



Electronic Commerce in Algeria in the Post COVID-19 Context

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ABSTRACT: No one can deny the global economic downturn that was caused by the coronavirus health crisis (Covid 19). Admittedly, electronic commerce (e-commerce) has been the biggest winner and has experienced an extraordinary rise. Indeed, at a time when everyone was subject to containment, businesses and buyers gradually converted to digital. Many goods and services were sold and bought online. In Algeria, the daily life of citizens, in terms of their habits and behavior, was deeply affected when the government decreed the confinement on March 12, 2020. To this end, the present research work attempts to address this issue. Thus, it was decided to conduct a descriptive study with the aim of examining the positive side of this pandemic.

KEYWORDS: E-commerce; Sales platforms; Post Covid 19; Algeria.

I. INTRODUCTION

COVID-19 is a communicable infectious disease that emerged and was identified in Wuhan City, China. This disease, caused by coronavirus, has attracted global attention as of December 2019 (Andrienko, 2020; Jebri, 2020; Jones, 2020; WHO, 2020). It is widely recognized that the number of infections with this pathology has increased tremendously across the globe.

Algeria, like other countries in the world, has not ceased to suffer the health, social and economic repercussions of this global epidemic caused by coronavirus. It is to be recalled that tens of millions of people, at the world level, have been invited or obliged to respect the social and physical distancing in order to reduce the number of contaminations, to slow down the transmission of the virus, and consequently to avoid flooding our health centers by the patients. Many cities have suddenly become ghost towns with their populations locked in their homes; a large number of businesses have had to close. In addition, stores and malls were

forced to close or reduce their hours of operation, or take online orders and make home delivery. For fear of being infected, customers generally avoid public places. In addition, people avoid gatherings, and consumers remain confined and only leave their homes when necessary. Indeed, the behavior of shoppers has suddenly changed; these lifestyle changes have had a negative effect on the retail industry, which was already facing enormous challenges long before the advent of the COVID-19 pandemic. However, this health crisis, due to the coronavirus, has caused e-commerce to reach stratospheric levels. It is worth mentioning the example of e-commerce giant Amazon¹, which managed to achieve a turnover of **88.9 billion dollars** during the second quarter of the year 2020. For comparison, the previous year, in the same period, the same technology company achieved a turnover of **\$63.4 billion**. To be more explicit, the company Amazon made profits going beyond **\$5.2 Billion** during the second half of the year 2020. It should also be noted that the net sales of products amounted to **\$50.24 billion**, and those of services to **\$38.67 billion** during the second quarter of the same year. Therefore, it can be concluded that e-commerce has grown considerably during this health crisis.

In the same way, during this period of confinement, the online purchase has imposed itself as one of the most preferred and practiced modalities by the buyers to make purchases. Indeed, this way of buying has been able to offer consumers a new channel to acquire products that they can order online. It has also allowed them to carry out commercial operations directly on the Internet, thus avoiding them to move on the place of sale and incur the risk of contamination by the virus of COVID-19. Therefore, it has become urgent today



to better understand the evolution of purchasing and spending patterns in the current circumstances of this global disease as this will certainly help vendors and consumers to better react, adapt and progress in these difficult times of the pandemic.

To this end, this research work attempts to answer the following question:

What is the impact of the post-covid-19 context on online trade in Algeria and what are the main opportunities and challenges for companies wishing to enter this growing sector?

II. Review of the literature

• Analysis of E-Commerce Trends in the Era of COVID-19

It is well known today that one of the most important trends identified during the period of the COVID-19 pandemic is online commerce, commonly known as e-commerce. Strict measures have been taken by most countries. Most unnecessary public places and businesses were closed; people confined themselves; the movement of buyers was greatly restricted. As a result, sellers and buyers automatically resorted to online shopping, which has become commonplace since then. However, it must be recognized that while a large portion of industries have experienced problems, some others have done very well by adopting the online shopping solution. In addition, many researches clearly show the development of all the transactions made via the Internet throughout the world, and this in different fields. Therefore, it can be said that e-commerce has been continuously increasing at a high speed despite the universal economic instability created by this pandemic. According to Statista (2022), e-commerce will certainly continue to flourish to reach 34% by 2025. Furthermore, it has been envisioned that by 2040, around 95% of purchases and sales should be made via e-commerce (E-commerce guide, 2022).

On the other hand, the federation of e-commerce and distance selling (FEVAD) has indicated that social commerce is constantly increasing. Also, consumers are more likely to make a purchase that they discovered through social media because they feel that the networks are conducive to their purchase decision. Similarly, 55% of Gen Z users believe that the clothing purchases they made were influenced by ads seen on social media. In addition, one in four companies that sell online prefer the social network Facebook as a sales channel. In addition, about 40% of online retailers use social media to generate sales. It is also important to know that retailers make transactions (sales and

purchases) online via social networks and manage to achieve 32% more sales than those who do not use social media (FEVAD, 2022).

