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BT CS 611:
E-COMMERCE

UNIT 4

Sub Topic(s):

E-commerce marketplace; Characteristics, Types, Advantages, Disadvantages, E-Procurement, Auction; Types, Advantages, Disadvantages, Internet service provider (ISP); Types, Content provider, Electronic publishing, Industry self-regulations.

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[1] E-Commerce/net Marketplace

The E-commerce marketplace or the online e-commerce marketing is a place or a website where one can find different brands of products coming from multiple vendors, shops or person showcased on the same platform. The marketplace owner is responsible for attracting customers and the processed transactions, while the third party vendors deal with the manufacturing and shipping. Online Marketplace streamlines the production process through one simple portal, where the manufacturers sell their products directly to the consumers, therefore avoiding the stagnant process of stocks holding. This kind of supply chain management is usually referred to as the "Dropshipping" method. Companies like Amazon, eBay, and Flipkart (India) have experienced massive success in the e-Commerce marketplace business model. This Omni-Channel model has so far proven to be the most profitable business in web e-Commerce. The entire marketplace runs on one software infrastructure, allowing all the vendors to sell their goods under the umbrella of one website. In terms of revenue, these companies take a percentage of the sales on any product sold across the platforms.

Characteristics/features of a net market place

There are some essential features that an e-Commerce marketplace ought to have:

I. The seller should have a separate management system along with a simplified interface to handle their purchases and track their orders and shipment.
II. The information regarding the seller can only be added or deleted by the admin.
III. The management should be such that the owner of the store can set commission on the global level, across the world.
IV. The dashboard of the vendor side or the seller side must be powerful and robust in order to view recent purchases, orders, sales reports and also allowing them to filter the reports.
V. Seller can manage their orders easily with status, estimated delivery times and so on.
VI. The seller reports must allow the sellers to see their shopping activities in chronological order or even recent first system.
VII. Along with the seller, the store admin must also have the rights to view and track orders and manage further seller and vendor information.
VIII. The marketplace must have an option of online payment collection along with cash on delivery. It should support multiple secure payment gateways, especially the famous ones, like CCAvenue, PayPal, Bill Desk and many more.
IX. It should be SEO friendly and have great snippets.
X. A good marketplace always gives their customer a reason to prefer buying from them rather than any other marketplace. So, give detailed customer reviews and testimonials.

Types of Online/net Marketplace:

There are different types of e-marketplaces based on different business models or their method of operation.

- These are the following e-marketplace

• **Buyer-oriented e-marketplace –** This marketplace is run by a body of buyers who want to establish an efficient purchasing environment. This helps the buyers to lower their administrative costs and get best prices from the suppliers. The suppliers can also use the buyer oriented e-marketplace to advertise their product to the set of relevant customers. An example of a buyer-oriented portal that links many suppliers to a few buyers is the Exostar.

• **Supplier-oriented e-marketplace** - This marketplace is operated by a large group of suppliers for establishing an efficient sales channel and increase their visibility and get leads from a large number of potential buyers. This type of Supplier-oriented e-marketplace are also called as supplier directory and are usually searchable by the product or the services being offered. The buyers can also access information about the suppliers, products or the region that they are not familiar with. Successful examples of this business model are (CCO) Cisco connection Online which operates Cisco's electronic marketplace.

• **Vertical and horizontal e-marketplaces** - Vertical e-marketplace provides online access to businesses vertically across every segment of a particular industry sector such as automotive, chemical, construction or textile. Buying or selling using Vertical e-marketplace helps increase the operating efficiency while decreasing the supply chain and inventories cost and procurement time. A horizontal e-marketplace on the contrary connects buyers and sellers across different industries or regions. It will allow the buyers to purchase indirect products such as office equipment or stationery.

• **Independent e-marketplace** – It is usually a business to business online platform operated by a third party and is open to buyers and sellers from a particular industry. You can register to these platforms and get access to classified ads, request for quotations and place bids on several products from your industry sector. Participation in these online auctions and exchanges mostly can be done through a minimal payment of the registration fee. Some popular examples of Independent e-marketplace are Alibaba.com, eBay.com etc.

