



PROBLEMS AND REASONS THAT MAKE SHOPPING OVER THE INTERNET DIFFICULT

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ABSTRACT

Driven by the intense growth of information and communication technologies, human civilization goes through the phase of its digital transformation, which changes the course of everyday life and ways of doing business. The development of this evolutionary process is accompanied by the emergence of individual and group problems of Internet experience and which seriously affect the electronic trade of products in the stage of final exchange. The paper deals with the problems and their reasons, which make difficult for the individuals to order/bought goods or services over the internet in Bulgaria. On this basis some of the changes are summarized, that European legislation imposes in response to the balancing of the interests of the concerned parties and mainly with regard to the protection of end-users.

Key words: online shopping, e-commerce, EU regulations. JEL Code: L81, L86.

INTRODUCTION

The penetration of digital technology in human life, transforms in an unprecedented way the methods of doing trade. By its importance and scale, internet shopping has consistently establishing itself as a dominant form of out-of-store sales with a broad range of opportunities and attracting the interest of more and more participants. Their continuous growth, both on the supply side and on the demand side, causes the emergence and escalation of a variety of problems that complicate the exchange process in an electronic environment. The nature of their emergence is determined by the action of specific factors of the digital media and its participants, which are relatively well-established, subject to continuous research and for the purpose of their elimination, elaborate legislative instruments are being developed, acting on a national and supranational scale.

The main aim of the work is to review the problems and their causes, which make it difficult for Bulgarian citizens to shop online

in the context of the global consumer market and the counter-measures set out in the common European legislation.

The main limitation of the present work is the specificity of the basic information source, expressed in terms of the representative survey conducted by the Bulgarian National Statistical Institute (NSI) on the state and dynamics in the development of the information society in Bulgaria and the low frequency of disclosure of the results for this process. In the information section about causes and problems accompanying shopping on the Internet, the collection of information on the surveyed indicators takes place every two years, leading to a certain inertia and a significant time lag of the results and opportunities for their comment in the context of the rapid expansion of online sales and the overall development of information and communication technologies. A further constraint that accompanies the development of this research is that it focuses only on some aspects of the current legislation directly related to Internet purchases and can not cover all regulations concerning the creation of certain conditions of the market and public environment imposed by national and European legislation and its derogation. At the same time, regulatory changes at EU level are just one of the possible ways to overcome the

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symptoms and the reasons for hampering shopping across the Internet. The last restriction is related to the scope of a survey limited to the problems of individuals as consumers of information society products.

OUTSOURCING AND OFFSHORING BENEFITS AND DISADVANTAGES

At the beginning of the systematic, representative survey of the problems

associated with Internet shopping of individuals (1) in 2004, delivery time was most significant shortfall (10,4%) or little over one in 10 people reported this deficiency when participating in online orders and purchases, while in the last survey in 2017, the same indicator, which remains the most significant difficulty, was downgraded to 6,9% or one in 14 people (**Table 1**).

Table 1. Relative share of individuals in Bulgaria, who encountered problems when buying/ordering goods or services over the Internet, selected years of the period 2004-2017 (%)

Type of problems	2004	2006	2009	2015	2016	2017	Relative change 2017/2014
Technical malfunctioning of website during ordering or payment	.	.	4,5	4,8	4,1	1,9	.
Difficulties in finding information concerning guarantees and other legal rights	5,8	3,6	3,2	9,9	4,9	3,4	58,6
Speed of delivery longer than indicated	10,4	4,8	3,9	11,7	7,1	6,9	66,3
Final costs higher than indicated (e.g. higher delivery costs, credit card transaction fee)	2,9	2,9	1,7	3,0	1,3	2,4	82,8
Wrong or damaged goods/services delivered	6,0	2,4	2,4	3,8	3,7	3,5	58,3
Problems with fraud encountered (e.g. no goods/services received at all, misuse of credit card details, etc.)	2,9	3,7	0,7	1,8	0,4	0,3	10,3
Complaints and redress were difficult or no satisfactory response received after complaint	2,2	2,3	0,7	2,6	1,3	1,3	59,1
Foreign retailer did not sell to my country	.	.	.	1,8	1,7	1,4	.
Others	1,0	6,6	1,8	3,9	2,6	2,3	230,0

Notes: The percentage is calculated on the basis of individuals who ordered/bought goods or services over the internet in the last 12 months. Respondents have the opportunity to give more than one answer. „ – no data.
Source: National statistical institute (1).

