CHAPTER 13:
ELECTRONIC COMMERCE AND E-BUSINESS

Multiple Choice:

1. __________ founded Amazon.com.
   A. Alan Kay
   B. Jeff Bezos
   C. Bill Gates
   D. Andy Grove

   Answer: B  Reference: Jeff Bezos: The Virtual Bookseller  Difficulty: Challenging

2. __________ refers to sharing information, developing and maintaining business relationships, and using telecommunications networks to conduct business.
   A. E-commerce
   B. M-commerce
   C. B2C
   D. C2C

   Answer: A  Reference: Electronic Commerce in Perspective  Difficulty: Moderate

3. The World Wide Web was developed in the:
   A. 1960s.
   B. 1970s.
   C. 1980s.
   D. 1990s.

   Answer: D  Reference: Electronic Commerce in Perspective  Difficulty: Moderate
4. ___________ is defined as two or more parties exchanging products, services, and/or information using network technology.
   A. Netware
   B. E-commerce
   C. A neural network
   D. A network operating system
   **Answer:** B  **Reference:** Electronic Commerce in Perspective  **Difficulty:** Easy

5. Internet-based companies are often referred to as:
   A. CRM.
   B. brick-and-mortar companies.
   C. Fortune 100 companies.
   D. dot coms.
   **Answer:** D  **Reference:** How E-Commerce is Transforming Business  **Difficulty:** Easy

6. M-commerce stands for:
   A. management commerce.
   B. macro commerce.
   C. mobile commerce.
   D. moderated commerce.
   **Answer:** C  **Reference:** How E-Commerce is Transforming Business  **Difficulty:** Moderate

7. When Wal-Mart uses the Internet to purchase inventory items from a vendor company, it is using the __________ e-commerce model.
   A. C2C
   B. B2B
   C. B2E
   D. B2C
   **Answer:** B  **Reference:** E-Commerce Models  **Difficulty:** Easy
8. B2E most closely equates to:
   
   A. C2C.  
   B. B2C.  
   C. B2B.  
   D. C2B.  

   **Answer:** C  **Reference:** E-Commerce Models  **Difficulty:** Moderate

9. An example of B2C is:

   A. a law firm buying computer software for employees.  
   B. Wal-Mart buying pet food directly from the manufacturer, Iams.  
   C. a student buying a T-shirt from the Lands’ End website.  
   D. a university buying desks from a manufacturer.  

   **Answer:** C  **Reference:** E-Commerce Models  **Difficulty:** Easy

10. An example of C2C is:

   A. eBay.  
   B. Microsoft.com.  
   C. Amazon.com.  
   D. United Airlines.  

   **Answer:** A  **Reference:** E-Commerce Models  **Difficulty:** Moderate

11. All of the following are advantages of using an intranet EXCEPT:

   A. cross-platform capability.  
   B. security restrictions so employees cannot access the company network from home.  
   C. open standards.  
   D. reduced hardware and software costs.  

   **Answer:** B  **Reference:** Intranets: E-Commerce to Support Internal Business Processes  **Difficulty:** Easy
12. Communication software for an intranet includes:
   A. TCP/IP.
   B. VPN.
   C. LAN.
   D. WAN.
   **Answer:** A  **Reference:** Characteristics of a B2E Intranet  **Difficulty:** Moderate

13. An intranet includes all of the following EXCEPT:
   A. middleware.
   B. TCP/IP software.
   C. firewalls.
   D. malware.
   **Answer:** D  **Reference:** Characteristics of a B2E Intranet  **Difficulty:** Moderate

14. A ____________ is an essential component of an intranet.
   A. CRM
   B. LAN with a minimum of ten PCs
   C. computer with server software
   D. PDA
   **Answer:** C  **Reference:** Characteristics of a B2E Intranet  **Difficulty:** Moderate

15. Most intranets use ____________ topology to connect the nodes of the network.
   A. Ethernet
   B. fiber optic
   C. satellite
   D. wireless
   **Answer:** A  **Reference:** Characteristics of a B2E Intranet  **Difficulty:** Moderate
16. __________ is communications software used by an intranet.

   A. Firmware
   B. Ethernet
   C. NICware
   D. Middleware

   **Answer:** D
   **Reference:** Characteristics of a B2E Intranet
   **Difficulty:** Moderate

17. __________ manages the communication protocols for an intranet.

   A. Middleware
   B. TCP/IP
   C. Telecommunications
   D. NIC

   **Answer:** B
   **Reference:** Characteristics of a B2E Intranet
   **Difficulty:** Moderate

18. __________ keeps unauthorized Internet users from accessing a computer.

