

# Web 2.0 for the CIO: Connecting with the Customer

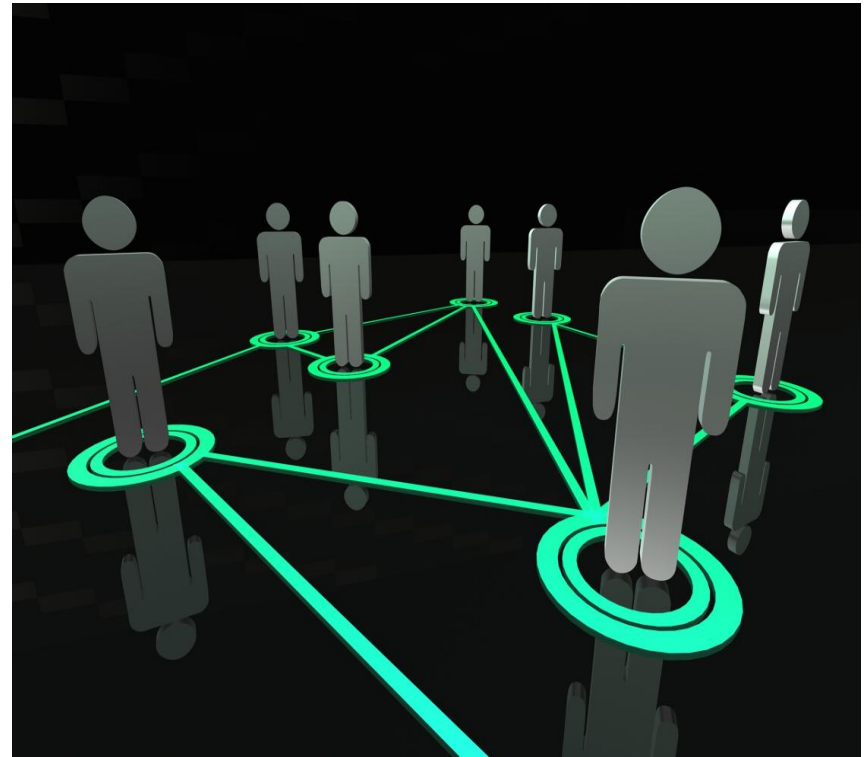
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# Outline

- Introduction
- What is Web 2.0, 3.0?
- Web 2.0 Anchor Points
- Reaching Customers via Web 2.0/Social Media
- Some Data: What are Companies, Buyers Doing?
- Summary and Conclusions
- Questions and Answers

