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E-commerce

Subscription boxes for professionals

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*Professor:*

*Haris Spyropoulos*

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# Introduction

Main aim of this assignment is examination of doing business online and setting up online shops. To research furthermore, importance of online shops/e-commerce in today’s world.

The electronic marketplace/e-commerce, which is based on the use of Internet technologies, is still being introduced to organizations, and developed in order to meet organizational goals, which are to achieve effectiveness and market competitiveness. The advent of the Internet made it possible to create virtual markets and create the conditions for increasing overall competitiveness. Businesses via the Internet are affirming a new market that gives globalization opportunities to SMEs (small to medium enterprises). Development of e-commerce has made major differences in the adoption of new technologies. New technologies have influenced thousands of entrepreneurs to set up online businesses. Now most countries do business using Internet technologies in the administration, tax system, customs, banking, marketing, healthcare, education, trade, etc. Introducing e-business stimulated market expansion, facilitated teleworking at reduced costs. (Chen & Zhang, 2015)

E-business is a modern form of business organization that involves intensive application information and, in particular, Internet and communication technologies when performing key or core business activities (Panian, 2012).

## Advantages and disadvantages of e-commerce

### The major benefits of e-commerce are the following:

* new higher income business models,
* longer working hours: 24/7/365,
* global availability,
* up-to-date company material,
* reduction of costs,
* Better customer relationship, improved customer service - sales support through use
* Internet marketing techniques,
* better partnerships and cooperation,
* business research and analytics methods / business analysis and forecasting,
* Internet marketing, public relations.

E-commerce brings these benefits over non-electronic media:

* cost and time savings - hours, paper, amount of data, process duration, deliveries,
* Flexibility and efficiency - the ability to handle complex situations, assortments
* products and meeting different customer needs - better communication between
* trading partners leading to long-term business relationships,
* two-way communication with customers,
* New markets - The Internet expands the reach of entrepreneurship to new geographical locations.

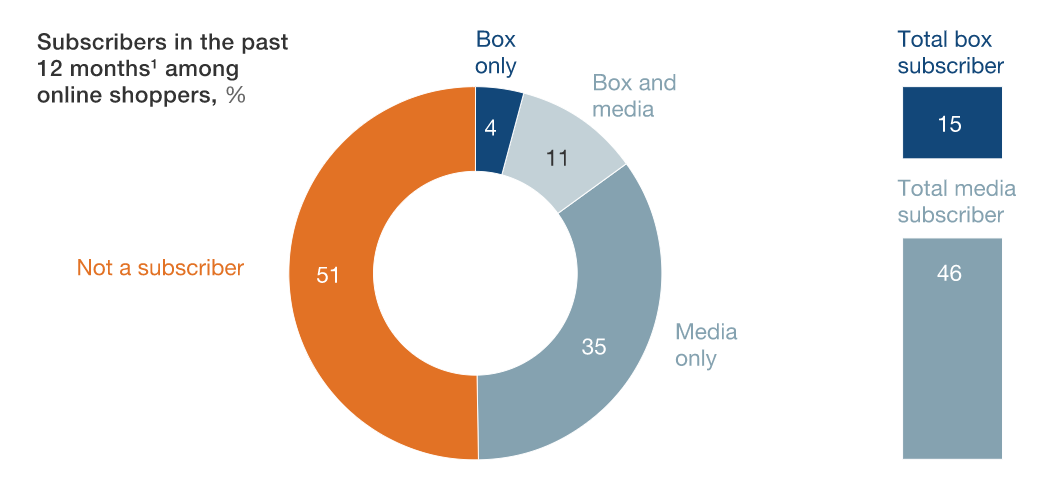
### Disadvantages of e-business:

* fear of fraud and lack of protection,
* SPAM,
* privacy,
* viruses,
* no direct contact between customers and products (web stores)(Bondari, 2010)

