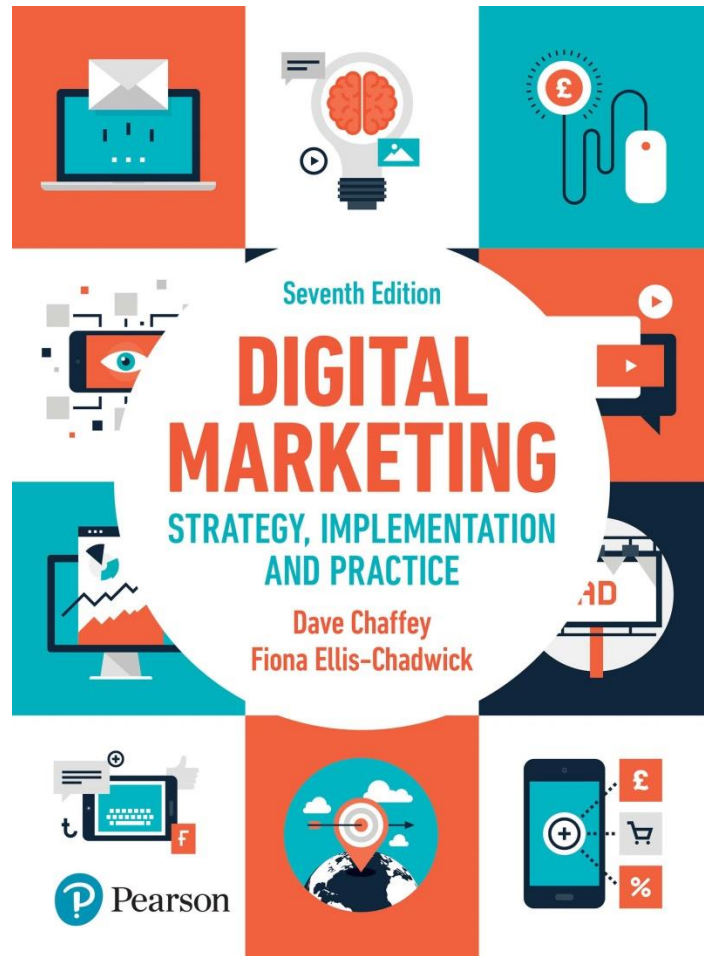


DIGITAL MARKETING

STRATEGY, IMPLEMENTATION AND PRACTICE

Seventh Edition



Part 1

Digital marketing fundamentals

Chapter 2

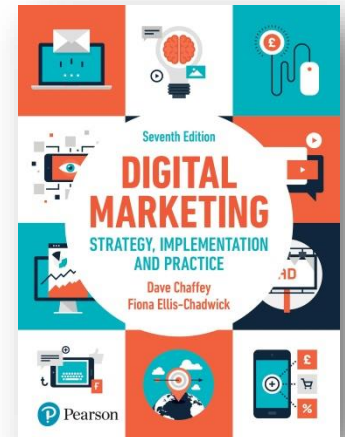
Online marketplace analysis:
micro-environment

