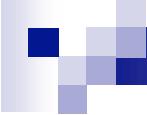


E-commerce e strategie

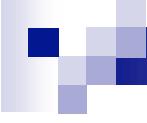


La Lonely Planet

■ The Problem

Independent travelers depend on a Lonely Planet guidebook to:

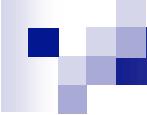
- Help them get to their destination
- Where to sleep
- The best places to eat
- What to see and do
- At a price they can afford



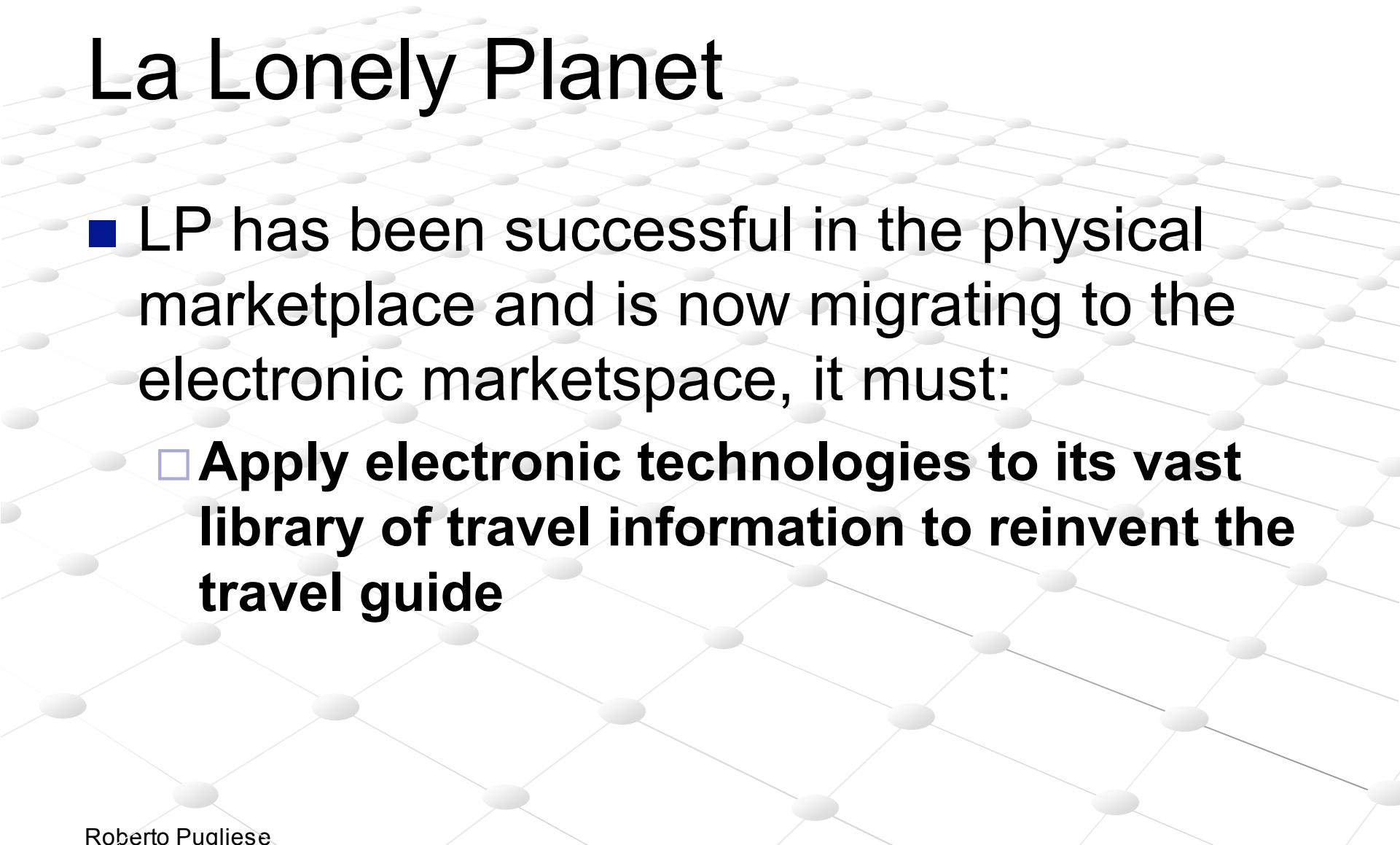
La Lonely Planet

□ **LP's principal assets are:**

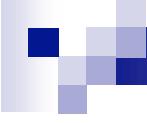
- global brand name
- dedication of its writers and editorial staff
- vast library of text, maps, photos, and images
- community of global travelers who buy LP products and contribute to the company's knowledge base



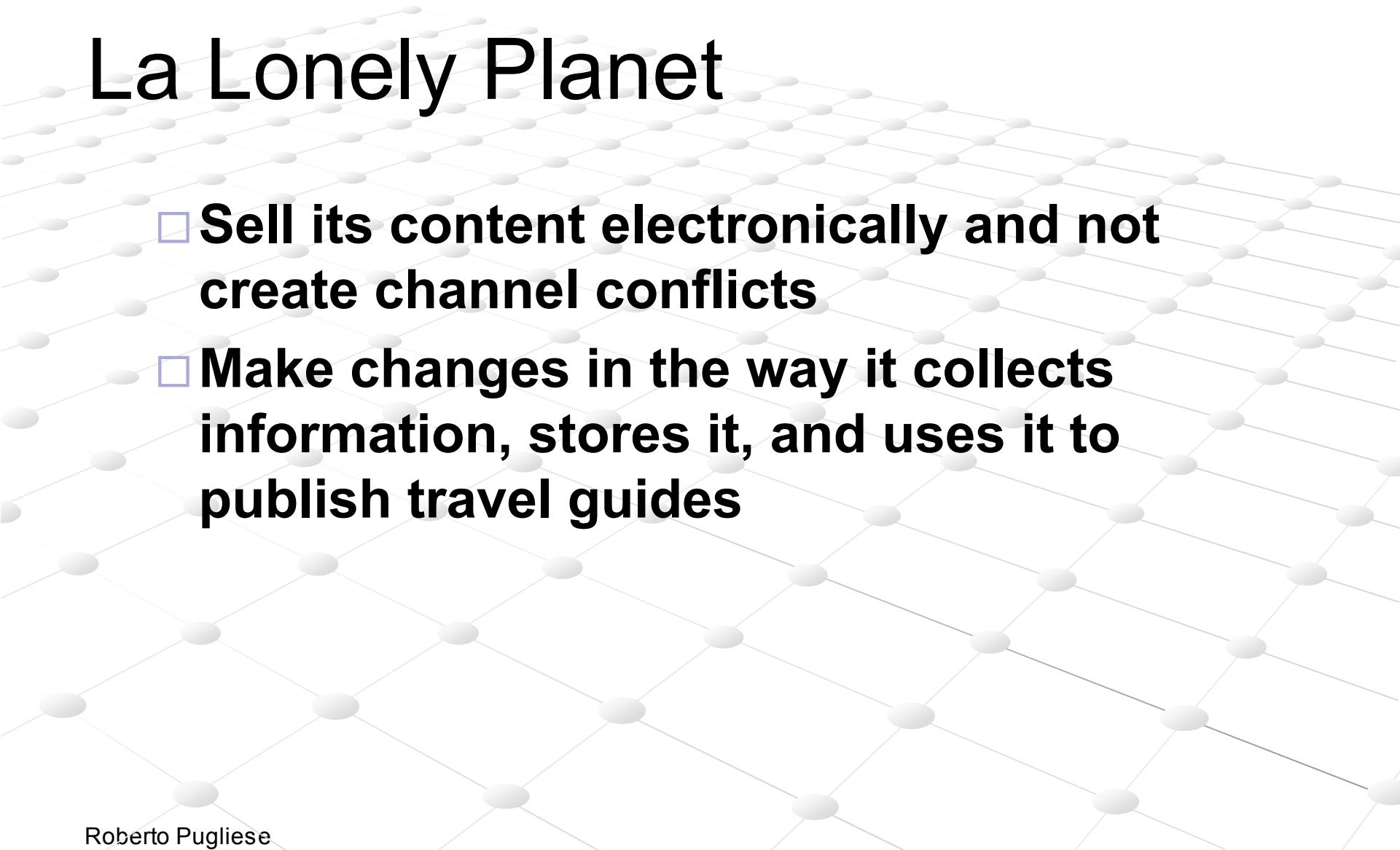
La Lonely Planet



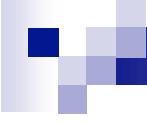
- LP has been successful in the physical marketplace and is now migrating to the electronic marketspace, it must:
 - Apply electronic technologies to its vast library of travel information to reinvent the travel guide



