E-marketing Plan and Competitive Advantage

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Learning Objectives

Electronic Marketing refers to the conduct of marketing activities – identifying the customer and creating value to satisfy the customer – via electronic communication technologies including the internet and mobile devices.

At the end of this section, students should be able to:

1. Discuss the nature and importance of an e-marketing plan and outline its 7 steps.
2. Describe the tasks that marketers complete as they create e-marketing strategies.
3. Assess how the firm can achieve competitive advantage through resource management and industry competition analysis

Readings

- Refer to handout – section on E-marketing Plan

Chapter 3 - Strauss, J. and Frost, R. (2009) E-Marketing 5/E, Pearson Education, Inc.

- Competitive Advantage
  - Porter' Competitive Forces and Value Chain Model
  - Resource-based Theory

Selected readings on class website

Business Model, Strategy and IS

-Business process

- business model

- business strategy

Business Process

Business process defines how work is to be done (organized, coordinated, and focused) to produce a particular product or service.

It is a workflow of material, information and knowledge.

Horizontal view of the business

What is **business model?**

Researchers approach this concept in *different* ways

- "Most often a business model refers to a loose conception of how a company does business and generates revenue" (Porter, 2001: 73)
- Magretta (2002): it should answer: Who is customer? What does the customer value? How do we make money? What is the economic logic that explains how we deliver value to customers at an appropriate cost?

•Business models are about value creation.
• Normally people emphasize different aspects of it**!**

•Mitchell, D. and C. Coles (2003). "The ultimate competitive advantage of continuing business model innovation." *Journal of Business Strategy*. 24(5), 15-21.
•Porter, M. E. (2001). "Strategy and the Internet." *Harvard Business Review*. March, 62-78

Key Points of Definition

Business Model is a *comprehensive* concept

- Afuah and Tucci (2001): a business model is *"the method by which a firm builds and uses its resources to offer customers better value than its competitors and to make money doing so"*

Key points:
a model or framework; value-focused; profit-oriented; resource-based

Business Model And Strategy

- A business model defines what an organization is all about, what it does, and how it makes money.
- **Strategy articulates how it will achieve goals and targets**.
- A business model must be complemented by strategy that takes into account competition, industry forces and the like.

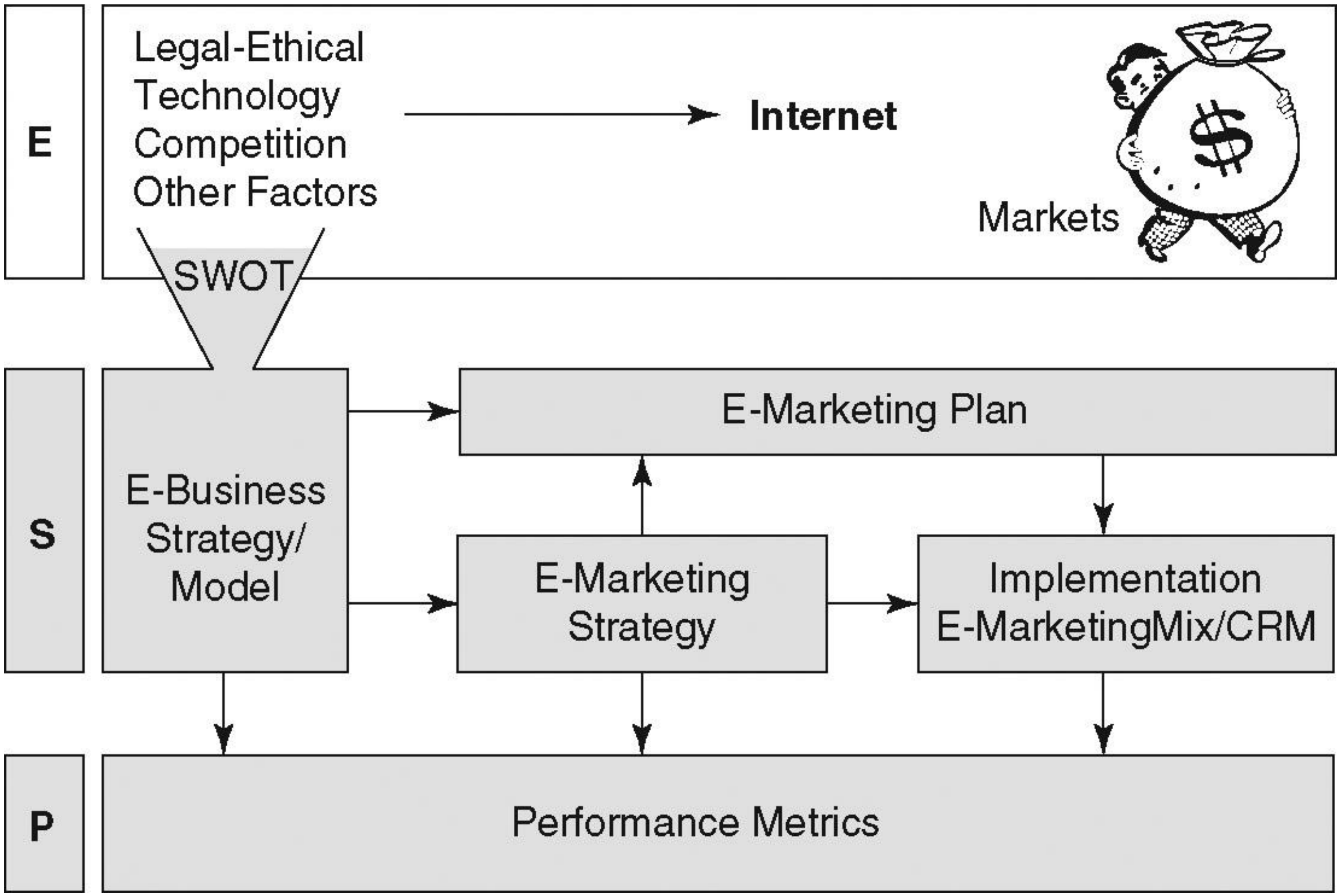
These two concepts seemingly overlap but in fact differ

