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E-Commerce Retailers in Emerging Economies: Challenges and Opportunities in the New Global Trade Order

Dr. K V N Lakshmi[1], Dr. Hemangine Rai[2]

[1]Assistant Professor, Department of Commerce, School of Commerce, Finance and Accountancy, Christ University, Bangalore, Karnataka, India, Email: lakshmikvn2019@gmail.com, https://orcid.org/0000-0002-6278-714X
[2]Assistant Professor, Department of Commerce, School of Commerce, Finance and Accountancy, Christ University, Bangalore, Karnataka, India, Email: hemangine.rai@christuniversity.in, https://orcid.org/0009-0004-3991-2901

Abstract
This research paper examines the evolution of e-commerce in emerging economies, highlighting the challenges and opportunities among online retailers in the context of the new global trade order. This research work identifies key structural factors influencing e-commerce growth, including digital infrastructure, logistics efficiency, institutional quality, and consumer trust. Studies consistently reveal that limited ICT access, inadequate logistics networks, and weak regulatory frameworks hinder the expansion of e-commerce in developing regions. Furthermore, emerging research links e-commerce to sustainable development outcomes, including poverty alleviation and entrepreneurship. However, substantial gaps persist in empirical evidence, particularly regarding causal relationships between institutional reforms, digital adoption, and firm performance. The research concludes challenges and opportunities for e-commerce retailers highlighting the structural and operational barriers in the sector. Similarly, three opportunity dimensions were identified: Market Expansion and Growth Rate, Technology Adoption and Integration, and Self-Perceived Efficacy and Guidance, signifying the areas that can enhance business sustainability and competitiveness.

Keywords: E-commerce, Emerging economies, Global trade order.

Introduction

In recent years, after covid-19 the global trade has seen so many shifts. There could be technological evolution and change in the consumer preferences and the policy framework that is responsible for these shifts. The Global trade changes have the core element which is known as E-Commerce retailers. This E-Commerce retailers are growing at the past pace which is resulting in a lot of scope of growth, this can further help in reshaping both domestic and cross border trade activities. India, Indonesia, South Africa, China, Nigeria, are known as emerging economies of the world. This is because of the fact that a lot of development opportunities are present in these countries. The rapid change in technology the evolution of internet smartphone and AI has led the consumers in these countries having strong aspiration towards digital inclusion.

In emerging economies, one of the major facts that is observed is the usage of mobile devices for almost all the things that a person can do. The mobile devices have become the primary channel for internet access and it helps in catalysing e-commerce adoption. These changes reflex an attractive growth for the global retailers and startups all over the world to be at the front year for global trade. At the same time with the availability of all these technologies, there are economic opportunities as well as constraints for the usage of technology. For example, under developed logistics and infrastructure, low financial inclusion, regulatory policies, misuse of data, deficit in consumer trusts.

The present research examines - How e-commerce retailers in these emerging economies can navigate through the new global trade order. This paper focuses on the internal as well as external challenges that these economies are facing in term of new global trade order and also this paper presents the opportunities where, in the areas which are not good currently can be reached for the better future. Recently, there has been a massive transformation and expansion in technology. Every day, there is some other new advancement that has made the life easier for common person. Ever growing demand for the consumer goods and services has made business persons to come up with digital platform. Retailers in emerging economies are faced with both opportunities and challenges, particularly when these retailers strive towards global trade order which includes cross boarder businesses. The literature review further investigates the key works relevant to e-commerce retailers in new trade order under emerging economies.

This research work investigates the challenges and opportunities for e-commerce retailers highlighting the structural and operational barriers in the sector.

Similarly, three opportunity dimensions were identified: Market Expansion and Growth Rate, Technology Adoption and Integration, and Self-Perceived Efficacy and Guidance, signifying the areas that can enhance business sustainability and competitiveness.

