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Identifying different challenges of online business using document analysis

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ABSTRACT

The main focus of this study was to find out the different online business challenges in different scenarios. Documents analysis was used as the data collection method. This study exhibits a qualitative analysis and includes challenges on different aspects of e-businesses in South Asia and the European Union. The delivery problem, security concern, tax issue, legal issue, technological issue, consumer personality, trust issue, cultural diversity, etc. have been found as the challenges for e-business in South Asia. Different currencies, trust issues, different payment gateways, language issues, tax compliance, different marketing content, increased competition, etc. have been found as the challenges for e-business in the European Union.

Key Words: Online business, Online business challenges, E-business, E-business challenges, and E-commerce.

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I. Introduction

In recent years, the instantaneous growth of the internet and electronic devices have changed the way people shop. Online shopping has become a flux of people's consumption. The growth rate, challenges of online business, and opportunities vary from country to country. [Santhi and Kumar \(2011\)](#) explained family challenges, social challenges, technological challenges and policy challenges to be associated with entrepreneurship in India. These challenges are also associated with online business entrepreneurship since the family tendency and social culture of developing countries are not supportive of entrepreneurship as well. [Mukolwe \(2016\)](#) marked online business as an ideal option for women of developing countries for several reasons like society's perception and flexibility of this business since women need the flexibility to balance family and work. Besides, late delivery, lack of technological

knowledge, lesser knowledge about technology diffusion are also major challenges for the online entrepreneur. [Bappy \(2018\)](#) recognized consumer trust issues as a challenge for online business in Bangladesh. He included the rate using online shopping by demography, online traffic of different divisions of Bangladesh, increasing rate of using debit and credit card as a medium of payment. He marked these developments as an opportunity for online business in Bangladesh. [Dawn newspaper \(2017\)](#) of Pakistan reported that customers prefer traditional retail shops for household shopping in Pakistan. According to [Khan \(2017\)](#), in Pakistan, improper transportation of the items causes the misuse of requests and harm of merchandise. Foreign Direct Investment (FDI) inflows into Bangladesh is demonstrating constant development. The administration has also exempted charge from the IT industry, which is an extraordinary move. According to [Scalefast \(2018\)](#), Tax compliance is one of the most complex hurdles while doing business in the European Union. People in a different country in Europe prefer a different mode of payment. Many customers may not visit an online store if they don't find it in their languages. Adapting marketing content according to diversity is also a big challenge in the European Union. According to [Forrester research \(2018\)](#), India is growing fastest in e-commerce but web-based business infiltration is still little in India. China represents almost 80 percent of online retail deals in the Asia Pacific. More than 19 percent of all retail deals in China happens on the web, and it will achieve 24 percent by 2021. The main objective of this study is to find out the different online business challenges in the South Asian countries and the European Union.

II. Challenges of e-business in South Asia

Delivery problem

Product delivery is a big problem in developing countries. Customers' expectations can't be met fully with the cooperation of a third party. Multinational delivery companies may not understand the culture, consumer behavior properly. Cash on delivery changed the payment method in India and Pakistan. The majority of all the payments of online stores are now done via cash on delivery. In Bangladesh, traffic is a big concern. It's very tough to same-day delivery with a large number of orders each day. Overpopulation is also responsible for this situation. Sellers find it challenging to send the product outside of the main city via cash on delivery since it may cause a big loss if the product is returned. Product delivery is also a big concern for Nepal for its geographic structure since it's a hilly area. Innovative ideas like drop points, custom packaging, same day pickup, and delivery, training sellers about custom invoicing, and good customer service practice are some of the initiatives that can help the online seller. Many e-commerce sites are now adapting their channel of delivery instead of third-party delivery systems. In Mumbai, Paper and Parcels, a startup of 13 years old boy, has decided to use an innovative supply chain to deliver paper and parcels through "Dabbawala" who visits Mumbai from other cities daily on bicycles ([Shah, 2018](#)).

Security concern

In many cases, business people utilize unapproved programming in their server, which more often does not accompany online security. Such programming leaves space for different malware, and trojan assaults and it is a profoundly hazardous assignment to make online exchanges in the frameworks.

