

## Chapter 6.2

# E-Commerce as Knowledge Management: Managing Consumer Knowledge

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### ABSTRACT

This chapter constructs the concept of e-commerce as knowledge management. The socially constructed approach to knowledge management is adopted. Through qualitative research, rooted in the Social Constructionist-Critical Theory paradigm, the chapter examines how consumers use the Internet in commercially related activity. Through semi-structured interviews with consumers three main themes are identified and explored (interaction with commercial organizations, consumer-to-consumer interaction, power and control in business-to-consumer interaction). The chapter concludes that the Internet facilitates the construction and sharing of knowledge amongst consumers, but appears to strengthen barriers and boundaries between consumers and companies. An illustration of how companies

could effectively utilize the Internet to communicate with customers is offered in an analysis of a discussion forum.

### INTRODUCTION

Customer and company expectations of e-commerce are far from aligned. While companies value the Internet as a marketing channel, customers value the Internet for its connectivity and potential for increased communication.

This dichotomy reflects two extremes of technology adoption. In the first wave of e-commerce, companies rushed to establish a virtual presence and generally adopted a transactional approach. The technology was available to facilitate online “virtual” retail exchanges, so that’s what companies did. It was generally believed that these new

Internet start-up companies or dot-coms would supplant traditional business models and change the face of business forever. Newspaper headlines declared, "Britain prepares for boom.com. Exciting times are ahead for the stock market as Internet start-up companies get set for flotation" (Keegan, 1999) in a fervor of optimism.

However, within a matter of months, headlines such as "Net bubble@burst.com: Analyst warns that only a few big online firms will survive" (Martinson, 1999) replaced the optimism of the initial wave. The stakeholders weren't ready for e-commerce, they hadn't seen it evolve, or more importantly they hadn't been involved in its construction. The success of this phase of e-commerce demanded too much immediate change. It was a technologically determinist, reactionary phenomena. The customers rejected the technology.

This dichotomy is visible in today's e-commerce world as well. The Internet is changing the way that companies do business, and technology is impacting business practices. For companies, "consumer knowledge" is knowledge about the consumer's lifestyle, preferences and significant life events. They are operating in a *knowledge gathering* culture. In contrast, for customers, "consumer knowledge" is knowledge that consumers have about different products, companies and services. People's lives are made up of conversations and the Internet facilitates conversation amongst and between a wide circle of individuals. On neutral ground away from the commercial Web, a *knowledge sharing* culture is evolving. Here, the impact of the Internet is vast. Nobody planned it this way. Discussion forums, review sites, chat rooms and communities have all evolved as people have shaped the way that the Internet is used.

In the technological integrationist or constructivist tradition (Elster, 1983; Kimble & McLoughlin, 1995), and echoing the work of Bijker (1999), ordinary people are constructing the World Wide Web, shaping the way it is used in a recursive,

proactive and evolutionary process. Outlining Polanyi's theory of knowledge (Polanyi, 1962), Nonaka and Takeuchi suggest that "scientific objectivity is not the sole source of knowledge. Much of our knowledge is the fruit of our own purposeful endeavors in dealing with the world" (Nonaka & Takeuchi, 1995). "New knowledge" is created by people as they interact with others in society. The potential for this interaction has increased significantly through the Internet. In terms of commercial activity, consumers are using the Internet to gather and share knowledge about products and companies. They are using the Internet as a consumer knowledge exchange forum, claiming neutral territory away from the commercial Web as their own. There has been an increase in the amount of sites such as epinions.com (see Figure 1 for a screenshot), notacceptable.com and bitchaboutit.com and DooYoo reviews (see the screenshot featured in Figure 2) where, significantly consumers have conversations with each other, and share their experiences or stories of interacting with companies and using products.

## KNOWLEDGE MANAGEMENT

Drawing on the theory of the "personalization strategy" and on the "socially constructed models" of Knowledge Management identified by McAdam and McCreedy (1999), this research project constructs the concept of e-commerce as knowledge management. In order to justify the knowledge management approach and model adopted here it is necessary to review and critique the "classic models" more traditionally adopted by academics in the field of knowledge management, and to illustrate why they are not considered appropriate for application to a study of consumers' knowledge creation and exchange via the Internet.

Knowledge creation and conceptualization are context-dependent. They depend upon our ways of viewing the world (Johnson & Duberley, 2000). From a positivist perspective knowledge is "true

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