Drivers of E-commerce in emerging economies

Emerging economies are described as the countries who have low-middle income group customers, making them countries that carries ample opportunity for larger set of consumers. This feature of emerging economies has made these countries immensely important for e-commerce platforms. Different studies have emphasized interrelated drivers that explains the shift. The increase in internet and mobile device usage have reduced the gaps for consumers and retailers. (Prasad,2024) in his paper emphasized on the use of mobile phones and how it has enabled large part of population to engage in online shopping. In one of the blogs on "E-commerce in emerging markets: Challenges and opportunities", rising incomes of the middle class are the reason of expansion of the online consumer base. This could lead to the better scope for e-commerce retailers. The era of globalisation has led to expansion of trade and digital platforms, which has enabled local level retailers to have the access of global trade. The concept of cross-border channels and firms having access to global-value chain have become the reason for local retailers to reach consumers beyond domestic borders (Ahmed & Akriti, 2024). These opportunities, imposes the layers of challenges, which further reshapes the opportunities of the new global trade order.

Challenges of e-commerce retailers in emerging economies

Several conceptual and empirical studies identifies a broad range of challenges that acts as hurdle to the adoption of e-commerce for retailers in emerging economies of new world trade order. (Gupta, T., & Bansal, S. 2019), in their study explored that cross-border e-commerce is expanding due to digitalization and development of fintech innovations. Inadequate logistics, weak regulatory framework, and consumer's trust issues makes the growth in this industry challenging. The research work highlights that the policy framework, digital infrastructure, and the payment system efficiency play important role for SMEs participation in global trade order.

Apart from local retailers, small businesses with low managerial commitment, firm experience, and product uniqueness faces constraints in global trade (Kim, K., & Lim, G. 2022). Among the complex market structure, advanced market ECCs are found to be more capable of cross border trade, as they have ownership advantages, location benefits long with ease of internalisation. However, EM-ECCs face capital scarcity, constituting to limited financial resources which makes them difficult to expand in international markets (Benmamoun M, Singh N, Lehnert K, Lee SB 2019).

Giant global online platform may possess challenges to local retailers. Local retailers in emerging economies also lacks the organizational resources and technological capacities which further creates weak strategic orientation in digital commerce (Nazir & Roomi 2020).

Opportunities of e-commerce retailers in emerging economies

E-commerce allows retailers to reach unreachable consumers and they can provide the services which are beyond local and regional boundaries. Online retailing contributes to cost efficiencies in the form of low to no rental burdens. It provides the ease to operate from anywhere in the world.

The e-commerce platform can connect the retailers with suppliers and consumers globally. This phenomenon can also contribute in income generation and poverty alleviation (Cordes, D. L., & Marinova, D. 2023).

Most of the studies highlights that including SME participation, economic development through emerging markets can be achieved. This can further help in reducing the market friction and help in generating employment (Prasad 2024).

Objective: The primary objective of the study is to analyse the major challenges faced by e-commerce retailers and to examine the impact of available opportunities on their overall business performance.

Research Methodology:

The present study adopted a quantitative research design to examine the challenges and opportunities influencing the performance of e-commerce retailers. The primary objective of the study was to identify the major challenges faced by e-commerce retailers and to analyze how available opportunities impact their overall business performance. A well-structured questionnaire was developed, consisting of statements related to various operational, technological, and behavioral aspects of e-commerce retailing. The questionnaire was administered to 158 respondents, all of whom were active e-commerce retailers operating through different online platforms. Data were collected using a purposive sampling method to ensure that the respondents possessed adequate experience and understanding of e-commerce operations. The collected data were analyzed using several statistical techniques. The Kaiser–Meyer–Olkin (KMO) test was applied to determine sampling adequacy, followed by factor analysis to reduce data dimensions and identify the key components representing both challenges and

opportunities. The resulting components were further used to develop and test a hypothesis examining the impact of opportunities on business performance through regression analysis. This methodological approach provided reliable empirical insights into how e-commerce retailers perceive and respond to operational difficulties while capitalizing on technological and market-driven growth prospects.

