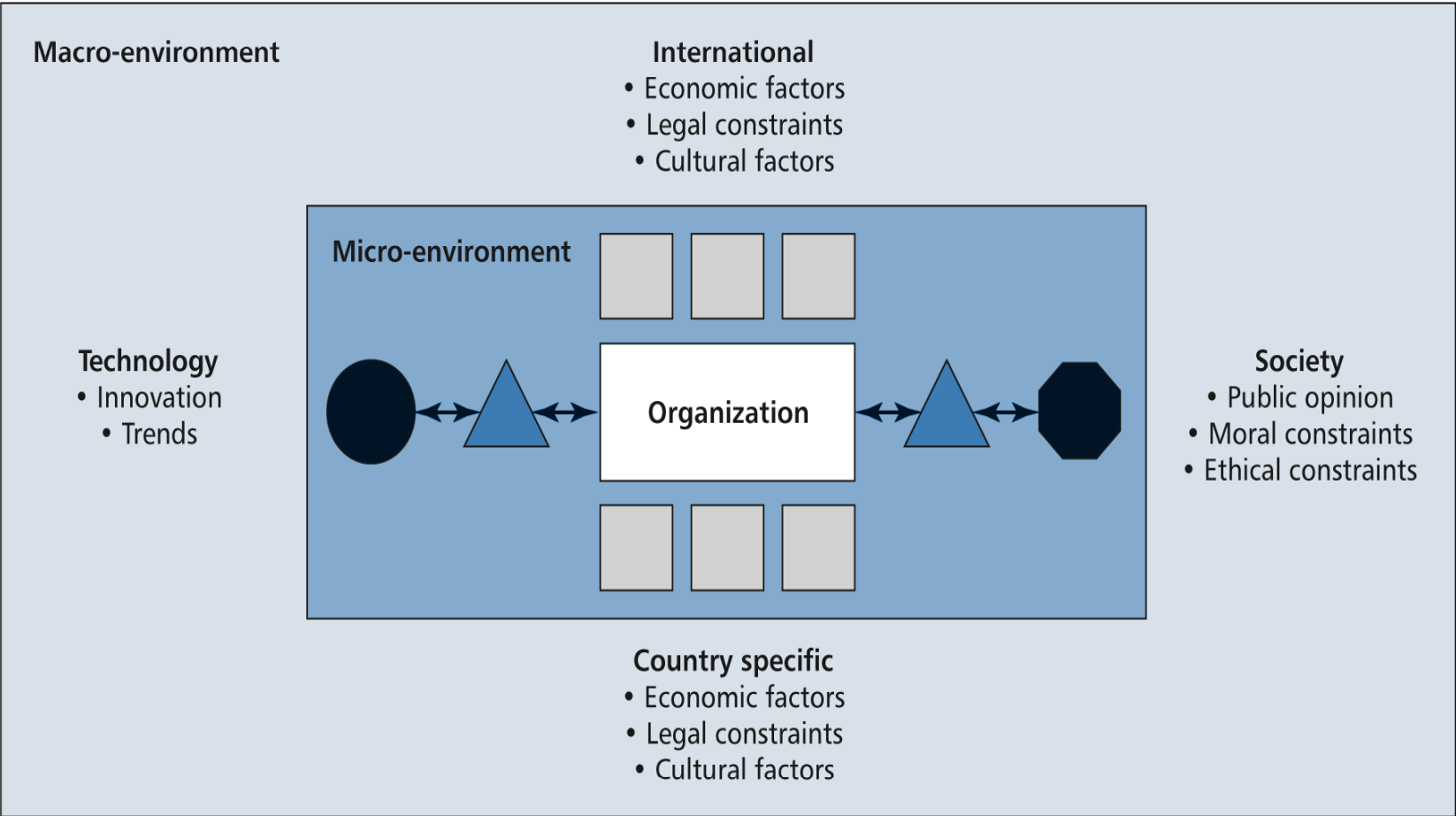


E-environment

Strategic Agility

- The capability to innovate and so gain competitive advantage within a market place by monitoring changes within an organization's marketplace and then to efficiently evaluate alternative strategies and then select, review and implement appropriate candidate strategies

Chaffey et al (2008)



Key



Suppliers



Competitors



Intermediaries



Customers

SLEPT Factors

- **Macro-environment**
 - Social
 - Legal
 - Economic
 - Political
 - Technological

Social

- Demand analysis (part of micro-environment)
 - Have access to the channel.
 - Are influenced by using the channel.
 - Purchase using the channel.

