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Marketing in e-Commerce through the Implemen- tation of the Service Perspective

A Case Study of the Start-Up Firm – EarnBidWin.com

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Abstract

This Thesis will begin by highlighting the significance of social media networks and e-Commerce in today's business environment. The purpose of this paper is to develop an external marketing strategy that can be employed by start-up firms operating in the e-Commerce of reverse auction sites.

The paper will particularly focus on the company EarnBidWin.com and the marketing strategy will be based on the *Service Perspective*. EarnBidWin.com is an online reverse auction site that is new and unique compared to other existing models of reverse auction. EarnBidWin.com is a web-based advertising and networking platform that features e-Campaigns (performance-based advertising) and reverse auctions. EarnBidWin.com's unique business model within a social-business network offers a win-win situation for all parties concerned.

A qualitative research method is conducted by using a case study. The data is gathered through the primary source of interviews with the CEO of the company, along with the secondary source of extensive academic literature. Finally, the results are presented in a discussion of a proposed marketing strategy based on the combination of the *Service Perspective* and the Critical Success Factors of high growth start-up firms in the e-Commerce arena.

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1 INTRODUCTION

The ability to communicate is an essential basic need for all human beings and has been crucial in our ability as a species to survive. By having the ability to exchange information and express feeling between two or more parties, a transfer of knowledge or information occurs. The way we communicate has advanced into new forms with the introduction of the Internet and its networking potential, which has led to a recent popularity upsurge of social media websites and a revolutionizing form of communicating, as well as a means of conducting business (Kaplan & Haenlein, 2010).

Social media websites are tools used to share content, opinions, insights, perspectives and information via the Internet. These can take the form of blogs, collaborative projects, content communities, social networking sites, virtual gaming worlds, and virtual social worlds (Kaplan & Haenlein, 2010). To gain a perspective on how rapid the expansion of social media has been, a comparison of various forms of communication is made. The following example highlights the time required by different means to attract 50 million users: 38 years for the radio, 13 years for the television, and four years for the Internet. As for Facebook, a social media platform, it only required one-and-a-half years and by the year 2009, it had already registered a count of 175 million active users (Nair, 2011). For instance, by comparing this to the 80 million populace of Germany, one can attain a sense of the vast virtual networks that exist in such an environment and the power it carries with it (Kaplan & Haenlein, 2010).

In addition to the use of social media in forms of communication and exchange of information, social media has also been employed as a means of conducting business. E-Commerce, as defined in the Merriam-Webster dictionary, “are activities that relate to the buying and selling of goods and services over the Internet” (Merriam-Webster Learner’s Dictionary, 2012). Amazon and eBay are examples of popular e-Commerce platforms where exchanges of goods arise. One popular type of e-Commerce is that of online reverse auctioning, in which the roles of buyers and sellers are the opposite of that of a regular auction. In an ordinary auction, also known as a forward auction, buyers compete and bid for a good or service, and the price gradually increases over time.

In a reverse auction, the process typically begins with the buyer posting a request for purchase (RFP) to a website and inviting specific suppliers or customers to view the RFP, where only the buyer views the bids (Jap, 2003). The Economist (1999) article, states that the Internet's computational power and flexibility have made auctions a widespread and integral part of business markets, in particular online reverse auctions, which have become popular venues for conducting business transactions (cited in Jap, 2003).

1.1 Background

Since the beginning of the e-Commerce era, several companies have entered the field and many others have left it. The list of entities operating online is naturally long. Amazon.com, Buy.com, NewEgg.com, Walmart.com, Bidz.com, BidShark, DubLi, and Dell-auction are only a few examples of the vast number of firms that currently exist on the market of e-Commerce. Considering the fact that millions of people share enormous amounts of information over the Internet quickly and for relatively low costs, customers shopping online face a wide range of selection amongst the products offered by sellers.

Despite the growth of numerous online auction sites, there have been many companies that failed to survive. A few examples of the sites that have been recently shut down are SandCrawler.com, FirstAuction.com and Auctions.com (Wolfe, 2004). Naturally, there are numerous reasons behind these failures. However, one probable factor could be the inability to utilize marketing tools effectively enough to draw traffic towards the website. An effective marketing strategy can allow firms to reach the highest number of customers possible in order to build a rigid foundation based on, amongst other determinants, loyalty and innovation. If those factors are sufficient, they will be able to maintain a positive relationship between the customers and the shareholders. This in turn will spread a favorable word of mouth for attracting new consumers, therefore generating more profits and leading to the survival and success of the website (Grönroos, 2007).

Proceeding with the online auction phenomena, several studies presenting overviews of the Consumer-to-Consumer (C2C) and Business-to-Consumer (B2C) sectors have ap-

peared since the debut in 1995. Due to the fact that many online auction sites are relatively new, these efforts serve as a useful starting point (Pinker, Seidmann & Vakrat, 2003). C2C auctions exemplify the democratization of the Internet: anyone with an Internet connection can become a merchant, and self-regulating trust mechanisms like buyer and seller rating systems allow transactions between geographically separated strangers. However, when relating to B2C auctions, they rapidly develop new sales channels via the Internet and extend the reach of the firm to previously inaccessible markets. Finally, Business-to-Business (B2B) marketplaces show the changes to both business processes and industry organizations that a concurring technology like the Internet brings (Pinker et. al., 2003). These new B2B marketplaces create opportunities for firms to reinvent core procurement processes. Furthermore, by reducing transaction and search costs, they can differentiate between firms and change the structure of alliances that existed in the past and move into the new popularity of online reverse auctions (Smith, 2000).

Online reverse auctions have increased in popularity because they emphasize short-term price savings and can simplify and support negotiation. Such auctions have been shown to achieve gross savings (over historical cost in unit prices) from 5-40 percent (Tully, 2000), with an average gross savings of 15-20 percent (Cohn, 2000). The auctions also drastically reduce the average time involved in negotiation, measured as the point of mailing an RFP to the compilation of a subset of viable bid offers, from six weeks to only a few hours (Jap, 2003).

For nearly the past decade, managers, analysts, researchers, and the business press have been remarking the statement, "the Internet will change everything" (Jap, 2002, p. 506). Since the advent of the Internet, it has challenged nearly every aspect of marketing practice. This increases the obligation to consider the consequences of the Internet to marketing and management practices (Jap, 2002). The Internet has allowed individuals to perform traditional marketing activities in several ways, such as selling, business communication, market research, and making payments. However, as Grönroos (2007) further explains, in many instances, the Internet has become part of a service process. It becomes an interactive marketing vehicle due to its versatility in interactive possibilities between the buyer and seller. With this virtual environment, the difficulties of maintain-

ing customer relationships arise. At the same time, these virtual environments such as social networks, also offer great potential for promoting products and building customer relationships.

With attention to this virtual market, one must keep in mind that it is the potential customer who initiates the first contact and not the other way around. By inviting the firm to interact, the customer expects quick responses. Another aspect is that the user's control of the content and the marketer's attempt to spark customer interest can become negative if wrongly executed. Therefore, by creating relationships with customers in such an environment, the firm can increase its possibilities in maintaining the customer's interest and an ongoing prosperous relationship may emerge between both parties (Grönroos, 2007).

As discussed further by Grönroos (1999), marketing approaches used by firms have substantially evolved through innovative shifts in their mindsets during the past few decades. This is, in large part, due to mass customization where mass markets are segmented and each individual demands specific attention adhering to fulfill their personal needs. Furthermore, several world markets have matured and technology has improved to the point where less standardized solutions are offered and instead the main focus is on meeting the demands of the customer. Since the 1970's, an alternative approach underlining the importance of establishing relationships has gained popularity. This approach is known as the *Relationship Marketing Approach* and is almost inevitably going to be utilized by a firm adopting a *Service Perspective*, resulting in the management of relationships as a direct component of this strategic concept (Grönroos, 1999).

In addition, research leaders for this field have been the Nordic School of Service and the IMP Group, which both emphasize that marketing is a task constantly dealt with in management and not a job performed separately or merely within a specific entity. Their theory also rests on the belief that normally, management of marketing involves the prominent importance of managing relationships and not solely on the transactions themselves. Moreover, the focus of relationship marketing is not on single exchanges, but instead on the relationship as a whole. If mutual trust exists between all parties involved in a market, then exchanges are imminent (Grönroos, 1999).

1.2 Problem

The field of e-Commerce is highly popular and according to the studies mentioned earlier in this Thesis, there exists several thousands of websites operating in it. Goods sold on the Internet by US companies reached 109 billion USD during the year 1999, by the year 2000, the numbers attained 251 billion USD and by the end of year 2001, over 93 percent of the US companies had at least a small portion of their transactions carried out over the Internet (Amit & Zott, 2001). Additionally, these figures have certainly been growing since, thus highlighting the large number of firms operating via the electronic networks. This in turn shifts the focus from the product itself to the quality, price and richness of the value created.

It is strongly advised to have a unique marketing strategy in order for companies to survive in the crowded arena. In a study conducted by Liu, Guo and Hsieh (2010), it is revealed that auction websites have become one of the most successful Internet business models and that they have accounted more than 25 percent of the total online retail purchases in the United States itself. This data highlights the existence of high potential profitability for start-up firms willing to enter the field. However, as previously mentioned in the background chapter, not all the companies that have entered the electronic business domain, managed to stay.

1.2.1 Delimitations

The following section depicts the factors that hindered the investigators from the generation of more effective collection and analysis of data. One important element to mention is the time factor. As the Thesis course was limited within a four-month period, the research was restricted to a certain level of depth that inhibited the researchers from taking the study into further insights. Not only that, but certain theories pertaining to the traditional marketing approach was not enclosed in the Thesis due to fact that it is not aligned with the perspective that was taken into consideration.

Another aspect to point out is the financial constraint that limits the researchers from practically assessing their findings. An example of this could be the inability to test whether the conclusions drawn can be applied in practice by the means of testing them on other case studies. Lastly, if more time was provided, several case studies (two to three) could have been conducted and compared against each other, thus enlarging the degree of validity and reliability of the findings.

1.3 Purpose

The purpose of this paper is to develop an external marketing strategy that can be employed by start-up firms operating in the e-Commerce of reverse auction sites.

1.3.1 Research Questions

- How can an online business develop a marketing strategy using the *Service Perspective*?
- What are the possible determinants of success for e-Commerce start-up firms?

1.4 Disposition

This Thesis proceeds by explaining how the introduction of the Internet has changed the interaction between customers and suppliers, and briefly presenting what the *Service Perspective* entails. In the chapter on Methodology, the reader is provided with an explanation of the case study method, why it is utilized and how it is applicable when combined with prior research. The Theoretical Framework chapter examines previous research conducted within the field, beginning with the importance of maintaining business relationships, discussing the possible benefits of adopting a *Service Perspective*, exploring the critical success factors (CSFs) for e-Commerce start-up firms, and lastly investigating the market by the token of a SWOT Analysis and Competitor Map. In the Empirical Data chapter, the focus is shifted towards the company, EarnBidWin.com, explaining all the details about the firm and how they operate. Moreover, in the Analysis stage, the current marketing strategy of EarnBidWin.com is presented along with a

SWOT analysis and a discussion of the main competitors through a Competitor Map. During the course of chapter six, an alternative marketing strategy is proposed using Grönroos' *Service Perspective* (2007) combined with the CSFs introduced by Feindt et. al. (2002). Lastly, a conclusion will be presented covering the purpose and answering the research questions.

2 METHODOLOGY

This section will introduce the research methods used for collecting the data, as well as present available resources employed to fulfill the purpose of the Thesis. Furthermore, merits and limitations of choices, including a discussion of issues of validity and reliability will be discussed in the following section to properly assess the methodology.

In order to specify the purpose of every study, no matter the type and aim, appropriate research methods should be used as well as relevant data collection techniques. These allow the researcher to generate pertinent information about how to proceed with a solution for the specific problem. As previously stated in the purpose, EarnBidWin.com is the particular company in which this paper will focus on and therefore, the most appropriate research method to use for such purposes is a case study.