The study was conducted to know various challenges faced by the retailers and how these impact their business performance. These parameters were adopted from various literature surveys. Multiple statistical tests were conducted to know how these are impacting the business performance of E-commerce retailers. Since the challenges and opportunities were more in number, these had to be reduced into small dimensions. Hence factor analysis had to be performed.

KMO and Bartlett's Test		
Kaiser-Meyer-Olkin Measure of Sampling Adequacy.		.856
Bartlett's Test of Sphericity	Approx. Chi-Square	760.480
	df	66
	Sig.	.000

But sample adequacy test was necessary to proceed with factor analysis. Hence Kaiser Mayer Olkin test was conducted to know whether sample is adequate enough to proceed with factor analysis. The KMO rest result is 0.856 which is sufficiently higher than the threshold limit 0.60 and Bartlett's test of Sphericity is less than 5% and hence null hypothesis was rejected and concluded that correlation matrix is not an identity matrix and thus, Factor analysis was performed.

Total Variance Explained									
	Initial Eigenvalues			Extraction Sums of Squared Loadings			Rotation Sums of Squared Loadings		
Component	Total	% of Variance	Cumulative %	Total	% of Variance	Cumulative %	Total	% of Variance	Cumulative %
1	4.821	40.174	40.174	4.821	40.174	40.174	2.791	23.261	23.261
2	1.740	14.500	54.674	1.740	14.500	54.674	2.658	22.154	45.415
3	1.332	11.097	65.771	1.332	11.097	65.771	2.443	20.356	65.771
4	.706	5.883	71.654						
5	.573	4.774	76.428						
6	.510	4.248	80.676						
7	.482	4.018	84.694						
8	.447	3.727	88.421						
9	.418	3.483	91.904						
10	.383	3.195	95.099						
11	.334	2.784	97.883						
12	.254	2.117	100.000						
Extraction Method: Principal Component Analysis.									

From the above table, the cumulative variance explained by 3 components can be studied. The cumulative variance from all the three components is greater than 65% which is above the threshold limit of 60%, the initial eigen values of first three components is greater than 1, and hence it could be concluded that these three components are sufficient to group the multiple components into three main components. Further to know the correlation values explained by the parameters for these components, rotated component matrix table was analysed.

Rotated Component Matrixa			
	Component		
	1	2	3

Limited logistics network coverage.	.796		
Unstable internet connectivity for operations.	.798		
High shipping and delivery expenses.	.778		
Poor supply chain coordination.	.799		
Weak cybersecurity infrastructure.			.785
Limited access to advanced analytics tools			.687
Frequent website or platform downtime.			.727
Difficulty in system integration.			.755
Low willingness to share personal details online.		.758	
Disputes in product return and refund process.		.804	
Unreliable online ratings and reviews.		.779	
Low level of customer loyalty.		.780	
Extraction Method: Principal Component Analysis. Rotation Method: Varimax with Kaiser Normalization.			
a. Rotation converged in 5 iterations.			

From the above table, the extent of relationship between the parameters for each component can be analysed. The correlation was used to assess the extent of relationship. Three components were derived from on the basis of the similar concept addressed by each parameter. These components can be named as:

- Infrastructure and Logistics Constraints
- Technological and Security Challenges
- Customer Trust and Behaviour Issues

These are the major challenge faced by the E-commerce retailers. The scale of business will further throw additional challenges for their survival. The competition and the Ease of starting the new E-commerce business is creating much more threats for the existing players. The challenges which are listed above are the infrastructure and the logistic constraints which is going to involve huge investments when it comes to any ecommerce retail businesses. Today we are living in the world of technology and security is one of the challenges which is making most of the retail buyers to avoid the ecommerce business especially when it comes to a heavy value business. This will further create a gap when it comes to the customer trust and the behaviour issues. The main aspect which the customers see would be the security of the transactions which should be provided by the retailers. The next section of the study deals with the impact of these challenges on the growth E commerce retail businesses.

