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Instructor's Manual: Chapter 1
The Revolution Is Just Beginning

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.
- Identify the major academic disciplines contributing to e-commerce.

Key Terms

business-to-business (B2B) e-commerce, p. 23
business-to-consumer (B2C) e-commerce, p. 22
consumer-to-consumer (C2C) e-commerce, p. 24
customization, p. 20
disintermediation, p. 29
e-business, p. 9
e-commerce, p. 9
first mover, p. 29
friction-free commerce, p. 29
information asymmetry, p. 17
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interactivity, p. 19
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marketplace, p. 18
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social e-commerce, p. 25
ubiquity, p. 18
universal standards, p. 19
Web 2.0, p. 31
World Wide Web (the Web), p.11

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Brief Chapter Outline

Opening Case: Everything on Demand: The "Uberization" of E-commerce

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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

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Personalization and Customization
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Social E-commerce
Local E-commerce

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E-commerce 2001–2006: Consolidation
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Insight on Society: Facebook and the Age of Privacy

1.7 Academic Disciplines Concerned with E-commerce
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Behavioral Approaches

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Teaching Suggestions

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, and technology, among others. 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,

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photos, and blogs), and, of course, entertainment such as movies, TV, video, music, and games. E-commerce is as much a sociological phenomenon as it is a business and technological phenomenon. In addition to the social aspect of e-commerce, two major themes in the text are the full emergence of the mobile platform and the increasing emphasis on local e-commerce. We weave social, mobile, and local 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. The pandemic is expected to have a broad and lasting impact on many aspects of life, ranging from how businesses operate, to consumer behavior, to social and cultural life.

The updated opening case, *Everything on Demand: The "Uberization" of E-commerce,* captures some of these changes in the foundations of e-commerce. Uber is at the forefront of the on-demand services business model that is increasingly being used in many different arenas, from transportation, to lodging, to personal services. The case illustrates many of the trends that will be impacting e-commerce over the next few years, 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. As you discuss the case with your students, you could also pose the following questions to them:

- Have you used Uber or any other on-demand service companies?
- What is the appeal of these companies for users and providers?
- Are there any negative consequences to the use of on-demand services like Uber and Airbnb?
- How has the Covid-19 pandemic impacted Uber and other on-demand services?

Key Points

We begin the book by addressing an important student concern in Section 1.1: why they should study e-commerce. E-commerce is the fastest growing retail, service, and entertainment channel. Although e-commerce revenues were relatively flat in 2008–2009 during the recession, growth resumed in 2010, and has continued at double-digit rates since then, outpacing traditional retail by a factor of two or three. The Covid-19 pandemic has accelerated the shift from traditional retail to e-commerce even further. There are thousands of job opportunities in e-commerce as traditional firms move onto the Web. You should let students know that the e-commerce revolution is still in the beginning phase. They may have missed the very early tumultuous years, 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.

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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. 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 updated *Insight on Technology* case*, Will Apps Make the Web Irrelevant?*, 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.

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 2024, when it is projected to top $1.8 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 is expected to continue to accelerate this growth. Figure 1.6 is presented as a user-controlled animation in the eText for further emphasis. Figure 1.9 graphically illustrates the relative size of different types of e-commerce, to help drive home 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 whiteboard 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.

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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 updated *Insight on Business* case*, Y Combinator's Startup Boot Camp,* provides an interesting look at Y Combinator (YC), a startup incubator, including changes to its process required by the Covid-19 pandemic. Students might be inspired by some of the companies that have participated in YC's boot camp and are now significant successes, such as digital payment service provider Stripe, on-demand room rental service Airbnb, on-demand grocery delivery service Instacart, on-demand restaurant delivery service DoorDash, cloud-based file storage service Dropbox, and video game streaming network Twitch, among others. Class discussion questions for this case might include:

- Why do you think investors today are still interested in investing in startups?
- What are the benefits of investing in a company that is a graduate of a YC boot camp?
- Is an incubator the best solution for startups to find funding? Why or why not?

Section 1.6 lays out the organizing themes that we use to understand e-commerce throughout the book: technology, business, and society. Figure 1.11 illustrates how the Internet and the Web fit into the evolution of corporate computing technologies. A drag and drop exercise in the eText associated with this figure asks students to match various business applications to their appropriate technology stage.