Chapter 2 - Online marketplace analysis: micro-environment

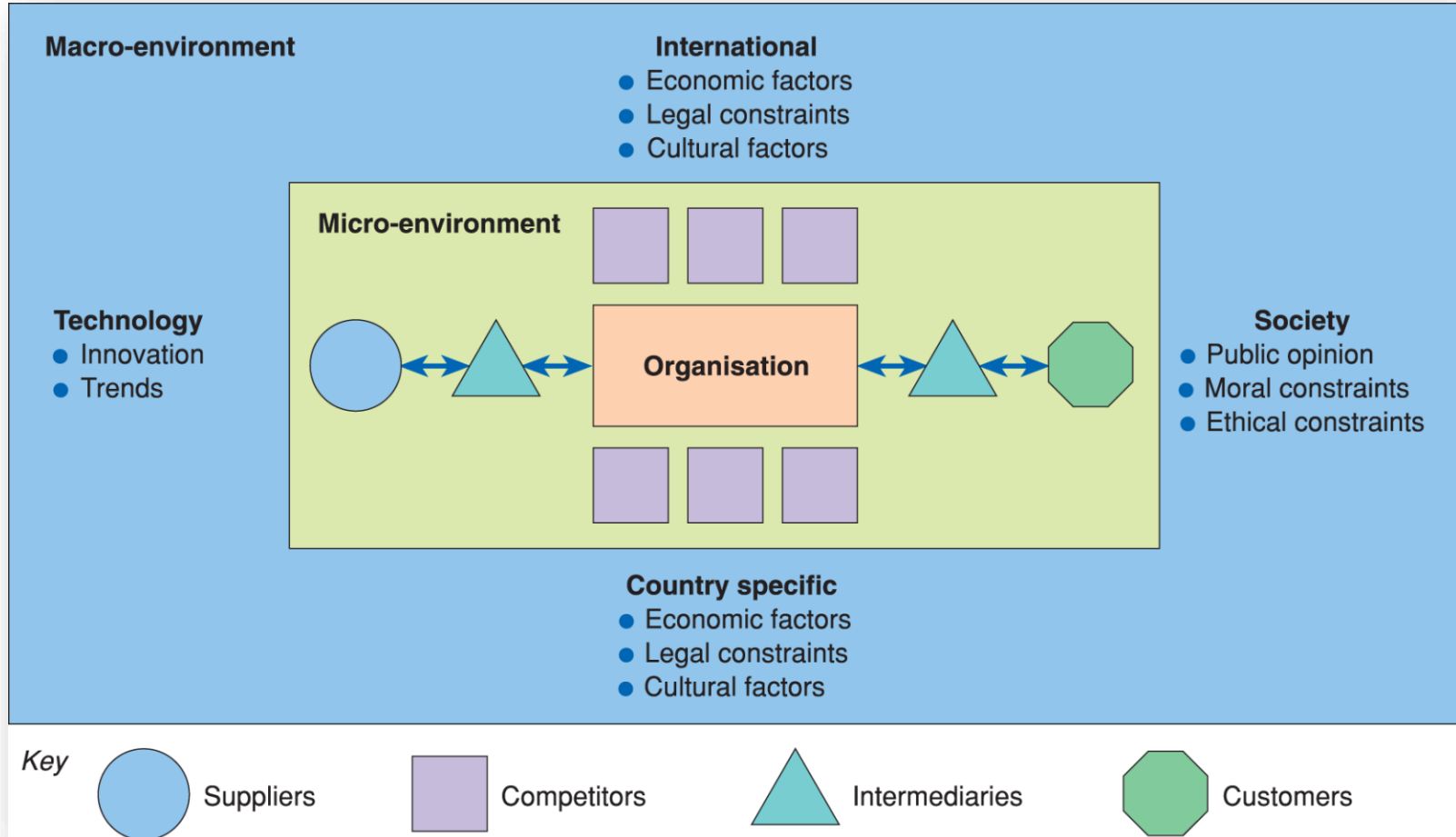
2

Main Topics:

- Situation analysis for digital marketing
- Digital marketing environment
- Understanding customer in digital markets
- Consumer. Choice and digital influence
- Customer characteristics
- Competitors
- Suppliers
- New channel structures
- Digital business models for e-commerce



