The power of pioneers

EBay’s, Amazon’s and Yahoo’s success is a sign of the consolidation of the sector. The hundreds of online companies that appeared at the height of the Internet and disappeared after the bubble burst, have only followed a logical process. New brands popped up at such a rhythm that they overwhelmed the mind of the user, who finally retained just one or two companies per kind of product. This was mostly due to publicity and the recommendations of other users, but it was also the result of the media coverage given to certain brands in each category.

In fact, although it sounds surprising, users are more loyal to online companies than offline businesses. The typical surfer’s behaviour is to compare different offers and choose a provider for each type of product. Once the user has incurred in entry costs of an e-tailer (knowing how it works, adapting to new standards, giving personal data, etc.), he or she prefers not to do it again.

In this way, the threat of having competitors just a click away looses strength against the lock in that companies manage to impose on the client. This will tend to change as the experience and trust of the network user grows.

For the moment, those who benefit most from this behaviour are the early leaders. The more new users they get, the more imitators and the more opposition to change there will be. Therefore there will be more leadership for pioneering webs, such as Amazon, Yahoo, eBay or online travel website Expedia.

The success of these companies however, can’t only be due to the fact that they have been the first. Jeff Bezos’s well-known hobby of collecting and analyzing user information to offer exactly what he or she wants, thereby enlarging its already long list of products. For its part, eBay has seen how, as its community grew, more users used its services because they were attracted by a greater product offer. On the other hand, great losers have been the shy agents with undifferentiated offers.

On the other hand, surveys corroborate that, in a virtual environment, consumers prefer major brands. This is because of the security concerns of the surfers, that slow down purchases in unknown e-tailers, and the impossibility to touch or see products in 3D on the Internet. Therefore we can say that the first start-ups on the Internet have already forged a brand, which have placed them among the big companies.