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| --- | --- | --- | --- | --- | --- | --- | --- | --- |
| 1. IBM defines electronic business as "the transformation of key business processes through the use of Internet technologies."

|  |  |  |
| --- | --- | --- |
|   | a.  | True |
|   | b.  | False |

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| --- | --- |
| *ANSWER:* | True |

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| 2. A transaction is an exchange of value, such as a purchase, a sale, or the conversion of raw materials into a finished product.

|  |  |  |
| --- | --- | --- |
|   | a.  | True |
|   | b.  | False |

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| *ANSWER:* | True |

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| --- | --- | --- | --- | --- | --- | --- | --- | --- |
| 3. All the activities associated with a transaction result in measurable and recordable transactions.

|  |  |  |
| --- | --- | --- |
|   | a.  | True |
|   | b.  | False |

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| --- | --- |
| *ANSWER:* | False |

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| 4. Transferring funds, placing orders, sending invoices, and shipping goods to customers are all types of activities or transactions.

|  |  |  |
| --- | --- | --- |
|   | a.  | True |
|   | b.  | False |

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| --- | --- |
| *ANSWER:* | True |

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| 5. Business-to-business electronic commerce occurs when a person sells an item through a Web auction site to another person.

|  |  |  |
| --- | --- | --- |
|   | a.  | True |
|   | b.  | False |

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| *ANSWER:* | False |

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| 6. The U.S. government is one of the largest electronic data interchange (EDI) trading partners in the world.

|  |  |  |
| --- | --- | --- |
|   | a.  | True |
|   | b.  | False |

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| --- | --- |
| *ANSWER:* | True |

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| 7. A problem that EDI pioneers faced was the high cost of implementation.

|  |  |  |
| --- | --- | --- |
|   | a.  | True |
|   | b.  | False |

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| --- | --- |
| *ANSWER:* | True |

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| --- | --- | --- | --- | --- | --- | --- | --- | --- |
| 8. Value-added networks are leased telephone lines that establish direct network connections to all trading partners of an organization.

|  |  |  |
| --- | --- | --- |
|   | a.  | True |
|   | b.  | False |

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| --- | --- |
| *ANSWER:* | False |

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| 9. The increase in broadband connections in homes is a key element in the B2C component of the second wave.

|  |  |  |
| --- | --- | --- |
|   | a.  | True |
|   | b.  | False |

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| --- | --- |
| *ANSWER:* | True |

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| 10. In some cases, business processes use traditional commerce activities very effectively, and technology cannot improve them.

|  |  |  |
| --- | --- | --- |
|   | a.  | True |
|   | b.  | False |

|  |  |
| --- | --- |
| *ANSWER:* | True |

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| 11. Irrespective of the transferability of merchandising skills to the Web, products are difficult to sell on the Web.

|  |  |  |
| --- | --- | --- |
|   | a.  | True |
|   | b.  | False |

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| --- | --- |
| *ANSWER:* | False |

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| --- | --- | --- | --- | --- | --- | --- | --- | --- |
| 12. A commodity item is a product or service that is hard to distinguish from the same product or service provided by other sellers.

|  |  |  |
| --- | --- | --- |
|   | a.  | True |
|   | b.  | False |

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| --- | --- |
| *ANSWER:* | True |

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| --- | --- | --- | --- | --- | --- | --- | --- | --- |
| 13. A product's shipping profile is a collection of details about the shipper.

|  |  |  |
| --- | --- | --- |
|   | a.  | True |
|   | b.  | False |

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| --- | --- |
| *ANSWER:* | False |

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| 14. A DVD is an excellent example of an item with a high value-to-weight ratio.

|  |  |  |
| --- | --- | --- |
|   | a.  | True |
|   | b.  | False |

|  |  |
| --- | --- |
| *ANSWER:* | True |

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| --- | --- | --- | --- | --- | --- | --- | --- | --- |
| 15. A product that has a strong brand reputation is easier to sell over the Web than an unbranded item.

|  |  |  |
| --- | --- | --- |
|   | a.  | True |
|   | b.  | False |

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| *ANSWER:* | True |

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| 16. Electronic commerce provides buyers with an easy way to customize the level of detail in the information they obtain about a prospective purchase.

