

UNIVERSITY OF LONDON

GOLDSMITHS COLLEGE

B. Sc. Examination 2013

COMPUTING AND INFORMATION SYSTEMS

IS530013A (CIS323) 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

Question 1 Scenario: FootballWare.

Over the last 20 years FootballWare has established itself as the leading supplier of football sports products in the UK. Having over 50 stores and an ecommerce website, FootballWare is a well-known and respected brand. The key to their success has been to offer only football-related products at low prices and to source these products from suppliers in the Far East where production costs are lower than the UK. This cost leadership strategy has given FootballWare a competitive advantage over traditional sports suppliers who have to source clothing and products for a range of sports, some of which are minority sports that are not very popular or profitable.

Since it only supplies football sports products, FootballWare has built up a strong relationship with all the football clubs in the UK. It often does football clothing promotions and works with the clubs to help them promote and sell club-related products to the public. Furthermore, FootballWare has begun to employ famous football players to promote their brand. These players appear in adverts and at promotional days in the local community.

At a recent senior management meeting it was proposed that FootballWare become more of a digital company and move away from supplying products from expensive retail stores. It was also decided that FootballWare should exploit its relationships in the football world to produce football media and digital products, which it could sell.

There was some concern however, that the new proposal may upset the already successful business. To this end it was decided to create a new brand, FootballMedia, as FootballWare's digital company.

FootballMedia would consist of an interactive website, mobile apps and a digital magazine. The digital magazine would contain exclusive content such as videos, audio interviews and written articles, which would be obtained through FootballWare's relationships with football players and clubs. As well as selling FootballWare products and the digital magazine, FootballMedia would produce and sell a range of digital apps in association with footballers and football clubs and share the profits. These apps would have exclusive, updatable content and would be purchased on a subscription basis.

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

- (a) You have been hired as an ecommerce consultant to propose a formal design for the FootballMedia interactive 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. This design should also specify at least 5 sticky mechanisms or digital content which you suggest the FootballMedia interactive website should include in the site which will keep customers returning to the site.

[15 Marks]

- (b) Compare and contrast 5 different revenue models which could be used by FootballMedia to finance its online presence. These revenue models should aim to raise enough revenue to support the costs associated with the new website.

[10 Marks]

QUESTION 2

Question 2 Scenario: Universal Back Catalogue (UBC).

Universal Music is one of the largest music record companies in the world. Over the last 10 years they have acquired over 40 per cent of the world's major music labels. As a result, Universal Music now has the largest collection of recording artists anywhere in the world. Many of their recordings are in English; however significant amounts are not. These recordings range from many different music genres, including rock, reggae, pop and classical through to traditional folk, Indian and African music.

Universal Back Catalogue (UBC) is a new website within Universal Music that specialises in providing the public with hard-to-find, often recorded live, recordings and tracks from artists. This kind of music is not supplied in record shops, via iTunes or Amazon. These recordings are part of the artists live back catalogue or rare recordings.

UBC makes these available as MP3 recordings, which can be downloaded and used under license, or bought via a website, in over 80 countries. This content is also available to be heard via a streaming service on the website. The director of UBC is Jim Jones, who previously worked at Sony Records and the Disney Channel. At present, there are over 500,000 recordings, which can be searched by genre, style, location, artist, date recorded, lyrics and subject. A team of workers are constantly adding to this collection by not only uploading more recordings, but by also annotating them with photographs, videos and articles about their content.

It has recently been decided that UBC is to create a collection of compilation albums available as a download as well as a personalised streaming service for customers. These compilation albums will be in CD, DVD and download format. UBC will also create a mobile app that will stream music to customers' smartphones and tablet devices. Streaming is available via personalised playlists and compilation playlists. This means that customers can stream UBC's compilations, as well as compile their own collections, for a monthly subscription.

Compilations will be based on popularity by genres, artist dates and subjects that are identified by the market research and marketing teams at UBC. A constant worry for UBC is the reuse of music downloaded without authority and the copying of content via file sharing sites. UBC hope that by offering the streaming service it will make copying less attractive. Furthermore, by offering personalised playlists, UBC hopes to encourage users to make their own collections available to other users. They also hope that the compilations UBC creates will encourage customers to explore other featured artists, thereby boosting extra sales.

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

- (a) UBC are planning to create an auction facility so that they can sell CDs and DVDs of their artists' live, rare, or hard-to-find recordings. They will also auction exclusive merchandise, often signed by artists. These products will be sold in special packaging and DVD box sets.

Propose 3 alternative approaches to conducting an online auction facility and make a recommendation of which one you think is best suited to UBC. 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]

- (b) As part of its streaming music service, UBC wishes to use market segmentation and an understanding of product-based and customer-based marketing strategies to create the proposed compilations and playlists. Describe how this can be achieved and suggest 4 ways in which UBC could segment their offerings to customers around the world.

[10 Marks]

- (c) Using the case study above, propose 5 digital products that UBC 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 on the UBC website.

