

CONSUMERS PROTECTION IN E-BUSINESS. CASE STUDY ON ROMANIAN E-COMMERCE

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Abstract

At the economic level, the development of information technology led to the development of faster and more efficient ways of trading goods. With the facilities of the virtual "stores" the products can reach more easily the beneficiaries and increase the satisfaction rate. But the biggest problem of e-commerce is the lack of security and the failure may be caused by various reasons from either the customer or vendor.

In Romania, due to the fact that consumer protection was not recognized as a state problem till 1999 and the Romanian consumers are not very educated, there are many situations when the firms take advantages of this fact and violate the rights of the customers.

This paper aims to examine how electronic commerce is seen by young people from the point of view of e-commerce security, if they know what are their rights in an electronic transaction and what are their behavior when these rights are violated. Knowledge of these issues becomes very important in growing on-line transactions, knowing that more and more business are developing "virtual extensions" to include a widest range of customers.

Keywords: electronic commerce, consumer protection, Internet, survey

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Introduction

Shopping on the Internet and e-commerce in general have now become common aspects of daily life. The Internet has become, with no doubt, an important component for society and for the global economic environment. If several years ago using the Internet was considered efficient only for the scientists, today it's one of the most important sources of information with an important advance prior to other media.

The most important advantages of the Internet in the struggle for popularity may include ease of use, the technology development which generated cheaper and faster computers, the variety of information and entertainment diversification, relatively low costs for access, etc.

Working in the online environment is an increasingly important component for companies regardless of their size. It's common knowledge that on the Internet is a page for anything and the expression "if you are not online you don't exist" is becoming a universal truth. The growing importance of Internet business can be seen, too, from the perspective of economic crisis: for example, a growing number of media trusts transfer their activities to the on-line environment; a lot of small businesses promotes their own sites and develop a market for products that require exclusive online use.

In the present context, the impact of the Internet has allowed the development of new forms of commerce - Internet commerce (an electronic commerce component), with a major impact for the global classic trade [Popescu D.V., Popescu M., 2007].

Electronic commerce is not spared by the risks and these risks can be greater than those occurring in traditional trade, both, the customer and the vendor are at risk. The place where the consumer meets the retailer in electronic commerce is the website. For commercial sites should be considered, at least in theory, that users should have the advantage of a consistent consumer protection when they are using this type of transaction. At international level it is noted the need for a coordination in the formulation of rules related to electronic commerce [Nicodim L., 2007]. In the area of safety in electronic commerce the main concern is the customers' protection, but is given a minor importance to the seller protection. He also can be the subject of risk because he may face with the failure to recover the value of the delivered goods or the rendered services.

Consumers Protection in Electronic Commerce

The activities on the Internet have noted several problems such as failure to deliver products or obstruction in compensation to customers, which requires the emergence of a third party to control the activities. This mechanism should cover all organizations doing business on the Internet and must be accessible, "friendly" and recognized by all the partners, including national governments [Nicodim L., 2007].

Although e-commerce in Romania is not at a high level as in other countries many companies are beginning to be known on the internet and to develop a business in this space. Because the consumer interests in this "world" were not protected either by the producers or by intermediary commercial networks, then have raised some particular forms of consumer protection. In the same time, one of the unsolved problems that slow the development of electronic commerce transactions is security and the both parts, buyer and seller, have the responsibility for any transactions and not the system itself.

Because so far the interests of consumers were not protected by expert entities, there are several non-governmental associations which have the role to protect the Internet consumers. One of these is the International Consumer Protection and Enforcement Network

(ICPEN) which is a private organization financially supported by its members, which aims to defend the rights of Internet users. It has been created due to the fact that many Internet companies didn't had a good reputation and failed to provide safety to conduct a fair trade or not had provided confidential transactions [<https://icpen.org/>].

ICPEN aims to evaluate and legitimate the Internet operating businesses. If the company is entitled to carry this kind of trade, then it will be identifiable by all users with a distinctive seal, placed on its Web page. ICPEN ask to provide a list of customers' references that have done Internet business in the past and measure the accuracy of transactions. It also verifies if the information provided on the website (price, quality, transport conditions, storage, delivery, etc.) it's real. Then, is monitoring and verifying customer feedback after the sale, and how the purchased goods correspond to offer, requirements and consumer demands.

