Package Title: Testbank Questions
Course Title: MIS 3e
Chapter Number: 2

Question Type: True/False

1) Competitive advantage leads to control of a market.

Answer: True

Title: Testbank Question 2.01
Difficulty: Easy
Learning Objective 1: LO 2.0 Provide a real-world application of how information systems can contribute to organizational strategies and competitive advantage.
Section Reference 1: Introduction
Bloom's Taxonomy: Comprehension

2) Refer to the Opening Case – GrubHub Seamless: Based on the information provided in the case, GS's system can instantly deliver to a sports bar as much chicken as the restaurant in a particular neighborhood will need for fulfill orders during a particular College Football game appearing to TV.

Answer: false

Title: Testbank Question 2.02
LO 2.0 Provide a real-world application of how information systems can contribute to organizational strategies and competitive advantage.
Section Reference 1: Opening Case: Sharing Bicycles
Difficulty: Medium
Bloom's Taxonomy: Synthesis

3) Refer to the Opening Case – GrubHub Seamless: Based on the information provided in the case, GS's system enables a restaurant to instantly adjust its online menu when it runs out of an item on the menu.

Answer: true

Title: Testbank Question 2.03
Learning Objective 1: LO 2.0 Provide a real-world application of how information systems can contribute to organizational strategies and competitive advantage.
Section Reference 1: Introduction
Difficulty: Medium
Bloom's Taxonomy: Synthesis

4) The business environment refers to the industry that a company is in.

Answer: False

Title: Testbank Question 2.04
Learning Objective 1: LO 2.1 Identify effective IT responses to different kinds of business pressures
Section Reference 1: 2.1 Business Pressures, Organizational Responses, and IT Support
Difficulty: Easy
Bloom's Taxonomy: Comprehension

5) A Competitive advantage helps an organization to control a market and to accrue larger-than-average profits.

Answer: True

Title: Testbank Question 2.05
Learning Objective 1: LO 2.1 Identify effective IT responses to different kinds of business pressures
Section Reference 1: 2.1 Business Pressures, Organizational Responses, and IT Support
Difficulty: Easy
Bloom's Taxonomy: Comprehension

6) Globalization is the integration and interdependence of many facets of life made possible by rapid advances in information technology.

Answer: True

Title: Testbank Question 2.06
Learning Objective 1: LO 2.1 Identify effective IT responses to different kinds of business pressures
Section Reference 1: Introduction
Difficulty: Easy
Bloom's Taxonomy: Comprehension

7) Acquiring competitive advantage is essential for your organization's survival. Organizations achieve competitive advantage only through the efforts of their employees.

Answer: False

Title: Testbank Question 2.07
Learning Objective 1: LO 2.1 Identify effective IT responses to different kinds of business pressures
Section Reference 1: Introduction
Difficulty: Medium
Bloom's Taxonomy: Analysis

8) The information technology environment is the combination of social, legal, economic, physical, and political factors that affect business activities.

Answer: False

Title: Testbank Question 2.08
Learning Objective 1: LO 2.1 Identify effective IT responses to different kinds of business pressures
Section Reference 1: 2.1 Business Pressures, Organizational Responses, and IT Support
Difficulty: Easy
Bloom's Taxonomy: Analysis

9) In general, labor costs are higher in developed countries than in developing countries.

Answer: True

Title: Testbank Question 2.09
Learning Objective 1: LO 2.1 Identify effective IT responses to different kinds of business pressures
Section Reference 1: 2.1 Business Pressures, Organizational Responses, and IT Support
Difficulty: Easy
Bloom's Taxonomy: Application

10) According to Thomas Friedman, there are four eras of globalization.

Answer: True

Title: Testbank Question 2.10
Learning Objective 1: LO 2.1 Identify effective IT responses to different kinds of business pressures
Section Reference 1: 2.1 Business Pressures, Organizational Responses, and IT Support
Difficulty: Easy
Bloom's Taxonomy: Comprehension

11) Developed countries usually provide greater fringe benefits than developing countries.

Answer: True

Title: Testbank Question 2.11
Learning Objective 1: LO 2.1 Identify effective IT responses to different kinds of business pressures

12) Information technology is facilitating the entry of a wide variety of employees into the workforce.

Answer: True

Title: Testbank Question 2.12
Learning Objective 1: LO 2.1 Identify effective IT responses to different kinds of business pressures
Section Reference 1: 2.1 Business Pressures, Organizational Responses, and IT Support
Difficulty: Easy
Bloom's Taxonomy: Application

13) Internet access in the United States is not particularly related to household income.

Answer: False

Title: Testbank Question 2.13
Learning Objective 1: LO 2.1 Identify effective IT responses to different kinds of business pressures
Section Reference 1: 2.1 Business Pressures, Organizational Responses, and IT Support
Difficulty: Easy
Bloom's Taxonomy: Application

14) In general, government deregulation decreases competition.

Answer: False

Title: Testbank Question 2.14
Learning Objective 1: LO 2.1 Identify effective IT responses to different kinds of business pressures
Section Reference 1: 2.1 Business Pressures, Organizational Responses, and IT Support
Difficulty: Easy
Bloom's Taxonomy: Application

15) Ethical issues are important because, if handled poorly, they can damage an organization's image.

Answer: True

Title: Testbank Question 2.15
Learning Objective 1: LO 2.1 Identify effective IT responses to different kinds of business pressures
Section Reference 1: 2.1 Business Pressures, Organizational Responses, and IT Support
Difficulty: Easy
Bloom's Taxonomy: Application

16) Build-to-stock is a strategy of producing customized products and services.

Answer: False

Title: Testbank Question 2.16
Learning Objective 1: LO 2.1 Identify effective IT responses to different kinds of business pressures
Section Reference 1: 2.1 Business Pressures, Organizational Responses, and IT Support
Difficulty: Easy
Bloom's Taxonomy: Comprehension

17) In mass production, a company produces a large quantity of identical items.

