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| **Unit Code:** | ENSN201 |
| **Type of Assessment:** | Formative Assessment |
| **Length/Duration:** | One page of answer |

**Week 7**

**Title:** The Importance of the Internet for E-commerce

**Watch the video at**  <https://youtu.be/-ZAznOtqaiY?si=OwAqEoH2rmdvTjKS>

**Summary:**In this video, you will learn more about the fundamental technology powering e commerce and its role in serving and retaining customers.

**Case:**The Internet is one of the fundamental technologies powering all of e-commerce. Defined

as a worldwide network of computer networks built on common standards, the Internet has become the foundation for all business in the modern world. Sending and receiving e-mail, completing financial transactions, purchasing retail goods, reading the news, and countless other tasks are now performed using the Internet.

Needless to say, the major mobile device manufacturers have a major stake in the development of this technology, and all of the major players have developed mobile payment services for use with their smartphones. Google was a frontrunner with its Google Wallet app (now being used as a peer-to-peer payment app similar to Venmo) and its successor, Android Pay. In 2014, Apple joined the fray with Apple Pay, and in 2015 Samsung released Samsung Pay. PayPal also continues to promote its own mobile payment app, and many larger retailers like Wal-Mart and CVS are working on proprietary payment systems.

With the potential market already in the billions, these companies are all jockeying for as big of a share as they can get. Although the principles behind mobile payment are roughly the same, each of these services works in a slightly different way.

Although Google was first to market, Apple Pay has gotten off to a more promising start. Apple Pay works with most major credit cards and even with in-app purchases for many other mobile apps. However, currently, to use Apple Pay both within stores and within apps, you must have either an iPhone 6 or more recent model.

To respond to Apple Pay, Google rolled out Android Pay. Android Pay is built on the same NFC technology that underpinned Google Wallet and Apple Pay.

Samsung Pay is once again similar to these other services, with one critical difference—Samsung Pay allows users to make payments using traditional swipe-based platforms. Using a technology known as Magnetic Secure Transmission (MST), Samsung Pay can simulate the actual swiping of a card just by holding your phone near the card reader. This gives Samsung Pay a much greater reach among smaller retailers, which are less likely to support NFC payments at the present time. Still, Samsung Pay works with fewer banks and credit cards than other services, and is currently restricted to U.S. models of Samsung phones

using a major carrier.

PayPal offers an alternative that isn’t tied to any individual platform, with versions for iOS, Android, and Windows phones. PayPal has the advantage of recognition within the payment marketplace, earned over a period of 15 years processing all types of online payments. PayPal’s traditional advantage has been its direct link with checking accounts, which allows it to avoid typical credit card processing fees. PayPal has an opportunity to become the dominant global payment system, usable on all platforms. On the other hand, PayPal has mostly focused on online transactions and online vendors, whereas the other mobile payment systems are primarily concerned with in-person transactions.

With mobile payment systems only just now picking up steam, it’s sure to be an action packed next few years as each of these players jockey for position in the booming mobile payments market. There may also be opportunities for other mobile payment revenue streams, such as embedding location-based advertising within mobile payment apps. Harnessing the steady stream of purchasing data generated by an increasing number of mobile payments will only add to the eventual size of this marketplace.

**Answer the following questions:**

1. What are some examples cited in the video as to how a customer might use the Internet?

Ans:

**Examples of Customer Internet Usage**

Customers leverage the Internet for diverse transactional and engagement activities, as highlighted in the case study and video:

* **Purchasing retail goods**: Online platforms like Amazon and eBay enable customers to buy electronics, apparel, and groceries globally. The case study emphasizes mobile payment systems (e.g., Apple Pay, Samsung Pay) that streamline these transactions using NFC and MST technologies.
* **Music downloads**: Digital stores like iTunes or streaming services (Spotify) allow users to access music instantly, a trend accelerated by micropayment systems for small-value purchases.
* **Mobile payments**: Systems like Apple Pay (NFC-based) and Samsung Pay (MST-enabled) facilitate contactless in-store and in-app purchases, catering to both large retailers and smaller businesses.
* **Social media engagement**: Platforms like Instagram and Facebook enable direct purchases via integrated shopping features, aligning with the video’s emphasis on social media as a digital influence tool.
* **Bill payments**: Electronic bill presentment systems (e.g., bank portals) allow users to pay utilities or subscriptions online, reducing reliance on paper checks. The case study notes that 70% of bills previously paid by check are now processed electronically, saving time and resources.

2. Why is a company’s web presence important for attracting and retaining new customers?

Ans:

**Importance of Web Presence for Customer Attraction and Retention**

A robust web presence is critical for businesses due to its role in:

* **Global visibility**: Websites and social media profiles ensure 24/7 accessibility, enabling businesses like Wal-Mart to reach international audiences. The case study highlights PayPal’s global payment processing as a key advantage for cross-border transactions.
* **Brand credibility**: Professional websites with secure payment gateways (e.g., Stripe) build trust. For example, Apple Pay’s integration with major credit cards reassures customers during transactions, reducing cart abandonment.
* **Customer engagement**: Real-time interaction via Twitter or Facebook, as noted in the video, fosters loyalty. The case study’s discussion of mobile banking apps (e.g., deposit-by-scan features) further illustrates how digital tools enhance user experience.
* **Competitive advantage**: SEO optimizes search rankings, as emphasized in the video. The case study’s example of BNPL (Buy Now, Pay Later) adoption in Australia shows how tailored web strategies (e.g., targeted ads) attract millennials.
* **Operational efficiency**: Digital wallets (e.g., Google Wallet) reduce reliance on physical cards, while automated fraud detection systems (e.g., CVN verification) minimize chargebacks, as discussed in the case study.

3. According to the video, how important are web applications?

Ans:

Web applications are foundational to e-commerce, addressing both opportunities and challenges:

* **Payment processing**: Apps like PayPal and Apple Pay enable secure, multi-currency transactions. The case study notes PayPal’s direct link to checking accounts, avoiding credit card fees, while Samsung Pay’s MST technology bridges compatibility gaps for smaller retailers.
* **Fraud prevention**: Tools like CVN checks and AI-driven scoring services (mentioned in the case study) mitigate risks in "card-not-present" transactions. For example, three-dimensional secure (3DS) protocols add authentication layers.
* **Customer convenience**: Mobile banking apps (e.g., deposit-by-photo features) and digital wallets streamline interactions. The video’s emphasis on email marketing aligns with apps like Mailchimp, which segment audiences and automate campaigns.
* **Emerging trends**: BNPL services (e.g., After pay in Australia) cater to younger demographics, while blockchain-based systems (e.g., Bitcoin) offer decentralized alternatives, despite challenges like double-spending risks highlighted in the case study.
* **Security challenges**: Phishing attacks targeting PayPal users (case study example) underscore the need for robust encryption and user education. Solutions like biometric authentication in Apple Pay balance convenience with security.

Web applications thus drive innovation while addressing critical issues like fraud, scalability, and user trust, ensuring businesses remain competitive in a rapidly evolving digital landscape.

**Marking Guide (Rubric):**

**Total Marks: 20**

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| **Marking Criteria** | **Lecturer Expectation** | **Marks** | **Comments** |
| Analysis | Questions answered and covered in Depth |  |  |
| Concept | Demonstrates good understanding of key concepts |  |  |
| Idea | Original and creative thoughts |  |  |
| Critical Analysis | Critical and evaluative analysis of relative importance of issues |  |  |