



ISSUES AND CHALLENGES OF E-COMMERCE

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Abstract

E-commerce or Electronic Commerce is the buying and selling of goods and services, or the transmitting of funds or data, over an electric network, primarily the internet. The purpose of the study is to bring out the various challenges and problems of e-commerce. The study also deals with the types and importance of e-commerce, as in the modern world information technology has been playing a vital role in the future development. E- Commerce has a lot of benefits which add values to customer's satisfaction. E-commerce is powered by the internet, where customer can access an online store to browse through, and place order for products or services through their own devices. E-commerce conducted using a variety of application such as email, online catalogs and shopping carts, electric data interchange, the file transfer protocol, web services and mobile devices. Technology makes it possible for anyone to buy or sell practically anytime. E-commerce is a digital business model for conducting transactions over the internet. The purpose of e-commerce is to make easier for businesses, consumers, individuals, organizations, etc., by using electronic network.

Keywords: *E-commerce, Types, Challenges.*

Introduction

E-commerce or Electronic Commerce means using the internet and the web for business transactions and or commercial transactions, which typically involve the exchange of value across organizational or individual boundaries in return for products and services. E-commerce is a methodology of modern business which addresses the need of business organizations, vendors and customers to reduce cost and improve the quality of goods and services while increasing the speed of delivery. The concept of e-commerce is all about using the internet to do business better and faster. E-commerce is a paperless exchange of business information using various electronic devices.

E-commerce can increase sales and decrease costs. Electronic Commerce is a wide range of online business activities for products and services. It may also refers to the process of creating, marketing, servicing and paying for services and goods .E-commerce is part of e-business and it involves the use of Information and Communication Technology (ICT) and Electronic Funds Transfer (EFT) in making commerce between consumers and organizations. Modern e-commerce typically uses the World Wide Web at least at one point in the transactions life cycle, although it may encompass a wider range of technologies such as e-mail, mobile devices and telephones as well.

Electronic commerce is generally considered to be the sales aspect of e-business. It also consists of the exchanging of data to facilitate the financing and payment aspects of business transactions. E-commerce applications support transactions between businesses and their customers and they provide 24/7 customer support, allowing customer to order products, check orders and track shipping, review previous orders, reorder products, and manage their accounts.



Literature Review

Definitions of E-commerce

According to the editor-in-chief of International Journal of Electronic Commerce, Vladimir Zwass, “Electronic commerce is sharing business information, maintaining business relationships and conducting business transactions by means of telecommunications networks.”

Emmanuel Lallana, Rudy Quimbo, Zorayda Ruth Andam, ePrimer: E-commerce is the use of electric communications and digital information processing technology in business transactions to create, transform, and redefine relationships for value creation between or among organizations, and between organizations and individuals.

Nanehkaran YA: Interaction of communication systems, data management systems and security that they are changing commercial information related to sales of products; or services will be available, so the definition of the core e-commerce components are: communication systems, data management systems and security.

Thomas L. Mesenboud: Ecommerce is usually associated with buying and selling over the internet, or conducting any transaction involving the transfer of ownership or rights to use goods or services through a computer-mediated network.

MK, Euro Info Correspondence Centre (Belgrade, Serbia): It pertains to “any form of business transactions in which the parties interact electronically rather than by physical exchanges or direct physical contact”.

Types of E-commerce

1. B2B- Business to Business

B2B or Business to Business is a form of transaction between businesses, such as one involving a manufacturer and wholesaler, or a wholesaler or retailer. Business to business refers to business that is conducted between companies, rather than between a company and individual consumer.

B2B transactions tend to happen in the supply chain, where one company will purchase raw materials from another to be used in the manufacturing process. B2B transactions are common in a typical supply chain, as companies purchase components and products for use in the manufacturing processes.

2. B2C – Business to Consumer

B2C or Business to Consumer is a retail model where products move directly from a business to the end user who has purchased the goods or service for personal use. The term B2C is applicable to any business transaction where the consumer directly receives goods and services. B2C is e-commerce business, which use online platforms to connect their products with consumers.

