

**CHAPTER TWO**  
**STRATEGIC E-MARKETING AND PERFORMANCE METRICS**

**Multiple Choice**

1. Which of the following is a goal oriented focus of strategic planning?
  - a. growth
  - b. competitive position
  - c. geographic scope (e.g., expansion)
  - d. all of the above(d; Easy; LO1; Analytic Skills)
  
2. The four performance areas of the balanced scorecard include all of the following except \_\_\_\_\_.
  - a. customer perspective
  - b. internal business perspective
  - c. learning and growth perspective
  - d. metrics perspective(d; Moderate; LO3; Analytic Skills)
  
3. Regarding customers and business partners, e-marketing is capable of improving the overall value propositions by \_\_\_\_\_.
  - a. increasing benefits for customers
  - b. decreasing costs for customers and the company
  - c. increasing the revenues
  - d. all of the above(d; Moderate; LO2; Analytic Skills)
  
4. The various levels of organizational commitment to e-business include all of the following, except \_\_\_\_\_.
  - a. activity
  - b. business process
  - c. enterprise
  - d. business policy(d; Moderate; LO2; Use of Information Technology)
  
5. The costs associated with the organization's value proposition include, for example, \_\_\_\_\_.
  - a. time
  - b. energy
  - c. psychic
  - d. all of the above(d; Easy, LO3; Analytic Skills)

6. Which of the following is true about business use of informational technology?
- It generally increases benefits to stakeholders.
  - It generally lowers costs to stakeholders.
  - It can lead to a decrease in value to stakeholders.
  - All of the above.
- (d; Easy; LO1; Use of Information Technology)
7. Which of the following is not a viable competitive position for a firm within its given industry?
- industry leader (e.g., Google)
  - price leader (e.g., Priceline)
  - quality leader (e.g., Mercedes)
  - business model leader (e.g., Borders)
- (d; Moderate; LO1; Analytic Skills)
8. Corporate level business strategies that include information technology components, such as internet, digital databases) are known as \_\_\_\_\_.
- marketing strategies
  - e-business strategies
  - e-marketing strategies
  - corporate strategies
- (b; Easy; LO2; Use of Information Technology)
9. Which of the following is not one of the four appropriate rationales for choosing the objectives of a strategic plan?
- strategic justification
  - personal justification
  - technical justification
  - financial justification
- (b; Moderate; LO1; Reflective Thinking Skills)
10. Important elements of value include all of the following except \_\_\_\_\_.
- customers' perception of product benefits
  - partners' perception of product costs
  - customer evaluations of support services
  - all of the above
- (b, Moderate, LO3; Analytic Skills)

11. Which of the following processes is unlikely to be carried out at the activity level of e-business commitment?
- customer relationship management
  - online purchasing
  - e-mail
  - dynamic pricing online
- (a; Difficult; LO<sub>2</sub>; Reflective Thinking Skills)
12. Which of the following is not an activity which is likely to be practiced at the business process level of e-business commitment?
- content publishing
  - knowledge management
  - direct selling
  - database marketing
- (c; Difficult; LO<sub>2</sub>; Reflective Thinking Skills)
13. \_\_\_\_\_ are specific measures designed to evaluate the effectiveness and efficiency of an organization's operations.
- Strategic outcomes
  - Key performance metrics
  - Business models
  - Strategic objectives
- (b; Moderate; LO<sub>3</sub>; Analytic Skills)
14. \_\_\_\_\_ can be learned from dividing net profits by total assets.
- Return on investment (ROI)
  - Market capitalization
  - Earnings
  - Income
- (a; Easy; LO<sub>3</sub>; Analytic Skills)
15. Profits and return on investment (ROI) are among the most common metrics used to assess performance from the \_\_\_\_\_ perspective.
- customer
  - internal
  - innovation/learning
  - financial
- (d; Moderate; LO<sub>3</sub>; Reflective Thinking)