# Business type

There are many different business types, the one that fits most to the type of business that will be set up is “Partnership”. Partnership is an association of two or more people, that can merge their financial and managerial resources and make a deal to take the business and share its profit. To create this type of business two persons at least are needed. The e-shop for subscription boxes, explained later on, will be ***contractual relationship***. Partnership can be created only among the people that have decided to joint hands. Such people must have the competency to contract.(Porter, 2015)

Main idea is to create a e-shop focused into selling ***subscription boxes***. According to a 2018 report from McKinsey and Company, subscription boxes, in time period from 2011-2016 have enjoyed and annual growth of 100% every year.[[1]](#footnote-1)



# What are subscription boxes?

Subscription boxes hit the market around 2010 and have since become extremely popular. These are product packages that you can subscribe to, and a surprise box, full of selected products appears on your doorstep every month.

## Why do people like subscription boxes?

1. An element of surprise

Who doesn't love getting presents? Subscription boxes are like a gift to surprise yourself every month (or someone else, if you give them a subscription, but users usually order these subscriptions for themselves). The best subscription packages are carefully stacked, have creative themes and product combinations that you might never try on your own without coming to your doorstep, which adds to the joy and excitement of opening your box and waiting for the peek!

1. Discovering new products

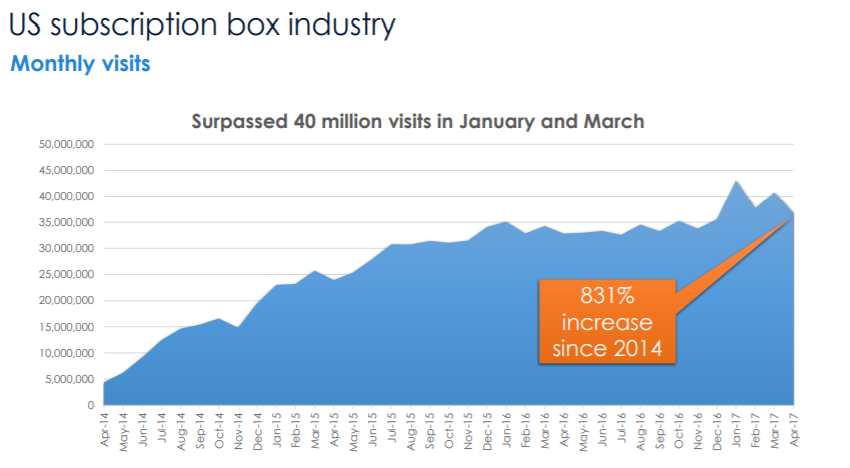
Subscription boxes typically contain three to eight products - some larger and more valuable, some of lesser or lesser value, but all carefully selected to make the subscription box interesting. For example, cosmetic boxes will find several more expensive full-size products and several side-saws.

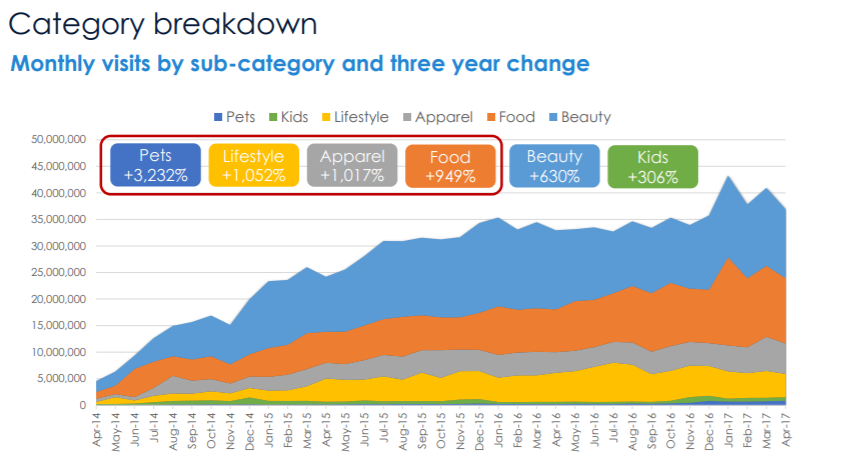
1. Cost effective

In addition to being fun and helping you discover new products; subscription boxes are usually cost-effective for end users - the price of all the sums they receive should be lower than the price of the same products on sale.

