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**Cross-border B2C E-commerce Strategies to Turkey: A focus on
Italian SMEs in the Fashion Industry**

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Abstract

The thesis aims to give Italian small-medium enterprises (SMEs) in fashion industry an insight on Turkish e-commerce and underline significant considerations and advices before building their strategy to enter Turkish market through cross-border business to customer (B2C) e-commerce.

The thesis starts with an overview to Italian economy and its main activities with strengths and weaknesses in order to better understand the current state of the country, especially after the great recession in 2009. Subsequently, Turkish economy and the country's demographical characteristics are presented with the aim of illustrating the potential of the country.

Secondly, in order to build well-fit strategy for Italian SMEs in fashion industry, Turkish e-commerce is investigated in parallel to its most significant pillars: online marketing, logistics, payment methods, and law and regulations in addition to its dynamics and evolution over last decade. The analysis is conducted based on the secondary sources, which are mainly comments and remarks of executives, indicators of press and associations, company strategies, state and universal agency statistics and international national surveys of reliable well-known sources that visualize the current state and the future of the country in e-commerce.

Lastly, the country overview of Italy and the current state of Turkish e-commerce have brought the thesis into the conclusion. The conclusion has composed of strategic considerations based on the literature review, and investigation of e-commerce channels through secondary sources for new Italian SMEs to enter Turkish market through cross-border B2C e-commerce.

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EXECUTIVE SUMMARY

Introduction

21st century has been shaped by rapid digitalization, innovation and disruptive technologies in industries. This phenomenon requires enterprises to modernize their operations based on emerging trends and to tailor their value proposal based on new customer needs and demands. While the modernized enterprises benefit from new opportunities presented, the old-timer loses its charm for their customers due to inability to understand the trends. Needless to say, electronic commerce, e-commerce, has been one of the revolutionary actors in the evolution of industries at present time. It intensifies the competition, diminishes effects of information asymmetry, presents new methods of transaction, allows more customization, and reaches cross borders more effectively and efficiently in trade. E-commerce volume in retail hit 1.86 trillion US dollars and it is expected to climb up to 4.48 trillion US dollars by 2021 (Statista, 2017). Therefore, enterprises shall better internalize the concept of e-commerce and utilize its practices; consequently, the countries can also exploit its benefits through its cross-border trade activities.

In the light of necessity to acquire e-commerce, this thesis aims to underline how the cross-border e-commerce from Italy to Turkey can be conducted in case of Italian Small-Medium Enterprises (SMEs) in fashion. The thesis analyzes the characteristics of exporting country, Italy; a feature of target market, Turkey, and its e-commerce evolution with main pillars, and it is concluded with main strategic considerations with insightful advices for trade channels.

Objectives

The thesis aims to point out the answers of four crucial questions for the Italian small-medium fashion enterprise willing to carry out their business in a sustainable and promising manner through cross-border B2C e-commerce to Turkey as follows ;

- 1) What makes Turkish market attractive for Italian fashion industry to enter through cross-border B2C e-commerce?
- 2) What are the main alternatives in terms of logistics, marketing and payment systems to support cross border e-commerce to Turkey? What are the main legal issues to consider?
- 3) What are the possible considerations to be taken by Italian SMEs in fashion before entry to Turkish Market through cross border B2C e-commerce?
- 4) What are the main online platforms that Italian fashion SMEs can use to export to Turkey?

The answers are covered by not only one chapter sequentially but organically throughout the whole work, leading to strategic considerations and advices to be taken into account.

Methodology

The literature review is conducted to create a base for this thesis with respect to four pillars to be taken into consideration; logistics, online marketing, payment methods and legal issues and to support the strategic considerations mainly. The identifications, descriptions and conclusions of the reviewed publications are meant to be as a benchmark to point out the strengths and weaknesses of Turkish e-commerce activities along with the strategic considerations for Italian fashion SMEs not to be overlooked before the cross-border B2C e-commerce operation. The literature review covered all the pillars on the general basis, furthermore, providing theoretical base.

In order to compare the state of Turkish e-commerce with theoretical point of view presented by literature review, secondary sources were collected, analyzed and classified according to their identity. The classification of the data was also intended to build more reliable analysis of the country characteristics of Italy and Turkey, rather than biased or deviated estimations about the economic and commercial indicators. Finally, the classified data is integrated into the relevant chapter to reach insightful conclusions about the current state of the pillar or subject discussed.

Lastly, theoretical point of view and secondary sources are formed together in order to identify opportunities and possible challenges for both sides to present strategic considerations and advices.

Results

Question 1: What makes Turkish market attractive for Italian fashion industry to enter through cross-border B2C e-commerce?

Currently, the country has nearly 80 million residents in its land with one of the youngest population in the world. Thus, Turkey seems promising with its high potential to create demand for new needs and goods. On the other hand, the country is considered as one of the biggest developing countries in the world in economic terms. GDP-based economy measures show that Turkey is in top 20 economies in the world. The country has a strong export value in textile industry with high trade surplus, which can be considered as a competitive advantage of the country in textile thanks to its raw material supply and low-cost labor force. Thus, Italian SMEs

in fashion should consider their source of competitive advantage before taking the decision to enter Turkish market. They shall better focus on different success factors; especially design, rather than price competitiveness, also hard to maintain because of currency fluctuations.

Turkey aims to provide its residents high connectivity and reliable infrastructure of online world. Even though Turkey's penetration rate, 57.4%, is lower than the average of Europe, Turkey has boosted it significantly by 2209.8%, holding the 18th highest number of internet users worldwide. Last but not least, the country has introduced technology of 4.5G in March 2016 to stimulate mostly connectivity on mobile, which boosted mobile connections to 71 million and active users in social media to 42 million. As a result, the country is remarkably feasible in terms of connectivity for cross border e-commerce and it is strong in social media, which can be beneficial to become well-known through digital marketing practices.

E-commerce in Turkey is not at the desired level such that, the share of e-retail over total retail (3.5%) in the country is slightly lower than the average of other developing countries share (3.8%) in 2016. However, the future seems bright for Turkey in e-commerce. Since 2013, the volume of e-commerce has been more than doubled, attaining 35%, 31%, and 24% of annual growth from 14 billion to 30.8 billion TRY in 2016. Moreover, even though the growth is not as striking as in Turkish Lira due to home currency depreciation; apart from 2015, the country has grown in e-commerce volume more than 10% on the annual basis, attaining 10.2 billion USD (TUBISAD, 2016).

Turkish e-commerce is composed of online legal betting, travel, and the focal points of the thesis; multi-channel retail and pure online retail. Multi-channel e-retail mainly sells clothing and footwear, electronics, entertainment and culture, home and furnishing online and offline. On the other hand, pure online retailers present products through private shopping, vertical model, marketplace, and multi category websites, without any other sales channel. Turkish government is also decisive to support Turkish e-commerce such that Alibaba and Kompass have been announced to have signed agreements with Turkish Exporters Assembly for favorable cross-border e-commerce conditions. Incentives and support from the government with the involvement of worldwide enterprises in Turkish market shall also be favorable for Italian exporters to create new partnerships, build new multinational strategies by getting more acquainted with worldwide e-commerce trends at first place, and raise brand awareness.

Question 2: What are the main alternatives in terms of logistics, marketing and payment systems to support cross border e-commerce to Turkey? What are the main legal issues to consider?

The logistics sector in Turkey has been expanding since 2002 by average of 20% annually that lead to doubling investment budget of the state over the last decade to continuously increase effectiveness of logistics operations. Thus, the conditions are expected to be even more favorable for e-logistics as well as traditional commerce. On the other hand, transportation of exported goods from Italy to Turkey can be carried out through the Port of Trieste. One of the main advantages of Trieste Port is the establishment of long-lasting relations with the ports in Turkey. Consequently, Trieste can be chosen as the first port to transport to goods from Italy to Turkey especially for the companies located at the north of Italy depending on the good to be carried.

The majority of digital marketing methods in Turkey are composed of search engine optimization, social media marketing, affiliate marketing, e-mail marketing, and keyword-advertising. Many marketing executives stated that search engine advertising and social media are the biggest two marketing practice that drastically evolve the marketing approach (Egon Zahnder, 2017). Additionally, even though Turkish companies spend on budget mostly for traditional marketing, they relatively give more weight on social media. On the other hand, the country is lack of competences on the tools and analytic part of the digital marketing. Nevertheless, the companies' enthusiasm and growing trend toward digital marketing are also supported with the contribution of digital marketing agencies and platform providers especially for the digital transformation.

Turkish e-commerce players provide their customers variety of payment methods. The most common payment methods that exist on the online platforms are; credit cards, debit cards. Apart from these two, some of the e-commerce players in Turkey offer their customers the possibility of making the transaction with cash and giro. In parallel to the growth of e-commerce in Turkey, also the sector of payment methods has been growing, and e-commerce platforms start presenting more opportunities for its customers with promotions and campaigns thanks to new payment providers blooming in the sector.

Turkish market is relatively free for trade in goods thanks to liberalization measures over the past two decades. The country has no duties or charges on the imported goods, excluding services, public procurement, and unprocessed agricultural products, from EU members since the

custom union signed in 1996. Turkey has also got involved in free trade agreements and enhances treatments for not only least developed countries and some other developing countries. However, the country has some tax implications on the e-commerce transactions in case of direct shipment from abroad to its land, which can be highly disadvantageous.

Question 3: What are the possible considerations to be taken by Italian SMEs in fashion before entry to Turkish Market through cross border B2C e-commerce?

To start with strategic considerations, the perception of e-commerce by the company is always a significant issue for the maintainability and sustainability of the presence in the digital world. For a small-medium enterprise, it shall be taken into consideration as it is a part of the strategy since enterprises with e-commerce strategy is more likely to succeed than the enterprises that consider e-commerce only as another sales channel.

Productivity level and the characteristics of the destination of export determine the faith of an exporter. The magnitude of trade costs, the market size, and the remoteness of the country from the rest of the world should be taken into considerations. For instance, the more level of proximity of the market means the more acquaintance with its dynamics and organizational structure, thus, it requires lower level of productivity to enter the market. Moreover, the richer destinations are, the higher level of efficiency and product quality are required, and the bigger the market is the higher the expected profitability is. As a conclusion, Italian SMEs shall maintain the level of productivity and product quality to adjust their products to the needs of Turkish market.

Innovation and R&D are strongly influential on customer preferences, which can lead customers to switch from “old-fashion” to new trending. Consequently, both in domestic market and abroad, making investment in product innovation is essential to acquire the ability to compete, especially on design. As compared the Lombardian companies with the Catalan companies in the textile industry in terms of export success, it is illustrated that one of the main reasons of higher success of Lombardian companies is greater technological capabilities thanks to their R&D investments besides of longer internationalization experience. Thus, it is crucial to keep the product updated based on changes in the market.

Italian fashion industry has been dominated by small and medium enterprises, where they have a significant percentage of family ownership all over the industry. Thus, it is important to build the right strategy by appointing external managers in case of exporting a new destination or

lack of competences in know-how of e-commerce facilitations. However, the company shall be carefully taking first steps to the new market after being confident enough of the success of its products. For instance, in case of the Catalan and Lombardian textile companies overseas the most successful companies have the managers who are confident with their competitive advantages mainly related to product image and its technological features. Consequently, being confident about the success is one of the keys in export to new markets.

The literature reviewed stressed out the importance of building marketing, cost, and differentiation advantages to gain benefit from e-commerce. Thus, building the right strategy to achieve required competitive advantages is essential. For Italian fashion industry, competitive advantage mostly takes its root from design and marketing rather than competing on price due to possible presence of instable exchange rates.

Consequently, Strategic considerations can be seen as a checklist before finalizing the decision to export for Italian SMEs in fashion about how to conduct the cross-border B2C e-commerce.

Question 4: What are the main online platforms that Italian fashion manufacturers can use to export to Turkey?

The results suggest that online marketplaces and e-commerce fashion sites, multi-channel and pure online retailers would be the most suitable option to be utilized by the Italian Fashion SMEs to enter the market since the proprietary e-commerce platform can be either highly costly or risky for entrance. On the other hand, they provide services in a wide range from integrated logistics solutions to marketing campaigns. Thus, the exporter can leverage on the special agreements on the delivery of their products and their promotional activities. As a consequence, for initial steps, it can be more riskless and simplified for Italian fashion SMEs to start selling their goods on these platforms until they raise their brand awareness that can be base for their own proprietary e-commerce channel. They can later even open their physical stores depending on their internationalization strategy.

In order to sell on a marketplace, the Italian Fashion SMEs shall precisely take into account some of the important fees such as commission fee, product listing fee, maintenance fee, announcement fee, exclusive advertisement fee, transaction fee and etc. Therefore, before finalizing the decision to choose the platform, all fees should be discussed by contacting the online marketplaces in full disclosure since fees can differ from presented in this thesis

depending on the product category, time and additional service. Furthermore, it is most likely to be required for Italian companies to obtain a commercial license to sell on marketplaces, thus, they shall contact the executives of the e-commerce players and get informed about how to conduct the necessary steps. It might be handled through a Turkish import intermediary or an assigned company representative to be sent to Turkey to found a division of the company.

It is crucial to choose which platform/s to sell the products on in order to align with the company strategy and goals. For instance, online marketplaces provide a virtual shop on their platforms, especially favorable in case of presenting product variety. On the other hand, multi-channel online fashion retailers might be favorable for the companies who aim to switch to physical store presence later on the same platform. In order to reach the level of required brand awareness, the Italian company shall make the decisions precisely for its success.

Consequently, in this thesis, the biggest and most popular Turkish online marketplaces and online fashion retailers are analyzed for advisory and insightful purposes. Many aspects from commission rates to the possibility of creating online shops are presented on the basis of the platform of interest. Nevertheless, it should be noted that some of the company's non-disclosure policies do not make any trading and contractual data explicit. Below, while Hepsiburada, Gittigidiyor, N11 are presented as the options for online marketplaces; Markafoni, Trendyol and Modagram, Lidyana, Brandroom, Shopi go, Beymen, Vakkorama, and Morhipo are introduced as potential partners as multi-channel or pure online channel retailers.

Hepsiburada

Hepsiburada.com was founded in 1998 and the company was acquired by Dogan Holding in 2007. Thanks to its popularity and success in the field, it has attracted oversea investors such that Private equity firm "Abraaj" has bought a minority stake.

Hepsiburada has 20 million monthly visitors, and more than 3 million active members. The platform offers 4.5 million products different in 30 categories with 10 million stock keeping units. In its 10,000 m² warehouse with total 600 employees, Hepsiburada operates 1 million product shipments on monthly basis with two shifts of 200 warehouse staff. 65% of the order issued is packaged on the same way for the delivery out of the warehouse. It reached 2400 suppliers with 35% growth per year over the last 5 years. Remarkably, Hepsiburada has reached 250 million TRY of sales on Black Friday, with more than 600 thousand downloads of mobile application.

Turkey's largest e-commerce site, Hepsiburada.com, announced that it has agreed with well-known investment and financing company Goldman Sachs for sales offers. Goldman Sachs, one of the world's leading investment consulting and finance companies, will be evaluating the offer to Hepsiburada. Also, it is stated that Amazon is one of the possible candidates to buy Hepsiburada.

Gittigidiyor

Gittigidiyor is one of the oldest e-commerce players in the country, which offers all of the standard marketplace services with wide variety of products. After its foundation in 2001, the site has achieved a significant growth and profit in a short time; as a result, it was purchased by e-commerce giant Ebay

Gittigidiyor contains variety of products for sale such as mobile phones, cameras, computers, clothing and jewelry products etc. among which the highest sales are respectively in technology, fashion, health and cosmetics. Gittigidiyor, as of 2016 first quarter, has more than 15.2 million members and the number of monthly visits is 38.7 million.

Even though the commission rate is reasonably set, 10%, most of the services are charged such as opening a shop and listing even a single product. Additionally, advertising for a product on the platform is not free. The platform also offers auction with minimizing the risks of not delivery or no purchase after winning. The company policy does not allow the vendors to publish their phone numbers and internet sites. Gittigidiyor is accessible through mobile platforms as well as on the desktop with applications on Ios and android.

N11

Dogus Planet was founded in June 2012 in partnership with the Dogus Group and the largest group of South Korea, SK Group, to operate in the e-commerce sector. Dogus Planet has launched "n11.com" for the exchange of open market platform that brings together brands with millions of customers. In 2016, the platform consisted of 8.2 million members, 21,000 registered stores, displaying a wide range of product, 30 million in 10 different categories, reaching the 655 million visits. Mobile users are accounted for the 70 percent of the overall traffic on the platform. In the first 6 months of 2017, N11.com sold averagely 72 thousand products per day, among 30 million in 10 different categories. The policy of N11 indicates different commission rates for different product groups that can go up to 30%.

N11.com hosts only brands and stores on its platform, which requires a commercial registration in order to carry out sale activities. N11.com spares a remarkable budget in all marketing operations, including television commercials. The platform can technically support the sale activities, paid and free, such as photography of the products and catalog organization, in addition to insightful training to the vendor.

On the other hand, the platform becomes more attractive for fashion brands day by day. For instance, Under Armour, a global performance sports apparel brand, starts selling its products, for the first time among the open market e-commerce platforms, at N11.com on the basis of its growth strategy.

Markafoni

Markafoni was founded in 2008 with 300 thousand dollars of initial investment, which had only 10 people to work for the company. It hosted many brands, working with 1350 native and 800 foreign brands reaching more than 2 million members. The company has been listed as one of the top 100 technology companies in Europe in March 2010 by TechCrunch and rewarded with "Digital Initiative of the Year" award in Digital Age Awards in October 2010. The platform offers a wide array of products with special advantages based on several campaigns with up to 70 percent discounts on select brands' clothing, accessories, cosmetics, decoration and lifestyle categories. Moreover, Markafoni carries out its operations also abroad and it protects the title of the first Turkish e-commerce site opened abroad.

The company was purchased by Cafer Mahiroglu, Select Chairman of the Board of Directors. A UK-based fashion brand chairman Mahiroglu emphasized that they will work to make Markafoni, which once reached 150 million US dollars of value and purchased for 270 million US Dollars, the market leader again with an initial allocation of 15 million US Dollars for new investments. He described their mission as to be the most colorful, exciting and entertaining e-store.

Trendyol and Modagram

Trendyol started its life with 40 people in 2010, after the number has reached 1600. Founded by Demet Mutlu, trendyol.com sells exclusive brands and designers' products with discounts of up to 85 percent online. Trendyol does not only sell fashion products but also products from different categories such as decorations, cosmetics and electronic goods. Trendyol has more than 12 million customers and 35 million monthly visits with 25 million sales. The

company had sales of \$188 million in 2015, representing just 2% of Turkey's fragmented e-commerce market and sales are expected to double in 2016 and grow a further 50% in 2017. As a result of this success, Trendyol has attracted new oversea investors like 'Kleiner Perkins Caufield & Byers' alongside the 'European Bank for Reconstruction and Development' invested in popular online fashion retailer. It is available to shop also on the platform on mobile applications, which is more than 75% of access up to more than 4 million unique mobile visitors.

Additionally, in March 2012, Modagram was introduced by Trendyol.com to online customers as a fashion and beauty retailing web site. The company's significant growth drew attention and concluded with an investment from EBRD in September in 2014. Modagram is created as a partner of Trendyol. Unlike Trendyol's discount campaigns, it has emerged to create a platform where continuous and seasonal product sales will take place.

Lidyana

Lidyana.com, founded by Hakan Bas partnering with other big e-commerce founders and celebrities such as Arda Turan, FC Barcelona player, focuses on global fashion brands and the designers of Turkey and foreign countries. The company started its journey in December 2011 with the initial investment of 2 million US Dollars and launched in February 2012. The company was selected as one of the most notable European Initiatives in August 2012 by Wired Magazine's. In May 2013, Lidyana.com hit already the sales of the previous year in the first 5 months of 2013.

Lidyana has been following an aggressive advertising and marketing policy, thus, it keeps building new projects. The company informs their customers updated with new trends in fashion on its blog. Additionally, Lidyana publishes its online women's magazine called NumberL. The NumberL, is free of charge to users. Last but not least, Shopping on Lidyana is aimed to be 100% secure with return and exchange options for worldwide in the currency desired to pay converted from Euro, depending on the weight either on web or mobile.