Situation analysis for digital marketing



Understanding customer in digital markets

Customer segments

Search intermediaries

Intermediaries, influencers and media or publisher sites

Destination sites and platforms

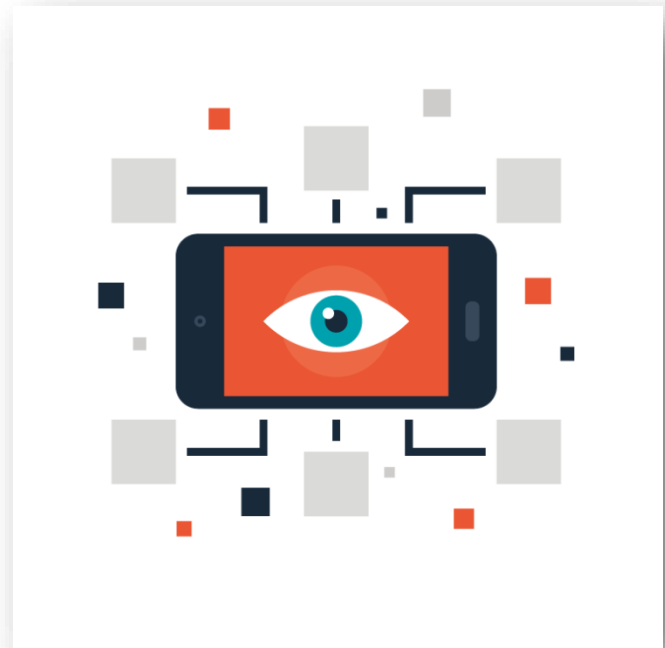


Figure 2.2 An example of a customer journey map

