Les 1:

Direct relations: klanten blijven bij jouw merk als je dit type relatie hebt.

Value: soort investering door het bedrijf in de klant, met in gedachte dat op lange termijn ze meer geld terug krijgen uit deze klant. Denk aan een speciaal abonnementen voor klanten die willen eigenlijk willen stoppen.

Les 2:

Strategishe marketingvraagstukken

De marketing bepaald heel erg hoe het bedrijf zich voordoet voor de markt. Online kan je bijvoorbeeld alles heel gemakklijk met elkaar vergelijken. De kleine bedrijven woorden hierdoor ook zichtbaar en krijgt business. De site die hier het vergelijken doet wordt als een soort tussenpersoon betaald door sommige maatschappijen voor mensen doorsturen naar hun bedrijf.

Invloed van internet op de strategie

Een reputatie is veel makkelijker op te bouwen over het internet.  
waarom kiezen mensen dan alsnog voor klm ipv ryanair, ze willen een oud vertrouwt merk, nederlands, ect.

Je koopt het merkje mee bij sommige kleding, je wilt laten zien dat je kleren van dat dure merk aan hebt.

Online therapie: meer klanten, geen gebouw nodig, veel minder kosten overal. Ander businessmodel

Stappen in het strategisch process

Visie: de wereld veranderen

Missie: wij willen dat iedereen een tesla rijd

Doelstelling: elektrische auto’s maken op een duurzame manier

Positionering: niet op dezelfde plek gaan zitten als grote andere bedrijven bijvoorbeeld.

Je gaat jezelf vergelijken met je concurrent in je marketing en laat dat de klant ook zien.

Ipv vertellen over je product, vertellen over wat JIJ met het product kan doen en hoeveel beter jouw leven erdoor gaat worden.

3 lagen businessmodel: In de slides.

Verdienmodellen:

Slides:

Kassa, mobiel, spotify, youtube, vakantieveilingen, tweakers, vliegtuigmaatschappij

Yield management: wat is de vraag? Vliegtuig ticket over 1 jaar = 300 euro, over 2 weken = 500 euro, over 1 dag = 350 euro.

Cpm = cost per mille, per bijv 1000 mensen die het zien VS CpC = cost per click, per click op de advertentie krijgt de site geld.

Distributie modellen:

Waarom gaan niet alle fysieke winkels niet weg? Mensen willen altijd nog schoenen en kleren passen bijvoorbeeld. Als iemand 1 hamer snel wil kopen is het erg onhandig als dat online moet.

cocreatie:

facebook, merk op je kleren. Het merk bestaat door jou.

product life cycle:

de productfases:

* Ontwikkelfase
* Introductiefase het product komt op de markt
* Groeifase
* Volwassenheisfase
* Afname

Introductie,

rapid skimming, snel iets uit die markt meepikken met je product, heel veel reclame en hoge vraagprijs.

Zie slides.

Groei,

Meer vertrouwen opwekken in het product.

# Case study boo hoo

**Context**

‘*Unless we raise $20 million by midnight, boo.com is*

*dead*.’ So said Boo.com CEO Ernst Malmsten, on 18 May

2000. Half the investment was raised, but this was too

little, too late, and at midnight, less than a year after its

launch, Boo.com closed. The headlines in the *Financial*

*Times*, the next day read: ‘*Boo.com collapses as Investors*

*refuse funds. Online Sports retailer becomes Europe’s first*

*big Internet casualty.*’

The Boo.com case remains a valuable case study for all

types of businesses, since it doesn’t only illustrate the

challenges of managing e-commerce for a clothes retailer,

but rather highlights failings in e-commerce strategy and

management that can be made in any type of organisation.

**Company background**

Boo.com was a European company founded in 1998 and

operating out of a London head office, which was founded

by three Swedish entrepreneurs, Ernst Malmsten, Kajsa

Leander and Patrik Hedelin. Malmsten and Leander had

previous business experience in publishing where they

created a specialist publisher and had also created an

online bookstore, bokus.com, which in 1997 became the

world’s third largest book e-retailer behind Amazon and

Barnes & Noble. They became millionaires when they sold

the company in 1998. At Boo.com, they were joined by

Patrik Hedelin who was also the financial director at

bokus, and at the time they were perceived as experienced

European Internet entrepreneurs by the investors

who backed them in their new venture.