In summary

Customer adoption of Internet Technology

- Internet usage- levels of access, amount of usage
- Influence on offline purchase
- Proportion of online purchases

Social barriers to adoption of the internet

- No perceived benefit
- Lack of trust
- Security problems
- Lack of skills
- cost

Legal and ethical issues of internet usage

- Data protection and Privacy law
- Disability and Discrimination Law
- Brand and Trademark protection
- Intellectual Property Rights
- Contract Law
- Online advertising Law

Ethical issues and data protection

- Ethical issues concerned with personal information ownership have been usefully summarised by Mason (1986) into four areas:
 1. Privacy – what information is held about the individual?
 2. Accuracy – is it correct?
 3. Property – who owns it and how can ownership be transferred?
 4. Accessibility – who is allowed to access this information, and under which conditions?

Ethics – Fletcher’s view

- Fletcher (2001) provides an alternative perspective, raising these issues of concern for both the individual and the marketer:
 - Transparency – who is collecting what information?
 - Security – how is information protected once collected by a company?
 - Liability – who is responsible if data is abused?

The eight principles for data protection

Information Commissioner (1998)

Personal Data should be:

- Fairly and lawfully processed;
- processed for limited purposes;
- adequate, relevant and not excessive;
- accurate;
- not kept longer than necessary;
- processed in accordance with the data subject's rights;
- secure;
- not transferred to countries without adequate protection.

www.dataprotection.gov.uk

Worldwide regulation on Privacy

- www.privacy.gov.au (Australia enacted a SPAM act in 2003)
- www.privcom.gc.ca (Canada has a privacy act)
- www.privacy.org.nz (New Zealand Privacy Commissioner)
- www.spamlaws.com (summary for all countries)
- www.ftc.gov/spam (US in january 2004 CAN-SPAM Act)

Legal – Sparrow’s eight areas

- 1. Marketing your e-commerce business*
- 2. Forming an electronic contract*
- 3. Making and accepting payment*
- 4. Authenticating contracts concluded over the Internet*
- 5. E-mail risks*
- 6. Protecting intellectual property*
- 7. Advertising on the Internet*
- 8. Data protection*

Economic / Political

- Ensuring companies competitive
 - Funding for education and technology:
 - Promoting new technology e.g. broadband
12% in UK, 70% Taiwan, South Korea
- Achieving government efficiencies E-government
 - e.g. all UK services online by 2005
 - Singapore 'Intelligent Island'
 - Trinidad and Tobago-Vision 2020- eReadniess

- Political control of online comparison intermediaries
 - Set up authorities to monitor e.g.:
 - Financial Services Authority- banking products,
 - Ofcom- mobile phone and broadband services
- Internet governance- control operation and use of internet e.g. domain name control www.icann.net
- Taxation regimes
 - Legislation for offshore trading
 - Tax jurisdiction

Technological issues

- Rate of change
 - Which new technologies should we adopt?
 - Monitoring for new techniques
 - Evaluation – are we early adopter?
 - Re-skilling and training
- Are our systems secure?- Web Security

- Alternative digital technologies
 - Mobile or wireless access devices
 - Bluetooth wireless applications
 - IPTV
 - Interactive digital TV (iDTV)
 - Digital Radio

