E-Commerce 2023 - Business Technology Society 17th edition Laudon Test Bank

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E-commerce 2023, 17e **(Laudon/Traver)**
Chapter 1 The Revolution Is Just Beginning

1) Analysts estimate that by 2026, consumers will be spending around _____ in digital transactions.
A) $170 million
B) $1.7 billion
C) $170 billion
D) $1.7 trillion
Answer: D
Difficulty: Moderate
AACSB: Application of knowledge
Learning Objective: 1.1: Understand why it is important to study e-commerce.

2) It is likely that e-commerce will eventually impact nearly all commerce.
Answer: TRUE
Difficulty: Easy
AACSB: Application of knowledge
Learning Objective: 1.1: Understand why it is important to study e-commerce.

3) Why study e-commerce?
Answer: It is important to study e-commerce in order to be able to perceive and understand the opportunities and risks that lie ahead. E-commerce is a disruptive innovation that is different and more powerful than any of the other technologies we have seen in the past century. E-commerce technologies–and the digital markets that result–have brought about some fundamental, unprecedented shifts in commerce. While other technologies transformed economic life in the twentieth century, the evolving Internet and other information technologies are shaping the twenty-first century.
Difficulty: Moderate
AACSB: Application of knowledge; Written and oral communication
Learning Objective: 1.1: Understand why it is important to study e-commerce.

4) Which of the following best defines e-commerce?
A) digitally enabled commercial transactions between and among organizations and individuals
B) the use of digital technologies in a firm's daily activities
C) the digital enablement of transactions and processes within an organization
D) any digital activity involving information systems under a firm's control
Answer: A
Difficulty: Moderate
AACSB: Application of knowledge
Learning Objective: 1.2: Define e-commerce, understand how e-commerce differs from e-business, identify the primary technological building blocks underlying e-commerce, and recognize major current themes in e-commerce.

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5) Which of the following is an example of e-business?
A) Amazon's inventory control system
B) the Amazon.com website
C) an Amazon mobile app
D) Amazon's Facebook page
Answer: A
Difficulty: Moderate
AACSB: Application of knowledge
Learning Objective: 1.2: Define e-commerce, understand how e-commerce differs from e-business, identify the primary technological building blocks underlying e-commerce, and recognize major current themes in e-commerce.

6) Which of the following can be considered synonymous with the term *e-commerce*?
A) e-business
B) digital commerce
C) the Internet
D) the Web
Answer: B
Difficulty: Easy
AACSB: Application of knowledge
Learning Objective: 1.2: Define e-commerce, understand how e-commerce differs from e-business, identify the primary technological building blocks underlying e-commerce, and recognize major current themes in e-commerce.

7) Which of the following is *not* true about the use of apps?
A) The number of downloads from Google's Google Play store exceeds the number of downloads from Apple's App Store.
B) Users still spend more time using mobile browsers than they do using mobile apps.
C) Apps cannot be crawled by Google's search engine.
D) Users typically use more than 45 different apps per month.
Answer: B
Difficulty: Difficult
AACSB: Application of knowledge
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8) All of the following statements about e-commerce in the United States in 2021 are true *except*:
A) Social e-commerce generated more revenue than mobile e-commerce.
B) Mobile advertising accounted for more than two-thirds of all digital advertising spending.
C) On-demand service firms fueled the growth of local e-commerce.
D) Growth rates for retail e-commerce and m-commerce were around 10%.
Answer: A
Difficulty: Moderate
AACSB: Application of knowledge
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9) In 2022, about _____ of Internet users in the United States accessed the Internet solely using a mobile device.
A) 7%
B) 20%
C) 25%
D) 73%
Answer: B
Difficulty: Difficult
AACSB: Information technology
Learning Objective: 1.2: Define e-commerce, understand how e-commerce differs from e-business, identify the primary technological building blocks underlying e-commerce, and recognize major current themes in e-commerce.

10) Which of the following is *not* a major business trend in e-commerce in 2022-2023?
A) The mobile app ecosystem continues to grow.
B) Retail e-commerce revenues exceed B2B e-commerce revenues for the first time.
C) Content created and distributed by creators is becoming more and more prevalent.
D) Social e-commerce continues to grow.
Answer: B
Difficulty: Moderate
AACSB: Application of knowledge
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11) Which of the following is *not* a major technology trend in e-commerce in 2022-2023?
A) Cloud computing enables content stored on Internet-based servers to be accessed by consumer devices such as smartphones.
B) Firms are turning to business analytics to make sense out of big data.
C) Blockchain attracts increasing interest.
D) Growth of the Internet of Things slows down.
Answer: D
Difficulty: Difficult
AACSB: Information technology
Learning Objective: 1.2: Define e-commerce, understand how e-commerce differs from e-business, identify the primary technological building blocks underlying e-commerce, and recognize major current themes in e-commerce.

