

Lecture 2

1

Opportunity Analysis for digital business and e-commerce



Definitions

Digital Marketplace – Exchanges of information & commercial transactions between consumers, businesses & governments done through different types of online presence e.g. search engines, social networks, comparison sites, destination sites.

Path to purchase – Different sites, channels, devices and information sources consumers use to inform their purchase decision. Also known as conversion pathways on a site. It is more complex today as purchase decisions are influenced by many more touchpoints. (See diagram next slide)

Multiscreening – Term used to describe the simultaneous use of devices e.g., digital TV & tablets

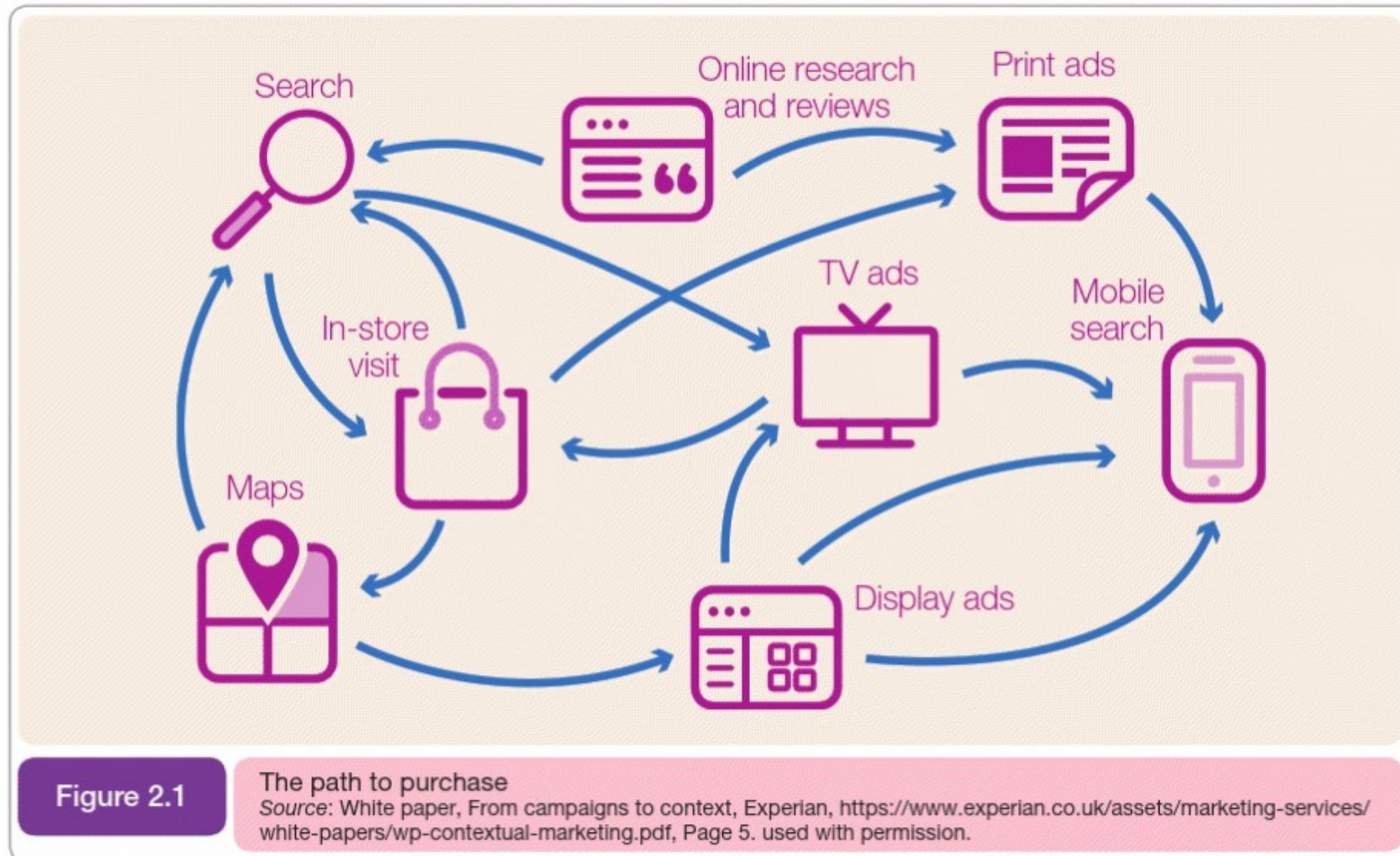
Destination Site – usually a retailer or manufacturer site with sales or service information.

