



Contemporary problems and prospects of e-commerce development in modern conditions

Problemas contemporáneos y perspectivas de desarrollo del comercio electrónico en las condiciones modernas

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ABSTRACT:

Ecommerce operations in the retail sector have been affected by a number of challenges. These challenges have arisen from technological use that is necessary to ensure that e-commerce operations are successful. As a consequence of extensive technological use, hackers have been able to acquire sensitive financial information belonging to clients. E-commerce operators have increased their investment in security to guarantee the data integrity of consumers. This article analyses big e-commerce companies in terms of technology development.

Keywords: e-commerce, development, business, financial information, trade

RESUMEN:

Las operaciones de comercio electrónico en el sector minorista se han visto afectadas por una serie de desafíos. Estos desafíos han surgido del uso tecnológico que es necesario para garantizar que las operaciones de comercio electrónico tengan éxito. Como consecuencia del uso tecnológico extenso, los hackers han podido adquirir información financiera confidencial que pertenece a los clientes. Los operadores de comercio electrónico han aumentado su inversión en seguridad para garantizar la integridad de los datos de los consumidores. Este artículo analiza las grandes empresas de comercio electrónico en términos de desarrollo tecnológico.

Palabras clave: comercio electrónico, desarrollo, negocios, información financiera, comercio.

1. Introduction

There are contemporary problems that characterize the e-commerce retail sector. These contemporary problems are associated with the use of technology to facilitate e-commerce retail operations. Extensive technological use in the industry has made it possible for hackers to introduce malicious software into organization websites. The hacking of e-commerce systems has led to significant financial losses as companies lose revenues and

their customers when consumer data is breached (Daniel et al. 2015, p. 815). This has caused the operators to increase their investment to ensure that consumer privacy and data is guaranteed. An increase in capital investment has increased the operation costs of e-commerce businesses which have to grapple with increased competition in the market.

Many upcoming businesses have struggled to establish warehouses to allow them distribute products to their consumers when these products are demanded. Another challenge has arisen due to increased property rent and the lack of affordable warehouse spaces for upcoming businesses. Similarly, e-commerce businesses have suffered due to low customer interaction levels since many business people rely on technological platforms to communicate to their clients. This lack of interaction has created significant difficulties since businesspeople have been unable to communicate with their clients through physical platforms to determine client needs and to address their concerns.

Going forward, the e-commerce industry is expected to increase their market share and the revenue levels by developing innovative products (Bryman & Bell, 2015, p.27). The use of drones to deliver products is expected to increase as companies seek to deliver products to customers in shorter time frames. E-commerce operations are expected to increase the sales levels by offering personalized services that will enhance customer experience (Cavusgil et al. 2014, p. 59). Due to an increased competition in the e-commerce sector, companies such as Amazon, Alibaba and eBay are expected to use the strategic resources to offer personalized services to their customers. It is also expected that e-commerce companies will rely on artificial intelligence technology to Enhance customer service and consumer product selection.

2. Methodology

The research methodology used in this paper is a qualitative analysis method. This research process reviewed journal sources and books to establish the challenges that e-commerce operators in the retail industry are facing. General sources and academic materials were acquired from online databases and were selected from a range of 5 years. The academic sources were also relied upon to determine the future prospect of the e-commerce retail industry (Dong & Wu, 2015, p.122). The gathered information was then integrated in a manner that analyses the current challenges of the industry and explains the expected development of the global e-commerce industry. The information gathered is intended to analyze the concepts and the characteristics of the e-commerce market (Karabag & Berggren, 2016, p.39). A description of the e-commerce market is offered to examine the current challenges that e-commerce retailers are facing. Furthermore, the qualitative research approach used in this research process is meant to explore the technological innovations that companies within the e-commerce industry are creating to increase their global product sales.

3. Results

3.1 Contemporary Problems of E-commerce Development in Modern Conditions.

The contemporary problems of e-commerce development in modern conditions majorly arise from the extensive use of the internet in targeting consumers. One of the major challenges in business is finding a niche. The internet is a market place which is highly competitive where only few organizations have been able to attain long-term success (Runfola et al. 2016, p. 63). Many small businesses therefore struggle to compete with established internet businesses such as eBay and Amazon. The fact that online e-commerce businesses are done in the internet presents unique challenges (Salehan & Kim, 2016, p.37). One of the major challenges is the lack of finances to maintain websites. Businesses have lost revenue as online customers have shunned websites that experience insecurities due to frequent outages. The lack of financial security is also considered to be a strategic problem for businesses seeking to establish themselves within the e-commerce sector.

