A Curriculum in Legal, Ethical, and Business Issues of Internet Marketing

by

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by

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ABSTRACT

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A CURRICULUM IN *ISSUES IN SMALL BUSINESS INTERNET MARKETING*

TO BE TAUGHT IN THE STATE OF WISCONSIN

Masters in Education Ph.D. Amy Gillett
(graduate major)   (research advisor)   (month / year) (pages)

American Psychological Association Publication Manual (APA)
(style manual used)

The purpose of this research is to develop a curriculum for vocational / technical and four-year colleges to teach students about major legal, ethical, and business issues of conducting commerce via the internet. Additionally, the research will also lead to a resource guide for students who are interested in further pursuing internet marketing for their businesses.

To accomplish these tasks the researcher will study articles and journals related to on-line and internet businesses, and evaluate state of Wisconsin and federal laws that have wide-reaching impact on internet commerce. This information will be combined with the researcher's own ten-year background in small business ownership / management and two-year background in internet business ownership / management.   The result will be a curriculum that addresses the most serious and common issues which most small businesses will face in conducting business on-line.

Since the range of possible businesses utilizing the internet as a marketing tool is so diverse, an important product of this research will be the resource guide which will list publications, associations, and internet sites where students and instructors can find additional information and assistance.

There seems to be an obvious need for this type of research and curriculum. Current internet classes focus largely on the design and layout issues, and the issues of copyright, trademark, server bandwidth, and web-site security are largely ignored. Since internet marketing can be a "do it yourself" venture, many current web-sites are designed in violation of copyright and trademark laws, in violation of state statutes, and in violation of federal interstate commerce rules. In the last two years, this researcher has had 17 different internet sites illegally copying, linking to, and distributing his copyrighted images and materials.

While other advertising / marketing media have "gatekeepers" (publishers, advertising managers, review committees) which help stop violations before they occur, the internet does not have such watch-guards. Therefore, an uninformed small businessperson may end up designing a web-site that is in violation of the laws or standards, and consequently that businessperson may face large fines and possible jail time.

The resulting curriculum is not meant to be a comprehensive guide to all aspects of running an on-line business. Rather, it will be an "issues" course that raises awareness of certain legal and ethical issues that the small businessperson will likely face. Therefore, the curriculum will be restricted to major broad topics which are likely to concern all sites, and which are the largest potential trouble spots for new on-line businesses.

Acknowledgements

No writing of substantial nature can be completed without additional help and advisement. I need to thank Dr. Amy Gillett for assistance in helping advise this field project, but especially for her enormous amount of patience and the free latitude she has allowed me to take with this project. Her best words of advice were "do a paper on something you are passionate about." That I have. In addition to being a wonderful instructor, Dr. Gillett has always been very enthusiastic in helping students attain their goals. Completing my second master's at Stout is certainly one of my largest goals (and also one that my mother will celebrate after prodding me for years to finish it up).

I would like to thank the now retired Chancellor Robert Swanson. He was a true visionary for Stout, and he inspired me to walk with and talk with people from all disciplines, cultures, and walks of life. He exhibited a sincere warmth and charm that few administrators can pull off. An approachable man that I still consider a friend, Swanson led the University of Wisconsin-Stout into being the great campus that it is today. I miss his presence here very much.

I of course would be no-where without my wonderful and devoted family. They have provided my emotional, social, financial, and educational base throughout my entire life. No amount of thanks or praise could ever be enough for what wonderful opportunities they have provided me. This paper (and any resulting paperbacks *grin*) are dedicated to my mother and father, Karin Betty-Jean Osborne Falkofske and Noel James Christian Falkofske, for giving me life, for giving me love, and for giving me hope. And not to trivialize matters, but a special thanks to my younger sister, whose former bedroom pillow has helped me survive sitting at the computer for up to 10 hours at a shot.

James C. Falkofske

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CHAPTER 1
Introduction

Background

Time Magazine has chosen Amazon.com's founder Jeff Bezos as the 1999 person of the year. (Time, 1999, December 27). The amount of 1999 Christmas holiday shopping over the internet is expected to be more than 300% larger than the previous year, with internet sales accounting for some $9 billion dollars in merchandise. (Kane, M., 1999, November 30). According to the Forrester Research Group, over $230 billion in services will be traded over the internet by the year 2003. (Mason, 1999, December) Commerce over the internet is exploding with break-neck speed. Unfortunately, this may end up figuratively "breaking a few necks," if not done legally and ethically.

The Premise

At present, there are many university and self-study courses on how to design internet web pages. These courses focus on how to put pictures on the screen, how to get text to "flash," and how to link to other sites, and other "look and feel" issues. What is not covered in these courses is whether using such pictures violates copyright or trademark laws, whether the text you put on your screen is libelous or infringing on another's rights, and whether linking to other sites or using visitor information is even ethical.

This lack of understanding and lack of knowledge can create huge liabilities for the individuals and businesses setting up web sites. The old days of the printing press that required large amounts of capital equipment and large management teams in order to "publish" something are fading fast. Many businesses can now "bypass" traditional printers and publish their own information on-line directly without first having to pass the information through the approval and knowledge of "gatekeepers of the printing press." Without these gatekeepers, many small businesses and individuals are producing web sites with unlicensed images and music, illegal advertising or promotions, and potentially libelous information.

Author's Credentials

In addition to running his photography studio since 1990 and running his own web sites since 1997, the author of this paper has a great deal of training and experience in computer and internet programming. As a visual artist, the author always has been particularly concerned about intellectual property laws and tort laws -- in order to protect his own creative works as well as to avoid possible litigation.

Additionally, the author continues to keep abreast of laws and court cases affecting his photography business as well as on-line internet use, again to avoid potential legal problems. Within this area of study, the author has focused on aspects of publication law, business law and intellectual property rights law. The author routinely participates in on-line photography and business forums, and his peers seek him out for advice and consultations on a regular basis.

In completing his master's degree in Education at the University of Wisconsin-Stout, the author is interested in developing a curriculum which will provide a basic background on legal, ethical, and business related issues of marketing businesses via internet web pages. Since the areas of law and business concerns affecting internet web sites are so vast, the curriculum would only cover topics in the broadest sense. This would make the students aware of the greatest and most common problems, and raise their awareness about potential problem areas where they should seek the assistance of lawyers or other experts.

Statement of the Problem

Because most internet related courses focus only on "how to" build web pages, and not on the legal, ethical, or business issues related to building of such pages, the author feels that there is a strong need to develop an introductory curriculum to address such topics. The course should identify "major problem areas" which must be considered before a web-site is launched. While there are thousands of specific rules, regulations, and concerns which could be addressed in such a course, the objective should be to teach general "one-thought rules" which will apply in

almost all cases. By developing "one-thought rules" students taking the course should learn how to avoid most of the situations which would cause them legal, financial, or other trouble.

This course would be designed to be an introductory "current issues" course for those who are training to become internet web page designers, or who are planning to design web pages for their own small businesses. In that manner, they will learn what "not to do" prior to creating any web pages.

The author of this paper intends to develop a curriculum aimed at technical college and 4-year university students attending Wisconsin campuses which provides just such a broad overview of the legal, ethical, and business considerations of running an internet website.

In order to accomplish these aims, the author will rely on his own experiences and prior knowledge of these issues, study current journal articles and court cases, participate in on-line forums, review information posted by professional groups and organizations, and consult other sources of information which discuss or debate the legal, ethical, and business considerations of running and designing an internet web site.

The purpose and final outcome of this study will be a curriculum outline and a resource list for instructors to teach a post-secondary course in the legal, ethical, and business issues of building and running a website to market a business via the internet.

Objectives

At the conclusion of this study, the author should have developed a working curriculum outline for a course in the legal, ethical, and business issues of running and designing an internet web site. In order to develop this curriculum, several aspects must be researched, including the following.

1) Identify the major intellectual property rights laws that affect internet web sites, including but not limited to copyright, trademarks, confidential and "trade secret" information.

2) Identify the major publication related laws that affect internet web sites as "publishers" including, but not limited to individual's rights to privacy and rights to publicity, and libel laws.

3) Identify major areas of business law that affect internet web sites, including but not limited to interstate commerce laws, mail-fraud laws, and the Uniform Commercial Code.

4) Identify major areas of ethics regarding running and using internet web sites, including content related ethics (i.e. *allowing access to dangerous or illegal information, for instance - how to make bombs, how to tap phone lines, spy on neighbors, how to "crack" computer copy protection schemes, etc.*), the gathering and use of web site visitor information (i.e. *name, address, e-mail, or other personal information by those visiting the site*), the protection of visitor information (i.e. *name, e-mail, credit card numbers, etc.*), and the use of forums or public dialogues on a web site (i.e. *a visitor might libel someone by posting on a third-party web site's forum area*).

5) Identify business considerations which should be made prior to the development and marketing of an internet web site, including but not limited to whether to have a private "domain name," how to choose a domain name, different methods of setting up an internet site *(private local provider, international server provider, free server provider, own server, etc.*), how to promote the site (*traditional media, search engines, banner links, etc.*), and management of the *website (external source, internal source, regularity of updates, methods for users to make suggestions, access to forums, e-mail lists, site maps, etc.*).

Purpose and Significance

The purpose of this paper is to develop a working curriculum outline that can be used by technical colleges and 4-year universities in teaching a "topics" course in "Legal, Ethical, and Business Issues in internet Marketing." The significance of this study is that the resulting curriculum will help students to understand issues that must be considered and decided prior to development of a web-site to reduce the possibility of lawsuits and to save money and time in developing a web-site.

Assumptions

In completing this study, the following conditions and assumptions will be in effect.

1) The resulting curriculum will provide broad-based "one-thought rules" on the most major issues found in the study. It is not intended to be a comprehensive and complete education on every rule, regulation, or concern regarding internet marketing.

2) As the internet is a constantly changing structure, the issues included in this study are those which are identified as most important during the times from September 1999 until December 1999, which is the period of time this study was conducted.

3) The resource guide, which is an appendix to this study, will likely need constant updating. Since information on the internet is not fixed, sites may delete, rename, append, or change the content of the pages used in the resource guide.

4) The resulting curriculum will likely need regular updating to accommodate changes in law, changes in technology, and changes in business practices.

Definitions

A list of definitions used in this paper is attached as Appendix A, and a section on basic internet concepts is attached as Appendix C.

Delimitation of Study

This study shall run from September 1999 until December 1999. The target audience for the resulting curriculum will be a post-secondary student attending technical colleges or 4-year universities in the state of Wisconsin.

CHAPTER 2
Review of Related Material

The first step in developing a course in business, ethical, and legal issues of internet marketing would be to complete a search of other books and publications directly related to such a course curriculum.

After numerous online and library searches, the closest information the researcher was able to find were course outlines for law university classes. The classes connected to the outlines were for in-depth study of internet related law cases as pertains to lawyers practicing this type of litigation.

In another attempt to locate resources, the researcher logged onto Amazon Booksellers (www.amazon.com) on September 24, 1999. While searching the site, the author of this paper found 6,623 book titles related to the internet. Of that number 624 were somehow related to doing business on the internet. Almost all of these titles dealt with types of businesses you could set up on the internet or how to market your business by setting up internet sites. While some of these books might have covered legal, ethical, or business considerations or marketing a business over the internet -- based on the titles and descriptions offered through the Amazon site -- it was quickly apparent that this would be a "side issue" in any of the books listed. After reviewing these hundreds of titles, the author of this paper was only able to find one that dealt with the concerns of this paper. That book was <u>Ethics in technical communications: Shades of gray</u> by Lori Allen and Dan Voss (1997). Unfortunately, the researcher was not able to secure a copy for use in the development of this paper.

In additional searches on amazon.com, using different search criteria, the author was able to find four other books that dealt with internet law; however, these were casebooks aimed at professional lawyers, and not apt to be readily useable by a layperson.

In order to determine the types of information which should be covered in a topics course on legal, ethical, and business considerations of internet marketing, an assessment of current information should be made and this information should be organized into general subject areas.

In examining what areas should be covered in the "topics" course, the first goal was to identify major areas of current legislation and court cases that are impacting on the use of the internet role in marketing a business. Next, a framework of categories of other laws that area related to operating a business in "interstate" business was identified. Again the goal was to identify major areas of "concern" rather than to document all the possible laws which could impact an on-line business. After examining the laws involved, articles pertaining to ethics and business practices are identified in order to find trends for successful internet marketing. Finally, a quick study of current newsgroup and online forum concerns were done to see if there were new areas of interest that were brewing on the horizon.

Lawsuits and Legislation of Interest

In designing a course which covers legal, ethical, and business issues, a good starting point was to examine some of the law and court cases which developed because of internet marketing. By learning where businesses "get into trouble," it was easier to determine what areas should be included to avoid litigation.

Two great resources about internet law and legislation are **www.netlitigation.com** and **www.gseis.ucla.edu/iclp** (the University of California-Los Angeles website on cyberspace law and policies). Both of these resources offered listings of relevant cases and laws and brief summaries of the impacts of such litigation or legislation. From those two sources, the following areas of law were categorized: censorship (obscenity), copyright law, trademark law, patent law,

freedom of expression (First Amendment issues), right to privacy, right to promotion, libel and defamation, Spam (unsolicited commercial e-mail), and taxation issues.

Censorship

Perhaps the best-known attempt to regulate the internet has been the Communications Decency Act (CDA) of 1996, which was part of the Telecommunications Act of 1996. The federal legislation would have banned any communication, image, text, or computer transmission of any materials law enforcement officials found "indecent" which had the potential to reach minors. The act would have required web sites and individual users to verify user's ages (through credit card number or mailed in ID copy) before allowing access to any materials of an adult nature (whether the content was of a sexual nature, or otherwise). As reported nationally, the legislation was overturned by the Supreme Court on July 26, 1997 in the case Reno v. ACLU as being in violation of the First Amendment's guarantee of freedom of speech.

However, the Clinton administration has been pushing hard to rewrite the legislation in an attempt to overcome the Supreme Court's objections and still meet the administration's goal of preventing any minors from accessing any materials of an "adult" nature. The second round at censoring adult content on the internet was the administrative Child Online Protection Act (COPA) which was the offspring of the CDA, and is often referred to as CDA II (Seminerio, 1999, April 5). COPA would have made it a crime for profit-oriented websites to release content deemed "harmful to children" unless they had measures in place to ensure that all users were legal adults (over 18). At the writing of this paper, the long-term status of COPA is unclear. A lower court has ruled COPA unconstitutional based upon the First Amendment protections of Freedom of Expression, but the Federal Justice Department is appealing the ruling to Federal District Court. The final outcome is not expected to be known until well into the year 2000 (Seminerio, 1999, April 5).

While these two efforts at censoring internet content in the United States have failed, legislators and administration officials have vowed to write new legislation which will

accomplish the same goals but meet the court objections. However, since the internet is a global mechanism, website owners need to be cautious about laws in other countries as well. For instance, Australia has recently passed a strict internet censorship act which goes into effect January 1, 2000 (Taggart, 1999, July 30). The new law requires internet service providers (ISPs) in Australia to block all domestic and foreign sites which contain adult content, or which are not "rated" (via rating third party rating services) for general audiences. While Australia may be the first country to adopt "internet specific" censorship, there are many states and countries which are trying to use already existing laws to combat distribution of sexually oriented materials.

But "adult" topic information is only one facet of government censorship on the web. The federal government also wishes to restrict high technology and information proliferation on the internet. At the front of the list of technologies the government considers dangerous include encryption algorithms and software which could be used to encode information of foreign governments and foreign businesses so securely that it is nearly "un-crackable." The Justice Department is arguing that encryption source-code is not free speech, and that for the sake of national security it has the right to specifically limit the spread of those technologies. (McCullach, 1999, June 21) On news programs politicians regularly bring up that schoolchildren can learn to make bombs by surfing the internet, and that those sites providing dangerous information should be altogether banned from the internet.

It is important that students taking a course in internet related business and legal issues be well aware of the past actions of the Federal and state governments, as well as to take an ongoing interest in proposed legislation. While censorship may seem somehow "un-American," it is very likely that legislators will sculpt some type of law which will enable them to censor "dangerous content" from the websites in the United States.

Students should also be made aware of their need to constantly follow legislative initiatives at all government levels that pertain to the internet, as any new rule or regulation may overnight change the legality of web-site content.

Tradenames and Trademarks

Choosing a good domain name is vitally important to any business interested in marketing its products or services over the internet. It can mean the difference between being instantly memorable, and being utterly forgettable. Most businesses try to pick names that are easy to remember for their clients or names that describe the type of product or service they offer on their website.

Perhaps largely in part to the internet's open access and low entry expense, many small businesses have found themselves being sued by large corporations over the use of registered trademarks without the trademark owners' permissions. Domain names have been issued on a first-come, first-serve basis without any investigation into whether such names are registered trademarks or service-marks of any companies. As reported by Reuters (A domain name is not a toy, 1999, February 22), large corporations like Mattel have sued business owners for choosing domain names which are similar to the corporation's trademarks. In the Mattel case, it sued the owners of and won back the domains of barbienet.com and barbiedirect.com. While there has been a problem with cyber-squatting, a term for companies which intentionally register domains of trademarked names in hopes of selling them back to their rightful owners, the courts and the Federal government have been working hard against deliberate infringement (Hansen, 1999, October 27). Whether registered as innocently or otherwise, individuals and small businesses that make the mistake of registering a domain which "looks like" a registered trademark can find themselves deluged by corporate attorneys and expensive court battles.

More often than not, the larger corporations have succeeded in their suits (or in settling out of court) to "take back" domain names that they feel are related to or infringing upon their trademark protected assets. Sometimes, corporations have lost "sense of perspective" in going after "similar" type domain names. A good example is that of Tandy Corporation, which runs Radio Shack stores, suing and harassing the owners of an internet chat-room called Bianca's Smut Shack (Kamiya and Shreve, 1997, April 21). After suing Software Shack and Computer Shack (and getting settlements there), Tandy felt that it had claims to the word "Shack" in all

forms, and went after the "Smut Shack." After months of letters from angry Radio Shack customers, as well as the bad publicity of the case, Radio Shack dropped the suit.

Unlike in real life, where you can have a "Joe's Diner" in Minneapolis, and a completely unrelated "Joe's Diner" in Saint Paul, on the internet only one company can own the rights to the name "JoesDiner.com." For this reason there is fierce competition to get names quickly, and even criminal incentive to steal away the trademarked names in hopes of holding them for ransom. Up until recently, some companies registered huge lists of thousands of domain names in a technique called "cyber-squatting." They then try to "sell back" the domain name to companies who own the trademarks or similar sounding trademarks to their registered sites, or they would offer them for sale to that trademark holder's competitors (or distributors, etc.). The courts have taken a dim view of cyber-squatters, and so has the Federal Government. Recently legislation was introduced to extend copyright law and trademark law to cover domain name registrations, including a provision for a $100,000 fine for those who knowingly register a trademark protected name for their own domain ('Cyber pirates' targeted by capitol compromise, 1999, October 26).

However, luckily for small businesses, innocently registering a trademark for a domain name may work in the businesses' favor. When the domain site and the trademarked product or service have little to do with each other -- the courts have ruled that the first business to register a domain name can keep it (Goodin, 1999, September 8). As reported in the case that Hasbro (the makers of the board game CLUE) filed against Clue Computing (for registering the domain CLUE.COM), the court found that Clue Computing's registration was valid because both businesses were equally entitled to registering the name, and because the services of Clue Computing do not tarnish the trademark of the board game. Therefore Clue Computing's registration is proper and will be maintained.

Because a good domain name is such a vital part of running a successful internet site, it is vitally important that the selection of that name be made carefully. Otherwise, the domain name and all the money spent on promoting that name may be wasted if the domain is taken away by

the courts in a trademark infringement suit. Although not a perfect solution, one step that companies can take before applying for a domain name is to run the name through the United States Patent and Trademark offices (USPTO) online database. Using the internet site that USPTO provides, a user can check within a matter of minutes whether a name or a name combination has received a trademark. However, this database only checks federally listed trademarks, and does not cover state-issued or foreign-issued trademarks. However, most larger companies (those with the capacity and the incentive to litigate) normally have their trademarks listed at the USPTO (even foreign companies in order to protect their trademarks internationally).

Domain names aren't the only area where businesses can run afoul with registered trademarks. Playboy has filed several suits against sites that use the meta-tags Playboy, Playmate, and POM (for Playmate of the Month), and has won many. In April 1998, Playboy won a $3 million dollar suit against Hong Kong based Asia Focus International for using the terms "Playboy" and "Playmate" in their meta-tags (Macavinta, 1998, April 22) Another example is their suit against Calvin Designer Labels (Playboy Enterprises Inc V. Calvin Designer Labels, 1999), where in addition to winning a large cash settlement, the courts also sided with Playboy's view that using trademarked words in meta-tags was an infringement on trademarks. Meta-tags tell search engines what sites have the information a user is looking for. In an ideal world, typing in the word Playmate would bring up only one listing -- for Playboy.com. However, because the use of trademarks in meta-tags can help bring users to a website, there are many adult entertainment and pornography sites that use the trademarked words of Playmate and Playboy in their listings.

Playboy, Mattel, and Radio Shack are not the only companies to sue or settle out of court to force websites to give up using these corporations' respective trademarks, however, they are enough to provide illustrations of this concept. The new battles will likely be fought on "sound-alike" names. For instance Playboy has sued the owner of the internet site "PlayDog" which

depits photos of dogs dressed in sexy (but miniature) feminine clothing ('Playdog' website in doghouse with Playboy, 1999, November 22).

Playboy has even taken search engine sites to court to prevent them from marketing "ads" to third parties that include Playboy trademarks or trade-names. While currently under litigation, Playboy is suing sites such as Excite.com search engine and Netscape.com for selling banner ads and priority "placement" at the top of search lists to third-party companies who are illegally using Playboy or Playmate in meta-tags and descriptions (Macavinta, 1999, February 11). Playboy argues that since Playboy is a trademark, when a user types in a search for Playboy, the only listing that should come up is Playboy.com. Any other listings, they argue, dilutes their trademark and deprives them of users on their $60 per year pay site.

Again, it seems clear here that students taking a course in small business internet marketing need to be aware of the peril of using trademarked names, whether innocently or deliberately.

Copyright

Trademark abuse on the net is quite small compared to the rampant copyright abuse that takes place every second. In the same way that the photocopier made it much easier for people to violate copyright laws with books and magazines, the proliferation of computer scanners and the internet have led to a massive amount of theft of copyrighted images. There are hundreds of newsgroups which "trade" photos, most of them which were scanned from magazines and other sources.

Not only can images be easily copied, they can also be altered -- to remove copyright notices or even to composite separate images into new images (for instance taking the headshot of a celebrity and using it to replace a model's face in an erotic photograph).

Playboy magazine has been a leader in fighting to uphold its copyright protections. One of Playboy's earliest suits was won against George Frena in 1993. Frena operated a computer bulletin board site that contained copies of Playboy photographs. Even though Frena did not put

the photos on the server personally -- because he was aware they were on his server and because he advertised that they were available to look at on his server, he was found guilty of copyright infringement (Losey, 1999)

A more recent and major lawsuit filed by Playboy was settled in April of 1998, when Playboy successfully sued Five Senses Productions. The magazine was awarded $3.7 million as a result of Five Senses Productions illegally distributing over 7,500 photographs via the internet and CD-ROMS for which Playboy had copyrights (Macavinta, 1998, April 2).

The problem is not a simple one however. Copyright violation is a federal civil matter and not a state criminal one. As such, there is the issue of court jurisdiction to decide, or which court will be in charge of hearing the case (Pinter, 1998, October). If a copyright owner does business in Wisconsin, but has a website server in Canada, and if a copyright pirate lives in France, but has the illegally copied images stored on a web-server in Germany, which country and which court should hear the case? There is no clear answer. This can prove troublesome for a small businessperson, who might unknowingly use an image on her website in Minnesota, and finds herself having to go to trial in Germany for copyright violations. In the same vein, defendants will also have to worry about the differences in international laws and in court procedures, and be able to find someone in the presiding court's region to represent them.

The sheer volume of copyright infringement has pushed the Federal Government into adopting tough new language to enhance copyright protection on the internet. These new rules are known as the No Electronic Theft (NET) act. In particular, the NET strengthens copyright law because it now defines "financial gain" as the receipt of anything of value -- even it is simply a different, illegally copied photo. Also in the legislation changes the criminal penalties to consider the number of copies distributed as well as the value of the copyrighted item, where previous law only looked at the value of the copyrighted item. This provides a cumulative affect based on the infringement, which means that an image worth only $1 but distributed to 1000 people is worth the same as one image worth $1000, but was only distributed to one person.

The major problem that still exists with copyright law is that it is not a state criminal matter, but rather a federal civil matter. This means that someone who has his/her writing or photography stolen cannot simply call the police and have the person arrested. Instead, they need to hire a lawyer to file a case in Federal District Court. The artist / creator also has to find (or pay someone to find) the extent of the copying that was done and who the infringers are so that proper damages can be calculated. Usually this results in only large and powerful organizations and corporations being able to sue infringers. Many groups are trying to strengthen the copyright laws to provide more assistance to creators and artists in the prosecution of copyright offenders. When that happens, it will be even more dangerous for small businesses and individuals to use photos or illustrations they did not personally create.

One of the greatest myths on the internet is that anything without a copyright notice attached is "public domain." According to the United States Copyright Act (USC 17) any creative works made after January 1, 1978 are protected for the life of the creator plus 70 years (or for works-for-hire a term of 95 years after initial publication or 120 years from date of creation, whichever is less).

Furthermore, the Copyright Acts state that when a work is fixed into tangible form (created) it is automatically copyrighted *whether or not notice is affixed*. So, even if a copyright notice(©) is not on the work, it is still a copyrighted work. What the copyright notice does on a creative work is to provide that any copying of the work is a willful and deliberate infringement (which provides greater legal remedies to the work's creator).

It is vital for students studying business issues of internet marketing to fully understand the implications of the copyright laws for two reasons. First understanding copyright law helps prevent students from unknowingly infringing on another's copyright even though no copyright notice is displayed. Therefore the student will learn that any use of an image, text, song, or other creative work can only be used when it is accompanied by the creator's permission for use and distribution. Secondly, understanding copyright law helps a future web designer register copyrights for and fully market the potential of the design elements in the websites he/she

designs. With proper registration with the US Copyright Office, the web designer can safely license his/her creative elements to other businesses.

Patents on Technology

By now almost everyone has heard about the Department of Justice's (DOJ) winning their lawsuit against Microsoft for unfair trade and monopolistic practices. In part, the DOJ filed their suit against Microsoft based on repeated claims by third party computer software companies that Microsoft violated technology patents and copyrighted code of the third parties and then developed competing products. Because Microsoft was large and diversified, it was then able to "product dump" (sell it's software at far under the fair market price) in order to stifle or eliminate competition. One such allegation comes from Priceline.com, which claims that Microsoft is violating it's patent on internet reverse auction selling (Priceline: a net monopoly no longer?, 1999, September 27).

While ideas and concepts cannot be patented, specific means of accomplishing a task are. Another consideration is that the "look and feel" of a product or service can be patented, and this will likely lead to many lawsuits about how competing websites are set up to "mimic" the style of a successful site. This will be an explosive area to watch for new litigation once the final decision on what to do with Microsoft to "break up" its monopolistic hold has been rendered.

Fraud: Hacking, Viruses, and Scams

Hacking

The type of internet crime that gets the most publicity and recognition, although unjustly so, is the area of hacking. Hacking is an attempt by a computer programmer or user to gain unauthorized access to computers or data, or for a user to interfere with, damage, or erase computer data. While there are many hackers out there doing these things "for fun," there are also very serious hackers who are committing acts of industrial and commercial espionage.

While security measures are constantly being updated, there are hackers who try to break into computer systems to obtain sensitive data or to unleash damaging rouge programs called computer viruses or worms. It is an ongoing battle between the forces of good (computer security administrators) and evil (hackers trying to compromise security barriers or even crash the computer system itself).

Some hackers are student programmers whose intents are to learn how to program better, or to show loopholes in security. One of the more famous cases was against Robert Morris who released a computer virus "worm" on his local college network on November 2, 1998. While Morris thought that the worm would be contained within the confines of his computer lab, he was mistaken. The worm soon contaminated the entire internet, bringing many servers to a crawl. Even though Morris intended no harm (he only meant to test a theory about computer security), he was found criminally guilty under the Computer Fraud Act (Losey, 1999, March 16).

<div align="center">Viruses</div>

Viruses get the most press because they can affect people at random. This "randomness" makes viruses scary to the entire computer population, and especially to those who don't understand the way that computer viruses spread. Even though there are hundreds of active computer viruses on the internet, for the most part, there are easy remedies to prevent having a computer infected.

Just like a real-life virus, it has to "touch you" in order for you to "get it." The most common viruses spread through the internet are attached to e-mail programs. The virus almost always takes the form of an attached computer program (a ".exe" file for PCs) or a macro file (a "shortcuts" file used with a word-processor or spreadsheet program). The only way for a computer to become infected is for the receiver to click-on and execute the program file.

To increase the spread of the virus, some programmers have created their virus to "mimic" real e-mail. For instance, the Melissa virus looked through the "friends mail-list" of

Microsoft Outlook e-mail, and sent a copy of itself to everyone on the list with a message about "here are the files you requested." As a safety precaution, users should not open program files before confirming that they are a valid file. Furthermore, if you receive a program file -- you should write back to the sender and request that they explain what the file contains. If they claim they never "sent" you a program file, then you can delete the mail and report back to them that a virus has hit their e-mail system.

As another precaution, there are many "virus checker" software packages on the market. These programs search the entire computer for known viruses, and then it deletes them -- restoring the computer to its "healthy" state.

The reason to understand viruses while marketing business on the internet should seem obvious. It would be disastrous public relations if the media found out that you were the source of the "widespread infection" because you were e-mailing customers from a computer you were unaware was infected.

<div align="center">Scams</div>

Potentially more dangerous to consumer confidence online is the potential for credit card theft during on-line transactions. As one computer consultant explained, if someone's card numbers are stolen in an on-line transaction -- they are very unlikely to buy from you again (or perhaps anyone on the internet) (Kane, 1999, January). The reason why hackers would see credit card numbers as inviting is because a single sales site might generate thousands of valid credit card numbers and confirming information per day (credit card billing address and authorization codes, etc.). A security breach of this nature might allow a hacker to make millions of dollars in false billings within only a few hours.

Other fraud that the internet has to be concerned with is the typical mail-fraud schemes. Pyramid schemes, bait and switch schemes, and outright theft (consumer pays for product or service which is never provided) will all increase as the level of consumer use of the internet increases. However, unlike mail-fraud, where a victim sends money to a particular address or

post-office box, there is greater potential that the con artists will get away without capture. Again, since much of online sales are credit card based, a victim no longer knows that ANY physical address is actual or real. This makes tracking down the suspects much more difficult.

With the advent of online auctions, one other scam is likely to occur - and that is the sale and marketing of stolen merchandise. While local pawn shops need to take down identifications of sellers, and submit them with serial numbers and descriptions of merchandise, on-line auctions have no methods of checking to see if the merchandise is stolen or not. This provides and ideal environment for thieves who want to "fence" their stolen goods.

Publication Torts (Rights to Privacy, Rights to Promotion/Publicity, Defamation / Libel)

By setting up an internet site, companies and individuals are becoming "publishers." As publishers, they are liable for the information they "publish" and disseminate. While some states have specific criminal statutes regarding privacy and libel, improperly published items are largely dealt with in civil court and not criminal matters.

There are four major legal concepts that are likely to concern publishers on the internet. Since litigants often mesh these concepts together in their suits, it is best to have a brief understanding of each concept before discussing cases.

Rights to Privacy

In the United States, we all have an inherent right to privacy, based upon the IV Amendment and prior English common law. Expanding on these rights, most states have enacted specific legislation that guarantees specific privacy rights to individuals and businesses. In the context of the internet, it is illegal to publish private information about a person (including their photograph or likeness) without that person's consent. There are two main exceptions. The first exception is for photos of people in newsworthy events or activities (where the public right to newsworthy information outweighs the rights of an individual to remain private). The second exception is for photographs of a celebrity (whether they are a public official, movie star, or

lottery winner) because by virtue of their status, anything they have recently done is considered a "newsworthy event."

Rights to Promotion / Publicity

Tangent to the right to privacy is a celebrity's right to publicity or promotion. As a celebrity, even though information can be used about you for newsworthy purposes, that does not give anyone the right to use information (or your likeness) in non-newsworthy ways. In particular, commercial uses of your images, or name, or personal information about you are under your control. Laws which address these are categorized as "rights of promotion / rights to publicity." These laws not only explain the legal right to control the commercial uses of your image, name, and endorsement, but they also provide penalties and processes for prosecuting offenders.

As an example, if a company decided it wanted to release a line of cigars called the "Bill Clinton Cuban," it would need to get President Clinton's endorsement and approval -- otherwise the company could be sued on a "right to promotion" basis. Celebrities have the right to control how their name, image, and personal information are used in commercial and non-news contexts. As another example, while a nude photo of a supermodel sunbathing on a beach is "newsworthy" within the few weeks after the photo was taken, the photo is not newsworthy months afterwards. If used by a newspaper or other publisher outside the event horizon of when the activity is actually a recent newsworthy event, again a lawsuit would likely be won against the publisher as an invasion of the model's right to promotion / publicity and also his / her right to privacy.

Defamation / Libel

Defamation is the act of one person harming another person's reputation, whether it is by releasing true information that might be embarrassing, or by releasing false or unsubstantiated or even fictional (or parody) information about the person. Defamation is usually categorized as either libel (stating something in writing or pictorial form) or as slander (stating something verbally or in conversation). Because of the nature of the internet, the lines between libel and

slander become blurred. Consider the following problem. Is saying something defaming on an "internet chat" site libel because it is actually typed, or is it slander, because it is a "conversation" in which the words of the conversation disappear within minutes after they are typed? Another difficulty brought on by the internet is the location of the offender. Typical defamation cases occur when someone writes or says something defaming about another in the community where the two reside. It is a relatively simply matter to bring the matter to court and to decide first whether the statements are true (fraudulent statements are much more damning to the defendant) as well as how much harm was brought to the reputation of the plaintiff. With the internet, tracking down a defamer is a huge effort. The "audience" for the message is world-wide (so, there is a question of "can your reputation be damaged" when the audience to the message doesn't even know you?). Also -- because most "chat rooms" work by typing -- the comments which might have been excused by the court as sarcastic harmless banter at a dinner party might be judged much more severely when "typed" into a "chat room" forum.

The reasons why this issue is so important to businesses is that many businesses have "forums" which allow users and clients to post questions and debate topics. These debates are not always friendly and the defamatory comments posted on a business's forum might make the business a co-defendant in a defamation suit.

Another related concern about defamation is the sheer speed of the internet to pass information (especially rumor and speculation) to millions of users. Although illegal based on copyright laws, many users copy and "re-post" information they find on other sites. In this case -- how many people and sites can be prosecuted for defamation? Couldn't each site point a finger and say "well, I just copied what I found someplace else, and I had no reason to suppose that this **news** wasn't true." (Using the term "news" helps protect publishers against invasion of privacy laws and some defamation laws.) Again, it will probably take the courts many years to set precedent in the way cases will be decided in internet defamation lawsuits.

