Summary for chapter 1:

Overview of Electronic Commerce

1. the difference between E-commerce and E-business:

- ✓ **E-commerce:** The process of buying, selling, or exchanging products, services, or information via computer.يقصد بيها البيع والشراء وتبادل المعلومات من خلال الانترنت
- ✓ **E-business:** A broader definition of EC that includes all electronic internal and external transactions within an organization. يقصد به انه تعريف يشمل التجارة الالكترونية والتعاملات الداخلية والخارجية للشركة التي تتم بشكل الكتروني

2.Organization types in e-commerce

1) **brick-and-mortar (old economy) organizations:** organizations that perform their primary business offline, selling physical products by means of physical agents.
الشركات التقليدية التي لا تستخدم الانترنت في البيع والشراء

2) **virtual (pure play) organizations:** Organizations that conduct their business activities solely online. like PayPal. الشركات التي تعمل من خلال الانترنت

3) **click-and-mortar (click-and-brick) organizations:** Organizations that conduct some e-commerce activities and physical activities. شركات تعمل بشكل تقليدي وأيضا باستخدام التجارة الالكترونية مثل شركات العربي

3. the dimensions of e-commerce

- EC can take several forms depending on the degree of digitization
    1. the product (service) sold
    2. the process (e.g., ordering, payment, fulfillment)
    3. the delivery method

1) **ordering:** يمكن ان يتم طلب السلعة بشكل online او بشكل تقليدي
2) **processing** ويمكن تتم معالجة ال order بالكامل بشكل online او شكل تقليدي
3) **delivery:** التوصيل يكون اونلاين في حالة السلع الالكترونية مثل برنامج او لعبة او كتاب الكتروني ويكون توصيل تقليدي في حالة السلع المادية مثل الموبيل او غسالة
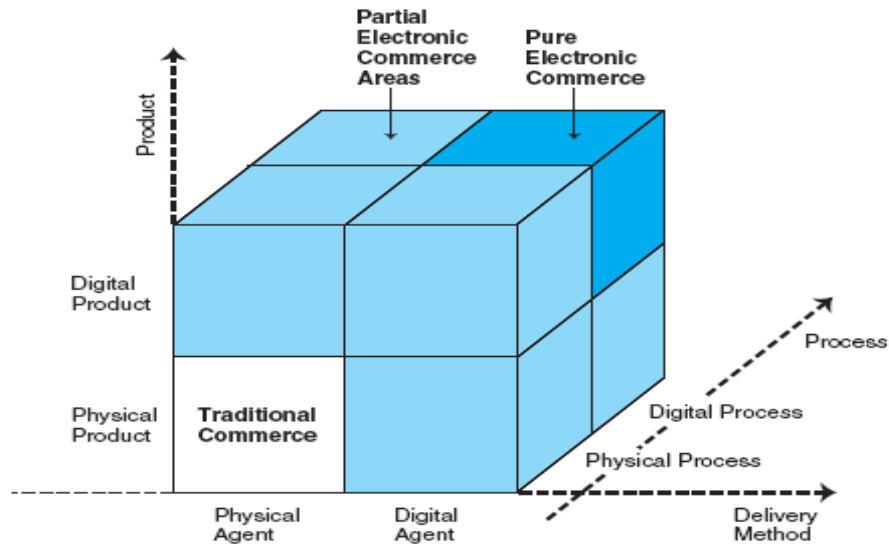
Note: if the 3 dimensions are online, then it is pure ecommerce.

Note: if the 3 dimensions are physical, then it is traditional commerce.

Note: if one of three dimensions is physical, then it is partial e-commerce.

EXHIBIT 1.1 The Dimensions of Electronic Commerce

4. An e-commerce framework

❖ E-c has many applications such as: direct marketing, job search, online banking, e-government….

❖ E-c commerce infrastructure includes many technologies such as HTML, LAN, WAN,

❖ These applications are supported by infrastructure and by the following five support areas:
  o People
  o Public policy
  o Marketing and advertising
  o Support services
  o Business partnerships

5. The E-C classification based the relationship between partners:

● **Types of parties can be:**
  o Company (B)
  o Consumer (C)
  o Government (G)
  o Person or Peer (P)
  o Employee (E)
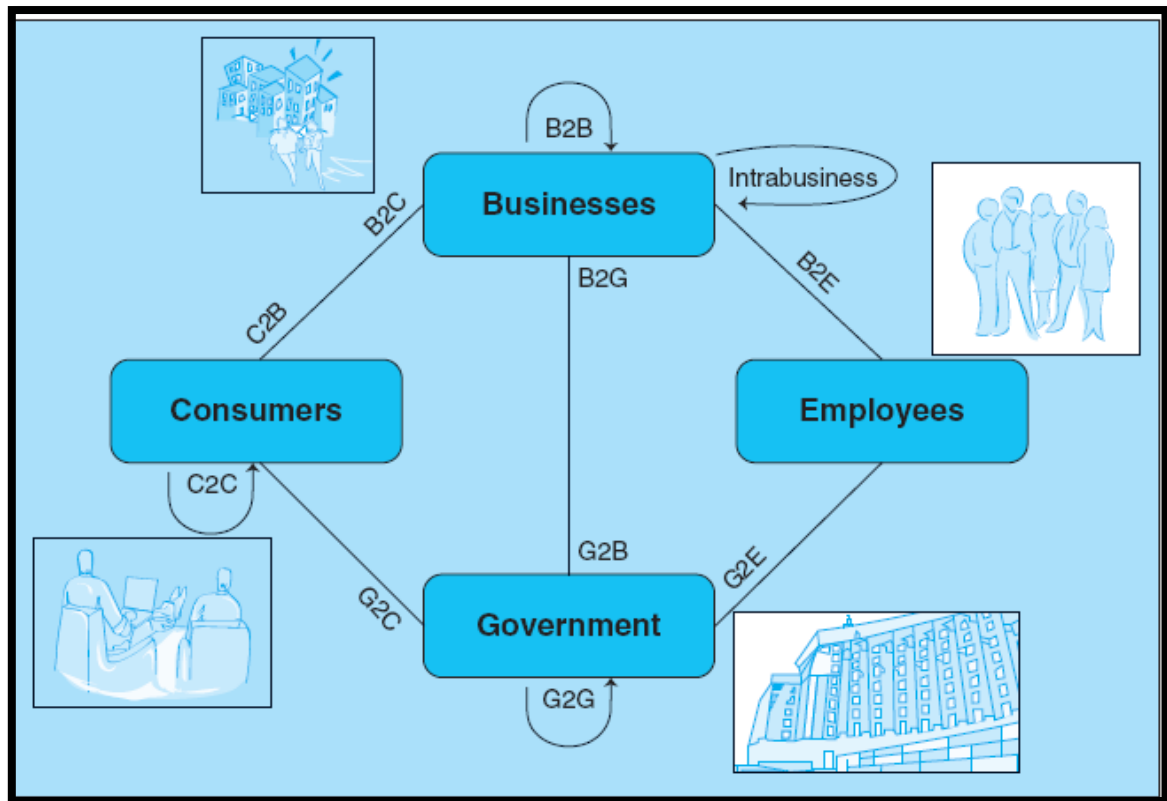
- ❖ **business-to-business-to-consumer (B2B2C):** E-commerce model in which **a business provides some product or service to a client business that maintains its own customers.**
- ❖ **intrabusiness EC:** E-commerce category that includes all internal organizational activities that involve the exchange of goods, services, or information among various **units and individuals in an organization.**
- ❖ **collaborative commerce (c-commerce):** E-commerce model in which individuals or groups communicate or collaborate online تجارة لكترونية تعاونية
- ❖ **peer-to-peer (P2P):** Technology that enables networked peer computers to share data and processing with each other directly; can be used in C2C, B2B, and B2C e-commerce.

