

A Conceptual Approach to Turkish SMEs E-Commerce Entrance Types and Managerial Problems

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Abstract: Commerce is becoming more and more digital. Businesses are also trying to transfer their experiences from the offline world to the digital world. Therefore, digital retailing is also rapidly increasing. E-commerce is becoming indispensable to profit or to increase profits. For this reason, in this study, it was tried to give a general conceptual information about the e-commerce activities of the SMEs in Turkey. First of all, general information was given for SMEs who are trying to take part in today's digital world, e-commerce introductory forms have been discussed and suggestions have been tried to be brought. It is expected that this work will be developed later by supporting quantitative data.

Keywords: E-commerce, Internet, SME

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I. Introduction

E-commerce is growing at very fast ratio. Digital world causes this development with research and development. User friendly applications, accessibility to internet and digital devices such as computers contribute this grow. In addition to these, portable devices with internet connectivity such as tablets and smartphones and easy interfaces make the electronic trade easier. Acceptance rate of e-commerce is related to acceptance rate of internet usage. Thus, reviewers may divide consumers into groups as heavy, medium and light internet users and shoppers. It is clear that heavy internet users accept online trade before than other consumers. Thereby, they buy more and in larger quantities. E-commerce has become very common for consumers to buy products and services from online services. E-trade provides them suitable and fast shopping atmosphere, high-quality and customizable products and services, money and time savings (Chiu, Tzeng and Li: 2013). By courtesy of e-commerce, consumers experience a new shopping style. In the light of these developments, businesses that of all sizes try to enter this trade area. Big companies use their experience, offline knowledge and finance power. However SMEs have big difficulties such as financial, managerial and human resource. Therefore, SMEs have to focus on the new ideas, improvement and setting of strategies to meet customer needs. Small company managers needs to well-established marketing strategies, modern ideas.

II. E-Commerce & Internet

2.1 The Term of E-Commerce

According to AMA (American Marketing Association), internet-based business models named e-commerce. E-commerce strategy canalize consumers to an online platform for purchasing products or services (AMA). According to OECD, e-commerce is purchasing and selling operation of products or services via computer networks. According to the WTO, e-commerce is the production, advertising, sales and distribution of goods and services over telecommunication networks. In this way, e-commerce can be described as purchasing and selling business that sellers offer products and services online, buyers review and generally pay online. Therefore, this form of trade has a structure that can provide quick, easy, different choices and minimize labor, costs and time losses.

2.2 Internet Usage Statistics

By the June 2017, 51.7% of world population is using internet (internet world stats). North America and Europe has over 80% penetration rate of population. 976.4% growth rate of internet usage is between the years of 2000-2017, indicates that almost all of the world's population will start using the Internet within very few years.

