

# Introduction to E-Commerce Strategy, Second Edition

## Lecture Format Course Syllabus

### 25 Class Sessions

## Course Overview

Technologies including the Internet and the World Wide Web—and, more specifically, their use in e-commerce—are reshaping the way that business leaders think about management, strategy and business design. There is a dire shortage of executives who can understand and manage strategy in the networked economy. The goal of this course is to prepare current and future executives, managers and strategists to create value in the networked economy—in other words, to gain understanding and insight on how new technology and media forms have created unprecedented challenges and opportunities for business.

This course presents the strategic themes and issues associated with the field of e-commerce and highlights how four infrastructures—technology, capital, public policy and media—provide the context in which the strategy operates. The key characteristics of successful networked-economy firms can be summarized as follows:

- They do business in intensely competitive markets that have low barriers to entry.
- Their strategy often involves, but is by no means limited to, significant technological innovations.
- Increasingly, they interact with their customers via technology.
- They take advantage of Web tracking technologies to better market and serve their customers.
- They succeed by leveraging electronic information networks and new-media interfaces—in other words, they derive value from gathering, synthesizing and distributing information.
- Innovation occurs in “real time” (in response to customer and market demands and insights) rather than in “cycle time” (with methodological and period changes).
- Resources can easily be shifted to accommodate customer or market demands. (In comparison, old-economy firms are often unable to satisfy significant market demand shifts.)

## Learning Objectives

This course should provide students with an understanding of the following subjects:

- Successful e-commerce strategies
- Basic technology concepts and the new challenges and opportunities the Internet has brought to companies
- Analytical tools to understand opportunities in unserved or underserved networked-economy markets
- Different types of business models in the networked economy
- Guiding principles behind the design and strategy of the customer Web interface
- Traditional and new communication and marketing approaches to create competitive advantage in the networked economy
- Strategy implementation for the networked economy
- Metrics to measure progress, customer satisfaction and financial performance
- The website development process
- Website design that clearly reflects a company's strategy
- The relationship between human and financial capital, the various stages of funding an online company, and the fundamentals of financially valuing networked-economy companies
- Technological and organizational convergence, and how these factors affect media platforms and the structure of the media industry
- Current and potential government regulations and their effects on e-commerce businesses

## **Required Textbook**

Jeffrey Rayport and Bernard Jaworski. *Introduction to E-Commerce, Second Edition*. Burr Ridge, Illinois: McGraw-Hill, 2004, 2002.

## **Class 1: Course Overview**

*Session Overview:* This session provides an overall look at the course content, learning objectives, expected student participation, and grading.

## **Class 2: A Framework for E-Commerce – Part 1**

*Session Overview:* This session looks at the e-commerce landscape and introduces a framework for the study of e-commerce, including e-commerce strategy and the four infrastructures—technical, capital, media, and public policy—that influence it.

*Class Preparation Questions:*

1. What are the categories of e-commerce?
2. What are the new views of strategy in the networked economy?
3. What is the framework for the field of e-commerce?
4. Why does a manager need to know all four infrastructures?
5. What are the roles and responsibilities of senior e-commerce managers?
6. What key challenges do senior leaders face today?

*Required Textbook Reading:* Chapter 1

### **Class 3: A Framework for E-Commerce – Part 2**

*Session Overview:* This session is a continuation of the concepts introduced in Class 2.

*Required Textbook Reading:* Chapter 1

### **Class 4: Basic Technology of the Internet and E-Commerce Businesses – Part 1**

*Session Overview:* This session discusses the basics of Internet hardware and software—specifically, how the Internet and the Web work.

*Class Preparation Questions:*

1. What is the Internet?
2. What are four components of Joseph Carl Robnett Licklider's original vision that make the Internet easy to use?
3. What are the content types on the Web?
4. How are websites created?
5. What are the key similarities and differences between e-commerce and bricks-and-mortar selling in regard to location?
6. How does e-commerce payment differ from bricks-and-mortar payment?

7. What role does security play in e-commerce?
8. What challenges exist in e-commerce fulfillment?

*Required Textbook Reading:* Chapter 2

## **Class 5: Basic Technology of the Internet and E-Commerce Businesses – Part 2**

*Session Overview:* This session continues our discussion that began in Class 4. We discuss the new challenges and opportunities that the Internet has brought to companies.

