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E-COMMERCE INNOVATION IN EMERGING FASHION MARKETS: A CASE STUDY OF MOLDOVAN DESIGNERS' DIGITAL EXPANSION AND ROLE OF SUPPORT PROGRAMS

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Abstract. This paper explores the transformative role of e-commerce in the emerging Moldovan fashion market, focusing on the digital expansion of local designers. It examines the industry's shift from traditional manufacturing to innovative online sales channels, highlighting the challenges and opportunities this transition presents, including the need for new skills, legal framework adaptability, and investment. The study also discusses the impact of the COVID-19 pandemic, which accelerated the adoption of e-commerce among Moldovan fashion firms. With the support of programs like the Fashion Omnichannel Mentorship Program, these firms are enhancing their digital presence and competitiveness. The paper emphasizes the importance of mentorship and tailored support in enabling Moldovan brands to thrive in the digital marketplace, contributing to their growth and success in the global fashion industry.

Key words: *fashion sector, ecommerce, support programs, value added.*

Rezumat. Lucrarea explorează rolul transformator al comerțului electronic pe piața emergentă a modei din Moldova, concentrându-se pe expansiunea digitală a designerilor locali. Acesta examinează trecerea industriei de la producția tradițională la canale inovatoare de vânzare online, evidențiind provocările și oportunitățile pe care le prezintă această tranziție, inclusiv nevoia de noi competențe, adaptabilitatea cadrului legal și investiții. Studiul discută, de asemenea, impactul pandemiei de COVID-19, care a accelerat adoptarea comerțului electronic în rândul firmelor de modă din Republica Moldova. Cu sprijinul unor programe precum Fashion Omnichannel Mentorship Program, aceste firme își îmbunătățesc prezența digitală și competitivitatea. Lucrarea subliniază importanța mentoratului și a sprijinului personalizat pentru a permite mărcilor moldovenești să prospere pe piața digitală, contribuind la creșterea și succesul lor în industria modei globale.

Cuvinte cheie: *sectorul modei, comerț electronic, programe de sprijin, valoare adăugată.*

1. Introduction

The fashion industry globally has experienced a significant transformation with the shift towards e-commerce, primarily driven by technological advancements and changing consumer behaviors. This transition to digital sales channels is particularly impactful for emerging markets, where e-commerce presents a unique opportunity for growth and global reach. In the context of Moldova, a country with a burgeoning fashion scene, this shift holds particular significance. Moldova's fashion industry, traditionally reliant on low-value 'Cut & Make' services for European clients, is witnessing a paradigm shift with local designers embracing e-commerce to expand their customer base beyond physical borders. This move not only enables these designers to tap into larger markets but also to test and refine their offerings in smaller, local markets like Moldova before scaling to regional markets such as Romania, which serves as a gateway to the broader European digital marketplace. The transition to e-commerce represents a critical step in the evolution of Moldova's fashion industry from a manufacturing focus to a design and brand-centric model.

1.1. E-Commerce Trends in The Global Fashion Industry

E-commerce in the global fashion industry has seen unprecedented growth over the last decade, reshaping both the marketing and sales models as well as the product design in fashion. This growth spiked during the pandemic, with online purchases increasing by 30% annually in 2020 in the USA and Europe. It's predicted that from 2022 to 2025, e-commerce will grow at an annual rate of 10% in the USA and 11% in Europe, aligning with pre-pandemic levels [1]. China's online retail sales have also grown, though at a slower rate post-2021. Global e-commerce revenues are expected to reach \$4.11 trillion in 2023, with fashion products ranking second after electronics. A projected market volume of \$6.35 trillion is anticipated by 2027, with a significant contribution from China. The number of e-commerce users is expected to reach 5.29 billion by 2027, with an average revenue per user (ARPU) projected at 0.93k USD [2].

There is a significant correlation between the overall growth in e-commerce revenues and the prominence of fashion products within the e-commerce sector. As e-commerce expands globally, fashion products remain a top category, underscoring the industry's adaptability and innovation in embracing digital sales channels. This trend reflects the dynamic nature of consumer preferences and the increasing reliance on online platforms for fashion retail, demonstrating a robust and symbiotic relationship between e-commerce growth and the fashion industry's digital evolution [3].

E-commerce has introduced new sales and business models, with fashion brands building their operations around direct online sales to consumers and adopting omnichannel strategies, which combine physical and online distribution methods. Yet, the recent slowdown in e-commerce growth necessitates a careful recalibration of these distribution strategies to manage upcoming changes.

1.2 E-commerce market trends in Moldova

In Moldova, the e-commerce sector is at an early stage of development, presenting significant potential for expansion and improvement. The value of e-commerce transactions in Moldova has grown over time, reaching 314 million euros in 2021, indicating a strengthening e-commerce market. According to Statista, the value of the B2C e-commerce market in Moldova is estimated to be much higher, at around 911.90 million euros in 2023

[2]. A compound annual growth rate (CAGR) of 12.72% (34.6% in 2023 alone) is expected, leading to an estimated market volume of 1472 million euros by 2027 [2].

There are significant interdependencies within the e-commerce market in Moldova. Key trends such as the overall growth in transaction values, the average value per transaction, and the increasing usage of active cards for e-commerce suggest a gradually maturing market [3]. These factors, combined with year-over-year dynamics, reflect the evolving consumer behaviour towards online shopping, the increasing trust in digital transactions, and the growing sophistication of the e-commerce infrastructure in Moldova. Overall the e-commerce ecosystem is becoming more robust and integrated. Despite over 90% of e-commerce transactions being cash on delivery, non-cash payments are on the rise [3]. Moldova has seen a steady increase in the number of active cards between 2017 and 2021, influenced by digital technology advancements, e-commerce growth, and the adoption of contactless payments [3]. The number of e-commerce platforms in Moldova has significantly increased in recent years, with the most substantial annual growth occurring in 2020, the first year of the pandemic. The majority of Moldova's e-commerce transactions are carried out in the international market rather than locally, indicating a preference for overseas online shopping and the need for local businesses to adapt to this trend.

