

asos

The Online Fashion Store

PLANNING FOR INNOVATIVE CUSTOMER SERVICE

MARKETING MANAGEMENT
BMMB7012

Caitlin James-Deane
MBA

Executive Summary

The retail environment has changed dramatically in recent years. Consumers needs are constantly changing and with a huge acceleration in global digitisation, it is more important than ever that retailers begin to understand their consumers on a deeper level so as to directly meet their ever-changing needs.

This report first summarises a previous external marketing that has been carried out, concluding that the future of retail is going to be centered around an accelerated shift towards online. The environmental analysis also concluded that the unprecedented situation that has been brought about by the COVID-19 pandemic has meant that value and satisfaction is more important than ever to consumers.

Having considered this marketing audit, the report recommends four key marketing objectives. These are; building strong and meaningful customer relationships, developing personalisation, focusing on digital migration and consumption, and localising the experience for the consumer.

In order to achieve these objectives, the report recommends employing a strategy involving the implementation of an ASOS customer loyalty programme, whereby members can build points based on purchases and gain rewards. The purpose of this strategy is ultimately to provide an engaged and personalised experience for the consumer whilst also building customer loyalty and retention. The limitations of the strategy involve cost, time, and the potential risk that consumers may not perceive the programme to have enough benefits.

The report concludes that despite the limitations, a loyalty programme would be instrumental in enhancing the ASOS customer journey through offering a new product that can provide direct value to the consumer, whilst also vastly increasing the market position and future sustainability of the organisation.

Contents

Executive Summary.....	1
Introduction	3
Marketing Audit Summary.....	3
Market segmentation	3
Value and Satisfaction.....	4
Marketing objectives	7
Building Strong and Meaningful Customer Relationships	7
Develop Personalisation	8
Focus on Digital Migration and Consumption	8
Localising the Experience for the Consumer	9
Strategic Objectives	10
ASOS Customer Loyalty Programme.....	10
Key Elements of the Strategy.....	12
Customer Engagement	12
Product and Service Offering.....	13
Channel Structuring	14
Achieving the Marketing Objectives	15
Strategy Limitations	16
Conclusion.....	17
Recommendations	17
References	18
Appendices.....	21
Appendix A: Marketing Strategy Summary.....	21
Appendix B: PESTLE Analysis.....	22
Appendix C: Organisation Summary	23

Introduction

The purpose of this report is to provide recommendations for developing and launching a new innovative customer care programme for ASOS following their recent purchase of the Arcadia Group. The aim of the overall strategy will be to enhance the customer journey through value creating activities and experiences. The report will consider a prior marketing audit, before then considering the importance of value and satisfaction ultimately to provide thorough and relevant marketing and strategic objectives.

Marketing Audit Summary

Prior to this report, an analysis of the marketing environment was carried out to gain a relevant understanding of the current market so as to recommend a suitable new customer care strategy for ASOS and their purchase of the Arcadia Brands. A PESTLE analysis formed the basis of this and can be seen in Appendix B. One of the main findings from the PESTLE analysis highlighted that the current online retail market is seeing three distinct emerging trends; a focus on essentials, an accelerated shift towards online, and readjusted expectations (Simkiss, 2021). These trends have been taken into consideration and will form the basis of the recommended strategy. Additionally, the PESTLE analysis also highlighted that during such unprecedented and inimitable times, designing and developing products that provide value to customers is more important than ever (McKinsey, 2020). This key insight highlights the need for ASOS, and its purchase of Arcadia Brands, to react to the shift in consumption and adapt its offerings to meet the current market changes. This has been noted as a key takeaway from the marketing audit and will also be used as groundwork for the recommended strategy.

Market segmentation

Market Segmentation encompasses dividing consumers depending on their varying product predilections (Kotler, 1999). As highlighted in the marketing audit, ASOS's crucial target demographic was highlighted as women aged between 18-34, who made up 62% of its customer base (Brophy, 2018). Additional research into this market segmentation also showed that Instagram had become a

crucial tool amongst this group of consumers, with Instagram users in this market being twice as likely to purchase from ASOS (Brophy, 2018). This information has been used to help define and optimise the strategic objectives and has been utilised in identifying market segment opportunities.

