

Mothercare is uks
favourite baby
product retailer
marketing essay



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Abstract

From last few years, Internet and Digital marketing has become a popular and effective mode of marketing for several companies all over the world. The report examines the study of e-marketing as an essential way of marketing in the modern day. Further, the current e-marketing strategy of Mothercare PLC is discussed. How e-marketing plays an important role in the success of Mothercare all over the world. In the latter part, there is a discussion of new promotional strategies Mothercare can adopt to excel further in their business gain more popularity.

Introduction

Mothercare is UK's favourite baby product retailer that sells everything a woman could need from the early stages of pregnancy, through to children's school uniform. Mothercare offers the best selection of push chairs, nursery furniture, accessories, maternity wear, bathing products, baby safety and feeding products, toys, car seats and baby and children's wear. The Mothercare group is comprised principally of two iconic retail brands with international appeal; Mothercare and Early Learning Centre. The Mothercare and Early Learning Centre brands are synonymous with children and parenting. Both these brands carry with them a reputation of specialism, safety, quality and innovation in providing products for mothers, mothers-to-be, babies and young children. Both the brands are committed to offer their customers a multi-channel shopping environment through retail stores and Internets, so that parents meet the needs and expectations of their children, worldwide. Mothercare currently operates in about 50 different countries,

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primarily in Europe, Middle East, Africa and Southeast Asia. Mothercare boosted its presence in the retail toy market with its purchase of the Early Learning Centre (ELC) in the year 2007. In 2009, the number of employees working for Mothercare PLC was 7, 715.

Company History

Mothercare PLC is a British retail company founded in the year 1961 by Mr Selim Zilkha, an Iraq born entrepreneur who also served the U. S Army during World War 2. Mr Zilkha bought the 50-store W. J. Harris nursery furniture chain and renamed it Mothercare, and expanded it until it had over 400 stores. He sold his interest in Mothercare in the year 1981 and moved back to USA. Established Mothercare was first listed on the London Stock Exchange in the year 1972. In the year 1982, it merged with Habitat to form Habitat Mothercare PLC and in 1986 Habitat Mothercare plc merged with British Home Stores to form Storehouse plc. In 1996, Mothercare bought Children's World from Boots. In the year 2007, Mothercare bought Early Learning Centre (ELC) in April 2007 for £85 million. In 2007 Mothercare launched Gurgle, a pregnancy and parenting social networking website and in November 2009 Mothercare acquired the 50% of Gurgle that it did not already own. In July 2010, Mothercare bought the trademark and brand of privately owned rival Blooming Marvellous. Mothercare made total sales of \$1, 154. 8million in the financial year 2007-2008 which was 12. 3% more than last year. Out of which, \$35. 6M was the net income which was an increase of 17. 1% compared to the previous year.

<http://www.mothercareplc.com/ir/mtc/output/mtc-MTC@LSE-1Y-T-T-0-T-F-F->

F. png

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Share price of Mothercare plc (in millions)

Corporate Strategy

The aim of Mothercare PLC is to become the world's leading specialist retailer of parenting and children's products. The acquisition of the Early Learning Centre in June 2007 was a key step in the development of this proposition. Their objective is to develop exciting and innovative own-brand products under both Mothercare and Early Learning Centre brands.

Growth Strategy

The growth strategy of the Mothercare group is focused on four key levers that will deliver the potential of the Mothercare and Early Learning Centre brands.

maximising the synergies from the integration of the Early Learning Centre;
restructuring the combined Mothercare and Early Learning Centre property portfolio;

Driving the global reach of the Mothercare and Early Learning Centre brands.

Current status of the company's e-marketing strategy

Marketing has been there since the day humans first started trading.

Marketing was the stories they used to convince other humans to trade.

Humans have come a long way since then, and marketing has too. The

methods of marketing have changed and improved. E-Marketing or

electronic marketing refers to the application of marketing techniques and

principles via electronic media and more specifically internet. The terms e-

marketing, online marketing and internet marketing are often interchanged

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and can be considered synonymous most of the times. When implemented correctly, the return on investment from e-marketing can far exceed than that of traditional marketing.

Sales at Mothercare's online and mail order division grew by 16.3% in the financial year 2009-10. Mothercare's online channel famously offers customers a much broader range of stock than its shops, with more than 300 buggies. Also Chief executive Ben Gordon said: "Online sales accounts for more than 20% of its UK business.

