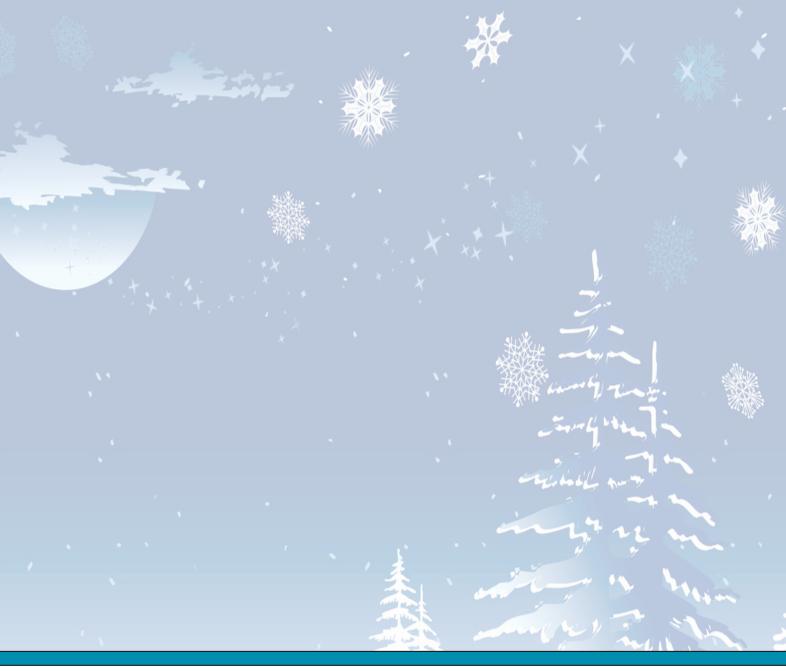# The Digital Age of Commerce

The change to e-commerce platforms and the implications thereof for

business during this festive season

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Contents

Introduction

Humanity has faced many ages during the time the species has existed on the planet. The evolution of man has changed over time depending on the tools that were available to the population at the time. Humans went from using stone tools to being able to do complex computations in the palm of our hand in the space of a few millennia.

Since the industrial revolution one of the biggest challenges that business face is the changing marketplace that is forcing the business world to adapt to e-commerce as it becomes more and more entwined in our daily lives. With the advent of new technologies that make products available to consumers at the touch of a button the business world has seen a need to adapt to the changing of what is generally accepted as the new normal. Consumers are more likely now than ever before to choose ordering a product online from the comfort of their own home rather than to go out to the physical address of a brick-and-mortar establishment.

The fact that a business has a definitive base of operations may seem a risk, but it would depend on the nature of the business itself. For companies with large inventories, or machinery, it would be beneficial to have a central location for warehousing and administrative hard copy storage. For retailers this may seem to be a necessity but with careful decision making a business can service both face-to-face customers and still be able to satisfy an online consumer base.

Change, however, cannot be mentioned without mentioning the devious impact that Covid-19 has had on the business world at large following the 2020 fiscal year. Mckinsey & company states that 98% of businesses in South Africa are SME's that employs between 50-60% of the country's workforce. But the nature of business is that an organisations strengths lay in its ability to adapt and reinvent itself to merge with the current culture that is accepted as good business practice.

With careful consideration there are options for businesses to not only survive in the technical age, but to keep their employees and consumers safe and healthy. The holiday months may be considered critical months for business as an increasing number of individuals make use of online platforms, and an influx of traffic means that less safety precautions are adhered to by consumers and employees alike. With uncertainty about the future automation is the tool that will allow business to grow within the e-commerce environment. If organisations can act on improvement strategies that include an e-commerce platform, whether third party or internal, it is an opportunity not only for survival, but for growth and diversification.

"THE KEY TO SUCCESS IS OFTEN THE ABILITY TO ADAPT"

How does e-commerce influence business?

With the growth of the smartphone industry more consumers have been made aware of new purchasing techniques and habits, and being able to compare costs on a much wider array of choices than before. The Organisation for Economic Co-operation and Development states that they expect the move to digital platforms to be the new normal, resulting in a long-term change in the nature of business itself.

