Chapter 14
Order Fulfillment, Content Management, and Other Support Services

True-False Questions

1. An inability to accurately forecast demand is a frequent cause of delivery delays.

   Answer: T **Reference**: Order Fulfillment and Logistics – An Overview

2. The fact that EC operations are typically based on "pull" operations makes forecasting demand easier than in traditional operations.

   Answer: F **Reference**: Order Fulfillment and Logistics – An Overview

3. The B2C pull model requires companies to deliver individual products directly to the doors of customers rather than make bulk product deliveries to a controlled number of locations.

   Answer: F **Reference**: Order Fulfillment and Logistics – An Overview

4. In an EC-based pull system, the process begins with customer orders.

   Answer: T **Reference**: Order Fulfillment and Logistics – An Overview

5. Although order fulfillment is basically a back-office function, its role in customer service after the sale makes it closely related to front-office operations as well.

   Answer: T **Reference**: Overview of Order Fulfillment

6. The Accounting Department is not involved in the logistics process.

   Answer: F **Reference**: Overview of Order Fulfillment

7. The distinction between "order fulfillment" and "logistics" is not always clear, so the two terms are sometimes used interchangeably.

   Answer: T **Reference**: Overview of Logistics

8. Logistics is not only concerned with the flow of goods and services, it is also concerned with the flow of information associated with the flow of goods and services.

   Answer: T **Reference**: Overview of Logistics

9. The first step in the order fulfillment process is making sure the customer will pay for his/her order.

    Answer: T   **Reference:**   The EC Order Fulfillment Process

10. While it may be done in-house or contracted to an outside company, every custom order for a product results in the need for manufacturing or assembly somewhere.

    Answer: T   **Reference**:   The EC Order Fulfillment Process

11. Pure EC companies have succeeded in eliminating logistics problems by eliminating the logistics infrastructure.

    Answer: F   **Reference**:   The EC Order Fulfillment Process

12. In a well-designed SCM system, information flows freely within the organization, and firewalls protect all internal information from the view of all outsiders.

    Answer: F   **Reference**:   The EC Order Fulfillment Process

13. When viewed graphically, supply chains flow linearly in one direction from the producer to the consumer.

    Answer: F   **Reference**:   Exhibit 14.3

14. Supply chain analysis should be focused exclusively on external relationships

    Answer: F   **Reference**:   Order Fulfillment and the Supply Chain

15. Demand forecasts provide the basis for determining appropriate inventories for customized products.

    Answer: F   **Reference**:   Typical Supply Chain Problems

16. The source of most supply chain management problems is component quality.

    Answer: F   **Reference**:   Typical Supply Chain Problems

17. Poor customer service is often a symptom of poor supply chain management

    Answer: T   **Reference**:   Typical Supply Chain Problems

18. High inventory costs are a symptom of poor supply chain management.

    Answer: T   **Reference**:   Typical Supply Chain Problems

19. Some pure EC companies are finding it necessary to develop some form of logistics infrastructure to minimize the problems encountered with totally outsourced logistics functions.

    Answer: T   **Reference**:   Why Supply Chains Problems Exist

20. Demand uncertainties and variabilities along the supply chain are the primary causes of the bullwhip effect.

    Answer: T   **Reference**:   Why Supply Chains Problems Exist

21. When done effectively, SCM can reduce not only inventory levels but also cycle times.

    Answer: T   **Reference**:   Improvements in the Order-Taking Process

22. Order taking, done on EDI, EDI/Internet, or an extranet can be fully automated.

    Answer: T   **Reference**:   Improvements in the Order-Taking Process

23. In B2C, orders are generated and transmitted automatically to suppliers when inventory levels fall below certain levels.

    Answer: F   **Reference**:   Improvements in the Order-Taking Process

24. Make-to-order is an example of a "push" production process.

    Answer: F   **Reference**:   Inventory Management Improvements

25. B2B order fulfillment is different from B2C because orders usually involve larger quantities.

    Answer: T   **Reference**:   Inventory Management Improvements

26. Conventional warehouses were configured to deliver large volumes to a small number of addresses. EC demands the ability to send small volumes to a large number of addresses.

    Answer: T   **Reference**:   Automated Warehouses

27. E-tailers have shown that moving retail operations to the Internet reduces the importance of such previously important customer services as accepting returns from dissatisfied customers.

    Answer: F   **Reference**:   Handling Returns

28. Studies have shown that the absence of a good return mechanism is a major reason shoppers cite for refusing to buy on the Web.

