



Review on Challenges and Issues faces in E-commerce

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Abstract

In the past few years, the use of Electronic commerce (E-commerce) platform has steadily increased a lot. This is because that the technology has been slowly advanced and improved day by day. Electronic commerce is widely known as a platform for selling and buying products by using the internet. Many people have decided to choose this kind of business instead of the traditional way which is owning a physical store. The reason is there are some advantages to using E-commerce such as saving cost, reduce time on shopping and so on. There are four categories of E-commerce which are Business to Business, Business to Consumer, Consumer to Business, and Consumer to Consumer. E-commerce is a service that utilizing the network or online informal communities. Even though it brings a lot of advantage, but there are many challenge and issue face by the user who use E-Commerce to do their business. Therefore, in this study, the few thing that will be highlighted will be benefit of E-commerce, issue, and challenges face in E-commerce.

Keywords: E-commerce; Challenge; Issue

1. Introduction

Electronic Commerce (e-commerce) topic has slowly become more and more applicable in the past few year. With the improvement of technology and the ever-increasing power of internet, there are many people have chosen this type of platform instead of using the classic and traditional way of physical store or office (Plamen,2020). It also allows customer to electronically exchange services and goods without any barriers of distance or time (Franco & Regi, 2016). E-commerce is less use in a much broader sense, same as the "Electronic Business" (e-business) but in truth that e-commerce is a part of e-business (Kabugumila,2016). All type of business activities is including in e-commerce such as banking, investing, retail shopping and rentals. Small type business that provides personal services such as hair salons, can also gain some benefit from E-commerce by setting up a website that put related health and beauty product on sale that usually are only available to their local customers. E-commerce extract on technologies like the electronic data interchange (EDI), internet marketing, supply chain management, automated data collection systems, online transaction processing, electronic fund transfers, and inventory management systems (Nitish, 2015).

There are many companies that do e-commerce have created their own website to do business. After that, they listed their product or services on the website with product or services detail, price, and delivery option. There are a few different payment methods are given to the consumer or customer to pay for the service or product such as using debit card or credit card, internet banking, equated monthly installment (EMI) and cash on delivery (COD). E-commerce has change on how people do their shopping in a short amount of time. E-commerce website like Amazon and eBay were launched back in the year 1995, the online payment system Paypal was launched back in the year 1998, year 1999 Alibaba.com was launched and since then the marketplace for e-commerce are increase like the wind (Sanjay et al. 2019). E-commerce platform has a lot of advantage over owning a physical storefront. A good and productive e-commerce adoption give a lot of benefit to an organization in terms of cost saving, maximization of the revenue, and to improve in customer service and product delivery (Vivian et al ,2018). Therefore, there is no need to set up a company physically at anywhere and can also start and manage a business easily. Other than that, it also gives benefit to the consumer or customer. They can easier search and buy any product that they want at any time them want and from different providers or seller without having to move one shop to another shop around physically (Nitish, 2015).

Even though, E-commerce have given a lot of benefit to the organization and consumer, but it also undeniable that there are quite some issue and challenge face in E-commerce. Example of issue and challenge are privacy, web spoofing, trust and so on. All this issue and challenge can bring harm to e-commerce and it also can cause the consumer or customer to reduce their trust on the platform of that e-commerce website. Therefore, in this paper, the following section is arranging as follow, which is Literature Review, Benefit of E-commerce, Challenge face in E-commerce platform, Issue face in E-commerce platform, Conclusion, Acknowledgement and lastly the Reference.



2. Literature Review

E-commerce

E-commerce is a platform where people can purchase and sale of products and services by using the internet. Other than that, there are people also use this platform as a place to search for information and to compare the prices between different shop or searching for latest product that is on sale before making a final decision of purchasing it online or at a store (Kwilinski et al.2019). There is another term also sometime use for the same process which is call Electronic Business (E-Business). Often, it is used to describe a big way on how the internet changes the method of company do their business, the way they relate to the supplier and customer and the thinking about function such as marketing and logistics (Khan,2016).

Today, there are many companies are using all kind of E-commerce forms to promote their services and product online. There are four main categories in E-commerce that is divided into Business to business, Business to Consumer, Consumer to Business and Consumer to Consumer (Ravi 2017).

