

Introduction retail  
business. it utilizes  
forward planning  
criteria



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## **Introduction**

This paper presents a research project about Virgin Group. Richard Branson laid the foundation for the organization. It expanded from a small business venture publishing magazines to the present diversified international investment. The path to success involved intense research and formulation of strategic plans. Under organizational plan, the research project will enumerate on how research and development brought about existence of Virgin Group. Its system of management is decentralized which then empowers individuals to share ideas, values and experiences for the common good. The essay will further discuss marketing strategy of 4Ps as utilized in Virgin Group.

## **Background of Virgin Group**

Development of the business started with Richard Branson when he was a student at a boarding school.

Branson was motivated by the success of his magazine which was published in 1968. He therefore quit school to conduct magazine business. Branson later undertook advertisement of mail order records on student magazine. Entry into joint ventures accelerated the rate of expansion and differentiation.

The business name ' Virgin' was suggested by Branson's business associate who thought that the business possessed some commercial purity, originality and high value. In 1985, Richard Branson looked into the possibility of expanding the capital base of the business by way of an initial public offer.

Subsequently, 35 % of the company's equity was listed on the London stock  
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market. From 1990 – 2001 Virgin groups expanded intensely after Branson entered into joint ventures with other business including one of the leading Japanese retailers, Marui.

There were opportunities which favored the new ventures. One of them was ‘ privatization and deregulation in Britain’, Ansoff, (113). This is apparent in its successful bids for west Coast rail and Cross country services which resulted in Virgin rail. Deregulation is obvious in acquisition of Euro Belgian Airlines that was re-launched as Virgin Express.

‘ Virgin group also expanded due to the possibility of selling goods and services directly to the consumers’ Branson (11). Richard took up this opportunity to searching for innovative business contract with its customers. On a higher scale, Virgin Group saw tremendous change from the explosion of information communication technology and media such that a joint venture between telephone operator NTL and virgin was sealed (Branson, 16). By the year 2004, virgin group of companies had expanded to over 200 ventures with its core on travel business, mobile, monetary, vend music and internet.

## **Organization of virgin group**

The investment has continually registered success derived from the concept of team spirit. Virgin aims at bringing about difference in their area of operation starting from transport to retail business. It utilizes forward planning criteria which have assisted management in setting objectives for the diversified business investment. Decision makers in Virgin Group integrate both risks and research and development in their planning process.

Most of the business venture entered into by Virgin involved extensive research and in-depth analysis. The way to success for Richard captured an aspect of risk-taking with a sole intent to win innovations in the market place (Allen, 21). This also went a long way in pleasing the target customer through product improvement and differentiation. The company does not distinguish bureaucracy in its management hence flow of information is free and originates from a diversified spring. This decentralized system of management allows sharing of ambitions, concerns and even expertise. Solving a problem is fast and easy if teamwork is built in employees.

### **Performance of virgin group**

Virgin Group has expanded to more than 200 companies in thirty countries. Its revenues exceeded ? 11 billion with an approximately number of employees being 50, 000 people in 29 countries. Richard Branson who controls the company announced that profits were an approxiamately GBP 68. 4 pound which is an increment from the previous year's earnings. This was attributed to its diversified business venture and the launching of airlines between Australian and Tokyo in Japan.

The profits contrast sharply with pre tax loss made by the British Airlines. Group's sales level for the year ended 2009 increased to 2. 579 billion pounds up from the previous year. This figure included sales from virgin holiday.

The profits was an outcome of new polices regarding premium travel and enhanced services in the travel sector which subsequently attracted about 5.

77m passengers for the ended 2009. Alliance between Virgin Atlantic and Regus group in May 2009 benefitted flyer program.

If global recession is brought under control, it is most likely that Virgin Group will generate more sales and profits.

## **Marketing**

Organizations struggle to capture new customers and preserve old once in a competitive environment. This is among the aims of forming marketing strategy for a business i. e. to be competitive in the globalised world (Wright, 12). While recognizing the fact that Virgin Group is an international company with customers located in various countries, consumer based approach to marketing is utilized.

The company conducts research about customer preferences on a continuous basis. This allows them to avail products which are more preferred by the customer. They can further improve their services after evaluating feedback from the customer. Virgin integrates the following dimensions in marketing their product and services: product, position, price and promotion (Mohan, 42).

## **The virgin Brand**

The strength of Virgin brand found application in many businesses including airline, Virgin Media, financial sectors, motor vehicle industry, train services and even telecommunication industry (Wright, 13). The brand values pleasure, value for money, superiority of the product, improvement, aggressive challenge and excellent customer service.

It despises incompetence, simplicity, and disregard to customer care. Virgin group gives licenses to its subsidiary business units but for the case of Virgin mobile in Australia owned by Singtel Optus, the arrangement was a simple agreement for license. Virgin Management Limited is part of Virgin's Group shareholder that manages the interest of Richard Brandon. VML also acts as a service sector providing recommendations and management services to companies in Virgin Group. Any investment decisions are channeled through Virgin Management limited before executing them.

