E-COMMERCE IN TURKEY
&
TURKEMTIA PROJECT

BURAK AR
GENERAL STATISTICS

- Population : 67 million (%1.5 growth rate)
- Average age: 26 (%20 of population student)
- GNP : 200 Billion USD (22. Largest economy)
- GNP per capita : 3250 USD
- Export : 27.5 billion USD (year 2000)
- Import : 54.2 billion USD (year 2000)
- Foreign Capital Inv.: 1.12 billion USD (year 2000)
- Total companies : 1 million
- Tourist visited Turkey : 10,000,000 (year 2000)
INTERNATIONAL AFFILIATIONS

- Founder member of UN
- Member of OECD
- Member of NATO
- Member of G-20 countries
- Candidate country of EU
- Customs Union with EU
## Agriculture Compared to EU

<table>
<thead>
<tr>
<th>Commodity</th>
<th>Production (mt)</th>
<th>Turkey/EU(%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cereal</td>
<td>33,182,350</td>
<td>15.6</td>
</tr>
<tr>
<td>Wheat</td>
<td>21,000,000</td>
<td>20.2</td>
</tr>
<tr>
<td>Olive oil</td>
<td>70,000</td>
<td>17.5</td>
</tr>
<tr>
<td>Cotton seed</td>
<td>2,093,370</td>
<td>138.4</td>
</tr>
<tr>
<td>Vegetable</td>
<td>21,740,000</td>
<td>40.2</td>
</tr>
<tr>
<td>Fruit</td>
<td>15,987,545</td>
<td>27.5</td>
</tr>
<tr>
<td>Raisins</td>
<td>3,650,000</td>
<td>14.9</td>
</tr>
<tr>
<td>Fig</td>
<td>260,000</td>
<td>132.9</td>
</tr>
</tbody>
</table>
## Agriculture Compared to the World (some selected commodities)

<table>
<thead>
<tr>
<th>Commodity</th>
<th>Production (mt)</th>
<th>Rank in World</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cotton</td>
<td>840,000</td>
<td>6</td>
</tr>
<tr>
<td>Cotton Yarn</td>
<td>436,000</td>
<td>4</td>
</tr>
<tr>
<td>Raisins</td>
<td>190,000</td>
<td>2</td>
</tr>
<tr>
<td>Fig</td>
<td>260,000</td>
<td>1</td>
</tr>
<tr>
<td>Olive Oil</td>
<td>70,000</td>
<td>4</td>
</tr>
<tr>
<td>Wheat</td>
<td>21,000,000</td>
<td>7</td>
</tr>
<tr>
<td>Sunflower seed</td>
<td>860,000</td>
<td>5</td>
</tr>
</tbody>
</table>
Internet in Turkey

Number of Internet Users : 2,000,000

2002 ---> 2,600,000 (est.)

Allocated internet names: 29,000 (with .tr)

Active sites: 10,000

E-commerce sites : nearly 160
Internet Users in Turkey

(x1,000)

<table>
<thead>
<tr>
<th>Year</th>
<th>Users (x1,000)</th>
</tr>
</thead>
<tbody>
<tr>
<td>1998</td>
<td>293</td>
</tr>
<tr>
<td>1999</td>
<td>580</td>
</tr>
<tr>
<td>2000</td>
<td>1250</td>
</tr>
<tr>
<td>2001</td>
<td>2000</td>
</tr>
<tr>
<td>2002</td>
<td>2660</td>
</tr>
</tbody>
</table>
Communication Infrastructure

- IT market growth rate is %20 per year for 10 years
- GSM users: 16 million
- Rapid expansion of digital TV via satellite
- Cable TV and pay-TV is available
- 6000 Internet cafes
- TV access ratio is %97
- Satellite: 3
- Total earth telephone lines: 17 million
THE NEED FOR E-COMMERCE

• Growing competition
• EU integration process and GATT
• Time constraint of physical exchanges
• High physical transaction costs
• High brokerage and intermediary costs
• Lack of full access to market participants
• Lack of reliable statistics
• Quality assurance
• Non-existence of nationwide commodity markets
• Payment system & counterpart financial risk
PROJECTS & PROCESSES SUPPORTING E-COMMERCE

- Government phasing out subsidies and support programs in agriculture
- European Union Integration Process
- Globalization and Liberalization programs
- World Bank Project on Warehouse Receipts
- Commodity Standardization Studies
- TOBB-Net project
- Telecom Privatization
E-COMMERCE
MAJOR CONSTRAINTS

• Relatively low Internet penetration rate
• Low Information Technology usage in Agricultural sector
• Insufficient Information sources and asymmetrical distribution of knowledge
• Inefficient business models
• Lack of e-business know-how
E-COMMERCE SUPPORTING TECHNOLOGY TRENDS

• Rapid development and usage of mobile internet access facilities (Wap, GPRS, etc)
• Turkish Telecom Privatization (the law passed the parliament)
• Sharp increase in internet access
• TV based Internet access
• Secure payment/Identification Systems (internet & telephony banking is widely used)
E-COMMERCE COUNTRY ADVANTAGES

• Relatively new Telecom infrastructure
• Increasing demand & usage of information technology
• Young median age (26)
• Major agricultural producer in the region
• Developing economy & emerging market
E-COMMERCE Examples-1-

E-COMMERCE
 Examples-2-

• Retail virtual shops- (www.estore.com,
  www.hepsiburada.com, www.arabam.com,
  www.dr.com.tr,...)