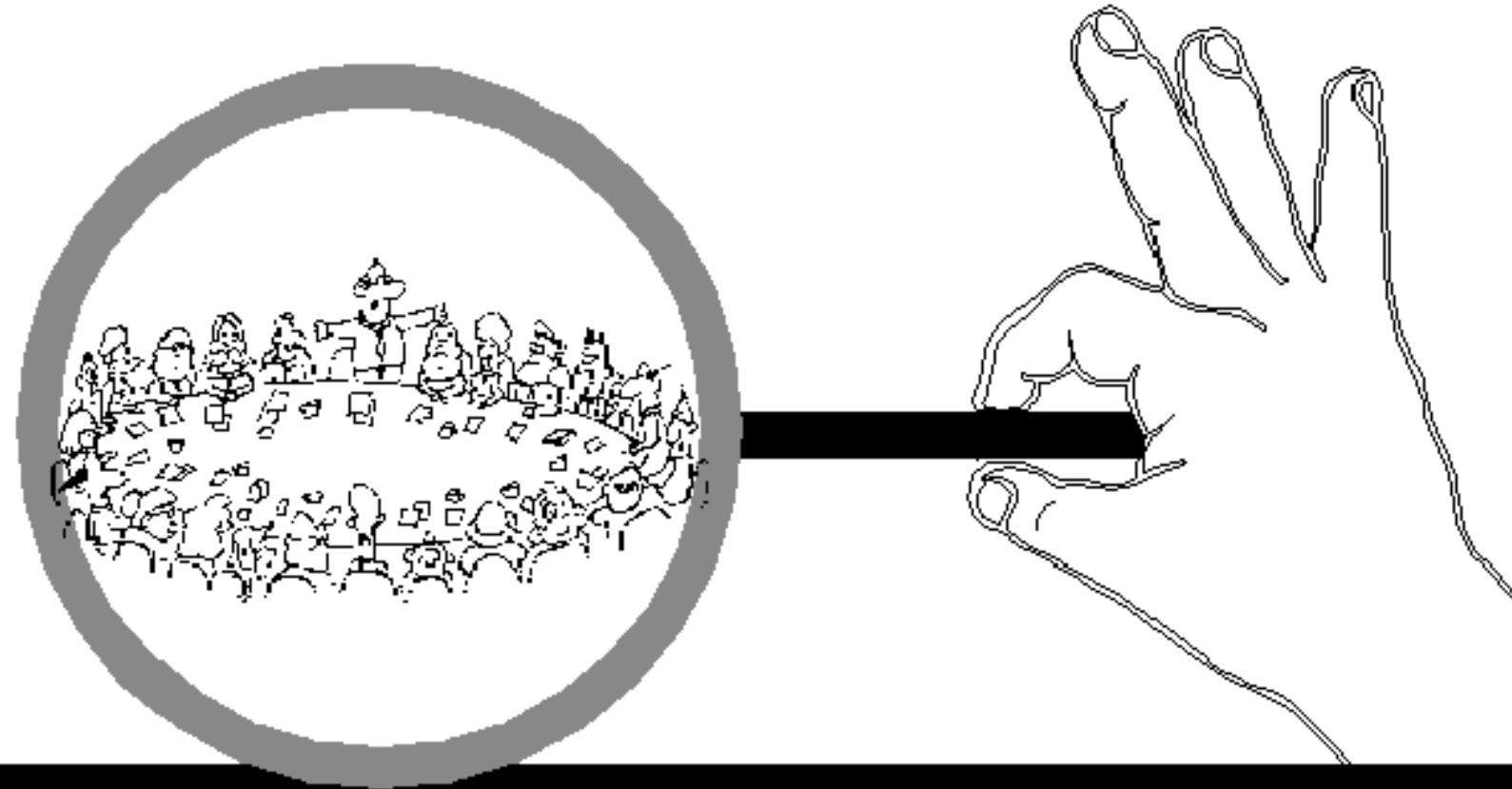


# Selected Influential Books on Social Networking and Web 2.0

Several books address in part or indirectly aspects of social networking and Web 2.0 developments, influencing our thinking along those lines:

1. **Chris Anderson's *The Long Tail***, with the author recognizing that the future of business and culture is not in big hits (the high-volume head of the traditional demand and diffusion curve) as in the past, but the endless long tail of that same curve with demand being splintered into every more media outlets.
2. **Yochai Benkler's *The Wealth of Networks: How Social Production Transforms Markets and Freedom*** addresses the restructuring and reconfiguration of power and knowledge derived from the tightly knit and complex interactions among as well as impact of business, public, nonprofit, educational and amateur media producers.
3. **Tom Malone's *The Future of Work*** addresses how such changes alter and reshape the management needs and practices of major corporations.
4. **Henry Jenkin's *Convergence Culture: Where Old and New Media Collide*** addresses this currently evolving world in which every story, image, sound, brand and relationship play themselves out across an ever-increasing number of media platforms. In this he recognizes that the flow of media content is shaped just as much by decisions made in teenagers' bedrooms as by decisions made in corporate boardrooms.
5. **David Weinberger's *Everything Is Miscellaneous: The Power of the New Disorder***. The author identifies and charts new principles of digital order that are remaking business, education, politics, science, and culture. In doing so he views these developments within a chart of a new world order (or, better, disorder).