1.3 E-Commerce disparities and growth potential: a comparative analysis of Moldova and Romania's online markets

Despite growth, in Moldova e-commerce represents a modest portion of its total trade at 4%, which is below the global average of 19%. Moldovans spend an average of 155 Euros per year on online purchases, equating to about 13 Euros monthly. This expenditure is a small fraction, only 4%, of the average monthly consumption basket. This data suggests there's significant potential for e-commerce growth in Moldova, both in terms of market penetration and per capita spending [3].

Moldova, looking towards neighbouring Romania as a reference and a gateway for expanding digital sales into the EU's broader Single Digital Market, exhibits a stark contrast in e-commerce spending. Moldovan annual online shopping expenditure is significantly less compared to Romania, with Moldovans spending about one-fourth of what Romanians do on e-commerce annually [4]. This disparity highlights the differences in e-commerce penetration and consumer spending patterns between these neighbouring countries.

The nearby Romania is the 37th largest market for eCommerce with a predicted revenue of US\$7,970.1 million by 2023, placing it ahead of Finland. Anticipated to grow at a compound annual rate of 6.2% from 2023 to 2027, the Romanian e-commerce sector is forecasted to reach a market volume of approximately US\$10.15 billion by the end of the period. In 2023 alone, the market is expected to surge by 13.1%, significantly contributing to the global growth rate of 8.7%. This growth pace is twice as fast compared to Moldova's. This upward trajectory is reflective of a broader trend where e-commerce worldwide is poised for continued expansion in the coming years. Fashion constitutes 17.6% of online sales in Romania, being the second largest product category sold online after consumer electronics [5].

1.4 Overview of Moldova's fashion manufacturing industry

Moldova's fashion manufacturing industry, traditionally reliant on 'Cut & Make' clothing manufacturing services for European brands, faces a transformative opportunity

with the rise of e-commerce. This industry has shown resilience and adaptability, particularly in exports to Europe, with consistent growth between 2018 and 2022.

This growth has been sturdy, with annual y-o-y growth rates ranging between 5% and 10%, during 2018-2022 (See Table 1 below). Despite global economic pressures and pandemic's impact, the industry has shown a robust recovery, with turnover figures in 2022 reflecting a strong rebound from the dip in 2020. The Moldovan fashion manufacturing industry experienced a significant blow due to the COVID-19 pandemic [6], which led to an 11% annual decrease in exports between 2019 and 2020, and has started to rebound in 2021 and 2022. In 2022, the turnover of enterprises in this sector reached 7.6 billion Moldovan Lei, representing a significant increase from 4.5 billion Lei in 2015, by 69%. This revival is attributed to the resurgence of the fashion industry in Europe, driven by trends like "nearshoring" – the relocation of production closer to Europe to reduce dependency on Asian countries like China, Bangladesh, and Vietnam. This shift is motivated not only by supply chain disruptions but also by a growing awareness of the need for sustainability, adherence to social and ethical standards in employment, and protection of design and product copyrights.

Table 1

Export and Employment Trends of Fashion Manufacturing Industry of the Republic of Moldova, 2018-2022

Indicators	Years				
	2018	2019	2020	2021	2022
EXPORT – total national, US dollars	2,706,173	2,779,164	2,467,106	3,144,505	4,332,145
EXPORT – fashion manufacturing industry, US dollars	427,587	379,230	338,977	390,719	422,238
Raw hides (raw material), tanned hides, natural furs, and products made from them, US dollars.	22,385	18,903	15,468	18,582	22,404
Textile materials and articles made from these materials, US dollars.	368,754	325,363	289,786	333,966	357,222
Footwear, headgear; sun umbrellas; whips; riding crops; cravats and parts thereof; processed feathers and down; articles made of feathers and down; artificial flowers; articles of human hair, US dollars.	36,448	34,964	33,723	38,171	42,611
EXPORT – fashion manufacturing industry weight in national exports, %.	16%	14%	14%	12%	10%
EXPORT – fashion manufacturing industry annual growth, %.	100%	-11%	-11%	15%	8%

Source: National Statistical Bureau [7].

However, Moldova's fashion manufacturing industry faces challenges in value addition and global market competition. The industry's dominating Cut and Make model, while cost-effective, has limited the industry's capacity for value addition and makes it susceptible to global market fluctuations and competition from lower-cost regions. Productivity and profitability challenges have been manifesting, with a notable decline in exports per employee until a recovery phase in 2021-2022, which saw growths of 24% and 14%, respectively.

The operational focus on cost-effectiveness does not foster the development of higher-value activities such as original design or local branding. This results in struggles for the industry, characterized by low productivity and profitability, and consequently, lower wages. Per National Statistics Bureau, average wages in the industry, although on the rise, still lag compared to the national average - 8,073 lei in 2022 compared to 4,145 lei in 2015 - remaining 26% lower than the national average wage of 10,954 lei in 2022. The industry's reliance on the 'Cut & Make' model is likely to face increased pressure in the future without a strategic pivot towards higher-value-added processes [7].

In recent years, Moldova has seen an increase in local companies producing under their own brands, a business model adding significant value. This rise is supported by competitiveness projects funded by USAID, the Swedish Government, and UK Aid. These enterprises, including independent designers and branded manufacturers, are becoming pillars of Moldova's fashion industry.