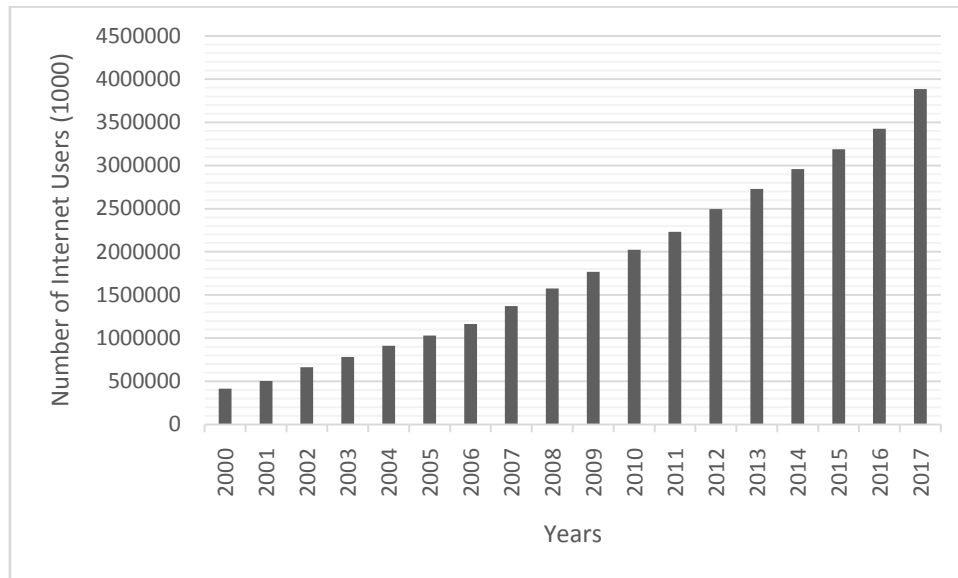


Figure 1: Number of Internet Users

Source: <http://www.internetworldstats.com>

In Turkey, internet usage rate is above the world average with 69.6%. The remarkable change can be seen on growth rate of internet usage with 2700% between the years of 2000-2017. Thus, increasing number of internet users means increasing e-commerce volume.

2.3E-Commerce Statistics in Turkey

According to the data obtained from TÜBİSAD (Turkish Information Industry Association) 2016 e-commerce market size report in Turkey, the total e-trade volume is 30.8 billion TL. The retail sector constitutes 17.5 billion TL of this. The volume of e-commerce has increased by 25% in the last year and the upward trend is continuing. The share of global retail trade in total retail is about 8.5% in Turkey, while it is 3.5% in total retail (TÜSİAD). While 19% of e-commerce is done on mobile devices, the use of mobile devices is heavily used to get information about products. In 2021, it is estimated that mobile shopping will reach the half of total e-commerce market. Another data is that only 1 of every 3 internet users shop online. Users in Turkey prefer online shopping because it is cheaper.

2.4Types of E-Commerce

At first, e-commerce activities have begun as B2C, B2B and C2C. Then it has widened as G2C, G2B, C2B and B2G. At the online world of commerce, marketing activities are carried out usually digital. In short; B2C (Business to Consumer) trade; commerce type that sellers offer product and services to consumers. It is the most common e-commerce system that comprised of predominately retailing and digital services. Goods and services are offered to consumers through a website or mobile application, and payments are usually made online. Hepsiburada.com can be seen as one of the biggest examples in Turkey.

B2B (Business to Business) trade, commerce type that is carried out between companies. Companies can buy machinery and equipment, digital services etc. or retailers order products for selling from wholesalers. There are examples of worldwide producers, wholesalers and retailers gather, such as Alibaba.com. Consumer to Consumer (C2C) trade refers to the marketplace trade where consumers are selling their products to other consumers. Consumers generally sell their pre-owned stuff or hand-made products. It can be auction method like Gittigidiyor.com or fixed price method like sahibinden.com. People pay a commission over the price of the product sold or listing fee. Some of the SMEs use similar sites to sell their products. G2C (Government to Consumer) and G2B (Government to Business) commerce is a system of trade in which governments offer services and citizens and businesses access those services free of charge or for a fee. It may be general e-government services such as turkiye.gov.tr or it may be possible for public institutions to provide services through their own sites. The focus is on service access rather than selling goods. C2B (Consumer to Business) is a trading system that has been developed over the last years in which companies purchase consultancy, software development, design and other services from freelancers. Businesses outsource services that do not have continuous needs or are not experts by using freelancers. The employee and the business do not come together and the business is carried out online.

B2G (Business to Government) trade is a system that meets the needs of governments online. For a long while, online shopping sites were used to obtain reference prices for the purchase of goods by public institutions. With the digital world as well as the regulations made in the law, state institutions also get online goods and services.

III. Smes' E-Commerce Initiatives In Turkey

In Turkey, SMEs have begun e-commerce initiatives via C2C sales channels as gittigidiyor.com. However, there have been e-commerce trying's via their web pages. But, these attempts were limited due to the high costs of e-commerce software's, the difficulty of e-commerce site's management and the installation of payment systems. Nowadays, the development of ready to use e-commerce programs and intermediary payment systems has made it a lot easier for SMEs to establish their own trading sites. In addition, B2C tool platforms, multi-department shopping sites that allow companies to open stores, play an important role in SMEs' involvement in online trading. There are many businesses that are trying to get involved in e-commerce by selling through social media. This shows that m-commerce and s-commerce will be important elements in the future of e-commerce.

