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"WIN BUYERS IN A NEW, ONLINE AND BUSINESS TO BUSINESS COMPANY"

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DISSERTATION SEMINAR
MARKETING CASE STUDIES

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ABSTRACT

Title: "NETPAPER: Win buyers in a new, online and business to business company"
Author: Mónica Salgado Ferreira

NETPAPER is a Portuguese Startup that was born in October 2014. The main goal of the company is: promote and generate traffic on the brands websites; and create a stronger relationship and knowledge between the brands and the consumers.

NETPAPER is a B2B company in the digital marketing area. This area and the internet has been evolving a lot in the last years. The biggest advantages of NETPAPER are: companies win traffic and knowledge about their websites; and consumers win prizes.

One year after NETPAPER creation, the company already should have more buyers that had in the reality, so something was going wrong. The company partners decided they had to do something in order to solve the situation, they needed to win buyers faster. And the paths they could follow were: improve the ways to attract buyers, online or simplify the NETPAPER concept.

RESUMO

Título: "NETPAPER: Conquistar clientes numa empresa nova, Online e direcionada para empresas"
Autor: Mónica Salgado Ferreira

A NETPAPER é uma Startup Portuguesa que nasceu em Outubro de 2014. Os principais objetivos da empresa são: divulgar e gerar tráfego nos sites das marcas; dar aos utilizadores mais conhecimento sobre as marcas; e criar uma relação mais forte entre as marcas e os consumidores.

A NETPAPER é uma empresa que disponibiliza um serviço na área do marketing digital. Esta área e a internet têm evoluído muito nos últimos anos. As maiores vantagens da NETPAPER são: as empresas ganham tráfego e conhecimento sobre os seus sites e os consumidores ganham prémios.

Um ano depois da criação da NETPAPER, a empresa já deveria ter mais clientes do que tinha na realidade, por isso alguma coisa não estava a correr bem. As sócias da empresa decidiram que tinham de fazer algo para resolver esta situação, a empresa precisava de ganhar clientes mais rapidamente. E os caminhos que a empresa podia seguir eram: melhorar a forma de atrair os clientes, Online ou simplificar o conceito de NETPAPER.

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Firstly, I would like to thank to my family, mostly my parents, because without their support it would not be possible finish my master and my thesis. I'm really gratified by the advices they gave me and by the values and knowledge they transmitted to me, throughout my life. I also appreciated the patient they had to help me in the most difficult moments, and the strengths they gave me on my personal and professional projects.

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I'm gratified for the boyfriend and friends I have. They were always very comprehensive and understood all the moments I couldn't be with them because of university tasks, mostly during my master thesis. Besides this, they supported and advised me every time I needed.

Definitely with a high importance, I really have to thank to my partners on NETPAPER. Without them, their friendship, the business we created and the knowledge we shared, this thesis would not, definitely, be the same.

To finish, I'm thankful for the NETPAPER buyers that were available to receive me, allowed me to do the interviews and use it in my master thesis.

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Introduction

On its way home, after another late meeting with the company partners, Mónica Tavares was exhausted and her head was full of thoughts and ideas.

Mónica knew that NETPAPER team really believed the business they had in their hands but she also knew that things were not working. In fact, the buyers achieved so far were not enough and the company only reached a significant part of the market. After 1 year, competitors were coming up and NETPAPER team needed to think about a solution to win buyers faster.

Mónica thought about the things said in the meeting: all partners agreed that NETPAPER was a new and complex concept and, even though most of the companies considered digital marketing the future, companies didn't want to take risks being the 1st movers. Susana O, the company partner who was more connected with the buyers, considered that the clients believed in NETPAPER but they needed something more to get in. On the other side, Marta C, the company partner that always came up with new ideas, was focused on simplifying the service offered by NETPAPER.

Mónica was divided between the two opinions but being the person with more knowledge in management, she felt she had to do something and find a way to ensure NETPAPER's success. Arriving home, Mónica quickly fell asleep, but with her company in her dreams. In Mónica's mind, she was only sure about one thing: NETPAPER was a perfect business and she wanted to do everything to make it work. In order to do so, she needed to start from somewhere and the big dilemma in her mind was whether to "improve the way to attract buyers online, or simplify the NETPAPER concept?"

Company background

Company and concept

NETPAPER is a B2B Startup and a new concept on digital market, which was born in October 2014, with three different women and one single goal: Create their own successful business.

NETPAPER is about the promotion of the brands' websites in a funny way. The name and idea came up from the Peddypaper concept, actually a Netpaper is like a Peddypaper but instead of going to different places, people go to different websites of the brands.

NETPAPER is the name of the company and the service that the company offers are Netpapers. One Netpaper is what the company calls "*the range of funny questions about a brand website or a topic*"[1], which means that in NETPAPER website (www.netpaper.pt) there are different Netpapers, each one about a different brand or topic and represented by a game peace (exhibit 1).

NETPAPER main goal is promote and generate traffic on the brands websites and create a stronger relationship and knowledge between the brands and consumers. As the company always says, based on its market researches, *"a user who do a Netpaper from a butter brand, for example, needs to travel in the website of that brand to answer to Netpaper questions. So the user will deeply know everything about that butter, its characteristics and benefits, and at the end, the probability of the user remember the brand and buy it in his next purchase is 80%".*[2]

In a Marketeer magazine was written "*Digital will be like the TV with colors*". In an interview about digital marketing, João Cotrim de Figueiredo, president of Turismo de Portugal, talked about the digital marketing and the trend to this to be the future best way of advertising. Inclusive, he said, in the interview, that a huge part of its company budget to advertising has been allocated to the Digital, instead of TV.[3]

Besides that, NETPAPER knew, from the experience with some possible buyers, that many of them were developing new websites, so this meant an opportunity, at the end NETPAPER is a way of advertising and digital marketing.[4]

Website users

NETPAPER's website users can be anybody using Internet nowadays, which means 5,7 million people,[5] and mostly the ones who like to participate in games and challenges (exhibit 2).

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[1] Information provided by NETPAPER
[2] Information provided by NETPAPER
[3] João Coutrim de Figueiredo, president of Turismo de Portugal, "Digital marketing like TV with colors", Marketeer magazine, 2015
[4] Information provided by NETPAPER
[5] Websites' users, Marktest Portugal, 2013: www.marktest.com/wap/a/n/id~1cad.aspx – exhibit 2

With NETPAPER, websites' users win prizes and points that can be traded by more prizes. In one hand, one user wins a prize offered by a buyer, if he is the winner of that buyer's Netpaper, which means, be the user that answers correctly to the Netpaper questions and be the faster participant finishing the Netpaper. On the other hand, one user wins points by each right question on a Netpaper, which means that, even though, the user is not the winner of the Netpaper he wins points added in its session, which can be traded in a catalogue of prizes offered by NETPAPER (exhibit 3).

In each user session in NETPAPER website, it's possible to see: Netpapers available; Netpapers already done and respective results (right answers, time and points earned); and points already achieved and the prizes possible to get with those points (exhibit 4).

The reason why users participate and like Netpapers is basically related with the fact that they like games[6], and, specifically, because those games are about the brands they interact in their daily routines, make them win prizes and are on the internet. Besides that, a Netpaper is an easy way to know a website because it sends users on a path to find what they are looking for, without being confused.

Actually, NETPAPER is a different way of advertising because it works like a game and users love it. It is part of the Gamification concept, a strategy where the companies interact with people through games in order to get consumers engagement.[7] Example of this strategy is the diversity of games that already exists on Facebook, like Farmville, where participants create a Farm with different products promoted by different brands.[8]

NETPAPER is creating, since October 2014, a database with its website users, which already has 10.000 users and 1.000 accounts on the website totally updated and segmented. Those users are 60% women, with ages between 25 and 55 years old and 70% from Lisbon and Porto. NETPAPER sends a weekly newsletter to the data base users, in order to guarantee that users are informed about everything that happen in the company.

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[6] Ralf Terlutter and Michael L. Cappella, "The Gamification of Advertising", Journal of Advertising, 2013
[7] Leandro Kenshi, Gamification, Exam online magazine, 2011
[8] Ralf Terlutter and Michael L. Cappella, "The Gamification of Advertising", Journal of Advertising, 2013

The percentage of users that normally answers to the Netpapers, entirely, without giving up, is 5%, for instance, in 1.000 users 50 do the Netpaper. If there are different Netpapers from different buyers in the NETPAPER website at the same time, it will be better to the buyers because it's frequent that a user that come to NETPAPER website from buyer A, which has a Netpaper online, do the Netpaper from buyer B too.

NETPAPER is a B2B company, however it's necessary to be worried about the website users and promote the company to them too. In order to NETPAPER get more users on its website, the company tried to focus its advertisement on the target users defined by the database, mostly the ones who like to participate on games and challenges. The company already invested something on advertisement but it was not enough to make the company well known and get more users on its website. The company invested on Facebook and Flyers distribution on the streets, and also participated on a startup competition "Acredita Portugal 2013". In the next times, the company pretends to invest in more real advertisement, like radio in RFM, one of the most well-known Portuguese radios, and daily or weekly newspapers and magazines in Portugal, like Visão, Destak and Diário Económico. Moreover, NETPAPER is thinking about invest in other ways of digital marketing that have been emerging in the last years, like: paid advertising, optimization of the website, social marketing, online partners, affiliate marketing and newsletters, and the company is thinking about an investment in some of these ways.[9]

At the beginning, NETPAPER partners were focused on the interactive and innovative website that actually is important because a website, mostly in online services, must be focused on sights and sounds.[10] However, they learned that any service, like any product, is about the 4 P's of marketing mix and not only the website, it is applied to the online like in the offline with only some differences. So, NETPAPER started thinking about the interactive and innovative website aligned to the Product, place, price and promotion strategies always with the differences between online and offline services in mind.[11]

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[9] Alexandra Talpau, "The marketing mix in the online environment", Bulletin of the Transilvania University of Brasov, Economic Sciences, 2014

[10] Margaret Meiling Luo, Ja-Shen Chen, Russel K.H. Ching and Chu-Chi Liu, "An examination of the effects of virtual experiential marketing on online intentions and loyalty", The service industries Journal, 2011

[11] Alexandra Talpau, "The marketing mix in the online environment", Bulletin of the Transilvania University of Brasov, Economic Sciences, 2014

In that moment, Mónica knew, from the readings done, that the biggest differences between online and the offline services are basically related to the costs, the ease to find information, the importance given to the user, the website interactivity and the availability of the service.[12] So she decided that these differences needed to be a preoccupation to NETPAPER in order to improve the service provided.