## **Products**

Sectors in Virgin Group offer competitive products and services. The travel sector provides Virgin Atlantic and Virgin Travel. There are also Virgin books which publish and distribute books with other stationeries. Virgin holiday is characterized by the ability of the customer to book a holiday and fly Atlantic.

Other products available to the customer are the independent recording label V2 music and fitness clubs located throughout UK.

## **Pricing strategy**

Pricing strategy employed by Virgin group is highly sensitive to the demand and affordability of the customer. An example in the travel sector is Virgin Atlantic which offers a variety of six price level for the customer to choose from.

Their objective is to ensure that customers get value for what they spend. It is essential to note that customers are ready to expend their money if the

level of satisfaction is greater especially in Britain where standards of living are high (Chekitan, 10). This is the reason why Virgin Group offers competitive products and services.

The Group bases its pricing strategy on factors which affect the global market. Examples of these externalities include: inflation, interest rates, political instability, recent global recession and natural disaster i. e. volcanic eruption. Richard developed ' premium-tization' an aspect which brings about division of market. The trend forces consumers to demand quality product at a higher price level.

### **Place (Market segmentation)**

This signifies a location area where a product meets the consumer.

Segmentation as utilized by virgin group is an important element where leadership in the market is still in its development stages.

There has been tendency by the organization to establish itself well especially in its best and specialty sectors. Some of the strong holds of the company are: the transport sector i. e.

airline subsector, newly established mobile stores in Europe and United States (Bower, 21). Rapid expansion of distribution network and development in airline industry is a trend towards achieving customer satisfaction. In addition to market segmentation, virgin group is capitalizing on the new world order of e-commerce. The company can now deliver products and services to its clients at any position in the globe within the shortest time possible via electronic purchase and physical delivery using cargo planes.

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Virgin is always in the forefront following its ability to implement actions within a recommended time frame.

## **Promotion**

To reach intended customers, advertising and other aspects of promotion must be employed as a marketing strategy (Kotler, 39). Various channels of communication are exploited with an objective of conveying relevant information about a product or a service to potential customers.

Any successful advertisement brings about increased sales and ultimately more revenue to the market. Promotion plays a vital role in growth of Virgin Group by a system of taking information about their product and service to the proximity of the customer (Anon, 15). Internet advertisement regarding quality services offered by Virgin Trains and Atlantic is advantageous to customers since it helps them in making choices before booking. Discounts given on advanced booking and favorable deal to those travelling in group is an incentive to customers. Websites for these transport sectors are very efficient such that it has received an ' A ' and ' AA ' rating by the WCAG (Bower, 15). Access to the website is fast enough to guarantee immediate dissemination of information. This is one of the best criteria to expose a product to its customers.

Success of virgin is credited to the whole workforce whose talents are challenged constantly by the ever changing consumer environment. Absence of bureaucracy in Virgin Group gives people an opportunity to share their skills, values, ideas and expertise in a positive manner. According to (Koichi,



52), a performing organization is most likely to receive both media and customer's attention.

## **Recommendations**

After a profound analysis of marketing strategy engaged by Virgin Group, it is prudent to consider a variety of strategy options available to the management. The management may rethink integrating in the planning process both inside and outside environment of the companies. This means that management must review social, political and demographic descriptions affecting directly or indirectly running of the business.

These external variables are critical in developing internal strength i. e. customer experience, technological progress, channel bonding, and market sensing. Highly globalised company has to consider centralizing its management so that information flow along the bureaucratic channel is retained. A centralized management as well means that a person who is given certain responsibilities must be answerable to a member at a higher rank. This will measure performance level of an individual in an office and consequently take control of its resources.

Although virgin group values its customers, they must focus on building customer experience centers in their different locations. Apart from giving personalized service to their customers, the center will be mandated to supply the management with data regarding customers' preferences. Such data is valuable when introducing a new product which will need to penetrate the market fast.

## Conclusion

This paper offered a vivid explanation of the Virgin Group. Richard Branson orchestrated the inception of the firm after succeeding in his magazine venture. The business expanded from one business venture into a collection of more than 200 sectors in 20 countries. As detailed in the literature, profits of the group are always on the increase with a record of more than 68.

4 billion pounds in the year ended May, 2009. Cumulatively, sales level reached a value of 2. 579m while Virgin Atlantic registered a passenger rate of 5. 77m during the financial year 2009.

The success of virgin group is attributed to high regard placed on customers in addition to marketing strategy employed. The paper is very clear on pricing, positioning, product and promotion strategy of the firm. As a policy recommendation virgin group should centralize the role of management in order to take a full control over its resources and also instill in individuals a sense of responsibility.

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