Chapter 3

Marketing in the Digital Age: Making New Customer Connections

Multiple Choice

1. Under Schwab's two-tiered system, customers had to be either online or offline. What was <u>not</u> a result of this system?
   a. Customers continued to place orders over the phone.
   b. Phone customers had to pay twice the commissions.
   c. Customers became confused.
   d. The two-tiered system was a failure.
(d; Moderate; p. 69)

2. What happened during the first year of Schwab's stock prices when the firm went online?
   a. The sales and profits dropped.
   b. Schwab's stock prices dropped.
   c. New customers were attracted and ignited trading volume.
   d. All of the above.
(d; Easy; p. 69)

3. How was Schwab's switching transactions to the Web <u>not</u> affected after the first year?
   a. Profits were so low they went out of business.
   b. Switching transactions to the Web created big productivity gains.
   c. Switching transactions to the Web reduced costs.
   d. Schwab was handling five times as many trades on the Web as at its phone centers.
(a; Easy; p. 70)

4. What did Schwab find out was <u>not</u> a drawback to its business on the Web?
   a. Some people need human contact.
   b. Customers can handle their finances independently.
   c. It may be difficult to gain people's trust on the Web.
   d. Some people need advice on the right allocation for their portfolio.
(b; Easy; p. 70)

5. What are some ways that Schwab's click-and-mortar model let customers design the specific blend of high-tech independence and high-touch service they need?
   a. At Schwab.com's free online Learning Center, customers can hear live audio feeds of lectures.
   b. At Schwab.com's free online Learning Center, customers can take interactive courses on everything from "Investing Fundamentals" to "How to Place a Stock Order."
   c. A "Portfolio Checkup" helps customers do online asset-allocation planning based on their tolerance for risk.
   d. all of the above

(d; Moderate; p.70)

6. What is one thing that Schwab's customers <u>cannot</u> do on the Web kiosks at its branches?
   a. go online to check their accounts
   b. check their e-mail
   c. get help from a service rep on the spot
   d. get "Portfolio Consultation" services

(b; Moderate; p. 70)

7. How has Schwab's click-and-mortar model <u>not</u> been affected by putting customers first?
   a. The business has met with stunning success.
   b. Schwab now runs the world's largest e-commerce site.
   c. During recent declines in stock market trading, the company lost profit.
   d. Stockholders have shared richly in this success.

(c; Challenging; p. 70)

8. What is the name for the recent technology advances including the widespread use of the Internet?
   a. an Old Economy
   b. a New Economy
   c. a New World
   d. advancing technology

(b; Easy; p. 72)

9. What was <u>not</u> a strategy and practice of the Old Economy?
   a. digitalization
   b. products standardization
   c. mass marketing
   d. media advertising

(a; Moderate; p. 72)

10. What is <u>not</u> a specific force that underlies the new Internet age?
   a. the explosion of the Internet
   b. digitalization and connectivity
   c. store retailing
   d. new types of intermediaries
(c; Challenging; p. 71)

11. Many appliances and systems in the past operated on analog information. Which of the following has <u>not</u> run on analog information?
   a. a laptop computer
   b. telephone systems
   c. a wristwatch
   d. musical recordings
(a; Moderate; p. 71)

12. _____ is the system used that operates a growing number of appliances today. The information comes in bits and can be converted into bitstreams.
   a. Analog information
   b. Digital information
   c. Economy information
   d. None of the above
(b; Moderate; p. 71)

13. The _____ is (are) a vast public web of computer networks that connect users of all types all around the world to each other.
   a. intranets
   b. extranets
   c. Internet
   d. bitstreams
(c; Easy; p. 71)

14. Although the dot-com crash in 2000 led to cutbacks in technology spending, research suggests that the growth of Internet access among the world's citizens will continue to _____.
   a. decline
   b. grow slowly
   c. stay the same
   d. explode
(d; Easy; p. 71)

15. The amazing successes of early Internet companies caused _____ in the hearts of many retailers.
    a. joy
    b. excitement
    c. terror
    d. both a and b
(c; Easy; p. 71)

16. At first, what did the established brick-and-mortar firms do when the click-only firms began doing business?
    a. They dragged their feet, hoping the click-only firms would falter.
    b. They joined in right away, realizing it was a good thing.
    c. They completely ignored click-only firms.
    d. None of the above
(a; Challenging; p. 72)