From 2010-2015, there was notable growth in local fashion brands aiming to capture the domestic market and reduce imports. The collective brand "Din Inimă. Branduri de Moldova," curated by the APIUS Moldova fashion manufacturers association, has become a key platform for promoting over 70 local fashion brands. Although small, the local apparel market has seen overall growth, with a rise in the retail sector's share of clothing, footwear, and leather goods sales, suggesting a doubling of official clothing sales over five years, reaching 1.35 billion Lei in 2015. Moldova's domestic market constitutes a pivot for emerging designers and fashion labels to test their designs, interact with consumers, and earn their first cash [8].

However, these young fashion brands face challenges, including strong competition from foreign brands and price sensitivity among local consumers. They struggle with long-term challenges like limited promotional capabilities, small marketing budgets, and restricted access to affordable retail spaces in the capital city of Chisinau.

To overcome these barriers and succeed in the market, these brands are encouraged to look towards exporting to the EU markets or leveraging e-commerce for global reach. E-commerce presents a pivotal opportunity for local brands, especially given the recent increase in domestically produced brands.

Leveraging digital sales channels enables these brands to access global markets directly, overcoming traditional barriers and responding more agilely to market demands. With the Moldovan government's trade liberalization efforts and increasing proficiency in e-commerce among local companies, there's potential for substantial growth in the digital marketplace.

The transition from traditional manufacturing to design innovation and brand development through e-commerce could redefine Moldova's position in the global fashion industry.

2. Methodology

2.1. Understanding the ecommerce needs of local fashion firms: COVID-19 catalyst for digital transformation

Figure 1 below illustrates the adoption of online sales by fashion firms in Moldova during COVID-19 that has been a tipping point for accelerating ecommerce adoption as a business model by local firms, as well as for the consumers. This data, sourced from a survey of 63 firms conducted by APIUS as part of the Fashion Manufacturing Industry's evaluation of COVID-19's impact supported by the Moldova Competitiveness Project, funded by USAID, Sweden, and UK in 2019, reflects the evolving e-commerce landscape in the country [6]. The Figure 1 indicates a significant shift in the adoption of online sales by fashion industry firms in Moldova. In 2019, nearly half of the surveyed firms (48%) were engaging in online sales, as the COVID-19 pandemic encouraged fashion manufacturers to expand online presence and diversify sales channels given closure of physical shops. At the same time, the 2019 survey showed that nearly half of these businesses had not engaged in online sales. Of those that did, many reported that online sales accounted for a small percentage of their total monthly sales, indicating substantial room for growth in e-commerce. This suggests a growing emphasis on digital channels, despite the dominance of traditional sales methods, and highlights the impact of COVID-19 as a potential catalyst for this shift [6].

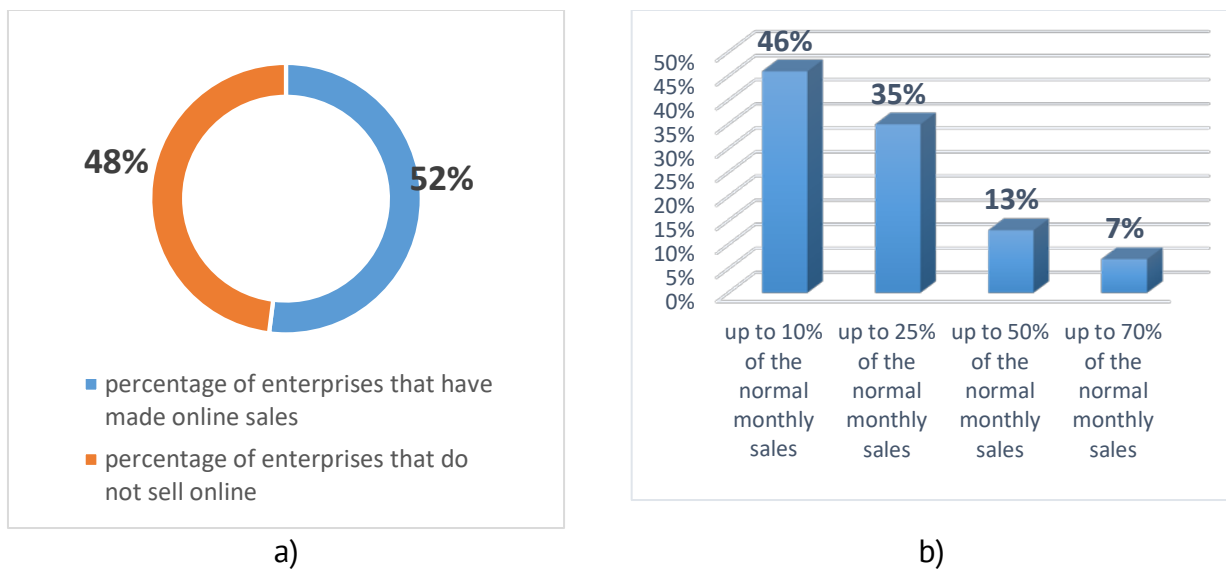


Figure 1. Use on Online Sales by Fashion Manufacturing Firms in Moldova, 2019-2023. Source: survey, sample 63 clothing manufacturers [3]: a) Online Sales Use by Enterprises; b) Percentage of online sales in enterprise total monthly sales.

Moldovan fashion firms face several challenges when it comes to adopting e-commerce and digital sales. These challenges include:

- ❖ **Additional Investment Requirements:** The need for significant additional investments to transition their products into the online environment.
- ❖ **Lack of Know-How and Online Operation Skills:** Limited knowledge and skills to effectively operate in the online environment, including digital marketing, website management, and online sales strategies.
- ❖ **Legal Framework Limitations:** Existing limitations within the legal framework that regulate e-commerce activities, which may hinder the smooth operation of online

sales. This particular concerns local accounting specifics, cross-border deliveries and product returns (issues with Moldovan customs requiring repeat customs clearance for international returns), underdeveloped and expensive logistics (including last-mile delivery in Moldova and Romania) [3].

