

# Neopets case analysis essay



**ASSIGN  
BUSTER**

1. What are the different ways in which Neopets industry can be defined? Do the different definitions lead strategic decision makers to adopt different perspectives/choices? How so? Explain. (10 points) When considering its industry, Neopets is a very unique company. This is because the vision of Neopets executives, especially Doug Dohring, is so broad. First, Neopets could be defined as an online gaming website. This is due to the numerous mini-games that the website offers. Next, is a large submarket of online gaming, the MMORPG, or massive multiplayer online role-playing game.

In this submarket users obtain a character, which they are free to customize. Additionally, this character is something they can come back to, and continue in later sessions. You can see this definition in the virtual pet feature. Another definition is an online information source. Due to the “real world” content, users are able to utilize the website for more than fun. The last definition is an online community. With the websites message board, newsletter, and ability to create websites for your virtual pet, users are able to participate in an online community in which they can interact with other Neopets users.

Of course all of these definitions would lead to different strategic choices and decisions. For example, an online gaming website would focus more on constantly developing new games. While a MMORPG site may focus on one game, and develop many different ways to further your character. Still, an information website would be different by focusing on different types on content that users would be interested in, focusing much more on real world information. Last would be the online community; for this definition the website would focus on the interaction between users.

Adding more features to connect similar users and encouraging more avenues to express opinions. 2. Based on the information provided in the case, what do you think is the bargaining power of buyers and suppliers (make sure to identify buyers and suppliers correctly), and is the intensity of competition high or low (or moderate). Explain and justify your assertion. Finally, do you believe that these two forces are likely to change in the future? Why or why not? 15 points) First, I believe the buyers to be users of Neopets, and advertisers. I believe the suppliers to be manufactures of Neopets apparel (plush toys, t-shirts, etc. ), and hardware suppliers (servers, bandwidth, etc. ). The bargaining power for users (buyers) is moderate, as with any website that has low switching costs but relies heavily on web traffic, the customers have a great deal of power. However, given the huge number of users, coupled with the generally younger age of users, I feel that Neopets has the upper-hand.

The bargaining power for advertisers (buyers) is low. Neopets is providing an incredibly well targeted and effective advertising medium, giving them a great deal of power. Bargaining power of apparel manufacturers (suppliers) is very low. It makes no difference to Neopets' users who manufactures the goods, and Neopets surely have large orders to fill. Bargaining power for hardware suppliers is low. Serving its large number of users, Neopets is sure to have a large quantities of hardware required to do business.

With these large quantities, there will be companies willing to cut prices to get their business. I do not believe that the intensity of competition is very high. Neopets has a created a very specialized product that users have become attached to. Like the case states, these are the users' " virtual

pets”, I can’t think of people that are willing to get rid of their dog because a new kind is now available. Of course this is an exaggeration, but individuals, especially younger individuals, get attached to personal things like this.

Additionally, Neopets is doing a great deal to remain relevant and keep users interested. It is the nature of the business cycle for both bargaining power and competition to change eventually. At some point, I believe their bargaining power will reduce and competitive alternatives will enter the market. However, I also believe that Neopets have marketed and positioned themselves in such a way to maintain their bargaining power and competitive advantage for the next couple of years. 3. Should Neopets go ahead and partner with Green Dot?

Why or why not? (5 points) Yes, I believe Neopets should partner with Green Dot. In addition to the capital that would become available, Green Dot offers many useful tools to enter the viable Asia market. With the help of Green Dot, Neopets would be able to overcome many political, language, and sales barriers that otherwise may not be possible to achieve. I believe that the Asian market is the perfect match for this product and partnering with Green Dot would be a great way to reach this market.