

American marketing association



Task one

Compare the definitions of Marketing given by the Chartered Institute of Marketing, the American Marketing Association and one other definition of your choice.

American Marketing Association (AMA) define marketing as “ the activity, set of institutions, and processes for creating, communicating, delivering, and exchanging offerings that have value for customers, clients, partners, and society at large.

According to American marketing Association (AMA) marketing is a key factor of a business. AMA raise standard in marketing as, they want well to hire the right talent in this field of business. Hire people who knows or kin to learn marketing industry trends. AMA wants to put together a top notch marketing team. So, they can get business and fulfill customers needs effectively.

The Chartered Institute of Marketing (CIM) define marketing as “ The management process responsible for identifying, anticipating and satisfying customer requirements profitably.”

CIM shows that marketing is a managerial process it is a key fact to bring profit to the business. Identify the customer correctly, encourage them and satisfy customer, as a result profit will follow automatically.

According to Marks & Spencer (M&S) Marketing is “ understanding the competitive marketplace we operate in, as well as working closely with suppliers and product teams. All with the aim of providing customers with fantastic choices and great value.”

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To introduce the M&S brand and communicate with the customer and to understand the demands marketing plays an important role in the business.

Task two

Using Primark as an example, describe how market-oriented they are in terms of their Mission Statement/Main Objectives, Customer Communications and other relevant characteristics.

A market economy is an economy based on labour in which the prices of products and services are determined in a free price system and set by supply and demand.

June 1969, the first Penneys store opened in Mary Street, Dublin. Within a year, four more stores opened in the Greater Dublin area.

In 1971, the first large store opened outside the Dublin in Cork and by the end of that year 11 more stores were opened in Ireland and one in Northern Ireland.

By 1973, the number of stores reached 18 in Ireland and Primark began trading in Great Britain with four out-of-town stores. In the next year Primark opened the first UK High Street stores in Derby and Bristol. In the next ten years, 18 stores were added in the UK and nine in Ireland, which bring the number of stores in the UK and Ireland to 22 each.

The mission statement of Primark is: " We aim to make our employees, suppliers and local and wider communities part of our success by working with them in every way we can."

According to Primark this means that:

employees have equal opportunities based on merit

suppliers are treated fairly

local communities are respected and supported by Primark

the company takes its environmental responsibilities seriously

As Primark is an international business with a global supply chain Primark accept that they have a responsibility to trade ethically. This includes that Primark suppliers live up to their values and behave as well towards the employees. Primark have more than 400 suppliers in over 16 countries. They buy in very large volumes and aim to build long-term relationships with suppliers and gain trust. Primark directly contributes to the employment of more than 700, 000 workers across the continents.

According to Primark:

“ Primark is committed to providing the best possible value for our customers, but not at the expense of the people who make our products.”

In Primark employment, there is no forced, bonded or involuntary prison labour. Employers are not required to lodge “ deposits” or their identity papers and can leave any time their employment after reasonable notice. Primark provide an open attitude towards the activities of trade unions and their organisational activities. Employers receive regular and recorded health and safety training, and training repeat for new or rejoined workers. As come to environment there is no child labour in Primark.

Primark is a member of the Ethical Trading Initiative (ETI), an alliance of companies, trade unions and voluntary organisations working on partnership to improve the lives of people working in global supply chains. In India Primark works with an NGO called SAVE which help to understand and address the challenges faced by workers in the communities where Primark products are made. In China we are working with ICO, a non-profit organisation, and are extending our work with other stakeholders.

To, make the environment healthy and happy Primark progressively replacing plastic carrier bags with the paper bags. Paper bags are fashionable and reusable.

Primark gave plenty of about the business and how they work on there website, which is easily assessable by any user. Products different sizes guide is available on the website including different brands availabilities. Users can easily search the store near their place by the help of store locator available on the website. These all availabilities can make user or customer to assess Primark more easily and safely.

Task three

Explain the various elements of the marketing concept and how they apply to Primark.

The marketing concept is the philosophy that businesses/organisation use to analyse the needs of their customers and make decisions to satisfy those needs, rather than the competition. Today most firms use the marketing concept.