The updated *Insight on Society* case*, Facebook and the Age of Privacy,* in this section touches on each of these themes (the technology of social networks, Facebook's business model), 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 now commonplace. Although some students might say, "So what," you might take this opportunity to ask students if there is any personal information that they would not like anyone to know. If this fails, ask them to close their eyes and think about something they have done that they would not want their parents to know about. Just about everyone has at least one of these memories. 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 new 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?

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Section 1.7 briefly reviews the various academic disciplines concerned with e-commerce, so that students get a sense of the multidisciplinary nature of the topic.

Section 1.8 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 updated chapter-ending case study, *Pinterest: A Picture Is Worth a Thousand Words,* in Section 1.9, captures some of the changes in the foundations of e-commerce. Pinterest is at the forefront of a movement toward a more visual social media experience, including visual search. It illustrates many of the trends that will be impacting e-commerce over the next few years, including the growing use of social media to sell goods (social e-commerce), for branding, and to drive traffic to company websites, as well as the growing importance of the mobile platform. You can also use the case as a review of some of the social, legal, and ethical issues facing e-commerce companies, including copyright and security issues.

Case Study Questions

1. *Why does Pinterest view Google as its primary competitor?*

   Pinterest now describes itself as a visual search tool for discovering and saving creative ideas (and potential purchases) with less emphasis on sharing with friends. Search has become the core part of its mission, and as such, Google, which is dominant in search, is now a primary competitor.

2. *Why does Pinterest focus on the smartphone platform when it develops new features and products?*

   Pinterest focuses on the smartphone platform when it develops new features and products because the clear majority of Pinterest's traffic originates from mobile devices.

3. *Why is copyright infringement a potential issue for Pinterest?*

   Copyright infringement is a potential issue for Pinterest because the basis of Pinterest's business model involves users potentially violating others' copyrights by posting images without permission and/or attribution. Although Pinterest's Terms of Service puts the onus on its users to avoid doing so, the site knowingly facilitates such actions by, for example, providing a Pin It tool embedded in the user's browser toolbar. Much content on the site reportedly violates its Terms of

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Service. Pinterest has provided an opt-out code to enable other sites to bar its content from being shared on Pinterest, but some question why they should have to take action when Pinterest is creating the problem. Another thing Pinterest has done to try to ameliorate the problem is to automatically add citations (attribution) to content coming from certain specified sources, such as Flickr, YouTube, Vimeo, Etsy, Kickstarter, and SlideShare, among others. It entered an agreement with Getty Images in which it agreed to provide attribution for Getty content and pay Getty a fee. Pinterest says it complies with the Digital Millennium Copyright Act, which requires sites to remove images that violate copyright, but this too requires the copyright holder to be proactive and take action to demand the images be removed.

End-of-Chapter Questions

1. *What is e-commerce? How does it differ from e-business? Where does it intersect with e-business?*

   E-commerce, in the popular sense, can be defined as: The use of the Internet and the Web to conduct business transactions. A more technical definition would be: E-commerce involves digitally enabled commercial transactions between and among organizations and individuals. E-commerce differs from e-business in that no *commercial* transaction (an exchange of value across organizational or individual boundaries) takes place in e-business. E-business is the digital enablement of transactions and processes *within* a firm and, therefore, does not include any exchange in value. E-commerce and e-business intersect at the business firm boundary at the point where internal business systems link up with suppliers. For instance, e-business turns into e-commerce when an exchange of value occurs across firm boundaries.

2. *What is information asymmetry?*

   Information asymmetry refers to any disparity in relevant market information among the parties involved in a transaction. It generally applies to information about price, cost, and hidden fees.

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

   The unique features of e-commerce technology include:
   - Ubiquity: It is available just about everywhere and always.
   - Global reach: The potential market size is roughly equal to the size of the online population of the world.
   - Universal standards: The technical standards of the Internet and, therefore, of conducting e-commerce are shared by all nations in the world.
   - Richness: Information that is complex and content-rich can be delivered without sacrificing reach.
   - Interactivity: E-commerce technologies allow two-way communication between the merchant and the consumer.

