Chapter 14

Integrating Social Media into Electronic Commerce Applications

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ABSTRACT

In this chapter, the author takes a look at how organizations can integrate Social Media technology into their current electronic commerce environment. While electronic commerce technology has been around for many years, social media technology is emerging as the dominating force in commerce itself. Organizations must evolve their online environments in order to progress to the next level of service delivery. Social Media provides the basic technology for creating a network of customers who are passionate about the company’s product offering. The key here is the commitment of the customers throughout the business lifecycle. Social Media includes a variety of technologies and concepts such as social networking, weblogs, wikis, Really Simple Syndication (RSS), social tagging, mashups, information markets, and user defined content. This chapter will review several different examples where organizations have added Social Media to their environment and impact that integration is having to the entire business model.

INTRODUCTION

Organizations, of all sizes, are transforming themselves 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 essential components in defining a long-term business value. When researchers speak of Social Media applications, they tend to focus on the technology aspects of the environment. However, the real impact of integrating Social Media technologies is in the
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transformation of the organizational business model. Unfortunately, most technologies fail to deliver competitive advantages over an extended period of time. Investments in information technology, while profoundly important, are less and less likely to deliver a competitive edge to an individual company (Carr, 2003). Organizations are beginning to see that the command and control model is no longer effective at developing a customer oriented environment which opens the door for the next evolution in technologies as described by Social Media.

BACKGROUND

This section will review the early web environments and the integration of electronic commerce applications. Additionally, Social Media technologies will be reviewed in order to establish a foundation of the available technologies.

Early Web Environments and Electronic Commerce

The term Web 1.0 emerged from the research and development of Social Media. Prior to this, researchers commonly referred to Web 1.0 as Electronic Commerce or E-Business. Whereas, web 1.0 focused on a read only web interface, Social Media or Web 2.0 focuses on a read-write interface where value emerges from the contribution of a large volume of users. The Internet initially focused on the command and control of the information itself. Information was controlled by a relatively small number of resources but distributed to a large number which spawned the massive growth of the web itself. Like television before it, the web allowed for the broadcasting of information to a large number of users. Initial web sites were built simply to communicate presence or provide information on the business itself. This component includes information like marketing materials, investor relations, employment opportunities, and product information. While many organizations have succeeding in making progress toward an interactive web environment, their applications to date have still focused on an outdated Web 1.0 model, in which they take traditional offline activities and simply move them online. Most companies have taken advantage of the internet to find survey respondents, target a certain demographic or characteristic, and boost response rates – but few have taken advantage of the hallmark of Social Media: user-generated content (Freedman, Konwiser, Nielsten, & Van Ostern, 2008). Some researchers describe the integration of the business transaction as Web 1.5, indicating a separate phase of development. This altered the static information environment and transformed the web into an integral part of the business environment. The World Wide Web (WWW) was conceived at the European Particle Physics Laboratory in Switzerland. Berners-Lee, Cailliau, Luotonen, Nielsen, and Secret (1994) describe the web as “collaborative medium” which would allow information providers in remote sites to share ideas without boundaries. Most businesses have moved toward the web in order to take advantage of the capabilities of the electronic-commerce business model. Moving business functions from a traditional brick and mortar model to an electronic commerce model is not as simple as it might seem. Simply, Web 1.0 revolves around the digital enablement of transactions and processes within the organization, involving information systems under the guidance or control of the firm (Laudon & Traver, 2006). Electronic commerce describes the process of buying or selling products, services, and information via computer networks. Web 1.0 emerged as major channel for the worldwide distribution of products, services, and professional jobs. The first Electronic commerce applications were in the form of electronic fund transfers or also referred to as wire transfers (Schneider, 2002). These applications evolved to transmit information of all kinds including business transactions. The basic

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