❖ **Lack of Competitive Local E-commerce Service Providers:** Limited availability of local service providers offering competitive prices for e-commerce services, such as website development and maintenance, product listing services, as well as digital marketing and social media services.

These challenges collectively pose obstacles to the successful adoption of e-commerce by Moldovan fashion firms, requiring targeted solutions and support to overcome them.

2.2. Description of the Fashion E-commerce Support Program

The Fashion E-commerce Support Program is a collaborative initiative supported by a partnership between APIUS (Moldova's fashion manufacturers association) and ZIPHOUSE Fashion Hub, with support from development partners USAID, Sweden and UK via Future Technologies Activity [8]. Its primary objective is to accelerate sales for fashion firms in Moldova by enhancing their presence across both online and offline platforms. The program aims to increase competitiveness, drive profitability, and enhance economic resilience among participating firms. This is achieved through a comprehensive approach that involves streamlining and digitizing current procedures, improving the consumer experience, and creating new digital sales channels to penetrate new markets [8].

The Fashion E-commerce Support Program was implemented through multiple iterations from 2019 to 2023, with periodic and iterative program adaptations made based on the outcomes and feedback received. The program adaptations were branded based on maturity level of participants and types of priority interventions, respectively GoOnline for early intervention, Fashion Omnichannel for ecommerce adoption, and Ecommerce Mentorship for digital sales strategic expansion and cross-border and international growth [8].

The key objectives of the Fashion E-commerce Support Program are as follows:

- **Accelerate Digital Sales:** The program aims to boost omnichannel sales for local fashion firms by leveraging both online and offline sales channels.
- **Increase Competitiveness:** It seeks to enhance the competitive edge of participating firms in the fashion industry including capacity to export regionally and globally and cater to the new generation of consumers.
- **Drive Profitability:** The program aims to improve the financial performance and profitability of fashion businesses, increasing sales of own branded fashion products.
- **Economic Resilience:** By diversifying sales channels and adopting digital practices, the program aims to increase the economic resilience of participating firms that was particularly valid during COVID and is valid for the long term, as digital sales enable global exports and market diversification.

2.2.1 Methodology for Firm Selection

The selection of firms to participate in the program is based on certain criteria and priorities. Eligible applicant firms are chosen through the following criteria [8]:

- ❖ *E-commerce Improvement:* Priority is given to applicants who plan to enhance their e-commerce practices, indicating a commitment to adopting digital sales channels.

- ❖ *Innovation and Sustainability*: Firms looking to integrate innovative, sustainable, and energy-efficient practices and tools into their operations are favoured.
- ❖ *Export Enhancement*: Priority is given to firms that have strategies to increase the volume and value of their exports, contributing to broader market reach.
- ❖ *Sales Acceleration*: Firms aiming to accelerate local and international sales receive special attention.
- ❖ *Women-Owned Companies*: Additional priority is given to women-owned companies, promoting gender diversity in the industry.
- ❖ *Rural Resilience*: Firms contributing to rural resilience are also prioritized, emphasizing their role in strengthening rural economies.

The selection process involves reviewing applications and conducting online interviews with eligible firms to strategize and determine short to mid-term action plans [8]. This initial assessment helps in identifying the areas where firms require assistance.

2.2.2 Support and Intervention

Eligible applicant firms selected to participate in the program receive a combination of financial and technical support. The program is designed to address the specific needs and objectives of each participating firm. The support and interventions provided may include [8]:

- *Financial Support*: Firms receive financial assistance to fund activities that enhance their digital presence, streamline operations, and improve sales channels.
- *Technical Support*: Expert guidance and mentorship are provided to help firms implement digital practices, improve customer experiences, and explore new sales opportunities.
- *Action Plans*: Individualized action plans are developed for each firm to outline the steps and strategies needed to achieve their objectives.
- *Capacity Building*: Firms may receive training and capacity-building sessions through local and international mentors, group and individualized training and coaching sessions, knowledge building events to enhance their skills and capabilities.
- *Monitoring and Evaluation*: Progress is monitored and evaluated throughout the program to ensure that firms are achieving their goals and making improvements.

The program provides a menu of support activities, as per Figure 1 below [8], that are aimed at helping participating fashion firms in Moldova adapt to modern retail trends, improve customer interactions, and excel in both online and offline sales channels. The support activities are to be provided by local and international mentors, as well as consulting and marketing subcontractors, that can help beneficiary firms to develop the required knowledge and skills to succeed in the new business model. The support activities for program participants can be summarized as follows [8]:

1. **Enhancing the Buyer Experience in Physical Stores**: Implementing improvements to create a more engaging and customer-friendly environment in brick-and-mortar stores.
2. **Implementing Integrated Digital Solutions for Managing Inventory**: Streamlining inventory management processes to efficiently handle finished products across

production sites, warehouse, physical stores and online channels, avoiding excessive stocks.

3. **Implementing Omnichannel Customer Relationship Management (CRM) Solutions:** Adopting CRM solutions that enable seamless interactions with customers across multiple channels, both online and offline.
4. **Implementing Customer Loyalty Program Management Solutions:** Developing and managing customer loyalty programs to enhance customer retention and engagement.
5. **Implementing Innovative Merchandising and Showcase Solutions:** Introducing innovative merchandising techniques and display strategies to attract and engage shoppers.
6. **Implementing Innovative Display Solutions and Augmented Reality Technologies:** Incorporating cutting-edge display technologies, including augmented reality, to create captivating in-store experiences.
7. **Designing/Redesigning Interior Spaces for Efficiency and Enhanced Consumer Experience:** Redesigning interior spaces to optimize operational efficiency, increase product visibility, and elevate the overall shopping experience for customers.