12) Which of the following has not been the subject of concern about its increasing market dominance in 2022-2023?
A) Amazon
B) Google
C) Netflix
D) Meta
Answer: C
Difficulty: Moderate
AACSB: Application of knowledge
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13) Which of the following statements about the mobile platform is *not* true?
A) In 2022, about 93% of Internet users in the United States used a mobile device to access the Internet at least some of the time.
B) Almost 250 million individuals in the United States used tablet computer apps in 2022.
C) Retail m-commerce purchases were expected to reach about $415 billion in 2022.
D) U.S. adults spend an average of four-and-a-half hours per day using mobile devices.
Answer: B
Difficulty: Difficult
AACSB: Application of knowledge
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14) Which of the following statements about the Web is *not* true?
A) The Web is the technology upon which the Internet is based.
B) The Web was the app that made the Internet commercially interesting and extraordinarily popular.
C) The Web provides access to pages written in Hypertext Markup Language.
D) The Web is both a communications infrastructure and an information storage system.
Answer: A
Difficulty: Difficult
AACSB: Application of knowledge
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15) Today, in the United States, more than _____ people of all ages use the Internet at least once a month.
A) 3 million
B) 30 million
C) 300 million
D) 3 billion
Answer: C
Difficulty: Moderate
AACSB: Application of knowledge
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16) Which of the following statements about the Internet is *not* true?
A) The Internet is a worldwide network of computer networks built on common standards.
B) The Internet was created in the early 1990s.
C) The Internet has shown extraordinary growth patterns when compared to other electronic technologies of the past.
D) It is impossible to say with certainty exactly how many computers and other mobile devices are connected to the Internet worldwide at any time.
Answer: B
Difficulty: Easy
AACSB: Application of knowledge
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17) The term *e-commerce* refers to the digital enabling of business processes both inside and outside the firm.
Answer: FALSE
Difficulty: Moderate
AACSB: Information technology
Learning Objective: 1.2: Define e-commerce, understand how e-commerce differs from e-business, identify the primary technological building blocks underlying e-commerce, and recognize major current themes in e-commerce.

18) E-commerce and e-business systems blur together at the business firm boundary, where internal business systems link up with suppliers or customers.
Answer: TRUE
Difficulty: Easy
AACSB: Information technology
Learning Objective: 1.2: Define e-commerce, understand how e-commerce differs from e-business, identify the primary technological building blocks underlying e-commerce, and recognize major current themes in e-commerce.

19) The Internet has shown growth patterns that are similar to other electronic technologies of the past.
Answer: FALSE
Difficulty: Easy
AACSB: Application of knowledge
Learning Objective: 1.2: Define e-commerce, understand how e-commerce differs from e-business, identify the primary technological building blocks underlying e-commerce, and recognize major current themes in e-commerce.

20) What is the key factor in determining if a transaction is "commerce"?
Answer: The key factor in determining if a transaction is commerce is the "exchange of value" (e.g., money) across organizational or individual boundaries in return for products and services.
Difficulty: Easy
AACSB: Analytical thinking; Written and oral communication
Learning Objective: 1.2: Define e-commerce, understand how e-commerce differs from e-business, identify the primary technological building blocks underlying e-commerce, and recognize major current themes in e-commerce.

21) Which of the following is *not* a unique feature of e-commerce technology?
A) interactivity
B) social technology
C) information asymmetry
D) richness
Answer: C
Difficulty: Moderate
AACSB: Information technology
Learning Objective: 1.3: Identify and describe the unique features of e-commerce technology and discuss their business significance.

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22) Which of the following features of e-commerce technology enables merchants to market and sell "complex" goods and services to consumers via marketing messages that can integrate video, audio, and text?
A) richness
B) ubiquity
C) information density
D) personalization
Answer: A
Difficulty: Moderate
AACSB: Application of knowledge
Learning Objective: 1.3: Identify and describe the unique features of e-commerce technology and discuss their business significance.

23) Which of the following features of e-commerce technology allows users to participate in the creation of online content?
A) ubiquity
B) global reach
C) information density
D) social technology
Answer: D
Difficulty: Moderate
AACSB: Analytical thinking
Learning Objective: 1.3: Identify and describe the unique features of e-commerce technology and discuss their business significance.

