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# Unit 1

## What Is Electronic Commerce?

### *Learning Objectives*

- To know the definition of electronic commerce
- To know E-Commerce types
- To understand E-Commerce types in *Taobao*

### Focus on the Topic

Pair Work: Discuss the following questions with your partner.

1. What exactly is electronic commerce in your opinion?
2. How many types of E-Commerce are there? What are they?
3. What types of E-Commerce are done in *Taobao* website?

### Vocabulary Study

1. Fill in the blanks with the appropriate words given in the box, change the forms where necessary.

transfer	encompass	emerge	intensify	top
accelerate	scale	equal	facilitate	residential

- (1) Inter-bank \_\_\_\_\_ should be charged, but I found a tool with a free network approach to move my money.
- (2) This kind of meeting should be encouraged to \_\_\_\_\_ our settlement of the matter.
- (3) To cooperate with this company was one of your aims to \_\_\_\_\_ the rate of development.
- (4) The storm seemed to \_\_\_\_\_ the freezing cold in winter.
- (5) True love \_\_\_\_\_ a commitment and must be mutual.
- (6) China should be classified as an \_\_\_\_\_ market, but a very huge market.
- (7) \_\_\_\_\_ property prices are rising all over China, prompting fears of a real estate bubble.
- (8) The documents show that she enjoyed a real power of decision, \_\_\_\_\_ to that of her husband.
- (9) The gateway community is also in just a year's time to become the \_\_\_\_\_ three in the community.
- (10) At the beginning of this year, our company decided to expand \_\_\_\_\_, and took over another company in this region.

2. Choose the best answer to the following questions.

- (1) With formal implementation of "Electronic Signature Law", the digital signature is going to be widely applied in \_\_\_\_\_.  
 A. electronic commerce                      B. elective commerce  
 C. electrics commerce                        D. electrical commerce
- (2) How much commission will you give if the \_\_\_\_\_ is over one million dollars?  
 A. transport                                      B. transaction  
 C. transportation                                D. transfer
- (3) Microsoft also wants to see its operating system built into more \_\_\_\_\_.  
 A. moving devices                                B. immobile devices  
 C. mobile devices                                 D. mobile devises
- (4) A merchant who deals with large quantities of goods is called a \_\_\_\_\_.  
 A. wholesaler                                      B. wholeseller



(5) economist	E) a system of rules, laws, agreements, etc. that establish the way that something operates in business, politics, or society
(6) framework	F) an expert in economics, especially one who advises a government department, business, or organization

## Reading One

### Introduction to Electronic Commerce

Electronic commerce, commonly known as E-Commerce, is a type of industry where the buying and selling of products or services is conducted over electronic systems. Electronic commerce draws on technologies such as mobile commerce, electronic funds transfer, supply chain management, Internet marketing, online transaction processing, electronic data interchange (EDI)<sup>1</sup>, inventory management systems, and automated data collection systems. Modern electronic commerce typically uses the World Wide Web at least, although it may encompass a wider range of technologies such as e-mail, mobile devices, social media, and telephones as well.

Electronic commerce is generally considered to be the sales aspect of e-business. It also consists of the exchange of data to facilitate the financing and payment aspects of business transactions. This is an effective and efficient way of communicating within an organization and one of the most effective and useful ways of conducting business. According to the nature of transactions, E-Commerce field can be generally divided into the following types:

#### **Business-to-business (B2B)**<sup>2</sup>

It refers to the commerce transactions between businesses, such as between a manufacturer and a wholesaler, or between a wholesaler and a retailer.

#### **Business-to-customer (B2C)**<sup>3</sup>

It refers to the retailing transactions with individual shoppers.

#### **Consumer-to-consumer (C2C)**<sup>4</sup>

Here, consumers sell directly to consumers. Examples are individuals selling in classified ads and selling residential cars, and so on.

### Consumer-to-business (C2B)<sup>5</sup>

This type includes individuals who sell products or services to organizations.

