UNIVERSITY OF LONDON   CO3323 ZA

BSc Examination

COMPUTING AND INFORMATION SYSTEMS, CREATIVE COMPUTING and COMBINED DEGREE SCHEME

Electronic Commerce

Date and Time: Tuesday 3 May 2016: 14.30 - 16.45

Duration: 2 hours 15 minutes

There are FIVE questions on 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   Scenario: Cleanse and Make Up

Formed in 2007, Cleanse and Make Up is a facial creams and make-up company which uses the ideas and models of network marketing to spread knowledge and sales of their company's products. It buys directly from small producers of facial cleansers, moisturisers and make-up and sells on to friends, acquaintances and anyone else who have discovered Cleanse and Make Up from their excellent publicity work. Cleanse and Make Up have grown from its original trio of members to a staff of 50, who source new products, work on publicity drives, and distribute the merchandise. Other members of staff interview product makers and users, sometimes for written articles in their quarterly magazine. Cleanse and Make Up also has a large back catalogue archive of video tutorials, photographs, and articles covering its 25 year history.

They have had a very basic website since the beginning, but have concentrated their publicity and sales on a person-to-person basis. The original members who still run the company have now decided that relying on this method exclusively is no longer working for them, and so they must move the majority of their work online. They will offer all of their products, old and new, for sale via PayPal, WorldPay or credit card, publish online all of their publicity material and create new video footage featuring interviews with producers, how products are made, and tips on how to use and apply merchandise sold.

The original members of Cleanse and Make Up are also entertaining the idea of a membership scheme for their online users. They know if they do this, then they will have to provide members with facilities and content that they cannot currently access offline. In general, they do not want the newly launched website for Cleanse and Make Up to affect the great offline sales network they have developed over the years.

In addition, Cleanse and Make Up want the new website to be self-supporting financially; they do not want it to take revenue from their original offline business. They know there are several online revenue models but are not sure which one is appropriate for their re-launched website.

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

(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 Cleanse and Make Up website. Your answer should suggest THREE different ways in which Cleanse

and Make Up could segment their offerings on the new site, and how each offering might differ. [15]

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

[10]

Question 2   Scenario: Gardeners' Questions

Since 1997, Gardeners' Questions has established itself as the leading place to go for gardeners all over the UK. They have 20 stores in the main cities of England, Scotland and Wales, selling exclusive gardening produce, whilst also specialising in employing gardening enthusiasts who can help customers with their queries and problems.

It also has links to major radio shows and TV shows which are listened to and watched by millions all over the UK, and is therefore a respected and leading brand in the gardening community. It often does promotions with these programmes where gardening equipment is used by the programmes and then promoted by the shops. Furthermore, the famous gardeners featured in the programmes often visit the shops at pre-arranged times to talk to or give lectures to visitors to the shops, which promote the brand Gardeners' Questions in local communities.

At a recent senior management meeting it was proposed that Gardeners' Questions develop a digital presence, moving away from supplying products to their retail stores, as it was noted that compared to the digital market, this is an expensive way to sell products and develop relationships with their customers. It was also decided that Gardeners' Questions should exploit its relationships in the gardening community to produce gardening media and digital products, which it could sell.

There was some concern however, that the new proposal might upset the already successful business. To this end it was decided to create a new brand, Gardeners' Media, as Gardeners' Questions' digital company.

Gardeners' Media 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 Gardeners' Questions' relationships with famous gardeners and gardening programmes. As well as selling Gardeners' Questions products and the digital magazine, Gardeners' Media would produce and sell a range of digital apps in association with these gardeners and gardening programmes and share the profits. These apps would have exclusive, updatable content and would be purchased on a subscription basis.

You have been hired as an internet consultant to write a report detailing the following:

(a) A proposal specifying a formal design for the Gardeners' Media interactive website, using the information above. This design should include a

network diagram, a set of TEN key features and appropriate costings for the development of the website. This design should also specify at least FIVE sticky mechanisms or digital content to include in the site to keep customers returning to the site. [15]

(b) Compare and contrast the benefits and drawbacks of Gardeners' Media taking a digital content subscription revenue model, an advertising-supported revenue model, and a fee-for-transaction revenue model. For each model, explain the benefits and the drawbacks and provide an example of a real-world online business for each. [10]

Question 3   An Effective Presence

Discuss FIVE technical and FIVE 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. Following this provide FIVE examples of mistakes companies may make which will negatively impact on the attractiveness of their website to potential customers.   [25]

Question 4   Scenario: Change Your Life.com

Change Your Life.com is a collection of life coaches who have come to-gether to provide their services to those who want to find a new direc-tion in life. The website Change Your Life.com features a variety of life coaches, each offering a range of ways to support their clients in their life decisions. The website offers online tutorial sessions, virtual lectures and customised programmes for clients. Their services have been used by many people and the business is going well. Following the redesign of its website Change Your Life.com. wants to use the latest techniques and technologies to promote itself online.

Change Your Life.com. also want to explore different revenue models which could be used to charge clients for access to the services they provide on the website. They wish to see if there are revenue models that could raise additional income, for example, whether certain services could support subscription. They are aware that many clients enjoy social media and access online services from many different platforms and devices, but are aware that they are not expert in these new, fast-moving spheres. They have therefore hired you as an e-commerce specialist to write a report on an online promotional strategy.

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

(a) Compare and contrast the following two approaches for generating rev-enue for Change Your Life.com – a subscription-only revenue model and an advertising-only revenue model.   [10]

(b) Describe how a digital content revenue model could be used by Change Your Life.com. Provide FIVE examples of digital content they could sell using this approach.   [10]

(c) Explain how Change Your Life.com could use a mixed revenue model to generate sales. Describe how such an approach could increase the pos-sibility of success.   [5]

Question 5   Internet Technologies

    (a) Compare and contrast the use of graphical banner adverts, video banners and banner networks in publicising and promoting a new website.   [9]

    (b) Describe how viral videos on Facebook could be used as an approach to online promotion of a new business.   [6]

    (c) Compare and contrast two search-based approaches to online promotion. For each approach explain how it it is implemented.   [10]

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