Instructor’s Manual and Video Cases: Chapter 1

Introduction to E-commerce

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**Learning Objectives**

After reading this chapter, your students should be able to:

* Understand why it is important to study e-commerce.
* Define e-commerce, understand how e-commerce differs from e-business, identify the primary technological building blocks underlying e-commerce, and recognize major current themes in e-commerce.
* Identify and describe the unique features of e-commerce technology and discuss their business significance.
* Describe the major types of e-commerce.
* Understand the evolution of e-commerce from its early years to today.
* Describe the major themes underlying the study of e-commerce.

# Chapter Outline

*Opening Case: TikTok: Creators and the Creator Economy*

* 1. The First Five Minutes: Why You Should Study E-commerce
	2. Introduction to E-commerce

What Is E-commerce?

 The Difference between E-commerce and E-business

Technological Building Blocks Underlying E-commerce: The Internet, Web, and Mobile Platform

 *Insight on Technology: Will Apps Make the Web Irrelevant?*

 Major Trends in E-commerce

* 1. Unique Features of E-commerce Technology

Ubiquity

Global Reach

Universal Standards

Richness

Interactivity

Information Density

Personalization and Customization

Social Technology: User-Generated Content (UCG), Creators, and Social Networks

1.4 Types of E-commerce

 Business-to-Consumer (B2C) E-commerce

 Business-to-Business (B2B) E-commerce

 Consumer-to-Consumer (C2C) E-commerce

 Mobile E-commerce (M-commerce)

 Social E-commerce

 Local E-commerce

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 Business: Basic Concepts

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 *Insight on Society: Facebook and the Age of Privacy*

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 Qualifications/Skills

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 Projects

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# List of Key Terms

business-to-business (B2B) e-commerce

business-to-consumer (B2C) e-commerce

consumer-to-consumer (C2C) e-commerce

customization

disintermediation

e-business

e-commerce

first mover

friction-free commerce

information asymmetry

information density

interactivity

Internet

local e-commerce

marketplace

marketspace

mobile e-commerce (m-commerce)

mobile platform

network effect

personalization

reach

richness

social e-commerce

ubiquity

universal standards

Web 2.0

World Wide Web (the Web)

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# Overview

One of the biggest challenges that instructors face in teaching a course on e-commerce is helping students make sense of a very complex phenomenon that involves considerations of markets, firms, consumer behavior, technology, and social and legal impacts, among others. As the text’s subtitle (“business. technology. society) suggests, we believe it is useful to think about e-commerce as involving these three broad, interrelated themes, and that doing so provides students with a strong and coherent conceptual framework for understanding e-commerce. Within each chapter, there are three “Insight on” cases (Insight on Business, Insight on Technology, and Insight on Society), designed to highlight the connection between the chapter’s content and these themes. Each chapter begins with an opening case, focusing on a company or issue that students will hopefully find relevant and interesting, that introduces the topic of the chapter. Each chapter concludes with a more extensive end-of-chapter cases that ties together the themes and topics included in the chapter. Class discussion questions for each "Insight on” case and the opening case are included in the Teaching Suggestions: Key Points section of this Instructor’s Manual as well as in the PowerPoint files for the chapter.

E-commerce is continually evolving and has become a thriving marketplace not only for products but also for services and content, such as social networks, user-generated content (video, photos, and blogs), and, of course, entertainment such as movies, TV, video, music, and games. Today’s e-commerce is predominantly social, mobile, and increasingly, local. We weave these topics throughout the text into all chapters, because they are increasingly impacting all aspects of e-commerce. We also discuss the impact of the Covid-19 pandemic on e-commerce throughout the text.

**Teaching Suggestions: Key Points**

The opening case, *TikTok: Creators and the Creator Economy* (new for this edition) highlights user-generated content, creators, and the creator economy, with a specific focus on TikTok, which has become one of the fastest-growing and most popular social networks. As you discuss the case with your students, you can also pose the following questions:

* Why is TikTok so popular?
* Do you use TikTok? If so, in what manner—do you just view content or also post content?
* Do you consider yourself a creator? Have you ever received payments for content you have created?
* What are some of the negative consequences associated with being a creator?

