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| --- | --- | --- | --- | --- | --- | --- | --- | --- |
| 1. IBM defines electronic business as "the transformation of key business processes through the use of Internet technologies."   |  |  |  | | --- | --- | --- | |  | a. | True | |  | b. | False |  |  |  | | --- | --- | | *ANSWER:* | True | |

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| 2. A transaction is an exchange of value, such as a purchase, a sale, or the conversion of raw materials into a finished product.   |  |  |  | | --- | --- | --- | |  | a. | True | |  | b. | False |  |  |  | | --- | --- | | *ANSWER:* | True | |

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| 3. All the activities associated with a transaction result in measurable and recordable transactions.   |  |  |  | | --- | --- | --- | |  | a. | True | |  | b. | False |  |  |  | | --- | --- | | *ANSWER:* | False | |

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| --- | --- | --- | --- | --- | --- | --- | --- | --- |
| 4. Transferring funds, placing orders, sending invoices, and shipping goods to customers are all types of activities or transactions.   |  |  |  | | --- | --- | --- | |  | a. | True | |  | b. | False |  |  |  | | --- | --- | | *ANSWER:* | True | |

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| 5. Business-to-business electronic commerce occurs when a person sells an item through a Web auction site to another person.   |  |  |  | | --- | --- | --- | |  | a. | True | |  | b. | False |  |  |  | | --- | --- | | *ANSWER:* | False | |

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| 6. The U.S. government is one of the largest electronic data interchange (EDI) trading partners in the world.   |  |  |  | | --- | --- | --- | |  | a. | True | |  | b. | False |  |  |  | | --- | --- | | *ANSWER:* | True | |

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| 7. A problem that EDI pioneers faced was the high cost of implementation.   |  |  |  | | --- | --- | --- | |  | a. | True | |  | b. | False |  |  |  | | --- | --- | | *ANSWER:* | True | |

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| --- | --- | --- | --- | --- | --- | --- | --- | --- |
| 8. Value-added networks are leased telephone lines that establish direct network connections to all trading partners of an organization.   |  |  |  | | --- | --- | --- | |  | a. | True | |  | b. | False |  |  |  | | --- | --- | | *ANSWER:* | False | |

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| --- | --- | --- | --- | --- | --- | --- | --- | --- |
| 9. The increase in broadband connections in homes is a key element in the B2C component of the second wave.   |  |  |  | | --- | --- | --- | |  | a. | True | |  | b. | False |  |  |  | | --- | --- | | *ANSWER:* | True | |

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| 10. In some cases, business processes use traditional commerce activities very effectively, and technology cannot improve them.   |  |  |  | | --- | --- | --- | |  | a. | True | |  | b. | False |  |  |  | | --- | --- | | *ANSWER:* | True | |

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| 11. Irrespective of the transferability of merchandising skills to the Web, products are difficult to sell on the Web.   |  |  |  | | --- | --- | --- | |  | a. | True | |  | b. | False |  |  |  | | --- | --- | | *ANSWER:* | False | |

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| 12. A commodity item is a product or service that is hard to distinguish from the same product or service provided by other sellers.   |  |  |  | | --- | --- | --- | |  | a. | True | |  | b. | False |  |  |  | | --- | --- | | *ANSWER:* | True | |

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| 13. A product's shipping profile is a collection of details about the shipper.   |  |  |  | | --- | --- | --- | |  | a. | True | |  | b. | False |  |  |  | | --- | --- | | *ANSWER:* | False | |

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| 14. A DVD is an excellent example of an item with a high value-to-weight ratio.   |  |  |  | | --- | --- | --- | |  | a. | True | |  | b. | False |  |  |  | | --- | --- | | *ANSWER:* | True | |

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| 15. A product that has a strong brand reputation is easier to sell over the Web than an unbranded item.   |  |  |  | | --- | --- | --- | |  | a. | True | |  | b. | False |  |  |  | | --- | --- | | *ANSWER:* | True | |

