Chapter X

Comparison-Shopping as an Emerging Channel to Increase Web Visibility for SMEs in the United States

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Abstract

This chapter introduces comparison-shopping as an emerging channel to increase Web visibility for small- and medium-sized enterprises (SME). In Section I, we analyze two business models of comparison-shopping services (CSP): the BargainFinder model and the Pricewatch model. The latter can be further differentiated as Pricewatch-classic model and Pricewatch-innovative model. Through data collected from 60 CSPs, we found Pricewatch-classic model is dominant for the time being, Pricewatch-innovative model is picking up, and the BargainFinder model is only viable in niche market. In Section II, we examined the feasibility of using comparison-shopping to increase Web visibility for SMEs. We demonstrated that comparison-shopping can increase the welfare of consumers, participating in comparison-shopping is a Nash equilibrium dominant
strategy for SMEs, and comparison-shopping has the disintermediary effect on underdeveloped economies and polarizing effect on developed economies. Overall, this chapter provides a comprehensive introduction of comparison-shopping and its potential for increasing Web visibility for SMEs.

Introduction

Online B2C e-commerce has experienced a steady increase in the United States since 2000. A recent report issued by the Department of Commerce Census Bureau\(^1\) indicates that retail e-commerce sales in the first quarter of 2004 were $15.5 billion, up 28.1% from the first quarter of 2003. E-commerce sales in the first quarter of 2004 accounted for 1.9% of total sales, compared with 1.6% of total sales for the first quarter of 2003.

The business players in this field include not only pure virtual portals like Amazon and Web fronts of established brick and mortar businesses like Wal-Mart, but also millions of small- and medium-sized enterprises (SME). Actually the latter comprise the majority of the industry.\(^2\)

For an SME to compete effectively with behemoths like Amazon or Wal-Mart, it is critical to increase its Web visibility. Previously, this approach included strategies like renting the platform from Yahoo and Amazon or using various search engine optimization techniques. In the past two years, with the increasing popularity of comparison-shopping, more and more SMEs found being listed in a comparison-shopping Web site a new cost effective way to achieve this goal. Considering the scant relevant research on this new channel, this paper gives a comprehensive introduction to comparison-shopping, analyzing the strategies an SME could employ to utilize this opportunity and discussing the potential impacts of comparison-shopping on consumers and online vendors, as well as on ecommerce in general.

The subsequent sections are arranged in the following way.

In part one, we define the concept of comparison-shopping and review the history of this service. Then we discuss the two business models adopted by comparison-shopping service providers (CSP). We used a convenient sample that contains the data collected from 60 CSPs to analyze the current trend.

In part two, we discuss how comparison-shopping could be a channel of increasing Web visibility for SMEs. We interweave the strategy and impact discussions into three levels of ecommerce architecture, namely, the individual consumer level, the online vendor level, and the global ecommerce level.

Finally, Conclusion and Future Research directions are discussed.
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