

Chapter 1 The Revolution Is Just Beginning

- 1) The growth of mobile e-commerce almost doubled from 2011 to 2012. **TRUE**
- 2) Approximately 80% of adults in the United States use a social network on a daily basis. **FALSE**
- 3) A company's online inventory control process is an example of e-business, as opposed to e-commerce. **TRUE**
- 4) Ubiquity increases cognitive energy outlays. **FALSE**
- 5) The fact that e-commerce is conducted on the basis of universal standards decreases market entry costs for merchants. **TRUE**
- 6) Price transparency refers to the ability of merchants to segment the market into groups willing to pay different prices. **FALSE**
- 7) Cost transparency refers to the ability of consumers to discover the actual costs merchants pay for products. **TRUE**
- 8) Customization involves changing a delivered product or service based upon a consumer's preferences or past purchasing behavior. **TRUE**
- 9) Web 2.0 describes a set of applications and technologies that encourage and rely on user- and consumer-generated interactivity and content. **TRUE**
- 10) Social e-commerce is the largest type of e-commerce. **FALSE**
- 11) E-commerce as we know it today would not exist without the Internet. **TRUE**
- 12) The growth of B2C e-commerce is limited by the fact that consumers need to possess a more sophisticated skill set than consumers who shop offline. **TRUE**
- 13) In 2011, a new Internet investment bubble focused primarily on social networks emerged. **TRUE**
- 14) As economists had envisioned, prices of products sold on the Web are consistently lower than elsewhere, and the online marketplace is characterized by decreasing price dispersion. **FALSE**
- 15) The future of e-commerce will include an increase in regulatory activity both in the United States and worldwide. **TRUE**
 - 16) Which of the following statements about Internet use in the United States in 2012 is *not* true?
 - A) Social e-commerce generated more revenue than local e-commerce.
 - B) Approximately 150 million users made at least one purchase online.
 - C) Almost 50% of adult Internet users visited an online social network daily.
 - D) Growth rates for B2C e-commerce were higher in the United States than in Europe.**
- 17) In 2012, roughly _____ million people in the United States accessed the Internet via mobile devices.
 - A) 30
 - B) 65
 - C) 80
 - D) 120**
- 18) Which of the following is *not* a major business trend in e-commerce in 2012-2013?
 - A) Retail e-commerce continues double-digit growth.
 - B) Small businesses and entrepreneurs are hampered by the rising cost of market entry caused by increased presence of industry giants.**
 - C) Facebook grows to more than 1 billion users.
 - D) Social and mobile advertising begins to challenge search engine marketing.
- 19) All of the following are major technology trends in e-commerce in 2012-2013 *except*:
 - A) Cloud computing enables the creation of "big data."**
 - B) Apps create a new platform for online marketing and commerce.
 - C) The mobile computing platform begins to rival the PC platform.
 - D) Real-time advertising becomes a reality with gains in computing power and speeds.

E-commerce

20) E-commerce can be defined as:

- A) the use of the Internet and the Web to transact business.
- B) the use of any Internet technologies in a firm's daily activities.
- C) the digital enablement of transactions and processes within an organization.
- D) any digitally enabled transactions among individuals and organizations.

21) Which of the following is *not* a unique feature of e-commerce technology?

- A) interactivity
- B) social technology
- C) global broadcasting
- D) richness

22) The integration of video, audio, and text marketing messages into a single marketing message and consuming experience is an example of:

- A) richness.
- B) ubiquity.
- C) information density.
- D) personalization.

23) Which of the following qualities is *least* likely to decrease a consumer's search costs?

- A) ubiquity
- B) global reach
- C) information density
- D) richness

24) Which of the following is the best definition of transaction cost?

- A) the cost of changing prices
- B) the cost of participating in a market
- C) the cost of finding suitable products
- D) the cost merchants pay to bring their goods to market

25) In 2012, the world's online population was roughly:

- A) 230 million.
- B) 2.3 billion.
- C) 23 billion.
- D) 230 billion.

26) Which of the following is *not* one of the current major social trends in e-commerce in 2012-2013?

- A) Spam declines as a significant problem.
- B) Controversy over content regulation and controls continues.
- C) E-books gain wide acceptance.
- D) Internet security continues to decline.

27) Network externalities are related to which of the following features of e-commerce technology?

- A) richness
- B) interactivity
- C) universal standards
- D) information density

28) E-commerce technologies have changed the traditional tradeoff between the richness and reach of a marketing message. Prior to the development of the Web:

- A) marketing messages had little richness.
- B) the smaller the audience reached, the less rich the message.
- C) the larger the audience reached, the less rich the message.
- D) richness equaled reach.

E-commerce

- 29) Which of the following is *not* an example of a social network?
- A) Wikipedia
 - B) Twitter
 - C) Pinterest
 - D) Facebook
- 30) All of the following are major business trends in e-commerce in 2012-2013 *except* for:
- A) the growth of a new app-based online economy.
 - B) the expansion of the localization of e-commerce.
 - C) the emergence of a new social e-commerce platform.
 - D) the eclipse of search engine marketing by the mobile advertising platform.
- 31) Which type of e-commerce is distinguished by the type of technology used in the transaction rather than by the nature of the market relationship?
- A) Consumer-to-consumer (C2C)
 - B) Social e-commerce
 - C) Mobile e-commerce
 - D) Business-to-business (B2B)
- 32) Which of the following allows you to rate, categorize, and share the content you find online?
- A) WordPress
 - B) StumbleUpon
 - C) Wikipedia
 - D) Instagram
- 33) Which of the following describes the basic Web policy of large firms during the period of invention?
- A) integrate social networking and mobile platform with Web site marketing
 - B) use Web to connect with suppliers
 - C) include additional channels to market products
 - D) maintain a basic, static Web site
- 34) The size of the global C2C market in 2012 was around:
- A) \$800 million.
 - B) \$8 billion.
 - C) \$80 billion.
 - D) \$800 billion.
- 35) Interactivity in the context of e-commerce can be described as:
- A) the ability to physically touch and manipulate a product.
 - B) the complexity and content of a message.
 - C) the ability of consumers to create and distribute content.
 - D) the enabling of two-way communication between consumer and merchant.
- 36) Which of the following statements about the Web is *not* true?
- A) It is the technology upon which the Internet is based.
 - B) It was developed in the early 1990s.
 - C) It provides access to pages written in HTML.
 - D) It provides access to Web pages that incorporate graphics, sound, and multimedia.
- 37) In 2012, there were an estimated _____ Internet hosts.
- A) 8 million
 - B) 88 million
 - C) 888 million
 - D) 8.88 billion

E-commerce

- 38) All of the following can be considered a precursor to e-commerce *except*:
- A) DNS.
 - B) Baxter Healthcare's remote order entry system.
 - C) the French Minitel.
 - D) Electronic Data Interchange.
- 39) In the B2C arena, _____ was the first truly large-scale digitally enabled transaction system.
- A) Telex
 - B) the Baxter Healthcare system
 - C) the French Minitel
 - D) EDI
- 40) E-commerce can be said to have begun in:
- A) 1983.
 - B) 1985.
 - C) 1995.
 - D) 2001.
- 41) Business-to-consumer (B2C) e-commerce:
- A) has grown at double-digit rates in 2011 and 2012.
 - B) is growing at a slower rate than the traditional retail market.
 - C) is a major part (over 30 percent) of the overall retail market.
 - D) growth is slowing as it confronts its own fundamental limitations.
- 42) In the "bow-tie" analogy of the structure of the Web, "tendrils" are:
- A) pages that link to the center, but which are not linked to from the center.
 - B) pages that neither link to nor are linked from the center.
 - C) pages that do not link to the center, but are linked to from the center.
 - D) pages that link to one another without passing through the center.
- 43) Which of the following is *not* a limitation on the growth of B2C e-commerce?
- A) the sophisticated skill set required to use the Internet and e-commerce systems
 - B) the persistent global inequality limiting access to telephone service, PCs, and cell phones
 - C) saturation and ceiling effects
 - D) the retrenchment and consolidation of e-commerce into the hands of large established firms
- 44) By what year is the United States Internet household penetration rate likely to reach the current level of cable television penetration?
- A) 2015
 - B) 2018
 - C) 2022
 - D) It has already reached the level of cable television penetration.
- 45) Around what percentage of Internet users in the United States access the Internet through mobile devices?
- A) 30
 - B) 50
 - C) 70
 - D) 90
- 46) Which of the following is *not* a characteristic of a perfect competitive market?
- A) Price, cost, and quality information are equally distributed.
 - B) A nearly infinite set of suppliers compete against one another.
 - C) Customers have access to all relevant information worldwide.
 - D) It is highly regulated.

