

E-learning course on Digital Marketing and E-commerce

MODULE 4: SETTING UP E-COMMERCE BUSINESS



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4.1. Understanding payment gateways

- A payment gateway is a technology used by the merchants handling the e-commerce business to approve the credit card, debit card, or direct payments required for online sales.
- Online payments are an integral part of e-commerce. The customers are buying online through debit or credit cards and various other modes like Unified Payments Interface (UPI), net banking, wallets, etc. It allows a customer to buy goods and services online from all over the world, and payments are received online by the supplier of goods and services in their bank accounts.
- It helps by encrypting all the information like bank account particulars and card details to get the transactions done through the merchant's web portal.
- Payment gateways help in saving costs and time and also convenience of payment acceptance from various customers through diverse modes. Further, for the entrepreneur, payment acceptance is much faster than conventional methods of payment.



How does a payment gateway work?

- **Step 1:** When the customer clicks "Buy now" or "Pay now" or any similar payment button, the next step allows the user to enter all the related information like name, address, delivery details, and bank details, by which the transaction has to be made.
- **Step 2:** Once the payment gateway receives the information, then it takes user to the page of issuing bank asking for the transaction to be authorised. Once the payment gateway gets the approval for the transaction, it checks with the bank whether the customer has sufficient balance to make the payment.
- **Step3:** The payment gateway sends a message to the merchant bank accordingly. If the reply from the bank is a "No", then the bank subsequently sends an error message to the customer, stating payment not being processed. If the response is a "Yes" from the bank portal, then the payment gateway seeks the transaction from the bank
- **Step 4:** The customer gets One Time Password (OTP) on his/her mobile number or e-mail. Once the customer enters valid OTP, the bank accepts the payment which in turn will be settled with the merchant. The customer then gets a confirmation message/email about the payment and confirmation of order.



Payment methods through payment gateways

Some of the popular payment methods accepted through the payment gateway are:

- **Credit/Debit card payments:** By enabling payment acceptance via cards, merchants can reach out to an international markets.
- **Net Banking:** Net banking, also known as online banking or e-banking or internet banking, is a facility offered by banks that allow customers to use banking services over the internet. Customers need not visit their bank's branch office to make transactions.
- **UPI:** Accept payments via UPI without glitches of handling SMS notifications or remembering your Virtual Payment Address (VPA). UPI allows you to pay directly from your bank account to different merchants without the hassle of typing your card details, or net banking/wallet password
- **Digital wallets (e-wallets):** refers to an electronic device, online service, or software program that allows one party to make electronic transactions with another party bartering digital currency units for goods and services



4.2. Pricing the products/services for online sale and preparing the catalogue

- Product pricing plays a very important role in running a successful business. Pricing your products appropriately creates a strong foundation for augmenting the customer base for future business.
- As there is no formula-based approach that suits all types of products, one can use different strategies for pricing products such as Target Return Pricing (Profit oriented), Lead generation model (Promotion oriented), Competitive pricing (Long term benefits-oriented).
- Points to take into consideration while preparing the product and price catalogue :
 - Page size and orientation of your catalogue should be given attention.
 - Use original and clear images in the catalogue as it has a better impact.
 - Product details and other information should be displayed clearly in the catalogue.
 - Color combination of catalogue should be chosen wisely, as color combination acts as a first impression of the catalogue to customers.



4.3 Maintain proper stock / Inventory

- Inventory management is the part of supply chain management that aims to always have the right products in the right quantity for sale, at the right time.
- Maintaining the inventory in a systematic manner is very helpful to entrepreneurs and enables to track the availability of the products. Having a good inventory management system increases efficiency and productivity in operations and thereby profitability of your business.
- Managing your stocks/inventory has many benefits, like:
 - A regular check of stocks and management **increases sales and productivity** and reduces the chances of money getting blocked in inventory of products. This helps in saving cost, due to lesser working capital requirements.
 - Inventory management helps in **integrating your entire business**.
 - The best part of inventory management is that it helps to **maintain customer satisfaction** and happiness.