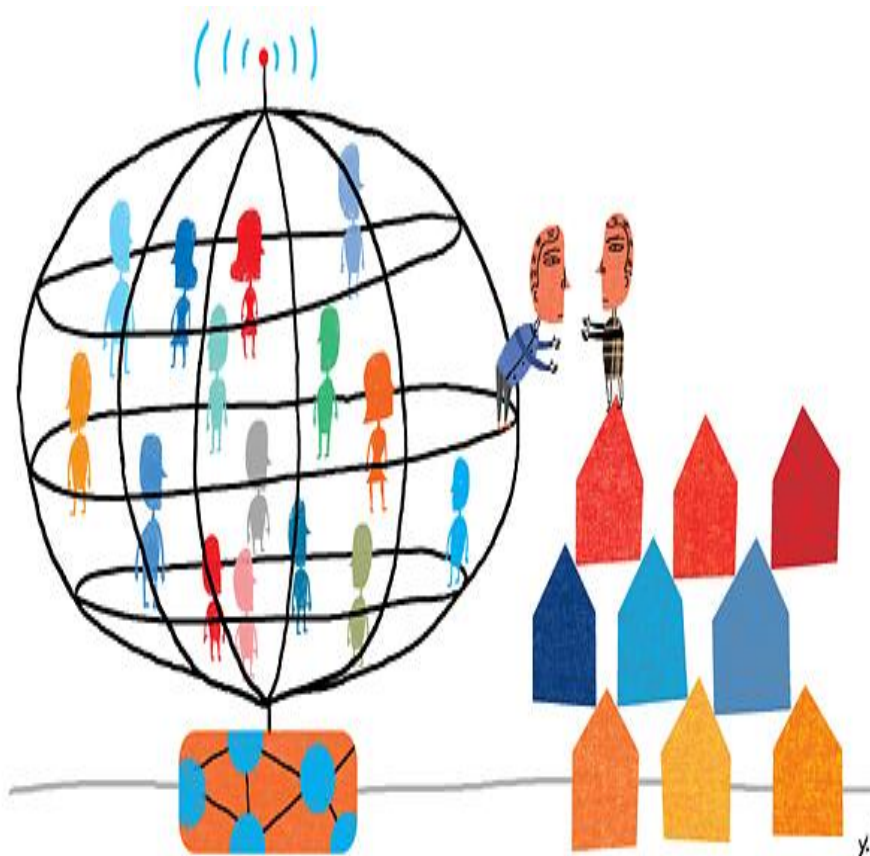
# The Study of Social Networks

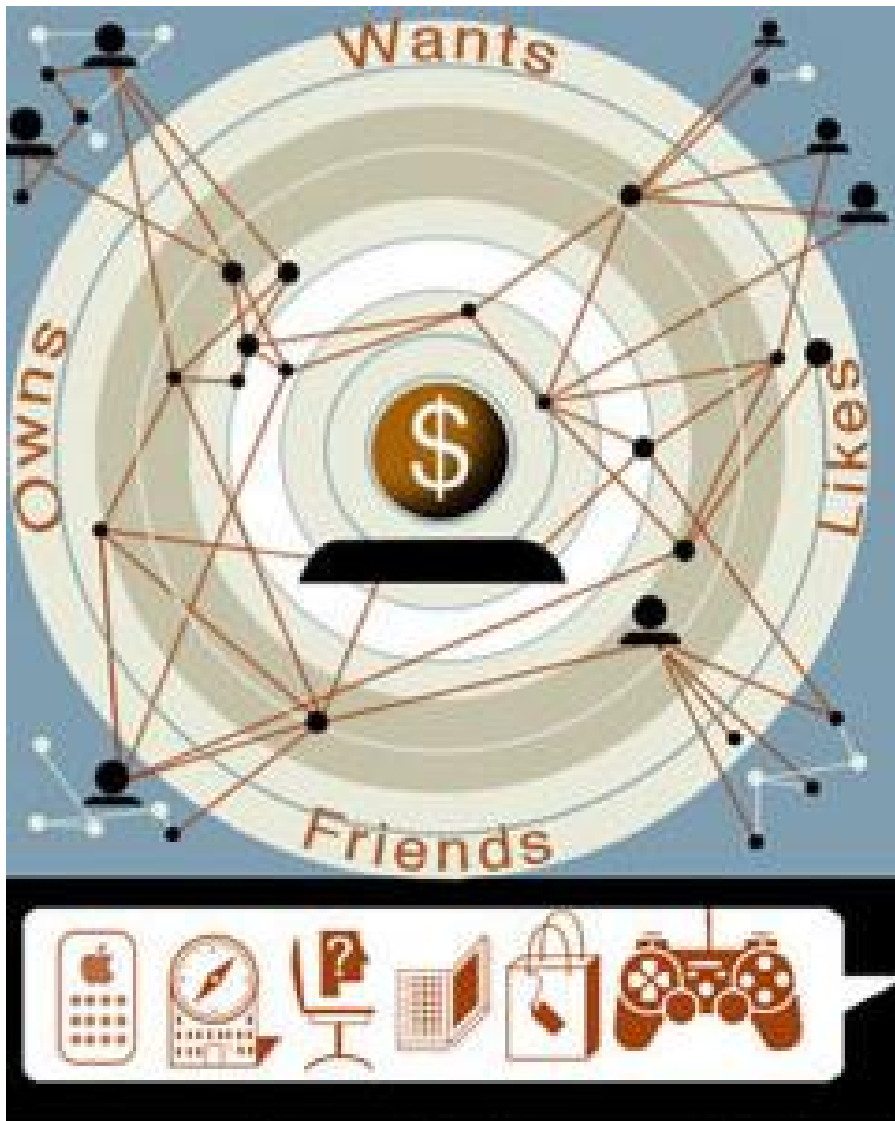


# Quantities as Properties of Relationships:

Robin Dunbar & *Dunbar's Number*: 150

Making friends is nice, but ...