According to Davies and Beaumont (2007), they believe that a case study can be defined in one of two ways. First, it can take the form of a precise study of an entity, such as a corporation or a corporate division that focuses on the determinants for success or failure. Second, it can be a cautionary or standard model, an informative example. EarnBidWin.com's case is most likely to portray the former definition, as it entails the investigation of the current marketing involvement of the company and aims to explore certain factors for success. The defining features of case studies, outlined by Yin (1994), suggest that the case study research is an empirical inquiry, which investigates a phenomenon "within its real-life context" (Yin, 1994, p. 13). As the last sentence implies, a case study usually focuses on concrete situations and aims to solve problems or investigate certain matters deeply and thoroughly.

Business research methods, strategies, techniques and sources vary from one study to another depending on different factors such as the nature of the purpose, the aim of the researcher, the specification of the research questions, the relevance of each method, and the nature of the data collected. According to Brannick and Roche (1997), there exist two types of data, one that is qualitative and another that is quantitative. The latter is a form of a numerical representation of the information gathered, which can be easily and uniformly applied to a large number of cases under investigation. As for the qualitative data, it mainly takes the shape of contextual visualization rather than anticipation reduced to numbers. It provides a level of understanding that is relatively more comprehensive and accurate since it focuses on a small number of cases. This Thesis will focus on qualitative data due to the fact that it aims to gather extensive information about EarnBidWin.com, appropriately aligned with the purpose.

In this particular paper, the case study will have an exploratory approach in the sense that it will focus on investigating concepts and previous studies conducted on marketing online businesses. In addition, it will propose a relevant marketing strategy that is useful for the company in question, EarnBidWin.com. According to Brannick and Roche (1997), exploratory research is utilized when the researcher aims to answer the “what” type of questions, seeking insights into the overall nature of the problem. This method goes in line with the purpose of this study, as it firstly helps to explore what the company is currently providing and secondly facilitates the process of “what” to propose. As discussed by Yin (1994), case studies are used to answer questions of what and how. It is therefore believed that this method is the most appropriate one for fulfilling the research questions as it generates expansive information on how to develop suggestions for EarnBidWin.com’s marketing strategy.

2.1 Data Collection Techniques

2.1.1 Literature Review

Previous authors and researchers have worked extensively on online marketing related issues, providing potential explanations and developing theories within the field. Hence,

it is of high significance to bear in mind their contributions and refer to them when relevant. In this particular study, several literature reviews will be used, amongst which peer-reviewed journals and academic literature can be mentioned. A large portion will focus on Grönroos' *Service Management and Marketing* (2007) as it is planned to base the marketing strategy on the *Service Perspective*. This literature will be employed as grounded references to reach solutions for the major rationale.

In the course of extracting peer-reviewed journal articles, various databases have been utilized, such as ABI/Inform, Business Source Premier, JSTOR, Scopus and Google Scholar. The trial and error manner was employed by the researchers in order to find appropriate keywords.

2.1.2 Interview

Interviews are efficient when it comes to retrieving information about a specific subject since they provide a personal contact with knowledgeable individuals, as well as give the opportunity for further questions in case of misunderstandings. The most important aspects when conducting interviews, according to Brannick and Roche (1997) are: *the approach*, *respect for respondent*, and *manners and appreciation*. *The approach* implies being prepared in advance, using time wisely and appearing familiar to the subject. *Respect for respondent* is the situation where the identity of the interviewee is protected and kept anonymous if so desired, as well as when interviewers avoid expression of criticism, agreement or disagreement when the respondent is answering the questions. Lastly, *manners and appreciation* stress the significance of showing respect for the help given by the respondent and their cooperation, time and energies deployed.

After having decided on the topic of the Thesis, an interview was conducted with the founder and CEO of the website, Dr. Bill Lim. The interview was performed through the communication media Skype, as the respondent is currently settled in Malaysia. Questions about different aspects were prepared prior to the interview, ranging from basic information about online auctions to specific data about EarnBidWin.com and how everything precisely operates. Guidelines for the interview were set in advance in order to ensure that no questions could be unintentionally disregarded and that the time could

be used efficiently, instead of retrieving scattered ideas. Apart from that, as the aim of the interview is mainly to gather information about the company rather than to compare it with others, the interviewers made sure that each one of them (as there were three interviewers) gathered all type of possible issues that seemed unclear for them prior the interview to ensure that the questions were of an open-ended nature. By doing so, one can make sure to gain all kinds of clarifications from the most relevant source (as the founder knows best about his own company) and allow the conversation to flow easier and smoother by the use of open-ended questions.

As stressed by Saunders, Lewis and Thornhill (2009), the interview was saved on an audio-recording device throughout the whole process to ensure that there is a path for retrieving the information gathered. This way, one can make sure that the data is still recorded and saved with the voice of the respondent in case of misunderstandings, problems, or distrust situations. Another advantage of recording the interviews is to direct the focus towards listening and communicating with the respondent rather than concentrating on taking notes.

In addition to the first basic interview, a second formal interview was conducted with Dr. Bill Lim, four weeks prior the submission of the work. The aim of the interview was to gain knowledge about the marketing tools employed, the current status of the company and the actual actions taken by the CEO and the responsible delegates involved in order to achieve the main objectives. Again, the interview was recorded and saved on a device to ensure that the information can be easily retrieved. The entire procedure was similar to the first interview when it came to questionnaire preparation, the type of questions interrogated and the attitude of the interviewers against the interviewee and his answers.

Although only two formal interviews were conducted, it is important to stress the fact that electronic mails were always held current between the group and the CEO to update him about each chapter that was finalized, in order to make sure that any improvements on the content of the Thesis were made and any possible feedback could be given. The previously mentioned method was repeated several times throughout the entire research

and investigation to keep both parties updated, as well as to ensure a flow of information accessibility during the entire study.

2.2 Merits and Limitations

According to Davies and Beaumont (2007), case studies are efficient research methods to investigate problems from a holistic perspective. In other words, they can be employed to generate information about companies from several aspects since the case is only one, and therefore the researcher could go as deep and as far as desired.

2.2.1 Validity, Reliability and Trustworthiness

As the investigation is holistic, long lasting, flexible and deep, it is believed that time, energy and knowledge consumed in it will lead to valid and reliable results. The problem however, lies in the fact that the results cannot be generalized on a large number of entities since the sample size, “n”, conducted is relatively small and therefore cannot be applied to other similar companies. Yin (1994) believes that a case study should be tested for validity and reliability. This could be performed by replicating the findings of the study in a second, or even a third case if required, to prove that the results will reoccur in a similar fashion. However, as the purpose of the study is not to generate a theory rather than to propose a method of action, the study does not require any replication.

Validity, according to Saunders et. al. (2003), stresses the relationship between what the researchers have measured and what was projected to be measured. In the case of this Thesis, the investigation conducted was done according to the purpose and the research question that were set up from the beginning. The empirical data presented along with the findings suggested in the discussion chapter, were all information that proved to be valid and directly responsive to the research questions.

As for the reliability of the work, it is important to bear in mind that this study is qualitative. This, as stressed by Brannick et. al. (1997), implies that there exists a high level of obscurity when analyzing the data, as there is no exact execution procedure to be em-

ployed for this process. The analysis of the data collected is therefore an individual interpretation of the data gathered and does not consist of a scientific or statistical calculation.

Moreover, a large share of information presented in the empirical data is based on the interviews conducted with the CEO of the company. Inconveniences such as the CEO forgetting to mention necessary information, intending to conceal certain information, or even alter some information for personal interests, can be existent. Again, as the information is taken directly from the person, it is almost unfeasible to assess the reliability of what is being presented, as Dr. Bill Lim is describing the existing operational actions of his own company. In addition, the interviewers can probably misunderstand and/or misinterpret some aspects or even select the information, which they desire to focus on, abandoning other important data that could have been relevant for the study. Time is also an important factor to be mentioned, as the interviews were conducted via Skype from different geographical areas. The different time zones could have led to stress and discomfort for both the interviewers and the interviewees. Consequently, the findings based on the interviews could be deemed as biased or lacking reliability.

Additionally, the information gathered from the interviews was presented in a narrative manner, a way that incorporates the empirical data within the text. This could also have led to unintended violations of direct ideas that have not been presented as precisely as when gathered. However, high consideration was taken to keep the information as authentic as it was taken from the interviewee. At some parts, information has even been quoted directly as stated. The interview, the academic literature, the articles reviewed, and the text written in this Thesis, were all performed using the English language, avoiding translation inconveniences.

As for the data collection techniques, interviews are sometimes considered to be biased especially when information is gathered from individuals that are related to the company in question, in this case, Dr. Bill Lim. However, two of the authors of this Thesis have no relations tied with the CEO. Therefore, if the empirical findings are appropriately utilized and wisely filtered, researchers can turn biased information into objective and reliable data. Double-checking the information and ensuring that it is thorough and

authentic could be a means for achieving this task. Filtering the data can be accomplished by the use of observation techniques, which could help to monitor at least a few aspects of what has been gathered.

When it comes to the literature reviews, one could argue that the possibility of lacking real life applicability is existent. Authors focus on providing theoretical approaches that are far too general or way too narrow. Nevertheless, academic literatures as well as peer-reviewed journals are both a result of long-term research, studies, investigations and experiments. This highlights the huge efforts that have been utilized in similar studies and emphasizes the reliability and validity of such references. As these foundations are highly authentic, one will only need to filter the appropriate data needed for the specific problem and know how to utilize it in an applicable way to real life situations.

3 THEORETICAL FRAMEWORK

In this chapter, an explanation of the concepts of the *Service Perspective* will be provided, along with the theories related to the contributing factors of growth in e-Commerce. These frames of references will then be utilized when developing a proposed marketing strategy for the company in question. Furthermore, an introduction of two market analysis tools will be briefly elaborated on: the SWOT Analysis and *Competitor Map*. These specific tools were chosen in an attempt to acknowledge the advantages and disadvantages in the business environment. The information will help provide a deeper and more clarified understanding of the market conditions, and will assist in the shaping and motivating of the proposed marketing strategy presented in chapter five.

3.1 Marketing Through a Service Perspective

3.1.1 Business Relationships

The relationships in business markets are increasingly important in many company's operating strategies. According to Wilson (1995), buyer and seller relationships have become one of the most popular integral parts of B2B operating strategies since 1985.

These relationships have existed since humans began trading goods and services. An important phenomenon related to buyer-seller relationships is that many buyers are developing single source suppliers because of the pressure to increase quality, reduce inventory, develop just-in-time (JIT) systems, and decrease time to market. Both the individual buyers and sellers are influenced by variables such as organizational structure, technology levels of the firm, and available resources. The individuals' attitudes, goals, and experience influence their behavior within the interchanging processes (Wilson, 1995).

The atmosphere of the relationship can be thought of as a hybrid culture that develops between the buying and selling of firms. This in turn reflects intertwined elements of both the firm's cultures, yet is different from each of the firm's separate culture. The groups of individuals who compose the hybrid team in a buyer-seller relationship acquire assets from its parent organization, since partners need to commit resources and people to the relationship. If the buyer-seller team develops strong mutual goals, trust, and social bonding, they will want their firm to commit appropriate resources to complete the task. As the team fights for resources to do this, resource negotiation will take place not only between the partner firms, but also between the firm's hybrid team members and their colleagues (Wilson, 1995).

3.1.2 Customer Perspective

Previous empirical studies of relationship conducted by Crosby, Evans and Cowles (1990) have shown benefits of customer loyalty as viewed from the perspective of the firm (cited in Gwinner, Gremler & Bitner, 1998). As a result, the benefits to service providers for having developed strong relationships with their customers can thus contribute to a loyal customer base. Loyal customers can lead to many advantages, ranging from the social aspects to the economic and financial aspects of a firm. They are more likely to purchase goods and services without hesitation. In addition, loyal customers can also lead to a huge decrease in costs, particularly because loyal customers are most likely to cost less in providing services. This is, in large part, due to sales, marketing, and setup costs being amortized over a longer customer lifetime (Gwinner et. al., 1998).

