

Defining the marketing management marketing essay

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



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Introduction

In today's business world Marketing Management plays a vital role. Most aspects of the business are highly depending on how successfully that business is practicing the Marketing. This assignment is mainly focusing on identifying marketing principles and how those marketing principles practically use for the success of the business. This assignment is based on a case study that described the marketing strategy of a large well known retailer JD a part of the JD Sports Fashion PLC Group of companies which was founded in 1981. Even though JD started with a one shop, because of its effective marketing mix strategy which focuses on consumers' needs perfectly is now able to achieve the business growth and today JD is the UK's leading retailer of fashionable sports and casual wear with 335 stores. This case study includes the importance of identifying and implementing the correct marketing mix for the success of JD's business growth among competitors. Based on JD's case study this assignment provides the understandings on following areas; Contribution of marketing to the achievement of business objectives Different elements of the marketing mix Benefits of segmenting markets Use of pricing strategies Use of promotional strategy Macro and micro environmental factors influencing the marketing planning

Task One:

Explain the contribution of marketing to the achievement of business objectives

Defining the marketing management

Marketing management is used to describe the process of identifying and satisfying the individual and organizational needs. According to the definition of American Marketing Association (1995), " Marketing is the process of forecasting and implementing the conception, pricing, promotion and distribution of ideas, goods and services and exchange them the way that satisfy individuals and organisational objectives". Marketing is not the selling products but the art of selling products to the customers who is willing to buy to satisfy their needs and wants. Since marketing covers all the requirements to satisfy customers, marketing management must be a part of every employee's work in the organisation. Marketing is starting from focusing, researching and identifying customers' needs by being closer to them. Organisations then use the findings to design and develop the products and services to satisfy those identified needs. Meantime they develop strategies to convince the customer to buy the designed products. Preferably according to the Peter Drucker (1973) " the final result of the marketing is a customer who is ready to buy the organisation's products". The aim of the marketing is to know and understand the customer very well and create products and service that fits the customer's needs. In any organisation financial success and the growth of the business highly depends on the marketing strategy and practices of that organisation. Even when the customer's disposable income and the demand for the goods have reduced,

still that company can continue their growth in business if they have the best marketing ability. Marketing is broad concept that addresses all the factors affecting to the customer needs and by providing exactly what the customer need in the best way and that company can achieve their financial success and business growth than their competitors. Any business should focus on customers more than the products. The reason is even the products and the services are in best quality still the customer has his own preferences and willingness to buy them. If the company directly address the customers wants and fulfil their requirements effectively than the competitors that company can win the market. According to the Philip Kotler (2000) marketing can also be described as a process of exchanging goods in between industry and market. According to the below figure 1. 1 sellers / industry send goods, services and communicate with buyers by the means of advertisements, notices, e-mail and etc. in return industry receives money and information such as new products ideas, buyers various attitudes and etc.

Industry**(Collection of sellers)****Market (Collection of buyers)****Communication****Money****Information****Goods/services**

Figure 1. 1 : A sample marketing process
Source: Philip Kotler (2000, p 5),
Marketing Management Millennium Edition, [Online], New Jersey, Prentice-Hall, Inc, Available from: <http://www.perspectiva.md> [Accessed: 08/02/2013]

Importance and the contribution of marketing to the achievement of business objectives

In the sale industry JD as well as every organization's main goal and objectives are to sell their products, earn profits, maximise profits and business growth. To achieve these business objectives marketing plays a vital role. Best marketing practices of JD make a greater deal of contribution towards the achievement of their business objectives and the importance of the marketing which JD is enjoying can be pointed out as follows. Marketing promotes product awareness to the customers. Because of marketing, specially by advertising and promoting programs consumers get information about the company and the products. Marketing is the best way to made known of the company to the public. Marketing helps to increase the sales of the company. When the public learns about the company by the means of

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advertisements, commercial and other promotional programs, and that will help them to increase their sale and growth in revenue. Marketing helps business to do better than its competitors. Because of the marketing ability of the company by identifying and providing exactly what the public want, they can perform well in the industry than their competitors. Marketing helps company to remain confidently in challenging business environment conditions. Even in unfavourable situations in business environment, company still can remain successfully and sustain within industry by improving their brand recognition through marketing. Marketing builds company reputation in long term. Marketing plan in JD plays a very important role towards the success of the company. It educates public about the company, increase sales and profits and develops company reputation. But to achieve these objectives effectively and more efficiently company should follow the best marketing tactics. If not they will ended up with wasting money, time and efforts and that will be resulted in a market failure.