ICPEN can't take coercive measures, but can solve the following problems:

- identification of false advertising;
- poor product sales;
- failure to deliver goods after they have been paid;
- return the goods in case of noncompliance;
- payment issues, credit;
- a poor service activity

The organization may also notify the competent authorities regarding the violations of consumer's rights, so that they can apply specific legislation.

Even if the work of this organization does not satisfy all the injured customers the information about the Internet companies it's increased.

Case study

Consumer protection is an activity rather new in Romania where from political reasons there were no preoccupations in this area before 1990. Now, at national level we have the National Authority for Consumers Protection (ANPC), directed subordinated to the government, with local offices (OPC) in all counties. In parallel, we have a network of non-governmental organizations involved in consumers' protection.

This case study is the result of the collaboration between the Faculty of Economic and Public Administration from the "Stefan cel Mare" university and the OPC of Suceava County. During the period 2010 – 2011 the Office for consumers' protection from Suceava County and the local media found various cases of violation of customers' rights especially in the e-commerce area. A group of master students and a coordinator professor in collaboration with employee from the OPC had the idea to make an investigation on the subject of e-commerce and its connections with the rights of customers.

The study involved a questionnaire-based research posted on the www.thesistools.com website. It was sent through various social networks like Twitter, Facebook and various forums. Also, was used the Student's Entrepreneurship Club (CAST) of the Faculty of Economics and Public Administration website, an organization with a wide presence not only among college students, but also the entire university, which practiced such investigation in the previous years, on various topics of interest (economic - entrepreneurial, student problems, etc.). The questionnaire was posted on this website, accompanied by a warning system to attract attention and inform visitors about the new ongoing investigation.

Development of the questionnaire had the following objectives:

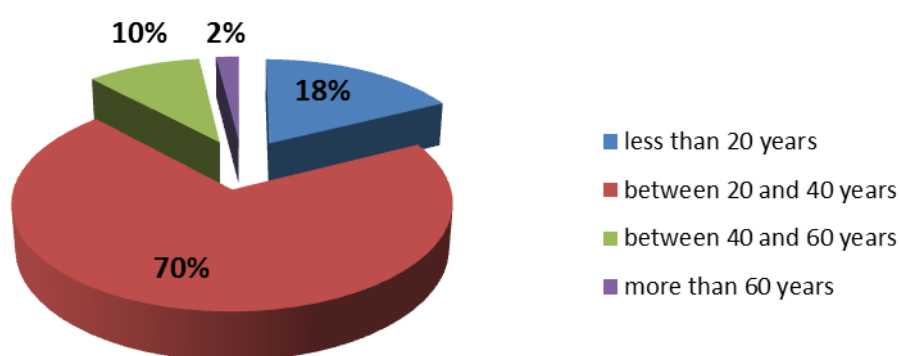
1. Knowledge of the prevalence of electronic commerce among consumers;
2. Frequency and payment transactions used;

3. Knowledge of the respondents' opinion about the security of transactions;
4. Assessing clients' satisfaction for the purchased products / services and the level of respect of their rights.

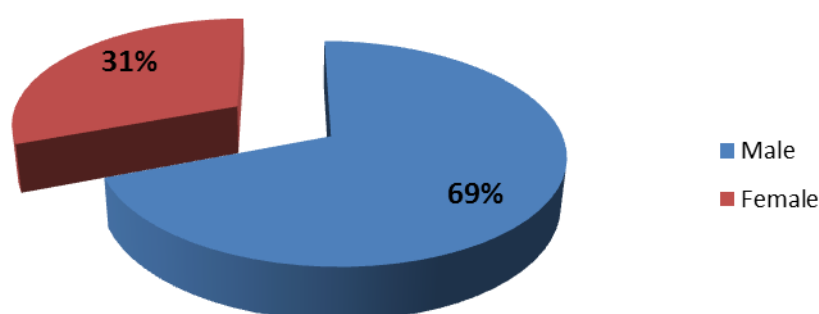
The questionnaire had 12 questions, 3 for the identification of the respondents and the fourth as a filter question. From a number of 1125 people who responded to the questionnaire only 243 people responded negatively to question number 4 and were eliminated.