1. Creating new (good) habits

Part of the subscription box is not only to offer you different products, but also to help you create some good habits. For example, you can subscribe to boxes of ingredients for lunch - in addition to the ingredients mentioned, you can also get recipes to help you get the most out of your groceries and better plan your meals throughout the week. Cosmetic boxes will help you discover some new products you can introduce into your routine, book subscriptions will make sure you have a good book to read every month - and that you don't have an excuse "I don't know what to choose". (Bhatt, 2018)





# Products offering

Main idea behind this project is to target specific market using niche marketing. Theniche market outlines the characteristics of the brand aimed at meeting the specific needs of the consumer, as well as the scope of costs, the quality of production and the markets that it seeks to reach.(Dalgic, 1998)

As mentioned before, subscription box market is growing every year. On the website/ e-shop created products offered will target only professors, teachers and people that are working in education system. Moreover, women in this sector.

Products offered are:

1. Newest research and studies from the chosen teaching module
2. Required reading
3. Recommended reading
4. Teaching material (such as schemes, tapes, records, objects, pictures, toys, wall charts, etc.)
5. Educator necessities (notebooks, planners, pens, pencils, and other desired material.)

Moreover, when a customer crates a profile, they will have to submit a form stating their interests, what are they teaching, what level and how can this e-shop help them. They will choose which materials they want to receive every month and what is their budget. They can choose the delivery date. The main idea is to exploit the subscription boxes growing trends and make a focus group that is currently not covered with this type of product and offerings. Products offered will be from e-shop suppliers and sponsors.

# Strategic positioning

Brand building is nowadays considered to be the most important function of marketing and even considered the only function of marketing is to build the brand. From having a classic the form of sales and promotions leaving, and most products are not sold but bought, by the consumer is confronted with the products (which have brands) and makes the decision to buy. This is another reason why the modern business focuses on the brand, its quality and distinctiveness. The development of new technologies has provided new opportunities for communication in the world market, changes in the process of mass production toward production intended for the special customer requirements as well as new ways of doing business through connecting business partners and creating value for customers. All this influenced the appreciation of the strategic concept branding (long - term building an organization 's brand as a corporate brand and building a brand product or service) that provides a competitive advantage organization(Silver & Berggren, 2010). The brand today has become stronger than the physical dimensions of the product. Technological innovation paved the way for consumer-based sales, that is, theirs taking ownership of brands(Kevin Lane Keller, 2013). Brand awareness plays a significant role in the buying decision process for two reasons.

First, it is very important for the consumer to think about a particular nonsense when thinking about product category. Second, brand awareness can influence decision making about buying a particular brand when more than one product is being considered, though nonexistent other substantive brand associations(Keller & Lehmann, 2009). According to this, in order to build a brand and became successful and famous, companies need to focus on strategic positioning. Strategic positioning can be defined as a way that company as a whole decides to separate itself in a valuable way from its competition and provide specific customer segments (target market) with a value(Dumitru NICULAITA & Vitalie RAPCEA, 2019).

Positioning of this e-shop will be directed towards primary education teachers and people that are working in educational sector. This is due to the significant growth in this market segment and the fact that there are no e businesses that are covering this sector or offering products and services to them.

Profile of consumers based on demographics:

1. Late millennials/ Gen X
2. Female
3. Holder of college or master’s degree
4. Annual Salary $35k-$60k
5. Preferably with kid age between 3-5 years old

