Available on: https://jmrr.ep-journals.org/ E-ISSN: 3051-3588, P-ISSN: 3051-357X

Journal of Management Research and Review

Volume: 02 Issue: 10 October-2026

Challenges Analysis on Digitalization and Digital Platforms Adoption of Small Business Enterprises That Engaged in the Takeaway Industry—Evidence from Auckland

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Published Date: October 21, 2026 **Article DOI: 10.65150/EP-jmrr/V2E10/2026-06**

ABSTRACT: In today's fast-paced and ever-changing business environment, digital transformation has emerged as a vital strategic necessity for organisations striving to maintain competitiveness and relevance. While promising, this transformative journey is fraught with challenges requiring meticulous navigation. Engaging with e-commerce and integrating it into business operations presents a complex landscape with potential risks and pitfalls. Organisations must adeptly identify and manage these risks and obstacles to realise the benefits of digital technologies and fully harness the power of digitalisation, thus achieving their overall objectives while remaining competitive.

This study aims to explore the sources and types of risks faced by small businesses in the Auckland Region's takeaway food industry as they engage with digital transformation and e-commerce. As these businesses strive to adapt their operations to a rapidly evolving digital landscape, the research centres on understanding the challenges they face while implementing digital initiatives and utilising e-commerce platforms to enhance their operations. The study involved in-depth interviews with 60 small business owners and managers, seeking to gather qualitative insights into their experiences with digital transformation.

The findings revealed ten potential risk sources for small businesses, underscoring the importance of enhancing their knowledge to effectively manage these risks and ensure their success in the digital economy and landscape. Participants discussed their firms' strategies for dealing with these risks and proposed proactive steps to mitigate their negative impact.

KEYWORDS: Digitalization, Digital Platforms, E-Commerce, Small Business Enterprises, Risk, Takeaway Sector.

1. INTRODUCTION

The corporate landscape has significantly transformed due to technological advancements and the changing business environment. The COVID-19 pandemic has accelerated the transformation of the corporate landscape, leading to the rise of online food ordering and delivery platforms in the takeaway industry. These digital technologies have created new opportunities for innovation and entrepreneurship, allowing businesses to explore untapped markets and boost value creation and profit maximization. However, these transformations also introduce challenges, particularly for small businesses due to their inherent limitations.

Small businesses often face constraints such as an untrained workforce, knowledge gaps, financial constraints, and resource allocation issues, which can hinder their ability to effectively implement new technologies, adapt to market demands, and fully leverage digital tools and innovative practices. In this study, the terms "digitalization" and "e-commerce" are used interchangeably to refer to the integration of technological solutions and digital platforms in business operations. The main focus of this discussion is on online ordering and purchasing rather than traditional in-person shopping experiences. This research aims to fill the knowledge gap by examining the risks that Small Business Enterprises (SBEs) face during their digital transformation initiatives, specifically within the takeaway food sector. The study will identify key barriers to successful digital transformation and propose actionable strategies to mitigate these risks. The findings will be essential for promoting progress among SBEs and ensuring their adaptability in an increasingly digital landscape.

The paper is structured into five comprehensive sections: Introduction, Literature Review, Research Methodology, Semi-structured Interviews, and Conclusion. The findings will be essential for promoting progress among SBEs and ensuring their adaptability in an increasingly digital landscape.

2. LITERATURE REVIEW

SBEs are recognizing the importance of adapting to the rapidly evolving technological landscape in their operations, including strategic planning, culture, and business partnerships. The online food delivery industry is expected to generate US$1.40 trillion in sales and grow by 7.83% annually to reach a market size of US$1.89 trillion by 2029, with an estimated 2.1 billion users by the end of 2025 (Statista, 2024).

Despite this awareness, many businesses find the transition to modern technology an overwhelming challenge due to the complexity of managing potential risks associated with tech adoption. This insufficient scholarly attention to the risks of digital transformation for Small and Medium Enterprises (SMEs) highlights the insufficient focus on the risks of digital transformation (Jia et al., 2024; Telukdarie et al., 2023. The internet and

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advancements from the Fourth Industrial Revolution (Industry 4.0) have made the world more accessible, allowing consumers to easily explore, locate, and purchase goods and services globally. This surge in information and communication technologies has not only introduced complex challenges to traditional commerce but also opened exciting new opportunities for businesses (Oyeyemi et al., 2024).

Costa and Castro (2021) and Sharabati et al. (2024) found that digital platforms are becoming essential tools for over 75% of Small and Medium Enterprises (SBEs). The integration of e-business practices and strategic technology alignment is crucial for SBEs' performance and growth. This is achieved by enhancing e-business capabilities, optimizing workflows, and improving business process competence. This shift highlights SBEs' commitment to enhance operational efficiency and customer engagement in the digital landscape.

