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## THE ADVANTAGES AND LIMITATIONS OF E-COMMERCE TO BOTH CUSTOMERS & BUSINESSES

Majed Al Tamer

*Master's Student, Faculty of Business Administration, Beirut Arab University, Lebanon,*  
majedaltamer@gmail.com

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## THE ADVANTAGES AND LIMITATIONS OF E-COMMERCE TO BOTH CUSTOMERS & BUSINESSES

### Abstract

One of the major new trends affecting the business world, the consumers and the economy is the emergence of e-commerce. In this paper, we will analyze both its advantages and limitations, clarifying the future impacts of this rapidly growing phenomenon. We will clarify the advantages that e-commerce helps businesses achieve, such as increasing their customers, penetrating new markets, reducing financial costs as well as enhancing customer satisfaction levels and retention rates. We will also showcase the various advantages that e-commerce provides customers such as the greater accessibility to a wider variety of products from numerous vendors, enhanced convenience in the shopping experience, as well as greater delight due to the personalization features that the digital provides. Finally, we will examine the limitations that e-commerce businesses have that could limit their rapid growth. Such limitations include security and privacy issues as well as the lack of experience and proper infrastructure. This study will examine previous literature to provide a consolidated list of the advantages and limitations that e-commerce has resulted in, for both consumers and businesses.

### Keywords

E-commerce Advantages & Limitations, E-commerce, E-commerce advantages for businesses, E-commerce advantages to customers, E-commerce Limitations.

## 1. INTRODUCTION

The influence of the internet has changed drastically the various ways in which businesses interact with their customers. One of these major changes is the shift from traditional buying to virtual buying via e-commerce websites. Recently, reports have stated that e-commerce sales are expected to exceed \$4 trillion in 2020 (Jimenez, Valdes & Salinas, 2019). Many traditional retailers have recognized this shift and are investing heavily to maintain their market shares, defending themselves from their new virtual competitors such as Amazon. Walmart the biggest traditional retailer has announced in 2018, that it has invested \$16 billion dollars to acquire a 77% share of the Indian e-commerce website Flipkart (Walmart, 2018). The Walmart example shows that even the most successful traditional retailers are quickly and heavily investing in e-commerce, for them to benefit from the exponentially growing new online market. In 2019, the online shopping market surpassed 1.92 billion online shoppers and had cumulative sales of \$3.5 trillion (Statista Research Department, 2020). Recent studies have also stated that the cumulative e-commerce sales worldwide are expected to continue their increase exceeding \$4.8 trillion in 2021 as stated in figure 1 below.

On the other hand, many customers are still reluctant to shop online due to the security and privacy issues that might accompany online transactions (Wani & Malik, 2013). According to a recent study 58% of the respondents might not complete a purchase online due to security concerns (Chariton, 2011). Other customers also still prefer traditional shopping due to other problems that accompany online buying, such as long purchase-to-delivery periods, the loss of the actual shopping experience, and the probability of the goods being damaged in the delivery process. While also some businesses are still reluctant to tackle the ecommerce opportunity due to their lack of knowledge of the new technologies, the complicated taxing and regulatory rules accompanying it as well as other reasons. In this study, we will be discussing the advantages and the limitation that e-commerce has on businesses and consumers, trying to clarify the answer to the question: “if ecommerce overall has more of a positive or negative effect on both businesses and consumers?”