KMO and Bartlett's Test		
Kaiser-Meyer-Olkin Measure of Sampling Adequacy.		.850
Bartlett's Test of Sphericity	Approx. Chi-Square	718.212
	df	66
	Sig.	.000

Once the various challenges are being divided into multiple components there is ample opportunities also available for the E commerce retailers to do business because the basic nature of the customers have changed. Now the more inclination is towards instant gratification rather than the physical mode of purchasing. This can be encashed by the most of the E commerce retailers by providing products to the consumer doorsteps as and when it is in demand. Further the opportunities which were available for the Ecommerce retailers also had to be analyzed and grouped into multiple components because the parameters developed to analyze the opportunities available were also many in number. To proceed with the factor analysis KMO and Bartlett's test was conducted. The KMO and Bartlett's test result is 0.850 which is sufficiently more than the threshold limit of 0.60. So the sample was adequate enough to classify into different components. Hence factor analysis was conducted.

Total Variance Explained			
Component	**Initial Eigenvalues**	**Extraction Sums of Squared Loadings**	**Rotation Sums of Squared Loadings**

	Total	% of Variance	Cumulative %	Total	% of Variance	Cumulative %	Total	% of Variance	Cumulative %
1	4.689	39.078	39.078	4.689	39.078	39.078	2.668	22.231	22.231
2	1.759	14.659	53.738	1.759	14.659	53.738	2.645	22.045	44.275
3	1.304	10.870	64.608	1.304	10.870	64.608	2.440	20.333	64.608
4	.712	5.936	70.544						
5	.586	4.885	75.429						
6	.574	4.780	80.209						
7	.480	4.000	84.209						
8	.445	3.710	87.919						
9	.436	3.632	91.551						
10	.404	3.365	94.916						
11	.338	2.814	97.730						
12	.272	2.270	100.000						
Extraction Method: Principal Component Analysis.									

The first three components have an eigenvalues greater than 1 and together the 3 components are explaining a total variance of 64.608%. This means the original data set's total variability of 100 percent can be reduced to three components After the extraction the three components carry the respective variance of 39.078, 14.659 and c10.870 with a total cumulative variance of six four point six oh eight percent The principal component analysis which yielded the three components with an eigenvalue greater than 1 and cumulatively explaining a variance of 64.61 variance which is fairly above the threshold level hence the three components extracted collectively represent a substantial portion of the overall variance and hence suitable for further interpretation and analysis.

Rotated Component Matrixa			
	Component		
	1	**2**	**3**
Digital platforms enable access to international markets.	.762		
E-commerce reduces geographical limitations for business.	.812		
Global trade agreements support market expansion.	.783		
Emerging middle-class consumers offer new opportunities.	.741		
AI-driven analytics improve marketing decisions.			.793
Automation reduces operational costs.			.685
Cloud technologies enhance scalability and flexibility.			.723
Mobile commerce increases customer reach.			.748
Collaboration with fintechs expands payment options.		.757	
Partnering with logistics providers improves efficiency.		.806	
Strategic alliances help reduce market entry barriers.		.784	
Local vendor integration strengthens supply networks.		.783	
Extraction Method: Principal Component Analysis. Rotation Method: Varimax with Kaiser Normalization.			
a. Rotation converged in 5 iterations.			

Since the sample was adequate enough to continue with the factor analysis The rotated component to matrix table was analyzed on the basis of the correlation the extent of relation between the parameters which fall in each component was analyzed. The correlation which is shared between the

parameters ranges from 0.70 to point 0.810 for each of the component. These three components are respectively named as:

- Market expansion and growth rate
- Technology adoption and integration and
- Self-perceived Efficacy and guidance

The components which influence the E commerce retailers either on the positive or on the negative side that is the challenges and the opportunities are Identified till now. The impact of these challenges and the opportunities on the growth of the business is to be studied. Multiple statistical tests were conducted to know how these challenges or the opportunities are going to impact the growth and sustainability of the ecommerce retail businesses.