A Few Representative Cases

The most publicized cases about violations of publication standards deals with using nude photos and faked nude photos of celebrities on websites. Actress Alyssa Milano, who was the child star on the series "Who's the Boss", has sued several internet businesses. Her largest settlement to date has been against a Minnesota internet company for $238,200 (Milano winning nude battle, 1998, December 21). According to her lawyer, several other sites have settled out of court, each paying "in the five figures."

A related case is that of Pamela Lee and Bret Michaels versus Internet Entertainment Group, Inc. (IEG). In that suit, Bret Michaels was able to secure an injunction against IEG from publishing or selling copies of a tape that depicted the couple in sexually explicit activities. (Privacy, 1999) The court ruled that the private content of the tape was not newsworthy (not a current, recent event) and that the private content had not been released to the public through the couple themselves. The court also maintained that Bret Michaels had his privacy and right to publicity rights violated by the release of the tape.

The court decision was in favor of Bret Michaels. Pamela Lee was not entitled to the same protections. IEG had earlier won a lawsuit by Pamela Lee that depicted her and then-husband Tommy Lee in sexually explicit conduct. In that situation, the court ruled that since Pamela and Tommy Lee signed an open-ended settlement agreement earlier with IEG, that the contents of the settlement agreement allowed IEG to continue marketing and distributing videos of Pamela Lee and videos of Tommy Lee (Dr. Laura, Pam Lee lose porn battles, 1998, November 3).

Another case was that of Lui versus DeFelice in 1998. In that case, the New York defendant was a private investigator who obtained financial and credit information about a Massachusetts resident through an internet credit bureau. The plaintiff contended that the credit bureau was not authorized to publish or make available such information, and because the private investigator got the information through methods which violated her home state's credit reporting acts, that such information gathering by the investigator was a violation of her privacy.

The court agreed, and it sets a precedent that an individual's privacy rights are based upon where that individual lives, and not the statutes in other communities (which may not be as strong) (Privacy -- Lui v. DeFelice, 1998).

However internet service providers themselves cannot be held liable for the information posted on their sites. In two rulings siding with the internet provider America Online, Inc. (Blumenthal v. Drudge and AOL 1992 and Zeran v. AOL 1997), the courts found that an internet service provider cannot be found liable for what it's users place on its system (The first amendment and the internet, 1999). In other words, the internet providers are merely distributors and not themselves publishers of information.

Harassment

The concept of harassment is a difficult one because it is so encompassing. Harassment via the internet and other electronic forms of communication has been dubbed "cyber-stalking," and encompasses any act or threatening behavior or unwanted advances. According to the National Center for Victims of Crime, nearly 1 woman in 20 will be a victim of stalking during her lifetime (What is stalking? 1999). With internet communication becoming more commonplace, it is likely that most future stalking cases will involve the internet in some fashion.

Internet harassment and cyber-stalking can include many forms. Again according to the National Center for Victims of Crime (Cyberstalking, 1999)

> Cyberstalkers target their victims through chat rooms, message boards, discussion
>
> forums, and e-mail. Cyberstalking takes many forms such as: threatening or obscene e-
>
> mail; *spamming* (in which a stalker sends a victim a multitude of junk e-mail); live chat
>
> harassment or *flaming* (online verbal abuse); leaving improper messages on message
>
> boards or in guest books; sending electronic viruses; sending unsolicited e-mail; and
>
> electronic identity theft.

However, those who are being cyber-stalked do have powerful laws to help them, including the Federal Government's 18 U.S.C Sec. 875(c) which provides for up to five years in prison for anyone making interstate transmissions of communications containing any threat to injure or kidnap a person (Cyberstalking and email threats, 1999).

Business Law (Uniform commercial code, mail fraud, interstate commerce laws)

There are literally millions of regulations and laws regarding doing business and this paper recognizes that even lawyers must specialize in all the different fields of business law. However, there are some simple concepts that will apply to businesses marketing via the internet that they normally would not encounter running a shop on "Main Street." These areas of law deal with the state laws which adopt the Uniform Commercial Code, as well as the federal Mail Fraud and Interstate Commerce laws.

Uniform Commercial Code

Many states have some form of the Uniform Commercial Code (UCC) which helps to facilitate businesses doing interstate transactions. The laws not only help to encourage similar paperwork forms and terminology between businesses, but also provide a framework for how transactions should be completed. The purpose of the Uniform Commercial Code is to provide consistent laws state-to-state regarding business transactions.

Since an internet site can reach every single state and the business may receive orders from customers from various states based upon their internet site, an internet marketed business is essentially "doing business in every state." Businesses should be aware of the UCC and become familiar with its provisions. This will make selling easier in states that have adopted the UCC -- since the internet business will not have learned the specific state laws for that state (they have already learned them by studying the UCC). The UCC has several provisions including those dealing with Sales and Leases (Article 2), Negotiable Instruments (Article 3), Bank Deposits and Funds Transfers (Article 4), Letters of Credit (Article 5), Bulk Transfers or Sales of

Goods (Article 6), Warehouse receipts and other documents of title (Article 7), Investment Securities (Article 8), and Secured Transactions, Sales of Accounts, and Chattel Paper (Article 9).

As an example, any sales transaction worth $5000 or more must be contracted for in writing, otherwise it is invalid (Anderson, Fox, Twomey, 1984). Another example is that if a seller is shipping merchandise, the seller must first ship the merchandise and then must contact the buyer to notify them that the merchandise is in transit (Anderson, Fox, Twomey, 1984). Failure to abide by the Uniform Commercial Code in the jurisdictions that have adopted it may mean that the business selling or purchasing items over the internet may be prosecuted under business fraud statutes.

Mail Fraud

The Federal Government has an entire chapter of legislative code dealing with Mail Fraud. Title 18, Part I, Chapter 63 of the US Code deals with Mail Fraud which is conducted through either the Postal Service or through other common carriers. Since most business conducted on the internet involves shipping of products, these mail fraud statutes are in effect for those business transactions. Since internet marketed businesses are "doing business" wherever their customers are (not necessarily where they are located), these businesses may need to restrict territories to which they are willing to provide services. If the business is unable to meet or comply with the customer's home state's business regulations, it may find itself in a Federal Mail Fraud suit.

Another area where mail fraud will be a concern is through the use of assumed names. It is a common activity for people using the internet to use false or fictitious names or pseudonyms to protect their individual privacy. However, The Federal Government looks dimly on this, and considers the use of false names in business transactions to be a form of mail fraud. This use of false names affects buyers as well as sellers in business transactions and there may be litigation soon to follow regarding this area.

Wisconsin Specific Laws

Students or individuals interested in starting a business in the State of Wisconsin should investigate the rules and regulations that might specifically affect their business. The State of Wisconsin has helped this process by providing the state's statutes and administrative code on-line at www.legis.state.wi.us. Since local laws change more quickly than Federal laws, and also since many local and state laws are not well reported in the media, users should frequent the state legislature's websites on a regular basis.

One issue that will definitely affect businesses selling products over the internet is Wisconsin's sales tax code. Rather than having a unified single value sales tax, the sales taxes within the state change county by county, and municipality by municipality. Certain types of services also have additional surcharges, for instance on hotel rooms and restaurant meals.

The Wisconsin Administrative Code regulates many specific industries, as well as advertising, taxes, banking and accounting practices, employee working conditions, allowable business locations and hours of operation, licenses and permits, and a host of other issues. Just the index pages for the Wisconsin Administrative Code (in small print three columns across) comprises 42 pages; which means there are likely to be many issues which affect any individual business (http://www.legis.state.wi.us/rsb/code/codex.pdf). As just one small example of how this affects internet related businesses, the State of Wisconsin is one of only 8 states which taxes the sale of internet access services (Net tax moratorium passed, 1999, July 23).

Ethical Concerns

If a website is going to win favor and loyal customers, it will have to maintain a high degree of ethics in its practices. In addition to "following all the laws," a trusted website will work to enhance customer safety while using its services, and will further avoid situations that will bring attacks from competitors or customers.

Big Brother

George Orwell was only off by 15 years. His novel, *1984*, which portrayed a world overshadowed by the ever present and ever-watchful "Big Brother" has finally arrived. It is in the form of the internet. Orwell correctly predicted that we would be spied upon in any room at any location, and the marvel of miniature video cameras the size of a pencil eraser makes it possible. Orwell foretold of a time when every document or statement you make would be recorded and used in evidence against you. As many have found out to their misfortune, our e-mails are neither protected nor private. Orwell even envisioned a world where our history could be re-written on a whim, and it would naturally be believed because it came from Big Brother. With the internet, we often assume the information is from reliable sources, even though we have no way of checking to see if they actually are.

The internet can be a scary place for consumers and mere onlookers alike. The internet has already shown it's potential for harm, so companies trying to market themselves on the internet must work especially hard to win the trust of those they serve.

Personal Information

What consumers want most is privacy. A recent study showed that while users were willing to participate in online surveys and opinion polls, and to even share their e-mail addresses with online businesses, only a few gave out their name, and mailing address, and fewer still trusted giving out their phone numbers, credit card numbers, or social security numbers (Oakes, 1999, April 14). Sites which request lots of personal information (without valid reasons) are naturally looked upon with more suspicion than others.

One company, Comet Systems, received extremely negative reactions when it was found out that it secretly tracked the sites a user used and the items the user clicked on (Oakes, 1999, November 30). When users loaded its "Comet Cursor" onto their systems, every "step" they took through cyberspace was tracked. While the company did not collect names or other ID information when the Comet Cursor was issued to a user, nonetheless, users were outraged to find out about this type of consumer cyber-spying.

Financial Information

In 1998, the Social Security Administration pulled down several websites after users complained that their earnings and other personal information were openly accessible over many of its websites (McCullagh, 1999, April 16). This type of information could have been a gold-mine for identity thieves, who could have taken the information and had several credit cards mailed to them based on the "public" information on the Federal site.

Fraud concerns many consumers, and those using the internet seem to be even more cautious about their financial data. Concerns over information privacy have become so severe that in mid-October 1999, the Electronic Privacy Information Center (EPIC) sued the Federal Trade Commission in order to make the FTC files about internet privacy complaints public.

Certainly if the Federal Government is having a hard time protecting financial data, then e-businesses are probably facing the same types of problems.

The major concern about financial data is having it fall into the wrong hands. The most common way to try to prevent this from happening is by using SSLs (secure socket layers) when transferring sensitive information between computers. This security protocol encrypts the data sent over the internet and only delivers a :"key" to unlock the message data to its intended recipient (Rinaldi, 1998, May).

As more and more commerce is done on the internet, it is very likely that newer, tougher security protocols will be developed to help ensure safer transactions of data. By using the most up-to-date security measures, business sites can help gain the trust of online shoppers.

E-mail Confidentiality

Most people started using the internet for its e-mail capabilities. As millions of users are added each year to e-mail systems, most users tend to believe that their information is safe and private. They couldn't be more wrong.

E-mail is not immediately delivered from the originator's computer to your computer. Each server along the route makes a copy of the mail as it is received, and then keeps it until the next site signals that it has been successfully received. If the "receive" code doesn't come back -

- the e-mail just "sits there." Also -- for many businesses and individuals with local internet accounts, their e-mail is stored on the local server even after the user has downloaded it. These e-mail files are also copied onto back-up system tapes. If you've written or received an e-mail in the last 2 weeks, it's likely "still out there" to read by anyone with access to your mail server.

Those that use on-line mail servers (like Microsoft's Hotmail) are even more prone to voyeurs -- since the "archived" e-mail is kept "live" on the net at all times.

Users from all over the world had their chance to easily spy on others on August 30, 1999, when a huge security hole was exposed in Microsoft's Hotmail system (McCullagh, 1999, August 30). The defect allowed anyone to read the e-mail from the accounts of any of the millions of Hotmail users.

Unlike the postal service mail, there are no uniform laws about "reading someone else's mail." Unless it is a Federal communication, the penalty is likely to be a slap on the wrist at most. This makes "spying" on e-mail tempting to many.

Also, the courts have upheld that employers have full rights to read employees' e-mail at any time which is transmitted from or received by their company computers (Email privacy - what do the courts say?, 1999, October 18).

In August 1999, a London based firm announced a new software product called *1-on-1 Email* (Arent, 1999, August 27). This product not only encrypts the messages (so that others can't read them), but also provides messages with a "self-destruct" feature -- so that after two hours, they disappear forever. The company is planning to market the product to help prevent lawsuits and theft of technologies. As the owner claims,

> "Think about the money Microsoft has lost as a result of email coming back to slap them in the face. If you create an environment where, after two hours, that e-mail will self-destruct, those sorts of things can't happen."

Attracting Users

Another ethical concern facing online businesses is what types of "gimmicks" they are willing to utilize in order to attract users to their sites. In a recent column in PC Computing (1999, November 30), columnists Taylor and Jerome explain that web advertising is getting down and dirty.

An executive fires a gerbil from a cannon, "splatting" it against a wall. A college student belches out the alphabet. A medical patient—bent over—asks his proctologist for computer buying advice just as the doc's slippery finger plunges . . . well, you get the idea. …they're multimillion-dollar advertising campaigns financed by some of the world's leading high-tech visionaries.

While vulgar humor and moronic "stooges" get laughs and attention, what other devices will web-sites use to lure potential customers? One web-site (**www.babesselling.com**) uses half-nude women to drawn in customers to look at their computer equipment. Unsolicited business e-mail (known as Spam) uses a number of trick, including offering low rates on office supplies direct users to websites with links and banners to x-rated porn sites as well as hosting "free pictures of the day."

Running an internet site is the same responsibility as running a "Main Street" site. Businesses should not cave in to gimmicks which they would not dare use if their business was located in a downtown shopping district.

Spamming

Hormel likely is unhappy that the term "Spam" is becoming better known as unwanted e-mail than as a spiced sandwich meat. Unfortunately, it's hard to draw the line between what is "spam" and what is not. And again, unfortunately, what one person may consider spam, another may consider a generous business offer or discount.

The current protocol for e-mail is to send out messages to new prospects once, and only once, and to tell them that they must reply in order to be kept on the e-mailing list. Businesses also can have users fill out request forms on their website, which will entitle the user to receive e-mail newsletters and special pricing promotions or discounts. This "pre-qualifies" users as actually wanting to receive the mail.

Not everyone plays by those protocols however. Spamming has become such a problem that the Federal government is considering legislation to ban and fine unsolicited e-mails (Noack, 1999, October 20). Furthermore, internet service providers are not only dropping clients they consider to be "spammers," but in at least one case, they are taking them to court (Virgin net sues customer, 1999, April 20).

Since e-mail will be an integral part of generating leads, making sales, and providing customer service, it is very important that internet businesses give special thought and consideration into ways of limiting the amount of e-mail it generates, as well as how to enable users to get on a "stop" list to avoid future mailings.

Business Considerations

Domain Names

Perhaps the most important decision an internet business can make is in choosing its domain name. It becomes the trademark of your new business, and the correct name can help your site be easily remembered and easily found. As of May 1999, there were over 5 million domain names registered, with over 7000 new ones added each day (Editors Time Digital, 1999, May 17). Because there is a limit of only 22 characters for the domain name (and because users don't want to type in long names), the trend has been to register short, descriptive, or deliberately misspelled domain names. The reason for misspelling the name is to make it a more valid "intellectual property" which can then apply for trademark protection. Instead of "TruePaint.com," a company may decide to register as "TruPaint.com" to start their internet business. Trade mark law usually does not support the use of "common words" as trademarks,

however deliberately misspelling a word or set of words creates a new "proper name" which can receive trademark protection.

Top level domains of .com, .org, .edu, .net, and .gov account for up to 75% of domain names worldwide (Hatlestad, 1999, August). In order to allow for more registrations, new top-level domains are being considered, including .store, .company (or .co), .biz, .tv, .movie, .corp, .site. (Wagman, 1999, April). This would help separate businesses in different industries register for the same second-level domain (for instance JoesDiner.com would be separate from JoesDiner.store would be different from JoesDiner.corp).

Customer Needs

Another thing that a potential online business needs to consider is whether a customer would prefer buying their merchandise online. While consumer electronics, music, books, and software have all been successful online businesses, a site selling antiques may not work as well. For standardized retail type merchandise, websites can work wonderfully, but for businesses where a lot of one-on-one customer-seller or customer-product interaction is needed likely will not work as well. Consider the case of selling real-estate online. While a site might be helpful in generating sales leads, the actual selling process will likely require that the buyer be personally lead through the premises to inspect it "hands-on." According to internet marketing experts, a product must be able to be delivered by standard mail or courier and require little or no setup in order to be sold over the internet (Bennett, 1999, March)

Give It Away for Free

Users of the internet expect a lot for nothing. The users are already paying monthly access fees to their local internet service providers (ISPs), and for many, their interest in the internet is more recreational and educational. That is why they seldom want to "pay" for content. However, there have been several companies who have made millions of dollars by giving away its products and services for free.

College dropout Justin Frankel is a good example of this concept. He has made $70 million dollars with his WinAmp program that allows users to easily play MP3 music files on their computer systems (Greenfeld, 1999, September 6). By giving away 15 million copies of his program for free (there was a recommended $10 registration fee) off his internet site, he created a de-facto standard of how users listen to and trade music files. His internet site became so popular that companies were paying him $8000 a month to advertise on his site (Greenfeld, 1999, September 6). He was then able to market his software, all by giving the program away to so many users that it became the de-facto "standard" for playing MP3 music on the internet. By entering the marketplace first, and giving away his product for free, he was then able to capitalize on this and make millions of dollars.

Musicians are also embracing the internet, because it allows a more level playing field for getting their music to the consumers. Even if users don't pay for sample songs that are given away for free, the amount of publicity, recognition, and fan loyalty that builds up becomes marketable. As quoted in an article in Time Digital, former Grateful Dead lyricist John Perry Barlow says, "Your problem isn't pirating. Your problem is nobody has ever heard your music, and it would advantage you greatly if they did" (Gehr, 1999, September 6). In fact some groups have turned their backs on the record industry in favor of the internet. As Gehr also points out, one such group, the Geeks0, have numerous online "hit songs," and are making more money on their downloads and sales of merchandise through their website than they would get by signing with any of the major labels (many of which are trying to recruit them).

But music isn't the only thing being given away on websites to build traffic and customer loyalty. GeoCities, Tripod.com, and Xoom.com all give its users free "home pages" in exchange for the home pages featuring advertising banners that market products and services. Like television, the media usage is free, and the internet business makes money by selling "advertising" on its web spaces. Millions of web surfers have used these websites to build their home pages, and some are even making money at it. In exchange for having additional advertising on their site, home page creators can earn sales commissions for each "click through"

on an ad banner that generates a sale for the advertiser (Editors, Time Digital, 1999, May 17, p. 65). For home pages that are able to generate a lot of traffic, that means that a lot of advertising is being seen, and a great potential for the home page users to make money. All the while, the company "giving away" the free home pages is earning more and more in advertising revenues.

Still other companies have capitalized on the need for e-mail addresses. Companies who give away free e-mail services (in exchange for having the user see advertising around the "window" that they see their e-mail) are providing a valuable service to students and the underprivileged who may not be able to afford their own private e-mail service. It is also a great service for those who must travel frequently -- because they are able to log into their mail from anyplace in the country (not tied down to one machine) (Lake, 1999, Summer).

The key is that the more products and services you give away, the higher your customer loyalty and "usage" of your site, which translates into being able to charge increasingly higher advertising revenues for display space on your site (Komando, 1999, February/March).

Content, Content, Content

However, success isn't only about what you give away, but also the types of information and user interaction you provide. In the same way that free newspapers with nothing but advertising are unlikely to be thoroughly read, a web site has to provide a user with stories, trivia, games, and chances to interact with others.

Entrepreneur's running theknot.com, a wedding services site, has over 250,000 users and is signing up more than 1000 a day (McGarvey, 1999, June). It provides free information on wedding planning and suggestions, and the focus of the site is based more on information than selling. Because there are no "hard-sell" tactics, users feel more comfortable and at ease using and exploring the site.

The key to successful repeat traffic is building an online community where there are experiences and activities on your site besides just "buying" (Shotland, 1998, June). Products should not merely be listed, but also technical information, use information, and testimonials.

Products should also be sold in "context" with other products, otherwise known as "suggestive selling." (Shotland, 1998, June). If a user is buying a book about photographing wild flowers, it is good to check the product database and display for the user other books about photography/cameras and about wild flowers.

Another service to offer is a free "sign up" newsletter, where users can receive a free monthly newsletter about their interests connected with the site. The owner of the web site chocolatevault.com spent only a few hundred dollars to develop her website, and it now accounts for 1/3rd of her business (McGarvey 1999, June). She claims that her most successful lure is a free newsletter entitled Choconews which helps keep customers interested in coming back for more. Advice regarding newsletters is that they should be short, interesting, and focused on worthwhile news or tidbits, rather than being yet another "advertisement" (Moran, 1999, June). They should also include some kind of feedback mechanism for users to provide useful news or comments to the editor.

Is there such a Thing as Too Much Success?

Businesses need to determine how much time and talent they can dedicate to their online business. A business growing too fast can rip itself apart at the seams. Such is the case with Lyle Bowlin, whose book-selling site was mentioned in the New York Times and his sales instantaneously rose from $1000 a month up to $2000 a day (Cohen, 1999, October 4). In order to provide this level of service, Bowlin, who had been operating the business single-handedly, now found that he needed to hire an entire staff and a new warehouse to accommodate the orders. He almost threw in the towel, but was able to hang in there, and now anticipates profits of $65,000 this year (Cohen, 1999, October 4).

One way to ensure that you don't grow too quickly is to limit your geographic service area. A new online grocery store has controlled its growth and maintained its high level of customer service and satisfaction by limiting its customers to neighborhoods located near its main warehouse. The grocer, www.streamline.com, limits its services to a 15 mile radius, and

personally delivers food door-to-door to customers. The company even provides free locking outdoor refrigerators to all of its clients so that deliveries can be made without clients having to be home (Hamilton, 1999, April 12).

Customer Service

Giving products away for free and suggesting additional merchandise that the seller may want to purchase will only go so far. When the free product doesn't install properly, or when the merchandise arrives damaged from transit, a web business must be able to provide superior customer service in order to survive. How customers are going to be dealt with when things go horribly wrong should be one of the first considerations of setting up a website.

Poor customer service is among the biggest complaints against online businesses. A recent study (Hoffman, 1999, March) found that while customers expect responses within 24 hours to their inquiries, that over 42% of top web sites took five days or longer to respond (if they responded at all). Since most customer-service issues are generated through online e-mail, setting up an automated e-mail center to provide "canned" responses to most frequent questions will likely satisfy 75% of customer service needs. This allows the "human" staff to be freed up to deal with the 25% of the inquiries that are "tough questions" or infrequent requests (Hoffman, 1999, March).

A good first step is to write a customer service manual and create templates for "canned responses" to the most likely customer service issues or requests, as well as implementing a policy that all e-mails will be answered within 24 hours of receipt. (Edwards, 1998, July). For even more progressive businesses, software is available which allows users to call a customer service representative (or salesperson), and that service representative can then "take control" of the user's screen to help teach them how to use the services or where to locate the products they are interested in purchasing (Edwards, 1998, July).

Types of Sites and What to Expect

There's an old saying that goes "if it were easy, everyone would be doing it, and nobody would make any money." That characterizes the different types of internet websites available. The ones that are very easy and inexpensive to set up often have few users and even fewer sales. The sites that are complicated and offer lots of user content and features are often the ones generating the most actual sales and revenues.

After studying internet business store sites for three years, the author has categorized them into three separate categories. These are brochure sites, catalog sites, and community sites.

The brochure site is like a brochure a business would hand out at a trade show. It is a very basic "home page" that describes the business and it's services. While it may offer pictures and sounds, and perhaps even complete descriptions of it's different products or services, there is no actual way for someone to "buy" something online. The best use of these types of sites is by local professional services, such as lawyers, doctors, architects, and other service professionals -- where the business does not offer a "standardized product."

A catalog site, in contrast, is fully aimed at "selling merchandise or services" over the internet. In addition to providing pricing and ordering information, the site will often provide an order form or a "shopping cart" for making selections. It also allows the user to buy directly off the site (either using a credit card entered onto the site or by having a sales person call to confirm the order and then get the credit card number). However, this type of site has limited "activities" for users to participate in, and it is a "strictly sales" type of site. This type of site is well suited toward "staple" or commonly used items, where "price means everything." For instance, this type of site would be well suited for wholesalers who want to allow their down-line retailers to order more easily and conveniently.

The next level would be a community-type site. This is a catalog site that adds other activities and free services for users to take advantage of using. For instance, a web-site offering discounted airfare may also add news articles about traveling to certain destination, as well as offering free e-mail services so that those "on the road" can still be connected to their messages.

This type of site is devoted to building customer loyalty, by providing reasons besides "shopping" to visit the site. This site is well aimed at end-users of consumer product, where brand loyalty (or customer loyalty) is the key goal of the site. Sites offering gifts, consumer electronics, and collectible items are well suited to this type of web-site.

Recommendations on System Design

System design is an overview of how all the different components of a web-site will work in cooperation with each other.

According to Bennet (1999, March), electronic on-line businesses need to incorporate three components into their website system design, which are display, registration, and transaction systems. A display system is a method of showing products and services to consumers in an attractive and interesting fashion. This is the area which most businesses focus their efforts, however, it is just one of three necessary components.

The next component is a registration system, so that the business can gather the names, addresses, and billing information of the customers using its site. This is important for two reasons. First, it allows businesses to "pre-qualify" customers for additional follow-up (phone calls, mailers, etc.). Secondly, it makes the site more user friendly when customers want to order merchandise in the future, because the customer doesn't have to "re-enter" their information with every order they place. Ginsburg (1999, Summer), also recommends using on-line registrations to allow customers to receive "opt-in" company newsletters and announcements about sales and new products.

This brings up the final component, which is a transaction system. In order for a website to be truly useful to a business, it must have some method where customers can place orders directly on-line, in a safe and secure method. There must also be some method of having the customer pay for the merchandise. Preferably, customers would pay using a credit card or other on-line credit account.

Compton (1999, December) adds that sites should also include a mechanism for surveying customers' preferences and opinions. Online questionnaires are fairly simple to implement and will provide you with easy and inexpensive answers to questions about your customers.

Again, according to Bennett (1999, March), in designing these three systems, the business must take into account several factors that will affect the long-term success of the website operations. One major decision is selecting a vendor that has flexible plans which can expand with your business. Most current vendors can easily handle 50 products, but few can handle 5000. Another major concern is if the software is reliable enough and can be adapted to your company's specific needs. Again -- many software vendors have programs that will handle limited traffic -- but could fail miserably when your site starts becoming successful (meaning dissatisfied customers and lots of system downtime trying to solve problems). A third major concern is what type of merchandise you are offering, and is it "friendly." Bennett defines friendly as being able to be shipped by mail or courier, and requiring very little or no setup.

Ginsburg (1999, Summer) also recommends that companies require the REAL e-mail addresses of customers (not allowing customers to use freebie e-mail services like HOTMAIL or YAHOO), and to try to generate information based newsletters and / or discussion lists in which customers can participate. The idea is to make the website and company an "information authority" that customers will come to again and again. Ginsberg also suggests building customer loyalty by setting up an affiliate program -- where customers and other websites would receive a "cash payment" for each sales generating lead they provide. This can be tracked by online "cookies" which are code fragments that the affiliate's website passes along to the sales website when they bring the customer there through a hyperlink.

Finally, according to Ginsburg (1999, Summer), a website must be designed to be user-friendly, and so that any e-mails or problems are handled within 24 hours. Since the internet is an "immediate" medium, customers expect "immediate answers." Since many of the questions are likely to be the same -- having "canned responses" which can be cut and pasted into an e-

mail -- or which are posted on a HELP PAGE or FAQ (frequently asked questions) page needs to be part of the overall site design.

Recommendations on Page Design

The way that pages actually display to users is considered page design. Often designers get carried away with "bells and whistles" rather than focusing on actual usable content.

According to Johnson (1998, November), many websites need to be put on a "diet" because they are too large, too complicated, and load too slowly. These problems mean that potential clients and customers "surf" to a different site rather than wait to see "what is loading." Johnson recommends ten concepts to use in effective internet page design.

Several of these concepts deal with keeping the loading time down. Long pages, complicated table setups, large or numerous graphics, use of sound or JAVA applets all require long loading time for pages. This can spell "death" to the number of site viewers. This is especially true of the "home page," where a user will usually spend 5 to 10 seconds to "see what's there" before making a decision to stay or leave. So -- files need to be kept small and load times minimal to keep the interest of the viewer. Several of Johnson's concepts also deal with the KISS (keep it simple stupid) principle. Rather than putting "everything but the kitchen sink" into a web page, pages should be compact and deal with one concept each. Along with this, pages should include lots of "white space" margins so that text is easily readable. Also - pages should be designed to "recycle" graphics. Once a graphic file is loaded into the browser memory -- it doesn't need to be loaded again. So -- using the same "wallpaper" and "logos" on every page helps speed up pages and maintain a consistency to the look of the overall design.

Building Customer Trust

Hand-in-hand with getting customers to use a site is gaining their trust. This will encourage them to actually buy when they visit. There are several methods which will help earn the trust of shoppers on a website.

First of all is to be up front with customers about what statistics and information you are gathering. Many sites are now placing a link on their home page which is called PRIVACY POLICY. This link provides users of the site with information on what types of information are gathered, and what is done with that information (is it sold to third parties, is it used to send customers sales news, is it simply kept for statistics on web-site use, etc.).

Another key is to explain any security features that a site uses to protect transactions. According to Ullman (1998, December), Dell Computer's revenue rose from $1 million per year to $6 million per year after they put up their SHOP SAFE GUARANTEE page, which stated that they would reimburse a customer's liability fee if a credit card number was stolen and used during a transaction made with Dell's computer servers. This page explained their Secure Socket Layers (SSL) technology, and how it kept a customer's information safe during an on-line transaction.

Additionally, a site might want to explain to its customers why they can offer lower prices and providing better service.

In the December 1999 issue of PC Computing, the editors of the magazine gave several arguments why their readers should shop via the internet. These reasons included that the internet can provide much wider selection of goods and services than possible at any one store or city, that you might not be able to find the specific item you're looking for any other way, that internet sites do not use "hard core" salespersons and pressure tactics to get you to buy, that purchasing via the internet is not paying for the store owner's rent (additional mark-ups to cover excess overhead expenses), and most importantly, that you can save money.

Magazine articles such as this may prompt the "industry savvy" shopper to purchase online, but these similar concepts can be very effective to communicate right on a website.

Testing the Waters

Of course, there are no guarantees that selling of a particular good or service will be successful on-line. Therefore, it might be wise for a company to first "test market" their product on the internet before committing substantial money and time to the endeavor.

One of the greatest advantages of internet marketing is that a single location (in this case domain name) can grow without limitations. Therefore, a business that starts out small can maintain a smaller size if there is small market demand, or grow rapidly to meet large market demand.

A prime example of this is the on-line auction service eBay. In an article for Red Herring magazine in August 1999, eBay's history and success was profiled. The internet site was originally started by founder Pierre Omidyar to help his girlfriend (now wife) trade her collection of Pez candy dispensers. After setting up a fairly simple site, Omidyar was shocked when the site began getting heavy traffic in its first couple of months. Realizing the upscale business potential of his internet site, he quit his job to form the company. Now the site auctions off between 2.1 and 2.2 million items each week. What began as a small-time hobby sprouted into one of the few profit making internet-based start-up companies.

Once a successful domain name is found, that "site" can be upgraded and enlarged, run on faster networks and servers, and have an employee base grow by leaps and bounds, all the while appearing seamless to the end viewer / user. Unlike many traditional businesses that have to change location when they grow too big, internet businesses can always stay at the same dot-com address (.com).

An additional benefit of this "ability to grow" is that it allows businesses to get into the market quickly to test its ideas and products. If the sales are promising, then more money and resources can be allocated to that internet product or service.

Evaluating Products and Services to Sell

While almost anything can be sold via an internet site, not every product or service will be successful, and some sales may cost more to handle over the internet than they would in a traditional store-front.

One great area for development is the marketing of specialized information. eBay's success in online auctions (www.ebay.com) was founded solely upon the information of who wants to sell something and who wants to buy something. By taking these simple pieces of information and organizing it into a very specialized program, eBay auctions collect a "sales commission" and an "advertising fee" from each seller without ever having to handle the merchandise. The more successful the auctions are, the higher money the sellers get, and therefore the higher the sales commission that eBay receives.

Another example is the Yahoo search engine (www.yahoo.com), which provides an easy index to information for its users. While it doesn't charge the users of the information any fees, Yahoo does charge advertisers fees to place "banner ads" on the pages of the site.

Products which are ideal for sale on the internet are those that are easily shipped and which are not easily accessible in local markets. In the article Booting Up Your Business, in Time magazine, April, 19, 1999, www.seafoodnow.com was profiled as an internet success story. The website offers seafood shipped by express delivery, and at the time the article was written, had achieved $5000 a week in sales just via the internet, and sales were growing by roughly 15% per week. Not only did the internet site bring in more sales, but it also freed up some of the 30 other phone-sales employees to work on shipping and sales counter duties. By using the website, the customer and his/her computer automatically calculated out the correct invoice -- so a "live" salesperson was not needed to figure out the order.

Another area where the internet makes sense is for artists and musicians to distribute their works. By setting up a virtual "studio," an artist or musician can show and sell his/her work to the world. Art collectors can "shop" in the comfort of their own homes, while music aficionados can preview and then purchase new music that is not even available at the largest of record

stores. The author's own website (www.4arts.net) achieved nearly $3000 in artwork sales in 1999 by displaying his works in large format which were being auctioned at www.ebay.com.

Promotion and Advertising

The world will not "beat a path to your door" simply because you build a better website. In order to have visitors and sales, you need to reach the right types of customers. Without proper promotion and advertising, your website is like a gold coin hidden inside the pages of a book in a vast library. Your potential customers may know that your site is out there somewhere, and some may even try searching and searching for it, but unless you tell them "where to look," most will give up or go elsewhere.

Put Your Website on Everything

An easy first step is to let your current customers know about your new online services. The website and e-mail addresses for the website should be printed on every piece of stationary, on all letterhead and envelopes, in every brochure and sales flyer, on business cards and invoices, and even on company vehicles. Anywhere the company name is, the website URL should be as well (Pachetti, 1999, April 19).

Advertising in Traditional Media

If you want people to find your internet site, there's nothing like advertising it. Many radio, television, and newspaper advertisements are now carrying website information in addition to the normal sales messages. This is a great way for businesses to leverage their advertising budgets, because they can purchase a short or small advertisement which directs consumers to the website for more details and benefits.

Also by having consumers referred to an internet site, the producers of commercials can be more creative. For instance, a recent television campaign by Nike shoes has the viewer taking the perspective of a runner chasing after an Olympic hopeful. At the conclusion of the commercial, a pair of chainsaws are heading for the viewers head, and the image is frozen while a text banner states "continued at Nike.com."

