

Marketing audit of primark stores limited



This report will start with an exhaustive examination of the internal factors of the organisation with a critique of its Marketing Mix. A SWOT Analysis will then be performed to get more evidence of where the company is standing now. The fourth part of the report consists of the auditing of external environment of the business with the help of a very effective tool which is PESTLE factors. To perform marketing audit in best possible manner another tool named Competitive Analysis will be employed which is also known as Porter's 5 Forces Analysis. Here a broader view is adapted by looking at the fashion retail sector as a whole along with competition as faced by Primark Stores Limited.

Marketing Audit of Primark Stores Limited

A marketing plan clearly defines all the decisions relating to the marketing mix for the given product or service. Then each of the mix elements would be made into a plan at a further tactical level in the organisation to be implemented. The framework remains basic and unchanged at marketing and corporate level. It can be simply described as:

Where are we now? (Audit)

Where are we going? (Objectives)

What are the alternative ways of getting there?

Choosing the best option and developing an action plan (Tactics)

Implementation and Control (Cravens and Piercy, 2003)

The question of the report clearly indicates the researcher to focus upon the marketing plan, the implementation of which begins with a marketing audit. This report will attempt to do the marketing audit of Primark Stores Limited. Primark needs no formal introduction as being a value clothing retailer in UK; now more so when people are worried about the economy and employment. It has in total 207 stores across Europe in countries like Ireland (Trading as Penneys in Ireland), UK (145 Stores), Spain, The Netherlands, Portugal, Germany and Belgium (www.primark.co.uk). Primark outperformed M&S this September with 17 per cent increase in profits and figure of £233million (www.dailymail.co.uk). This Company is chosen for two other reasons as it being a prominent player in affordable fashion retail sector (www.gurdian.co.uk) and secondly the writer has worked in the retail sector and is hoping to secure a graduate placement in the same industry.

Critique of Primark's Marketing Mix

This Marketing Audit can prove useful in evaluation of the company's marketing, since evaluation compares results with expectations the findings should prove interesting and helpful. (Cravens and Piercy, 2003)

Gillian and Wilson, 2003 suggest that a distinct competitive position as compared to other companies can be established and sustained through the manipulation of the elements of the marketing mix. In UK, services account for greater economic output as compared to manufacturing. In retail sector as well equal importance is placed on customer service and thus the 7 P's of Marketing Mix are considered here. Primark's 7 P's analysis is described below:

Product:

This is the first element of the marketing mix, the product is widely understood as the tangible and physical entity that is bought and sold.

However there are three levels of a product namely the Core Product, the Actual Product and the Augmented Product. This is briefly explained in the diagram below:

three_levels. gif

Source: www.marketingteacher.com

In case of Primark the Core Product is the Benefit that one gets by buying clothes and fashion accessories - acceptance in society, protection from weather conditions, etc. The Actual Product will be clothes that are sold in stores and Augmented Product will be after sale services like refund and exchange.

This also includes tools like Product Management, New Product Development, Product Life Cycle, Customer Life Cycle and Branding. It can be said that Primark has mastered its mix in an efficient way and this P has been added in the best possible manner. It has a product range comparable to any other clothes and fashion retailers. One can buy from socks to over coats and also home decoration products like bed sheets and so on.

Price:

Pricing consist various decisions and choices to price the product or service provided. This in broader sense includes terms of business, discount

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structures and pricing strategies. Pricing strategies can range from Value Pricing, Promotional Pricing, Psychological Pricing, Product Bundle Pricing and Geographical Pricing. The diagram below attempts to simplify the strategies:

pricing_matrix. gif

Primark without any doubt falls into Economy Pricing and that has been the key ingredient for the success of the company and also in making it more known brand name than its parent company which is Associated British Foods. It is undoubtedly a no frills low price retailer with cheapest rates in the market for majority of its products.

Place / Distribution:

This element refers to logistic and channel management, physical distribution of the goods and services. It is apparent from the pricing and policies of the company that it does not sell its products online. It has done very well in terms of the location of the stores in majority of town centers as well as high streets and Oxford Street Branch is one strong example of it.

This is a key ingredient which Primark is suggested to re-evaluate as there is one more tool which is the most effective in today's retail environment which is e-retailing which can be used to its benefit with careful consideration.

Promotion:

Promotion is supposedly the most considered P among the other elements and in writer's experience and the elements of Promotion Mix would form a

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very large chunk of the Marketing Budget of any retail company. Primark claims that it can deliver its products to the customer at cheaper rates which are thanks to their no promotions policy. (www.primark.co.uk) This can be claimed as the best strategy suited to a no frills retailer like Primark to maintain feasibility.

People:

As consistent with the concept of marketing itself, people form the most important part of any service offered to the customer. It consists of tasks like employee selection, training and motivation. Employees are the brand they are selling in many ways. Primark has struck a good balance with this P in the mix making the Primark team full with energy and team spirit. Rigorous recruitment process takes place to test the individual's patience and swiftness in serving customers.

Physical Evidence:

This can be said that the products itself are the major part of the physical evidence and looking at the things like packaging, layout, décor and ease of access, Primark can be said to have well designed layouts where products can be found with less effort. However as the case with many no frills companies, other retailer would get more score on this P comparatively.

