

EASTERN UNIVERSITY, SRI LANKA

Faculty of Commerce and Management



Final Year/First Semester Examination in Bachelor of Business Administration

2013/2014 (December 2015/January 2016)

(Proper/Repeat)

MKT 4043 E-Marketing

Answer all five (5) questions

Time: 03 hours

Read the case study and answer the questions given below

The Amazon Story

After seven years of effort, Amazon.com finally proved that the online retailing business model can be profitable. Amazon reported as its net profit in the first quarter of 2010 – more than \$7 million, along with more than \$5million in operating profit. Although the competitive situations were not positive and the firm is not yet out of the woods, It is headed in the right direction. According to an analyst with Deutsche Bank, Alex Brown, Amazon has changed its business objectives: “Prior to 2005 it was all about growth at the expense of profits, and last year was about profits at the expenses of growth. I think this year they will try to find a balance.”

Amazon, a pure-play dot com survivor, is quite adept at leveraging its competencies in to many different e-business models. First is its core business online retailing. Sales of books, music, and videos account for half of Amazon’s sales and represent the only profitable retail division. In the past three years, Amazon has cut inventory by 25% tightened operations, and doubled sales a good, but tough, formula for operating profitability.

Second are Amazon’s co-branding partnerships with Borders, Circuit City, Target, and Toys “R” among others. These partnerships brought \$225 million of the firm’s \$1.1 billion in revenue with an amazing 45% gross margin (nearly twice Amazon’s retail margin). Although these partnerships carry differing commitments, they typically involve Amazon’s licensing of online storefront technology or earning fees for customer service and product fulfilment. Other deals, such as an Expedia

partnership, give firms access to Amazon's 29 million customers in exchange for a flat percentage of sales. This co-branding business model is more profitable than the retailing because it involves the less costly automated services, e-commerce experience, or huge customer base. In fact some say that Amazon is now a hybrid company, both selling merchandise and technology services. Indeed, the business objective is to add two new partners a year.

Amazon also uses two other important e business models. Amazon created the first affiliate program, giving 600,000 Web site owners a 15% commission for referring customers who purchase at Amazon. Also, customers can auction items on the site. Amazon's future success depends on strategic planning and careful management of its existing business models.

Questions:

- (a) Critically evaluate the Amazon's business model and explain why it has been so successful. (10 M)
 - (b) Briefly explain the competitive positions of Amazon in e- marketing. (10 M)
 - (c) Describe how Amazon can maintain its market position among the other auction competitors? (08 M)
- (Total 28 M)

- Q2) a) Define the term "E-Marketing" and distinguish it from "E-Business". (05 M)
- b) Explain how the advances in internet and information technology offer benefits and challenges to consumers, marketers, and society. (08 M)
- c) Briefly explain the trends that may shape the future of e-marketing. (05 M)
- (Total 18 M)

- Q3) a) "Marketing managers need to understand the capabilities of new media to develop and implement an effective marketing plan". Critically evaluate this statement. (07 M)

b) Briefly explain important methods of analysis that e-marketers can apply to data warehouse information. **(05 Marks)**

c) Briefly explain the coverage strategies that e-marketers can use to target online customers. **(06 Marks)**

(Total 18 Marks)

a) Outline some of the key factors in e-marketing that has enhanced product development. **(05 Marks)**

b) Briefly explain the concept of price transparency and why is it an important concept for e-marketers to understand? **(06 Marks)**

c) Briefly explain the major models used by online channel members. **(07Marks)**

(Total 18 Marks)

a) Write short notes on the following concepts;

(a) Partner Relationship Management (PRM)

(b) The Napkin Plan

(c) Shopping agent

(d) Virtual marketing

(4.5 Marks 4 = 18 Marks)

(Total 18 Marks)