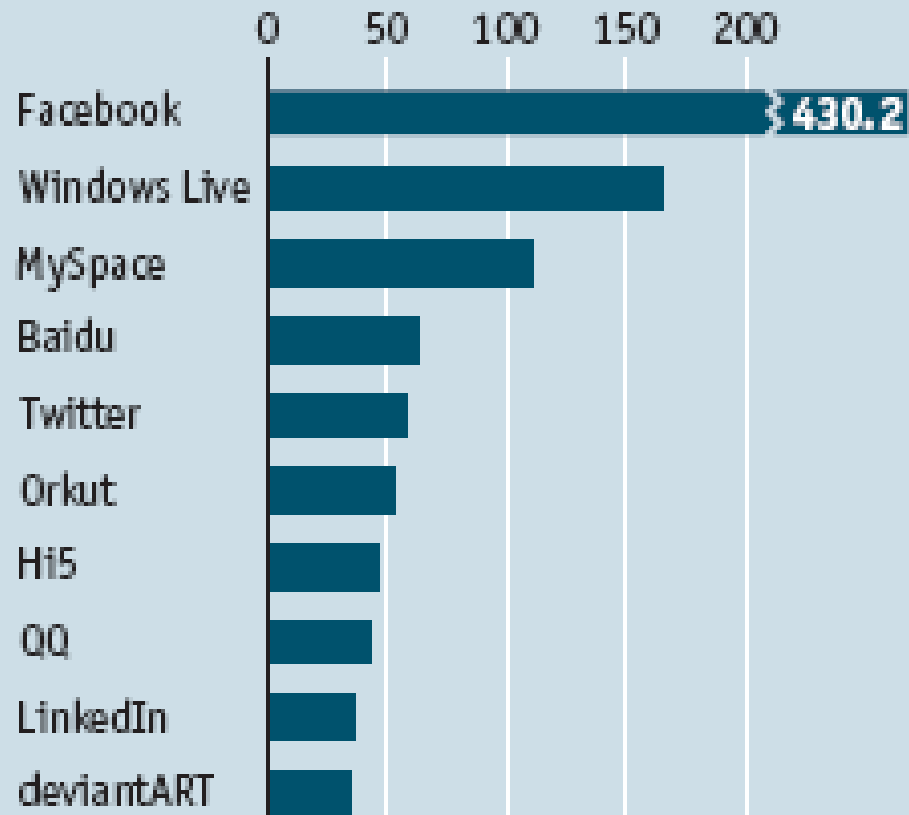


Online social networks are changing the way people communicate, work, play, and entertain themselves (and mostly for the better).