Diffusion of adoption curve

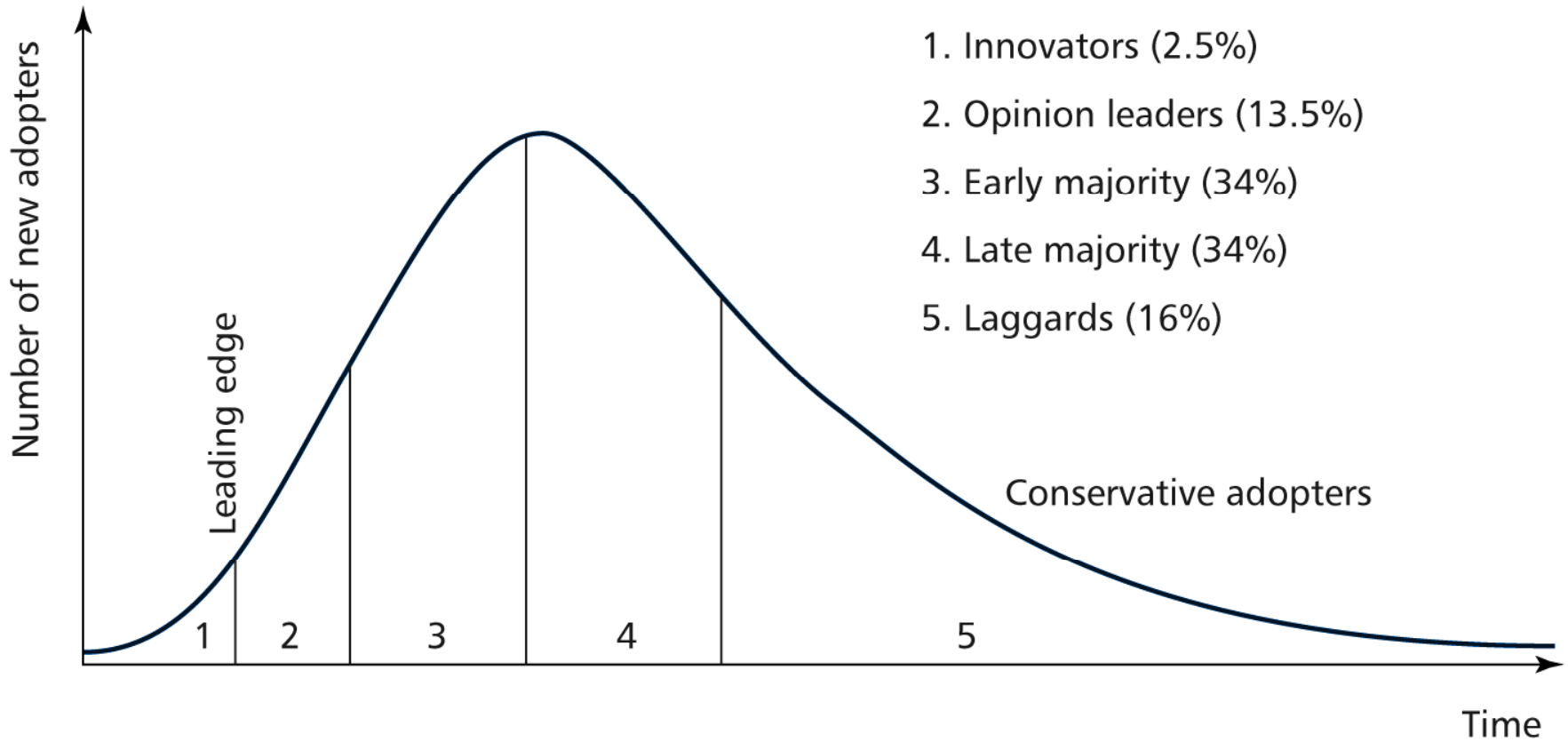


