Strategic evaluation document for boots

| Strategic Evaluation Document for Boots| e-Commerce| Words: 4, 998| Ei Cho Mon| MCC Training Institute, Yatanarpon| |

1 Management Summary

As an experienced consultant, I have been invited by Boots Senior Management. I need to put together a strategic plan based on the evidence supplied. The Management is also seeking a thorough investigation into the analysis of the impact of the new system on thecultureand the productivity of the organization. I produce a management report title by " Strategic Evaluation Document for Boots".

In this report, I investigate the impact of the new IT/IS system on the culture and productivity of the organization and also I identified the evidence that corroborates, or falsifies the claim that the new system has delivered value and provided the organization competitive advantage that Boot's management were seeking. Boots is a retailer company that launched Advantage Card base on the result of recording purchasing patterns and customers' behaviors. Boots already have analysts and marketers and also the database system exist too.

But Data didn't flexible and also query response times are taking so long. Therefore, Boots managed Customer Data Analysis System (CDAS) by using the help of IBM. After using this system, the problems are nearly solved.

Boots want to gets customer to use their brand all over their lifetime. So, it intends to make Campaign Management System. In the future, Boots' valuable customer will purchase Boots product peacefully and happily. To achieve all of this, Boots' analysts try to research all possible ways of marketing strategy, legal and ethical issues.

It is a bit difficult to research the big company system but I try my best to collect all require data and information. 2. Introduction Boots is the long life retailer that stands as a private limited company. Its main marketingenvironmentis the Toiletries, Pharmaceuticals, Healthcare, Beauty, and Photography. Boots also have a strategy for their market. But for the company's growing team of analysts and marketers, it is driving to change its strategy as a customer-centered view from the traditional product category focus according to the information on purchasing patterns.

According to the result of strategy manager, Boots have theloyaltydata related with customer for a real impact on the business. To fulfill their plan of changing company's culture, Boots intend to make Advantage Card for their customers. Advantage Card plan is depend on customer behaviors for Boots. So, they research extensive trials for two year in the Norwich and Plymouth areas. These trials tested out the reward levels and had begun to identify what card holders wanted from Advantage Card plan. Boots targets women as the majority. For this time, Boots want heir scheme different from the others. So, they focus to give ' treats' to card holder customers. Customer will be rewarded with a personal item that they would not normally buy for themselves. This scheme got a good result for Boots because its sales growth is even greater than expected in two years. Boots invested around ?

25 million for Advantage Card including database in first year to get a significant sales growth that was an important part of the rational for the scheme. Boots more value the records that focus to consumer behavior which can reveal the buying patterns.

To get these valuable records, Boots use sophisticated data management and analysis tools. The grower the customer database, the greater the result of boots will be. Boots' IS team and the marketing department researched thoroughly the available options for the new customer analysis system even though it is a long-established customer of IBM. But IBM can offer a complete solution and the retail experience of their support team to Boots. So, database project started at 1997 and project went well. But it is very much state of the arttechnologyand IT is also difficult for everyone at first.

After researching more than 2 years about individual card holder transaction records and a selection of non-card holder sales records, the size of the database was larger and larger. Therefore, Boots wanted to get the right structure database with maximum flexibility and also it can achieved to store data at the lowest level of granularity for user to build it up to any level they require during analysis. Commercial analysts can also have rapid real time access to all of the data without having to make special requests on IS support. The database structure should be to support the analytical process.

To fulfill all the requirements, Boots decided to use Customer Data Analysis System (CDAS) by giving advice from IBM. According to the support of this system, most queries response times were 30 times faster than before even though the database has reached 1. 200 GB. Because of this, the analysts of Boots were delighted. CDAS includes IBM's intelligent Miner for Data being

used for more advanced data mining such as segmentation and predictive modeling. Analysts are more interests in the behavior of groups of customers. They use market basket analysis to provide insight into the product purchasing repertories of different groups of customers.