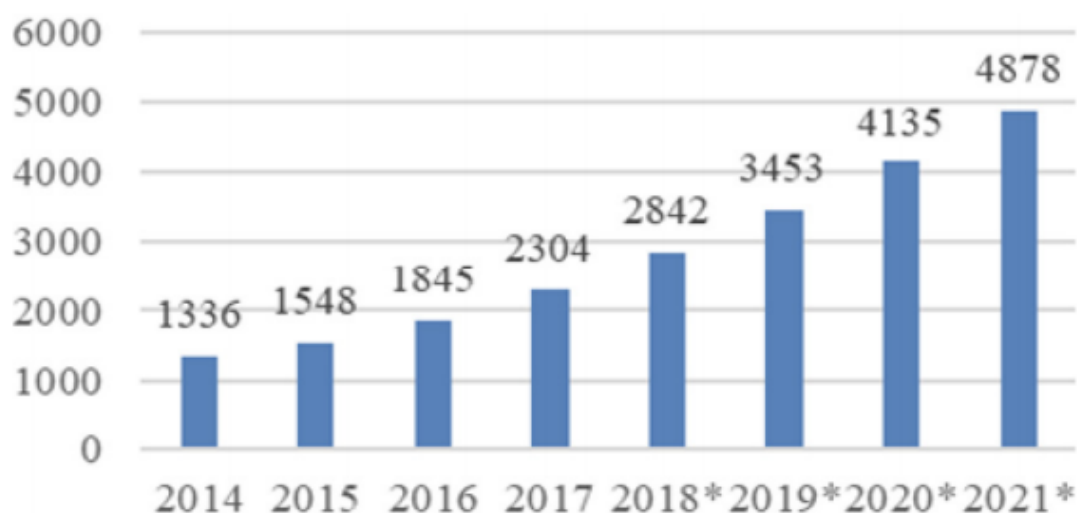


Fig.1: Retail E-commerce Sales Worldwide (Babenko, Kulczyk, Perevozova, Syniavska, & Davydova, 2019);  
\* are forecasts

## 2. E-COMMERCE ADVANTAGES TO BUSINESSES

One of the major advantages of e-commerce is that it helps reduce the cost of opening and operating a store (Niranjanamurthy, Kavyashree, Jagannath & Chahar, 2013). E-commerce has enabled businesses owners to start their store from their home or warehouse or even a small office, reducing their rental cost. The store setup cost is another reduction in the initial store investment, as through opening an e-commerce website most of the setup expenses are eliminated including the store interior/exterior design, equipment, furniture, point of sales display and signage (Niranjanamurthy et al., 2013). All you need in the e-commerce store is a user-friendly attractive

website, and a space to store your inventory, and you are ready to go. The average cost of building an e-commerce website is \$37,000 and could be as low as \$6000 if it's a simple website, which is often less than the cost of starting up a traditional brick and mortar store (Wilson & Abel 2002). A third cost that is also reduced via e-commerce, is the cost of labor, as you will need less employees to manage your operations (Niranjanamurthy et al., 2013). In traditional stores you need salespeople, security staff, cashiers, inventory gate keepers and others. While operating an e-commerce website backed up with robotics and AI, can be managed by a lower number of employees. These employees with the help of the new technologies, will be managing the backend of the website, ensuring that the inventory is always updated, and that the delivery reaches on time (Cook, 2018). In its turn, Artificial Intelligence will replace many of the sales jobs in e-commerce, as the CRM systems will make the process manageable by a fewer number of employees (Cook, 2018). Customer relationship management systems, allows you to send automated emails to clients according to their needs and past purchases, without the help of any employee. The system automatically sends a series of different previously programmed communications through various channels, according to the prospect/client phase in the conversion channel. For example, a prospect can receive an email after signing up, then a push notification two days later, then a special offer via In-app message a week later and finally a thank you email after the transaction completion. A report by Cornerstone Capital Group states that 47% of retail jobs in America will be lost within the coming 10 years, due to e-commerce and the technical innovations such as AI and robotics (Morris, 2017). A fourth cost that e-commerce helped reduce is the customer support cost. Rather than wasting long hours, answering people enquiries through the direct contact or phones, a "Frequently Asked Questions" (FAQ) section helps answer most of the proposed questions. "Chatbots" is another technology that also helps reduce customer service cost in E-commerce. A Chatbot is a computer program that simulates a conversation with a client. A recent study conducted by IBM, shows that "Chatbot" is expected to reduce customer service cost by 30% (Reddy,2017). A fifth cost e-commerce reduced, is the cost of inventory as you will need much less stock. In the virtual world the gap between the actual purchase and the delivery, enables you to sell the costumers, without having dozens of SKUs present for display (Kaur& Gupta 2019). This is especially the case for retailers that produce their own products in a short period of time. All the above-mentioned cost reductions result in 40% decrease in store setup cost & around 70% decrease in monthly overhead and operating costs (Wang, 2016).

Another advantage e-commerce brings to businesses, is providing them with a wider reach for their store, as they can sell their products internationally rather than locally. Online selling has opened the opportunity for businesses to reach four billion internet active users rather than being limited to the few thousands that can access their store in the local territory (Babenko et al., 2019). Retailers can now sell their products to anyone in their targeted segment, whether they are located a few cities away, or in a country in another continent. Many e-commerce websites have clearly taken advantage of this massive change and were able to rip the benefits of selling to a global market. A good example for this is Amazon, one of the global leading e-commerce websites, that has more than 213 million frequent active users who generated a net sales revenue of 280 billion dollars in 2019 (Statista Research Department,2020). This net revenue could have never been achieved using a traditional brick and mortar store regardless its location. The e-commerce giant was able to achieve these amazing results because it has clients from countries throughout the world due to its virtual nature. In its turn eBay, another e-commerce giant, is benefiting from its virtual presence in 190 markets to acquire 168 million users (Guta, 2018). According to the latest reports eBay generated around \$9 billion dollars in net revenue last year (Guta, 2018). The top 10 ecommerce websites presented in figure 2 below clarify how companies that leverage online shopping properly can reach millions and even billions of their international prospects.

