

Chapter 5 Electronic Business, Intranets and Extranets

- 1) The Chapters opening case discusses strategies that Amazon.ca and Chapters.Indigo.ca undertook in order to topple each other in the Canadian market. Which of the following is NOT one of those strategies?
- A) Chapters.indigo.ca cut the prices of its best-selling books by 30 percent.
 - B) Both Amazon.ca and Chapters.Indigo.ca offered mass customization of products
 - C) Both Amazon.ca and Chapters.Indigo.ca offered free shipping on orders greater than 39 dollars.
 - D) Amazon.ca cut the prices of its 40 best sellers by 40 percent.

Answer: B

Page Ref: 147

Skill: R

- 2) Everything having to do with the application of information and communication technologies is referred to as:
- A) electronic business.
 - B) marketing products.
 - C) consumer service and support.
 - D) click business.

Answer: A

Page Ref: 148

Skill: A

- 3) Electronic advertising of products or services, electronic shopping, and direct after-sales support is simply referred to as:
- A) electronic commerce.
 - B) mass commerce.
 - C) Internet commerce.
 - D) Web commerce.

Answer: A

Page Ref: 148

Skill: R

- 4) Electronic commerce goes beyond buying and selling. EC can involve the events leading to a purchase, as well as _____ after the sale.
- A) communication
 - B) management
 - C) customer service
 - D) marketing

Answer: C

Page Ref: 149

Skill: A

- 5) There are several types of EC. Transactions between businesses and consumers (B2C) is known as:
- A) business-to-consumer.
 - B) business-to-controller.
 - C) business-to-customer.
 - D) business-to-carrier.

Answer: A

Page Ref: 149

Skill: A

6) B2B is a type of EC that refers to transactions that occur as:

- A) buyer-to-business.
- B) business-to-buyer.
- C) business-to-business.
- D) business-to-consumer.

Answer: C

Page Ref: 149

Skill: A

7) B2E types of EC are referred to as:

- A) business-to-employee.
- B) business-to-environment.
- C) business-to-everyone.
- D) buyer-to-employee.

Answer: A

Page Ref: 149

Skill: A

8) eBay is an example of a Web site that employs the _____ type of EC.

- A) C2C
- B) B2B
- C) B2E
- D) B2C

Answer: A

Page Ref: 149

Skill: A

9) The combination of the Internet and Web technologies has given rise to a global platform where firms across the world can compete for customers and gain access to new:

- A) competitors.
- B) employees.
- C) markets.
- D) monies.

Answer: C

Page Ref: 149

Skill: A

10) It is the global connectivity of the Internet that provides a relatively _____ medium for marketing products over long distances.

- A) economical
- B) difficult
- C) integration
- D) expensive

Answer: A

Page Ref: 149

Skill: A

11) The factor of _____ is not a limitation as it is in traditional stores.

- A) time
- B) employees
- C) money
- D) culture

Answer: A

Page Ref: 149

Skill: A

12) Web technologies allow integration of information via Web sites, which can be linked to corporate _____ to provide real-time access to information.

- A) databases
- B) headquarters
- C) executives
- D) warehouses

Answer: A

Page Ref: 149

Skill: A

13) Web technologies help firms realize their goal of mass:

- A) customization.
- B) production.
- C) employment.
- D) profitability.

Answer: A

Page Ref: 151

Skill: A

14) Interactive communication via the Web enables firms to build _____ by providing immediate communication and feedback to and from customers.

- A) profit
- B) databases
- C) firm image
- D) customer loyalty

Answer: D

Page Ref: 151

Skill: A

15) By providing ways for customers and firms to conduct business online without assistance from humans, the Internet and Web have significantly reduced _____ costs.

- A) production
- B) human resource
- C) marketing
- D) transaction

Answer: D

Page Ref: 152

Skill: A

- 16) _____ is the phenomenon of cutting out the middle vendor ("middleman") and reaching customers in a more direct and efficient manner.
- A) Reverse pricing
 - B) Tunnelling
 - C) Watermarking
 - D) Disintermediation

Answer: D

Page Ref: 152

Skill: R

- 17) Companies that choose to operate solely in the traditional physical markets are described as:
- A) business-and-mortar.
 - B) brick-and-click.
 - C) pure play.
 - D) brick-and-mortar.

Answer: D

Page Ref: 153

Skill: A

- 18) Click-only companies are also referred to as _____ companies.
- A) pure click
 - B) click-click
 - C) click-thru
 - D) pure play

Answer: D

Page Ref: 153

Skill: R

- 19) Click-only companies do not have:
- A) employees.
 - B) supply chains.
 - C) storefronts.
 - D) warehouses.

Answer: C

Page Ref: 153

Skill: A

- 20) Firms that operate in both the physical and virtual (online) arenas are termed _____.
- A) brick-and-mortar
 - B) click only
 - C) pure play
 - D) bricks-and-clicks

Answer: D

Page Ref: 153

Skill: A

21) Brick-and-click businesses continue to operate their physical locations, but they have also added a(n) _____ component to their business strategy.

- A) EB
- B) strategic
- C) security
- D) marketing

Answer: A

Page Ref: 153

Skill: A

22) Another challenge for the brick-and-click company is the requirement for Web-based computing skills, which requires the company to make substantial investments in _____.

