

Introduction to Electronic Commerce, 3e (Turban)

Chapter 2 E-Marketplaces: Mechanisms, Tools, and Impacts of E-Commerce

2.1 True/False

1) EC enablers include electronic markets, e-stores, and e-catalogs.

Answer: TRUE

Diff: 1 Page Ref: 50

2) Storefronts, malls, and portals are EC mechanisms that support the entertainment EC activity.

Answer: FALSE

Diff: 3 Page Ref: 51

3) The functions and efficiency of an e-market are the same as that of a physical marketplace.

Answer: FALSE

Diff: 2 Page Ref: 52

4) The emergence of electronic marketplaces has resulted in lower information search costs for buyers and lower transaction and distribution costs for sellers.

Answer: TRUE

Diff: 2 Page Ref: 53-54

5) Although both marketplaces and marketspaces can sell physical products, the marketspace can also sell digital products.

Answer: TRUE

Diff: 2 Page Ref: 55

6) Front end refers to activities that support online order fulfillment, inventory management, purchasing from suppliers, payment processing, packaging, and delivery.

Answer: FALSE

Diff: 2 Page Ref: 55

7) An intermediary is a third party that operates between sellers and buyers.

Answer: TRUE

Diff: 2 Page Ref: 55

8) Travelers using airline Web sites to book their flights directly without the use of travel agents is resulting in the reintermediation of travel agents.

Answer: FALSE

Diff: 3 Page Ref: 55

9) Electronic storefronts, Internet malls, and exchanges are major B2B e-marketplaces.

Answer: FALSE

Diff: 2 Page Ref: 56

10) A shipment court is a common storefront mechanism.

Answer: TRUE

Diff: 2 Page Ref: 57

11) A Webstore is a single company's Web site where products or services are sold and usually has an online shopping cart associated with it.

Answer: TRUE

Diff: 1 Page Ref: 57

12) Brokers and infomediaries are two types of online intermediaries.

Answer: TRUE

Diff: 2 Page Ref: 60

13) WebMD, which is the largest U.S. medical services company, is known mainly for its webmd.com consumer portal, but its core business is being an e-intermediary.

Answer: TRUE

Diff: 1 Page Ref: 61

14) Search engines not only "search and match," but also have capabilities that can be used to perform routine tasks that require intelligence.

Answer: FALSE

Diff: 1 Page Ref: 64

15) An electronic shopping cart is an order-processing technology that allows customers to accumulate items they wish to buy while they continue to shop.

Answer: TRUE

Diff: 1 Page Ref: 65

16) Shopping carts for B2B are fairly simple, but a shopping cart for B2C may be more complex.

Answer: FALSE

Diff: 2 Page Ref: 65

17) An auction is a market mechanism that uses a competitive process by which a seller solicits consecutive bids from buyers or a buyer solicits bids from sellers.

Answer: TRUE

Diff: 1 Page Ref: 65

18) Auctions are based on dynamic pricing.

Answer: TRUE

Diff: 1 Page Ref: 67

19) Reverse auctions are bidding or tendering systems in which the buyer places an item for bid on a request for quote system; then potential suppliers bid on the job, with the price reducing sequentially, and the lowest bid wins.

Answer: TRUE

Diff: 3 Page Ref: 68

20) E-auctions are becoming less important selling and buying channels for companies and individuals.

Answer: FALSE

Diff: 1 Page Ref: 69

21) In the one buyer, many potential sellers dynamic pricing configuration, the sellers use a forward auction.

Answer: FALSE

Diff: 2 Page Ref: 67

22) English, Yankee, Dutch, and free-fall are the four major types of forward auctions.

Answer: TRUE

Diff: 2 Page Ref: 67

23) A limitation of e-bartering for businesses is the excess capacity items such as office space, storage, factory space, idle facilities, and labor cannot be bartered.

Answer: FALSE

Diff: 2 Page Ref: 70

24) RSS is a social-networking software tool for individuals.

Answer: TRUE

Diff: 2 Page Ref: 72

25) Businesses cannot compete in virtual worlds.

Answer: FALSE

Diff: 2 Page Ref: 77

2.2 Multiple Choice

1) Eastern Mountain Sports's multifunctional employee workbench that facilitates collaboration among internal and external stakeholders is

A) Extreme Deals.

B) WebFOCUS.

C) E-basecamp.

D) RSS.

Answer: C

Diff: 2 Page Ref: 48

2) Electronic markets are the EC mechanism supporting the

A) communicate, collaborate and learn EC activities.

B) presence and delivery, find information, compare, and analyze EC activities.

C) improve performance EC activities.

D) entertainment EC activities.

