Chapter 10
The Role of Online Platforms in Enhancing Logistics Activity Performance:
Case Study – Salla Platform: KSA

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EXECUTIVE SUMMARY

Technology has progressed from being a supporter of the fundamental element of today's economy. The "digital economy" includes digital sectors, such as media, e-commerce, as well as traditional industries that have been touched by digitalization to varying degrees. This case study focuses on the Saudi e-commerce retail industry and how much it has grown exponentially through increased internet penetration, use of smartphones, and language diversity on e-commerce platforms. Moreover, the adoption of digital wallets is now more prevalent, supported by a general shift towards digital payments. The development of transport and logistics systems is based on digital platforms, such as Salla platform, which has a significant impact on the efficiency and competitiveness of supply chains and the logistics activities in KSA. Salla connects its sellers and customers. The platform provides companies with many advantages and tools.

BACKGROUND

Coordination, transaction information, customer services, inventory, and standardization of the system are all part of supply chain integration (Kang et al., 2018). Therefore, the perspective of the entire supply chain integration requires the use of emerging technology to improve the performance of logistics activities, follow of information, and enable, in the process, the monitoring of physical goods. Since

2010, many supply chains have been automated to control demand, complexity, and integration (Bahrin et al., 2016).

The importance of implementing digitalization and automation in the supply chain can be summarized as enhancing data availability, interactions, collaboration, and market information. This data enables the firm to improve the usefulness, production, and credibility of its products for the consumer (Buyukozkan & Gocer, 2018). Furthermore, quick and flexible responses to customer demand, moreover, decrease delivery lead time, (Spro'e et al., 2017). Automation and centralization of processes help companies make their workers more effective, have better visibility, and support firms to reduce and manage cost-effectively. Process automation usually results in up to 20% cost savings for the related cost base (Raab and Cryan, 2019). The future of digitalization in the supply chain will be critical due to the potential impact of a 75% reduction in inventory and a 30% reduction in operating costs (Ferrantino & Koten, 2019).

E-commerce refers to digital commerce, which is the ability of electronic media and the internet to sell products and services over the internet, thus e-retailing. E-retailing is one of the main logistics activities which expanded due to the speed and ease of use for customers (Kurtz, 2016). Also, selling online can help startups and SMEs to expand their market and increase their sales and revenues. E-commerce activities, such as selling online, can be directed to consumers or other businesses. Business to Consumer (B2C) involves the online sales of goods, services, and provision of information directly to consumers, while Business to Business (B2B) refers to the online selling of products, services, or information between businesses. (Jain et al., 2021).

After COVID-19, consumer behavior has altered globally, accelerating e-domination commerce in the retail industry. E-commerce businesses have included elements that are particularly appealing to customers to draw in more customers, like multi-category product ranges, ratings and reviews, discounted deals, inexpensive delivery, free exchanges and returns, competitive price, and 24/7 availability. The value of the e-commerce market increased by 40% between 2015 and 2020, reaching USD 9.8 billion, and Saudi Arabia was among the top 26 e-commerce markets worldwide. Saudi Arabia stands out among the gulf cooperation council due to its big GDP, vast size, enormous population, impressive purchasing power, high concentration of oil and gas, and extensive mineral and metal resources. In addition, the country now has the second-highest number of social media, smartphone, and internet platforms after the United Arab Emirates, and 70% of its people purchase online. KSA has invested USD 21.3 billion in services and goods across 45,000 stores and e-commerce platforms. China accounts for 46% of all cross-border e-commerce in the Kingdom of Saudi Arabia (gov.sa, 2022).

Vision 2030 of the Kingdom of Saudi Arabia (KSA) is to improve efficiency and become one of the world's leading economies. Part of Saudi Arabia's growth is the assurance to increase the retail segment and confirm that modern business and e-commerce will account for 80% of the retail segment by 2020. E-commerce allows customers to shop whenever and wherever they want. Given Saudi Arabia's appetite for Internet dissemination and e-commerce, commercial activities in KSA will be strengthened by Internet support. For example, the homecentre.com website is the first of many phases designed to provide devoted consumers with online-channel familiarity as well as a more appropriate shopping experience (Khwaja, 2017).

On the other hand, the Vision has identified that traditional retailing controls approximately 50% of the market in Saudi Arabia, compared to 20% in the Gulf Cooperation Council (GCC), with the retail shop suffering from inadequate dissemination of modern business and e-commerce. The administration intends to increase the contribution of modern trade and e-commerce to 80% in the retail segment by 2030. This is intended to be accomplished by appealing to both local and global retail stakeholders,

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