

Chapter 79

From E-Commerce to V-Commerce

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ABSTRACT

This introductory chapter provides an overview of e-commerce marketing focused on history, trends and future predictions for the field – leading into the development and application of virtual worlds and v-commerce. It begins with a discussion of the transition from Web 1.0 to Web 2.0 and Web 3.0. Next is a survey of developments in marketing convergence, as businesses integrate their customer-centric online/offline marketing efforts and databases. The chapter continues with an overview of business-to-business Internet marketing, including the profit strategies businesses employ in the online world. A commentary on the evolution of browsers, portals and search engines is followed by a discussion of social networking's movement toward a money-making model. To set the stage for the chapters to come, the piece concludes with a preview of what is on the horizon for “v-commerce” – with opportunities and applications that are capturing the imagination of consumers and marketers alike.

INTRODUCTION AND BACKGROUND

In the mid-1990s, novice visitors to the World Wide Web were excited at the opportunity to visit simple sites with intuitive URLs and colorful pictures. Compared to their experience with the text-only Internet, this vibrant new Web offered more opportunities than many had ever dreamed possible. Dialing up on a regular phone line, using

their newly acquired 28.8K or 56K modems, Web users waited patiently for pages to load and could only imagine being able to watching short videos – let alone see entire movies or participate in 3D interactive adventures – on their trusty computers.

Back then, e-commerce enhancements were sorely limited by what the average well-heeled online consumer could view in a timely manner. Many Web sites were little more than Internet brochures with a rudimentary web response form for lead generation. This was Web 1.0 – a mere

DOI: 10.4018/978-1-4666-1598-4.ch079

conduit for text and images with “static sites, and initial efforts at dynamic content and interactivity” (Hoffman, 2008).

In little more than 10 years’ time, the average American web surfer advanced from a dial-up modem to a broadband connection obtained through the phone company or local cable television provider. According to an April 2009 survey, even amid a severe recession and rising costs for Internet access, 63% of adult Americans had broadband Internet connections at home, representing a 15% increase over April 2008 (Horrigan, 2009).

Broadband patrons reveled in their newfound ability to view real-time video, and to download and use robust software applications. Meanwhile, firms were developing increasingly sophisticated databases that allowed them to fulfill the long-awaited promise of true one-to-one marketing. Many of these same companies focused their attention on integrating their traditional offline efforts with their online e-commerce and customer service functions. The business-to-business e-commerce marketing model evolved right along with the consumer model, and indeed firms selling B2B far outstripped consumer marketing in terms of sales volume, even while investing about half as much in online and offline promotions (Jones, *Creative Strategy in Direct and Interactive Marketing*, 2006).

While AOL made an initial splash as the lead partner in the AOL/Time-Warner merger in early 2000, it soon found its relevancy as an Internet service provider (ISP) challenged by broadband ISPs and sophisticated browsers such as Internet Explorer and Mozilla Firefox, not to mention big-money portal/search engines like Yahoo and Google. Burgeoning social networks including MySpace, Facebook, and LinkedIn amassed audiences in the millions yet struggled to match Yahoo and Google in terms of “monetization,” or profit potential.

All of these developments took place in conjunction with the unfolding and maturation of Web 2.0. This is Web as operating system, in which

“the Web facilitates sharing and participation with a seamless connection of applications” such as geographic mapping and photo-sharing (Hoffman, 2008). In Web 2.0, individuals take charge of their Web experience by doing “mash-ups” that combine text, graphics, audio, video and animation from various sources. They might then post the results on YouTube, which allows most anyone with a Web connection, some creativity, and some time to become a published video maker.

Against the backdrop of Web 2.0 – and with the promise of the artificial intelligence of Web 3.0 on the horizon – marketers took their first toe dips into “personal virtuality” and online virtual commerce and gaming. Here are some examples.

- Lands’ End (<http://www.landsend.com>) invites customers to enter their own virtual dressing room by creating a model of their exact height, weight, build, skin/eye/hair color, face shape, eye shape, and nuances of fit. Then patrons can try on clothing items to see how they will look before ordering. Lands’ End is one of a number of e-commerce marketers using My Virtual Model™ for this application.
- Jellyvision (<http://www.jellyvision.com>), creator of “You Don’t Know Jack” and the “Who Wants to be a Millionaire” home game, provides e-commerce marketing firms with what Jellyvision calls “interactive conversations” that seem as customized and personal as a chat with a live person. As their web site explains, “Because of the massive branching structure of an Interactive Conversation, you are able to instantly engage every visitor to your site with a unique experience that is tailor-made to their individual wants, needs and desires. This visitor-specific content focuses in on exactly what it is they are seeking, and dynamically charts the most relevant path for them, toward your ultimate goal of conversion.” Jellyvision clients have in-

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