- A) software
- B) networks
- C) hardware
- D) resources

Answer: D

Page Ref: 154

Skill: A

23) Click-only companies are able to effectively compete with other types of companies on product or service:

- A) price.
- B) delivery.
- C) volume.
- D) quality.

Answer: A

Page Ref: 154

Skill: A

24) A virtual company is another term for those companies that adopt a _____ strategy.

- A) brick-and-mortar
- B) click-only
- C) brick-and-click
- D) business-to-business

Answer: B

Page Ref: 153

Skill: A

25) While EDI was generally limited to large corporations, the Internet and the Web have provided an economical medium over which information can be transmitted, thus enabling small to midsize enterprises to participate in _____ markets.

- A) traditional
- B) B2B
- C) C2C
- D) B2C

Answer: B

Page Ref: 162

Skill: A

26) Web-based B2B systems range from simple _____ applications to complex trading exchanges where multiple buyers and sellers can congregate to conduct business online.

- A) Internet
- B) extranet
- C) intranet
- D) Web ring

Answer: B

Page Ref: 162

Skill: A

27) Electronic Data Interchange (EDI) is the forerunner of modern _____ EC.

- A) B2B
- B) B2C
- C) click-only
- D) C2C

Answer: A

Page Ref: 162

Skill: R

28) EDI refers to the _____ transmission of business information between organizations via telecommunications networks.

- A) tunnelling
- B) managerial
- C) paper
- D) digital

Answer: D

Page Ref: 162

Skill: A

29) The telecommunications networks that enable EDI are termed:

- A) LANs.
- B) WANs.
- C) VANs.
- D) CANs.

Answer: C

Page Ref: 162

Skill: R

30) VAN, a _____, is a telecommunications network that provides a direct and secure vehicle for data transmission between a company and its business partners.

- A) vehicle analog network
- B) vocal announcement network
- C) voice analog network
- D) value-added network

Answer: D

Page Ref: 162

Skill: R

31) One particular limitation associated with EDI is its:

- A) lack of need for skilled employees.
- B) monetary expense.
- C) lack of utility across many businesses.
- D) dominance.

Answer: B

Page Ref: 163

Skill: A

32) While EDI has been used for four decades to conduct B2B transactions, the trend today in business is to use:

- A) facsimiles and the Web.
- B) facsimiles.
- C) the Internet and the Web.
- D) facsimiles and telephones.

Answer: C

Page Ref: 163

Skill: A

33) As an example of how the Internet changed B2B transactions, Cisco Systems' B2B initiatives have enabled their customers to service themselves, thus resulting in a(n) _____ of customer service representatives that saved the company \$20 million per year.

- A) decrease
- B) redeployment
- C) increase
- D) layoff

Answer: B

Page Ref: 163

Skill: R

34) Use of the Internet and the Web for internal communications is accomplished by means of a(n):

- A) tunnel.
- B) LAN.
- C) intranet.
- D) extranet.

Answer: C

Page Ref: 172

Skill: R

35) An intranet consists of an internal, _____ network using Web technologies to facilitate the secured transmission of proprietary information.

- A) public
- B) government
- C) corporate
- D) private

Answer: D

Page Ref: 142

Skill: R

36) Employees access information on the intranet by means of a(n):

- A) printer.
- B) e-mail.
- C) browser.
- D) file.

Answer: C

Page Ref: 172

Skill: R

37) A(n) _____ is a vehicle for communicating proprietary information with authorized users outside organizational boundaries.

- A) intranet
- B) extranet
- C) Internet
- D) Web ring

Answer: B

Page Ref: 162

Skill: R

38) An extranet allows two or more firms to use the _____ to conduct business together.

- A) Web
- B) Internet
- C) telephone
- D) intranet

Answer: B

Page Ref: 162

Skill: A

39) Web-based technologies are _____, which means that disparate computing systems can communicate with each other, provided that standard Web protocols have been implemented.

- A) multi-platform
- B) cross platform
- C) uni-platform
- D) non platform

Answer: B

Page Ref: 162

Skill: A

40) While an intranet looks and acts like a publicly accessible Web site, there are _____ that secure proprietary information from the public.

- A) telecommunication walls
- B) firewalls
- C) boundaries
- D) intranet walls

Answer: B

Page Ref: 173

Skill: R

- 41) _____ are hardware devices with special software that are placed between the organizations LAN or WAN and the Internet.
- A) Safety walls
 - B) Internet walls
 - C) Browser walls
 - D) Firewalls

Answer: D

Page Ref: 173

Skill: R

- 42) To enable an employee to gain access to the Internet, _____ protocol must be implemented on the organizations LAN/WAN.
- A) XML
 - B) HTML
 - C) XBRL
 - D) TCP/IP

Answer: D

Page Ref: 174

Skill: R

- 43) Extranets look and act like an intranet, however, they connect two or more business partners and thus require an additional component called a:
- A) VPN.
 - B) LAN.
 - C) VAN.
 - D) CRM.

Answer: A

Page Ref: 164

Skill: A

- 44) VPN is the acronym for:
- A) Virtual Private Network.
 - B) Virtual Proprietary Network.
 - C) Voice Protocol Network.
 - D) Virtual Protocol Network.

Answer: A

Page Ref: 164

Skill: R

- 45) VPNs use a technology called:
- A) channelling.
 - B) mediating.
 - C) twisted-pairing.
 - D) tunnelling.

