from 14% to 18%. This growth is expected to continue at the same rate in the following years pointing out the demand in the e-commerce sector, which made a leap with the pandemic, will be permanent. Figure 1 and figure 2 highlights e-commerce volume in between 2017 to 2023. The graph indicates the increase in the percentage of retail e-commerce sales to total retail sales.

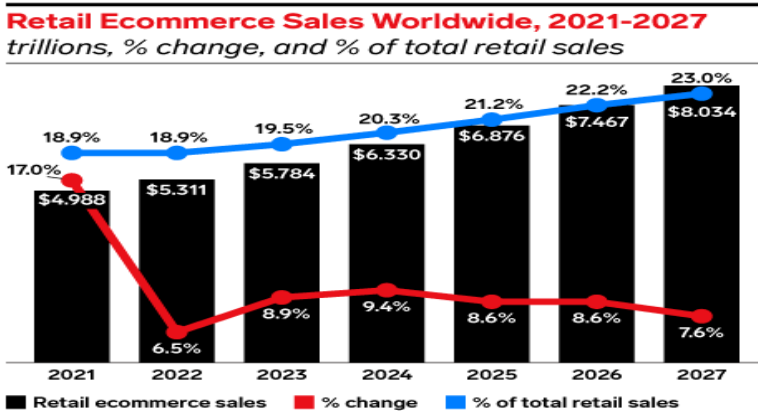
Figure 1: Retail E-commerce Sales Worldwide (2017-2023) (trillion USD)



Source: Insider Intelligence - eMarketer (Worldwide Ecommerce Forecast 2023)

The global e-commerce market has demonstrated remarkable resilience and growth, with forecasts projecting continued expansion between 2021 and 2027. In 2021, worldwide e-commerce sales reached approximately \$4.9 trillion, a figure expected to nearly double to \$8 trillion by 2027. This steady growth is driven by rising internet penetration, increasing smartphone adoption, and a shift in consumer preferences toward digital shopping. Emerging markets in Asia-Pacific, Latin America, and the Middle East are anticipated to lead this expansion, fuelled by improved digital infrastructure and a burgeoning middle class. Meanwhile, established markets in North America and Europe continue to innovate through personalization, AI-driven recommendations, and faster delivery options, further enhancing consumer experiences. This forecast underscores the growing importance of e-commerce as a critical driver of global retail and economic development.

Figure 2: Worldwide E-Commerce Forecast (2021-2027)

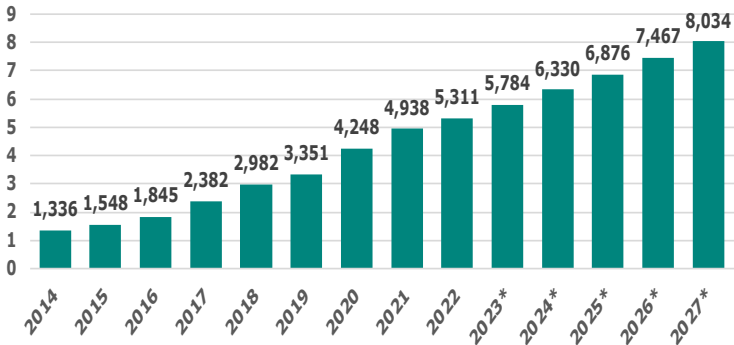


Source: Insider Intelligence - eMarketer (Worldwide Ecommerce Forecast 2023)

According to a study done by Oberlo (2023), the top 10 reasons why people shop online are classified as follows; Free Delivery (45%), Coupons and Discounts (33,5%), Customer Reviews (26,5%), Next-Day Delivery (25,9%), Simple Online Check-Out (24%), Loyalty Points (22,8%), Social Likes & Comments (17,5%), Cash on Delivery (14,5%), Eco-Friendly Credentials (14,2%) and Click & Collect (13,1%).

These reasons simply sum up what e-commerce offers to users; convenience, speed, affordability, time management and peer reviews. By the end of 2024, e-commerce is expected to take 20.8% of the entire retail market. E-commerce sales are expected to exceed \$8.1 trillion in 2026 while e-commerce websites may account for 22.3% of total retail sales. China remains the largest market for e-commerce followed by the USA. Mobile shopping accounts for 63% of all e-commerce sales. Artificial intelligence is used in areas such as personalized product recommendations, pricing and customer service. In addition, personalized products are the focus of online platform suppliers such as Etsy and secondhand sales are the focus of platforms like Ebay. Figure 3 provides the growth of worldwide retail e-commerce sales.