Company buyers

NETPAPER buyers are defined as *"all the brands or companies who have a website or a Facebook page and want to generate traffic there or communicate something. It can be a website or a brand in general, or a specific product, service or campaign".*[13]
In Portugal, there are around 620.000 companies[14] and 417.000 websites, 73% of them professionals[15] (exhibit 5). So, there are, at least, 307.000 companies in Portugal that NETPAPER considers as its potential buyers and all this opened a window of opportunity in the market.

Nowadays, companies and brands should create a website and be present in social networks, mainly on Facebook, to be considered modern and innovative. The problem is that some companies don't use websites and social networks well and it isn't profitable: websites are not updated and are full of information, which sometimes is confused to the users; and the social networks act more like a funny thing and don't have enough information[16] (exhibit 5). NETPAPER pretends to solve this problem, giving to the users all the information in a funny, complete and competitive way.

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[12] Alexandra Talpau, "The marketing mix in the online environment", Bulletin of the Transilvania University of Brasov, Economic Sciences, 2014
[13] Information provided by NETPAPER
[14] Companies with activity in Portugal, 2012: www.racius.com/observatorio/2012/empresas-activas/ - exhibit 5
[15] Portuguese websites, 2012:
tek.sapo.pt/noticias/internet/67_dos_sites_portugueses_nao_sao_atualizados_1273227.html - exhibit 5
[16] Portuguese websites 2012:
tek.sapo.pt/noticias/internet/67_dos_sites_portugueses_nao_sao_atualizados_1273227.html – exhibit 5

NETPAPER buyers really like the business and believe in the service's advantages. Actually, the company buyers win advertisement, traffic on its websites and the, most important, consumers really get knowledge about the brands and probably buy them. As an example, given by the company, about the traffic generated, a Netpaper from the buyer A with 8 questions means around 20 clicks (per person) on the website of the buyer A.[17]

The sectors where NETPAPER is focused on are based on consumer's first needs[18], in the interests of the company website users and in the companies that already showed interest on NETPAPER. Those sectors are: food and drinks, clothes and accessories, gasoil, public services, like education, electronic products, cultural spaces and social companies, who pay only a tolcen price. Based on that, NETPAPER already contacted and get some clients like: Pingo Doce, one of the biggest supermarkets in Portugal; BP Portugal, one of the strongest petrol stations in Portugal, Worten, one of the electronic products sellers in Portugal, Centro Cultural de Belém, one of the most known cultural spaces in Portugal and Associação Portuguesa das Famílias Numerosas, a Portuguese Association who supports the families in Portugal with more than 2 children.

NETPAPER way of contacting with its buyers and possible buyers is through email, phone and personal meetings. The company said "*when the meeting is scheduled everything gets easier: In the meeting NETPAPER is presented in a creative and informal way, with a simple conversation where the website is shown and everything flows naturally, like a story*".[19]

During the company creation, Mónica read some papers about the differences of selling to consumers and selling to other companies, which means, the differences between a business to business and a business to consumer. B2B markets are the traditional, industrial, delivery and services companies that sell to other companies.[20]

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[17] Information provided by NETPAPER
[18] Maslow's hierarchy of needs: pt.wikipedia.org/wiki/Hierarquia_de_necessidades_de_Maslow
[19] Information provided by NETPAPER
[20] Denis Lindon, Jacques Lendrevie, Julien Lévy, Pedro Dionísio and Joaquim Vicente Rodrigues, "Teoria e prática do marketing", Mercator XXI, 2004

With the lectures Mónica learned that definitely "trust" was the most important thing to create a good relation between a company and the buyers in a B2B company, so she pretended to apply it to NETPAPER. In a B2B service build trust and a good relationship with the buyers was more important than a low price, the competition could compete with the low prices and couldn't compete with the relation created with the buyers so the buyers acted like partners.[21] Moreover, in a blog about marketing, Mónica learned about the 5 ways to build trust: listen, be open, involve the client and be spontaneous and humorous.[22] In order to build a trustworthy relationship with potential buyers, Mónica knew that, it's also important value the personal relationships, be transparent and a source of information, avoid to be a hard seller and respect the buyers.[23]

All these steps to make buyers trust in a company should be used in NETPAPER's meetings with the buyers, because the communication and the personal relationship are very important in a B2B company, and mostly in digital markets.[24] In fact, these steps are considered a way of branding and generation of loyalty, notoriety and reputation, which means a lot on the creation and maintenance of a good relationship with the buyers.[25]

During the first months, the company charged prices relatively high, for a small and new company in the market. However, NETPAPER partners quickly understood it and lowered the prices, to around 90€ per Netpaper question, allowing the company to still have profits. A regular Netpaper has 6-8 questions, but could have between 3 and 20 questions totally suggested and inserted on the website by the company. The Netpaper prices consider: website complexity that allows the company to insert the questions and images, correct the Netpapers, count the time of each participant in each Netpaper and disclose the results and winners in the moment; information given to the buyer about the Netpaper, like what were the questions with more right and wrong answers; and information given to the buyers about users who answered to the Netpaper, like demographic data. The complete online platform costs to the company around 6.000€.[26]

[21] Marco Nink, "B2B win by building relationships, not selling on price", Business Journal, 2013

[22] Patrick Murphy, "5 ways to establish trust and build B2B relationships", Digital Marketing Blog Silicon Cloud, 2013: blog.siliconcloud.com/bid/95141/5-Ways-to-Establish-Trust-and-Build-B2B-Client-Relationships

[23] Beens Velocci, Business 2 communitty, 2013: www.business2community.com

[24] Denis Lindon, Jacques Lendrevie, Julien Lévy, Pedro Dionísio and Joaquim Vicente Rodrigues, "Teoria e prática do marketing", Mercator XXI, 2004

[25] Madalena Vaz Pato, "CGI: Reaching out for new sources of revenue in a B2B market context", Master final thesis Universidade Católica, 2015

[26] Information provided by NETPAPER

<u>NETPAPER competitors</u>

According to the company market researches, so far there are no other companies who compete with NETPAPER by the way of service, however there are companies who compete in other ways (exhibit 6). [27]

In terms of NETPAPER main goal, *"...create a stronger relationship of knowledge between companies and consumers",* there are competitors like: Adfamilies and Adwin, similar websites where users see, classify and share the advertisement campaigns that the companies create and want to promote. In those websites, users win money and prizes. (www.adfamilies.com/ and www.adwin.pt/).

Considering one of the benefits of NETPAPER, its funny and competitive side, all the social networks came as competitors: Facebook, Twitter and LinkedIn are examples of it. (www.facebook.com/, www.linkedin.com and twitter.com/).

Thinking about what buyers expect from NETPAPER, it is the increase of traffic on the websites, that is a service provided by other companies like: Google through AdWords, Get Social and Actual Sales, who pretend to increase and manage the traffic on companies websites (www.google.pt/adwords, getsocial.io/, actualsales.com/).

Given that at the end, NETPAPER is a way of advertising it's important to refer that all the advertising companies and channels are competitors too: TV, radio, magazines, newspapers and advertisement agencies. However these competitors can also be partners for NETPAPER because it needs them to promote its website to the users and they need NETPAPER to promote its websites. In fact, the most visited websites in Portugal are the ones from the advertising companies and channels but they could need more deep visits and this is the service provided by NETPAPER (exhibit 7).

Finally, reflecting about the future, NETPAPER will have a huge data base that can be useful in order to do some market researches. This makes market researches companies, like Netsonda, competitors too. But those competitors can also became partners, because they have a huge data base that can be useful to NETPAPER and they want to promote their website too. (http://www.netsonda.pt/).

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[27] Philip Kotler, "Five product levels": www.toolshero.com/five-product-levels-kotler/ - exhibit 6

<u>NETPAPER competitive advantages</u>

The competitive advantages of the company are based on the competitors defined before.

Starting with the competitors like Adfamilies and Adwin, NETPAPER advantage is that it makes users go mandatorily to the buyers' websites following a path in order to answer Netpaper questions. Unlike of Adfamilies and Adwin, where users see the advertisement videos in Adfamilies and Adwin websites and can go to the buyers' websites or not.

Thinking about the social networks, the difference between them and NETPAPER is that with a Netpaper, the users can learn and know all the information about the company along with the funny side. In the social networks the information that users can get is not enough to deeply know the brand, like in NETPAPER website.

Considering the competitors, Google, Get social and Actual Sales, NETPAPER advantage is that it is a different and innovative way to generate traffic on websites. The users go to NETPAPER website and, besides generate traffic on buyers' websites, they really get some knowledge about them. Besides that, to do a Netpaper, the users really need to go and know the buyers' websites in a specific way, unlike to Google for example, where to see an advertisement, users can just see the website in a general way.

About all the advertising companies and channels, NETPAPER is different because it is on Internet, where people spend a lot of time nowadays (exhibit 8). [28]

Finally, NETPAPER's advantage compared with the market research companies, like Netsonda, is that NETPAPER asks questions to the consumers and gets their opinions in a different, creative and funny way.

Company buyers and possible buyer's behavior

Back to Mónica's thoughts on her way home, she remembered the meetings with the company buyers and the interviews she did to some of them (exhibit 9). The interviews goal was get some new ideas to the discussion about "how to get more buyers?" and the questions done were related to the buyers' relationship and opinions about the company and how it could be improved.