• Travel (www.gezikolik.com, www.hotelguide.com.tr,..)

• Bookstores (www.ideefixe.com)

• Brokerage firms (www.ataonline.com.tr,
  www.egs.com.tr, ..)

• Investment (www.isteyatirim.com,
  www.bigpara.com,..)
E-COMMERCE
Examples-3-

- Insurance (www.emekhayat.com.tr, …)
- Entertainment (www.showtvnet.com, …)
- City guides (www.nevarneyok.com,..)
- Yellow pages (www.sahibinden.com,..)
- E-procurement (www.ortak-Pazar.com,..)
- Real Estate : (www.emlaks.com)
TURKEMTIA

B2B
INTERNET BASED
AGRICULTURAL
COMMODITY MARKETPLACE
WHY E-MARKETPLACE FOR AGRICULTURAL COMMODITIES?

- The need for efficiency to compete in the global environment
- Disappearing role of government in Agricultural trade
- Conversion to liberal economy
- Need for rapid information flow
- Exchange concept changed dramatically (buildings, time constraint, information flow, matching, etc.)
- Spectacular growth and improvement in ICT
- Need to benefit the positive effects of e-business
- More participants, more liquidity, international marketplace
E-MARKETPLACE

BENEFITS TO PARTICIPANTS

• Easy and efficient: more business & less work
• Global reach: many new participants
• To buyers: more crop choices
• To sellers: more customers
• Less transaction cost
• No time and space limit (7x24)
• Better quality of service/ transparency
• Effective information flow
• New trading methods (auction, reverse auction, etc)
• Similar but better than the way they already work
TURK-EMTIA

TURK-EMTIA is a user-friendly, customer-oriented, innovative, neutral, transparent and convenient B2B internet based agricultural commodity marketplace where both efficient information and trading facilities are provided.
CONCEPTUAL MODEL

- Information and communication technology
- Physical Business Model / Logistics
- Business Model
- Know-How
- Entrepreneurship
- Market players
- Smart Money
TURK-EMTIA
BUSINESS OBJECTIVES

• To combine the advantages of physical trading environment with the advantages of electronic business
• To grow liquidity and number of participants
• To be an economical and easy-accessible alternative
• To utilize ultimate information technology facilities
• To create a win-win environment for all parties
• To be competitive and up-to-date
• To be customer and relations oriented
TURK-EMTIA PROJECT FEATURES

• It is not an automation project, it is a new model
• Technology intensive business model
• Business development, commodity and information technology know-how will be combined
• Smart money expected from shareholders
• Multi-shareholder & synergetic structure
• It is both national and an international market
• Neutral, safe and reliable trading facilities & information sources
• IT firm(s) as a shareholder
INFORMATION CONTENT-1-

• Local and international market data
• Weather forecasts
• Expert comments and analysis
• Research reports
• General news
• Legal issues, by-laws, announcements
• Statistics
• Classifieds (used farm machinery, tractors, etc)
INFORMATION CONTENT-2-

- Scientific news & developments
- Auctions
- Related links
- Search engine
- Forum and discussion rooms
- Events calendar
- Human resources (Ag sector)
MAIN FUNCTIONAL CONTENT

MEMBERSHIP
Member registration/acceptance
Member identification

MARKETPLACE
Auction
Reverse auction
Bidding to auctions
Catalog sale
WHO CAN BE A SHAREHOLDER?

- Who provides innovation & creativity
- Who provides technology and/or know-how
- Smart Money (Ability to add value)
- Familiarity & leadership & neutrality
PROSPECTED SHAREHOLDERS

• Mercantile Exchanges
• Information Technology firm(s)
• Traders & Agents (market players)
• Entrepreneurs
JOBS & FUNCTIONS

Quality testing, Member identification, acceptance. Registry, member loyalty, marketing, access point

Technology, Know-How, Business development, R&D, content management, software, maintenance internet

Liquidity, Commodity know-how, leadership, marketing, contacts

Payment, Delivery, Transportation, Insurance

RELATED PARTNER

Mercantile Exchanges, cooperatives

Technology partners

Traders & Agents

Critical Alliances Banks, Insurance firms, Logistics
STRATEGIC ALLIANCES

- Financial institutions
  - Money flow, payment
- Logistics firms
  - Commodity flow
- Agricultural Cooperatives
  - Member access, liquidity
- Brokerage firms and agents
  - Member access, expertise
- Data vendors
  - Information dissemination
- Insurance companies
  - commodity & transportation
- IT firms
  - software/hardware/internet)
EXPECTED FEATURES OF
SUITABLE COMMODITIES

• High Trading Volume
• Readiness of buyer and seller
• Enough number of buyers & sellers
• Internet penetration in the industry
• Commodity Standardization
• International trade of commodity
FIRST PHASE
COMMODITIES

- Cotton
- Oil and Oilseeds
- Cotton Yarn
- Grain
- Cereals
- Hazelnut

ANNUAL VOLUME (USD)
7,500,000,000
FIRMS INVOLVED
20,000
TURK-EMTIA ACTION PLAN

- Business Plan & Feasibility Study: Done
- Budget and capital requirement study: Done
- Shareholder structure: Done
- Micro business models: Ongoing
- Shareholder invitation: Ongoing
- Systems analysis & software: Ongoing
- Technology infrastructure: Ongoing
- Sales & Marketing: To be done
- Announcement & Operation: To be done
TURKEMTIA PROSPECTED VOLUME & MARKET SHARE

Volume

market share
THANK YOU