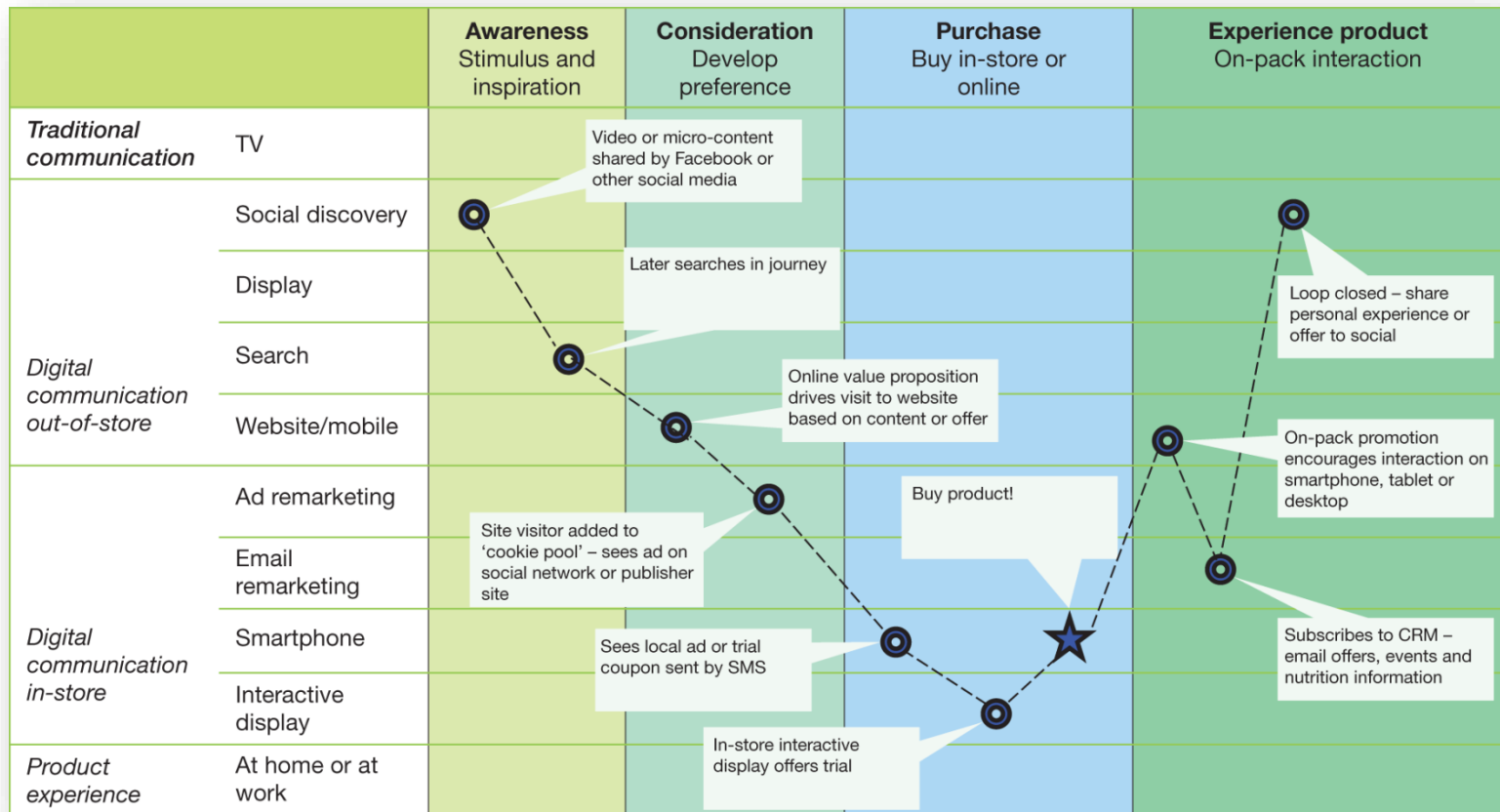


Figure 2.3 An online marketplace map

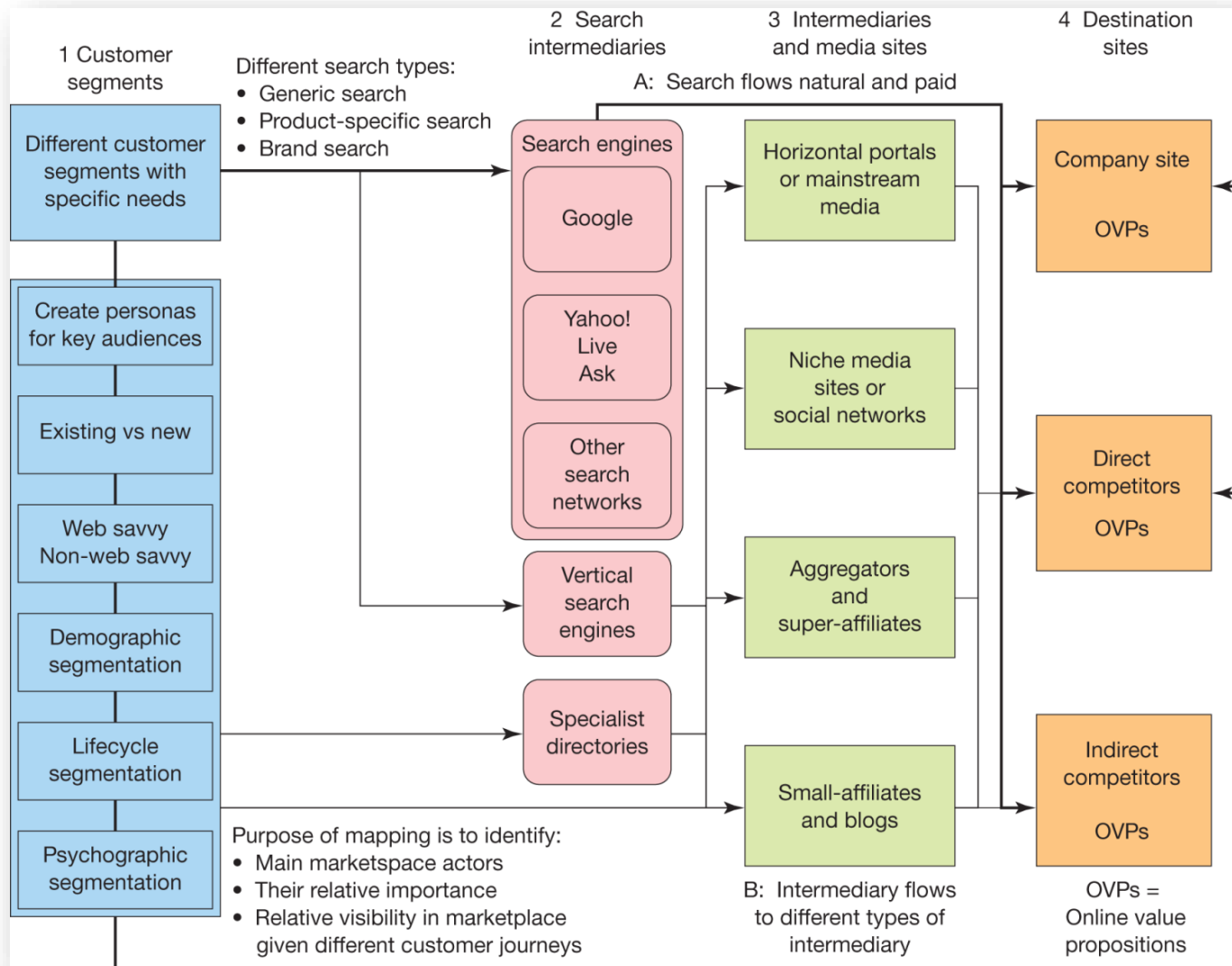
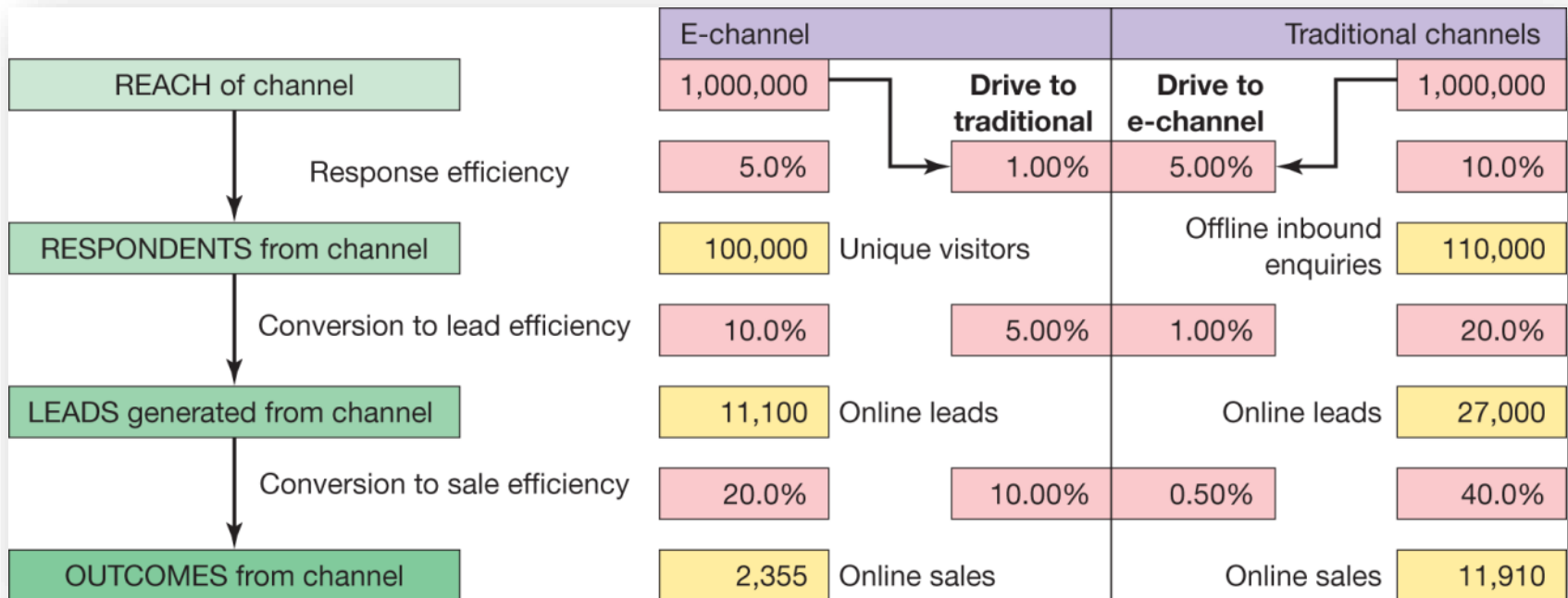


Figure 2.4 Model Showing conversion between the digital channel and traditional channels during the buying process



Consumer choice and digital influence

Customer characteristics:

