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Abstract
The strategy and marketing literature on barriers to entry identifies a range of general factors that protect incumbents but most of this work pre-dates the use of the Internet channel. The Internet is generally considered to make markets more open and competitive. However, the Internet strategy theory does not take into account the nature of the consumer search process. A new online market strategy model is proposed that synthesizes elements of the strategy, marketing and technology literatures and relates market entry strategy with the online consumer search process. The framework is illustrated with original, empirical case evidence from a range of international markets in Europe and the US. Five distinctive strategies are identified: (1) the online launch effect; (2) open web partnerships; (3) build alliance with incumbent; (4) multi-brand attack; and (5) exploit technology shift. It is argued that Internet marketing strategy should be integrated into the marketing function in order to achieve successful implementation.

Keywords: Market Entry Strategy, Internet Strategy, Consumer Search Process, International Case Study Research
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1.0 Introduction
Barriers to entry and market entry strategies are well documented in the marketing and strategy literature (Bain 1956, Biggadike 1979, Karakaya and Stahl 1989, Yip 1982, Porter 2001, Han et al 2001, Ekeledo and Sivakumar 2004, G.K. Lee and M.B. Lieberman 2010). The general barriers to entry proposed by Karakaya and Stahl have been adapted and grouped into three broad categories: economic and government factors (e.g. cost advantage of incumbents, capital requirements, number of competitors, government policy, buyer concentration and seller concentration); customer and market factors (access to supply and distribution channels, advertising, brand, cost of new customer acquisition and retention, cultural factors and customer switching costs) and technology factors (research and development, technology and technology change). The specific impact of these barriers to entry depends on the nature of the target market characteristics and the competitive situation that prevails. Previous research has explored how the barriers to entry are related to the choice and success of the market entry strategy. A range of broad strategic options has been identified, including setting up a brand new company, joint ventures, strategic alliances, licensing agreements and acquisition together with other factors such as
timing of market entry. A traditional model of the choice of market entry strategy based on different groups of barriers to entry is shown in Figure 1. An important point to note is that this literature is largely based on market data and research that pre-date the widespread use of the Internet and online markets.

Figure 1. A Traditional Model of Barriers to Entry and Market Entry Strategy, adapted from Karakaya and Stahl 1989

The principal research theme addressed in this paper is the formulation of online market entry strategies. The research is focused on consumer markets and strategies that exploit the online channel, either as a standalone business, or as part of a multi-channel strategy. An obvious starting point is to consider which group of factors in the general barriers to entry is most susceptible to being reduced or removed altogether by the Internet? There is prima facie evidence that the main impact of the Internet is on the consumer search process and to act as a new distribution and marketing channel. One would therefore expect the Internet to influence customer and market factors much more significantly than economic, Government and technology factors.

The customer and market factors have very different properties in the online channel. For example, in the case of advertising such as TV, print and radio, there are huge economies of scale whereas on the Internet, paid search can be used to generate brand
awareness and sales with no minimum entry point and the costs are a function of the number of clicks received, i.e. Pay-Per-Click (PPC). Paid search has some similarities with below the line advertising in that both are variable costs, and there are no significant economies of scale as there are in above the line advertising.

If the Internet is viewed in the context of the overall marketing strategy, a related question is what other changes to the overall marketing strategy (e.g. the nature and value of the offer) need to be managed in conjunction with the Internet strategy to make the online market entry successful? Another important issues is whether there are new barriers to entry for standalone Internet companies?

2.0 Does the Internet Lead to a Level Playing Field?

The received wisdom about the Internet is that it levels the competitive playing field and therefore allows new entrants to enter and attack new markets and enables small competitors to compete much more effectively against larger market rivals.

“…the Internet cuts costs, increases competition and improves the functioning of the price mechanism. It thus moves the economy closer to the textbook model of perfect competition, which assumes abundant information, zero transaction costs and no barriers to entry.”


