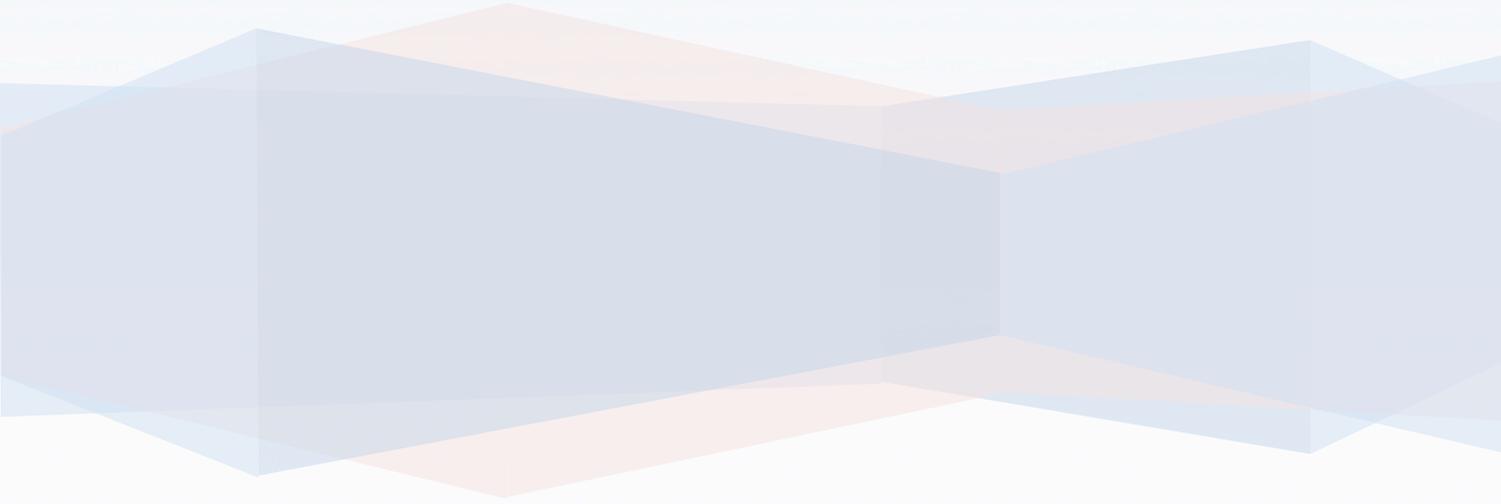


# Identify the current Marketing Factors | Shop.com

Part II

Maris P.



## Marketing Mix:

- **Product: Multi-level marketing (MLM).** Market America/ SHOP.COM has a wide variety of products in different billion dollar industries offered to customers. These industries include finance, weight-loss, anti-aging, music, entertainment, health care, cosmetics, jewelry, skin care, website solutions, and health nutrition. Within these specific industries, each product line has multiple products that are offered. Since the company is a product brokerage company, they pride their service on only offering the most sought after products to the end-consumer. Since Market America/ SHOP.COM is not a manufacturing company, products that are not selling are not bought from the manufactures that make the product, therefore the company only has top trending products in each of the above listed billion dollar markets.
- **Price:** Shop.com offers competitive pricing as well as comparative pricing to ensure the lowest price. The Market America branded products offer a more economical value based on the quality of the products. These products range in price that is suitable to the industry market it is from. These markets range from pet care, beauty, jewelry, health & wellness, home care, garden care, laundry care, capital resources, groceries, and website solutions. Of the 4,000 retail stores partnered with SHOP.COM, store prices remain the same. It is only the incentive of Cashback which gives the products and or services offered from these partnered retail stores an advantage to just shopping in the brick and mortar locations. A common misconception of the partnered stores, is that there prices are lower online. This is not entirely true. More discounts and sales are promoted on their online website, but SHOP.COM does not control their product prices. SHOP.COM is only a mere gateway to redirect customers to their partner stores so that the customer's email address can be traced to keep track of cash back earned from these retail stores.
- **Placement:** Shop.com relies heavily on the Internet to conduct its business. The fact that most of their services are available online makes shop.com depend on using the Internet in the most efficient way possible to provide and sell its products and services. The Internet allows shop.com to place its offerings on mobile devices, desktop and laptop computers, social media sites, and Google to provide its users with the ability to reach information and communicate fast. Furthermore, Shop.com also operates internationally with several corporate offices in Australia, Canada, Hong Kong, Taiwan, the United Kingdom, Mexico, and the United States.
- **Promotion:** Shop.com will have an integrated marketing communication strategy aimed at unifying different marketing methods. The marketing campaign will consist of an integrated one based on the following: Public Relations, Branding (The more credible a brand is, the better its reputation is and the more it will spread); Pull Marketing: TV commercials; Push Marketing: online coupons and discounts; Media Buy: PPC advertising; Viral marketing: use very strong Social Media marketing. Online reputation management will be used to further the shop.com name and brand their company further. Social media marketing will be heavily incorporated to use Twitter ads using their new custom audiences feature, Google search popularity, and Facebook business pages. The integrated message will be "with shop.com you get cash back."