4.4. Shipping Partners

- Choosing the right courier partner for your business is crucial for running an e-commerce business. Working with just one courier partner becomes challenging. It is suggested to have multiple courier partners, making it easy to provide services at different locations.
- There are many players in this domain whose services can be availed such as FedEx, Blue Dart, Delivery, Ecom Express etc. Services of local post offices can also be used for small packets and local supplies too.
- Below are the few benefits of having multiple courier partners:
 - **Increased Reach:** Having a tie-up with the multiple courier company can solve the problem of reaching all possible demographic areas
 - **Low Shipping Cost:** / **Faster Delivery:** When you have a tie-up with multiple courier companies, you can choose the nearby courier company offering you a reasonable price so that you provide the service in less time, offering faster delivery.



4.5. Terms and Conditions

- Terms and conditions act as an agreement that set the rules and guidelines for any person who visits the website or an e-commerce platform to make purchases or transactions.
- It serves as a guideline for rules that include the actions to be taken when a user misuses the website or mobile app. In some cases, the user cannot operate further until he agrees to these terms and conditions.
- To protect the e-commerce business, the seller's website can have the following:
 - ❖ Intellectual Property details of products and services, if any.
 - ❖ Limitations of disclaimers.
 - ❖ Specific and general terms of service.
 - ❖ Choice of forum/territory to resolve disputes.



4.5. Terms and Conditions (2)

- In the contract document between e-commerce platforms and the suppliers, some of the following conditions may prevail:
 - ❖ Items that cannot be sold (for example: animals, explosives, etc.)
 - ❖ The description of the item must match the image.
 - ❖ Before-and-after pictures, for example, before and after photos of people using health and beauty products are prohibited
- Below is an **example of some terms and conditions** that entrepreneurs have to accept on wesellonline.org portal:
 - ❖ I agree that any violation of any international or national agreements or rules, etc. if found to have been made, will be the Customer or Entrepreneur's sole responsibility.
 - ❖ I further agree that any portion (in full or part) of the materials available on this website (including but not limited to any copyrighted material, trademarks, or other proprietary information) shall not be reproduced, duplicated, copied, sold, resold, visited, distributed or otherwise exploited for any purpose without express written consent of Wesellonline.org.



4.6. Policy Issues

A. Common legal issues faced by e-commerce business

- **Incorporation issues**

For an entrepreneur to work on corporate lines or use the word “private limited company” or “limited company,” the business must be under the National Laws. One must exercise the utmost caution in using these words on their website and ensure that they comply with national definitions.

- **Managing fraud and electronic transactions Issues**

Ensure that your online store meets stipulated legislation across all jurisdictions for which your products or services are available. Phishing and spoofing are examples of online fraud. Online fraud occurs when a fraudster steals personal information such as credit card number, bank account number, or other identification and uses it for any transaction.



4.6. Policy Issues

A. Common legal issues faced by e-commerce business (2)

- **Privacy issues and data protection**

E-commerce websites collect user data during the signup and checkout process. The information provided by the user is very sensitive and is suggested that E-commerce websites should have data protection rules.

- **Custom duties**

- ❖ Customs duties are taxes levied by governments on the value of the imported item and its freight and insurance costs. Importantly, they are applied once a product reaches its destination country and are different from taxes levied by governments on local products like Goods and Services Tax (GST) or Excise or Municipal taxes.
- ❖ Customers should know the number of amount of duties and taxes included in the value of the product supplied, and it should be shown to them before their checkout process on your e-commerce portal. This will prevent confusion about pricing.
- ❖ As each country, region, or state can charge its taxes, entrepreneur should be aware of the calculating tax system for all the nations that your e-commerce business sells. This will help you calculate taxes and add to your customers' invoices at checkout.



4.6. Policy Issues

B. Other common legal issues faced by e-commerce business

- Some of the other common legal issues faced by e-commerce business are detailed in the subsequent slides:
 - ❖ Intellectual Property Rights
 - ❖ Dispute settlement
 - ❖ Refunds and returns



4.6. Policy Issues

1. Intellectual property (IP)

- Intellectual property rights (IPR) are the rights given to persons over the creations of their innovations and they are given an exclusive right over the use of their creation for a certain period.
- There are seven types of intellectual property (IP): patents, copyrights and related rights, trademarks, industrial designs, layout-designs of integrated circuits, undisclosed information including trade secrets and geographical indications, including name or title of origin.
- It is important to know and adhere to the IPRs while doing an e-commerce business. Any use of pictures, photographs, logo etc. should be done with adequate caution, ensuring that they are not protected by the IP holder.