Answer: B

Diff: 3 Page Ref: 51

3) Which of the following are EC activities supported by Web 2.0 tools and social network services?

- A) presence and discovery
- B) trading, buy, sell, exchange
- C) entertainment
- D) compare and analyze

Answer: C

Diff: 3 Page Ref: 51

4) Each of the following is a main function of traditional and electronic markets **except**

- A) matching buyers and sellers.
- B) facilitating the exchange of information, goods, services, and payments associated with market transactions.
- C) financing the transformation of raw materials into finished products.
- D) providing an institutional infrastructure, such as a legal and regulatory framework that enables the efficient functioning of the market.

Answer: C

Diff: 3 Page Ref: 52

5) Digital products have different cost curves than those of regular products because in digitization

- A) most costs are variable, and fixed costs are low.
- B) most costs are fixed, and variable costs are very low.
- C) most costs are fixed, but variable costs are high.
- D) all costs are variable.

Answer: B

Diff: 3 Page Ref: 55

6) The portion of an e-seller's business through which customers interact, including the seller's portal, electronic catalogs, shopping cart, and payment gateway is the

- A) front end of the business.
- B) back end of the business.
- C) infrastructure for the business.
- D) intermediary in the business.

Answer: A

Diff: 2 Page Ref: 55

7) Activities related to order aggregation and fulfillment, inventory management, purchasing from suppliers, accounting and finance, packaging, and delivery are done in the

- A) front end of the business.
- B) back end of the business.
- C) infrastructure of the business.
- D) intermediary in the business.

Answer: B

Diff: 2 Page Ref: 55

8) The elimination of various types of agents that mediate between buyers and sellers, such as travel and insurance agents, is referred to as

- A) automation.
- B) disintermediation.
- C) remediation.
- D) e-distribution.

Answer: B

Diff: 3 Page Ref: 55

9) Online markets that are owned and operated by a single company and that are either sell-side or buy-side are known as

- A) private e-marketplaces.
- B) commercial portals.
- C) e-malls.
- D) B2B marketplaces.

Answer: A

Diff: 2 Page Ref: 56

10) Public e-marketspaces are

- A) usually B2B markets.
- B) often owned by a third party or consortium.
- C) usually regulated by the government.
- D) all of the above.

Answer: D

Diff: 1 Page Ref: 56

11) Major department and discount stores are classified as

- A) general malls.
- B) specialized malls.
- C) regional stores.
- D) pure-play stores.

Answer: A

Diff: 2 Page Ref: 58

12) Each of the following is a specialized mall **except**

- A) newegg.com.
- B) walmart.com.
- C) cattoys.com.
- D) 1800flowers.com.

Answer: B

Diff: 2 Page Ref: 58

13) Web sites with audio interfaces that can be accessed by a cell phone best describes

- A) mobile portals.
- B) intelligent engines.
- C) voice portals.
- D) knowledge portals.

Answer: C

Diff: 2 Page Ref: 60

14) The type of broker that offers customers access to a variety of stores and provides them with transaction services is

- A) buy-sell fulfillment.
- B) virtual mall.
- C) metamediary.
- D) comparison agent.

Answer: C

Diff: 3 Page Ref: 60

15) Functionalities provided by EC merchant server software include

- A) electronic catalogs.
- B) search engines.
- C) shopping carts.
- D) all of the above.

Answer: D

Diff: 1 Page Ref: 62

16) The presentation of product information in an electronic form and also serving as the backbone of most e-selling sites describes

- A) e-distributor.
- B) Kindle.
- C) e-magazine.
- D) electronic catalog.

Answer: D

Diff: 2 Page Ref: 62

17) Each of the following is a type of EC search **except**

- A) host search.
- B) Internet/Web search.
- C) enterprise search.
- D) desktop search.

Answer: A

Diff: 2 Page Ref: 64

18) Popular search engines include each of the following **except**

- A) Google.
- B) Linux.
- C) AltaVista.
- D) Lycos.

Answer: B

Diff: 1 Page Ref: 64

19) Search tools that search the contents of a user's or organization's computer files, rather than searching the Internet are

- A) desktop search tools.
- B) enterprise search tools.
- C) search engine tools.
- D) host search tools.

Answer: A

Diff: 2 Page Ref: 64

20) An order-processing technology that allows customers to accumulate items they wish to buy while they continue to shop best defines

- A) intelligent agent.
- B) e-fulfillment agent.
- C) electronic shopping cart.
- D) mobile portal.

Answer: C

Diff: 2 Page Ref: 65

21) A market mechanism that uses a competitive process in which a seller solicits consecutive bids from buyers or a buyer solicits bids from sellers best defines

- A) electronic shopping.
- B) request for proposal.
- C) auction.
- D) request for quotation.

