ICT, MARKETING TECHNOLOGY AND E-COMMERCE IN UNSTABLE ECONOMIES

(CASES OF SOUTH SUDAN, SYRIA, DEMOCRATIC REPUBLIC OF CONGO, YEMEN, SOMALIA)

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ABSTRACT

We are living today in a global village where technology have connected people from all over the globe and touched lives in one way or the other. Nation states have lost their importance to a large extent and international exchange of ideas, goods, services, capital, technology and human capital forms the essence of today's globalized world. However there exists stark contrast between the wealth and resources possessed by developed countries and many developing or underdeveloped countries. This inequality gives way to social, economic and politics problems and conflicts. Many countries suffer from religious extremism and fundamentalism. In such scenarios international business, advertising and promotion and sales become difficult. This paper would analyse the problems faced in marketing of products in politically and economically unstable countries. I will discuss five countries in detail i.e. South Sudan, Yemen, Democratic Republic of Congo (DRC) and Syria. Each of these countries would be dealt with separately and their problems analysed. We will try to come to a general conclusion about the political situations in these countries and the common problems pertaining to all of them.

Keyword: Unstable, Somalia, Sudan, Congo, Yemen, Syria

1. ECONOMICALLY UNSTABLE ECONOMIES OF THE WORLD

Some of the most politically and economically disturbed economies in the world are:

- ➢ South Sudan
- ➢ Somalia
- ➢ The Central African Republic
- ➢ Yemen
- ➢ Sudan

We shall analyse each of these countries separately

2.SOUTH SUDAN

Market access in South Sudan is limited and this decreases food security. South Sudan has recently launched a mobile payment system which will help the people to transfer and receive funds through a mobile app. The app is named m-GURUSH which was started by two companies, a local company named Trinity Technologies and a Kenyan telecommunication company named Nileplay.[27] They have collaborated with Zain, a popular mobile network operator in the country. Juba's streets are filled with ads asking people to use mobile banking using their phones. However people there mostly tend to carry cash which is the traditional mean. However 805 of the available money in the country are not kept in banks as mostly banks are situated in and around Juba and people from other places are not able to use this opportunity.[10] This service will help the people to access funds easily especially people in rural areas. However there are several problems for internet connection in Sudan such as:

- ✓ IT illiteracy is rampant
- ✓ Computer and accessory prices are high compared to average income of people
- ✓ Lack of variations in Sudanese websites
- ✓ Lack of security is most local websites

Obstacles for e-Commerce in the Sudanese market include

- ✓ Lack of sufficient bandwidth

- ✓ High internet costs

- ✓ Lack of skilled technical resources

- ✓ Lack of software development tools

- ✓ Underdeveloped payment systems such as absence of credit cards

Social obstacles include:

- ✓ Computer illiteracy

- ✓ Language barriers as most websites are in English

- ✓ Cultural resistance

- ✓ Rampant poverty among the masses

3.YEMEN

Startup mindset and acumen is still almost non-existent in Yemen. Continuous war has shattered the economy and created one of the deadliest humanitarian crisis in the country. The internet made its first appearance in Yemen in 1996. It was started by Tele Yemen's dial up connection. Today, the country has ADSL connection, dial up connection and 3G services.[3] Average speed of internet is 1MB per second. The government however neither encourage nor frames any plan for internet network expansion and enhancement in the country. The only law related to e-payments is the "Law No. 40 of 2006 Regarding Electronic Payments Systems for Financial and Banking Operations".[8] This law recognises the use of electronic payments and banking transactions in the court in law. It also accepts electronic signatures. The telecommunication industry is under the government control and is monopolised by only two companies- Tele Yemen and Yemen Net. The government is a majority stakeholder for Tele Yemen whereas Yemen Net is wholly owned by the government. This results in poor quality of services, affordability and even access to internet services.[9] The internet subscription percentage among the people is only 54%. In 2012, there were just 435000 3G users in the country of total population of 25 million. The industry suffers from monopoly and technology needs to be upgraded to provide faster and better quality services.[22]

The economy is still heavily dependent on agriculture and people mostly work in the primary sector. However growth rate of Yemen has increased after the Civilian government took over in 2010. Demand for goods and services have seen an upward trend along with inflow of Foreign Direct Investment (FDI). There was an internet boom in 2011 when the government liberalized its policies and opened door to new technologies. E-Commerce readiness is dependent on ICT infrastructure.