Link Sharing and Banners

One of the key features of the web are hyper-links. These are "key words" which are highlighted or underlined in an online document, and by clicking the computer's mouse on the word, the user is taken to another site which provides more information or content about that key word.

This also works well as an advertising tool. Many website owners "exchange" links to help build traffic among customers with similar interests or "profiles." One website that helps users do this is www.webring.org. The site allows "clubs" to be created which will circularly link all the members of the club to each other's sites. Online users can then move to all the members' sites forward, backward, or randomly through the list of club sites. For example, someone marketing books and stationary featuring the photography of Anne Gedes might join (these are just a few quick examples out of the thousands of the webrings available) the "Art Now," and the "Anne Gedes Webring," and the "Awesome Art & Artists Webring."

Often times, sites which have complimentary content will "link" together. For instance, the YAHOO search engine (www.yahoo.com) has links to Amazon Books (www.amazon.com) on all of its search result pages. That way, a user interested in a particular topic can automatically find books on that topic by clicking on the Amazon link.

Another concept which has proved popular is banner ads. These are small (typically 3/4" tall by 6" wide) graphical ads that are placed on web pages. By clicking on the advertisement the user can jump to the advertiser's webpage featuring the item or concept listed.

The most successful of the banner organizations was LinkExchange (www.linkexchange.com) which was recently purchased by the MicrosoftNetwork BCentral (www.bcentral.com). This allowed business sites to place their banners on private user home pages for "advertising" and then paid those sites a small fee for each "click through" to the business' site. Now with the Microsoft purchase, the situation has become much more complicated and expensive, with rules for "allowable content" and specified "rates" that must be paid in commissions (both to Microsoft as well as the user's placing the ads on their pages).

Hopefully other businesses will start up competing banner exchange sites to increase the competition and push the cost for the services down.

<center>Affiliate Programs</center>

Another concept which is somewhat related to the advertising banners is affiliate programs. One of the well known internet businesses using affiliate programs is Amazon Books (www.amazon.com). In an affiliate program, the private website user lists merchandise which a user can purchase. However, the sale is actually handled by a "parent" affiliate. In the case of Amazon Books, the private site may have a book titled "Better Sports Photography." By clicking on the link - the user is brought into Amazon Book's page which features that book. If the user completes the sale (actually buys the book online), then the private website gets a sales commission on the sale.

Financial Data and Trends

Business Use of the Internet

Currently, the use of the internet by businesses is quite small. According to Wagman (1999, April), only 31% of businesses had some kind of website, and of that percentage, 93% of the businesses used their website to provide only basic marketing information. The largest companies were those most willing to be in e-commerce, likely because their organizations already have in place the communication, e-mail, and computer networks which are required of e-commerce. Again according to Wagman, of all small business owners surveyed, 72% felt that e-commerce is not important in achieving their company goals.

According to Bennett (1999, March), by 2003 internet commerce is projected to represent nearly 5% of all global sales and account for over $3.2 trillion in revenues. However, not all online businesses are turning a profit. Most "solely internet" companies are losing money (Bennet, Corcoran, Freeman, Greenfeld).

The fastest growing segment of internet sales has been the adult entertainment market, which according to Blackford (1999, April 12) already accounts for over $1 billion in revenues

and now comprises 1/10th of the entire adult entertainment market. Blackford contends that adult web sites are the only category of sites which consistently turn a profit. The rise in revenues from the spring 1997 to spring of 1999 was over 30% (Greenfeld, 1999, April 19).

Another area of strong growth are shopping service sites such as eBay auction services (www.ebay.com) and the "name your price" Priceline service (www.priceline.com). Since these services are merely "selling information," these types of sites can start out small and grow as use and profits allow. According to Corcoran (1999, August), eBay generated revenues of $2.4 million based on auction commissions and auction item listing fees. A new startup firm called Acompany (www.acompany.com) is allowing its users to achieve "volume discounts" by shopping in "groups" of other users. According to Winters (1999, September 6), by "group buying" users were able to get the Palm V organizer for only $315.99, which was nearly 30% off its normal selling price of $449. Because Acompany does not "sell" the merchandise itself, they have no product inventories to worry about. Other shopping services (similar to Priceline and Acompany) are likely to emerge soon.

The potential for business use to expand is enormous. According to Pachetti (1999, April 19), at that time over 7 million small businesses had internet access, but fewer than 1 million had their own websites. The cost and skill required in launching websites has been steadily decreasing, and the author of this paper feels that in the near future, having a company website will be as common as having business cards.

Email usage for generating leads is also rising. According to Freeman (1998, June), over 95 percent of recipients open qualified e-mail messages (those with a subject line targeting one of their interests), which is far greater than traditional "mass mail" response rates. Again, according to Freeman, business use of e-mail to generate sales leads must focus on carefully matching prospects needs and evaluating their past purchasing habits. If this is not done, the business image is tarnished as generating "spam" (unwanted/undesirable e-mail).

According to Robin (1999, January), industry experts agree that the fastest growing and most successful segment of internet businesses in the near future will be those companies that

focus on business-to-business transactions. Because of the low "market entry" cost for new businesses, more and more small businesses will be able to compete against other suppliers of products, services, and information. And within this growth, industry experts expect that "data mining" and analysis will be one of the most rapidly advancing areas. Data mining includes capturing keystrokes and mouse-clicks that internet users make, so that "customer profiles" can be created from the analyzed data.

Again, according to Robin, industry experts also expect to see more businesses launch or form alliances to create open-source standards to compete with Microsoft and other large corporations. An "open source" is a clearly defined set of rules and syntax which makes software and databases all compatible with one another. This facilitates the easy sharing of data and information (using the internet as the conduit of delivery).

Future Technology Trends

Open source standards will lead many of the future technology trends for the internet. The use of the internet is expanding to more and more "streams" and methods of delivery. In the past decade, the internet has gone through several stages. In the early 1990s, the internet was a tool that was primarily used by the government, the military, and universities. Then in 1994 with the development of the YAHOO search engine (www.yahoo.com) and the Mozilla browser (now Netscape, www.netscape.com), there was finally a method for "non tech" users to be able to find and use information from the internet. This brought about a demand for "private home" internet service in the mid 1990s. As modem speeds increased, internet content went from primarily text-based to primarily graphics based in the later 1990s. Now internet service has gone "wireless" with Sprint and several cellular phone companies offering laptop computer and "airtime" plans that allow for internet usage "anytime, anywhere" (Buechner, 1999, October 4). But laptop computers are not the only devices accessing the wireless internet. According to Robin (1999, January), pagers, cell phones, and personal digital assistants will soon flood the

marketplace which will allow e-mail communication and web browsing from anywhere in the world.

This is just a "patch" until the "next internet" gets here. According to Conley (1999, December), the next generation internet will be online in 2002 or 2003, and it will allow 3MBPS to 5MBPS to users (million bits per second). This increase in speed for the current "dial-in" standard of 56KBPS (thousand bits per second) will allow streaming real-time video and virtual reality sites. The $80 billion merger between CBS and ViaCom is likely to help bring this high throughput level to the end-level consumer.

Ethics and Private Information

Running any business where private information is routinely used and transmitted between a variety of sites requires a special set of ethics policies.

Protecting Customers / Users

The two major issues about protecting customers / users are protecting them from misuse of their private information and protecting them from harassment from company employees.

As discussed in the section titled Security, there are many methods to help ensure that private information remains private. These methods include using secured network communications, password systems, limiting employee access to customer information, and using data encryption schemes to "scramble" the customers' data.

The other major issue involves possible harassment of the customer by company employees. Cyber-stalking is at an all-time high. According to DeLeon (1999, May 17) cyber-stalking increased by over 400% from 1996 to 1999. This has prompted many states to include provisions for electronic communications in their stalking laws. In many computer systems and companies, it would be easy for an employee to get vital personal information about a client (including home address/billing address, phone number, private e-mail address, etc.), which may then be used in cyberstalking or traditional stalking.

The easiest method for combating this potential problem is for the business to develop data security procedures and protocols, so that valuable or private information may only be accessed by those who "need to know." For instance, telephone sales staff need to know personal information about customers to confirm delivery addresses and orders, however, the accounting staff only needs to know the account name and the order totals. Limiting which pieces of data can be accessed by any single employee will greatly safeguard information in general, and it will also help to quickly narrow the list of "suspects" should trouble arise.

Handling Customers

If a company wants to build up customer trust, it should communicate to the customer what steps it is taking in an effort to gain their trust. As an example, Ullman writes (1998, December), that Dell Computer online revenues rose from $1 million per annum to $6 million per year after they enacted their "Shop Safe Guarantee." Dell designed web pages which answered questions about the security measures Dell had taken to protect customer data online. The policies also clearly laid out the merchandise return policies and Dell's satisfaction guarantee. Perhaps most importantly, thought, Dell guaranteed to be financially responsible if credit card numbers were stolen during the online transaction and then used fraudulently by a third party. By providing clear information which addressed customer concerns, Dell's revenues rose over 600 percent in just one year.

Sometimes a customer does not know where to turn when they are frustrated. It is helpful to have online "Comment/Complaint" forms that a customer can use to write in about their concerns or experiences. This is also a good opportunity to "benchmark" the business in terms of customer satisfaction and buyer attitudes.

Another issue is how to provide better access and information to all users. Some websites are offering "Large Print" editions, which are easier to view and use by those with poor vision. Other sites offer "text only" versions of their pages, which are more compatible with "text to speech" software used by the blind. Yet another consideration is how much "user input"

is required in order to use the features of a site. Those with limited mobility or limited dexterity might be frustrated using a site which requires frequent "mouse clicks" or frequent typing of information. To address some of these "choices" by the user, a website might want to consider having separate "copies" of its site which are formatted for easy use by those with vision or hearing or dexterity limitations. The website might even want to provide setup scripts called "browser cookies" so that the web page can format itself based on how the user last set up his/her preferences for the site.

One last population that needs special consideration are the nearly 17 million children online. According to Okrent (1999, May 10), 82% of teens use the internet for recreation and communication. Of all high school students, 44% have seen x-rated content on the internet, 25% have seen information from hate groups, and 14% have seen information on building bombs or other weapons. Shockingly also is that 66% of girls and 54% of boys have had an encounter online where someone has said offensive things to them. Also many children have been asked for personal information such as their home address or home phone number from strangers (58% of girls and 39% of boys reported this).

Since most businesses provide products and services which can be sold to youth, it is important to build in special safeguards to protect the information and identity of minors using the system. One method is to only have one page on the website that a user enters in personal information (name, e-mail addresses, phone numbers, etc.), and to have access of that page only through a secure network server (so that others cannot view the information). On the same page, allow the user to choose a "handle" (a nickname for using the site) -- so that the person's real name is never transferred over the open network until a sale is made. It's also good to put up warnings in any "public" chat areas or forums that the website provides. It's easiest to restrict these public areas to be "adults only," however many businesses have products that are so "youth" oriented, this strategy might be offensive to the younger customers. In that case, having separate areas for those over 18 and those under 18 would work -- so that adults and children are

not "chatting" with one another. Which forum a user has access to is based upon their customer information profile (which they fill out when they register for using the main website).

Handling Employees

The use of the internet can cause displacement among employees whose jobs are related to providing information. According to Global Business Network, "anyone who produces 'unfocused information' is in trouble" (Cascio, 1999, December). As more and more websites provide information and more networks are dedicated to databases of information, the average job tenure in high tech information industries is predicted to be 2 years, with employees having to increase their technical skills or be replaced. Cascio goes on to state that many firms will switch their information technical needs to "freelancers" who are brought in on an as-needed basis. This switch in labor and employees can create considerable problems for employers. With the anticipation of higher skill levels being needed as the technology advances, it would seem appropriate and ethical for companies to provide free training programs to help current employees acquire the new skills they need for success.

Without the support of the company, a worker who sees "inevitable termination" is likely to strike back and try to sabotage or steal from the company.

Another ethical question concerning employees is how much their work space and work process is monitored.   Current technology allows an employee to be watched in close detail every second from the time they enter the parking lot until the time they leave for home. Video cameras are being employed, not just as security against external intruders, but more and more, to monitor the "work ethic" of employees. And technology also allows supervisors to monitor every keystroke on an employee's computer and to record every second of audio while the employee is on the phone. According to Marlowe (1999, December), 40% of major United States firms already employ these types of electronic monitoring of employees. While one company had to pay out a large cash settlement because its hotel workers had been video-taped in their locker rooms (as security measure by the company to find the person responsible for

stealing personal belongings), other companies have been save huge legal expenses by intercepting sexually harassing e-mails and images. Marlowe and others agree that whatever monitoring is done of employees, it must be done in a very open and honest method, and that all employees must be told that they are subject to monitoring at any time and be told the types of monitoring which will be used.

Security Issues

When it comes to security of a website and a website network, there are two sources of problems. These are external and internal attacks.

External Attacks

The key with security is to always use the best and most recent technology available, as hackers and intruders eventually learn tricks to defeat nearly any security scheme or implementation. For example, in a June 1998 test run by the editors of Internet Computing, of the 45 firewalls tested, 6 failed completely, and 56% needed to be reconfigured to block the hacker tools that were then currently available.

Also, as Kenworthy (1999, Summer) and Tristram (1998, December) point out, even the Pentagon, which spends billions on computer network security cannot operate a 100% safe site. However 100% safe is not what is required. The key is making the data harder to get to than what it is worth to the hacker. For most small to medium sized businesses, using standard firewalls, encryption, and digital signatures will be more than enough security from any random attacks. Unless someone is specifically motivated to harm the company (like a disgruntled ex-employee), very few will continue an effort after their supply of "hacker tools" proves unhelpful. Also, Kenworthy stresses the importance of regular computer back-ups, so that any information that is hacked in to and changed or deleted can be restored quickly and safely.

As for any business, the first key is to figure out what can go wrong. As Murphy (1999, February / March) explains, the key is to be pessimistic and figure out all possible problems, and then try to diffuse as many as you can. When something does go wrong, Murphy states that you

should be publicly honest and open about the problem and try to restore at least some service as quickly as possible. Denying that a problem exists will likely ruin the company, because users are not stupid, and they will immediately recognize the lie. Finally Murphy suggests that disaster drills should be run so that everyone knows what to do when a potential security breach or other crisis occurs.

There are many specific technical procedures that companies can follow to help reduce unauthorized access to a computer system. Kane (1999, January) suggests limiting File-Transfer-Protocol (FTP) sites and usage on your system, using the most modern versions of all software and firewalls, having hard-to-guess passwords which are changed frequently, eliminating any old or unused files from the computer system, using encryption and Secure-Socket-Layers (SSL), disabling Server-Side-Includes (SSI), and using software that identifies ISP "spoofing" (one computer pretending to be a different "authorized" computer).

Internal Attacks

According to Tristram (1998, December), the most common and severe security breaches come from employees. In order to discourage misuse, a company needs to have clear and written policies that state in no uncertain terms that the company's data is valuable and a trade-secret, and if employees steal it, they will be prosecuted. The policy also needs to explain to employees how to recognize a potential security breach and to whom the problem needs to be reported. Additionally, this policy needs to explain the password system, and how employees need to choose hard-to-guess passwords which they change on a frequent basis to prevent "guessing" and to prevent former employees from "hacking in" to the system. Similarly, the policy needs to state what part each employee plays in the data back-up process and to stress the importance of frequent back-ups.

Tristram goes on to state that physical on-site security is the next most important issue. A $100,000 computer network can be destroyed just as easily by a spilled can of Coke as with a sledgehammer. If computers are not physically "locked up" inside equipment cabinets or

chained to desks, a competitor or disgruntled employee might be able to simply grab the computer and walk out the back door with it.

CHAPTER 3
Methodology and Procedures

Introduction

The intent of this research paper is to develop a curriculum for a topics course in legal, ethical, and business issues related to internet marketing for businesses in Wisconsin. There are several steps involved in developing such a curriculum. The first step requires research on national trends, related law, local law, attitudes and opinions, and tips and suggestions offered by professional organizations. The next step is to summarize this information (along with the author's own experience and knowledge) into subject areas for which the course curriculum will be developed. These areas of issues will further be sub-divided into topics of study within the curriculum. At that point a curriculum outline can be developed which addresses in broad scope the topics identified as most important in addressing the "issues" to be covered in the course. After an outline is established, then some specific activities and sub-topics need to be developed in order to reinforce the educational concepts.

From past experience and from insight gained by following and participating in internet business forums, the author has found that many of the problems and issues related to marketing via the internet can be reduced to some "one-thought rules." That will be the concept behind the topics course -- developing general "one-thought rules" which students can learn in order to avoid many potential problems. Certainly no course could possibly cover all the legal and ethical intricacies of running every possible type of web site, so the curriculum will be designed such that students become aware of possible "problem areas" so those can be taken into consideration prior to web site design. Also the course will stress the use of lawyers and other outside professionals when addressing specific needs to each web site installation.

To determine the issues which are most important to cover, the issues which are found in the research will be sorted and organized into larger "general categories." Whenever possible, each "general category" will be analyzed in order to develop general "one-thought rules" to follow when dealing with that category.

Description of the Selection Process

The basis for selecting the topics for the course will be "what will get you in trouble the most or the fastest." Avoiding litigation will be a primary criteria in selecting topics to cover in the course. Also a consideration will be how often are such problems likely to occur. For instance, an obscure law which few people know about or understand, and which would only affect a handful of the websites each year would not be a good use of the course's limited time. Instead, by focusing on the legal issues which are likely to affect and touch the students in the course is a much better use of the course curriculum.

When considering business issues, the focus will be on what questions and decisions will have the greatest economic impact on a small business or individual. Unlike larger companies which have management teams and money for prelimary research, smaller businesses will often rely on one person as the "internet expert." The goals will be to provide these "internet experts" with basic tools and rules to help minimize financial risk and start-up expense.

Description of the Research Method

Developing the curriculum will be a dynamic process. Initially, the information gathered in the literature review will be organized into general categories, and these general categories will form the basis for developing the curriculum's chapters / subjects.

From these general categories, the curriculum chapters / subjects will be organized in a fashion where a general legal or business principle is affecting the related information. From this identification of principle, general "one-thought rules" can be developed. In order to verify that these one-thought rules are actually applicable in many, if not most, situations, the researcher will need to do additional literature review and investigation. This additional research may complete a circle in which new issues or concepts are identified, which previously were not under consideration.

After sufficient "one-thought rules" checking has taken place, the researcher can then attack the task of outlining a curriculum which will be the final result of this study. The

curriculum will be organized around the "general one-thought rules" as chapter headings or topics. Once this outline is completed, it can be augmented with sources of additional information and classroom activities.

Relationship of the Method and Procedures to the Research Objectives

The basic research objectives are answered by incorporating the results of the literature review with the prior knowledge of the author in order to form a knowledge base from which the curriculum will be developed. The next method will be to organize this knowledge into general categories, and then each category into smaller and more specific categories. From this organization, patterns should develop which will allow the researcher to classify information into different teaching / instructional concepts. At the same time, these patterns should allow the researcher to create catch-phrases and "one-thought rules" which will help make the materials more presentable.

The major body of work will then be to organize and design the course curriculum. Because the nature of the internet is that of fast growth and rapid developments, the structure of the curriculum will be loose and flexible enough for instructors and students to address the most urgent and pressing issues of the day, while at the same time providing a good foundation of broad-based knowledge.

Again, because of the nature of the internet, the curriculum will demand that students do online research as part of their class activities. This will provide very useful skills for students -- so that they are able to research and learn about new issues which take place after the class has concluded.

Finally, the class curriculum should focus on hands-on projects that the students can perform to increase their understanding of the course content. These projects may be heavily research based, with the students expected to give their reactions and understandings based upon their own research.

Procedures for Data Collection

The majority of the data will come from the literature review and the author's prior knowledge. Additional data may come from advice and suggestions offered to the researcher by those reviewing this paper.

Procedure for Analysis of Data

The procedure for analyzing the information gathered in the literature review will be by grouping information into similar subjects. From that, the content of each subject group is analyzed in order to try to determine general "one-thought rules" which apply to the information. This synthesis will be the basis for the instruction in the curriculum.

Limitations of the Methods and Procedures

Under the best of circumstances, this curriculum would be reviewed by a DACUM committee, followed by a pilot study to determine its effectiveness, its virtues, and its flaws. We are not dealing with the ideal circumstances in this case. Therefore, the resulting curriculum will be the "first step" in a series of many steps of refinement, if this course is to actually be adopted and used.

CHAPTER 4
Curriculum

The following is the curriculum that resulted from this research project. Because the nature of the internet is rapidly changing, this curriculum maya need to be updated or modified before each use.

Issues in Internet Marketing
Legal, Ethical, and Business Considerations
of Marketing a Business over the Internet
designed as a 3 credit course for Technical and 4 Year Colleges

Course Designer: James Falkofske
M.S. Education, M.S. Management Technology, B.S. General Business Administration

COURSE OVERVIEW

The purpose of this course it to provide a general, broad-based introduction into some of the major legal, ethical, and business issues which will affect businesses marketing their products and services over the Internet. This course will only cover general concepts and overall "one-thought rules," which apply in the majority of cases. At the completion of this course, students should be able to identify situations and potential problems for which they need appropriate legal, financial, or other professional counsel.

Because the Internet and its use are so dynamic, this course framework has deliberately been left brief and open-ended. This allows the instructor and students to mold the course around the current issues and topics that are most relevant to the members of the class.

In order to keep on top of current issues, students will be expected to master the use of Internet search engines, as well as other off-line research sources, to obtain current information about various issues. This will be practice for when the student is faced with real issues related to implementing their web-sites in the future.

To successfully complete the course, students are expected to do a considerable amount of research outside of class on the topics under study. In addition to class assignments, students are expected to bring news and information about relevant issues to class discussions. Students are also expected to share resources and sources of on-line articles pertinent to current class discussions. Finally, students will be expected to complete several assignments, projects, and presentations during the course.

This class is not providing "legal or business advice" -- but rather is raising awareness of particular issues. Students are encouraged to seek out legal, business, and financial experts to address the needs of their particular web sites.

COURSE OBJECTIVES

At the conclusion of this course, students will have an understanding of
- - how to research legal, ethical, and business related issues via Internet search engines and other sources.
- - intellectual property laws, their importance, and methods to avoid infringement.
- - what types of information should be protected, and methods for restricting access to sensitive information.
- - the limits of "Free Speech" and what types of information should not be used without permission / release.
- - methods of building customer loyalty and increasing on-line customer bases.

- - different types of online sales sites, their advantages and disadvantages, and how to complete transactions successfully.
- - major considerations involved in establishing a site, and methods to grow the business online.

INSTRUCTIONAL METHODS

This course will utilize a variety of instructional methods including lectures, demonstrations, labs, student research, class discussions and critiques, and student projects.

If you have a special learning need, or if you have a specific physical condition that may affect your performance in this class, please arrange to speak to the instructor so that arrangements can be made to accommodate your specific needs.

GRADING

The primary purpose of this course is not to "get a grade," but rather learn a new set of skills that will be helpful in developing your own "business plan" for website designs. However, grading is used to show that students have mastered the concepts presented in each of the units.   There are many learning opportunities presented in the form of assignments. Each assignment is designed to support the objectives of that unit. Please take that into account when completing work for each of the assignments.

Prior to issuing each assignment, the instructor for the course will explain the significance of the assignment, the required parts and grading criteria of each assignment, and the number of points that the assignment will be worth. All assignments are important; however, those with larger point totals have a greater impact on your final grade.

Course grades, as well as individual assignment grades will be reward on the following basis

(A) 90-100% of the possible points --
  awarded for excellent quality work which meets or exceeds objectives and requirements
(B) 80-89% of the possible points --
  awarded for good quality work which meets the objectives and requirements
(C) 70-79% of the possible points --
  awarded for fair quality work, but work that fails to meet on or more requirements
(D) 60-69% of the possible points --
  awarded for work which is poor or sloppy or which fails to meet two or more requirements
(F) 0-50% of the possible points --
  failure to turn in work or work which does not meet the stated objectives

Suggested Regular Readings

www.wirednews.com technology and business sections
www.NetLitigation.com
Wired magazine
Small Business Computing and Communications
Fast Company magazine
Yahoo Internet Life magazine
Time Digital magazine

Course Schedule

UNIT 1 Intellectual Property "No pirates aboard"
Section 1 COPYRIGHT LAW
"If you didn't create it -- you can't use it."

Section 2 TRADEMARK LAW
"Impersonators not allowed."

Section 3 TECHNOLOGY PATENTS
"Great ideas cannot be imitated!"

Section 4 OBTAINING USAGE RIGHTS
"Paying the piper! "

UNIT 2 Protecting Information "It's a secret!"
Section 1 CORPORATE INFORMATION
"Mutiny will scuttle the ship!"

Section 2 CLIENT INFORMATION
"More valuable than money!"

Section 3 EMAIL INFORMATION
"Who's eavesdropping on your letters?"

Section 4 TECHNICAL INFORMATION
"Don't give away the farm!"

UNIT 3 What You Can Print "The Press is not FREE!"
Section 1 LIMITATIONS OF THE FIRST AMENDMENT
"No riots allowed!"

Section 2 DEFAMATION
"If you can't say something nice…."

Section 3 RIGHTS TO PRIVACY AND PUBLICITY
"Everyone is entitled to their 15 minutes of fame"

Section 4 OBTAINING USAGE RIGHTS
"Please release me… "

Section 5 DANGEROUS INFORMATION
"For adults only"

Section 6 HATE SPEECH / HARASSMENT
"Let's all just be friends!"

UNIT 4 Building Customer Loyalty "If you build it, will they come?"
Section 1 MARKETING THE WEBSITE
"Nobody came to the dance."

Section 2 FOCUSING ON CONTENT
"Useful information gets USED!"

Section 3 PROVIDING FREE SERVICES
"Step right up, everyone's a winner!"

Section 4 BACK-UP PLANS
"Admitting when mistakes happen."

UNIT 5 Selling Online "Hawking your wares."
Section 1 TYPES OF SITES
"Brochures, catalogs, stores, and malls"

Section 2 CYBER-CONTRACTS
"It's not legal, until you put it in writing!"

Section 3 CUSTOMER CONVENIENCE
"Just say CHARGE IT!"

Section 4 CUSTOMER TRUST
"Guaranteed to be authentic"

Section 5 SETTLING DISPUTES
"Where's the road to jurisdiction?"

Section 6 FIGHTING FRAUD
"Information is the key!"

Section 7 TAXES
"Only sure things are death & taxes."

UNIT 6 Building the Site "You need a good foundation!"
Section 1 DOMAIN NAME CHOICE
"Who are you, and what do you want?"

Section 2 TYPE AND SIZE OF SITE
"Mom and pop or megagiant?"

Section 3 SECURITY ISSUES
"Home, safe, homepage!"

Section 4 MANAGING GROWTH
"Grow or die OR Grow and die!"

Section 5 ONLINE ADVERTISING
"Cooperation"

Section 6 THE KILLER APPLICATION
"Be the first and the best!"

UNIT 1 Intellectual Property -- "No pirates aboard"

Intellectual Properties are the
Copyrights,
Trademarks,
Patents and Trade Secrets
that a company owns.

Businesses invest large sums of money creating
these works, and they are protected by the
Federal government from being used in
unauthorized ways.

Unfortunately, piracy is a huge problem on the Internet.
Every day millions of photos, stories, graphics, page layouts, logos,
and technologies are stolen (or are used without authorization).

When the abusers are caught, they face fines and penalties ranging
from simple injunctions to stop unauthorized use
all the way to millions of dollars in fines and long prison sentences.

Like any other sort of theft, stealing intellectual property is not only
illegal and unethical, but it may also put you behind bars.

Section 1 COPYRIGHT LAW
"If you didn't create it -- you can't use it."

CONTENT

This section will cover the basics of United States Copyright Act (USC 17) and the 1999 No Electronic Theft Act that extends and enhances copyright protection in online situations. Also the concept of implicit and explicit licenses, in which copyright owners allow the free copying or redistribution of their works, will be covered.

OBJECTIVES

At the conclusion of this section, students will have an understanding of:
- what the term copyright means.
- how copyrights are registered.
- the penalties for infringement of copyright.
- methods to prevent innocent infringements.
- implicit and explicit licenses to copy.
- how copyright affects the design and maintenance of a website.

Lesson 1 What is Copyright?

Emphasize that almost all writings, photographs, illustrations, sounds and music, and creative works are copyrighted automatically upon creation. This means that you cannot just "use" items on a web-site, but you must instead first gain permission of the ORIGINAL creator (or their agent). You may have to pay licensing fees in order to use those creative elements. Review USC17 and NET Act.

> **SUGGESTED ASSIGNMENT QUESTIONS:**
> What does it mean when something is "copyrighted," and what is the purpose of the copyright?
> What types of things can be "copyrighted?"
> What types of things can't be copyrighted? (facts, ideas, titles, etc.)
> How do you register a copyright?
> Does a work have to have a © symbol in order to be protected?
> How long do copyrights last?
> What are the penalties for infringement?
> What is the difference between actual damages and statutory damages?
> What does it mean when a person has a license to reproduce works?
>
> **SUGGESTED ASSIGNMENTS:**
> Find two recent court cases (within the last 12 months) that involve copyright infringement and the Internet, and type a one page summary of each case to bring to class discussion.
>
> Find and print out the appropriate form from the United States Copyright Office website for registering a copyright of a digital photograph.

Lesson 2 What's Illegal and What's "Fair Use"

Emphasize that limited use of copyrighted materials may be used for news reporting, research, critique and commentary, and satire. However, fair use is limited in the number of copies that can be made / used -- and that open use on a website (because of the "open" nature and number of "hits" a page can receive) will likely disqualify most situations from "fair use" rules. Review USC17 Fair Use exemptions. Also review the penalties for infringement which can be as high as $150,000 per incident plus court costs for duly registered copyrights. Other issues which should be covered in brief overview are the following related subjects:
- Discussion of Fair Use
- Implicit (and Explicit) Licenses allowing others to copy or redistribute works
- The NET (No Electronic Theft) Act.
> Number of accesses multiplied by the value of item accessed determines whether or not an infringement is deliberate or innocent.

> **SUGGESTED ASSIGNMENT QUESTIONS:**
> What is the reason for the "fair use" exemption?
> What are the penalties for copyright infringement?
> Why would a company want to provide an implicit / explicit license allowing it's photographs, computer software, or text to be copied?
> Why were the changes in the NET Act necessary?

> **SUGGESTED ASSIGNMENTS:**
> Obtain a copy of the college's fair use policy regarding copyright, and determine whether copying the contents of a website page and printing out handouts for this class would be permissible.

Lesson 3 Methods to reduce infringement

- Place notice on all copies (©), along with owner and year
- Register all work (group registrations same cost as individual registrations)
- Educate users of your site to the meaning of copyright, and provide an method for users to contact you regarding questions about your copyrights, or to request the use of (or license) your copyrighted works.
- Electronic (digital) watermarking
- Secure sites
- Proprietary Display Systems

> **SUGGESTED ASSIGNMENT QUESTIONS:**
> Why is it important to register and put notice on all your copyrighted works?
> Why is a © notice often "not enough" to prevent infringement?
> How might new technologies help reduce "innocent" infringement?

> **SUGGESTED ASSIGNMENTS:**
> Research and write a one page paper on how one of the new technologies discussed in class meets (or fails to meet) the needs of copyright owners. Provide bibliographic sources.

> Discuss how copyright and usage of copyrighted items affect the design and maintenance of a website.

EVALUATIONS

1. Define the term copyright, and explain how copyrights and their infringement might impact on your online business. Take both the standpoints that you accidentally used copyrighted materials without license in your web pages, and also the standpoint that another site has used your copyrighted materials without your authorization.

2. Describe the role that placement of notice and copyright registration takes in infringement of copyright cases.

3. Explain why every page of your website and every separate graphic element should have a copyright notice, versus having a single copyright notice for the entire site.

4. Explain the difference between innocent infringement and deliberate infringement, and why it is almost impossible to stop deliberate infringement.

Section 2 TRADEMARK LAW
"Impersonators not allowed."

CONTENT
This section will cover the basics of trademarks, trade-names, and service-marks, and their registration process. As resources, the students shall review the United States Patent and Trademark Office websites, as well as the website by the Attorney General of their home state. Students will also use search engines to identify potential trademark owners.

OBJECTIVES
At the conclusion of this section, students will have an understanding of:
- what the terms trademark, trade-name, and service-mark mean.
- how trademarks can be registered.
- the penalties for infringement.
- why permission must be obtained before using logos or trade-names on a website or in search engine meta-tags.

Lesson 1 What is Trademark?
Emphasize that there are three types of trademark protection, including trademark, trade-name, and service-mark. Each of these is meant to help the consumer identify a particular brand with a particular company's products. Use by a third party of the trademark either dilutes the trademark (people think of photocopiers as Xerox machines) or confuses the buyer (two companies manufacturing watches called "Rolex"). Trademarks can be registered with various levels of government, but the most secure trademark (in this country) is one registered with the Federal Trademark and Patent Office. In order to properly secure a trademark at the Federal level, a company must prove that no-one else has used that trademark before, and ALSO that the new mark is not too similar in design or name to other previously registered trademarks. Also important is the notion that trademarks and trade-names are often registered for a specific industry, thereby Phoenix, a brand of steel is not an infringement of Phoenix camera electronic flash products. Also emphasize that using someone else's' trade-names and trademarks on your page or in your meta-tags is an infringement of the owner's trademarks.

> **SUGGESTED ASSIGNMENT QUESTIONS:**
> What is a trademark, and how is it related to trade names and service marks?
> How does a company obtain a trademark?
> If two businesses register the same trademark, but in different states, how is the federal trademark awarded?
> How long does a trademark last?
> How can a company lose its trademark?
> Why is it a bad idea to use registered trademarks on your page or in your meta-tags, even if your company actually sells those brands of product?
>
> **SUGGESTED ASSIGNMENTS:**
> Do a search on the Federal Patent and Trademark Office website to find out how many businesses have trade-names containing the word "Micro." Bring in a print-out of your results.

Lesson 2 Sound Alikes and Infringements

Emphasize here that companies have been barred from using "sound-alike" trademarks and trade-names that are similar to previously registered trademarks. For instance, Playboyz would be an infringement on Playboy magazine. Names don't even have to be closely related, as McDonald's restaurants won an injunction against a major hotel chain that wanted to use the trade-name "McSleep" for its economy line of hotels. The Internet has had many problems with DOMAIN NAME registrations that are similar to registered trademarks. Many who have registered these types of domains have lost them in court litigation to the original trademark holders. Registering a domain name in hopes of reselling it to the legitimate trademark holder is called cyber-squatting.

> **SUGGESTED ASSIGNMENT QUESTIONS:**
> Why would "sound alikes" be harmful to trademarked products?
> What legal remedies do companies have when they believe an infringement has taken place?
> Why doesn't Network Solutions and other companies in charge of domain name registration check to make sure the domain is not already trademarked?

