Step	Tasks
1. Situation analysis	Review the firm's environmental and SWOT analyses. Review the existing marketing plan and any other information that can be obtained about the company and its brands. Review the firm's e-business objectives, strategies, and performance metrics.
2. E-marketing strategic planning	Determine the fit between the organization and its strategic planning changing market opportunities. Perform marketing opportunity analysis, demand and supply analyses, and segment analysis. **Tier 1 Strategies** • Segmentation • Targeting • Differentiation • Positioning
3. Objectives	Identify general goals flowing from e-business strategy.
4. E-marketing strategy	Identify revenue streams suggested by e-business models. **Tier 2 Strategies** Design the basic offer, value, distribution, communication, and market/partner relationship management strategies to create a competitive edge. Modify objectives as warranted.
5. Implementation plan	Design e-marketing mix tactics: • Product/service offering • Pricing/valuation • Distribution/supply chain • Integrated communication mix Design relationship management tactics. Design information gathering tactics. Design organizational structures for implementing the plan.
6. Budget	Forecast revenues. Evaluate costs to reach goals.
7. Evaluation plan	Identify appropriate performance metrics.

EXHIBIT 3.2 E-Marketing Plan Process

Finally, Monday morning quarterbacking provides the postgame evaluation.

STEP 1—SITUATION ANALYSIS

Some people feel that planning for e-marketing means starting from the napkin plan. Nothing could be further from the truth for most companies. Working with existing business, e-business, and marketing plans is an excellent place to find opportunities.

The marketing environment is ever changing, providing plenty of opportunities to develop new products, new markets, and new media to communicate with customers, plus new channels to reach business partners. At the same time, the environment poses competitive, economic, and other threats. Three key **environmental factors** that affect e-marketing and are part of any situation analysis are legal, technological, and market-related factors. They are covered in depth in Chapters 4, 5, and 7, as well as in the "Let's Get Technical" boxes throughout the text.

The **SWOT** analysis flows from a situation analysis that examines the company's internal strengths and weaknesses with respect to the environment and the competition and looks at external opportunities and threats. Opportunities may help to define a target market or identify new product opportunities, while threats are areas of exposure. For example, when Amazon.com seized the opportunity to sell online, it had no significant competition. Its biggest threat was a full-scale push by one of the large bookstore chains to claim the online market. The company's greatest weakness was that it had no experience selling books or even processing credit card transactions. What's more, it had no experience boxing books for shipment and originally packed them on the floor until a visiting carpenter suggested building packing tables (Spector, 2000). The company's greatest strength was a smart and talented team that stayed focused and learned what it didn't know. Fortunately for Amazon, the big stores were caught napping. The delay by the bookstore chains gave Amazon the opportunity to establish its brand online. Barnes & Noble (barnesandnoble.com) did not fight back until Amazon was on the eve of a stock offering. By then it was too late. Further proving Amazon's strategy skills, CEO Jeff Bezos states that the company will not open brick-and-mortar stores because it has no way to differentiate itself from the current players. However, the threats are not over for Amazon or any company. Amazon's 2011 annual report lists no fewer than 24 potential risk factors, from competition to data security and foreign currency exchange rate fluctuations (search for Amazon at annualreports.com).

Bear in mind that a company's strengths and weaknesses in the online world may be somewhat different from its strengths and weaknesses in the brick-and-mortar world. For example, Amazon is worried about data security and intellectual property. Barnes & Noble has enormous strengths in the brick-and-mortar world, but it did not necessarily translate into strengths in the online world. Barnes & Noble can easily find itself in the unfortunate position of channel conflict—having to explain to channel partners why customers can purchase for less online than in the store. However, Amazon has less potential channel conflict because it sells only online.

STEP 2—E-MARKETING STRATEGIC PLANNING

After reviewing the situation analysis and currently used marketing plans, marketers engage in strategic planning. As you recall from Chapter 2, the strategic planning process involves determining the fit between the organization's objectives, skills, and resources and its changing market opportunities. For clarification throughout the book, we present these tasks as *tier 1 strategies*, including segmentation, targeting, differentiation, and positioning. During this phase, marketers uncover opportunities that help formulate the e-marketing objectives.

Marketers conduct a **market opportunity analysis (MOA)**, including both demand and supply analyses, for *segmenting* and *targeting*. The demand analysis portion includes market segmentation analyses to describe and evaluate the potential profitability, sustainability, accessibility, and size of various potential segments. Segment analysis in the B2C market uses descriptors such as demographic characteristics, geographic location, selected psychographic characteristics (such as attitude toward technology and mobile communication device ownership), and past behavior toward the product (such as purchasing patterns online and offline). B2B descriptors include the firm's location, size, industry, type of need, whether it is technologically savvy, and more. These descriptors help firms identify potentially attractive markets. Firms must also understand segment trends—are they growing or declining in absolute size and product use?

Companies use traditional segmentation analyses when they enter new markets through the online channel; however, if the firm plans to serve current markets online, it will delve more deeply into these customers' needs. Which of the firm's customers will want to use the internet? How do the needs of customers using the organization's Web site differ from those of other customers? For example, most internet users expect e-mails to be answered within 48 hours but will be satisfied if a postal letter is answered within weeks. In addition, firms often discover new markets as these customers find their way to the Facebook or other social media site, such as Pinterest. Marketers can use Web analytics to discover how best to serve these new markets.

The purpose of a supply analysis is to assist in forecasting segment profitability as well as to find competitive advantages to exploit in the online market. Only by carefully analyzing competitive strengths and weaknesses can a firm find its own performance advantages. Therefore, companies should review the competition, their e-marketing initiatives, and their strengths and weaknesses prior to developing e-marketing initiatives. They must also try to identify future industry changes—which new firms might appear online, and which will drop away? For example, who could have envisioned Facebook's success in 2005–2008 when MySpace was the hugely popular social network?

With a thorough MOA, a company can select its target market and understand its characteristics, behavior, and desires in the firm's product category. Furthermore, firms will want to understand the value proposition for each market. For example, marketers might decide to target several Hispanic markets (Exhibit 3.3).

Another tier 1 step in e-marketing strategic planning is identifying brand *differentiation* variables and *positioning* strategies. Based on an understanding of both the competition and the target(s), marketers must decide how to differentiate their products from competitors' products in a way that provides benefits perceived as important by the target. In the case of Facebook, management opted to add third-party applications to differentiate the site from its competitor, MySpace (which is now known as the best network for musicians). Flowing from this differentiation is the positioning statement: the desired image for the brand relative to the competition. If this positioning strategy was already decided upon in the traditional marketing plan, e-marketers must decide whether it will be effective online as well. If planning for a new brand or market, e-marketers must decide on branding strategies of differentiation and positioning at this point in the process.

Opportunities	**Threats**
1. Hispanic markets growing and untapped in our industry	1. Pending security law means costly software upgrades
2. Save postage costs through Facebook marketing	2. Competitor X is aggressively using Facebook e-commerce
Strengths	**Weaknesses**
1. Strong customer service department	1. Low-tech corporate culture
2. Excellent Web/social media sites and database system	2. Seasonal business: Peaks during summer months

E-Marketing Objective: $500,000 in revenues from e-commerce in one year

EXHIBIT 3.3 SWOT Analysis Leading to E-Marketing Objective