1. **Business model emphasizes the target and the logic behind**
2. **Strategy stresses action**

E-Marketing Planning Process

- The e-marketing plan is a blueprint for e-marketing strategy formulation and implementation.
- The plan serves as a road map to guide the firm, allocate resources, and make decisions.

Ex 3.1


E
Legal-Ethical
Technology
Competition
Other Factors
Internet
Markets
$
SWOT
S
E-Business Strategy/ Model
E-Marketing Plan
E-Marketing Strategy
Implementation E-MarketingMix/CRM
P
Performance Metrics

Seven-Step E-Marketing Plan

1. Situation analysis
2. E-Marketing strategic planning
3. Objectives
4. E-Marketing strategy
5. Implementation plan
6. Budget
7. Evaluation plan

Step 1: Situation Analysis

1. Review the firm's environmental and SWOT analyses.
2. Review the existing marketing plan and any other information that can be obtained about the company and its brands.
3. Review the firm's e-business objectives, strategies, and performance metrics.

SWOT Analysis Leading to E-Marketing Objective

Opportunities	Threats
1. Student markets growing and untapped in our industry. 2. Save postage costs through e-mail marketing.	1. Pending security breaches and viruses means costly software upgrades. 2. Tablets are aggressively being promoted by competitors
Strengths	**Weaknesses**
1. Strong customer service department. 2. Excellent Web site and database system.	1. Low-tech corporate culture. 2. Seasonal business: Peak is first semester months.
E-Marketing Objective: GHC50,000 in revenues from e-commerce in one year.	

Step 2: E-Marketing Strategic Planning

- Market and product strategies, also called Tier 1 tasks or strategies, are outcomes of strategic planning.
  - Segmentation
  - Targeting
  - Differentiation
  - Positioning

- Marketers conduct analyses to determine strategies.
  - Market opportunity analysis
  - Demand analysis
  - Segment analysis
  - Supply analysis

Strauss, J. and Frost, R. (2009) E-Marketing 5/E, Pearson Education, Inc.

Step 2: E-Marketing Strategic Planning

- **Marketing segmentation** is the process of grouping individuals or businesses, according to use, consumption, or benefits of a product or service.
  - Geographic location
  - Demographics
  - Psychographics
    - personality, values, attitudes, interests, and lifestyles
  - Companies can combines bases, such as geodemographics (geography and demographics)

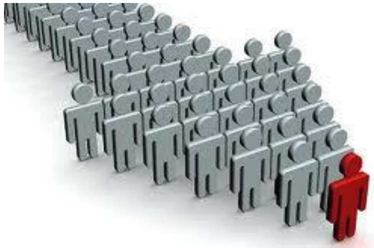
Step 2: E-Marketing Strategic Planning

- **Market targeting** is the process of selecting market segments that are most attractive to the firm.
  - Mass marketing
  - Multisegement marketing
  - Niche marketing
  - Micromarketing

Strauss, J. and Frost, R. (2009) E-Marketing 5/E, Pearson Education, Inc.

Step 2: E-Marketing Strategic Planning

Mass marketing (or undifferentiated targeting) uses one marketing mix or strategy for the entire market.



Multisegment marketing occurs when a firm selects two or more segments and designs strategies for each.

Strauss, J. and Frost, R. (2009) E-Marketing 5/E, Pearson Education, Inc.

Step 2: E-Marketing Strategic Planning

In **niche marketing**, you have to narrow your focus and you have to target on only a small segment of consumers who have unique and similar needs. This small group of people who have similar and unique needs is called niche.

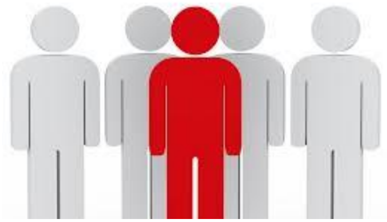
For example, Ferrari car can be targeted on a small group of people who have a passion of speed and who can afford this type of costly car.