|  |  |  |
| --- | --- | --- |
|   | a.  | True |
|   | b.  | False |

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| --- | --- |
| *ANSWER:* | True |

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| --- | --- | --- | --- | --- | --- | --- | --- | --- |
| 17. Electronic commerce reduces the speed and accuracy with which businesses can exchange information.

|  |  |  |
| --- | --- | --- |
|   | a.  | True |
|   | b.  | False |

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| --- | --- |
| *ANSWER:* | False |

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| 18. Electronic payment can be easier to audit and monitor than payment made by check.

|  |  |  |
| --- | --- | --- |
|   | a.  | True |
|   | b.  | False |

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| --- | --- |
| *ANSWER:* | True |

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| --- | --- | --- | --- | --- | --- | --- | --- | --- |
| 19. The legal environment in which electronic commerce is conducted is full of clear and concise laws.

|  |  |  |
| --- | --- | --- |
|   | a.  | True |
|   | b.  | False |

|  |  |
| --- | --- |
| *ANSWER:* | False |

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| 20. Economists use a formal definition of market that includes two conditions: first, the potential sellers of a good come into contact with potential buyers, and second, that a medium of exchange is available.

|  |  |  |
| --- | --- | --- |
|   | a.  | True |
|   | b.  | False |

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| --- | --- |
| *ANSWER:* | True |

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| --- | --- | --- | --- | --- | --- | --- | --- | --- |
| 21. Most economists agree that markets are weak and ineffective mechanisms for allocating scarce resources.

|  |  |  |
| --- | --- | --- |
|   | a.  | True |
|   | b.  | False |

|  |  |
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| *ANSWER:* | False |

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| 22. Businesses and individuals can use electronic commerce to reduce transaction costs by improving the flow of information and increasing the coordination of actions.

|  |  |  |
| --- | --- | --- |
|   | a.  | True |
|   | b.  | False |

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| --- | --- |
| *ANSWER:* | True |

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| --- | --- | --- | --- | --- | --- | --- | --- | --- |
| 23. Buyers and sellers in commodity markets experience significant transaction costs.

|  |  |  |
| --- | --- | --- |
|   | a.  | True |
|   | b.  | False |

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| --- | --- |
| *ANSWER:* | False |

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| 24. Using the value chain reinforces the idea that electronic commerce should be a business solution, not a technology implemented for its own sake.

|  |  |  |
| --- | --- | --- |
|   | a.  | True |
|   | b.  | False |

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| *ANSWER:* | True |

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| 25. A freight forwarder is a company that arranges shipping and insurance for international transactions.

|  |  |  |
| --- | --- | --- |
|   | a.  | True |
|   | b.  | False |

|  |  |
| --- | --- |
| *ANSWER:* | True |

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| 26. Consumer shopping on the Web is often called \_\_\_\_\_.

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
|   | a.  | B2B | b.  | B2C |
|   | c.  | brick and mortar retailing | d.  | e-procurement |

|  |  |
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| *ANSWER:* | b |

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| 27. The group of logical, related, and sequential activities and transactions in which businesses engage are often collectively referred to as \_\_\_\_\_.

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
|   | a.  | business services | b.  | business processes |
|   | c.  | business logistics | d.  | business communications |

|  |  |
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| *ANSWER:* | b |

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| 28. Banks use \_\_\_\_\_, which are electronic transmissions of account exchange information over private communications’ networks.

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
|   | a.  | wire transfers | b.  | machine translations |
|   | c.  | data analytics | d.  | big data |

|  |  |
| --- | --- |
| *ANSWER:* | a |

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| 29. Electronic funds transfers are also called \_\_\_\_\_.

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
|   | a.  | wire transfers | b.  | business transfers |
|   | c.  | data transfers | d.  | strategic transfers |

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| --- | --- |
| *ANSWER:* | a |

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| 30. Businesses that engage in electronic data interchange with each other are called \_\_\_\_\_.

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
|   | a.  | institutional partners  | b.  | channel partners  |
|   | c.  | commodity partners  | d.  | trading partners |

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| *ANSWER:* | d |

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| 31. A(n) \_\_\_\_\_ is an independent firm that offers connection and transaction-forwarding services to buyers and sellers engaged in electronic data interchange.