Section 1.1 addresses an important student concern: why they should study e-commerce. E-commerce remains the fastest growing retail, service, and entertainment channel. E-commerce revenues have been growing at double-digit rates since 2010, outpacing traditional retail by a factor of two or three, and are expected to continue growing at more than 10% per year through 2026. Even with recent economic conditions that have led to a slowing of hiring in the tech sector, there continue to be thousands of job opportunities that require skills in e-commerce. As noted in the text, eventually all commerce will be “e-commerce”. You should let students know that while e-commerce has now been around for about 25 years, the e-commerce revolution is still, relatively speaking, in the beginning phase. The very early tumultuous years are over, but there are many powerful, commercial, and technological forces that will push e-commerce along in the next decades. To emphasize this, you can highlight the bullet points noted in Table 1.1. Video Case 1.1, *Shopify and the Future of E-commerce*, appears in the “Major Trends in E-commerce” section. See pages 18 to 20 of this Instructor’s Manual for more information about this Video Case, as well as questions that you can use for class discussion or as a student assignment.

Much of the first chapter is aimed at getting some basic definitions straight. The e-commerce field is filled with language that some students might find confusing. In Section 1.2, we distinguish between e-commerce and e-business to set the focus clearly on commercial transactions over the Internet. We also briefly introduce the Internet, the Web, and the mobile platform as the technological building blocks of e-commerce. We examine each of these topics in much more depth in Chapter 3. Figure 1.3 highlights the growing use of mobile devices to access the Internet, with about 93% of Americans using a mobile device to do so at least some of the time.

The *Insight on Technology* case*, Will Apps Make the Web Irrelevant?* (updated for this edition), looks at the rise in importance of apps as compared to the Web in the e-commerce landscape. Class discussion questions for this case might include:

* What are the advantages and disadvantages of apps, compared with websites, for mobile users?
* What are the benefits of apps for content owners and creators?
* What are progressive web apps (PWAs) and how do they differ from native apps?
* Will apps eventually make the Web irrelevant? Why or why not?

In Section 1.3, we examine the unique features of e-commerce technology. We use a variation of Table 1.2 throughout the text in various contexts, so it’s a good idea to familiarize students with it. Ask students if they think some dimension is missing from the table, or to compare these features with, say, television. Video Case 1.2, *YouTube and the Creator Economy*, appears at the end of the “Social Technology: User-generated Content (UCG), Creators, and Social Networks” section. See pages 18 to 20 of this Instructor’s Manual for more information about this Video Case, as well as questions that you can use for class discussion or as a student assignment.

It’s also important for students to understand the differences between the various types of e-commerce, such as B2C and B2B. A short preview of this topic is covered in Section 1.4. Figure 1.5 illustrates the growth of B2C e-commerce, from its inception in 1995 through 2026, when it is projected to reach $2 trillion. Figure 1.6 focuses solely on the online retail component of B2C e-commerce. The tall tree representing total retail revenues compared to the smaller sapling depicting online retail should help to drive home to students the fact that online retail still comprises a relatively small part of total retail and thus has much room to grow. This is a good time to further discuss the impact of the Covid-19 pandemic, which accelerated this growth. Figure 1.9 graphically illustrates the relative size of different types of e-commerce, to help emphasize the point that although B2C, and social-mobile-local e-commerce may be the types students are most familiar with, or hear about the most, they are all dwarfed by B2B.

An important distinction in Chapter 1 is the contrast between the early years of e-commerce and e-commerce today. We discuss e-commerce in the context of three stages: an early period of invention, a period of consolidation, and then today’s e-commerce, which we refer to as a period of “reinvention.” Figure 1.10 places these periods along a timeline, while Table 1.4 describes the key dimensions of each of these periods. An engaging animated video created by the authors and narrated by Ken Laudon, available in the eText, provides additional context and background with respect to Figure 1.10 and this topic.

The discussion of the early years of e-commerce and its initial promise in Section 1.5 allows you to introduce some key terms such as *disintermediation*, *friction-free commerce*, *first mover* (versus fast follower), and *network effect*. These terms appear again and again in later chapters.