E-commerce

- 47) All of the following were visions of e-commerce expressed during the early years of e-commerce *except*:
- A) a nearly perfect competitive market.
 - B) friction-free commerce.
 - C) disintermediation.
 - D) fast follower advantage.**
- 48) Unfair competitive advantages occur when:
- A) one competitor has an advantage others cannot purchase.**
 - B) market middlemen are displaced.
 - C) information is equally distributed and transaction costs are low.
 - D) firms are able to gather monopoly profits.
- 49) The early years of e-commerce were driven by all of the following factors *except*:
- A) an emphasis on exploiting traditional distribution channels.**
 - B) a huge infusion of venture capital funds.
 - C) an emphasis on quickly achieving a very high market visibility.
 - D) visions of profiting from new technology.
- 50) The early years of e-commerce are considered:
- A) the most promising time in history for the successful implementation of first mover advantages.
 - B) an economist's dream come true, where for a brief time consumers had access to all relevant market information and transaction costs plummeted.
 - C) a stunning technological success as the Internet and the Web increased from a few thousand to billions of e-commerce transactions per year.**
 - D) a dramatic business success as 85% of dot-coms formed since 1995 became flourishing businesses
- 51) Which of the following best describes the early years of e-commerce
- A) They were a technological success but a mixed business success.**
 - B) They were a technological success but a business failure.
 - C) They were a technological failure but a business success.
 - D) They were a mixed technological and business success.
- 52) Approximately what percentage of dot-com companies formed since 1995 survived as independent companies in 2012?
- A) 10**
 - B) 20
 - C) 30
 - D) 40
- 53) Which of the following is a characteristic of the reinvention phase of e-commerce?
- A) massive proliferation of dot-com start-ups
 - B) widespread adoption of broadband networks
 - C) rapid growth of search engine advertising
 - D) widespread adoption of consumer mobile devices**
- 54) Which of the following is a characteristic of the consolidation phase of e-commerce?
- A) predominance of pure online strategies
 - B) emphasis on revenue growth versus profits
 - C) first mover advantages
 - D) shift to a business-driven approach**
- 55) Which of the following is *not* true regarding e-commerce today?
- A) Economists' visions of a friction-free market have not been realized.
 - B) Consumers are less price-sensitive than expected.
 - C) There remains considerable persistent price dispersion.
 - D) The market middlemen disappeared.**

E-commerce

- 56) Which of the following statements is *not* true?
- A) Information asymmetries are continually being introduced by merchants and marketers.
 - B) Intermediaries have not disappeared.
 - C) Overall transaction costs have dropped dramatically.
 - D) Brands remain very important in e-commerce.
- 57) Which of the following types of merchants has the highest share of retail online sales?
- A) virtual (Web only)
 - B) catalog/call center
 - C) retail chain
 - D) consumer brand manufacturer
- 58) Retail chains account for around _____ percent of online retail firm revenues.
- A) 15
 - B) 35
 - C) 75
 - D) 95
- 59) One of the predictions for the future of e-commerce is that:
- A) overall revenues from e-commerce will grow at an annualized rate of about 10 percent a year through 2016.
 - B) the first movers from the early years of e-commerce will retain or increase their market share as they continue to exploit economies of scale and switching costs.
 - C) prices will lower enough to encourage more consumers to engage in online shopping.
 - D) the number of online shoppers will continue to grow at double-digit rates.
- 60) Which of the following is the top-selling online retail category?
- A) apparel/accessories
 - B) computers/electronics
 - C) mass merchant/department stores
 - D) office supplies
- 61) Which of the following is the top online retailer ranked by online sales?
- A) Apple
 - B) Amazon
 - C) Staples
 - D) Walmart
- 62) Above all, e-commerce is a _____ phenomenon.
- A) technology-driven
 - B) finance-driven
 - C) sociological
 - D) government-driven
- 63) Which business application is associated with the technological development of local area networks and client/server computing?
- A) transaction automation (e.g., payroll)
 - B) desktop automation (e.g., word processing)
 - C) industrial system automation (e.g., supply chain management)
 - D) workgroup automation (e.g., document sharing)
- 64) Which of the following is one of the three primary societal issues related to e-commerce?
- A) liability
 - B) anonymity
 - C) equity
 - D) individual privacy

E-commerce

65) Which of the following statements is *not* true?

A) No one academic perspective dominates research about e-commerce.

B) Information systems researchers take a purely technical approach to e-commerce.

C) There are two primary approaches to e-commerce: behavioral and technical.

D) Management scientists are interested in e-commerce as an opportunity to study how business firms can exploit the Internet to achieve more efficient business operations.

66) The costs incurred by merchants in having to change product prices (such as the costs of reentering prices into computer systems) are referred to as menu costs.

67) Information asymmetry refers to any disparity in relevant market information among parties in a transaction.

68) A(n) marketplace extends the marketplace beyond traditional boundaries.

69) The total number of users or customers an e-commerce business can obtain is a measure of its reach.

70) Richness refers to the complexity and content of a message.

71) The targeting of marketing messages to specific individuals by adjusting the message to a person's name, interests, and past purchases is called personalization.

72) The most popular service that runs on the Internet infrastructure is the World Wide Web, Web.

73) Internet/Web technology is available just about everywhere and anytime. This is known as ubiquity.

74) Disintermediation refers to the displacement of market middlemen.

75) In friction-free commerce, information is equally distributed, transaction costs are low, prices can be dynamically adjusted to reflect actual demand, intermediaries decline, and unfair competitive advantages are eliminated.

76) A(n) network effect occurs when everyone in a group receives value because all participants use the same tool or product.

77) A firm that is first to market in a particular area and that moves quickly to gather market share is referred to as a(n) first mover.

78) The first evolutionary phase of e-commerce, from 1995 to 2000, characterized as technology-driven and ungoverned, was a period of innovation, invention.

79) An economist is most likely to be interested in a(n) behavioral, rather than technical, approach to studying e-commerce.

80) Tangible works of the mind such as music, books, and videos are called intellectual property.

Chapter 2 E-commerce Business Models and Concepts

1) A value proposition defines how a company's product or service fulfills the needs of a customer. **TRUE**

2) The terms *revenue model* and *financial model* can be used interchangeably. **TRUE**

3) In order to be considered successful, a firm must produce returns greater than alternative investments. **TRUE**

4) An asymmetry exists whenever one participant in a market has more resources than other participants. **TRUE**

5) Most first movers have the complementary resources needed to sustain their advantage.

Answer: **FALSE**

6) All firms need an organization to efficiently implement their business plans and strategies. **TRUE**

7) Visitors to specialized niche portals tend to spend less money than the average visitor to a horizontal portal. **FALSE**

8) Barriers to entry into the e-tail marketplace are high. **FALSE**

9) *Differentiation* refers to situations in which there is little difference between products and the only basis of choosing a product is price. **FALSE**

10) Scale economies are efficiencies that result from flattening the hierarchy of an organization. **FALSE**

11) Real markets are perfect markets. **FALSE**

12) The Internet's universal standards decrease the cost of industry and firm operations. **TRUE**

E-commerce

13) Interactivity that enables product customization alters industry structure by reducing the threat of substitutes.

TRUE

14) Interfirm rivalry is one area of the business environment where e-commerce technologies have had an impact on most industries. **TRUE**

15) Social technologies change industry structure by shifting programming and editorial decisions to consumers.

TRUE

16) _____ and _____ are typically the most easily identifiable aspects of a company's business model.

A) Market strategy; market opportunity

B) Value proposition; revenue model

C) Value proposition; competitive environment

D) Revenue model; market strategy

17) All of the following are key elements of a business model *except*:

A) competitive environment.

B) organizational development.

C) information technology strategy.

D) market strategy.

18) Which element of the business model addresses the question of why a customer should buy from the firm?

A) revenue model

B) competitive advantage

C) market strategy

D) value proposition

19) Which element of the business model examines who else occupies the firm's intended marketplace?

A) value proposition

B) competitive environment

C) competitive advantage

D) market strategy

20) Which of the following are Amazon's primary value propositions?

A) personalization and customization

B) selection and convenience

C) reduction of price discovery cost

D) management of product delivery

21) Your solar-panel manufacturing firm has developed a unique and patented process for creating high-efficiency solar panels at a fraction of current costs. This will enable your firm to adopt a strategy of:

A) cost competition.

B) scope.

C) scale.

D) focus.

22) A firm's _____ describes how a firm will produce a superior return on invested capital.

A) value proposition

B) revenue model

C) market strategy

D) competitive advantage

23) Which of the following is an example of the subscription revenue model?

A) Ancestry.com

B) eBay

C) Amazon

D) Twitter

E-commerce

- 24) Stickiness is an important attribute for which revenue model?
- A) advertising revenue model
 - B) subscription revenue model
 - C) transaction fee revenue model
 - D) sales revenue model
- 25) Which of the following companies utilizes a transaction fee revenue model?
- A) WSJ.com
 - B) E*Trade
 - C) Twitter
 - D) Sears.com
- 26) Which of the following is an example of the affiliate revenue model?
- A) Yahoo
 - B) eBay
 - C) Gap.com
 - D) MyPoints
- 27) Assume you are analyzing the market opportunity of a distance learning company, Learnmore.com, that creates education courses delivered over the Internet for the Fortune 1000 corporate market. Assume that the overall size of the distance learning market is \$25 billion. The overall market can be broken down into three major market segments: Corporate, College, and Elementary/High School, each of which accounts for a third of the market. Within the Corporate market, there are two market niches: Fortune 1000, which accounts for 60% of the market, and all others, which together account for 40% of the market. What is Learnmore.com's realistic market opportunity, approximately?
- A) \$5 billion
 - B) \$6.6 billion
 - C) \$165 billion
 - D) \$25 billion
- 28) Which of the following factors is *not* a significant influence on a company's competitive environment?
- A) how many competitors are active
 - B) what the market share of each competitor is
 - C) the availability of supportive organizational structures
 - D) how competitors price their products
- 29) Which of the following would be considered an indirect competitor of American Airlines?
- A) JetBlue
 - B) Zipcar
 - C) Orbitz
 - D) British Airways
- 30) The existence of a large number of competitors in any one market segment may indicate:
- A) an untapped market niche.
 - B) the market is saturated.
 - C) no one firm has differentiated itself within that market.
 - D) a market that has already been tried without success.
- 31) All of the following can be considered a direct or indirect competitor of Amazon.com *except*:
- A) eBay.
 - B) Apple's iTunes Store.
 - C) Barnesandnoble.com.
 - D) Starbucks.

