

# Chapter 24

## Singapore's Online Retail Deviants: Analyzing the Rise of Blogshops' Power

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### **ABSTRACT**

*Geography, retailing, and power are institutionally bound up together. Within these, the authors situate their research in Clegg's work on power. Online shopping offers a growing challenge to the apparent hegemony of traditional physical retail stores' format. While novel e-formats appear regularly, blogshops in Singapore are enjoying astonishing success that has taken the large retailers by surprise. Even though there are well-developed theoretical frameworks for understanding the role of institutional entrepreneurs and other major stakeholders in bringing about change and innovation, much less attention has been paid to the role of unorganized, nonstrategic actors—such as blogshops—in catalyzing retail change. The authors explore how blogshops are perceived by consumers and how they challenge the power of other shopping formats. They use Principal Components Analysis to analyze results from a survey of 349 blogshops users. While the results show that blogshops stay true to traditional online shopping attributes, deviations occur on the concept of value. Furthermore, consumer power is counter intuitively found to be strongly present in the areas related to cultural ties, excitement, and search for individualist novelty (as opposed to mass-production), thereby encouraging researchers to think critically about emerging power behavior in media practices.*

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## **INTRODUCTION**

Blogshops are defined as online stores that use blogging technology and platforms such as *blogspot.com* and *livejournal.com*. Fletcher and Greenhill (2009) describe blogshops as “virtual shops that utilize hosted blogging systems.” As such, the blogshop or blog shop is an online shopper/consumer based retail business using hosting platforms (often free) to discuss, promote and sell goods. Blogshops may sell standardized mass merchandise such as clothes and accessories (blogshop as aggregator) but of more interest to us is that they also sell less common items such as handmade, personalized and customized products including one-off pieces. Blogshops tend to specialize in certain markets (type of goods and market catchment) where they reach recognition for the quality of the products sold and services offered. Examples include, at category level, organic or fair-trade products, at market level, small scale producers’ items only, and one off specialty products (often considered as real pieces of art) that also leverage collaboration between bloggers to create innovative products.

The literature stresses that flexibility and desire for distinction are critical to differentiate such services from other retail formats. Advantages include short lead-times, payment by cash on delivery (CoD) and, often, endless possibilities to personalize the items. We also recognize that some blogshops start as a swapping and exchanging platform allowing teenagers to maximize their economic and social power. An increasing number of blogshop owners monetize their passion by hawking their products (clothes, bags, shoes and other accessories) at weekend flea markets (Eisen, 2013). Blogshops have, however, evolved into the start-up of choice for many ‘would-be entrepreneurs’; not just teenagers, students but also anybody with online access. They seek to supplement their lifestyle with novel unique experiences linked to individual preferences,

tailored and often unique services and products that bypass the main retailer market orientation strategies, mass production methods and power. Consequently, both retailers (blogshop manager) and users are presented as socially active, highly interconnected, and often technically competent. As such they are homophilious to each other in terms of lifestyle, power and status leading to the flow of influence being not one way but two ways. Blogshop managers and users improve their efficiency by managing structured and unstructured information assets and business processes in a unified environment to increase collective intelligence and power compared to traditional ‘static pre-defined offered experience’ of most retail formats. Over time, individual users can develop a “folksonomy” that allows the entire blogshop to benefit from this new collective intelligence: creating a ‘blogshop level’ knowledge repository that encourages flow between the nodes in the ecosystem and propose new added values. Folksonomy is defined, in our context, as a user generated classification system using their ‘own’ lexical approach and set of practices to increase the power of the emerging retail format. Importantly, the more users participate, the easier it is to reach a critical mass and encourage potential new users to share (Wasko & Faraj, 2005). From this perspective, information is provided from a richer variety of sources based on current social experiences of the users allowing previously unknown or restricted alternatives or substitutes on a global scale to emerge shifting the traditional marketer balance of power.

In Singapore, our area of interest, LiveJournal, a popular blogging platform, reported S\$100 million worth of transactions in 2011, roughly 8% of Singapore’s total e-commerce transactions. Statistics from the LiveJournal survey also show that in Asia 10% of the blogshops make S\$2,000 per month with the highest making S\$20,000 (SupMedia, 2012). LiveJournal hosts more than 50,000 blogshops with over 480,000 users every

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