

# Marketing in primark flashcard



This paper will focus on situation analysis and competitive analysis to understand external and internal environment and understand their resources and power. Basing on these understandings, there is the suggestion for Primary in aspect of marketing strategies to build and develop Primary in US market which is the excellent fashion destination in the globe

2. Situation analysis 2. 1. Internal analysis 2. 1. 1. Boston Primary's vision is to offer customers products which are combined by three factors such as the high level of quality, updated fashion and value for value prices 2. . 2.

Mission Primary mission statement is " To supply quality clothing at prices perceived to offer real value". This brand is the representative of Associates British Foods (ABA) and was launched in Ireland in 1969 under the first name of Penny's. With its mission of operation, Primary is considered the typical feature of trendy fashion store in Europe because it has offered the trendy clothing with the low price. As stated by Iconic (2014), targeted customers of Primary are bargain hunters who want to buy good products with reasonable price.

Basing on mission statement, Primary defines its detailed mission with some characteristics such as the efficiency of product outsourcing, simple design of products, the use of local materials, the focus on popular size, UN-heavy advertising spending. 2. 1. 3. Objectives (S. M. A. R. T ??? To pursue and achieve above mission and vision, Primary defined its objectives. The first objective is to achieve like-for-like growth through the focus on purchasing increase, merchandise and the creation of exciting places as retail stores.

Secondly, to target the increasing number of customers, Primary's objective is to increase the selling space both domestically and internationally. Thirdly,

in double with the update of latest fashion, Primary focuses on offering customers the wide range of products from men and women fashion to accessories and kids (Annual report, 2013) . 1. 4. (S. T. P Customers are defined as the people who bring the revenue for the corporate and brand position is identified basing on the targeted customers.

Hence, strategies to attract customers and build brand position are focused by companies. With the increasing number of corporate recently, companies have leveraged GE/McKinney model as the tool of competitive analysis, even in consulting companies (McKinney & Company, 2008; Cartography & Henderson, 2007). This model is used to identify brand position in comparison with others. In the situation of Primary, Primary brand session is identified in the following GE model which is considered the support for decision making basing on product portfolio and competitive analysis.

In the fashion industry, internationalization and diversification strategies are identified with the understanding of the number of products and brands in the portfolio. In details, Primary has high level of industry attractiveness and strong business unit (Figure 1, p. 2) Figure 1: GE model in Primary Business Unit Strength High Medium Low Industry Attractiveness PRIMARY According to GE model (Porter, 1982; Babel & Hammond, 1986), industry attractiveness is analyzed through some features such as market growth rate, market size, demand, the industrial profitability, competitors and international opportunities. Table 1, p. 2) Table 1: Industry Attractiveness of Primary (this should be micro environment) Features Level Explanation Market growth rate As stated by Keller et al (2014), there will be the growth of global fashion industry at two-digit percent, especially from emerging countries in <https://assignbuster.com/marketing-in-primark-flashcard/>

the period of 2014 and 2020 Market size The market size has grown basing on some trends such as The evolution of buying power on Asian customers who have moved to middle class.

Moreover, they also define clothing as the way to impress and show their lifestyle There is the increasing demand of traveling and shopping Market size: 192, 334 million of Euro in 2013 with the market size growth of 2. 75% in comparison with 2011 (Fashion, 2013) Customer demand There is the change of customer lifestyle and the increase of demand and need of difference (Barnes and Greenwood, 2006).

As the evidence, some fast fashion brands such as Ezra, H and Unique, etc have developed with the fast growth rate (Christopher et al, 2004) Industrial profitability High, but decreased because of strong competition which forces companies to reduce their prices as the tool of creating competitive advantages Fast fashion companies have applied supply chain to increase the efficiency and reduce operational cost.

Hence, they have achieved high rate of profitability (Sherry et al, 2012; Bradshaw and Farther, 2010) There is the influence of strong competition into the margin of fast fashion because companies have identified the cost reduction as the way to create competitive advantage (Lambert, 2014) Competitors There is the high number of competitors in fast fashion industry, especially when this industry has the much increasing demand International opportunities There are some reasons for the development of international presence of brands.

The influence of globalization which is considered the way of maintain market share and growth when companies have achieved the peak growth in existing markets The development of IT is considered the motive for companies to develop internationally To leverage business chances from non-defined markets (citation ??? ) Business Unit Growth According to GE model (Porter, 1982; Babel & Hammond, 1986), Business Unit Growth has been shown through market share and its growth, distribution channel, production capacity and profit margins in comparison with others.