24) Which of the following is the best definition of transaction costs?
A) the expense of changing national or regional prices
B) the costs of participating in a market
C) the costs of finding suitable products in the market
D) the costs merchants pay to bring their goods to market
Answer: B
Difficulty: Moderate
AACSB: Application of knowledge
Learning Objective: 1.3: Identify and describe the unique features of e-commerce technology and discuss their business significance.

25) The world's *online* population was estimated to be more than _____ in 2022.
A) 450 million
B) 4.5 billion
C) 45 billion
D) 450 billion
Answer: B
Difficulty: Moderate
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26) Which of the following features of e-commerce technology is related to the concept of network externalities?
A) richness
B) interactivity
C) universal standards
D) information density
Answer: C
Difficulty: Difficult
AACSB: Application of knowledge
Learning Objective: 1.3: Identify and describe the unique features of e-commerce technology and discuss their business significance.

27) Which of the following statements is *true* about the traditional tradeoff between the richness and reach of a marketing message prior to the development of the Web?
A) Marketing messages had little richness.
B) The smaller the audience reached, the less rich the message.
C) The larger the audience reached, the less rich the message.
D) Richness was unrelated to reach.
Answer: C
Difficulty: Difficult
AACSB: Information technology
Learning Objective: 1.3: Identify and describe the unique features of e-commerce technology and discuss their business significance.

28) Interactivity in the context of e-commerce provides which of the following functionalities?
A) the ability to physically touch and manipulate a product
B) the complexity and content of a message
C) the ability of consumers to create and distribute content
D) the enabling of two-way communication between consumer and merchant
Answer: D
Difficulty: Moderate
AACSB: Application of knowledge
Learning Objective: 1.3: Identify and describe the unique features of e-commerce technology and discuss their business significance.

29) The costs incurred by merchants to change product prices are referred to as:
A) subscription costs.
B) fixed costs.
C) menu costs.
D) variable costs.
Answer: C
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30) Which of the following refers to any disparity in relevant market information among parties in a transaction?
A) information asymmetry
B) unfair competitive advantage
C) imperfect competition
D) dynamic pricing
Answer: A
Difficulty: Moderate
AACSB: Application of knowledge
Learning Objective: 1.3: Identify and describe the unique features of e-commerce technology and discuss their business significance.

31) Which of the following is a physical place you visit in order to transact?
A) marketspace
B) marketplace
C) social network
D) the Internet
Answer: B
Difficulty: Easy
AACSB: Application of knowledge
Learning Objective: 1.3: Identify and describe the unique features of e-commerce technology and discuss their business significance.

32) _____ represents the total number of users or customers an e-commerce business can obtain.
A) Ubiquity
B) Interactivity
C) Reach
D) Information density
Answer: C
Difficulty: Moderate
AACSB: Application of knowledge
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33) Which of the following refers to the complexity and content of a message?
A) richness
B) reach
C) information density
D) interactivity
Answer: A
Difficulty: Moderate
AACSB: Application of knowledge
Learning Objective: 1.3: Identify and describe the unique features of e-commerce technology and discuss their business significance.

34) E-commerce is available just about everywhere and anytime. This is known as:
A) richness.
B) information density.
C) ubiquity.
D) reach.
Answer: C
Difficulty: Moderate
AACSB: Application of knowledge
Learning Objective: 1.3: Identify and describe the unique features of e-commerce technology and discuss their business significance.

35) Ubiquity increases the cognitive energy required to transact in a marketspace.
Answer: FALSE
Difficulty: Moderate
AACSB: Analytical thinking
Learning Objective: 1.3: Identify and describe the unique features of e-commerce technology and discuss their business significance.

36) Universal standards make price discovery more costly, slower, and less accurate.
Answer: FALSE
Difficulty: Moderate
AACSB: Application of knowledge
Learning Objective: 1.3: Identify and describe the unique features of e-commerce technology and discuss their business significance.

37) Price transparency refers to the ease with which consumers can find out what merchants pay for products.
Answer: FALSE
Difficulty: Moderate
AACSB: Application of knowledge
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38) Personalization involves targeting marketing messages to specific individuals by adjusting the message based upon a consumer's preferences or past purchasing behavior.
Answer: TRUE
Difficulty: Moderate
AACSB: Application of knowledge
Learning Objective: 1.3: Identify and describe the unique features of e-commerce technology and discuss their business significance.