Answer: True

Title: Testbank Question 2.17
Learning Objective 1: LO 2.1 Identify effective IT responses to different kinds of business pressures
Section Reference 1: 2.1 Business Pressures, Organizational Responses, and IT Support
Difficulty: Easy
Bloom's Taxonomy: Comprehension

18) In mass customization, companies produce items in large quantity, but they tailor the items to meet the desires and needs of individual customers.

Answer: True

Title: Testbank Question 2.18
Learning Objective 1: LO 2.1 Identify effective IT responses to different kinds of business pressures
Section Reference 1: 2.1 Business Pressures, Organizational Responses, and IT Support
Difficulty: Easy
Bloom's Taxonomy: Comprehension

19) Customer intimacy is the process whereby a business learns as much as possible about its customers to better anticipate and address their needs.

Answer: True

Title: Testbank Question 2.19
Learning Objective 1: LO 2.1 Identify effective IT responses to different kinds of business pressures
Section Reference 1: 2.1 Business Pressures, Organizational Responses, and IT Support
Difficulty: Easy
Bloom's Taxonomy: Knowledge

20) A growing IT initiative called green IT is enabling organizations to reduce their carbon footprint.

Answer: True

Title: Testbank Question 2.20
Learning Objective 1: LO 2.1 Identify effective IT responses to different kinds of business pressures
Section Reference 1: 2.1 Business Pressures, Organizational Responses, and IT Support
Difficulty: Easy
Bloom's Taxonomy: Knowledge

21) The digital divide is the gap between data and knowledge.

Answer: False

Title: Testbank Question 2.21
Learning Objective 1: LO 2.1 Identify effective IT responses to different kinds of business pressures
Section Reference 1: 2.1 Business Pressures, Organizational Responses, and IT Support
Difficulty: Easy
Bloom's Taxonomy: Knowledge

22) The One Laptop per Child project aims to use technology to revolutionize how the world can educate its children.

Answer: True

Title: Testbank Question 2.22
Learning Objective 1: LO 2.1 Identify effective IT responses to different kinds of business pressures

23) Competitive advantage helps a company function effectively within a market and generate larger-than-average profits.

Answer: True

24) An information system that helps an organization gain a competitive advantage is called a competitive information system.

Answer: False

25) Every competitive organization is driven by the competitive forces identified by Michael Porter.

Answer: True

26) Michael Porter concludes that the overall impact of the Internet is to increase competition, which generally diminishes a firm's profitability.

Answer: True

Title: Testbank Question 2.26
Learning Objective 1: LO 2.2 Describe the strategies that organizations typically adopt to counter Porter's five competitive forces.
Section Reference 1: 2.2 Competitive Advantage and Strategic Information Systems
Difficulty: Easy
Bloom's Taxonomy: Comprehension

27) The Internet increases traditional barriers to entry into a market.

Answer: False

Title: Testbank Question 2.27
Learning Objective 1: LO 2.2 Describe the strategies that organizations typically adopt to counter Porter's five competitive forces.
Section Reference 1: 2.2 Competitive Advantage and Strategic Information Systems
Difficulty: Easy
Bloom's Taxonomy: Comprehension

28) The Internet decreases customers' bargaining power.

Answer: False

Title: Testbank Question 2.28
Learning Objective 1: LO 2.2 Describe the strategies that organizations typically adopt to counter Porter's five competitive forces.
Section Reference 1: 2.2 Competitive Advantage and Strategic Information Systems
Difficulty: Easy
Bloom's Taxonomy: Comprehension

29) Information-based industries face the greatest threat from substitutes.

Answer: True

Title: Testbank Question 2.29
Learning Objective 1: LO 2.2 Describe the strategies that organizations typically adopt to counter Porter's five competitive forces.
Section Reference 1: 2.2 Competitive Advantage and Strategic Information Systems
Difficulty: Easy
Bloom's Taxonomy: Comprehension

30) The music industry is a good example of the extremely low variable costs of digital products.

Answer: True

Title: Testbank Question 2.30

31) The introduction of the ATM in the banking industry is an example of the innovation strategy.

Answer: True

Title: Testbank Question 2.31
Learning Objective 1: LO 2.2 Describe the strategies that organizations typically adopt to counter Porter's five competitive forces.
Section Reference 1: 2.2 Competitive Advantage and Strategic Information Systems
Difficulty: Easy
Bloom's Taxonomy: Application

32) An entry barrier is a long-term competitive advantage.

Answer: False

Title: Testbank Question 2.32
Learning Objective 1: LO 2.2 Describe the strategies that organizations typically adopt to counter Porter's five competitive forces.
Section Reference 1: 2.2 Competitive Advantage and Strategic Information Systems
Difficulty: Easy
Bloom's Taxonomy: Comprehension

33) The bargaining power of suppliers is low when their buyers have many choices.

Answer: True

Title: Testbank Question 2.33
Learning Objective 1: LO 2.2 Describe the strategies that organizations typically adopt to counter Porter's five competitive forces.
Section Reference 1: 2.2 Competitive Advantage and Strategic Information Systems
Difficulty: Easy
Bloom's Taxonomy: Comprehension

34) When there are many substitute products, a company can create a competitive advantage by increasing fees.

Answer: False

Title: Testbank Question 2.34

35) Porter's value chain model is a variation of his competitive advantage framework.

Answer: False

Title: Testbank Question 2.35
Learning Objective 1: LO 2.2 Describe the strategies that organizations typically adopt to counter Porter's five competitive forces.
Section Reference 1: 2.2 Competitive Advantage and Strategic Information Systems
Difficulty: Easy
Bloom's Taxonomy: Comprehension

36) The primary activities in the value chain create the value for which customers are willing to pay.