*Required Textbook Reading:* Chapter 2

## **Class 6: Framing the Market Opportunity – Part 1**

*Session Overview:* This session begins our analysis of business opportunities in the networked economy. We discuss a framework that specifies seven primary conditions that should be analyzed to determine the size and potential of a market opportunity. This framework helps to identify underserved or unserved market opportunities.

*Class Preparation Questions:*

1. Is market opportunity analysis unique for online firms?
2. What are the two generic value types?
3. What is the framework for market opportunity analysis?
4. How do you identify unmet and/or underserved needs?
5. How does a company identify the specific customers it will pursue?
6. How do you assess advantage relative to competitors?
7. What resources does the company need to deliver the benefits of the offering?
8. How do you assess readiness of technology needed to deliver an offering?

*Required Textbook Reading:* Chapter 3

## **Class 7: Framing the Market Opportunity – Part 2**

*Session Overview:* This session is a continuation of the concepts introduced in Class 6.

*Required Textbook Reading:* Chapter 3

## **Class 8: Business Models – Part 1**

*Session Overview:* This session introduces the concept of a business model for an online business. We will discuss the four basic business decisions that should be represented in a business model. It concludes with an overview of the major business models in the networked economy.

*Class Preparation Questions:*

1. What are the four components of an online business model?
2. Do firms compete on value propositions or value clusters?
3. What are the approaches to developing an online offering, whether the business is providing a product, service or information?
4. What is a successful, unique resource system? What are the characteristics of good resource systems?
5. What are the revenue sources available to firms?

*Required Textbook Reading:* Chapter 4

## **Class 9: Business Models – Part 2**

*Session Overview:* This session is a continuation of the concepts introduced in Class 8.

*Required Textbook Reading:* Chapter 4

## **Class 10: The Customer Interface – Part 1**

*Session Overview:* In this session, we will discuss the set of design tools and elements that Rayport and Jaworski refer to as the 7Cs of the customer interface. Our discussion will focus on the levers that management can use to provide more customer value.

*Class Preparation Questions:*

1. What are the seven design elements of the customer interface?
2. What determines the look-and-feel of the design?
3. What are the three content classifications?
4. Why be concerned with community?
5. What are the two ways in which websites can achieve customization?
6. What types of communication can a firm maintain with its customer base?
7. How does a firm connect with other businesses?
8. What commerce features help websites perform financial transactions?

*Required Textbook Reading:* Chapter 5

## **Class 11: The Customer Interface – Part 2**

*Session Overview:* This session is a continuation of the concepts introduced in Class 10.

*Required Textbook Reading:* Chapter 5

## **Class 12: Market Communications and Branding – Part 1**

*Session Overview:* We will discuss various new and traditional methods that online firms can use to build customer awareness and traffic. We also will discuss branding in the networked economy and how branding benefits both customers and the firm.

*Class Preparation Questions:*

1. What are the four categories of market communications?
2. What is a good brand?
3. What is the 10-step branding process?
4. How does online branding compare between American Airlines and Continental Airlines?
5. What are the arguments for and against leveraging an offline brand into the online environment?

*Required Textbook Reading:* Chapter 6

## **Class 13: Market Communications and Branding – Part 2**

*Session Overview:* This session is a continuation of the concepts introduced in Class 12.

*Required Textbook Reading:* Chapter 6

## **Class 14: Midterm Exam**

## **Class 15: Implementation – Part 1**

*Session Overview:* We will discuss how implementing an online strategy differs from implementing an offline strategy, and what occurs when there is poor implementation. We will then discuss the different aspects of implementation, including the management team, hiring, human resource systems, and technology systems.

*Class Preparation Questions:*

1. What factors are involved in successful strategy implementation?
2. What are the implementation challenges for online firms?
3. What human-assets issues must firms concern themselves with?
4. What are the different types of processes that firms must create?
5. What are the advantages of the two types of hybrid organizational structures?
6. What systems might online firms concern themselves with?
7. What kind of culture is best for e-commerce companies?
8. How has the role of leadership changed for online companies?
9. Why are partnerships so prevalent for online firms?

*Required Textbook Reading:* Chapter 7

## **Class 16: Implementation – Part 2**

*Session Overview:* This session is a continuation of the concepts introduced in Class 15.