Value and Satisfaction

Value is increasingly becoming a guiding concept within marketing (Govindarajan, 2007). It is often discussed in literature that a product or offering can only be defined as successful if it delivers value and satisfaction to the target buyer (Kotler, 1999). Customers can experience three distinct levels of satisfaction; dissatisfaction, satisfaction, and delight (Govindarajan, 2007). It is the 'delight' element of this theory that marketers should strive to achieve. According to Govindarajan (2007), delight goes beyond satisfying a rational preference and creates an emotional affinity to the brand, which in turn creates a higher customer loyalty. These concepts of value and satisfaction lead us into the emerging paradigm of relationship marketing. Relationship marketing differs from traditional marketing in that it focusses heavily on a behavioural perspective which is built upon constructs such as trust and satisfaction (Hennig-Thurau and Hansen, 2013). In relationship marketing literature, there exists a wide agreement that there is a positive correlation between the behavioural perspective of relationship marketing and increased customer retention (Crosby and Stevens, 1989; Sheth, 1996). Other authors suggest that retention exists in large correlation with other constructs such as loyalty and repeat purchase behaviour (Hennig-Thurau and Hansen, 2013). Relationship marketing is therefore going to be largely embedded within the marketing objectives.

To help structure the strategic plan, the objectives are going to apply the theory of Kano's model of customer satisfaction. The Kano Model (1983) distinguishes three types of requirements that impact customer satisfaction; must-be requirements, one-dimensional requirements, and attractive requirements.

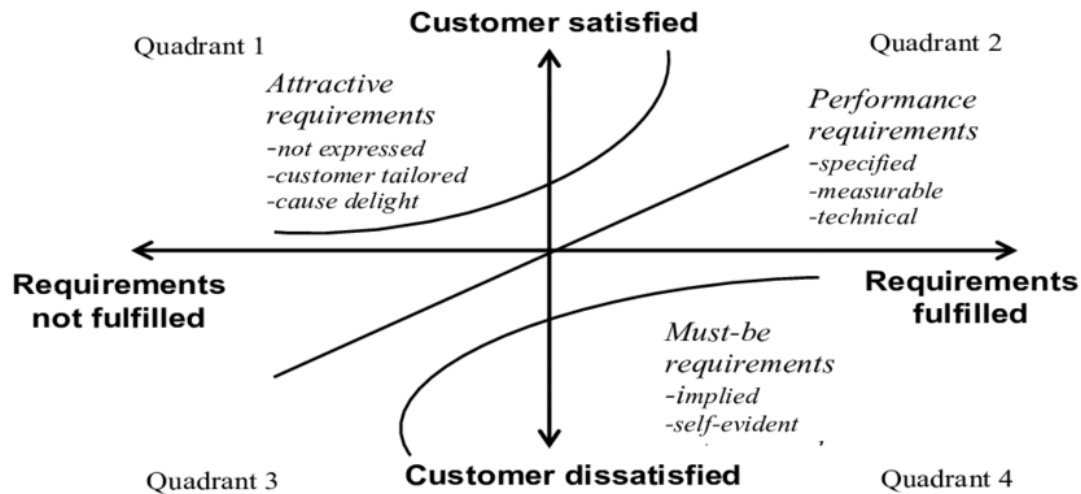


Figure 1.1.: Kano Model 1983. Source: (Google Images, 2021)

The strategy will benefit from this theoretical framework as the Kano method encourages organisations to go beyond hitting one-dimensional requirements for satisfactory level, and to spotlight focus on attractive requirements which can greatly improve the level of customer satisfaction (Sauerwein et al., 1996). Striving to satisfy this element of the framework will help to achieve differentiation and thus also increase the organisations market competitiveness (Hinterhuber et al., 1994).

Additionally, this report will also apply elements of the theoretical framework used within the Ansoff Matrix. Ansoff (1957) proposed that organisational growth strategies can be categorised depending on whether they incorporate new or existing products, and whether they target new or existing markets. Within Ansoff's well-established product-market expansion matrix, the new product development element involves creating new products for existing markets and is frequently identified in literature as one of the most important elements for successful market strategies (Grunert et al., 2014). One of the key reasons for this is that consumer needs are subject to constant change and new product development helps to directly target such market turbulence (Van Trijp et al., 2005). It is also argued however that in order for product development to be successful, organisations must seek to realize the gap between new products and the changing customer needs (Grunert et al., 1997). In this sense, product development is not seen as the goal in and of itself, but instead necessitates as a highly instrumental tool in the realisation of consumer value through need fulfilment (Van Trijp et al., 2005). In order to satisfy this element of the Ansoff Matrix, the strategic objectives will place considerable emphasis on innovation, gaining detailed insights into customer needs and adding value to consumers.

Product-Market Ansoff Matrix



Figure 1.2.:The Ansoff Matrix 1957. Source: (Google Images, 2021)

Marketing objectives

Based on the problems and opportunities revealed in the marketing audit, this report recommends several marketing objectives that will help to provide clear direction for the organisation. The objectives will also follow the framework from the social marketing and response tool SMART to ensure that they are specific and achievable but will also allow for flexibility whilst anticipating permanent changes in consumer behaviour.



