

Web is moving beyond hunter-gatherers

BY B.G. YOVOVICH

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Out in Silicon Valley, a panel of technology luminaries will gather this afternoon to commemorate the 10th anniversary of the first e-commerce transaction. They will discuss how **Web-based business is revolutionizing the economy, how consumers and enterprises interact, and what the future holds.**

Fittingly, archived audio of the discussion will be available on the Web at the CNET news Web site, www.news.com.

The amazing speed with which the Web has penetrated our lives makes it hard to remember that 10 short years ago, there was no Amazon.com. No eBay. No Google. No Orbitz. No Priceline. No Monster. Even that elder statesman, Yahoo, was barely a year old, and had scarcely emerged from its founders' dorm room back in the autumn of 1994.

In fact, track the trail from that initial e-commerce transaction, and it will clearly illustrate the complex twists and turns of Web-based commerce. The first secure retail transaction on the Web back in 1994 -- an online purchase of Sting's "Ten Summoner's Tales" CD -- was handled by the founders of NetMarket, which now is a part of Trilegiant Corp., which was spun off in 2001 by Cedant Corp., which, just days ago, agreed to buy Orbitz, the Chicago-based online travel company, for \$1.25 billion.

One of the most challenging things about the Web and e-commerce is how difficult it is to keep our bearings, to avoid getting swept up in the enormous and fast-moving waves of transformation, and to seize the opportunities to learn from e-commerce developments.

Consider the recently-acquired Orbitz, whose two-year-old Orbitz for Business division was among 10 businesses cited at the third annual Chicago Innovation Awards last week. The first online business-travel service, Orbitz for Business was launched because the parent company discovered businesses were using the non-business oriented Orbitz.com to book trips. When it rolled out in 2002, Orbitz for Business was aimed at middle-market businesses, but it soon attracted interest from large commercial accounts.

More recently, Orbitz implemented a new dynamic packaging engine making it much easier for travelers to find, evaluate, and book money-saving travel packages.

Orbitz illustrates a key lesson from the first decade of e-commerce:

Businesses must find ways to shrewdly explore, to fruitfully experiment and to effectively learn and adjust.

Amazon.com provides another example. The online retailer persuaded publishers to produce much of the marketing support for its site: book covers, synopses and excerpts. The Web site also makes it easy and rewarding for customers to provide comments and reviews.

If you order a book, Amazon mines its databanks to tell you that, "Those who bought this book also bought...." Or, if you are considering the purchase of, say, electronic equipment, Amazon not only provides product specs, owners' manuals and customer reviews, but it also tells you, "Customers who viewed this item also viewed...."

In fact, it even tells you what percentage of customers who viewed the item in fact bought it -- and gives you the percentages of those that bought the most popular alternatives.

Or consider Google. One of the keys to the search engine's success is its recognition that it could harvest enormous value by automating the collection of information that is subtly embedded in Web pages. For example, Google developed a software program that tallies the number of Web sites that have chosen to link to a particular Web page, and then uses this "vote" as a gauge of the value of the information on that page for users of the Google browser.

Google also analyzes the size of the typeface used to display a particular piece of information on a Web page, a measure of the importance that the designer of the page puts on that word, which in turn sharpens the rankings that Google presents to Web users.

What we're witnessing is the Information Age version of what occurred when hunter-gatherers invented farming and agriculture. Instead of just collecting data that already is available, today's new breed of information cultivator searches for opportunities to plant and nurture crops of valuable information and insights that they then can harvest profitably.

The new online technologies may promise ever-faster ways of getting knowledge and information, but success in this new environment will largely hinge on the ability every so often to step outside the churning that surrounds us.

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SIDEBAR

Data gathered by the Pew Internet & American Life Project at the end of 2003 showed that nearly two-thirds of Americans were online, and that a striking proportion of them were engaged in e-commerce transactions:

- 55 percent of Internet users who buy tickets for movies, plays and sporting events do so online.
- 44 percent of Internet users who maintain a bank relationship do their banking online.
- 33 percent of Internet users who buy such commonplace things as books and groceries do so online.

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