- ❖ **e-learning:** The online delivery of information for purposes of training or education.

- ❖ **e-government:** E-commerce model in which a government entity buys or provides goods, services, or information from or to businesses or individual citizens.

6. e-commerce features:

1) Ubiquity (existing in everywhere)
2) Global reach: إمكانية المنافسة في الأسواق العالمية
3) Universal standards: وجود معايير موحدة في التجارة الالكترونية
4) Information richness: من خلال الصور والفيديوهات للسلع
5) Interactivity: التفاعل بين البائع والمشتري وابدا المستخدم رايه في السلع
6) Information density(compactness)توصيل المعلومة باشكال مختلفة
7) Personalization/customization

a. Customization: العميل يختار المحتوى او السلعة بنفسه
b. Personalization: الموقع يحدد المحتوى الذي يظهر بناءا تفضيلات المستخدم
8) Social technology

7. history of e-commerce
❖ The Google Revolution and social media: played important role in E-C.
❖ Web generations:
  o Web 1.0: the contents is static.
  o Web 2.0: it is dynamic web which the content changed based users. It lets people collaborate and share information online in new ways, such as social networking sites, wikis, communication tools, and folksonomies.

Note: folksonomies: user-generated system of classifying and organizing online content into different categories. Ex hash tags in Facebook.

  o **THE MAJOR TOOLS OF WEB 2.0**: Wikis, RSS feeds(real simple syndication) , Blogs , Microblogs (e.g., Twitter).

ملحوظة:web 2.0 هو الجيل اللي ظهرت فيه التجارة الالكترونية وشبكات التواصل الاجتماعي.

8. The Digital World
❖ **digital economy:** called the *Internet economy, the new economy, or the Web economy. **it is based on digital technologies, including digital communication networks, computers, software, and other related information technologies.***
❖ **digital enterprise:** this model uses converged communication and computing technology in a way that **improves business processes.** this business model that uses IT in a fundamental way to accomplish one or more of three basic objectives:
  o reach and engage customers more effectively.
  o Improve employee productivity.
  o improve operating efficiency.

Note: corporate portal A major gateway through which employees, business partners, and the public can enter a corporate website.
❖ **Social enterprise:** مؤسسات تحاول حل بعض القضايا وتقديم المساعدات مثل دعم دار الايتام

9. Electronic Commerce Business Models
❖ **business model:** A method of doing business by which a company can generate revenue to sustain itself. Six elements of a business model include descriptions of:
  1. **Customers**
  2. **All products**
  3. **The business process** required to make and deliver the products and services
  4. **The resources** required and the identification of which ones are available, which will be developed in house, and which will need to be acquired
  5. **The organization's supply chain**

6. **The revenues expected** (revenue model), anticipated costs, sources of financing, and estimated profitability (financial viability).

❖ **Revenue Models:** how a company generates revenue or income.

❖ **value proposition Models:** The benefits a company can derive from using EC.

❖ **The common revenue models in EC:**
   o **Advertising Revenue Model** presents an indirect way of earning revenue through a digital platform. Ex: google, Facebook
   o **Subscription Revenue Model:** ex: Netflix, Amazon Prime, YouTube Premium. Generate revenue through fixed charged amounts monthly, weekly.
   o **Sales Revenue Model: revenue from sales of goods and service.**
   o Transaction fees model: commission paid on the volume of transactions.
   o **Affiliate model:** commissions for referring customers.
   o **License fees model:** generate revenue from paid license. Ex license of ESET antivirus.
   o **Generate revenue from games or watching events.**

What Is the Supply Chain?

- logistics network of Suppliers, manufacturers, warehouses, distribution centers and retail outlets – "facilities".
- Product in SC may be Raw materials, Work-in-process (WIP) inventory, and Finished products
- The main goals of SC are:
  1. In the right quantities
  2. To the right locations
  3. And at the right time

The Supply Chain – Another View

Plan ▸ Source ▸ Make ▸ Deliver ▸ Buy
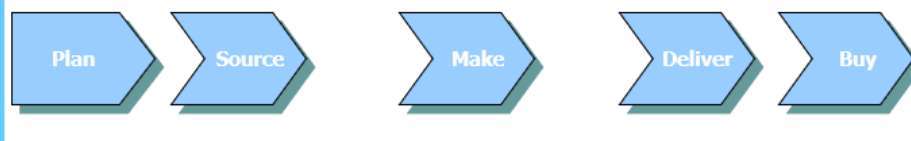
10. Benefits, Limitations, and Impacts of Electronic Commerce

❖ Technical issues: include bandwidth and integration with old systems.