In a seminal HBR paper that was published ten years earlier, Malone et al (1989) set out a similar argument that predicted open and fair market competition, in effect a flattening of the competitive landscape where smaller competitors and incumbents had equal access to potential customers. Porter (2001) also emphasizes the open nature of the Internet, its leveling effect on competition and lowering of entry barriers and the fact that the Internet shifts power to buyers because it increases the availability of information to them. Stigler (1961) identified the importance of information in the operation of markets and pointed out the importance of additional factors in the consumer search process, notably price dispersion and search costs. In an e-commerce context, Hoffman and Novak (1997) argued that marketing should be
redefined in a fundamental manner in order to take into account the characteristics of the Internet and new forms of consumer behavior, and this is certainly the case for online market entry strategies.

There is strong evidence of increased price competition based on the usage of price comparison websites in different retail sectors and it is also clear that consumers are using the Internet for research regardless of their choice of channel for the purchasing transaction (Jones and Fox 2009, Loof and Seybert 2009). Although there has been extensive research into different aspects of e-commerce and Internet marketing strategy, exemplified by authors such as Chaffey et al. (2009), there is little empirical research that specifically addresses online market entry strategies, either using the Internet as the basis for a standalone business, or to use the Internet as part of a multi-channel offering. Although Chaffey et al. (2009, p. 246) comment on ‘attack e-tailing’, their analysis is limited to the importance of price and does not develop the concept of how companies can use the Internet to attack established competitors in a more general, competitive sense.

3.0 Research Framework and Methodology

A theoretical contingency model of online market entry strategy is shown in Figure 2. The logic of the model is that online market entry strategies need to overcome general barriers to entry, contingent upon the enabling effects and role of the Internet channel and the nature of the consumer search process. In consumer markets the Internet enables consumers to conduct online research that is both cheaper and often more convenient than research using other channels. It also makes it easier to switch suppliers, particularly for information-based and commoditized products.

There is an inherent advantage to online attackers because they will tend to attract unique visitors if they are big enough to be included in the consumer consideration-set. For example, if an attacker is ranked fourth or fifth in a market with a high level of supplier concentration such as mobile phones or banks, they are likely to be included in the online consideration-set. This is contrary to what Biggadike (1979) found where new entrants were more likely to be successful in fragmented markets. This is
partly explained by the nature of the online search process, which is different to the offline equivalent. A high level of price dispersion will also encourage consumers to be more active in research because their expected benefits are larger than in those markets with low price dispersion (Stigler 1961). Another important issue to consider is the development of the online market in terms of the size of the online market and its stage in the online market lifecycle because this will dictate whether the online channel can be used as a standalone business, or whether it will be part of a multi-channel strategy in which the principal role of the Internet will be for research purposes and to direct consumers to stores or purchase by telephone.

![Diagram](image)

**Figure 2. Proposed Model for the Formulation of Online Market Entry Strategy**

The contribution of the proposed model is that strategy formulation for online market entry should take into account two additional factors in addition to the general barriers to market entry that are already well understood and discussed in the strategy and marketing literature. The two additional factors are (1) the enabling effects of the Internet channel and (2) the nature of the consumer search process. The seminal research by Malone et al (1989) and Porter (2001) into electronic markets and e-commerce strategy identified that the Internet reduces consumer search costs, increases market transparency by making increased information available on price, quality and availability. It also results in increased price competition. This is
especially true in commodity markets and the widespread use of price and product comparison engines reduce the search cost even further. More recently, in a global study on the impact of Internet search technology, Bughin et al. (2011) identified the main consumer benefits from online search as better matching of the supply of information, products and services with consumer needs, time saved, price transparency and the ability to search out long-tail offerings that would otherwise be too difficult and costly to find.

