



Survey on Issues and challenges in E-commerce

E Lavanya^{1*}, N Sumathi², SS Manikandasaran³

¹ Research Scholar, Department of Management, Adaikalamatha College, Vallam, Thanjavur, Tamil Nadu, India

² Director, Adaikalamatha Institute of Management, Adaikalamatha College, Vallam, Thanjavur, Tamil Nadu, India

³ Director, Christhuraj Institute of Computer Application, Christhu Raj College, Panjappur, Tamil Nadu, India, India

Abstract

E-commerce is performing one of the vital roles in business and facilitates to explore in the future. E-commerce is concerning the exemplar shift in the commercial world of transaction. Starting from consumer goods to electronics, costumes, home accessories and so on products have been sold in the online digital market. Compare to the initial stage of online commerce present growth trend has shown a tremendous increase. Though the market is booming up, there are some issues and challenging factors bump into both seller and buyers of e-commerce. The weaknesses of quality branding products and lack of brand awareness towards online selling websites and their product listing and categorizing in digital marketing are barriers in conducting any satisfied online business and e-commerce transactions. A major challenge for sellers is to overcome forged of their products and buyer as to over the fake products. Shopper satisfaction so-called consumer's satisfaction towards e-commerce transaction has been a major concern in the online market for these years. This study is to focus on customer's awareness on digital marketing in e-commerce trade. This helps to online business companies to generate a precise product listing and revenues and expand the business, while for customers; it helps in time saving during shopping and offers a greater product selection and cost saving.

Keywords: E-commerce, e-business, online business, security

1. Introduction

E-commerce stands for electronic commerce, commonly written as e-commerce is buying and selling of products and services by consumers in online business over the Internet. The speedy growth of e-commerce is being driven by greater customer choice & improved approachability with the help of internet the merchant or trader who sells products or services directly to the customer from the portal using a shopping basket system or digital cart by providing payment options through debit card, credit card or electronic fund transfer payments^[1]. In the present scenario e-commerce market & its space is increasing in demand as well as an impressive display or range of a particular type of services. Electronic commerce pulls on technologies such as mobile commerce, Internet marketing, online transaction processing through electronic data interchange (EDI) and electronic funds transfer (EFT) inventory management systems, supply chain management, and automated data collection systems. E-commerce is already appearing in all areas of business, customer services, new product development & design. E-commerce business is growing because of a wide range of product displayed in a single page or more with minimum price and maximum range of product suppliers^[2]. In this modern era, every business from a startup to multinational want to join online business because of increasing ratio of internet users. E-commerce in India is still in growing stage but it offers considerable opportunity as well. Due to the popularity of e-commerce, there is a tremendous increase in the exchange of goods and services both nationally and worldwide. Nowadays it has become the virtual main street of the world. This online

business refers to the E-commerce which is recently moved into mobile commerce. Today; M-commerce is also grown into a huge industry^[3]. This paper is the outcome of a review of various research studies carried out on issues and challenges in E-commerce. The present study has been undertaken to analyze the barriers to overcome during online shopping. Taking into the consideration of payment system and increasing internet accessibility, E-commerce business is growing up to greater heights. However, the overall retail opportunity is getting substantial; the online business is plagued with some critical challenges. Hence the current study has been carried out to describe the present condition and explore the problems and challenges in e-commerce business.

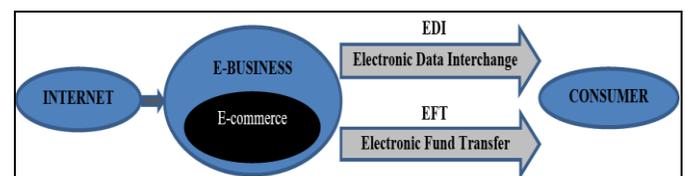


Fig 1

E-Business v/s E-Commerce

E-commerce is a subset of e-business which uses the internet as a medium for transactions. Definition: The buying and selling of products and services through an electronic medium, without using any paper documents. E-commerce is widely considered as the buying & selling of products over the internet. Also any transaction that is completed with the help of digital device can be considered as e-commerce. An

example of e-commerce is a selling website, which cannot be operated without internet.

E-business is the use of information and communication technologies (ICT) to support business activities. It lets companies to conduct business processes and greatly simplify the relationship with customers and suppliers.