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[28] "Time spent in each way of advertisment, Meios e Publicidade, 2015:
www.meiosepublicidade.pt/2015/01/portugueses-ja-passam-mais-tempo-na-internet-que-a-ver-tv/ - exhibit 8

In fact, the interviews done and the meetings with the buyers brought some insights and new ideas to NETPAPER partners but Mónica still had some doubts, mostly because she knew from her experience in classes, that this method, the interview, had some limitations. In some cases, the information collected could be misunderstood and the interviewed people could not be representative of the whole population. If they did a focus group it would have some advantages, like spontaneity and security of the interviewed people, and it will be faster to do and analyze. However, compared with an interview, the focus group could be less personal and harder to collet ideas and opinions from the buyers. Mónica only was sure that a qualitative method was the best option, since the study was about a small sample, non-representative of all the population, and that they wanted to collect new ideas and opinions.[29]

Despite Mónica's insecurity, the interviews to the buyers were done and, and together with the information collected in the meetings with some buyers, NETPAPER divided the buyers into 2 groups: in one group were the buyers worried about the number of users in their websites, called by the company "quantity buyers"; and, in the other group, were the buyers who cared about the quality of the website visits, named by the company "quality buyers".

"Quantity buyers" really wanted to have lots of users on their website for a low price, per view. They didn't care about: depth of the visit, parts of the website explored, time user spent in the website, users' characteristics, users that came back to the website, loyal users or who really bought the products.

"Quantity buyers" said they have to justify every money spent in the company, so they considered the price to pay by a new user on their website had to be less than 50 cents. If they paid 500€, a regular price for a Netpaper, they needed to guarantee more than 1000 new users on their website. It was frequent "quantity buyers", compare NETPAPER's prices with the ones practiced by Google AdWords and preferred it, because in Google AdWords they knew they could get more than 1.000 users on their websites for the same 500€. These buyers were not worried about the quality of the visit, if they could get quality it would be better, but what really mattered was quantity.

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[29] Professor Fernando Machado lectures

"Quality buyers" way of thinking was very different, they preferred to have less buyers in their websites if they guaranteed the visits had quality. "Quality buyers" wanted to promote all the parts of the website, to them, users should know and visit all the specific parts from the websites and they wanted to bring more loyalty, engagement and notoriety to their brands and their websites. These buyers really cared about the time users spent in the website, the parts of the website more visited and the type of users who frequented the website and consequently bought the products.

Some of the "quality buyers" didn't even care about NETPAPER's data base neither the new users on the website, they just wanted to guarantee the regular users from their website knew all the parts of it and were loyal to their brands and websites. These buyers were not so worried about the quantity, if they could get more users in their website it would be better but what really mattered was the quality.

The "quality buyers" were the more interested ones to NETPAPER. Normally, they wanted to promote some specific part of the website and do a Netpaper was a good way to the users visited and knew it in a funny way and with the opportunity to win a prize. However, sometimes even "quality buyers" had doubts, they wanted to hear more about real cases and results, since NETPAPER was a new company in the market. The company felt the problem was that some buyers didn't want to be the 1st ones to invest in something new and unknown in the market.[30]

Besides all these conclusions from the buyers, there was an interesting opinion that marked Mónica's mind, the one from Sofia Barros, from Turismo de Portugal. In this company all the marketing they do was, in the moment, digital, this means, there were no traditional marketing in Turismo de Portugal. And Sofia's opinion was that, the big advantage that a digital marketing company, like NETPAPER, could have was to show the know-how about the topic, which means that, to Visit Portugal buy a service like a Netpaper, NETPAPER sellers needed to show safety and trust in the company, in the service they provided and in the concept promoted. To Mónica it was very important because, in reality, digital marketing and NETPAPER were new concepts and no one could know more about her company than her own, her partners and the people who worked with them.

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[30] Information provided by NETPAPER

Different ways to NETPAPER attract buyers, online

From the buyers' interviews and meetings, some interesting ideas to attract buyers emerged, but Mónica still had some doubts about what ideas really should be implemented and what were the right timings.

To Mónica's partners, the most important idea that came up was from a "quantity buyers", and it was quantify the number of users that went to the buyers' websites through NETPAPER website. With an application in the buyers' websites, they could see exactly how many users did the Netpaper and visited their website through this.

In fact, after the Netpaper be done and winner be announced, NETPAPER delivered to the buyers a complete report with the number of users who did the Netpaper and some information about them. However, the "quantity buyers" considered that if they could see with their own eyes and in their own website the exact number of users who did the Netpaper it would bring more credibility to NETPAPER. The "quality buyers" considered, in the interviews, that it could be important but they didn't seem as excited about it as the "quantity buyers".

During a conversation from Mónica with the company computer designer, it was said that probably insert this application in the buyers' websites would not be difficult and would not have costs. So the only disadvantage that Mónica saw in this idea was the fact that it was focused in the quantity of users who did the Netpaper and this was not supposed to be the most important aspect in the service offered by NETPAPER.

The other most relevant idea that came up was from a "quality buyer" and it was about be focused on the engagement and notoriety that a Netpaper could bring. The specific suggestion was analyze the results from Netpaper reports, segment them and give to the buyer the specific target from that Netpaper and from that website. It seemed an excellent idea and it was consistent to NETPAPER service but would have some costs to the company. According to the company computer designer, it would cost around 200€ once, because it needed to be automatized to be perfect. The other problem that Mónica saw was that, due to the size of NETPAPER's data base, the segmentation and target provided would not be very useful, for now.

Another idea that appeared during the meetings with the buyers was allow them to promote their Netpapers in their own websites, through a hyperlink that sent the users directly to the NETPAPER website and to the Netpaper of that buyer. The advantages to NETPAPER were related to the users that went to the buyers' websites for another reason and could do a Netpaper. The only problem was that some buyers didn't want to include a hyperlink from another brand in their websites, so if this idea became reality it would be only for some buyers. Moreover, it would have costs to NETPAPER around 800€ (once) because it would be a microsite on the buyers' websites.

And finally, the idea that sounded less interesting to NETPAPPER partners was about to reduce the prices, again. Some companies considered 90€ by question quite expensive, since NETPAPER was a new service and the database of registered users was not so big. The company partners thought that if they reduced the prices again, they would have losses, reduce the value of the company and damage their image and future notoriety.[31]

Susana, the company partner that was more related to the clients, though the company needed to listen the buyers' opinions and ideas and do something about it, urgently. However, not all the company partners agreed with her and that's why Mónica was so undecided about it.

<u>Different ways to NETPAPER simplify the concept</u>

Marta, the company partner that always came up with new ideas, thought that the NETPAPER service was complex and a little hard to understand, so she had the idea of use the Peddypaper concept to simplify the NETPAPER concept. Mónica and Susana's question was "How to do it?"
A Peddypaper is a pedestrian challenge/ game where the teams go on a path, answering to questions and tools and passing in specific checkpoints. In fact, it is a playful activity connected with the acquisition of knowledge about specific topics or places.[32]

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[31] Information provided by NETPAPER
[32] Maria Madalena Marques dos Santos Pereira da Silva, "A aprendizagem significativa do ensino da história: o Peddypaper como recurso didático", Master final report Porto University, 2011

Mónica thought about the two different ideas to use the Peddypaper concept that came up in the last meetings: the first one was to offer the service Peddypaper to do in the buyers' companies; and the other idea was to organize a huge Peddypaper in Lisbon, sponsored by NEPTPAPER buyers.

The Peddypapers in the companies would be a new service offered by NETPAPER with the goal of promote team building between the company employees and make them know each other. The disadvantage of this service to NETPAPER   was that it meant new costs in order to control the Peddypaper while it happened, so the service would need to have a medium/ high price to pay the new costs and the buyers were not able to pay a high price for this service.

The huge Peddypaper in Lisbon was the idea more developed by the company. Actually, Mónica already talked with some buyers about it and their eyes shined when she talked about 5.000 people walking in Lisbon sponsored by them.

The Peddypaper in Lisbon main goal was promote NETPAPER's concept, through its buyers, giving advantages to them, and involving Lisbon, its history and places. The Peddypaper would promote NETPAPER's concept because it would have the digital part, the consumers would walk to find the answers but they would answer the questions online in NETPAPER website, through a tablet. The sponsors would have different types of advertising, like t-shirts and bags, but the most important would be the 10 checkpoints sponsored by the different NETPAPER buyers, where the participants would pass during the Peddypaper. And it would involve Lisbon because it would be there and some of the Peddypaper questions will be about its history and places.

Mónica considered that, this huge event could be very interesting and important to NETPAPER and its future, because of the high promotion that it would have. However, she felt the first thing to do was to be sure that NETPAPER buyers wanted to sponsor the event, it would probably have many costs.

Susana had doubts about the Peddypaper because she knew that it would be a big event that needed to be perfect and very well organized, and she felt that NETPAPER partners could give less attention to the Netpapers to be more concentrated in the Peddypaper. She said in the last meeting *"we can't just stop with NETPAPER to be focused on Peddypaper, and then simply back to the NETPAPER, the buyers and the users that we already achieved will not wait, they need our constant attention"*.

Mónica knew that Susana was right in some way but this huge Peddypaper seemed very good to give NETPAPER the worth of mouth and physical side that the company needed. In fact, she read that, nowadays, the companies should innovate and be aware of the new trends, like the digital markets, however, the physical spaces and activities still being essential. The personal relationship will always be important to the buyers, and as much as the internet evolve and the relation with the buyer came closer, it will probably, never be a total personal relationship as it is on the physical spaces.[33]

Conclusion

When Mónica woke up the next day, more than ever, she felt a decision had to be made about the dilemma the company was facing. In that moment, Mónica decided that, in the next hours, she would sit and write her thoughts from the last night.

After her reflection moment, Mónica would schedule a meeting with her partners and make a final decision. They would have to decide not only what path to follow "Improve the way to get buyers or simplify the service" but also what should be the right strategy to run it. Mónica thought that if she brought her ideas well-structured to the meeting with her partners, it would be easier to decide.

Actually, the company already had some competition and the buyers were not totally convinced, in some way, they needed to hear more about the company and the engagement that it could generate. If the company didn't change its strategy soon, the things would be worst, so the decision needed to be taken as soon as possible and that's what Mónica intended to do.