Answer: True

Title: Testbank Question 2.36
Learning Objective 1: LO 2.2 Describe the strategies that organizations typically adopt to counter Porter's five competitive forces.
Section Reference 1: 2.2 Competitive Advantage and Strategic Information Systems
Difficulty: Easy
Bloom's Taxonomy: Comprehension

37) It's a good idea for a company to select two competitive advantage strategies.

Answer: False

Title: Testbank Question 2.37
Learning Objective 1: LO 2.2 Describe the strategies that organizations typically adopt to counter Porter's five competitive forces.
Section Reference 1: 2.2 Competitive Advantage and Strategic Information Systems
Difficulty: Easy
Bloom's Taxonomy: Comprehension

38) The strategic impact of Information systems impacts small or medium-sized companies differently than it impacts a large firm.

Answer: False

Title: Testbank Question 2.38

Learning Objective 1: LO 2.2 Describe the strategies that organizations typically adopt to counter Porter's five competitive forces.
Section Reference 1: 2.2 Competitive Advantage and Strategic Information Systems
Difficulty: Medium
Bloom's Taxonomy: Application

Question Type: Multiple Choice

39) Which of the following statements is false?

a) Competitive advantage is based on some measurement such as cost, quality, or speed.
b) Competitive advantage enables a company to function effectively within a market.
c) Competitive advantage leads to higher-than-average profits.
d) Competitive advantage requires the use of technology.
e) Competitive advantage applies to companies of all sizes.

Answer: d

Title: Testbank Question 2.39
Learning Objective 1: LO 2.0 Provide a real-world application of how information systems can contribute to organizational strategies and competitive advantage.
Section Reference 1: Introduction
Difficulty: Easy
Bloom's Taxonomy: Comprehension

40) Business pressures on organizations are created when there are changes in _____.

a) Social factors
b) Economic factors
c) Legal factors
d) Political factors
e) Changes in all of the above will create business pressures.

Answer: e

Title: Testbank Question 2.40
Learning Objective 1: LO 2.1 Identify effective IT responses to different kinds of business pressures
Section Reference 1: 2.1 Business Pressures, Organizational Responses, and IT Support
Difficulty: Easy
Bloom's Taxonomy: Comprehension

41) Market pressures include which of the following?

a) The global economy
b) Weak competition
c) A homogeneous workforce
d) Weak customers
e) High-cost offshore labor

Answer: a

Title: Testbank Question 2.41
Learning Objective 1: LO 2.1 Identify effective IT responses to different kinds of business pressures
Section Reference 1: 2.1 Business Pressures, Organizational Responses, and IT Support
Difficulty: Easy
Bloom's Taxonomy: Comprehension

42) The workforce in developed countries is exhibiting all of the following trends except _____.

a) It is becoming more diversified.
b) It includes more women.
c) It includes more single parents.
d) It includes fewer persons with disabilities.
e) It includes more minority-group members.

Answer: d

Title: Testbank Question 2.42
Learning Objective 1: LO 2.1 Identify effective IT responses to different kinds of business pressures
Section Reference 1: 2.1 Business Pressures, Organizational Responses, and IT Support
Difficulty: Medium
Bloom's Taxonomy: Application

43) Ted works in his family's bakery business. They supply bread and rolls to neighboring restaurants, and they have their own store front where they sell breads, rolls, pastries, cookies and cupcakes. Ted wants to start being able to ship an order that comes in from their Web site. This idea reflects:

a) An organizational response to business pressures.
b) A technology response to business pressures.
c) A response to powerful customers
d) A response to globalization.
e) An effort to "go green."

Answer: d

Title: Testbank Question 2.43
Learning Objective 1: LO 2.1 Identify effective IT responses to different kinds of business pressures
Section Reference 1: 2.1 Business Pressures, Organizational Responses, and IT Support
Difficulty: Medium
Bloom's Taxonomy: Evaluation

44) Today's customers have _____.

a) less knowledge about products
b) less sophistication
c) difficulty in finding information about products
d) higher expectations
e) difficulty in comparing prices

Answer: d

Title: Testbank Question 2.44
Learning Objective 1: LO 2.1 Identify effective IT responses to different kinds of business pressures
Section Reference 1: 2.1 Business Pressures, Organizational Responses, and IT Support
Difficulty: Easy
Bloom's Taxonomy: Analysis

45) Ted works in his family's bakery business. They supply bread and rolls to neighboring restaurants, and they have their own storefront where they sell breads, rolls, pastries, cookies, and cupcakes. Ted knows he needs to understand more about his customers to anticipate their needs. This is called _____.

a) Customer data
b) Customer knowledge
c) Customer intimacy
d) Customer information
e) Customer processing

Answer: c

Title: Testbank Question 2.45
Learning Objective 1: LO 2.1 Identify effective IT responses to different kinds of business pressures
Section Reference 1: 2.1 Business Pressures, Organizational Responses, and IT Support
Difficulty: Easy
Bloom's Taxonomy: Analysis

46) Which of the following statements concerning technology pressures on modern businesses is true?

a) Technology changes so rapidly that organizations should wait before they release new technology-based products.
b) New technologies offer alternative service options.
c) New technologies will never replace existing technologies.
d) The amount of information on the Internet remains stable from year to year.
e) The important information on the Internet is fee-based.