Elements of Marketing Concepts:**The Production Concept:**

The production concept is an idea that a firm should focus on those products that it could produce most efficiently and that the creation of a supply of low-cost products would in and of itself create the demand for the products.

At the time, the production concept worked fairly well because the goods that were produced were largely those of basic necessity and there was a relatively high level of unfulfilled demand. Whatever company produce in low cost and in large quantity was sold out profitably. There weren't enough competitors in the market.

Primark offer good quality fashion at low prices. Success of Primark is based on big volumes, low mark-ups, and minimal advertising. They are the lean business which responds quickly in the marketplace, good buying and excellent distribution.

The Sales Concept:

As, mass production become commonplace, competition increased, and there is little unfulfilled demand. Firms/businesses practice the sales concept (or selling concept), under which companies not only produce the products, but also try to convince customers to buy their products through advertising and personal selling.

The sales concept pays little attention to the product actually as if needed; the goal simply is to beat the competition to the sale with little regard to customer satisfaction. The sales concept is more likely depend on the feedback from customer & the sale of the product is fall in the promotions.

Primark use this strategy as, they produce wide range of in market fashion clothing. The quality of product as compare to price is very less. Primark do every sort of clothing which is in demand and in fashion. To compete the competitors Primark introduce new and fresh design in the market at the low price. The products and fashion they produce can be worn as casual and as on occasions.

The Marketing Concept:

Marketing concept involves focusing on customer needs before developing the product. Realising profit by successfully satisfying customer needs over the long-term. Firms typically set up separate marketing departments whose objective it to satisfy customer needs.

Primark is always kept eye on the customer satisfaction. Their products are good in quality and more demanding because of the low price. The business of Primark always put customer's needs before producing their products. Primark produce according to the customer's demands and needs. What people want to wear in daily routine and on occasions, Primark make sure that those needs provide to their customers at low price.

Task four

Identify and assess the benefits and costs of a Marketing Approach and how you perceive Primark to have addressed this.

Relationship marketing is a process of creating, maintaining and enhancing strong relationship with customers and other stakeholders. Relationship marketing is more focused on to building strong long term relationship with customers.

Relationship marketing is important to satisfy and establish relationships with customers and other parties so that objectives of both parties can be met. It is more focused on customer retention with highly customer service and commitment.

Primark take good care of suppliers in the first place and then aim to develop long-term relationships. Primark have more than 400 first tier suppliers from where they buy directly - less than 2% in the UK or Ireland, while remainder of production takes place overseas.

Six out of 10 suppliers have been with Primark for a decade or more. The mutual understanding that results from relationships is essential to being able to offer value in the market. Suppliers know what business want in terms of quality, product specification and lead times; and in return they get stability, large volume orders and payment within 30 days.

Task five

Identify and explain macro and micro environmental factors which have influenced Primark's marketing strategy.

S. W. O. T stands for Strengths, Weakness, Opportunities, Threats. SWOT is the only analysis which deals with both internal and external factors which may influence on business. SWOT analysis will explain the macro and micro environmental factors which have influenced Primark.

Strengths:

Primark has over 161 stores located. Out of 161 stores 125 are located in the UK. This gives them good business and well recognised in the market. It has an organised business structure according to customers need.

Primark offers job opportunities and employs over 27, 000 people and offers high street quality clothes for cheap prices and quality services to attract its customers. It provides clothing for all ages and sexes.

The company is part of the ETI (Ethical Trading Initiative) which focuses on worker's rights, their production of goods and bringing businesses together to work on labour rights issues.

Weaknesses:

Although Primark is a member of the ETI (Ethical Trading Initiative), but there are numerous negative reports concerning its business operations in the way they produce their goods. A study was shown that Primark used child labour to produce their goods.

Other issues are with poor working conditions and devaluing workers rights.

The company have problems concerning advertising. Primark does not advertise and this gives competitors the advantage over them.

Opportunities:

With its already expanding ventures such as opening 47 new stores in the UK, Primark has now opened 7 new stores in Spain to battle along its competition like Zara.

