

# Electronic Commerce

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Electronic commerce in many ways is the ultimate symbol of the Information Age. Trading is a fundamental activity of even the most primitive of societies and so it was inevitable that as more human activities moved into the virtual world so the ability to trade virtually became essential. Electronic commerce is about delivering information, products, services and payments via electronic media where the supplier and customer are physically remote.

Electronic commerce may become the dominant form of trading in the next millennium. In a survey undertaken for IBM, 71% of IT directors reported that electronic commerce was a key element of their organisation's business strategy and 82% believed that failure to embrace electronic commerce within two years will put an organisation at risk. The Yankee Group research organisation predicts that Internet-based retail sales will grow from \$9.7bn in 1997 to \$96bn in 1999, while others predict electronic commerce will be a \$1.5 trillion industry by 2000. The top 100 UK companies believe that 20% of their revenue will come from electronic commerce by 2000 according to the KPMG Electronic Commerce Research Report in the UK in 1997.

The claim of governments is that electronic commerce, whether business to business or business to consumer, is not just a new medium for selling but a new market that will contribute to competitiveness, growth and jobs. Whilst this might be true and that these facilities certainly offer benefits to, for example, the house bound or those who work on shifts, it is far from clear whether the implications of electronic commerce are understood. It may be that certain aspects are potentially detrimental and should be modified. Generally electronic commerce raises a number of issues regarding, for example, privacy, security and freedom of speech.

Overall electronic commerce does not appear fundamentally different to traditional trading. Where differences do occur is in the manner in which activities are undertaken. This appears to present new ethical challenges. Many activities in traditional shopping can occur without consumer identity being divulged. This is not so with electronic commerce as increasingly detailed identification is required as the trade progresses. The manner in which identification takes place is important as there is potential for traders to be unacceptably intrusive when dealing with consumers. There is no choice in whether identity is to be withheld or divulged in the electronic trade which certainly impinges on consumer autonomy.

In purchasing a physical product electronically a lot of information about the consumer is collected by the supplier including; choice of product, delivery address, number and times of electronic shopping visits, amount spent and payment information. Clearly it is possible and inevitable that the supplier will save this information and build up customer profiles for future use. It is also possible that this information is passed to third parties such as credit agencies, tax agencies and marketing companies. The cookie is an example of an information collecting agent used in electronic commerce by host web sites to record information about their visitors. This agent is highly intrusive and mostly used surreptitiously. To address consumer concerns, it has been suggested that web pages should contain warnings that cookies are in use, that consumers should be able to suppress cookies and that consumer consent, whether implicit or explicit, should be obtained prior to cookies being invoked.

Traditional trading relies heavily upon non verbal communication. In electronic commerce the impact of physical characteristics of those communicating has been minimised in all activities. This is potentially beneficial as removing the visual cues about gender, age, ethnicity and social status allows different lines of communication to open up that might have been avoided in the physical world and this might lead to fairer and more open trading. However, the removal of non verbal communication means that trading is different. Gone are the intuitive signals gleaned from body language, gone is the physical token passing and gone is the hand shake to close a deal. Trading is now solely dependent on the electronic word which is susceptible to distortion and misunderstanding particularly if trader and consumer are from different countries or cultures. This may well increase the risk of more vulnerable members of society being duped. Digital signatures, which will identify the originator of a communication and indicate the originator's approval of the content of the communication, should help to address this issue.

There have been several policies put forward regarding how certain issues might be addressed. Whilst these have much to commend them, computing activity is globally interactive and yet these policies tend to be introspective. There appear to be policy vacuums regarding electronic commerce which include addressing authentication, encryption, time and place of contracts, information collecting agents, aggressive marketing through electronic junk mail and subliminal advertising and universal access to all types of products and services. All these and no doubt others need to be addressed from a global perspective.

Shopping is a social activity. As well as its functional role it includes the pleasure of browsing, impulse buying, discovering new shops, casual conversation, and planned and unplanned meetings with other people. Electronic shopping is not the same. It is primarily a functional activity since most of the social activity cannot or is not supported. You cannot bump into a friend in the electronic shopping precinct. Window shopping is hampered by the primitive nature of search engines. The consumer is dealt with automatically by the computer systems of the supplier - it is a person to machine

relationship and not a person to person relationship as is the case with traditional shopping. Whilst electronic commerce provides access at all times and provides a lot of benefit to certain groups, such as those who are house bound, it is very limited in terms of its social welfare capability.

Electronic commerce will have a profound effect on society and its organisations and upon our lives as consumers and employees. It is not clear what that impact will be. Therefore a broad and continued social dialogue about these questions is essential to overcome the hurdles and reap the benefits.

Please send your views on ethical and social responsibility issues and cases of ethical dilemmas to:

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