

**CROWDFUNDING** - Crowdfunding is not a new phenomenon. Businesses and entrepreneurs have for centuries sought out investors, to fund new ideas and inventions. Even great designers and engineers such as Isambard Kingdom Brunel, had to seek 'financial backers / investors'.

Usually, an individual or company will approach a bank or financial institution, for the capital to invest in a business or in the development of an idea/design. Crowd funding is slightly different. The person / company seeking funding, sets up a 'page' on a crowd funding website. It is the members of the crowd funding website who may respond to the sales pitch of the person / company. Members may decide to invest and in return they may gain shares in the business. The aim of the members, is to make a profit from their investment. Crowdfunding can also be achieved through using social media, business acquaintances or even family and friends. Making a profit is not always the motivation for investing through crowd funding. Sometimes people contribute because they feel that the project being funded, is for social well-being or for moral and ethical reasons.

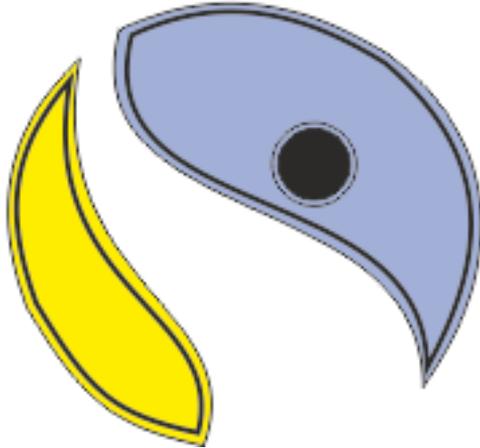
The first recorded crowdfunding took place in 1997, in the early days of the internet. The British Rock Band 'Marillion' could not afford to tour the USA. Their US fans raised enough money through crowdfunding, to ensure that the US tour took place.



**FAIRTRADE** - A symbol that is occasionally seen on packaging is the Fairtrade symbol. This means that the contents of the package has been produced in the Third World and that the producer (ie. the farmer) has received a fair and realistic price. This provides a financial safety net for the farmers and their workers. It also means that the produce is not from countries, whose Governments help their industry / agriculture undercut those of much poorer countries by giving them subsidises.

The Fairtrade system, ensures realistic prices for farmers goods and Fairtrade Standards aim to protect the basic rights of workers and guarantee good working conditions. Currently, there are more than 1.65 million farmers and workers involved in the Fairtrade system.

# FAIRTRADE



**COOPERATIVES** - A cooperative is a business, set up by like minded individuals. Currently, there are over 7000 cooperatives in the UK, operating across the economy, from farming and distribution, to retail outlets and Leisure Centres. They contribute significantly to the economy. Cooperatives are owned by their members, who are usually their employees and customers. They have social aims as well as economic ones, reinvesting some of their profits in the local community.

The cooperative movement has developed from the ideas of Robert Owen and his book in 1813, called 'A New View of Society'. He suggested setting up 'villages of cooperation', through which all the necessities of life would be produced and shared by members.

Cooperatives have a much better success rate than private companies. Over 80% of cooperative ventures are still running after their first five years, which compares well with the 40 % of private enterprises, that survive the first five years.

1. What is crowdfunding ?

*3 marks*

2. What is meant by the term Fairtrade?

*3 marks*

1.



CUSTOMER ORDERS  
ONLINE

2.



CREDIT / DEBIT  
CARD  
USED ON LINE

3.



ORDER  
PROCESSED AND  
SORTED AT  
WAREHOUSE

4.



ORDER DELIVERED TO  
CUSTOMER ADDRESS

5.



CUSTOMER  
SIGNS FOR  
PRODUCT

**E-commerce** is a growing feature of the world economy. Customers / potential customers, use e-commerce every time they search for products and purchase products, on the internet. Companies and businesses regularly use 'e-commerce', to exchange documents and for data communication between computer systems. E-commerce is a general term, that refers to the use of ICT systems by a business / company and customers.

An example of e-commerce is seen below. A customer orders a product over the internet and pays using a credit / debit card. The payment / order is processed electronically and the product is dispatched from the warehouse. Finally it is delivered direct to the customer's home and the customer signs for it.

1. What is meant by the term 'e-commerce' ?
2. On-line shopping is a typical example of e-commerce. Describe how on-line shopping works by explaining a specific example.
3. Explain four advantages of e-commerce to a customer.
3. Explain four disadvantages of e-commerce to a customer.

## **EDI – Electronic Data Interchange**

Companies that use e-commerce often use Electronic Data Interchange (EDI). EDI involves using standardised document / file formats across the entire company. This means that employees use the same system to order materials, track customer orders, control stock levels, produce invoices and to carry out accounting.

Companies that use EDI, can transfer data from one branch to another and even across the world, with full confidence that the data can be accessed, edited and updated, without problems.

A very good example of a standardised document format is PDF. This type of document can be emailed and opened on most computer systems, including smart phones.

### **ADVANTAGES:**

Reduces the overall costs of running a business, as the computer system carries out difficult and complicated tasks automatically.

The computer system monitors and controls most aspects of the business. Stock levels, order levels, accounts and invoices are known immediately, without the need for labourious manual intervention and accounting.

EDI eliminates the need for most paperwork, helping the environment. Efficiency levels are very high, as human error is minimised. The effective flow of business is assured.

EDI systems enhance security for the customer and company.

Improved communication between employees and branches, due to the use of standardised document and data formats.

### **DISADVANTAGES:**

Systems need continual electronic protection, from viruses, hacking and potential fraud.

EDI systems need regular software updates.

In case of a systems failure, manual systems must also be in place to ensure that business continues.

Staff must receive training, every time the EDI system is updated. This is a continuous investment.

Companies relying on EDI must invest in backup systems, in case the primary system fails.

Human input error is still potentially a problem, although the software being used should highlight most errors.

Data Protection Laws, protecting customers and employees, must be applied and adhered to by employees and the company.