By using the advantage card data, the insight team has been able to identify four groups of promotion buyers. They are: The deal seekers (ever buy promotional lines), Stockpilers (bulk buying and then don't visit for weeks), Loyalists (revert to their usual buying patterns), New market (buy items on promotion, continue to purchase same product). By using the result of analysts, marketers can understand what they are achieving via their promotions, rather than just identifying the uplift. Analyzing market basket trends by shopper over time is also providing Boots with a new view of its traditional products categories.

Boots builds up its understanding by combining data from a number of customer dimensions: RFM (Recency, Frequency and Monetary value) analysis enhanced with profitability. Boots managed Boots relationship marketing programme enabled by the Advantage Card. To fulfill this relationship marketing, Boots is planning to make Specific campaigns system. This system will provide customer-center view technique. Campaign management system is based on CDAS development by IBM. By integrating campaign management system within the analytic environment of CDAS become the main strengths of Boots. 3. Strategic Evaluation

Boots is a retailer company in United Kingdom. Boots marketing strategy change from the traditional product category focus to a customer-centered view. Boots already launched Advantage Card to fulfill customer

requirements. By recording consumer behaviors in database, Boots collect the source data for their strategy. This technique is useful for Boots but database size is larger and larger and also data doesn't flexible. The users, analysts took a long time to research require data. So, this becomes one of the problems for Boots. By using Customer Data Analysis System (CDAS), Boots can solve this problem.

One of the purposes of Boots is to change Loyalist customer to New Market and to remain New Market customer as Loyalist. The later, Boots also want to create Campaign Management System to give pleasurable shopping to loyal customer of Boots. To complete these purposes, Boots need to consider the organization's current position by using SWOT and PEST analysis. 3. 1 SWOT analysis Strength * Launching Advantage card scheme- This is a very valid vision. It can improve Boots sales growth and also can get the trust andrespectfrom customers. It can also supply a loyalty market environment. Real time access over CDAS- It can reduce the time that will take to ask special requests on IS support. By having real time access, analysts can analyst consumer data more effectively. * Making Brand Loyalty over customer- Customer loyalty is one of the important parts for Boots marketing strategy. Having loyalty customers supply Boots to create strong business environment. For an instant, a shopper visiting Boots once a fortnight and buying nappies is probably buying from a number of supply sources whereas one calling at the store twice a week probably gets most of her baby's nappy needs from Boots.

This increases nappy sales. * Customer Focus- Boots pride itself on developing experience retail and wholesale teams which manages their

respective areas. By doing this, Boots creates an internal management system, managing customers purchasing habits. Weakness * Treats – Rewarding Treats to customer can be pleasure but too much treats can make customers annoying and also become careless vision for Boots products when treats are repeat and repeat. * Large stores overwhelm small stores – Branching a group of stores in particular geographical area can provide Boots customer to buy boots products any time, any where.

But large stores are more persuade customer than the small stores. So, it will be a waste of store, staff, moneyand time. E. g. Boots large store and small store are together in the same area, and then customer will go to large store and ignore small stores. * Cannibalization – Customer behaviors can supply Boots analysis a lot but customer manners can change. If it comes out like that, that will be a big damage for Boots. For example, when boots produce a new and similar products, customer only buy these new products and never return to his/her original products. CDAS – This system can almost fulfill the requirements of database system but it also has a weak point. When analysts analyst the result of recording data, there can be different point of view to make decision. Sales growth conversion can appear also. * Time delays can be caused at the Point of Sales due to updating of points into card. Opportunity * Campaign management system – This will be a good opportunity for Boots. By planning campaign management system, Boots can persuade customer according to seasons, holiday and festival. Boots Gifts & Christmas TV show launched in December is a good example of this.

This will give customer's peace and earn extra points. * Relationship marketing – By making customer to become lifetime customer, boots will get

a valuable customers of the future. Relationship marketing can give personal or emotional connectivity to Boots customer. By giving direct mail to valuable customer will be an example for this. * From Loyalist to new market – this will also be a good opportunity. If loyalist customer changes to new market, boots products point of sale growth will increase and also boots need to maintain new market customer as loyalist.

