



Challenges and opportunities for small businesses in adopting M-commerce platforms in India

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Abstract

The rise of mobile technologies has revolutionized the way businesses operate, especially in emerging markets like India. With the increasing adoption of smartphones and internet connectivity, M-Commerce (Mobile Commerce) is gaining popularity among consumers as a convenient means of shopping. This trend presents both challenges and opportunities for small businesses in India. The purpose of this study is to examine the challenges faced by small businesses in adopting M-Commerce platforms in India, as well as to explore the potential opportunities available to them. The research utilizes a mixed-methods approach, including both qualitative and quantitative methods, to gather data from various sources. The findings reveal that one of the main challenges for small businesses in adopting M-Commerce platforms is the lack of technological expertise and resources. Many traditional brick-and-mortar stores struggle with creating an online presence and operating a mobile app or website. This results in limited access to new customers, reduced sales, and ultimately puts them at a disadvantage compared to larger established retailers. Additionally, another major challenge is adapting their business models to suit the unique characteristics of M-Commerce platforms. Unlike physical stores where customers can physically browse products and interact with staff, M-Commerce requires a different approach such as optimizing websites or apps for smaller screens and creating user-friendly interfaces. By understanding the challenges and opportunities presented by M-Commerce, small businesses can effectively navigate this transformative shift and capitalize on the vast potential it offers.

Keywords: M-commerce, technologies, small businesses, customer, challenges and opportunities

Introduction

M-commerce refers to any transaction conducted through a mobile device, such as a smartphone or tablet. This can include activities like purchasing goods or services, making payments, and accessing online content. With the growing penetration of smartphones and the introduction of affordable data plans, the Indian market has seen a sharp rise in m-commerce adoption. A study by Google and KPMG estimated that m-commerce in India will account for 45% of total e-commerce sales by 2022, amounting to USD 79 billion. This growth is driven by factors such as increasing internet usage, convenient payment options, and a surge in digital content consumption.

One of the key reasons for the popularity of m-commerce in India is the widespread use of mobile wallets and UPI (Unified Payment Interface). These technologies have revolutionized how people make payments, facilitating quick and secure transactions even for small purchases. The government's push towards financial inclusion through initiatives like Digital India has further accelerated this trend.

Moreover, mobile devices offer an unparalleled convenience factor - they are portable, always connected, and allow users to make purchases anytime, anywhere. This accessibility has enabled businesses to reach new markets beyond their physical locations, tap into untapped customer segments, and improve overall customer engagement.

The growth of m-commerce has also been aided by the rise of social media platforms. With a large portion of the Indian population being active on social media, businesses have found a new avenue to reach potential customers and

promote their products or services. Social commerce is an emerging trend where transactions are conducted directly through social media channels, making it even easier for businesses to connect with customers and drive sales.

Literature Review

According to Usha Nair and Sylvia Maier's "Empowering Women Through ICT-Based Business Initiatives: An Overview of Best Practices in E-Commerce/E-Retailing Projects," published by The MIT Press in 2008, information and communication technologies (ICTs) are being hailed as a critical tool for achieving universal development, eliminating poverty, and empowering historically marginalized groups like women and minorities in the Global South. E-commerce ventures in particular have been lauded as "potential gold mines" for women's empowerment through ICT-based business initiatives. According to T.P. Pavan Kumar's article "ICT For Economic Growth In Andhra Pradesh, A State In India" published in the International Business & Economics Research Journal in May 2007 Volume 6, Number 5, Andhra Pradesh has undertaken numerous measures to transition to a knowledge-based economy. The state government should create ICT policies and initiatives to accelerate growth and close the digital divide because of factors like the high literacy rate, expanding manufacturing and service sectors, the availability of skilled labour, private sector investments, good telecom, power, and road infrastructure, etc.