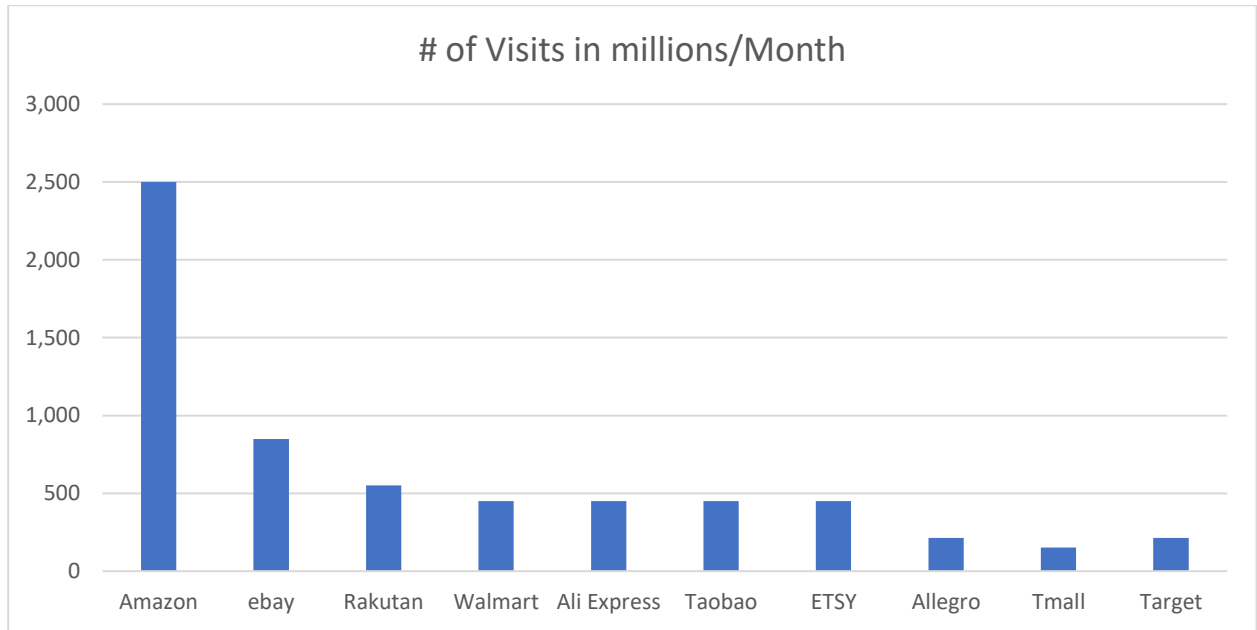


Fig.2: The top 10 Ecommerce Websites according to the Number of Visitors (Josen, 2020)

A third advantage that e-commerce has recently made available to businesses, is the ability to personalize their offerings and their products (Helms, Ahmadi, Jih, & Ettkin, 2008). Consumers have recently become more demanding than ever, due to the availability of many alternatives, in all main product categories. Most markets have become saturated with various companies providing similar products/services, which has led to a new “highly picky customer”. The customer nowadays wants his product tailored to his needs and demands. The virtual world has enabled this to become true, through its advanced technologies (Helmset al., 2008). On one hand through cookies, businesses can now know, what products their customers have previously bought. By knowing so, businesses can easily offer their customers related products that can help them make better use of their past purchases. Not only that but businesses can also recommend products that match or complement the previous orders. All of which helps businesses easily upsell their clients and at the same time helps customers easily find products that they need. A study published by Amazon stated that 35% of its sales were due to upselling (Cohn, 2015). The e-commerce giant is one of the best practitioners of the concept of “personalizing the offering”. They work on customizing what’s recommended to their users, according to the user behavior, history, and price.

