

# **The Economics of E-commerce and Technology**

Case Objectives

# Zappos

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## ▶ Objectives

- ▶ Introduction to the case methodology: analyzing the key problems of a business; proposing recommendations, and articulating these concisely.
- ▶ An introduction to online business models

## ▶ Lecture topics

- ▶ Coherent strategies (slides 3)
- ▶ Sustainable competitive advantages (slides 3)
- ▶ Cost structures of online businesses (slides 4)

# Facebook

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## ▶ Objectives

- ▶ Introduction to presentations
- ▶ The future of online interactions
- ▶ The analysis of Facebook shows the stability of a network
- ▶ The analysis of MySpace shows the fragility of any business
- ▶ The decision of how and when to monetize

## ▶ Lecture topics

- ▶ Sustainable competitive advantages (slides 3)
- ▶ Advertising (slides 5)
- ▶ Switching costs (slides 6)
- ▶ Network effects (slides 7)
- ▶ Platform competition (slides 8)

# Online Restaurant Promotions

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## ▶ Objectives

- ▶ Learn about pricing and promotions
- ▶ See how different business models can coexist
- ▶ Mobilization of a network/platform

## ▶ Lecture topics

- ▶ Price discrimination (slides 5)
- ▶ Advertising (slides 5)
- ▶ Network effects (slides 7)
- ▶ Platforms (slides 8)
- ▶ Peak-load pricing (slides 9)
- ▶ Reputation (slides 10)

# Netflix

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## ▶ Objectives

- ▶ Study how a new business model can disrupt an old one.
- ▶ How to develop endogenous switching costs.
- ▶ The evolution of business strategy

## ▶ Topics

- ▶ Coherent strategies (slides 3)
- ▶ Variety and the long tail (slides 4)
- ▶ Switching costs (slides 6)

# The Ladders

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## ▶ Objectives

- ▶ Study of pricing in a platform market
- ▶ Examine differentiation of platforms.

## ▶ Lecture topics

- ▶ Competitive advantage and coherent strategies (slides 3)
- ▶ Price discrimination (slides 5)
- ▶ Switching costs (slides 6)
- ▶ Network effects (slides 7)
- ▶ Platform market (slides 8)

# Android

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## ▶ Objectives

- ▶ Learn about the wireless industry
- ▶ Study how and why standards form despite conflicting interests
- ▶ Examine a real-life standards battle

## ▶ Lecture topics

- ▶ The importance of compliments (slides 2)
- ▶ Value added (slides 3)
- ▶ Network effects and standards wars (slides 7)
- ▶ Platforms (slides 8)

# eHarmony

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## ▶ Objectives

- ▶ Consider the differentiation between different platforms
- ▶ Examine platform competition
- ▶ Consider different pricing structures

## ▶ Lecture topics

- ▶ Coherent strategies (slides 3)
- ▶ Pricing (slides 5)
- ▶ Platforms (slides 8)



# Yelp

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## ▶ Objectives

- ▶ Examine the market for reputation and how to generate information from users.
- ▶ Study the mobilization of a network
- ▶ How and when to monetize

## ▶ Lecture topics

- ▶ Network (slides 7)
- ▶ Platforms (slides 8)
- ▶ Reputation (slides 10)

# Sermo (Final, Dec 2010)

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## ▶ Objectives:

- ▶ This firm is similar to Yelp in that it provides a market for reputations.
- ▶ The big issues are mobilization of the network, getting users to provide information and monetization.

## ▶ Lecture topics:

- ▶ Prices (slides 5)
- ▶ Networks (slides 7)
- ▶ Platforms (slides 8)
- ▶ Reputation (slides 10)

# MicroSoft adCenter (Final, March 2011)

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## ▶ Objectives:

- ▶ Learn about the market for online ads
- ▶ Study the mobilization of a platform
- ▶ Standards battles

## ▶ Lecture topics:

- ▶ Industry analysis (slides 2)
- ▶ Value added (slides 3)
- ▶ Advertising (slides 5)
- ▶ Switching costs (slides 6)
- ▶ Networks (slides 7)
- ▶ Platform (slides 8)