

清华管理学系列英文版教材

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# 电子商务精要

E-commerce Essentials

[美] 肯尼斯·C. 劳顿 (Kenneth C. Laudon) 著  
卡罗尔·圭尔乔·特拉弗 (Carol Guercio Traver)

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为了适应经济全球化的发展趋势，满足国内广大读者了解、学习和借鉴国外先进的管理经验，掌握经济理论前沿动态的需求，清华大学出版社与国外著名出版公司合作影印出版一系列英文版经济管理方面的图书。我们所选择的图书，基本上已是再版多次、在国外深受欢迎，并被广泛采用的优秀教材，绝大部分是该领域中较具权威性的经典之作。

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我们期望这套影印书的出版对我国经济科学的发展能有所帮助，对我国经济管理专业的教学能有所促进。

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世纪之交，中国与世界的发展呈现最显著的两大趋势——以网络为代表的信息技术的突飞猛进，以及经济全球化的激烈挑战。无论是无远弗届的互联网，还是日益密切的政治、经济、文化等方面的国际合作，都标示着 21 世纪的中国是一个更加开放的中国，也面临着一个更加开放的世界。

教育，特别是管理教育总是扮演着学习与合作的先行者的角色。改革开放以来，尤其是 20 世纪 90 年代之后，为了探寻中国国情与国际上一切优秀的管理教育思想、方法和手段的完美结合，为了更好地培养高层次的“面向国际市场竞争、具备国际经营头脑”的管理者，我国的教育机构与美国、欧洲、澳洲以及亚洲一些国家和地区的大量的著名管理学院和顶尖跨国企业建立了长期密切的合作关系。以清华大学经济管理学院为例，2000 年，学院顾问委员会成立，并于 10 月举行了第一次会议，2001 年 4 月又举行了第二次会议。这个顾问委员会包括了世界上最大的一些跨国公司和中国几家顶尖企业的最高领导人，其阵容之大、层次之高，超过了世界上任何一所商学院。在这样高层次、多样化、重实效的管理教育国际合作中，教师和学生与国外的交流机会大幅度增加，越来越深刻地融入全球性的教育、文化和思想观念的时代变革中，我们的管理教育工作者和经济管理学习者，更加真切地体验到这个世界正发生着深刻的变化，也更主动地探寻和把握着世界经济发展和跨国企业运作的脉搏。

我国管理教育的发展，闭关锁国、闭门造车是绝对不行的，必须同国际接轨，按照国际一流的水准来要求自己。正如朱镕基同志在清华大学经济管理学院成立十周年时所发的贺信中指出的那样：“建设有中国特色的社会主义，需要一大批掌握市场经济的一般规律，熟悉其运行规则，而又了解中国企业实情的经济管理人才。清华大学经济管理学院就要敢于借鉴、引进世界上一切优秀的经济管理学院的教学内容、方法和手段，结合中国的国情，办成世界第一流的经管学院。”作为达到世界一流的一个重要基础，朱镕基同志多次建议清华的 MBA 教育要加强英语教学。我体会，这不仅因为英语是当今世界交往中重要的语言工具，是连接中国与世界的重要桥梁和媒介，而且更是中国经济管理人才参与国际竞争，加强国际合作，实现中国企业的国际战略的基石。推动和实行英文教学并不是目的，真正的目的在于培养学生——这些未来的企业家——能够具备同国际竞争对手、合作伙伴沟通和对抗的能力。按照这一要求，清华大学经济管理学院正在不断推动英语教学的步伐，使得英语不仅是一门需要学习的核心课程，而且渗透到各门专业课程的学习当中。

课堂讲授之外，课前课后的大量英文原版著作、案例的阅读对于提高学生的英文水平也是非常关键的。这不仅是积累相当的专业词汇的重要手段，而且是对学习

者思维方式的有效训练。

我们知道,就阅读而言,学习和借鉴国外先进的管理经验和掌握经济理论动态,或是阅读翻译作品,或是阅读原著。前者属于间接阅读,后者属于直接阅读。直接阅读取决于读者的外文阅读能力,有较高外语水平的读者当然喜欢直接阅读原著,这样不仅可以避免因译者的疏忽或水平所限而造成的纰漏,同时也可以尽享原作者思想的真实表达。而对于那些有一定外语基础,但又不能完全独立阅读国外原著的读者来说,外文的阅读能力是需要加强培养和训练的,尤其是专业外语的阅读能力更是如此。如果一个人永远不接触专业外版图书,他在获得国外学术信息方面就永远会比别人差半年甚至一年的时间,他就会在无形中减弱自己的竞争能力。因此,我们认为,有一定外语基础的读者,都应该尝试一下阅读外文原版,只要努力并坚持,就一定能过了这道关,到那时就能体验到直接阅读的妙处了。