Throughout the research period, all the problematic issues encountered in orders or purchases of goods and services over the Internet by individuals in Bulgaria recorded a significant decrease, most clearly expressed in terms of “fraud issues”. This is rather associated not with the reduction of cybercrime, but rather with the better information provision of Internet users and their knowledge to recognize fraud attempts in the electronic environment. Systematically the effort of all participants in the exchange is to achieve safer trading conditions in an electronic environment. The problematic aspects of the delivery of the ordered products, such as final costs, time, damages, etc. are significant, which are related to a discrepancy

between the announced parameters by the seller and the stated in the order process and the characteristics of its actual implementation. In the overall picture of a favorable development, the group of “others” shows an opposite trend and a substantial increase, driven by the emergence of new and unknown problems of online shopping. They can be a product of complicating exchange relationships in the global environment, the application of new and improved strategies of unfair commercial behavior, the unevenness of the economic power of individual market participants, gaps in domestic or foreign legislation, the lack of capacity of controlling bodies. This problem group was of the highest importance in the opinions of the respondents

in 2006 on the edge of the country's membership in the EU, after which a serious contraction was recorded. The latter is linked to the positives of our full presence on the EU's single market and the implementation of common European legislation linked to the digital single market and the rights of citizens. These prerequisites provide justify equal conditions for all market players and effective consumer protection.

From the moment of its emergence, e-commerce is in constant competition with the forms of traditional product exchange. Their comparisons reveal the advantages and disadvantages that modern trade strategies overcome through multi-channel and omni-channel approaches. A clear signal of this is found in the growing relative share of individuals in Bulgaria who prefer to shop personally, see the product, have loyalty to traditional traders, or demonstrate conservative behavior (2). Thus, in 2004, one in 10 people demonstrated these reasons for refusing to

shop over the Internet, while in 2017 four out of 10 people outlined these factors for rejecting the possibility of electronic commercial exchange (**Table 2**). In analogous direction of the unfavorable change is the increase in the number of people who do not have the necessary knowledge and skills, i.e. they are unable to implement in practice their digital skills and competences to take advantage of the opportunities of online trading.

There are growing concerns about the new dimensions of cybercrime, the personal data protection, the confidentiality of information, the anonymity of individual behavior and the sharing of experiences with consumption in a virtual environment. Last but not least, the group of "other" reasons discouraging individuals from shopping through the Internet is growing, which clearly demonstrates that more and more online users are becoming the objects of a variety of unfair commercial practices which in the digital environment can be of a very wide geographical scope.

Table 2. Relative share of individuals in Bulgaria, who have reasons for not buying/ordering over the Internet, selected years of the period 2004-2017 (%)

Reasons	2004	2006	2009	2015	2017	Relative change 2017/2014
Have no need	10,5	14,1	19,4	.	.	.
Prefer to shop in person, like to see product, loyalty to shops, force of habit	10,8	13,2	21,7	34,6	39,0	361,1
Lack of skills or knowledge	5,7	2,3	3,9	8,5	8,0	140,4
Delivery of goods over the internet is a problem	2,1	1,1	1,0	2,6	2,2	104,8
Payment security or privacy concerns	3,2	2,6	4,7	6,2	5,6	175,0
Concerns about receiving or returning goods, complaint / redress concerns	4,9	3,2	4,5	5,5	4,9	100,0
Don't have a payment card allowing to pay over the Internet	.	5,8	5,4	6,2	4,3	.
Speed of the Internet connection is too low	.	0,2
Foreign retailer did not sell to my country	.	.	.	0,2	0,1	.
Others	1,5	2,2	2,9	7,4	7,5	500,0

Notes: The percentage is calculated on the basis of individuals who ordered/bought goods or services over the internet in the last 12 months. Respondents have the opportunity to give more than one answer. „ – no data.
Source: National statistical institute (2)

Between 2004 and 2018, the proportion of individuals who bought/ordered goods and services over the Internet for private purposes within one year increased from the insignificant 1% in 2004 to 20,8% in 2018 or at the end of the 14-year period, one in five people aged between of 16 to 74 in Bulgaria has taken advantage of the opportunities of e-commerce (3). In this context, the increase in the number of individuals who respond positively to the reasons why they do not shop

over the internet indicates that more and more people are experiencing unfavorable aspects of their online shopping activities. With a positive development or without significant change are the dimensions of problems related to the delivery and return of the products, the servicing of commercial guarantees, cancelling purchases and claims, obstacles related to cashless electronic payments, etc. The favorable change or lack of development in these reasons is a clear signal of the maturity

the general economic process and mainly on the economic interests of European citizens.

of e-commerce, the loyalty of e-traders and their readiness to ensure the completeness and complexity of customer service before, during and after the sales process. Most of the listed factors and problems of online shopping fall within the scope of adaptive changes and the extension of European legislation, which seeks to establish uniform rules for the functioning of online commerce and equal opportunities for all actors in the context of the EU single market.