Role of marketing in a non profit business

As for profit oriented business, marketing for non-profit organisations are equally important. In a profit oriented organization marketing plays the role of informing the consumers about the company's products or services. Likewise for a non-profit organization, marketing is very much needed for inform about their organisation to potential donors to provide funds, volunteers to help them and the people or organizations who need their services and funds. As indicates by Rothschild (1979) in relation to the marketing communication there are key differences in the way of using

marketing in non-profit organizations and profit oriented organisations. In non-profit organizations the amount donated is often determined by the donor rather than in profit oriented organization where the organisation / seller specified the price. Mean time for a non-profit business it is advisable to develop their marketing campaign in all targets rather than a specific audience which is taken place in profit oriented business. Role of the marketing for non-profit business can be list down as follows. By the marketing promotions non-profit organisations can give an idea of what they are doing to the audience. For this purpose they should advertise themselves in a way that make sense of community of their organisation and it should make people think of helping each other. Marketing can be used to get attention about the non-profit business into the public picture. If the marketing plan put more and more information about the organisation they can gain more public attraction. Marketing is very much important for non-profit business because without marketing no one would know the existence of the non-profit business and as such no one would support that organisation. To conclude, marketing is essential for profit oriented business as well as for a non-profit organisation for their success.

Elements of the marketing process

Kotler (2000) explained that the marketing management process is the analysis, planning, implementing and designed programs, control and maintain that program which ultimate target consumers for the purpose of achieving organisational goals and objectives. Figure 1. 3 explains the step by step process of marketing management. It consists of research,

segmentation, marketing mix, implementation and control. Step one: Research. First and the foremost step of the marketing process is to study the market through the marketing research. This is where the business identifying their potential customers and their requirements. Step two: Segmentation. After familiarised with the market needs and wants, then company can target, position and create market segments base on the group of individuals or organizations which is having similar characteristics to serve with similar products and services. MonitorEvaluateImprove

Control

Marketing Research

Research

TargetingPositioningBranding

Segmentation

ProductPricePlacePromotion

Marketing Mix

ExecutionQualityExperiences

Implementation

Figure 1. 3 Marketing Management ProcessStep three: Marketing mix. This is the most important aspect of the marketing process that is, to design and develop a marketing mix including products, price, place and promotion to satisfy the segmented customer group. Step four: Implementation. To keep the customer with business and to satisfy their requirements company needs

to implement their planned marketing strategy and should execute the plan effectively and efficiently. This is the step where the designed plan makes into practice. Step five: Control. After implementing the strategy business should always be evaluate the outcomes and the results by thorough monitoring. By monitoring and evaluating business can understand whether they have achieved their objective of the marketing plan or not. This will lead business to improve their marketing strategy towards success. The definitive objective of the marketing management process is to develop and maintain a strategy effectively and efficiently to establish a long lasting relationship with customer and grow profitability of the business in long term.

Task two:

Explain the different elements of marketing mix

Marketing Mix

Target Market

Place

Channels

Coverage

Assortment

Locations

Inventory

Transport

Promotion

Sales promotions

Advertising

Sales forces

Public relations

Direct marketing

Price

List price

Discounts

Allowances

Payment periods**Credit terms****Product****Product variety****Quality****Design****Features****Packaging****Brand name****Services****Warranties****Returns**

Marketing mix is the controllable elements of a product's marketing plan that is designed to satisfy ultimate customers' needs and wants. As shown in figure 2. 1 McCarthy (1999) classified those elements for four groups and he called it as 4ps: products, price, place and promotion. Figure 2. 1: The Four P components of Marketing Mix Source: Philip Kotler (2000, p 5), Marketing Management Millennium Edition, [Online], New Jersey, Prentice-Hall, Inc, Available from: <http://www.perspectiva.md> [Accessed: 08/02/2013] The four components of Marketing