Golden Systems Electronics is an IT firm in Yemen that operates using sub-distribution channels like Future Systems and Shammakh Systems. It agrees that the prime focus on end user for Internet Company is price. There is huge demand for new technology from the side of customers but the pace of adaptation of new technology is rather slow compared to neighbouring countries. Some of the recent developments that have taken place include:

- Dedicated sales managers have been appointed by HP for Yemen market.

- Toshiba has signed a contract named i2.

- Sun Microsystems is very positive about the market and believes that telecommunications, oil, gas and finance sectors contribute towards establishment of smaller IT players in the market.

- In 2015, the first electronic store website was created which was called "Warzan" and is currently the most popular online marketplace in the country.[17]

A study on adaptation of e-business of Yemeni SMEs show that 50% of them are in "Not Started " stage while 57% are in "email stage" and are using emails to communicate with their vendors and suppliers. 78% of the companies had a social media account and used them for promoting and advertising their products. Most of them have their own company websites but only 39% use e-commerce to receive orders. Almost none of them had experience in mobile apps and cloud computing. Most of the companies use emails for communicating with customers and suppliers, websites for receiving orders, process the orders manually and receive payments through bank transfer or cash.

E-commerce in Yemen faces the following problems:

- The market lacks financial resources for investment in IT industry.

- Local companies must provide education and training to the available workforce.

- Problems such as lack of ICT literacy, funding problems, slow pace of adaptation of new technologies and less tolerance among SMEs towards costs and risks.

- The banking system is not developed in the country and e-commerce is heavily dependent on the banking sector. People are also mostly not aware of payment by credit or debit cards.

- Most businesses are family owned and not capable enough to adapt modern technology.

- Poor internet connectivity and low speed.

- Lack of piracy and copyright protection laws and regulations by the government.

- Language barriers create a major problem. Most Yemenis are not comfortable with the English language. However majority of the internet contents are in English.

However opportunities for e-commerce in Yemen include:

- Participation of the country in AEC (Asian Economic Council).

- Agricultural sector is performing well and this creates additional demand for goods and services. This opens up opportunities for e-commerce and e-marketing.

- Foreign Direct Investment (FDI) has risen in recent times. Rise of FDI results

4.SOMALIA

The 5 year "2019-2024 National ICT Policy and Strategy" has been framed so as to transfer the benefits of Information and Communication Technology (ICT) for social and economic progress of the country.[2] This policy aims to transform the digital landscape and turn the society more knowledge based and inclusive. This policy outlines the following plans:

- Increase network coverage

- Local hosting, domain names, cyber security and improving service quality

- Increase the scope of e-commerce

- Spread digital literacy and R&D

- Increase the role of online media in financial services

- E-governance in areas of health, agriculture and infrastructure
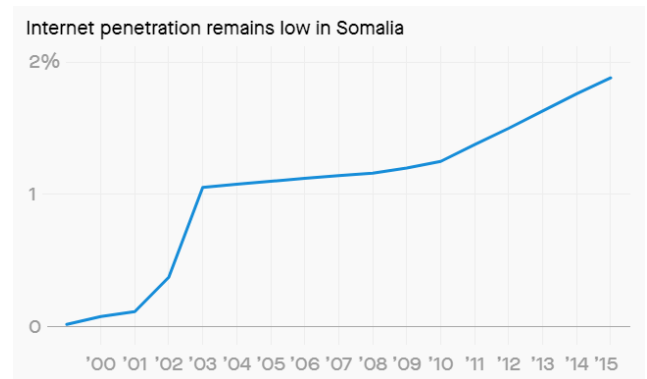

Figure 1: Scenario of internet usage in Somalia (2000-2015)

From figure 1 we can see that Internet usage began in Somalia only from 2000 and from then onwards it has seen steady increase over the years. The usage had a steep rise from 2001 to 2003 and afterwards remained mostly stable till 2010. From 2010 onwards till today, the progress has been significant and stable.