Expanding business widely now they have an opportunity to share their high quality products and services overseas and provide high quality clothes to fashion in the market.

Threats:

Primark's threats are the competition with other companies such as Zara, H&M and other local high street retail businesses. Primark is still working to match the needs of the customer in terms of fashion and uniqueness.

Company is still struggling in advertising area whilst their competitors do.

That is the biggest threat to the business because Marketing is the key factor to establish the business.

Task 6

Take two of the Primark's products (e. g. baby cloths, Ladies ware etc) and suggest segmentation criteria that could be applied in different markets.

Marketing segmentation is the subdividing of a market into distinct subsets of customers, where any subset may be selected as a target market to be reached with a distinct marketing mix. Market segmentation is a design to subdivide target market into a manageable form.

Segmenting the market help business make better plan of project. Help to identify profitable market. It is important for business to segment the market to make right decision and identify the market needs.

Positioning is, " The act of designing the company's offering and image so that they occupy a meaningful and distinct competitive position in the target customer's minds" (Kotler 1997). Positioning is all about what the customer thinks about the product or organisation. Therefore it is about visibility and recognition of what a product represents for a buyer.

Primark targets males, females and children within the mass market. Age of company target customers are from early teens to the middle aged (mostly women buying for the family). It has good positions itself in customer's minds as the cheapest fashion clothing brand in the UK and does not partake in advertising strategies to emphasise this. However, the positioning strategy only works on differentiating Primark as the cheapest clothing retailer, and does not gain a meaningful position in customers minds as being fashion forward.

I would suggest that Primark adopts a positioning concept that emphasises how quickly it responds to new fashions and creates imitations off the catwalk (i. e. product features). Instead of positioning Primark primarily as 'cheap' it would serve them better to create an illusion of youth culture and being fresh and foremost with the newest fashions in a bid to remove associations with mass production and mass culture. One way to overcome on it is, if they would establish an online store, giving Primark an online physical presence also.

The teenage / young adult generation of today are highly influenced and dependent on the internet for research, what people want to see, what is in the fashion world, social networking and downloading music. However, many of the online clothing stores target women aged 25-45 who may see ordering online as more convenient (i. e. Next, Debenhams, Little woods, Dorothy Perkins).

If Primark open an online store it could position itself as a dominant in the minds of teenagers as the most accessible online store, with the freshest

fashions. The only competition currently is New Look which is still more expensive about 50% in the case of jeans, accessories and shoes.

Task 7

Outline the factors you believe influence the Primark's choice of targeting strategy.

Primark's products include lingerie, nightwear, footwear, clothing, accessories and even home ware. All the products business provides in the market is very essential. So, it is very easy to approach the target market. Stores are large consists of 2-3 floors and split into two categories such as women wear & accessories, menswear & underwear, footwear & children's wear.

I would suggest that Primark use better visual displays in store by having mannequins with outfit ideas on with the clothing hanging beside. Window displays at Primark look fantastic, but go into the store and it is virtually impossible to find the items.

If Primark could put together inspirational displays it would suggest customer that Primark believes in its own clothing, and demonstrates how it can be put together to look fashionable.

Moreover, Primark has little in terms of expression and communication as it does not advertise. The only place we can see logo is on shopping bags and on the store logo, suggesting it does not show the reputation of a company and shows the 'cheap place'.

To express the brand as being fresh and foremost with the newest fashions they could print 'coming soon...' images of new items on their shopping

bags for the view of high street shoppers. Also, in keeping with the online store idea, Primark could send weekly emails to customers showing the latest looks, catwalk trends or celebrity outfits.

They need to put new policies and rule in the business for advertisements. No doubt they are approaching their target market but business is approaching with 'cheap shop' reputation. Company need to work on the marketing process it will change the customers thinking. Instead, of cheap shop it will change into good quality of products.

Task 8

Explain how buyer behaviour affects the marketing activities of the Primark using two of its products as example.

