Local commerce is a very large business, but it relies on inefficient marketing.

It is difficult for consumers to find local experts. It is also difficult for experts to find customers.

Thumbtack can be a way to increase marketing efficiency in the local commercial market.

Thumbtack allows experts to bid on the requirements when the customer writes them, so Thumbtack connects the customer and the expert.

A fee is received from the contractor in exchange for this contractor.

By analyzing the web, it builds a regional expert database and secures enough experts by using location information and target advertisements.

After that, the 'pay-per-lead' charging model is adopted to generate profits.

#1 Consider the highly competitive nature of the local services marketplace. Which of the companies discussed in this case has the best chance of “winning” in this marketplace? Support your answer.

Thumbtack will win as a result. Various services are provided compared to other services. It will be preferred by operators because it is easily accessible to various local experts and the cost burden is relatively low. This type of brokerage service needs, above all, a sufficient number of service providers, and Thumbtack meet this well. Users will naturally increase if there are enough experts and price competition within. The increase in customers will again lead to an additional influx of experts, resulting in a virtuous cycle.

#2 What competitive advantages does Thumbtack have in the local services marketplace? Provide examples to support your answer.

It has an advantage in accessibility and convenience. Thumbtack is a location-based regional professional employment platform. There is no subscription fee for this service. The payment method of the Pay-per-lead method is adopted. It provides users with various jobs and experts. The user may set specific conditions with a questionnaire. It is an advantageous service method for small businesses without online activities. If the customer does not respond within 48 hours, the fee paid can be refunded.

#3 What competitive advantages does Amazon have in the local services marketplace? Provide examples to support your answer.

There is an advantage in the quality of the services provided. It provides customer support and refunds to resolve customer complaints and rigorously screen suppliers and experts. It is charged to the 10-20% fee contractor.

Global competition of Rakuten, Japan's largest E-commerce company.

It accounts for a quarter of the B2B and B2C sectors in Japan.

Rakuten has 90 million members and owns sports clubs, banks, and telecommunications companies.

This company is not successful outside of Japan.

In Europe and the Americas, their awareness is weak.

The Chinese market is dominated by Alibaba.

Considering Japan's economic and population situation, foreign companies are being acquired and invested to expand overseas.

For global diversification, employees are required to be able to speak English.

All in-house communication is conducted in English.

There is a risk because it is in the early stages of a global expansion attempt.

#1 Discuss the reasons why founder and CEO Mikitani feels it is imperative for Rakuten to expand beyond the boundaries of Japan. Provide examples to support your answer.

This is because Japan's population is continuously decreasing. In the case of Rakuten, where most transactions occur in the Japanese domestic market, it was judged that the inevitable decrease in transaction volume due to a decrease in the population would be an obstacle to the growth and development of companies. It seems to be aimed at developing overseas markets to reduce dependence on the domestic market and increase the inflow of new users to grow the business. Similarly, Naver, a Korean IT company, is based on the domestic market, but is moving to secure additional future food through continuous overseas investment.

#2 How should Amazon and Alibaba combat the global expansion of Rakuten? Provide examples to support your answer.

Alibaba is dominating the Chinese market, while Amazon is dominating the global market. In this situation, I think Rakuten's entry into the global market is an issue that existing companies should pay close attention to. Coca-Cola dominated the cola market exclusively, but Pepsi, a latecomer, grew significantly. Although it has yet to reach Coca-Cola in the cola market, it has narrowed the gap through various marketing methods, while outperforming Coca-Cola in overall sales. Rakuten also starts as a latecomer in the global e-commerce market, but I think there is a good chance that it will reverse other companies.

#3 Describe any competitive advantages that Rakuten has in its competition with Amazon and Alibaba.

Amazon is a closed system where the company handles everything for merchants such as warehouse management, logistics, and customer service, while Rakuten offers a shopping platform and payment gateway, but takes an open approach that requires business owners to manage inventory. And because Rakuten is an open platform compared to its competitors, it is based on membership that directly benefits consumers through cashback and points and is more loyal to customers.

Swipely is a merchant credit card transaction processing service.

The software runs on POS systems and terminals without additional hardware.

It can provide insight into customers by integrating customer spending and other data such as social media.

Provide a clear picture of customer buying habits to the seller.

The cloud server delivers customers' purchases and related information to the dashboard based on the card number.

Fine-tuned analysis available. Successes such as reviews and advertisements can be tracked in conjunction with social media accounts.