Advantages of net marketplaces:

1. A Larger Market: E-Commerce allows you to reach customers all over the country and around the world. Your customers can make a purchase anywhere and anytime, especially more people are getting used to shopping on their mobile devices.
2. Customer Insights Through Tracking And Analytics: Whether you're sending visitors to your e-Commerce website through SEO, PPC ads or a good old postcard, there is a way to track your traffic and customers' entire user journey to get insights into keywords, user experience, marketing message, pricing strategy, and more.

3. Fast Response To Consumer Trends And Market Demand: The streamlined logistics, especially for merchants who do "drop ship," allow businesses to respond to market and e-Commerce trends and consumer demands in a nimble manner. Merchants can also create promotions and deals on the fly to attract customers and generate more sales.
4. Lower Cost: With the advance in e-Commerce platform technologies, it has become very easy and affordable to set up and maintain an e-Commerce store with a low overhead. Merchants no longer have to spend a large budget on TV ads or billboard, nor worry about the expense for personnel and real estate.
5. More Opportunities To "Sell": Merchants can only provide a limited amount of information on a product in a physical store.

   On the other hand, e-Commerce websites allow the space to include more information such as demo videos, reviews, and customer testimonials to help increase conversion.
6. Personalized Messaging: E-Commerce platforms give merchants the opportunity to serve up personalized content and product recommendations to registered customers. These targeted communications can help increase conversion by showing the most relevant content to each visitor.
7. Increased Sales With Instant Gratification: For businesses that sell digital goods, ecommerce allows the delivery of products within seconds of making a purchase. This satisfies consumers' need for instant gratification and helps increase sales, especially for low-cost items that are often "impulse buys."
8. Ability to Scale Up (Or Down) Quickly And Unlimited "Shelf Space“: e-Commerce merchants can scale up or down their operation quickly, and take advantage of the unlimited "shelf space," as a response to market trend and consumer demands.

Disadvantages of net marketplaces

1. You must abide by their rules and guidelines, which can constrain your activities.
2. It’s you against the marketplace since rules often change to benefit their bottom line, not yours.
3. If their business goes down, you go down with it, so you must hope competent management is in place (a fifty-fifty chance).
4. A significant change in their business model or shift in focus can significantly hurt your revenues.
5. Marketplaces often give preferential marketing and support to their best-selling partners, which can leave you to fend for yourself while still having to share revenue.
6. Seller support is usually dismal if you are not a top provider.
7. Marketplaces may set a pricing range for your products/services, which may not align with your revenue and profit goals.

[2] E-Procurement.

E-procurement (electronic procurement, sometimes also known as supplier exchange) is the business-to-business or business-to-consumer or business-to-government purchase and sale of supplies, work, and services through the Internet as well as other information and networking systems, such as electronic data interchange and enterprise resource planning.

The e-procurement value chain consists of indent management, e-Informing, e-Tendering, e-Auctioning, vendor management, catalogue management, Purchase Order Integration, Order Status, Ship Notice, e-invoicing, e-payment, and contract management. Indent management is the workflow involved in the preparation of tenders. This part of the value chain is optional, with individual procuring departments defining their indenting process. In works procurement, administrative approval and technical sanction are obtained in electronic format. In goods procurement, indent generation activity is done online. The end result of the stage is taken as inputs for issuing the NIT.

Elements of e-procurement include request for information, request for proposal, request for quotation, RFx (the previous three together), and eRFx (software for managing RFx projects).

Alongside with increased use of e-procurement, needs for standardization arise. Currently, there is one globally developed open extensible markup language based standard framework built on a rich heritage of electronic business experience. It consists of five layers - messaging, registry and repository, collaboration protocol, core components and business processes.

Benefits

Implementing an e-procurement system benefits all levels of an organization. E-procurement systems offer improved spend visibility and control and help finance officers match purchases with purchase orders, receipts and job tickets. An e-procurement system also manages tenders through a web site. An example is the 'System for Acquisition Management (SAM)' which on July 30, 2013, combined information from the former Central Contractor Registration and Online Representations and Certifications Application (ORCA), in the United States.

In the case of government procurement, the benefits might be efficiency, transparency, equity, fairness and encouragement of local business. Because e-procurement increases competition, lowers transaction costs, and has potential to minimize time and errors in the bidding process, efficiency is achieved. Because of easier accessibility and openness of the internet, more people can attain earlier informations, which increases transparency. Neutrality to location and time ensures equity and fairness.

