



Programme : Business Management

Module : Marketing Fundamentals

Module code : LCBB4004

Lecturer: Mr. Ze Zook

Assessment-2

Critical analysis and evaluation of:

- **The role of marketing in creating value for customers**
- **Stakeholder engagement and their impact on the marketing activities of an organisation**

Student name: Hristo Haralampiev Hristov

Student ID: 2010799

The owner of the products and services sells the value to the customers and customers buy value from the sellers. So, when the owners make more value to the customers then, the customers are willing to take the products which are perceived by the customers as the value for money (Chou, 2015). In the creation of value, marketing makes a crucial impact. Marketing is generally operated to make value for the customers, employees, and owners as well. And the stakeholders are more impactful to marketing. Stakeholders always make whether positive or negative impacts on marketing activities. Here in this paper, the value creation process through the marketing and the stakeholder's impacts on the marketing will be discussed in detail.

Value creation

Value of any products or services refers to a subtraction of the total benefits of the products and the total cost to get the products by the customers (Gholami, 2011). This is concerned with physical products and related services as well. Value creation sometimes mistakenly refers to only the price of the products or services. But the value or creation of value is not only concerned with the price of the products or services but also various factors. The value creation procedure starts at the time from the production of the products or services to brand image as well. But marketing makes more of a role to create value in the products or for total business as well (Amit and Zott, 2011). The creation of value is not only for the customers but also for the owners and employees as well. But in this paper, only the value for customers in terms of marketing support will be demonstrated.

Role of marketing in creating value for the customers

Marketing is the only department from which the business makes money or gets returns from its investments. And marketing supports the business to make value creation for the customers in different ways. Value is not only concerned with the price or selling of the products but also the services and the designs of the products, the behavior of the salesmen, and so on.

Value creation for customers through the marketing mix

Marketing mix refers to some sections of tasks to ready the products for the customers in an effective way (Bellostas et al 2016). Every section of the seven sections of the marketing mix creates value for the customers. There are seven sections of the marketing mix as the

products, price, promotion, place, process, people, and finally physical evidence. Every section of the marketing mix creates value for the customer.

Products refer to the offerings of the company can be physical products or services. Marketing through the product mix, packaging, wrapping, and other tasks accomplished to make the product more attractive and unique to the customers (Haksever et al 2004). For example, the iPhone of Apple gets extra attraction for its packaging to the customers. And the next mix of marketing is pricing which is the most essential part of marketing to create value for the customers. Because when the marketing department follows an appropriate strategy to set the price which will be resalable and value for money, then the customers give more attention to the products as well. The lower will be the price and more customer's value will be created and in the case of a high price, the customer's value for the products or services will be lower. So, marketing creates value for the customers via the price section of the marketing mix. The promotion section refers to informing people about the products to the customers. Through the promotion activities, the customers can get discounts and other promotional advantages. For example, when Walmart announced its 20% sale as a promotional activity, then the customers can get 20% more value from the products. And another important promotional media is digital marketing that helps the customers to get the news about the products more conveniently. So, social media marketing conducted by the marketing department gives value to the customers as well (Sanchez and Ricart, 2010). And the place is another section of the marketing mix when the customers get the product more conveniently for being the location of the business nearby. marketing investigates the target market and places the business organisation near to the customers. That gives extra value to the target customers. For example, the Marriott hotel is situated near the commercial area for the business persons who visit the location for business purposes. So when they can get the hotel near to them, they take the opportunity by getting the extra value for services. And this is how marketing helps the business to make more value through the place mix. The process mix refers to the distribution channel of the business's products or services. In the age of the internet, the process or distribution channel makes a huge impact on creating value for the customers. For example, Amazon operates a one-day delivery program that makes more value to customers for rapid delivery of the products (Grönroos and Ravald, 2011). So, marketing creates value for the customers by designing a more convenient way of delivering the products and services as well. Also, a smooth return policy through the distribution channel provides more customer value. The last but not the least mix of the marketing mix is the people of the organisation. The marketing department consists of some of the expert's

