

E-commerce Status Analysis to Identify Best Practices, Digital Skills Development and Strategies that Promote E- Commerce in MSMEs in APEC Economies

APEC Small and Medium Enterprises Working Group

January 2024



**Asia-Pacific
Economic Cooperation**



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EXECUTIVE SUMMARY

The recent Covid-19 pandemic has highlighted the importance and potential of e-commerce for micro, small, and medium-sized enterprises (MSMEs). While digital technologies present opportunities to access new markets and optimize business models, there is a significant gap that prevents many MSMEs from fully leveraging these benefits. Therefore, the Asia-Pacific Economic Cooperation (APEC) has undertaken this study to understand the state of e-commerce in MSMEs in seven economies: Chile; Hong Kong, China; Mexico; Peru; Singapore; Chinese Taipei and Viet Nam. Thus, through a mixed approach that combines qualitative and quantitative methods, such as surveys of MSME owners, interviews with government officials, and a focus group with experts in the field, an attempt was made to better understand the situation of MSMEs in these economies regarding e-commerce.

This was a preliminary study that covered a total of 307 representatives of MSMEs selected through snowball sampling. Due to the methodology applied, the survey findings are not generalizable in each examined economy; however, they suggest trends and allow identifying issues to be considered to promote e-commerce. The conclusions reveal that, although the majority of companies in the sample have internet access, full e-commerce penetration has not yet been achieved, highlighting the need for more investments in infrastructure and digital education.

MSMEs see the Internet as a tool to increase sales, but also to expand operations and gain efficiency. Despite its growth, e-commerce adoption varies by economy, and it is recognized that the pandemic has acted as a catalyst in this process. At the same time, social networks have become a dominant channel in e-commerce, but there are logistical gaps that need to be addressed for complete digital adoption. On the other hand, women entrepreneurs, although they have proactively adopted e-commerce, still face structural challenges in the business ecosystem.

Overall, this study emphasizes the importance of MSMEs and governments recognizing the value of e-commerce and continuing to invest in its development. This implies that states strengthen training actions with personalized mentorships and implement informative platforms to disseminate incentives, financing opportunities, and other support initiatives. It is also recommended that governments establish regulatory policies to encourage online purchases and deploy efforts to promote digital inclusion.

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GLOSSARY

APEC	Asia-Pacific Economic Cooperation
Asia and Pacific Region	This is the part of the world that is within or near the Western Pacific Ocean. The term may include economies from America that are located on the eastern coast of the Pacific Ocean.
Business Efficiencies	Seeking to achieve set business goals and maximize profits using the minimum necessary means and resources, whether in human resources or equipment.
Cross-Border E-Commerce	The distribution, sale, purchase, marketing, and supply of product or service information over the Internet to users or customers in other economies.
E-Commerce	E-commerce or electronic commerce involves the distribution, sale, purchase, marketing, and supply of product or service information over the Internet. It can also be referred to as electronic commerce.
LatAm Region	This region consists of the Spanish, Portuguese, and French-speaking economies in America located south of the United States.
Marketplace	This is an online marketplace. It's a type of e-commerce website where product or service information is provided by multiple third-party vendors.
MSMEs	Acronym for micro, small, and medium-sized enterprises.
On-site e-commerce channel	This sales channel is where the process starts through digital means such as the Internet or Social Networks, and the product delivery is done physically.
Social Networks	A service of the information society that offers users a communication platform over the internet, allowing them to create a profile with personal data, facilitating the creation of communities based on common criteria, and enabling user communication.

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INTRODUCTION

The Covid-19 pandemic challenged the resilience and adaptability of micro, small, and medium-sized enterprises (MSMEs), but it also highlighted two realities that continue to set the tone today: on one hand, the opportunities that digital technologies offer to reach new markets, create business models, and drive development; and, on the other, the gap that keeps a significant portion of the population and entrepreneurs away from this promise.

The Asia-Pacific Economic Cooperation (APEC) seeks to help bridge this gap, a task aligned with its objective of supporting sustainable, inclusive, and innovative economic growth and integration. With this in mind, it has committed to expanding access to e-commerce in the 21 economies that make it up (APEC, 2017a). This purpose requires understanding what barriers prevent such access and which policies and actions contribute most to extending the benefits of the digital economy to MSMEs.

This is the essence of the current study, which covers seven APEC economies: Chile; Mexico; and Peru—in Latin America—as well as Hong Kong, China; Singapore; Chinese Taipei; and Viet Nam in Asia. Based on surveys, interviews, a focus group, and a review of secondary sources, the preliminary nature of the research aims to refine the diagnosis of the situation MSMEs face regarding e-commerce. Non-probabilistic sampling was used, which primarily reached segments with greater resources and higher academic preparation. Therefore, rather than generalizable claims, this research gathers perceptions that reveal relevant aspects for the promotion of e-commerce among MSMEs. By giving a voice to the entrepreneurs themselves, as well as to authorities and other involved actors, we can identify trends regarding the use of digital technologies and outline recommendations so that these technologies help us create more prosperous and equitable societies.

I. MSMEs AND E-COMMERCE IN APEC ECONOMIES

Toward the end of the Covid-19 pandemic, e-commerce reaffirmed its importance and continued to grow, even as the global economy slowed down overall. A report from eMarketer indicates that in 2022, e-commerce accounted for over USD5.5 trillion, representing a 12.2% increase from the previous year. Although the growth rate is slowing, it is estimated that e-commerce sales volume will surpass USD6 trillion in 2023 and will exceed USD7 trillion two years later (eMarketer, 2022).

With over USD3.3 trillion in sales, the Asia-Pacific region leads the pack, driven by China, which is responsible for half of global e-commerce. This places it ahead of North America, Western Europe, Latin America, Central and Eastern Europe, and the Middle East and Africa (eMarketer, 2022). Furthermore, the Asia-Pacific economies continue to set the pace for e-commerce growth. Among the top ten economies with the highest digital sales growth are Indonesia; Malaysia; The Republic of the Philippines; Thailand and Viet Nam, all of which are part of APEC, as well as the United States and Mexico. Southeast Asia — part of the Asia-Pacific region — is where e-commerce grew the fastest in 2022, with a rate of 20.6%, followed by Latin America at 20.4%. However, when viewed as a whole, the Asia-Pacific region is showing signs of a slowdown: according to eMarketer's report (2022), electronic sales grew by only 11.8% in the region. This scenario offers an opportunity for small and medium-sized enterprises, which face challenges in leveraging the advantages of digital technologies.

In the Asia-Pacific region, small and medium-sized enterprises account for 97% of all businesses and employ over half of the workforce (APEC, 2023). They also play a significant role in economic growth, contributing between 40% and 60% of the gross domestic product in most of the region's economies. However, their contribution could be even greater. It is estimated that these businesses only account for about 35% — if not less — of direct exports.

The Asia-Pacific Economic Cooperation (APEC) is committed to promoting the progress of micro, small, and medium-sized enterprises (MSMEs), and e-commerce promotion in this segment is a significant part of that effort. As early as 2014, APEC leaders formally recognized the role of the so-called Internet Economy in innovative development and increasing economic participation. This recognition led to the adoption of a roadmap in 2017, which explicitly considers that the expansion of the Digital and Internet Economy brings growth opportunities for businesses of all sizes, including MSMEs. This roadmap established that APEC economies would focus on facilitating e-commerce, among other tasks (APEC, 2017).

"APEC economies are encouraged to develop and promote measures and policies aimed at the effective development of e-commerce, including regulatory and policy environments that are predictable, transparent, and consistent. Efforts should be intensified to facilitate the growth of e-commerce for greater efficiency, better connectivity, and the transformation of MSMEs," the document stated (APEC, 2017, p.6).

The starting point is promising. A 2020 report published by APEC found that 93% of MSMEs use information and communication technologies (ICT) in their business operations, and 66% engage in e-commerce. However, significant gaps persist across the forum's economies. According to the report, 83% of MSMEs in Hong Kong, China use e-commerce — one of the highest percentages in the world — whereas in Mexico and Peru, the figures are only 19% and 15%, respectively.

The APEC Digital Economy Steering Group has warned that several challenges prevent developing economies from experiencing the transformative power of the digital revolution. Two of these are difficulties accessing financing and limitations in digital infrastructure, which is still

incomplete, expensive, and low-performing in places. Added to this are a deficit in human capabilities and poor governance (APEC Digital Economy Steering Group, 2020). This scenario demands the adoption of policies that promote growth and innovation to prevent developing economies from being left behind, the steering group argued in a 2020 report.

Companies need to invest in digitizing their processes to be in a position to capture a larger market share. In a survey published in 2021 on supply chain trends, representatives of small and medium-sized enterprises from APEC economies admitted they needed support and training in technological matters, including digital transformation, e-commerce, customer management systems, digital payments, and cybersecurity. Presenting the survey results, the forum's Trade and Investment Committee proposed that governments provide training to enhance the e-commerce capabilities of small and medium-sized enterprises and address their concerns about cyber risk (APEC, 2021).

Some of these concerns were expressed at the second APEC Cross-Border E-Commerce Training Workshop, organized by China that same year. Workshop speakers recommended making efforts to ensure that businesses' human resources adopt digital technologies as a critical success factor and offer training programs for students and employees in both the public and private sectors. It was also suggested that companies develop cyber risk management strategies and emphasized the importance of governments providing transparent policies and regulations for the private sector. "The public and private sectors must collaborate to promote technological transformation," it was stated (APEC Committee on Trade and Investment, 2021, p. 2).

In this vein, the present preliminary study aims to continue listening to the voices of micro, small, and medium-sized enterprises and those who work to promote their development. From this listening — and the analysis of secondary sources — we will gain clearer insights into what is working in e-commerce implementation and the barriers that still need to be removed to leverage the opportunities of the digital economy.

II. RESEARCH SUMMARY: SURVEYS AND INTERVIEWS

The research combines both qualitative and quantitative approaches. The former refers to understanding the role of each organization within its economy and the role of the representative within that organization, as well as actions undertaken to promote MSME digitalization and the outcomes after implementing these initiatives, with emphasis on e-commerce actions. This allowed for the gathering of information to identify best practices and strategies implemented to develop digital skills and promote e-commerce. On the other hand, the intention was to gain a deeper understanding of the main challenges each economy wishes to address through MSME digitalisation processes, key aspects of digital transformation, and their views on e-commerce development.

In total, seven interviews were conducted: one with a representative from each chosen economy. The representatives hold positions in public administration related to promoting digitalization and e-commerce or similar roles. In the case of Chinese Taipei, the interviewee is an academic from a university specializing in digital technologies. A complete list of interviewees can be found in the annexes of this report.

Each interview lasted approximately one hour. Most were conducted via video calls, although two interviews (Hong Kong, China, and Singapore) were answered in writing. Those corresponding to Asian economies were conducted in English; in the case of Latin American ones, in Spanish. The process involved an interviewer and an individual responsible for systematizing the information through notes.

Lastly, a single focus group was conducted with e-commerce experts. By fostering dialogue among participants, the aim was to delve deeper into the diagnosis of the context, barriers, and opportunities of such activity in the selected economies. The interviews and focus group took place between 3 July 2023 and 3 August 2023.

The quantitative approach refers to the application of surveys, which allowed us to collect and analyze the perceptions and opinions of owners or representatives of MSMEs in the seven economies chosen for this study, conducted between 7 July 2023 and 30 July 2023.

A sample of 48 MSMEs was considered in Mexico, 46 in Singapore, and 42 for each of the remaining economies, totaling 307 surveys. The survey was designed to gather information about the respondent's characteristics and their company, technology usage, perceived benefits and challenges related to e-commerce, government initiatives, and a gender perspective.

Table 2.1. Survey Themes and Variables for MSMEs

Main Themes	Variable
Respondent Characterization	<ul style="list-style-type: none"> ● Age ● Gender ● Educational level ● Position in the company
Company Characterization	<ul style="list-style-type: none"> ● Economies of operation ● Company's age ● Number of employees ● Company structure (individual, family, partners) ● Type of product or service ● Company's sector
Use of Technology	<ul style="list-style-type: none"> ● Internet Access ● Main activities carried out through the Internet ● Reasons for using the Internet ● Area in which e-commerce is carried out (online sales) ● Years of experience in e-commerce ● Channels used in e-commerce ● Average sales income before and after e-commerce implementation ● Willingness to sell online ● Import activities ● Impact of the pandemic on e-commerce ● Opinion on the usefulness of e-commerce for expanding the market ● Awareness of actions and programs to boost digital innovation and e-commerce in the economy
Benefits and Challenges	<ul style="list-style-type: none"> ● Impact of the pandemic on e-commerce ● Opinion on the usefulness of e-commerce for expanding the market ● Awareness of actions and programs to boost digital innovation and e-commerce in the economy
Government Initiatives	<ul style="list-style-type: none"> ● Training and advice on digital skills ● Tax incentives for the development of digital solutions in e-commerce ● Tax incentives for the development of digital solutions in e-commerce ● Awareness of government support and policies for the electronic commerce development
Gender Perspective	<ul style="list-style-type: none"> ● Challenges in the use of technology and e-commerce for women ● Difficulties for women's participation in training programs ● Gender gaps in access to financing

Source: Own Elaboration

Within the framework of APEC's work, the gender perspective involves efforts to empower women through access to capital and markets, increase their participation in the workforce, elevate women's access to leadership positions, and support their education and capacity-building. This was established in the La Serena Roadmap (APEC, 2019).

Considering the non-probabilistic sampling applied for data collection, its results cannot be generalized to the entire universe of companies in the chosen economies. However, it does allow us to appreciate certain trends and detect issues relevant to promoting e-commerce among MSMEs, which could be explored further in subsequent studies.

Table 2.2. Survey Themes and Variables for APEC Economy Representatives

Main Themes	Variable
Characterization	<ul style="list-style-type: none"> ● Institution or organization represented ● Represented APEC economy ● Position of the interviewee ● Gender
Challenges	<ul style="list-style-type: none"> ● Main challenges for promoting digital innovation in MSMEs ● Main challenges for promoting e-commerce in MSMEs
Benefits	<ul style="list-style-type: none"> ● Expected benefits from promoting digital innovation in MSMEs ● Expected benefits from promoting e-commerce in MSMEs
Public Policies	<ul style="list-style-type: none"> ● Identification of agencies promoting innovation and digitalization ● Development level of public policies on digital innovation and e-commerce for MSMEs ● Implementation of training and advisory programs on digital skills and e-commerce for MSMEs ● Implementation of financial assistance for the development of digital solutions and e-commerce ● Implementation of tax incentives for the development of digital solutions and e-commerce in MSMEs
Gender Focus	<ul style="list-style-type: none"> ● Implementation of gender inclusion policies in the adoption of digital solutions and e-commerce in MSMEs ● Identification of main measures and initiatives

Source: Own Elaboration.

III. REVIEW OF THE E-COMMERCE ENVIRONMENT IN THE SELECTED ECONOMIES

3.1 Chile

MSMEs have a significant weight in Chile's economy. According to data from the Internal Revenue Service, as of 2019, MSMEs represent 98.6% of all Chilean companies. Additionally, they contribute to 65.3% of formal jobs (Emol, 2021). The recent Covid-19 pandemic posed a significant challenge for them. The Ministry of Economy, Development, and Tourism of Chile (2021a) published a study on the impact of the Covid-19 pandemic on the economy's businesses. For this, the figures recorded in 2019 and 2020 were compared. According to the report, micro-enterprises were the hardest hit: 63.1% experienced a drop in their sales, and the magnitude of the decrease was -37.5%.

According to an article from the book "Proposals for Chile," which gathers initiatives presented at the Public Policy Contest of the Catholic University (Concha, De Simone, and Catalán, 2022), this South American economy has high internet connectivity with 19 million mobile internet subscribers by 2020. Technological advances and changes in consumer habits led to an increase in the number of Chileans reporting online purchases in the last 12 months, from 6% to 36% between 2009 and 2018, according to the mentioned source. The pandemic, which forced the population to stay indoors, accelerated the adoption of these new practices.

E-commerce represented 14% of all sales registered in Chile during 2022, a figure below the global average (20%), according to the Santiago Chamber of Commerce (2023). And although there was a 13% decline in B2C sales volume in 2022, the following year the channel showed recovery.

In the first quarter of 2023, 47% of Chileans who bought online turned to some marketplace (Santiago Chamber of Commerce, 2023). Mercado Libre stands out among them, which was established in 1999 and set the pace for those that would come after, like Linio, Cornershop, Yapo, and Jumpseller (Retail Compass, 2023). In 2023, Mercado Libre had 14 million users and 100 million monthly visits in Chile, according to Alan Meyer, the company's CEO (La Tercera, 2023).

In February 2023, Mercado Libre sold over 500,000 products, which represented a 75% growth compared to the same period of the previous year. But there was one marketplace that grew even more: Falabella.com, which increased by 199% to reach 600,000 products, considering only those offered by sellers. Other platforms showing growth in Chile are Paris Marketplace and Ripley (Retail Compass, 2023).

Chile has progressed very rapidly in e-commerce in recent years, the participants of the focus group organized for this research stated. However, challenges hindering the advancement of online sales among MSMEs have been reported. In their proposal for the Public Policy Contest, Concha, De Simone, and Catalán (2022) warn that there is still some mistrust in the functioning of the digital payment system, while general access to banked payment methods is still limited.

Also in the field of digitization, MSMEs face inequality. The delivery and last-mile logistics services in applications do not guarantee homogeneous coverage in the Chilean territory, add these authors. Service areas focus on medium and high-income cities, making it difficult for micro-entrepreneurs not located in these areas to emerge. This situation causes the companies that integrate into e-commerce the best to be the largest ones, to the detriment of small and micro-enterprises.

In fact, according to data from the Ministry of Economy, Development, and Tourism, in Chile, only 13% of MSMEs had e-commerce services prior to the pandemic, compared to 22% of large companies (Concha, De Simone, and Catalán, 2022). Due to this socioeconomic gap, a chain reaction occurs: consumers cannot access the advantages of e-commerce, businesses do not integrate as relevant actors in the digital environment, and many end up closing.

The need to promote the development of MSMEs motivated the creation of stimulus programs. Between January 2020 and August 2021, the government of then-President Sebastián Piñera promoted the Pyme Relief Bonus, which consisted of a subsidy of USD1.389 billion for 913,496 micro-entrepreneurs (Ministry of Economy, Development, and Tourism, 2021b). This initiative of the Chilean Ministry of Economy was divided into innovation programs (e.g., Connect and Collaborate, Create and Validate) as well as entrepreneurship programs (Flexible Seed, Start Up).

In the field of direct financing, the Chilean government introduced the Guarantee Funds for Small Business Owners (FOGAPE) in two stages. The first was intended for the coronavirus pandemic and consisted of 275,026 operations of economic assistance to MSMEs. In total, USD7.050 billion were disbursed. The second stage, focused on economic reactivation, involved 167,397 operations and a credit of USD4.303 billion.

3.2 Hong Kong, China

Hong Kong, China, is a leader in connectivity: in 2022, Hong Kong, China had an internet penetration ratio of 93%; 80% of households had a PC and an overwhelming 99.7% had at least one smartphone (U.S. Department of Commerce, 2022).

Hong Kong, China adopted e-commerce before other Asian metropolises, and today it can advance by leaps and bounds, as its high digitization and the concentration of its citizens in urban areas make it an attractive focus for e-commerce. For example, the analysis by the U.S. Department of Commerce points out that in 2020, Hong Kong, China, launched 5G networks, and just two years later, 90% of the population could access this service.

Internet users in Hong Kong, China tend to turn to major Chinese companies such as Alibaba and Taobao, as well as the American Amazon, to make electronic purchases related to health, beauty, home, fashion, among others. The market is currently valued at around USD3.7 billion and is projected to expand at an annual rate of 10.2%. However, it wasn't until the Covid-19 pandemic that e-commerce became the preferred channel for buying and selling for the city's inhabitants.

It is worth noting that in recent years, Hong Kong, China entrepreneurs have initiated their own initiatives to cover e-commerce services (U.S. Department of Commerce, 2022). This is the case with PandaMart, an e-commerce service devised by FoodPanda, one of the largest food distributors in the autonomous region. Another online shopping platform that grew during the pandemic is HKTVMall.com, which saw its customer base increase from 94,000 (2015) to 1.29 million (2021). These data and figures outline the following scenario: e-commerce is widespread in the economy of Hong Kong, China; however, there is a predominant control by major domestic companies and to a lesser extent, by local ones.

Regarding public policies for the development of e-commerce among SMEs, a report by the APEC Electronic Commerce Steering Group (2020) highlights that the government has placed special emphasis on promoting ICT in Hong Kong, China. For example, in April 2019, the Innovation and Technology Commission, Hong Kong, China launched the Mainland-Hong Kong Joint Funding Scheme to further enhance research and development (R&D) collaboration

between both sides by inviting proposals for applied R&D projects jointly conducted by both sides under specific themes. In the same month, the Office of the Government Chief Information Officer, Hong Kong, China, launched a platform that offers innovative solutions for technology companies, particularly local startups, as well as small and medium-sized enterprises to meet consumer needs such as delivery.

3.3 Mexico

In Mexico, 99.8% of businesses are MSMEs, according to the latest Economic Census conducted (INEGI, 2019). Additionally, 67.9% of the employed population works in businesses of this category. Micro-enterprises employ four out of every ten working people.

Regarding technology use, the Economic Census indicates that 83.7% of small and medium-sized enterprises connect to the Internet, nine percentage points below large companies, and that 18.7% of MSMEs make online sales.

Also as it was shown in the ENDUTIH 2022 (INEGI), there are more than 33.5 million of internet users which have made transactions online, between those:

- 25.4% made purchases
- 15.1% made payments
- 59.5% made both

In 2019, the online sales market reached USD37,567 million, an increase of 28.6% compared to 2018 (Statista Research Department, 2022, cited in Zambrano and Ortega, 2023). In that pre-pandemic period, only 15% of businesses that already sold online conducted international transactions, which in turn represented 25% of their income.

By 2022, more than 63 million adults purchased products and services online in Mexico, meaning the volume doubled in five years (AMVO, 2023). E-Commerce Retail revenues grew by 23% in 2022 to reach USD528 million. Mexico ranked as the fifth fastest-growing economy in the world and the first in the Americas.

Indeed, participants in the focus group conducted for this research agreed that Mexico has become a Latin American e-commerce powerhouse alongside Brazil, leading to the consolidation of a significant player like Amazon. However, challenges still exist.