As per the Somali Economic Forum, there are more than 20 active telecom companies in Somalia. The most popular ones include Hormuud Telecom, Somafone, Telesom, Nationlink, Telecom Somaliaand Golis Telecom.[15]

There are signs of entrepreneurship and innovation in the market using technology and business acumen. Some examples are as follows:

- "Better Business Solutions" is a consultancy that helps young entrepreneurs develop business plans, formulate market research and manage funding.

- "ePocket" is an electronic payment system selected in the 2016 Innovate Accelerator program. This application connects banks which help people all over the country to

chop online, pay utility bills and school fees through internet.

- Guri Yagleel is an online rental and property management program.

- Hargeisa Daily has been developed as a media management software

- Xasuus Reeb is an online wedding and event planning service

Somalia received internet connectivity only in 2000 and fibre optic technology arrived in 2013. StartUp Grind is an international organisation which nurtures ecosystems in 85 countries and is also supported by Google has set up an office in Mogadishu.[7] "Fursad Fund" is a crowd funding entity that targets $1 per day from various Somalian donors thus making a corpus of $365 in a year. This fund shall be used for creating jobs, reduction of poverty, promoting education and infrastructure development. Abdigani Diriye works in the research department of IBM and founder of "Innovate Ventures". It provides mentorship programs for product design, development and marketing. Kenya's "iHub" provided training to around 90 Somalian refugees to develop android applications.

In 2015, the Ministry of Posts and Telecommunications of Somalia (MPT) in association with the World Bank and Albany Associates organised a workshop on Regulation of Telecommunications at offices of World Bank in Nairobi. It outlined the "Communications Act" for final review before the parliament.

The new government of 2017 has been making significant progress in technological and digital advancement. Some of the steps taken include:

- National Communications Law was passed to modernise the telecoms sector;

- IXP in Mogadishu will be set up by the government;

- Appointment of new director-general of the new telecoms regulator;

- Somnet launched new LTE service

- Dalkom obtained satellite broadband capacity from Intelsat;

- SomCable completes first stage of 1,200km terrestrial backbone network;

- Contracts signed to build the DARE and G2A submarine cable systems;

- Orb 3 Networks signs deals with three ISPs to extend wireless internet services;

- Rapid Communications reportedly awarded a mobile banking licence;

- Liquid Telecom builds the country's first fibre-optic broadband link;

- SEACOM cable arrives in Somalia;

- Somtel contracts Alcatel-Lucent to develop LTE infrastructure;

- Glocall Telecoms launches LTE;

- Three mobile operators agreed to interconnect their networks.

Saed Mohamed, an entrepreneur started "Muraadso", an online shopping business. He copied from the Amazon model of integrating online and brick-and-mortar stores. His website also offers flexible options of payment including cash on delivery.

"Saami Online" was started with a meagre $25 capital. It is an online portal selling books, cosmetics, clothes and other household items. The company now has five offices in different regions in Somalia with 8 employees.[18] It has around 90000 followers in Facebook who enquire about its various products and delivery. Social media plays a very important role in its marketing and advertisement.

Zaad is a mobile money transfer service having 80% market share in Somalia. It is similar to Kenyan money transfer platform "M-Pesa". According to Matthew Reed, a consultant in a research firm Ovum "E-commerce in Somalia is nascent, and across Africa generally, online shopping remains niche. Many people are still living on desperately low incomes, so e-commerce is really just for the middle classes."

In 2013, fibre optic firm named "Liquid Telecom" connected Somalia with other African countries with network of cables spreading to 50,000 Kms. Connectivity is enhancing with the advent of 3G and 4G services.[21]

Gulivery is a door to door delivery service launched in 2017. It now it has tied up with 145 clients and made over 9000 deliveries. It delivers

a wide array of products from food to laundry to groceries and charges delivery fee of $1 to $5 depending upon the distance covered.