Quoted from: Lalitbhojwani (2012) Niche Marketing, Experts Column - Retrieved from: http://expertscolumn.com/content/niche-marketing, [accessed June 12, 2012]

E-Marketing Strategic Planning

- **Niche marketing** occurs when a firm selects one segment and develops one or more marketing mixes for that segment.

- **Micromarketing** (individualized marketing) occurs when a firm tailors all or part of the marketing mix to a very small number of people.



Strauss, J. and Frost, R. (2009) E-Marketing 5/E, Pearson Education, Inc.


Samsung Galaxy Tab 2 (7-Inch, Wi-Fi)
by Samsung
(434 customer reviews) | Like (521)
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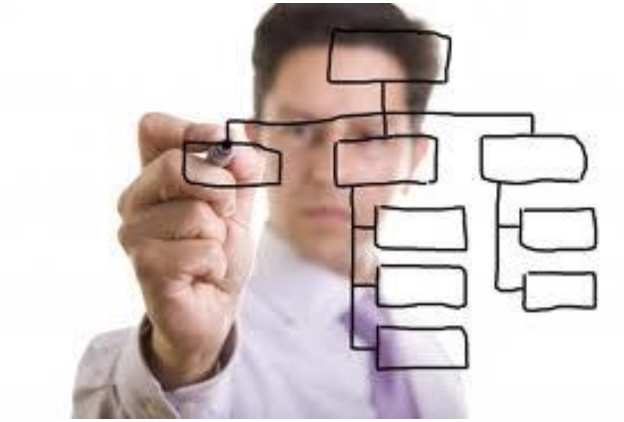
Price For All Three: $284.25
Add all three to Cart
Add all three to Wish List
These items are shipped from and sold by different
This item: Samsung Galaxy Tab 2 (7-Inch, Wi-Fi) by Samsung $248.00
SanDisk microSDHC 32GB Flash Memory Card, Black, SDSDQM-032G-B35 (Retail Packa
Poetic Slimbook Leather Case for Samsung Galaxy Tab 2 7.0 Black(Included 2 Micro S
Warranty From Poetic) by Poetic $16.95

Step 3: Objectives

- An **objective** in an e-marketing plan may include the following aspects:
  - Task (what is to be accomplished)
  - Measurable quantity (how much)
  - Time frame (by when)



Long-term and short-term

- balance long-term objectives which short-term deliverables

Step 3: Objectives

Most e-marketing plans aim to accomplish objectives such as the following:

- Increase market share
- Increase the number of comments on a blog
- Increase sales revenue
- Reduce costs
- Achieve branding goals
- Increase database size
- Achieve customer relationship management goals
- Improve supply chain management

Strauss, J. and Frost, R. (2009) E-Marketing 5/E, Pearson Education, Inc.

Step 3: Objectives

- **SMART Approach** = Setting **specific, measurable, achievable, realistic and time** specific objectives

Specific - are your objectives stated in a way that is precise about what you are hoping to achieve?

Measurable - Can you quantify each objective, i.e. can you use a unit of measure such as market share in percentage or currency ($) or other to provide a way to check your level of success?

Achievable - Are your objectives reasonable in terms of what you can actually achieve or are you setting your sights too high?

Small Business NSW (2012) Marketing Objectives,What is Marketing? - Trade and Investment, Small Business New South Wales Government, Retrieved from: http://toolkit.smallbiz.nsw.gov.au/part/1/1/3, [accessed June 12, 2012]

Step 3: Objectives

- **SMART Approach** = Setting **specific, measurable, achievable, realistic and time** specific objectives

Realistic - Do you have sufficient employees and resources to achieve the objectives you have set, if you don't then they are likely to be unrealistic?

Time specific - When are you hoping to achieve these objectives, you need to define a timing plan with target timing for each specific objective?

Small Business NSW (2012) Marketing Objectives,What is Marketing? - Trade and Investment, Small Business New South Wales Government, Retrieved from: http://toolkit.smallbiz.nsw.gov.au/part/1/1/3, [accessed June 12, 2012]

Example

Step 3: Objectives

- ABC stationary supplier sells its goods to newsagents across the country and they want to boost revenue for their product range.
  - ***To gain 30% market share for stationary by 2011.***

Specific - need to understand the latest preferences of customers in the identified segments and appropriately target each stationary item such as pens, exercise books, rulers, and calculators to maximise sales volumes

Measurable - current market share is 20%, will set a target of 30% market share, meaning we need an extra 10%, market share amounts can be established based by monitoring the overall value of sales in terms of dollars

Small Business NSW (2012) Marketing Objectives,What is Marketing? - Trade and Investment, Small Business New South Wales Government, Retrieved from: http://toolkit.smallbiz.nsw.gov.au/part/1/1/3, [accessed June 12, 2012]

Example

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Achievable - ensuring technical competency and commitment of all personnel involved in the development and implementation of strategy. This can range from having an experienced and knowledgeable marketing team to capable sales staff. Access to funding is also necessary for the acquisition of extra stock to fulfill increased demand.