Brandroom

Founded in 2000, DEMSAGROUP continues its activities in Turkish retail sector as Demsa Fashion and Demsa Luxury as of 2015.

DEMSAGROUP established a multi brand project "Brandroom" in 2010. Brandroom, which combines luxurious and accessible world brands with perfect environment and service quality, serves with 9 stores in İstanbul, Ankara, Adana and Bodrum with its multi-storey retail

concept. DEMSAGROUP set up Brandroom.com in November 2015 to provide 24-hour access to the best and the best of the world's fashion with the aim of bringing the private brands in the world to the consumer. Brandroom.com is bringing women, men, kids, home and cosmetics collections of all brands within Demsagroup to consumers on an online sales platform. Brandroom stores, where the newest collections of world-trending designers are housed, are home to more than 250 brands in the categories of women's, men's, children's wear, accessories, home decoration and cosmetics.

Shopi go

Shopigo was established in June 2012 as the first and only online concept store of Turkey. It has a wide product range such as world-famous brands, contemporary designers and vibrant business associations of last-season collections, luxury street wear brands, and special sneaker collections. Shopi go, since 2014, serves their customers a second language option: English. As of now, Shopi Go has received and delivered orders as far as Hong Kong already. For local customers, Shopi Go also has a fast courier delivery option, 4 hours to delivery, in case of having Istanbul as the point of delivery.

In 2016, Shopi go earned one-third of its income from products in the Sneakers category and in 2017 sneakers compose nearly half of its revenue from Sneakers sales. In 2017, it has increased its revenue by 45 percent by the end of November. Furthermore, the platform has exceeded more than 350 thousand members with more than 700 brands.

As a result of bilingual shopping experience, Shopi go, which gets one fifth of its sales in 2016 from overseas sales, increased its export sales to 27 percent in 2017. Shopi go aims to grow by 100 percent in 2018 by new agreements with new foreign brands. The company has received averagely 14 e-mails of designers and brands from worldwide to work with Shopi go.

Vakkorama

Vakkorama established in 1982 as a new division of Vakko Group in order to serve younger's audience such as designs and styles of hipster and retro aesthetics, with its motto of "Turkey's youngest fashion brand". Vakkorama can be described as multi-channel online retailer, where men and women's clothing as well as accessories including shoes, hats, scarves and watches are for sale. Stepping alongside the strategy of Vakko, Vakkorama gathers also international designer collections such as Betsey Johnson, Nicole Miller, Cheap Monday, Ben Sherman, and Cold Method. The brand also carries their own lines of clothing and accessories

from summer dresses to the motorcycle boots. In comparison with similar companies, according to GuideIstanbul, Vakkorama can be seen as considerably cheaper platform taking into considerations the quality and brand names that can be found.

Morhipo

Morhipo is an e-commerce brand founded by Boyner Holding in 2011. In the new season division, it offers products of thousands of exclusive brands at the same time, and it also creates special discount clubs with discounts up to 90%. The platform serves the categories women, men, shoes-bags, children, home and life with a variety of products for different styles and budgets. Morhipo also sells its own brands People by Fabric, Agenda, D by Divarese on the platform.

In 2012, Morhipo reached more than 2 million members in 2012 with average 25 campaigns a day for both seasonal and discounted products. The company had more than 900 suppliers on the platform, having averagely 250,000 daily unique visitors (7.5 million per month). With all-line shopping for the first time in 2014, Morhipo presents its customers with a multi-channel retail advantage that continues to rise in e-commerce the past year. Customers are able to return the products they receive from Morhipo.com to stores in Boyner or YKM at 88 different locations throughout Turkey.

Morhipo has been selected by Internet Retailer as Europe's fastest growing e-commerce site with 117% in Europe500 research in 2014. The Boyner Group announced that Morhipo, which invested 150 million US Dollars in April 2014, grew 70 percent in 2015. Additionally, Morhipo's mobile application won the first place in the category of fashion in the most notable mobile applications survey by the Digital Age and Mobile Marketing Association (MMA) Turkey business association in 2015 and 2016. In 2016, 45% of sales came from seasonal section while the company reached the traffic on the platform reached 25 million monthly.

Beymen

Founded as a menswear clothing line 1971, the Beymen group has a total of 60 stores representing 35.000 m² area different store concepts, offering differing merchandise and services under the Beymen Magazacilik AS umbrella. Having more than 400 world brands in store today, Beymen has evolved into a multi-brand proposition. Beginning with Beymen Multibrand Stores, Beymen Club, Beymen Blender and Beymen Shu stores; Monobrand boutiques like Tod's, Dior, Dolce & Gabbana, Bottega Veneta, Moschino, Christian Louboutin, Jimmy Choo and Etro are

also part of the Beymen operation. Over the succeeding years, Beymen has developed an international presence through two further locations in Iraq and Egypt.

According to Polat Uyal, Beymen's chief merchandising officer of Beymen, Beymen aims to shape its strategy based on its customers and needs in order to maintain satisfying quality of service. On the other hand, they also try to keep its customers to be updated by informing them for what is next. Significantly Polat states that product assortment all depends on the store, online or offline, its size, and its location. He underlines that they try to target wide range of customers with different price categories and different range of tastes such as from a 20 US Dollar t-shirt to way up to a Saint Laurent shirt. He says "Every single piece that is in Beymen stores has been handpicked; there is no mass buying."

Last but not least, Some Italian SMEs in fashion industry already utilized the trade channels presented above and the thesis aims to build a base for the new entrants. Below are the companies that are already in the market through the platforms presented above; Antica Sartoria by Antica Sartoria S.r.l., Catarzi by Catarzi Filippo S.r.l., La Cartella by Knob S.r.l., Alberto Fasciani by Alberto Fasciani S.r.l., Aspesi by Alberto Aspesi & C. S.p.a., Buttero by Buttero S.r.l. Boglioli Milano by Boglioli S.p.a., Borsalino by Borsalino Giuseppe e Fratello S.p.a., Bontoni by Bontoni S.r.l., Fedeli by Luigi Fedeli e Figlio S.r.l., Fabi by Fabi S.p.a., Caruso by Raffaele Caruso S.p.a. , Moreschi by Moreschi S.p.a., Zanella by Sartoria Silvio Zanella S.r.l., Tombolini by Tombolini S.r.l., Aquazzurra by Aquazzurra Italia S.r.l., Italia independent by Italia Independent S.p.a., Inverni by Inverni S.r.l.

1. ITALY: A COUNTRY OVERVIEW

Italy, as a unitary parliamentary, is placed in the middle of Mediterranean Sea, with its 294,140 km² area, sharing open land borders with Monaco, Switzerland, Slovenia, Austria, France, Vatican City, and San Marino. The boot-shaped Mediterranean country is the 4th most populated EU country with its 59,359,900 residents, which makes the country one of the densest western states in Europe with 202 inhabitants per square kilometer in 2017. However, the population is distributed quite unbalanced such that the densest areas are industrial regions and metropolitans such as Po Valley and Rome and Napoli while far-reaching areas are “sparsely populated”. 71% of the population lives in the urban areas (Worldometers, 2017).

Demographical characteristics of Italy had been shaped by high fertility and birth rates until the 1970s. Yet, since then, the country has started facing a dramatic decline, giving rise to “rapid population ageing”. By the end of 2010, the one fifth of the population was over 65 years old (Eurostat, 2016). However, Italy has recently managed to grow birth rates significantly in addition to rise in the total fertility rate which is up to 1.41 in 2008 from 1.18 all-time low in 1995. Additionally, the total fertility rate is foreseen to range between 1.6 in 1.8 in 2030 (ISTAT, 2011).

Today, Italy owns the largest 3rd nominal GDP in the Eurozone while ranking the 8th in the world’s largest economies (International Monetary Fund, 2016). In addition, Italy presents long life expectancy for its residents, placing the country in the 6th position for life expectancy in the world (World Health Organization, 2015). Not only as a developed country with good indicators in economic and social layer but also an influencer on the cultural basis, Italy offers many to the region and the world. For instance, Italy covers 53 World Heritage Sites, the most in the world (UNESCO, 2017), and is the fifth most visited country (UNWTO, 2017). In the light of parameters above, the country is considered as one of the key decision-makers in the region and the world in terms of economy, culture and diplomacy. For instance, in addition to its membership with the UN, NATO, the OECD, the OSCE, the WTO, the G7, G20 and so other critical associations, unions and organizations on; Italy is one of the founders of the European Union.

1.1. Economy

Italy has switched to the common European currency, Euro, in 2002, and has been a part of Eurozone which covers more than 330 million citizens and whose monetary policy is determined by the European Central Bank. Also, the country is included by European single market, in which 500 million consumers accommodate and domestic commercial policies are set by EU through agreements based on EU legislation.

As mentioned previously, the country has the biggest third economy in the Eurozone in terms of nominal GDP, also making it the biggest 8th in the world. Not only on the basis of its GDP magnitude but also its export and import activities are the reasons why Italy is considered as one of the most industrialized countries in the world. Italian's economy is mostly driven by automobile, machinery, food, design and fashion industry in addition to its competitive agricultural sector, such as being the world's largest wine producer. The country is not limited to only to wine production on the agricultural basis; surely, it also grows olives, olive oil, artichokes, tomatoes, lemons, apples and many more. As of 2016, Italy has become the fifth most visited country in the world thanks to 52.4 million international arrivals thanks to its cultural and environmental tourist routes with world heritage sites and attractive destinations (UNWTO, 2017). Thus, tourism and travel activities create a remarkable contribution to the country's GDP. For instance, the direct share of travel and tourism is equal to €77.3 billion, 4.6% of overall, and expected to rise by 2.4% in 2017. On the other hand, tourism and travel generate huge employment base, supporting 1,246,000 jobs to be expected to even rise by 2.2% in 2017 (WTTC, 2017).

The financial crisis strongly affected Italy in 2008 in a negative manner. In addition to the crisis, subsequent sovereign-debt crisis boosted the negative effects over the country leading to intensification of the structural economic problems. Italy had mostly succeeded in GDP-growth between 1950s and 1970s, followed by a slower growth in 80s and 90s. Yet, when 2000s have arrived, the country reached its stagnation point in its economy (Tradingeconomics, 2017). All the efforts on the political basis to revitalize the economic growth resulted in the rise of public debt because of large government spending, which reached up to 126% of GDP being 2nd highest following the Greek, 158% in the EU (IMF, 2017). The biggest share of this debt comes from national subjects, while the level of household debt is much lower than the OECD average (Euler Hermes, 2017).

Strengths	Weaknesses
+Well-diversified export sector	-High public debt
+Strong manufacturing base	-Fragile banking system
+Low private debt burden	-Growing political fragmentation
+Primary fiscal surplus	-Rigid business environment
+Strong domestic investor base for public debt	-High fiscal pressure on corporates
	-Low R&D expenditures

Table 1. Strengths and Weaknesses of Italian Economy, Euler Hermes, 2017

The year of 2016 gave a boost to Italian GDP by 0.9% leveraging on domestic demand, benefited from advantageous financing environment, tax incentives to raise business investment and the higher employment (Euler Hermes, 2017). Nevertheless, net exports of the country has contributed to the growth negatively due to exports slowing down more than imports in the context of subdued global trade dynamics. The Italian economy still aims to reach back to its pre-crisis level, 2007, which is 7% above in GDP (Tradingeconomics, 2017).

According to Euler Hermes Economists, economic outlook of the county for 2017 seems more promising, forecasting Italian GDP growth to advance to 1.2% -exceeding 1% for the first time since the Italian economy has started its recovery in mid-2013. Promising to meet the expected annual growth, the growth reading for the first quarter of 2017 is expansion by 0.4% in comparison with quarterly basis, hitting the top rate in six years. Additionally, investment also is expected to expand further taking improving growth prospects and still favorable financing conditions into consideration (Euler Hermes, 2017). On the other hand, it is also forecasted that Italian GDP growth will decelerate later on to 1.0% as slowing economic momentum in the Eurozone takes place (Tradingeconomics, 2017).

Italy's unemployment rate has been managed to decline for the second consecutive year to 11.6% in 2016; however, it still remains 5.6% points above the 2007 pre-crisis low (Eurostat, 2017). On the forecast horizon, it seems that it will keep its pace for the declination in 2017, reaching solidly higher than 11%. The employment growth will accelerate at a gradual pace for the following two years as well. Essentially, current growth potential of Italy hits down close to zero – one of the bottom ends in the developed world. Higher growth is greatly required for to

bring solutions to its fundamental problems, from extensive public debt to a fast aging population and an undercapitalized banking (Euler Hermes, 2017).

1.1.1. Import

Worth of goods imported by Italy around the globe in 2016 is equal to \$404.6 billion, decreased by -2.5% since 2009 when the country was encountered with the great recession and it has declined by -1.1% from 2015 to 2016. The share of the Italian top 10 imported goods is 60.9% in overall import shipments of the country. Italy's total GDP equals to \$2,221 trillion in 2016, out of which exports account for 20.8% of total output (IMF, 2016).

On geographical basis, European countries hold 68% of the Italian imports by value while 20.1% of the imports shipped from Asian countries. North America and Africa are other continents where Italy imports their goods from, with the share of 4.5% and 4.6% respectively in overall import value.

The most imported goods in terms of US dollar worth and their share on the overall Italian import in 2016 are as follows in the table below;

GOODS	VALUE
1. Vehicles	\$43.5 billion (10.7% of total imports)
2. Mineral fuels including oil	\$41.5 billion (10.3%)
3. Machinery including computers	\$40.9 billion (10.1%)
4. Electrical machinery, equipment	\$31.3 billion (7.7%)
5. Pharmaceuticals	\$21.3 billion (5.3%)
6. Plastics, plastic articles	\$18.4 billion (4.5%)
7. Iron, steel	\$14.4 billion (3.6%)
8. Organic chemicals	\$14.2 billion (3.5%)
9. Optical, technical, medical apparatus	\$11.3 billion (2.8%)
10. Gems, precious metals	\$9.6 billion (2.4%)

Table 2. Top 10 Main Import Categories of Italy, Worldstoexport, 2016

Gems and precious metals have shown the biggest jump in terms of growth among the top 10 imported goods due to increase in purchase of jewelry and platinum followed by imported plastics, pharmaceuticals, and imported machinery including computers. Meanwhile, mineral fuels including oil and electrical machinery and equipment declined in comparison with the previous years, from 2009 to 2016.

Starting with detailing the top 4 main import categories of Italy in 2016, the subcategories of “Vehicles” can be listed as follows;

GOODS	VALUE
1. Cars	\$27.5 billion (down -7.4%)
2. Automobile parts/accessories	\$7.8 billion (up 37.2%)
3. Trucks	\$3.1 billion (up 12.4%)
4. Tractors	\$1.6 billion (up 83.7%)
5. Motorcycles	\$857.6 million (down -23.8%)
6. Motorcycle parts/accessories	\$779.9 million (up 1.5%)
7. Trailers	\$589.3 million (up 92.8%)
8. Public-transport vehicles	\$540.9 million (up 41.0%)
9. Bicycles, other non-motorized cycles	\$148.4 million (up 30.6%)
10. Automobile bodies	\$128.5 million (up 34.5%)

Table 3. The Subcategories of Vehicles, Worldstoexport, 2016

It can be concluded that the purchase of trailers rose by 92.9% at the fastest pace among all, while tractors is the second subcategory in terms of import growth. Additionally, public-transport vehicles also grew by almost the half of its worth from 2009 to 2016.

Secondly, specifying the subcategories of “mineral fuels-related products”, Crude oil is the most imported good by Italians as can be seen in the table below

GOODS	VALUE
1. Crude Oil	\$18.9 billion (down -43.7%)
2. Petroleum Gases	\$12.3 billion (down -51.2%)
3. Processed Petroleum Oils	\$6.3 billion (down -8.2%)
4. Electrical Energy	\$1.9 billion (down -53.5%)
5. Coal, solid fuels made from coal	\$1.3 billion (down -46.7%)
6. Petroleum oil residues	\$117.9 million (down -57.3%)
7. Coal tar oils (high temperature distillation)	\$98.2 million (down -48.9%)
8. Petroleum jelly, mineral waxes	\$90.4 million (up 22.3%)

9. Peat	\$65.7 million (down -12.7%)
10. Coke, semi-coke	\$18.1 million (up 95%)

Table 4. The Subcategories of Mineral Fuels-related Products, Worldstoexport, 2016

Among the ten subcategories of mineral fuels-related products, only the two are inclined; semi-coke and petroleum jelly and mineral waxes; other 8 subcategories were not as demanded as before by Italian importers. Italy imports 76.4% of its energy use (The World Bank, 2016).

Third main category to be divided into subcategories is “Machines” and the most imported subcategories as follows:

GOODS	VALUE
1. Computers, optical readers	\$4.6 billion (down -6.3%)
2. Printing machinery	\$2.2 billion (down -4.6%)
3. Turbo-jets	\$2.1 billion (up 23.8%)
4. Piston engine parts	\$2 billion (up 20.3%)
5. Taps, valves, similar appliances	\$1.9 billion (up 16.9%)
6. Air or vacuum pumps	\$1.8 billion (up 5.7%)
7. Liquid pumps and elevators	\$1.5 billion (up 11.6%)
8. Transmission shafts, gears, clutches	\$1.4 billion (up 24.2%)
9. Miscellaneous machinery	\$1.4 billion (up 45.4%)
10. Centrifuges, filters and purifiers	\$1.4 billion (up 31.4%)

Table 5. The Subcategories of Machines, Worldstoexport, 2016

Under this category, the most grown subcategories are miscellaneous machinery, centrifuges, filters and purifiers and transmission shafts, and gears and clutches from 2009 to 2016.

Lastly, the most top 10 subcategories of “electronic equipment including consumer electronics” are as follows in 2016;

GOODS	VALUE
1. Phone system devices including smartphones	\$7.6 billion (up 38.1%)
2. Lower-voltage switches, fuses	\$2 billion (up 22%)

3. TV receivers/monitors/projectors	\$1.8 billion (down -50.7%)
4. Insulated wire/cable	\$1.8 billion (up 47.3%)
5. Electric water heaters, hair dryers	\$1.5 billion (up 23.9%)
6. Electrical converters/power units	\$1.5 billion (up 9.6%)
7. Electric motors, generators	\$1.5 billion (up 19.9%)
8. Integrated circuits/microassemblies	\$1.3 billion (down -20.3%)
9. Electric circuit parts, fuses, switches	\$1.1 billion (up 32.6%)
10. Electrical/optical circuit boards, panels	\$945.7 million (up 86.1%)

Table 6. The Subcategories of Electronic Equipment Including Consumer Electronics, Worldstoexport, 2016

The subcategories that are significantly uptrend are electrical or optical circuit boards and panels, insulated wire or cable, and phone system devices including smartphones from 2009 to 2016.

1.1.2. Export

Worth of goods exported by Italy around the globe in 2016 is equal to \$461.6 billion, increased by 13.6% since 2009 when the country was encountered with the great recession and it has risen by 0.6% from 2015 to 2016. The share of the Italian top 10 exported goods is 57.5% in overall export shipments of the country.

Italy's total GDP equal to \$2,221 trillion in 2016, out of which exports account for 20.8% of total output (IMF, 2016). On geographical basis, European countries hold 63.5% of the Italian exports by value while 17% of the exports shipped to Asian countries. North America and Africa are other continents where Italy export their goods to, with the share of 10.6% and 4.1% respectively in overall export value.

The highest value adding export product groups in Italian global export can be shown as follows with their share in percentage over total export from Italy.

GOODS	VALUE
1. Machinery including computers	\$92.4 billion (20% of total exports)
2. Vehicles	\$39.4 billion (8.5%)
3. Electrical machinery, equipment	\$27.7billion (6%)
4. Pharmaceuticals	\$21.2 billion (4.6%)

5. Plastics, plastic articles	\$19 billion (4.1%)
6. Articles of iron or steel	\$16.2billion (3.5%)
7. Furniture, bedding, lighting, signs, prefab buildings	\$13 billion (2.8%)
8. Mineral fuels including oil	\$12.6 billion (2.7%)
9. Clothing, accessories (not knit or crochet)	\$12.1 billion (2.6%)
10. Optical, technical, medical apparatus	\$11.8 billion (2.6%)

Table 7. Top 10 Main Export Categories of Italy, Worldstoexport, 2016

For the 7-year period since 2009, pharmaceuticals has shown the highest growth among top 10 export categories, risen by 42.7% in value followed by vehicles by 39.8%. While optical, technical, and medical apparatus ranked the 3rd, increased by 25.3% and exported plastics' place at the 4th, two declining categories were mineral fuels including oil and iron/steel products falling by 12.7% and 9% respectively.