17. The Old Economy revolved around _____ that mainly focused on standardizing their production, products, and business processes.
    a. information businesses
    b. manufacturing companies
    c. click-and-mortar businesses
    d. intranets and extranets
(b; Challenging; p. 72)

18. What was something the Old Economy did not focus on?
    a. standardization
    b. branding
    c. individualizing their products
    d. manufacturing
(c; Moderate; p. 72)

19. What does the term "customerization" mean?
    a. The company leaves it to individual customers to design the offering.
    b. Customers can shop anytime they want to.
    c. Customers can talk to each other on the Internet.
    d. none of the above
(a; Challenging; p. 73)

20. Sparked by new technologies, particularly the Internet, corporations are undergoing a radical transformation that is nothing less than a new _____.
    a. manufacturing company
    b. industrial revolution
    c. standardized market
    d. building
(b; Moderate; p. 73)

21. The new model will fundamentally change customers' notions of convenience, speed, price, product information, and service. This new consumer thinking will affect _____.
   a. a few businesses
   b. every business
   c. established businesses
   d. starting up businesses
(b; Easy; p. 74)

22. What should play the lead role in shaping new company strategy?
   a. the Internet
   b. financing
   c. marketing
   d. location
(c; Easy; p. 74)

23. E-business involves the use of all but one of the following. What is not associated with e-business?
   a. intranets
   b. extranets
   c. the Internet
   d. stamps
(d; Easy; p. 74)

24. Intranets are used to help _____.
   a. buying and selling processes
   b. business-to-business purchasing
   c. employees to communicate with each other
   d. customer relations
(c; Moderate; p. 71)

25. Businesses run almost entirely as e-businesses use all but one of the following.
   a. memos
   b. invoices
   c. engineering drawings
   d. paper
(d; Easy; p. 74)

26. _____ consists of companies purchasing goods, services, and information from online suppliers.
   a. E-marketing
   b. E-purchasing
   c. E-private
   d. E-customerization
(b; Moderate; p. 74)

27. What is one reason why Internet buying is <u>not</u> beneficial to the customer?
   a. convenience
   b. no need to find a parking space
   c. comparative shopping
   d. mistrust
(d; Easy, p. 74)

28. E-commerce channels give buyers access to a wealth of comparative information about companies, products, and competitors. What is one thing they do <u>not</u> provide?
   a. product lists
   b. extensive product descriptions
   c. intranets
   d. product reviews
(c; Challenging; p. 75)

29. Most of today's online customers exhibit a clear tendency toward _____.
   a. loyalty
   b. fickleness by nature and will flock to the next new idea
   c. indifference
   d. none of the above
(a; Moderate; p. 74)

30. What is one way that the Internet and other electronic channels do <u>not</u> yield advantages?
   a. E-tailors can avoid the expense of maintaining a store.
   b. E-tailors can avoid the costs of rent and utilities.
   c. E-tailors can reap the advantage of a negative operating cycle.
   d. E-tailors can print and mail catalogs to customers.
(d; Easy; p. 75)

31. Which one listed below is <u>not</u> one of the four major Internet domains?
   a. B2C (business-to-consumer)
   b. B2D (business-to-door)
   c. B2B (business-to-business)
   d. C2C (consumer-to-consumer)
(b; Easy; pp. 76-82)

32. Why do older Internet surfers mainly go online?
   a. entertainment
   b. socializing
   c. gaming
   d. investment purposes
(d; Easy; p. 78)

33. Who is most likely to go on the Internet to find an answer for a medical condition?
    a. people who are slightly younger, better educated, and more affluent than the general population
    b. the elderly
    c. people who can't afford to see a doctor
    d. a middle-aged person
(a; Moderate; p. 78)

34. When is the Internet less useful?
    a. when buying toys
    b. when buying products that must be touched or examined in advance
    c. when buying clothing
    d. when buying parts for a computer
(b; Easy; p. 79)

35. Huge e-marketspaces in which buyers and sellers find each other online, share information, and complete transactions efficiently are called _____.
    a. intranets
    b. channel conflicts
    c. open trading networks
    d. fidelity investments
(c; Challenging; p. 79)