在掌握大量术语的同时,我们更看重读者在阅读英文原版著作时对于西方管理者或研究者的思维方式的学习和体会。我认为,原汁原味的世界级大师富有特色的表达方式背后,反映了思维习惯,反映了思想精髓,反映了文化特征,也反映了战略偏好。知己知彼,对于跨文化的管理思想、方法的学习,一定要熟悉这些思想、方法所孕育、成长的文化土壤,这样,有朝一日才能真正“具备国际战略头脑”。

以往,普通读者购买和阅读英文原版还有一个书价的障碍。一本外版书少则几十美元,多则上百美元,一般读者只能望书兴叹。随着全球经济合作步伐的加快,目前在出版行业有了一种新的合作出版的方式,即外文影印版,其价格几乎与国内同类图书持平。这样一来,读者可以不必再为书价发愁。清华大学出版社这些年在这方面一直以独特的优势领先于同行。早在1997年,清华大学出版社敢为人先,在国内最早推出一批优秀商学英文版教材,规模宏大,在企业界和管理教育界引起不小的轰动,更使国内莘莘学子受益良多。

为了配合清华大学经济管理学院推动英文授课的急需,也为了向全国更多的MBA试点院校和更多的经济管理学院教师和学生提供学习上的支持,清华大学出版社再次隆重推出与世界著名出版集团合作的英文原版影印商学教科书,也使广大工商界人士、经济管理类学生享用到最新最好质优价廉的国际教材。

祝愿我国的管理教育事业在社会各界的大力支持和关心下不断发展、日进日新;祝愿我国的经济建设在不断涌现的大批高层次的面向国际市场竞争、具备国际经营头脑的管理者的勉力经营下早日中兴。

赵纯均 教授

清华大学经济管理学院

# PREFACE

We wrote *E-commerce Essentials* for undergraduate students who are looking for a shorter, yet in-depth introduction to the field of e-commerce. We focus on concepts that will help you understand and take advantage of the evolving world of opportunity offered by e-commerce, which is dramatically altering the way business is conducted and driving major shifts in the global economy.

Just as important, we have tried to create a book that is thought-provoking and current. We use the most recent data available, and focus on companies that you are likely to encounter on a daily basis in your everyday life, such as Facebook, Google, Twitter, Amazon, YouTube, Pinterest, eBay, and many more that you will recognize, as well as some exciting startups that may be new to you. We also have up-to-date coverage of the key topics in e-commerce today, from privacy and piracy, to government surveillance, cyberwar, social, local and mobile marketing, Internet sales taxes, intellectual property, and more. You will find here the most up-to-date and comprehensive overview of e-commerce today.

The e-commerce concepts you learn in this book will make you valuable to potential employers. The e-commerce job market is expanding rapidly. Many employers expect new employees to understand the basics of e-commerce, social and mobile marketing, and how to develop an e-commerce presence. Every industry today is touched in at least some way by e-commerce. The information and knowledge you find in this book will be valuable throughout your career.

## WHAT'S DIFFERENT ABOUT E-COMMERCE ESSENTIALS?

You may be familiar with our book, *E-commerce. Business. Technology. Society*, now in its 10th edition. *E-commerce Essentials* has been designed for courses where a shorter book is desired.

*E-commerce Essentials* retains all the features that have made *E-commerce. Business. Technology. Society* the market-leading text on e-commerce, including:

- The most up-to-date data with the latest developments and information from leading industry sources
- Lively and clear writing that increases student interest, attention, and curiosity
- A clear conceptual foundation and pedagogy
- Video case studies and Learning Tracks (additional content) online

The major differences between the two books are:

- *E-commerce Essentials* is about half the length (around 450 pages versus around 800) and one chapter shorter. Two chapters on e-commerce marketing and e-commerce advertising in *E-commerce Business. Technology. Society* have been combined into a single chapter (E-commerce Marketing and Advertising Concepts).
- All the important concepts have been retained but some figures and tables and advanced discussions have been eliminated or shortened.
- Opening and closing case studies and Insight On cases have been shortened without losing their pedagogical message or lively writing style.



