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The political and gal environments affect business particularly in the participation of companies in foreign markets and in the respect of the conditions under which the market takes place. Changes in the economic environment affect marketing in regard to economic growth, interest rates and exchange rates movements. Innovation and technological development introduce standards for competition and opportunities for wealth creation in the marketing of products and services. While environmental analysis allows the company to respond to change and to cope with marketing uncertainty.

Porters Competitive Advantage Porters generic strategic describe how a company pursues competitive advantage across its chosen market scope. There are three generic strategies, either lower cost, differentiated, or focused. A company chooses to pursue one of two types of competitive advantage, either offering a lower price, so enabling them to be price leaders. This position may be achieved through economies of scale, which are likely to be associated with the experience curve effect. (Chinchillas, P. And Chinchillas, P. (1995). ) or providing greater benefits and services that justifies the higher price.

It involves efforts by companies to e come identified by their consumers and prospects with specific attributes of their products and services, such as quality, technical back-up services, effective distribution and speedy deliveries. Although the fashion apparel industry is mature and slow growing, it exists in a dynamic and competitive environment. In order to improve profitability, many companies are restructuring to create leaner organizations and adopt new technologies. In the apparel industry, companies can operate as retailers and manufacturers.

For instance Gap, manufactures and markets their own goods. New Look, is a nominative advantage in itself. The name is not attached to any particular group of customers and it allows entry into different segments of the industry. Another competitive advantage is the company’s marketing strategy, through the use Of celebrities, promotion and giveaways. The company is able to develop its presence in the market. Moreover, as large companies are experiencing economies of scale, they could also act as oligopolies and increase competitiveness by offering extremely low prices and increase barriers to entry.

Furthermore when retailers do not compete through price intention, they compete through differentiation. Anatolia Chagrin (fashion marketing director at Electra) notes that brands are taking the fast Fabian approach and making it their own by coming up with their own consumer experience. For example, Tops offers personal shopping experiences and companies in France combining fast fashion with high quality fabrics and luxury level services to boost store traffic and increase consumer loyalty. Marketing Mix Product For a luxury brand like Hermes, there signature bags are very different to buy but products from Ezra are must easy to purchase.

Making the goods too easily available might reduce the perceived value of the brand. Packaging, value, quality, branding and design are very important to fashion industry. The pricing in the fashion industry is generally based on the costs Of the materials and brand. Price Fashion trade changes every year not matter premium or economy brands.. Brands like Channel and Hermes set up their price base on premium pricing and brands like H uses economy pricing because H mainly focus on quantity not the quality.

Place place is not always a physical building like retail shop but it can also be online hop. For example, SASS is one of the biggest online shopping website in the I-J and it does not need a retail outlet, customers just need to order goods online and it will delivery to customers’ address. Promotion Some people think of promotion is only advertisement but advertisement is only one part of it. Promotion can be direct mail from businesses to consumer for example, like catalogues or news-letters by email or post.

In fashion industry, fashion events, sales promotions, public relations, sponsorship, product placement and branding are the common way they used. Technological The technology environment affects a business in a number Of ways. In order to stay in competition, capital investment in technology would be taken to lower the cost, flexibility in design, quality and speed to market. (Sinai 2006). For instance, LIKE retailers such as New Look and George shifted sourcing of their products to Far East for cost control purpose. Therefore it increased the complexity of supplying merchandises due to the longer distance.

By then, some approaches had been adopted such as just-in time TIT) which improved quality and responsiveness in reduced time without holding lots of items in inventory which might be damaged, stolen or became obsolete. (Just In Time CIT- Strategy Skills Training) Commuter integrated manufacturing (COM) enhances engineering productivity and quality, also response quicker and shorter supply lines in the market. (Bruce, Daly, and Towers 2004). As the result, there is an increase in fashionably and choices for the customers by using the low cost approach. Additionally, it enhances the competitiveness, effectiveness and overall performance.