Other e-commerce websites went the extra mile and offered their customers the ability to customize their own product. Users of such websites can now customize their products by changing their design, color, dimensions and many other factors. Nike one of the leading shoe manufactures, offers one of the best examples of product customization. Through the Nike website you can change the colors of the shoe, the text written on it as well as the graphics portrayed on the shoe (Nike, 2020). In the year that Nike focused on the digital product customization initiative which is named “Nide ID”, its revenue generated from its digital channels increased by 22% (Trefis Team, 2015). Although the reports do not split the e-commerce sales to clarify how they’re divided among the different website categories, it is almost certain that the Nike ID was the biggest reason behind this increase (Trefis Team, 2015). A study conducted by Deloitte stated that 36% of customers are willing to buy a customized product and they are willing to pay an extra 20% for it (Roland, 2015). Another recent study states that 86% of people are willing to buy a product customized to their needs, rather than a standard traditional product (Sparrow,2018). All the above-mentioned proves, that the e-commerce customization option, helps businesses develop a competitive advantage over their rivals, which enables them to keep their current customer base loyal to them as well as helps them acquire a bigger market share.

A fourth advantage that e-commerce granted businesses, is giving them access to a vast amount of customer data and insights instantly (Akter & Wamba, 2016). Every action a customer takes on the website is recorded, from the products he purchased to the carts he abandoned, to the pages he viewed and much more. Businesses now can collect data through their analytics tools that help them make informed decisions in terms of optimization (Akter & Wamba, 2016). Their findings help them in product upgrades, pricing, expansion, and many other facets of their business. By gathering data concerning their clients' purchases and their clients' personal details, businesses can make many beneficial informed decisions. These decisions include to whom they should focus their marketing efforts in the future, in which countries they should invest more to generate more sales, as well as what products they should add to their product/service offering (Akter & Wamba, 2016). In another aspect, by knowing in which phase of the conversion funnel the client is churning, companies could apply changes to their platform that will help them increase their retention rates. By doing so, these businesses can lower their defection rates by 5% which will lead to them increasing their profits by more than 20% (Sparrow, 2018).

Another important aspect data makes available for businesses, is the insight about where their conversions are coming from. In e-commerce websites, a real conversion is an actual purchase on the website (Akter & Wamba, 2016). The e-commerce platform, if equipped by the proper analytical tool such as Google Analytics, will enable the client to know from which marketing or sales initiative their clients are coming from. By knowing so, managers will be able to know which marketing initiative resulted in the best return on marketing investment. In this way, the decision maker can adjust his marketing and advertising budget allocation, to invest in the most profitable mediums (Akter & Wamba, 2016). Not only that, but the data provided on such portals, clarifies which are the best and worst pages and product offerings on them (Akter & Wamba, 2016). One statistical indicator for that is the bounce rate, which is the percentage of people who landed on the website but did not do any further activity. The higher the bounce rate (BR), the bigger the problems in the pages that hold them, and the worst the content of the pages that have scored them (Akter & Wamba, 2016). This BR accompanied by other data like "exit pages" and "average time spent on page" will help businesses fix their platform, their display as well as their product offering. All of which will help them improve their user experience (UX) and user interface (UI) resulting in better results. As stated earlier, data supplied by e-commerce analytics, supplies the website administrators with the power to make better and more effective business decisions, in the various functions of their business (Akter & Wamba, 2016).

### **3. E-COMMERCE ADVANTAGES TO CONSUMERS**

E-commerce also offers various advantages to customers, one of which is providing them with a more private and less invasive shopping experience (Brooke, 2018). Although many people love to go shopping and enjoy the concept of visiting a brick-and-mortar store, many others prefer to buy some products without the interference of store personnel and going through the whole traditional shopping experience. In a recent survey conducted on 2,900 customers, 95% of them responded that they want to be left alone when they walk into a shop (Brooke, 2018). The survey clarifies that there are numerous reasons why many shoppers prefer a private experience. Some prefer buying specific product categories online, especially the ones that they don't want others to know that they're buying. Such categories can include lingerie, aesthetic products or even some toys. Others have a more introvert personality, and thus feel that it not within their confront zone to visit a store where they're surrounded by many people. While others might have their own personal reason, like buying a surprise gift for someone or being sick or exhausted on a given shopping day. Whatever the reason is, e-commerce has provided these groups of people with a quiet and peaceful environment, where they can easily surf various products without anyone's interference. These online shopping platforms allow customers to access all their products from wherever location they consider private and comfortable.

Another advantage that e-commerce provides is convenience to the customer, as the shops are open 24/7 and are as far as a click away from their fingertips (Niranjanamurthy et al., 2013). This allows shoppers to satisfy their desire of purchasing a product throughout the day and during the whole week. Whether it is 3 a.m. at dawn or after midnight on a Sunday, a shopper can login to an e-commerce website and purchase whatever he desires.

