

# Internet marketing tchibo case assignment

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Itching Ideas Case A Itching idea is an innovative concept of interacting with the consumers especially for a retail company like Itching. Usually, consumer product companies like P&G produce a wide range of consumer goods and sell their products in retail stores owned by other companies like Walter. The retailers also produce goods under private labels and sell them in their stores. But, Thatch's business model is very different. Itching produces its own products, though it outsource production. It sells its own products and introduces new products every week.

It uses Itching ideas to produce some its products. The Itching ideas bring in high value to Itching as a retailer, manufacturer and brand. As a retailer, it is very important to understand the consumer and their problems and preferences. This requires expensive and extensive market research. When consumers post their needs and problems, it reflects their preferences and buying behavior. This enables Itching to understand what customers want and need. As mentioned in the case this would reduce the marketing and consumer research expenses by 20% to 30%.

The customer feedback, comments and response to a particular Itching idea help the company to come up with fairly accurate sales projections. It also helps to understand where the competitors stand. The problems of consumers reflect the semiconductor gap in that particular area. It helps to understand why the competitors are not regularly producing the goods that are brought up in the Itching ideas. Uncertainty regarding acceptance of a particular product in the market is greatly reduced by Itching ideas.

Itching as a retailer tries to understand the market demands, and Itching ideas help to identify much of untapped market potential. Itching ideas are highly valuable to Itching as a manufacturer as well. The products that serve as solutions for customers' problems are innovated and designed by professionals participating in the Itching ideas. This greatly reduces the costs and efforts to develop products that would have the potential to address market problems. As Itching refreshes its product lines every week, it requires a very dynamic innovation and development work.

Itching ideas contribute to the efforts of product development at Itching. It leverages the creativity of general and professional people and integrates everyone's work. The large number of products that are introduced every year required the production to be fast paced. It is not easy for other companies to introduce such overgenerous number of products in such short time periods. A specific product has to be produced in small quantities compared to the products expected to run for an indefinite time period. Thus, Itching outsource the production and can easily launch new products or change its current product lines.

Itching ideas bring a lot of value to Itching as a brand. First, it uniquely positions the Itching brand in market. Filling the store shelves with products that are designed by the consumers for the consumers reflects that the consumer is most important for Itching. The customers feel that Itching pays them unparalleled attention. This increases consumer's trust for the brand. The concept of weekly launch of new products compels the customers to visit the Itching stores every week, whether it is due to a need for a particular product or it is the curiosity to see what is new in a Itching store.

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It brings in the surprise element and enables the customers to feel excited for their next visit to Itching. It is believed that Germans like spontaneous shopping. The Itching ideas give the brand an image of an innovator, which is reputable for a retail company. The consumers expect Itching to be highly innovative. It is expected to address problems that are not heard and addressed by other companies. This makes the Itching brand relevant for almost every person. It is not like apparel or a car company that is relevant to only clothing and transportation requirements of people.

This is very important in a country where people show emphasis on individualism", as consumers get an opportunity to find products that suit their personal nature, desire and requirement. Instead, Itching is relevant to every German who has access to Internet. The brand builds a strong relation with every consumer ND significantly increases brand loyalty. Reducing the life of a product to one week greatly reduces the risks posed by a product failure. A failed product would be easily forgotten and would not leave a dark impression of failure on the company's image.

Itching ideas enable Itching to achieve a feat that would be even difficult for competitors to imitate. Unless the competitors replicate the Itching Ideas model, Itching would enjoy competitive advantage over every other retailer. Its unique positioning in the market significantly increases Thatch's brand power. The Itching ideas are equally, if not more, valuable for the consumers. The people have the power to express their problems and needs in front of other people and a company, who would work hard to solve the problems. People can now actually expect someone to think about their problem.

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People know that for a large corporation, it is not feasible to solve to everyone's problems. But Itching changes this perception of a common man. The Itching provides a place of surprise shopping and fun. Itching changes the shopping experience completely. They can expect to be pleasantly surprised in a Itching store as well as find something that would not be available anywhere else. It would make the consumers feel proud to buy things that were produced because they raised the issue. Apart from the intangible benefits for the consumer, Itching ideas also have tangible benefits for the consumer.

The products that are produced due to Itching ideas are born from people's actual problems. These problems are faced by common man in every day life as well as special occasions. A market usually comes up with products at the interface of supply and demand. Most of the suppliers are interested to enter most profitable and high volume markets. Due to this, the consumers are compelled to be satisfied, in many instances, with whatever is available in the market. For example, traditional producers of electric extension plug boards would not be interested to produce the multi strip electric board due to small volume of demand for such boards.

But, because Itching is capable of producing goods in small quantities, the number of problems that could be addressed in the market increases significantly. This creates substantial amount of value for the consumers in the market, especially as Itching ideas could be regarding any kind of goods. Not only are the problems solved, but also the cost of most goods is very reasonable. This compels other companies to weigh heavily on the power of

customer satisfaction and come up with products that would solve people's problems.

The Itching ideas allow the common people to listen to other people's problems and think over to find a solution for them. This is not only challenging but also rewarding. The person whose idea is commercialized gets a part of earnings as well as recognition on the product's packaging. These rewards, though criticized by some, seem to be highly valuable for most of the people. It might not be even possible for many to commercialize their ideas. This could be made feasible for a large portion of the population only through Itching ideas.

It greatly diminishes the hurdles of innovating, producing and counterclaiming a product in the market. Itching should continue with the Itching Ideas and refine the whole process. It could, strategically, confine itself to some particular target segments and thus increase its efficiency. The market research and data gathered due to the Itching ideas is very valuable and should be used to develop successful product lines for Thatch's own products. It is helpful to leverage people's ideas and problems to develop maximum number of products that could be efficiently sold in consistency with the one-week business model.

The weekly regularity makes it unique and nearly impossible for the competitors to replicate the model in a profitable way. It is mentioned in the case that some people wait for particular yearly occasions for specific themed shopping. It would be helpful to develop a strategy to separate the weekly product lines from the themes repeated every year. This might

prevent loss of business in weeks prior to festivals, as people might not substitute festival shopping with the weekly shopping.

The themes of weekly product lines could be more focused around the core functionality of the products. A study indicates that only 26%<sup>iii</sup> of Europeans think that the home ware, food and drink and electronics sectors of E-business offer good service. Integration of Itching Ideas and the Direct Itching offering satisfactory online service would be welcomed by most in Europe. The Itching ideas website should be designed to be more interactive than it is. Higher engagement of users would help to better understand the user as well as competitors' willingness to address the problems.