2.1. Opportunities for SBEs

The literature demonstrates that digitization and e-commerce are tremendous prospects for both major companies and small and medium-sized businesses (SBEs), effectively leveling the competitive playing field. According to Tuukkanen et al. (2022), firms must embrace the Internet by offering clients with extensive information access in order to considerably extend their market reach through a strong web presence. E-commerce is a ground-breaking framework that boosts global competitiveness and supports business growth. Furthermore, it enables enterprises to bridge the gap with customers, resulting in time and cost savings that immediately increase profitability.

Digital platforms have provided unparalleled prospects, reduced fixed costs, improved competitive advantages, enhanced service delivery, and expanded product positioning and market potential. Digitalization and e-commerce have solidified their position as a worldwide marketplace for enterprises (Dallocchio et al., 2024). E-commerce behemoths such as Alibaba and Amazon control the market as traditional retail venues are replaced by digital alternatives. In the meanwhile, industries like restaurants and food delivery flourish in this setting and provide exceptional convenience. With this change, trade enters a new era propelled by innovation and accessibility.

(Zhang and Hanninen, 2022).

In this regard, Oalati (2021) and Chen et al. (2020) found that , the digital transformation of SBEs is boosting productivity by streamlining operations, reducing reliance on manual labor, and empowering their workforce with new skills. This shift not only saves time but also improves product and service quality, resulting in increased customer satisfaction and value. The transformation also opens up opportunities for growth and expansion, allowing SBEs to penetrate larger markets and connect with a diverse customer base. The rapidly evolving digital landscape allows SBEs to thrive in an interconnected world, competing globally and contributing to a more equitable economy, eliminating geographic boundaries and limited resources. However, with these opportunities come challenges that require careful consideration. By skillfully managing these challenges, SBEs can not only adapt to the evolving business environment but also thrive amid technological advancements. This proactive approach allows them to harness the technology to their interests, paving the way for sustainable development and long-term success.

As the Fourth Industrial Revolution progresses, incorporating technology into businesses, especially in sectors like restaurants and takeaways, has become a necessity due to changing customer behavior. In New Zealand, the integration of internet access, technology infrastructure, and delivery options is driving business technology adoption. Paid applications using a service-based model offer SBEs access to advanced tools and resources without the burden of purchasing and managing the underlying technologies themselves. This approach is cost-effective, allowing businesses to take advantage of innovative technologies by paying a manageable fee or subscription. Despite being innovative and entrepreneurial, SBEs often exhibit a aversion to risk and limited access to capital, which limits their tolerance for potential risks (Fasone et al., 2024).

2.2. Challenges, Restrictions, and Managing Risk

Despite that digitalization offers numerous benefits for SBEs, they still face serious challenges. These obstacles hinder SBEs' ability to fully utilize digital tools and navigate the rapidly evolving technological landscape effectively (Fasone et al., 2024). Risk management is a crucial process for SBEs that involves identifying and managing potential challenges and risks in advance. This is especially important for SBEs, as they have limited resources and potential hazards. Factors such as inadequate funding, market changes, lack of insufficient industry experience, and fierce competition make success challenging for SBEs. Many SBEs shut down within the first year of establishment due to inadequate management and ineffective risk control (Chakabva et al., 2021). Compounding these issues is a lack of some vital aspects such as data management, privacy protection, and cybersecurity. Risk management involves early identification of potential risks, allowing businesses to take proactive steps to address them. By recognizing risks ahead of time, organizations can develop comprehensive initiatives and action plans to control and manage threats. This can involve transferring risks, eliminating certain risks, avoiding them altogether, or, when unavoidable, mitigating their impact to minimize disruption (Chakabva et al., 2021).

2.3. Research Context: SBEs in New Zealand and The Auckland Region

Small Business Enterprises (SBEs) are small businesses in the takeaway sector that rely on online food ordering and delivery. In New Zealand, 97% of businesses are classified as SBEs, with fewer than 20 employees. These businesses contribute significantly to the economy, employing around 693,100 people and contributing over 25% to the nation’s gross domestic product (GDP), as stated by the Ministry of Business, Innovation, and Employment (2022). In the Auckland region, 35% of all business locations and employees are concentrated. However, the survival rate for SBEs is concerning, with only 37% of start-ups succeeding past two years, indicating a failure rate of around 67% (Stats NZ, 2023).