Moreover, it has been also important that retailers and producers get as quicker response as possible. Minimizing asset time results in more flexible supply chains. ( Fernier and Gamma 2004) Improving efficiency in a demand-driven market is significant, computer- aided-design (CAD) and electronic data interchange (EDI) are communication technologies which help a business to reduce the lead times. (Bruce, Daly, and Towers 2004) This could possibly reduce the complain levels and build a good reputation by delivering the products on time which is a competitive advantage.

By using computers, it is more effective as it helps to present ideas clearly with accuracy and less human errors made. Social and environmental The product of fur for fashion has a significant impact on the environment, social and health. More and more apparel companies and customers have been rejecting fur by boycotting their products since China made the news video of how animals skins were being removed alive. (Toxic Fur). It might lead to a fall in demand of fur products as consumers might think the process of getting fur is cruel and merciless.

Alternatively, they might consider to purchase synthetic fur in stead of real fur in order to stop trapping animals. In particular, luxury brands such as Airman and Valentine have been avoiding he ethical main issues and their reputations are damaged by the sweatshop scandals. (Luxury brands must wake up to ethical and environmental responsibilities) In addition, The production process of fur is likely to cause water and air pollution. The animal wastes have a high proportion of nitrogen and phosphorus, such excess levels of chemicals will cause a reduction of oxygen levels and fish kills.

Air pollution arises from burning of animals’ dead bodies as carbon monoxide (CO), nitrogen oxides ( Knox), sulfur dioxide (502) (Toxic Fur) are examples of the air pollutants. The use of animals’ fur by the suasion industry is absolutely far from environmentally friendly. Therefore, luxury brands should be aware of their ethical responsibilities and environmental issues. Economical Within the broad economic framework in society, government form or agree to industrial and trade policies which mean close collaboration between government and businesses.

This collaboration to achieve society’s economic objectives usually involves subsidies, tax incentives, regulations, trade protection, focused credit and certain forms of administrative guidance. (Bradley, F. (1995)) In recent years, government attempt to modernize their economies. This means liberalizing economies and opening them up to competition. Developing economies and less developed countries generally depend for their income on commodities and raw material. Traditional industries, such as textiles, clothing and raw materials.

There are many channels through which the UK fashion industry makes a contribution to the UK economy. The contribution includes the following economic impacts. Direct impacts: Employment and activity supported via the fashion industry itself. This includes all stages of fashion production and distribution that physically take place in the LIKE. Indirect impacts: Employment and activity supported the supply chain, as a result of 1. K fashion companies purchasing goods and services from XII suppliers. This includes, jobs supported by the transportation of fashion industry suppliers. Induced impacts: Employment and activity supported by the process of those people directly or indirectly employed in the UK fashion industry. The British fashion industry is worth $26 billion to the country’s economy, according to the British Fashion Council, while also estimated to support 797, 000 jobs. Employment- number of employees in the fashion retail industry The XII fashion and textiles sectors as a whole employ an estimated 600 thousand people, making the United Kingdom the third-largest fashion employer in the EX.-27 surpassed only by Italy and Germany.

Within a decade UK employment in the production of textiles, apparel, footwear and leather products decreased from 285 thousand to 99 thousand people in 2009. Great Britain remains a leading center for the manufacturing of clothing and high- quality fabrics, with the clothing and textile industries combined producing ?? 8. 5 billion- worth of goods and employing 1 50, 000 people in 2007. The I-J high street fashion industry is worth an estimated EYE. 5 billion. Len 2009 UK retail sales were over IEEE billion, compared to the IEEE million per annum that designer fashion makes to the UK economy.

The retail sector generates 8% of the Gross Domestic Product of the ASK. Tariffs and bans protects industries, such as the British textile industry, from countries that posted a serious competitive threat. To protect the local industry, the British government impose a quota to limit the quantity imports, and tariffs, putting a tax on foreign goods to increase the price. Depending on the material demanded by producers, they might change to domestic produce, thus closing the trade deficit. Political Companies have less power of the political factors especially on government influence.

Cultures, lifestyle, norms, demographics and population changes are affecting the fashion industry in many different ways. In the United Kingdom, the standard VAT rate is 20% in fashion industry and it have direct influence to the consumer because their need to pay more to consume clothing or shoes. However, businesses do not need to pay import tax in the UK. The government also set up few environmental laws and labor law to monitor the industry such as Integrated Pollution Prevention, Emission Trading System, Regulation on registration or Authorization and Restriction of Chemicals.