Realistic - the objective is realistic as the marketing resources are in place to conduct the segmenting and targeting exercise and access to the extra stock required

Small Business NSW (2012) Marketing Objectives,What is Marketing? - Trade and Investment, Small Business New South Wales Government, Retrieved from: http://toolkit.smallbiz.nsw.gov.au/part/1/1/3, [accessed June 12, 2012]

Step 3: Objectives

- ABC stationary supplier sells its goods to newsagents across the country and they want to boost revenue for their product range.
  - ***To gain 30% market share for stationary by 2011.***

Time Specific - the increase in market share is to be achieved within 12 months, a regular progress update will be taken every month to track level of success

Small Business NSW (2012) Marketing Objectives,What is Marketing? - Trade and Investment, Small Business New South Wales Government, Retrieved from: http://toolkit.smallbiz.nsw.gov.au/part/1/1/3, [accessed June 12, 2012]

Step 4: E-Marketing Strategies

- Tier 2 strategies include strategies related to the 4 P's and relationship management to achieve plan objectives.
  - **The Offer: Product strategies**
    - Online or offline consumption
    - Sell merchandise, services or advertising on the Website
    - Online auctions
    - Create new brands for the online market
    - Sell selected current or enhanced products

Strauss, J. and Frost, R. (2009) E-Marketing 5/E, Pearson Education, Inc.

Step 4: E-Marketing Strategies

- Tier 2 strategies include strategies related to the 4 P's and relationship management to achieve plan objectives.
  - **Pricing strategies**
    - Complementary to offline or different
    - Online bidding – allowing customers to bid for products or services to alleviate for slow business periods.
    - Dynamic pricing is when the price the firm charges to customers is sensitive to very short run changes in demand. For example, Coca Cola is experimenting in raising the price of cans from vending machines when the average temperature increases. Changes in price to reflect certain market conditions can take advantage of variations in consumers' willingness to pay for certain items.

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Step 4: E-Marketing Strategies

- Tier 2 strategies include strategies related to the 4 P's and relationship management to achieve plan objectives.
  - **Place -Distribution strategies**
    - firms use the Internet to distribute products or create efficiencies among supply chain members
    - Direct marketing or internet marketplaces
  - **Marketing communication strategies**
    - used to draw customers to a Website and to interact with offline/brick-and-mortar customers.
    - Website, Social media, mobiles, radio et cetera
  - **Relationship management strategies**
    - CRM software – mobile or internet

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Step 4: E-Marketing Strategies

- Tier 2 strategies include strategies related to the 4 P's and relationship management to achieve plan objectives.
  - **Relationship management strategies**
    - CRM software – mobile or internet – website and social media

Step 5: Implementation Plan

- Tactics are used to achieve plan objectives
  - Marketing mix (4 Ps) tactics
  - Relationship management tactics
  - Marketing organization tactics
    - Staff
    - Department structure
  - Information-gathering tactics
    - Website log analysis
    - Business intelligence – collecting and mining data

What needs to be done?
Who is going to do it?
When is it going to be done – time and resources?

Step 6: Budget

- The plan must identify the expected returns from marketing investments, including:
  - Cost/benefit analysis
  - ROI calculation

Revenue forecast
Intangible benefits, such as brand equity
Cost savings
E-Marketing costs
- Technology
- Site design
- Salaries
- Other site development expenses
- Marketing communication
- Miscellaneous

- Bank loans
- Private funds
- Angel investors
- Venture capitalists

Step 7: Evaluation Plan

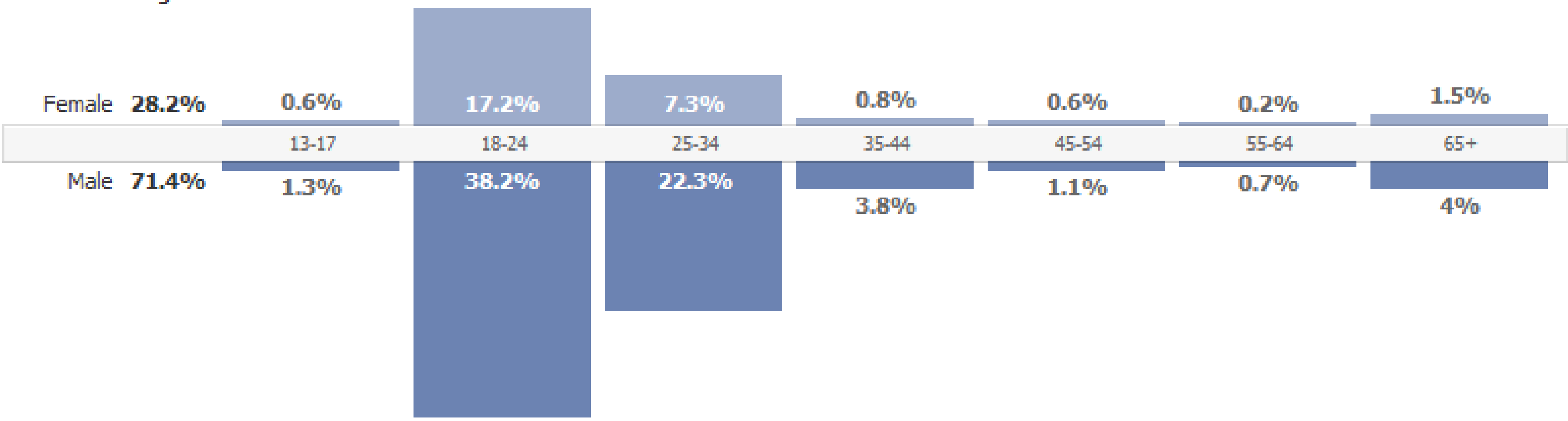
1. Marketing plan success depends on continuous evaluation.
   - E-marketers must have tracking systems in place to measure results.
   - Various metrics relate to specific plan goals.