Figure 2 illustrates the evolution of ecommerce support programs in response to the maturity level of participating firms in the ecommerce business model. The figure showcases a progression where support programs have adapted and become more tailored to the specific needs and capabilities of firms as they advance in their ecommerce journey.

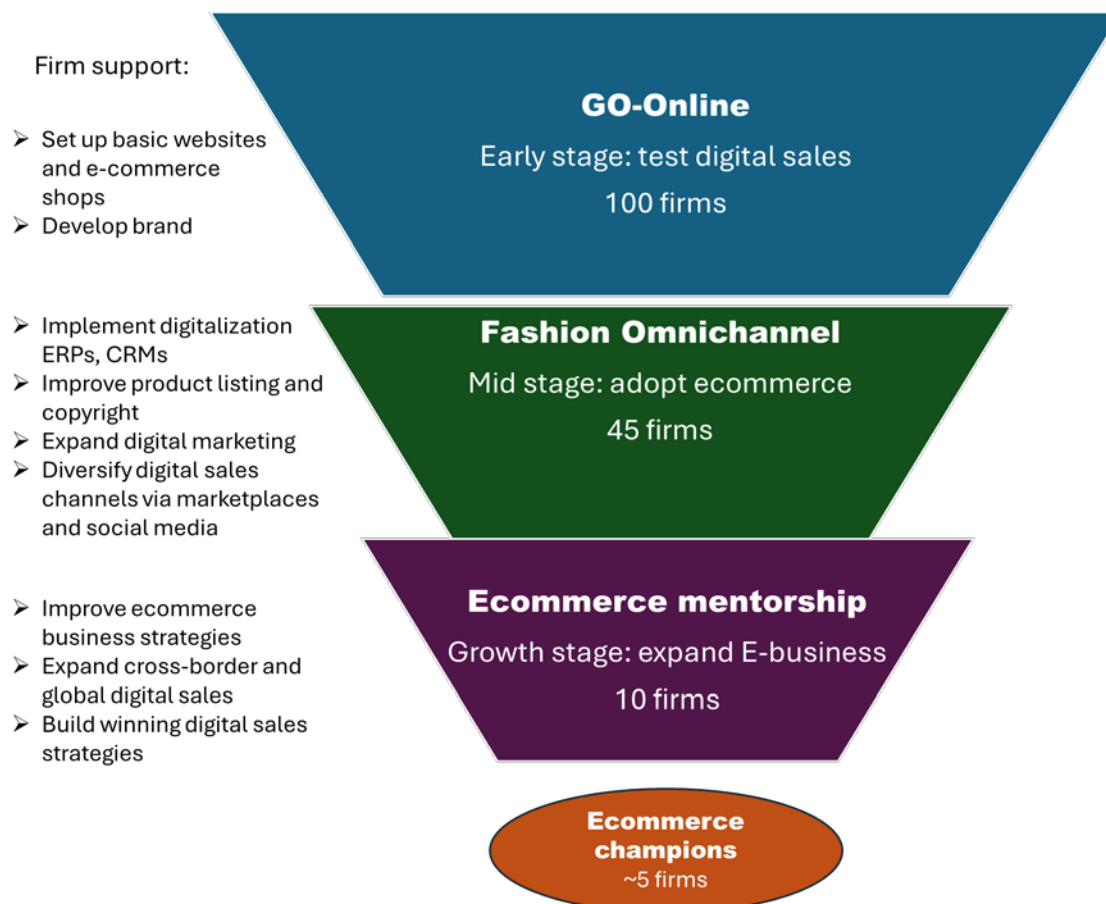


Figure 2. Adaptation of ecommerce support programs based on firm maturity.

Source: Compilation by author, based on project reports [8, 9].

At the initial stages of firm maturity, programs focus on fundamental aspects such as introducing products online and providing basic know-how.

As firms grow and gain experience in the online market, support programs evolve to address more advanced challenges such as legal regulations, integration of CRM and loyalty programs, innovative merchandising and product listing, as well as diversification of digital sales channels by integration in local and international market places. This adaptation reflects a strategic approach to meet the changing needs of firms at different stages of their ecommerce development, ultimately fostering their growth and success in the digital marketplace.

3. Analysis of Ecommerce Support Program Impact on Various Growth Aspects of E-commerce

The analysis below provides the description of the various iterations of the Fashion Ecommerce support programs and elements provided for the growth aspects of e-commerce businesses, ranging from early-stage initiatives to advanced development stages.

GoOnline (for early-stage firms): designed and executed between 2020 and 2021 amid the COVID-19 pandemic, served as a rapid response initiative aimed at bolstering firms' digital presence and evaluating digital sales strategies. The program was spearheaded by COR Creative Industries Association in partnership with ZIPhouse Fashion Hub, overseeing program management expenses and providing modest incentives ranging from \$500 to \$1500 to participating companies for the establishment of websites, e-shops, social media business accounts, and online shops. This initiative, co-funded by the Moldova Competitiveness Program, Invest Moldova Agency, and EBRD, amounted to a total of \$241,283. GoOnline garnered participation from over 100 firms, of which 45 fashion brands graduated and were accelerated for e-commerce capabilities throughout the program's duration, including 15 fashion startups [8,11].