❖ **Ethical issues: that related to fraud in electronic commerce.**

True & False Questions:

1) Electronic commerce is the process of buying, selling, or exchanging products, services, or information via computer.
2) Buying an e-book from Amazon is an example of partial electronic commerce.
3) A brick-and-mortar organization performs its primary business offline, selling physical products by means of physical agents.
4) An extranet is a network that uses private corporate networks to link together multiple intranets.
5) Purchasing a computer from dell.com is an example of B2B commerce.
6) Net-a-Porter buying bags from its designers is an example of B2B commerce.
7) If a company purchases Godiva chocolates as gifts for its employees and has Godiva mail them directly to the recipient, the company is engaged in B2B2C.
8) S-commerce refers to electronic commerce activities conducted on Facebook or influenced by the site.
9) Despite the failures of individual companies and initiatives, the total volume of EC has been growing each year.
10) Booking tickets on Facebook without leaving the social network is an example of enterprise social commerce.
11) Despite the failures of individual companies and initiatives, the total volume of EC has been growing each year.
12) Social networking is the execution of any Web 2.0 activity, such as blogging and/or having a presence in a social network.
13) A business model is a method of doing business by which a company can generate revenue to sustain itself.
14) Efficient transactions, price comparisons for customers, and global reach are three major capabilities that contribute to the growth of EC.
15) E-tailing is retailing conducted online over the internet.
16) Click –and- mortar and brick-and- mortar retailers that offer a transactional web site from which to conduct business.
17) A business model outlines how the organization, or the EC project, will generate revenue through sales, transaction fees, advertising fees, affiliate fees, or other revenue sources.
18) According to the affiliate marketing EC business model, people use e-mail and social networks for spreading word-of-mouth advertising.
19) Referencing the licensing fees revenue model, a company receives commissions for referring customers to others' websites.
20) Value proposition refers to the benefits that a company can derive from using EC.

Multiple Choice

1. A broader definition of EC that includes not just the buying and selling of goods and services, but also servicing customers, collaborating with business partners, and conducting electronic transactions within an organization best defines

    A) e-commerce.
    B) e-business.
    C) e-government.
    D) e-tailing.

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2. Depending on the degree of digitization, EC can take several forms including
    A) The ordering system, processing, and shipping method.
    B) The business process, the collaboration, and the transaction.
    C) The payment method, the delivery method, and the production method.
    D) The marketing channel, the agent, and the collaboration method.

3. Organizations that conduct their business activities solely online are
    A) click-and-mortar organizations.
    B) pure-play organizations.
    C) brick-and-mortar organizations.
    D) Unrestricted commerce organizations.

4. Organizations that conduct some e-commerce activities, usually as an additional marketing channel, are
    A) brick-and-mortar organizations.
    B) Value-added organizations.
    C) pure-play organizations.
    D) click-and-mortar organizations.

5. A corporate or government network that uses Internet tools, such as Web browsers, and Internet protocols best defines
    A) Social network.
    B) Extranet.
    C) Intranet.
    D) e-market.

6. An online marketplace where buyers and sellers meet to exchange goods, services, money, or information best defines
    A) Electronic marketplace.
    B) Farmers market.
    C) Digital marketplace.
    D) Webinar.

7. When Apple conducts online transactions with its trading partners, this is an example of
    A) B2B.
    B) B2C.
    C) e-CRM.
    D) EDI.

8. EC classifications include
    A) business-to-business.
    B) business-to-consumer.
    C) consumer-to-business.
    D) all of the above.

9. A business that provides some product or service to a client business that maintains its own customers best describes the E-commerce model of
    A) consumer-to-business.
    B) Intrabusiness EC.

C) business-to-business-to-consumer.

D) business-to-business.

10. Selling corporate products to one's employees is an example of

A) business-to-consumer.

B) Intrabusiness EC.

C) business-to-business-to-consumer.

D) Collaborative commerce.

11. A job opening in the Sales Department is posted on the company's intranet by the Human Resources Department. This is an example of

A) E2C.

B) B2S.

C) B2B.

D) B2E.

12. G2B occurs when

A) A government entity buys or provides goods, services, or information from or to individual citizens.

B) A government entity buys or provides goods, services, or information from or to businesses.

C) A government entity buys or provides goods, services, or information from or to other governments.

D) A government entity buys or provides goods, services, or information from or to nonprofit organizations.

13. Commercial activities conducted on Facebook best describes

A) Social commerce.

B) c-commerce.

C) business-to-consumer commerce.

D) f-commerce.

14. The e-commerce activities conducted in social networks and/or by using social software best describes

A) Virtual commerce.

B) Social commerce.

C) Consumer commerce.

D) Enterprise commerce.

15. The second generation of Internet-based services that lets people collaborate and share information online in new ways, such as social networks, wikis, communication tools, and folksonomies, best describes

A) Virtual Web.

B) Media Web.

C) Web 2.0.

D) Social Web.

16. A category of Internet applications that help connect friends, business partners, or individuals with specific interests by providing free services such as photo presentation, e-mail, blogging, and so on using a variety of tools best defines

A) Social networking.

B) Enterprise networks.

C) Community networks.

D) Intranets.

17. A major gateway through which employees, business partners, and the public can enter a corporate website best defines
    A) Corporate portal.
    B) Intranet.
    C) Extranet.
    D) Social network.

18. Boeing designing a product together with one of its business partners is an example of
    A) Collaborative commerce.
    B) business-to-business commerce.
    C) consumer-to-business commerce.
    D) business-to-employees commerce.