In 2010, the United Kingdom had the biggest E-Commerce market in the world when measured by the amount spent **per capita**. The Czech Republic is the European country where E-Commerce delivers the biggest contribution to the enterprises' total **revenue**. Almost a quarter (24%) of the country's total **turnover** is generated via the online channel.

Among **emerging** economies, China's E-Commerce continues to expand. With 384 million Internet users, China's online shopping sales rose to \$36.6 billion in 2009. The Chinese retailers have been able to help consumers feel more comfortable shopping online. China's cross-border E-Commerce is also growing rapidly. E-Commerce transactions between China and other countries increased 32% to \$375.8 billion in 2012 and accounted for 9.6% of China's total international trade.

Other countries are **witnessing** the **accelerated** growth of E-Commerce as well. In Russia, the total ecommerce market is projected to total somewhere between \$23 billion and \$30 billion in 2015, at 2010 values. This will **equal** 5% of total retail volume in Russia. Longer-term, the market size of Russian E-Commerce could reach \$50 billion by 2020. Brazil's E-Commerce is growing quickly with **retail** E-Commerce sales expected to grow at a healthy **double-digit** pace through 2014. By 2016, e-marketer expects retail ecommerce sales in Brazil to reach \$17.3 billion.

E-Commerce is also expanding across the Middle East. Having recorded the world's fastest growth in Internet usage between 2000 and 2009, the region is now home to more than 60 million Internet users. Retail, travel and gaming are the region's top E-Commerce **segments**, in spite of difficulties such as the lack of region-wide legal **frameworks** and **logistical** problems in **cross-border** transportation. E-Commerce has become an important tool for small and large businesses worldwide, not only to sell to customers, but also to engage them. In 2012, E-Commerce sales **topped** \$1 trillion for the first time in history.

Economists have theorized that E-Commerce ought to lead to **intensified** price competition, as it increases consumers' ability to gather information about products and prices. Research by four **economists** at the University of Chicago has found that the growth of online shopping has also affected industry structure in two areas, which have seen significant growth in E-Commerce: bookshops and travel agencies.

Generally, larger firms are able to use economies of **scale** and offer lower prices.  
(609 words)

(<http://en.wikipedia.org/wiki/E-Commerce>)

## Notes

1. Electronic data interchange (EDI) 电子数据交换，是一个交换商业数据的标准格式

Electronic data interchange (EDI) is a document standard which is often used by big companies for E-Commerce purposes, such as sending orders to warehouses or tracking their orders. It is more than mere e-mail, for example, organizations might replace bills of lading and even cheque with appropriate EDI messages. It also refers specifically to a family of standards.

2. Business-to-business (B2B) 企业对企业的电子商务

The overall volume of B2B (Business-to-Business) transactions is much higher than the volume of B2C transactions. The primary reason is that in a typical supply chain there will be many B2B transactions involving sub components or raw materials, and only one B2C transaction, specifically sale of the finished product to the end customer.

3. Business-to-customer(B2C) 企业对个人的电子商务

It refers to the retailing transactions with individual shoppers. A common example is the online transaction which is conducted on *Taobao*.

4. Consumer-to-consumer (C2C) 消费者对消费者（个人对个人）的电子商务

Consumer-to-consumer (C2C) (or citizen-to-citizen) electronic commerce involves the electronically facilitated transactions between consumers through some third party. A common example is the online auction, in which a consumer posts an item for sale and other consumers bid to purchase it, the third party generally charges commission.

5. Consumer-to-business (C2B) 企业对个人的电子商务

Consumer-to-business (C2B) is an E-Commerce model in which consumers (individuals) create value, and firms consume this value. For example, when a consumer writes articles, or when a consumer gives a useful idea for new product development, then this individual is creating value to the firm, if the firm adopts the input.



► I. Read for Main Idea

Choose the best answer according to the passage.