The *Insight on Business* case*, Insight on Business: Rocket Internet* (updated for this edition), provides an interesting look at Rocket Internet, a start-up incubator headquartered in Berlin, Germany. Students might be inspired by some of the companies that have participated in Rocket Internet’s boot camp and are significant successes, such as Jabong and Zalando. Class discussion questions for this case might include the following:

* What are the benefits of investing in a company that Rocket Internet has launched?
* Is an incubator the best solution for start-ups to find funding? Why or why not?
* Why is Rocket Internet controversial?

Section 1.6 lays out the organizing themes that we use to understand e-commerce throughout the book: business, technology, and society.

The *Insight on Society* case*, Facebook and the Age of Privacy* (updated for this edition)*,* in this section touches on Facebook’s business model and the technology of social networks, but focuses primarily on some of the societal themes that recur throughout the book. Do consumers in a public marketplace have a legitimate expectation of privacy? Is there anything consumers can do to protect their privacy? Can the Web be designed to better protect privacy? You might point out to students that government and business surveillance of their online behavior is commonplace. Although some students might say, “So what,” you might take this opportunity to ask students if there is any personal information about themselves that they would not like to be shared on the Internet. Other class discussion questions might include the following:

* Why are social networks interested in collecting user information?
* What types of privacy invasion are described in the case? Which is the most privacy-invading, and why?
* Was the FTC’s $5 billion fine and its placement of restrictions on Facebook’s business operations sufficient in light of Facebook’s history with respect to privacy violations?
* How do you protect your privacy on the Web?

Section 1.7 focuses on careers in e-commerce. We conclude each chapter of the book with a section that examines a job posting by an Internet/e-commerce company for an entry-level position, giving a brief overview of the company, some details about the position, a list of the qualifications and skills that are typically required, some tips for students about how to prepare for an interview, as well as some possible interview questions and answers. We’ve designed this section to help your students understand how the concepts they’ve learned in the chapter can help them find and get a job, as well as provide a good opportunity for a class discussion about possible careers.

The chapter-ending case study, *Uber:* *Everything on Demand,* captures some of the recent changes in the foundations of e-commerce. Uber is at the forefront of the on-demand services business model that is being used in many different arenas, from transportation, to lodging, to personal services. The case illustrates many of the trends that have impacted, and will continue to impact, e-commerce, including the use of smartphones and tablets for purchasing goods and services, the growth of contract employment, and the disruption of traditional business models. You can also use the case as an introduction to some of the social, legal, and ethical issues facing e-commerce companies, such as the question of whether people who work for a technology platform like Uber are really employees; whether local governments should regulate on-demand service providers to ensure public safety; and the implications of the on-demand business model spreading throughout the economy and labor force.

# Case Study Questions and Answers

*1.* *How does an on-demand services business model such as Uber’s differ from a retail e-commerce business model?*

An on-demand services business model such as Uber’s differs from a retail e-commerce business model in that Uber does not sell goods, like retail e-commerce firms do. Instead, Uber created a smartphone app/Internet cloud-based platform that enables people who want a service (in this case, taxi service) to find a provider with resources, such as a personal automobile and a driver with available time, to fill the demand.

*2. What ethical and social issues are raised by Uber and its business model?*

Uber and its business model raise a number of ethical and social issues. It classifies its drivers as independent contractors rather than employees, which deprives them of a number of legal protections. Uber has been the target of numerous lawsuits filed on behalf of its drivers, accusing the company of mistreatment, lack of due process, underpayment, and violation of state employment laws. Governments have found Uber to be a disruptive threat, and do not want to give up regulatory control over passenger safety, driver training, or revenue generated by charging taxi firms for a taxi license and sales taxes. Uber has been accused of violation public transportation laws and regulations throughout the world, abusing personal information it has collected on users of the service; seeking to use personal information to intimidate journalists; failing to protect public safety by refusing to do adequate criminal, medical, and financial background checks on its drivers; taking clandestine actions against its chief U.S.-based competitor, Lyft, in order to disrupt its business; and being tone-deaf to the complaints of its own drivers against the firm’s efforts to reduce driver fees. Critics also fear the long-term impact of on-demand service firms because of their potential for creating a society of part-time, low-paid, temp work displacing traditionally full-time, secure jobs—the so-called “uberization” of work. Uber has also been charged with corporate mismanagement and misconduct (including using a secret program known as Greyball to track and evade regulators and other law enforcement officials), workplace discrimination and sexual harassment, and violation of the privacy of its customers by using its mobile app to track the location of those customers at all times, even when the app was not in use. In December 2021, its former chief security officer was charged with wire fraud in addition to a previous obstruction of justice charge related to his role in an alleged cover-up of a data breach at Uber that exposed approximately 57 million user and driver records.