salespersons who give services to the customers by some communication and human skills as well. The good behaviour with the customers through the people mix of the marketing offers more customer value of the product to the customers. For example, the warm and friendly behaviour of the salespersons of Walmart can pull more repeat customers than any other supermarket that offers the same quality products as well. The very last mix of the marketing creates also value for the customers as well when the business decides to design its interior with more attractive, then the customers feel good and mental satisfaction and comfort to shop from the customers and also a good and well-designed layout can give the customers value to shop from the business (Sheth and Uslay, 2004). For example, the KFC is more renowned for its well-designed layout that gives the customers more incentives to come back to purchase again.

Value creation for customers through brand marketing

Brand marketing refers to selling the products or services to the customers not only to gain money or return for the temporary period but also to focus and promote the brand in such a way in which the customers remember the name of the brand easily (Möller, 2006). In this regard, one of the crucial roles of marketing is to create a brand image to the customer of the products and services as well. Marketing builds a customer base for the brand of the company to get publicity and repeated customers as well. For example, here the name of the company in the tech industry, Apple can be mentioned as its renowned brand image around the world. A customer can take any products from Apple blindly. Because Apple not only sells its products to the customers but also can get a place to the customer's mind as well. This emotional soft corner gives the customers more reliability to buy Apple's products easily than any other brand out there (Grönroos, 2017). And brand marketing is conducted through the differentiation and positioning of marketing. So marketing helps to create more customer value by brand marketing through positioning and differentiation as well.

Stakeholder Engagement

Stakeholder engagement refers to attaching to the parties that are related to the organisation. The stakeholders are those who affect the organisation's decisions whether it is positive or negative. A business can approach its stakeholders in different ways (Midin et al 2017). There are some strategies to engage the customers to the company such as partnership that exerts the high influence and high interests, participation that is for high influence but the lower interest rate, a consultation that exerts the lower influence but higher interest, pull communication and push communication together exerts the low interest and also the influence with the company. So, all of the approaches have different purposes and objectives as well. The company chooses the approach according to its purpose and objectives to be taken from the stakeholders. The business always engages the stakeholders to get the best outcomes from any goals or objectives (Redante et al 2019). For example, when a business wants to get financial or technical support that makes a direct return for the company, then the business will go through the partnership engagement and when on the other hand a business wants to influence its business through external advantage like promotional activities then, the firm can go to the participation engagement as well. For example, Apple engages social media influencers to operate the promotional activities.

Impacts of stakeholders on the marketing of an organisation

The stakeholders influence every organisation sometimes negatively and sometimes positively as well. A company is operated daily with its stakeholder and without the stakeholder of the company; there is no existence of that company (Secundo et al 2020). There are different types of stakeholders. That means the stakeholders can be categorized based on different standpoints but here the external and internal stakeholders and discussed their impacts on the marketing department. The internal stakeholders are such as the owners, shareholders and employees of the organisation as well. On the other hand, the external stakeholders are such the customers, suppliers, local community, pressure group, government, creditors and so on (Rodríguez-Fernández et al 2020). Every stakeholder mentioned above impacts the marketing.

