



(University of Choice)

**MASINDE MULIRO UNIVERSITY OF SCIENCE AND
TECHNOLOGY
(MMUST)**

UNIVERSITY MAIN EXAMINATIONS

2018/2019 ACADEMIC YEAR

FOURTH YEAR FIRST SEMESTER EXAMINATION

**FOR THE DEGREE
OF
BACHELOR OF COMMERCE**

COURSE CODE: BCB 402

COURSE TITLE: ELECTRONIC COMMERCE

DATE: MONDAY, 28/1/2019 TIME: 12:00 - 2:00PM

INSTRUCTIONS TO CANDIDATES

Answer question **ONE** and any other **TWO** questions

TIME: 2 HOURS

MMUST observes ZERO tolerance to examination cheating

This Paper Consists of 3 Printed Pages. Please Turn Over. 

QUESTION ONE (COMPULSORY) (30 MARKS)

www.oag.com

Prior to the development of the internet the leading authority of airline timetables was Official Airline Guideline (OAG) who published the definitive guide to all commercial air travel on a global scale. The OAG publication of timetables ran to three volumes and was updated every month. For many years prior to the commercialization of the internet OAG was the industry authority on all aspects of airline timetabling and a source of valuable information for travel agents, business travelers, airline executives and even plane spotters. However, by the mid-1990s the company's market dominance came under threat from new entrants into the market who were adopting new technology in the form of the internet to collect, store and disseminate up-to-the-minute information on airline timetabling.

OAG was being disintermediated from the supply chain of information. In particular, airlines had developed their own computerized inventory system that allowed agents to see flights and book them directly. The emergence of budget airlines, such as Ryanair (www.ryanair.com) and easyJet (www.easyjet.com), enabled customers to cut out the middleman and book flights directly using the internet. The decline in sales for OAG meant that the publishers, Reed Elsevier, decided to sell the business to a venture capitalist company for \$1.

To survive, OAG had to pursue reintermediation into the supply chain of information. By 2002 the company had invested some \$15 million in new technology that was to be the basis of the business transformation. The key added value OAG could offer to business clients and customers was their expertise in the compilation of timetables. With 30 million flights annually, managing the data is a complex and precise process. The company electronically alters around 13,000 units of data in timetables every day. The technology allows OAG to manage and distribute the data more effectively. The company has developed integrated systems so that customers can access information via numerous devices including interactive television and mobile phones. Information is also available in many different languages and packaged to appeal to different types of customers.

Required:

- a) "By 2002 the company had invested some \$15 million in new technology that was to be the basis of the business transformation". Justify this statement as cited in the OAG case. (10 marks)
- b) Compare and contrast traditional commerce and e-commerce in light of the above case. (10 marks)
- c) Technology is continuously changing, discuss the various transformations that have taken place in wireless technology making it a more efficient platform for e-commerce. (10 marks)

QUESTION TWO (20 MARKS)

- a) Mwatate is a re-known clothe designer in Eastern region of Kenya. In quest to expand his business he has approached you to explain to him how e-marketing planning should be conducted. Prepare a write up to guide Mwatate on this matter. (10 marks)

- b) Choose an organization that is engaged in e-business and undertake a risk assessment analysis using the key elements of risk assessment framework. (10 marks)

QUESTION THREE (20 MARKS)

- a) Citing an example of a firm that operates in the B2C market. Identify the major characteristics of the firm's e-commerce model. (10 marks)
- b) Describe the main technologies that have contributed to the growth and commercialization of the internet. (10 marks)

QUESTION FOUR (20 MARKS)

- a) What are the main advantages that bricks and clicks organizations have over pure player (10 marks)
- b) Most companies in Kenya are contemplating going online fully. As an e-commerce consultant advice the firms on how to protect their investment in developing new information –driven products to be sold online. (10 marks)

QUESTION FIVE (20 MARKS)

- a) Explain the key differences between the virtual value chain and a physical value chain. How can firms exploit the virtual value chain to gain a competitive advantage? (10 marks)
- b) What are the key evaluation criteria that firms must take account of when rolling out new technology. (10 marks)

THIS IS THE LAST PAGE