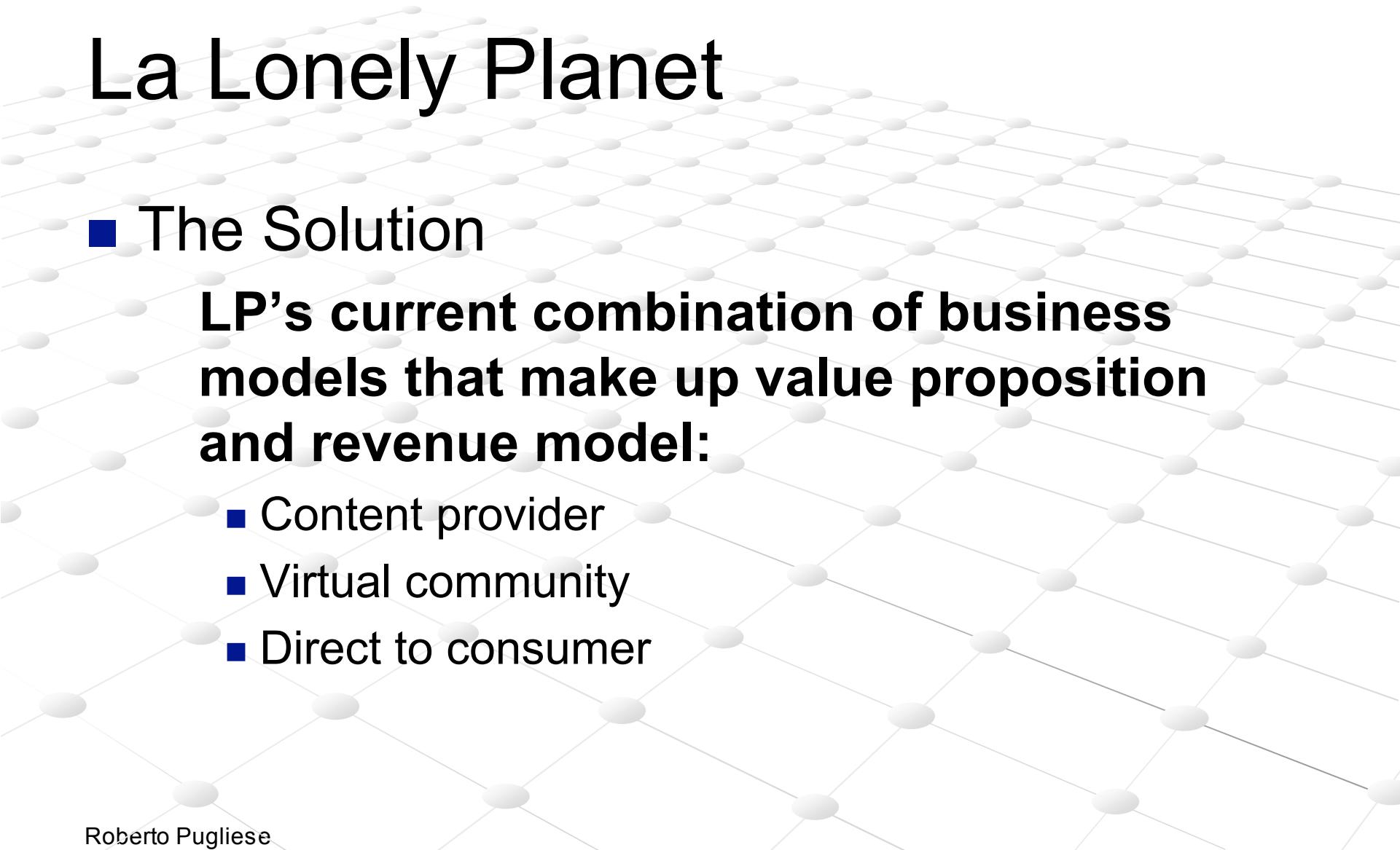
La Lonely Planet



- Sell its content electronically and not create channel conflicts
- Make changes in the way it collects information, stores it, and uses it to publish travel guides



La Lonely Planet



- The Solution

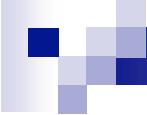
LP's current combination of business models that make up value proposition and revenue model:

- Content provider
- Virtual community
- Direct to consumer



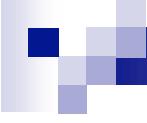
La Lonely Planet

- Online LP launched these initiatives:
 - **online store (LP shop), access to brief destination overviews**
 - **free updates to currently published guides**
 - **various forms of travel news**
 - **a traveler's bulletin board**
 - **links to related sites**



La Lonely Planet

- eKno (*ekno.lonelyplanet.com*) is a joint venture with eKit.com to provide an interactive communications service for international travelers
- CitySyn (*citysync.com*) is branded “the personal digital guide to urban adventure.” It allows owners of handheld computers to load their devices with LP city guides

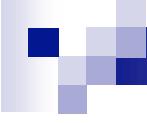


La Lonely Planet

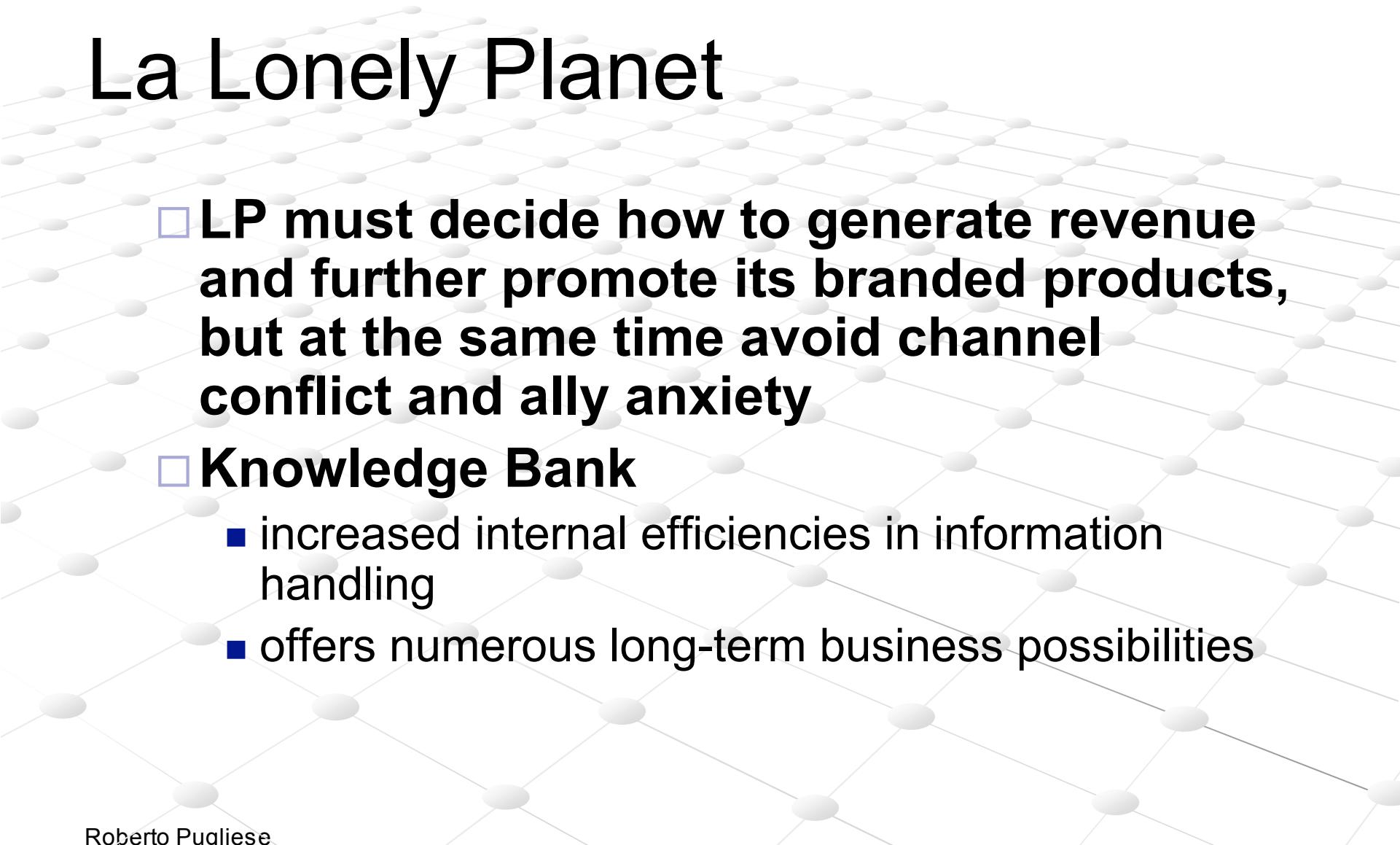


■ The Results

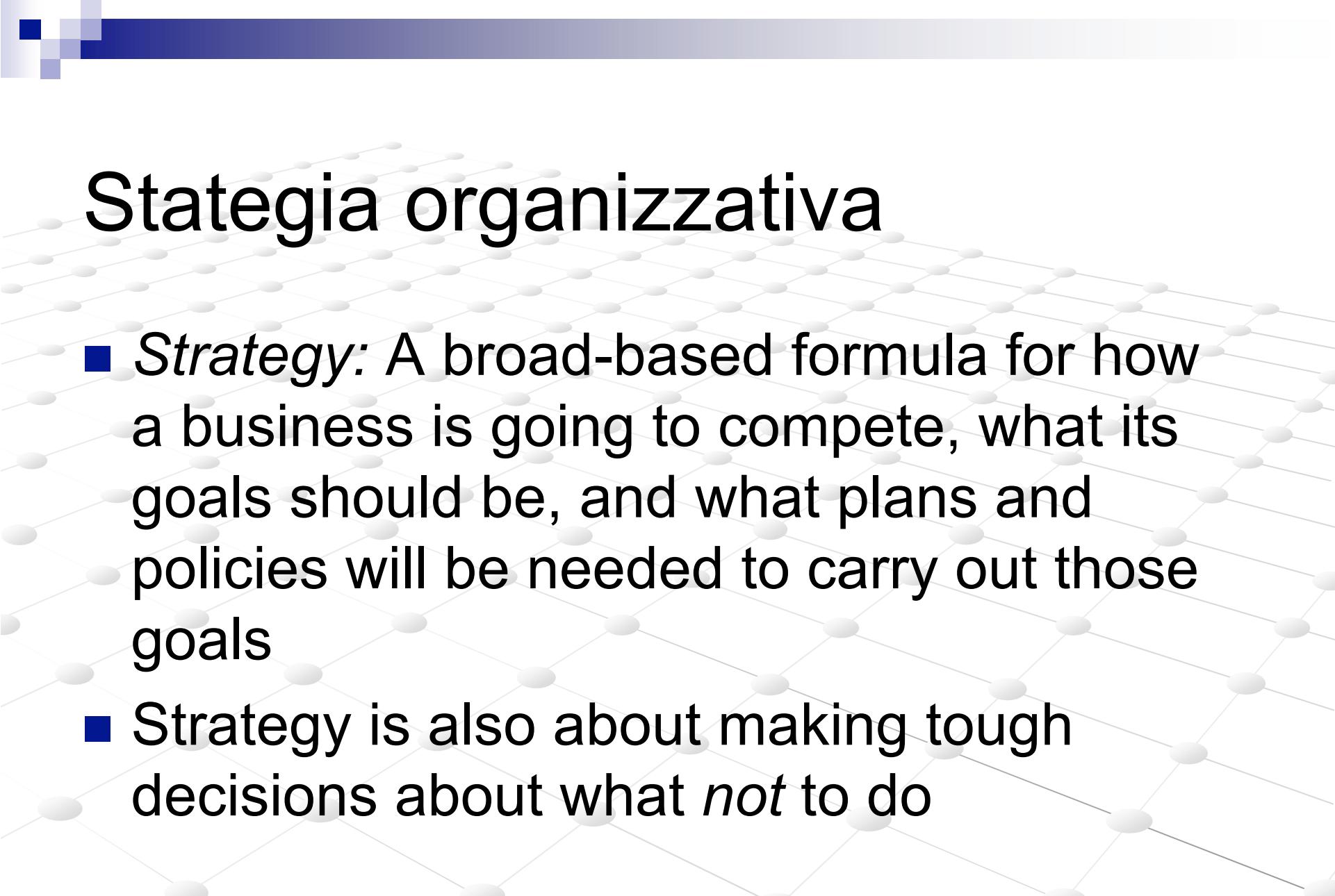
- **Lonely Planet seeks to use the Internet to “reinvent the travel guide”**
- **Award-winning Web site offers a successful sales and information distribution channel to its customer base**