19. Reasons EC companies fail include
    A) Lack of financial skills.
    B) Little experience with marketing.
    C) Not ensuring they have the inventory and distribution setup to meet the fluctuating and increasing demand for their products.
    D) all of the above

20. According to……… model. An organization generates revenue by referring customers to other's companies' websites.
    A) Affiliate model.
    B) Subscriptions model.
    C) Sales model.
    D) Advertising model.

21) According to the _____ revenue model, customers pay a fixed amount, usually monthly, to receive some type of service.
    A) subscription fees
    B) transaction fees
    C) advertising fees
    D) affiliate fees

22) According to the _____ model, an organization can increase brand awareness or even generate sales by Web-based word-of-mouth marketing or promoting a product or service to other people.
    A) electronic tendering systems
    B) online direct marketing
    C) name-your-own-price
    D) viral marketing

23) Major barriers to EC include each of the following except
    A) competition.

    B) lack of potential customers.

    C) implementation difficulties.

    D) lack of technology skills

24) Benefits of EC to organizations include each of the following **except**

    A) cost reduction.
    B) closing the digital divide.
    C) supply chain improvements.
    D) efficient procurement.

25) Each of the following is a non-technological limitation of EC **except**

A) software development tools are still evolving.

B) lack of trust in EC and in unknown sellers hinders buying.

C) people do not yet sufficiently trust paperless, faceless transactions.

D) online fraud is increasing

Answer

True & false questions		
1	√	
2	X	Pure e-commerce
3	√	
4	X	Uses the internet
5	X	B2C
6	√	
7	√	
8	X	f-commerce
9	√	
10	X	f-commerce
11	√	
12	√	
13	√	
14	√	
15	√	
16	X	Pure and click and mortar organizations
17	X	Revenue model
18	X	Viral marketing
19	X	Affiliate Fees
20	√	

Choice	
1	B
2	A
3	B
4	D
5	C
6	A
7	A
8	D
9	C
10	B
11	D
12	B
13	D
14	B
15	C
16	A
17	A
18	A
19	D
20	A
21	A
22	D
23	A
24	B
25	A

Summary for chapter 2:

E-Commerce: Mechanisms, Infrastructures, and Tools

introduction

- ✓ E-commerce has many activities such as trading, entertainment, communicate and collaborate, learn. These activities to achieved require mechanism. For ex: trading requires e-catalog. Web2.0 tools and e-market place

1. What is the difference between marketplace and marketspace?

1) **Marketplace:** is a physical location of buyer and seller interaction. مكان مادي يتقابل فيه البائع والمشتري لتبادل السلع والمعلومات.

2) **Marketspace**: is online exchange environment that developed by many technologies. The buyers and sellers interact and transact in a virtual where direct physical communication is not required. موقع على الانترنت للبيع والشراء

   - ✓ **Note: Marketspace, E- marketplace, and virtual market are synonymous**
   - ✓ **Note: the volume of B2B e-commerce is bigger than the volume of B2c.**
   - ✓ **Marketspace has main four functions:**
       1. **Enabling transaction to occur.**
       2. **Enabling the flow of relevant information.**
       3. **Provide services associated with transactions. Ex: payment.**
       4. **Provide security services.**

2. The e-market place components

- o The major components and players in a marketspace are:
    1. **Customers**
    2. **Sellers**
    3. **Products and services**
        - ▪ **digital products**: Goods that can be transformed to digital format and delivered over the Internet.
    4. **Infrastructure:** include devices, servers, network
    5. **front end:** is the visual part of e-marketplace where customers can interact, including the seller's portal, electronic catalogs, a shopping cart, a search engine, and a payment gateway. الجزء المرئي من السوق الالكتروني الذي يستطيع المستخدم التعامل معه
    6. **Backend:** The activities that support online order fulfillment, inventory management, purchasing from suppliers, payment processing, packaging, and delivery. الجزء الذي لا يظهر للمستخدم
    7. **Intermediary:** A third party that operates between sellers and buyers

3. types of e-marketplaces

- ✓ An online market, usually B2B, in which buyers and sellers exchange goods or services. the three types of e-marketplaces are:
  - o **private (specific buyers and sellers)**.
  - o **Public**: any buyer and seller can use this e-marketplace.
  - o **Consortia: (transactions between members of the supply chain).**
- ✓ **E-marketplaces also can be classified into:**
  - o **sell-side e-marketplace: one seller and many buyers.** A private e-marketplace in which one company sells or customized products to many customers or companies. Ex: dell company   شركة واحدة تبيع الي العديد من العملاء
  - o **buy-side e-marketplace: one buyer and many sellers.** A private e-marketplace in which one company makes purchases from invited suppliers.
  - o **Webstore (storefront):** A single company's website where products or services are sold. الشركة التي تبيع منتجاتها من خلال الموقع الخاص بها. مثل شركة ديل
  - o **Microsites:** is a separate page of a Web site that has a separate URL to present details about a certain product. فصحة مستقلة لعرض تفاصيل عن منتج معين
  - o **e-mall (online mall):** An online shopping center where many online stores are located. **Types of stores and malls:**
    - ▪ **General stores/malls**
    - ▪ **Specialized stores/malls**
    - ▪ **Regional versus global stores**
    - ▪ **Pure-play versus click-and-mortar stores.**
  - o **Web (information) portal:** A single point of access, through a Web browser, to critical business information located inside and outside (via Internet) an organization. **There are many Types of Portals: Commercial (public) portals, Corporate portals, Publishing portals, Personal portals, mobile portal**.

4. The roles and value of intermediaries in e-marketplaces:

- ✓ **Brokers: a company that facilitates transactions between buyers and sellers**
- ✓ **Infomediaries:** Electronic intermediaries that provide and/or control information flow in cyberspace, often aggregating information and selling it to others.
- ✓ **e-distributor:** An e-commerce intermediary that **connects manufacturers with business buyers (customers)** by aggregating the catalogs of many manufacturers in one place—the intermediary's website.

