



THE OPEN UNIVERSITY OF SRI LANKA  
 COMMONWEALTH EXECUTIVE MASTER OF BUSINESS/PUBLIC ADMINISTRATION  
 PROGRAMME  
 FINAL EXAMINATION 2015  
 E-COMMERCE MCP2601

DURATION: THREE (03) HOURS

DATE: 9<sup>th</sup> August, 2015

TIME: 9.30am -12.30pm

**INSTRUCTIONS**

01. Answer Four (4) questions including question Q1 (compulsory question).
02. Write legibly and be focused.
03. Question No. Q1 carries 46 marks and questions in Part-B carries 18 marks each.

**Part A – Compulsory question.**

**Q1.**

- (a) Read the following paragraph and answer the questions (i - v)

At present eBay is considered as one of the most successful e-commerce web sites. Initially eBay was designed as an online auction site, inspired by the idea of garage sales where people sell their used/unwanted stuff to other people. It was founded by Pierre Omidyar's in September 1995. Gradually the company expanded to a multimillion dollar company which will celebrate 20 years of existence in this year.

The eBay describes its purpose as to 'pioneer new communities around the world built on commerce, sustained by trust, and inspired by opportunity'. In order to achieve their objectives eBay has taken lot of initiatives in the recent past such as improving the security aspects to ensure a secure transaction, new approaches to customer relationship management and improving the website navigation for customers. While facing the competition from other competitors such as online and offline retailers, import and export companies, catalogue and mail order companies etc., eBay has taken some defensive steps to reduce the overheads as well.

- i. Describe the revenue models of eBay with examples. (5 marks)
- ii. Describe the security features adopted by eBay to ensure a secure transaction for customers. (6 marks)
- iii. Briefly explain the competitive advantage and market strategy of eBay. (6 marks)

- iv. Describe how recent developments in digital media and the Internet together with strategic decisions by the management have supported continuous growth of eBay. (7 marks)
- v. 'In Sri Lanka there are no local e-commerce websites that provide the same service as eBay with its business model.' Critically analyze this statement. (6 marks)

**(b). State whether the following statements are TRUE or FALSE. Provide reasons (in brief) for your answer.**

- i) A computer with anti-virus software is protected from all viruses.
- ii) When a physical company moves to e-commerce, building the right attitude among workers is a challenge.
- iii) Competitive advantage is that differentiate the business from its competition, enabling it to provide a superior product at a lower cost.
- iv) Encryption is the process of transforming plain text or data into a form called *ciphertext* that cannot be read by anyone other than the sender and the receiver.
- v) Outsourcing of e-commerce web site development is always a positive solution to overcome skilled worker shortage within a company, irrespective of the importance of maintaining confidentiality of the data.
- vi) In a reverse auction, the buyer is able to get a better pricing than in an auction.
- vii) Due to recent developments in m-commerce there is an upward trend in e-commerce revenue.
- viii) At present the boundary lines of intranet, extranet and Internet is diminishing.

(@2marks×8 =16 marks)

**Part B - Answer any Three (03) questions from the following****Q2.**

- (i) The Government recently signed an agreement with Google Loon to give Wi-Fi connection to the whole country. With this initiative it is assumed that there will be a dramatic increase in e-commerce trading. Critically analyze this initiative with the expected outcome in e-commerce. (6 marks)
- (ii) 'E-commerce sites are costly to maintain.' Discuss the main factors that affect costs in e-commerce. (5 marks)
- (iii) Distinguish between buy-side and sell-side e-commerce with respect to an organization. (7 marks)

**Q3.**

- (i) At present due to impact of electronic communications the linear structure of the supply chain is being changed. Select an industry of your choice and analyze how the supply chain of business-to-business has changed due to the usage of electronic communication. (6 marks)
- (ii) Maintaining the user's privacy has become one of the major limiting factors in e-commerce. Briefly describe three (03) privacy breaches that can take place in an e-commerce site and suggest methods of preventing such breaches. (7 marks)
- (iii) Compare and contrast advantages and disadvantages of being the first mover. (5 marks)

**Q4.**

- (i) Assume that you are appointed as the Chief Operational Officer of a domestic airline. In the recent past the airline has been suffering due to low turnover. It is decided to launch an e-commerce web site for the airline. Describe a mechanism to recapture the customer base through the e-commerce site paying special attention to customer relationship management. (6 marks)
- (ii) Describe why portfolio analysis is a good approach to balance a number of strategies in an organization using the scenario given in part (i) as an example. (6 marks)

- (iii) A good domain name plays a significant role in promoting an e-business. Describe key attributes of a good domain name describing how they contribute to the growth of the e- business. (6 marks)

**Q5.**

- (i) At present social media is being used extensively for marketing purposes. Describe the impact of social media marketing considering the features inbuilt to social media. (5 marks)
- (ii) Assume that you are the publicity manager of a virtual teaching school such as *Florida Virtual School* that offer courses in a wide range of topics. Prepare a SWOT analysis on the virtual school to be presented to the senior management. Write the assumptions you make. (7 marks)
- (iii) Due to the fact that music/songs are freely available in the digital media, the originators of these items suffer. Describe how Intellectual Property rights can be maintained in an e-commerce site. (6 marks)

**Q6.**

- (i) Describe three (3) different methods of security breaches in an e-commerce site. (6 marks)
- (ii) Write short notes on the following topics giving examples.  
Digital Goods, Online payment methods, online portal site (6 marks)
- (iii) Touch and smell effect is not present in online e-commerce sites. Describe different methodologies that you can adopt to minimize this gap by providing suitable examples. (6 marks)

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