E-Novation for Competitive Advantage in Collaborative Globalization
Technologies for Emerging E-Business Strategies

Hugh M. Pattinson & David R. Low

Advances in E-Business Research Series

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Editors David Low and Hugh Pattinson define “e-novation” as a combination of innovation and e-marketing, enabled by new collaborative platforms that are being developed and released using Web 2.0 methods, allowing for a different level of connectivity around the world. Acquiring a deep understanding of e-novation is necessary now because firms and educational and governmental organizations are transitioning beyond digital branding to online social media marketing using multiple media touchpoints.

The pace of successful new product-service developments via e-novation platforms is equivalent to compressing the acceleration phase of the Industrial Revolution to a decade rather than a century after its worldwide startup. The decade 2010-2020 is the e-novation acceleration phase. All the chapters in this book include strong evidence supporting this assertion.

Dwell for a moment on the title: E-Novation for Competitive Advantage in Collaborative Globalization: Technologies for Emerging E-Business Strategies. The book delivers this promise by describing and explaining what is here now and the reality-virtual infusion of business models in operating scenarios that are most likely to dominant during 2015-2020. Broadly, the book focuses on vision and the will to succeed in electronic-enabled workplaces and relationships. It is an invaluable focus as Tellis and Golder (2006) confirm—after spending the last 10 years studying the history of 66 industries, Tellis and Golder (2001, iii) conclude that “the real causes of enduring market leadership are vision and will. Enduring market leaders have a revolutionary and inspiring vision of the mass market and they exhibit an indomitable will to realize that vision.”

Where can executives acquire the necessary facts-of-life for nurturing brands in achieving successful e-novation? Answer: Here. The thick descriptions of firm and organizational level e-novations in Pattinson and Low’s book bring to life the vision-and-will focus of their treatise. The many citations, websites, and references appearing in all the chapters inform the reader on where-to-go-next for developing e-novation operational skills. Thus, the book is a wellhead for knowledge and skills necessary for designing and implementing e-novations in the acceleration phase of this latest post Industrial Revolution. Concisely put: the book delivers on the title’s promise. Good reading!

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Preface

The aim of this book is to highlight new products, services, strategies, and philosophies drawn from an emerging collaborative information platform. The World-Wide Web has metamorphosed into a powerful multimedia, multipurpose, multipoint, and creative vehicle for development and delivery of new, emergent products and services.

This book explores symbiotic connections between the development of new e-business technologies with new users and consumers, existing and new businesses, and links to social and political visions and strategies.

Friedman's (2006) conceptualization and discussion of a "Flat World" with an advanced collaborative platform expressed through "Globalization 3.0" provides a strong underpinning description of the new platform. This book explores and discusses the new platform that is relevant—indeed critical—to existing and new small and medium businesses, who may in turn become new industry leaders in the coming decade.

E-Novation starts with businesses using the new platform to research, develop, and market new things within and out from that platform. E-Novation is important for businesses that already have basic or more advanced e-business features, but should move on take advantage of more features within the new platform.

E-Novation explores a new composition of marketing elements relevant to competing in a new collaborative business world. e-novation Marketing Elements incorporating Web 2.0 concepts include collaboration, pricing, online presence & branding, curriculum, and deployment.

The book recognizes a revolutionary change in e-business to a new advanced collaborative information platform that supersedes previous e-business Information Systems, perspectives, and business and marketing philosophies. The book introduces relevant advancing new information thinking for new agendas of marketing and business research and practice — and indeed for new research and practice with and from the new information platform.

The book will be useful to academics, teachers and researchers, professionals in the field of e-learning, and to people that belong to the broader field of education. The book builds on new conceptualisations of a new collaborative platform—but encapsulates philosophies, strategies, and actions under an e-novation umbrella expressed in useful terms for business researchers and managers. These approaches may also be of significant importance to researchers in the area of the Semantic Web, especially when the semantic augmentation of the data concerns those interested in using online communities for business processes.
SECTION ONE: E-MARKETING AND THE NEW COLLABORATIVE INFORMATION PLATFORM

The book commences by recognising that a major change is taking place in most national economies. It has been variously described under rubrics of globalization, global flattening, and global outsourcing and has resulted in debate over how firms and nations gain and retain competitive advantage. *Innovation* has become perhaps the most often used term to capture the process of achieving this competitive advantage.

