

Unit 18

New Economy and E-commerce

新经济与电子商务

Comprehension questions:

1. What is the direct contribution of ICT equipment and software production to growth?
2. What is the total impact ICT equipment and software production on the deeper reaches of the US economy?
3. What effect will ICT have on conventional industrial sectors and on national competitiveness?
4. Why is outsourcing the hallmark of new economy?

Part A Exercises

1) Directions: *Listen to the first news item carefully and decide whether the following statements are “T” (true) or “F” (false).*

- (1) () In China, internet users grew exponentially from a mere 1,600 in 1994 to 16.9 million in mid-2000.
- (2) () E-commerce transactions registered a total revenue of 200 million yuan in 1999, the same as in 1998.
- (3) () Internet businesses are losing money due to unusually high charges for telephone lines, an uncertain regulatory environment, and direct competition from the telecommunications operators dominating the market.
- (4) () The growth potential of the internet and e-commerce is not well recognized by foreign multinationals.
- (5) () As China does not prohibit foreign involvement, foreign companies have managed to enter the Chinese market by forming strategic alliances with domestic companies.

2) Directions: *Listen to the second news item carefully and complete the following passage by filling the missing information.*

Merchants are set to lose _____ this year because of online fraud, according to a survey released by CyberSource Corp., a provider of _____ and risk management products in Mountain View, Calif. The \$2.8 billion figure is _____ higher than last year, CyberSource said.

The survey, conducted by Austin-based Mindwave Research Inc., found that companies with online revenues of between _____ and _____ annually are being _____ the hardest. Those companies saw online fraud losses rise from _____ of their revenue in 2004 to _____ of their revenue this year.

Online fraud losses suffered by merchants with more than _____ worth of online sales annually rose only slightly year over year, from _____ in 2004 to _____ this year, the survey said. Online fraud losses for smaller merchants, those with online revenues of less than _____, were lower than last year -- falling from _____ of revenues in 2004 to _____ this year, according to the survey.

Part B Exercises

1) **Directions:** *Listen to the interview and fill in the following table.*

It is important	to understand <u>the factors that influence the use and adoption of e-commerce</u> in the country.
It is also important	to understand _____ of the country.
Some banks	prefer _____.
Some cultures	prefer _____.
In some countries	the private sector prefers _____.
In other countries	the private sector prefers to _____.

2) **Directions:** *Listen to the interview again and answer the following questions.*

(1) What problems arise with e-commerce when implemented trans-nationally?

(2) How can e-commerce issues related to globalization be handled?

(3) How can minority culture impact the use of Business-to-Consumer relationships?

(4) What is the attitude towards e-learning in Asian contexts?

Part C Exercises

1) **Directions:** Listen to the news coverage and fill in the blanks with the appropriate words you hear.

- (1) With the exception of a few e-business leaders that have been engaged in e-commerce for some time, most businesses were still only _____ through the end of last year.
- (2) The announcement of e-business initiatives is now seen as a way for a company to demonstrate its ability to _____ and develop _____ for success in the new economy.
- (3) By considering how one company's e-commerce activity compares to that of its competitors, shareholders may _____ management by seeing how well they _____ the main issues of e-business, _____ an integrated technology strategy for their company and then _____ upon that vision.

2) **Directions:** Listen to the news coverage and complete the following table with figures.

- (1) IBM, for example, has reported that in 2000 the company did _____ (94 percent of all of its procurement) electronically while conducting _____ of its sales through the Internet. General Electric has also reported its e-commerce activity for 2000, with _____ in electronic sales, and _____ in online procurement conducted through Internet-based auctions on its Global Supply Network. At the end of last year, GE reported that its online auction activity had almost doubled to _____ in 2001.
- (2) Boise Cascade, a leader in the office products industry, anticipates e-commerce sales of approximately _____ in 2001, an increase of _____ of the total company sales in 2000.

- (3) Eastman Chemical has already conducted _____ of its sales electronically in 2001 and stated its goal to capture more than _____ of its sales through electronic channels over the next three to four years.
- (4) Arrow Electronics took in _____ (_____ of its worldwide revenues) in 2000 through its various e-commerce channels.

👤 👤 Acting out

1. **Interview:** Students should mimic the interview in Part B. One is conducting a survey about e-commerce and new economy, and the other will be an ordinary consumer to be interviewed. Ask questions below:
 - What is e-commerce?
 - What are the benefits and disadvantages concerning e-commerce?
 - Have you ever bought anything through the internet? Give an example.
 - What is the future prospect of E-commerce?
 - What is new economy?
 - Does it really exist?
 - What are the striking features of the new economy?
2. **Case Presentation:** Students should form into groups of 4 and present a dot.com company case before class.
 - A successful case like Amazon.com, ebay, dangdang.com or any dot.com firms
 - What kind of company is it?
 - How does e-commerce work?
 - Why is it successful?

