**Chapter 4 Retailing in Electronic Commerce: Products and Services**

**True /False**

1. As the number of Internet users reaches saturation, the challenge for e-retailers to increase the amount that shoppers spend online because the rate of increase in online shoppers will slow. (T/F)

2. A retailer is a sales intermediary, a seller that operates between manufacturers and customers. (T/F)

3. When new capabilities are required to conduct EC, for example capabilities in logistics and distribution, one method is to obtain them through external strategic alliances. (T/F)

4. A business model is a description of how an organization intends to generate revenue through its business operations. (T/F)

5. Direct marketing describes marketing that takes place over the Internet involving wholesalers and retailers. (T/F)

6. A click-and-mortar retailer is a combination of both the brick-and-mortar retailer and an online transactional Web site. (T/F)

7. Being a virtual seller has several benefits, such as lower overhead costs, but it also has many drawbacks and barriers. (T/F)

8. Online travel bookings and associated travel services are not yet profitable e-commerce implementations. (T/F)

9. Competition among online travel e-tailers is fierce, with low margins, little customer loyalty, and increasing commoditization of products and services. (T/F)

10. Airlines and hotel chains encourage travelers to book directly from their Web sites, bypassing travel agents. This is an example of the Internet's indirect impact on the role of travel agents. (T/F)

11. The electronic job market can create high turnover costs for employers by accelerating employees' movement to other jobs. (T/F)

12. Online banking and other financial services are growing slowly on the Internet because many customers are not yet embracing it. (T/F)

13. Many insurance companies use a dual strategy, keeping human agents, but also selling online. (T/F)

14. The major risk of online trading is security. (T/F)

15. Customers accessing the bank system from the outside should verify that the Web site uses encryption provided by SSL (Secure Socket Layer) and digital certificates. (T/F)

16. Both online banks and click-and-mortar banks carry some risks and problems, especially in international banking, including hackers and liquidity risk. (T/F)

17. Channel conflict occurs when adding an online distribution channel causes problems with existing distribution channels. (T/F)

**Multiple Choice**

1) Amazon.com experienced all of the following except:

A) It maintained its position as the number one e-tailer in 2006.

B) Growth was driven largely by product diversification and its international presence.

C) It assured its financial success and profitability by 2005.

D) Profitability dropped in 2006 because of huge investments in IT infrastructure and their new Prime discount shipping program.

2) All of the following describe retailing except:

A) A retailer is a sales intermediary.

B) Many manufacturers sell directly to consumers and through wholesalers and retailers.

C) E-tailing makes it easier for a manufacturer to sell directly to customers by cutting out the intermediary.

D) Companies that produce a large number of products, such as Procter & Gamble, do not need retailers for efficient distribution.

3) What is the primary advantage of catalog sales?

A) It eliminates the constraints of space and time.

B) Customers prefer catalog shopping to e-tailing.

C) Catalogs increase interest in products that are then bought online.

D) Products and services can both be sold via catalogs.

4) All of the following categories have been selling well online except:

A) groceries

B) travel

C) cars

D) health and beauty

5) With all else being equal in the online environment, goods with any of the following product characteristics are expected to facilitate greater online sales except:

A) relatively expensive items

B) high brand recognition

C) digitized format

D) frequently purchased items

6) Which of the following is a characteristic of e-tailing?

A) Competition is local.

B) Customer relations are less stable due to anonymous contacts.

C) Price changes are expensive, but can be done at anytime.

D) Fewer resources are needed to increase customer loyalty.

7) A key difference in competition between retailing and e-tailing is that \_\_\_\_\_\_\_\_.

A) retailers face greater global competition

B) e-tailers face fewer competitors

C) retailers face fewer competitors

D) e-tailers face greater local competition

8) Direct marketers \_\_\_\_\_\_\_\_.

A) use one or more distribution channels

B) do not operate physical stores

C) are pure-play e-tailers

D) are manufacturers

9) Dell's distribution strategy is best described as \_\_\_\_\_\_\_\_.

A) a brick-and-mortar strategy

B) a shared service mall strategy

C) a click-and-mortar strategy

D) direct marketing from a manufacturer

10) An online seller of travel services that generates revenue by charging fees for its services is an example of a \_\_\_\_\_\_\_\_.

A) market maker

B) transaction broker

C) content disseminator

D) viral marketer

11) A marketer that uses e-mail to advertise to potential customers is called a \_\_\_\_\_\_\_\_.