#1 Describe the advantages that Swipely offers merchants that help it maintain a competitive advantage in the marketplace.

The financial burden is less than that of other services. There is no hardware cost. The commission for franchises is also lower than that of competitors. While protecting customers' personal information, it analyzes purchased products and related information and provides them to sellers in the form of dashboards to help them identify customers' tendencies.

#2 Refer back to Chapter 2. Does Swipely function as a strategic information system for a merchant? Why or why not?

It can be seen as playing a role as a strategic information system. This is because Swipely supports the provision of information in the form of insight by synthesizing existing sales history and related consumer information. Thanks to this, Swipely's franchisees can identify customers' tendencies and habits based on various factors to maximize productivity and efficiency and help establish future business operation plans.

The brick-and-mortar strategy, which involves high overhead, acts as an obstacle to improving competitiveness.

Amazon, which has no stores, has become the world's largest Internet retailer.

However, offline stores have a higher priority than e-commerce for consumers who want to experience themselves before purchasing.

To compete with Amazon, it adopts an omni-channel strategy that combines online shopping experiences with in-store shopping.

Large retailers are reviewing their centralized warehouse-based distribution systems.

Receive online orders from the store closest to the customer and ship them from the store to the customer.

This is called the Ship-from-store strategy.

Increased delivery speed, reduced shipping costs, reduced store excess inventory, and benefits retailers.

It helps retailers face Amazon head-to-head.

#1 Why is an “omni-channel” strategy such an important component of retailers’ missions today?

Running an offline store is a costly business activity. Therefore, using the omni channel strategy can generate additional profits while operating the store. It can add efficiency while maintaining existing stores. This strategy will allow retailers to compete with companies like Amazon.

#2 Describe the problems retailers face in implementing a ship-from-store strategy.

Since stores are generally designed to greet people, there is a big difference in efficiency from warehouses that handle many orders. Since the store's warehouse is very small, there may be problems with delivery with sufficient inventory. In addition, customers visiting the store have no choice but to see employees processing online orders, and employees are likely to neglect visiting customers. This negatively affects the in-store experience.

#3 Identify some strategies that Amazon could employ to counter the ship-from-store strategy from traditional bricks-and-mortar retailers.

It is trying to realize the advantages of offline stores by opening unmanned stores such as Amazon Go and launching systems that can be used before purchasing like offline stores.

#4 Discuss the differences between the ship-from-store and click-and-collect processes.

There is little difference. The only difference is whether the customer receives the product ordered at the store or whether the store sends the product to the customer.

Amazon Moves into the B2B Marketplace

Amazon Business was launched in 2015. It sells goods sold in Amazon warehouses or provided by other suppliers. External suppliers must compete with Amazon. A sales fee of 6-15% is charged depending on the item and order size.

Amazon is a wholesale threat. The wholesale market is twice the size of the retail market. In 2014, Amazon made more than $89 billion in profits by selling products in both b2c and b2b areas. As Amazon Business offers much more products than wholesalers, wholesalers are losing ground.

Amazon's business is also competitive in niche markets.

Items from professional distributors can also be purchased from Amazon Business.

No one can compete with Amazon's vast inventory, convenient websites, two-day delivery, physical infrastructure, and information technology infrastructure. Amazon's B2b margin is 2-4%. It has implemented economies of scale based on 25% cheaper prices than other companies.

However, some areas have close partnerships with distributors and institutional customers, making it difficult for Amazon business to enter.

Survival potential in competition with Amazon

First, it provides personalized services that create added value. Second, it enters a complex and highly granular business environment that Amazon does not consider.

#1 Consider Tulsa Community College (www.tulsacc.edu), which is using Amazon Business to order test tubes, basketballs, office supplies, and other goods instead of having employees buy them from local retailers or specialty sellers. The daily needs of the college’s 15,000 students translate into about $10,000 of orders per month. What is the impact of Amazon Business on local wholesalers and retailers in Tulsa? How could local businesses in Tulsa compete with Amazon Business?

Sales of local wholesalers and retailers would have fallen significantly. Local businesses and industries will stagnate as community members tend to rely on Amazon business to buy necessary goods. Tulsa's local businesses should make the most of the fact that they are close to physical distance by processing orders faster than Amazon and providing CS. It would be good to differentiate it from Amazon, which focuses on inventory, by using custom-made products, not off-the-shelf products.