## Target Market:

- **Geographic**
  - Region: Nationwide
  - Density: Mostly suburban, small town (places where people need cars).
- **Demographic**



- Gender: Male and Female
  - Age: Segment 18-24, traditional college aged students and graduates
  - Race: All
  - Life stage: Collegiate
  - Birth era: Generation Y (1977-present)
  - Household size: 1 or 2
  - Residence Tenure: Renting a home/living on campus
  - Marital Status: Single/Never married.
- **Psychographic**
    - Personality: Impulsive; frugal; trendy; busy
    - Values: saving money, not spending a lot but still having good quality products, thrifty shopping
    - Lifestyle: very busy lifestyle running from class to work to club meetings/outside activities, loving having time with friends, does not have a lot of extra spending money but still has a desire for nice products.

● Behavioral segmentation

22 - Young Influentials



**Midscale Middle Age w/o Kids**

Once known as the home of the nation's yuppies, Young Influentials reflects the fading glow of acquisitive yuppiedom. Today, the segment is a common address for middle-class singles and couples who are more preoccupied with balancing work and leisure pursuits and who live in apartment complexes surrounded by ball fields, health clubs, and casual-dining restaurants.

**Social Group:** 06 - Middleburbs

**Lifestage Group:** 02 - Young Achievers

**Demographics Traits**

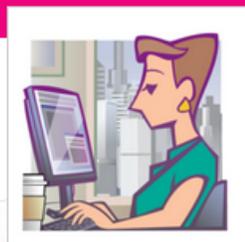
- **Urbanicity:** Suburban
- **Income:** Midscale
- **Income Producing Assets:** Below Avg
- **Age Ranges:** <55
- **Presence of Kids:** HH w/o Kids
- **Homeownership:** Renters
- **Employment Levels:** WC, Service, Mix
- **Education Levels:** College Graduate
- **Ethnic Diversity:** White, Black, Asian, Hispanic, Mix

**Lifestyle & Media Traits**

- Shop at Best Buy
- Play racquetball
- Read Details
- Watch American Dad
- Mazda 3



04 - Young Digerati



**Wealthy Younger Family Mix**

Young Digerati are tech-savvy and live in fashionable neighborhoods on the urban fringe. Affluent, highly educated, and ethnically mixed, Young Digerati communities are typically filled with trendy apartments and condos, fitness clubs and clothing boutiques, casual restaurants and all types of bars—from juice to coffee to microbrew.

**Social Group:** 01 - Urban Uptown

**Lifestage Group:** 02 - Young Achievers

**Demographics Traits**

- **Urbanicity:** Urban
- **Income:** Wealthy
- **Income Producing Assets:** Elite
- **Age Ranges:** 25-44
- **Presence of Kids:** Family Mix
- **Homeownership:** Mix, Renters
- **Employment Levels:** Management
- **Education Levels:** Graduate Plus
- **Ethnic Diversity:** White, Asian, Hispanic, Mix

**Lifestyle & Media Traits**

- Shop at Bloomingdale's
- Travel to Asia
- Read Dwell
- Watch Independent Film Channel
- Audi A3



## Situation Analysis:

### Who are the competitors?

#### 1. Ebates

- a. Regularly runs commercials
- b. Basically the same idea as shop.com
- c. Has gotten some bad publicity recently as being a scam or pyramid scheme, and not actually giving people the cash back, which is what has most likely lead to their increase in advertising and online reputation management campaigns .
- d. The way that Ebates works is that the 1600 companies they partner with give Ebates a certain percent of whatever they sell on the website. Ebates then gives consumers half of that percent.
- e. For example if Wal-Mart gives Ebates 2% for every purchase and somebody buys a \$500 TV; Ebates will gain \$10 and \$5 of that \$10 is given to the consumer (cash back)
- f. Known as having good customer service; if for some reason one does not get their cash back, consumers claim that customer service is very good with ensuring that you get the money back.
- g. Ebates is a better business bureau accredited company
- h. Has an A+ rating from better business bureau
- i. In 2011, they made between \$60 million and \$80 million in revenue.
- j. They have been steadily rising in revenue over the past few years.
- k. Only have 50 employees
- l. Target market: seems to be moms and families based on their commercials

#### 2. Amazon.com

- a. No cash back
- b. Huge product line
  - i. Tablet- Kindle, Kindle Fire, Kindle Paper white
  - ii. Phone
  - iii. Amazon Prime (many benefits such as free 2 day shipping)
  - iv. Thousands of products
- c. Extremely popular
- d. Lots of publicity
  - i. Word of mouth
  - ii. TV commercials
- e. \$45.73 billion is the brand value for amazon.com
- f. They have 162 million monthly visitors
- g. The revenue growth rate of amazon has been about 22%
- h. 20 million amazon prime customers alone!
- i. 68.6% of smartphone users have the amazon.com app on their phone.
- j. Many target audiences: Families, college students (textbook buying/selling), single people, etc.