Figure 1.3.: SMART Objectives. Source: (Google Images, 2021)

Building Strong and Meaningful Customer Relationships

The first marketing objective is for ASOS to build strong and meaningful customer relationships. In the current climate, it is vital that retailers maintain continuous contact with customers to build lasting and meaningful relationships that are centered around personalised interaction with the brand (Shah, 2020). These relationships however need to be done not in an attempt to gain competitive edge, but as a sign of true care for the organisation's customers. According to Diebner et al., (2020) consumers receiving genuine support, and from an organisation they can trust, especially in uncertain times is vital for customers in the short term but will also build cemented positive relationships that are likely to remain for long after the pandemic has ended.

Develop Personalisation

The second marketing objective is for ASOS to develop its personalisation on its digital platforms. According to Shah (2020) retailers are able to create customised services, engage on a deeper level, and use customer-friendly tools such as chatbots to understand customer's specific requirements. It is evident that digital platforms serve as a beneficial channel for engagement but there is untapped resource in using these channels in a personalised way to stay connected and truly understand customers. This is also considered a pivotal objective as ASOS purchasing the Arcadia Brands means that the organisation will now have a large expansion of its customer base, whom which ASOS may not be familiar with. These customers will also now have to adjust to a solely digital service, rather than having the option of physical shopping that Arcadia previously provided. Personalisation will therefore be key in helping drive engagement with both new and existing customers.

Focus on Digital Migration and Consumption

An additional marketing objective is for ASOS to aim to expand its digital shelf. This objective is recommended as it is relevant to the current environmental conditions. With the primary driver of growth in 2021 continuing to be digital channels (McKinsey & Company, 2020) ASOS must leverage this opportunity to focus largely on digital consumption. Additionally, for brands that do not have a strong brick-and-mortar presence such as ASOS, digital channels enable brands to put as many products on display as possible, meaning that they are better positioned to survive product demand fluctuations in the market (Shah, 2020). ASOS should therefore aim to expand its digital platforms to enable strong and sufficient online product offerings for its consumers. This digital expansion should also include aligning the organisation's strategy to fit with the demands of the new digital consumer. With the coronavirus pandemic forcing consumers to now rely heavily on online channels for essentials, ASOS must aim to streamline its delivery models to support this consumer shift.

Localising the Experience for the Consumer

Another vital marketing objective is a focus on the importance of community and localising the experience for the consumer. Businesses such as ASOS are able to reap benefits such as expanded connections through localizing their marketing. According to Arora et al., (2020) marketers will be required to renovate existing business models to incorporate a more granular presence if they are to target hyperlocal activity. An example of this could be supporting local businesses or sponsoring and hosting community events that are important to its consumers. Such an approach could be built from the capabilities already established from brand personalisation, such as analytics and trigger-based messaging, and then combined with a renewed thinking on how to gain deeper insight into customer priorities (Arora et al., 2020).

Strategic Objectives

ASOS Customer Loyalty Programme

To achieve these marketing objectives, the recommended strategic objectives involve the creation of a customer loyalty programme that focusses on three specific areas; customer engagement, product and service offering, and channel structuring. This strategy involves developing a new and innovative product to cater to ASOS' existing market and thus is satisfying the new product development strategy of Ansoff's matrix.



Figure 1.4.: Possible marketing visualisation for the new loyalty programme. Source: (James-Deane, 2021)

The main purpose of the loyalty programme will be to reward customers and therefore encourage customer retention and loyal behaviour (Sharp and Sharp, 1997). ASOS customers will need to formally become members of the programme in order to obtain benefits and the programme itself will be enduring and thus will be a long-term investment for both ASOS and its consumers. This strategy will however require ongoing marketing efforts as ASOS will need to continue to tailor its marketing

products on an ongoing basis based on the insight offered from the programme (Dorotic et al., 2012). The programme should primarily offer benefits that are closely related to the core products offered by ASOS, but there also exists the opportunity to co-operate with external partners and expand the range of benefits offered from the programme. A visualisation of the main elements of the strategy can be found below.



Figure 1.5.: A visualisation of the main elements of the strategy. Source: (James-Deane, 2021)

The loyalty membership would be open to all customers, and members would be able to receive points based on cumulative purchases. ASOS would then be able to collect information regarding demographics and purchase history into a widespread database and divide customers into segments based on this information. Members of the programme would also receive targeted offers and mailings as a result of their previous purchases with ASOS. A key tactic of the programme will also be to offer exclusive discounts and limited edition products as a reward for signing up. Loyalty programmes such as these give consumers rewards for repeat purchases, but they also capture valuable data, attract high-spend consumers and then encourage such consumers to spend more (Cigliano et al., 2000).