- J Business to business (B2B): This is where some companies will run their business with another companies. As an idea: The manufactures are selling to the distributors and wholesales are selling to the retailers. The price for the product is based on the quantity of the order and time after time it can be negotiable.
- J Business to Consumer (B2C): In this situation, the selling of goods and services to the general public is through the use of catalogs make use of the shopping cart program.
- J Consumer to Business (C2B): Here is where consumer will try to sell their own project or idea with a budget online and the companies look through on the consumer's requirement regrading about the project and bid on it if interested. After that, the consumer will look through the bidding and will make a decision on the company that will fulfill the project. Later, the company will introduce talented individual or people such as developers, designers etc and supply a platform and a meeting ground to the consumer.
- J Consumer to Consumer (C2C): Here there are many online websites that offer free auctions, classifieds, and a forum for people or individual to sell and buy product or services. As an example: eBay's auction service is a good sample of where face to face transaction happen day by day since the year 1995.

Challenge Face in E-commerce platform

A web-based E-commerce give a lot of benefit but at the same time it also gives some threats as it is called a faceless and borderless platform. because of E-commerce, there are few cases of moral and ethical issue have increase over the year. The E-commerce industries are facing all kind of challenges which included social, legal, economic, and technical. The challenges in social are trust, cultural diversity, security, and privacy (Sanjay et al. 2019). For legal are taxation, intellectual property right, and the validity of the electronic transaction. The challenge face in economic are infrastructure limitation, cost justification and shortage of people with skill that required in countries that is still developing. Lastly, technical challenges are like security, bandwidth availability and reliability.

There some older age people who are innovative while doing shopping on E-commerce website, and simultaneously there also some older age people who prefer to continue to do shopping in the traditional way which is go to physical shop to look around and buy. The promotion of E-commerce of old age people can consider as an innovation and the problem should be handled with innovation theory (Sanjay et al. 2019).

Issue Face in E-commerce platform

E-commerce have become famous among a lot of people though out the year. This is because of the advance development of the technology on internet now. But at the same time, the number of issues in E-commerce also have been rising and required attention to it. Issue such as security, customer safety and so on (Selvarajah et al. 2017). Last time, in traditional commerce, all transaction is done through face to face, so maybe there are little distrust among the customer and seller or dealer. However, it is a very big difference case for E-commerce. As an example, that in E-commerce, the location of the goods and business are considered as unknown. To be more accurate, any personal contact between the buyer and the seller is actually not needed. After that, there is a lack of legitimate framework in E-commerce. Hence, how to improve the mutual truth between the buyer and seller when doing an online transaction?



3. Benefit of E-commerce

E-commerce is use as a tool to promote new method of business. The seller can just sell their product through online shop seven days a week, 24 hours a day, and they also don't need to get a special premise, workers, or a physical store at anywhere (Išorait & Miniotien , 2018). Customer can just stay at home and access the seller online shop to buy the product they want through and let the courier deliver the product to their home (Išorait & Miniotien , 2018). Therefore, E-commerce brings a lot of different kind of benefit to the customer and seller.

From the customer point of view, the main benefit of E-commerce is the time saving and able to access it from anywhere with ease. Therefore, customer can place their order at anywhere any time that they like (Khan,2016). In the following are the benefit of E-commerce for customer:

-) The transaction costs for joining the exchange in the market is decreased.
-) Transaction can be done or made within 24 hour a day without having any physical interaction with any dealer or seller.
-) With the help of the internet, customer can save a lot of time on selling or buying any product at any time they want.
-) With a click of a button, customer can easily search and check any information they want on different website.
-) Customer can change to other company any time they want if they fell that the service of that company is not good or satisfactory.
-) A customer can make a purchase on an item that is not available on the physical store. This allows the customer to have a wide range of item to choose and purchase than before.
-) Before buying a product, a customer can look through the review of that product or they can also place a review after purchasing a product at the company website.

There are also some benefits for the seller in E-commerce from the seller point of view. The main benefits are having an increase of sell revenue and the operation and maintenance cost are reduced by using the internet as a platform (Khan,2016). In the following are the benefit of E-commerce for Seller:

-) Seller revenue increase.
-) Operation and maintenance cost is reduced.
-) Purchase and procurement cost are reduced
-) Can increase the customer loyalty
-) The transportation cost can be reduced
-) Can developed relationship with customer and supplier easily.
-) The speed of process for selling have improve.
-) Internal and external communication can be improved
-) Can help to increase the image of the company of the brand also.

