This is individual mid-term exam.

*Question 1: Why does Pinterest view Google as its primary competitor?*

Pinterest now describes itself as a visual bookmarking tool for discovering and saving creative ideas (and potential purchases) with less emphasis on sharing with friends. Search has become the core part of its mission, and as such, Google, which is dominant in search, is now a primary competitor. (10 Points)

*Question 2: What is e-commerce? How does it differ from e-business? Where does it intersect with e-business? (15 Points)*

E-commerce, in the popular sense, can be defined as: The use of the Internet and the Web to conduct business transactions. A more technical definition would be:

E-commerce involves digitally enabled commercial transactions between and among organizations and individuals. E-commerce differs from e-business in that no *commercial* transaction (an exchange of value across organizational or individual boundaries) takes place in e-business. E-business is the digital enablement of transactions and processes *within* a firm and, therefore, does not include any exchange in value. E-commerce and e-business intersect at the business firm boundary at the point where internal business systems link up with suppliers. For instance, e-business turns into e-commerce when an exchange of value occurs across firm boundaries.

*Question 3: What is information asymmetry? (5 Points)*

Information asymmetry refers to any disparity in relevant market information among the parties involved in a transaction. It generally applies to information about price, cost, and hidden fees.

*Question 4: What are some of the unique features of e-commerce technology? (10 Points)*

The unique features of e-commerce technology include:

* Ubiquity: It is available just about everywhere and always.
* Global reach: The potential market size is roughly equal to the size of the online population of the world.
* Universal standards: The technical standards of the Internet and, therefore, of conducting e-commerce are shared by all nations in the world.
* Richness: Information that is complex and content-rich can be delivered without sacrificing reach.
* Interactivity: E-commerce technologies allow two-way communication between the merchant and the consumer.
* Information density: The total amount and quality of information available to all market participants is vastly increased and is cheaper to deliver.
* Personalization/Customization: E-commerce technologies enable merchants to target their marketing messages to a person’s name, interests, and past purchases. They allow a merchant to change the product or service to suit the purchasing behavior and preferences of a consumer.
* Social technology: User content generation and social network technologies

*Question 5: Would you say that Amazon and eBay are direct or indirect competitors? (You may have to visit the websites or apps to answer.) (20 Points)*

Amazon and eBay are direct competitors because they sell products and services that are very similar, and they sell to the same market segment. They both sell books, music, computers and software, games and toys, electronics, tools, movies and DVDs, and camping equipment. The two compete for essentially the same market segment of consumers. eBay may attract the bargain hunter variety of shopper who would not stop at Amazon first, but it is still essentially the same market segment.

*Question 6: What are some of the major limitations of today’s Internet? (10 Points)*

The major limitations of today’s Internet are bandwidth, quality of service, network architecture, language development, and the primarily wired nature of the Internet. There is insufficient bandwidth capacity throughout the backbone, the metropolitan switching centers, and most importantly, to the houses and small businesses at the end of the information pipeline. Due to insufficient bandwidth and the circuitous nature of packet switching, video and voice traffic suffer from latency. This causes these types of messages to arrive with noticeable delays and a jerky quality. Because today’s Internet uses “best efforts” quality of service, each packet is provided with the same level of service. This means that all packets traveling through the communication system are treated the same, no matter who is sending them or what type of messages they are. Network architecture restrictions also limit the performance of the Internet. A thousand requests for the same file result in a server having to download the file one thousand times rather than being able to transmit it once to all one thousand computers at the same time. This significantly slows down network performance. HTML, the language for displaying web pages, is not well suited for displaying “rich documents” such as database files, business documents, and graphics, although the increasing use of XML and HTML5 is beginning to change this. Finally, although wireless access to the Internet has increased significantly, the Internet remains primarily based on physical cables, which is expensive.

*Question 7: What are five generic business strategies for achieving a profitable business? (20 Points)*

Generic business strategies for achieving a profitable business include differentiation, cost, scope, focus, and customer intimacy. Differentiation involves setting your firm or product apart from the competition by establishing some unique property or consumption experience that your competitors do not have. A firm that adopts a cost strategy must have a unique set of business processes, a unique resource, or a low-cost supplier. It is essential that other firms in the marketplace do not have access to, or cannot duplicate, this because it will allow them to charge a lower price while still making a profit. A scope strategy sets out to compete in all markets around the globe, rather than just locally or regionally. A focus strategy, on the other hand, is a plan to compete within a narrow market segment or product segment. Specialization strategists seek to become the premier provider in a small market segment or niche. A customer intimacy strategy focuses on developing strong ties with customers to increase their switching costs.

*Question 8: What is the difference between a market opportunity and a marketspace? (10 Points)*

Marketspace is the area of actual or potential commercial value in which a company intends to operate. Market opportunity refers to the overall potential financial opportunities available to the firm in that marketspace.