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
|   | a.  | value-added network | b.  | freight forwarder |
|   | c.  | business incubator | d.  | online retailer |

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| *ANSWER:* | a |

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| 32. \_\_\_\_\_ refers to technologies that include software that allows users of Web sites to participate in the creation, edition, and distribution of content on a Web site owned and operated by a third party.

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
|   | a.  | Big data  | b.  | Web 1.0 |
|   | c.  | Pure dot-com | d.  | Web 2.0 |

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| *ANSWER:* | d |

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| 33. \_\_\_\_\_ is the use of interpersonal connections online to promote or sell goods and services.

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
|   | a.  | Social integration  | b.  | Social commerce |
|   | c.  | M-commerce | d.  | Vertical integration  |

|  |  |
| --- | --- |
| *ANSWER:* | b |

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| 34. A(n) \_\_\_\_\_ is a set of processes that combine to achieve a company’s primary goal, which is typically to yield a profit.

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
|   | a.  | value system | b.  | industry value chain |
|   | c.  | strategic business unit  | d.  | business model |

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| --- | --- |
| *ANSWER:* | d |

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| 35. A(n) \_\_\_\_\_ is a specific collection of business processes used to identify customers, market to those customers, and generate sales to those customers.

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
|   | a.  | industry value chain | b.  | strategic alliance |
|   | c.  | revenue model | d.  | value-added network |

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| *ANSWER:* | c |

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| 36. The combination of store design, layout, and product display knowledge to create store environments that help convince customers to buy is called \_\_\_\_\_.

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
|   | a.  | merchandising  | b.  | crowdsourcing  |
|   | c.  | outsourcing  | d.  | departmentalizing  |

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| --- | --- |
| *ANSWER:* | a |

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| 37. \_\_\_\_\_ can be a better way to sell items that rely on personal selling skills.

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
|   | a.  | M-commerce | b.  | Social commerce |
|   | c.  | Traditional commerce | d.  | E-commerce |

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| *ANSWER:* | c |

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| 38. A barrier to the predictability of costs and revenues of electronic commerce projects is \_\_\_\_\_.

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
|   | a.  | the rapid changes in underlying technologies | b.  | the need for a critical mass willing to buy through the Internet |
|   | c.  | the cultural obstacles in conducting electronic commerce | d.  | the legal environment in which electronic commerce is conducted |

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| *ANSWER:* | a |

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| 39. \_\_\_\_\_ are the total of all costs that a buyer and a seller incur as they gather information and negotiate a purchase-and-sale transaction.

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
|   | a.  | Opportunity costs | b.  | Operating costs |
|   | c.  | Transaction costs | d.  | Historical costs |

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| *ANSWER:* | c |

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| 40. One significant component of \_\_\_\_\_ can be the investment a seller makes in equipment or in the hiring of skilled employees to supply the product or service to the buyer.

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
|   | a.  | economic costs | b.  | transaction costs |
|   | c.  | opportunity costs | d.  | retention costs |

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| *ANSWER:* | b |

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| 41. The practice of an existing firm replacing one or more of its supplier markets with its own hierarchical structure for creating the supplied product is called \_\_\_\_\_.

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
|   | a.  | merchandising  | b.  | crowdsourcing |
|   | c.  | vertical integration | d.  | horizontal integration |

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| --- | --- |
| *ANSWER:* | c |

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| 42. In a(n)\_\_\_\_\_, companies coordinate their strategies, resources, and skill sets by forming long-term, stable relationships with other companies and individuals based on shared purposes.

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
|   | a.  | market economic structure | b.  | informal economic structure |
|   | c.  | hierarchical economic structure | d.  | network economic structure |

|  |  |
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| *ANSWER:* | d |

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| 43. Strategic partnerships occurring between or among companies operating on the Internet are called \_\_\_\_\_.

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
|   | a.  | network alliances | b.  | virtual integration   |
|   | c.  | virtual companies | d.  | value-added partnerships |

|  |  |
| --- | --- |
| *ANSWER:* | c |

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| 44. As more people participate in a network, the value of the network to each participant increases. This increase in value is called a  \_\_\_\_\_.