Figure 4.13 Diffusion–adoption curve

Responses to change in technology

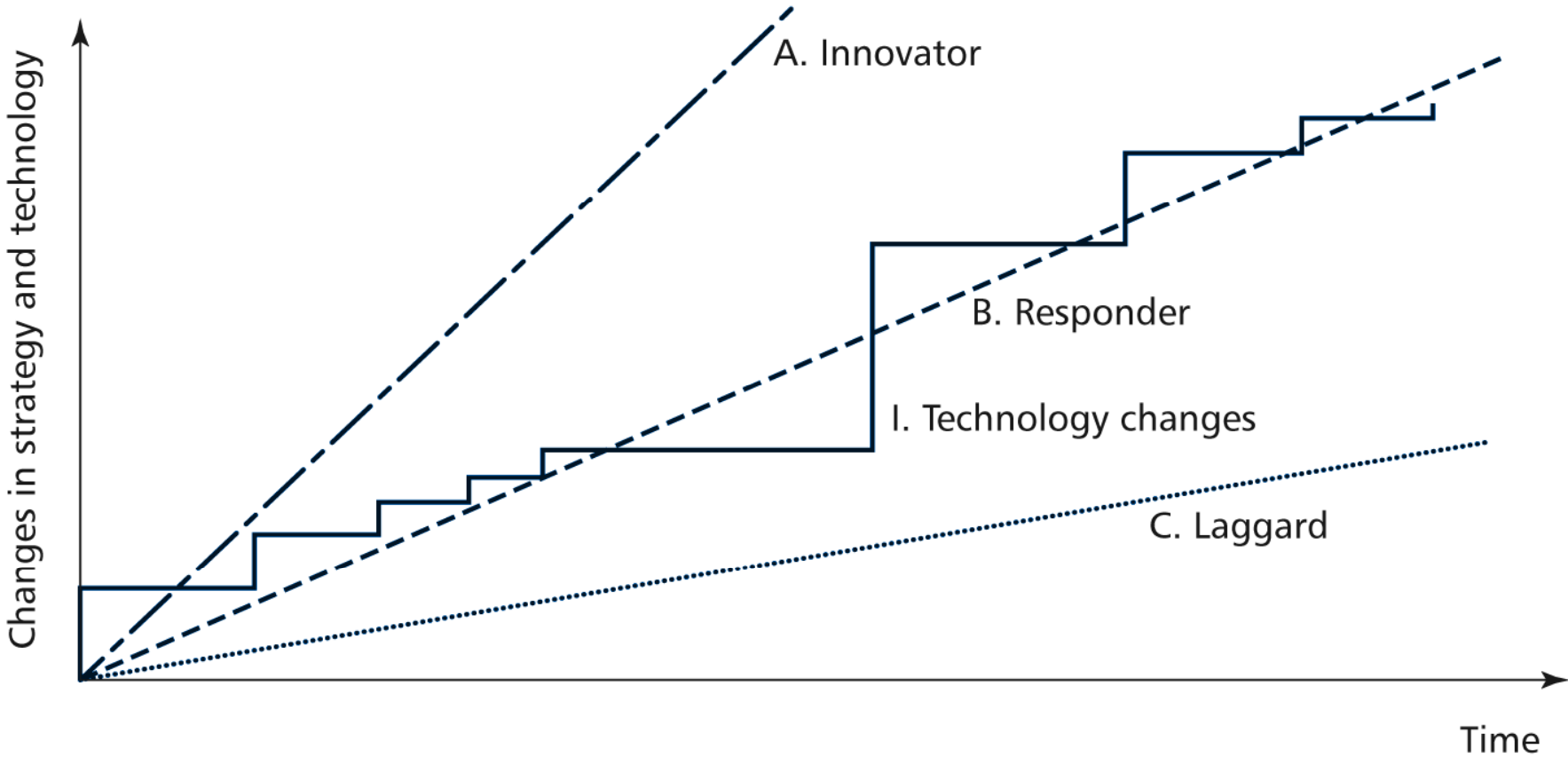