Disadvantages

Because the vendor is obtaining more information about the customer than in case of normal supply chain management structure, major disadvantage of e-procurement might be incentive of the vendor to take advantage of the customer.

[3] Auction:

Auction also known as e-auctions is an event where a good is sold or the transaction between the seller and bidder. Auctions can be online also which comes in a variety of types like ascending English auctions, descending Dutch auctions and so on.

The scope and reach of these auctions have been propelled by the internet to a level beyond what the initial purveyors had anticipated. This is only because online auctions break down and remove the physical limitations of traditional auctions such as geography, presence, time, space, and a small target audience. In 2002, online auctions were projected to account for 30% of all online e-commerce due to the rapid expansion of the popularity of the form of electronic commerce. Online auction include business to business (B2B), business to consumer (B2C), consumer to consumer (C2C). The largest online auction is e-bay.

Types of Auctions:

- English auction
- Dutch auction.
- Sealed-bid auction.
- Philatelist auction.

- ❖ English Auction: In the live terms, English Auction are where bids are announced by either an auctioneer or by the bidders and winners pay what they bid to receive the object. English Auction are claimed to be the most common form of third-party online auction format used and is deemed to appear the most simplistic of all the forms. The common method of the format is that it is an ascending bid auction in which bids are open for all to see. The winner is highest bidder and the price is the highest bid. The popularity of this auction is due to the fact that it uses a mechanism that people find familiar and intuitive and therefore reduces transaction costs. In the ascending price auction, it is a dominant strategy to stay in the auction until the price reaches the bidders value.
- ❖ Dutch Auction: These are the reverse of English auction whereby the price begins high and is systematically lowered until a buyer accepts the price. Dutch auction services are usually misleading and the term “Dutch” tends to have become common usage for the use of multiunit auction in a single unit auction as opposed to how it is originaaly intended for that of a declining price auction. However with actual online Dutch auctions where the price is descending.
- ❖ Sealed-bid Auction: When a single bid is made by all biding parties and the single highest bidder wins and pays what they bid. The main difference between this and

English auction is that bids are not openly viewable or announced as opposed to the competitive nature which is generated by public bids.

- Vickrey Auction/philatelist Auction: It uses very much the same principle as a sealed bid auction. However, the highest bidder and winner only pay what the second highest bidder had bid. This auction is suggested to prevent the incentives for buyers to bid strategically, due to the fact it requires them to speak the truth by giving their true value of them. If a bidder makes a very high bid they may have to pay that price, but if the make a low bid there is a chance they may lose the item.

Few advantages and disadvantages of online auction.

Online auction websites have changed the system in which buyer acquire their products. Online users can engage in the auction from anywhere from any country at any time.

Advantages of e-Auctions

1) Convenience: Bidders can take part in auction from home, colleges, offices or even a restaurant with an internet connection available using their computer or mobile phone but only once you have signed in or registered user. There is no prohibition regarding the matter of place, time, or a person to conduct the auction.
2) Time saving and money saving: Just signing into your profile on the auction websites and making your bids has made buying online safer in every way you look at it. Purchasing products online through an online auction website saves you time as well money. This great method cuts our travelling time to get the product as all our products can be safely delivered to us.

Disadvantages of e-Auctions

1) Anonymous bidder: this system allows bidders to participate in an auction by placing bids for items but that does not disclose their identity. The bidder information is hidden in all stages of the auction. Bidding participants may utilize a bidding devices such as handled devices etc.
2) Product Genuineness: Online auction and bidding websites are increasingly getting crowded by software controlled auction snipers or online bots. Product in a site looks good by image but when it comes to the quality once delivered that may dissatisfy us as the material of the product doesn’t seems that what we saw while ordering.

[4] Internet Service Provider

The term Internet service provider, or ISP, has been around for years, and obviously refers to the company who gives you Internet access, such as AT&T or Comcast. As the Internet becomes more rooted in the world and broadband and connections increase, companies that deliver content online have started to surface and the term Internet content provider has sprung up with it. ICPs have taken advantages of new Internet technologies such as DSL and cable connections as well as TV and set-top boxes that connect to the Internet to provide information and entertainment.

Basics

An Internet content provider is a website or organization that handles the distribution of online content such as blogs, videos, music or files. This content is generally made accessible to users and often in multiple formats, such as in both transcripts and videos. Some popular providers include ABC News, Disney and MSNBC.

