

# Essay on marketing management

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



## Introduction

Masters Home Improvement is one of Australian home improvement and hardware store which only have two years' experience. The beginning of Masters Home Improvement was established under the program of joint venture between Australian retailer, Woolworths Limited and American home improvement and appliance stores, Lowe's. The very first store opened on 1 September 2011 in Braybrook, Melbourne. Now there are 33 stores in Australia. In 2012, the transactional website was launched that made Masters Home Improvement win the title of Australia's first online hardware and home improvement retailer. Masters Home Improvement strives to provide marvellous shopping experience that consumer have never experienced before via marketing strategies. This essay will outline the marketingenvironmentanalysis of Masters Home Improvement in terms of macro and micro factors. Then, it will discuss the marketing approach. In the end, some recommends will be given to Masters Home Improvement.

### 1. Marketing Environment Analysis—Micro Trends

#### 1. 1 Customers

According to Kotler and Armstrong (2012, p. 93), Customers are the most important factors in company's microenvironment and the target of establish value delivery network between company and customers is that satisfy customers' demands and create strong relationship. Retailing is a business with extremely people-focused, well-trained and professional employee satisfies the demands from customers that create triumph (Masters Home Improvement, 2013). Masters Home Improvement has involved in training andeducationprogrammes which require every employee to participate at

least 100 hours job training before working to ensure that they can provide the professional services and assists to customers. Most of customers who try to furnish or decorate their house are not experts. Customers always confuses from materials, sizes to assemblage. Therefore, it is an opportunity for Masters Home Improvement professional to operate with the strategy of well- trained employee. Read more about Tanglewood Case

## 1. 2 Competitors

A company must understand their competitors. The acquirement of competitor's

information helps company to adjust marketing strategies. Kotler and Armstrong (2012, p. 92) said that offering greater customer value and satisfaction than their competitors is a marketing concept to be successful.

For Masters Home Improvement, Bunnings is their biggest competitors. There are many similar strategies in Masters Home Improvement and Bunnings such as return policy and price promise. Both Masters Home Improvement and Bunnings offer return without reasons and 10 percents beat price policy (Masters Home Improvement, 2013 and Bunnings, 2013). In addition, Masters Home Improvement and Bunnings accept any reason for return, yet there is a little different. If return without receipt, Bunnings will provide exchange voucher as refund (Bunnings, 2013). Conversely, Masters Home Improvement will provide returns card as refund which must be used within 6 months is less flexible. Therefore, Masters Home Improvement needs to adjust those strategies which are identifiable against Bunnings. Moreover, the number of available store location in Bunnings is nearly 7 times higher than Masters Home Improvement. On the other hand, Masters

Home Improvement is inconvenient and unavailable for most customers. Roy Morgan Research (2013) indicated that the annual average visit to Bunnings is 7 times while Masters Home Improvement only has 3 times. The way of competition with Bunnings is in terms of convenient and more shop cites.

## 2. Marketing Environment Analysis—Macro Trends

### 2. 1 Natural

The natural environment refers to the natural resources which are the materials of producing or which are influenced by marketing activities (Kotler and Armstrong, 2012, p. 102). While the human activities have become prosperous, the pollutions and damages of environment have increased dramatically. The thought of concerning and protecting environment has been proposed for many years. The hardware field is one of the heaviest consuming businesses in natural resources, forests in particular. Masters Home Improvement (Masters Home Improvement, 2013) said that they recognizes the importance of protecting environment and deliver the beliefs through their product. The actions of protecting environment including using the timbers within the concept of sustainability and well-managed or which are certificated by global forest certification organization such as PEFC. In addition, Masters Home Improvement developed a program to recycle and re-use

timbers for increasing the efficiency of using timbers. However, essential elements of operating a store including electricity and water should also be considered under environmentally friendly.

### 2. 2 Technological

Technology is one of most significant element which shapes our life in

contemporary society and plays an influential role in marketing strategies (Kotler and Armstrong, 2012, p. 104). Technologies not only create new products but also create opportunities to marketers. Applications on smart phones and tablet computers are the typical innovation in this generation, and the of power influence of applications in marketing are unpredicted. Masters Home Improvement valued and launched an application on iPhone (Masters launches real-time customer service app, 2013). This application not only provides the basic function such as searching information and purchasing products but also offers some special functions such as “ chat now” which connects directly with Masters’ service representative can answer all the questions as facing a real employee. “ Scanner” is another feature which is a price comparing tool. And “ projects” provides the information of product and using methods via articles or videos. Those functions realize all the requirements which can be completed online rather than only can be done in stores in the past.