A study published by the University of Guadalajara analyzed the factors influencing the decision of Mexican micro, small, and medium enterprises to engage in e-commerce. The research examined a sample of 135,775 companies that sold online in 2019. 54.5% of their income came from the network. The paper points out that access to the Internet and the use of this technology for banking operations, searches, or business management encouraged MSMEs to venture into e-commerce. This underscores the importance of closing infrastructure gaps and promoting digitization to democratize the benefits of online sales in Mexico (Zambrano and Ortega, 2023).

On the other hand, the trend to accept cash payments, common due to the low level of banking in the Mexican economy, goes against e-commerce (Zambrano and Ortega, 2023). The Mexican Online Sales Association (2023) maintains that the main barriers to buying in e-commerce relate to users' mistrust in providing their banking data online and a preference to see and touch products at a physical location before purchasing them.

3.4 Peru

According to the report "MSMEs in Figures 2021" (Ministry of Production of Peru, 2021), MSMEs stand out as significant players in the Peruvian business fabric. To start, they are significant sources of employment: in 2021, MSMEs employed an estimated 10,664,339 people. This figure represents 62.3% of the Economically Active Employed Population (PEAO). However, it is noteworthy that only a minority of those employed by MSMEs receive all the legal employment benefits. Thus, in 2021, only 1.7 million (15.7%) of the jobs created by MSMEs were formal. In contrast, the remaining 84.3% operate informally. This figure rises even higher, to 91.9%, when considering micro-businesses exclusively.

This prevailing informality in these businesses is evident in everyday business practices and the way they manage sales. The Household Survey 2022 in Peru by INEI revealed that in Peru, 75.6% of MSMEs keep no account records, and 20.8% only make personal notes of expenses or income. Only 3.6% have accounting books or an accounting system (Comex, 2022).

According to the report MSMEs in figures, 2021 (Ministry of Production of Peru, 2021), MSMEs are positioned as important players in the Peruvian business fabric. To begin with, they are important sources of jobs: it is estimated that, in 2021, MSMEs employed 10,664,339 people. This is a figure equivalent to 62.3% of the Economically Active Employed Population (EAPE). However, it should be noted that only a minority of those employed by MSMEs receive all the labor benefits provided by law. Thus, in 2021, only 1.7 million (15.7%) of the jobs generated by MSMEs were formal. In contrast, the remaining 84.3% operate informally. This figure rises even higher, to 91.9%, if only micro-enterprises are considered.

The informality that prevails in these businesses is evident in their daily operations and in the way they manage their sales. The Household Survey 2022 in Peru by INEI revealed that, in Peru, 75.6% of MSEs do not keep any accounting records and 20.8% only keep personal notes of expenses or income. Only 3.6% have accounting books or an accounting system (Comex, 2022).

On the other hand, it is important to highlight that Internet access in Peru has maintained an upward curve over the last decade: if in 2012, the National Institute of Statistics and Informatics (INEI) recorded that 38.2% of Peruvians over 6 years of age had the service, by 2021, the total percentage of Internet users reached 71.8% (INEI, 2022). However, these data do not necessarily imply business or commercial use. In 2022, INEI reported that 85% of Peruvian users use the Internet for entertainment. Between 10% and 15% use it for procedures (digital government) or digital economy transactions.

Although there have been improvements in Internet access, serious inequalities persist between the capital and the provinces. ComexPerú, a trade association dedicated to foreign trade, highlighted these gaps in a report on the formality of MSMEs. While in Lima more than 70% of households have Internet connection, in other regions such as Puno, Huancavelica and Cajamarca the figure does not reach 40% (ComexPerú, 2022). Likewise, the Peruvian Chamber of Electronic Commerce (CAPECE, 2022) explains that the Covid-19 pandemic prompted many Peruvians to make online purchases for the first time. By the end of 2021, 41.8% of the population was already shopping online. Before the health emergency, the main item in Peruvian e-commerce was tourism. In 2019, it came to represent 50% of transactions through the digital channel, according to CAPECE figures. However, the impact of the pandemic caused a sharp drop to 7% by 2020. In parallel, retail was gaining more and more prominence. If in 2017 it accounted for 25% of online sales, by 2021 it rose to 52% of these.

In its official report on the ecommerce industry in Peru, CAPECE (2022) states that marketplaces account for 46% of online sales in this economy. In turn, 72% of these come from platforms linked to four business groups: Mercado Libre, Falabella, Intercorp and Ripley. The

same organization highlights, in another publication, that pure player platforms such as Mercado Libre and Linio (this platform was acquired by Falabella and incorporated into the marketplace of this company) and quick-commerce (DiDi, PedidosYa, Rappi) mainly operate in Peru. Nor can we ignore cross-border marketplaces such as eBay, Alibaba, Amazon, Tienda Mía and Busca Libre.

For CAPECE (2022), e-commerce was fundamental to reactivate the Peruvian economy hit by the pandemic, and estimates that the number of companies that ventured into online operations multiplied 400 times. Most of them were micro-enterprises that bet on the retail business, taking advantage of the social distancing of the new situation. This led to a 55% growth in ecommerce in 2021 compared to the previous year, moving around USD9.3 billion. Of this figure, USD4.8 billion corresponds to retail ecommerce, where MSMEs play a special role. However, the report considers that the democratization of e-commerce in favor of companies from the interior of Peru is still pending. In fact, 50% of e-commerce companies in Peru operate from Lima. This same city also accounts for 80% of the sales volume generated by this channel (CAPECE, 2022).

This same opinion was expressed in the focus group conducted as part of this research. The participants noted the differences observed between the capital city and the rest of the economy regarding the development of e-commerce. It is precisely Metropolitan Lima that is driving the acceleration of e-commerce in this economy. There, the local offer has increased thanks to marketplaces such as Mercado Libre and Falabella and the expansion of electronic means of payment and the shipping market. The differences in e-commerce supply observed between Lima and the interior of the economy seem to be related to the aforementioned gaps in access to digital technologies.

Finally, the CAPECE report exposes a tendency of the Peruvian Congress to promote bills that restrict or limit the development of e-commerce among MSMEs. One of the most striking was Bill 398, known as "Computer Fraud Prevention". This initiative, if approved, would have allowed the Peruvian Police to block any suspicious web page without the need for a court order. On this point, the interview highlights the relevance of the regulatory level to promote or limit the development of e-commerce. It was pointed out that "in the public sector, everything moves as a result of regulations. Directorial, vice-ministerial and ministerial resolutions, supreme decrees, laws, and so on. This means that you cannot do anything that the law does not tell you to do. And on the other hand, you can't do anything that the law prevents you from doing" (Representative of Economía Perú).

3.5 Singapore

The report "Technology-empowered Digital Trade in Asia Pacific" (Deloitte, 2021) highlights Singapore as a highly internationalized financial and maritime center positioned as a significant market in Asia and the rest of the world. The economy's government actively promotes global digital trade, and as a result, this economy has become a hub for cross-border e-commerce platforms operating in Southeast Asia. Some of these platforms based in Singapore include unicorn companies Shopee and Lazada. Deloitte also emphasizes that, despite its small size, Singapore has positioned itself as a relevant e-commerce hub, due to its high internet penetration rates. Sound infrastructure and fast network speeds have also produced efficient facilities for digital trade and electronic payments.

On the other hand, a study by the Singapore Department of Statistics (Lim et al., 2020) profiles SMEs operating in the economy and explores potential alternatives to optimize their output. The study indicates that SMEs form the foundation of the Singaporean economy, contributing two-thirds of employment and half of the total GDP of the city. However, it is also acknowledged that the economic environment is continually evolving, and SMEs must develop digital capabilities to stay ahead.

From the Singaporean government, one of the key initiatives has been the SMEs Go Digital program, which aims to help SMEs adopt digital solutions and build stronger capabilities to operate more productively and seize growth opportunities in the digital economy. Since its launch in 2017, more than 80,000 SMEs have adopted digital solutions from the program. To achieve this, one of its prominent measures includes defraying implementation costs of digital solutions by providing eligible funding from the Productivity Solution Grant to companies that adopt digital solutions pre-approved by the Infocomm Media Development Authority (IMDA).

In general terms, according to Deloitte, the government has established rules that actively promote digital trade with various economies through the launch of the Digital Economy Agreement (DEA). This agreement aims to set a digital trade framework in Asia and the rest of the world, and enables Singaporean companies to connect with their overseas partners in digital trade more seamlessly, thus ultimately cutting down operational cost, increasing business processing efficiency, and making it easier for them to get access to overseas markets.

On the other hand, analyzing the ICT landscape, the 2022 Economic Survey of Singapore published by the Singapore Ministry of Trade and Industry revealed that the growth of the telecommunications sector was led by information technology (IT). According to the ministry's report, the segment expanded by 19.5%, driven by strong business demand for digital solutions and services.

3.6 Chinese Taipei

The Ministry of Economic Affairs of Chinese Taipei (2023) published a report focused on the performance of MSMEs during the Covid-19 pandemic. According to the study, there are 1.63 million MSMEs in this economy, and their number of employees accounts for over 98% of the total existing companies in the economy. Moreover, 9.2 million local individuals work in these enterprises, representing 80% of the economically active population. The rapid economic recovery after the initial year of the pandemic (in 2021, GDP grew by 6.57%) was accompanied by growth in international trade and local investments in this economy.

On the other hand, 84.67% of the Chinese Taipei's population aged 18 and above connects to the internet, according to the Internet Report of 2023; most of them do so from mobile phones. The mobile broadband penetration rate remains to be higher than the fixed broadband penetration rate, with the 5G penetration rate continuing to grow. (TWNIC, 2023).

In this context, the need for the digitization of these companies as a strategy to adapt to the globalized world has been a topic discussed in economic studies over the past two decades. An article from the "Electronic Commerce Studies" journal (Shiouyu, 2004) states that MSMEs had contributed to the local economic miracle by then, but they were now compelled to introduce e-commerce to stay relevant. Although the study is old, it exposes some variables that reflect the mentality of local MSMEs towards e-commerce. For example, it is said that companies would accept it if they notice a relative advantage in its adoption or if the new strategy fits into their existing business processes. However, they would not accept it, if they consider it difficult to understand.

In recent years, the government of Chinese Taipei, being aware of these potential reservations of SME managers to use e-commerce, has adopted a series of public policies. The Small and Medium Enterprises and Startup Administration (SMESA) provides financial and management assistance, as well as telecommunications guidance services to MSMEs. For example, the Women Entrepreneurship Program provides women entrepreneurs with supporting counseling mechanism, government incentives, and entrepreneurial resources to effectively develop their businesses and expand business opportunities, including in e-commerce.

3.7 Viet Nam

Since the implementation of the Doi Moi reform in the 1980s that liberated the Vietnamese economy, MSMEs have been key players in economic growth and poverty reduction in the Asian economy. However, this engine lost its strength with the outbreak of the Covid-19 pandemic, according to the Vietnamese Ministry of Industry and Trade in its report on e-commerce. To the point that, in 2021, the General Statistics Office, recorded an economic growth of only 2.58%: the lowest in the last three decades. However, during the same year, e-commerce managed to grow by 16% with retail revenues reaching USD13.7 billion. The gains implied a higher proportion of e-commerce retail sales.

In terms of ICT and Internet access, the same report states that the average Vietnamese in 2022 spent approximately 6 hours and 38 minutes using the Internet. These figures are close to the global average (6 hours and 58 minutes). The majority of Internet users are also accustomed to making weekly e-commerce purchases (58.2%). Again, the percentage is close to the global figure (58.4%), although it pales a little in comparison to other Asian economies such as Thailand (68.3%) and Malaysia (66.6%).

Although e-commerce in Viet Nam still has a long way to go to catch up with its neighbors, e-commerce revenues have been strong in recent years. According to data from the e-Economy SEA 2022 report (Google, Temasek, & Bain, 2022), in 2019, Viet Nam earned USD5 billion in e-commerce revenues; in 2021, it was USD11 billion; and by 2022, it had risen to USD14 billion. This is evidence that the pandemic forced a digitalization that accelerated during the 2021-2022 economic upturn. The same report expects this upward trend to continue and that by 2025 the Vietnamese economy will receive USD32 billion from e-commerce.

It is worth mentioning that according to the report "E-commerce in Viet Nam 2022", the majority of users in the economy (69%) use the service to purchase clothing, footwear and cosmetics. However, on the other hand, a good percentage of consumers (74%) are concerned about the reputation of e-commerce websites and apps. This shows a factor limiting the adoption of e-commerce in Vietnamese MSMEs: the persistent distrust of many citizens in the digital channel, which leads them to opt for physical points of sale. In addition, 52% of respondents were concerned about the disclosure of personal information.

Finally, in terms of public policy, 58 Vietnamese provinces and cities have enacted General Local E-Commerce Development Plans for the period 2021-2025, according to the Viet Nam E-Commerce Book 2022. However, the study Micro, Small and Medium Enterprises in Viet Nam (Rand & Tarp, 2020) notes that despite the Vietnamese government's official support for small and medium enterprises, inequalities in access to credit and tariff restrictions persist.

IV. FINDINGS ON E-COMMERCE ACCESS IN SELECTED ECONOMIES

In this chapter, we will present the findings of the research in each of the examined economies. The data comes from interviews with representatives of these economies, a focus group, and surveys of MSMEs, and has been contextualized with secondary sources. The information collected sheds light on the motivations that lead MSMEs to resort to the Internet and e-commerce, the reasons why some companies prefer not to sell online, and the capabilities they have for managing IT solutions and e-commerce. In addition, they provide insight into their perceptions of the benefits of e-commerce and the support they receive to leverage the advantages of technologies, as well as gender gaps in this field. Since this is a non-probabilistic study, the results correspond to the sample and cannot be generalized to all MSMEs operating in the analyzed economies. However, the findings of this preliminary research help to better understand the limitations and opportunities that MSMEs encounter regarding e-commerce.

4.1 Chile

4.1.1 Description

The MSMEs survey was answered by 42 individuals, half of whom were women. Nine out of ten respondents were business owners. The rest served as operations managers or administrators. Regarding the business characteristics, 69% of the respondents are from microenterprises. This is followed by small businesses, which make up a quarter of the participants. In half of the cases, they are sole proprietorships and, in 36%, they are family businesses. 43% report having annual revenues below USD270,000. 29% sell in the range of USD700,001 and USD1,100,000, while 14% exceed that amount.

The Chilean companies participating in the study do not operate solely in their own economy. Most do business in neighboring economies such as Peru (38%) and Argentina (25%). One participant (13%) operates in China.

In Chile, it has been reported that 91% of MSMEs have an internet connection, and 69% have a mobile connection (Ministry of Economy, Development and Tourism of Chile, 2020). In the case of the current study, all of the Chilean companies included in the survey sample have access to the Internet. What varies is the use they make of this technology. The primary online activity is email exchange (88% of the sample), followed by information search (81%), product purchasing (79%), and social media management (79%).

Table 4.1. *What activities are carried out via the internet?*

	%
Use of e-mail	88%
Information search	81%
Purchase of items	79%
Social media management	79%
Banking operations	74%
Sale of items	50%
Others	2%

The main reason for using the internet is the desire to increase sales (64%). Other important reasons are seeking efficiencies (60%) and growth development through the web (60%). Over 40% intend to gain experience in web-based commerce.

Table 4.2. *What is the main reason for using the Internet?*

	%
Generating efficiencies	64%
Developing and growing with the web	60%
Having a presence on the web	60%
Gaining experience in web-based commerce	55%
Increasing sales	43%
Other	10%

In Chile, according to data from 2018, only 13% of micro and small enterprises (MYPEs) declare selling online, much lower than the 22% found in large enterprises (Ministry of Economy, Development, and Tourism of Chile, 2020). In the current research, the majority of those who claimed to sell online did so on a domestic scale (36% of the sample). Only 2% engaged in e-commerce exports.

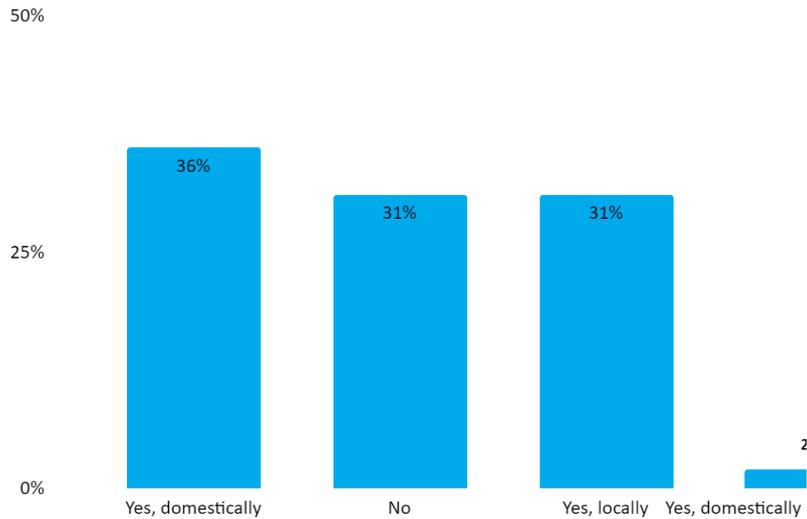


Figure 4.1 Geographical scope of online sales

Regarding the channels used for electronic sales, social networks stand out by far (83% of the sample). It is also noteworthy that 66% of the respondents state that they carry out "in-place" sales, meaning the transaction occurs online, but the product is delivered in-store. More than half of the Chilean companies that claimed to sell online turn to e-commerce platforms or marketplaces.

Table 4.3. Through which channels does the company you work for make its sales?

	%
Social Networks	83%
On-site	66%
Platforms / Marketplaces	55%
Own website	48%

It is important to note that a report by the consultancy Kantar (2022) indicates that as of September 2022, the main channel used for e-commerce in Chile is websites and apps of retailers that also have physical stores (73%), followed by delivery apps (15%), and the pure channel; that is, online-operating business websites and apps (7%). Sales through the messaging service Whatsapp account for 4%.

However, the findings in this study regarding the channels suggest a low level of sophistication in e-commerce operations, aligning with what the representative of the Chilean economy

mentioned in the interview for this research. He states: "Today, for example, everything related to digital marketing and online commerce as an initial approach, understanding online commerce very basically, only as setting up a website or displaying these products somewhere, is more or less resolved" (Chilean Economy Representative). This indicates that Chilean MSMEs are only beginning to implement this strategy partially and in a basic manner, without necessarily having more aligned operational processes.

Many of those who use e-commerce in their business perceive that it has had a positive impact on their income. When comparing their annual income before and after using e-commerce, an increase is observed in the higher values. For example, those declaring sales between USD700,001 and USD1,100,000 increased by seven percentage points: they went from 17% to 24%. Moreover, the percentage of those with incomes exceeding USD2,300,001 tripled: jumping from 3% to 10%.

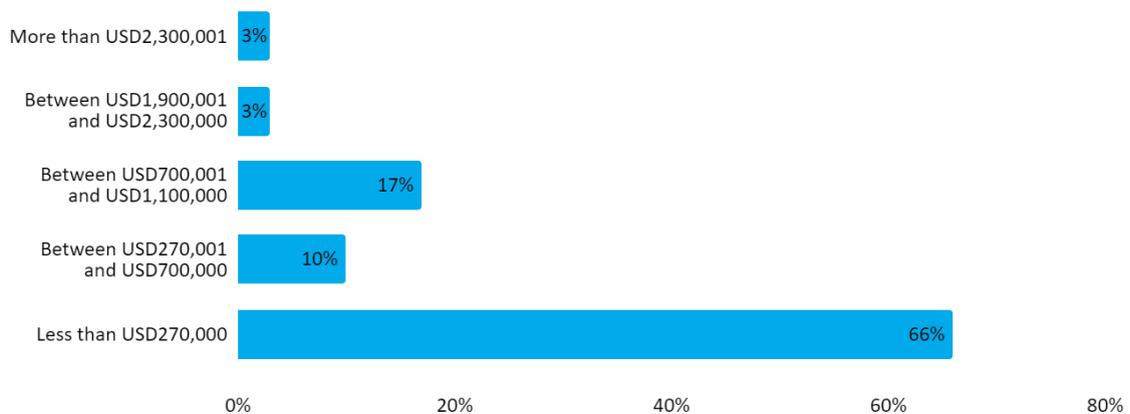


Figure 4.2 Average annual sales before using e-commerce

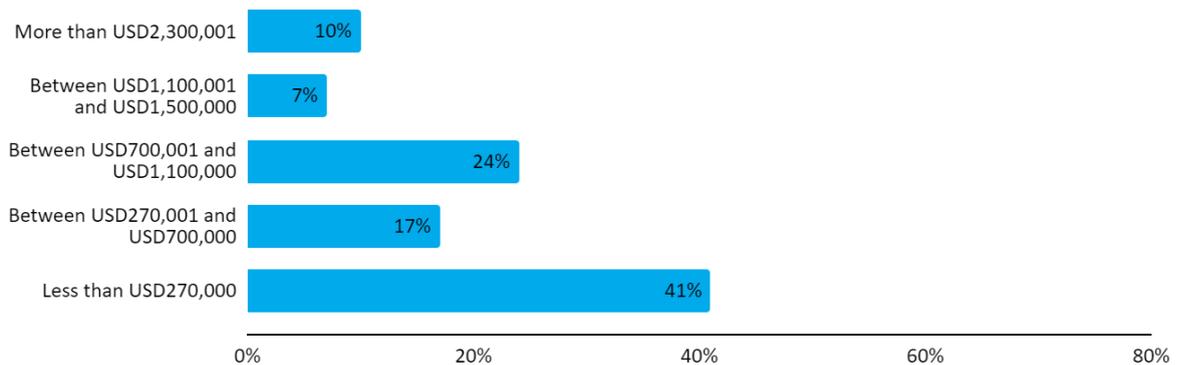


Figure 4.3 Average annual sales after using e-commerce

The Covid-19 pandemic was a milestone in the implementation of e-commerce by Chilean MSMEs. Before the pandemic, 62% of the sample did not sell their products or services online. And for those who did, this modality represented a relatively low percentage. Those who achieved 80% or more of their sales through this channel barely added up to 11.9%. Companies

that obtained at least half of their revenue through the internet didn't even reach a quarter.

