

Branding strategies of asda marketing essay



Branding is a most important tool for any product or company to gain a long term market share. The aim of this study is to develop an understanding of branding and its implications in the retail market. This will include the concepts and practices of branding that are adopted by different retailers in the UK as well as the new challenges faced by these retailers in UK market. This research will identify the benefits of branding for suppliers, customers and for the retailers.

I will identify the strategic approach which retailers in the UK can adopt as a role model to survive in a highly competitive market and this will include the survey of UK food and grocery retail market. I will also investigate how the changes in the market from the early beginning have changed the position of grocery supermarket chains.

I will describe the in-depth branding strategies of ASDA, various operations of ASDA's stores and its competition with world-wide and UK retailers. This study will also identify and investigate the competitive position of ASDA amount other key players in UK such as TESCO, Sainsbury and Morrison.

INTRODUCTION

What is branding?

According to the Webster's' dictionary a brand is defined as “ a mean of identification” and an arbitrarily adapted name that is given by manufacturer to a product to distinguish it and it may be used and protected as trade name.[1]

A brand is defined as a name, term, design or symbol or a combination of them intended to identify the goods and services that identifies and

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distinguishes a specific seller's product from a competitive product of another seller. It is also defined as a part of a product and service's tangible features, the verbal indication that help customers to identify the products they want. It plays a vital role in assessment of a product or service and can add value to them. It is a word which is commonly referred to by advertisers and marketing people.

Why it is important?

People generally recognize a well-known brand even if they do not know about the company or its products/services. These are usually the name of businesses or the name of a product, although it can be the name of a feature or style of a product too. A good brand delivers the message clearly and motivates the buyers. There are few other terms which have been used to define branding such as brand name, brand mark, trade name or trade mark. Thus branding is very essential for companies and it is beneficial for buyers and customers.

INDUSTRY BACKGROUND

ASDA was formed in 1965 with a merger of two companies, Associated Dairies and the Asquith Brother's supermarket chain Queen. ASDA Stores Ltd was created a supermarket with its objectives to offer the customers ' permanently low prices'. In 1999 ASDA was acquired by Wal-Mart Stores Inc., and ASDA became part of the world's biggest and best retailer. Since then, ASDA also became Britain's second largest supermarket. ASDA has now over 300 stores across the UK and employ 150, 000 staff and its friendly service is as inextricably linked to the ASDA brand as their reputation for quality and service.[2]

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According to a recent survey, as of 1st August 2010 ASDA has 376 locations with operating income of £638 million and ranking as second largest supermarket chain in the UK.

ASDA Group Ltd., operates as one of the largest food retailers in the United Kingdom. The company's stores sell a wide variety of merchandise including food and apparel, along with house wares, music, videos and books. The company once known as a dairy conglomerate was acquired by Wal-Mart Inc. in 1999. Under its new parent's guidance, ASDA has been adding pharmacies, opticians, jewelry and photo departments to its stores.[3]

ASDA'S BRANDING STRATEGY

According to a survey in 2004 which shows the key figures of the UK retail market, states that UK retail sales reached approximately £246 billion in 2004. This shows that retail industry, generally, continues to show positive signs of growth. The retail industry in any country is generally a very active, fast changing sector. Thus it comprises one of the main sectors in the economy of a country, in terms of transactions and turnover; as a result, it is a highly competitive and sophisticated industry.

My research proposal is about the importance of branding in retail market particularly in the UK retail, food and grocery market. I will identify the branding strategy of ASDA and its market share in the UK retail sector. Currently ASDA is using one strategy which is:

In September 2010 ASDA announced that it is going to re-launch its mid-tier private label range under the new "Chosen by You" brand name in a bid to improve perceptions of the quality of its food. This new rang is a part of a

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£100m investment which includes 200, 000 UK consumers taste testing and benchmarking the products.[4]

And now ASDA has also decided to launch their new opticians business adopting similar logos and using slogans making indirect references to the chain. ASDA ran a campaign featuring the two slogans:

“ Be a real spec saver at ASDA”

“ Spec savings at ASDA”[5]

These strategies are helping and will help ASDA to gain consumers satisfaction. Although ASDA is already getting continuous growth with the diversification and extension of its existing stores but the retail market has become more competitive and having less market share can affect the overall ranking and position of ASDA in the international market. Therefore I will analyse and evaluate the strategic position of ASDA in comparison to other UK retailers and in conclusion there will be future strategic options suggested which aimed to strengthen its position in the highly competitive market and to gain customer's satisfaction and loyalty.