E-commerce

- 32) A perfect market is one in which:
- A) there are no competitive advantages or asymmetries because all firms have equal access to all the factors to production.
 - B) one firm develops an advantage based on a factor of production that other firms cannot purchase.
 - C) one participant in the market has more resources than the others.
 - D) competition is at a minimum, as each niche market within an industry is served by the company with the greatest competitive advantage.
- 33) The business model of e-distributors is quite similar to that of:
- A) e-tailers.
 - B) transaction brokers.
 - C) exchanges.
 - D) service providers.
- 34) All of the following use an advertising revenue model *except*:
- A) Facebook.
 - B) Yahoo.
 - C) Google.
 - D) Amazon.
- 35) All of the following statements about Groupon are true *except*:
- A) Groupon has yet to show a profit.
 - B) Groupon combines two major trends in e-commerce: localization and social networks.
 - C) It is unclear if Groupon's business model is sustainable.
 - D) Groupon believes it must scale up fast in a winner-take-all market.
- 36) Which of the following is *not* considered a portal?
- A) Yahoo
 - B) MSN
 - C) WSJ.com
 - D) AOL
- 37) Horizontal or general portals primarily generate revenue in all of the following ways *except*:
- A) charging advertisers for ad placement.
 - B) collecting transaction fees.
 - C) sales of goods.
 - D) charging subscription fees.
- 38) A business document that specifically details how you plan on selling your product and find new customers is called a:
- A) sales analysis.
 - B) business plan.
 - C) competitive strategy.
 - D) market strategy.
- 39) Which of the following is *not* a community provider?
- A) LinkedIn
 - B) Facebook
 - C) Priceline
 - D) Pinterest
- 40) Which of the following is *not* a variation of the e-tailer business model?
- A) bricks-and-clicks
 - B) virtual merchant
 - C) market creator
 - D) manufacturer-direct

E-commerce

- 41) An example of a company using the content provider model is:
- A) Priceline.
 - B) Rhapsody.com.**
 - C) Dell.
 - D) eBay.
- 42) Which of the following is *not* an example of the bricks-and-clicks e-tailing business model?
- A) Walmart.com
 - B) JCPenney.com
 - C) Dell.com**
 - D) Staples.com
- 43) The overall retail market in the United States in 2012 was estimated at about:
- A) \$37 trillion.
 - B) \$3.7 trillion.**
 - C) \$370 billion.
 - D) \$37 billion.
- 44) In general, the key to becoming a successful content provider is to:
- A) own the content being provided.**
 - B) own the technology by which content is created, presented, and distributed.
 - C) provide online content for free.
 - D) provide other services as well as online content.
- 45) Expedia is an example of a:
- A) community provider.
 - B) transaction broker.**
 - C) market creator.
 - D) service provider.
- 46) All of the following may lead to a competitive advantage *except*:
- A) less expensive suppliers.
 - B) better employees.
 - C) fewer products.**
 - D) superior products.
- 47) The basic value proposition of community providers is:
- A) they offer a fast, convenient one-stop site where users can focus on their most important concerns and interests.**
 - B) they offer consumers valuable, convenient, time-saving, and low cost alternatives to traditional service providers.
 - C) they create a digital electronic environment for buyers and sellers to meet, agree on a price and transact.
 - D) they increase customers' productivity by helping them get things done faster and more cheaply.
- 48) All of the following are examples of Business-to-Business (B2B) business models *except*:
- A) e-distributors.
 - B) e-procurement.
 - C) private industrial networks.
 - D) e-tailers.**
- 49) What is the primary revenue model for an e-distributor?
- A) sales**
 - B) transaction fee
 - C) advertising
 - D) subscription

E-commerce

- 50) Grainger.com is an example of which of the following business models?
- A) B2B service provider
 - B) exchange
 - C) e-distributor**
 - D) industry consortia
- 51) _____ create and sell access to digital electronic markets.
- A) E-distributors
 - B) Portals
 - C) E-procurement firms**
 - D) Market creators
- 52) One of the competitive advantages of a B2B service provider is that it can spread the cost of an expensive software system over many users, achieving efficiencies referred to as:
- A) application efficiencies.
 - B) network efficiencies.
 - C) scale economies.**
 - D) network externalities.
- 53) Over the past decade:
- A) the number of exchanges greatly increased.
 - B) the number of exchanges diminished sharply.**
 - C) the number of exchanges stayed about the same.
 - D) exchanges have totally disappeared.
- 54) Exostar is an example of a(n):
- A) private industrial network.
 - B) exchange.
 - C) industry consortium.**
 - D) e-distributor.
- 55) Which of the following is an unfair competitive advantage?
- A) brand name**
 - B) access to global markets
 - C) lower product prices
 - D) superior technology
- 56) The element of a business model that is responsible for making the model work is:
- A) the management team.**
 - B) the organizational structure.
 - C) the firm's key competitive advantage.
 - D) the market strategy.
- 57) eBay uses all of the following business models *except*:
- A) B2C market creator.
 - B) C2C market creator.
 - C) content provider.**
 - D) e-commerce infrastructure provider.
- 58) Your startup firm has developed Web-based note-taking software that allows participants to create and share virtual notes attached to existing Web pages. You anticipate marketing your online application to Web development and design companies. Which of the following revenue models is the most appropriate for your new company?
- A) advertising
 - B) transaction fee
 - C) affiliate
 - D) subscription**

E-commerce

- 59) Which of the following community providers is focused on financial advice, news, and opinions?
A) The Well (Well.com)
B) The Motley Fool (Fool.com)
C) RightStart
D) iVillage
- 60) Which of the following features of e-commerce technology changes industry structure by lowering barriers to entry but greatly expands the market at the same time?
A) global reach
B) richness
C) interactivity
D) personalization
- 61) All of the following are business models employed by the music industry *except*:
A) subscription.
B) peer-to-peer streaming.
C) download-and-own.
D) cloud streaming.
- 62) Which of the following is *not* a primary activity in a firm value chain?
A) inbound logistics
B) finance/accounting
C) operations
D) sales and marketing
- 63) A _____ coordinates a firm's suppliers, distributors, and delivery firms with its own production needs using an Internet-based supply chain management system.
A) value chain
B) value system
C) value web
D) business strategy
- 64) If you wished to leverage the ubiquitous nature of the Web to differentiate your product, you would:
A) enable individual customization of the product by consumers.
B) implement a strategy of commoditization.
C) adopt a strategy of cost competition.
D) develop a scope strategy to compete within a narrower market segment.
- 65) A strategy designed to compete within a narrow market or product segment is called a _____ strategy.
A) scope
B) differentiation
C) cost
D) focus
- 66) A(n) business model is a set of planned activities designed to result in a profit in marketplace.
- 67) In the subscription revenue model, a Web site that offers users content or services charges a fee for access to some or all of its offerings.
- 68) A firm's competitive environment refers to the other companies operating in the same marketplace selling similar products.
- 69) A(n) direct competitor is a company that sells products and services that are very similar and into the same market segment.
- 70) The use by a company of its competitive advantage to achieve more advantage in surrounding markets is known as leverage.
- 71) Carbonite is a company that uses a(n) service provider business model.

E-commerce

- 72) The financial services, travel services, and job placement services industries use the **transaction broker** business model.
- 73) In the **market creator** business model, a Web-based business builds a digital environment in which buyers and sellers can meet, display products, search for products, and establish prices.
- 74) A(n) **Web aggregator** is a company that collects information from a wide variety of sources and then adds value to that information.
- 75) A(n) **vertical** marketplace supplies products and services of interest to particular industries.
- 76) **Twitter** is a social network based on 140-character messages.
- 77) An industry **structural analysis** is an effort to understand and describe the nature of competition in an industry, the nature of substitute products, the barriers to entry, and the relative strength of consumers and suppliers.
- 78) A(n) **value chain** is the set of activities performed in an industry or in a firm that transforms raw inputs into final products and services.
- 79) **Commoditization** occurs when there are no differences among products or services and the only basis for choosing is a particular product or service is price.
- 80) A(n) **scope** strategy is a strategy to compete in all markets around the globe rather than merely in local, regional, or national markets.

Chapter 3 E-commerce Infrastructure: The Internet, Web, and Mobile Platform

- 1) Packet switching requires a dedicated circuit. **FALSE**
- 2) Transmission Control Protocol is the protocol that provides the Internet addressing scheme. **FALSE**
- 3) IPv6 provides for 64-bit IP addresses. **FALSE**
- 4) Tablet computers rely on the Internet cloud for processing and storage. **TRUE**
- 5) Google Apps is an example of cloud computing. **TRUE**
- 6) HTML is the Internet protocol used to transfer Web pages. **FALSE**
- 7) The major hubs in the United States where the Internet backbone intersects with regional and local networks are now commonly referred to as Internet Exchange Points (IXPs). **TRUE**
- 8) T1 and T3 refer to international telephone standards for digital communication. **TRUE**
- 9) One of Internet2's projects is a nationwide 100 gigabit-per-second network. **TRUE**
- 10) WLAN-based Internet access derives from the same technological foundations as telephone-based wireless Internet access. **FALSE**
- 11) Streaming media reduces the effects of latency. **FALSE**
- 12) XML is used to format the structure and style of a Web page. **FALSE**
- 13) FTP is a protocol used to transfer files to and from a server. **TRUE**
- 14) Internet access providers typically provide faster download speeds than upload speeds to consumers. **TRUE**
- 15) RSS is an XML format that allows users to have digital content automatically sent to their computers over the Internet. **TRUE**
- 16) During which period of time did the Institutionalization phase of Internet development take place?
- A) 1950-1960
 - B) 1961-1974
 - C) 1975-1995**
 - D) 1995-through the present
- 17) Which of the following occurred during the Commercialization phase of Internet development?
- A) The fundamental building blocks of the Internet were realized in actual hardware and software.
 - B) Large mainframes on different college campuses were linked.
 - C) The Domain Name System was introduced.
 - D) NSF privatized the operation of the Internet's backbone.**

