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INVESTIGATING BARRIERS AND DRIVERS OF THE E-COMMERCE MARKET IN RUSSIA

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The evolution of e-commerce positively affects the development of business in different areas, especially in developing countries. Also the development of e-commerce assists in creating new business models that are in certain cases results of overcoming existing barriers of the e-commerce market. However, there is little research on e-commerce market development and it hinders our understanding of the e-commerce market potential. The internet audience in Russia is 66.5 million people – the largest online audience in Europe. The main objective of this paper is to analyze the barriers and drivers for e-commerce market development in Russia. It gives an overview of the current Russian internet market development and trends. To identify the obstacles to and opportunities for the Russian e-commerce market, 25 in-depth interviews with representatives of Russian internet businesses were conducted. The empirical research reveals that the most significant barriers for the Russian market are barriers concerning market, infrastructure, and institutional issues.

Key words: marketing, e-commerce, qualitative study, emerging markets

JEL Classification: Z

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1. Introduction

Over the past twenty years the study of e-commerce has attracted the increasing attention from researchers of different subject areas. Technological development makes e-commerce mainly an object of research from the field of computer science and engineering, but since 2000 a growing body of literature recognizes the importance of e-commerce for business and management theory, too. Sales, customer satisfaction, innovation, supply chains, retailing are major areas of interest within this field, however, little is known about e-commerce development.

The dot.com (Whitson, 2015) crisis in 2000 resulted in the first critical academic reflection on the success factors of the e-commerce marketplace. On the one hand, academics focused on the strategic issues of e-commerce development. Christensen (2000) identifies the main reasons for failure as the non-existent understanding of e-commerce industry competition, as well as the incompetence in exploiting new technology on a sustainable basis. A general lack of strategic direction and subsequently a poor definition of objectives are also criticized by Porter (2001). On the other hand, the e-commerce theoretical framework shows the inability of the traditional marketing mix to be applied to the context of e-commerce (Constantinides, 2002). Overall, the e-commerce market should be examined from a marketing perspective.

In addition to the aforementioned critiques of the existing marketing tools, the main differences between the conventional physical markets and e-commerce markets question the validity of the established models used for e-commerce. As the culmination point of the shift from the mass markets of the 1960s to more segmented, customized, interactive and global markets, e-commerce requires different marketing efforts. Individual, rather than collective needs have to be met and customer retention becomes more important than customer acquisition. Thus, considering online markets from a marketing perspective is quite an important topic for this research.

Moreover, studying emerging markets, to which Russia belongs, has become one of the most relevant questions on the research agenda of marketing researchers (Sheth, 2011; Burgess, Steenkamp, 2006; Alkanova, Smirnova, 2014). Researchers state that emerging markets have some specific features that distinguish them from advanced markets and this distinction requires the re-assessment and critical rethinking of marketing theory, strategies and practices (Sheth, 2011), marketing tools and research approaches (Burgess, Steenkamp, 2006). More evidence should be collected from emerging markets, providing insights and generating new perspectives on what is required for successful marketing practices (Pham, 2013), in particular in the e-commerce market. However, e-commerce development on the Russian markets has not been well-examined in the existing literature.

In this paper, we will examine the e-commerce market in Russia, its main obstacles and drivers of development. The e-commerce market in Russia is still considered to be in the initial stages, but it is already obvious that e-commerce has increasing importance for the national economy. At the moment, the Russian market has the largest online audience in Europe. There are 66.5 million people in Russia over the age of 18, who at least once a month use the internet. Eighty percent of users – 53 million people – go online daily (The development of the internet, 2014). Modern consumers are increasingly engaged in activity on the internet and prolifically shop online, especially given the current economic downturn and shrinking consumer income in Russia.

This paper has been organized in the following way. The first part examines the existing research concerning the barriers of e-commerce market development in developing countries and studying the Russian e-commerce market. The second part describes the e-commerce market in Russia and identifies the existing drivers and obstacles of its development. The third section is concerned with the methodology used for this study and sample description. The last section presents the findings of the research, focusing on the data obtained from the analysis of the secondary and primary resources. The last section concludes.