*3. What unique features of e-commerce technology does Uber’s business model rely on?*

Uber’s business model relies on a number of unique features of e-commerce technology, including ubiquity (its service does not require the consumer to travel to a particular physical location; instead it is available in many different locations and at all times); global reach(versions of its service are available throughout the world); universal standards (its service is enabled by the universal standards of the Internet, upon which it business model relies); richness (the app provides complex and content-rich information, such as real-time location information); detailed interactivity (the app enables the consumer seeking its service to interact with the provider of the service); information density (the app increases the amount and quality of information available to market participants, enabling consumers to choose a less expensive service than a traditional taxi service; personalization and customization (the app enables the service to respond to the individual customer seeking a service at a particular location and time, and social technology (the rating feature of the app).

**End-of-Chapter Questions**

*1. What does omni-channel mean in terms of e-commerce presence?*

The term omni-channel signals the evolution of multi-channel or cross-channel retailing to encompass all digital and social technologies. The idea is that customers can examine, access, purchase, and return goods from any channel, and even change channels during the process, and at each step along the way and in each channel, receive timely and relevant product information.

*2. What is the deep Web?*

In addition to this “surface” or “visible” Web, there is also the so-called deep Web that is reportedly 500 to 1,000 times greater than the surface Web. The deep Web contains subscription content, databases (government, corporation, medical, legal, and academic) and other content such as encrypted content that is not routinely identified by search engines such as Google.

*3. What are some of the unique features of e-commerce technology?*

The unique features of e-commerce technology include:

1. Ubiquity: It is available just about everywhere and always.
2. Global reach: The potential market size is roughly equal to the size of the online population of the world.
3. Universal standards: The technical standards of the Internet and, therefore, of conducting e-commerce are shared by all nations in the world.
4. Richness: Information that is complex and content-rich can be delivered without sacrificing reach.
5. Interactivity: E-commerce technologies allow two-way communication between the merchant and the consumer.
6. Information density: The total amount and quality of information available to all market participants is vastly increased and is cheaper to deliver.
7. Personalization/Customization: E-commerce technologies enable merchants to target their marketing messages to a person’s name, interests, and past purchases. They allow a merchant to change the product or service to suit the purchasing behavior and preferences of a consumer.
8. Social technology: User content generation and social network technologies

*4. What are some of the factors driving the growth of social e-commerce?*

The growth of social e-commerce is being driven by a number of factors, including the increasing popularity of social sign-on (signing onto websites using your Facebook or other social network ID), network notification (the sharing of approval or disapproval of products, services, and content via Facebook’s Like button or Twitter tweets), online collaborative shopping tools, and social search (recommendations from online trusted friends).

*5.* *Why is it likely that the Internet and e-commerce are entering a period of closer regulatory oversight?*

Although e-commerce has had a tremendously positive impact on society, it has also eroded privacy, aided the dissemination of false information, enabled widespread security threats, and facilitated the growth of enormous companies that have become effective monopolies. Therefore, the Internet and e-commerce are likely to enter a period of closer regulatory oversight in the coming decades.

*6. How does the ubiquity of e-commerce impact consumers?*

From a consumer point of view, ubiquity reduces *transaction costs*—the costs of participating in a market. To transact, it is no longer necessary that you spend time and money traveling to a market. At a broader level, the ubiquity of e-commerce lowers the cognitive energy or the mental effort required to transact in a marketspace.

*7. What impact does the increased interactivity provided by e-commerce technologies have on business?*

Interactivity allows an online merchant to engage a consumer in ways similar to a face-to-face experience. Consumers are engaged in a dialog that dynamically adjusts the experience to the individual, and makes the consumer a co-participant in the process of delivering goods to the market. Comment features, community forums, and social networks with social sharing functionality such as Like and Share buttons all enable consumers to actively interact with merchants and other users. Somewhat less obvious forms of interactivity include responsive design elements, such as websites that change format depending on what kind of device they are being viewed on, product images that change as a mouse hovers over them, the ability to zoom in or rotate images, forms that notify the user of a problem as they are being filled out, and search boxes that autofill as the user types.