# Who will be my friend?

1

Social-networking sites, total unique visitors  
October 2009, m



Source: comScore

Source: *The Economist*, 1-30-10, p. 2

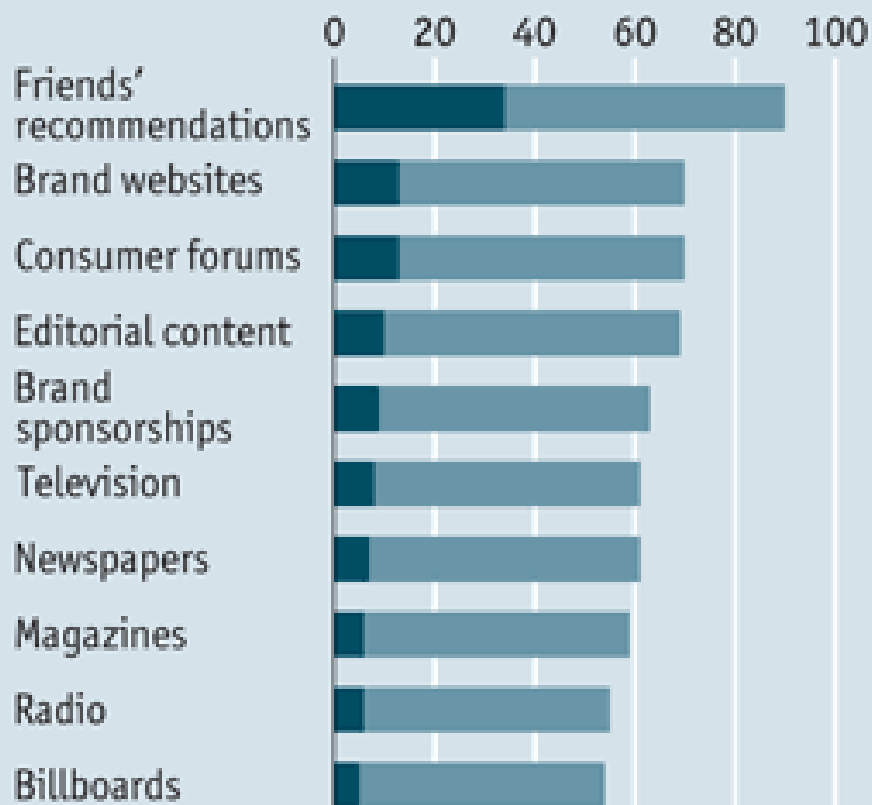
## In friends we trust

5

Global consumer trust in advertising, Q1 2009

% of respondents

Trust completely Trust somewhat



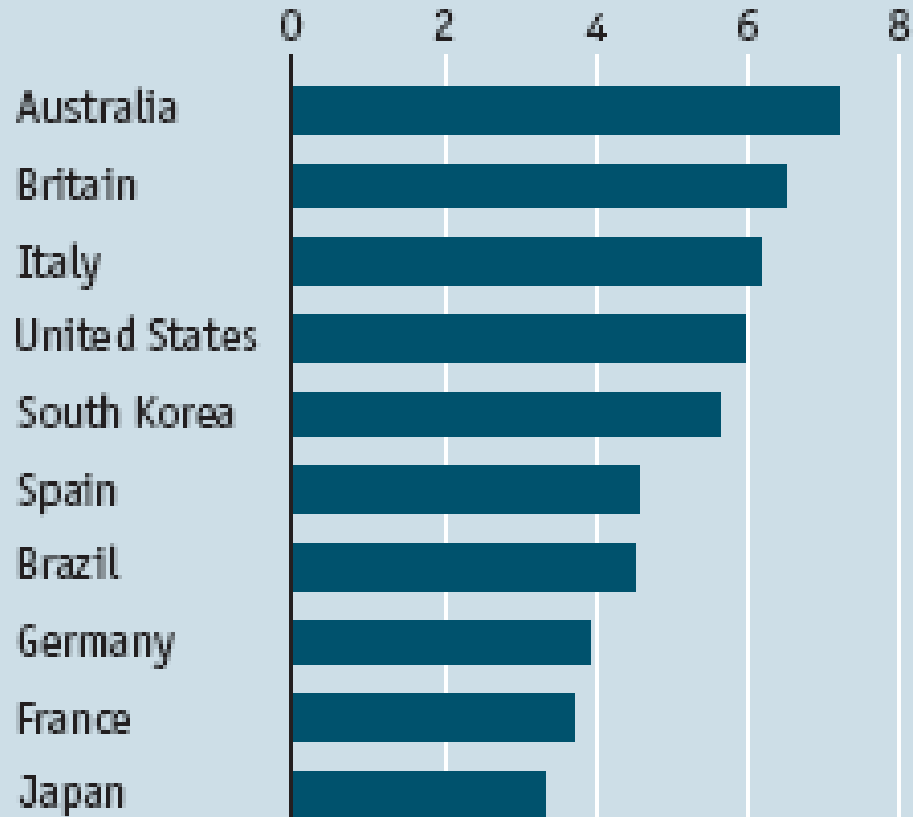
Source: Nielsen

Source: *The Economist*, 1-30-10, p. 7

## Sociable types

2

Average time spent on social-networking sites  
October 2009, hours per user



Source: Nielsen

Source: *The Economist*, 1-30-10, p. 2

# What is Web 2.0? (1)



- No consensus on definition, but the concept of Web 2.0 is generally attributed to Tim O'Reilly (2005) coining the phrase in 2004, stating that
  - “One of the key lessons of the Web 2.0 era is this: Users add value .... Therefore, Web 2.0 companies set inclusive defaults for aggregating user data and building value as a side-effect of ordinary use of the application.”

# What is Web 2.0? (2)

- Web 2.0 is a somewhat misleading term, as it may suggest ideas about a new technology, but what has abruptly changed is something very different
  - What has drastically changed is everyday as well as business life, simply by being online in some fashion, has become interwoven, meshed, linked and in part enabled by the Internet

# What is Web 2.0? (3)

- More than ever we realize that the media shape and reconfigure society not only through their content, but through their form
- Difficult at this stage, if not impossible, is to provide a precise picture of where this new medium is headed

# Web 2.0 Anchor Points

- Technology and Architecture

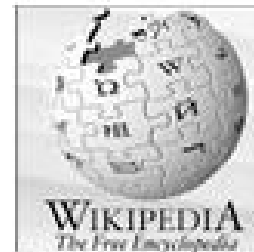
- Globally linked, decentralized, network-centric, extensible
- Architecture, platforms

- Community and Social

- Participation, collaboration, social, transparent
- People, interaction, data

- Business & Process

- Business-enabled system, process and value models and mashup/remix applications



# Web 3.0: The Semantic Web (1)

- Participation: How can I contribute?
- Super-intelligent content; a new magnitude of (artificial) Intelligence
- Super-intelligent knowledge management
- What we want to do and design is “programmable”
- Peers determine “quality” and “acceptability”
- Offers a rich user interface
- Offers tagging to improve human access
- Offers broadband-based communal storage
- Offers a fragmented identity
- Key driver: Concept of taxonomies – standardized and self-describing classifications

# Web 3.0: The Semantic Web (2)

Web 3.0 is Web 2.0 + sophisticated meaning/semantics:

→ Will NOT result in a huge paradigm shift or some new gilded age of computing or a sudden brave new world of IM

→ Resulting in a subdued convergence of existing technologies and methodologies with new ones

→ Social interaction drives business operations

→ Entering a complex question or sentence into Web 3.0 browsers and getting back (1) highly customized, (2) organized and (3) impeccably relevant results.

→ My Web 3.0 browser knows my likes and dislikes = my trusted adviser, assistant and mentor

→ The more interaction I have with the Internet, the more my browser learns about me  
Example of a minimally intelligent search: "I am looking for a vacation for 2 weeks in a warm climate at the beach. I am a single mother with a three-year old girl. My travel budget is x-amount of dollars. Oh, I also have a small dog."

# How do we make sense out of this?!

- Developments are in flux, dynamic
- Many applications, technologies, media
- Convergence, shifts, shrinking media
- Users are relatively young
- Users are potentially fickle → the IT and applications are not proprietary
- Social networking sites keep growing
- Bloggers more powerful and influential than established media (e.g., *Newsweek*)
- *The Long Tail* is relentlessly at work

