



Competency Based
Competitive Events
Written Exam Sample

E-Commerce Management Team Decision Making Event



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B. This product comes with a warranty.

D. This product works in all situations.

1. A

Standard items. Standard items are products that are not unusual and are purchased frequently. Standard items include products such as books, CDs, office supplies, toys, and airline transportation. Consumers who purchase these items know what they are getting. Standard items are more often sold via the Internet because of the nature of e-commerce, which takes place online rather than in a store where customers can examine the products. Customers who intend to purchase valuable antiques, real estate, and expensive jewelry usually want the opportunity to see and examine the goods before buying to make sure they are worth the price.

SOURCE: EC:064

SOURCE: pp. 8-10, *Electronic Commerce*. Schneider, G.P.; Perry, J.T., Thompson Learning, 2000.

2. C

Technical support. Many Internet businesses do not have the technical resources to develop and maintain aspects of their web sites. When selecting a web-site host, businesses should evaluate the level of technical service and support that the host can provide to the business. Leadership refers to the style of management a business employs (e.g., democratic, autocratic). Organizational structure is a general term that describes the manner in which a business is established. Selling is a marketing function that involves responding to customer needs and wants through planned, personalized communication intended to influence purchase decisions and enhance future business opportunities.

SOURCE: BA:221

SOURCE: Rusnak, A. (n.d.). How to Select a Web Host. Retrieved February 13, 2004, from <http://www.ebusinesshelpsite.com/Articles/a00068.htm>

3. D

Product accessibility and location convenience. For optimal maneuverability, many Internet-based businesses warehouse large products and quick-selling items in convenient and easy-to-reach locations. For example, fast-moving large appliances might be stored in a warehouse location that is close to the shipping dock instead of the very back of the storage area. Aisles must be wide enough to accommodate forklifts to move the merchandise. Distribution channels are the means in which products are moved from the manufacturers to the end users. Product availability refers to a vendor's ability to fulfill an order rather than store merchandise. Distribution channels are not factors in determining how products are warehoused. Inventory cycle refers to the time it takes for products to turn over. Although a product's turnover rate and size are often considerations when determining storage needs, delivery charges and carrier transit time are not generally considered primary factors.

SOURCE: DS:087

SOURCE: pp. 198-199, 202, *Restaurant Management: Customers, Operations, and Employees*. Mill, R.C., Prentice Hall, 1998.

4. C

First-in, first-out. In the FIFO method, inventory is comprised of the cost of the items that a business purchased first. Last-in, first-out means cost of sales is determined by the cost of the items purchased last. First inventory financed out is not an inventory valuation method. Weighted average cost means cost of sales is determined by the average cost of the items purchased at the time of sale.

SOURCE: DS:052
SOURCE: Benoiel, I. (2002, September 23). How to Value Your Inventory. Retrieved February 16, 2004, from <http://www.entrepreneur.com/article/0,4621,303291,00.html>

5. A

To reduce wasted marketing efforts. Many Internet surfers access web sites that display goods or services that do not fit their needs. Sometimes, web users sign up for a product or service and do not need it after a period of time. Without strategies in place to maintain a business's database, the information system can grow out of control. As a result, promotional information, e-mail marketing messages, and newsletters are often sent to people who are not going to purchase goods or services. This is a waste of time in terms of money and personnel. Therefore, many companies try to update their databases regularly so information is sent to those who are potential or existing customers. One means of maintaining a database is providing web users an opt-out link to discontinue receiving unwanted information from the company. Maintaining a database does not necessarily lead a company to increase its promotional budget nor does it accelerate a web-site's download time. Internet service providers are companies that provide access to the Internet. Fees are not necessarily reduced when companies update their databases.

SOURCE: IM:231
SOURCE: p. 200, Strategic Electronic Marketing: Managing E-Business. Kleindl, B., South-Western, 2001

6. B

Fear of the unknown. People often become comfortable in the work environment and are fearful of change. This fear may be expressed as a feeling that the "way we've always done it is good enough," or the belief that change won't accomplish anything. Companies should not make major organizational changes unless the potential profit gain is more than the cost of the change. While moving the company might be involved, it is part of the change, not a barrier to it. Major funding cuts can become the force causing change.

SOURCE: IS:017
SOURCE: McNamara, C. (n.d.). Basic Context for Organizational Change. Retrieved November 21, 2003, from <http://www.mapnp.org/library/mgmt/orgchnge.htm#anchor494256>

7. B

Penetration. Internet businesses use different strategies in terms of pricing. Penetration pricing is often used to get customers to try new products by selling them at very low prices. As the market responds favorably to the products, businesses gradually increase the prices. Dynamic pricing occurs when the marketplace influences product pricing. Internet use has increased consumer options, which can increase the amount of competition among businesses. As a result, some businesses adapt pricing practices to stay competitive in the marketplace. Bundle pricing is a technique that involves the inclusion of complementary items with a primary product. The pricing is set so the customer pays less for all items packaged together and more if the items are purchased individually. Flexible pricing occurs when customers pay different prices for the same merchandise.

SOURCE: PI:042
SOURCE: pp. 141-144, Marketing on the Internet: Principles of Online Marketing. Strauss, J.; Frost, R., Prentice Hall, 1999.

8. A

Brand extension. Brand extension is a strategy that uses an existing brand name for a new or improved product line. By extending a product line to include hair care products, the company is attempting to build its brand. Compatible integration, brand consolidation, and congruent expansion are not terms that are widely used in relation to building brand.

SOURCE: PM:021

SOURCE: PM LAP 6--It's a Brand, Brand, Brand World!

9. A

Chat rooms. Public relations refers to the function of business designed to establish good relations between the business and the public. Chat rooms are sites on a network in which users communicate with each other in real time. Some Internet businesses use chat rooms as a way to build favorable public relations with their customers and the general public. For example, a large company might institute weekly chat room sessions that include corporate officers to facilitate favorable community relations. Internet users log onto the company web site and communicate directly with the officers via the chat room format. A banner ad is a paid form of nonpersonal presentation of ideas, goods, or services that appears on a web page. Spam refers to e-mail messages that a recipient does not request and cannot request removal from the subscriber list. Click-through is the act of clicking on an advertisement on the Internet and being automatically transported to the advertiser's web page.

SOURCE: PR:168

SOURCE: pp. 214, 216, Marketing on the Internet: Principles of Online Marketing. Strauss, J.; Frost, R., Prentice Hall, 1999.

10. D

This product works in all situations. This type of statement might violate certain selling regulations because it might be considered misrepresentation or over-exaggeration of the product's capabilities. Making such a bold statement is the same as saying that the product works all the time, in all situations, and without problems. If there are situations when this is not exactly true, the online retailer might be guilty of misrepresentation, which could lead to the retailer being sued. The best way to avoid this problem is to qualify the statement, such as "This product works in almost any situation." Stating that the product is great is the retailer's opinion which is not misrepresentation. Stating that the product comes with a warranty is factual. Stating that the product might save money is also an opinion which has been qualified by using the term "might."

SOURCE: SE:108

SOURCE: pp. 89-94, Fundamentals of Selling: Customers for Life. Futrell, C.M., Irwin/McGraw-Hill, 6th ed., 1999.