

Bus 305 chapter 9



**ASSIGN
BUSTER**

- 1) E-commerce refers to the use of any networking technologies to transact business. Answer: FALSE
- 2) Retail consumer e-commerce is still growing at double-digit rates. Answer: FALSE
- 3) The Internet shrinks information asymmetry. Answer: TRUE
- 4) Information asymmetry exists when one party in a transaction has more information for the transaction than the other party. Answer: TRUE
- 5) All previous mass media in modern history, including the printing press, use a broadcast model where content is created in a central location by experts. Answer: TRUE
- 6) Disintermediation provides major benefits to the distributor. Answer: FALSE
- 7) In general, for digital goods, the marginal cost of producing another unit is about zero. Answer: TRUE
- 8) An example of the service provider business model is Flickr, a photo management and sharing Web site. Answer: TRUE
- 9) An example of the content provider business model is Barnesandnoble.com, a retailer of printed books. Answer: FALSE
- 10) Podcasting allows subscribers to listen to live, streaming radio and other audio content. Answer: FALSE

11) Intellectual property refers to all forms of human expression, both tangible and intangible. Answer: FALSE

12) The goal of behavioral targeting is to increase the size of the audience to whom the advertiser can market a product. Answer: FALSE

13) Advertising networks track user behavior at a multitude of popular Web sites in order to build profiles of each user. Answer: TRUE

14) Amazon. com uses Web personalization as a major marketing tool. Answer: TRUE

15) EDI standards that take advantage of network communications have yet to be fully implemented at the industry level. Answer: FALSE

16) In general, the cost of hardware, software, and telecommunications for building and operating a Web site has fallen by over 50 percent since 2000. Answer: TRUE

17) Net marketplaces may either support contractual purchasing based on long-term relationships with designated suppliers or short-term spot purchasing. Answer: TRUE

18) Exchanges have become one of the most popular types of Net marketplace because they encourage competitive bidding that drives prices down. Answer: FALSE

19) Automobile manufacturing is an example of a vertical market. Answer: TRUE

20) Because of outsourcing and increased automation, the costs of system maintenance and content creation have fallen and typically make up less than a quarter of Web site budgets. Answer: FALSE

21) Through what channel did e-commerce first evolve? A) Online advertising sales B) Internet portals C) Online book sales D) Internet service providers Answer: A

22) Based on your reading of the chapter, e-commerce is: A) still in a revolutionary phase. B) widely accepted by consumers, although technology is still quickly changing. C) not yet fully accepted by consumers, although much of its driving technology is firmly in place. D) well entrenched as a form of modern commerce. Answer: A

23) The quality of ubiquity, as it relates to e-commerce, is illustrated by: A) the same set of standards being used across the globe. B) the spread of plentiful, cheap information. C) the enabling of commerce worldwide. D) the availability of the Internet everywhere and anytime. Answer: D

24) A marketplace extended beyond traditional boundaries and removed from a temporal and geographic location is called a(n): A) exchange. B) market space. C) online marketplace. D) e-hub. Answer: B

25) In which of the following Internet business models does a merchant create an online digital environment that enables people with like interests to share information or buy and sell goods? A) Community provider B) Service provider C) Market creator D) Transaction broker Answer: A

26) Which of the following is not a recent development in e-commerce? A) Wireless Internet connections grow rapidly. B) Social networking sites become a new platform for e-commerce. C) The music recording industry is disrupted as music creation and distribution become decentralized. D) Online entertainment business models surge. Answer: C

27) How is the Internet and e-commerce causing severe disruption to the existing advertising business model? A) Ties between customer and businesses are being rethought. B) Technology players such as Yahoo! seek to dominate online advertising and expand into offline ad brokerage. C) New methods of advertising, such as blog advertising, are emerging. D) The market entry costs for online advertising services are extremely low. Answer: B

28) Which of the following is not one of the unique features of e-commerce technology? A) Information density B) Transparency C) Richness D) Social technology Answer: B

29) The act of engaging consumers in a dialog that dynamically adjusts the experience to the individual describes which dimension of e-commerce technology? A) Ubiquity B) Personalization/customization C) Richness D) Interactivity Answer: D

30) The integration of video, audio, and text marketing messages into a single marketing message and consumer experience describes which dimension of e-commerce technology? A) Ubiquity B) Personalization/customization C) Richness D) Interactivity Answer: C