2. Background of the study

2.1. Major barriers of e-commerce development

There are a lot of potential barriers for the e-commerce market. In 2004 the United Nations Conference on Trade and Development (UNCTAD) released a report on e-commerce and its development, which also included factors that constrain e-commerce development. In the UNCTAD study it was found that e-commerce barriers vary across different countries (E-commerce and development, 2004). Table 1 illustrates this point clearly.

Table 1. Barriers of e-commerce market development in developing countries

Author, year	Country	Method	Barriers
Wresch, Fraser, 2011	Five Caribbean countries (Trinidad and Tobago, Guyana, Antigua and Barbuda, Barbados,	In-depth interviews with 23 companies in 2004 and 15 interviews with the same companies in 2008	<ul style="list-style-type: none"> • Customer e-commerce propensity (branding and trust, increasing competition) • Technical and managerial expertise • Legislation (not enough government support for business) • E-payment/banking (fraudulent,

	Jamaica)		<p>on-line payment are not widely available)</p> <ul style="list-style-type: none"> • Telecommunication (internet speed and cost) • Delivery services (timely delivery, reliability, cost, theft) • Traffic infrastructure (customs delay, shipping cost)
Oreku, Mtenzi, Ali, 2013	Tanzania	Secondary data, primary data (in-depth interviews with business representatives and consumers)	<ul style="list-style-type: none"> • Lack of security • Lack of privacy • Lack of information • Lack of experts • Lack of computer literacy • Inappropriate law
Travica, 2002	Costa Rica	25 unstructured and semi-structured interviews with venues of business, academia and state agencies; observation	<ul style="list-style-type: none"> • Customer e-commerce propensity (lack of trust in product quality; Direct shopping preference; Oral culture) • E-Payment (lack of sellers' trust in noncash payment; lack of buyer's and seller's trust in telecommunications and banks) • Telecommunication (dispersed telephone network; slow and less secure internet lines; less affordable internet access; struggle between public and private principles; government monopoly and bypasses) • Delivery (limited post service; relative buildings addressing, transportation-based constraints) • Transportation (congested

			unsafe roads)
Mukti, 2000	Malaysia	Survey (57 respondents)	<ul style="list-style-type: none"> • Security • Contractual and financial issues • Hackers' intervention • Lack of IT skilled personnel • Privacy
Abbad, Abbad, Saleh, 2011	Jordan	Telephone survey (170 customers)	<ul style="list-style-type: none"> • Security and trust • Internet experience • Enjoyment factor • Language barrier • Legal issues • Technology acceptance (ease of use and usefulness)
Heung, 2003	Hong Kong	Three discussion panels with academic scholars, industry practitioners and travelers; mail survey (105 travel agencies)	<ul style="list-style-type: none"> • Cost of implementation within my company • Short of well-trained staff • Security concerns • Hard to manage travel data as it has too many components • Lack of E-Commerce education and training • Customers are not familiar with this mode of trade • Inadequate financial resources • Time it takes to implement changes • Willingness of trading partners to participate • Legal concerns • Lack of knowledge about techniques of electronic commerce

			<ul style="list-style-type: none"> • Pace at which change is occurring • Company is too small, with no staff or technical capability
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Source: Wresch, Fraser, 2011; Oreku, Mtenzi, Ali, 2013; Travica, 2002; Mukti, 2000; Abbad, Abbad, Saleh, 2011; Heung, 2003

Analysis of articles where e-commerce barriers are described shows that most of them can be divided into two main groups: 1) papers that are based on primary data and 2) papers that are based on secondary data. Primary data are obtained with different methods – mail and telephone surveys (Abbad et al., 2011; Mukti, 2000; Heung, 2003), observations (Travica, 2002), in-depth interviews (Wresch, Fraser, 2011; Oreku et al. 2013; Travica, 2002), focus groups (Heung, 2003) and so on. Research using qualitative methods is exploratory in nature, which is why they contribute more to the understanding and description of e-commerce market constrains in specific countries than research using quantitative methods.