The first 3 questions of the questionnaire aimed to obtain several information about the participants, respectively the age, level of education, etc., important elements for profiling customers who use electronic commerce.

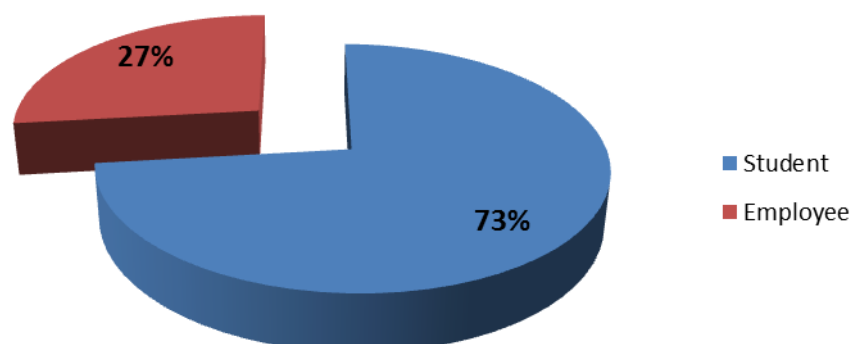
Age



Gender

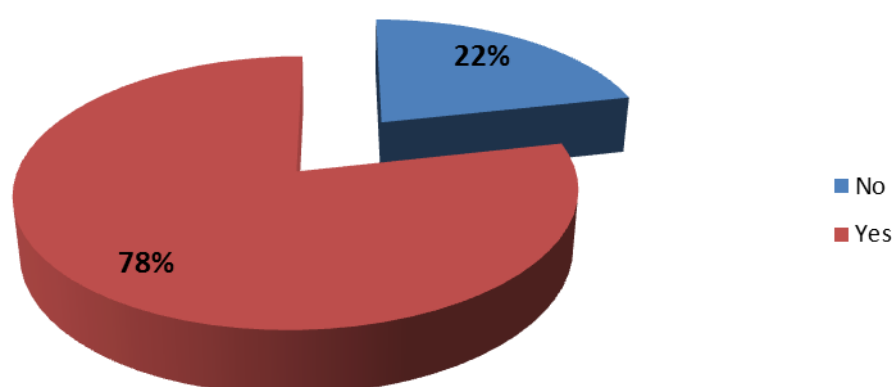


Working status



4. Have you ever purchased products or services using the e-commerce system (electronic commerce)?

Online purchasing



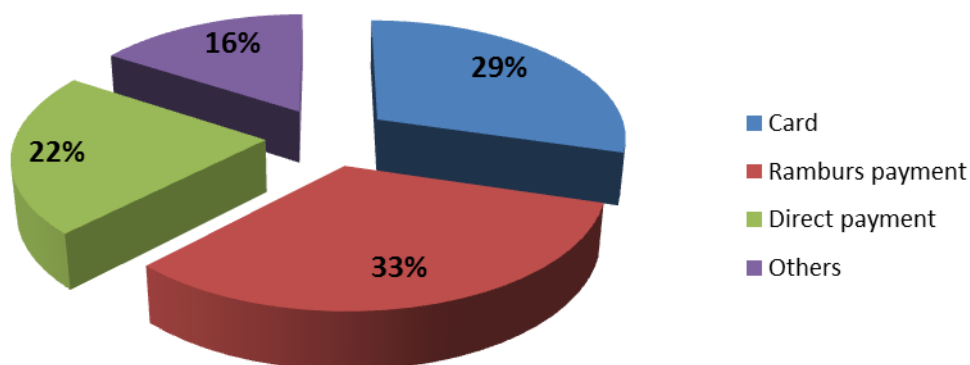
We noticed that the purchase of products or services in online shops is a practice known and used by consumers, representing 78 % positive responses. For all the questions that follow we counted a number of 882 respondents, those who are using this type of transaction.