Impacts of internal stakeholders on marketing

Here mentioned first the impacts of internal stakeholders on the business organisation. The very first and most influential stakeholders of any business organisation and its marketing are the owner of the business (Giordano et al 2020). If there is no owner of the business, so there isn't the existence of the business as well. From starting the business and then, launching the marketing department, all tasks are performed by the owner of the business (Wilson and Rezgui, 2013). And all of the decisions need to be taken related to the marketing department such as the promotional activities, setting the sale target for the employee to be achieved, sometimes motivating the manager and other employees, arranging to collect the funds for the marketing departments, and sometimes engaging in the deciding the workforce for the marketing department, all the task are performed by the owners of any business. Another stakeholder of a business is shareholders who provide financial support to the organisation. When the company announces the notice regarding the share sale or funds collection they respond with them. The shareholders provide the money needed to operate the marketing activities. For example, when the KFC announces the notice to collect the funds from the shareholders to fund the marketing department for the new year campaign, then the shareholders buy the share and provide money for the marketing department. This event supports the marketing department to execute the campaign for the products and services as well (Khan et al 2012). And another most crucial stakeholder for an organisation is its employees who work for the organisation and approach to gain the organisational objectives and goals. The salesperson can increase sales by his skills. A competent and motivated sales force can change the organisation and easily bring the organisation to success. When the marketing department of Walmart sets the target of selling in a specific period, then the salesperson and any other persons in the marketing department try their best to reach the target within the period. The efforts and dedication of the employees define whether Walmart can reach the target or not (Zhang et al 2017). If the employees give their best to achieve the result then it will be easier to achieve and in case of less effort. the target will not be achieved. This is how the employees impact the organisation.

Impacts of external stakeholders on marketing

Several external stakeholders also impact the marketing department to achieve the target or any other objectives to be obtained within a time period or unlimited period. The most impactful stakeholders in the external environment which is not controllable by the

organisation are the customers (Peloza and Shang 2011). All tasks related to the customers are designed according to the demands and expectations of the customers. When the customer's expectation for any products or services is changed then, the marketing department needs to redesign and rethink about fulfilling the customers expectation. For example, Samsung once offered the sample television to the customers but now the customer's demand is smart television (Mish and Scammon, 2010). Then the marketing department tries to offer the smart television according to the customer's demand to be fulfilled. The suppliers also affect the marketing of the organisation. If the products are good in quality, reasonable in price, and more value-based regarding the money, then it will be easier for the marketing department to sell the products and services. The production department can make good quality products or services when the supplier provides good quality raw materials at the best prices. So the suppliers affect the organisation indirectly (Hillenbrand et al 2013). Local community and pressure group also affects the organisation. For example, the pressure group related to religion affects British American Tobacco on its marketing department by publishing the news and information against the tobacco products. This can decrease the demand for tobacco products. The government rules and regulations regarding the products also affect the marketing of an organisation as well. Generally, the prices of the tobacco products in the tobacco industry are higher than any other industry because of the health issue of the products. Tobacco products harm health, so governments all over the countries in the world impose higher rates of tax. That is why the price of tobacco products is higher. The marketing department of BAT suffers to sell the higher-priced products to the customers. The very last stakeholders of the organisation are creditors (Hillebrand et al 2015). The creditors will get money or any assets to the organisation. Sometimes, the creditors get interested and some do not get the interest. For example, in the case of a bank loan, the organisation has to pay the interest that affects the sale of the organisation as well.

The customers buy value from the sellers. But the value of any products or services depends on the customer's perception. If the customers think that a product has a higher value then, it will be higher in value. But if the customers think of expensive products as lower value then, in the market, the product or services will be valued. So the sellers have to think about what the customers think about the products or services.

The impacts on the marketing of shareholders in any organisation are huge. The stakeholders can ease the task of the marketing and at the same way, they can make the marketing task more complicated and challenging as well. So understanding and handling the stakeholders of an organisation essential task for the organisation.

