

2. Issues in E-Commerce-Risks and Threats of Online Shopping

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Abstract

The Internet has brought a sweeping revolution in the way we shop or buy products today. Today companies have entered this online space to tap its enormous potential. Players like Flipkart, Amazon, Snapdeal, e-Bay to name a few are very active in this space. These players are very aggressive in attracting young population by offering convenience, choice, better bargain and speed of buying.

On the other hand, there are various types of e-commerce threats. Some are accidental, some are purposeful, and some of them are due to human error. The most common security threats are phishing attacks, money thefts, data misuse, hacking, credit card frauds and unprotected services. Besides, youngsters today are not afraid of experimenting with new ways of shopping which has also led to the popularity and growth of online shopping in India.

Key Words: E-commerce, Online Shopping, Security, Consumer Attributes, Online Payment Transactions, Risks, Fraudulent transactions.

Introduction

Online shopping was invented and pioneered by Michael Aldrich in the UK in 1994 and is gaining grounds in India also. Online shopping is far better than traditional shopping as everything is available to us at our door step just with the availability of internet. Consumers need not to go to crowded markets, standing in queues and spending hours searching for apropos purchases.

On the demand side, consumers are time pressed. With more and more consumers becoming increasingly familiar with internet and its benefits, online shopping is gaining popularity and preference among the set of consumers who seek better value proposition when

compared to offline shopping in terms of information, convenience, cost, and choice. Besides, consumers are afraid of providing personal information to online shopping websites as they feel it may be misused. The study focuses on understanding the threats and risks in electronic commerce.

Review of Literature

Ellen R. et al (1993) opined that profession faced ethical conflicts because application of these technologies commonly invades consumer privacy. They examined the ethical dimensions of marketing practice in relation to consumer privacy. After examining current and potential mechanisms to safeguard consumer privacy, the authors concluded that marketers must make an active commitment to ethical behavior in that area if restrictive legislation was to be avoided.

Roth (2000); enlists the pros and cons being the online business elaborately. Though seems popular trend, getting online has some limitations. Internet based strategies have not yet become a reality for most of the businesses. This is mainly due to cost implications, incapability of the systems the reality that their external business associates are not joining the E-business bandwagon yet.

Significance of the Study

E-commerce threat is using the internet for unfair means with an intention of stealing, fraud and security breach. There are various types of e-commerce threats. Some are accidental, some are purposeful, and some of them are due to human error. The most common security threats are phishing attacks, money thefts, data misuse, hacking, credit card frauds and unprotected services. The study focuses on understanding the threats and risks in electronic commerce and how the customers can make careful transactions to avoid falling a prey to them.

Research Objectives

1. To analyze the profile of customers
2. To understand the threats and risks in electronic commerce

Hypothesis of the Study

H₀ Buyers think that electronic transactions are not secure.

H₁ Buyers think that electronic transactions are secure.

Research Methodology

This research is based on Primary as well as Secondary Data analysis, which comprises of:

Research Universe	Mumbai Region
Sampling Method	Convenient Sampling
Sample size	229
Method of Data Collection	Primary and Secondary Data
Method of Primary Data	Questionnaire
Method of Data Analysis	Percentage and Cross Tabulation
Type of Research	Descriptive and Analytical

Limitations of the Study

Being a social science research, the study is not free from limitations since the study involves the use of primary data for drawing inference, the coverage of the study has been limited to Mumbai City.

Primary data is obtained from online shoppers based on convenience sampling. Most of the questions were answered on a basis of small recall of the experience of online shopping by the respondents. Therefore accuracy and reliability of the data is doubtful.

Online Retailing or E-Commerce

E-commerce is a transaction of buying or selling online. Electronic commerce draws on technologies such as mobile commerce, electronic funds transfer, supply chain management, Internet marketing, online transaction processing, electronic data interchange (EDI), inventory management systems, and automated data collection systems. Modern electronic commerce typically uses the World Wide Web for at least one part of the transaction's life cycle although it may also use other technologies such as e-mail. Typical e-commerce transactions include the purchase of online books (such as Amazon) and music purchases (music download in the form of digital distribution such as iTunes Store), and to a less extent, customized/personalized online liquor store inventory services. There are three areas of e-commerce: online retail, electric markets, and online auctions. E-commerce is supported by electronic business.

Table 1 : Cross Tabulation of Educational Qualification and Internet Proficiency

Qualification	HSC	Count	Internet Proficiency		Total
			Extremely Familiar	Somewhat Familiar	
			24	26	50
		% within Qualification	48.0%	52.0%	100.0%

	Graduate	Count	41	28	69
		% within Qualification	59.4%	40.6%	100.0%
	Post Graduate	Count	49	24	73
		% within Qualification	67.1%	32.9%	100.0%
	Professional Qualification	Count	26	11	37
		% within Qualification	70.3%	29.7%	100.0%
Total		Count	140	89	229
		% within Qualification	61.1%	38.9%	100.0%

Source: Survey Data

The above table shows that majority of the Professionally Qualified respondents are extremely familiar with Internet usage. They are followed by Post Graduates, Graduates and HSC educated respondents.

Experience of Exchanging an Electronic Good Online

An easy return or exchange process is customer friendly whereas, a difficult return or exchange process makes customer retention a challenge for an organization.

Table 2 : Ease in Exchange or Return of Products

	Frequency	Percent	Cumulative Percent
Easy	95	41.5	41.5
Easy but time consuming	114	49.8	91.3
Difficult	20	8.7	100
Total	229	100	

Source: Survey Data

The above table reveals that 41.5 percent of respondents think the return or exchange process of an electronic good online is easy, 49.8 percent of respondents think the return or exchange process of an electronic good online is easy but time consuming whereas 8.7 percent of respondents think the return or exchange process of an electronic good online is difficult.

Security of Online Payment

Security of making payment online (card payment/e-wallet payment) determines the level of trust that the consumer has in the e-commerce website.

Table 3. Security of Online Payment

	Frequency	Percent	Cumulative Percent
Yes	157	68.6	68.6
No	72	31.4	100
Total	229	100	

Source: Survey Data

The above table shows that 68.6 percent of respondents think that online transactions are secure and 31.4 percent of respondents think that online transactions are not secure.

Perceived Risk in Online Payment by the Respondents

This is to study the risks perceived by respondents in not using online payment methods.

Table 4 : Perceived Risk during Online Payment by the Respondents

	Frequency	Percent	Cumulative Percent
Misuse of Card	46	20.1	63.9
Password hacking	21	9.2	93.1
Attack of Spam Messages	5	2.2	100
Total	72	31.4	
Respondents not considered	157	68.6	
Total	229	100	

Source: Survey Data

Out of the respondents who think that online payment transactions are not secure (31.4 percent shown in Table 4.22), 20.1 percent of respondents think that their credit or debit card information will be misused, 9.2 percent of respondents think that their ATM pin will be hacked and 2.2 percent of respondents think that they will be attacked by spam messages in their mailbox or message inbox.

Conclusions

Consumers must verify the online shopping website before making any transaction. Not all e-commerce websites are secure.

The consumers need to very careful while exchanging any data for online shopping purpose. While making payment online, one should be careful and not make a transaction with the ATM pin of the debit/credit card, but make the transaction with the help of OTP (One Time Password). OTP ensures that your online transaction is secure.

It can be concluded that 'Website is the next showroom'. There is a rapid boost in e-commerce all over the world therefore; utmost care must be taken while sharing any personal information online.

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