5. What payment methods are you using for purchasing goods through electronic commerce?

The payment is one of the most important steps in an electronic transaction. Many people avoid buying products or services e-commerce because some uncertainty in carrying out this step. As possible alternatives we suggest the paying methods used in our country. The results showed close values of percentages among the payment possibilities.

Among other methods of payment most frequently used was mentioned payment to the bank account of the seller.

Payment methods



6. What are the products most frequently purchased on the Internet

Table 1: Types of goods purchased on the Internet

What are the products most frequently purchased on the Internet?	Number	Percentage
IT goods (computers and accessories, printers, scanners etc.)	311	35.20
Mobile phones	36	4.08
Books, newspapers, magazines	63	7.14
Audio and visual equipments	41	4.59
Cosmetic and pharmaceutical products	27	3.06
Clothing and footwear	95	10.71
Music, movies	23	2.55
Services (airline tickets, reservations, holidays)	158	17.86
Electronic appliances	27	3.06
Food	0	0.00
Auto accessories	59	6.63
Other products and services	45	5.10

This question is very important for the study because it brings into focus the range of goods traded through online stores. As expected, IT goods ranked first, with a rate of 35.2%. In fact, they were also the first goods for which the electronic commerce was designed and they maintain the market leader position [Tyler T., Zhang M., Southern L., Joiner C., 2001].

Second place is occupied by services, whose electronic trading has increased in recent 3-4 years. Other categories of goods as they were mentioned by survey participants obtained less than 10% percent (clothing and footwear products - 10.71%).

So far no one has bought food from the internet due to the nature of the goods, namely that their fundamental properties have a sensorial nature and electronic commerce does not allow identifying these features.

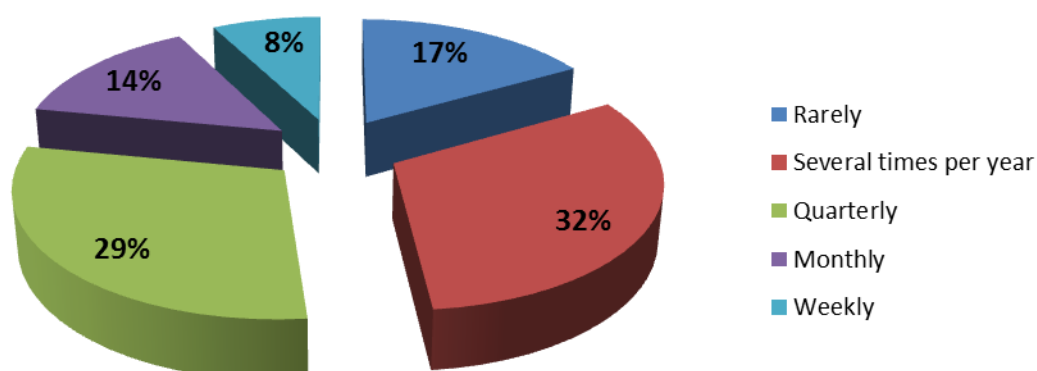
7. How often buy products or services in the electronic system?

The results show that this practice is not very common, most participants making such transactions a few times a year.

Those who buy weekly are only a percentage of approx. 7%, and those who buy monthly - 14%. The rest of participants are using the e-commerce with a lower frequency. We believe that an explanation of this behavior is related to the type of goods or services purchased - usually not daily products that run out quickly and require a new command, such as food, for example. The answers to this question confirm that in Romania Internet commerce don't have yet the development of other countries, where the frequency of transactions is higher.

We considered interesting to analyze the age of those who buy products online in conjunction with shopping frequency. The results showed that most frequently users of e-commerce are people aged up to 40 years (weekly, monthly or quarterly), others using it 1-2 times a year or less.