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| 16. Electronic commerce provides buyers with an easy way to customize the level of detail in the information they obtain about a prospective purchase.   |  |  |  | | --- | --- | --- | |  | a. | True | |  | b. | False |  |  |  | | --- | --- | | *ANSWER:* | True | |

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| 17. Electronic commerce reduces the speed and accuracy with which businesses can exchange information.   |  |  |  | | --- | --- | --- | |  | a. | True | |  | b. | False |  |  |  | | --- | --- | | *ANSWER:* | False | |

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| 18. Electronic payment can be easier to audit and monitor than payment made by check.   |  |  |  | | --- | --- | --- | |  | a. | True | |  | b. | False |  |  |  | | --- | --- | | *ANSWER:* | True | |

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| 19. The legal environment in which electronic commerce is conducted is full of clear and concise laws.   |  |  |  | | --- | --- | --- | |  | a. | True | |  | b. | False |  |  |  | | --- | --- | | *ANSWER:* | False | |

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| 20. Economists use a formal definition of market that includes two conditions: first, the potential sellers of a good come into contact with potential buyers, and second, that a medium of exchange is available.   |  |  |  | | --- | --- | --- | |  | a. | True | |  | b. | False |  |  |  | | --- | --- | | *ANSWER:* | True | |

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| 21. Most economists agree that markets are weak and ineffective mechanisms for allocating scarce resources.   |  |  |  | | --- | --- | --- | |  | a. | True | |  | b. | False |  |  |  | | --- | --- | | *ANSWER:* | False | |

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| 22. Businesses and individuals can use electronic commerce to reduce transaction costs by improving the flow of information and increasing the coordination of actions.   |  |  |  | | --- | --- | --- | |  | a. | True | |  | b. | False |  |  |  | | --- | --- | | *ANSWER:* | True | |

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| --- | --- | --- | --- | --- | --- | --- | --- | --- |
| 23. Buyers and sellers in commodity markets experience significant transaction costs.   |  |  |  | | --- | --- | --- | |  | a. | True | |  | b. | False |  |  |  | | --- | --- | | *ANSWER:* | False | |

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| 24. Using the value chain reinforces the idea that electronic commerce should be a business solution, not a technology implemented for its own sake.   |  |  |  | | --- | --- | --- | |  | a. | True | |  | b. | False |  |  |  | | --- | --- | | *ANSWER:* | True | |

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| 25. A freight forwarder is a company that arranges shipping and insurance for international transactions.   |  |  |  | | --- | --- | --- | |  | a. | True | |  | b. | False |  |  |  | | --- | --- | | *ANSWER:* | True | |

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| 26. Consumer shopping on the Web is often called \_\_\_\_\_.   |  |  |  |  |  | | --- | --- | --- | --- | --- | |  | a. | B2B | b. | B2C | |  | c. | brick and mortar retailing | d. | e-procurement |  |  |  | | --- | --- | | *ANSWER:* | b | |

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| 27. The group of logical, related, and sequential activities and transactions in which businesses engage are often collectively referred to as \_\_\_\_\_.   |  |  |  |  |  | | --- | --- | --- | --- | --- | |  | a. | business services | b. | business processes | |  | c. | business logistics | d. | business communications |  |  |  | | --- | --- | | *ANSWER:* | b | |

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| 28. Banks use \_\_\_\_\_, which are electronic transmissions of account exchange information over private communications’ networks.   |  |  |  |  |  | | --- | --- | --- | --- | --- | |  | a. | wire transfers | b. | machine translations | |  | c. | data analytics | d. | big data |  |  |  | | --- | --- | | *ANSWER:* | a | |

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| 29. Electronic funds transfers are also called \_\_\_\_\_.   |  |  |  |  |  | | --- | --- | --- | --- | --- | |  | a. | wire transfers | b. | business transfers | |  | c. | data transfers | d. | strategic transfers |  |  |  | | --- | --- | | *ANSWER:* | a | |