### 3. Marketing Mix—Evaluation and Critique

#### 3. 1 Overview of Current Marketing Approach

According to Treacy and Wiersema (1993), the strategy for company to achieve leadership positions is transferring superior value to their target customers. The concept of operating of Masters Home Improvement is “ The stores are designed with you in mind” (Masters Home Improvement, 2013). On the other hand, Masters Home Improvement offers the customer-first shopping experience that involves in satisfaction of customers’ demands from products to services. This statement can be classified into four main

principles including price guarantee, product diversity, professional assistance and well shopping environment (appendix A).

### 3. 1. 1 Price guarantee

Masters Home Improvement is a corporate chain which has advantage to buy in large quantities at lower price. And the primary message of Masters Home Improvement is to change customer behaviour from other stores to Masters Home Improvement to save more. Thus, Masters Home Improvement deliveries this concept through setting competition-based pricing that develops the price guarantee strategy. Price guarantee strategy promises to beat it 10% if the price is lower than Masters' (appendix B).

### 3. 1. 2 Product diversity

Masters Home Improvement emphasizes the importance of product mix, so Masters Home Improvement provides more than 35, 000 products which are up to 62 categories (Masters opens first store, 2011). Although Masters Home Improvement develops the strategy of price leadership, this does not mean that Masters Home Improvement provides lower quality product. In fact, there are many famous brands which are available in Masters Home Improvement. Moreover, product diversity helps consumers to reduce costs in terms of searching and comparing products.

### 3. 1. 3 Professional assistance

Service is one of the most influences in shaping consumer behaviour. Masters Home Improvement increases service variability on the concept of product leadership by offering complete both hardware and software assist. Every employee in Masters Home Improvement trains for 10, 000 hours to ensure obtaining enough professional knowledge to assist customers

(Masters Home Improvement, 2013). In addition, there are help buttons which are set throughout the store to avoid missing staffer. Moreover, after-sale service such as return or assemble is concerned by Masters Home Improvement. As a result, Masters Home Improvement creates a field of diy-based information in their website, and is willing to solve any purchasing problem.

3. 1. 4 Well shopping environment

Shopping environment is the most silent influence in marketing, yet shopping environment can generate unconsciously positive connection with consumers. Therefore, Masters Home Improvement operates in a way of elaborateness

instead of the stereotype of warehouse which was rough and simple, changes the situation that only men or who are interested in diy go to warehouse into no gender and household activity. Masters Home Improvement focuses on provide a comfortable shopping environment through air-condition, bright space and roomy pavement. The relaxing places such as restaurant and toilet which are also available in Masters Home Improvement are important traits of well shopping environment to make shopping time more flexible. Also, playground for kids can make consumers shop without other worries (Masters Home Improvement, 2013).

### 3. 2 Evaluation of Effectiveness

Strengths

Weakness

Technology leader by developing first online shopping system in housewares campaign and versatile application on apple store. Supply professional

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staffers who offer more assistance

Strong connection with environment issue by using timbers with sustainability and well-managed principle. Well shopping environment

Wide range of products, in consequence, management barrier and extra cost

Insufficient number of store

Similar strategies refer to return policy and price policy

Opportunities

Threats

Developing other advanced technology

Establishing brand image

Strengthen positive perspective refers to connection with environment protect. Similar price policy refers to price guarantee which reduce identification of Masters Home Improvement from other stores Similar return policy also reduce identification of Masters Home Improvement from other stores

4. Marketing Mix – Redesign

4. 1 Product

Product refers to the connection of goods-and-services which company offers

to target customers (Kotler and Armstrong, 2012, p. 75). Masters Home Improvement not only provides diverse products (up to 35, 000) but also offers many famous brands (Appendix B). Diverse products basically contribute to various options that have the advantage to help consumers to save costs such as searching time and transferring time and energy. Masters

Home Improvement views this benefit as one of attractive strategy. 4. 1. 1  
Redesign

Masters Home Improvement should concentrate on the products which are in the warehouse field. Because, there are a lot of products which are not belong to warehouse campaign such as household electric appliances. In general, customers think that buying things in specialized stores has pledge to quality and lower price. Thus, some products such as wash machines and air conditions will not be consumed. Consequently, those products should be removed from stores to reduce cost on storage, space and employee.