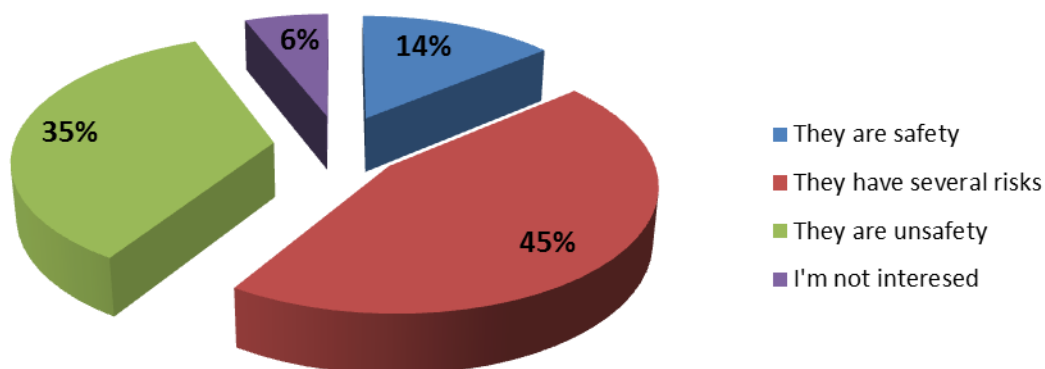
Frequency of online buying



8. What do you think about the security of online transactions?

The answers to this question are very interesting for the study because the online transactions safety is the main factor that hinders the development of electronic commerce. In particular we obtained the following results:

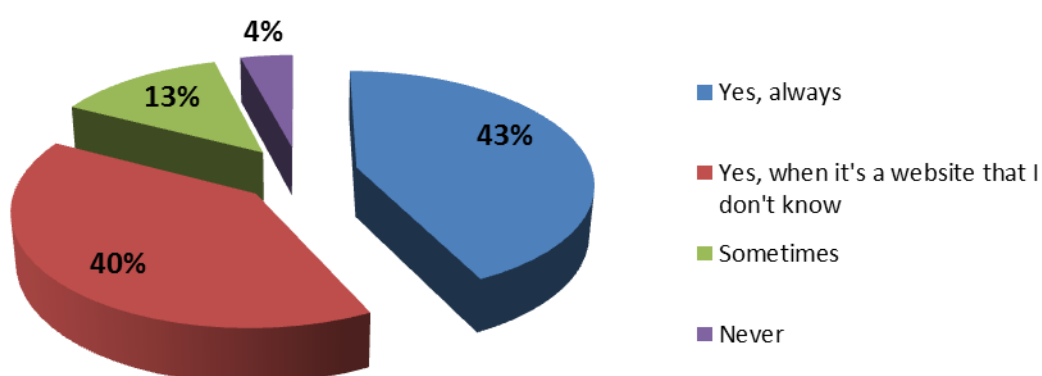
Opinion on the safety of online transactions



Apart from 13% of people who have total confidence in the safety of online transactions, more than three quarters of respondents are aware that buying online requires a degree of risk. In this view, contribute notably the negative examples presented by the media and some personal experience (see question 10). However the general results lead to the conclusion that customers consider this risk acceptable and they assume it.

9. Do you search information about the seller's reputation before purchasing goods / services through e-commerce?

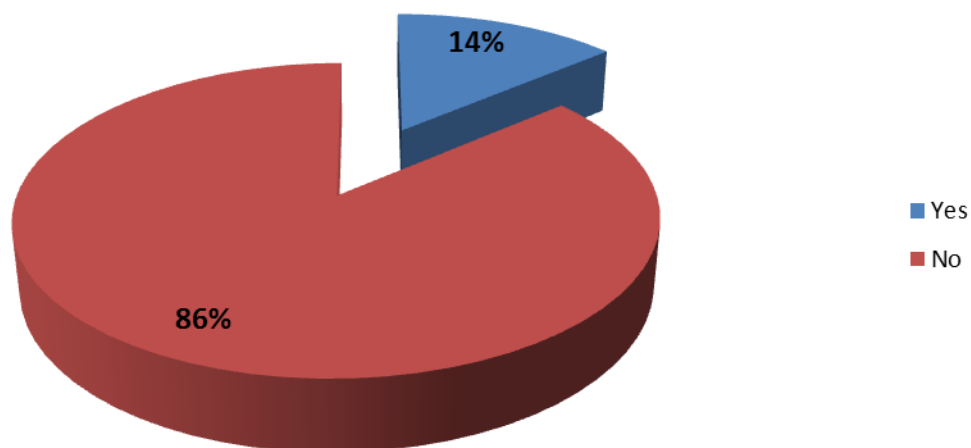
Information about the online seller's reputation before purchasing