   A. Middleware
   B. TCP/IP
   C. Firewalls
   D. Ethernet

   **Answer:** C
   **Reference:** Characteristics of a B2E Intranet
   **Difficulty:** Moderate

19. All of the following provide intranet security EXCEPT:

   A. data encryption.
   B. user authentication.
   C. firewall.
   D. data compression.

   **Answer:** D
   **Reference:** Characteristics of a B2E Intranet
   **Difficulty:** Moderate
20. All of the following are typical uses of an intranet EXCEPT:

A. posting the employee handbook.
B. allowing a group of employees to work on the same document.
C. allowing customers to purchase products through the Web.
D. posting changes to company policies.

**Answer:** C  **Reference:** How Organizations Use B2E Intranets  **Difficulty:** Easy

21. A(n) _________ connects many private networks from different companies for communication through a private interorganizational information system.

A. intranet
B. extranet
C. Internet
D. WAN

**Answer:** B  **Reference:** Extranets to Connect Business Alliances  **Difficulty:** Moderate

22. Electronic communication between Wal-Mart and Proctor & Gamble is an example of a(n):

A. intranet.
B. extranet.
C. neural network.
D. CRM.

**Answer:** B  **Reference:** Extranets to Connect Business Alliances  **Difficulty:** Moderate

23. A secure private network physically attaches intranets to an extranet through:

A. coaxial cables.
B. fiber optics.
C. private leased phone lines.
D. microwave and wireless transmissions.

**Answer:** C  **Reference:** Characteristics of a B2B Extranet  **Difficulty:** Moderate
24. A __________ network is an extranet with poor security that is relatively inexpensive to set up and maintain.

A. public  
B. secure private  
C. virtual private  
D. Internet virtual private  

**Answer:** A  
**Reference:** Characteristics of a B2B Extranet  
**Difficulty:** Moderate

25. Internet virtual private networks are preferred over extranets for all of the following reasons EXCEPT:

A. data can be encapsulated.  
B. communications are kept private.  
C. good security.  
D. use of inexpensive leased phone lines.  

**Answer:** D  
**Reference:** Characteristics of a B2B Extranet  
**Difficulty:** Moderate

26. The ability of Proctor & Gamble to have up-to-the-minute inventory information and to know when to ship more product to Wal-Mart is an example of:

A. B2B.  
B. C2C.  
C. B2C.  
D. m-business.  

**Answer:** A  
**Reference:** Characteristics of a B2B Extranet  
**Difficulty:** Moderate

27. When ordering a new computer from Dell’s website, the individual is initiating a(n) __________ transaction on the Internet.

A. B2C  
B. C2C  
C. B2B  
D. B2E  

**Answer:** A  
**Reference:** Characteristics of a B2B Extranet  
**Difficulty:** Moderate
28. While shopping online, ____________ are used to keep track of what the customer has placed in the “shopping cart”.
   A. spiders  
   B. cookies  
   C. registers  
   D. proxy servers
   **Answer:** B  **Reference:** How it Works: Online Shopping  **Difficulty:** Easy

29. When a customer chooses an item for purchase on a Web site, the item is placed in a virtual:
   A. basket.  
   B. shopping bag.  
   C. box.  
   D. shopping cart.
   **Answer:** D  **Reference:** How it Works: Online Shopping  **Difficulty:** Easy

30. A ____________ stores a user preference for a particular website on the user’s computer.
   A. cookie.  
   B. VPN file.  
   C. web authoring tool.  
   D. WAV file.
   **Answer:** A  **Reference:** How it Works: Online Shopping  **Difficulty:** Moderate

31. When you purchase an item from eBay, the electronic payment can be facilitated using:
   A. SQL.  
   B. ListServ.  
   C. PayPal.  
   D. CRM.
   **Answer:** C  **Reference:** How it Works: Using PayPal for Electronic Payments  **Difficulty:** Easy
32. When a home-based businesses uses e-commerce software developed by another company; it is using a(n):

A. CRM system.
B. FireWire.
C. ARPAnet.
D. Web hosting service.

**Answer:** D  **Reference:** Some Technical Requirements of E-Commerce  **Difficulty:** Moderate

33. A code of ethics should address all of the following EXCEPT for:

A. policy on privacy.
B. permission to record personal information.
C. intended use of recorded personal information.
D. scalability.

**Answer:** D  **Reference:** Ethical Issues of E-Commerce  **Difficulty:** Easy

34. A company’s e-commerce policies and consumer information privacy should be addressed in a(n):

A. information code of ethics
B. CRM
C. Information firewall
D. VPN.

**Answer:** A  **Reference:** Ethical Issues of E-Commerce  **Difficulty:** Easy

35. The ___________ requires health care providers and hospitals to protect the confidentiality of an individual’s health information.