#### 3. Rakuten/Buy.com

- 3.1. Has Rakuten Super Points rewards program. You earn 1% back on all purchases with bonus points for select products and stores. \$1 is equal to 100 points
- 3.2. Carries over 90 million products from 38,500 merchants globally.
- 3.3. Is an e-commerce brand that serves as an online marketplace for merchants and customers
- 3.4. Employs 10,867 people
- 3.5. Annual sales of \$5.31 billion
- 3.6. Recently purchased Ebates for \$1 billion.
- 3.7. 18 million shoppers
- 3.8. Not much presence in advertising of service online either via social media or through commercials.
- 3.9. Does not target any audience in particular.

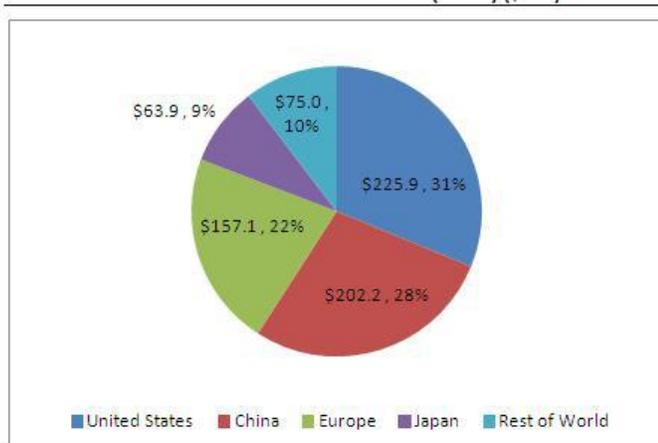
**4. eBay.com**

- 4.1. 100 million active users
- 4.2. Hosts millions of retail and wholesale transactions in 30 countries every day
- 4.3. Also owns and incorporates PayPal and BillMeLater services which allow customers with credit cards to send payments from 190 markets in 25 different currencies.
- 4.4. Annual sales of \$16.05 billion
- 4.5. Employs 33,500 people
- 4.6. Recently launched a global brand advertising campaign
- 4.7. Does not have a specific target audience, targets in particular to those individuals who have a specialized interest in antique or collectors products.

**What is the market position (in general/ market share)?**

Market America has over 3 million loyal customers in multiple countries such as the United States, Canada, Taiwan, Hong Kong, the United Kingdom, Australia, Mexico, Singapore, Malaysia, Philippines, Costa Rica, Colombia, Ecuador, Spain, and China. There are about 180,000 UnFranchise Owners (distributors) that help distribute the vast products offered through Market America/ SHOP.COM. Off line retailers don't compete with online retailers. The online market share for retailers is global.

Global Retail e-Commerce Market (2012E) (\$bns)



Global online retail market share is small compared with mega retailers such as Walmart.com, amazon.com or bestbuy.com

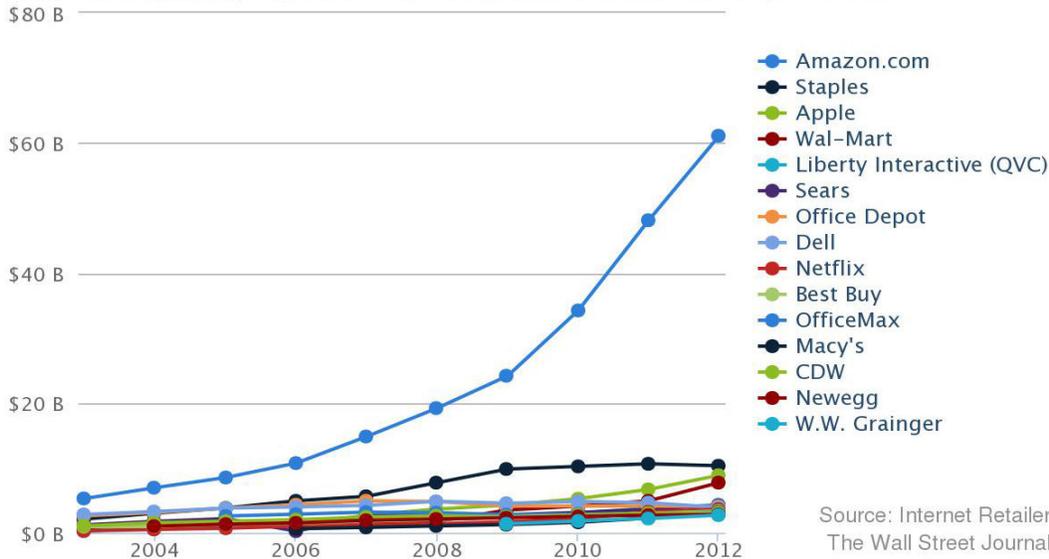
Shop.com marketshare is very competitive. Sites like amazon, Wal-Mart, Sears, Macy's, among many others, share the Ecommerce and online

Source: Department of Commerce, Forrester, Euromonitor, Wall Street research.

retail market space.