E-business is broader and can include communications, promoting your business, getting business information, buying and selling online, online banking and dealing with the government (such as online tax payment).

E-business is not only having a website or portal. The point of e-business is to enhance the effectiveness of a company, extend its market and increase the number of customers. E-business is not just about technology – it combines technology, processes organization and adopts a new way of thinking^[4].

Examples of e-business include

- Improving internal communications through company's website.
- Using low-cost models for business marketing such as social networks and Google marketing tools.
- Searching online portals for business information.
- Using already established online shops like www.nonstopshop.rs
- Tracking shipments of goods.
- Online recruitment of staff.
- Online market research.

The points presented below are substantial so far as the difference between e-commerce and e-business is concerned:

1. Buying and Selling of goods and services through the internet is known as e-commerce. Unlike e-commerce, e-business is an electronic presentation of a business, by which all the business activities are conducted through the internet including buying and selling.
2. E-commerce is a major component of e-business. E-commerce includes transactions which are related to money, but e-business includes monetary as well as allied activities.
3. E-commerce has an extroverted approach that covers customers, suppliers, distributors, etc. On the other hand, e-business has an ambient approach that covers internal as well as external processes.
4. E-commerce requires a website that can represent the business. Conversely, e-business requires a website, Customer Relationship Management and Enterprise Resource Planning for running the business over the internet.
5. E-commerce uses the internet to connect with the rest of the world. In contrast to e-business, the internet, intranet, and extranet are used for connecting with the business parties^[5].

Types of E-Commerce

Based on the transactions between buyer and seller e-commerce is classified into various types where each type of transaction nature is dissimilar. The types are as follows^[6]. Figure 2 shows different types of E-Commerce.

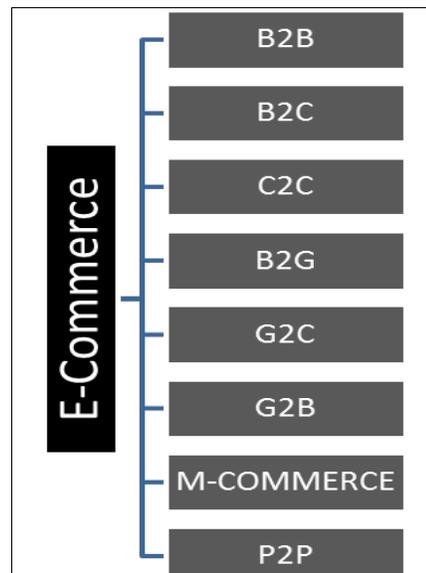


Fig 2: Types of E-Commerce

Business to Business

B2B is the inter organizational electronic transactions, between one business and another. B2B e-commerce was five times as large as B2C e-commerce. It typically occurs when a business purchases raw materials for product from a supplier. The B2B websites are not to the public, it is only available to business partners or suppliers and companies, Manufacturer and wholesaler. It is a cost reduction technique for the company so as to overcome mediator. Eg: Alibaba, Walmart, indiamart

Business to Consumer

It is a transaction conducted over the internet between business and consumers. It is known as e-tailing. It is the 2nd largest form of e-commerce. The B2C model involves a business selling directly to its consumers via a website. In b2c consumer purchase goods and a certain class of services directly from the internet served by online retailers. Online retailers otherwise called as e-trailers. The B2C model involves a business selling directly to its consumers via a website is also called as Individuals shopping sites with more or more number of sellers. B2C can reach the worldwide market with a high volume of customers. Eg Amazon, eBay, paytm

Consumer to Consumer

Consumer to consumer is the way of business selling goods and services over the internet between consumers either used or new, one consumer can sell directly to another. For example Auction websites those provide a consumer to advertise and sell their product in online to another consumer. Personal household and used items are mainly transacted through C2C e-commerce. It involves electronically-facilitated transactions between consumers through some third party websites. It helps the online dealing of goods or services among people without any physical work. Eg. Ebay.craigslist, quicker, OLX

Business to Government

A derivative of B2B marketing and referred to as “public sector marketing” marketing of products to various government levels like federal, state and local. A typical B2G website offers an efficient system for business information exchange as well as facilitation of business transaction over the internet. It also provides electronic procurement services that improve efficiency in the various government procurement projects.