Relational benefits are defined as those benefits that customers receive from long-term relationships above and beyond the core service performance. Gwinner et. al. (1998) state a basic assumption that underlies the current exploration that customers have a choice among all other service providers; that is, the industry environment is competitive and customers have the opportunity of switching providers. The central focus is to build a strong and loyal customer base, which is increasingly the principle of many businesses as they see the significant bottom-line value of doing so. However, for a strong relationship to exist, both parties must experience benefits (assuming each party can choose whether to remain in the relationship). The research conducted by Gwinner et. al. (1998) has focused primarily on the benefits of long-term customer relationships from the perspective of the firm. Only by examining the benefits from both sides of the relationship and the customer can firms build effective relational strategies.

3.1.3 Service Orientation

As explained by Kotler, Armstrong, Wong and Saunders, “Marketing is managing profitable customer relationships” (2008, p. 6). To manage these relationships require specific interactions to take place between all parties concerned. This interaction process is at the foundation of the *Service Perspective*. According to this point of view, the main solution (physical product, service, or a combination of the two) is not enough to differentiate an offering from competitors. It is perceived that the offering should support the customer’s value generating processes. This core solution, along with various customer relationship elements, combines to create a package called the *Total Service Offering* (Grönroos, 2007). This concept embraces the main aim as establishing valuable relationships with customers and other stakeholders.

Henceforth, establishing, maintaining and enhancing customer relationships, respectively, imply that the marketing situation is different depending on how far the customer relationships have developed. According to Grönroos (1990), the service provider’s point of view states that: establishing a relationship involves giving promises, maintaining a relationship is based on the fulfillment of promises, and finally, enhancing a relationship entails that a new set of promises are given with the fulfillment of earlier promises as a prerequisite.

The relationship definition of marketing does not claim that the traditional elements of the marketing mix, such as advertising, personal selling, pricing, and conceptualizing of the product, are less important than earlier. However, it demonstrates that other considerable determinants may be of importance to marketing than the means of competition towards the marketing mix. It is based on how to develop and execute a positive marketing performance, rather than just on what decisions to induce in order to conduct marketing schemes (Grönroos, 1990).

Furthermore, adopting a *Service Perspective* does not attempt to neglect the importance of other values within an organization, rather it prioritizes the values based on delivering superior quality to the customer. One can see a distinct cyclical link between the implementation of a service orientation, service quality, and profitability. When an organization chooses an orientation that is founded on the importance of good service, having an aligned culture is considered to be a founding factor for the success of such a strategy. The culture within the organization determines, to a great extent, how employees at various levels will react in certain situations. Hence, if the culture is rooted in delivering superior service quality to customers, then employees are more bound to go the extra mile to fulfill the customers' needs (Grönroos, 2007).

3.1.4 Service Quality

In general, how a customer perceives service quality is determined by the interplay between their expectations and the actual experience. The quality a customer anticipates from a service is formed by various factors that the company has shaped through its marketing communication, previous sales performance, image, public relations, and word of mouth. The customer's own needs and values also determine these expectations. When the customer chooses to make a purchase, they will then judge the level of quality depending on the extent of these expectations and whether they are aligned with their actual experience. The technical (what is received) and functional (how it is received) qualities affect the experience itself (Grönroos, 2007).

Furthermore, Parasuraman, Zeithaml and Berry (1988) developed a *Gap Analysis Model*, in an attempt to explain the determinants of customer expectations and experiences (cited in Grönroos, 2007). According to this model, expectations are created through the customer's past experiences, personal needs, and word of mouth communication, along with the marketing activities performed by the firm. The experience itself is referred to as the *perceived service* and is composed of several internal activities and decisions within the company. Inconsistency in the quality of these internal processes results in quality gaps. These internal gaps can occur at different stages, thus management can increase the awareness of what gap(s) need to be attended to and how to solve them. Given these elements of perceived service, focus can now be shifted specifically towards service quality in e-Commerce (Grönroos, 2007).

Traditionally, it is a belief that the price-level and amount of web presence are the two main contributing factors to success in e-Commerce. However, in order to implement a strategy that values repetitive customer purchases and contributes towards building consumer loyalty, firms will need to re-think the way they conduct their business. By evolving the mindset of the firm to consider the encounters taking place before, during, and after the transaction with the customer, one can define this aspect as adopting an *e-Service Perspective* (Zeithaml, Parasuraman & Malhotra, 2002).

Service quality is significantly correlated with the satisfaction of the customer and their intent to make a purchase and/or a re-purchase. Hence, it is of utmost importance to identify and understand how service quality is defined and what it consists of. The basis used by customers to evaluate quality online has been determined by five components: *information availability and content, ease of use, privacy/security, graphic style, and fulfillment*. The latter refers to the ability of the provider to fulfill promises by delivering on time and that it follows the agreed upon terms. *Information availability* and *ease of use* refer to the content displayed and the functionality of the website. This is also related to *graphic style*, which encompasses the text style, colors, pictures, and animations throughout the website (Zeithaml et. al., 2002).

In order to determine what characteristics are the most important for service quality and to ensure consistency, academic researchers have developed different attribute-based

measurement instruments, *SERVQUAL* being the most notable (Grönroos, 2007). However, it lacks in some regards when put to use in an online environment, therefore, *e-Service Quality* (e-SQ) was developed in order to satisfy this gap, by making modifications to the original framework (Zeithaml et. al., 2002). According to this instrument, there are four aspects that are deemed important for a customer evaluating the quality of a routine online visit, where there is no occurrence of problems or questions. The first measure is the level of *efficiency*, which is decided by the ease of arriving at the website in question, finding the product and receiving desired specifications, and making the purchase with maximum ease. The second determinant is *fulfillment*, which is judged by a company's ability to fulfill what it promises on time and in an accurate way. *Reliability* in e-SQ relates to the technical functioning, meaning that it depends on the website being available when it is expected to and also working in the intended manner. The last point to discuss is *privacy*, referring to the ability of the company to maintain data on customer shopping behavior within the firm and that credit card information is kept secure (Zeithaml et. al., 2002).

When a customer encounters a problem or needs a specific question answered, three additional service aspects are required for positively perceived quality. These instances can be described as service recoveries and can be an opportunity for the company to improve its relationship with the customer, if performed in the correct manner. One key attribute is *responsiveness*, which is dependent on how accurately the customer is provided with information when the failure occurs and how appropriately the situation is dealt with. This can be provided by online guarantees and having a system for handling returns. The company must also be willing to *compensate* for any failures that occur, even if the customer might be the one at fault. The last aspect expected by customers stem back to an essential human need, *communication*, referring in this context to how well the firm provides the opportunity to contact live customer support personnel (Zeithaml et. al., 2002).

3.2 Contributors to Growth

The building of relationships through a service orientation is one potential way to achieve growth in customers. Growth of the user-base for e-Commerce websites is crucial, nevertheless for start-ups in online auctions. Without users bidding and placing products up for auction, the site will thus collapse. Therefore, identifying factors which are contributors to growth and success in the e-Commerce market is essential to help shape the marketing efforts of a company.

Research pertaining to growth contributors of small medium enterprises (SMEs) is abundant, however, not as much specifically within e-Commerce. Churchill and Lewis (1982), and Greiner (1972) conducted studies to produce a model, which presented stages of developing a business and its growth and criteria for reaching each level (cited in Feindt, Jeffcoate & Chappell, 2002). Another related research performed by Lin (1998) emphasizes the importance placed on human resources within SMEs. Lin (1998) also found that having the right set of skills within management was deemed more important than technological or structural factors (cited in Feindt et. al., 2002). The role of the founder is imperative in assisting the development of employees' skills. Corresponding research by the London Business School identified similar aspects existing within successfully growing companies (cited in Feindt et. al., 2002):

- A founder that is experienced and knowledgeable about that specific market
- Interacting closely with customers and offering service or products of high quality
- Being flexible and innovative when it comes to issues concerning marketing and technology
- Focusing on profit instead of sales
- Valuing employees and often providing a reward system
- Operating within a growing market

In addition, a study by the Dutch Ministry of Economic Affairs discovered that for high growth firms, compared to those of low growth, the founder often has large influence over the performance of the organization (cited in Feindt et. al., 2002). Successfully growing companies have better organized internal business processes along with the ability to break through obstacles hindering growth. These findings are based on survey results collected from 300 low and high growth companies in the Netherlands.

3.2.1 Critical Success Factors

A European Union project referred to as “KITE” examined general success factors for high growth firms. Critical success factors (CSFs) were introduced for the first time in 1979 by Rockart and defined as “the limited number of areas in which results, if they are satisfactory, will ensure successful competitive performance for the organization” (Feindt et. al., 2002, p. 54). They continue by explaining that KITE was an attempt to use these previous guidelines and apply them to determine the success for SMEs within e-Commerce. The project gathered data from 150 SMEs worldwide competing in the e-Commerce arena.

Feindt et. al. (2002) combined Rockhart’s guidelines, along with KITE research to identify 11 CSFs relevant for e-Commerce companies. However, four of them were determined to be crucial in contributing to success for all firms functioning in the e-Commerce environment: *content*, *convenience*, *interaction*, and *control* (Feindt et. al., 2002). *Content* relates to the attraction of interest of customers through the presentation of the product or service over the Internet. When SMEs are at the start-up phase, they often hire external providers to fulfill certain processes such as delivery and customer support. One needs to choose reliable business partners (*control*) because customers hold the supplier responsible for all processes, even those externally based. *Convenience* and *interaction* are closely related aspects. *Convenience* can be described as the usability of the website, which contributes to successful relationship building. Providing exceptional customer support, offering transparency, and serving registered members with additional service information, are forms of *interactions* that build trust and loyalty. It is often a belief that customers on the Internet are volatile, but in fact they are very adhesive if a firm considers the previously mentioned aspects (Feindt et. al., 2002).

3.3 Market Analysis Tools

3.3.1 SWOT Analysis

The SWOT analysis aims to identify the strengths and weaknesses of an organization and the opportunities and threats in the environment (Dyson, 2004). An internal aspect of the organization identifies the strengths and weaknesses, while an external aspect examines the opportunities and threats. The internal component explores all aspects of the organization covering, for example, personnel, facilities, location, products and services, in order to identify the organization's strengths and weaknesses. The external component scans the political, economic, social, technological and competitive environment with a view to identifying opportunities and threats. A SWOT analysis is usually presented as a method of rapidly moving towards an agreed strategy, however, it can also aid in generating new strategic initiatives and development processes. This testing should be against all the scenarios developed, where they exist, and a financial evaluation would certainly be advisable if not mandatory. Therefore, the SWOT analysis can be seen (*Table 1*) as an injection into an on-going process rather than just a process per se (Dyson, 2004).

Table 1

Internal Origin

External Origin

<u>Strengths</u>	<u>Weaknesses</u>
<u>Opportunities</u>	<u>Threats</u>

3.3.2 Competitor Map

In order to gain a sense of the competitive environment, a creation of a *Competitor Map* was utilized based on the theories of Rayport and Jaworski (2001), as can be seen in *Figure 1* (cited in Kotler et. al., 2008). This model displays the main customer activities performed within the analyzed company and for which of these activities other companies are posing a competitive threat. The competitors are divided into two categories, direct and indirect, with the indirect players not explicitly involved in the customer activities identified, but with the potential of becoming direct competitors (Kotler et. al., 2008). Due to the indirect competitors not currently playing a major role in the competitive environment, a thorough examination will not be included in the analysis chapter. In analyzing Rayport and Jaworski's framework (2001), a greater awareness of the players' degree of influence in the market and what they offer is gained. This in turn spreads awareness of the advantages and disadvantages it provides for the specific company. Furthermore, this information provides a deep understanding of market conditions assisting in shaping and motivating the proposed marketing strategy.