### Running Away

Amazon has significantly outgrown the next 14 largest Internet retailers over the past decade.



### 3. What “need” does this product satisfy?

Unlike other online retail services, Shop.com is a shopping comparison engine. Essentially, it can be compared to a search engine like that of Google or Yahoo, but it’s specifically designed to tailor to the shopping needs of it’s customers. Unlike other online retail services, Shop.com has partnered with thousands of reputable and well-established companies to provide on the spot price comparison for any product that a customer may need. While Shop.com does include independent sales representatives in its own business model, it is unlike Buy.com/Rakuten, Amazon, and eBay in the sense that the majority of their products are being sold by incredibly reputable brands and not third party representatives. If you were to search for a product on Amazon or eBay, the majority of results that are delivered are products being sold by third party small businesses that use Amazon or eBay as a platform for their online marketplace. When you search for product results on Shop.com however, it provides all the partners that carry said product and also gives you each partners’ retail value of the item as well as how much cashback you would earn should you purchase from them.

When searching for a product on Shop.com, one can immediately see that items are sold and carried by brands such as Kohl's, QVC, Bloomingdales, JC Penney, Macy's, Lord and Taylor, and several other smaller companies. Shop.com as an entity is just purely a shopping comparison engine, but because it is partnered with MarketAmerica, customers also have the benefit of getting cashback for purchases. Additionally, Shop.com also carries MarketAmerica’s own line of products, providing a platform for MarketAmerica to sell its’ own products and services on top of the sales they make with their partners. Shop.com and MarketAmerica make it a one-stop-shop website for customers to be able to price compare every single item they are looking to purchase and be able to earn money back for every item that they may buy. On top of being able to go from buying a watch in one minute and then toothpaste the next, customers have the ability to see which of the partner companies offer the most competitive pricing in terms of retail value of the item and the

amount of cashback that the company is willing to offer when purchasing from them in lieu of their competitor.

## SWOT Analysis

<p><b>S</b>      <b>Strengths</b></p> <ul style="list-style-type: none"> <li>• Comparison shopping</li> <li>• Cash back, E-gifts, Auctions</li> <li>• Personalized site recommendations</li> <li>• International delivery and purchase tools</li> <li>• International shopping through global shop.com</li> <li>• Friendly and customized shopping environment with a network of unfranchise owners (consultants)</li> <li>• Third-generation shopping search</li> <li>• Intuitive site navigation</li> <li>• lightning fast results</li> <li>• Coupons and Deals</li> <li>• Some areas provide personal shop consultants</li> </ul>	<p><b>W</b>      <b>Weakness</b></p> <ul style="list-style-type: none"> <li>• Use third party for international customer shipping and/or payments</li> <li>• Brand Power: We cannot match major competitors' brand advertising, i.e. Amazon</li> <li>• Direct Consumer service phone line is only available Monday through Friday, with sometimes wait-time of 15 min or more</li> <li>• Shop consultant (affiliate) is available at different times depending on what local area the customer is located in, and it is up to the consultant to be available at certain times or not, ex. 24/7.</li> <li>• International sales of shop.com (Global.shop.com) only has unfranchise owners (consultants) in countries shop.com offers; others countries are excluded</li> </ul>
<p><b>O</b>      <b>Opportunities</b></p> <ul style="list-style-type: none"> <li>• Enter new markets and segments</li> <li>• Shop.com could develop their own in-house products.</li> <li>• Market America acquisition of Shop.com makes room for the use of Revolutionary Shopping Platforms, better inventory and distribution</li> <li>• Expansion to more countries</li> <li>• New specialized applications</li> <li>• Support core business economies</li> </ul>	<p><b>T</b>      <b>Threats</b></p> <ul style="list-style-type: none"> <li>• Loss of affiliate alliances and partners</li> <li>• Strong competition</li> <li>• Competitors new products and innovation</li> <li>• International legislations and tax increases could impact</li> <li>• Environmental effects would favor larger competitors</li> <li>• Since there is the use of affiliate networks, there is a risk of competitors engaging in negative reputation campaigns due to affiliate's poor reputation in the eCommerce industry</li> <li>• There are quite a few negative reviews of shop.com costumers (this needs to be addressed immediately with positive reputation management campaigns)</li> </ul>