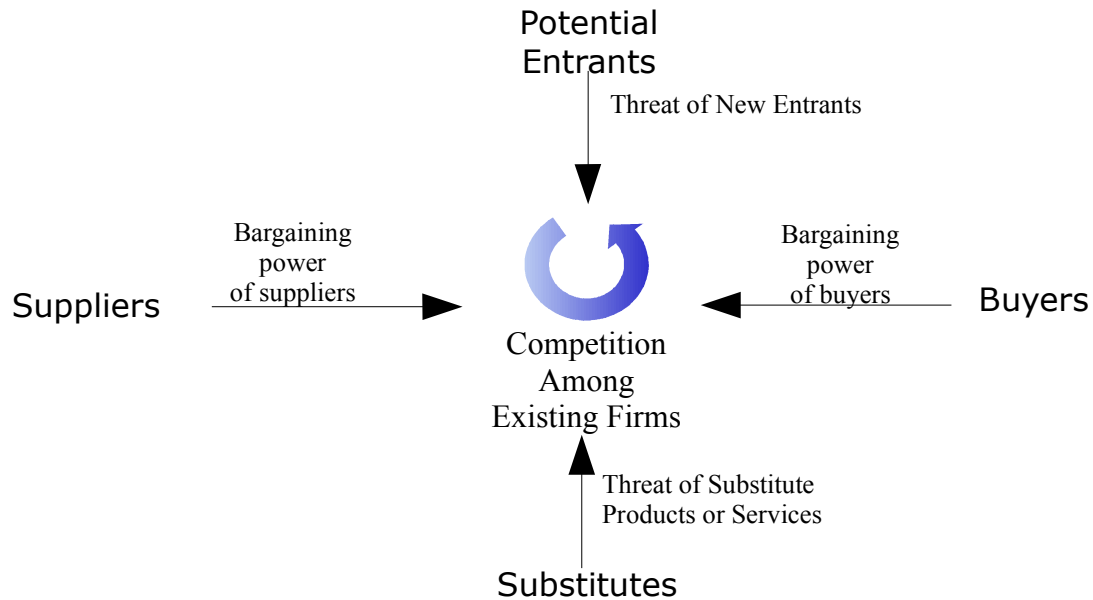


Business Analysis Document

Competition

If you trade on the Internet there are lots of opportunities and threats facing Sonic Sounds that they will need to consider. Some of these opportunities and threats will be external to the market and some will be internal. These are shown in Porters 5 forces model below, it shows the external influences to the market around the edge then then internal market competition in the middle:



These influences bring up a number of opportunities and threats for business, the following table explains some of these for Sonic Sounds on the Internet.

Competitive Opportunities	Competitive Threats
<ul style="list-style-type: none"> • By going on the Internet Sonic Sounds has access to a much larger market. With a high street shop the market is mainly for the local area but with a website your possible market is countrywide of even worldwide. • Sonic Sounds could possibly enjoy lower operation costs as they will not have the costs involved in running high street stores. • By giving a customer a user account you can track what they buy meaning that you can send them advertising material based on what they have previously brought. • When you have a retail shop you have to keep at least one item on show, with a website you only need a picture. This can allow for better “Just in time” ordering meaning that you can cut out costs from having stock lying around in wear houses and only order in what you predict will sell. 	<ul style="list-style-type: none"> • Your website may have access to a larger market but so do all the other competition websites. Possible customers can visit your rivals site just as easily as they can visit yours. • Sonic Sounds will be entering an already established market. A quick search for Ski Wear on Froogle (Google's product searching tool) brings up 232,000 total results. While most of these may not be relevant because of the product and country of origin it does show that there is plenty of Ski Wear already available on the market. Competition in the market will see Sonic Sounds as a potential threat. • With increased competition buyers will be looking for the cheapest places on the Internet to buy their products which could lead to “price wars”. While this is unlikely as price wars often happen between inelastic products and as Ski Wear could be classed as a non essential item it is more elastic. In a way this means that retailers can get away with charging a relatively high price for a product but if a buyer sees the same products on two different websites he/she is more likely to go for the cheapest one. • Start up business often suffer from low economies of scale because they sell relatively small quantities. This means that any more established business' can be more efficient thus have lower costs.