With the greater shift from the brick-and-mortar image of what a business is, there has been a struggle for smaller businesses to compete with larger companies that have more resources at their disposal. But being a niche business can sometimes have advantages with online trading as it puts the business directly in contact with consumers who are looking to buy specific goods or to note if there is a market for their product.

With the acceleration of the expansion of the e-commerce market that allowed many new organisations to take advantage of the needs of smaller business as business directories that allowed people to still be able to buy local and support local businesses. However, when discussing the changes that business faced during 2020 in terms of practice, the switch to

a digital platform had allowed many businesses not only to continue to operate but to make their own opportunities as there are many benefits to e-commerce.

Not only does online trading allow SMEs to partake in the global market but businesses can have online options for customers that can run uninterrupted and without switching off giving consumers anytime access to products and services during holidays and lockdowns that would threaten to cripple an organisations financial stability.

There does still exist the problem that not all persons have access to the internet, but that is slowly being changed as rural areas are being connected to the world wide web. There has been some call for policy action regarding e-commerce as there needs to be assurances of sufficient competition in the retail sector and well-functioning, enabling environment for e-commerce to grow.

While these changes are necessary, there are certain sectors that have not fared as well as others during this time period. The implication of the rise of e-commerce means that though certain businesses can take their processes and make then completely autonomous others are not as lucky and face ruin if they cannot adapt or diversify their range. There were many businesses in the tourism, sports, and fitness, and specialised clothing sectors that did not greet the dawning of 2021.

THE VALUE OF E-COMMERCE IS NOT IN THE E, IT IS IN THE COMMERCE

Advantages and disadvantages of e-commerce

When a business decides to start trading on the online market there are many variables that must be considered as each business has its own unique identity and culture. The needs of one organisation cannot be compared to another, as each will face its own challenges in deciding how to break into an online marketplace.

For example, a building contractor may have his own website provisioned for storage space on his own property then there would be no overhead costs, but he would need to advertise locally on social media and through print media of other businesses in his area. This will allow his business to be advertised directly to the consumers in his area.

Advantages to this approach

As previously noted, some businesses who have adopted the "work from home" approach have no need for overinflated overhead costs that need to be provided every month. Accountants who receive a dossier of information may be more inclined to work from a home office during the current period, not only to save costs on the overhead but to ensure their safety. An organisation always has to understand that the safety and health of their workforce is directly proportional to the productivity output.

This reduction in monthly costs allowed some businesses to have much more competitive prices in order to win over consumers. There are risks involved if due diligence is not performed on the workers appointed to work remotely, but with proper protocols and training the amount saved on the gross expenditure would be able to benefit the business is a myriad of ways.

An online platform gives businesses the freedom to expand their market reach to a global scale. With international shipping and trading routes there are very few places in the world that products cannot be taken too.

With a fully optimised online platform a business has a level of customisation and control that would not always be possible in the physical sense. A well-designed online platform not only allows consumers to get specific orders that is catered to their requirements but gives more information about products and services that may have been omitted if the information was relayed verbally. This adaptability can extend into the physical online marketplace as well. Website and applications can be customised to cater towards consumer satisfaction for a lower cost than it would be to renovate a shopfront.

As users submit data every time that there is a purchase made it puts the business in a position where the data collected over supply and demand can be easily extracted and logically interpreted to make informed decisions and predictions. This data forms the detailed target market portrait, a guideline for advertising, landing page design and even product and service development.

If a business is new to the e-commerce market, Holland and Knight views this entry period as a time of reinvention and brand awareness. This is a time that the business can decide how their online presence can be made to suit the current economic climate, market, and culture.

The nChannel website also describes this consumer sale data as very important in the future decision making of the business. But there is another facet that exists to satisfy the customer, by giving an option for direct input the business can get one-on-one feedback from consumers about problems, suggestions, and requests. This can be done peacefully and without any interaction as there exists communication methods that can be deployed for customer support systems.

An overlooked and undervalued advantage of online platforms is the autonomy of its work. Though certain processes still require human action, there are many more that can be made autonomous through the use of technology. Point of sale can be moved to an online platform, resulting in a safer platform that can operate independent of the workers in the company. For example, a registration system can be used at any time if it is online, but a physical registration center will only be able to operate during business hours. Online platforms very seldomly go down over holidays and events, though these events may affect the logistics and fulfillment of the order there can still be orders accepted without having a living person behind the helm.