1. According to the text, which sentence is right?
  - A. Electronic commerce is commonly known as m-commerce.
  - B. Electronic commerce is a place where the products are stocked.
  - C. Electronic commerce is a place where people can use electronic systems.
  - D. Electronic commerce is a type of industry where people can buy and sell products or services over electronic systems.
2. Modern electronic commerce \_\_\_\_\_.
  - A. does not use the World Wide Web at most
  - B. uses e-mail, mobile devices, social media, and telephones as well
  - C. only use the World Wide Web at most
  - D. only uses e-mail, mobile devices, social media, and telephones
3. The following sentences are talking about the relationship between electronic commerce and electronic business. Which one is better?
  - A. E-Commerce is generally considered to be the sales part of e-business.
  - B. E-business is generally considered to be the sales part of E-Commerce.
  - C. E-business is not relevant to E-Commerce.
  - D. E-business equals to E-Commerce.
4. According to the article, how many types of E-Commerce field are there?
  - A. Three.
  - B. Four.
  - C. Five.
  - D. Six.
5. According to the writer, which country had the biggest E-Commerce market in 2010, if measured by the amount spent per capita?
  - A. China.
  - B. US.
  - C. UK.
  - D. UN.
6. In the following sentences, which one is NOT correct?
  - A. Between 2000 and 2009, Middle East was recorded the world's fastest growth in Internet usage.
  - B. Retail, travel and garment are the top E-Commerce segments in Middle East.
  - C. Middle East still has problems in legal issues and logistical system.
  - D. E-Commerce has become an important tool for small and large businesses in Middle East.

► II. Read for details

Answer the questions according to the passage.

1. What is electronic commerce?  
\_\_\_\_\_
2. How many types of E-Commerce are mentioned in the text?  
\_\_\_\_\_
3. What's the difference between B2C and C2B? Can you give some examples to illustrate it?  
\_\_\_\_\_
4. Why does E-Commerce lead to intensified price competition?  
\_\_\_\_\_
5. Why do economists estimate that E-Commerce ought to lead to an intensified price competition?  
\_\_\_\_\_

► III. Make Inferences

Translate the following sentences into Chinese.

1. Among emerging economies, China's E-Commerce continues to expand.  
\_\_\_\_\_
2. Other countries are witnessing the accelerated growth of E-Commerce as well.  
\_\_\_\_\_
3. Retail, travel and gaming are the region's top E-Commerce segments, in spite of difficulties such as the lack of region-wide legal frameworks and logistical problems in cross-border transaction.  
\_\_\_\_\_

## Task-driven Practice

*Task 1 Read the following passage, and brainstorm personal opinions on B2C module.*

### What Is B2C E-Commerce?

Business-to-consumer E-Commerce, or commerce between companies and

consumers, involves customers gathering information, purchasing physical goods or information goods (or goods of electronic material or digitized content, such as software, or e-books); and, for information goods, receiving products over an electronic network.

It is the second largest and the earliest form of E-Commerce. Its origins can be traced to online retailing (or e-retailing). Thus, the more common B2C business models are the online retailing companies such as Amazon.com, Drugstore.com. Other B2C examples involving in-information goods are E-Trade and Travelocity.

The more common applications of this type of E-Commerce are in the areas of purchasing products and information, and personal finance management, which pertain to the management of personal investments and finances with the use of online banking tools. B2C E-Commerce reduces transactions costs by increasing consumer access to information and allowing consumers to find the most competitive price for a product or service. B2C E-Commerce also reduces market entry barriers since the cost of putting up and maintaining a web site is much cheaper than installing a “brick-and-mortar” structure for a firm. In the case of information goods, B2C E-Commerce is even more attractive because it saves firms from factoring in the additional cost of a physical distribution network. Moreover, for countries with a growing Internet population, delivering information goods becomes increasingly feasible.

(E-Commerce, by Zarada Ruth Adam)

### **Work in pairs and make up dialogues according to the situations below.**

#### **Student A**

A customer (student A) wants to buy a novel by *MoYan* in a bookstore. He/she doesn't find the right one, and he/she wants to buy a cheaper one.

#### **Student B**

So his/her friend (student B) recommends him/her to try online shopping, and helps him/her with the Amazon searching.

Finally, they are satisfied with this shopping experience, and make some discussions about B2C E-Commerce.