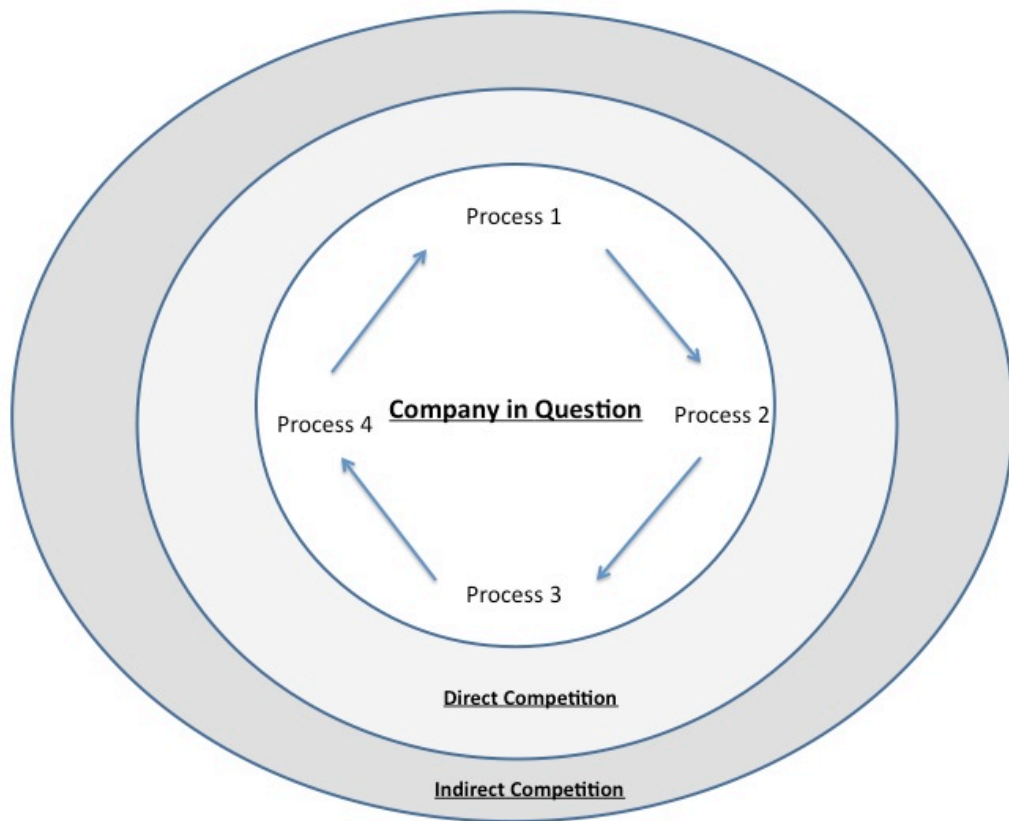


Figure 1: Competitor Map

4 EMPIRICAL DATA

4.1 EarnBidWin.com

As provided by Dr. Bill Lim with internal reports (Dr. Bill Lim, Personal Communication, 2012-02-08 and 2012-04-27), EarnBidWin.com is a marketing platform bringing new and innovative concepts to the social media marketplace. By providing an AZP (a micro-payment token) based platform, advertisers and consumers are brought together in a non-intrusive, exciting, enjoyable, and rewarding manner. AZPs, which stand for A-Z points, are the virtual currencies implicated to EarnBidWin.com. Each AZP is equivalent to 0.01 USD and members online purchase them. Payments by members to EarnBidWin.com or to other members are made in AZPs.

The AZPs, e-Campaigns, and reverse auctions are unique implementations designed to drive traffic towards the website. They also increase brand awareness for businesses while rewarding members for their time and effort in active participation. Membership to EarnBidWin.com is free and open to anyone anywhere in the world. However, primarily, target members are mature business-minded individuals who are serious about earning money online. Leveraging on these concepts of social network marketing are offered by the *Global Associate Program (G.A.P.)* – an innovative and highly lucrative business opportunity not available on any other social or business networking sites (Dr. Bill Lim, Personal Communication, 2012-02-08). With the benefactor of having a first and informal interview with Dr. Bill Lim, we were able to comprise the general basic background of EarnBidWin.com and tap inside to the specific functions and operations of the company as a whole.

4.1.1 How It Works

4.1.1.1 Earn

For the first time, members who create and upload digital content such as “blog” posts, e-Profiles, photos, videos and files can monetize their content by imposing a premium revenue-sharing viewing fee based on AZPs; AZPs earned are fully redeemable for cash. EarnBidWin.com still continues to develop their unique platform, adding new, exciting and fun features for the benefit of their members. The mission statement is to always adhere to high quality design and implementation standards that will deliver an unparalleled user experience.

There are also other ways of earning AZP currency; as previously mentioned, e-Campaigns play a major role, providing companies with the opportunity to build brand awareness by either offering quizzes or surveys for members to participate in. By engaging in these activities, a member earns AZPs, which can be either cashed out by exchanging back into “real” currencies or used to bid on products and services being auctioned on the website. Any member can create e-Campaigns to drive brand awareness and drive traffic to both the user’s personal profile and external website. According to EarnBidWin.com, e-Campaigns are either directed as quizzes or surveys. Advertisers

can set up to 10 multiple-choice questions, with participating members only being allowed to earn once from each e-Campaign. If a member fails to answer correctly and thus fails to earn, the member is allowed to try again until all answers are correct to earn the AZP award. Each e-Campaign will give the advertiser reporting capabilities based on the quiz or survey questions. For example, how many people answered correctly from various demographics or how many chose a particular preference based on survey questions.

Advertisers can restrict participating members based on geographical location, gender, age group, group membership, and interest categories indicated. Advertisers and members can invite other members to participate in an e-Campaign. Each e-Campaign will have two views: the advertiser (and admin) view and the participating member's view. E-Campaigns created by the admin and other members are listed and viewable by all members with filtering options. Lastly, the e-Campaigns are shared fluently on other various social networks.

4.1.1.2 Bid

The bidding system designed for EarnBidWin.com is based on the format of a reverse auction. After members have gained AZPs through earning or exchanging “real” currency, they can then use this virtual currency in paying bidding fees. Reverse auctions have been used to great extent in the B2B market spectrum, being set up privately by businesses, inviting suppliers to place bids on the price they are willing to provide a business solution for. In this format, firms are aware of what each competing firm is bidding, concluding with the lowest single bid being the winner. EarnBidWin.com has evolved this concept further, making it appropriate for B2B, B2C, or C2C markets.

In order to bid on a product or service, the member needs to pay a bidding fee. This fee will be used to fulfill the asking price being paid to the seller and all other associated costs with the procurement. The asking price is given in AZP currency, along with the cost of placing a single bid. A member attempting to win the auction can place an unlimited number of bids, but pays a fee for every bid. Everyone involved in the auction is unaware of what other parties have bid, which is inevitably going to result in several

bids of the same value. With this system EarnBidWin.com has established, the single lowest bid is the winner. Each auction is designed to end in a hard close manner, meaning that a predetermined criterion is set for when the bidding is to end. The determinant is set in the fulfillment of the asking price by the total value of the fees for placing each bid.

By providing the following example, one can better grasp an understanding of how this process works. *Person A* wants to sell a t-shirt for 20 USD in which EarnBidWin.com uses a mathematical formula to incorporate a fee for listing the item on the website. This formula also includes a success fee paid to EarnBidWin.com for conducting the auction, along with miscellaneous fees, which includes legal costs and shipping and handling. In this case, the total cost for these fees are estimated to be 5 USD. Therefore, the asking price is set to 2,500 AZPs equivalent to 25 USD. By setting a bidding fee of 10 AZPs, it would result in the auction, requiring 250 bids in order to fulfill the asking price ($250 \text{ bids} \times 10 \text{ AZPs} = 2,500 \text{ AZPs}$). Keep in mind that it is not just the lowest bid that wins the t-shirt; it requires the *single* lowest bid. *Person B*, on the other hand, has bid twice attempting to acquire the t-shirt, the first being 1,500 AZPs and the second 2,350 AZPs. However, *Person C* has also made a bid at a value of 1,500 AZPs; hence it is now no longer the single lowest bid.

It turns out that when 250 bids have been reached, *Person B*'s bid of 2,350 AZPs is the single lowest, hence, culminating the reverse auction. *Person B* only pays 20 AZPs for the two bids he placed and in turn acquires the desired t-shirt.

4.1.1.3 Win

As demonstrated by the example, the bidding process results in the satisfaction of many different parties. *Person A* receives exactly the value desired in exchange for their t-shirt, and *Person B* gains a t-shirt valued at 25 USD at an exceptionally low price equivalent to 0.20 USD. The losing parties can find satisfaction in the fact that they can participate in several other e-Campaigns to earn new AZPs, which in turn can be used in new auctions. Companies are also left better off by being able to gather useful customer data through surveys and spreading brand awareness.

4.1.2 Global Associate Program (G.A.P.)

According to EarnBidWin.com, any member aged 18 and above can participate in the Global Associate Program. Members qualify as a Global Associate by buying an associate “kit” costing 500 USD (payable with 50,000 AZPs) for which they will receive 40 x 25 USD prepaid top-up cards for MVB credits. MVB credits can be purchased online with a valid credit card. The main difference between AZPs and MVBs is that when paying with AZPs, the user can only submit 1 bid value for each bid submission. When paying with MVBs, the user can submit 10 bid values per MVB credit used for the bid submission.

Part of the Global Associate’s functions is to help promote e-Campaigns and reverse auctions. If an associate helps another member create either an e-Campaign or reverse auction, the assisting Associate will be entitled to earn commissions paid according to their associate rank. However, members who are not qualified as Global Associates cannot earn bonuses or commissions. Thus, in the event where bonuses or commissions are to be earned through overriding by another member, but that member is not qualified, then such payments will go directly to the company. The member who missed out on the earnings will then be notified, and in the associate module there will be a field to track how much earnings the member, due to being unqualified, has missed.

5 ANALYSIS

In this chapter, an analysis of EarnBidWin.com’s marketing potential is summarized, along with an in-depth examination of the marketing tools gathered through personal communication with Dr. Bill Lim (2012-04-27). The purpose of analyzing the current marketing involvement of EarnBidWin.com is to obtain a thorough understanding of how they operate, and then direct the attention towards the creation of a SWOT Analysis. One of the major threats identified is the vast competition base within e-Commerce. Additionally, a *Competitor Map* was then formed to elaborate more on the competitive

environment, focusing specifically on the direct players posing a threat against EarnBidWin.com.

5.1 EBW Marketing Potential

EarnBidWin.com is creating leverage of social and business media to increase bottom-lines wherever that may be possible. According to Dr. Bill Lim, EarnBidWin.com is currently attempting to minimize marketing efforts and costs by leveraging off of Facebook (Dr. Bill Lim, Personal Communication, 2012-04-27). Making any member of Facebook able to sign into EarnBidWin.com without having to register at all performs this action. Basic information about the member is transferred, at the request of the user, directly from their Facebook profile. This reduces effort for the user and in turn decreases the entry barrier for the company itself.

“In this day and age there is no point putting out ads in newspapers and things like that, that’s just too old fashion you know. I think from our initial push through the linkage to Facebook right? Because of our connection to Facebook, it means for example that if you are a Facebook member and you join EBW, your friends will be able to see that you’ve joined EBW from your Facebook activity. And if you’ve posted a reverse auction or participated in a reverse auction or e-Campaign, that will also be posted through your wall and spread to your friend’s wall and so on. So that’s the kind of viral marketing that we’re looking for” – (Dr. Bill Lim, Personal Communication, 2012-04-27).

EarnBidWin.com’s marketing and sales strategies revolve around usage of the website, offering free bids, live reverse auctions, distributing prepaid cards, road shows, arranging shopping sprees, customer support, presentations, recruitment of Global Associates and training. Presentations and training will be conducted both online and offline. EarnBidWin.com’s focus is on mature business orientated people. In the category of business-orientated people, EarnBidWin.com looks to business users, students from colleges and universities, and people over the age of 17. Segments, which sit well with

and/or are complementary to EarnBidWin.com's G.A.P., are regarded as being most important.