# Reaching Customers via Web 2.0 (1)

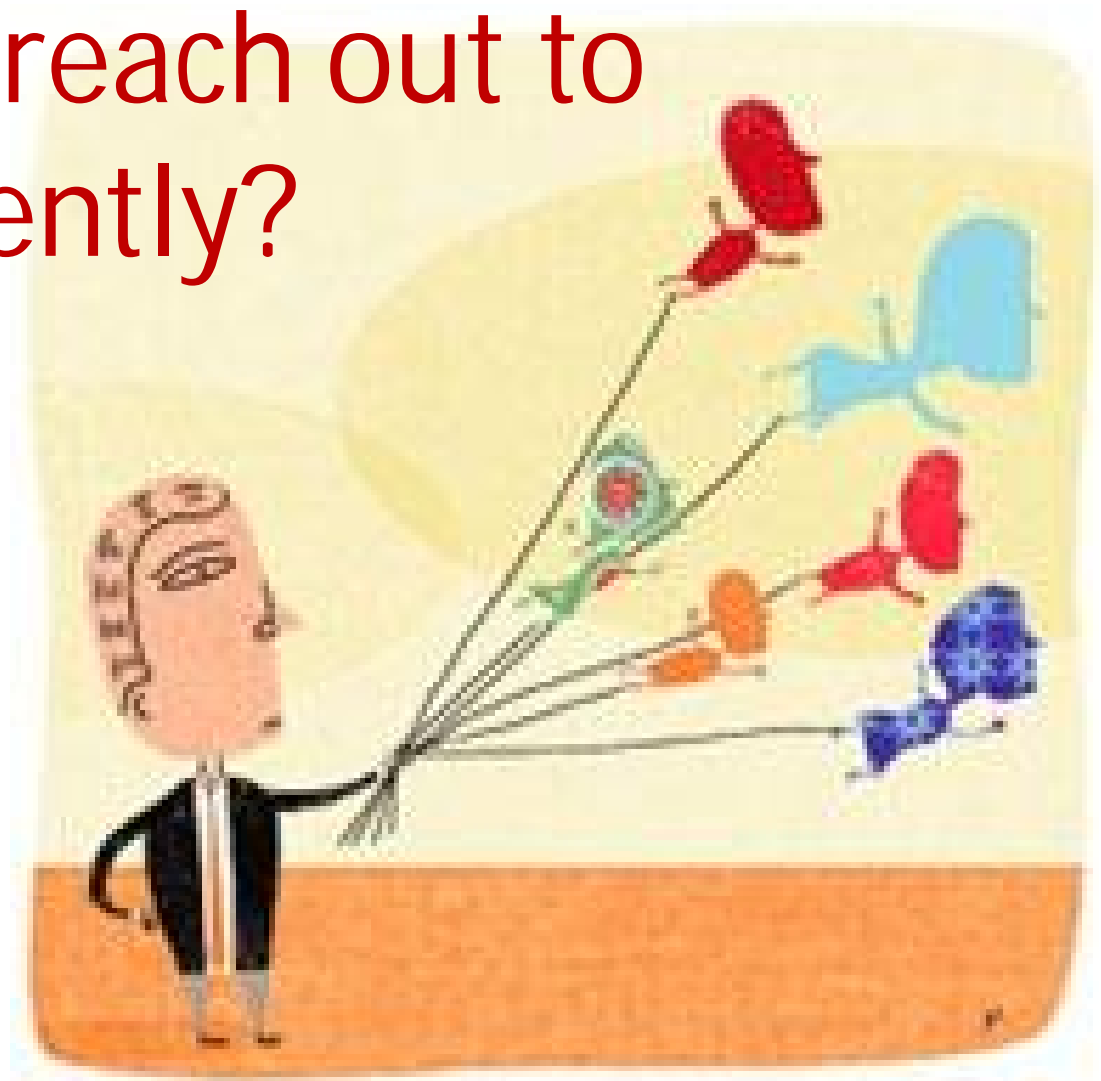
- Marketers are more and more linking with an Internet portal, e.g. – Yahoo, rather than creating their own respective site
- Portals like Yahoo can enjoy deals with advertisers delivering access to well-produced content but also assured advertising revenue

## Reaching Customers via Web 2.0 (2)

- One solution to reach customers has come in form of **online shopping communities**
  - Increasingly retailers and designers (including Nordstrom, Gap, Lisa Klein, Ron Herman and online discounter Bluefly.com) are trying to tap into “social shopping” sites where ardent shoppers gather to chat and exchange ideas

## Reaching Customers via Web 2.0 (3)

How do you reach out to customers gently?