Types of ICPs

There are several different types of ICPs. Many of these providers are news sites, which provide up-to-the-minute information on breaking news, or in-depth commentary on current issues. Other providers focus on entertainment, such as Netflix, which allows users to watch movies and some TV shows online over the Internet. Providers like Demand Media offer informative content about topics such as technology and fashion using venues like eHow.com and LIVESTRONG.com by hiring freelance editors and writers to write, edit and provide quality content.

Sources of income

Most ICPs make money through advertising on their sites. They may elect to use a advertising network, or sell ads privately through their own negotiation. Some providers also have premium memberships which require a set fee per month in order to access exclusive content. This is known as a paywall. Non-paying members are kept out or only given limited access.

Implications

As we move more towards relying on the Internet for news and entertainment, ICPs continue to become more popular and gain more subscribers. Many providers are also developing content unique to them and only available to members. Traditional media providers such as TV and newspapers are also either working with these providers or competing against them by providing their own online content.

Google and ICPs

Google has recently begun cracking down on bad content by releasing a series of updates designed to weed out weak or plagiarized content. The Panda update, released in 2011, penalized content providers in Google's search results that had less-than quality articles crammed with search engine optimization words to rank high in Google. Panda required some ICPs to rewrite their content to be stronger. In 2012, Penguin penalized both original and plagiarized content, requiring original content providers to revise start combating ill-quality backlinks, or links to your site from another.

[5] CONTENT PROVIDER

Content providers are generally perceived to be Web sites that supply different types of online information—including news, entertainment, traffic reports, and job listings—that is regularly updated. The first content providers were entities such as America Online (AOL), which provided content to users for a subscription fee. More recently, however, many providers offer some or all of their information services free of charge. Unlike e-commerce sites, whose user traffic ideally generates sales, content providers tend to derive revenue from sources such as banner ads and other forms of advertising and syndication. Some content providers purchase and aggregate industry-specific information from sources such as Lexis-Nexis. Many news content providers, such as Dow Jones, Hoover's, and Lexis-Nexis, also furnish archival content for users.

Categories of Content Providers

A web content provider is a generic term that refers to both individuals and companies. When you break it down, they typically tend to fall into three major groups:

- The freelancers (individuals) who are available on demand
- The writers' marketplaces with writers of all skill and expertise levels
- The agencies (companies) who specialize in creating a wide range of content

What a Content Provider Does

In the business world there can sometimes be confusion or just unknown information on what exactly a content provider does. Whether an individual or company, it's not the responsibility of content providers to run your business or the day-to-day production that goes along with it. They mainly work to build and upkeep online assets for you. Their job is to make you present in the Internet world so others can find you and hire you for goods or services.

Some of the everyday tasks of a provider are:

- General building and maintenance of a website
- Making the site more valuable for a client by adding well-written content
- Setting up and managing social media
- Handling any reputation goals – to improve or repair a company's reputation
- Putting together general and specific marketing strategies to help drive more traffic to the client

Writing Web Content is Key

One of the most important factors of having a successful web content provider is the delivery of the actual content itself. Web content must be relevant, interesting, timely and most of all it must be done a regular basis. For some sites, this can mean a new page or a new blog weekly. For others, your site may require a new blog every day along with a number of pages that are relevant to your key search terms.

As stated with the responsibilities of handling the day to day of a business one may not have the time to be consumed by this writing. In this case, what should they do? Hire the best web content providers. But how do you differentiate a good web content provider from the rest?

Hiring the Best Content Provider

Whether you choose to hire a freelancer or an agency, you need to keep in mind that this is a business like any other. That's why you'll need to hire a provider with solid business skills. Additionally, they should have a good understanding of rights of issues and offer fast and dependable turnaround times. Other defining aspects include the ability to give valuable suggestions and having an aptitude for locating and negotiating reuse of resources.

[6] Publishing

It is the process of production and dissemination of literature or information-the activity of making information available to the general public. In some cases , authors may be their own publishers

Electronic publishing

Electronic publishing referred to as e-publishing or digital publishing includes the digital publication of e-books , electronic articles and the distribution of written information digitally through CD-ROMS,DVDS ,portable document files (pdf) or online over the internet or other network Creation , distribution and sharing of digital content through a variety of electronic media (web , CD-ROM , disk). True digital publishing takes advantages of networking tools amd multimedia capability.