Figure 3: Growth of Worldwide Retail E-commerce Sales (2014-2027) (billion USD)



Source: Statista (E-commerce in the World - statistics & facts)

According to recent industry calculations done by Statista, Türkiye will rank the first among 20 countries worldwide in retail e-commerce development between 2024 and 2029, with a compound annual growth rate of 11.6%. The Turkish e-commerce market is currently valued at \$10 billion. India and Brazil are also among the fastest-growing e-commerce markets globally, with a compounded average growth rate of over 11% while the global retail e-commerce growth is estimated at 9.5% during the same period.

By 2026, the U.S. online retail market is expected to exceed \$1.5 trillion. Despite this impressive growth, it won't be the world's largest. In fact, China's e-commerce market already reached over \$1 trillion in 2020 and is projected to surpass \$2 trillion by 2027. The Chinese and American online shopping markets are closely matched, though outcomes vary by KPI. For example, average revenue per user (ARPU) serves as a strong indicator of e-commerce penetration. In 2024, the ARPU in the U.S. is around \$4,500, significantly higher than in China, where it exceeds \$1,500.

E-Commerce Growth Factors

The growth of e-commerce may be appropriated by several key factors.

1. Internet and smartphone penetration: Widespread access to the internet and smartphones allows consumers to shop online conveniently.
2. Digital payment systems: Secure and diverse payment options make online shopping accessible and trusted.
3. Logistics and delivery improvements: Fast, reliable delivery options boost customer satisfaction and repeat purchases.
4. Consumer behavior shift: Increasing consumer preference for convenience, variety, and competitive pricing.
5. Covid-19 pandemic impact: Lockdowns and safety concerns accelerated the adoption of online shopping.
6. Social media and digital marketing: Targeted advertising and influencer marketing engage potential buyers directly.

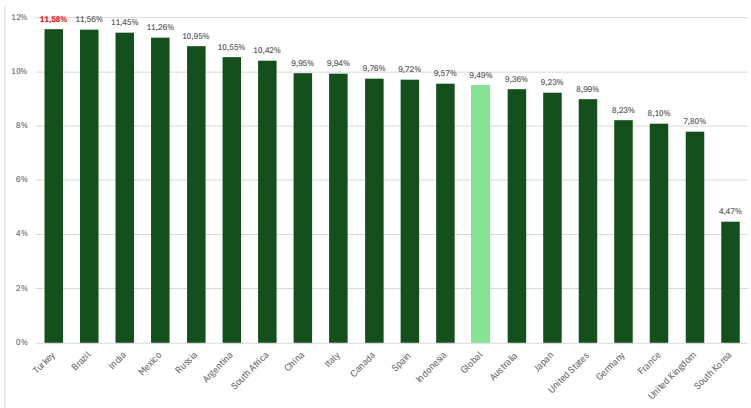
These factors collectively make e-commerce a compelling option for both businesses and consumers globally. Globally, around 5.3 billion people (66% of the world's population) had internet access in 2023, which underpins e-commerce expansion. Mobile e-commerce (m-commerce) is expected to grow by 8.5% annually, reaching nearly \$620 billion globally by 2025. Digital payment volume grew by 15% globally in 2022, with options like mobile wallets driving online purchases. Digital payments and mobile commerce contribute greatly to convenience, which triggers consumer buying habits. Same-day delivery in urban areas increased customer satisfaction by 67%, with companies investing heavily in logistics infrastructure. Speed in delivery and ease in returns also increases convenience, therefore further contributes to e-commerce adoption and growth. The pandemic accelerated e-commerce growth by 20-30% across many markets in 2020, with lasting effects on online shopping behavior.

An Overview of Turkish E-Commerce Sector

From 2020 to 2024, Türkiye's e-commerce market has grown significantly, spurred by rising internet penetration, digital payment adoption, and the expansion of online retail options. The Covid-19 pandemic accelerated digital

buying habits, leading more consumers to embrace online shopping, which broadened the market's base. Government incentives for digitalization and increasing investments in logistics infrastructure have supported this expansion, enabling faster delivery and improved services. By the end of 2024, Türkiye's e-commerce revenue is expected to reach new heights, driven by local businesses entering online marketplaces and heightened consumer engagement in the digital economy.