Frequently, along with noting this change in globalization, time-series statistics on employment in different sectors of the economy are offered as evidence of the direction firms and nations need to move. The data suggest that relatively fewer people are working in agriculture and other extractive industries, such as logging, mining, and fishing, and fewer also are working in manufacturing sectors. They also indicate that there has been a corresponding ascendance in what is characterized as “services” industries. That is, developed countries, if not the global economy in general, are going through a service revolution, and the world is moving toward a service economy. Thus, not surprisingly, the mantra has become: to be globally competitive, firms need to learn to innovate in services.

The book then provides a review of the historical evolution and development in the field of Electronic Marketplaces (EMs) and dedicates a chapter to classifications of EMs. A comprehensive definition of EMs and their application with reference to recent advances in the study of EMs is provided. Based on the review of the most cited definitions of EM in the literature of the past three decades, we propose a comprehensive definition of EM in this chapter. This chapter also identifies several classifications of EMs. There is a gap in the literature for a multi-dimensional classification system of EMs. Therefore, for the purpose of further exploration of the notion of EMs, this chapter provides an explicit review of the different classification models of EMs and presents a nine-dimensional taxonomy of EMs. The chapter concludes with a discussion of the future trends in the field of EMs and a chapter summary.

A framework to analyse the marketing and promotion advantages of Virtual Communities is then presented. Virtual Communities offer companies the possibility to carry out a new products and services promotion and to develop trustful relationships with customers. The key element in the use of Virtual Communities for these purposes is the wide amount of customers that can be reached. Virtual Communities present the aptitude to generate social influence and knowledge sharing among customers. As a consequence, an increasing number of skills, competencies, and “knowledge profiles” of each customer involved into the virtual environment emerge. The framework is consequently applied to Second Life in order to analyse three different business strategies that companies usually implement by using this platform. The first strategy allows companies to perform the placement of their products/services in a dynamic form. The second strategy provides companies the possibility to have a better knowledge of customers’ needs in order to develop products and services that satisfy customer’s expectations. Finally, the third strategy allows companies to develop high brand awareness.

SECTION TWO: WHAT IS E-NOVATION?

Further to the definition of e-novation as how to manage the product development in an efficient manner is considered. Current markets usually consist of highly fragmented segments of customers looking for customized and differentiated products at lower costs. The intense competition has also pressured companies to launch the products faster to the market in order to reap the planned benefits. Usage of col-
Laborative Web-enabled models for innovation and product development, what we refer to as e-novation, has become more popular as a result to respond to the above mentioned challenges. From technological point of view, the e-novation models are particularly enabled through collaborative Web solutions, Web 2.0 tools, and Web-based virtual worlds. This chapter deals with the application of such collaborative Internet-based technologies in the product development and discusses their use in various stages of product development process; from idea management to prototyping. Based on existing literature in the area, the analysis of four cases (Dell, InnoCentive, Ponoko, and Implenia), participant observation and experience with such applications and semi-structured interviews with both managers of such projects and the projects’ stakeholders, the chapter here demonstrates that new organizational models and skills are required to manage interdependencies internally and externally in collaboration through e-novation. It also provides some insights about the future trends and opportunities in this era and guidelines for successful implementation of these technologies in reality.

SECTION 3: E-NOVATION MARKETING ISSUES

The marketing issues section commences with a discussion on how organizations and people within organizations cling to traditions, industry practices, and managerial frameworks well beyond their usefulness. Perhaps this is just another way of stating the obvious that habits die slowly. One habit or tradition that is experiencing a slow death is the traditional marketing paradigm or what was referred to in the first chapter as the goods-dominant (G-D) logic paradigm. Essentially, traditional marketing practice is focused on the creation of units of output and their distribution to customers. Applying this framework, the firm attempts to study these exogenous customers and then uses its resources to shape a market offering, conceptualized as product, price, place, and promotion (what is known as the marketing mix or four Ps) in order to effectively position the offering for a targeted segment, thus capturing the customer to create a sale (economic exchange). Although this paradigm has been under assault for decades, it continues to survive and has changed only modestly over the last fifty years. Importantly, it is a paradigm (and practice) that continues to be presented in the leading marketing and marketing management textbooks used on college campuses and in executive education throughout the world.

