

## Consumer protection in electronic commerce

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**Abstract:** *Electronic commerce is one of the most important aspects of the Internet and allows people to buy instant. Fast and easy development of e-commerce has led to the necessity of consumer protection in cyberspace, where trade takes place, so as to ensure consumer safety and security matters. This article examines e-commerce in terms of consumer protection and data security, which concerns equally all stakeholders in the electronic market: buyers, sellers, banks, courier cargo and other participants.*

**Key-words:** *electronic commerce, consumer protection, security*

### 1. Introduction

Electronic commerce has become an integral part of everyday life. It occupies a primary place in the mosaic of electronic business in the digital economy, an economy centered on the upward development of the electronic market. Technology allows the producer to have a close relationship with the buyer and to use personalization strategies for a large number of customers (Boscor, 2015). This is the virtual context in which buyers and sellers are discovered and trade goods and services due to the Internet. It is to be emphasized that the electronic commerce is marked by the same thorny issues related to ethics, political and social facets. Given its expression in terms of “tangibility”, these issues enhance behavioral aspects of the participants to the sequence, especially consumers. More specifically it is likely that relational characteristics of consumer and retailer, as well as the social ones, associated to the purchasing act counterbalance the purely economic aspects related to price, for example (Drumea, 2015).

Ensuring consumer protection in the web space in which the act of commerce is produced, assumes the existence of new issues, particularly important in terms of security and consumer safety.

Naturally, current classic topical issues of consumer protection remain, which operates with physic-chemical characteristics, quality, validity term, warranty, certification etc. However, become priority, issues arising from the peculiarities of cyber space community which is the development environment of electronic business.

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The common denominator of these problems is security, which concerns equally all stakeholders involved in the electronic market: buyers, sellers, banks, courier cargo and other participants.

From first click to connect to Internet appear data security threats. It may happen that damages due to security breaches are much higher than those incurred when buying a product that does not meet the classic consumer protection rules. Both buyers and sellers are exposed, because viruses, to take an example, do not distinguish between victims. By solving the problems in seller network security or bank system, it is ensured the information security, and is also protected the individual buyer. Information security brings up new issues affecting trade relations in the web environment. It's about confidentiality, integrity and availability that are very important for maintaining competitiveness, profitability, legality and company image in the digital economy.

## **2. Electronic commerce**

Electronic commerce is the purchase or sale activity through remote data transmission, specific activity of commercial companies' expanding marketing policy. Through the Internet, it develops a relationship of exchange of goods and services between the supplier and the future buyer.

Electronic commerce describes the manner in which transactions take place through networks, especially through Internet and e-business refers to the use of Internet technologies to conduct business. E-business covers all areas of business, individual communication to customers via email, Internet marketing, online sales or employment of people using the Internet, while e-commerce is the process of sale and purchase of products, services and information.

Online retail is closely related to another segment, the mail order/telephone order (MOTO), which is actually a predecessor of e-commerce. The companies in this segment have created the experience of rapid delivery of small orders, and some have developed their own business online (Baba, 2015).

The trade is one of the areas that discovered the potential of information technology. From the beginning, it used the innovations and advantages of this area (Soon-Yong C, 1999).

Electronic commerce is one of the most important aspects of the Internet. It allows people to buy instantly without prohibitions in terms of time and distance. There are several definitions of the concept. From the scientific point of view, e-commerce is defined as (Pleşea, 2000) "A modern technology to do business that addresses the needs of organizations, traders and consumers to reduce transaction costs, while improving quality of goods and services and increasing the speed of delivery."

Electronic commerce allows for the participation of both individuals and businesses, and the state or its institutions. Depending on the relationship between these participants were created several e-commerce categories:

- B2B - business-to-business;
- B2C - business-to-consumer;
- C2B - consumer to business;
- C2C - consumer-to-consumer.

E Government. This form of commerce is found in the following forms (Bălășescu and Bălășescu, 2011):

- B2G - business to government;
- G2B - government to business;
- G2C - government to consumer.

By “government” means the state administration.

When a dispute appear between these participants in most cases this is solved through commercial arbitration. International commercial arbitration stands for an alternative way of settling commercial disputes by persons or organizations chosen and invested by the parties, which by their will remove, in as far as that claim is concerned, the jurisdiction of the courts of common law and the applicability of national procedures (Bărbulescu, 2015).

An objective look on e-commerce in Romania reveals incipient stage in which it is located. The main products that are sold by the Romanian virtual stores are: computer equipment, household equipment, books and music.

The most used web monitoring system in Romania is [www.trafic.ro](http://www.trafic.ro). According to the site, the top six e-commerce websites are:

1. Okazii - online auctions;
2. Emag - computers, GSM, electronic accessories;
3. Price - comparisons between products offered by various online stores;
4. Bookstore - Antique bookstore and online
5. Dol - store media (books, music, film), IT and stationery;
6. Culinary - online supermarket for food and hygiene.

### **3. e Commerce Market**

The largest companies in international online trading are Amazon.com and eBay, and at the national level are Cel.ro and e-MAG.

