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**University Roll No. \_\_\_\_\_\_\_\_\_\_\_\_\_\_ SET-A**

II Year MCA. IV Semester IMid Term Examination, February – 2018

Subject: - E-Commerce

Time: -2 Hrs. [Maximum Marks: -20]

[Min. Passing Marks: 08]

**Q. 1 Answers**

1. E-commerce (electronic commerce or EC) is the buying and selling of goods and services, or the transmitting of funds or data, over an electronic network, primarily the internet.
2. E-Marketing (Electronic Marketing) are also known as Internet Marketing, Web Marketing, Digital Marketing, or Online Marketing. E-marketing is the process of marketing a product or service using the Internet.
3. E-Cash is an internet-based system which facilitates the transfer of funds anonymously.
4. Electronic data interchange is the concept of businesses communicating electronically certain information that was traditionally communicated on paper.
5. E-payment system is a way of making transactions or paying for goods and services through an electronic medium without the use of check or cash.

**Q. 2 Answers**

1. **Differences**:
2. Cost effectiveness:E-commerce is very cost effective, because you don’t need to maintain a storefront, employees like traditional businesses do.
3. Time savings:   
   It takes less than few minutes to order/ make transactions via eCommerce. Whereas traditional commerce will take more time.
4. Introduction of new products:  
     
   In traditional commerce, it takes a lot of time and money to introduce a new product and analyze the response of the customers.  
     
   In eCommerce, it is very easy to introduce a product on the website and get the immediate feedback of the customers.
5. Physical Touch:  
   ECommerce does not allow physical inspection of goods.
6. Modern electronic commerce typically uses the World Wide Web for at least one part of the transaction's life cycle although it may also use other technologies such as e-mail. Typical e-commerce transactions include the purchase of online books (such as Amazon) and music purchases (music download in the form of digital distribution such as iTunes Store), and to a less extent, customized/personalized online liquor store inventory services. There are three areas of e-commerce: online retailing, electric markets, and online auctions. E-commerce is supported by electronic business.

**Q. 3 Answers**

1. E-commerce sites use electronic payment, where electronic payment refers to paperless monetary transactions. Electronic payment has revolutionized the business processing by reducing the paperwork, transaction costs, and labor cost. Listed below are some of the modes of electronic payments −

**Credit Card:** Payment using credit card is one of most common mode of electronic payment. Credit card is small plastic card with a unique number attached with an account. It has also a magnetic strip embedded in it which is used to read credit card via card readers.

**Debit Card:** Debit card, like credit card, is a small plastic card with a unique number mapped with the bank account number. It is required to have a bank account before getting a debit card from the bank.

**Smart Card:** Smart card is again similar to a credit card or a debit card in appearance, but it has a small microprocessor chip embedded in it. It has the capacity to store a customer’s work-related and/or personal information. Smart cards are also used to store money and the amount gets deducted after every transaction.

**E-Money:** E-Money transactions refer to situation where payment is done over the network and the amount gets transferred from one financial body to another financial body without any involvement of a middleman. E-money transactions are faster, convenient, and saves a lot of time.

**Electronic Fund Transfer:**It is a very popular electronic payment method to transfer money from one bank account to another bank account. Accounts can be in the same bank or different banks. Fund transfer can be done using ATM (Automated Teller Machine) or using a computer.

1. **Driving forces of ecommerce**

1. E-commerce enables businesses to interact with suppliers, customers and with players in the distribution channel at a lower cost.

2. The cost of installing and maintaining a website is much cheaper than owning a physical store. This motivates the growth of e-commerce.

3. E-commerce generates greater profits due to less human intervention, lower overhead cost, few clerical errors and more efficiency.

4. The cost of advertising is cheaper and provides access to global market at low cost. This is something which encourages people engaged in business to promote their business through electronic medium.

5. Reduction in communication cost and technological infrastructure expense drive business towards e-business.

6. Increase in competition and the rise in consumer power, ‘globalization wave’ have forced the business organizations to penetrate into internet world.