36. _____ link(s) a particular seller with its own trading partners.
    a. Open trading networks
    b. Private trading networks
    c. Internet profitability
    d. Digital Divide
(b; Moderate; p. 80)

37. _____ is the means by which consumers can buy or exchange goods or information directly with one another.
    a. C2C (consumer-to-consumer)
    b. B2B (business-to-business)
    c. C2B (consumer-to-business)
    d. OPT (open trading networks)
(a; Easy; p. 81)

38. What is the term used for discussion groups located on commercial online services such as AOL and CompuServe?
    a. e-mail
    b. forums
    c. chat rooms
    d. instant messaging
(b; Moderate; p. 82)

39. _____ are the Internet version of forums.
   a. C2B (customer-to-business)
   b. P2P (peer-to-peer)
   c. Newsgroups
   d. Digitalization
(c; Moderate; p. 82)

40. What is the name of the e-commerce used when consumers can drive transactions
    with businesses, such as using Priceline.com?
   a. E-marketing
   b. B2S (banner-to-site)
   c. C2B (consumer-to-business)
   d. Webcasting
(c; Easy; 82)

41. The Internet gave birth to a new species of e-markets, _____ that operate only online.
   a. brick-and-mortar companies
   b. click-and-mortar companies
   c. Old Economy
   d. the click-only dot-coms
(d; Easy; p. 82)

42. Dot-coms failed for many reasons. What is one reason this happened?
   a. Some rushed into the market without proper research or planning.
   b. Some developed sound marketing strategies.
   c. Many did not rely on spin and hype.
   d. Many did not have much investors' cash.
 (a; Moderate; p. 83)

43. Which one is the best description of "channel conflict"?
   a. There would be too many customers on a company's site at one time.
   b. If a company sells its products or services online, it would be competing
      with its offline retailers.
   c. It would be hard to find its business online.
   d. The online description of a product would not be convincing enough to close a
      sale.
(b; Moderate; p. 85)

44. Companies can conduct e-marketing in any of four ways. What is not one of these
    ways?
   a. creating a Web site
   b. placing ads online
   c. calling their customers to do surveys
   d. setting up or participating in Web communities
(c; Easy; p. 86)

45. What is the main purpose for a corporate Web site?
   a. These sites are designed to sell the company's products directly.
   b. These sites are designed to build customer goodwill.
   c. These sites show a catalog and give shopping tips.
   d. These sites give out coupons and tell about sales events or contests.
(b. Challenging; p. 86)

46. To attract new visitors and to encourage revisits, e-marketers should pay close attention to the 7Cs of effective Web site design. What is included in the 7Cs?
   a. context: site's layout and design
   b. content: text, pictures, sound, and video that the Web site contains
   c. commerce: site's ability to enable commercial transactions
   d. All of the above.
(d; Easy; p. 88)

47. Effective Web sites contain all of the following except _____.
   a. deep and useful information
   b. interactive tools that help buyers find products
   c. only brick-and-mortar companies
   d. changing promotional offers
(c; Easy; p. 88)

48. From time to time a company needs to reassess its Web site's attractiveness and usefulness. What is one way that is not used to do this?
   a. To detect potential problems, it tracks hits and time spent on the site.
   b. It sends out forms in the mail to fill out and send back in to the business.
   c. It detects frequently visited pages and the sequence of pages the customer visits.
   d. It conducts quarterly phone surveys with customers.
(b; Moderate; p. 88)

49. What does the term "viral marketing" mean?
   a. It is the Internet version of word-of-mouth marketing.
   b. It is where problems occur with viruses online.
   c. It is another term for online privacy.
   d. It is another term for online security.
(a; Easy; p. 90)

50. What does the term "Web communities" not mean?
   a. a site that allows members to congregate online and exchange views
   b. the cyberspace equivalent to a Starbucks coffeehouse
   c. part of the Internet that takes advantage of the B2B properties
   d. a place where everybody knows your e-mail address
(c; Challenging; p. 91)

51. The term "Webcasting service" includes all of the following except _____.
    a. information automatically downloaded to recipients' PCs
    b. push programming
    c. news and other information tailored to specific interests
    d. financial scams
(d; Challenging; p. 94)