Figure 4: Retail e-commerce Sales Compounded Annual Growth Rate (2024-2029)

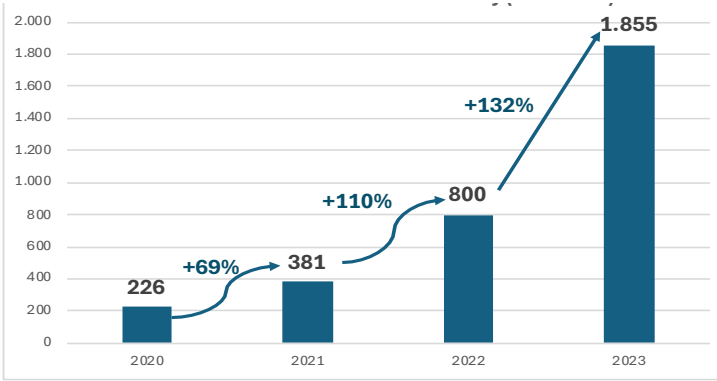


Source: Statista (E-commerce in Turkey - statistics & facts)

The Turkish e-commerce market is projected to generate approximately \$28.61 billion in revenue in 2024, with a strong annual growth rate (CAGR) of 11.58% anticipated between 2024 and 2029. This growth trajectory suggests that the market could reach a volume of \$49.49 billion by 2029. The number of users is expected to reach 31.9 million by 2029, with user penetration increasing from 29.3% in 2024 to 36.8% by 2029. Additionally, the average revenue per user (ARPU) is forecasted to be around \$1,277, indicating a robust potential for consumer spending within Turkey's digital retail landscape. Globally, China is expected to lead e-commerce revenues, with a projected volume of \$1.469 trillion in 2024.

This analysis highlights Türkiye's significant growth within the global e-commerce sector and reflects the potential for further digital expansion and market penetration among Turkish consumers.

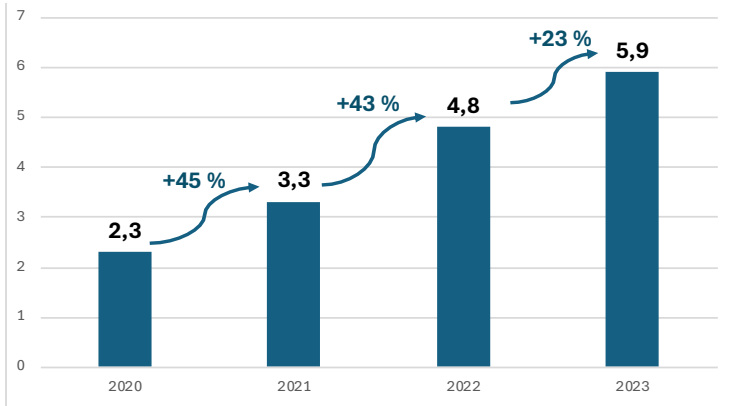
Figure 5: E-commerce Sales Volume in Türkiye (billion TRL)



Source: Ministry of Trade (Turkish Government Data)

According to Turkish Ministry of Trade, e-commerce sales volume and number of transactions grew very rapidly between 2020 and 2023, during and after the Covid-19 pandemic as indicated in Figure 5 & 6. Consumer adoption was very fast in accordance with technology adoption and the sales volume grew as well. The Turkish e-commerce market not only grew in market volume but also the number of transactions completed increased. There were almost 6 billion e-commerce transactions completed in Türkiye in 2023.

Figure 6: Number of E-commerce Transactions in Türkiye (billion)



Source: Ministry of Trade (Turkish Government Data)

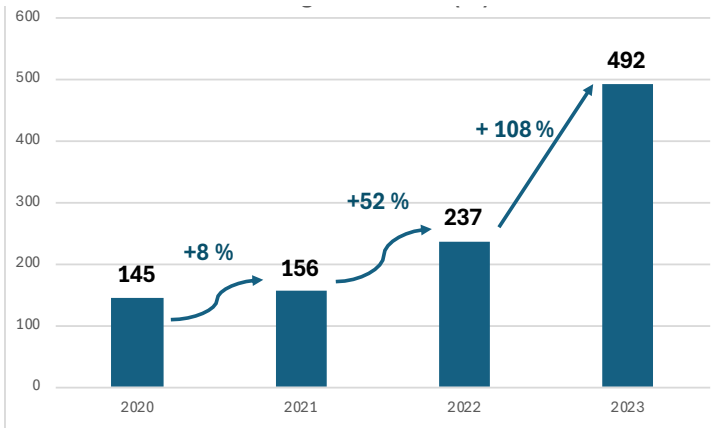
This growth in e-commerce is also reflected as a proportion of Gross Domestic Product (GDP). The share of e-commerce in Türkiye's GDP increased from 2.7% in 2019 (the beginning of pandemic) to 6.8% in 2023. China and USA have the highest e-commerce share in GDP ratio, with China dominating the global e-commerce landscape with contributing more than 33% to global e-commerce retail sales.

