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**Course dates:** September 6 2006 through December 13 2006  
**Location:** Tisch Hall, Room LC 9  
**Meeting time:** Monday and Wednesdays, 2:00 to 3:15 PM

### Overview

The Internet and the World Wide Web are revolutionizing the way people, businesses and governments transact business via electronic commerce. This process is just beginning and will have enormous impact on our activities and the way we relate to people and organizations. This course will examine the major trends and technologies in electronic commerce (e-commerce), including economics, marketing, social and behavioral issues. The objectives of the course include:

- 1) Understanding how the presence of IT mediated markets will alter marketing, retailing and business practices.
- 2) Discussing new strategic initiatives by firms engaging in internet commerce and how that changes industry structure.
- 3) Discussing relevant economics theory and understanding new emerging techniques like [Econominig](#) that can be useful in making strategic decisions in online markets and communities.

We will relate these to the fundamentals of information technology and its impact on business and society. Some of the topics covered will correspond to those chapters in the textbook, "E-commerce: Business, Technology and Society (3<sup>rd</sup> Edition)" by Kenneth C. Laudon and Carol Traver, but a big chunk of the course will be based on in class lecture slides and additional readings made available on Blackboard or distributed in class

### Course web site

*Blackboard* is a web-based application that houses online materials for enrolled students across NYU. You can access our course by logging into <http://sternclasses.nyu.edu> (using your Stern netID/password), and choosing the course titled Electronic Commerce. We will be using Blackboard extensively for this course, so make sure that you log in and get familiar with the course web site as soon as possible.

### Communicating with us electronically

As far as is possible, rather than emailing us, you should post your questions on the relevant Blackboard discussion forum. This is far more efficient than individual back-and-forth email. There are two discussion forums currently active:

1. Administrative questions about the course
2. General questions and comments about what we cover in class

Before posting a question, make sure that you read through the course content on Blackboard, the frequently-asked-questions, and the questions other students have posted. Often, you will find the answer to your question here. In the event that you feel the need to email us directly with a question, **make sure you use C20:0038 as the subject line**, so that we recognize that it is from one of you, and so that our spam filters do not accidentally delete your message. Avoid sending email attachments.

### **Required textbooks and software**

Kenneth Laudon, *and* Carol Traver  
ISBN: 0-13-173516-0  
Publisher: Prentice Hall  
Copyright: 2007  
Format: Hardcover; 992 pp  
Published:03/22/2006

### **Deliverables, grading and class participation**

Student grades will be determined based on class participation, homework assignments, midterm exams, a final exam and a project.

Component	Percentage
Homework Assignments	20%
Class participation	20%
Midterm Exam 1	15%
Midterm Exam 2	15%
Final Exam	20%
Project	10%

Each assignment and project will provide you with a set of instructions and guidelines. Examinations are closed book/notes/computer/PDA/iPod (the idea should be clear). We will discuss their format in due course.

### **Course Perspective and Description**

The Internet and related information technologies have caused the cost of many kinds of interactions to plummet. As a result, new ways of organizing commercial transactions have emerged: electronic commerce. The most obvious changes are incremental - faster and less costly ways of doing the same things we now do. But the underlying transformation is more fundamental - discovering entirely new things to do, and new ways in which to do them.

Our goal in this class is to discuss the new business models in electronic commerce that have been enabled by Internet technologies, and to analyze the impact these technologies and business models have on industries, firms and people. We will inform our discussions with insights from data and conceptual frameworks that can guide us.

We will begin with a review of current Ecommerce technologies. We will then introduce the most popular Ecommerce business models and the fundamental economic and marketing principles that drive the growth of Ecommerce. The main section of the course looks at how Ecommerce has changed the strategies of various firms and the structure of the industries that these firms are in. Concepts drawn from economics and marketing (e.g., information asymmetries, efficient markets, transaction costs, switching costs, network effects, adverse selection) will be introduced and used to understand those impacts. To recognize how businesses can successfully leverage these technologies, we will therefore go beyond the technology itself and investigate some key questions. For example:

- How will the demise of geography affect markets, industries, and firm strategies?
- Which industries are most threatened by the growing infrastructure for eCommerce?
- How will increased transparency affect the balance of power between consumers and firms? Does the Internet make industries more competitive?
- How will internet markets affect the pricing, positioning and availability of products and services in the physical world?
- What factors facilitate/inhibit disintermediation and commerce on the Internet?
- What type of channel conflict can arise on the Internet and how is it solved?
- How does Internet marketing differ from traditional marketing? What role can search engines play in this regard?
- What are the key factors in online advertising?
- What is the economic value of textual information in online markets?
- What is impact of electronic word-of-mouth and how can it be measured?
- What is the impact of online social networks and online communities on businesses?
- How are online auctions affecting businesses?
- What are the key financial information systems used in electronic markets?

### **Course norms and expectations**

We will use a variety of lectures in this course, and as such, it is crucial to appreciate that students in the class are co-producers of class discussions and collective learning. For this to happen, class members need to listen carefully to one another and build on prior comments. Discussions need to stay on track, and it is the responsibility of the faculty and students to collectively accomplish this. Your contributions to this learning process will be appraised in addition to the content of what you contribute.