A number of authors have considered e-commerce barriers in different countries and from different perspectives based on the analysis of previous research and analytical reports from consulting firms and international agencies. For example, Aljifri, Pons, Collins (2003) studied factors that can affect the development of e-commerce in developing countries from the trust perspective and identified the following barriers: information security, technical and industrial infrastructure, educational, governmental and sociocultural topics. Kshetri (2007) analyzed barriers on a consumer and business level and suggested three types of e-commerce constraints: economic, sociopolitical and cognitive. The same groups of barriers (Table 2) were also distinguished in the 2015 Information Economy Report (2015), although previous research (E-commerce and development, 2004) noted managerial skills, connectivity (quality, speed and cost), branding and trust, logistical networks, lack of supportive legal and regulatory environment as the main common obstacles of e-commerce development.

Table 2. Common barriers of e-commerce development for developing and developed countries

Economic barrier	Sociopolitical barrier	Cognitive obstacles
<ul style="list-style-type: none"> • Inadequate ICT infrastructure and use • Unreliable and costly power supply • Limited use of credit 	<ul style="list-style-type: none"> • Weak legal and regulatory frameworks (which influence whether people and enterprises trust online transactions) 	<ul style="list-style-type: none"> • Low level of ICT literacy • Awareness and knowledge related to e-commerce among

card • Lack of purchasing power • Underdeveloped financial system	<ul style="list-style-type: none"> • Cultural preferences for face-to-face interaction • Reliance on cash in society 	both consumers and enterprises
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Source: Information Economy Report 2015, 2015

Together, studies examining e-commerce barriers indicate that researchers, especially in developing countries, are interested in exploring e-commerce market development. Despite the fact that most of the previously mentioned research, from statistical point of view, has not been confirmed, it demonstrates that researchers intend to investigate this topic in future. Also, this research has large practical importance because it allows practitioners in the e-commerce field to see constrains of the market and develop measures to overcome them.

The study of e-commerce obstacles in previous years has led to the creation of the B2C E-commerce Index that assesses the readiness of countries for e-commerce (Information Economy Report 2015, 2015). This index was based on four parameters: internet use, secure servers, credit card penetration and postal delivery service. According to this index, in 2014 the highest e-commerce readiness was found in developed countries like Luxembourg, Norway and Finland. Among the developing and emerging economies, all front-runners were in East Asia: the Republic of Korea, Hong Kong and Singapore. Russia took the third place in the list of top 10 countries with transition economies. Despite the fact that the Russian e-commerce market is developing quite rapidly, researchers from Russia as well as researchers from different countries have shown little interest in exploring the Russian e-commerce market. At the same time consulting companies pay a lot of attention to the analysis of this market. Thus, the next part of the paper will analyze the Russian e-commerce market based on reliable secondary sources.

2.2. Russian e-commerce market overview

E-commerce as a business model is a relatively new segment of the retail market. Although this market accounted for only 2% of the total retail market in Russia at the end of 2014 (E-commerce in Russia, 2014), the increasing importance of e-commerce for the Russian economy as a whole can be observed. According to Euromonitor (Retailing in Russia, 2014), online trading accounts for almost half (49%) of Russia's non-store retail. In 2010, the volume of the Russian e-commerce market, according to various experts, ranged from 190 to 250 billion rubles. At the end of 2014, the overall size of the market accounted for 520 billion rubles (E-commerce in Russia, 2014).

Table 3. Dynamics of the volume of the e-commerce market in Russia, mln, \$.

(Retail Value RSP excl Sales Tax)

Year	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Retail Value	1 767	2 500	3 832,5	5 259	4 947	6 640	9 125	11 737	14 884	17 110

Source: Retailing in Russia, 2014.

During the 2000s, the e-commerce market was constantly increasing in absolute numbers. The economic crisis of 2008–2009 slowed down the growth of the market significantly, but after the crisis (Table 4) the trend towards growth continued, although at a slightly slower pace than in previous years. Nevertheless, this market was to be compared with a store-based retailing market, the growth of e-commerce in 2014 was positive, while the store-based retailing demonstrates a negative result.

Table 4. Russian e-commerce market, year-on-year Growth (%)

(Retail Value RSP excl Sales Tax)

Industry	2006-07	2007-08	2008-09	2009-10	2010-11	2011-12	2012-13	2013-14
E-commerce	53,3	37,2	-5,9	34,2	37,4	28,6	26,8	15,0
Store-based Retailing	26,8	25,3	-18,0	18,2	17,5	5,9	7,0	-2,0

Source: Retailing in Russia, 2014.