Key Elements of the Strategy

Customer Engagement

The first key element of this strategy is Customer Engagement. ASOS needs to go back to the fundamentals of listening to customers and establishing a strong brand that can be built into every customer touchpoint, focussing on what occasion is prompting the shopper, and what specific needs are being met (Wyman, 2020). One way in which ASOS could do this is through applying analytics to the data gathered from the loyalty programme to understand what is important to its shoppers and understanding them on a deeper level. ASOS could then use the platform most popular with its target market – Instagram; to help represent its commitment to its consumers values, placing the brand at the forefront of socially-conscious retailers and building a relationship with consumers that goes beyond any traditional retailer-consumer relationship. This in itself helps to directly create value for the consumer. ASOS could also combine insight's from the loyalty programme with engaging marketing visuals to further maximise its customer engagement. Creating marketing visuals for its Instagram platform that have attractive subject lines, elegant visuals and value propositions is a simple yet effective ways to target all three of the focus areas, engaging the consumer, tailoring product offerings and offering welcoming and differentiated experiences. An example of this type of marketing can be found below.

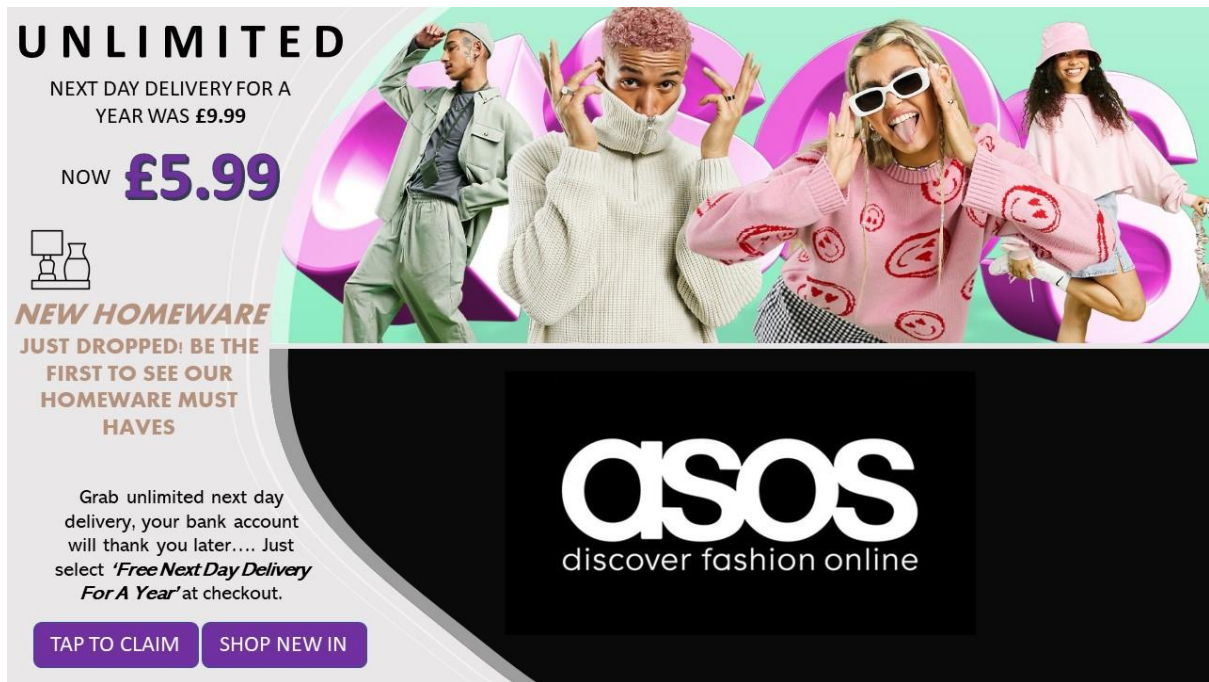


Figure 1.6.: An example of a possible marketing visual tailored using customer insight. Source: (James-Deane, 2021)

This campaign has been tailored specifically to those consumers who regularly pay for next day delivery. It also mentions 'new homeware', which provides an example of the tailoring that could be used if customers had recently purchased homeware items or were regularly searching for such products. These campaigns can be developed specifically from the ASOS loyalty programme, whereby ASOS will be able to assess consumer trends, identify cross-selling and up-selling opportunities, and sufficiently target special consumer segments (Berman, 2006). It is through this meaningful engagement where a mutual understanding is built, and long lasting consumer-customer relationships can be created as discussed in the theory surrounding relationship marketing.