5.1.1 Free Bids

Any new member of EarnBidWin.com will receive, as a "welcome present", one free bid on one of the auctions arranged by the company. Each member will be provided with a list of items that they may use this bid on, hence minimizing possible confusion. Subsequently, the user is able to earn more free bids by inviting their friends from Facebook or providing their e-mail domains.

5.1.2 Live Reverse Auctions

Another way of promoting EarnBidWin.com will be by having employees present at various predetermined locations, offering free bids to passer-bys. At these live shows, screens will be displaying the promotional auctions offered by EarnBidWin.com. At the same time, individuals can use computers provided by the employees to access the website online, become a member and place their free bids on these items. As explained by Dr. Bill Lim, "to make it more effective, the plan is that we will have some small lower-valued items that will close quickly on the day, on the spot" (Dr. Bill Lim, Personal Communication, 2012-04-27). These auctions will be items such as Ipads or Ipods that will only require around 100-500 bids to close the auction. The reason for EarnBidWin.com arranging these promotional auctions is to spread awareness and knowledge of their service on the market.

5.1.3 Prepaid Cards

These cards will be valued at one or two USD in MVB credits and will be distributed to people for free everywhere. By using the serial number provided on the prepaid card, individuals can log onto EarnBidWin.com and utilize the credits as free bids.

5.1.4 Road Shows

At the launch, road shows will be conducted in the major cities within Malaysia with an expansion planned towards other countries in the near future. They will be conducted in strategic locations, such as in the center of a concourse, where around a hundred thousand people could pass by on the optimal day. The idea is to attract interest by the use of loud speakers, a DJ playing music, along with having 12-20 “good looking girls” hired as temporary marketers giving away free items such as the prepaid cards. The estimated cost for each road show is around 10,000 USD.

5.1.5 Shopping Sprees

EarnBidWin.com intends to cooperate with various shopping malls to create a reverse auction to be a shopping spree for the mall itself. This in turn will drive traffic both towards the shopping malls and to EarnBidWin.com, making it a win-win situation for both parties.

5.1.6 Customer Support

The initial approach in dealing with customer support is not intending to include a call center support; instead, it will consist only of in-house staff hired to deal with service failures solely online. The support will be available 24 hours per day, seven days per week. When a user wants to file a complaint, EarnBidWin.com will follow the structure of an online ticketing system, prioritizing each problem by its severity. Asking an individual to categorize the problem through a given list of issues will perform this function. In this way, the problem will be transferred to the service personnel whom are most capable in solving that specific issue. EarnBidWin.com will not offer a telephone customer support due to the vast amount of potential calls that it might receive. It is considered by Dr. Bill Lim impractical to establish a call center due to the large amount of resources required to effectively maintain such an activity.

5.1.7 Displaying Content

EarnBidWin.com does not intend to have an advanced form of recommender system in the form of offering specific personalized recommendations; instead, the website will

provide filtering when searching for reverse auctions. One reason for distancing themselves from using a recommender system such as that of Amazon.com is due to legal issues. Amazon.com is currently contesting that they withhold a patent on that technology and are currently suing Facebook for replicating it (Dr. Bill Lim, Personal Communication, 2012-04-27).

5.1.8 Future Plans

EarnBidWin.com plans to open at least 40 international offices in the locations as listed in the cash flow projection. These offices will be staffed by trained personnel and will provide hubs for members and Global Associates. Simultaneously, these offices will promote EarnBidWin.com's existence, drawing the attention of future members and Global Associates in the market.

As can be seen from the cash flow projection, presented in *Appendix C*, major portions of the funds to be invested are directed to the implementation of the marketing strategy in its entirety. Coupled with the rollout of the marketing campaign in all its forms will be the incorporation of languages other than English.

Technology is not considered as a risk factor as all necessary design and planning is complete. The EarnBidWin.com platform is built and fully operational and thus operational risk is minimized. EarnBidWin.com empowers businesses to explore creative ways to generate new sales revenue – limited only by their imaginations.

5.2 Market Analysis of EarnBidWin.com

EarnBidWin.com offers a concept that combines the use of previously employed theories with others that are completely new. The internal and external environment will be examined through the use of a SWOT analysis as can be seen in *Table 2*. However, with such a broad platform with several functioning areas, they have to be aware that they have a vast competition-base. An introduction of a few of the competitors will be identified through a *Competitor Map*, as can be seen in *Figure 2*. This is then followed by an analysis of the firms determined to pose the greatest threat for EarnBidWin.com.

5.2.1 SWOT Analysis of EarnBidWin.com

Table 2

<p><u>Strengths</u></p> <ul style="list-style-type: none"> • New innovative concepts of e-Campaigns, AZPs, and G.A.P. • Special benefits and deals gained from the usage of their reverse auction program • As a start-up firm, EarnBidWin.com can gain attention from potential customers • Creates direct bonding between advertisers and consumers for better long-term branding • CEO knowledgeable and experienced in the field of information technology and e-Commerce 	<p><u>Weaknesses</u></p> <ul style="list-style-type: none"> • Loyalty to other companies hindering customers from becoming a user of EarnBidWin.com • Time factor to attract a sufficient amount of users for a proper functioning auction (specifically large items) • Minimal resources delegated towards marketing • No patent on any ideas or technologies
<p><u>Opportunities</u></p> <ul style="list-style-type: none"> • Expansion of e-Commerce involvement world-wide up to date • The ability to leverage off of Facebook • Geographic and demographic widespread attraction of potential customers • Different government policies and cultural norms allowing for wide-range marketing possibilities 	<p><u>Threats</u></p> <ul style="list-style-type: none"> • Strong and long-term established firms existent in the market • Different government policies and cultural norms • Low entry barrier resulting in thousands of competing copy-cat sites worldwide (no – lock-in)

5.2.2 Competitor Map of EarnBidWin.com

The categorization of the competitors is based on personal reasoning along with information gathered through the interview with Dr. Bill Lim, making this model case specific. Although the competitors identified hold various amounts of market share, a *Competitor Map* does not intend to identify main competitors based on size. Instead, the importance lays in the degree to which each respective company attempts to fulfill solutions for similar customer activities (Kotler et. al., 2008). By examining *Figure 2*, the inner circle displays the main customer activities when using EarnBidWin.com: *be-*

come/invite a member, share content, expand social networks, participate in e-Campaigns earning AZPs, participate in auctions, transaction process, and to earn great bargains. The next layer in the model shows the main competitors. Groupon competes through requiring membership and offering great potential bargains for their users. DubLi, eBay, and BidShark are all competitors offering a form of auctioning activity for their customers and a transaction process to go along with it.

Comparatively, the indirect competitors, as can be seen in the outer layer, are players in the market who have the potential to pose a threat if they involve themselves in a more threatening way. Facebook, MySpace, Twitter, and LinkedIn offer membership, an outlet for sharing content and expanding social networks. However, seeing how they do not provide a large extent of e-Commerce activities as their main goal, they have been deemed to currently pose indirect competition. Furthermore, EarnBidWin.com intends to leverage off of Facebook memberships to decrease the entry barrier.

In the following sub-chapters, a combination of the content from the SWOT analysis and *Competitor Map* will be utilized to give a deeper presentation of each of the main players in the market.

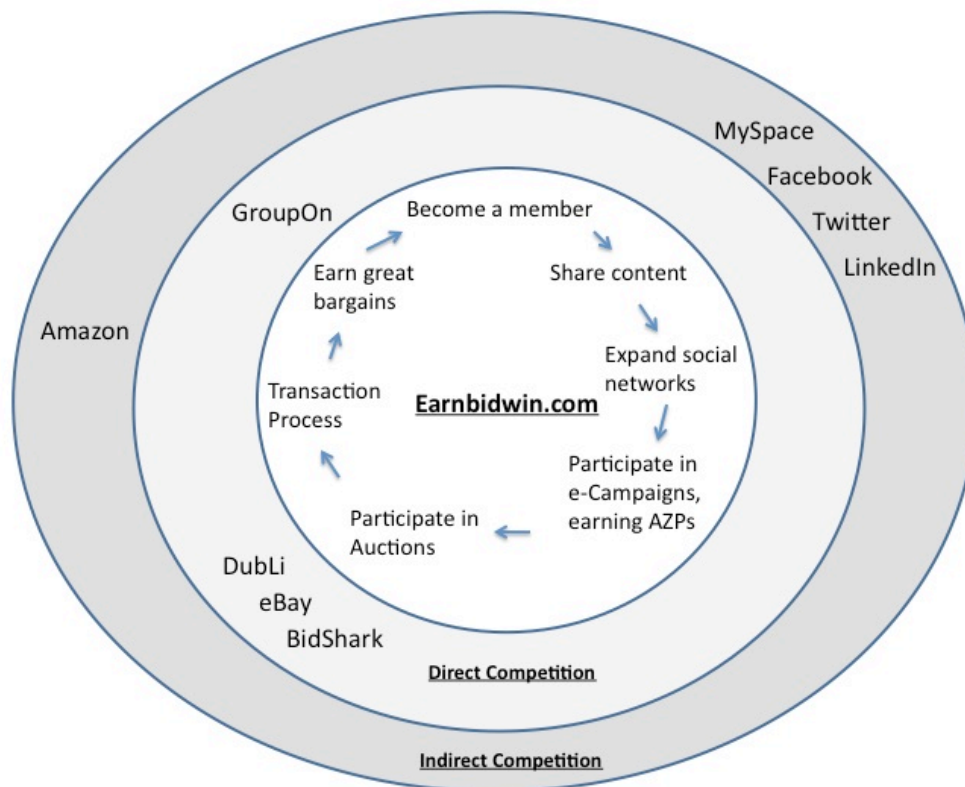


Figure 2: Competitor Map of EarnBidWin.com

5.2.3 Analysis of Direct Competitors

5.2.3.1 Groupon

As quoted directly from the official website of Groupon, “Groupon is a deal-of-the-day website that features discounted gift certificates usable at local or national companies” (Groupon, About Us, 2012). Groupon also states that, “The company offers one ‘Groupon’ per day in each of the markets it serves. The Groupon works as an assurance contract using ‘ThePoint’s’ platform. If a certain number of people sign up for the offer, then the deal becomes available to all. However, if the predetermined minimum is not met, no one gets the deal that day. Therefore, this reduces the risk for retailers who can treat the coupons as quantity discounts as well as sales promotion tools” (Groupon, About Us, 2012). Groupon earns money by keeping approximately half the money the customer pays for the coupon.

As the recent study conducted by Mui (2010) has shown, there are potential problems with Groupon's business model. For example, a successful deal could temporarily swamp a small business with too many customers, risking a possibility that customers will be unsatisfied, or that there will not be a sufficient amount of products to meet the demand. One coffee shop in Portland struggled with an increase in customers for three months when it sold close to 1,000 Groupons on the one day it was offered (Mui, 2010).

5.2.3.1.1 Comparison Against EarnBidWin.com

As can already be seen in *Figure 2*, Groupon has been determined to be a direct competitor of EarnBidWin.com. They pose a threat through offering similar functions for the customer in the processes of becoming a member and providing great bargains. When specifically comparing EarnBidWin.com to Groupon, there are no upfront fees distributed to the merchants. They believe that heavy discounting is attractive towards merchants. Groupon lacks a so-called 'network effect' to retain subscribers with literally zero cost to switch over to competitors. EarnBidWin.com, on the other hand, specializes in 'self-serve', meaning that any member can list an unlimited number of reverse auctions 24 hours a day, seven days per week (Dr. Bill Lim, Personal Communication, 2012-02-08). The low bidding fee starts from exactly one AZP/MVB credit.

