



International Journal of Innovative Research in Computer and Communication Engineering

(An ISO 3297: 2007 Certified Organization)

Vol. 3, Special Issue 7, October 2015

eCommerce for SMEs Challenges and Solutions

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ABSTRACT: This project on eCommerce for Small and Medium sized Enterprises aims to investigate the business potential of Internet use for SMEs mainly in India and identify the benefits and problems brought about by this new medium. The Internet has been offering SMEs with an ample number of opportunities that are cost effective and reliable, thereby giving them opportunities to compete with their larger counterparts. India is moving steadily towards eCommerce in terms of structural development and logistical flow. India has proved to have a fast growth in terms of Internet users and soon will be among other top countries in eCommerce. This is a comparative study that is based on empirical data distinguishing between Indian businesses and other businesses outside India, mainly Western and European countries.

KEYWORDS: eCommerce, SMEs, Internet, Investigate Business potential, Growth, Comparative Study

I. INTRODUCTION

As we enter the second millennium, we experience one of the most important changes in our lives, that is the move to an Internet based society. Almost everything around us has changed over the years. From the way businesses run to the way schools educate and even the way we tend to spend our leisure time. Most of the changes have already occurred, and much more is yet to come. So it is a given that every individual, particularly those who run a business or those who intend to start one have some understanding of the way the business society functions in this age of Information Technology.

Indian middle class of 288 million people is equal to the entire US consumer base. This has made India a real attractive market for eCommerce^[1]. Many sites we have, sell a diverse range of products and services from clothes, accessories, and movie tickets to groceries, electronic gadgets, and laptops. Looking at it from another perspective, there are a few challenges faced by eCommerce sites in India^[2]. The payment challenges are still not known to India as the credit card population is very small and due to lack of uniform credit agencies. The delivery of goods to consumers by couriers and postal services is not very reliable especially smaller cities, towns and rural areas^[3]. However, there are many Indian banks who have put Internet banking facilities. The postal system has also taken a step forward in recent years by improving the speed post and courier services. The secured socket layer (SSL) which is a modern technology helps to protect against payment fraud, and to share information with suppliers and business partners. With further improvement in payment and delivery system it is expected that India will soon become a major player in the eCommerce market^[4].

II. RELATED WORK

The study undertaken here is closely related to the field by gathering information from different sources such as text books, journals, news articles, eBooks etc. and drawing an outline of how eCommerce in India has grown over the years and how it affects the Indian Economy.

The recent research based on facts and figures have shown that the total number of internet users in India has now reached 354 million by the end of June 2015. The latest figures have indicated that India has more internet users than the entire population of the US and has therefore become the second largest country by the number of internet users after China. According to the report published by the Internet And Mobile Association of India (IAMAI), the



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internet users in India has grown 17% in the initial 6 months of this year, adding 52 million new users^[5]. Last year, between January and December, India recorded the fastest growth of 32%, to 302 million, in the internet user base. It is however very interesting to see and realize the growth path of internet users in India. It took almost 10 years for internet user base to grow from 10 million to 100 million. However, in the following three years, the industry added another 100 million and crossed 200 million user mark. In, October 2013, the total number of internet users in India reached 205 million and in the following 14 months, the country added another 100 million new users, crossing 300 million users mark in December last year^[6]. These milestones clearly indicate to us the massive growth of internet users in India; it was also reflected in other sectors like digital commerce, social media, digital advertising, and payments.

The unprecedented growth in the internet user base helped eCommerce industry of India to grow by a multifold. Startups like Flipkart, Snapdeal, Amazon and many other online eStores recorded over 100% YoY growth in their GMV (Gross Merchandise Value) and valuation^[7].

III. ANALYSIS OF ECOMMERCE SITES

In this project, prompted by the requirements relevant to this study and its benefit to the general public, figures and facts have been mined and a comparison of eCommerce growth in India and the Western world is delivered through an empirical study. The Study also involves the growth in the number of internet users in India and the impact it has had in the society with the help of Graphs and figures. It gives a detailed report on the penetration of the Internet user base so that more focus can be put on the lagging penetration. Including in this study, is up-to-date information about eCommerce and its impact on the current and new emerging trends are also discussed. A Research model needs to be constructed for the understanding of eCommerce in depth.