In this context, 60% of respondents in Chile considered that the Covid-19 pandemic impacted the use of e-commerce in their business. The percentage of those who sell online jumped from 38% to 69%.

Regarding what came after, perceptions vary significantly. 38% believe that sales have reduced after the pandemic. Almost the same number (36%) point to the opposite: that sales have increased.

4.1.2 Limitations

When examining the reasons why some companies have not yet embraced e-commerce, the expectations regarding what is deemed appropriate for their business models stand out. The top three mentioned reasons are related to the nature of their offerings: the service is personalized (62%), it is done in person (56%), and it requires a personal touch (40%). These responses may suggest a lack of awareness regarding the possibilities of e-commerce and the different ways to apply it in various industries. These reasons contrast with what was mentioned in the focus group, where the need to increase the visibility of the products and services offered by SMSEs in the digital environment was discussed, to leverage the increasing levels of e-commerce penetration that have been rising year after year in LATAM (Focus Group Participant).

At 30%, distrust is another major reason for not using e-commerce. Additionally, 15% of the respondents answered that they don't need it at the moment. In fact, 62% stated they have no intention of selling online, unlike 23% who plan to do so within a year.

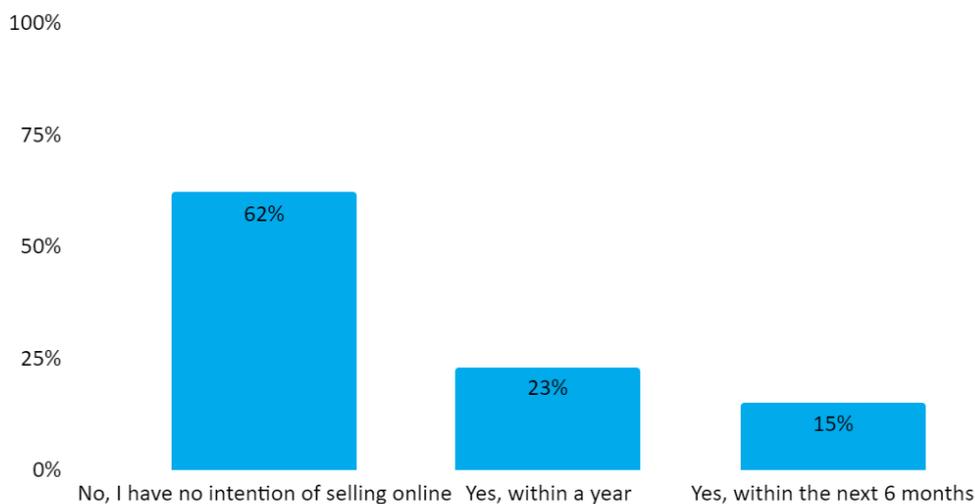


Figure 4.4 *Would you be willing to make sales online?*

However, beyond the willingness to sell online, the study reveals gaps in the technical capabilities of the personnel in Chilean MSMEs. The respondents assessed the employees' use of technological tools on a scale from 1 to 5. They rated the use of CRM (Customer Relationship Management) at 2.5, and the creation and management of websites as well as the use of administrative or accounting software at 2.8. The rating was slightly higher (3) for digital marketing tools like Google Analytics and Meta Ads and for tools for inventory and logistics

management online. The highest score (4) was for Microsoft Office.

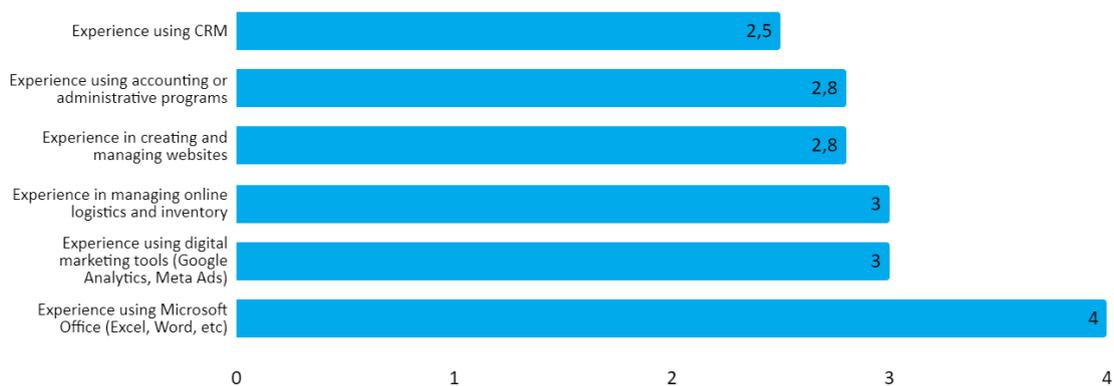


Figure 4.5 Competence in digital tools. Do you have...?

Regarding logistics, 67% do not have a system for inventory management and order tracking. Excel is the favorite tool for this purpose, as well as for storing supplier information.

These data align with the findings of the Ministry of Economy, Development, and Tourism of Chile (2020) regarding the limited use of computer tools among MSMEs in the economy. Their Survey on access and use of information and communication technology (ICT) in companies revealed that only 22% of MSMEs use an ERP (Enterprise Resource Planning) system for management control, while 5% use CRM (Customer Relationship Management). In the same line, only 6% of small and medium-sized enterprises have some SCM (Supply Chain Management) system. Moreover, 18% of MSMEs use cloud computing services, contrasting with the 50% in large enterprises.

Another gap that needs to be addressed in Chile relates to cybersecurity. 88.1% acknowledge that their business has not invested in cybersecurity, and 83.3% believe that their government does not guarantee the cybersecurity of companies adopting digital technologies.

It's worth mentioning the perception that customers do not have sufficient capability to manage purchases on e-commerce platforms. On average, the respondents rated this capacity at 3.1 out of 5.

All of this coexists with a gender inequality that limits the participation of a significant portion of the population in the benefits of technologies. On a scale from 1 to 5, the respondents rated the access and participation of women in developing digital skills at 3.4.

4.1.3 Opportunities

Despite all these limitations, the respondents appreciate the advantages of e-commerce, which serves as a starting point for expanding its use. 83% believe that e-commerce helps or could help them expand their market.

Most are aware that they are not alone in this effort. 74% are aware of actions or programs that promote digital innovation and e-commerce within their economy, although 17% are not aware of them.

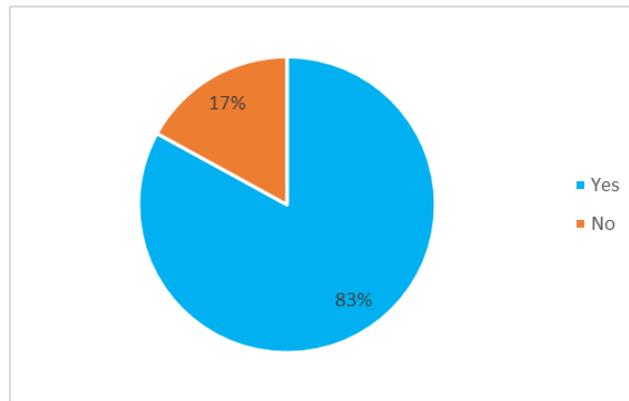


Figure 4.6 Do you believe that e-commerce helps or could help expand your market?

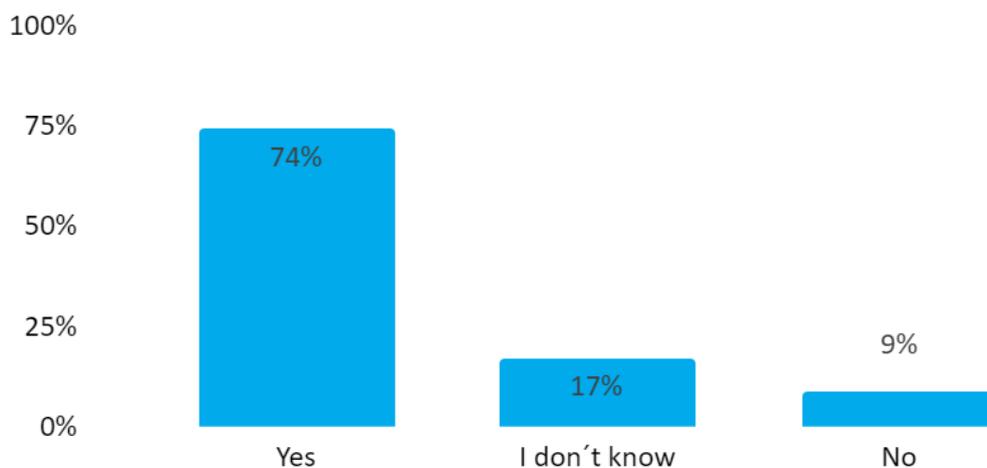


Figure 4.7 Do you think there are actions and/or programs that promote digital innovation and e-commerce in your economy?

While the majority acknowledges the existence of these initiatives, they don't necessarily link them to government support. 76.2% believe that their government is not promoting the development of e-commerce. On a scale of 1 to 5, participants rated the level of government support for this activity at 2.5.

However, the representative of the Chilean economy interviewed for this research explained that the Ministry of Economy of Chile articulates various initiatives to promote digitization among MSMEs through specialized agencies. One of them focuses on micro-enterprises, and another on larger businesses such as small and medium-sized enterprises. These organizations offer workshops and courses as part of an effort to guide MSMEs in the development of their digital capabilities. The starting point is a diagnostic tool developed in collaboration with the Inter-American Development Bank (IDB) called Digital Checkup. Based on the findings regarding the digital maturity level of each company, participants are guided to undertake different training.

One of the agencies of the Ministry of Economy, the Production Development Corporation (CORFO), has created a web portal for MSMEs with various courses related to e-commerce.

Additionally, the Chilean state has established alliances with private actors to develop the digital skills of entrepreneurs. Some of the companies they work with include tech giants like Google, Meta, and Microsoft, as well as the e-commerce platform Mercado Libre.

On the other hand, it is significant to examine the accepted payment methods by the respondents in Chile, where electronic channels have gained ground and still have room to grow. According to our survey of SMSEs, 98% receive payments via bank transfer, indicating a high level of banking penetration. However, cash is still the second most used payment method at 69%. 64% of the respondents said they accept credit or debit cards. Following on the list are mobile payments (29%) and virtual payment gateways (26%). The last place is shared, at 10%, by link payments and point-of-sale payments.

Regarding payment methods, The Global Payments Report 2023 confirms the importance of credit and debit cards in e-commerce in Chile. According to this source, they accounted for 30% and 29% of transaction value in 2022 (FIS, 2023). Digital wallets such as PayPal, FPay, Mercado Pago, and Google Wallet also stand out. This payment method, now leading in global e-commerce and still growing, rose to 18% in Chile (in 2021, its share was 12%). Behind it are account-to-account (A2A) payment services, also on the rise, at 15%. These data reflect Chile's significant progress in financial inclusion. According to the World Bank, the percentage of Chilean adults with an account at a financial institution more than doubled in the last decade: from 42% in 2011 to 87% in 2021 (FIS, 2023).

4.2 Hong Kong, China

4.2.1 Description

The survey was answered by a total of 43 representatives of companies. The gender distribution shows that 51% of the respondents are men and 49% are women.

Regarding the positions held by respondents in the companies, 39% are administrators, 26% are general managers, while 16% hold the position of CEO, equivalent to the general manager. The remaining 19% indicated they own the companies. All surveyed individuals held decision-making positions within the companies.

In terms of company size, 12% of the surveyed companies are classified as micro-enterprises, 46% as small businesses, and 42% as medium-sized businesses. Regarding the structure of the companies, 47% are individual enterprises (consisting of a single person) and 37% are businesses formed through partnerships, while 16% reported being a family business.

Concerning the economies in which the surveyed companies operate, the vast majority, 95%, operate primarily in Hong Kong, China. Only 4% of the surveyed companies have operations in other locations such as China and Indonesia.

Regarding the profile of the surveyed companies based on their estimated annual earnings, a diverse distribution is observed. About two-thirds of the surveyed companies place their revenues below the threshold of three million eight hundred thousand dollars annually. Specifically, 26% of companies reported earnings less than USD600,000, while 12% earned annual profits in the range of USD600,001 to USD2,200,000. On the other hand, 30% of companies reported annual earnings between USD2,200,001 and USD3,800,000.

In the remaining third, the distribution was as follows: 7% of companies estimated annual

earnings between USD3,800,001 and USD5,200,000, while 9% reached earnings in the range of USD5,200,001 to USD6,600,000. Finally, 16% of the companies earned annual profits greater than USD6,600,001.

As we mentioned before, in Hong Kong, China, the Internet penetration rate is 93%, one of the highest in the world (U.S. Department of Commerce, 2022). This allows us to infer that, in this economy, access to the Internet for MSMEs is also high.

While recent information on this specific point is lacking, a study by Ipsos Business Consulting (2014) found, a decade ago, that 52% of MSMEs in this special administrative region of China showed high digital engagement; 19% had medium digital engagement, and 15% had low digital engagement. Only 14% showed no digital commitment.

In the context of that study, companies that show no digital engagement are those that do not conduct activities online or whose online activity is very limited. They might only use email. Low digital engagement implies basic online presence; for instance, having social media accounts or sending newsletters by email. Companies with medium digital engagement have their own websites, conduct online marketing campaigns, and use the Internet as one of their sales channels. Companies at the high level are active in e-commerce, run campaigns to gather online information from potential customers, and apply digital marketing tools like search engine marketing (SEM) and search engine optimization (SEO).

In the case of companies that reported having Internet access in our survey of MSMEs in Hong Kong, China, the main online activities are email exchange (78%) and information searching (70%). About half of the surveyed companies (49%) use the Internet for electronic banking operations and managing their social networks. In this survey question, 49% of those with an Internet connection said they use it to buy items and 51% to sell products and services. These numbers suggest that online commerce is a common practice for these businesses.

Table 4.4. *What activities are carried out via the internet?*

	%
Email usage	78%
Information search	70%
Social media management	54%
Sale of items	51%
Banking operations	49%
Purchase of items	49%

Table 4.5. What is the main reason for using the Internet?

	%
Generating efficiencies	68%
Developing and growing with the web	65%
Increasing sales	51%
Gaining experience in web-based commerce	49%
Having a presence on the web	43%
Otro	3%

68% of the surveyed companies in Hong Kong, China, mentioned that they use the Internet to generate efficiencies in their operations, representing the primary reason for utilizing this tool. Similarly, 65% of companies indicated that they use the Internet for growth and development. The third purpose for using the Internet mentioned by companies in Hong Kong, China is the desire to increase sales (51%).

Also, 49% of companies use the Internet with the aim of gaining more experience in e-commerce. Finally, 43% of surveyed companies use the Internet seeking to establish an online presence.

E-commerce plays a significant role in the sample companies. Of the surveyed companies that engage in e-commerce, nearly half (49%) sell online locally within Hong Kong, China. On the other hand, 19% make sales exclusively at the domestic level, catering only to the internal market of China. 24% conduct sales both domestically and internationally. Also, 5% have ventured exclusively into an international market, making sales over the Internet in foreign economies.

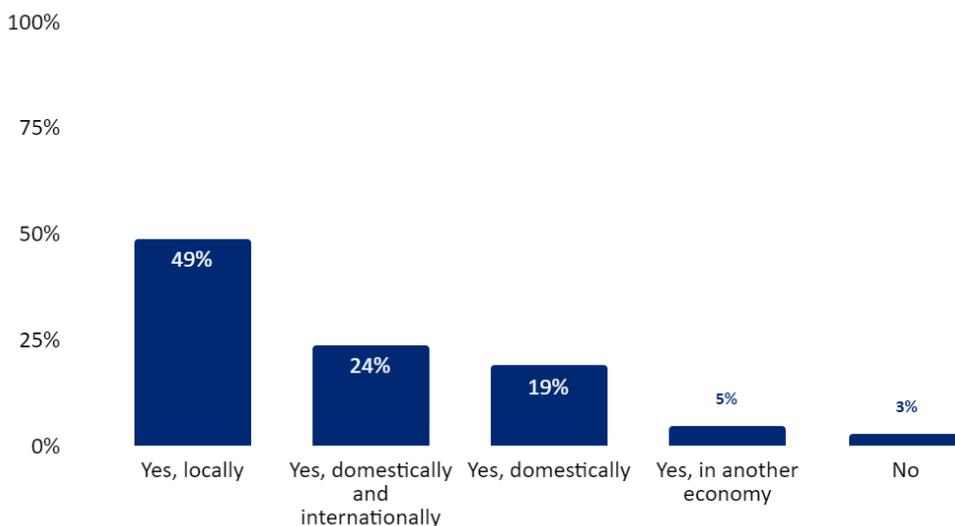


Figure 4.8 Geographical scope of online sales

Regarding the channels used for online sales, 56% use their website or e-commerce platforms as the primary means to reach customers and finalize transactions. Social networks are another important channel, also used by a similar number (56%) of companies for online sales and user interaction. Lastly, 39% opt for an on-site sales modality, where the transaction starts online, but the physical product delivery takes place in the company's physical store, offering a mixed experience to their customers.

Table 4.6. *Through which channels does the company you work for make its sales?*

	%
Own website	56%
Platforms/Marketplaces	56%
Social Media	56%
On-site	39%

According to the earnings reported by the surveyed companies, e-commerce would have had a positive impact. The most significant changes are observed in companies that perceive income between USD2,200,001 and USD3,800,000. These increased from 22% before using e-commerce to 33% after implementing it. At the same time, companies that perceive income below USD2,200,000 decreased from 53% to 42%. This could indicate the economic growth of companies in Hong Kong, China, favored by e-commerce. This trend could be related to the fact that the e-commerce market grows around 10% every year in Hong Kong, China (U.S. Department of Commerce, 2022).

Given the digital maturity of Hong Kong, China companies, the Covid-19 pandemic seems to have influenced the adoption of e-commerce less than in other economies. This is because 77% of respondents indicated that they were already conducting online sales before the health emergency began. For 60% of this group of companies, e-commerce represented 40% or less of sales. However, 77% of respondents perceive that the pandemic has impacted the use of e-commerce in their companies. Evidence of this impact might be the growth of HKTVMall.com, a marketplace with 5,500 online stores: as we reported earlier, the number of unique consumers on this platform jumped from 94,000 in 2015 to 1.29 million in 2021.

4.2.2 Limitations

While companies in Hong Kong, China show a good level of adoption and openness to e-commerce, there are still gaps to address in order to improve the use of digital tools to support online sales. Respondents assessed employees' technical skills on a scale of 1 to 5, highlighting their experience in various areas. Web page management was rated with an average score of 3.2, indicating a reasonable level of competency in this area. Likewise, the use of Microsoft Office tools scored slightly higher at 3.6, reflecting good proficiency in handling these productivity tools.

Regarding skills related to digital marketing, the management of digital marketing tools, such as Google Ads or Meta Ads, was rated with an average of 3.1. This suggests acceptable

competence in this area, although with room for improvement. On the other hand, experience in the use of management or accounting software received a rating of 3.3, suggesting a solid level of competence in this critical function for business management. Regarding the handling of online logistics and inventory, employees scored an average of 3.3, suggesting a reasonable level of competence in this area, but still with room for improvement and optimization of processes.

However, it is essential to mention that CRM management was rated with an average score of 2.9, indicating that skills in this area are not fully developed and may require additional attention and training.

It is encouraging to note that a high percentage, 72% of respondents, believe that their staff possesses relevant technical skills. This suggests that the majority of employees have an appropriate skill set to face technological challenges in the current business environment. However, 63% of the surveyed companies indicate they have difficulties hiring personnel with technical and innovation capabilities to implement digital projects.

Another important point to highlight is that 44% of companies report not having an inventory management and order tracking system, which is a basic tool for e-commerce development in businesses.

On the government support side, the picture is more encouraging than in other economies in the study, but there is still little participation in such initiatives. 72% of respondents report not having participated in any training and counseling program in e-commerce digital skills. The number is close when respondents are asked if they have received any tax incentive from their government for conducting online commerce: 70% indicate they have not received any so far.

Touching on the issue of cybersecurity, which is also an important aspect for e-commerce, 40% of respondents indicate that they have not invested in it. This number is much lower than that observed in other economies in the study but still speaks of pending improvements. Similarly, 44% believe that the government does not guarantee cybersecurity for businesses. This gap can still pose a risk to businesses and broader e-commerce development.

4.2.3 Opportunities

The outlook for e-commerce within companies in Hong Kong, China looks quite promising. 88% of the surveyed companies consider e-commerce to be a key tool to expand their market, reflecting a strong interest and acknowledgment of the potential this platform offers for business growth.

It's encouraging to see that a large percentage of businesses have already incorporated electronic systems into various areas of their operations. 79% of the companies in the sample have a system to store their customer information, while 60% have technological tools to manage their supplier data. Furthermore, 67% of the respondents have implemented some digital tool in their company, showing a clear trend towards the adoption of technological solutions to improve their efficiency and competitiveness.

Regarding the payment methods used, those that favor e-commerce are gaining ground. 74% of the surveyed companies accept bank transfers as a payment method, indicating growing confidence in online transactions. Similarly, 53% of the companies accept payments with credit

or debit cards, showing a growing acceptance of this form of electronic payment. Though to a lesser extent, 44% of companies have adopted payments via mobile devices, pointing to an adaptation to the preferences and conveniences of the digital consumer.

Table 4.7. Which of the following payment options does your company have?

	%
Bank transfer	74%
Cash	63%
Credit/debit card	53%
Mobile payment	44%
Point of sale	40%
Payment link	23%
Virtual payment gateway	12%

On this point, The Global Payments Reports 2023 highlights that credit cards dominate the payment market in Hong Kong, China, where they represented, in 2022, 41% of the value of e-commerce transactions. At the same time, digital wallets are gaining ground. These occupied the second place in preferences that year with a significant 31%, including brands such as AlipayHK, BoC Pay, PayMe, Tap & Go, and WeChat Pay HK. Following them on the list are account-to-account (A2A) payment services with 15% of the value of e-commerce transactions.

As for digital advertising, companies are also taking steps to promote their products and services online. 70% of those who responded in Hong Kong, China to the MSME survey acknowledge the importance of Search Engine Optimization (SEO) as a key strategy to increase their visibility in search engines. A similar number of companies (65%) actively use social media as a means of advertising, leveraging the wide audience and reach that these platforms offer. Additionally, 53% of companies implement mailing campaigns, indicating a growing adoption of digital marketing techniques.