Mothercare's e-marketing strategy is quite simple. They aim to make more products available online compared to the stores in order to encourage online shopping. Mothercare understands that it's a busy world and many people these days prefer to shop online rather than in the stores. Also the target market of Mothercare is women who are mothers or to be mothers. Mothers have a lot of work to do at home and they can save time by shopping online. Also it's not very convenient to shop in the stores with kids. Their website www.mothercare.com is designed in such a way that the users will be close to the website and spend more time on the site browsing through the different products. As a part of the company's effort of providing more information about its product range, the online catalogue is designed in such a way that the customer has an option of customising his or her search and finding the appropriate according to his or her choice.

Features of Mothercare's current website

Online business model: Just like most of the retailers, Mothercare's website is made up in accordance with the merchant model. The company does not

charge customers to subscribe however in order to increase the number of customers and to keep the existing customers posted about the new offers and promotions, the home page of the website has a registration tab. People who are interested can fill in their details and register for free.

Custom search: The website has different tabs for different categories of products. For example, there are tabs like maternity under which different type of pregnant women wear is listed and under toys & gifts section products like toys, CDs and books are listed. Customers can also search using product codes and brands. There is a custom search tab on the right hand top corner of the website where customer can enter the keywords and search the required product. For example, if someone wants to buy a baby blankets, they just have to enter blanket and press the search button. This saves time for many customers who shop online under a busy schedule.

Use of Graphical User Interface: On the homepage of the website, company publishes all latest offers, new products launched, new price discounts and latest/upcoming in-store events are communicated through pictures and slogans. Mother care uses Graphical User Interface which allows users to interact with programs in more ways than typing.

Online catalogue system: Mothercare develops a new catalogue every season. For example Mothercare Spring catalogue was developed few months back. The catalogue has different sections like new arrivals, favourites, top offers etc.

Online expert service: On the home page of the site, there is a section for expert advice where customer care advisor answers queries related to <https://assignbuster.com/mothercare-is-uks-favourite-baby-product-retailer-marketing-essay/>

pregnancy, maternity, kids clothing etc. Also at the bottom of the home page, there is a tab called “ baby & me”. In this section, there are blogs of various mothers, advices on how to take care of the baby etc. The section guides new mothers how to take care of the baby. For example how to change nappies, how to bathe them etc.

Online Database Management system: Mothercare introduced their On-line Data Management System (ODMS) for the upkeep of their catalogue and marketing images, it presented an easy vehicle for providing the franchises with a library of POS for their shop display needs.

Secure Payment process: Contributing to the company sales is Mothercare Direct, the mail order catalogue and mothercare. com (shopping and information website). Mothercare needed a system that would efficiently process orders through these channels, enable it to consistently meet its 4-day delivery promise and generate accurate statistics that could be used to develop initiatives for building relations with its direct customers. Mailbrain was chosen for this job. Mailbrain integrates traditional and e-commerce channels via an end to end software solution that provides a single view of the customer throughout the entire distance selling process. Mailbrain is a secured system for maintaining secured payments.

Policies of the company: The Company provides useful information about itself, its products, delivery details, offers, returns policy, data protection, store locations, and jobs.

<http://www.creativematch.com/newsfiles/Gurgle250.jpg>

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Gurgle: Mothercare, in a joint venture with social networking and digital marketing experts Media Burn launch Gurgle. com to bring together a wealth of experience from both worlds to allow parents to create their own online community, share their experiences and gather the latest expert information. Having launched in late 2007, gurgle. com is now set to make a renewed impact as Mothercare flexes its retail muscle on the site's behalf. Supported thus far by links through to the site from mothercare. com and etc. co. uk, this in-store promotion marks a new era for Mothercare as it announces his arrival as a serious player in the ever-evolving world of social networking, bringing the brand closer to its customers and offering them a truly personal product. A total of 219 Mothercare stores across England, Wales, Scotland and Northern Ireland will support gurgle. com by carrying striking posters promoting awareness of the site with the aim of attracting more members and traffic. Featuring a baby held in the palm of his mother's hand with a ' This Way Up' stamp on his back, the posters were designed by St Luke's Communication to convey the message that gurgle. com is at hand for new parents. Posters will have prominence in-store for a minimum of six months, with a refreshed burst of activity planned at that point. Partnering the poster activity will be an incentivised registration drive to encourage new members for the site. Communicated by way of a leaflet drop in each customer's bag, parents will be encouraged to sign up to gurgle. com to create their own network of other mums and mums-to-be, joining groups with others in their local area or similar stage of pregnancy to share photos, messages, articles and information. New members who join via the Mothercare promotion in the first two weeks will also be in the running to win £200 in Mothercare vouchers, with winners to be selected at random. Gurgle. <https://assignbuster.com/mothercare-is-uks-favourite-baby-product-retailer-marketing-essay/>

com will also be promoted in both Mothercare and Early Learning Centre catalogues, as well as the Mothercare magazine. Mothercare Chief Executive Ben Gordon said: “ gurgle. com is a natural extension for Mothercare, as it leverages the expertise and authority of our brand to reach a broader spectrum of customers when they need advice most in their own homes.