La Lonely Planet

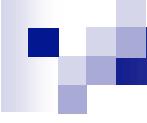


- LP must decide how to generate revenue and further promote its branded products, but at the same time avoid channel conflict and ally anxiety
- Knowledge Bank
 - increased internal efficiencies in information handling
 - offers numerous long-term business possibilities

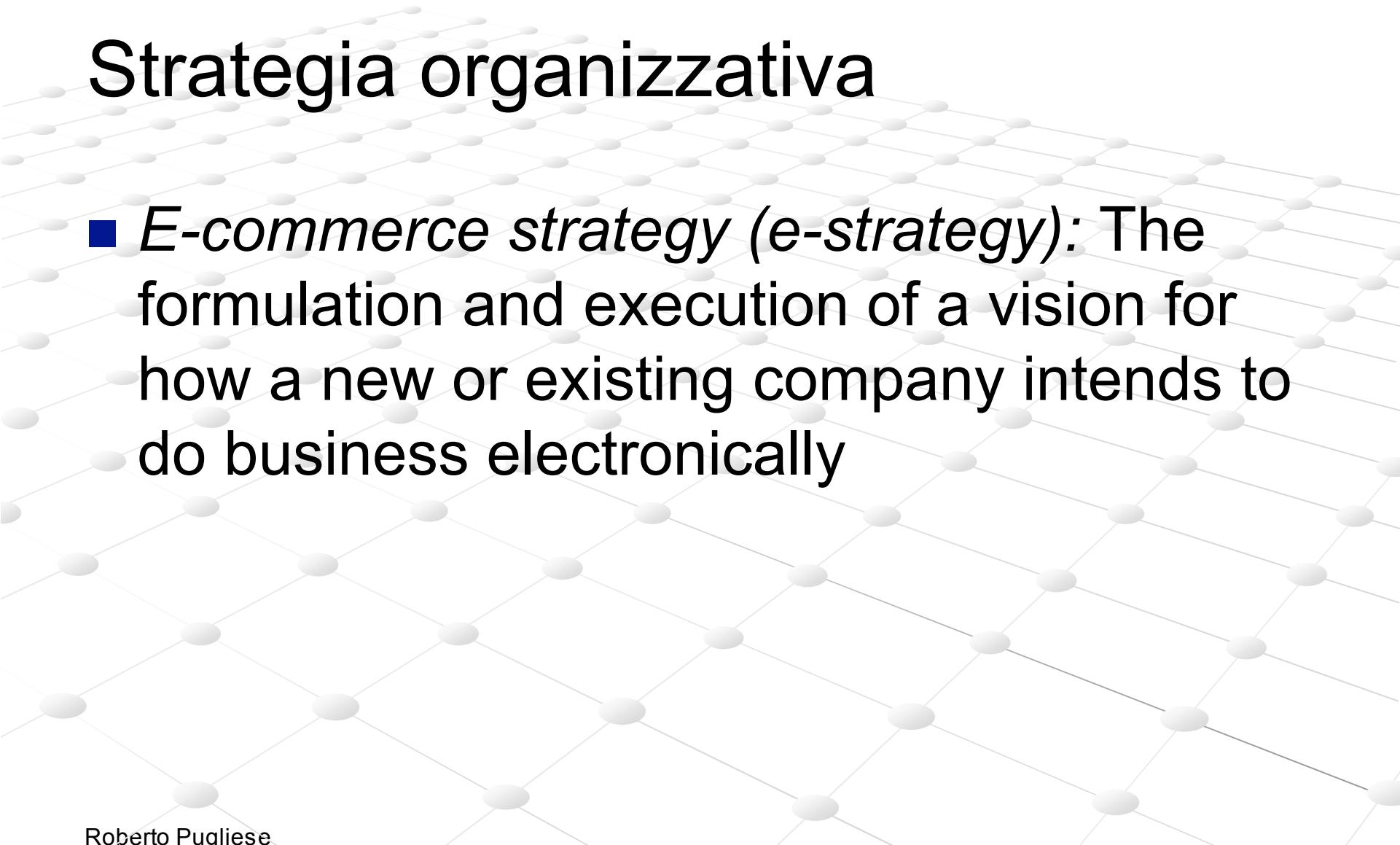


Stategia organizzativa

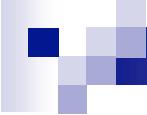
- *Strategy*: A broad-based formula for how a business is going to compete, what its goals should be, and what plans and policies will be needed to carry out those goals
- Strategy is also about making tough decisions about what *not* to do



Strategia organizzativa

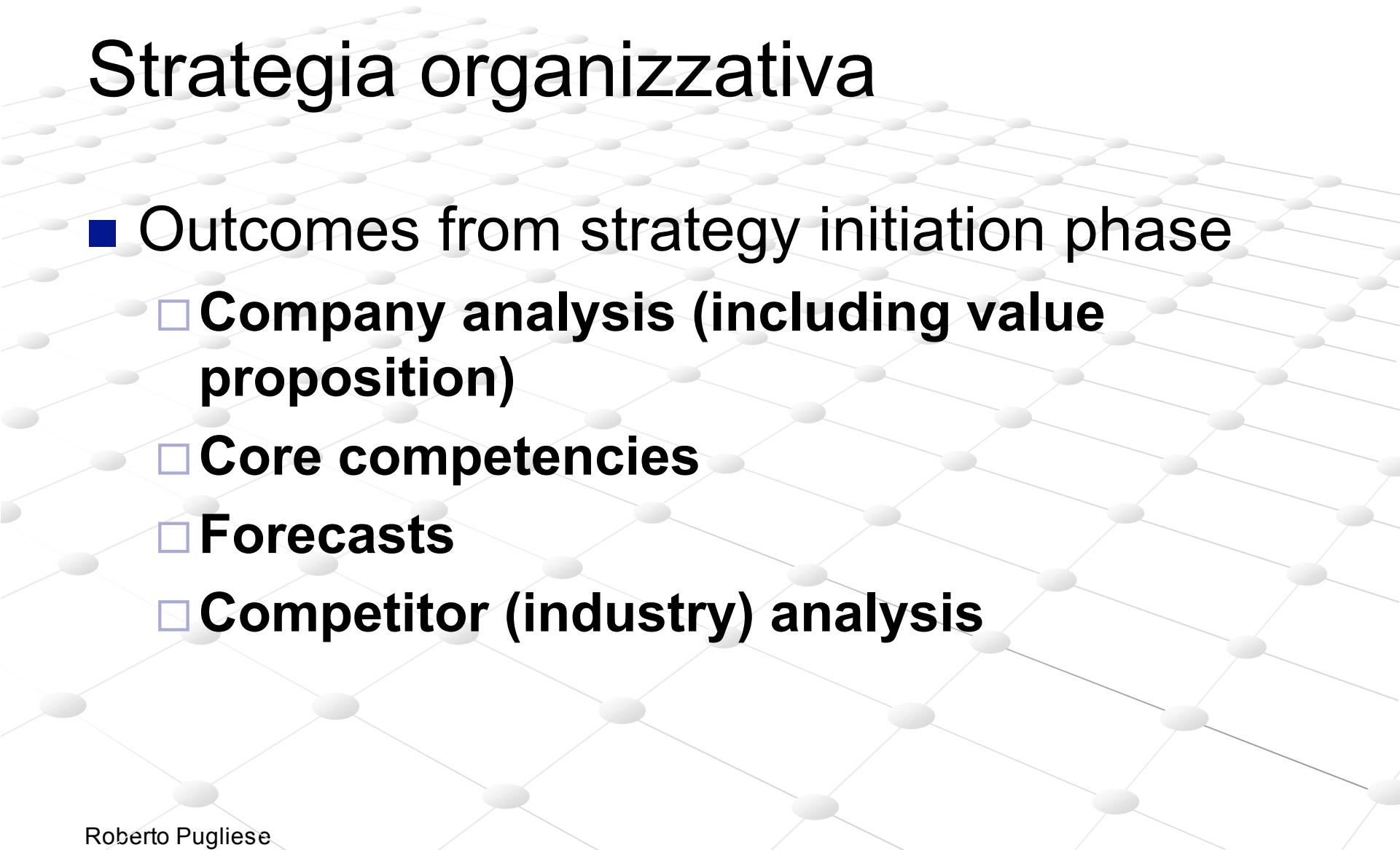


- *E-commerce strategy (e-strategy)*: The formulation and execution of a vision for how a new or existing company intends to do business electronically



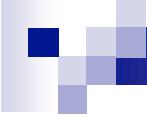
Strategia organizzativa

- Strategic planning process
 - ***Strategy initiation:*** The initial phase of strategic planning in which the organization examines itself and its environment
 - ***Value proposition:*** The benefit that a company's products or services provide to customers; the consumer need that is being fulfilled



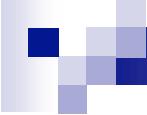
Strategia organizzativa

- Outcomes from strategy initiation phase
 - Company analysis (including value proposition)
 - Core competencies
 - Forecasts
 - Competitor (industry) analysis



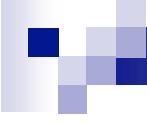
Strategia organizzativa

- *Strategy formulation:* The development of strategies to exploit opportunities and manage threats in the business environment in light of corporate strengths and weaknesses



Strategia organizzativa

- Specific activities and outcomes from strategy formulation phase:
 - **Business opportunities**
 - **Cost-benefit analysis**
 - **Risk analysis, assessment, and management**



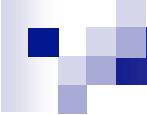
Strategia organizzativa

- *Strategy implementation:* The development of detailed, short-term plans for carrying out the projects agreed on in strategy formulation