In a survey conducted by KPMG International in 2017, 58% of the respondents stated that they prefer shopping online because the e-stores are open all days of the week and in all hours of the day (Chaffey, 2017). Another aspect of convenience that e-commerce has made available, is that it helps customers avoid getting stuck in the traffic, saving a lot of time and effort in the shopping process. In the same KPMG study mentioned herein, 40% of respondents stated that they will prefer to buy online as it saves them time. As our daily routine schedule is getting busier every day, more and more people will find it much more convenient to buy online rather than visiting a store. Not only that, but online shopping also helps customers avoid crowds in shops and long queues. How many times have you gone shopping but was very disappointed from the experience due to the crowded shops and long minutes of waiting in line to pay? E-commerce has helped customers avoid all that, making the shopping experience easier and more enjoyable.

Another way e-commerce increases customer convenience is by making it easier for clients to find what they want, making the shopping experience faster and simpler (Kaur & Gupta, 2019). With hundreds and sometimes even thousands of SKUs the process of finding what a person wants has become more difficult than ever. While this is the case in brick-and-mortar shops, it is not anymore in e-commerce shops. The advanced filter options available in e-commerce websites, makes the shopping experience faster and easier (Kaur & Gupta, 2019). Through the many filters available you can choose exactly the characteristics of the product you wish to buy, and you will only be presented with items that match your preferences. All of which will result in more people shopping and thus more sales, higher revenues, higher retention rates and profits for businesses.

Another advantage of e-commerce to customers, is allowing them to get the best deal for a product they are searching for through comparative shopping (Kaur & Gupta, 2019). Comparative shopping is learning about the different prices of a specific product in various vendors before taking the purchase decision. E-commerce makes the process of comparative shopping as simple as possible, with even new websites specialized in doing so, such as Trivago in the hospitality and tourism sector. Through comparative shopping, customers are given the opportunity to easily research the market finding all the different variations in the market and their prices for a specific desired product (Wani & Malik, 2013). When the client reaches “the evaluation of various alternatives” step, in the buying process, he can now and in a few minutes, browse the various alternatives and guarantee he is getting the best price. With that being the new case, competing businesses are now very keen on giving the best pricing to their customers as they know that the customer is aware of the market price or can easily find it out. According to Wani & Malik (2013) most customers believe that they get a better deal in online shops than traditional ones. All of which resulted in lower prices and thus a more satisfied customer.

#### **4. THE LIMITATIONS OF E-COMMERCE**

Despite all the advantages of e-commerce stated in the previous sections, it still has numerous limitations. The first of which is the breach of security issues and mainly stealing the users personal and financial details that were submitted to the online vendors (Wani & Malik, 2013). Although e-commerce websites have invested heavily in trying to create a safe environment to build confidence that their users’ personal and financial information are safe, the problem still resides, and many people still lack the confidence in those portals (Wani & Malik, 2013). The problem resides in the fact that even the most encrypted and claimed safe websites were subject to hacking attacks in the past years. Few years ago, eBay the e-commerce leader, was subject to a cyber-attack through which the credential and personal details of 158 million users were stolen (Gorden, 2015). Few years earlier, a more severe hacking attack on Home Depot, resulted in the actual stealing of the credit card details of all its users. Home Depot is one of the largest home improvements supplies companies in the United States and has invested heavily in the security of its websites (Gorden, 2015). Despite all that, in the last attack 56 million payment cards were stolen as well as 53 million emails addresses (Gorden, 2015).

Another threat to users’ security in the e-commerce environment is the Phishing attacks. These attacks are done by people that claim that they are trusted sources but who gather users’ credentials or credit card details to use them in illegal ways (Niranjanamurthy et al., 2013). Usually, the attacker portrays himself as a trusted e-commerce website and persuades the user to willingly submit his information, just for him to realize later on, that he was a victim of malicious activity.

All these security issues make businesses suffer from losing many potential customers that are willing to buy but lack the confidence for doing so. All of which supports the claim that the security issue, is a huge limitation and drawback for the growth of the e-commerce sector.

Another major limitation of e-commerce is the privacy issues, due to the new technologies ability to monitor users' behavior, information and habits (Wani & Malik, 2013). One major privacy issue that was the talk of the world recently, is "The Cambridge Analytics Facebook Scandal". In this case a huge amount of data pertaining to Facebook users' behavior, was used without their consent, by Cambridge Analytica to support Donald's trump presidential camping activities (Yglesias, 2018). Facebook users became furious after knowing about this privacy invasion and many lost their confidence in the social media giant. Due to this scandal, Facebook suffered from the slowest growth rate in the last five years and missed wall street revenue estimates for the first time in the last three years (Guynn, 2018). This and many other cases of how websites use the information we provide them with, makes a huge number of online users reluctant to provide any personal information. The case of sharing personal information is even more preminent to e-commerce website than all other websites, as in e-shops a user must provide the greatest amount of information. E-commerce websites do not only take the name and email but go forward in asking more important information like mobile number, address, billing information and even more.

