What is "the digital economy"?

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E-commerce and the digital economy





What is "the digital economy"?



Hard to define

- Multi-faceted
- Cuts across institutional sectors and industries
- Affects production and consumption: what, how, and by whom
- Both tangible and abstract

Hard to agree on

- Different perspectives
- Linked to varying analytical and policy questions

Hard to measure

- Need for multiple sources and measurement approaches
- Digital systems contain a lot of information, but accessing and making sense of it can be challenging



One starting point: a definition of "economy"



[Adapted slightly] from Merriam - webster dictionary

"the process or system by which

goods and services are produced, sold and bought

in a country [and internationally]"

Products

Production

Transactions

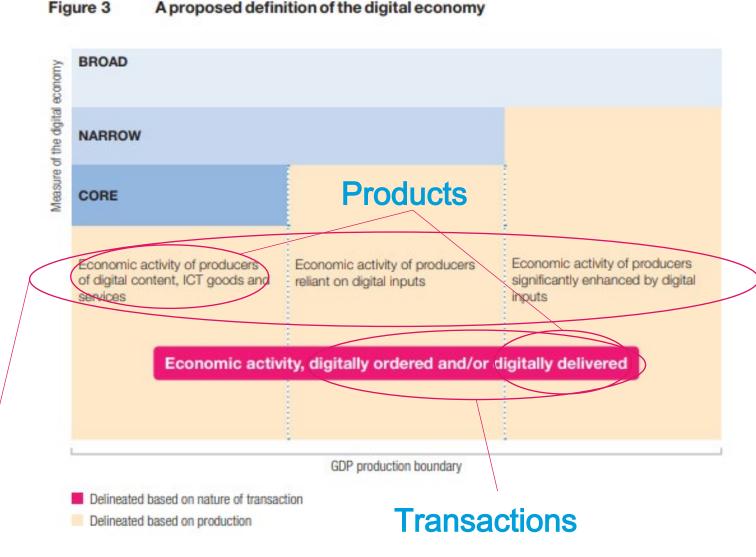
How "digital" must each of these be to count as part of "the digital economy"?



> Drawing definitive boundaries is challenging tiered definition of the digital economy



- Developed for G20 Digital Economy Task Force (OECD, 2020)
- Adopted in UNCTAD Manual for the Production of Statistics on the Digital Economy 2020
- Emphasises the nature of:
 - **Products** ICT goods and services, digital content, digitally delivered services
 - **Production** extent of reliance on "digital inputs"
 - **Transactions** digitally ordered / digitally delivered



Production



What would you include in "the digital economy"?



Products

Products purely digital in form?

- Streaming services
- CAD designs
- Software (ICT product)

Products that can be digital or physical – when delivered digitally?

- (e-)books
- Training (e-learning)
- Banking services (online banking)

Enabling (ICT) services?

- Telecommunications
- Data processing, hosting
- Repair of ICT equipment
- Cloud services

Enabling (ICT) goods?

- Computers, smartphones?
- Servers, Network switches?

Components?

- Processors, storage, sensors?
- Glass?

Connected versions of products?

- "Smart" TV/light bulb/fridge?
- Airbus A350?

Production

Producers of ICT products?

- Computer makers
- Software makers

Producers of products "digital in form"?

- Cloud services providers
- Designs for 3d printing?

Producers reliant on digital technology?

- Online platforms

Producers whose production is significantly altered or enhanced by using digital technology?

- Publishing
- Car makers
- Airlines
- Taxis

Producers that make *any* use of digital technology?

 Hairdresser uses WeChat to schedule customer appointments

Transactions

Transactions that are agreed "digitally"?

- Buying online

Transactions where the payment takes place "digitally"?

- Paying in a <u>physical store</u> by card, QR code, mobile money etc.

Transactions where digital technology plays any role?

- Car dealer advertises vehicle online but sale is in -person and paid by cash

We don't have to agree a precise boundary for "the digital economy" to be able to measure important aspects!



What would you include in "the digital economy"?



Products

Products purely digital in form? Digitally delivered 1 digitally? services

ing services (online banking)

Enabling (ICT) convices

ICT services (incl. cloud)

Enabli

ICT goods

Components?

Processors, storage, sensors?

Internet of Things

Smart I v/ngnt buib/iridge

ducts?

Alrous Assu:

Data as an asset

Production

ICT sector

Producers of products "digital in form"?

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- Designs for 3d printing?

Producers reliant on digital technology?

cere whose production s Produ can ICT usage in hanced by using digi business

> (incl. e - commerce, digital delivery, cloud, Al...) Taxis

Producers that make any use of digital technology?

> Handresser uses We Chat to schedule customer appointments

Transactions

Digital ordering (e-commerce) **Transactions** Digital through payments Digital (e.g. payment Intermediary card stats, mobile **Platforms** money stats,

Transactions where digital technology plays any role

crypto)

- Car dealer advertises vehicle online but sale is in -person and paid by cash

Measurement frameworks and efforts cover all these aspects of "the digital economy" (and more)



Moving forward together



Although there is no generally accepted definition of "the digital economy", there is much international agreement over the definition and measurement of key elements and perspectives.

This Seminar will introduce both established and relatively new aspects of digital economy measurement including :

- ▶ Going digital toolkit framework and indicators
- Digital supply-use tables
- Measuring the ICT sector
- Measuring ICT use in business and households
- Measuring Digital trade
- ▶ Relevant changes in the forthcoming SNA+BOP

None of these claims to measure "the digital economy" as a whole, but they establish a foundation for tackling questions related to "the digital economy" and a shared direction of travel.