E-Publishing products

CD-ROM
ONLINE NEWSPAPER
FILE SHARING
DATABASE
MOBILE APPS
FACEBOOK, YOUTUBE, TWITTER, E-MAIL, BLOG.

Types of e-publishing

Hard discs
Other magnetic media: magnetic tapes
CD-ROM
USB(universal serial bus)
SD card memory
MP3 MP4

According to the type of database

- Bibliographic Database
- Full database
- Statistical database or Numerical database

According to the point of access and methods of access to information

Local , specialized , National Network of any documents and information sources that can be obtained from the collaborative networks at the level of specific geographic area(ministry , city. Wide area network which networks on a regional level specific. The network for public use.

Advantages of electronic publishing

Speed , Easily searchable. Rapid communication between the participants in the network and communicate with each other. Provide capabilities make it easier for users to search and access data and information required directly and very quickly.

INTERACTIVE:

Electronic interaction with buyer or user of an electronic publication , the producer can collect valuable market research data very cheaply. After purchasing the e-book by the publisher , the publisher can follow up with customers by sending the message them via e-mail.

Lower costs of review:

It is easy to conduct audits and their modifications (add or delete) the material published electronically and get the updated version for publication without significant cost. Electronic publishing has removed much of cost and risk involved in print publishing.

Accessibility

Electronic publishing are accessible to all users regardless of geographic location: Electronic publishing reduces the use of paper and this means maintaining the trees , which are usually cut off and turned into papers.

Save time and storage:

More information can be stored electronically than on paper and e-published can be sent across the globe in a few seconds.

Storage is a great advantage to this form of publishing, unlimited space on the internet makes it easy for everyone to maintain files. Plus since most e-publishers are sent via pdf files , or compatible word processing docs , it is quick and easier to go in and make changes to a publication.

Disadvantages of e-publishing

1) Theft of literacy and scientific:

The existence of this vast amount of information on the internet makes it easy to carry out piracy and robbery.

2) Comfort:

The print paper can be read in any place and on any position relaxes the reader but the book published electronically cannot benefit from it but only the existence the computer.

3) Costly to publish:

It is true that the overheads are lower for the publisher, but that does not mean the cost of the book itself is less.

4) sales for e-books:

Are not as great as they are for paper.

5) Format:

E-publishing initially requires readers to have certain software for e-books.

[7] **Industry self-regulations**

Industry self-regulation concerns groups of firms in a particular industry or entire industry sectors that agree to act in prescribed ways, according to a set of rules or principles. Participation by firms in the groups is often voluntary, but could also be legally required.

The groups can be wholly responsible for developing the self-regulatory instruments, monitoring compliance and ensuring enforcement, or they can work with government entities and other stakeholders in these areas, in a co-regulatory capacity. Co-regulation can be seen as being part of the continuum between self-regulation and government regulation. Self-regulatory schemes entailing some degree of government involvement are common; the level of involvement, however, can vary significantly among schemes.

How and why is self-regulation used in the field of consumer policy?

Self-regulation has been used to support consumer policy and has been pursued principally through the development of codes and standards. The measures reviewed, however, all have a multidimensional character. The multi-dimensional character of the measures is due in part to the overlap and complementarities in some instruments; codes of conduct.

Why self-regulation is pursued can be linked to a number of factors. Governments may be interested in encouraging such regulation when they may, because of legal constraints, be limited in their ability to

address certain issues. This is sometimes the case with respect to issues related to information disclosure, where, in some cases, governments may not be able to regulate the way businesses advertise due to rights

of free expression. Moreover, governments may find it more cost-effective to pursue ISR options.

Businesses can also have interests in self-regulation:

• ***Reputation***: Self-regulatory efforts can help those businesses involved to be seen in a more favourable light by consumers and/or governments. Participants may see benefits in collectively promoting their trading standards to differentiate themselves from others in the industry, or to improve or enhance confidence in the industry as a whole. Consumers who are aware of a self-regulatory scheme and understand the benefits it may provide to them may be willing to change their purchasing behaviour in favour of participation in the scheme.

• ***Competition***: Self-regulatory arrangements can be used to develop and maintain common standards, providing level playing fields that facilitate the entry of newcomers and promote competition. On the other hand, those arrangements which favour incumbents, while beneficial to those concerned, can act to limit competition.

