Chapter 97

Web 2.0 and Opportunities for Entrepreneurs: How Egyptian Entrepreneurs Perceive and Exploit Web 2.0 Technologies

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ABSTRACT

The increasing value of Web 2.0 applications and their effects on consumers and organizations are frequently attracting academic and professional communities. A new set of new technologies, called Web 2.0, offers new opportunities, and blurs the boundaries between online and offline activities, opening a new era characterized by: openness, collaboration, and participation. It presents a new affordable channel for entrepreneurs in different sectors to market and build communities, and to receive a direct feedback about their products and services. Even though entrepreneurship in general and their use of Web 2.0 in particular are relatively new concepts especially in developing countries, entrepreneurship has gained a special interest in Egypt due to the success realized by some youth entrepreneurs who consider the Internet and different Web 2.0 applications as an integral aspect in their daily lives. Hence, the present chapter investigates opportunities for small businesses in the Web 2.0 era. In-depth semi-structured interviews were arranged with a number of Egyptian entrepreneurs who started their business. The research conducted revealed that Web 2.0 adoption by Egyptian entrepreneurs is affected by three main factors: age of entrepreneur, date of establishment of the company, and nature of the business: traditional or virtual. It was concluded also that Egyptian entrepreneurs are still at an early stage in using Web 2.0 since a large number of the sample used in this research are still reluctant to consider incorporating this technology in their working practice. For those already embracing Web 2.0, they limit such use on social media only without considering other applications (such as podcasts, really simple syndication, blogs, wikis, etc.), and they do not have clear objectives and strategies that govern such use. Findings of this study can provide helpful guidelines for small businesses to begin using and leveraging Web 2.0.

DOI: 10.4018/978-1-4666-3886-0.ch097
This chapter provides a valuable contribution to the field of entrepreneurship and electronic business research. Specifically, the chapter highlights the applicability of Web 2.0 in entrepreneurial activities in developing countries: an area of research yet unexplored.

INTRODUCTION

Web 2.0 is currently drawing the attention of public communities (Constantinides & Fountain, 2008; Stobbe, 2010). It has been among the topics of interest in the news media. It started when The Economist’s front page had the title “Power at Last,” publishing a special report entitled “Consumer Power.” In addition, Time Magazine selected “You” as Person of the Year in December 2006 (Constantinides & Fountain, 2008; Stobbe, 2010). Both publications were highlighting the power of Web 2.0 in providing the platform for the communication and collaboration of millions of Internet users affecting their social and professional daily lives. This is considered a revolution than the first wave of the Internet where users were recipients of multimedia content (reading, listening, observing) rather than generating it (Blinn, et al., 2009; McAfee, 2006a; O’Reilly, 2005). Since then, the interest in Web 2.0 publications is usually directed towards its customer behavioral change and on the consequent challenges encountering strategists and marketers (Urban, 2003; McKinsey, 2007).

Web 2.0 applications, referred as Social media—characterized by “participation, openness, conversation, community, and connectedness” (SpannerWorks, 2007)—have not only changed individuals and groups’ attitudes but has also transformed the balance of power in the marketplaces, shifting the power from the seller to the consumer; hence, creating a more impartial relationship among both parties (Jones, 2010). Through ‘a mouse click,’ today’s online buyer has a wide exposure to a huge information and knowledge reservoir providing unlimited options (Constantinides & Fountain, 2008).

Using Web 2.0, the perception of identity through consumption (Trentmann, 2006) is further strengthened. In this new era of technology, customers are becoming “prosumers” (Toffler, 1984; Tapscott & Williams, 2006) capable of connecting online with other peers (which they trust more than media and advertising) to form a mass response to businesses nurturing “the politics of consumption” (Jones, 2010). Such fact highlights the integral role Web 2.0 plays in the functioning and delivery of marketing and entrepreneurship (Jones, 2010). Small businesses can use social media applications that provide a cheap and convenient communication channel with customers for different marketing and sales purposes, such as creating new or improving existing products and services, providing better support to increase customer satisfaction, having access to an additional sales’ outlet, and targeting new customers (Lee, et al., 2008).

The main reason that encourages businesses to deploy Web 2.0 tools is their wide adoption by Internet users. Social media has become a habit not only by young generations but also by upper age range people. Such growing popularity with Web 2.0 over time gives a strong indication that it will gain more importance in the future (Stobbe, 2010). As Mashable Social Media (2012) reported in its latest statistics, from the 845 million Facebook active users worldwide, 68% are older than 34 years old.

Due to the benefits of Web 2.0 and its value on business strategy and marketing, many companies in the developed world adopted such technology (Constantinides & Fountain, 2008). Other businesses are reluctant to embrace Web 2.0 tools since they present a relatively new concept for