Social Networking: Mothercare’s home provides the option of visiting its own blog on social networking sites like facebook, twitter and bebo.

Search Engine optimization with Search Works

Mothercare PLC has appointed The Search works to manage Mothercare and Early Learning Centre’s search engine marketing campaign. The digital marketing company will be responsible for creating marketing content that will boost both brands’ profile. The campaign aims at implementing strategies that will improve the search rankings, heighten their visibility, and build on their reputation as market leaders.

Environmental Analysis

Macro-Environmental Analysis (PEST analysis)

Before recommending new viral marketing strategies that can be adopted by Mothercare, lets have a look at the macro-environmental factors that can affect the company.

Political/ Legal factors:

Instability of the UK government: Mothercare is a UK based company and UK is one of the biggest contributors to its revenue. The instability of the government in Great Britain could be a concern. With a changing

Government, there might be new laws into enforcement that might affect the business.

Political situation in operation countries: Mothercare takes online delivery orders from all over the world. The political situation in Europe is not very good especially in countries like Greece, Spain, Italy and Portugal. These countries contribute to Mothercare's revenue to a great extent and instable political situation will severely affect its business.

Legal factors: Mothercare has already entered India, China and Russia which are considered to be the most rapidly developing nations in the world. The company is making huge profits from these countries however legal restrictions in these countries are affecting its revenue. For example, In India a foreign retail company cannot enter the market with a fully owned subsidy. There is a 49% restriction on FDI in retailing.

Economic factors:

Level of Unemployment: Unemployment is high in European countries like Italy, Spain and Ireland and also countries like India which are major contributors to Mothercare's revenue. High unemployment decreases the demand for many goods and also reduced the purchasing power of the consumers.

Economic Instability: High degree of instability and a fear of double dip in UK might force Mothercare to sell more products online and also migrate to other rising economies of the world (BRIC). In such a case the online medium of selling has a very good potential model for the company.

Social factors:

Social networking: The rise of social networking gives a big platform for the company to proliferate its business online. The company already has its social networking site called 'Gurgle' and gets a huge number of feedbacks and responses from the members.

Customer tastes and preferences: The Company continuously tends to change its products and related offers with the changing customer tastes and preferences. Since Mothercare makes a lot of revenue by its online sales fashion and technology are intricate parts of their business. The company needs to continuously adapt of changing patterns in fashion and new technologies.

Wiki leaks: The latest online debacle created by wikileaks. com is socially preventing individuals to trade or shop online.

Technological factors:

Web2. 0: Development of web2. 0 is the major reason for the development of Ecommerce (online trading). Retailers use this technology to develop a user interactive interface wherein they can receive comments and feedbacks of the product/service.

Internet: Internet is certainly the greatest and most unique of technology to mankind. With the increasing availability and popularity of internet service all over the world, companies like Mothercare can penetrate markets all over the world

Development of Android technology: Android technology has revolutionised the growth of mobile commerce today. Many retailers like Tesco & Debenhams use mobile phone applications in an effort to maintain close relationships with its customers.

Micro-Environment Analysis (Porter's five forces)

<http://mbaquiz.com/files/porter.png>

Degree of Rivalry amongst firms: Mothercare is a very old and established manufacturer of mother and baby products however it faces tough competition from retailers like Mamas & Papas, Hamleys toy store, Toys R Us Limited and Katie's Playpen. These retailers operate at a lower level but give tough competition to Mothercare. Hence Mothercare has struggled at home recently despite being successful overseas, especially in countries like India and Russia.

Bargaining Power of Suppliers: The Company sells the same products online that it sells in the stores and Mothercare is a big and reputed country which operates in many countries of the world. Hence it maintains good relationship with the suppliers and can switch suppliers if needed hence this lowers the bargaining power of its suppliers.