A. ACM Code of Ethics
B. Intellectual Property Act
C. National Infrastructure Protection Center
D. Health Insurance Portability and Accountability Act

**Answer:** D  **Reference:** Ethical Issues of E-Commerce  **Difficulty:** Moderate
36. The European Union’s __________ establishes a high level of legal protection for the privacy of individuals and personal data.
   
   A. Health Insurance Portability and Accountability Act
   B. National Infrastructure Protection Center
   C. Data Protection Directive
   D. Code of Ethics

   **Answer:** C  **Reference:** Ethical Issues of E-Commerce  **Difficulty:** Moderate

   
   A. Online Privacy Protection Act
   B. Data Protection Directive
   C. National Infrastructure Protection Center
   D. Code of Ethics

   **Answer:** A  **Reference:** Ethical Issues of E-Commerce  **Difficulty:** Moderate

**Fill in the Blank:**

38. __________, the revolutionary Internet bookseller, was founded in 1994.

   **Answer:** Amazon.com  **Reference:** Jeff Bezos: The Virtual Bookseller  **Difficulty:** Easy

39. The principles of __________, conducting business transactions through telecommunications networks, became Internet based in the 1990s.

   **Answer:** e-commerce  **Reference:** Electronic Commerce in Perspective  **Difficulty:** Moderate

40. Internet-based companies are referred to as __________.

   **Answer:** dot coms  **Reference:** How E-Commerce is Transforming Business  **Difficulty:** Moderate

41. __________ is a new growing type of e-commerce using small computers, cellular phones, PDAs, etc. connected to the Internet or an intranet.

   **Answer:** M-business  **Reference:** How E-Commerce is Transforming Business  **Difficulty:** Moderate
42. A family owned traditional restaurant is an example of a ____________ and mortar company.

**Answer:** brick  
**Reference:** How E-Commerce is Transforming Business  
**Difficulty:** Easy

43. When a sports store uses network technology to buy inventory items directly from the manufacturer, it is using the e-commerce model known as ____________.

**Answer:** B2B  
**Reference:** E-Commerce Models  
**Difficulty:** Moderate

44. B2C stands for ____________.

**Answer:** business-to-consumer  
**Reference:** E-Commerce Models  
**Difficulty:** Moderate

45. B2E stands for ____________.

**Answer:** business-to-employee  
**Reference:** E-Commerce Models  
**Difficulty:** Moderate

46. C2C stands for ____________.

**Answer:** consumer-to-consumer  
**Reference:** E-Commerce Models  
**Difficulty:** Moderate

47. An internal company network available through a Web browser is known as a(n) ____________.

**Answer:** intranet  
**Reference:** Characteristics of a B2E Intranet  
**Difficulty:** Easy

48. An intranet includes at least one server connected to many computers with ____________ software installed.

**Answer:** client  
**Reference:** Characteristics of a B2E Intranet  
**Difficulty:** Moderate

49. Most intranets use ____________ topology to connect the computers, printers and other peripherals physically.

**Answer:** Ethernet  
**Reference:** Characteristics of a B2E Intranet  
**Difficulty:** Challenging

50. ____________ is communications software that handles the actual physical connections between all devices on an intranet.

**Answer:** Middleware  
**Reference:** Characteristics of a B2E Intranet  
**Difficulty:** Moderate

51. An intranet uses ____________ software to handle the protocols for communications among the computers on the network.

**Answer:** TCP/IP  
**Reference:** Characteristics of a B2E Intranet  
**Difficulty:** Challenging

52. A(n) ____________ is a private interorganizational information system connecting the intranets of two or more companies.

**Answer:** extranet or e-marketplace  
**Reference:** Extranets to Connect Business Alliances  
**Difficulty:** Easy
Chapter 13: Electronic Commerce and E-Business

53. An _________ network uses privately leased phone lines to physically connect intranets.

   **Answer:** secure private  
   **Reference:** Characteristics of a B2B Extranet  
   **Difficulty:** Moderate

54. An _________ network uses special protocols on a public network to provide a secure “personal tunnel” between intranets.

   **Answer:** virtual private  
   **Reference:** Characteristics of a B2B Extranet  
   **Difficulty:** Easy

55. VPN stands for ____________.

   **Answer:** virtual private network  
   **Reference:** Characteristics of a B2B Extranet  
   **Difficulty:** Moderate

56. Organizations can set up an extranet as a(n) _________ network using a public network with special protocols so that there is a secure “tunnel” connecting the intranets of business partners.