The weaknesses in the dominant practice and teaching of marketing began to be noted as scholars, especially in Northern Europe, began to identify relationship and services as central elements of a new marketing paradigm (e.g., Gronroos 1994; Gummesson 1995). Marketing slowly began to be viewed as less and less in terms of the transactions involving goods and more in terms of the exchange relationships and service(s). Subsequently, organizations began to be viewed less in terms of the products they produce and more in terms of the competences and capabilities they develop (e.g., Prahalad and Hamel 1990; Day 1994). The customer began to be viewed as a potential collaborator and co-creator of value (Lusch, Brown and Brunswick 1992; Prahalad and Ramaswamy 2000), rather than just a receiver of value. Vargo and Lusch (2004), developed what became known as the service-dominant (S-D) logic of marketing to capture and extend these and other converging trends, as well as the often-heard mantra for both firms and countries to develop better competitive strategies for a global economy that was increasingly being characterized in terms of service provision rather than goods production. In this chapter we show that S-D logic can be translated into a new framework for marketing management and, importantly, as a source of insight for developing e-novative market offerings.
A discussion on what open source taught us follows and suggests that communities are a powerful tool for harnessing collaboration. That power has been reconfirmed by the pioneering efforts of a few early adopters who have sponsored new communities within their industry ecosystems. This chapter profiles a number of interesting examples of e-novation through collaborative communities. The strategic use of collaborative communities is now crossing the chasm into the early majority category of adopters.

Research and analysis has revealed the issues, controversies, and problems related to collaborative communities and the role they play in e-novation. It has also revealed useful insight about, and solutions to, many of these challenges. Business leaders can benefit by learning from the insights offered by these pioneers. The chapter on collaborative communities offers a process by which business leaders can leverage to add a community of their industry ecosystem. Harnessing e-novation through collaborative communities is now a strategic opportunity for any organisation.

The book then focuses on how brands communicate with customers bringing them in context with E-novation and a Web 2.0 environment. Brands are a means of making an immediate impact on new customers and reminding returning customers. Strong brands have high brand equity and make a significant contribution to business performance and organizational success. In an increasingly networked economy and environment, messages about what an organization or its products and services mean, and the value that they offer increasingly needs to be communicated remotely, through the organization’s website. The website is not just another channel designed to increase visibility and access. It is a shop window, through which the organization delivers marketing communication, purchase opportunities, information, advice, customer care, service, and experiences. The website has the potential to deliver the company’s identity, products, and service in the space of a few screens and within seconds; the whole experience comes together for the user, or, if not managed properly, it falls apart. The website experience defines the brand experience of the online brand.

A discussion of marketing techniques needing to reflect the era that they operate in then follows. As scarce as capital may be in the future, new customers may be even harder to find. and if dissatisfaction levels in surveys can register highs of 70% marketing approaches need to change (Jaffe 2007). Marketers are still fixated on labelling and attributing general characteristics to different generations and groups of people so that marketing can be targeted “appropriately.” For example, the exposure of Generation Y to technology is unequivocal, but the descriptions of people in this generation elevate this to levels where somehow these consumers have become genetically modified human beings, without the same frailties, emotional responses, and foibles because of their exposure to technology. Images from YouTube could be collected everyday to provide us with ready examples of Generation Y consumer frailties.

Generic labelling of consumers does not demonstrate sophisticated marketing and does not reflect the level of analysis that can be done to target appropriate or one to one marketing. On an ethical level, marketers need to focus on permission based marketing and apply co-creation models which have the potential to address the bottom line and shareholder returns without compromising the interests and wellbeing of consumers. Emotion rather than reason remains the key brand response from consumers, but the new online research environment offers opportunities for analytical diversity and the use of creative and lateral thinking (Cooke & Buckley, 2007) rather than just intrusive marketing practices enhanced by technological capabilities. Improved practice, together with ethics, should be represented in marketing and business training and in the profession. All of this is influenced by technology, and its flawed or decent application reflects as always human intervention. How much protection or care, then, should marketers exercise towards consumers in their environments, especially since consumers
are deemed to be more sophisticated? Educative systems should also ensure that sustainability practices are a promise of future marketing.