Government to Citizen

The government to citizen is popularly known as e-governance. It is to offer a variety of information and communication technology services to citizens in an efficient and economical manner to strengthen the relationship between government and citizens using technology. A consumer cannot approach government rather can approach through internet. Eg. E-district, e-passport etc.

Government to Business

Part of e-governance Information and services are provided by the government to the business organizations through a vast network of government websites. A business association can get the information about business rules, requirement, and permission needed for starting a new enterprise and other specifications through the websites made by the government available to sources information. Is a business model that refers to government providing services or information to business organization? Government uses B2G model website to approach business organizations.

Mobile commerce

M-Commerce refers to the use of mobile devices such as a mobile phone, a smartphone, for conducting the transactions. Mobile commerce refers to the use of small mobile devices to send and receive information. M-commerce is becoming so popular, so companies have to develop the websites to be viewed correctly on mobile devices. Eg. Nordstrom

Peer to Peer (P2P)

P2P refers to computer-based systems of sharing information directly with others via the Internet. P2P commerce provides its users the software to install on the users' pc and allows the P2P provider to use the pc along with the company pc as a supercomputer.

Issues and Challenges in E-Commerce

E-commerce does have some issues and challenges in real time working for both consumers and businesses. Here we see the challenges for consumers and challenges for business.

a) E-Commerce Challenges for Consumers

Privacy and security: Before making instant transactions in online, one must be sure to check the site's security certificates. This makes easy and convenient to shop without worries, as no one wants their personal information to be stolen. There are many trustworthy popular sites, always do not forget to research for those with less than sufficient security options.

Quality: While e-commerce makes everything easily

accessible, a consumer cannot actually touch products until they are delivered to the door. It is important to view the return policy before buying. Always make sure returning goods is an option.

Hidden costs: When making purchases, the consumer is aware of the product cost, shipping, handling and possible taxes. Be advised: there may be hidden fees that won't show up on your purchasing bill but will show up on your form of payment. Extra handling fees may occur, especially with international purchases.

Delay in receiving goods: Although delivery of products is often quicker than expected, be prepared for delays. A snowstorm in one place may throw off the shipping system across the board. There is also a chance that your product may be lost or delivered to the wrong address.

Need access to the internet: Internet is not freely available, and if using free WIFI service, there is the chance of information theft over an unsecure site. Every one cannot afford the internet or computer at home, for them it may be best to shop locally.

Lack of personal interaction: The communication while purchase is not with physical person only with the computerized systems to communicate. The rules and regulations of each e-commerce business are laid out to read and to know not one can ask and communicate. There is a lot to read and it may be confusing when it comes to the legalities. On placing a large or important orders, there is no one you can talk to face to face when you have questions and concerns to get cleared ^[7].

b) E-Commerce Challenges for Businesses

Security issues: While businesses make great efforts to keep themselves and the consumer safe, there are people out there that will break every firewall possible to get the information they want. It is seen recently how the biggest and most renowned business can be hacked online.

Credit card issues: Many credit card businesses will take the side of the consumer when there is a dispute about billing. While transacting through credit cards there is chances for double time withdraws or no withdraw of cash done in a poor network operations. This can lead to a loss of e-commerce business when goods have already been delivered and the payment is refunded back to the consumer.

Extra expense on expertise for e-commerce infrastructure: To assure online business is running correctly, money will have to be invested. As an owner, one needs to know that transactions are being handled correctly and products are represented in the most truthful way. To make sure consumer get what they need, business will have to hire an expert professional to tie up any loose ends.

Needs for expanded reverse logistics: The infrastructure of an online business must be on point. This will be another cost to the business because money will need to be invested to ensure proper handling of all aspects of buying and selling, especially with disgruntled consumers that want more than a refund.

Sufficient internet service: Although it seems that everyone is on the internet all the time now a day, there are still areas in which network bandwidth is poor. Before setting up an e-commerce business, must be sure about the target area could

handle the telecommunication bandwidth need to run business effectively.