4. Challenge Face in E-commerce Platform

Notice the rapid growth of the E-commerce throughout the year, many academics have given more attention to the research of e-business. This is because unlike the traditional way of commerce, E-commerce does not require the buyer and seller to have any physical interaction among each other. Therefore, for this reason, many challenges have been raised.



Trust

One of the important facts between the buyers and seller for the E-commerce transactions to be successful is the trust between them. They have discovered that truth is one of the basic problems in the environment of E-commerce (Aziz et al. 2016). Unlike the traditional way of doing commerce, the most important factor in E-commerce is the Trust between the buyer and seller. One of the reasons is that the service and goods that purchase online cannot be checked and verified at once. Another reason is that in E-commerce, there is a shortness of rules and regulation.

Other than that, a new customer will also judge an E-commerce website by its trustworthiness (Wright. 2016). This development will be easier to explain as the aspect of trust between buyer and seller. This development-based model has three sub-contracts which are Knowledge-based, calculus-based and identification. Knowledge-based truth is built based after having several interactions between the website and the users. Calculus-based is evaluating based on the calculation cost over the benefits. Identification-based is trust in the other party because one knows the identity of the other party and what they want. Trusts can be hard to achieve regarding about E-commerce. Since the trust used to build based on personal interaction and face-to-face interactions (Wright. 2016).

Readiness Level

Another E-commerce challenge is Readiness level. A framework was presented that have three stage of readiness which are Organizational Readiness (OR), Industry Readiness (IR) and National Readiness (NR) (Aziz et al. 2016).

The first level of readiness is Organizational readiness. There are two contexts in Organizational readiness which are perceived organization resources and governance (PORaG) and perceived benefit (PB). Perceived organization resources and governance is about the organization perception of the resources that is available which include technology, human resources and financial. While for perceived benefit, it describes on how a assured technology is recognized to give benefit for the organization. In this conditions, perceived benefit considers about the risks, cost, threats, opportunities, and the compatibility of the innovation with the existing requirements, processes, infrastructure, and culture. Industry readiness represent the readiness in bringing up the adoption of the e-commerce technology, considering that the Small and Medium Enterprises (SMEs) are having less power and influence compared to the bigger organization. National readiness level is about bringing up the country available services to look after the E-commerce technologies adoption.

Legal and ethical issues

The pace of E-commerce development has been very fast that it extended to a few legal and ethical issues. This is due that it has become a platform or place to do wrong practices (Idris & Esumeh. 2015). After many years, the organization are starting to understand and value the utilize of E-commerce in everyday business activities. Even so, the attention on legal and ethical issue is being less care about. One of the main challenges in E-commerce is ethical issue. This is because that there is a less punishment to the individuals and organization that have engaged in wrong behaviour (Idris & Esumeh. 2015). As a fact, the amount of new online abnormal behaviours has been increasing where most of them are technologically updated. This will maintain the website of an E-commerce at a high threat. A research had shown that the ethical wrongdoing is most probably to take place in a transaction of an E-commerce compared to face-to-face transaction. Mainly, there are many legal and ethical issue on information technology which are connected to the E-commerce that need to be think about when creating the website of an E-commerce.

Fraud on the internet is one of the ethical challenges in E-commerce. In a fraud case, there will be always a question been asked which is "Who to blame?" Is this the costumer's fault for trusting on the technology to be secured? Is this the organization fault for not protecting their own information perfectly? Is this the criminals' fault for trying to steal the information? Or this is the blame of all three party? Of course, this is a hard question to answer in case of an event of fraud. We can only mention that the system administrator of an E-commerce should always up to date on the security of the system and the customer information (Idris & Esumeh. 2015).

Reverse Logistic

If a customer has decided to return a product that was bought online, he or she will inform the e-retailer through online then will drop the same product at the nearest post office. To return the product thru post office, the customer first has to request a return label from the e-retailer thru email or mail, then paste the return label on the product. Lastly drop the product at any nearby post office. Depend on the return policy set by the e-retailer, either the return label come with a



prepaid postage where the customer does not need to pay, or the customer need to pay based on parcel weight and destination (Chiranjib & Walid, 2018).