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| 30. Businesses that engage in electronic data interchange with each other are called \_\_\_\_\_.   |  |  |  |  |  | | --- | --- | --- | --- | --- | |  | a. | institutional partners | b. | channel partners | |  | c. | commodity partners | d. | trading partners |  |  |  | | --- | --- | | *ANSWER:* | d | |

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| 31. A(n) \_\_\_\_\_ is an independent firm that offers connection and transaction-forwarding services to buyers and sellers engaged in electronic data interchange.   |  |  |  |  |  | | --- | --- | --- | --- | --- | |  | a. | value-added network | b. | freight forwarder | |  | c. | business incubator | d. | online retailer |  |  |  | | --- | --- | | *ANSWER:* | a | |

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| 32. \_\_\_\_\_ refers to technologies that include software that allows users of Web sites to participate in the creation, edition, and distribution of content on a Web site owned and operated by a third party.   |  |  |  |  |  | | --- | --- | --- | --- | --- | |  | a. | Big data | b. | Web 1.0 | |  | c. | Pure dot-com | d. | Web 2.0 |  |  |  | | --- | --- | | *ANSWER:* | d | |

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| 33. \_\_\_\_\_ is the use of interpersonal connections online to promote or sell goods and services.   |  |  |  |  |  | | --- | --- | --- | --- | --- | |  | a. | Social integration | b. | Social commerce | |  | c. | M-commerce | d. | Vertical integration |  |  |  | | --- | --- | | *ANSWER:* | b | |

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| 34. A(n) \_\_\_\_\_ is a set of processes that combine to achieve a company’s primary goal, which is typically to yield a profit.   |  |  |  |  |  | | --- | --- | --- | --- | --- | |  | a. | value system | b. | industry value chain | |  | c. | strategic business unit | d. | business model |  |  |  | | --- | --- | | *ANSWER:* | d | |

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| 35. A(n) \_\_\_\_\_ is a specific collection of business processes used to identify customers, market to those customers, and generate sales to those customers.   |  |  |  |  |  | | --- | --- | --- | --- | --- | |  | a. | industry value chain | b. | strategic alliance | |  | c. | revenue model | d. | value-added network |  |  |  | | --- | --- | | *ANSWER:* | c | |

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| 36. The combination of store design, layout, and product display knowledge to create store environments that help convince customers to buy is called \_\_\_\_\_.   |  |  |  |  |  | | --- | --- | --- | --- | --- | |  | a. | merchandising | b. | crowdsourcing | |  | c. | outsourcing | d. | departmentalizing |  |  |  | | --- | --- | | *ANSWER:* | a | |

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| 37. \_\_\_\_\_ can be a better way to sell items that rely on personal selling skills.   |  |  |  |  |  | | --- | --- | --- | --- | --- | |  | a. | M-commerce | b. | Social commerce | |  | c. | Traditional commerce | d. | E-commerce |  |  |  | | --- | --- | | *ANSWER:* | c | |

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| 38. A barrier to the predictability of costs and revenues of electronic commerce projects is \_\_\_\_\_.   |  |  |  |  |  | | --- | --- | --- | --- | --- | |  | a. | the rapid changes in underlying technologies | b. | the need for a critical mass willing to buy through the Internet | |  | c. | the cultural obstacles in conducting electronic commerce | d. | the legal environment in which electronic commerce is conducted |  |  |  | | --- | --- | | *ANSWER:* | a | |

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| 39. \_\_\_\_\_ are the total of all costs that a buyer and a seller incur as they gather information and negotiate a purchase-and-sale transaction.   |  |  |  |  |  | | --- | --- | --- | --- | --- | |  | a. | Opportunity costs | b. | Operating costs | |  | c. | Transaction costs | d. | Historical costs |  |  |  | | --- | --- | | *ANSWER:* | c | |