5.2.3.2 EBay

Almost every Internet user today has heard, browsed, or used the online auction site eBay.com, a major online marketplace and currently the biggest C2C online auction site (Shmueli & Jank, 2005). EBay is the dominant auction site in the United States and hosts millions of auctions each day, with around a billion listings over the course of year 2008 (Reynolds & Wooders, 2009). Most of the auctions on eBay are known as the second-highest bids, where the highest bidder that wins the auctions pays the second highest bid made within the auction. EBay has specific proxy settings where the bidding system supports the bidders' highest bids that they are willing to pay (WTP) for the auction item. A bidder is free to place as many bids as they wish.

eBay uses closed-ended auctions, where the duration of the auction is fixed and predetermined by the seller. Besides the time and the amount of each bid in each auction, eBay also records plenty of information about the bidders, the seller, and the product being auctioned. Several million auctions occur daily on eBay and all closed auctions from the last 30 days are publicly available on the website (Shmueli & Jank, 2005). This huge amount of information can be overwhelming and confusing for the user, referring to the user as the seller, a potential buyer, or the auction house, who wants to incorporate this information into their decision-making process.

eBay has built an online person-to-person trading community on the Internet, using the World Wide Web (Bjornsson, 2001). Buyers and sellers are brought together in a manner where sellers are permitted to list items for sale, buyers are to bid on items of interest, and all eBay users are to browse through listed items in a fully automated way. Not only that, but eBay specializes in both streamlined and globalized traditional person-to-person trading. This has been traditionally conducted through such forms as garage sales, collectible shows, and flea markets. Therefore, this facilitates the exploration for buyers and enables the sellers to immediately list an item for sale within minutes of registering.

5.2.3.2.1 Comparison Against EarnBidWin.com

When referring to *Figure 2*, EarnBidWin.com competes directly with eBay when it comes to the auction process. Compared to eBay's listing fee, EarnBidWin.com provides a low listing fee of only 0.2 percent of the value (capped at a maximum of 300 USD). A beneficial factor that EarnBidWin.com provides for the auction is that there is no time limit. The reverse auction is closed only when the required number of bids is received. EarnBidWin.com guarantees the item owner the "Desired Net Amount" with no other fees or charges to pay as well as provides the winner that submitted the single-lowest-bid value 100 percent free of all charges (Dr. Bill Lim, Personal Communication, 2012-02-08).

5.2.3.3 Other Reverse Auction Sites

According to BidShark’s official webpage, all auctions are presented for a limited number of bids only (BidShark, How its Works, 2012). Any person can bid using any number of 25-cent increments (i.e. 1 USD, 1.25 USD, 2.50 USD, etc.). The user who has placed the single lowest bid, like EarnBidWin.com, acquires the item. However, in order to guarantee equal opportunity, only single bids are accepted in the last five minutes before the end of an auction. If an auction does not produce a so-called “Lowest Unique Bid” at its conclusion, then nobody is the final buyer and the auction starts again.

Not only does BidShark offer similar features to that of EarnBidWin.com, but DubLi also specializes in reverse auctions of the single lowest bids. DubLi is, according to the official webpage, the single most valuable web resource to find, to research and to purchase unused brand name products – clearly specializing in the new utilization of reverse auctions (DubLi, How it Works, 2012).

5.2.3.3.1 Comparison Against EarnBidWin.com

One major difference that EarnBidWin.com gains an advantage from both BidShark and DubLi, when examining *Figure 2*, is that when winning the single bid in BidShark’s or DubLi’s auction, that bid price of what the person is willing to pay for that specific item is the actual price that will be paid in the final outcome. EarnBidWin.com, on other hand, only deals with the AZPs that are being bid on throughout the whole auction. The lowest AZP bid of what the bidder is willing to pay will win the item and the only amount paid is the significantly small amount of money accredited to the AZPs. All other accumulated costs from EarnBidWin.com’s company foundation will then compensate for the rest (Dr. Bill Lim, Personal Communication, 2012-02-08).

6 DISCUSSION

After having analyzed the market potential of EarnBidWin.com, a comprehensive proposition for an alternative marketing strategy will thus be discussed. This discussion entails the combination of the *Service Perspective* (Grönroos, 2007) and the CSFs

(Feindt et. al., 2002) in constructing several marketing tools that are deemed, by the authors of this Thesis, the most appropriate towards achieving success.

6.1 Developing a Marketing Strategy

In producing an alternative marketing plan for EarnBidWin.com, the use of a *Service Perspective* was deemed appropriate. As previously discussed in this Thesis, its mindset values the creation, building and in some cases the termination of relationships. This is performed through adopting a *Relationship Marketing Approach*, meaning, “marketing is seen as relationships, networks, and interactions” (Grönroos, 2007, p. 275). Seeing how EarnBidWin.com does not have a patent on their technologies (Dr. Bill Lim, Personal Communication, 2012-04-27), copycats are likely to surge an up rise at a quick rate. However, by implementing this perspective, EarnBidWin.com can gain a sustainable competitive advantage by differentiating themselves from competitors through successful relationships (Grönroos, 2007).

This mode of thinking should be the lens in which EarnBidWin.com employees look through when performing all activities within the company. In order for this to occur, a strong foundation needs to be established by Dr. Bill Lim and spread through his supporting managers and in turn to all other employees. With the purpose of unifying this way of thinking throughout the organization, where customer relationships are managed successfully, a service culture needs to be fully embraced. Adopting a new corporate culture or adjusting the current culture (the shared beliefs, values, and norms within the company) of EarnBidWin.com is not something conducted overnight; instead, it is an ongoing long-term process. However, having a foundation that prioritizes in providing optimal service for the website’s users becomes a key in determining how employees act in all given situations (Grönroos, 2007).

Grönroos (2007) continues by discussing that once a service culture is in place, developing a service strategy becomes the next task at hand. To have a strategic focus on service requires top management to be genuinely supportive of this philosophy; it should be considered the natural way of performing all aspects within the organization.

Strategic concepts such as the mission and vision of the company should be aligned according to a service focus. Concepts within the organization related to achieving the mission and vision need to be clearly defined so that the employees within EarnBidWin.com have a stable set of guidelines to follow. This is, nonetheless, important when it comes to rewarding personnel. For example, if employees or sales associates are only rewarded based on sales or attracting new members, then this ambiguity may lead to personnel being lured away from working towards providing a great service.

The following issue at hand is the organizational structure of EarnBidWin.com, which has to be one that does not hinder the adoption of a service strategy. According to Grönroos (2007), the optimal way in achieving such an orientation is by adopting a flat structure, meaning the minimization of the hierarchy between top management and customers. This allows for better cooperation and communication between the different departments in designing, developing and executing the services offered. By having a flat structure, the employees are more likely to be empowered to make decisions concerning the customer without involving management. However, this does not intend to reduce the importance and influence of management within the organization, rather it shifts focus towards leading and supporting the employees throughout the company. Without having supervisors such as Dr. Bill Lim fully devoted towards a service culture, the *Service Perspective* will not fully prevail throughout all the functions of EarnBidWin.com. When the perspective is fully ingrained in the management, the structure, and the strategy, appropriate employee training programs need to be enforced.

When the necessary conditions of internal strategic requirements, organizational requirements, management requirements, knowledge requirements and attitude requirements are satisfied, the foundation for success is thus in place. This Thesis does not intend to prescribe an implementation of the above-mentioned internal factors. However, one cannot blindly exclude them from being briefly discussed due to their importance in determining the outcome of external aspects of attracting customers. These requirements are determined to be internal prerequisites for successfully implementing an external strategy that will attract customers through the building of relationships.

The external marketing strategy presented in the following sub-chapters will propose different tools of how to attract customers through a *Relationship Marketing Approach* (Grönroos, 2007). Through using a *Service Perspective*, marketing tools will be chosen accordingly, in an attempt to produce rapid growth for EarnBidWin.com. An overview of the proposed marketing strategy can be seen in *Figure 3*. In order to achieve rapid growth, those specific tools will be proposed by using the theories of the CSFs of Feindt et. al. (2002). Recall that the four CSFs identified for potential growth in e-Commerce were *content*, *control*, *convenience* and *interaction*. In the proceeding sections, the CSFs are presented, consisting of the appropriate tools suggested in an attempt to achieve successful growth for EarnBidWin.com.

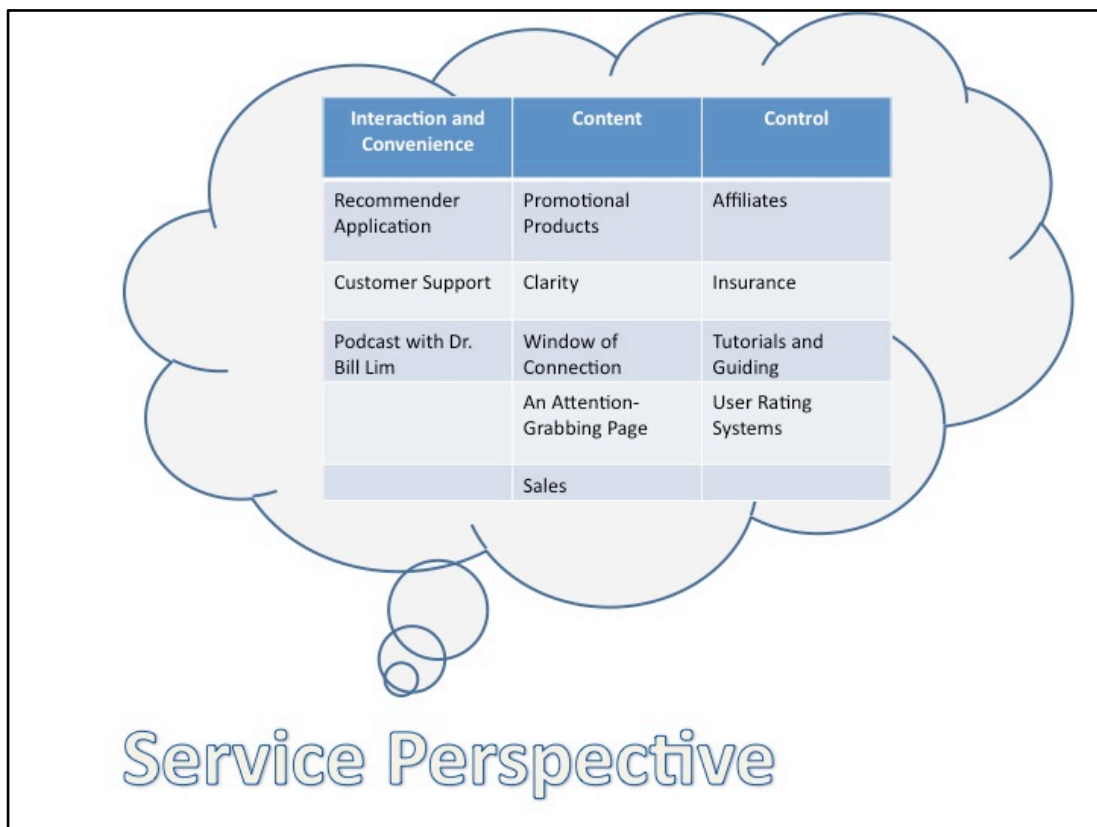


Figure 3: Proposed Marketing Strategy

6.1.1 Interaction and Convenience

By selecting tools based on satisfying the CSFs identified by Feindt et. al. (2002), it is important to fulfill the *interaction* and *convenience* needs of the customer. Considering

the fact that a majority of EarnBidWin.com's customer interactions are performed online, it becomes crucial to adjust the marketing strategy accordingly. However, the fact that they are functioning online does not constrain them to only interact through this specific communication medium. A variety of tools that are both in the online and offline environments have been identified and are as follows: recommender applications, chat and telephone support, and providing an opportunity to interact with Dr. Bill Lim through podcasts. Proceeding is a detailed presentation of these tools, which has been identified to carry the greatest importance for EarnBidWin.com in satisfying this benchmark.

