Ecommerce and Society

A Leaflet on Legislation & the Effects of Ecommerce on Society by Joel Parkinson

LEGISLATION

# Data Protection Act

The data protection 1998 is split into eight principles which must be adhered to:

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| Principle 1 – Information must be processed fairly and lawfully. This ensures that any company must have your permission to both take and store your personal information. | Principle 2 – Information collected must be processed for limited purposes. This means the company can only use your information you gave for the purposes they tell you about and nothing more without further permission from you. |
| Principle 3 – Information collected must be adequate, relevant and not excessive. This ensures that the data collected must be relevant for what they need it for. Example: you don’t need a bank card number to deliver a package. | **Principle 4** – Information collected must be accurate and up to date. This is to ensure that the data held is up to date and accurate. This is because inaccurate information that is used can appear poorly on the client’s credit record if not properly up to date. |
| Principle 5 – Information must not be held for longer than is necessary. This ensures that your data is only held for as long as is needed by the company you are providing it to. The company is not allowed to store your data any longer than what is needed without further permission from yourself. | **Principle 6** – Information must be processed in accordance with the individual’s rights. The principles rights are as follows:   * A right of access to a copy of their information which is held; * A right to object to processing their data; * A right to prevent processing for direct marketing; * A right to have inaccurate personal data rectified, blocked, erased, or destroyed; * A claim to compensation for damaged caused by a breach of the act. |
| Principle 7 – Information must be kept secure. This ensures that the company that is holding your data must do so with the best security measures they have available. The information must be kept securely from not only the general public and malicious users but also it should be kept secure from the business too until a time comes where the data needs to be used. Your data should not be used without your permission even if the data is stored on the company system. | **Principle 8** – Information should not be transferred outside the European Economic Area unless adequate levels of protection exist.  This means that any data that is stored by a company must be done in the European Economic Area, it is not allowed to be stored overseas as the laws differ in different countries. Without this principle in place a company could abuse the fact that some countries don’t have data protection acts. |

LEGISLATION

Further information on the legislation, regulations and standards which all e-commerce sites have to adhere to.

* Consumer Credit Act
* Trading Standards
* Copyright
* International Legislation & Ecommerce Regulations

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| Consumer Credit Act This act ensures protection for customers who wish to purchase services or goods under credit. Any E-Commerce site that wishes to offer credit to customers for goods or services must be licensed to do so by the OFT. Offering credit without a licence is illegal. | Trading Standards This is something you must comply with no matter what when selling products of any nature (in this case e-commerce). Trading standards ensures that all goods and services sold by a company must be done so with complete transparency, meaning that things like descriptions have to be accurate. What you say you are selling on your website, you must provide to the customer upon purchase. |
| Copyright Legislation Copyright is a form of protection that ensures the author of any work, product or service has complete control over who uses it. In terms of e-commerce this means two things. The first thing is that you are able to copyright anything you directly create as your own and protect it from people being able to steal it. Secondly it means you have to be careful about what you sell and how you sell it. You need to ensure that you have permission or the right to sell any products or services on your e-commerce site. | International Legislation International legislation are the laws you have to ensure you adhere to while trading outside of the country in which your company resides. An example of how this can effect e-commerce can be seen when you consider age laws. In the UK it’s ok to sell beer to anyone at or over the age of 18, in the USA this age has to be 21. You have to be very aware of any law that effects what you’re selling that may be different outside your own country. |
| E-commerce Regulation This regulation is intended to protect consumers when purchasing products or services online. This regulation means that you must ensure to provide the consumer with the following:   * The Technical Steps in placing an order. * Any terms and conditions must be made clearly to the consumer. * Prices (especially the total price) must be made clear to the customer before they pay. * The name of the service provider must be made clear. (Important in cases where the service is provided from a third party) * The service providers E-Mail Address and geographical Address. * Acknowledgment of any order by electronical means must be completed upon purchase. * Any Registration Numbers for the company itself. * Information about any third party service provider that your e-commerce website work with. | |

IMPACT ON SOCIETY

Simply put, Ecommerce is now much more widely used than it used to be. This is because more people are finding it easier to trust the e-commerce companies with their personal details such as credit card information. Ecommerce is also more widely used because many find it very convenient to simply go online, click a few buttons, enter a few details and have what they want delivered right to their doors.