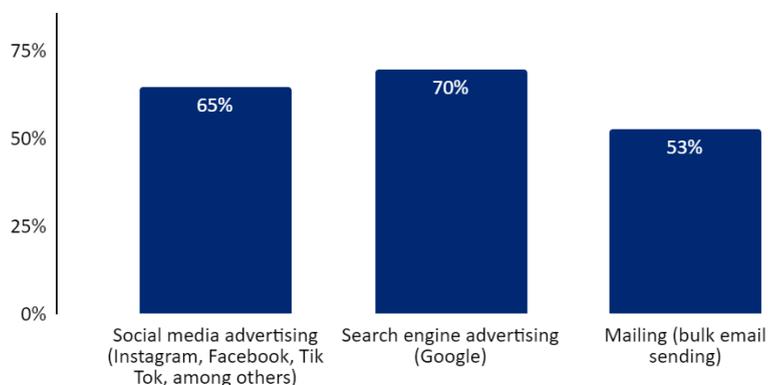


Figure 4.9 Digital marketing tools

4.3 Mexico

4.3.1 Description

In Mexico, 48 people responded to the MSE survey, and of those, 54% are women. 85% of those who participated in the study are business owners, while the rest serve as general managers or administrators of the company. In terms of company size, 65% are classified as micro-enterprises, 27% as small enterprises, and 8% as medium-sized enterprises. Among the study participants, the proportion of family businesses (40%) is nearly the same as individual businesses (35%). Only a quarter of the respondents correspond to businesses formed by partners.

In terms of geographic location, 75% of these businesses operate in the United States, in addition to Mexico. 25% work in other Latin American economies. 40% of the Mexican participants reported annual revenues below USD200,000. Those exceeding USD2,000,001 represent 17%.

According to the Federal Telecommunications Institute of Mexico (IFT), 79.9% of SMEs in this economy had fixed internet service in 2022. A year earlier, the percentage was 73.6% (IFT, 2023). In this research, representatives of SMEs with internet access mentioned that their main online activities are sending and receiving emails (88% of the sample), online banking operations (77%), and managing social networks (70%). Selling items online ranks second to last on the list, at 58%.

Table 4.8. What activities are carried out via the internet?

	%
Email usage	88%
Banking operations	77%
Social media management	70%
Information search	67%
Purchase of items	65%
Sale of items	58%
Others	7%

Nevertheless, increasing sales is by far the main reason for using the internet among the study participants. 81% of respondents mentioned it. The desire to generate efficiencies (60%) also stands out. 44% indicated that they sought to gain experience in e-commerce.

Table 4.9. What is the main reason for using the internet?

	%
Increasing sales	81%
Generating efficiencies	60%
Having a presence on the web	56%
Developing and growing with the web	47%
Gaining experience in web-based commerce	44%
Others	7%

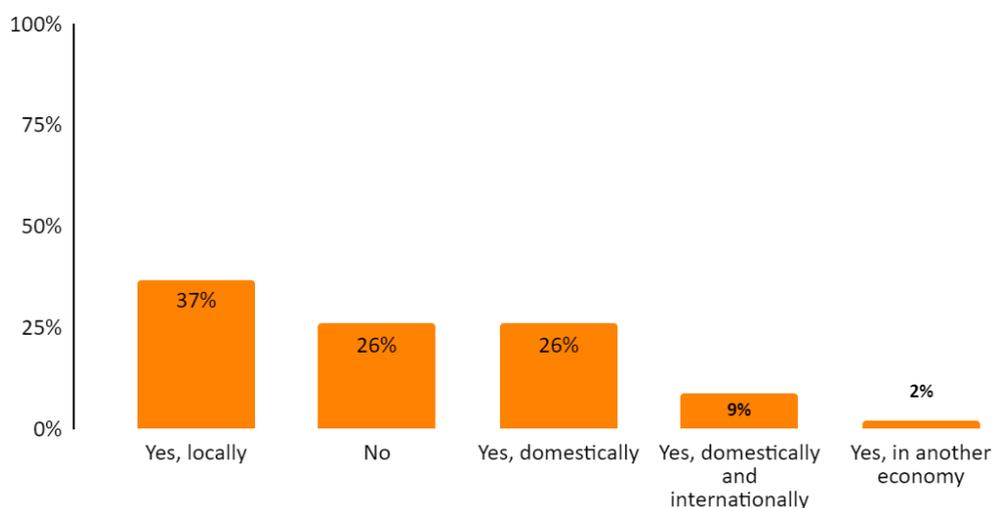


Figure 4.10 Geographical scope of online sales

The Federal Telecommunications Institute of Mexico has reported that the percentage of MSMEs selling products or services online through a fixed internet connection increased from 66.2% to 74.3% between 2021 and 2022 (IFT, 2023). In this study, those who claimed to sell online were mainly focused on local and domestic transactions.

In Mexico, where Amazon and Mercado Libre are present, half (49%) of those who sell online said they use e-commerce platforms, a proportion similar to those who use social media for this purpose (51%). 26% conduct in-person sales. It is worth noting that, according to the IFT (2023), the percentage of MSMEs with a website with a business domain and/or social media rose from 57% to 76.8% between 2021 and 2022.

Table 4.10. Through which channels does the company you work for make its sales?

	%
Social Media	51%
Platforms/Marketplaces	49%
Own website	28%
On-site	26%
Others	2%

The survey we conducted also indicates that the Covid-19 pandemic accelerated the adoption of e-commerce among MSMEs. 50% of those surveyed in Mexico said they were selling online before the health emergency. Of this group, only 6% conducted all their sales through this channel. Nearly 23% obtained between 20% and 30% of their income through digital channels. With the pandemic, the proportion of companies declaring e-commerce sales increased by 24 percentage points. Likewise, 54% of the respondents perceive that the Covid-19 pandemic impacted the use of e-commerce in their company.

Respondents who engage in e-commerce perceive that this sales modality has contributed to increasing their revenues. Those claiming to sell more than two million US dollars increased from 13% to 16%, and those reporting annual incomes in the range of USD800,001 to USD1,100,100 rose from 3% to 16%. There is also an increase in the range of USD200,001 to USD500,000: this went up from 9% to 13%. Conversely, those selling less than USD200,000 decreased from 47% to 41% after implementing e-commerce.

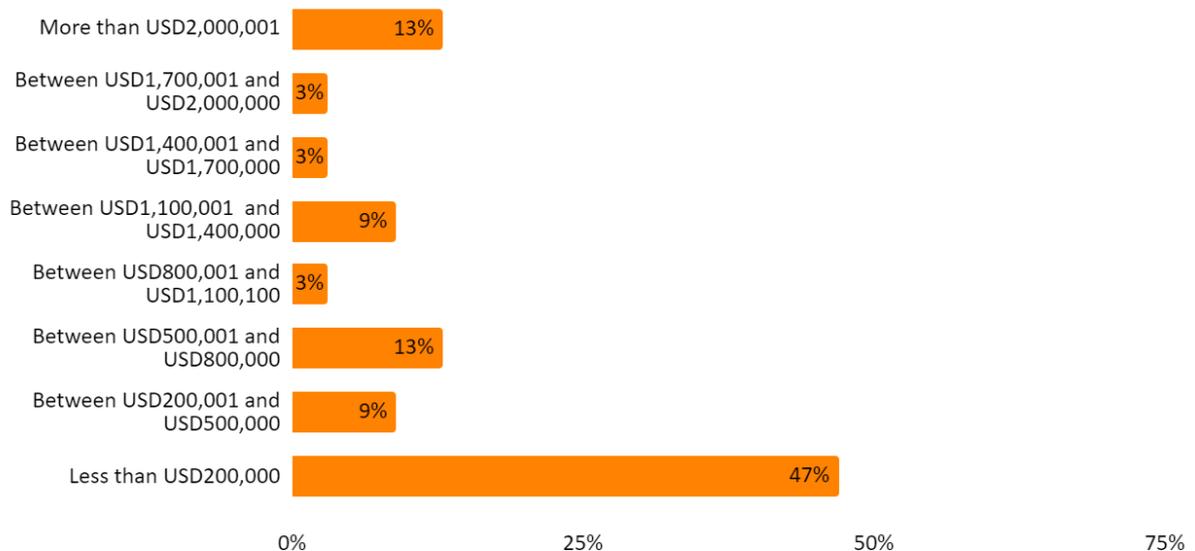


Figure 4.11 Average annual sales before using e-commerce

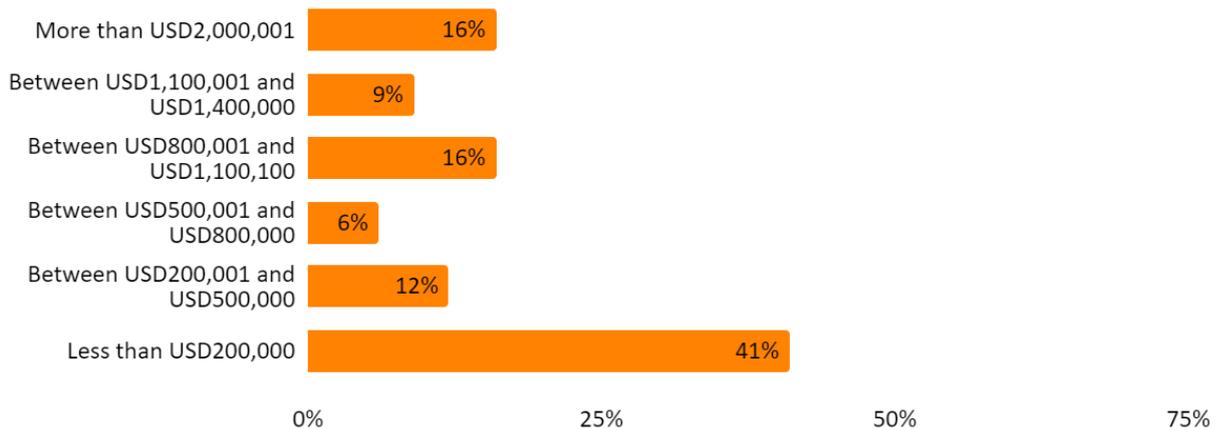


Figure 4.12 Average annual sales after using e-commerce

In Mexico, the outlook allows for optimism post-pandemic. While 33% of the respondents believe that sales have decreased since the end of the health emergency, 40% think they have increased. 27% believe they have remained the same.

4.3.2 Limitations

The top three reasons mentioned by those who do not sell online in Mexico are related to the type of company's offering: the industry does not apply (67%), it requires a personal touch (50%), and the service is highly personalized (45%). Additionally, 22% said that the business is conducted in-person. These responses may conceal certain biases regarding the possibilities and limitations of e-commerce. It is also evident that there is a perception that implementing e-commerce is very complicated (27%), revealing the need to develop technical capabilities.

In this context, it is significant that more than half of the Mexican respondents expressed the intention to start selling online in the coming months.

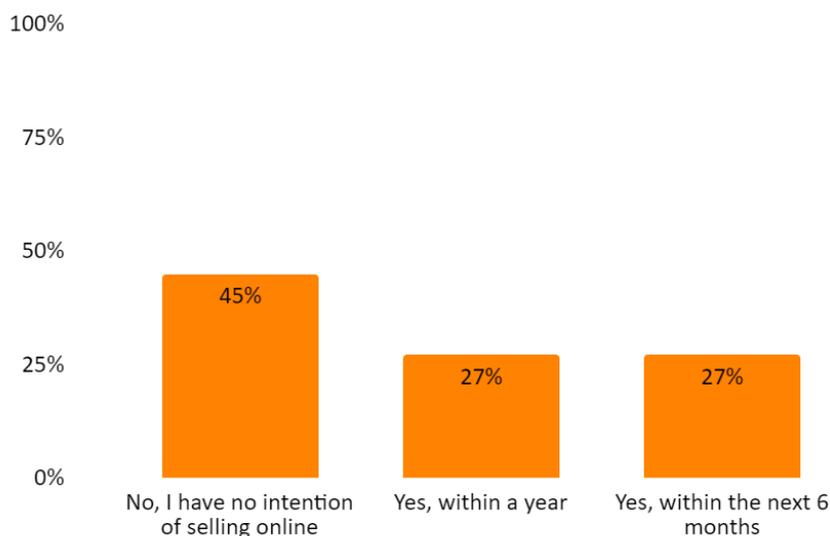


Figure 4.13 Would you be willing to make sales online?

There are also limitations related to technical capabilities within the companies included in the

study. When assessing the use of technological tools on a scale of 1 to 5, the respondents rated their experience with CRM at 2.3 and their proficiency in digital marketing tools at 2.5. Furthermore, they assigned 2.9 points to the use of administrative and accounting software, as well as to the creation and management of websites. The experience in handling tools for inventory management and online logistics obtained 3 points. Once again, the highest rating corresponded to the use of Microsoft Office with 3.8.

As observed, employee training in this field remains a pending task. However, 77% have not encountered difficulties in hiring employees with technical and innovation capabilities to implement digital projects.

Digital gaps are also reflected in the technological resources available to SMEs in Mexico. 46% lack a system to store customer information, and 52% lack one for supplier information. 73% have not implemented any digital tools (software, solution, or platform). Likewise, 67% operate without an inventory management and order tracking system. On this point, one of the participants in the developed focus group mentioned this challenge in an economy like Mexico: how to sustain, in a profitable way, the high level of e-commerce penetration they currently have, knowing that digital sales exceed 10% of total sales to the final consumer (Focus Group Participant).

If we examine the available payment channels, we can observe further limitations. Less than half of the sample accepts credit or debit cards; fewer than a third receive mobile payments; only 15% use virtual payment gateways or payment links.

Tabla 4.11. *Payment options in the company*

	%
Bank transfer	83%
Cash	81%
Credit/debit card	46%
Mobile payment	29%
Point of sale	25%
Virtual payment gateway	15%
Payment link	15%

Regarding this, The Global Payments Report 2023 acknowledges that cash payments continue to play a significant role in Mexican e-commerce, being the leading payment method at points of sale. However, it states that credit and debit cards drive the growth of e-commerce in Mexico. Together, they represent 55% of the value of transactions through the digital channel in 2022. The report also highlights the role of digital wallets like PayPal, Mercado Pago, Mercado Pago, and Apple Pay, with a 27% share.

Furthermore, Mexican MSMEs are ill-equipped to face digital risks. In this study, 90% of the Mexican sample admits to not having invested in cybersecurity. 81% believe that their government does not guarantee the cybersecurity of companies implementing digital technologies.

According to the respondents, the capabilities of customers still pose a challenge for e-commerce. The sample rated the ability of customers to purchase through electronic platforms at 3.5 points on a scale of 1 to 5.

In parallel, the respondents see the need to progress in access and the participation of women in the development of digital skills, rating the achievement in this area at 3.3 out of 5.

4.3.3 Opportunities

In the face of all these limitations, there remains a strong belief in the advantages offered by e-commerce. 85% of the surveyed Mexicans believe that this activity helps or could help them expand their market.

According to 50% of the respondents, there are programs or actions in this economy to promote digital innovation and e-commerce. However, 27% deny the existence of such initiatives, while another 23% are not informed about them. If half of the sample is unaware of such initiatives, it's not surprising that only 21% believe that their government supports and encourages the development of e-commerce. This indicates the importance of improving the communication of these measures so that more companies can benefit from them.

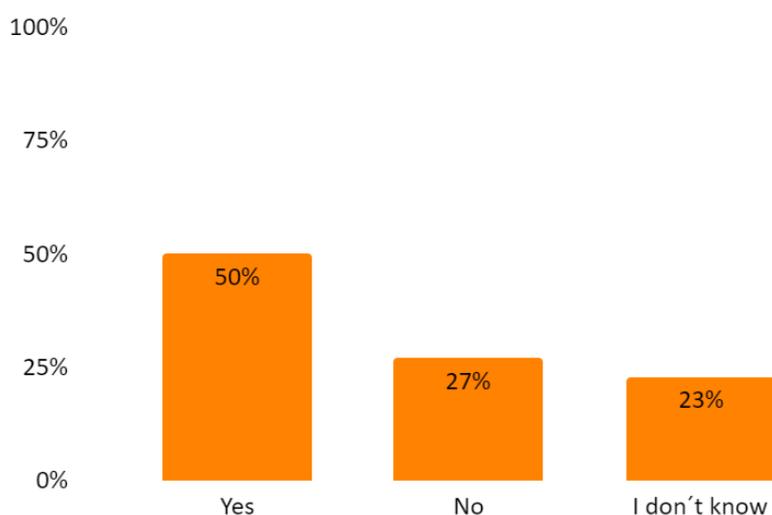


Figure 4.14 Do you think there are actions and/or programs that promote digital innovation and e-commerce in your economy?

In Mexico, initiatives have been launched that use technology to streamline procedures with public administration. This can facilitate formalization and provide better conditions for the incorporation of digital solutions into business models. The representative from Mexico interviewed for this research highlighted these types of initiatives. He works at a public

innovation agency affiliated with the local government in Mexico City. This agency created a web portal through which companies can carry out their procedures before the city hall, saving time and money and avoiding the risk of corruption that persists in face-to-face interactions.

4.4 Peru

4.4.1 Description

The MSME survey in Peru was answered by 42 people, 71% of whom were men. Three out of four surveyed individuals hold the position of general manager (equivalent to Chief Executive Officer), and the rest lead the operations area.

Regarding the characteristics of the sample by business size, 40% fall into the small business category, 31% are classified as a microenterprise, and 29% as a medium-sized business. Also, 55% of the companies included in the study are owned by a partnership, while 29% have a single owner. The remaining 17% corresponds to family businesses. These figures do not reflect the distribution of all Peruvian MSMEs; they only indicate the composition of the sample. It should be noted that, according to data from the Ministry of Production of Peru (2022), microenterprises constitute 95.6% of all formal companies in this economy; small businesses account for 3.8%, and medium-sized businesses represent only 0.1%.

In Peru, there is no clarity about the percentage of MSMEs that have network access. Based on the Household Survey 2022 in Peru by the INEI, a union report estimates that only 5.9% of MSMEs with a location have Internet access, but adds that 67.2% of microentrepreneurs have a mobile phone (ComexPeru, 2022). These figures differ significantly from those provided in June 2021 by a state minister. He reported that approximately 95% of Peruvian MSMEs connect to the Internet, although only 21% use the network to promote their products and services (Ministry of Production of Peru, 2021).

For those who answered our survey and claimed that their businesses have Internet access, the desire to maintain a presence on the web is the primary motivation for connecting (86%). Other significant reasons include the intention to increase sales and generate efficiencies—i.e., reduce costs and times—both with 74% of the sample. Regardless, the main activities they performed online were using email and searching for information (both represented 93% of the sample).

Table 4.12. *What is the main reason for using the Internet?*

	%
Having a presence on the web	86%
Increasing sales	74%
Generating efficiencies	74%
Developing and growing with the web	52%
Gaining experience in web-based commerce	24%
Others	2%

According to the Ministry of Production (2022), 8% of MSMEs in Peru sell online. The figures, taken from a 2019 survey, are practically the same when comparing microenterprises, small enterprises, and medium-sized enterprises. In the case of those surveyed for this study, most of those who claimed to sell online did so within the domestic territory. Only 10% of the sample exported products or services through e-commerce.

For those respondents who ventured into e-commerce, the main channel used is "in-store" sales, accounting for 36%. This may imply that the transaction starts online, but the product is delivered at a company store. Other significant channels include social networks and company-owned websites (both at 33%). Marketplaces or e-commerce platforms are not heavily utilized by Peruvian companies, as only 21% use them for their online sales.

Table 4.13. *Through which channels does the company you work for make its sales?*

	%
In-Person	36%
Own website	33%
Social media	33%
Platforms/marketplaces	21%
Others	2%

Respondents perceive that e-commerce has helped increase their income. Before starting to sell online, 69% of those who responded earned less than USD150,000 annually, the lowest level of all. After incorporating e-commerce, the percentage of those reaching just that sales level dropped to 20%. In parallel, those who sell over USD1,500,000 each year increased significantly from 6% to a remarkable 60%.

The Covid-19 pandemic encouraged Peruvian MSMEs to embrace e-commerce. The Ministry of Production (2022) has stated that the pandemic accelerated the ongoing digital transformation process. The survey conducted for this study highlighted this same trend. Before the pandemic, only 26% of the sample sold online, although for most of this group, online sales accounted for at least 80% of their annual income. With the pandemic, the proportion of companies using e-commerce increased by 22 percentage points.

In the interview conducted for this study, the Peruvian representative raised the same observation. He mentioned that "the opportunity of the pandemic made many people digitize. Digitize in what terms? [...] e-commerce, digitization of processes, outsourcing of services precisely through digitization, platforms, and more" (Peruvian Economy Representative). However, it is worth noting that 48% of those surveyed in Peru believe that the pandemic did not impact how they use e-commerce.

After the end of the health emergency, 79% stated that their income either remained the same or increased.

4.4.2 Limitations

Next, we will examine the reasons why most companies still do not resort to e-commerce. The main reasons are the notion that the business sector does not require it (45%) and that the service offered is personalized, making digital sales unviable (41%). These results suggest skepticism regarding the positive impact that e-commerce could have on their business models and the lack of alignment with these business models, as commented by the representative of the Peruvian economy: "Digitization is not uniform and consistent for everyone. It depends on conveniences, cost, benefit, and there are some that are not interested in digitizing. For example, a neighborhood bakery knows that it will sell a thousand loaves every day and that is enough for them, more than enough; it is their equilibrium point. Let's put it this way, thanks to that equilibrium point, knowing that they have a captive, fixed, permanent, stable demand..." (Peruvian Economy Representative).

Of the companies that do not sell online, 59% do not intend to do so in the future. Only 14% of them are looking to implement e-commerce within less than 6 months, while the remaining 27% have set a timeframe of one year to develop online sales.

In this regard, a representative of the Peruvian government interviewed as part of this research estimated that only 1% of the companies in this economy are interested in digital platforms. Therefore, he argued, the first task of the Economy is to incentivize, encourage, facilitate, and train (Peruvian Economy Representative).

The slow adoption of e-commerce by Peruvian companies may be related to their employees' ability to handle technological tools. Respondents evaluated employees' proficiency in using these tools on a scale of 1 to 5. Inventory and logistics management online, and the use of Customer Relationship Management (CRM) software were reported as the least developed skills with an average of 2.4 and 2.5, respectively. Following these are website creation and management, rated at 2.6.

