Chapter 11
Web 2.0:
How this is Shaping and Changing the Traditional Business Model

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ABSTRACT

With the emergence of Web 2.0, new online trends and technologies will continually emerge and play an increasingly important role in the way businesses operate. As Web 2.0 has revolutionised the internet by shifting from a published web to a user centric, user-generated web, businesses needed to understand how to change and adapt in order to benefit from these changes. This paper analyses organisations across a variety of industries, in order to determine how Web 2.0 is influencing the way companies conduct business – how they benefit, and what the advantages and disadvantages are. The authors will try to determine whether the traditional business models are changing or simply evolving through the utilisation of Web 2.0 technologies. This research contributes to the body of knowledge regarding the use of social media in commercial organisations.

INTRODUCTION

With the emergence of Web 2.0 and the way we interact through and on the internet, new online trends and technologies will continually emerge and play an increasingly important part in our lives, not to mention shape the way we work, conduct business, interact and communicate for generations to come.

Web 2.0 has revolutionised the internet, by giving the power to the user. Through this new interactive and social medium, anyone can have a voice, by sharing and expressing one's views, opinions and knowledge. Web users have been empowered through the posting of comments on a multiplicity of subjects across various web properties, message boards and blogs, to sharing and refining knowledge on community based

encyclopedias such as Wikipedia. Distances can be shortened, allowing people to keep in touch more easily and more frequently – Communicating, sharing and meeting have all become more engaging and compelling through the emergence of platforms such as Facebook, YouTube, MySpace, Flicker and Twitter.

However, the fundamental impacts of Web 2.0 have had a profound effect in all fields such as politics, business, education and culture (Wigand *et al.*, 2008). This paper will focus specifically on the implications Web 2.0 has on business and the way businesses needs to embrace this new medium in order to both survive and succeed in today's highly competitive market place.

This paper will explore both Web 2.0's concepts and dimensions, and how a business should embrace these dimensions to best correspond to the business's strategy.

The authors will also argue that more of what we do and the way we interact in the business environment is becoming increasingly more dependent on the internet. This shift to a virtual paradigm can be demonstrated through concepts such as so-called *virtual offices*; where business can be conducted over the internet and a board of directors located across six different continents can hold a meeting, with all the directors' present – Eliminating barriers such as distance, office space and time zones. This paper will in addition present the importance for a business organisation to embrace this virtual paradigm shift, brought about through the emergence of Web 2.0.

Problem Statement

The authors strongly believe that, the business organisation is moving increasingly more online thanks in part to new technologies such as Web 2.0. Through Web 2.0, new trends have emerged such as, social networking and online communities, which together play a very important role in the direction this paradigm shift is taking place – The acceptance of increased user interaction. Just as an example, last year in 2008, CNN introduced

iReport – This is where anyone can upload video or photos of current news events as they happen to the *iReport* website, in essence the user acts as the reporter. This displays one example of how even the world's largest news company is changing the way news is delivered through Web 2.0.

Although Web 2.0 has brought about with it some interesting web trends, it has also fundamentally altered the way the business organisation will function, and how it will need to adapt in tomorrow's competitive environment in order to stay competitive and ultimately survive.

Through this paper, the authors hopes to address this problem stated above by identifying the effects Web 2.0 has on today's business organisation and how it is shaping and changing the traditional business model, into a more appropriate business model, suited for the business organisation of tomorrow.

Research Questions and Expected Results

Several questions have been identified through the aforementioned problem statement. They are as follows:

- How is Web 2.0 shaping and changing the traditional business model? (Main Question)
- What are the profound effects Web 2.0 has had on business?
- What benefits does Web 2.0 present to the business organisation?
- Can a business remain competitive if it chooses not to utilise Web 2.0 in its corporate strategy?
- Does a business need a new business model or can it adapt Web 2.0 benefits in its current strategy?

The authors hope that through this academic study, these questions can be answered precisely and closely match the following alleged answers to the above stated questions:

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