## WHAT'S NEW IN E-COMMERCE 2013

E-commerce today is greatly different from e-commerce only five years ago. The iPhone was introduced in 2007. The iPad tablet was first introduced in 2010 and has already gone through four generations! The smartphone and tablet devices have changed e-commerce into a social, local, and mobile experience.

### Headlines

- Social, Mobile, Local: Content about social networks, the mobile platform, and local e-commerce appears throughout the book.
  - » Social networks such as Facebook, Twitter, and LinkedIn continue their rapid growth, laying the groundwork for a “social e-commerce platform” and continued expansion of social marketing opportunities.
  - » The mobile Internet platform composed of smartphones and tablet computers takes off and becomes a major factor in search, marketing, payment, retailing and services, and online content. Mobile device use poses new security and privacy issues as well.
  - » Location-based services lead to explosive growth in local advertising and marketing.
- Online privacy continues to deteriorate, driven by a culture of self-revelation and powerful technologies for collecting personal information online without the knowledge or consent of users.
- Internet security risks increase; cyberwarfare becomes a new way of conducting warfare among nation-states and a national security issue.

### Business

- E-commerce revenues surge after the recession.
- Internet advertising growth resumes, at a faster rate than traditional advertising.
- Social marketing/advertising grows faster than search or display advertising.
- E-books take off and expand the market for text, supported by the iPad, Kindle, Nook, and iPhone.
- Streaming of popular TV shows and movies (Netflix, Amazon, and Hulu.com) becomes a reality, as Internet distributors and Hollywood and TV producers strike deals for Web distribution that also protects intellectual property.
- “Free” and “freemium” business models compete to support digital content.
- New mobile payment platforms emerge to challenge PayPal.
- B2B e-commerce exceeds pre-recession levels as firms become more comfortable with digital supply chains.

### Technology

- Smartphones, tablets, and e-book readers, along with associated software applications, and coupled with 3G/4G cellular network expansion, fuel rapid growth of the mobile platform.



- Investment in cloud computing increases, providing the computing infrastructure for a massive increase in online digital information and e-commerce.
- Cloud-based streaming services for music and video replace sales of downloads and physical product.
- Nearly a million software apps fuel growth in app sales, marketing, and advertising; transforming software production and distribution.
- Touch interface operating systems emerge: Windows 8 introduced with a touch screen interface, mimicking Apple's iOS and Google Android smartphones.
- The cost of developing sophisticated Web sites continues to drop due to declining software and hardware prices and open source software tools.
- Internet and cellular network capacity is challenged by the rapid expansion in digital traffic generated by mobile devices; bandwidth caps begin to appear in 2012.
- Internet telecommunications carriers support differential pricing to maintain a stable Internet; opposed by Net neutrality groups pushing non-discriminatory pricing.

## Society

- The mobile, "always on" culture in business and family life continues to grow.
- Congress considers legislation to regulate the use of personal information for behavioral tracking and targeting consumers online.
- States heat up the pursuit of taxes on Internet sales by Amazon and others.
- Intellectual property issues remain a source of conflict with significant movement toward resolution in some areas, such as Google's deals with Hollywood and the publishing industry, and Apple's and Amazon's deals with e-book and magazine publishers.
- P2P piracy traffic declines as paid streaming music and video gains ground, although digital piracy of online content remains a significant threat to Hollywood and the music industry.
- Governments around the world increase surveillance of Internet users and Web sites in response to national security threats; Google continues to tussle with China and other countries over censorship and security issues.

Since it began in 1995, electronic commerce has grown in the United States from a standing start to a \$362 billion retail, travel, and media business and a \$4.1 trillion business-to-business juggernaut, bringing about enormous change in business firms, markets, and consumer behavior. Economies and business firms around the globe are being similarly affected. During this relatively short time, e-commerce has itself been transformed from its origin as a mechanism for online retail sales into something much broader. Today, e-commerce has become the platform for media and new, unique services and capabilities that aren't found in the physical world. There is no physical world counterpart to Facebook, Twitter, Google search, or a host of other recent online innovations from Groupon and iTunes to Tumblr. Welcome to the new e-commerce!