2. Today's firms are ROI driven.
   - E-marketers must show how intangible goals will lead to higher revenue.
   - Accurate and timely metrics can help justify expenditures.

People Who Like Your Page (Demographics and Location)

See Likes

Gender and Age ?



Countries ?

4,220	Ghana
894	Nigeria
141	United States of America
85	United Kingdom
54	Congo, Democratic Republic
30	Uganda
21	South Africa

More ▾

Cities ?

3,339	Accra, Greater Accra, Ghana
475	Lagos, Nigeria
352	Kumasi, Ashanti, Ghana
161	Tema, Volta, Ghana
104	Abuja, Abuja Capital Territory, Nigeria
56	London, England, United Kingdom
51	Tema, Democratic Republic of the Congo

More ▾

Languages ?

4,597	English (US)
1,006	English (UK)
24	French (France)
5	German
5	English (Pirate)
4	Spanish
4	Arabic

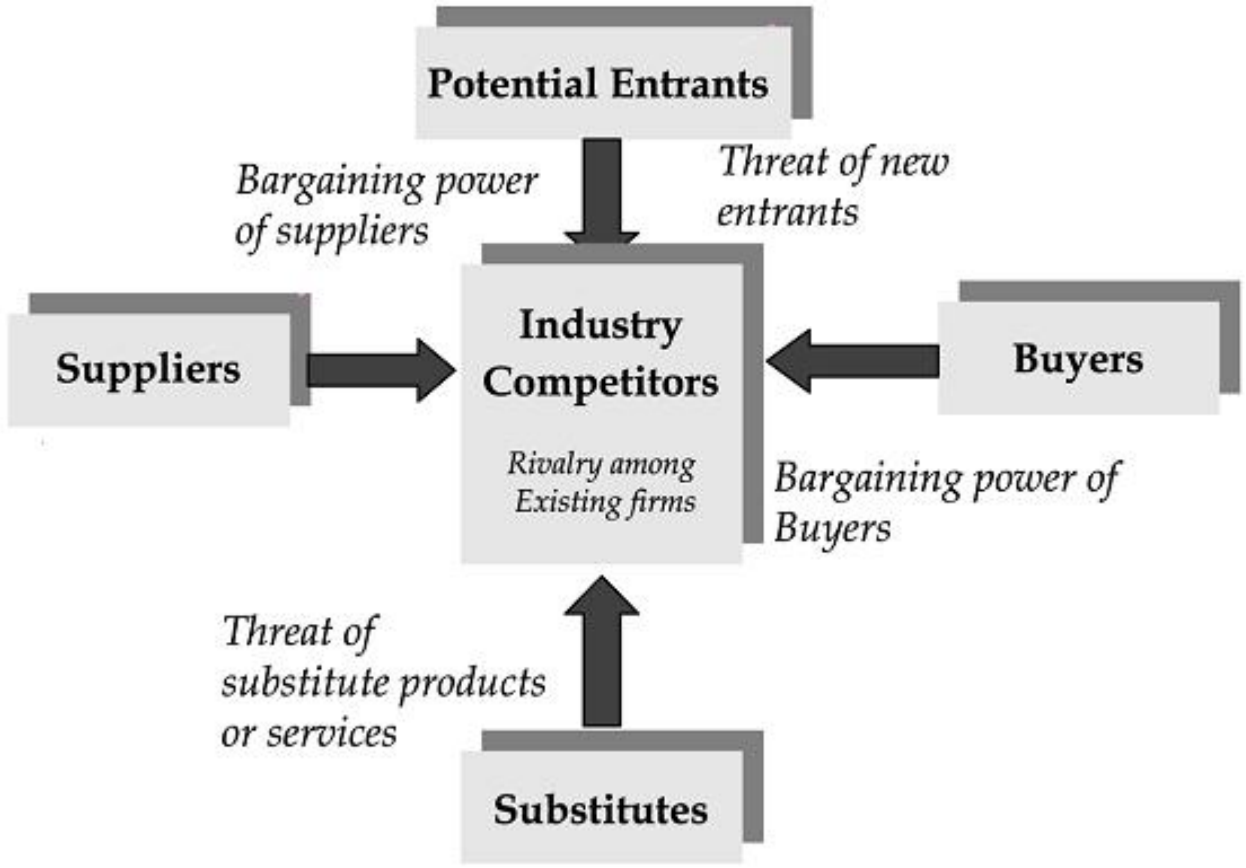
More ▾

Examining Business Competitiveness By PORTER'S COMPETITIVE FORCES MODEL

Why do some firms become leaders within their industry?