Hormuud is a company which was established in 2002 and follows the same business model as that of MTO Al Barakat.[26] It is based in Mogadishu and provides mobile payments through its mobile payments platforms such as Zaad, EVC and Sahal.
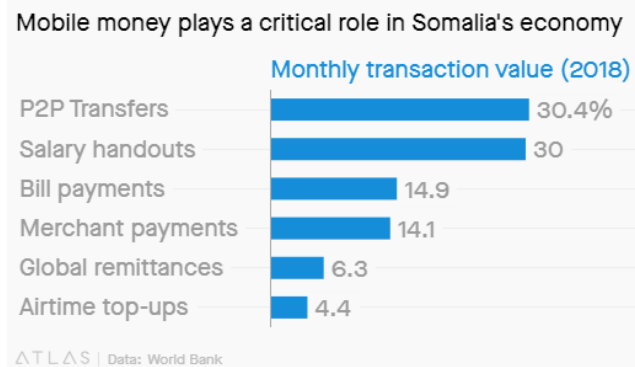

Figure 2: Mobile money transaction scenario in Somalia (2018)

According to Figure 1, out of total online transaction value in 2018, P2P transfers have the highest share of 30.4% followed by salary disbursements and bill payments.[6] Global remittances still occupy a meagre 6.3% of the total value of transactions.[25]

However the main problem with internet marketplaces is funding. Investors either want to take over the entire business or demands full returns on investment, both of which are difficult for startup companies in Somalia.[13] Other problems include reliable transport companies, insurance and warehousing. Partnership is also difficult because of personal ego problems. The environment is difficult but is changing fast for the better.

5.DEMOCRATIC REPUBLIC OF CONGO (DRC)

DRC is a market having a high potential for Information and Communication Technology (ICT), internet services and mobile communications. Mobile penetration is about 44% but internet is only accessible to 3% of the total population.[4] Land line internet connection covers less than 1% of the population thereby making mobile internet the most popularly used device. The cellular network linkage is not satisfactory resulting in overloading service interruption.[5] The major mobile service providers include Vodafone, Airtel, Tigo, Orange and Africell. Internet too is slow and unreliable. A data plan of 50GB costs around $100 per month whereas the average annual income in the country is around $450. 4G connection is yet not very popular and most customers are still using 3G. E-Commerce sites are not used by people because most people don't have payment channels such as PayPal, Visa or MasterCard.[24] Only 10% of local businesses have websites to promote their goods or services. However as the use of mobiles and laptops are higher than desktop computers, most businesses use social media and email to advertise and promote their products. ICT also plays a significant role in education.[19] Smartphones can be of great help in teaching but however there are problems with the poor displays and weak mobile batteries. But however they are still playing a very important role especially since schools lack well equipped laboratories and so simulation softwares would be of great help for students as well as teachers. In healthcare too, the prospects of ICT are significant. Most hospitals lack computerised systems for real time monitoring of health conditions of patients. Computers and Smartphones can help provide a computerised management system for monitoring the real time health conditions of patients. Even in government agencies ICT's prospects are significant. Most offices have satellite internet connection which is slow and expensive. Only some organisations and agencies use mobile broadband. Rural scenarios are worse compared to cities.

6. E-COMMERCE SCENARIO IN DRC

E-Commerce is not very popular in the country owing to low penetration of internet, telecommunications and also high costs. Most of online purchases (around 43%) take place in Kinshasa which is followed by Lubumbashi.[12] E-commerce has a very limited outreach and is used only by most elites and foreign nationals living in Congo. B2B eCommerce still does not exist in the country but might soon be launched. Most common retail eCommerce sites are lezando.com, youdee.cd, zephone.com and coolprix.com.[14] Mobile eCommerce has made significant progress but only 4% of the population uses mobile banking.[16] Digital marketing is done by both local and international companies using social media, television and mobile phones. Most of the promotions and advertisements are done through Facebook which is the most popular social media

website in the country having around 2.2 million users.[23]

Syria

The media culture in Syria is mostly closed with a top down/vertical approach on information dissemination.
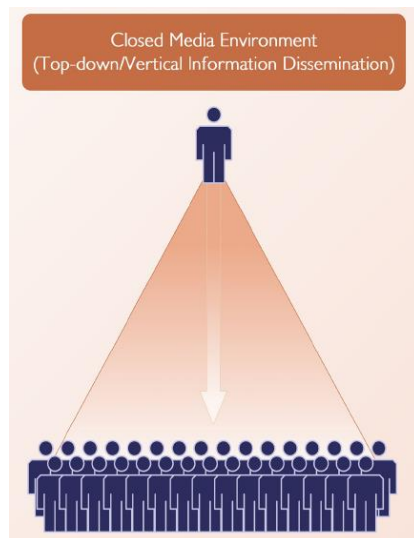

