UNIVERSITY OF LONDON

GOLDSMITHS COLLEGE

B. Sc. Examination 2011

COMPUTING AND INFORMATION SYSTEMS

IS53013A   E-Commerce

Duration: 2 hours 15 minutes

Date and time:

There are five questions on the paper. Please answer three questions. Full marks will be awarded for complete answers to three questions. Candidates must not attempt more than the required number of questions. Calculators are not allowed.

THIS EXAMINATION PAPER MUST NOT BE REMOVED FROM THE EXAMINATION ROOM

QUESTION 1

Scenario: Interior Plants

Andrew Stevens runs the largest plant and tree company in the UK. With show-rooms in both the north and south of England, his company Interior Plants is recognised as the best in the business. Designers, hotels and businesses throughout the UK consult his company when they are decorating their buildings with plants and trees.

A key reason for the success of Interior Plants is its specialised workforce. Each member of staff attends a 2-year training course in all aspects of plants and trees, and is required to pass an examination before becoming part of the elite sales team.

Interior Plants has a wide selection of plants and trees in its showrooms, but recognises there is always a demand for more. The problem is one of space. Further-more, customers are now demanding fully-grown trees that can be used to provide instant gardens rather than having to wait several years for the trees to grow. This demand for bigger and bigger trees, and a wider variety of trees, has meant that Interior Plants needs to re-organise its business to meet this demand.

Interior Plants are often featured in magazine articles. People like to talk about their excellent service, expertise and quality products. This has led to many re-quests from overseas customers for their products. At present, there is no way for overseas people to see plants and products stocked other than through these magazine articles.

Furthermore, Andrew Stevens believes that his staff members' detailed under-standing of trees and plants could be put to good use through a magazine about plants and trees sold all around the world.

Following a board meeting, it has been decided that Interior Plants is to launch online a website providing the ability not only to show an extended catalogue of trees and plants, but also to allow e-commerce trade to take place across the world. In addition, the website will also have an interactive magazine containing video of trees and plants, and procedures on how to look after them. Articles for the magazine will be written by freelancers from around the world, informed by staff from Interior Plants. The new online store will also allow people to use a special reward card which will offer 10 percent off all purchases conducted online. This reward card, it is hoped, will encourage and stimulate people to use the website and read the magazine.

For this question, you must use the information provided above in the scenario.

(a) You have been hired as an e-commerce consultant to propose a formal design for the Interior Plants website, using the information above. This design should include a network diagram, a set of 10 key features, and appropriate costings for the development of the website. In addition, you should specify at least 5 sticky mechanisms or digital content which you suggest Interior Plants should include in the site which will keep customers returning to the site.

[**15 Marks**]

(b) Interior Plants have told you it is important that the magazine component of the site raises enough revenue to support the costs associated with its online presence. Compare and contrast 5 different revenue models which could be used by Interior Plants to finance its online presence.

[**10 Marks**]

QUESTION 2

Scenario: London Shakespeare Company

The London Shakespeare Company is a theatre company that has been performing Shakespeare and other famous writers' plays for the last 50 years. To celebrate its 50 year anniversary, it has been proposed that the company digitise its archive of films of performances, and make these available to the public. There are 100 different performances of plays available, as the company performs 2 each year. In addition to each play's performance, there is a paper programme. This details important background information about the play, its actors, and how the production has been made.

It is proposed that the London Shakespeare Company create an e-commerce website dedicated to its 50 year history. Members of the website will be able to stream performances and download digitised programmes of each play. Members can also comment on performances, and share these comments with other members. A key feature of the new website will be its Recommender function. This allows members to recommend performances to other members and to recommend support materials such as books and CDs about performances. The London Shakespeare Company is also proposing to run competitions for schools to win tickets for their students to attend performances. These competitions take the form of assignments involving analysing content on the website. In this way, it is hoped that schools throughout the country will become members of the site and will benefit from the content shown there.

One issue that has worried the board of the London Shakespeare Company is the costs associated with the running of the website. In particular, streaming large amounts of video data can be very expensive, and the theatre company are worried that, if the site becomes too popular, it will become a drain on their resources, and may even incur some losses.

The London Shakespeare Company has hired you as a consultant to write a report answering the following questions:

(a) Propose 5 e-commerce services or facilities that could be included in the new London Shakespeare Company site to allow its members to pay for services and thereby raise revenue for the theatre company. For each facility you have chosen, describe how it will work, how revenue will be generated and collected, and what benefits it will give to the member.

[**10 Marks**]

(b) Describe 5 different approaches to online promotion that the London Shakespeare Company could use to publicise its new website. Your answer should include a discussion on the various forms in which media such as banners, video advertising and text-based search promotion tools can be used.

[**15 Marks**]

QUESTION 3

Scenario: Body Fitness Worldwide

Body Fitness Worldwide is a video company specialising in exercise videos and DVDs for all types of fitness programmes. Body Fitness Worldwide sells films to 50 countries across the world. Body Fitness Worldwide films are well respected by all within the industry and its films are considered some of the best in the business by the public.

The managing director of Body Fitness Worldwide is Louise Brown, a woman with great ideas who lost 5 stone in a year and recorded it to create the first Body Fitness Worldwide DVD. Louise Brown believes that the future of film distribution will be the internet. Louise Brown has been investigating the possibility of Body Fitness Worldwide publishing some or all of its films online.