5. The difference between disintermediation and reintermediation:

- ✓ **disintermediation:** Elimination of intermediaries between sellers and buyers (cutting out the middleman). الغاء الوسطاء

- ✓ **Reintermediation :enabling** new and existing intermediaries to become better-managed and more efficient. Services such as supplier search, product evaluation and price comparison.
- ✓ إعادة هيكلة الوسطاء بحيث يقدموا خدمات جديدة تناسب التجارة الالكترونية. مثال موقع booking للحجز الفنادق

6. Electronic Catalogs, Search Engines, and Shopping Carts

3) **e-catalog:** The presentation of product information in an electronic form; the backbone of most e-selling sites. It has many advantages:
   - ✓ Ease of updating. سهل اننا نحدثه بمنتجات او معلومات جديدة
   - ✓ Ability to be integrated with the purchasing process. يتكامل مع عملية الشراء في حساب الكمية والسعر
   - ✓ Coverage of a wide spectrum of products. يغطي عدد كبير من المنتجات
   - ✓ Interactivity
   - ✓ Customization
   - ✓ Strong search capabilities سهولة البحث فيه

4) **Search engine:**
   - ✓ **search engine:** A computer program that can access databases of Internet resources, search for specific information or key words, and report the results.

   - ✓ **Software (Intelligent) Agents:** Programs that work in the background without direct human intervention to carry out specific, repetitive, and predictable tasks for user, business process, or software application. برامج تعمل دون تدخل الانسان لتجيب علي أسئلة العملاء و قد تقوم بأداء بعض المهام
   - ✓ **Questions and Answers Online:** محركات بحث للإجابة علي الاسئلة
   - ✓ **Voice-Powered Search:** محرك بحث صوتي
   - ✓ **Visual Shopping Search:** is a search engine designed to search for information on the World Wide Web through the input of an image. البحث بالصور

5) **electronic shopping cart :**An order-processing technology that allows customers to **accumulate items** they wish to buy while they continue to shop. العربة التي تمكن العملاء من تجميع الطلب الكترونيا

7. Auctions

what are actions?

8. **An auction is a competitive process of buying and selling goods or services by offering them for bidding**—allowing people to bid and selling to the highest bidder (forward auctions).

o **dynamic pricing:** Prices that change based on supply and demand relationships at any given time. طريقة التسعير المتغير بناء على العرض والطلب

o **Limitations of Traditional Offline Auctions:**

1. The **rapid process** may give potential buyers little time to decide. لا ياخد المشترين الوقت الكافي لاتخاذ القرار

2. Bidders do not have much time to **examine the goods**. المشاركين لا يكون لديهم وقت لفحص البضائع

3. Bidders must usually be **physically present** at auctions. المشاركين لابد من حضورهم

4. Difficult for sellers to move goods to an auction site. صعوبة نقل البضائع لمكان المزاد

5. **Commissions are high**. العمولات علي المزاد تكون مرتفعة

o **e-auctions :** an e-business between auctioneers and bidders, which takes place on an electronic marketplace. مزاد الكتروني يتم من خلال الانترنت

o **types of actions**

1. forward auction المزايدة	2. reverse auction المناقصة
One seller	One buyer
Many buyers	Many sellers
An auction in which a seller entertains bids from buyers; bidders **increase price sequentially**. المزاد بقوم على فكرة زيادة السعر ويفوز صاحب اعلي سعر	Auction in which the buyer places an item for bid (tender) on a request for quote (RFQ) system, potential suppliers bid on the job, with the **price reducing sequentially**, **and the lowest bid wins; primarily a B2B or G2B mechanism**

3. name-your-own-price model: Auction model in which a would-be **buyer specifies the price** (and other terms) he or she is willing to pay **to any willing and able seller;** **this action model based on C2B. EX Priceline.com.** هو احد اشكال المزادات التي يقوم فيها **المشتري بتحديد السعر ويقوم البائع القادر بالاستجابة.**

8. Bartering, and Negotiating Online:

1. **Online bartering** المقايضة
   - **Bartering:** The exchange of goods and services without the exchange of money. تبادل السلع والخدمات بدون مال
   - **e-bartering (electronic bartering):** Bartering conducted online, usually in a bartering exchange.
   - **bartering exchange:** A marketplace in which an intermediary arranges barter transactions.

2. **Online negotiating**—Three factors may facilitate online negotiation:
   - The products and services that are **bundled and customized**. تجميع السلع والخدمات
   - The computer technology that facilitates the negotiation process. تكنولوجي تساعد في عملية التفاوض
   - The software (intelligent) **agents that perform searches and comparisons**, thereby providing quality customer service and a base from which prices can be negotiated. وجود برامج تقوم بعملية المقايضة من خلال مقارنة الأسعار

9. Impacts of EC on manufacturing

- Build-to-Order Manufacturing
  - **build-to-order (pull system):** A manufacturing process that starts with an order (usually customized). Once the order is paid for, the vendor starts to fulfill it
  - Real-Time Demand-Driven Manufacturing
  - Virtual Manufacturing
  - Assembly Lines
- Impacts on Finance and Accounting
- Impact on Human Resources Management and Training

True or false

1) A dashboard is a graphical display of performance results.

 Answer: TRUE

3) Intermediation is the process of buying materials, products, and services directly from suppliers, distributors, or the government.

Answer: FALSE

4) Dynamic pricing is the most common way customers purchase items online.

Answer: FALSE fixed pricing

5) The emergence of electronic marketplaces has resulted in lower information search time and costs for buyers.

Answer: TRUE

6) In marketing, an intermediary is a third party that operates between manufacturers and buyers. Intermediaries of all kinds offer their services on the Web.

Answer: TRUE

7) Individuals are the largest consumers, accounting for more than 85 percent of EC volume and value activities.

Answer: FALSE businesses

8) Disintermediation is the elimination of intermediaries between sellers and buyers.

Answer: TRUE

9) Travelers using airline Web sites to book their flights directly, without the use of travel agents, is resulting in the reintermediation of travel agents.

Answer: FALSE

10) A single-sided e-marketplace is a private e-marketplace in which one company makes purchases from invited suppliers.