According to Louis A. Lefebvre and Elisabeth Lefebvre's "E-commerce and virtual enterprises: concerns and challenges for transition economies," published in 2002 by

Elsevier Science Ltd, electronic commerce, or "ecommerce," is a phenomenon that has recently caught the attention of developing nations. Is this just a fad or just another route of distribution that businesses are free to use or not use? Or, on the other hand, is it necessary if one wants to continue doing business and succeed? This essay examines a few of the technological problems and obstacles connected to the growth of virtual businesses and e-commerce

Small-scale retailers often face challenges such as limited financial resources, low digital literacy, and difficulty integrating technology (Patil, 2019). Studies have shown that many local businesses experience declining sales and customer retention issues due to the convenience and pricing advantages offered by online platforms (Rao & Singh, 2020)

Literature highlights that small businesses adopt digital tools such as online payment systems, social media marketing, and e-commerce portals tend to maintain better competitiveness (Verma & Agarwal, 2021). Strategies include offering personalized services, loyalty programs, and using ERP-based dashboards to manage operations and customer engagement

Research Gap

Despite the rapid growth and potential of M-Commerce in India, there is a significant research gap when it comes to understanding the challenges and opportunities for small businesses in adopting these platforms. While there have been numerous studies on M-Commerce adoption and its impact on large corporations, there is a lack of comprehensive research focused specifically on small businesses. One of the key reasons for this research gap is the limited access to data about small businesses in India. Most existing studies rely heavily on data from developed countries or from larger enterprises, which may not accurately reflect the unique challenges faced by small businesses in India. Additionally, many studies tend to focus solely on technical factors such as mobile technology adoption rates, neglecting other important factors that could affect M-Commerce adoption among small businesses. Another aspect contributing to the research gap is the rapidly evolving nature of M-Commerce and technology in general. With new advancements and innovations being introduced constantly, it can be challenging for researchers to keep up with all the changes and their potential impact on small businesses.

Importance of M-Commerce for Small Businesses

M-Commerce is revolutionizing the way small businesses operate in India. With smartphones becoming ubiquitous, shops can now reach customers anytime and anywhere. For small business owners, mobile commerce offers an unparalleled opportunity to enhance customer engagement. Mobile apps and optimized websites create a seamless shopping experience that draws buyers in.

Additionally, integrating M-Commerce allows smaller enterprises to compete more effectively with larger companies. They can leverage technology to provide personalized promotions directly through mobile devices. Small businesses also benefit from lower overhead costs compared to traditional retail setups. This flexibility enables them to allocate resources toward innovation and marketing. The analytics available through M-Commerce platforms

empower entrepreneurs with valuable insights into consumer behavior. Understanding these patterns helps craft better strategies for growth.

Moreover, M-Commerce provides a convenient way for small businesses to manage inventory and sales. With real-time updates, owners can keep track of their products and make informed decisions about restocking and pricing.

In conclusion, M-Commerce has become essential for small businesses in today's digital age. It provides opportunities for growth, cost savings, customer engagement, and improved efficiencies. By embracing M-Commerce technology, small businesses can stay competitive and thrive in the ever-changing business landscape.

Challenges faced by Small Businesses in adopting M-Commerce platforms

Small businesses in India face significant hurdles when adopting m-commerce platforms. One major challenge is the lack of technological knowledge and resources. Many entrepreneurs are unfamiliar with digital tools, making it difficult to navigate complex e-commerce systems.

The financial burden also plays a critical role. Setting up an effective e-commerce platform can be costly, posing a barrier for budget-conscious small business owners.

Additionally, limited access to internet connectivity and smartphones in rural areas further complicates matters. This restriction prevents potential customers from engaging with their brands online.

Competition looms large as well. Larger businesses often have more resources and established customer bases, leaving smaller players struggling to carve out their niche in the market.

Another challenge is the need for constant updates and maintenance. M-commerce platforms require regular maintenance and updates to stay relevant and effective, which can be expensive and time-consuming for small businesses.

Moreover, trust and security concerns are significant obstacles for small businesses in adopting m-commerce. Customers are often wary of sharing their personal information online, making it challenging for small businesses to build trust and credibility with their audience. Finally, without proper marketing strategies, small businesses may struggle to attract customers to their m-commerce platform. With limited budgets, it can be challenging to reach a large audience through traditional marketing methods.