Product and Service Offering

The second key element is Product and Service Offering. This strategy is not about offering the most products, but it is about being smart about where and how ASOS chooses to participate in the market. Offering a range of products that are tailored to specific audiences and already pre-adjusted to suit consumer predilections is what separates a seamless customer experience from an overwhelming one (Wyman, 2020). Through the greater understanding of their customers that will be provided through the loyalty programme, ASOS will be able to offer products and services that are specific to their consumers ever-changing needs. An example of this could be using the programme to collect

demographic information, as well as analysing local or smaller scale societal priorities that its shoppers may have. Using this insight, ASOS could tailor its offerings to spotlight a focus on community or social concerns that are important to its shoppers, and this will help to directly achieve the marketing objective of localising the shopping experience for the consumer. This area of focus is also particularly important in satisfying the attractive requirements elements of the Kano model. This element of the strategy will help to satisfy the consumers emotional needs by offering something extra and unexpected and thus will bring value to the customer and contribute to a higher level of customer satisfaction (Paraschivescu, 2012).

Channel Structuring

The third area of focus is Channel Structuring. With there being so many options for digital platforms under one brand, it can often be easy for a brand to implement multiple e-commerce platforms which can be overly complex and can be riddled with inconsistency. This is where the importance of channel structuring comes in. It is here that ASOS can focus on maintaining consistency throughout its distribution networks and drive unique channel engagement through welcoming and differentiated experiences for their consumers (Wyman, 2020). By also focussing on offering consistent, easy-to-use and highly accessible digital platforms, ASOS can ensure it is meeting the basic requirements of its new digitally-driven consumers. This element of the strategy helps to satisfy the most basic requirement of the Kano model, and though understanding and meeting these basic requirements will not actively bring customer satisfaction, it will help to mitigate the possibility of extreme dissatisfaction and thus is a pivotal element of the strategy.

Achieving the Marketing Objectives

The implementation of the ASOS loyalty programme provides the ideal strategy to ensure that the organisation achieves the recommended SMART objectives. Shown below is a visualisation to help portray where each of the objectives can align with the overall strategy.

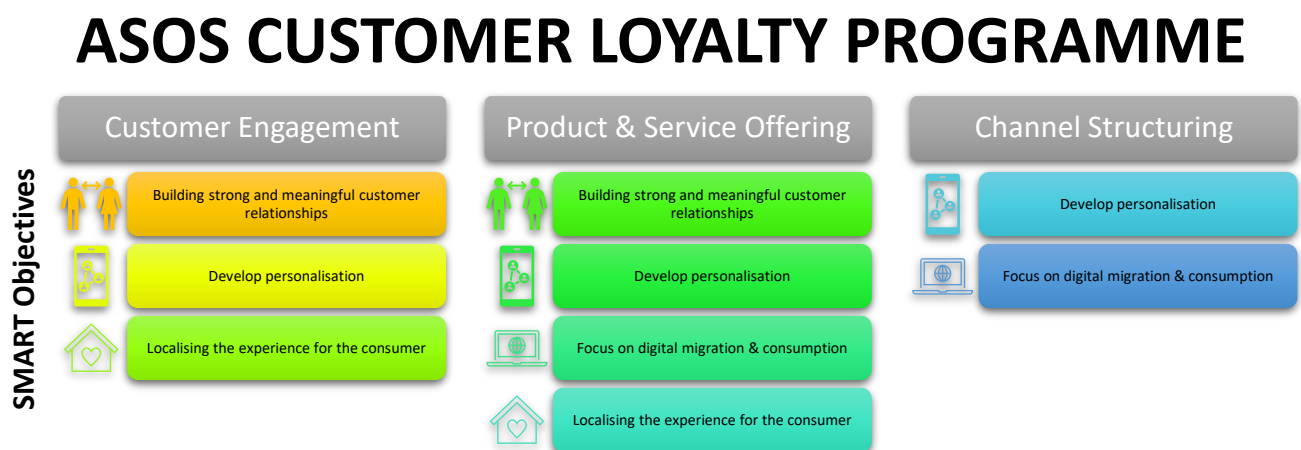


*Figure 1.7.: Visualisation showing the linking of the marketing objectives to the overall strategy.
Source: (James-Deane, 2021)*

This strategy is the ideal instrument in obtaining detailed customer information that can be used as a strategic weapon. This loyalty programme will enable ASOS to listen to the marketplace, extract valuable information, and thus offer customised products and services that will bring value to the consumers experience and ultimately bring them closer to the organisation (Butscher, 2002). As discussed by Simon (1996) closeness between the customer and the company, exceptional product quality, and combined with the perception of good value for money all form the fundamental basis of market leadership. This strategy will also enable ASOS to continue to find ways to differentiate the customer experience through constant new insight into market trends and consumer needs.

Strategy Limitations

One of the limitations of this strategy is the cost involved. Maximising the performance of the loyalty programme may incur significant costs and this would need to be weighted correctly with additional profit from the programme to ensure that the profits were outweighing the costs (Butscher, 2002).

Research by Zeithaml (1988) also highlights that perceived benefits of a loyalty programme play a substantial role on the purchase retention of consumers and thus suggests that if the loyalty programme is not perceived to have enough rewards, it could fail to meet the objectives. It would therefore need to be ensured that the programme is perceived by consumers to be largely beneficial and offering beyond the standard service offering so as to encourage consumer participation in the programme.