The general enabling effects of the Internet regarding the electronic markets effect from lower search costs and increased availability of information are still true. However, the nature of the consumer search process and the context of a specific market also need to be taken into account. Research into online search and buying behaviour in consumer markets has shown that consumer behaviour is more complex than might be suggested by the largely economic arguments and predictions from Malone (1989) and earlier theorists, notably Stigler (1961). For example, research using online panel data demonstrates that the breadth of the consumer process may be much smaller than was previously thought. Holland and Mandry (2013) found that online consideration sets are relatively small and fall within a narrow band of between two and three suppliers. This has significant implications for online market entry strategy because it makes inclusion in the online consideration of new customers much more difficult than if consumers conducted more extensive research. New entrants must therefore be much more creative and imaginative in how they develop online market entry strategies to overcome not only general barriers to market entry but also take into account the nature of the consumer search process on the Internet.

3.1 Notes on Methodology
In order to gain access to contemporary, leading-edge strategy concepts in this new area, the authors conducted a series of longitudinal and international empirical research over a period of four years with a range of markets in the US and Europe. The market sectors included mobile phone services, grocery and retail financial services. Five successful, distinctive strategies were identified that illustrate how the research model works in practice. The methodology is based on case study research and utilized a combination of quantitative data analysis of online markets and firm performance with qualitative analysis and evaluation of competitor online strategies.
Each of the strategies is described using a case vignette to illustrate the concepts in practice.

4.0 Case Data Results

4.1 KPN’s Simyo: Online Launch Effect in Spain

To attack the online mobile phone services market in Spain, KPN used a single brand, Simyo, together with an aggressive price promotion in an attempt to enter the market and gain a significant share of online customer connections. The logic of its strategy was very clear: (1) Simplify the product compared to what the market is offering, i.e. offer a stripped down product, similar to what discount airlines such as South West Airlines and EasyJet have done in the airline industry; (2) make the value of the offer compelling and (3) make the online sales process very easy in order to achieve a higher online sales conversion (i.e. online sales to visitor ratio) than the incumbents.

The stripped down nature of the product made it easy to compare with competitors’ offerings. The simple nature of the product enabled the creation of a very simple and effective website which made the online buying process straightforward. This in turn achieves a high online sales conversion. The online launch effect is shown in Figure 3.

![Figure 3](image_url)

**Figure 3.** Simyo’s online launch effect against the market leaders Vodafone and Movistar (part of the global Teléfonica group)

The individual companies are labeled in the rank order of their final position in Q1 09. That is, in Q1 09, Vodafone has the highest share of unique visitors, followed by Simyo, Movistar, Orange, Phone House and Yoigo. The online launch effect that
Simyo used to its competitive advantage is a new strategy concept. In the offline world if a company wishes to launch a new product then it must first secure distribution, which is difficult, time-consuming and expensive. For example, supermarkets will charge a listing fee for new products and extra fees for prime positions within the store. In a supermarket, consumers are not typically doing research. It is therefore necessary to invest in merchandising to entice customers to become aware of the new product and evaluate it.

In the online channel there is no problem in securing distribution or shelf-space because a webpage provides the shop-front. It is common for consumers to use the online channel for research and the search process is also easier than in the offline world, i.e. there is a natural tendency to search out new competitors. The nature of the search process in the online channel is therefore naturally advantageous to new competitors and this gives rise to the online launch effect as shown above. The challenge for Simyo is therefore not to gain initial visibility in the market but to translate the high and growing level of consumer interest into sales transactions. Conversion from online visitors to sales in mobile phones is typically less than 1% and the challenge for a new entrant is to achieve higher conversion levels than incumbents. To do this they need a compelling offer and a simple sales process – see Figure 4.
New entrants must recognize though that the online launch effect is temporary because the curiosity concerning the product recedes as the novelty of a new competitor diminishes after several months. Achieving a successful online launch effect depends on getting the timing of entry right, i.e. the online market must be sufficiently developed so that the new entrant can gain enough online revenue to make its position sustainable and maintain its promotional efforts against the inevitable competitive responses from the incumbents. KPN arguably entered the market too early and even though it initially captured a significant share of new sales, the size of the online market was insufficient to establish it as a serious contender. This is reflected by the fact that its share of unique visitors has declined consistently since Q4 2008.

