

Chapter 2

Web 2.0: Integration Model with Electronic Commerce

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ABSTRACT

In this chapter, the author takes a look at how organizations can integrate Web 2.0 technology into their current electronic commerce environment. The success of the Internet can be seen within any organization, but customers are asking for more interaction with the enterprises they do business with. In a few years, having a standard electronic commerce site will be as passé as having an information only site today. Organizations must progress to the next level in order to have a viable business model in the future. Web 2.0 provides the basic technology for creating a network of customers who are passionate about the company's product offering. This chapter reviews several different examples where organizations have added Web 2.0 to their environment and are succeeding in transforming themselves.

INTRODUCTION

Small, medium and large organizations are being transformed from an old business model built around the command and control aspects of information management to a new one where collaboration and social networking are the es-

sential components in defining a long-term business value. When researchers speak of Web 2.0 applications, they tend to focus on the technology aspects of the environment. However, the real impact of integrating Web 2.0 technologies is in the transformation of the organizational business model. The following sections of this chapter will focus on defining Web 1.0 with electronic commerce followed by a basic definition of Web

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2.0. This will then be followed by examples and discussions on the different business utilizations of Web 2.0 technology.

Background

While the web itself is about twenty years old, businesses are still implementing technology into the fabric of the business model. The background section will focus on defining the building blocks for the framework including defining the basic components of Web 1.0 which focused on the online marketing presence and the business transaction. The Web 2.0 section will focus on defining the basic building blocks of customer interactions.

Electronic Commerce Business Process Model

Generally speaking, an end user will go through a defined process while engaging in an electronic commerce environment. Teo and Yeong (2003) described the consumer business model with five steps: need recognition, information search, alternative evaluation, purchase and after purchase evaluation. Kotler (2003) proposed a framework that included the following activities in the buyer's decision process: problem identification, search, trust building, evaluation of alternatives, choice and post-purchase behavior. From these and other models, we can develop our own model with six basic steps.

1. Recognize Needs
2. Search for Available Products
3. Evaluate Product Alternatives
4. Decide and Choose a Product
5. Execute Transaction
6. Post-Purchase Activities

The process begins when a customer recognizes one's need. This need could be for a product or service or simply the recognition of a companies

offerings. The recognition phase indicates the need for brand development which focuses on marketing and communications. This is especially true with organizations that have consumer based product lines. Companies spend millions of dollars each year to get the message out to the user community of their value proposition and brand. Once the customer recognizes the need then they need to have the ability to search for the right product or service. This may include customization options and bundling several products or services together in order to deliver a more focused solution. Generally speaking, the product offering is defined as the product catalog where specific information is provided to the customers such as color, size, use and any other descriptive metadata. Once a user has found the product, they will then move into an evaluation phase where they try to determine if the product is right for them. This may include color selection, size, model or any other components that fit with the individual's life style. Many sites allow for a side by side comparison of products in order to review the different features. After evaluating products, customers then decide if a purchase is necessary. The purchase will result in a transaction which is then followed up with several support functions. Support functions might include help, online chat, documentation, quick start guides, etc.

Web 1.0 and Electronic Commerce

The term Web 1.0 emerged from the research and development of Web 2.0. Prior to this, researchers commonly referred to Web 1.0 as Electronic Commerce or E-Business. Other researchers actually separate Web 1.0, meaning online presence, from electronic commerce. In this chapter, we will use the combination definition for simplicity and clarity. Where as, web 1.0 focused on a read only web interface (plus transactions), Web 2.0 focuses on a read-write interface where value emerges from the contribution of a large volume of users.

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