

# PROFIT POINT OF WEB 2.0

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**Abstract:** Web 2.0, with its social, free, and open characteristics, has been bringing the Internet a profound evolution within less than a decade by increasing the applications of Web 2.0 elements. In the academia, most research is focused on the concept, characteristics and theoretical basic research of Web 2.0. Instead, this paper reviews the literature about Web 2.0 research first, introducing the definition, the theoretical basis, the features and business model of it; thence puts emphasis on studying the “Teainchina” case to demonstrate the real application of Web 2.0 elements; ultimately, this paper concludes that business model is truly important, but the site's profitability is even more vital by putting forward Profit Point and analysing it. Internet companies should deliberate websites design under the theory of Web 2.0 to explore Profit Point and then carry out promotion and marketing of the website to manage internet business well.

## 1 INTRODUCTION

The Internet or World Wide Web has a short history of about 20 years, during which the Internet had the glorious heyday when the “dot com bubble” happened as well as the horrific moment when the bubble broke up. Till around 2003, the websites with SNS features like Blog came out and became more and more popular, and the Internet was revitalized and has been developing rapidly. It's called Web 2.0 and the previous was Web 1.0. Owing to this, the Internet world, Internet business, and Internet technology got much attention from netizens, investors, companies, network workers, and entrepreneurs, being in a prosperous way to develop.

## 2 LITERATURE REVIEW

### 2.1 Web 2.0's Overview

#### 2.1.1 Web 2.0's Definitions

Web 2.0 was produced in 2004 when a brain storm was undergoing between O'Reilly and MediaLive

International. Web 2.0 is a philosophy and ideology of upgrading the Internet system from the original top-down control of resources by centralized control system led by a minority into a bottom-up netizens who are the majority with the collective wisdom and strength of them. (China Internet Association, 2006) At present, most scholars in China accept this definition, such as Zhongwu Xie, Zhengqing Zhao, and Chuanhong Peng.

Web 2.0 should be the same style of these famous websites, Flickr, Craigslist, LinkedIn, Tribes, Friendster, Del.icio.us, 43Things.com which are so popular to be the representatives of websites; Web 2.0 should take the Blog, Tag, SNS, RSS, Wiki, and other social software applications as the core application in building and managing a website; web 2.0 should take advantage of the theory of Six Degrees of Separation and the technology like XML, Ajax and some others to become new generation of Internet model. (Blogger Don, 2005) Web 2.0 is a technology platform, using a range of advanced applications such as data-oriented and cross-platform lightweight web programs. (Erik Wilde 2007, Graham Cormode, 2008)

Web 2.0 is the upgrading of the Internet in its development process, from time to time with some new elements such as new programming language, and then it may become known as Web x.0. Secondly, the two definitions reflect that the Web 2.0 is social which we see from the former's "the collective wisdom and strength of the majority of netizen" (China Internet Association, 2005) and the latter's "take social software applications as the core application" (Blogger Don, 2005). But it can also be found that in China scholars prefer the more subjective definition of "person" who is the main body of the Web 2.0, while other scholars outside China pay more attention to the more objective definition of "technical" basis for the implementation of Web 2.0.

### 2.1.2 Web 2.0's Features

Regarding Web 2.0's features, scholars around the world share one consensus: the majority of common Web users who are the main body of Web 2.0, taking full use of Blog, Tag, Podcast, API, RSS, and other applications to create a large number of micro-content with each other through the SNS to link every netizen together and then the open social networking system comes out. (China Internet Association, 2006, Blogger Don, 2007).