39) E-commerce technologies provide a unique, many-to-many model of mass communication.
Answer: TRUE
Difficulty: Easy
AACSB: Information technology
Learning Objective: 1.3: Identify and describe the unique features of e-commerce technology and discuss their business significance.

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40) Identify the eight unique features of e-commerce technology and explain how these features set e-commerce apart from more traditional ways of conducting commercial transactions.
Answer: The eight unique features of e-commerce technology are ubiquity, global reach, universal standards, richness, interactivity, information density, personalization/customization, and social technology.
The fact that e-commerce is available nearly everywhere, at any time, (ubiquity) extends the marketplace beyond traditional boundaries and removes it from a temporal and geographic location. A marketspace is created in which shopping can take place anywhere, enhancing consumer convenience and reducing shopping costs, whereas in traditional commerce the marketplace is a physical place you must visit in order to transact.
The global reach of e-commerce means that commerce is enabled across national and cultural boundaries as never before, with potentially billions of consumers and millions of businesses worldwide included in the marketspace. Traditional commerce, by contrast, is local or regional involving local merchants or national merchants with local outlets.
Universal standards (one set of technical media standards) also allow for the seamless enablement of global commerce. In contrast, most traditional commerce technologies differ from one nation to the next.
In traditional markets, national sales forces and small retail stores can provide a complex and content-rich message. However, there is generally a trade-off between the richness of the message and the number of consumers who can be reached with the marketing message. In e-commerce the trade-off is no longer necessary. An information rich environment is extended globally.
Unlike any other commercial technology of the twentieth century, except perhaps the telephone, e-commerce technologies are interactive, allowing for two-way communication between the seller and the consumer.
E-commerce technologies reduce information collection, storage, processing, and communication costs, thereby greatly increasing the prevalence, accuracy, and timeliness of information. This information density (information that is more plentiful, cheaper, and of higher quality) sets e-commerce apart from all other traditional methods of conducting transactions.
E-commerce technologies also permit the personalization and customization of marketing messages on a level that was impossible with previous commerce technologies. Marketing messages can be targeted to specific individuals based on their interests and past purchasing behavior, and the product or service can be altered to suit a customer's preferences and prior behavior.
Social technology allows users to easily generate and share content and permits a many-to-many model of mass communications that is different from previous technologies. This supports the creation of new business models and products that support social network services.
Difficulty: Difficult
AACSB: Analytical thinking; Information technology; Written and oral communication
Learning Objective: 1.3: Identify and describe the unique features of e-commerce technology and discuss their business significance.

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41) How has e-commerce changed the marketing of goods?
Answer: E-commerce has greatly changed the marketing of goods. Before e-commerce was developed, the marketing and sale of goods was a mass-marketing and sales force-driven process. Marketers viewed consumers as passive targets of advertising campaigns. E-commerce has brought many new possibilities for marketing. The Internet and Web can deliver rich marketing messages with text, video, and audio to an audience of millions in a way not possible with traditional commerce technologies such as radio, television, or magazines. Merchants can target their marketing messages to specific individuals by adjusting the message to a person's name, interests, and past purchases. In addition, much information about the consumer can be gathered from the website the consumer visits. With the increase in information density, a great deal of information about the consumer's past purchases and behavior can be stored and used by online merchants. The result is a level of personalization and customization unthinkable with existing commerce technologies.
Difficulty: Moderate
AACSB: Analytical thinking; Written and oral communication
Learning Objective: 1.3: Identify and describe the unique features of e-commerce technology and discuss their business significance.

42) What are some examples of the way interactivity allows online merchants to engage a consumer in ways similar to a face-to-face experience?
Answer: Comment features, community forums, and social networks with social sharing functionality such as Like and Share buttons all enable consumers to actively interact with merchants and other users. Somewhat less obvious forms of interactivity include responsive design elements such as websites that change format depending on what kind of device they are being viewed on, product images that change as a mouse hovers over them, the ability to zoom in or rotate images, forms that notify the user of a problem as they are being filled out, and search boxes that autofill as the user types.
Difficulty: Moderate
AACSB: Analytical thinking; Written and oral communication
Learning Objective: 1.3: Identify and describe the unique features of e-commerce technology and discuss their business significance.

43) All of the following types of e-commerce are distinguished by the nature of the market relationship rather than the type of technology used *except*:
A) consumer-to-consumer (C2C)
B) business-to-business e-commerce
C) mobile e-commerce
D) business-to-business (B2B)
Answer: C
Difficulty: Moderate
AACSB: Information technology
Learning Objective: 1.4: Describe the major types of e-commerce.