While using the same brand name, ASDA is also offering financial services to its customers which include:

Insurance

Credit cards and loans

Savings

Motor breakdown cover

Energy supplying

According a recent report at BBC (27 May 2010) ASDA has also announced plans to buy Netto for £778m. Netto has 193 stores in the UK which will continue to trade under the Netto name for the time being but will come under the ASDA brand by mid-2011.[6]

ASDA is continuously promoting its brand strategy and has announced that its customers will benefit from low prices on a significantly broader range of quality products, complemented by the wide range of services ASDA offer at all their small stores (ASDA Chief Executive Andy Clarke).

ASDA brand “ George” was bought by ASDA in 1995, George was started in 1990 by George Davies and it was the first supermarket clothing brand. Thus George grew and become the largest clothing retailer by volume in the UK today. This brand is also traded internationally by Wal-Mart.

RESEARCH OBJECTIVES

The core idea of this research to analyze the different strategies ASDA is using for its branding to compete with all the supermarkets within UK to capture a large portion of market share in retail and other relative industries. This research will also throw light on the factors to identify how these branding strategies affect customer’s behaviour and why they chose ASDA as compare to all other supermarkets in UK.

“ Without an appropriate set of objectives, you can end up not only with a misguided strategy, but with an unrealistic set of goals. Increasing brand

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awareness for a product that already has a baseline awareness of 99 percent, for example, can be virtually impossible. If you set the wrong objectives, you set yourself up for failure” (Graham 2001).[7]

This research will emphasize the practices of ASDA’s brand objectives how ASDA is using its branding to get customer’s loyalty and trust within the competitive market where its main rivals TESCO, Sainsbury, Morison, Marks & Spenser are operating side by side as strong competitor.

ASDA’s brand objectives are that it is comprised of ASDA’s personality, image, core competencies and characteristics. ASDA’s basic framework of its brand is to pursue to put an impression on its customers that describe the company to other people. ASDA is following the strategy of its branding to build a strong credibility and have more influence on the market and to motivate customers to shop at ASDA’s stores. ASDA’s objectives are to be looked as a leader and not as a follower.

I will explore and find out that how ASDA is defining its objectives with specific timelines and how it has been developing plans of action to achieve those objectives.

RESEARCH QUESTIONS

Why branding is important and what ASDA wants from its brand to do?

What does ASDA wants others to know and say about its products?

How ASDA can retain its top ranking position in the UK retail market?

RESEARCH AIMS

Identify different retail brands in UK

Identify current branding strategy of ASDA

Review market share of ASDA in UK retail market

Analysis of competitors of ASDA

Study of future practices of ASDA

Recommend improved strategy for ASDA to retain its top ranking position in the UK retail market.

LITERATURE REVIEW

The central concern of brand building literature experienced a dramatic shift in the last decade. Branding and the role of brands, as traditionally understood, were subject to constant review and redefinition. A traditional definition of a brand was: “ the name, associated with one or more items in the product line, which is used to identify the source of character of the item(s)” (Kotler 2000, p. 396).

A literature review is very important and critical for the justification of the proposed research in order to find out different factors to identify the research area and to clarify questions of the chosen research topic (Saunders, 2007).

Aaker and Joachimsthaler (2000) argued the traditional branding model where a brand management team was liable for creating and coordinating the brand’s management program. In these circumstances, the brand

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manager was not high in the company's hierarchy; his focus was the short-term financial results of single brands and single products in single markets.