Product

The product simply means the function and the features offered by a good or service by the company. A product can be anything that can be offered to

the market that can be satisfies the wants and the needs of the consumers. Product is having levels of it such as core benefits which is the fundamental benefits that the customers are really buying, expected products which means the set of features and conditions expected by customers when they purchasing it, augmented products which exceeds the expectations of the customers and etc. A product should be addressed the following questions; What does the buyer need from the productHow does it appear? What size and colour should it be? What features should it have to meet up the customers' needs? How customer is going to use it? What is it to be named? How is it branded? How it differ from the competitors' product? Consumer goods can be classified as; Convenience goods - Goods which can be purchase immediately with a minimum effort. These types of goods are purchasing frequently to satisfy basic needs by consumers for day to day consumption. Shopping goods - Consumes put some effort to buy these types of good by comparing quality, price and style. Specialty goods - Buyers are willing to make a special effort to buy these goods because these goods have unique characteristics or brand identifications. Unsought goods - There is another type of products which calls unsought goods that the buyers do not know the existence of such goods or they are normally do not think of buying. The product is the main focus of the marketing plan. When considering the product, finding the way of making it, establishing production lines, financing the production and manufacturing is not the tasks of marketing management. But concerning what that product means to the customer is the main responsibility of marketing. So marketing should determine the appearance of the product and the functions of the products

that can be address consumers needs well. As JD's concern they sell lifestyle products, these are sportswear wearing by customers in everyday life and it is coming under shopping goods category. Not like essential goods/convenience goods these types of good should be in the best quality and unique styles to compete with competitors in the market as customers usually compare those types of products, brand, price and the style before they purchase it. Since JD has established all these factors they are the market leaders and they have a big pool of potential customers.

How the business positions its products or services

According to the Neil H. Borden (1984) products should be repositioned as a part of long term plan to make it more acceptable for future potential customers. He described the value of establishing new product policy by the means of research and development program. This will lead business to identify future potential customer and accordingly business can design their products to target those customers. Positioning is the process of designing the company's products or services brand in customers mind in a way that motivates customers to purchase that product or service. According to the Kotler (2012) the main aim of positioning is to create a best image about the brand in customer's mind. Business can use following strategies to position their brand in customers' minds. Quality or price positioning: position the quality of the product to offer the best value to what customer's pays. Attribute positioning: business position themselves rather than the products such as goodwill of the company, no of years in the market, size of the business and etc. Product category positioning: the product is positioned in

customers mind as the leader in certain categories of products. Competitor positioning: the product or service position as better than the competitors' products in some aspects.

Price

Price is the term used to identify the value placed on the products. Price is the only one in the marketing mix that generates sales revenue to the business while all other elements create cost to the business. Price can also be described as something of value that is used to exchange for satisfaction of goods and services. Before pricing a product, researching the customers' opinion regarding the price is very much important as it indicates how customers value that product to satisfy their needs. When making the price decision following questions should be addressed; What is the value of the product to the customer? What is the cost to make the product? What is the expected profit from the selling products? Is there any established price for that in the market? Is the customer price sensitive? What is the competitor's price for that product? What discount going to be offered to the buyers? What is the credit terms should be offered to the buyers?

Place

Choosing where customers can buy the product also a key decision made under marketing plan. Place decision covers the location, transportation, channels and inventory of the marketing mix. The place element involves in making the product available to the consumers in most convenient and accessible way. By addressing the following factors company can select the best place strategy. Where do the buyers look for your products? What kind

of a store or a place they are look for your products? What are the write distribution channels and how can the company access them? What competitors do and how can the company differ from them? Will company need to use sales force? Will company going to keep inventory, if so how they must store? The right place decision and selection of right location will ensure maximizing profits, maximizing sales and limit the cost involving. Stores should be designed in a way that attracting all age levels of consumes to the store. Sales force should be trained to provide a well satisfactory service to the consumers in the store. There should be right distribution system where consumers getting right product at the right time from the right place when they needed. Selecting a right distribution channel depends on the nature of the business such as selling to wholesaler, retailer or directly to the customer. JD able to place their products in correct stores which distinctive to their competitors. They are operates in high streets as well as out of town locations, they have shopping centres. And also to cope up with new technological advancements to compete with rivals they are operating in e-commerce. They are achieving big pool of customers through e-commerce because they are providing clear information and the process is simple and easy to use.

Promotion

Promotion is the way of communicating with the consumers. Through the promotion consumers get the information that helps them to make the buying decision in the market. Successful promotion including advertising the company's products increase customer's awareness and that will lead to

increase sales even the cost involve in promotion is taking a big portion of the production cost. Company can design and develop their promotion strategy based on the following factors. How company going to reach their customers, by advertising, in papers, tv, radio or billboards? Where company going to give the message to the audience? When is the correct time to promote? How the competitors promote themselves?