Key to Exercises

Part A

1)

1. T 2. F 3. T 4. F 5. F

2)

Merchants are set to lose \$2.8 billion this year because of online fraud, according to a survey released by CyberSource Corp., a provider of electronic payment and risk management products in Mountain View, Calif. The \$2.8 billion figure is 8% higher than last year, CyberSource said.

The survey, conducted by Austin-based Mindwave Research Inc., found that companies with online revenues of between \$5 million and \$25 million annually are being hit the hardest. Those companies saw online fraud losses rise from 1.5% of their revenue in 2004 to 1.8% of their revenue this year.

Online fraud losses suffered by merchants with more than \$25 million worth of online sales annually rose only slightly year over year, from 1.1% in 2004 to 1.2% this year, the survey said. Online fraud losses for smaller merchants, those with online revenues

of less than \$5 million, were lower than last year -- falling from 2.1% of revenues in 2004 to 1.6% this year, according to the survey.

Part B

1) Directions: *Listen to the interview and fill in the following table.*

It is important	to understand <u>the factors that influence the use and adoption of e-commerce</u> in the country.
It is also important	to understand <u>the telecommunication infrastructure</u> of the country.
Some banks	prefer <u>only to trade electronically with large or international firms</u> .
Some cultures	prefer <u>to trade face-to-face rather than using the Internet</u> .
In some countries	the private sector prefers <u>the government to lead the adoption of e-commerce</u> .
In other countries	the private sector prefers to <u>explore the possibilities of the use of e-commerce independently of government</u> .

2) Directions: *Listen to the interview again and answer the following questions.*

(1) What problems arise with e-commerce when implemented trans-nationally?

The way that e-commerce is diffused and adopted in a particular industry or country is different from one country to another. When implementing e-commerce trans-nationally, it is important to understand the factors that influence the use and adoption of e-commerce in different countries, including their own telecommunication infrastructure. In some countries, the banking industry plays an active role in adoption of e-commerce and encourages businesses to clear their transactions electronically. However, some banks prefer only to trade electronically with large or international firms, which will discourage e-commerce adoption in the SME sector. Some cultures prefer to trade face-to-face rather than using the Internet.

(2) How can e-commerce issues related to globalization be handled?

The issues of e-commerce implementation are unique to organizations and the country they are located in. Therefore, understanding organizational culture, the distinctiveness of the people and their behavior, government regulations, and policies

are important before thinking about implementing e-commerce.

- (3) How can minority culture impact the use of Business-to-Consumer relationships?

In some countries, minority groups have political power in making laws and legislation. Where a country declares itself as a multicultural society, it is important to cater to other minority groups, who prefer to interact using their own languages rather than using the official language as many of the elderly may not read or write the official language.

- (4) What is the attitude towards e-learning in Asian contexts?

In many Asian countries the telecommunication infrastructure is often not good enough for delivering online information to students. The cost of hardware is also important, as many students may still not be able to afford computers and the Internet connection through available ISPs. The ways students prefer to learn also vary from country to country. In many Asian countries face-to-face contact with their lecturers is the preferred method.

Part C

1) Directions: *Listen to the news coverage and fill in the blanks with the appropriate words you hear.*

- (1) With the exception of a few e-business leaders that have been engaged in e-commerce for some time, most businesses were still only piloting their e-commerce initiatives through the end of last year.
- (2) The announcement of e-business initiatives is now seen as a way for a company to demonstrate its ability to think strategically and develop a long-term vision for success in the new economy.
- (3) By considering how one company's e-commerce activity compares to that of its competitors, shareholders may gain insight on management by seeing how well they have grasped the main issues of e-business, developed an integrated technology strategy for their company and then executed upon that vision.

2) Directions: *Listen to the news coverage and complete the following gaps with figures.*

- (1) IBM, for example, has reported that in 2000 the company did \$43 billion (94 percent of all of its procurement) electronically while conducting \$23 billion of its sales through the Internet. General Electric has also reported its e-commerce activity for 2000, with \$7 billion in electronic sales, and \$6.8 billion in online procurement conducted through Internet-based auctions on its Global Supply

Network. At the end of last year, GE reported that its online auction activity had almost doubled to \$13.2 billion in 2001.

- (2) Boise Cascade, a leader in the office products industry, anticipates e-commerce sales of approximately \$800 million in 2001, an increase of 16 percent of the total company sales in 2000.
- (3) Eastman Chemical has already conducted 13 percent of its sales electronically in 2001 and stated its goal to capture more than 50 percent of its sales through electronic channels over the next three to four years.
- (4) Arrow Electronics took in \$1.8 billion (17 percent of its worldwide revenues) in 2000 through its various e-commerce channels.