Answer: FALSE buy side e-marketplace

11) Private and public are two types of e-marketplaces. Answer: TRUE

12) Microsite refers to a page or pages that are meant to function as an auxiliary supplement to a primary website. Answer: TRUE

13) A Web portal is a single point of access, through a Web browser, to critical business information loaded inside and outside (via Internet) an organization.

Answer: TRUE

14) Pure-play stores sell only one or a few kinds of products. Answer: FALSE

15) The two major types of online intermediaries are infomediaries and negotiators. Answer: FALSE

16) A desktop search is conducted by tools that search only the contents of the user's own computer files.

Answer: TRUE

17) Search engines not only "search and match," but also have capabilities that can be used to perform routine tasks that require intelligence.

Answer: FALSE agent

18) Shopping carts for B2B are fairly simple, but a shopping cart for B2C may be more complex.

Answer: FALSE

23) An electronic shopping cart is an order-processing technology that allows customers to accumulate items they wish to buy while they continue to shop.

Answer: TRUE

24) An auction is a competitive process and market mechanism that uses a competitive process by which a seller solicits consecutive bids from buyers or a buyer solicits bids from sellers.

 Answer: TRUE

25) Forward auctions are bidding or tendering systems in which the buyer places an item for bid on a request for quote (RFQ) system; then potential suppliers bid on the job, with the price reducing sequentially, and the lowest bid wins.

 Answer: FALSE reverse auction

26) Reverse auctions are primarily B2C.

 Answer: FALSE B2B

28) E-auctions are becoming less important selling and buying channels for companies and individuals.

Answer: FALSE

29) The major limitations of e-auctions are minimal security, possibility of fraud, and a limited participation.

Answer: TRUE

31) Bartering is the exchange of goods and services. Answer: TRUE

32) Twitter is a free microblogging service that allows its users to send and read other users' updates.

Answer: TRUE

33) E-marketplaces, shopping carts, e-catalogs, and auctions are the major Web 2.0 mechanisms.

Answer: FALSE

34) An auction is the most popular type of virtual community.

Answer: FALSE social network

choice

1) The entertainment EC activity is supported by

 A) Web 2.0 tools. B) e-auctions. C) electronic markets.   D) storefronts.

Answer: A

2) EC activities include

 A) trading, buy, sell, and exchange.

 B) communicate, collaborate, and learn.

 C) improve performance.

 D) all of the above

. Answer: D

3) Traditional and electronic markets have three main functions, which include each of the following except

 A) matching buyers and sellers.

 B) facilitating the exchange of information, goods, services, and payments associated with market transactions.

C) financing the transformation of raw materials into finished products.

D) providing an institutional infrastructure, such as a legal and regulatory framework that enables the efficient functioning of the market.

 Answer: C

4) **An online market, usually B2B, in which buyers and sellers exchange goods or services best defines**

A) cybermarket. B) e-marketplace. C) auction site. D) cyberstore.

 Answer: B

5) **The emergence of electronic marketplaces changed several of the processes used in trading and supply chains including**

A) lowering information search time and cost for buyers.

B) the ability of buyers, sellers, and the virtual market to each be in a different location.

C) the ability for EC to leverage capabilities with increased effectiveness and lower transaction and

distribution costs, leading to more efficient "friction-free" markets. D) all of the above.

Answer: D

6) **The portion of an e-seller's business through which customers interact, including the seller's portal, electronic catalogs, shopping cart, and payment gateway is referred to as the _____ of the**

business.

 A) front end B) back end C) infrastructure D) intermediary

Answer: A

7) Each of the following is a major component and player in a marketspace except

A) auctions. B) products and services. C) infrastructure. D) front end. Answer: A

8**) Activities related to order aggregation and fulfillment, inventory management, purchasing from suppliers, accounting and finance, packaging, and delivery are done in what is termed the _____ of the business.**

 A) front end B) back end C) infrastructure D) intermediary Answer: B

9) **The elimination of various types of agents that mediate between buyers and sellers, such as travel and insurance agents, is referred to as**

A) automation. B) disintermediation. C) remediation D) e-distribution. Answer: B

12) Each of the following is a true statement about public e-marketplaces except

A) public marketplaces are usually B2B markets.

B) public marketplaces are often owned by a third party.

C) public marketplaces are not regulated by the government.

D) public marketplaces serve many sellers and buyers.

 Answer: C

13) The major _____ mechanisms are storefronts and Internet malls.

A) B2B   B) C2B   C) B2B2C   D) B2C Answer: D

14) An electronic storefront includes several mechanisms that are needed for conducting the sale. The most common mechanisms include each of the following except

A) electronic catalog. B) search engine. C) supply chain. D) payment gateway. Answer: C

15) Types of stores and malls include

A) general stores/malls.

B) specialized stores/malls.

C) pure-play stores.

D) all of the above. Answer: D

16) A(n) _____ is a single point of access, through a Web browser, to critical business information located inside and outside (via Internet) an organization.

A) browser   B) intermediary   C) Web portal   D) search engine Answer: C

17) Electronic intermediaries that provide and/or control information flow in cyberspace, often aggregating information and selling it to others, best defines

A) infomediaries. B) knowledge managers.   C) metamediary.   D) Webstore.

Answer: A

18) An e-commerce intermediary that connects manufacturers with business buyers (customers) by aggregating the catalogs of many manufacturers in one place best describes

A) electronic catalog. B) e-distributor.   C) metamediary.   D) broker. Answer: B

20) Which is not a popular search engine?