31) The effort required to locate a suitable product is called: A) price discrimination. B) search costs. C) menu costs. D) shopping costs. Answer: B

32) The lowered costs of information storage, processing, and communication, along with the improvement of data quality, has resulted in which unique quality of e-commerce? A) Information density B) Richness C) Customization D) Interactivity Answer: A

33) Information density refers to the: A) richness-complexity and content-of a message. B) total amount and quantity of information delivered to consumers by merchants. C) total amount and quantity of information available to all market participants. D) amount of information available to reduce price transparency. Answer: C

34) Selling the same goods to different targeted groups at different prices is called: A) cost customization. B) cost optimization. C) price gouging. D) price discrimination. Answer: D

35) Information _____ exists when one party in a transaction has more information that is important for the transaction than the other party. A) transparency B) asymmetry C) complexity D) discrimination Answer: B

36) The cost to a merchant of changing the price of a product is called a _____ cost. A) pricing B) dynamic pricing C) menu D) switching Answer: C

37) Varying a product's price according to the supply situation of the seller is called _____ pricing. A) menu B) flexible C) dynamic D) asymmetric Answer: C

38) Compared to digital markets, traditional markets have: A) lower search costs. B) stronger network effects. C) higher delayed gratification effects. D) higher transaction costs. Answer: D

39) Reducing the business process layers in a distribution channel is called. A) disintermediation. B) BPR. C) market segmentation. D) network effects. Answer: A

40) Digital goods are goods that are: A) produced digitally. B) sold over digital networks. C) delivered digitally. D) used with digital equipment. Answer: C

41) Compared to traditional goods, digital goods have: A) greater pricing flexibility. B) lower marketing costs. C) higher production costs. D) higher inventory costs. Answer: A

42) Compared to traditional markets, digital markets have: A) lower distributed delivery costs. B) higher marginal costs per unit. C) equivalent copying costs. D) similar inventory costs. Answer: A

43) Which of the following Internet business models does Amazon. com use? A) Content provider B) Portal C) Market creator D) E-tailer Answer: D

44) Which of the following businesses utilizes the content provider Internet business model? A) Amazon. com B) eBay. com C) CNN. com D) Motocross. com Answer: C

45) Transaction brokers: A) generate revenue from advertising or from directing buyers to sellers. B) save users money and time by processing

online sales transactions. C) provide a digital environment where buyers and sellers can establish prices for products. D) sell physical products directly to consumers or individual businesses. Answer: B

46) Market creators: A) save users money and time by processing online sales transactions. B) provide a digital environment where buyers and sellers can establish prices for products. C) create revenue by providing digital content over the Web. D) sell physical products directly to consumers or individual businesses. Answer: B

47) Which of the following best illustrates the sales revenue model? A) EBay receives a small fee from a seller if a seller is successful in selling an item. B) Epinions receives a fee after steering a customer to a participating Web site where he or she makes a purchase. C) Flickr provides basic services for free, but charges a premium for advanced services. D) Apple accepts micropayments for single music track downloads. Answer: D

48) Which of the following best illustrates the affiliate revenue model? A) EBay receives a small fee from a seller if a seller is successful in selling an item. B) Epinions receives a fee after steering a customer to a participating Web site where he or she makes a purchase. C) Flickr provides basic services for free, but charges a premium for advanced services. D) Apple accepts micropayments for single music track downloads. Answer: B

49) Which of the following best illustrates the transaction fee revenue model? A) EBay receives a small fee from a seller if a seller is successful in selling an item. B) Epinions receives a fee after steering a customer to a participating Web site where he or she makes a purchase. C) Flickr provides

basic services for free, but charges a premium for advanced services. D)

Apple accepts micropayments for single music track downloads. Answer: A

50) In a phenomenon called _____, some argue that large numbers of people can make better decisions about a wide range of topics or products than a single person or even a small committee of experts A) the wisdom of crowds B) outsourcing C) crowdsourcing D) social networking Answer: A

51) Netflix's public announcement of a reward for a technology solution to its movie recommendation system is an example of: A) prediction markets B) behavioral targeting C) long-tail marketing D) crowdsourcing Answer: D

52) EBay is an example of: A) C2C e-commerce. B) B2B e-commerce. C) B2C e-commerce. D) M-commerce. Answer: A

53) Selling products and services directly to individual consumers via the Internet best describes: A) B2B e-commerce. B) C2C e-commerce. C) M-commerce. D) B2C e-commerce. Answer: D

54) Consumers selling goods and services electronically to other consumers best describes:...