Another aspect in which e-commerce websites invade their users' privacy, is by recording and monitoring their "website visit behavior" using cookies and tracking technology (Yazdanifard, Edres & Seyedi, 2011). According to Yazdanifard et al. (2011), almost all the advanced web solutions have built in cookies and monitoring tools that record and monitor each activity a user makes. This is quite clear with the websites that provide its users with recommended products or suggested promotions. These websites know everything that the user has done on them, starting from the source that referred him to the website, to his browsing activity, moving to his search activity, reaching to his purchasing preferences. Many people feel offended from the vast amount of information that these advanced e-commerce portals collect about them and prefer not to go through the whole online shopping experience, due to this reason (Yazdanifard et al., 2011).

Another e-commerce limitation is that it doesn't allow the consumer to experience the product physically before buying it, which results in many shortcomings (Niranjanamurthy et al., 2013). One of which is that in many product categories, a consumer needs to try on the product to see if it really fits his/her taste. Some product categories such as apparel, accessories and cosmetics need to be tried on for the consumer to be able to make the proper buying decision. You usually like to feel the fabric of a shirt, try on a sunglass or smell a perfume scent on your skin. Some e-commerce websites tried to overcome such limitation by integrating the Augmented Reality technology (Chandra & Kumar, 2018). Augmented reality (AR) is the use of the merge between the actual real life and the digital world. People can now upload their body shapes and try on different pieces of clothes and accessories. This allows customers to see how the different products will look on them eliminating some of the e-commerce limitations in comparison to the traditional shopping (Chandra & Kumar, 2018). Despite the improved experience due to the adoption of AR many other elements such as scent, taste and touch are still not experienced virtually (Chandra & Kumar, 2018).

Recent studies show that many millennials prefer to shop traditionally rather than virtually for various product categories that need to be physically examined (Skrovan, 2017). The research has shown that 58% of them will prefer buying traditionally when it comes to household essentials, while 48% of them will also do so when it comes to the apparel and accessories' category, while 39% will also do so when it comes to beauty and cosmetics (Skrovan, 2017). The limitation of experiencing a product physically is reduced in other categories such as entertainment and books. It's also reduced for brand advocates and loyal customer, who are doing a repeat purchase and have previously examined the product/service and trust the company they're buying from

Another limitation of e-commerce is that it takes a longer period to deliver the product to the customer after purchasing it online (Niranjanamurthy et al., 2013). According to recent studies, the maximum time that customers are willing to wait before they receive their purchased product from a website that offers free shipping is 4.5 days (Alex Partners, 2018). This number is decreased to 3.8 days if the shipping was paid by the customer (Alex Partners, 2018). Other research has stated that 87% of online shoppers stated that the speed of delivery is a key detrimental element that will affect the decision whether they will buy form the same e-commerce website again, while 44% said that delivery speed will affect their choice of the vendor of their online purchase (Staff, 2018).



While the average duration for delivering the product is around a week, some websites like Amazon Premier could take it down to 2 days only. This delay in receiving the purchased product has made many people who wish to buy online shift to the traditional ways. The current fact that many customers prefer buying the product on the spot rather than having to wait for the shipping and delivery time, has led to loss of sales and market share for the e-commerce industry. As markets become more competitive and customer become more demanding, businesses that want to win market share must work on shorting purchase-to-delivery durations.

A major limitation of e-commerce is its dependency on the availability of the internet and the devices needed to browse the internet through, such as laptops and mobile devices. A huge potential market is lost by ecommerce due to the fact that around 3.2 billion people which is equivalent to 41% of the world population, remain not connected to the internet as shown in Figure 3 below (Cement, 2020). In addition to that, the internet connection is still very weak in some developing countries, which imposes another huge problem for e-commerce websites specifically. In e-commerce websites, users usually surf and load more pages than other websites categories, as they need to view various products before making their purchase decision. According to Guiding Metrics it is estimated that an experienced online shopper browses an average of 5.5 pages on each e-commerce website he visits. If the internet connection is weak then the consumer will not be able to enjoy his browsing experience and most probably will defect. A Microsoft study states if the client does not find what he wants in 8 seconds he will bounce leaving the website (Snapp,2019). If the average page load time of an e-commerce website is more than 8 seconds due to connectivity issues, then customers will most probably leave without completing a purchase (Snapp,2019). All of which will limit the ability of e-commerce to reach the global consumers in areas were internet is weak or even unavailable.