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44) Which of the following is a leading platform for social e-commerce?
A) Amazon
B) eBay
C) Wikipedia
D) Facebook
Answer: D
Difficulty: Easy
AACSB: Information technology
Learning Objective: 1.4: Describe the major types of e-commerce.

45) Business-to-consumer (B2C) e-commerce in the United States:
A) has grown at double-digit rates since 2010.
B) generates less revenue than C2C e-commerce.
C) now constitutes more than 50% of the overall U.S. retail market.
D) includes purchases of retail goods, services, and online content.
Answer: A
Difficulty: Difficult
AACSB: Application of knowledge
Learning Objective: 1.4: Describe the major types of e-commerce.

46) Which of the following is *not* an example of an on-demand service company?
A) Instacart
B) Lyft
C) DoorDash
D) Facebook
Answer: D
Difficulty: Easy
AACSB: Application of knowledge
Learning Objective: 1.4: Describe the major types of e-commerce.

47) Which of the following statements about B2B e-commerce is *not* true?
A) B2B e-commerce is the largest from of e-commerce.
B) There are two primary business models used in B2B e-commerce.
C) B2B e-commerce still has significant growth potential.
D) In 2022, business-to-business exchanges of all kinds, online and offline, were estimated to be around $8.5 trillion.
Answer: D
Difficulty: Difficult
AACSB: Application of knowledge
Learning Objective: 1.4: Describe the major types of e-commerce.

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48) All of the following were among the original platforms for C2C e-commerce *except*:
A) eBay.
B) Amazon.
C) Craigslist.
D) Etsy.
Answer: B
Difficulty: Moderate
AACSB: Application of knowledge
Learning Objective: 1.4: Describe the major types of e-commerce.

49) All of the following are platforms for social e-commerce *except*:
A) Instagram.
B) TikTok.
C) Y Combinator.
D) Pinterest.
Answer: C
Difficulty: Easy
AACSB: Application of knowledge
Learning Objective: 1.4: Describe the major types of e-commerce.

50) It is estimated that by 2026, B2B e-commerce will reach almost _____ in revenues.
A) $100 billion
B) $1 trillion
C) $10 trillion
D) $100 trillion
Answer: C
Difficulty: Moderate
AACSB: Application of knowledge
Learning Objective: 1.4: Describe the major types of e-commerce.

51) M-commerce is the type of e-commerce that generates the most revenue.
Answer: FALSE
Difficulty: Easy
AACSB: Application of knowledge
Learning Objective: 1.4: Describe the major types of e-commerce.

52) As online sales become a larger percentage of all sales, online sales growth will likely eventually decline.
Answer: TRUE
Difficulty: Easy
AACSB: Application of knowledge
Learning Objective: 1.4: Describe the major types of e-commerce.

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53) List and briefly explain the main types of e-commerce.
Answer: The main types of e-commerce are business-to-consumer (B2C), in which online businesses attempt to reach individual consumers; business-to-business (B2B), in which businesses focus on selling to other businesses; consumer-to-consumer (C2C), which provides a market in which consumers can sell goods to each other; mobile e-commerce (m-commerce), which refers to the use of wireless digital devices to enable online transactions; social e-commerce, which is commerce enabled by social networks and online social relationships; and local e-commerce, which is e-commerce that is focused on engaging the customer based on his or her geographical location.
Difficulty: Moderate
AACSB: Application of knowledge; Written and oral communication
Learning Objective: 1.4: Describe the major types of e-commerce.

54) What factors are driving the growth of m-commerce?
Answer: Factors that are driving the growth of m-commerce include the increasing amount of time consumers are spending using mobile devices, larger smartphone screen sizes, greater use of responsive design enabling websites to be better optimized for mobile use and mobile checkout and payment, and enhanced mobile search functionality.
Difficulty: Moderate
AACSB: Application of knowledge; Written and oral communication
Learning Objective: 1.4: Describe the major types of e-commerce.

55) Which of the following describes the basic web policy of large firms during the Invention period?
A) Integrate social networks and the mobile platform with website marketing.
B) Emphasize the necessity for the Web to generate profits.
C) Use the Web to sell complex goods and services online.
D) Maintain a basic, static website depicting the firm's brand.
Answer: D
Difficulty: Moderate
AACSB: Analytical thinking
Learning Objective: 1.5: Understand the evolution of e-commerce from its early years to today.