Porters model is just one business analysis tool. A similar method would be to do a SWOT (Strengths, Weaknesses, Opportunities and Threats) analysis to look at the strengths and weaknesses of the business however this would be more appropriate once the business is running.

The Internet has a number of unique features that allows to drive innovation giving a different experience to the customer. Pricing is especially important on the Internet as it is so easy for a customer to look up your competitors website and find how much they sell the same products for.

1. Sonic Sounds will be able to send out emails with offers/ relevant products/ new products to a user. This is a lot cheaper and quicker then sending out normal mail through the post.
2. A dynamic homepage which shows different products every time the user visits will make sure that visitors are always seeing something different. Static web pages may put customers off as it may look like the site is not being updated for a long period of time.
3. It could be possible to support a larger product range as you only need a picture of the product rather than to have any in stock. Some people may not like to wait longer for certain gear but if someone is not going skiing for some weeks they may not mind the wait while you order in specific products.
4. Sonic Sounds can use videos of products showing special features and comparing products to similar ones. This is already used on some sites such as www.dabs.com . It does require a lot of bandwidth and the time to film product demonstrations. Often I have used this feature to look at the product then have brought it from a cheaper website.
5. Some sort of product discussion on the individual products pages that allows customers to comment to

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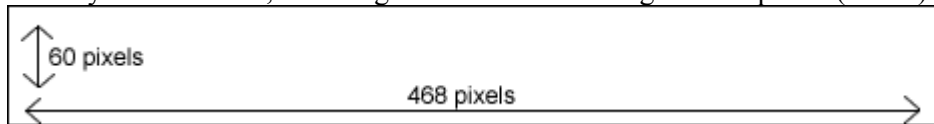
products giving personal reviews and tips could give added insight into a product. Plus if it is moderated only the good reviews can be let on. Some sites such as www.ebuyer.com have a similar system and has often been very helpful in finding out more specific things about a product.

6. All e-commerce sites allow you to contact the company behind the site but only a few offer the ability of a live chat to someone who knows about the products. When you go into a shop you are able to talk to a member of the shop staff however on-line this often involves an email and a much longer reply wait then in a shop. A “live chat” feature would allow customers to ask any questions about products they have as they are visiting your site. This is especially useful for more complicated products that their descriptions still leave the customer with specific questions.

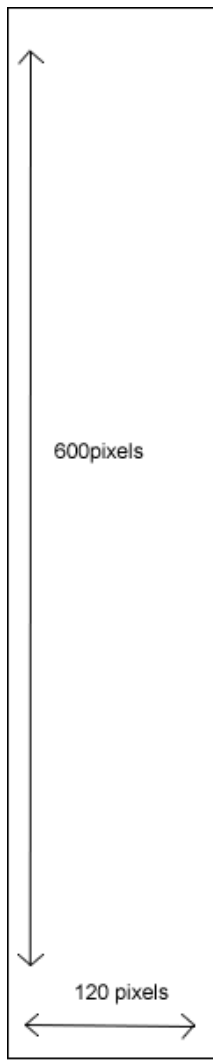
Marketing

Marketing wise Sonic Sounds have a lot of options available to them from TV, bill boards and magazines. Specifically on the Internet there are three main ways of advertising, one is through banner/tower adverts another is through pop-up windows and the third is through emails, each have advantages and disadvantages. A publisher is the site which you are advertising on while the advertiser is the person who is wanting to advertise something.

I will start with banner/tower adverts which come in many forms. The most common advert layout is at the top of the page usually in the middle, its a long thin advert measuring 486*60 pixels (below).



To put it in realistic terms the average screen size is 800*600pixels so this banner takes up roughly half the width of the screen. This advert is good as it is often one of the first things someone sees when they visit a web page, whether they decide to pay attention to the advert is another matter.



The second most common type of advert is the tower, this is usually found down either the left of right hand side of a web page it measures 120pixels wide and can vary in length but a usual value is about 600 pixels long (left). Tower adverts are slightly less common as they usually require a web page to have quite a fair bit of content.