Answer: b

Title: Testbank Question 2.46
Learning Objective 1: LO 2.1 Identify effective IT responses to different kinds of business pressures
Section Reference 1: 2.1 Business Pressures, Organizational Responses, and IT Support
Difficulty: Medium
Bloom's Taxonomy: Analysis

47) The acronym BOYD stands for what?

a) Backup Your Own Data
b) Buy Your own Device
c) Bring Your Own Data
d) Bring Your Own Device

Answer: d

Title: Testbank Question 2.47
Learning Objective 1: LO 2.1 Identify effective IT responses to different kinds of business pressures
Section Reference 1: 2.1 Business Pressures, Organizational Responses, and IT Support
Difficulty: Medium
Bloom's Taxonomy: Application

48) Refer to IT's About Business 2.1 – "Bring Your Own Device" Can Cause Problems: Hamilton Fraser uses Mobiletron to provide device management and security to manage devices employees want to connect to the corporate network. Which of the following is not a correct statement? HP uses Mobiletron to _____.

a) erase corporate data from personal devices if lost or stolen.
b) track how many employees were access corporate network.
c) track if employee is using network for shopping or playing games.
d) determine if the device being used is approved.
e) All of the choices are correct.

Answer: e

Title: Testbank Question 2.48
Learning Objective 1: LO 2.1: Identify effective IT responses to different kinds of business pressures
Section Reference 1: IT's About Business2.1 - "Bring Your Own Device" Can Cause Problems
Difficulty: Medium
Bloom's Taxonomy: Application

49) Which of the following is not an example of the growing initiative called *green IT*?

a) Designing an IT infrastructure to support sustainability.
b) Building systems that monitor carbon throughout the organization.
c) Asking vendors about compliance on environmental standards.
d) Building computer applications that use less energy
e) Designing energy-efficient data centers.

Answer: d

Title: Testbank Question 2.49
Learning Objective 1: LO 2.1 Identify effective IT responses to different kinds of business pressures
Section Reference 1: 2.1 Business Pressures, Organizational Responses, and IT Support
Difficulty: Easy
Bloom's Taxonomy: Analysis

50) The digital divide is an example of which type of societal pressure?

a) social responsibility
b) government regulations
c) protection against terrorism
d) ethics
e) information overload

Answer: a

Title: Testbank Question 2.50
Learning Objective 1: LO 2.1 Identify effective IT responses to different kinds of business pressures
Section Reference 1: 2.1 Business Pressures, Organizational Responses, and IT Support
Difficulty: Easy
Bloom's Taxonomy: Analysis

51) Ted works in his family's bakery business. They supply bread and rolls to neighboring restaurants, and they have their own storefront where they sell breads, rolls,

pastries, cookies and cupcakes. At the end of each day, Ted drives the day old products to the local homeless shelter and donates them. This idea reflects _____.

a) An organizational response to business pressures.
b) A technology response to business pressures.
c) A response to powerful customers
d) A response to globalization.
e) Social responsibility.

Answer: e

Title: Testbank Question 2.51
Learning Objective 1: LO 2.1 Identify effective IT responses to different kinds of business pressures
Section Reference 1: 2.1 Business Pressures, Organizational Responses, and IT Support
Difficulty: Easy
Bloom's Taxonomy: Evaluation

52) Refer to IT's About Business 2.2 - Solar-Powered Tablets in Ethiopia: Based on the information provided, which of the following did the children receiving the Solar-Powered Tablets in Ethiopia not do?

a) Access the operating system.
b) Learn to use the tablet's camera.
c) Learn to send messages to one another.
d) Learn to customize their desktops.
e) Learn to sing in English.

Answer: c

Title: Testbank Question 2.52
Learning Objective 1: LO 2.1 Identify effective IT responses to different kinds of business pressures
Section Reference 1: IT's About Business 2.2 - Solar-Powered Tablets in Ethiopia
Difficulty: Medium
Bloom's Taxonomy: Comprehension

53) Which one of the following statements is false?

a) Businesses tend to view government regulations as expensive constraints on their activities.
b) Government deregulation reduces competition.
c) IT support is essential for compliance with many new regulations.
d) IT has been used to identify patterns of behavior associated with terrorist activities.
e) Information ethics can destroy the morale of a company's employees.

Answer: b

Title: Testbank Question 2.53
Learning Objective 1: LO 2.1 Identify effective IT responses to different kinds of business pressures
Section Reference 1: 2.1 Business Pressures, Organizational Responses, and IT Support
Difficulty: Easy
Bloom's Taxonomy: Comprehension

54) Refer to IT's About Business 2.3 – The Weather Channel: Which of the following is not a listed reason for the drop in viewership of TWC?

a) Other startup services providing online weather information
b) Lack of catastrophic weather
c) Changing viewer expectations of what a weathercast should be
d) Viewers increase use of mobile devices
e) Cable services providing weathercasts from other services

Answer: e

Title: Testbank Question 2.54
Learning Objective 1: LO 2.1 Identify effective IT responses to different kinds of business pressures
Section Reference 1: IT's About Business 2.3 – The Weather Channel:
Difficulty: Medium
Bloom's Taxonomy: Comprehension

55) Which of the following is not a response by organizations to business pressures?

a) Delay releases of innovated products.
b) Build strategic systems that enable an organization to increase market share or profits.
c) Provide tools that satisfy customers so they don't go to a competitor.
d) Manufacture customized goods at a lower cost.
e) Conduct business electronically with customers and business partners.

Answer: a

Title: Testbank Question 2.55
Learning Objective 1: LO 2.1 Identify effective IT responses to different kinds of business pressures
Section Reference 1: 2.1 Business Pressures, Organizational Responses, and IT Support
Difficulty: Medium
Bloom's Taxonomy: Comprehension

56) Producing identical items in large quantities is called _____.

a) strategic systems.

b) customer focus.
c) continuous improvement.
d) mass production.
e) mass customization.

Answer: d

Title: Testbank Question 2.56
Learning Objective 1: LO 2.1 Identify effective IT responses to different kinds of business pressures
Section Reference 1: 2.1 Business Pressures, Organizational Responses, and IT Support
Difficulty: Easy
Bloom's Taxonomy: Knowledge

57) Producing customized items in large quantities is called _____.

a) strategic systems.
b) customer focus.
c) continuous improvement.
d) mass production.
e) mass customization.