Tax issue

Tax administration is also imposing some barriers for the emerging e-commerce sector. In countries like India and Bangladesh increased tax on this business will hurt the growth of this sector. A 35% corporate tax was declared on E-commerce in Bangladesh in the 2017 fiscal year ([Dhaka Tribune, 2017](#)). Others support zero duty on e-commerce to flourish in the country. It has already been decided in the US that there will be no tax on anything sold on the internet in digital form.

Legal issue

One example of the legal issue can be, though the IT bill has been passed by the Indian parliament on May 15, 2000, to facilitate e-Commerce by removing all the legal uncertainties created by the new technology, the bill does not focus on individual property rights, content regulation to privacy and data protection specific legislation ([Information Technology Bill, 2000](#)).

Technological issue

Internet is becoming more and more available day by day in India, Pakistan, and Bangladesh but there are still many places where basic internet facility is either expensive or the quality of internet connection is very poor. This problem stops people from worldwide web services. Slow internet prolongs the delivery of online products.

Consumer personality

Usually, Indian people don't go long distances for buying goods if the good is available in a nearby store. Indian customers tend to avoid the hassle of connectivity and other botherations of online shopping. Since there is less personal interaction between the buyer and seller online, it takes a long time to build trust. In Pakistan, customers prefer traditional retail shops for household shopping.

Trust issue

South Asian people are comfortable buying products from a physical store. They tend to choose the product by touching it directly. Indian people do ticketing and booking online, they also prefer to buy books and electronics online. But in the case of apparel, handicrafts, and jewelry their preference is the opposite.

Cultural diversity

India and Pakistan both are multi-ethnic countries. E-commerce companies have to apply different marketing strategies according to the culture, different consumer preferences, different languages, different habits, and different requirements. This diverse marketing plan increases the cost of the e-commerce business in these countries.

III. Challenges of e-business in the European Union**Different currencies**

There are many different currencies in use in the European Union. The most common currency is the EURO. People prefer their local currencies while buying goods. E-commerce companies need to implement a model so that a website can operate flexible enough to switch currencies. According to a survey of 30,000 consumers, 92% of them prefer to shop from an e-commerce site that shows local currency and 33% of these customers decided to abandon their orders if the price was only shown on U.S dollars (shopify.com, 2019).

Different payment gateways

People in a different country in Europe prefer different modes of payment. For example, people in Germany prefer to pay by invoice. E-commerce shoppers in Germany prefer to order online and pay afterward. Italian people mostly use the CartaSi credit card (icepay.com).

Language issue

European Union doesn't have a common language. There are 24 official languages used across the European Union (europa.eu). Many customers will not even visit your online store if they don't find it in their languages. The translations are also tricky sometimes.

Tax compliance

Tax compliance is one of the most complex hurdles while doing business in the European Union. Dual tax is a big issue for doing business. VAT varies depending on these factors: host factor, quantity, seller's country, buyer's country, company size, etc.

Different marketing content

Content marketing is a very important thing for e-commerce business. The same marketing content can convey different messages to customers of different countries. A marketing content, for example, may perform well in France but not in Spain. Even, it may perform in a very negative or poor manner. The challenge is to adapt the content according to diversity. Marketing content should be prepared according to the preference of the local market in terms of language, culture, and expectations.

Increased competition

Increased competition is making it difficult to succeed in the e-commerce market. Rivalry among brands is more serious in recent than any other time since there is an ever-increasing number of players in the field.

Other challenges

There are a few other challenges to mention. Logistics challenge is an issue to consider as web-based businesses endeavor to achieve more clients over more extensive geographic areas while enhancing the nature of their contributions. Another issue is the law. We notice new laws being declared in different fields now and then. Web-based business retailers are encouraged to screen improvements and respond accordingly.

IV. Conclusion

The paper has included different online business challenges for different scenarios. Online businesses face problems for the delivery systems as well. Companies of the product delivery industry should train their delivery persons to develop the quality of the services. Training on interpersonal skills for the delivery persons is important as they largely affect clients. The government should also encourage new entry into the courier service industry. There are few other recommendations, for example, entrepreneurs should use different social networks and develop new content. A proper return policy is required for customer satisfaction and handling negative feedback. Lastly, the B2B online business was not considered in the study. Further work considering online B2B business can be another interesting research topic.

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