Answer: D

Page Ref: 165

Skill: R

- 46) _____ is the process that confirms the identity of the remote user who is attempting to access information from the Web server.
- A) Registration
 - B) Confirmation
 - C) Identification
 - D) Authentication

Answer: D

Page Ref: 165

Skill: A

- 47) B2B portals can be defined as _____ through which a business partner accesses secured, proprietary information from an organization.
- A) tunnels
 - B) intranets
 - C) access points
 - D) back doors

Answer: C

Page Ref: 167

Skill: A

- 48) Enterprise portals come in two basic forms, the distribution portal and the:
- A) procurement portal.
 - B) profitability portal.
 - C) production portal.
 - D) procurement channel.

Answer: A

Page Ref: 167

Skill: A

- 49) _____ automate the business processes involved in selling or distributing products from a single supplier to multiple buyers.
- A) Enterprise portals
 - B) Resource portals
 - C) Procurement portals
 - D) Distribution portals

Answer: D

Page Ref: 167

Skill: R

- 50) _____ are designed to automate the business processes that occur before, during, and after sales have been transacted between a supplier and multiple customers.
- A) Distribution portals
 - B) Procurement portals
 - C) Enterprise portals
 - D) Resource portals

Answer: A

Page Ref: 168

Skill: R

- 51) _____ are designed to automate the business processes that occur before, during and after sales have been transacted between a buyer and multiple suppliers.
- A) Resource portals
 - B) Distribution portals
 - C) Procurement portals
 - D) Enterprise portals

Answer: C

Page Ref: 168

Skill: R

- 52) Another term for an electronic marketplace is:

- A) trading floor.
- B) electronic exchange.
- C) multimedia marketplace.
- D) trading exchange.

Answer: D

Page Ref: 170

Skill: R

- 53) _____ are operated by third-party vendors, meaning that they are built and maintained by a particular company.

- A) Trading exchanges
- B) Resource marketplaces
- C) Multimedia marketplaces
- D) Electronic exchanges

Answer: A

Page Ref: 170

Skill: A

- 54) B2C focuses on retail transactions between a company and:

- A) wholesalers.
- B) dealers.
- C) end consumers.
- D) retailers.

Answer: C

Page Ref: 155

Skill: A

- 55) The major portion of B2C focuses on electronic retailing, which is also called:

- A) retailing.
- B) click-tailing.
- C) e-selling.
- D) e-tailing.

Answer: D

Page Ref: 155

Skill: R

56) The book relates a three-stage model of EC. Which of the following is not one of the stages?

- A) E-Transaction
- B) E-Information
- C) E-Initiation
- D) E-Integration

Answer: C

Page Ref: 156

Skill: R

57) The e-information stage of EC involves the promotion of sales and marketing information via a(n):

- A) e-mail.
- B) e-brochure.
- C) brochure.
- D) voicemail.

Answer: B

Page Ref: 156

Skill: R

58) The goal of the e-information stage is to achieve:

- A) collaboration.
- B) global dissemination of customized information.
- C) customer transaction processing.
- D) global information dissemination.

Answer: D

Page Ref: 156

Skill: A

59) E-information is more flexible than traditional promotional methods because this type of information:

- A) may be modified and posted quickly.
- B) users obtain outdated information.
- C) is more difficult to update.
- D) labour expenses are increased.

Answer: A

Page Ref: 157

Skill: A

60) E-integration, the second stage of EC, is focused on accommodating requests for:

- A) products.
- B) general information.
- C) legal information.
- D) customized information.

Answer: D

Page Ref: 157

Skill: A

61) Dynamic Web pages are created _____ to address a customers needs.

- A) monthly
- B) daily
- C) annually
- D) on-the-fly

Answer: D

Page Ref: 157

Skill: R

62) In order to facilitate e- integration, Web sites must be integrated with organizational _____ in order to extract and display the appropriate information.

- A) IS team
- B) databases
- C) sales offices
- D) headquarters

Answer: B

Page Ref: 157

Skill: A

63) _____ is a pricing scheme (used by the company Priceline.com) that allows customers to specify what they are looking for and how much they are willing to pay for it.

- A) Menu-driven pricing
- B) Forward pricing
- C) Reverse pricing
- D) Immediate pricing

Answer: C

Page Ref: 156

Skill: R

64) _____ is a pricing scheme in which companies set the prices that consumers pay for products.

- A) Forward pricing
- B) Immediate pricing
- C) Menu-driven pricing
- D) Reverse pricing

Answer: C

Page Ref: 158

Skill: A

65) _____ has transformed e- tailing into an electronic marketplace.

- A) Chapters
- B) eBay
- C) Amazon
- D) Wal-Mart

Answer: B

Page Ref: 158

Skill: R

66) Digitization is the creation of products without _____ features.

- A) tangible
- B) profitable
- C) important
- D) intangible

Answer: A

Page Ref: 160

Skill: A

67) Digitization creates products without tangible features, which are commonly referred to as:

- A) density products.
- B) virtual products.
- C) backbone products.
- D) applet products.

Answer: B

Page Ref: 160

Skill: A

68) This type of technology allows for the tracking of illegal copies of music to be tracked to the original purchaser.