> **SUGGESTED ASSIGNMENTS:**
> Take any Fortune 500 company that you desire, and do searches on their name and their major trademarks. Describe whether or not you were able to find sites that potentially infringed upon their trademarks or trade-names. Give a list of how many "hit" were generated in each search, and report how many of the top twenty sites returned in the search were apparently legitimate users of the trade-names.

Lesson 3 Methods to Prevent Innocent Infringement

Emphasize here that the Federal Patent and Trademark Office offers online searches of their database to see if words or word combinations have been previously registered. Also, many states have similar methods to search for trade-names registered within their states. Also, simply by typing in the word combinations into deep browsers, it is possible to identify other companies which might already have "documented use" of trade-names under consideration.

> **SUGGESTED ASSIGNMENT QUESTIONS:**
> What are some simple methods to identify if a trademark or trade-name is already in use?
> Why might it be better to initially register a trade-name / trademark with a state government?

> **SUGGESTED ASSIGNMENTS:**
> Come up with five "trade-names" using pairs of common English words. (i.e. Yellow Cab, Pine Lodge, Clean Computer) Using the methods identified above, determine which companies might already have "claims" to the trade-names you've thought up. Give one sample for each, and explain why the original trademark holder might claim infringement.

EVALUATIONS

1. Compare and contrast the terms Trademark, Trade-Name, and Service-Mark.

2. Explain why registering a trade-name is much more difficult and expensive than registering a copyright.

3. Explain the term cyber-squatting, and what the courts have ruled about the practice.

Section 3 TECHNOLOGY PATENTS and TRADE SECRETS
"Great ideas cannot be imitated!"

CONTENT

This section will cover the basics of patents and their increasing importance in electronic commerce. As resources, the students shall review the United States Patent and Trademark Office (PTO) websites, as well as current journal and news articles relating to proprietary technologies and patent infringement suits. Until a patent has been issued on a new technology, most often the technology or process is considered a Trade Secret. To protect Trade Secrets, businesses use non-disclosure agreements, where employees, clients, and others agree not to divulge any information about the technologies or processes developed or used by the business. Once a patent has been issued, the methods become part of the public record at the PTO, and are therefore no longer "trade secrets" (because public information cannot be "secret").

OBJECTIVES

At the conclusion of this section, students will have an understanding of:
- the patent process which protects invented technology from being used by the competition.
- "borrowing" of designs or methods of accomplishing tasks may violate 3rd party technology patents.
- why unique and novel solutions to problems should be patented as soon as possible.

Lesson 1 What is a Patent?

Emphasize that patents are a "protection" that a company gets from any other company using its "process" to accomplish a certain task. While ideas cannot be patented, the process in which a problem gets solved or a job gets done can be patented. In the past, patents have largely gone for mechanical devices that produce some type of work. However, with electronic commerce, patents are being awarded for how web-sites "look, feel, and operate." Patents give those companies who invest money in research and design time to "recoup" the costs of developing their innovations.

> **SUGGESTED ASSIGNMENT QUESTIONS:**
> What is a patent, and how long is it valid for?
> What government bodies can issue patents?
> Why are some inventions given several patents at the same time?
>
> **SUGGESTED ASSIGNMENTS:**
> Write a two to three page reaction paper on the implications of the Federal district court ruling to uphold the "1-click" shopping patents to Amazon.com booksellers. Discuss how this affects other types of online merchants. Include bibliographic information for any sources used.

Lesson 2 What are the implications for small merchants?

Technology development is an expensive endeavor. In order to patent innovations, years of research and legal posturing may be necessary. And in order to make good use of the patent, an actual finished "product" must be used or licensed. The patent process puts smaller businesses at a sizable disadvantage due to their lack of capital resources and knowledge / experience in the patenting process. In order to

avoid infringing on patents in developing of sales websites, smaller businesses will likely end up having to license technologies and protocols from larger businesses.

SUGGESTED ASSIGNMENTS:
Search for and review at least two legal cases dealing with patent infringement and the Internet. Discuss the implications of these court decisions in relation to your own business (or future business).

EVALUATIONS

1. Explain the term patent, and how it differs from a trade secret.

2. Explain why patents are more likely to be registered by larger companies, and how this may impact Internet businesses.

3. Explain how two separate patents could be issued to competing companies for performing the same task.

Section 4 OBTAINING USAGE RIGHTS
"Paying the piper! "

CONTENT

Since intellectual properties are controlled by their respective owners, in order to use these creative works in a web-site, a webmaster must first obtain permission from those owners (obtained in the form of a license or a release). At the minimum, the webmaster should receive written permission which specifically authorizes the use of the design element or technology on the webmaster's site. Often times, this process will require the webmaster to pay a licensing fee to the owner of the intellectual property. In other situations, the creators or authors of certain technologies or design elements will want them to be freely distributed, and will therefore grant implicit (or explicit) licenses allowing the reuse of their works.

OBJECTIVES

At the conclusion of this section, students will have an understanding of:
- the concept of licensing fees and licensing agreements.
- a further understanding of implicit licensing of design elements.
- how design elements can be marketed and licensed to other companies.

Lesson 1 Licensing Fees and Agreements

Emphasize that licensing fees are for a limited type of use over a limited period (or number of uses) for a specific fee. Most licensing agreements allow the grantor (the person allowing the use of the elements) to place restrictions on how the intellectual property can be used, as well as a right to rescind the license at any time the grantee (person receiving permission) violates terms of use.

> **SUGGESTED ASSIGNMENTS:**
> Find two examples of licensing agreements, and bring them to class for discussion. Be prepared to answer questions about what limitations the grantee must abide by in order to use the intellectual property.

Lesson 2 Implicit Licensing

The online community lives by the motto that "free" is best, and many would rather use a product that is free than one that is more elegant and efficient -- but also costs money to use. Because of this, many companies have become quite successful by initially offering their products on the Internet for free -- to establish the product as an "industry standard." Once mass consumer appeal and mass use has developed, then the companies are able to charge fees for "upgrades" to the new and improved versions of those products. Also, there are some authors and artists who wish to let their works proliferate across the Internet. The only considerations they request of users are to keep the original copyright information intact, and not to charge others for the use of the work (providers cannot profit from providing copies of the files). Because these works are "free" to share, they are much more highly distributed, therefore reaching a much larger world audience -- than the original author or artist could reach him/herself.

SUGGESTED ASSIGNMENTS:
Find an example of an implicit licensing agreement. If possible, try to locate the source site of the original author's work (main home page) and information about how the author or company is releasing work. Write a one page reaction paper explaining how such an implicit licensing agreement might be useful in websites that you develop.

Lesson 3 Marketing Your Own Creations

Most Internet users go wild over the next "high tech" gadget that makes their life easier. If you develop a "super-duper" application or even some wonderful screensaver images -- you might be able to sell the rights to use them to others. Just as Microsoft sells a "license" to use it's software on your computer, you can sell a "license" for people to use your creations. Least complicated to market are images and text you create (if you create it from scratch, it is highly unlikely that what you've made would infringe on someone else's intellectual property). Timing is extremely important to the Internet. Often when there are competing products -- the one that is first and free will gain and keep the largest user audience.

SUGGESTED ASSIGNMENTS:
Explain the reason why smaller companies are more likely to use implicit licensing than larger companies, and how this strategy might make "giving software away" big business.

Give two examples of companies who are using implicit marketing, and yet are making money by charging for "upgrades" to their products or services.

EVALUATIONS

1. Explain the differences between traditional intellectual property licensing and that of online implicit licensing.

2. Explain how the open license of the Linux operating system may topple Microsoft's control of the Internet server market.

UNIT 2 Protecting Information - "It's a secret!"

Information privacy and security is the issue that users of the Internet claim as their most important concern. Whether as consumers or as businesses, no one wants their private, sensitive information in the wrong hands.

The problem is … no system is ever 100% safe. The U.S. Department of Defense spends millions of dollars each year upgrading the security of their information systems, and they still continue to have numerous security breaches each year. The key is that systems have to be "more expensive" to crack than what the information inside of them is worth to the hacker or thief.

As designers of web sites, you will have both legal and ethical duties to protect sensitive information.

The following unit discusses some common troubles that are easy to solve. By implementing some easy, systematic procedures, most businesses can be secure from all but the most determined of hackers or saboteurs.

Section 1 CORPORATE INFORMATION
"Mutiny will scuttle the ship!"

CONTENT

Information is important to your business. Customer lists, accounting records, sales data, product designs, service records, and employee databases are just a few of the types of information that a business can't afford to lose or let fall into the wrong hands. Unfortunately, it happens all too often, and the source is one of your own employees who is either disgruntled or simply careless. Consider that a single employee could literally destroy an entire business within minutes simply by vandalizing a core information server that has not been backed up onto tape or CD-ROMs. This section will discuss common security issues related to protecting data from employee misuse.

OBJECTIVES

At the conclusion of this section, students will have an understanding of:
- how written policies on data security can raise the awareness of employees and prevent innocent abuse.
- why physical security of machines is important, and how to restrict access to vital components.
- why password management is important, and suggestions for secure password procedures.
- how firewalls and proxy servers work, and why they are important in protecting against system attacks.
- why a systematic and regimented use of back-ups is a must regardless of type or size of business.

Lesson 1 Written Security Policies

Emphasize that employees are essentially honest, and that innocent abuses happen because employees are unaware of what company expectations are. A written security policy should emphasize that company data is a vital asset, and one that must be vigorously protected. This means that certain data should never be given to co-workers outside of specific work areas, and never given to outside clients or visitors. Similarly, except for company specified back-up tapes, no data is to leave the company site (no "taking work home"), because vital data or information may be accidentally lost or disseminated. Also policies should warn that disciplinary actions as well as criminal complaints may be lodged against employees violating the terms of the security protocols. Written security policies should not only cover what types of data and equipment are "vital" to the company's operation, but also:
- what types of back-ups of equipment and data should be performed.
- a "standardized" method of naming files and subdirectories, so that any manager or new employee can easily locate the files and information they need.
- explanations of how passwords work, and why passwords should be changed regularly and be hard to guess.
- explanations about what is "allowable" use of e-mail and on-line newsgroups,
        (perhaps allowing for personal use during employee breaks only, and with the stipulation that
        employees must use their own private e-mail addresses not connected with the company).
- explanations that harassing, libelous, misleading, or fraudulent postings or e-mails are prohibited in all circumstances.
- explanations about what is "allowable" personal use of company computers, and that any personal files must be left on the machines and not downloaded to floppy diskettes (where company information might also be loaded onto "home files").
- how to identify suspicious activities or events that should be reported immediately to the Information Systems officer / manager. For example, employees should report when the computer is running much

slower than usual - indicating a possible worm or virus, or when passwords are no longer working, or when calls come from outsiders asking how to "access" the computer system, or after seeing other employees violating the security policies, etc.

SUGGESTED ASSIGNMENTS:
Based upon class discussions, write up a "Top Ten No-Nos" regarding company data security that employees could post next to their computers.

Lesson 2 Physical Security of Machines and Equipment

A million dollar server with firewall protection, and staffing with only the most loyal employees still won't prevent a vital data system being lost if someone accidentally spills a cup of coffee into the main server. Having vital equipment just "laying out in the open" encourages accidents as well as vandalism and theft. It makes it easy for a disgruntled employee or a competitor to sabotage or actually "steal" the entire server.

All vital components should be consolidated and stored under lock and key in well ventilated "phone closets." Only the Information Systems manager and the Technical Services manager should keep the keys to the closets. Servers and routers should only be available to those who are qualified technicians who are repairing known problems, or are performing scheduled routine maintenance and check-ups. Desktop PCs should have their data "backed up" to the main server -- so that tape back-ups of the server will also back up desktop data. Desktop PCs should be physically attached to desks to prevent someone from "walking off" with a hard-drive full of company data. Back-up disks and removable media should be stored in fireproof "double walled" media safes. Additionally redundant servers (two servers that "mirror" each other, in case one server fails or needs to be serviced) and uninterruptable back-up power systems (which keep servers running and in operations even during power failures) help ensure data integrity and machine availability.

SUGGESTED ASSIGNMENTS:
Based upon class discussions, write an outline of what key statements addressing the physical security of computers and information systems in your business (or your future business).

Lesson 3 Password Management and Control

The problem with passwords is that computer systems assume "if you have the right password" you are a legitimate user, and you can have access to vital information. Computers can't tell the "good guys" from the "bad guys." They can only tell if the password was correct. For this reason, it is vital for each company to have a thorough and easy to understand password policy.

It may be necessary to code the computer data system in ways which force individuals to adopt good password management. Such things the programs could check is passwords meet a minimum length and that they contain a mixture of letters and numbers, which will make them hard to guess (such as **Dallas153Jimbob397**). The system might also force a user to create a new password every month, and also to reject previously used password (so that a user doesn't simply flip-flop the same two passwords every other month).

Each individual needs to have their own password and username, so that suspicious activities can be immediately tracked to their source. Also, when an employee quits or is fired, this allows managers to immediately delete individual usernames and passwords of that one person without affecting the work or access of other users.

Passwords need to be changed on a monthly basis to prevent hackers from having enough time to "guess" what the correct combinations are. In the same frame of mind, it's good housekeeping to allow

passwords to expire after 30 days -- so that there are not "old security holes" in the system from earlier users.

Even when the right user has the right password, there are situations where you still don't want the system to grant access to all information at any time.
Limiting what each user can "access" is vital. Employees should only be able to access specific data that they need in order to perform their jobs. This might be a nightmare for Information Systems managers because restricting specific files and specific directories to specific user-names can be a huge headache. Two methods for addressing this are to first give employees multiple user names if their job function straddles several areas. They then log into each "area" under different user names. Secondly is to issue access not based on filenames, but on file directories. File structures can be made hierarchical, so that lower level employees only have access to their lowest level subdirectory, whereas upper level managers have access to all the subdirectories on a server.
Some systems might also want to consider limiting "when" a password is valid. By restricting use to "office hours" -- it will prevent hackers from correctly guessing and "breaking in" after hours, as well as preventing espionage, which usually occurs in evening hours when no one else is in the office.

Only top level Information Systems managers of each business segment should be given "super-user" status, which allows the setting of password, the creation or deletion of system files or file structures, and adjusting of network settings. Limiting this list of "super-users" is important so that "major damage" can only be done from a few hands. Also, it is important to give your network systems vendor an updated list of passwords that they can use, including a "superuser" status password, so that they can repair damage should a high level employee quit and attempt to delete and "lock out" other users.

> **SUGGESTED ASSIGNMENTS:**
> Based upon your company (or one that you would work for in the future), write a policy about password selection, including explanations of what are good passwords and what are weaknesses of certain types of passwords.

Lesson 4 Firewalls and Proxy-Servers

Firewalls and proxy-servers are hardware and software combinations that attempt to limit unauthorized access to data systems. They do this by restricting the types of commands which are "passed through" to the servers and also restricting where commands can come from (are they coming from an internal computer down the hall, or from a computer that "dialed in" to the network). Current firewall and proxy-server technology is improving, however "hacker" techniques seem to keep right in pace. Review two leading firewalls and two leading proxy-servers to discuss their costs, implementations, and related security strategies.

> **SUGGESTED ASSIGNMENTS:**
> Research firewalls and proxy servers, and in graphical flow-charts, show how they either accept or reject requests for data.

Lesson 5 Back-up Policies and Implementation

Disaster strikes when you least suspect it. The only protection is having regular back-ups of vital data, so that if an entire computing system needs to be replaced, you can be back up and "running" within days instead of months.
A key to a successful back-up program is to have daily back-ups of all data directories, and at least weekly back-ups of the entire system. Back-ups should be done to tape or CD-ROM, and the most

current data back-up and full-system back-up should go home with the information manager or otherwise stored "off site" in case the computer system is destroyed by fire or other disaster. Back-up tapes should be replaced monthly. A faulty tape (which only costs $30 to replace) may mean the difference between corporate survival and corporate death. Briefly review common back-up equipment, their relatives costs, and their individual advantages and disadvantages.

> **SUGGESTED ASSIGNMENTS:**
> Write a back-up policy for your business (or a company you plan to work for), including who is in charge, what methods are used, what times back-ups are performed, and where back-ups are stored.

EVALUATIONS

1. Explain the need for written policies regarding information system security. Why are these more effective than simply "telling" employees the policies?

2. Explain why equipment should be physically locked up or secured.

3. Explain why different levels of passwords are a good security precaution.

4. Briefly explain the terms firewall and proxy server, and note their key functional differences.

5. Explain how often back-up tapes and disks should be made and where they should be stored.

Section 2 CLIENT INFORMATION
"More valuable than money!"

CONTENT

When you receive information from clients, you also have the responsibility to protect it most guardedly. Customer lists, addresses, phone numbers, credit card information, accounting information, and invoice records are all vital in order to carry out your online business, but they can also prove harmful in the wrong hands. Fortunately, each month newer and better software makes managing and protecting this data easier. This section will discuss common security issues related to customer data, as well as disclosure recommendations to improve client confidence in your business.

OBJECTIVES

At the conclusion of this section, students will have an understanding of:
- why consumers have valid concerns about the use of their information.
- why careful determination of what will be done with customer data is the first step in protecting it.
- how to maintain data security at physical office sites.
- how SSL servers combined with firewalls and proxy servers provide a means of online protection.
- why full disclosure about what will be done with information boosts customer confidence.
- reasons why consumers must always have an "option" to have their information used or marketed.

Lesson 1 Why Customers are Concerned

Emphasize the increase in spam, the real threats involved in identity theft, problems with credit card fraud, and unwanted disclosures of business or private information.

With the ever increasing use of the internet, it is now easier to find out private information about nearly everyone, anywhere in the world. Not everyone enjoys having their private home phone numbers, addresses, and employers (or employees) within a "mouse-clicks" distance of the public at large. More troubling still is that several companies are trying to build "consumer profiles" to be sold to telemarketing companies. Such profiles might well include a spouse's name, number of children, income brackets, past major credit card purchases, credit rating information, employment history, and even what adult websites the person has used. One such company was publicly criticized when it (without notice) captured and tracked all the mouse clicks and websites a person visited after visiting their company's website. Another company offered a $10 merchandise credit for providing five e-mail addresses and names of a user's friends. Again, the public was quickly moved to outrage.

The technology is out there that allows such abuses of personal privacy. And that makes customers nervous. The federal government, as well as select state governments, are now devising legislation to require the protection of private personal and business data online.

> **SUGGESTED ASSIGNMENT QUESTIONS:**
> What are three different ways that customer information might be misused?
> Why is there so much spam in e-mail?
> What types of customer information are absolutely vital in order to fill a customer's order?

SUGGESTED ASSIGNMENTS:
Research at least two websites to find out what their "information privacy" policies are, and bring them in for class discussion.

Lesson 2 Why it is vital to carefully determine how data will be used.

Information, just like technology, can be used for good purposes or evil purposes. Gathering a great deal of financial information about an individual or company might be extremely important in assessing credit worthiness, however the exact same information would make it easy for thieves to apply for fraudulent credit cards or to bill fraudulent charges to a person's card. The first step is to determine exactly what types of information is required in order to complete the transaction with either the client (whom you are selling to) or the supplier (whom you are purchasing from). More than the bare essentials creates a greater chance for the information to be used in a fraudulent or unethical manner. Also, the client should be told exactly what is to be done with the supplied information. If the website states that the information is solely being collected to process the order, then in no-way should the information be passed along or sold to "bulk mailers" or other advertisers.

Another potential reason to limit who can access data is to reduce internal fraud. If any individual can have access to or change customer records, it would be very easy for someone to set up a "bogus customer" to order materials and products, and then for someone inside the company to keep updating the customer records so that the invoices appear to be "paid."

Also, by determining exactly what types of information are specifically required, it makes the job of protecting that information much easier. Take the case in point that if the contact information is ONLY being collected for order processing, then ALL of that information should only be accessible through a secure and encrypted database connected to the invoicing and sales department. No other department and no other web pages need the information -- no other should be given access to it. Similarly, if different departments need different information, then each department should be specifically limited to viewing ONLY the data fields which they need in order to perform their function.

SUGGESTED ASSIGNMENT QUESTIONS:
Why do we want to limit who can access the information?
What are the primary dangers of allowing "anyone" in the company to access customer records?

SUGGESTED ASSIGNMENTS:
Small group discussion on what types of information are needed by various business departments, and which departments should have no access to individual customer records (although they could get summaries of transactions and sales).

For your company selling "Widgets" online, write out an order form to be coded by a web page designer. Indicate which fields are absolutely necessary, and which fields can be optional.

Lesson 3 How data security can be "physically" maintained at office sites

Just like money, customer and sales information is extremely valuable. And protecting it "physically" is similar to how you would protect cash physically. First of all, data should be backed up on a regular basis, and these back-ups should be stored off site -- so in case fire destroys the building -- the data is still safe. (This is true of large sums of cash as well - you want to store it "off site" to protect it from theft or

destruction.) Just as bank deposits are usually made with 2 employees (to verify that the "drop off" was actually made), it might be wise to required that 2 individuals take back-up tapes to the holding facility. This might be the safe-deposit box the business has at the bank, or a company safe located at another location. Additionally, any confidential records that are not current (for instance old, paid invoices, and old shipping information) should be stored on removable cartridges or CDs which can be locked in a safe when not in use. Again, by removing the data from the overall network -- you protect it from those tempted to "hack at it." It's important to "clean off" any old data which is not vital and currently needed (again the key is to provide employees with only the data that they absolutely must have to do their jobs). It's also important to "physically lock down" machines that have valuable data. It does no good to have a sophisticated and secure computer network if someone can simply "unplug" the server and toss it in the back of their car. Finally, we must consider how records are destroyed. Financial records that are printed out on hardcopy should be shredded or locked in a safe when they are not being used. Customer invoices and charges should also be locked in secure cabinets that only a select few have access to.

> **SUGGESTED ASSIGNMENT QUESTIONS:**
> Where should back-up tapes and materials be stored off site (list of suggestions)?
> Who should be in charge of transporting the tapes / data?
>
> **SUGGESTED ASSIGNMENTS:**
> Write out a security protocol for off-site back-up tapes. Include how often the back-ups are done, who is responsible for doing the back-ups, who is in charge of transporting the back-up tapes, and where the back-up tapes are to be stored.

Lesson 4 How Can SSL Servers, Firewalls, and Proxy Servers Help Protect Online Data

The key to protecting online data is restricting the access of "who" can view or receive the data. Secure Socket Layers (SSL) is a technology that relies on "security certificates" which are issued by third parties. It is like a safety deposit box at a bank - -where the "customer's key" (the online customer) and the "bank's key" (the company they are buying from) must both be inserted and used to "unlock" the data. If one of the keys is invalid -- the data does not transmit. Firewalls and proxy servers help protect against unauthorized use from external sources, which may try to "capture" information from or "spoof" network computers. Spoofing is a process where an outside computer sends the main server a task which takes a long time (for instance, executing an infinite loop). While the main server is occupied -- the hacking computer "spoofs" other computers by pretending to be the main server -- so that all data requests are send to the hacker's computer instead of the main computer. Proxy servers and firewalls help protect against these types of attacks by verifying ISP addresses and by rejecting requests to the main server that seem suspicious. More information on the current technologies available should be included within this section.

> **SUGGESTED ASSIGNMENTS:**
> Research 3 different articles talking about online security, SSL, firewalls, or proxy servers. Write out a brief article summary covering the main points of the article as well as the main advice or suggestions given to increase computer security.

Lesson 5 Why is Full Disclosure important, and how does it boost consumer confidence?

Review the case study of DELL COMPUTER, and how their public disclosure and guarantee boosted sales by 600%. Also review the LAND'S END case study which shows how sales have steadily increased by the company offering an unconditional guarantee to accept returns of merchandise if the customer is not satisfied.

The class will then talk about the aspects of guarantees and warrantees, and how these boost confidence of a consumer to purchase a product. The key of online consumer confidence is full disclosure. A customer does not want to hand over his/her money to "Joe's Mega Site" without knowing that the site is both legitimate and secure. Customer testimonials can often be bogus, so online customers may continue to be suspicious of new sites until they have established notoriety in the press (as a good company to do business with), or until the site provides guarantees and warrantees on products, services, and data security.

> **SUGGESTED ASSIGNMENTS:**
> Review the DELL COMPUTER and LAND'S END case studies and then find 2 other sites which offer a similar approach online to disclose exactly how information is being used, and how the company will back up its products or services (warrantees, guarantees). Write a 2-4 page paper comparing and contrasting these policies, and give recommendations for the class' fictitious "WIDGET" company.

Lesson 5 Why Customers must be able to OPT OUT

The problem with many sites is that customers visiting there or leaving their information are not allowed to choose and select how their information may or may not be used. This is a disadvantage both to the customer (who may not want to end up on several new "e-mailing lists") as well as to the company (perhaps some customers want to be on a "newsletter list" -- but the company feels it would lose customers by sending the newsletter to everyone). The key to keeping customers happy is to give them the most amount of power in determining how their information is used. For instance, something as simple as asking how the customer prefers to be contacted (by regular mail, e-mail, telephone, or in person by distributor) will help save both the customer and the company time and money.

Another big related issue is the "selling" of customer information to outside sources, or in continually contacting a customer about new "special sales" that a company is having. If a company sends out information without regard to the customer's preferences, it very well may offend the customer enough that sales are lost instead of gained.

At a minimum, customers should be asked if it is okay to send them updates and special sales notices, whether it is okay to pass along their information to other companies with qualified offers of interest to the customer, and whether it is okay to solicit the customer for opinion polls and product reviews. There are of course many other types of information that could be asked, but the basics are allowing the customer to control how much more "mail" he / she will get based on completing a sale or requesting further information.

> **SUGGESTED ASSIGNMENTS:**
> Design a form screen view which is for a customer who has just made a purchase from the company. On the form, determine how a customer's information "could" be used, and then allow the customer to specify whether that use can be made of his/her information.

Write up a 2 paragraph privacy policy which summarizes how your company (or website) uses information that it gains from visitors and customers.

EVALUATIONS

1. Explain how three pieces of customer information can be combined to initiate a fraud.
2. Explain why determining what information is required from a customer is the first step in protecting it.
3. Explain why the goal of security is to limit data access to those who absolutely need it for their job function.
4. Explain how physical security of data is perhaps more important than network security of data.
5. Briefly explain and compare the concepts of SSL servers, firewalls, and proxy servers.
6. Argue whether you feel full disclosure of how information will be use will increase or decrease consumer confidence.
7. Argue the important points of whether consumers should be able to choose (have the option to specify) how their personal information is used by a company.

Section 3 EMAIL INFORMATION
"Who's eavesdropping on your letters?"

CONTENT

This section will cover the basics of e-mail security, and why users should be wary of including certain types of information in electronic e-mail. First, students must understand that unencrypted e-mail is quite easy to intercept and read. Also, students should understand the reasons and rational behind supervisors reading and monitoring employee e-mail. Finally, students need to learn caution in transmitting e-mail which has any personal or financial information about clients.

OBJECTIVES

At the conclusion of this section, students will have an understanding of:
- how easy it is for others to read "private" e-mail.
- why supervisors should monitor and even read employee e-mails.
- why personal and financial information should be excluded from unencrypted e-mails.

Lesson 1 Private E-mail -- isn't!

Emphasize the facts that e-mail is stored on each and every server along the internet path, and that these data files are backed up on tapes which literally hundreds of individuals along the route have access to view or use. Also emphasize the fact that anyone "tapped in" on the same line as a computer user can "receive" all the information transmitted to their screen / computer, so that any unencrypted information is very easy to monitor, read, or steal. In August 1999, for example, a security bug in Microsoft's Hotmail system was discovered that allowed anyone to "hack in" and read the passwords to a user's e-mail accounts, and thereby could easily obtain access to reading any of that user's e-mail.

> **SUGGESTED ASSIGNMENTS:**
> Find two articles that deal with e-mail security, and write a one page paper that highlights the basic concepts discussed in both articles.
>
> Call an internet service provider, and ask their technical service department what steps they take to prevent technical support employees from having access to "hacking into" e-mail account information. Write a one to three page paper outlining the information discussed in the interview.

Lesson 2 Why should supervisors monitor employee e-mail?

Any e-mail sent over the company's e-mail system will be "stamped" with the company's identity -- and therefore, any e-mail originating from the company site is seen as an "official correspondence" of the company. Emphasize the facts that employers are responsible for the actions of their employees while on the job, and that employees who harass or stalk others while using company equipment will likely make the company a defendant in any lawsuit. Also there is the potential that employees might inadvertently be sending out vital and valuable information through e-mails. Borland is still in court against their former executive Eugene Wang for his alleged e-mailing of confidential information and source-code to rival company Symantec (which later hired Wang). Especially when employees are disgruntled, it is very easy

for them to "sabotage" a company by transmitting proprietary and confidential information to competitors.

Another major point which should not be lost is that employees are being paid for "work" and not "recreation. Therefore, their use of company equipment and e-mail systems should be only for company related business. By notifying employees that occasional monitoring of e-mails will take place, much of the potential for abuse can be contained. Employees who violate the company policies can be disciplined or terminated. Employees need to be given written policies on what is and what is not appropriate e-mail, and what types of personal e-mail is allowed on company time and company equipment. Also -- if other monitoring of employee web access will be done (tracking visited sites for example) that policy should also be carefully documented. For personal e-mail, employees should use their own (home) e-mail accounts and should only access these during their normal break times or after normal work hours.

> **SUGGESTED ASSIGNMENTS:**
> Search for a case dealing with employee e-mail privacy, other than those discussed in class. In a two to three page paper, provide a synopsis of the events leading to the lawsuit and what the court verdict was. Then react to this case and state why you feel that it might have relevance to a company that you might run or work for in the future.
>
> Design a policy statement about how employees can use the company computers and networks for internet and e-mail access. Make sure to cover how and when an employee can use the system for their own private correspondence. Also make sure to cover what disciplinary actions may result from violation of the policies.

Lesson 2 Encryption for Personal and Financial Information

As already shown, e-mail is not private. Therefore, there is a special need to protect and secure personal and financial information of a business's clients, as well as securing any sensitive company information that must be transmitted via e-mail. If this information is transmitted over e-mail, it might be captured, stolen, or altered, and once this happens -- it is too late to avert the damage.

The simplest method for handling sensitive data is NOT to transmit the data over e-mail in the first place. It is far safer to mail the information through the United States Postal Service or another common carrier or courier.

If information needs to be transmitted, then it should be encrypted or "scrambled" so that it cannot be read without the correct "key." There are two basic types of encryption, which are "single key" and "public key (two key)."

The single key system uses a unique password -- and the file is scrambled based on the password. The longer and more complicated the password - typically, the better "scrambled" the encrypted file becomes. In order to decode the file, the recipient must have the key and run the file "backwards" through the encrypting program.

The second system is a "public key" system which uses 2 keys. Here, every user has a password that they use -- and by typing it into the encryption program -- the program generates an encoded "public key" which can be shared with others. The recipient of a file would send the encoded "public key" to the sender. The sender would then place the recipient's public key as well as the sender's password into the encryption program to scramble the file. This also generates another "public key" -- this time, that of the sender. Only when the recipient uses their password (again, they have not disclosed this to anyone) and

the sender's public key -- will the file "unlock" and become readable. This system is seen as more desirable, because the actual "passwords" are never exchanged between users, and having two passwords going into the one document guarantees that the document can only be transmitted and used between the intended parties of the communication.

SUGGESTED ASSIGNMENTS:
Do online searches to find at least 3 different encryption programs. You may research commercially sold products as well as those that are available as "shareware." Compare the features based on the user documentation and write a one page summary of which programs you evaluated and which of the three you would use for your own communications (including reasons why).

Get together with a classmate and find a shareware "public key" (2 key) encryption program. Send at least three messages back and forth through e-mail to each other, practicing the coding and decoding of the messages. Report on the experience (how difficult or easy it was to find and use the software, any troubles or "learning curve" you had to overcome, any program features that were especially problematic or beneficial, etc.).

EVALUATIONS

1. Explain reasons why unencrypted e-mail is not secure (how others can read it).
2. Explain reasons why supervisors should monitor and occasionally read employee e-mails.
3. Explain why personal and financial information should be encrypted if sent in e-mails or otherwise over the internet.

Section 4 TECHNICAL INFORMATION
"Don't give away the farm!"

CONTENT

This section helps students identify the value of their own technical information and means of protecting this investment.

Each internet based marketing site will undoubtedly have major research, development, and maintenance expenses. Part of operating the site will be discovering new techniques and 'tricks' which make the site run more efficiently and more securely. In addition, there will be ongoing efforts to make the site performance stable and secure -- so that users will not face "downtime" or other problems using the system.

There are two main reasons for keeping technical information about the network and website secure. These are to protect against intrusion (security risks) and to protect intellectual property (investment).

OBJECTIVES

At the conclusion of this section, students will have an understanding of:
- why giving out technical system information can lead to system attack.
- why giving out technical system information can decrease competitive advantage over rivals.

Lesson 1 Preventing System Attack

Emphasize that the more that hackers know about a particular system or setup, the easier it is for them to "break in" and hack entry into a system. Therefore, as little information as possible should be given to users about what type of "backbone," servers, software, or utilities are present in the system. Also, the user should not be given any specific information about when the system maintenance or back-ups occur (as these "disruptions" are key times to attempt access to files).

It should be planned into the budgeting cycle that all software be routinely upgraded, as newer software will often had fixes of security holes in prior versions. However, no version is safe from attack, and different versions of the same software may have different weaknesses. Again, that is why it is vital to withhold information about what programs and what versions are being used -- because knowing the program and version makes it easy for a hacker to "narrow down" to a successful attack. If the computer department lets go a disgruntled employee, system parameters or software settings should be changed to help prevent an outside attack by that employee.

Not only should this type of information be kept off the internet site, but employees should also be told not to discuss this type of information except with other employees in their own department.

> **SUGGESTED ASSIGNMENT QUESTIONS:**
> Why should employees be limited to only talking to co-workers in their own department about the types of software, networks, and security systems the company has in place?
>
> Why should a company refuse outside tours to view their computer operations center?

Lesson 2 Keeping the Competitive Advantage

A great deal of time, energy, and resources go into developing successful online websites and computer solutions. If that information is made public, your company's competitors have just gotten all that information at your expense (your employees did all the work, and your company had to pay for the research & development). Any new innovations should be kept private and secret. If possible, the company should consider patenting certain innovations to protect it's investment by "holding off" competitors from using similar techniques.

Employees should also be required to sign non-disclosure agreements, so that if they leave for another position, they cannot discuss the setups or implementations used at the current company with any future employers. Again, this will help protect the investment in developing specific techniques and innovations used on the web sites.

Specialized software is perhaps the greatest competitive advantage that can be developed. Finding better, faster, easier ways to accomplish tasks online will make customers want to purchase from you (or use your site) more than the competition. Any new computer programs which are created should be copyrighted and deposited with the Federal Copyright and Trademark Office. That way -- other sites will be breaking the law if they use portions of your computer programs on their sites.

> **SUGGESTED ASSIGNMENTS:**
> Locate an example of a non-disclosure agreement and bring it to class for group discussion.
>
> In a one-page paper, explain why current employees who leave your firm could be a threat to your company's competitive advantage.

