**Chapter 1: Internet Marketing as Part of the Marketing Communications Mix**

**MULTIPLE CHOICE**

1. \_\_\_\_\_\_\_\_ is the communications protocol that provides the common “language” of Internet computing.

|  |  |
| --- | --- |
| a. | TCP/IP |
| b. | HTML |
| c. | The graphic browser |

ANS: A REF: p. 4

2. \_\_\_\_\_\_\_\_ is the feature of the Internet that allows users to move easily from one document to another.

|  |  |
| --- | --- |
| a. | Telecommunications |
| b. | Common platform |
| c. | Hypertext |

ANS: C REF: p. 5

3. Which is **not** among the four distinct generic goals of Internet marketing?

|  |  |
| --- | --- |
| a. | Acquisition |
| b. | Conversion |
| c. | Mobile access |

ANS: C REF: p. 10

4. The Sabre System is an example of:

|  |  |
| --- | --- |
| a. | a new service made possible by the Internet. |
| b. | an information product. |
| c. | a product targeted solely at the consumer market. |

ANS: B REF: p. 7

5. Objectives that can be appropriate for Internet marketing include:

|  |  |
| --- | --- |
| a. | building loyal customer relationships. |
| b. | doubling the customer base. |
| c. | decreasing the need for customer service. |

ANS: A REF: p. 10

6. Which of the following is **not** an element of the Internet infrastructure stack?

|  |  |
| --- | --- |
| a. | Website content |
| b. | Operations like load balancing and security |
| c. | Connections to the telecommunications backbone of the Internet |

ANS: A REF: p. 13

7. A website must be hosted on a \_\_\_\_\_\_\_\_.

|  |  |
| --- | --- |
| a. | browser |
| b. | interactive device |
| c. | server |

ANS: C REF: p. 14

8. Which of the following is **not** a strategic driver of the Internet economy?

|  |  |
| --- | --- |
| a. | Speed is essential to successful Internet operations. |
| b. | Employees can easily be substituted for one another. |
| c. | Making it possible to deal with customers on a 1-to-1 basis. |

ANS: B REF: p. 27

9. Term often used when software is made available on a fee for usage basis:

|  |  |
| --- | --- |
| a. | Applications Software Providers. |
| b. | Proprietary Software. |
| c. | Software as a Service. |

ANS: C REF: p. 14

10. Web 2.0 is characterized by:

|  |  |
| --- | --- |
| a. | services and co-creation. |
| b. | economic and technical evolution. |
| c. | a "dot com" business enterprise. |

ANS: A REF: p. 8

11. Which of the following is a true statement about the origins of the Internet?

|  |  |
| --- | --- |
| a. | The Internet was initially conceptualized in a term paper by a computer science student at Stanford. |
| b. | The Internet was initially developed by a number of technology companies that wanted to expand the market for their products. |
| c. | The Internet was initially developed by DARPA to fund research in communications technology for defense purposes. |

ANS: C REF: p. 3

12. The Internet experienced slow but steady growth until \_\_\_\_\_\_\_\_ allowed users to move around in easy graphical fashion.

|  |  |
| --- | --- |
| a. | Yahoo! |
| b. | Mosaic |
| c. | Netscape |

ANS: B REF: p. 5

13. The phenomenon we call "the Internet bubble" was characterized by:

|  |  |
| --- | --- |
| a. | many Internet businesses that had not attained profitability. |
| b. | venture capital available to even questionable business models. |
| c. | both of the above. |

ANS: C REF: p. 5

14. The Sabre System is an example of:

|  |  |
| --- | --- |
| a. | an information product that existed prior to the Internet. |
| b. | the evolution of an internal system into a commercial product. |
| c. | both of the above. |

ANS: C REF: pp. 6-7

15. The basic business models used on the Internet include:

|  |  |
| --- | --- |
| a. | multi-channel marketing. |
| b. | target return on investment. |
| c. | disintermediation. |

ANS: A REF: p. 12

16. Which of the following is a true statement about the Internet infrastructure stack?

|  |  |
| --- | --- |
| a. | It describes activities that can be performed inside the business or outsourced to independent suppliers. |
| b. | It describes the manner in which different elements come together to create the Internet environment. |
| c. | Both of the above. |

ANS: C REF: p. 13, 14

17. Sales force.com exemplifies:

|  |  |
| --- | --- |
| a. | a “cloud computing” product that shows the power of connectivity in a network. |
| b. | a proprietary product used by a single user. |
| c. | technology that is used primarily to develop proprietary software. |

ANS: A REF: p. 15

18. Technology that can integrate location into marketing applications is called:

|  |  |
| --- | --- |
| a. | apps. |
| b. | Web 3.0. |
| c. | GPS. |

ANS: C REF: p. 9

19. The most common way consumers discover new online products is through:

|  |  |
| --- | --- |
| a. | search. |
| b. | merchant emails. |
| c. | social networking sites. |

ANS: A REF: p. 22

20. Businesses have enthusiastically adopted the internet for marketing for the following:

|  |  |
| --- | --- |
| a. | attract new customers. |
| b. | customer retention. |
| c. | both of the above. |

ANS: C REF: p. 23

**TRUE/FALSE**

1. The ARPANet was designed as a user-friendly network that would connect businesses around the globe.

ANS: F REF: p. 4

2. Websites are typically hosted on a server.

ANS: T REF: p. 14

3. Mosiac, the first graphical browser, made it easier to move around the Internet and thus accelerated its growth.

ANS: T REF: p. 5

4. Enterprises like Sabre gained experience with electronic systems prior to the Internet and were well prepared to take advantage of the Net when it became commercially viable.