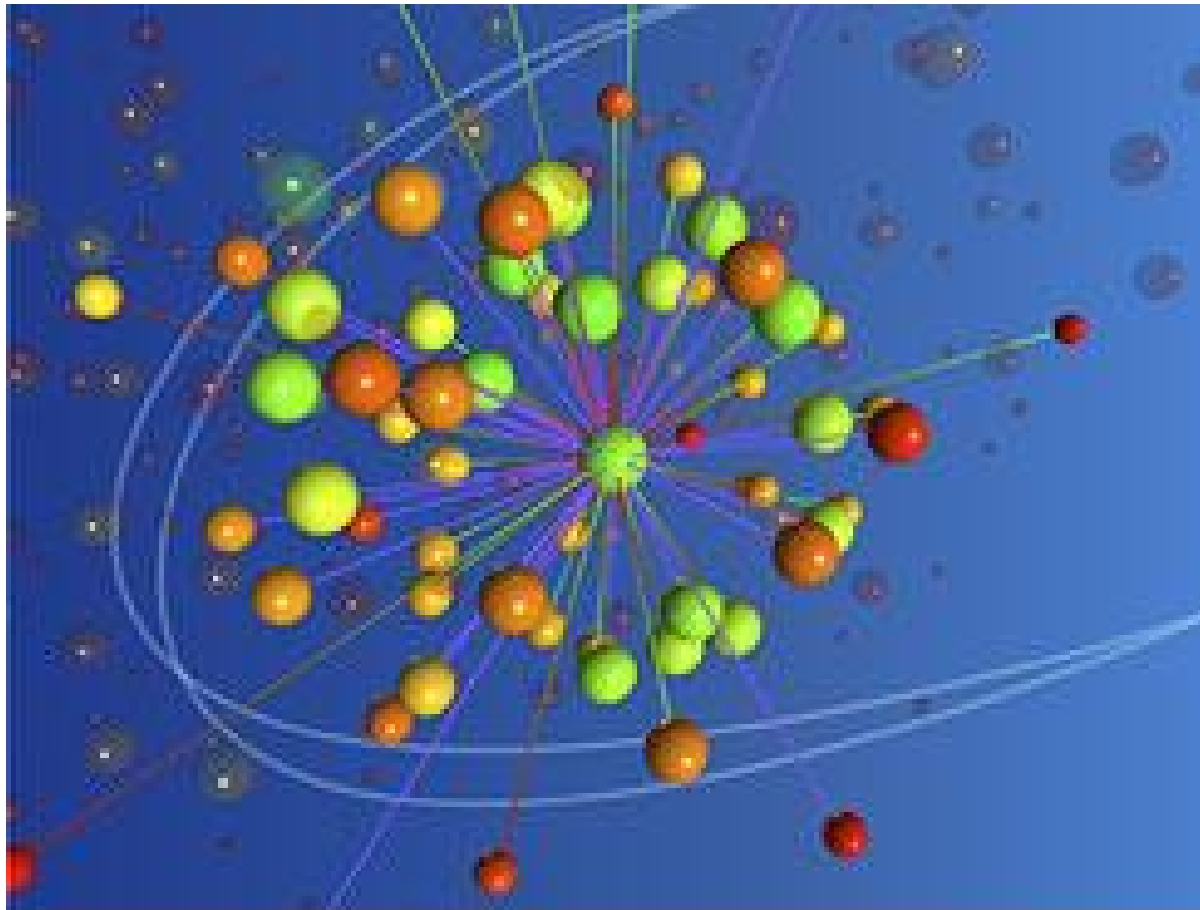
# Reaching Customers via Web 2.0 (4)

## Social Shopping Sites: Web 2.0 Features and User Features

Website Name	Paid Retailer Presence	User Features
Climpse.com	no	Facebook users can create, upload and share shopping lists of products, including professionally shot pictures and information, from over 100 retailers and brands.
Kaboodle.com	no	Users can discover new things from people with similar taste and style. Recommend, share, discover and discuss favorite products and stores; create wish lists and shopping lists.
Meosphere.com	no	Users check off lists (over 2,500) related to topics ranging from cars they have owned to former hairstyles to countries they have visited. When the answers from these lists are compiled, a mesosphere is created (emphasis on "me") which then can be shared.
Shopstyle.com	yes	Users can create "stylebook" pages featuring items they desire and covet, recently purchased and exchange comments and recommendations on products.
Stylehive.com	yes	Users can create "hives", i.e. pages, lists, featuring items they like; the site allows users to "follow" a shopper whose style they like and receive alerts whenever he/she adds new products on his/her respective page.
Stylediary.net	no	Users mostly post photos of themselves wearing their favorite outfits, dresses and items from their own wardrobe.
Thisnext.com	no	Users recommend or pan clothing, outfits, accessories or home items on pages they create.

Note: Social shopping sites typically receive about 5 % of each purchase occurring as a result of a click-through from the site.

## Reaching Customers via Web 2.0 (5)



### Tapping into Customers' Online Chatter

Digital agency VML tries to help clients visualize how their products or services are being bandied about in Internet postings. In this hypothetical example, a client's own site inside MySpace is represented by the sphere at the center. The other spheres represent blogs or other sites that have links to it, as tracked by VML's Seer technology. Bigger spheres are more influential.