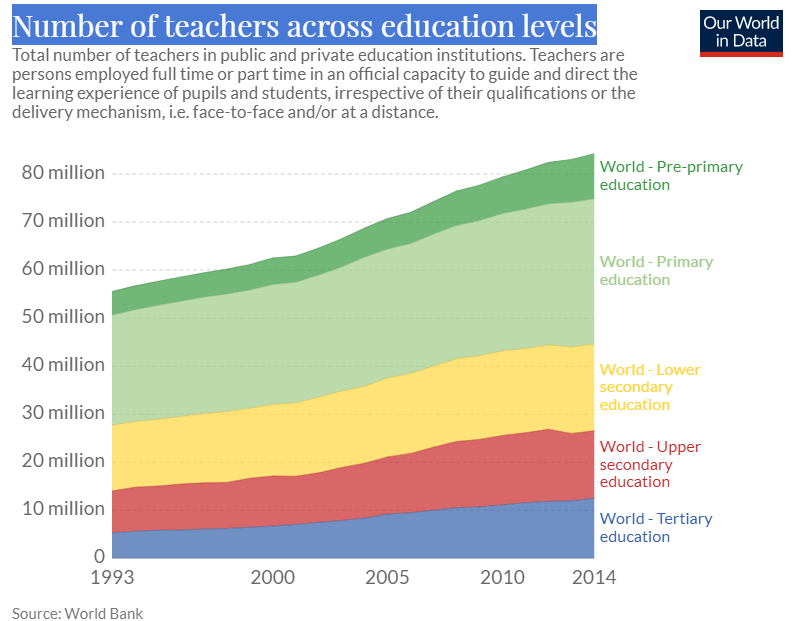
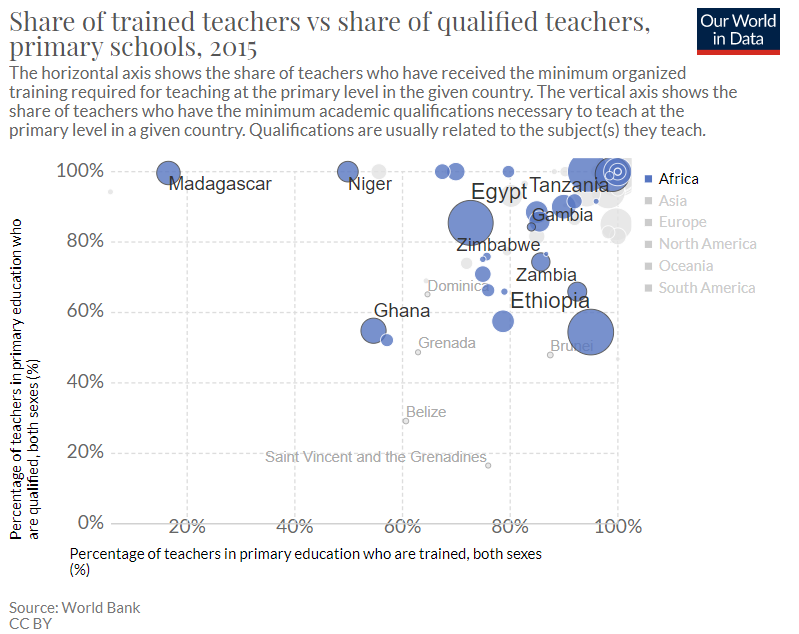
Profile of consumers based on their mindset:

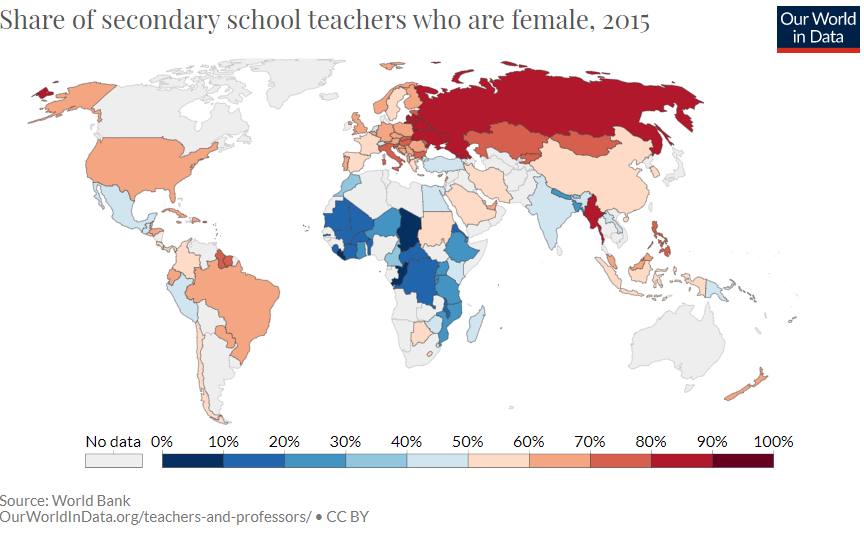
1. *“I want to have something no one else has.”*
2. *“I want to be the first one with access to it.”*
3. *“I am consumed with getting the best deal.”*
4. *“I don’t have an issue when companies use my information to provide me with products just for me.”*
5. *“I need to be connected to the Internet 24/7 and have someone answer my needs.”*

