Chapter 26
About the Challenges to Start E-Commerce Activity in SMEs:
Push-Pull Effects

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ABSTRACT

This chapter introduces the challenges that SMEs face while starting e-commerce activity in the Northern Finland context. Based on the project results, six interviews, and the preliminary outcomes of the questionnaire, this study focuses on push-pull effects to start e-commerce activities. Following this framework, the structure of this study is twofold. At first, the authors ask why a firm, which already has an existing traditional brick-and-mortar shop, would develop its business exploiting digital solutions and e-commerce. In other words, what is the attainable incremental value for this kind of firm via e-commerce? Second, what kinds of attractive possibilities will e-commerce provide for the business of the firm? Both of these perspectives are concentrated on the phase in which the firm takes in the use e-commerce activities. The authors study this phase, basing the analysis on the literature review, questionnaire, and six interviews of SME entrepreneurs. The outcomes of this chapter show the relevance of push-pull perspective in the studies about the first steps of e-commerce.

INTRODUCTION

Especially in the branches of migration, tourism and entrepreneurship the Push-Pull effects are typical research subjects (Tata, 1977; Edgar et al., 2004; Singer, 2009; Buhalis & Main, 1998; Qian et al., 2011). In tourism, the studies are emphasizing, in addition to challenges faced while starting advanced information technology (Buhalis & Main, 1998), Push-Pull perspective in the context of tourists and destination: what are the reasons for a tourist to travel away from his/her home in order to meet new destinations?, or what are those factors of tourism destination, which will attract tourists to that destination? (Murillo, et al., 2008). In entrepreneurship, there are also Push-

Pull factors: what kinds of reasons in the current situation of life are pushing individuals towards to establish a new firm?, and on the contrary: which factors and opportunities are tempting individuals for entrepreneurship? One forms of push effect in entrepreneurship is business incubator (Qian et al., 2011; Rusko, 2011).

Similarly, this chapter considers E-commerce via these two perspectives: What kinds of reasons there are in the current business of brick-and-mortar shop, which requires the enlargement of business activities towards E- commerce? (push –effect), and What are the factors for business, which are tempting to establish an E-commerce unit? (pull –effect). We consider these two perspectives using qualitative materials (interviews) by emphasizing strategies and business practices in the analysis.

This study is based on the combination of literature review about E-commerce emphasizing especially the noticed challenges faced while starting E-commerce activity and its multi-channel marketing possibilities (see, e.g. Bhile et al., 2002; Yang, et al., 2012; Neslin et al., 2006; Zhang, et al., 2010), associated especially with Push-Pull dichotomy. These practical perspectives are based on interviews of six Finnish SME entrepreneurs, which have established E-commerce activities.

This chapter has the following structure: after this introduction follows literature review about E-commerce and especially its features emphasizing first steps towards E-commerce. Then we introduce research design of this chapter. The empirical outcomes of the research have been presented after that. Discussion –part of chapter combines the outcomes of literature review, questionnaire and interviews. Finally we have concluding remarks with recommendation for further study subjects.

LITERATURE REVIEW

This part of the chapter is basing on two parts. At first, it is focused on the literature introduc-

ing first steps of E-commerce and then literature emphasizing the reasons for E-commerce. We are interested these themes generally and in the context of Small and Medium Enterprises (SME) especially.

The Models about the First Steps of E-Commerce

ICT literature contains several alternative ways to categorize the development of E-commerce (See, e.g. Aranyossy, 2011; Daniel et al., 2002; Levy and Powell, 2003; Mendo & Fitzgerald, 2005; Rao et al., 2003). At first, we consider a very popular stage model for E-commerce, introduced by Rao, Metts & Monge (2003). According to them, there are four stages in E-commerce development:

1. Presence
2. Portals
3. Transactions integration
4. Enterprises integration

Each of these stages has own facilitators and barriers. Their perspective covers possible long-term development of an enterprise associated with E-commerce, although Rao and colleagues do not suppose that all firms will follow all these stages in their E-commerce development. This development contains, for example, high level collaboration between customers and suppliers (Enterprises integration). This stage is somewhat of an ideal concept for the "e-world" environment (ibid., 20-21). However, for the study here the first two stages, Presence and Portals, are the most interesting ones.

Presence –stage contains initial steps that organizations do to get involved in digital environment, that is, they have a window to the Web (Rao et al., 2003, 16). At this stage, Web-pages contain one-way information about the organization. Rao and colleagues name the commitment of the most important facilitator, which means the commitment of strategy towards Internet as a

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