

E-COMMERCE FUNDAMENTALS



LECTURE 3

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07/03/20

WHAT TO EXPECT

- AGENDA:
 - Commerce principals
 - On line marketing
 - Payment systems



PAYMENT SYSTEMS

- Credit Cards
- Debit Cards
- Mediating Services
- Mobile Payment
- On-line banking



PAYMENT SYSTEMS: REQUIREMENTS

- **Applicability:**
 - Availability (point of sale coverage), payment size (e.g. micropayments, large sums) and destination (e.g. merchants, private persons).
- **Ease to obtain:**
 - Ease / complexity of registration
- **Ease to use/reliability:**
 - Simplicity, ease and transparency of use by customers and merchants.
- **Cost:**
 - Distribution of costs between merchants and users; cost structure (e.g. fixed transaction charge or proportion of sales value).
- **Security:**
 - Customer confidence and economic sustainability, information transmission mechanisms from buyer to seller, security of information stored on client and seller equipment.
- **Liability:**
 - Legislative protection and provisions, coverage of potential losses.
- **Anonymity:**
 - Protection of personal information; tradeoffs between anonymity and traceability for payment support



PAYMENT SYSTEMS: CREDIT CARDS

- Widespread user base given long established network.
- Not developed for micropayments or person-to-person payments
- Easy to obtain and no additional expenses required to use credit cards on line. Some groups (young, those not qualifying) may not have access to credit cards
- Fee for merchants between 2-6% + monthly fee + chargeback