- A) Watermark technology
- B) Counterfeit technology
- C) Tracker technology
- D) Reverse download technology

Answer: A

Page Ref: 160

Skill: R

69) Webview 350.com is a Manitoba-based company that provides a tool to:

- A) view how a virtual company works.
- B) view a hospitals operating theatre.
- C) view steel processing at the Manitoba Steel Mill.
- D) view homes, condominiums, and commercial property.

Answer: D

Page Ref: 180

Skill: R

70) _____ actively promotes information at the consumer whether it is wanted or not.

- A) Punch marketing
- B) Distribution marketing
- C) Push marketing
- D) Pull marketing

Answer: C

Page Ref: 179

Skill: A

71) Hypermediation is another term for the pricing scheme called:

- A) pay-by-the-sale.
- B) pay-by-the-site.
- C) pay-by-the-click.
- D) pay-by-the-page.

Answer: C

Page Ref: 180

Skill: R

72) IN 2003, the province with the highest average e-business expenditure per transaction was:

- A) ALberta
- B) Québec
- C) Ontario
- D) BC

Answer: A

Page Ref: 150

Skill: A

73) E*Trade Canada has implemented a system whereby customers can:

- A) track their portfolio in real time
- B) try on clothing using a virtual model
- C) open a real-time chat session with a customer service rep
- D) review their balances online

Answer: C

Page Ref: 151

Skill: R

74) A 'White Hat' is someone who:

- A) hacks systems in a effort to embarrass the software maker
- B) uncovers system flaws and reports them to the software maker
- C) does no electronic business whatsoever
- D) creates websites for other hackers to share tips and strategies

Answer: B

Page Ref: 152

Skill: A

75) Dell derives about _____ percent of it s overall revenue from medium and large businesses, yet more than _____ percent of it web-based sales are to individuals and small businesses.

- A) 90; 50
- B) 50; 90
- C) 60; 40
- D) 10; 50

Answer: A

Page Ref: 152

Skill: R

76) Dell (among others) are using the web to provide automated:

- A) transaction support
- B) logistics support
- C) human resource management
- D) warehousing support

Answer: A

Page Ref: 152

Skill: A

77) Canadian bookseller Abe Books is using the internet to its advantage by:

- A) partnering with thousands of booksellers to provide rare and out-of-print articles
- B) using e-bay to purchase rare and out-of-print articles
- C) sending emails to collectors of rare and out-of-print articles asking if they are for sale
- D) using Google to search for rare and out-of-print articles

Answer: A

Page Ref: 152

Skill: A

78) The long-tail phenomenon states that:

- A) low demand products are not worth selling on the internet
- B) low demand articles, when considered together, make up as big market as high demand products
- C) outliers are less common than once thought
- D) high demand products are best sold using bricks-and-clicks retail models

Answer: B

Page Ref: 153

Skill: A

79) Each of the following is an approach to electronic business EXCEPT:

- A) Bricks and Mortar
- B) Bricks and Clicks
- C) Clicks only
- D) VPNs

Answer: D

Page Ref: 153

Skill: R

80) Each of the following is an element of a business plan EXCEPT:

- A) how does the company get paid for what it does?
- B) what does the company do?
- C) what is the total assets invested?
- D) how does the company uniquely do what it does?

Answer: C

Page Ref: 154

Skill: A

- 81) A revenue model includes all of the following EXCEPT:
- A) how a firm will produce a superior return on invested capital
 - B) how a firm will make a profit
 - C) how a firm will generate revenue
 - D) how a firm will generate demand

Answer: D

Page Ref: 154

Skill: R

- 82) Which revenue model for e-business does Yahoo.com use?

- A) Affiliate
- B) Subscription
- C) Sales
- D) Advertising

Answer: D

Page Ref: 155

Skill: R

- 83) Which revenue model for e-business does MyPoints.com use?

- A) Sales
- B) Affiliate
- C) Transaction Fee
- D) Subscription

Answer: B

Page Ref: 155

Skill: R

- 84) Which type of users generally use the internet?

- A) specific, corporate and proprietary
- B) general, public and 'advertorial'
- C) business partners
- D) technical specialists

Answer: B

Page Ref: 155

Skill: R

- 85) Which type of users generally use an intranet?

- A) technical specialists
- B) general, public and 'advertorial'
- C) specific, corporate and proprietary
- D) business partners

Answer: C

Page Ref: 155

Skill: R

86) Which type of users generally use an extranet?

- A) technical specialists
- B) business partners
- C) specific, corporate and proprietary
- D) general, public and 'advertorial'

Answer: B

Page Ref: 155

Skill: R

87) Each of the items below is a downside to e-tailing EXCEPT:

- A) credit card approval online is sometimes not possible
- B) shipping delays (except for online downloads)
- C) no sensory input (taste, touch, smell, etc.)
- D) items purchased online are generally of inferior quality

Answer: D

Page Ref: 156

Skill: R

88) What is the following a partial definition of? "Any electronic transaction or information interaction conducted using a wireless mobile device and mobile networks."

