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**Course dates:** September 2007 through December 2007  
**Location:** KMC 4-60  
**Meeting time:** Tuesday and Thursdays, 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, and social issues. Aside from various Internet marketing strategies and applications, the course will cover the business implications of social media that lead to user-generated content such as blogs, opinion forums (like online reviews and reputation systems) social networks, search engine auctions and other kinds of emerging online communities and applications. The topics will include issues that affect firms in EMT (Entertainment, Media and Technology) industries such as movies, and books. The objectives of the course include:

- 1) Understanding how the presence of IT mediated markets will alter marketing, retailing and business practices by using quantitative analysis
- 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 by using quantitative analysis.

The course is complemented by cutting-edge research projects and various business consulting assignments that the Instructor has been involved in with various companies over the last few years. Students will work with real life datasets from firms such as Amazon, Microsoft, Yahoo, and Google, and learn to use STATA 10. 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.

## Textbooks

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 changes 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:

- Which industries in the EMT domain are most threatened by the growing infrastructure for eCommerce?
- How does geography affect markets, industries, and firm strategies on the Internet?
- Which industries are most threatened by the growing infrastructure for eCommerce?
- How will increased transparency affect the balance of power between consumers and firms?
- How will internet markets affect the pricing, positioning and availability of products and services in the physical world?
- What type of channel conflict can arise on the Internet and how is it solved?
- How does Internet marketing differ from traditional marketing?
- What are the key factors in online advertising? What role can search engines play in this regard?
- 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 3-4 students (the exact number will be announced later). 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 try to sit in the same seat each class with your name card in front of you. This will make it easier for me to get to know you and to make sure you get appropriate credit for your contributions.

## **Class Participation and Behavior**

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 (such as talking to each other, sleeping in the class or walking out of the class while the lecture is in progress) will lower this grade. Cell phones, smartphones and other electronic devices are a disturbance to both students and professors. All electronic devices must be turned off prior to the start of each class meeting. Students are expected to arrive to class on time and stay to the end of the class period. Arriving late or leaving class early will have a negative impact on a student's grade. Students may enter class late only if given permission by the instructor and can do so without disrupting the class.

<b>Date</b>	<b>Topic</b>	<b>Date</b>	<b>Readings</b>	
Session 1	Overview and Syllabus	Sep 4	None	
Session 2	E-Commerce Business Models	Sep 6	LT Chapter 1 and 2	
Session 3	Internet Infrastructure	Sep 11	LT Chapter 3	
Session 4	Online Retailing and Price Dispersion-I	Sep 13	TBA	
Session 5	Online Retailing and Price Dispersion-II	Sep 18	TBA	
Session 6	Channel Interaction	Sep 20	TBA	
Session 7	Product Selection and Internet Exchanges	Sep 25	TBA	
Session 8	“Long Tail” Marketing	Sep 27	TBA	
Session 9	Mid Term Review	Oct 2		
Session 10	Mid Term Exam 1	Oct 4		
Session 11	Long Tail Marketing	Oct 9	TBA	Also discuss Midterm Exam Answers
Session 12	Search Engines	Oct 11	Guest Lecture, Search Engine Wars: LT Chapter 2 Page 70-72, LT Chapter 8	Stern Professor
Session 13	STATA Tutorial	Oct 16		
Session 14	Search Engine Advertising + Internet & Auto industry	Oct 18	Disintermediation in the U.S. Auto Industry, LT Ch11 page 649-675	
Session 15	Geography, Internet and Industry Structure	Oct 23	TBA	
Session 16	Retail Industry	Oct 25	Guest Lecture	Director of Dannon, Jim Panos
Session 17	Mid Term Review Session	Oct 30		

Session 18	Midterm Exam 2	Nov 1		
Session 19	Economining 1: Information Asymmetry and Reputation Systems	Nov 6	TBA	Also discuss Midterm Exam Answers
Session 20	Economining 2: Social Networks and Online Communities	Nov 8	TBA	
Session 21	Economining 3: Electronic Word of Mouth: Reviews, Wikis and Blogs.	Nov 13	TBA	
Session 22	Prediction Markets	Nov 15	Guest Lecture	Principal Research Scientist, David Pennock
Session 23	Auctions : Institutions + B2B E-Commerce & Payment systems	Nov 20	LT Ch 12 (focus on the Free Markets Case, page 741-748) LT Chapter 6	
Session 24	Financial Payment Systems	Nov 27	Guest Lecture	Sam Gaer, CIO of NYME
Session 25	Student Project Presentations	Nov 29		
Session 26	Student Project Presentations	Dec 4		
Session 27	Final Review Session	Dec 6		
	Final exam	Dec 18	2 to 3:50 pm	