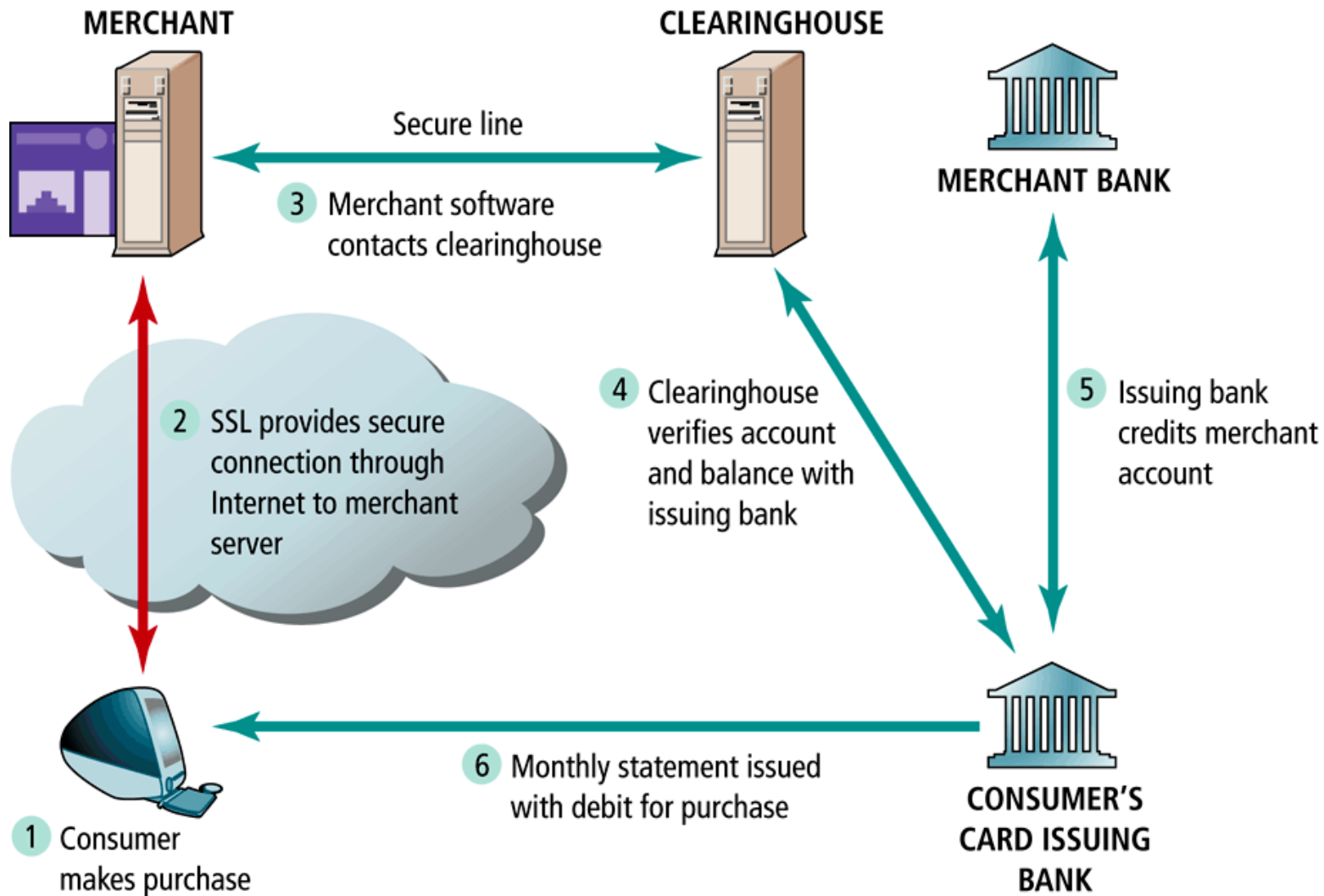


PAYMENT SYSTEMS: DEBIT CARDS

- Wide user base among buyers, but country-specific spread among merchants. Limited to national payments
- Not yet developed for micropayments.
- Easy to obtain and no additional expenses to use on line. Often less requirements to obtain debit than credit cards
- Differences across banks and countries. Consumers pay for (existing) card.



PAYMENT SYSTEMS: TRANSACTION MODEL



PAYMENT SYSTEMS: ON-LINE BANKING

- Widespread user base on consumer and merchant side, but only established for online sellers.
- Straightforward provided the consumer bank has an online banking facility
- Usually few extra costs for merchants and no extra security screening/systems necessary. Maybe consumer charges



PAYMENT SYSTEMS: MEDIATING SERVICES

- New services appearing. PayPal has already wide user spread particularly for auctions, and person-to-person payments. Being developed for micropayments Not yet developed for micropayments.
- Consumers have to sign up with the service, but use is then easy by charging account through credit or debit card system Differences across banks and countries. Consumers pay for (existing) card.
- Fee for merchants 2.2-2.9% and USD 0.30 per transaction. Free for consumers apart from basic payment for (existing) card.

