

PGDM (RM), 2015-17
Management Information System & Advanced Excel
RM-107
Trimester – I & IV, End-Term Examination: September 2015

Time allowed: 2 hrs 30 min

Max Marks: 50

Roll No: _____

Instruction: Students are required to write Roll No. on every page of the question paper, writing anything except the Roll No will be treated as **Unfair Means**. In case of rough work please use answer sheet.

Sections	No. of Questions to attempt	Marks	Marks
A	3 out of 5 (Short Questions)	5 Marks each	3*5 = 15
B	2 out of 3 (Long Questions)	10 Marks each	2*10 = 20
C	Compulsory Case Study	15 Marks	15
		Total Marks	50

SECTION-A

Answer any 3 out of 5 (Short Questions) – 5 Marks each

QUESTION-A1 - How CRM Systems are beneficial for Enterprises Business?

QUESTION-A2 - What are different types of Keys in data tables? What is the relevance of these Keys in data tables?

QUESTION-A3 - Explain how a company can take advantage of "RFID" technology in SCM?

QUESTION-A4 - What is Total cost of ownership (TCO) cost components?

QUESTION-A5 - What is WiMax and VSAT technology? How organizations are using these services for business?

SECTION-B

Answer any 2 out of 3 (Long Questions) – 10 Marks each

QUESTION-B1 - What are four competitive strategies enabled by information systems that firms can pursue? How do information systems support each of these competitive strategies? Give example.

QUESTION-B2 - Explain how Flipkart.com, Facebook.com, Makemytrip.com & Indiamart.com are different from each other in terms of their Business Model?

QUESTION-B3 - Illustrate various network topologies and communication mediums.

Turn Over...

SECTION-C
Case study – 15 Marks

Can eBay Continue Growing?

eBay.com is an online auction service whose business model is ideally suited to the Web. eBay stores no inventory and ships no products. Instead, it derives its revenue from the movement of information, an ideal task for the Internet. Since eBay was founded in 1995 by Pierre Omidyar and Jeff Skoll, the company has been profitable, attracting more than 200 million users by 2006. eBay now employs more than 8000 full-time workers and has operations in 32 countries, including an equality investment in MercadoLibre, which services Mexico and eight South American countries. In 2005, eBay users listed 1.8 billion worth of goods changing hands. The number of items listed in 2006 was expected to surpass 2 billion. eBay has mass appeal because its fully automated auction service helps buyers and sellers trade high-end articles, such as fine art, automobiles, and jewelry, as well as more mundane and practical items, such as clothing, customer electronics, and house wares. Users can list their goods under more than 30 main categories and tens of thousands of subcategories. The success of eBay relies on a unique formula. eBay derives the bulk of its revenue from fees and commissions associated with its trading services. This revenue, however, is only made possible by the hundreds of thousands of people who put time and effort in to selling goods on eBay but do not work for the company. Nearly half a million people rely on eBay auctions as their main source of income. The seller pays an insertion fee for listing goods that operates on a sliding scale. For example, if the opening bid price starts between 1 cent and 99 cents, eBay charges the seller a 25-cent insertion fee. The fee increases as the opening price increases all the way up to \$4.80 for goods starting at \$500 or more. eBay also collects a fee from the seller when an auction is successful. These final fees begin at 5.25 percent of the closing price.

A portion of eBay's revenue also comes from direct advertising on the site, as well as end-to-end service providers whose services increase the ease and speed of eBay transaction. The acquisition of PayPal, whose service enables the exchange of money between individuals over the Internet, brings additional transaction-based fee revenue. PayPal charges the recipients of payments a flat fee plus a percentage of the total transaction size and has more than 70 million user accounts.

eBay's growth strategy focuses on expansion in geography and scope and on continuing innovation to enhance the variety and appeal of products on its sites. eBay has taken its model to numerous foreign markets and been successful, particularly in England, France, and Germany. It is also working hard to gain a foothold in the Chinese online auction market. Growth rates have been hindered somewhat in the United States and Germany by an increase in seller fees, but these losses have been covered by rapid growth in places such as France and Italy. Although eBay's domestic growth has slowed to about 20 to 30 percent annually, the company's international business is growing at 50 percent per year. By 2005, transactions completed on international Web sites accounted for approximately half of eBay's business. In 2000, eBay introduced eBay Motors to encourage the sale of bulky items that are too expensive to ship. Critics believed that consumers would find purchasing a used car over Web too risky. However, eBay added extra measures of protection in the form of used-vehicle warranties and purchase protection up to \$20000. These measures, combined with the standard eBay seller feedback ratings, gave users enough security to buy million cars within for boats, motorcycles, parts and accessories, and more.

Also in 2000, eBay implemented the "Buy it Now" feature, which enables seller to name a price at which they would be willing to sell an item to any buyer.

Buyers have the option to purchase the item instantly without the auction process. On Half.com, listings are free but eBay collects a commission for completed sales.

In 2001, the company launched eBay Stores. eBay Stores enable sellers with a proven track record, a verified ID, or a PayPal account to set up an online storefront and offer fixed-price merchandise. eBay Store owners pay subscription fees (from \$ 15.95 to \$ 499.95 per month), insertion fees, and final value fees on a sliding scale.