Strategia organizzativa

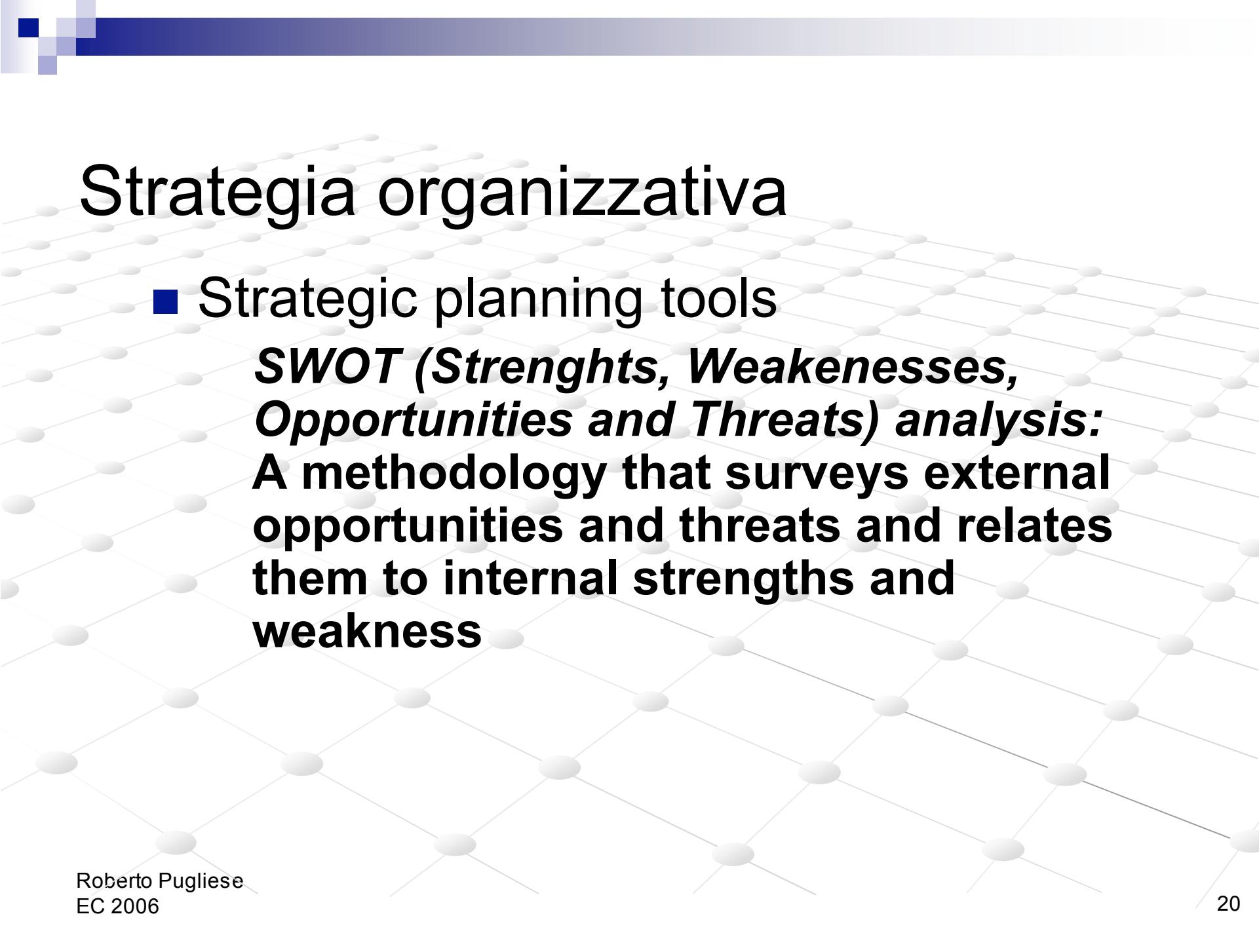
- Specific activities and outcomes from strategy implementation phase:
 - **Business planning**
 - **Resource allocation**
 - **Project management**



Strategia organizzativa

- **Strategy assessment:** The continuous evaluation of progress toward the organization's strategic goals, resulting in corrective action and, if necessary, strategy reformulation

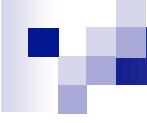
Specific measures called *metrics* are used to assess the progress of the strategy



Strategia organizzativa

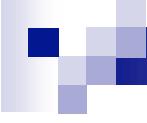
- Strategic planning tools

SWOT (Strengths, Weaknesses, Opportunities and Threats) analysis:
A methodology that surveys external opportunities and threats and relates them to internal strengths and weakness



Strategia organizzativa

- *Competitor analysis grid:* A strategic planning tool that highlights points of differentiation between competitors and the target firm
- *Scenario planning:* A strategic planning methodology that generates plausible alternative futures to help decision makers identify actions that can be taken today to ensure success in the future



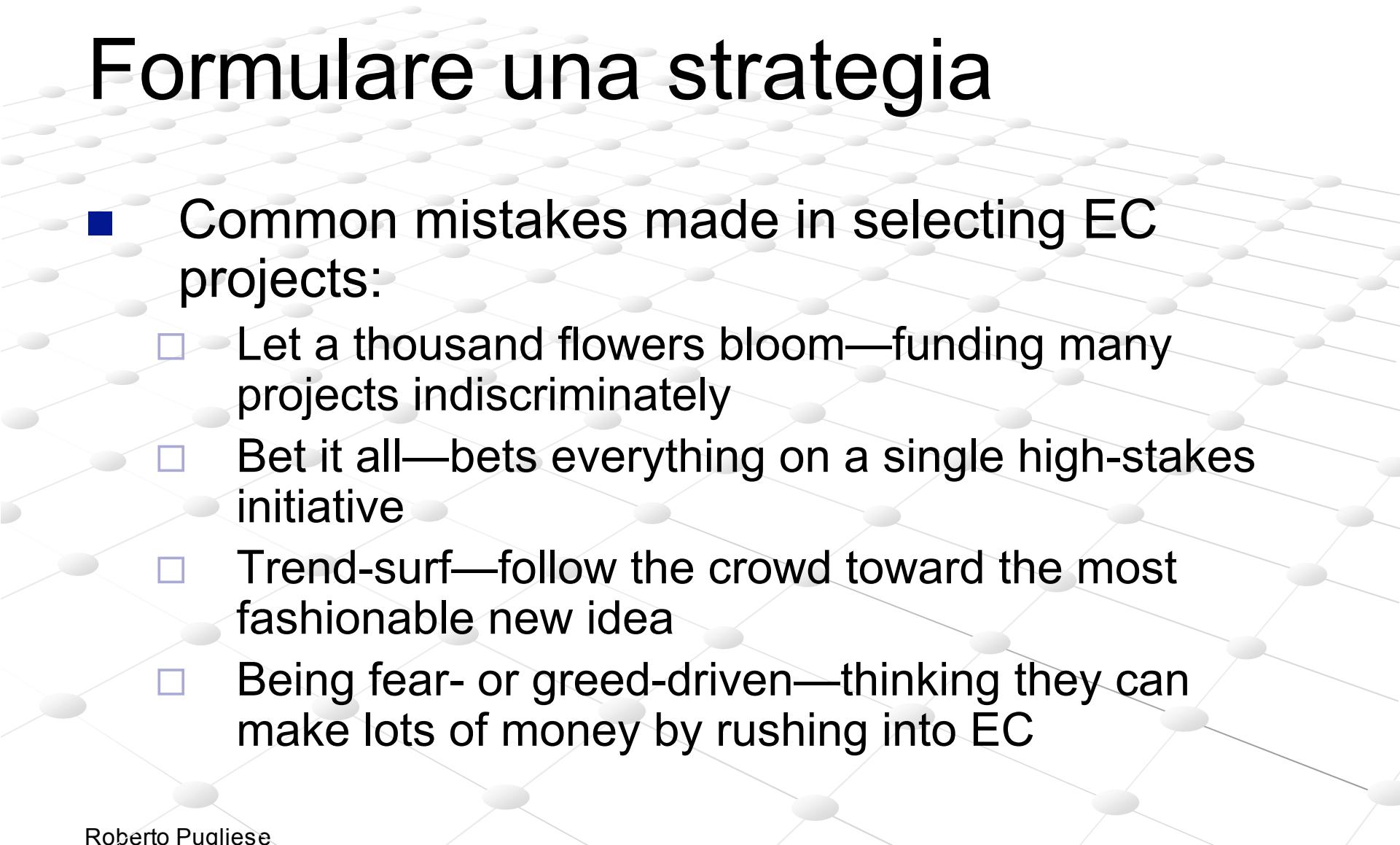
Strategia organizzativa

- *Return on investment (ROI)*: A ratio of required costs and perceived benefits of a project or an application
- *Balanced scorecard*: An adaptive tool that assesses organizational progress toward strategic goals by measuring performance in a number of different areas



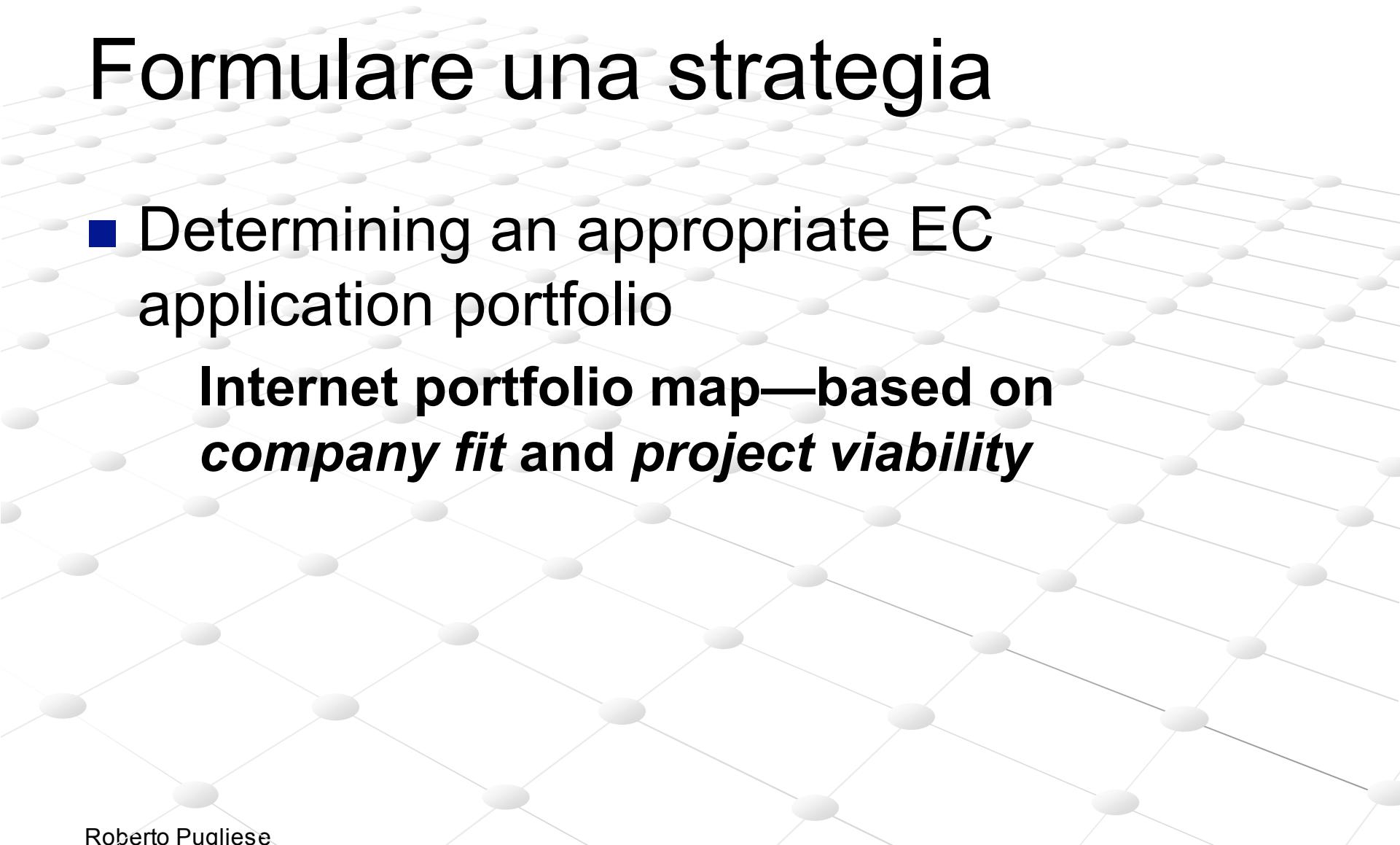
Problemi strategici

- Be a first mover or a follower?**
- Have a separate online brand?**
 - Companies with strong, mature, international brands will want to retain and promote that brand online
 - Firms with a weak brand or a brand that does not reflect the intent of the online effort may decide to create a new brand