**Company vision**

The vision for Boo.com was for it to become the world’s first

online global sports retail site. It would be a European

brand, but with a global appeal. Think of it as a sports and

fashion retail version of Amazon. At launch it would open its

virtual doors in both Europe and America with a view to

‘amazoning the sector’. Note though that, in contrast,

Amazon did not launch simultaneously in all markets. Rather

it became established in the US before providing local

European distribution through acquisition and re-branding

of other e-retailers in the United Kingdom for example.

**The boo.com brand name**

According to Malmsten et al. (2001), the Boo brand name

originated from film star Bo Derek, best known for her role

in the movie *10*. The domain name ‘Bo.com’ was unavailable,

but adding an ‘o’, they managed to procure the

domain ‘Boo.com’ for $2,500 from a domain name dealer.

According to Rob Talbot, director of marketing for

Boo.com, Boo were ‘looking for a name that was easy to

spell across all the different countries and easy to remember

... something that didn’t have a particular meaning’.

**Target market**

The audience targeted by Boo.com can be characterised

as ‘young, well-off and fashion-conscious’ 18-to-24-yearolds.

The concept was that globally the target market

would be interested in sports and fashion brands stocked

The market for clothing in this area was viewed as very

large, so the thought was that capture of only a small part

of this market was required for Boo.com to be successful.

The view at this time on the scale of this market and the

basis for success is indicated by *New Media Age* (1999)

where it was described as

*The $60b USD industry is dominated by Gen X’ers who*

*are online and according to market research in need of*

*knowing what is in, what is not and a way to receive*

*such goods quickly. If boo.com becomes known as the*

*place to keep up with fashion and can supply the latest*

*trends then there is no doubt that there is a market, a*

*highly profitable one at that for profits to grow from.*

The growth in market was also supported by retail analysts,

with Verdict predicting online shopping in the United

Kingdom to grow from £600 million in 1999 to £12.5 billion

in 2005.

However, *New Media Age* (1999) does note some

reservations about this market, saying

*Clothes and trainers have a high rate of return in the*

*mail order/home shopping world. Twenty year olds may*

*be online and may have disposable income but they are*

*not the main market associated with mail order. To date*

*there is no one else doing anything similar to boo.com.*

**The Boo.com proposition**

In their proposal to investors, the company stated that

‘their business idea is to become the world-leading

Internet-based retailer of prestigious brand leisure and

sportswear names’. They listed brands such as Polo,

Ralph Lauren, Tommy Hilfiger, Nike, Fila, Lacoste and

Adidas. The proposition involved sports and fashion

goods alongside each other. The thinking was than sports

clothing has more standardised sizes with less need for a

precise fit than designer clothing.

The owners of Boo.com wanted to develop an easy to

use experience which re-created the offline shopping

experience as far as possible. As part of the branding

strategy, an idea was developed of a virtual salesperson,

initially named Jenny and later Miss Boo. She would guide

users through the site and give helpful tips. When selecting

products, users could drag them on to models, zoom

in and rotate them in 3D to visualise them from different

angles. The technology to achieve this was built from

scratch along with the stock control and distribution software.

A large investment was required in technology with

several suppliers being replaced before launch, which was

6 months later than promised to investors, largely due to

problems with implementing the technology.

Clothing the mannequin and populating the catalogue

was also an expensive challenge. For 2000, about $6 million

was spent on content about spring/summer

fashionwear. It cost $200 to photograph each product,

representing a monthly cost of more than $500,000.

Although the user experience of Boo.com is often criticised

for its speed, it does seem to have had that wow

factor that influenced investors. Analyst Nik Margolis, writing

in *New Media Age* (1999), illustrates this by saying:

*What I saw at boo.com is simply the most clever web*

*experience I have seen in quite a while. The presentation*

*of products and content are both imaginative and*

*offer an experience. Sure everything loads up fast in an*

*office but I was assured by those at boo.com that they*

*will keep to a limit of 8 seconds for a page to download.*

*Eight seconds is not great but the question is will*

*it be worth waiting for?*

Of course, today, the majority of European users have

broadband, but in the late 1990s the majority were on dialup

and had to download the software to view products.