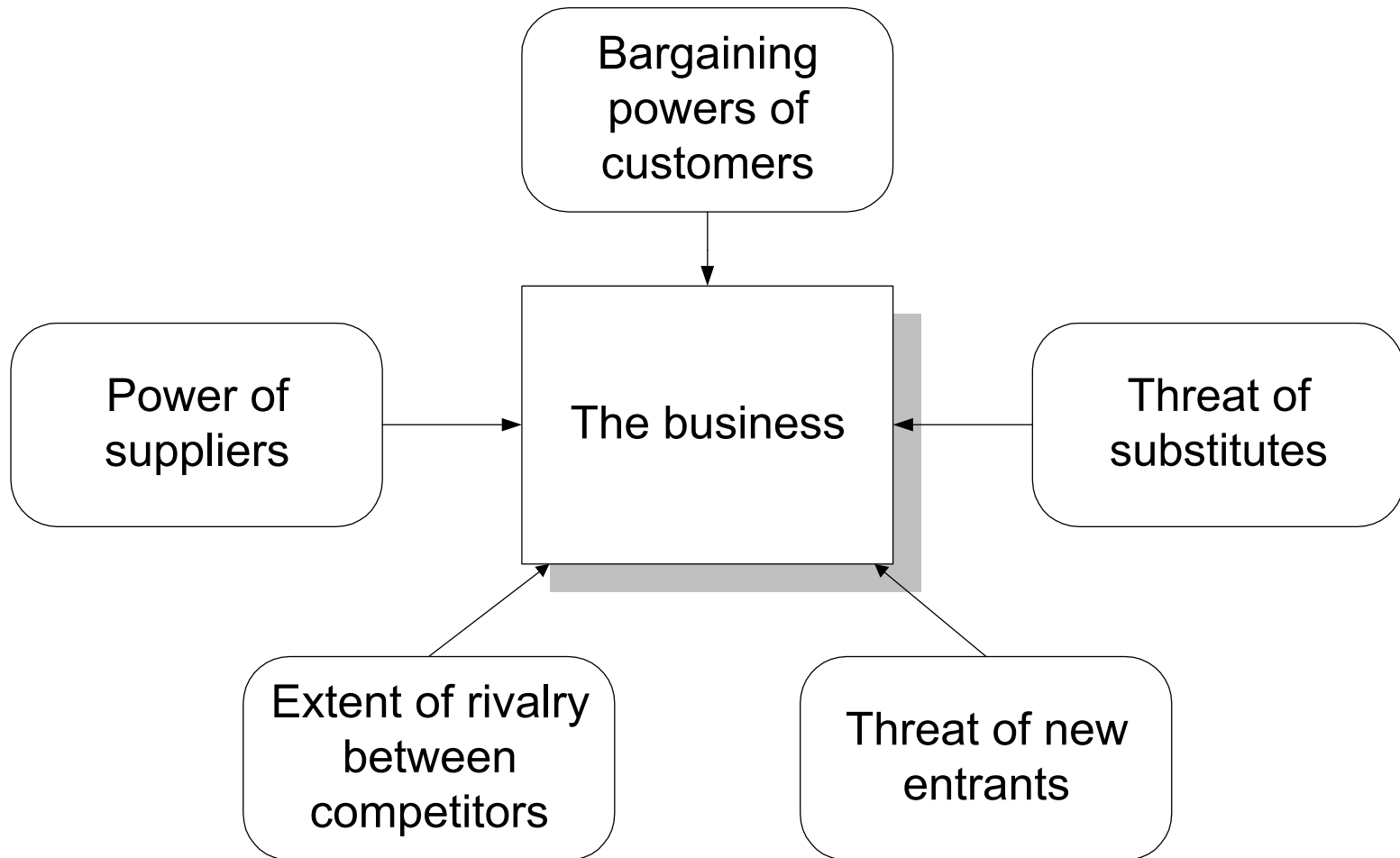
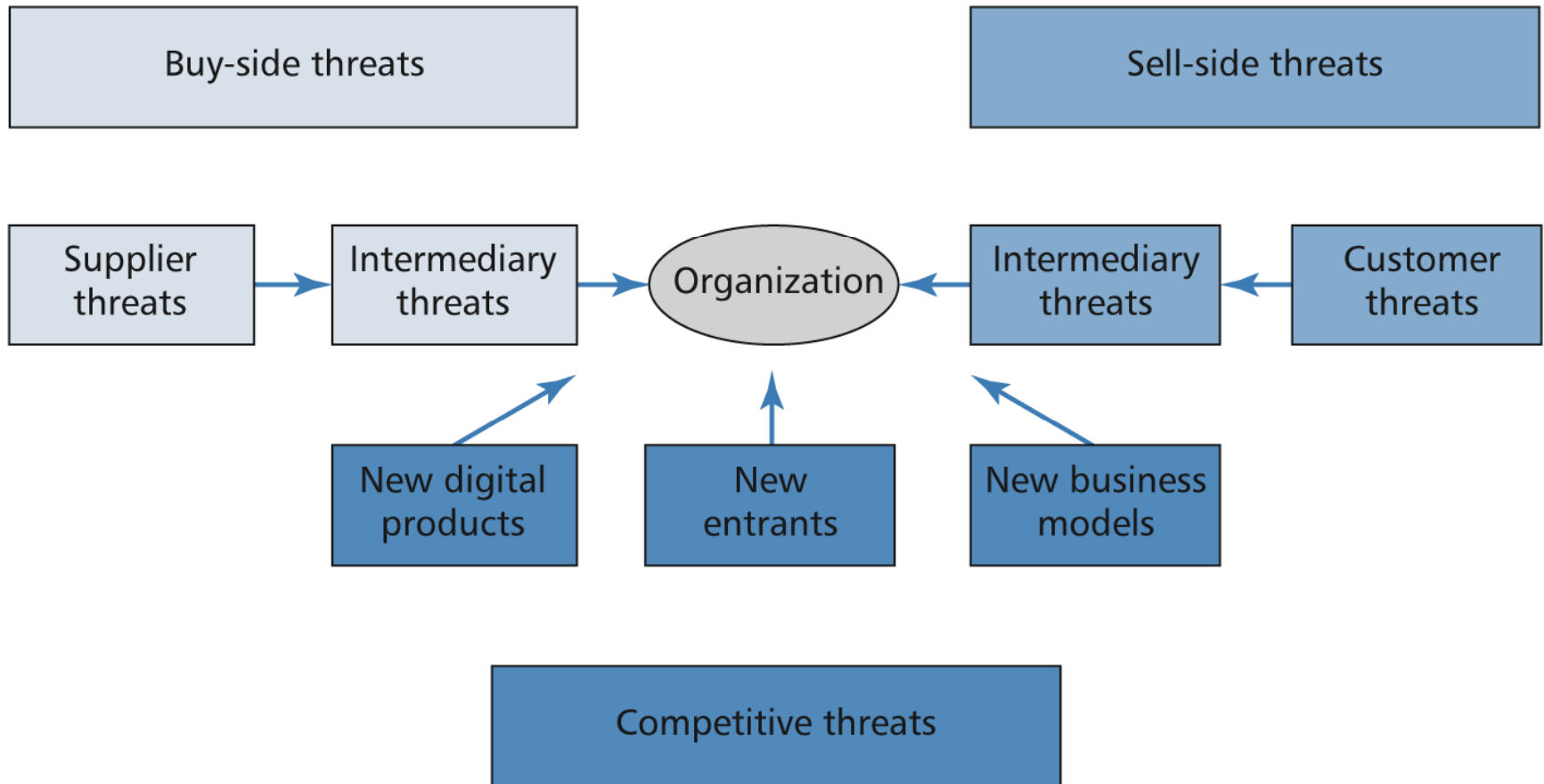