3.1E-commerce via own website

E-commerce via own website is the first way that comes to mind. First, a domain name and a hosting area are needed. Therefore, an e-commerce software and payment system should be at this hosting area. The general appearance of the web page, the order of the products, the design, and the colors are controlled by the user. Having control brings responsibility at the same time. Security certifications of e-trade web site, SEO (search engine optimization) for search engine visibility and marketing efforts should be prioritized.

Advantages

- Full control is possible
- The advantage of being able to create a brand
- Not paying sales commission
- Can be used as a company website at the same time

Disadvantages

- Needs extensive work and study
- Installation costs
- Requires a large number of products
- Needs more technical knowledge
- Visibility and availability

3.2E-Commerce via marketplaces

It is a form of e-commerce that usually does not require initial costs or requires small membership fees for opening stores on marketplaces. In this method, e-commerce can be started quickly by loading photographs of the products, entering descriptions and setting prices which does not require a lot of technical knowledge. In this way, it will be possible to trade at a lower risk on a large platform where the consumers feel safe.

Advantages

- Be able to start e-commerce quickly and cost-effectively
- Possibility to offer fewer products
- More visibility by help of platform
- Low technical knowledge needs

Disadvantages

- Commissions paid on the platform through sales
- The difficulty of creating a brand
- Unable to use as companies web page
- Competitive environment on the platform

3.3E-Commerce via Social Media

As a developing phenomenon in recent years, social media channels are used for e-commerce. Although it is mostly used by artisans/craftsmen who produce personalized goods, it is also very suitable for small businesses. As a trading platform, which is preferred by technically low profile internet users, social media usage and communication is easy and fast but low in professionalism. Cash on delivery payment systems are mostly preferred.

Advantages

- Very low technical knowledge needs
- Individual communication with customers
- Offer opportunities to followers

Disadvantages

- Inadequate for high trading volume
- Payment systems are underdeveloped
- Products are more difficult to find
- Looks non-professional

3.4 Challenges and Weaknesses of Turkish SMEs in E-commerce

As a result of the review made, it was realized that SMEs in Turkey had some difficulties in e-commerce. Because of being away from the concepts of e-commerce and the digital world, they have psychological distance. This leads them to disadvantaged positions, especially in the retail market. The fact that payment systems are not very well developed and relatively expensive does not make e-commerce systems profitable for small businesses. In contrast, relatively large businesses are already taking place in the market, small businesses compete in hard conditions.

Another challenge for businesses is digital information and digital management needs at e-retail unlike traditional retailing. The SME, which already has a small number of employees, may not have the financial strength to establish a separate unit for e-commerce management. The business may not have the technical knowledge to do it in its own. The inadequacy in digital communication can also be shown among the current problems of SMEs in Turkey.

High e-commerce investments cause enterprises with low financial power to avoid electronic trade. Routine maintenance of created web pages and e-commerce software, design requirements that need to be updated such as banner, cost elements such as taking photos of products are also seen as obstacles. Bad designed visuals, low quality photographs for avoiding these costs affect offline image of the business.

Order cancellations, inadequate inventory, inability to deliver orders on time, and sloppy cargo are some of the problems and weaknesses of SMEs come up against problems and weaknesses in e-commerce. When mistakes in the digital world are thought to have spread very quickly, businesses need to pay attention to the point at which orders are proceeded.

IV. Factors Affecting Success In E-Commerce

Factors affecting success in e-commerce are ranked by researchers, focused on information systems at literature. Factors in DeLone and McLean's updated Success Model are among the generally accepted factors. In this study, the factors involved in DeLone and McLean's updated Success Model will be examined.

4.1 System Quality

The system quality is evaluated within the framework of "new electronic commerce success measures". Customization, Navigation Usage, Privacy and Security factors are seen as sub-factors of system quality. Customization can be product/service based or region/language based. Privatizations are important elements that increase system quality. The use of navigation is an important and necessary application for the users visiting the web site to move easily between the links. Privacy is an important aspect of establishing customer trust to the business. This criterion concerns the storage and publication of personal information such as customer identity, purchased products, purchasing price and demographic information of customers. The security factor is too important for both web users and service providers. This factor includes the use of firewall, encryption, and the use of security code and secure networking components.

