



eStrategies: Positioning Your Business in the Digital Economy

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&
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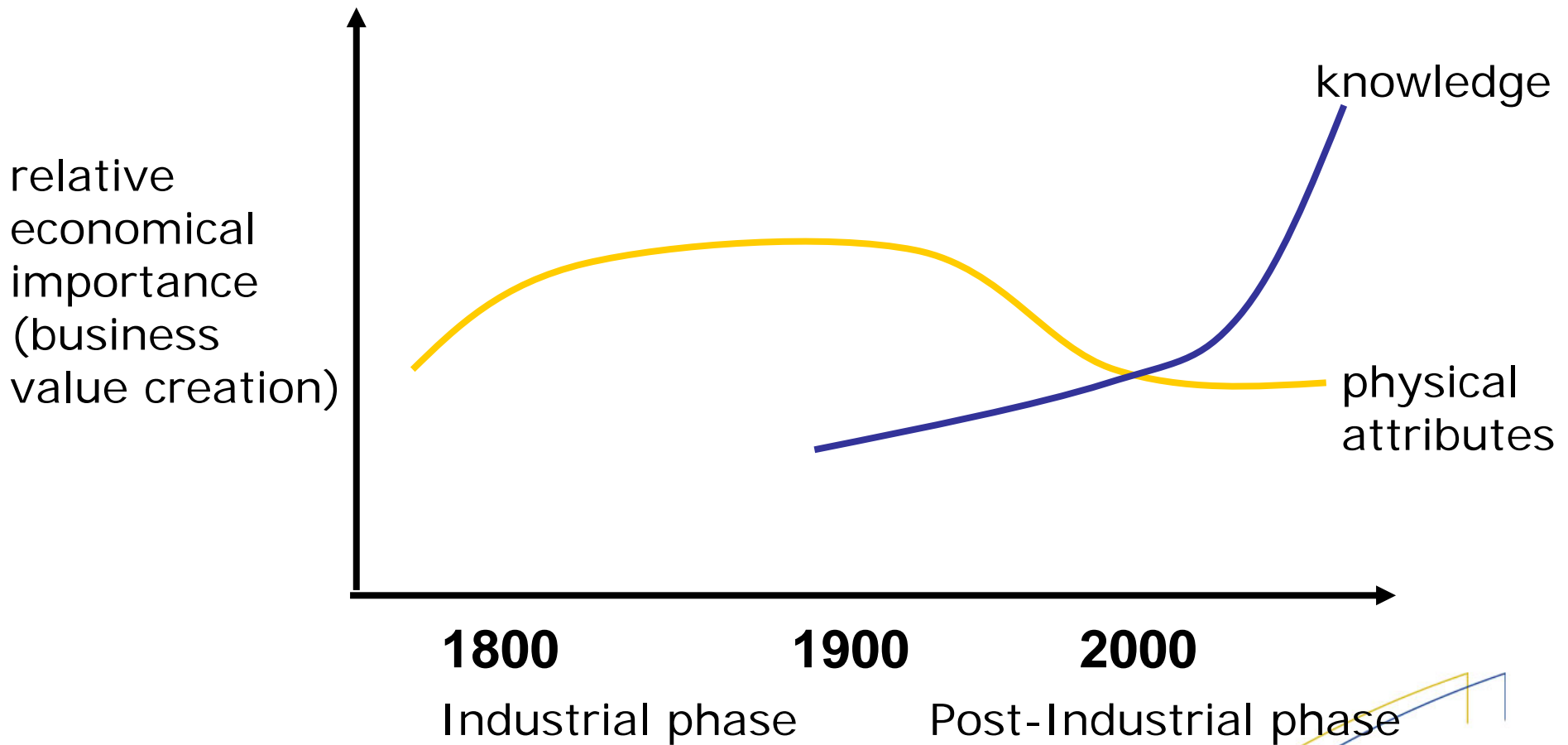
being digital

- What does it mean to be digital?
 - To you
 - To your work/business

being digital

- 1995, Nicholas Negroponte, director of the MIT Media Lab, concluded his influential book [Being Digital](#) with the observation that the advent of digital technology was no ordinary phenomenon. "Being digital is different," he said. "We are not waiting on any invention. It is here. It is now. It is almost genetic in its nature, in that each generation will become more digital than the preceding one."

from old to new economy



forces of change

Challenges & Opportunities for today's woman entrepreneur:

Globalisation

Mobility

Networks

Virtual markets

Flexibility

Complexity

Rapid change

ICT

Information Flows

Constant upgrading

What does this mean ?