Online Intermediaries – Websites that help connect web users with content they are seeking on destination sites. Includes search engines, shopping comparison sites, brokers, directories, newspaper/magazine publishers

Visit <https://www.thinkwithgoogle.com/consumer-insights/consumer-journey/> to explore customer journeys across different industries, business sizes & regions.

Path To Purchase

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(Source: Chaffey et al, 2019)

Influencing Buyers

- Requires careful consideration
- Business must collect & review insights that help them understand this behaviour.
- They then need to improve their visibility and communications on different channels
- **B2B Organisation** – Traditional route to buyers was through distributors. Now they can trade directly with customers via a destination website. Also can reach customers through blogs & B2B marketplaces.
- **B2C Organisation** – E-retail destination site. Opportunity to market its products through online intermediaries or influencers such as search engines, price comparison sites, social networks, blogs.

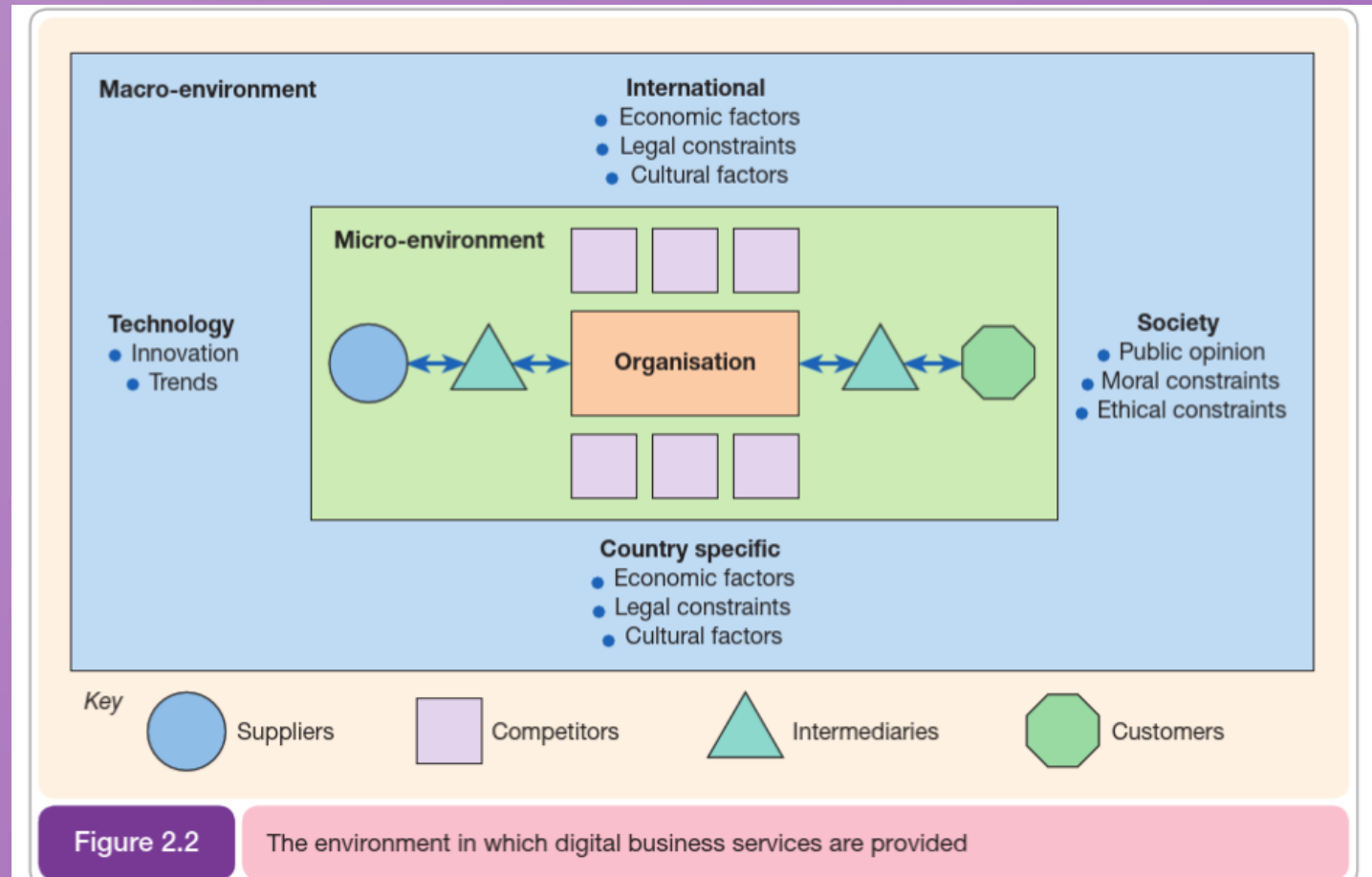
Digital Marketplace Analysis

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Situational analysis - collection & review of information about an organization's external & internal environment and internal processes & resources that help to inform its strategies

Environmental Scanning & Analysis – The process of continually monitoring the environment and events & responding to those.