4. 2 Price

Masters Home Improvement develops a strategy of price guarantee to ensure lowest price. However strategy is easy to imitate and is less identification. 4. 2. 1 Redesign

Price guarantee is an important promise to ensure Masters Home Improvement provide better price than others. However, price guarantee cannot deliver brand concept and image which only be viewed competitive policy. Masters Home Improvement should emphasize price advance through brand image rather than policy.

4. 3 Place

There are only thirty-three stores available in Australia since Masters Home Improvement opened their first store in 2011. Also, the location of Masters Home Improvement is near suburb. On the other hand, Masters Home Improvement is inconvenient. 4. 3. 1 Redesign

Masters Home Improvement should extend more stores in recent years. Masters Home Improvement said that they will execute the plan of opening 150 sites in the next five years (as cited in Reilly, 2012). In addition, Masters Home Improvement selects the locations in the condition of distance concerned which are close to population centre (Reilly, 2013).

#### 4. 4 Promotion

There are three main types of promotion including trade month, special trade and trade member program (Appendix C). In general, catalogue refers to sale information or introduce of new products and there are many kinds of media to deliver message such as television, and websites. Masters Home Improvement successfully provides information through website and application on smart phones and tablets. However, Masters Home Improvement lacks development of paper catalogue. In addition, some prices in the catalogue are not apparent on sale (Appendix D) that leads consumer to distrust Masters Home Improvement and decreases the aspiration of going Masters Home Improvement. 4. 4. 1 Redesign

Masters Home Improvement should put clear tag for sale items and new products in catalogue. If products in catalogue only have price without any illustration, consumer needs to search extra information to understand the price that reduce the desire of going Masters Home Improvement. Masters Home Improvement should value the development of paper catalogue. There are some customers who are active to connect information suit online information. Nerveless, most of customers are passive to wait for information. Paper catalogue is a key trigger to first effect which actively connects customers and helps consumer to recognize the brand or company.

#### 4. 5 Physical Evidence

The atmosphere of Masters Home Improvement will keep the elements which refer to bright light, spacious sidewalk and offer food service to match the concept of elaborateness (Appendix E). However, Masters Home Improvement should modernize which is in terms of free wifi. 4. 5. 1 Redesign

Masters Home Improvement should provide free wifi in their stores. Most customer searched information on their smart phone or tablet computer before consuming. However, not every customer has wireless. Thus, if free wifi is available in store, customers can demonstrate what they want and have more efficient communication with staffer.

#### 4. 6 Process

There have self-checkout and staffed-checkout available in Masters Home Improvement (Appendix A). Delivery policies not only have general delivery, but also offer express delivery that satisfies different demand (Appendix A). Besides, the cost of delivery which is two to three days is efficient excluding special order items and country locations (Masters Home Improvement, 2013). However, most of customers need to work weekday, they can only receive at night or on weekend. 4. 6. 1 Redesign

Masters Home Improvement should develop the program of special delivery which delivery the product on weekend or at night without extra charges to provide convenience to customers.

#### 4. 7 People

Every employee in Masters Home Improvement needs to train for 10, 000 hours. On the other hand, every employee is expert in limited field. Yet, Masters Home Improvement provides a huge category of products. If people want acquire different type of information, people need to walk around the whole store that is really inconvenient and exhaust customers' energy before they really purchase. Alternatively, if there is absent staffer in this field, customers are unable to gain appropriate assistances (Appendix F).

#### 4. 7. 1 Redesign

Masters Home Improvement should ensure that there have enough available employees in every department at any time. Masters Home Improvement should consider training their staff in development of multiple skills that can timely support each other.

#### 5. Recommendations

##### 5. 1 Recommendation One

Masters Home Improvement should increase the number of available to develop market share. Also, the location of stores should close to urban to increase the convenience.

##### 5. 2 Recommendation Two

Masters Home Improvement should focus on advanced technology which refers to develop application on Android and Windows phone. Sadauskas (2013) said that Android which was the most popular smartphone platform claimed 62. 1% of the market on August 2013; and Apple grew its slice of the Australian smartphone market to 28. 7% from 25. 8% a year ago; still

Windows Phone grew from 3.7% to 6.5% Australian market share over the past year.

### 5. 3 Recommendation Three

Masters Home Improvement should clearly remain strategy of penetration pricing to increase competitiveness to achieve boosting market share and establish brand image. Masters Home Improvement should also confirm position which is lowest price with advanced quality and service by clear building brand image. Building brand image helps increase brand identification and market share. Building brand image can emphasize strongly market position. In addition, Masters Home Improvement should more clearly identify their segment by efficient use operating input. Developing professional operating which only targets at warehouse campaign instead of diverse and complex products.