Fashion Omnichannel Program (for growing ecommerce business): initiated in October 2021, by ZIPhouse Fashion Hub in partnership with APIUS Moldova fashion industry association [12], attracted 28 eligible applications and conducted thorough online interviews with all applicants to formulate strategic short to mid-term action plans and determine FTA's assistance. Currently, 15 beneficiaries are actively engaged in ongoing assistance projects. The program, generously supported by Future Technologies Activity, a technical assistance project funded by USAID and Sweden, with a technical support budget of up to \$75,000, is dedicated to aiding SMEs within the fashion industry in increasing online sales and enhancing the customer experience in physical stores. Moreover, it serves as a valuable precursor to the Ecommerce Mentorship Program for advanced firms, facilitating a deeper understanding of e-commerce technology adoption within the fashion sector and enabling the testing of innovative interventions to foster growth and efficiency [9-11].

Ecommerce Mentorship Program (for advanced firms) [9-10]: Launched in October 2022, this program received applications from 78 companies in the fashion, lifestyle, and food products sectors. Out of these, 63 were deemed eligible, and 10 have already successfully completed the program's assistance. At its core, the program focuses on mentorship, boasting a team of 24 mentors with diverse expertise in ecommerce, ranging from website user experience UI/UX, digital marketing, product photography, copyright to logistics, tax, cross-border trade and consumer protection, who offer pro-bono strategic

guidance and coaching to participating companies. The program shortlisted 50 qualified local services providers in e-shops, digital solutions and marketing/branding. Additionally, the program awarded complementary grants to four dominant local e-commerce marketplaces, aimed at simplifying the entry and listing processes for local SMEs and their products. These marketplaces currently carrying limited or no local products (all imported stock) are expected to facilitate the onboarding of more than 300 local SMEs. Education and knowledge enhancement remain fundamental aspects of the program, featuring a five-week e-commerce education course titled "E-Commerce from Zero to Profit." This course, which involved nine lecturers, including successful entrepreneurs and prominent fiscal advisors, had great interest and attended by 37 participants in person, while the online version published on ecomertonline garnered over 60 website visitors [9,10].

3.1. Analysis of ecommerce mentorship program usage by beneficiary firms

Upon examining the two charts in Figure 3 below related to the E-commerce Mentorship Program for Moldovan brands, we can draw several insights into how the program's resources—both in terms of the number of interventions and the time allocated—were distributed among various consultancy activities to facilitate expansion into domestic and Romanian markets, as well as global sales in the case of ecommerce champion firms.

The first chart, "Consultancy by intervention type (No. interventions)," shows the distribution of different types of consultancy interventions. Content development leads with 19% of the interventions, followed by Traffic Acquisition at 23%. User Experience (UX) Optimization and Conversion Rate Optimization (CRO) each account for 13% of interventions, with Complex Integrations and Business Processes Setup following behind.

The second chart, "Consultancy by allocated time (hours)," illustrates where the program focused its time investment. Both CRO and UX Optimization commanded a quarter of the total time each, highlighting a significant emphasis on these areas. Business Processes Setup was also a major time investment, comprising 20% of the allocated time. However, Infrastructure Setup, Content, and Traffic Acquisition each only accounted for 5% of the time, despite their larger share in the number of interventions, especially Traffic Acquisition.

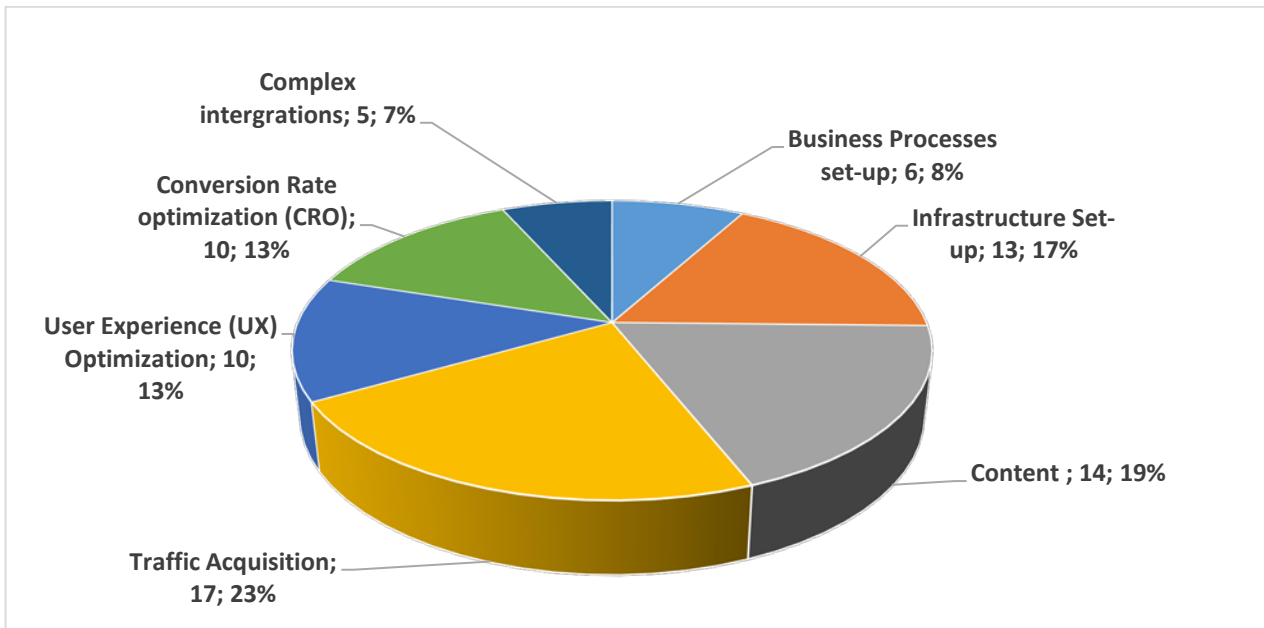
The dependency between the two charts suggests a strategic prioritization of time allocation that does not directly correlate with the number of interventions. For instance, while Traffic Acquisition interventions were numerous, they required less time per intervention, which could indicate either a streamlined approach to this activity or a lesser complexity compared to CRO and UX Optimization, which, despite having the same number of interventions as Traffic Acquisition, consumed substantially more time. This suggests that CRO and UX Optimization interventions were more time-intensive, likely due to their complexity or the level of customization required for each brand.