A) Google B) Linux C) AltaVista D) Lycos Answer: B

21) An order-processing technology that allows customers to accumulate items they wish to buy while they continue to shop best defines

A) intelligent agent. B) e-fulfillment agent. C) electronic shopping cart. D) mobile portal. Answer: C

22) Prices that change based on supply and demand relationships at any given time best defines

A) dynamic pricing. B) commodity pricing. C) pre-shopping. D) negotiation. Answer: A

23) An auction in which a seller entertains bids from buyers, and the bidders increase price sequentially best defines

A) forward auctions. B) reverse auctions. C) bidding auction system. D) tendering system. Answer: A

24) An auction in which the buyer places an item for bid on a request for quote system, potential suppliers bid on the job, with the price reducing sequentially, and the lowest bid wins; this describes

A) forward auctions. B) reverse auctions. C) bidding auction system. D) tendering system. Answer: B

26) A formal auction in which participants pay a nonrefundable small fee for each bid, and the bid level changes by small increments. This defines

A) reverse auction. B) charge-by-bid auction. C) forward auction. D) penny auction.

Answer: D

29) A marketplace in which an intermediary arranges barter transactions best defines

A) bartering exchange. B) forward auction. C) blog. D) Web portal. Answer: A

30) Which of the following is a social software tool?

A) auctions B) blogs C) shopping carts D) e-catalogs Answer: B

37) Facebook, LinkedIn, and catster.com are examples of

A) gender communities B) communities of practice. C) virtual worlds. D) social network sites. Answer: D

Chapter 10: Electronic Commerce Payment Systems

1. Critical factors of e-payment method achieve critical mass

1. **Independence:** Most forms of e-payment require the merchant to install specialized software and hardware to authorize and process a payment. يعني كل ما كانت طريقة الدفع لا تحتاج الي اي برامج او هارد وير كل ما كان احسن.

2. **Interoperability and Portability:** An e- payment method must be integrated with existing information systems. كل ما كانت طريقة الدفع بتتكامل مع النظم الموجودة كل ما كان افضل.

3. **Security. How safe is the transfer?** كل ما كانت طريقة الفع بتضمن امان تحويل الفلوس كل ما كانت انجح.

4. **Anonymity:** كل ما كانت طريقة الدفع بتحفي بيانات وهوية المستخدم كل ما كانت انجح.

5. **Divisibility:** كل ما كانت تقدر علي معاجة المدفوعات الصغيرة كل ما كانت انجح

6. **Ease of Use:**

7. **Transaction Fees:** انخفاض تكلفة استخدامها كل ما كانت انجح

8. **International Support:** كل ما كانت بتدعم الاستخدام الدولي كل ما كان افضل

9. **Regulations:** Any changes or new methods need approval of the regulators.

2. Payment Cards Online

- **payment card**

  Electronic card that **contains information that can be used for payment purposes.**

  1. **Credit cards**: enables its holder to charge items (**and pay later**), or obtain cash up to the cardholder's **authorized limit**. holders are **charged interest** if the balance is not paid in full by the due date. Most credit cards do not have an annual fee. تسمح بطاقة الائتمان لحاملها بشراء منتجات او الحصول علي مبلغ معين وفقا لحد مسموح به ثم سدادها للبنك في تاريخ الاستحقاق.

  2. **Charge cards:** These are special credit cards where the balance must be paid in full by the due date and usually have annual fees. تشبة بطاقة الائتمان الا ان الرصيد لابد ان يسدد بالكامل في تاريخ الاستحقاق ولها مصاريف سنوية.

  3. **Debit cards:** Payments made with a debit card are withdrawn from the holder's checking or savings account.

3. PROCESSING CARDS ONLINE

1. **Authorization:** Determines whether a buyer's card is active and whether the customer has sufficient fund. يتم التاكد من بيانات حامل البطاقة ومن الرصيد المتاح

2. **Settlement:** Transferring money from the buyer's to the merchant's account. مرحلة التسوية وتحويل الاموال من رصيد المشتري الي البائع.

4. Three basic configurations for processing online payments. The EC merchant may:

1. **Own the payment software** التاجر يكون عنده نظام الدفع الخاص به

2. **Use a point-of-sale system (POS) operated by an acquirer**

يتم فيها تحديد المنتجات يود شرائها على نحو ملموس أو بعرضها على عربة التسوق الرقمية، يليها حساب نقطة البيع إجمالي سعر هذه المنتجات؛ بما في ذلك الضرائب والمصروفات الأخرى أو الخصومات، وعليه يدفع الزبون نقداً أو باستخدام بطاقات الائتمان

3. **payment service provider (PSP)**

   A third-party service connecting a merchant's EC system to the appropriate acquiring bank or financial institution; PSPs must be registered with the various card associations they support. طرف ثالث يدير عملية الدفع بين البائع والمشتري.

5. Key tools used in combating fraud :

1. **Address Verification System (AVS):** which detects fraud by comparing the address provided by the buyer at checkout with the address on file.

2. **Manual review**

3. **Fraud screens and automated decision models**: These tools are based on automated rules that determine whether a transaction should be accepted, rejected, or suspended.

4. **card verification number (CVN):** Detects fraud by comparing the verification number printed on the signature strip on the back of the card with the information on file with the cardholder's issuing bank

5. **Card association payer authentication services** طورت شركات البطاقات

مجموعة جديدة من خدمات تحديد هوية الدافعين) مثل Verified by Visa
MasterCard SecureCode).و

6. **Negative lists**

قاعدة بيانات لأرقام البطاقات تُستخدم لتجنب المزيد من الاحتيال من المخالفين المتكررين

6. Smart Cards

- An electronic card containing an **embedded microchip** that enables predefined operations or the addition, deletion, or manipulation of information on the card.
- **TYPES OF SMART CARDS**
    1. **contact card**
       A smart card containing a small gold plate on the face that when **inserted in a smart card reader makes contact** and passes data to and from the embedded microchip.
    2. **contactless (proximity) card**
       A smart card with an embedded antenna, by means of which data and applications are passed to and from a card reader unit or other device **without contact between the card and the card reader.**
- **smart card reader:** Activates and reads the contents of the chip on a smart card, usually passing the information on to a host system. الجهاز اللي بنستخدمه عشان نعرف معلومات الكارت
- **smart card operating system:** Special system that handles file management, security, input/output (I/O), and command execution and provides an application programming interface (API) for a smart card. هو نظام التشغيل الذي يتم الاعتماد عليه للتعامل مع الكارت الذكي
- **APPLICATIONS OF SMART CARDS**
    o **Retail Purchases**
    o **Transit Fares**