Globalisation



- Opportunities for companies of all sizes to compete in new markets and reduce costs;

Economy/ Finance



- Deregulated markets create more competition, better product offering and prices for small businesses.

What does this mean ?

Technology



- New platforms, new business channels, enhanced visibility;
- Knowledge and relationships (networks) are key commodities;

the digital economy

A strategic combination of

- networks
- new technology platforms
- value creation and relationships



Challenges companies of all sizes to:

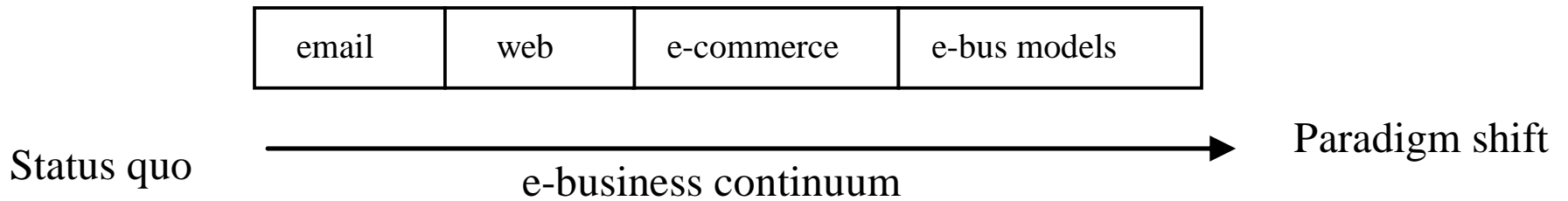
- use technology-mediated channels,
- create internal and external value,
- formulate technology convergent strategies,
- organise resources around knowledge and relationships



technology adoption

- **Requires understanding of digital economy**
 - benefits of e-business
 - e-commerce vs. e-business
 - changing business paradigms
 - interactive markets, market communication and customisation
- **Requires e-business planning**
 - e-business strategies & business models
 - e-marketing
 - competition, security, value-added
- **Requires e-business training**
 - suitable solutions for business environment
 - email, web presence, e-commerce, m-commerce or combination of enabling tools
 - keeping up with rapidly changing environment
 - exploration of networks for economies of scale

technology adoption



technology adoption analysis

- At what phase of adoption is your work/company?



Questions to consider

- Who uses the ICT/Internet and for what reasons?
- When connected to the Internet, what products or services do you use most often?
- What is it about ICT/Internet that is fundamentally different from earlier methods of communication?
- In thinking about your work/firm usage, do you consider the Internet more a convenience or a necessity in your daily life?
- Looking ahead to the next decade, what do you foresee emerging as a direct result of the continued evolution of digital technology?

Questions to consider

- Does digital technology make markets more or less competitive?
- Do you know more about your competitors/clients?
- Should we expect to see the prices of goods and services rise or fall due to the migration of consumers online?
- Will the dispersion of prices (that is, the spread between the lowest and highest price for a particular product) narrow or widen?
- Will the importance of brand names increase or decrease?
- Will price drive competition?
- What will be the opportunities for smaller businesses to be competitive?
- Over time, will the Internet tilt the balance or power between buyer and seller, and in what direction?

digital SDOT analysis

Strengths 1. <input type="text"/> 2. <input type="text"/> 3. <input type="text"/> 4. <input type="text"/>	Development Needs 1. <input type="text"/> 2. <input type="text"/> 3. <input type="text"/> 4. <input type="text"/>
Opportunities 1. <input type="text"/> 2. <input type="text"/> 3. <input type="text"/> 4. <input type="text"/>	Threats 1. <input type="text"/> 2. <input type="text"/> 3. <input type="text"/> 4. <input type="text"/>

digital SDOT analysis

Strengths <ol style="list-style-type: none">1. Knowledge/ Experience2. Relationships3. History4. innovative aspect	Development Needs <ol style="list-style-type: none">1. Cash flow2. Skills/ Accreditation3. Intranet4. Networks
Opportunities <ol style="list-style-type: none">1. Niche market2. Partnerships3. Training4. Timing	Threats <ol style="list-style-type: none">1. Legislative environment2. Rapid IT development3. Market demand4. Large players

Issues to consider

- International nature of e-business
- Supply chain/value chain issues
- Infrastructure Issues
- Security Issues
- Marketing Issues
- Trust issues
- Language Issues
- Culture & Government Issues

What can ICT/Internet do for you/your work?