Formulare una strategia

- Common mistakes made in selecting EC projects:
 - Let a thousand flowers bloom—funding many projects indiscriminately
 - Bet it all—bets everything on a single high-stakes initiative
 - Trend-surf—follow the crowd toward the most fashionable new idea
 - Being fear- or greed-driven—thinking they can make lots of money by rushing into EC



Formulare una strategia

- Determining an appropriate EC application portfolio

Internet portfolio map—based on *company fit* and *project viability*



Formulare una strategia

***Viability* is assessed by:**

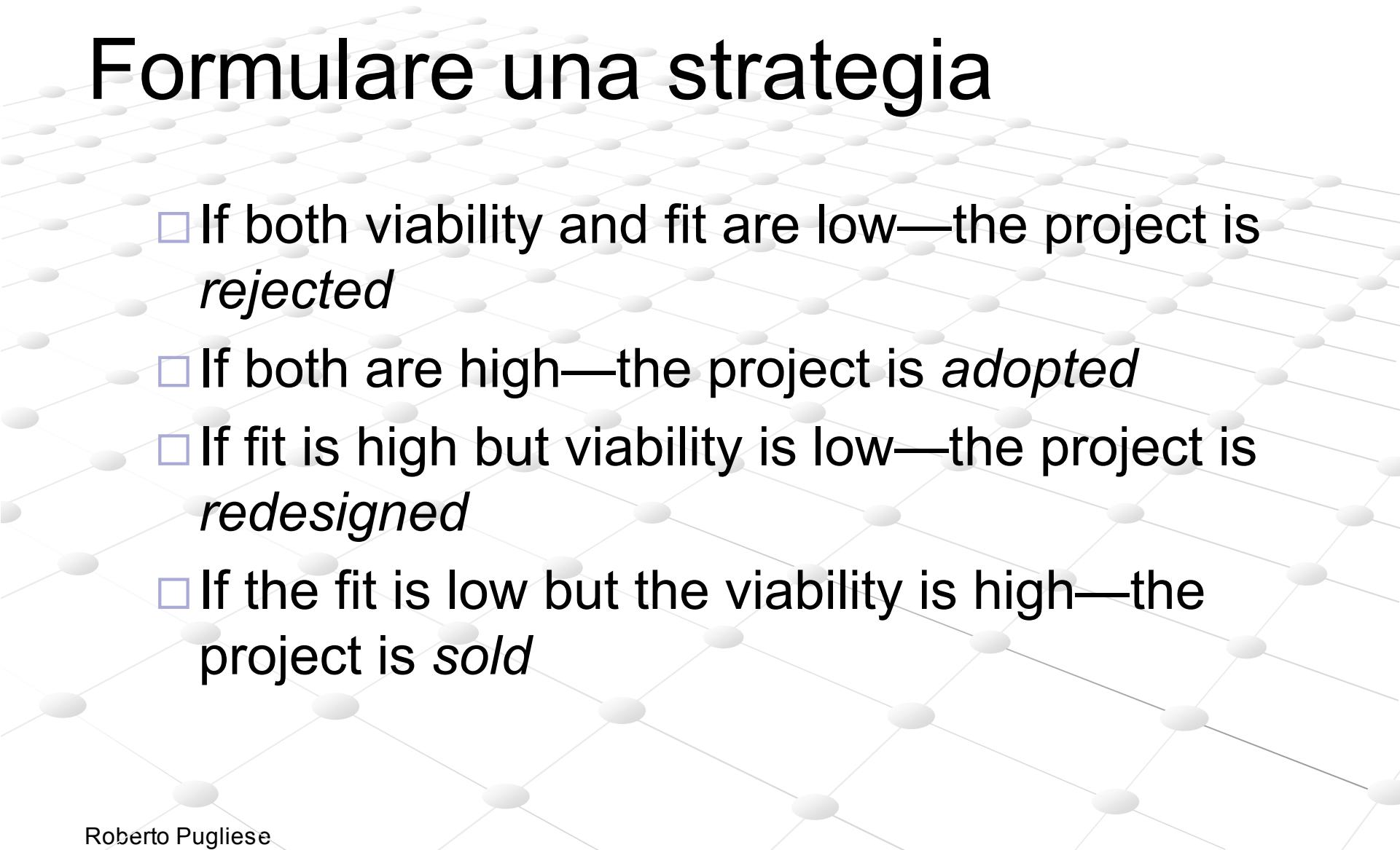
- market value potential
- time to positive cash flow
- time to implementation
- funding requirements



Formulare una strategia

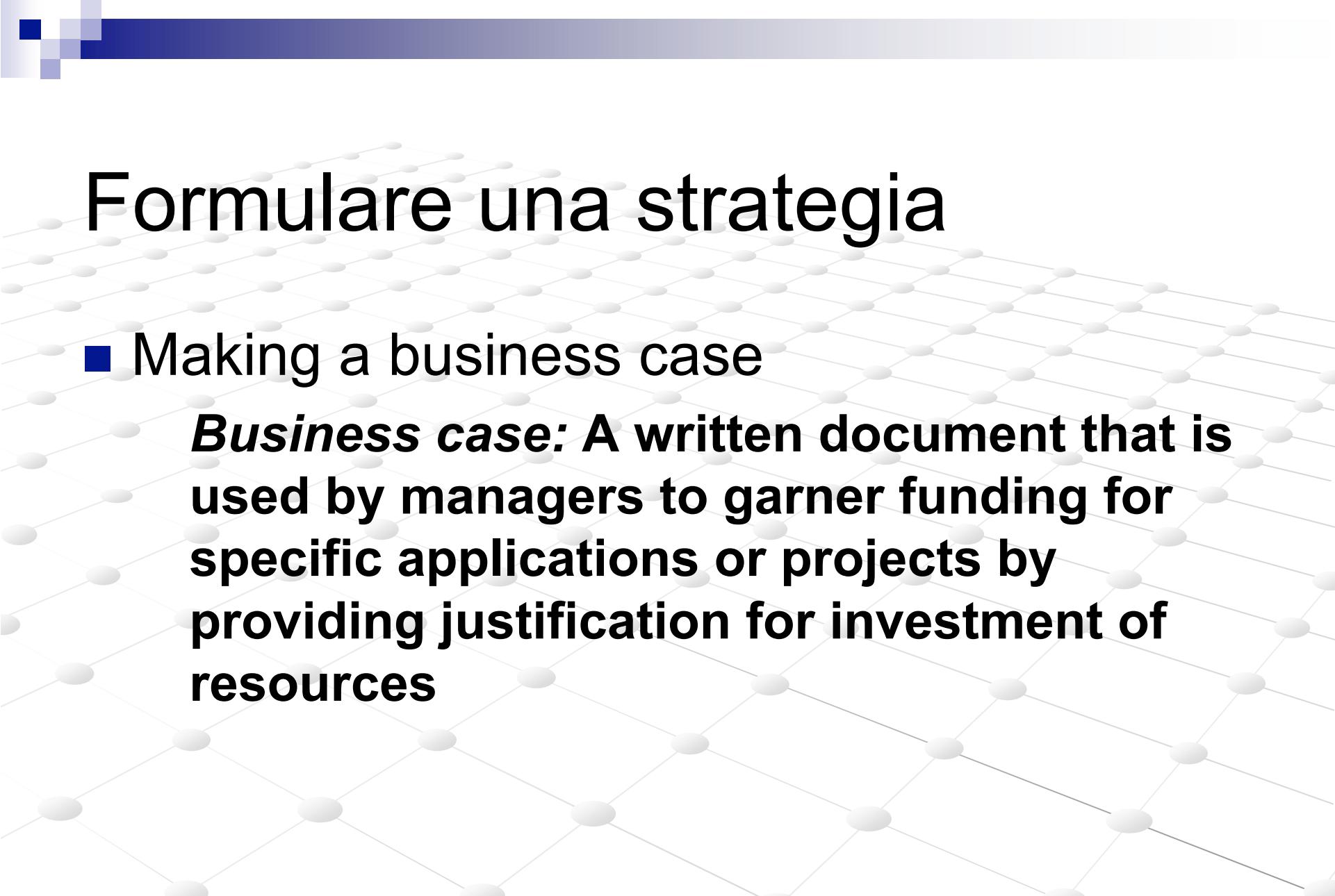
Fit is evaluated by metrics:

- alignment with core capabilities
- alignment with other company initiatives
- fit with organizational structure
- ease of technical implementation



Formulare una strategia

- If both viability and fit are low—the project is *rejected*
- If both are high—the project is *adopted*
- If fit is high but viability is low—the project is *redesigned*
- If the fit is low but the viability is high—the project is *sold*



