

Marketing Fundamentals

Assessment 2

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Table of Contents

Introduction 3

Task 4

The role of marketing in creating value for customers 4

Stakeholder engagement and their impact on the marketing activities of an organisation 10

Conclusion 13

References 14

Introduction

Marketing can be defined as the process in which the marketer has to create the message to create value for customers. Marketing helps in gaining the attention of potential customers. The report will discuss the segmentation, targeting and positioning of the company and how they can segment and target the specific people in the market (Asih and Asih, 2015). The role of marketing in creating value will be taken in to account. The marketing mix will be discussed along with stakeholder engagement. Hennes & Mauritz is highly known as H&M, which is a leading fashion retailer. They are dealing in clothing for women, men, kids and children. It is the second larger fashion retail company in the world.



Figure 1: H&M Company

(Source: www.hm.com, 2021)

Task1

The role of marketing in creating value for customers

Developing and improving the business processes helps in value creation. It also acts as a subset to the vision and culture of the company. There can be a change in value or perceived value through the course of the journey of the customer. They will not be completely unaware of the company's brand value at the time of introduction to the product, and this perception is supposed to change with an increase in interaction with the company, product, and other people (Groucutt and Hopkins, 2015). The outcome of efforts being put in by the company is measured from the customers' point of view regarding customer value creation.

Marketing is pivotal in creating value for a product. Informative marketing prior to product launch and continuous marketing after the product launch is helpful in this regard. It can be accomplished in the following ways:

Providing Education:

The major focus for marketing communications is to provide useful information about a new product's salient features on offer. For example, a new iPhone will be marketed by highlighting the model's new and innovative features (Venter et al., 2015). Also, end-consumer benefit is the focus of explanation, like a new updated screen with scratch-resistant properties being introduced for better display. This is called informing the user or educating the user.

Creating a Need:

The importance of any product for the consumer should be communicated to them and the features to make them understand the requirement for the new product. The consumer is always flooded with product choices. It is the marketer's job to make the customer believe that an iPhone is what best fits their needs. The phone's handiness can be outlined as an important feature to convince the customers alongside the unique stylish coupled with a superfast processor to improve the functioning of the phone. All these features create a need for the product in the mind of a consumer.

Reaching the Target Market:

As a marketer, it is most important to know about the target market and the prospective consumers who would be inclined towards purchasing the product. Age range, location,

educational awareness and income levels are factors that facilitate the selection of target market and devise strategies according to the requirements of these factors to find out the potential customers. Once it comes to the knowledge of marketers who are the likely customers, they can plan the marketing strategies accordingly with eye-catching advertisements.

Identification and satisfaction of customers to be followed by retention is the primary role of marketing. Value creation is essentially preceded by identifying the want of a particular segment of customers with a focus on the satisfaction of the customer by fulfilling their requirement (Asih and Asih, 2015). A feeling of benefit from the transaction should arise to a customer to ensure maximum satisfaction. The customer always wants value in return of payment, i.e. the exchange should be worthy of the payment. At the same time, the service provider should be satisfied with the payment received in exchange of service or product offered. However, this is not the end of effective marketing. There is always a scope for customer retention by being innovative in the product offering and a continuous focus on winning customer loyalty.

Segmentation, targeting and positioning strategy

Segmentation: Segmentation means to subdivide the market or characterise the product into different comparative grades. H&M uses divisions on the basis of Socioeconomics and psychographic factors to achieve the customer requirement (Groucutt and Hopkins, 2015) H&M is present globally. Therefore it has to target various religions, people, cultures or geographical challenges according to the lifestyle by advertising differently in each territory.

Portions by class: H&M methodology focuses on common labour class by giving high form at considerably low costs.

Portions by class/home: In this section, the focus is on ladies belonging to the age group of 15 to 30 years old who are yet to leave their home or live in their first urban houses.

Fragments by age: The ladies coming under era Y, being mostly between the age group of 15 and

30 years, possess greater purchasing power. This segment turns out to be potential.

Portions by family life: This segment comprises a typical female life right from school to graduation, either being single or a young couple without children.

Targeting: Target Marketing comes after market segmentation, where the efforts are put in marketing by keeping in mind the importance of key market segments where a willing customer is importantly satisfied. Target marketing helps in attracting new prospects for the business, enhancing sales and assuring success for the business. The main clients of H&M focus on stylish and affordable products where they want to shop frequently but also do not wish to spend much cash. Therefore the youthful individuals form an objective market for H&M. The objective market for H&M is ladies despite having attires for all ages. Ladies are inclined towards shopping where they shop for themselves and their spouses and sometimes for their young friends. H&M has this low-cost advantage to attract the lady in the average middle-class range and this can be termed as full-concentration focus on the system.