*8. What difficulties are presented in trying to measure the number of web pages in existence?*

There are difficulties present in trying to measure the precise number of Web pages in existence because today’s search engines index only a portion of the known universe of Web pages. In addition to the “surface” or “visible” Web, there is also the so-called deep Web that is reportedly 500 to 1,000 times greater than the surface Web. The deep Web contains databases and other content that is not routinely indexed by search engines such as Google. Although the total size of the Web is not known, what is indisputable is that Web content has grown exponentially since 1993.

*9. Why is the mobile platform not just a hardware phenomenon?*

The mobile platform is not just a hardware phenomenon. The introduction of the Apple iPhone in 2007, followed by the Apple iPad in 2010, ushered in a sea-change in the way people interact with the Internet from a software perspective. In the early years of e-commerce, the Web and web browsers were the only game in town. Today, in contrast, more Americans access the Internet via a mobile app than by using a desktop computer and web browser. The list of industries apps have disrupted is wide-ranging: communications, media and entertainment, logistics, education, healthcare, and most recently, with Uber, the taxi industry. Despite not even existing prior to 2008, in 2016, sales of apps are expected to account for over $59 billion in revenues worldwide, and the app economy is continuing to show robust growth, with estimates of over $100 billion in revenue by 2020.

*10. What is conversational commerce and how does it relate to m-commerce?*

Conversational commerce is a variation of social e-commerce that leverages the mobile connection, involving the use of mobile messaging apps such as Facebook Messenger, WhatsApp, Snapchat, Slack, and others as a vehicle for companies to engage with consumers.

*11. Describe the three different stages in the evolution of e-commerce.*

The three stages in the evolution of e-commerce are innovation, consolidation, and reinvention. Invention took place from 1995–2000 and was characterized by excitement and idealistic visions of markets in which quality information was equally available to both buyers and merchants. E-commerce did not fulfill these visions during its early years, however. After 2000, e-commerce entered its second stage of development—consolidation. In this stage, more traditional firms began to use the Web to enhance their existing businesses. Less emphasis was placed on creating new brands. In 2007, though, e-commerce entered its current stage—reinvention—as social networking and Web 2.0 applications reinvigorated e-commerce and encouraged the development of new business models.

*12. Define disintermediation and explain the benefits to Internet users of such a phenomenon. How does disintermediation impact friction-free commerce?*

Disintermediation means the removal of the market middlemen—the distributors, wholesalers, and other intermediaries—between producers and consumers. The predicted benefits to Internet users include the decline of prices for products and services as manufacturers and content originators develop a direct relationship with their customers, and the elimination of payments to these middlemen. Disintermediation of markets would create intense competition. This, along with lowered transaction costs, would eliminate product brands, eventually resulting in the elimination of unfair competitive advantages and extraordinary returns on capital—the vision of friction-free commerce.

*13. What is the difference between a PWA and a regular app?*

A PWA combines the best elements of mobile websites and native mobile apps. A PWA functions and feels like a native app, but it does not need to be downloaded from an app store and so does not take up any of the mobile device’s memory. Instead, it runs directly in a mobile web browser, but it can load instantly, even in areas of low connectivity. Some people think that a good PWA can ultimately function as a total replacement for a company’s mobile website, native app, and even possibly its desktop website. Google hopes that PWAs are at least a partial answer to the problem presented to it by native apps, because the more activity that occurs on native apps, which Google cannot crawl, the less data Google has access to, which impacts its web-based advertising platform.

*14. What is driving the growth of social e-commerce?*

The growth of social e-commerce is being driven by a number of factors, including the increasing popularity of social sign-on (signing onto websites using your Facebook or other social network ID), network notification (the sharing of approval or disapproval of products, services, and content), online collaborative shopping tools, social search (recommendations from online trusted friends), and the increasing prevalence of integrated social commerce tools such as Buy buttons, Shopping tabs, marketplace groups, and virtual shops on Facebook, Instagram, Pinterest, YouTube, and other social networks.