For an instant, Customer buy skin care products often buy hair-care products in promotions and then Customer continually buy both skin care products and hair-care products. * 4% growth – quantifiable growth rate in second year Threats * Customer personal data usage – This can suffer customerpersonalityby recording consumer purchasing data. * Competition – there will also be other companies that will use the same techniques and strategies. * Loss of revenue – promotion will get revenue in average. If deal seekers and stockpilers involved then that will be damage to point of sales system. E. g.

When Boots promote bodycare products, deal seekers and stockpilers bought these more then promotions will meet fill. * If Loyalist customers get multiple treats then it will be co placement and also overwhelm options for repeat purchase as new market. 3. 2 PEST analysis Political * Toiletries and pharmacy market are the market provided the basic requirements of daily life so that this can't affect Political directly. But making a promotion system will directly relate to Political. If Country policy changed, then promotion techniques will be unstable conditions. * Planning Campaign management system will also directly imply Political.

For example, Boots plan to produce new Christmas TV show but policy change than it will be afailure. * Advantage Card can also affect on political. Advantage card scheme based on customer behavior so policy changing can be imply to reduce or improve sales growth of Boots business strategy. Economic * Rewarding treats may be a good idea for promotion. But sometimes too much rewarding treats make affects to Boots promotion system. * Boots launched Advantage Card scheme in 1997 and this will be a great future for Boots as this development is more efficient and reliable for most customers. Investigating ? 25million over database system will be an important part of the rational for Advantage Card Scheme. It already had great profit in first year. So, sophisticated data management and analysis tools can give Boots a big effort. Social * Relationship marketing system will change according to the culture of people. This can affect Boots' sales growth. * Discussing basic customer demographic data (such as age, gender, number of children and postcode) to expend business environment can affect Social. Sometimes, customers don't like to tell their personal. Targeting geographical area to open a group of Boots stores led to a greatly improved understanding of the role different stores play within that area. Technology * Customer Data Analysis System (CDAS) is one the main techniques for Boots database system. It can reduce time and cost. * Analyzing market basket trends by shopper over time is also providing Boots with a new view of its traditional product categories. * Real time Access – This can improve analysts' analyzing system more rapidly. By using this, can reduce time to requests on IS support. 4. Impact of IS

BothScience and technologyare already developed and also technological innovations develop along already. It results to the emergence of new equipment and gadgets. For all big or small company, technology transports both intangible and tangible advantages to turn into cost efficient and to get together the growing orders and requirements of customers. Technological advances change business efficiency, traditions and relationship between employees, clients, suppliers and customers. The type and quality of technology used influence the security of classified business information.

All big and small companies depend upon computers to achieve their administrative works when the trouble brought by organizational tasks, like inventory, bookkeeping and records keeping. Because of producing Internet and onlinesocial networkingsites reduced the costs of business operations. One advantage of it is to become more useful and easy for companies to use Six Sigma management methodologies. Some firms changed to outsourcing rather hiring their own personnel between the low costs correlated with it.

According to the huge impact of technological innovations to companies, it will be impossible for them to live with it. Advantages of Technology to Business: * Customer Relations. Technology concerns the way companies correspond and create relations with their clients. In a fast moving and business environment, it is crucial for them to interrelate with clients frequently and rapidly to expand their trust and to attain customer reliability. By using Internet and online social networks, firms cooperate with consumers and respond all their queries concerning the product.

Launching usefulcommunicationwith customers not only produces connection with them, but it also creates strong public image. It permits

business enterprises to decrease and to slice carbon dioxide emissions. * Business Operations. Amid the exercise of technological improvements, business owners and entrepreneur understand their cash flow better, how to manage their storage costs well and enables business to save time and money. * Corporate Culture. Technology lets employees communicate and interact with other employees in other countries.