**Communicating the Boo.com proposition**

Early plans referred to extensive ‘high-impact’ marketing

campaigns on TV and in newspapers. Public relations

were important in leveraging the novelty of the concept

and human side of the business – Leander was previously

a professional model and had formerly been Malmsten’s

partner. This PR was initially focused within the fashion

and sportswear trade and then rolled out to publications

likely to be read by the target audience. The success of

this PR initiative can be judged by the 350,000 e-mail preregistrations

who wanted to be notified of launch. For the

launch Malmsten et al. (2001) explains that ‘with a marketing

and PR spend of only $22.4 million we had managed

to create a worldwide brand’.

To help create the values of the Boo.com brand, *Boom*

a lavish online fashion magazine, was created, which

required substantial staff for different language versions.

The magazine wasn’t a catalogue which directly supported

sales, rather it was a publishing venture competing

with established fashion titles. For existing customers the

*Look Book*, a 44-page print catalogue was produced

which showcased different products each month.

**The challenges of building a global brand in months**

The challenges of creating a global brand in months are

illustrated well by Malmsten et al. (2001). After an initial

round of funding, including investment from JP Morgan,

LMVH Investment and the Benetton family, which generated

around $9 million, the founders planned towards

launch by identifying thousands of individual tasks, many of

which needed to be completed by staff yet to be recruited.

These tasks were divided into twenty-seven areas of

responsibility familiar to many organisations including office

infrastructure, logistics, product information, pricing, front-end applications, call centres, packaging, suppliers,

designing logos, advertising/PR, legal issues, and recruitment.

At its zenith, Boo.com had 350 staff, with over one

hundred in London and new offices in Munich, New York,

Paris and Stockholm. Initially, Boo.com was available in UK

English, US English, German, Swedish, Danish and Finnish

with localised versions for France, Spain and Italy added

after launch. The web site was tailored for individual countries

using the local language and currency and also local

prices. Orders were fulfilled and shipped out of one of two

warehouses: one in Louisville, Kentucky and the other in

Cologne, Germany. This side of the business was relatively

successful with on-time delivery rates approaching

100% achieved.

Boo possessed classic channel conflicts. Initially, it was

difficult getting fashion and sports brands to offer their

products through Boo.com. Manufacturers already had a

well-established distribution network through large highstreet

sports and fashion retailers and many smaller

retailers. If clothing brands permitted Boo.com to sell their

clothes online at discounted prices, then this would conflict

with retailers’ interests and would also portray the brands in

a negative light if their goods were in an online ‘bargain

bucket’. A further pricing issue is where local or *zone pricing*

in different markets exists, for example lower prices

often exist in the US than Europe and there are variations in

different European countries.

**Making the business case to investors**

Today it seems incredible that investors were confident

enough to invest $130 million in the company and that at

the high point the company was valued at $390 million.

Yet much of this investment was based on the vision of

the founders to be a global brand and achieve ‘first-mover

advantage’. Although there were naturally revenue projections,

these were not always based on an accurate

detailed analysis of market potential. Immediately before

launch, Malmsten et al. (2001) explains a meeting with

would-be investor Pequot Capital, represented by Larry

Lenihan who had made successful investments in AOL

and Yahoo! The Boo.com management team were able to

provide revenue forecasts, but were unable to answer fundamental

questions for modelling the potential of the

business, such as ‘How many visitors are you aiming for?

What kind of conversion rate are you aiming for? How

much does each customer have to spend? What’s your

customer acquisition cost. And what’s your payback time

on customer acquisition cost?’ When these figures were

obtained, the analyst found them to be ‘far-fetched’ and

reputedly ended the meeting with the words, ‘I’m not

interested. Sorry for my bluntness, but I think you’re going

to be out of business by Christmas’.

When the site launched on 3 November 1999, around

50,000 unique visitors were achieved on the first day, but

only 4 in 1000 placed orders (a 0.25% conversion rate),

showing the importance of modelling conversion rate

accurately in modelling business potential. This low conversion

rate was also symptomatic of problems with

technology. It also gave rise to negative PR. One reviewer

explained how he waited:

*‘Eighty-one minutes to pay too much money for a pair*

*of shoes that I still have to wait a week to get?’*

These rates did improve as problems were ironed out – by

the end of the week 228,848 visits had resulted in 609

orders with a value of $64,000. In the 6 weeks from launch,

sales of $353,000 were made and conversion rates had

more than doubled to 0.98% before Christmas. However, a

relaunch was required within 6 months to cut download

times and to introduce a ‘low-bandwidth version’ for users

using dial-up connections. This led to conversion rates of

nearly 3% on sales promotion. Sales results were disappointing

in some regions, with US sales accounting for

20% compared to the planned 40%.