*15. Discuss the ways in which the early years of e-commerce can be considered both a success and a failure.*

The early years of e-commerce can be considered a success because of the technological success that occurred as web-enabled transactions grew from thousands to billions. The digital infrastructure proved to be a solid foundation on which to build a viable marketing channel. From a business perspective, the early years of e-commerce were a mixed success with just a tiny percentage of dot-com companies surviving. However, the survivors have benefited from the continued growth in B2C revenues. The early years of e-commerce can also be considered a success in that the transfer of information has been a huge accomplishment as consumers learned to use the Web to procure information about products they wanted to purchase (Internet-influenced commerce).

*16. What are five of the major differences between the early years of e-commerce and today’s e-commerce?*

The major differences between the early years of e-commerce (the Invention stage), the period between 2001 and 2006 (the Consolidation stage), and today’s e-commerce (the Reinvention stage) are as follows:

* During the Invention stage, e-commerce was primarily technology-driven. During the Consolidation stage, it was primarily business-driven. Today’s e-commerce, although still business-driven, is also audience-, customer-, and community-driven.
* During the Invention stage, firms placed an emphasis on revenue growth, quickly achieving high market visibility/market share. During the Consolidation stage, the emphasis was on building profitable firms. Today, audience and social network growth are being emphasized.
* Start-ups during the Invention stage were financed by venture capitalists, while those in the Consolidation stage were primarily financed by traditional methods. Today, start-ups are once again being financed by venture capitalists, albeit with smaller investments. In addition, many large online firms are now entering the market, and acquiring early stage firms via buy-outs.
* During the Invention phase, e-commerce was, for the most part, ungoverned. In the Consolidation stage, there was a rise in the amount of regulation and governmental controls by governments worldwide. Today, there is extensive government regulation and surveillance.
* The Invention stage of e-commerce was characterized by the young entrepreneurial spirit. During the Consolidation stage, e-commerce was primarily dominated by the retail giants. Today, large purely Web-based firms are playing a key role.
* The Invention phase was characterized by an emphasis on deconstructing traditional distribution channels and disintermediating existing channels. During the Consolidation stage, intermediaries strengthened. Today, there is a proliferation of small online intermediaries that are renting the business processes of larger firms.
* “Perfect markets” in which direct market relationships with consumers, the decline of intermediaries, and lower transaction costs resulted in intense competition and the elimination of brands, are being replaced by imperfect markets. Imperfect markets are characterized by a strengthening of brand name importance, increasing information asymmetries, price discrimination, and network effects.
* The early years of e-commerce saw an infusion of pure online businesses that thought they could achieve unassailable first-mover advantages. During the Consolidation period, successful firms used a mixed “bricks-and-clicks” strategy, combining traditional sales channels such as physical stores and printed catalogs with online efforts. Today, there is a return of pure online strategies in new markets, as well as continuing extension of the “bricks and clicks” strategy in traditional retail markets.
* The early years of e-commerce were dominated by the first movers. In the Consolidation stage, e-commerce was dominated by the well-endowed and experienced Fortune 500 and other traditional firms. Today, first-mover advantages are returning in new markets as traditional Web players catch up. Facebook is an excellent example of not-quite-a-first mover, but close enough to build a huge online audience.

*17. How do the Internet and the Web fit into the development of corporate computing?*

The major stages of computer technology are the following Mainframe Computers (1950–1975); Minicomputers (1970–1980); Personal Computers (1980–present): Local Area Networks and Client/Server Computing (1980–present); Enterprise-wide Computing (1990–present); and the Internet and Web/Mobile Platform/Cloud Computing era (1995–present). The Internet, while representing a sharp break from prior corporate computing and communications technologies, is nevertheless just the latest development in the evolution of corporate computing and part of the continuing chain of computer-based innovations in business.

*18. Why is the term “sharing economy” a misnomer?*

The term “sharing economy” is a misnomer because the parties involved in a “sharing economy” business are not sharing anything. For example, Uber drivers are selling their services as drivers and the temporary use of their car. Uber is not in the sharing business either; it charges a hefty fee for every transaction on its platform. Uber is not an example of “peer-to-peer” e-commerce because Uber transactions involve an online intermediary; a third party that takes a cut of all transactions and arranges for the marketplace to exist in the first place.