Italian products that result in positive net export or trade balance surplus are as follows. Trade balance surplus can be formulated as the value of the country's total exports minus the value of total imports of the same product. Briefly, net exports indicate whether the country's foreign spending on goods/services are exceeds or lags.

Italy has achieved a trade surplus in 2016 equal to \$57 billion in comparison with a -\$8.3 billion deficit for 2009.

GOODS	CHANGE
1. Machinery including computers	\$51.5 billion (Up by 6.5% since 2009)
2. Articles of iron or steel	\$10.9 billion (Down by -13.8%)
3. Furniture, bedding, lighting, signs, prefab buildings	\$9.3 billion (Down by -3%)
4. Beverages, spirits, vinegar	\$7 billion (Up by 39.5%)
5. Clothing, accessories (not knit or crochet)	\$5 billion (Up by 31.3%)
6. Leather/animal gut articles	\$4.8 billion (Up by 152.2%)
7. Footwear	\$4.6 billion (Up by 16.6%)
8. Ceramic Products	\$4.3 billion (Up by 12.4%)

9. Ships, boats	\$4.1 billion (Up by 25.8%)
10. Cereal/milk preparations	\$3.4 billion (Up by 12.5%)

Table 8. Italian Exports with Trade Surplus, Worldstoexport, 2016

It can be concluded that in the category of machinery including computers, Italy has a high value of trade surplus, thus, cash flows can be a reliable indicator of the country's strong competitive advantage in producing machinery for international markets.

On the other hand, the product group can be listed as below, which end up with trade balance deficit, which indicate that the spending on the import is higher than the export on the basis of the category.

GOODS	CHANGE
1. Mineral fuels including oil	-\$28.9 billion (Down by -50.5% since 2009)
2. Organic Chemicals	-\$6.9 billion (Down by -12.8%)
3. Fish	-\$4.4 billion (Up by 29.8%)
4. Vehicles	-\$4.1 billion (Down by -71.3%)
5. Iron, steel	-\$3.8 billion (Down by -3.4%)
6. Electrical machinery, equipment	-\$3.6 billion (Down by -43.7%)
7. Meat	-\$2.4 billion (Down by -38%)
8. Wood	-\$2.3 billion (Down by -22.4%)
9. Cereals	-\$2.3 billion (Up by 31.4%)
10. Copper	-\$2 billion (Down by -1.7%)

Table 9. Italian Exports with Trade Deficit, Worldstoexport, 2016

Mineral fuels-related products namely crude oil, petroleum gas, electrical energy, and coal are the main category causing high trade deficit. It shall be noted that the country has relatively in disadvantageous position with respect to international energy market. However, the country can enhance new opportunities in energy market by innovative and futuristic approaches on clean and renewable energy.

Italian exports, overall, have been showing uptrend, especially in Eurozone. For instance, Italian export rose more than 12% year over year in 2017, reaching its highest growth rate since 2011.

2. TURKEY: THE CURRENT STATE

Since the foundation of Republic of Turkey, the country has been remarkably taken into consideration as one of the most significant developing countries thanks to its emerging economy, dynamic market capabilities with demographical characteristics and its bridging geographical location between two continents Asia and Europe. Specifically, Turkey has borders with Armenia, Azerbaijan, Georgia, Iran, Iraq, Syria, Bulgaria and Greece by land and Egypt, Cyprus, Romania, Russia and Ukraine by sea.

2.1 Demography

Demographical characteristics of an export destination give away significant insights of the state of the country, especially on the basis of potential demand and market size. The size of a country can be considered as a good indicator for business environment since the population can be correlative to the demand or the number of players in the market (Serti and Tommasi, 2014). Analyzing the Turkish demography, the Italian companies can simplify their decision-making process to enter the market, since market-size positively affects the firm-country decisions (Serti and Tommasi, 2014).

Turkey has taken its first steps into republican regime with the population of approximately 11 million struggling to recover from the traumatic marks of the First World War in 1923. At present, Turkey hosts 79,814,872 residents in its land having been a significantly growing population (Turkish Statistical Institute, 2017).

Country	0-14 years old	15-64 years old	65 years old or older
Belgium	17.0	64.9	18.0
Bulgaria	13.9	66.2	20.0
Czech Republic	15.2	67.0	17.8
Denmark	17.0	64.4	18.6
Germany	13.2	65.8	21.0
Estonia	16.0	65.2	18.8
Ireland	22.1	64.9	13.0
Greece	14.5	64.5	20.9
Spain	15.2	66.3	18.5
France	18.6	63.0	18.4

Croatia	14.7	66.5	18.8
Italy	13.8	64.5	21.7
Cyprus	16.4	69.0	14.6
Latvia	15.0	65.6	19.4
Lithuania	14.6	66.6	18.7
Luxembourg	16.7	69.2	14.2
Hungary	14.5	67.6	17.9
Malta	14.3	67.2	18.5
Netherlands	16.7	65.4	17.8
Austria	14.3	67.2	18.5
Poland	15.0	69.5	15.4
Portugal	14.4	65.4	20.3
Romania	15.5	67.5	17.0
Slovenia	14.8	67.3	17.9
Slovakia	15.3	70.7	14.0
Finland	16.4	63.7	19.9
Sweden	17.3	63.1	19.6
United Kingdom	17.7	64.6	17.7
Iceland	20.4	66.1	13.5
Liechtenstein	15.1	68.9	16.0
Norway	18.0	65.8	16.1
Switzerland	14.9	67.3	17.8
Montenegro	18.5	67.8	13.7
FYR of Macedonia	16.8	70.5	12.7
Albania	18.6	69.0	12.5
Serbia	14.4	67.2	18.5
Turkey	24.3	67.8	8.0
EU-28	15.6	65.6	18.9

Table 10. Turkish Population Composition, Eurostat, 2015

The population of Turkey has the highest share of under 14 aged people among all European countries with 24.3% (Eurostat, 2015). It also holds the lowest share of the people at 65 or over with 8%. Furthermore, Turkey grows its population by the rate of 1.0%, relatively higher than most of the European countries in 2015.

As a conclusion, based on the size of its population and the high share of youngster on the composition, Turkey is encouraging for Italian companies in terms of high potential in creating demand.

2.2 Economy

Having an insight on Turkish economy is one of the most crucial points of this article since it is aimed to present internal market characteristics for Italian exporters. When it comes to Turkey's trade activities, one can easily say that Turkey shows features of emerging market economies and developing countries. The country mostly produces agricultural products; textiles; industrial vehicles, ships and other transportation equipment; construction materials; consumer electronics and home appliances.

Furthermore, when it comes to GDP-based economy measures, Turkey is in top -20 economy in the world (The World Bank, 2017), reaching the growth pace of 6.1% in 2015 and 2.9% in 2016 despite political instabilities and currency rate fluctuations have negatively affected the country's economy, such as resulting in fall in exports and imports by 5.6% and 0.7% respectively in September 2016 (Turkish Statistical Institute, 2016).

Country	Quarterly Growth Rate
Turkey	3.80
India	1.60
China	1.30
Australia	1.10
South Korea	0.90
Spain	0.80
United States	0.70
Canada	0.60
Mexico	0.60
Netherlands	0.60
Euro Area	0.50

Germany	0.40
France	0.30
Japan	0.30
United Kingdom	0.30
Italy	0.20
Switzerland	0.10
Indonesia	-0.34
Russia	-0.54
Brazil	-0.90

Table 11. GDP Growth Rate of Turkey, Tradingeconomics, December 2016

Besides the overall fall in September, it is noted that the country's export to EU has been increased by 0.4% placing Germany at the top of the exporter's list and making Italy the third biggest export partner with 653 million in the same period of the year of 2016. Turkey has achieved to obtain the highest growth rate in December 2016 among all European countries and G20i healing all the wounds in its economy in September (Tradingeconomics, 2016).

Significantly to be noted out of the graph above, it can be concluded that Turkey has broken the chain of great recession in 2009 and remained less harmed than most of the countries and increased its pace of growth right after in 2010. As a consequence, it might be taken into consideration that the country has ability to show dynamic response to financial difficulties resulting in resilience and putting itself on its right track again.

As the year turned to 2017, Turkey kept making advancements on all cylinders leveraged on "strong export performance, robust public spending and the government's loan guarantee fund". The government's employment campaign has provided a decline in the unemployment rate to a one-year low in May. Additionally, awakening in the sector of tourism holds widening trade deficit back (Focuseconomics, 2017).

	2012	2013	2014	2015	2016
GDP per capita (USD)	11,52	12,415	12,084	10,8	10,73
GDP (USD bn)	872	950	934	858	856
Economic Growth (GDP, annual variation in	4.8	8.5	5.2	6.1	2.9

Domestic Demand (annual variation in %)	3.5	9.5	3.6	6.4	3.1
Consumption (annual variation in %)	3.2	7.9	3.0	5.5	2.3
Investment (annual variation in %)	2.7	13.8	5.1	9.2	3.0
Industrial Production (annual variation in %)	2.4	3.5	3.5	2.9	1.8
Unemployment Rate	8.4	9.1	10.0	10.3	10.9
Fiscal Balance (% of GDP)	-1.9	-1.0	-1.1	-1.0	-1.1
Public Debt (% of GDP)	36.2	36.1	33.5	27.5	28.3
Money (annual variation in %)	12.5	21.5	11.9	18.4	16.6
Inflation Rate (CPI, annual variation %, eop)	6.2	7.4	8.2	8.8	8.5
Inflation Rate (CPI, annual variation in %)	8.9	7.5	8.9	7.7	7.8
Inflation (PPI, annual variation in %)	2.5	7.0	6.4	5.7	9.9
Policy Interest Rate (%)	5.50	4.50	8.25	7.50	8.00
Stock Market (annual variation in %)	52.6	-13.3	26.4	-	-
Exchange Rate (vs USD)	1.78	2.15	2.33	2.92	3.53
Exchange Rate (vs USD, aop)	1.80	1.91	2.19	2.73	3.02
Current Account (% of GDP)	-5.5	-6.7	-4.7	-3.7	-3.8
Current Account Balance (USD bn)	-48.0	-63.6	-43.6	-	-32.6
Trade Balance (USD Billion)	-65.4	-79.9	-63.6	-	-40.9
Exports (USD billion)	162	162	169	152	150
Imports (USD billion)	227	242	233	200	191
Exports (annual variation in %)	13.7	-0.1	4.4	-	-1.2
Imports (annual variation in %)	-1.8	6.3	-3.8	-	-4.5
International Reserves (USD)	99.9	111	107	92.9	92.2
External Debt (% of GDP)	38.9	41.1	43.0	46.2	47.3

Table 12. Economic Indicators of Turkey, Focuseconomics, between 2012 and 2016

The striking point is that Turkey's economic confidence index upraised to a five-year high in August contrasting a loose in consumer sentiment. Despite all, economic growth seems to slow down in the second half of the year in consequences of running out credit impulse provided by the credit guarantee fund facility and the expiry of tax cuts on consumer durables, which can result in difficulties in lending growth to SMEs and lower households' purchasing power. As a result, private consumption growth contributed by expansionary fiscal policies and export-

oriented industries taking advantage of boosted demand, particularly from the EU make the economic outlook of the country bright in the short term. The expected GDP expansion is 4.2% in 2017, which is 0.3 point higher in percentage from the estimation of panelists in the last month, August (Focuseconomics, 2017).

2.2.1 Import

Turkey's overall import value is equal to \$198.6 billion around the world in 2016, increased by %41 since 2009 but declined by 4.2% in comparison with 2015. The country's top 10 import categories hold 69.1% of its overall purchase from other countries. By value, the country's import activities mostly involve European countries, with more than half of the overall, 50.1%, which is followed by Asian trade partner with the share of 34.2% while North American countries and African exporters account for minor share with 6.4% and 2.7%, respectively (worldstoexport, 2017). The highest demanded product groups in total can be shown as follows;

GOODS	VALUE
1. Machinery including computers	\$27.3 billion (13.7% of total imports)
2. Mineral fuels including oil	\$27.2 billion (13.7%)
3. Electrical machinery, equipment	\$20.1 billion (10.1%)
4. Vehicles	\$17.8 billion (9%)
5. Iron, steel	\$12.6 billion (6.3%)
6. Plastics, plastic articles	\$11.6 billion (5.9%)
7. Gems, precious metals	\$7.2 billion (3.6%)
8. Optical, technical, medical apparatus	\$4.6 billion (2.3%)
9. Organic chemicals	\$4.4 billion (2.2%)
10. Aircraft, spacecraft	\$4.3 billion (2.2%)

Table 13. Top 10 Main Import Categories of Turkey, Worldstoexport, 2016

Among the highest demands, aircraft and spacecraft ranked 1st in terms of the pace of the growth, increased by 310.6% since 2009. The gems and precious metals was raised by 259% taking its sources from the boost of worldwide demand for gold sale, followed by vehicles imported raising its demand by 98.3% placing the 3rd. On the other hand, the only category face a decline since 2009 is mineral fuels including oil, down by -9.1% in this 7-year period.

Starting with dividing the first 4 categories into its subcategories, the most imported subcategories of machines including computers are as follows;

GOODS	VALUE
1. Engines (diesel)	\$2.3 billion (up 50.3%)
2. Computers, optical readers	\$1.9 billion (up 8.1%)
3. Miscellaneous machinery	\$1.5 billion (up 129.7%)
4. Taps, valves, similar appliances	\$1.1 billion (up 106.3%)
5. Turbo-jets	\$1.1 billion (up 84.5%)
6. Air or vacuum pumps	\$1.1 billion (up 46.7%)
7. Heavy machinery	\$1.1 billion (up 143.8%)
8. Centrifuges, filters and purifiers	\$1 billion (up 45.5%)
9. Piston engine parts	\$930.9 million (up 71.3%)
10. Liquid pumps and elevators	\$889.1 million (up 60.8%)

Table 14. The Subcategories of Machines including computers, Worldstoexport, 2016

The first three subcategories significantly raised on demand since 2009 are Heavy machinery such as bulldozers, excavators, road rollers increased by 143.8%, miscellaneous machinery up by 129.7%, and taps, valves, and similar appliances grown by 106.3%.

Secondly, the subcategorization of fossil fuel-related products in terms of demand value can be tabled in the following:

GOODS	VALUE
1. Processed petroleum oils	\$7 billion (down -14%)
2. Coal, solid fuels made from coal	\$3 billion (down -14%)
3. Petroleum gases	\$1 billion (down -26%)
4. Petroleum oil residues	\$269 million (up 46%)
5. Electrical energy	\$213.6 million (up 1138.7%)
6. Coke, semi-coke	\$100.6 million (up 72.4%)
7.Coaltar oils (high temperature distillation)	\$47.4 million (up 485.6%)
8. Petroleum jelly, mineral waxes	\$42.6 million (up 45.1%)
9. Peat	\$15.2 million (up 86%)
10. Asphalt/petroleum bitumen mixes	\$4.1 million (up 23%)

Table 15. The Subcategories of Fossil Fuel-related Products, Worldstoexport, 2016

The striking fact out of the table above is that Turkey's need for imported electrical energy is increased remarkably since the demand is increased almost by 12 times of the one in 2009 through the 7 year-period. Also, high temperature distilled coal tar oils are increased by 5 times since 2009. And top 3rd is peat in terms of increase in demand with 86% in the same period¹³.

Thirdly, the subcategories of electrical equipment on the basis of the most imported ten in 2016 can be listed as follow;

GOODS	VALUE
1.Phone system devices and smartphones	\$4.8 billion (up 121.4%)
2. Solar power diodes/semi-conductors	\$3 billion (up 1,718%)
3. Electric generating sets, converters	\$1.5 billion (up 58.6%)
4. Lower-voltage switches, fuses	\$1 billion (up 53.2%)
5. TV/radio/radar device parts	\$997.2 million (up 335.2%)
6. Insulated wire/cable	\$868.3 million (up 93.4%)
7. Electrical/optical circuit boards, panels	\$816.4 million (up 113.7%)
8. TV receivers/monitors/projectors	\$799.4 million (up 13.5%)
9. Electrical converters/power units	\$776.4 million (up 61.3%)
10. Electric motors, generators	\$737.1 million (up 45.5%)

Table 16. The Subcategories of Electrical Equipment, Worldstoexport, 2016

It can be said that the country has a growing demand for the introduction of renewable energy and exploiting its opportunities since the demand for solar power diodes and semi-conductors raised by more than 17 times since 2009. Secondly; TV/radio/radar device parts are grown by 335.2% since 2009 in addition to the growth for demand of phone systems with 121.4%, which is boosted by mobile internet users and developments in internet infrastructures of the company.

Lastly, in 2016, the most imported subcategories of vehicles can be named below;

GOODS	VALUE
1. Cars	\$9.8 billion (up 130.7%)
2. Automobile parts/accessories	\$5.2 billion (up 52.5%)

3. Trucks	\$1.2 billion (up 184.7%)
4. Tractors	\$681.2 million (up 236%)
5. Motorcycles	\$240.8 million (up 669.7%)
6. Public-transport vehicles	\$186.2 million (down -10.1%)
7. Special purpose vehicles	\$174.7 million (up 12.2%)
8. Trailers	\$142.9 million (up 105.7%)
9. Motorcycle parts/accessories	\$130.2 million (up 84.1%)
10. Baby carriages	\$34.5 million (up 157.7%)

Table 17. The Subcategories of Vehicles, Worldstoexport, 2016

Turkish import in motorcycles ranked the 1st among the subcategories of vehicles in terms of growth, with 669.7%, while tractors while tractors and trucks follow it with 236% and 184.7%, respectively.

2.2.2 Export

The worth of goods exported from Turkey to globe is \$142.6 billion in 2016, inclined by 39.6% since 2009 but declined by 0.9% from previous year. 61% of the export was realized through the top 10 exported goods. Turkish export was mainly delivered to European countries, as more than half of the overall, 54.8%. While Asian importers are the second destination with the share of 28.8% Africa and North America accounted for 8% and 5.5%, respectively (Worldstoexport, 2017).

In terms of descending dollar value of export product groups, the first 10 main category of export can be listed as follows in 2016:

GOODS	VALUE
1. Vehicles	\$19.8 billion (13.9% of total exports)
2. Machinery including computers	\$12.4 billion (8.7%)
3. Gems, precious metals	\$12.2 billion (8.5%)
4. Knit or crochet clothing, accessories	\$8.9 billion (6.2%)
5. Electrical machinery, equipment	\$7.8 billion (5.5%)
6. Iron, steel	\$6.2 billion (4.3%)
7. Clothing, accessories (not knit or crochet)	\$5.9 billion (4.2%)

8. Plastics, plastic articles	\$5 billion (3.5%)
9. Articles of iron or steel	\$5 billion (3.5%)
10. Fruits, nuts	\$3.9 billion (2.7%)

Table 18. Top 10 Main Export Categories of Turkey, Worldstoexport, 2016

The first three product groups exported in terms of growth pace since 2009 are precious metals with 105.4% followed by plastics grown by 62.5% and vehicles with the growth rate of 61.6%. Significantly there is only category that declined in the 7 year-period, which is iron and steel by -19%.

The following product groups exported provide a trade balance surplus, which positive net exports for the economy of the country. It can be defined as the difference between total export and import of the country.

In other words, positive net exports show that the country's purchase of a specific good is lower than the country's sale of the same good by monetary value.

GOODS	VALUE
1. Knit or crochet clothing, accessories	\$8.1 billion (Up by 30.6% since 2009)
2. Gems, precious metals	\$5 billion (Up by 26.7%)
3. Clothing, accessories (not knit or crochet)	\$4.2 billion (Up by 35%)
4. Fruits, nuts	\$3.3 billion (Up by 23.9%)
5. Articles of iron or steel	\$2 billion (Down by -34.3%)
6. Vehicles	\$2 billion (Down by -40.2%)
7. Textile floor coverings	\$1.8 billion (Up by 97.8%)
8. Salt, sulphur, stone, cement	\$1.8 billion (Down by -4.7%)
9. Vegetable/fruit/nut preparations	\$1.8 billion (Up by 44.9%)
10. Miscellaneous textiles, worn clothing	\$1.7 billion (Up by 13.7%)

Table 19. Turkish Exports with Trade Surplus, Worldstoexport, 2016

Turkey has a high surplus on the category of knit or crochet clothing, accessories, which can be a result of the country's competitive advantage on the product group. On the other hand, below, it can be shown on which product groups the country has spent more than it has gained through export, which leads to negative net export, in other words, trade balance deficits.