- The Internet is at once a world-wide broadcasting capability, a mechanism for information dissemination, and a medium for collaboration...without regard for geographic location (Leiner, Cert, et al)
- Digital enterprises spawned by digital technology are some of the world's most-recognised names—Amazon, eBay, iTunes, Yahoo! and Google

TOP SIX SEARCH SITES

Site	Unique Visitors (October 2005)	Share of Search* (July 2005)
Google	75,281,000	36.5%
Yahoo!	68,031,000	30.5%
MSN	49,748,000	15.5%
Ask Jeeves	43,705,000	6.1%
AOL/Time Warner	36,092,000	9.9%
Infospace	5,942,000	0.9%

Source: comScore Media Metrix. *The total volume of online searches conducted in the U.S. in July 2005 reached more than 4.8 billion. The top six search engines accounted for 99.4 percent of all searches.



e-commerce activities

- The first law of e-commerce is that if users cannot find the product, they cannot buy it (Jakob Nielsen)
- Factors most likely to drive repeat visits: ease use, download time, freshness (Forrester Research)
- Primary activities: Design → identify customers → purchase materials and supplies → manufacture product or create service → market and sell → deliver → provide after-sale service and support
- Support activities: Finance and administration, human resources, technology development.

what people do online

- Send e-mail
- Use a search engine to find information
- Surf the Web for fun
- Look for info on a hobby or interest
- Do an Internet search to answer a specific question
- Check the weather
- Do an Internet search to answer a specific question
- Do any type of research for your job 19 February 2004
- Research a product or service before buying it
- Look for political news/info
- Send an instant message
- Get financial info
- Check sports scores and info
- Watch a video clip or listen to an audio clip
- Research for school or training
- Look for info from a government website
- Play a game 9 March-May 2003
- Bank online
- Get travel info

what people do online

- Look up phone number or address
- Search for a map or driving directions
- Log onto the Internet using a wireless device
- Look for health/medical info
- Take part in an online group
- Listen to music online at a website
- Download other files such as games, videos, or pictures
- Create content for the Internet
- Look for religious/spiritual info
- Chat in a chat room or in an online discussion
- Look for info about a job
- Go to a website that provides info or support for a specific medical condition or personal situation
- Look for info about a place to live
- Buy or make a reservation for travel
- Participate in an online auction
- Read someone else's web log or "blog"
- Buy a product

what people do online

- Search for info about someone you know or might meet
- Look for weight loss or general fitness
- Share files from own computer w/ others
- Download music/video files to your computer
- Go to a dating website or other sites where you can meet other people
- Visit an adult website
- Buy groceries online
- Create a web log or “blog”
- Buy or sell stocks, bonds, or mutual funds
- Look for info about a mental health issue
- Play lottery or gamble online
- Check e-mail on a hand-held computer Research your family’s history or genealogy
- Take a class online for college credit
- Take any other class online
- Make a phone call online
- Make a donation to a charity online
- Look for info about domestic violence
- Look for info on something sensitive or embarrassing materials, etc.

Brokerage Model

Brokers are market-makers: they bring buyers and sellers together and facilitate transactions. Brokers play a frequent role in business-to-business (B2B), business-to-consumer (B2C), or consumer-to-consumer (C2C) markets. Usually a broker charges a fee or commission for each transaction it enables. The formula for fees can vary. Brokerage models include:

Marketplace Exchange -- offers a full range of services covering the transaction process, from market assessment to negotiation and fulfilment. Exchanges operate independently or are backed by an industry consortium [Orbitz, ChemConnect];

Buy/Sell Fulfilment -- takes customer orders to buy or sell a product or service, including terms like price and delivery [CarsDirect, Respond.com];

Demand Collection System -- the patented "name-your-price" model pioneered by Priceline.com. Prospective buyer makes a final (binding) bid for a specified good or service, and the broker arranges fulfilment [Priceline.com].