3. RESEARCH METHODOLOGY

3.1. Data Analysis and Extracting Key Themes

The study used a value-based risk identification strategy to identify potential sources and forms of risks, their associated impacts, and potential harms. This approach shifts the focus from estimating the probability of specific events to a comprehensive analysis of how these risks might affect the organization. This method systematically identifies and evaluates risks, considering not only their likelihood but also potential negative consequences. It allows for a deeper consideration of each risk's implications, enabling effective addressing and prioritization. The benefit of the value-based approach is that it not only responds to risks according to their likelihood but also takes proactive steps to understand their potential effects, which enables better decision-making and strategic planning in risk management.

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The study used thematic analysis to analyze participant data, identifying meaningful patterns and organizing them into themes that reflect their perspectives and lived experiences. NVivo software was used to guide the qualitative data analysis, guiding exploration and identification of initial expressions and themes (Allsop, et al., 2022). Thematic analysis and review led to the development of defined themes, which were presented as subtitles in the data analysis and findings section, illuminating the insights derived from the participants' narratives.

3.2. Data Collection Method

For data collection, this study uses open-ended, in-depth, semi-structured interviews. The method encourages participants to share their thoughts and experiences in detail, allowing for a deeper dialogue and capturing rich insights (Saglam, 2024), and permitting for a comprehensive exploration of the subject matter. This methodology enhances data quality and solicits valuable feedback, contributing to the depth and breadth of understanding of the phenomenon (Ruslin et al., 2022).

Interviewees were asked the following questions: What are the primary risks that your organization confronts as a result of online ordering and digitization? Could you provide an example? What plans are in place to mitigate these risks? To see if the questions were acceptable for meeting the study's aims, the researcher recruited three pilot volunteers from the same field. The study used an inductive phenomenological method for data analysis to discover and categorize emergent themes. These categories were generated based on topics voiced by participants rather than preconceived ones.

3.3.The Sample

The study examines the risks associated with technology use in Auckland-based small takeaway businesses. The research involved open-ended interviews with 60 owners or managers who adopted online ordering platforms. The findings aim to provide insights to empower SBEs to effectively identify, manage, and mitigate these risks, ensuring their success in the digital landscape. Identifying sources and forms of risk helps raise awareness of management planning and generates effective initiatives for digital transformation and engagement, thus empowering SBEs in navigating the digital landscape.

Although the study aims to analyze the challenges and barriers associated with e-commerce and digitalization based on participants' perspectives and experiences rather than a broad theory, comparing various perspectives may help to identify generic and universal patterns. The study's small sample size allows for a deeper exploration of each participant's unique viewpoint, allowing for a deeper understanding of the risks associated with e-commerce and digitalization.

4. RESULTS AND DISCUSSION

SBEs must adapt to the shift from traditional to digital platforms, as adopting technology is no longer an option in the business world. They should manage the associated problems and risks, rather than rejecting the establishment and use of technology. Reluctance to interact with technology may result in significant opportunity costs, affecting profits and growth.

When asked to elaborate on the most significant risk factors associated with their adoption of digital technology and the obstacles that impede their full engagement in e-commerce, the participants identified various risks and obstacles in adopting digital technology. They proposed proactive initiatives to address and mitigate these risks, reflecting their personal experiences in the digital landscape.

Understanding and addressing these themes, as mentioned by the participants, is essential for facilitating a successful digital transformation in their businesses. This exercise highlights potential areas for improvement and growth, paving the way for more effective strategies in embracing digitalization and managing potential challenges. In particular, the participants identified the following sources and forms of risk:

4.1. Risk of becoming outdated: A decline in market share brought on by rivals that use cutting-edge technologies to gain a substantial edge in luring and keeping clients

Digitalization is a double-edged sword. While it offers numerous benefits to SBEs, it also presents significant challenges for those who struggle to adapt to its rapid evolution. This issue, as a participant mentioned, is particularly evident as some competitors successfully leverage innovative technologies and embrace new advancements, while others fall behind. Although this risk impacts organizations at all levels and sizes, it is particularly critical for SBEs. Updating technology can be complex and time-consuming, often requiring substantial follow-up and research, which can disrupt current operations.

If businesses do not adapt to new technological developments, they risk becoming outdated. This can lead, as the participants mentioned, to a decline in their customer base and ultimately affect profitability, and market presence, and even result in business failure. Participants in the discussion outlined several key aspects and forms of this risk, including:

- Declining Customer Base: Customers may seek more advanced solutions from competitors, leading them to abandon businesses that do not innovate, thus increasing customer churn rates.
- Weakening competitive advantage: Companies that do not keep up with innovative technologies, which enhance customer experience or provide superior features, are likely to lose their competitive edge. This makes it increasingly difficult to attract and retain customers, resulting in a decline in market share.
- Negative perception: A lack of updated technology can have adverse effects on a business's reputation, damaging its brand image and making it harder to convince customers to choose its products or services.

