**True/False**

1)The purpose of an EC customer behavior model is to help firms understand how a consumer makes a purchasing decision to be able to influence that decision through advertising or other marketing method.

2) Personal characteristics of customers, such as age and income, are independent variables, which are uncontrollable variables for EC companies.

3) The first step in the buying decision process is product evaluation and comparison.

4) Consumer processing of an advertising message includes four stages: interest, desire, attention, and action.

5) In the consumer purchasing-decision process, virtual catalogs and links to external sources support the evaluation and selection phase of that process.

6) In the consumer decision-making process, the buyer is the person who ultimately makes the buying decision.

7) Mass marketing is an approach to marketing that treats each customer in a unique way such as fitting advertising to the customer's profile and needs.

8) Segmentation refers to the matching of services, products, and advertising content to individuals and their preferences.

9) Personalization is the matching of services or products with large groups of customer segments.

10) A user profile defines a customer's preferences, behaviors, and demographics and can be generated by observing what the user does online.

11) Behavioral targeting helps marketers by providing information about an individual's actual Internet purchases to select the most effective advertisements to display to that individual.

**Multiple choices**

1) Paws 'n Tails is an online pet shop that wants to influence what customers buy and build effective customer relationships and loyalty. What is the key to influencing behavior and building these relationships?

A) understanding consumer online behavior and then influencing it through advertising and promotions

B) understanding competitors' pricing strategy and then undercutting it

C) identifying the wants and needs of major customer segments

D) suggesting as many products as possible to online shoppers as soon as they visit the EC site

2) A(n) \_\_\_\_\_\_\_\_ is someone whose advice or view carries some weight in making a final purchasing decision.

A) initiator

B) influencer

C) decider

D) buyer

3) Marketing and advertising approaches have evolved from mass marketing to market segmentation to one-to-one marketing. This evolution occurred because:

A) the marketing focus shifted from customers to products.

B) companies sought to decrease the number of marketing campaigns.

C) concerns about privacy have diminished.

D) the Internet enabled companies to better communicate with customers and understand their needs and buying habits.

4) By increasing customer loyalty, EC companies can achieve each of the following benefits except:

A) lower marketing and advertising costs.

B) higher warranty claims costs.

C) lower transaction costs.

D) lower resistance to competitors.

5) The introduction of EC has:

A) decreased customer loyalty because customers can more easily shop, compare, and switch to different vendors.

B) increased customer loyalty because customers don't have time to shop around.

C) increased the cost of acquiring and retaining customers.

D) decreased advertising and promotion costs.

6) The ethical issue raised by profiling customers too precisely is:

A) spamming.

B) invasion of privacy.

C) theft of intellectual property.

D) security.

7) What has been the impact of the introduction of EC on customer loyalty in general?

A) Loyalty has decreased because of customers' increased ability to shop, compare prices and features, and change vendors.

B) Loyalty has increased because of targeted relationship marketing.

C) There has been little change in loyalty because the impacts have cancelled each other out.

D) It is not known whether loyalty has increased or decreased.

9) According to research, customer satisfaction with an Internet store:

A) cannot be predicted.

B) depends on two types of factors: information quality and customer service quality.

C) drops dramatically when certain Web site features fail to perform properly, such as the content's reliability, loading speed, or usefulness.

D) is higher for new customers than former customers.

12) The use of cookies:

A) is one of the most controversial issues in EC.

B) has not helped Internet marketers target their ads.

C) is a widely used method for mass marketing.

D) is being replaced by adware and spyware programs.

13) All of the following are correct about market research methods except:

A) It is important first to understand how groups of consumers are classified or segmented.

B) Markets can be segmented to increase the percentage of responses and to formulate effective marketing strategies that appeal to specific consumer groups.

C) Direct mail marketing methods are usually cost-effective.

D) Market segmentation is done with the aid of tools such as data modeling and data warehousing.

14) To avoid getting inaccurate information from participants of online surveys, marketers learn about customers by observing their behavior using each of the following except:

A) transaction logs that record user activities at a company's Web site

B) cookies that allow a Web site to store data on the user's PC

C) spyware that gathers user information through an Internet connection without the user's knowledge

D) data mining to analyze clickstream data

15) Once a company knows a consumer's preferences, the company can predict, without asking the consumer directly, what other products or services that consumer might enjoy through:

A) active web bugs.

B) spyware.

C) collaborative filtering.

D) personalization.

16) Which of the following is not a specific method for collecting online data?

A) phone surveys to learn if there are too many products for the customer to look through

B) e-mail communication with individual customers

C) moderated focus groups conducted in chat rooms

D) tracking customers' movements on the Web

18) Which of the following statement about Web mining is false?

A) Web mining refers to the use of data mining techniques for discovering and extracting information from Web documents.

B) Web mining explores both Web content and Web usage.

C) Web mining uses customer data to infer or predict customer interest in other products or services.

D) Usage analysis is derived from clickstream data.

19) What is the key problem that biometric marketing is intended to solve?

A) knowing the identity of the actual shopper

B) improving accuracy of the shopper's data

C) increasing the speed of order processing

D) creating a loyalty program

**Essay and structure**

1) Identify and discuss the five phases in the generic purchasing-decision model.

3) List four reasons why Web advertising is growing rapidly.

2) How can live Web events be used an advertising strategy? Explain three of the best practices for successful live Web events.

3) Identify and explain any 3 (THREE) methods of Internet advertising.