Brokerage Model

Auction Broker -- conducts auctions for sellers (individuals or merchants). Broker charges the seller a listing fee and commission scaled with the value of the transaction. Auctions vary widely in terms of the offering and bidding rules [eBay];

Transaction Broker -- provides a third-party payment mechanism for buyers and sellers to settle a transaction [Pay Pal, Escrow.com];

Distributor -- is a catalogue operation that connects a large number of product manufacturers with volume and retail buyers. Broker facilitates business transactions between franchised distributors and their trading partners;

Search Agent -- a software agent or "robot" used to search-out the price and availability for a good or service specified by the buyer, or to locate hard to find information;

Virtual Marketplace -- or virtual mall, a hosting service for online merchants that charges setup, monthly listing, and/or transaction fees. May also provide automated transaction and relationship marketing services [zShops and Merc].

Advertising Model

The web advertising model is an extension of the traditional media broadcast model. The broadcaster, in this case, a web site, provides content (usually, but not necessarily, for free) and services (like email, blogs) mixed with advertising messages in the form of banner ads. The banner ads may be the major or sole source of revenue for the broadcaster. The broadcaster may be a content creator or a distributor of content created elsewhere. The advertising model works best when the volume of viewer traffic is large or highly specialized.

Portal -- usually a search engine that may include varied content or services. A high volume of user traffic makes advertising profitable and permits further diversification of site services. A personalised portal allows customization of the interface and content to the user. A niche portal cultivates a well-defined user demographic [Yahoo!];

Classifieds -- list items for sale or wanted for purchase. Listing fees are common, but there also may be a membership fee. [Monster.com, Craigslist, Match.com];

User Registration -- content-based sites that are free to access but require users to register and provide demographic data. Registration allows inter-session tracking of user surfing habits and thereby generates data of potential value in targeted advertising campaigns. [NYTimes Digital].

Advertising Model

Query-based Paid Placement -- sells favourable link positioning (i.e., sponsored links) or advertising keyed to particular search terms in a user query, such as Overture's trademark "pay-for-performance" model [Google, Overture];

Contextual Advertising / Behavioural Marketing -- freeware developers who bundle 'adware' with their product. For example, a browser extension that automates authentication and form fill-ins, also delivers advertising links or pop-ups as the user surfs the web. Contextual advertisers can sell targeted advertising based on an individual user's surfing activity [Claria];

Content-Targeted Advertising -- pioneered by Google, it extends the precision of search advertising to the rest of the web. Google identifies the meaning of a web page and then automatically delivers relevant ads when a user visits that page [Google];

Intromercials -- animated full-screen ads placed at the entry of a site before a user reaches the intended content [CBS, MarketWatch];

Ultramercials -- interactive online ads that require the user to respond intermittently in order to wade through the message before reaching the intended content [Salon in cooperation with Mercedes-Benz].

Infomediary Model

Data about consumers and their consumption habits are valuable, especially when that information is carefully analysed and used to target marketing campaigns. Independently collected data about producers and their products are useful to consumers when considering a purchase. Some firms function as infomediaries (information intermediaries) assisting buyers and/or sellers understand a given market.

Advertising Networks -- feed banner ads to a network of member sites, thereby enabling advertisers to deploy large marketing campaigns. Ad networks collect data about web users that can be used to analyse marketing effectiveness [DoubleClick];

Audience Measurement Services -- online audience market research agencies. [Nielsen/NetRatings];

Incentive Marketing -- customer loyalty program that provides incentives to customers such as redeemable points or coupons for making purchases from associated retailers. Data collected about users is sold for targeted advertising [Coolsavings];

Metamediary -- facilitates transactions between buyer and sellers by providing comprehensive information and ancillary services, without being involved in the actual exchange of goods or services between the parties [Edmunds].

Merchant Model

Wholesalers and retailers of goods and services. Sales may be made based on list prices or through auction.

Virtual Merchant --or e-tailer, is a retail merchant that operates solely over the web [Amazon.com];

Catalogue Merchant -- mail-order business with a web-based catalogue. Combines mail, telephone and online ordering [Lands' End];

Click and Mortar -- traditional brick-and-mortar retail establishment with web storefront [Barnes & Noble];

Bit Vendor -- a merchant that deals strictly in digital products and services and, in its purest form, conducts both sales and distribution over the web [Apple iTunes Music Store].

Manufacturer (Direct) Model

The manufacturer or "direct model", it is predicated on the power of the web to allow a manufacturer (i.e., a company that creates a product or service) to reach buyers directly and thereby compress the distribution channel. The manufacturer model can be based on efficiency, improved customer service, and a better understanding of customer preferences [Dell Computers].