The basic objective was the coordination with the manufacturing and sales departments in order to solve any problem concerning sales and market share. With this strategy the responsibility of the brand was solely the concern of the marketing department (Davis 2002). In general, most companies thought that focusing on the latest and greatest advertising campaign meant focusing on the brand (Davis and Dunn 2002). The model itself was tactical and reactive rather than strategic and visionary (Aaker and Joachimsthaler 2000). The brand was always referred to as a series of tactics and never like strategy (Davis and Dunn 2002).

Brand is defined as a name, term, symbol, design or any other feature or a combination of any of them. Branding is used to define, or is proposed to identify the goods or services of one seller and distinct it from those of other sellers. Branding helps to differentiate one's service from those of its competitors. It plays vital role in assessment of product and can add value to a product. It is therefore an intimate aspect of product strategy. Therefore In developing a marketing strategy for individual products, the seller has to tackle the issue of branding.

According to Peter Doyle; “ Brands are at the very heart of marketing. When a company creates a strong brand it attracts customers' preference and builds a defensive wall against competition”.

Marketers and sellers make different strategies for their products and most of these are associated with branding. These decisions include how to create

brands, how to choose brand names, brand marks, trademarks and trade names. A brand may identify one item, a family of items or all items of that seller.

Brand loyalty is an integral part of building a brand, as consumers usually have a choice of products in the same market segment, and so a successful company will use a way to keep consumers re-buying their product or coming back to their stores rather than going to their competitor. These brand loyalty-building efforts may come in the form of coupons and incentives such as many grocery chains' use a technique of "grocery discount cards" or "loss leaders," meant to draw consumers into the store, where they will hopefully buy products at discounted fare with a higher profit ratio (Kumar 2010).[8]

SOURCES TO BE USED FOR DATA

I will be using different scholar's books written in different countries on branding, why it is important and work of researcher all over the world in this field. As branding is the most important factor of any business, organisation, product or service so there is a lot of information on the internet, journals and newspapers. Proper references from all the sources will be included in my work.

I will also be conducting interviews from different Managers of ASDA, TESCO and Sainsbury including some customers in the stores to get much information regarding my subject and a practical experience which will help me writing a good conclusion to my proposed work.

Data collection will consist of surveys, interviews and observation with ASDA Managers, employees and customers as well as journal logs from scholars. As suggested by Prof. Francis Knox I am planning to conduct multiple interviews with each participant in order to provide more in-depth data collection and opportunities for follow-up. I will utilize a qualitative evaluation for this research project leveraging subjective methods such as interviews and observations to collect substantive and relevant data. I hope that such a qualitative approach will be valuable here due to the varying experiences of the Managers and customers visiting ASDA. Recent research on subject matter will also be consulted to validate collected data.

DATA ANALYSIS

Data analysis is an important part of any topic as it gives an outline and understanding of the subject. In the same way I will analyse the collected data by comparing it with all the other competitors of ASDA to find out how ASDA is benefiting from its branding strategies and objectives. I believe that data analysis shows the different things discussed in topic and which one is most suitable and favourable according to the situation. Data can be collected from various sources and its analysis gives understanding and shape to the topic or field of interest.

Collect necessary Data to answer questions

Analyse Data

Creating strategies to use results

Reporting out on recommendations and conclusion

RESEARCH METHODOLOGIES

My research methodology requires gathering relevant data from the scholar's books, online journals, newspapers and internet and to compile the databases in order to analyze the material and to arrive at a more complete understanding of the importance of branding of a company or a product.

The following chart can best represent how research methodology work:

Source: [http://www. clientopinions. com/pages/11/Research-Methodology/](http://www.clientopinions.com/pages/11/Research-Methodology/)

My dissertation would be based upon primary and secondary sets of information available on branding within supermarkets and my research work will be based upon both qualitative and quantitative data, for example exploring the work of researcher on branding importance for supermarkets and conducting interviews with relevant employees working as Managers and customers of ASDA supermarket.

