

SMALL AND MEDIUM SIZED COMPANIES REAPING BENEFITS OF E-COMMERCE: A REVIEW

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ABSTRACT

E-Commerce has definitely boosted the revenue of small and mid-sized Companies in developing states of India. It was closely observed during the phase of COVID when supply mechanism was a big issue through the concept of hyper-mediation more and more intermediaries were added into the supply chain to accelerate the work flow of e-commerce during this period as by involving both humans and electronic intermediation. Small companies were also getting the contracts on a daily basis and the customers were getting their needs of product at their doorstep. This study is conducted to explore the understanding of E-Commerce with reference to various dimensions extracting the importance and benefits.

KEYWORDS: *Internet and E-commerce, Benefits of E-commerce, E marketplaces, Emerging trends, Critical success Factors.*

1. INTRODUCTION

What Internet and E-commerce is all about:

The internet is a common technology used nowadays to connect people all over the world. It links millions of people, websites, servers, and webpages. In the words of Merriam Webster “Internet is an electronic communication network that connects computer networks and organizational computer facilities around the world.”

A functioning prototype called ARPANET (Advanced Research Projects Agency) was developed for the first time in 1960. This was the first instance of a message being transferred from one system to another by using that model. This actually facilitates communication.

2. REVIEW OF LITERATURE

“Progress of the internet as well as world wide web (WWW) evidences business and industries increasing interest in the recognition of importance of electronic commerce” (Wigand in 1995a, 1995b)

Through emails, texts, images, videos, links, and other such forms one can transfer the information globally, or we can connect to any person through this mode. The Internet is said to be the quickest means of communication.

Because of the internet, the world appears to be small. This concept actually gives a platform to e-commerce which indirectly boosts the country’s economy. As it is being observed during COVID time we have the internet to connect with our relatives, friends, doctors, chemists etc. So it's not wrong if we say: ‘The Internet seems to be an option which an individual user to connect with others at any point of time.’

Keeping this crucial phase in mind, A term called e-commerce actually hits.

E-commerce is commonly acknowledged to be a contemporary business methodology that makes it easier to buy and sell goods online. In the words of Sarah Cleland Knight and Catherine L. Mann 'Electronic Commerce is the purchase or sale of goods or services over any kind of computer network. Possible networks include the internet; an extranet which is a platform that uses Internet technology or TCP/ IP; and an electronic data interchange (EDI) network.

Days back to the 90s this methodology was new and was not gaining any popularity. But if we are talking about the current scenario virtual businesses are offering a number of benefits in the form of internet marketing, faster buying process, company and product ratings, and flexibility in buying, price comparisons and more.

As per the data provided by www.ibef.org, 'It was actually expected in the year 2022 that Indian ecommerce market must increased by 21.5% reaching US \$ 74.8 Billion' as it was closely observed that after the concept of Digital India the consumers for internet and mobiles had tremendously increased which actually opens the platform for ecommerce, as the excess use of Smartphone's and internet accelerate the growth of ecommerce industries directly or indirectly as every youth would like to purchase from Myntra and every second household lady purchased from Amazon or Blinkit which actually transformed the traditional buying and selling trends.

It was expected earlier that information technology will be able to reduce unit cost of production which will automatically assist the mid-sized companies in establishing the relationships with the world as geographical distance will no longer be a constraint. These connections or relationships will take many forms like electronic information integration, networked organisations, just in time manufacturing and others. (Benjamin and Wigand, 1995; Wigand et al., 1997)

Taking reference from Benjamin and Wigand, 1995 " It was observed in the past that there would be some machines, televisions and computers which dreamed to be the medium of two way information exchange through which we can access our bank accounts, order our essential items and share our thoughts to other which can be broadcast to the one who wants to listen." With the advancement in technology this is actually possible today.

E – commerce has got great importance in the current scenario. Almost everyone is interested in doing shopping online as it is very convenient and saves lots of time and effort. To survive in today's world, to do the work at minimum cost and face competition effectively, every businessman must have complete knowledge about online applications-The International handbook of electronic commerce.

E- commerce is dealing in goods and services over the internet. It includes all the operations which are done electronically.

Under e- commerce, all the transactions from ordering of products to its actual delivery, are all controlled electronically. It creates a link between companies, consumers , suppliers, employees and distributors.

Schneider in his words differentiate between the stages within the increase of e- commerce. "First stage was merely of large sized organisations. They have the required resources and grab the market opportunities as they have easy access to finance and get benefitted from that. Whereas small organisations faced intense pressure as they lack financial resources.

During the first stage, there were many challenges also, all the websites were in english, e- mails were

unstructured, internet speed was low, not everyone had access to the internet. Blending of e-commerce with other ways was not successful.

The second stage emerged after 2001, invention of cell broadband and increased speed of internet had helped the organisations to reap its benefits. More and more use of Mobile phones and the internet had paved the way for the organisation to increase profit. Small organisations also started getting benefitted as they used their internal resources to compete with big organisations.”