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- 18) During which phase of the development of the Internet was Ethernet invented?
- A) Commercialization phase
 - B) Institutional phase
 - C) Innovation phase**
 - D) Consolidation phase
- 19) Which of the following is *not* one of the basic technological foundations of the Internet?
- A) client/server computing
 - B) Tracert**
 - C) TCP/IP communications protocol
 - D) packet-switching hardware
- 20) The process of slicing digital messages into parcels, sending them along different communication paths as they become available, and reassembling them at the destination point is called:
- A) routing.
 - B) the Transmission Control Protocol.
 - C) packet switching.**
 - D) the File Transfer Protocol.
- 21) Which of the following is the core communications protocol for the Internet?
- A) Telnet
 - B) FTP
 - C) TCP/IP**
 - D) SSL
- 22) The Transport Layer of TCP/IP is responsible for which of the following?
- A) placing packets on and receiving them from the network medium
 - B) addressing, packaging, and routing messages
 - C) providing communication with the application by acknowledging and sequencing the packets to and from the application**
 - D) providing a variety of applications with the ability to access the services of the lower layers
- 23) The Internet Layer of TCP/IP is responsible for which of the following?
- A) placing packets on and receiving them from the network medium
 - B) addressing, packaging, and routing messages**
 - C) providing communication with the application by acknowledging and sequencing the packets to and from the application
 - D) providing a variety of applications with the ability to access the services of the lower layers
- 24) Which of the following allows users to communicate visually and aurally in real-time, and uses high-resolution monitors to simulate the presence of participants?
- A) telepresence**
 - B) videoconferencing
 - C) VOIP
 - D) IP telephony
- 25) An IPv4 address is expressed as a:
- A) 32-bit number that appears as a series of four separate numbers separated by semicolons.
 - B) 64-bit number that appears as a series of four separate numbers separated by semicolons.
 - C) 64-bit number that appears as a series of four separate numbers separated by periods.
 - D) 32-bit number that appears as a series of four separate numbers separated by periods.**
- 26) The natural language convention used to represent IP addresses is called the:
- A) uniform resource locator system.
 - B) Internet protocol addressing schema.
 - C) domain name system.**

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- D) assigned numbers and names (ANN) system.
- 27) The addresses used by browsers to identify the location of content on the Web are called:
- A) domain names.
 - B) uniform resource locators.**
 - C) IP addresses.
 - D) file paths.
- 28) Which of the following statements about client/server computing is true?
- A) It exploded the available communications capacity.
 - B) It provided communication rules and regulations.
 - C) It connects multiple powerful personal computers together in one network with one or more servers dedicated to common functions that they all need.**
 - D) It does not provide sufficient computing capacity to support graphics or color.
- 29) Which of the following is *not* an advantage of client/server computing over centralized mainframe computing?
- A) It is easy to expand capacity by adding servers and clients.
 - B) Each client added to the network increases the network's overall capacity and transmission speeds.**
 - C) Client/server networks are less vulnerable, in part because the processing load is balanced over many powerful smaller computers rather than concentrated in a single huge computer.
 - D) There is less risk that a system will completely malfunction because backup or mirror servers can pick up the slack if one server goes down.
- 30) _____ is a model of computing in which firms and individuals obtain computing power and software applications over the Internet, rather than purchasing and installing it on their own computers.
- A) Client/server computing
 - B) P2P computing
 - C) Mobile computing
 - D) Cloud computing**
- 31) Which of the following protocols is used to send mail to a server?
- A) SMTP**
 - B) FTP
 - C) HTTP
 - D) SSL
- 32) Where does TSL operate within TCP/IP?
- A) between the Internet Layer and the Transport Layer
 - B) between the Transport Layer and the Application Layer**
 - C) between the Network Interface Layer and the Transport Layer
 - D) between the Internet Layer and the Application Layer
- 33) A(n) _____ is an audio presentation stored as an audio file and posted to the Web for users to download.
- A) podcast**
 - B) RSS subscription
 - C) weblog
 - D) widget
- 34) _____ is one of the original Internet services and is used to transfer files from a server computer to a client computer and vice versa.
- A) SMTP
 - B) FTP**
 - C) HTTP
 - D) SSL

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- 35) _____ is a utility program that allows you to check the connection between your client and a TCP/IP network.
- A) Ping
 - B) Telnet
 - C) Tracert
 - D) Finger
- 36) Which layer of Internet architecture is composed of the telecommunications networks and protocols?
- A) Network Technology Substrate layer
 - B) Middleware Services layer
 - C) Transport Services and Representation Standards layer
 - D) Applications layer
- 37) TCP/IP operates in which layer of Internet architecture?
- A) Network Technology Substrate layer
 - B) Middleware Services layer
 - C) Transport Services and Representation Standards layer
 - D) Applications layer
- 38) An Internet-enabled media player would run in which layer of Internet architecture?
- A) Network Technology Substrate layer
 - B) Middleware Services layer
 - C) Transport Services and Representation Standards layer
 - D) Applications layer
- 39) The layer of Internet architecture that ties the applications to the communications network and includes such services as security and authentication is called the:
- A) Network Technology Substrate layer.
 - B) Middleware Services layer.
 - C) Transport Services and Representation Standards layer.
 - D) Applications layer.
- 40) The backbone of the Internet is formed by:
- A) Internet Exchange Points (IXPs).
 - B) Network Service Providers (NSPs).
 - C) Internet Service Providers (ISPs).
 - D) Metropolitan Area Exchanges (MAEs).
- 41) When talking about the physical elements of the Internet, the term *redundancy* refers to:
- A) transmitting multiple copies of a single packet to safeguard against data loss.
 - B) the use of tiered high-speed switching computers to connect the backbone to regional and local networks.
 - C) delays in messages caused by the uneven flow of information through the network.
 - D) multiple duplicate devices and paths in a network built so that data can be rerouted if a breakdown occurs.
- 42) The "hubs" where the backbone owners connect with one another are called:
- A) Internet Exchange Points (IXPs).
 - B) Network Service Providers (NSPs).
 - C) Internet Service Providers (ISPs).
 - D) Metropolitan Access Points (MAPs).
- 43) Local area networks that operate within a single organization that leases access to the Web directly from regional and national carriers are called:
- A) wide area networks.
 - B) extranets.
 - C) campus area networks.
 - D) private exchanges.

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- 44) The _____ is a consortium of corporations, government agencies, and nonprofit organizations that monitors Internet policies and practices.
- A) Internet Engineering Steering Group (IESG)
 - B) World Wide Web Consortium (W3C)
 - C) Internet Engineering Task Force (IETF)
 - D) Internet Society (ISOC)**
- 45) The _____ helps define the overall structure of the Internet.
- A) IAB**
 - B) IESG
 - C) W3C
 - D) ITU
- 46) Which of the following is *not* a limitation of the current Internet?
- A) HTML, which is not proficient for designing business documents or databases for Web viewing
 - B) limited bandwidth, which causes congestion and cannot adequately handle video and voice traffic
 - C) architectural restrictions, which stipulate that numerous requests for the same file must each be answered individually, slowing network performance
 - D) the difficulty in expanding capacity by adding servers and clients**
- 47) Which of the following is *not* true about the mobile platform?
- A) Most smartphones use Intel chips.**
 - B) The number of cell phones worldwide exceeds the number of PCs.
 - C) About 25% of the world's cell phones are smartphones.
 - D) Unlike PCs, smartphones do not need fans.
- 48) Which of the following statements about fiber-optic cable is *not* true?
- A) It consists of twelve or sixteen strands of glass.**
 - B) It is thinner and lighter than coaxial or twisted pair cable.
 - C) It enables better data security than coaxial cable.
 - D) There are thousands of miles of installed fiber-optic cable in the United States that are not being used.
- 49) In the United States, there are two main types of cellular networks, CDMA and:
- A) GSM.**
 - B) Bluetooth.
 - C) wireless.
 - D) WiMAX.
- 50) Which of the following is the "killer app" of 2012?
- A) social networks**
 - B) blogs
 - C) tablet PCs
 - D) search engines
- 51) The major technologies used with wireless local area networks are:
- A) Wi-Fi and Bluetooth.**
 - B) Wi-Fi and WiMAX.
 - C) Bluetooth and 3G.
 - D) WiMAX and 3G.
- 52) Which of the following is a short-range, low-power, wireless network technology useful for remotely controlling industrial, medical, and home automation devices?
- A) Wi-Fi
 - B) WiMAX
 - C) UWB
 - D) ZigBee**

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- 53) Which of the following is a high-speed, medium-range, broadband wireless metropolitan area network?
- A) Wi-Fi
 - B) WiMAX**
 - C) Bluetooth
 - D) ZigBee
- 54) Siri is a type of:
- A) intelligent personal assistant.**
 - B) widget.
 - C) gadget.
 - D) social network.
- 55) The first Web browser to make it possible to view documents on the Web with colored background, images, and animations was:
- A) Netscape Navigator.
 - B) Mosaic.**
 - C) Mozilla.
 - D) Internet Explorer.
- 56) In the address <http://www.company.com/clients.html>, which of the following is the top-level domain?
- A) .com**
 - B) company.com
 - C) www
 - D) http
- 57) You could expect to find all of the following services in a Web server software package *except*:
- A) security services.
 - B) FTP.
 - C) data capture.
 - D) an RSS aggregator.**
- 58) Which of the following is currently the most popular Web browser?
- A) Internet Explorer**
 - B) Netscape
 - C) Safari
 - D) Firefox
- 59) The concept behind document formatting had its roots in which of the following?
- A) XML
 - B) SGML
 - C) HTML
 - D) GML**
- 60) Which of the following is a Web application that enables Internet users to communicate with each other, although not in real time?
- A) online chat
 - B) online forum**
 - C) IM
 - D) VoIP
- 61) Which of the following is a Web 2.0 service or application?
- A) wikis**
 - B) e-mail
 - C) IM
 - D) online forums