Answer: e

Title: Testbank Question 2.57
Learning Objective 1: LO 2.1 Identify effective IT responses to different kinds of business pressures
Section Reference 1: 2.1 Business Pressures, Organizational Responses, and IT Support
Difficulty: Easy
Bloom's Taxonomy: Knowledge

58) The Bodymetrics body scanner is *best* characterized as an example of _____.

a) mass production.
b) customer focus.
c) real-time customer input.
d) mass customization.
e) continuous improvement.

Answer: d

Title: Testbank Question 2.58
Learning Objective 1: LO 2.1 List and provide examples of the three types of business pressures, and describe one IT response to each.
Section Reference 1: 2.1 Business Pressures, Organizational Responses, and Information Technology Support
Difficulty: Medium

Bloom's Taxonomy: Application

59) Ted works in his family's bakery business. They supply bread and rolls to neighboring restaurants, and they have their own storefront where they sell breads, rolls, pastries, cookies, and cupcakes. Ted wants to build a Web site for the business that will allow customers to order cookies and cupcakes for later pickup. This idea represents _____.

a) An organizational response to business pressures.
b) A technology response to business pressures.
c) A response to powerful customers
d) A response to globalization.
e) An effort to "go green."

Answer: a

Title: Testbank Question 2.59
Learning Objective 1: LO 2.1 Identify effective IT responses to different kinds of business pressures
Section Reference 1: 2.1 Business Pressures, Organizational Responses, and IT Support
Difficulty: Medium
Bloom's Taxonomy: Evaluation

60) Ted works in his family's bakery business. They supply bread and rolls to neighboring restaurants, and they have their own storefront where they sell breads, rolls, pastries, cookies, and cupcakes. They've started making cupcakes but not frosting them. When a customer buys a cupcake, he/she specifies the flavor of frosting. This idea represents _____.

a) Customer service
b) Mass-production
c) Made-to-order
d) Customization
e) Mass-customization.

Answer: e

Title: Testbank Question 2.60
Learning Objective 1: LO 2.1 Identify effective IT responses to different kinds of business pressures
Section Reference 1: 2.1 Business Pressures, Organizational Responses, and IT Support
Difficulty: Easy
Bloom's Taxonomy: Evaluation

61) Information-based industries are most susceptible to which one of Porter's five forces?

a) threat of entry of new competitors
b) bargaining power of suppliers
c) bargaining power of customers
d) threat of substitute products
e) rivalry among existing firms in an industry

Answer: d

Title: Testbank Question 2.61
Learning Objective 1: LO 2.2 Describe the strategies that organizations typically adopt to counter Porter's five competitive forces.
Section Reference 1: 2.2 Competitive Advantage and Strategic Information Systems
Difficulty: Medium
Bloom's Taxonomy: Analysis

62) Ted works in his family's bakery business. They supply bread and rolls to neighboring restaurants, and they have their own store front where they sell breads, rolls, pastries, cookies and cupcakes. Ted wants to start offering gluten free products. Customers have been asking for them and leaving when he tells them he doesn't have any. This idea reflects which one of Porter's five competitive forces?

a) threat of entry of new competitors
b) bargaining power of suppliers
c) bargaining power of customers
d) threat of substitute products
e) rivalry among existing firms in an industry

Answer: d

Title: Testbank Question 2.62
Learning Objective 1: LO 2.2 Describe the strategies that organizations typically adopt to counter Porter's five competitive forces.
Section Reference 1: 2.2 Competitive Advantage and Strategic Information Systems
Difficulty: Medium
Bloom's Taxonomy: Analysis

63) Competitive advantage for an organization manifests itself as all of the following except _____.

a) Lower costs
b) Higher quality
c) Increased time to market
d) Increased profits
e) Increased speed

Answer: c

Title: Testbank Question 2.63
Learning Objective 1: LO 2.2 Describe the strategies that organizations typically adopt to counter Porter's five competitive forces.
Section Reference 1: 2.2 Competitive Advantage and Strategic Information Systems
Difficulty: Medium
Bloom's Taxonomy: Analysis

64) For most companies, the Web _____ the threat that new competitors will enter the market by _____ traditional barriers to entry.

a) decreases, increasing
b) increases, decreasing
c) increases, increasing
d) decreases, decreasing

Answer: b

Title: Testbank Question 2.64
Learning Objective 1: LO 2.2 Describe the strategies that organizations typically adopt to counter Porter's five competitive forces.
Section Reference 1: 2.2 Competitive Advantage and Strategic Information Systems
Difficulty: Medium
Bloom's Taxonomy: Analysis

65) Which of the following statements is False concerning Strategic Information Systems?

a) Strategic Information Systems provide a competitive advantage.
b) Strategic Information Systems help an organization implement its strategic goals.
c) Strategic Information Systems are only an information system that reduces a competitive disadvantage.
d) Strategic Information Systems improve an organization's performance and productivity

Answer: c

Title: Testbank Question 2.65
Learning Objective 1: LO 2.2 Describe the strategies that organizations typically adopt to counter Porter's five competitive forces.
Section Reference 1: 2.2 Competitive Advantage and Strategic Information Systems
Difficulty: Medium
Bloom's Taxonomy: Synthesis

66) _____ is a feature that must be offered by a competing organization in order to survive in the marketplace.

a) Competitive advantage
b) An entry barrier
c) Strategic advantage
d) Rapid time-to-market
e) One-to-one marketing

Answer: b

Title: Testbank Question 2.66
Learning Objective 1: LO 2.2 Describe the strategies that organizations typically adopt to counter Porter's five competitive forces.
Section Reference 1: 2.2 Competitive Advantage and Strategic Information Systems
Difficulty: Medium
Bloom's Taxonomy: Comprehension

67) The threat of competitors' entering the automobile manufacturing industry is _____ because barriers to entry are so _____.

