

F.7 Business Studies Regular Course: MKT Mgt.

23

Scan

With reference to examples, explain the marketing mix of a B2C E-commerce business model. (25 marks)

B2C stand for 'Business to Customer' which focuses on the marketing and selling activity of business to customers.

E-commerce is a method of buying and selling goods and services over the internet. It is a form of direct selling or marketing which enables the supplier to sell direct to the final customer without the need for traditional 'middlemen': wholesalers and store retailers. It provides sellers with a means of tapping into a mass market, reduces barriers to entry so that even small firms can offer their products alongside big name companies (e.g. Park'n'Shop, Fortress in Hong Kong). By eliminating the 'middleman' selling costs and prices can be lowered conferring competitive advantage. Apart from lower prices, another attraction for customers is the convenience of being able to 'shop' from home rather than have to visit a retail outlet.

The marketing mix of a B2C E-commerce business model consists of 5P's: Price, place, product, promotion and people.

Price stands for the amount of money customers have to pay to obtain the product. As e-commerce allows the elimination of 'middlemen' a lower price compared to retailer and.

wholesaler outlet should be set to attract customers to purchase goods from the website. The payment method could be by credit card, for online shops without representatives in the region the goods are delivered, and for the online shops which have a representative in the region the goods are delivered, the payment could be in cash received by the local post office staff on delivery, e.g. DHC, a Japanese cosmetics chain, collects its sales fees from customer delivery orders through Hong Kong Post. This would encourage customers to purchase goods from the online shops.

Place stands for company activities that make the product available to target customers. The e-commerce shop would be an online website with an electronic platform that allows the customers to sit in front of their computers at home, view the online catalog of the latest products, descriptions of the products, including some photos enlarge to show the detail outlook of every product. There would also be a system allowing customers to purchase online, know clearly what is 'in stock' and 'out of stock' and the price (maybe in US dollars, the exchange rate charged by the website for its Hong Kong division, e.g. Square Enix Products website, selling Final Fantasy and other anime figures), and the payment method, warranty and other after sale, returns, exchange procedures. The website should show clearly.

6

When and how the goods will be delivered, how the check and make enquiries if the product is not delivered on the scheduled date.

Product stands for the good - and service combination the company offers to the target market. Since the products may be delivered by air, ship etc., items that are fragile should be labelled clearly and require special care, packaged well to prevent any damage during delivery. There should be return policies for faulty products, e.g. accepting return within 20 days, of which the products will be replaced, mailed back to the customer free of charge, with the postage fee for sending to the company refunded. A 24-hour global service hotline should be set up to allow and follow up, enquiries about the delivery and product information, there could also be an e-mail for customers to contact the staff of the company. This would allow customer feedback to be collected and the customer can check with the company when the product is not delivered on the scheduled date and time.

vote!

Promotion stands for activities that communicate the merits of the product and persuade target customers to buy it. It includes: advertising, personal selling, sales promotion, and publicity. To attract customers.

who are used to or not used to online shopping, a pull strategy should be used. This requires the company to let the potential customers know about the online shop. This would require advertising in many forms.

To attract young people who know a lot about the internet to the website, advertisements should be put on Yahoo, Google, online and forums. A Facebook group and Youtube Group can also be formed to broadcast promotion videos of the online shop. The advertisements can also be aired on TV in some places, as well as on local and international magazines (eg TIME). Another popular way of advertising to young people is to post advertisements in online games which gamers would see them when playing.

To have less ready customers to your site, who maybe older generations that are not thoroughly familiar with online shopping, global advertising campaign involving international stars, eg David Beckham, Roger Federer, Nicolas Cage, Jackie Chan <sup>is</sup> needed. Advertisements involving them can be aired on local (ATV) and international (CNN) TV stations. Advertisements on Youtube, Facebook groups, Yahoo may also be a way. Personal selling is only applicable to customers who have purchased something from the website before, through phone, e-mail, RSS feeds and some applications on computers and i-Phones.

Publicity would be activities that include lucky draws, sponsors for certain activities and charities, eg 'Make a wish'. In some rare cases, promotion of the site can be some booths for roadshow and exhibition.

An example is Square Enix Products set up a booth to promote its online shop, Hong Kong division at the ACG HK 2010 at the Hong Kong Convention and Exhibition Centre.

good.

People means the aspect of dealing with customer relationships in particular. Customer relationships and ties with a business has been becoming more and more important for businesses to have an edge over its competitors. For e-commerce, phone calls, e-mail replies, forum posts are all important. Through reading the posts, e-mails and hearing phone calls from customers, the business obtains feedback from its customers on its products and services, so it could make corrective actions, follow up and improvements on its services. Through phoning back, replying e-mails and forum posts, customers feel cared for, and would leave a good image of the business as a customer caring company in a customer's head. This will help trigger repurchase decisions of a customer.

You have great expertise  
in e-commerce!

But the organization can  
be improved. }  
}