Overall Turkey has shown -\$56 billion deficit as a conclusion of its import and export activities, 44.6% higher than 2009.

GOODS	VALUE
1. Mineral fuels including oil	-\$23.9 billion (Down by -7.8% since 2009)
2. Machinery including computers	-\$14.9 billion (Up by 65.6%)
3. Electrical machinery, equipment	-\$12.4 billion (Up by 120.5%)
4. Plastics, plastic articles	-\$6.6 billion (Up by 71.6%)
5. Iron, steel	-\$6.4 billion (Up by 72.6%)
6. Optical, technical, medical apparatus	-\$3.9 billion (Up by 56.8%)
7. Organic chemicals	-\$3.9 billion (Up by 29.8%)
8. Aircraft, spacecraft	-\$3.6 billion (Up by 370.4%)
9. Pharmaceuticals	-\$3.4 billion (Down by -7.2%)
10. Copper	-\$1.6 billion (Up by 15.9%)

Table 20. Turkish Exports with Trade Deficit, Worldstoexport, 2016

It can be stated that Turkey's energy need has dragged the country into trade deficits highly for mineral fuels including oil-particularly processed oils, coal and petroleum gas.

2.3 Digital Trends

Rising number of internet users brings improvement in information, diminishing the asymmetry while intensifying the competition leading to lower fixed manufacturing trade costs. As a result, it boosts the manufacturing export and its growth. On the other hand, the effect of the distance on manufacturing trade within OECD is diminished thanks to the increase in internet users, which is confirmed as a factor of manufacturing export growth (Bojnec and Ferto, 2009). In other words, the more utilization of internet by customers, competitors, and other stakeholders, the more valuable it seems to firms using it since its benefit takes its root from connectivity. The exporters can favor better of internet when it has more connections (Thomas and Bridgewater, 2004). In the light of the crucially of internet usage in export activities, especially through e-commerce, Turkey is analyzed in terms of its digital trends.

2.3.1 Internet Usage

The development and growth of Turkey have not been leveraged on only demographical characteristics or developing economy but also the country's persistence on introduction of new

infrastructures, regulations and promotions for the connectivity of its residents to internet. As a conclusion of being a member of online world, now Turkey is ready to exploit the opportunities presented by rapid, diffusive and trending information easy to reach by few clicks or touches.

World Regions	Internet Users	Penetration Rate (%)	Growth (2000-2017)
Africa	345,676,501	27.7%	7,557.2%
Asia	1,873,856,654	45.2%	1,539.4%
Europe	636,971,824	77.4%	506.1%
Latin America/Caribbean	385,919,382	59.6%	2,035.8%
Middle East	141,931,765	56.7%	4,220.9%
North America	320,068,243	88.1%	196.1%
Ocenia/Australia	27,549,054	68.1%	261.5%
WORLD TOTAL	3,731,973,423	49.6%	933.8%

Table 21. World Internet Usage, Internetworldstat, 2017

Even though Turkey's penetration rate, 57.4%, is lower than the penetration rate of Europe, 77.4%, Turkey has shown a significant growth in terms of internet penetration rate with 2209.8% since 2000 until the time present which implies that the country has risen drastically its connectivity to internet by 22.

#	Country	Internet Users	Penetration Rate	Growth Rate
1	China	731,434,547	52.7%	3,150.8%
2	India	462,124,989	34.4%	9,142.5%
3	United States	286,942,362	87.9%	200.9%
4	Brazil	139,111,185	65.9%	2,682.2%
5	Indonesia	132,700,000	50.4%	6,535.0%
6	Japan	118,453,95	94.0%	151.6%
7	Russia	104,553,691	72.9%	3,272.7%
8	Nigeria	93,591,174	48.8%	46,695.6%
9	Germany	71,727,551	89.0%	198.9%
10	Mexico	69,915,219	53.7%	2,447,6%
11	Bangladesh	60,273,385	40.6%	66,865.0%

12	United Kingdom	60,273,385	92.0%	291.4%
13	Iran	56,700,000	70.0%	22,580.0%
14	France	56,367,330	86.8%	563.1%
15	Philippines	54,000,000	52.0%	2,600.0%
16	Italy	51,836,798	86.7%	292.7%
17	Vietnam	49,741,762	52.1%	24,770.9%
18	Turkey	46,196,720	57.4%	2,209.8%
19	South Korea	45,314,248	89.4%	138.0%
20	Thailand	41,000,000	60.0%	1,682.6%

Table 22. Top 20 Countries in Internet Usage, Internetworldstat, 2017

Furthermore, Turkey has the 18th highest number of internet users all over the world in spite its penetration rate is still lower but fast-growing compared to the most of the countries in the top 20. Additionally, the country is decisive for reaching its online potential since the population of the country is demanding for going online in various ways. For instance, majority of its population is connected to World Wide Web through their mobile devices. Therefore, the technology of 4.5G, introduced in March 2016, has brought new way of connection for mobile users all over the country which enable faster and more reliable access to social media, news and shopping than ever. Another example of the country's awareness and enthusiasm for internet on the rapidly digitalized world is that the state has built its own online platform called "e-state" in which the citizens can actively reach their crucial bureaucratic documents and process some of civic duties.

Consequently, in highly-globalized and digitalized environment of the world, Turkey also has been aiming to keep up the pace and get involved in benefiting from the opportunities presented by new information and communication technologies. Evident from the growing internet penetration rate and high number of internet users, the country is remarkably advantageous in terms of connectivity for Italian exporters to enter the market through digital channels.

2.3.2 Social Media

As mentioned in the previous sections, Turkey currently is a home for 80 million people of whom most are young, which show high interest in technology and being a part of social media network with the contribution of 4.5G that provide almost 10 times the speed of country's

use of internet on mobile before. Benefiting from new infrastructure of 4.5G, mobile internet connections have reached up to 71 million which corresponds to 90% of the whole population, which also triggers an increase in active social users by 5% and in mobile social users that have reached up to 42 million with the growth of 13% (We Are Social, 2017).

Turkish internet users spent their 4 hours and 14 minutes online via any a pc or tablet while their average daily use of social media via any device is 2 hours and 32 minutes. Web page views have been significantly decreased by 25% while the popularity of viewing web pages on mobile devices has been remarkably increased by 55%. As a consequence, it can be stated that Turkish internet users tend to spend their online time mostly on social media especially when they are on mobile (We are social, 2017).

Consequently, social media has become a vital access point for keeping up with national and worldwide trends and getting adapted to digital changes quickly. It is also a popular platform for creation of digital brands, sharing opinions and emotions and spreading the knowledge. The use of social media is not only limited to information sharing, the users aim beneficially to trade online discovering the perks of being a digital member.

Number of people connecting to social media is rapidly inclining in Turkey. While Saudi Arabia settles at the top of social network usage in the world, Turkey climbed up in 3rd place. The favorite social media player is Facebook in Turkey as the popularity of others are highly-growing such as Twitter, Instagram and YouTube. In fact, with its 56 million Facebook users (Statista, 2017), the leadership has been held by Facebook followed by Facebook Messenger, Whatsapp, and Youtube (We are social, 2017). Additionally, Twitter and Instagram are also popular in the country.

2.4 E-commerce

Emerging trends and connectivity in the digitalized world have also brought new opportunities and revolutionary ways to trade and enterprises, such as the development of e-commerce. E-commerce has become a podium for the introduction of new products, new trends and new interactions between the countries, customers and enterprises thanks to rapid and secure movement of money over internet based on improvement of new information and communication technologies. In the light of this radical and inevitable digital movement in the world toward e-commerce, Turkey shall aim to exploit these phenomena on the basis of its demographic, economic and geographic potential through the well-interpreted online consumer behaviors.

As taken into consideration the fact that Turkey is one of the representatives of developing countries, the share of e-retail over total retail (3.5%) in the country is slightly lower than the average of other developing countries share (3.8%) and lags behind the average of developed countries share (8.8%) in 2016. 10 biggest retailers in Turkey compose of 57% of the market share in the sector equal to 47 billion TRY and half of them does not own any e-retail channel. When taking a look into the first 100 biggest retailers, 35 of them have no website for e-commerce (TUBISAD, 2016).

However, it is noted that the share of e-retail has increased significantly, almost doubled, in comparison with 2014 from 1.6% to 2.9% in 2015. In 2016, it kept growing and raised itself having 3.5% share of total retail in the country, narrowing down the gap between Turkey and the average of developing countries (TUBISAD, 2016).

Country	Online Retail/Total Retail
Developed Countries	8.8%
United Kingdom	14.9%
USA	10.5%
Germany	8.5%
France	7.5%
Japan	7.1%
Spain	3.4%
Developing Countries	3.8%
China	17.1%
Poland	6.8%
Brazil	4.1%
Russia	4.0%
India	3.8%
Turkey-2014	1.6%
Turkey-2015	2.9%
Turkey-2016	3.5%

Table 23. Turkish E-retail Share, Deloitte & TUBISAD

Turkey holds one of the highest shares of mobile shoppers over the all online users among developing countries after China (34%) with 24% and also it is relatively higher than average of the developing countries (We are social, 2016). This fact can be considered as a potential booster to stimulate the country's e-retail activities more rapid than before.

	2013	2014	2015	2016
Online Legal Betting	1.6	2.1	2.5	3.2
Travel	5.1	6.8	8.9	10.1
Multi-channel Retail	2.3	3.5	4.8	6.2
Pure Online Retail	5	6.5	8.5	11.3
Total (in bn TRY)	14.0	18.9	24.7	30.8
Annual growth		35%	31%	24%
Online Legal Betting	0.8	1.0	0.9	1.1
Travel	2.7	3.1	3.3	3.3
Multi-channel Retail	1.2	1.6	1.8	2.1
Pure Online Retail	2.6	3.0	3.1	3.7
Total (in bn USD)	7.4	8.6	9.0	10.2
Annual growth		17%	5%	13%
Exchange Rate (USD/TRY)	1.90	2.19	2.73	3.02

Table 24. Turkish E-commerce Growth on Main Categories, Deloitte & TUBISAD

Turkish e-commerce volume has increased significantly in Turkish Lira throughout the 4-year period starting in 2013, in both currencies in Turkish Lira (TRY) and US dollar (USD). The reason why the growth was investigated in more than one currency is the very drastic exchange rate fluctuations resulting in home currency depreciation throughout the period of interest. Notably, Turkey has achieved remarkable growth in e-commerce volume in the country since 2013. The volume has been more than doubled since 2013, pointing 35%, 31%, and 24% of annual growth year after year from 14 billion to 30.8 billion TRY. On the other hand, in spite of the fact, the growth is not as striking as in Turkish Lira; e-commerce volume has also inclined its volume in US Dollars since 2013. Apart from the year of 2015, the country has expanded its e-commerce volume by more than 10% annually, attaining 10.2 billion USD (TUBISAD, 2016).

Turkish e-commerce has been categorized by four; online legal betting, travel, multi-channel retail and pure online retail. Briefly, multi-channel e-retail are mainly composed of

clothing and footwear, electronics, entertainment and culture, home and furnishing, and travel through on and offline channels while pure online retailers mostly serve its customers the products through private shopping, vertical model, marketplace, and multi category websites. Turkish e-commerce has grown remarkably in all categories, online legal betting, travel, multi-channel retail, and pure online retail when analyzing the phenomena since 2013. As a result, it shall be taken into consideration that, Turkish e-commerce has been growing significantly since 2013.

Category	2015		2016	
	Volume (in bn TRY)	Annual Growth Rate	Volume (in bn TRY)	Annual Growth Rate
Multi-channel Travel	7.6	32%	8.7	14%
Online-Marketplace	3.8	40%	5.2	38%
Online-Legal Betting	2.5	22%	3.2	24%
Online-Multi Category	2.2	28%	2.6	18%
Online- Private Shopping	1.8	27%	2.6	43%
Multi-Channel-Electronics	1.8	35%	2.4	33%
Online-Travel	1.3	29%	1.4	10%
Multi-channel-Clothing& Footwear	0.8	25%	1.2	39%
Online-Vertical	0.7	17%	0.8	24%
Multi-Channel-Home and Furnishing	0.5	34%	0.7	25%
Multi-Channel Entertainment & Culture	0.3	27%	0.4	23%
Multi-Channel-Others	1.3	36%	1.6	24%

Table 25. Turkish E-commerce Growth on Subcategories, Deloitte & TUBISAD

Detailing the four main categories of Turkish e-commerce in terms of volume and growth, Multi-channel travel holds the biggest share with 8.7 billion TRY followed by online-marketplaces with 5.2 billion. Additionally, both e-commerce fields have raised their generated volume year over year as can be seen in the table above. Remarkably, it is a crucial indicator that the online market places have maintained their high growth rate year over year at the same level for foreign player willing to enter Turkish market through cross-border e-commerce. Also, the growth of private shopping and multi-channel clothing and footwear categories shall be

promising for profitable market conditions for a new player in Turkish e-commerce market and a new Italian exporter that aim to exploit new opportunities in new markets. Moreover, the most sold goods and its categories in e-commerce area are; sport and fashion (60%), travel (29.8%), home appliances (25.8%), electronics (21%), and grocery and daily products (19%) (Positive, 2015). It shall be concluded that Italian exporters who specialize on sport, fashion, home appliances, electronics, and grocery and daily products are more likely to easily form their customer base and generate revenue through growing interest in online marketplaces and private shopping sites.

Stating of opportunities to be likely to be presented and potential profits, it comes out that Turkey has reached less than half of its potential only on the basis of e-commerce. For instance, 33 million of credit cards out of 55 million have never been utilized for any online purchasing activity. On the other hand, The online trend report published by Turkish Statistical Institute in 2016 states that e-commerce has been increased by 1% compared to previous year reaching to 34.1% of online users in Turkey. Co-founder of Positive Caner Isti states that there is a tremendous opportunity for enterprises willing to invest in e-commerce in the country since the share of e-retail is lower and open for growth. Isti also underlines the fact that in spite of the lagging of Turkey in the development of omni-channel strategies in comparison with worldwide players, the ability of Turkish customers for quick adaptation to new introductions will bring Turkish e-commerce up to higher levels and fill in the gap. Last but not least, Isti and his colleagues foresee that based on the potential of the sector, the development of e-retail can be more drastically grown than e-commerce itself thanks to omni channel activities of big players, which aim to maintain the same level of experience on every channel of the e-commerce (Webrazzi, 2016).

However, all above show that steady growth and unsaturated e-commerce market in the country present hints for further development and progression in the field, which can potentially bring new actions from overseas players and investors.

	2014		2015		2016	
	Number of Sites	Category Mix	Number Of Sites	Category Mix	Number of Sites	Category Mix
Online Legal Betting	6	11%	6	10%	6	10%
Travel	326	36%	129	36%	104	33%
Multi-channel Retail	272	19%	385	20%	364	20%
Pure Online Retail	384	34%	365	34%	370	37%

Table 26. Number of E-commerce Sites in Turkey, Deloitte & TUBISAD

The figure above clearly pictures the distribution of number of e-commerce players and their share in the overall volume. It can be stated that the share of pure online retail is climbing through years, which show Turkish customers shall have tendency of purchasing the good without physical interaction. As a result, the numbers are likely to be positively changed in upcoming years for multi-channel retailers in Turkish Market since 18% of SMEs, who trade both online and offline, in the last year achieved more revenue on the e-commerce than in-store (Webrazzi, 2016). It can be considered evident for the rapid digitalization of traditional retailers in Turkey to Isti's statements above. High number of actors stimulates the market and creates new needs and opportunities that can be favorable for Italian exporters.

High potential of Turkey in e-commerce is also recognized by Turkish government to realize further advancements in the sector, especially for small and medium enterprises. As stated by Savrul, despite their disadvantageous size to become a strong competitive in worldwide, and there are obstacles ahead to get over, public support can be beneficiary for small and medium enterprises that intend to moving forward in their e-commerce journey. For instance, lack of awareness about e-commerce and the dynamics of the sector with missing competencies in addition to legal issues, relatively high costs for information technologies, and infrastructural complications shall be handled through the incentives of the government with the contribution of private industry (2014).

In line with Savrul's statements, The ministry of economy has introduced membership support to e-commerce sites via business association organizations. Economy Minister Nihat Zeybekci has publicly announced at a press conference that the agreement signed between Turkish Exporters Assembly and Alibaba and Kompas. During the press conference, the aims of

this new step in Turkish e-commerce have been revealed as the development of Turkish exports through cross-border e-commerce as well as the stimulation of e-commerce in the whole country to fulfill its high potential, triggering a new trend with the integration of retailers with the online world (Webrazzi, 2016). Involvement of worldwide enterprises in Turkish market shall also be favorable for Italian exporters to create new partnerships, build new multinational strategies by getting more acquainted with worldwide e-commerce trends at first place, and raise brand awareness not only for B2C but also B2B.

2.4.1 Logistics

Significant rise of e-commerce has been bringing numerous revolutionary movements in the traditional trade activities. It is expected that e-commerce will remarkably reshape the shopping experience of the customers through its long journey to reach its full potential which has recently been triggered by the rapid digitalization of the world (Ghezzi, 2012). Nowadays, the requirements to become a successful e-commerce are increasing in terms of innovate business models and customer expectations. In the light of this fact, the significance of e-commerce logistics is highly increasing all over the world such that the EU Communication Commission points out that the delivery of the online orders is one of the most vital parameters in order to make progress in e-commerce. As a consequence, logistics processes is now considered as one of the most decisive criterion to present effective customer service requiring modern logistics resources and suitable solutions in addition to good organization of the company with an efficient know-how (Zurek, 2014).

In order to succeed in completing its journey in this direction, the Dotcoms give significant importance to re-build their logistic strategies in terms of cost driver and service-enabler despite of the fact that it is not bald the way they adapt their logistics strategies to various logistics problems (Ghezzi, 2012). Furthermore, since e-commerce presents variety of products with different value, weight and size such as books, home appliances, fashion goods, the logistics processes are becoming more complex (Zurek, 2014).

Logistical problems existing in e-commerce area differ themselves from those present in the field of offline channels, thus, the establishment of specific logistics strategies is necessary rather than the adoption of traditional retailers' logistics approach (Ghezzi, 2012).). Such that, due to the increase in the number of orders thanks to online sales with lower complexity and value of theirs, the management of logistics services concerning online buyers becomes one of

the major issues (Zurek, 2014). In contrast to traditional trade activities, e-commerce is mainly based not only on deliveries to the online buyers but also return management of the goods. Return management is one of the most complicated and costly functions embedded in the supply chain in spite of not being a major activity. The complication behind this e-commerce process lies in the fact that every e-commerce participant learns their rights and responsibilities by experience once they take their places at the field (Zurek, 2014). However, reverse logistics is now a trending topic and a must have to be since a new EU directive compels e-commerce players to be held responsible for the shipping costs upon the return within 14 days after purchase or order cancellation. As a consequence, e-traders shall focus on the capabilities of their employees in sharing the customer rights by category with clients. Thus, this attitude can play a role as a booster in increasing customer loyalty and trust toward e-commerce. (Zurek, 2014)

Lastly, e-commerce is only a distribution channel in logistics perspective; however, it also influences remarkably warehousing processes and inventory management. The fluctuations in the number of orders depending on the seasonal variations, especially increasing on the fourth quarter of the year due to holidays and celebration periods, create difficulties when it comes to management of the inventory level of the online stores which require efficient and effective management of warehouses and storage activities. It shall be noted that, taking into consideration, the market all over the world has the possibility and potential of fast evolution, it is inevitable to build the suitable logistics strategy (Zurek, 2014).

Based on the significance of the efficient and effective logistics as a must-have and key enabler in the successful e-commerce explained above, entry to e-commerce area is mainly related to the capability of providing the necessary activities of the logistics. For instance, logistics is considered as one of the major barriers for the enterprises regardless of the size with the aim of e-commerce effectiveness (Savrul, 2014). In the light of the importance of e-logistics, Torbianelli and Mazzarino state that the level of excellence in logistics is based on a compromise between customer service and efficient resource usage in terms of transport and warehouses in addition to “strong integration of service suppliers in the supply chain and from tailor-made solutions (2009).