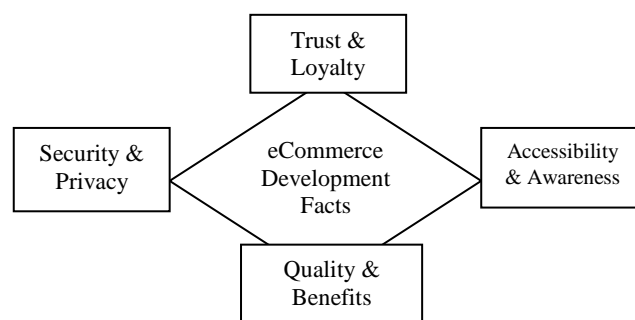
The development of eCommerce in this research is measured along the four facets stipulated in the diagram below. The study of the research model allows us to discover general attitudes and perception that people have on personal, technological and transactional levels^[8]. To determine the connection and effects these attitudes have on eCommerce is paramount to developing eCommerce. The facets surrounding this study revolve on the following;

Security and Privacy: This defines the perception of eCommerce portals as platforms which are secure and without any uncertainty and consequences after eCommerce use, and the level of maintaining confidentiality between suppliers and consumers.

Trust and Loyalty: The willingness of people to rely on to and frequently use eCommerce portals for conducting transactions based on the feelings of confidence and assurance.

Accessibility and Awareness: This defines the perception of the quality in user interface and the degree of awareness on product and service information delivered from conducting transactions from different locations at any time through eCommerce portals.

Quality and benefits: This defines the perception of the product and service quality offered from eCommerce portals and benefits that arise from conducting such transactions.



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IV. METHODOLOGY

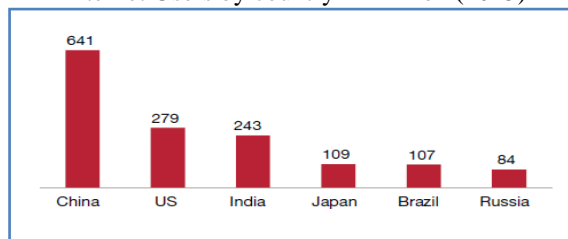
To ensure effective and efficient analysis and study, the project has been divided into several tasks. There was a necessity of having a general background and understanding of this field before getting into the study. World Wide Web is the primary source of information, right from the start of this project, since this area of study is relatively new and is a moving target. Without up-to date information it is difficult to carry out a reasonable analysis.

Along with the WWW, the following sources of information are used for research:

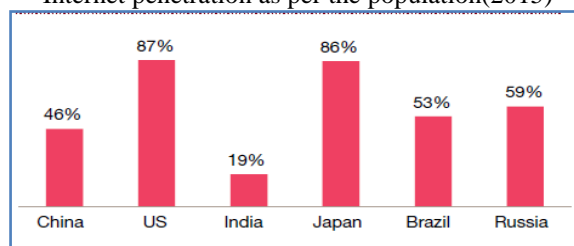
- Internet/Web
- Text books
- Research and survey results
- Academic Journals/Magazines
- Commercial Magazines
- Press releases by government bodies
- E-mail Research groups

V. FIGURES AND TABLES

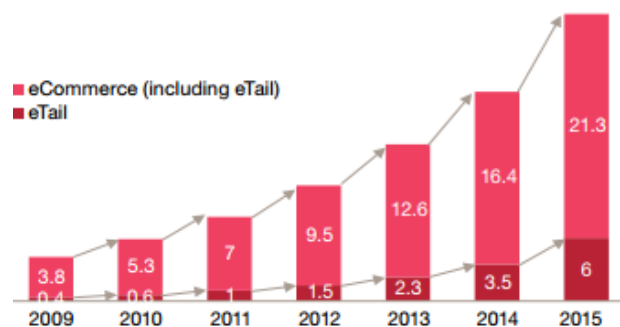
Internet Users by country-in million (2015)



Internet penetration as per the population(2015)



India's eCommerce and eTail growth





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VI. CONCLUSION AND FUTURE WORK

Under the guidance of grounded theory and through analyzing and synthesizing the gathered data, a content analysis of eCommerce enablers and disablers in developing countries like India was constructed.

This study highlights the most important factors that need to be considered in order to support the proliferation and advancement of eCommerce. India needs to encourage and improve the eCommerce developments. This research sheds light on the potential factors that may play a significant role in supporting the proliferation and advancement of eCommerce in India. The outcomes of this study may contribute to the market stakeholders' understanding of their potential customers' needs and current concerns. Exploring the market, especially at this time while eCommerce is still in its development stage, is critical for industry stakeholders in order to ensure the success of this emerging market.

Future research should focus on studying the development of eCommerce and testing the research model. Consequently, potentially important dimensions of the study could include an investigation in multiple cities, and especially in more rural areas, which may lead to more accurate and comprehensive results and analysis. Also, comparative research in different parts of the world would produce more complete findings. The results of this study could then be compared with those of other developing countries having similar conditions to see if there is a significant difference.

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