Task three:

Evaluate the benefits of segmenting markets

Customers in the market are different and the companies cannot connect and serve to customers in large. So the company can identify the target market of customers with common specific needs and wants for their product and create specific market segments. This decision should be taken more carefully to understand which market that company can serve effectively with the use of their available resources. When the market considers the consumer in large and applies same marketing mix for every individual group, it is called mass marketing. However it is less possible to satisfy each and every individual by a same marketing mix as they have their own personal preferences. To take competitive advantages among the competitors company should be more sensitive to the each customer's needs and wants.

Bases of segmenting markets

Regardless of what method of market segmenting is used, the main purpose of segmenting is to identify different expectations of customers and catogarise them into market segments. As described by Kotler (2000) the

major market segment variables are geographic, demographic, psychographic and behavioural segmentations. Geographic segmentation is divide market in to different units based on the geographic factors such as nations, states, regions countries and cities. People live in same city or region assumed to be shared same characteristic. Business can reach them by local news papers or direct mails. Under the Demographic segmentation, market is divided into segments based on age groups, family life cycle, occupation, income level, education, race, religion and social classes. By targeting each divided segments company can serve them well. In Psychographic segmentation buyers are divided into segments base on personality traits, life style or value. Because according to the Kotler (2000) people within same demographic or geographic segment can experience different psychographic profiles. Behavioural segmentation is the category where market is segmenting based on the consumers' different knowledge level, their attitude towards the product and the way they are thinking about the product and the way they use the product. When considering JD their main segment group is the customers who use sportswear fashions as casual day wears in everyday life. They are selling global power brands such as Nike, Adidas which request by large groups of customers. Also they have some customized unique designs as well. For example some of the footwear ranges (Adidas Training PT Footwear and Adidas Forest Hills) are selling only in JD and cannot find in any other retailer.

Different method of researching a market

As defined by Palmer (2000) marketing research is the process of researching the company's whole marketing process. That means marketing research is going into the elements of marketing mix, competitors, markets and everything related to customer. Market research helps companies to study the consumers, marketing trends and movements in the business world before investing in marketing program. There are different types of marketing research such as observational research, focus group research, survey, interviews and etc. Observation research: fresh data can be gathered by observing relevant customers. Focus group research: a focus group is gathering and invited to exchange their skill and discuss a product or other marketing entity. Survey: companies undertake surveys to learn about consumer's knowledge, beliefs, preferences and satisfaction. Interviews: interviews can be conducted through telephone, face-to-face or over internet and this is the most connected technique with marketing research.

Task four:

Analyse the use of pricing strategies.

Marking the right price is an important decision in the organization's marketing strategy. This is because only the price generates revenue to the company and that is the only mean to achieve following objective; Profit – to achieve satisfactory or maximise profit level. Market share – pricing objectives are using to increase or maintain market share of the business. Cash flow – pricing objective to recover cash as fast as possible, specially for the products with a short life cycle. Status quo – to maintain public image,

meeting with competitor's price and maintain the stability in pricing. To pay company expenses such as debts, operational expenses and etc. To re-investment purpose in long term. There are different strategies of pricing that a company can adopt to generate demand and increase profit.

Competitive pricing – this strategy is used to price the product with high demand and well-known brands. So to be competitive company should ensure they are not charge higher price than the competitors for the same product. Prices should be in line with competitors. Penetration pricing – when a company introducing a new product they normally charge a lower price to gain the market share. This strategy must be used if the customers are highly price sensitive and company needs to keep out the competitors.

Skimming pricing – charging a high price initially to skim the revenues from the market. This strategy is perfect when competitors cannot enter into the market or product's quality and image supported by high price and buyers are willing to buy that product at that price. JD operates in the market where the demand for their products is more likely to price sensitive. Demand for casual wears and sportswear normally changes when the price of them changed. This is because these types of products are coming under the category of shopping goods. On the other hand company should achieve its profitability and cover its cost of production by the price they gain from the products. JD has a pricing strategy that ensures they are remaining competitive by lower their unit cost because they are buying in large volumes. They are able to achieved discounts by bulk purchases and their cost for each pair is lower than others.