The Market research report shows the performance of the UK children's wear market, which comprises clothing designed for under-14 year-olds. Market was valued at £5. 29bn in 2008, following a mixed growth performance. The main sectors of the children's wear market are: girls' clothing (ages 2 to 14); boys' clothing (ages 2 to 14); and infants' clothing (for under-2 year-olds).

The positive influences of the children's wear market have been countered by changes in UK clothing retailing as a whole since the end of the 1990s. Rise of discount retailers such as Primark, with the growing market show their competitors such as ASDA, Tesco and Sainsbury's, has exerted a downward pressure on prices, particularly for children's clothing. In 2008 there was a great deal of price competition on school uniform in 2008, and ASDA eventually offering the cheapest school wear, at just £4.

The UK children's wear market is very retail-driven, with retailer brands accounting for the greatest share of sales. Major businesses include Adams Kids, Mother care, Marks & Spencer, Debenhams, ASDA, Tesco and Primark. The economic downturn, and the recession that began in the UK in 2008, make the retailers to focus on prices, however, despite the difficult economic climate, retailers continued to invest in their brands across all price points.

As the child population continuing to rise, the outlook for the children's clothing market is getting more positive. Expectations are that price influences will dampen growth in 2009 and 2010, before the market begins to show better growth between 2011 and 2013. Design elements, ethical developments and brand investment will drive future growth in the industry.

Task 9

Describe how Primark develops its products to sustain competitive advantage.

The success story of Primark with regards to international business has been one of the more looked upon cases. Business of Primark shows that it is not enough that the products they are selling to the customers are top of the line. They have to make sure that the products they are producing and selling does have demand from the customers.

Primark have to guarantee that the products that they are offering will ensure sale. This could only be done by understanding the market and by establishing great relations with their customers through customer relationship management. Hence, the success of Primark is manifested in the ability of the company to balance both the external and the internal

operations of the firm. The demands of the people and the stability of the company to provide those demands are the key ingredients to the overall success of Primark.

Task 10

Explain how Primark's distribution is arranged to provide customer convenience.

All suppliers and their factories manufacturer for Primark are covered by Code of Conduct. Primark have an increasingly comprehensive programme of auditing to ensure that suppliers act according to the Code. Audits are carried out by Primark regionally based ethical trade managers.

Almost two-thirds of their purchasing spend is with top 100 suppliers. Primark audited 162 suppliers and 340 production sites during the year. 70% of these audits were carried out by specialist external auditors and the remaining 30% by local ethical trade team. Primark targets for 2009 are even more ambitious. They are planning to audit and engage in follow up with factories working for the top 250 suppliers. This will cover 87% of our suppliers by expenditure, and involve over 1, 000 audits.

All audits and commitment of suppliers with Code of Conduct shows that how important customer's satisfaction is for Primark. Audits are necessary in the business so that the staff get well qualified and have personal skills for the business and market in which they are working to satisfied and convenience the customer. The quality and price is the main two things that make people

to shop from Primark. The stores are all over the country that makes people approach them easily.

To be friendly and helpful towards customers and staff, the public need to think that we are a friendly company; this will make them want to come to store. Business treat everybody the same. The people with less money will be treated the same as people that have lots of money. Primark make everyone in the store feel individual, and make everyone feel like they are 'special'.

Task 11

How are Primark's prices set to reflect their objectives and market conditions?

Studies had shown that low-cost retailer such as Primark is the store what people wanted.

If we compare other retail companies in the UK, the only thing it does not have is probably the budget chain like Primark clothing.

Primark is in the Tertiary Sector; the store buys raw materials from a Secondary Business and sells the products, such as clothing and shoes. It is a large, multinational business. It is quite a well-known business and there are several stores throughout the United Kingdom. Most of people have heard of this store, so it is a strong, well-run organisation. Primark earn plenty of profits, so they are able to provide more products for the public.

The businesses objectives are to provide good quality products for the public. Business wants the public to realise that they are a good company

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and just because products are cheap, it doesn't mean that they are rubbish. This will achieve by having their products made by people that know what they are doing and test them to check that they are good in quality.

To sell goods at reasonable prices; business provide wide range of options to customers, in good quality at reasonable prices. As compare at other stores, selling similar products, and making Primark is low in price.

