

UNIVERSITY OF ESWATINI

DEPARTMENT OF BUSINESS ADMINISTRATION

MAIN EXAMINATION PAPER

NOVEMBER, 2021

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TITLE OF PAPER : ELECTRONIC COMMERCE  
COURSE CODE : BUS 426FULL TIME/ BA 431 IDE  
TIME ALLOWED : THREE (3) HOURS  
INSTRUCTIONS: 1. THE NUMBER OF QUESTIONS IN THIS PAPER = SIX (6)  
2. SECTION A IS COMPULSORY.  
3. ANSWER ANY THREE (3) QUESTIONS IN SECTION B  
4. THE MARKS TO BE AWARDED FOR EACH QUESTION ARE INDICATED  
ALONGSIDE THE QUESTION.

NOTE: MARKS WILL BE AWARDED FOR GOOD COMMUNICATION IN ENGLISH, AS WELL AS FOR ORDERLY AND NEAT PRESENTATION OF WORK. FURTHER MARKS WILL BE AWARDED FOR USE OF RELEVANT EXAMPLE.

SPECIAL REQUIREMENTS: NONE

THIS PAPER IS NOT TO BE OPENED UNTIL PERMISSION HAS BEEN GRANTED BY THE INVIGILATOR.

## SECTION A

Rod and Martha Nelson started The Moose Hut (TMH), a gift shop in Calgary, Alberta, more than 15 years ago. The Nelsons have capitalized on the tourist trade drawn by the Calgary Stampede, which is one of the largest rodeos in the world. The shop sells a wide range of Canadian-themed items to rodeo fans and other tourists who visit central Alberta throughout the year. TMH's offerings range from inexpensive food items, such as pure Canadian maple syrup and smoked salmon, to much more expensive handcrafted gifts, including Inuit and First Nations artwork. The company's trademark product, the Moose Mug, is one of its biggest-selling items.

Many of TMH's customers return to the store whenever they visit Calgary. TMH's line of Canada Day Party Favours is especially popular with homesick Canadians who have moved to other countries, and TMH has been selling those products by mail order for the past several years. After reviewing the sales numbers for these mail order items, Martha has decided that it might be a good idea to expand the mail order operation and begin accepting orders through a Web site. Many of the store's items have a high value-to-weight ratio and would be easy to ship to customers around the world.

TMH currently accepts only checks denominated in Canadian or U.S. currency in its mail order operation; however, taking orders on a Web site will probably require the company to be more flexible in accepting multiple payment methods. Rod and Martha asked you to help them examine payment processing alternatives for TMH's new Web business.

To be acceptable, a payment processing method needs to handle all major credit cards, perform currency conversions, and be available to a Canadian merchant. Most important is that the payment processing method must be reasonably priced. The margins on most gift items at TMH are between 10 percent and 30 percent of the selling price, but the extra costs of shipping and handling items sold through the Web site will reduce those margins. TMH would like to keep the payment processing costs below 4 percent of the selling price, if possible.

### Question 1

Identify at least three payment processing options that might be suitable for TMH. Write a report in which you describe each of the three payment processing options. Include specific advantages and disadvantages for each option. 20 marks

### Question 2

Write a memorandum in which you make a specific recommendation to Rod and Martha. Include an explanation of the reasons for your recommendation. 20 marks

## SECTION B

### Question 1

Discuss any five (5) primary revenue models used by e-commerce firms.

- a Revenue business model
- b transaction fee revenue model
- c sales revenue model
- d affiliate revenue model
- e advertising revenue model
- f subscription revenue model

20 marks

### Question 2

Who are the major players in an industry value chain and how are they impacted by e-commerce technology? 20 marks

### Question 3

Identify and discuss the five steps in developing an e-commerce security plan. 20 marks

### Question 4

Explain how using EDI can lead to supply chain efficiencies. Include in your discussion the merits of using either direct connection or VAN based EDI and how a company would choose between these approaches. 20 marks

### Question 5

Identify three (3) fraud practices in which a seller might engage in auction. How can buyers protect themselves? Be specific. 20 marks