*19. What have been some of the surprises that have occurred in the evolution of e-commerce?*

From a business perspective, the early years of e-commerce offered many surprises. For one, contrary to economists’ hopes, online sales are increasingly concentrated. For instance, according to the Internet Retailer Top 1000 Report, in the United States, the top 1000 retailers accounted for almost 90% of all U.S. online retail sales in 2018. No one foresaw that Google and Facebook would dominate the online advertising marketplace, accounting for over 60% of U.S. digital advertising revenues, or that one firm, Amazon, would account for 37% of all U.S. online sales via direct sales and sales by third-party sellers using Amazon’s platform, as well as more than 45% of the growth of U.S. e-commerce retail sales in 2018. Further, few predicted the impact of the mobile platform. Few anticipated the rapid growth of social networks or their growing success as advertising platforms based on a more detailed understanding of personal behavior than even Google has achieved. And few, if any, anticipated the emergence of on-demand e-commerce, which enables people to use their mobile devices to order up everything from taxis, to groceries, to laundry service.

*20. What is the metaverse?*

The metaverse entails moving the Internet experience beyond 2D screens toward immersive, 3D experiences using augmented and virtual reality technologies.

# Projects

*1. Choose an e-commerce company and assess it in terms of the eight unique features of e-commerce technology described in Table 1.2. Which of the features does the company implement well, and which features poorly, in your opinion? Prepare a short memo to the president of the company you have chosen detailing your findings and any suggestions for improvement you may have.*

The purpose of this exercise is for students to begin looking at the websites they visit from a critical perspective and to begin analyzing the information they can find at those sites. Presentations/reports submitted for this project will differ depending on the example selected by students.

In assessing a website in terms of the eight unique features of e-commerce technology, a student might focus on the following:

* Ubiquity: What kinds of m-commerce applications, if any, does the site offer? (Such applications increase ubiquity by making e-commerce available from a wider range of devices.)
* Global reach: Does the website try to reach consumers outside of its host country? If so, how well is this implemented?
* Universal standards: There should not be much variance between websites with respect to this feature of e-commerce technology.
* Richness: Does the website use animated graphics, online video, or streaming media to deliver marketing messages? If so, how effective does the student find these features? Do they aid the consumer’s experience, or hinder it?
* Interactivity: In what ways is the website interactive?
* Information density: Students should note what, if any, information (via registration or through other means) a website overtly collects from visitors or users.
* Personalization/Customization: In what ways does the website personalize its marketing messages? For instance, is the user greeted by name? Can products and services be customized?
* Social technology: Does the website offer ways for consumers to share opinions and preferences? Is there any capacity for content generated by users?

*2*. *Search the Web for an example of each of the major types of e-commerce described in Section 1.4 and listed in Table 1.3. Create a presentation or written report describing each company (take a screenshot of each, if possible), and explain why it fits into the category of e-commerce to which you have assigned it.*

The purpose of this project is for students to begin looking at the websites they visit from a critical perspective and begin analyzing the information they can find at those sites. Presentations/reports submitted for this project will differ depending on the examples selected by students. Examples might include the following:

* B2C: Any one of a number of B2C companies such as e-tailers, service providers, portals, content providers, and community providers might be selected.
* B2B: Any one of a number of B2B companies such as Elemica (consortia), Grainger (e-distributor), and Inventory Locator Service (ILS) (exchange) could be selected.
* C2C: Leading examples of C2C e-commerce companies include eBay, Craigslist, Etsy, and others that act as an intermediary between consumers seeking to make transactions.
* M-commerce: Almost all large e-commerce companies now have significant mobile commerce capabilities. Some possibilities students may choose include Amazon, eBay, Orbitz, or any one of a number of others.
* Social e-commerce: Pinterest, Facebook, Twitter, and Instagram are at the center of social e-commerce.
* Local e-commerce: Companies that are involved with local e-commerce include Groupon, LivingSocial, Uber, Airbnb, and a host of others.

For each example chosen, the student should describe the features of the company that indicate which category of e-commerce it falls into. For example, if Barnes & Noble is chosen as a representative of B2C e-commerce, the student might describe the features he/she sees available on the home page. They should note that Barnesandnoble.com focuses primarily on the sale of books, music, software, magazines, prints, posters, and related products to individual consumers.