Answer: C

Diff: 1 Page Ref: 65

22) The most common and traditional form of auctions in which one seller entertains bids from many buyers best describes

- A) forward auctions.
- B) reverse auctions.
- C) bidding auction systems.
- D) tendering systems.

Answer: A

Diff: 2 Page Ref: 67

23) The dynamic pricing configuration where the resulting price is determined by each party's bargaining power, supply and demand in the item's market, and possibly business environment factors best describes

- A) one buyer, one seller.
- B) one seller, many potential buyers.
- C) one buyer, many potential sellers.
- D) many sellers, many buyers.

Answer: A

Diff: 3 Page Ref: 67

24) Benefits of e-auctions to sellers include

- A) anonymity.
- B) convenience of bidding anywhere and any time.
- C) lack of differentiation.
- D) optimal price is determined by the market.

Answer: D

Diff: 2 Page Ref: 69

25) All of the following are benefits of e-auctions to buyers **except**:

- A) can liquidate large quantities quickly.
- B) convenience of bidding anywhere and any time.
- C) opportunity to bargain.
- D) opportunities to find unique items.

Answer: A

Diff: 3 Page Ref: 69

26) Which of the following statements about bartering is false?

- A) It is the oldest method of trade.
- B) It is primarily done between individuals and private parties.
- C) The problem with bartering is that it is difficult to find trading partners.
- D) Intermediaries can be helpful, but they are expensive and very slow.

Answer: B

Diff: 3 Page Ref: 70

27) Impacts of auctions include

- A) profit for individuals.
- B) EC component in a business model.
- C) highly visible distribution mechanism.
- D) all of the above.

Answer: D

Diff: 2 Page Ref: 70

28) Social-networking software tools for online communication include

- A) VoIP.
- B) peer-to-peer social networks.
- C) mashups.
- D) social guides.

Answer: A

Diff: 2 Page Ref: 72

29) A form of blogging that allows users to write messages, usually up to 140 characters, and publish them either to be viewed by anyone or by a restricted group that can be chosen by the user describes

- A) cybertexting.
- B) microblogging.
- C) tagging.
- D) vlog.

Answer: B

Diff: 1 Page Ref: 73

30) Types of business activities in virtual worlds include each of the following **except**

- A) creating and managing a virtual business.
- B) conducting regular business activities, such as advertising.
- C) providing services for those who build, manage, or make money with virtual properties.
- D) assembling physical products.

Answer: D

Diff: 3 Page Ref: 77

2.3 Fill in the Blank

1) The three types of e-marketplaces are _____, _____, and _____.

Answer: private, public, consortia

Diff: 3 Page Ref: 52

2) _____ refers to an online market, usually B2B, in which buyers and sellers exchange goods or services.

Answer: E-marketplace

Diff: 2 Page Ref: 52

3) A marketplace in which sellers and buyers exchange goods and services for money (or other goods and services), but do so electronically defines _____.

Answer: market space

Diff: 2 Page Ref: 54

4) _____ refers to the portion of an e-seller's business processes through which customers interact, including the seller's portal, electronic catalogs, a shopping cart, a search engine, and a payment gateway.

Answer: Front end

Diff: 2 Page Ref: 55

5) _____ refers to the activities that support online order fulfillment, inventory management, purchasing from suppliers, payment processing, packaging, and delivery.

Answer: Back end

Diff: 1 Page Ref: 55

6) _____ refers to the elimination of intermediaries between sellers and buyers.

Answer: Disintermediation

Diff: 3 Page Ref: 55

7) A private e-marketplace in which one company makes purchases from invited suppliers defines _____.

Answer: buy-side e-marketplace

Diff: 3 Page Ref: 56

8) A private e-marketplace in which one company sells either standard and/or customized products to qualified companies defines _____.

Answer: sell-side e-marketplace

Diff: 3 Page Ref: 56

9) An _____ is an online shopping center where many online stores are located.

Answer: e-mall

Diff: 1 Page Ref: 57

10) A portal accessed by telephone or cell phone defines _____.

Answer: voice portal

Diff: 1 Page Ref: 60

11) _____ are electronic intermediaries that provide and/or control information flow in cyberspace, often aggregating information and selling it to others.

Answer: Infomediaries

Diff: 2 Page Ref: 60

12) An e-commerce intermediary that connects manufacturers with business buyers (customers) by aggregating the catalogs of many manufacturers in one place describes _____.

Answer: e-distributor

Diff: 3 Page Ref: 62

13) The practice of identifying and enabling specific content across the enterprise to be indexed, searched, and displayed to authorized users defines _____.