In 2013, Russia ranked fifth worldwide among countries in terms of its growth of internet users between 2008 and 2013, with a 100% increase over this period. With about 30 million customers, Russia still lags behind most other European countries in terms of penetration, with more than 50% of the adult population connected to the Internet. The average annual growth of internet users has exceeded 10% over the last few years. In September 2011, Russia overtook Germany as the market with the largest numbers of unique internet users in Europe.

The positive development of the Russian e-commerce market is explained by multiple factors (see Table 5), including factors stimulating both the businesses and the customers.

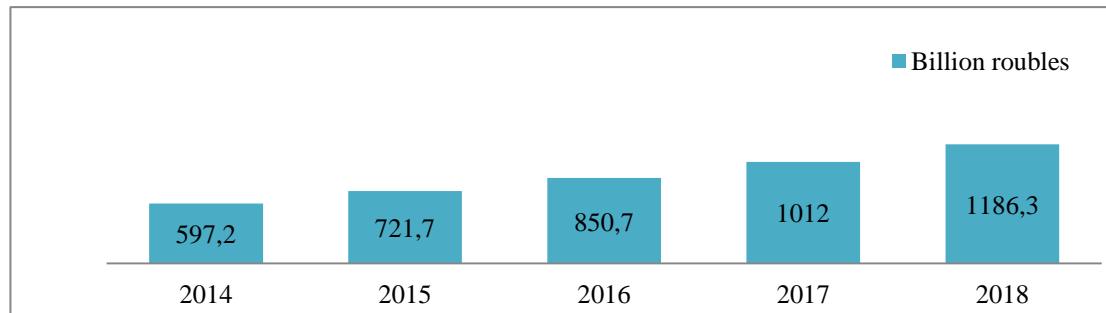
Table 5. The factors stimulating the development of e-commerce

Factors stimulating business	Factors stimulating customers
<ul style="list-style-type: none"> • Low costs of market entry • Investment in the industry • Involvement of the regions in online trading • Using multi-channel sales by business 	<ul style="list-style-type: none"> • WelfareCost • Convenience • Reviews • Saves time

Source: Virin, 2014; Lukina, 2014; Kulikov, 2014; E-commerce in Russia, 2014; What and how Russians are buying, 2014

According to different research (E-commerce in Russia, 2014; Virin, 2014; E-commerce market, 2014; Retailing in Russia, 2014), the Russian e-commerce market was expected to grow quickly over the next few years (Table 6).

Table 6. The growth rate of the Russian e-commerce market in the next 5 years



Source: Retailing in Russia, 2014

In 2013, the Russian online retail market approached 544 billion rubles (\$16.5 billion) and was up from 26.8% from the previous year (E-commerce in Russia, 2014; Virin, 2014; E-commerce market, 2014). According to another source, the market growth reached 31% in 2013 and was expected to be 30% in 2014 (The Economy of Runet, 2014). This volume includes online sales of both physical and digital goods, as well as ticket sales (airline, train and entertainment tickets), but does not include hotel bookings (\$2 billion), sales to corporations (\$3 million), and cross border sales of physical goods (approximately \$3 billion). In the coming years, experts predict the ongoing active growth of e-commerce in Russia. However, the growth rate will gradually slow down from the current 30-35% per year to 26-30% per year. In 2016, the commodity turnover retail trade on the Russian internet (The Economy of Runet, 2014) will exceed one trillion rubles.

The e-commerce market in Russia has demonstrated rapid growth for many years, but the forecast looking ahead is ambiguous. While Euromonitor predicts that the growth will be 14.6%, J'son & Partners Consulting (Overview of the Russian market of e-commerce, 2014) states that the volume of market value will decline by 5% in 2015. The unstable economic and political environment in Russia have led to reduced purchasing activity and a record-breaking drop in demand and sales in the first quarter of 2015. This is why negative dynamics seem like a possible scenario of e-commerce market development. On the other hand, some experts state that the market of e-commerce might continue to grow due to online hypermarkets, providing a mixed range of products.