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33 Edmond Jay, "Taking it Online or Offline - The New Definition of Location, and Why It Matters for Small Merchants", yahoo small business:
smallbusiness.yahoo.com/advisor/taking-it-online-or-offline--the-new-definition-of-location--and-why-it-matters-for-small-merchants--213312990.html

Exhibits

Exhibit 1 – NETPAPER website: Netpapers

Exhibit 2 – Website users in Portugal 2013

Marktest 2013

Número de Utilizadores Únicos em 2013
(em 000)

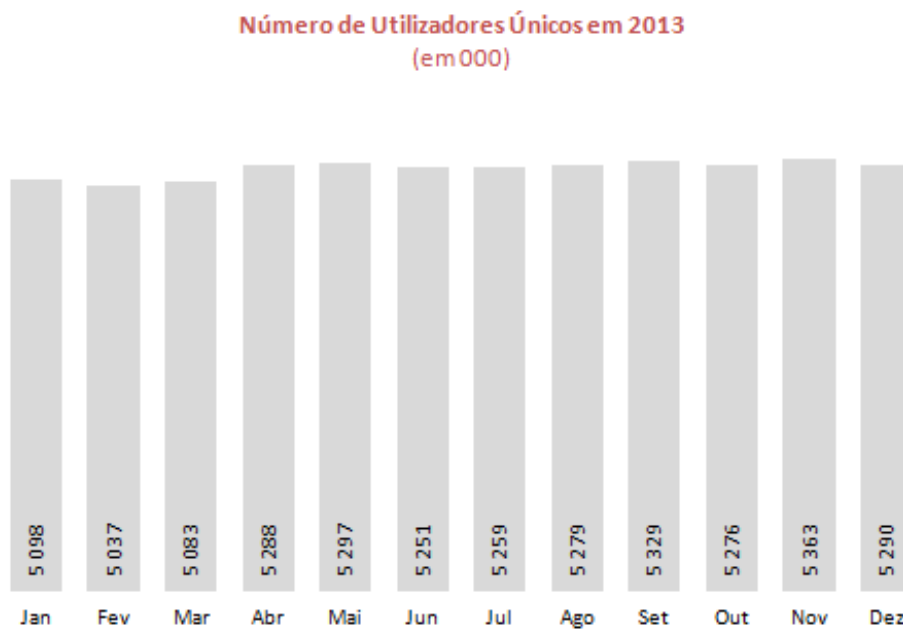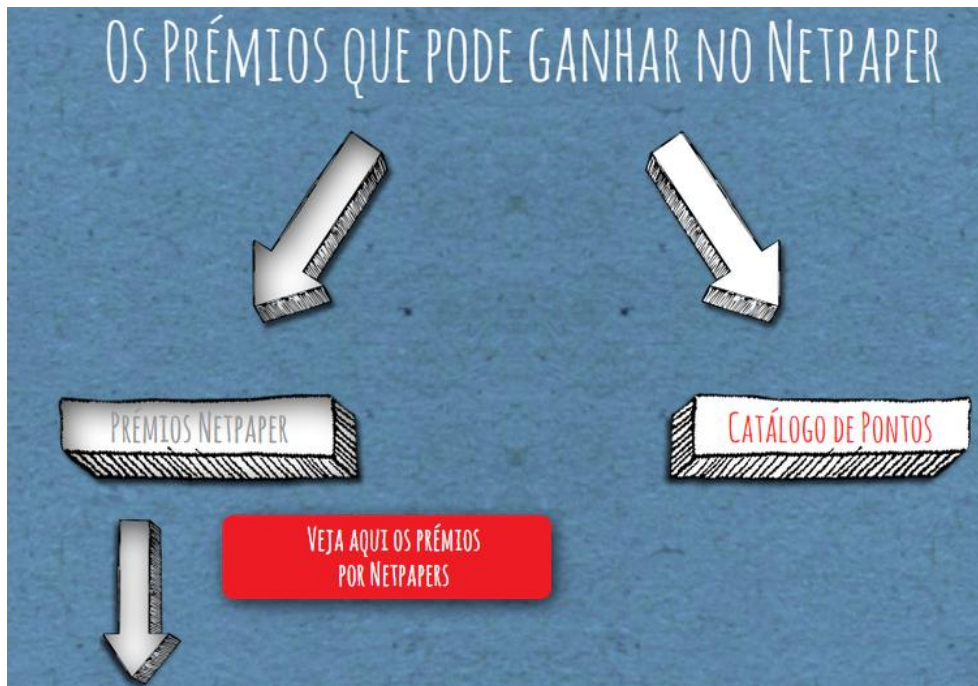| Jan	Fev	Mar	Abr	Mai	Jun	Jul	Ago	Set	Out	Nov	Dez
5 098	5 037	5 083	5 288	5 297	5 251	5 259	5 279	5 329	5 276	5 363	5 290

Exhibit 3 – NETPAPER website: Prizes

Exhibit 4 – NETPAPER Website: Users session

Resolução do Netpaper

1. VENHA CONHECER O NOVO SITE DO CCB! EM CIMA, CLIQUE NA BARRA CENTRAL DOS DIAS DA MÚSICA. AQUI ENCONTRA TODA A PROGRAMAÇÃO. NAS IMAGENS QUE PASSAM, ENTRE AS "INFORMAÇÕES" E O "COMO CHEGAR", PODE SABER MAIS SOBRE O CONCERTO DE ABERTURA. QUAIS SERÃO OS DOIS COMPOSITORES INTERPRETADOS NO CONCERTO DE ABERTURA A1 ?

Pergunta 1/6

Resposta Correta: S. Rachmaninov e R. Strauss

A sua Resposta John Williams e S. Rachmaninov ✖

Pontos: 0

Conta corrente

DATA	EVENTO	PONTOS	SALDO
21/04/2015 12:54:34	Resposta no Quiz	10	451
21/04/2015 12:52:46	Resposta no Quiz	10	441
21/04/2015 12:52:06	Resposta no Quiz	10	431
21/04/2015 12:47:42	Resposta no Quiz	10	421
21/04/2015 12:45:23	Resposta no Quiz	10	411

Exhibit 5 – Companies and company's websites in Portugal 2012

www.racius.com/observatorio/2012/empresas-activas/

tek.sapo.pt/noticias/internet/67_dos_sites_portugueses_nao_sao_atualizados_1273227.html

417.653 websites in Portugal 2012	
Professional websites	307.091
Public services	More than 7.000
Blogs	24.054
E-commerce	17.097

417.653 websites in Portugal 2012	
Professional websites	307.091
Public services	More than 7.000
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E-commerce	17.097

620.000 Portuguese in Portugal Companies 2012	
95%	Not using internet and digital economy well
3,20%	Facebook

Exhibit 6 – 5 Product levels, from Philip Kotler
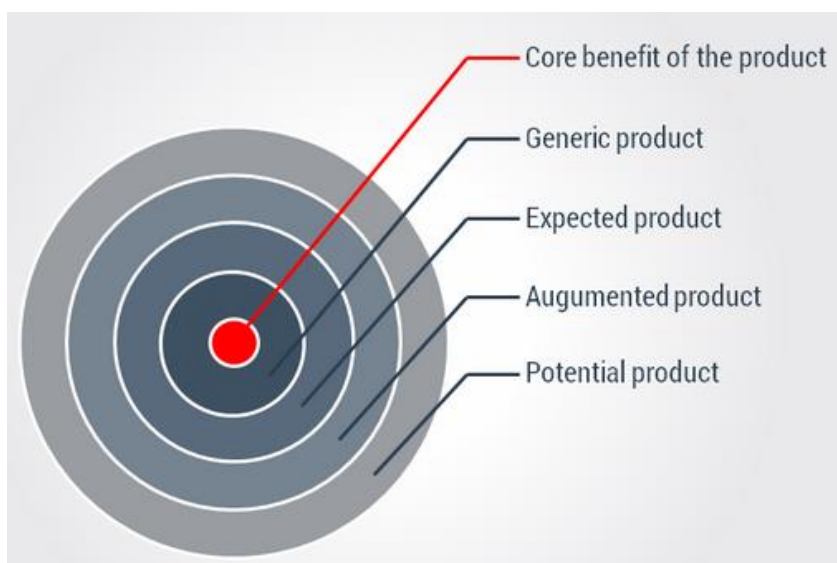
www.toolshero.com/five-product-levels-kotler/

Exhibit 7 – Most visited websites in Portugal 2012

Marktest (Netscope)

Website	Visits	Pageviews
Sapo (Home Page and Services)	42530330	241851607
A Bola	28664686	194729817
Record	20434143	151202764
TVI	11189970	116389209
Público	9048597	39127881
Correio da Manhã	8304124	49312345
JN	8260929	35640352
Expresso	6199651	30724621
RTP	5480042	13445258
O Jogo	5417582	23446334
Mais Futebol	5186216	23303872
DN	4905805	16296258
Sapo Desporto	4335591	30582637
IOL Homepage	4274731	13175036
Jornal de Negócios	3757384	18944663
Económico	3714498	9294272
Sapo Notícias	3461698	35707554
SIC	3269365	21630075
Clix (Homepage and Blogs)	2429702	8612049
Sapo Tecnologia	2290827	6411398
Sol	2205643	5103067
Sapo Jogos	2014986	9658874
Visão	1885903	9672981
Rádio Renascença	1801486	7081477
Diário Digital	1800562	4172135
Sapo Astrologia	1647426	15164482
iOnline	1545779	3450910
TSF	1418838	5547945
Autohoje	1310113	4349914
Caras	1288882	12622581

Exhibit 8 – Time spent in each way of advertising, Portugal 2015

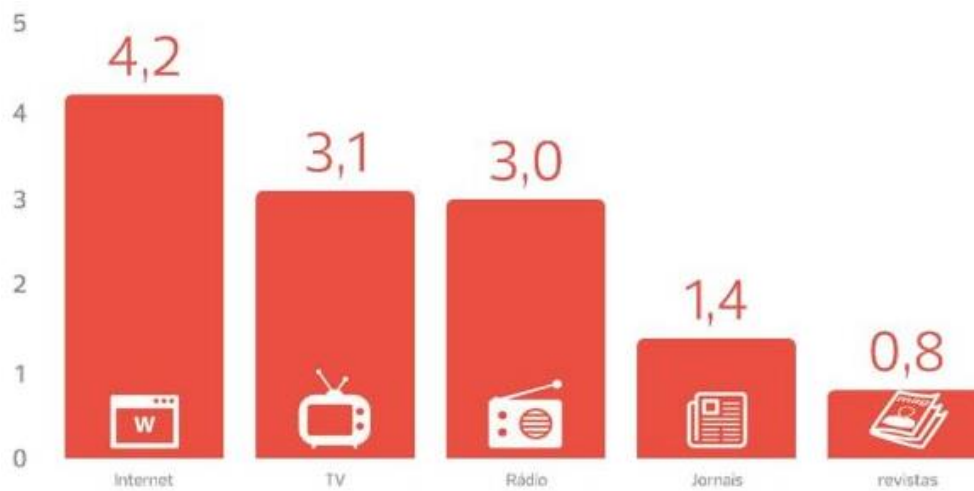www.meiosepublicidade.pt/2015/01/portugueses-ja-passam-mais-tempo-na-internet-que-a-ver-tv/

