E-COMMERCE AND ITS UNDERLYING RISKS.

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ABSTRACT

E-commerce is nothing but the process of buying and selling or exchange of products and services and information via computer network including internet. It was started in the early 1990’s by Jeff Bezos. It means buying and selling of goods over the internet. This study highlights the features, benefits and mainly the risks involved in buying and selling of goods and services on the internet. Ecommerce in today’s scenario helps people in buying and selling the products faster and most importantly, it helps to find the products. It avoids geographical limitations and operates in low cost and better quality services. Consumers find it very comfortable as they need not travel a long way in order to purchase any product. It will get delivered at their doorstep in short span of time. This will reduce the transportation costs and mainly reduces pollution. Commerce is now seen as a reality in businesses and in a normal business plan. Thus ecommerce has been a boon and also a bane for some reasons which this paper will highlight.

INTRODUCTION

The term e-commerce or commonly called as electronic commerce is nothing but use of electronic medium for online business transactions. These business transactions maybe from business to business(B2B), business to consumer(B2C), consumer to consumer(C2C), business to employment(B2E) and lastly from business to government(B2G). Most importantly it reduces the logistics and transportation costs and helps the customers to get access to new products in the market. Ecommerce has experienced a vast growth ever since the commencement of internet. Though some people find online shopping a bane, it mostly remains as a boon to majority of the customers. It involves several combinations of vendors, suppliers, buyers and even government agencies. Thus in a nutshell ecommerce means buying and selling of goods and services via networks.

Review of Literature

Arvind Panagariya (2000) reported that access to e-commerce, which in the WTO pariance often means access to e-exports, has two components that must be distinguished sharply. Elizabeth Goldsmith and Sue L.T. McGregor (2000) analyzed the impact of e-commerce on consumers, public policy, business and education. Diana Oblinger (2001) reported that one is that education and continuous learning have become so vital in all societies that the demands for distance and open learning will increase. Jackie Gilbert Bette Ann Stead (2001) reviewed the incredible growth of electronic commerce (e-commerce) and presented ethical issues that have emerged. Patric Barwise (2001) reported that probability 99 % of e-commerce today is done using PCs either desktops or Laptops. Andrew D. Mitchell (2001) examined the key issues that electronic commerce poses for Global trade, using as a starting point the General Agreement on trade in services (GATS), the World Trade Organization (WTO) agreement most relevant to e-commerce. Nir B. Kshetri (2001) This paper attempts to identified and synthesized the available evidence on predictors of magnitude, global distribution and forms of e-commerce.

OBJECTIVES:

- This study highlights the main features of ecommerce.
- This study helps to know the various benefits of ecommerce.
- It also highlights the various risks associated with ecommerce.
FEATURES OF ECOMMERCE:

- Non cash payment
- 24/7 availability
- Personalisation and customization
- Information density
- Advertising and marketing
- Sales.

BENEFITS OF ECOMMERCE:

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BENEFITS TO ORGANISATION

- It helps in expanding the market from national to global level.
- It improves brand loyalty
- It provides better customer service
- It gives quick access to information.

BENEFITS TO CUSTOMERS

- It provides 24 hour shopping
- Also provides discount in various products
- It gives detailed information regarding any product or service
- Delivers products quickly
- Customer can interact with other customers to gain knowledge about the product
- Lastly choices are quite plenty.

BENEFITS TO SOCIETY

- It helps in reducing the transportation costs which will lessen the traffic and also in turn reduce pollution
- It benefits more the people residing in the rural areas as they need not travel a long way to purchase goods.
- It also facilitates delivery of public services, such as education, health care services that too free of cost.
- Lastly the standard of living is increased.

RISK IN ECOMMERCE:

1. ONLINE SECURITY:
   Here the main risk is whether the personal information is misused or hacked by hackers

2. SYSTEM RELIABILITY:
   The internet service provider might crash which will make the system slow and the online payment gets delayed. It can also have bugs or a virus attack.

3. PRIVACY ISSUES:
   The customers’ personal data such as phone numbers or address or credit card information could be misused.
4. CUSTOMER DISPUTES:
   In certain cases, the customer might not have received the order or the credit card might have been charged twice or the product might have been delivered to some other customer.

5. CREDIT CARD FRAUD:
   Some people may steal the credit card and make purchases in that card which actually belongs to someone else.

6. INTELLECTUAL PROPERTY:
   Certain company logos or website images or product descriptions maybe be copied by others.

7. RETURN OF GOODS:
   This is quite a terrible risk. It happens when the customer buys the goods for a reasonable price but is unable to resell at a price nearer to it or say its original price.

8. WAREHOUSING AND LOGISTICS:
   When a product is in more demand it will run out of stocks in the website or so. This will delay the product shipment or product delivery. Sometimes the parcel may be sent to another customer.

9. CUSTOMER SERVICE:
   Poor customer service is a great risk in ecommerce. Companies tend to lose more than 62 billion every year due to poor customer service.

CONCLUSION:

Ecommerce is highly beneficial to the customers as it helps in delivering products at their doorstep but also there lies a risk factor. The products so purchased can be deceptive and defective. The images of products appearing on screen might not be the same when it gets delivered. This is then creating a negative impression in the minds of the customers which will not let them purchase again. This will lead to a reduction in sales which will gradually reduce profits. Thus ecommerce is a risky business though shopping at home is fun.

References

1. Arvind Panagariya (2000) : E-commerce, WTO and developing countries