For internet-based businesses, like online meal ordering and delivery services, where platforms and technology are the primary drivers of operations and e-commerce, being technologically outdated poses a significant risk. To manage this challenge and risk, proactive measures, prospective initiatives, and mitigation techniques might all be helpful approaches to controlling this risk source. These efforts, as suggested by participants, include responding appropriately and promptly to technological advancements, adopting and integrating new technologies that can improve services, working with tech companies to gain access to cutting-edge solutions and expertise, and aggressively gathering client feedback to understand their needs and concerns to identify areas that require technological advancement.

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4.2. Risk of breaching data due to an inadequate cybersecurity system

Another significant source of risk, as revealed by participants, is a data breach, which might cause serious harm to the company's reputation, eroding consumer trust and damaging the brand's reputation. It could also result in serious legal ramifications for the organization. Customers are well aware of the need to protect their data, and they will defect to a competitor who takes security more seriously if businesses cannot show that they have taken all the required precautions. Forms of risk that may occur after breaching data include identity theft when private data is made available to unauthorized parties; hackers can exploit this data to perpetrate fraud, such as making unlawful transactions; and stealing people's bank and financial information.

The risk of stopping a company's operations, which might need to be shut down entirely until investigators have all the answers they require, is another form of data breach risk, according to the participants. Finding vulnerabilities may take days or even weeks, depending on how serious the intrusion was. Revenue and an organization's capacity to recover may be significantly impacted by this. Some businesses, like SBEs, may not be able to survive and stand for a long time in such a situation due to their limited financial resources compared to larger entities.

In this regard, participants proposed several significant measures to reduce the likelihood of cybersecurity flaws in SBEs and manage risks associated with data breaches. Employee training, multi-step authentication, regular software upgrades, data encryption, robust access restrictions, incident response plans, and the use of managed security services catered to the SBEs' particular requirements are a few of these. Since the long-term effects of cybersecurity breaches, including lost sales, lost customers, and eroded investor faith, as well as the cost of repair and data recovery, investing in system enhancements and implementing preventive measures are essential as, in many instances, despite the high cost of these preventive initiatives, they are less disruptive and expensive than to cope with the aftermath of the cyber security issues, as participants suggested.

4.3. The risk of constant competition due to the ease of entry of new businesses into the market, such as from-home takeaways

As technology advances, it becomes easier for digital platform-based start-ups to establish themselves as businesses, enter the market, and reach clients. This accessibility can make scaling up appear simple and possible from any location, including residences. Since virtual marketplaces are inherently easier to penetrate than actual ones, it may be alluring for newcomers to enter the takeaway market without incurring significant expenses, including store rental fees. Additionally, it does not cost that much to furnish a space where you operate from home, like an actual restaurant or store. Furthermore, even while the takeaway SBEs benefit greatly from the simplicity with which one can Google and search for takeout, this will also make it possible for newcomers to influence the efforts and operations of established SBEs readily.

Two participants described working from home in a takeout business as the primary indirect risk for SBEs specialized in takeaways that are connected to digitalization. They compared it to a prescription: while it has many benefits and aims to heal, it also comes with various side effects. Establishing a home takeaway business, according to them, involves fewer procedures and start-up costs compared to traditional takeaway shops. It requires less in terms of shop licenses and regular renewals, offers more flexible working hours, and does not necessitate compliance with certain governmental regulations, such as mandatory closures on public holidays. In the digital marketing revolution, where orders through applications and e-platforms, in many instances, have replaced walk-in orders, these home-based businesses have become increasingly common; more than just a passing trend.

SBEs' takeaways should place a high priority on being proactive, flexible, and adaptable in order to respond quickly to market developments and mitigate the risk of new rivals and entry, particularly those that operate from home as takeout providers. According to the participants, this means providing unique customer service to encourage client loyalty and referrals; getting involved in community events and local affairs, which helps the business market itself in the community; efficiently reaching potential clients through online channels like social media and targeted advertising; promptly attending to customer requests and feedback; implementing promotional campaigns; and setting a competitive pricing strategy.