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- 62) A(n) _____ is a Web application that allows users to easily add and edit content on a Web page.
- A) wiki
 - B) podcast
 - C) blog
 - D) RSS feed
- 63) The protocol that enables the transmission of voice and other forms of audio communication over the Internet is called:
- A) VoIP.
 - B) IPTP.
 - C) VTP.
 - D) IP.
- 64) Which of the following was the largest source of mobile commerce revenue in 2012?
- A) mobile advertising
 - B) location-based services
 - C) e-book sales
 - D) mobile retail purchases
- 65) All of the following are true about iPhone apps *except*:
- A) They are distributed through Apple's App Store.
 - B) They are typically written in the Java programming language.
 - C) They were estimated to generate over \$2 billion in 2012.
 - D) More than 30 billion have been downloaded.
- 66) The totality of blog-related Web sites is referred to as the _ **blogosphere** _.
- 67) Specialized computers that interconnect the thousands of computers that make up the Internet in order to transmit message parcels along available communication paths and on to their destinations are called _ **routers** _.
- 68) A set of rules for transferring data is called a(n) _ **protocol** _.
- 69) TCP/IP is divided into four separate _ **layers** _, each handling a different aspect of the communication problem.
- 70) _ **Root servers** _ are central directories that list all domain names currently in use for specific domains.
- 71) A small application that you embed in a Web page in order to include content and functionality from a different Web site is called a(n) _ **widget** _.
- Answer:
- 72) _ **Tracert** _ is a utility program that allows you to track the path of a message you send from your client to a remote computer on the Internet.
- 73) A TCP/IP network located within a single organization for the purposes of communication and information processing is called a(n) _ **intranet** _.
- 74) _ **Latency** _ refers to delays in messages caused by the uneven flow of information packets through the network.
- 75) _ **Hypertext** _ is a way of formatting pages with embedded links that connect documents to one another and that also link pages to other objects.
- 76) An iPad is an example of a(n) _ **tablet** _ computer.
- 77) _ **Web server** _ software refers to the software that enables a computer to deliver Web pages written in HTML to client computers on a network that request this service by sending an HTTP request.
- 78) Computing devices attached to the Internet that are capable of making HTTP requests and displaying HTML pages are referred to as _ Web clients _.
- 79) Outside of e-mail, using a(n) _ **search engine** _ is the most common online daily activity.
- 80) A(n) _ **blog** _ is a personal Web page of chronological entries created by an individual or corporation to communicate with readers.

Chapter 4 Building an E-commerce Presence: Web Sites, Mobile Sites, and Apps

- 1) The systems development life cycle methodology is useful when creating an e-commerce Web site. **TRUE**
- 2) One of the most important challenges in developing an e-commerce presence is understanding that the technology must drive the business. **FALSE**
- 3) Using prebuilt templates is typically one of the most cost-effective choices when building a Web site. **TRUE**
- 4) The annual maintenance cost for a Web site is likely to be as high as its development cost. **TRUE**
- 5) In a two-tier architecture, a Web server is linked to one middle-tier layer that typically includes a series of application servers, as well as to another back-end layer. **FALSE**
- 6) Apache HTTP Web server software is based on Microsoft's Windows operating system. **FALSE**
- 7) The Web server software used does not significantly impact how a Web site's Web pages look on users' computers. **TRUE**
- 8) Prior to the development of e-commerce, Web sites primarily delivered static content. **TRUE**
- 9) Dynamic page generation makes market segmentation easier. **TRUE**
- 10) A list server is an application server used to provide a database for product descriptions and prices. **FALSE**
- 11) Upgrading a server from a single processor to multiple processors is an example of scaling a site horizontally. **FALSE**
- 12) Storing HTML pages in RAM rather than on a server's hard drive is an inexpensive way to fine-tune the processing architecture of a Web site. **TRUE**
- 13) A "native" app is one designed to specifically operate using a mobile device's hardware and operating system. **TRUE**
- 14) Accessibility rules help to ensure that low-bandwidth users can access your Web site. **FALSE**
- 15) Mobile Web apps are typically built using HTML5 and Java. **TRUE**
- 16) What are the two most important management challenges in building a successful e-commerce presence?
 - A) developing a clear understanding of business objectives and knowing how to choose the right technology to achieve those objectives
 - B) having an accurate understanding of your business environment and an achievable business plan
 - C) building a team with the right skill sets and closely managing the development process
 - D) identifying the key components of your business plan and selecting the right software, hardware, and infrastructure for your site
- 17) In order from beginning to end, the major steps in the SDLC, are:
 - A) systems analysis/planning; systems design; building the system; testing; and implementation.
 - B) systems design; testing; building the system; and implementation.
 - C) systems analysis/planning; systems design; building the system; implementation; and testing.
 - D) systems analysis/planning; implementation; building the system; and testing.
- 18) _____ are the types of information systems capabilities needed to meet business objectives.
 - A) Information requirements
 - B) System functionalities
 - C) System design specifications
 - D) Physical design specifications
- 19) Which of the following basic system functionalities is used to display goods on a Web site?
 - A) product database
 - B) digital catalog
 - C) shopping cart system
 - D) customer database system

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- 20) Which system functionality must your Web site have in order to be able to personalize or customize a product for a client?
- A) an ad server
 - B) a site tracking and reporting system
 - C) an inventory management system
 - D) customer on-site tracking**
- 21) A system design has two main components:
- A) a logical design and a physical design.**
 - B) a behavioral design and a technological design.
 - C) business objectives and technology requirements.
 - D) front-end systems and back-end systems.
- 22) Which of the following helps you understand the marketing effectiveness of your e-commerce site?
- A) shopping cart
 - B) product database
 - C) site tracking and reporting system**
 - D) inventory management system
- 23) Which of the following is *not* one of the basic business objectives for an e-commerce site?
- A) display goods
 - B) execute a transaction
 - C) provide production and supplier links
 - D) optimize system architecture**
- 24) All of the following are basic information requirements for a product database *except*:
- A) product descriptions.
 - B) stock numbers.
 - C) customer ID numbers.**
 - D) inventory levels.
- 25) Which of the following typically includes a data flow diagram to describe the flow of information for a Web site?
- A) physical design
 - B) logical design**
 - C) testing plan
 - D) co-location plan
- 26) Which of the following details the actual hardware components to be used in a system?
- A) architecture plan
 - B) system functionalities plan
 - C) logical design
 - D) physical design**
- 27) _____ verifies that the business objectives of the system as originally conceived are in fact working.
- A) System testing
 - B) Acceptance testing**
 - C) Unit testing
 - D) Implementation testing
- 28) _____ involves testing a site program's modules one at a time.
- A) System testing
 - B) Acceptance testing
 - C) Unit testing**
 - D) Implementation testing

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- 29) Most of the time required to maintain an e-commerce site is spent on:
- A) debugging code.
 - B) responding to emergency situations.
 - C) general administration and making changes and enhancements to the system.**
 - D) changes in reports, data files, and links to backend databases.
- 30) An e-commerce site that cost \$25,000 to develop is likely to require a yearly maintenance budget of approximately:
- A) \$5,000.
 - B) \$10,000.
 - C) \$25,000.**
 - D) \$50,000.
- 31) All of the following are simple steps for optimizing Web page content that can reduce response times *except*:
- A) reducing unnecessary HTML comments.
 - B) segmenting computer servers to perform dedicated functions.**
 - C) using more efficient graphics.
 - D) avoiding unnecessary links to other pages on the site.
- 32) All of the following can enhance page delivery speed *except*:
- A) using edge caching services.
 - B) using specialized content delivery networks.
 - C) increasing local bandwidth.
 - D) increasing the dynamic content on the pages.**
- 33) All of the following might be part of a Web site's backend layer *except*:
- A) a pre-existing corporate database.
 - B) a human resources system.
 - C) a production MRP system.
 - D) an application server.**
- 34) All of the following might be part of a Web site's middle-tier layer *except*:
- A) a database server.
 - B) an ad server.
 - C) legacy corporate applications.**
 - D) a mail server.
- 35) The leading Web server software is:
- A) Apache.**
 - B) Microsoft Internet Information Server.
 - C) Linux.
 - D) Google Enterprise Server.
- 36) All of the following are basic functionality provided by Web servers *except*:
- A) site management tools.
 - B) data capture tools.
 - C) security services.
 - D) a shopping cart.**
- 37) Which of the following is used to process certificates and private/public key information?
- A) HTTP
 - B) SSL**
 - C) FTP
 - D) data capture tools

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- 38) Which of the following would you use to identify orphan files?
- A) HTTP
 - B) FTP
 - C) data capture tools
 - D) site management tools**
- 39) Which of the following is an example of a CMS?
- A) Apache
 - B) WordPress**
 - C) Oracle
 - D) WebTrends Analytics
- 40) Advantages of dynamic page generation include all of the following *except*:
- A) lowered menu costs.
 - B) market segmentation.
 - C) nearly cost-free price discrimination.
 - D) client-side execution of programming.**
- 41) Which of the following *cannot* be used to retrieve objects from a database?
- A) CGI
 - B) ASP
 - C) JSP
 - D) HTML**
- 42) Which of the following types of servers monitors and controls access to a main Web server and implements firewall protection?
- A) proxy server**
 - B) list server
 - C) groupware server
 - D) mail server
- 43) Which of the following technologies could you use to place the content of your Web site in a database so that you can then dynamically generate requests for pages?
- A) Apache web server
 - B) proxy server
 - C) shopping cart
 - D) CMS**
- 44) Which of the following is *not* a type of application server?
- A) proxy server
 - B) mail server
 - C) ad server
 - D) FTP server**
- 45) All of the following are basic functionality provided by e-commerce merchant server software *except*:
- A) a product catalog.
 - B) marketing software.**
 - C) a shopping cart.
 - D) credit card processing.
- 46) Which of the following is *not* one of the main factors in Web site optimization?
- A) page content
 - B) page generation
 - C) page delivery
 - D) page stickiness**

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- 47) An e-commerce Web site that processes orders requires, at minimum, a _____ system architecture.
- A) single-tier
 - B) two-tier**
 - C) three-tier
 - D) multi-tier
- 48) All of the following are Web site design features that annoy customers *except*:
- A) slow-loading pages.
 - B) pop-under ads.
 - C) splash pages.
 - D) redundant navigation.**
- 49) Which of the following is *not* an open source software tool?
- A) WebSphere**
 - B) Apache
 - C) MySQL
 - D) PHP
- 50) The term *stateless* refers to the fact that:
- A) no one government entity controls the Internet.
 - B) the server does not have to maintain an ongoing dedicated interaction with the client computer.**
 - C) system performance degrades as more simultaneous users require service.
 - D) Web servers may maintain multiple instances of server software to handle requests.
- 51) Which of the following is not an activity typically associated with a social media e-commerce presence?
- A) search**
 - B) conversation
 - C) sharing
 - D) advice
- 52) Which of the following types of sites typically tends to have high to very high page views (hits)?
- A) Web services
 - B) customer self-service
 - C) trading
 - D) publishing/subscription**
- 53) Which of the following types of sites typically needs a high percent of secure pages?
- A) Web services
 - B) customer self-service
 - C) trading**
 - D) publishing/subscription
- 54) Which of the following is *not* a main factor in determining overall demand for an e-commerce site?
- A) static file sizes**
 - B) number of items in inventory
 - C) user profiles
 - D) type of content
- 55) The cost of hardware, software, and telecommunications services needed to build a Web site have _____ over the last decade.
- A) increased dramatically
 - B) increased moderately
 - C) decreased dramatically**
 - D) decreased slightly