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| 40. One significant component of \_\_\_\_\_ can be the investment a seller makes in equipment or in the hiring of skilled employees to supply the product or service to the buyer.   |  |  |  |  |  | | --- | --- | --- | --- | --- | |  | a. | economic costs | b. | transaction costs | |  | c. | opportunity costs | d. | retention costs |  |  |  | | --- | --- | | *ANSWER:* | b | |

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| 41. The practice of an existing firm replacing one or more of its supplier markets with its own hierarchical structure for creating the supplied product is called \_\_\_\_\_.   |  |  |  |  |  | | --- | --- | --- | --- | --- | |  | a. | merchandising | b. | crowdsourcing | |  | c. | vertical integration | d. | horizontal integration |  |  |  | | --- | --- | | *ANSWER:* | c | |

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| 42. In a(n)\_\_\_\_\_, companies coordinate their strategies, resources, and skill sets by forming long-term, stable relationships with other companies and individuals based on shared purposes.   |  |  |  |  |  | | --- | --- | --- | --- | --- | |  | a. | market economic structure | b. | informal economic structure | |  | c. | hierarchical economic structure | d. | network economic structure |  |  |  | | --- | --- | | *ANSWER:* | d | |

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| 43. Strategic partnerships occurring between or among companies operating on the Internet are called \_\_\_\_\_.   |  |  |  |  |  | | --- | --- | --- | --- | --- | |  | a. | network alliances | b. | virtual integration | |  | c. | virtual companies | d. | value-added partnerships |  |  |  | | --- | --- | | *ANSWER:* | c | |

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| 44. As more people participate in a network, the value of the network to each participant increases. This increase in value is called a  \_\_\_\_\_.   |  |  |  |  |  | | --- | --- | --- | --- | --- | |  | a. | telework model | b. | network effect | |  | c. | network model | d. | transactional effect |  |  |  | | --- | --- | | *ANSWER:* | b | |

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| 45. A \_\_\_\_\_ is a way of organizing the activities that each strategic business unit undertakes to design, produce, promote, market, deliver, and support the products or services it sells.   |  |  |  |  |  | | --- | --- | --- | --- | --- | |  | a. | business activity | b. | SWOT analysis | |  | c. | value chain | d. | strategic alliance |  |  |  | | --- | --- | | *ANSWER:* | c | |

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| 46. \_\_\_\_\_ is a primary activity undertaken by an organization's strategic business unit.   |  |  |  |  |  | | --- | --- | --- | --- | --- | |  | a. | Identifying customers | b. | Training employees | |  | c. | Research and development | d. | Borrowing funds |  |  |  | | --- | --- | | *ANSWER:* | a | |

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| 47. According to Porter, \_\_\_\_\_ describes the larger stream of activities into which a particular business unit's value chain is embedded.   |  |  |  |  |  | | --- | --- | --- | --- | --- | |  | a. | business strategy | b. | value system | |  | c. | business integration | d. | value-added network |  |  |  | | --- | --- | | *ANSWER:* | b | |

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| 48. SWOT is the acronym for \_\_\_\_\_.   |  |  |  | | --- | --- | --- | |  | a. | supply, wealth, occupations, and threats | |  | b. | supply, weaknesses, opportunities, and testing | |  | c. | strengths, weaknesses, opportunities, and threats | |  | d. | strengths, wealth, occupations, and testing |  |  |  | | --- | --- | | *ANSWER:* | c | |

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| 49. In SWOT analysis, the question "Are industry trends moving upward?" involves identifying the \_\_\_\_\_ of an organization.   |  |  |  |  |  | | --- | --- | --- | --- | --- | |  | a. | strengths | b. | weaknesses | |  | c. | opportunities | d. | threats |  |  |  | | --- | --- | | *ANSWER:* | c | |