2.4.1.1 Transportation in Turkey

Turkey has geographical significance since it bridges two continents; Asia and Europe in addition to possess 8333 km of coast lines with four different seas; Black, Aegean, Mediterranean

and Marmara. Turkey's geographical location carries high potential since it can be considered as an intersection point for various geographies such as Middle East countries and EU members. Furthermore, Turkey plays a key role of transition for not only Middle East countries but also Asian countries trying to get over the natural difficulties causing land-locking effects. Therefore, Turkish ports have variety of functions for all the regional actors such as being feeder ports and providing rendering services for container deliveries (Gunaydin, 2006).

The majority of foreign trade in Turkey is mainly based on sea transportation with the share of 87%, while road transportation and rail transportation hold the 10% and 1% of the country's foreign trade by volume respectively. 54% of total exports and 47% of the total imports are carried out with European Union members as key partners of Turkey in trade (Gunaydin, 2006). Thus, it can be concluded that maritime transport is the most significant determinant in Turkey's foreign trade logistics, especially regarding the trade with EU (Zeybek, 2006) while its domestic transportation are through mainly lands (93%) , either by road transportation or rail transportation, while maritime domestic transportation holds only the 4.1% of overall transportation corresponding to 14.7 million in 2004 which is relatively lagging behind in comparison with other countries with long coasts (Gunaydin, 2006).

Turkish coastal lines host 20 ports in total, seven of which are linked with railways in Samsun, Haydarpasa, Derince, Bandırma, Izmir, Mersin, and Iskenderun. In addition to the capacity of 50 million tons per year of these state-owned ports, the overall capacity of the country reaches up to 200 million tons per year with the contribution of private and semi-private port facilities (Gunaydin, 2006). In 2006, Turkish ports were the bases in order to process handling of 3.8 million TEU containers. The volume of the containers handled were shared mostly by the public ports of Izmir, Mersin, and Haydarpasa and the private ports in Ambarli, all of which are surrounded by significant production and consumption activities taken place at their regions.

To point out some detailed insights on Turkish private and state-owned ports, Izmir has the leadership of export cargo handlings whereas Haydarpasa is mainly utilized for import (Gunaydin, 2006). Izmir is located by the Aegean Sea on the west coast of Turkey providing the traffic capacity of 3640 vessels and handling 6.4 million tons per year. Its container throughput 784,000 TEU in 2005 can bring the port of Izmir up to 95th place among the top container ports. On the other hand, Ambarli is, a private container port region in Turkey, holds a remarkable pace in growth in terms of handling the inclining trend of exports and imports by volume thanks to its

base located by the Sea of Marmara facing the continent of Europe at the distance of 34 km from Istanbul. In 2005, Ambarlı, with a throughput of 1,187,000, held the place of 61st among the World's top 100 Container Ports taking advantage of its links to Trans European Motorways and E-5 providing functional transport connections (Zeybek, 2006).

It is expected that there is going to be a significant increase in demand in the number of containers to be handled in the short term. For instance, Nationwide Port Development Master Plan estimates that due to the rising demand in container transportation, 6 million TEU per year will be handled by 2020 (Gunaydin, 2006).

As a consequence, based on the growth of the overall demand for transportation between Turkey and Europe and the new policies of European Union in order to get the new EU members involved in this trend, it can be stated that intermodal transportation services are aimed to undergo big potential growth as well as the improvements in the logistics services. Yet, even though Turkey has been showing an uptrend in terms of volume handled at the ports and integration with intermodal transportations, still, the country shall focus on new investments in order to build new network nodes through roads and rails with new terminals and intermodal corridors since the country has insufficiency in adequate number of road and rail infrastructures (Zeybek, 2006).

Lastly, Turkish seaports have the potential of further developments in-and-out of the ports for improved intermodal facilities as well as distribution centers since the growth in exports and imports in terms of container volumes seem such a promising and prior element to be sustained. Consequently, this trend in Turkish transportation shall be expected to give a boost to Turkish logistics, thus, all the fields in which transportation is highly significant such as e-commerce.

Like many aspects of e-commerce of Turkey, the country is also rapidly improving in the transportation and logistics sector since 2002, reaching 20% annual growth rate averagely (Ministry, 2016). The strategic location of Turkey as a bridge between Asia and Europe presents significant opportunities for exporters. Thus, the possession of an efficient and effective transportation and logistics industry is a remarkable necessity to have to maintain the position of a key freight destination in addition to be considered as a transit country. Consequently, Turkey has increased its transportation industry investment budget by double from 20 to 40% over the last ten years (UBAK, 2016).

As a vital import and export destination with a rapid industrialization on its land, Turkey's transported cargo is estimated to reach 625 billion tons by 2023 (UBAK, 2016) the centennial of its republic. Thus, transportation sector is expected to continuously increase its effectiveness by many ongoing and planned projects in main transportation modes and their combinations with connections in road, rail, maritime, and air.

Some of the most significant projects in transportation and logistics sector can be listed as below with the main priority given to railroads in the country.

Rail Transportation (TCDD, 2016)

- More liberal rail transportation system where private transportation companies can carry cargo by their own wagons while the state keeps the ownership.
- Share rise in passenger rail by 10% and in cargo transportation by 15%
- The completion of "Modern Iron Silk Road" with the establishment of rail connection between Western Europe and the Far East.
- Connection between marine ports and railroads for freight transportation.
- Estimated total length in rail to be 25,000 km with the construction of new 10,000 km high-speed and 4,000 conventional railroads
- Modernization and restoration of 8,000 km railroads with new signal systems.
- Renovation of main and terminal stations and the construction of new high-speed train terminal stations.

Air Transportation (UBAK, 2016)

Turkey ranks 3rd in Europe and 9th in the world in terms of number of passengers carried. The state has already initiated the building of the 3rd airport in Istanbul to meet the growing needs in airport transportation. Additionally, construction of 8 new airports and 4 new additional terminal buildings are other major plans of the state by 2023.

Road Transportation (KGM, 2016)

- Increase of divided roads to 37,000 km
- The completion of 5,748 km of highway
- The construction of 9,000 bridges/viaducts with total length of 600 km
- The world's longest Suspension Bridge with 2,023m-long center span in Izmit Bay
- The world's 4th largest Suspension Bridge with 1,550m-long center span in Izmit Bay
- Third Bridge over Bosphorus

- Eurasia under-sea automobile tunnel
- 3-floor Istanbul Tunnel for metro and automobiles
- 238 new tunnels which correspond to total length of 346 km with new metro lines.

Marine Transportation (UBAK, 2016)

The major project planned to improve the facilities on Turkish marine transportation is “Three Big Ports along Three Big Seas” which cover the construction of three transfer ports in Aegean, Black and Mediterranean Sea surrounding the country:

- On Aegean Sea (West): Candarli planned to be the first transit port in Europe in terms of TEU (twenty-foot equivalent unit) capacity, 12 million.
- On Black Sea (North): Filyos with 25-million ton capacity.
- On Mediterranean Sea (South): Mersin Port Expansion
- Estimated container transportation capacity: \$32 billion by 2023
- Estimated liquid cargo: 350 billion tons
- Estimated dry cargo: 500 billion tons
- Estimated marina capacity increase: 35,000 ships
- It is aimed to rank in top ten in the world in terms of ship size.
- New infrastructures for intermodal transportation in ports.
- 7 new cruise ports
- Green port projects with the aim of sustainability and efficiency

2.4.1.2. Transportation between Turkey and EU: The role of Port of Trieste

Transport demand in trade to/from Turkey has been significantly rising such that Turkey trade volumes are doubled the trade volumes of Greece with Europe. Furthermore, the contribution of Italy to this demand is highly evident since the country is the main gateway in exports and import activities with Eastern Europe and Turkey.

To begin with the main ports in Italy, Trieste has the greatest importance in Southern Europe for logistics chain around the port since its rail services and links are key functions for the execution of export and import facilities for European companies as well as Turkish companies. Not only container transport by rail but also transport by semi-trailers is enabled by the port. Rail services are provided to various countries such as Austria, Hungary, Slovakia, Germany, Switzerland and Czech Republic with different frequencies; in addition to domestic destinations such as Milano Certosa and Padua/Bologna²⁵. For instance, Adriafer S.r.l is one of the main

intermodal service carriers for different types of goods also providing last-mile of the port area whereas Alpe Adria S.p.a operates as multimodal transport service provider forming conventional transport in a single logistical cycle (Port Network Authority of the Eastern Adriatic Sea, 2016).

Growing demand in the port of Trieste is planned to be supported by new developments and investments in order to maintain and sustain the export and import facilities. For instance Three Year Operating Plan of the port includes the construction of new terminal that is linked to motorway and the rail network with 132 million Euro investments as well as the provision of supporting equipped yards and new docks in the port (Port Network Authority of the Eastern Adriatic Sea, 2016).

The port of Trieste is expected to raise its popularity and functionalities since TEN-T “Motorways of the sea” links the port with the European Baltic-Adriatic and Mediterranean rail corridors. “Motorways of the Sea” can be described as the carriage of the trucks, containers and vehicles by the ship and also a new to support the concept of intermodality which make the load and unload between the different types of transport means quicker. It is considered as an alternative option in order to decrease road traffic and air pollution while providing quicker transportation by modern fleets and Ro-ro vessels. In addition to these advantages, “Motorways of the Sea” is seen as a manner to raise the connectivity between peripheral islands, regions and states. Trieste aims to be developed as the hub of the Mediterranean Corridor and the Baltic-Adriatic Corridor, complementing “Motorway of the sea of South-East Europe”. Motorway of the sea of South-East Europe sets its goal as developing Ro-Ro and ferry services with Turkey, Albania and Greece and other countries located by the Mediterranean Sea.

Especially in the last decade, Turkey and Trieste created significant strategies resulting in forming the most employed “Motorway of the Sea” in the Mediterranean currently. After the creation of the most crowded “Motorway of the Sea”, Turkish shipping companies initiated new Ro-ro services between Trieste and ports located at Istanbul, Mersin, Izmir and Ambarli leading to the production of 5.5 million tons of traffic a year (Port Network Authority of the Eastern Adriatic Sea, 2016).

Last but not least, one third of the total trade between Europe and Turkey are realized through Trieste with wide variety of products and goods that range from food to automotive components sent from France, Germany and Britain to be assembled in Turkey. Atilgan states that The Turkish-Italian Ro-Ro Line is established as the first line in the Mediterranean Sea, and

also, it holds the 6th position among the biggest lines in the world as well as it keeps growing at a higher pace than any other line in the world. Among the elements in this line, Trieste Port is an entrance to EU member countries for Turkish exporters. For instance, A Short Sea Shipping operation takes place between main ports of Turkey such as Pendik, Ambarli or Cesme and Trieste that can be considered as an intermodal transportation (Zeybek, 2006). Consequently, the presence of the port of Trieste is a significant opportunity for Italian exporters which aim to enter Turkish market.

2.4.1.3. Warehousing in Turkey

The opportunity of easy-order presented by electronic commerce to customers has led to complications in supply chains, especially within the warehouses. The demand fluctuations of e-commerce can vary very quickly (Gong and De Koster, 2001; Wruck et al., 2017) due to customer preferences independent of opening hours (Pechtl, 2003; Wruck et al., 2017). E-commerce warehouses have to deal with picking, packing and preparing for shipping of mostly large number of small orders. Also, the warehouses should process the return management activities, which also bring up new uncertainties and risks (Wruck et al., 2017). In case of delays in order fulfilment may negatively affect the company and limit the time for shipment (Gunasekaran et al., 2001; Wruck et al., 2017), especially, in case of the creation of new campaigns, promotions, discounts of advertisement, which cuts the preparation time of distribution centers is truly short.

The research states that more than 2 third of distribution center in Europe are managed by a logistics service provider (BCI, 1997; De Koster, 2005) The most crucial reasons of outsourcing in activities of warehousing, transportation, and so on., are cost reduction or capital invested, improvement of service quality, strategic flexibility and focus more on the core competences. It is also emphasized that the agreements between shippers and logistic service providers mostly are written contracts minority of which includes penalties in case of not meeting the performance requirements (Van Larhoven et al., 2000; De Koster, 2005). On the other hand, the complexity of a warehouse is a significant parameter since it is highly influential on the logistics performance as well as the decisions warehouse staffing that must be made as accurate as possible by analyzing all the information available (Wruck et al., 2017).

As a result, Italian SMEs with the aim of conducting cross-border e-commerce to Turkey should consider assigning the warehousing, transportation and other logistics activities to a third

party logistics service provider with a long time experience in the industry. As indicated by Globaltrade website, there are more than 26 companies that can provide warehousing activities in Turkish land (2017). In reality, they should consider the choice of integration with the services provided by their e-commerce partner as the first option.

2.4.1.4. Trends in Turkish E-logistics

E-commerce effects are beyond only one sector itself, it is also influential on logistics. Online trade is hugely assigning logistics players to complete their value proposal, which is driven by huge volume. Thus, logistics is necessary part of the e-commerce to be managed effectively and efficiently for sustainable business promising growth and profit with satisfying level of customer service. Rising awareness in Turkish e-commerce players for the importance of logistics, Beykoz Logistics Vocational School has held a conference under the title of “Logistics in e-commerce” where Turkey’s state in e-logistics has been discussed (Webrazzi, 2013).

The conference has brought the leading institutions of the e-commerce and logistics industry together, dedicated to how these two services affect each other positively and negatively. Additionally, it has highlighted many important aspects such that Umur Ozkal, general manager of OGLI e-solutions, underlined that expectations require establishing a fast and low-cost supply chain.

During the conference, how Turkish customers perceive logistics activities are investigated through insightful statistics such as 95 percent of shoppers on the Internet want free shipping, 75 percent guaranteed delivery, and 69 percent faster delivery, all of which are the concern of logistics. Inaccuracy of delivery can be considered as one of the most indicative driver for Turkish e-commerce customers, thus, half of the customers stop shopping online for averagely 1 year due to wrong delivery.

General Operations Manager of Hepsiburada.com Gurhan Saatcioglu states that customers have increased demands for logistics. For instance, there is now a home delivery expectation after 18:00, but the cargo companies are not delivering after 18:00 in addition to those who want to be given their order at their hand on Sunday. Also demand for VIP delivery and the number of customers ask for live chat support over the e-commerce platform is in increase.

Warehouse	Distribution	Customer Service	After-Sales
Outsourcing	Same-day (?)	CRM	Fast-technical Support
Automation	After 18.00	VIP	
Speed	Sunday	Live Chat	
Layout	On appointment		
Stock Optimization	2man handling		
Demand Forecast	VIP(<3 hours)		
	EPOD		
High-skilled Labor			
Information Technology (WMS, Dynamic Routing Software, CRM)			

Table 27. Turkish E-logistics Overview, Hepsiburada, 2016

Aras Cargo Sales Executive Vice President Murat Berksun declares that Cargo, e-commerce and direct sales are the point of contact with the ultimate consumer, approving the improvement in e-logistics shall be continuous and customer-based. Expectations from e-logistics and some of the problems encountered in general are summarized as follows;

Expectations	Problems
+ Faster exit shipment, later cargo admission times	- Delivery speed and efficiency from home addresses
+ Earlier delivery, lower cost	- Increased delivery point on Courier Routes
+ Shipments and deliveries of very different household products to the same standards	- High waiting times in modern residential areas like residence, site
+ More efficient customer support, approved return acceptance, faster access to information	- The necessity of making daily changes in Courier Routes
+ More flexible reporting, higher corporate representation	- Increased waiting times due to collections in collections

Table 28. Expectations and Problems in Turkish e-logistics, Hepsiburada, 2016

As a consequence, E-logistics players in Turkey are aware of the sectoral trends and importance of e-commerce with satisfying the emerging trends. Such that, Aras Cargo plans to invest 30 million euros for the technological transformation of the transfer centers for the next 5 years in order to realize its aim to become a global carrier. The company has taken an important step in line with their vision by making an agreement with e-commerce giant Alibaba. Aras

Kargo General Manager Hikmet Bulduk, who explains this cooperation at the press conference on Aras Cargo's digital transformation strategy and technological investments, said: "We have made a big step with the world e-commerce giant Alibaba for our goal of becoming one of the important players in e-commerce. We will deliver Alibaba's cargo in Turkey. Orders that come in 25-40 days in advance will be delivered in a much shorter time with our business partners. " Additionally, Bulduk underlined that Aras Cargo is one of the most important players in the sector with its 12,000 employees, 4,000 vehicles and 29 transfer centers. "With the effect of e-commerce, and the growth of the cargo sector, we concentrated our efforts on technological investments. We aim to provide 80 percent of the transmissions in the 5-year plan from technological transfer centers and enhance the productivity in all business processes. The work we are doing will open the way for our alliances with other world giants like Alibaba."

2.4.2. Payment Methods

Growing trend of e-commerce, not only in Turkey but all over the world, leads people to demand from the e-commerce players to present easy, secure, and various payment methods as one of the most remarkable pillars of the e-commerce. In this case, e-commerce players aim to establish the optimum method in order to meet their customer satisfaction for payment among all starting from cash transaction to mobile payment. According to the survey of "Reputation Leaders" on behalf of Paypal, with 15,105 people between 18 and 64, despite of the concerns indicated by the Turkish customers, three quarters of the customers still consider online payment as an easy way of payment in 2014. In this chapter, it is aimed to give a brief description on the methods of payments in Turkish e-commerce transactions such as cash transactions, credit cards, and debit cards.

2.4.2.1. Cash Transaction

Cash transaction is based on the immediate action of receiving cash upon the delivery of the product or service involving two main parties; customer and seller. As long as the payment is not realized immediately, it is not considered as cash transaction. The main profits of cash transaction are to create cash circulation in addition to immediate delivery of the payment regardless of buyer's financial background in terms of debts, or other payments to be done. Thus, the merchant can instantly utilize the cash-in for any other monetary purpose. On the other hand, cash transactions also have significant threats and risks such as money laundry, robbery, and counterfeit currency especially in case of high amount of payment involved (Consuegra &

Garcia, 2013). Even though it is not as common as other payment methods, some of the e-commerce players in the Turkish market also accept cash payments during the delivery of the order issued in case the customer prefers to realize the transaction with cash.

2.4.2.2. Giro

Giro, “the circulation of money”, can be realized through the banks of the seller and the merchant based on money transfer either offline at bank shops or online on the website of the bank. The most significant requirement is the information that belongs to the merchant such as the seller’s credentials, SWIFT number, account number and its name. Depending on the banks, the delivery of the payment can take up to 4 or 5 days with different amount of transaction fee. When it comes to its advantages, it can be said that Giro is more secure than cash transactions since it is possible to transfer high amount of money without interaction. Also, taking into consideration that online-banking is only “couple of clicks” far away from making the transfer happen, it is also really easy to use “Giro”. Nevertheless, without having an online option, Giro requires the customer to go to the bank to make the transfer. Additionally, Giro can be truly unfavorable in terms of taking days to complete the transaction. Some of Turkish e-commerce players that provide this option to their customers can be named as Hepsiburada, N11.com, and gittigidiyor.com.

2.4.2.3. Credit Card

Credit cards allow buyers to make the payment for a product or service later than the concurrent time of delivery of the service or the product. Thus, Credit cards enable the holders to obtain a balance in debt, which will be paid with interest at the end of the time interval implied by the contract with the bank. Basically, the card issuer allocates a budget to be spent by the holder. This limited line of credit is determined and approved by the card issuer on the basis of holder’s background and financial state. The main flow between the actors starts with the payment of the customer with credit card, after the payment accepted by the merchant’s bank, and ends with the issuer pays back the required amount to the card issuer at the end of the determined payment period. While the buyer’s bank demands for interest in return for this line of credit, the merchant’s bank gets a commission of the payment from the merchant’s side varying from 1% up to 4%.

To begin with the advantages of the credit card payments, the customer takes advantage of the payment with installments, which means the division of the total amount by the number of

months agreed on with the merchant and the banks involved in the transaction. On the other side, the merchant can benefit from the fact that credit card is one of the most common ways of payments all over the world, thus, it can reach new customer segments exploiting this advantage. On the other hand, the most important disadvantages of this way of payment can be considered as the interest that must be paid by the buyer to the bank and the commission that must be paid by the merchant, which is indicated before, ranges between 1% and 4% of the total payment. Surely, All Turkish e-commerce players in the market present the method of credit card payment since it is the most preferred method by Turkish customers.