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- 56) Which of the following is the final stage suggested for a six-phase plan to develop an e-commerce presence?
- A) mobile plan
 - B) maintenance
 - C) testing plan
 - D) Twitter plan
- 57) Which of the following is *not* an example of one of the four kinds of e-commerce presence?
- A) e-mail list
 - B) customer management system
 - C) Twitter feed
 - D) print ad that refers to a Web site
- 58) All of the following are steps one can take to right-size a Web site's hardware platform and meet demands for service *except*:
- A) scaling hardware vertically.
 - B) scaling hardware horizontally.
 - C) replacing static pages with dynamically generated pages.
 - D) improving processing architecture.
- 59) All of the following are methods of improving the processing architecture of a Web site *except*:
- A) separating static content from dynamic content.
 - B) optimizing ASP code.
 - C) optimizing the database schema.
 - D) adding Web servers.
- 60) Which of the following is the least expensive path to creating a mobile Internet presence?
- A) developing a native app
 - B) resizing an existing Web site for mobile use
 - C) building a mobile Web app using HTML
 - D) building a mobile Web app using Java
- 61) All of the following are important factors in Web site optimization *except*:
- A) selecting keywords and page titles.
 - B) identifying market niches for your services or products.
 - C) buying search engine ads.
 - D) adhering to accessibility guidelines.
- 62) _____ provides a set of standards for communicating between a browser and a program running on a server that allows for interaction between the user and server.
- A) CGI
 - B) ColdFusion
 - C) JavaScript
 - D) VBScript
- 63) _____ is a programming language invented by Netscape used to control the objects on an HTML page and handle interactions with the browser.
- A) VBScript
 - B) ActiveX
 - C) ColdFusion
 - D) JavaScript
- 64) The primary way a Web site is able to personalize the content presented to a visitor is through the use of:
- A) privacy policies.
 - B) cookies.
 - C) accessibility rules.
 - D) site management tools.

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- 65) Which of the following is an example of dynamic content?
- A) product photographs
 - B) product descriptions
 - C) home page graphic
 - D) **blog posts**
- 66) The information elements that the system must produce to achieve its business objectives are called **information requirements**.
- 67) Hiring an external vendor to provide services that you cannot perform with in-house personnel is known as **outsourcing**.
- 68) The practice of owning (or leasing) and managing your own Web servers but housing them in a vendor's physical facility is known as **co-location**.
- 69) **System testing** involves testing the site as a whole, in the same way a typical user would when using the site.
- 70) **Benchmarking** is the process of comparing a Web site with that of its competitors in terms of response speed, quality of layout, and design.
- 71) **System architecture** refers to the arrangement of software, machinery, and tasks in an information system needed to achieve a specific functionality.
- 72) A standard known as **ODBC** makes it possible to access data from any application regardless of what database is used.
- 73) With **dynamic page generation**, the contents of a Web page are stored as objects in a database, rather than being hard-coded in HTML.
- 74) A Web **application server** is a software program that provides the specific business functionality required of a Web site.
- 75) An online **shopping cart** allows shoppers to set aside desired purchases in preparation for checkout, review what they have selected, and edit their selections as necessary.
- 76) A SWOT analysis describes strengths, weaknesses, opportunities, and **threats**.
- 77) **Vertical scaling** increases the processing power of hardware components but maintains the physical footprint and the number of servers.
- 78) A(n) **widget** is a small, prebuilt chunk of code that executes automatically in your HTML Web page to perform a specific task such as providing weather information.
- 79) **VBScript** is a language that Microsoft invented to compete with JavaScript.
- 80) A(n) **privacy policy** is a set of public statements to customers declaring how you will treat any personal information that you gather from them on your Web site.

Chapter 5 E-commerce Security and Payment Systems

- 1) Typically, the more security measures added to a Web site, the slower and more difficult it becomes to use. **TRUE**
- 2) A worm does not need to be activated by a user in order for it to replicate itself. **TRUE**
- 3) A Trojan horse appears to be benign, but then does something other than expected. **TRUE**
- 4) Phishing attacks rely on browser parasites. **FALSE**
- 5) Insiders present a greater security threat to e-commerce sites than outsiders. **TRUE**
- 6) The use of a digital signature helps to ensure integrity, authenticity, and nonrepudiation. **TRUE**
- 7) Drive-by downloads are now the most common method of infecting computers. **TRUE**
- 8) Smishing attacks exploit SMS messages. **TRUE**
- 9) TLS does not guarantee server-side authentication. **FALSE**
- 10) The easiest and least expensive way to prevent threats to system integrity is to install anti-virus software. **TRUE**
- 11) The United States federal government has historically not been in favor of the development and export of strong

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encryption systems. **TRUE**

12) Credit cards are the dominant form of online payment throughout the world. **FALSE**

13) In order to accept payments by credit card, online merchants typically must have a merchant account established with a bank or financial institution. **TRUE**

14) Digital cash is legal tender that is instantly convertible into other forms of value without the intermediation of any third parties. **FALSE**

15) PayPal requires the recipient of a payment to have a PayPal account to receive funds. **TRUE**

16) All of the following are factors in contributing to the increase in cybercrime *except*:

A) the ability to remotely access the Internet.

B) the Internet's similarity to telephone networks.

C) the ability to anonymously access the Internet.

D) the Internet is an open, vulnerable design.

17) The Computer Security Institute reported in its 2011 survey that approximately _____ percent of responding organizations experienced a computer security incident within the previous 12 months.

A) 25

B) 45

C) 75

D) 95

18) The overall rate of online credit card fraud is _____ percent of all online card transactions.

A) less than 1

B) around 1

C) around 5

D) around 10

19) According to the Computer Security Institute's 2011 *Computer Crime and Security Survey*, which of the following was the most commonly reported type of attack?

A) malware infection

B) laptop theft

C) Web site defacement

D) insider abuse

20) The six key dimensions to e-commerce security are nonrepudiation, authenticity, availability, integrity, privacy, and:

A) confidentiality.

B) usability.

C) functionality.

D) viability.

21) _____ refers to the ability to ensure that e-commerce participants do not deny their online actions.

A) Nonrepudiation

B) Authenticity

C) Availability

D) Integrity

22) _____ refers to the ability to identify the person or entity with whom you are dealing on the Internet.

A) Nonrepudiation

B) Authenticity

C) Availability

D) Integrity

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- 23) Which of the following is an example of an integrity violation of e-commerce security?
- A) A Web site is not actually operated by the entity the customer believes it to be.
 - B) A merchant uses customer information in a manner not intended by the customer.
 - C) A customer denies that he or she is the person who placed the order.
 - D) An unauthorized person intercepts an online communication and changes its contents.**
- 24) _____ refers to the ability to ensure that an e-commerce site continues to function as intended.
- A) Nonrepudiation
 - B) Authenticity
 - C) Availability**
 - D) Integrity
- 25) An example of a privacy violation of e-commerce security is:
- A) your e-mail being read by a hacker.
 - B) your online purchasing history being sold to other merchants without your consent.**
 - C) your computer being used as part of a botnet.
 - D) your e-mail being altered by a hacker.
- 26) _____ refers to the ability to ensure that messages and data are only available to those authorized to view them.
- A) Confidentiality**
 - B) Integrity
 - C) Privacy
 - D) Availability
- 27) Which of the following is *not* a key point of vulnerability when dealing with e-commerce?
- A) the client computer
 - B) the server
 - C) the communications pipeline
 - D) the credit card companies**
- 28) All of the following were computer crimes committed in 2011-2012 *except*:
- A) Russian hackers posting over 6 million Facebook usernames and passwords online.
 - B) 77 million user credit card numbers stolen from Sony's PlayStation gameserver.
 - C) A Stuxnet worm wiped computers in the Iranian Oil Ministry clean.
 - D) Melissa worm spreads through Microsoft Word templates.**
- 29) Which of the following is a prominent hacktivist group?
- A) Anonymous**
 - B) Anti-Phishing Working Group
 - C) IC3
 - D) Symantec
- 30) Most of the world's spam is delivered via which of the following?
- A) viruses
 - B) worms
 - C) Trojan horses
 - D) botnets**
- 31) Botnets are typically used for all of the following *except*:
- A) DDoS attacks.
 - B) phishing attacks.**
 - C) storing network traffic for analysis.
 - D) stealing information from computers.

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- 32) Software that is used to obtain private user information such as a user's keystrokes or copies of e-mail is referred to as:
- A) spyware.
 - B) a backdoor.
 - C) pupware.
 - D) adware.
- 33) The Conficker worm targeted:
- A) Microsoft Word.
 - B) Microsoft Outlook Express.
 - C) Microsoft operating systems.
 - D) Microsoft Access database software.
- 34) Netsky.P, which spreads by sending e-mails from an infected computer to all of the e-mail addresses found on that infected computer, is an example of a:
- A) macro virus.
 - B) worm/Trojan horse.
 - C) Trojan horse/virus.
 - D) bot program.
- 35) What is the most frequent cause of stolen credit cards and card information today?
- A) lost cards
 - B) the hacking and looting of corporate servers storing credit card information
 - C) sniffing programs
 - D) phishing attacks
- 36) Which dimension(s) of security is spoofing a threat to?
- A) integrity
 - B) availability
 - C) integrity and authenticity
 - D) availability and integrity
- 37) All of the following are examples of malicious code *except*:
- A) viruses.
 - B) bots.
 - C) worms.
 - D) sniffers.
- 38) Symmetric key encryption is also known as:
- A) public key encryption.
 - B) secret key encryption.
 - C) PGP.
 - D) PKI.
- 39) All the following statements about symmetric key encryption are true *except*:
- A) In symmetric key encryption, both the sender and the receiver use the same key to encrypt and decrypt a message.
 - B) The Data Encryption Standard is a symmetric key encryption system.
 - C) Symmetric key encryption is computationally slower.
 - D) Symmetric key encryption is a key element in digital envelopes.