Exhibit 9 – Buyers interview

1. Why do you think NETPAPER is an interesting business? Specifically, the presentation, the meetings, the business model, the website?
2. What makes you have doubts about NETPAPER? Why?
3. What do you think that the company should change in order to be better and more appealing? Specifically about the presentation, the meetings, the business model, the website?
4. What do you think the company can change to attract more buyers and get its trust easily?
5. If you can see the number of buyers who get in your website from the NETPAPER website, it will turn the business more attractive? It will be easier for you became a NETPAPER buyer?
6. The fact that NETPAPER is a new concept and a new company in the market changes your opinion about it?
7. Actually, NETPAPER is a way of advertising. For you, what makes it different?
8. What's your opinion about the Peddypaper concept related to the NETPAPER concept? What do you think about the possibility of a Peddypaper in your own company to generate team building between your employees? And about the idea of a huge Peddypaper in Lisbon with a digital format and where your company could be one of the sponsors?

TEACHING NOTES

Introduction

NETPAPER case was written in order to be used in classes and not a source of primary data, a demonstration of the right or wrong practices of the company or company promotion. Most of the data used was provided by the company.

Synopsis

NETPAPER is a Portuguese startup that was born in October 2014. It is a B2B company in the digital marketing area. A Netpaper is a "*range of funny questions about a brand website or topic*" and acts like a Peddypaper, but instead of users go to different places, they go to different websites of the brands. The main goal of this company is to promote and generate traffic on the brands websites and create a stronger relationship and knowledge between the brands and consumers.

Digital Marketing and the online environment are a new trend and have been evolving a lot in the last years. NETPAPER works with an innovative and interactive platform where everybody can see and understand everything.

The website users in Portugal have been increasing, reaching 5,7 million in 2013. NETPAPER is attractive to these internet users because: is on internet; is a game; gave them prizes; is about the brands they interact in their daily routines; and make they know the brands and their websites in an easy way.

The Portuguese companies are around 620.000 and there are around 417.000 websites in Portugal. 307.000 of the websites are professional and those ones are the NETPAPER potential market. NETPAPER possible buyers could be "*all the brands or companies who have a website or a Facebook page and want to generate traffic there or communicate something. It can be a website or a brand in general, or a specific product, service or campaign*". NETPAPER brings advantages to the companies because: make their websites get views and profits; and make users know and learn about their products and services and possibly buy them.

One year after the company creation, the buyers achieved so far were not enough. At the time, the company already should have more buyers and the competitors were coming up. The company partners knew that NETPAPER could be a really successful startup however they felt they need to do something in order to win buyers faster. And the solutions they have in order to do it were: improve the way to attract buyers, online or simplify the NETPAPER concept.

Besides the information provided about NETPAPER and the market that it evolves, the case also presented the results of the interviews to the buyers done by the case writer. The case is based in the experience of the 3 NETPAPER partners and with focus on the best ways to get buyers in a new, online and B2B company.

Teaching objectives

1. Make clear, to the students, the digital marketing and startups evolution in Portugal;
2. Clarify, on students mind, the costumers' and companies trends on internet;
3. Contrast the differences between the types of marketing research: qualitative and quantitative;
4. Highlight the advantages and disadvantages of an interview and a focus group;
5. Help students to better understand the marketing mix in online business;
6. Enhance the differences between online and offline environment;
7. Prepare the students to better characterize a B2B company;
8. Get students' analyze and interpretation of the case, in order to do a useful recommendation about how to win buyers in a new, online and B2B Company.

Use of the case

NETPAPER case could be useful to undergraduate and MBA marketing management courses. It also would be helpful on more specialized courses like marketing strategy, marketing research and digital marketing.

The case and the teaching notes should be used by the instructors in order to generate class discussion and explore and get insights about the following topics:

- Digital marketing, users and companies reaction it;
- Market research methods;
- Online companies marketing mix;
- B2B companies' characteristics;
- And new companies' strategies.

Suggested assignment questions

1. Show that NETPAER has the characteristics from a digital marketing Startup that brings benefits to the Portuguese companies and internet users. State some evidences to enhance your answer.

2. What are the characteristic of the two qualitative methods considered by NETPAPER to analyze the market? And what are the differences between them?

3. Analyze the NETPAPER marketing mix (4 P's), having in mind the company business model and the differences between the online and the offline/ physical placement. What would you consider more profitable to your company, online or offline placement?

4. How could NETPAPER improve its relationship with the buyers? Consider the B2B characteristics and the buyers' opinion.

5. Reflect about the 2 paths that the company could follow in order to get more buyers, choose one of them and justify your choice, qualitatively and quantitatively. Explore the best options in each path, the information given about it and the two types of consumers defined by the company. (Think about growth strategies)

Assume the following data

Peddypaper in the companies: estimated incomes to NETPAPER: 1.500€, 4 hours

Huge Peddypaper

- Estimated incomes: Sponsors 100.000€; entries to the event 30.000€; and others 2.000€

- Estimated costs, like advertisement, assembly, music, ambassadors and local: 83.000€

Relevant theory

The study of this case is supplemented by some relevant theory:

- Digital marketing definitions;
- Online buyers and companies' characteristics;
- Marketing research methods;
- Marketing mix in the online environment;
- Differences between online and offline businesses;
- Growth strategies to the companies (Ansoff matrix and Kotler).

Analysis and discussion

There are 5 questions to discuss aligned to the case developed before. The suggested time to answer and discuss the questions is 90 minutes, divided as shown below:

Question 1	Digital marketing and Startup companies	15 minutes
Question 2	Marketing research methodologies	10 minutes
Question 3	Marketing mix in online and online environment	15 minutes
Question 4	Improve the B2B company	20 minutes
Question 5	Dilemma's analysis	30 minutes

The following analysis and discussion is recommended:

1. Show that NETPAER has the characteristics from a digital marketing Startup that brings benefits to the Portuguese companies and internet users. State some evidences to enhance your answer.

About the first part of the sentence, about NETPAPER be a digital marketing startup, it's important to be focused on three ideas: NETPAPER is an entrepreneur business, it is about an innovative and complex business and about the advertising on internet, which means digital marketing.

Thinking on the first idea, as said on the case, NETPAPER has been created by 3 entrepreneurs with one single goal: "*Create their own successful business.*" Moreover, digital markets are a world not so explored for some companies and it's the future of advertising, the companies are exploring and investing even more on this type of advertising.

Analyzing the competitive advantages of the company, it's easier to say that NETPAPER is an innovative company because there are no other company with the same format: with a Netpaper the users visit the company website through a path that generates logic on consumers mind; a Netpaper gave some knowledge about the companies in a funny, complete and competitive way; it generates traffic on companies' websites at the same time that promotes information about their products; it is a type of advertising on internet; and makes consumers gave feedback about the companies in a creative and not bored way.

Finally NETPAPER is a Digital Marketing company because it's about advertising on internet. In fact, NETPAPER name and idea came from the Peddypaper concept, a physical service, but it is an online service, because instead of going to different places, people go to different websites of the brands in order to answer the questions. Besides that, NETPAPER is about the promotion of the companies, through the generation of traffic on their websites and engagement and knowledge that consumers acquire about them.

Considering the second part of the sentence, about NETPAPER brings benefits to the Portuguese companies and internet users, there are some crucial advantage to refer.

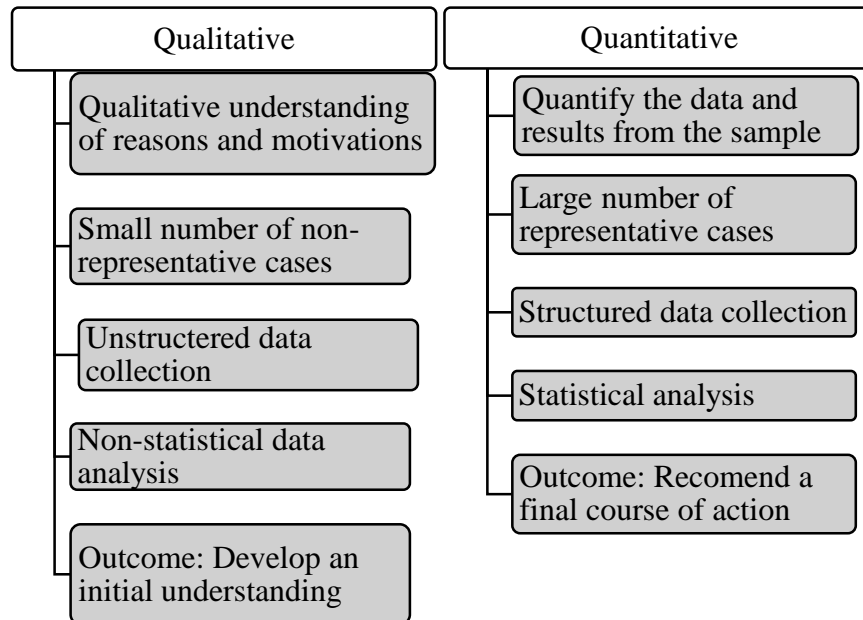NETPAPER is a brand that bring benefits to the Portuguese companies because:

- NETPAPER main goal is promote and generate traffic on companies' websites and create a stronger relationship and knowledge between the brands and consumers;
- Consumers deeply know the website they visited trough a Netpaper, and probably buy the products/ services that the website promoted;
- The company is about the promotion of the brands' websites in a funny, complete and competitive way;
- NETPAPER generates quality visits, engagement, loyalty, notoriety and knowledge about the websites and the brands;
- A Netpaper allows users to remember the brands they interact in their daily routines;
- A Netpaper makes users go on a path, when they are searching on the websites, which is not confused to them;
- The company buyers receive a report with information about the Netpaper and users who did it;
- NETPAPER has been creating a good database, actualized and segmented;
- The company advertisement is focused on the target users defined by its database, mostly the ones who like to participate on games;
- The percentage of users who really do a Netpaper is 5%;
- A regular Netpaper from buyer A means 20 clicks (for person) on its website.