Task five:

Analyse the promotional strategy used by the business

Objectives of the promotion can be listed as follows; To create an awareness or knowledge about the company's existing products, new features or new products to the buyers. To create preference and liking of the products to purchase by the consumers when the competition is increasing. Stimulate repeat purchase of products or services by the reminder advertising for mature products. Company can use different methods to promote their products and services such as advertisements, sales promotions that give short term incentives to encourage purchase, consumer promotions (samples, coupons, cash refunds, price packs), trade promotions which persuade resellers to encourage their sales and business promotions (conventions, trade shows and sales contests). Direct marketing also plays a vital role in promotion. Direct marketing uses direct channels to reach and deliver offerings to the consumers without any intermediation such as face-to-face selling, direct mail, catalog marketing, telemarketing and e-marketing. Through a competitive promotional activities company can gain more consumer awareness and it is highly cost effective. JD understand very well of the importance of marketing promotion for the success of their business. They have both above-the-line and below-the-line promotions to attract more customer awareness. Their above-the-line promotions includes products placements, advertising in high movement titles, TV and radio advertisements, outdoor advertising such as poster sites. Even these promotions make significant cost involvement JD always try to grab more and more attention of their customers. To communicate directly with the

customers they are using some below-the-line promotions such as e-mails, sales incentives, sponsorships, use of social networks such as twitter and Facebook. These marketing promotions play an important role for the achievement of JD's business growth than their competitor.

Task six:

Analyse the macro and micro environmental factors influencing the marketing planning

Companies are operating in the environment that consists of many external factors that directly or indirectly impact on marketing process of that company. External factors affecting to the business are beyond its control and the success of the business is highly depends on how well they are adopt to its environment with their marketing strategy. External environment is consists of macro and micro environments. According to the figure 6. 1 macro environment consist of demographic, natural, socio-cultural, economic, political-legal and technological. Micro environment consist of suppliers, consumers and public, competitors and other market intermediates. C: UsersUserDesktopme-1. jpgFigures 6. 1: Marketing environment framework. Source: www. gktoday. inAs pointed out by Kotler (2000) the macro environment consist of six components. Those are; Demographic environment. This environment consists of factors which are influencing marketing decision of the business such as population, household patterns, age categories, religions, ethnic, educational levels and etc. Economical environment. Macro level factors that have an influence of the production by the means of production and distribution. Natural

environment. This is the earth's natural influences both renewal and non-renewal factors. Renewal factors such as food production from sea and agriculture has a greater deal of influence towards the production decision of the company. Mean time availability of non-renewable factors such as oil, mineral, coal and etc for the production also influencing the marketing decision. Technological environment. Machinery, materials and related knowledge used for the production also influence the marketing decision of the business. Political and Legal environment. Factors such as law of the country, government agencies, political part in the power and the opposite leaders. Social – cultural environment. This simple means that the business should design their marketing plan to eliminate harmful products and encourage socially beneficial decisions to the society. Their marketing strategy should be based on the social responsibility to the general public. There are many ways to identify the external environment which affects to the marketing. Among them identifying the PEST influence is the famous and the very useful way to understand the environment which business is operates. Figure 1. 2 shows the macro environmental influence such as Social, Political, Economical and Technological factors (PEST) which indirectly influencing the marketing decision of the company.

[http://www. provenmodels. com/files/1e75ea74c642995ddc8cc85a9c41bbd7/PEST_ analys is. gif](http://www.provenmodels.com/files/1e75ea74c642995ddc8cc85a9c41bbd7/PEST_analysis.gif)

Figure 1. 2: External Factor AnalysisSource: <http://www. provenmodels. com> & <http://www. ibbusinessandmanagement. com>Micro environment are the factors that are in company's immediate actors involving production,

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distribution, promoting and etc. These factors are; Suppliers: suppliers can be categorised as raw material suppliers, suppliers that are supplying labour and capital, energy supplier. As per the Porter (1979) a good relationship in between the firm and the suppliers epitomises a power equation between them. Customers: customers can be individuals or household, organisations or international customers. Whichever the type as a general buying power is directly impact to the company's marketing decision. Market intermediates: individuals or organizations such as wholesalers, retailers or agencies those are intermediate to the business for the purpose of promoting, distributing and selling products to the ultimate buyers. Competitors: those who are operate in the same market and selling the same products to the buyers. Other than the price of the product company can differentiate their products from their competitor's product to grab a big market share.