Chapter XVIII

The Changing Role of Middle-Men Infomediaries

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Abstract

Intermediaries and especially information-intensive infomediaries have been hailed as winners of the new electronic economy. The need for infomediaries arises from the reorganization of several markets as a result of the Internet. The main claim of emerging e-business companies during the hype at the turn of the millennium was shortening of the value chains. This meant bypassing middle-men with a direct contact to end-customers, in many cases, consumers. However, the millions of Web sites failed to attract customers, simply because they could not be found among all the others. The solution to this problem was the reintroduction of middle-men actors; in this case, a new type of player, the infomediary, focusing on gathering, organizing, and utilizing essential customer information. The infomediary maximizes the value of information by helping clients to locate relevant products and services based on their individual needs and wants or on their personal profiles. In this chapter, we intend to provide a typology of infomediaries, their roles, and value creation models, and demonstrate infomediary evolution by analyzing exemplary cases.
Intermediation

The intermediaries’ basic role is to improve the efficiency with which products and services move through channels to customers by reducing the transaction costs associated with bringing a product to market. Every market-related function can be handled by an exterior channel member. However, emerging network technology has and will alter the role of intermediaries, as traditional companies (i.e., computer businesses, etc.) struggle with channel conflicts and disintermediation (Doyle, 2000) when customers find it ever easier to bypass traditional mediaries by directly contacting end customers. On the other hand, in many information-intensive fields, technology encourages intermediation, and new kinds of channel members, information intermediaries, or infomediaries emerge rapidly.

But what, then, is an infomediary? The new term infomediary originally was introduced by John Hagel and Jeffrey Rayport in their 1997 article entitled, “The Coming Battle for Customer Information” in Harvard Business Review. In the consumer marketplace, infomediaries are simply agents that facilitate Internet commerce by transmitting and manipulating personal customer information, thus competing with their ability to capture, utilize, and manage data in a manner that adds value for clients, buyers, or sellers. These virtual actors appear in many forms, ranging from plain platforms, where customers can exchange goods with each other (e.g., virtual auction sites), to versatile service providers offering complex service packages, varying from custom search agents to personal customer information management and consultancy services.

Despite growing intermediation or infomediaion, literature on mediaries still lacks solid conceptual and empirical research; most articles and writings have been prepared rather as a basis for discussion (Moon, 2000). In addition, proposed infomediary categories quite often are overlapping or otherwise confusing. We are aiming to partly fill that gap by providing a typology of infomediaries, their roles, and value creation models, and then demonstrating infomediary evolution by analyzing exemplary cases.

Infomediary Dimensions

Infomediaries are best characterized by their customers and service offering, ranging from consumers (client-centric infomediary) to marketers (vendor-centric infomediary) (dimension 1), and from information platforms to complex services packages (dimension 2), as shown in Figure 1. Next, our purpose is to analyze these dimensions more specifically first by studying marketer platforms.
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