B2C refers to the process of business selling products and services directly to the consumers, with no middle person. A popular example of a B2C e-commerce platform is Amazon.



3. **C2C- Consumer to Consumer**

C2C or Consumer to Consumer is a type of e-commerce encompasses all electronic transactions of goods or services conducted between consumers. Usually, these transitions are conducted through a third party, which provides the online platform where the transactions are actually carries out.

C2C represents a market environment where one customer purchases goods from another customer using a third party business or platform to facilitate the transactions. It is a type of business model that emerged with e-commerce technology and the sharing economy.

4. **C2B- Consumer to Business**

C2C or Consumer to Business is a type of e-commerce in which consumers create value and businesses consume that value. C2B business is a model where a customer or end user makes content, products, or services that a company uses to complete a business process.

C2B e-commerce model allows businesses and consumers to have a mutually beneficial relationship. C2B model is a complete reversal of the traditional business model in which companies offer goods and services to consumers.

5. **B2A- Business to Administration**

B2A or Business to Administration is also known as B2G or Business to Government. It refers to all transactions between companies and public administrations or government agencies. This model enables online dealings between companies and public administration, i.e. the Government by enabling the exchanged of information through central websites.

B2A provides businesses with platform to bid on government opportunities such as auctions, tenders, etc. This is an area that involves a large amount and variety of services particularly in the areas such as legal document and registers, employment, etc.

6. **C2A- Consumer to Administration**

C2A or Consumer to Administration refers to e-commerce activities between individuals and the government. These transactions are typically payments for public administration costs such as health services, social services or taxes. It provides a easy way to establish communication between the consumers and the governments.

In C2A e-commerce, consumer interacts with the government through a website or portal or application. Every activity where a consumer interacts with the government's thorough n online portal or website can be considered as C2A model.

Importance of E-commerce

- ❖ E-commerce is an important profit driver for business. Most of the things in the online store are automatic. Cost incurred in everything from inventory, customer details, payment details to product selection and management of customer's interests are lower than traditional commerce expenses.



- ❖ E-commerce enhanced the creativity of people to create new and innovative products and services. Online courses, on-demand expert services, books, gifts, and various other e solutions are increasing the speed of development.
- ❖ Buyers and sellers are free to choose any marketplace for selling and buying their goods and services. There is almost perfect competition in e-commerce. There is always more than one company selling something to a person. Market rules and opportunities are equal for everyone.
- ❖ E-commerce platforms enable buyers to contribute to brand building. High feedback, positive comments, and reviews about the products increase brand awareness and credibility among prospective consumers. This awareness helps people to choose which one product, services are better than others.
- ❖ Every single interaction on an e-commerce website or any other website generates data. That is used by companies to deliver the personalized experience of each customer. So that the right customer can get the right product or services.
- ❖ Trillions of transactions per day increase the cash flow in banks. As more and more people use e-commerce day by day it will increase the use of digital banking. That enables banks to retain cash and their products it's because of the fact that people keep holding digital money in their banks more than cash
- ❖ E-commerce sites save manpower, once the website is made e-commerce sites are easy to manage. Manpower is needed only to upload, update and remove the pictures of the products.
- ❖ E-commerce gets a vast reach among the audience. It is a perfect medium for business aiming national clients than local businesses.

Challenges of E-commerce

1. Poor knowledge and awareness

In village areas, most of the people are unaware of internet and it uses and hence most of the village population are also suffering from poor knowledge on online business and its functionalities. Very few are aware of the online corruption and fraud and thus darkness still exists due to lack of awareness and poor knowledge about the e-commerce business.

2. Cash on delivery is the preferred payment mode

Cash on delivery is the preferred payment mode. Low credit card access and low trust in online transactions has led to cash on delivery being the preferred payment choice. Unlike electronic payments, manual cash collection is painstaking, risky and expensive. Cash on delivery mode has been proving to be loss to the companies as most of the customers denied to make the payment at the time of delivery if the product and hence companies tend to lose sale along with product transit fees.

