MULTIPLE CHOICE. Choose the one alternative that best completes the statement or answers the question.

1) Once a company knows a consumer’s preferences, the company can predict, without asking the consumer directly, what other products or services that consumer might enjoy through:
   A) active web bugs.  
   B) personalization.  
   C) collaborative filtering.  
   D) spyware.  

2) Which of the following statement about Web mining is false?
   A) Web mining uses customer data to infer or predict customer interest in other products or services.  
   B) Web mining explores both Web content and Web usage.  
   C) Usage analysis is derived from clickstream data.  
   D) Web mining refers to the use of data mining techniques for discovering and extracting information from Web documents.  

3) What is the key problem that biometric marketing is intended to solve?
   A) creating a loyalty program  
   B) improving accuracy of the shopper’s data  
   C) knowing the identity of the actual shopper  
   D) increasing the speed of order processing  

4) As the volume of customers, products, vendors, and information increases, it becomes uneconomical or impossible for customers to consider all relevant information, and available products/services. The practical solution to handling such information overload is:
   A) to increase the use of ad agencies.  
   B) to use software or intelligent agents.  
   C) to use permission marketing.  
   D) to design Web sites with minimal content.  

5) The number of organizational buyers is much smaller than the number of individual consumers, and their transaction volumes are:
   A) a little larger, and the terms of negotiations and purchasing are more complex.  
   B) far smaller, and the terms of negotiations and purchasing are less complex.  
   C) far larger, and the terms of negotiations and purchasing are more complex.  
   D) about the same and the terms of negotiations and purchasing are simpler.  

6) The use of cookies:
   A) is a widely used method for mass marketing.  
   B) has not helped Internet marketers target their ads.  
   C) is one of the most controversial issues in EC.  
   D) is being replaced by adware and spyware programs.  

7) Word-of-mouth marketing by which customers promote a product or service by telling others via social networks or other means is referred to as:
   A) search engine marketing.  
   B) target marketing.  
   C) affiliate marketing.  
   D) viral marketing.
8) Procter & Gamble (P&G) used the Internet in the new product development of Whitestrips, a teeth-brightening product. Based on this experience, P&G: 
   A) learned that the cost of online surveys was about the same as similarly sized telephone surveys, but online surveys expedited research considerably.
   B) reduced the time-to-market from concept to market launch by approximately two years.
   C) could not determine the target market segments for the Whitestrips.
   D) decided to add Internet research to its traditional marketing test model.

9) The popularity of Apple’s iPhone and Application Store has made ________ important to advertisers, who see social networking widgets, restaurant locators, mobile games, and other applications as prime targets.
   A) stickiness
   B) banner ads
   C) mobile advertising
   D) direct marketing

10) One of the major challenges of one-to-one advertising is ________, or the flooding of users with junk e-mail, banners, pop-ups, and so on.
    A) permission marketing
    B) interstitial ads
    C) spamming
    D) behavioral targeting

11) According to research, customer satisfaction with an Internet store:
    A) drops dramatically when certain Web site features fail to perform properly, such as the content’s reliability, loading speed, or usefulness.
    B) is higher for new customers than former customers.
    C) depends on two types of factors: information quality and customer service quality.
    D) cannot be predicted.

12) A(n) ________ is someone whose advice or view carries some weight in making a final purchasing decision.
    A) influencer
    B) initiator
    C) buyer
    D) decider

13) Paws ‘n Tails is an online pet shop that wants to influence what customers buy and build effective customer relationships and loyalty. What is the key to influencing behavior and building these relationships?
    A) suggesting as many products as possible to online shoppers as soon as they visit the EC site
    B) understanding competitors’ pricing strategy and then undercutting it
    C) understanding consumer online behavior and then influencing it through advertising and promotions
    D) identifying the wants and needs of major customer segments

14) By increasing customer loyalty, EC companies can achieve each of the following benefits except:
    A) lower transaction costs.
    B) higher warranty claims costs.
    C) lower resistance to competitors.
    D) lower marketing and advertising costs.

15) Banner advertising on Web sites helps trigger a realization that there is a gap between reality and a desired state, which occurs in the ________ stage of the EC purchase decision-making process.
    A) need identification or recognition
    B) product or merchant brokering
    C) evaluation
    D) information search
16) How many Apple Application Store downloads were made by users in the five months spanning July 2008 to December 2008?
A) 100 million  B) 25 million  C) 1 million  D) 5 million

17) Marketing and advertising approaches have evolved from mass marketing to market segmentation to one-to-one marketing. This evolution occurred because:
A) the Internet enabled companies to better communicate with customers and understand their needs and buying habits.
B) the marketing focus shifted from customers to products.
C) concerns about privacy have diminished.
D) companies sought to decrease the number of marketing campaigns.

18) Web site content is especially important to increase stickiness because:
A) customers are expensive to acquire.
B) Web sites are expensive to maintain.
C) of Internet-accessible mobile devices.
D) competitors are always attempting to steal away customers.