EVALUATIONS

1. Explain why dissemination of company technical information can lead to hacking attacks.
2. Explain the concept of "competitive advantage" and how it relates to system technical information.

UNIT 3 What You Can Print "The Press is not FREE!"

Limitations on the First Amendment
Defamation
Rights to Privacy and Publicity
Obtaining Usage Rights
Dangerous Information
Hate Speech / Harassment

What a company or its employees can say or place on its websites can be and is often restricted. Because websites can be viewed and read by many, the company providing the website is seen as a "publisher" of information. If that information is harmful to the public or violates the rights of other individuals or companies, the owners and employees of a website can be prosecuted.

Section 1 LIMITATIONS OF THE FIRST AMENDMENT
"No riots allowed!"

CONTENT

This section will cover the concept of First Amendment speech and why even "free speech" is limited.

The courts have determined over time that the United State's First Amendment including the "freedom of speech" is not an unfettered right to do or say anything. Speech which hurts another party or which creates a public danger can be limited, and often is.

In the same way that you can't run into a crowded theater and yell "Fire," you can't write or communicate things which will cause a public panic or will reasonably lead to some kind of injury to others.

A general rule to follow is that you can't do or say anything that will hurt other persons, whether they be individuals or corporations (a corporation is seen as a "person" in the eyes of the law). Therefore, speech which creates physical, financial, or emotional injury to another is disallowed.

OBJECTIVES

At the conclusion of this section, students will have an understanding of:
- some of the limitations on "free speech," and why these limitations are necessary.
- general factors are supportive of the "public good" and are therefore allowed speech.

Lesson 1 What are some limitations of "free speech"

Many people wrongly conclude that the right of "free speech" and "freedom of expression" allows someone to act or say anything that they want. In fact, that is not the case. The right to express one's self must be balanced against the "public good." If the potential harm to the public is greater than the harm to the individual (for not being allowed to make a certain type of "expression" or type of speech), the courts have ruled that the public good must be protected. Therein, the safety and rights of the public (or a group of "individuals") takes precedence over the rights of the single individual. Similarly, the speech of one person cannot directly harm another person, because one person's "expression" of their rights cannot come at the expense of denying another person his/her rights.

Some examples are often helpful in understanding these concepts.

First, it is not protected "free speech" to run into a crowded theater and yell "fire!" Not only does this disturb the audience's enjoyment of the program they are enjoying (and have paid for), but it also creates a public panic where people can be injured and literally "run over" while others try to escape the building. Here, the rights of the group (to enjoy their entertainment and to protect themselves from injury) greatly outweigh the individual's desire to yell "fire."

Second, it is not protected "free speech" to publicly call someone a thief or a pervert without having good evidence to back you up. Here, the right of the individual to keep and protect his/her good name outweighs the individual's desire to slander that reputation.

Third, it is not protected "free speech" to tell lies, create deceptions, or create hoaxes. For example, saying that you saw a "Bigfoot/Sasquatch" type creature on the outskirts of town is not protected "free speech." The rights of the pubic to expect honest information outweigh the right of the individual to spread a "tall tale."

Fourth, it is not protected "free speech" to disclose personal and private information about others. For instance, going to a local bar and discussing the deep, dark sexual secrets of your best friend is not "protected speech." You don't have the right to simply "publicize" private facts about others. In this case, the privacy rights of that individual supercede the anyone else's right to "spread gossip" about him/her.

These are just a few examples of types of speech which are not protected under the First Amendment. However, they are indicative of why "free speech" is limited.

> **SUGGESTED ASSIGNMENT QUESTIONS:**
> How can the example of "yelling fire" be translated into an internet type scenario, where something written might cause a public panic?
>
> Why shouldn't we be allowed to say whatever we want about whomever we choose (whether we have the facts or not)?
>
> **SUGGESTED ASSIGNMENTS:**
> Research a recent "Freedom of Speech" case in the news. Write a one-page summary of how the case might have implications on websites and the internet.

Lesson 2 What general factors support the "public good?"

The key to freedom of speech is in balancing the "public good" against the rights of an individual, inasmuch as the "free speech" does not unjustly cause harm to another directly or indirectly.

We're not prevented from saying negative things about others. We just must make sure that the facts support our statements and opinions. Newspapers all the time report about criminals who are arrested or convicted. Political candidates routinely say that they feel their opponent is immoral, illegal, and "fattening." However, anything negative must be true, and there must be abundant facts to support the statements.

Also we can say things that are based on our personal religious beliefs or social upbringing. In other words, we can voice our opinions. Saying "from what I've seen, I don't feel that Mr. X upholds important moral values that I hold dear" is protected speech, while simply claiming a "fact" that "Mr. X is a liar and a cheat" is not protected speech (unless you've got substantial evidence to back it up). This again boils down to "giving facts" and being honest. If something is merely an opinion -- it must be stated in the language of "opinion." If you feel that something is wrong, or that someone is bad, you can only go as far as the facts clearly demonstrate.

Another factor that supports the public good is the "news value" of information. And when it comes to "news value" -- there is nothing like having a celebrity in the story. Celebrities in any field are considered public leaders, and the "rights of the public" to know information about their leaders supercedes the individual rights to privacy that those leaders have. Leaders can come from any background, including politicians, movie stars, top academics, athletes, and news reporters. Anyone consistently in the public spotlight can become a "news item" by virtue of their status and recognition.

While publishing personal information about an unknown person would not be protected free speech (because the privacy rights of an individual outweigh another's right to "freedom of speech"), reporting private information about celebrities is not only protected but also encouraged. That means that sometimes personal "rights" are trampled when a person becomes a celebrity or finds themselves in the "news" for some reason.

However, even celebrities have certain rights to privacy. Typically -- you cannot provide information about them which has not been somehow publicly accessible information (including -- that photos taken of celebrities cannot be done where a "trespass" onto private property would occur).

Another responsibility of the "news" is to ensure that what it is providing is factual information, rather than speculation. For instance, reporting on rumors that a company is going to be taken over by a larger corporation may have devastating and long-lasting effects for many "populations." First the small company would be affected because its stock prices would rise sharply in anticipation of the "buyout" but then drop even more sharply when the rumor was proven untrue. The large company may also lose stock price because the market would see them "failing" to take over the other company as a sign of weakness. The entire stock market would suffer needless "over corrections" on the stocks of both companies -- which would have the side-effect of an overall loss of confidence in the other stocks in that industry, and perhaps that industry itself.

That is why many news organizations require that there be multiple sources which can confirm a news item before it is being reported for the first time.

Of course, this does not always ensure that the "news" is factual. Remember the TWA 800 airplane disaster? Many news organizations reported that a missile shot down the plane. These erroneous reports caused millions of Americans to feel that air travel was under terrorist attack. Only many months later did the Federal Aviation Administration determine that the real cause of the disaster was a static electricity spark in the center fuel tank which ignited the fuel vapors in the tank.

> **SUGGESTED ASSIGNMENTS:**
> Search for and review two news articles from the past 18 months that relate to a celebrity lawsuit based on rights of privacy. Write a one page review of the sums up the argument made by the celebrity and also report what the outcome of the suit (if the case has settled or been decided in court).
>
> Contact a local or online publisher and ask what their policy is toward reporting potentially defaming news items. In particular, find out what their policies are about requiring multiple or corroborating sources before being willing to publish such an item. Report your findings in class discussion.

EVALUATIONS

1. Explain why there are certain needs to limit "free speech" for the good of the society.
2. Explain why many factors must be evaluated in determining what is supportive of the "public good." Give two different examples where at least three "rights" might be involved.

Section 2 DEFAMATION
"If you can't say something nice…."

CONTENT

This section will briefly cover the concepts of defamation, libel, and slander. The students of this course are encouraged to seek out independent and further resources to enhance their understandings of these legal concepts.

OBJECTIVES

At the conclusion of this section, students will have an understanding of:
- the meanings of the terms defamation, libel, and slander.
- why "celebrities" are less protected, due to their position.
- how "publishing" a web site page with damaging information about a person (natural or corporate) can lead to an expensive lawsuit.
- why it is best to avoid publishing any negative information, even if such information is factual.

Lesson 1 What do the terms defamation, libel, and slander mean?

Defamation is the act of providing false statements about a person (natural or corporate) which injures their reputation.
Libel is defamation that is done through a fixed, tangible form, such as a story, letter, photograph, or recording.
Slander is defamation that is done through speech or gestures.
Traditionally, the courts have found that libel is more serious than slander, because the "negative comments" reach a larger audience through "written word" than limited audience that actually "hears" a defaming comment.

> **SUGGESTED ASSIGNMENT QUESTIONS:**
> Describe why the courts might find defamation in an on-line chat room both libel as well as slander.

> **SUGGESTED ASSIGNMENTS:**
> Locate a story or court case from the last 12 months which deals with online defamation. Bring in a printout of the information for class discussion.

Lesson 2 Celebrities and leaders have less protection from defamation laws.

Leaders and celebrities are "news items" simply because of their status. The public often has insatiable appetites for information about the movie stars they love, the politicians they hate, and the writers they admire. And because these celebrities are "leaders" and "role-models" -- the courts have decided that its important for the public to know as much as it can about these leaders -- so that the public can make "informed choices" about who they support and look up to. This means that negative as well as positive information is released on a routine basis, and sometimes even mistakenly untrue information is published about these leaders. To allow the free flow of information, the courts have decided that celebrities and leaders can only win their lawsuits for defamation if the person who defamed them did it deliberately and

with malice. If someone makes a simply mistake and prints incorrect or false information, they will not be penalized by the courts. However, someone who knowingly publishes (or makes statements) which are false for the purpose of hurting the celebrity's reputation will be found guilty of defamation. As such, part of the "price of fame" is a loss of privacy and a loss of protection from the courts.

> **SUGGESTED ASSIGNMENTS:**
> Locate at least 2 news stories that talk about celebrities who are suing based on defamation. Try to find out whether or not the case was actually settled, or if it indeed was thrown out of court. (Expect to find very few cases that are actually brought to a final conclusion with a court jury awarding any sum of money.)

Lesson 3 Running a web-site makes you a publisher.

Emphasize that running a website is akin to running a newspaper. If you place negative remarks about someone or some company, you could very well be sued for libel. Since reputations are very difficult to "restore," the court juries in such cases often award those libeled millions of dollars as compensation for their damaged reputations.

> **SUGGESTED ASSIGNMENTS:**
> From the previous assignments, have a class discussion about the penalties and monetary judgments issued against those committing libel or slander. Also discuss the basis of the original statements which were made -- and talk about "how little" of bad things you need to say before you can face a multi-million dollar lawsuit.

Lesson 4 Why you should "remain positive"

First the class should consider the "public image" of a complainer and a gossip. Do these people have overall favorable or unfavorable ratings? Few people think that "gossips" and complainers are "great people." If your company wants to have a favorable rating with its visitors, it should refrain from providing any kind of negative information about others (unlike that is the sole purpose of your website -- for instance, a consumer fraud protection website). Also, consider how statements could easily be interpreted as defamation. The safest route is rule your mother taught you at the dinner table, "if you can't find anything nice to say -- then don't say anything at all."

> **SUGGESTED ASSIGNMENTS:**
> The class should discuss when and for what types of sites "negative comments" are appropriate. By identifying the few types of sites where these types of comments might be helpful both to users and to the company's own reputation (again, such as a consumer-fraud protection site), then all other types of sites could be deemed as "inappropriate" to place negative comments upon.

EVALUATIONS

1. Explain the terms defamation, libel, and slander, and explain how they relate to one another.
2. Explain why celebrities have less protection under defamation laws, and why that serves the general good.
3. Explain the potential liability involved with "publishing" negative comments on a website.
4. Describe why it is best to avoid publishing negative information, yet give two examples in which publishing negative information would be appropriate.

Section 3 RIGHTS TO PRIVACY AND PUBLICITY
"Everyone is entitled to their 15 minutes of fame"

CONTENT

The Constitution and state laws gives all of us the rights of privacy and the rights to control how our name and image are used. Because we have these rights, others must ask our permission before they divulge private information, pictures, or "endorsements" of us to others.

The Right to Privacy is the legal concept that people should be left alone, and that private information about them cannot be shared without that person's permission.

The Right to Publicity is the legal concept that people have the right to control how their name or image is used in commercial purposes or endeavors.

OBJECTIVES

At the conclusion of this section, students will have an understanding of:
- what is meant by the Right to Privacy.
- what is meant by the Right to Publicity.
- what "releases" are and why they are required.

Lesson 1 What is the right to privacy?

We all have the right to be "left alone," and to keep personal information about ourselves private. In many cases -- whoever wants to release your highly personal and private (or potentially embarrassing) information must first secure your permission to do so, preferably in writing.

Most states support and enhance these privacy rights by passing specific laws designed to maintain our rights of privacy. For instance, it is illegal for hospitals to release your medical records to anyone without your written authorization. On loan applications, banks must receive your written permission in order to get credit information from other banking sources and credit agencies. It's also against the law for people to open and read your mail or to listen in on your phone conversations (unless they receive a court order).

Because specific laws vary from state to state, what might be permissible in one state, might be a felony in another state. By doing business over the internet, you are essentially "doing business" in each and every state, as well as in every country of the world. Therefore, it is especially important to protect private information of others from inadvertently being published on your website.

> **SUGGESTED ASSIGNMENT QUESTIONS:**
> Why might it be difficult to determine what personal information about another can be published on your website, and what would be illegal to publish?
> How does the right to privacy relate to defamation and libel?
>
> **SUGGESTED ASSIGNMENTS:**
> Do an internet search on the phrases "right to privacy" and "right to publicity" (using a BOOLEAN AND which will only display documents that contain both phrases). Go to at least 3 of those sites and take notes about what you find there. Report your findings to class.

Lesson 2 What is the right to publicity?

If you are selling canned cream of corn, just because you like Paul Newman -- doesn't mean that you can market your product as "Paul Newman's Canned Cream Corn." Everyone has the right to control how their name, image, or photo is used in commercial businesses. A person has to get your permission to use you to "endorse" their product or to be a part of their product.

Similarly you can't attribute a "testimonial" to someone who isn't really using your product. You can't say "President Clinton says our cigars are his favorites!" if Clinton has never actually said that or authorized you to use such a quote in your advertising or promotion.

While this might seem like it would only concern celebrities, consider the following case.

Sally Sweet designs and manufactures lingerie that she sells as a part-time job via her internet site. Rick Rude stumbles on Sally's site, where she is posing in her lingerie designs, and Rick decides to copy the photos to his adult entertainment site -- for which he charges users a monthly fee to view.
Not only is Rick Rude violating copyright law (he did not take the original photos, nor does he have permission to use them on his site) and defamation law (Sally Sweet likely does not wish to be part of a pornography site, and therefore she can argue her reputation has been libeled by such misuse of the photos), but also Sally Sweet has the right to "control" how her photos and name are being used -- and thus Rick also has violated her Right to Publicity.

A person, regardless of their celebrity (or lack thereof) must first give you permission before you can use their photos, images, name, or testimonials for any commercial purpose.

> **SUGGESTED ASSIGNMENTS:**
> Class Discussion. If you are running a business on the internet, why could the use of any photos on that site of a person entitle him/her (or their decedents) to a lawsuit for your violating "right to publicity?"

Lesson 3 What are releases and why are they used?

A release is a written and signed statement that a grantor gives to a grantee which "releases" the grantee from prosecution for violating certain rights that the grantor is entitled to have. In other words, by signing a release, you are allowing another party to do something that you could otherwise file a lawsuit against them for doing.

Related to the right to privacy and the right to promotion, the two types of releases often used are a "publication release" and a "model release." A publication release allows another party to publish personal and private information about you. This generally is more concerned with facts and information, but may also cover photographs, audio recordings, videotapes, and other information which will be published and distributed. A "model release" is generally used for visual and film images, and it allows a person's image and photographs to be used for commercial purposes.

Releases can be very specific about the "types of use" or very broad. Generally, it is preferable to obtain a broad-based release, as you might be unsure of how you would use a photo or testimonial in the future -- and it might be very difficult to find the person (in the future) to renew or sign a different release. On the other hand, those granting the release might want a very narrowly defined scope. For instance, professional models often will sign a release that says a photo can only be used by a certain company for a specific advertising campaign during a specific month -- and that no other uses are allowed.

The reason for getting releases is that you then have documentation that the person gave you permission to use their images, name, or endorsement. Since releases are contracts, you must give the person granting you a release of something of value. Normally, a cash sum is paid to the model or "grantor." Other times, you might be providing that person with some product or service (for instance, "if you endorse this exercise bicycle, we will provide you with one for your home free of charge.")

SUGGESTED ASSIGNMENTS:
Do a phrase search on the internet for "model release" and bring in two printed out model releases form different websites. Then compare the releases you found with those of other classmates during small group discussion.

EVALUATIONS

1. Define the terms Right to Privacy and Right to Publicity, and then explain their similarities and differences.
2. Explain what a "release" is and why they are used.
3. Explain why any photo or name used in connection with a commercial website should have a release.

Section 4 OBTAINING USAGE RIGHTS
"Please release me… "

CONTENT

We've already touched on model releases and publication releases. Likewise we've talked about copyrights. Now these are combined in our discussion of purchasing the "usage rights" for photos, names, and endorsements.

Usage rights are the permissions that the owners of various "rights" give to another, usually for a "licensing fee" or a "royalty" or some other monetary payment.

OBJECTIVES

At the conclusion of this section, students will have an understanding of:
- the concept of usage rights.
- the concept of "royalty free" items.
- what should be included in a "usage rights" document.

Lesson 1 What are usage rights?

Usage rights are the permission to use an image, name, article, or endorsement for limited commercial purposes during a limited time frame for a specific fee or royalty. As an example, a professional photographer has copyrights to all of his/her photographs. If you want to use one of these photographs, you would negotiate with the photographer for the usage rights. The document would explain specifically:
- what images where being "licensed for use,"
-what types of ways they could be used (for example "as advertising and promotional artwork on the site www.somesite.com, not to be otherwise distributed, used, or sub-licensed"),
- what period of time the "license" was active for (for example, "for the 90 day period commencing on May 23, 2000"), and
- what fee the artist would receive for granting the right to use his photograph.

Class should examine various types of agreements used by visual artists, recording artists, and celebrities (for endorsements).

> **SUGGESTED ASSIGNMENT QUESTIONS:**
> Why would an artist or author (or personality) want to specifically indicate what their work can be used for? Give specific examples of how NOT specifying the intended use might end up as embarrassing or harmful to the artist or author.
>
> Why should such agreements be written instead of verbal?
>
> **SUGGESTED ASSIGNMENTS:**
> Locate a book or internet document which contains a sample form for assigning reproduction or publication rights (hint, look under "business management" books related to specific creative professions). After reviewing the form, see if it has any other provisions or requirements not talked about in class, and bring those points up in group discussion.

Lesson 2 What does "royalty free" mean?

There are certain large companies that buy "all reproduction rights" from authors and artists. This means that the company essentially "owns" all the rights to a person's artwork, writing, or musical piece. These companies then sell "license free" or "royalty free" compilations of artwork, writings, or music (etc.) that others can use in their businesses without having to pay "royalty fees" (usage fees) to either the original artist or to the company who bought the artists' work. The reason why many companies prefer using "royalty free" works is that it is much less legal and financial hassle. With a one-time payment for the computer disk or "clip-art book," the company never again has to worry about using anything therein as part of their advertising or other commercial uses. Most people are familiar with "clip art." Now, similar "books" (computer disks) of reusable images are available for photographs, color business graphics, business or specific industry related "newsletter" articles, and even background music.

The downside of these "royalty free" pieces is that the company selling them sells the same items to thousands or even millions of customers. It becomes embarrassing when two competing companies accidentally use the same "clipart" from the same clipart disk -- and their ads "look alike."
Now, there is one other problem that affect many businesses. In many of these "compilation" disks of clipart and photos, in the fine print -- it says that the images can be used royalty free ONLY for home, school, and personal projects, but that the images cannot be used for any commercial purpose. The print is often so small that few people can easily read it as part of the "licensing agreement" for the disk. In this case, you aren't "buying" the clip-art disk at the computer store. You are merely "buying" a license to use the images contained on it for your "personal, school, or home" projects. You aren't allowed to use the disk for anything else -- and by "violating the licensing terms" -- you can be sued by the company that manufactured the clipart disk.

> **SUGGESTED ASSIGNMENT QUESTIONS:**
> What does the term "royalty free" mean, and how does it relate to clipart.
> Why might larger companies with bigger budgets want to avoid using "royalty free" images?
> What are some potential downfalls of using "royalty free" images.
>
> **SUGGESTED ASSIGNMENTS:**
> Locate a computer clipart disk and make a photocopy of the licensing terms. Usually it will be in the back cover of the CD case. Enlarge it on the photocopier for easier reading. Then in group discussion, evaluate the different language and terminology used in the varying licensing agreements.

Lesson 3 What should be included in a usage rights agreement?

Since usage agreements are contracts, they must have three things, which are OFFER, ACCEPTANCE, and CONSIDERATION. The owner of the right OFFERS to give part of that right to the licensee for a certain CONSIDERATION or payment. The owner of the right will also stipulate what creative works (or endorsements) are covered, how they can be used (usually very specific uses and contexts of use are specified), and how long the licensee can use the creative work. If the licensee agrees to the terms of the contract, then it is known as ACCEPTANCE of the OFFER, and a contract is formed.

SUGGESTED ASSIGNMENT QUESTIONS:
What do the terms OFFER, ACCEPTANCE, and CONSIDERATION have to do with usage rights?
What happens if a licensee uses a creative work outside / beyond the provisions of the usage agreement?
Why would it be prudent to get a lawyer's assistance when obtaining usage rights?

EVALUATIONS

1. Explain the concept of usage rights.
2. Define what "royalty free" means.
3. Compare and contrast the concepts of licensing agreements and "royalty free."
4. List what aspects should be included in any "usage rights" agreement, and why they are important.

Section 5 DANGEROUS INFORMATION
"For adults only"

CONTENT

We have already seen that "freedom of speech" is not a license to do or say anything you want to do or say. Instead, an individual's right to expression is often weighed against the greater public good. That is why the government at many levels prevents certain types of activities, conduct, or publications to take place.

For example, we regulate who can view sexually explicit materials to the share of population that is over age 18 (or in some states age 21). Most people would find it repugnant to sell hardcore sex magazines to elementary school kids -- which is perhaps why the governments at many levels have chosen to enact laws preventing this.

Also, we probably don't want military service persons publishing information about where our troops are stationed and specific counts of gunnery and ammunition they have available. This might make the public vulnerable to enemy attack.

Similarly, we probably don't want people to have easy access to "recipes" for making bombs or chemical warfare agents -- as this information may be picked up and used by terrorist groups.

Therefore, various levels of government have enacted laws that limit the dissemination of certain types of "dangerous" or "harmful" information.

OBJECTIVES

At the conclusion of this section, students will have an understanding of:
- why governments at various levels would place limits on certain types of information.
- how difficult it is for actual enforcement of these laws.
- why businesses have a duty and responsibility to be knowledgeable about the laws which may censor certain content.

Lesson 1 Why do governments try to "censor" information?

Discuss the "election year" syndrome of passing "feel good" and "morals" laws.
Discuss the effects of certain lobbying groups and political movements.
Discuss the legitimate concerns for safety of children (access to pornography, "bomb" recipes, pedophiles).
Discuss the legitimate concerns for safety of society (terrorist and hate group sites, weapons and "survivalist" sites, "how to" swindle and "how to" stalker sites, "warez" sites and other sites encouraging violation of laws).

SUGGESTED ASSIGNMENTS:
Class group discussion about the reasons why the government and the public seek to censor certain types of information in the hopes of protecting society.
Write a two to three page paper on your views of what (if anything) should be censored, and how this could be made practical (or if opposing censorship, why censorship is impractical).

Lesson 2 Why is it difficult to enforce these laws?

Review the case studies of CDA (Computer Decency Act) and COPA (Child Online Protection Act) which were both ruled unconstitutional based on First Amendment rights.
Discuss the nature of the internet as being "international" with no way to "stop at customs" information coming from abroad which violate domestic laws.
Discuss the difficulty in finding manpower and resources to "track down" where a site is actually being run from -- and jurisdiction issues (do police in Oklahoma have jurisdiction to prosecute a website owner located in New York for running a site on "how to make bombs").

SUGGESTED ASSIGNMENTS:
Class discussion about the difficulties in "bringing to justice" offenders, and how it will take Federal laws (which reach across state boundaries and local jurisdictions) before cases can be routinely and successfully prosecuted.

Lesson 3 Why do businesses need to maintain awareness of new legislation?

Discuss international efforts, including the CHINESE REPUBLIC policies (all information must be approved by the government), the AUSTRALIAN ANTI-PORN policies (prosecution of any web sites hosting any pornographic content), and MIDDLE EAST laws (prison sentences for the corruption of public morals).
Discuss the ongoing efforts of Congress to revive CDA in a constitutionally acceptable form.
Discuss the ongoing efforts at local levels to regulate commerce (Minneapolis case prosecuting a couple for selling lingerie and sex videos online from their private residence in a "non-commercial" zoned area).

SUGGESTED ASSIGNMENTS:
Class discussion about the need to be aware of new legislation which might overnight make a type of commerce or type of website illegal. Include the need to be aware of foreign policies which may impact doing business internationally.

Research the internet to locate at least one recent (last six months) movement to regulate and censor internet content. Write a one page summary of the status of the effort and your opinion of how such legislation will impact web commerce if enacted.

EVALUATIONS

1. Provide three reasons why governments would try to place limits on the distribution of certain types of information.

2. Explain why it is difficult for governments to enforce censorship laws (giving at least 2 reasons and examples).

3. Explain why businesses need to be aware of censorship legislation in both domestic and foreign governments, citing at least three examples.

Section 6 HATE SPEECH / HARASSMENT
"Let's all just be friends!"

CONTENT

This section will cover the existence of hate speech and on-line harassment, and steps that businesses can take to help prevent such abuses.

OBJECTIVES

At the conclusion of this section, students will have an understanding of:
- how "hate speech," stalking, and online harassment are related.
- how hate speech, stalking, and online harassment become a business liability.
- methods to monitor and reduce hate speech, stalking, and online harassment at the business level.

Lesson 1 How are "hate speech," stalking, and online harassment related?

"Hate speech" is verbal, written, or visual images that demean or defame a certain segment of the population, based on race, religion, ethnic background, national origin, educational or social background. It divides and polarizes populations of people. At worst, it can escalate into the killing of innocent people simply for being members of a specific group.

Stalking is the process of obtaining private information about someone without their authorization, determining a person's movements and activities, or creating ongoing communications and contacts which the recipient finds disturbing. Stalking is most often done by persons who are sexually obsessed with their victims, or who hate and want to terrorize their victims.

Online harassment is related to stalking, but may be limited to a single instance, instead of an ongoing process.

These three are related in that they all create fear in their intended "victim," and that left unchecked, may escalate into the target becoming the victim of a capital crime (being physically assaulted, raped, killed).

> **SUGGESTED ASSIGNMENTS:**
> Class discussion to expand the definitions, examples, and understandings of what the terms "hate speech," stalking, and online harassment include.
>
> Search the internet for the key phrases to find recent (last 6 months) articles or legislation related to hate speech, stalking, or online harassment. Find at least three articles, and write a one page summary of your reaction and feelings about the information you read.

Lesson 2 Why are hate speech, stalking, and online harassment a business liability?

Emphasize that while on company time or on company property that an employee is acting as a representative of the company, and therefore any actions made by the employee could result in the company becoming a co-defendant in a criminal or civil court proceeding. Also, since company e-mails have "electronic headers" attached, any hate speech or other harassment is clearly labeled as "originating" at the business -- and therefore it is an official "business document." Therefore, a single example of hate speech might be enough for a court subpoena to seize computers and network systems to review ALL e-mail and correspondence in an effort to see if the business encourages a "pattern of behavior."

Emphasize also the negative public relations "nightmare" that a company might face if an employee was convicted of harassing or stalking others while using the business' equipment and network.

> **SUGGESTED ASSIGNMENTS:**
> Class discussion of some of the potential bad outcomes for the company that might result from a single employee using company e-mail to harass or stalk a victim.
>
> Search the internet for key phrases to find any recent cases where businesses were named as defendants or where businesses fired an employee in a case of online hate speech, harassment, or stalking. Bring in up to three articles for class discussion.

Lesson 3 What methods can be implemented to reduce hate speech, stalking, and online harassment?

Emphasize that the most important part is to have a written policy which employees sign as "having agreed to" the term. This may very well remove the company at large from being named as co-defendant should a criminal action or civil action arise. Also, the company should have a policy manual that discusses hate speech, stalking, and online harassment, including giving examples of what would be interpreted by the company as "wrongful speech." The policy manual should emphasize that these types of activities are illegal, and any employee engaging in such activities on company time will face disciplinary action which may include immediate termination.

Also, in new employee orientation, there should be an emphasis placed on the fact that every e-mail and other correspondence originating on the company computers is in fact a "company document," and therefore all e-mail and use of computer systems is for business use only. As such, all e-mail and computer use is also subject to monitoring and review by management, and any misuse of company resources or any activities on such equipment which misrepresent the company will lead to disciplinary action. Also, that any employees witnessing a misuse of company resources should be immediately reported to their supervisor (or if the supervisor is the offender, to the next level of management).

> **SUGGESTED ASSIGNMENTS:**
> Class discussion about other steps that might be taken by a business to help reduce the risk that employees engage in hate speech, stalking, or online harassment (perhaps having a victim of such a crime come in to talk about his/her experience, etc.).

EVALUATIONS

1. Explain how hate speech, stalking, and online harassment are related.
2. Explain the business role or liability in a case of employees who harass or stalk others.
3. List at least three steps which can be taken to monitor or reduce hate speech, stalking, and online harassment which might originate within the business.

UNIT 4 Building Customer Loyalty "If you build it, will they come?"

Marketing the website
Focusing on content
Providing free services
Back-up plans

The simple act of creating a website does not automatically translate into that website getting used. The website must not only be promoted, but must provide incentives for users to come back to the site on a regular and repeating basis.

Section 1 MARKETING THE WEBSITE
"Nobody came to the dance."

CONTENT

This section will explain why simply "posting a website" will not result in any new customers, and why it is necessary to market and advertise the website in order to get users to the site.

OBJECTIVES

At the conclusion of this section, students will have an understanding of:
- the reasons and needs for websites to be promoted.
- online methods which can be used in promoting websites.
- traditional means of promoting websites.

Lesson 1 Why websites must be promoted

Imagine planning a big dance. You hire the band, arrange for caterers, book a hall. You put in a huge amount of time, resources, and expense. The only thing is -- you don't invite anyone or advertise the event. How many people would you expect will show up? The same situation is true with the internet. Simply designing and building a site is not enough. Each website is like a book in a huge library, and without some "indexes" to that book, or some kind of advertising of "where" the book is located, no one will be able to find or use it.

The traffic on your website will be directly proportional to the amount of advertising and promotion you do for the website. If you do little or no promotion, you will receive little or no visitors. Conversely, if you do national radio, television, and newspaper advertising for your site, you are likely to receive huge amounts of traffic.

The amount and type of advertising you do will be determined by the type of business you do. If your business sells custom built houses -- reasonably, you should only advertise in the small geographic region where you provide your services (no sense selling your "custom built homes" to people in Hawaii if you are located in central Wisconsin).

Conversely, if you are selling "mail order" types of items (gift items, novelties, instruction manuals), your tactics would likely include doing small amounts of advertising in major cities (and major publications) throughout a wide region (or even internationally).

> **SUGGESTED ASSIGNMENTS:**
> Bring in two general-interest magazines and one local newspaper. Identify and bookmark advertisements for internet sites. Try to determine if the companies advertising their services are local, regional, national, or international. Bring these to class for class discussion on "types" of services or products featured in the ads.
>
> During a 3 hour "prime time" session of watching a single television network, write down the web site addresses found in the programming and in the commercials, and a brief description of what you think the purpose of the website is (based upon the content of the program or commercial).

Lesson 2 What are online methods for promoting websites?

Currently there are several methods that businesses can use to promote their website through online means.

E-Mail - businesses can e-mail information to lists of potential customers (yup, SPAM).

Search Engines - businesses can submit their URLs and websites to internet search engines like Yahoo, Alta-Vista, Lycos, and Excite (as well as many others). Then when a user requests a search for key words, the website will appear somewhere in the list of results. Some search engines are now selling "premier placement" -- where the company advertising pays a fee for being placed "at the top" of the list of search results. The more you're willing to pay per search, the higher your company is listed on the results page.

Banner Links - placing ad banners on other popular sites is a popular method of drawing traffic to a new internet site. More and more, banner links are being used as part of **Affiliate Programs** in which a website that displays the banner will receive some sort of payment. The payments for Affiliate Programs are usually either a "per-click-thru" payment (where each time the banner gets clicked on --the referring site gets a small fee), or a "sales commission" (if the referred customer actually buys something, a "commission" is paid to the referring site).

Web Rings - there are many specialty "web rings" that link together web sites of similar subject matter or information. In the "ring" -- users can move forward or backwards through the entire list of connected sites.

Forums, Newsgroups, and Message Boards - there are many specialized message boards, forums, and informational online newsgroups that cover a wide range of industries. By participating in these "discussions," you can provide samples of your work or information about your products and thereby lead others to your website. If there is not currently a newsgroup or forum that deals with your particular industry or subject matter -- you can quite easily create your own (which would give your company added credibility).

Online Magazines - as the internet evolves with newer and better graphics capability and as bandwidth increases, more and more "magazine" format sites are being introduced. These sites look similar to traditional magazines and newspapers -- and feature "traditional" display and classified advertising opportunities.

> **SUGGESTED ASSIGNMENTS:**
> Class discussion with more examples of online advertisements and discussion of other types of online advertising methods which would be useful in promoting a new or existing website.
>
> For the industry "financial and banking services" -- go to the internet and print out a sample for each kind of advertising as mentioned above. You do NOT have to use the same company in all the examples -- just ads from within the financial and banking industry. Turn in with a summary of describing your process for finding these ads, and how long the process took.

Lesson 3 What are traditional methods of promotion that can be used?

While online promotion might be appropriate to capture people who are already using the internet extensively, if you want new users (or occasional users) of the internet to find your site, you will need to rely on traditional media. Newspaper and television ads seem to be most effective, since the user can "see" the URL as it needs to be typed into the computer browser. Also, these media lend themselves to "showing" views of the website as a "preview." Since the internet is a highly visual media -- it is less "frightening" to new users if they see a "demonstration" on how to use the site within a television

commercial (biography.com, e-trade.com, and selectquote.com have all used "site demonstrations" in their television commercials).

Other very effective and inexpensive ways of advertising the website are to update all of the company stationary and business cards to include the new information, and to send out postcards or brochures to the company's existing mailing list / customer base to let them know about the new site.

Also, many businesses are placing their website URL on anything that would normally carry their phone number, which includes the sides of company vehicles, employee uniforms, novelties (like pens, notepads, key chains), telephone yellow pages ads, mail (envelopes and packages alike), and rubber stamps.

