



**THE MOMBASA POLYTECHNIC UNIVERSITY COLLEGE**

**(A Constituent College of JKUAT)**

(A Centre of Excellence)

# **Faculty of Engineering & Technology**

**DEPARTMENT OF COMPUTER SCIENCE & INFORMATION TECHNOLOGY**

**UNIVERSITY EXAMINATION FOR BACHELOR OF TECHNOLOGY IN  
INFORMATION TECHNOLOGY (BTIT M12 Y3 S2)**

**BIT 4311: E-COMMERCE**

**SPECIAL/SUPPLEMENTARY EXAMINATION**

**SERIES: OCTOBER 2012**

**TIME: 2 HOURS**

**Instructions to Candidates:**

You should have the following for this examination

- *Answer Booklet*

This paper consist of **FIVE** questions

Answer question **ONE** and any other **TWO** questions

Maximum marks for each part of a question are as shown

This paper consists of **THREE** printed pages

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**SECTION A (COMPULSORY)**

**Question One (30 marks)**

**Tesco Case Study**

Tesco, well known as Britain's leading food retail group with a presence also elsewhere in Europe, Asia and the United States has also been a pioneer online. Tesco is generally recognized as the world's largest online grocer and it has an annual turnover of £1 billion online in the UK and has launched in other countries, internationally and is diversifying into non-food categories in 2006, Tesco launched Tesco Direct Web site to rival catalogue retailers and got over 8,000 products (beds and sofas through to kitchenware, electrical, cameras, bikes and golf clubs) available giving customers more products at great Tesco prices than they have ever had access to before. Customers can choose the product they want on a new website or form a new catalogue and then order in one of three ways:

- a) On line via the tesco.com website
- b) By phone
- c) In selected stores at the new Tesco Direct desks.

The Tesco's site acts as a portal to most of Tesco's products, including various non-food ranges (for example, Books, DVDs and Electrical items under the "Extra" banner). As with other online retailers, Tesco.com relies on in-store advertising and marketing to the supermarkets clubcard loyalty scheme's customers base to persuade customers to shop online. However, for non-food goods the supermarket does advertise online using keyword targeted ads for existing customers. Tesco used email marketing and direct mail marketing to provide special offers and promotions to the customers. E-retailer Tesco.com uses as a 'commitment based segmentation or 'loyalty ladder' which is based on recency of purchase, frequency of purchase and value to identify categories of customer life cycle such as "logged-on", "developing", "established", "dedicated" etc, to target communication to customers. Tesco.com have a touch strategy which includes a sequence of follow-up communications triggered after different events in a customer's life cycle. The growth of Tesco has been achieved through a combination of initiatives product range development is one key area. In November 2004, Tesco's introduced a music download service and as the technology grows, it is hoped that Tesco.com turn into a digital download store of all sorts, rather than just music. In 2007 it launched price comparison site Tesco compare based on analysis of customer demands.

**REQUIRED:**

- a) Identify the E-commerce model and E-retailing business model adopted by Tesco. **(4 marks)**
- b) In 2006, Tesco launched Tesco Direct to rival catalogue retailers, identify the advantages of this approach to:
  - Tesco Company
  - Tesco Customers. **(6 marks)**
- c) One of the critical success factors of retailing is customer acquisition and retention from the case study. Identify the retention approaches used by Tesco Company. **(8 marks)**
- d) Explain the different security measures that could be taken by Tesco to protect itself and its online customers. **(6 marks)**
- e) Why is user profile important in e-commerce? Describe two ways to compile user profile. **(6 marks)**

**SECTION B (Answer Any Two Questions)**

**Question Two (20 marks)**

- a) Mobile commerce has become very popular in Kenya over the recent 3 years. Define the term mobile commerce. **(2 marks)**
- b) Give any **FIVE** reasons for its popularity of mobile commerce in Kenya. **(8 marks)**
- c) Define the term digital economy. **(2 marks)**
- d) Explain the term electronic marketplace. **(3 marks)**
- e) Outline the main components of an Electronic Market place. **(5 marks)**

**Question Three (20 marks)**

Easymobile is a new web based mobile company that sells a variety of mobile products (handsets, contracts and services). The company employs a marketing consultancy to advise them about

developing a successful on-line and off-line marketing promotion before the official launch of Easymobile.

Discuss **FIVE** off-line marketing campaigns for EasyMobile, clearly indicating the reasons and justifications for each campaign you propose.

**Question Four (20 marks)**

Discuss how the porters model and value chain model can be used by a firm to gain strategic advantage. **(20 marks)**

**Question Five (20 marks)**

Internet and its use in E-commerce have raised pervasive ethical, social and political issues on a scale unprecedented for computer technology.

- a) Explain the following ethical, social and political issues that have developed around commerce.
  - i) Information rights
  - ii) Property rights
  - iii) Governance
- b) When confronted with a situation that seems to present ethical dilemma, outline how you would analyze and reason about the situation. **(8 marks)**
- c) Outline **THREE** key factors for the success of as E-commerce business. **(6 marks)**  
**(3 marks)**