A great deal of efficiency and productivity increase has been achieved in the production processes through implementation of new developments in the Information and Communication Technologies (ICT) during the last quarter of the century. These developments have remarkable opportunities for the small and medium size enterprises (SMEs) whose advertising and marketing budgets are relatively limited.

Implementation of e-commerce by the SMEs, the most dynamic components of an economy, is expected to have significant impacts on the future of the country.

A comprehensive survey is carried out with a sample of SMEs in OSTIM and Sincan Industrial Districts in Ankara. The survey is supported by interviews and focused group studies.

Using the data collected through the survey of 300 firms as well as the detailed interviews and focused groups, the study finds out the present use of e-commerce in the SMEs, its perceived advantages and potential problems and the future expectations. Ordered logit models are estimated in addition to some descriptive statistics, bivariate correlations and cross-tabulations in order to test some hypotheses stated in the study. Moreover, a cross-sectional analysis is carried out by using the survey results of KOSGEB, which covers all manufacturing firms in Ankara, to see the effects of the use of ICTs on the performance and productivity of the companies. The latter analyses enable to look at the issue in broader view and compare the results with the current study.

The results reveal that the firms are aware of the fact that e-commerce would increase the speed of business, lowers the cost, give competitive advantage, enable to reach the customers easily and expand the markets and that B2B and B2C e-commerce and the use of ICTs are more common in relatively bigger (in terms of capital, revenue and employment) and exporting firms.

Finally, the SME’s have an enormous potential to leapfrog to the international rivals in a very short time, on the condition that; legal, technical infrastructure were developed, network security is guaranteed, an educational support was presented by the
government and finally an umbrella organization is established for the overall coordination of the SME’s development.

**KEYWORDS:** E-commerce, ordered logit, Ankara, Turkey, Small and Medium Enterprises, Internet Commerce.