- Demographic variables
- Psychographic and behavioural variables

Social media and emotions

Consumer Personas

The buying process

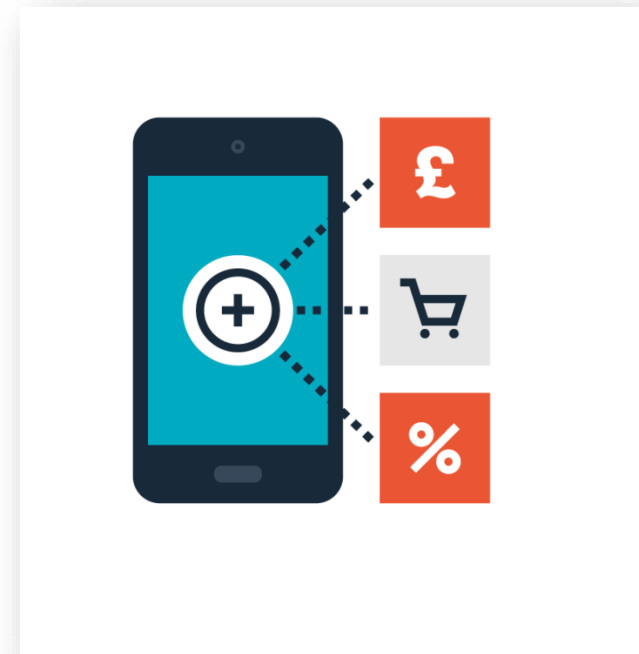
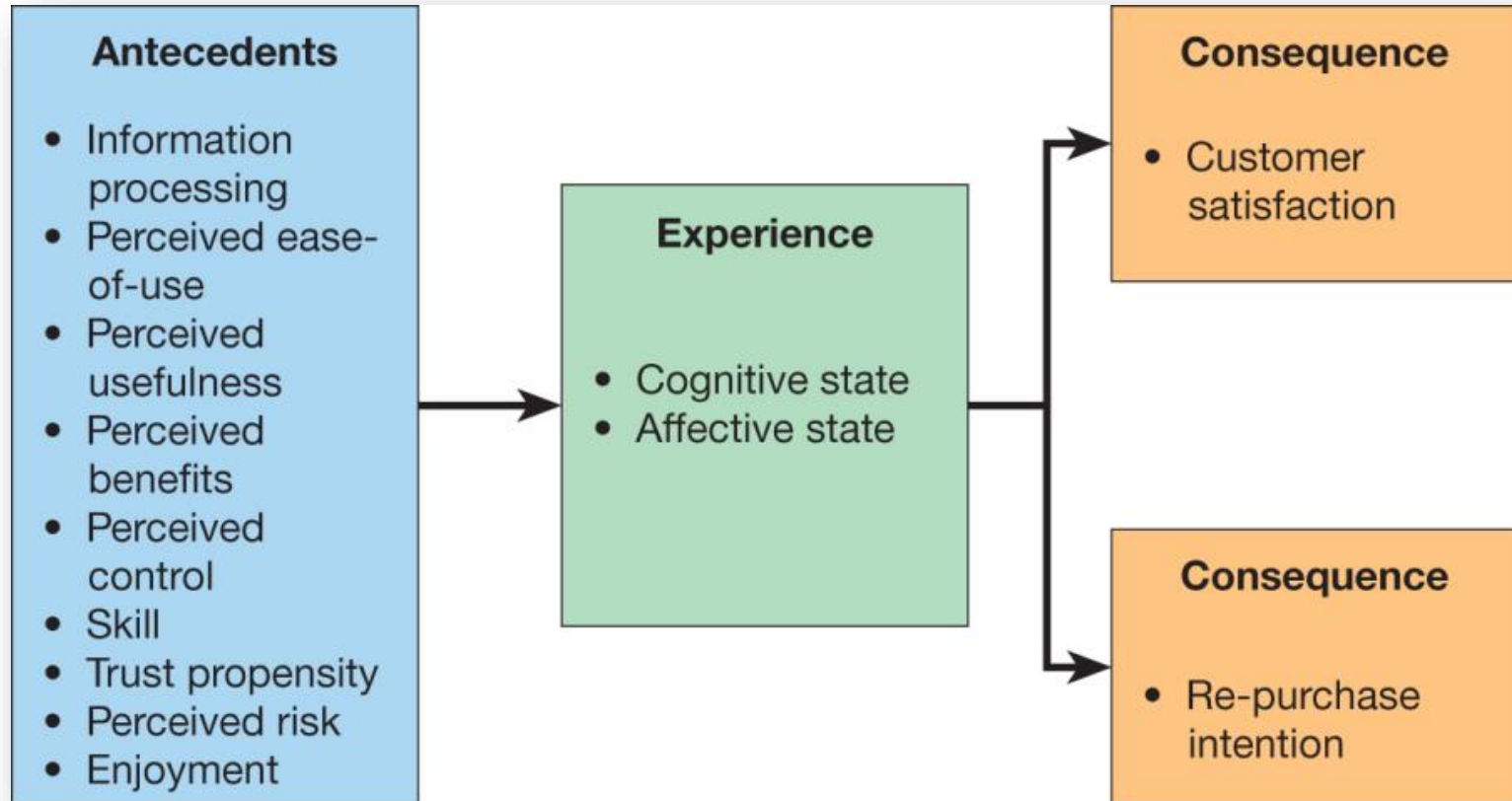
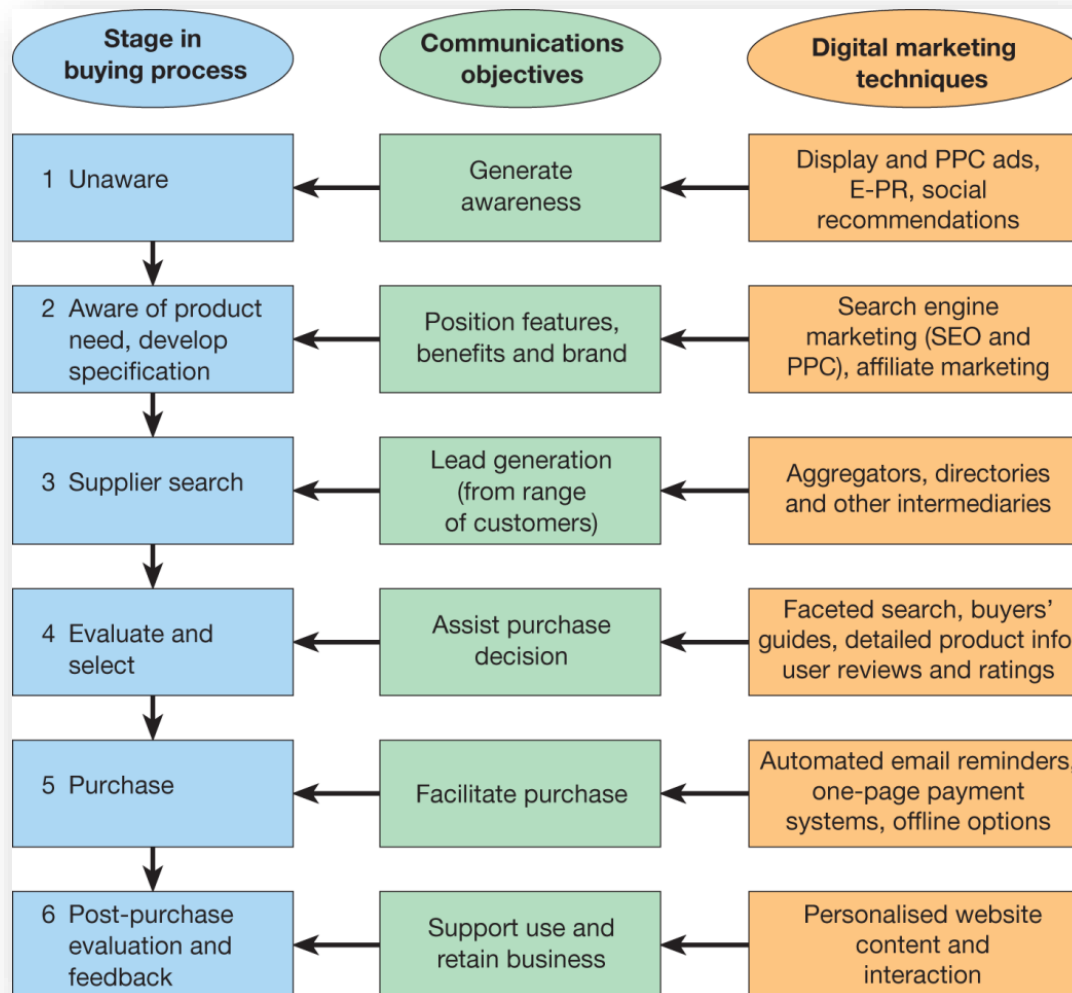


