

case study :IDENTIFYING MARKET NICHEs IN THE AGE OF BIG DATA

1. Describe the kinds of data being analyzed by the companies in this case.

Data about e-book purchases and reading habits are being collected and potentially sold to book publishers. The data include whether a book is completed, if pages are skimmed or skipped, and which genres are most often finished.

Airlines are collecting all kinds of passenger data that can be consolidated to build comprehensive customer profiles. Cabin crews can then use the data to identify certain characteristics about on-board passengers and personalize the flying experience.

Car companies integrate databases and use complex algorithms to more closely match car lot inventory to buyer demand. Vehicle turnover rates improve and the price a consumer pays minus the manufacturer subsidy rise, increasing Ford Motor Company's profits. Using vehicle Internet connections, the company intends to collect fuel economy data, mechanical failures, and other safety and performance metrics to improve product engineering. Ford estimates that by 2016 up to a third of all its consumer communications will occur inside vehicles.

2. How is this fine-grained data analysis improving operations and decision making in the companies described in this case? What business strategies are being supported?

E-book data: The idea is that writers can use it to better tailor their work to their readership and book editors can use it to choose which manuscripts to publish. **Business strategy supported—focus on market niche, product differentiation.**

Airlines: the data collected can enhance the passenger experience, improve customer service and fashion relevant marketing pitches. **Business strategy supported—product differentiation, customer intimacy.**

Car companies: which cars to build, which features to include or enhance, which cars sell better than others in different parts of the country. Business strategy supported—customer and supplier intimacies, product differentiation, focus on market niche.

3.Are there any disadvantages to mining customer data? Explain your answer.

Companies can mine too much data on customers to the point of upsetting customers and turning them against the company. Customers have complained that companies are collecting too much data and integrating it from too many sources. Companies defend their use of demographic data and data not covered under their privacy policies. Even customers who accept the inevitability of profiling are miffed when they receive unsuitable offers based on faulty personal information. Most customers want a line drawn between data collection to facilitate useful offers and data collection that is too intrusive. Although some airlines have curtailed their use of data collected, they continue to collect it nonetheless. None of the airline carriers currently allow customers to opt out of their data programs.

4. How do you feel about airlines mining your inflight data? Is this any different from companies mining your credit card purchases or Web surfing?

They use my data to provide better service. Technology must serve the business. But it makes me feel no privacy. They need to be more ethical

Case Analysis

#3 Chapter 3

(Can This Bookstore Be Saved?)

3-14 Use the value chain and competitive forces models to evaluate the impact of the Internet on book publishers and book retail stores such as Barnes & Noble.

There has been a tremendous impact of the internet on book publishers and book retail stores such as Barnes & Noble. According to Porter's Competitive Forces Model, Barnes & Noble are in good shape compared to other small independent retail book stores, driving most of them almost out of business; however, as Barnes & Noble were successful in the competition against small book stores, they now have to face a bigger competition against e-book suppliers such as Amazon or Apple. As e-books are getting popular, the demand for traditional books have declined, and demand and supply more substitute products are getting

dominant. As a result, it forced Barnes & Noble to design their own e-book device called Nook. One of the promotions Barnes & Nobles offer are free extras in many apps and games in the store's wi-fi network. Value chain support activities are focused on improved technology by improving products and the production process and by making procurement activities easier and quicker.

3-15 How did Barnes and Noble change its business model to deal with the Internet and e-book technology?

Barnes & Noble and the book publishers have changed their business models in many ways to deal with the Internet and e-book technology. As it is essential for publishers to keep retail book store open to sustain their business as book stores bring the "browsing effect," both Barnes & Noble and book publishers have been doing their very best to cooperate to stay afloat in the industry. According to Madeline McIntosh, a book store's display space is "on of the most valuable places that exists in this country for communicating to the consumer that a book is a big deal." The retail stores not only boost the sales of physical book but also boost sales of e-books and audio books.

3-16 Will Barnes & Noble's new strategy be successful? Explain your answer.

Whether Barnes & Noble's new strategy is going to be successful or not is a big question. It is going to be extremely difficult for Barnes & Noble to beat Amazon and Apple in their e-book system. The slightest possibility is there if Barnes & Noble partners with Microsoft and use their marketing resources and combine with the Nook. But as Amazon and Apple are far ahead of Barnes & Noble in terms of marketplace and market capitalization, Those companies have more leeway to make mistakes and still recover than B&N does. Barnes & Noble also has to maintain its brick-and-mortar stores' overhead costs.

3-17 Is there anything else Barnes & Noble and the book publishers should be doing to stimulate more business?

In order to stimulate more business, Barnes & Noble must cooperate with other publishing companies and other big companies like Microsoft or Google. Cooperation and team work is a key to their success in my point of view. If Barnes & Noble is able to work together with many publishers in controlling the supply of the books and use Microsoft or Google's reputation and their marketing resource, I think there will be a chance for them to survive.

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