SUGGESTED ASSIGNMENTS:
Class discussion of what other types of "traditional advertising" might be useful for promoting websites, including giving examples of advertisements class members have seen in practice.

EVALUATIONS

1. Explain why websites need to be promoted?
2. Describe at least five different methods of online promotion of websites.
3. Explain how traditional methods of advertising can be used to promote company websites.

Section 2 FOCUSING ON CONTENT
"Useful information gets Used!"

CONTENT

When you open up the mail, how much of the unsolicited advertisements do you simply dump in the garbage can? Do you throw out the magazines and newspapers when they arrive? Why not? Perhaps the reason is that you feel that the newspapers and magazines have some kind of "useful information" for you.

This section will cover the basic concept of "providing content" which is useful to the viewers of the website, and why this type of focus on the website (content instead of advertising), will likely result in a more successfully used site.

OBJECTIVES

At the conclusion of this section, students will have an understanding of:
- why content on a website is important.
- easy methods of providing "content" for users.
- types of services that will keep users "coming back."

Lesson 1 Why is content on a website important?

While "flash and glitter" might get a user to initially view your website, if the user determines all that you want to do is "sell him/her" something, the effect will be about as welcome as a telemarketing call in the middle of the dinner hour. People generally turn to the internet because they want to get information. That is the true power of the internet -- that users can operate a search engine and find the few websites they want out of the millions and millions of online documents.

Therefore, the sophisticated user will only spend a few seconds scanning each website -- to see if the appropriate headings or content he/she is searching for is available. Fancy graphics and background music not only are unimportant to these serious users, but can be found to be distracting and "a waste of time" because of the time required to load these elements.

Everyone also likes the idea that they are getting something for free. Most people will accept a free subscription to a new magazine, and then read it -- even if the subject matter doesn't interest them. It is also why grocery stores and department stores offer "free trials" or "free samples" of their products. Once a customer has a chance to "try" something without obligation -- they are much more likely to use or purchase the item.

Only by providing something useful and of value to the user can you ensure that they will remain interested in the site and continue to use it.

> **SUGGESTED ASSIGNMENTS:**
> Class discussion about "favorite sites" and how students first became aware of the site, as well as "why" they got "hooked" on using the site. Try to find similarities within the examples given in class discussion.

Lesson 2 Easy methods to provide useful content

There are several easy methods that a web designer can take into consideration to increase "content level" of the site. Perhaps the easiest is to provide detailed background information about the company and its products. Rather than just a "sale pitch" -- providing technical information and "user instructions" for products will make the site much more useful to consumer in evaluating a potential purchase and in "follow-up" information after the purchase.

Another easy step is to provide "industry news" information on the website. Customers often like to read about innovations that are happening within the industry. For instance, a site selling computers might provide information about new software that is about to be released by Microsoft, Adobe, or other producers, and the same site might also want to talk about new proposed standards for computer design, connectivity, and networking -- as these topics would all be of interest to the "audience" who are purchasers of computers.

Another easy method for providing content is to have a "tips and techniques" area related to your products and services. For instance, a photography studio might want to provide information about new film formats and how digital retouching works, as well as how to take better photos of fireworks of Christmas holiday portraits. By providing useful "how to" information, the site establishes the business as a "customer friendly expert" in the field.

Yet another easy method of providing useful content is to provide users with a "bulletin board" or a "user's forum" where customers can share their innovations and creative uses of products as well as "work-around" patches for problems they might have had.

> **SUGGESTED ASSIGNMENT QUESTIONS:**
> Write a two page paper about your three favorite sites, and what types of "content" they provide which has made you a regular user. Also discuss features that you wish the sites provided, but did not.
>
> Write a two page proposal of the types of "free information" that your business could provide to its users, and how often the information would be changed and updated, as well as how customers could have "input" into the information presented.
>
> **SUGGESTED ASSIGNMENTS:**
> In small group discussion, talk about other types of "content" a website can provide which will draw users to visit the site on a regular basis. From small group, pick the top 3 ideas not already covered in class, and then meet in large class discussion to compare your ideas.

Lesson 3 Types of services that will keep users coming back

The best way to ensure that users keep coming back is to give them some way to "participate" or something to "do" while they are at your site (besides buying products or services), and to have the information on the site change or be updated on a regular (daily if possible) basis.

For instance, forums and chat-boards are an easy way to allow users to ask questions, give opinions, and feel "part of the site." Another way is to allow users to do open ended searches for particular types of information (for instance providing information on products, plant sites, technical specifications, shipping and handling charges, list of distributors, industry news and innovations, etc.) Also, post a daily (or weekly) list of related links of sites and stories which are related to your web site or product or company or industry.

For instance, a photography studio could provide a weekly article on "tips for creating better photos, " as well as a "photo of the day" which users can submit as part of an online contest, and also post a daily list of hyperlinks to new "photo-related news."

SUGGESTED ASSIGNMENT QUESTIONS:
Why would it be important to update website information on a regular and frequent basis?

Why would users find a site "more fun" if they are allowed to write notes and participate in discussions?

SUGGESTED ASSIGNMENTS:
Choose an industry and type of web company, and write a two page paper offering a proposal for the types of information content a business could provide which would be updated on at least a weekly basis. In the proposal, explain where the content for the site would come from (it doesn't just "appear"), and figure out a quick estimate of how much "cost allocation" this would take on a weekly basis (webmaster time for updating the site, fees and salary paid to those writing articles, etc.).

EVALUATIONS

1. Explain why content is so important in designing a website.
2. List at least 3 easy and appropriate methods of providing content for users.
3. List at least 2 types of services that a website can provide to keep users "coming back."

Section 3   PROVIDING FREE SERVICES
"Step right up, everyone's a winner!"

CONTENT

The spirit of the early users of the internet was the free sharing of information and resources. Just like television, people expect to get "content" without having to pay for it, or if there is a charge, that it be a very minor charge.

One of the ways of attracting visitors would be to offer free and useful services. For instance, many major companies offer their users free e-mail accounts and free "home pages." Users have signed up for these services by the millions. Once getting the user to the site on a regular basis, it is easier to "pitch" advertisements to them -- from your own company or from advertisers posting on your website.

There are many different types of free services that can be offered, and this section will touch on a few basic ideals to strive for in providing free services to users.

OBJECTIVES

At the conclusion of this section, students will have an understanding of:
- the reasons why "free" services can be very profitable.
- why services need to be matched to customer profiles.
- categories of "freebie" services that can be offered.

Lesson 1   How can "free" be profitable?

There are two schools of thought on setting up web sites. The first school of thought is to get the maximum number of users, regardless of their backgrounds or interests. The second school of thought is to tightly target specific segments of consumers to deliver a product or service geared especially to them. Which school of thought you follow depends largely on the type of service or product you are selling. If you are selling something that could be used by nearly anyone -- then a maximum exposure strategy might work best. For instance, if you are selling computer printer supplies -- nearly everyone using the internet is a potential customer for your merchandise (because almost everyone has a computer and printer if they also have internet access). On the other hand, if you are selling specialized diagnostic computers for analyzing engine problems in automobiles -- you have a very narrow market. Fewer and fewer people "do their own garage work" on their cars -- so only mechanics part of a service shop would have an interest in your merchandise. In this case you would want to narrow your target market substantially and try to make the maximum appeal to the small portion of the population who are auto mechanics.

What does this have to do with "freebies?" Well, freebie services can be used in either type of website to help keep users coming back once they originally view the website.

For instance, with a "maximum exposure" model, a company may want to offer free e-mail services and free "home pages" on its website servers. Most people who are using the internet also use e-mail services, and providing users with an account that they can access anywhere in the world and from any computer is a very valuable service. Similarly, people who use the internet often want to "show the world" information about their hobbies, interests, business, or family. Therefore, nearly anyone using the

internet would enjoy getting to put up a website that they don't have to pay a fee for running. Because users keep coming back, they are constantly exposed to the advertising and "special sales" notices which accompany the screens for e-mail and home pages. Also, for "home pages," any visitors to the website are also furnished with the advertising information. This translates into sales for the company providing the "free services."

On the other hand, with the "tight target" model, a company may want to offer a free service that is highly useful for their target population but not at all useful to other populations. For instance, the site selling automotive diagnostic tools may want to put the repair manuals for all domestic cars of the past 15 years on its website. Then, if a mechanic had a specific question about a car they were not familiar with, the mechanic would simply log on the website and look-up the information for the vehicle. Because this type of information would not be of much interest to the general public -- this type of free service also helps to "qualify leads" so that salespersons can contact them in the future about selling the company's diagnostic products.

>   **SUGGESTED ASSIGNMENTS:**
>   Find five sites that offer free e-mail or free web-site hosting. Figure out "what are they selling?" Is the advertising you are seeing on each site "general" advertising by many companies, or more specific advertising geared to one company. Compare and contrast the companies in a two page paper.

Lesson 2 Why services need to be targeted to customer profiles

Of course giving away "free" services is not without costs. It may take enormous amounts of manpower, equipment, and funding to provide "free services" to the public. That is why it is important to figure out what the customers want most, translate those wants into needs, and then satisfy those needs.

Our basic survival needs are food, shelter, clothing, water, sleep, and sex. The human species could not survive long without all of these basic needs being met. Everything else is a "want." However, people often say "I just can't LIVE without the internet, I NEED to check my e-mail daily!" Therefore, humans become creatures of habit and programmed into believing that they actually need things that in reality they merely only want.

Successful marketing is translating these sometimes "wishy-washy" wants into die-hard needs. For instance, the first telephone was considered a novelty and toy by Western Union, which refused to invest in the new invention. However, the desire to communicate faster has turned the telephone into a "need" which few people would want to go without. Similarly, twenty years ago e-mail was considered no more than a fad. Now there are millions who rely on e-mail for doing business, for keeping in contact with loved ones, and for sending electronic "greeting cards" and "postcards."

When consumers can be convinced that the benefits of a service (or product) will satisfy a want, they will try it. If they have continuing good experiences, they get hooked, and transform their want into a "need" to use the service or product.

However, not all products and services appeal to all people. Most products and services have a small "target audience." The key in successful online marketing is appeal to the needs of the main "product's" target audience, and provide a complementary service online which would attract the same target audience.

Again, taking the example of the manufacturer of automotive testing equipment, their target audience are service mechanics and affluent "home mechanics" who would be willing to pay several thousands of dollars for computerized testing equipment. The freebie service should have something to do with automobiles, and more specifically, with the repair of automobiles. As mentioned already, one possibility is putting service manuals on the website, for easy information lookup. Another possible service would be to post a "mechanics" bulletin board or forum, where mechanics can "chat" with each other and ask questions on how to repair specific problems. Another possibility might be to create a "used and salvageable parts" classified ads page, where mechanics can buy and sell parts that may no longer be manufactured or otherwise available. Another possibility might be to free online classes that teach about specific kinds of repair techniques or new methods and tools used in repairing vehicles. There are of course many other possibilities.

The key is to figure out a type of service that people would use on a weekly basis, if not a daily basis. The more useful the site is, the more time they will spend there -- and thus, the more time they will be subjected to your "advertising" and "sales pitches."

> **SUGGESTED ASSIGNMENTS:**
> Class discussion - for a university trying to recruit more minority students, what types of free services could be offered over the campus internet site?

Lesson 3 Categories of "freebie" services to offer

While there are many different types of possible services that can be offered on an internet web site, most of them will fit under one of the following four categories.

1) Communication and Relationships. This includes services that allow users to communicate with others or which allow the user to receive information and content they otherwise would not have access to. Examples of these types of services include free e-mail accounts, "chat rooms" and bulletin boards, "dating services" and personals ads, forums, free long-distance telephone services, radio and music broadcasts over the internet, etc.

2) Information and Training. This includes services that allow users to gain knowledge and skills through the website. Examples might include technical references, classes on-line, help sites, user-tips bulletin boards, and search engines, as well as others.

3) Financial and Business. This includes services that individuals or companies can use to gain knowledge or information about their finances. Examples might include insurance rate comparisons, personal finance advice, tax-tips information, shopping clubs (to get group discounts), financial portfolio tracking, stock-price look-ups, information on government programs and grants, job-posting ("help wanted") sites, and online banking services.

4) Hobbies and Gaming. This includes services that are recreational in nature, or which go to support a user's "off-line" hobbies. Examples might include free games sites, hobby-oriented bulletin boards (photography, quilting), auction and trading sites, information and research sites (specific to a hobby or interest), "ask the expert" sites, user groups and newsgroups, and software download sites (shareware, freeware, public domain).

5) Contests and Lotteries. This includes services that allow users to participate in contests or lottery type of activities, whether a "prize" is awarded or not. Examples might include photo or writing contests (judged by the company sponsoring the site), "vote for me" contests (where users put a "click here to

vote" on their home page, and the information gets tallied by the company website), "most click-thru" prizes (where a user puts a link to the company site on their home page, and the user "referring" the most people to the company site gets a prize), "our 1 millionth customer" types of lotteries (where the first 10 users or every 500th user gets a prize or special discount), and actual paid lotteries (online gambling).

6) Other. (class generated)

> **SUGGESTED ASSIGNMENTS:**
> Class discussion to fill in the "other" category. What other general categories for "free services" could businesses provide to users, which would influence the users to return to the site on at least a weekly basis.

EVALUATIONS

1. Explain how offering free services can increase the profits of a business.
2. Explain why the free services offered need to be matched to the customer's profile.
3. List five categories of "free services" which a company can offer.

Section 4   BACK-UP PLANS
"Admitting when mistakes happen."

CONTENT

This section covers the public-relations concerns of what to do when things go wrong.

OBJECTIVES

At the conclusion of this section, students will have an understanding of:
- why back-up and contingency plans are vital in web commerce.
- how to identify potential problems areas.
- how to handle disasters, and why honest is the best policy.
- why "mock disaster" drills are important to practice.

Lesson 1   What are contingency plans and why are they important?

Contingency plans are sets of procedures to follow when certain negative conditions arise. For instance, if you are planning an outdoor wedding, you would likely have a contingency plan on what to do if it rains. Every business is subject to changing marketplace and supplier conditions that are beyond the business' control. The key to long-term survival is to identify possible "disasters" and downfalls, and to create a set of plans which will rescue the operation (or mitigate damages) should undesirable situations arise.

One of the biggest problems an online business could ever face is the loss of its server. That is why many companies have data "mirrored" on one or more back-up machines -- so that if the main server goes down, that one of the "mirror" servers can quickly be plugged in as the "main server" and keep things running.

Another major disaster that an online business could face is the destruction of their business site from fire, flood, or other natural disaster. This is a reason why some larger companies have their mirrored servers at different locations around the world -- so that if one region is struck, say by an earthquake, that another company site can keep going. For smaller businesses, it is the reason why copies of the back-up tapes are stored off-site, so that if a disaster destroys the building - -the business and client data is not lost.

However, problems can be small as well. For instance, what about a person hacking in to a company website and placing harassing information or graphics on the website? How should a company react to this type of breach in security, and what would it divulge to customers?

Depending upon the type of online business, lots of small problems as well as major disasters could arise. The key to surviving is anticipating "what could go wrong" and designing a set of plans of "what to do" when it happens.

> **SUGGESTED ASSIGNMENTS:**
> Class discussion -- what other types of problems could arise in an online business, and what types of plans would be needed to handle such a problem.

Lesson 2 How to identify potential problem areas.

Every process is made up of a series of critical steps and non-critical steps. The critical steps are those which are absolutely vital for a process to complete. As an example, in the process of making a pot of coffee, a critical step is adding the coffee grounds. If you do not have the coffee grounds -- the rest of the steps are a waste of time and effort.

In an online business, there are similar "critical steps." For instance, if your company allows users to do online trading -- then a critical step is to have a computer link to the New York, London, or Tokyo stock exchange. If you do not have some way to actually buy and sell the stock that the users are transacting - - the rest of the system will be useless. In this example, one contingency plan a company like this must have is "what to do" if they lose their seat on the trading exchange, and how are they going to execute their transactions using other brokerages.

In addition to the critical steps, contingency plans should also address "greatest use" areas. In the same example of the online trading company - the users of the system probably "check stock prices" much more often than they actually execute stock trade transactions. Here, even though the "looking up of a stock price" may not be a critical step in the site's main process, because it is a feature that is widely and repeatedly used, contingency plans should be developed which address "what to do" if the service providing market data change or go offline.

> **SUGGESTED ASSIGNMENTS:**
> Class discussion about the on-line brokerage example. What other types of potential problems might arise, and what types of plans could be designed to mitigate the damages to the business and to the users.

Lesson 3 How to handle "disasters"

"Ignore it, it will go away" is not the right way to handle a problem. eBay online auctions learned this problem when in 1999 they received worldwide bad press when their site was offline for an entire day and they refused to acknowledge the extent of their problems or how they were planning on handling the trouble.

Since that point, eBay has learned that it needs to be honest and up-front with its customers, and that it needs to offer "compensation" to loyal users who come back after the problems get fixed.

In the situation with eBay, problems with the software running their databases caused their entire website to "crash," and they were unable to get it restarted and keep running. Eventually it was determined that the problem was simply eBay had grown too big too fast, and that the underlying computer network and database could not handle the huge amount of data flow. Unfortunately when the site first went down, eBay told their users as well as the world press that this was a minor problem that would be fixed in a few hours. It was only a day and a half later, when eBay was finally able to get the site up and on-line again, that they were willing to admit the extent of the problems. This created a huge amount of negative feelings among its users as well as tremendous amounts of negative press coverage. Apparently eBay did not have sufficient contingency plans in place to handle this situation.

Learning from their mistake, eBay then developed a "latest news" page which includes information about any technical problem they are working on as well as information on what has been done so far, and what

it plans to do next. This process of keeping the users informed has greatly increased user confidence in using the site.

They also implemented a "hot back-up" database network which, in theory, can immediately take-over should the primary server experience any problems.

Additionally, after major "hiccups" in their system, eBay has reimbursed user-fees for auctions which have been affected during the "outage" periods, and eBay also has had "free listing" days to reward the customers who have "hung in there" despite the technical difficulties.

Learning from eBay's example, you can't "fool the online public." When there are problems, first and foremost, you need to be honest with the users of the system. Second, you shouldn't be caught with your "pants down." With the national advertising that eBay was doing at the time, they should have anticipated that their network and database was going to come under heavier and heavier usage. With this in mind -- they should have tested the system to determine "how much was too much" load for the database servers. They should have also developed some back-up systems (which they now have in place, but originally did not) to handle the load should the main server "crash." Third, when problems do occur, you need to offer some sort of compensation or good-will gesture to your users once the problems are resolved. Fourth, when problems have occurred, you need to keep users updated with the steps that are being taken and the anticipated point when the system will be operational again. Even if a major disaster hits, you need to indicate "service will be out for approximately 10 days" (or whatever). Users will be glad to know that you intend to "continue operations" in the future, and that they won't have to waste time checking every 30 minutes to see if the site is working again.

> **SUGGESTED ASSIGNMENTS:**
> Discuss and debate if there are any situations where a company should not inform its users of a "disaster" in progress.

Lesson 4 Why mock disaster drills are vital

Having a contingency plan does no good if it is never tested (will it work) and if people are unfamiliar (or not aware) with how to implement it.

Just like elementary school fire drills, every now and then, a company should test out its contingency plans with "disaster drills," to make sure that everyone knows what to do and how to do it. It also helps to point out any flaws or "gaps" in the contingency plan.

Because many information and computer programming companies have high employee turnover, it is especially important for companies such as these to run frequent drills -- so that newer employees can have their understanding of the procedures developed and tested.

> **SUGGESTED ASSIGNMENTS:**
> Write a two page paper outlining a disaster drill for a website on which you've worked or of which you are familiar.

EVALUATIONS

1. Explain what contingency plans are and why they are important.
2. Explain how to identify areas of potential problems.
3. Why is "honesty the best policy" when it comes to handling disasters.
4. Why are mock disaster drills are important to practice.

UNIT 5 Selling Online "Hawking your wares."

Types of sites
Cyber contracts
Customer convenience
Customer trust
Settling disputes
Fighting fraud
Taxes

There are hundreds of business issues that must be faced and considered when selling products or services directly to end-customers, especially when those sales occur on-line. This unit introduces some of the more major issues that need to be addressed prior to designing a sales-oriented website.

Section 1   TYPES OF SITES
"Brochures, catalogs, stores, and malls"

CONTENT
This section covers the four basic designs of internet sites and the advantages and disadvantages of each.

OBJECTIVES
At the conclusion of this section, students will have an understanding of:
- brochure sites, and their advantages and disadvantages.
- catalog sites, and their advantages and disadvantages.
- store sites, and their advantages and disadvantages.
- mall sites, and their advantages and disadvantages.

Lesson 1 Brochure Sites

Brochure sites are the simplest of the various types of business sites. They typically are much smaller and have much less content than all the other sites. While they may show types of products and services as well as pricing information, they also do not have any "direct sales" from the website. This type of site is highly appropriate for professionals (accountants, lawyers, doctors, banks) whose services are highly individualized and specific to each client, and where general "background" information is all that the business wants to provide up-front to prospective clients. This type of site is also very appropriate to products that are custom built or custom designed, where again the purpose of the website is to give an overall "snapshot" of how the business will solve customer needs without getting into specific pricing and sales details.

Advantages: easy to set up, inexpensive, low maintenance
Disadvantages: no direct sales, little user "interaction" resulting in few return visits
Show series of examples of "brochure sites" book marked from the internet to discuss

> **SUGGESTED ASSIGNMENTS:**
> Find three business websites for different lawyers and evaluate them. Do any state "pricing" of their services or allow users to "schedule appointments" via the website. Report on your findings in class -- as well as any interesting features or "free services" provided by the site.

Lesson 2 Catalog Sites

A catalog site lists products and / or services and gives specific pricing information. Just like a printed catalog, once you are ready to order, you actually have to call or mail in your order.

A catalog site typically has specific information about each product and service (technical specifications, applicable uses, or in the case of services - types of benefits and estimated costs for example types of jobs). This type of site works best for pricier products where a "live salesperson" and "live customer support" is necessary for completing the sale, setup, and use of the product. For example, a catalog site would be appropriate for a company selling bulldozers and construction equipment. While the site can give technical information and diagrams of the equipment, the actual sale and customer follow-up is

handled through "off-line" means. Typically companies offering specialized "product families" will use a "catalog" site. For instance, the company selling bulldozers may sell a "product family" of earth moving equipment, including graders, trenchers, dump trucks, and power shovels. Catalog sites are very appropriate for selling "higher sales ticket" items such as appliances, machinery and tooling, business and manufacturing equipment, vehicles, and other durable goods.

Advantages: relatively easy to set up, relatively inexpensive, fairly low maintenance.
Disadvantages: requires live customer sales staff for ordering, requires live customer support, it may be difficult to show all the possible options available for each product or service, not well suited to low cost or impulse-buy items, and sites generally do not lend themselves to "activities" that keep users coming back.
Show series of examples of "catalog sites" book marked from the internet to discuss.

> **SUGGESTED ASSIGNMENTS:**
> Find three business websites that sell vehicles. Can you order "online" or are you referred to a local "dealer." If you can order online -- can you specify the options and features you want, and how easy is this to accomplish? Report on your findings in class -- as well as any interesting features or services provided by the site.

Lesson 3 Store Sites

Store sites offer a further level of customer interaction, where customers can actually complete their order online. Typically, these sites have a picture of the product and a description as well as price. Normally each item would also allow the user to specify the quantity that was to be ordered -- right on the same page as the picture and item description. Some sites will go further and also provide information about installation and use and suggested uses of innovative applications of the product (for instance, with construction adhesives, a page might show how a tree-house can be built without the use of nails). Because users are encouraged to buy "on the spot," these types of sites typically feature "user friendly" items (which do not require specialized shipping or difficult assembly/setup) costing less than $500. Additionally, since users can make "impulse buys," the store site lends itself well toward providing users with "activities" to do while on the site to keep them coming back.

Advantages: allows for instant sales and automated customer service, suitable for "activities" to keep users coming back, allows a wide range of products to be sold, on-line sites can support and co-exist with retail outlets.
Disadvantages: needs for data security, expensive and difficult to implement, requires constant maintenance to keep customer records and inventory up to date.
Show examples book marked from the internet (including Amazon.com) and discuss

> **SUGGESTED ASSIGNMENTS:**
> Class discussion about purchasing items online. What types of items have students purchased? Were they satisfied? Did they use the site again? Were there activities which kept their interest?

Lesson 4 Mall Sites

The mall site takes the store site one more level to include selling or advertising items besides those "core products" sold by the business. By marketing lots of different items, the website "mall" attracts a far greater audience and thereby increases the customer base exposed to its products and services. An example of this is Amazon.com, which started off by selling only books. It has expanded into a "mall" by selling toys and collectibles, as well as offering online auctions covering everything from computers and

photography equipment to "furbies." The idea behind the "mall" site is to provide something for everyone. This increases the overall traffic to the site (everyone can find something they want to look at or buy), and it leads to "cross-product" selling ("if you like this book about the Eiffel Tower, we suggest that you look at this 1000-piece picture puzzle of the Eiffel Tower").

Mall sites also tend to have lots of "banner ads." Banner ads are advertisements that users can click on to go to other websites. Since mall sites get thousands of people browsing (most people are just looking, instead of buying every instant), other websites are willing to pay to have advertising on these heavily "walked" mall concourses.

Advantages: potential for greatest possible profits by appealing to a wide variety of shoppers, allows great flexibility in product mix, highly suitable for "activities" to keep users coming back, very suitable for selling "advertising space" for other websites.
Disadvantages: requires heavy investment and advertising to "get launched," extremely high needs for data security and equipment back-ups (for no down-time), requires constant maintenance to keep customer records and inventory and advertising billings up to date.
Show examples book marked from the internet (including Amazon.com and eBay.com) and discuss

SUGGESTED ASSIGNMENTS:
Write a two to three page paper describing what format of internet site would be most appropriate for your type of business. You must first give a brief introduction that explains the type of business and the "target customer" of the business. Explain any specialized services that your site could offer which would attract users and keep them "coming back." Make sure to rationalize why the business would not be better suited by a different type of internet site.

EVALUATIONS

1. Describe the concept of a brochure site and list two advantages and two disadvantages.
2. Describe the concept of a catalog site and list two advantages and two disadvantages.
3. Describe the concept of a store site and list two advantages and two disadvantages.
4. Describe the concept of a mall site and list two advantages and two disadvantages.

Section 2 CYBER-CONTRACTS
"It's not legal until you put it in writing!"

CONTENT

As covered previously, a contract must have an offer, an acceptance, and an exchange of consideration. Every sale could be seen as a contract. A seller "offers" his/her goods for sale at a specific price. The buyer agrees to take the item at that price. The buyer then pays (exchanges consideration) the seller for the item.

The problem with online transactions is that if something goes wrong (the merchandise is shoddy or was misrepresented, the merchandise is never shipped, or the buyer never pays) -- that it is difficult to "track down the other party to resolve the dispute.

That is why having written contracts is the best protection against fraud (as well as misunderstandings) when doing business online.

OBJECTIVES

At the conclusion of this section, students will have an understanding of:
- the purpose of the written contract.
- what information should always be included.
- why lawyers may need to review agreements before use.
- benefits of posting sample agreements on your website.

Lesson 1 What is the purpose of a written contract?

The purpose of the written contract is to clearly spell out details which otherwise might be misinterpreted or misunderstood by the parties to the contract. The more specific details of the transaction that can be written into the contract, the better both parties will be to live up to "their end of the bargain."

Also written contracts help establish ownership rights. For instance, if a used car is sold to someone out of state, and it is damaged in the shipping process - "who" owns it? Without some form of documentation, the seller may say that they no longer "own" it -- and that any damage is the buyer's responsibility --whereas the buyer may claim that because they never had "physical possession" of an item - -that it still belonged to the seller -- and is therefore "their problem." This can also work in reverse. Say that a person sells a used car and then discovers that the engine was made out of 18 karat gold. The seller may claim that since the buyer never took physical possession -- that the car still belongs to the seller, whereas the buyer may claim that the entire car -- including the engine -- became his as soon as he accepted the sales offer.

In order to settle property rights issues, as well as to track the transfer of major assets - governments have imposed many laws which govern sales of items and certain types of transactions. For instance, real estate requires a transfer of deed. Car sales require a transfer of title. Many types of financial and stock transactions must be documented in writing (to be filed with the Security and Exchange Commission or to be filed with the Internal Revenue Service). Many states also require written contracts and documentation of major purchases (more than $500).

Lesson 2 What information should always be included in the contract?

The three main parts of a contract are an offer, an acceptance, and a transfer of consideration (payment or something of value). However, there are many other pieces of information that should be part of contracts.

One vital piece of information that all written contracts should have is the contact information for both parties. If there is a problem -- it might be useful to know how to get in touch with the other person.

It is also helpful to specify the dates and methods for the buyer to receive the merchandise (pickup at store, ship by mail, ship by truck, use of a courier). Likewise, it is good to add a description of how the buyer will pay for the item (cash, check, charge, on account). If the payments will occur over a period of time, you should also specify when installments are due, the amount of each installment, any applicable interest rate, any penalty fees for late or missing payments, and what happens if a buyer defaults on their payments.

In many cases, a buyer may want some sort of guarantee or warrantee to protect him/her from buying a "lemon" (for instance, "if item is found defective in materials or workmanship within a period of 90 days from date of purchase, the purchaser may return the item to the original place of sale for an exchange or full refund of the original purchase price"). Sellers may be willing to agree to a guarantee, but don't want to end up having customers return merchandise they've used. Therefore a seller might add to the contract "All returns must be in new and salable condition with all original packing and instruction materials and blank registration cards."

When items must be shipped (as the case will be for many internet transactions), the written contract should also specify who is responsible for paying insurance, and at what point the ownership rights to the items are transferred.

If the online business is selling a service to the customer, other conditions and terms should be applied in the contract. For instance, the contract should specify any rights the customer has to approve or reject work "in progress," and should also specify who is responsible for covering the costs of any "rework" that must be done. Also, the contract should address how the seller is paid, whether it is a lump sum prior to the project's commencement, a lump sum after the project is finished, or partial payments as steps are completed in the project.

SUGGESTED ASSIGNMENT QUESTIONS:
What are six categories of information that should be described in every contract, and what is the significance of each part?

SUGGESTED ASSIGNMENTS:
Find two sales contracts and compare and contrast their "language" and provisions. Type up a one page summary and attach it to the contracts you reviewed. Also, bring a copy of your findings to class discussion.

Lesson 3   Why might lawyers need to review agreements before use?

As just shown in the last lesson, the "terms" of a contract can grow quickly. Also, as mentioned in lesson one, certain levels of government have imposed special rules on certain types of transactions. For this reason, it is wise to have lawyers review contracts prior to their use.

There are three main ways that a contract can be "faulty." The first is if the contract is illegal. Courts will not uphold contracts that have provisions that break the law or which would cause one of the parties to the contract to break the law -- and usually this means that the entire contract is considered void. For instance, if Bob has stolen paintings from an art gallery, and then Bob signs a contract with Mary to purchase the paintings, the courts will say that Mary does not have to abide by the contract because selling of stolen merchandise is illegal (plus Bob does not have "clear title" to the works he is selling).

Another way that a contract can be found "faulty" is if the parties to the contract did not understand the contract in the same manner. If the contract is vague and open to interpretation, the courts may rule that the contract was faulty, and thus neither party is responsible to perform their part of the bargain.

The last main way for the courts to find a contract faulty is if the contract is unconscionable or if one of the parties to the contract entered into the contract under duress. For instance, if June tells Ward that she's going to divorce him unless he signs a contract to sell her the family business, the courts will later side with Ward if he wants to break the contract. Similarly if a new rock band is approached by a recording studio, and the contract specifies that the recording studio owns all the rights to their songs for the sum of $200, the courts will likely side with the rock band if they try to break or void the contract. Contracts which are grossly unfair to one party or takes advantage of their emotional state, economic position, or lack of experience may be ruled as void by the courts.

The reason that we form contracts in the first place is so that we can rely on each party completing their part of the "bargain." For that reason, it is very important for professional attorneys to review and critique any contract of significant worth prior to its execution. A competent lawyer will quickly be able to determine potential problems, recommend changes in a contract's language, and determine if the contract meets current government rules and regulations.

> **SUGGESTED ASSIGNMENT QUESTIONS:**
> What are the three ways that a contract can be found void or faulty by the courts?
> Explain two reasons why lawyers should review all important contracts.

Lesson 4   What are the benefits of posting sample contracts on your website?

Effective contracts are those that are easily understood by all parties and which do not support one side of a transaction at the expense of another. With that in mind, it could be very useful to post sample contracts on a company website. That way, buyers and clients would clearly see that they are being treated equally and fairly with all other customers (everyone sees the same contracts-- and presumably the same terms are offered to all buyers). It also allows the clients and buyers to review the contract and determine any areas that need further discussion or clarification prior to the sale.

When a company is up front and open about the contracts it uses, the company will likely be seen as more honest, credible, and dependable than competitors who fail to "put it all on the line.

SUGGESTED ASSIGNMENT QUESTIONS:

Explain why consumers might feel more confident doing business with a business that put its sales agreements on its website than with a company that would only show the contract at the close of a sale.

How might showing a sample contract long before a sale actually help to lead to a sale, or to prevent problems after a sale?

EVALUATIONS

1. Explain the purposes for putting agreements into the form of a written contract.
2. List the three pieces of information that must be included in every contract as well as (at least) two other categories of information that should be part of every contract.
3. Explain why lawyers should review important agreements and contracts.
4. Describe some potential benefits of posting copies of sample agreements on your website.

Section 3   CUSTOMER CONVENIENCE
"Just say CHARGE IT!"

CONTENT

This section will briefly cover methods for making a sales website more convenient for the customer. Through customer convenience, customers will make greater use of a web site, and sales from the web site should increase.

OBJECTIVES

At the conclusion of this section, students will have an understanding of:
- reasons why accepting credit cards online will likely increase sales transactions.
- how "cookies" help users by eliminating keystrokes.
- how businesses can save time and money by providing customer support information online.
- why online businesses should solicit opinions and suggestions from users.

Lesson 1   Reasons to Accept Credit Cards

Collect the newest survey information from Visa, Mastercard, Discover, and American Express and present to the class. Data should strongly indicate (as it has in the past) that consumers are much more likely to trust merchants and to make purchases when merchants accept major credit cards. This occurs not just because of the convenience factor, but also because disputes in bills can be filed with the credit card provider, and also because the screening and selection process required to receive a "merchant" account filters out many types of fraudulent businesses. Accepting credit cards is a major factor in internet sales, because the internet is an "instant" media, and the attention span of users expect instant results (finish up on this site, so that we can go view another).

> **SUGGESTED ASSIGNMENTS:**
> Find two other methods for electronic payments online which do not require a credit card merchant account, and report your findings in a one to two page summary paper.