6.1.1.1 Recommendation Applications

EarnBidWin.com can enhance the relationship with the customer by personalizing their online shopping experience. One increasingly used form of doing this is by offering recommendations of products that might be of interest for the customer. These applications are referred to as *recommender systems* and could provide EarnBidWin.com with a great tool in gaining loyalty and enhancing the purchasing experience (Schafer, Konstan & Riedl, 2001). These applications use inputs such as key words used in searching, navigation, ratings and purchase history from the targeted customer. By combining this data with inputs from the community, a product recommendation can be produced. The level of personalization varies with these systems, but if correct recommendations can be generated at a high rate, such a system can then hold great value for both the users and EarnBidWin.com. Another function that becomes possible with these types of applications is providing customers with notifications of products that might be of interest to them, which can in turn increase *convenience* and strengthen relationships. By using a user's history of navigating, purchasing and their preferences, combined with data from similar users, EarnBidWin.com can then offer increasingly accurate suggestions and predictions. This in turn can be a key factor in building successful long-term relationships with their members. An important fact to keep in mind is that a *recommender system* is not mainly intended to assist EarnBidWin.com in marketing, but instead is based as a simple tool for its users (Schafer et. al., 2001).

Recommender systems are designed in an attempt to increase the level of personal response and *interaction* a visitor receives on the Internet. For example, a small corner store with just a few customers each day can build personal relationships and offer a high level of attention to each customer. In a similar way, EarnBidWin.com can utilize the *recommender system* in an attempt to provide deep individualization for each customer. For instance, by offering virtual shopping assistance, users can be given exactly what they want and expect, making it *convenient* to use the site (Schafer et. al., 2001).

As previously mentioned, the personal attention to the needs and desires of a customer offered by these *recommender systems* can become a source of competitive advantage. Pathak, Garfinkel, Gopal, Venkatesa and Yin (2010) further explain this by stating that these systems can potentially increase the switching costs for customers and also increase their loyalty towards the company.

For EarnBidWin.com designing a system that provides customer value can help turn browsing customers into customers that make a purchase, in this case, the use of their AZPs to place bids. One possibility would be to provide a member with information of products being placed on auction from another member that they have previously acquired or attempted to acquire an offering from. Another example is to display items on auction that are similar to the one previously bid on. This way, the member can easily find similar offerings to acquire, which holds varying value for the customer depending on how desirable the offering is. A third way is to provide filtering options to display products only in the same region of the world or in a certain product or service category. An impersonal recommendation form, often used by websites, is to show a top list of the most popular offerings being auctioned at the moment and could also be used by EarnBidWin.com. As can be seen, the possibilities are endless. However, in today's competitive environment, what hinders a customer from choosing to redirect away from the website before making a purchase is how adequate the site interacts to make the shopping experience more *convenient* (Schafer et. al., 2001).

6.1.1.1.1 Deep Collection of Information

As discussed by Schafer et. al. (2001), the more information the system knows about the customer, the more accurate the recommendations produced. This data is valuable to other companies and therefore EarnBidWin.com needs to ensure that such information will be kept confidential and not be shared or sold without consent. Also, one cannot ignore the costs associated with implementing and maintaining such a system. The costs could possibly vary depending on the level of technical capabilities, for instance, the more advanced and responsive the system, the more expensive. Hence, it could be difficult for EarnBidWin.com to find the monetary resources to cover the development costs of such an application.

Furthermore, Evans and Wurster (1999) explain the concept of what they call the *richness of information* offered through the website. What the authors refer to by this term is the “depth and the detail of information that the business can give the customer as well as the depth and the detail of information it collects about the customer” (Evans & Wurster, 1999, p. 87). EarnBidWin.com can focus on collecting information about the customers themselves, as it is equally important to collect data about the product. Once the company categorizes the customers in smaller specific segments, it will become easier for them to form a broad knowledge about consumer preferences, likes, dislikes, interests, needs and a quicker means of reaching them and pursuing them to make a purchase. This theory goes hand in hand with the *Service Perspective*, which perceives the customer as an external employer and an important asset for the firm. The core focus of this tool is to keep the customer as a part of the company.

As previously presented, *recommender systems* can provide EarnBidWin.com with several positive means for relationship building, however, one also has to be aware of negatives that may instead lead to destruction. Ethics in the information gathered is one of the greatest issues at hand. With the customers creating a profile and therefore providing EarnBidWin.com with personal information about them, the customers must trust the company to withhold from sharing it and also to use it in a respectable and appropriate manner. This has previously been presented in the theories of Zeithaml et. al. (2002) as being an essential determinant in the level of e-SQ, through establishing *privacy*.

6.1.1.2 Customer Support

Though technological implementations for relationship building such as the *recommender systems* are beneficial tools, one can never neglect the level of importance of human-to-human communication. When a firm fails to deliver the offering with the specifications mutually decided on with the customer, a service recovery is needed. When the customer encounters these problems, they desire to experience three additional attributes in a company, which were previously discussed by Zeithaml et. al. (2002): *responsiveness*, *communication*, and *compensation*. Therefore, an essential tool to implement is to offer exceptional customer support. Furthermore, it becomes essential to have staff contactable 24 hours per day, seven days per week. Customers need to feel that EarnBidWin.com cares about finding solutions to their failures and that they can do it in a manner that is efficient and effective. However, this support system should not be limited to service recoveries; there should also be an opportunity to communicate if the customer has general feedback or ideas for improvements and similar issues.

In addition, the support should be implemented in a form where customers can contact employees in a way that makes them feel comfortable. Seeing how human beings are all unique individuals with their own personalities, there should be a customer support arranged through different communication forms such as e-mail, instant messaging, and telephone contact. Since EarnBidWin.com combines social networking functions, the opportunities to show responsiveness and to communicate with the customers should be utilized. An appropriate amount of website profiles could be support agents attending to every need of the customers. With providing these support agents, EarnBidWin.com can ensure that customers are attended to through the function of instant messaging. Another important service to offer is exceptional telephone support conducted responsibly. Hence, EarnBidWin.com should make sure that they have enough support personnel employed to convey responsiveness through providing quick and accurate assistance. If new users can conveniently figure out how the website functions, through active and proactive employee support, they will more likely become active long-term members.

Accordingly, the support personnel must be properly trained and experienced in communicating with other individuals and concerning technical knowledge related to the basic functions of EarnBidWin.com. However, this personnel needs to be empowered with the authority to compensate in cases that are predetermined by management. This theory is directly related to that of Grönroos (2007), who discusses the importance of empowering and enabling employees, but will not be discussed in further detail because it relates to the internal aspects of marketing.

6.1.1.2.1 Customer Updates

EarnBidWin.com would need to ensure that the customers are always updated with information about where the company is in the process of their purchases. It is naturally easier for individuals to accept inconvenient matters rather than being kept totally uninformed. An example pertaining to that could be making sure that customers waiting for a shipment are being noted that their package is going to be delayed instead of keeping them uninformed with no information. EarnBidWin.com also needs to keep guard in cases of service recovery when customers have complained about certain issues; it is essential to notify the customers that information is at least being processed and help will be offered as soon as possible.

The *Service Perspective* confirms the importance of keeping customers in track of what is happening (Grönroos, 2007). As studies have shown, customers prefer to be informed rather than uninformed about issues concerning them, even if the piece of information received is unpleasant or does not precisely match their expectations.

6.1.1.3 Podcast with Dr. Bill Lim

The third discussed tool returns to the basic importance of communication between individuals and the significance of exemplary leadership. As found in numerous studies presented in the Theoretical Framework chapter, successfully growing companies have a founder actively participating in its processes. Hence, for EarnBidWin.com to have an effective and efficient way of building meaningful relationships with its users could be to offer an opportunity to communicate with the CEO, Dr. Bill Lim. This could be con-

ducted through a weekly available podcast, where Dr. Bill Lim discusses and answers questions submitted to the company. A podcast is a program or show that is made available over the Internet for download (Merriam-Webster's Dictionary, 2012). These questions are not intended to be of assistance to customer support problems needing immediate solutions, instead, these occasions provide the opportunity to discourse positive and negative feedback and in turn transmits assurance that the users are heard by EarnBidWin.com. Not only that, but it also conveys the message that the thoughts and difficulties of the company's members matter. Furthermore, the podcast allows EarnBidWin.com's users to get an idea of who the CEO is and a chance to interact with him. It does not require as much resources as the two previous tools, but it is undoubtedly still of great importance. The podcast can be used to further promote the website itself by being posted on EarnBidWin.com's Facebook fan page and/or on YouTube. The attendance of Dr. Bill Lim at the previously mentioned road shows also becomes an essential promotional marketing tool, offering the opportunity for potential users to interact and commence a relationship with EarnBidWin.com.

6.1.2 Content

According to Feindt et. al. (2002), the CSF *content* relates to the virtual shop where sellers and buyers interact. The authors stress the significance of focusing on the range of products offered, the ease of retrieving information, and the "fun" of the experience, amongst other aspects of the *content*. As online shops are reduced to a "simple" window that is global and anonymous most of the times, it is of high importance that EarnBidWin.com works harder on differentiating itself from its competitors by making the *content* more attractive. Referring back to the CSFs discussed by Feindt et. al. (2002), one can start by deeply looking and considering the basic elements of the *content* factor one by one.

6.1.2.1 Focus on the Range of Products Offered

6.1.2.1.1 Promotional Products

Although start-up firms have cost as a primary focus at the beginning of their cycle, most of them still need to sacrifice this factor for the sake of creating value for their customers. A practice that EarnBidWin.com can do to initiate variation amongst its products is to purchase different items for various types of usage. For example, auctioning off mobile phones, home furniture, books, clothes, computers, event tickets, and various assortments could be useful to everyone. With that in mind, EarnBidWin.com will be able to show customers the variety of products that they can post for the auction and bid on. These promotional products can provide encouragement and insight for the users to conduct similar auctions.

6.1.2.2 Facilitating the Information Retrieving

As competition is one click away, browsers can easily navigate through the Internet as much as it is desired and required in order to find what they are looking for. For instance, if one website is difficult or unclear to search through, customers will simply want to switch the page to find something easier and more understandable. In some cases, what customers are searching for are not only a comprehensive page to browse through, rather a page that delivers the following determinants.

6.1.2.2.1 Clarity

EarnBidWin.com needs to ensure that the page clearly illustrates the outcome of the company: what is it that they offer, how do members connect with each other, and what are the promotional items that they provide. Evans and Wurster (1999) stress that, the latter can be achieved by a “How to do” click where everything is explicitly described from A to Z in a simple understandable manner. This function explains to the users how to navigate through the page easily and increases the chance for attracting individuals who are unfamiliar with technology. It is highly important to avoid complicated technical terms and sophisticated structures that confuse the users. Website holders have to ensure a creation of accessed information, since all customers shopping online are not professional programmers or information technologists. A large proportion of people can have limited knowledge about the Internet and all its elements; therefore it is of

high significance to make the information retrieving as simple as possible (Evans & Wurster, 1999).

6.1.2.2.2 A Window of Connection

With an available online advisor, EarnBidWin.com can offer the opportunity to “chat with a specialist”, where interested customers can address various interrogations from material of clothing, to sizes, measures, different colors and improvement facilities. This window makes the information retrieving facile, authentic and convincing since it is rather direct, reduces uncertainty and therefore leads to more satisfied customers.

6.1.2.3 The “Fun” of the Experience

6.1.2.3.1 An Attention-Grabbing Page

Lastly, as shopping is a way of covering one’s needs, it is also a leisure means for killing time, having fun and enjoying the experience. For that reason, website holders such as EarnBidWin.com would need to employ designers who ensure the creation of an interesting website that looks exciting and appealing for customers to navigate through.

6.1.2.3.2 Sales

This tool entails buying in certain items and setting them up for sale on notably reduced prices. Customers can purchase these products directly without bidding on them and this practice can be provided periodically. This will keep members logging in regularly to check what is currently being provided. In that sense, they will be attracted to explore new auctions and keep the website persistently running.

6.1.3 Control

The CSF of *control* refers to managing and supervising the externally performed processes of EarnBidWin.com’s partners, along with the internal processes within the company (Feindt et. al., 2002). With the various B2B, B2C, and C2C transactions poten-

tially taking place, EarnBidWin.com will be expected to ensure the trustworthiness of its users. They should take the role as a middleman solving problems and making sure that promises are kept between all parties involved.

