



KIBABII UNIVERSITY COLLEGE (KIBUCO)

MAIN CAMPUS

**UNIVERSITY EXAMINATIONS
2014 /2015 ACADEMIC YEAR**

FOURTH YEAR FIRST SEMESTER EXAMINATIONS

MAIN EXAMINATION

FOR THE DEGREE OF BACHELOR OF COMMERCE

COURSE CODE: BCO 402

COURSE TITLE: E-COMMERCE

DATE: 22ND JANUARY 2015

TIME: 2.00-4.00 P.M

INSTRUCTIONS TO CANDIDATES:

Answer Question ONE and any other Two Questions

TIME: 2 Hours

SECTION A (COMPULSORY)

Read the following case study and answer the questions that follow

As a freshman in college, Michael Dell started buying and selling computers (PCs) from his dorm room. The marketing mix for PC's at that time emphasized on distribution through specialized computer shops that sold to businesses and financial consumers and the prices were quite high in relation to the quality of service being given to the customer's by these shops. The PC's they had didn't match what the customers wanted in terms of specifications. Dell decided there was a market for the price conscious customer and used direct marketing where customer's would call a toll free number and make an order for their computers with the specifications that they required and ship the orders to the customers using UPS. This meant his prices were low and customers didn't need to go to the shops to get the product while at the same time there was no middle man markup and he was servicing the small users who were not being accounted for. Dell kept in contact with customers and problems were quickly identified and rectified. He also always improved his products. Moving into Europe was hard for Dell as customers had never bought anything like a PC over the phone but Dell went ahead and entered into the foray. In less than five years, Dell's sales grew by over 40%. IBM started to try and compete with Dell using the direct order approach but their retailers were not happy as they were competing with their own supplier hence that approach failed for IBM. This lead to the prices of PC's being pushed down and different segments were created with different prices that were seen as a price war. They used an online promotion to shift demand from one product to another if the original product was out of stock by having offers on what was available. Dell later on went and started to sell through retailers and also setting up of their own shops to maximize on customer contact and also diversify its distribution network to compete with giants like Compaq, IBM, Toshiba and Samsung. This later on merged and retailers started offering customers different products in one shop and exclusivity was left to the bigwigs own retail outlets.

1. A) Define E-commerce and state its importance in business (5 marks)
- B) Discuss the strategies Dell used to set up his business from scratch to a giant brand that we see today in relation to E-commerce? (10 marks)
- c) How did Dell manage his customers effectively and efficiently (5 marks)
- d) What security measures do you think Dell put in place to ensure payments and records were safe? (5 marks)
- e) Dell managed a virtual inventory, Discuss this statement in relation to his marketing strategy. (5 marks)

SECTION B (45 MARKS) Answer any three questions in this section

2. Write notes on B2B, B2C & G2C. (20 marks)

3. What are the requirements for setting up an effective E-Commerce strategy for a company? (20 marks)

4. a) How does JIT relate to E-Commerce? (10 marks)

- b) Discuss at least 3 payment strategies used in E-c=Commerce (10 marks)