- A) M-Commerce
- B) E-commerce
- C) R-Commerce
- D) W-Commerce

Answer: A

Page Ref: 160

Skill: R

89) Each of the following is an operating system used for M-Commerce EXCEPT:

- A) Pocket PC
- B) PalmOS
- C) Windows Server 2000
- D) Symbian (EPOC)

Answer: C

Page Ref: 160

Skill: A

90) Popular handheld devices for M-Commerce include all of the following EXCEPT:

- A) Motorola MP
- B) HP iPaq
- C) Apple iPod
- D) RIM Blackberry

Answer: C

Page Ref: 160

Skill: R

91) One of the most common platforms for M-Commerce is:

- A) interactive kiosks
- B) PDAs
- C) desktop systems
- D) smartphones

Answer: D

Page Ref: 161

Skill: R

92) By 2007, the M-Commerce market is predicted to hit \$ _____ billion.

- A) 120
- B) 220
- C) 1,000
- D) 665

Answer: B

Page Ref: 161

Skill: R

93) Each of the following is an issue for M-Commerce EXCEPT:

- A) Mobility
- B) Applications
- C) Accessibility
- D) Ubiquity

Answer: B

Page Ref: 161

Skill: R

94) _____ is a data presentation standard first specified by the W3C that allows designers of web documents to create open standards for the web.

- A) HTML
- B) WiFi
- C) XML
- D) EDI

Answer: C

Page Ref: 171

Skill: R

95) _____ is a way of identifying objects, somewhat like a barcode reader, but using radio waves.

- A) WiFi
- B) RFID
- C) EDI
- D) XML

Answer: B

Page Ref: 171

Skill: R

96) The Internet and the World Wide Web are extremely well suited for conducting business electronically.

Answer: True False

Page Ref: 146

Skill: A

97) B2C Electronic Commerce is business conducted between businesses and consumers.

Answer: True False

Page Ref: 149

Skill: A

98) B2B is a type of EC that refers to transactions that occur from "business to buyer."

Answer: True False

Page Ref: 149

Skill: R

99) Very few countries have at least some type of Internet access.

Answer: True False

Page Ref: 149

Skill: R

100) The Web enables interactive (two-way) communication, which is called collaboration.

Answer: True False

Page Ref: 151

Skill: R

101) Tunnelling is the phenomenon of cutting out the middle vendor and reaching consumers in a more direct and efficient manner.

Answer: True False

Page Ref: 165

Skill: R

102) A brick-and-mortar business strategy does not include electronic business.

Answer: True False

Page Ref: 153

Skill: A

103) Click-only companies are also referred to as "pure click" companies.

Answer: True False

Page Ref: 153

Skill: A

104) Prior to the Internet, B2B Electronic Commerce was conducted using EDI.

Answer: True False

Page Ref: 162

Skill: R

105) An intranet consists of an external, public network using Web technologies to facilitate the secured transmission of proprietary information.

Answer: True False

Page Ref: 172

Skill: A

- 106) An extranet is a vehicle for communicating public information with authorized users outside organizational boundaries.
Answer: True False
Page Ref: 162
Skill: A
- 107) A "browser wall" prevents the general public from viewing information on an intranet that is available to employees.
Answer: True False
Page Ref: 173
Skill: R
- 108) Web-based technologies are cross-platform, which means that disparate computing systems can communicate with each other, provided that standard Web protocols have been implemented.
Answer: True False
Page Ref: 164
Skill: A
- 109) To gain access to the Internet, the TCP/IP protocol must be implemented on an organization's LAN/WAN.
Answer: True False
Page Ref: 164
Skill: A
- 110) Extranets connect two or more business partners.
Answer: True False
Page Ref: 164
Skill: R
- 111) Virtual private networks use a technology called channelling.
Answer: True False
Page Ref: 164
Skill: R
- 112) Enterprise portals come in two basic forms, the distribution portal and the production portal.
Answer: True False
Page Ref: 167
Skill: R
- 113) Ford Motor Company, DaimlerChrysler, and General Motors have teamed up to create a procurement portal that suppliers to the big three can access.
Answer: True False
Page Ref: 168
Skill: A
- 114) Tailoring products and services to particular companies creates a horizontal market.
Answer: True False
Page Ref: 168
Skill: A

115) In 2001 Labatt launched an ambitious corporate intranet project called The Pub. The project has changed the beer company's approach to business intelligence and knowledge management, and made it possible for teams to effectively collaborate online.

Answer: True False

Page Ref: 177

Skill: A

116) Procurement portals are designed to automate the business processes that occur before, during and after sales have been transacted between a buyer and multiple suppliers.

Answer: True False

Page Ref: 168

Skill: R

117) Another term for an electronic marketplace is a trading exchange.

Answer: True False

Page Ref: 170

Skill: R

118) B2C electronic commerce focuses on retail transactions between a company and wholesalers.

Answer: True False

Page Ref: 155

Skill: A

119) Delivery time is a downside to e-tailing.

Answer: True False

Page Ref: 156

Skill: A

120) E-information is more flexible than traditional promotional methods such as hard-copy catalogues and print advertisements.

Answer: True False

Page Ref: 157

Skill: A

121) E-integration, the second stage of EC, is focused on accommodating requests for customized information.

Answer: True False

Page Ref: 157

Skill: A

122) Customized information has a dynamic nature.

Answer: True False

Page Ref: 157

Skill: A

123) In order to facilitate e-integration, Web sites must be integrated with a company's databases.