Amazon is an American company for online commerce. It was founded 21 years ago in Washington, USA. It is the largest company of online retail trade and has a global reach. It started with the online sale of books and continued with computer software, electronics, clothing, furniture, toys etc. It created separate websites in Canada, the UK, Germany, France, China and Japan. Customer service include the return of a product within 30 days, and the client receives his money

back in 3-5 days. In addition, buyers can sell products purchased on Amazon right on their website, without paying any fee (<http://www.amazon.com/gp/help/customer/display.html>).

Since its establishment, the company has attracted criticism and controversy over some of his actions. These include: attracting customers from competitors who own traditional shops (physical, street), poor conditions in warehouses for workers, efforts to fight unions, removal of content from the series Amazon Kindle<sup>1</sup>, making public subsidies, claiming patent law service “1-Click”<sup>2</sup> anticompetitive actions, price discrimination, the sale of works containing slander. In December 2011, Amazon was faced backlash from small businesses to launch a promotion day, to promote its new application “Price Check” (check price). Buyers who have used this app in their traditional stores have offered a 5% discount to purchase the same product at Amazon. The company was also faced with accusations of undue pressure on suppliers to maintain and expand profitability. In July 2014, the Federal Trade Commission launched a lawsuit against the company, claiming it promoted to children’s applications which were traded without parental consent.

eBay is an American company of commerce and shopping online. In 2008, eBay was the largest company in the world focusing on online auctions. Meanwhile it was extended in about 30 countries around the world, including England, France, Italy, Germany, Austria and Switzerland. Over the years, the business, which at first was “from private individual to private individual” (“Consumer-to-Consumer”), has become increasingly a platform “from trader to a private individual” („Business-to-Consumer “). Customer services include: On Guard Online - Internet fraud protection, protect the computer and personal data, and PayPal - online payment processing service owned by eBay (<http://pages.ebay.com/help/policies/accepted-payments-policy.html>).

eBay has its share of controversy, including fraud, policy to require sellers to use PayPal and involvement in the forgery and violations of intellectual property for auction items. eBay was also criticized for non-paying its share of tax in the UK (Sunday Times reported in October 2012 that eBay paid only £ 1.2 million for sales tax of 800 million pounds).

On May 21, 2014, the company revealed that in the consumer’s database with user names, passwords, phone numbers and addresses was a gap between the end of February and early March. Users were advised to change their passwords and, in order to accelerate this, was added a button “change password” in the profiles of users who have not yet done so.

CEL.ro is an online store of ICT (Information for Communication and Technology) established in August 2004. The first sales were made through CEL.ro since January 2005 with the abolition of duty on cameras. The first category of products sold in 2005 were cameras, in 2006 adding LCD monitors and laptops, and GPS's in 2007. Payment methods include cash on delivery, card, and payment order or in installments without interest.

CEL.ro business partners are all leading suppliers of IT & C in Romania, including Scop Computers, RHS, Network One Distribution and Elko. Also CEL.ro is authorized dealer for all major brands including Dell, HP, Acer, Samsung, Asus, Microsoft and Intel.

CEL.ro recorded the highest growth of the turnover in 2012, taken from an online store in Romania. This increase of 71% was 7 times greater than that recorded by the main competitor and 18 times higher than that of the electro IT market. CEL.ro thus comes to occupy the second place among online stores in Romania. Starting in September 2013, Cabral, TV presenter, actor and blogger, becomes the CEL.ro image. The collaboration aims to increase the confidence in CEL.ro services, and in online trade.

The company is headquartered in Bucharest, serving only Romanian area. With 80 employees, CEL.ro has a turnover of 145 million. Customer services include: payments in a secure environment by Advantage card, 30-day right of return, warranties and service and support 24/7.

**eMag** is a company in Romania dealing with online sale of: IT equipment and components, electronics, personal care items, automotive products, sporting goods, books, music, movies, products for home and garden, pet shops and children items. eMag began work in 2001 as an online store for computer systems and office products, being set up by Radu Apostolescu, Dan Teodosescu and Bogdan Vlad. In 2009, 51% of the shares were bought by Asesoft Distribution and Iulian Stanciu became general manager of eMAG (<http://www.emag.ro/info/produse-si-servicii-in-asigurari>).

In 2012 eMAG was expanded in foreign markets, making online trade in Bulgaria by [www.emag.bg](http://www.emag.bg), where he quickly reached a market share of 60%. Hungary followed in 2013, where eMag has a market share of 10%. In 2014, eMag has allocated 4.5 million euros for development abroad, foreign markets will ensure that year 10% of sales. Also in 2014, eMAG had about 4 million visits per month. eMAG owns 10 showrooms in Bucharest, Iași, Ploiești, Cluj Napoca, Craiova, Oradea, Brașov, Galați, Timișoara and Constanța.