Figure 3: Closed Vertical Media Environment

The media has been biased towards the Ba'athist regime and does not portray true public and societal emotions and thoughts. Although the country has been shattered by war, it has given way to new and alternate media is several rebel held areas which has given new hope and expectations to the people.[1] Media in the country can be classified as: Independent, Pro-opposition, Pro-regime and Independent Kurdish. Some of the online independent Arabic language media include:

- ✓ Aks Alsir
- ✓ Al-Ayyam
- ✓ Al-Hal Al-Souri
- ✓ Dawdaa
- ✓ Fresh Syria
- ✓ Sayedat Souria
- ✓ Syria News

Some pro-opposition online media includes:

- ✓ Al-Etihad Press

- ✓ Al-Ghad
- ✓ Al-Khabar
- ✓ Al-Mantra, Al-Naba

Pro-regime online media includes:

- ✓ Akhbar Al-Watan
- ✓ Al-Dounia
- ✓ Al-Masdar
- ✓ Al-Quruba

Independent online Kurdish media includes:

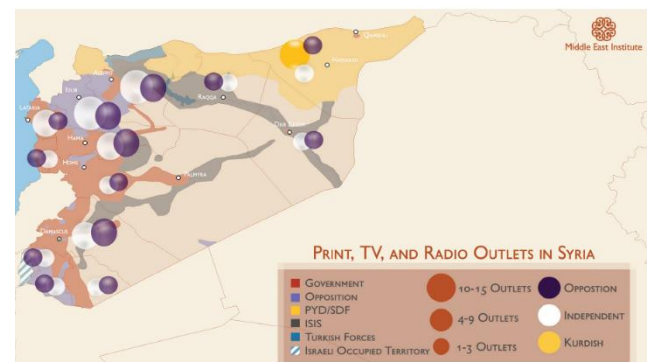- ✓ Buyer Press
- ✓ Penusa Nu
- ✓ Shar
- ✓ Denki Meh

Figure 4: Distribution of Media in Syria

Some key points about ICT industry in Syria:

- ✓ Internet penetration is only 32%
- ✓ Internet is heavily restricted owing to growing violence and threats
- ✓ A law was passed by the government in 2018 which established criminal courts related to ICT.[11]
- ✓ Syria is one of the most dangerous places for internet use. In 2017, 12 journalists were killed by the regime's forces.[28]

Some of the problems of ICT industry in Syria include:

- ✓ Telecommunication infrastructure is extremely poorly developed and is very expensive to acquire especially due to rise of electricity prices.

✓ The government has undertaken several internet shutdowns. Internet connections are interrupted by Turkish and many Jihadist militant groups.

✓ Independent VSATs are restricted and cybercafés in government areas require special permit. The two main mobile service providers are Syriatel and MTN Syria. The ICT market is regulated by SIO and STE.[20]

✓ There are several types of restrictions on internet content especially on websites related to opposition of the government, human rights and websites related to cultural, social and political issues.

✓ Some mobile apps have been blocked. Antiviruses and many operating systems remain blocked due to U.S sanctions.

✓ Even mobile text messaging with keywords such as "Revolution" and "Demonstration" has been blocked.

7.CONCLUSION

E-Commerce is an inevitable by-product of today's globalised and technologically advanced world. It allows nations to access the digital marketplace at low fixed costs. It provides excellent opportunities to less developed o developing economies to tap the market advantages and achieve growth and development.[29] There remain several challenges for low income and war affected countries such as the ones described above. The objective should be to make attempts to overcome such shortcoming and weaknesses through proper governance, providing ease in ding business and removal of red-tapism. Governments should provide support to entrepreneurs and promote technological upgradation and start-up environment to develop and thrive in the nation. Governments and businesses should cooperate to enforce proper regulation and enforcement of laws on e-commerce, e-signatures and e-governance procedures.[30] Focus should also be on Small and Medium Enterprises (SMEs) since they form the backbone of any less developed or developing economy along with infrastructure development.

Competition among players has to be encouraged in order to achieve affordable, reliable and high quality services. The workforce needs to be trained with proper ICT skills. Governments can play a vital role by establishing vocational schools for training individuals. Customers should also be motivated and encouraged to adapt to new technologies.

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