Although e-commerce today has been impacted by the worldwide economic recession, in the next five years, e-commerce in all of its forms is still projected to continue growing at high single-digit rates, becoming the fastest growing form of commerce. Just as automobiles, airplanes, and electronics defined the twentieth century, so will e-commerce of all kinds define business and society in the twenty-first century. The rapid movement toward an e-commerce economy and society is being led by both established business firms such as Walmart, Ford, IBM, JCPenney, and General Electric, and newer entrepreneurial firms such as Google, Amazon, Apple, Facebook, Yahoo, Twitter, YouTube, and Pinterest. Students of business and information technology need a thorough grounding in electronic commerce in order to be effective and successful managers in the next decade. This book is written for tomorrow's managers.

### **BUSINESS. TECHNOLOGY. SOCIETY.**

We believe that in order for business and technology students to really understand e-commerce, they must understand the relationships among e-commerce business concerns, Internet technology, and the social and legal context of e-commerce. These three themes permeate all aspects of e-commerce, and therefore, in each chapter, we present material that explores the business, technological, and social aspects of that chapter's main topic.

Given the continued growth and diffusion of e-commerce, all students—regardless of their major discipline—must also understand the basic economic and business forces driving e-commerce. E-commerce has created new electronic markets where prices are more transparent, markets are global, and trading is highly efficient, though not perfect. E-commerce has a direct impact on a firm's relationship with suppliers, customers, competitors, and partners, as well as how firms market products, advertise, and use brands. Whether you are interested in marketing and sales, design, production, finance, information systems, or logistics, you will need to know how e-commerce technologies can be used to reduce supply chain costs, increase production efficiency, and tighten the relationship with customers. This text is written to help you understand the fundamental business issues in e-commerce.

The Web and e-commerce have caused a major revolution in marketing and advertising in the United States. We have a full chapter devoted to discussing how marketing and advertising dollars are moving away from traditional media, and towards online media and their huge audiences, creating significant growth in search engine marketing, targeted display advertising, online rich media/video ads, and social marketing techniques. This chapter includes an in-depth look at social, local, and mobile marketing using the most current examples.

E-commerce is driven by Internet technology. Internet technology, and information technology in general, is perhaps the star of the show. Without the Internet, e-commerce would be virtually nonexistent. Accordingly, we provide three chapters specifically on the Internet and e-commerce technology, and in every chapter we provide continuing coverage by illustrating how the topic of the chapter is being shaped by new information technologies. For instance, Internet technology drives developments in security and payment systems, marketing strategies and advertis-

ing, financial applications, media distribution, business-to-business trade, and retail e-commerce. We discuss the rapid growth of the mobile digital platform, the emergence of cloud computing, new open source software tools and applications that enable Web 2.0, and new types of Internet-based information systems that support electronic business-to-business markets.

E-commerce is not only about business and technology, however. The third part of the equation for understanding e-commerce is society. E-commerce and Internet technologies have important social consequences that business leaders can ignore only at their peril. E-commerce has challenged our concepts of privacy, intellectual property, and even our ideas about national sovereignty and governance. Google, Facebook, Apple, Amazon, and assorted advertising networks maintain profiles on millions of shoppers and consumers worldwide. The proliferation of illegally copied music and videos on the Internet, and the growth of social networking sites often based on displaying copyrighted materials without permission, are challenging the intellectual property rights of record labels, Hollywood studios, and artists. And many countries—including the United States—are demanding to control the content of Web sites displayed within their borders for political and social reasons. Tax authorities in the United States and Europe are demanding that e-commerce sites pay sales taxes just like ordinary brick and mortar stores on mainstreet. As a result of these challenges to existing institutions, e-commerce and the Internet are the subject of increasing investigation, litigation, and legislation. Business leaders need to understand these societal developments, and they cannot afford to assume any longer that the Internet is borderless, beyond social control and regulation, or a place where market efficiency is the only consideration. In addition to an entire chapter devoted to the social and legal implications of e-commerce, each chapter contains material highlighting the social implications of e-commerce.