III. The development of electronic commerce in Algeria

The economic environment of businesses has undergone profound changes, generated mainly by the use of the Internet, during the last few years. These transformations are at the origin of the appearance of a new trade, generally called electronic commerce (Ababsa, 2013). It must be recognized that Algeria has recorded a significant delay in the application of this type of trade which is currently in an embryonic state. In this regard, an Algerian consultant economist said that "e-commerce is still at the stage of imagination in Algeria. It represents nothing in terms of real activity. (Ould Moussa quoted by Makhloufi & Belattaf). This same economist also adds that "we can not exercise e-commerce on an informal market, invaded by anarchy and lack of transparency, in an environment that does not promote or even prevents the emergence of this type of trade. He continues to give his point of view on the situation of the e-commerce market and its evolution in Algeria in these terms: "It is still too early to talk about the evolution of this market since it is not yet seriously launched" (Ould Moussa quoted by Makhloufi & Belattaf).

The growth of this type of commerce is still modest given the government's dictated electronic payment methods, with regulations not yet finalized. However, all this does not prevent companies to start this new method of trade. Indeed, recently a great interest for this type of trade has been observed, but it is still insufficient and far from the expected expectations, compared to the successes achieved in neighboring countries (Tunisia and Morocco).

IV. An overview of electronic commerce in Algeria

In Algeria, trade is mostly physical, but lately Algerians tend to move towards virtual trade practices. However, we must recognize that this action is quite complex since trade is a sector that depends directly on the economic and social evolution of the country. In this context, some Algerian experts have indicated that socio-cultural and economic factors are essential for Algerian online commerce, due to the still delicate and uncertain evolution of advanced technologies and their very slow application. This is partly due to the



behavior and habits of Algerian consumers who are still reluctant to this type of trade. In addition, the legislative aspect of commercial transactions is another determining factor in the development of e-commerce in Algeria. We can add to this, the electronic certification which is an indispensable condition to guarantee the security and the protection of transactions on digital networks against threats such as computer attacks, access to confidential information, or theft of personal data.

V. E-commerce in Algeria facing the health crisis

Recently, the Algerian consumer has turned to the choice of online shopping following the closure of physical stores and the introduction of containment to prevent the spread of the pandemic COVID-19. This type of purchase allows him to make purchases without having to travel and without running the risk of being contaminated (Bliidi, 2020). Thus, we notice the appearance of a certain craze for online purchases during the health crisis. Indeed, online shopping is gradually becoming an alternative chosen by a significant number of Algerian buyers given the great advantages it offers in terms of the fluidity of financial transactions and trade; this allows "facilitate our lives" as stated by Mr. Iheb Tekkour, specialist in New Information Technology and Communication (NICT), in an interview with the national daily El Wantan (Lyes, 2020). In this regard, he said: "Today, the opportunity arises for our leaders to develop new technologies. It is an opportunity to reach the average citizen who did not understand the usefulness of these services. Destiny gives us a second chance to make up for past mistakes. Corona or not, these services will have to make our lives easier. (Lyes, 2020). Still according to the same person, the obstacles that prevented the Algerian buyer to move towards e-commerce are now easier to overcome. Still in the same context, he adds:

"At the time of containment, Algerian consumers are ready to reconsider their choices. It is essential, today, to encourage people to go towards this solution. This pandemic has the merit of having exposed the real situation of the Algerian technology that unfortunately does not yet succeed in joining the global technological dynamics.

It is undeniably true that online trade has flourished during the period of confinement. To this end, the president of the National Association of Merchants and Artisans, said that online shopping has increased in the last months of the year 2020, especially after the introduction of new provisions to

combat the epidemic of the Corona virus. In an interview with Dzaier, he said that merchants, especially those who were not allowed to operate during the pandemic, took advantage of the containment period to sell their goods through social networks in order to limit their losses (Schahrazed, 2020). Similarly, Algerian consumers turned to the internet in order to acquire the products they needed because most physical shops were not allowed to open. Thus, in a study conducted by the daily newspaper Le Maghreb, traders interviewed announced that around 80% of their products for the Aid El Fitr of the current year were sold through the Internet, and delivered to the home of the buyer (Wali, 2020). In addition, the Director of the Automated Cash Pool, told the news agency (APS) that "Electronic commercial transactions in Algeria have experienced a sharp increase since the beginning of the pandemic of COVID 19, and the majority of people currently prefer to use CIB cards and Eddahabia for the payment of their bills (electricity, gas, telephone, water) and thus avoid going to the site. It is worth noting that 441,531 electronic commercial transactions were registered between January 1st and March 30 of the current year, via CIB and Eddahabia cards. This represents 50% of the total number of e-payment actions (873,679) registered in 2019, said the same interlocutor (Schahrazed, 2020). Thus, the economic interest grouping of electronic money (GIE monétique) has been requested for many requests from merchants wishing to sell their products on the Internet. The increase in the number of Algerian sites offering online payment services, which rose from 31 to 45 sites during the first quarter of 2020, during this period of crisis, has been a major factor in the increase of electronic payments.