2.4.2.4. Debit Card

Despite of the fact that debit cards show similarities in use with credit cards, they differ from credit cards in terms of required balance in holders' bank accounts. In order to make the payment with the debit card, the holder must have sufficient balance in its bank account linked to the debit card. Thus, the customer does not pay any interest for the payment since the payment is based on directly the holder's balance in the bank not on the line of credit that creates debt.

The customer takes advantage of cashless payment method which is also really similar to cash transaction in the manner that no transaction costs take place. On the other merchant, even though the merchant has to pay the commission over every transaction from 1% to 4% of the total amount, still, it is advantageous in terms of presenting another common payment option to the customer. Last but not least, both actors involved in the transaction reduce the possibility of robbery since there is no cash carried. Payment through debit cards are also available on the most of the e-commerce platform in Turkey such as hepsiburada, N11.com, and gittigidiyor.com.

2.4.2.5. Mobile Payment

People Economy survey emphasizes on the fact that the customers located at developing countries including in Turkey make use of mobile payment more than those located at developing countries. And also the survey points out that only one fifth of the participants suppose that there needs to be more improvements in mobile payment while the 80% of those are satisfied with the current mobile payment systems and find it easy use and quick. At last, according to the survey, mobile payment providers should bring more solutions in order to simplify "splitting the bill" during the payment, especially in order to satisfy the customers located at Singapore, China, and Australia (Paypal People Economy, 2014).

2.4.2.6. Payment System Providers in Turkey

Turkey has been showing several of advancements in the payment sector. Still, the cash is not losing its popularity on daily life; the citizens of Turkey mostly prefer to use their credit card for shopping while they choose to use their debit card to utilize some deposit. Additionally, the country has been introduced to abundant of payment system sector players corresponding to its growing e-commerce trade volume. As a result, the country offers lots of new ways to realize online transactions depending on the e-commerce model chosen. As a result, developing sector of payment systems required new changes on the legal basis such that the regulation envisages that the companies that mediate Payment and Securities Consensus Systems, Payment Services and Electronic Money Institutions Law numbered 6493 and payment transactions are subject to the approval of the Banking Regulation and Supervision Agency. It is at the forefront of the most curious topics that the industry will continue with the roads as well as the companies that stop their activities because they cannot get licenses, especially PayPal.

Some companies that can be favorable for e-commerce platforms to realize their transactions and are permitted for operations in the payment system sector under the new regulation from BRSA as follows (Webrazzi, 2016);

Iyzico

Iyzico has been approved for licence applications and received a payment licence to operate in Turkish market after the publication of its news on the official newspaper of the state on the 15th of July. The company CeO emphasized on the fact that the company itself is going to make an intense contribution to rapid development of e-commerce in Turkey on the basis of its license granted from BRSA.

Payguru

Payguru has been operating in Istanbul Technical University Technopolis since 2010 as a payment provider of the Trend Payment Organization. Upon the passed the license from the BRSA, the company launched the first mobile payment- mobile ticket application on FIFA, developed for the U20 World Championship in Turkey. The initiative is used by member merchants from China, South Korea, Germany to Italy, Switzerland to Russia and the UK. References include some popular apps and network operators such as Turkcell, Bitaksi and Netmarble.

Paytrek

As a subsidiary of MetGlobal Group, which is the owner of several travel e-commerce platforms like holiday.com, otel.com, hotelspro.com, Paytrek has received its license to be a new competitor in the international payment systems sector as the founding partner of Paytrek Cemal Hamitoglullari states.

Paytr

Paytr offers mobile specific solutions along with virtual POS service for web sites and online stores and it has been operating in the field since 2009 with a rapid growth in Turkey and the region in recent years.

Moka

Moka, after granted its payment authorization from the BRSA, has started its business as a smart mobile card application. The application has received an investment of 3.5 million TL from Keiretsu Forum Istanbul 2015. Founded in 2014, Moka digitizes his individual loyalty cards.

N Kolay

N kolay owned by Aktif Bank provides a necessary credit called N Kolay Kredi, which provides the required amount of cash without applying at the branch. The product also can function as typical credit card or debit card along with Kolay Card.

BPN

BPN is one of the main provider of money transfer, through its agents in Turkey, that also collaborates with Western Union for international money transfers.

UPT

The main goal of The UPT is to diversify its services by getting a licence from the UPT payment agency, which makes a significant cost reduction in money transfer from /to Turkey and from/to abroad. The company is about to deal with Payu for cash payment method option.

Faturamatik

The company is the first introduction of the country with bill payment system, receiving payment authorization from the BRSA. Additionally, the country has also in uptrend for the foundation of electronic money institutions, some of those can be listed as follows;

Papara

Applications of Papara set their target on digital wallet, online money transfer, bill payment transactions. The company has received 15 million TRY of investment from the founder of Paywizard.

D Odeme

In relation with Hepsiburada, D ödeme introduced its product “hepsipay”, beginning for the provision of required infrastructure for businesses to bring online and offline payments alive.

Paynet

Paynet, as a recently BRSA license holder on the since the 17th of August, indicates that it serves more than 10 corporate customers with its virtual and physical POS, mobile applications, and accounting integration with Paynet APL. Significantly, it is specified that the annual transaction volume of the company is over 1 billion TRY.

Odeal

The announcement concerning the acquisition of “payment authority license” was made on the 12th of September by Odeal, which is in use of more 10 member merchants. The co-founder of the company Fevzi Gungor has declared that the number of daily transactions is increasing rapidly almost more than 10 times compared to last month and 21 times compared to last year.

Paratika

As subsidiary of Asseco SEE, Europe's 6th largest software company in the world, Nestpay Odeme Hizmetleri A.S has been granted the permission from Banking Regulation and Supervision Board (BRSA) to offer its customers safe and fast purchasing with Paratika. Paratika aims to provide the highest level of security for the protection of sensitive information such that credit card data and transaction security are aligned with the world's highest standard PCI-DSS certification, Paratika and credit card storage transactions are made in a secure environment under the protection. On a daily basis, effective fraud checks and all necessary controls are realized to reduce the risk of counterfeiting, allowing the expert fraud team to monitor and prevent all suspicious transactions 24/7.

Basically, Paratika integrates into the virtual POS infrastructure of multiple banks and offers installment options for credit cards in deal-based banks. With single pricing and ease of reconciliation in a single panel, it provides virtual POS solutions as a package to member

merchants. Furthermore, Paratika offers fast payment opportunity with the easy use of one-click to e-commerce companies that use credit card storage service for their customer base.

Nestpay Payment Services Inc. General Manager Hatice Ayas state, "As Asseco SEE, we offer comprehensive e-payment solutions to leading banks and e-commerce companies in Turkey with our extensive information and experience. Now we will offer a virtual POS solution for all companies that want to do e-commerce with Paratika, the brand name of NestPay Payment Services. While contributing to the development of the e-commerce industry with Paratika, we will offer significant benefits to both e-commerce companies and end users thanks to a fast, practical and secure solution (Webrazzi, 2016).

It is significantly noted that there are many more actors in payment system sector in Turkey whose applications for licensing process are ongoing by the BRSA. As a conclusion, Turkey's payment system sector offers more than enough solutions already and keeps gaining new-born companies that aim to get their piece of the pie in the market with their innovative, dynamic and safety and security concerning characteristics. Furthermore, the higher the development in e-commerce means the more solution in the payment method, which briefs the country's rising popularity in digital world. Lastly, the country offers many solutions for payment methods to enthusiastic Italian exporters for the utilization of cross-border e-commerce based in Turkey.

2.4.3. Online Marketing

The birth of digital generation brings the expectations of having satisfactory experiences through social media, electronic banking and online shopping (Zurek, 2014). In the light of this fact, rapidly changing world of the online marketing presents numerous possibilities for companies as long as they make constant progress in building necessary strategies. (Schwartz and Grabowska, 2015). Thus, firms' efficiency in export business can particularly benefit from "integration of e-commerce into export marketing strategy and environmental determinants". As a result, it is likely that export performance can be improved critically in case of effective utilization of e-commerce drivers in line with export destination characteristics (Karavdic and Gregory, 2005).

Nowadays, the digital world simplifies for customers to substitute their products with the competitor's one thanks to minimum effort during the switch between the websites. The existence of lots of touchpoints with different kinds complicates the identification of the potential

buyers. Therefore, what truly matters is how effectively and efficiently internet is used rather than what for it functions, which regards online marketing activities. For instance, new entrants with marketing skills may succeed in better export sales than more experienced exporters with no marketing capability at the same level. It could be caused by either being more reliant on internet or better utilization of it in value-adding to existing export channels. (Thomas and Bridgewater, 2004) Thus, understating the customer behavior is the focal point to catch their attention. Also, the customer loyalty goes through constant development in the online world by getting updated as often as possible and easily getting adapted to changes in the online environment. As a result, the companies aim to represent their values and strengths in order to target the potential buyers and create the customer loyalty by taking advantage of their efficient and precise marketing strategies in the online world (Schwartz & Grabowska, 2015).

Online advertising has various ways to reach the customers in addition to banners such as videos and images. Online advertising is expanding really fast such that it was placed at the second channel of advertisements after TV spots. Taking advantage of lower prices and higher quality videos, it seems that online advertising is going to be even more popular in the future also thanks to rapid digitalization of the world and expanding e-commerce activities. Surveys conclude that video representation of the brand enhances the customer perception on the brand (Schwartz & Grabowska, 2015).

There are many different applications of marketing in the digital world exposed to rapid evolution day by day. For instance, a study by Oracle conducted in 2012 points out that e-mail marketing is the most common way of promotion. On the other hand, the study shows that almost half of the participants of the study keeps track of social media feedbacks by monitoring and measuring comments on Facebook, personal blogs, and Twitter. (Balaraman and Kosalram, 2012).

Vital importance of online marketing has also been recognized by Turkish e-commerce players. The chapter aims to give a brief description of five important methods of online marketing which are search engine optimization, social media marketing, affiliate marketing, e-mail marketing, and keyword search advertising and digital marketing trends in Turkey,.

2.4.3.1 Search Engine Optimization

Needless to say, technological advancements, with high diffusion into daily life, leads to overproduction of information on the web. As a consequence, reaching the information needed

without hassle and waste of time requires sophisticated touches since they need to be well-understood, precisely filtered and easily-retrieved. In light of all, search engine optimization becomes more common and applied day by day.

Visibility is the main concern of search engines since higher the visibility, higher traffic induced to the web-site (Killoran, 2013; Lee et al., 2016). Thus, search engine optimization, which is composed of a set of technical processes and tasks, is provided by search engines to enterprise in order to place themselves among relatively top in search results. In other words, it can be described as scientific methods and processes that aim to induce web traffic to websites (Davis, 2006; Lee et al., 2016). More in detail, search engine optimization explains the structured and goal-driven techniques to find the best harmony of website structures; languages used, and site interaction mechanisms, and others that all affect the position of the site in search engine listings.

Nevertheless, for digital marketing purposes, search engine optimization, in order make their websites more visible and easy to reach, is not taken into account as a sufficient application itself by the companies (Titulescu, 2012).

2.4.3.2 Social Media Marketing

A social network can be described as “a place where the passion for a common interest, the need for affiliation or for personal development, or even the need to share life experiences, brings people together.” As a consequence, it can be interpreted that the most significant component of the social media is common interests and needs which also create new trends (Titulescu, 2012).

Social media, nowadays, is considered as one of the fundamental drivers that attract and form the interest of the internet users. Thus, the growing popularity and power of the social media lead the marketers to develop and build new communication strategies to follow the possible rapid changes in customer behaviors. Currently, Social Media is a must have way of online communication such as Facebook, Google+, Instagram or Twitter (Titulescu, 2012).

Online marketing on social media is becoming more and more popular since it brings lots of advantages for the companies. To begin with, the companies in need of specifying the market segments and user typologies can take advantage of social media networks in which the personal data can be easily reached since online conversations, dialogues, and expressions provide the direct involvement of the consumer. For instance, global data has been expanding strikingly, for

instance, in 2013, the number of daily recorded e-mails were up to 500 million. This powerful data growth has become the basis for the “Big Data” and the inspiration for the companies such as Amazon or Wal-mart in order to deploy large databases to better point out their customer needs. (Zurek, 2014). Furthermore, social media presents an opportunity for the companies in building their own communication channel since it enables direct and rapid user feedbacks. According to the American research firm Marketingsherpa, “social media moved from the notion of novelty to the one of necessity, and it should be perceived as an integrated element of the business communication strategy”.

On the other hand, social media enthusiasts can also become ambassadors or promoters of the brand that can remarkably help raise brand awareness and popularity since the social media users have the ability to create the homogenous groups and provide peer to peer influence. Lastly, the creation of the events that draws the interest of the social media users can exploit the advantage of viral marketing (Titulescu, 2012).

Taking into consideration the nature of social media explained above and its possible opportunities to be exploited, Orzan and Platon state that “a Social Media campaign must be creative, transparent and perfectly adapted to this environment” (2012).

2.4.3.3 Affiliate Marketing

The concept of the online affiliate marketing was popped up in 1997 at a cocktail party during the conversation between Amazon founder Jeff Bezos and a young lady was curious about if Jeff was interested in promoting his books on her website based on commission fee. The online affiliate marketing has two actors involved; the affiliate, who is held responsible for the promotion of the goods or the services, and, the merchant, which owns the promoted goods or service. In order to attract the customers, the affiliates place the banners or the ads of the merchant in their own websites to connect the potential buyers with the merchant.

The acquisition of the commission is based on three different types while the amount of the commission is determined between the merchant and the affiliate sold such as pay per click, pay per lead (based on the form filled), and pay per sale (based on the price of the product or service). Affiliate Traction CEO Greg Shepard states that Affiliate marketing is marketing-cost-friendly since the company shall pay only when the sale is made (Schwartz & Grabowska, 2015).

2.4.3.4 E-mail Marketing

E-mail marketing is based on daily basis direct contact with the customer via an informative and personalized e-mail including a message, the company's message and a link to company's website. This way of online marketing is truly favored thank to its cost effectiveness. Nowadays, companies also send more common e-mails with more pictures about the product or service in addition to providing links to their Facebook pages or other social media accounts to give a boost to also social media marketing activities.

The most popular types of e-mail marketing are stand-alone campaigns and newsletters. Stand-alone campaigns aim to promote new products or seasonal products which have one or more e-mails sent about the same product while newsletters are sent to the customers on usually monthly basis in order to build customer loyalty informing about the monthly bulletin of the company's products for sale. Newsletter shall bring up some difficulties since they need to be updated on the basis they are sent (Schwartz & Grabowska, 2015).

The biggest challenge for e-mail marketers is that the e-mail users can feel e-mails are useless due to the number and frequency of them. In addition to that, spam filters have become an obstacle for e-mail marketing since they make it difficult to reach e-mail users at which online marketers target (Schwartz & Grabowska, 2015).

2.4.3.5. Keyword Search Advertising

In parallel to the growing popularity of search engines, keyword search advertising has also increased its importance among online marketing practices with one of the highest growth (Search Engine Marketing Optimization, 2009; Lo et al., 2014). Search engines such as Google and Yahoo provide keyword advertising as a premium service which focuses on specific keyword selection to be included by their advertising text (Lo et al., 2014). When the keywords used in a search by an online user, search engine result pages show the related advertising at the top, bottom or in the column to the right of the results.

Since the vast of searches take place continuously, the auction is considered as a suitable option, for these keyword advertisements slots to be sold by search engine. Therefore, generalized second-price auction is applied where the n th-highest bidder obtains the n th slot on the result page. However, it is charged for $(n+1)$ th-highest bid as its per click. Moreover, through generalized second-price auction, the higher-valuation advertisers are placed in higher positions

(Varian, 2007; Wilfred et al., 2015) in addition to more stability provided than first-price auction (Edelemann and Ostrovsky, 2007; Wilfred et al., 2015).

Consequently, because it can create a match between the information needed and the content of advertisement, keyword search advertising is more likely to be more effective than non-targeted banners (Yoo, 2009; Kim et al., 2012; Lo et al., 2014).

2.4.3.6 Online Marketing Trends in Turkey

Variety and abundance of digital content with high quality as a result of high internet penetration through many more devices create a necessity for companies to manage their online marketing activities to create competitive advantages. Especially after having described the five online marketing practices, notably, the significant rise of interaction between customers and companies cannot be denied, especially on the basis of social media. As a result of this trend, consumer-centric approaches are getting even more popular rather than channel-centric, that must be effectively and efficiently put in practice.

According to the research conducted by a team from Egon Zehnder and Bogazici University based on interviews with many marketing executives revealed that search engine advertising and social media are the biggest two marketing practice that drastically evolve the marketing approach (2017).

Marketing professionals are dealing with the high speed change of massive data which make the process harder than before. Turkish companies spare the major part of their marketing budgets on traditional marketing channels (only 10% for digital marketing), which places Turkey far behind the global digital marketing spend average (27%) in spite of high acceptance of new technologies. Yet, marketers will redistribute the share of digital channels on their marketing budget, since it is evident from their quick adaptability to social media practices as part of their media mix. 94% and 86% of the participants respectively utilize Facebook and Twitter, or plan to use them.

Turkish digital marketing practices are lack of comprehensive strategic approach since even though it carries high potential, the companies mostly perceive digital channel as a promotional channel rather than analyzing the customer behavior precisely. The report emphasizes that for a sustainable growth the companies shall be more dedicated to analyze the dialogues and footprints to be included in their decision-making dynamics rather than only evaluating “likes” or “clicks” on the social media. In addition to the missing points in digital

strategy of the most companies, performance-based digital marketing approach has also not yet reached the level of maturity, especially about return on investment with online tools.

Despite of the handicaps in on the sectoral basis, the report stresses out that the companies are aware of the current difficulties and the lack of competencies on the tools and analytic part of the digital marketing. They are in search of high quality digital marketers, which are not abundant in the country, to evaluate the data they have to bring up tailored solutions to their value proposal.

Last but not least, Turkey's enthusiasm and growing trend toward digital marketing are also supported with the contribution of digital marketing agencies and platform providers especially for the digital transformation. They share their know-how with young entrepreneurs to improve competences and universities to reach more talents.

2.4.4. Customer Behaviors

Consumer preferences and quality standards shape the development of export destinations (Serti and Tommasi, 2014). In this chapter, it is aimed to better understand how the customer perceives e-commerce in Turkey in order to maintain the service level of export strategy of Italian firms aiming to go into Turkish market through cross-border e-commerce.

Better understanding of customer behaviors lead to better customer service and eventually a boost in customer base. Especially, in the field of e-commerce, the interpretation of customer behaviors plays a vital role for the conversion rate. According to the research conducted by "Reputation Leaders" on behalf of "Paypal "People Economy" in 2014 with 15,105 people between 18 and 64, Turkish internet users spent the most time (263 minutes) in online shopping after the Chinese (387 minutes) among 15 countries including also Australia, Brazil, Canada, France, Germany, Israel, Italy, Japan, Russia, Singapore, Spain, England, and the USA which spends the least in online shopping²⁶. The research also pointed out that the most substantial concern to online shopping for Turkish users is security (%68), followed by the quality of goods (60%), mismatched orders (50%), absence during the delivery (42%), data breach (37%), and return policy (34%). In addition to these opinions, Turkish users ordering abroad are also concerned about fraud the most while the quality of the goods is the other most significant consideration. One third of the Turkish online customers imply that they prefer to do online shopping inside the country.

Furthermore, a survey carried out by the Turkish price-comparison based website “bilio.com” points out that online shoppers are more price sensitive than traditional shoppers. The main reason behind the preference of online-shopping lies in the access to the most convenient price and performance thanks to many options and alternatives presented by internet with less effort. 83% of those only shoppers state that they always compare the prices over different e-commerce channels. In case of special events such as New Year’s Eve, more than half of the participants declare that the most significant decision-maker to buy online is the price and internet provides satisfaction on this economic need. 27% of those prefer online shopping thanks to product variety while 22% of participants think speed is the most remarkable advantage of e-commerce.