Political can have huge significance impact on businesses. Laws are repeatedly being change in a different way, such as employment law, consumer protection legislation and environmental legislation. Issues such as workers’ right and child labor laws have repeatedly affected the industry, such as Primary, especially if their medical benefits or wages are too low. This can cause delays for businesses getting their new collection on time. Also, some consumer may Stop buying product from countries known for violating child labor laws. This negative image may have direct impact on businesses’ sales and profit.

Correspondingly, all the trades from international have to go through the World Trade Organization but there is a special arrangement for clothing industry (The Multi Fiber Arrangement). Businesses also need to labeling garments before they sell their product, like the fiber connect, country of origin, care instructions and flammability. The ELI already has a number of Free Trade Agreements now so the government policy can affect companies directly. A common government regulation on fashion industry is advertisement law which means businesses need to be honest with there goods.

Segmentation and targeting Retailers often segment consumers into different groups by targeting their specific needs and wants. Therefore they conduct market research. A good segmentation and targeting Can improve the profit of the company. (peter Doyle 2002) In the fashion industry, we divide the people into two groups: female and male. For female consumers, they all are different and has their wan style and budget, therefore some are willing to purchase more high-end clothing. They are well aware of fashion trends but shop to suit their own individuality rather than relying entirely on the dictates of the season. Fashion segment) In light of this information, the managers can decide a significant marketing strategy. Owning to the development of UK fashion design, one- to-one marketing as becoming more important. They can segment the customers within the value and needs, so that the management becomes increasingly efficiency. For example, Tops has two lines. Unique and the mainline. This targets two crowds of consumers, while the older and more well off customers goes for unique which is more mature and fashion forward. While the mainline Tops is targeted for teenagers where the clothes are relatively cheaper and youthful.

Different groups of customers attach different economic value to the solution offered which increases the profit of the company. A increase in price may lead to an increase in the profit margin. They are easy achieved via a good segment of market. For instance, some markets have difficulty raising the price by 5-10%, as some consumers are price sensitive. However in some markets, is very often not difficult to raise 10% of the price to the customers. ( etc. Luxury goods market). As these consumers are less concerned about the price, but the quality of the good.

Moreover a significant segmentation can increase the profit by allowing the company to trade up customers to higher margin product that can make the company become more and more competitive. They trade the customers’ opinion in a high level. For example, Gap has caught up with the trend and introduced “ Geek print T-shirts” to their collection to attract younger customers. In the target segment, we need to consider the size, growth, potential competition and capabilities of the business. (peter Doyle 2002)After this the company can set up a significant segment.

For example, fashion magazine mogul Vogue considers the size of market according to different cultures of specific countries, therefore they slightly change the context of the book in different area. Like in Asia, Vogue hires Asian models/actresses to be on the cover. Therefore it is nearly impossible to see Christy Texan on the cover like US Vogue. To decrease potential competition, Vogue wisely advertises. You old easily spot a large Vogue poster anywhere, this allows them attract new customer. Market targeting plays an important role, as it helps the company to gain more market share and gain new customers.

Fashion magazines constitute a major consumer product in their own right and contribute to the image and value Of the UK fashion industry. Fashion magazines earn most of their revenues from advertising and circulation. Assessment of the total revenues is mainly based on an estimate of the circulation split between newsstand purchases, subscription purchases and other sales and assumption of a 50/50 advertising ‘ circulation split. Overall, we estimate the total annual revenue of the Auk’s fashion magazine industry at some $401 million. This adds to an additional 3101 jobs.

Breakdown of LIKE Fashion Industry SVGA by channel of production Given the importance of brand in the fashion industry, it is important to consider the promotional activities that retailers, in particular undertake in order to boost sales. Spending on marketing contributes to SVGA through creation of jobs and potential to boost profits. In order to estimate the contribution of marketing, PR and associated activities, it is possible to use the chart above which explains the spending on advertising. Overall, we estimate that fashion advertising and related activities create an extra $241 million of SVGA.