NETPAPER is also a brand that brings benefits to the internet users because:

- NETPAPER is about the promotion of the brands users interact in their daily routines;
- The promotion of the brands is done in a funny, complete and competitive way;
- The concept of Gamification and internet challenges are a trend in the market;
- NETPAPER is an easy way to know the websites of the brands because sends users on a path;
- The users win prizes and points that can be traded by more prizes.

Question 2: What are the characteristic of the two qualitative methods considered by NETPAPER to analyze the market? And what are the differences between them?

In market researches the qualitative and quantitative methods are defined by the following characteristics:

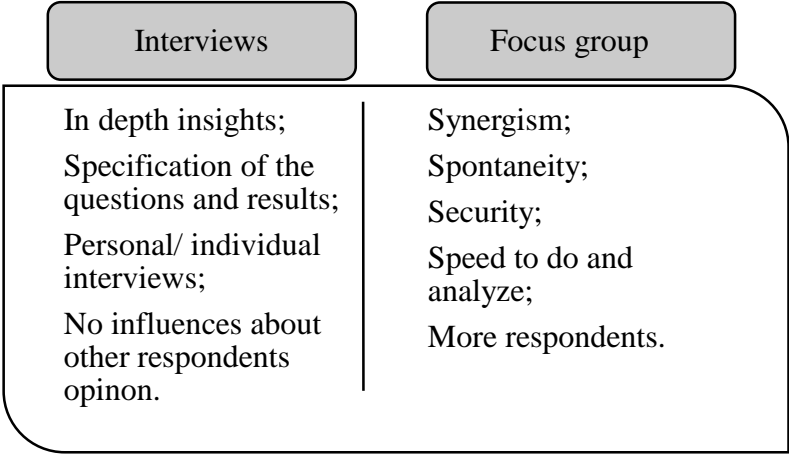| Qualitative	Quantitative
Qualitative understanding of reasons and motivations	Quantify the data and results from the sample
Small number of non-representative cases	Large number of representative cases
Unstructered data collection	Structured data collection
Non-statistical data analysis	Statistical analysis
Outcome: Develop an initial understanding	Outcome: Recomend a final course of action

NETPAPER main goal was analyze a small data, composed by some of NETPAPER buyers, in order to get insights about their opinions about the company. Moreover, the company offers a B2B service and the dilemma was about the buyers, who are not a big number. So it makes sense that the research method chosen has been a Qualitative one. However this methods have some limitations like:

- The results can be misused or misinterpreted;
- The results cannot be necessarily representative of the whole population;
- The interviewer can be extremely critical and lead to ambiguous results.

The two qualitative methods considered by NETPAPER to analyze the market were: individual in-depth interviews and a focus group. Both methods have advantages and disadvantages and could bring good insights to the company so Mónica's insecurity was normal.

The individual in-depth interviews are conducted individually face to face with the respondent, and the objective is explore in detail the motivations, reasons and opinions of the respondents about something. In NETPAPER case it was a semi-structured or focused individual interview with specific questions about NETPAPER and the characteristics of the service.

The focus group is an interview conducted in an unstructured and natural manner by a trained moderator among a small group of respondents. The main goal of the focus group is to promote self-disclosure and allow the interaction and greater insights into why certain opinions are held. The main differences between the two methods considered by the company are represented on the next image:

Interviews	Focus group
In depth insights;	Synergism;
Specification of the questions and results;	Spontaneity;
Personal/ individual interviews;	Security;
No influences about other respondents opinon.	Speed to do and analyze; More respondents.

Question 3: Analyze the NETPAPER marketing mix (4 P's), having in mind the company business model and the differences between the online and the offline/ physical placement. What would you consider more profitable to your company, online or offline placement?

The 4 P's of marketing are Product, Price, Place and Promotion and it is applied to all the services online and offline. In NETPAPER marketing mix is important to consider the analysis of the buyers because they are the real clients, but it's also important to analyze the consumers and how the company interact with them.

Concerning the Product offered in NETPAPER case it is a service. It's a Peddypaper but instead of go to different places, people go to different websites of the brands in order to answer to the questions. As the company said a Netpaper is *"a range of funny questions about a brand website*". About the differences between the online and offline services, thinking on the first P, NETPAPER needed to pay attention to the way to explain how the service works: how users could participate; what users win; advantages that the service brought to the buyers; and how the service was provided and communicated. In fact NETPAPER concept was not easy to understand and not all the companies were familiarized with the internet world.

The Price a buyer paid for a question on a Netpaper was around 90€, so a regular Netpaper with 6-8 question costs between 500€ and 700€. Those prices were based on the complexity of the website and the information that it provides. Actually, as in a regular online business, the costs of NETPAPER were low, were basically the online platform which costs around 6.000€. Unlike the companies who offered offline services, NETPAPER did not have costs like the room and the materials to provide the service to the buyers.

In order to analyze the service Place and Promotion it's important to reflect about the buyers and the users, because the users also need to know the service, how it works and where to find it.

The Netpapers, the service offered by the company, were available on NETPAPER website, where everybody could see it and participate. All the internet users could have a register on the website, participate on the Netpapers, verify the results and win prizes. In order to the registered users really understand the service and the way it is distributed, the company needed to be worried about the images, interactivity and environment created on the website, because, since it was an online environment, the senses like smell and touch couldn't be used.

The advantages that the online has, compared with the physical distribution, are the availability 24 hours by day, everywhere and the flexibility and speed to find the information. And NETPAPER needed to take advantage of this in order to make the service better understood.

In spite of all this online side of NETPAPER, the company also had an offline and more personal side. The company contacted with its buyers through email, phone and personal meetings, in order to better explain the service they provided and the advantages that the buyers could have buying a Netpaper.

The company way of Promotion had been, until the moment, based on flyers distribution, Facebook and the participation on a startup competition. However the company pretended to communicate more intensively on other types of advertising like TV, radio, newspapers and magazines and digital marketing. Besides this, and the contacts done with the buyers, through email, phone and meetings, the company sent to all the users on the website a weekly newsletter giving news about the website and online Netpapers. This type of Promotion and the Facebook are important examples of good online communication because with this users felt a personal contact with them, something that is not so easy on the online services.

Thinking about what is better to a company, the online or the offline, nowadays most of the companies are improving their online side but they should maintain a physical side, however strong it is, the buyer will always like the personal relationship with the seller. The digital world was coming up but it will take some time to people, companies and users, be adapted to it so companies should adopt a hybrid placement, which means use the online and offline.

<u>Question 4:</u> How could NETPAPER improve its relationship with the buyers? Consider the B2B characteristics and the buyers' opinion.

First of all, NETPAPER was definitely a B2B company. In fact its buyers were other companies, and were defined as "*all the brands or companies who have a website or a Facebook page and want to generate traffic there or communicate something. It can be a website or a brand in general, or a specific product, service or campaign*".

As written on the case, the company main goal was: "*to promote and generate traffic on the brands websites*" and that's why it was a B2B; and also, "*create a stronger relationship and knowledge between the brands and the consumers*" and that's why NETPAPER needed to be worried about the promotion of its service to the consumers too, they were the ones who play.

In order to improve the relationship with the buyers, NETPAPER should follow the rules to B2B presented on the case and align them to the company. Since NETPAPER, already made its meetings with the buyers an informal conversation it was in a good way, it just needed some improvements in order to get more branding, loyalty, notoriety and reputation:

- Create a trust relationship;
- Make buyers a partner;
- Value the personal and informal relationship;
- Listen buyers opinions, be open;
- Respect buyer and their opinions and ideas;
- Involve the buyer in the meeting, let them make questions;
- Be a source of information, let buyers without doubts;
- Be spontaneous and humorous, make buyers comfortable;
- Be transparent, say the true;
- Sell without the product to touch and feel, use the communication as a focus to make buyers have the experience.

In the particular case of NETPAPER, besides the rules presented before, the company needed to know its buyers and its opinions, and never forgot they are a digital business, a recent and trendy area. Moreover, the company needed to remember they had two types of buyers and should satisfy both: quantity and quality. The differences between those buyers are presented on the next image:

Quantity buyers	Quality buyers
• Worried about the number of users on the website; • Wanted to have lots of users on its websites for a low price per view; • Needed to justify every money spent in the company; • Price to pay by a new user: Less that 50 cents; • Considered google adwords better: Brings more users for the same price; • Didn't care about: depp of the visit, parts of the website explored, time spent in the website, characteristics of the users, users that come back, users who become loyal or users who really bought the product/ service.	• Worried about the quality of the website visits; • Preferred to have less buyers, if the visit has quality; • Wanted to promote all the parts of the website; • Wanted loyalty, engagement and notoriety to the brand and the website; • Cared about: depp of the visit, parts of the website explored, time spent in the website, characteristics of the users, users that come back, users who become loyal and users who really bought the product/ service; • Didn´t want to be the firts moovers.

The company also needed to be attentive to the ideas that buyers suggested, mostly the ones from the quality buyers because they are more related to the company business. So the company needed to think about the following ideas:

1. Analyze the results from Netpapers' reports, segment them and give to the buyers the specific target from that Netpaper and that website;

2. Insert in the buyers website a hyperlink to NETPAPER website, in order to promote the Netpaper on the buyers' website to its customers;

3. Create a huge Peddypaper in Lisbon with the digital component through NETPAPER website;

4. Use an application on the buyers' websites, visible by the buyers, to quantify the number of users that went to the their websites through NETPAPER website;

5. Offered a new service to the buyers: Peddypapers in the company in order to promote the team building and improve the relationship between the company employees;

6. Reduce the Netpaper price again in order to make buyers test the service.

And to finish, the company also should invest in the ways of digital marketing that have been emerged in the last years in order to get more visits in the website: paid advertising, optimization of the website, social marketing, online partners, affiliate marketing and newsletters.