Answer: True False

Page Ref: 157

Skill: A

- 124) In reverse pricing systems customers specify the product they are looking for and how much they are willing to pay for it.
Answer: True False
Page Ref: 158
Skill: A
- 125) eBay has transformed e-tailing into an electronic marketplace.
Answer: True False
Page Ref: 158
Skill: R
- 126) The e-transaction stage of EC helps companies fulfill their goals of collaboration, interactive communication, and transactional support.
Answer: True False
Page Ref: 158
Skill: A
- 127) Menu-driven pricing occurs when the customers set the prices for products and services.
Answer: True False
Page Ref: 158
Skill: A
- 128) Digitization is the creation of products without features that are tangible.
Answer: True False
Page Ref: 160
Skill: A
- 129) Electronic watermarking technology is used by EC companies to prevent deceptive pricing.
Answer: True False
Page Ref: 160
Skill: R
- 130) Providing customers with information or products that they can find nowhere else leads to EC profitability.
Answer: True False
Page Ref: 178
Skill: A
- 131) A Web site should be easy-to-use and fast.
Answer: True False
Page Ref: 178
Skill: A
- 132) Successful Web sites present a brief summary of their information along with hyperlinks that allow users to drill down for the information they are seeking.
Answer: True False
Page Ref: 178
Skill: A

- 133) Push marketing actively pushes information at the consumer whether it is wanted or not.
Answer: True False
Page Ref: 179
Skill: A
- 134) Push marketing is an advertising strategy that attempts to draw visitors to companies' Web sites.
Answer: True False
Page Ref: 179
Skill: A
- 135) Hypermediation is another term for the pricing scheme called "pay by the click."
Answer: True False
Page Ref: 180
Skill: R
- 136) Electronic Business subsumes Electronic Commerce, which subsumes Internet Commerce which subsumes Web Commerce.
Answer: True False
Page Ref: 148
Skill: R
- 137) Ontario was the Canadian province with the highest average expenditure per electronic business transaction in 2003.
Answer: True False
Page Ref: 150
Skill: R
- 138) As a key ingredient of a business model, the 'Value Proposition' answers the question 'How will you earn your money?'
Answer: True False
Page Ref: 154
Skill: R
- 139) A 'Value Proposition' is partly defined as 'A summary of how a company will generate revenue.'
Answer: True False
Page Ref: 154
Skill: A
- 140) A relatively small clicks-only enterprise might not sell enough product and/or may not order enough from a supplier to realize economies of scale and thus reduce prices.
Answer: True False
Page Ref: 154
Skill: R
- 141) Part of the 'Revenue Model' is concerned with how a firm will attract customers.
Answer: True False
Page Ref: 154
Skill: R

142) Yahoo.com uses a Subscription revenue model.

Answer: True False

Page Ref: 155

Skill: R

143) XML doesn't specify any particular formatting. Rather it specifies the rules for tagging.

Answer: True False

Page Ref: 171

Skill: R

144) RFID is a communications standard in WiFi.

Answer: True False

Page Ref: 171

Skill: R

145) Urban WiFi networks exist in Toronto, Ottawa, Fredericton and Waterloo.

Answer: True False

Page Ref: 176

Skill: R

146) RFID technologies use line-of-sight reading techniques.

Answer: True False

Page Ref: 172

Skill: A

147) Electronic commerce goes beyond buying and selling. EC can involve the events leading up to a purchase as well as the _____ after a purchase.

Answer: customer service

Page Ref: 149

Skill: A

148) eBay is an example of a company that uses a(n) _____ type of EC.

Answer: consumer-to-consumer (C2C)

Page Ref: 149

Skill: R

149) Web technologies allow for the integration of information via a company's Web site. The link between a company's Web site and its _____ provides customers with real-time access to information.

Answer: databases

Page Ref: 149

Skill: A

150) Companies that choose to operate solely in the traditional physical markets are described as _____ companies.

Answer: brick-and-mortar

Page Ref: 153

Skill: R

- 151) EDI is an acronym that stands for _____ and it is the forerunner of current EC.
Answer: Electronic Data Interchange
Page Ref: 162
Skill: R
- 152) EDI does not eliminate paper documents, but it does _____ the number of times a business document needs to be handled.
Answer: decrease
Page Ref: 162
Skill: A
- 153) A(n) _____ allows two or more firms to use the Internet to conduct business with one another.
Answer: extranet
Page Ref: 162
Skill: R
- 154) _____ are hardware devices with special software installed that are placed between the organizations LAN or WAN and the Internet.
Answer: Firewalls
Page Ref: 173
Skill: R
- 155) VPN is the acronym for a(n) _____.
Answer: Virtual Private Network
Page Ref: 164
Skill: R
- 156) _____ is a type of technology that encapsulates, encrypts, and transmits data over the Internet infrastructure.
Answer: Tunnelling
Page Ref: 165
Skill: R
- 157) _____ is a process that confirms the identity of the remote user who is attempting to access information from a company's Web server.
Answer: Authentication
Page Ref: 165
Skill: R
- 158) _____ portals are designed to automate the business processes that occur before, during, and after sales have been transacted between a supplier and multiple customers.
Answer: Distribution
Page Ref: 168
Skill: R
- 159) The major portion of B2C focuses on _____, which provides many advantages over bricks-and-mortar retailing in terms of product, place, and price.
Answer: e-tailing.
Page Ref: 155
Skill: A

