Chapter 2.11
Different Web Strategies for Different E-Marketplaces

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ABSTRACT

This chapter presents two possible models of electronic marketplaces put in place at the beginning of this century, which, after their introduction, the first incoming wave of connected economy-based paradigms was ended. Both the two models show a particular use of Web-based information technology in order to exploit their mission and represent meaningful cases of application of well-defined Web strategies. Even though, at the moment, the initially built Web sites supporting those related business have been closed and merged with other Web sites, they may introduce examples of a Web strategy approach having a relevant historical meaning that may be still redefined in practical implementations once revised and adequately updated. The mentioned cases described in this chapter are usteel.com and up2gold.com, two examples of Web-based business in two well-defined supply chains, that is, the "steel" chain and the "gold and silver" chain.

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INTRODUCTION

After the first incoming wave of the connected economy ended, investors, business managers, consultants, and specialists began to review their plans, actions, and methodologies. Many e-business models, both business-to-business (B2B) and business-to-consumer (B2C), are currently under consideration in order to assess and verify their real effectiveness (Kalakota & Whinston, 1996). The models applied so far have generally shown that, with some exceptions related to e-procurement implementations of large enterprises (Timmers, 1999), vertical marketplaces owners must look for different business paradigms in order to economically survive and to be actually able to create value to market industries chains they address (McDonald, 1997). In the following pages, two real cases are described: one trading marketplace addressing the steel industry as an example of "first wave" e-marketplace and one supply chain-like Web portal built for the Arezzo's (Italy) gold manufacturing supply chain. The first case relates to a "traditional Web strategy"-based e-marketplace with a standard approach and contents (Shapiro & Varian, 1998) and the second shows an innovative strategy and a new business model (Porter, 1985). Even though, at the moment, both of the abovementioned e-marketplaces have merged their activities and brands in other larger e-commerce initiatives, at the time they were presented (2001), they represented important and innovative examples of an e-marketplace-based business model.

BACKGROUND

As some analyst observes, "the first high-visibility Internet businesses conceived to attract significant investor attention were, at the beginning, in the business-to-consumer (B2C) relationships, providing facilities for consumers to choose and purchase goods online. It seemed logical to think, as a related consequence, a development also of B2B, based on the "buying and selling" part of the relationship between businesses.

Thus, starting in 1999, and accelerating rapidly through 2000, the focus of B2B attention was very firmly on those initiatives that seemed to be capable of exploiting information and communication technology to alter the balance of power in trading relationships. These initiatives, which covered a wide spectrum of business and technical services, gained the general title of "marketplaces," and, throughout 2000, the focus of B2B activities was on developing marketplace interaction strategies and examining procurement processes.

The focus on the transactional elements of B2B relationships will come to be seen as

an aberrant commencement to the development of the connected economy that will emerge in the 21st century. Businesses interact with other businesses in hundreds of ways. It is true that the interactions are generally intended to result in a commercial transaction. However, for many business relationships, the crucial performance-enhancing interactions take place before and after the transactions, and B2B will expand to occupy these broader horizons. (Kyte, 2001)

Business managers' and investors' expectations were very high at the end of the last century. They understood the strategic importance of B2B electronic model in particular and invested their money and their commitment, demanding rapid deployment of innovative business systems, which the IT community was increasingly hard-pressed to deliver. Many of these systems were new breed of applications, designed to change the external relations in the B2B world.

These systems work fine on the drawing board. However, actually developing externally focused applications as robust, reliable, secure systems with high availability and very high adaptability was and still currently is a challenge that only few IT specialists know how to address.

Furthermore, models of marketplaces so far implemented put the stress and focus of their business model on the transactional aspect. This model, which can act and succeed—or, better, survive—in all those case where the liquidity is reached in a sensible spell of time, does not take into account a natural evolution of electronic ecosystems where the complexity of relationships is becoming more and more vital.

However, the connected economy and B2B marketplace models with it have just started their evolution and growth, which will not be stopped; they just need some adaptation mechanism to consolidate the new paradigm.

Thus, after that, a first pioneer period went by, where marketplace models have attracted business managers and, consequently, finance

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