Disadvantages to this approach

A business needs to develop a relationship based on trust with the consumer in order to partake in the online marketplace, there is sometimes a large advantage given to larger corporations as their credibility is less likely to be questioned. Because the barriers of entry for business to trade online are so low, small businesses may struggle to establish themselves as a reputable company if they do not make use of social media, online advertising and marketing campaigns.

Having access to a global market can be seen as a two-edged sword, business can expand their intended target market but are pitted against hundreds of competitors that offer similar services. It is very difficult for a business to stand out if the online marketplaces are oversaturated with a specific product or service and market penetration would be the first hurdle that needs to be jumped. But even just penetrating the market is not an assurance of an organisation's longevity.

Risks in the shift to online platforms

Because the e-commerce platform involves the internet there are certain practices that must be made the norm. Within the business there needs to be sufficient levels of protocols, policies and procedures to safeguard against the effects of both internal and external commercial crime risks.

As with all business there exists internal risks that can be mitigated with protocols, policies and procedures such as segregation of duties and data management policies that can be implemented on the workforce. These policies can also be applied to an online business, where good governance and due diligence is still accepted and considered best practice.

Within the e-commerce platform there does exist another problem of consumers committing 'friendly fraud' (chargeback fraud). Friendly fraud is usually committed either by a consumer ordering items to fulfil a free shipping condition and then returning the undesired items for a refund. These items may sometimes not be resold again or may be returned in a damaged state during the movement of the items.

Another way that consumers commit friendly fraud is by disputing an online transaction with their banking facility. In some countries

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this is a criminal offense but according to the Kount webpage, up to 42% of a survey of 1000 American online retailers do not investigate all individual chargeback claims as the consumer can claim non-delivery of the items thus incurring in a legal battle that would outweigh the cost of the chargeback.

When a business makes the decision to enter the online marketplace there must be a total review of the commercial crime risk assessment report of the business to identify new threats that could cost the business funds. Businesses can develop policies and terms of sale that can mitigate the commercial crime risk posed by online trade.

Attempting to stop commercial crime from taking place proactively is a good way to mitigate the risks posed from online exposure. This means that an online platform needs to be able to identify bots and high-risk transactions, using commercial crime risk management organisations to fine tune policies to identify and stop chargebacks from consumers who report them regularly will also be an invaluable tool to prevent commercial crime from wreaking havoc on the business' bottom line.

Commercial crime Concerns of the e-commerce retailer during the festive season

When a business takes part in online trade there are some concerns that are exclusive to this medium of trade. According to Forbes, there are certain thoughts that must be entertained to have a sustainable online business.

This information is not only relevant to those wishing to take part in online trade, but also those wishing to prepare for the holidays as even in information technology there are limits.

The business needs to regularly review and evaluate its systems and processes and see how to automate them in order to function without the need of human intervention. This can be the point of sale, the payment methods and solutions, marketing, and social media information. By ensuring that these systems are sufficient it would be advisable to optimise and update the methods of deployment.

In order to ensure that the website or application that orders are placed on there needs to be measures taken that allows for high influx of users for example, a small homebased website where consumers can order shoes will not be able to handle the number of users of a platform such as Amazon. If this optimisation is not done it may result in poor consumer reviews and non-sale of items. A slow website may appear to be an offline website to an inexperienced user. Hackers can furthermore flood a website with traffic to overwhelm the server, this is known as a distributed denial of service (DDoS) attack.

Alternatively, businesses who use third party options such as Etsy or Gumtree must also safeguard this problem by exercising due diligence in regard to researching the chosen third-party platform that the business will be utilising. The business must familiarise itself with the terms of use of any third-party applications, websites or organisations used to facilitate online trade to avoid signing any risk induced by the third-party.

The business does not need an internal logistics department to handle shipping and order fulfilment. Within the modern age there are many courier companies that have emerged in order to compensate for the rise of online trade, and many strive towards a positive business culture to attempt to satisfy the consumer with safe and secure package delivery. A business would be able to operate without problems with minimal staff over a holiday season if there is proper protocols and policies in place to speed the expedition of products or services for consumers. Which needs to be taken into consideration during the December festive period, when many employees take their annual leave and companies operate with skeleton or rotation staff.