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
|   | a.  | telework model  | b.  | network effect |
|   | c.  | network model  | d.  | transactional effect |

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| --- | --- |
| *ANSWER:* | b |

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| 45. A \_\_\_\_\_ is a way of organizing the activities that each strategic business unit undertakes to design, produce, promote, market, deliver, and support the products or services it sells.

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
|   | a.  | business activity | b.  | SWOT analysis |
|   | c.  | value chain | d.  | strategic alliance |

|  |  |
| --- | --- |
| *ANSWER:* | c |

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| 46. \_\_\_\_\_ is a primary activity undertaken by an organization's strategic business unit.

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
|   | a.  | Identifying customers | b.  | Training employees |
|   | c.  | Research and development | d.  | Borrowing funds |

|  |  |
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| *ANSWER:* | a |

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| 47. According to Porter, \_\_\_\_\_ describes the larger stream of activities into which a particular business unit's value chain is embedded.

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
|   | a.  | business strategy | b.  | value system |
|   | c.  | business integration | d.  | value-added network |

|  |  |
| --- | --- |
| *ANSWER:* | b |

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| 48. SWOT is the acronym for \_\_\_\_\_.

|  |  |  |
| --- | --- | --- |
|   | a.  | supply, wealth, occupations, and threats |
|   | b.  | supply, weaknesses, opportunities, and testing |
|   | c.  | strengths, weaknesses, opportunities, and threats |
|   | d.  | strengths, wealth, occupations, and testing |

|  |  |
| --- | --- |
| *ANSWER:* | c |

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| 49. In SWOT analysis, the question "Are industry trends moving upward?" involves identifying the \_\_\_\_\_ of an organization.

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
|   | a.  | strengths | b.  | weaknesses |
|   | c.  | opportunities  | d.  | threats |

|  |  |
| --- | --- |
| *ANSWER:* | c |

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| 50. An infrastructure issue that a company faces when it conducts international commerce includes \_\_\_\_\_.

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
|   | a.  | communication costs | b.  | language differences |
|   | c.  | trusting relationships | d.  | inhospitable cultures |

|  |  |
| --- | --- |
| *ANSWER:* | a |

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| --- | --- | --- |
| 51. Departments devoted to negotiating purchase transactions with suppliers are called \_\_\_\_\_.

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| *ANSWER:* | procurementsupply management |

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| 52. A(n) \_\_\_\_\_ is a task performed by a worker in the course of doing his or her job.

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| *ANSWER:* | business activity |

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| 53. Business-to-business (B2B) electronic commerce is sometimes called \_\_\_\_\_.

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| *ANSWER:* | e-procuremente procurement |

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| 54. In \_\_\_\_\_ or telework, an employee logs in to the company network through the Internet instead of traveling to an office.

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| *ANSWER:* | telecommuting |

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| 55. \_\_\_\_\_ is a category of electronic commerce that includes individuals who buy and sell items among themselves.

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| *ANSWER:* | Customer-to-customerC2CCustomer-to-customer (C2C) |

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| 56. \_\_\_\_\_ occurs when one business transmits computer-readable data in a standard format to another business.

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| *ANSWER:* | EDI Electronic data interchange  Electronic data interchange (EDI) |

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| 57. The term \_\_\_\_\_ refers to the theft of intellectual property from the Web.

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| *ANSWER:* | digital piracy |

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| 58. The \_\_\_\_\_ refers to a strategy adopted by many companies and investors who believed that by being the first Web site to offer a particular type of product or service, they would be given opportunities to be successful.

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| *ANSWER:* | first-mover advantage |

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| 59. \_\_\_\_\_ are mobile phones that include a Web browser, a full keyboard, and an identifiable operating system that allows users to run various software packages.

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| *ANSWER:* | SmartphonesSmartphone |

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| 60. The highly sophisticated tools for investigating patterns and knowledge contained in big data are called \_\_\_\_\_.

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| *ANSWER:* | ​data analytics |

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| 61. Seller's issue\_\_\_\_\_\_\_\_\_\_ to make shopping at their stores easier and more convenient.

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| *ANSWER:* | mobile appsmobile software applications   |

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| 62. The term \_\_\_\_\_ is used in business to describe very large stores of information such as that collected by online sellers about their customers.