a) low, low
b) high, high
c) high, low
d) low, high

Answer: d

Title: Testbank Question 2.67
Learning Objective 1: LO 2.2 Describe the strategies that organizations typically adopt to counter Porter's five competitive forces.
Section Reference 1: 2.2 Competitive Advantage and Strategic Information Systems
Difficulty: Medium
Bloom's Taxonomy: Analysis

68) The threat of competitors' entering a market is very high in industries that perform a(n) _____ role and in industries where the primary product or service is _____.

a) intermediation, physical
b) broker, physical
c) sales, financial
d) financial, digital
e) intermediation, digital

Answer: e

Title: Testbank Question 2.68
Learning Objective 1: LO 2.2 Describe the strategies that organizations typically adopt to counter Porter's five competitive forces.
Section Reference 1: 2.2 Competitive Advantage and Strategic Information Systems
Difficulty: Hard

69) How does the Internet affect the way you purchase your textbooks?

a) The Internet gives you fewer choices.
b) The Internet increases your bargaining power.
c) The Internet provides you with less information.
d) The Internet decreases your bargaining power.
e) The Internet increases your switching costs.

Answer: b

Title: Testbank Question 2.69
Learning Objective 1: LO 2.2 Describe the strategies that organizations typically adopt to counter Porter's five competitive forces.
Section Reference 1: 2.2 Competitive Advantage and Strategic Information Systems
Difficulty: Medium
Bloom's Taxonomy: Synthesis

70) Buyer power is _____ when buyers have many choices from whom to buy and _____ when buyers have few choices.

a) high, the same
b) high, low
c) low, low
d) low, high
e) low, the same

Answer: b

Title: Testbank Question 2.70
Learning Objective 1: LO 2.2 Describe the strategies that organizations typically adopt to counter Porter's five competitive forces.
Section Reference 1: 2.2 Competitive Advantage and Strategic Information Systems
Difficulty: Medium
Bloom's Taxonomy: Synthesis

71) The costs of delivering products in the _____ channel are much higher than delivering products in the _____ channel.

a) e-commerce, digital
b) digital, e-commerce
c) digital, physical
d) physical, financial
e) physical, digital

Answer: e

Title: Testbank Question 2.71
Learning Objective 1: LO 2.2 Describe the strategies that organizations typically adopt to counter Porter's five competitive forces.
Section Reference 1: 2.2 Competitive Advantage and Strategic Information Systems
Difficulty: Medium
Bloom's Taxonomy: Synthesis

72) Porter's competitive forces model helps organizations identify _____, whereas his value chain model helps organizations identify specific _____.

a) competitive opportunities, activities
b) general strategies, activities
c) activities, competitive opportunities
d) activities, general strategies
e) primary activities, support activities

Answer: b

Title: Testbank Question 2.72
Learning Objective 1: LO 2.2 Describe the strategies that organizations typically adopt to counter Porter's five competitive forces.
Section Reference 1: 2.2 Competitive Advantage and Strategic Information Systems
Difficulty: Hard
Bloom's Taxonomy: Evaluation

73) _____ activities create value for which customers are willing to pay, whereas _____ activities do not add value directly to the firm's products or services.

a) Support, primary
b) Human resource management, inbound logistics
c) Procurement, operations
d) Primary, support
e) Accounting, outbound logistics

Answer: d

Title: Testbank Question 2.73
Learning Objective 1: LO 2.2 Describe the strategies that organizations typically adopt to counter Porter's five competitive forces.
Section Reference 1: 2.2 Competitive Advantage and Strategic Information Systems
Difficulty: Medium
Bloom's Taxonomy: Evaluation

74) If there are _____ substitutes for an organization's products or services, then the threat of substitutes is _____.

a) many, high
b) few, low
c) few, high
d) many, low
e) few, negligible

Answer: a

Title: Testbank Question 2.74
Learning Objective 1: LO 2.2 Describe the strategies that organizations typically adopt to counter Porter's five competitive forces.
Section Reference 1: 2.2 Competitive Advantage and Strategic Information Systems
Difficulty: Medium
Bloom's Taxonomy: Synthesis

75) New technologies can produce new products very _____, which _____ the threat from substitute products.

a) slowly, decreases
b) slowly, increases
c) slowly, does not affect
d) quickly, increases
e) quickly, does not affect

Answer: d

Title: Testbank Question 2.75
Learning Objective 1: LO 2.2 Describe the strategies that organizations typically adopt to counter Porter's five competitive forces.
Section Reference 1: 2.2 Competitive Advantage and Strategic Information Systems
Difficulty: Medium
Bloom's Taxonomy: Synthesis

76) The visibility of Internet applications on the Web makes proprietary systems more difficult to keep secret. This is an example of which of Porter's five forces?

a) threat of entry of new competitors
b) bargaining power of suppliers
c) bargaining power of customers
d) threat of substitute products
e) rivalry among existing firms in an industry

Answer: e

Title: Testbank Question 2.76
Learning Objective 1: LO 2.2 Describe the strategies that organizations typically adopt to counter Porter's five competitive forces.
Section Reference 1: 2.2 Competitive Advantage and Strategic Information Systems
Difficulty: Medium

77) Walmart's automatic replenishment system, which enables the company to reduce inventory storage requirements, is an example of which strategy for competitive advantage?

a) cost leadership
b) differentiation
c) innovation
d) operational effectiveness
e) customer-orientation

Answer: a

Title: Testbank Question 2.77
Learning Objective 1: LO 2.2 Describe the strategies that organizations typically adopt to counter Porter's five competitive forces.
Section Reference 1: 2.2 Competitive Advantage and Strategic Information Systems
Difficulty: Medium
Bloom's Taxonomy: Synthesis

78) Which strategy for competitive advantage involves offering different products, services, or product features?