4.4. Risk of losing the business value due to the impact of digital transformation on customers' marketing behaviour

Since customers have historically made their purchases at the store shelf, businesses, and brick-and-mortar merchants had a great deal of ability to understand and influence consumer preferences and habits as well as establish personal connections and communication with customers in such a way that increases customers' loyalty. The emergence of e-commerce, mobile shopping, and, more recently, smart technology has put established firms at risk and reduced their market valuations. Due to digitization, the participants cited numerous takeaway restaurants as well as numerous other retail establishments that either closed or began to erode their position as the main customer interface.

To successfully deal with and manage this type of risk, as well as reduce its potential impact, small business owners and management should become acquainted with the complexities of consumer behavior. As pointed out by participants, SBEs may modify their plans to match the demands of their customers by learning about their buying habits and preferences. Establishing a strong online presence is critical in today's digital market because it enables businesses to engage with customers in dynamic and engaging ways. Additionally, adopting omnichannel marketing is critical. This technique effortlessly blends digital and conventional marketing platforms, including social media, email campaigns, and in-store promotions, to produce a unified and harmonious consumer experience. Businesses can guarantee that each encounter across several platforms provides a consistent and gratifying experience, generating more consumer loyalty and confidence.

4.5. Risk of constant and easy customer switching due to digitalization, which offers more options and easy accessibility

In most marketplaces and organizations, the principal motives for transition are pervasive. Inadequate customer service, inability to address emerging customer demands, unavailability of products when needed, failure to innovate products or services, ineffective communication, misjudgement of customer behaviour, neglecting business updates, disregarding new technology and marketing trends, and the emergence of superior competitive products or services are among the numerous issues identified in the list of these reasons.

Digitalization, in this context, amplifies this risk by offering consumers increased options, facilitating transitions through an extensive database of competitors, and simplifying the process of moving between enterprises, as viewed by the participants. Moreover, it eradicates downtime expenses by obviating the necessity for physical relocation between stores, enabling clients to shop and place purchases online.

As coping mechanisms for this obstacle, participants reported taking two measures regularly to limit the probability of client attrition: focusing on customer grievances and issues and creating loyalty programs that employ rewards and exclusive deals to keep customers loyal to the company.

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4.6. Risk factors for internal technological skills and capabilities: a lack of technological expertise and a resource-constrained environment

Organizations, especially SBEs, often face substantial challenges arising from internal factors. Among these, limited resources can significantly restrict operational capacity, while a lack of technological expertise can impede effective innovation and adaptation. Together, as described by participants, these challenges create a scenario where progress may be hindered, potentially jeopardising the organization's overall success and competitiveness in a rapidly evolving technological market.

Furthermore, the availability of resources plays a critical role in determining the success of technology adoption within SBEs. Implementing advanced technological solutions often incurs high costs, creating significant barriers for small and medium-sized enterprises seeking to embrace e-commerce and modern technologies. Due to their limited resources, many SBEs find it challenging to invest in cutting-edge innovations, which severely limits their ability to adopt and effectively utilise e-commerce strategies. This lack of investment not only hinders their operational efficiencies but also reduces their competitiveness in an increasingly digital marketplace.

For an effective management of the risk associated with internal technical expertise, participants believed that SBEs must improve their internal environment and technological capabilities by tackling internal issues pertaining to technological knowledge and resource constraints. By investing in and encouraging a greater grasp of technology among SBE employees, businesses can harness the advantages of digitalization. This proactive approach not only boosts productivity but also positions the business for future innovation and adaptability in the dynamic digital market environment.

4.7. Risk of reliance on third parties

Online ordering systems pose a significant financial burden for Small Business Enterprises (SBEs) and their customers, as they heavily depend on a network of third-party providers such as internet service providers, online banking services, and delivery companies. According to participants, these costs can accumulate from various sources, including commission fees paid to third-party platforms, expenses associated with the registration and setup of digital services, and ongoing costs related to packaging and delivery logistics. These fees can significantly erode profit margins, making some SBEs hesitant to transition to a digital model.

On the consumer side, customers who order online may also face extra costs not encountered during in-person dining or shopping, such as service charges or delivery fees. This financial disparity may deter some consumers from opting for online ordering, further complicating the decision for SBEs to invest in digital solutions. Fluctuations in service pricing can erode profit margins, while technical failures may disrupt business continuity and lead to customer dissatisfaction. Inadequate service quality, such as slow delivery times or unreliable internet connectivity, can tarnish a business's reputation and customer trust.

SBEs often find themselves with limited influence over these external partners, making it crucial for them to navigate this intricate landscape with caution and strategic foresight. To successfully reduce risks connected to third-party partnerships in providing services, participants supported sound policies and programs: create comprehensive contracts that clearly outline the obligations and liabilities of each party involved in third-party performance, put in place continuous monitoring and assessment of third-party performance to proactively identify and resolve any possible problems, and work with a variety of third-party providers to reduce dependence on a single organization, promoting flexibility and resilience.

