

PGDM-RM, 2012-14

IT in Retail

RM- 401

Trimester – IV, End-Term Examination: September 2013

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.

Note: explain with the help of examples wherever possible

Section A

Attempt any 3 out of 5

3*5= 15 Marks

1. What is RFID technology? Enumerate its advantages.
2. In Apparel retail, what impact will a 5% increase in the price of products have on customers? What pieces of information is required to answer this query. Illustrate
3. Define the following
 - a. EPOS
 - b. RFID
 - c. Viral marketing
 - d. Data mining
 - e. E-business
4. What are must have functionalities that you will consider while evaluating retail software?
5. What are the benefits of cloud services?

Section B

Attempt any 2 out of 3

2*10=20 Marks

1. The RFID is a big technological breakthrough in object identification, but there are hardly any takers for this technology'. Critically examine this statement.
2. What are the aspects of e-business plan? Illustrate with the help of an example.
3. Design e-marketing plan for an online jewelry retailer with the objective of lead generation and conversion.

Section C

Case study

15 Marks

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. 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, consumer electronics, and housewares. 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. 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.

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 transactions. 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.

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 the Web too risky. However, eBay added extra measures of protection in the form of used-vehicle warranties and purchase protection up to \$20,000. These measures, combined with the standard eBay seller feedback ratings, gave users enough security to buy one million cars within four years.

eBay faces challenges. Yahoo is trying to edge it out of the Asian 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.

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 its users with a secure trade environment. The growing scale of eBay makes fraud protection prohibitive. eBay insists that the percentage of listings 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 7,000 storeowners shut down their stores and looked for other means to conduct their businesses.

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 judges whether questionable listings should be permitted on the site. 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 applications 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. Kaboodle 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.

Questions

1. What is eBay’s business model and business strategy? How successful has it been?
2. What are the problems that eBay is currently facing?
3. How is eBay trying to solve these problems? Are these good solutions? Are there any other solutions that eBay should consider?