Figure 4.15 Alternative responses to changes in technology

Porter's Five Forces



Competitive Threats



Impact of the Internet on the five competitive forces

Five forces				
Bargaining power of buyers	Bargaining power of suppliers	Threat of substitute products and services	Barriers to entry	Rivalry between existing competitors
<ul style="list-style-type: none"> ● The power of online buyers is increased since they have a wider choice and prices are likely to be forced down through increased customer knowledge and price transparency (see Chapter 5). ● For a B2B organisation, forming electronic links with customers may deepen a relationship and it may increase switching costs, leading to 'soft lock-in'. 	<ul style="list-style-type: none"> ● When an organisation purchases, the bargaining power of its suppliers is reduced since there is wider choice and increased commoditisation due to e-procurement and e-marketplaces. ● The reverse arguments regarding bargaining power of buyers. 	<ul style="list-style-type: none"> ● Substitution is a significant threat since new digital products or extended products can be readily introduced. ● The introduction of new substitute products and services should be carefully monitored to avoid erosion of market share. ● Internet technology enables faster introduction of products and services. ● This threat is related to new business models which are covered in a later section in this chapter. 	<ul style="list-style-type: none"> ● Barriers to entry are reduced, enabling new competitors, particularly for retailers or service organisations that have traditionally required a high-street presence or a mobile sales force. ● New entrants must be carefully monitored to avoid erosion of market share. ● Internet services are easier to imitate than traditional services, making it easy for 'fast followers'. 	<ul style="list-style-type: none"> ● The Internet encourages commoditisation which makes it less easy to differentiate products. ● Rivalry becomes more intense as product lifecycles decrease and lead times for new product development decrease. ● The Internet facilitates the move to the global market, increasing the number of competitors.

SWOT ANALYSIS

<p>The organisation</p>	<p>Strengths – S</p> <ol style="list-style-type: none"> 1. Existing brand 2. Existing customer base 3. Existing distribution 	<p>Weaknesses – W</p> <ol style="list-style-type: none"> 1. Brand perception 2. Intermediary use 3. Technology/skills 4. X-channel support
<p>Opportunities – O</p> <ol style="list-style-type: none"> 1. Cross-selling 2. New markets 3. New services 4. Alliances/Co-branding 	<p>SO strategies</p> <p>Leverage strengths to maximise opportunities = Attacking strategy</p>	<p>WO strategies</p> <p>Counter weaknesses through exploiting opportunities = Build strengths for attacking strategy</p>
<p>Threats – T</p> <ol style="list-style-type: none"> 1. Customer choice 2. New entrants 3. New competitive products 4. Channel conflicts 	<p>ST strategies</p> <p>Leverage strengths to minimise threats = Defensive strategy</p>	<p>WT strategies</p> <p>Counter weaknesses and threats = Build strengths for defensive strategy</p>

Example SWOT

<p>The organisation</p>	<p>Strengths – S</p> <ol style="list-style-type: none"> Existing brand Existing customer base Existing distribution 	<p>Weaknesses – W</p> <ol style="list-style-type: none"> Brand perception Intermediary use Technology/skills (poor web experience) Cross-channel support Churn rate
<p>Opportunities – O</p> <ol style="list-style-type: none"> Cross-selling New markets New services Alliances/co-branding 	<p>SO strategies</p> <p>Leverage strengths to maximise opportunities = attacking strategy</p> <p>Examples:</p> <ol style="list-style-type: none"> Migrate customers to web strategy Refine customer contact strategy across customer lifecycle or commitment segmentation (e-mail, web) Partnership strategy (co-branding, linking) Launch new web-based products or value-adding experiences, e.g. video streaming 	<p>WO strategies</p> <p>Counter weaknesses through exploiting opportunities = build strengths for attacking strategy</p> <p>Examples:</p> <ol style="list-style-type: none"> Countermediation strategy (create or acquire) Search marketing acquisition strategy Affiliate-based acquisition strategy Refine customer contact strategy (e-mail, web)

SWOT Continued

Threats – T

- 1 Customer choice (price)
- 2 New entrants
- 3 New competitive products
- 4 Channel conflicts
- 5 Social network

ST strategies

Leverage strengths to minimise threat = defensive strategy

Examples:

- 1 Introduce new Internet-only products
- 2 Add value to web services – refine OVP
- 3 Partner with complementary brand
- 4 Create own social network/customer reviews

WT strategies

Counter weaknesses and threats: = build strengths for defensive strategy

Examples:

- 1 Differential online pricing strategy
- 2 Acquire/create pure-play company with lower cost-base
- 3 Customer engagement strategy to increase conversion, average order value and lifetime value
- 4 Online reputation management strategy/E-PR