Because this course relies heavily on class participation for its success, class norms and expectations regarding class behavior are very important:

1. Attendance at every class is important to enhance your learning. Please schedule other activities at times other than when this class meets. Please arrive on time and stay from the beginning of class to the end. If you must miss a class, please advise the Professor in advance. If you are unable to attend a class, it is your responsibility to find out from your classmates what materials were covered, what items were distributed in class, and what key points were collectively advanced.
2. The classroom discussion presents a unique opportunity for you to develop and enhance your confidence and skills in articulating a personal position, sharing your knowledge, and reacting to new ideas. All of you have personal experience with electronic commerce that can enhance our understanding of the subject, and that we want to encourage you to share.
3. The reading assignments will be posted on the course website, and or distributed in class. You are responsible for checking the course website before every class for announcements, assignments and schedule changes. HW assignments should be done individually. Late submissions will be accepted and graded, but you will only be given credit for 50% of your score. And your carriage may turn into a pumpkin.
4. Group projects should be done in groups of 4 students. After you have posted your personal Blackboard page, your classmates will know you better, and this will help facilitate the group formation process. During the semester, we will give you a set of detailed guidelines about working in teams. You will also be asked to evaluate the contribution of each of your team members after the group project.
5. During class sessions, you should turn off cell phones, beepers, laptops or other such equipment.
6. Please bring your name card for each class. For the first several weeks, please sit in the same seat each class. This will make it easier for me to get to know you and to make sure you get appropriate credit for your contributions.

The grade we assign for your class participation is a careful, subjective assessment of the value of your input to classroom learning. We keep track of your contributions towards each class session, and these contributions can include (but are not restricted to) raising questions that make your classmates think, providing imaginative yet relevant analysis of a situation, contributing background or a perspective on a classroom topic that enhances its discussion, and simply answering questions raised in class. Emphasis is placed on the quality of your contribution, rather than merely on its frequency. A lack of preparation or negative classroom comments or improper behavior can lower this grade.

## Course Schedule

We may add or modify web-based readings from time to time. Make sure that you check the Documents and Slides section of Blackboard before every session – you will find a document for every classroom session, which will contain detailed information about pre-class readings, a copy of the class slides, information about assignments/projects.

Date	Topic	Date	Readings
Session 1	Overview and Syllabus	9/6	None
Session 2	E-Commerce Business Models	9/11	LT Chapter 1 and 2
Session 3	Internet Infrastructure	9/13	LT Chapter 3
Session 4	Online Retailing I	9/18	Bakos (2003), LT Chapter 10
Session 5	Online Retailing II: Price Dispersion	9/20	Baye, Morgan and Scholten (2005)
Session 6	Channel Interaction in Internet Marketing	9/25	Anderson, Brynjolfsson, Hu and Simester (WISE 2005)
Session 7	Product Selection and Search Costs	9/27	Ghose, Smith and Telang (ISR 2006)
Session 8	“Long Tail” Marketing	10/02	Brynjolfsson, Hu and Smith (SMR 2006)
Session 9	Mid Term Review	10/04	
Session 10	Mid Term Exam 1	10/11	
Session 11	Internet and the Auto Industry: Re-Intermediation	10/16	LT Ch11 page 649-675, Ghose, Mukhopadhyay and Rajan (2005)
Session 12	Digital Media and Rights Management	10/18	Guest Lecture by VP of Lifetime Entertainment
Session 13	Geography and the Internet I	10/23	Forman, Ghose and Goldfarb (2006), Ellison and Ellison (2005).
Session 14	Search Engine Advertising	10/25	Guest Lecture
Session 15	Music Industry	10/30	Guest Lecture by VP of Warner Brothers
Session 16	Geography and the Internet II	11/01	Forman, Ghose and Goldfarb (2006), Ellison and Ellison (2005).
Session 17	Mid Term Review Session	11/06	
Session 18	Midterm Exam 2	11/08	

Session 19	Economining 1: Information Asymmetry and Reputation Systems	11/13	Ghose, Ipeirotis and Sundararajan 2005, Resnick and Zeckhauser 2006
Session 20	Economining 2: Electronic Word of Mouth: Reviews, Wikis and Blogs.	11/15	Ghose and Ipeirotis (2006)
Session 21	Economining 3: Social Networks and Online Communities	11/20	Ghose and Ipeirotis (2006)
Session 22	Social Exchanges in Electronic Markets	11/22	Forman, Ghose and Wiesenfeld (2006)
Session 23	Networks, Search Costs and Menu Costs in Electronic Markets	11/27	Ghose and Gu (2006), Oestreicher-Singer and Sundararajan (2006)
Session 24	Online Auctions	11/29	
Session 25	Financial Payment Systems	12/04	Guest Lecture by President of New York Mercantile Exchange
Session 26	Student Project Presentations	12/06	
Session 27	Student Project Presentations	12/11	
Session 28	Final Exam Review Session	12/13	
	Final exam		