In 2024, the share of e-commerce sales in total retail sales increased to 20.4% in Türkiye compared to 5% pre-pandemic levels. The average basket size in 2023 increased to 492 TRL. In November, due to promotional campaigns, the average basket value peaked at 795 TRL, making it the highest month in 2023

November typically sees the highest average basket size in Türkiye's e-commerce market due to major shopping events like Singles' Day, Black Friday, and Cyber Monday. These global retail events lead to widespread promotional campaigns which drive consumers to make larger purchases, often taking advantage of discounts and deals for high-ticket items. This trend boosts the average basket value as shoppers aim to maximize savings during these limited time offers.

Additionally, the start of holiday shopping contributes to increased spending in November.

Figure 7: Average Basket Size in Türkiye (TRL)



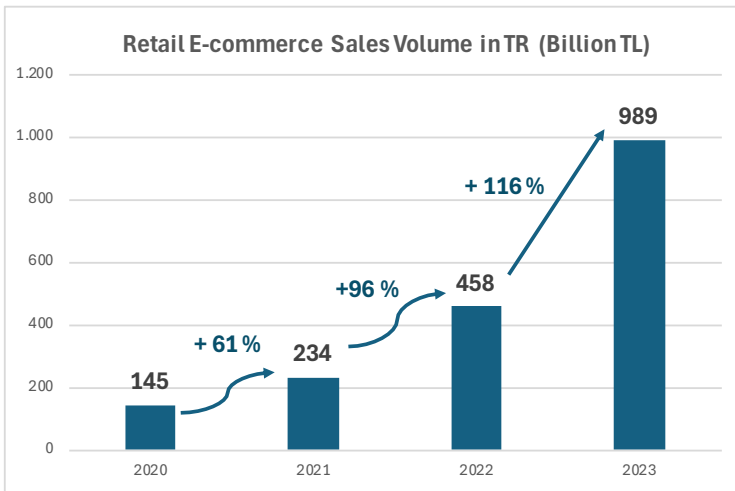
Source: Ministry of Trade (Turkish Government Data)

Even though e-commerce showed strong growth during and post pandemic, some other industries such as housing and automobiles have slowed starting from 2023. A number of economic programs and monetary policies applied by the governments resulted in economic slowdown, even recessions in some countries. Retail in Türkiye kept its strong growth amid all fluctuations and continues to grow. In line with the growth in retail, retail e-commerce sales have an continuous upward trend.

Retail e-commerce specifically refers to online sales of goods and services directly to consumers (B2C) where most of the transactions are completed through online marketplaces such as Hepsiburada, Amazon, Trendyol, eBay or online stores of individual brands (Atalay Şimşek 2021:360). Trendyol, Hepsiburada and Amazon combined capture more than 300 million monthly visits in Türkiye which underscores the growing importance of online retail in Turkish market.

According to the Ministry of Trade, the volume of retail e-commerce sales continued to grow since 2020, reaching 989 billion TRL in total revenue in 2023 with 116% growth compared to previous year. The growth of retail e-commerce has surpassed overall retail sector's growth in Türkiye resulting an increase in the share of overall retail sector. Covid-19 pandemic caused a disruption in online retail where spending almost doubled in a year.

Figure 8: Retail E-commerce Sales Volume in Türkiye (billion TRL)

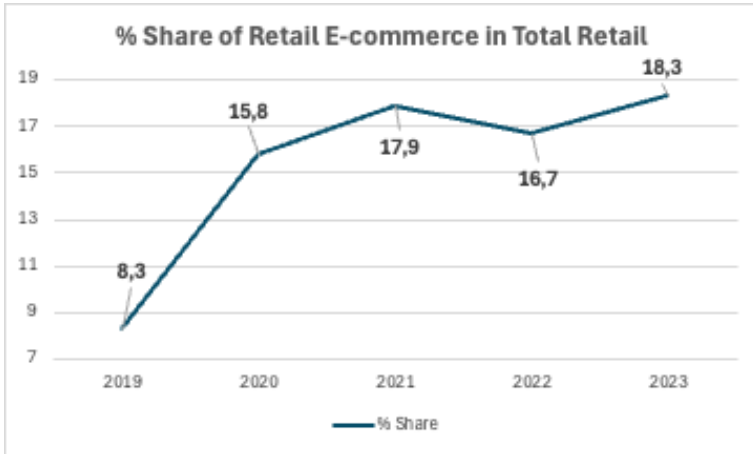


Source: Ministry of Trade (Turkish Government Data)