CHANGES IN THE REGULATORY FRAMEWORK

In this section, we will summarize some of the normative regulations governing online shopping and the use of information society products. Freedom of economics relations shows the strength of the market mechanism, but sometimes its deformation by one of the economic agents requires external intervention to ensure the effective protection of the weakest party, which on the consumer market in most cases is the final consumer. Such intervention is triggered by the introduction of several EU regulations, which aims at creating a common European market with the equal conditions for all participants.

The first regulation we are going to address is pointed toward at removing the mechanisms of geoblocking (4). It is a form of discrimination against consumers in terms of their nationality, defined as the place where the information search is made on the internet environment, geographic location or place of virtual commercial contact. On these grounds, some of the e-agents of the information society are trying to limit relatively equal market opportunities for all actors in the digital single market. This is the way for some participants to be placed in more favorable exchange conditions or to be with better opportunities to use information than others and by this way the online user does not have the physical opportunity to take advantage of better parameters of the offered commercial or digital service. This online filtering leads to a deliberate or targeted segmentation of the market and the placement of certain consumers in a more advantageous situation than others or all information society. This is in fact, in complete dissonance with the principles of the EU internal market and the fundamental freedoms enjoyed by the citizens of the European Union. At the same time, the application of such unfair behavior to exchange agents can have significant effects on

The second regulation, which will be presented here, operates since the end of May 2018 is related to the access, collection and processing of personal data and its protection for different purposes (5). The EU's General Data Protection Regulation (GDPR) aims at creating a conceptual framework limiting the use of personal data beyond the primary purpose and disproportionate to the stated objective that has been disclosed and accepted by the data subject. The main point is the postulation of citizens' right to total control over the use of their personal data and a clear definition of the responsibilities of the controllers of such data. A further EU regulation sets out the rights and obligations for the free portability of online content services in a united Europe (Regulation EU 2017/1128). The aim of this regulation is to enable EU citizens in their free movement within the Union to be able to use soft information society products (video on demand, online TV, streaming music, online games, an overview of electronic content, e-books, etc.) under very similar or even identical terms to those in their own country. A major limitation to the operation of this legislative provision is to ensure the right of subscribers to certain digital services when they are temporarily located in the territory of another Member State or when the use of such a kind of services is under the conditions of intentional misuse by consumers.

Additionally, within the EU, a regulatory framework for cooperation between national authorities responsible for the enforcement of consumer protection legislation (6) is established. The functioning of the EU single market requires achievement of higher levels of synchronization between national consumer protection laws, with the key-role played by the institutions specifically created for this purpose, which are authorized to implement policies in this field. Moreover, the e-commerce, which takes place outside the physical constraints of national territories, requires the achievement of even higher levels of cross-border partnership and the extending of cohesion and convergence between countries within the framework of global product exchange.

Another Directive with a global scope is 2011/83/EU and is related to consumer rights and covers the general aspects of distance and off-premises contracts (7). Delivering distance

sales provides new prospects for the development of any national business and opens up opportunities to transform it from local to national or even global activity. In the course of this evolution a critical moment is the creation of conditions for equality of all participants in the commercial exchange and mainly with respect to the transactions concluded outside the commercial premises. The latest requires a complete basic uniformity of the regulatory framework and the legal concepts regardless of the place where the commercial exchanges and the complexity of the trade services provided within the Union took place.

Lastly, we will look at Directive 2002/58/EC which governs the provisions to ensure an equivalent level of protection of fundamental rights and freedoms and, in particular, the right to privacy with respect to the processing of personal data in the electronic communications sector (8). The penetration of digitization in human everyday life is accompanied by the need for higher guarantees that consumer information is secured with an appropriate level of protection for its integrity against malicious actions. That is why increasingly serious issues take up the topic of the differences and touch points between the economic interest of data controllers and the privacy of consumers.

The stated regulations clearly demonstrate the commitment to counteract the symptoms and their various reasons why the citizens of Bulgaria do not shop over the Internet and continue to prefer traditional shopping methods. The main deficiency in regulatory framework at EU level is related to its time lag. This is due to the need for a critical mass of economic participants to be affected by certain public or economic changes and the problems they cause. The quantitative accumulation of signals from the countries concerned to the competent institutions can trigger a transformation into a legislative initiative which, by means of regulations, directives, decisions, recommendations, opinions, delegated acts, implementing acts and others, creates the conditions necessary for the functioning of the single market in Europe, including its digital dimension.

CONCLUSION

The ubiquitous process of digitization also invariably affects the exchange process in an electronic environment, which is accompanied by a number of problems. The demand for the

genesis of their emergence and the creation of an appropriate regulatory environment to reduce the unfavorable risks hampering and hindering shopping over the Internet is legitimate. Their targeted action aims at achieving a higher level of protection for participants in the exchange process and the creation of a data-driven economy within the framework of the EU Digital Single Market Strategy. In this way, it is possible to implement adequate measures for a sustainable and anticipative response to the symptoms and the reasons that make it more difficult to shop over the Internet.

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