The use of digital marketing tools like Google Ads or Meta Ads scored slightly better (2.9). Respondents rated experience with digital tools for company administration or accounting at 3.2. The use of Microsoft Office tools is more common among employees of the surveyed companies, with an average score of 3.9. Additionally, 62% of respondents believe their staff lacks any other relevant technical skills.

On the other hand, only 33% of the surveyed companies state that they have an inventory management and order tracking system, despite 48% reporting online sales. This shows a gap in the adoption of tools and methods that enable proper e-commerce management.

The need for MSMEs to develop technological skills was also highlighted by the Digital Gaps Survey 2022, conducted by the University of the Pacific, which measured the level of digital maturity in a sample of 150 companies from urban areas throughout Peru (Ministry of Production of Peru, 2022). Digital maturity refers to the state of digital transformation of a company. According to the survey, the digital maturity index tends to increase with the size of the business. The index is 48% for microenterprises but rises to 59% for medium-sized enterprises.

Returning to our study, another factor that could be a limitation for e-commerce is the little support mentioned by the surveyed companies from the Peruvian government. When asked to evaluate the government's support in promoting and developing e-commerce for companies, on

a scale from 1 to 5, the average response was 2.2, at the lower end of the scale. This is consistent with the data obtained from this survey, indicating that 3 out of 4 surveyed companies believe that the Peruvian government does not support or promote e-commerce in Peru. The perception of cybersecurity guaranteed by the Economy is even more negative. 95% of respondents believe that the Peruvian state does not guarantee it.

In response to this, it should be noted that the Peruvian government has a digital transformation secretariat that seeks to develop skills in this field in the population and provides support for efforts to promote e-commerce, according to the Peruvian representative interviewed for this study. Additionally, there is a directive dating back to 2022 that guides the actions of the Peruvian state in this area. These actions include training based on the digital maturity level of different companies (Peruvian Economy Representative). Furthermore, strategies have been activated that promote the digitalization of MSMEs, such as Ruta Digital, which links companies with digital service centers, developing capacities at both the employee and company levels, among other initiatives (Peruvian Economy Representative).

However, 93% of the respondents state that they have not yet participated in any digital tool training or advisory programs promoted by the government. In addition, none of the surveyed companies have received a tax incentive for the development of e-commerce solutions. 88% report that they have not provided any digital tool training to their employees

4.4.3 Opportunities

Despite these limitations, the outlook is promising for e-commerce in Peru. This is because four out of five respondents believe that e-commerce helps or could help expand their market. This possibility is partially supported by the fact that a significant portion of companies already use electronic systems in various aspects of their operations, including customer management, payment reception, and marketing.

62% of the sample has a system to store customer information, and 52% have a technological tool to store information about their suppliers. Additionally, 57% of respondents state that they have implemented a digital tool in their company at some point.

Almost all surveyed companies (93%) use bank transfers to receive payments from customers. Credit or debit cards are the second most accepted payment method (55%). 53% of the SMEs in the sample receive cash, while 45% use virtual payment gateways. Other electronic means such as payments through applications (19%) or payment links (17%) are not yet as common among the surveyed businesses.

Table 4.14. *Payment options in the company*

	%
Transfers	93%
Credit/debit card	55%
Cash	52%
Virtual payment	45%
Mobile payments	19%
Sales point	19%
Link payment	17%

It should be noted that The Global Payments Report 2023 by FIS also finds that cash payment upon delivery still persists in e-commerce in Peru. This represents 10% of the transaction value in 2022. However, according to this source, the preferred payment methods for online purchases are credit and debit cards (32% and 20% respectively). They are followed in importance by account-to-account (A2A) payment services like Yape and Plin, operated by private banks and used through mobile apps. These account for 17% of the transaction value and are experiencing strong growth (FIS, 2022).

Additionally, in our survey of MSMEs, 76% of the participants indicate that they use some social network to advertise their products and services. The figure is lower for search engine optimization (SEO) marketing, at 31%. However, the data indicates that companies have already adopted some digital tools. What is needed is to consolidate their technical capabilities for e-commerce.

Table 4.15. *Digital marketing tools in the company*

	%
Social media advertising	76%
Search engine advertising	31%
Others	29%
Mailing	21%

4.5 Singapore

4.5.1 Description

The sample of the MSME survey in Singapore consists of 46 individuals, distributed evenly between women and men (48% and 52% respectively). The majority of those who responded to the survey hold the position of general manager (41%). 47% hold other responsible positions such as operations manager or administrator. The remaining percentage corresponds to business owners.

Regarding the characteristics of the companies included in this survey, only 11% are family businesses, in contrast to what is observed in Latin American economies, where this type of company is more common. 35% of the sample corresponds to single-owner companies. The majority (54%) come from companies with multiple partners.

Small businesses (17%) and micro-enterprises (22%) are in the minority in the Singapore sample. The majority are concentrated in businesses that qualify as medium-sized (61%). As such, they handle larger amounts of money than those from other economies included in the study. 91% of the companies focus on Singapore. Only a very small portion also have a presence in other economies such as India; Japan; Thailand; and the United States (2% each).

The exact proportion of MSMEs in Singapore that have internet connectivity is unknown. However, according to Statista data from July 2022, the internet access ratio there rises to 92%, which represents one of the highest values in Southeast Asia (Statista, 2023). In the case of Singaporean companies that participated in the current research and have internet access, the main online activities are email exchange (84% of the sample) and information search (82%). Close to half of those with internet access mention online sales among these activities.

Table 4.16. *What activities are carried out via the internet?*

	%
Email usage	84%
Information search	82%
Banking operations	77%
Social media management	57%
Purchase of items	52%
Sale of items	48%

These activities are motivated, firstly, by the desire to increase sales (68%) and, secondly, by the search for efficiencies (61%). About half of those who use the Internet in their businesses indicate the intention to gain experience in e-commerce.

Table 4.17. What are the main reasons for using the Internet?

	%
Increasing sales	68%
Generating efficiencies	61%
Developing and growing with the web	59%
Gaining experience in web-based commerce	48%
Having a presence on the web	39%
Others	2%

A study developed by the consulting firm Access Partnership on behalf of Amazon estimated that MSMEs contribute 45% of the revenues obtained from exports by Singapore companies in B2C e-commerce (Access Partnership, 2023a). The study, which surveyed more than 300 MSMEs from this economy, estimates that this participation could rise to 69% by 2027 if these companies accelerate the pace at which they adopt e-commerce for export.

In our own research, 55% of the sample exports products or services through e-commerce.

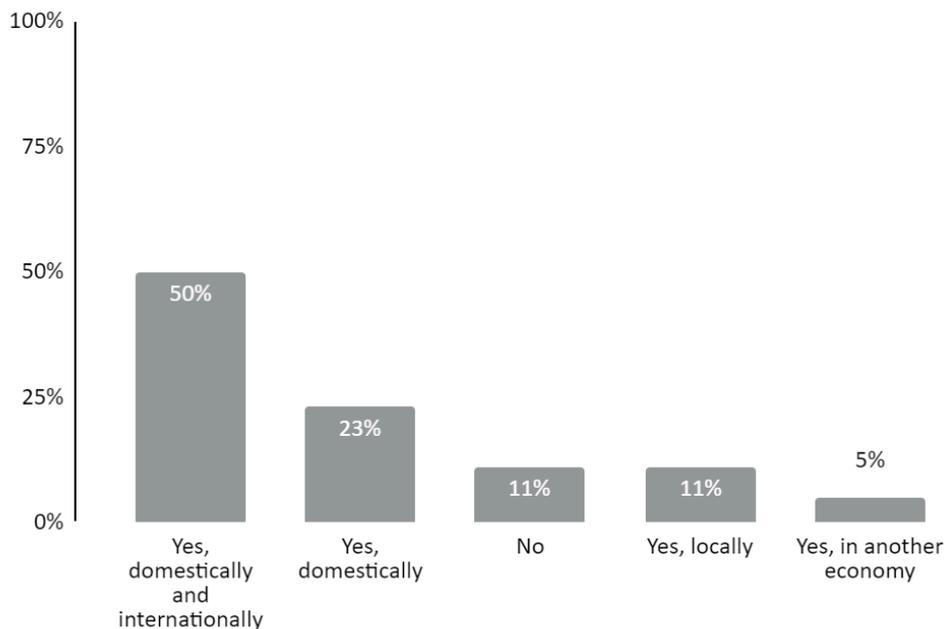


Figure 4.15 Geographical scope of online sales

Another point where Singapore stands out is the fact that the main channel for respondents who sell online is their own websites (74%). It is also significant that 56% of the sample uses

e-commerce platforms or marketplaces. Let's remember that here, important Southeast Asian platforms such as Lazada operate.

Table 4.18. *Through which channels does the company you work for make its sales?*

	%
Own website	74%
Platforms/Marketplaces	56%
Social Media	49%
On-site	36%
Others	3%

Once again, it is clear that respondents perceive that e-commerce has grown their companies' revenues. When comparing annual sales ranges, it is observed that the group with the lowest income in the sample (less than USD1,200,000) decreased from 12% to 5% after starting to sell online. On the contrary, there was an increase in higher ranges. For example, the range between USD4,000,001 and USD6,000,000 increased from 13% to 21%; and the highest income group - those exceeding USD10,000,001 - rose from 8% to 13%.

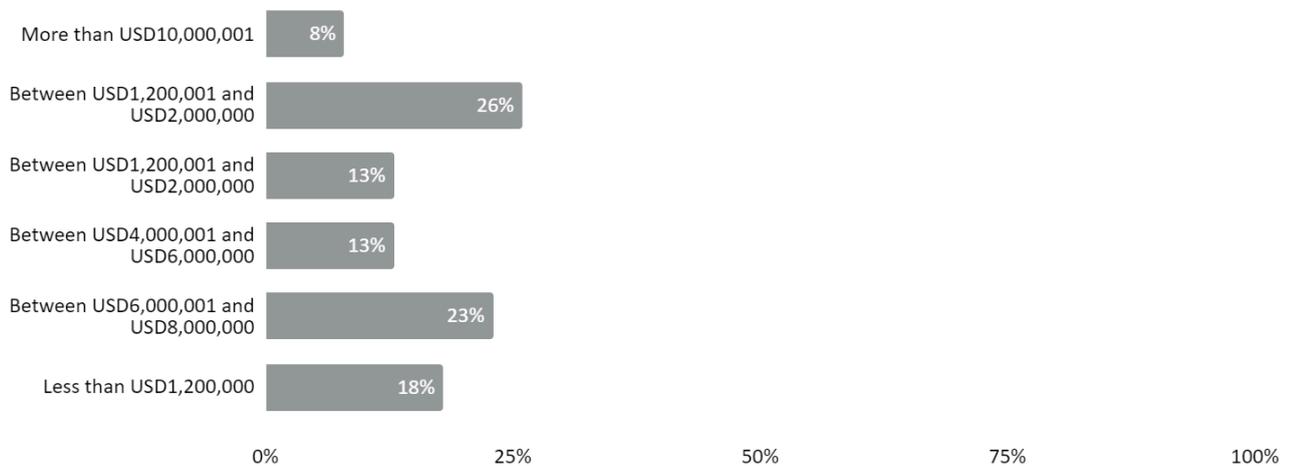


Figure 4.16 *Average annual sales before using e-commerce*

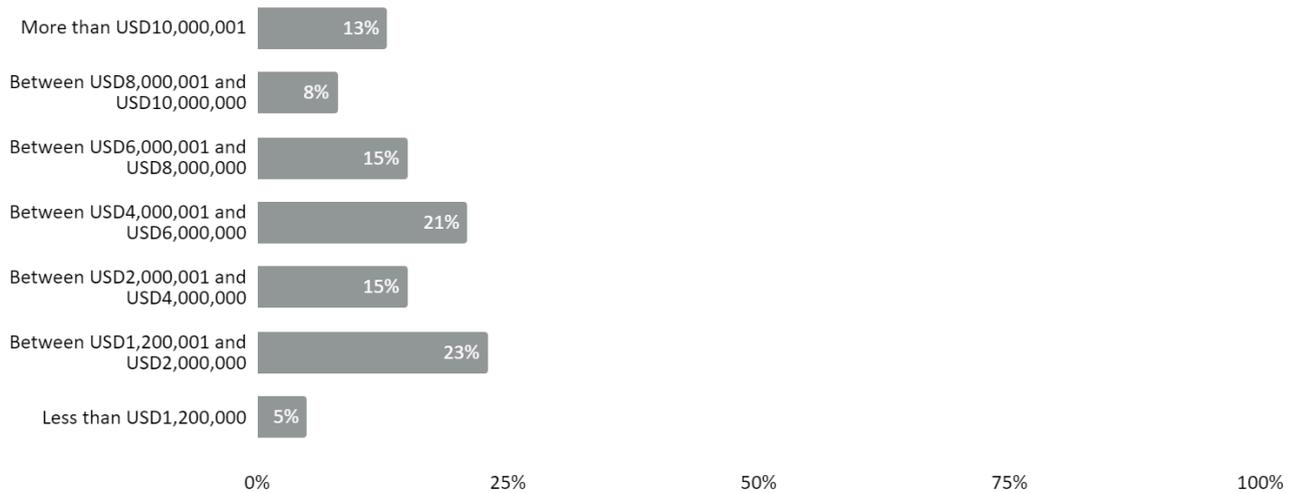


Figure 4.17 Average annual sales after using e-commerce

Once again, it is clear that respondents perceive that e-commerce has grown their companies' revenues. When comparing annual sales ranges, it is observed that the group with the lowest income in the sample (less than USD1,200,000) decreased from 12% to 5% after starting to sell online. On the contrary, there was an increase in higher ranges. For example, the range between USD4,000,001 and USD6,000,000 increased from 13% to 21%; and the highest income group - those exceeding USD10,000,001 - rose from 8% to 13%.

4.5.2 Limitations

In the present study, the main reason expressed by Singaporean companies that do not sell online differs from the motives mentioned in other economies: the need to learn, mentioned by 67% of respondents. Other significant reasons include a lack of budget and security concerns, both at 33%.

Unlike what is found in other economies—for example, in Latin American economies—only 20% hide behind the idea that e-commerce is not applicable to their business, which is particularly significant considering that 89% of the companies in the sample said they sell online.

Given that the main barrier mentioned is the need to learn, it is understandable that 60% of those who still do not sell online plan to do so within a year. However, the rest have no intention of engaging in e-commerce ever.

A hint of the learning gaps perceived by respondents is how they rate their staff regarding their experience in handling certain technological tools. On a scale of 1 to 5, with 5 being the highest level of competence, they assigned average scores ranging between 3.2 and 3.6 in most cases.

The exception refers to the mastery of Microsoft Office, which scored 4.1. Besides this, the highest values correspond to the creation and management of websites and experience with administrative or accounting programs. The lowest is for the use of CRM systems.

It is striking that 50% of respondents in Singapore claim to have had difficulties hiring staff with technical and innovation skills to implement digital projects.

It should be noted that in the Access Partnership (2023a) study on cross-border e-commerce in Singapore, MSMEs also highlighted their need to learn. This study identified costs and regulatory barriers as the most common obstacles to exporting through e-commerce. However, it also included among the factors that hinder this activity the lack of capacity in handling digital platforms and solutions and the lack of knowledge about business models, logistical issues, and the regulatory framework involved in cross-border e-commerce.

Returning to our research, security was also mentioned among the reasons for not making online sales. However, it should be specified that 80% of the companies in the sample have invested in cybersecurity, which speaks to how well-prepared they tend to be for e-commerce challenges.

Where improvement opportunities are also observed is in the gender perspective. Respondents rated the level of access and participation of women in digital skills development actions with a 3.9 out of 5.

4.5.3 Opportunities

The responses from this survey highlight several opportunities in Singapore. The first one is a clearly positive perception of the benefits of e-commerce. 93% of the respondents believe that selling online helps or could help them expand their market. This is reinforced by what was mentioned in the interview: "[...] Digital solutions have also allowed businesses to offer new products and services, access new markets even without a physical presence, or plug into cross-border data and information flows to gain new insights and ideas" (Singapore Economic Representative).

The second opportunity lies in the existence of a favorable environment with the appropriate skills to make this business model viable. The average score given by the respondents, when evaluating the ability of customers to manage their online purchases, was 4.1 out of 5, a high rating.

Thirdly, companies demonstrate a high level of digitalization. 83% of the respondents state that they have implemented some digital tools in their companies. This corresponds with Infocomm Media Development Authority's Singapore Digital Economy Report 2023, where the technology adoption rate of firms adopting at least one digital technology grew from 74% in 2018 to 94% in 2022.

Digitalization is also evident in the payment methods. The most commonly used are credit and debit cards (80% of the sample), bank transfers (78%), and mobile payments (61%). These figures contrast with the 52% that accept cash payments in this economy.

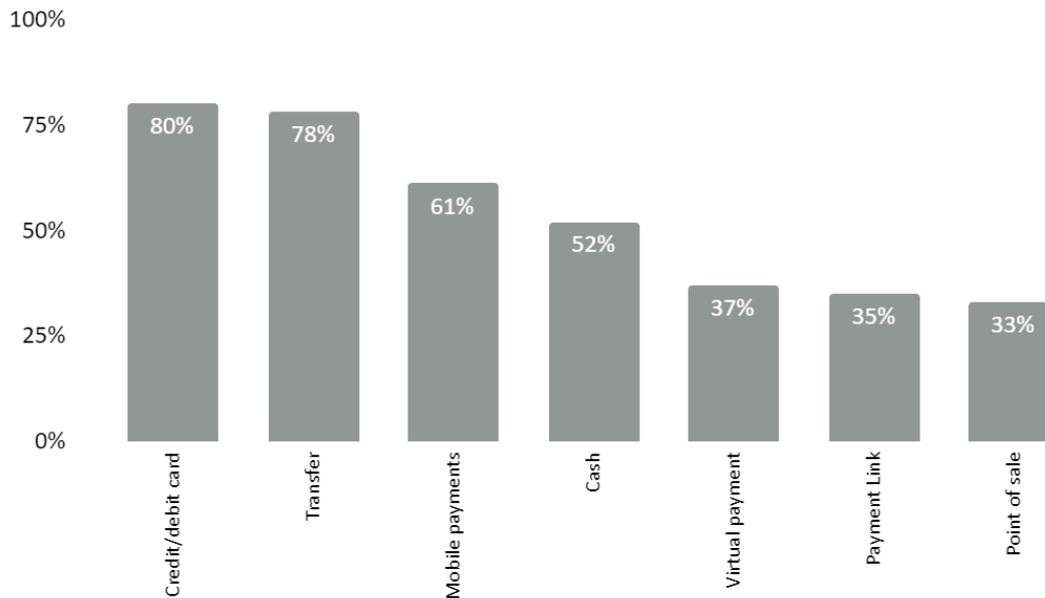


Figure 4.18 Payment options in the company

The FIS report (2023), mentioned earlier in this document, confirms the importance of credit and debit cards as a means of payment in Singapore. According to The Global Payments Report 2023, they together account for 53% of the value of e-commerce transactions in 2022 in this economy. Digital wallets like Apple Pay, Google Wallet, and PayPal account for 33% of the transaction value.

Finally, MSMEs in Singapore have initiatives to support digital innovation and e-commerce at their disposal. In our research, 87% of the sample believes that such actions exist in their economy, while 11% do not know, and the rest believe they do not exist. Similarly, 91% believe that their government promotes e-commerce. Respondents rate the level of support provided by the government at 4 out of 5. Moreover, 80% believe that the government ensures the cybersecurity of companies adopting digital technologies.

These findings align with what was explained by the representative from Singapore interviewed for this research. He is an official from Enterprise Singapore (EnterpriseSG), the governmental agency that provides comprehensive assistance to businesses at different stages of growth. EnterpriseSG also aims to establish Singapore as a hub for global trade and startups.

Under the SMEs Go Digital program, there is also the “Chief Technology Officer-as-a-Service (CTO-as-a-Service)” platform where SMEs can self-assess their digital readiness, identify their digitization gaps, receive recommendations about the solutions they can adopt and facilities to access grants based on their business profile and needs.

Another initiative is Grow Digital, launched in 2020, which helps SMEs expand globally. Grow Digital connects companies with Business-to-Business (B2B) and Business-to-Consumer (B2C) e-commerce platforms. This particularly benefits micro, small, and medium enterprises that want to expand and sell their products and services in international markets through electronic channels.

4.6 Chinese Taipei

4.6.1 Description

In the case of Chinese Taipei, the sample for the MSME survey consists of 42 individuals, of which 74% are men. Regarding their positions in the company, 48% hold administrative roles, and 29% hold positions as operations directors. Only 10% own the business.

In terms of company size, 59% of the companies of Chinese Taipei included in this study are classified as medium-sized. 31% fall under the category of small businesses, and micro-enterprises are a clear minority at 10%. In half of the cases, the companies in the sample were established by partners. The rest are divided between family businesses (26%) and sole proprietorships (24%).

Regarding their revenues, 33% of the surveyed companies have annual sales of USD1,500,000 or less, while 31% rank at the top with over USD5,000,001. 17% of the sample generates between USD2,500,001 and USD3,500,000 in revenue.

There is no official information available on the percentage of local MSMEs with internet access; however, as mentioned earlier in this report, 84,67% of the population over 18 years old is connected to the internet in this economy (TWNIC, 2023). According to this research, among those who do connect to the internet, the main online activity is sending and receiving emails (83% of the sample), similar to other economies selected for this research. It is followed by electronic banking operations (80%), information searching, and social media management (both at 69%). 66% included online sales among their most frequent activities.

Table 4.19. *What activities are carried out via the internet?*

	%
Email usage	83%
Banking operations	80%
Social media management	69%
Information search	69%
Purchase of items	66%
Sale of items	66%

Local companies turn to the internet primarily to achieve efficiencies (89% of the sample), a less

relevant reason for other economies analyzed. Moreover, 69% of the companies accessing the internet aim to develop and grow hand in hand with the web, as well as gain experience in e-commerce. It's noteworthy that only 57% mentioned increasing their sales, the main motivation for online activity in other economies.

A study by Access Partnership (2023b) states that Chinese Taipei's, MSMEs contributed only 35% of e-commerce export revenues in a B2C model in 2022. Despite this, a survey of 300 MSMEs in this economy conducted by Access Partnership found that 71% believe that without e-commerce, they would be unable to export.