4.8. Risk from the difficulty of predicting the size of online orders that may disturb workflow, timelines and customer satisfaction

Participants in this study pointed to accurately predicting online order sizes as a critical challenge for businesses. Lack of such accuracy can disrupt workflow, delay timelines, and reduce customer satisfaction. Under digitalization, businesses are facing an accelerated pace, continually racing against time. Whether managing seasonal peaks or sudden surges in online demand, they must efficiently and cost-effectively fulfill customer orders. As competition intensifies, accurately forecasting customer orders becomes increasingly critical. Today's consumers not only expect timely deliveries but also demand an effortless and seamless purchasing experience. Failure to do so, as they mentioned, can increase work pressure and the likelihood of human errors, ultimately affecting customer satisfaction and loyalty negatively.

To tackle the risk associated with the inability to adequately predict the size of online orders and the negative effects that follow, participants urged SBEs to put in place proactive programs that notify customers of anticipated wait times. Additionally, since it can significantly speed up response and preparation times, it is imperative to invest in cutting-edge equipment for order preparation. While the initial costs of upgrading equipment and digital systems may seem daunting, these investments will pay off in both cost savings and increased customer satisfaction.

4.9. Human error risk: the chance of a customer making an order mistake or staff incorrectly taking or executing the online order

The repercussions of human errors in online orders can be severe. The participants highlighted potential outcomes, such as increased customer dissatisfaction, delayed deliveries, increased returns or exchanges, and a loss of revenue. Businesses may also suffer reputational damage and erode customer trust over time. The risks associated with human errors in the realm of online ordering, as declared by participants, encompass a wide spectrum of potential mistakes made by both customers and staff at various stages of the ordering process. These errors can create a host of complications that disrupt the entire customer experience. Participants shared rich anecdotes illustrating how these risks can unfold.

In terms of customers, several noteworthy instances were recounted: a shopper mistakenly entered the wrong product while browsing provided an incorrect delivery address in a hurried moment, or accidentally selected the wrong size or quantity of an item. Some even overlooked critical details, such as dietary restrictions or allergies, while others failed to notice a discount code that had been applied incorrectly.

On the other hand, participants in the discussion identified various critical staff errors that can significantly impact the order fulfilment process. These included instances of misreading customer order details. Additionally, errors such as entering incorrect information into the system create discrepancies that ripple through the entire processing chain. Picking the wrong items from inventory not only frustrates customers but also disrupts the flow of operations. Moreover, failing to meticulously check order details before confirmation raises the likelihood of oversights. These various forms of human error may culminate in serious consequences that affect the entire business and its operations, underscoring the critical need for meticulousness in every step of the online ordering process.

According to the participants, empowering employees through comprehensive and effective training is vital for success in controlling human-related errors. By providing staff with the skills and confidence to perform under pressure, they can navigate the complexities of online orders

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with precision and assurance. This training can dramatically reduce the chances of errors and improve operational efficiency, leaving a lasting impression on customers and fostering loyalty and satisfaction.

4.10. The risk arises from the absence of personal contact and the customers' moodiness in rating the business.

Risk from moodiness in business evaluation refers to a customer's emotional state influencing their perception in ways that can lead to impulsive or inconsistent assessments of the company. Additionally, customers can merge their experiences with the company and third-party providers, such as delivery services, regarding them as one entity. A participant mentioned that if customers receive poor delivery service, they might rate the entire purchase and online transaction negatively. This low score may impact the company's image and reputation, even though it is a victim of a third party's poor service, just like the client. The risk associated with online purchases and e-commerce may involve unsatisfactory consumer experiences due to the lack of personal engagement. Body language and face-to-face communication, as participants suggested, help in many instances to establish rapport, reduce misunderstandings, and resolve unexpected issues.

Participants identified two proactive strategies for addressing these risks: The first centred on their firms' efforts to mitigate the absence of personal contact through detailed product descriptions paired with extensive photographs, as well as clear return and exchange policies. They also recommended establishing a rating system with distinct paragraphs for analysing core services and third-party services, enabling customers to accurately pinpoint areas of weakness and provide a fair assessment.

DISCUSSION

Despite the many advantages of digitalization, SBEs often hesitate to adopt digital technologies in their businesses due to concerns about potential adverse effects, as the transition from traditional commerce to digital platforms presents a significant challenge (Huang and Zhou, 2019). To overcome this, SBEs should prepare to manage challenges and associated risks, rather than resisting the use of technology, as it is no longer optional in the business landscape (Zhang and Hanninen, 2022).

