Financial Sustainability through Online Business in Egypt

Introduction

With the availability of digital resources in almost all global communities, new economic opportunities have presented themselves such as online businesses.

With the downfall of the Egyptian pound and the economic crisis in Egypt, the responsibility of the financial sustainability of the household has turned into a huge burden [1]. While the prices of everything from food to education have sky rocketed, the average salaries have almost remained the same. This has caused Egyptian citizens to seek creative solutions outside their regular jobs. One of the most common solutions is online trading. This has created a separate micro-economy that is affecting the entire country. Because the laws are not clear on online trading and there is no way to track merchants by the government, merchants don't pay taxes to the government. Many families are starting small business that are able to compete with larger corporations due to lower overhead costs and the no tax payments. In addition, due to the high customs enforced by the government on imported goods, the scarcity of good quality products has created a market gap for businesses to utilize. Not only that, but there is also a new business opportunity for merchants to smuggle products from abroad in their personal luggage and sell them online for a significant profit. While this has created multiple problems in the overall economic stand of the country, it has given a lot of sustainability to the families through online resources that weren't available decades ago. Utilizing technology to sustain families is perhaps one of the more noble outcomes that social networks can provide.

Methodology

We conducted a basic observation on two popular social-commerce platforms: Facebook and Instagram [2,3]. We also interviewed owners of 2 businesses using unstructured 20-minute interviews about their business practices and effects.

The shopping model is divided into three categories: Larger Facebook groups that combine different business with free advertisements. One can either advertise for individual items to sell even if they aren't a merchant or advertise for their own business by selling certain items but still adding the link to their own group or page (be it Facebook or Instagram). The next category is groups created by business owners who add their friends initially, but then grow in size and may reach over 100 thousand members. Usually groups are created for the businesses that import products from abroad. Most of these groups are private groups and

many create anonymous admin accounts on Facebook so these activities can't be traced back to them to avoid government monitoring. This model is also available on Instagram where businesses selling imported products also rely on special accounts to advertise for their products. Some of these accounts are private while others are public unlike Facebook groups. The most common imported products are clothes and makeup. Finally, there are businesses that create their own products or brands and these rely more on Facebook pages instead of groups as well as Instagram accounts.

One of the common ways to advertise for one's business is through posting their link on more famous groups like Facebook women support groups. Due to the users complaining of too much advertisements, many women support groups have banned advertising or limited them to one combined post where merchants can comment with own links as a form of supporting other women in their businesses. Another popular method is sending bloggers and influencers free products to advertise for them, often paying large sums of money for collaborations. Finally, using the traditional Facebook and Instagram ads is also popular.

We contacted two business owners, one selling imported makeup and one owner of a home-made scarves brand. We talked to them for 20 minutes understanding the motivation for opening the business and the challenges they have faced. The first business owner said that she was looking for quick cash, she travels a lot and wanted to utilize this opportunity to make money. She was looking for a low-risk business, so she is using a "by-order" model, where a client requests a certain item, then she buys it and delivers it after a set amount of time. Another popular business model is that the merchant buys popular products and then sells them for "immediate purchase" upon their return from their travel. Her private Facebook group has over 15,000 members. It has grown in the past 3 years from 500 members who were initially friends and friends of friends. She mentioned that she takes order deposits from her clients to ensure that they receive their orders. Her main challenges were that some clients still didn't receive their orders and she ends up with products she can't sell and that she doesn't believe that the business is a sustainable model for years to come since she doesn't manufacture her own products.

The second business owner started her business one year ago. She mentioned that she invested a large amount of money in advertising through the channels mentioned above, but she still hasn't turned a good profit due to the large competition in the market. She opened the business because she wanted to create an identity and a vision. She mentioned that because the process is very easy and there were no legal documents required, she was

motivated. She expected her business to succeed more and thought market penetration would be easier.

Conclusion and Outlook

Technology has created a platform for business owners (mostly women) to utilize and build their identities for better financial sustainability. Instead of building websites, owners are relying on social media to create advertisements and connection. Perhaps technology designers can invest time in understanding how to better support these businesses through creating more sustainable trading platforms instead of using indirect channels such as Facebook groups for purposes other than the intended. Perhaps it is time for the government to create a legal framework for these businesses so that business owners no longer live in fear and to allow fair taxation and competition.

References

[1] Alazzawi, S., & Hlasny, V. (2018). Disparities in the Cost of Living Changes after a Large-Scale Devaluation: The Case of Egypt 2016.

[2] Abed, Salma. "An empirical examination of Instagram as an s-commerce channel." *Journal of Advances in Management Research* 15.2 (2018): 146-160.

[3] Alkhowaiter, Wassan. "The power of Instagram in building small businesses." *Conference on e-Business, e-Services and e-Society*. Springer, Cham, 2016.

Mennat-Allah Essam Saleh

email: menna.esaleh@gmail.com

Experience

Technical University of Berlin, Hamm-Lippstadt University of Applied Science [October 2016-current] PhD Student-Human Computer Interaction

German University in Cairo

Assistant Lecturer/Teaching Assistant [September 2012-January 2015]

Academic History

Masters of Engineering [June 2014]

Major: Computer Science and Engineering University

Thesis: Human Computer Interaction from a Cross-Cultural and a Cross-Personal Perspective – Grade: A+

Bachelor of Engineering [June 2012]

Major: Computer Science and Engineering University: German University in Cairo

Cumulative GPA (1.23, Excellent with High Honors)

Thesis: Modeling Cultural Differences in Mathematical Problem Solving-Grade: A+

Languages: Arabic (Mother tongue), English (fluent), German (basic).

Publications

Saleh, M., Khamis, M., & Sturm, C. (2018, April). Privacy Invasion Experiences and Perceptions: A Comparison Between Germany and the Arab World. In Extended Abstracts of the 2018 CHI Conference on Human Factors in Computing Systems (p. LBW509). ACM.

Saleh M. & Sturm C. (2018, November). Exploring the Effect of Literacy on Signs in GUI-Design. In Proceedings AfriCHI 2018. ACM.

Saleh M. & Sturm C. (2016, November). Beyond National Borders; A Survey on Fundamental Attribution Error. In Proceedings AfriCHI 2016. ACM.

Saleh M. & Sturm C. (2012, June). Problem Solving Strategies in Relation to Formal Schooling. In Proceedings CogSci.

Saleh, M., Khamis, M., & Sturm, C. (2019, September). What about my Privacy, Habibi? In proceedings of Interact 2019.

Conferences

CHI: 2016, 2017, 2018, 2019 (multiple workshops and symposia)

AfriCHI: 2016,2018, CogSci 2012, Interact 2019