Purchase -- the sale of a product in which the right of ownership is transferred to the buyer;

Lease -- in exchange for a rental fee, the buyer receives the right to use the product under a "terms of use" agreement. The product is returned to the seller upon expiration or default of the lease agreement;

License -- the sale of a product that involves only the transfer of usage rights to the buyer, in accordance with a "terms of use" agreement. Ownership rights remain with the manufacturer (e.g., with software licensing);

Brand Integrated Content -- in contrast to the advertising model, brand integrated content is created by the manufacturer [bmwfilms].

Utility Model

The utility or "on-demand" model is based on metering usage, or a "pay as you go" approach. Unlike subscriber services, metered services are based on actual usage rates. Traditionally, metering has been used for essential services (e.g., electricity water, long-distance telephone services). Internet service providers (ISPs) in some parts of the world operate as utilities, charging customers for connection minutes, as opposed to the subscriber model common in the USA [IBM].

Metered Usage -- measures and bills users based on actual usage of a service;

Metered Subscriptions -- allows subscribers to purchase access to content in metered portions (e.g., numbers of pages viewed) [Slashdot].

Affiliate Model

In contrast to the generalized portal, which seeks to drive a high volume of traffic to one site, the affiliate model, provides purchase opportunities wherever people may be surfing. It does this by offering financial incentives (in the form of a percentage of revenue) to affiliated partner sites. The affiliates provide purchase-point click-through to the merchant. It is a pay-for-performance model -- if an affiliate does not generate sales, it represents no cost to the merchant. The affiliate model is inherently well-suited to the web, which explains its popularity. Variations include, banner exchange, pay-per-click, and revenue sharing programs [Barnes & Noble, Amazon.com].

Banner Exchange -- trades banner placement among a network of affiliated sites;

Pay-per-click -- site that pays affiliates for a user click-through;

Revenue Sharing -- offers a percent-of-sale commission based on a user click-through in which the user subsequently purchases a product.

Subscription Model

Users are charged a periodic -- daily, monthly or annual -- fee to subscribe to a service. It is not uncommon for sites to combine free content with "premium" (i.e., subscriber- or member-only) content. Subscription fees are incurred irrespective of actual usage rates. Subscription and advertising models are frequently combined.

Content Services -- provide text, audio, or video content to users who subscribe for a fee to gain access to the service [Listen.com, Netflix];

Person-to-Person Networking Services -- are conduits for the distribution of user-submitted information, such as individuals searching for former schoolmates [Classmates];

Trust Services -- come in the form of membership associations that abide by an explicit code of conduct, and in which members pay a subscription fee [Truste];

Internet Services Providers -- offer network connectivity and related services on a monthly subscription [AoL].

Community Model

The viability of the community model is based on user loyalty. Users have a high investment in both time and emotion. Revenue can be based on the sale of ancillary products and services or voluntary contributions; contextual advertising and subscriptions for premium services. Today this is one of the more fertile areas of development, as seen in rise of social networking [myspace.com].

Open Source -- software developed collaboratively by a global community of programmers who share code openly. Instead of licensing code for a fee, open source relies on revenue generated from related services like systems integration, product support, tutorials and user documentation [Red Hat];

Open Content -- openly accessible content developed collaboratively by a global community of contributors who work voluntarily [Wikipedia];

Community Model

Public Broadcasting -- user-supported model used by not-for-profit radio and television broadcasting extended to the web. A community of users support the site through voluntary donations [The Classical Station, WCPE.org];

Social Networking Services -- sites that provide individuals with the ability to connect to other individuals along a defined common interest (professional, hobby, romance). Social networking services can provide opportunities for contextual advertising and subscriptions for premium services [Flickr, Friendster, Orkut].

Blogs, wikis, chat rooms -- perhaps one of the most important development in e-economy as mass collaboration changes everything (Wikinomics, Tapscott 2006).

The influence of peer production is huge – IRL & virtual word of mouth marketing

key global consumer trends

- **Connectivity** – internet, social networking
- **Fast, Furious & Now** – impatient customers
- **Ageing** – baby boomers
- **Life stage complexities** - 60 is the new 40
- **Well-being** – physical, mental, beauty, natural
- **Gender complexity** – women in workforce/men more feminine
- **Income complexities** – save & splurge
- **Individualism** – consumer-defined customisation
- **Uncertainty** – terrorism, speed, lack of trust
- **Sensory & fuller, robust experiences** – savvy consumers
- **No tricks** – integrity, consumer want to interact with brand

impacts on product, packaging,
promotion and distribution of your product

Thank you for your attention

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