## Reasoning

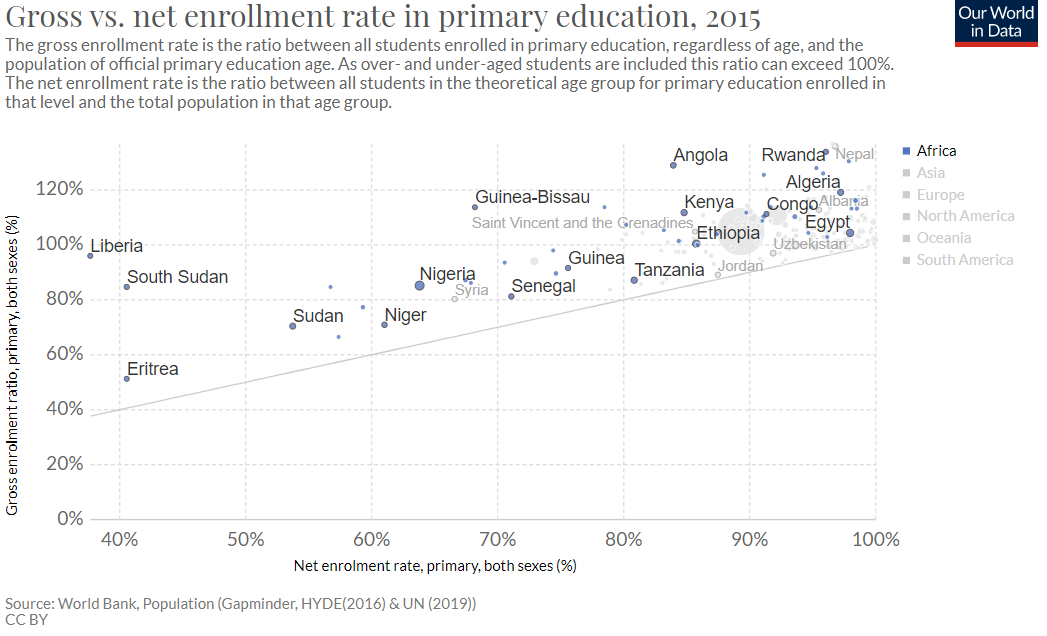
According to Porter’s businesses that don’t have a specific target group and they don’t have positioning strategy will have difficulties in competing because they are considered to be “no mans land”.

Subscription Boxes for professionals, A.K.A. Schoolrific, has a specific target market which was settled according to the following data and research on potential in education market.

From 1993-2014 number of teachers in primary education all over the world went from 23 million to 31 million of teachers in public and private sector. The numbers have grown especially for slow developing countries such as ones in Africa. And for Schoolrific, this is the primary target market. These professionals will be able to have access to all of the things the need to teach kids in schools and all of that for the money they can give, at the time that works best for them.[[2]](#footnote-2)



According to the strategic positioning and the idea to mostly focus on female workers of this industry, above, data from 2015 is presented on the number of female professionals of the industry. If the e-shop concentrate on the specific category of female, primary education, professionals in Africa; There can be an issue in the annual salary these individuals are receiving which is significantly lower than in the rest of the world. (Chetty, Friedman, & Rockoff, 2014) There is many potentials into investing in the educational systems in Africa and providing educators and students with a chance of having a better tomorrow and giving them the opportunity to learn. Based on the related research over years, there is more students that are being enrolled in schools and which are seeking of getting at least primary education. Schoolrific is targeting the educators and educational institutions that have the willingness to provide their students and professionals with necessities on a monthly basis and keep them in touch with the rest of the world.