In 2022, consumers preferred traditional retail as a relief response to previous lock downs during pandemic, but the online adaption had a speedy recovery and recorded 18,3% share in total retail spend in 2023.

According to Euromonitor data, China has the highest share of retail e-commerce in total retail with 36,3% followed by UK and USA, 27,9% and 27,5 %, respectively. Türkiye has shown a strong growth in online retail but still has great potential for both retail e-commerce growth and cross-border e-commerce contributing to exports.

Figure 9: Share of Retail E-commerce in Total Retail in Türkiye (%)



Source: Ministry of Trade (Turkish Government Data)

Even though fashion industry has the highest market share in e-commerce, it has less number of transactions following services. E-commerce services are tools and solutions that help businesses sell products online which includes platforms for building online stores, processing payments, managing inventory, shipping products, marketing, and providing customer support as well as delivering food.

Electronics, with the highest average basket size and higher price-per-product has the second highest market share but accounts only 4% of e-commerce transactions.

Average basket size of e-commerce transactions increased to 564 TRL in 2023 from 290 TRL in 2022. Credit cards are the most preferred payment method, followed by debit cards due to some payment restrictions applied by Turkish government. Debit cards, pre-paid cards and meal cards were mostly used for food transactions, which have the highest frequency among e-commerce.

Table 1. Average Basket Size of E-Commerce Sectors

Average Basket Size by Sector	TL
Vehicles, Spare Parts, Accessories	8.273
Furniture, Kitchenware	2.539
Garden and Hardware	2.242
Electronics and Technology	2.098
Health	1.958
Real Estate Services	1.910
Education	1.374
Pet Products	1.092
Fashion and Accessories	1.023
Sports and Outdoor	666
Average	564
Tourism and Travel	534
Culture, Arts and Hobbies	439
Books and Printed Publications	388
Cosmetics and Personal Care	373
Equipment	265
Services	205
Food and Beverage	48
Others	1.058

Source: Statista (E-commerce in Turkey - statistics & facts)

Table 2. Year-end E-Commerce Campaigns & Sales Multiples

Special Day	Dates	Difference from the average		
		Sales Volume (TL)	Transaction Count	Basket Size
Back to School	1-11 September	1.12 x	1.03 x	1.08 x
Singles' Day	11 November (11.11)	1.47 x	0.98 x	1.51 x
Black Friday	20-24 November	2.41 x	1.41 x	1.71 x
Cyber Monday	27-29 November	1.46 x	1.08 x	1.35 x
End of Year (After Holidays)	19-31 December	1.31 x	1.01 x	1.30 x

Source: Statista (E-commerce in Turkey - statistics & facts)

Starting from September, e-commerce sales gain momentum due to special days and year-end campaigns. This is a global trend where Turkish e-commerce sellers and final consumers are also accustomed to. Back to School, Black Friday and Christmas Holiday season are the most important shopping “special days” where e-commerce sales peak. According to Iyzico e-commerce transactions analysis, in

2023, sales volume increased by 2.41 times and basket size grew by 1.71 times during Black Friday.

Conclusion

The rapid development of e-commerce in Türkiye during and after the COVID-19 era has established a solid foundation for further growth, both domestically and internationally. The country's impressive e-commerce trajectory, driven by advancements in digital payment systems, increasing internet penetration, and robust consumer demand, reflects its potential to become a key player in the global digital economy. As cross-border e-commerce emerges as a transformative opportunity, Turkish businesses are uniquely positioned to expand their reach beyond national borders.

Leveraging Türkiye's competitive advantages—such as its strategic geographical location and growing logistical infrastructure—businesses can tap into international markets and cater to a global audience. Government initiatives promoting digitalization, coupled with enhanced logistics and marketplace integrations, can support small and medium-sized enterprises (SMEs) in embracing cross-border trade. By capitalizing on these opportunities, Türkiye can strengthen its role in global commerce, drive economic growth, and further integrate into the global e-commerce ecosystem.

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