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| *ANSWER:* | big data |

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| 63. The only difference a buyer perceives when shopping for a commodity item is its \_\_\_\_\_.

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| *ANSWER:* | price |

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| 64. A product’s \_\_\_\_\_ is the collection of attributes that affect how easily that product can be packaged and delivered.

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| *ANSWER:* | shipping profile |

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| 65. A(n) \_\_\_\_\_ is a gathering of people who share a common interest, and this gathering takes place on the Internet.

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| *ANSWER:* | virtual community |

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| 66. Economists generally refer to large \_\_\_\_\_ as firms, or companies.

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| *ANSWER:* | hierarchical business organizations |

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| 67. A(n) \_\_\_\_\_ unit is an autonomous part of a company that is large enough to manage itself but small enough to respond quickly to changes in its business environment.

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| *ANSWER:* | strategic businessbusiness |

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| 68. The law of \_\_\_\_\_ says that most activities yield less value as the amount of consumption increases.

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| *ANSWER:* | diminishing returns |

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| 69. Multiple firms that sell similar products to similar customers make up a(n) \_\_\_\_\_.

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| *ANSWER:* | industry  |

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| 70. Human resource management and purchasing activities, which are part of a value chain model, are known as \_\_\_\_\_.

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| *ANSWER:* | supporting activities |

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| 71. The \_\_\_\_\_  refer to the activities that each strategic business unit undertakes to design, produce, promote, market, deliver, and support the products or services it sells.

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| *ANSWER:* | primary activities |

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| 72. Software translation is also referred to as \_\_\_\_\_ translation.

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| *ANSWER:* | machine |

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| 73. The combination of language and customs is often called \_\_\_\_\_.

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| *ANSWER:* | culture |

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| 74. The term \_\_\_\_\_ refers to a translation that considers multiple elements of an environment, such as business and cultural practices, in addition to dialect variations in the language.

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| *ANSWER:* | localization |

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| 75. A(n) \_\_\_\_\_ is a secure location where incoming international shipments can be held until customs requirements are satisfied or until payment arrangements are completed.

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| *ANSWER:* | bonded warehouse |

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| 76. A(n) \_\_\_\_\_ is a company that arranges the payment of tariffs and compliance with customs laws for international shipments.

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| *ANSWER:* | customs broker |

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| 77. List the three categories of electronic commerce that are most commonly used.

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| *ANSWER:* | The three categories that are most commonly used are:* Consumer shopping on the Web, often called business-to-consumer (or B2C)
* Transactions conducted between businesses on the Web, often called business-to-business (or B2B)
* Business processes in which companies, governments, and other organizations use Internet technologies to support selling and purchasing activities
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| 78. What types of business processes are well suited to electronic commerce?

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| *ANSWER:* | The following business processes are well suited to electronic commerce:Sale/purchase of books and CDs, sale/purchase of goods that have strong brand reputations, online delivery of software and digital content, sale/purchase of travel services, online shipment tracking, and sale/purchase of investment and insurance products. |

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| 79. What are transaction costs?

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| *ANSWER:* | Transaction costs are the total of all costs that a buyer and a seller incur as they gather information and negotiate a purchase-and-sale transaction. Although brokerage fees and sales commissions can be a part of transaction costs, the cost of information search and acquisition is often far larger. Another significant component of transaction costs can be the investment a seller makes in equipment or in the hiring of skilled employees to supply the product or service to the buyer. |

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| 80. List the primary and supporting activities organized by a value chain for a strategic business unit.

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| *ANSWER:* | For each business unit, the primary activities are as follows: 1) identify customers, 2) design, 3) purchase materials and supplies, 4) manufacture product or create service, 5) market and sell, 6) deliver, and 7) provide after-sale service and support. The support activities include: 1) finance and administration, 2) human resources, and 3) technology development. |

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| 81. What are the SWOT analysis questions that an analyst should be asking to identify an organization's strengths and weaknesses?

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| *ANSWER:* | An analyst conducting a SWOT analysis should ask the following questions.​Strengths​What does the company do well?Is the company strong in its market?Does the company have a strong sense of purpose and the culture to support that purpose?​Weaknesses​What does the company do poorly?What problems could be avoided?Does the company have serious financial liabilities? |

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