ELECTRONIC COMMERCE: THE EVOLUTION AND STATE IN KENYA

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ABSTRACT

The internet has transformed the way humans carry out their activities. The adoption of the internet into the commerce sector has greatly enhanced the way people transact. E-commerce has given rise to new chances for leading business exercises online and cultivating collaboration between various groups of people through generating and delivering timely and relevant information. This paper has assessed the state of electronic commerce and different electronic commerce sites in Kenya. A desktop literature review was done to achieve these objectives. This review paper will be essential to scholars who wish to venture into the sphere of how the emergence of the internet has impacted commerce.

Keywords: Internet, E-commerce, Business, Consumer, Electronic Fund Transfer, Electronic Data Interchange

1.0 INTRODUCTION

The advances in information and communication technologies have made a way for developments and advancing quick globalization. This has led to the web improving the business sector. It has given rise to phenomenal changes in the business world, social collaborations, inspection and schooling, management, humanitarian pursuits, and other diverse perspectives of life (Amour, 2012). In Kenya, internet usage began in the early 1990s and up to 2009 its speed was slow yet a costly venture, this is attributed to the country's reliance on costly satellite connections. Nevertheless, since the arrival of submarine links web usage has significantly been enhanced. An estimate was given by the Communications Commission of Kenya [CCK], that there were approximately 14 million internet subscribers in Kenya by 2012. According to Souter and Kerretts-Makau, (2012), 99% of web subscriptions in Kenya are smartphones users which can be mapped to the expansion of smartphone technologies.

Web development saw entrepreneurs everywhere in the world capture ideas and integrate technological advancements to come up with novel items, administrations and business models (Hassan & Harris, 2009). The internet led to fully internet-based organizations - companies that carry out 'most of their business transactions via the internet since such organizations additionally draw in actually calculated frameworks' (Schultz, 2009). The adaptability of real-time trading is attractive to customers who regard the effortlessness and proficiency of shopping online services. The leading products and services sold online in Kenya are books, electronic equipment, airline ticket reservations, clothing/accessories/shoes, visits/lodging reservations, and makeup/nourishment supplies. Notably, fully online stores

like Jumia have the best allure with 33% of online customers favoring them compared to the conventional "brick and mortar" stores and those that permit buyers to choose various items from a wide range of online stores.

The rise of the web in the 1990s has substantially impacted the evolution of electronic commerce, whereby a buyer initiates a transaction using a computing device over the internet (Mwencha, 2016). Electronic commerce creates an environment where people can carry out business transactions on the web and promotes collaboration between different groups through generating and delivering timely and relevant information (Bidgoli, 2002). This paper assesses the evolution of e-commerce, the state of e-commerce, and the different e-commerce sites in Kenya. A desktop literature review was done to achieve these objectives.

2.0 E-COMMERCE DEFINED

Different authors have come up with various definitions for e-commerce. According to Zwass, (1996) electronic commerce is the sharing of business data, keeping up business connections, and managing business transactions using telecommunications networks. This is in unison with the Organization for Economic Corporation and Development (OECD) document which states that electronic commerce is the buying and selling of goods and services, an activity conducted over the internet by techniques explicitly intended to place and receive orders. This implies that goods and services are normally requested online, however, payment and conveyance of goods and products requested do not have to be conducted online (Development, 2013). According to Laudon and Traver, (2008), e-commerce is the exchange of information, purchasing and selling of products, transportation, and other administrative exercises using computer networks inside an association, among organizations and buyers, or among private and public areas whether paid or neglected. Rosen, (2002) also states that e-commerce means executing business transactions between interested parties; large, medium, or small over the internet without physically visiting the local shops.

3.0 CLASSIFICATIONS OF E-COMMERCE

E-commerce is categorized into various categories which include; business-to-business (B2B), business-to-consumer (B2C), business-to-government (B2G) e-commerce, business-to-consumer (B2C) and consumer-to-consumer (C2C) (Bharat., 2009).

B2B e-commerce is a type of exchange between businesses, for example, one including a producer and a distributor, or a distributor and a vendor, this is in agreement with Frynas, (2002) who states that B2B is performed between organizations for instance between a manufacturer and wholesaler, between wholesale and retailers, by exchange of goods and services using the internet.

B2C e-commerce is the selling of goods and services by a business entity to customers who require its products. This is in unison with Gefen and Straub (2003) who state that B2C is where a business sells goods and services directly to customers or the general public, business sale on a large scale to consumers.

B2G e-commerce - is the sale and marketing of goods and products to bureaucratic, state, government, or nearby offices.

C2C e-commerce is a business transaction that is carried out between customers. It gives different individuals the opportunity to perform business activities through the internet. An example of this is when a musician uploads music on Youtube and his followers download it at a fee.

4.0 E-COMMERCE EVOLUTION

E-commerce evolution is characterized as an amalgamation of both technological and developmental transformation. Despite the Internet appearing in the late 1960s, e-commerce came into place after the web and web browsers emerged in the 1990s.