## FEATURES AND COVERAGE

**Strong Conceptual Foundation** The book emphasizes the three major driving forces behind e-commerce: business development and strategy, technological innovations, and social controversies and impacts. Each of these driving forces is represented in every chapter, and together they provide a strong and coherent conceptual framework for understanding e-commerce. We analyze e-commerce, digital markets, and e-business firms just as we would ordinary businesses and markets using concepts from economics, marketing, finance, sociology, philosophy, and information systems. We strive to maintain a critical perspective on e-commerce and avoid industry hyperbole.

Some of the important concepts from economics and marketing that we use to explore e-commerce are transaction cost, network externalities, information asymmetry, social networks, perfect digital markets, segmentation, price dispersion, targeting, and positioning. Important concepts from the study of information systems and technologies play an important role in the book, including Internet standards and protocols, client/server computing, multi-tier server systems, cloud computing, mobile digital platform and wireless technologies, and public key encryption, among many others. From the literature on ethics and society, we use important concepts

such as intellectual property, privacy, information rights and rights management, governance, public health, and welfare.

From the literature on business, we use concepts such as business process design, return on investment, strategic advantage, industry competitive environment, oligopoly, and monopoly. We also provide a basic understanding of finance and accounting issues, and extend this through an “E-commerce in Action” case that critically examines the financial statements of Amazon. One of the witticisms that emerged from the early years of e-commerce and that still seems apt is the notion that e-commerce changes everything except the rules of business. Businesses still need to make a profit in order to survive in the long term.

**Currency** Important new developments happen almost every day in e-commerce and the Internet. We try to capture as many of these important new developments as possible in each annual edition. You will not find a more current book for a course offered during the 2013 academic year. Many other texts are already six months to a year out of date before they even reach the printer. This text, in contrast, reflects extensive research through October 2012, just weeks before the book hits the press.

**Real-World Business Firm Focus and Cases** From Akamai Technologies to Google, Microsoft, Apple, and Amazon, to Facebook, Twitter, and Tumblr, to Netflix, Pandora, and Elemica, this book contains hundreds of real-company examples and over 60 more extensive cases that place coverage in the context of actual dot.com businesses. You'll find these examples in each chapter, as well as in special features such as chapter-opening, chapter-closing, and “Insight on” cases. The book takes a realistic look at the world of e-commerce, describing what's working and what isn't, rather than presenting a rose-colored or purely “academic” viewpoint.

**In-depth Coverage of Marketing and Advertising** The text includes a chapter devoted solely to e-commerce marketing and advertising. Marketing concepts, including social, mobile, and local marketing, market segmentation, targeting and re-targeting ads, personalization, clickstream analysis, bundling of digital goods, long-tail marketing, and dynamic pricing, are used throughout the text.

**In-depth Coverage of B2B E-commerce** We devote an entire chapter to an examination of B2B e-commerce. In writing this chapter, we developed a unique and easily understood classification schema to help students understand this complex arena of e-commerce. This chapter covers four types of Net marketplaces (e-distributors, e-procurement companies, exchanges, and industry consortia) as well as the development of private industrial networks and collaborative commerce.

**Current and Future Technology Coverage** Internet and related information technologies continue to change rapidly. The most important changes for e-commerce include dramatic price reductions in e-commerce infrastructure (making it much less expensive to develop sophisticated Web sites), the explosive growth in the mobile platform based on smartphones, tablet computers, cloud storage, and expansion in the development of social technologies, which are the foundation of online social networks.

What was once a shortage of telecommunications capacity has now turned into a surplus, PC prices and sales have continued to fall, smartphone and tablet sales have soared, Internet high-speed broadband connections are now typical and are continuing to show double-digit growth, and wireless technologies such as Wi-Fi and cellular broadband are transforming how, when, and where people access the Internet. While we thoroughly discuss the current Internet environment, we devote considerable attention to describing Web 2.0 and emerging technologies and applications such as the advanced network infrastructure, fiber optics, wireless Web and 4G technologies, Wi-Fi, IP multicasting, and future guaranteed service levels.