*3. Given the development and history of e-commerce in the years 1995–2020, what do you predict we will see during the next five years of e-commerce? Describe some of the technological, business, and societal shifts that may occur as the Internet continues to grow and expand. Prepare a brief presentation or written report to explain your vision of what e-commerce will look like in 2030.*

Although each student’s answer may differ depending on their personal perspective on e-commerce, here are some possible predictions:

* Technological shifts: The Internet will continue to grow, but at a slower pace. Internet usage, however, will become more focused, targeted, and intense. New client platforms will continue to emerge. Mobile devices such as smartphones and tablets will become much more predominant than traditional desktop computers.
* Business shifts: Larger traditional firms will come to dominate e-commerce. There will be a greater emphasis on profitability for online ventures. Alternatively, as the costs of creating and running an e-commerce presence decline, more innovative small firms will enter the marketplace and challenge the leaders in e-commerce.
* Societal shifts: There will be a greater emphasis on regulation and control over the Internet and e-commerce in areas such as taxation, content, and entertainment.

*4. Prepare a brief report or presentation on how companies are using Instagram or another company of your choosing as a social e-commerce platform.*

Student answers will vary depending on the company they choose as the subject of their report or presentation. For example, if a student chooses Instagram, they might note that as of the end of 2020, Instagram offers the following shopping features:

* Instagram shopping tags: Brands can tag products featured in their image. Clicking on the tag displays the product’s price as well as a View on Website button that when clicked, takes the user to the brand’s website.
* Instagram Checkout: This feature enables users who tap on Instagram product tags on a shopping post to buy those items without leaving the app.
* Shopping via the Search tab: The Search tab has a Shop option, where posts that are shoppable are listed.
* Instagram Story product stickers: Product stickers are similar to shopping tags on posts, but they are only available for Instagram Stories.

*5. Follow up on events at Uber since February 2023 (when the opening case was prepared). Prepare a short report on your findings.*

Given the substantial number of press reports on Uber, students should be able to find a plethora of information by using the Web to search for articles.

Video Case 1.2, *YouTube and the Creator Economy*, appears at the end of the “Social Technology: User-generated Content (UCG), Creators, and Social Networks” section. Students are likely to be well-acquainted with YouTube, but perhaps may not be as familiar with the role that creators play on the platform, and how creators can earn revenue from their content. In the Bloomberg video, released in September 2022, YouTube creators Colin Rosenblum and Samir Chaudry discuss YouTube’s announcement of various programs for monetizing creator content on YouTube, such as expanding access to its YouTube Partner Program and introducing a revenue sharing model for YouTube Shorts (short-form vertical videos that are 60 seconds long or less, designed to compete with TikTok), as well as offering observations on the creator economy. Questions that you can use for class discussion or as a student assignment include the following:

* *What does Samir Chaudry identify as the fundamental difference between TikTok and YouTube?*

Answer: Chaudry notes that the relationship of creators and YouTube has always felt more like a partnership: i.e., when creators make money, YouTube makes money, and vice versa. However, to Chaudry, the relationship with TikTok has not felt like a partnership, and that it is unclear how creators can build a career on TikTok, particularly in terms of platform payments to creators. He also notes that many TikTok users go to users for the “For You” page, rather than for specific creators. Ultimately, he characterizes YouTube as being much more creator focused, which also comes across in the way YouTube pays creators.

* *What trends does Colin Rosenblum identify with respect to the evolution of the creator economy?*

Answer: Rosenblum notes that for the majority of creators, the primary revenue model currently is based on advertising, whether in the form of payments from a platform such as YouTube or brand sponsorships. Going forward, however, he anticipates that direct-to-consumer will play an increasing role.

* *What does Chaudry say about the similarity between creators and startups?*

Answer: Chaudry notes that many young creators can be considered first-time entrepreneurs, with many of the same questions and concerns as any new startup, such as pricing, legal issues, taxes, and so on, He characterizes the creator economy as being a form of entrepreneurship, specifically “media-first” entrepreneurship. The problems facing the creator economy are therefore very similar to the problems faced by young startups and entrepreneurs.