### 2.1.3 Web 2.0's Theoretical Basis

The Long Tail---Online products' displaying space is virtual causes almost no marginal cost if one more item to be displayed there; more and more advanced network causes that the coverage of consumers is beyond the geographical limits. Hot and popular commodities are head of the long tail curve, the other commodities are long tail of the curve, but the total profit of "long tail" products can be comparable to the profits of hot and popular commodity in the head. (Chris Anderson, 2004)

Similarly, in the Web 2.0 era, portals websites and search engines are the head while more long tails can not be ignored, which are Blog, BBS, video, Electronic magazines, SNS and so on. In addition, netizens in the long tail produce as many contents as those who are in the head because they are good at websites building or managing, even ordinary users may have more influences on the Internet than those professionals. "Under Web 2.0 environment, each web user may produce and duplicate a large number of micro-contents every day. As the Long Tail says,

these micro-contents are going to get together to be a considerable wealth." (Wang Jinyun, 2010)

Six Degrees of Separation---There are some "weak ties" in our society. (Stanley Milgram, 1967) Explicitly speaking, it's expressed more directly that you can be connected with anyone through a maximum of six people because in the Web 2.0 era of the Internet, with a strong community of SNS website, you can link all Internet users through this "weak ties" together, leading to provide and share resources with each other.

## 2.2 Fuzzy Business Model

The "dot com" bubble in the Web 1.0 era left a lot of trauma to the world while the emergence of Web 2.0 could heal the wounds. Up to now, however, the business model of Web 2.0 is still very vague to those IT elites and IT businessmen. As we know, Internet Company's profit model can be roughly divided into five types, which are wireless service revenues, Internet advertising revenues, online game revenues, e-commerce, and Internet value-added services revenue (Yang Tao, Zhigang Xi, 2007).

Judging from the website operator's side, many companies "cleverly" think he is wise, "posing" to use the package of Web 2.0 conception, then that is the Web 2.0 business model (Qingdian Ding, 2006). "A lot of Web 2.0 websites are increasingly put on-line day by day, unfortunately, however, the big problem is they didn't find the real support key point to survive, but just sell advertising space to attain profit like the previous business model" (Decheng Chen, 2007) "Although fully paid blog business in the United States survived, this model is still difficult to promote universally in the United States, not to mention the possibility of it in China where people are even less optimistic towards it" (Yang Tao, 2007). If we see Web 2.0 from an economic perspective, which means the profitability of Web2.0, it's a complete loser (Jessi Hempel, 2009).

From the website user's perspective, netizens are not so adaptable to use this new model of Web 2.0. Therefore, it cannot be done easily to change consumers' habits in the short term. (Jinyun Wang, 2010) As to the web users, the needs and acceptance of using elements of Web 2.0, such as Tag and Comments, are in a high degree of correlation with the shopping experience (Hui Chen, 2008).

### 2.3 Summary of Literature Analysis

Web 2.0 is still very popular at present; its applications are increasingly being widened and deepened; its innovation and use of business model are more concerned by the industry and academia. After all, Web 2.0 is a new thing, being in the new phase of the development of the Internet, will in any case adapt to the present reality and the network society much easier than that of Web 1.0. But I think the reason why the Web 2.0 business models are not clear is really that it's expected to be too profitable, even unrealistically, thus leading to a greater bias towards Web 2.0 business model.

I believe that the current profitability point, such as NarrowAd, of the majority of Web 2.0, is fully consistent with Web 2.0 features, but it is not a good idea to only rely on these passive investment behaviors to gain profit. Apparently, because the real source of profit is not in such profitability points, but the users or the consumers there who will pay as much as they can if the experience on Web 2.0 is good enough. Therefore, we must take the initiative to find ways to find or to create the real profitability points and thus will bring about hope and opportunity to earn profit for Web 2.0.

## 3 CASE STUDY AND SUGGESTION

### 3.1 Case Study

The "Teainchina" website was set up in 2008, being one of the typical C2C tea sales sites (<http://www.teainchina.biz/>), and it's also the first website I engaged in for my internship.