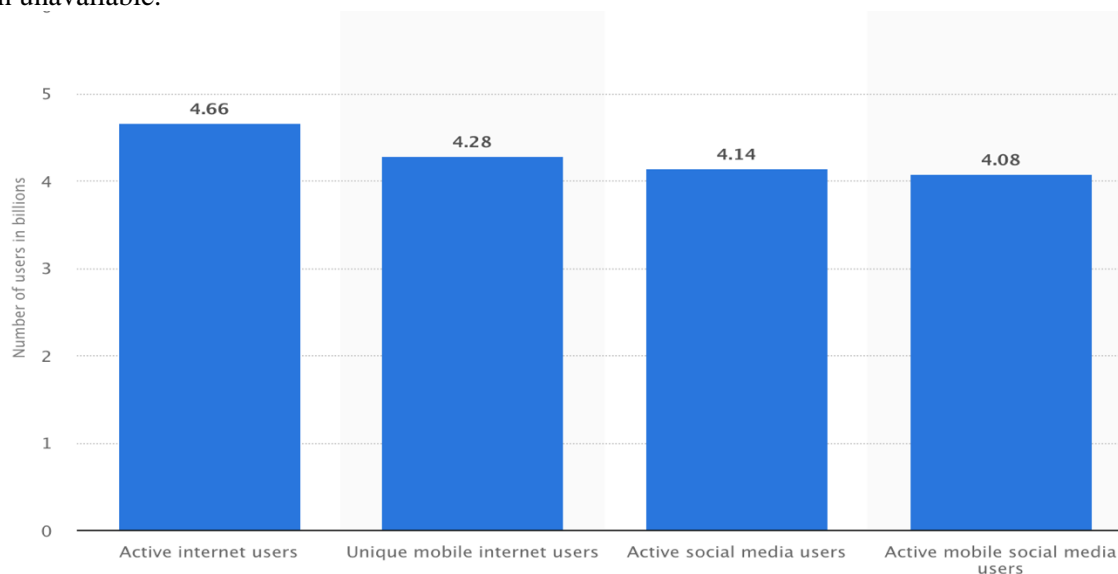


Fig.3: Global Internet Penetration (Statista, 2020)

A sixth limitation of e-commerce is the complexity in regulations and taxation, as e-commerce websites must adhere not only to the rules of their own country but also to all the other countries that their products are being shipped to (Agrawal, David & Fox, 2017). The types of taxes imposed on imported products vary from one country to another. In the UK for example a product will be subject to UK import duty tax and Value-added service tax (VAT) which is 20% of product value (UK Government, 2011). In other countries, the before mentioned taxes might or might not apply and additional local taxes might also be added. Not only that, but within the same country the taxes on each product category might vary in percentage value. For example, the import tax in USA for clothes reaches 18.7% while it is as low as 2% on electronics (Desilver, 2018). When designing the website, the people in charge of managing it should take into consideration all these variables. If not taken into consideration the company might fall into legal suits. In addition to that the company should be clear in explaining the additional charges to the customer, as he should know from the beginning the final amount, he should pay to receive his purchase.

Many e-commerce websites that failed to do so, have lost many clients, due to the client major disappointment concerning the end price that includes the taxes and shipping fees. If the variation between the display price and the actual price is big, most customers will not buy again from the same vendor. All of which results in huge losses in profits and market share to e-commerce websites and the sector as a whole.

Another major limitation for e-commerce websites is that many goods can be damaged while shipping while others cannot be delivered over time (Alaimo, 2018). As e-commerce buying requires the delivery of goods locally or internationally, many items are subject to damaging or defects due to handling issues or accidents. In a study recently conducted by U-Ship in the United States of America, 21% of the respondents stated that they have purchased a large item online that has been damaged by the time they received it on their doorstep (Alaimo, 2018). This significant probability that the item purchased online might be damaged within the shipping and delivery process, has its big negative impact on the level of online sales. The same U-Ship study has clearly stated that around 28% of respondents said they are reluctant to buy an item online because they are afraid that it will be damaged (Alaimo, 2018). As for smaller products, some categories such as books don't really face this problem, while other that are made from more fragile material such as glass, can be heavily damaged if not packaged and handled properly. Other categories of goods that are categorized as perishable goods cannot even be sold online. Products that have a short expiry date cannot be offered to be sold on e-commerce websites as they will not be usable by the time, they reach the customer (Alaimo, 2018). All of which result in a limitation for the growth of the e-commerce sector in the above-mentioned product categories.