**Up-to-Date Coverage of the Literature** This text is grounded in the e-commerce research literature. We have drawn especially on the disciplines of economics, marketing, and information systems and technologies, as well as law journals and broader social science research journals including sociology and psychology. In addition, we use the latest reports of leading industry sources such as eMarketer, comScore, Hitwise, Nielsen, and Gartner; newspapers such as the *New York Times* and *Wall Street Journal*; and industry publications such as *Computerworld* and *InformationWeek*, among others. Figures and tables sourced to “authors’ estimates” reflect analysis of data from the U.S. Department of Commerce, estimates from various research firms, historical trends, revenues of major online retailers, consumer online buying trends, and economic conditions.

**Special Attention to the Social and Legal Aspects of E-commerce** We have paid special attention throughout the book to the social and legal context of e-commerce. Chapter 8 is devoted to a thorough exploration of four ethical dimensions of e-commerce: information privacy, intellectual property, governance, and protecting public welfare on the Internet. We have included an analysis of the latest Federal Trade Commission and other regulatory and nonprofit research reports, and their likely impact on the e-commerce environment.

**Writing That’s Fun to Read** We’ve aimed for this book to be fun to read and easy to understand. This is not a book written by committee—you won’t find a dozen different people listed as authors, co-authors, and contributors on the title page. We have a consistent voice and perspective that carries through the entire text and we believe the book is the better for it.

## OVERVIEW OF THE BOOK

The book is organized into four parts.

Part 1, “Introduction to E-commerce,” provides an introduction to the major themes of the book. Chapter 1 defines e-commerce, and defines the different types of e-commerce. Chapter 2 introduces and defines the concepts of business model and revenue model, describes the major e-commerce business and revenue models for both B2C and B2B firms, and introduces the basic business concepts required throughout the text for understanding e-commerce firms including industry structure, value chains, and firm strategy.

Part 2, "Technology Infrastructure for E-commerce," focuses on the technology infrastructure that forms the foundation for all e-commerce. Chapter 3 thoroughly describes how today's Internet works. A major focus of this chapter is mobile technology, Web 2.0 applications, and the near-term future Internet that is now under development and will shape the future of e-commerce. Chapter 4 builds on the Internet chapter by focusing on the steps managers need to follow in order to build a commercial Web presence. This e-commerce infrastructure chapter covers the systems analysis and design process that should be followed in building an e-commerce Web presence; the major decisions regarding outsourcing site development and/or hosting; and how to choose software, hardware, and other tools that can improve Web site performance. It also has a section on developing a mobile Web site and mobile applications. Chapter 5 focuses on Internet security and payments, building on the e-commerce infrastructure discussion of the previous chapter by describing the ways security can be provided over the Internet. This chapter defines digital information security, describes the major threats to security, and then discusses both the technology and policy solutions available to business managers seeking to secure their firm's sites. This chapter concludes with a section on Internet payment systems including mobile payment systems.

Part 3, "Business Concepts and Social Issues," focuses directly on the business concepts and social-legal issues that surround the development of e-commerce. Chapter 6 focuses on e-commerce consumer behavior, the Internet audience, online marketing technologies and branding, and social, local, and mobile marketing. Chapter 7 provides a thorough introduction to the social and legal environment of e-commerce. Here, you will find a description of the ethical and legal dimensions of e-commerce, including a thorough discussion of the latest developments in personal information privacy, intellectual property, Internet governance, jurisdiction, and public health and welfare issues such as pornography, gambling, and health information.

Part 4, "E-commerce in Action," focuses on real-world e-commerce experiences in retail and services, online media, auctions, portals, and social networks, and business-to-business e-commerce. These chapters take a sector approach rather than a conceptual approach as used in the earlier chapters. E-commerce is different in each of these sectors. Chapter 8 takes a close look at the experience of firms in the retail marketplace for both goods and services. Chapter 9 explores the world of online content and digital media, and examines the enormous changes in online publishing and entertainment industries that have occurred over the last two years, including streaming movies, e-books, and online newspapers. Chapter 10 explores the online world of social networks, auctions, and portals. Chapter 11 explores the world of B2B e-commerce, describing both electronic Net marketplaces and the less-heralded, but very large arena of private industrial networks and the movement toward collaborative commerce.

## **PEDAGOGY AND CHAPTER OUTLINE**

The book's pedagogy emphasizes student cognitive awareness and the ability to analyze, synthesize, and evaluate e-commerce businesses. While there is a strong data and conceptual foundation to the book, we seek to engage student interest with lively

writing about e-commerce businesses and the transformation of business models at traditional firms.