19) Which of the following is not a specific method for collecting online data?
A) moderated focus groups conducted in chat rooms
B) phone surveys to learn if there are too many products for the customer to look through
C) e-mail communication with individual customers
D) tracking customers' movements on the Web

20) Ways in which user profiles are typically generated by EC businesses include all of the following except:
A) asking users to fill in a questionnaire
B) using customer segmentation to identify customers' preferences
C) using cookies, spyware, or Web bugs to observe what people are doing online
D) basing them on what customers have purchased online before

21) An Internet merchant can increase its trustworthiness by using each of the following except:
A) simple design
B) a vendor evaluation, such as BBB Online
C) a convenient return policy
D) co-branding

22) What has been the impact of the introduction of EC on customer loyalty in general?
A) It is not known whether loyalty has increased or decreased.
B) There has been little change in loyalty because the impacts have cancelled each other out.
C) Loyalty has decreased because of customers' increased ability to shop, compare prices and features, and change vendors.
D) Loyalty has increased because of targeted relationship marketing.

23) Two key factors limiting the use of personalization to more precisely target marketing efforts to individual customers are:
A) communication costs and filtering costs.
B) lack of customer loyalty and service customization costs.
C) privacy and trust issues.
D) matching profiles with product offerings and delivering those offerings.
24) To avoid getting inaccurate information from participants of online surveys, marketers learn about customers by observing their behavior using each of the following except:
   A) data mining to analyze clickstream data
   B) cookies that allow a Web site to store data on the user’s PC
   C) spyware that gathers user information through an Internet connection without the user’s knowledge
   D) transaction logs that record user activities at a company’s Web site

25) All of the following describe click-through rate except:
   A) It may be less than or equal to the conversion rate.
   B) It is the ratio between the number of clicks on a banner ad and the number of times it is seen by viewers.
   C) It measures the success of a banner in attracting visitors to click on the ad.
   D) It is a request for data from a Web page or file.

26) ________, such as concerts and videos, can generate tremendous public excitement and bring huge crowds to a Web site.
   A) Live Web events
   B) Webcasting
   C) Mobile casting
   D) Phone casting

27) ________ is an advertising network that a B2B company can use as part of its advertising strategy to reach new customers.
   A) Amazon.com
   B) WebMonkey
   C) BBB Online
   D) DoubleClick

28) All of the following are correct about market research methods except:
   A) Market segmentation is done with the aid of tools such as data modeling and data warehousing.
   B) Markets can be segmented to increase the percentage of responses and to formulate effective marketing strategies that appeal to specific consumer groups.
   C) Direct mail marketing methods are usually cost-effective.
   D) It is important first to understand how groups of consumers are classified or segmented.

29) The introduction of EC has:
   A) increased the cost of acquiring and retaining customers.
   B) decreased advertising and promotion costs.
   C) decreased customer loyalty because customers can more easily shop, compare, and switch to different vendors.
   D) increased customer loyalty because customers don’t have time to shop around.

30) The ethical issue raised by profiling customers too precisely is:
   A) security.
   B) theft of intellectual property.
   C) invasion of privacy.
   D) spamming.

SHORT ANSWER. Write the word or phrase that best completes each statement or answers the question.

31) A(n) ________ is a data file that is placed on a user’s hard drive by a remote Web server, frequently without disclosure or the user’s consent, that collects information about the user’s activities at a site.
32) _______ refers to a deep commitment to rebuy or repatronize a preferred product/service consistently in the future, thereby causing repetitive same-brand or same brand-set purchasing.

33) _______ is the method of increasing a Web site’s ranking on search engines based on knowing the ranking algorithm.

34) A(n) _______ is a person whose advice or view carries some weight in making a final purchasing decision.

35) _______ are firms that offer specialized services such as brokering banner ads for sale and helping target ads to consumers who are likely to be interested in categories of advertisements based on consumer profiles.

36) Intelligent agents that support _______ help people deciding what product to buy.

37) Trust and _______ are the two most important factors in determining customer e-loyalty.

38) _______ refers to online marketing facilitated by the Internet, and by which marketers and advertisers can interact directly with customers and consumers can interact with advertisers or vendors.

39) _______ is marketing that treats each customer in a unique way to fit marketing and advertising with the customer’s profile and needs.

40) Several market research firms create panels of qualified Web shoppers to participate in online _______.

41) _______ is the matching of services, products, and advertising content with individual consumers and their preferences.

42) The requirements, preferences, behaviors, and demographic traits of a particular customer is referred to as the _______.

43) _______ are tiny graphics files embedded in e-mail messages and in Web sites that transmit information about users and their movements to a Web server.

44) The classification of groups of similar customers is called _______.

45) _______ refers to the use of data mining techniques for discovering and extracting information from Web documents.

46) _______ are the number of times users call up a page that has a banner on it during a specific period; known as impressions or page views.

47) _______ is software that gathers user information through an Internet connection without the user’s knowledge.
48) As customers move from a Web site to other Web sites, they establish their ________, which is a pattern of their movements on the Internet.

49) A(n) ________ records user activities at a company’s Web site.

50) ________ is the process of converting media products and advertisement material developed in one environment (e.g., a country) to a form culturally and linguistically acceptable in countries outside the original target market.

51) ________ is data that occurs inside the Web environment and provides a trail of the user’s activities in the Web site.

52) ________ is the psychological status of willingness to depend on another person or organization.

53) ________ is the use of information collected on an individual’s Internet browsing behavior to select which advertisements to display to that individual.

54) ________ is the fee an advertiser pays for each 1,000 times a page with a banner ad is shown.

55) ________ is the characteristic that influences the average length of time a visitor stays in a site.