A final limitation of e-commerce is the lack of knowledge on how to build, maintain and manage such portals. As the sector is relatively new the market still lacks professionals that have the proper competencies to manage the different aspects of an online shopping venture. A recent study has clarified that 90% of online businesses fail within the first four months and the primary reason behind their failure is lack of knowledge (Web Page FX, 2019). The study moves on to explain, that failure results from not understanding how to apply the new digital techniques such as A/B testing and conversion optimization. Other businesses also fail due to them not having the required skills to apply the modern marketing techniques such as search engine optimization (SEO), social media advertising and content marketing. All of which will result in these e-commerce websites failing despite having a brilliant concept and a good product or service. Not only that but some consumers are still not internet savvy and might face problems while buying online. Most consumers' problems with e-commerce websites are in the final stage, were many don't really know how to add a product to a cart, or how to add an additional product, or even how to check out and use the payment gateway. A recent study has shown that many internet users from the baby boomers' generation are still reluctant to make online purchases (Nielson Global Survey of E-commerce, 2014). The study clarifies that this generation did not grow up while the internet was there and is still attached to some of the traditional ways of doing things. Some within this generation, still have a level of objection on changing some of the habits that they were raised doing, and one of which is traditional shopping (Nielson Global Survey of E-commerce, 2014). These reluctant users also don't have the proper knowhow to determine whether or not the payment gateway and the website policies are trustworthy or not. Being so, they are more likely to be afraid and reluctant to use these portals (Nielson Global Survey of E-commerce, 2014). All of which clarifies that the lack of technical knowledge on both the business and consumer ends, still limits the further growth of the e-commerce sector.

## 5. CONCLUSION

In conclusion, while weighing the advantages and limitations of e-commerce the facts clearly show that the overall effect is surely positive on businesses and consumers. Businesses that have effectively tackled the e-commerce opportunity have largely benefited from its advantages in terms of increasing their customers, reducing their financial costs, increasing their customer satisfaction and increasing their customer retention rates (Franco & Bulomineregi, 2016). Consumers have also benefited from e-commerce mainly through getting better prices and having more options to buy from and thus better deals (Franco & Bulomineregi, 2016).

E-commerce has also provided a simpler and more convenient way for customers to shop. Which made the customers' shopping experience easier, faster and more comfortable.

Despite all these advantages e-commerce still faces some limitations that limit its rapid growth. The most major limitations are the security and privacy issues as well as the lack of experience and the technical issues (Wani & Malik, 2013). Companies have already noticed these limitations and are working hard to overcome them. Investing more in security and protecting user's personal details, is something most online shops are currently doing and will surely continue to do to gain people trust (Gorden, 2015). Other new technologies such as Augmented Reality (AR), Virtual Reality(VR) and Artificial Intelligence(AI) are also evolving and will also improve the e-commerce experience (Chandra & Kumar, 2018). Analyzing the whole picture, one can expect that the e-commerce sector will stay on growing and improving in the coming years. The evolution of the sector will surely result in adding to the advantages it already has and will also be eliminating many of the limitations that are drawing it back from growing.

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Appendix 1

Table 1. The Summary of E-commerce Advantages & Limitations

Advantages to Businesses	Advantages to Customers	Advantages to Economy	Limitations
Store setup cost reduction	More private shopping experience	Increases GDP	Security issues
Labor expenses reduction	Less invasive shopping experience	Increases exports	Phishing attacks
CRM cost reduction	Higher convenience through opening 24/7	Creates jobs	Privacy issues
Inventory Reduction	Higher convenience through no effort to reach	Reduces unemployment	Absence of the physical experience of the product
Wider reach	Time saving	Attracts foreign investments	Absence of the actual social shopping experience
Geographical expansion	Avoiding long queues		Longer delivery time
Higher Sales	Avoiding crowded places		Dependency on internet availability
Product Personalization & Customization	Simpler shopping experience		Complicated regulations and taxation
Offering Personalization	Faster shopping experience		Shipping cost
Better upselling opportunities	Comparative shopping		Damage of goods in the delivery process
Access to big data	Better discounts & deals		Lack of knowledge for the client end
More insights for optimization & better-informed decisions	Lower prices		Lack of knowledge and expertise from the supplier end
Higher ROMI			
Higher retention rates			