Another challenge that online businesses experience is that of logistics. Even though most businesses conduct their operations in cyberspace, customers expect real goods and services to be provided within a short period of time. The challenge of logistics therefore arises as e-commerce businesses have to account for legal issues such as the payment of taxes and the payment of import tariffs (Kim & Peterson, 2017, p.51). In ensuring that smooth logistical operations are maintained, online businesses have to ensure that they hire warehouses where they can stock products that can be delivered to customers once they order them (Akter & Wamba, 2016, p.178). The challenge of internet market is also significant as many small online businesses have to make heavy investment in social media campaigns and in other internet companies such as the use of emails to ensure that they reach their target clientele. Marketing has created a great challenge for small businesses that do not have sufficient revenue to execute marketing activities and to reach a wide client base.

Similarly, many businesses have suffered due to the fact that they are unable to develop interpersonal relationships with their customers. Though doing business in the internet appears to be a lucrative choice, it has become difficult for ongoing business relationships to be developed by new businesses. This is because the online business platform denies entrepreneurs with an opportunity to meet their target clientele (Kurnia et al. 2015, p.1911). Whereas technology such as videoconferencing is available to assist entrepreneurs meet their customers, this technology has not been successful in providing an opportunity for entrepreneurs to meet their clients face to face (Piotrowicz & Cuthbertson, 2014, p.13). The lack of computer expertise has also affected business owners as the execution of an online business requires an organization to hire competent software engineers who will maintain the business system and ensure that the organizational website is fully operational. Most small businesses have experienced challenges as they lack the capital required to continually sustain organizational websites.

E-commerce businesses continue to struggle with the challenge of obtaining product copyright and guaranteeing privacy and security concerns. Major e-commerce organization such as eBay, Amazon and Walmart are currently developing strategies to ensure that they are able to maintain customer privacy (Fang et al. 2014, p.23). Many online businesses are highly susceptible organizations which hack the system and steal private consumer information to drain their bank account or steal their identities. This has created a unique challenge for businesses which have discovered that they need to create systems that guarantee information security and customer privacy (Kumar et al. 2017, p. 105). At the same time, online businesses have had to handle the issue of copyrights which is require for them to use patented technology or created technology. The lack of appropriate technology could adversely affect e commerce operations which will be sued for imitation in spite of the fact that they could have created some of the technology that they using.

Many organizations that have invested in e-commerce businesses continued to suffer attacks from malware and viruses that are introduced into the system. Computers that constantly communicate with consumer devices on the internet have the potential of downloading computer viruses and malicious software that can inhibit the ability of machines to function properly. This malware introduced into the computer systems of e-commerce operation has negatively affected data loss and the need for maintenance which has caused significant financial losses for e-commerce businesses (Pantano & Priporas, 2016, p.553). Malware affecting e-commerce machines has also impaired the ability of customers to use the website of the organization and to access e-commerce business sites.

Software bugs are also considered to be a detrimental security shortcoming of e-commerce software operations. Software bugs introduced into e-commerce operations have caused malfunctions in computer programs thereby making programs to behave in an unintended way. The introduction of these bugs has also caused major problems such as software crashes (Verma et al. 2016, p.210). E-commerce operations continue to be affected by active malicious threats where malware is introduced to infect computer machinery. Experienced computer users have been known to attempt to hack into the security systems of media and commerce companies such as Alibaba and Amazon as they seek to gain entry into the company's data base to steal consumer data.

E-commerce ventures have also been reported to suffer significant challenges as they seek to increase their market hold. E-commerce operations have a difficulty attracting the perfect customer as consumer trends tend to be different. The use of social media by customers to search for product reviews has made it difficult for e-commerce businesses to understand the needs of their clientele (Hortaçsu & Syverson, 2015, p.111). The challenge that e-commerce retailers face is that they have to constantly seek for new ways to attract customers without increasing their marketing budget significantly. Generating targeted traffic has also become a major challenge as retailers are able to rely on a single channel to increase website traffic. E-commerce operations have increased their investments to leverage the use of social media, search engine optimization, mobile advertising and display advertising.