From post office, the return product will reach at CRC. The customer has to wait if the product is return through post office to reach CRC. This where the return product if checked against the policy and credit is arranged afterward. At CRC, the return product is sort based on the condition. At this point, asset recovery come into the light. An asset has value and can be sold. Therefore, the challenge is to find the highest value for each return product. Figure 1 and some activities are show in the following (Chiranjib & Walid, 2018):

-) Restock – the product is instantly put back on sale on the website if it is found still current.
-) Repacking for Sale – If the condition of the return product still looks “as new”, then it can be sold in the clearance sale of the E-commerce site Normally this product are often sold for less than the retail but often sell higher than original cost.
-) Return to Vendor- Normally the return products are product that are defective, having warranty issue or service level agreements. In this case, means that the customer will get a refund on the product, but the cost of transportation must be considered.
-) Disposition- In this case, the product will be destroyed when they are unable to sold or used it at the current location and the return of vendor is not allow.
-) Scrap - Someone is buying the product from you if you have a lot of stock of the same product.

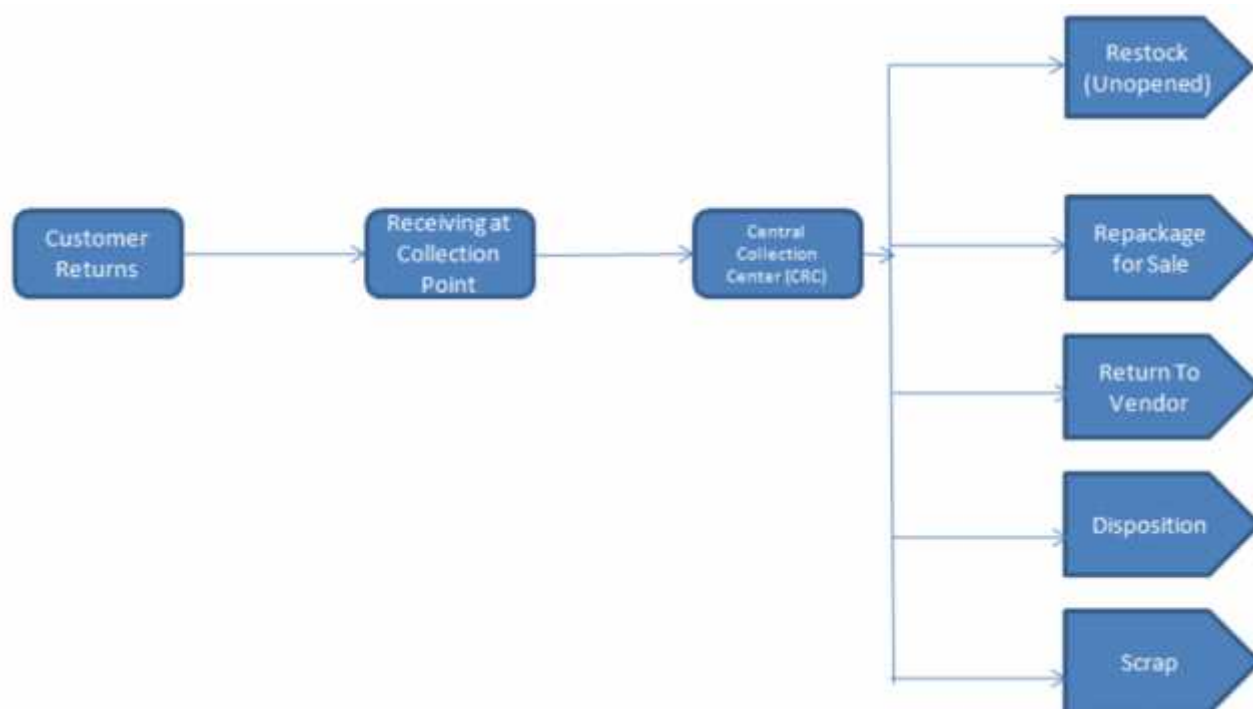


Figure 1(Chiranjib & Walid, 2018): Reverse Logistics Process

4. Issue Face in E-commerce Platform

Many companies have adopted the internet as a business platform. After that, they have noticed that their biggest challenge is not only infrastructure and establishing connectivity but it about the safety and secure of the sensitive information. Modern companies are facing a lot of issue in E-commerce.