a) cost leadership
b) differentiation
c) innovation
d) operational effectiveness
e) customer-orientation

Answer: b

Title: Testbank Question 2.78
Learning Objective 1: LO 2.2 Describe the strategies that organizations typically adopt to counter Porter's five competitive forces.
Section Reference 1: 2.2 Competitive Advantage and Strategic Information Systems
Difficulty: Easy
Bloom's Taxonomy: Knowledge

79) Which strategy for competitive advantage involves introducing new products and putting new features in existing products?

a) cost leadership
b) differentiation
c) innovation
d) operational effectiveness
e) customer-orientation

Answer: c

Title: Testbank Question 2.79
Learning Objective 1: LO 2.2 Describe the strategies that organizations typically adopt to counter Porter's five competitive forces.
Section Reference 1: 2.2 Competitive Advantage and Strategic Information Systems
Difficulty: Easy
Bloom's Taxonomy: Knowledge

80) The introduction of ATM machines by Citibank was a classic example of which strategy for competitive advantage?

a) cost leadership
b) innovation
c) differentiation
d) operational effectiveness
e) customer-orientation

Answer: b

Title: Testbank Question 2.80
Learning Objective 1: LO 2.2 Describe the strategies that organizations typically adopt to counter Porter's five competitive forces.
Section Reference 1: 2.2 Competitive Advantage and Strategic Information Systems
Difficulty: Medium
Bloom's Taxonomy: Evaluation

81) Southwest Airlines' low-cost, short-haul strategy is an example of which strategy for competitive advantage?

a) cost leadership
b) differentiation
c) innovation
d) operational effectiveness
e) customer-orientation

Answer: b

Title: Testbank Question 2.81
Learning Objective 1: LO 2.2 Describe the strategies that organizations typically adopt to counter Porter's five competitive forces.
Section Reference 1: 2.2 Competitive Advantage and Strategic Information Systems
Difficulty: Medium
Bloom's Taxonomy: Evaluation

82) Which strategy for competitive advantage involves improving the manner in which an organization executes its internal business processes?

a) cost leadership
b) differentiation
c) innovation
d) operational effectiveness
e) customer-orientation

Answer: d

Title: Testbank Question 2.82
Learning Objective 1: LO 2.2 Describe the strategies that organizations typically adopt to counter Porter's five competitive forces.
Section Reference 1: 2.2 Competitive Advantage and Strategic Information Systems
Difficulty: Easy
Bloom's Taxonomy: Evaluation

83) When Amazon welcomes you by name back to its Web site on your second visit, it is employing which strategy for competitive advantage?

a) cost leadership
b) differentiation
c) innovation
d) operational effectiveness
e) customer-orientation

Answer: e

Title: Testbank Question 2.83
Learning Objective 1: LO 2.2 Describe the strategies that organizations typically adopt to counter Porter's five competitive forces.
Section Reference 1: 2.2 Competitive Advantage and Strategic Information Systems
Difficulty: Medium
Bloom's Taxonomy: Evaluation

84) IT will impact managers' jobs in all of the following ways except _____.

a) Managers will have time to get into the field.
b) Managers can spend more time planning.
c) Managers can spend more time "putting out fires".
d) Managers can gather information more quickly.

Answer: c

Title: Testbank Question 2.84
Learning Objective 1: LO 2.2 Describe the strategies that organizations typically adopt to counter Porter's five competitive forces.
Section Reference 1: 2.2 Competitive Advantage and Strategic Information Systems

85) Porter's _____ help(s) companies identify general strategies, whereas his _____ help(s) to identify specific activities where companies can use the strategies for greatest impact.

a) value chain model, competitive forces model
b) primary activities, support activities
c) competitive forces model, primary activities
d) competitive forces model, value chain model
e) value chain model, support activities

Answer: d

Title: Testbank Question 2.85
Learning Objective 1: LO 2.2 Describe the strategies that organizations typically adopt to counter Porter's five competitive forces.
Section Reference 1: 2.2 Competitive Advantage and Strategic Information Systems
Difficulty: Medium
Bloom's Taxonomy: Comprehension

86) Ted works in his family's bakery business. They supply bread and rolls to neighboring restaurants, and have their own store-front where they sell breads, rolls, pastries, cookies, and cupcakes. Ted thinks he should put free Wi-Fi in the store front (which seats about 15 people). This idea reflects which one of Porter's five competitive forces?

a) threat of entry of new competitors
b) bargaining power of suppliers
c) bargaining power of customers
d) threat of substitute products
e) rivalry among existing firms in an industry

Answer: e

Title: Testbank Question 2.86
Learning Objective 1: LO 2.2 Describe the strategies that organizations typically adopt to counter Porter's five competitive forces.
Section Reference 1: 2.2 Competitive Advantage and Strategic Information Systems
Difficulty: Medium
Bloom's Taxonomy: Synthesis

87) Ted works in his family's bakery business. They supply bread and rolls to neighboring restaurants, and they have their own store front where they sell breads, rolls, pastries, cookies and cupcakes. Ted wants to start a Cookie Club that gives each

member (joining is free) a free cookie after they have purchased a dozen. This idea reflects which one of Porter's five competitive forces?

a) threat of entry of new competitors
b) bargaining power of suppliers
c) bargaining power of customers
d) threat of substitute products
e) rivalry among existing firms in an industry

Answer: c

Title: Testbank Question 2.87
Learning Objective 1: LO 2.2 Describe the strategies that organizations typically adopt to counter Porter's five competitive forces.
Section Reference 1: 2.2 Competitive Advantage and Strategic Information Systems
Difficulty: Medium
Bloom's Taxonomy: Synthesis

88) Which of the following is not an example of business – IT alignment?

a) The company goals are clear to every IT and business employee.
b) The company ensures that IT employees understand how the company makes money.
c) The company views IT as a way to support the business but not as a way to create new revenue streams.
d) IT professionals rotate into business departments.
e) The company views customer service as extremely important.