Figure 2.9 Framework for understanding online customer experiences



Source: Rose and Hair (2011)

Figure 2.10 A summary of how digital media can impact on the buying process in a new purchase



Competitors

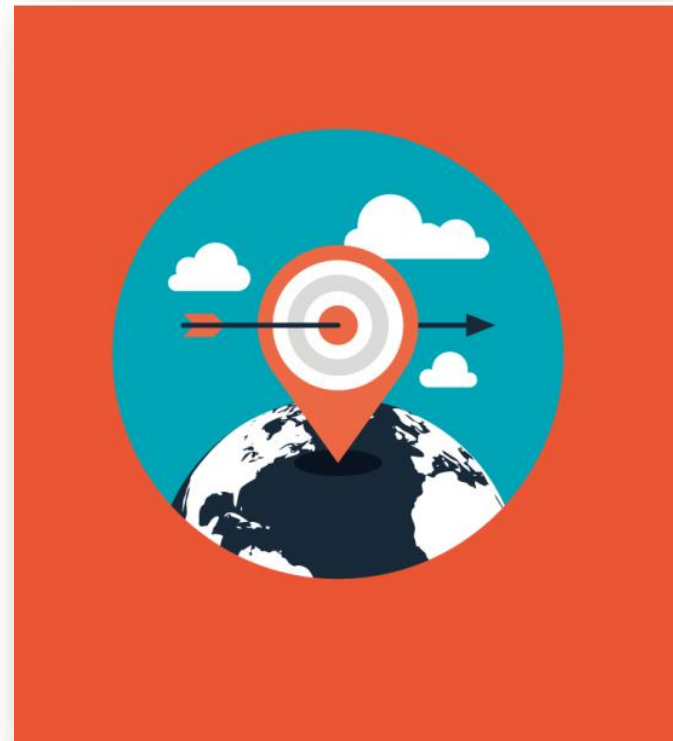
The shape and nature of online competitive markets
Competitor analysis and benchmarking



