**Entrepreneurship**

**And**

**Small Business Management**

Homework 8

**Chapter 10 E-Commerce**

Following are 20 questions: 16 multiple choice questions worth 4 points each and four open questions worth nine points each.

1) One of the most valuable attributes of the Web is the ability to \_\_\_\_\_\_\_\_.

A) provide companies with instantaneous customer feedback   
B) enable the site to create an appearance that the organization is able to meet customer needs that, in fact, are not possible based on its actual resources  
 C) eliminate advertising expenses and the amount of printed materials needed to facilitate promotional efforts  
D) encourage the use of credit cards as a means of paying for the online transaction

2) More than \_\_\_\_\_\_\_\_ percent of the world's online population has used the Internet to make a purchase.  
 A) 46.6   
B) 50.8   
C) 51.5   
D) 61.2

3) Online and Internet-influenced sales account for \_\_\_\_\_\_\_\_ percent of total retail sales.   
A) 40   
B) 42   
C) 60   
D) 83

4) An estimated \_\_\_\_\_\_\_\_ percent of small business owners in the U.S. have Web sites.   
A) 25   
B) 54   
C) 75   
D) 90

5) Multichannel sales account for \_\_\_\_\_\_\_\_ percent of all retail purchases.   
A) 38   
B) 41   
C) 46   
D) 49

6) Which of the following is an important issue that business owners should consider before launching an e-commerce effort?   
A) How to develop long-term relationships with customers.   
B) How to exploit the interconnectivity and the opportunities it creates to transform relationships with its suppliers, customers, and external stakeholders.   
C) How to measure the success of its Web-based sales effort.   
D) All of the above

7) Entrepreneurs should make sure they do not fall victim to any of the e-commerce myths. Which of the following is not an e-commerce myth?  
 A) Setting up a business on the Web is easy and inexpensive.   
B) If I launch a site, customers will flock to it.   
C) Making money on the Web is easy.   
D) Privacy and site security is an important issue on the Web.

8) To be successful online, small companies must create Web sites with features that appeal to experienced Web shoppers, such as \_\_\_\_\_\_\_\_.   
A) simple navigation and customer reviews   
B) solid security and quick access to product information   
C) videos and blogs   
D) the successful Web site will include all the above

9) The intentional and targeted promotion of a Web site is \_\_\_\_\_\_\_\_.   
A) critical to online success   
B) optional because once you are on the Web, you will get traffic and sales   
C) a luxury that most small businesses cannot afford   
D) contrary to current Web trends

10) An important part of any e-commerce effort is \_\_\_\_\_\_\_\_.   
A) the use of current technology and its successful implementation   
B) the ability to understand the underlying business and to develop a workable business model   
C) to have a site that is fast and dependable   
D) to have high traffic to the site, regardless of the customers' interest in what the site actually offers

11) Which of the following is not a common reason customers leave Web sites before checking out? A) Total shipping charges were too high.   
B) The privacy policy was not posted.   
C) The shopping cart was too hard to find.   
D) The site did not appear trustworthy.

12) The most significant ways online companies can bolster customer service include all of the following except \_\_\_\_\_\_\_\_.   
A) create a well-staffed and well-trained customer response team   
B) offer a simple return policy   
C) provide an easy order tracking process   
D) make financing available   
  
13) The single most common reason for abandoning online shopping carts is \_\_\_\_\_\_\_\_.  
 A) shipping and handling charges were too high   
B) delivery times were too long and the checkout process required too much information and time C) there was insufficient product information available   
D) the inability to compare the final price before buying

14) Although e-commerce can lower many costs of doing business, it still requires \_\_\_\_\_\_\_\_.   
A) a professional Web designer's input   
B) a basic infrastructure in the distribution channel to process orders, maintain inventory, fill orders, and handle customer service   
C) a brick-and-mortar store presence   
D) None of the above

15) The average conversion rate for e-commerce sites is \_\_\_\_\_\_\_\_ percent.   
A) 2.82   
B) 3.16   
C) 4.91   
D) 5.71

16) Visitors begin to evaluate the credibility of a Web site as soon as they arrive. Which of the following does not help develop a site's credibility?   
A) Posting a privacy policy.   
B) Citing reference sources.   
C) Presenting fair and objective information.   
D) Avoiding the promotion of brand names.

**Open Questions:**

1) How significant are the Internet and a Web site presence to small businesses of the twentyfirst century? How have they transformed the way we do business?

2) Identify the benefits of selling on the Web. List four benefits and describe them.

3) What does it mean to create a "simple" Web site? Name and explain four tips you would recommend.

121) Identify and briefly explain five of the design characteristics that contribute to a successful Web site.