Information about site security and reputation of the seller is a tool that it may reduce the risk associated with an online transaction. This was seen clearly from the responses received because 96% of the participants say they inform themselves in some way related to transaction security.

10. You have been a victim of fraud in an online commercial transaction?

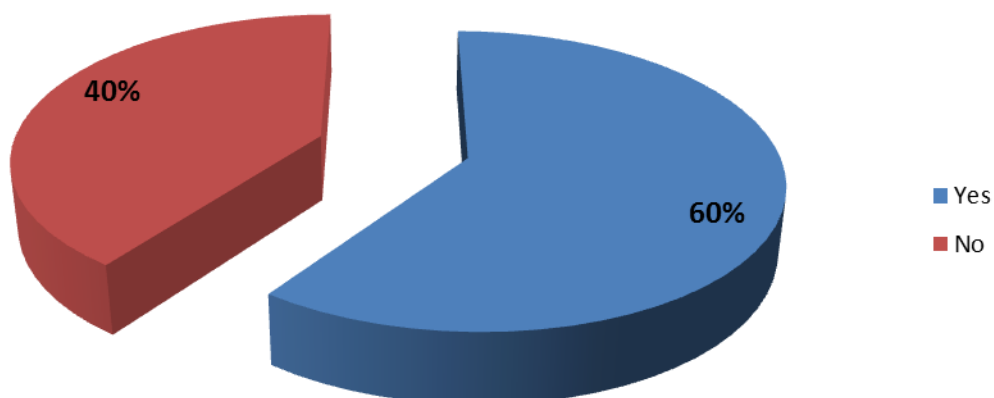
Fraud victims



From a global point of view, the responses obtained are favorable (86%) because only 124 people in total of 882 participants in the questionnaire (14%) said they were a victim of fraud in commercial transactions on the Internet. On the other hand, we consider the number rather big and on this base we started our study.

11. Do you made an official complaint at the local OPC ?

Official complaint at the local OPC



As we see, a big part of the clients who was victims of the violation of their rights during the using e-commerce services made official complaints. We appreciate that is a good

point for the education of our customers, they know their rights and know when are violated. About the results of the complaints analyses we are working at another study.

12. Please rate the satisfaction offered by the products and services online purchased (1 - totally unsatisfied, 5 - very satisfied or expectations have been exceeded)

We believe that this aspect is important in the decision to purchase products or services through e-commerce. If the client was satisfied with the quality and characteristics of the goods then he will continue to buy using this method, but if the goods are poor quality, the purchase will be reduced, for sure. It is the duty of virtual stores to detail the products and services and to provide a more complete picture of them, thus avoiding confusion and dissatisfaction of buyers. In our case, we found that most respondents were satisfied with the on-line purchased products or services:



Conclusions

The questionnaire gives a partial image to electronic commerce because it wasn't formed as a statistical survey and was developed only at the level at our county. However, the results show that online transactions are part of our everyday lives and they are accompanied by some risks that we assume as buyers.

Although is still a young market for electronic commerce, Romania faces a high degree of uncertainty for this type of transactions. Due to this fact, the National Authority for Consumer Protection begins to pay more importance for Internet transactions. A first step is the obligation for any firm who have web site to present the link and phone number of the National Authority for Consumer Protection. This will certainly bring more information on the relevant market and the number of failed transactions will decrease.

About the results of our study, we consider it a first step in a long process of information and education of the consumers and the sellers to do "clean and open" business.

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