



UNIVERSITY OF WALES
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MODULE
MARKETING FUNDAMENTALS

ASSINGMENT-2
Marketing Fundamentals Analysis and Evaluation -
Assessment 2

STUDENT NAME:
PATEL BRIJESHKUMAR .N.

TUTOR NAME:
RICHARD SMALL

STUDENT NUMBER:1704795

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Part 1A: Essay

In the competitive world of globalisation, marketing mixes play a role in fueling up the actions taken up a company to attract customers. Marketing mix is nothing but the set of actions taken by a company or brand to promote its products or services. The most common type of marketing mix is the 4P model formulated by Philip Kotler, which revolves around the concepts of product, place, price and promotion. Proper Mixture of these ingredients suggested in the marketing mix determines the market presence and sustainability of a company. As of the current scenario, with the rapid rise of digital technologies and use of digital media, digital platforms have evolved as the major area for marketing communication activities, in which E-retails rely solely upon. The study is focused on the marketing mix and processes followed by the famous E-retail giant of UK named Amazon.

Thesis statement of this study is to mark out marketing processes, strategies and stakeholder engagement processes followed by Amazon. The purpose of this study also lies in marking out the relatable aspects of marketing mix suggested by Kotler and the process followed by Amazon including the loopholes.

Processes and stages of marketing

As per the suggestions of Kotler, there are some basic steps of carrying out of drafting the initial strategies or marketing for an organisation. According to Lee and Kotler (2015), initial stage of any marketing activity is to mark out organisational needs and the mission to be fulfilled. The next stage is to establish marketing objectives by determining or segmenting market for the launch of any product or service. This stage of establishing marketing objective can then be followed by collecting and analysing information regarding the need of market or customers. Fourth stage of conducting marketing activities is to formulate, marketing strategy after analysing a market and implement the same in the business. After implementation of strategies, it is important to keep a track of the sales data with the help of proper quantification of the same and finally get into the stage of periodic assessment of marketing communication efforts.

E-commerce giant Amazon delves into the process of demographic and psychographic segmentation for conducting marketing activities and communicating about their products. As per the Mckinsey reports, Amazon actually has a wide market view while offering products to customers and this company make sure to market products for every age group as well as economic group. The “Go Global” plan of Amazon was launched with a boom back in 2012,

which portrayed prices of products like never before and for people residing at any place of the world. As per the mentions of this report wide market segmentation has been the secret sauce for this retail giant to grab potential share of international market. Products for all and hassle free return policy has been able to garner enough attention of customers to purchase products from this E-retailer (Aufreiter, 2016). Moreover, in order to follow the stage of periodic assessment of marketing activities, Amazon keeps refurbishing its offerings as per market analysis, which is clearly portrayed by the launch of Amazon prime videos and products with the rise of video streaming sites online. Amazon uses eye catchy pictorial and video sources to garner the attention of people via digital platforms like Facebook, Instagram and Twitter (Smith, 2017).

However, there are certain bloopers from the side of the company too as some market competitors and their strategies were overlooked by the company. Amazon prime though has been a glorious communication plan by the company to offer on-demand streaming videos, yet it is currently in a rough battle with Netflix and seemed to have lost the battle with loss of 1.2 million customers previous year (Rogers, 2017).

Role of marketing mix

As stated earlier marketing mix is one of the significant tools for formulating marketing strategy and draft tactics to implement the same. As per Kotler and Armstrong (2016), there are four main areas to consider for marketing strategies such as product, place, price and promotion. The empirical role of marketing mix lies in the aspect of positioning and targeting a specific market for a certain product. For an instance, a company position its market of customers based on the product pricing strategies.

Amazon also delves deep into marketing mixes and direct its marketing strategies based on the price, product, place and promotional aspects. Amazon offers a wide range of products such as retail products, consumer electronics, Amazon pantry, Amazon Dash, Amazon web services, Amazon prime, books, Amazon kindle and Video direct. From the wide focus of Amazon, it can be ascertained that this company is following the footsteps of product diversification (Amazon, 2017). As Amazon is an Ecommerce business, it naturally offer its products via its web based platform and application. Additionally, the company also offers Amazon prime membership which offers shipping benefits and in-house manufactured Kindle tablets for marketing the idea of digital books. As for the promotional activities, Amazon generally conducts advertising, sales promotions, public relations and direct marketing activities which are generally conducted via

digital platforms. In order to strengthen Public Relations (PR), Amazon launched Amazon Smile campaign, which donates certain amount of collected revenue to charitable organizations (Amazon Smile, 2017). According to Krush *et al.* (2016), Amazon follows three main pricing strategies for attracting customers at different geographical regions namely; market oriented pricing strategy, price discrimination strategy and value-based pricing strategy. Market oriented pricing strategy is the primary consideration of this organization and this organization mainly price its products economically or with low rates so as to attract customers worldwide. Price discrimination strategy is followed by this company clearly as it prices same products differently at different regions such as in case of UK and US.

Value based pricing on another hand is carried out by this company on products based on the demand of customers. For an instance, Echo speaker launched by this company garnered enough attention and thus have been priced high, whereas, the Amazon fire 3D smart phone did not get attention of customers. This led the company to slash price of Amazon fire from £379 to £99 to sell the smart phones even after little demand (Kienzler and Kowalkowski, 2017).

