Abstract

E-retailing is the concept of selling of retail goods using electronic media, in particular, the internet. It is a subset of e-commerce by nature. As E-retailing business is booming in India and also providing many benefits to us but we also need to focus on the extent of risk associated with e-retailing. This article intends to study the risk management and prevention systems of E-retailing Business in India.

Key Words: E-Retailing, ITS Act, Risk.

1. INTRODUCTION

The web, the internet and emerging computing and communication technologies have redefined business – erasing traditional boundaries of time and geography and creating new virtual communities of customers and suppliers, with new demands for product and services.

E-business is what happens when we combine the broad reach of the internet with vast resources of traditional information technology systems. It uses the web to connect together customers, vendors, suppliers and employees in a way never before possible. “Click and Mortar” refers to those companies that integrate their real world, offline operations with an internet, or virtual presence.

E-commerce only forms a fragment of E-business. Earlier companies had websites displaying the companies products etc. then they started to use the e-commerce as one of the distribution channels in addition to the existing system for sales i.e. E-commerce. Thus, we can see that e-business is much more than e-commerce and various enterprise aspects have to be considered before we plan implementation of any core E- business strategy.

E-Business is now a very familiar term and has taken such a wide coverage and reach that it is no longer an alternate means of business transactions, but an integral part of any kind of business. Whatever be the business model, products or services. It is critical to have an online presence with some transaction opportunities to keep potential customers / user engaged.

Growth of E-Retailing in India

India’s share of online commerce’s projected to grow from 1.3 percent of Asia-Pacific in 2006 to 3.3 percent by 2011. The projected value of the market for the coming years is:

As shown in table above, e-commerce industry has touched 9210 crores, online classifieds: 820 crores, online travel: 7000 crores (30% jump from 7080 crores in 2007) as per the survey conducted by the IAMAI and IMRB.
E-Retailing Regulatory Framework

The Information Technology Act 2000 (ITA-2000) (IT ACT) is an ACT of the Indian Parliament (No 21 of 2000) notified on October 17, 2000. The IT Act 2000 has been substantially amended through the IT Amendment Act 2008. It got the Presidential assent on February 5, 2009 and was notified for effectiveness on October 27, 2009. IT Act 2000 address the following issue – (a) Legal Recognition of Electronic Documents and Digital Signatures (b) Offenses and Contraventions (c) Justice Dispensation Systems for Cyber crimes.

Key Players

The interaction between the key players of E-retailing is explained as below:

- The internet service provider (i.e. MTNL) purchases a set amount of bandwidth from a network provider (i.e. VSNL) and provides access to the internet user.
- Web sites are computer programs residing on computers (known as servers) which are connected to internet. The web site can be remotely programmed or its location can be easily changed.
- Software Architects or a browser as they are popularly known (i.e. Netscape) supplies the software which enables the web sites to be connected to an ISP and allow users to browse the site.
- The user is provided payment system for the payment of goods / services after accessing the web site. Payment systems providers supply the underlying technology and expertise to run the payment providers computer system.
- The web site purchases goods / services from a content provider and / or content provider may offer the goods / services from more than one web site.

E-Retailing Risk

- Risk to Corporate Information and Intellectual Property – It is difficult to control how sensitive information will be handled by third parties or contract workers. Few organizations have systems in place to ensure common standards in vetting staff and provide security mechanisms between trading partners.
- Hacker Exploitation Of Errors In Software Application Design – In addition, vulnerabilities in technical security mechanism and operating systems are now widely published for anyone to read or experiment with.
- Website Defacement – Where the corporate image or messages on the website are changed – and virus attacks can lead to commercial embarrassment and damage to the way the business is viewed by its trading partners and the public.
- Denial-Of-Service Attacks – Use a flood of false messages to crash a business system – can have a devastating impact upon a business, especially if it is dependent on its e-commerce system.
- Physical Threats – Threats posed to the IT infrastructure by fire of flood.
- Errors By People – For Example employees clicking on links within messages received on social networking websites that are found to be malicious.

E-Retailing Risk Management Framework

It is not possible to reduce all the potential risks in your business to zero. This may be because:

- There is no practical way of removing the threat posed by some risks.
- Eliminating some risks is simply not financially worthwhile.

Therefore the risk management framework you design should:

- Reflect where the greatest potential risks lie.
- Set out practical measures to reduce risks to their lowest possible level.
- Reflect the costs and benefits of taking action to reduce or eliminate risks.

Having technical controls in place is an essential part of any risk management framework. If you have identified risks to your business information systems that can’t be countered by any technical controls that you can put in place, then there are other options.

Risk avoidance

Risk avoidance is the most effective way of managing risk. It means deciding not to enter into a new way of working because of the inherent risks involved in it. Though it is not always be a practical option of your business, but can from an important part of overall risk consideration.
Risk transfer
Risk can be transferred in two ways. The first is through insurance. This can be problematic in e-commerce as it is often difficult to quantify the business loss following a security incident. The second option is to contract aspects of your e-commerce function out to a third party. This could involve another business hosting your systems or running them on your behalf.

Reduction in Threats
We can reduce the threats to our R-Retailing services by:
- Making our business less of a target – consider what needs to be on public or shared systems and, where possible, remove sensitive business information.
- Increasing the perception of your business as secure - ensure that all aspects of security appear to be installed and well managed.
- Ensuring that warnings signs on your website are clearly displayed to any user who attempts to access secure parts of it.
- Not providing any publicly available information regarding the security systems or operating systems in use.
- Keeping your virus defense software up to date and subscribing to a virus alert service to ensure you hear about new threats.
- Making certain that employees are well-trained in email and internet usage, e.g. to not open unfamiliar attachments; click on suspicious links or forward virus warning message.
- Configuring our email system to, by default, open attachments using a ‘viewer’ – this prevents infection by macro viruses, which can be hidden in files.

Conclusions
E-Retailing is still to pick up in India, keeping in mind that organized retailing has just started growing in recent years. India’s share of e-commerce is projected to grow to $ 8.6billion by 2014. Despite substantial growth of E-retailing in India it is not immune to risk. What is needed is an integrated approach to prevent the risk and if you had identified the risk then only risk avoidance and risk transfer approaches can be followed. The entrepreneurs in India can not rely on online sales alone, as this is only in the initial stages of development. E-Retailing in India can be a success if the E-retailers understand their online customers better.

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