# Social Media Have Increasing Relevance in Buyer Behavior (1)

- In the U. S. roughly one third of all web activities are carried out on Facebook
- More and more companies turn toward Facebook to start a dialogue with “fans”
- In one study, 41 % of companies contacted plan on using social media for communication or marketing purposes
- In another study, 43 % of 1,800 online buyers follow 6 different shops on Facebook, Twitter or company blogs
  - 58 % do so when searching for special offers, deals
  - 49 % want to be informed about current products
  - Over one third want to be informed about competitions and events
  - 56 % reported that they clicked through from Facebook to the company’s website
  - 67 % reported that they clicked through from Twitter to the company’s website
  - About one third stated they probably would start a purchase directly on Facebook or Twitter, if such a service would be available
- Example: Fahrrad.de on Facebook → 10 % discount, all purchases only via bank account transfers, independent of the social media platform

fahrrad.de Shop Like

Company

 Suchen

MyBasket / 0 Produkte

Übersicht > Fahrräder (963) > Mountainbikes (175) > Cross Country / Race HT (24)



<p><b>BMC Teamelite TE03 white</b></p> <p>☆☆☆☆☆</p> <p>€ 1299,00*</p>	<p><b>BMC Teamelite TE04 black</b></p> <p>☆☆☆☆☆</p> <p>€ 999,00*</p>
<p><b>Corratec X-Vert Expert</b></p> <p>☆☆☆☆☆</p> <p>€ 699,00*</p>	<p><b>Corratec X-Vert S Lite CA+</b></p> <p>☆☆☆☆☆</p> <p>€ 1499,00*</p>
<p><b>Felt Six Elite matt carbon/rot</b></p> <p>☆☆☆☆☆</p> <p>€ 1799,00*</p>	<p><b>Hawk 77 Pro Blackline</b></p> <p>☆☆☆☆☆</p> <p>€ 1199,00*</p>
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Groups

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Lecture by David Remnick, editor of The New Yorker. June 24, 2 pm, Winthrop Rockefeller Institute. Free; open to the public. RSVP now.

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Chat (10)

Wall  
Info

**Fahrrad.de on Facebook** → 10 % discount, all purchases only via bank account transfers, independent of the social media platform

# Social Media Have Increasing Relevance in Buyer Behavior (2)

- Evaluations, ratings as well as experience reports by friends are increasingly important in making buying decisions
- Buyers are seeking such decision support increasingly on the Internet
- In one study of 1,300 individuals contacted, 88 % of the respondents stated that information from the Internet is important for their buying decision
  - Almost 80 % report that product evaluations and ratings are important in making a buying decision.
  - New product awareness comes primarily from the product's website, word of mouth advertising, print media and TV.
  - Social networks (23 %) have surpassed radio (22 %) as a source for such information.
  - About 50 % has been influenced frequently or very frequently by product evaluations on the Internet.
  - 60 % stopped their purchase intentions when encountering negative product evaluations.
  - 16 % use Facebook, 11 % use blogs and 5 % use Twitter for the evaluation of a product. This is still small when compared to classical product ratings (65 %), test reports (53 %), reviews (47 %).
- **The vast majority agrees that social media will be of increasing importance in the future when making buying decisions.**

# Summary and Conclusion (1)

- When reflecting on these Web 2.0 developments and the issues addressed here, the author believes that **what we observe is not the emergence of a new theory or fundamental concept within a theory, but it may well be described as a shift in how we view the web**

## Summary and Conclusion (2)

- This paradigm shift forces us to take a new look recognizing innovative opportunities and challenges while it crosses a number of dimensions, including our communication patterns, the media, the Web, organizations, economics, society and culture

# Summary and Conclusion (3)

- Within these developments we can recognize four broad trends for the future of social networking, social media and Web 2.0 (Wigand, 2010; Gartner, 2010, *CIO Zone*, 2010, and others)
  1. The role of e-mail – Who needs e-mail?
  2. Most social media are likely to fail, at least initially
  3. The role and influence of the smart phone
  4. Recognizing social networking and social media as an untapped resource of insight

# Summary and Conclusion (4)

- The role of e-mail – Who needs e-mail?
  - There are some indications that the role of e-mail as the primary vehicle for interpersonal communication will be replaced in time by social networking services
  - Gartner (2010) predicts that by 2014 20 percent of business users will replace e-mail in this way

# Summary and Conclusion (5)

- Most social media are likely to fail, at least initially
  - Information technology (IT) organizations have provided technology platforms in the past for such applications as e-mail, instant messaging, and Web conferencing rather than attempting to deliver a social solution
  - Gartner (2010) predicts over 70 percent failure rate in IT-driven social media initiatives

# Summary and Conclusion (6)

- The role and influence of the smart phone
  - Three billion phones world-wide are mainly used for the purpose of providing communication and collaboration (Gartner, 2010; *CIO Zone*, 2010)
  - Gartner (2010) states, “As more and more organizations consider replacing desk phones with cell phones, they may wish to anchor their collaboration tools also on the cell phone.”

# Summary and Conclusion (7)

- Recognizing social networking and social media as an untapped resource of insight
  - Traditional social network analysis using surveys may yield inaccurate data as participants in those networks may be reluctant to provide such information
  - When automated tools are used, users may resent knowing that some software is indeed analyzing their behavior (Wigand, 2010; Gartner, 2010)

# Summary and Conclusion (8)

- These advances imply that those who choose to participate and help shape the Internet, have no choice but to keep in step with these developments
- The challenges for firms and users will be to blend, merge and consolidate these developments into an integrated and comprehensive concept such that users enjoy a best possible experience

# Questions & Answers