A) market maker

B) transaction broker

C) content disseminator

D) viral marketer

12) A company that creates and manages many-to-many markets is called a \_\_\_\_\_\_\_\_.

A) market maker

B) transaction broker

C) content disseminator

D) viral marketer

13) In an e-market, Federal Express and PayPal are examples of \_\_\_\_\_\_\_\_.

A) intermediaries

B) service providers

C) content disseminators

D) viral marketers

14) Which is not a characteristic of social computing technologies?

A) Social computing is increasingly playing a larger role in corporate online strategy.

B) Social computing has shifted online travel from passive selling to active customer engagement.

C) Companies that implement social computing technologies on their own Web sites should view it primarily as a sales tool and less as supporting business goals.

D) Social computing plays an important role by providing more correct and relevant information.

15) One of the characteristics of Web 2.0 in the travel industry is \_\_\_\_\_\_\_\_.

A) standardization

B) segmentation

C) personalization.

D) intermediation

16) Characteristics of the job market and employment placement include all of the following except:

A) They are very stable.

B) There is an unbalanced supply and demand.

C) Career portals on corporate Web sites reduce recruitment costs.

D) The job market has essentially moved online.

17) Compared to the traditional job market, the online job market \_\_\_\_\_\_\_\_.

A) has a shorter life cycle

B) is usually specialized and local in scope

C) tends to be less reliable

D) tends to be much less expensive

18) Characteristics of JobCentral.com include all of the following except:

A) It is a career portal created by a number of leading companies to reduce recruitment costs.

B) It provides people at all education levels with timely information about careers and employment opportunities nationwide.

C) It is used primarily to catalog business and accounting job postings.

D) It makes it easy for job searchers to explore available openings.

19) A disadvantage of online job advertising and recruitment for employers is \_\_\_\_\_\_\_\_.

A) an overload of applicants, both qualified and unqualified

B) a huge increase in employee turnover

C) an increase in the costs of finding candidates

D) a significant decrease in the number of qualified applicants

20) Changes in the real estate industry driven by real estate online include all of the following except:

A) use of live chat

B) offering 3D video tours

C) stabilizing the industry and reducing credit fraud by borrowers

D) disintermediation of real estate agents

21) Which of the following is not a characteristic of e-banking?

A) saves users time and money

B) is more expensive for banks

C) is becoming an enabling feature of business growth in the developing world

D) is increasing peer-to-peer (P2P) online lending

22) Security for online bank transactions include all of the following except:

A) firewalls

B) SSL encryption

C) virtual biometrics

D) digital certificates

23) Gateways to storefronts and e-malls are referred to as \_\_\_\_\_\_\_\_.

A) shopping portals

B) shopbots

C) shopping browsers

D) intelligent search engines

24) Software tools that scout the Web for stores that sell similar items at low prices are called \_\_\_\_\_\_\_\_.

A) shopping portals

B) shopbots

C) shopping browsers

D) intelligent search engines

25) The TRUSTe seal is an example of \_\_\_\_\_\_\_\_.

A) a business rating

B) an intermediary

C) a B2B exchange

D) a trustmark

**Fill in the Blank**

1) Retailing conducted over the Internet is called \_\_\_\_\_\_\_\_.

2) \_\_\_\_\_\_\_\_ are firms that conduct retail business online.

3) Amazon.com is an example of a(n) \_\_\_\_\_\_\_\_ because it sells directly to consumers over the Internet without maintaining a physical sales channel.

4) \_\_\_\_\_\_\_\_ refers to marketing that takes place without intermediaries between manufacturers and buyers; or marketing done online between any seller and buyer.

5) A(n) \_\_\_\_\_\_\_\_ is a combination of both the brick-and-mortar retailer and an online transactional Web site.

6) \_\_\_\_\_\_\_\_ are retailers who conduct business in the physical world, in traditional stores.

7) A firm that operates both physical stores and an online e-tail site is said to be a click-and-mortar business selling in a(n) \_\_\_\_\_\_\_\_ model.

8) \_\_\_\_\_\_\_\_ are meta-search engines that search a range of related sites or search engines, seeking the best product or service for a particular consume.

9) In today's age of Web 2.0, the wide reach of \_\_\_\_\_\_\_\_ sites such as MySpace and LinkedIn can get people hired faster.

10) The two major limitations of the electronic job market are privacy and \_\_\_\_\_\_\_\_ because resumes are typically not encrypted.