4.2 Xenon’s Currency Calculator: Open Web Partnerships

In 1998 Xenon launched an online currency calculator. One would think that almost any bank worldwide would be able to displace xe.com from the search engine listings and its dominant position in providing information on currency rates. However, Xenon has established itself through a combination of strategies: attacking a niche
market, currency rates, and embedding itself within other websites such as news, travel and portal websites. At the time of its launch, most website designers attempted to protect their code from unwanted copying by other websites. The founders of Xenon took an opposite view – if other websites wished to use the code then why not make it easier for them to copy it by making the code freely available?

The advantage to Xenon was that embedding its currency calculator on other websites gave it a distribution channel. Each time a user clicked on the logo, it took the information from Xenon’s own website and presented it on the host’s website. In addition, the search engines recognized the technical hyperlinks between Xenon and its distribution partners, which gave Xenon an extremely high online authority as measured by the search engine ranking algorithms. The search engines in turn generated more web traffic. Xenon is still the world’s largest online currency calculator, despite numerous efforts by competitors to replicate its early success. On currency related searches, Google scores Xenon in the top natural search position four times, and second once. No other established bank or financial services company comes remotely close.

4.3 Build an Alliance with an Incumbent

Ocado is an online grocery company and unlike its US counterpart WebVan, has succeeded in building a significant share in the online grocery market. In the UK grocery market Tesco has a dominant position with a market share of around 30% and almost 60% share of the online market in 2009. The two largest competitors, Asda, which is part of the Wal-Mart group, and Sainsbury’s, are both active in the online market. However, it has taken them almost four years to match Tesco’s market coverage, i.e. the capability to take orders online and fulfill them using direct delivery to the home, see Figure 5. During the four-year period 2005–2009 Tesco exploited its superior coverage, actively built market share and established an online customer database.
The graph is labeled using the convention of listing the separate companies in their rank order in the final time period. That is, Tesco, which has almost 100% market coverage throughout the time-period is highest in May 09, followed by Asda, Sainsbury’s, Ocado and Waitrose. There are clearly barriers to entry into the online grocery market that have had a fundamental impact on the evolution of the online grocery market. The first barrier is the requirement to have a supply chain capability to warehouse and deliver grocery products, including fresh items, on a national scale. Sainsbury’s experienced problems with its supply chain and IT systems and this resulted in a large write-down of a quarter of a billion pounds in 2004. These problems will undoubtedly have had a knock-on effect on its online efforts, as reflected in its relatively slow rollout progress over the last four years. The second major barrier to entry is the necessity to have an e-commerce infrastructure capable of managing online marketing, online sales and supporting the delivery service. A combination of these two barriers has effectively blocked the entry of Morrisons, the Co-operative Group and the raft of smaller competitors who between them account for approximately a third of the UK grocery market.

The third barrier, which is often underestimated, is the experience curve that all companies move through as they learn from and adapt to the implementation process. Even though Asda appeared to have all the necessary capabilities in place in the early 2000s, it made some fundamental errors that slowed its progress in the online market. For example, at the inception of its strategy, Asda chose to implement a dedicated
warehouse solution specifically for its online division. This effort failed and it resorted to picking from store. Once it had settled on its revised strategy, Asda still needed to learn from its implementation experience in order to expand the coverage of its online offer. By 2010, Asda could claim to have caught the market leader in terms of coverage but it is still behind in terms of experience in database marketing and online segmentation.