Lesson 2   Why to use "Cookies" for Customers

"Cookies" are short bits of computer code that are placed in an internet browser's cache (temporary memory) or start-up profile (permanent start-up code) by internet web sites. The original purposes for designing "cookies" was to allow users to be able to "set their preferences" on websites that they visited (for instance, screen colors, size of fonts, and even making sure that the website addressed you by your real name -- which you typed in the first time). Then some sites began using them for security -- to continue allowing a user to access web pages for the rest of a browsing session after they had entered in the correct password combination. The temporary cookie in the browser's cache let the website know "it's okay -- they have already logged in with their password." However, cookies have become much more powerful and their use much more diverse.

Now through the use of "cookies," a user can enter their account and billing information just once, and then on each subsequent visit to the website -- all of their information is automatically "filled out" for them. Another example of cookie use might be automatically filling in the user's name, e-mail address,

website, and location for on-line discussion forums -- so that the only thing a user has to type is the comment they want to leave on the forum or bulletin board.

These are not the limitations of cookies, as new and novel uses for them are being developed every day. The key is to make life "easier" for the consumer or visitor of your site.

> **SUGGESTED ASSIGNMENTS:**
> Class discussion on other possible uses for cookies. Be sure to touch on security, sales, and customer service applications.

Lesson 3 Saving Time and Money with Online Customer Support

The internet is largely considered an "information resource." Customers and internet users go to company websites with the expectation that there will be volumes of information about the company, its products, and its people. If that is what users expect, that is what you should be providing. Why would users want to access an internet site to find out this information? Because accessing the site is a lot more private, fast, and economical than trying to play "phone tag" with customer service representatives. Also -- since the information is "written down" -- it is assumed to be less "error prone" than opinions garnered over telephone conversations.

Many problems break down into the 80/20 rule. In customer service, 80% of the questions are simple and routine and take up 20% of the department's time, while 20% of the questions are the "hard questions" which take up 80% of the department's time. The wonderful advantage of placing customer support information on-line is that the routine questions can be easily and quickly answered by user's themselves (looking up their own solutions) which then frees up the customer service personnel to focus on the "hard questions."

> **SUGGESTED ASSIGNMENTS:**
> Class discussion about what types of customer service and public relations information could be placed on-line.

Lesson 4 Reasons to Get Feedback from Customers and Users

One of the factors unique to the internet as a form of written communication is that it is instant and virtually free. Unlike past correspondence which needed to be placed in an envelope, addressed, stamped, and taken to the post office, on-line communication costs the same whether you send one e-mail per month or one-thousand e-mails per month (costs involve monthly access fees, etc.). For this reason, people are rediscovering "writing" as a form of communication, especially for consumer to business and consumer to consumer interactions. E-mailing is "taking over" a lot of the phone traffic -- since no long distance tolls apply, plus e-mails can be sent at any time of the day or night (how many people do you call after midnight -- except for an emergency).

Since customers are embracing this new style of written communication, it only makes sense to solicit their feedback and opinions in the forms of "suggestion boxes" and surveys.

Allowing users to make suggestions gives them a sense of "ownership" in the website -- that their input and opinion truly matters. Even if the suggestion does not get used, the user will feel a deeper commitment to using the website because the company behind the website seems to "care and listen."

Surveys are very easy to implement. Using simple scripts (many which are available as shareware, open licenses, or public domain), a survey could automatically be given to every 100th visitor to a site, for example. Because of the ease of distributing and collecting the survey (it is relatively "instant" and "cost free" once designed), surveys can be very narrow in scope and ask only a few questions at a time. This approach makes surveys less objectionable to those having to fill them out. The side-effect of surveying users is the same as allowing them to leave suggestions. The user gets a sense of "ownership" in the website because they are participating in its "development" and also because the company behind the site is "listening to me."

SUGGESTED ASSIGNMENTS:
Break into small groups and come up with five areas that businesses could ask questions about in customer surveys which could lead to improvements in website operation, products available, or enhanced customer support.

EVALUATIONS

1. Explain the reasons why accepting credit cards will likely increase sales.
2. Define the term "cookies" and how they are used to save a customer's time.
3. Explain why businesses should put customer support information on their websites.
4. Describe three reasons for soliciting opinions from on-line customers.

Section 4   CUSTOMER TRUST
"Guaranteed to be authentic"

CONTENT

Trust is easy to lose and hard to regain. For this reason, on-line businesses must be extremely careful to live up to the trust that its users and customers place upon the companies and their on-line websites. This section will discuss some ways to help earn and maintain trust.

OBJECTIVES

At the conclusion of this section, students will have an understanding of:
- means to earn trust by disclosing information in advance.
- ways to prevent the loss of trust when situations go wrong.
- methods to try to regain the trust of dissatisfied customers.

Lesson 1 How to Earn Trust

Emphasize that consumers have always been wary of and warned about doing business with new, small, or otherwise "unknown" companies. The primary step in earning their trust is to show sincerity about "who you" and what your "website does."

Many of the more successful internet companies have taken an approach of placing links on their main "home page" which lead to "About Us" or "Company Information" or "About Our Site" -- so that users can quickly review the basics about a company and what they have to offer.

The next step is to answer frequently asked questions (FAQ). Most users will want to know how to use a site, or where to find particular information on a site, or even such simple things as "where should I start" in reviewing a website. By anticipating some likely questions, and providing short and happy responses, new users will feel welcome, which translates into the users actually taking time out to investigate the site.

As covered in a previous unit, many users are very concerned about how information that is gathered about them may be used. For this reason, it is good to put a "Privacy Information" link on the main page. By following the link, users would arrive at a page which describes the types of information which may be collected during their visits, the reasons for collecting such information, and what will be done to the information (including, will it be marketed or sold). Sites may also want to allow visitors to "log in" to receive a "cookie" which will have their preferences about how they would allow / disallow their private information to be used. For example, with a "log in," users could specify yes or no to such statements as:
- "I will allow the company to contact me with consumer-satisfaction surveys," or
- "I will allow the company to e-mail me notices of specials sales or offers it is providing," or even
- "I will allow the company to share my e-mail address with other qualified vendors offering products or services I am interested in."

Whenever practical, a user should be given the option to choose how their information will be used.

Class discussion of the psychological issues involved in trust. Besides disclosure of how information would be used, what other types of processes would help develop a sense of trust in a company.

Lesson 2 Ways to prevent a loss of trust when situations go wrong

If a company is honest and up-front when a user first logs on to a site, the user will expect that same kind of honesty when things go wrong. As witnessed in the eBay case study, one of the worst things that a company can do is try to deny its problems and hide the truth from users.

If a web site has very high usage -- and is Common Gateway Interface (CGI) and database dependent, the very first "home page" of the website should be straight HTML with a link to a "systems status" page. That way, if the CGI server or the database crashes, it is still possible for users to click on the "systems status" page to find out "is it just my computer? or is it the whole site?"

Often times, when sites go down, users assume that the problem is with their own local machine or with their local internet service provider (ISP) server. This may have a user try rebooting their machine or complaining to their ISP needlessly. By providing a "status" page for a site, a company can save users a lot of needless frustration. Additionally -- it helps users to understand the nature of the problem and what is being done to try to fix the problem. In times of "user panic" -- a little information like this will go a long way.

This is especially important when there has been a major disaster. During the 1999 Atlantic hurricane season, some companies that had to evacuate coastline cities placed notices on their site explaining to users about the approaching storm and assuring users that once the storm was over, that the company would work quickly to gear up operations again.

Also, if a company has a negative story about it in the press, or if it loses a court decision, the website should always provide information about the story (with links to the news reports) in addition to a "company response." By providing even and balanced information sources -- users are much more likely to trust the integrity of the company. For instance, during the ongoing court battles with the Department of Justice, Microsoft has continued to provide "press statements" about recent actions. Microsoft's disclosures have helped keep investors from getting nervous and has gone a long way toward winning public support for their positions on the issues. Even though Microsoft was recently declared a monopoly that acted in ways that harmed free trade -- the majority of the public now opposes breaking up the company into "baby Bills," as a result of Microsoft's aggressive public relations work.

Finally, when a company realizes that it has done something wrong, if it wants to keep the trust of its customers, it needs to make a sincere public apology.

Class discussion of the psychological issues involved in trust. Why is confession and disclosure important in the building of trust?

Lesson 3 Methods of regaining trust from dissatisfied customers

There is an adage that goes, "one satisfied customer will share their experience with one or two people, while a dissatisfied one will tell hundreds." Customers are hard to win, but much harder to "win back." We've all experienced the feeling of "well… I'm never shopping HERE again." Many times, the issue that made us so angry and upset was quite petty and insignificant, and if handled "properly" by a salesperson or customer service person, would have cost the company very little to "keep us happy."

Although you might think that it's impossible to please all the people all the time, that's what "customer service" is about.

Why is this so important? Humans tend to be creatures of habit, and we develop a certain "shopping entropy." Once we start shopping from a certain outlet, we tend to continue to shop that outlet unless acted upon or influenced by outside influences. The key to effective customer service and effective complaint resolution is not to look at the single sales transaction -- but rather to look at the "customer for life" revenue. If the customer remains happy and continues to stay a life-long customer, how much is it worth to "keep them happy" and resolve their complaints?

Think about your own experiences. When you do your grocery shopping each week, do you tend to go to the same store? If you became angry at the store (for a cashier's rude behavior, or not accepting your coupons, or always running out of their specially advertised items), what would that store be losing when you switched your shopping to a competitor. A rude cashier or a $2.00 overcharge on a single visit -- may translate into a "lost customer" -- which means the loss of thousands of dollars in lost revenue each year (groceries aren't cheap) over the course of 10, 20, or even 50 years as a customer. If you think about where you have bought your vehicles or had your car serviced (and how much you paid in the process), you can see why so many car dealerships are trying to keep you a "lifelong" customer.

Many dissatisfied customers would be willing to "come back" if someone at the company was willing to listen to their complaint and take the complaint seriously. Can you think of situations when this is all that you wanted? How much would that have cost the company?

Wise businesses would welcome customer complaints. If a single customer is complaining, there are likely many other customers who are "too proud" to complain or do not wish to get in to a "confrontation" with employees. Instead -- these other customers simply take their business elsewhere.

This "silent switch" is one of the reasons that **customer service** cards left at restaurants have become so popular. It allows the customers to explain their dissatisfactions easily and without expense or undue efforts, and they can remain anonymous if they so choose. Again, most people just feel the need to "get it off their chest" -- and being able to do so will satisfy that need. This same type of "customer service card" is relatively easy to implement on an online website.

It is good public relations to "follow-up" each complaint, whether the user needs a "follow-up" or not. It helps to show the user that their comments are important. Similarly, offering some token of appreciation will often help win back a customer. For instance, if a customer is overcharged on their credit card -- it would make sense to give them a $25 merchandise credit (in addition to fixing the error on their credit card, of course). Again, because satisfied and repeat customers translate into thousands of dollars in sales each year, a $25 token is a small price to pay in gaining a loyal and lifetime customer.

A change of perspective may be needed. Complaining customers can save you money! How? Well, besides identifying a problem that might be losing other sales -- customers might have made observations or come up with novel ideas that would drastically improve your services (not just fix problems). Encouraging customers to give their feedback is like having a "national think-tank" all providing information and ideas to your company.

Finally -- complaints of any nature need to be acknowledged immediately with a token apology, and resolved as quickly as possible. It does not "win back" a customer to call a customer and thank them for the suggestion they submitted 2 months ago. With online businesses, complains should be acknowledged as being received within 24 hours, and the customer should be told what is going to be done with their complaint (which department it is being referred to, as well as how soon before the customer will get a

response from that department). Some sort of apology should go out with all responses, such as "We are sorry that you had difficulty with our …."

Again, most complaining customers simply want to be "acknowledged" that they had a problem. By apologizing for the problem and by acknowledging that a course of action will be taken about the complaint, the customer regains their faith and trust in the company. If the company is in any way at fault with the difficulty the user experienced, having the user receive a token apology (or a token of gratitude for good suggestions) is both appropriate and deserved.

> **SUGGESTED ASSIGNMENTS:**
> Class discussion of non-cash "tokens" could be given to customers.
>
> Class discussion of how to reward users for making positive referrals.

EVALUATIONS

1. Explain what types of information about a company should be readily accessible to help earn the trust of users.
2. Explain why disclosure and confession are important in keeping customers when things go wrong.
3. Explain why customer complaints should be evaluated in a "customer for life" frame of mind, and methods for regaining the trust and satisfaction of disappointed customers.

Section 5   SETTLING DISPUTES
"Where's the road to jurisdiction?"

CONTENT

The greatest advantage of the internet is that companies can do business all over the world.
The greatest disadvantage of the internet is that companies can do business all over the world.
This section examines how disputes can arise and why a business needs to be careful about the way it runs its operations "on the web."

OBJECTIVES

At the conclusion of this section, students will have an understanding of:
- what the term jurisdiction means and how it applies to the law.
- why internet companies have to be aware of and comply with varying laws from varying localities.
- methods to reduce the legal risks involved in internet sales and website marketing.

Lesson 1 What is jurisdiction and how does it affect web business?

Jurisdiction has to do with determining which court can hear legal cases about disputes and where criminal prosecutions can take place. Prior to the "age of the internet," determining jurisdiction for cases against small companies was fairly routine. Cases could be heard in only three regions / locations, which were 1) where the defendant lived, 2) where the alleged crime took place, or 3) where the plaintiff or victim lived.

Civil and criminal cases were heard at the local county courthouse, where federal cases (breaking of federal laws) were heard at the nearest federal district court. Except for phone fraud or mail fraud cases, most times the defendant's home, the "victim's" or plaintiff's home, and the location of the alleged crime normally took place in the same or adjoining counties.

Now with the "age of the internet" allowing individuals and small companies to do "international business" -- the jurisdiction issues become much more cloudy.

Let's take three recent and real-life jurisdiction questions.
First, a person in Canada wrote a defaming comment about a person in London on a computerized internet forum that had its server hosted in Germany. The lawyer for the plaintiff (the one who was defamed online) sued the Canadian to face charges in a London court. The Canadian then had to travel to London and hire a London attorney (who was familiar with the British system of government) to try and defend his actions.

Another example from the news has been several New England states filing suit against internet companies for selling prescription medications over the internet. Several "sting" operations were set up to purchase prescription medications from online companies. Then these states filed criminal complaints against the companies for practicing medicine without a state license. While the companies settled out of court and have now limited their distribution to refuse orders from the states filing the complaints -- is it unconstitutional to restrict interstate commerce in this fashion?

Another example from the news is a new law in the country of Australia which makes it illegal to transmit, store, or display any pornographic materials or images over the internet system of Australia. So the question arises, if someone in the United States of America runs a pornographic site in the USA, can that person be convicted to a prison sentence in Australia simply because viewers in that country accessed and looked at the web pages?

In these few examples -- it is easy to see why jurisdiction can be a huge problem. It also brings up another issue of why businesses offering products or services on the internet need to be very careful that they are not breaking laws in other jurisdictions (for which they can be prosecuted or sued).

The entire question of jurisdiction is going to be one of the most important issues regarding the growth and development of web commerce in the beginning of the new millennium. Unless some sort of national and international treaties / agreements are reached soon -- anyone conducting business on the internet could reasonably be sued by anyone else anyplace on the planet.

SUGGESTED ASSIGNMENT QUESTIONS:
What is jurisdiction and why is it an important issue?

SUGGESTED ASSIGNMENTS:
Using the internet, search for at least two recent court cases or legal issues which have taken place outside the United States which might have impact on businesses operating websites from within the United States. Bring in reference URLs to class as well as a one-half to one page summary of each development. Be ready to discuss your findings with the class.

Lesson 2 Why do internet marketed companies have to be aware of the laws of different states as well as different countries?

As discovered in the last lesson, different jurisdictions have their own unique laws, and these laws apply to individuals and companies doing business within the jurisdiction, even if the company is not located within the physical confines of the jurisdiction.

Problems arise when an activity that may be perfectly legal within one jurisdiction becomes regulated or outlawed within another. Consider the case of sales of handguns. Until a few years ago, the online sale and mail-order sale of handguns was largely unregulated in the United States. However, recent updates in the Federal laws now require online dealers to do the same background checks that retail dealers have had to do for years. Consider the case of a handgun dealer in Haiti that sells his merchandise over the internet. If that dealer does not keep up with the changes in the laws, he may find himself being tried and convicted for the same activity that two years earlier was perfectly legal.

Since every country has its own versions of consumer safety and product safety laws, which are constantly being updated, even a company selling something as innocent as teddy bears may find itself breaking import or export laws or product labeling and packaging laws.

SUGGESTED ASSIGNMENTS:
Search the internet for product liability cases (look under the key words "recall" or "defective" AND "lawsuit") which occurred outside the U.S. or which were heard by non-U.S. courts. Bring back information about two such cases for class discussion.

Lesson 3 What can be done to reduce the legal risks?

Clearly the easiest method of reducing risks related to laws from different jurisdictions is to limit the distribution and sale of your products and services. If you don't "materially do business" in another jurisdiction, you cannot be prosecuted in that jurisdiction.

Another easy method to reduce the risks is to follow pending legislation which affects internet usage. There are many sites already online devoted entirely to tracking laws and rulings that affect business and commerce over the internet. By staying aware of changing issues and pending laws, a proactive approach can be taken toward managing a site and making it "internationally" friendly.

Another step would be to find distributors of your products in other countries. Rather than selling directly to the end users, the company website would tell users from specific countries - who to contact in that country for ordering their products. That distributor then become liable for following the local laws, helping to take you company "off the hook." (This is a trade-off, because of course every "middle man" in the process wants a cut of the profits.)

Finally, hiring a good law firm with at least one specialist in international commerce laws will help create a process where ideas and concepts can be "run past the lawyers" before being advertised and implemented on the website.

> **SUGGESTED ASSIGNMENTS:**
> Find at least two sites on the internet which state their "geographic service restrictions." Bring in the information about the site as well as their statement of restrictions for class discussion.

EVALUATIONS

1. Explain the term jurisdiction and how it applies to laws and lawsuits.
2. Explain at least two reasons why internet marketed companies need to be aware of and comply with laws for varying localities.
3. Explain at least steps that a company can take to reduce their legal risks (related to jurisdiction).

Section 6   FIGHTING FRAUD
"Information is the key!"

CONTENT

This section will briefly cover steps to fight online customer ordering fraud. Students are encouraged to independently study outside resource materials.

OBJECTIVES

At the conclusion of this section, students will have an understanding of:
- ways that customers can defraud online merchants
- basic safeguards against customer initiated frauds.

Lesson 1 How can customers defraud a website?

While businesses are expected to provide a lot of information and safeguards to protect consumers against fraud, customers are often unwilling to provide the same amount of information about themselves to prove their legitimacy. Businesses can be more of a target for fraud, because the number of transactions they deal with is much higher than an individual consumer (who can quickly tell if he/she has been charged for something that they have never ordered).

There are three basic frauds that can occur against online businesses. They are as follows.
1) Fraudulent payments. We know that credit card users are worried about what will happen if their credit card numbers get stolen. We are also aware that most credit card companies only make customers liable for the first $50 of fraudulent charges. Guess who picks up the rest of the tab? If a thief uses a stolen credit card number (or stolen check) to pay for merchandise, the company selling the merchandise usually sustains the full loss. That is why, at one point, companies required photo identification when people used a credit card to pay for merchandise. If the credit card was stolen -- the store sustained the entire loss. Now the major credit card issuers have rewritten their merchant agreements so that stores can not request any identification to prove the right to use the card, nor can stores set lower or upper limits on how much merchandise can be purchased with the credit card.
2) Fraudulent returns. Often times, when thieves purchase merchandise at one store with a stolen credit card, they try to return the merchandise to another store for a cash refund. This way -- they can get full retail value for the merchandise they stole (which beats the alternatives of bringing it to a pawn shop, trying to resell the merchandise, or selling it to a "fence" for roughly 10% of the item's value). Another scam -- is returning of "empty boxes" -- where the thief has taken out the valuable merchandise and placed "junk" filler in the box before resealing it. For instance, purchasing a television set in a box, taking out the television, and then filling up the box with an old or broken television is one way the scam might work. In the computer age, another version of this scam is to purchase computer software and install it on several different computers -- and then return the item to the store for a refund or merchandise credit.
3) Theft of Services. Just like the neighborhood kids who will "hook up your cable TV' for $25 (stealing service from the cable company), high tech hoods are stealing computer services off the internet. When a company is offering a service for a fee over the internet, thieves can buy a subscription for themselves, and then "sell" their username and password to thousands of others.

SUGGESTED ASSIGNMENTS:
Class discussion about other ways that thieves might defraud a website or internet business? Do these activities fit into any other general "groups" of fraud?

Lesson 2 What are some basic safeguard to defend against frauds

In one word, information is the key to reducing fraud. The more information you get and use, the harder it will be for thieves to take advantage of your company. For instance, while you can't restrict how a person uses a credit card to pay for a purchase, you can have policies which require shipping through UPS (which requires a valid street address) and that all shipments require a valid signature at delivery. If a fraud does occur, it will be much easier to track down who perpetrated the fraud with a street address and signature card to give to the police. You can also require that all customers give a home and business number to "verify" the order prior to shipping. If you reach a "payphone" in the center of the park -- you simply never ship the merchandise. It's also helpful to use technology when you can. When using online forms, you can design CGI (common gateway interface) scripts which look up the information about the user's internet service provider, and sometimes even their account name and e-mail address -- without the user having to type it into the computer. If you've had frauds in the past -- it is fairly simple to check to see if this information matches the "profile" of the previous frauds you have dealt with -- and the next "delivery" can be made by the police's "fraud squad."

Most traditional retail stores will not allow customers to return merchandise without a register receipt. To protect yourself against fraudulent returns, require that all returns include the original invoice (receipt), the merchandise in salable condition with all of the original packaging materials and manuals, and the original shipping carton. For valid customers -- this will be an easy request, however, for thieves trying to return merchandise stolen from other stores -- it will create nothing but a headache and hassle. One of the keys is the return authorization code. When customers call in for this code, ask for the invoice number. If they don't have it -- then they don't get a return authorization code. If they are "making one up" -- it will be easy to discover (verify that their address, merchandise description, and shipment date matches the original invoice information). When the return does arrive, it should be immediately opened and inspected to make sure that all parts are present. If customers had originally paid using a credit card -- then only provide a refund to that credit card. If the original payment came via check -- then wait sufficient time for the check to clear, and then issue a refund to the name / account on the original check.

Also -- it is perfectly acceptable to put limits on what can be returned, and what can only be exchanged for identical merchandise. If someone buys a music CD, or a videotape, or a software program -- they should not be allowed to return it, except if it is found to be defective -- and in that case, the customer would receive a new copy of the same exact title. This strategy has been adopted by most retailers and seems to work very well at curbing theft of copyrighted materials (making recordings or copies of the merchandise and then trying to get a refund on the original).

How can theft of service be avoided? Again -- by information. If your system requires a username and password to log on - send out new sets weekly (rather than one combination good for the entire subscription period). The constant updating will likely become a hassle for any would-be thieves -- and therefore limit the amount of service theft that can occur. Also -- any username/password system should restrict accounts to only one active "login" per username. If a new user tries to use the same account while another user is already logged in -- the new user is told that "multiple logins are not permitted." Anyone with thoughts on getting rich quick by selling password combinations to lots of users would quickly be "driven out of town" by hordes of angry users.

SUGGESTED ASSIGNMENTS:
Based on the previous class discussion of other categories of frauds, how might these other types of frauds be prevented or reduced?

EVALUATIONS

1. Describe three different ways how customers could defraud an online merchant.
2. Describe safeguard procedures which can reduce or eliminate these frauds described in question 1.

Section 7   TAXES
"Only sure things are death & taxes."

CONTENT

This section will only briefly touch on the issue of sales taxes. As there is pending legislation at several levels of government, professional tax and legal advice should be sought when a website is ready for launch.

OBJECTIVES

At the conclusion of this section, students will have an understanding of:
- what are sales taxes and how are they charged in the state of Wisconsin.
- what are import duties and export duties and how do they apply to web site sales.
- why the current system is difficult to manage.

Lesson 1 How are sales taxed in Wisconsin?

In the state of Wisconsin, we are used to paying a "sales tax" on most merchandise. The sales tax goes into the state's general revenue fund and gets used to fund such things as roads, schools, salaries of state employees, and yes -- even the pay for legislators.

Wisconsin is a state that charges a sales tax. Several states do not. Wisconsin also has varying levels of sales tax, based on what county you live in and which city you live in. For instance, residents of Milwaukee pay a 5% state sales tax, a ½ percent Milwaukee county sales tax, and a ½ percent sales tax on top of that -- called the "stadium tax" (a temporary increase in the sales taxes to cover the expense of the new Milwaukee stadium). In Menomonie, residents do not have to pay the "stadium tax" and pay a ½% Dunn County sales tax instead of the Milwaukee County sales tax.

The tax law for the state of Wisconsin states that no matter where your business is located, if you sell any products or services to Wisconsin residents (or businesses), you must charge the sales tax rates where the customer "receives" the merchandise. So, if you sell an item in your own store -- you charge your local county and municipal sales taxes, however, if you ship that same item to another city -- you must separately charge (and keep track of) the sales tax due to that county.

What is more, is that if you are a business outside of the state of Wisconsin, but you have "significant sales" within the state of Wisconsin, you are required to collect and keep track of sales taxes on all purchases by Wisconsin customers.

What is more, not all items are taxable. Each month the State of Wisconsin Revenue Department sends out fliers to Wisconsin businesses describing new tax-court rulings and administrative regulations. These fliers explain the affects of the new laws and rules and how they affect what new items and services are to be taxed and what new items and services have been made exempt from taxes. The following is just an example of how complicated this process can be. A grocery store that has a deli does not charge sales tax on a 1 pint carton of milk that is sold at the check-out aisle, however it must charge sales tax on the same pint of milk if it is poured into a glass in the deli. Why? Because grocery items are considered non-taxable while prepared food is considered taxable.

However, Wisconsin is only one state that charges sales tax. There are many states that also charge sales taxes, and likewise many counties and municipalities within those states that also have their own additional sales taxes. And just like Wisconsin, each state has its own rules and regulations about what is taxed and what is not taxed, and what rate tax rates are for various items in various districts.

> **SUGGESTED ASSIGNMENTS:**
> Class discussion of why it would be difficult for a business to sell merchandise, with the discussion limited solely on the requirement to collect sales taxes.

Lesson 2 What are import duties and export duties, and how do they apply to sales over the internet?

As if local and state taxes weren't complicated enough, if you ship items out of the country, you must also deal with import duties and export duties. As a means of balancing trade with other countries, the United States and its trading neighbors design special sets of taxes called "duties." For instance, in the 1970s and 1980s, we had special "duties" or taxes on textiles entering our country. While domestic fabric mills were laying off workers and some facing bankruptcy, other countries were shipping their fabrics into our country at prices that far undercut those of our domestic producers. To try to help save the fabric industries of this country, the United States government put a tax on all foreign milled fabric which arrived in the United States -- to try to raise the "cost" of buying the foreign fabric closer to the cost of purchasing the domestic fabric.

Also, governments can put export duties on products, as well as trade restrictions. For instance, the current federal administration is trying to limit software which encrypts information from being sold and marketed abroad. The rationale is that such software is dangerous to our national security because it allows other governments to "hide information" that our government may want to try to obtain. For that reason, there are now restrictions that software for export cannot contain any sophisticated encryption technology.

Because a sales transaction to an overseas customer involves the laws of two countries, a business selling goods to international customers needs to be familiar with the laws and regulations of both countries. In a single transaction -- a piece of merchandise might be subject to both import and export duties.

> **SUGGESTED ASSIGNMENTS:**
> Research the website of the Federal Trade Commission to find information on at least two types of merchandise that have trading restrictions or import or export duties. Report your findings in class discussions.

Lesson 3 Why is the current system difficult to manage?

It should be easy to recognize that just the process of keeping track of sales taxes within the state of Wisconsin is a major effort. Not only does every county have its own unique tax rate, but the amount of taxes paid by customers from each separate county must be kept track of -- so that the state can correctly allocate the county taxes to each appropriate county.

Multiply that administrative task by at least 50, for all of the different states and all of their corresponding county and municipal tax-districts. That does not even include the work required to learn and understand the various rules on what is taxable and what is not taxable in each of those tax-jurisdictions. In addition, businesses shipping products overseas must make themselves aware of the thousands of regulations and restrictions on imports and exports.

This is one of the reasons that business leaders and federal legislators are trying to make all internet sales exempt from all sales taxes. On the surface, this seems like a simple and fair solution. However, this will likely be a long and drawn out fight.

Local retail stores will argue (and rightly so) that it is unfair to make them charge a customer a sales tax when a "web store" in the next building can sell the same merchandise to the customer without having to charge a sales tax. If the price for the merchandise is the same and the service level is the same, simple economics will show that the consumer will purchase from the merchant who doesn't charge the added tax.

Also many state governments (which receive a large share of their budget from sales taxes) object on the basis that an exemption of internet purchases from sales taxes will require the states to raise income and property taxes to make up for the lost revenue.

Even civil rights organizations are joining the debate against a tax-free internet. They argue that it is mainly the upper income and affluent college-educated white classes that will benefit from this tax exemption. Only those who have easy access to the computers and credit cards required for online shopping will benefit from the exemption. Their argument can also be interpreted as the non-white and non-affluent segments of the population actually being "penalized" by having to pay the extra tax because they do not own computers and credit cards.

> **SUGGESTED ASSIGNMENTS:**
> Class discussion about taxing sales on the internet, and if there might be other, easier to implement solutions to compromise between the needs of local governments, merchants, and consumers.

EVALUATIONS

1. Describe how sales taxes in Wisconsin can differ from city to city.
2. Explain the reasons for import and export duties, and describe one example of a duty currently in place.
3. Explain why the current system of taxing internet sales is difficult to manage, and in your own words, provide a possible solution to help reduce this management burden.

UNIT 6 Building the Site "You need a good foundation!"

Domain name choice
Type and size of site
Security issues
Managing growth
On-line advertising
The killer application

There are many different ways that websites can be designed and implemented. This unit examines the most major decisions and analyzes a few possible options and recommendations for making these decisions.

Ultimately a website, just as a business, becomes a dynamic and never-ending process of idea, implementation, evaluation, and analysis of results, which creates even more ideas.

Section 1 DOMAIN NAME CHOICE
"Who are you, and what do you want?"

CONTENT

Perhaps the most important decision an internet based company will face is choosing the "right" domain name. An easy to remember, easy to spell, and descriptive domain name will make it easy for users to find and use your new site. A poorly chosen name can translate into very low viewer-ship and confusion by potential customers. This section will examine some factors to consider when selecting a name.

OBJECTIVES

At the conclusion of this section, students will have an understanding of:
- why so many domain names are misspelled.
- how to check if a domain name is already taken.
- the three "S's" (short, snappy, simple) of domain name choice.
- reasons to register multiple names or multiple versions of the same name.

Lesson 1 Why can't people learn to spell?

Common words and strings of common words cannot be trademarked. That is one of the reasons why so many brand names are misspelled or spelled phonetically. If you are going to be investing in developing an internet business site, it is wise to choose a name that can be registered for trademark protection. Right now, there is a rush to register common words that have an "e" prefix (for electronic) or an "i" prefix (for internet). Some examples already register are eBay.com, eHost.com, iMail.com, eGarage.com and iHome.com.

> **SUGGESTED ASSIGNMENTS:**
> While surfing the internet, pick a subject matter that interests you and find a list of at least ten sites which use misspelled words as part of the domain name. Out of this list, indicate any which have the trademark symbol ™ on the site, indicated a trademarked name.

Lesson 2 How to find if your name is already taken

It would seem easy. All you would have to do is type in the name you want to check into the web browser URL window, and if a site doesn't "pop up" -- the name is free. Unfortunately its not that easy. There are cybersquatters out there. What are "cybersquatters?" People who have registered hundreds of domain names hoping to resell the to other companies and individuals. They registered the name, but haven't put up any "site" that the name is attached to. You may think that "GoPackersGo.com" would be available if a web page doesn't load -- however, there may be a cybersquatter just waiting to sell the domain name rights to some rich packer fan.

The real way to check whether a domain name is available is by logging on to the Network Solutions website and checking the name on one of their registration search engines. If the name has been registered, you can even find out who registered the site and when.

Prior to mid 1999, Network Solutions, Inc. was the "official" name registrar for all websites hosted in the United States containing the first-level extensions of .COM, .NET, and .EDU. Now there are at least 20 other companies that have been authorized to register domain names.

If you really want to be called GoPackersGo and the .COM is already taken, you might try registering it at a .NET or a .EDU, or one of the new extensions (.BIZ, .GO, .HOME, etc.).

> **SUGGESTED ASSIGNMENTS:**
> Think up ten 3 letter combinations (such as "AAA" or "ABC"). Then log on to the Network Solutions site and check each combination to see if it is registered as a .COM, a .NET, or a .EDU. When checking -- also determine whether the same company registered their letter combination under multiple extensions.

Lesson 3 The three S's to choosing a domain name

A domain name must be easy to remember, easy to type (without misspelling), and somewhat descriptive of the business product or service (or business name itself). A quick way to remember this is the three S's, which is short, snappy, and simple.

Short -- Picking a short domain name is important because it makes it easier for the user to write down (if heard on the television or radio) and it makes it easier to type into the web browser. The domain *USTraders.com* is a lot easier to type (and remember) than *UnitedStatesTradingAndExchangeCompany.com*. Since a company's domain name will likely get printed everywhere that the company's phone number appears -- having a short name also makes it easier to "fit" the URL on the side of vehicles and on the edges of pens and pencils.

Snappy -- In the above example, a shorter domain name might have been the acronym *USTAEC.com*, however that lacks any "snap" and appeal. A domain name should be descriptive of the business and interesting as well. For instance, a site selling dry-cleaning and clothing repair services might pick the name *eHamper.com* -- because dirty clothes are normally placed in a hamper. Not only is the name short, but it is also descriptive and has some "zing" to it.

Simple - again, using the example of the dry cleaning service, *eHamper.com* is a lot simpler than *eCleanAndDry.com*. While both names are relatively short and descriptive, the "one-word" domain name is much easier to remember (for instance, people won't mistakenly type in *eDryClean.com or eDryAndClean.com).*

> **SUGGESTED ASSIGNMENTS:**
> Pick out a list of ten possible names for your website. Create names that fit the three S's. Then check to see if the names are already registered, and if they are - who has registered them (company name or individual name only).

Lesson 4 Reasons for multiple registrations

If you figure out a really good domain name, you don't want some competitor stealing business away or "riding on your coattails" by registering the same name under a different domain extension. That is why it might be very wise once a name is selected (that isn't already registered under any of the main domain extensions) to register it under all the extensions (.COM, .EDU, .NET, .BIZ, etc.). This protects your investment by preventing someone from registering a similar domain name to one that you are running and promoting. If you have registered trademarks for your products and services, you may also feel the need to register domains for those "names" as well. For instance Ford Motor Company (www.ford.com)

also has registered volvocars.com, mazdausa.com, lincolnvehicles.com, fordvehicles.com, mercuryvehicles.com, jaguar.com, and astonmartin.com for its various brands.