2.4.5. Laws and Regulations

Legal issues and security concerns are the latest problems that can pop up as a barrier for companies willing to commercialize their activities on electronic platform (Savrul, 2014). Turkey has brought numerous and various liberalization measures over the past two decades, which makes Turkish market relatively free for trade in goods and services. Turkey’s imports and tariff structures are regulated on the basis of WTO rules and the European Union’s common custom tariff for imports from third countries. Turkey has eliminated all duties and charges on goods imported from EU member countries by signing a custom union in 1996. However, this custom union does not cover services, public procurement, and unprocessed agricultural products. Moreover, Turkey has also participated in free trade agreements with different countries and enhances treatments for not only least developed countries but also some other developing countries based on the preferences of the trade (WTO, 2017).

Tariff schedule of Turkey is shaped by both Harmonized Coding System (HS) and the Combined Nomenclature (CN) of the European Union within the framework of the Customs Union. Cost, insurance and freight prices (CIF) are taken into calculation for import duties, which are collected as a percentage on the landed value of the goods. Apart from the exceptions of agricultural foods and some industrial products, goods on which duty was paid on entry to an EU country will require no longer any duty again since they are accepted as duty-free, and vice versa. The type of freight determines the clearance time which takes usually from 1 to 3 days. Lastly, a classification dispute can lead to higher duty payments; however, it is intended to seek reimbursement at a later date.

The Turkish Standards Institute (TSE) sets all the standards in Turkey, whose approval is necessary in order to import any product in the range of these standards. There are many product categories that are subject to restrictions and special requirements in order to comply with the standards such as narcotics (prohibited) and weapons (subject to strict license control). Additionally, live animals, medicines and pharmaceuticals, food and plant products, organic chemicals, telecommunications equipment, ozone-depleting substances, explosives, banknotes and commercial paper, radioactive materials and temporary import of goods for exhibition may be obligated to be certified or required to have additional permissions from government agencies (International Trade Administration, 2017).

It is a significant reality that foreign direct investment is significantly one of the key factors in Turkish economy. Therefore, Turkish government has brought various reforms in order to make the country more attractive for foreign investors such that simplified procedures, new legislation, and tax incentives have been introduced. Under the program that regards the privatization of the state enterprises in the country; foreign investors take advantage of the same rights and incentives as local investors. Turkey also hosts many free trade zones that are out of the scope of Turkish customs authorities in which goods can be imported without duties, assembled or manufactured, stored and re-exported without paying tariffs unless they enter any other markets rather than Turkish. As a result, the country has set no restriction or other limitations for Italian exporters rather than the standard ones. Italian exporters do not need to put more effort at their legal procedure for export activities to Turkey than any other export destination in Europe since Turkey is a part of custom agreement.

3. CONCLUSIONS

Italy's manufacturing facilities are mainly determined by a large number of SMEs, located in different industrial areas. Italy hosts a smaller number of multinational big companies worldwide in comparison with the other biggest manufacturers in the world. This phenomenon leads the manufacturing sector to have a major focus on the export niche market and luxury products. Thus, the country is less competitive on quantity while being more advantageous with lower cost and higher quality products. Certainly, as one of the biggest manufacturers in the world, Italy has maintained effective and long-lasting operations in trade with Turkey.

According to Turkish Ministry of Foreign Affairs, Turkey-Italy bilateral trade volume has reached more than 17.8 billion dollars in 2016 with an incline of 1.5% while Italian direct

investment is up to 7.4 billion dollars in total between 2001 and 2016. In fact, the number of Italian companies that carries out their operations in Turkey is 1300 from several sectors such as pharmaceuticals, electronics, transportation, banking, telecommunication, textile and construction. Also Turkish Ministry of Foreign Affairs states that the country's expectation is higher than Italy in terms of direct investment, also promoting Turkish companies to operate in Italy. Consequently, it can be stated that bureaucratic and legal requirements, such as licensing and founding a division to the parent company, can be easily met by Italian companies in a supportive environment. As a result, e-commerce as a booster in many industries can bring many opportunities to stimulate the trade between Turkey and Italy in a positive way.

3.1. Industry Selection

Clearly evident from previous chapters that Turkey carries high potential e-commerce and seems brightly promising of the further developments. Turkish e-commerce has a wide array of product categories such as home appliances, beauty and cosmetics, electronics, footwear and fashion. Nevertheless, the focal point in this study is selected as fashion industry since the statistics in e-commerce chapter implies that the most popular shopping category is fashion in Turkish e-commerce. Furthermore, it shall be remarkably beneficial for Italian exporters in the industry thanks to brand reputation of the country in the world for fashion design and quality. They can create competitive advantage on differentiation through design rather than building a price dominant competitive strategy which may be disadvantageous to maintain by price adjustments since Turkish currency has been fluctuating recently against Euro.

To start with Italian fashion industry, especially in textiles and clothing (TCI), Italy has differed itself from other developed countries thanks to its specialization. "The role of endogenous economic and cultural resources" places the country's profile in an extraordinary position within the industry (Dunford et al., 2016). Italy's textile and clothing industries are developed in a peculiar way, especially different from other larger EU member states. In the late 1970s and 1980s, the Italian TCI has not gone offshore, yet, promoted the domestic production with the expansion of export and the limited "import penetration" (Dunford et al., 2016). Nevertheless, the country faced a decline in the competent capacity of domestic outcome from the mid-1990s followed by a drastic drop in domestic manufacturing from 2001. The industry was influenced by the adoption of Euro, trending outward processing, the strong presence of China in the industry with its membership in World Trade Organization in 2001, introduction of

no-quota regulation in 2005 and lastly harsh demand changes due to economic crisis in 2008. Particularly, the emergence of China as a strong economy has made a big influence on many big core markets of Italy, moving the center of the world market with slow advancements. Consequently, in Italian TCI, the number of companies, employment, and value added decreased (Dunford et al., 2016).

However, economic climb of the country after the recession brought the rise of the industry along. Italian TCI especially has achieved a climb in net exports of “high unit value designer segment”, where main focus of enterprises is design and marketing instead of manufacturing, to emerging economies (Dunford et al., 2016). The Italian success in the TCI was driven by lower financial requirements thanks to lower capital and wage, and higher level of productivity leveraging on geographical advantage of proximity on innovation since closer to the industrial districts, more profitability is achievable (Signorini, 2000, Dunford et al. 2016). Consequently, it is aimed to provide strategic considerations and advices to Italian fashion exporters that are willing to enter Turkish market through cross-border e-commerce, leveraging on their well-known operations supported by also “Made in Italy” concept.

On the other hand, TCI enterprises can encounter several challenges due to external demand instability, economic fluctuations, lack of competences in-house research with lack of financial skills, insufficiency in local research, and incapability to realize training, marketing, and export activities (Brusco, 1982: 183, Brusco, 1992, Trigilia, 1990 Dunford et al., 2016). All should be precisely taken into account with required resilience and risk management plans.

3.2 Strategic Considerations

This chapter is dedicated to identify the crucial subjects of the success in foreign market through cross-border e-commerce that should not be overlooked by the companies before taking the first step in their journey.

Consideration of e-commerce as a part of strategy

Strategic significance of e-commerce activities depends on the sector. For instance, e-commerce is substantial to be utilized by the companies in the sector where the competitors effectively apply it. On the other side, the sectors where e-commerce is not widely common may not require companies to introduce or apply it (Piris, 2004). Nevertheless, it has reshaped revolutionarily the dynamics of industries recently, and fashion industry is one of them that have been strongly affected. The companies approach e-commerce as an integration with their offline

activities. Consequently, it should be noted that apart from the opportunities and specifications presented by e-commerce on the basis of resources, innovation, most of the trading theories preserve their validity (Torres et. al, 2014). Besides, according to Piris, the companies that strongly consider e-commerce as a part of their strategy are more likely to generate revenues and become profitable through internet than the enterprises that do not apply e-commerce as a strategic approach (Piris, 2004). Therefore, Italian fashion SMEs that are willing to operate through cross-border e-commerce are strongly advised to take e-commerce into consideration as a part of their strategies rather than only another sales channel.

Three dimensions of e-commerce for the success

Italian SMEs in fashion should not neglect the fact that marketing, efficiency and innovation should be realized as three dimensions of e-commerce strategy precisely. Thus, they can effectively benefit from e-commerce strategy through marketing advantage, cost advantage, and differentiation advantage (Torres et. al., 2014). Especially, companies aiming to benefit from e-commerce should create a unique value proposition, which requires even more effective marketing since a well-developed and comprehensive strategy is remarkably significant in the world of e-commerce (Torres et. al, 2014). On the other hand, differentiation advantage can be more crucial in Turkish market in case of requirements for price adjustments due to Turkish current depreciation which can result in lower purchasing power.

Productivity level and characteristics of the export destination

A company that aims to enter a market should take into consideration two significant aspects of the trade; productivity level and the characteristics of the export destination in terms of the magnitude of trade costs, the market size and the remoteness of the country from the rest of the world (Chaney, 2008; Serti and Tommasi, 2014). As recognized by Serti and Tommasi, increasing level of proximity of the market provides more acquaintance with its dynamics and organizational structure and also lowers the required level of productivity for entry. On the other hand, while wealthy destinations require exporters to reach higher level of efficiency and product quality, the expected profitability is higher as the market is bigger, lowering the required productivity level lower. (Serti and Tommasi, 2012) For instance, Lombardian companies have benefited from meeting the requirements of the demand in the export destination by integrating them into their products in terms of export intensity (Eusebio et al., 2007). Additionally, they must reach sufficiency in their productivity level by utilizing capital requirements in the most

efficient manner (Sterlacchini, 1999). Consequently, Italian companies should take into account the required level of productivity to be maintained in order to sustain their cross-border e-commerce in Turkey, which is a closer country in comparison with other emerging markets.

Product innovation and R&D

D'angelo et. al (2013) emphasizes on the importance of resources and capabilities, first to be sustained by SMEs for development of export activities. Not only for domestic markets but also international lands as target markets, “investment in product innovation” is crucial to obtain a sustainable competitiveness (De Jong and Vermeulen, 2006; Basile, 2001; Cassiman and Golovko, 2011; Wakelin, 1998). Eusebio et al. implies that the reasons why Lombardian companies reach higher exports than the Catalan companies in the textile and clothing industry are more advanced internationalization process related to longer periods of experience and greater technological capabilities thanks to their R&D investments (Eusebio et al., 2007). Sterlacchini states that firms must continuously bring improvements to their products to maintain and enhance their export shares by assigning financial and human resources on design, engineering, and trial production even the ones not directly related to R&D (1999).

Confidence in product success

As comparing the Catalan and Lombardian textile companies overseas, Eusebio et al. emphasizes that the most successful companies employ managers, who are confident with the competitive advantages of their product, mainly related to product image and its technological features. Moreover, it is also stated that the best exporters have the most certain managers with the success (Eusebio et al., 2007). Consequently, it is advised Italian SMEs in fashion to evaluate how sure and certain the executives with the success of the operation before the operation.

Family ownership

Family firms have significantly more tendencies to export in comparison with non-family firms, which are specifically beneficial in case family owners have direct control over the firms and appoint external managers. Also, “the longer-term horizon” and better internalization of the “long-run benefits of internationalization” are the reasons why family owners encourage export (Minetti et al., 2015). Nevertheless, the risk aversion as a result of concern about losing control and independence, and missing competencies and skills can be discouraging. Due to these possible negative factors, family firms more likely follow a progressive way to export to unfamiliar markets and take advantage of the support of domestic institutions in their market

entry. Last but not least indicated by Minetti et al., family firms are more determined than non-family firms in export since they aim to reach their long-term returns (Minetti et al., 2015). In the light of all, Italian family-owned SMEs shall progressively operate their cross-border e-commerce rather than a rapid and aggressive entry to market in case of no experience of family members on board and no tendency to appoint an external manager.

3.3 Advised Trade Channels

Certainly, there are many ways of operating cross-border e-commerce activities utilizing various trade channels such as listing the product on fashion e-commerce or flash-sales websites leveraging on the previous season stocks, owning proprietary sites which provide direct control over the sales to the enterprise, and online marketplaces which can provide most of the services.

There are many difficulties for small-medium enterprises that are willing to found their own e-commerce infrastructure from the scratch since it can be very costly and need high-effort. Additionally, even if they can manage to obtain e-commerce channel under their organization in a cost-friendly way, like usage of a ready-made software package, still there is a long way to direct the internet users to their website, convert them to loyal customers and reach their sales targets. In order to achieve the steps ahead, they require an effective and efficient communication channel, which can be only realized through a well-built marketing strategy. Given the fact that they are new entrants in the market, it needs high effort to understand customer behaviors, embed them in the marketing strategy precisely, and eventually create brand awareness and customer base. In other words, creation of visitor traffic is a matter of cost and expertise while online marketplaces have a high traffic of visitors, which increases the possibility of the product for sale to be displayed by more online users. Additionally, fashion e-commerce sites have already their loyal customer base, composed of millions. Eventually, these boost the possibility of sales and brand awareness thanks to huge visitor traffic and services provided by online marketplaces and fashion e-commerce sites consequently, it is highly recommended to Italian SMEs in fashion to conduct their cross-border e-commerce activities in Turkey through either online marketplaces or fashion e-commerce sites, multi-channel or pure online retailers, depending on their strategy. Furthermore, upon the acquisition of required level in customer base and brand awareness, they can switch to their proprietary e-commerce site in order to dispose the commission fee and other expenses regarding the platform utilization.

Consequently, the most popular online marketplaces; Hepsiburada, Gittigidiyor, N11, and fashion e-commerce players; Markafoni, Trendyol and Modagram, Lidyana, Brandroom, Shopigo, Vakkorama, Morhipo, and Beymen are introduced.

It should be noted that the information presented in this work are limited since the companies have highly strong restrictions on non-disclosure of their policies. Yet, the biggest challenge to sell online marketplaces could be the requirements for having a Turkish commercial license that can be only obtained through bureaucratic and legal steps. In this case, a Turkish intermediary or a company executive might be assigned as a bridge to conduct the operation. Especially, since fashion websites are already specialized in import, it could be more hassle-free to sell on these platforms. Lastly, Turkish e-commerce environment implies that the companies are willing to collaborate to realize sales of foreign companies.

The companies shall evaluate the cost and services of the platforms before selecting the most suitable one or ones, especially in case of online marketplaces since fashion e-commerce sites are more standardized than online marketplaces in Turkey.

The first criterion to be taken into consideration before operating on online marketplaces is the commission fee to be paid since it is one of the most important determinants on how profitable the sale is. Marketplaces charge a certain amount of fee on the sales for the services they provide such as customer service, marketing, technical infrastructure, pos service and risk management. Lower commission rates can be advantageous since the exporter can be more competitive on the price of product.

Apart from the commission fee, product listing fee appears as another cost to the exporter. Product listing fee can be described as a fee paid for the products of the exporter for sale on the marketplace. Thus, whenever a product is on the marketplace for sale, the vendor needs to pay this fee on a periodic basis regardless of the sale of the product, similar to shelf fee in the traditional retailers and usually lower than the commission rates. It also depends on which online marketplaces to be present. Besides, there can be other fees depending on which platform the exporter is present such as the announcement fee, product listing fee, exclusive advertisement fee, transaction fee and so on. Therefore, before finalizing the decision on which online marketplaces to carry out the sales, all fees shall be taken into consideration by contacting the online marketplaces in full disclosure since fees can differ depending on the product category, time and additional service.

On the other hand, there are some online marketplaces where the exporter can start an auction for its products. The exporter can set the initial price and end the auction with the price that they would be profitable than traditional sales. Even though the option of auction can bring up some threats, online marketplaces presenting this option have policies that protect the vendor from abusive behaviors of some customers.

Online marketplaces offer opening a virtual shop on their platforms, especially favorable in case of presenting product variety. Depending on the marketplace, opening a shop can bring several advantages such as higher search appearances, customization and promotion of the products and most importantly a page that can be used as marketing base for creation of brand awareness by uploading vital information about products, company and business with own address and contacts. Additionally, by opening a shop on an online marketplace, the vendor can take advantage of free listing for a certain time span with exclusive support from sales consultants.

There are many ways of advertisement on the marketplaces; starting from how the product is displayed on the page; most visible, showcase- like place; to e-mail newsletters sent to the customers with the specification of the vendor's product depending on the strategy of marketing and the fee. Also, creating a campaign and selling discounted products on the platform can higher the visibility of the products on the main page. It should not be overlooked that it is a win-win for both online marketplace and the vendor to raise the sales of the product, thus, it is necessary to utilize the marketing mix of the platform supported by the vendor's campaign precisely.

Main concerns of the marketplaces in campaigning are vendor availability, discounted price, and shipping speed. Marketplaces are also in collaboration with cargo companies, thus, the exporter can leverage on the special agreements on the delivery of their products. Thanks to beneficiary prices, and simplification of customer services by assigning the cargo company on the information of cargo status and tracking number, the new entrant can focus more on the efficiency and effectiveness of its presence in the market. Cargo integration can be remarkably favorably for a new entrant by the time he gets familiarized with the dynamics of the market as well as warehousing service.

Creating brand awareness is vital for the future of the exporter. Therefore, the companies shall precisely understand how to develop and measure its development, which needs a

distinctive perspective. The customers might tend to give the credit for their satisfying experience to the online marketplaces rather than the vendor. Thus, it is crucial to always emphasize on the brand by various communication ways such as special labels, boxes, printed parcels with brand name and information. In this way, the more customers familiar with the product and the brand, the more possibility of founding a proprietary site comes out.

Marketplaces effectively carry out marketing activities in order to incline the number of visitors and create brand trust. They deploy applications and tools for rapid and effective customer services supported by technical teams. In this chapter, the most trafficking online marketplaces in Turkey are investigated since increasing number of visitors creates more possibilities to sell. Yet, the exporter should get familiar with the concept of conversion rate since it is what truly matters in e-commerce which can be described as the ratio between the number of sales over visitors displaying the product. It is a crucial indicator that shall be recorded and involved in the decision making process of the upcoming campaigns and promotions.

Considering the impact of the social media on the purchase behaviors of digital peers, the number of social media members can be a good indicator for the potential and popularity of the marketplaces. Social media is a platform where people share their experience and have an influence on the potential buyers, as a consequence, an important asset to be managed efficiently by online marketplaces in order to increase the number and quality of the visitors and sales opportunities with interaction and touchpoints.

For Turkish customers, it is quite significant to be a rapid-respondent. Not only the exporter's interaction with the customer but also the marketplace customer service level must be maintained precisely and tailored. Thus, it is highly advised to have an effective communication between the exporter and the marketplace sales support, recommendations and feedbacks are crucial to have pivotal changes to suit new trends. On the other hand, customer ratings and comments are vital since it is essential to create brand awareness and raise the public image. Additionally, the way of presentation of the product is critical to reflect the quality of product since it is not possible to inspect the product physically during the order. The exporter shall choose the marketplace where the strategy of the company and the services offered by the marketplace are overlapped.

The preliminary considerations and advices above are going to be detailed on the basis of the e-commerce platforms below. Some of the platforms are detailed with limited information,

therefore, it is strongly recommended to contact as a business partner with them since it is not possible to reach the information as an individual.

Consequently, in this thesis, the biggest and most popular Turkish online marketplaces and fashion retailer sites are analyzed for advisory and insightful purposes. Many aspects from commission rates to the possibility of creating online shops are presented on the basis of the platform of interest. Therefore, while Hepsiburada, Gittigidiyor, and N11 are presented as the options for online marketplaces; Markafoni, Trendyol and Modagram, Lidyana, Brandroom, Shopi go, Vakkorama, Morhipo, and Beymen are introduced as potential partners as multi-channel or pure online fashion retailers.

Hepsiburada

Hepsiburada.com was founded in 1998 and managed to quickly become a giant in the field of e-commerce in Turkey. In 2007, the company was acquired by Dogan Holding and its popularity hit its peak and has been continuously growing since then. The majority of the users is composed of males up to 3 quarter of overall. Hepsiburada.com, thanks to its popularity and success in the field, has attracted oversea investors such that Private equity firm “Abraaj” has bought a minority stake last year.