It establishes clique and prevents social tensions from arising. * Security. Modern security equipment enables companies to protect their financial data, confidential business information and decisions. * Research Opportunities. It provides a venue to conduct studies to keep themselves ahead of competitors. It allows companies to virtually travel into unknown markets. * Corporate Reports. With technology, business enterprises communicate effectively with their branch offices to deliver quality financial and operational reports. Disadvantages of Technologyto Business Unemployment – While information technology may have streamlined the business process it has also created job redundancies, downsizing and outsourcing. This means that a lot of lower and middle level jobs have been done away with causing more people to become unemployed. * Privacy – Though information technology may have made communication quicker, easier and more convenient, it has also bought along privacy issues. From cell phone signal interceptions to email hacking, people are now worried about their once private information becoming public knowledge. Lack of job security – Industry experts believe that the internet has made job security a big issue as since technology keeps on changing with each day. This means that one has to be in a constant learning mode, if he or she wishes for their

job to be secure. * Personal Touch – Technology streamlines business processers, but in order to do so, it often displaces the personal touch of business (e. g. getting an automated service instead of a phone representative when calling a company.) * Commonness – The commonness of a technology in business tempers the disadvantages of that technology to some degree.

For instance, since so many companies use the Internet, network specialists are very familiar with how to fix issues of network security, speed and connectivity. Boots culture also has significantly changed over the years. In the early years boots had its own its structure which basically dealt with all IT needs. Consequently, boots has realized that over the years it can improve on its IT infrastructure, granted that the company boost its pride on consumer satisfaction. Boots launched its Advantage Card scheme by researching in Norwich and Plymouth areas between two years trials.

According to these trials, reward levels are tested out. This had begun to identify what card holders wanted from the scheme. Boots total invest ? 25 million to both Advantage Card and database. For boots, a significant slaes growth was an important part of the rationale for the scheme. Boots already have IS team and database. Boots is a long-established IBM customer. Before the implementation of available options for the new customer analysis system with IBM, Boots' IS team originally researched it. IBM can give the real value during the solution development cycle.

The database project started in 1997 and the project generally went well. But it is very much state of the art technology and it give a lot more painful at times than expected. At first, IT is very uncomfortable and so no one

wants to use it. After using this more than 2 years, card holder transaction records and a selection of non-card holder sales records that provides card holder behavior are increased and increased. The size of the database was going to be a challenge for performance. Analysts want database flexibility, rapid real time access to all of the data without having to make special request on IS support.

It was necessary for Boots to restructure their ongoing out sourcing deal with IBM. The company's main aim for the improvement in its IT sector, is to focus on how it can improve its customer relationship, decreasing its IT operational cost and improve on its delivery capabilities. To fulfill this, Boots create CDAS according to IBM's DB/2 UDB database under AIX. After 18 months the database has reached 1, 200 GB but most queries take a few minutes to run. Boots customer insight strategy team runs 23 full-time analysts. Finally, Boots plan to manage Campaign Management System to provide customers' peace of mine. . E-Marketing Strategy E-Marketing Strategy is a major part for every kind of business. By using e-marketing strategy, there are many aspects to be a successful business. The e-Marketing Strategy is normally based and built upon the principles that govern the traditional, offline Marketing. E-marketing strategy is significant as with any strategy to recognize. Finding the business environment is also the important part such as intentional groups, originating massage, choosing the right media, tools and services. Thinking based on strategy is also an essential part.

Therefore will I look into the; " how", " what" and " why" of e-marketing, remote the advantages and pointing out how it varies from traditional marketing and communication methods and how knowledge about

communication and marketing theories, technology tools, innovation and creativity can assist an enterprise to advance its e-marketing. E-marketing strategy in this term paper represents the whole thing from the conceptualization of a full e-marketing strategy, during to the completion of a range of methods, tools and services needed to make that strategy a reality.

A defined e-marketing strategy should explicitly identify the businessgoalswhich e-marketing efforts support the enterprise to achieve. 5. 1 E-Marketing strategy I will advise the organization to adopt There are four targeting strategies that E-marketers mostly select. * Mass marketing (undifferentiated targeting) – when the firm offers one marketing mix for the entire market. * Multi-segment marketing – when a firm selects two or more segments and designs marketing mix strategies specifically for each.

Most firms use a multi-segment strategy. * Niche marketing – when a firm selects one segment and develops one or more marketing mixes to meet the needs of that segment. * Micromarketing (individualized targeting) – when a firm tailors all or part of the marketing mix to a very small number of people. In this case of Boots, the best e-marketing strategy will be to pursue Multi-segment marketing, by dividing into many sub-markets from bigger markets and an organization chooses different marketing strategies to reach each sub-market it targets.