- **Michael Porter's competitive forces model**
  - Provides general view of firm, its competitors, and environment
  - Five competitive forces shape fate of firm
    - Traditional competitors/Intensity of rivalry
    - New market entrants
    - Substitute products and services
    - Customers
    - Suppliers

Porter's Competitive Forces Model



In Porter's competitive forces model, the strategic position of the firm and its strategies are determined not only by competition with its traditional direct competitors but also by four forces in the industry's environment: new market entrants, substitute products, customers, and suppliers.

Porter's Competitive Forces Model

Using Information Systems to Achieve Competitive Advantage

- **Traditional competitors**
  - All firms share market space with competitors who are continuously devising new products, services, efficiencies, switching costs
- **New market entrants**
  - Some industries have high barriers to entry, e.g. mobile network operators – in telecom industry
  - New companies have new equipment, younger workers, but little brand recognition

Porter's Competitiv

- **Substitute products and services**
  - Substitutes customers might use if your prices become too high, e.g. KASAPREKO

Beware of fake herbal drinks – ADJEI

on JULY 26, 2011 · in HEALTH 12:00 am

Email 0 Recommend 75 Tweet 17 +1 0

Nigerian consumers have been warned to be mindful what they ingest so as to avoid the risk of taking in fake herbal products that could be harmful to their health.

Dr. Kwabena Adjei

Dr. Kwabena Adjei, who is Chairman and President of Kasapreko – a Ghana based manufacturers of alcoholic and non-alcoholic drinks, noted during a media chat organised by Courier Master International, that the spate of ill health arising from ingestion of spurious health preparations being sold on the open market.

Adjei, who was in Nigeria for the first time warned in Lagos that it was necessary to get the right herbs in order to protect the body. "I heard that here the problem of imitation and faking is high just as it is in Ghana where people who drink some imitated products, got crippled, one went blind while others died."

Porter's Competitive Forces Model

- **Customers**
  - Can customers easily switch to competitor's products? Can they force businesses to compete on price alone in transparent marketplace?

Retailer	Retailer message	Price
electrocentre Info on Electro Centre	amsung UE55ES8000 55" Series 8 SMART Full HD 3D LED TV st 1979. Huge Range of products at affordable prices with a rapid delivery. Best ervice. Full UK warranty.	£ 1,829.00 + Delivery : £ 0.00 £ 1,829.00
1staudiovisual Info on 1st Audio Visual	AMSUNG SERIES 8 UE55ES8000 FULL HD 55INCH LED 3D TV nline prices with high street care. free and next day delivery services 0% finance plus 14 day peace of mind money back guarantee.	£ 1,990.00 + Delivery : £ 0.00 £ 1,990.00
amazon.co.uk Marketplace Info on Amazon Marketplace UK	AMSUNG 55IN LED TV ES8000 ew, used, refurbished and collectable products at great prices, safely and securely from iird parties, at Amazon.co.uk.	£ 2,210.00 + Delivery : £ 0.00 £ 2,210.00

• Rivalry between Competitors

Jury Awards $1 Billion to Apple in Samsung Patent Case

After just three days of deliberation, the jury in the Apple v. Samsung patent-infringement has handed Apple a big win, finding Samsung guilty of infringing on a number of Apple patents, and recommending that Apple be awarded $1.05 billion in damages.

The jury found that the majority of Samsung smartphones and tablets violated patents held by Apple. It included features such as one that allows a user to tap their screen to zoom in and out of an image, and a scrolling "bounce back" feature.

Apple's competitors have already begun to change their new products to protect themselves.

By JOANNA STERN (@joannastern)
Aug. 24, 2012

Porter’s Competitive Forces Model

- **Four generic strategies for dealing with competitive forces, enabled by using IT**
  - Low-cost leadership
  - Product differentiation
  - Focus on market niche
  - Strengthen customer and supplier intimacy

Porter's Competitive Forces Model

- **Low-cost leadership**
  - produce products and services at a lower price than competitors while enhancing quality and level of service
  - Examples: Wal-Mart, Dell
- **Product differentiation**
  - Enable new products or services, greatly change customer convenience and experience
  - Examples: Google, Land's End, Apple iPhone