Following an investment of 500,000 euros, eMAG creates the first business school for their employees. With duration of one year and two-level segmentation, eMAG Academy trains future professionals in the business online. The first level, developed in collaboration with Ascendis, involves the transfer of knowledge in areas such as finance, operational management or project management. The second level, developed together with the Maastricht School of Management has a strong component of leadership and strategy.

Customer services include: “Opening the package on delivery” and “30 day right of return” service. According to these services, buyers can open parcels when they are delivered and can return the products within thirty days, for whatever reason and recover their money in fourteen days. In addition, the trader must refund the delivery charge that initially was paid by the customer.

#### **4. Consumer protection in electronic commerce**

Ensuring consumer protection in the web space where the act of commerce is produced implies the existence of new issues, particularly important in terms of security and consumer safety (Madar, 2009).

From the point of view of “intangible” way of conducting transactions on the Internet, B2C (Business to Consumer) and B2B (Business to Business) can be sources of disputes and commercial litigation, particularly in cases where (<http://www.anpc.gov.ro>):

- The client pays for the goods ordered but the supplier does not send them;
- The client pays for the goods ordered but the supplier does not send the ordered products or not the amount requested, or they get damaged at the destination;
- The client pays for the goods ordered but the money does not reach the supplier in a timely manner;
- The supplier sends the goods ordered, but the customer refuses to pay;
- The supplier sends goods but the receiver has not left any order.

Specific to e-commerce is that, towards a certain store, customers and suppliers may be located in different countries, and web server may be in a third country. In these cases, solving the dispute is based on the determination of the place and jurisdiction under which it was actually performed the act of trade. Most laws in the field of electronic commerce, stipulates that Internet transactions are conducted within the jurisdiction of the supplier of goods’ country.

In 2000, the EU published a series of recommendations to ensure that, at least within the Union, it is being used a common commercial infrastructure:

- Terms and conditions - to be presented to the user before starting any transactions on the Internet;
- Equal status - electronic contracts are equal in terms of business and legal effects, with their printed form.
- Location - the geographical location of third parties is independent of the location of the web server hosting the transaction:
- Single Market - the trader can provide trading services on the Internet in the entire European Union, provided they comply with trade laws and regulations in force in its country of origin.

Another category of disputes arising from e-commerce refers to the content or type of goods traded, especially on online auction sites. The Internet allows virtually any type of sale “assets”, be they illegal, immoral or simply non-existent. The casuistry of the countries with experience in this field refers to the transactions regarding properties on the moon, weapons, drugs and human organs or unborn child. Unlimited access of persons - with or without discernment, good or malicious –on this type of auctions can also lead to bankrupt business results for sellers of goods, especially if they do not specify a minimum purchase price.

Regarding the policy of product return and replacement, if before this was possible in ten days and a refund from the seller within thirty days, now buyers can return the products within thirty days for any reason and recover their money within fourteen days. In addition, the trader must also refund the delivery charge that was initially paid by the customer.

If in the past, sites did not offer maximum protection of personal data, now everyone is entitled to adequate protection of his personal data. Processing of personal data must be necessary, fair and lawful. It is prohibited from using it for other purposes than those originally mentioned and their transmission. Individuals are entitled to receive information from the individuals and companies that hold some of their personal data records such as: e-commerce, databases, websites, service providers, and to correct or delete them if they are incomplete or inaccurate.

Thus, any person who is use online shopping has the right:

- To benefit from their online privacy of communications such as emails:
- To be informed if their personal data held by Internet service provider has been compromised (lost or stolen)
- Do not receive unsolicited commercial communications, known as “spam”.

In the case of card payments, there are no longer perceived extra fees and is mandatory to display any additional charges.

Currently, in terms of products / services security, the Law no. 449/2003 limits to two years the period in which the liability of the seller may be required. After this period, it may require remediation or replacement of products just because of hidden defects occurring within the average duration of use. In addition, the visible display on the site of the total costs of products or services is mandatory and is prohibited predefined options on internet sites.

## 5. Conclusions

Electronic commerce is the purchase or sale activity through remote data transmission, specific activity to the expansive policy of commercial companies' marketing. Through the Internet a relationship of exchange of goods and services is developed between the bidder and the future buyer. Expanding online communication will influence management and future development of companies' activity (Băltescu, 2015).

Being about commerce, be it electronic, automatically appears the issue of consumer protection. Remain current classic aspects of consumer protection as operating with physicochemical characteristics, quality, term of validity, warranty, certification etc. but become priority issues arising from the cyberspace peculiarities, which is the development environment of electronic business.

The benefits of this trade are multiple, including: consumers can buy or make transactions at any time of day, from anywhere, to receive relevant information

within a few seconds and inconvenience of travel does not appear any more. The negative side of online commerce is to be unable to try shoes or clothes, and product quality cannot be verified. Moreover, there is a theft risk of personal data and payment systems are insecure.

An objective look on e-commerce in Romania reveals its early stage. The main products traded on Romanian online stores are: computer equipment, household equipment, books and music. The most important Romanian companies in the web industry are CEL.ro and eMAG, and internationally, the biggest online sales websites are US companies' eBay and Amazon.com.

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