Granted, e-commerce operations are currently facing a challenge in converting shoppers to paying customers. Most retailers have suffered revenue losses due to abandoned shopping carts as a result of customers who are willing to pay their shipping costs. The challenge is therefore to attract new customers by implementing tactics to ensure that they get the most out of their customer base and increase the customer lifetime value. E-commerce operations have also faced challenges as they seek to achieve long-term profitability growth (Chaparro-Peláez et al. 2016, p.1279). The major shortcomings that online companies currently faced are in choosing the right form of technology and inventory management software to expand their operations. Evolving technologies have made it difficult for e-commerce operators to hire the right set of people to ensure that their business operations are successful in the national and international markets.

3.2 Contemporary Prospects of E-commerce Development in Modern Conditions.

The success in the e-commerce industry has been based on the execution of ideas developed by online retail companies. The prospects of the e-commerce industry are expected to positively increase delivery times to improve customer service (Hagberg et al. 2016, p.705). The e-commerce industry is expected to benefit from increased product selection as customers gain more information on the best quality products that are available in the market. E-commerce companies are expected to introduce strategies that will ensure that personalization and experiences are enhanced (Daniel et al. 2015, p.817).

Personalization of services and customer experiences are expected to be the new trend of e-commerce operations in the future. This is a strategy that most companies would prefer to use to ensure that they are able to secure customers in a highly competitive environment. Customers will eventually prefer to purchase their products from organizations that have developed personalized services.

Additionally, the e-commerce industry is expected to use delivery drones to deliver packages more quickly and efficiently. The introduction of delivery drones is expected to offer products within delivery times of between 30 to 60 minutes. Drones will be sent out to different customer product centers to deliver products to the locations as requested (Dong & Wu, 2015, p.122). The introduction of delivery drones is expected to reduce logistical costs and to ensure that convenience is enjoyed by customers. Prominent organizations such as Alibaba, eBay and Amazon have already started using this technology to deliver their products to customers.

Granted, e-commerce operations are expected to integrate monthly payment models to increase consumer efficiency. The introduction of e-commerce tracking in retail stores will also be encouraged to enhance consumer convenience. This will ensure that the boundaries between physical commerce and e-commerce become less indefinite (Salehan & Kim, 2016, p.38). The changing e-commerce is expected to occur as customers are currently seeking for ways in which they can tie the real world experience with the products offered in retail stores. Greater customization of shopping experience of customers is expected to allow retailers to use online data to increase the offline and the on-line operation of the retail stores.

Similarly, the e-commerce industry is expected to introduce artificial intelligence systems that will be made possible through the use of high-quality applications. Rapid technological changes are expected to be witnessed in the industry which will be fueled by strong a competitive drive (Piotrowicz & Cuthbertson, 2014, p.13). The application of artificial intelligence systems and the use of evolutionary algorithms will be used to optimize the sales processes of e-commerce operations (Nguyen et al. 2018, p.263). By developing systems to effectively optimize and test business operations, organizations are expected to use sophisticated technology to improve the operations. The use of artificial intelligence driven system is expected to improve the capabilities of the e-commerce industry significantly.

4. Conclusion

The global e-commerce industry has recorded significant developments due to their extensive use of technology. Most companies have established successful operations due to effective execution strategies. Organization such as Alibaba, eBay and Amazon have been able to establish successful operations by effectively evaluating customers and delivering products that meet the needs of consumers. E-commerce development in modern conditions is associated with a number of challenges. Since the internet businesses platform is highly competitive, businesses have faced a challenge of establishing their operations and carving their niche in the online business platform. Businesses have also experienced a challenge in managing logistics as very few online businesses have resources to establish fulfillment centers and warehouses near their target markets.

Online businesses have also made it difficult for business owners to establish a close rapport with their clients since they are not able to cultivate interpersonal relationships. Additionally, businesses which operate in the e-commerce platform have faced challenges in addressing their security concerns and privacy issues. Online businesses continue to make significant investments to reduce the costs of business losses resulting from data loss by hackers. This challenge has arisen mainly because organizations are susceptible to hackers who introduce malware to compromise business systems and steal sensitive client data. This has resulted in significant financial losses as e-commerce establishments continue to invest hefty sums in creating protection systems to prevent against hackers. Though the future of e-commerce cannot be precisely determined it is expected that delivery times will improve and customer service will be enhanced by organizations. Already, drone technology has been introduced by Amazon as it seeks to improve product selections and customer delivery times.

Organizations will seek to innovatively use technology to market their products to the target clientele to counteract competition in the global e-commerce market. It is expected that customers will prefer organizations that offer personalized services.

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