The reason of choosing this strategy is because Boots offer multiple products within a larger product category for consumer. For an instant, the main category, Toiletries, there are many kinds of products such as Hair care, Hair Accessories, Tooth brushes, Tooth paste, etc. 5. 2 The value proposition and

differential advantage of this strategy There are different segmentations of marketing strategy that I chose. They are Geographic segmentation, demographic segmentation, Behavioral segmentation and Psychographic segmentation, etc. All of these segmentations focus on customer center view.

For analysts and marketers of Boots, this strategy will probably apply effectively. Geographic segmentation divides the Boots market into regions characterized by climate, population and cultural differences. This type of segmentation often occurs naturally. For example, Boots produces Suncare of Beauty products and it won't advertise in the middle of December. However, some geographic segmentation strategies are deliberate: Boots will produce Beauty products in different countries based on cultural tastes. This segmentation strategy can provide Boots effectively when promotions come.

Demographic segmentation divides the market into groups based on age, family, income, occupation, education, religion and many other variables, For example, Children clothing from Boots only target on children and mother and target higher income families. Demographic targeting is so specific that marketers have developed acronyms for certain markets; for example, Drinks stands for double income, no kids. Most tactical plans in marketing involve demographic segmentation. Boots really need this segmentation for researching of purchasing patterns and customer behaviors.

Behavioral segmentation focuses marketing efforts on consumers' researched behavior toward the product. For example, if most consumers purchase a product during the Christmas holiday season, behavioral

segmentation would encourage heavier marketing in the time leading up to that season. In addition to specific occasions like holidays, other variable include usage rate for the product, the benefits consumers seek from the product and consumers' status as a first-time or card holder. This segmentation will effect at Campaign Management system.

Marketers who distribute activities, interests and opinion (AIO) surveys are conducting research for psychographic segmentation, which alters marketing strategy according to consumers' lifestyle preferences. This method of segmentation is useful when Boots wants to make its brand's image more appealing to specific consumers. By discovering the values and attitudes of consumers who most frequently use the product, Boots can improve their public relations strategies and build brand lyalty. Multi-Segment Marketing helps companies achieve stronger positioning.

Positioning is creating a distinct perception in customers' mind about what makes Boots products different and better. Having more narrowly defined segments makes it easier for marketers to deliver effective messages that convey the benefits and value desired by that distinct segment. By breaking customers into defined segments, Boots can remove prospects from consideration when selecting media for message deliver. Messages delivered to people not in a given segment have little business benefit and wastes money. Segmenting markets and selectively distributing marketing messages improves the value of the message.

Carefully and accurately defined market segments can gives a competitive advantage over competitors. Essentially, Boots that best understands what makes customers unique within a segment, and different from one segment

to the next. By better knowing customer segments, Boots is most likely to deliver an effective value proposition that entices the customer to Boots brand. Boots can perform more targeted research to learn more about customers and deliver messages that best match their brand strengths to their needs and wants.

If Boots is planning camping system, for instance, presenting an add in an outdoor or adventure magazine might make sense given likely interests of the business market. Selecting the best media class and vehicle to deliver Boots marketing messages is crucial to efficient marketing. Market segments are known for utilizing certain types of media more often. 6. Legal and ethical issues As a long range business company, Boots need to consider Legal and ethical issues. Legal and ethical issues are directly affect business strategy, and how business deal with challenges involving government agencies, legislation, or the press.

Ethics is a branch ofphilosophyand according to the " Stanford Encyclopedia of Philosophy, " business ethics is the branch of ethics that considers moral activities in a commercial enterprise. In practice, businesses are looking for policies that ensure legal compliance and confidentiality, examine diversity and management issues, and encourage employee honesty. In these legal and ethical issues, minimizing the privacy issues of organization is an important part of Business Company. That guideline is very useful in Boots because Boots marketing strategy is based on customer data and purchasing pattern.

