

E-commerce : Enhancing Growth for SMEs in India

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Abstract

Indian Small and medium enterprises (SMEs) or small and medium-sized businesses (SMBs) continue to chug along with their growth story. With their huge potential, the Government of India is taking different measures to increase their competitiveness in the international market but there is still a lot required to give much needed thrust to SMEs.

The decade that has gone by has seen tremendous growth in internet penetration across India this has given a large number of small businesses an opportunity to reach out to global market using e-commerce platforms

Business-to-business e-commerce platforms provide small businesses with opportunities to establish their presence on the internet by providing them a one-stop shop, identifying potential trading partners, learning more about global trade, sharing trading experience and letting buyers and suppliers communicate and interact effectively, hence conducting business deals successfully

Keywords: *SMEs –small and Medium Enterprise, SMBs- Small and Medium Businesses, E Commerce- Electronic Commerce, EDI- Electronic Data Interchange, E-Marketing – Electronic.*

1. INTRODUCTION

Electronic commerce, commonly known as E-commerce or E-Commerce, is trading in products or services conducted via computer networks such as the Internet. Electronic commerce draws on technologies such as mobile commerce, electronic funds transfer, supply chain management, Internet marketing, online transaction processing, electronic data interchange (EDI), inventory management systems, and automated data collection systems. Modern electronic commerce typically uses the World Wide Web at least at one point in the transaction's life-cycle, although it may encompass a wider range of technologies such as e-mail, mobile devices, social media, and telephones as well

E-commerce can be divided into 7 subsections:

- ❖ E-tailing or “virtual storefronts” on websites with online catalogs, sometimes gathered into a “virtual mall”
 - ❖ Buying or selling on websites and/or online marketplaces
 - ❖ The gathering and use of demographic data through web contacts and social media
 - ❖ Electronic data interchange, the business-to-business exchange of data
 - ❖ E-mail and fax and their use as media for reaching prospective and established customers (for example, with newsletters)
 - ❖ Business-to-business buying and selling.
 - ❖ The security of business transactions.
- Small and medium enterprises (SMEs) or small and medium-sized businesses (SMBs)

are companies whose personnel numbers fall below certain limits. The abbreviation “SME” is used in the European Union and by international organizations such as the World Bank, the United Nations and the World Trade Organization (WTO). Small enterprises outnumber large companies by a wide margin and also employ many more people. SMEs are also said to be responsible for driving innovation and competition in many economic sectors.

2. RELATIONSHIP BETWEEN E-COMMERCE AND SMEs

E Commerce is emerging as a new way of helping business enterprises to compete in the market and thus contributing to economic success. E-Commerce can help deliver economic growth, increased business opportunities, enhanced competitiveness and better access to markets. At present, though most small enterprises lack the knowledge of how investment in E Commerce could benefit their businesses and help them develop that competitive edge. This is at a time when the opportunities for small enterprises to adopt E Commerce are growing due to improved access to the technical and communication infrastructure.

The basic requirements for SMES to get started are as follows:

- ❖ **A computer.**
- ❖ **A landline telephone.**
- ❖ **A modem.** This device converts digital information from computers into electronic signals that can be transmitted over telephone lines.
- ❖ **Internet browser software.** This usually comes installed already but make sure when purchasing your computer you ask if it has this software.
- ❖ **The services of an Internet Service Provider (ISP).** These provide you with access to the Internet.
- ❖ **An email addresses** in order that local, regional, and especially, international customers can communicate with you.

How can e-commerce be leveraged by SMEs in India

E-commerce has made it possible for companies in large cities and rural villages alike to connect and trade with customers from around the world. Many companies in India are small. With less than 50 people, they cannot afford expensive marketing strategies, which include tradeshow, online or offline advertising and sales offices. They need one reliable, simple and cost-effective solution that helps them find customers in India and worldwide. Many businesses are finding that solution online.

Business-to-business e-commerce platforms provide small businesses with opportunities to establish their presence on the internet by providing them a one-stop shop, identifying potential trading partners, learning more about global trade, sharing trading experience and letting buyers and suppliers communicate and interact effectively, hence conducting business deals successfully.

Because an online marketplace has neither geographic boundaries nor time zone constraints, these virtual marketplaces provide great benefits to users with limited or even no investment. Ecommerce helps small businesses save time and cost dramatically.

It also helps small business to explore new markets and diversify its risk by expanding the customer base effectively. The geographical reach of potential customers that online marketplaces like Alibaba.com can bring to small businesses is beyond what traditional marketing efforts can offer.

For instance, millions of buyers are sourcing products on Alibaba.com every day and this provides suppliers in any country a chance to sell to the world. Currently, there are nearly 20 million registered users on Alibaba.com conducting global trading looking for products or finding business partners.

Moving Up The E-Commerce Ladder

The ‘steps’ model can help you understand the different types of E-Commerce business applications you may encounter. It may also help you to identify the type of assistance you may require.