    Answer: T   **Reference**:   Handling Returns

29. In a rolling warehouse, products on the delivery truck are not preassigned to a single destination.

    Answer: T   **Reference**:   Innovative E-Fulfillment Strategies

30. Merge-in-transit is a model in which components for a product may come from two different physical locations.

    Answer: T   **Reference**:   Innovative E-Fulfillment Strategies

31. Content management is rarely an issue for B2B EC sites because most suppliers are ready to modify their catalog to meet the formatting needs of customer sites.

    Answer: F   **Reference**:   Content Generation, Syndication, Delivery, and Management

32. The three most important support services in e-commerce are marketing, fulfillment, and order processing.

    Answer: F   **Reference**:   Content Generation, Syndication, Delivery, and Management

33. In syndication, content developers deliver their content directly to end customers.

    Answer: F   **Reference**:   Syndication

34. Dynamic content contributes to customer loyalty.

    Answer: T   **Reference**:   Syndication

35. The purpose of Web content management is to keep content fresh, accurate, compelling, and credible.

    Answer: T   **Reference**:   Web Content Management

36. An aggregator combines content across an industry.

    Answer: T   **Reference**:   Catalog Content Management Options

37. Vertical exchanges provide an excellent solution for occasional spot buys.

    Answer: T   **Reference**:   Catalog Content Management Options

38. An application server provider (ASP) is an agent or vendor who assembles the functions needed by enterprises and packages them with outsourced development, operation, maintenance, and other services.

    Answer: T   Reference: Application Service Providers

Multiple Choice Questions

39. Most EC applications are based on:

    a. "push" operations.
    b. "pull" operations.
    c. inventory models.
    d. the routine order replenishment model.

    Answer: b   **Reference**:   Order Fulfillment and Logistics– An Overview

40. In contrast with off-line "push" operations, an EC "pull" operation:

    a. begins with an order.
    b. builds inventory without regard for potential demand.
    c. has a much larger finished goods inventory level.
    d. begin with manufacturing a product which is shipped to inventory

    Answer: a   **Reference**:   Order Fulfillment and Logistics – An Overview

41. All services related to making sure a customer gets what he/she ordered within a reasonable time is called:

    a. logistics.
    b. transport.
    c. order fulfillment.
    d. back-office operations.

    Answer: c   **Reference**:   Overview of Order Fulfillment

42. The process of planning, implementing and controlling the efficient and effective flow and storage of goods, services, and related information from point of origin to point of consumption for the purpose of conforming to customer requirements is called:

    a. front-office operations.
    b. service after the sale.
    c. logistics.
    d. customer service

    Answer: c   **Reference**:   Overview of Logistics

43.   The first step in the order fulfillment process is:

    a.   checking to assure that the ordered item is in stock.
    b.   making sure the customer will pay.
    c.   arranging for shipment.
    d.   producing the product.

    Answer: b   **Reference**:   The EC Order Fulfillment Process

44.   The movement of returns from dissatisfied customers back to vendors is called:

    a.   front-office operations.
    b.   order fulfillment
    c.   logistics.
    d.   reverse logistics.

    Answer: d   **Reference**:   The EC Order Fulfillment Process

45.   Whether a company is a manufacturer or retailer, the second step in the supply chain is:

    a.   demand forecasting.
    b.   checking for product availability.
    c.   receiving the customer's order.
    d.   order fulfillment.

    Answer: b   **Reference**:   The EC Order Fulfillment Process

46.   The major difference between e-logistics and traditional logistics is:

    a.   e-logistics deals with movement of large amounts of materials to a few destinations.
    b.   traditional logistics deals with movement of large amounts of materials to a few destinations.
    c.   e-logistics always outsources all logistics functions.
    d.   traditional logistics applies only to manufacturers.

    Answer: a   **Reference**:   Traditional Versus EC Logistics

47.   The inability to deliver products on time is a typical problem:

    a.   unique to e-commerce.
    b.   in traditional logistics, but the problem has been solved in e-commerce.
    c.   in global operations, but it is rarely a problem in domestic operations.
    d.   in both off-line and online commerce.

    Answer: d   **Reference**:   Typical Supply Chain Problems

48. A major source of uncertainty in supply chains is:

    a. inflation.
    b. fluctuations in foreign currency exchange rates.
    c. internal manufacturing schedules.
    d. demand forecasts.

    Answer: d   **Reference**:   Typical Supply Chain Problems

49. All of the following are potential supply chain uncertainties **EXCEPT:**

    a. Web site up-time.
    b. delivery times.
    c. parts and materials quality.
    d. demand forecasts.