The management team felt that further substantial

investment was required to grow the business from a

presence in 18 countries and 22 brands in November to

31 countries and 40 brands the following spring. Turnover

was forecast to rise from $100 million in 2000/01 to $1350

million by 2003/4, which would be driven by $102.3 million

in marketing in 2003/4. Profit was forecast to be $51.9

million by 2003/4.

**The end of Boo.com**

The end of Boo.com came on 18 May 2000, when

investor funds could not be raised to meet the spiralling

marketing, technology and wage bills.

Source: Prepared by Dave Chaffey from original sources including

Malmsten et al. (2001) and *New Media Age* (1999)

# Case study tesco

**Context**

Tesco, well known as Britain’s leading food retail group

with a presence also in Europe and Asia has also been a

pioneer online. By September 2005 online sales in the first

half of the year were £401 million, a 31% year-on-year

increase, and profit increased by 37% to £21 million.

Tesco.com now receives 170,000 orders each week. Soon

it should reach an annual turnover of £1 billion online

and is generally recognised as the world’s largest

online grocer.

**Product ranges**

The Tesco.com site acts as a portal to most of Tesco’s

products, including various non-food ranges (for example,

books, DVDs and electrical items under the ‘Extra’

banner), Tesco Personal Finance and the telecoms businesses,

as well as services offered in partnership with

specialist companies, such as dieting clubs, flights and

holidays, music downloads, gas, electricity and DVD

rentals. It does not currently sell clothing online but in May

2005 it introduced a clothing web site (**www.clothing**

**attesco.com**), initially to showcase Tesco’s clothing brands

and link customers to their nearest store with this range.

**Competitors**

Tesco currently leads the UK’s other leading grocery retailers

in terms of market share. This pattern is repeated

online. The compilation below is from Hitwise (2005) and

the figures in brackets show market share for traditional

offline retail formats from the Taylor Nelson Softres Super

Panel (see **http://superpanel.tns-global.com**):

**1** Tesco Superstore, 27.28% (29% of retail trade)

**2** ASDA, 13.36%

**3** ASDA @t Home, 10.13% (17.1%)

**4** Sainsbury’s, 8.42%

**5** Tesco Wine Warehouse, 8.19%

**6** Sainsbury’s to You, 5.86% (15.9%)

**7** Waitrose.com, 3.42% (3.6%)

**8** Ocado, 3.32% (owned by Waitrose, 3.6%)

**9** Lidl, 2.49% (1.8%)

**10** ALDI – UK, 2.10% (2.3%)

Some companies are repeated since their main site and

the online shopping site are reported on separately.

Asda.com now seems to be performing in a consistent

manner online to its offline presence. However, Sainsbury’s

online performance seems to be significantly lower compared

to its offline performance. Some providers such as

Ocado which originally just operated within the London

area have a strong local performance.

Notably, some of Tesco.com’s competitors are absent

from the Hitwise listing since their strategy has been to

focus on retail formats. These are Morrisons (12.5% retail

share), Somerfield (5.5%) and Co-op (5.0%).

**Promotion of service**

As with other online retailers, Tesco.com relies on in-store

advertising and marketing to the supermarket’s Clubcard

loyalty scheme’s customer base to persuade customers

to shop online. *New Media Age* (2005) quotes Nigel Dodd,

marketing director at Tesco.com, as saying: ‘*These are*

*invaluable sources as we have such a strong customer*

*base*’. However, for non-food goods the supermarket

does advertise online using keyword targeted ads. For existing customers, e-mail marketing and direct

mail marketing to provide special offers and promotions to

customers is important.