H01: The Opportunities has no impact on Business performance of Ecommerce-Retailers

Model Summary				
Model	**R**	**R Square**	**Adjusted R Square**	**Std. Error of the Estimate**
1	.864a	.746	.741	.49535
a. Predictors: (Constant), SPEG_AVG, TAI_AVG, MEGR_AVG				

One of the objective of the study was to analyze whether the opportunities which are available for the E commerce retailers has any influence on their business performance. Regression analysis was conducted for the same the above table explain the R and the R ^2 value. The R value is 0.864 which is explaining an 86% of Correlation between the opportune and the business performance of the E commerce retailers. This is pretty to good say that opportunities have a good correlation with the business performance and to know the impact of the predictor variables on the dependent one taking the opportunities as the predictor variable and business performance as the dependent variable, Regression analysis was conducted. The R square value is 0.746, with this it can be told that There is a 74% of variance explained by the predictor variable by the dependent one. This is a high influence hence it can be concluded that the opportunities have a tremendous impact on the business performance. If the opportunities are increased it is surely going to place an impact on the business performance.

ANOVAa						
Model		**Sum of Squares**	**df**	**Mean Square**	**F**	**Sig.**
1	Regression	110.948	3	36.983	150.723	.000b
	Residual	37.787	154	.245		
	Total	148.734	157			
a. Dependent Variable: Business Performance						
b. Predictors: (Constant), SPEG_AVG, TAI_AVG, MEGR_AVG						

To know the significance of the impact ANOVA table was Analyzed. The high F value and the low P value explains that there is a significant impact of the predictor variable on the dependent one hence, null hypothesis was rejected.

Findings:

The study was conducted to know that multiple challenges faced by the Ecommerce retailers as well as the opportunities which are available for them to grow. A well-structured questionnaire was developed to steady the respondent's perception about the ecommerce retailing and to identify the challenges and the opportunities which do impact their business performance. Various statistical tests were performed to analyze the same. Factor analysis was conducted to know reduce the dimensions used to know the challenges and opportunities. KMO test was conducted to know whether the sample is adequate enough to proceed with factor analysis. With the values of KMO, factor analysis was conducted. the components of challenges are respectively, Infrastructure and Logistics Constraints, Technological and Security Challenges, Customer Trust and Behaviour Issues. The components of opportunities are classified as Market expansion and growth rate, Technology adoption and integration and Self-perceived Efficacy and guidance. Hypothesis was developed to know the impact of opportunities on the performance of the business. Regression analysis was conducted to know the same. With the R2 value, it was concluded that there is a significant impact of opportunities on the performance of business.

Conclusion:

The study comprehensively examined the multiple challenges and emerging opportunities influencing the performance of e-commerce retailers. Through a structured questionnaire, data were collected to assess respondents' perceptions regarding various

operational, technological, and behavioural dimensions affecting their businesses. Factor analysis was employed after confirming sampling adequacy using the KMO test, which ensured the reliability of data reduction. The results of the factor analysis revealed three key components representing the major challenges faced by e-commerce retailers—Infrastructure and Logistics Constraints, Technological and Security Challenges, and Customer Trust and Behaviour Issues—highlighting the structural and operational barriers in the sector. Similarly, three opportunity dimensions were identified: Market Expansion and Growth Rate, Technology Adoption and Integration, and Self-Perceived Efficacy and Guidance, signifying the areas that can enhance business sustainability and competitiveness. Regression analysis further established that opportunities have a significant positive impact on overall business performance, as supported by a high R^2 value, indicating that the identified opportunity factors strongly explain variations in performance outcomes. Overall, the study concludes that overcoming infrastructural and trust-related challenges while leveraging technological adoption and market expansion opportunities can substantially improve the growth trajectory and operational efficiency of e-commerce retailers in an increasingly digital business environment.

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