Strategic Agility – Capability to innovate & gain competitive advantage by monitoring changes in an organization's marketplace, evaluating strategies efficiently, then selecting, reviewing & implementing those strategies.



(Source: Chaffey et al, 2019)

Multichannel Strategy V Omnichannel Strategy

Multichannel Strategy

Offers a range of direct/indirect channels for consumers to interact with, but channels have little/ no integration and consumers forced to repeat steps/ receive different messages as they switch channels
e.g. websites, retail stores, mail order catalogues, direct mail, email, mobile

	Multichannel strategy	Omnichannel strategy
Concept	Division between the channels	Integration of all widespread channels
Degree of integration	Partial	Total
Channel scope	Retail channels: store, website, and mobile channel	Retail channels: store, website, mobile channel, social media, customer touchpoints
Customer relationship focus: brand vs. channel	Customer-retail channel focus	Customer-retail channel-brand focus
Objectives	Channel objectives (sales per channel, experience per channel)	All channels work together to offer a holistic customer experience
Channel management	Per channel Management of channels and customer touchpoints geared toward optimising the experience with each one Perceived interaction with the channel	Cross-channel Synergetic management of the channels and customer touchpoints geared toward optimising the holistic experience Perceived interaction with the brand
Customers	No possibility of triggering interaction Use channels in parallel	Can trigger full interaction Use channels simultaneously
Retailers	No possibility of controlling integration of all channels	Control full integration of all channels
Sales people	Do not adapt selling behavior	Adapt selling behavior using different arguments depending on each customer's needs and knowledge of the product

Figure 2.5

Multichannel vs Omnichannel Strategy
Source: Juaneda-Ayensa, M., Mosquera, A. & Sierra Murillo, Y. (2016)

Omnichannel Strategy

Fully integrates all customer touchpoints and data sources to provide consumers with a seamless experience regardless of how/where they choose to interact with the brand

***Please review Case study 2.3 page 44 of core textbook on Macy's omnichannel growth strategies to improve customer experience**

Source (Chaffey et al, 2019)

A Digital Marketplace Map

1. Customer Segments

The marketplace analysis will identify/summarise target segments for online business to understand online media consumption/ buyer behaviour and the type of content/ experiences they will want from intermediaries & your website.

2. Search Intermediaries

Refer to main search engine in each country.

Google/ Yahoo / Bing main ones.

