Chapter 2
Rural Economy Activation Through E-Commerce: Challenges and Opportunities

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ABSTRACT

Rural economy has been characterized by low incomes and self-consumption production. With the expansion of global markets and the access of customers through internet, the possibility of moving traditional markets to e-commerce increases. This expansion allows the inclusion of rural economy into the e-commerce market. This chapter describes the challenges to be overtaken in order to activate rural economy through e-commerce. The chapter is organized in five sections: The first section focuses on the communication infrastructure available in rural areas. In the

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INTRODUCTION

With the Internet revolution, many sectors of society have changed the way some activities are carried out. The business community is a sector that has improved the way of carrying out its activities through the use of Internet, giving rise to the electronic business or e-business. E-business involves the use of Internet to improve business process, commerce, communication and collaboration within company, customers, providers and stakeholders (Combe, 2006). An e-business activity which has gained popularity is the electronic commerce or e-commerce, which use information technology to increase sales, wide the market and provide insights for new products and services (Isoraite & Miniotiene, 2018). E-commerce involves the purchase or transfer of data, services or goods through Internet and is constituted by three major activities: fulfillment of orders, payment, and delivery (Turban, King, Lee, Liang, & Turban, 2015). All processes, since the customer performs a purchase until the product is delivery, need to be followed to guarantee customer satisfaction. These activities can be performed by retailers or third-party companies. The advantages of relying on third-party companies are reduction of transportation cost, reduction on delivery time, and secure payment options.

Another important concept developed in e-business is coopetition, which induces to cooperation among competing companies (Waskowsky, 2017). Through coopetition, the market is expanded, production costs are reduced, and better customer service can be provided. Once retailers have established a point of sale online, the necessity of maintaining the loyalty of current customers and attract new ones arises; social networks have been adopted as a medium to establish brand communities (Shabbir, Zhang, Pitsaphol, & Hassan, 2015).

E-commerce has gained market worldwide by 10.2% of the global retail sales and there is an expecting increase of 17.5% in 2021 (Statista, 2018). In 2017, China, South Korea, UK, Germany, Indonesia, India, United States, Taiwan, Poland, and Thailand were the ten leading countries in online shopping (Statista, 2017b). Although the items more acquired online are books, movies, music, video games, consumer electronics, computers, clothing and footwear (Statista, 2017a), there is a tendency of expanding e-commerce to new markets like the agri-food sector (Zeng,
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