52. The most ardent apostles of e-commerce envision a time when the Internet will replace all but which of the following.
    a. magazines
    b. newspapers
    c. stores
    d. food markets
(d; Easy; p. 96)

53. There are two major concerns about the darker side of the Web. What are they?
    a. operating on analog information and digitalization.
    b. Internet profitability and legal and ethical issues.
    c. using the Old Economy and the New Economy.
    d. problems with dot-coms and ISPs.
(b; Challenging; pp. 96-97)

54. Of the 456 Internet companies that have gone public since 1994, _____ percent are still in business and profitable.
    a. 95
    b. 80
    c. 25
    d. 11
(d; Moderate; p. 96)

55. What is perhaps the number-one e-commerce concern?
    a. the cost of increasing speed and efficiency
    b. customerization
    c. online privacy
    d. forums
(c; Moderate; p. 97)

56. What happened as a result of personal information collected online from children?
    a. Children have no access to certain parts of the Internet.
    b. Congress passed the Children's Online Privacy Protection Act.
    c. Children began to be targeted on their sites.
    d. This caused the Digital Divide.
(b; Moderate; p. 97)

57. All of the following define "Internet fraud" except for _____.
    a. brick-and-mortar firms
    b. identity theft
    c. investment fraud
    d. financial scams
(a; Easy; p. 98)

58. "Digital Divide" is defined as _____.
    a. the conflict between corporate Web sites and marketing Web sites
    b. the gap between those who have access to the latest Internet technologies and those who don't
    c. the difference between online advertising and banner ads
    d. the conflict between C2B relations and e-commerce
(b; Moderate; p. 98)

59. Which is not a concern for Internet marketing?
    a. access by vulnerable or unauthorized groups
    b. adult-oriented materials have found it difficult to restrict access by minors
    c. children playing video games all day
    d. enforcing the honor system
(c; Easy; p. 98)

60. Identify a major force that does not shape the Internet age.
    a. digitalization and connectivity
    b. new types of intermediaries
    c. customization and customerization
    d. writing letters to businesses
(d; Easy; p. 71)

61. _____ is a powerful tool for building customer relations.
    a. E-commerce
    b. Intranet
    c. Extranet
    d. Brick-and-mortar firm
(a; Moderate; p. 74)

62. B2B includes all of the following except _____.
    a. trading networks
    b. the Web's darker side
    c. auction sites
    d. online product catalogs
(b; Easy; p. 79)

63. Which is not one of the four major e-commerce domains?
    a. E2B
    b. B2C
    c. B2B
    d. C2C
(a; Easy; p. 74)

64. In _____ e-commerce, consumers can buy or exchange goods and information directly from or with one another.
    a. B2C
    b. C2C
    c. B2B
    d. C2B
(b; Easy; p. 81)

65. Other forms of online marketing include all of the following except _____.
    a. content sponsorships
    b. microsites
    c. Web communities
    d. Intranets
(d; Challenging, p. 74)

66. All of the following are challenges that e-commerce faces except _____.
    a. Web profitability
    b. legal and ethical issues
    c. Digital Divide
    d. too many customers
(d; Challenging, p. 74)

67. When Schwab first went online, why were its online customers frustrated?
    a. Schwab offered offline customers cheaper transactions.
    b. Schwab offered offline customers fewer services.
    c. Schwab's online customers wanted access to the same investment advice offered to offline customers.
    d. They were frustrated because selection was limited.
(c; Moderate, p. 69)

68. When Schwab first went online, why were its offline customers frustrated?
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    d. Schwab offered online customers cheaper transactions.
(d; Moderate, p. 69)

69. _____is the term used to describe a company that does not offer its services on the Internet.
    a. Offline business
    b. Brick-and-mortar
    c. Click-and-mortar
    d. E-business
(b; Moderate, p. 69)

70. What caused huge risks to the Schwab Company when it was trying to please both online and offline customers?
    a. The company ran out of inventory.
    b. The company offered low rates to both online and offline customers.
    c. Online advertising caused the offline customers to feel neglected.
    d. The Web communities felt threatened by the offline customers.
(b; Challenging; p. 70)

71. The hot new marketing medium today is _____.
    a. e-commerce
    b. e-mail
    c. zip code
    d. the Internet
(b; Easy; RM 3.3, p. 94)