The proportion of total internet retailing value sales accounted for by mobile internet retailing is expected to rise to 17% by the end of 2016, up from 11% at the end of 2013 (Retailing in Russia, 2014). In 2014, only 5% of orders in Russian online-shops and 7% in foreign online-shops were made by tablet computer and smartphone (What and how Russians are

buying, 2014). Growth in mobile internet retailing is expected to be due mainly to the development of new technology which facilitates mobile access to the internet, such as QR-codes and the development of new smartphone applications (Retailing in Russia, 2014).

The changes in the market dynamics offer a call for business to re-evaluate their strategies and approaches. The major call for a strategic approach should be aimed at overcoming the major barriers for further development and penetration of e-commerce in the Russian market (see Table 7).

Table 7. Obstacles of e-commerce market growth in Russia

Obstacles from the business perspective	Obstacles from the customer perspective
<ul style="list-style-type: none"> • Weak saturation of the market for internet services in Russian regions • The underdevelopment of the Russian logistics system • Shortage of staff and lack of qualified management • Lack of optimal and coherent legislative framework to regulate the industry • Low margin business on the internet and the prevalence of price competition; • Tax saving schemes, grey imports and parallel importation of goods, fraud 	<ul style="list-style-type: none"> • Unpopularity and mistrust of non-cash payments and prepaid schemes • Low public confidence in the internet as a sales channel • Fear of sharing confidential information • Low perceived quality of products and shops • The complexity of the products' return and exchange policy

Source: Virin, 2014; Lukina, 2014; Kulikov, 2014; E-commerce in Russia, 2014; What and how Russians are buying, 2014

As mentioned above, the Russian e-commerce market has huge potential for future growth, but there are some obstacles that have a strong impact on the positive dynamics of the e-commerce market. Firstly, stagnation is reported during the first nine months in 2014 (Virin, 2014). Negative dynamics can be noticed in searching for “online shops” – for example, from a 51% growth in November 2013 to a 2% growth in July 2014. The number of purchases in online stores from August 2013-August 2014 has grown by 15%, however 50% of these stores had less orders than a year ago (data taken from Data Insight about 200 largest online stores in Russia, 2014). Secondly, reconsidering of the total forecasts will be done because of shrinking consumer

income and cutting down marketing budgets. Thirdly, the dynamics of exchange rates have increased the price of imported goods by almost 25%. Finally, an increased complexity in shipping due to new import laws may affect electronics and luxury goods markets, because new limits for cross-border online purchases have a maximum of €150.

The new market realities make it impossible to continue to the growth patterns as happened in the 2000s and it will require serious attention to work with the existing barriers. Thus, the aim of this research is to identify the specific factors that retard and encourage the development of the Russian e-commerce market.

4. Methodology and sample description

In order to answer the research question and identify obstacles and opportunities for the development of the Russian e-commerce market, we used qualitative research. In-depth interviews extended our understanding of existing barriers and potential opportunities for the market from a business perspective.

As the study was explorative, in-depth interviews with representatives from the Russian e-commerce market were chosen as the main method of gathering information. Twenty-five in-depth interviews were conducted from February 2015 to April 2015. The guide for conducting the in-depth interviews included questions about the company's profile, marketing activity, interactions with their partners (including suppliers and clients) and the specifics of e-commerce development in Russia. The obtained data were analyzed using content analysis. Analysis of the interviews was conducted in the following sequence in accordance with the content analysis technique (Krippendorff, 2012). According to the purpose of the current research, only part of analyzed data will be presented in the next part of the paper.

Respondents were selected based on their knowledge and experience in the field of online trading. In-depth interviews were conducted with respondents from Moscow and St. Petersburg where 49% of sales proceeds is generated. Interviews with the respondents were conducted personally or over Skype. The duration of interviews ranged from 30 to 70 minutes. The in-depth interviews were conducted in Russian. The respondents were asked to give the interviewer the permission to record the conversation and use some statements as the citation in future.

As the empirical research was conducted using a qualitative method, the sample of the companies is not representative of the whole Russian economy. The companies that composed the sample represent different sizes and industries. Table 8 shows the distribution of the companies from the sample by size. As we can see from the table, the majority of the companies from the sample are small and medium enterprises (SME) representing the structure of the Russian e-commerce market (The Economy of Runet, 2014).

