Chapter 1
The Revolution Is Just Beginning

Pinterest: A Picture Is Worth a Thousand Words
- Have you used Pinterest or any other content curation sites? What are your main interests?
- Have you purchased anything based on a pin or board on Pinterest or any other curation site?
- Why do Pinterest links drive more purchasing than Facebook links?

E-commerce Trends 2012–2013
- Mobile platform solidifies
- Mobile e-commerce explodes
- Continued growth of social networks
- Expansion of social and local e-commerce
- Explosive growth in "Big Data"
- E-books gain wide acceptance

The First 30 Seconds
- First 17 years of e-commerce
  - Just the beginning
  - Rapid growth and change
- Technologies continue to evolve at exponential rates
  - Disruptive business change
  - New opportunities

What Is E-commerce?
- Use of Internet and Web to transact business
- More formally:
  - Digitally enabled commercial transactions between and among organizations and individuals

Why Study E-commerce?
- E-commerce technology is different, more powerful than previous technologies
- E-commerce brings fundamental changes to commerce
- Traditional commerce:
  - Consumer as passive targets
  - Sales-force driven
  - Fixed prices
  - Information asymmetry

Eight Unique Features of E-commerce Technology
- Ubiquity
- Global reach
- Universal standards
- Information richness
- Interactivity
- Information density
- Personalization/customization
- Social technology

Web 2.0
- User-centered applications and social media technologies
  - User-generated content and communication
  - Highly interactive, social communities
  - Large audiences; yet mostly unproven business models
- e.g.: Twitter, YouTube, Facebook, Instagram, Wikipedia, StumbleUpon, Tumblr, Pinterest

Types of E-commerce
May be classified by market relationship or technology
- Business-to-Consumer (B2C)
- Business-to-Business (B2B)
- Consumer-to-Consumer (C2C)
- Social e-commerce
- Mobile e-commerce (M-commerce)
- Local e-commerce

The Internet
- Worldwide network of computer networks built on common standards
- Created in late 1960s
- Services include the Web, e-mail, file transfers, etc.
- Can measure growth by looking at number of Internet hosts with domain names

The Web
- Most popular Internet service
- Provides access to Web pages
  - HTML documents that may include text, graphics, animations, music, videos
- Web content has grown exponentially
  - Google reports one trillion unique URLs; 120 billion Web pages indexed

Origins and Growth of E-commerce
- 1995: Beginning of e-commerce
  - First sales of banner advertisements
- E-commerce fastest growing form of commerce in United States

E-commerce: A Brief History
- 1995–2000: Invention
  - Key concepts developed
  - Dot-coms; heavy venture capital investment
- 2001–2006: Consolidation
  - Emphasis on business-driven approach
- 2006–Present: Reinvention
  - Extension of technologies
  - New models based on user-generated content, social networks, services

Early Visions of E-commerce
- Computer scientists:
  - Inexpensive, universal communications and computing environment accessible by all
- Economists:

- Nearly perfect competitive market; friction-free commerce
- Lowered search costs, disintermediation, price transparency, elimination of unfair competitive advantage
- Entrepreneurs:
  - Extraordinary opportunity to earn far above normal returns on investment—first mover advantage

Is the Party Already Over?
- What explains the rapid growth in private investment in e-commerce firms in the period 2011 to early 2012? Was this investment irrational?
- Despite the ubiquitous popularity of Facebook, its IPO was a failure—why?
- Why do you think investors today are interested in investing in or purchasing social network companies?
- What other types of e-commerce companies, if any, would you be interested in purchasing or investing in, and why?

Understanding E-commerce: Organizing Themes
- Technology:
  - Development and mastery of digital computing and communications technology
- Business:
  - New technologies present businesses with new ways of organizing production and transacting business
- Society:
  - Intellectual property, individual privacy, public welfare policy

Facebook and the Age of Privacy
- Why are social network sites interested in collecting user information?
- What types of privacy invasion are described in the case? Which is the most privacy-invading, and why?
- Is e-commerce any different than traditional markets with respect to privacy? Don't merchants always want to know their customer?
- How do you protect your privacy on the Web?

Academic Disciplines Concerned with E-commerce
- Technical approach
  - Computer science
  - Management science
  - Information systems
- Behavioral approach
  - Information systems
  - Economics
  - Marketing
  - Management
  - Finance/accounting
  - Sociology