Positioning: The positioning of a brand in the market requires attaining a distinct identity in customers' minds compared to the competitors. H&M is a retail clothing brand that offers fashionable outfits at very competitive pricing (Wu et al., 2018). They have “Fast Fashion” clothing on offer, and they even sell European styled clothing in the markets of America. Additionally, H&M offers general categories such as men’s business, women’s casual, children’s wear, and other accessories. The company boasts of being the second biggest retailer in the clothing market and the largest in the continent of Europe. It is actively involved in E-retailing. The company is also sustainable socially, economically as well as environmentally.

The Marketing Mix which H&M uses:

Product: H&M is highly focused on providing quality products to their customers and offering the latest trendy fashion at affordable prices to them. They keep on launching the newer product range regularly and at regular intervals. About 25% of the stock of the company has fast-fashion and newer generation products which would be found by the teen's attraction and affordable. The appeal of the company is to young segment which resultant in higher sale in the market (Philip,

2017). They have appointed a special team of designers in order to design the products. They have various famous designers such as Mathew Williamson, Jimmy Choo and Isabel Marant. A wide range of products with an affordable price tag for an acceptable product quality is followed by H&M. The latest Catwalk trends are the source of inspiration for all the products. The product concept is constant at “Everyday low price product”.

Price: H&M has been following a pricing strategy keeping in mind that their product could be affordable to everyone. They are trying to cover every sphere of merchandiser and customers. Further, to maintain and manage a median pricing strategy, the company has also put some of their products in discounted section as well. This would increase their volume of sales and generate larger revenues. Company is offering various deals and discounts on their core as well as on fresh stocks. Keeping the pricing at an affordable level is the prime focus for H&M.

Place: H&M is ranked at second-largest retailer in the field of clothing line around the world. They have a vast network and spreads their wings in 55 countries globally. The company's head office is in Sweden, which takes over the control and direction of every aspect of the company related to products, from manufacturing to detailed planning towards merchandise. Consumers has found that retail outlets of H&M are very convenient because they can shop for various products from one store and one place (Churchill., 2017).

The company has further expanded their distribution network to ensure that products are accessible to the end-users and quoted their products at reasonable prices. The company has followed a distribution policy where they get the raw material directly from the suppliers and focus on selling the end product directly through the retail outlets. Company has also set their online network to expand their distribution network (Rahi, 2016). The consumer have access to all the products and services at their leisure and place their order internet. It would help them in gaining the higher sales. H&M stores are available at majorly well-known places. There is an online platform as well to provide access to various products on offer. Consumers can search for the products anytime and order the same from anywhere.

Promotion: H&M has get to know the importance and potential of marketing and promotion. They have given special attention to their promotional activities. Advertisement of H&M focuses

on apparel image which represents quality and price at which it is offered. Company has make the use of electronic media where they are advertising their products through television and through trendy serial and shows (Zhang et.al, 2015). They have also advertising through celebrities like Jimmy Choo. Internet plays a vital role in the expanding their business internationally. They have also placed their ads on famous magazines like Vogue Netherlands, British GQ and British Vogue. Product promotion is the most important focus for H&M. They use direct marketing as part of their promotional campaigns. Celebrity marketing along with

Blogging is used by H&M to spread advertising message. Social Media, Television and Press are the platforms used by H&M to advertise its products and services.

Situational analysis model

Situation analysis can be defined as a collection of practices and methods that help managers analyse the internal and external environment of the organisation to understand the capabilities, business environment, and customers of the organisation.

SWOT analysis

Strengths: The fashion retail industry is highly dependent on selling and distribution strategies to generate high revenue. H&M has adopted a fast-fashion model which focuses on supplying designer clothes and the latest trends. The company has a global presence, and they have around 5,076 stores in around 74 markets which are spread in around 6 continents (Kumar and Reinartz, 2016). They have a presence in Europe, North America, Asia, Africa, Latin America and Australia. Their global operation has reduced the risk and helped them in enhancing stability and sustainability.

Weaknesses: Company has a high dependency on outsourcing. The company has no in-house manufacturing, and they have outsourced most of the production to around 900 independent suppliers in Asia and Europe. This strategy has contributed high towards gaining success, but at the same, they are at the mercy of their suppliers.

Opportunities: Company can diversify their product range. H&M could improve their bottom line by bringing diversification in their product range and making sports apparel to their range. They

can make higher use of the internet as they are making effective use of it compared to other retailers such as Zara (Gürel and Tat, 2017). The company should focus more on their online sale and expand its customer base. The company could get higher exploitation from e-Commerce.

Threats: Recession has a high impact on the profitability of the company. This lead to a sharp decline decrease in sales. H&M has to face high competition from various other high-end brand such as Zara, Boohoo, Gap etc.

