

# Internet Commerce and Case Studies

Fall Semester, 2022

## Instructor

Dr. Shengwu Shang

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## Course Information

- Class Meetings:  
Online Zoom meeting: Tuesday 13:00-14:45, Beijing Time  
Meeting ID: 343 904 8732  
Passcode: InterComm
- Course website: <https://internetcommerce.netlify.app/> , this is the website you would see the teaching plan.

## Prerequisites

- Principles of Microeconomics and Macroeconomics at introductory levels as textbooks by N. Gregory Mankiw.
- Introduction to Statistical Methods in Economics,

## Course Overview

There are three parts of this course: the first part focuses on economics behind various internet businesses. We will begin with a discussion of relevant topics from industrial organization (IO) including monopoly pricing, price discrimination, product differentiation, and barriers to entry. The second part will introduce some basic coverage about internet business concepts and models. Some case studies about import internet companies will be investigated as applications. In the context of those businesses, we will discuss extensions and applications of the ideas from the first section of the course.

## Textbook and Reading List

- The textbook is *E-Commerce 2021: Business, Technology and Society*, 16<sup>th</sup> edition, by Kenneth C. Laudon and Carol Guercio Traver, Pearson. You do not need to own a book, I will post relevant parts for you to read.
- Reference: *Industrial Organization: Contemporary Theory and Empirical Applications* by Pepall, Richards, and Norman, Wiley-Blackwell, 2008. ISBN: 9781405176323. (PRN)
- Reference: *Industrial Organization: a Strategic Approach* by Church and Ware, free downloading at [here](#). (CW)

I will not assign readings out of them. Rather, I suggest looking at them when economic models covered in lecture are not clear. There will also be newspaper and academic articles assigned throughout the semester, as well as required web surfing.

## Assignments

There will be 4 homework assignments with each worth 50 points. The assignments are very important for learning and understanding the material, which is why they receive a relatively high weight in the grading scheme. I do not mind if you work with others on the assignments, but each of you should turn in your own work. All assignments are on Connect with specified due dates. Late assignment will NOT be accepted. Homework assignments will be posted on gradescope. Please register your account under course code **J36N8X**.

## Exams

There will be one in class midterm exams and one cumulative final exam. The midterm is worth 100 points and the final exam will have 200 points. The exam dates will be decided soon.

## Project

The course project is to push you get immersed in real business life and is very important for us. That is why I assign 100 points for it. I have some plan now and will post more details soon.

## Grading Scheme

There are 600 points in total in this course, including 200 of HW assignments, 300 points of exam and 100 points of course project. Your course's final grade will be calculated using the following scale:

A	B	C	D	F
90-100%	80-89%	70-79%	60-69%	below 60%

## Outline of Topics (tentative)

- 1. Foundational Economic Principles:
  - Monopoly—CW ch 4; PRN ch 5, 6
  - Demand Estimation
  - Strategic Behavior in Oligopoly Markets—CW ch 7, 8; PRN ch 9, 10
  - Entry—CW ch 14, 15, 20, 21; PRN ch 12, 13
- 2. Online Businesses and Economic Principles:
  - Online Auctions and the Evolution of Ebay
    - \* Geography, Fulfillment, and the History of American Retail
  - Price Discrimination in the Digital Economy
    - \* Reviews and Reputation
    - \* Online Price Search, Match Quality, and Obfuscation
    - \* Tax and Regulatory Avoidance in the Digital Economy
      - Sales Taxes
      - Cryptocurrencies
      - Uber, Airbnb, Upwork, and Similar Platforms
    - \* Search Engines, Auction Theory, and Advertising Auctions
    - \* Display Advertising and Privacy
    - \* Online News and Opinion

## A Note from the Instructor

Every undergraduate course I teach, there's something about it I really like. I think this one is going to be that e-commerce has been my primary area of research for the last several years. We also have a small class,

so I hope that means we will have lively discussions, and that no one feels initmidated. During the first class each student introduces themselves by providing their:

- Name
- Major
- Something to remember them by
- Favorite TV show or board / card game

## Instructor's Advice

- Come to class as possible as you can; It takes time to learn to work problems.
- Cramming doesn't work: Just a little time week by week will be much more effective than spending the same amount of time before a deadline.
- The best way to get a hold of me is by email or by stopping by my office hours. As for your email, put "**E-Commerce**: Key words of your question" as the subject. I will check my email as much as possible from 9am to 6pm during the weekdays, but I make no guarantees about reading or responding on the same day to emails sent later at night or over the weekend.
- The biggest expectation I can have of you is to ask questions! Please! I promise you that 99% (is that a statistic!?) of the time multiple people are confused about the same thing as you. Or at the very least, one question may cause other questions to be asked. This is a good thing! I try to take all questions seriously as long as they are asked seriously. Other than that, just be excellent to each other in class and we will get through this class just fine.

*Disclaimer: I reserve the right to change the syllabus as circumstances necessitate, it is your responsibility to keep up with any changed policies announced in class or other form of notification.*