The Evaluation of e-commerce organisations

Mark Baber

University of South Wales

IS3S661

Table of Contents

[1 - Introduction - description 150 10% 2](#_Toc22724592)

[Spotify 3](#_Toc22724593)

[2 – Main body 4](#_Toc22724594)

[2.1 - Evaluation of Organisations 400 words - 25% 4](#_Toc22724595)

[2.2 - Evaluation of e-commerce 400 words - 25% 5](#_Toc22724596)

[2.3 - Comparative analysis 400 words - 25% 6](#_Toc22724597)

[3 - Conclusion 150 words - 10% 7](#_Toc22724598)

[4 – References 8](#_Toc22724599)

[5 – Appendix 9](#_Toc22724600)

[5.1 – Appendix 1 9](#_Toc22724601)

[5.2 – Appendix 2 9](#_Toc22724602)

# 1 - Introduction - description 150 10%

This report evaluates the e-commerce strategies of two organisations in the business to consumer music industry. The music industry has a number of business models which include, streaming, digital downloads and buying physical copies. Streaming services like Spotify which will be explored in this report are online only, whereas stores such as HMV which is also explored in this report have both digital downloads and physical copies through their stores.

# 2 – Main body

## 2.1 - Evaluation of Organisations 400 words - 25%

### Spotify

With the growing size of streaming platforms vs physical, there is only one company that comes to mind, Spotify. Spotify is a music streaming platform who has been around since 2006 and is the most popular music streaming service. Figure 1 shows the increase in streaming subscriptions vs physical formats, which is why companies like HMV has suffered due to this shift from traditional sales to streaming services.



(Figure 1 – Sources of music, Mintel 2019)

Whilst there are alternatives to music streaming platforms such as, Amazon Prime Music, Apple Music, Google Play Music, Deezer Premium, Tidal and others, Spotify has been on the top of theses lists as being the most used. Below in figure 2 it shows which of the streaming platforms was most used in the last 3 months.



(Figure 2 – Most used paid streaming platform, Mintel 2019)

Spotify has over 217 million users.

Whilst there are different methods to analyse a company, such as PESTLE. This report will focus on using the Porters Five Forces method. Porters Five Forces is made up of:

1. The Threat of new entrants
2. The Threat of substitute products
3. The Bargaining power of buyers
4. The Bargaining power of suppliers
5. The Rivalry among existing firms

1 - The threat of new entrants was also described by Masterson *et al.* (2017) “barriers to entry”, which is how easy it is for people to get into the same business as you. With a stronger barrier of entry your company would be more secure in that area.

Barriers to entry can be:

* Cost of producing/providing, so in IT this could be infrastructure costs and getting local and off-site servers, or the cost of creating CD’s and storing them in a warehouse before being sold in stores.
* Existing brands – such as Google, Amazon and Apple who have big followers and have built up infrastructure over several years.
* Legal barriers, copyright licence owners especially when it comes to music and do other companies have deals with certain artists to be used on their platform.

2 - Treat of substitute is where another competitor can come out with a similar and/or better product/service than the one you’re currently giving. For example, there are multiple stores who can sell CD’s even companies like Tesco, & Asda. Whereas HMV are only focusing on music and film. As for Spotify there are a few companies who have set up music streaming services, but don’t offer as much variety. ( Look At Deezer)

3 - The bargaining power of buyers for HMV is rather high, with a competitor such as Spotify offering a stream lined service. With free entry to all customers and ad free options with the ability to download your playlists offline.

4 – The bargaining power of suppliers for HMV is a bit of a mix, with minimalisms becoming more popular and people are more conscious about the plastic that they’re purchasing. (Look for citation/Proof). For Spotify, the bargaining powers of the suppliers would be that of the artists, making sure they’re fairly being used. If we look at Apple, they were giving away Taylor Swifts album and she wrote them an open letter stating, “Three months is a long time to go unpaid, and it is unfair to ask anyone to work for nothing” - BBC News (2015).

5 – The rivalry among existing firms. While HMV was a big firm for selling CD’s, they were also slow to adapt in the digital age and quickly

## 2.2 - Evaluation of e-commerce 400 words - 25%

## 2.3 - Comparative analysis 400 words - 25%

|  |  |  |
| --- | --- | --- |
| Category | Spotify | HMV |
| Mission | *“To unlock the potential of human creativity by giving a million creative artists the opportunity to live off their art and billions of fans the opportunity to enjoy and be inspired by these creators”* |  |
| Vision | “*We envision a cultural platform where professional creators can break free of their medium’s constraints and where everyone can enjoy an immersive artistic experience that enables us to empathize with each other and to feel part of a greater whole.”* |  |
| Life Cycle Stage | Growth | Decline |

# 3 - Conclusion 150 words - 10%

# 4 – References

Mission Statement Academy (2019) *Spotify Mission and Vision Statement Analysis*. Available at: <http://mission-statement.com/spotify/> (Accessed 23/10/2019)

BBC News (2018) *HMV: Did streaming cause retailer to fail?.* Available at: <https://www.bbc.co.uk/news/technology-46703208> (Date accessed 23/10/19)

BBC News (2015) *Apple Music changes policy after Taylor Swift stand.* Available at <https://www.bbc.co.uk/news/entertainment-arts-33220189> (Date accessed 25/10/2015)

Riesewijk, M. (2017). ‘The Future of Spotify: Assessing Spotify’s Position by Analysing the Competition’. 27th Twente Student Conference on IT July 7th , 2017, Enschede, The Netherlands.

Masterson, R., Phillips, N., Pickton, D. (2017) *Marketing an introduction*. 4th edn. London Sage.

# 5 – Appendix

## 5.1 – Appendix 1



## 5.2 – Appendix 2