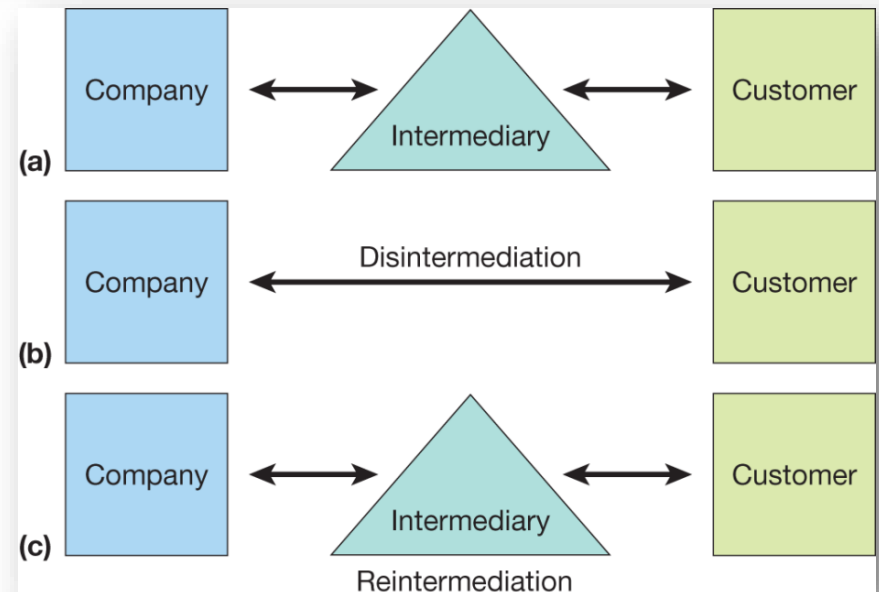
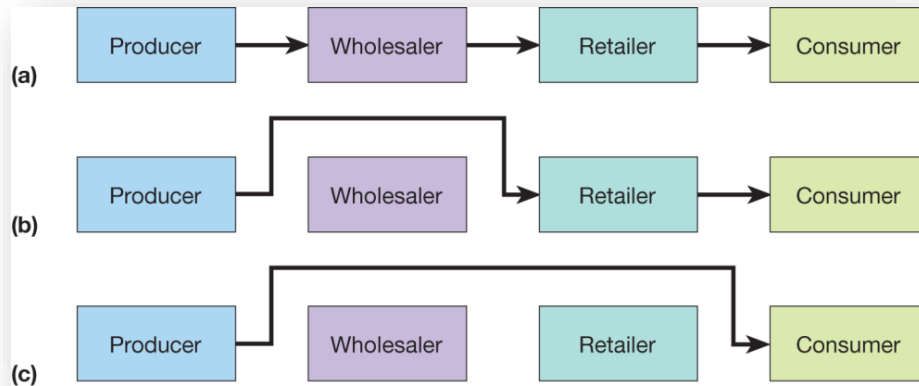
Suppliers