When participants were invited to explore the most significant risk factors linked to their transition into digital technology and the obstacles that impede their comprehensive participation in e-commerce, they unveiled an intricate set of challenges and risks. These risk factors can be meticulously categorized into two primary groups: internal challenges, which stem from specific organizational dynamics such as limited technological expertise, resource constraints, and resistance to change, and external threats, which are influenced by the rapidly shifting landscape of market trends, evolving consumer behaviours, and intensifying competition from both established companies and emerging start-ups.

Researchers, like Nambisan et al. (2019) and Kamal et al. (2024), concurred with participants about the classification and elucidation of risk sources. They referred to the internal source of risk in the literature as 'e-awareness' and said that it is strongly related to owners' and managers' lack of understanding and digital literacy about technology adoption. It includes problems and roadblocks, such as small business owners' limited resources. Chuang et al. (2022) discovered a positive relationship between the extent of EC adoption and the managerial experience of owners/managers. As a result, organizations with stronger technological knowledge are likely to adopt and benefit from digitalization more quickly and effectively.

Several external factors significantly obstruct the digitalization and e-commerce adoption of SBEs. The participants stated that the ever-evolving and rapidly changing digital business landscape presents a constant challenge as competitors relentlessly innovate and vie for market share. Customers, empowered by an abundance of choices, exhibit increasingly unpredictable behaviour, effortlessly switching between various online stores at the click of a button. Following the participants' perspective, Poon and Tung (2024) and found that this fluidity in consumer preferences complicates the ability of SBEs to capture and retain their customers. Furthermore, the reliance on third-party partners, such as delivery companies, plays a crucial role in the operational intricacies of these businesses, adding another layer of complexity to their digital journey (Lord, et al., 2023). Together, these factors create a challenging environment that hampers the seamless integration of digital strategies within SBEs (Kohnová and Salajová, 2023)

The takeaway sector, as Wahyudin et al. (2021) found, heavily relies on third-party providers, such as internet service providers, online banking services, and delivery companies, which can pose significant challenges. This reliance presents a complex set of challenges that can have a significant impact on their operations. For instance, fluctuations in service pricing can erode profit margins, while technical failures may disrupt business continuity and lead to customer dissatisfaction. Moreover, slow delivery times or unreliable internet connectivity can tarnish a business's reputation and customer trust. SBEs face even greater risks due to limited influence over these external partners, making it crucial for them to navigate this complex landscape with caution and strategic foresight.

As the participants highlighted the complex aspect of traversing the digital frontier in today's cutthroat e-commerce industry by identifying important sources and kinds of risk that have a substantial influence on their experiences, they articulated a wide range of innovative and proactive initiatives. Their observations demonstrate their dedication to adjusting to and succeeding in the digital economy. The participants talked about creative ways to control and lessen dangers in the online market. They recommended investing in strong cybersecurity measures to guard against data breaches, creating strategic alliances to boost their market position, and implementing staff training programs to increase digital literacy.

Agreeing with participants, many researchers, such as Adriana et al. (2020), Prause et al. (2021), and Xu and Rusu (2026), argue that SBEs' lack of technological preparedness, lack of technology experience, and limited resources are key obstacles to digitalization. These barriers include the absence of interaction of technological readiness, insufficient technical expertise, and unequal distribution of human and financial resources (Tan and Tyler, 2022). The interconnected nature of risks associated with digitalization in SBEs makes managing and addressing these risks an integrated process. As a result, several sources of risk share common forms and interrelated initiatives and strategies to control them.

Research has validated participants' insights into the sources and forms of risk, risk management initiatives, and the benefits of digitalization in the business landscape of SBEs. The rapid growth of the internet and telecommunication technologies has transformed online shopping, making it more accessible. Affordable smart devices and improved telecommunication infrastructure have made online shopping more accessible than ever (Chen et al., 2020). Consumer purchasing power and demand for convenience have driven SBEs in the takeaway food and beverage sector to adapt rapidly, innovate, and expand their offerings to better meet evolving consumer expectations through degitalisation (Bezerra et al., 2013).

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Internet orders are increasingly popular due to their convenience and flexibility (Jiang et al., 2013). Yet, as participants noted, this convenience comes with a notable drawback: the ease with which consumers can switch from one retailer to another while shopping online. Das and Ghose (2019) have emphasized the dramatic changes in consumer behavior, the complications involved in anticipating such behaviors, and the difficulty that SBEs confront in building and keeping client loyalty in this ever-changing marketplace. This situation, which Porter's Model referred to as the threat of substitute products or services, indicates the risk due to how easily competing goods or services could replace a business's products ((Kızıldağ et al., 2023; Isabelle et al., 2020).