Answer: enterprise search

Diff: 2 Page Ref: 64

14) _____ are auctions conducted online.

Answer: Electronic auctions

Diff: 1 Page Ref: 66

15) A _____ is an auction in which a seller entertains bids from buyers, and bidders increase the price sequentially.

Answer: forward auction

Diff: 2 Page Ref: 67

16) The _____ is an auction in which the buyer places an item for bid on a request for quote system, potential suppliers bid on the job, with the price reducing sequentially, and the lowest bid wins.

Answer: reverse auction

Diff: 2 Page Ref: 68

17) The _____ is an auction model in which a would-be buyer specifies the price he or she is willing to pay to any willing and able seller.

Answer: name-your-own-price model

Diff: 3 Page Ref: 68

18) A _____ is an auction in which multiple buyers and their bidding prices are matched with multiple sellers and their asking prices, considering the quantities of both sides.

Answer: double auction

Diff: 3 Page Ref: 68

19) _____ is a marketplace in which an intermediary arranges barter transactions.

Answer: Bartering exchange

Diff: 3 Page Ref: 70

20) _____ is a blog with video content.

Answer: Vlog

Diff: 2 Page Ref: 73

21) _____ is a nonhierarchical keyword or term assigned to a piece of information (such as an Internet bookmark, digital image, video clip, or any computer document).

Answer: Tag

Diff: 2 Page Ref: 75

22) _____ is the practice and method of collaboratively creating, classifying, and managing tags to annotate and categorize content.

Answer: Folksonomy

Diff: 3 Page Ref: 75

23) _____ is a method for Internet users to store, organize, search, and manage bookmarks of Web pages on the Internet with the help of metadata.

Answer: Social bookmarking

Diff: 2 Page Ref: 75

24) A blog that allows everyone to participate as a peer; anyone may add, delete, or change content defines _____.

Answer: wiki

Diff: 1 Page Ref: 75

25) _____ are animated computer characters that exhibit humanlike movements and behaviors.

Answer: Avatars

Diff: 1 Page Ref: 77

2.4 Essay

1) List the six major EC trading activity categories.

Answer: The six major EC trading activity categories are: (1) presence and discovery, find information, compare, analyze; (2) trading buy, sell, exchange; (3) communicate, collaborate, learn; (4) entertainment; (5) improve performance; and (6) other activities, recruit, customer service.

Diff: 2 Page Ref: 51

2) Discuss intermediation, disintermediation, and reintermediation.

Answer: Intermediation occurs when a third party operates between buyers and sellers. Intermediaries provide information about demand, supply, prices, and requirements or they offer value-added services. E-marketplaces, infomediaries and portals provide information for free or low cost, resulting in the disintermediation or elimination of the intermediary. Reintermediation occurs when the disintermediated entity takes on new intermediary roles.

Diff: 2 Page Ref: 55-56

3) Define Web portal. List and describe seven types of portals.

Answer: A Web portal serves as a single point of access to critical business information located inside and outside an organization. Major types of portals include commercial, corporate, publishing, personal, mobile, voice, and knowledge. A commercial portal provides content for diverse communities, is intended for broad audiences, and offers fairly routine content. A corporate portal provides access to content within relatively narrow corporate and partner communities. A publishing portal is aimed toward communities with specific interests; involves little customization of content, and provides extensive online search features and some interactive capabilities. A personal portal is personalized for the individual. A mobile portal is accessible from mobile devices. A voice portal is a Web site with an audio interface and accessed by a telephone or cell phone. A knowledge portal facilitates collaboration by enabling access to knowledge by knowledge workers.

Diff: 2 Page Ref: 58-60

4) Identify the types of online intermediaries.

Answer: Brokers and infomediaries are two types of online intermediaries. Brokers facilitate transactions between buyers and sellers. Brokers are classified as buy/sell fulfillment, virtual mall, metamediary, comparison agent, shopping facilitator, and matching services. Infomediaries provide or control information flow. Two types of infomediaries were identified in the textbook. The first type offers consumers a place to gather information about products and companies, and the second provides vendors with consumer information.

Diff: 2 Page Ref: 60-61

5) Identify three mechanism aids for Web 2.0 tools.

Answer: Tags, folksonomy, and social bookmarks are three mechanism aids for Web 2.0 tools. Tags are nonhierarchical keywords or terms assigned to a piece of information. Folksonomy is the practice and method of collaboratively creating, classifying, and managing tags to annotate and categorize content. Social bookmarking is a Web service for sharing Internet bookmarks.

Diff: 2 Page Ref: 75