Abdul Gaffar Khan in his review paper has rightly said that the “E-commerce industry will get a leadership position in the coming years. It has paved the way to a new style of doing business which is very convenient for consumers and profitable for businesses. It provided new opportunities and broke the borders and changed the way of business. It has made traditional ways of doing business out of the market and enhances customer satisfaction and thus assists the organisation in increasing profits and reducing operational cost.”

According to Harshitha, K.S. “E-commerce is the process of blending all the methods and offerings to help dealing in products and records using information technology as the medium.”

As per this study, if the company wants to win competition and doesn't want to lose its consumers, then it must keep its online employer nicely, self-regulating and developing. To reduce the operational cost, ordinary stock audits needed to be conducted to ensure optimum level of inventory.

But there are still many challenges which e-commerce businesses are facing which need to cater for its effective utilisation.

3. OBJECTIVES OF THE STUDY

The Main Objectives of the Study are as Follows:

- To build an understanding of E-commerce in recent times.
- To explore the benefits of E-commerce to Small and Mid Sized companies or businesses.
- To understand the critical success factors that would accelerate the growth of companies.

4. RESEARCH METHODOLOGY

- On the basis of secondary data, the paper was drafted and the data gathered from periodicals, books, journals that had been published earlier. The study is qualitative in nature.

5. NEED OF E-COMMERCE

Growth and survival are the two important causes for the small and mid sized companies. These can be achieved only by upgrading the technologies or by opting for innovations and skills. Over the years, many of the ecommerce firms have been opened and shut down because of their respective success and failure stories. Some of the examples like etoys, Drkoop.com, webvan.com and xpeditor were faced failures and Intel, IBM, Cisco on the other hand reaping the fruits of success.

In the words of Harshitha, K.S., Electronic trade improves the performance of an organisation in two ways : First, by increasing the consumers and quantity of orders. Second, by diminishing the operating expenses E-commerce is a

blessing to develop consumer networks. It aids companies to create links, penetrate and to easily catch its demand.

The multi sectoral study showed many advantages and precautionary measures which need to be taken by the practitioners. Molla, A., & Heeks, R. (2007) (Taher, 2021)

In the upcoming years, it is rightly expected that traditional ways of doing business will become outdated and to survive in this competitive environment, companies need to go online and the study showed exactly the advantages of e-trade in developing countries which is in contrast with the theory and literature.

6. BENEFITS TO SMALL AND MID SIZED COMPANIES OR BUSINESSES

For the small sized and mid-sized companies e-commerce offers a platform which need no physical setup requirements for distribution Through the mode of internet they can sell their goods thereby reducing the operating cost by bringing down the operating cycle period and cost of manufacturing, storage and distribution. During COVID this was the major issue companies were short in funds and due to massive lockdown they were languishing. At that time e-commerce accelerated the growth of companies.

According to the study conducted by Sandeep Kaur and Kavita, “companies are getting many advantages by using e-commerce. It helps them in reducing operational cost of storage, distribution, inventory, salary and wages. Also it provides more customer satisfaction as their needs and requirements are fulfilled. Because of all the benefits it receives, companies are allowing the exchange of experiences, opinions and information with its consumers and are giving much importance to e-commerce.”

Small and mid sized companies are getting many advantages from e-commerce.



Figure 1:

6.1. Prompt Transactions

- E-commerce assists the small and mid-sized companies to do the transactions at one click only. It helps in saving time. All the activities from manufacturing to delivery can be done easily with less effort.

6.2. Around the Clock Services

- Electronic commerce makes it possible for small organisations to do business anytime. They need not to worry

about the time constraint. Business can be conducted anytime from anywhere.

6.3. Boost Sales

- As it is very convenient for consumers to do shopping online in terms of comparing prices, placing order, payment, return, etc. It thus helps in attracting consumers and boosting sales. It is an aid to small businesses to face competition effectively.

6.4. Economical

- E- Commerce set up doesn't require much financial resources. It helps in reducing the operational cost by reducing the period of working capital cycle. Small and mid-sized organizations with fewer resources are able to survive in this competitive world by getting benefit from e- trade.

6.5. Worldwide Reach

- E-commerce aids the businesses to reach its customers globally. Anyone can be contacted from anywhere by just one click.

6.7. Advertising and Marketing

- In the traditional way of doing business, more resources and efforts were required in marketing and advertising of products but with the advent of e – commerce, small businesses are the one getting much benefit as the product can be advertised online by designing it in an attractive way and making the advertisement convincing and appealing.

6.8. Customer Satisfaction

- Small organisations are able to provide maximum satisfaction to their customers by fulfilling their needs and requirements in an effective manner. This helps in generating a large customer base and retaining their customers.

7. CONCLUSIONS

When Internet prices are minimal, e-commerce flourishes quickly and many companies are typically drained. Convenience is one of the major advantages of electronic commerce for consumers and thus increasing customer loyalty. This is because consumers can put orders via internet access from anywhere they are (jain Vipin, 2021).

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