Security Issue

The security purpose in E-commerce is to protect the assets from any unauthorized access, alternation, destruction or being use (Sangeetha & Suchitra, 2016). Customers are afraid of the missing of their budgetary information, and the E-commerce website are afraid of money concern linked with any result that give terrible exposure and cause a break-ins.



A stubborn problem is that user use incorrect security model and they are not willing to stick to the basic security guidelines and policies. As an example: An employee of a company may tell their passwords to other people or outsiders (Khan, 2019).

One of the E-commerce security issue is the security system design (Muthaiyah et al. 2011). There are companies that do not apply a decent security system design are revealing themselves and the information of the consumer to fraud. A decent security system has proper segregation of duties, good general control, internet audit, clearly lines of authority, proper authorization and approval for both program and transaction change. With this all-in place, attention is needed to be focus on the prevention, detection, and the correction of the security breaches.

Another issue on security is the authentication (Muthaiyah et al. 2011). If the permission is not ser properly, Domain Name System (DNS) spoofing can happen. In Domain Name System spoofing, the hackers with the write access can make changer to the file by rerouting the web surfers to the website that the hacker made. If both webpage looks alike, even a caution customer can easily be cheated. This can harm the reputation of company who handle that webpage.

Customer Safety

The safety of the customer is a very big issue in E-commerce, no matter what the source is being examine (Selvarajah et al. 2017). The privacy of the internet concern that stand for the individual's awareness of what is going on with the information that they give thru the internet. One of the preconditions on the E-commerce development that the consumers are using online medium. There medium is select to every stage in the procedure of purchase: a requirement determination, a selection of vendor, purchase, and after-sales services. E-commerce has become a powerful force that have change all type of business in the whole world. E-commerce is performed on a global network which is entrusted. So, confidentiality is implemented during the transmission and it must be safe against all kind of threats. In many methods, information technology is needed to implicate in this relentless information gathering. In the beginning, computerized type database has supply for the right kind of home. The information has been extracted from the world is keep into electronic databases where it gives the records the transportability, permanence, and malleability that have become the symbol of IT. The trust in business-to-consumer is set up very unlike compared to business-to-business environments. The reason is that the relationship is usually shorter term, and it is further to transaction oriented (Selvarajah et al. 2017).

Privacy

Privacy is an important issue in E-commerce. Privacy regard were a serious reason on why that people do not go online and give any wrong information online. In this matter, there are some consumers believe in themselves that they have good manage of how their personal information is revel online, sold, or used by many businesses. Media pressure, consumer fear, and current business practices has mix together to make privacy an issue in E-commerce. Some people think that privacy is a fundamental right, while there are other people think is a tradable commodity (Palak & Akshat, 2016). The view on privacy has different meaning and this make it hard when trying present components of such view (Neama et al., 2016).

E-commerce website can possibly gather a big amount of data about the shopping pattern, personal preferences, information search pattern and used, and the thing consumer like. (Palak & Akshat, 2016) Even though the collection of data is easy, but it is also easy to search for this data. There is a new computational method that allow data mining to search for other people trends and consumer's buying pattern in synchronic mode. There are two type of privacy that consumers concern about. Firstly, is that the consumers are worry about the risk of reuse of their personal information for not related cause without they knowing such as sharing or selling to third party who were not involve with the transaction that the consumer have given their personal information. Secondly, is that consumers are also worry about the not authorized access to their personal data due to having lack of internal control or security breaches.

5. Conclusions

As a conclusion, E-commerce is widely known as an internet platform that do selling and buying of product, but as long the transaction is done through online and electronic then it can be consider as E-commerce also. E-commerce have played an important role in the online business and many people are using it almost every day around the world.

Throughout this paper, thing that have mentions are the benefit of E-commerce, the challenge face on E-commerce platform and the issue face on E-commerce platform. This is to help the company or individual to understand more on how important on some aspect of E-commerce such as the security of E-commerce, the privacy of the customer or company on E-commerce etc. So that the company or individual can make some improvement to their own E-



commerce website to avoid this kind of issue and challenge from happening. The author believe that the internet and technology are improving day by day and the E-commerce also will be adapted to the latest technology. Therefore, new challenges and issue will be appeared and arise in the coming future

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