56) All of the following can be considered a precursor to e-commerce *except*:
A) the development of the smartphone.
B) Baxter Healthcare's PC-based remote order entry system.
C) the French Minitel.
D) the development of Electronic Data Interchange standards.
Answer: A
Difficulty: Moderate
AACSB: Application of knowledge
Learning Objective: 1.5: Understand the evolution of e-commerce from its early years to today.

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57) _____ was the first truly large-scale digitally enabled transaction system in the B2C arena.
A) Telex
B) The Baxter Healthcare system
C) The French Minitel
D) Electronic Data Interchange (EDI)
Answer: C
Difficulty: Moderate
AACSB: Application of knowledge
Learning Objective: 1.5: Understand the evolution of e-commerce from its early years to today.

58) The text identifies which of the following years as the year e-commerce began?
A) 1983
B) 1985
C) 1995
D) 2001
Answer: C
Difficulty: Easy
AACSB: Application of knowledge
Learning Objective: 1.5: Understand the evolution of e-commerce from its early years to today.

59) Which of the following is a characteristic of e-commerce during the Invention period?
A) mobile technology
B) earnings and profit emphasis
C) low-complexity retail products
D) extensive government surveillance
Answer: C
Difficulty: Difficult
AACSB: Application of knowledge
Learning Objective: 1.5: Understand the evolution of e-commerce from its early years to today.

60) All of the following are examples of Web 2.0 *except*:
A) photo-sharing websites.
B) blogs.
C) wikis.
D) online social networks.
Answer: D
Difficulty: Moderate
AACSB: Application of knowledge
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61) Which of the following is *not* a characteristic of a nearly perfect competitive market?
A) Price, cost, and quality information are equally distributed.
B) A nearly infinite set of suppliers compete against one another.
C) Customers have access to all relevant information worldwide.
D) It is highly regulated.
Answer: D
Difficulty: Difficult
AACSB: Analytical thinking
Learning Objective: 1.5: Understand the evolution of e-commerce from its early years to today.

62) All of the following were visions of e-commerce expressed during the early years of e-commerce *except*:
A) the elimination of monopoly profits.
B) friction-free commerce.
C) disintermediation.
D) strategic follower strength.
Answer: D
Difficulty: Difficult
AACSB: Analytical thinking
Learning Objective: 1.5: Understand the evolution of e-commerce from its early years to today.

63) Unfair competitive advantages occur when:
A) one competitor has an advantage that others cannot purchase.
B) market intermediaries are displaced.
C) information is equally distributed and transaction costs are low.
D) firms are able to gather monopoly profits.
Answer: A
Difficulty: Moderate
AACSB: Application of knowledge
Learning Objective: 1.5: Understand the evolution of e-commerce from its early years to today.

64) The early years of e-commerce were driven by all of the following factors *except*:
A) an emphasis on exploiting traditional distribution channels.
B) an infusion of venture capital funds.
C) an emphasis on quickly achieving very high market visibility.
D) visions of profiting from new technology.
Answer: A
Difficulty: Difficult
AACSB: Analytical thinking
Learning Objective: 1.5: Understand the evolution of e-commerce from its early years to today.

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65) Which of the following statements about the Consolidation phase of e-commerce is *not* true?
A) Many critics doubted the long-term prospects for e-commerce.
B) Emphasis shifted from a more business-driven approach.
C) Large traditional firms learned how to use the Web to strengthen their market positions.
D) The development of the mobile platform fueled a surge in e-commerce revenues.
Answer: D
Difficulty: Difficult
AACSB: Analytical thinking
Learning Objective: 1.5: Understand the evolution of e-commerce from its early years to today.

66) Which of the following best describes the early years of e-commerce?
A) They were a technological success but a mixed business success.
B) They were a technological success but a business failure.
C) They were a technological failure but a business success.
D) They were a mixed technological and business success.
Answer: A
Difficulty: Difficult
AACSB: Analytical thinking
Learning Objective: 1.5: Understand the evolution of e-commerce from its early years to today.

67) Which of the following is a characteristic of the Reinvention phase of e-commerce?
A) massive proliferation of dot-com start-ups
B) widespread adoption of broadband networks
C) rapid growth of search engine advertising
D) the rapid growth of Web 2.0
Answer: D
Difficulty: Difficult
AACSB: Application of knowledge
Learning Objective: 1.5: Understand the evolution of e-commerce from its early years to today.

