Examiners' commentaries 2015–16

CO3323 Electronic commerce – Zone A

General remarks

The examination was divided into five questions. Students were required to answer three questions out of the five available. Each question carried a maximum of 25 marks. The majority of candidates passed the examination.

Comments on specific questions

Question 1

This was a scenario-based question in two parts. The scenario was based on a facial creams and make up company, Cleanse and Make Up, which uses a network marketing business model. They have grown to a 50-person strong business, run a quarterly magazine, have a back catalogue of video tutorials and a basic website. To date, they have concentrated their publicity and sales on a person-to-person basis and now want to move the majority of their work online. They are also considering offering a membership scheme to their users.

a. Candidates were required to describe three different ways in which market segmentation and an understanding of product- and customer-based marketing strategies could be used in the design of the new website. Many of the best answers were those where students utilised a marketing mix of Michael Porter's four Ps in their work: product, price, promotion and place. Some of the answers gained marks by explaining that the creation of a separate experience for customers based on their behaviour is called behavioural segmentation, and noting that there are different types: product-based and customer-based. A few students gained marks for explaining how the company could segment their offerings on the new site.

b. This question asked students to propose three alternative approaches to creating an online auction facility, by providing descriptions, implementation details and potential benefits, and finally making a recommendation of which was best suited to Cleanse and Make Up. Full marks were given to candidates who comprehensively described what an auction is, and explained the following basic types of auction: English/Yankee, Dutch, sealed-bid, second-price, open-outcry, double and reverse. Many students explained what the first few types of auctions were, but fewer described the whole range.

Question 2

This question consisted of two parts in answer to a given scenario entitled 'Gardeners' Questions'. Gardeners' Questions is a company with 20 gardening stores nationwide, and also has media promotion in the format of radio and TV shows. The company has never had a digital presence, and as it wishes to do so now, candidates were required to write a report on the matter, in the role of internet consultant.

a. A formal design of the proposed website was required, including a network diagram, a set of ten key features including five sticky features and costings for the website. Many candidates who attempted this question submitted excellent network diagrams. The most popular features were an 'About us' section, product descriptions, ordering, enquiries, search facilities and reviews. Other features for which marks were awarded included video interviews and features on famous gardeners. Sticky features varied but many went for an online forum, a weekly programme, regular offers and user-generated videos. Many candidates lost marks because they failed to include costings as the question required.

b. Candidates were asked to compare the advantages and disadvantages of different types of revenue models for the scenario: subscription, advertising and fee-for-transaction. Candidates also achieved marks if they included a real-world online business for each model. Candidates scored well on this section, where fully completed.

Question 3

Candidates were required to discuss five technical and five non-technical issues that must be taken into consideration when establishing an effective web presence, including attracting customers and building loyalty and trust. Following this, they needed to provide five examples of mistakes companies can make which will negatively impact the attractiveness of their site to potential customers.

Acceptable answers included mentioning the objectives of a business with regard to establishing its web presence, such as attracting visitors, making the site interesting so that people stay and explore, building a relationship of trust consistent with the organisation's image and encouraging visitors to return to the site, etc.

This was not a very popular question. Marks were awarded for discussion of each key technical and non-technical issue. Marks were also awarded for each example of a mistake a company can make which will negatively impact on the attractiveness of their website.

Question 4

This was a scenario-based question divided into three parts. The scenario, Change Your Life.com, was about a collection of life coaches who want to utilise the latest techniques and technologies to promote their website online, and explore different revenue models.

a. Candidates needed to compare and contrast subscription- and advertising-only revenue models. Marks were available for both **compare** and **contrast**, and the best answers covered both aspects in a clear framework.

b. Candidates were asked to describe how a digital content revenue model could be used by the organisation, and to provide five examples of digital content they could sell using this approach.

c. An explanation of how Change Your Life.com could use a mixed revenue model to generate sales was required. A variety of revenue models could be used to score marks for this part: good answers would outline the revenue models selected, giving examples. This was a popular question and candidates showed a strong understanding of this topic.

Question 5

This three-part question was entitled 'Internet Technologies'.

a. Candidates were asked to compare and contrast the use of graphical banner adverts, video banners and banner networks. Candidates scored well on this question when they described how each mechanism operated and listed potential benefits/drawbacks in comparison and contrast.

b. A description of how viral videos on Facebook could be used as an approach to promote a business online was required. Candidates were awarded maximum marks where they described not only that viral videos could be created by an organisation and published on Facebook, but also that a Facebook page and Facebook advertising could be used.

c. Candidates needed to compare and contrast two search-based approaches to online promotion, and explain their implementation. Candidates scored well here, typically choosing from among Google AdWords and AdSense advertising, portal channel (such as MSN, Yahoo or AOL) sponsorship, Facebook pages and Facebook advertising, and mobile application website promotion. This question was clearly enjoyed and generally well answered.

Examiners' commentaries 2015–16

CO3323 Electronic commerce – Zone B

General remarks

The examination was divided into five questions. Candidates were required to answer three questions out of the five. Each question carried a maximum of 25 marks. The majority of candidates passed the examination.

