

Go To Market Strategies: Online-Offline Competition

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- Even though the Internet “liberates” consumers there are still some “disutility costs” associated with buying online as more than 90% of what is sold to consumers is still sold offline
- This is because there are still frictions:
 - Delivery times
 - Uncertainty about “fit and feel” of certain products
 - Cost of returns (time and money)

- Competition is intense for popular products, but almost non-existent for niche products
 - For example, when an offline bookstore opens in a neighborhood, Amazon.com sales in that neighborhood decline; but only for popular books like *Harry Potter and the Sorcerer's Stone* and not for niche books like *101 Years of All Black Trivia*
- Later we will talk about the Long Tail