4.6. Policy Issues

2. Dispute settlement

- In an e-commerce business, with a global reach of customers, disputes may arise from a customer in any part of the globe. Hence, the resolution process of arguments differs across various geographies. For instance, the American Arbitration Association has published "e-commerce protocols" in January 2001, as there was an increase in online disputes in the developing markets of e-commerce. This was developed to help manage these disputes.
- Similarly, in India, the provisions of the Information technology act, various cyber laws, Indian arbitration act play an essential role in dispute resolution.
- Alternative dispute resolution ("ADR") is the out-of-court solutions procedure for settling disputes without litigation, such as arbitration, mediation, or negotiation. It is used to describe a variety of means of resolving disputes outside of litigation in the courts and is widely practiced worldwide and increasingly used in South Asia to promote speedy access to justice.



4.6. Policy Issues

3. Refund and returns

- Refund policy is one of the most important thing in an e-commerce business, which is used to inform the user about the terms and conditions of refund or cancellation policy.
- Some of the points to consider while preparing contents of a return and cancellation policy are stated below:
 - ❖ Points of information should be are to be clearly stated
 - ❖ Extent of refund, time frame to exchange or return, process of refund, shipping charges, whether refundable or not and refund form are extremely important and need to be mentioned.
 - ❖ The refund criteria should also be included in the policy. Example : Stating that items will be exchanged and accepted if they are in good and original condition, within the exchange period allowed.
 - ❖ The policy should also have terms about refund related to service.
 - ❖ Sending a copy of the policy with the items will be an added advantage to the receiver who can go through the policy before claiming any refund for exchange.



4.7 Privacy Policy

- A privacy policy is a statement that explains how a firm collects, handles, stores, shares, and protects the customer's private and other sensitive information.
- At its core, a privacy policy is written to serve basic functions like usage of personal data, the option to opt-out of data collection, checking of submitted data, and reassuring users about safety and security of the information they provide.
- **Why is it essential to mention privacy policy?**
 - ❖ It brings transparency and helps build confidence and good relationships with various users.
 - ❖ For example, to access Google tools like Ad Sense, Google Analytics, etc., the webmaster must have an up-to-date privacy policy in place on his/her web portal.



Summary of module

From this module, we learnt about concepts of payment gateways, how it works and essential elements. We also learnt about the pricing, maintenance of stocks and various policy issues that must be adhered to start e-commerce business.



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Further Reading

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Exercise 1

1. Which is the right definition of inventory management?

Choose the right answer

- a. Inventory management is the part of business that focuses on having the right products in unequal quantity for sale, at the flexible time.
- b. Inventory management is the part of supply chain management that aims to always have the right products in the right quantity for sale, at the right time.
- c. Inventory management is an online software which keeps records of your leads and sales.
- d. Inventory management is an offline software which keeps records of your leads and sales of products.



Exercise 1: Answer

1. Which is the right definition of inventory management?

b. Inventory management is the part of supply chain management that aims to always have the right products in the right quantity for sale, at the right time.

Option 'b' is the right answer:

Maintaining your inventory in a systematic manner becomes very helpful to track the availability of your product. There should be no excess investments in purchasing the stocks already available in sufficient number.



Exercise 2

2. What does CVV stands for? – NEED TO CHANGE THIS QUESTION as CVV not mentioned in any earlier slides

Choose the right answer.

- a. Card Verification Value
- b. Card Validation Value
- c. Correct Verified value.
- d. Card Value Verified.



Exercise 2 : Answer

2. What does CVV stands for?

a. Card Verification Value

Option 'a' is the right answer:
CVV used in the verification process and protects you from any fraud transaction.



You have successfully completed the Module 4.