- 160) _____ focuses on retail transactions between a company and end consumers.
Answer: B2C
Page Ref: 155
Skill: A
- 161) _____, is a Web site built by a third party that allows buyers and sellers to come together, offering firms access to real-time trading with other companies in their vertical markets.
Answer: Electronic marketplace
Page Ref: 158
Skill: R
- 162) _____ is a "pay by the click" pricing scheme in which the firm running the advertisement pays only when a Web surfer actually clicks on the advertisement.
Answer: Hypermediation
Page Ref: 160
Skill: R
- 163) An internet user named 'ThePull' reported an alleged flaw in Internet Explorer to Microsoft. ThePull is what's known as a _____ hacker.
Answer: White Hat
Page Ref: 152
Skill: A
- 164) How a firm plans to promote its products or services to attract its target audience is referred to as the _____ of the Business Model.
Answer: Market Strategy
Page Ref: 154
Skill: R
- 165) A _____ is a summary of how a company will generate revenue, identify its product offering, value-added services, revenue sources and target customers.
Answer: Business Model
Page Ref: 154
Skill: R
- 166) A _____ describes how the firm will earn revenue, generate profits and produce a superior return on invested capital.
Answer: revenue model
Page Ref: 154
Skill: R
- 167) As an ingredient of a Business Model, what component answers the question 'What special advantages does your firm bring to the marketplace?'
Answer: competitive advantage
Page Ref: 154
Skill: A

- 168) As an ingredient of a Business Model, what component answers the question 'Who else occupies your intended marketplace?'
Answer: competitive environment
Page Ref: 154
Skill: A
- 169) eBay and E-Trade use a _____ revenue model.
Answer: transaction fee
Page Ref: 155
Skill: R
- 170) An _____ is a private and restricted network configuration featuring external communication with specific, corporate and proprietary users whose access is controlled.
Answer: intranet
Page Ref: 155
Skill: A
- 171) A problem with e-tailing is lack of _____ information related to taste, smell and feel
Answer: sensory
Page Ref: 156
Skill: R
- 172) _____ is partly defined as any electronic transaction or information interaction conducted using a wireless mobile device and mobile networks.
Answer: mobile commerce (or m-commerce)
Page Ref: 160
Skill: R
- 173) One of the most common platforms for _____ is the use of powerful _____ with colour display screens, high-speed data transfer and 'always-on' connectivity over high-speed cellular networks.
Answer: m-commerce; smartphones
Page Ref: 161
Skill: R
- 174) CSX, one of the largest railroad companies in the US, leverages _____ technologies to facilitate real-time information access by customers and business partners.
Answer: extranet
Page Ref: 166
Skill: R
- 175) _____ is an XML-based specification for publishing financial information.
Answer: Extensible Business Reporting Language
Page Ref: 171
Skill: R
- 176) A key difference between barcodes and RFID tags is that RFID tags can be read from a _____.
Answer: distance
Page Ref: 171
Skill: R

177) What is EC and how has it evolved?

Answer: Electronic commerce (EC), is the online exchange of goods, services and money between firms and their customers. EC has been in existence for four decades, and has evolved from the simple transmission of data by electronic means to the more complex collaborative (interactive) exchange of value-intensive information between people as well as between people and organizations. EC today involves not only the events that lead up to a purchase of a product or service, but also includes customer care after the purchase.

Page Ref: 148-149

Skill: R

178) Distinguish between B2B, B2C, B2B, and B2E forms of electronic commerce.

Answer: Business-to-business (B2B) electronic commerce is used to conduct business with business partners such as suppliers and intermediaries. Business-to-consumer (B2C) is used to conduct transactions between businesses and consumers. Business-to-employees (B2E) occurs between businesses and their employees.

Page Ref: 149

Skill: R

179) What is the bricks-and-clicks approach to business and how might this approach be advantageous to the company?

Answer: The bricks-and-clicks approach to business is the strategy whereby a company uses both physical and online (i.e., Web) storefronts to interface with their customers. This approach, a hybrid of the brick-and-mortar and click-only approaches, may be advantageous to the company because it has the potential to increase the size of their customer base, increase availability and quality of their customer service and therefore increase their profitability.

Page Ref: 153

Skill: A

180) How has the Internet changed the way organizations conduct business - specifically electronic business?

Answer: EDI has been used for more than four decades to conduct business between organizations. However, the trend in business today is to use the public Internet and the Web as the vehicle for business-to-business EB. The global accessibility and economics afforded by the Internet and Web have enabled SMEs to participate in B2B markets once reserved for large corporations. With the entrance of buyers and suppliers of all shapes and sizes, the mass adoption of these technologies has propelled B2B into the forefront of modern commerce.

Page Ref: 162

Skill: A

181) Define the type of communication, the users, and the typical types of access of the Internet, an intranet and an extranet.

Answer: The type of communication used on the Internet and on an extranet is labeled as external, whereas the type of communication used for an intranet is internal. Typical users of the Internet include the general public, whereas for intranets there are specific users (typically corporate employees). As for extranets, their users are business partners. Access to the Internet is granted to any one with an Internet connection, and is considered public domain. However, access to an intranet or an extranet is authorized only for employees and business partners respectively, and both domains are considered private.

Page Ref: 158

Skill: A

182) Define how virtual private networks are used to communicate information.