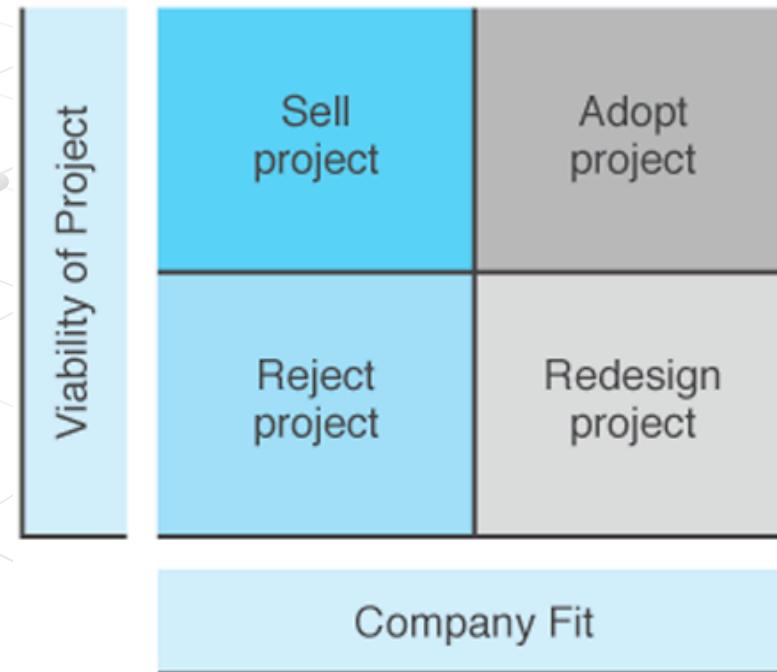
Formulare una strategia

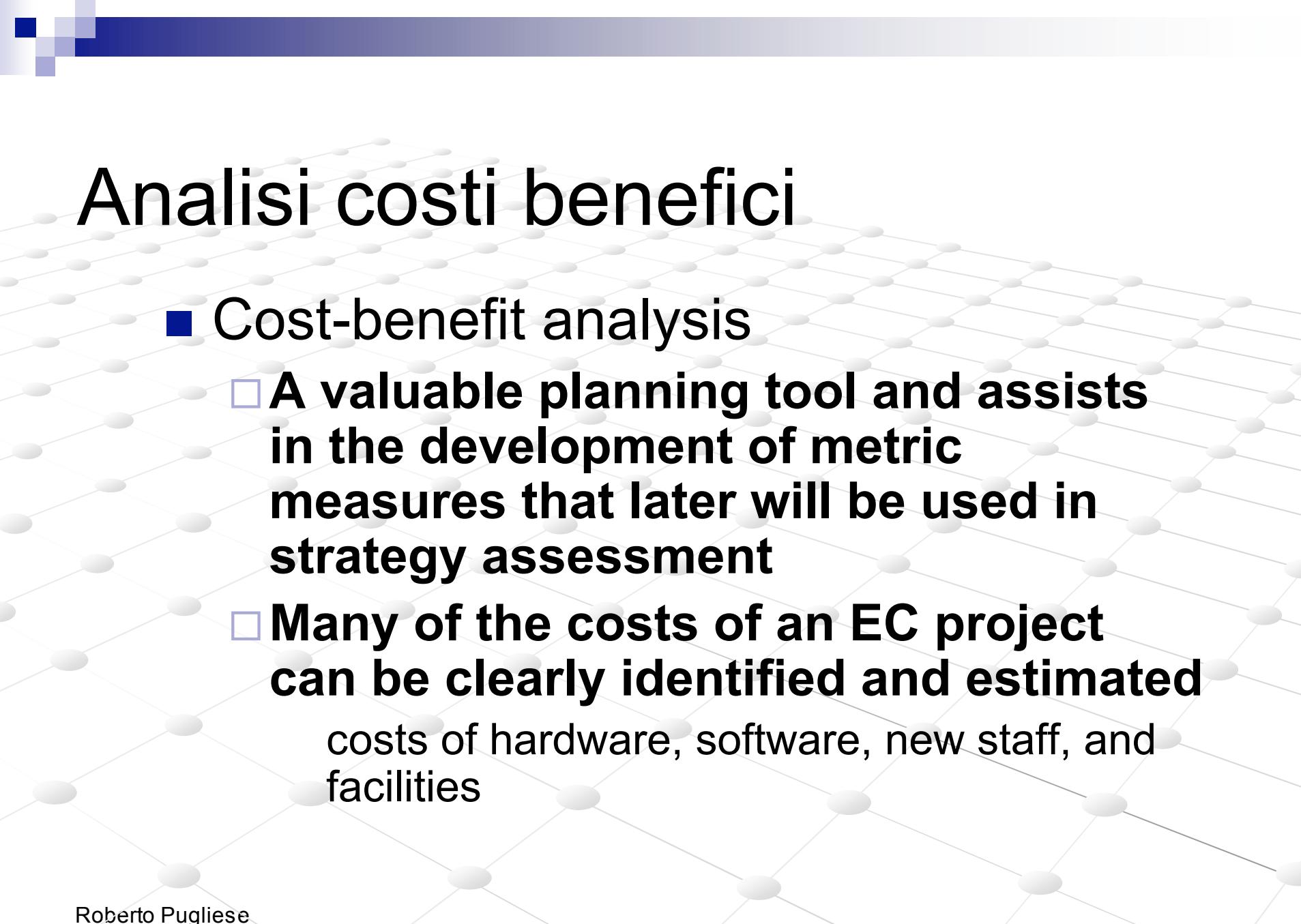
- Making a business case

Business case: A written document that is used by managers to garner funding for specific applications or projects by providing justification for investment of resources

Formulare una strategia

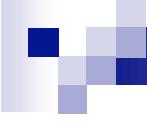
Exhibit 15.4 Internet Portfolio Map





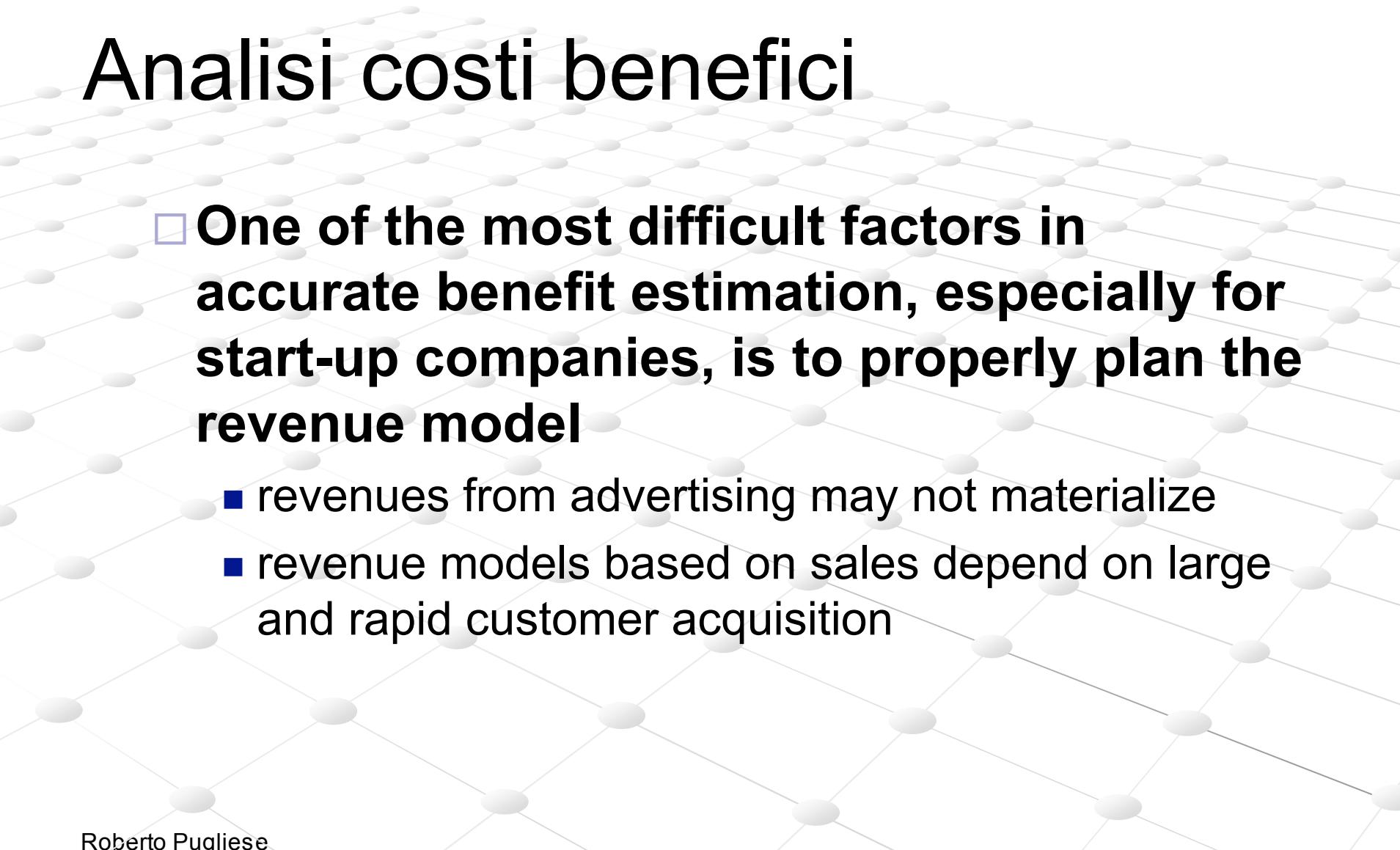
Analisi costi benefici

- Cost-benefit analysis
 - A valuable planning tool and assists in the development of metric measures that later will be used in strategy assessment
 - Many of the costs of an EC project can be clearly identified and estimated
 - costs of hardware, software, new staff, and facilities



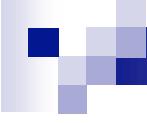
Analisi costi benefici

- **Most benefits of an EC project are quite intangible—it is difficult to estimate:**
 - Increased sales from an expanded customer base
 - Savings from streamlined purchasing procedures
 - Reduced telecommunications costs



Analisi costi benefici

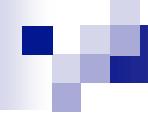
- One of the most difficult factors in accurate benefit estimation, especially for start-up companies, is to properly plan the revenue model
 - revenues from advertising may not materialize
 - revenue models based on sales depend on large and rapid customer acquisition



Analisi dei rischi

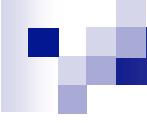


- Risk analysis and management
 - ***E-commerce risk:*** The likelihood that a negative outcome will occur in the course of developing and operating an electronic commerce strategy
 - **The first step in any risk assessment is risk analysis—identifying and evaluating the sources of risk**



Analisi dei rischi

- Four sources of business risk in an e-commerce strategy:
 - Competitive risk
 - Transition risk
 - Customer-induced risk
 - Business partner risk



Analisi dei rischi



- The next step is *risk management*—to put in place a plan that reduces the threat posed by the risk
- Taking steps to:
 - reduce the probability that the threat will occur
 - minimizing the consequences if it occurs anyway
 - both