In summary, small businesses face several challenges in adopting m-commerce platforms, including lack of technological knowledge and resources, high costs, limited access to internet connectivity, competition from larger businesses, maintenance and update requirements, trust issues, and limited marketing budget. Overcoming these hurdles requires strategic planning and resources but can ultimately benefit small business owners by providing a new channel to reach customers and increase sales.

Opportunities for Small Businesses in adopting M-Commerce platforms in India

Adopting M-Commerce platforms opens a world of possibilities for small businesses in India. The mobile revolution has transformed how consumers shop, making it essential for local entrepreneurs to adapt.

One significant advantage is the increased reach to customers. With millions using smartphones, businesses can

connect with audiences far beyond their physical locations. This expansion can lead to higher sales and brand recognition.

Moreover, lower barriers to entry into the market empower small players. Setting up an online store has become more feasible than ever, even with minimal investment.

Cost-effective marketing options are another boon. Social media advertising and targeted promotions allow small businesses to engage directly with potential customers without breaking the bank.

Lastly, mobile devices enable precise audience targeting based on user behavior and preferences. This tailored approach helps maximize marketing efforts while fostering customer loyalty over time.

Research Objectives

1. To identify the challenges and Opportunities of M-Commerce platforms in India for small businesses.
2. To analyze the key factors that influence small businesses' decision to adopt M-Commerce platforms.
3. To examine the impact of M-Commerce platform adoption on sales and revenue growth for small businesses.
4. To investigate the consumer perception and trust towards small businesses using M-Commerce platforms.

Hypotheses

H1: There is no impact of traditional modes of business operations on the adoption of M-Commerce by small businesses.

H0: Small businesses operating primarily through traditional methods are less likely to adopt M-Commerce compared to those already utilizing e-commerce channels.

Research Methodology

In order to gain valuable insights into the challenges and opportunities for small businesses in adopting M-Commerce platforms in India, a thorough research approach was employed. This section will outline the various research methods utilized in this paper and their significance. The first step of this research was to conduct a comprehensive literature review on the current state of M-Commerce adoption in India, specifically focusing on small businesses. This involved gathering information from various sources such as academic journals, industry reports, and online articles. To collect primary data, a questionnaire-based survey was conducted with small business owners who have implemented or are considering implementing M-Commerce platforms in their businesses. To supplement our findings from surveys and interviews, we also analyzed case studies of successful implementation of M-Commerce solutions by small businesses in India.

Research Questions

The first research question aims to understand how the overall landscape of business operations has changed with the emergence of M-Commerce platforms. It could delve into statistical data on revenue generation, market reach, customer engagement, etc.

- What are the challenges faced by small businesses in adopting M-Commerce platforms in India?
- How do cultural and societal factors influence the adoption of M-Commerce among small businesses in India?

- How does access to technology and digital infrastructure affect the ability of small businesses to adopt M-Commerce platforms in India?
- What are the opportunities for small businesses that successfully adopt M-Commerce platforms in terms of growth and profitability?

Data Discussion

In this section of the study, we will discuss the data gathered during our study on the challenges and opportunities for small businesses in adopting M-Commerce platforms in India. Our research was conducted by surveying 200 small business owners and other stakeholder's across various industries in different regions of India. Our findings reveal that the main challenge faced by small businesses in adopting M-Commerce platforms is the lack of technical knowledge and resources. Many small business owners were not familiar with modern digital technologies and found it difficult to understand and implement M-Commerce solutions. This resulted in a resistance towards adopting these platforms, as they feared being left behind due to their limited understanding of technology. Another significant challenge faced by small businesses was the high initial cost involved in setting up an M-Commerce platform. Most small businesses operate on a tight budget, making it difficult for them to invest a considerable amount of money into setting up an online store or developing a mobile application. This has hindered their ability to compete with larger companies that have more resources at their disposal.