68) Which of the following is a characteristic of the Consolidation phase of e-commerce?
A) first-mover advantages
B) emphasis on revenue growth versus profits
C) high-complexity retail products and services
D) extensive government surveillance
Answer: C
Difficulty: Difficult
AACSB: Application of knowledge
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69) Which of the following is *not* true regarding e-commerce today?
A) Economists' visions of a friction-free market have not been realized.
B) Consumers are less price-sensitive than expected.
C) Price dispersion remains pervasive in many markets.
D) Intermediaries have disappeared.
Answer: D
Difficulty: Difficult
AACSB: Analytical thinking
Learning Objective: 1.5: Understand the evolution of e-commerce from its early years to today.

70) Which of the following statements is *not* true?
A) Information asymmetries are continually being introduced by merchants and marketers.
B) First-mover advantage appears to have succeeded only for a very small group of companies.
C) Overall transaction costs have dropped dramatically.
D) Brands remain very important in e-commerce.
Answer: C
Difficulty: Difficult
AACSB: Analytical thinking
Learning Objective: 1.5: Understand the evolution of e-commerce from its early years to today.

71) Which of the following is an example of an e-commerce first mover that failed?
A) Etsy
B) eToys
C) eBay
D) E*Trade
Answer: B
Difficulty: Moderate
AACSB: Application of knowledge
Learning Objective: 1.5: Understand the evolution of e-commerce from its early years to today.

72) Which of the following refers to the practice of researching a product online before purchasing it at a physical store?
A) zooming
B) grazing
C) showrooming
D) webrooming
Answer: D
Difficulty: Moderate
AACSB: Application of knowledge
Learning Objective: 1.5: Understand the evolution of e-commerce from its early years to today.

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73) Which of the following refers to the displacement of market middlemen and the creation of a new direct relationship between producers and consumers?
A) network effect
B) disintermediation
C) friction-free commerce
D) first mover advantage
Answer: B
Difficulty: Moderate
AACSB: Application of knowledge
Learning Objective: 1.5: Understand the evolution of e-commerce from its early years to today.

74) Which of the following is *not* an element of friction-free commerce?
A) Information is equally distributed.
B) It enables extraordinary returns on invested capital.
C) Prices can be dynamically adjusted to reflect actual demand.
D) Unfair competitive advantages are eliminated.
Answer: B
Difficulty: Difficult
AACSB: Application of knowledge
Learning Objective: 1.5: Understand the evolution of e-commerce from its early years to today.

75) Which of the following is *not* an example of an on-demand, personal services business that emerged during the Reinvention period of e-commerce?
A) Airbnb
B) Y Combinator
C) Instacart
D) DoorDash
Answer: B
Difficulty: Easy
AACSB: Application of knowledge
Learning Objective: 1.5: Understand the evolution of e-commerce from its early years to today.

76) The emergence of mobile, social, and local e-commerce occurred during the Consolidation period of e-commerce.
Answer: FALSE
Difficulty: Moderate
AACSB: Application of knowledge
Learning Objective: 1.5: Understand the evolution of e-commerce from its early years to today.

77) The Reinvention period of e-commerce is as much a sociological phenomenon as it is a technological or business phenomenon.
Answer: TRUE
Difficulty: Moderate
AACSB: Application of knowledge
Learning Objective: 1.5: Understand the evolution of e-commerce from its early years to today.

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78) Price dispersion has been eliminated in e-commerce.
Answer: FALSE
Difficulty: Difficult
AACSB: Application of knowledge
Learning Objective: 1.5: Understand the evolution of e-commerce from its early years to today.

79) What is a first mover? Why was being a first mover considered to be important during the early years of e-commerce?
Answer: First movers are firms who are first to market in a particular area, and who move quickly to gather market share. First movers hope to establish a large customer base quickly, build brand name recognition early, and inhibit competitors by building in switching costs for their customers through proprietary interface designs and features. The thinking was that once customers became accustomed to using a company's unique web interface and feature set, they could not easily be switched to competitors. In the best case, the entrepreneurial firm would invent proprietary technologies and techniques that almost everyone adopted, creating a network effect, which occurs where all participants receive value from the fact that everyone else uses the same tool or product.
Difficulty: Moderate
AACSB: Analytical thinking; Written and oral communication
Learning Objective: 1.5: Understand the evolution of e-commerce from its early years to today.