    Answer: a   **Reference**:   Why Supply Chain Problems Exist

50. The roll of 3PL in logistics for e-commerce companies is:

    a. all logistics services for online companies must be provided by 3PL suppliers.
    b. crucial at start-up, but many large e-commerce companies are now developing internal logistical components.
    c. 3PL suppliers are rarely used by e-commerce companies.
    d. 3PL suppliers coordinate internal and external logistics functions in e-commerce companies.

    Answer: b   **Reference**:   Why Supply Chain Problems Exist

51. Solutions to problems in the supply chain for EC companies are:

    a. usually unique for each EC company.
    b. critical during start-up but usually become manageable and insignificant as EC companies mature.
    c. generic across both EC and traditional companies.
    d. so complex that most EC companies cannot afford to implement them.

    Answer: c   **Reference**:   Solutions to Order Fulfillment Problems

52. Implementing electronic claims payment systems may provide all of the following benefits **EXCEPT:**

    a. fraud is better controlled.
    b. the order fulfillment cycle is often speeded up.
    c. demand forecasts are improved.
    d. costs are reduced.

    Answer: c   **Reference**:   Improvements in the Order-Taking Process

53.   Improvements in EC order taking:

a.   are accomplished solely through improved links with logistics.
b.   are accomplished solely through improvements within the organization.
c.   may come from within the organization, from improved links with logistics, and through linkages with payment systems.
d.   are accomplished solely through implementing linkages with payment systems.

Answer: c   **Reference**: Improvements in the Order-Taking Process

54.   Automated warehouses for B2C companies are designed**:**

a.   to facilitate the delivery of small quantities of product to a very large number of customers.
b.   to accommodate much larger inventory levels than traditional warehouses.
c.   to facilitate the delivery of large quantities of product to a small number of customers.
d.   to help transition B2C companies into B2B companies.

Answer: a   **Reference**:   Automated Warehouses

55.   At more than $1.2 billion, the largest loss in dot-com history came from:

a.   Amazon.com.
b.   E-Toys.
c.   Webvan.
d.   Kozmo.com.

Answer: c   **Reference**:   Failed Delivery Companies

56.   Intermediaries that prepare goods for shipping are called:

a.   shippers.
b.   order fulfillment providers.
c.   jobbers.
d.   forwarders.

Answer: d   **Reference**:   Partnering Efforts and Outsourcing
Logistics

57.   The second most often cited reason for customers not buying on the Web is:

a.   concern that ordered products won't be delivered.
b.   concern over the potential for fraud.
c.   the absence of a good return mechanism.
d.   the inability to see a product before buying it.

Answer: c   **Reference**:   Handling Returns

58. Compared with order fulfillment in B2C, B2B order fulfillment is:

   a. more complex because it deals with more dimensions of complexity than in B2C.
   b. simpler because both parties are businesses.
   c. simpler because order sizes are larger in B2B.
   d. more complex because delivery distances are usually longer.

   Answer: a   **Reference**: Order Fulfillment in B2B

59. An order fulfillment strategy in which components for a product come from two or more physical locations is called**:**

   a. order postponement.
   b. merge-in-transit.
   c. a rolling warehouse.
   d. leveraged shipments.

   Answer: b   **Reference**: Innovative E-Fulfillment Strategies

60. A computer retailer ships monitors from the East coast and CPUs from the West coast. This is an example of the order fulfillment strategy called**:**

   a. order postponement.
   b. merge-in-transit.
   c. a rolling warehouse.
   d. leveraged shipments.

   Answer: b   **Reference**: Innovative E-Fulfillment Strategies

61. A decision support tool that helps determine whether it is economical to deliver goods to a neighborhood area in one trip is:

   a. SCM analysis.
   b. delivery-value density.
   c. ERP model.
   d. CRM model.

   Answer: b   **Reference**: Innovative E-Fulfillment Strategies

62. Companies that provide and distribute online content are called:

   a. infrastructure companies.
   b. content providers.
   c. Internet Service Providers.
   d. brokers.

   Answer: b   **Reference**: Content Generation, Syndication, Delivery, and Management

63. The three most important support services for e-commerce are:

    a. marketing, accounting, and finance.
    b. order fulfillment, logistics, and delivery.
    c. capital budgeting, control, and internal audit.
    d. payments, order fulfillment, and content.

    Answer: d   **Reference**:   Content Generation, Syndication, Delivery, and Management

64. Daily news is an example of:

    a. dynamic Web content.
    b. static Web content.
    c. syndicating.
    d. mobile content.