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| 50. An infrastructure issue that a company faces when it conducts international commerce includes \_\_\_\_\_.   |  |  |  |  |  | | --- | --- | --- | --- | --- | |  | a. | communication costs | b. | language differences | |  | c. | trusting relationships | d. | inhospitable cultures |  |  |  | | --- | --- | | *ANSWER:* | a | |

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| 51. Departments devoted to negotiating purchase transactions with suppliers are called \_\_\_\_\_.   |  |  | | --- | --- | | *ANSWER:* | procurement  supply management | |

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| 52. A(n) \_\_\_\_\_ is a task performed by a worker in the course of doing his or her job.   |  |  | | --- | --- | | *ANSWER:* | business activity | |

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| 53. Business-to-business (B2B) electronic commerce is sometimes called \_\_\_\_\_.   |  |  | | --- | --- | | *ANSWER:* | e-procurement  e procurement | |

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| --- | --- | --- |
| 54. In \_\_\_\_\_ or telework, an employee logs in to the company network through the Internet instead of traveling to an office.   |  |  | | --- | --- | | *ANSWER:* | telecommuting | |

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| --- | --- | --- |
| 55. \_\_\_\_\_ is a category of electronic commerce that includes individuals who buy and sell items among themselves.   |  |  | | --- | --- | | *ANSWER:* | Customer-to-customer  C2C  Customer-to-customer (C2C) | |

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| 56. \_\_\_\_\_ occurs when one business transmits computer-readable data in a standard format to another business.   |  |  | | --- | --- | | *ANSWER:* | EDI  Electronic data interchange  Electronic data interchange (EDI) | |

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| 57. The term \_\_\_\_\_ refers to the theft of intellectual property from the Web.   |  |  | | --- | --- | | *ANSWER:* | digital piracy | |

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| --- | --- | --- |
| 58. The \_\_\_\_\_ refers to a strategy adopted by many companies and investors who believed that by being the first Web site to offer a particular type of product or service, they would be given opportunities to be successful.   |  |  | | --- | --- | | *ANSWER:* | first-mover advantage | |

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| 59. \_\_\_\_\_ are mobile phones that include a Web browser, a full keyboard, and an identifiable operating system that allows users to run various software packages.   |  |  | | --- | --- | | *ANSWER:* | Smartphones  Smartphone | |

|  |  |  |
| --- | --- | --- |
| 60. The highly sophisticated tools for investigating patterns and knowledge contained in big data are called \_\_\_\_\_.   |  |  | | --- | --- | | *ANSWER:* | ​data analytics | |

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| --- | --- | --- |
| 61. Seller's issue\_\_\_\_\_\_\_\_\_\_ to make shopping at their stores easier and more convenient.   |  |  | | --- | --- | | *ANSWER:* | mobile apps  mobile software applications | |

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| 62. The term \_\_\_\_\_ is used in business to describe very large stores of information such as that collected by online sellers about their customers.   |  |  | | --- | --- | | *ANSWER:* | big data | |

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| 63. The only difference a buyer perceives when shopping for a commodity item is its \_\_\_\_\_.   |  |  | | --- | --- | | *ANSWER:* | price | |

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| 64. A product’s \_\_\_\_\_ is the collection of attributes that affect how easily that product can be packaged and delivered.   |  |  | | --- | --- | | *ANSWER:* | shipping profile | |

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| 65. A(n) \_\_\_\_\_ is a gathering of people who share a common interest, and this gathering takes place on the Internet.   |  |  | | --- | --- | | *ANSWER:* | virtual community | |

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| 66. Economists generally refer to large \_\_\_\_\_ as firms, or companies.   |  |  | | --- | --- | | *ANSWER:* | hierarchical business organizations | |

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| 67. A(n) \_\_\_\_\_ unit is an autonomous part of a company that is large enough to manage itself but small enough to respond quickly to changes in its business environment.   |  |  | | --- | --- | | *ANSWER:* | strategic business  business | |