Bargaining Power of Buyers: As stated earlier there are quite a few companies manufacturing and selling similar products like Mothercare hence customers have options. The availability of internet almost everywhere and 24x7 makes it more difficult for Mothercare. com (official website of Mothercare) to differentiate its online value proposition from its competitors.

Hence Mothercare faces a high bargaining power from the buyers.

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Barriers to New Entry: Mothercare is well established in Europe, Middle East and Asia. In United Kingdom and other European countries there are very few entry barriers for retailers trying to enter the market and sell products and services online. However in Middle East countries like United Arab Emirates and Asian countries like India there are trade restrictions however there are not many barriers to set up an online business with the increasing penetration of Internet in developing countries.

Threat of Substitute: In the present generation internet has practically no feasible substitute, hence e-commerce is a safer platform from substitute technology perspective, and makes it easier for companies who are looking for this medium as an option of entry. Hence threat of substitutes is low.

Recommendations on viral marketing to increase the popularity of Mothercare's website

After looking at the competition of the industry and the success of Mothercare, it has been analysed that Mothercare should popularise its website so that it can gain a competitive advantage and increase its online sales. A properly planned viral marketing plan would enable the website to register more and more customers and increase its online market share. The steps that will be involved in the viral marketing campaign are as follows:

Widget marketing: Widgets are the most common and effective tool used by most marketers to increase the penetration of their website viewers. Widget is a small graphical device that does a highly focused, often single, specific task. Retail companies like Tesco and Sainsbury's use widgets as a part of

their viral marketing campaign. Mothercare widget will be blue in colour and will be similar to the Mothercare logo.

http://www.licensing.biz/media/images/news/4205/184_4547_Mothercare%20logo.jpg?i=1257155527

(Mothercare's Widget)

The Widget will also be made available on Smartphones such as Apple iPhone, HTC Wildfire, HTC Desire, Blackberry, Samsung Genio and Sony Ericson Xperia. The mobile enabled widget would increase the user base of Mothercare through M commerce mode. Widgets may take time and manpower to develop, but the deployment and embedding cost nothing. Essentially, widgets are an extremely effective, low cost way of driving qualified traffic and creating brand exposure.

Changes to the home page: The 'Contact us' tab should be placed in such place that it is visible to the viewers rather than keeping it at the bottom left hand corner of the site. Also the Customer Services number should be there on the home page so that customers can contact in case of queries and complaints.

Use of RSS feeds: RSS is a combination of web feed formats used to publish frequently updated works such as blog entries, news headlines, audio, and video in a standardized format. Mothercare can use RSS feeds to publish their information on their site as well as links.

Keyword tools: Keyword tools are very essential to obtain ranking on search engines. Keyword tools are needed in order to determine the words that <https://assignbuster.com/mothercare-is-uks-favourite-baby-product-retailer-marketing-essay/>

people uses when searching and researching on the Internet. Yahoo and Google have both free keyword tools that most SEO uses. Using the most searched keywords on the content of your website will create more traffic and increase the chances for your online business to succeed.

Request links from non-competing, quality companies related to the industry: This is a simple but effective piece of internet marketing advice. Links allow you to get quality traffic while increasing the prestige of your business. Visitors that enter your site from a link that they find on another site are predisposed to believe that they will find something of value there (if not, why would the site take the time and effort to link to it?). The added benefit to link building internet marketing techniques is that they can give a tremendous boost to your link popularity, which is a major factor in determining how your site gets ranked in search engines. Mothercare can request links from companies like Amazon which is non-competing.

<http://www.mediumblue.com>

Make promotional offers attract the attention of the viewers: Mothercare.com gives a lot of information about the latest offers however it could be made more eye-catching. For example, there is a free delivery offer on orders above £100 which a great offer but the offer is posted on the left corner of the site. Such important offers should be displayed in such a way that it could catch the attention of the viewers.

Write informative articles about the business and products and make them available to online publications and webmasters: There are numerous sites that allow offering original informational articles for others to publish. First,

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all of these sites require anyone who is reprinting your article to provide a link back to your site, which can provide highly targeted. This is also another way to boost your link popularity, which is vitally important to your search engine rankings.

Few things to avoid: There are a few things that the company website must avoid like bad user experience and usability, poor navigation, slow performance and inability to make changes.

Online Customer support: Some companies like Hutchison 3 Global Services (3 mobile) use online chat system where a customer or the site user can chat with a company representative and ask doubts and queries to the representative regarding the company or the products. Mothercare can also use this technique to provide quick online assistance.