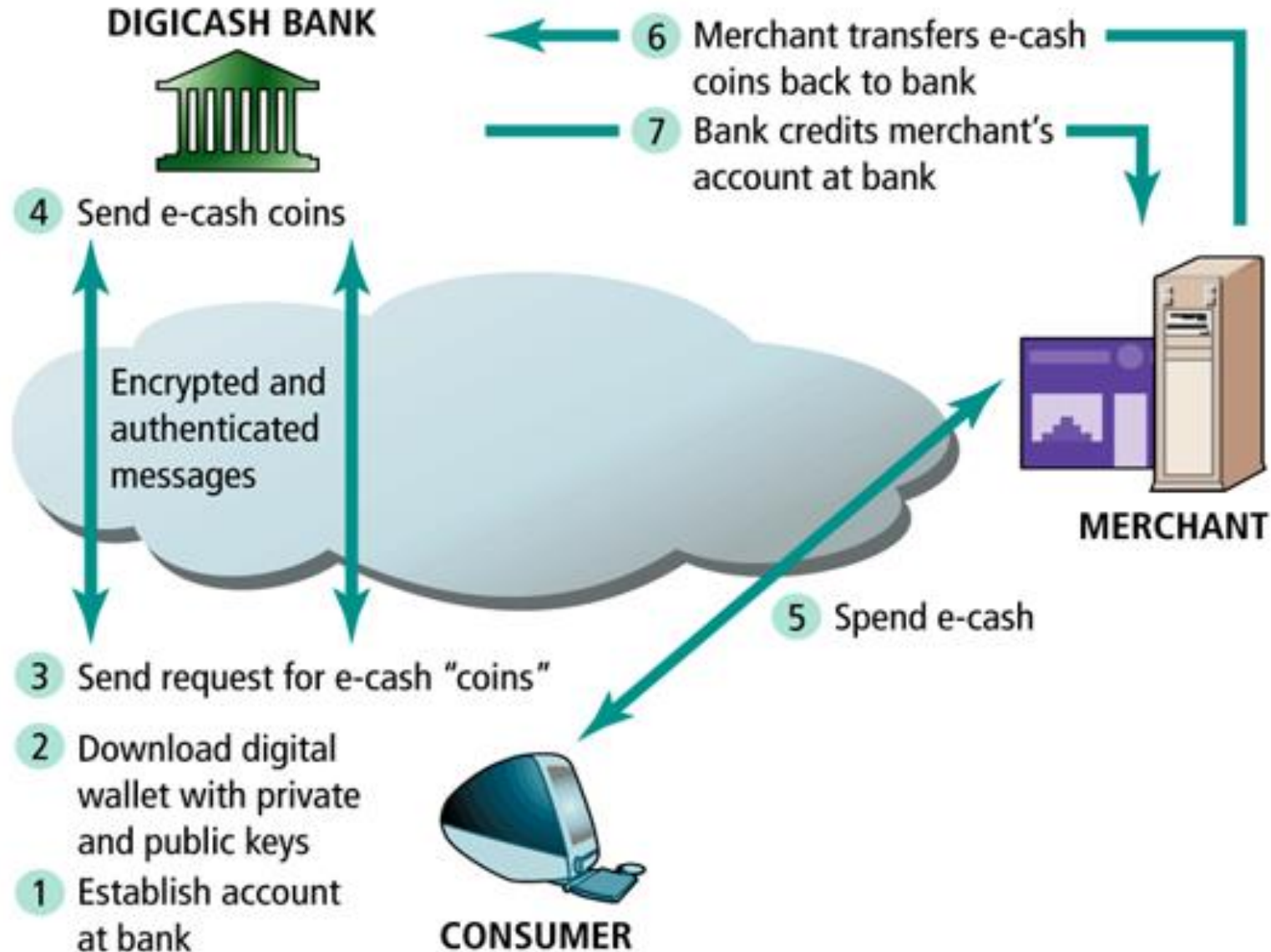


PAYMENT SYSTEMS: MOBILE PAYMENTS

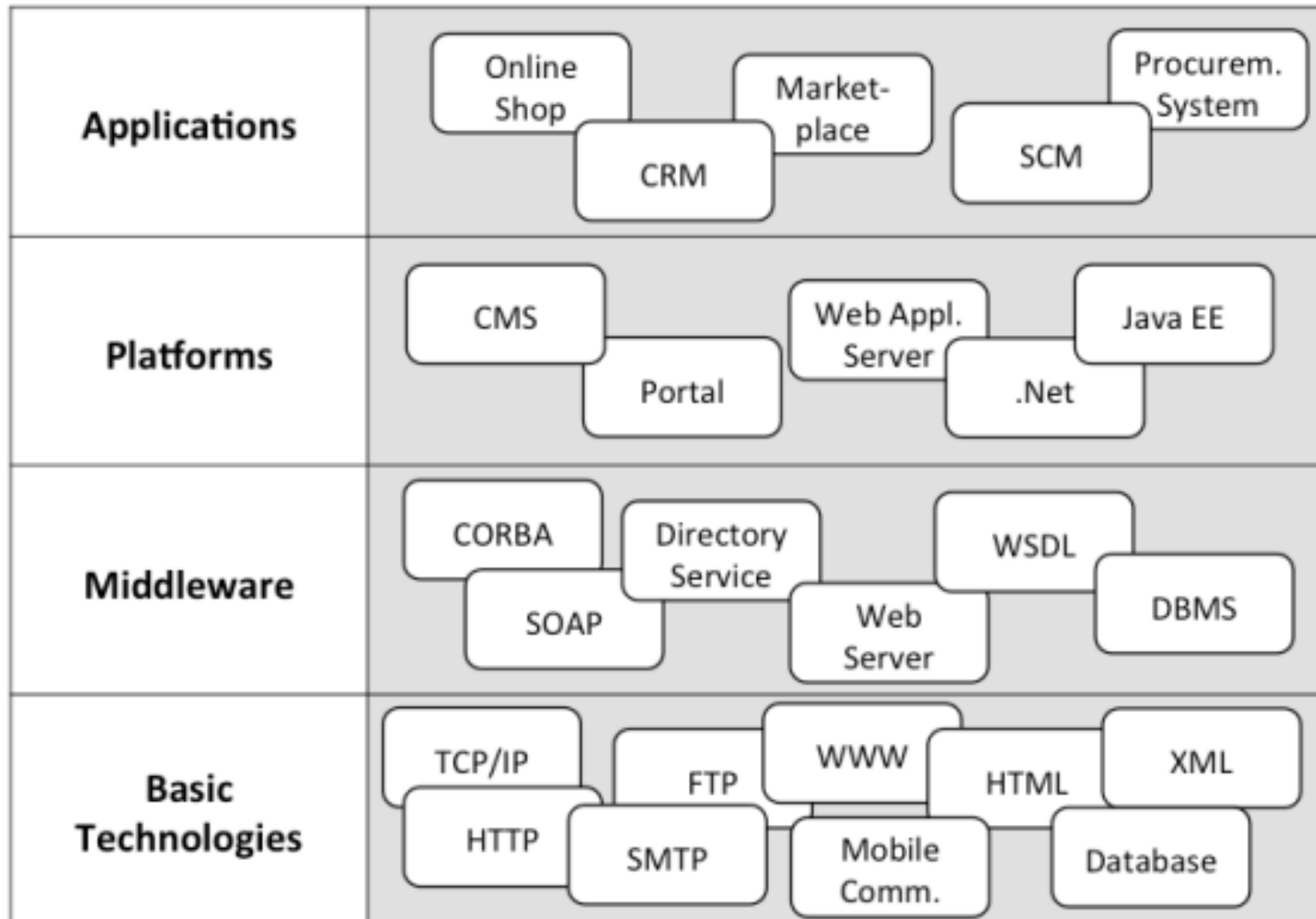
- Different forms available:
 - Examples: SMS payment, NFC (Nier Field Communication)
- Potential of greater applicability given widespread use of mobile phones, high potential for micropayments but development of international system represents a challenge.
- Some uncertainty among consumers, and often lack knowledge of how to use mobile devices for payment.
- Cost variable across systems, and cost structures not yet clearly established. Generally Handset Cost / Service Cost



PAYMENT SYSTEMS: E-CASH



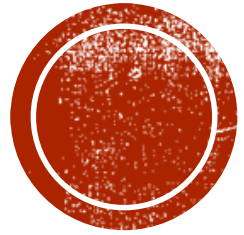
E-COMMERCE TECHNOLOGICAL CONSIDERATIONS



E-COMMERCE TECHNOLOGICAL CONSIDERATIONS

- Deep analysis
- Attractive design
- SEO
- Social Media Integration
- Web site search engine
- Going Mobile
- Security





E-COMMERCE CASE STUDY (PART II)



E-COMMERCE ARTICLE:

MODÈLES D'AFFAIRES, LOGISTIQUE ET INNOVATION : LE CAS DU E-COMMERCE

- Comment on caractérise un Business Model ?
- Citer un exemple d'innovation qui porte sur le business Model
- Quels sont les principales activités de la chaîne logistique ?
- Citer les différents business Models autour de la logistique