**Good Points:**

* The customer will often get better deals than they would in a shop. This is mostly due to how competitive the e-commerce websites have to be, each website has to compete against one another which equates to better deals for the customer.
* Cheaper prices: This is because the customer is able to shop around for the better deals much easier than they would if they had to physically go to lots of different shops.
* Shop from wherever you want: The customer is able to shop from wherever they are in the world and all they need is an internet connection and a device capable of browsing the web, this means the customer can buy from wherever they want.
* Because the Internet is always on, the customer is able to also shop whenever they want to. Whether it’s at 2am in a morning or 4pm in the afternoon, the customer can shop and purchase items whenever they feel like it.
* The items you purchase get delivered, this takes the hassle away from having to go out and pick up what you have bought, just get someone to deliver it direct to where you want it.
* Services offered by most e-commerce websites are often times automated, as such you are able to have access to the services you buy, 24/7.
* You’re also able to buy services and products that aren’t available in your country.
* The last benefit is that it’s great for people that have disabilities that prevent them from being able to go out and do their own shopping, e-commerce allows them to be able to feel independent by doing their own shopping online and having it delivered for them.

**Bad Points:**

* Payment security can often be a problem with many companies falling victim to hackers that steal customer information such as credit card details.
* Because you’re not the one picking up the product, you can often find that it’s not the correct product you wanted (colours can be wrong for example) or it may be faulty.
* Delivery services can sometimes be poor and result in your product being delivered damaged even though it was sent in perfect condition.
* You’re not able to physically see or feel the product. This is a big problem when it comes to cloths as you’re not able to try on the cloths and you’re not able to feel the fabric.
* Sometimes you may be out when an item is delivered. While most delivery companies will have a backup such as the local post office or a different address, the cheaper delivery services will instead keep it and charge you to get the product from them.
* The last big problem is the way in which things are transported (delivered). An example of this being a problem is regarding products that have to be kept cold when transported such as food products. Products that are fragile are not always treated like they’re fragile (A big problem with computer shipping).

EFFECTS ON SOCIETY

* **Negative Effects to Brick Only Business Types:** The main effect that ecommerce is having on society is that it’s causing many problems for the brick only businesses. Businesses that only have a physical shop are finding it much harder to keep the business incoming as consumers are simply going online to get better deals and the brick only businesses aren’t able to compete with the low prices at which many ecommerce sites are able to sell products at.
* **Many Shops starting Ecommerce Websites:** Many shops are choosing to start ecommerce websites out of a necessity to do so as they feel that without the ecommerce side of their business, they wouldn’t be able to keep trading with a physical shop.
* **High Street Changing:** A perfect example of how ecommerce is having a profound effect on society is if you simply take a stroll down the high street in Sheffield City Centre. Once upon a time it was a bustling area with thousands of visitors per day into loads of different shops. Today however it’s a very slow area, the only real thing that brings the crowds to the high street today is when there are special events occurring. Many of the smaller shops have also closed on the High Street too, leaving only the bigger shops that are better able to handle the impact of ecommerce.
* **Less Retail Jobs and Security Jobs:** With the lessening amount of brick shops such as the small businesses that used to thrive an all areas, there also comes a shortage of jobs that are associated with those shops. Primarily those entailing retail and security, there is a shortage of these jobs because simply put, there is no need for retail workers as there aren’t as many shops and also many shops have downsized so not only have those that work in security been effected by the closing of shops but also the downsizing as there isn’t any need for more than one security guard in many shops today.
* **Skill Changes:** While there are less retail jobs and while there are less security jobs, there has been an increase in jobs in other areas. Many jobs have opened in the Warehouse sector as the ecommerce websites still have to stock the items they sell. Not only that but many more people are going into IT related jobs because of the massive increase in the amount of ecommerce websites. Many people today go back to college or university at older ages to learn skills to progress into a career that they can survive in such as website development. Along with that, many of the retail workers have changes jobs and instead decided to go into things like warehouse work or delivery drivers. So while it has taken a toll on one section of the work market, it has most definitely opened up another side of the job market even greater.

SOCIAL DIVIDE

One of the biggest negative impact that ecommerce has had is hitting the less fortunate people in the world. This is because of one simple fact: Not everyone can access the internet, because of this fact, many people that are unable to access the internet have to rely on the standard brick shops to buy products from however those shops now are having to put prices up on products to be able to survive. This means that those poorer people in the world have to pay more and as a result are simply getting poorer as they’re not able to take advantage of the ecommerce website deals. This is creating a massive social divide between those people that are poor compared to those that can afford to purchase online because as already stated, those that cannot afford to use e-commerce will continue to have to rely on brick shops which means they pay more and thus become poorer.