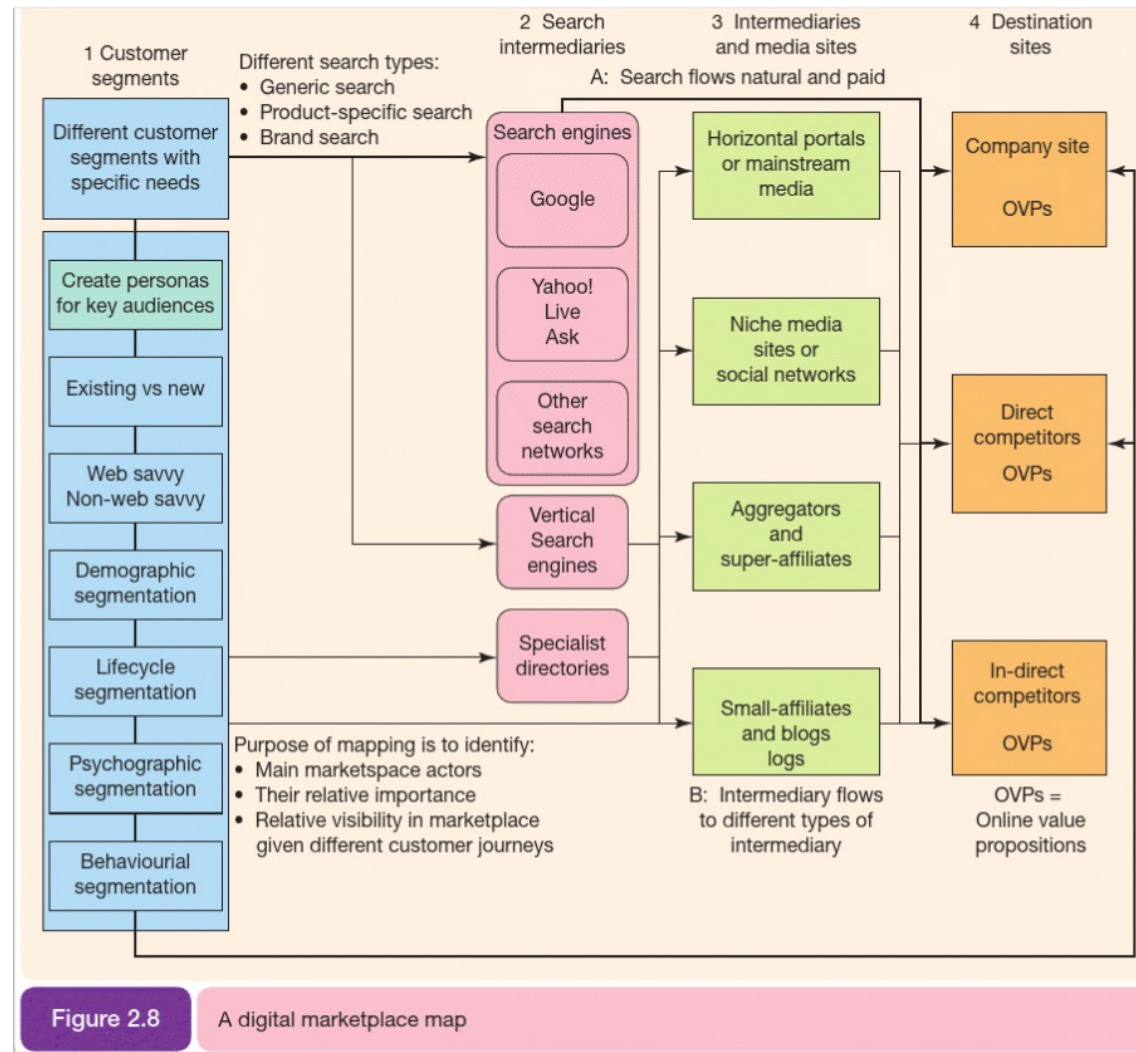
China – Baidu

Russia – Yandex

South Korea – Naver

Google trends tool is a free tool to assess site popularity & the searches used to find site & how they vary seasonally

Share of search – extracted from web analytics reports from company site, which indicate key phrases used by visitors to reach a site



3. Intermediaries, Influencers, Media Sites

Aggregators – price comparison sites. Revenue model are affiliate revenues, Pay per click advertising and display advertising

Mainstream news media sites – Traditional e.g. Financial Times or aggregator news e.g. Google news
Social Networks – Facebook, Instagram, Snapchat, Pinterest, Twitter, LinkedIn

Niche/ Vertical media sites e.g. SmartInsights, Econsultancy

Price Comparison sites – Money Supermarket, uSwitch

Superaffiliates – affiliates gain revenue from a merchant when they refer traffic to using a commission-based arrangement

Niche Affiliates/ Influencers/ Bloggers/ Vloggers e.g., Zoella has more YouTube subscribers than BBC. Martin Lewis of MoneySavingExpert has millions of visits per month

4. Destination Sites – these are the sites the marketer is trying to generate visitors to.

OVP refers to the **online value proposition**.

Marketers need to evaluate their OVP against competitors as part of competitor analysis & refine to develop a unique online experience.

