

THIS PAPER IS NOT TO BE REMOVED FROM THE EXAMINATION HALLS

UNIVERSITY OF LONDON

CO3323 ZB

BSc Examination

**COMPUTING AND INFORMATION SYSTEMS, CREATIVE COMPUTING  
AND COMBINED DEGREE SCHEME**

**Electronic Commerce**

Date and Time: Tuesday 2 May 2017 : 14:30 - 16.45

Duration: 2 hours 15 minutes

There are FIVE questions in this paper. Candidates should answer **THREE** questions. All questions carry equal marks, and full marks can be obtained for complete answers to a total of **THREE** questions. The marks for each part of a question are indicated at the end of the part in [.] brackets.

Only your first THREE answers, in the order that they appear in your answer book, will be marked.

There are 75 marks available on this paper.

No calculators should be used.

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## Question 1

### Evolution of E-commerce

- (a) Budget News is a new online video news service creating content by interviewing local people in their local communities. It is based on a network of journalists who submit content to an online system. This content is then processed and organised into programmes which are broadcast across the internet 24 hours a day.

In addition to its internet news, Budget News aims to offer advertising opportunities to local businesses. In order to raise revenue for the new business, you have been hired as a consultant to identify and describe **FIVE** revenue models that Budget News could adopt as income streams for the business. For each revenue model you identify, provide **TWO** real world examples of businesses raising revenue using this model.

*Up to three marks will be awarded for a description of a revenue model and a further two marks for real world examples of this model.*

[25]

## Question 1

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[25]

## Question 2      Scenario: Johnsons Windows

Johnsons Windows has invested £100,000 in the development of a new computer system. The previous system was an off the shelf package bought by a consultant who is now out of business.

Although the system served the company well by processing accounts and ordering and manufacturing, it often required tailoring by the consultancy at great cost. In addition, the company felt it had little understanding of the workings of the system and how it could have been further developed. This situation led to underuse of the system by those within the company wishing to do more complex business processes.

Johnsons Windows has now grown to the point where it feels it can begin developing its own information systems. However, the senior management team would like to understand the overall process of the system development.

- (a) You have been hired to explain each stage of the System Development Life Cycle to the management team in the form of a report. In addition, Johnsons Windows wishes to develop an electronic commerce website to retail their products across the world. Your report must therefore also explain **FIVE** key factors that must be considered when developing an electronic commerce website.

*Up to ten marks will be awarded for an explanation of the stages. Up to five marks will be awarded for the factors to be considered when developing the presence.*

[15]

- (b) As Johnsons Windows will be building their own electronic commerce website they will also need to purchase appropriate hardware. List **FIVE** considerations that must be understood by Johnsons Windows in order for them to correctly purchase the appropriate hardware.

*Up to two marks will be awarded for each factor listed.*

[10]

### Question 3      Business and Industry Value Chains

- (a) Understanding the value chains of a business and the value chain of its industry is critical for a business to operate effectively and efficiently. For a business manufacturing new mobile phones, draw and describe a value chain for the manufacturing of a mobile phone. Then draw and describe an industry value chain for this business.

*Up to five marks will be awarded for each value chain drawn and described.*

[10]

- (b) Many electronic commerce firms can benefit from forming effective synergies with partner organisations. Such synergies may involve offering their services, sharing design and manufacturing and partnering in the manufacturing of goods and services. Mobile Everywhere is an electronic commerce retailer of mobile phones it manufactures in Asia.

Although its website is very popular, the company feels if effective synergies were made and represented on the site, it would attract more customers. Describe in detail **THREE** types of companies you would propose that Mobile Everywhere should seek to form synergies. These synergies would represent enhancing the value offering on Mobile Everywheres website.

*Up to five marks will be awarded for each synergy described.*

[15]

#### Question 4      Scenario: History on Video Today

History on Video Today is a new commercial department within the BBC, which specialises in providing the public with clips from its large historical archive. History on Video Today makes available in over 50 countries time-encoded film which can be downloaded and used under licence. The director of History on Video Today is Rhodri Davies, who previously launched BBC Radio 4's website. At present, there are over 100,000 clips which can be searched by age, date and subject. A team of archivers are constantly adding to this collection by not only uploading more clips, but by also annotating the clips they have with photographs and articles about their content.

It has recently been decided that History on Video Today is to create a collection of DVDs and online downloads that will be a unique offering in the form of collections of clips. The collections will be grouped by popular subjects and market segments that have been identified by market research. A constant worry for the BBC is the reuse of clips without authority. By making clips available in collections through History on Video Today, they hope that this will not take too many customers away from selecting individual clips from the site, and will also discourage the copying of whole collections of clips.

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

- (a) History on Video Today wishes to use market segmentation and an understanding of product-based and customer-based marketing strategies to create the proposed online collections. Describe how this can be achieved, and suggest **FIVE** ways in which History on Video Today could segment their offerings to viewers.

*Up to ten marks will be awarded for the discussion on alternative marketing strategies and one mark will be awarded for each segment suggested.*

[15]

- (b) History on Video Today are planning to create an auction facility so that they can sell off collections of video clips which they have not been able to sell before. Propose **TWO** alternative approaches to conducting an online auction facility, and make a recommendation explaining which one you think is best suited to History on Video Today's collections of clips. For each auction approach you propose, describe how the auction works, how it could be implemented online and what the potential benefits are.

*Up to five marks will be awarded for each auction described.*

[10]

### Question 5      Scenario: Patio Homeware

Business partners Gertrude Smith and Simone Jones have run their two shops, both called Patio Homeware, for ten years. The shops sell boutique homeware for a specific customer set: the middle class culture industry types that live local to the shops in their corner of west London. Smith and Jones spend several days a year at trade shows in the growing homeware industry, buying stock and meeting new and current suppliers.

Unfortunately, one of the shops is located on a road that has become increasingly popular in recent times, to the point where mainstream businesses like Starbucks are moving in and taking over from the other independent retailers that surround that branch of Patio Homeware. This means that Smith and Jones' landlord for that particular branch has doubled the rent - making it an unviable proposition going forward.

When trying to come up with solutions, many of their friends pointed out that, although extremely successful in its own right, Patio Homeware does not have an online presence. The success of the shops over the years has clearly been achieved by Smith and Jones' correct assessment of their market; the items they source to sell are exactly what their particular customers want. Therefore, Gertrude Smith and Simone Jones are seriously considering offering their product online.

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

- (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 **TWO** advantages and the transaction cost savings Smith and Jones could make by creating an online shop, instead of a traditional shop on a High Street. You must include in your answer how it relates directly to the issues in the scenario.

*Up to five marks will be awarded for each transaction cost discussed.* [10]

- (b) Describe **FIVE** different approaches to online promotion that could be used by the company in the scenario to publicise its new website. Your answer should include a discussion on the various ways in which media such as banners, video advertising and text-based search promotion tools can be used.

*Up to three marks will be awarded for each approach discussed.* [15]

**END OF PAPER**