The focus of the marketing issue section then turns to Customer Relationship Management (CRM). Stating that the aim of CRM strategy is the development of customer-centric business culture comes with the hope of achieving two results – improving the customer’s experience and lowering sales and marketing costs. Relationship marketing consists of acquiring and maintaining customers by creating and providing better value than competitors do. Relationship marketing is at the heart of a successful CRM implementation. The process begins with the development of a clear relationship marketing strategy. This requires the definition of roles for customer facing functions like sales, marketing, and customer service. Once the roles are defined within the relationship marketing strategy, the processes have to be reengineered to operationalize the relationship marketing strategy. Finally, the appropriate level of technology needs to be acquired to support the customer-centric approach now in place. In globalized markets and while products and services offer become standardized, customer knowledge represents the imperative key to gain a competitive advantage. From a marketing point of view, the customer should be the center of marketing decisions. In other words, customer centricity is the result of the evolution of marketing from a transactional approach to relational paradigm supported with knowledge of the customer and their preferences and behavior. Marketing has moved from being a company’s function dedicated to simply promote products to shift inventory to playing a major role in customer satisfaction and retention.

This section ends with the assertion that space is the final frontier for e-marketing. Advances in storage space, digital data transmission, and infrastructure development have created a near limitless marketspace that exists over the contemporary physical marketplaces, and as an independent market of ideas, data, experience, and content. This chapter overviews a series of key issues in the use of the new “space” for e-novation with attention given to the rise of user-generated content, prosumer activity. The chapter is based on exploring how companies and individuals are currently co-creating value in the dynamic marketplace of the new collaborative platforms, and how these new concepts such as the home shipping channel, digital rights management, and user-generated distribution channels can factor in the future success on and offline for marketing.

**SECTION 4: E-NOVATION BUSINESS DEVELOPMENT**

The Business Development section commences by emphasizing the importance of employees achieving unprecedented productivity through working collaboratively and supported by flexible roles, and social technologies cannot be understated. Startup employees led by the entrepreneur are masters of embracing complexity. This means the startup team understands cause and effect follow a non-linear relationship with the subtlest of changes potentially resultant in producing chaotic behavior and surprise. For the startup, especially in recessionary times, this means counterintuitive thinking wins the day. In light of this, small expenditures can have a greater impact on developing new business compared with the large budgets available to incumbent players.

The startup employee prefers not to be constrained by the old broadcast model of email, instead exploiting social technologies. This includes the use of wikis as an enabler of both interactive communications and repository of company knowledge. A founding myth helps drive new hires and can underpin a service-centric focus creating unique customer experiences based on the vision of the entrepreneur and storytelling. A startup is a learning organization improving processes and results on an ongoing basis mirroring
entrepreneurship as a learning process. Within a startup, limited processes exist, and core employees embrace next practice to help drive a major source of competitive advantage. Startup employees realize success goes beyond consideration of product functionality or a track record of existing customers. Each business development opportunity for the startup is driven by experience co-created with the customer.

By 2010 the potential to launch a “startup-in-a-box” with an e-novation framework (Pattinson and Low 2008) supported by social technologies to foster intense collaboration among core employees will become both a reality and essential. Only through a combination of framework and social technologies can startups and founding employees keep pace with the changing business landscape and generate a rapid amount of knowledge to sustain sufficient advantage in the market.

The section ends with a more reflective chapter that begins by exploring the lessons learned by large corporations that have been pioneers of e-novation. These pioneers have much to teach us about the opportunities for competitive impact and business value. These are explored within the framework of Porter’s Five Forces model. The impact of e-novation on employees and, especially on the employee-employer relationship is explored to reveal possible insights. Although a significant portion of these pioneers are in the high tech sector, many of the insights are broadly applicable to all sectors of the economy. A case is made that e-novation is well on its way to broad adoption in the business community. Recommendations are offered for those wishing to take up the challenge of e-novation.

SECTION 5: EMERGING E-NOVATION, PLATFORMS AND MARKETING

This section brings together key themes addressed in the book into discussion on current new and emerging E-Novation Collaborative Information Platforms. A “Day-I-The-Life-Of” Scenario in 2020 is presented highlighting and extending key themes into an emerging next generation e-novation Platform. The scenario is discussed, followed by a discussion of key themes of an emerging e-novation collaborative platform, including: triple convergence (before and after), Web 3.0/4.0 – the Web is a brain, redefined collaborative communication, virtual/augmented reality, service-dominant logic (SDL), marketing and innovation, open-source creation, development and distribution, digital branding, CRM redefined, complexity and SMEs, e-novation office, e-novation curriculum, social graphing e-novation, and sustainability platforms and innovation. The Section ends on the note that e-novation will be the Innovation and Marketing Social and Business Service.

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