Research Tools For Assessing your Digital Marketplace ⁸

Table 2.2 Research tools for assessing your digital marketplace

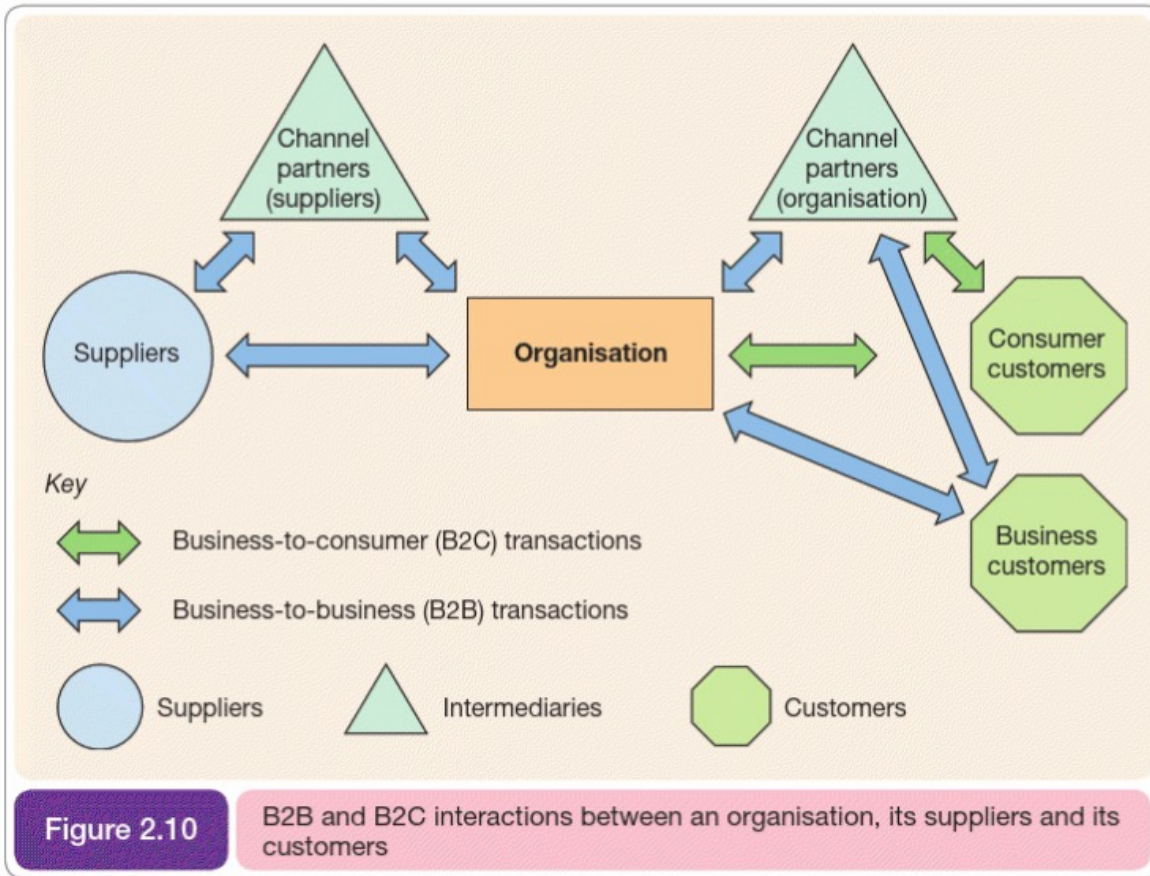
Service	Usage
1 Google tools. Mainly included within their AdWords service (http://adwords.google.com).	Google is one of the best sources of accurate tools for marketplace analysis, including: <ul style="list-style-type: none"> • Display Planner (this Adwords tool generates targeting ideas, impression estimates and historical costs) associated with running a campaign on Google's Display Network. • Keyword Planner – this tool available within AdWords gives additional detail (sign-in required). • Google Trends – variation through time of search volume by country – no sign-in required. • Think with Google (thinkwithgoogle.com) – market research and digital trends.
2 Alexa (www.alexa.com). Free tool, but not based on a representative sample, see also www.similarweb.com .	Free service owned by Amazon that provides traffic ranking of individual sites compared to all sites. Works best for sites in top 100,000. Sample dependent on users of the Alexa toolbar.
3 Connexity (www.connexity.com). Paid tool, but free research available in its 'Resources' section.	Paid service available in some countries to compare audience size and search and site usage. Works through monitoring IP traffic to different sites through ISPs.
4 Nielsen (www.nielsen.com). Paid tool. Free data on search engines and intermediaries available from 'Insights' section.	Panel service based on at-home and at-work users who have agreed to have their web usage tracked by software. Top rankings on-site give examples of most popular sites in several countries.
5 ComScore (www.comscore.com). Paid tool. Free data on search engines and intermediaries available from 'Insights' section.	A similar panel service to Nielsen, but focusing on the US and UK. A favoured tool for media planners.

Table 2.2 Continued

Service	Usage
6 Google Analytics	Free and paid-for services, which provide insight into website audience behaviour.
7 Forrester (www.forrester.com). Paid research service. Some free commentary and analysis within the 'Research' section.	Offers reports on Internet usage and best practice in different vertical sectors such as financial services, retail and travel. Free research summaries available in media resources section (www.forrester.com/mediaresources) and on its marketing blog (blogs.forrester.com).
8 Smart Insights Digital Marketing Statistics (http://bit.ly/smartstatistics).	A regularly updated compilation of statistics including the top 10 recommended statistics sources.
9 Internet or Interactive Advertising Bureau (IAB). US: www.iab.com , UK: iabuk.net , Europe: www.iabeurope.eu .	Research focusing on investment in different digital media channels, in particular display ads, affiliate marketing and search marketing.
10 Internet Media in Retail Group (IMRG) www.imrg.org .	The IMRG has compilations on online e-commerce expenditure and the most popular retailers in the UK.
11 YouGov Profiles. Free audience profiling tool (today.yougov.com/profileslite) and professional service (yougov.com).	UK media planning and audience segmentation tools for brands and their agencies. There is a free and paid-for audience profiling tool – they also offer BrandIndex, which measures brand perception and customised research services.