Kindly proceed now to the following slides: Summary of the entire course



Summary of Entire Course

Module 1: Introduction to E-Commerce

In Module 1, we studied in detail about ecommerce and its potential, Module 1 elaborated following points:

- Role of women in e-commerce in present market.
- What are the different types and features of e-commerce
- The difference between e-business and e-commerce.
- The necessity of having online store .
- The necessary documentation required for online business.

Also, Module 1 has briefly explained how to choose e-commerce portal and how to create niche products and services.



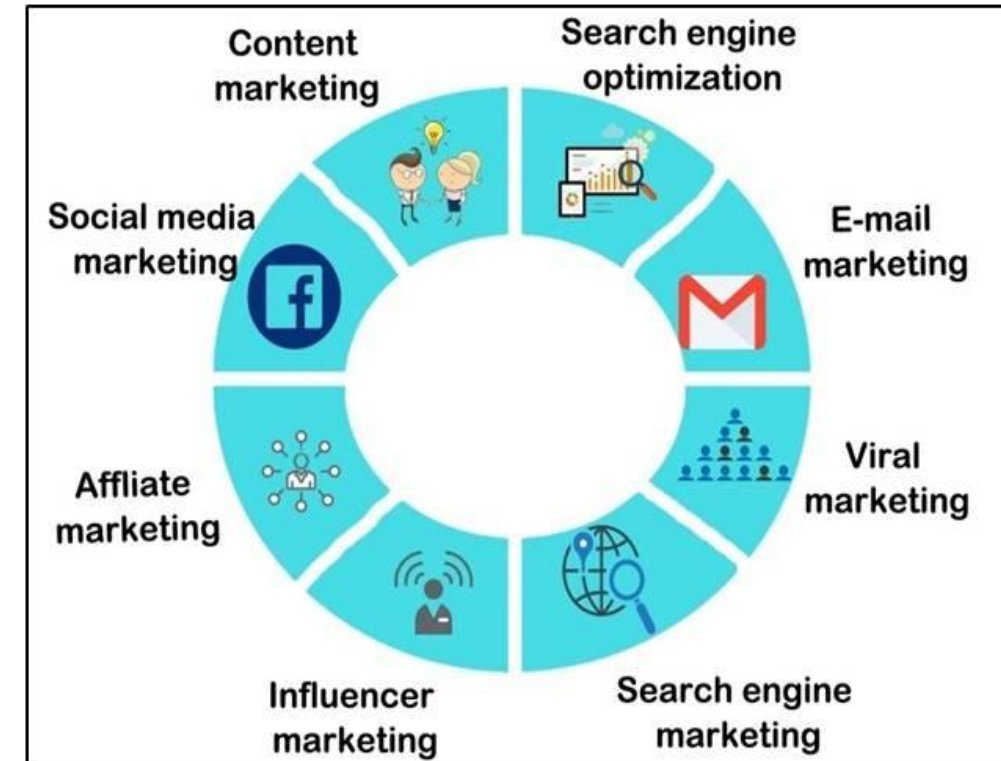
Module 2: Introduction to Digital Marketing

In Module 2, we studied about following points about digital marketing

- Importance of digital marketing and branding.
- Types of digital marketing.
- Marketing platforms, software tools used in digital marketing.

Module 2 also elaborated other digital marketing techniques

- Email Marketing
- Content Marketing: Marketing through WhatsApp
- Marketing through Instagram
- Google Business Account



Module 3: Benefits of e-commerce

In the Module 3, the following points were elaborated:

- **Changing dimension of international trade.**
- **Benefits of e-commerce to customers and business.**
- **Differential approaches included in e-commerce for goods and services.**
- **Solution for the risks involved in e-commerce.**
- **Limitations of e-commerce.**



Module 4: Setting up an e-commerce business

In Module 4, we learnt about :

- **The payment gateways used in e-commerce, the definition of products, services and pricing for online sale.**
- **How to prepare the product and price catalogue**
- **Maintaining proper stock and inventory, shipping partners for e-commerce, terms and conditions included in e-commerce.**
- **Policy issues and privacy policy.**



Thank You !

You have successfully completed all the four modules of the e-learning course.

Now proceed for the online test and get your completion certificate.