If the important data are spreading to the other rival company, this will cause a big scratch for company. So, Access to personal information should

be limited to individuals that have proper authorization. Individuals should be able to review their records and correct any inaccuracies. For instant, allowing all users to read, write and edit every part of organization can occurred data lost and data copyright. So, this way will be save ethical issues. Boots also use internet to give information, promotion message to its valuable customer.

By using internet is very supportive for business but the raise of the Internet has brought forth many new legal issues. For instant, Cybercrime, a term for illegal acts that occur online, includes " phishing" and identity theft. " Phishing" occurs when an official-looking email, usually spam, asks for a user's private information. To prevent this, there must be a well-defined purpose for collecting and maintaining the Internet user data and also only the data that is needed for the specified purpose should be collected. To protect Data of business organizations, US produce Selected US Data Protection Laws.

They are: * Children's Online Privacy Protection Act requires websites to get parental consent before collecting personally identifying information from children 13 or younger. * Graham-Leach-Bliley Act- requires notice and " opt-out" consent before financial business may sell or share consumers' financial information. * HIPAA – protects the privacy ofhealthcare information by medical providers and insurers. * ADA – limits access and requires employers to protect the confidentiality of disability-related information. Above laws are very essential for all organizations and already fit for Boots business.

By using these laws for company, organization system will be secure to the gathering, processing, distribution and use of information on the Internet. 7.

Conclusion Finally, is is a summary report based on the expert study required from the management of Boots. In this report, I consider strategic evaluation by using SWOT and PEST analysis. Both analyses for Boots are really useful for considering the organization's current position. For example, In Strength, Launching Advantage card scheme- This is a very valid vision. It can improve Boots sales growth and also can get the trust and respect from customers.

It can also supply a loyalty market environment. For weakness, Treats – Rewarding Treats to customer can be pleasure but too much treats can make customers annoying and also become careless vision for Boots products when treats are repeat and repeat. In PEST analysis, investigating ? 25million over database system will be an important part of the rational for Advantage Card Scheme. It already had great profit in first year. So, sophisticated data management and analysis tools can give Boots a big effort is sample for Political. In my report, I already use Four (4) E-Marketing Strategies.

Mass marketing (undifferentiated targeting), Multi-segment marketing, Niche marketing, Micromarketing (individualized targeting). For Boots, I chose Multi-segment marketing because of its segmenting strategies are the most suitable for Boots. Finally, Boots has done so far with developing a loyalty card scheme to collect data then analyzing them by using the CDAS system is a excellent basis for the understanding the consumer behavior in order to implement recommended e-Marketing strategies to raise the generally long term sales growth. 8. References http://www. azpublishing. org/articles/hd/index. php? = disadvantages+of+relationship+marketing :

12: 28 AM 11/20/12 http://www. strategicdriven. com/marketing-blog/bid/78310/5-Benefits-of-a-Relationship-Marketing-Strategy : 12: 29 AM 11/20/12 http://www. boots. com/en/Photo/Digital-Cameras/ : 12: 29 AM 11/20/12 http://ezinearticles. com/? e-Marketing-Strategy:-7-Dimensions-to-Consider-%28the-e-Marketing-Mix%29&id= 21976 : 1: 04 AM 11/20/12 http://en. wikipedia. org/wiki/Supply_and_demand : 1: 51 AM 11/20/12 http://www. slideshare. net/RuneHaugestad/emarketing-strategy : 3: 26 AM 11/20/12 Rune Haugested, e-marketing strategy, no, Oslo University College http://www. nowthis. com/principles-of-marketing-tutorials/targeting-markets/develop-marketing-strategy/: 4: 09 AM 11/20/12 Decision Analyst; Market Segmentation; Jerry W. Tomas Huazhong University of Science and Technology, Research on Market Segmentation Variables (PDF); Wei He, Yingzi Liu : 8: 19 AM 11/20/12 Business Dictionary: Market Segmentation Definition Strategic Marketing Segmentation: Four Benefits of Market Segmentation Strategic Marketing Segmentation: Market Segmentation: Media http://www. ehow. com/info_8124974_effects-market-segmentation. html http://www. ehow. com/info_8406701_market-segmentation-variables-characteristics. html