Constant upkeep: When a business reformed as e-commerce, they must be prepared to make changes to stay well-matched with the technology. While technology grows, the systems that support your business must be kept up to date or replaced if needed. There may be additional overhead in order to keep databases and applications running.

c) Challenges of E-Commerce in Indian Banks

The e-commerce industry in working with the help of a payment gateway systems that is provided and supported by all the public sector and private sector banks. Every time if a customer transact or misconduct a business transactions, intermediary banks are responsible for the online money transfer and must address the problem.

d) Major Challenges Faced by E-Commerce Industry

Poor Knowledge and Awareness: comparing to the ratio of internet consumers and non-users, the scenario is not so admirable one. Majority of rural population are unaware of the internet and it uses. Surprisingly, most of the internet savvy or urban population is also suffering from poor knowledge of online business and its functionalities. Very few are aware of the online corruption and fraud and thus darkness still exists. A reliable survey reveals that 50% of total online consumers are unaware of the solution of online security and protection policies.

Online Transaction: Most of the customers do not possess plastic money, credit card, debit card and net banking system, which is one of the prime reasons to staple the growth of e-commerce. Nevertheless, in recent years, some of the nationalized banks have started to issue debit/debit cards to all its account holders. This is undoubtedly a positive sign for online entrepreneurs.

Cash on Delivery: Cash on Delivery (COD) has evolved out of less penetration of credit/debit card. Most of the E-commerce companies are offering COD as one of the modes of payment for the buyers which makes money transaction easy for the consumers. 30%-50% of buyers are also taking advantage of this mode of payment while making a purchase of any product and service over the internet. COD has been introduced to overcome the payment security issues of online transaction, but this mode has been proving to be lost and expensive to the companies. It is seen that majority of the customers denied to make the payment at the time of delivery of the product. Hence, companies tend to lose the sale along with product transit fees^[7].

Online security: Owners who tend to initiate a small business or a start-up company is least bothering about the significance of authentic software due to their budget limits. Only a few of business entrepreneurs incline to use the unauthorized software on their server, unauthorized software do not come with upgraded online security. Such pirated software leaves room for the virus, malware, and Trojan attacks and it is a highly unsafe task to make online transactions in the systems, which may disclose or leak sensitive details of credit/debit cards and online banking of the users. They are failing to take the initial steps to secure and protect their online business through the installation of authentic protection services like

antivirus and firewall protection, which indeed a vital step for successful online business players.

Logistics and Shipment Services: Logistics and courier services need lot of improvement in transiting any orders. A flawless and sturdy logistics service is one of the key reasons behind the success of any online transaction. Some of the online business is lagging far behind in this sector as most of the town and small villages not comes under serviceable area for most of the courier and logistics companies. E-commerce is vulnerable in this way due to the limited services offered by the courier companies. Also the handling of products while in transit must be given prodigious care and consideration.

Tax Structure: Tax rate system assigned for some country market is another factor for a lesser growth rate of e-commerce in developing countries in comparison to other developed countries. In those countries, the tax rate is uniform for all sectors whereas tax structure of developing countries varies from sector to sector. This factor creates accounting problems for the online business companies.

Fear factor: Fear of making an online purchase is a universal common psychological factor for online customers. They fear about the product will it comes to hand as shown in the picture revealed by the online supplier. 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, the majority of customers are not aware of online transactions and its security. They often reluctant to disclose their credit/credit card and bank details and preferred to stay away from the online world of shopping.

Touch and Feel factors: Normally customers are more comfortable in buying their products physically. They tend to choose the product by touching the product directly. Thereby, online buyers are more motivated to do ticketing and booking online in Travel sectors, books, and electronics. In dealing with products like apparel, handicrafts, jewelry have to face challenges to sell their products as the buyers always want to see and touch before they buy these kind of stuff^[8].

Research Findings

The e-commerce industry has become so aggressive, that surviving has become a matter of concern. With internet reinforcement the birth of many newcomers threatening reputed players, the need for differentiating on service has become as critical in selling a product. E-commerce as an industry born out of the Internet revolution, the edges of using technology to fuel business operations are well known and yet, there is a considerable share of e-commerce players that haven't completely used technology to top their game. With the proliferation of smartphones and tablets e-commerce volumes have exponentially increased day by day, but so has shopping desertions. Negligence of retail shopping has proved the trend of online shopping and increased the number of electronic retailers in online business. This has resulted in a huge market play for e-commerce player's so-called e-tailers. Online market play not only paved the way for availability of all types of consumables and goods readily available to buy in online, has also given a variety of supplier for a single product where consumers can compare their product in terms of price and quality. This is also a challenging task for the buyer to

choose the right supplier for the right product. Consumers take advantage of lower prices offered by the online seller and forget to take the risk of disadvantages of the product features. The reasons could be an irrelevant website, unexpected product costs, lack of product review. Lack of consumer awareness on e-commerce only supports poor product supplier to survive in the online market for a long time which can nurture customers and use them for online sales promotion.