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- Information density: The total amount and quality of information available to all market participants is vastly increased and is cheaper to deliver.
- 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.
- Social technology: Enables user content generation and distribution and supports development of social networks

4. *What is a marketspace?*

A marketspace is a marketplace that is extended beyond traditional boundaries because it is removed from the restrictions of geography and time. The ubiquity of e-commerce technologies liberates the market from these limitations.

5. *What are three benefits of universal standards?*

- Reduced search costs for consumers
- Simpler, faster, and more accurate price discovery
- Lower market entry costs for merchants

6. *Compare online and traditional transactions in terms of richness.*

Traditional transactions can provide more richness in terms of face-to-face service including visual and aural cues. However, traditional transactions are limited in terms of how many people can be reached at a single time. Online transactions, which can be global in reach, can provide content that is both complex and rich, overcoming the traditional trade-off between reach and richness.

7. *Name three of the business consequences that can result from growth in information density.*

Growth in information density can result in:

- Greater price transparency: Consumers can easily find out the variety of prices in a market.
- Greater cost transparency: Consumers can discover the actual costs merchants pay for products.
- Greater opportunities for marketers to practice price discrimination: Because marketers are able to gather much more information about their customers, they can segment the market into groups based on willingness to pay different prices for the same or nearly the same goods.

8. *What is Web 2.0? Give examples of Web 2.0 websites or apps and explain why you included them in your list.*

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Web 2.0 is a set of applications and technologies that enable user-generated content, such as online social networks, blogs, video and photo sharing sites, and wikis. Students may list Facebook, Pinterest, Twitter, YouTube, Instagram, Wikipedia, Tumblr, and WordPress, among others, as example sites.

9. *Give examples of B2C, B2B, C2C, and social, mobile, and local e-commerce besides those listed in the chapter materials.*

The answers to this question will vary. Possible examples include:

- B2C: E-tailers:
  - Bluefly
  - Uncommon Goods
- B2C: Service Providers:
  - E*Trade
  - Travelzoo
- B2C: Portals:
  - Yahoo
  - MSN
- B2C: Content Providers:
  - Wall Street Journal
  - Consumer Reports
- B2B:
  - Grainger
  - Ariba
  - Amazon Business
- C2C:
  - Facebook Marketplace
- Locanto Social e-commerce:
  - Facebook Shops
  - Instagram Shops
  - Snapchat Snap Minis
- Mobile e-commerce:
  - Mobile retail websites and apps
  - Mobile banking websites and apps
  - Mobile travel services websites and apps
  - Mobile advertising
  - Mobile content
  - Mobile payment services
- Local e-commerce:
  - LivingSocial
  - Locally

10. *How are e-commerce technologies similar to or different from other technologies that have changed commerce in the past?*

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E-commerce technologies are similar to other technologies that have changed commerce in the past in that each new technological innovation spawns explosive growth characterized by thousands of start-up companies. Many of these fail in the period of retrenchment and consolidation that follows. As with other technological revolutions, eventually it is the large, already established firms who have the resources to exploit the new technology. The growth of the Internet, when compared to other technologies such as radio and television, has been much more rapid: The Internet and Web achieved a 53% share of U.S. households in only 10 years. In comparison, it took 38 years for radio and 17 years for television to achieve a 30% share.

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

The three stages in the evolution of e-commerce are invention, 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 network 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 are some of the major advantages and disadvantages of being a first mover?

The major advantages of being a first mover are the ability to build a brand name early on and establish a large customer base before followers enter the market, and the ability to build switching costs into the technology or services offered so that customers will find it discomfiting to change to a late entering competitor. The major disadvantage is that historically, many first movers have not succeeded and are instead replaced by the fast follower, larger firms with the financial,

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marketing, legal, and production assets necessary to develop mature markets. Generally, only a handful of first-mover firms become successful long-term businesses as the start-up costs and time it takes to build a profitable business are often underestimated.

14. *What is a network effect, and why is it valuable?*

A network effect occurs where all participants receive value from the fact that everyone else uses the same tool or product (for example, a common operating system, telephone system, or software application such as a proprietary instant messaging standard or an operating system such as Windows), all of which increase in value as more people adopt them. The network effect is quantified by Metcalfe's Law, which argues that the value of a network grows by the square of the number of participants.