Digital marketing intermediaries

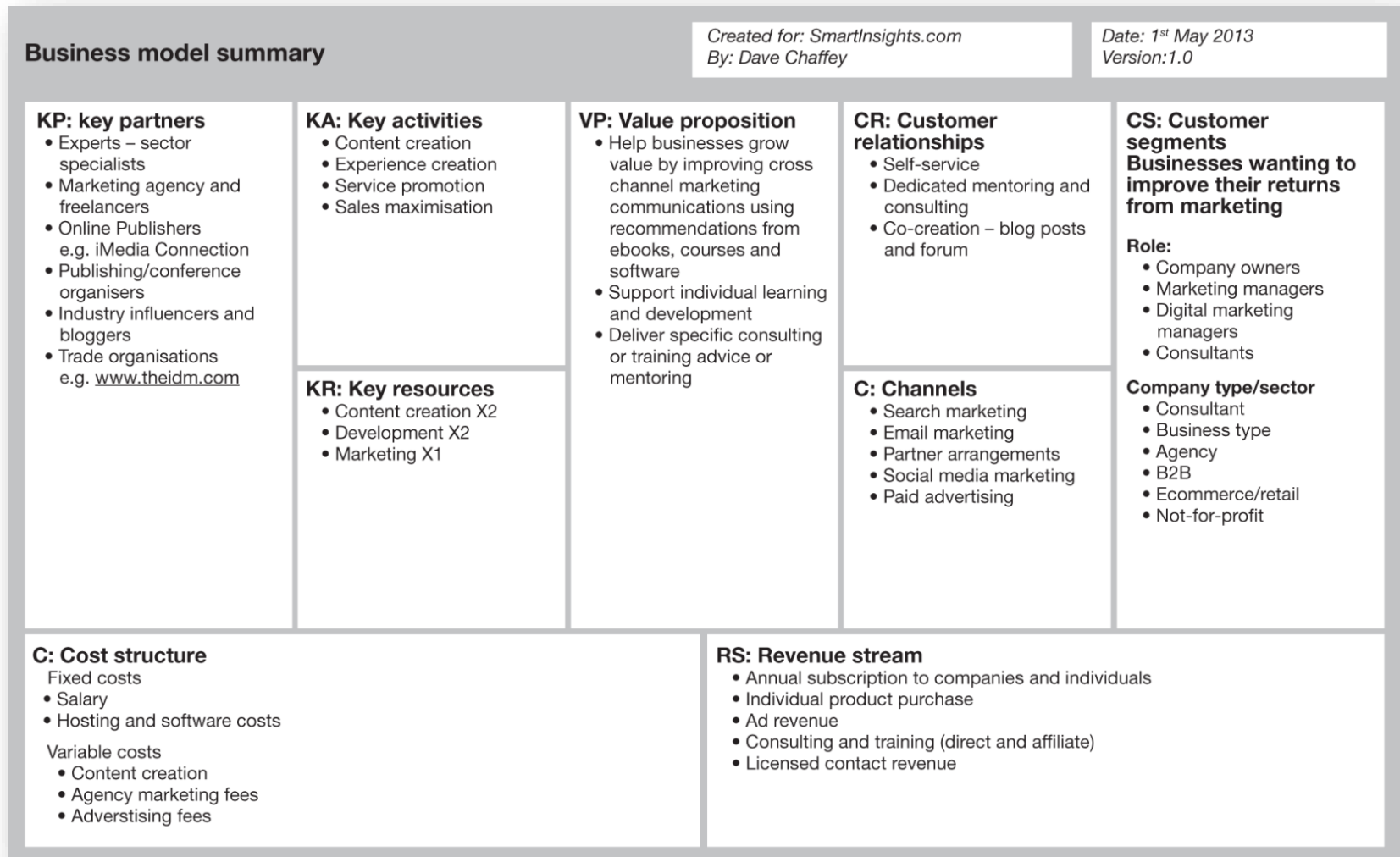
Online intermediary sites



New channel structures



Digital business model for e-commerce



Source: SmartInsights.com with permission.

Figure 2.15 Alternative perspectives on business models

| 1. Marketplace position | 2. Revenue model | 3. Commercial model |
|--|--|---|
| <div> <div>Manufacturer or primary service provider</div> <div>B</div> </div> | <div> <div>Direct product sales of product or service</div> <div>B</div> </div> | <div> <div>Fixed-price sale</div> <div>Y</div> <div>B</div> <div>A</div> </div> |
| <div> <div>Reseller/retailer (intermediary)</div> <div>Y</div> <div>A</div> </div> | <div> <div>Subscription or rental of service</div> <div>B</div> </div> | <div> <div>Brokered or negotiated deal</div> <div>Y</div> </div> |
| <div> <div>Marketplace/exchange (intermediary)</div> <div>Y</div> </div> | <div> <div>Commission-based sales (affiliate, auction, marketplace)</div> <div>Y</div> <div>A</div> </div> | <div> <div>Auction or spot</div> <div>Y</div> </div> |
| <div> <div>Media owner or publisher (intermediary)</div> <div>Y</div> </div> | <div> <div>Advertising (banner ads, sponsorship)</div> <div>Y</div> </div> | <div> <div>Product or service bundling</div> </div> |
| <div> <div>Supply chain provider or integrator</div> </div> | <div> <div>Sales of syndicated content or services (for media owner)</div> </div> | <div> <div>Loyalty-based pricing or promotions</div> </div> |
| <div> <div>Not-for-profit organisation</div> </div> | | <div> <div>Key</div> <div>Y = Yahoo!</div> <div>A = Amazon</div> <div>B = Book publisher</div> </div> |

Case study; Boo hoo – learning for the largest dot com failure

Questions

- 1) Discuss which strategic market assumptions and decisions led to Boo.com's inevitable failure?
- 2) Compare and contrast the marketing strategy of Boo.com with successful online travel and leisure retailer lastminute.com. Suggest what made the difference between success and failure
- 3) Use the framework of the marketing mix to appraise the marketing strategy and tactics of Boo.com
- 4) In many ways the vision of Boo's founders was 'ideas before their time'. Give examples of e-retail techniques adopted by boo.com that are now common place.