This research finding is set to strengthen online websites product listing and to help consumers to buy precise products. This report also examines selected product safety problems faced by consumers while purchasing via e-commerce. It explores the scope and magnitude of online product safety issues and provides an overview of online business initiatives that have been carried out in long-term. Before confirming their purchases in online, consumers never have access to adequate product knowledge such as the estimated cost of the product related to the image shown on the e-commerce website. Often consumers are cheated by showing a good quality picture of their product and sending them a value less bad quality products, which changes the consumer tendency of buying in online. They are also cheated with a fake website like 100bestbuy. Only for short period these websites run by giving coupons of a fixed value and making online wallet showing the same value of the coupon for every customer who purchased coupon. They are provided with a wide product range affordable in the same value of the coupon and ask them to choose the coupon value. That coupon validity ends on their first purchase irrespective of the total value, where the customer cannot purchase for the whole coupon value and ends with a complaint. Soon the website is shut down after earning a huge amount through their coupon sale. For stopping and addressing the problem faced by the consumer, the online buyer should be well educated by e-commerce structure and their activities. Consumer understanding about the offers and coupons is a must in online commerce. Compromising on some buying needs consumers, however, adapt to online shopping because of their change lifetime and only on the criteria to save time and money.

Conclusion

E-Commerce's future perspective is unpredictable. There are various challenging factors responsible for the growth of e-commerce. In general, today's businesses always strive to create the next best thing that consumers want, because consumers always continue to desire their products, services etc. to continuously be better, faster, and cheaper. In this world of new technology, businesses need to accommodate to the new types of consumer needs and trends because it will prove to be vital to their business' success and survival. E-commerce is continuously progressing and is becoming more and more important to businesses as technology continues to advance in giving sophisticated shopping methods. However, just like anything else, e-commerce has its disadvantages including consumer uncertainties, but nothing that cannot be resolved or avoided by good decision-making and business practices. There are many big problems and challenges on the way of an online merchant. Factors like product quality, product duplication, safety and security of online money transaction are the biggest challenges to overcome the smooth

expansion of the online industry. Though many concepts have implemented in finding the right product and quality assurance of goods in an online purchase, mainly every consumer must have awareness about the product cost related to the product categories. If the correct methods and practices are followed in giving the right product with a right image and with the right pricing, a business will prosper in an e-commerce setting with much achievement and productivity.

Reference

1. Chaithralaxmi T, Shruthi N. E-Commerce in India—Opportunities and Challenges, *International Journal of Latest Trends in Engineering and Technology*, Special Issue SACAIM. 2016; 505-510.
2. Dr. Devaraju P. The Challenges and Opportunities of E-Commerce in India: Future Prospective. *International Journal of Engineering and Computer Science*. 2016; 5(11):19065-19069.
3. Selvarajah Krishnan, Iiham Sentosa, Siti Nurain, Nur Amalia, Syakila Syamim, Wan Nur Hafizah. E-commerce Issues on Customer's Awareness in Malaysia. *International Journal of Finance and Accounting*. 2017; 1:8-12.
4. E-Business Making Your Business Competitive in the Digital World, <http://eposlovanje.biz/CMS/download/e-Business-making-your-business-competitive-in-the-digital-world.pdf>, ISBN: 978-86-80388-01-4, pp. 1-72. Accessed on 28th November 2018.
5. Surbhi S. Difference between e-commerce and e-business 21 Comments, 2015, <https://keydifferences.com/difference-between-e-commerce-and-e-business.html>. Accessed on 02nd January 2018.
6. Rina/ Challenges and Future Scope of E-commerce in India. *International Journal of Emerging Trends & Technology in Computer Science*. 2016; 5(2):232-235.
7. Eugene Franco Y, Bulomine Regi S. Advantages and Challenges of E-Commerce Customers and Businesses: In Indian Perspective. *International Journal of Research*. 2016; 4(3):7-13.
8. Dr. Pranav Patil. Study on E-Commerce Security Issues and Solutions. *International Journal of Computer Science and Mobile Computing*. 2017; 6(1):100-102.