Each chapter contains a number of elements designed to make learning easy as well as interesting.

**Learning Objectives** A list of learning objectives that highlights the key concepts in the chapter guides student study.

**Chapter-Opening Cases** Each chapter opens with a story about a leading e-commerce company that relates the key objectives of the chapter to a real-life e-commerce business venture.

## Pinterest:

A Picture Is Worth A Thousand Words

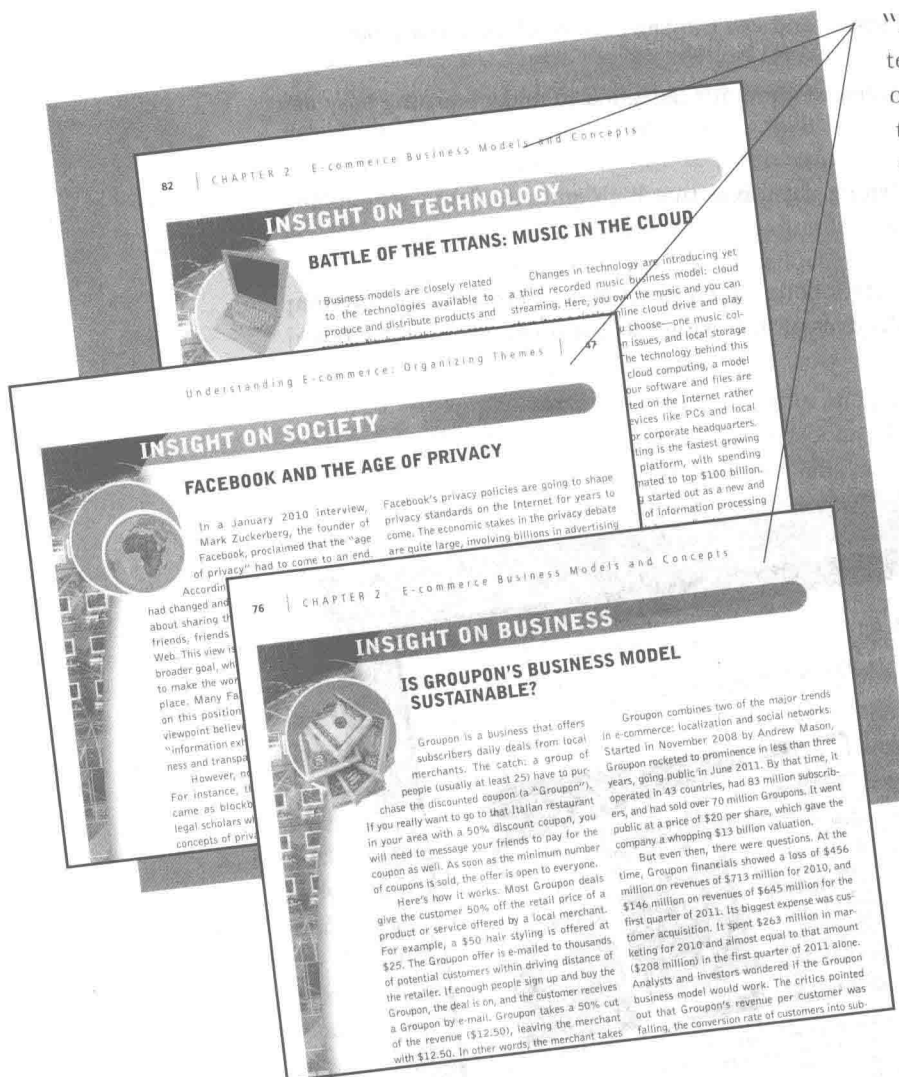
Like all of the most successful e-commerce companies, Pinterest taps into a simple truth. In Pinterest's case, the simple truth is that people love to collect things, and show off their collections to others. And like other Internet firms that have goals of global scope, such as Google, Facebook, and Amazon, Pinterest also has a global mission: to connect everyone in the world through the things they find interesting. How? Founded in 2009 by Ben Silbermann, Evan Sharp, and Paul Sciarra and launched in March 2010, Pinterest allows you to create virtual scrapbooks of images, video, and other content that you "pin" to a virtual bulletin board or pin board on the Web site. For instance, on a recent August day, the home page of the site was populated with a truly eclectic collection of images: luscious chocolate chip cookies, crochet high-heeled shoes, an intricate and colorful Japanese painting of a tiger, an R2D2 trash can, and a close-up of various nail designs, among others. Categories range from Animals to Videos, with Food & Drink, DIY & Crafts, and Women's Fashion among the most popular. Find something that you particularly like? In addition to "liking" and perhaps commenting on it, you can re-pin it to your own board, or follow a link back to the original source. Find someone whose taste you admire or who shares your passions? You can follow one or more of that pinner's boards to keep track of everything she or he pins.