[5 Marks]

QUESTION 3

Question 3 Scenario: Shooting Star Technology (SST): What went wrong?

Shooting Star Technology (SST) is a well-established supplier of technology to businesses and home users in the UK. Starting out from selling by mail order from his house, Jeff Jennings created a company with over 100 outlets across the UK by 2008. Then in 2009 SST management decided to go digital. It decided to close the majority of its 100 outlets and to put all the company's focus and resources into creating an ecommerce platform that would allow it to sell its technology online to the world.

As part of this new initiative, SST hired BrandsRUs, a branding agency, to create a new brand for the online business, and IBStem was hired to develop the new platform. IBStem also provided business consultants to SST to help plan and execute a business strategy based upon the new platform. SST enlisted the digital processing agency DigitNow to digitise all their product catalogues, and to take digital photos of their range of technology products.

In 2010 the new site was launched to the general public. Advertising and promotional campaigns were executed and SST thought all was going well. During the first year, sales via the website were poorer than expected and this worried SST's management. However, they were assured by IBStem that although there had been some technical problems, 2011 to 2012 would see record numbers of visitors to the site, conversions to sales and return customers.

The reality of the last years activities on the new site was very different to what was expected. Sales were still flat and worryingly, overall income was dropping. Furthermore, users visiting the site were not browsing for long on the site or buying technology from SST in large enough numbers to cover costs.

SST's management has hired you as an online user experience expert to explain what is going wrong. As a company they do not understand why users are not behaving the way they hoped or buying their technology products.

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

- (a) SST wants you to write a report explaining the 3 main approaches used to understand user experiences when interacting with websites. These are: behavioural segmentation, usage-based market segmentation, and the 5-stage model of customer loyalty. Compare and contrast each of these three approaches, highlighting the differences and providing an example of each.

[10 Marks]

- (b) Compare and contrast the following 5 components of an online marketing strategy and provide an example of how SST could use each of these to improve their sales and marketing effort online.

- (i) Search engine positioning
- (ii) Banner advertising networks
- (iii) Affiliate marketing
- (iv) Domain name choices
- (v) Viral marketing

[15 Marks]

QUESTION 4

Question 4 Scenario: Helping New Businesses.

One of the key ways in which the government of the UK aims to help new businesses is by providing advice and support using the internet and ecommerce techniques. Many small companies understand that the internet is an important part of doing business but they do not understand how best to exploit its potential.

There are also many businesses who do not understand the difference between a transferring a traditional business to the internet and creating an internet business, supplying digital products supported by a revenue model.

One real concern for UK businesses and potential investors is that many internet businesses in the late 1990s and early 2000s did not last. Often they appeared to have an interesting business model but failed to generate significant revenue.

Many of the businesses that were started during this first wave of ecommerce activity seem to have concentrated their opportunities in quite small markets. The UK government now believes that the internet is a global channel and that internet technologies are no longer constrained to English-speaking countries. Furthermore, the opportunity for businesses is increasing as fast internet access and mobile access becomes ever more prevalent.

The UK government has hired you as an ecommerce specialist. They require you to write a management report for UK businesses addressing the following questions:

- (a) Explain the strategies that start-up businesses have taken during this second wave of ecommerce and contrast these with strategies undertaken by businesses during the first wave. Specifically, you should address how approaches to raising start-up capital have changed and how internet technologies have evolved. Also address how revenue is sourced and identify both digital products and online business strategies. For each strategy, provide a real-world example of how the strategy is realised.

[10 Marks]

- (b) Providing advice on how to run your business has become a business in itself. There are many consultants willing to provide advice on strategies and techniques to run a business. Many of these consultants emphasise the need to understand the difference between revenue models and business models. A significant difference between businesses proposed in the first wave of ecommerce and those of the second wave is the reliance on revenue models rather than business models. Compare and contrast the difference between a business model and a revenue model in relation to an internet business and provide an example of each. In your answer, illustrate how merely having a business model may not necessarily lead to a successful business.

[5 Marks]

- (c) The first start-up business which the Government has asked you to help is called Home Cooked Meals, a delivery service which provides home cooking to busy executives in their homes. The concept is very simple: there are many people who make excellent home made cooking which they could deliver to people in their local area who do not have the time to cook for themselves. In order for the owners to understand how a business could exploit the internet, create a value chain for Home Cooked Meals. This value chain should include including primary and supporting activities. Also create a SWOT analysis diagram for Home Cooked Meals so that all the issues related to it can be systematically considered.

[10 Marks]

QUESTION 5

- (a) Discuss five key technical and non-technical issues that must be taken into consideration by any company wishing to attract customers, build loyalty and trust and establish an effective web presence.

[10 Marks]

- (b) Active content delivered over the internet, embedded in dynamic WWW pages, is one of the most serious threats to client computers connected to the internet. Compare and contrast Cookies, Anti-Virus Software and Digital Certificates as methods of protecting client computers.

[15 Marks]