Process Management:

Here the process management would cover right from when customer enters the store to when they leave the store. This experience would be considered process and this is also a weaker element in the marketing mix of Primark for

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it being a very busy place to shop at and at many instances goods tend to be damaged if not selected carefully.

(Hartley, 2004)

Primark's SWOT Analysis

Being one of the most frequently used tools, strategic importance of SWOT Analysis is many a times undermined. The outputs suffer at some occasions due to the superficial ways in which it is conducted (Gillian and Wilson, 2003). Its rigorous implementation however could greatly assist in two major purposes:

To separate meaningful data from just interesting data.

To discover what the company can do to exploit its competencies within its market segments in present and in future.

SWOT-Analysis-sm. jpg

Source: www.bizstrategies.biz

Wehrich, 1982 also argue that using same inputs in TOWS pattern increases their recognition and fully integrates them into strategic planning process.

Discussing Primark's SWOT:

Strengths:

Vast Product Range and Cheap Prices

Part of Ethical Trading Initiative with workers rights taken care of.

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UK's second largest clothing retailer according to volume. (www. tnsglobal.com)

Selling around 20 Own Brand Labels.

Weaknesses:

Bad name with allegations of child labour and worker rights.

Criticised due to quality of clothes many times.

Weak in terms of Augmented Product. (Figure in Section 2)

Opportunities:

Expansion in European countries.

Improvement of Brand Image.

Use of e-retailing.

Threats:

Competitors make use of Promotion element very well.

Asda's own brand- George.

Few shops degrading the name of the brand due to bad quality of service and unmaintained and shabby merchandising.

Primark clothing. jpg

Analysing PESTLE factors for Primark

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There is an argument that it is many a times not the customer but the external factors that decide what happens in the market. For example insurance companies are directly or indirectly involved with the design of smoke detectors and activists can demand of design change in dolls. (Salancik and Upah, 1978) For Marketing Audit to be realistic one of the binding necessities is to study the external trends. Amongst various approaches, analysing PESTEL factors is deemed best which include political, economical, sociological, technological, legal and environmental issues.

Political Factors

Government regulations in terms of worker health and safety.

Primark's UK energy consumption is sourced against green power generated and sold into the grid by British Sugar.

Economical Factors

Economic turbulence might actually encourage the customer to buy cheaper clothes and save some money.

In this way the economic factor has been a blessing in disguise for Primark.

Sociological Factors

UK Charity War on Want investigated and reported that the conditions of the workers in Bangladesh had not improved after all the problems with Indian Suppliers.

Primark products are not considered to be very good in quality and thus rejected by many segments of customers.

It is believed you will come across people wearing same t-shirt or other piece of clothing about 10 times in a day if it is bought from Primark.

Technological Factors

It is keeping ahead of the competition in a way by getting “ Entropy Software Platform” developed by BSI Management Systems, which will enable global visibility and better management control in line with its ethical trade strategy. (www. bsigroup. com)

Legal Factors

It had to face legal issues regarding the child labour allegations.

Its expansion in Europe might have undergone extensive legal checks to ensure it is abiding by the local laws.

Environmental Factors

It has to consider the environmental sustainability issues and it has also acted upon it by dumping plastic bags and giving away paper bags.

Recent news shows that due to “ Throwaway Fashion” in last five years, textile waste has rise from 7 percent to 30 percent.

It is being called “ The Primark Effect”.

(www. dailymail. co. uk)

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Primark's Michael Porter's 5 Forces Analysis

Porter, 1980 emphasised that the first determinant of a firm's profitability is the attractiveness of the industry in which it operates. The second determinant is competition. This led him to devise five forces that determine the nature and intensity of competition within the industry which are described in the diagram below:

Source: www.businessballs.com

Based on: Michael Porter's Five Forces of Competitive Position Model

Threat of New Entrants

Risk Very Low: High cost of setup.

Power of the Supplier

Risk Very Low: No single big supplier and less bargaining power of suppliers.

Power of the Buyer

Risk High: Competition in Market and no switching cost.

Competitive rivalry

Risk Moderate: Few low price retailers with similar vast range of products.

Threat of the Substitutes

Risk Moderate: Existing low price retailers but none that can be called a substitute.

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Conclusion

This report started with an introduction to Marketing Plan and the first function of it which is Market Audit. Primark Stores Limited is chosen for various mentioned reasons. A critique of its Marketing Mix followed with a SWOT Analysis which gave a deeper insight into the company's current standing. Auditing of external environment of the business was then carried out with the help of PESTLE factors and Porter's 5 Forces Analysis.

It is apparent from the study that there are two areas namely its Brand Image and Online Presence that Primark need to work on and on the other hand its position is quite strong and its marketing mix very effective. This report concludes with a quote by Porter which summarises the whole study very coherently, 1998 Pp. 142:

Competitive Strategy means " taking offensive or defensive actions to create a defensible position in an industry, to cope successfully with... competitive forces and thereby yield a superior return on investment for the firm. Firms have discovered many different approaches to this end, and the best strategy for a given firm is ultimately a unique construction reflecting its particular circumstances".

[Word Count: 2094 words]