In this research I will also include the current trends of branding in different countries of the world and especially in the UK. Questionnaires carried out during my research will help me to get the facts how big chains of supermarkets and other organisations are using their brand image to get a large portion of their respective markets.

On the basis of all the relevant information available branding evaluation and conclusion will be carried out. The evaluation and conclusion will also include how and why ASDA branding is better comparing to its competitors and how ASDA can better use their branding strategy all over the world.

The research approach is also constructive (Jarvinen 1999, Olkkonen 1993). The positivistic approach would have required a quantitative analysis of the system (Takala & Helo 2000) which would be very difficult to accomplish without disclosing some confidential business information.[9]

This nature of research is a process of finding information; analyzing, interpreting information to deal with questions which must have certain characteristics like be controlled, systematic, rigorous, valid and critical.

My research will ideally be focused on primary and secondary research on ASDA brand name and image, which will enable me to get adequate knowledge and with the help of this awareness I will work on my dissertation with no trouble. I will be able to investigate the advantages of branding and will find out what can be the problems using a brand name/images in a most competitive market for a company.

During this research proposal I found out that there is plenty of information available in the journals, books and on the internet specifically for ASDA and I will use that information in the dissertation to make it more clear and acceptable. With the help of this provided information I would be able to present this in a theoretical form including data chart, comparison diagrams etc, which will help to understand my subject simply.

As mentioned earlier that brand is a most important tool for any company, product or service. There are so many products in the market who do not have proper brand name or image and these products disappear from the shelves after sometime. So in my research work I will explore few of those

products and will compare the quality and price to ASDA's similar products, as this experiment will discover the importance of branding.

EXPECTED OUTCOMES

I consider that after having a detail study on brand name/image and its importance in the retail market and research on branding strategy of ASDA and its implementation, it will be helpful for me to suggest how ASDA can improve itself amongst its competitors in the United Kingdom.

As we all know that branding is perhaps the most important fact of any business, beyond product, distribution, pricing and location for any company and this build a tangible trust and loyalty amongst the customers. Brand loyalty is an essential part of building a brand name/image as customers usually have a choice of similar products in the same market segment so a successful company like ASDA will come up with a way to keep customers re-buying their products or coming back to their store again and again rather than going to its competitors. During my dissertation while conducting different interviews and surveys I will find out how ASDA is successfully implementing its branding strategy and how it can more effectively improve this with my field work on this specific topic.

So I conclude this proposal with acknowledging that if brand name is used properly, ASDA can keep the large share of the market. ASDA brand name is " Saving you money every day", so as far ASDA is fulfilling the requirement of its brand name, there is no doubt that this big chain of supermarket will continue enjoying a large portion of the market share in the United Kingdom. During my research proposal I have found out that ASDA has improved its

operations and thus it become the second largest supermarket in the United Kingdom and this is only because it has its long term branding strategies which reviewed on regular basis and the market is compared on weekly basis on the prices and quality of the product being sold at the similar stores in the country.

SCHEDULE (DAILY TIME TABLE)

Dissertation Working Process

Start Date

Finish Date

1. Introduction and history

01-01-2011

02-01-2011

2. Finalising aims/objectives and questionnaire

04-01-2011

06-01-2011

3. Draft a complete version of Literature review

08-01-2011

11-01-2011

4. Finalise Literature review

13-01-2010

17-01-2011

5. Revisit the methodology Literature

20-01-2011

24-01-2011

6. Finalising the research approach

26-01-2011

30-01-2011

7. Finalising research strategy and method

01-02-2011

03-02-2011

8. Finalising questionnaire and interviews

05-02-2011

08-02-2011

9. Entering and analysing the data

10-02-2011

12-02-2011

10. Update Literature if necessary

14-02-2011

15-02-2011

11. Completing the remaining work

17-02-2011

18-02-2011

12. Revise the draft make amendments & format for submission

20-02-2011

22-02-2011

13. Write Reflective Document / add at the end of dissertation

24-02-2011

26-02-2011

14. Submit Dissertation

Possible Submission Date: 31-03-2011