The high level of Business Unit Growth in Primary has been shown in the following table Table 2: Business Unit Growth of Primary Features Market share Primary is one of the biggest clothing retailers in Europe with the high growth of 16% in 2014 Distribution channel After its establishment in Ireland, Primary has developed its foreign operation in other countries such as I-J, Spain, Germany, the Netherlands, Belgium, Australia and France (Annual report, 2013).

It has owned 278 stores in the globe Production capacity One of the ways to reduce operational cost of Primary is to keep the price though the efficiency on production such as effective supply chain. Moreover, the relationship with suppliers and employees are maintained by ethical policies Profit margin The margin with the full year as 2014 has achieved at the rate of 13. 4% basing on the efficiency of value chain such as warehouse and distribution centers

2. 2. External analysis of US retail market 2. 2. 1.

Macro analysts – PESTLE Political factors and Legal factors US are defined as the most powerful and successful country in the world. As stated by Country

Analysis Report (2010), US have established its certain political policies which come the guideline of foreign retailers to expand and operate. However, there are some differences between US politics and other developed countries. In details, greater power will lie on the upper house of legislature and have wider scope of power. Economic factors (what is the economic factors ??? Social factors In aspect of US demographics, white American accounts for 72. 4% while African American is with 12. 6% and Asia with 4. 8%. Mentioning to the US religion, 78. 2% of population are with Christian while other religions and no religion account for 3. 7% and 16. 2% respectively. As surveyed by PAW'S (2014), US demographics will be diversified with the increase of Asian immigrant children who were born in 1990 and sass's (Figure 2, p. 5). Hence, there will be the shift from the heritage to the elements of shopping experience in US.

As the results, retailers will focus on young people and families and multi-marketing will be leveraged by 2020 (P'' C, 2014) US customers have more demand and are powerful in their shopping (PWS, 2014) Figure 2: Percent of Population by Race source: PWS (2014) Technological factors Technological development is considered the main trend in current and future global economy. As mentioned in Figure (3, p. 6), US ranks at 3rd position among regions from the growth of the number of Internet users.

Under this trend, marketing activities have leveraged the benefits of the Internet and social media to attract more customers. Moreover, online shopping is considered the certain trend of global shopping. Figure 3: The Internet user in the world from 2000- 2011 Source: Insolate et al (2012, p. 253) Legal factors When companies have expanded to international

countries like US, they need to pay their attention on regulation and respect the legislation of such countries. Hence, in the situation of Primary, when expanding to US, it also focuses on understanding all laws and regulations relating to retail industry.

There are some laws which have influenced to US retail industry. Firstly, in aspect of advertising law, companies need to deliver true information of products and services which have been offered to customers. Or else, they will receive high financial penalties. Secondly, regarding to customer protection law, retailers are required to avoid misleading marketing programs which are implemented to boost sales. Thirdly, there are some regulations applied when retailers offer customers misleading discount while such discounts do not exist.

Environmental factors Customers have changed their behavior which cares more about environment and health as well as want to contribute their responsibility to protect their environment. Hence, companies are required to concern more about environment into their products and services. 2. 2. 2.

Micro analysis - ACS (how many segments on the industry ? ) Customers According to Iconic (2014), targeted customers of Primary are young people who are defined as the bargain hunters and want to buy the high quality products with the lower price.

Moreover, with the aim of satisfying all range of age of customers, Primary has developed its wide range of products including men, women and children in home fashion, accessories and beauty products. Moreover, with the vision of offering updated style with diversified design in short term while making

sure the high quality, Primary has defined its strategy to become famous fast fashion brands such as Ezra, H&M, Unique, etc. In US, Primary can satisfy all ages of customers, but focus on young people from 20 to 40 years old.

Moreover, with these target customers, Primary can leverage all benefits from the trend of technology placement as well as e-commerce, Competition In the global context, Primary has faced with many fast fashion competitors, especially Ezra, H&M, GAP and Unique (Figure 4, p. 7). In aspect of US market which is considered the destination of fashion brands in the world, Ezra, H&M and Unique are defined as the main competitors of Primary because of their strong development and competition in US market.

