Go To Market Strategies:
Week 7

David Bell

Xinmei Zhang and Yongge Dai Professor

![Wharton University of Pennsylvania]

- www.netgrocer.com

- www.diapers.com

- www.warbyparker.com

- www.bonobos.com

- www.citruslane.com

Netgrocer.com

diapers.com

WARBY PARKER

BONOBOS

citrus lane

- Work with Participating Internet Retailers
  - Gather sales information from inception

- Typical Data
  - Customer ID, Date, Transaction Value, Zip Code
  - Geo-demographic "real world" data

- Research Question
  - Why do some locations have more customers than other locations do?

What Matters Most in Internet Retailing

- **Customer Acceptance of Online Retail Depends on *Offline* Shopping Costs**

- **Internet retailers** can alter the cost-benefit trade-off shoppers by making things "closer" and more accessible, perhaps even at better prices.

- **Sales Evolution is Structured and Predictable**

- **Social Contagion** from communication and observation affects online demand evolution

The Space-Time Sales Pattern

When a zip code is shaded that means that there was at <u>least one</u> customer in that zip code by the time indicated at the top of the slide

- Customers could be talking to each other

- Customers could be observing each other

- **Migrating from "Good" to "Great" Requires Expansion to Niche Locations**

- **Spatial Structure** follows a pattern of proximity and similarity (spatial "Long Tail")

- http://www.findyourdoppelganger.com/

- There are two ways to think about distance:

    - Geographic distance

    - Social, or demographic distance (people live far apart from each other still might be similar in other ways)

○ Two important patterns …

    ○ Gin the beginning, sales start out in larger cities and spread by proximity from person to person

    ○ Later on, sales pick up in smaller areas that are qute far apart, but that contain "similar" kinds of people
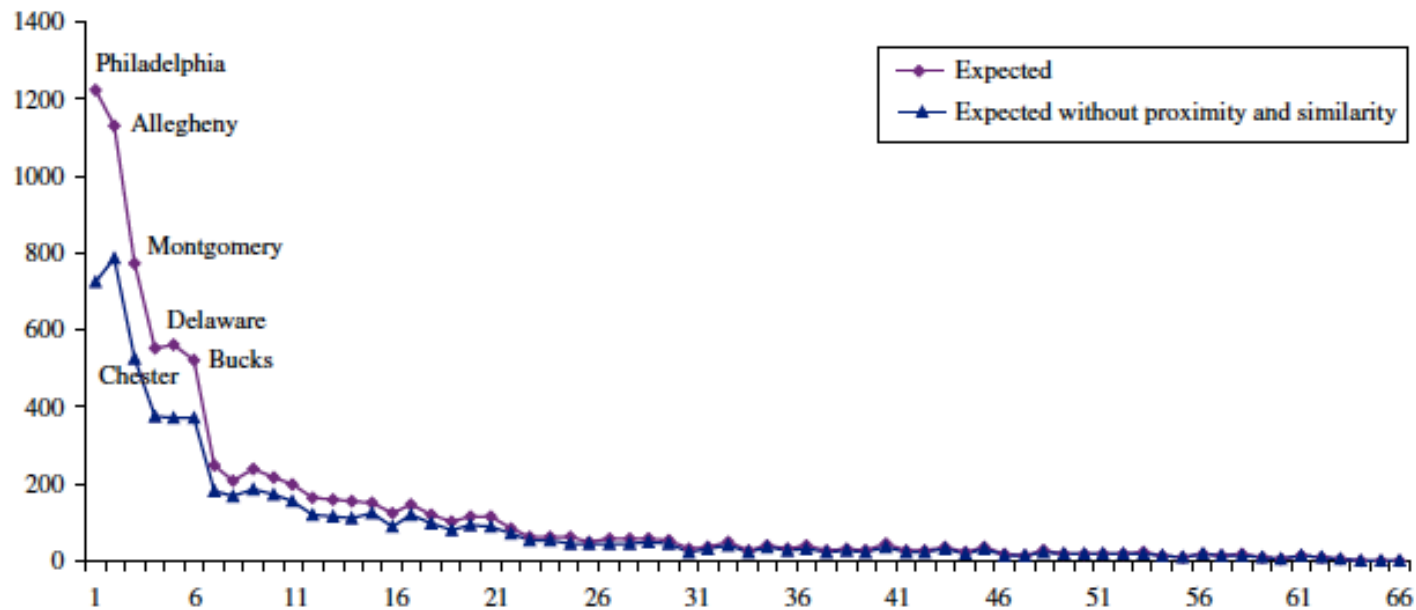
Example: Sales Within Pennsylvania (from best locations to "long tail" locations)