16. Content sponsorship, direct selling, and social networking, occur at the \_\_\_\_\_ of the e-business model.
- activity level
  - business process level
  - enterprise level
  - none of the above
- (c; Difficult; LO2; Use of Information Technology)
17. Database marketing and customer relationship management (CRM) occur at the \_\_\_\_\_ of the e-business model.
- activity level
  - business process level
  - enterprise level
  - none of the above
- (b; Difficult; LO2; Use of Information Technology)
18. Within the e-business model, e-mail occurs \_\_\_\_\_.
- at the activity level
  - at the business process level
  - at the enterprise level
  - none of the above
- (a; Difficult; LO2; Use of Information Technology)
19. Within the e-business model, order processing occurs \_\_\_\_\_.
- at the activity level
  - at the business process level
  - at the enterprise level
  - none of the above
- (a; Difficult; LO2; Use of Information Technology)
20. The internal perspective of the Balanced Scorecard gives particular attention to \_\_\_\_\_.
- market share
  - shareholder value
  - supply chain value to the company
  - customer satisfaction
- (c; Moderate; LO3; Analytic Skills)

## True/False

21. The Balanced Scorecard is based on three stakeholder perspectives.
  - a. True
  - b. False(b; Easy; LO<sub>3</sub>; Analytic Skills)
  
22. Return on investment (ROI) is a popular metric used to measure performance regarding the *financial perspective* or the Balanced Scorecard.
  - a. True
  - b. False(a; Moderate; LO<sub>3</sub>; Analytic Skills)
  
23. According to the text, Raytheon has measured transactions and loyalty to evaluate the *customer perspective* of the Balanced Scorecard.
  - a. True
  - b. False(a; Moderate; LO<sub>3</sub>; Reflective Thinking Skills)
  
24. Objectives, strategies and tactics exist exclusively at the executive level.
  - a. True
  - b. False(b; Difficult; LO<sub>1</sub>; Reflective Thinking Skills)
  
25. In order to determine whether a business model is an appropriate fit for a given firm it is important to consider connected activities and price.
  - a. True
  - b. False(a; Moderate; LO<sub>2</sub>; Reflective Thinking Skills)
  
26. All e-business models are internet business models.
  - a. True
  - b. False(b; Easy; LO<sub>2</sub>; Reflective Thinking Skills)
  
27. Customer relationship management focuses only on retaining existing individual customers.
  - a. True
  - b. False(b; Moderate; LO<sub>2</sub>; Reflective Thinking Skills)

28. The Balanced Scorecard can be used by all types of businesses.  
a. True  
b. False  
(a, Moderate, LO3; Reflective Thinking Skills)
29. Strategy represents the means to achieve a goal.  
a. True  
b. False  
(a; Easy; LO1; Reflective Thinking Skills)
30. An e-business model is a method by which the organization sustains itself in the long term using information technology resources and principles.  
a. True  
b. False  
(a; Moderate; LO2; Use of Information Technology)
31. Information technology always lowers costs to business stakeholders.  
a. True  
b. False  
(b; Difficult; LO2; Use of Information Technology)
32. Growth in market share is the main way for e-commerce companies to evaluate long term performance.  
a. True  
b. False  
(b; Difficult, LO3; Analytic Skills)

### Essay

33. What are four types of justifications that a decision maker may cite to support or oppose an organizational or marketing campaign?
- Strategic justification
  - Operational justification
  - Technical justification
  - Financial justification
- (Moderate; LO1)

34. From the customer's perspective, what are the value-added benefits of e-marketing?
- Online mass customization
  - Personalization
  - 24/7 Convenience
  - Self-service ordering and tracking
  - One-stop shopping
- (Moderate; LO1; Use of Information Technology)
35. Business organizations may vary according to their e-business activities. What are the different levels of commitment to e-business available to these organizations?
- Activity: e-mail, blog
  - Business process: customer relationship management (CRM)
  - Enterprise: offline and online retailing
  - Pure play: 100% online, dot-com or dot-net, presence
- (Difficult; LO2; Use of Information Technology)
36. What are the benefits of the Balanced Scorecard?
- Means to monitor and measure performance
  - Links strategy to measurement
  - Measure performance metrics in customer, internal, innovation and learning, and financial areas.
- (Difficult; LO3; Analytic Skills)
37. What are the four perspectives of the Balanced Scorecard?
- Customer
  - Internal business
  - Learning and growth
  - Financial
- (Easy; LO3)
38. On what bases can organizations appraise or evaluate their business models?
- Customer Value
  - Scope
  - Price
  - Revenue Sources
  - Connected Activities
  - Implementation
  - Capabilities
  - Sustainability
- (Moderate, LO2; Analytic Skills)

39. The Balanced Scorecard provides several metrics for evaluating the customer perspective. What are these specific metrics?
- Customer Loyalty
  - Lifetime Value
  - Customer perceptions
  - Penetration of target market
  - Customer buying patterns
- (Difficult; LO3)