### **Task 2 Mini presentation: How is E-Commerce helpful to the retailer?**

In E-Commerce, customers and consumers are given more choices over how products are made and how services are delivered. E-Commerce allows for a faster and more open process, so customers would have greater control. Meanwhile, it also makes information on products and the market available and accessible, increasing price transparency, which enable customers to make more appropriate purchasing decisions.

But how is E-Commerce helpful to the retailer? This is an individual task. You need to prepare 5 minutes to present how E-Commerce is helpful to the retailer. You can choose some words in the following blanks to finish this task, and you can also use some visual aids such as diagram and PPT.

global presence  
convenience  
avoiding crowds  
reducing the time spending on entering a market  
good to brand building  
reducing the transaction costs  
saving time  
lower prices

### **Task 3 Group discussion**

Online shopping or online retailing is a form of electronic commerce which allows consumers to directly buy goods or services from a seller over the Internet. The first World Wide Web server and browser, opened for commercial use in 1991. Thereafter, a subsequent technological innovation emerged in 1994: online banking, the opening of an online pizza shop by Pizza Hut. Soon, Amazon.com launched its online shopping site in 1995 and eBay was also introduced in 1995. Nowadays, E-Commerce B2C product sales totaled \$142.5 billion, representing about 8% of retail product sales in the United States. In China, there were 242 million people shopping on-line in 2012.

Now, have a discussion with your group member. You are enquired to discuss what you have experienced when shopping online.

#### **Case 1:**

Lily has bought a new dress on *Taobao*, but when she got it, she found it too

large, so what can she do? Have you ever experienced the same situation?

### Case 2:

After discussion, students should achieve the objectives as follows:

1. Know about some famous online companies.
2. Clearly describe the experience, using the relevant words.

## Reading Two

### The Great Success of Taobao

*Taobao* Marketplace (formerly “*Taobao*”) was **launched** in May 2003 by *Alibaba* Group after eBay acquired Eachnet, China’s online **auction** leader at the time, for US\$180 million and became the major player in the Chinese consumer E-Commerce market. To **counter eBay’s**<sup>1</sup> **expansion**, *Taobao* offered free listings to sellers and introduced website features designed to better **cater to** local consumers, such as an instant messaging tool for facilitating buyer-seller communication and a payment tool, **Alipay**<sup>2</sup>. As a result, *Taobao* became the **undisputed** market leader in mainland China within two years. Its market share jumped from 8% to 59% between 2003 and 2005, while eBay China’s slid from 79% to 36%. eBay had to shut down its own site in China in 2006.

In April 2008, *Taobao* introduced a **dedicated** B2C platform called *Taobao* Mall to **complement** its C2C marketplace. Since then, *Taobao* Mall has established itself as the **destination** for quality, brand name goods for Chinese consumers. *Taobao* Mall launched an independent web domain, Tmall.com, and enhanced its focus on product **verticals** and improvements in shopping experience in November 2010. It became an independent business in June 2011 and changed its Chinese name to *Tian Mao* (Tmall) in January 2012.

In 2008, *Taobao* also announced the “Big *Taobao*” strategy with the aim of becoming a provider of E-Commerce **infrastructure** services for all E-Commerce market participants, hence fueling the overall growth of the online shopping industry.

In October 2010, *Taobao* beta launched *eTao*<sup>3</sup> as an independent online shopping search engine, providing product and merchant information from a number of major consumer E-Commerce websites in China.

In May 2011, *Alibaba* Group opened a physical furniture store in Beijing under the *Taobao* Mall brand. The five-story 25,000sqm *Taobao* Mall iFengChao Furniture Showroom opened as a complement to their online stores.

In June 2011, *Alibaba* Group Chairman and CEO [Jack Ma](#)<sup>4</sup> revealed that *Taobao* would be split into three different companies: *Taobao* Marketplace (a C2C platform), Tmall.com (a B2C platform; then called *Tian Mao*), and *eTao* (a shopping search engine). The move was said to be necessary for *Taobao* to “meet competitive threats that emerged in the past two years during which the Internet and E-Commerce landscape has changed dramatically”.