• ***Regulation***: Self-regulatory schemes have frequently been initiated in response to the threat of government regulation, which can be more costly and less flexible than ISR schemes. In this regard, self-regulation gives firms greater scope to influence the standards set and a bigger influence on how they are monitored and enforced, which can be beneficial. This, in turn, may allow industry participants to accumulate practical experience in designing and complying with new standards over time.

• ***Other:*** ISR agreements can also provide benefits to industry, to the extent that they include training and other resources that would prove useful in implementing an ISR.

Industry self-regulation can be an advantageous complement to government policies, but it also poses a number of challenges. At the same time, ISR can potentially provide important benefits to both industry and consumers; their success in doing so depends on a number of factors, including:

The strength of the commitments made by participants.

The industry coverage of the ISR.

The extent to which participants adhere to the commitments.

The consequences of not adhering to the commitments.

Advantages of ISR

Governments, businesses and consumers can all benefit from ISR. Governments may be interested when ISR covers issues where they have limited authority, which can be the case when advertising issues are concerned; ISR could also be more cost-effective for governments, to the extent that enforcement and monitoring burdens are lightened and/or shifted to business. The case studies identify a series of potential benefits for consumers and business.

Consumers can potentially benefit from:

• Improved information. Advertising codes can reduce the risk that consumers encounter misleading and fraudulent advertisements. Trust-marks can help consumers identify products that meet certain standards, or companies that have subscribed to important commercial principles. Rating schemes can help consumers identify products that meet desired criteria.

• More effective dispute resolution. ISR that provides specialized, independent, low-cost dispute resolution mechanisms can facilitate problem-solving and increase consumer confidence.

• Combatting unfair or abusive practices. ISR can provide mechanisms through which businesses can tackle specific problems. This was done successfully in the case of spam. As ISR dealing with telemarketing and charges telecommunications indicates, its effectiveness depends on subscription by a sufficient number of firms, and their commitment to the prescribed actions.

• Enhanced consumer rights. Some ISR agreements contain provisions which provide consumers with stronger protection and rights. In addition to improved dispute handling (described above), this could include additional product guarantees and more favorable return policies.

Potential benefits of ISR to industry include:

• Enhancing consumer confidence/improving the image of businesses. Most of the ISR agreements reviewed indicate the value that the instruments have played in building consumer confidence by helping to ensure product quality and good commercial practices. The value of trustmarks in improving the image of ISR members was noted in this regard.

• Disciplining businesses that fail to meet commitments. Many of the ISR agreements mention the importance of the instruments in helping to maintain a level playing field. Provisions that impose a cost on those businesses that do not adhere to the ISR can play an important role in discouraging violations.

• Improving complaint handling. Participants in ISR agreements have noted the efficiency and effectiveness of external dispute resolution mechanisms in addressing complaints, and the positive responses from consumers using low-cost, independent authorities for addressing issues.

• Pre-empting formal government regulation. In a number of instances, ISR agreements were developed with a view toward avoiding more direct intervention by government. The ISR was viewed as a more flexible instrument that could be adapted more easily to deal with changing conditions.

• Providing instructional resources. Well established ISR agreements can provide centralized services for members, providing, for example, opportunities for training and information sharing.

Challenges of ISR

At the same time, ISR poses challenges which include:

• Strength of instruments. Instruments might have to be watered down to achieve industry support and therefore might not be sufficiently strong.

• Compliance and oversight. In the absence of effective enforcement and monitoring, participants might have little incentive to adhere fully to the scheme.

• Risk of regulatory capture. This could occur when a self-regulatory body is overly "close" to the businesses that it oversees. Free-riders. Businesses that do not participate in an ISR are not bound by its provisions and avoid the cost of compliance; they may benefit significantly from the avoidance of formal government regulation that might otherwise apply. • Market coverage. Low participation rates by businesses in an ISR could render it ineffective.

• Favoritism. If a small number of actors dominate the governance of a scheme, it might result in the scheme favoring those actors.

• Distortions in competition. Self-regulation can create barriers to entry or otherwise distort competition through, for example, licensing or accreditation bodies that discriminate against certain businesses.

• Accountability. Some self-regulatory schemes might lack mechanisms for review and evaluation, and resources may not be available if the schemes do not fulfill their objectives.

• Costs. The cost of establishing and operating an ISR might be high and could be passed on to consumers.