Seeing how a buyer cannot physically examine a product in the environment of online auctions, being able to judge the trustworthiness of the seller becomes key. Furthermore, the absence of face-to-face communication in the online environment removes several interaction cues that are traditionally at one's disposal in determining the trust of another individual (Jøsang, Ismail & Boyd, 2007). Most individuals are risk-averse (Perloff, 2007), meaning that users are more likely to participate in the auction process if EarnBidWin.com can assure that proper transactions will be conducted. Hence, as previously discussed through *interaction*, customers can gain support for service failures, but they also need to be ensured that using EarnBidWin.com will satisfy them. Therefore, numerous tools are suggested to help achieve *control* (Feindt et. al., 2002).

6.1.3.1 Affiliates

EarnBidWin.com can gain creditability through affiliation with companies such as PayPal or PayEx that assists in transaction fulfillment. Another example comes in the cases when shipping of the item is required. Nevertheless, EarnBidWin.com could face the incapability of internal control, meaning that the speed and reliability of product delivery could not be controlled. This is due to EarnBidWin.com not having any warehouses or delivery offices (Dr. Bill Lim, Personal Communication, 2012-04-27). It is therefore important to choose affiliates that have a good track record in order to ensure the trust in performing transactions through EarnBidWin.com, and that products will be delivered quickly at the highest quality.

6.1.3.2 Insurance

Other ways of facilitating satisfied customers could be offering users a purchasable insurance through affiliates. This can be a monthly fee paid by users to ensure protection in case of the occurrence of fraudulent behavior. By having the insurance, EarnBidWin.com can offer compensation for the lost product or earnings.

In case of defect, dissatisfaction or any possible inconveniences, EarnBidWin.com could provide the customers with a flexible service where buyers can return purchases in case of discontent. The company has to insure that this flexibility is evident and that customers are aware of this facility. This tool is not likely to create any drawbacks rather than benefits, considering the beliefs of the *Service Perspective*; satisfied customers are prone to come back more often for additional purchases than displeased ones (Grönroos, 2007).

6.1.3.3 Tutorials and Guiding

EarnBidWin.com can offer tutorials in how to properly perform a reverse auction and how the different areas of the website function. By participating in these tutorials, EarnBidWin.com can offer its users AZPs and in turn *control* the level of understanding its customer base has of how the website operates. In this sense, they will help minimize and prevent errors made due to mistakes.

6.1.3.4 User Rating Systems

Although the definition of trust is vague, based on subjective and personal interpretations, it can be determined and measured through general reputation. Reputation, in this context, is referred to the perceived reliability of each party involved in the transaction based on the gathered opinions of others (Jøsang et. al., 2007). It is in the best interest of EarnBidWin.com that the winning bidder receives the offering and the seller provides what is promised. Various e-Commerce websites have developed rating and feedback systems in an attempt to offset the imbalance of information by providing information of the seller's reputation. Although several of these rating systems have flaws and can be at times biased, they have additional value through providing incentives of good behavior and by allowing an outlet for spreading awareness of bad behavior. Both of these can improve the performance of all parties if they believe that they are effective in fulfilling the specified function (Jøsang et. al., 2007).

If the satisfied members of EarnBidWin.com are offered an outlet to communicate and share their experiences with other users, it can be useful in enhancing the creditability of the website. Most importantly, customers are more likely to trust the integrity of other customers than the marketers employed within the company (Schafer et. al, 2001).

7 CONCLUSION

After conducting a deep analysis of EarnBidWin.com entailed with thorough academic research and investigation of the e-Commerce market, the concluding marks will be presented. The e-Commerce market is dense, and competing in such a field requires unique strategies with supporting tools to gain a competitive advantage. One way of approaching such an environment would be the implementation of the *Service Perspective*, elaborated on by Grönroos (2007). This approach perceives the customer not only as an external actor, but also as an internal resource that is significant for relationship building and prosperity throughout the company.

Based on this foundation, an alternative marketing strategy was shaped for EarnBidWin.com for potential implementation. As previously presented, the marketing involvement of EarnBidWin.com places emphasis on persuading potential users into becoming members of the website that are competing in auctions. However, it is strongly believed that the newly introduced strategy could be of better use for the company as it focuses more on the customer's needs and the building of solid relationships for long-term growth. Based on these determinants, EarnBidWin.com will be more prone towards delivering high service quality to the customers.

The critical success factors of Feindt et. al. (2002) comprising *content*, *control*, *interaction* and *convenience* are suggested to be the most appropriate benchmarks to follow when conducting the marketing tools for EarnBidWin.com. Examples of *content* include promotional products, clarity, a window of connection, an attention-grabbing page, and sales. As for *control*, affiliates, insurance, tutorials and guiding, and the user rating system exemplify different ways in controlling the external processes affecting the company. Lastly, when it comes to *interaction* and *convenience*, the recommender

system, customer support, and podcast were suggested as marketing tools for heightening responsiveness and loyalty.

With all aspects being fairly weighed, it is proposed that the use of the previously mentioned strategy has potential to generate high growth rates along with the long-term benefits for EarnBidWin.com and its members. On the light of what has been explored, an interest has arisen for further research, including deeper investigations pertaining to the maintenance of attracted customers as well as the attraction of potential stakeholders.

Although further research could have been conducted more thoroughly, related to customer maintenance and attraction of potential stakeholders, factors such as time constraint and monetary resources hindered the degree of depth towards the research action. In addition, due to the company not having been launched yet, conclusions related to the effectiveness of the current marketing involvement could not be drawn. However, a major limitation of the proposed marketing strategy is that it neglects the cost factors associated with implementing the suggested tools.

In conclusion, as this paper does not intend to be employed as a consultancy report with personal financial benefits, the suggested marketing strategy is only a proposition for EarnBidWin.com towards achieving potential growth. The main idea behind this Thesis is to enlighten the company's insight into an alternative marketing approach. Therefore, the *Service Perspective* combined with the elements of Feindt et. al. (2002) are deemed the most appropriate towards attracting customers for start-up firms in the market of on-line auctions, leading to a promising foundation for success.

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APPENDICES

Appendix A: Personal Communication with Dr. Bill Lim February 8, 2012

What is EarnBidWin.com?

What does the company exactly offer?

How can individuals subscribe and become members?

How do members connect with each other?

Is there any membership fee or is the subscription free for everyone?

How is the website financed?

How does the bidding for an auction process work?

What are AZPs? How are they calculated in terms of real currency?

How can members enlarge their earning network?

When is the company planning to launch?

**The answers provided by the interviewee are not disclosed in the Appendix, considering the fact that the questions were of an open-ended nature. Hence, resulting in vast amounts of data to be reproduced in text format. However, most of the given information was incorporated within the Thesis. The full interviews can be provided upon request.*

Appendix B: Personal Communication with Dr. Bill Lim April 27, 2012

How would you define the role of marketing in EarnBidWin.com?

What kind of personnel do you currently operate with?

What is your current budget for marketing activities?

Are there any legal issues with the transfer of Facebook profiles incorporated with EarnBidWin.com?

How many customer support employees will there be?

What kind of training do the customer support employees receive?

In what way will the customer support employees be able to function in order to solve customer problems?

Will the website incorporate any form of recommender applications similar to that of Amazon.com?

Will there be a rating system as in the possibility to rate other users based on the buyer and seller receiving what is promised?

Is any part of the business idea patented?

Are there any other websites offering money in exchange for participation in surveys and quizzes similar to that of EarnBidWin.com?

What does the mathematical formula or algorithms include calculations of, if it can be distributed out as fixed costs?

Do you call the member pages “profiles” or any other particular name?

When logging on to EarnBidWin.com, does the Facebook profile need to be registered/transferred in or does it automatically register itself?

What companies are considered main competitors against EarnBidWin.com?

Was the deadline for the launch of the company kept?

If not, what was the reason for the delay?

**The answers provided by the interviewee are not disclosed in the Appendix, considering the fact that the questions were of an open-ended nature. Hence, resulting in vast amounts of data to be reproduced in text format. However, most of the given information was incorporated within the Thesis. The full interviews can be provided upon request.*

Appendix C: Cash Flow Projection

VARIATIONS OF PROJECTIONS

	Level of Assumptions =				
	Low	Med	Med-High	High	
	US\$	US\$	US\$	US\$	US\$
Reverse Auction Listing Fees	Assumed average Reverse Auction listing fees (0.2%)	\$ 3.00	\$ 3.00	\$ 3.00	\$ 3.00
	- assumed % of active members creating Reverse Auctions =	1%	2%	5%	10%
Reverse Auction Success Fees	Assumed average Reverse Auction success fees (based on \$2,308)	\$ 346.00	\$ 346.00	\$ 346.00	\$ 346.00
	Assumed average value of template sold @	100.00	100.00	100.00	100.00
Online Sales of Activation Keys	- assumed % of active members who will buy activation key online	0.01%	5.00%	25.00%	50.00%
Global Associate Packages	Assumed average Associate Package (real value US\$1,000) sold @	\$ 500.00	\$ 500.00	\$ 500.00	\$ 500.00
	- assumed % of members converting to Global Associates =	10%	15%	20%	25%
	- assumed % of previous year's Global Associates renewing =	50%	65%	80%	95%
eCampaign Listing Fees	Assumed average eCampaign budget @ US\$100	\$ 15.00	\$ 15.00	\$ 15.00	\$ 15.00
	- the minimum fee charged = 15% of US\$15 whichever is highest				
	- assumed % of all template buyers who will utilize eCampaigns =	1%	2%	5%	10%
	- Assumed Average per active member per month	\$ 0.30	\$ 0.60	\$ 0.90	\$ 1.20
	- assumed % of active members from membership base =	5%	10%	20%	40%
Platform service fees - based on members' usage / revenue split					
2012 Expenses	\$ 20,845,852	\$ 29,943,595	\$ 40,981,390	\$ 57,818,484	
2012 Revenue	\$ 20,137,332	\$ 31,340,398	\$ 49,930,307	\$ 90,032,777	
2012 Profit / (Loss)	\$ (708,520)	\$ 1,396,803	\$ 8,948,917	\$ 32,214,294	
2013 Expenses	\$ 67,106,242	\$ 106,001,022	\$ 167,384,955	\$ 290,881,719	
2013 Revenue	\$ 73,968,156	\$ 127,014,556	\$ 258,758,524	\$ 614,259,697	
2013 Profit / (Loss)	\$ 6,861,914	\$ 21,013,534	\$ 91,373,570	\$ 323,377,978	
2014 Expenses	\$ 192,303,395	\$ 312,726,817	\$ 510,352,012	\$ 914,970,918	
2014 Revenue	\$ 217,869,647	\$ 383,424,901	\$ 609,180,374	\$ 1,967,302,445	
2014 Profit / (Loss)	\$ 25,566,251	\$ 70,698,084	\$ 298,828,361	\$ 1,052,331,527	
2015 Expenses	\$ 241,048,323	\$ 430,700,338	\$ 797,667,666	\$ 1,616,940,024	
2015 Revenue	\$ 274,619,495	\$ 549,939,775	\$ 1,386,294,726	\$ 3,772,909,315	
2015 Profit / (Loss)	\$ 33,571,172	\$ 119,239,437	\$ 588,566,660	\$ 2,155,969,291	
2016 Expenses	\$ 229,592,440	\$ 452,778,261	\$ 948,564,554	\$ 2,118,676,303	
2016 Revenue	\$ 261,155,342	\$ 598,564,584	\$ 1,749,527,999	\$ 5,119,373,755	
2016 Profit / (Loss)	\$ 31,562,902	\$ 145,786,323	\$ 800,963,445	\$ 3,000,697,452	
Average Profit/Loss over 5 years	\$ 19,370,744	\$ 71,626,876	\$ 357,736,211	\$ 1,312,918,108	