References

- Amit, R. and Zott, C.,(2001). Value creation in e-business. *Strategic management journal*, 22(6-7), pp.493-520.
- Bellostas, A.J., López-Arceiz, F.J. and Mateos, L., (2016). Social value and economic value in social enterprises: Value creation model of Spanish sheltered workshops. *VOLUNTAS: International Journal of Voluntary and Nonprofit Organizations*, 27(1), pp.367-391.
- Chou, D.C., (2015). Cloud computing: A value creation model. *Computer Standards & Interfaces*, 38, pp.72-77.
- Gholami, S., (2011). Value creation model through corporate social responsibility (CSR). *International Journal of Business and Management*, 6(9), p.148.
- Giordano, R., Pluchinotta, I., Pagano, A., Scricciu, A. and Nanu, F., (2020). Enhancing nature-based solutions acceptance through stakeholders' engagement in co-benefits identification and trade-offs analysis. *Science of the Total Environment*, 713, p.136552.
- Grönroos, C. and Ravald, A., (2011). Service as business logic: implications for value creation and marketing. *Journal of service management*.
- Grönroos, C., (2017). On value and value creation in service: a management perspective. *Journal of Creating Value*, 3(2), pp.125-141.
- Haksever, C., Chaganti, R. and Cook, R.G.,(2004). A model of value creation: Strategic view. *Journal of Business Ethics*, 49(3), pp.295-307.
- Hillebrand, B., Driessen, P.H. and Koll, O., (2015). Stakeholder marketing: Theoretical foundations and required capabilities. *Journal of the Academy of Marketing Science*, 43(4), pp.411-428.
- Hillenbrand, C., Money, K. and Ghobadian, A., (2013). Unpacking the mechanism by which corporate responsibility impacts stakeholder relationships. *British Journal of Marketing*, 24(1), pp.127-146.

Khan, A.S., Ramachandran, A., Usha, N., Aram, I.A. and Selvam, V., (2012). Rising sea and threatened mangroves: a case study on stakeholders, engagement in climate change communication and non-formal education. *International Journal of Sustainable Development & World Ecology*, 19(4), pp.330-338.

Midin, M., Joseph, C. and Mohamed, N., (2017). Promoting societal governance: Stakeholders' engagement disclosure on Malaysian local authorities' websites. *Journal of Cleaner Production*, 142, pp.1672-1683.

Mish, J. and Scammon, D.L., (2010). Principle-based stakeholder marketing: Insights from private triple-bottom-line firms. *Journal of Public Policy & Marketing*, 29(1), pp.12-26.

Möller, K., (2006). Role of competencies in creating customer value: A value-creation logic approach. *Industrial marketing management*, 35(8), pp.913-924.

Peloza, J. and Shang, J., (2011). How can corporate social responsibility activities create value for stakeholders? A systematic review. *Journal of the Academy of Marketing Science*, 39(1), pp.117-135.

Redante, R.C., de Medeiros, J.F., Vidor, G., Cruz, C.M.L. and Ribeiro, J.L.D., (2019). Creative approaches and green product development: Using design thinking to promote stakeholders' engagement. *Sustainable Production and Consumption*, 19, pp.247-256.

Rodríguez-Fernández, M., Gaspar-González, A.I. and Sánchez-Teba, E.M., (2020). Sustainable social responsibility through stakeholders engagement. *Corporate Social Responsibility and Environmental Management*, 27(6), pp.2425-2436.

Sanchez, P. and Ricart, J.E., (2010). Business model innovation and sources of value creation in low-income markets. *European management review*, 7(3), pp.138-154.

Secundo, G., Del Vecchio, P., Simeone, L. and Schiuma, G., (2020). Creativity and stakeholders' engagement in open innovation: Design for knowledge translation in technology-intensive enterprises. *Journal of Business Research*, 119, pp.272-282.

Sheth, J.N. and Uslay, C., (2007). Implications of the revised definition of marketing: from exchange to value creation. *Journal of Public Policy & Marketing*, 26(2), pp.302-307.

Wilson, I.E. and Rezgui, Y., (2013). Barriers to construction industry stakeholders' engagement with sustainability: toward a shared knowledge experience. *Technological and Economic Development of Economy*, 19(2), pp.289-309.

Zhang, Y., Zhang, C., Chang, Y.C., Liu, W.H. and Zhang, Y., (2017). Offshore wind farm in marine spatial planning and the stakeholder's engagement: Opportunities and challenges for Taiwan. *Ocean & coastal management*, 149, pp.69-80.