Task 12

Illustrate how Primark integrates their promotional activity to achieve their marketing objectives.

In the UK, the retail value-clothing market is growing. At the expense of retailers with more established, quality reputable clothing lines, several companies such as Matalan, Tesco, and Asda are pushing their self to offering consumers low-cost, high-fashion. Primark, a subsidiary of Associated British Foods plc, is arguably the fastest grower with 162 stores in the UK, Republic of Ireland, and a small presence in Spain.

“ Our low prices are the result of technology, efficient distribution and supply, bulk-buying and the fact that we spend almost nothing on advertising.”

The company is able to negotiate cheap prices from manufacturers in Asia and Eastern Europe because of the high volume of turnover that it focuses on achieving in its stores. It accepts lower profit margins on its products, all in all ensuring price points that are well below anything that the majority of retailers can offer. Primark stores are often heaving with people, messy, and plagued by long queues, but customers know to expect this.

Primark, with the slogan “ looks good, pay less”, targets primarily the fashion conscious, price conscious under-35s segment, both males and females. The success of Primark products assortment strategy lies in the ability to find out what is fashionable, design a budget version, and bring it quickly to stores. It takes approximately just 6 weeks from the initial concept stage for Primark to start selling a specific item in stores.

However the Primark is not without its problems. It is currently involved in several issues over accusations that it has copied the designs of rival retailers. A more critical current controversy is a report which accuses Primark of serious human rights abuses and sweatshop labour in its Asian factories.

Personally I don't think that their market position will be much affected. Many of their main rivals have undergone similar scrutiny, and the Primark is strong in their approaching marketing strategy that it is quite capable of resisting the charges of the rumour mill. I think that the majority of consumers can expect and will expect to look good and pay less for a long time yet to come.

Task 13

Look at the extended marketing mix (7 'p' s) and analyse how Primark uses these or otherwise.

Marketing professionals use many tactics to attract their customers. These activities comprise of different concepts, the most important one being the marketing mix.

The 7Ps of the marketing mix can be discussed as:**Product:**

Basically, it involves introducing new products or improvising the existing products. It must provide value or set price of a product to a customer.

Price:

Price must be competitive and must be profitable. The pricing strategy can comprise discounts and offers.

Place:

It refers to the place where the customers can buy the product and how the product reaches out to that place. This is done through different channels, like Internet, wholesalers and retailers.

Promotion:

It includes the various ways of communicating to the customers of what the company is offering. It is about communicating about the benefits of using a particular product.

People:

People means the customers, employees, management and everybody else involved in it. It is essential for everyone to realise that the brand reputation that they are involved with is in the people's hands.

Process:

It refers to the methods and process of providing a service and is essential to have knowledge on whether the services are helpful to the customers, if they are provided in time, if the customers are informed in hand about the services and many such things.

Physical (evidence):

It refers that the product physically has to be present in the market. A service has to be goes out to the customer, it is essential that you help them see what they are buying.

According to marketing mix 7Ps, Primark use right tactics to attract the customers and run profit business. Primark always introduce the products that attract the people and what people want to see or want to buy. It always brings the product which is according to fashion and always provide with the low price.

There are 162 stores all over the country and the product is available in all the stores. Prices remain same of the product in every store. Primark promotes their product quite often because there products are so cheap and everyone can afford it. But, in busy time business put promotions on plenty of their products.

Primark is one of the leading companies in the retail market. They are running profitable business and well known in reputation of their prices. The people working in the company are well professional who bring profit for the business. The services provided by the Primark staff are acceptable as they deal with customer about their products and satisfied them. The physical presences of their entire product are according to the people need. Last but not least, the business concentrates on their products and make sure that it is available in the stores.

Task 14

Describe how Primark develops its products to sustain competitive advantage.

Explain how Primark's distribution is arranged to provide customer convenience.

How are Primark's prices set to reflect their objectives and market conditions?

As we discuss and describe earlier in Tasks 9, 10 and 11 about the Primark development, distribution and prices to approach the customer and satisfied their need. Answer will be the same.