Table 8. Distribution of the companies from the sample by size

Company's size	Sample
SME	80%
Large	20%

Source: author's analysis

Speaking about the industry specifics, companies representing the main categories of the e-commerce market were chosen paying attention to the categories that were more popular among Russian consumers (Table 9). It should be mentioned, that more categories were chosen according to the list of the largest categories of internet retailing in Russia (E-commerce market in Russia, 2013).

Table 9. Distribution of the companies from the sample by industries

Industry	Sample
Apparel and Footwear	28%
Sport equipment	16%
Cosmetics and perfume	12%
Accessories	12%
Consumer Electronics and related products	8%
Gifts	8%
Food and Drink	8%
Books	4%
Household appliances	4%
Tourism services	4%

Consulting	4%
Household chemical goods	4%

Source: author's analysis

According to the RBC.research, the main component of the Russian e-commerce market is still the product segment (The Russian market of internet commerce, 2013). Analysis of the sample on the basis of the segment where companies operate (Table 10) confirms that data.

Table 10. Distribution of the companies from the sample by segment

Company's segment	Sample
Product segment	92%
Service segment	8%

Source: author's analysis

5. Results of the empirical research of the drivers and obstacles of Russian e-commerce market development

All in-depth interviews were analyzed by content analysis. Sixty-two semantic items describing obstacles of e-commerce market development in Russia were identified and grouped in 13 barriers. Table 11 presents the obtained results.

Table 11. Obstacles of e-commerce market growth in Russia

Construct	Examples	Frequency
Economic barrier	Difficult economic situations	29%
	Strong competition	
Customers barrier	Customers are not going to pay for the product before getting it	12%
	Low purchasing capacity	
Suppliers and partners	It's difficult to find reliable partners	12%
	The language barrier when communicating with suppliers	

Logistics	Expensive shipping	10%
	Loss on shipping	
Problems inside company	Lack of specific knowledge	9%
	Financial problems	
Trust barrier	Trust to the company	8%
	Trust to the internet	
No barriers	No problems to do business in e-commerce market	7%
	No problems with partners	
Promotion	Expensive tools to promote something in the Internet	3.5%
	It's difficult to deliver the message to the consumer	
Legislative barrier	Weak legal regulation of the industry	3%
	Bureaucracy	
Security barrier	Buyers are afraid of sharing their confidential information	3%
	Security protection	
Financial barrier	Initial capital	3%
	Difficulties with financing the online store	
Technical barrier	Limited options of site's platforms	0.5%

Source: author's analysis

As can be seen from the table above, the respondents point out a lot of obstacles for creating and developing business on the e-commerce market. The most significant group of barriers that adversely affect the e-commerce market is connected with the marketing macro environment. For example, 29% of all mentioned barriers are economic. Respondents pointed out strong competition as the most influential constraint. Talking about this issue, an interviewee said that increased competition on the e-commerce market forced companies to use superior managerial and technological practices.

The second noticeable group of barriers describes a company's marketing micro environment. In general, problems with customers, suppliers and partners are 24% of all identified barriers. The complexity with finding reliable suppliers or partners and inaccuracy in delivery (like defective goods or wrong articles) are the main problems connected with partners and suppliers. Interactions with clients in the case of certain companies vary considerably. This is why all the problems with clients are unique and diverse. For instance, while some companies have problems with building confidential relationships with clients, others struggle with fraud from clients.

Comparing barriers revealed in the empirical study with barriers discovered as a result of theoretical analysis, it can be seen that there are some similarities. The primary barriers that are common for Russian companies and companies operating on the e-commerce market in other emerging markets are: inadequate logistics, problems with trust in the online shopping procedure or the company in general and problems with data protection. While these barriers were identified only in a small number of interviews, they show that the Russian e-commerce market is developing in the same direction as in other countries.

Interestingly, a small number of respondents indicated that they didn't see any barriers. As one interviewee said, "We have difficulties, but not problems. Usually our difficulties can be solved in five minutes". This view was echoed by another respondent who stated that "there is no problem, there is a task. You simply need to up and do something. Often the barriers are only in your head. Nothing prevents the creation of online business, you just need to work". Also, respondents pointed out that they faced problems in the past, but now their interactions with partners, suppliers and clients are completely adjusted.