In another attempt to reinvigorate its growth, eBay agreed to buy Shopping.com, an online shopping comparison site, for \$620 million in mid-2005. In September of that year, eBay acquired VoIP service provider Skype Technologies for \$2.6 billion. Skype provides a service for free or low-cost voice calls over the Internet. eBay is betting heavily that Internet telephone will become integral part of e-commerce experience and accelerate trade on its Web site. The service could potentially generate \$3.5 billion in revenue from markets that eBay traditionally had trouble penetrating, such as real estate, travel, new-car sales, and expensive collectibles. Those markets require more communication among buyers and sellers than eBay currently offers, and Skype will provide voice communication services to help. Internet companies such as Google and Microsoft are now offering VoIP services, and VoIP may be eBay faces other challenges. Yahoo is trying to edge it out of the Asia market by setting up competing auction sites. eBay's growing international presence may make it difficult to monitor compliance with the variety of laws and regulations that apply in different jurisdictions. The law related to the liability of providers of online services for the activities of their users is unsettled. Even though eBay has taken steps to prohibit the listing of certain items, it may be liable if its members nonetheless manage to use it to sell unlawful goods, such as weapons, drugs, alcohol, adult material, and cigarettes, or if its members defame or libel one another in eBay's Feedback Forum.

In response to growing domestic and international competition, eBay has entered into a number of relationships with other major players in the e-commerce field, including competitors Yahoo! and Google. Google gained the exclusive right to display text advertisements on eBay's international auction sites despite having recently added shopping services that compete with eBay auctions. eBay was willing to look beyond its rivalry with Google to secure the potential windfall of revenue from Google's first-rate advertising technology. The deal with Google followed by just a few months a similar deal with Yahoo!, giving that company exclusive rights to provide advertisements for eBay's sites in the U.S. As part of that agreement, Yahoo! will promote PayPal on its sites. The pair reached the accord despite their battle for shares of the auction market in Asia.

eBay is optimistic that its partnership with Google will also enable the auction house to generate more revenue from its acquisition of Skype. The partnership includes the introduction of a "click-to-call" feature, which enables consumers to talk to merchants and advertisers directly using Skype by clicking a connection embedded in their ads. The strategy embraces the idea that some goods, such as mortgage and homes, are not well-suited to the traditional eBay transaction model. Advertisers of these goods seem willing to pay a fee, perhaps as much as \$15, for each call received from a potential customer in order to establish better dialogues that are more likely to result in sales.

Meanwhile, eBay is competing directly with Google by introducing its AdContext service. The service is similar to Google AdSense in that it runs online contextual ads based on keywords in Web pages. eBay sellers can use AdContext to display contextual ads and auction promotions on linked Web sites.

Clearly, the largest threat to eBay is the honesty and integrity of its auctions, over which it has some-but not total-control.

As eBay ventured into the realm of higher-priced antiques and collectibles, it opened itself up to lawsuits from buyers claiming to have been defrauded by online sellers. Some buyers have alleged that eBay does not do enough to prevent unscrupulous sellers from collecting inflated fees for goods that are not legitimate, or worse, do not exist. eBay users have also been the victims of identity theft scams that resulted in the unauthorized use of their accounts-and hundreds of thousands of dollars worth of fraudulent sales.

With online crime becoming more and more sophisticated, the onus is on eBay to provide it users with a secure trade environment. Some users, and former users, believe that the company has not adequately addressed issue of fraud. The growing scale of eBay makes fraud protection prohibitive. eBay insists that the percentage of listing on its site that are fraudulent is tiny and that the success of the marketplace bears that out.

Another area in which the sheer size of eBay may be a hindrance is customer service. The company understandably struggles with the task of satisfying two types of "customers": online buyers and online sellers. What's good for one isn't always good for the other. Fraud complaints often result in an automated response from eBay that encourages buyers and sellers to resolve disputes on their own. As eBay has seen, one unilateral policy decision can set off a negative chain reaction. When eBay Store fees were raised, some 7000 storeowners shut down their stores and looked for another means to conduct their businesses. But eBay is in a bind because addressing customer services issues costs money. The more money eBay spends, more it cuts into its profits, which also makes Wall Street nervous.

eBay does make an effort to remain in touch with its community of users. A program called Voices brings buyers and sellers together 10 times a year at corporate headquarters. The users engage in two full days of give-and-take with company officials about the best and worst aspects of eBay's services. eBay also monitors every transaction and usage statistics in real time, enabling timely troubleshooting. A Rules, Trust, and Safety committee judge whether questionable listings should be permitted on the side(human organs have been banned, for example).

Indeed, the sustained growth of eBay may rely on the continued enhancement of the technology available to the eBay community rather than on major acquisitions. Recent partnerships with JotSpot and Kaboodle seek to improve the overall value of the eBay experience for members of the community. JotSpot is a provider of wiki application and, with eBay, is developing the eBay Community Wiki. The wiki serves as an information source that buyers and sellers can update and edit with entries on best practices and tips and tricks for effective auctioning. Caboodle is teaming with eBay to create an online 'social collecting' destination named MyCollectibles where users can promote and share information about the items they collect and trade.

Keeping the community happy is of utmost importance to the future of eBay. A loyal user base may be the company's most valuable asset and one which competitors will be challenged to replicate. While investors and analysts mostly maintain their confidence in the company's management, cries for change have gone up from the merchant population. Sellers are concerned about the declining number of transactions and a coinciding drop in sales prices. eBay must find a way to secure the confidence of its merchant population or it will risk losing business to merchant population or it will risk losing business to other online marketplaces.

CASE STUDY QUESTIONS

[3 X 5 = 15 Marks]

1. What is eBay's business model and business strategy? How successful has it been?
2. How is eBay trying to solve these problems? Are these good solutions? Are there any other solutions that eBay should consider?
3. Will eBay be successful in the long run? Why or why not?