From 2012 onwards, *Taobao* began to accept international Visa and MasterCard credit cards; prior, only domestic banks were supported by AliPay. The plan to support international credit cards was announced in late 2011.

On April 29, 2013, *Alibaba* announced an investment of USD 586 million in *Sina Weibo*. *Taobao* and *Sina* agreed deep cooperation in various fields. On August 1, 2013, *Alibaba* launched *Weibo* for *Taobao*, which allows users to link *Sina Weibo* accounts with *Taobao* accounts. (440 words)

(<http://en.wikipedia.org/wiki/E-Commerce>)

## Notes

### 1. eBay 易趣网

eBay is an American multinational Internet consumer-to-consumer corporation, headquartered in San Jose, California. It was founded in 1995, and became a notable success story of the dot-com bubble; it is now a multi-billion dollar business with operations localized in over thirty countries. The company manages eBay.com, an online auction and shopping website in which people and businesses buy and sell a broad variety of goods and services worldwide.

### 2. Alipay 支付宝

Launched in 2004, Alipay ([www.alipay.com](http://www.alipay.com)) is a third-party online payment platform. According to analyst research reports, Alipay has the biggest market share in China with over 700 million registered accounts as of the end of 2012. In 2013 Alipay launched a financial product platform called *Yu E Bao* (余额宝). As of June 2013 the company still had what it called “a minor paperwork problem”

with the China Securities Regulatory Commission, but the company said that they planned to expand the product while these are sorted out.

3. eTao 一淘网

*eTao* (www.etao.com) was beta-launched by *Taobao* in October 2010 as an independent search engine and became an independent business in June 2011. It is the most comprehensive shopping search engine in China, covering product results from most Chinese online shopping platforms.

4. Jack Ma 马云

Ma is a Chinese Internet entrepreneur. He owns and is at the helm of two of the world's most popular sites in China, *Taobao* and *Alibaba*. He is the first mainland Chinese entrepreneur to appear on the cover of *Forbes Magazine* and ranks as one of the world's billionaires. In 1995, Ma founded China Yellowpages, widely believed to be China's first Internet-based company. From 1998 to 1999, Ma headed an information technology company established by the China International Electronic Commerce Center, a department of Ministry of Foreign Trade and Economic Cooperation. He founded *Alibaba.com* in 1999, a China-based business-to-business marketplace site which currently serves more than 79 million members from more than 240 countries and territories.

## Writing

I. Rewrite the following sentences according to the text, use your own words and pay more attention to the words in bold.

1. To counter eBay's expansion, *Taobao* offered free listings to sellers and introduced website features designed to better **cater to** local consumers, such as an instant messaging tool for facilitating buyer-seller communication and a payment tool, Alipay.

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2. As a result, *Taobao* became the **undisputed** market leader in mainland of China within two years.

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3. In April 2008, *Taobao* introduced a **dedicated** B2C platform called *Taobao Mall* to complement its C2C marketplace.

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4. In June 2011, *Alibaba* Group Chairman and CEO Jack Ma **revealed** that *Taobao* will **be split into** three different companies

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5. On August 1, 2013, *Alibaba* **launched** *Weibo* for *Taobao*, which allows users to link *Sina Weibo* accounts with *Taobao* accounts.

II. Use your own words to paraphrase the following paragraph.

1. In 2008, *Taobao* also announced the “Big *Taobao*” strategy with the aim of becoming a provider of E-Commerce infrastructure services for all E-Commerce market participants, hence fueling the overall growth of the online shopping industry.

2. In October 2010, *Taobao* beta launched *eTao* as an independent online shopping search engine, providing product and merchant information from a number of major consumer E-Commerce websites in China.



### III. Critical writing

Many students participate in E-Commerce classes, for they have read or heard about — or perhaps even know people who have made big money from e-business such as the famous billionaire *Ma Yun*. They hope to acquire skills to begin jobs with such firms—or even to start their own businesses. So what about you? After learning this unit, summarize what you have learned about E-Commerce, at least of 100 words.

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## Achievement Test

After learning this unit, you are required to finish Test 1 in supplementary material.