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**AN ANALYSIS OF CHALLENGES &
CONSTRAINTS FACED BY THE
BUSINESS TO CONSUMER (B2C) E-COMMERCE
RETAIL INDUSTRY IN SRI LANKA**

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The Dissertation was submitted to the Department of Computer Science & Engineering of the University of Moratuwa in partial fulfillment of the requirement for the Degree of Master of Business Administration.

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DECLARATION

"I hereby declare that the work included in this dissertation as part or as whole, has not been submitted for any other academic qualification at any other university or institute. The material included in this document contains the findings of the researcher and elsewhere, abstracts of previous publications where references are provided accordingly."

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ABSTRACT

Electronic commerce is an extensively discussed topic worldwide. Over the years, its popularity increased through many of the success cases. Consumers found it as a convenient, efficient and less time-consuming method to purchase products. Sri Lanka is rather new to the concept of electronic commerce, especially in the Retail industry. Currently few sellers provide purchasing online. However, the revenues generated by these online sales are insignificant compared to the sales generated at its relevant physical store. Though there have been an increase of online sales over the years, still it has not reached a up to a significant level. Therefore, this study is to analyze the reasons behind low B2C e-commerce penetration.

The main objective of this research is to investigate the reasons that prevent consumers from purchasing online. Further, it investigates the challenges and constraints faced by the organizations that are already into B2C e-commerce and to identify the type of products that has a higher demand to be sold online in the local context.



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A conceptual framework was designed which consisted of seven independent variables and one dependent variable the “B2C e-commerce usage”. Through the use of a questionnaire, data was gathered for these variables. As local sites have consumers living within Sri Lanka and consumers living overseas, two separate questionnaires were prepared to match each segment. Several leading online sellers were interviewed to gather data from the organizations point of view.

The research findings revealed that internet usage and IT literacy rate could no longer be considered as a challenge or constraint towards the usage of e-commerce. While credit card usage, security & trust and user-friendliness remains as constraints, guarantee of delivery and reputation of the seller seems to be challenges to increase online sales.

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