72. What is the new breed of e-mail ad designed to do?
    a. command your attention
    b. provide colorful graphics
    c. exhibit animation
    d. personalize audio messages
(a; Moderate; RM 3.3, p. 94)

73. Which of the following is not an appealing feature of modern e-mail ads?
    a. animation
    b. interactive links
    c. color photos
    d. non-personalized audio messages
(d; Moderate; RM 3.3, p. 94)

74. Barry Ortiz has decided to take advantage of e-mail marketing for his small business. He can realize all but one of the following advantages. Which one?
    a. target audiences in any country
    b. experience a cost of only a few cents per contact
    c. reduce personnel in the office
    d. obtain responses within 24 hours
(c; Challenging; RM 3.3, p. 95)

75. _____ form(s) the foundation of a successful direct-marketing effort.
    a. A good customer database
    b. Fast Internet connections
    c. Properly trained computer operators
    d. Attention-getting Web sites
(a; Challenging; RM 3.3, p. 95)

76. The best way to build an e-mail database is by _____.
    a. purchasing a list from brokers
    b. asking customers for their addresses at every point of contact
    c. contacting an e-mail directory
    d. none of the above
(b; Moderate; RM 3.3, p. 95)

77. How can marketers obtain e-mail addresses without paying for them?
    a. ask for them on their Web sites
    b. ask for them in their brick-and-mortar stores
    c. via response cards sent with catalogs
    d. all of the above
(d; Easy; RM 3.3, p. 95)

78. One of the following is not a common technique marketers use to obtain e-mail addresses.
    a. asking for them in print ads
    b. asking for them during service calls
    c. paying potential customers for their addresses
    d. sponsoring sign-up promotions
(c; Moderate; RM 3.3, p. 95)

79. During the five-year period of 2000 to 2005, commercial e-mail messages sent should increase approximately _____.
    a. six times
    b. seven times
    c. eight times
    d. nine times
(d; Challenging; RM 3.3, p. 94)

80. You are assigned the task at work of determining the ways that e-mail ads can track customer responses. Choose the item below that is not correct.
    a. how many people open the message
    b. who clicks through to the Web site
    c. what they do when they get there
    d. accumulate their mailing addresses
(d; Easy; RM 3.3; p. 95)

81. Connie Wright designs e-mail ads for her marketing department. Connie hopes to _____ with well-designed ads.
   a. command customer attention
   b. get customers to act
   c. achieve success
   d. both a and b
(d; Moderate; RM 3.3, p. 95)

82. Permission e-mail campaigns typically achieve higher click-through rates than traditional direct mail. What is the average click-through rate?
   a. 2 percent to 3 percent
   b. 3 percent to 5 percent
   c. 5 percent to 10 percent
   d. 10 percent to 15 percent
(d; Easy; RM 3.3, p. 95)

83. According to customer surveys, a disadvantage of permission-based e-mails is that _____.
   a. they can be annoying
   b. they can be seen as spam
   c. they are of poor quality construction
   d. both a and b
(d; Moderate; RM 3.3, p. 95)

84. The article in your textbook about Zomba Recording reveals that e-mail ads _____.
   a. can be major failures
   b. are moderately successful
   c. are extremely successful
   d. are too expensive to administer
(c; Easy; RM 3.3, p. 95)

85. Chipshot.com's e-mail ad success shows that _____ are not the only viable target.
   a. adults
   b. kids
   c. teens
   d. seniors
(a; Easy; RM 3.3, p. 95)

86. According to Weintraub, "Even among consumers who opt in to the e-mail barrage, there's a fine line between legitimate marketing and _____."
   a. junk mail
   b. spam
   c. illegal marketing
   d. black marketing
(b; Easy; RM 3.3, p. 95)

87. You just read the results of a recent survey about messages that hit e-mail inboxes that are unwanted. You have discovered that _____ are unwanted.
    a. one out of two
    b. one out of three
    c. one out of four
    d. one out of five
(b; Easy; RM 3.3, p. 95)

88. A recent survey indicates that nearly _____ percent of the e-mail receiving public deletes even e-mail they've opted in for before they ever read it.
    a. 40
    b. 50
    c. 60
    d. 70
(a; Easy; RM 3.3, p. 95)