The charts provide insights concerning the efficiency of different intervention types, the complexity of tasks, and the strategic focus of the mentorship program. Additionally, it provides insights into where Moldovan brands may face the greatest challenges when scaling up for new markets and how mentorship programs can effectively allocate resources to address these challenges.

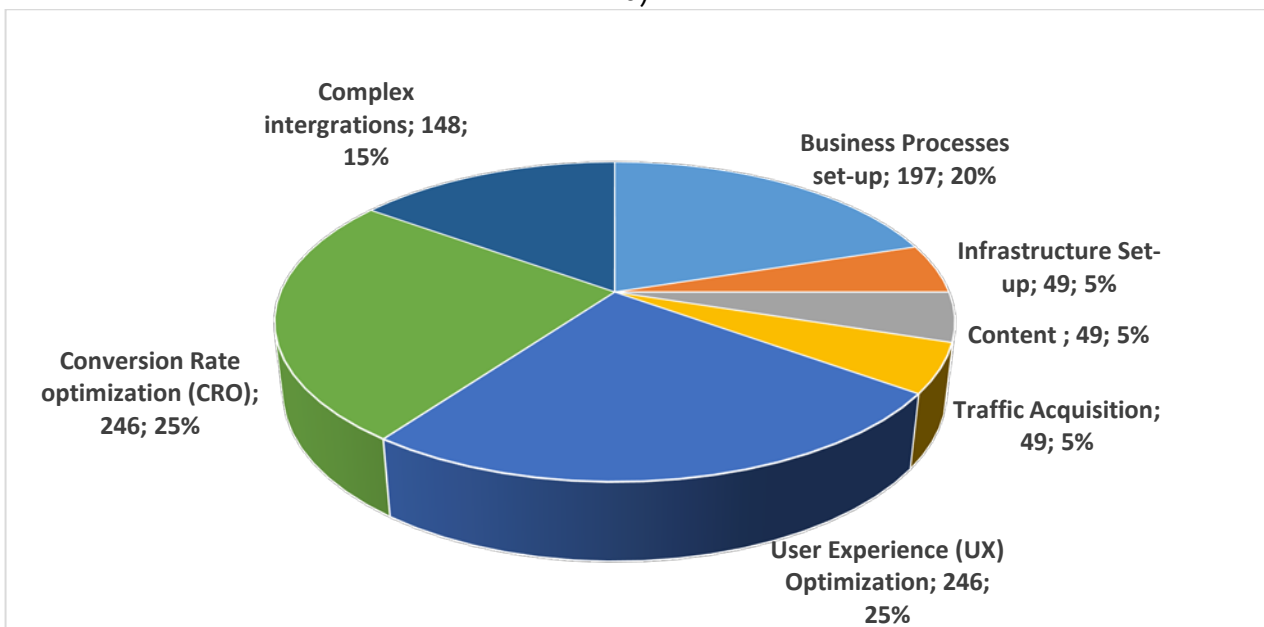
Efficiency of Intervention Types

The first chart (intervention type by number) shows that 'Content' and 'Traffic Acquisition' are the most frequent interventions, suggesting these are initial focus areas for

e-commerce entities. However, when comparing with the second chart (intervention by allocated time), we see that while 'Content' and 'Traffic Acquisition' make up a significant proportion of interventions, they account for a smaller share of the time invested, possibly indicating that these tasks, while numerous, may be less time-consuming or complex.



a)



b)

Figure 3. Ecommerce Mentorship Program: consultancy usage by participating firms: a) Use of consultancy by intervention type (number of interventions); b) Use of consultancy by time (number of hours).

Source: compiled by author, based on project reports [9].

Conversely, 'Conversion Rate Optimization' (CRO) and 'User Experience' (UX) Optimization, despite each constituting 13% of interventions, take up 25% of the time each. This suggests that these interventions are more complex and time-intensive, requiring a greater depth of work per intervention.

Complexity of Tasks

The substantial allocation of time to CRO and UX Optimization indicates that these areas are likely the most complex and critical for e-commerce success. They are essential for converting traffic into sales and providing a seamless user experience, which is vital for retaining customers and encouraging repeat business.

The fact that 'Complex integrations' also have a significant time allocation despite fewer interventions underscores their complexity and the specialized knowledge required to execute these tasks.

Strategic Focus of the Mentorship Program

The mentorship program appears strategically focused on both the front-end (content and traffic) and the back-end (CRO and UX) aspects of e-commerce, ensuring a balanced approach to building a robust online presence and optimizing for conversions. There is also a strategic emphasis on 'Business Processes set-up', which is crucial for establishing scalable and repeatable processes that can support growth into new markets, i.e. in our case Romania and global sales.

Challenges in Scaling Up

Moldovan brands may face significant challenges in optimizing conversion rates and user experience, as evidenced by the time invested in these areas. These are critical for success in e-commerce and require ongoing attention and specialized skills. Therefore, external consultancy is advised for firms.

The data suggests that while generating content and acquiring traffic are foundational, the greater challenge lies in effectively utilizing that traffic to generate sales and ensuring customer satisfaction through a well thought and seamless user experience.