Question 5: Reflect about the 2 paths that the company could follow in order to get more buyers, choose one of them and justify your choice, qualitatively and quantitatively. Explore the best options in each path, the information given about it and the two types of consumers defined by the company. (Think growth strategies)

Assume the following data

Peddypaper in the companies: estimated incomes to NETPAPER: 1.500€, 4 hours

Huge Peddypaper

- Estimated incomes: Sponsors 100.000€; entries to the event 30.000€; and others 2.000€
- Estimated costs, like advertisement, assembly, music, ambassadors and local: 83.000€

The dilemma that NETPAPER was facing were about "how to win more buyers?" and the two different paths that the company could follow were: improve the way to attract buyers on the online environment; or simplify the NETPAPER concept, through the Peddypaper concept.

The company dilemma is much more qualitative than quantitative because the costs for each option are not higher enough to make company have losses. Besides this, the company has two types of buyers with a very different behavior and they are the ones who influence the strategy that the company should follow and the ones that the company really need to persuade. The website users don't influence so much this decision, although they could increase with some of the options, which is good to NETPAPER too.

About the path, "improve the way to attract buyers on the online environment", there were 4 different ideas: insert an application on the buyers' websites, visible by the buyers, to quantify the number of users that went to the its websites through NETPAPER website; analyze the results from Netpaper reports, segment them and give to the buyers the specific target from that Netpaper and from the website; insert in the buyers website a hyperlink to NETPAPER website, in order to promote the Netpaper on the buyers website to their customers; and reduce the Netpaper price again, in order to make buyers test the service. This 4 ideas could be applied in the company but with different timings and following a logic strategy in order to allow NETPAPER to see the results from each idea. During the next lines, each idea will be analyzed.

The first idea referred on the case is insert an application on the buyers' websites to quantify the number of users that went to their websites through NETPAPER website. It will allow buyers to see exactly how many users go to their websites to do the Netpaper and will give more credibility to NETPAPER.

Thinking about the Ansoff Matrix this idea is about provide a new service to buyers, the possibility to see Netpaper results on their own websites, but in the same market, in the online environment, so it's a "product development strategy", in this case, a "service development strategy". But according to Kotler, it is an integrative growth strategy, more than create a new service, it is create a new service similar to the current business, the buyers already could know their results but with this service they could see it through their own websites (Philip Kotler, Kevin Lane Keller, Mairead Brady, Malcom Goodman, Torben Hansen, "Marketing Management", Pearson Prentice Hall, 2009).

"Quantity buyers", worried about the quantity of users that see their website, considered this idea the best, it will help them to more easily trust in NETPAPER. "Quality buyers", worried about the quality of the visits on their websites, don't seem so interested on the idea. The big advantage of this idea is exactly the fact that the "Quantity buyers" would believe in NETPAPER results. And the only disadvantage is that it isn't so focused on the service offered by the company, the knowledge acquired during a Netpaper. Are NEPTAPER ready to the fact that it could transform a little the business model of the company? It could be an interesting idea to the future, after the company already win the "quality buyers" and their trust, since the business model of the company is more related with their ideas.

Analyzing the idea in a quantitative view, it wouldn't generate costs to NETPAPER, so it only could generate profits, since it will make more "quantity buyers" buy Netpapers.

Be more focused on the engagement and notoriety that NETPAPER could bring, was the second idea mentioned in the case. It's basically analyze the results from the Netpaper, segment them and give to the buyer the specific target from the Netpaper with details of the customers visits on the buyers' website.

On the Ansoff Matrix and Kotler theory, this idea is about the same growth strategy that the last one. Ansoff Matrix: "service development strategy"; Kotler: integrative growth strategy.

This idea was suggested by one of the "quality buyers" and approved by the other ones, since it will make them improve their websites in order to satisfy their target and consequently generate more quality visits on the websites. The "quantity buyers" don't see the idea as bad but preferred the one referred before.

The advantages of this idea are higher to NETPAPER because it makes the company provide better and more useful insights to the buyers and is related with the company focus, make users better understand buyers' websites. The disadvantage is that, in that moment, NETPAPER data base was not large enough to generate a strong segmentation and target. So, in order to make this idea happen, the company should increase their users' data base, firstly.

About the costs of this service, it would be 200€ once, in order to automatize the results. Since a Netpaper doesn't have less than 3 questions and each one cost 90€, the minimum price of the Netpaper would be 270€ (3 x 90€ = 270€). So, the company only needs to sell one Netpaper to recover the investment done in this new service.

Another idea stated in the case was to insert a hyperlink on the buyers' website that sends the users directly to NETPAPER website and to that buyers' Netpaper. The goal is to promote the Netpapers in the buyers' websites in order to the regular users of that website do the Netpaper of that buyer.

Similar to the other ideas already analyzed, on the Ansoff Matrix this idea is a "service development strategy" and according to Kotler it is an integrative growth strategy.

Quality buyers seem to be the more interested ones on this idea, since some of them wanted to promote their Netpaper to the users that already frequent their websites. To the quantity buyers, it doesn't seem interesting because they wanted more visits on their websites.

The advantages to NETPAPER were related to the users that went to the buyer's website for another reason and do a Netpaper. It could increase NETPAPER data base.

The cost of this service would be 800€ once. Considering the same that in the idea referred before, the minimum price of a Netpaper would be 270€. So the company would have to sell 3 Netpapers with 3 questions to recover the investment of the service (270€ x 3 = 810€). It would be more difficult than in the last idea mentioned but not impossible, mostly because the regular Netpapers had at least 6 questions, which means that it was sold by at least 540€ (90€ x 6 = 540€), so 2 Netpapers would make the company recover the investment (540€ x 2 = 1080€). Besides the price, that is easily recovered, there are no other obstacles to the application of this idea in the next times.

Reduce the price of the Netpapers was the last idea that came up on the case. There are companies that consider 90€ per question a high price to a new and unknown company in the market.

In the Ansoff Matrix, reduce the prices is about keep providing the same service in the same market, so it is a "market penetration strategy". According to Kotler, this is improve the existing business, in this case reducing the prices of the service, so it is called an intensive growth.

This suggestion is more relevant to "quantity buyers" that could have more traffic on their websites by the same price as a Netpaper, through other services like Google AdWords.

The disadvantage to NETPAPER was related to the relation between price and quality, to some buyers, lower prices could mean lower quality, and it could damage the image and future notoriety of the company.

About the costs of this reduction on the service, according the case, the reduction already done to the prices practiced in the moment allowed the company to maintain the profits, however reduce more the costs could make company have losses. So the moment that the company was facing in the moment were not the ideal one to reduce prices.

Thinking about the second path that the company could follow "simplify the NETPAPER concept, through the Peddypaper concept". This path originated two ideas of new services to NEPTPAER analyzed on the next lines: Peddypapers to the companies and a huge Peddypaper in Lisbon.

Thinking about the Ansoff Matrix, both ideas were considered a "diversification strategy", because it is about a new service, Peddypapers, in a new environment, the physical one. About Kotler theory, it is a diversification strategy since it's about a business different from the other one provided by the company.

Reflecting about the "quality buyers" and "quantity buyers" both ideas are good for the buyers that heard about it, the "quality" and "quantity" ones.

The big advantage of these ideas is the fact that the NETPAPER concept would be promoted to more people, different people from the ones already know the company and it would increase the company data base of users.

The first idea, Peddypapers in the companies, would help companies to get team building between company employees and make them know each other.

The higher disadvantage of this service is that it would have a cost that the buyers already interviewed considered expensive. The price could not be reduced because the company would have added costs with this service. Assuming the price suggested in the question, 1500€, it would be more profitable sell 3 regular Netpapers (540€ x 3 = 1.620€), which have lower costs, than sell a Peddypaper to a company.

The second idea that came up on the second path was about do a huge Peddypaper in Lisbon. It would disclose the NETPAPER concept because it would be done in the company website; it would promote NETPAPER buyers because they would be the sponsors; and it would bring more users to the company website because the participants have to be registered on the website. Considering the costs and incomes suggested in the question definitely this event only could happen if the company got the estimated sponsors. Since sponsors would be the higher source of income, if they failed the company would probably have losses. The costs suggested are 83.000€ so the company needed to guarantee at least 51.000€ (83.000€ - 32.000€ = 51.000€) from the sponsors in order to don't has losses.

LITERATURE REVIEW

Nowadays, internet is used by everybody, no one wants to be out of this environment. Actually, the number of companies selling or promoting products/ services on internet is growing a lot[34] and the time consumers spend on internet is increasing every day.[35]

This literature would help the reader to understand the online environment and how the companies and consumers react to it. Aligned to the case, this literature, based on a few articles, should help the instructors to understand the case and add some insights to the class discussion.

The importance of online to the companies

In the last years, the companies have been improving their websites more and more. In fact, the number of professional websites in Portugal, 2012, was around 307.000.

In 2012, most of the Portuguese companies were not giving enough importance to their online presence, they were not updating their websites neither the information promoted there[36]. And it was similar in other countries, in U.S 2000, there were an investment of $10 billion on the companies' websites that didn't generate revenues or traffic.[37]

According to David Kenny and John F. Marshall in its article about the contextual marketing, the online companies need to guarantee that generate enough traffic and revenues in order to get lower costs. If the companies don't use relevant strategies that result in lower costs, the websites' investments will not worth it[38].

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[34] Portuguese websites, 2012:
tek.sapo.pt/noticias/internet/67_dos_sites_portugueses_nao_sao_atualizados_1273227.html
[35] Utilizadores da Internet, Marktest Portugal, 2013: www.marktest.com/wap/a/n/id~1cad.aspx
[36] Portuguese websites, 2012:
tek.sapo.pt/noticias/internet/67_dos_sites_portugueses_nao_sao_atualizados_1273227.html
[37] David Kenny and John F. Marshall, "Contextual marketing: The real business of the internet", Harvard business review, 2000
[38] David Kenny and John F. Marshall, "Contextual marketing: The real business of the internet", Harvard business review, 2000

Over time, companies have been understanding and knowing the digital marketing and, in last years, they have been more worried about the websites and how to improve it: they are updating and innovating their websites and everything around it; promoting their companies through the digital marketing; and creating specific departments to take care of the online side of the companies[39].