(Source: Chaffey et al, 2019)

Review of Marketplace Channel Structures



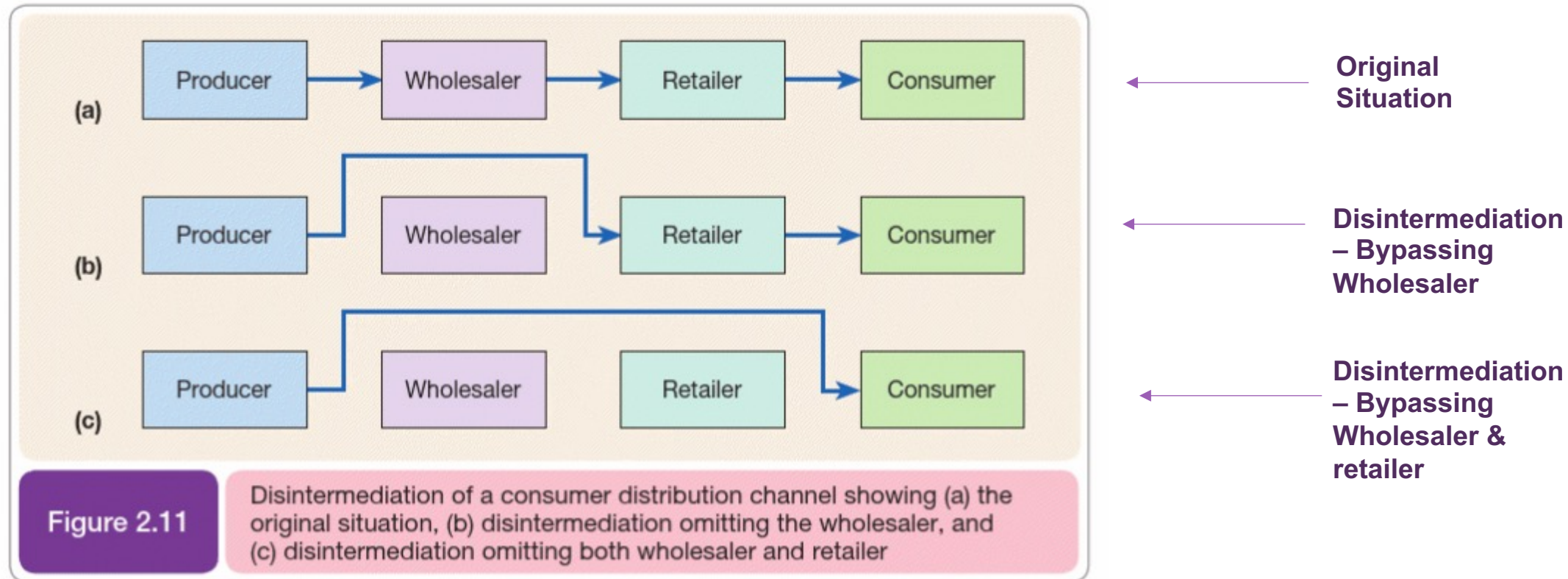
The diagram opposite shows the typical channel structures between business and consumer organisations. The *relationship between an organisation and its channel partners can be greatly changed by the opportunities afforded by the Internet*. The internet provides a means of bypassing some of the channel partners process - this is known as **Disintermediation** 'cutting out the middleman' e.g., music now available from Spotify rather than music store.

Unicorns – Tech start ups valued at over \$1 billion e.g. Uber, Airbnb, Dropbox & Pinterest