Findings

- M-Commerce platforms require a strong digital infrastructure, including reliable internet connectivity and access to smartphones.
- One of the major challenges faced by small businesses while adopting M-Commerce is setting up secure online payment systems on their platforms.
- Adoption costs for M-Commerce can be high for small businesses as they have limited budgets compared to larger corporations.
- Trust issues: Building trust in online transactions is crucial for any successful e-commerce venture, especially in India where consumers are more cautious when using new technologies like mobile commerce.
- Small businesses face difficulties convincing customers about safety and security while conducting transactions through mobile devices.
- Small businesses often struggle against bigger players who have already established themselves in the market and have more resources at their disposal to invest in advanced technologies like M-Commerce platforms.
- Small businesses often lack the resources and technical capabilities required to create personalized customer experiences through AI-powered tools that have become common in M-Commerce platforms.
- Acquiring new customers through M-Commerce can be expensive, requiring targeted marketing strategies and considerable investment in technology and analytics.

Suggestions

1. **Proper Market Research:** Before jumping into the world of M-Commerce, small businesses in India should conduct thorough market research to understand their target audience, competition, and overall demand for their products or services in the mobile space. This

will help them make informed decisions and avoid any potential pitfalls.

2. **Choose the Right Platform:** With a plethora of M-Commerce platforms available, it is important for small businesses to carefully evaluate and choose the one that best suits their needs and budget. They should consider factors such as user-friendliness, security features, payment options, customization options, etc.
3. **Optimize for Mobile:** It is crucial for small businesses to optimize their website or app for mobile users. This includes creating a responsive design that adapts to different screen sizes and ensuring fast loading times. A user-friendly interface with easy navigation will enhance the overall M-Commerce experience.
4. **Focus on Security:** In a highly digitalized world, security threats are inevitable. Therefore, it is vital for small businesses to prioritize security measures to protect sensitive customer information and maintain trust in the e-commerce platform.
5. **Embrace Social Media:** Social media platforms offer a vast ocean of opportunities for small businesses to reach out to potential customers through targeted advertising campaigns and engaging content strategies. Utilizing social media effectively can significantly boost sales on M-Commerce platforms.
6. **Provide Seamless Payments Options:** One of the primary reasons behind customers abandoning online purchases is complicated payment procedures or limited payment options available on an M-Commerce platform. To overcome this challenge, small businesses must provide smooth and secure payment options like mobile wallets or Cash-on-Delivery (COD).
7. **Seek Feedback:** As they say, 'the customer is king'. Small businesses must actively seek feedback from their customers and use it to improve their M-Commerce platform continually. This will help build a loyal customer base and attract new customers through positive reviews.

Conclusion

It can be seen that small businesses in India face both challenges and opportunities when it comes to adopting M-Commerce platforms. On the one hand, factors such as limited resources, lack of technical knowledge and infrastructure, and low consumer adoption rate pose significant obstacles for these businesses. However, on the other hand, the growing smartphone usage and internet penetration provide a strong potential market for M-Commerce in India. Despite these challenges, it is crucial for small businesses to recognize the immense benefits of incorporating M-Commerce into their operations. By tapping into this digital economy, they can expand their reach beyond geographic barriers and cater to a larger customer base. M-Commerce also offers convenience to customers with features like mobile payments and personalized shopping experiences, which can lead to increased customer loyalty. In addition, government initiatives such as Digital India have made efforts towards boosting digital literacy and creating an enabling environment for technology adoption across all levels of society. This has resulted in increased internet connectivity even in remote areas of the country. While there may be several roadblocks along the way for small businesses in adopting M-Commerce platforms in India; however with proper strategies such as investing in online presence and

leveraging government initiatives coupled with innovative technological solutions tailored towards their needs -it is possible for these businesses to thrive within this rapidly growing digital era.

Limitations of Study

The research paper on challenges and opportunities for small businesses in adopting M-Commerce platforms in India has shed light on the current state of mobile commerce in the country. However, like any other study, it also has its limitations that need to be acknowledged and addressed. Firstly, The data used in this study was collected from various government reports, industry publications, and academic papers. These sources may have their biases or limitations that could potentially impact the accuracy of our findings. Secondly, this research paper only looks at small businesses operating in urban areas of India. It does not take into account the challenges faced by small businesses in rural areas that have limited access to technology and internet connectivity. This may limit the generalizability of our findings to all small businesses across India. Another limitation of this study is its focus solely on M-Commerce platforms for small businesses.

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