3. Online Security

Most of the business owner ignores the importance of authentic software due to budget constraints. They are even failing to secure and protect services like antivirus and firewall projection, which indeed as crucial step for successful online business players. It is dangerous while and risky while making online transaction in the systems, because it is not secure and it may disclose or leak sensitive details of credit cards and online banking of the users.



4. Tax Structure

Tax plays an important role in economy. Tax rate system of Indian market is another challenge of e-commerce. This is because of the reason that tax structure of India varies from sector to sector. In the countries like USA, UK. Tax rate is uniform for all sectors and hence there is high growth rate of e-commerce as compare to India.

5. Fear of making online payments

Fear of making online payment is a universal psychological factor of customers. In a modern world with the spread of knowledge on online transactions and its reliability, some percentages of customers have overlooked this fear and they are fearlessly engaging themselves in online shopping but still, majority of customers are not aware of online transactions and its security and hence they often reluctant to disclose their credit card and bank details.

6. Touch and Feel factor

Most of the customers are comfortable in buying products physically. They tend to choose the product by touching the product directly. Many buyers are inclined to do ticketing and booking online in travel sectors, books etc. But the companies dealing with the products like handicraft, jewellery have to face challenge to sell their product online as the buyers want to see and touch before they buy the products.

7. Product returns and refunds

Due to the growing demand of online sales, product returns present a challenge for e-commerce and online retailers; they are vulnerable to workforce efficiency and worse, return fraud. Return fraud is when a customer purchases a product that is of good quality, uses it, but never intends to keep it. In exchange, the customer asks for a full retail price from the retailer.

8. Competition

Internet offers everyone an equal platform and equal opportunity. This makes the environment extremely competitive. Hundreds of businesses are offering the same products or services to the same target audience. Every segment in the e-commerce space is set to get increasingly congested and competitive over the years. Competition has become one of the biggest challenge of e-commerce.

Problems in E-commerce

- Lack of security and privacy of personal data is one of the problem in e-commerce. There is no real control of data that is collected over the web or internet. Data protection laws are not universal and so websites hosted in different countries may or may not have laws which protect privacy of personal data.
- E-commerce is fully dependent on internet connection. A major problem of e-commerce is putting a stop to buying capabilities because of site crash. Such a small site crash but has the ability to put a whole business down within a few seconds.
- Connectivity is another problem in e-commerce, as e-commerce need high speed connectivity. Internet is the backbone of e-commerce. Otherwise it becomes hectic for user to go through entire purchase process.



- Many firms have had trouble recruiting and retaining employees with the technological, design, and business process skills needed to create an effective e-commerce presence.
- Many websites do not have high encryption for secure online transaction or to protect online identity. Some websites illegally collect statistics on consumers without their permission. Lack of privacy discourages people to use internet for conducting commercial transactions.
- People fear to operate in a paperless and faceless electronic world. Some of the business organization does not have physical existence, so people do not know with whom they are conducting commercial transactions. Thus, this aspect makes people to opt physical stores for purchases.
- E-commerce attracts customers from all over the world. Habits and culture of the people differ from nation to nation and they also pose linguistic problems. Hence, differences in culture create obstacles to both the business and the consumers.

Conclusion

The study shows that e-commerce has become an important part of our society. E-commerce is a helpful technology that gives the consumer access to business and companies all over the world. E-commerce has an impact on three major stakeholders, namely society, business and customer. E-commerce is important for both companies and customers but there are some issues and problems in e-commerce, if a company tries to solve the problems regarding privacy, security than it will be helpful for customer to do online transactions easily. Moreover e-commerce platform is best for modern world as companies can offer product easily and customer can purchase the product of their own choices online without going to the market for search of the same product. E-commerce in India is growing rapidly and is one of the largest growing industries in India.

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