In addition, once the strategy is implemented, there may be difficulty in managing the data that is collected. Useful insight can only be gathered from the data if a large proportion of time is spent accurately analysing the information to find concluding statistics (Granat, 2019). This suggests that without the right expertise and time spent on the data gathered, the efforts of implementing the strategy would be futile.

Conclusion

To conclude, it is clear that increasing globalisation, the rise of technology and a dramatically changed marketplace mean that ASOS must now view the future of e-commerce as a holistic process, focussing on value and satisfaction to fulfil customers new needs and build long-lasting relationships. The close relationships and deep customer insights that can be gained from the recommended strategy will enable ASOS to shift towards a greater market-orientated strategic posture, rather than an internal one. Through implementing the recommended strategy, ASOS will be able to actively achieve the marketing objectives and not only create value for the consumer but utilise the customer's role in co-creating this value, thus augmenting ASOS' market position, perception and future sustainability.

Recommendations

The first required resource for this strategy is an adequate budget. ASOS should ensure that it assigns a sufficient amount of its marketing budget to implement the recommended strategy.

The second resource needed is a high-performance team. It is vital that ASOS puts together a roster of people who have the right expertise to ensure the marketing objectives can be met. This will include digital experts, analysts and potentially external consultants.

A third and equally as important resource needed is time. Time is critical in ensuring not only that ASOS can implement the strategy, but that the organisation also has the time to allow for its continuity, including follow up marketing and continually analysing and evaluating the data gathered.

A well implemented marketing strategy however counts for little if sufficient controls for monitoring and evaluating results are not employed. An efficient way to track whether an organisation is moving forward toward strategic goals is through using marketing metrics to track the actual outcomes of the strategy (Kotler, 2016). This report therefore recommends collecting and analysing marketing performance metrics with a sole focus on data surrounding the implementation of the programme. Collecting numeric data directly related to the programme will help ensure ASOS has a quantifiable metric for sales improvements, customer satisfaction, member statistics and links to larger organisational goals.

References

1. A. Griffin, J & R. Hauser., 1993. The Voice of the Customer. *Marketing Science*. pp. 1 - 27.
2. Ansoff, H.I., 1957. Strategies for diversification. *Harvard business review*, 35(5), pp.113-124.
3. Arora, A, Dahlstrom, P, Hazan, E, Khan, H & Khanna, R. (2020) 'Reimagining marketing in the next normal'. [Online]. Available: <https://www.mckinsey.com/business-functions/marketing-and-sales/our-insights/reimagining-marketing-in-the-next-normal>, [2021, May 11].
4. Berman, B., 2006. Developing an effective customer loyalty program. *California management review*, 49(1), pp.123-148.
5. Brophy, A. (2018) 'ASOS – Marketing week masters 'brand of the year''. [Online]. Available: <https://yougov.co.uk/topics/consumer/articles-reports/2018/10/10/asos-marketing-week-masters-brand-year>, [2021, June 08].
6. Butscher, S.A., 2002. *Customer loyalty programmes and clubs*. Gower Publishing, Ltd.
7. Choubey, S. (2021) 'How to elevate customer experience in a post COVID-19 world'. [Online]. Available: https://www.ey.com/en_gl/consulting/how-to-elevate-customer-experience-in-a-post-covid-19-world, [2021, May 19].
8. Cigliano, J., Georgiadis, M., Pleasance, D. and Whalley, S., 2000. The price of loyalty. *The McKinsey Quarterly*, (4), p.68.
9. Crosby, L.A. and Stephens, N., 1987. Effects of relationship marketing on satisfaction, retention, and prices in the life insurance industry. *Journal of marketing research*, 24(4), pp.404-411.
10. Diller, H., 1995. Relationship marketing.
11. Dorotic, M., Bijmolt, T.H. and Verhoef, P.C., 2012. Loyalty programmes: Current knowledge and research directions. *International Journal of Management Reviews*, 14(3), pp.217-237.
12. Doyle, P. and Stern, P., 2006. *Marketing management and strategy*. Pearson Education.
13. Fahy, J. and Jobber, D., 2019. *EBOOK: Foundations of Marketing*, 6e. McGraw Hill.
14. Govindarajan, M., 2007. *Marketing management*. PHI Learning Pvt. Ltd.
15. Granat, J. (2019). 'The Pros and Cons of Instituting a Customer Loyalty Programme'. [Online]. Available: <https://www.forbes.com/sites/forbesfinancecouncil/2019/09/03/the-pros-and-cons-of-instituting-a-customer-loyalty-program/?sh=7b514693f092>, [2021, June 01].
16. Grunert, K.G. and van Trijp, H.C., 2014. Consumer-oriented new product development. *Encyclopaedia of agriculture and food systems*, 2, pp.375-386.
17. Grunert, K.G., Harmsen, H., Meulenberg, M., Kuiper, E., Ottowitz, T., Declerck, F., Traill, B. and Göransson, G., 1997. A framework for analysing innovation in the food sector. In *Products and process innovation in the food industry* (pp. 1-37). Springer, Boston, MA.