4.2 Information Quality

Information quality has strategic importance for businesses. Low quality data can cause businesses to lose their market position. Criteria for information quality are classified under four titles. These are structured data quality, conceptual data quality, representative data quality and accessibility data quality. These criteria consist of 15 sub-criteria.

Structured data quality contains belief, sensitivity, objectivity and reputation. The sub-criteria of the conceptual data quality criterion are the added value, relevance, timeliness, completeness, appropriate size of the data. Interpretation, easy understanding, representative consistency and reward comprise representative data quality. Accessibility data quality has one sub-criterion that access security.

4.3 Service Quality

According to Palmer (2002), customer satisfaction is based on the download speed of the site, navigation and content (Bayram and Yaylli, 2009: 352). On the other hand, empirical studies shows that fast response, assurance, empathy and follow-up services importance. Page download speed and internet speed are two concepts that seem to be related to each other but different. When the Internet speed is expressed in Mbps, the download speed is expressed in Kb/s or Mb/s. E-commerce site managers make applications to increase web page download speed as image optimization with resizing images, code optimization and code minimizing by removing unnecessary codes at CSS, Java and HTML, file compression about product information and price lists for uploading page, removing unnecessary ads and statistics information, coding multiple images as one, not including media applications such as flash unless it is necessary.

4.4 Use

Use factor comprise of visitor number of e-commerce web page, stay time and completed purchase numbers (conversion rate). The number of visitors is one of the most important indicators for a web page. It has been one of the aims of increasing visitor numbers for web pages since the days when the internet was first used. A surplus of visitors will cause both visibility and potential customers for e-commerce sites. Stay time change whether the site is constantly online, fulfillment of promises of web page, compatibility with all search engines, page ranking on search engines or presence of interesting information. The number of purchases, in other words conversion rate, is one of the success factors. It states purchasing customer number of every 100 customers who enter the site.

4.5 User Satisfaction

Reviewers emphasize the importance of "customer ecommerce satisfaction" at literature. According to Molla and Licker, user satisfaction described as customers reaction or emotion experienced by all aspects of an e-commerce system. E-loyalty is seen as an important factor of user satisfaction on e-commerce. Also customers' attitudes cause e-commerce success. . However, it is beneficial to include tools such as information satisfaction and end-user support satisfaction (Acartürk, 2004).

4.6 Net Benefits

Net benefits of customers are customer experience improvement, entertainment, reducing shopping costs and real-time marketing offers. While customers get new experiences like product customizations, they also want to save time and money. Pleasure and fun aspect of shopping shouldn't be lost. Personal offers and promotions are also within the customers' profits.

V. Conclusion

SMEs in Turkey should take their place in the digital world by using their own strengths, focusing and evaluating opportunities in order to have some difficulties in e-commerce. Small businesses can avoid competition with privatized products and micro-market strategies and can turn disadvantages into advantages. Instead of selling the same products as big companies, they can have the chance to create their own customer profiles with customized and specialized products. So they can get a bigger share in smaller market segments.

If they have insufficient financial power, it may be advisable to take part in the e-commerce world through the sale of marketplaces or e-commerce systems. This will result in lower investment needs. At the same time they will be involved in e-commerce systems that are easier to manage, although flexibility is low. It is important for customers who do not want to share their credit card information online, and for customers who doubt whether the product will reach them, to include alternative systems such as a door-to-door payment system within the e-commerce system in order to overcome the psychological limitations. Payment security certificates are also indispensable for experienced consumers. A number of efforts must also be made to increase site traffic and conversion rates. Site traffic would be increased with actions like search engine optimization, taking place in frequently used social media networks, giving information about products and services through these channels, and online advertising. More simple and professional appearance, discounts, quality product photos, detailed information about the products will also increase visitors' purchases.

Well-made digital communication, good quality and unique products and services and competitive prices will lead to e-commerce sites heard by way of word of mouth. Thus, SME will be able to find its place in e-commerce.

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