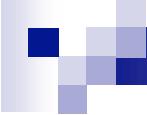


Formulare una strategia

■ Issues in strategy formulation

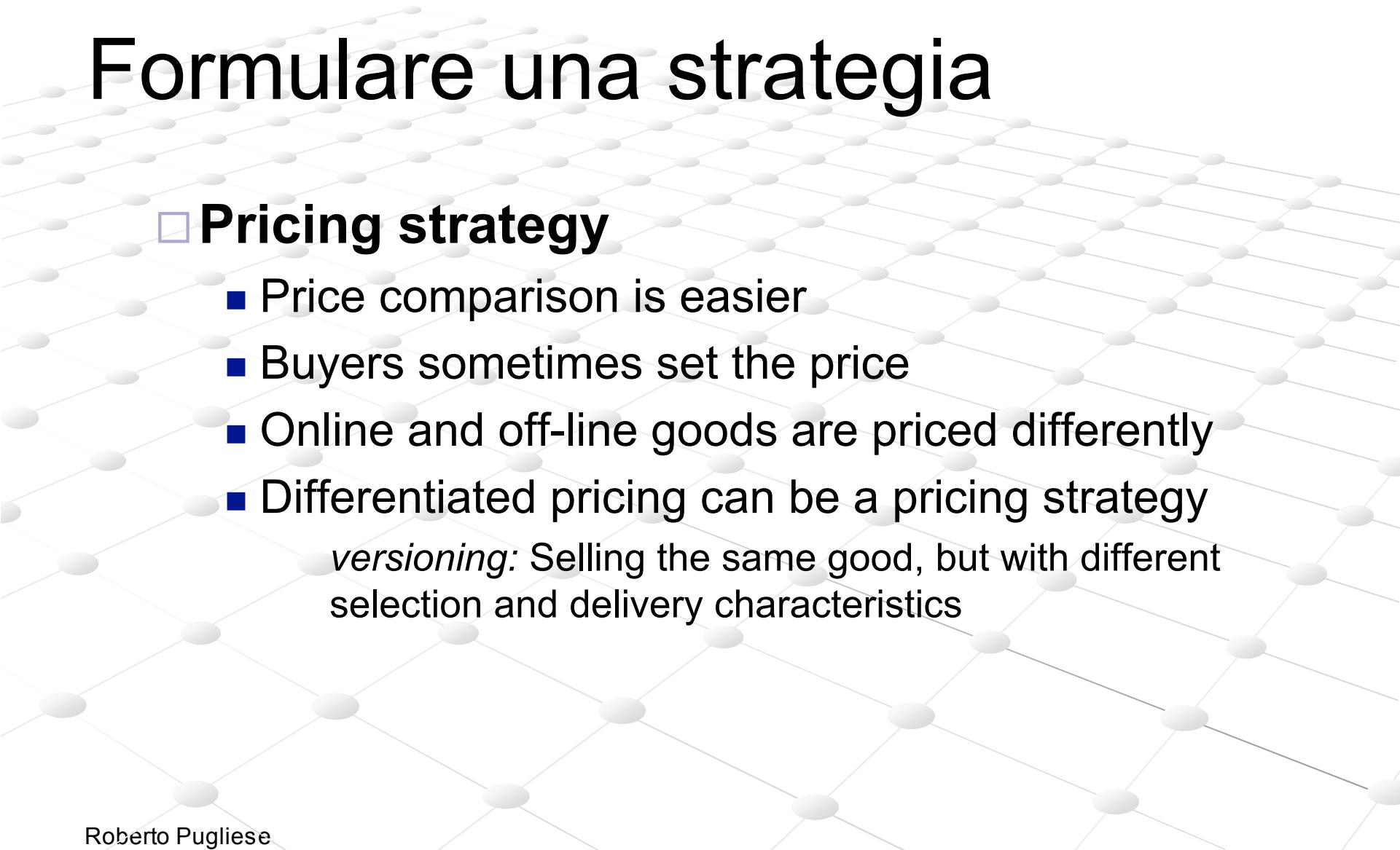
□ How to handle channel conflict

- Let the established distributors handle e-business fulfillment
- Provide online services to intermediaries
- Sell some products only online, other products may be advertised online but sold exclusively off-line
- Not selling online



Formulare una strategia

- **How to handle conflict between the off-line and online businesses**
 - The allocation of resources between off-line and online activities can create difficulties
 - It is essential that top management support both
 - off-line and online operations
 - a clear strategy of “what and how” each unit will operate are essential

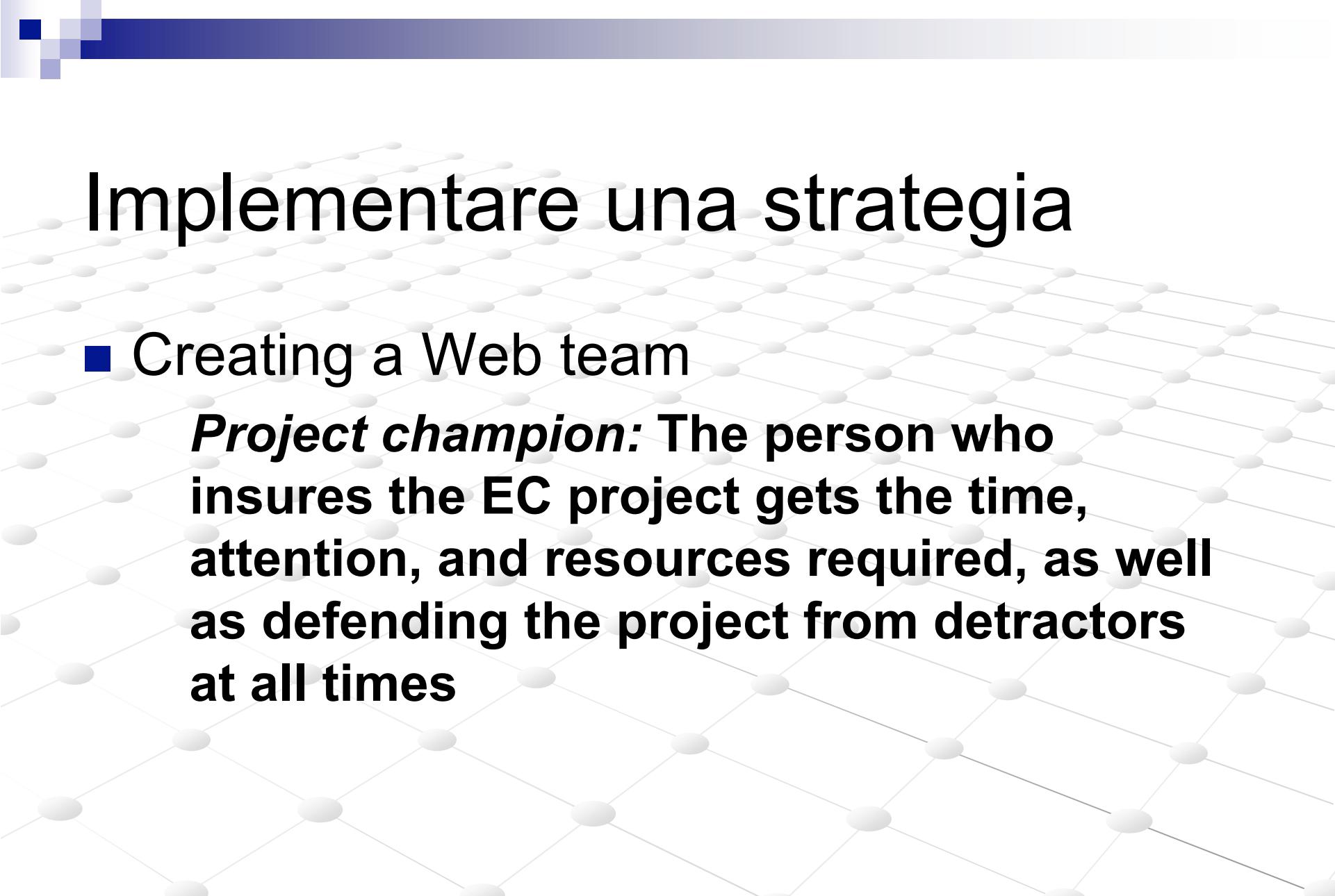


Formulare una strategia

Pricing strategy

- Price comparison is easier
- Buyers sometimes set the price
- Online and off-line goods are priced differently
- Differentiated pricing can be a pricing strategy

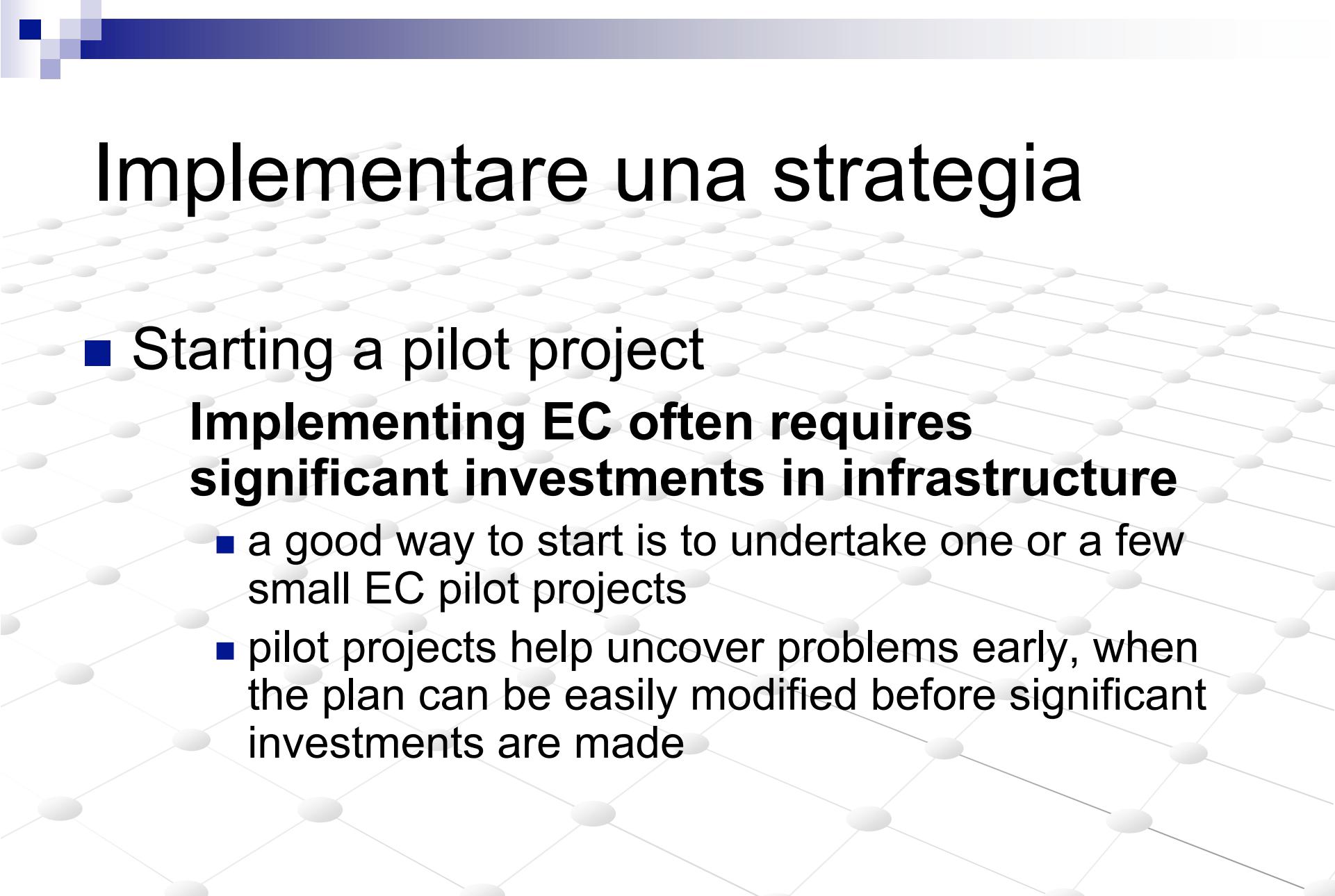
versioning: Selling the same good, but with different selection and delivery characteristics