If used correctly this advert can catch the eye of the user where ever they are looking at the web page because it is so long. Web designers do find towers more intrusive to their web page then the banner because it can take the user away from the pages content. Banner adverts are favoured by many web designers because they are less intrusive and are often a way of adding advertising easily without ruining the look of a web page.

When looking at most web pages banner and tower ads are normally animated this is too help draw attention to the advert, there is two main ways of doing animation. The first and most common is through animated GIF's, these consist of 3-4 frames which change every 2-3 seconds giving short sharp bursts of information. They give the user just enough time to read the content without loosing their attention. Animated GIF's are also good because they will work on almost any computer and do not require any additional plug-ins to play.

The second method for achieving animation is through Macromedia Flash (www.macromedia.com), this allows you to play around with animation in much more detail and can even include sound. Flash does require a plug-in but most computers have flash installed and if it is not it is very easy to install. Flash is harder to learn then GIF's but you can make very eye catching banners in Flash. In the past people have used flash to make banners which change colour very quickly to catch your attention, while this is extremely annoying it does achieve its goal.

Pop-up windows are those annoying windows you get when you visit certain web pages. You visit a certain page and suddenly a new window opens and you have an advert. For most people pop-up windows are simply an annoyance but they are good way for advertising. Once you have a window pop-up you have a number of different things you can put in it, often an animated image or Flash animation is used but some sites use pop-up windows to open their homepage. Ebay is a good example of this that when you visit some websites you get the Ebay homepage or category page loaded as well (below is a picture of this that I got when visiting newgrounds.com).



Many sites such as msn.com are moving away from pop-up windows because people do get annoyed with having to close windows constantly when moving from one page to the next. Some browsers such as Mozilla even have a pop-up blocking feature built in making your advert worthless. Rumour has it that even Microsoft are thinking of building in a similar feature into a future release of Internet Explorer.

There are many different ways in that publishers can get paid for the adverts (banners, towers and pop-ups) they display on their sites. The first is CPC which stands for Cost Per Click. Basically this means you have to pay a certain amount per click (normally a few pence). The second is CPL which stands for Cost Per Lead which means that you only pay the publisher when they buy something from your site. This can be either a fixed amount of a certain percent of the total cost of the product. The advantage of this is that you are getting a customer which could quite possibly come back again. The third is CPM which is Cost Per 1000 impressions (views to your advert). There are a couple of other methods but these are explained in detail when signing up for an advertising company.

There are advantages and disadvantages to each of these which I won't go into now but as an advertiser it's best to go for CPL because you're getting a customer out of it. It doesn't make a big difference to the advert viewer which one of the above methods you use because they will never know but it can affect your marketing budget on which method you choose.

Already on the Internet there are many different companies which will manage your on-line advertising for you, these include Commission Junction (www.cj.com), DoubleClick (www.doubleclick.com), Value Click (www.valueclick.com) and Google (www.google.com). These sites have the advantages that they manage all of the financial side behind banners for you, all you have to do is design the banners. The disadvantages to many of these is that you don't get the pick which sites display your banners, while this may not necessarily be a bad thing it is something to be aware of.

All of these sites take banner clicking cheating very seriously and do work very well for thousands of websites on the Internet. They do however take a certain amount from what you budget for advertising but

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this amount is small. From that list of advertising companies above Google is slightly different because publishers do not choose which ads are displayed on their site because Google displays adverts depending on the content of the page which means that you get relevant adverts on a page to the content.

Google is also different because it uses “ad words” instead of images or animation (below). Google either displays the adverts on their own sites or on publishers sites that use Google's AdSense program.



The final way of advertising is through E-mails, I would discourage this unless its sending emails to people who have signed up on your site. Do not buy email address lists as the chances are that many of the people on these lists will regard your emails as “spam” thus giving your name a bad reputation.

Recommendations

I would recommend that Sonic Sounds went for either a banner or tower based advert using any of the companies listed above. I suggest that they read through the terms and conditions on all the sites and work out which is the best for them though there is little difference between them. I would recommend Google because its clear and easy and shows the advert depending on the pages content or what the user has searched for. I would recommend against using pop-up ads because they are being increasing blocked and most people simply close them rather than looking.

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