Answer: c

Title: Testbank Question 2.88
Learning Objective 1: 2.2 Describe the strategies that organizations typically adopt to counter Porter's five competitive forces
Section Reference 1: 2.2 Competitive Advantage and Strategic Information Systems
Difficulty: Medium
Bloom's Taxonomy: Application

89) Refer to IT's About Business 2.4 – The University of Pittsburgh Medical Center Makes Effective Use of IT: UPMC's IT initiatives are developed at its Technology Development Center (TDC). Which of the following is NOT one of the technologies being worked on by TDC?

a) a telemedicine system that combines videoconferencing with medical records
b) Robots to visit patients
c) Medical data analytics
d) utilizing cloud computing as a means for storaging the massive amounts of data being collected.

Answer: b

90) Which of the following is not a cause of inadequate alignment between IT and business?

a) A lack of communication
b) Different objectives
c) Not understanding each group's expertise
d) Lack of IT knowledge on the part of the business executives
e) Lack of funds

Answer: e

91) Refer to Closing Case #1 – IBM Watson: IBM originally developed Watson to _____.

a) Process transactions.
b) Compete on the quiz show Jeopardy
c) Identify new markets.
d) Allow PayPal to operate globally.
e) Experiment with new technology.

Answer: b

92) Refer to Closing Case 2 – A Tool to Combat Terrorism and Fight Crime: Palantic software was originally develop by PayPal to _____.

a) Process transactions.

b) detect fraud
c) Identify new markets.
d) Allow PayPal to operate globally.
e) Experiment with new technology.

Answer: b

Title: Testbank Question 2.92
Learning Objective 1: LO 2.3Define the characteristics of effective business-IT alignment.
Section Reference 1: Closing Case 2: A Tool to Combat Terrorism and Fight Crime
Difficulty: Medium
Bloom's Taxonomy: Application

Question Type: Essay

93) Identify the three types of business pressures, and explain how organizations can use IT to respond to each one.

Title: Testbank Question 2.93
Learning Objective 1: LO 2.1 Identify effective IT responses to different kinds of business pressures
Section Reference 1: 2.1 Business Pressures, Organizational Responses, and IT Support
Difficulty: Medium
Bloom's Taxonomy: Synthesis

94) Using Porter's competitive forces model, contrast the bargaining power of suppliers and the bargaining power of customers (buyers).

Title: Testbank Question 2.94
Learning Objective 1: LO 2.2 Describe the strategies that organizations typically adopt to counter Porter's five competitive forces.
Section Reference 1: 2.2 Competitive Advantage and Strategic Information Systems
Difficulty: Medium
Bloom's Taxonomy: Evaluation

95) What are *switching costs,* and why would a company care about them?

Title: Testbank Question 2.95
Learning Objective 1: LO 2.2 Describe the strategies that organizations typically adopt to counter Porter's five competitive forces.
Section Reference 1: 2.2 Competitive Advantage and Strategic Information Systems
Difficulty: Medium
Bloom's Taxonomy: Synthesis

96) Differentiate between Porter's competitive forces model and his value chain model.

Title: Testbank Question 2.96
Learning Objective 1: LO 2.2 Describe the strategies that organizations typically adopt to counter Porter's five competitive forces.
Section Reference 1: 2.2 Competitive Advantage and Strategic Information Systems
Difficulty: Medium
Bloom's Taxonomy: Synthesis

97) Differentiate between primary activities and support activities in Porter's value chain model.

Title: Testbank Question 2.97
Learning Objective 1: LO 2.2 Describe the strategies that organizations typically adopt to counter Porter's five competitive forces.
Section Reference 1: 2.2 Competitive Advantage and Strategic Information Systems
Difficulty: Medium
Bloom's Taxonomy: Synthesis

98) Evaluate the assertion that an information system by itself can rarely provide a sustainable competitive advantage.

Title: Testbank Question 2.98
Learning Objective 1: LO 2.2 Describe the strategies that organizations typically adopt to counter Porter's five competitive forces.
Section Reference 1: 2.2 Competitive Advantage and Strategic Information Systems
Difficulty: Medium
Bloom's Taxonomy: Synthesis

99) Explain what a business environment is and what factors within the environment put pressure on the business.

Title: Testbank Question 2.99
Learning Objective 1: LO 2.1 Identify effective IT responses to different kinds of business pressures
Section Reference 1: 2.1 Business Pressures, Organizational Responses, and IT Support
Difficulty: Medium
Bloom's Taxonomy: Synthesis

100) Explain how changes in social responsibility, government regulation/deregulation, social programs, protection against terrorism, and ethics put pressure on modern businesses.

Title: Testbank Question 2.100

Learning Objective 1: LO 2.1 Identify effective IT responses to different kinds of business pressures
Section Reference 1: 2.1 Business Pressures, Organizational Responses, and IT Support
Difficulty: Hard
Bloom's Taxonomy: Evaluation

101) Identify the five forces of Porter's competitive forces model, and explain how the Internet impacts each one.

Title: Testbank Question 2.101
Learning Objective 1: LO 2.2 Describe the strategies that organizations typically adopt to counter Porter's five competitive forces.
Section Reference 1: 2.2 Competitive Advantage and Strategic Information Systems
Difficulty: Hard
Bloom's Taxonomy: Evaluation

102) Provide an example of each of the five strategies for competitive advantage. (Do not use the examples provided in the book).

Title: Testbank Question 2.102
Learning Objective 1: LO 2.2 Describe the strategies that organizations typically adopt to counter Porter's five competitive forces.
Section Reference 1: 2.2 Competitive Advantage and Strategic Information Systems
Difficulty: Hard
Bloom's Taxonomy: Evaluation