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80) Describe the visions and forces during the early days of e-commerce in terms of what the various interest groups hoped for: the computer science and information technology people; the economists; and the entrepreneurs, venture capitalists and marketers. Explain whether what each group envisioned came to fruition and why or why not.
Answer: The computer scientists and information technologists' vision included universal communications and a computing environment that everyone could access with inexpensive computers. Their interest was in creating a vast worldwide information collection from libraries, universities, governments, and scientific institutions that was ungoverned by any nation and free to all. They believed that the Internet, and by extension, the e-commerce that operated within the infrastructure, should be self-governed and self-regulated.
The economists envisioned a near-perfect competitive market where price, cost, and quality information are equally distributed. The marketspace would include a nearly infinite number of suppliers with equal access to hundreds of millions of customers, but where those consumers in turn would have access to all relevant market information–a hypercompetitive market. Market intermediaries would disappear, resulting in lowered costs to consumers. This intensely competitive, disintermediated environment with lowered transaction costs would eliminate product brands as well as the possibility of monopoly profits based on brands, geography, or special access factors. Unfair competitive advantages and the ability to reap returns on capital that far extended a fair market rate of return would be eliminated. Their vision was called friction-free commerce.
The entrepreneurs, venture capitalists, and marketers in turn saw e-commerce as an opportunity to earn great returns on invested capital. They saw the e-commerce marketspace and technologies as a powerful method of increasing their ability to even more precisely segment the market into groups with different price sensitivities. They believed that huge profits could be garnered by firms that quickly achieved high market visibility and that these successful first movers would become the new intermediaries of e-commerce, displacing the traditional retail merchants and content suppliers.
The computer scientists' vision of an ungoverned Internet has not come to fruition as governments have increasingly sought to regulate and control the technology to ensure that positive social benefits result. The economists' vision has also for the most part not materialized for a variety of reasons. Consumers have proven to be less price sensitive than expected and the importance of brand names to consumers' perceptions of quality and service has been extended rather than decreased or eliminated. Entrepreneurs have discovered new methods for differentiating products and services. New information asymmetries are continually being introduced by marketers. Disintermediation has also not occurred as new intermediaries emerged. The visions of the entrepreneurs, venture capitalists, and marketers have also largely not come to fruition as the first movers from the early years of e-commerce only rarely succeeded. The fast follower large traditional firms with the resources needed to develop mature markets are displacing most of the venture capitalist backed entrepreneurs.
Difficulty: Difficult
AACSB: Analytical thinking; Written and oral communication
Learning Objective: 1.5: Understand the evolution of e-commerce from its early years to today.

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81) Above all, e-commerce is a _____ phenomenon.
A) technology driven
B) finance-driven
C) sociological
D) government-driven
Answer: A
Difficulty: Moderate
AACSB: Information technology
Learning Objective: 1.6: Describe the major themes underlying the study of e-commerce.

82) Which of the following statements about understanding e-commerce is *not* true?
A) No single academic discipline encompasses all of e-commerce.
B) To truly understand e-commerce, you need to know about the technologies that underly it.
C) It is the business applications, rather than technology, that create the interest and excitement in e-commerce.
D) E-commerce is unlike other previous technologically driven commercial developments in that social, cultural, and political issues related to e-commerce preceded the development of commercial applications of the technology.
Answer: D
Difficulty: Difficult
AACSB: Information technology
Learning Objective: 1.6: Describe the major themes underlying the study of e-commerce.

83) Which of the following is an important societal issue related to e-commerce?
A) consumer behavior
B) value webs
C) cloud computing
D) preservation of privacy
Answer: D
Difficulty: Moderate
AACSB: Application of knowledge
Learning Objective: 1.6: Describe the major themes underlying the study of e-commerce.

84) E-commerce poses special challenges to methods used in the past to protect intellectual property rights.
Answer: TRUE
Difficulty: Easy
AACSB: Information technology
Learning Objective: 1.6: Describe the major themes underlying the study of e-commerce.

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85) What kind of problems does the global nature of e-commerce pose?
Answer: The global nature of e-commerce poses public policy issues regarding equity, equal access, content regulation, and taxation. For instance, in the United States, public telephone utilities are required under public utility and public accommodation laws to make basic service available at affordable rates, so everyone can have telephone service. Should these laws be extended to the Internet and the Web? If goods are purchased by a New York State resident from a website in California, shipped from a center in Illinois, and delivered to New York, what state has the right to collect a sales tax? Should some heavy Internet users who consume extraordinary amounts of bandwidth by streaming endless movies be charged extra for service, or should the Internet be neutral with respect to usage? What rights do nation-states and their citizens have with respect to the Internet, the Web, and e-commerce?
Difficulty: Moderate
AACSB: Application of knowledge; Written and oral communication
Learning Objective: 1.6: Describe the major themes underlying the study of e-commerce.

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