89. Some experts agree that e-mail advertising will follow the marketing history of other examples of effective tactics in that it will _____.
    a. always remain successful
    b. become a failure
    c. be taken too far
    d. become cost-ineffective
(c; Moderate; RM 3.3, p. 95)

90. A recent study found that more than one out of three messages that hit e-mail inboxes are _____.
    a. effective
    b. failures
    c. unwanted
    d. too lengthy
(c; Moderate; RM 3.3, p. 95)

True – False

91.   Schwab became the first U.S. brokerage firm to go online.
(True; Easy; p. 69)

92.   When Schwab put customers' interests ahead of its own, it was the beginning of the downfall of the company.
(False; Easy; p. 69)

93.   When Schwab put customers' interests first, there was an immediate drop in profits and sales.
(True; Easy; p. 69)

94.   If you want advice on the right allocation for your portfolio and you are dealing with people's trust, many people do not want to use the Internet only.
(True; Easy; p. 70)

95.   Today a growing number of appliances and systems operate on a new system called analog information.
(False; Moderate; p. 71)

96.   Intranets are networks that connect a company with its suppliers, distributors, and other outside partners.
(False; Challenging; p. 71)

97.   Extranets connect people within a company to each other and to the company network.
(False; Challenging; p. 71)

98.   The Internet is a vast public web of computer networks that connect users to each other.
(True; Easy; p. 71)

99.   In the 1990s, the Internet was transformed from a mere communication tool into a certifiably revolutionary technology.
(True; Easy; p. 71)

100.   Recent studies have shown that consumers don't trust the Internet for gathering information about such things as choosing a school, finding a job, or dealing with illness.
(False; Moderate; p. 72)

101.   Toys 'R' Us had only a small amount of concern when eToys began to lure toy buyers to the Web.
(False; Easy; p. 72)

102.   The Old Economy revolved around information businesses, while the New Economy revolves around manufacturing companies.
(False; Moderate; p. 72)

103.   The Old Economy considered standardization and branding very important.
(True; Challenging; p. 72)

104.   Old Economy companies are more adept at individualizing their products.
(False; Moderate; p. 72)

105. E-commerce includes all electronics-based information exchanges within or between companies and customers.
(False; Challenging; p. 74)

106. E- business involves buying and selling processes supported by electronic means, primarily the Internet.
(False; Challenging; p. 74)

107. E-marketing is the buying side of e-commerce.
(False; Challenging; p. 74)

108. Brick-and-mortar companies avoid the expense of maintaining a store.
(False; Easy; p. 74)

109. B2C Web sites deal with exchanges between businesses and companies.
(False; Easy; p. 76)

110. A forum may take the form of a library, a "chat room," and even a classified ad directory.
(True; Moderate; p. 82)

111. The new breed of e-mail ads is designed to command your attention through animation, interactive links, color photos, streaming video, and personalized audio messages.
(True; Challenging; RM 3.3, p. 94)

112. E-mail allows marketers to send tailored messages to target audiences and expect responses within 15 hours.
(False; Easy; RM 3.3, p. 95)

113. Jupiter Media Metrix predicts that by the year 2005 the number of commercial e-mail messages sent per year will reach approximately 375 billion.
(True; Easy; RM 3.3; p. 94)

114. In general, it is not advisable to obtain e-mail addresses from outside list brokers.
(False; Moderate; RM 3.3, p. 95)

115. Permission-based methods allow customers to opt in or opt out to ensure that e-mails are sent to both current and prospective customers.
(False; Challenging; RM 3.3, p. 95)

116. E-mail advertising allows marketers to send tailored messages to targeted customers who actually want to receive them.
(True; Easy; RM 3.3, p. 95)

117. E-mail ads sent to targeted customers who actually want to receive them are very cost-effective.
(True; Moderate; RM 3.3, p. 95)

118. It is difficult to track customer responses using e-mail ads.
(False; Easy; RM 3.3 p. 95)

119. Customers who read e-mail ads can be tracked by how many people open the messages, who clicks through to the Web site, and what they do when they get there.
(True; Easy; RM 3.3, p. 95)

120. Permission-based e-mail messages are seldom annoying to the customer.
(False; Easy; RM 3.3, p. 95)

121. In the consumer's mind, there is a fine line between legitimate marketing and spam.
(True; Moderate; RM 3.3, p. 95)

122. Permission-based e-email is seldom annoying.
(False; Easy; RM 3.3, p. 95)

123. Most people would say that well-designed e-mail ads command attention and get customers to act.
(True; Moderate; RM 3.3, p. 94)