Stakeholder engagement and their impact on the marketing activities of an organisation

Stakeholder engagement can be defined as how companies communicate with the stakeholders and get to know about them. Companies get to know about their requirement, what engages them, and how they should plan and take action to carry out the goals. The company can ensure the stakeholders' engagement by improving their communication and discussing more their operations and strategies to them, making long-term benefits plans with them to build a good image of the organisation.

Stakeholder engagement plays a vital role in gaining the success of the business organisation. To achieve success, the organisation has to form a clear vision by carrying out proper strategic planning and taking into account a marketing plan or effective strategic plan, which is only possible through stakeholder engagement. Management has to work with a diverse range and a wide number of stakeholders (McMurrian and Matulich, 2016). The opinions and insights of key stakeholder are valuable at every stage of development and planning processes. Consultation helps in gaining information about the operating environment, trends, customer need, growth opportunities, the marketplace, and the vision of the business organisation. Effective engagement would help translate the stakeholder's needs into ultimate goals and support in achieving the overall development. Shared motivation and encouragement among the stakeholders help arrive at a decision and help achieve a meaningful outcome.

Stakeholders differ in accordance with the nature of the business. Stakeholders include customers, employees, suppliers, regulatory, shareholders, government agencies, business owners, and directors' boards. Everyone has a unique perspective towards different things, and everyone has a different contribution towards achieving organisational success. For instance, internal stakeholders such as employees have a clear understanding of the company's strengths and weaknesses, and they are well grounded with the company and have first-hand knowledge about the company to know what they have to deliver (Sterling et al., 2017). External stakeholders are different and plays different role. They are equally valuable and their perceptive has high impact on the operations of the organisation and its working. It is studied that shared understanding plays an important role in developing a cohesive vision of the organisation for the future. Marketers helps in carrying out the marketing planning process and engagement process

and ensure an open communication among the stakeholders.

In order to develop and support engagement and marketing planning as well as implementation processes, H&M has to keep in mind the following three things:

Consistent and clear communication: Manager at H&M has to ensure that all the parties has clear understanding about the process as well as the objectives of the organisation. Information and data has to be shared in the consistent and purposeful way at every stage of the project. External and internal stakeholders has to understand the mission and vision of the organisation along with their individual play in achieving the organisational goals.

Outline the engagement which is needed from stakeholders: Marketers has to map out the process and key milestones at which stakeholder engagement would be required and how that is valuable to the company (Lavery, 2018). They have to arrange a series in relation to interactive engagements at which stakeholders would be included in debate as well as in discussion. Greater understanding would help in gaining the greater ownership, so it is important to consistently and continuously reinforce common goals and shared ideas, and offer feedback in the whole process.

Develop the project by taking into account the engagement: Projects get failed and could not live to their potential as stakeholder engagement are not considered as an integral part of the project planning. Stakeholder engagement helps in building involvement and also a sense of continuation in relation to a new future. The manager has to provide adequate time as well as planning to cover all parties which are relevant in to discussion, to make them understand milestone of each project involved in the process.

Following are the impact of stakeholder engagement on organisation and their marketing activities:

Stakeholder engagement offers the information about the parties would get affected by the decision of the marketer. Stakeholder engagement is about offering a chance to voice up and communicate their opinion about the marketing planning (Viglia et.al, 2018). Engagement also ensures that business organisation has a shared vision and larger clarity among the key

influencers. It also helps in determining the key stakeholders and support organisation in building relationship with them for carrying out the operations smoothly. It helps in bringing the pool of people together to share experience, co-create solutions and knowledge for better

performance of the organisation. It supports in building new relationships and collaborative partnerships, which would help in generating value within the organisation. Stakeholder engagement improves the governance in an organisation helps in formulating the strategies to gain competitive advantage in the market.

Different stakeholders have different motivations and expectations in order to get engage with social media marketing. By making the use of social media, potential customers could able to make the comparison among the different products as well as services offered by different companies around the world (Luoma-Aho, 2015). They can compare the prices and gain the experience online. In the new era of social media, where customers are relying on their friends and peers' recommendations and not as much influenced by the traditional media method of advertising. Customer are the key engagement and their action would impact the marketing activities of the business organisation. H&M have to focus on ensuring two-way communication to take the valuable feedback from the customer and bring further improvement in the functioning of the organisation.

Conclusion

The report has discussed about the role of marketing and its impact on creating value for customer. Value has been discussed in the context of organisation. Further, segmentation of the retail company has been discussed. Targeting and positioning of the company is discussed. Marketing mix has been discussed where 4Ps of marketing is taken in to account. Swot analysis has been discussed to know about the capabilities of the company. Stakeholder engagement is discussed and its impact on marketing strategies has been discussed.

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