## Alternative strategies

The e-shop can depend on two alternative strategies:

1. Selling to the parents

This means that the business has another opportunity that they can exploit, keeping in mind the main focus of primary education sector. All parents that are interested into getting their kids supplements for studying and all of the necessities, can get them through the Schoolrific e-shop.

1. Selling to the homeschooling market

This is the different target market where the company would help out teachers that are doing at home teaching for the kids that require this kind of education. According to National Home Education Research Institute:

* Children that are homeschooled have 15% to 30% better performance than the ones from public or private institutes on standardized tests.
* Their academic performance doesn’t depend on whether or not the homeschooling parent/educator is a certified teacher
* There is about 2.2 million home-educated children in United States only
* Over past years the homeschooling population has grown for approximately 8% annually.

This can give us an insight in the potential market and the needs it has.[[3]](#footnote-3)

When creating additional strategic positioning strategy, it is important to try to keep the scope of the idea and try to distribute it in the different way.(Jürgen Moormann, 2001) Also, when creating a strategic positioning, for start up businesses it is important to have in mind S.E.O (Search Engine Optimization), and how to actually boost up the business.

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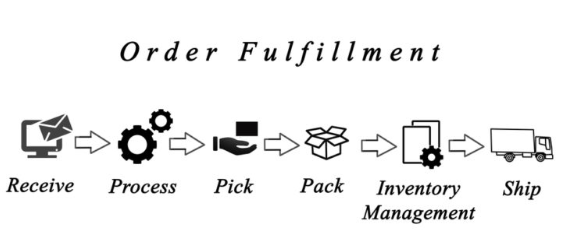
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# Operations and logistics

A good eCommerce plan is not created instantly. Careful planning and smooth implementation are necessary to meet not only the business requirements but also customer expectations. If you take a cautious approach to handling eCommerce activities, you set up your business to profit in a number of different ways:

***Well-defined organizational plans maximize growth opportunities.*** Nine times out of ten, business growth is at the top of the list of retailers. Developing an in-depth eCommerce activity system and strategy is crucial to support the growth of your brand.

***Robust eCommerce operations management leads to greater backend efficiency.*** If we think about our eCommerce operations like a moving puzzle. If there is only one piece missing it will have negative impact on strategy as a whole.

***Better eCommerce services improve customer relationships.*** Customers are the main reason if brand stays successful. If the e-shop has a problem with order inaccuracies, slow shipping, poor assembly, not being able to help at any time and answer questions, this will not do much to win buyers.(Geoffrion & John Anderson, 2001) ******In order for Schoolrific to fulfill all the criteria given above; E-shop will be working with dotcom Distribution. They provide eCommerce businesses with services which will scale their brand to new heights. They provide inventory management, order packaging, shipping operations for online retailers and merchants.Dotcom Distribution is an experienced third-party logistics company and they offer multi-channel fulfillment and production experience to access the new markets and channels. [[4]](#footnote-4)

Regarding Logistics, one of the major functions will be covered by using the Dotcom Distribution, because they are considered to be ***Mega E-fulfillment center***. These centers usually operate 24hours a day, seven days a week. This is really important in E-business, because people buy, what they want, when they want, wherever they want.

***Parcel Hubs:*** parcel hubs or sorting centers are locations where the exiting packages are separated on the basis of destinations so that they can be sent to the parcel delivery centers.

***Parcel Delivery Centers:*** the parcel delivery center is the last phase before the shipment hits the customer. The sorted parcels arrive at these centers before being sent to the customer.