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- 40) The Data Encryption Standard uses a(n) _____-bit key.
- A) 8
 - B) 56
 - C) 256**
 - D) 512
- 41) All of the following statements about public key encryption are true *except*:
- A) Public key encryption uses two mathematically related digital keys.
 - B) Public key encryption ensures authentication of the sender.**
 - C) Public key encryption does not ensure message integrity.
 - D) Public key encryption is based on the idea of irreversible mathematical functions.
- 42) If you used a symmetric key encryption for large documents, with public key encryption to encrypt and send the symmetric key, you would be using a digital:
- A) envelope.**
 - B) signature.
 - C) certificate.
 - D) hash.
- 43) All of the following statements about PKI are true *except*:
- A) The term *PKI* refers to the certification authorities and digital certificate procedures that are accepted by all parties.
 - B) PKI is not effective against insiders who have a legitimate access to corporate systems including customer information.
 - C) PKI guarantees that the verifying computer of the merchant is secure.**
 - D) The acronym PKI stands for public key infrastructure.
- 44) A digital certificate contains all of the following *except* the:
- A) subject's private key.**
 - B) subject's public key.
 - C) digital signature of the certification authority.
 - D) digital certificate serial number.
- 45) Which of the following dimensions of e-commerce security is *not* provided for by encryption?
- A) confidentiality
 - B) availability**
 - C) message integrity
 - D) nonrepudiation
- 46) All of the following are methods of securing channels of communication *except*:
- A) SSL/TLS.
 - B) certificates.
 - C) VPN.
 - D) FTP.**
- 47) A _____ is hardware or software that acts as a filter to prevent unwanted packets from entering a network.
- A) firewall**
 - B) virtual private network
 - C) proxy server
 - D) PPTP
- 48) Proxy servers are also known as:
- A) firewalls.
 - B) application gateways.
 - C) dual home systems.**
 - D) packet filters.

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- 49) All of the following are used for authentication *except*:
- A) digital signatures.
 - B) certificates of authority.
 - C) biometric devices.
 - D) packet filters.
- 50) What is the first step in developing an e-commerce security plan?
- A) Create a security organization.
 - B) Develop a security policy.
 - C) Perform a risk assessment.
 - D) Perform a security audit.
- 51) What is the last step in developing an e-commerce security plan?
- A) Perform a security audit.
 - B) Develop an implementation plan.
 - C) Create a security organization.
 - D) Develop a security policy.
- 52) Which of the following is *not* an example of an access control?
- A) firewalls
 - B) proxy servers
 - C) digital signatures
 - D) login passwords
- 53) Which of the following is the primary federal statute used to combat computer crime?
- A) Homeland Security Act
 - B) CAN-SPAM Act
 - C) Computer Security Enhancement Act
 - D) Computer Fraud and Abuse Act
- 54) To allow lower-level employees access to the corporate network while preventing them from accessing private human resources documents, you would use:
- A) access controls.
 - B) an authorization management system.
 - C) security tokens.
 - D) an authorization policy.
- 55) All of the following are features of cash *except*:
- A) It is instantly convertible into other forms of value without intermediation.
 - B) It requires no authentication.
 - C) It is anonymous.
 - D) It provides float.
- 56) All the following are stakeholders in payment systems *except*:
- A) ISPs.
 - B) consumers.
 - C) financial intermediaries.
 - D) government regulators.
- 57) P2P payment systems are a variation on what type of payment system?
- A) stored value payment system
 - B) digital checking system
 - C) accumulating balance system
 - D) digital credit card system

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- 58) All of the following statements about debit cards are true *except*:
- A) Debit cards eliminate the need for consumers to write a paper check when making a purchase.
 - B) Debit cards enable consumers to make purchases even if they do not have sufficient funds at the time of purchase.
 - C) Debit cards do not provide any float.
 - D) Debit cards do not have the protections provided by Regulation Z to credit cards.
- 59) All of the following are examples of stored value payment systems *except*:
- A) smart cards.
 - B) credit cards.
 - C) gift certificates.
 - D) prepaid cards.
- 60) None of the following payment systems offers immediate monetary value *except*:
- A) personal checks.
 - B) credit cards.
 - C) stored value/debit card.
 - D) accumulating balance.
- 61) Malware that comes with a downloaded file that a user requests is called a:
- A) Trojan horse.
 - B) backdoor.
 - C) drive-by download.
 - D) PUP.
- 62) Which of the following is *not* an example of a PUP?
- A) adware
 - B) browser parasite
 - C) drive-by download
 - D) spyware
- 63) All of the following are limitations of the existing online credit card payment system *except*:
- A) poor security.
 - B) cost to consumers.
 - C) cost to merchant.
 - D) social equity.
- 64) Linden Dollars, created for use in Second Life, are an example of:
- A) digital cash.
 - B) virtual currency.
 - C) EBPP
 - D) peer-to-peer payment systems.
- 65) Which of the following is a set of short-range wireless technologies used to share information among devices within about 2 inches of each other?
- A) DES
 - B) NFC
 - C) IM
 - D) text messaging
- 66) Integrity refers to the ability to ensure that information being displayed on a Web site, or transmitted or received over the Internet, has not been altered in any way by an unauthorized party.
- 67) To allow employees to connect securely over the Internet to their corporate network, you would use a(n) VPN, virtual private network.
- 68) The exploitation of human fallibility and gullibility to distribute malware is known as social engineering.

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- 69) A(n) **grey hat** is a hacker that believes he or she is pursuing some greater good by breaking in and revealing system flaws.
- 70) Spoofing a Web site is also called **pharming**.
- 71) A(n) **zero-day** vulnerability involves a vulnerability unknown to security experts that is actively exploited before there is a patch available.
- 72) The study of measurable biological or physical characteristics is called **biometrics**.
- 73) In encryption, the method used to transform plain text to encrypted text is called a(n) **key, cipher**.
- 74) **Pretty Good Privacy (PGP)** is a widely used e-mail public key encryption software tool.
- 75) The most common form of securing a digital channel of communication is **SSL/TLS, Secure Sockets Layer**.
- 76) A(n) **application gateway** is a type of firewall that filters communications based on the application being requested.
- 77) To internal computers, a proxy server is known as the **gateway**.
- 78) **Processing centers, Clearinghouses** typically handle verification of accounts and balances in the
- 79) Malicious code that is designed to take advantage of a security hole in computer software or operating system is called a(n) **exploit**.
- 80) **EBPP, Electronic billing presentment and payment** is a form of online payment system for

Chapter 6 E-commerce Marketing Concepts: Social, Mobile, Local

- 1) In the United States today, single, white, young college-educated males with high income dominate the Internet in terms of percentage of Internet usage. **FALSE**
- 2) Households with incomes of below \$75,000 are obtaining Internet access at faster rates than households with incomes above that level. **TRUE**
- 3) Price is the top factor in online purchase decisions. **TRUE**
- 4) E-commerce is a major conduit and generator of offline commerce. **TRUE**
- 5) Online shoppers tend to browse for available products rather than search for specific products they have determined in advance. **FALSE**
- 6) Research shows that the two most important factors shaping the decision to purchase online are utility and trust. **TRUE**
- 7) In 2012, mobile marketing grew at nearly the same rate as traditional online marketing. **FALSE**
- 8) Evidence suggests that real-time customer chat increases sales. **TRUE**
- 9) Transaction logs are built into Web server software. **TRUE**
- 10) Cookies, when combined with Web beacons, can be used to create cross-site profiles. **TRUE**
- 11) The four generic market entry strategies are first mover, fast follower, slow follower, and pure play. **FALSE**
- 12) Online banking is more popular with men than with women. **TRUE**
- 13) The marginal cost of the production of information goods distributed over the Internet is zero or near zero. **TRUE**
- 14) Versioning involves selling the same product at different prices. **FALSE**
- 15) Bundling is the process of selling two or more products together for a price that is less than the sum of the two product's individual prices. **TRUE**
- 16) On a typical day, approximately _____ percent of adult users in the United States logs on to the Internet.
- A) 52
 - B) 62
 - C) 72
 - D) 82**

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- 17) Which of the following activities is the one engaged in by the highest percentage of online users?
A) using e-mail
B) using a social networking site
C) researching products and services
D) reading news
- 18) On average, which of the following activities was most frequently engaged in by Internet users in 2012?
A) checking the weather
B) banking online
C) buying a product
D) rating a product
- 19) The dial-up audience is _____ the broadband audience.
A) virtually indistinguishable from
B) more educated than
C) less intensely involved with the Internet than
D) wealthier than
- 20) Which of the following age groups has the highest percentage of Internet access?
A) 18-29
B) 30-49
C) 50-64
D) 65+
- 21) Which of the following demographic groups had the greatest increase in Internet access between 2002 and 2012?
A) Black, non-Hispanic
B) Asians
C) White, non-Hispanic
D) Hispanic
- 22) Which of the following age groups had the lowest percentage of Internet access in 2012?
A) 18-29
B) 30-49
C) 50-64
D) 65+
- 23) In 2012, what was the approximate Internet penetration rate for individuals that have attained less than a high-school education?
A) 45 percent
B) 60 percent
C) 75 percent
D) 90 percent
- 24) Toyota's use of the Internet to target Hispanic customers is an example of targeting a specific:
A) lifestyle group.
B) culture.
C) subculture.
D) psychological profile.
- 25) A person's profession or occupation is part of their:
A) indirect reference group.
B) direct reference group.
C) lifestyle group.
D) subculture.