18. H. H. Hinterhuber, H. Aichner, W. Lobenwein. Unternehmenswert und Lean Management. Vienna, 1994
19. Hennig-Thurau, T. and Hansen, U. eds., 2013. *Relationship marketing: Gaining competitive advantage through customer satisfaction and customer retention*. Springer Science & Business Media.
20. Hollensen, S., 2018. *Marketing management*. Pearson UK.
21. Kano, N., N. Seraku, F. Takahashi and S. Tsuji: "Attractive Quality and Must-be Quality", Hinshitsu. The Journal of the Japanese Society for Quality Control, (April 1984), pp. 39 -48.
22. Kotler, P. and Keller, K.L., 2006. Marketing Management 12e. France: Edition Pearson Education.
23. Kotler, P., 1999. *Marketing management: the millennium edition* (Vol. 199). Upper Saddle River, NJ: Prentice Hall.
24. Krasnyuk, I., Yanenko, M. and Nazarova, E., 2020. Conceptual and strategic framework for the digitalization of modern retail as part of innovative marketing. In *E3S Web of Conferences* (Vol. 164, p. 09006). EDP Sciences.
25. Lima, A. and Pacheco, J., 2021. New trends and tools for customer relationship: Challenges in digital transformation. In *Research Anthology on Digital Transformation, Organizational Change, and the Impact of Remote Work* (pp. 1916-1934). IGI Global.
26. Paraschivescu, A.O. and COTÎRLEȚ, A., 2012. Kano Model. *Economy Transdisciplinarity Cognition*, 15(2).
27. Sauerwein, E., Bailom, F., Matzler, K. and Hinterhuber, H.H., 1996, February. The Kano model: How to delight your customers. In *International working seminar on production economics* (Vol. 1, No. 4, pp. 313-327).
28. Shah, S. (2020) '5 things retailers must do to get back to business post COVID-19'. [Online]. Available: <https://www.retailcustomerexperience.com/blogs/5-things-retailers-must-do-to-get-back-to-business-post-covid-19/>, [2021, May 14].
29. Sharp, B. and Sharp, A. (1997). Loyalty programs and their impact on repeat-purchase loyalty patterns. *International journal of Research in Marketing*, 14, pp. 473–486.
30. Sheth, J.N., 1996. Organizational buying behavior: past performance and future expectations. *Journal of Business & Industrial Marketing*.
31. Simkiss, N (2020). 'Trends emerging that align to the new customer'. [Online]. Available: <https://home.kpmg/uk/en/blogs/home/posts/2020/09/the-adoption-of-ai-the-trends-emerging-that-align-to-new-customer-needs.html>, [2021, May 20].
32. Simon, H., 1996. *Hidden champions*. Boston, MA: Harvard Business School Press.

33. Van Trijp, J.C.M. and Steenkamp, J.B.E.M., 2005. Consumer-oriented new product development: principles and practice. *Innovation in agri-food systems*, pp.87-124.
34. Wyman, O. (2020) 'Are you ready for e-commerce acceleration?'. [Online]. Available: https://www.oliverwyman.com/content/dam/oliver-wyman/v2/media/2020/sep/Are_You_Ready_For_Ecommerce.pdf, [2021, June 03].
35. Zeithaml, V. A. (1988). Consumer perceptions of price, quality and value: A means-end model and synthesis of evidence. *Journal of Marketing*, 52, 2-22.

Appendices

Appendix A: Marketing Strategy Summary

Business Objectives	Marketing Focus	Marketing Objectives
Become the world's number-one destination for fashion-loving 20-somethings.	Enhancing the overall customer journey through value creating activities and experiences.	1. Building strong and meaningful customer relationships. 2. Developing brand personalisation. 3. Focussing on digital migration and consumption. 4. Localising the experience for the consumer.
Strategic Objectives	Key Actions	Limitations
Implement a new ASOS customer loyalty programme with a specific focus on 3 key areas: 1. Customer Engagement 2. Product & Service Offering 3. Channel Structuring	1.Design the layout of the programme 2. Set specific programme goals 3. Set a specific budget 4. Outline specific tactics 5. Set up accurate measures	1. Time 2. Cost 3. Market saturation 4. Difficulty measuring data 5. Perceived benefits of the programme