**Q. 4 Answers**

**I) Brokerage Model**

**Brokers are market-makers:** They bring buyers and sellers together and facilitate transactions. Brokers play a frequent role in business-to-business (B2B), business-to-consumer (B2C), or consumer-to-consumer (C2C) markets. Usually a broker charges a fee or commission for each transaction it enables. The formula for fees can vary. Brokerage models include:

Marketplace Exchange -- provides a full range of services covering the transaction process, from market assessment to negotiation and fulfillment, for a particular industry. The exchange can operate independently of the industry, or it can be backed by an industry consortium. The broker typically charges the seller a transaction fee based on the value of the sale. There also may be membership fees.

Business Trading Community -- or vertical web community, is a comprehensive source of information and interaction for a particular vertical market. A community may contain product information, daily industry news and articles, job listings and classifieds.

Buy/Sell Fulfillment -- customer specifies buy or sell orders for a product or service, including price, delivery, etc. The broker charges the buyer and/or seller a transaction fee.

Demand Collection System -- the patented "name-your-price" model pioneered by Priceline. Prospective buyer makes a final (binding) bid for a specified good or service, and the broker arranges fulfillment.

Auction Broker -- conducts auctions for sellers (individuals or merchants). Broker charges the seller a listing fee and commission scaled with the value of the transaction. Auctions vary in terms of the offering and bidding rules. Reverse auctions are a common variant.

Transaction Broker -- provides a third-party payment mechanism for buyers and sellers to settle a transaction. [fsbohouse.com]

Bounty Broker -- offers a reward for finding a person, thing, idea, or other desired, but hard to find item. The broker may list items for a flat fee and a percent of the reward for items that are found.

Distributor -- is a catalog operation that connects a large number of product manufacturers with volume and retail buyers. Broker facilitates business transactions between franchised distributors and their trading partners.

Search Agent -- is an agent (i.e., a software agent or "robot") used to search-out the price and availability for a good or service specified by the buyer, or to locate hard to find information.

Virtual Mall -- hosts online merchants. The Mall typically charges setup, monthly listing, and/or per transaction fees. More sophisticated malls provide automated transaction services and relationship marketing opportunities.

**II)** Aggregator Business Model is a network model where the firm collects the information about a particular good/service providers, make the providers their partners, and sell their services under its own brand. Since aggregator is a brand, they have to provide services which has a uniform quality and price. This is done through signing up a contract with the partners.

The good/service providers never become aggregator’s employees and continue to be the owners of the good/service provided. Aggregator just help them in marketing in a unique and a win-win way.

Characteristics of Aggregators

**Customers**

The aggregator business model runs on a two-fold customers strategy where the service consumers as well as the goods/service providers acts as the customers of the company. The brand is built in such a way so as to attract both of the parties to use this platform rather than the competitors’.

**Industry**

All the service providers are from the same industry. Aggregators collect the good/service providers of a single industry and organize them under his own brand.

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**Q. 1 Answers**

1. A website following the B2B business model sells its products to an intermediate buyer who then sells the product to the final customer.
2. To promote the economic viability of the area, so those current businesses will grow and new ones will be developed locally.
3. E-Cash is an internet-based system which facilitates the transfer of funds anonymously.
4. Electronic data interchange is the concept of businesses communicating electronically certain information that was traditionally communicated on paper.
5. A website following the C2C business model helps consumers to sell their assets like residential property, cars, motorcycles, etc., or rent a room by publishing their information on the website.

**Q. 2 Answers**

**I)** E-Commerce advantages can be broadly classified in three major categories −

* Advantages to Organizations: E-commerce, organizations can expand their market to national and international markets with minimum capital investment.
* Advantages to Consumers: E-commerce application provides users with more options and quicker delivery of products.
* Advantages to Society: Customers need not travel to shop a product, thus less traffic on road and low air pollution.

**II)**. Modern electronic commerce typically uses the World Wide Web for at least one part of the transaction's life cycle although it may also use other technologies such as e-mail. Typical e-commerce transactions include the purchase of online books (such as Amazon) and music purchases (music download in the form of digital distribution such as iTunes Store), and to a less extent, customized/personalized online liquor store inventory services. There are three areas of e-commerce: online retailing, electric markets, and online auctions. E-commerce is supported by electronic business.

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