Figure 4: Top 10 Global Fast Fashion Companies (2006- 2010) Source: Jon-Wan et al (2011) In aspect of Ezra, its growth in US market is shown through the increasing number of stores and revenue in 2014 in comparison with 2013. As mentioned in Annual report (2013), Ezra has the total number of stores as 548 in US in 2013, compared with 482 stores in 2012 (Figure 5, p. 8). Among these stores, Ezra has also developed both kinds of stores such as under company management and franchise.

Regarding to revenue, there was the increase to \$2. 3 billion in 2013 from \$2. 1 billion in 2012 (Figure 6, p. 9) Figure 5: The number of stores of Ezra Source: Annual report (2013, p. 181) Figure 6: The revenue of Ezra Source: Annual report (2013, p. 184) Regarding to H&M, after its launching in US in 2000, it has owned 305 stores with the increasing number of 36 stores in 2013 (Annual report, 2013).



Even though launched after Ezra, H&M has built its brand image in US customers minds and has just launched its online website which is considered the new way to access more customers with the aim of increasing revenue and market share in 2013 (Dishpan, 2013) Mentioning about Unique, even though its late launching in US market in 2006 with the first flagship store in Soho, New York city (Fast Retailing, 2014), it has developed fast with the increasing number of big stores in prime location, for example, opening in Fifth Avenue in 2011.

At the end of December, 2013, Unique has owned 17 stores in US and aims to open up to 100 stores in this country and become the Top Casual wear brand in US (Annual report, 2013) Moreover, under strong competition, Unique has leveraged US market through launching online website in 2012 which is earlier than that of H&M Corporate Associates British Foods (ABA) is considered strong and leading position in many business sectors such as Sugar, Agriculture, Retail, Grocery and Ingredients (ABA Website, 2014).

The representative of ABA in retail industry is Primary, which is the east fashion brand launched in Ireland in 1969 under the first name of Penny's (Primary introduction, 2014). Until now, Primary is considered the typical feature of trendy fashion store in Europe because Primary has sold trendy clothing with the low price. In aspect of distribution system, Primary has over 270 stores in 8 European countries and plans to open the first retail store in US at the end of 2015 Lila, 2014).

As shared by ABA, which is the parent company of Primary, the plan to expand into US is to build the big store with the area of 70, 000 meters in

Boston and will expand the large number of stores until 2016. . 3. S. O. W. T analysis S - Strengths Primary is the famous brand of Associates British Food with the large distribution channel in Europe as 270 stores.

Hence, Primary has much long experience in opening and operating stores in foreign countries Primary is one of Top 10 European fashion brands which are available in the list of 100 Global Fashion Brands in the world Products: High quality with reasonable price and modern design are attractive to customers, especially young people under 35 years old Be successful with cost leadership strategy to achieve high market share W - Weaknesses

Advertising: Just focusing Word Of Mouth marketing as the tool to reduce operational cost (Primary annual report, 2011) Distribution channels: Even though having the large number of stores, Primary has not leveraged the benefits of online shopping O - Opportunities US is considered the fashion destination in the world with high demand of local customers and foreign tourists Opportunities to use other kinds of marketing to improve sales and develop its brand image S-O Strategies Offering US customers products with high quality and reasonable price while updating modern design.

Leveraging diversified tools of marketing to access customers W-O Strategies Diversifying kinds of marketing Opening the chain of stores in prime location as the way to build brand image in customer's minds T - Threats US fashion industry has high level of competition, especially with the availability of famous fast fashion brands such as H&M, Ezra and Unique which also have long term development strategies in US Difficulties on understanding customers demand and needs because their behavior have

been changing under many effects S-T Strategies Competing rivals with cost leadership strategy Basing on experience in operating in different culture, Primary should try to understand US customers and their changing behavior W-O Strategies Leveraging benefits from different kinds of marketing Access different customers, both local and foreign tourists through distribution channels and marketing campaign

#### 2. 4. Strategic Implications and Conclusion (more critical; what implication means? Situation analysis becomes the important part of strategic planning for companies when they have planned to develop to new markets, especially markets over borders. This analysis includes both external and internal analysis so that companies can understand their resources and power as well as market characteristics. In this section, PESTLE and ACS model are used for analyzing external environment from perspectives of both macro and micro analysis. Moreover, GE model is also used to understand industry attractiveness and Business Unit. After these kinds of analysis, the report also mentions Strengths, Weaknesses, Opportunities and Threats through SOOT analysis.