Moreover, there are around 17.000 companies already have online stores, which means that, there are companies adopting a hybrid, selling on physical spaces and through their websites.[40] A hybrid placement makes sense in these times, because, although digital marketing has been evolving it still not totally explored and it acts more like a tool to enhance the physical stores and the costumers' loyalty than like a strategy.[41] As stated in an article about how to build an internet of things business, one of the main challenges in the internet businesses is to integrate the physical and digital development.[42]

The marketing mix in the online environment

Marketing mix is a process of exploration that allow the companies to meet costumer's needs and desires, through the Product provided, Price practiced and Communication and Distribution applied. In the online, as in the offline marketing, the marketing mix should be used by the companies in order to better understand and satisfy the consumers[43]. Marketing mix goal is the same, in the online and in the offline environment: "Deliver the right product, to the right customer at the right time".[44]

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[39] Information from the interviews to the buyers

[40] Portuguese websites, 2012:
tek.sapo.pt/noticias/internet/67_dos_sites_portugueses_nao_sao_atualizados_1273227.html

[41] Frederick F. Reichheld and Phil Shefter, "E-loyalty: your secret weapon on the web", Harvard business review, 2000

[42] Gordon Hui, "So you want to build an internet of things business", Harvard business review, 2014

[43] Alexandra Talpau, "The marketing mix in the online environment", Bulletin of the Transilvania University of Brasov, Economic Sciences, 2014

[44] David Kenny and John F. Marshall, "Contextual marketing: The real business of the internet", Harvard business review, 2000

Starting with exploration the first P, the Product is the goods and services offered to the target market, by the company. The most important fact that companies need to consider, concerning the Product online is that, on the internet some senses are lost, like smell, taste and touch. So the companies need to provide the complete information about the product, using attractive images, with high resolution and the possibility to see the existing varieties of products. Besides that, the companies also should build a good relationship of trust and loyalty with their costumers, in order to they don't feel the need to touch and test the product to buy it.[45] With the goal of customers' loyalty, concerning the product, the companies should have a "radical transparency", showing everything about the product provided to the customers and sharing with them the detailed description of features and applications, multiple opinions and positive and negative reviews.[46]

Thinking about the Price in the online environment, it is in most of the cases, an advantage. In fact, internet is a low cost business: the storage and advertising are not so expensive and there are no need to rent a place or hire someone. The low prices referred before and the low costs to deliver the products allow the online companies to practice more competitive prices.[47]

Considering the Placement, the online environment also allows lower costs because companies can reach consumers directly, there are no intermediaries. However, in the last years, have been emerging some new types of promotion that act like intermediaries with advantages that pay the costs. So, the companies in the online environment, should reflect about the use of the intermediaries or not. Apart from this, the placement in the online environment have other advantages: privacy and security; ease of rapidly change prices; satisfaction of consumer's needs on time; flexibility and quickly; opportunity to costumers see everything, every time, everywhere; possibility to exchange information in real time; and chance to consumers obtain information on their private accounts.[48] As said before about the placement, companies shouldn't be focused on the online environment only, they should adapt a hybrid between the online and the offline.[49]

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[45] Alexandra Talpau, "The marketing mix in the online environment", Bulletin of the Transilvania University of Brasov, Economic Sciences, 2014

[46] Beth Comstock and Linda Boff, "Business customers are digital. Shouldn't your marketing be?", Harvard business review, 2011

[47] Alexandra Talpau, "The marketing mix in the online environment", Bulletin of the Transilvania University of Brasov, Economic Sciences, 2014

[48] Alexandra Talpau, "The marketing mix in the online environment", Bulletin of the Transilvania University of Brasov, Economic Sciences, 2014

[49] Frederick F. Reichheld and Phil Shefter, "E-loyalty: your secret weapon on the web", Harvard business review, 2000

Gordon Hui, "So you want to build an internet of things business", Harvard business review, 2014

The Promotion is the most important and relevant P of marketing on the online environment. The communication of products and services online is a complement to the traditional ways of promotion with 2 benefits: it's low cost and allows a very precise segmentation. In fact the segmentation in the online ways of marketing is a huge advantage to the companies, because it turns possible offer to specific consumers, specific products giving to their characteristics and needs. According to Alexandra Talpau, there are six ways of digital marketing that have been emerging in the last years:

1. Paid advertising: Companies list ads in the paid section of the search engines, like Google, that generate organic traffic according to the popularity of each website. The price of the click depends on the competition and the search volume;

2. Optimization of the website, through the search engines, like Google;

3. Social marketing: Create active profiles on the social networks, like Facebook, and publish attractive information to the consumers in order to maintain their attention;

4. Online partners: Create partnerships to be present in other companies websites with related business;

5. Affiliate marketing: Use advertisement websites, where there are different announcements. When a consumer clicks in some announcement, goes to the company's website and if this action be converted in a sale, registration or other different goal, the advertisement company wins a commission;

6. Newsletters: Send regular newsletters to a specific database. It is low cost and allows customization and segmentation.[50]

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[50] Alexandra Talpau, "The marketing mix in the online environment", Bulletin of the Transilvania University of Brasov, Economic Sciences, 2014

Aligned with everything said in this section, in an article about e-marketing mix, the P's of online marketing, the writers considered that in the internet businesses there are other elements of marketing mix, besides the 4 traditional ones: website, personalization, security, privacy, community and customer support. All these elements were enhanced in some way on the previous lines, so in the online marketing there are something more than the 4 P's. In fact, as referred in the e-marketing mix article, the "new elements of e-marketing mix" need to be coordinated and integrated between them and with the 4 traditional marketing P's, so, more than in traditional marketing, the coordination and integration in an online company strategy are a focus.[51]

Consumer's reaction to the online stores and online marketing

The internet users have been growing, in the last times, counting with 5 million Portuguese on internet, in 2013.[52] In fact, in 2014, the Portuguese consumers spent more time on internet than in any other media, inclusive TV, so it makes sense that some companies are investing more on internet than on TV.[53]

As stated in a recent article from Steve Denning, nowadays costumers have much more power than sellers in marketplace, so the companies are more worried about people, the costumers and the company employees that need to care about the costumers. Because of the power shift, now costumers' expectations are higher, they want a service "better, cheaper, faster, smaller, more convenient and more personalized". The recent rules of the companies are more related about "how to satisfy the costumers?" than "how to make money?"[54]

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[51] Kirthi Kalayanam and Shelby McIntyre, "The e-marketing mix: a contribution of the e-tailing wars", Journal of the Academy of Marketing Science, 2002

[52] Utilizadores da Internet, Marktest Portugal, 2013: www.marktest.com/wap/a/n/id~1cad.aspx

[53] Meios e Publicidade, 2015: www.meiosepublicidade.pt/2015/01/portugueses-ja-passam-mais-tempo-na-internet-que-a-ver-tv/

[54] Steve Denning, "The internet is finally forcing management to care about people", Harvard business review, 2015

Consumer's loyalty in the online environment

Consumers' loyalty is regularly related to buying habits, like the repeated purchases, but it can also be associated to a pastime or a source of learning.[55]

According to an article about online ethics and consumers' satisfaction and loyalty, the loyalty is directly influenced by satisfaction and indirectly influenced by security (financial and personal information), privacy (confidence to share information), fulfillment (on time and accurate delivery on purchase), and non-deception (not use deceptive or manipulative practices). Concerning satisfaction, satisfied customers are more likely to be loyal customers. About the other elements, they influence loyalty indirectly because they directly affect customers' satisfaction. The elements that more affect satisfaction, and consequently loyalty are fulfilment, followed by non-deception and security. The relation between the privacy and satisfaction is positive in some studies and negative in other ones, probably because the privacy policy on some websites is not clear, so even if consumers could have the privacy about the information they don't understand it.[56]

Costumers' loyalty also is directly influenced by the online search and purchase intentions, and indirectly influenced by pleasure, sense of community, interaction, flow and consumers' orientation. The pleasure and sense of community are the elements that more influence online search and purchase intention. In order to increase them, companies should be focused on the web design features, atmosphere and innovation. Interaction and flow also influence consumers' online search and purchase intention but they depend on some circumstances, like the level of involvement and the financial risk. Consumers' orientation related to the shopping has different influences: the convenience-oriented consumers are more likely to increase their search and purchase intention; the economic-oriented consumers are more likely to increase their search intention only.[57]

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[55] Margaret Meiling Luo, Ja-Shen Chen, Russel K.H. Ching and Chu-Chi Liu, "An examination of the effects of virtual experiential marketing on online intentions and loyalty", The service industries Journal, 2011
[56] Yam B. Limbu, Marco Wolf and Dale L. Lunsford, "Consumers' perceptions of online ethics and its effects on satisfaction and loyalty", Journal of research in interactive marketing, 2011
[57] Margaret Meiling Luo, Ja-Shen Chen, Russel K.H. Ching and Chu-Chi Liu, "An examination of the effects of virtual experiential marketing on online intentions and loyalty", The service industries Journal, 2011

In an article, from the Harvard business review, about the online loyalty were defined five important points that all companies presented in the online environment should consider in order to get online costumers' loyalty:

1. Economics of loyalty: Loyal customers purchase more and also "speak" more, which generate more profits. The word of mouth spreads more in the online environment because costumers easily send an email to a friend or family or leave some feedback on social networks available to all users.

2. A matter of trust: Since online business is conducted at distance and the risks and uncertainties are bigger, the companies need to gain costumers trust in order to gain their loyalty. To the online loyal customers, trust is more important than price.

3. Focus on the right customers: It's usual in online businesses, try to target everybody because internet is available to any customer, anytime and anywhere, however it's not right. In order to build loyalty, online companies need to be focused in the right customers.

4. The big picture: As said before, online companies can't forget about the physical environment, the costumer total experience includes both environments. In a short-term, only focus on the online environment can result but in a long-term it will not result, "web acts like a tool, not a strategy".

5. Nothing but truth: Due to the speed and flexibility of internet, the customers have access to anything, anytime and anywhere. Customers easily know everything about the companies, so always say the true is a right way to get loyalty.[58]

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[58] Frederick F. Reichheld and Phil Shefter, "E-loyalty: your secret weapon on the web", Harvard business review, 2000