Comments on specific questions

Question 1

This was a two-part question entitled 'Evolution of electronic commerce'.

a. Innovation, consolidation and reinvention were given as the three key stages of the evolution of electronic commerce. Candidates were required to compare and contrast each stage, and provide one example of each. Following this, they were asked to describe ubiquity, global reach, personalisation and social technology as features of e-commerce technology.

Candidates needed to provide date ranges for each stage – invention took place between 1995 and 2000, consolidation followed, and around 2006 e-commerce entered the current stage: reinvention as social networking. Web 2.0 applications reinvigorated e-commerce and encouraged the development of new business models. Comparison and contrast should highlight the key aspects. A good number of candidates gave examples as requested. Following this, candidates gained marks when they fully described the features of e-commerce technology.

b. This question required candidates to define the systems development life cycle (SDLC), and describe the key steps involved in creating a site using this approach. Candidates were then asked to compare and contrast the main differences between a single- and multi-tier site architecture. Candidates did very well if they described the five major steps in the SDLC for an e-commerce site as follows: systems analysis, systems design, building the system, testing the system and implementation. Candidates were generally clear on the topics covered, particularly on the more technical aspects.

Question 2

This two-part question was based on a scenario entitled 'Pop Art Culture' and included a description of a company that organises events across Europe and the US, buying and selling Pop Art Culture. The company has decided to set up an online memorabilia business and produce their own range of products to sell at their events and online.

a. Candidates were required to describe five advantages and transaction cost savings that Pop Art Culture could make by creating an online shop, rather than a physical shop on a high street. Marks were awarded for advantages stated and described as they applied to the scenario.

b. Candidates were asked to describe how Pop Art Culture, through creating a virtual community on the new website, could build long-term relationships with customers, including in their answers a description of five different ways in which they could use a virtual community to obtain valuable information about future products to sell. Candidates did well on this question, and appeared to enjoy answering and applying the required information to the given scenario.

Question 3

This question was concerned with mobile application development, and was presented in one part. The question specifically asked candidates to describe five unique features that must be taken into account when designing a mobile web presence. Following this, they were asked to compare and contrast the key differences between building a mobile web application and a native mobile application.

Candidates scored well on this question where they included unique features of a mobile web presence such as:

- mobile hardware is smaller and therefore there are more resource constraints in data storage and processing power
- the mobile platform is also constrained by slower connection speeds than desktop websites
- mobile hardware is smaller, and therefore there are display constraints
- the mobile platform is also constrained by slower connection speeds than desktop websites
- touch screen technology introduces new interaction routines different from the traditional mouse and keyboard
- the mobile platform is not a good data entry tool, although it can be a good navigational tool, therefore choice boxes and lists need to be simplified so that the user can easily scroll and touch–select the options.

The differences between mobile web and native applications should have included the fact that a mobile web application is built to run on a mobile web browser built into a smartphone or tablet computer (e.g. Safari on Apple phones), with all of their respective features. A native application is designed specifically to operate using a mobile device's hardware and operating system. These stand-alone programs can connect to the internet to download and upload data, and can operate on this data even when not connected to the internet. Candidates who answered this question did so well, but many focused too heavily on the first part of the question. You are advised to divide the time spent on each question (part) according to the marks available.

Question 4

This question was based on a scenario entitled 'Travellers' World', describing a company that was no longer doing as well as it could, possibly because of a lack of internet presence, which its biggest rival had.

a. Candidates needed to compare and contrast the benefits and drawbacks of Travellers' World taking a digital content subscription revenue model, an advertising-supported revenue model or a fee-for-transaction revenue model when building its new online presence. Candidates who provided a systematic analysis, and illustrated their answers with suitable real-world examples, did well in this section.

b. This question focused on banner advertising. As the company wants to use this as a source of revenue, candidates were asked to write a detailed description of the different forms of banner advertising currently available. Candidates were required to include an explanation of the process of constructing banners, which should have covered authoring tools, formats and levels of intrusiveness. Candidates scored particularly well when they used details from the given scenario, and also provided real-world examples.

Question 5

This question was based on a scenario called 'PC-Globe: What went wrong?' When PC-Globe went digital its sales of digital products were predicted to perform very well – however, that was not the actual experience. Candidates were required to explain possible causes for this, in the role of an online user experience expert.

a. Candidates were asked to write a report for PC-Globe explaining the three main approaches used to understand user experiences when interacting with websites. The question required candidates to include behavioural segmentation, usage-based market segmentation and the five-stage model of customer loyalty. Candidates were expected to compare and contrast each of these three approaches, highlighting the differences and providing an example for each. Candidates were expected to know that the five-stage model of customer loyalty is awareness, exploration, familiarity, commitment and separation. Candidates generally scored well on this part.

b. Candidates were asked to compare and contrast search engine positioning and viral marketing as strategies PC-Globe could use to improve their sales and marketing effort online. Good answers explained fully what a search engine is, how it operates, etc.