*Required Textbook Reading:* Chapter 7

## **Class 17: Metrics**

*Session Overview:* This session discusses how online companies can use metrics to measure their progress. First, we answer the question, "Why do metrics matter?" Then we introduce the Balanced Scorecard as a reference framework, discuss its limitations, and introduce the Performance Dashboard. The Performance Dashboard takes into account the following five types of metrics to assess the health of an online company: strategic analysis, business model, marketing, implementation, and customer. We will discuss each of these categories in detail.

### *Class Preparation Questions:*

1. Should senior managers be concerned about metrics?
2. How can one assess the health of online firms?
3. What are the steps to implement the Performance Dashboard?
4. What sources of metrics information can firms use to chart their progress?

*Required Textbook Reading:* Chapter 8

## **Class 18: Website Development Process**

*Session Overview:* In this session, we describe the process of creating a website, from inception to launch. We discuss the user-experience definition (how the team chooses its target customers and understands what those customers will do on the website), architecture design process, implementation, testing and building, and rollout.

### *Class Preparation Questions:*

1. What are the steps involved in building a website?
2. How is the user-experience definition created?
3. What is the architecture design process?
4. What is the implementation process?
5. What is involved in the test process?
6. What factors are involved in launching a website?

*Required Textbook Reading:* Chapter 9

## **Class 19: Site Architecture**

*Session Overview:* In this session, we discuss a website's logical and physical architecture. As e-commerce sites have grown in complexity, so too have the underlying hardware and software. Today's e-commerce site not only has to look good, but must also provide the user and the company with information and services that can be delivered only through extremely complex systems. The combination of hardware, software and external systems that make up a website is commonly referred to as the site's architecture, or site infrastructure.

*Class Preparation Questions:*

1. What is logical architecture?
2. What are the factors involved in choosing a logical architecture?
3. What is the presentation layer?
4. What is the business logic layer?
5. What is the data layer?
6. What are the factors involved in choosing a physical architecture?

*Required Textbook Reading:* Chapter 10

## **Class 20: Human and Financial Capital – Part 1**

*Session Overview:* This session begins our discussion of capital infrastructure in the networked economy. We focus on the types of capital that most online companies pursue: venture capital and angel financing. We explore the relationship between human and financial capital, namely the business plan and management team. We also discuss sources of financing and how to choose the right mix for a startup, as well as the various stages of funding.

*Class Preparation Questions:*

1. What is a startup?
2. What are the different sources of human capital that can play a role in a startup business?

3. What are the typical sources of funding for early-stage startup businesses?
4. What elements are needed for a successful pitch to investors?
5. How is the value of a startup determined?
6. What are the factors involved in negotiating with investors?
7. What is an initial public offering? What process must an entrepreneur undertake to complete an IPO successfully?

*Required Textbook Reading:* Chapter 11

## **Class 21: Human and Financial Capital – Part 2**

*Session Overview:* This session is a continuation of the concepts introduced in Class 20.

*Required Textbook Reading:* Chapter 11

## **Class 22: Media Transformation**

*Session Overview:* In this session, we discuss the convergence of media to a digital platform, as well as the organizational convergence of media through megamergers. Among the key issues of media convergence are the increased fragmentation of media usage among consumers and the resulting megamergers of the past decade, in which the ultimate goal was to maximize the use of similar content across multiple media platforms. This chapter also provides a starting point for a lively discussion about the future of media.

*Class Preparation Questions:*

1. What is media convergence?
2. What conditions make technological convergence possible?
3. How have companies attempted to realize organizational convergence?
4. How do new-media companies leverage traditional media channels?
5. What are the barriers to organizational convergence?

*Required Textbook Reading:* Chapter 12

## **Class 23: Public Policy**

*Session Overview:* In this session, we discuss the impact the Internet has on current and future legislation. We discuss self-regulation versus government regulation and how the Internet's new technology and lack of boundaries have created regulatory challenges. We explore issues such as access, privacy, free speech, and intellectual property, and determine how the laws and regulations currently governing these issues will affect e-commerce and Internet businesses.

*Class Preparation Questions:*

1. How do government regulations currently affect each layer of the Internet?
2. What are the challenges the Internet has brought to regulation?
3. What are the main regulatory issues affecting the Internet today?
4. How are localities, regions and countries working together to regulate the Internet?

*Required Textbook Reading:* Chapter 13

## **Class 24: Semester Review**

*Session Overview:* Review day in preparation for the final exam.

## **Class 25: Final Exam**