<u>LOYALTY PROGRAMME</u>	<u>ACQUISITION & RETENTION MARKETING</u>	<u>CUSTOMER EXPERIENCE</u>	<u>BRAND</u>
Design of programme benefits and features	Better targeting of promotions & communication	Personalised & individualised customer experience design	Greater emotional connection with the brand

Appendix B: PESTLE Analysis

PESTLE ANALYSIS		
Factors affected within the retail industry		Importance to Organisation
Political	The decision by the UK to leave the EU has left the pound weaker and an uncertainty with future trade restrictions in Europe. Profit margins are bound to be affected by this move.	Medium
	Many shops are in City centre locations; past and potential terrorism threats have affected tourism and footfall in shopping centres.	High
	Government imposed lockdowns restricting in-person shopping.	Medium
Economic	COVID-19 pandemic has added to poor market performance and greater dependence of online shopping.	Medium
	Consumer spending habit changes put pressure on certain goods whilst others are in decline.	High
	Uncertainty prevails in the UK business markets and investors due to the UK leaving the EU.	Medium
	Exchange rate conversions remain volatile, affecting negotiations with suppliers.	Medium
	Manufacturing sites in the UK are costly to run – consideration was being given to setting this up elsewhere globally. With the decision to leave the EU, this factor should now be put on hold.	Medium
	Apparel, accessories & footwear are the no.1 ecommerce sector in the world worth \$759.51 billion & expected to grow to \$1 trillion in the next 5 years.	High
	The International Monetary Fund reassessed prospects for global growth in 2020 and 2021, declaring that we have entered a recession as bad or worse than that of the 2008 global financial crisis.	High

Social	In some regions local demographic labour markets do not want to work in retail for minimum/living wage.	High
	Investment is required in market research to determine consumer trends / tastes.	High
	COVID-19 has largely affected consumer buying habits.	High
	Devastated consumer confidence. Fears about health, personal finances and job security have undermined households' propensity to spend.	High
	Companies that focus on customer experience during a recession are likely to earn 3x more than those who don't.	Medium
	The desire to shop local is also reflected in the products which consumers buy and the way they buy to support local stores.	Medium
Technology	Is our technology fit for purpose now and for the future? A preference for online shopping is a popular trend by increasingly older populations – not just 20-40 year olds. How appealing is our online presence?	High
	Smartphone apps for ordering goods.	Medium
	Need to improve technology for analytics and buying intelligence.	High
	Rise in cybercrime risk to data protection and operational stability. Eg Cyber attack on NHS through 'Ransomware'.	High
Legal	Wage rates and National Minimum Wage increases yearly.	Medium
	Concerns over family-friendly implications as most of these were brought in by the EU.	Medium
	Peak trading periods require contractual flexibility.	High
Environmental	The rise in ethically and environmentally conscious shoppers.	High
	Ethical sourcing has pushed up the price of goods.	Low
	Supply-chain disruptions as items such as PPE garments become the main focus.	Medium
	ASOS's environmental impact and labour rating was rated as 'not good enough' in 2020 by sustainable fashion organisation 'good on you', which could be seen as a large risk especially when customer demand for ethical products is at an all-time high.	High
	ASOS rates 'good' for animal welfare: it has a formal animal welfare policy aligned with Five Freedoms, does not use angora, fur, or exotic animal skin, and sources wool from non-mulesed sheep.	High

Appendix C: Organisation Summary

As seen in the marketing audit presentation:

Arcadia Group

Arcadia was hugely affected by the COVID-19 pandemic and had severely impacted sales.

asos



- ASOS is a British online fashion and cosmetics retailer.
- The organisation offers branded and own label products across womenswear and menswear.
- ASOS operates and distributes their product globally.
- Asos bought the brands from Arcadia because they generated 60% of their 2020 profit online.

Pham, M (2021), Makortoff, K., (2021).

S

Strengths

- Strong performance across all markets
- Focuses on delivering best in class customer experience
- Covid- 19 has caused store closures and Asos have taken advantage of their online platform

W

Weaknesses

- 30% of purchases are returned to Asos resulting in additional charges for the organisation.

O

Opportunities

- Connection- Increasing globalisation
- Expansion resulting in additional consumers and awareness of the organisation.

T

Threats

- Competition threats, highly competitive industry as there are top retail brands in both online and offline segments.
- Shift in e-commerce market dynamics

Gilrel, E and Tat, M (2017),
Daily Telegraph (2020)

The Marketing Mix

Product

Asos sells clothes, shoes, beauty and accessories products to consumers on their online website and app.



Price

Vast variety of products covering a wide spectrum of prices. Price varies between brands and some products are good quality but sold at a cheaper rate.



Place

Internet based platform using a website and app.



Promotion

Asos main source is digital marketing. Consumers emails are constantly updated, and their social media networks have groups with communities with in and are updated with their latest products and promotions.



Kotler, P et al., (2017)