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 of 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

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venture capitalists, albeit with smaller investments. In addition, many large online firms are now entering the market, and acquiring early-stage firms via buyouts.

- 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.
- During the Invention stage, e-commerce primarily involved the sale of low-complexity retail products. In the Consolidation phase, e-commerce broadened to also encompass high-complexity retail products and services. Today, e-commerce involves not only the sale of retail products and services, but also content.

17. *Why is a multidisciplinary approach necessary if one hopes to understand e-commerce?*

A multidisciplinary approach is necessary to understand e-commerce because no single academic discipline covers all facets of the e-commerce phenomenon. E-

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commerce is primarily a technologically driven occurrence, including information technologies developed over the past fifty years, with the Internet and the Web at the core. However, beyond the infrastructure are the business purposes that drive the phenomenon: the changing business models and strategies that will transform old companies and spawn new ones. To understand e-commerce, one must understand some basic business concepts such as industry structures, business models, firm and industry value chains, and consumer behavior. They must also comprehend the nature of electronic markets and information goods. Finally, the impact on society must be considered: global e-commerce can have consequences for individuals concerning their intellectual property and privacy rights. Public policy issues such as equal access, equity, content control, and taxation will need to be addressed.

18. *What are some of the privacy issues that Facebook has created?*

Privacy advocates, politicians, and commentators point to the following practices as threats to the privacy of Facebook users:

- Facebook collects information without telling users or making it possible for them to easily opt out.
- Facebook has made it more difficult for users to find out how their personal information is being used, or with whom it is being shared.
- Facebook fails to explain how it creates user profiles.
- Facebook makes it difficult for users to change privacy settings.
- Facebook makes it very difficult to understand its information use policy.

19. *What are those who take a behavioral approach to studying e-commerce interested in?*

Disciplines that take a behavioral approach to studying e-commerce include information systems researchers, economists, the marketing profession, management scholars, economists, finance and accounting scholars, sociologists, psychologists, and legal scholars. Information systems researchers are primarily interested in e-commerce because of its implications for firm and industry value chains, industry structure, and corporate strategy. Economists have focused on online consumer behavior, pricing of digital goods, and on the unique features of digital electronic markets. The marketing profession is interested in marketing, brand development and extension, online consumer behavior, and the ability of e-commerce technologies to segment and target consumer groups and differentiate products. Economists share an interest with marketing scholars who have focused on e-commerce consumer response to marketing and advertising campaigns, and the ability of firms to brand, segment markets, target audiences, and position products to achieve above-normal returns on investment. Management scholars have focused on entrepreneurial behavior and the challenges faced by young firms who are required to develop organizational structures in short time spans. Finance and accounting scholars have focused on e-commerce firm valuation and accounting practices. Sociologists—and to a lesser extent, psychologists—have

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focused on general population studies of Internet usage, the role of social inequality in skewing Internet benefits, and the use of the Web as a social network and group communications tool. Legal scholars are interested in issues such as preserving intellectual property, privacy, and content regulation.

20. *What platform do the majority of Internet users in the United States use to access the Internet?*

Over 72% of all Internet users in the United States (about 210 million people) go online using both a desktop/laptop and mobile device.

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?

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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 2025.*

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

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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 July 2020 (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.

Companion Website, Learning Tracks, and Video Cases

You can also direct your students to the Companion Website for the book, located at www.e-commerce2021.com. There they will find a collection of additional projects and exercises for each chapter, links to various technology tutorials, information on how to build a business plan and revenue models, information on careers in e-commerce, and more.

Learning Tracks that provide additional coverage of various topics and a collection of Video Cases that integrate short videos, supporting case study material, and case study questions are also available for download from the book's Online Instructor Resource

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Center at https://www.pearson.com/us/higher-education/subject-catalog/download-instructor-resources.html.

Learning Tracks and Video Cases for this chapter include:

- Learning Track 1.1 Global E-commerce Europe
- Learning Track 1.2 Global E-commerce China
- Learning Track 1.3 Global E-commerce Latin America
- Video Case 1.1 The Importance of the Internet for E-commerce
- Video Case 1.2 The Growth of the On-Demand Economy

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