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- 26) Which of the following is an example of an indirect reference group?
A) social class
B) family
C) religion
D) profession
- 27) A(n) _____ profile describes an individual's set of needs, drives, motivations, perceptions and learned behaviors.
A) psychographic
B) opinion
C) psychological
D) lifestyle
- 28) All of the following are online communications that are used to support the evaluation of alternatives stage of the consumer decision process *except*:
A) search engines.
B) online catalogs.
C) social networks.
D) targeted banner ads.
- 29) "Shoppers" constitute approximately _____ percent of the online Internet audience.
A) 38
B) 68
C) 88
D) 98
- 30) Small ticket item sales outnumbered large ticket item sales during the early days of e-commerce for all of the following reasons *except*:
A) Purchase price was low.
B) Items were physically small.
C) Margins were low.
D) Selection was broad.
- 31) Which of the following is the top concern of Internet users about purchasing online?
A) inability to see and touch before buying
B) difficulty of returning products
C) shipping costs
D) inability to speak to sales assistant in person
- 32) Studies of the effects of social "connectedness" on Internet purchases indicate that the more "connected" an individual:
A) the less purchasing that individual does.
B) the less that individual is influenced by friends' purchases.
C) the more that individual shares purchasing decisions with friends.
D) the more purchasing that individual does.
- 33) The broadest factor in consumer behavior is:
A) culture.
B) gender.
C) education.
D) psychological background.
- 34) In modeling online consumer behavior, *consumer skills* refers to the:
A) education level of the consumer.
B) communication skills of the consumer.
C) knowledge consumers have about how to conduct online transactions.

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- D) product evaluation skills of the consumer.
- 35) All of the following are important clickstream behavior factors *except*:
- A) the number of days since last visit.
 - B) the speed of clickstream behavior.
 - C) the amount of personal information supplied.
 - D) the number of advertisements viewed.**
- 36) Approximately _____ in annual offline retail sales is influenced by online browsing.
- A) \$1.2 trillion**
 - B) \$102 billion
 - C) \$120 million
 - D) \$12 million
- 37) Which of the following types of online market segmentation and targeting involves using age, ethnicity, religion, etc.?
- A) psychographic
 - B) demographic**
 - C) technical
 - D) contextual
- 38) Which of the following types of online market segmentation and targeting involves using consumers' explicitly expressed interest to segment and target?
- A) psychographic
 - B) technical
 - C) search**
 - D) contextual
- 39) Which of the following types of online market segmentation and targeting involves tracking the actions users take on a Web site?
- A) technical
 - B) behavioral**
 - C) contextual
 - D) psychographic
- 40) Which of the following is *not* one of the main elements of a comprehensive multi-channel marketing plan?
- A) local marketing**
 - B) offline marketing
 - C) social marketing
 - D) mobile marketing
- 41) All of the following statements are true *except*:
- A) Online merchants can avoid direct price comparison by introducing information asymmetries into the marketplace.
 - B) Relative dispersion of prices for online goods has decreased.**
 - C) Price dispersion is less for commodities than for differentiated products.
 - D) Depending on the seller, there can be large differences in price sensitivity for the same products.
- 42) Which of the following statements about the Internet's impact on marketing is *not* true?
- A) The Internet has broadened the scope of marketing communications.
 - B) The Internet has decreased the impact of brands.**
 - C) The Internet has increased the richness of marketing communications.
 - D) The Internet has expanded the information intensity of the marketplace.

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- 43) Which of the following features of e-commerce technology has reduced the cost of delivering marketing messages and receiving feedback from users?
- A) ubiquity
 - B) richness
 - C) interactivity
 - D) universal standards**
- 44) Which of the following features of e-commerce technology allows fine-grained, highly detailed information on consumers' real-time behavior to be gathered and analyzed?
- A) personalization/customization
 - B) information density**
 - C) social technology
 - D) interactivity
- 45) The richness made possible by e-commerce technologies does which of the following?
- A) It reduces the cost of delivering marketing messages and receiving feedback from users.
 - B) It allows consumers to become co-producers of the goods and services being sold.
 - C) It allows video, audio, and text to be integrated into a single marketing message and consuming experience.**
 - D) It enables worldwide customer service and marketing communications.
- 46) For a Web site that has 5 million visitors a month, and where on average, a visitor makes 10 page requests per visit, there will be _____ entries in the transaction log each month.
- A) 50
 - B) 500,000
 - C) 5 million
 - D) 50 million**
- 47) Which of the following is *not* a social marketing technique?
- A) Pinterest marketing
 - B) app marketing**
 - C) game marketing
 - D) video marketing
- 48) All of the following statements about cookies are true *except*:
- A) Cookies can be used with Web bugs to create cross-site profiles of users.
 - B) The data typically stored in cookies includes a unique ID and e-mail address.**
 - C) Cookies make shopping carts possible by allowing a site to keep track of a user's actions.
 - D) The more cookies are deleted, the less accurate ad server metrics become.
- 49) A Web beacon is:
- A) a cookie that carries a virus.
 - B) an executable cookie.
 - C) an automated applet for performing Web searches.
 - D) a tiny graphics file embedded in an e-mail or Web page.**
- 50) _____ is an industry-standard database query and manipulation language.
- A) SQL**
 - B) PHP
 - C) DBMS
 - D) JSP
- 51) All of the following are traditional online marketing tools *except*:
- A) affiliate marketing.
 - B) permission marketing.
 - C) social marketing.**
 - D) sponsorship marketing.

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- 52) Which of the following examples illustrates the "Long Tail" phenomenon?
- A) Rhapsody music streaming service reported that its no play rate had increased to over 20 percent.
 - B) The number of blockbuster "winner take all" video titles is declining.
 - C) Over 50 percent of Netflix's 100,000 titles are rented at least once a day by someone.
 - D) The average blog has a readership of slightly more than 1.
- 53) A _____ is a repository of customer information that records all of the contacts that a customer has with a firm and generates a customer profile available to everyone in the firm with a need to know the customer.
- A) customer service chat system
 - B) CRM system
 - C) data warehouse
 - D) transactive content system
- 54) Netflix entered the market with a(n) _____ strategy.
- A) brand extender
 - B) fast follower
 - C) first mover
 - D) alliance
- 55) Walmart used which of the following market entry strategies?
- A) first mover
 - B) strategic alliance
 - C) fast follower
 - D) brand extender
- 56) The marketing technique known as _____ involves merchants offering products or services for a very low price for a short period of time.
- A) search engine marketing
 - B) flash marketing
 - C) yield management
 - D) bait-and-switch
- 57) Which of the following is *not* a kind of Twitter marketing product?
- A) Promoted Shopping
 - B) Promoted Tweets
 - C) Promoted Accounts
 - D) Promoted Trends
- 58) Which of the following is *not* a feature that is driving social e-commerce growth?
- A) social sign-on
 - B) network notification
 - C) collaborative shopping
 - D) personal intelligent agents
- 59) Permission marketing:
- A) is a component of e-mail marketing.
 - B) is required now by federal law via "opt-in" regulations.
 - C) allows Web site users to "turn off" display ads.
 - D) is a method of pre-approved marketing to juveniles.
- 60) All of the following are attributes of personalized marketing *except*:
- A) suitable for highly complex products.
 - B) unique price.
 - C) targeting of individuals.
 - D) use of mass media.

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- 61) The Nike iD program is an example of which of the following marketing techniques?
A) customer co-production
B) transactive content
C) price discrimination
D) permission marketing
- 62) The incremental cost of building the next unit of a good is called the:
A) demand curve.
B) variable cost.
C) marginal cost.
D) fixed cost.
- 63) Which of the following statements about a free pricing strategy is false?
A) Free products and services can knock out potential and actual competitors.
B) The free pricing strategy was born in the early days of the Web.
C) It is difficult to convert free customers into paying customers.
D) Free products and services can help build market awareness.
- 64) Creating multiple variations of information goods and selling these to different market segments at different prices is called:
A) bundling.
B) customization.
C) dynamic pricing.
D) versioning.
- 65) All of the following are fixed price strategies *except*:
A) bundling.
B) versioning.
C) free pricing.
D) yield management.
- 66) A(n) lifestyle group is a type of reference group that has an integrated pattern of activities, interests, and opinions.
- 67) Psychographic research combines both demographic and psychological data and divides a market into different groups based on social class, lifestyle, and/or personality characteristics.
- 68) Clickstream behavior refers to the transaction log that consumers establish as they move about the Web from site to site.
- 69) The Law of One Price asserts that, with complete price transparency in a perfect information marketplace, one world price for every product will emerge.
- 70) A consumer's decision to purchase from a particular store because of the wide variety and number of products available is called the library, catalog effect.
- 71) Displaying online ads for high-end kitchen utensils to consumers who have purchased gourmet cookbooks is an example of contextual, context targeting.
- 72) Price dispersion refers to the difference between the highest and lowest prices in a market.
- 73) The social graph, digital social graph is a mapping of all significant online social relationships.
- 74) To answer a question such as "At what time of day does our company sell the most products?" you would use query-driven data mining.
- 75) Specialized marketing firms called advertising networks sell ad opportunities from a range of participating sites that receive payment for displaying ads.
- 76) In affiliate marketing, one Web site agrees to pay another Web site a commission for new business opportunities it refers to the site.

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- 77) **Viral marketing** is the process of getting customers to pass along a company's marketing message to friends, family, and colleagues.
- 78) Conversations between a firm and the consumers of its products in various forums such as blogs, Facebook, and Twitter feeds are referred to collectively as **customer engagement**.
- 79) **Brand leveraging** refers to the process of using the power of an existing brand to acquire new customers for a new product or service.
- 80) **Channel conflict** occurs when a new venue for selling products or services threatens to destroy existing venues.

ALL THE BEST