Answer: Intranets can be connected together using a virtual private network (VPN) to facilitate the secured transmission of proprietary information between business partners. VPNs take advantage of the public nature of the Internet and its standardized protocols to communicate information by combining the global connectivity of the Internet with the security of a closed, private network. When intranets are connected via a VPN, they act as if they are directly connected as a single LAN/WAN, but in reality they are not. As the name implies, VPNs are virtual in the sense that a connection is created between the intranets when a transmission needs to take place and terminated once the transmission has been completed. In other words, the VPN exists only when it is needed. Further, a VPN is backed by the telephone service provider, which adds an increased level of trust in the network. In addition, this approach enables you to scale bandwidth up and down as needed.

Page Ref: 162

Skill: A

183) Define the term trading exchange and explain how it is different from an enterprise portal.

Answer: A trading exchange is an electronic marketplace that is operated (i.e., built and maintained) by a third-party vendor. The trading exchange earns revenues by charging a small commission for each transaction that occurs at its Web site, by charging fees to the users, by charging association fees and sometimes by advertising. Trading exchanges are different from enterprise portals in that trading exchanges allow many buyers and many sellers to congregate, thereby offering firms access to real-time and reasonable-cost trading with other companies in their vertical markets.

Page Ref: 169-170

Skill: A

184) Explain the three stages of B2C Electronic Commerce.

Answer: The three stages of B2C electronic commerce are e-information, e-integration, and e-transaction. E-information is the initial stage of EC and the organizations focus is on promotion of sales and marketing information via an electronic brochure. In the e-integration stage, the second stage, the organizational focus is on facilitating delivery of customized information. Dynamic and specialized information is made possible by integrating the company's Web site and databases. The third stage of B2B EC is the e-transaction stage in which the added capability of online ordering is made available to the organizations customers. The three stage model explains how organizations follow an incremental adoption of Internet usage to their business strategy.

Page Ref: 156-160

Skill: R

185) Distinguish between the two pricing schemes of menu-driven pricing and reverse pricing.

Answer: Menu-driven pricing refers to the pricing scheme in which a company sets a price for its product or service. This is in direct contrast to the reverse pricing scheme in which an end consumer decides the price for a company's products or services. It should be noted, however, that reverse pricing schemes typically have a lower limit for prices, so that the company's goods or services are not priced as "free."

Page Ref: 158

Skill: A

186) What are six general rules for the production of an effective Web site?

Answer: The six general principles whereby an effective Web site can be built are the following: (1) The Web site should offer something unique; (2) The Web site must be aesthetically pleasing; (3) The Web site must be easy-to-use and fast; (4) The Web site must motivate people to visit, to stay, and to return; (5) The Web site must advertise your presence on the Web; (6) The customer and the organization should learn from the Web site. While the basic tenet of commerce (i.e., offer valuable products and services at fair prices) has not changed, these six additional principles help a company focus on effectively interacting with customers so that both the customer and the company benefit.

Page Ref: 177-180

Skill: R

187) List and give the key questions addressed by the eight ingredients of a business model.

Answer: 1) Value proposition - Why should the customer buy from you?
2) Revenue model - How will you earn your money?
3) Market opportunity - What marketplace do you intend to serve, and what is its size?
4) Competitive environment - Who else occupies your intended marketplace?
5) Competitive advantage - What special advantages does your firm bring to the marketplace?
6) Market strategy - How do you plan to promote your products or services to attract your target audience?
7) Organizational development - What types of organizational structures within the firm are necessary to carry out the business plan?
8) Management team - What kinds of experience and background are important for the company's leaders to have?

Page Ref: 154

Skill: R

188) List and explain the nine critical issues in m-commerce.

Answer: 1) Mobility - Has ability to connect to a network anywhere.
2) Ubiquity - Computing is spread unobtrusively throughout the physical environment, in kiosks, phones, PDAs and so on.
3) Embedding - Computing is embedded in everyday artifacts such as automobiles, toys, appliances, etc and they are network enabled.
4) Accessibility - Mobile devices enable the user to be connected at virtually any time and place.
5) Convenience - The wireless device and its functions, from storing data to access to information or persons, have ease-of-use and portability.
6) Localization - Location-specific based applications enable the user to receive relevant information on which to act.
7) Instant Connectivity - Has easy, fast or 'always-on' connectivity.
8) Personalization - Customized information for and about the user enables faster, easier access and transactions.
9) Time Sensitivity - Has access to real-time information such as a stock quote that can be acted upon immediately or about a sale at a local boutique.

Page Ref: 161

Skill: R

189) A new technology that is helping to fuel the expansion of EB is RFID. Explain RFID, list some benefits and give at least two examples of applications.

Answer: RFID stands for Radio Frequency IDentification. RFID is a way of identifying objects somewhat like barcoding. The difference is that since RFID uses radio waves, they can be read from a distance and do not require line-of-sight. RFID consists of a transmitter and a reader. Information is stored on the tags. Depending on the type of tag, a great deal (up to pages and pages) of information can be stored. RFID uses the electromagnetic or electrostatic coupling in the RF portion of the electromagnetic spectrum to transmit data. RFID can be used just about anywhere that a unique identification system might be needed, such as on clothing, pets, cars, keys, missiles or manufacturing parts.

Page Ref: 171-172

Skill: R