

Marketing mix

[Business](#), [Marketing](#)



PEST analysis is concerned with the environmental influences on a business. The acronym stands for the Political, Economic, Social and Technological issues that could affect the strategic development of a business. Thus, always connected with the third and fourth items, the tool PEST allows to analyse the macro-economic environment of China. At first, concerning the aspect Political: The Chinese government is implementing various strategies to reduce pollution. Thus, Suisheng Zeng, head of the economics of laws and regulations of Shenzhen has proposed for his city to establish a law prohibiting the distribution of plastic bags by traders. If this legislation is promulgated in this city, the other Chinese cities could take. If traders don't respect the law, they must pay a fine of 5000 Yuan (667 dollars). (www.atimes.com)

Since the Chinese government exports productions, there were several quality problems. Thus, the government has introduced few controls of exported products but also products consumed within the country. Li Chuanqing, director of the State Bureau of Quality and Technical Supervision of China, said that compared with the revised law on product quality (2000), any person selling infringing items or of inferior quality will be severely punished.

The revised law further defines the responsibility of the State to improve the quality of products and corporate responsibility, which must accept the supervision of the quality of services. China has launched a series of repression on counterfeit products of low quality in recent years. However, the production of poor quality remains a serious problem in China. (www.english.people.com.cn) Then, about the second aspect: Economic During <https://assignbuster.com/marketing-mix-essay-samples-5/>

1990's, the Chinese state has privatized many of its company, and this has created a significant number of redundancies. That is why since 2002, the Chinese government has implemented a policy conducive to employment.

Thus, the unemployment rate is stabilizing now between 4 and 4.3% of the active population in China. A low rate result of rapid economic growth. In addition the working population grew by 6.6 million people between 2002 and 2006. (www. chine-informations. com) However, China has continuously evolved over half a century. The new stability in the country has led to economic growth and social progress. According to the National Bureau of Statistics, China's GDP grew at an annual rate greater than 9% since 1979, reaching 13651, 5 billion Yuan in 2004, nearly double that of 1998. (10 Yuan = 1,4 dollars)

China produces enough to feed one fifth of the world's population while the area of the country only account for 7% of the world total. Thanks to increased governmental agreements and efforts of various social groups, China has reduced its rural population living in extreme poverty from 250 million in 1979 to 26.1 million in 2004. So, thanks to these changes, the population can consume more and more because it is less poor. Concerning the Socio-Demographical context: Currently in China, employees and the poor, who constitute the majority, can only support their families. The costs of housing, medical services and education amounted to a very high level, which has an effect on consumption.

There are 20% of Chinese who would have 80% of the rich of the country. The reality worried the government and so it has decided to encourage the

consumption of the inhabitants. (ibid) Today, it recognizes that low income is the major reason for a low consumption rate. Thus, in 2006, agricultural tax has been abolished. The educational costs of compulsory nine years were removed in the countryside. A new cooperative medical system has been put in place in 60% of rural areas, in order to increase the incomes of farmers.

As for the urban areas, minimum subsistence level has been raised. The system of minimum wages is strictly applied in enterprises. In addition, the government wants to invest in the fight against unreasonable prices in the areas of education, health. In addition, it has planned to improve the political consumption of housing and food, and to encourage the consumption in culture and in tourism.

Finally, about the Technological aspect: With the following graph, we can be noted that China has evolved considerably over its virtual marketplace. In the first quarter of 2006, e-commerce accounted for a turnover of 85.76 million Euros according to Analysis International. The institute estimated that the market for e-commerce has its progression to the efforts made by the merchants on online marketing and logistics. However it estimates the number of online buyers to 40 millions in 2004.

Source: Analysis International 2006 During many years the development of the software market in China was almost insignificant in due to weak demand, too much fragmentation of local societies and the importance of piracy. While some of these problems exist today, a strong political will and the continued creation of innovative firms and foreign investment has enabled the sector to experience a real development. Thus, the local

retailers premise was forced to obtain software in order to be able to compete with foreign companies in terms of supply and sales, for example. (www. missioneco. org).

Marks & Spencer in China Finally, in order to understand the running of M&S, it is necessary to use tools. Indeed, in relation with the explanations of the articles of the literature review, the tool Marketing Mix is going to allow understanding of the behaviour in the Chinese Market. The marketing mix means the coherent set of policy decisions of product, pricing, distribution and communication of a product or a company brand.

Marks & Spencer has played a major role in the changes that have revolutionized the retail industry in the UK. Based on its experience, it has introduced some of its global best practices in the global market. Marks & Spencer sells its own branded products, and designed its stores (in Shanghaie) according to the habits of Chinese customers. In predominantly in sourcing local products, it can ensure their freshness and the quality for Chinese consumers. At first, one of the different elements of the marketing mix is the Price. Indeed, we can ask if the price will be the same in China and in the UK.

The power of consummation isn't the same in China than in the UK. Indeed, the British have the high wages so they are able to spend more money. So the price is of course much cheaper. But almost all the products sold by M&S are produced in China, so the production is also much cheaper. Therefore, M&S must to adapt compared to the local retailers. Indeed, because they have an advantage concerning the customers, M&S must differentiate its

stores. The second term of the marketing mix is the Place. So, where M&S is setting up to sell more and more? Where is its strategic situation?

However, the two M&S supermarkets in 2008 were present in the biggest city (Shanghai) in China. The central purchasing has to be reached in 10 Chinese cities, like others retailers (Wal Mart, etc, did.) Marks & Spencer has to be present where there is the demand and where its competitors are in order to compete with them. Then, there is the third aspect: Promotion M&S uses different ways to promote its image and its product. First, because M&S established foreign stores in many countries, the Chinese have to be interested directly during its set up. Then, it is the "bouche oreille" in French, that is to say, when a store is well, the Chinese know how to diffuse this information. The reputation of M&S was realised in this way, and has to keep it in china.

Because the Chinese teenagers use the internet a lot, it is a good strategy for M&S to set up a website to sell its product. Indeed, the teenagers influence a great deal the purchases of their parents. Then regularly, M&S should propose promotion of its products. That is to say, during a day, certain products are cheaper. The Chinese are very interested by this system because the majority of Chinese hasn't lots of money. Thus, they profit from these days to realise their purchases.

Finally, it is important to explain the last aspect, the Product: In all its stores, M&S proposes a large product range with different prices. Indeed, M&S has its own product, but also low cost products and brand name products (Nestlé, Kellogg's...). This satisfies all the demands of the customer. In response a

rich class is developing; M&S has also begun to offer products much more high-end, as imported cosmetics, in addition to milk products or to foreign wines and spirits. (www. carrefour. com)

Concerning the habit of Chinese, M&S adapts its products. Indeed, the consumption of Chinese is particular and M&S has understood, as we can see in its stores in Shanghai^{1/2}. The concern nutritional of the Chinese is always taken seriously. Thus for them, if the food is good, they can not be sick. That's why, the products like the rice, the fish and the soya are very important in their consumption. Finally, presentation of its products has to be very well compared to its local competitors. Indeed, it has a presentation clearer, more cheerful and more attractive. (www. chinatoday. com. cn).