Resource Allocation by Mentorship Programs

Effective mentorship programs must balance the number of interventions with the complexity and strategic importance of each task. This means prioritizing certain areas even if they require more time and resources, as the impact on e-commerce success can be significantly higher.

The data may inform mentorship programs to not only consider the quantity of interventions but also to allocate resources based on the potential impact on the brand's growth and the complexity of tasks, ensuring that more complex but critical areas receive the attention they require.

In conclusion, the charts reveal insights into the prioritization and allocation of consultancy resources. For Moldovan brands expanding into new markets, the focus should not only be on the quantity of interventions but also on the quality and depth of engagement in areas that drive conversion and customer satisfaction. Mentorship programs can play a pivotal role by strategically allocating resources to build capacities in these critical areas.

3.2. Case Study: Gramatchi Design SRL - Reaching New Markets Through Etsy

Below is a case study of one of the successful graduates of the E-commerce support program, which has successfully transitioned from a state of low digital maturity and lacking an online presence to reaching international markets through Etsy [4].

Background: Andrei Gramatschii and Marcela Mastac, founders of Gramatchi Design SRL, operate two distinct product lines: Gugugaga, specializing in children's toys, and

Greica, producing cat accessories. Seeking to expand internationally through e-commerce, the couple approached FTA after attending an e-commerce workshop [4].

Challenges: Gramatchi Design SRL encountered several challenges when considering Etsy as a marketplace for their creative products. At the time, Etsy had temporarily halted the acceptance of Moldovan companies and had closed certain payment options. Additionally, Moldovan entrepreneurs lacked familiarity with operating on this platform [4].

Solutions: Gramatchi Design SRL was assisted via the Ecommerce Mentorship Program to address these challenges systematically. The Program engaged mentor Vadim Chiorescu, an accomplished Moldovan entrepreneur with an Etsy shop ranking in the top 0.1% globally, who advised them to focus on the Greica product line due to its niche category, revenue potential, and scalability. Gramatchi was also assisted with connections with a network of mentors to navigate logistical and legal hurdles unique to Moldova. Investments were made in creating high quality product listing content [4].

Results: Gramatchi Design SRL is now officially listed on Etsy (<https://www.etsy.com/shop/greica>) with over 50 admirers, 18 sales, and 15 positive reviews. This success allowed the company to open a second shop for Gugugaga Toys. They have achieved Etsy's Star Seller badge and expanded their sales to four new markets [4].

Impact: Gramatchi Design SRL's success story demonstrates how strategic mentorship, assistance in overcoming logistical and regulatory challenges, and investment in content creation can empower Moldovan microentrepreneurs to thrive in the e-commerce landscape. FTA's e-commerce program remains committed to identifying and collaborating with beneficiaries like Gramatchi to enhance Moldova's e-commerce presence, boost sales, and access new markets [4].

The case study of Gramatchi Design SRL exemplifies the transformative impact of targeted mentorship and consultancy support, enabling a small independent Moldovan product designer to overcome digital and logistical barriers, successfully launching on Etsy and expanding into international markets, thereby illustrating a scalable model for microentrepreneurs aiming for global outreach.

4. Conclusion

E-commerce has revolutionized the global fashion industry, seeing unprecedented growth in the last decade, particularly during the pandemic with increase in online purchases in the USA and Europe. The Moldovan fashion industry is experiencing a significant transformation, shifting from traditional 'Cut & Make' services to a focus on design and branding. This transition is marked by an increase in local companies producing under their own brands. However, these emerging brands face challenges like intense competition, limited marketing capabilities, and restricted access to prime retail locations in Chisinau.

To thrive, these brands are exploring EU market exports and global reach through e-commerce. Moldova's online shopping expenditure is notably lower than neighbouring Romania's, emphasizing the disparity in e-commerce penetration and consumer spending patterns. The pandemic has been a catalyst for e-commerce adoption among local fashion firms and consumers. However, the transition to digital sales poses challenges, necessitating support programs for mentorship, consultancy, and co-funding of e-commerce development. These programs are crucial for firms at different maturity stages, focusing on

fundamental aspects initially and evolving to address advanced challenges like legal regulations and diversification of digital sales channels.

The Fashion Ecommerce Support Program, a collaborative initiative between APIUS, ZIPHOUSE, COR Creative Industries Association and development partners like USAID, Sweden, and the UK, aims to enhance fashion firms' online and offline presence. Implemented in multiple iterations from 2019 to 2023, the multidimensional program adapts to participant maturity levels and intervention types, categorized as GoOnline, Fashion Omnichannel, and Ecommerce Mentorship. These cater to various needs, from early-stage online presence to strategic cross-border growth. For Moldovan brands expanding into new markets, the emphasis on both intervention quality and quantity is crucial, with mentorship programs playing a pivotal role in building capacities in areas that drive conversion and customer satisfaction.

E-commerce has revolutionized the global fashion industry, particularly during the pandemic, with a notable surge in online purchases. This growth has prompted a strategic shift in the Moldovan fashion industry from traditional manufacturing to design and branding. The rise of e-commerce offers Moldovan brands, traditionally focused on 'Cut & Make' services, an opportunity to develop under their own labels, adding substantial value despite facing competitive and market challenges. The adoption of e-commerce has been critical for local firms during COVID-19, marking a significant shift towards digital sales. However, these firms face hurdles such as limited promotional resources and the need for digital market integration. Support programs play a crucial role in overcoming these barriers, offering mentorship and financial aid for e-commerce development. The Fashion Ecommerce Support Program, backed by APIUS, ZIPHOUSE, and international partners, aims to enhance Moldovan fashion firms' online and offline presence. The program's success depends on the quality of interventions and mentorship, focusing on areas that drive online conversion and customer satisfaction.

Conflicts of Interest: The author declares no conflict of interest.

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