According to Humby and Hunt (2003), e-retailer

Tesco.com uses what he describes as a ‘commitmentbased

segmentation’ or ‘loyalty ladder’ which is based on

recency of purchase, frequency of purchase and value

which is used to identify six lifecycle categories which are

then further divided to target communications:

\_ ‘Logged-on’

\_ ‘Cautionary’

\_ ‘Developing’

\_ ‘Established’

\_ ‘Dedicated’

\_ ‘Logged-off’ (the aim here is to win back).

Tesco then uses automated event-triggered messaging

which can be created to encourage continued purchase.

For example, Tesco.com has a touch strategy which

includes a sequence of follow-up communications triggered

after different events in the customer lifecycle. In the example

given below, communications after event 1 are intended

to achieve the objective of converting a web site visitor to

action; communications after event 2 are intended to move

the customer from a first-time purchaser to a regular purchaser

and for event 3 to reactivate lapsed purchasers.

*Trigger event 1: Customer first registers on site (but does*

*not buy)*

Auto-response (AR) 1: Two days after registration e-mail

sent offering phone assistance and £5 discount off first

purchase to encourage trial.

*Trigger event 2: Customer first purchases online*

AR1: Immediate order confirmation.

AR2: Five days after purchase e-mail sent with link to

online customer satisfaction survey asking about quality

of service from driver and picker (e.g. item quality and

substitutions).

AR3: Two weeks after first purchase – direct mail offering

tips on how to use service and £5 discount on next purchases

intended to encourage re-use of online services.

AR4: Generic monthly e-newsletter with online exclusive

offers encouraging cross-selling.

AR5: Bi-weekly alert with personalised offers for customer.

AR6: After two months – £5 discount for next shop.

AR7: Quarterly mailing of coupons encouraging repeat

sales and cross-sales.

*Trigger event 3: Customer does not purchase for an*

*extended period*

AR1: Dormancy detected – reactivation e-mail with survey

of how the customer is finding the service (to identify any

problems) and a £5 incentive.

AR2: A further discount incentive is used in order to

encourage continued usage to shop after the first shop

after a break.

**Tesco’s online product strategy**

NMA (2005) ran a profile of Laura Wade-Gery, CEO of

Tesco.com since January 2004, which provides an interesting

insight into how the business has run. In her first year,

total sales were increased 24% to £719 million. Laura is 40

years old, a keen athlete and has followed a varied career

developing from a MA in History at Magdalen College,

Oxford, an MBA from Insead; manager and partner in

Kleinwort Benson; manager and senior consultant, Gemini

Consulting; targeted marketing director (Tesco Clubcard),

and group strategy director, Tesco Stores.

The growth overseen by Wade-Gery has been achieved

through a combination of initiatives. Product range development

is one key area. In early 2005, Tesco.com fulfilled

150,000 grocery orders a week but now also offers more

intangible offerings, such as e-diets and music downloads.

Laura has also focused on improving the customer

experience online – the time it takes for a new customer to

complete their first order has been decreased from over

an hour to 35 minutes through usability work culminating

in a major site revision.

To support the business as it diversifies into new areas,

Wade-Gery’s strategy was ‘to make home delivery part of

the DNA of Tesco’ according to NMA (2005). She continues:

‘What we offer is delivery to your home of a Tesco

service – it’s an obvious extension of the home-delivered

groceries concept.’ By May 2005, Tesco.com had 30,000

customers signed up for DVD rental, through partner

Video Island (which runs the rival Screenselect service).

Over the next year, her target is to treble this total, while

also extending home-delivery services to the likes of bulk

wine and white goods.

Wade-Gery looks to achieve synergy between the

range of services offered. For example, its partnership

with eDiets can be promoted through the Tesco Clubcard

loyalty scheme, with mailings to 10m customers a year. In

July 2004, Tesco.com Limited paid £2 million for the

exclusive licence to eDiets.com in the UK and Ireland

under the URLs **www.eDietsUK.com** and **www.eDiets.ie**.

Through promoting these services through these URLs,

Tesco can use the dieting business to grow use of the

Tesco.com service and in-store sales.

To help keep focus on home retail-delivery, Wade-Gery

sold women’s portal iVillage (**www.ivillage.co.uk**) back to

its US owners for an undisclosed sum in March 2004. She

explained to NMA:

*It’s a very different sort of product to the other services*

*that we’re embarking on. In my mind, we stand for providing*

*services and products that you buy, which is slightly*

*different to the world of providing information.*