To overcome the barriers to entry, Ocado built an alliance with Waitrose and now enjoys an online market share of approximately 12%, which is a remarkable achievement against entrenched competitors such as Tesco and Asda, in what is a highly concentrated grocery market. Arguably the most important component of Ocado’s overall strategy was its strategic alliance with Waitrose, which gave it an immediate operational capability in terms of supply chain services and enabled it to benefit from the halo effect of Waitrose’s brand on its own company. Many customers now view Ocado as the online arm of Waitrose, even though Waitrose has since launched its own successful online grocery service. Ocado also benefited from the online launch effect, evidenced by its rapid growth in share of unique visitors immediately after its launch, though this has reached a plateau in the last two years.

4.4 Multi-Brand Attack in the German Mobile Phone Services Market
In the German mobile phone services market, T-Mobile and Vodafone are the clear market leaders with revenue shares of around 35% and 30% respectively. KPN and Teléfonica are the market attackers and both have made recent share gains against the market leaders. KPN and Teléfonica are both adopting a multi-brand strategy to attack the market. Teléfonica is using its main network operator brand ‘O2’ to attack the contract market and it is using Fonic, its discount brand, to attack the prepaid market.

In the online market, a multi-brand strategy gives additional online reach because of the nature of the search process. Each individual brand has its own Internet presence and therefore provides a separate opportunity to sell to online customers. KPN is focused on the prepaid market with both its main brand and also its secondary brands. KPN’s main network brand is relatively weak in the German online market at just 4% share of unique visitors, but when it is combined with its discount brands BASE, Simyo and Blau, it achieves an online reach of 23%, which matches that of the market leader T-Mobile (see Figure 6).
The multi-brand strategies of the attackers have been very successful in the online market, to such an extent that the market leaders T-Mobile and Vodafone have been forced to respond with secondary brands of their own. It is not possible to sum the unique visitors of each separate brand to give a total unique visitors because there will be some overlap between visitors to different websites. However, each visitor to an individual website of a particular brand represents an opportunity to sell online, and the sum of unique visitors can therefore be conceptualized as the number of online sales opportunities. The graph in Figure 6 is therefore a plot of the share of online sales opportunities in the German mobile phone services market.

![Graph showing the share of online sales opportunities in the German mobile phone market 2008](image)

**Figure 6.** Share of online sales opportunities in the German mobile phone market 2008

### 4.5 Exploit Technology Shift

Hutchison Whampoa Limited (HWL) is a Hong Kong based conglomerate with wide-ranging business interests including an international telecommunications division. “3” is HWL’s international mobile phone services brand and its strategy is characterized by the early adoption of new and innovative mobile phone technology. For example, 3 was an early adopter of third generation (3G) mobile technology and implemented 3G networks in Australia, Austria, Denmark, Hong Kong, Ireland, Italy, Sweden and the United Kingdom in 2003, ahead of the market leaders such as Teléfonica and Vodafone. It is currently involved in a new initiative in 3G video mobile services in Europe.
Western and Asian companies have fundamentally different philosophies on the
timing of entry into new markets. Western companies typically enter a market when it
is in the growth stage (Figure 7) while Asian companies tend to enter the market at the
point of a significant technology shift and to exploit the market disequilibrium that
ensues from the introduction and adoption of new technologies. For example,
Japanese companies entered the camera market during the transition from silver
halide film technology to digital photography. The photography market already
existed but the technology shift created instability in the market by making the
historical strengths of incumbents, e.g. Kodak’s knowledge of silver halide
technology together with manufacturing and processing capabilities, become almost
irrelevant. New opportunities were therefore created centered around the digital
technology platform. Another more recent example is Toyota’s strategic initiative in
hybrid technology in the automotive sector where its hybrid engine technology,
combining petrol and electric power, has already established a clear market lead in
this new technology area relative to its European and US counterparts.