Porter's Competitive Forces Model

- **Focus on market niche**
  - Use information systems to enable a focused strategy on a single market niche; specialize
  - Example: Hilton Hotels, Funerals in Ghana
- **Strengthen customer and supplier intimacy**
  - Use information systems to develop strong ties and loyalty with customers and suppliers; increase switching costs
  - Example: Amazon, Apple

Porter's Competitive Forces Model

Impact of Internet on Competitive Forces

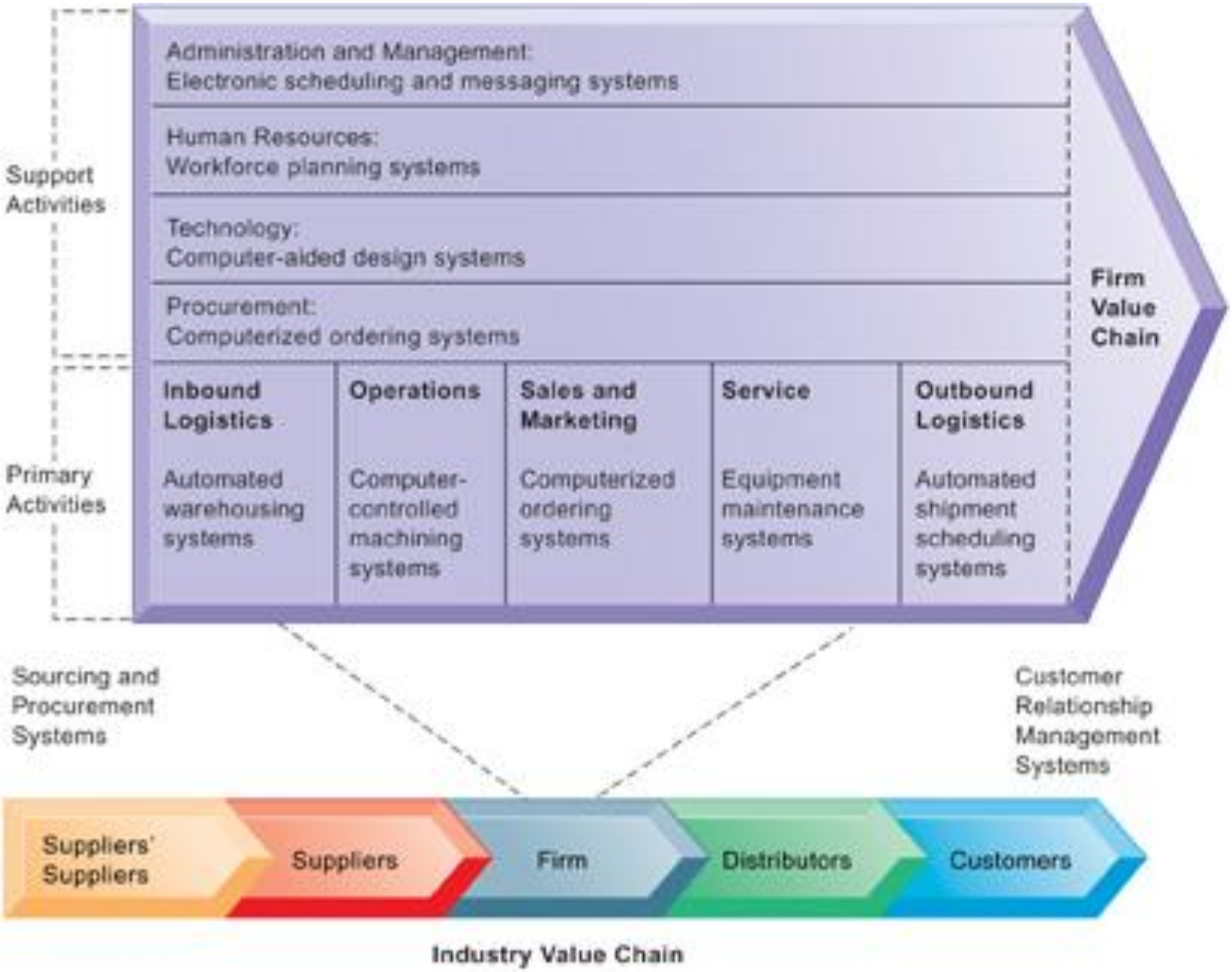
1. Reduces barriers to entry
2. Enables new substitute products and services
3. Shifts bargaining power to customer
4. Raises firm's bargaining power over suppliers
5. Suppliers benefit from reduced barriers to entry and from elimination of intermediaries
6. Widens geographic market, increases number of competitors, reduces differentiation among competitors

Examining Business Competitiveness By VALUE CHAIN MODEL

Using Information Systems to Achieve Competitive Advantage

- **Business value chain model**
  - Views firm as series of activities that add value to products or services
  - Highlights activities where competitive strategies can best be applied
    - Primary activities vs. support activities
  - At each stage, determine how information systems can improve operational efficiency and improve customer and supplier intimacy

The Value Chain Model



This figure provides examples of systems for both primary and support activities of a firm and of its value partners that can add a margin of value to a firm's products or services.