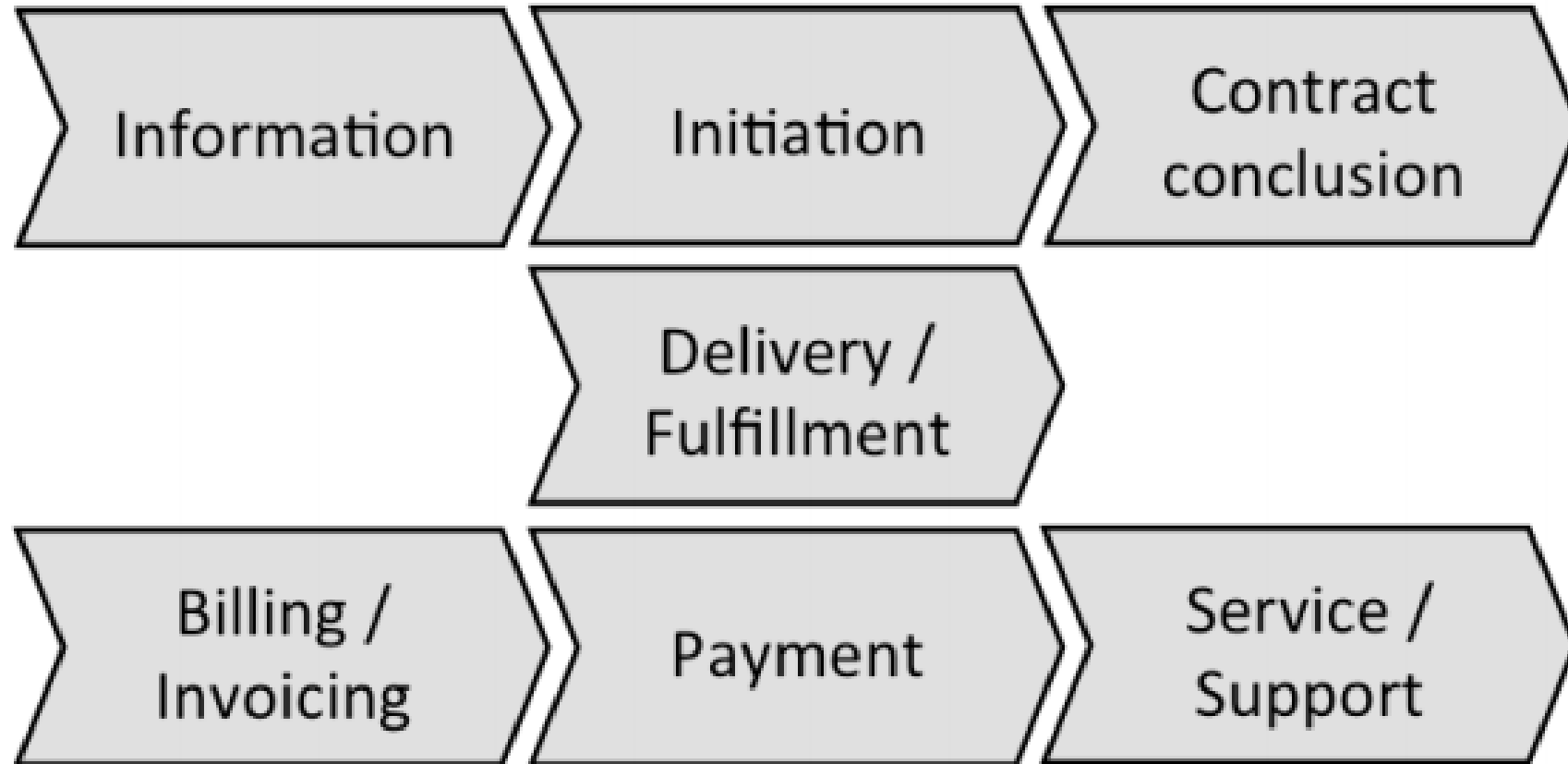
E-COMMERCE ARTICLE:

MODÈLES D'AFFAIRES, LOGISTIQUE ET INNOVATION : LE CAS DU E-COMMERCE

- BM = une pratique + un outil d'analyse
- Thèmes dominants du BM:
 - Classification des entreprises
 - Lien avec la performance
 - L'innovation
- Définitions et composantes:
 - La valeur créée pour le consommateur
 - Les revenus Créées
 - Activités Nécessaires
 - Les Technologies utilisées
- La chaîne logistique se structure autour de plusieurs activités :
 - la gestion de la commande (attribution d'un produit à un client),
 - la préparation de la commande (récupération du produit physique, emballage, consolidation avec d'autres produits éventuellement)
 - la gestion des stocks et l'approvisionnement,
 - l'entreposage (conception et pilotage des entrepôts),
 - l'organisation du transport, la réalisation du transport
 - la logistique des retours.



E-COMMERCE LOGISTICS



Q&A