The development of 3G networks in the mobile phone services market is a recent
example of a technology shift in an existing market. The mobile phone services
market for voice was well established but third generation (3G) technology has
enabled the development of a new set of products based on fast data transfer
capabilities. “3” is the international mobile phone services brand of Hutchison
Whampoa Limited (HWL), a Hong Kong based conglomerate with wide-ranging
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is characterized by the early adoption of new and innovative mobile phone technology. For example, 3 was an early adopter of 3G mobile technology and implemented 3G networks in Australia, Austria, Denmark, Hong Kong, Ireland, Italy, Sweden and the United Kingdom in 2003, ahead of the market leaders such as Telefónica and Vodafone. It is currently involved in a new initiative in 3G video mobile services in Europe.

3 exploited the technology shift by entering the market at the point of the technology shift and developed products and services that were specifically focused on the capabilities offered by 3G such as mobile broadband. It also offered new pricing arrangements such as simple price tariffs that could be sold easily through the Internet. 3 used the Internet to compensate for its weakness in shop distribution relative to the market leaders and makes a high proportion of its sales through the Internet channel. The fact that it was offering a new type of service, coupled with the high value of its offer meant that customers would also specifically search for the product, either on the Internet or on Main Street.

The incumbents, focused on the voice market, were initially slow to respond to 3. 3 also introduced new pricing arrangements which the market leaders found difficult to emulate because their legacy IT systems were built rigidly around the “old” market rules and definitions which had a clear distinction between contract customers and prepaid customers. 3’s aggressive approach and focus on the data market coupled with the response lag by the market leaders has enabled it to establish a foothold in the mobile phone services market against much larger competitors and to build a reputation as a technology leader with a strong position in mobile broadband and a reputation for innovative pricing arrangements and good value. The Internet has been an important element of its overall strategy, enabling it to leverage advantages arising from its ability to exploit the technology shift from voice to data in the mobile phone services market.
5.0 Discussion and Conclusions

The theory contribution of the paper is to explain the role and impact of the Internet channel as a significant element of market entry strategy and to relate characteristics of the target market to the search process. The empirical contribution is to present a range of international online market entry strategies that illustrate the concepts and demonstrate that it is necessary to integrate the Internet as part of a cohesive marketing strategy that exploits the specific characteristics of the online channel and to explain how the nature of the search process in the context of the specific characteristics of a particular market, affect the formulation, implementation and success of an online market entry strategy. It is insufficient to simply add the Internet on as an additional channel or to try and automate existing strategies and spend more on promoting the Internet. The Internet presents new barriers to entry, notably the network effect (Eisenmann et al. 2006, Kirkpatrick 2010).

The nature of the consumer search process is arguably the most significant aspect of consumer behavior that is fundamentally changed with the advent of increased consumer access to information about potential suppliers for little or zero cost via the Internet. The online launch effect strategy of Simyo demonstrates the natural propensity of consumers to search for products online. By simplifying the product, Simyo made it easier for consumers to make comparisons of competing offers. It has aligned its product strategy with the Internet search process. The nature of Simyo’s offer is a compelling, value-based offer that also helps consumers reduce the apparent complexity of the market introduced by market leaders in an attempt to make price comparisons difficult. The result was that Simyo’s share of unique visits far exceeded its market share size measured by its number of customers. In addition, Simyo’s website design has only three stages and is designed to improve the online sales conversion rate. The importance of website design has been recognized for a long time in the literature, for example see Liu and Arnett (2000) for a discussion of factors that influence website success. However, this case illustrates the importance of product simplification and a high value offer, combined with website design. The conclusion is that Internet strategy must be developed within the broader context of the overall marketing strategy.
The multi-brand attack is of course a recognized marketing strategy that exists independently of the Internet. However, both the online launch effect and the multi-brand strategy yield additional competitive advantages on the Internet that are not possible with traditional retail stores. The concept of online sales opportunities was developed in order to measure the online advantage of a multi-brand strategy against competitors with a mono-brand strategy. The standard measurement in online marketing is to use an absolute measure of unique visitors over a specific time period. But from a competitive perspective, we are interested in the dynamic share of unique visitors. However, it is not possible to simply calculate the share of unique visitors when one supplier has multiple brands because an individual ‘unique’ visitor is likely to overlap between multiple websites – the online sales opportunities concept overcomes this methodological problem.