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| 68. The law of \_\_\_\_\_ says that most activities yield less value as the amount of consumption increases.   |  |  | | --- | --- | | *ANSWER:* | diminishing returns | |

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| 69. Multiple firms that sell similar products to similar customers make up a(n) \_\_\_\_\_.   |  |  | | --- | --- | | *ANSWER:* | industry | |

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| 70. Human resource management and purchasing activities, which are part of a value chain model, are known as \_\_\_\_\_.   |  |  | | --- | --- | | *ANSWER:* | supporting activities | |

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| 71. The \_\_\_\_\_  refer to the activities that each strategic business unit undertakes to design, produce, promote, market, deliver, and support the products or services it sells.   |  |  | | --- | --- | | *ANSWER:* | primary activities | |

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| 72. Software translation is also referred to as \_\_\_\_\_ translation.   |  |  | | --- | --- | | *ANSWER:* | machine | |

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| 73. The combination of language and customs is often called \_\_\_\_\_.   |  |  | | --- | --- | | *ANSWER:* | culture | |

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| 74. The term \_\_\_\_\_ refers to a translation that considers multiple elements of an environment, such as business and cultural practices, in addition to dialect variations in the language.   |  |  | | --- | --- | | *ANSWER:* | localization | |

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| 75. A(n) \_\_\_\_\_ is a secure location where incoming international shipments can be held until customs requirements are satisfied or until payment arrangements are completed.   |  |  | | --- | --- | | *ANSWER:* | bonded warehouse | |

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| 76. A(n) \_\_\_\_\_ is a company that arranges the payment of tariffs and compliance with customs laws for international shipments.   |  |  | | --- | --- | | *ANSWER:* | customs broker | |

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| 77. List the three categories of electronic commerce that are most commonly used.   |  |  | | --- | --- | | *ANSWER:* | The three categories that are most commonly used are:   * Consumer shopping on the Web, often called business-to-consumer (or B2C) * Transactions conducted between businesses on the Web, often called business-to-business (or B2B) * Business processes in which companies, governments, and other organizations use Internet technologies to support selling and purchasing activities | |

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| 78. What types of business processes are well suited to electronic commerce?   |  |  | | --- | --- | | *ANSWER:* | The following business processes are well suited to electronic commerce:  Sale/purchase of books and CDs, sale/purchase of goods that have strong brand reputations, online delivery of software and digital content, sale/purchase of travel services, online shipment tracking, and sale/purchase of investment and insurance products. | |

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| 79. What are transaction costs?   |  |  | | --- | --- | | *ANSWER:* | Transaction costs are the total of all costs that a buyer and a seller incur as they gather information and negotiate a purchase-and-sale transaction. Although brokerage fees and sales commissions can be a part of transaction costs, the cost of information search and acquisition is often far larger. Another significant component of transaction costs can be the investment a seller makes in equipment or in the hiring of skilled employees to supply the product or service to the buyer. | |

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| 80. List the primary and supporting activities organized by a value chain for a strategic business unit.   |  |  | | --- | --- | | *ANSWER:* | For each business unit, the primary activities are as follows: 1) identify customers, 2) design, 3) purchase materials and supplies, 4) manufacture product or create service, 5) market and sell, 6) deliver, and 7) provide after-sale service and support. The support activities include: 1) finance and administration, 2) human resources, and 3) technology development. | |

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| 81. What are the SWOT analysis questions that an analyst should be asking to identify an organization's strengths and weaknesses?   |  |  | | --- | --- | | *ANSWER:* | An analyst conducting a SWOT analysis should ask the following questions.  ​  Strengths  ​  What does the company do well?  Is the company strong in its market?  Does the company have a strong sense of purpose and the culture to support that purpose?  ​  Weaknesses  ​  What does the company do poorly?  What problems could be avoided?  Does the company have serious financial liabilities? | |