

# Chapter 1- introduction to electronic commerce



**ASSIGN  
BUSTER**

1. Describe three factors that would cause a company to continue doing business in traditional ways and avoid electronic commerce. \* Traditional commerce is a better way to sell items or services when personal selling skills are a factor, as in commercial real estate sales; or when the condition of the products is difficult to determine without making a personal inspection, as in the purchases of high-fashion clothing, antiques or perishable food items. 2.

Figure 1-5 lists roommate-matching services as a type of business that is well-suited to a combination of electronic and traditional commerce. In one paragraph, describe the elements of this service that would be best handled using traditional commerce and explain why. \* Customers are generally concerned about lifestyle and personality factors. As a result, they would want to meet any potential roommate. 3. Choose one major difference between the first wave and the second wave of electronic commerce.

Write a paragraph that describes this difference to a person who is not familiar with either business or Internet technologies. \* A major difference is the increase in broadband connections and improved hardware developments. This allows more businesses around the world to communicate with each other. 4. What are transaction costs and why are they important? \* Transaction costs are the total of all costs that a buyer and seller incur as they gather information and negotiate a purchase-and-sale transaction.

Reasons for being important can vary. 5. Provide one example of how electronic commerce could help change an industry's economic structure

from a hierarchy to a network. \* When transaction costs were high, businesspeople would form organizations to replace market-negotiated transactions. In a network economic structure, companies coordinate their strategies, resources and skill sets by forming long-term relationships with other companies and individuals based on shared purposes, called strategic alliances or strategic partnerships. 6.

How might managers use SWOT analysis to identify new applications for electronic commerce in their strategic business units? \* SWOT is the acronym for Strengths, Weaknesses, Opportunities, and Threats. By using this, the analyst first looks into the business unit to identify its strengths and weaknesses. Then the analyst reviews the environment in which the business unit operates and identifies opportunities presented by that environment and the threats posed by that environment. 7. In about 200 words, explain the difference between language translation and language localization.

Language translation is the process of restating some text written in one language in a different language. In other words, to translate is examine some original text, written in what is called the source language, and to write a corresponding text in different language, called the target language, with the goal of preserving the tone and meaning of the original text. \* Language localization is a translation that considers multiple elements of the local environment, such as business and cultural practices, in addition to local dialect variations in the language.

The cultural element is very important since it can affect—and sometimes completely change—the user's interpretation of text 8. In a paragraph, describe the advantages of a flat-rate telecommunications access system for

<https://assignbuster.com/chapter-1-introduction-to-electronic-commerce/>

countries that want to encourage electronic commerce. \* In the United States, telecommunications companies have long sold local telephone service as a flat-rate access system, in which the consumer or business pays one monthly fee for unlimited telephone line usage.

Activists in European countries argued that flat-rate access was a key to the success of electronic commerce in the United States. Although many factors contributed to the rapid rise of U. S. electronic commerce, many industry analysts agree that flat-rate access was one of the most important. As more European telecommunications providers began to offer flat-rate access, electronic commerce in those countries increased dramatically.