E-Commerce came into place in the 1970s following different innovations: electronic fund transfer (EFT) – a process through which money is transferred electronically; electronic data interchange (EDI) – a process through which documents can be transferred electronically. This extended electronic transactions from monetary transactions to different kinds of transactions processing; Inter-organizational system (IOS) –a process which enables the automated transfer of information between organizations to get to the desired supply-chain management system, which empowers the improvement of competitive associations (Nogoev, Yazdanifard, Mohseni, Samadi, & Menon, 2011). Internet growth has a great impact on electronic commerce growth. It can contain general people in the process and thus increase its reach far beyond small, medium, and big companies.

E-commerce has transformed traditional shopping beyond expectation with people shopping literally anywhere and anytime. In recent years, e-commerce has gained substantial commonality because of its fundamental technologies that are growing fast. Technology has afforded us the ability to have a 3 Dimensional view of products to better understand their shape, size, and texture. People who are accustomed to e-commerce would rather place an order, choose the shipping method, and wait for their order to be delivered right at their doorstep (Wen, 2000). Despite this being a preferred method of transacting, there exist some undoing in e-commerce for instance; conveyance issues, security issues, buyer's trust, worldwide legislation like custom, and item portrayal routes. Despite these, there exist hopes of overcoming the above disadvantages using technology that will advance shortly.

5.0 E-COMMERCE IN KENYA

E-commerce in Kenya is gradually being embrace, and many people began using this platform for transacting their desired goods and services in the 2010s particularly among small, medium, and large organizations. UNCTAD E-commerce Index Report 2018, states that Nigeria, South Africa, and Kenya represent the greatest part of the online customers in Africa. However, the market is gradually getting accustomed to trusting the e-commerce process. The e-commerce organizations in Kenya have adopted the different technological innovations that go along with e-commerce – EFT, EDI, and IOS. Although the formal retail infiltration in Kenya is estimated at thirty percent (30%), the fraction of Kenyans buying products via the internet was only 0.5% even though this figure is gradually growing. There are hardships when it comes to finding the right online store as certain stores have shaped the

behavior of supplying goods that do not meet the specifications of a customer while others guarantee what they can't deliver.

In Kenya, there are no official figures on e-commerce revenue. According to the Kenya National Bureau of Statistics and the Communications Authority of Kenya, about 27% of organizations sold their products via the internet in 2017. The use of applications in e-commerce has gathered rapid infiltration in the market and plays a very important role in the promotion of electronic shopping. Shoppers are now able to utilize applications in the purchase of goods and services i.e. food, real estate, clothing, vehicles, and transportation services. More business people are going into the e-Commerce market because of the great incomes, with estimates pointing to incomes many times higher than traditional retail stores, the same way coming up with an online shop does not require a costly foundation or high introductory speculation. Despite this, a lot of Kenyans are still doubtful when it comes to buying goods online, and online payment options are still undiscovered (credit cards have a 10% infiltration rate in Kenya), with most transactions being carried out in hard cash.

6.0 E-COMMERCE SITES IN KENYA

There are different e-commerce sites in Kenya. According to Mohamed, (2021), some of the most commonly used e-commerce sites in the country include Masoko which is an online e-commerce platform powered by Safaricom. It centers around selling telephone gadgets and web accessories. Cheki Kenya is an advertising e-commerce platform where buyers and sellers display their vehicles. Godzone is a marketplace that focuses on the best of high-end devices, gadgets, accessories, and many other products. It allows customers to buy a wide variety of Home and Living products, games and toys, bookstores, fashion, health and beauty, car accessories, and other items.

Naivas Online Supermarket is an online grocery store that gives its clients a convenient platform for shopping without leaving the comfort of their home or office. Sky Garden is an eCommerce platform that sells a variety of products including; Phone and accessories, furniture, electronics, home appliances, clothes, and many more. Avechi offers a remarkable range of devices that are the most competitive regarding costs on the market. Jiji Kenya is a well-known Kenyan online e-commerce platform, it has an advanced security system that allows its users to post free ads and get buyers as fast as possible. With Jiji, customers can buy and sell phones, cars, shoes, bags, furniture, clothing, etc.

Kilimall is an e-commerce platform that not only allows customers to buy goods and services online but also gives a platform where traders selling any type of good or service can have a chance of having their shop on the platform. Jumia is a pioneer of e-commerce in Kenya, boosting the largest traffic among the online shop market in Africa. It has over 100,000 unique visitors a day, buying a variety of commodities. Jumia extended its operations to Kenya in 2013 intending to revolutionize the concept of buying goods and services by giving its clients the best internet shopping experience.

7.0 CONCLUSION

The adoption of the internet into the commerce sector has greatly enhanced the way people transact. Kenya, Nigeria, and South Africa account for more than half of Africa's population

involved in online shopping. There are different e-commerce sites in Kenya: Jumia, Jiji, Kilimall, Naivas Online Supermarket, Masoko, check Kenya, Gadzone among others.

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