At present Body Fitness Worldwide distributes all types of fitness videos including celebrity fitness videos, professional programmes and gym community workout videos. Body Fitness Worldwide also employees a team of freelance reporters who write articles about fitness programmes, videos and DVDs. These reporters also interview fitness experts, and record these interviews on audio files and video files. Body Fitness Worldwide also has a large back catalogue archive of fitness videos, photographs, and articles which it has collected about the industry.

After several meetings and much thought Louise Brown has decide to create Body Fitness Worldwide Online. This will be a unique website offering some of their latest films and the entire back catalogue of Body Fitness Worldwide in a digital format to the general public. People will be able to watch films, read reviews and listen to audio clips.

Louise Brown believes that users would only pay for this digital content if the online version of Body Fitness Worldwide provided viewers with facilities and content which they do not currently have access to.

Louise Brown is also concerned that any new online version of Body Fitness Worldwide does not take too many customers from shops selling their videos and DVDs as she knows that the majority of the company's revenue comes from this source.

The new site will have to be self supporting by generating its own revenue. Although Louise Brown knows that different revenue models exist online she is not sure which is most appropriate for the new online version of the company.

For this question, you must use the information provided above in the scenario.

(a) Using the case study above, describe how market segmentation and an understanding of product-based and customer-based marketing strategies could be used in the design of the new Body Fitness Worldwide Online website. Your answer should include a suggestion of 4 different ways in which Body Fitness Worldwide could segment their offerings on the new site and how each segment's internet offerings might be different.

[**10 Marks**]

(b) Using the case study above, propose 5 digital products that Body Fitness Worldwide could market and sell on the new website. For each digital product you suggest, describe what the product comprises of, and how it will be sold online.

[**5 Marks**]

(c) Body Fitness Worldwide are planning to create an auction facility so that they can sell off excess stock of DVD films which they have not been able to distribute. Propose 3 alternative approaches to conducting an online auction facility, and make a recommendation of which one you think is best suited to Body Fitness Worldwide. For each auction approach you propose, describe how the auction works, how it could be implemented online and what the potential benefits are.

[**10 Marks**]

QUESTION 4

Scenario: Sports Memorabilia.com

John and Jenny Jones have been sports fans for many years. They travel to sports events across the world and have always been keen collectors of sports memorabilia. John and Jenny Jones often use e-Bay and other auction sites to buy memorabilia, and have many friends online with whom they discuss their purchases.

Recently, John Jones has been made redundant from his job as a driver for a large removals company. Rather than seeking a new job driving, John has decided to set up an online memorabilia company with his wife. The idea is to provide a specialist website for memorabilia collectors to buy and sell memorabilia and read informed reviews about memorabilia available and their value.

John and Jenny also wish to create a memorabilia range of products of their own, called "I-Was-There". This range will consist of: t-shirts, key-rings and jewellery, only available to attendees at events and online. This, it is hoped, will bring a degree of exclusivity to this range, something collectors of memorabilia often like.

For this question, you must use the information provided above in the scenario.

(a) A key reason for creating a business online is the potential to have very low transaction costs when supplying products or services to customers. Describe the advantages and the transaction cost savings John and Jenny could make by creating an online shop, instead of a traditional shop on a High Street.

[**5 Marks**]

(b) It is important that in creating Sports Memorabilia.com and their brand, I-Was-There, John and Jenny Jones clearly understand the alternative approaches to branding that they must consider. Compare and contrast the following branding approaches that can be employed by businesses online: product differentiation, rational branding and affiliate marketing strategies. For each strategy, provide at least one real-world example that employs that brand strategy.

[**10 Marks**]

(c) Describe how through creating a virtual community on the new website, John and Jenny can build long-term relationships with customers. Include in your answer a description of 5 different ways in which they could use a virtual community to provide them with valuable information about future products for the I-Was-There brand.

[**10 Marks**]

QUESTION 5

<p style="text-align:center;">**Scenario: Gold Technologies**</p>

Gold Technologies is a high street and online supplier of electrical accessories, selling everything from components for computers, through to televisions. They are a leading consumer supplier of electronic goods.

Gold Technologies was an early internet adopter, and created a website some years ago to sell its products and services. Although initially successful, the website has seen a recent decline in online orders. Furthermore, online customers often complain that they cannot find products and services that they need, and even search engines do not include their products and services in their rankings.

Gold Technologies' management team called a meeting to discuss these issues, and realised that a further, more deep rooted problem also existed. Nobody within the company understood who was actually using the website, what profiles they had, and what products they were regularly buying. Furthermore, little analysis was being done over web usage statistics and user behaviour.

At the management meeting, it was decided that Gold Technologies needed to conduct a complete review of its website and its users. It has therefore employed you to write a report which answers the questions below:

For this question, you must use the information provided above in the scenario.

(a) Explain how Gold Technologies can use behavioural segmentation in the design of its new website to understand user experiences when interacting with its website.

[**5 Marks**]

(b) Market segmentation using approaches such as one-to-one marketing, usage-based segmentation and the five-stage model of customer loyalty are key approaches to understanding online user experiences and users relationships with products. Describe how Gold technologies could use these approaches to understand its customers' behaviour.

[**10 Marks**]

(c) Gold technologies wishes to use Search Engine Positioning, Domain Name choices and Viral Marketing as part of an overall marketing strategy. Compare and contrast each of these approaches and explain how they can be used by Gold Technologies to market their e-commerce website.

[**10 Marks**]