Overall, these results indicate that economic situation and the pressure of the market environment are the most striking constrains of e-commerce market development in Russia. Infrastructural and institutional challenges were also pointed out as the important barriers. They reduce the overall motivation for this type of business, and also weaken the competitive position of small companies compared to large contractors (suppliers and major competitors).

Table 12. Drivers of e-commerce market growth in Russia

Construct	Examples	Frequency
Company's potential	The expansion of sales geography	25%
	Improvement of the service quality	
Customers	The change in consumer behavior	21%

	Consumers are becoming more demanding	
Goods	The production of goods in Russia	12.5%
	The growth of the market through innovative products	
Technology	The development of mobile sites and apps	12.5%
	The development of more technologically advanced website	
Infrastructure	The development of payment systems	11%
	The development of logistics infrastructure	
Online advertising market development		6%
Growing popularity of social networks and their use for the sales and promotion		5%
Development of educational services		2.5%
Buying in Russia because of sanctions and limits for cross-border online purchases		1.5%
Support from the government		1.5%
Companies from store-based retailing are opening online stores		1.5%

Source: author's analysis

Table 12 presents the respondents' answers concerning drivers of the e-commerce market in Russia. The most frequently mentioned answer relates to the internal potential of the company. Every fourth respondent said that they do not use the current companies' potential in full measure and see a lot of opportunities to develop their business by making changes in their operating activities.

The second most popular driver is connected with customers. Interviewees commented that despite the economic crisis and customers' unwillingness to pay a lot, they do not stop buying in online shops because they realize the benefits from online shopping. At the same time, customers are becoming more demanding of a better service. That creates a lot of possibilities for companies to provide more client-oriented services and makes companies improve in general.

The greatest number of growth opportunities in the respondents' opinion is associated with the development technology and infrastructure. Providing innovative and more customized goods is considered a significant driver of the e-commerce market in Russia.

The findings from the in-depth interviews with respondents representing a business perspective contribute to the deeper understanding of factors that have a negative and positive impact on the development of the e-commerce market in Russia. But without any doubt, it is necessary to do similar research with customers who use goods and services on the e-commerce market.

6. Discussion and conclusion

The main goal of the current study was to analyze the barriers and drivers for e-commerce market development in Russia. In this paper we have focused on the Russian e-commerce market. While focusing on a specific sector of the economy, we demonstrated the trends and tendencies which can exemplify the changes in the current stage of the Russian economy. This paper gives an overview of the current trends and developments in the Russian internet market.

One of the more significant findings to emerge from this study is how the market growth of 2002-2007 contributed to the growth of the e-commerce segment. The nature of the growth was extensive, using the opportunity to expand the market and get new customers. As the empirical research reveals that the most significant barriers for the Russian market are market barriers, infrastructure, and institutional issues, Russian e-commerce firms have opted for a better choice of operational alignment, improving logistics, optimizing technological solutions and trying to catch up with the market.

The e-commerce market has illustrated that a change towards stagnation and negative growth have drawn firms attention and they are revisiting the role of customers and taking a more careful approach to strategizing. Because they are often small businesses, Russian e-commerce firms need to adjust many aspects of their business model at the same time. As the interviews have demonstrated, the improvement of the service quality is frequently the choice to learn and adjust to the customer needs. The role of suppliers has been even more important for the respondent firms than the role of the customer.

The findings from this study make several contributions to the current literature. Firstly, the obstacles and drivers of the e-commerce market development were tested in the Russian market and the results of the research can be compared with other developed and developing countries. Secondly, the lack of empirical scientific studies describing the barriers and drivers of

the e-commerce market in Russia was filled. Thirdly, this research extends our knowledge of the Russian e-commerce market and might serve as a base for future studies in this field.

The main weakness of this study was connected with the main method of gathering information. In-depth interviews as the qualitative research method are not representative. This is why we cannot extend the obtained data to all companies' operations on the e-commerce market. Also, while we tried to control the choice of companies for interviews, we cannot guarantee that the interviewed companies were most typical, especially in the case of small companies.

Future research should concentrate on the investigation of the customer's role in e-commerce development. Customers are one of the major drivers on the e-commerce market and their preferences and changes in behavior can affect the way this market evolves. Another possible area of future research would be to assess the influence of existing drivers and constraints on the e-commerce development and identify best practices of companies that help them to overcome difficulties and develop dynamically.

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