Implementare una strategia

- Creating a Web team

***Project champion:* The person who insures the EC project gets the time, attention, and resources required, as well as defending the project from detractors at all times**



Implementare una strategia

- Starting a pilot project

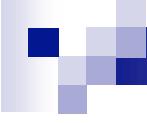
Implementing EC often requires significant investments in infrastructure

- a good way to start is to undertake one or a few small EC pilot projects
- pilot projects help uncover problems early, when the plan can be easily modified before significant investments are made



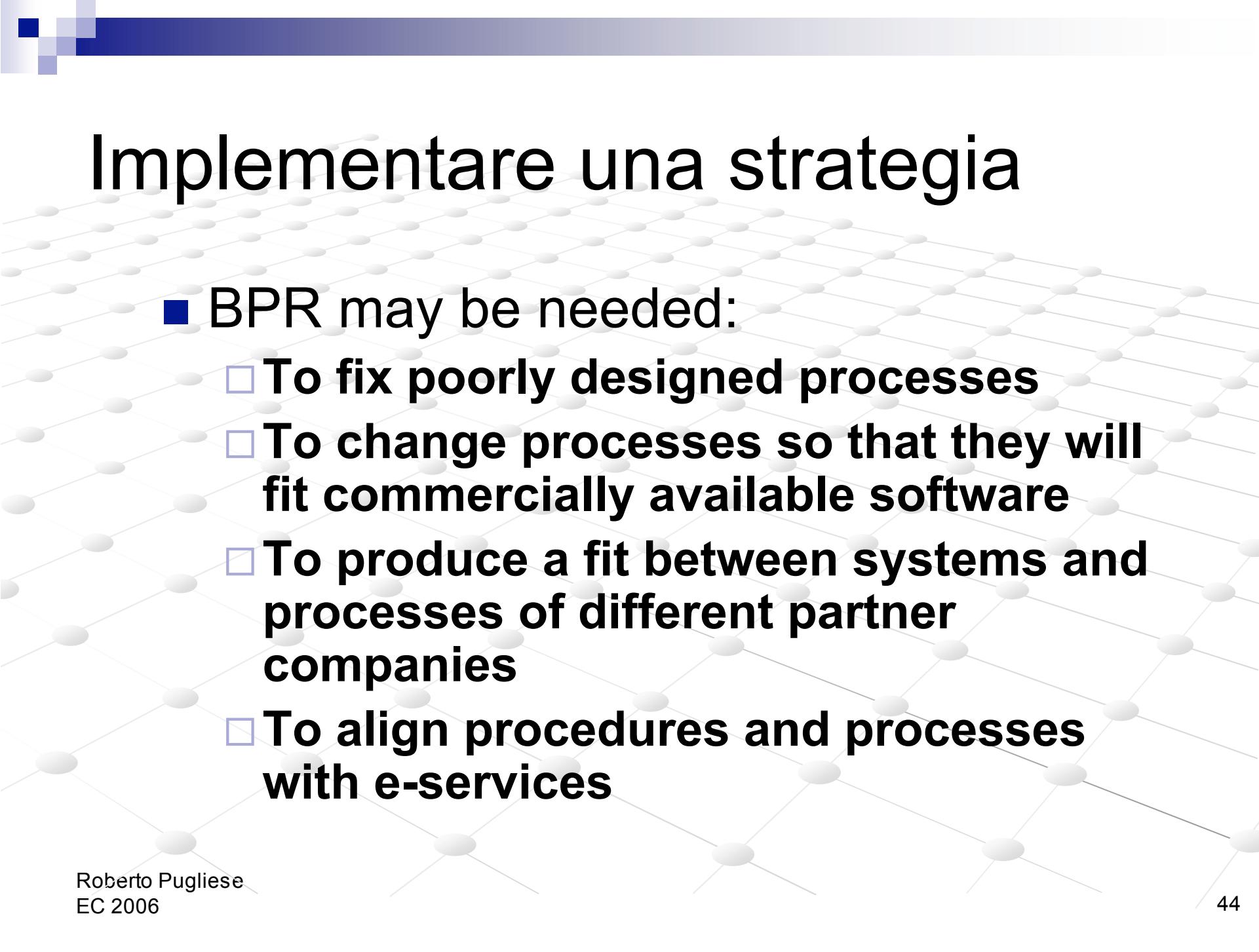
Implementare una strategia

- Allocating resources
 - **The resources required for the EC projects depend on information requirements and capabilities of each project**
 - Some resources will be new and unique to the project or application
 - Even more critical for the project's success is effective allocation of infrastructure resources that are shared by many applications



Implementare una strategia

- Redesigning business processes
 - ***Organizational transformation:*** the process of changing an organization to a new mode of operation
 - ***Business process reengineering (BPR):*** A methodology for conducting a comprehensive redesign of an enterprise's processes

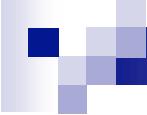


Implementare una strategia

- BPR may be needed:
 - To fix poorly designed processes
 - To change processes so that they will fit commercially available software
 - To produce a fit between systems and processes of different partner companies
 - To align procedures and processes with e-services

Verifica

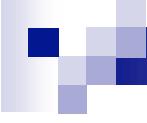
- Objectives of assessment
 - Measure the extent to which the EC strategy and ensuing projects are delivering what they were supposed to deliver
 - Determine if the EC strategy and projects are still viable in the current environment



Obiettivi della verifica



- Reassess the initial strategy in order to learn from mistakes and improve future planning**
- Identify failing projects as soon as possible and determine why they failed to avoid the same problems on subsequent projects**



Verifica

- Measuring results and using metrics

Metric: A specific, measurable standard against which actual performance is compared



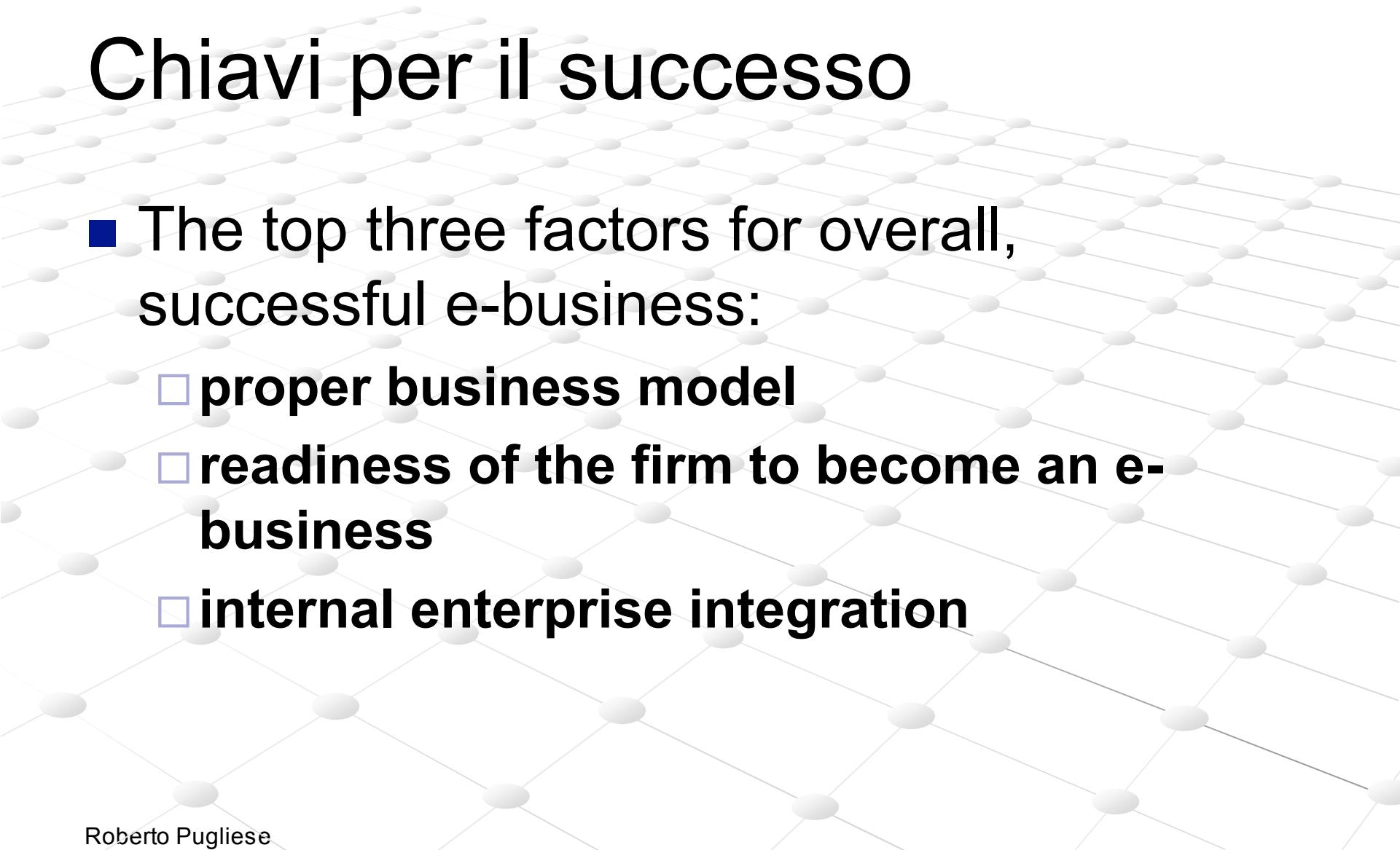
Chiavi per il successo

- The top three factors for successful B2C e-commerce:
 - **effective marketing management**
 - **attractive Web site**
 - **building strong connections to customers**



Chiavi per il successo

- The top three factors for successful B2B e-commerce:
 - **readiness of trading partners**
 - **information integration inside the company and in the supply chain**
 - **completeness of the application**



Chiavi per il successo

- The top three factors for overall, successful e-business:
 - **proper business model**
 - **readiness of the firm to become an e-business**
 - **internal enterprise integration**