A) disintermediation. B) C2C e-commerce. C) M-commerce. D) B2C e-commerce. Answer: B

55) Exposing an individual to ads that are chosen and based on the recorded and analyzed online behavior of the individual is referred to as: A) clickstream advertising. B) behavioral targeting. C) online profiling. D) long tail marketing. Answer: B

56) Which of the following was the leading advertising format in 2009? A) Display ads B) E-mail C) Classifieds D) Search engine
Answer: D

57) Which of the following statements about B2B commerce is not true? A) Eighty percent of online B2B e-commerce is still based on EDI. B) B2B e-commerce represents approximately three-quarters of the overall B2B marketplace. C) B2B e-commerce only includes commercial transactions between firms. D) B2B e-commerce revenues in 2009 were over \$3 trillion.
Answer: B

58) Goods that are involved in the actual production process are referred to as: A) raw materials. B) direct goods. C) purchasing goods. D) indirect goods.
Answer: B

59) Which of the following statements about m-commerce is not true? A) In 2009, m-commerce represented less than 10 percent of all e-commerce. B) M-commerce is the fastest growing form of e-commerce. C) M-commerce applications are especially popular in Europe, Japan, and South Korea. D) In 2009, the top-grossing category of m-commerce was e-book sales. Answer: D

60) The system functionalities of an e-commerce site are best described as the: A) general capabilities wanted. B) information systems capabilities wanted. C) information elements needed. D) software and hardware required. Answer: B

61) EDI is: A) the use of Internet technologies for electronic data transactions. B) the exchange between two organizations of standard

transactions through a network. C) electronic data invoicing. D) electronic delivery infrastructure. Answer: B

62) The process of sourcing goods and materials, negotiating with suppliers, paying for goods, and making delivery arrangements is called: A) procurement. B) e-procurement. C) SCM. D) sourcing. Answer: A

63) An extranet that links a large firm to its suppliers and other key business partners is called a(n): A) e-hub. B) marketpace. C) exchange. D) private industrial network. Answer: D

64) E-hubs are more _____ than private industrial networks. A) transaction-oriented B) collaborative C) independent D) supply-chain oriented Answer: A

65) Net marketplaces: A) focus on continuous business process coordination between companies for supply chain management. B) are industry owned or operate as independent intermediaries between buyers and sellers. C) are geared towards short-term spot purchasing. D) are more relationship oriented than private industrial networks. Answer: B

66) A third-party Net marketplace that connects many buyers and suppliers for spot purchasing is called a(n): A) exchange. B) vertical market. C) private exchange. D) e-hub. Answer: A

67) Which of the following is not one of the categories of services that are popular for m-commerce? A) location-based services B) financial services. C) games and entertainment. D) retail shopping. Answer: D

68) In the United States, m-commerce: A) has become widely adopted. B) is still in its infancy. C) now represents a major fraction of total e-commerce transactions. D) is growing slowly. Answer: B

69) You are planning the requirements for a site tracking and reporting system for your company Web site. Which of the following information requirements would not be essential for this function? A) Number of unique visitors B) Pages visited C) Products purchased D) Secure credit card clearing Answer: D

70) In which of the following revenue models does a Web site charge a fee for access to some or all of its offerings on a continual, regular basis? A) Subscription B) Free/freemium C) Transaction fee D) Sales Answer: A

71) Content providers use _____ systems to process large amounts of very small monetary transactions cost-effectively. Answer: micropayment

72) _____ refers to the ability of consumers to discover what merchants actually pay for products. Answer: Cost transparency

73) _____ are the merchants' costs of changing prices. Answer: Menu costs

74) Online _____ marketing is like traditional word-of-mouth marketing except that it is spread via online communities. Answer: viral

75) The Internet enables _____ marketing, by leveraging the fact that there is always some demand, however small, for a product. Answer: long-tail

76) A(n) _____ is another term for a private industrial network. Answer: private exchange

77) The _____ targeting of ads results in consumers responding ten times more frequently than when delivered ads randomly. Answer: behavioral

78) _____ goods, such as office supplies, are those not involved firsthand in the production process. Answer: Indirect

79) In Web server _____, a firm purchases or leases a Web server but locates the server in a vendor's physical facility. Answer: co-location

80) Before building an e-commerce site, business objectives and functionalities must be translated into a set of precise information _____. Answer: requirements

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