Wisdom is not the product of schooling but the lifelong attempt to acquire it.
- Albert Einstein

The New Commerce: E-Business

Gerhard Fischer and Hal Eden
Fall Semester 2008

Chapter 7, Leonardo Book, September 29, 2008
Themes from Ben Shneiderman’s Chapter

- opportunities for merchants
- advantages / disadvantages for customers
- personalization / disadvantages and customization
- to trust and not to trust
Physical Bookstore versus Amazon

- **Physical Bookstore**
  - advantages:
    - ..................................................
    - ..................................................
  - shortcomings:
    - ..................................................
    - ..................................................

- **Amazon**
  - advantages:
    - ..................................................
    - ..................................................
  - shortcomings:
    - ..................................................
    - ..................................................
Kindle: Amazon’s Revolutionary Wireless Reading Device

Amazon Kindle is a wireless, portable reading device with instant access to more than 170,000 books, blogs, newspapers, and magazines. Whether you’re in bed or on the train, Kindle lets you think of a book and get it in less than a minute.

› Learn more
New Divisions of Labor — Do-It-Yourself Societies

- checking out your own groceries
- checking in at the airport
- printing your boarding pass
- getting a human being on a phone line

question: who are the winners and who are the losers?
LEGO

- LEGO → LEGO-Mindstorm

- LEGO → LEGO Factory
  - a model for how to get your customers deeply involved in co-creating and co-innovating products
  - Director of LEGO Interactive Experience:
    “With Lego Factory we can expand beyond our one hundred in-house product designers to marvel at the creativity of more than three hundred thousands designers worldwide”
What Is LEGO Factory?

LEGO Factory lets you design, share and buy your own customized LEGO models.

TAKE A QUICK TOUR

Download LEGO Digital Designer
Explore fantastic user created models and show off your own creations.

VISIT GALLERY

Tell us what you think
Examples

- Craigslist
- E-Bay
- Buy a New or Used Car
Opportunities and Advantages for Merchants

- reach a larger market
- save costs for employees (banking, airlines, .....)
- exploit the long tail
Exploiting “Long Tail” Opportunities

The New Marketplace

[Diagram showing the distribution of popularity among products, with a sharp spike for the 'Head' and a long tail for the 'Long Tail'.]
The Long Tail

TOTAL INVENTORY
* inventory in a typical store

- Rhapsody: 735,000 songs
- Wal-Mart: 39,000 songs*
- Amazon: 2.3 mil books
- Barnes & Noble: 130,000 books*
- Netflix: 25,000 DVDs
- Blockbuster: 3,000 DVDs*
Opportunities and Advantages for for Customers

- easier to be well-informed

- easier to do comparisons

- example: Farecast — when to buy an airplane ticket?
  http://farecast.live.com/
Personalization and Customization

- **personalization and customization** = to make tools fit people needs (see CLever video) and information fit people interests (to avoid information overload)

- **examples:**
  - the electronic newspaper
  - hundreds of TV channels
  - one TV in the neighborhood $\rightarrow$ one TV per household $\rightarrow$ 5 TVs per household

- no common ground and no shared understanding? $\rightarrow$ a new “Tower of Babel”?
Fundamentally New Business Models

- peer production = a way of producing goods and services that relies entirely on self-organizing, egalitarian communities of individuals who come together voluntarily to produce a shared outcome

- examples:
  - open source versus proprietary software
  - Wikipedia
  - Flickr and YouTube
  - SketchUp and 3D Warehouse → guest lectures: Oct 20 and Oct 22
  - Second Life → guest lecture: Oct 6
To “Trust” and “Not to Trust”

- Craigslist

- E-Bay

- loss of personal contact — are trusted relationships are more important than efficient transactions or cheaper prices?

- Encyclopedia Britannica ↔ Wikipedia ↔ KNOL (= a unit of knowledge)
# Wikipedia ↔ KNOL

<table>
<thead>
<tr>
<th>Wikipedia</th>
<th>KNOL</th>
</tr>
</thead>
<tbody>
<tr>
<td>collaborative work (consisting of several pages, all created collaboratively)</td>
<td>a collection of individual works</td>
</tr>
<tr>
<td>All participants edit for themselves</td>
<td><em>can</em> have multiple authors, but it is originally created by an individual</td>
</tr>
<tr>
<td>homogenization effect of Wikipedia (variant opinions tend to get flattened together into a single consensus)</td>
<td>very strong point-of-view; show the space of possible interpretations on a given topic</td>
</tr>
<tr>
<td>Trust: Nobody checks the authorship list of articles nor do people really check on the edit history</td>
<td>Trust: written by known authors; trust-basis for credibility assessments.</td>
</tr>
<tr>
<td>one article per topic</td>
<td>multiple perspective on a topic (e.g. evolution: evolutionary biologists, radical Christian evangelicals, old-school Darwinists)</td>
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