SUGGESTED ASSIGNMENTS:
Look up the domain names of three large corporations of your choice. Try to determine what other domains they have ownership of (listings other extensions or links on their sites leading to URLs bearing their brand trademarks). Report your findings in a one to three page paper.

EVALUATIONS

1. Explain the reason for purposely misspelling a word that you want to register as a domain name.
2. Explain one method you can use to determine if a particular domain name has already been registered.
3. What are the three S's of selecting a domain name, and explain what each S means.
4. Explain why a company may want to register its domain name under several different extensions.

Section 2 TYPE AND SIZE OF SITE
"Mom and pop or megagiant?"

CONTENT

After the selection of a domain name, the next most important decision to make is the size of and type of site. The style and organization of a site will depend upon these choices. Because websites can be scaled to virtually any size, the choice for size and type of size is largely a marketing issue rather than a computer implementation one. This section will cover some basic considerations of determining what the "look and feel" of the website will be.

OBJECTIVES

At the conclusion of this section, students will have an understanding of:
- advantages of looking like a small company.
- advantages of looking like a large company.
- how product and service mix affect the site type.
- why planning and testing is key.

Lesson 1 Advantages of looking small

It is not always an advantage to be a large company or even to look like a large company. Customers sometimes will search out smaller looking companies for several reasons, including
1) smaller companies tend to react faster to customer needs.
2) smaller companies are more accountable and provide better customer service.
3) smaller companies have smaller overhead expenses, and can offer discounted prices.
4) smaller companies can specifically tailor products and services to customer needs.
5) people like to "root" for the underdog taking on a corporate giant.

> **SUGGESTED ASSIGNMENTS:**
> Class discussions -- what other reasons do people have for buying from smaller merchants (for instance, going to a local optometrist instead of a national eyeglass chain)? Come up with an additional list of reasons and factors for people buying from "small" companies.

Lesson 2 Advantages of looking large

In some cases, customers prefer to do business with a large company. Customers may search out a larger company or supplier for several reasons, including
1) larger companies are better able to meet instant demands for large numbers of products or high volumes of service.
2) larger companies are more stable and secure, meaning that they can back up their products and services over time.
3) larger companies produce products that are more common to users, which means less need for training.
4) larger companies have bigger distribution networks, often having authorized dealers in most major cities.
5) larger companies are more familiar to customers and have already "earned the trust" of the consumer.
6) larger companies have a wider selection of products and services to choose from.
7) people like to "back a winner."

Class discussions -- what other reasons do people have for buying from larger merchants (for instance, ordering office supplies online as opposed to purchasing them at the local stationary store). Come up with an additional list of reasons and factors for people buying from "small" companies.

Lesson 3 How do product and service mix affect site type?

As discussed in a previous section, there are four main ways that an internet site can be organized, which are brochure, catalog, store, and mall. The number and types of products and services offered will have a direct bearing on which organization is best suited for the company's website.

BROCHURE SITES - are best suited for professionals who offer some type of service (doctors, lawyers, accountants, etc.) or for businesses which provide custom manufacturing or large ticket items (custom built houses, manufacturing prototype shops, airplane manufacturers). The brochure site provides basic information about the company, the products, and services, but does not usually break down into specific pricing for specific types of work.

CATALOG SITES - are best suited for products and services that are easy to "price" but which are higher ticket items (over $500) which require additional personal sales and service. Catalog sites are especially useful for larger ticket items or those items that are bought in bulk lots. Catalog sites typically only carry information on purchasing the products or service the business itself creates. Some example businesses that would be appropriate for catalog sites include manufacturers of construction equipment, wedding and portrait photographers, professional artists and art galleries, and manufacturers of hardware fasteners sold in bulk. The catalog site provides specific pricing information, but orders are not taken on-line, but rather through mail in or phone in orders. Also, additional customer support is normally provided off-line rather than online.

STORE SITES - are best suited for products and services that are easy to ship, easy to set up, easy to use, and are "smaller ticket" items (products under $500 each). Store sites typically limit their goods and services to that created by the company itself, and online store sites are complementary to existing retail locations and outlets. The main feature of the store site is the ability for customers to complete the entire ordering process online.

MALL SITES - are best suited when a company wants to market its products and services along with the products and services of other companies. Mall sites may suggest complimentary merchandise (if you buy a book on outdoor wildlife photography, the site might suggest other nature photography and wildlife books for purchase) as well as provide a range of activities for users to do while visiting the site. The two main features of the mall site are selling merchandise from a wide range of vendors and the marketing of and advertising of other (sometimes competing) companies within the website. A portion of the mall's income comes from sales, but another part of the income comes from the sale of advertising on its site.

Class discussion regarding how web site "size" (smaller / larger) is tied to web site type (brochure, catalog, store, mall). What combinations of size and type would not make sense to customers? Why?

Lesson 4 Why is planning and testing important?

First impressions to users are incredibly important in establishing the type of "public image" you want your company to have. The wrong first-impression can taint future efforts to expand or change the direction of the business. For instance, eBay online auctions established itself as a "bargain hunter's paradise," which may be the reason why it has faced disappointing results with its new efforts to sell high priced art and valuable antiques.

Also, launching a site (developing the website as well as advertising and promoting it) is an extremely expensive process. Before a lot of "good money" is wasted on a "bad idea" -- it is important to carefully plan out the long term goals of the site and to run the site proposals past "test groups / focus groups" for corrective feedback.

This planning and testing process does not stop once the web site launches. In fact, that is just the beginning. As users interact with the site, the company will have more and better data in order to refine or change its plans and focus. As this occurs, again, testing of these changes is important so that money is not spent on "fixing something that isn't broken."

> **SUGGESTED ASSIGNMENTS:**
> Class discussion. After planning and testing, what are the next three steps in this cycle?
> (implementing changes, measuring results, interpreting results)

EVALUATIONS

1. Explain three reasons why an internet business would want to look like a small company.
2. Explain four reasons why an internet business would want to look like a large company.
3. Explain why "apparent size" and site type are related.
4. Name and define the four types of internet sites.
5. Explain why the careful planning and testing of a website is vital before launch.

Section 3 SECURITY ISSUES
"Home, safe, homepage!"

CONTENT

As already discussed in other sections, there are many different security concerns with electronic communication, and there are also many ways to help address security risks. This section will briefly cover the three major areas of security that a web developer must consider when designing a website.

OBJECTIVES

At the conclusion of this section, students will have an understanding of:
- the need for internal security protocols and procedures.
- the need for data security protocols and procedures.
- the need for disclosure protocols and procedures.
- the need for external security protocols and procedures.

Lesson 1 The need for internal security protocols and procedures

As presented earlier, some of the greatest risks to computer equipment and data come for employees themselves. Whether through accidental or deliberate actions, employees are much more likely to cause damage to a website or network system because they have access to it. Something as simple as spilling a cup of coffee into a network server can knock a website offline for days, if not weeks.

Internal security protocols and procedures should specify the methods and steps needed to:
- physically protect the equipment from accidental damage, vandalism, and natural disasters
- identify and spell out procedures to safeguard equipment and data, including methods for backing up and restoring data, and schedules of routine and preventative maintenance
- identify a chain of command, as well as specify which job positions will have access to what limited types of data
- identify the proper methods and uses of passwords, software security programs, and hardware security measures.
- document disaster and contingency plans to handle possible security breaches or system failures
- provide employee policies regarding computer use and how to report witnessed abuses

> **SUGGESTED ASSIGNMENT QUESTIONS:**
> Briefly explain why having written policies for employees is a necessary component of a set of security procedures.
>
> Why is it important to have data back-ups done in a consistent manner at the same time each day?
>
> **SUGGESTED ASSIGNMENTS:**
> Think of a scenario that would not have been covered by the protocols mentioned above in which an employee might accidentally damage the website or computer network. After describing the scenario in writing, go on to write a policy statement that could be included in the security protocols which would have addressed the problem.

Lesson 2 The need for data security protocols and procedures

They key to data security is to limit unauthorized and unnecessary access to the data. Each department should be limited to view only those parts of the databases and network systems that they need to perform their job functions. Additionally, it is important to be vigilant about keeping passwords and access lists up to date. As soon as an employee quits or is terminated, his/her access rights to the system should be removed. It is also important to specify how and where database records that are printed out on hardcopy should be used and kept, and the procedures for destroying such documents once their useful life has expired. Measures should be put in place to monitor accesses to servers and databases, both from internal as well as external sources, and these access records should be routinely monitored to detect suspicious activity. Finally, security protocols and procedures should be written down and rationales for them should be explained in training manuals which are presented to employees when they are first hired. It needs to be stressed that the company considers its customer, financial, programming codes, and other computer information to be trade-secrets and highly valuable, and that any misuse or unauthorized distribution of such information will result in criminal prosecution. These materials should also give specific instructions on what to do if an employee witnesses another employee's misuse of company equipment or information.

> **SUGGESTED ASSIGNMENTS:**
> In a two to three page paper, write a sample statement for employees which helps explain why a company's customer, inventory, and financial data is valuable and needs to be protected.

Lesson 3 The need for disclosure protocols and procedures

When customer information is being gathered and used, or when online user "movements" are being tracked or analyzed, it is important to disclose to users what is being collected, why it is needs to be collected, how the information will be used, and how the information will be protected.

Whenever possible, the user should be given choices to allow or disallow any use of the information outside the bounds of actually completing an ordering transaction. If a business plans to send customers e-mail "sales alerts," it should first ask permission to do so. If a company plans to market customer data as "mailing lists" to other companies, it definitely should first ask permission to do so.

Additionally, customers need to be notified of any usage policies the business has for the site. For instance, if users are given free services as part of being a customer, such as free e-mail accounts, customers should have to digitally "sign" an agreement on the limits of that service. For instance, users should agree not to send "spam" messages through the system, and agree that any e-mail sent through the system have fully visible and accurate message header information. Similarly, if users are given free "home pages" through the system, a clear set of policies should describe what is and what is not acceptable content for those websites.

If the business is selling online services, users should have to digitally "sign" user agreements which stipulate and limit use of the system. For instance, if the service relies on usernames and passwords to access and use the system, the customers should be told that they will be prosecuted if they distribute or share their login information with others. To reinforce this point, users should be warned that all log-ins are tracked -- and any user trying to initial "multiple" logins at the same time will immediately have their account suspended without refund.

SUGGESTED ASSIGNMENTS:
Class discussion about user policies and disclosures, and why a company can't simply "kick a user off" without having some type of rules and policies in place.

Lesson 4 The need for external security protocols and procedures

Competitors and hackers may attempt to violate the security of a website or a business' database systems. In an effort to stem off such attacks, it is important that the network and MIS departments have clear protocols and procedures in place as well as definite contingency management plans to enact in case of a breach. This information should be strictly kept secret and divulged only to top management and those involved in protecting the database and website servers. The fewer employees that know the "setup" -- the less chance there is for outsiders to "learn" what the setups are.

In addition to proxy servers and firewalls, a regiment of monitoring accesses to various databases and CGI scripts should be carried out. Any errors or failed attempts to access data should be investigated immediately, as it might mean that a hack-in attempt is underway. Since illegal access and unauthorized entry into computer systems in now a federal crime, if a "hacking" has taken place, the Federal Bureau of Investigations should immediately be contacted with as much data as the MIS department can provide.

SUGGESTED ASSIGNMENTS:
Class discussion of what types of contingency plans and strategies might be appropriate if a hacking attempt is detected.

EVALUATIONS

1. Explain the needs for internal security protocols and procedures.
2. Explain the needs for data security protocols and procedures.
3. Explain the needs for disclosure of protocols and procedures to customers and users.
4. Explain the needs for external security protocols and procedures.

Section 4 MANAGING GROWTH
"Grow or die OR Grow and die!"

CONTENT
Everyone hopes that their site will be successful, but what about a site becoming too successful. If you are selling custom made fishing flies -- getting 20 orders a week is manageable, but what about 200,000 orders a week? If you can't keep pace with customer orders, customers will get disgusted and your business will quickly earn a bad reputation. This section briefly covers some strategies to manage growth.

OBJECTIVES
At the conclusion of this section, students will have an understanding of:
- how restricting initials delivery areas and then slowly expanding them controls growth.
- how pricing controls growth.
- how "auctions" can control growth.
- how "purchase policies" can control growth.

Lesson 1 Restricted delivery areas
Most new internet based service companies start out by limiting their "service area" to their city of operation. This makes sense, because a photographer or accountant in Detroit probably doesn't actually want clients in Miami or Dallas. The same strategy that service businesses use can work well to control the growth of internet companies selling products online.

By restricting delivery and sales to specific cities or regions, and then by slowly expanding those areas, allows the business control over how fast or how slow the orders for their product come in. If there is high demand and the company does not want to become a "mega-corporation" -- it might be the best plan of action to simply only sell to customers in the immediate vicinity (and to clearly state so on your website pages). One method for "explaining" this is to work in the notion that products are custom created for each customer, and that this requires sales to be local only.

> **SUGGESTED ASSIGNMENTS:**
> Locate at least one company advertising its products or services on the internet which restricts it's geographical sales area. Write a one page summary describing the company, their products or services, and the geographic restrictions.

Lesson 2 Pricing strategies
Basic economics show that demand for a product drops as the product price rises. Many companies use this to their advantage when introducing new products, to test and control the rate of growth. This strategy can be especially effective for new and novel products or services. When a new idea comes out, some customers are willing to pay a "luxury" or premium price to be the "first on the block" to get the product or service. As the company grows able to handle higher demand, it can drop its prices to stimulate more demand. Digital cameras and high-tech computer equipment are good examples of how a market introduction price can be very high (several thousands of dollars) and a few years later after plant production is fully operation that the price can drop radically (to only several hundred dollars).

Lesson 3 Use of auctions for limited quantities

Sometimes, if the quantities are truly limited (for instance original artwork, where there is only "one" product of each kind), a website might use a different pricing approach and let customers "set their own price" via auctions. As explained in the last lesson, some customers will pay a high premium to get a product. For items with a truly limited quantity (moon rocks, original artwork by specific artists, 1920 Model T's in fully restored condition) the customers who are most interested in owning the items for sale can "fight it out" with one another by bidding against each other. For rare and collectible products, this will not only control "quantities" and sales, but it will help the company achieve the best possible price for those items. The downfall of course, is that auctions are very difficult to manage, and unless a specific auction is highly promoted and advertised -- the customers who are most interested in buying the items might now ever "make it to the auction."

Lesson 4 Restrictive purchasing policies

One final method to help control growth is to have very restrictive purchasing policies. By making it hard to have customers buy products -- the market and demand for the products will drop, while keeping the price relatively stable. These policies may dictate how merchandise is paid for, how merchandise is shipped or delivered, what minimum order levels are required (or conversely that no customer may order more than "x" number of units), and what type of "customer approval" process is required.

For instance, many wholesalers use ordering contracts --so that individuals cannot order directly from a wholesaler. In these contracts, the wholesaler's customer must agree to purchase a minimum amount of product during a specific timeframe (often stated per month or per year). Those that can meet the terms of the ordering contract are allowed to make purchases, and those who cannot are turned away.

Another similar strategy is to make all customers set up "accounts" subject to credit approval. While most customers and businesses have good credit, if you limit "accounts" to those who have "perfect" credit ratings, the number of potential customers quickly drops.

Similarly, some service firms state that they will only work with a limited number of customers in order to maintain high quality standards. If a new customer wants to purchases the services, they are put on a waiting list -- until another customer leaves or the company can expand to meet the increased demand.

One extremely easy method of controlling demand is by changing payment acceptance policies. If customers can only pay by certified money order, the number of customers who are willing to "go to the bank" to get a money order is likely much smaller than the normal demand for a business' products and services. Similarly, if a business wants to spur on demand, they can get a merchant credit card account so that they can accept major credit cards as payment. This "easy method" of payment may motivate some

customers to make purchases they otherwise would not (anyone owning a credit card who has done holiday shopping can attest to this).

SUGGESTED ASSIGNMENTS:
Class discussion of how restrictive purchasing policies implemented at the start of a business might have long-lasting negative consequences as the company grows.

EVALUATIONS

1. Explain how restricted delivery and service areas can control sales and therefore manage growth.
2. Explain how pricing strategies can help control growth.
3. Explain what types of merchandise would be appropriate for "auctions," and how selling via this method controls growth.
4. Explain three different types of "purchase policies" which can be used to control demand for products and services.

Section 5 ON-LINE ADVERTISING
"Cooperation"

CONTENT

It doesn't matter how good your website is, or how wonderful your product or service is, if users don't know about your website, it is not going to be successful. This section will briefly cover methods of online advertising and promotion that can be used to help launch a new website.

OBJECTIVES

At the conclusion of this section, students will have an understanding of:
- the purpose of and the importance of search engine listings.
- the benefits of link trades and web rings.
- the benefits of banner advertising.
- the proper use of forums and newsgroups in promotion and advertising.
- how to encourage online referrals.

Lesson 1 What is the purpose and importance of search engine listings?

The internet is seen as an information resource, and major search engines like *YAHOO.com* and *AltaVista.com* and *Lycos.com* are seen as the first "stepping stone" for finding the information and resources that a user desires.

The search engines help users "narrow down" from millions upon millions of web pages to those few which have the types of information that the user desires. These users are the ones who are most primed for being the first customers on your site. They already have an interest in what you are selling, and they are actively involved in the process of trying to learn more about the product or service.

However, most users of search engines are trying to find useful information, not sales pitches. Therefore submitting your "sales pitch sites" to search engines will be largely ineffective unless your business is already well known (in which case, online advertising is secondary to offline advertising issues).

Assuming that the business is not well known, it is very important for a website to have non-sales "content" for users to read, use, and evaluate. When submitting listings to search engines, *meta-tags* and document titles should talk about the type of product or service rather than the company name. For instance:
DOCUMENT TITLE: Advances and innovations in designs and construction of vinyl replacement windows.
META TAGS: vinyl windows, window casings, window systems, energy efficient, double pane, triple pane, all weather, super insulated
will likely produce many more visits to a site than the following:
DOCUMENT: Jack's Sales and Service
META TAGS: Anderson windows, BayView windows, Parco Windows

By providing clear and useful information on a website, a business can set itself up as a "credible authority" to internet users. This builds a level of trust by the customer in the company (even though the

user might not have ever seen its products or used its services). This trust can be translated into sales when the customer is "done looking" and ready to purchase.

> **SUGGESTED ASSIGNMENTS:**
> Class discussion about "what favorite sites" class members have found through search engines, and which of those sites they eventually bought products or services from. Did the amount of "content" the site have become influential in it becoming a "favorite site" and eventually lead you to make your purchases?

Lesson 2 How can link trades and web-rings be beneficial?

"Favorite links" and web-rings on websites allow users (visitors) of a website to quickly go to other "pre-approved and recommended" sites which contain similar information and content that a user is interested in viewing.

Being placed on a "favorite links" list of a very popular site can mean instant traffic to a new website. Especially useful are news sites and user groups that post daily lists of sites that users are encouraged to "check out." Getting on "recommended sites" list from a company like Ziff Davis (which is the owner of ZDNet.com and has a cable television network devoted to the use of the internet) or Time or Newsweek can mean "instant celebrity" for a new website.

Again -- in order to be someone's "favorite link," your site has to have useful and interesting content -- not just sales pitches.

Taking the "favorite links" concept one step further, many organizations and groups of websites have formed "web-rings" which is circular list of sites which all have a specific kind of content. For instance, there are web-rings devoted to certain types of hobbies, "support group" pages for certain types of diseases and afflictions, "fan pages" for certain celebrities or collectible items (Elvis memorabilia, for example), certain types of art or music, and even web-rings devoted to "hating" certain products or institutions (for example, a MacsSuck web-ring).

One strategy that a new company might take is to create their own web-ring around a particular product or service concept, and then invite other users to add their "home pages" to the web-ring. For example, a company selling a new photo editing software product might put together a set of web-pages devoted to "computer art" created with their software -- including technical information on how each artwork was created. It could then create a "computer art" web-ring, and ask other digital artists and sites dealing with creating digital artwork to join the new web-ring.

> **SUGGESTED ASSIGNMENTS:**
> Find three different web-rings from a single subject area (photography, welding, computer art, etc.). Find who the "root" user is (normally the 1st site in the list of site or otherwise mentioned in the "tag credit" on graphics for the web-ring) and visit their site. Does the site "sell something?" or are these strictly "hobbyist" pages. Write a one to two page paper outlining your findings and your observations.

Lesson 3 What is banner advertising and how can it be used effectively?

Miniature billboards are everywhere on the internet. They advertise everything from the latest automobile to services for finding your "love match."

Websites that provide a useful online service that would be hard to charge users for generally "give away" their services -- but subject the viewers to "paid adverting." In the same sense that viewers of television programs aren't charged for the "content" of the entertainment and news shows, the television networks make their money from selling advertising space to the "captive audience."

Some banner advertising is highly effective, while some is just plain silly. In order to be effective, the ads first must clearly convey the "concept" and benefits of a product or service in a "billboard message" (which generally means, with one picture about seven or less words to describe it).

Banner ads should also be "placed" effectively. People viewing a website page about "tips on better photography" probably will have no interest at all in a banner add for "Fresh Alaskan salmon." Since banner ads cost money to run, poor placement can translate into a complete waste of advertising money.

Banner ads should also have a consistent "look and feel" to them -- to make the advertiser behind the ad instantly recognizable. Successful advertising is based upon repetition of an effective message. If a company creates 50 different banner ads all promoting different products and each bearing a different "corporate design" -- the effect of "repetition" is lost. It is far more effective to figure out an "idea" which "sales pitches" the company's entire 50 product line -- and to run that single ad 50 times as often.

> **SUGGESTED ASSIGNMENTS:**
> Class discussion about banner ads. Which ones have you seen that were effective (got you to click on them) and what "emotional buttons" did they push. Also, if repetition is such an important concept, then why isn't Coca-Cola still running it's 1970s "Have a Coke and a Smile" commercials?

Lesson 4 How to promote with online forums and newsgroups

Enthusiasts and hobbyists are often the first customers in line to buy a new technical "gadget." These same customers often are members of "user groups" and newsgroups whose members share ideas, information, success stories and failures (in the form of "hey, I need some help!"). These highly focused customers are ideal to target when introducing an innovative new product or service.

However, enthusiasts and hobbyists are a customer segment that is extremely demanding and highly offended by "hidden ploys and sales pitches." Again, promotion of a product or service needs to be "content" based, providing technical specifications, innovative uses, and support information. Newsgroups and forums are especially good sources to do "test marketing" of ideas for products and services. Since these are highly sophisticated and demanding customers, they are ideal candidates to give a company advice on features and services that a new website should offer. If the website, product, or service is something that the users believes in -- this segment of customers is among the strongest for referring new business to the startup website.

Once the website has launched, it is important to provide these same forums and newsgroups "up-to-date" with announcements of new features or new information content posted on the website.

Class discussion of newsgroups and forums that class members participate on. Which members of the forum are "highly respected" businesses, and what types of news or information do they bring to the forum? What members of thought ill of, and why? Take notes to learn from successes and avoid other's mistakes.

Lesson 5 Methods of encouraging online referrals

If a customer truly loves your products or services, you need to make it easy for them to refer new business to your site and encourage them to do so.

1) CUT & PASTE - sometimes a user might want to add a link to your site from their own site (for instance, under a "favorite links" list), however, they may not be very good HTML programmers. For this reason, it makes sense to type of the programming code that they need to put on their page so that they can simply "cut and paste" the code segment from your website into their web page.

2) MAIL THIS PAGE - if a user sees content that might be of interest to one of their friends, it would be nice for them to be able to click on a link and "mail" the page URL to their friend along with short message. Having a consistent menu system allows this type of "mail to" link easy for users to find and use.

3) FREE GIFT - for users who have actually been a customer of your site, it makes sense to "reward" them for bringing in new business. Offering a discount or a free gift for each "new user signed up" or "new user purchasing products" will give the current customer incentives to encourage their friends to try the site.

4) AFFILIATE PROGRAMS - if a website has informational content related to a product or service that your business offers, it might make sense to offer the webmaster an "affiliate" program. In this type of program, the webmaster posts ads for your merchandise on his or her site. When a user clicks on the merchandise -- they are actually ordering it from your site. The webmaster receives a sales commission for each completed sale. This is a win-win-win situation.

     - Your company has greater exposure to potential customers.

     - the website hosting your ads receives revenue to help support site and its content.

     - The customer not only gets the website content for free but also has easy access to ordering merchandise they may be interested in purchasing.

SUGGESTED ASSIGNMENTS:
Class discussion -- what affiliate programs are class members aware of, and how effective are these programs for the business selling the products/services as well as the website hosting the ads.

EVALUATIONS

1. Describe the reason why people use online search engines and what types of document titles and meta-tags are likely to be more effective. Explain the term

2. Describe what web-rings are and how they can be used in the promotion of a product or service.

3. What are banner advertisements, and give two factors which affect their effectiveness.

4. Explain how forums and news groups could be utilized in promoting new websites, products, or services, as well as two examples of behaviors which will "turn-off" users of forums and newsgroups.

5. Describe three ways of encouraging online referrals.

Section 6 THE KILLER APPLICATION
"Be the first and the best!"

CONTENT

Up to this point -- you have learned information that applies to all web related and web marketed businesses. The very last step is to "brainstorm" and figure out "what" you can sell or do which customers will purchase.

Whether a company can be the "first and the best" will likely determine the success or failure of that company. Up until now, market entry has been the determining factor in market share. At this state, if you are the first -- you will become the biggest. However, there is also a demand and an expectation that the first will also remain the best. Failure to live up to that expectation may doom a company or its product or service. The same problem that faces every inventor, writer, and artist is "what to create next?"

In the same manner that class members will have to determine "what to offer" and means of evaluating "how successful" a website is, this last section is left up to the class, to set its own objectives and its own evaluation.

OBJECTIVES

At the conclusion of this unit, students will have an understanding of:
(list your objectives)

ASSIGNMENTS

(list your assignments which will help you learn the information necessary to meet your objectives)

EVALUATIONS

(list the methods you will use to evaluate if you have met the objectives stated above)

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APPENDIX B   LIST OF ACRONYMS, TERMS AND DEFINITIONS

AOL - America Online. Currently the largest provider of internet access.

Back-ups - A method of recording the information from a computer or a network to a transportable disk or tape. This allows the information to be stored off-site, and then in case of accident or disaster, allows the information to be transferred back on to the computer.

CDA - Communications Decency Act. A federal law which was overturned by the courts based on first-amendment issues. The act would have greatly limited the amount of adult oriented content that could be transmitted over the internet.

COPA - Child Online Protection Act. Called the "second CDA," this was part of the telecommunications act of 1998, and was court overturned based upon first amendment issues.

Digital Signature - used in e-mail and database access systems, this protocol uses encryption keys to validate that the apparent user and the actual user are the same.

Encryption - a method of scrambling electronic messages and data so that they cannot be used except by someone who has a valid "key."

Firewall - A computer software system which allows all network requests to be sent to an "imaginary" computer rather than a real one. This allows the commands to be evaluated for potential security violations prior to being executed by the real computer. Unlike proxy servers, firewalls have additional features which can limit the types of users as well as the types of information each particular user can access.

ISP - Internet service provider. This is the local dial-up or network provider that individual users will be connected to in accessing the internet

Home Page - the part of an internet site which is first pointed to by the Universal Resources Locator (URL)

Host - typically, the company or network which has a website (or domain files) located on it. For instance, a company in Wisconsin may have its website "hosted" on the servers and network equipment of a company in Canada or any other part of the world.

Meta-Tag - a key word or set of key words which search engines use to classify and sort websites.

Proxy Server - similar to a firewall, a proxy server is an imaginary computer to which all of the server commands are issued and evaluated. If the commands are deemed "safe" by the proxy server, they are passed on to the actual network server.

URL - Universal Resources Locator. This is the "common name" which allows browsers and internet search tools to find and view documents, pictures, audio-visual files, etc. Each unique element on the website has its own URL (or name).

APPENDIX C
BACKGROUND CONCEPTS

Background Concepts

In order to better understand the context of this research paper, it is important to understand some concepts that are related to the internet.

The internet is a system of computers that communicate with each other. In order to keep the communications orderly, the internet and it's search engines use six basic concepts. They are Servers, Domains, Packeting and Routing, Links, Message Headers, and Indexing (with Meta Tags and/or Spiders).

Servers

A server is a computer which holds information and which allows other computers and electronic devices to access its information. The Internet is nothing more than an extremely large system of computers "networked" (connected) to each other through telephone lines, data cables, and satellite transmissions. You cannot access information directly off the internet; first it must pass through your local "server," and your local computer makes a "local request" to your local server.

Domains

Domains (or Domain Names) are the common name identifiers used by the internet to locate computer servers connected to the internet. For instance, the author's domain name of "www.4arts.net" tells the internet to connect a user to a server (computer system) in Canada with a machine index number of 209.52.182.72. Domains are "nicknames" which are far easier for people to remember than the multi-digit code numbers that computers need in order to access other servers on the internet.

Domains are commonly referred to has having "levels." The "top level" is the letters and numbers located to the rightmost in the domain main. (i.e.   .com, .net, .edu). The top level

domain was originally designed to categorize the types of "sites" on the internet. Also referred to as "extensions" -- the categories of top levels of domains have become blurred. The ".com" sites were supposed to be for commercial businesses, while the ".org" was for non-profit organizations, ".net" was for computer internet providers, and ".edu" was for educational institutions and colleges. Because of the proliferation of businesses on the net, these classifications based on domain extension are no longer clear. Also, with the proliferation of the internet, new extensions have been added, including those for other countries (for instance the extension ".uk" is for companies in the United Kingdom).

The Domain name, therefore, is very important -- because it is how users will access (or get to) an internet site.

Packeting and Routing

In order for information (i.e. a computer file or picture) to travel from one computer to another, it must be broken down and given instructions on where to go, and in what order to reassemble itself. This is the concept of packeting and routing. When information is sent from the originating computer, it is broken into manageable size "pieces." Each piece is given an ID code, which includes where it is headed (it's destination) and what packet number it is. The packet number is important -- so that if the file is broken into many pieces, it can be correctly reassembled at the destination computer.

The method of passing information along the network is the concept of routing. It's similar to the children's game of telephone -- where the message passes through several machines, called routers, on the way to it's destination. However, in this "game" of telephone, the children are located in different cities and in different states. In order to "pass the information along" -- the router has to determine who is the "next closest" server or router in the path to the destination computer. It does these through the numeric codes and server addresses tacked onto each packet.

Links

Links, otherwise known as hypertext or hyperlinks, is a method for users to access other web pages quickly and easily without having to type each pages address into the browser. It also provides the user with a much more dynamic way of finding and reviewing data, based on the user's likes, dislikes, or interests.

The greatest use of links is in Search Engines like Yahoo.com, Lycos.com, Excite.com, etc. These "phone directories" of web sites allow users to quickly get to the sites and company pages that they are most interested in. Simply by clicking a link, the user is able to go to that page or graphic.

Linking is one of the reasons for the great expansion of the internet. There are many groups of web-sites that "link" their pages to other web-site pages providing related content or more information on products or services. There are even "web-rings" where individual web-sites are connected in a "circle" of links, so that users can visit each site sequentially without having to travel back and find individual links.

Message Headers

In the same fashion that information from a webpage is correctly loaded onto a user's machine using packeting and routing, e-mail uses a similar, but even more advanced system. In the situation with e-mail, traffic is much more restricted, and the e-mail for a user can only be accessed by using a matched account name and password. In order to show where the message originated from and where it is destined to go, each message contains a "message header." In addition to the "from" and "deliver to" information, the header also contains computer codes to explain to the program receiving the e-mail what type of message is arriving (whether straight text, formatted text, or text and pictures), the subject of the message, and a list of it's other recipients of the message.

One of the problems with this system of message headers is that they are easily manipulated, and therefore can be "forged" so that those receiving the information cannot tell for sure where the message originated from. Computer programmers have even come up with

programs called "remailers" which strip out the actual message header and fills in its place fictional information. This allows individuals to send almost untraceable anonymous e-mail. Two issues that this impacts on are SPAMMING and harassment, which will be discussed later.

Indexing with Meta Tags and Spiders

There are millions of web pages accessible from the internet. There are several companies who have formed "search engines" to help users find specific pages that will have the type of information they are seeking. Some of the more popular search engines are YAHOO, LYCOS, ALTAVISTA, and HOTBOT, although there are thousands of other search engines and internet indexes available.

The way that information is located for users is based upon the content of the web pages on each web site. With the exception of YAHOO (which has human editors personally view and categorize each web site on their index), most search engine sites use computer programs to categorize sites based on META TAGS and SPIDERS search sub-programs.

Spiders are computer programs which read through a web page and create a "dictionary" of the words on that page. Some of the better spiders also keep track of the number of times each word is used. That way, a page which contains only the phrase ***Wedding Photography*** would only have two words in the dictionary, and each word would have a score of 50% usage, where as a page that contained only the phrase ***Wedding, Portrait, Commercial, Boudoir, Glamour, and Modeling Photography***, would have 7 words indexed and each noun would have a 14.2% usage rating. This information is then stored in a searchable database. Then, when a user types in a "search term" to find, the search engine can go through it's database to find which sites contain the words that the user is looking for.

Because there are millions of web pages categorized in most search engines, users must learn how to "pick their words wisely." Typing in a search on "internet business" will result in millions of pages being "found" -- however, by being more specific and searching for "+Meta-

Tags +'trademark infringement' +1999" a user can more specifically find recent information on trademark infringement cases about internet pages using Meta-Tags.

In many search engines, the search results are ranked in hopes of providing the "best matches" at the top of the list. For instance, if a user types in *wedding photography*," the search engine returns a list of web sites which contain those nouns, and lists the "best matches" at the head of the list. In this case the sites with only the phrase "**Wedding Photography**" would be at the very top of the list, because they are an exact match for the search item. Other sites which don't have as "strong" of a match are listed in descending order based on their noun usage "matches."

However, on pages that have lots of words, this type of spidering does not always provide the most accurate matches for information. For instance, you probably won't find professional journal papers directly at the top of search engines. Consider a large text document on "Teaching Exceptional Children." Because the document has so many other words than the search terms of "teaching + exceptional + children," the document is likely to end up at the bottom of the list.

For this reason, the internet community has established another method of helping index engines determine the "real" content of a website. These are through meta-tags. Meta-tags are invisible computer codes on a web site page which allow the author of a web document to specify the **title** of a document, the **resource-type** (document, picture, etc.), **copyright**, **description of document**, and a list of **key words** which search engines should associate with the document. This gives the author more control to "tell" the world what the document is about. In search engines that rely on meta-tags -- the title and description of the site is usually listed along with the link to that web site.

In search engines which use meta-tags, there is much less indexing required, and usually the search results are more productive. However, since the document's creators are allowed to choose their own "key words" and document descriptions, this can lead to abuse of the search engine. For instance, the document creator can indicate key-words that have nothing to do with

their website -- just as a means of leading people to their pages. Pornography sites have done this with celebrity names, alluding to be a "fan site" when in fact the user arrives at an adult picture pay-site.