#2 Provide other methods for wholesalers to compete with Amazon Business.

Actively utilize local networks. It does not stop at sales, but provides continuous follow-up support and sufficient consultation and customization. Through this, it is essential to secure fixed clients and gradually expand them. In this process, efforts are made to establish a regional network and resolve demands generated within the region.

The Chinese spend near their dwellings. The goods and services that are accessible are limited. I travel to a big city for a wider choice. People are getting richer and demand for various goods and services is increasing.

Alibaba provides sales services through Alipay, a third-party payment platform.

Depending on the field, there are Taobao in C2C, TMALL in B2C, and Alibaba in B2B.

Alipay, a fee-free third-party payment processor, links Alibaba's websites.

In China, JD and Tencent voted for a strategic partnership against Alibaba.

Alibaba wants to enter the West. However, there is not much awareness of Alibaba abroad. Therefore, it is investing in various U.S. companies.

#1 Discuss the reasons why Chinese consumers have been so eager to embrace electronic commerce.

Due to China's economic growth, demand for various products and services exploded, but offline stores were not enough to cover them all. On the other hand, using online transactions increases the range of choices and the efficiency of consuming goods or services dramatically increases compared to offline transactions.

#2 Discuss Alibaba’s entry into the business-to-consumer, consumer-to-consumer, and business-to-business e-commerce marketplaces.

There is no registration fee and fee for Taobao of C2C. It is designed for eBay and has a wide range of products

Tmall of B2C connects companies around the world with Chinese consumers. It enables transactions with Chinese consumers without entering mainland China.

Alibaba of B2B is a portal that connects Chinese manufacturers with small and medium-sized businesses around the world. It helps manage sales between importers and exporters.

#3 Why is Alipay so important to the Alibaba Group?

Because it acts as a linker that connects all websites. A fee-free third-party payment platform. Works as an escrow service. Alipay. Alibaba's various websites are linked through Alipay, an online third-party payment processor that does not charge transaction fees. Alipay acts as an escrow service and guarantees all transactions. Alipay creates trust in a country that has historically never done business with a person you don't know personally.

Consumers are familiar with standardized pricing. The price doesn't change no matter where you buy it from. The public uses the Internet to buy the same product cheaper.

A certain price is inefficient for merchants. Someone is willing to pay more, someone could have bought it cheaper. Personalization pricing can save a company's lost revenue.

Personalized pricing determines the price of the item at the time when a specific customer's ability to pay is recognized.

It is possible to grasp the socioeconomic status of the customer by using the customer's location, personal information, and public data.

When these data and cookies are combined, detailed information about customers can be obtained based on online activity records. Merchants find out what products they are interested in, when they are likely to buy, and the price they are willing to pay. Analyze customer data to estimate the seller's customer reservation price and charge the amount.

It is used for personalized promotions, individual shoppers. You can easily adjust the price of various customers just by changing the price in real time.

Many companies are reluctant to apply the policy because they wait and see whether consumers will accept personalized pricing. In general, these price policies are negatively responsive to consumers. It is difficult for consumers to detect whether they are subject to personalized prices.

#1 How would you feel if you knew that you were being subjected to personalized pricing?

It would be very upsetting because there is a possibility that I bought the product at a higher price than others without being aware of it. I don't think it's fair for a company to evaluate and price customers. It's discriminating against customers.

#2 Describe the advantages of personalized pricing for merchants.

Uniform prices are inefficient for merchants. Someone is willing to pay more and someone could have bought it cheaper. Personalization pricing can save a company's lost profits. Since the price is set according to the consumer's willingness to pay, the consumption class can be expanded. This can also be evaluated positively in terms of wealth redistribution.

#3 Does personalized pricing provide any advantages for customers? Provide examples to support your answer.

A case in point is that the proposed price varies depending on how the hotel reservation service is accessed and what account it is. The price is presented according to the amount you want to use for your accommodation. In this way, consumers can pay as much as they think of reasonable value through personalized prices and enjoy goods or services. I think it is beneficial to consumers in that consumption matching their values becomes possible.

#4 Discuss the contributions of information technology to the practices of personalized pricing.

Since various data are accumulated and analyzed through IT, I think it plays a pivotal role in realizing personalized prices. Since tracking customer behavior, which is difficult to do offline, is easy on the web, it is possible to track more users at the same time to secure big data. Based on this, it will be possible to predict consumer behavior and conduct marketing accordingly.