Examining Business Competitiveness By RESOURCE-BASED MODEL

Resource Based Theory

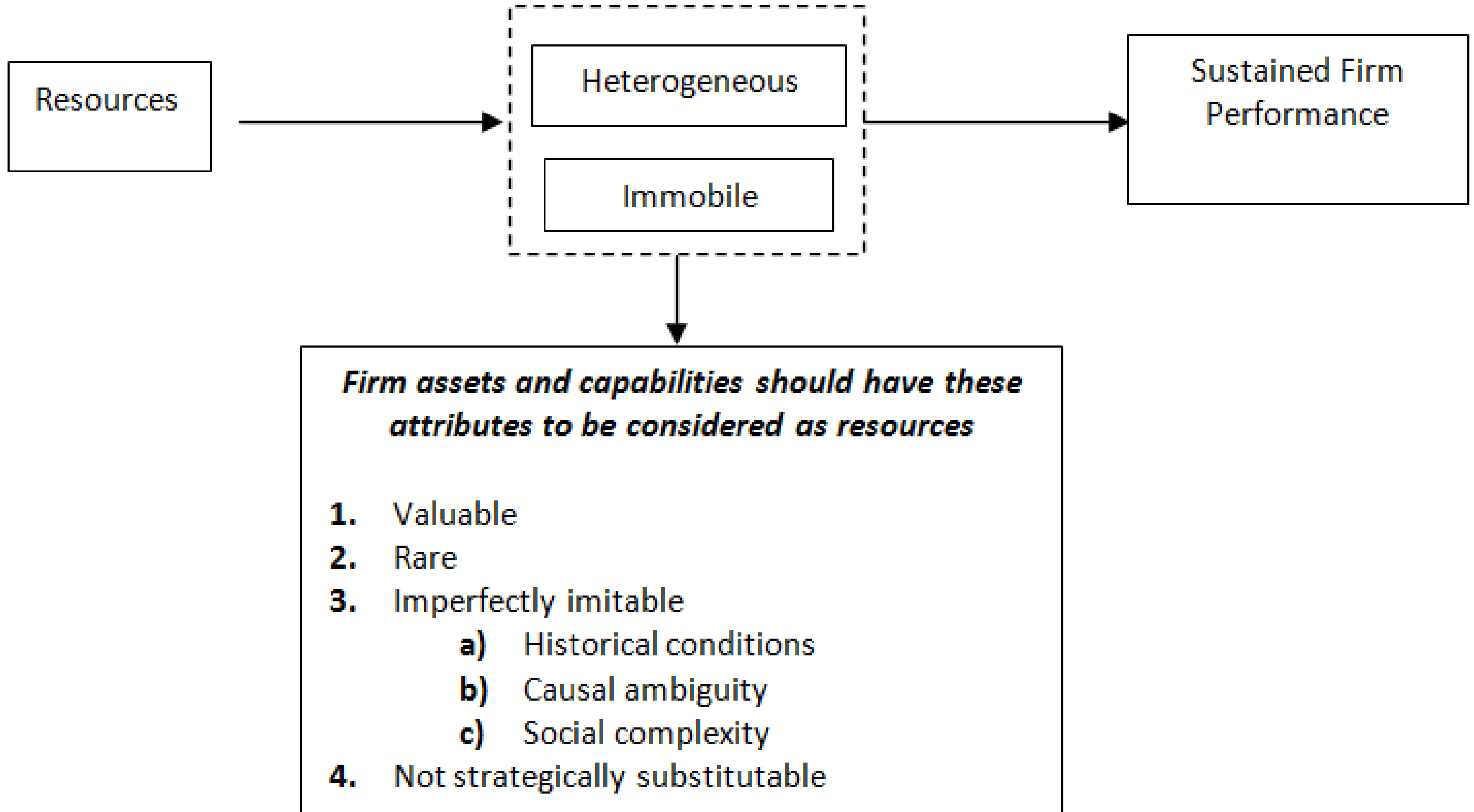
Assets and Capabilities for detecting and responding to market opportunities and threats (Wade and Hulland, 2004)

- Assets are considered as anything tangible or intangible which a firm uses in its processes for creating, producing, and/or offering its products (goods or services) to a market, whereas capabilities are repeatable patterns of actions in the use of assets to create, produce, and/or offer products to a market (Sanchez et al. 1996 cited in Wade & Hulland 2004, p. 109).
- heterogeneous and immobile – valuable, rare, imperfectly imitable and not strategically substitutable (Barney 1991)

Sanchez, R., Heene, A. and Thomas, H. (1996) *Introduction: Towards the Theory and Practice of Competence-Based Competition*, Oxford: Pergamon Press.
Wade, M. and Hulland, J. (2004) Review: The Resource-Based View and Information Systems Research: Review, Extension and Suggestions for Future Research, *MIS Quarterly*, Volume 28, Number 1, pp. 107-142.

Resource Based Theory

Resource Attributes and Firm Performance



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