7. stored-value card

- A card that has monetary value loaded onto it and that is usually rechargeable. هي كارت يتم شحنه بقيمة نقدية معينة
- Stored-value cards come in two varieties:

- o **Closed loop are single-purpose** cards issued by a specific merchant or merchant group. يتم استخدامها مع موقع او تاجر معين او مجموعة من التجار وليس لجميع الاغراض
- o **Open loop are multipurpose cards** that can be used to make debit transactions at a variety of retailers. يتم استخدمها لجميع الاغراض

8. e-micropayments

- Small online payments, **typically under $10**
- Five basic micropayment models that do not depend solely or directly on credit or debit cards
  1. **Aggregation:** يتم تجميع المشتريات ودفع مرة واحدة
  2. **Direct payment:** micropayments are processed with an existing monthly bill (e.g., a mobile phone bill).
  3. **Stored value:** يتم الدفع من خلال القيم المخزنة
  4. **Subscriptions:** A single payment (e.g., monthly) provides access to content.
  5. **À la carte:** Payments are made for transactions as they occur

9. e-check

- **A legally valid electronic version or representation of a paper check**

- **Automated Clearing House (ACH) Network**

  A nationwide batch-oriented electronic funds transfer system that provides for the interbank clearing of electronic payments for participating financial institutions.

  شبكة المقاصة الآلية(ACH)

  نظام تحويل أموال إلكتروني على مستوى البلاد، موجه للدفعات، يوفر مقاصة بين البنوك للمدفوعات الإلكترونية للمؤسسات المالية المشاركة

10.   Mobile Payments

- payment transactions initiated or confirmed using a person's cell phone or smartphone.
- **MOBILE PROXIMITY PAYMENTS:**

ⅰ. used for making purchases in physical stores or transportation services
ⅱ. involve a special mobile phone equipped with an integrated chip or smart card

- **MOBILE REMOTE PAYMENTS**
  ⅰ. The payer initiating the payment sets up an account with a mobile payment service provider (MPSP). Like Vodafone cash

11. B2B Electronic Payments

enterprise invoice presentment and payment (EIPP) Options

- **ACH Network**
- **purchasing cards (p-cards):** Special-purpose payment cards issued to a company's employees to be used solely for **purchasing nonstrategic materials and services up to a preset dollar limit.**
- **Fedwire or Wire Transfer**: is a U.S. government (Federal Reserve Bank Services) funds transfer system.
- **letter of credit (L/C)**

    A written agreement by a bank to pay the seller, on account of the buyer, a sum of money upon presentation of certain documents. اتفاق مكتوب بين البنك لدفع مبلغ من المال للبائع على حساب المشتري عند تقديم مستندات معينة.

True & False Questions:

1. An electronic card containing an embedded microchip that enables predefined operations, or the addition, deletion, or manipulation of information on the card. → contact card.

(x) It should be → smart card

2. A legally valid electronic version or representation of a paper check. → settlement.

(x) e-check

3. A nationwide batch-oriented electronic funds transfer system that provides for the interbank clearing of electronic payments for participating financial institutions. → contactless (proximity) card.

(x) (x) Automated Clearing House (ACH) Network

4. A third-party service connecting a merchant's EC system to the appropriate acquiring bank or financial institution. PSPs must be registered with the various card associations they support. → payment service provider (PSP).

   True

5. Small online payments, typically under $10. → e-micropayments

   true

6. Special system that handles file management, security, input/output (I/O), and command execution and provides an application programming interface (API) for a smart card. → Address Verification System (AVS). (x) It should be → smart card operating system

7. A written agreement by a bank to pay the seller, on account of the buyer, a sum of money upon presentation of certain documents. → smart card reader (x) letter of credit (L/C)

8. PayPal requires the recipient of a payment to have a PayPal account to receive funds. T

9. The success of an e-payment method depends on its interoperability with existing enterprise systems and applications. T

10.

Multiple Choice

1. A smart card with embedded antenna, by means of which data and applications are passed to and from a card reader unit or other device without contact between the card and the card reader.

   A. <u>Contactless card.</u>

   B. Contact card.

   C. Smart card reader

D. Smart card operating system

2. A card that has monetary value loaded onto it and that is usually rechargeable.

   A. Smart card reader.

   B. Payment cards.

   C. Authorization

   D. <u>Stored- value- card</u>.

3. Special system that handles file management, security, input/output (I/O), and command execution and provides an application programming interface (API) for a smart card.

   A. Purchasing cards.

   B. Address verification system.

   C. Letter of credit (l \ c).

   D. <u>Smart card operation system</u>.

4. Activates and reads the contents of the chip on a smart card, usually passing the information on to a host system.

   A. Stored – value – card.

   B. <u>Smart card reader</u>

   C. Contact card.

   D. Smart card.

5. A smart card containing a small gold plate on the face that when inserted in a smart reader makes contact and passes data to and from the embedded microchip.

   A. Contactless

   B. Payment card

   C. <u>Contact card</u>

D. Smart card

6. Transferring money from the buyer's to the merchant's account.

   A. <u>Settlement.</u>

   B. E- micropayment.

   C. E- check

   D. Authorization.

7. Determines whether a buyer's card is active and whether the customer has sufficient funds.

   A. Payment card.

   B. <u>Authorization</u>

   C. Smart card reader

   D. Stored -value- card

8. The E-payment mechanism widely used in B2B is

   a. Credit card

   b. Debit card

   c. Master card

   d. <u>E-cheque</u>

9. Which one is also known as plastic money?

   a. <u>Credit card</u>

   b. Debit card

   c. Paper cash

   d. All of the above

10. E-cheques are …………………

    a<u>. Prepaid</u>

    b. Postpaid

c. Both prepaid and postpaid

11.In the United States, the primary form of online payment is:

A) PayPal.

B) credit cards.

C) debit cards.

D) Google Wallet.