In the case of this research, 43% of the sample exports products or services through e-commerce. 9% sell through the internet in another economy.

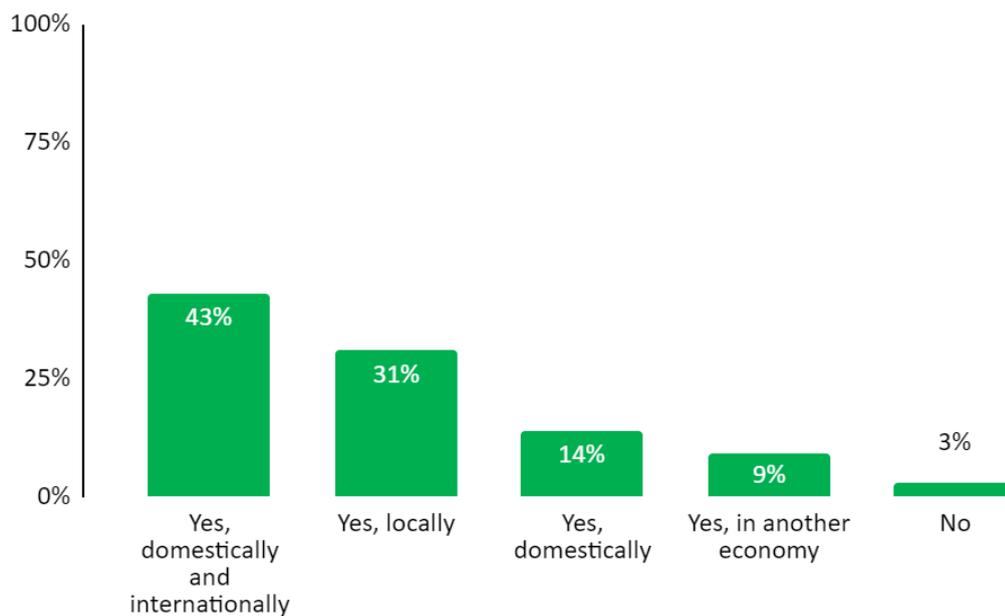


Figure 4.19 Geographical scope of online sales

According to our survey of MSMEs, the most commonly used channels for e-commerce in are electronic platforms or marketplaces, with 74% of the sample, and social networks, with 62%. Half of the respondents who sell online use their own websites. It's worth noting that, as discussed in the interview with the representative from Chinese Taipei, companies are aware that e-commerce is dominated by major platforms, such as Shopee, PCHome, and Momo, in the case of the book industry, and they turn to them to boost their sales. However, MSMEs are developing their own ways to fight the dependence on these platforms by creating their own platforms or new mechanisms to generate sales online.

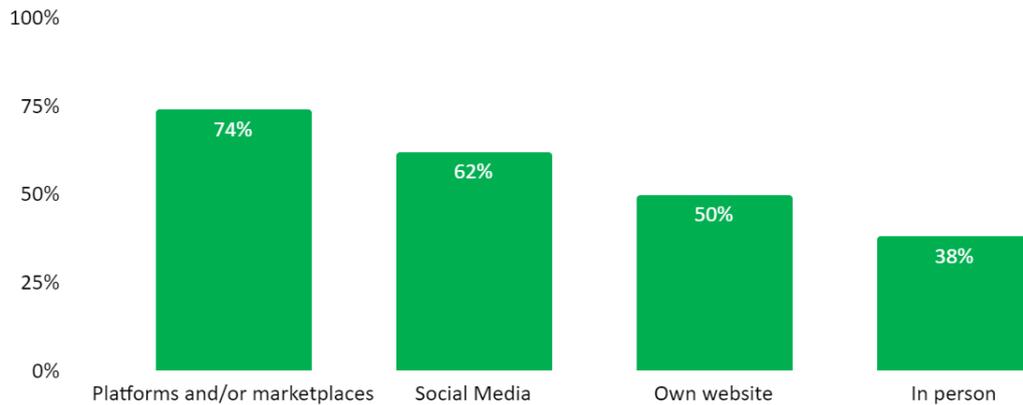


Figure 4.20 Through which channels does the company you work for make its sales?

Increases in revenue were also perceived in local companies after implementing e-commerce, although we must acknowledge that the variations seem less significant than in other economies. Companies with higher sales (over USD5,000,001 annually) remain at 24%. An increase is observed in the range of USD3,500,001 to USD4,500,000, which rose from 12% to 15%, and in the following group (from USD4,500,001 to USD5,000,000), which increased from 2% to 6%. Additionally, companies with revenues between USD500,001 and USD1,500,000 increased from 17% to 23%. Meanwhile, companies at the bottom, with revenues of less than USD500,000, decreased by half (from 12% to 6%).

Once again, the Covid-19 pandemic played a significant role in accelerating the adoption of e-commerce. Before the health emergency, 79% of the companies in the sample were already selling online, and 32% of them obtained more than half of their income through this channel. Although many were already selling online, they were not as numerous as they are now. 67% of the respondents state that the pandemic impacted the use of e-commerce in their company.

4.6.2 Limitations

Out of the 35 companies in the sample with internet access, only 1 (3%) is not currently involved in e-commerce. Unfortunately, their representative did not provide the reasons for not selling online. However, they did mention their plans to do so within a year.

Therefore, we cannot analyze the limitations for the advancement of e-commerce among MSMEs in this economy based on the reasons mentioned by the respondents. Nonetheless, it is worth noting that 64% of the sample claimed to have had difficulty in hiring personnel with appropriate technical and innovative skills for digital projects. This reveals that despite the high level of digitalization in this economy, entrepreneurs perceive the need to develop these skills in the population.

On the other hand, it is important to mention that there is still a lack of awareness of e-commerce support programs or initiatives among MSMEs. 28% are unaware of these initiatives or believe that they do not exist. 62% have not participated in training and advisory programs on digital skills for e-commerce organized by their government. 55% have not received tax incentives for the development of digital solutions oriented towards e-commerce.

In this regard, during the interview, the relevance of the government's role in ensuring competition between large e-commerce platforms and those developed and/or used by MSMEs

was discussed. In this sense, the representative from Chinese Taipei commented, "[...] the government should also maybe give up subsidies and give out the things to the small and medium-sized enterprise, making the small and medium-sized enterprise have much more resources to develop their own platforms, like book Republic platforms, to stop and terminate the only reliance on these kinds of large platforms".

Regarding this, it's worth mentioning that the study by Access Partnership (2023b) on cross-border e-commerce collected opinions on the barriers preventing MSMEs in Chinese Taipei from adopting this activity. Respondents in that study acknowledged that among the main barriers are costs and regulatory issues, expressing their desire for more support in these areas. Although they admitted benefiting from subsidies for export and e-commerce that help reduce costs, they would like to receive more support in this field. Similarly, they desire additional support for managing regulatory issues related to digital commerce.

4.6.3 Opportunities

Chinese Taipei exhibits strengths that could help consolidate and expand online sales among MSMEs. The first of these is the conviction that e-commerce drives business growth. In this research, 95% of the sample believes that this activity helps or could help expand their market.

Added to this, is the fact that companies of Chinese Taipei are accustomed to using technological tools. 86% of the sample has some computer system to store their customer data, and 88% have one for their supplier data. 81% have some inventory management and order tracking system. Likewise, 76% report having implemented some digital solution or platform in the business.

The high level of digitization is also evident in payment channels, which facilitates e-commerce. 76% of the sample accepts bank transfers as well as credit and debit cards, a number similar to those who accept cash. One in two companies allows mobile payments, the favorite option for 70.6% of the consumers, according to data from the Market Intelligence & Consulting Institute (MIC, 2023).

Tabla 4.20. Which of the following payment options does your company have?

	%
Bank transfer	71%
Cash	71%
Credit/debit card	71%
Others	48%
Virtual payment gateway	26%
Point of sale	24%
Payment link	19%

The role that credit cards play in e-commerce of Chinese Taipei is also evident in The Global Payments Report 2023. When comparing the participation of various means of payment in the value of online transactions in 2022, this study places credit cards first, at 43%, followed by digital wallets such as Ali Pay, Apple Pay, and Line Pay (22%). Account-to-account (A2A) payment services represent 13% here (FIS, 2023).

Returning to this research, respondents from Chinese Taipei believe that their customers and their own staff are relatively well-prepared to participate in e-commerce. On a scale of 1 to 5, with 5 being the highest level of competence, they rated the ability of customers to manage their purchases on electronic platforms at 3.5. As for their employees, they were assigned an average score of 4.2 in handling Microsoft Office, 4 in creating and managing websites, as well as using administrative or accounting software, and 3.7 in handling tools for logistics and inventory management and CRM systems. The lowest score (3.6) - higher than observed in other economies - corresponds to the mastery of digital marketing tools. 83% of the sample claims that their team has some other relevant technical ability.

Concern for the digital skills of their human resources leads companies to organize training activities. 76% said they had provided training or advice on e-commerce to their staff. This finding is consistent with the data that most respondents had difficulties hiring employees with the right skills for their digital projects.

4.7 Viet Nam

4.7.1 Description

In Viet Nam, data was collected from a total of 44 company representatives, with a gender distribution of 57% men and 43% women. Regarding the positions they hold in the company, administrators are the largest group, representing 48% of the respondents. They are closely followed by general managers and owners, both with a 25% share in the sample. This implies that the perceptions gathered in this survey belong to decision-makers in these companies.

The surveyed companies are mostly classified as medium-sized, representing 59% of the sample. They are followed by small enterprises with a 36% share, while microenterprises constitute 5%.

The structure of the surveyed companies varies considerably. The most common are individual enterprises (where ownership lies with a single person), accounting for 41%. Businesses formed by partners represent 36% of the sample, while family businesses constitute the remaining 23%.

The data shows that 22% of the surveyed companies reported annual revenues exceeding USD1,200,001. Also, there is a relatively even distribution in the ranges between USD100,001 and USD900,000, ranging from 14% to 18%. Only 5% of companies indicated annual revenues below USD100,000.

There is no official information available regarding the percentage of Vietnamese MSMEs with internet access. In this research, we found that email exchange and banking operations are the most common online activities for Vietnamese respondents who stated they connect to the internet, mentioned by 89% of this group. Information searching is also a popular activity, with 84%. Furthermore, 68% of companies use the internet to manage their social networks, and

66% make online purchases of items. Importantly, 77% of the surveyed companies stated that they sell products through the internet.

Table 4.21. *What activities are carried out via the internet?*

	%
Email usage	89%
Banking operations	89%
Information search	84%
Sale of items	77%
Social media management	68%
Purchase of items	66%

The main reasons why companies use the internet are to develop and grow their businesses alongside the web (82%), generate efficiencies in their operations (77%), and increase their sales (73%). Additionally, 75% seek to gain experience in e-commerce, while 61% consider having an online presence as a key factor for their business success.

Table 4.22. *What is the main reason for using the Internet?*

	%
Developing and growing with the web	82%
Generating efficiencies	77%
Gaining experience in web-based commerce	75%
Increasing sales	73%
Having a presence on the web	61%

A study by the consultancy Access Partnership points out that, by 2022, MSMEs are responsible for only 24% of the revenue from B2C e-commerce exports in Viet Nam. The consultancy estimates that this proportion could increase to 67% in 2027 if the adoption of e-commerce is accelerated in this segment of companies. For now, in our survey of MSMEs, 41% of the respondents reported selling online domestically and internationally, and 34%

reported doing so at the domestic level. Meanwhile, 16% indicated making online sales only at the local level. A remaining 2% indicated that they sell only to other economies.

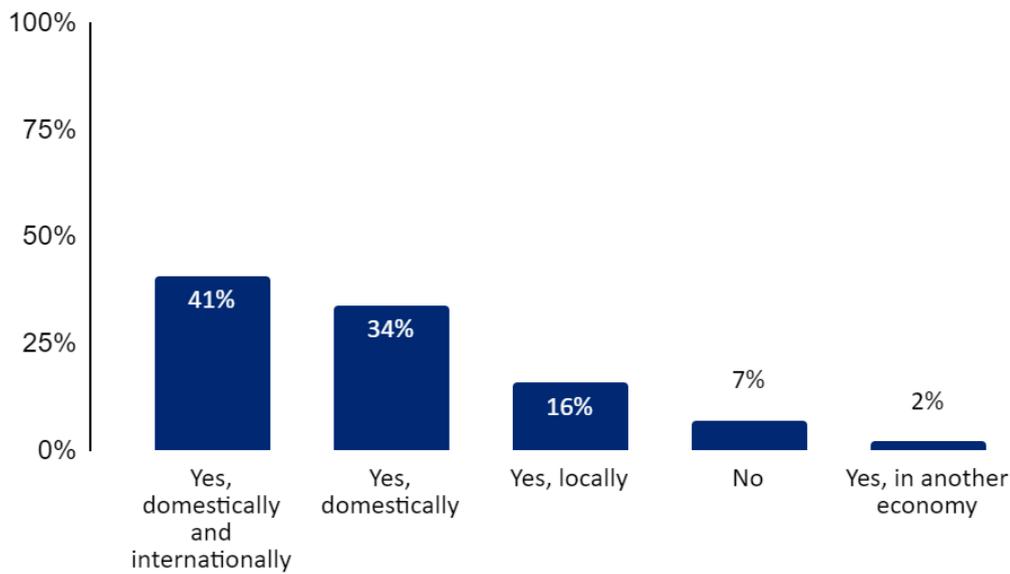


Figure 4.21 Geographical scope of online sales

The majority of surveyed companies (78%) that reported selling online use social media as a means to conduct online sales, leveraging their power as marketing and promotion channels to reach followers and potential customers directly. 73% of companies that sell online use their own website as a marketing channel.

Thirdly, 51% of companies that engage in online sales choose to use e-commerce platforms or marketplaces, providing them with greater visibility and access to a broader and more diverse audience of potential buyers. Finally, 56% of companies that sell online employ an "on-site" model, combining the convenience of e-commerce with the personalized experience provided by a physical store, which can be attractive to certain customer segments.

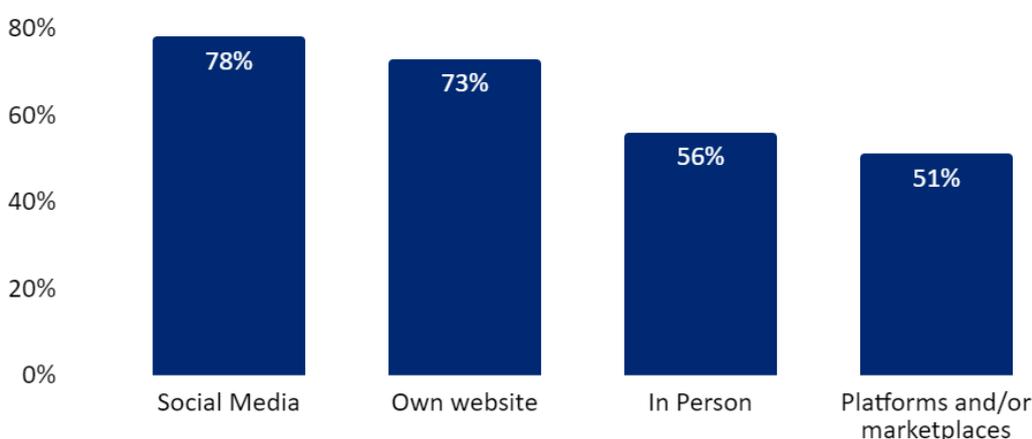


Figure 4.22 Through which channels does the company you work for make its sales?

Online sales appear to have had a positive effect on the revenues of the surveyed companies in Viet Nam. The number of companies estimating revenues of less than USD100,000 decreased

from 24% to 5% after implementing e-commerce. At the same time, companies estimating earnings in the range of USD100,001 to USD300,000 and USD300,001 to USD500,000 increased from 10% and 15% respectively to 22% in both cases after adopting e-commerce.

In the upper ranges, the movement was more modest after adopting e-commerce. 34% of companies reported an annual income between USD500,001 and USD700,000, and USD700,001 and USD900,000 before adopting e-commerce. This number reduced to 20% after adopting an online sales strategy. Respectively, those companies reporting an income greater than USD900,001 increased from 17% to 32% after starting to sell online. While various factors can influence these changes in reported incomes, the perception of the respondents is that e-commerce contributed to this.

4.7.2 Limitations

An article published in the European Journal of Business Science and Technology explains that some barriers that discourage MSMEs in Viet Nam from selling online are related to technical difficulties. Concerns about responsibility allocation in service and payment, as well as issues related to lack of trust, also influence this decision (Nguyen & Dang, 2017).

Furthermore, the report by Access Partnership (2023c) indicates that some pending challenges for the advancement of cross-border e-commerce among MSMEs include significant tariffs on online trade in foreign economies and the associated logistics costs. The consultancy highlights that this requires greater support in regulatory matters and financial assistance.

In the case of the MSME survey conducted as part of this study, the identified limitations are specific. A first barrier yet to be overcome is the preference for cash payments from customers by the surveyed companies, with approximately 3 out of 4 companies still accepting this payment method. Although this coexists with other growing digital payment methods as we will see in the following section.

Finally, another limitation found is a certain inconsistency in the state support that can be received from the government of Viet Nam. In this regard, the perception of government support for e-commerce development is positive: 86% of the surveyed companies believe that the government is supporting and encouraging e-commerce development in Viet Nam. However, only 45% of the respondents claim to have participated in government-led training and advisory programs in digital e-commerce skills. Additionally, 48% state that they have received a tax incentive for activities related to e-commerce.

On the other hand, the representative from the Vietnamese government stated that there is an initiative dedicated to promoting the development of SMEs in their territory in the form of a Small and Medium-Sized Enterprises (SME) Promotion Law, and the Agency for Enterprise Development in Viet Nam has the mission to train 100,000 companies in this sector in Digital Transformation, with a timeline until 2025.

However, the Vietnamese government representative acknowledged that they also have limited resources in terms of direct financial support. For this, along with training, they will assess various SMEs, and those that meet a certain standard called "Transformation Readiness Evolution" will qualify for more direct support in terms of coaching and additional training. The intention is that these selected companies will be successful with the agency's support and serve as inspiration for new emerging companies.

Another limitation identified by the Vietnamese government representative for SMEs is the perception that the domestic and international market is slowing down. This makes it difficult for these companies to sustain themselves adequately, as they struggle to access the necessary capital to operate. An additional difficulty is that there are gaps to close in terms of technological innovation that companies can utilize. The agency has recognized this issue and is seeking to provide the support they can, acknowledging that e-commerce is a great opportunity for these companies to expand.

4.7.3 Opportunities

The outlook for e-commerce in Viet Nam is promising. The Covid-19 pandemic might have been the final push for Vietnamese MSMEs. According to this research, only 70% of the sample companies claimed to sell online before the health emergency. This number rose to 93% among respondents.

Of the companies that were engaged in e-commerce before the pandemic, 58% reported that up to 60% of their income came from this medium. This suggests that this sales method was already highly valued. And when asked about their perception of the health emergency's impact on e-commerce adoption in their businesses, 93% believe it did have an effect.

The perception of e-commerce is unanimously positive among companies surveyed in Viet Nam, as they all believe that this business model helps or could help expand their market. This aligns with findings from the Access Partnership study (2023c): 86% of respondents believe they couldn't export without e-commerce, and 95% expect their revenue will grow annually over the next five years if online sales for export are encouraged.

Vietnamese participants in this research acknowledge that they are supported in e-commerce, representing another opportunity for this economy. 98% of respondents believe that there are actions or programs aimed at promoting online sales and digital innovation.

In line with this, the assessment of the skills of their personnel is also positive. Microsoft Office use is a widespread skill among employees, with an average score of 4.3. The next most widespread skill among surveyed companies is the use of administrative or accounting software, where respondents indicated an average score of 4.1 for their collaborators. This suggests that employees have a good grasp of these tools for managing financial and administrative tasks. Another skill that is well-developed in the consulted companies, according to their representatives, is the use of CRM (Customer Relationship Management) software, which scored an average of 3.9.

Experience using online tools for logistics and inventory management, as well as using digital marketing tools (Google Ads, Meta Ads, etc.), are also developed skills in this group of companies, being rated with an average of 3.8 by representatives. Lastly, but still highly valued, is the skill in creating and managing websites, with an average of 3.6 among the surveyed companies. These results indicate that the staff within the MSMEs in this survey have good proficiency in skills that are relevant for e-commerce activities. Moreover, 70% of those surveyed acknowledge that their staff also has other appropriate technical skills for this activity. However, it's important to note that 73% believe they have difficulties hiring new staff with technical and innovation skills to implement digital projects.

Regarding the implementation of digital management systems, the surveyed Vietnamese

MSMEs also show a significant level of implementation. 91% of them have a system to manage customer information, and 84% report having a system for managing their suppliers. At the same time, 80% indicate that they have implemented a digital tool (programs, solutions, platforms) in the company. This shows that technological implementation is a field with which the consulted MSMEs are familiar. Additionally, a data point indicating that these companies have a good starting point to continue exploiting e-commerce is that 89% report having a system to track orders and manage their inventory, although 67% still use a spreadsheet for this. This implies that there is still an opportunity to promote the implementation of more specialized systems for inventory and order management.

Regarding advertising, digital media are widely used by the surveyed companies in Viet Nam. 81% of them advertise on social media, reflecting the growing importance of social platforms as effective marketing channels. Also, 66% use Search Engine Optimization (SEO) to improve their visibility in search engines, and 59% of companies use mailing as a tool to reach their customers, showing that email remains an effective communication and promotion channel.

Tabla 4.23. Digital marketing tools

	%
Social media advertising	82%
Search engine advertising	66%
Mailing	59%
Others	2%

On the other hand, regarding payment methods used by these companies, there's a strong focus on digitalization. 93% of the surveyed companies use bank transfers as a payment method, showing a preference for secure and efficient transactions.

While the acceptance of cash payments might still be a barrier to overcome, the adoption of mobile payment technologies is starting to emerge as a significant alternative, with 52% of companies using payments through mobile phones, and 48% accepting payment through credit or debit cards. Other methods, like payment links, also appear as viable payment options for these consulted companies, with 32% reporting their adoption. Here it's essential to remember that for companies, convenience and customer preference will be paramount when making a payment.