   **Answer:** virtual private  
   **Reference:** Characteristics of a B2B Extranet  
   **Difficulty:** Moderate

57. A(n) _________ provides a secure, private environment for communication between vendors and suppliers.

   **Answer:** extranet  
   **Reference:** Characteristics of a B2B Extranet  
   **Difficulty:** Moderate

58. Business alliances with vendors, suppliers, and other organizations may also be referred to as a(n) ____________.

   **Answer:** e-marketplace  
   **Reference:** Characteristics of a B2B Extranet  
   **Difficulty:** Moderate

59. When a company uses privately leased telephone lines to physically attach intranets to an extranet, the connection is referred to as a(n) _________ network.

   **Answer:** secure private  
   **Reference:** Characteristics of a B2B Extranet  
   **Difficulty:** Challenging

60. CommerceOne, an e-commerce software and services company is developing a multi-industry worldwide extranet called ____________.

   **Answer:** Global Trading Web  
   **Reference:** How Business Alliances Use B2B Extranets  
   **Difficulty:** Challenging

61. While customers shop online, ____________ keep track of web pages visited and contents of the “shopping cart.”

   **Answer:** cookies  
   **Reference:** How it Works: Online Shopping  
   **Difficulty:** Easy

62. When a customer shops online, a confirmation ____________ is sent to the customer once the transaction has been accepted.

   **Answer:** email  
   **Reference:** How it Works: Online Shopping  
   **Difficulty:** Easy
63. The ____________ is a consortium of Web hosting companies whose purpose is to protect consumers from unscrupulous host providers.

**Answer:** Web Host Guild  
**Reference:** Some Technical Requirements of E-Commerce  
**Difficulty:** Challenging

64. With regard to privacy standards, the U.S. prefers a policy of ____________, as opposed to legislation, because companies fear that legislation will quash e-commerce.

**Answer:** self-regulation  
**Reference:** Ethical Issues or E-Commerce  
**Difficulty:** Moderate

65. A typical ____________ system uses a database to record customer preferences and purchases.

**Answer:** CRM  
**Reference:** Customer Relationship Management  
**Difficulty:** Moderate

66. CRM stands for ____________.

**Answer:** customer relationship management  
**Reference** Customer Relationship Management  
**Difficulty:** Challenging

67. ____________ is the ability to expand to handle increases in capacity.

**Answer:** Scalability  
**Reference:** Some Technical Requirements of E-Commerce  
**Difficulty:** Moderate

68. The consortium of Web hosting companies is called the ____________.

**Answer:** Web Host Guild  
**Reference:** Some Technical Requirements of E-Commerce  
**Difficulty:** Challenging

69. A(n) ____________ service provides e-commerce software and expertise for an online business.

**Answer:** Web hosting  
**Reference:** Some Technical Requirements of E-Commerce  
**Difficulty:** Moderate

70. To make employees and customers clearly aware of a company’s Web and e-commerce policies, the company should publish a(n) ____________ on its Web site.

**Answer:** code of ethics  
**Reference:** Ethical Issues of E-Commerce  
**Difficulty:** Moderate

71. The ____________ Act requires health care providers and hospitals to protect the confidentiality of an individual’s health information.

**Answer:** Health Insurance Portability and Accountability  
**Reference:** Ethical Issues of E-Commerce  
**Difficulty:** Moderate

72. The ____________ Act of 1998 requires certain commercial Web sites to obtain parental consent before collecting, using, or disclosing personal information about children under 13.

**Answer:** Children’s Online Privacy Protection  
**Reference:** Ethical Issues of E-Commerce  
**Difficulty:** Challenging
73. In 1998, the ____________ Directive established a high level of legal protection for the privacy of individuals and personal data within the EU.

Answer: Data Protection

Reference: Ethical Issues of E-Commerce

Difficulty: Challenging

Matching:

74. Match the following e-commerce ethics issues, acts, and organizations to their descriptions:

I. European Union’s Data Protection Directive
   A. protects privacy of medical information

II. COPPA
   B. requires parental consent before collecting, using, or disclosing personal information of children under age 13.

III. Health Insurance Portability and Accountability Act
   C. government agency that oversees e-commerce privacy violations

IV. Federal Trade Commission
   D. adopted in 1998 establishing a high level of legal protection of personal data

Answers: D, B, A, C

Reference: Ethical Issues of E-Commerce

Difficulty: Easy

75. Match the following terms to their meanings:

I. CRM
   A. allows staff members access to the organization’s intranet from home

II. TCP/IP
   B. secure “tunnel” through the Internet or between intranets

III. B2E
   C. administers customer relationships in an organized manner

IV. VPN
   D. facilitates communication using a set of network protocols

V. B2B
   E. companies provide goods or services to other companies

Answer: C, D, A, B, E

Reference: Multimedia

Difficulty: Easy