***Integrated Technology:*** In order to allow a flawless delivery of the right products to each customer, there has to be technology that synchronizes all aspects of e-commerce operations with each other. In particular, the shopping cart must be connected to the transport system to ensure that the shipping costs and time frames communicated to the customer are accurate and up to date.(Sople, 2010)

E-shop will offer free shipping to domestic customers and will charge the minimum shipping costs to the other customers.

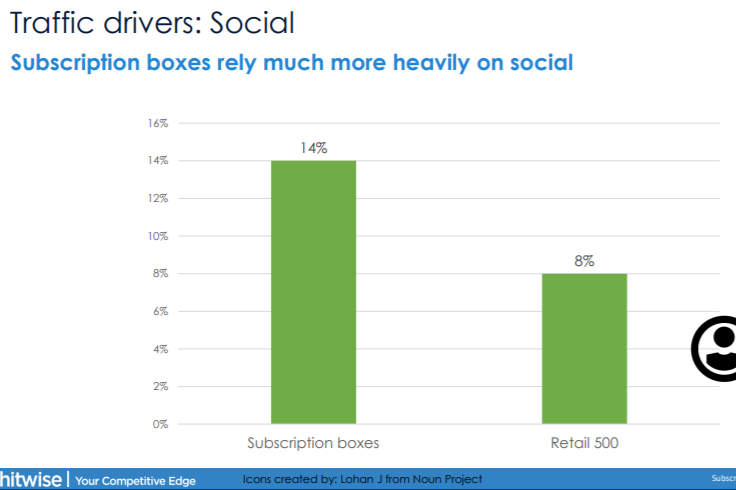
# Marketing Promotional strategy

Company will create a conversion focused website, this means that Schoolrific will have to understand buyers’journey in order to find out which contents is ideal for these buyers.



## Social media

Social media marketing is a process in which social networking activitiesresult in visits to the website or some other form of measurement of return on investment.Communication and “branding” on social networks are increasingly being considered strategically.Businesses are adapting to new trends by carefully planning strategies on socialnetworks. But given the almost daily novelties and the emergence of new social networks, it is not easy to keep up within this area. That is why businesses must have clear goal from the beginning(Stephen, 2016).

Subscription boxes rely much more than the other products on social media marketing. While in retail there is only 8% of need for marketing on social media there is almost double need of implementing this kind of marketing when it comes to subscription boxes. This is due to the fact that most of the subscribers come from the United States while in the rest of the world there is no tendency towards this kind of shopping. Pinterest is one of the social media that is three times more responsible for the traffic that comes to sub-box sites, 290%.



E-shop will do marketing through social media mostly, which will dramatically decrease the costs of marketing and will allow it to access the wider audience and desired target market.Moreover, websites that the marketing will be focused to, Facebook, LinkedIn, Pinterest. Facebook and LinkedIn are good for the target market selected because they allow us to make a criterion and choose the audience. It is not really popular to promote businesses over LinkedIn but, this platform allows us access to the exact market in the desired country.

# Conclusion

To conclude, Schoolrific is the e-shop that will exploit the newest and growing trends in eCommerce. The implementation of e-commerce in business brings numerous benefits such as the elimination of brokers, faster and better access to information and desired products / services and obtaining feedback from customers. The development of Internet technologies has enabled direct sales from the manufacturer to the end customer, with the emergence of new types of brokering such as providers of electronic shops, electronic payment systems and the like. Collecting feedback from customers, related to products and services, is a significant asset for businesses. On the other hand, there are also limitations and problems that can occur in e-commerce. The three main issues are about buying trust, security of e-commerce systems and interoperability between participants in the global market. Buying online requires a high level of trust on both sides. The mistrust and insufficient security of e-commerce systems can compromise user privacy or lead to financial abuse. This e-shop will make sure to gain the trust of buyers, by implementing and making sure every step is done in promised way of highest quality and professionalism.

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2. https://ourworldindata.org/teachers-and-professors#salaries-of-teachers [↑](#footnote-ref-2)
3. https://www.futureschool.com/resources/homeschooling-statistics/ [↑](#footnote-ref-3)
4. https://dotcomdist.com/ [↑](#footnote-ref-4)