As per the comments of the author, above stated marketing mixes help Amazon to position its market or target groups for marketing certain products. For an instance, price and product specification of Amazon Echo has been helpful for Amazon to select a marketing strategy for the same in case of families and compete with Apple's marketing strategy. Being a web based platform, Amazon mainly uses digital platforms, its own application to promote its product range or any new launch. They delve into the production of advertisements, which can both be a treat to eye and can connect with emotions (Erevelles, Fukawa and Swayne, 2016). On the contrary it has been argued by Gummesson, Kuusela and Närvänen (2014), that 4P does not consider three essential components of marketing namely people or customers and process of marketing, which therefore make the approach of 4P organization oriented or internally oriented. This potential blind spot of 4P approach can create blunders for companies if customers, the main consideration of a marketing strategy are overlooked. Amazon also thus needs to diversify their approach from a complete internal one to customers on an enhanced manner (from the views of Smith, 2017).

Role of marketing in the creation of value for customers

Marketing approaches not only play an empirical role to create awareness of the product, it also helps a company to know who the potential customers of a certain product are. Digital platforms appear as a gift in this case as it not only help to create rapid grounds to market products, but

also has the ability to interpret customer desires or demand via their internet activities. In the recent years, the ability of digital platforms to interpret customer needs has been made possible with the engagement of big data. Big data convert internet activity of customers into valuable piece of data, which help companies to cater valuable product for customers as per their demand. Transaction Cost Theory (TCT) can be taken into consideration for explaining the role of marketing in creating value of customers. The concept of TCT is it based on the major aspects of frequency, uncertainty and asset specificity, which is in turn judged by search as well as bargaining activities of customers and policy enforcement needs external market or internal company operations. In order to be precise, transaction cost theory simply mentions to manage the cost of resource of services to create valuable grounds for both the company and its customers (Hennig-Thurau, Hofacker and Bloching, 2013).

Amazon has been implementing big data the right way to know about its customers and deals with the same in a precise manner so as to make themselves most lovable customer service provider. As per the mentions of Marketing Week reports, Amazon collects customer information like customer purchases, type of product searched and transaction history of customers, which help this company to provide value added purchases for customers by referring them suitable products. As of 2017 reports, Amazon is also trying to market its own fashion brand named “Find” by partnering with Dorothy Perkins and John Lewis so as to meet the growing needs of customer for apparels. By means of this program, Amazon is trying to provide valuable deals to the customers by means of economic pricing and offers over premium clothing range (Rogers, 2017).

Stakeholder engagement and their impacts on the marketing mix followed by the organisation

Stakeholders play a key role in the CSR practices of an organization and engagement of stakeholders is crucial for a business to take a high leap into the market. Stakeholders are an important part of any business and thus as per the basics of CSR strategies, stakeholder engagement in decision making process is a quintessential need of a business. Amazon largely relies on internal stakeholders like employee and third party suppliers as well as external stakeholders like customers. Amazon promotes employee training program with the help of “Career choice” programs at Amazon fulfillment centers and also aims to revamp its supply chain with the help of Drone delivery system. Career choice program has been launched with the

motive of paying 95% fees of the candidates applying for the program and till now around 2000 employees have been trained by this program (Amazon UK, 2017).

The company also has launched “Choice” programs for customers, where customers would be suggested products from their preference area by the company and would in turn get suggestions from customers also. By means of this program, Amazon is trying to engage its stakeholders in the marketing activities, which is not only helping this company to be the most lovable brand among stakeholders but also is helping to gather valuable market data (Klaus, 2013).

Marketing is an essential component for maintaining sustainability of business or its products. Kotler’s 4P model has immense value in the prospects of marketing and it actually determines the base for marketing segmentation or target specifications. However, there are certain shortcomings in the 4P model too as this model is very much internally focused, which does not consider the main areas of people or customer and process. From the current study, it can be concluded that Amazon has been quite a dominant player in the market of e-commerce business and this company tries hard to manage customer demands and needs with the help of big data. However, there are certain pitfalls in the marketing strategies of Amazon too which can be effectively mitigated with enhanced means of strategic marketing so that it can gain a more secure market position in future.

Task 1B: Reflection on the essay and conclusion

From the entire study it can be portrayed that marketing mixes are the integral part of any marketing strategy and the instances of considering “product, place, price, promotion” in every marketing strategy forms the base of marketing strategies. Marketing strategies are basically formulated on the basis of market segmentation and demographic targets for any specific product. I have learnt from the study, that there are some basic stages of marketing products or services in a certain market and the primary one is to mark out organizational needs and aims, on the basis of which marketing strategies depend. Communication methods or processes play crucial role in marketing products of a company and from the study it is evident that Amazon uses pictorial and graphical eye catchy contents to communicate about its products. Here, I can say that communication tools like that of blogs (short contents) and vlogs (video content) are the dominant players in the market. Being a blog writer and reader I can say that blog writings are

the most favourable medium for marketing these days and with the rise of short contents on social media, this medium has been effectively used by companies all over the world.

As it has been portrayed in the study that Amazon try to connect with emotions of people by means of advertisements, it can be said that the Amazon indulges into the process of emotional marketing (based on the views of Picard, 2014). From the interpretations of the pricing strategy of Amazon, it can be said that value based pricing and discriminatory pricing strategies actually add fuel towards the practice of dominance of this company in international market. I can say from the case of intense competition of between Amazon Echo and Apple Home speakers that value based pricing is helpful in the scenario where there is a demand for same kind of products in the market and also there is a saturation of those products. Certainly, this has also helped Amazon to give tough competition to the premium product of Apple as stated in this study. From the interpretations of the above study and on the basis of my perspectives, I can state that 4P though can form a base for marketing strategies, yet does not look over the aspects of people or marketing processes. People or customers in turn major considerations for any retail businesses which can be highly maintained through transaction cost theory. As TCT mainly consider bargaining and activities of customers, it can be helpful for business aspects to formulate products as per customer demands. Therefore, it can be suggested that Amazon is already doing well but in order to avoid mishaps in marketing or to avoid product demand blunders like that of Amazon fire, diversifies aspects needs to be considered before launching any marketing campaign or product.

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