Table 4.24. *Payment options in the company*

	%
Bank transfer	93%
Cash	73%
Mobile payment	52%
Credit/debit card	48%
Point of sale	32%
Payment link	32%
Virtual payment gateway	25%

On this note, it's interesting to see that the FIS (2023) payment report indicates that, in Viet Nam, the preferred option is digital wallets like MoMo, the most popular: they represent 31% of the value of e-commerce transactions in 2022 in this economy. Account-to-account (A2A) payment services rank second, with 21%, followed by cash payments (18%).

On the other hand, the adoption of cybersecurity seems to be on the right track, as 66% of MSMEs surveyed reported having invested in this area. In this sense, the perception of government protection in cybersecurity is good. 80% believe that the Vietnamese government does guarantee it.

Overall, this suggests that the outlook for e-commerce among the surveyed MSMEs in Viet Nam is mainly positive. The reported strength in digital skills of the collaborators, combined with the technologies or digital systems already adopted, represents a solid starting point for developing stronger digital commerce businesses that have more specialized systems and programs to help them become more efficient.

V. ANALYSIS OF RESEARCH RESULTS

In this section, we aggregate and analyze the results of the research, including both qualitative techniques and the MSME survey data. In other words, we examine the data corresponding to all the economies included in the study. As explained earlier, due to the sampling technique applied, the findings are not statistically generalizable. However, they suggest trends and bring up topics that should be considered in promoting e-commerce among MSMEs.

The MSME survey covered a sample of 307 individuals across 7 economies. Of this total, 35% are business owners, 24% work as administrators, and 23% as general managers.

Regarding the size of the businesses they represent, there is a relatively homogeneous distribution, with a slight predominance of medium-sized enterprises: 37.8% fall into this category, 31.6% are small companies, and 30.6% are microenterprises. Analyzing their responses, we find the following trends:

Almost all are connected to the internet

- The study showed a high level of internet access among the MSMEs that participated in the research. However, it also suggests that this technology is primarily used for less sophisticated purposes that facilitate daily operations. Email communication is by far the main online activity among the companies in the sample. It holds the top spot in all seven economies analyzed, with 86%, followed by information searching (78%) and online banking operations (76%).

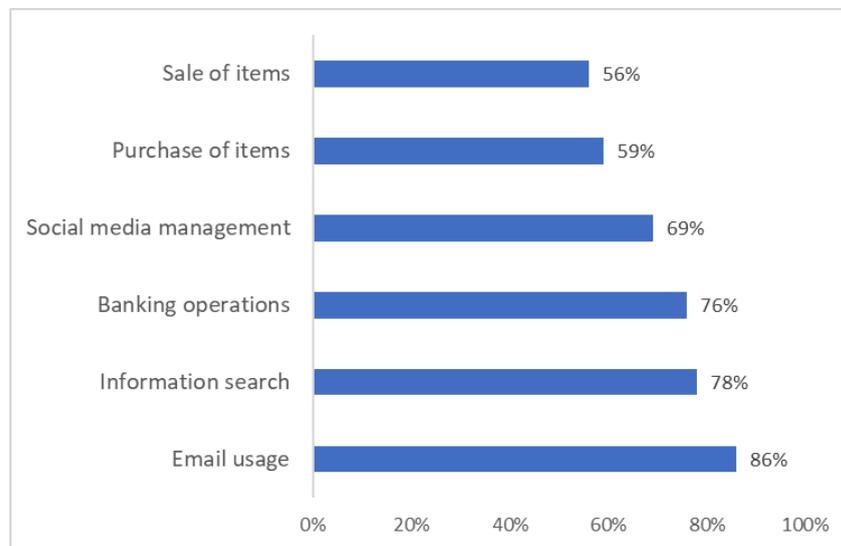


Figure 5.1 What activities are carried out via the internet?

The Internet is Used to Maximize Profits

- MSMEs turn to the Internet because they recognize it as a tool that can help them be more competitive. This perception presents an opportunity that can be maximized.
- Among the reasons for using the Internet highlighted by respondents in the survey, efficiency generation (69.3%) and sales increase (67.6%) stand out.
- Generating efficiencies is a more significant reason for medium-sized companies (78%) than for micro-businesses (51%) in our sample. Conversely, increasing sales is more important for micro-businesses (70%) than for other categories.

E-commerce Advances Among MSMEs

- The literature review, interviews with economy representatives, and surveys indicate that e-commerce is gaining ground among MSMEs. However, the research confirms there's still a long way to go, especially in cross-border e-commerce.
- For a significant portion of these companies, online sales remain a local activity. In our sample, a quarter of the companies that access the Internet use e-commerce to export; another quarter only sells locally online.

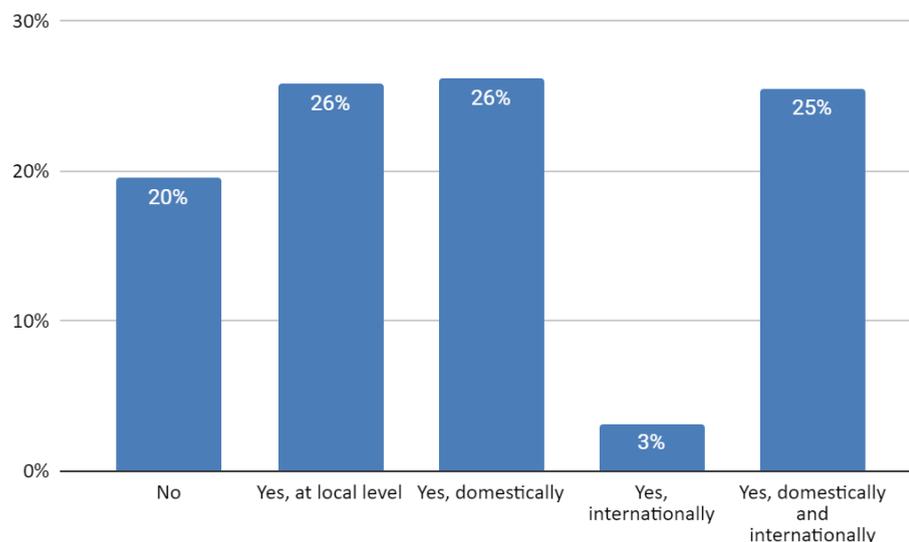


Figure 5.2 Geographical scope of online sales

The pandemic accelerated online business

- The research confirms that the Covid-19 pandemic pushed MSMEs to digitize their businesses and venture into e-commerce. This is highlighted by the APEC economy representatives interviewed for this study and is also suggested by the MSME survey.
- 68% of survey respondents state the pandemic impacted their business's use of e-commerce.
- Similarly, 49% of the sample states their sales increased after the pandemic.
- Interviews with economy representatives also indicate the pandemic boosted the development of public programs and policies aimed at promoting the digital economy and e-commerce.

Social Networks are the Preferred Channel for MSMEs

- MSMEs use various digital channels to reach their customer segments and sell products or services. Although many of these companies have implemented their own websites and many others rely on marketplaces, the research shows that social networks play a significant role in e-commerce.
- 86.1% of respondents who sell online do so through social networks, making them the main channel for e-commerce among research participants.
- The second most popular channel among e-commerce respondents is, paradoxically, face-to-face or on-site, with 84%. This seems to indicate a lack of maturity in digital sales.
- The third preferred channel (70.1%) is their own websites. 61.9% sell through marketplaces

Prejudices Discourage the Advancement of E-commerce

- Those who don't sell online justify their decision by referencing their value proposition's characteristics. Among the reasons mentioned are:
 - The service is personalized.
 - The industry doesn't apply.
 - It's done face-to-face.
 - I offer a personal treatment.
 - It doesn't apply to my business.
- However, an analysis by sectors suggests this refusal is based on assumptions rather than facts. The sectors with the highest proportion of respondents who don't sell online are professional services and technology (both at 26%). But in these same sectors, 76% do sell online.
- Fears continue to play a role against online sales. A significant portion of those who don't sell online mentioned distrust among their reasons.

Appreciation for E-commerce Grows with Business Size

- An opportunity detected by the study is high confidence in the benefits of e-commerce. In general, 90% of respondents believe that e-commerce contributes or could contribute to expanding their market.
- However, medium-sized companies express a more favorable opinion among MSMEs. In their case, the conviction that online sales expand the market reaches 96%. In contrast, small and micro-businesses are technically tied (86% and 87%, respectively).
- The likelihood of having engaged in e-commerce before the pandemic increases with the company's size.
- Business size also influences the perception that the pandemic impacted the company's e-commerce (75% in medium vs. 61% in micro-businesses). The same applies to the idea that sales have increased after the pandemic (40% in micro-businesses, 46% in small businesses, and 57% in medium-sized businesses).
- The representatives of the selected economies also observe gaps in access to the benefits of technology that harm smaller companies, prompting government actions in favor of SMEs, according to interviews conducted in this research.

They Know About Initiatives in Their Favor, but Don't Necessarily Take Advantage of Them

- The complementary interviews conducted in this research confirmed that both in Asia and Latin America, governments have developed initiatives to promote digitalization and e-commerce among MSMEs. One of the most common forms of support is training.
- It's interesting to note that in some economies, advisory and training initiatives include a diagnostic process on the digital maturity level and a differentiated approach according to different companies' needs.
- The efforts made by governments in this field involve the coordination of various actors and even, in some cases, coordination with the private sector.
- 73% of respondents recognize that there are actions or programs to promote digital innovation and e-commerce in their economy.
- Larger companies tend to be more informed in this regard.
- 70% say they have not participated in training and advisory programs in e-commerce digital skills offered by their government.

- 72% say they have not received any tax incentive from their government for the development of specific e-commerce digital solutions. Those who have received the least are micro-businesses.
- The rating for government support for e-commerce development improves with the business volume. On a scale from 1 to 5, micro-businesses rated this support at 2.6; small businesses at 3.2; and medium-sized businesses at 3.8.

Women View E-commerce More Optimistically

- Of the surveyed individuals, women are more willing to sell online than men. Women chose this option before the start of the Covid-19 health emergency, as 63% of them report having conducted electronic sales before this event.
- When asked about their valuation of e-commerce as a tool to expand their business, 93% of the surveyed women said it is a strategy that can help them, compared to 87% of men who indicated this.
- However, 39% of women are concentrated in micro-businesses compared to 25% of men. This indicates a lower participation of this segment in larger companies.

VI. CONCLUSIONS AND RECOMMENDATIONS

From the study, the following conclusions are drawn based on the participating sample:

Internet Access and Digitization

- While most businesses in the studied economies connect to the Internet and the adoption of e-commerce is on the rise in all selected economies, full penetration has not been achieved. There is some variability in terms of the degree and speed of adoption in each one. Economies in Latin America like Peru and Mexico have not yet achieved a core level of e-commerce adoption, understanding this as having e-commerce as a central business strategy. This contrasts with economies such as Hong Kong, China or Chinese Taipei, where businesses have better adopted e-commerce. These data reflect the need to continue investments in infrastructure and digital education to achieve full digitization.

Adoption and Motivation for Using E-Commerce

- Companies see the Internet as a tool to increase sales, but also as a way to optimize operations and expand their market presence. This multifaceted perspective of digital technologies highlights their potential not only as a sales channel but also as a strategic tool for companies as a whole.
- It's evident that economies are at different stages of digital adoption, but all show a trend towards digitalization and e-commerce. This suggests these tools will remain essential in the near future.
- From this research, we found that companies differ in their maturity level of e-commerce as a business strategy. Some businesses claim to make online sales through social media, for example, but the rest of the process is carried out analogously or using basic tools like spreadsheets. There are clear gaps for these MSMEs to develop integrated digital management systems that allow them to leverage e-commerce fully, changing how they handle customer acquisition, sales, retention, and service.

Economic Impact

- The adoption of e-commerce has generally led to an increase in MSME revenue, justifying companies' investment in digitalization.
- Adopting e-commerce not only boosts revenue but can also lead to diversified income sources, decreasing reliance on traditional channels, and possibly enhancing company resilience. This economic transformation may have long-term effects on how businesses operate, invest, and expand.

The Power of Social Media

- Social networks have emerged as the dominant channel (with 86% of respondents selling online) due to their ease of use. However, the persistence of "face-to-face" sales indicates a mix of trust in digital and a preference for traditional interaction. This is also because social media platforms don't include a system or processes to manage e-commerce end-to-end.

Post-pandemic Challenges and Opportunities

- The Covid-19 pandemic has been a significant catalyst for the rise of e-commerce in most economies, though its impact varies based on the previous maturity of the online market.
- As economies continue to recover and adjust to the aftermath of the pandemic, e-commerce will likely remain a central role in many businesses' strategies.

Digital Women

- Women in MSMEs have proactively adopted e-commerce, recognizing its potential as a tool to overcome traditional business world barriers. Despite their early adoption and a positive perception of e-commerce, they still face challenges scaling their businesses, reflecting a higher concentration in micro-businesses. This suggests that, while e-commerce has provided female entrepreneurs with new opportunities, there are still structural obstacles in the business ecosystem that need addressing to achieve true gender equality in the digital business realm.

Digitalization and e-commerce are redefining how companies operate, communicate, and sell. Even though there are regional differences, the global trend is towards greater adoption and sophistication in online practices. MSMEs that can adapt, innovate, and leverage these tools will not only have competitive advantages now but will also be better positioned to face future challenges and seize opportunities. It's crucial that MSMEs and governments recognize the value and potential of digitalization and continue investing in infrastructure, education, and regulation to support and guide this transition.

Based on the findings and conclusions presented, the following recommendations are suggested for MSMEs in the APEC economies that participated in the study:

Personalized Digital Training and Mentoring

- Beyond offering general educational programs, it's essential for MSMEs to have access to personalized mentoring and training tailored to their specific needs. These trainings can cover everything from basic digitalization aspects to advanced e-commerce strategies, digital marketing, and cybersecurity.

Financial Support and Resource Platforms

- Establish centralized platforms where MSMEs can access information about tax incentives, financing, and available tools for e-commerce adoption. These platforms should also include educational and training resources.
- At the government level, establish regulatory policies that encourage purchases through digital means without adding complexity or unrealistic requirements for MSMEs. Such policies and initiatives could focus on establishing tax-free online sales days for both consumers and businesses, defining minimum thresholds on certain products, tax refunds for digital payments, among others.

Promotion of Digital Inclusion and Diversification

- In addition to promoting gender equality in e-commerce, it's vital to diversify the sales platforms and channels used by MSMEs. This will prevent over-reliance on large platforms and allow companies to reach a broader audience.

Adoption of Security and Digital Trust Standards

- MSMEs must adopt and promote security standards for all their digital transactions. This won't just protect their operations but will also boost consumer trust in e-commerce. Likewise, governments should drive initiatives that strengthen these standards and facilitate the development of domestic e-commerce platforms, integrating more MSMEs into the digital environment, and reducing companies' resource investments in setting up their platforms.

International Cooperation and Knowledge Networks

- APEC economies should encourage the creation of cooperation and knowledge

networks among MSMEs. These networks will allow companies to share experiences, learn best practices, and access new markets through strategic alliances.

Further Research on MSME Challenges

- Public policies and other initiatives to promote the digital economy and e-commerce among MSMEs must be based on understanding their needs, challenges they face, and opportunities available. Hence, it's crucial to delve deeper into this knowledge in future research. Probabilistic studies in each economy are suggested to gather more evidence on the observations outlined in this report.

These recommendations aim to provide a roadmap for MSMEs to not only adopt e-commerce but to do so strategically and effectively, maximizing their benefits in a globalized environment.

ATTACHMENTS

Digital Survey for SMEs

1. Economy
 - a. Chile
 - b. Hong Kong, China
 - c. Mexico
 - d. Peru
 - e. Singapore
 - f. Chinese Taipei
 - g. Viet Nam
2. Gender
 - a. Male
 - b. Female
3. Age

Profile of the Company Representative:

Please state:

4. Educational Level:
 - a. Incomplete Secondary
 - b. Incomplete University
 - c. Complete University
 - d. Incomplete Technical
 - e. Complete Technical
 - f. Postgraduate
 - g. Doctorate
5. Position held in the company:
 - a. Owner
 - b. General Manager
 - c. Operations Manager
 - d. Administrator
 - e. Other (Specify)

Company Profile:

Please State:

6. Company Name
7. Company Identification Number
8. Primary economy of operation
9. If you operate in other economies, specify which ones:
 - a. How long has the company been in operation?
 - b. How many employees does the company have?
 - c. Company Structure:
 - i. Individual
 - ii. Family-owned
 - iii. Partnership
 - d. What type of product or service do you offer?
 - e. What is the company's sector?
 - f. In what year was the company established?
 - g. What is the classification of your company?
 - i. Microenterprise
 - ii. Small business
 - iii. Medium-sized enterprise
10. What is an approximate of the annual revenue of the company?
 - a. Mexico
 - i. Less than USD200,000
 - ii. Between USD200,001 and USD500,000
 - iii. Between USD500,001 and USD800,000
 - iv. Between USD800,001 and USD1,100,100

- v. Between USD1,100,001 and USD1,400,000
 - vi. Between USD1,400,001 and USD1,700,000
 - vii. Between USD1,700,001 and USD2,000,000
 - viii. More than USD2,000,001
- b. Chile
- i. Less than USD270,000
 - ii. Between USD270,001 and USD700,000
 - iii. Between USD700,001 and USD1,100,000
 - iv. Between USD1,100,001 and USD1,500,000
 - v. Between USD1,500,001 and USD1,900,000
 - vi. Between USD1,900,001 and USD2,300,000
 - vii. More than USD2,300,001
- c. Hong Kong, China
- i. Less than USD600,000
 - ii. Between USD600,001 and USD2,200,000
 - iii. Between USD2,200,001 and USD3,800,000
 - iv. Between USD3,800,001 and USD5,200,000
 - v. Between USD5,200,001 and USD6,600,000
 - vi. More than USD6,600,001
- d. Singapore
- i. Less than USD1,200,000
 - ii. Between USD1,200,001 and USD2,000,000
 - iii. Between USD2,000,001 and USD4,000,000
 - iv. Between USD4,000,001 and USD6,000,000
 - v. Between USD6,000,001 and USD8,000,000
 - vi. Between USD8,000,001 and USD10,000,000
 - vii. More than USD10,000,001
- e. Viet Nam
- i. Less than USD100,000
 - ii. Between USD100,001 and USD300,000
 - iii. Between USD300,001 and USD500,000
 - iv. Between USD500,001 and USD700,000
 - v. Between USD700,001 and USD900,000
 - vi. Between USD900,001 and USD1,200,000
 - vii. More than USD1,200,001
- f. Chinese Taipei
- i. Less than USD500,000
 - ii. Between USD500,001 and USD1,500,000
 - iii. Between USD1,500,001 and USD2,500,000
 - iv. Between USD2,500,001 and USD3,500,000
 - v. Between USD3,500,001 and USD4,500,000
 - vi. Between USD4,500,001 and USD5,000,000
 - vii. More than USD5,000,001

11. Does the company you work for have internet access?

- a. Yes
- b. No

12. What activities do you carry out via the internet?

- a. Information search
- b. Email
- c. Buying items
- d. Selling items
- e. Electronic banking
- f. Social media management
- g. Others (please specify)

13. What are the main reasons for using the internet?

- a. Increase sales
- b. Generate efficiencies
- c. Have an online presence
- d. Gain experience in online commerce
- e. Develop and grow with the web
- f. Others (please specify)

14. Do you make sales over the internet?

- a. Yes, locally

- b. Yes, domestically
- c. Yes, in another economy
- d. Yes, domestically and internationally
- e. No

IF Q14= A,B,C,D, ASK FROM Q15 TO Q12.4 If the answer is yes to making sales over the internet:

15. In which year did you start making sales over the internet?
16. Through which channels does the company you work for make its sales?
- a. In person
 - b. Social Media
 - c. Own website
 - d. Platforms and/or marketplaces
 - e. Others (please specify)
17. Could you indicate a range for the average annual sales in "local currency" before using e-commerce?
- a. Mexico
 - i. Less than USD200,000
 - ii. Between USD200,001 and USD500,000
 - iii. Between USD500,001 and USD800,000
 - iv. Between USD800,001 and USD1,100,100
 - v. Between USD1,100,001 and USD1,400,000
 - vi. Between USD1,400,001 and USD1,700,000
 - vii. Between USD1,700,001 and USD2,000,000
 - viii. More than USD2,000,001
 - b. Chile
 - i. Less than USD270,000
 - ii. Between USD270,001 and USD700,000
 - iii. Between USD700,001 and USD1,100,000
 - iv. Between USD1,100,001 and USD1,500,000
 - v. Between USD1,500,001 and USD1,900,000
 - vi. Between USD1,900,001 and USD2,300,000
 - vii. More than USD2,300,001
 - c. Hong Kong, China
 - i. Less than USD600,000
 - ii. Between USD600,001 and USD2,200,000
 - iii. Between USD2,200,001 and USD3,800,000
 - iv. Between USD3,800,001 and USD5,200,000
 - v. Between USD5,200,001 and USD6,600,000
 - vi. More than USD6,600,001
 - d. Singapore
 - i. Less than USD1,200,000
 - ii. Between USD1,200,001 and USD2,000,000
 - iii. Between USD2,000,001 and USD4,000,000
 - iv. Between USD4,000,001 and USD6,000,000
 - v. Between USD6,000,001 and USD8,000,000
 - vi. Between USD8,000,001 and USD10,000,000
 - vii. More than USD10,000,001
 - e. Viet Nam
 - i. Less than USD100,000
 - ii. Between USD100,001 and USD300,000
 - iii. Between USD300,001 and USD500,000
 - iv. Between USD500,001 and USD700,000
 - v. Between USD700,001 and USD900,000
 - vi. Between USD900,001 and USD1,200,000
 - vii. More than USD1,200,001
 - f. Chinese Taipei
 - i. Less than USD500,000
 - ii. Between USD500,001 and USD1,500,000
 - iii. Between USD1,500,001 and USD2,500,000
 - iv. Between USD2,500,001 and USD3,500,000
 - v. Between USD3,500,001 and USD4,500,000
 - vi. Between USD4,500,001 and USD5,000,000
 - vii. More than USD5,000,001
18. Could you indicate a range for the average annual sales in "local currency" after using e-commerce?
- a. Mexico

- i. Less than USD200,000
 - ii. Between USD200,001 and USD500,000
 - iii. Between USD500,001 and USD800,000
 - iv. Between USD800,001 and USD1,100,100
 - v. Between USD1,100,001 and USD1,400,000
 - vi. Between USD1,400,001 and USD1,700,000
 - vii. Between USD1,700,001 and USD2,000,000
 - viii. More than USD2,000,001
- b. Chile
- i. Less than USD270,000
 - ii. Between USD270,001 and USD700,000
 - iii. Between USD700,001 and USD1,100,000
 - iv. Between USD1,100,001 and USD1,500,000
 - v. Between USD1,500,001 and USD1,900,000
 - vi. Between USD1,900,001 and USD2,300,000
 - vii. More than USD2,300,001
- c. Hong Kong, China
- i. Less than USD600,000
 - ii. Between USD600,001 and USD2,200,000
 - iii. Between USD2,200,001 and USD3,800,000
 - iv. Between USD3,800,001 and USD5,200,000
 - v. Between USD5,200,001 and USD6,600,000
 - vi. More than USD6,600,001
- d. Singapore
- i. Less than USD1,200,000
 - ii. Between USD1,200,001 and USD2,000,000
 - iii. Between USD2,000,001 and USD4,000,000
 - iv. Between USD4,000,001 and USD6,000,000
 - v. Between USD6,000,001 and USD8,000,000
 - vi. Between USD8,000,001 and USD10,000,000
 - vii. More than USD10,000,001
- e. Viet Nam
- i. Less than USD100,000
 - ii. Between USD100,001 and USD300,000
 - iii. Between USD300,001 and USD500,000
 - iv. Between USD500,001 and USD700,000
 - v. Between USD700,001 and USD900,000
 - vi. Between USD900,001 and USD1,200,000
 - vii. More than USD1,200,001
- f. Chinese Taipei
- i. Less than USD500,000
 - ii. Between USD500,001 and USD1,500,000
 - iii. Between USD1,500,001 and USD2,500,000
 - iv. Between USD2,500,001 and USD3,500,000
 - v. Between USD3,500,001 and USD4,500,000
 - vi. Between USD4,500,001 and USD5,000,000
 - vii. More than USD5,000,001

IF P12= 5 ASK 12.5 AND 12.6 If the answer is that they do not make sales through the internet:

19. Could you specify 3 reasons why you haven't yet implemented sales through the internet?
20. Would you be willing to make sales through the internet?
- a. Yes, within the next 6 months
 - b. Yes, within a year
 - c. No, I have no intention of selling online
21. Have you made imports? (cross-border trade)
- a. Yes
 - b. No

If P21=YES. The answer is yes to having made imports, ANSWER 13.1 AND 13.2

22. Could you mention from which economies you have made imports and what products you have

- imported?
23. What is the approximate amount in dollars that you have imported during the last year?
- Less than USD100,000
 - Between USD100,000 and USD300,000
 - Between USD300,000 and USD500,000
 - Between USD500,000 and USD700,000
 - Between USD700,000 and USD1,000,000
 - More than USD1,000,000

24. Before the Covid-19 pandemic, did you sell your products and/or services online?
- Yes
 - No

IF P24= 1 Ask What percentage of your sales were made through the internet?