There are some strategic findings from this analysis such as products with high quality and reasonable prices, the leverage of marketing tools and accessing customers through the large distribution channels. Part B - Competitive Environment through Porter's Five Forces As stated by Liana et al (2007), the importance of competitive force has been shown through its influences into organizational contest in the specific market and industry. Moreover, these competitive forces can come from both internal and external environment. Basing on the understandings of competitive forces,

companies have defined their strategies and organizational activities (Low and Change, 2006).

Porter's Five Forces which is proposed by Porter (1985) become the important tools to find out five competitive forces for each company. The purpose of using this analysis is to integrate the understandings on industry environment and inside power of companies. Hence, with the aim of understanding customers and competitors in US fashion industry and competitive advantages of Primary, this section focuses on using this model – Porter's Five Forces including the threats of new entrants, the bargaining power of suppliers, the bargaining power of buyers, the threats of substitute products and rivals among existing firms. Firstly, Primary has not faced with high level from the threats of new entrants.

The fashion industry has achieved high growth rate, as stated by Keller et al (2014) that the growth rate will be two-digit number. Moreover, there are some trends such as the increasing demand of traveling and shopping as well as the evolution of buying power of Asia or developing countries. These features become the attractiveness to many companies who want to put their feet into fashion industry. However, being the big fashion brand in European and in the list of global fashion brands in 2014, it is not easy for new players to compete. Secondly, the bargaining power of suppliers is moderate. The reason is that with high position in fashion industry, there are many suppliers who want to cooperate with Primary.

Moreover, with the operation in many countries, Primary has many opportunities to access suitable suppliers. Thirdly, the bargaining power of

consumers is high. Because US fashion retail industry is very competitive with the launch of many fashion brands, especially fast fashion brands such as Ezra, H, etc, they have offered the diversified products and services to US consumers. It means that customers have more and more choices of fast fashion brands. Hence, it is not easy for Primary to attract them because their power is very high. Fourthly, basing on high competition, there are many threats of substitute products from competition brands.

And lastly, mentioning about rivals in US fashion industry, Primary has met many difficulties to compete them, especially with brands which have the large distribution channels and online shopping website such as Ezra, Unique and H. In conclusion, through Porter's Five Forces, even though Primary has strengths on high bargaining power of suppliers and have a few threats of new entrants, it have some difficulties caused by the strong competition and customers' power. Part C – Marketing Strategies of Primary in US market Basing on strategic findings in Part 4, this section will use ups model as marketing tracteries of Primary in US market. 1 .

Product strategies According to Contain and Romaine (2005), as the necessary step of initialization, companies have considered between standardization and adoption in their product strategies. Companies have four choices for this strategy. It is called as standardization which has no change in comparison with domestic products. Secondly, they can make some changes or adjustments for existing products which have been sold in domestic market in order to match with foreign customers, for example, size or colors. Thirdly, they can create new products for foreign customers

impolitely. It means that they have developed to satisfy new customers through the adoption as new product development.

The last choice is to develop new products which can satisfy many countries and for this strategy, companies can sell such products globally. In the situation of Primary in US, because of the change of US customers' behavior, in combination with the aim of achieving lower price through high volume of production, Primary should combine both standardization and adoption strategy. It means that Primary can adjust some existing products with suitable colors and sizes. Moreover, with the aim of understanding US customer behaviors, Primary also focuses on R&D to create new design which is satisfying customers at the high level. 2. Price strategies To achieve the success of low price strategy, Primary has applied two strategies which are the same in the US.

The first strategy is to find the best materials but low prices through leveraging the bargaining power of suppliers and to create new suppliers through seeking in new markets. Secondly, with the application of innovation in production and design, Primary can offer customers updated design. 3. Promotion strategies (too general) Being different from other fast fashion brand such as TX Max which usually advertises its brand through many norms of advertising under the big campaign named " Big Labels, Small Prices", Primary has neither advertise nor pay much money for celebrity endorses. Even Primary holds no end of seasonal campaign or big promotion for being out of stock. Promotion strategies are called marketing communication strategies which attract customers with their attention on new products and brands.

According to Wood (2008), marketing communication comprises five main tools such as advertising, promotion, PR, direct marketing and Point of Sales. The reason for integrating all tools into promotion strategies is that each tool had both advantages and disadvantages so the combination of these tools is to minimize all problems and disadvantages. As stated by Shims (1997), Stewart (1996), Integrated Marketing Communication (MIMIC) is understood as the usage of all communications to deliver messages to target customers through different channels, for examples, TV advertising, PR, internet, media. For each strategy in MIMIC, the objectives and tactics will be mentioned and analyzed.