Step 1. Starting Out: Simple messaging using mobile communications : Currently ‘wireless’ communications – including short messaging services (SMS) – provide a cheap and widely available option for enterprises. Mobile phones offer a number of key advantages over fixed line communications for small businesses – such as instant communications with customers and suppliers, even when on the move. They also provide greater connectivity and network coverage than landlines – users can be instantly connected by text messages and mobile chat – a powerful marketing and advertising tool.

Step 2. Getting Online: Email messaging: You can send or receive emails from a computer terminal either located on your business premises or via a facilitator (such as an Internet café or telecentre). Email is a cheap, quick and reliable way to exchange business information with customers, suppliers, and business contacts who are also connected to email. A variety of information can be sent – not just messages, but documents, photographs, drawings, or any other computer data file (see Advice Sheet 2 for more information on email).

Step 3. Web Publishing : Web publishing can be used to make enterprise information available – by using an online brochure, for example. Its simplest form may consist of a 3-4 page website giving a basic business profile, some information about products and services, and contact information – physical and postal address, telephone and fax, and email contact. In a more advanced form it may include an online catalogue – an online version of a conventional catalogue that can be easily updated. Even a simple web presence offers the ability to access a wide – potentially global – market with 24/7 accessibility. (See Advice Sheet 4 for more information on creating websites.)

Step 4. Web Interacting : Web interaction will allow customers (for example) more scope to browse through images, descriptions and specifications relating to your products and services. It may allow them to submit email enquiry forms, to order online, to use online services or to use a shopping cart facility and order confirmation – that could be paid for and fulfilled (delivered) offline. Interaction over the web can improve customer service and response to customer queries.

Step 5. Web Transacting : This can be termed as having a full E-Commerce capability that covers the whole transaction process from the placing of an order to online payment for goods and services via secure networks. For B2C E-Commerce this will involve making use of secure credit card payment systems, and for B2B E-Commerce will involve payment through secure banking systems.

Step 6. Web Integration : E-Commerce may also take on a wider role within a business through web integration. Web integration provides an electronic platform that links customer-facing processes such as sales and marketing (the “front office”) with internal processes such as accounts, inventory control and purchasing (the “back office”). This is often called E-Business or the business may be described as becoming fully “e-enabled”. E-Business links internal systems with external networks (customers, suppliers and collaborators) via the Internet. Integrating systems can make it easier and cheaper to do business, and it can encourage customer loyalty and repeat business.

Benefits of E commerce for SMEs

- ❖ They have attracted prospective clientele and enthusiastic persons who have browsed through their website to get information regarding their coffee machinery units.
- ❖ They have received a number of visitors by ensuring that the site is listed on some main Web search engines.
- ❖ They have also found benefits as users of the Web; for example in finding information they needed about gasoline-powered generators.
- ❖ Email has been useful in saving costs when contacting external clients or suppliers; some orders are also received via email.

E Commerce Challenges

- ❖ Climatic conditions in their location can cause problems, including some unreliability of telecommunications.
- ❖ The high charges for airtime when using mobile phones.

- ❖ Problems upgrading website to obtain details of interested/prospective customers.

E Commerce Support

They have received no direct support, but the entrepreneur was motivated to make a website by a friend based in the India who said that this would help enhance the scope of the business.

3. METHODOLOGY

The study is done on the basis of top ten E commerce companies and these companies are consider as sample decision or population users :

1. Flipkart Website: (www.flipkart.com)
2. Snapdeal Website: (www.snapdeal.com)
3. Fashionandyou Website: (www.fashionandyou.com)
4. Myntra Website: (www.myntra.com)
5. Inkfruit Website: (www.inkfruit.com)
6. Dealsandyou Website: (www.dealsandyou.com)
7. Homeshop18 Website: (www.homeshop18.com)
8. Yebhi.com Website: (www.yebhi.com)
9. Indiangiftsporta Website: (www.indiangiftsportal.com)
10. Caratlane Website: (www.caratlane.com)

4. CONCLUSION

These are such examples of SMEs uses E Commerce platform and this E commerce provide the new Market for these SMEs and also these ten companies provide the opportunity to other companies to sell their product on platform on its own websites. Enterprises should apply cost/benefit analysis and determine if they really need the technology. Requirements need to be specified carefully and enterprises should shop around for different ways of solving problems in a cost effective manner.

Logistics Will Shine : One of the enablers of cross-border ecommerce will be reliable logistics services. More specifically, I see ecommerce logistics demonstrating:

Shorter Delivery Periods: Some expect logistics to reach a point where those much-hyped Amazon drones buzz around the cityscape, delivering goods instantly. That piece of science fiction apart, delivery periods are indeed getting shorter — be it next-day delivery in major cities or faster deliveries across borders.

Lower Shipping Costs: With the growth in ecommerce volumes, many logistics players have achieved critical mass on an increasing number of

routes. As a result, we will see more affordable shipping costs in 2014 — especially when one factors in inflation of input costs for logistics providers.

Not Just Delivery: Logistics has never really been only about delivering the product. There is planning, analytics, documentation, compliance, disclosure, taxation, and a whole lot more. In 2014, logistics players will provide even more value-added services specific to ecommerce.



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