ANS: T REF: pp. 6-7

5. There is little room for growth in mobile or broadband in developing countries.

ANS: F REF: p. 18

6. Successful global brands rely solely on the Internet for their achievements.

ANS: F REF: p. 9

7. In the Internet economy it is considered essential to acquire as many customers as possible.

ANS: F REF: p. 6

8. Telecommunications technology forms the "backbone" of the Internet Infrastructure.

ANS: T REF: p. 13

9. “Scalability” refers to information systems that can only grow with substantial future investment.

ANS: F REF: p. 7

10. Less than half of online consumers use email on a daily basis.

ANS: F REF: p. 22

11. Web 3.0 refers to websites and applications that will understand and respond to the user’s intent.

ANS: T REF: p. 8

12. The Internet has fostered a number of Interactive Marketing Channels.

ANS: T REF: p. 12

13. Lowering costs and increasing quality are not benefits to firms of Internet operations.

ANS: F REF: p. 13, 27

14. Pets.com demonstrates an example of one of the most successful of the early Internet-only firms.

ANS: F REF: p. 5

**ESSAY**

1. The text on page 10 discusses a number of generic marketing objectives that can be accomplished on the Internet. Explain the nature of each, and give a brief example of how an Internet marketer (real or hypothetical) might achieve each objective.

ANS:

The generic objectives of marketing can be summarized as

* Customer acquisition. Marketers engage in online advertising to attract more customers, usually to their websites.
* Conversion from prospects to customers. When a first-time visitor comes to a website, they may or may not take the desired action. The desired action can be either a sale or some kind of request for additional information or services that allows the marketer to identify the visitor and begin a dialog. If the desired action is an inquiry or a registration, that may not meet the standard of becoming a customer. If a sale is the end goal, the conversion process may require several steps that take place over a period of time.
* Retention. When the visitor becomes a customer, the marketer may choose to engage in a proactive retention (CRM) strategy. "May choose" because the desirability of retaining the customer depends on their potential value to the business (Customer Lifetime Value).
* Growth in Customer Value: Marketers can use the data obtained on the Internet about their customers to identify the potentially most valuable customers and market to these customers differently.

Students should be able to identify the three generic strategies at this point, but they may lack insight into the nature and importance of each.

REF: p. 10

2. The text discusses a number of strategic drivers of the Internet economy, which are summarized in Table 1.4. Identify three of these strategic drivers and briefly explain each, being specific about the way in which this driver differs from what existed in the pre-Internet economy.

ANS:

The drivers are:

1. Information produces the greatest value; customers are looking for benefits and it is often the information that the product incorporates or that is included with it that unlocks the potential of the product in use by the customer.

2. Distance does not matter; marketers and customers can interact almost irrespective of distance over the Net. However, physical products sold on the Internet still have to be delivered to the customer.

3. Speed is of the essence. Whether it is products, services or information when they want it, customers have high expectations of obtaining things in real time 24/7. Marketers must adjust their offerings—quickly—to meet those expectations.

4. People are the key assets. The interests and skills required of people who work in Internet-based businesses are, to some extent, different from those required in traditional businesses. The requisite skills plus meaningful experience in Internet-related jobs, especially in marketing and media, are in short supply today.

5. Growth in the network causes exponential increase in value; the more people who are connected to the network, the easier it is to communicate with them.

6. Marketers can deal with customer one-to-one; the ability to target and personalize is key to Internet marketing success.

7. Demand can be predicted with greater accuracy; the marketer is closer to the customer.

8. Cost patterns change; the marketer is likely to spend more on technology and less on operations.

9. Consumers have power in information-rich channels; they have choice, and choice is power.

10. An information economy is characterized by choice and abundance; information becomes more valuable as more people use it.

REF: p. 25

3. Chapter 1 highlights Sabre, Salesforce, and Google as information products that have achieved success in the Internet economy. Identify another product that is composed of information and that can be accessed over the Internet. Explain the nature of the product and the appeal it has to users.

ANS:

Students might relate to the example of credit reports. Another might be a service that can be used over the Internet like income tax preparation software. Both these are examples of something that you can obtain without the Internet, but the Internet has made them more accessible.

REF: pp. 10, 15