5- THE LIMITATIONS OF E-COMMERCE?

There was much hype surrounding the Internet and e-commerce over the last few years of the twentieth century. Much of it promoted the Internet and e-commerce as the panacea for all ills, which raises the question, are there any limitations of e-commerce and the Internet?

Isaac Newton’s 3rd Law of Motion, ‘For every action there is an equal and opposite reaction’ suggests that for all the benefits there are limitations to e-commerce. These again will be dealt with according to the three major stakeholders – organizations, consumers and society.

5-1 Limitations of e-commerce to organizations

1- Lack of sufficient system security, reliability, standards and communication protocols.

There are numerous reports of websites and databases being hacked into, and security holes in software. For example, Microsoft has over the years issued many security notices and ‘patches’ for their software. Several banking and other business websites, including Barclays Bank, Powergen and even the Consumers’ Association in the UK, have experienced breaches in security where a technical oversight or a fault in its systems
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خطا في النظام led to confidential client information للمعلومات الحساسة للزبائن becoming available to all.

2- Rapidly evolving التطور السريع and changing technology, so there is اللحاق ب‘catch up’ and not be left لللحاق بالتطور والمستوى التكنولوجي الحديث لا يترك خلف التطور و المستوى التكنولوجي الحديث.

3- Under pressure to innovate وتطوير business ابتداع и develop models to exploit the new opportunities للاستفادة الفرص والفرص للاستفادة للاستفادة من الفرص المتصاعدة.

4- Facing increased competition منافسة المتصاعدة from both national and international competitors often leads to price wars حرب الأسعار والخسائر الدائمة and subsequent unsustainable losses for the organization.

5- Problems with compatibility of older and ‘newer’ technology. There are problems where older business systems cannot communicate with web based and Internet infrastructures, the البنية التحتية للانترنت, leading to some organizations running almost two independent systems, لا يمكن تعمل بنظامين مستقلين للاستفادة من البيانات, where data cannot be shared, This often leads to having to invest استثمار in new systems or an infrastructure, which bridges the كجزء من جسر لتجاوز systems. In both cases this is both financially costly as well as disruptive to the efficient running of organizations.
5-2 Limitations of e-commerce to consumers

1- Computing equipment is needed for individuals to participate in the new ‘digital’ economy, which means an initial capital cost to customers.

2- A basic technical knowledge is required of both computing equipment and navigation of the Internet and the World Wide Web.

3- Cost of access to the Internet, whether dial-up or broadband tariffs.

4- Cost of computing equipment. Not just the initial cost of buying equipment but making sure that the technology is updated regularly to be compatible with the changing requirement of the Internet, websites and applications.

5- Lack of security and privacy of personal data. There is no real control of data that is collected over the Web or Internet. Data protection laws are not universal and so websites hosted in different countries may or may not have laws which protect privacy of personal data. (Q: Explain this point)

6- Physical contact replaced by electronic processes. Customers are unable to touch and feel goods being sold on-line or gauge voices and reactions of human beings.
7- A lack of trust because they are interacting with faceless computers.

5-3 Limitations of e-commerce to society

1- Breakdown in human interaction. As people become more used to interacting electronically there could be an erosion of personal and social skills which might eventually be detrimental to the world we live in where people are more comfortable interacting with a screen than face to face.

2- Social division. Which means that people who do not have technical skills become unable to get better-paid jobs and could form an underclass with potentially dangerous implications for social stability.

3- Reliance on telecommunications infrastructure, power and IT skills, which in developing countries nullifies the benefits when power, advanced telecommunications infrastructures and IT skills are unavailable or underdeveloped.

4- Wasted resources. As new technology dates quickly how you do dispose of all the old computers, keyboards, monitors, speakers and other hardware or software?

5- Facilitates Just-In-Time manufacturing. This could potentially cripple an economy in times of crisis as stocks are kept to a minimum and delivery patterns are
based on pre-set levels of stock which last for days rather than weeks (see Case Study).

**CASE study**

In September 2000 in the UK, protestors demonstrating over the high price of petrol blocked petrol depots, preventing the delivery of petrol to petrol stations. Within days this led to petrol shortages throughout the UK. The knock-on effects were disruption in public transport, hospital services (with cancellation of non-emergency operations), school closures, shortages in food as supermarkets reported panic buying and some warned supplies could run out ‘in days rather than weeks’. Petrol and other essential supplies such as bread and milk were rationed. Even after the blockade was lifted, it took two to three weeks for supplies to get back to normal.

6- Difficulty in policing the Internet, which means that numerous crimes can be perpetrated and often go undetected. There is also an unpleasant rise in the availability and access of obscene material and ease with which paedophiles ( تحديثاً المجهذيون نحو الأطفال) and others can entrap children by masquerading in chat rooms.