

Identification	Subject	ECON 465 Digital Economics - 3KU credits (6 ECTS)
	Department	Economics and Management
	Program	Undergraduate
	Term	Spring 2024
	Instructor	Sara Huseynova
	E-mail	huseynova.sara@khazar.org
	Classroom/hours	
Prerequisites	BSA 245 Statistics	
Language	English	
Compulsory/ Elective	Compulsory	
Textbooks and course materials	<p>1. Harald and Jan A. Audestad (2018), Digital Economics: How Information and Communication Technology is Shaping Markets, Businesses, and Innovation, Scotts 2. Belleflamme, Paul and Martin Peitz (2015), Industrial Organization: Markets and Strategies, Cambridge: Cambridge University Press, chapters 20-23. <i>(Will be provided by Instructor during Class)</i></p> <p>Additional reading (might be updated): 1.Jeffrey R. Church and Roger Ware, Industrial Organization: A Strategic Approach Free download available: http://works.bepress.com/jeffrey_church/23/ • R. Preston 2.McAfee, Tracy R. Lewis, and Donald J. Dale, Introduction to Economic Analysis Free download available: https://www.kellogg.northwestern.edu/faculty/dale/ieav21.pdf 3. Varian, H. 1997. "Versioning Information Goods". You can download it from http://people.ischool.berkeley.edu/~hal/Papers/version.pdf 4. Besen, S. and Farrell, J. 1994. "Choosing How to Compete: Strategies and Tactics in Standardization." The Journal of Economic Perspectives, Vol.8, No. 2, pp. 117-131.</p>	
Course content	<p>An increasing share of our economy is based on digital goods and services, which constitute the core of what is termed digital economy. This course will introduce the economics of the digital economy. The digital economy is characterized by transient market behavior, feedback mechanisms, international impact, many stakeholders, and technological dependence. Furthermore, the digital economy is increasingly interconnected on a global scale, transcending geographical boundaries and exerting profound impacts across international markets</p>	
Course objective	<p>The main aim is for students to understand the logic of the structures of the digital economy, i.e. understand why these structures lead to certain outcomes - such as large market power of some companies or non-monetary pricing. We will also touch upon ethical and legal aspects associated with the digital economy. Wherever adequate, we will use recent legal rulings or other recent developments and case studies as motivating or illustrating examples. Occasionally, we will also refer to behavioral insights to understand why consumers (or users) might behave differently in the digital domain as compared to the physical domain.</p>	
Learning Outcomes	<p>By the end of the course the students will be able to:</p> <ul style="list-style-type: none"> • Analytical Skills/Problem-Solving: • effectively visualize, conceptualize, articulate, • solve complex problems or address problems that do not have a clear answer, with available information, through experimentation and observation, • using microeconomic and macroeconomic theory, as well as calculus and 	

	<p>statistical tools.</p> <ul style="list-style-type: none"> • apply economic analysis to everyday problems helping them to understand events, • evaluate specific policy proposals, compare arguments with different conclusions to a specific issue or problem, • assess the role played by assumptions in arguments that reach different conclusions to a specific economic or policy problem. • develop deeper analytical, critical, and quantitative skills in specialized areas by applying economic concepts to real world situations. 		
Teaching methods	Lecture		x
	Group discussion		x
	Practice questions		x
Grading System	Methods	Date/Deadlines	Percentage (%)
	Midterm Exam	TBA	30
	Attendance		5
	Activity		5
	Presentation/ Project	15 th Week	10
	Quizzes (2)	5 th and 14 th Week	10
	Final Exam	TBA	40
	Total		100
Policy	<p>Attendance Policy 5 % of final grade will be given for class attendance. Students should attend all classes. The proof of the reason for unavoidable absence has to be provided by student. In this case, the absence will not be resulted in grade subtraction. Students should come to the classes on time. Late arrival of more than 15 minutes will be resulted in absence on the attendance sheet. In case of late arrival, a student has to inform Instructor in advance.</p> <p>Class participation in this course: 5% of the final grade will be given for class participation. It is required from students to contribute to the class discussion and actively participate in team works. The quality of contribution will be the main factor not the quantity of contribution.</p> <p>Presentation/Project: Also, in the last class students will make a presentation or a project based on the issues illustrated in Project section. Students are free to make the presentation alone or in group. In any case, they will analyze the situation according to gained knowledge. The group presentations will be evaluated as the collective work and will be graded based on the quality of the presentation as well as the content of slides. If it is a project, it will be graded individually.</p> <p>Quiz Each quiz is 5% of the final grade and will take 35 minutes. The first Quiz is planned to be held on the 5th week of the semester. The second one will be conducted on the 11th Week of the semester.</p> <p>Academic Dishonesty Students are expected to conduct themselves in a professional manner. Academic dishonesty such as plagiarism and cheating will not be tolerated. Therefore, students are expected to be honest and ethical in their academic work. Cases of academic dishonesty will be immediately reported to the Director's office for disciplinary action.</p> <p>Office Hours The instructor will be available to consult with students regarding class related</p>		