Hepsiburada.com has 20 million monthly visitors, 10 million of which is unique, and more than 3 million active members. The platform offers 4.5 million different in 30 categories with 10 million stock keeping units with 500 thousand items in its depot. In its 10,000 m² warehouse with total 600 employees, it operates 1 million product shipments on monthly basis with two shifts of 200 warehouse staff. 65% of the order issued is packaged on the same way for the delivery out of the warehouse. It reached 2400 suppliers with 35% growth per year over the last 5 years. Hepsiburada has reached 250 million TRY of sales on black Friday, with more than 600 thousand downloads of mobile application.

The company aims to grow by reaching higher level of customer service, especially on special occasions. For instance, Hepsiburada, brought all necessities to the door for the ones who spent the bairam at home. At the same time, it also made it easier for customers to find custom products on the page with the arrangement made on the web platform. While bairam products were easily accessible on special pages, it also allowed customers to compare products. The products were delivered by HepsExpress, which is a subsidiary of the company; to the door on the same day if order issue was before noon, orders placed after lunch were delivered to the door

the next day. The service covered 25 districts of Istanbul within the capacity of HepsExpress. Customers needed to mark the "Today Delivery" option on the purchase page so that they could benefit from it.

On the other hand, Turkey's largest e-commerce site, Hepsiburada.com, announced that it has agreed with well-known investment and financing company Goldman Sach for sales offers. Founder and Chairman of Doğan Online, Hanzade Doğan Boyner, said in an interview with Bloomberg International about the deal, that Hepsiburada agreed with Goldman Sach Group for sales proposals. Goldman Sachs, one of the world's leading investment consulting and finance companies, will be evaluating the offer to Hepsiburada. Also, it is stated that Amazon is one of the possible candidates to buy Hepsiburada.

Gittigidiyor

Gittigidiyor, which can be translated literally as 'Going, Going, Gone', is one of the oldest e-commerce players in the country, which offers all of the standard marketplace services with wide variety of products similar to the main Ebay website. After its foundation in 2001, the company has become the locomotive in the growth of e-commerce in Turkey. Thus, the site has achieved a significant growth and profit in a short time so it was purchased by e-commerce giant Ebay.

Gittigidiyor contains variety of products for sale such as mobile phones, cameras, computers, clothing and jewelry products, money, stamps, plaques, old books, magazines and similar collection materials. The sectors with the highest sales are respectively technology, fashion, health and cosmetics. As one of the most experienced and popular in the market, it contains many advantages for vendors such as high brand awareness of the platform with high number of members in addition to high number of visitor traffic. Gittigidiyor, as of 2016, has more than 15.2 million members. The number of monthly visits is 38.7 million and the average number of unique visitors more 20 million.

On the other hand, the high popularity and traffic make the competition quite high since the number of brands and shops are also high, which makes the display in the first place in search difficult. Even though the commission rate is reasonably set, 10%, most of the services are charged such as opening a shop and listing even a single product. Additionally, advertising for a product on the platform is not free. The platform also offers auction with minimizing the risks of

not delivery or no purchase after winning. The company policy does not allow the vendors to publish their phone numbers and internet sites.

Last but not least, Gittigidiyor introduced their policy of “The Zero Risk System” in 2001, which is payment-approval system that aims to make the online shopping more secure. Regardless of the state of the product, the product is sent and inspected by the buyer and after the approval of the delivery, the money is transferred. Gittigidiyor is accessible through mobile platforms as well as on the desktop with applications on ios and android.

N11

Dogus Planet was founded in June 2012 in partnership with the Dogus Group and the largest group of South Korea, SK Group, to operate in the e-commerce sector. Dogus Planet has launched "n11.com" with the aim of bringing together brands with millions of customers. In 2016, the platform consisted of 8.2 million members, 21,000 registered stores, displaying a wide range of product, 30 million in 10 different categories, reaching the 655 million visits yearly visits. Mobile users are accounted for the 70 percent of the overall traffic on the platform. In the first 6 months of the year, N11.com sold averagely 72 thousand products per day, among 30 million in 10 different categories.

The policy of N11 indicates different commission rates for different product groups that can go up to 30%. Product listing is free of charge. N11.com hosts only brands and stores on its platform, which requires a commercial registration in order to carry out sale activities. N11.com spares a remarkable budget in all marketing operations, including television commercials. The platform can technically support the sale activities, paid and free, such as photography of the products and catalog organization, in addition to insightful training to the vendor. Nevertheless, different commission rates by product category can be very high reaching up to 30%. To be noted, it can be very challenging to distinguish and stand out within the certain categories. The platform can offer paid services to realize the stand-out. Lastly, with "n11.com Store Management Panel" developed by "n11.com" for sellers, sellers can follow theirs sales through mobile application and easily process it everywhere.

On the other hand, the platform becomes more attractive for fashion brands day by day. For instance, Under Armour, a global performance sports apparel brand, starts selling its products, for the first time among the open market e-commerce platforms, at N11.com on the

basis of its growth strategy. Sportswear products, footwear and equipment for women, men and young athletes will be on sale at n11.com.

Markafoni

Markafoni was founded by Sina Afra, Ahmet Sari and Tolga Tatari in 2008 with 300 thousand dollars of initial investment, which had only 10 people to work with. Afterwards, it started hosting many brands, working with 1350 native and 800 foreign and reaching more than 2 million members. Besides, there are also some exclusive brands and special design product, which are not in Turkey, on the platform. The company has been listed as one of the top 100 technology companies in Europe in March 2010 by TechCrunch and rewarded with "Digital Initiative of the Year" award in Digital Age Awards in October 2010. The platform offers a wide array of products with special advantages based on several campaigns with up to 70 percent discounts on select brands' clothing, accessories, cosmetics, decoration and lifestyle categories. Moreover, Markafoni carries out its operations also abroad such as Australia, South Korea, Ukraine and Greece, and it protects the title of the first Turkish e-commerce site opened abroad. It aims to be widespread especially in Eastern Europe in the short term.

The company is purchased by Cafer Mahiroglu from one of the most significant e-commerce groups in the world, South African company Naspers Group, the former buyer from founders. Markafoni has begun selling with a brand new interface. Select Chairman of the Board of Directors Cafer Mahiroğlu emphasized that they will work to make Markafoni that once reached 150 million US dollars of value and purchased for 270 million US Dollars, the market leader again. He added that they gave a rebirth to Select from its ashes and made it one of the most powerful brands in the UK with 250 stores and having 7 percent of the share under the category of woman clothing for 16-24 aged. He also stated that their aim is similarly to return Markafoni at the top of its sector with allocation of 15 million US Dollars of budget ready-to-go for new investments and planned of 15 million US Dollars more for other actions to take. Finally, he described their mission as to be the most colorful, exciting and entertaining e-store.

Also, Markafoni provides easy return process with online live chat application to VIP service which includes customer service applications from phone and internet. Moreover, Markafoni has also become the first exclusive shopping club with the "Markafoni Single Basket" application, which allows customers to combine different campaigns.

Trendyol and Modagram

Trendyol started its online shopping life with 40 people in 2010, after the number has reached 1600. Founded by Demet Mutlu, trendyol.com has filled this gap very well in the shortage of clothing sites and has accomplished major works in a short time. The success of the company has also drawn attention from overseas not in terms of investors but also social platforms such as Rfinery29, thus, they interviewed with Demet Mutlu as “One of the inspiring women” in the world like COO of Facebook Sheryl Sandberg, CEO of Youtube Susan Wojcicki, and CEO of Uber Bozomo Saint John.

The company sells exclusive brands and designers' products with discounts of up to 85 percent online. Trendyol does not only sell fashion products but also products from different categories such as decorations, cosmetics and electronic goods. It has more than 12 million customers and 35 million monthly visits with 25 million sales. The fashion entrepreneurs had sales of \$188 million in 2015, representing just 2% of Turkey's fragmented e-commerce market and sales are expected to double in 2016 and grow a further 50% in 2017. As a result of this success, Trendyol has attracted new overseas investors like other rewarding e-commerce players in Turkey such that Tiger Global and Silicon Valley venture capital firm 'Kleiner Perkins Caufield & Byers' alongside the 'European Bank for Reconstruction and Development' invested in popular online fashion retailer.

Trendyol has gained high popularity in short time reaching millions of shipments to customers all over Turkey. It is available to shop on the platform via desktop, mobile web, android and ios applications, to be noted, more than 65% of access is via mobile up to more than 4 million unique mobile visitors.

In March 2012, Modagram was introduced by Trendyol.com to online customers as a fashion and beauty retailing web site. The company's significant growth drew attention and concluded with an investment from EBRD in September in 2014. Modagram is created as a partner of Trendyol. Unlike Trendyol's discount campaigns, it has emerged to create a platform where continuous and seasonal product sales will take place. Instead of photographing, the clothes on the model can be viewed with the video by the users. Modagram has its unique way of online marketing and content management that outstands the brand from others.

Lidyana

Lidyana.com, founded by Hakan Bas partnering with other big e-commerce founders and celebrities such as Arda Turan, FC Barcelona player, focuses on global fashion brands and the designers of Turkey and foreign countries to be served on the platform to its customers. The company started its journey in December 2011 with the initial investment of 2 million US Dollars and it was launched in February 2012. In June, the company has managed to attract an overseas investor Ru-net, which is one of the early investors of Yandex, to make its first investment in Turkish market, an investment of 6 million TL, approximately 3 million US Dollars at that time. The company has been included by Wired Magazine's list of 100 most notable European Initiatives in August 2012. In May 2013, Lidyana.com, entitled as the Endeavor initiative, hit already the sales of the previous year in the first 5 months of 2013. In September 2013, Lidyana received a new foreign investment of 12 million Turkish Lira from Burda Group, the owner of the important media company of Germany, for its 22% share. Furthermore, the company intended to keep its aggressive growing policy by opening its first foreign office.

Lidyana has been following an aggressive advertising and marketing policy, thus, it keeps building new projects. The company informs their customers updated with new trends in fashion on its blog. Additionally, Lidyana publishes its online women's magazine called NumberL. The NumberL, is free of charge to users.

Shopping on Lidyana is aimed to be 100% secure with return and exchange options for worldwide in the currency desired to pay converted from Euro, depending on the weight. Whether to be subscribing or being a member on the platform or not, anybody can see the offers and take a look at the products and fashion trends. Lidyana also is available to do shopping on mobile with its easy-to-use application that allows accessing all products to be displayed, filtered and purchased and all orders to be managed. Additionally, the application provides users the possibility to share their favorite products via Facebook, Twitter and Pinterest account or via e-mail.

Brandroom

Founded in 2000, DEMSAGROUP continues its activities in Turkish retail sector as Demsa Fashion and Demsa Luxury as of 2015.

DEMSAGROUP established a multi brand project "Brandroom" in 2010. Brandroom, which combines luxurious and accessible world brands with perfect environment and service

quality, serves with 9 stores in İstanbul, Ankara, Adana and Bodrum with its multi-storey retail concept. DEMSAGROUP set up Brandroom.com in November 2015 to provide 24-hour access to the best and the best of the world's fashion with the aim of bringing the private brands in the world to the consumer. Brandroom.com is bringing women, men, kids, home and cosmetics collections of all brands within Demsagroup to consumers on an online sales platform. Brandroom stores, where the newest collections of world-trending designers are housed, are home to more than 250 brands in the categories of women's, men's, children's wear, accessories, home decoration and cosmetics.

Demsa Luxury serves with multi brand stores as well as mono boutique concepts of the world's leading fashion brands; Within the mono brand boutiques are world brands such as Lanvin, Tom Ford, Salvatore Ferragamo, Micheal Kors, Agent Provocateur and Barbara Bui. Under the Demsa Group Fashion façade, there are brands such as Guess, Laura Ashley, Mothercare, ELC and Charles & Keith.

DEMSAGROUP projects include the Galile Lafayette Istanbul store of the French retail giant who will pass the first quarter of 2017. Galeries Lafayette, Istanbul A 10,000-square-foot area aims to offer a brand new experience to the Turkish retail industry.

Shopi go

Shopigo was established in June 2012 as the first and only online concept store of Turkey. Accompanying every aspect of a lifestyle such as world-famous brands, contemporary designers and vibrant business associations of last-season collections, luxury street wear brands, special sneaker collections, interesting technological products that make life easier, extraordinary designs, decorative objects, books and personal care products has a rich product range. Inspired by Japan's trends in trends in fashion, the logos were created in Japanese letters in the kanji alphabet, meaning "shopping." Shopi GO also has a fast courier delivery option, 4 hours to delivery, in case of having Istanbul as the point of delivery.

Shopi go also opened its physical store in Tesvikiye in 2016, “No: 62” that aims to reflect extraordinary identity, inviting excitement to all fashion, art and technology enthusiasts who want to discover the new and different. The 300-square-meter, two-storey shop features world-renowned fashion scene names, offbeat designer disorienting collections, interesting gadgets, bicycles, skateboards, books and personal care products with brutal architectural touches and artistic details. No: 62, home to the most difficult sneaker collections and street wear brands.

Shopi go maintains strong relationship and communication with its designers, producers and official retailers by meeting them in person through direct communication. The products which are sold through ordering are always put under tight examination. Furthermore, upon being decided for the best of quality and uniqueness, they are set forth to be presented to our precious customers for purchase.

In 2016, Shopi go earned one-third of its income from products in the Sneakers category and in 2017 sneakers compose nearly half of its revenue from Sneakers sales. Thanks to their collaborations with Nike, Adidas, Puma and Reebok, ShopiGo has introduced a limited number of sneaker models to its users, which has boosted sales both at home and abroad. In 2017, it has increased its revenue by 45 percent by the end of November. Shopi go, aiming to increase its income by 50 percent within December, is getting a large portion of its sales from "Sneakers" sales. Furthermore, the platform has exceeded more than 350 thousand members with more than 700 brands.

Shopi go, since 2014, serves their customers a second language option: English. The translation endeavors lasted nearly 12 months. They were sparked by an increase in requests from people inside and outside of Turkey who found the shop's selection of prestigious designers more than intriguing but didn't know enough Turkish to navigate the website, let alone order items online. Shopi go's bi-lingual online shop is the first of its kind in Turkey and marks an important step for the business to reach beyond the Turkish market. As of now, Shopi go also offers shipping to destinations outside of Turkey, a feature that has brought them orders from places as far as Hong Kong already.

As a result of bilingual shopping experience, Shopi go, which gets one fifth of its sales in 2016 from overseas sales, increased its export sales to 27 percent in 2017. In the meantime, it should be noted that two third export sales are under the category of sneakers. In addition to the Sneakers category, Shopi go aims to grow by 100 percent in 2018 by new agreements with new foreign brands. And also, the company aims to keep expanding their product variety from fashion and luxury to lifestyle category since in 2014 they have received averagely 14 e-mails from designers and brands to work with Shopi go.

Vakkorama

Vakkorama established in 1982 as a new division of Vakko Group in order to serve younger's audience such as designs and styles of hipster and retro aesthetics, with its motto of

"Turkey's youngest fashion brand". Vakkorama can be described as multi-channel online retailer, where men and women's clothing as well as accessories including shoes, hats, scarves and watches are for sale. Stepping alongside the strategy of Vakko, Vakkorama gathers also international designer collections such as Betsey Johnson, Nicole Miller, Cheap Monday, Ben Sherman, and Cold Method. The brand also carries their own lines of clothing and accessories from summer dresses to the motorcycle boots. In comparison with alike companies, according to GuideIstanbul, Vakkorama can be seen as considerably cheaper platform taking into considerations the quality and brand names that can be found.

Morhipo

Morhipo is an e-commerce brand founded by Boyner Holding in 2011. It collects new season products and very advantageous campaigns on all together on the platform. In the new season division, it offers products of thousands of exclusive brands at the same time, and it also creates special discount clubs with discounts up to 90%. The platform serves the categories women, men, shoes-bags, children, home & life with a variety of products for different styles and budgets. Morhipo also sells its own brands People by Fabric, Agenda, D by Divarese on the platform.

In 2012, Morhipo reached more than 2 million members in 2012 with average 25 campaigns a day for both seasonal and discounted products. The company had more than 900 suppliers on the platform, having averagely 250,000 daily unique visitors (7.5 million per month). With all-line shopping for the first time in 2014, Morhipo presents its customers with a multi-channel retail advantage that continues to rise in e-commerce the past year. Customers are able to return the products they receive from Morhipo.com to stores in Boyner or YKM at 88 different locations throughout Turkey. It is emphasized by the general manager, that they have applied the firsts in the online shopping world for a long time by bringing the wide range of Boyner or YKM stores in Turkey to the service of their online customers.

Morhipo has been selected by Internet Retailer as Europe's fastest growing e-commerce site with 117% in Europe500 research in 2014. Furthermore, in 2015. The Boyner Group announced that Morhipo, which invested 150 million US Dollars in April, last year, grew 70 percent in 2015. The most important factor in this is Boyner's all-line store strategy with Morhipo. Additionally, Morhipo's mobile application won the first place in the category of

fashion in the most notable mobile applications survey by the Digital Age and Mobile Marketing Association (MMA) Turkey business association in 2015 and 2016.

Morhipo serves "fast shipping" option to its customer that delivers the order within 24 hours in Istanbul and 48 hours outside Istanbul. Furthermore, the company itself meets the shipping charges of the products that are not on time for delivery. Regardless of the section of the product, either new season or campaign, all orders are charged in the same way to ship and can be returned within 15 days without charge.

The Boyner Group also organizes special campaigns to be spent on social projects such as TOG, LÖSEV, TOÇEV, ACEV, KEDV, KAMER.

Beymen

Founded as a menswear clothing line 1971, the Beymen group has a total of 60 stores representing 35.000 sqm area different store concepts, offering differing merchandise and services under the Beymen Magazacilik AS umbrella. Having more than 400 world brands in store today, Beymen's own collections are also considered as high quality. Although own label still accounts for 20 percent of the company's revenue, Beymen has evolved into a multi-brand proposition,. Beginning with Beymen Multibrand Stores, Beymen Club, Beymen Blender and Beymen Shu stores; Monobrand boutiques like Tod's, Dior, Dolce & Gabbana, Bottega Veneta, Moschino, Christian Louboutin, Jimmy Choo and Etro are also part of the Beymen operation. Over the succeeding years, Beymen has developed an international presence through two further locations in Iraq and Egypt.

According to the interview conducted with Polat Uyal, Beymen's chief merchandising officer by The Fashion of Business, significant insights can be extracted as below:

Beymen aims to shape its strategy based on mainly listening to its customers and its needs in order to maintain satisfying quality of service. On the other hand, they also try to keep its customers to be updated by informing them for what is next.

Significantly Polat states that they utilize technology to better understand their customers rather than focusing only on e-commerce purposes, thus, the company in-store sales are more than e-commerce sales.

When it comes product and brand assortment, Polat states that it all depends on the store, online or offline, its size, and its location. For instance, Beymen's flagship store is 10,000 square metres and has sartorial brands such as Kiton, Brunello Cucinelli, Canali and Zegna with brands

from the fashion side, from Saint Laurent to Givenchy,, and for contemporary like Rag & Bone. He underlines that they try to target wide range of customers with different price categories and different range of tastes such as from a \$20 t-shirt to way up to a Saint Laurent shirt, that would cost a lot more. He says “Every single piece that is in Beymen stores has been handpicked; there is no mass buying.”

Last but not least, it should be emphasized that Some Italian SMEs in fashion industry, up to 50,000,000 Euro revenues, already utilized the trade channels presented above and the thesis aims to build a base for the new entrants. Below are the companies that are already in the market: Antica Sartoria by Antica Sartoria S.r.l., Catarzi by Catarzi Filippo S.r.l., La Cartella by Knob S.r.l., Alberto Fasciani by Alberto Fasciani S.r.l., Aspesi by Alberto Aspesi & C. S.p.a., Buttero by Buttero S.r.l. Boglioli Milano by Boglioli S.p.a., Borsalino by Borsalino Giuseppe e Fratello S.p.a., Bontoni by Bontoni S.r.l., Fedeli by Luigi Fedeli e Figlio S.r.l., Fabi by Fabi S.p.a., Caruso by Raffaele Caruso S.p.a. , Moreschi by Moreschi S.p.a., Zanella by Sartoria Silvio Zanella S.r.l., Tombolini by Tombolini S.r.l., Aquazzurra by Aquazzurra Italia S.r.l., Italia independent by Italia Independent S.p.a., Inverni by Inverni S.r.l. The data about company revenues is retrieved from Report Aziende and iCribis among the most recent information.

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