    Answer: a   **Reference**:   Content Generation, Syndication, Delivery, and Management

65. The syndicator's role in content distribution is to:

    a. take content from creators and distribute it to end users.
    b. take content from creators and distribute it to delivery companies who distribute it to end users.
    c. consolidate feedback from end users and provide it to content creators in an anonymous form.
    d. move content from delivery companies to end users.

    Answer: b   **Reference**:   Syndication

66. The process of collecting, publishing, revising, and removing content from a Web site to keep content fresh, accurate, compelling, and credible is called:

    a. syndication.
    b. content creation.
    c. Web content management.
    d. content delivery.

    Answer: c   **Reference**:   Web Content Management

67. Letting suppliers handle catalog content management is not a feasible option when:

    a. the supplier is large.
    b. the supplied products are perishable.
    c. the suppliers are located in a different country.
    d. there are many suppliers involved.

    Answer: d   **Reference**:   Catalog Content Management Options

68. The "do-it-yourself" option in catalog content management:

    a. is always the best option.
    b. is appropriate for small buyers with few suppliers.
    c. is appropriate for large companies with many suppliers.
    d. is never a valid option.

    Answer: b   **Reference**:   Catalog Content Management Options

69. A disadvantage of buying catalog content from a catalog aggregator is:

    a. such services are too expensive for all but the very largest companies.
    b. aggregated catalogs are too complex for use.
    c. the content is standardized rather than customized.
    d. the content is customized rather than standardized.

    Answer: c   **Reference**:   Catalog Content Management Options

70. Vertical exchanges can be an excellent solution for:

    a. occasional spot buys.
    b. regular spot purchases.
    c. the total purchasing needs of all but the largest companies.
    d. strategic sourcing.

    Answer: a   **Reference**:   Catalog Content Management Options

71. All of the following are problems with vertical exchanges **EXCEPT:**

    a. vertical exchanges usually do not offer customized views for members.
    b. buyers must often visit many vertical exchanges to meet supply needs.
    c. negotiated prices are usually not available.
    d. spot buy prices are too high.

    Answer: d   **Reference**:   Catalog Content Management Options

72. Contracting with other companies to provide various services along the supply chain is called:

    a. resourcing.
    b. logistics.
    c. outsourcing.
    d. core business.

    Answer: c   **Reference**:   Why Outsource EC Services?

73. All of the following are reasons why many e-commerce companies outsource **EXCEPT:**

    a. they need help with their core business.
    b. they lack expertise in support services.
    c. they lack economy of scale in support services.
    d. the number of required services is too many for one company to handle.

    Answer: a   **Reference**:   Why Outsource EC Services?

74. The service most often outsourced is:

    a. content management.
    b. IT services.
    c. accounting.
    d. human resource management.

    Answer: b   **Reference**:   IT Outsourcing and Application Service
                                             Providers

75. An agent or vendor who assembles the functions needed by enterprises and packages them with outsourced development, operation, maintenance, and other services is called a(n):

    a. application service provider.
    b. IT outsourcer.
    c. consolidator.
    d. content manager.

    Answer: a   **Reference**:   Application Service Providers

Essay Questions

76. Explain front-office and back-office operations and give an example of each.

    Answer: Front-office operations are those that are visible to customers. Examples include advertising and sales. Back-office operations support the order fulfillment process. Examples include accounting, inventory management, and shipping.

    Reference: Overview of Order Fulfillment

77. Define logistics and order fulfillment.

    Answer: Order fulfillment is providing customers with what they ordered and doing it on time, and all related customer services.

    Logistics is the process of planning, implementing, and controlling the efficient and effective flow and storage of goods, services, and related information from point of origin to point of consumption for the purpose of conforming to customer requirements.

    Reference: Order Fulfillment and Logistics – An Overview

78. What is the primary difference between traditional logistics and e-logistics?

    Answer: The major difference between e-logistics and traditional logistics is that the latter deals with movement of large amounts of materials to a few destinations (e.g., to retail stores). E-logistics shipments typically are small parcels sent to many customers' homes.

    Reference: Traditional versus EC Logistics

79. List three common problems along the supply chain.

    Answer: Three of the following:
    1. The inability to deliver products on time.
    2. High inventory costs.
    3. Quality problems.
    4. Shipment of the wrong products, materials, or parts.
    5. High costs for expediting.
    6. Demand forecasting difficulties.

    Reference: Typical Supply Chain Problems

80. What are three strategies for EC companies in handling returns?

    Answer:
    1. Separate the logistics of returns from the logistics of delivery.
    2. Completely outsource returns.
    3. Contract for drop-off at collection stations.

    Reference: Handling Returns