25. Do you think the Covid-19 pandemic has impacted the use of e-commerce in your company?
- Yes
 - No
26. Do you think your sales have changed after the Covid-19 pandemic?
- Yes, they have increased
 - Yes, they have decreased
 - No, they have remained the same

IF P26= 1,2 By what percentage do you think your sales have increased or decreased?

Benefits and Challenges

27. Do you think that e-commerce helps or could help you expand your market?
- Yes
 - No

Challenges related to Human Capital and Technological Tools

28. From 1 to 5, do you think your team has:
- Experience in creating and managing websites?
 - Experience using Microsoft Office (Excel, Word, etc)?
 - Experience using digital marketing tools (Google Analytics, Meta Ads)?
 - Experience using accounting or administrative programs?
 - Experience using CRM?
 - Experience in managing online logistics and inventory?
29. Does your team have any other relevant technical abilities?
- Yes
 - No
30. IF P30= 1 Could you mention what other technical abilities your team possesses?
31. Have you had difficulties hiring personnel with technical and innovation skills to implement digital projects?
- Yes
 - No

Adoption of Technology

32. Select which digital marketing tools your company uses:
- Social media advertising (Instagram, Facebook, Tik Tok, among others)
 - Search engine advertising (Google)
 - Mailing (bulk email sending)
 - Others (specify)
33. Do you have a system to store your customers' information?
- Yes
 - No
34. IF P23=1 How do you manage and store your suppliers' information?
35. Do you have a system to store your suppliers' information?
- Yes
 - No
36. IF P24=1 How do you manage and store your suppliers' information?

37. Have you implemented any digital tool (programs, solutions, platforms) in the company?
 - a. Yes
 - b. No
38. IF P38=1 What digital tools have you implemented in your company?
39. IF P38= 1 In which year were the digital tools implemented?

Payments

40. Mention which of the following payment options your company has:
 - a. Cash
 - b. Virtual payment
 - c. Credit/debit card
 - d. Point of sale
 - e. Transfer
 - f. Payment Link
 - g. Mobile payments
 - h. Others (Specify)
41. How do you make payments to your suppliers?
 - a. Virtual payment
 - b. Point of sale
 - c. Transfer
 - d. Others (Specify)

Logistics:

42. From 1 to 5, do you think your customers are capable of managing online purchases through an e-commerce platform?
43. Does your company have an inventory management and order tracking system?
 - a. Yes
 - b. No
44. IF P44= 1 What inventory management and order tracking systems has your company implemented?
45. What delivery options does your company offer to its customers?
 - a. Store pickup
 - b. Local home delivery
 - c. domestic home delivery
 - d. **International** home delivery
 - e. Security:
46. From 1 to 5, do you think...
 - a. It's safe to make online payments?
 - b. When making purchases and sales via e-commerce, do you think your information is secure and protected?
 - c. How risky do you think scams are in online buying and selling?

Government Initiatives:

Training and Advice

47. Have you participated in training and advice programs in e-commerce digital skills carried out by your government?
 - a. Yes
 - b. No
48. If you answer that you have participated in training programs P48=1, ANSWER P50 and P51:
49. What training and advice programs did you receive?
50. How long did the training and advice you received last?
 - a. Less than 10 instructional hours
 - b. From 10 to 20 instructional hours
 - c. From 20 to 40 instructional hours
 - d. From 40 to 100 instructional hours
 - e. More than 100 instructional hours
51. If you answer that you have not participated in training programs P48= 2, ANSWER P53 TO P55
52. Why haven't you participated in training and advice programs in e-commerce digital skills carried out by your government?
53. Would you be willing to pay to receive training and advice programs in e-commerce digital skills?
 - a. Yes
 - b. No
54. How much are you willing to pay?

- a. Less than USD100
 - b. Between USD100 to USD500
 - c. Between USD500 to USD1,000
 - d. More than USD1,000
55. Has your company provided training and advice in e-commerce digital skills for its workers?
- a. Yes
 - b. No
56. IF P56=1 What training and advice programs did they provide?

Tax Incentive

57. Have you received any tax incentive from your government for the development of digital solutions specifically in e-commerce? RU
- a. Yes
 - b. No
58. IF P58 = 1 What tax incentive programs for MSMEs did you receive?
59. Could you mention some type of tax incentive that you would recommend to the government?

Economic Support

60. Has your company received any kind of economic support from the government (e.g. financing, non-repayable contributions, etc.) to adopt digital technologies and/or implement technological solutions for e-commerce?
- a. Yes
 - b. No
61. If you answer that you have received some kind of economic benefit.
- a. IF P61= 1 What economic support programs did you receive?
 - b. IF P61=1 What was the amount of financing or co-financing that was granted to you?

Cybersecurity

62. Has your company experienced any theft in its accounts?
- a. Yes
 - b. No
63. Who was held responsible for the theft?
- a. The bank
 - b. The provider
 - c. No one
 - d. Other (specify)
64. Has your company invested in cybersecurity?
- a. Yes
 - b. No
65. IF P65= 1 Approximately how much did you invest?
- a. Less than USD1,000
 - b. Between USD1,000 to USD5,000
 - c. Between USD5,000 to USD10,000
 - d. Between USD10,000 to USD20,000
 - e. More than USD20,000
66. Do you think your government ensures the cybersecurity of companies that adopt digital technologies?
- a. Yes
 - b. No

Perception of government support

67. Do you think your government is supporting and promoting the development of e-commerce in your economy?
- a. Yes
 - b. No
68. From 1 to 5, to what extent do you think the government is supporting and promoting the development of e-commerce in your economy?

Gender Perspective:

69. From 1 to 5, what is the level of access and participation of women in the development of digital skills?
70. From 1 to 5, do you think there are difficulties in participating in training and advice programs in e-commerce digital skills for women?

Survey data analysis



Link: <https://bit.ly/3F2LiCg>

Survey data base by economy

Economy	Download Data Base
Chile	https://bit.ly/3RvDS1z
Hong Kong, China	https://bit.ly/3TjjwKI
Mexico	https://bit.ly/46H65H2
Peru	https://bit.ly/3RFSnjz
Singapore	https://bit.ly/3RwvdMn
Chinese Taipei	https://bit.ly/4aakluU
Viet Nam	https://bit.ly/3R3lf3m

List of surveyed companies

Economies	Company Name
Chile	DIP CINSEIL
Chile	CONVEXO
Chile	C A
Chile	CHILEMAGIC

Chile	LUIS VERGARA
Chile	CON ESTILO
Chile	DEMI
Chile	KARBIAN
Chile	2 CHANCHITOS EMPANADAS
Chile	EVENTO'S
Chile	RODAS IMPRESORES
Chile	PICME!
Chile	RVG
Chile	ITPS GESTION
Chile	ACCESORIOS AUTOMÓVILES PINILLA
Chile	BAZARES TITI
Chile	HAN'S
Chile	VERDULERIA LA PAME
Chile	FULMEGA
Chile	GRAPHOS COMUNICACIONES
Chile	MARÍA ANGÉLICA PLAZA PIZARRO
Chile	RENTISTA
Chile	DOÑAREPARTESANA
Chile	NINO
Chile	ARQUITECTURA Y GESTIONES INTEGRALES
Chile	PHILLIPO DOG KING
Chile	BRONNSEGURIDAD
Chile	CERRAJERIA BUIN SPA
Chile	INSIDE
Chile	BAZAR MIMI
Chile	DERMO
Chile	TRANSPORTE
Chile	SYNAPSIA

Chile	EXPORTADORA SAN FRANCISCO
Chile	GRANPEZ SPA
Chile	MOTOSTYLE
Chile	VELT
Chile	MAGNOLIA LA JABONERÍA
Chile	COMERCIALIZADORA CONSUELO JESÚS BRUNA MENDOZA EIRL
Chile	VET
Chile	MUTABLE
Chile	CARITA SUCIAS
Hong Kong, China	CASA DEL DISTRITO DE DONG
Hong Kong, China	GZOX
Hong Kong, China	HAECO
Hong Kong, China	BOC
Hong Kong, China	ASM
Hong Kong, China	ATRONG DEVELOPMENT LTD
Hong Kong, China	CHI KWONG LEUNG
Hong Kong, China	EVOLUTION
Hong Kong, China	TLK
Hong Kong, China	LET'S HAVE SOME POSITIVE
Hong Kong, China	JSK
Hong Kong, China	FOOD GARAGE
Hong Kong, China	CHIEF GLOBAL INVESTMENT LTD
Hong Kong, China	BOCLIFE

Hong Kong, China	CHOSUN
Hong Kong, China	MARKETING
Hong Kong, China	ALPHA SELECTED TUTORIAL CENTER
Hong Kong, China	THPPS
Hong Kong, China	HKMC
Hong Kong, China	UNKNOWN
Hong Kong, China	TREASURE LTD
Hong Kong, China	THINK TANK PLANIFICACIÓN DE NEGOCIOS
Hong Kong, China	ACEA
Hong Kong, China	HKU
Hong Kong, China	秘密公司
Hong Kong, China	MUFG TRADING CO LTD
Hong Kong, China	MANUFACTURING
Hong Kong, China	SID
Hong Kong, China	FANCYSTUDIO
Hong Kong, China	UFOH
Hong Kong, China	SHOFIE SNACK
Hong Kong, China	BQQ LIMITED
Hong Kong, China	LOUDOU CO., LTD
Hong Kong, China	HKT LIMITED
Hong Kong, China	WORLDWIDE

Hong Kong, China	DHL
Hong Kong, China	EDIFICIO ELEMENTAL
Hong Kong, China	TSZ KIN LOGISTICS COMPANY LIMITED
Hong Kong, China	AN XUN ELECTRONICS CO., LTD
Hong Kong, China	HUTTON GROUP
Hong Kong, China	AMIAIM
Hong Kong, China	HKO
Hong Kong, China	EG FASHION
Mexico	VENTA DE LENCERÍA
Mexico	PEEK PAWS
Mexico	EYM
Mexico	SERVICIOS AF
Mexico	MARY
Mexico	PATITAS CANCAT
Peru	RESTRUCTURE SAC
Peru	CONSTRUCTORES METALMECANICOS PERUANOS SAC
Peru	FACTORÍA VIGO SAC
Peru	TRIBECA SAC
Peru	MG DIGITAL SAC
Peru	CIRION TECHNOLOGIES
Peru	LIVERITA
Peru	ABLIMATEX EXPORT SAC
Peru	CASA CREMA 1994
Peru	MOTTIVA HEALTH
Peru	IMPORTACIONES UNO MAS UNO

Peru	NORTON EDIFICIOS INDUSTRIALES PERÚ SAC
Peru	IPCORP PERÚ
Peru	ACR SOLUCIONES Y SERVICIOS EIRL
Peru	CITO HOSPITALITY
Peru	TAK ARQUITECTOS SAC
Peru	CELL POWER SAC
Peru	EL CHALÁN SAC
Peru	DSUPPORT
Peru	EQUILIBRIUM BUSINESS DEVELOPMENT CONSULTANCY SAC
Peru	OFERTEC
Peru	TAS ASOCIADOS
Peru	REFERMAT SAC
Peru	ALMA CONSULTING GROUP
Peru	BUILDING SECURITY & CONTROL SAC
Peru	KPI CENTRO TECNOLÓGICO EMPRESARIAL SRL
Peru	L&H
Peru	INSTALACIONES LOGÍSTICAS INTEGRALES OVICOL SAC
Peru	CREATIFUN
Peru	NSF INASSA S.A.C.
Peru	JULI STUDIO SAC
Peru	CONSTRUCTORES METALMECÁNICOS PERUANOS SAC
Peru	MEMEDIAS SAC
Peru	ELECTROCOM INGENIEROS SAC
Peru	NAWARA NIKKEI
Peru	GLOBALIA CONSULTANCY SAC
Peru	INCA HUGS EIRL
Peru	PAN DEL PORTU

Peru	LOOP PERU SAC
Peru	IMMONEO SAC
Peru	HAPI COFFEE
Peru	TERRA ANDINA EXPLORA PERU SAC
Singapore	ABC
Singapore	ARCH CAPITAL
Singapore	CANNOT REVEAL
Singapore	HEALTHPRIME
Singapore	MATHVISION
Singapore	NOMURA SG
Singapore	HAMID OFFSET SERVICE PTE LTD
Singapore	JL ENTERPRISE LTD PTE
Singapore	NUHS
Singapore	GE AVIATION
Singapore	MSD INTERNATIONAL
Singapore	TALENTVIS SINGAPORE PTE LTD
Singapore	SHANG
Singapore	ECOMMERCE
Singapore	PEOPLE'S ASSOCIATION
Singapore	DRILLING
Singapore	HYTECH ENGINEERING PTE LET
Singapore	SURBANA
Singapore	LITTLE SKOOL-HOUSE PTE LTD
Singapore	SHOPEE
Singapore	NIL
Singapore	COMMERCE
Singapore	VERSA
Singapore	VERO
Singapore	VS CATERING PTE LTD

Singapore	IBM
Singapore	SCC AUCTIONS
Singapore	HTL INTERNATIONAL
Singapore	PSAM
Singapore	MICROSOFT COMPANY
Singapore	LTA
Singapore	STANRD CHARTENED
Singapore	AQUASHELL
Singapore	UOB
Singapore	MC
Singapore	FWD
Singapore	FAREST
Singapore	BRINK'S
Singapore	UOB
Singapore	IF LIP PTE LTD
Singapore	SURBANA JURONG PTE LTD
Singapore	THOMAS CLEANING FACILITIES
Singapore	AGODA
Singapore	ABC
Singapore	PASTA DADA
Singapore	SINGAPORE GENERAL IT
Chinese Taipei	龍威企業有限公司
Chinese Taipei	好開股份有限公司
Chinese Taipei	不方便透露
Chinese Taipei	ASKEY COMPUTER
Chinese Taipei	CUBE
Chinese Taipei	CAO
Chinese Taipei	吉利果
Chinese Taipei	會計師事務所

Chinese Taipei	PEGATRON
Chinese Taipei	統一企業
Chinese Taipei	仙宗興業
Chinese Taipei	三尚企業有限公司
Chinese Taipei	ICE店
Chinese Taipei	臨空科技
Chinese Taipei	正新輪胎
Chinese Taipei	魯大地
Chinese Taipei	T.T.B
Chinese Taipei	英業達
Chinese Taipei	台塑企業
Chinese Taipei	T.S.M CO., LTD
Chinese Taipei	TYM
Chinese Taipei	NONE公司
Chinese Taipei	STARK
Chinese Taipei	TPC COMPANY
Chinese Taipei	新埔國中
Chinese Taipei	不知道
Chinese Taipei	福華公司
Chinese Taipei	OBS
Chinese Taipei	馬克群島航空製造公司
Chinese Taipei	BULGARI
Chinese Taipei	MIDEAL TECHNOLOGY
Chinese Taipei	皇成科技
Chinese Taipei	魔鏡娛樂
Chinese Taipei	英華達
Chinese Taipei	同欣電子
Chinese Taipei	LINGSEN
Chinese Taipei	亞都飯店

Chinese Taipei	復興保全
Chinese Taipei	卡卡股份有限公司
Chinese Taipei	富士荒
Chinese Taipei	手機管家
Chinese Taipei	LONGWAY EMPRESA CO., LTD.
Viet Nam	CÔNG TY TNHH MTV CỔ PHẦN ĐỒNG NAI
Viet Nam	JINJU
Viet Nam	CÔNG TY TNHH PHẦN MỀM FPT
Viet Nam	FPT SOFTWARE
Viet Nam	LOTUS
Viet Nam	CP ANLE
Viet Nam	VABIOTEC
Viet Nam	CỔ PHẦN TERU
Viet Nam	ACE ANTENNA
Viet Nam	AZSTUDY
Viet Nam	GANG THÉP THÁI NGUYÊN
Viet Nam	VIETGH
Viet Nam	INSTRI ALP
Viet Nam	CÔNG TY 789
Viet Nam	TNHH THANH PHÚ
Viet Nam	DTS
Viet Nam	CÔNG TY CỔ PHẦN ĐẦU TƯ BẤT ĐỘNG SẢN HỢP NHẤT
Viet Nam	NGUYỄN ANH
Viet Nam	THƯƠNG MẠI
Viet Nam	SAI GON CPA
Viet Nam	CTY TNHH SAO VANG
Viet Nam	MINH ANH
Viet Nam	CÔNG TY TNHH BÌNH TIÊN BIÊN HÒA

Viet Nam	CÔNG TY SẢN XUẤT ĐỒ NHỰA THANH TUẤN
Viet Nam	MYNCOSMETIC
Viet Nam	CÔNG TY TNHH
Viet Nam	CTY TNHH
Viet Nam	MÁY TÍNH CHUỖNG LINH
Viet Nam	THÀNH ĐẠT
Viet Nam	CÔNG TY TRÁCH NHIỆM HỮU HẠN GIÀY HÀ GIA
Viet Nam	CÔNG TY CỔ PHẦN ĐẦU TƯ THIÊN ÂN
Viet Nam	CONG TY MAY THANG LONG
Viet Nam	CÔNG TY TNHH MTV THƯƠNG MẠI VÀ VẬN TẢI TOÀN THẮNG
Viet Nam	HUONG
Viet Nam	CBM MEDIA
Viet Nam	CP VĂN HOÁ PHƯƠNG NAM
Viet Nam	GRAND WORLD
Viet Nam	TNHH GRAVITA
Viet Nam	BÁCH HÓA XANH
Viet Nam	CÔNG TY TNHH ỢT THÀNH VIÊN AN PHÁT
Viet Nam	THANH TÂM
Viet Nam	UNILEVER
Viet Nam	CÔNG TY A
Viet Nam	CÔNG TY MA HÀN QUỐC

Interview Questionnaire for Economy Representatives

1. Describe your role in the organization where you work and your main functions.
2. How is the government sector in which you work structured?
3. From your position, what initiatives have been developed to promote digital innovation?
4. Are any of the functions mentioned in the previous question focused on e-commerce?
5. What are the main challenges that government programs seek to address?
6. What difficulties have you faced during the implementation of these programs?
7. What are the next steps?

8. Final thoughts.

Virtual Interviews and Focus Group to Economies Representatives

Economy	Representative	Position held	Modality	Download Interview
Chile	Mauricio Valdes	Digital Projects Manager, Economics, Promotion and Tourism Ministry.	Virtual	https://bit.ly/EntrevistaChileAPEC
Mexico	Iván Lara	Electronics Laws Administrative Chief, Mexican Government	Virtual	https://bit.ly/EntrevistaMexicoAPEC
Peru	Jorge Ramirez	Digitalización and Formalization Director - Production Ministry	Virtual	https://bit.ly/EntrevistaPeruAPEC
Peru	Marcos Pueyrredon	Co-Founder & Global Executive SVP - VTEX	Virtual	https://bit.ly/44mXUyA
Peru	Rafael Reynafarje	Country Manager - Yuju	Virtual	https://bit.ly/44mXUyA
Chinese Taipei	Jia-wei Cui	Chinese Taipei University	Virtual	https://bit.ly/3GqFhjH
Viet Nam	Ms. Trinh Thi Huong	Deputy Director General, Ministry of Planning and Investment	Virtual	https://bit.ly/EntrevistaVietNam

Written Interviews to Economies Representatives

Economy	Representative	Position held	Modality	Download Interview
Singapore	Ms. Bok Teng CHOU	Senior Business Partner	Written	https://bit.ly/EntrevistaSingaporeAPEC

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