When it comes to the risks associated with staff errors in taking and executing online orders, studies such as those by Soori et al. 2023) emphasize the importance of training and skill improvement for staff in SBEs. Even with automation, these businesses need to ensure that their employees are well trained to perform their roles effectively and efficiently. Staff should have a comprehensive understanding of their company's products, policies, procedures, and systems, alongside sufficient knowledge about handling online orders. They must also be equipped to manage exceptions, resolve issues, and communicate effectively with customers and third-party partners. This training includes providing clear, updated manuals, guidelines, checklists, and constructive feedback.

In the literature, Rosano et al. (2021) identified the possibility of a loss of human interaction owing to online orders, defining it as a challenging circumstance. They discovered that a lack of face-to-face communication affects problem-solving and obtaining product information, potentially leading to dissatisfaction and distrust. They backed the participants' point of view in this respect by stating that this source of risk makes closely inspecting items harder, and buyers may grow less likely to trust the vendor or feel secure in their purchase. On the other hand, Golalizadeh et al. (2023) agreed with participants who claimed that the customer's mood might lead to impulsive purchases, while the customer's emotional state can influence how they view the quality of services and evaluate the business.

In the fiercely competitive landscape, as in the takeaway industry, SBEs must embrace a proactive approach to risk management and monitor their performance metrics by assessing outcomes to gain valuable insights into their online operations. By pinpointing challenges and correcting deviations in their digital activities, such as online ordering and delivery processes, SBEs can streamline their services and enhance the customer experience. The participants confirmed that online food orders and delivery had increased dramatically throughout their operations. They stressed that this type of business has evolved into a culture and a permanent trend among consumers, rather than a momentary or fluctuating behaviour.

Utilizing some key performance indicators, such as order accuracy, order cycle time, shipping costs, delivery time, customer satisfaction, and return rates, are effective strategies to deal with potential challenges and evaluate operational efficiency and effectiveness (Soori et al., 2023). Furthermore, actively collecting and analyzing feedback from customers, staff, and partners will provide valuable insights into their needs, expectations, and challenges. By investing in robust digitalization and innovative e-commerce strategies, these businesses can elevate their performance, streamline digitalization processes, mitigate potential risks, strengthen their market presence, and fulfill their commitments to customers with greater efficiency and reliability.

RECOMMENDATIONS

1. SBEs can overcome these challenges by collaborating with multiple stakeholders and establishing networks with other industries. This will allow them to acquire access to new technologies and skills, share best practices, negotiate the domestic and international data management regulatory landscape, and ensure that their data policies fit and comply with industry standards.
   Collaborations with technology providers may yield valuable and cost-effective tools as well as enhance capacity development and provide practical solutions. Cross-sector collaboration is vital, as small and medium-sized enterprises are crucial partners and intermediaries in all supply chains, connecting producers and manufacturers with end users and customers.
2. Risk management practices are inextricably tied to broader corporate goals and priorities.
   Understanding potential risks and their prospective impacts on business allows SBEs to better allocate resources through classifying and prioritizing these risks and thus address the most important concerns.

Research limitations

Incorporating a topic on perceived risks and challenges may render the study somewhat subjective regarding risk evaluations, which might differ by sector, industry, and market segment. Thus, further research is often necessary for a comprehensive knowledge of the potential obstacles and risks associated with e-commerce and digitization in the business sector. This enhances the universality of the results and fosters generalizability.

Practical implications

An effective e-commerce risk management strategy entails identifying potential risks, assessing their likelihood and impact, and implementing mitigation measures. Proactive risk management not only bolsters the security and operational efficiency of e-commerce businesses but also enhances consumer trust and long-term business loyalty.

CONCLUSION

In the rapidly evolving landscape of today's business environment, organizations are faced with the undeniable reality that digitalization has emerged as a fundamental requirement for success. However, although digitalization acts as a pivotal catalyst that empowers companies to differentiate themselves in the marketplace and unlock new avenues for growth and expansion, it involves challenges and risks that need to be handled and managed. The findings of this study illuminate ten specific sources of risk that SBEs face in today's digital landscape, along with initiatives to deal with and control these risks. By enhancing the awareness of these potential challenges, SBEs can be equipped with the knowledge and tools necessary to navigate and manage these risks effectively. In turn, this empowerment can lead to greater resilience and success as they adapt to the ever-changing digital environment and foster their success in the digital landscape.

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Abbreviations

SBEs - Small Business Enterprises

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