The reason that online sales opportunities are greatly enhanced with multiple brands is related to the online search process. The online search process makes it much easier for consumers to consider multiple offers at little or no extra cost. A supplier with a mono-brand strategy has a significant disadvantage in the online market because they only get one opportunity to make a sale. In contrast, a multi-brand strategy provides the supplier with multiple opportunities to make online sales as well as enabling much greater flexibility in terms of branding with respect to segmentation, e.g. O2 uses its network name as its premium brand, and ‘Fonic’ to address the discount market.

In some online markets such as grocery there are significant barriers to entry such as overcoming logistical complexity associated with the supply, picking and delivery of grocery items, as well as branding and image to persuade consumers to switch from their preferred grocery supplier. Ocado has managed to enter the UK online grocery market and achieve a significant share of the online market by building an alliance with Waitrose. Ocado has also built a retail distribution system based on central warehousing supported by very advanced e-commerce systems to supply individual households. It has used its alliance with Waitrose to gain access to the grocery supply chain as well as Waitrose’s strong brand. The alliance market entry concept illustrated by Ocado is very different to previous research into online grocery, which has tended to explore the reasons for the adoption (and rejection) of online grocery shopping, for example Hand et al. (2009) and Hansen (2008).
Xenon has been remarkably successful by using the technical characteristics of the Internet to its competitive advantage. It has exploited the potential of the web technology to create open and inter-linked software by allowing its own software code to be shared with partner organizations, who then benefit by gaining automatic access to foreign currency data. The result has been to enmesh Xenon’s website within a large network of prestigious travel, information, portal and financial services websites which gives it a strong distribution network and also ensures its leading search position on foreign exchange related terms. It is an exemplar of how a new entrant can dominate an information-based market against much larger competitors by exploiting the search and referral characteristics of the Internet using a hypertext-link strategy (Ennew et al. 2005).

The case of ‘3’, the Hong Kong based telecommunications company Hutchison Whampoa Limited is an example of a well-documented and recognized strategy in a new context. Asian companies have historically sought to enter markets at the point of a technology transition in contrast to Western organizations that have traditionally entered in the high-growth stage of the market lifecycle. However 3’s example in consumer markets is different to historical examples because the Internet has given the company a sales and marketing network to compensate for its weakness in shop distribution relative to the incumbent mobile phone network operators such as T-Mobile, O2, Orange and Vodafone.

In conclusion, all of the online market entry strategies exploit specific characteristics of the Internet and online consumer behavior. The online launch effect is a new phenomenon that does not exist in traditional markets because it is wholly reliant on the search process enabled by the Internet. The multi-brand strategy has very specific implications in an online market and to measure its success it is necessary to use the new concept ‘share of online sales opportunities’. Xenon’s online niche strategy has strong parallels with niche marketing in the offline world but the implementation on the Internet is very different. The alliance and technology shift online market entry strategies are more closely aligned to their offline equivalents than the other strategies discussed here. However, they illustrate some key differences between these online market entry strategies and their offline equivalents. Firstly, the rate of change arising
from the successful implementation of an online market entry strategy is much higher on the Internet than would otherwise be possible. Ocado has been the fastest growing supermarket in the UK over the past few years, and even now, with annual sales approaching £500 million, it is still achieving an annual growth rate of approximately 20%. Similarly 3 has established a strong position in the overall mobile data market through a combination of entering the market at the point of technology shift and using the Internet to compensate for its relatively weak shop distribution.

The online market entry strategies and case examples illustrate the need to position the Internet within the context of a firm’s overall marketing strategy, including the timing of market entry, the product offer, and partnership arrangements with other companies and branding. This means that from a managerial perspective the Internet channel should not be managed as an organizational silo but should be integrated into the marketing function in order to achieve successful implementation of online marketing strategy.
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