VI. The electronic payment methods available in Algeria

It is generally considered that e-commerce and electronic payment go hand in hand since all financial transactions made online are accompanied by an online payment. It should also be noted that this type of payment is still in its infancy in Algeria. This is particularly attributed to the fact that the concerned organizations have not paid enough attention to this new technological transition.

VII. The legal provisions framing the e-commerce in Algeria

As Algeria does not have a legal framework allowing the codification of the electronic trade and the protection of the e-buyers and the e-merchants, it



risks to develop a virtual economy which at any time can be exposed to the frauds. It would be high time to generalize these commercial transactions which at present remain timid and weak. It is worth noting that, according to official statistics, only 100,000 transactions have been made between the start of the launch of e-payments in October 2016 and the end of 2019. These transactions mainly concern electricity, gas and water bills, and some insurance services.

In a session of the Council of Ministers in 2017, a draft law was approved on e-commerce whose objective was to:

- To provide this activity, which already exists in our country, with a legal framework.
- Establish a context of trust for this activity.
- Develop a national digital economy.
- Guarantee protection for customers.

It should also be noted that the new law on e-commerce, which was proposed and approved in April 2018, but unfortunately has a large number of flaws, does not address the real problems involved in this rapidly developing field.

On the other hand, it has been noticed that citizens are gradually moving towards online stores in order to buy products or services. Today, people are increasingly using the Internet to make purchases, pay bills, contact drivers or buy meals. It should be noted that many websites specialized in e-commerce have distinguished themselves, and the number of their customers is increasing day by day, despite the fact that Algeria does not yet have e-payment services or legal structures to govern this type of trade.

VIII. Strategies for selling products and services online for companies

- The Jumia Company

Jumia Algeria is an online shopping company that is visited by about 1.5 million people every month (Jumia, 2019). It is perceived as the pioneer company in the field of e-commerce in Algeria. Thus, the head of the Marketing Department of Jumia says that e-commerce is booming with a very promising market as a result of the variety of products and services available to customers and also the ease of transactions. He added: "Our digital platform allows our visitors to choose from a variety of products that meet the standards. At Jumia, all transactions are paid in cash and paid after delivery. All these facilities have helped the company to experience a remarkable development. Jumia

Algeria was established in 2014, and today it has a considerable turnover.

- The Batolis Company

Batolis is an online shopping site, 100% Algerian, established in 2015. This company has recorded encouraging sales figures because of the flexibility of the payment methods in cash on delivery or by CCP transfer. Nevertheless, this flexibility in the mode of payment has caused it some worries, since with the payment in cash on delivery, it runs the risk of false orders and can therefore suffer great losses. This problem does not arise with online payment.

- The company Dzshopping is an Algerian online sales platform created in 2013. It offers a wide range of products, including clothing, shoes, jewelry, fashion accessories, cosmetics, electronic devices, decorative products and household appliances. Customers can place their orders directly on the Dzshopping website and pay online via secure electronic payment solutions. Deliveries are made in different cities in Algeria and delivery times vary depending on the destination.

- The Yassir company

It should be noted that online commerce in Algeria is not limited to commercial sites; it also includes original ideas, and Yassir is a good example. This service has developed a smartphone application that provides citizens with a set of drivers who are registered on its platform (Takharboucht, 2020). These drivers can be contacted by the users of the application at any time and wherever they are.

According to the initiators of Yassir, the Yassir application shows the customer the place of departure and destination, with the costs of services and the most and least used routes. Yassir also guarantees quality of service, security and trust.

The manager of Yassira indicated that this new service is attracting a growing number of users, and this is only beneficial for the establishment (Mounir, 2017). He says that "After selecting the driver and using an algorithm to verify the route, the application calculates the price of the service based on the following factors: distance and traffic jam. Once the customer arrives at the destination, he already knows the price of the ride and pays the driver in cash (Mounir, 2017).

To conclude, we can say that the introduction of electronic commerce in our country would certainly contribute to the development of the national economy and would be a heralding element for the welfare of Algerians. It is a means that is likely to generalize the use of ICT in our country and



therefore encourage the transition to the knowledge economy. This would surely constitute an opportunity to develop the information society.

Conclusion

E-commerce in Algeria has grown significantly in response to the COVID-19 pandemic, which forced consumers to adopt online purchasing behaviors to avoid physical contact. In addition, the emergence of e-commerce in Algeria during the COVID-19 pandemic presented both opportunities and challenges for market players. On the one hand, it offered a new platform for local businesses to reach a larger and more diverse customer base, while allowing consumers to enjoy a more convenient and secure shopping experience. On the other hand, there have been challenges such as limited technological infrastructure, lack of trust among online shoppers, and increasing competition from large foreign platforms. However, for e-commerce to continue to grow in Algeria, stakeholders must work together to overcome these challenges. Algerian businesses need to invest in cutting-edge technologies to improve their online presence and increase consumer confidence. The Algerian government can help by creating a favorable regulatory environment for e-commerce and providing tax incentives for companies that engage in online commerce to strengthen the country's digital economy.

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