Organisations that offer services have an advantage over those who only offer products regarding the fact that an autonomous process that can be logically described can run as long as the central server is active allowing consumers to be able to make use of online services at any time or place. An example of this is in the Tax and Revenue sector, where online services are still active even though their offices are not.

Within online trade the organisation needs

to understand that there will always be rising costs on add spending and marketing. In order to be relevant online consumers, need easy access to information that may persuade them to make a transaction. Marketing plans to target consumers on this level must be made ahead of time to compensate for seasonal aspects and for changes in market trends.

Other tools that are available to make online trade more streamline for shoppers is consistent and well-trained customer support platforms and staff respectively. This allows consumers to be able to resolve queries and problems quickly and efficiently. The content of an online platform must be visually appealing to a user and easily navigable by using interactive banners, highlights showcasing seasonal products and specials, changing of seasonal colours as well as using pop-ups to relay information. The more appealing a marketplace will determine its viability in the online trade marketplace.

Cybersecurity during the festive season

With the rise of technology came the threat of cyberterrorism. When dealing with online trade a business must ensure that the information technology risks are identified and mitigated sufficiently in order to commence trade and continue uninterrupted. Some companies that store a consumer's banking details are very much at risk in case of a data breach. This is why legislation like the Protection of Personal Information Act 4 of 2013 is so important, not only for the safety of businesses but to the benefit and protection of consumers.

In order to comply with accepted practices organisations must be able to ensure that any information stored within their systems is secured against viruses and hacking. Anti-viral software would be a prerequisite for any system that is used by the company. Cyphere states on their webpage that it is important to standardise the security approach by only using trusted sources.

Normal business practices would have to be strengthened in order to facilitate online trade, as a larger online presence will alert malicious entities of financial activities. These undesirable entities such as hackers or bots, usually seek to withdraw data from computer systems but have other equally as sinister uses.

Bots can be especially dangerous to businesses as they can deplete online inventory levels meaning consumers will see the items as out of stock. Those order will never be resolved but the business will not be able to move product. This technique can be applied by competing companies to "buy out" their competitor's inventory. In a survey conducted by the Kount webpage across selected businesses in the US, 32% of businesses with online platforms have reported that 54% have experience spambot attacks, 52% said they experienced hacker bot attacks, 46% reported that they had experienced social media bot attacks and 32% had reported that they experienced spider bot attacks previously.

In order to be compliant with legislation a business needs to be familiar with the Payment Card Industry Data Security Standard (PCI DDS) which is an industry standard that ensures credit card information collected online is being transmitted and sored in a secure manner. The ISO/IEC 27001:2013 standard covers data security and a business has high-quality management systems, data security, risk-aversion strategies, and standardised business practices. A business is also advised to make use of multiple levels of user authentication and verifications as well as making use of encryption where possible in order to safeguard files containing sensitive information.

Online safety measures

As holiday seasons experience a spike in cyber commercial crime, it is imperative that businesses and their employees are aware of the potential risks and educated in their actions steps to report, record, investigate and resolve suspicions of commercial crime activity. Rolling out a short awareness programme internally lets employees know the company takes a proactive stance towards preventing commercial crime and

builds a company culture conducive to combatting commercial crime risks.

Such awareness programmes should include three aspects:

- •Red flags to look out for and reporting procedures thereof

- •Education in respect of current commercial crime *modus operandi*

- •Consequences of commercial crime

- •How employees can ensure their own safety during the holiday season

In this way the company addresses both internal and external commercial crime risk but takes into consideration the personal sphere of the employee, thus extending the organisation's culture into the employees' personal lives.

Conclusion

In order to be able to sustain an organisation for the future, decisions must be made now in order to build a better tomorrow. Our time now is defined by a fear of disease, and fraudulent entities take notice of this fear. Automation does not mean a loss of employment, with correct practices and patience even an old worker will be able to acquire new skills. A business may find its revenue stream going through the roof with the addition of an online platform that would operate to take orders and allow consumers access to account details when the company cannot operate at its peak.

To maintain the status quo of progress, business must learn to embrace the evolution of technology by taking part in its fruits but must always be wary of the pitfalls that may befall the unwary. Addressing the potential commercial crime risks instead of overlooking them is one way to mitigate such risk both within the organisation, and in the lives of customers.

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