According to comScore, Pinterest is one of the fastest growing Web sites it has ever tracked, growing an astounding 4,377% from May 2011 to May 2012. Reportedly the fastest Web site in history to reach 10 million visitors a month, Pinterest currently has around 20 million monthly visitors, an estimated 70% to 80% of them women. According to some tracking services, it is now the third largest social network in the United States, behind Facebook and Twitter. It is also one of the "stickiest" sites on the Web—according to comScore, users spend an average of 80 minutes per session on Pinterest, and almost 60% of users with accounts visit once or more a week. Jeff Jordan, a partner at Andreessen Horowitz, a venture capital firm and investor in Pinterest, says he has seen



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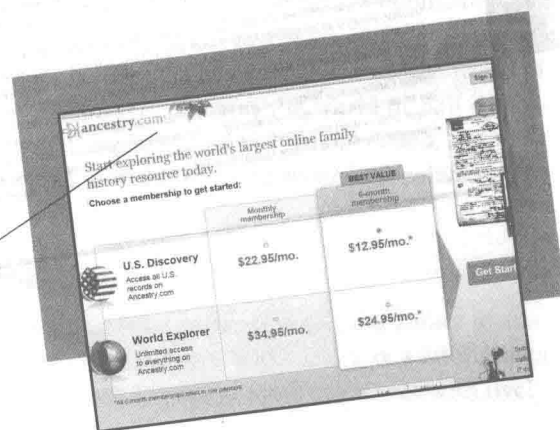




**"Insight on" Cases** Each chapter contains three real-world cases illustrating the themes of technology, business, and society. These cases take an in-depth look at relevant topics to help describe and analyze the full breadth of the field of e-commerce. The cases probe such issues as the ability of governments to regulate Internet content, how to design Web sites for accessibility, the challenges faced by luxury marketers in online marketing, and smartphone security.

**Margin Glossary** Throughout the text, key terms and their definitions appear in the text margin where they are first introduced.

**Real-Company Examples** Drawn from actual e-commerce ventures, well over 100 pertinent examples are used throughout the text to illustrate concepts.



**Chapter-Closing Case Studies** Each chapter concludes with a robust case study based on a real-world organization. These cases help students synthesize chapter concepts and apply this knowledge to concrete problems and scenarios such as evaluating Pandora's freemium business model, ExchangeHunter-Jumper's efforts to build a brand, and the fairness of the Google Books settlement.

**Chapter-Ending Pedagogy** Each chapter contains extensive end-of-chapter materials designed to reinforce the learning objectives of the chapter.

**Key Concepts** Keyed to the learning objectives, Key Concepts present the key points of the chapter to aid student study.

**Review Questions** Thought-provoking questions prompt students to demonstrate their comprehension and apply chapter concepts to management problem solving.

**Projects** At the end of each chapter are a number of projects that encourage students to apply chapter concepts and to use higher level evaluation skills. Many make use of the Internet and require students to present their findings in an oral or electronic presentation or written report. For instance, students are asked to evaluate publicly available information about a company's financials at the SEC Web site, assess payment system options for companies across international boundaries, or search for the top 10 cookies on their own computer and the sites they are from.

**Web Resources** Web resources that can extend students' knowledge of each chapter with projects, exercises, and additional content are available at [www.azimuth-interactive.com/essentials1e](http://www.azimuth-interactive.com/essentials1e). The Web site contains the following content provided by the authors:

- Additional projects, exercises, and tutorials
- Information on how to build a business plan and revenue models
- Essays on careers in e-commerce

## SUPPORT PACKAGE

The following supplementary materials are available to qualified instructors through the Online Instructor Resource Center. Contact your Prentice Hall sales representative for information about how to access them.

