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 DEGREE IN BACHELOR OF BUSINESS ADMINISTRATION
(BBA III)

BIT 2116: E-COMMERCE

SPECIAL/SUPPLEMENTARY EXAMINATION
SERIES: OCTOBER 2012
TIME: 2 HOURS

<u>**Instructions to Candidates:**</u>
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

<u>**SECTION A (COMPULSORY)**</u>

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 retails, Tesco.com relies on in-store advertising and marketing to the supermarkets clubcard loyalty schem'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.   **(4 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.   **(6 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.
                                                                          (4 marks)
f) Identify any **THREE** competitive advantage strategies Tesco could have used to be ahead of the game.   **(6 marks)**

SECTION B (Answer Any Two Questions)

Question Two (20 marks)

a) Define the term 'Digital Economy'   **(2 marks)**

b) (i)   Explain the term electronic market place and outline its main components.   **(9 marks)**

   (ii)   Explain the **THREE** main functions of a e-markets.   **(3 marks)**
   (iii) Mobile commerce has become very popular in Kenya over the recent 3 years.
      Define the term Mobile Commerce and give reasons for its popularity. **(6 marks)**

Question Three (20 marks)

a) Explain why websites use cookies. What problem do cookies solve?   **(4 marks)**

b) List and explain **FOUR** objectives of information systems security.   **(8 marks)**

c) Name any **THREE** costs involved in web hosting. **(8 marks)**

d) To safeguard Electronic facilities an organization should have a computer security policy a written statement describing the assets to be protected the procedures to be followed and the areas of responsibility. List **FOUR** items that the policy should address. **(4 marks)**

e) List **ONE** disadvantage of using electronic cash over the traditional cash. **(1 mark)**

Question Four (20 marks)

a) Explain the **FOUR** parties usually involved in e-payments. **(8 marks)**

b) (i) Define the term e-marketing. **(2 marks)**
(ii) Outline any **THREE** characteristics of marketing communications that take place via the Internet. **(6 marks)**

c) Outline any **TWO** tangible benefits of EDI. **(4 marks)**

Question Five (20 marks)

a) Explain how the value chain models can be used to identify opportunities for strategic information systems an example of how E-commerce can be used in each strategy. **(14 marks)**

b) What are transaction costs and why are they important? **(3 marks)**

c) The problem of protecting digital intellectual property and the commercial desire of making it available on the web while simultaneously protecting copyrights has been a dilemma to many organizations. List and explain two solutions to these dilemma-two solutions to this dilemma
(3 marks)