Decacorns – Start-ups valued over \$10 billion – Facebook

Disintermediation of Consumer Distribution Channel

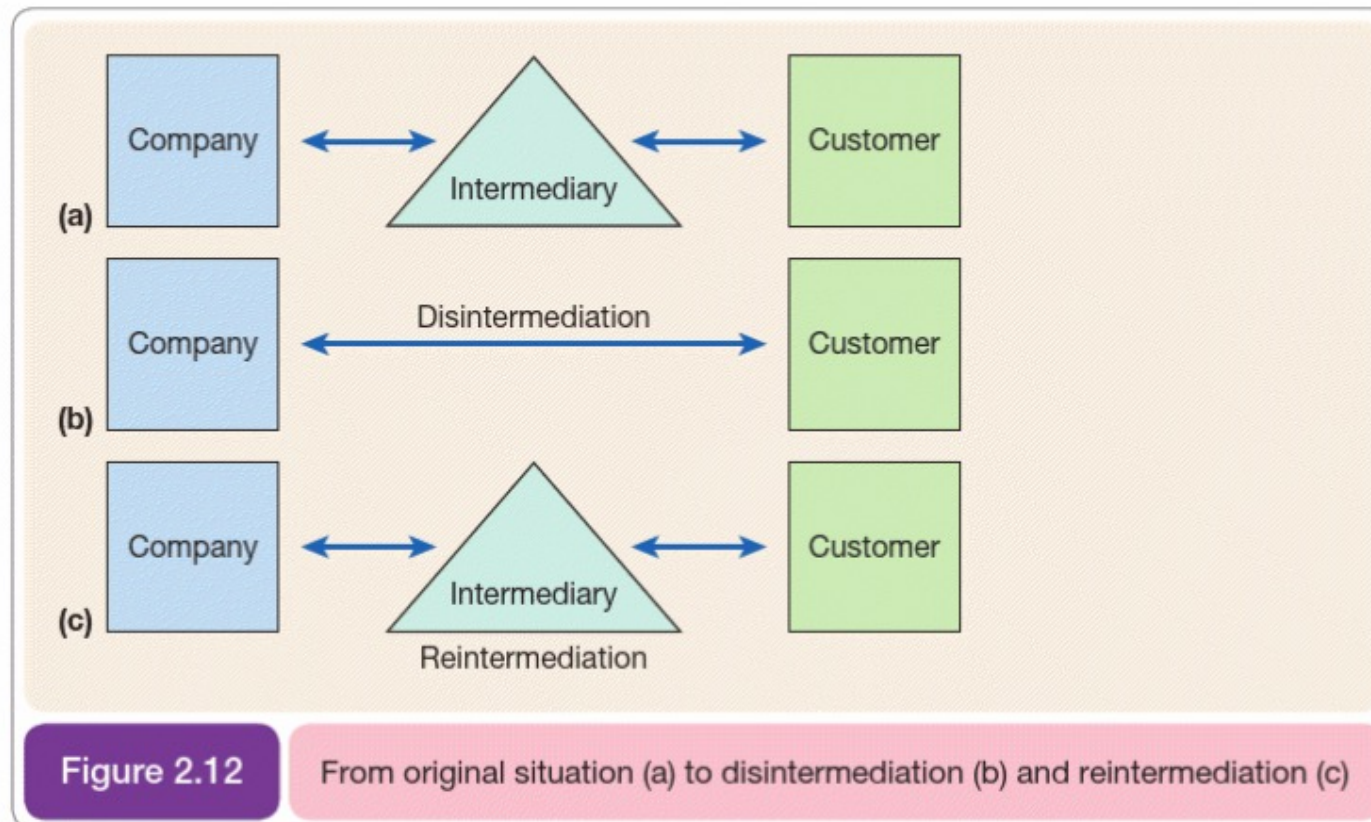
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(Source: Chaffey et al, 2019)

Disintermediation & Reintermediation of Consumer Distribution Channel

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Original Situation e.g., sales through brokers e.g. The AA

Opportunity to use remove traditional intermediaries and use call centres or websites e.g., Directline.

New intermediaries needed for companies to function properly as online businesses even though they have disintermediated traditional intermediaries e.g. retail stores.

Countermediation – creating a new intermediary e.g. publisher/ comparison site by an established company. This was done by B&Q to help DIYers, but it was positioned separate to B&Q. OPODO was set up by 9 European airlines e.g Air France, BA, KLM & Lufthansa