124. Juanita DeLauro wants to know how many of her firm's e-mail ads are unwanted. She recently read the results of a study that revealed that one out of every four messages is unwanted.
(False; Challenging; RM 3.3, p. 95)

125. A recent study found that 40 percent of the e-mail–receiving public deletes even e-mail they've opted in for before reading it.
(True; Moderate; RM 3.3, p. 95)

Essay

126. Explain the risks that the Schwab Company went through when it started online. Why did it remain successful?

Schwab put its customers' interests ahead of its own short-run profit concerns by offering low online rates and full offline services to all customers. At first, as predicted, sales and profits dropped, and so did Schwab's stock prices. Within a

year, however, the gamble was paying off, and switching to the Web created big productivity gains and reduced costs.
(Moderate; pp. 69-70)

127. Much of the world's business today is carried out over networks that connect people and companies. Explain what intranets and extranets are.

Intranets are networks that connect people within a company to each other and to the company network. Extranets connect a company with its suppliers, distributors, and other outside partners.
(Moderate; p. 71)

128. Provide five ways that the Internet benefits both final buyers and business buyers.

1) It can be convenient. 2) Buying is easy and private. 3) There is greater product access and selection. 4) Buyers have access to a wealth of comparative information. 5) Online buying is interactive and immediate.
(Moderate; pp. 74-76)

129. What do the letters of the four major Internet domains stand for?

B2C (business-to-consumer), B2B (business-to-business), C2C (consumer-to-consumer), C2B (consumer-to-business)
(Challenging; p. 76)

130. What are five reasons dot-coms failed?

1) Some rushed into the market without proper research or planning. 2) Many relied on spin and hype instead of developing sound marketing strategies. 3) Flushed with investors' cash, the dot-coms spent lavishly offline on mass marketing in an effort to establish brand identities and attract customers to their sites. 4) Many dot-coms failed because they had poor business models. 5) The dot-coms tended to devote too much effort to acquiring new customers instead of building loyalty. 6) Many had poorly designed Web sites that were hard to navigate. 7) They lacked well-designed distribution systems needed to ship products on time. 8) Many dot-coms failed because of the ease with which competitors could enter the Web, and the ease with which customers could switch to Web sites offering better prices.
(Challenging; p. 83)

131. What is a corporate Web site?

Corporate Web sites are designed to build customer goodwill and to supplement other sales channels, rather than to sell the company's products directly. They offer a rich variety of information and other features in an effort to answer customer questions, build closer customer relationships, and generate excitement

about the company. They provide information about the company's history, its mission, and its philosophy.
(Challenging; p. 86)

132.	To attract new visitors and to encourage revisits, e-marketers should pay close attention to the 7Cs of effective Web site design. What are these 7Cs?

1) Context, 2) Content, 3) Community, 4) Customization, 5) Communication, 6) Connection, 7) Commerce.
(Moderate; p. 88)

133.	Internet marketing practices have raised a number of ethical and legal questions. Why is online privacy perhaps the number-one e-commerce concern?

Web site activities provide extensive personal information. This may leave consumers open to information abuse if companies make unauthorized use of the information in marketing their products or exchanging databases with other companies.
(Easy; p. 97)

134.	What goes into designing e-mail ads to command attention?

The new breed of e-mail ad is designed to command your attention by being loaded with glitzy features such as animation, interactive links, color photos, streaming video, and personalized audio messages.
(Challenging; RM 3.3, p. 1)

135.	Name seven sources a firm uses to obtain e-mail addresses to build an effective database.

Ask customers at every point of contact, on company Web sites, in a brick-and-mortar store, via response cards sent with catalogs, during customer service calls, and in print ads. Some marketers sponsor sign-up promotions, offering sweepstakes or prizes as incentives to provide e-mail addresses.
(Challenging; RM 3.3, p. 1)

136.	Explain how e-mail ads allow companies to track customer responses.
Answer: A firm can track customer responses by determining how many people open the message, who clicks through to the Web site, and what they do when they get there.
(Moderate; RM 3.3, p. 2)