		questions regularly by appointment. Meetings with students outside office hours should be scheduled in advance by sending an e-mail to the instructor.	
Tentative Schedule			
Week	Date/Day	Topics	Textbook/Chapters
1		Introduction to the digital economy	Harald and Jan A. Audestad (2018), Digital Economics: How Information and Communication Technology is Shaping Markets, Businesses, and Innovation, Scotts, Chapter 1
2		Fundamentals of digital economics. Multi-sided platforms. Network effects and positive feedbacks	Harald and Jan A. Audestad (2018), Digital Economics: How Information and Communication Technology is Shaping Markets, Businesses, and Innovation, Scotts, Chapter 3
3		Path dependence. Lock-in and switching costs. Formation of monopolies in the digital economy .The “long tail”	Harald and Jan A. Audestad (2018), Digital Economics: How Information and Communication Technology is Shaping Markets, Businesses, and Innovation, Scotts, Chapter 3
4		Digital markets. Stakeholders and relationships in digital markets. The layered internet model. Competition, cooperation, and coopetition	Harald and Jan A. Audestad (2018), Digital Economics: How Information and Communication Technology is Shaping Markets, Businesses, and Innovation, Scotts, Chapter 5
5		Digital business, strategy, and innovation o Digital innovations (Quiz 1)	Harald and Jan A. Audestad (2018), Digital Economics: How Information and Communication Technology is Shaping Markets, Businesses, and Innovation, Scotts, Chapter 4
6		Business models of Strategic positioning	Harald and Jan A. Audestad (2018), Digital Economics: How Information and Communication Technology is Shaping Markets, Businesses, and Innovation, Scotts, Chapter 6
7		Advanced digital economics. Estimating the value of networks. Modeling of digital markets	Harald and Jan A. Audestad (2018), Digital Economics: How Information and Communication Technology is Shaping Markets, Businesses, and Innovation, Scotts, Chapter 5
8		Some legal developments. Digital Markets Act. Digital Services Act.	Harald and Jan A. Audestad (2018), Digital Economics: How

		Midterm-exam	Information and Communication Technology is Shaping Markets, Businesses, and Innovation, Scotts, Chapter 5
9		Ethical challenges in the digital economy. Challenges for society, Challenges for ethics	Harald and Jan A. Audestad (2018), Digital Economics: How Information and Communication Technology is Shaping Markets, Businesses, and Innovation, Scotts, Chapter 5
10		Economics of information.	Jeffrey R. Church and Roger Ware, Industrial Organization: A Strategic Approach Free download available: http://works.bepress.com/jeffrey_church/23/
11		Network effects	Jeffrey R. Church and Roger Ware, Industrial Organization: A Strategic Approach Free download available: http://works.bepress.com/jeffrey_church/23/
12		System competitions	Besen, S. and Farrell, J. 1994. "Choosing How to Compete: Strategies and Tactics in Standardization." The Journal of Economic Perspectives, Vol.8, No. 2, pp. 117-131.
13		Platforms	Varian, H. 1997. "Versioning Information Goods". You can download it from http://people.ischool.berkeley.edu/~hal/Papers/version.pdf
14		Versioning. (Quiz 2)	Varian, H. 1997. "Versioning Information Goods". You can download it from http://people.ischool.berkeley.edu/~hal/Papers/version.pdf
15		Course Review/ Presentation/Project	
		Final Exam	