Obviously the "Teainchina" is a commercial website seen from its domain name selected as "biz" which represents business or commercial website. But to open the main page usually takes about 5 seconds or more, which is fatal for it because clients won't waste time on waiting the page opened in long time, particularly for those portals like [www.sina.com](http://www.sina.com) in China and [www.yahoo.com](http://www.yahoo.com) in United States. Consequently, they need to be optimized to light the web pages as possible as they can. But this "Teainchina" is a professional C2C site to sell Chinese tea, to some extent, so the potential purchasers are willing to wait if it's really opened too slowly. However, confronting the intense

competition from many other similar tea sales websites during the past two years, the return was not as good as expected. Thus there was no urgent desire to update the server and optimize web pages which unavoidably had all the potential tea buyers experience disappointedly when they were browsing the items on the pages.

Honestly speaking, the homepage of "Teainchina" is very fresh and clean, which shows you super green, usually the color of green tea, and makes your eyes full of the tea aroma. As a result, it appeals them so strongly that they unknowingly stay on the page for a longer time during which they are immersed in the fabulously green feeling; meanwhile the page retention time is increasing with their staying browsing. It's well known to us that the length of time of a page's retention time is one of the most vital characteristics for a website to become popular and influential in the internet world, with the reason that the longer the page retention time is, the more chances the page included by the web crawler.



Figure 1: Search bar.

In its home page, we can see it's along with the fully use of Web 1.0 features like Email and pure HTML elements (see Figure 4), but what's more significant is both "Quick Find" search bar (see Figure 1) and RSS function (see Figure 2) added are typical features of Web 2.0, to facilitate the necessary inquiries of the browsers accessing to the target tea and new information updated every while.



Figure 2: RSS.

When someone searches "Longjing" and then chooses "Longjing Green Tea (West Lake Dragon Well) 2009" to view, he or she will come across the fresh tea as well as several humanity designs (see Figure 4) which adequately embody the Web 2.0 features on the page. (see Figure 4) Firstly, the excogitation "Notify Me Updates" helps future

buyers acquire timely information about this kind of tea as well as other news you want to know provided you have signed up. Secondly, the design “Write A Review” is in line with the “Comment” that is one of the outstanding Web 2.0 elements, assisting potential customers not only in publishing their comments on the tea but also seeing others’ comments. Thirdly, the command button “Add To Cart” is devised to help purchasers easily add or delete products, and this kind of design is broadly embedded in almost every commercial websites. Lastly, at the bottom of Figure 4, you can vividly see the significant “Tag” label, showing the other tea that ordered by customers who bought “Longjing” tea on the page and providing you with a variety of other options. If you are interested in one or all of them, just click the relevant one to open its main page to learn more details and quickly and conveniently have an order. Moreover, even all these labels and command buttons are placed together allowing users more expediently to enjoy shopping and experiencing the user-oriented designs. In all, this website has made the utmost use of the Web 2.0 elements, and has even placed them together,

allowing users to more freely experience shopping on the page. It reflected user-oriented design.

There is still another classic and special Web 2.0 element named “Forum”, which is "Chinese Tea Forum" attached to the “Teainchina”.(See Figure 3) Generally speaking, a forum can perform better than “Comments” in Web 2.0 in terms of demonstrating the participation of all netizens, the freedom to create contents, the social features and some kinds of SNS characteristic, on which there are a large concentration of tea customers, website users, tea businessmen and tea professionals who can freely announce their views and post their words related to tea, tea culture and so on from their perspectives, that is also called micro-content production. The “Forum” also has a feature that is getting a great deal of people together to increase web activity or vitality as well as web viscosity of the site thus consequently to help “Teainchina” implement SEO (Search Engine Optimization), and in order to better promote the site to more and more consumers of tea finally. Well, this is also the application of the Long Tail theory in the real life embodiment of the network.



Figure 3: Forum of Teainchina.