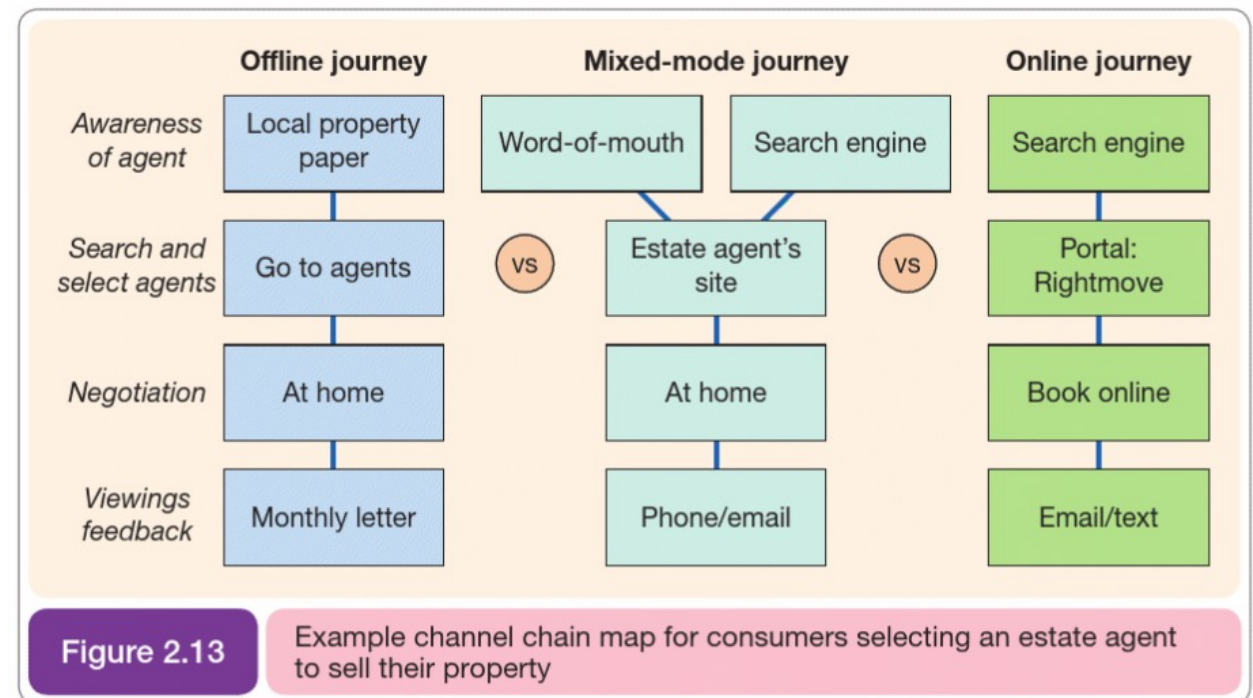
(Source: Chaffey et al, 2019)

Importance of omnichannel marketplace models

Customer Journey – Description of modern omnichannel buyer behaviour as consumers use different media to select suppliers, make purchases & customer support.

Channel Chain – A channel chain shows alternative customer journeys for customers with different channel preferences. Can be used to assess current/ future performance of different customer journeys.

Market Map – can show the flow of revenue between a manufacturer or service provider through intermediaries & new types of intermediaries.



Different Types of online intermediary

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Type of intermediary	Characteristics	Example
Access portal	Associated with ISP or mobile service provider	<ul style="list-style-type: none"> BT (www.bt.com) MSN (www.msn.com)
Blog	Content updated through time, typically text-based, but can include audio and video (video bloggers – vloggers/YouTubers)	<ul style="list-style-type: none"> Blogger (www.blogger.com) hosts many blogs Many company blogs are created using WordPress (www.wordpress.com) Vlogging channels are usually set up on YouTube
Directory	Listings of sites and businesses' details in categories	<ul style="list-style-type: none"> Business.com (www.business.com), Yell (www.yell.com)
Geographical (region, country, local)	May be: <ul style="list-style-type: none"> horizontal vertical 	<ul style="list-style-type: none"> Google country versions Yahoo! country and city versions Craigslist (www.craigslist.com)
Horizontal or functional portal	Range of services: search engines, directories, news, recruitment, personal information management, shopping, etc.	<ul style="list-style-type: none"> Yahoo! (www.yahoo.com) Microsoft MSN (www.msn.com) Google (www.google.com), which for a long period just focused on search
Marketplace or auction site	May be: <ul style="list-style-type: none"> horizontal vertical geographical 	<ul style="list-style-type: none"> EC21 (www.ec21.com) eBay (www.ebay.com)
Price-comparison site or aggregator	Compares products or services on different criteria, including price	<ul style="list-style-type: none"> PriceRunner (www.pricerunner.com) Shopping.com (www.shopping.com)
Publisher site	Main focus is on consumer or business news or entertainment	<ul style="list-style-type: none"> BBC (www.bbc.co.uk) Guardian (www.guardian.co.uk) Information Week (www.informationweek.com)
Search engine	Main focus is on search	<ul style="list-style-type: none"> Google (www.google.com) Bing (www.bing.com) Baidu in China (www.baidu.com) Naver in South Korea (www.naver.com)
Media type	May be: <ul style="list-style-type: none"> voice (audio podcasts) video (video webcasts) Delivered by streaming media or downloads of files	<ul style="list-style-type: none"> Audio podcasts, for example Apple iTunes Video, for example YouTube (www.youtube.com) Multimedia publisher, e.g. BBC iPlayer (www.bbc.co.uk/iplayer)
Vertical intermediary	Covers a particular market or niche audience, such as construction, with news and other services	<ul style="list-style-type: none"> Build UK (www.builduk.org) Phaidon Atlas of Architecture (www.phaidonatlas.com)

(Source: Chaffey et al, 2019)