

4.8 Sample IB Exam Questions – score out of 39 marks

Question 4.8.1 Aggregators: Price-comparison websites

Knowledgeable shoppers know that the best deals can often be found online. They also know better than to surf from one e-tailer to the next in search of the lowest prices. Instead, these savvy shoppers turn to price-comparison websites, known as aggregators, which show the prices from a number of online vendors. This helps to secure the best deal and saves the customer a huge amount of time - all within a few seconds of inputting the search.

Aggregators were originally devised for comparing the prices of computers and electronics, such as iPods, DVD players and televisions. However, there are plenty of other products catered for by aggregators, such as motor vehicles, golf clubs, flights, holiday packages and kitchen utensils. More sophisticated aggregators allow customers to narrow their searches based on various criteria, such as price, brand and functions. However, it is difficult for aggregators to link to every single online merchant. Hence, the lowest price found on one website might not be the lowest price available elsewhere. So it may still pay to shop around.

- (a) Explain two benefits of aggregators (price comparison websites) to customers. [4 marks]
- (b) Examine the view that aggregators pose a threat to e-commerce businesses. [6 marks]

Question 4.8.4 HMV

In 2006, HMV announced that sales at its music stores and Waterstone's bookshops fell due to customers switching to Amazon.com and supermarkets. An increasing number of people download music or buy CDs, DVDs and books online and/or in supermarkets. Not surprisingly then, HMV declared that it would end its partnership with Amazon.com. Instead, HMV chose to set up its own website. HMV also chose to reduce prices in response to these threats. Established in 1899, HMV continued to struggle and in 2014 its flagship store in Oxford Street, London - the largest music store in the world - closed down.

- (a) Outline why HMV may be classed as a B2C business. [2 marks]
- (b) Explain why there has been an increasing trend to buy music and books online. [4 marks]
- (c) Suggest one other strategy, apart from reduced prices, that HMV could have used to prevent its sales from declining further. [4 marks]

Question 4.8.5 Christmas online shopping

Retailers looking forward to a bumper Christmas have turned to online sales. With so much competition during the festive season, a greater number of online retailers have lured customers with promises of free postage and delivery in order to take the hassle out of Christmas shopping. Popular items bought on the internet during the world's busiest trading season include consumer electronics, children's toys and clothing.

(a) Describe two opportunities that e-commerce presents for businesses. [4 marks]

(b) Explain the benefits to consumers using the internet as a channel of distribution. [4 marks]

Question 4.8.6 Online banking fraud

The UK's finance watchdog, the Financial Services Authority (FSA), has revealed that half of Internet users are either 'extremely' or 'very concerned' about the risks of online fraud, especially as the number of cases is on the rise. For example, bogus online banking websites have been set up to capture people's personal banking details.



In response, banks such as HSBC have tightened up security. They claim to never ask for personal details and passwords in an email. HSBC customers are issued with a keychain security gadget that generates a random six-digit password based on a highly complex mathematical logarithm. The security code is used in addition to online usernames and passwords.

(a) Outline two limitations of e-commerce to organizations such as banks. [4 marks]

(b) To what extent does e-commerce benefit customers of banking services? [7 marks]