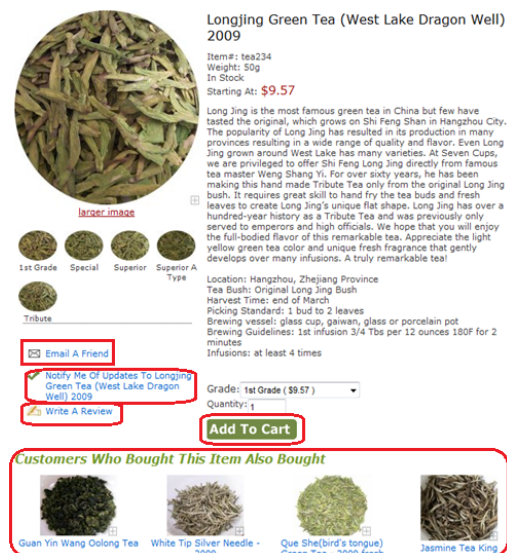


Figure 4: Item displaying page of Teainchina.

### 3.2 Analysis and Advice

In my opinion, those uses of Web 2.0 elements above shown in from Figure 2 to Figure 5 are the source of earning or profit of “Teainchina”, named Profit Point in this paper. Profit Point is defined as, excluding the main structure of a page such as title main body, articles and relevant images, those discrete elements which can bring in profit like the Comments, Search-Bar, RSS, Tags and Forum. Profit Point is customer-oriented and provides users with applications helping user and user as well as user and website interact with each other easily and conveniently. It will directly influence the popularity and profitability of the website to use Profit Point more or less, good or bad. Profit Point, as far as I study, can be divided into two categories: direct Profit Point and indirect Profit Point. Direct Profit Point can directly bring the website profit to benefit, for instance, NarrowAd; Indirect Profit Point can’t bring in money directly as direct Profit Point, but can assistant direct Profit Point to improve profitability like RSS.

On “Teainchina” website, there are some Google AdSense Ads, being popular currently, which is an awesome direct Profit Point which will bring about advertising revenue from the Advertiser when

intentional browsers click the Ads. What is more vital is that putting Google AdSense Ads also makes the web attain a high PV (Page Value) then favorable PR (Page Ranking) with the help of Google. On the contrary, the Search-Bar and Tags mention above are indirect Profit Point.

In the era of Web 2.0, web building and management are not completely isolated from Web 1.0, but still have many common Profit Point, one of which is E-mail. So, from the time of E-mail invented in Web 1.0 era to the current Web 2.0 era, E-mail marketing has been preferred by many websites; what is worse, some websites immorally took the viral E-mail marketing which is extensive to the web owner and terrible to ordinary netizen. For this reason, I firmly believe that special, point to point and user-oriented Email marketing is effective.

In the era of Web 2.0, I strongly suggest that Internet companies should not blindly focus only on innovation of Web 2.0 business model while ignoring many current Profit Point which can be easily implemented to make a profit, because at that moment, Web 2.0 is not the latest and most advanced development status of Internet. Web 3.0 began to be hot tips online and also has attracted the attention of a great deal of jobholders in industry and scholars in academia. (Jessi Hempel, 2009, Xiaolin, 2009) Internet companies should take Web 2.0 as a guiding ideology and an advanced Internet marketing concepts rather than a business model.

#### 4 CONCLUSIONS

So far, Web 2.0 researches have been being very abstract in its concepts, theory, and rough introduction of its application while lacking some concrete and real interpretation of using Web 2.0 feature in building website by a specific case of Web 2.0 sites. So it sounds a fabulous idea to take "TeainChina" as an example to have an empirical analysis of the practical application of Web 2.0. In the paper, the concept of Profit Point was put forward and interesting, almost all Web 2.0 elements can be regarded as Profit Point, some of which are classified into direct Profit Point and others are indirect Profit Points. Thus, the majority of Internet companies may make full and efficient use of these Profit Point to bring in revenue for the company according to their actual situation of the website. As we know, these ideas about elements or features of Web 2.0 are the results of the Internet industry and

academic research, and calling it Profit Point is in line with their Web 2.0 elements, being considered from a novel perspective----to categorize the web elements by their profitability.

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