

Marketing Fundamentals

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Introduction

Marketing is a process that helps a company with the production of goods as well as deliverance of those goods to the appointed customers. In short, marketing stands for the action of buying and selling. In a broad sense, marketing is the accumulation of significant individual processes like production, promotion, buying, selling, etc. that are inter-connected and are done significantly one after another. Fundamentals stand for the basic necessity or the core point. So, marketing fundamentals stand for the core knowledge about marketing (Lancaster and Withey, 2006). In this report, various information about marketing like steps and process of marketing, internal and external analysis, market segmentation, targeting, positioning as well as marketing mix is explained with examples relating to a famous UK retailer company Marks & Spencer along with the effect of covid-19 which the reader will find easy to read as well as a grasp in their minds. The readers can easily understand how marketing fundamentals help in running a company as well as ensure how to achieve the company's goal by reading this report.

Company's Overview: Marks & Spencer

Marks & Spencer is a major British multinational retailer company. It is a public limited company with its headquarters located in London, the UK. In 1894 Marks & Spencer started its journey in the Kirkgate market in Leeds, the UK through the hands of Michael Marks and Tom Spencer. From a small stall, they have grown into a huge multinational company with 1463 locations and 78000 employees all over the world.



Process and Stages of Marketing

Process of Marketing



Figure: Marketing Process.

Process means a series of actions that are interconnected and are done to achieve a certain goal. The activities under a process are done serially and all the activities depend on each other. It

means if one activity is not done properly then the process stays unfulfilled. Marketing means the process which helps companies from producing products to delivering them to the designated spots. So, the marketing process stands for the activities that help a company from producing products to delivering them to designated spots (Lancaster and Withey, 2007). Also, the activities under the marketing process are done serially. We are going to use Marks & Spencer company to describe the process of marketing under the covid-19 situation. The process of marketing is:

Understanding the marketplace and Customer Needs and Wants,
Designing A Customer-Driven Marketing Strategy,
Constructing an integrated marketing plan that delivers superior value,
Build profitable relationships,
Capturing Value from Customers,

- **Understanding The Marketplace and Customer Needs and Wants**

Understanding the marketplace and customer needs and wants mean collecting information about the market and depending on the information on markets and customers creating various products and services. To produce a product a company needs to think about material cost, labor, etc. Various other things. Also, a company needs to think about various factors in producing a product. Marks & Spencer is a huge retailer company that deals in various countries with many kinds of products (Leader and Kyritsis, 1994). Their various kinds of products are food, clothing, homeware, etc. Due to covid-19 situations, the company had to stop their production of products because of Covid-19 restrictions implemented by the governments of the country, they deal products in (RM et al., 2018). But as they also have the facility to provide home delivery service to their customers, they started taking orders online from their customers. That is how Marks & Spencer dealt with the product problem in Covid-19 situations.

Understanding the Marketplace and Customer Needs

Customer Needs, Wants, and Demands



Figure: Understanding the Marketplace and Customer Needs and Wants

- **Designing A Customer-Driven Marketing Strategy**

Customer are considered God for business because without their support no business can cherish and gain success by achieving their goals (Moore and Pareek, 2006). That is why companies must create such a strategy which is based on the needs and wants of the customers which will help companies to customer value driven market plan. Marks & Spencer always think about their customer base first in fixing a product's price because if they do not cost-friendly, then the customers may not be able to buy them. Also, Marks and Spencer's company took a huge initiative to reduce the prices of their products in the Covid-19 situation so that the customers can buy their products in these hard times. Also, they helped their customer base all around the world by reducing their product's prices which helped the customers with monetary aid.



Figure: Designing A Customer-Driven Marketing Strategy

- **Constructing an integrated marketing plan that delivers superior value**

Integrated marketing plan refers to the plan that a company makes depending on the factors related to the marketing sector of the organization (Blythe, 2014). A integrated marketing plan helps a business to come up with marketing ideas on how to produce and supply their products to their customers and gain higher customer satisfaction. Marks & Spencer promote their products using various methods like seminars, free service, online sessions about their products, etc. But due to Covid-19 restrictions, they had to use the online platform to promote their products to their customers all over the world.

- **Build profitable relationships**

Relationship means the bond between two people. In the sense of business, relationship refers to the bond between the customer and an organization. An organization's success wholly depend on its customers and having a good relationship with them means higher profit and loyalty which yields as an asset in the long run for any company (Stone, 2007). Because of the Covid-19

situations, they had to shut off their business locations from customers to protect their employees from Covid-19 but they kept their services on in the online platform.



Figure: Build profitable relationships

- **Capturing Value from Customers**

Capturing value from customer refers to profit, loyalty, customer satisfaction and many other things. A business provides its service to customers to earn profit from them which is very necessary for a company to gain success. Also, a business tries to earn the trust and loyalty of their customers by providing superior products or service to them in order to earn customer value from them and create a strong position for the business in the customer competitive market. People refer to the employees that work under a company. People are considered a life force for the company as they provide labor for the company which is an essential asset for the company. Marks & Spencer takes care of their direct and indirect employees all over the world because they know that their employees are the company's spearhead who help the company to achieve the dreamt goal (Smith and Albaum, 2005). In this Covid-19 situation, Marks & Spencer company provided monetary support to their direct and indirect employees all over the world so that they can stand beside their employee force in these hard times.



● Figure: Capturing Value from Customers

Stages of Marketing

The marketing stage mainly consists of four elements that helps a company to fulfill its marketing activities properly (Kotler, 2017). The elements of marketing stage are,



Figure: Stages of Marketing.

- ❖ **Production Orientation**
- ❖ **Product Orientation**
- ❖ **Sales Orientation**
- ❖ **Marketing Orientation**

These stages are considered as marketing stage which helps a company with their marketing process (Wilmschurst and Mackay, 2002). Marks & Spencer will be able to deal with various problems relating to covid-19 situations by following the marketing stages properly in their marketing activity.

Internal Analysis of Marks & Spencer company

Internal analysis is a process that helps a company to analyze its internal environment. A company's internal environment means organizations culture, method, structure, product

development etc. A company can analyze their internal elements using various kinds of internal analysis method. The internal analysis method that a company can use is-

SWOT analysis.

SWOT analysis



Figure: SWOT analysis

It is a strategic planning and strategic management technique that helps a company understand its strength, weakness, opportunity and threat. Marks & Spencer company uses SWOT analysis to analyze their internal environment of the organization.

Strength: The SWOT analysis helps Marks & Spencer companies to find out their strengths not only in the market but also within the company itself. One of their strengths are their product has a huge customer base. They create products according to the modern situation. They offer various inexpensive services to customers. In these covid situations, SWOT analysis helped Marks & Spencer company to find out new ways to strengthen their internal environment (Verhage and Visser, 2007). Because hard times are those times that brings out the best of a company. It may make a company or break a company. SWOT analysis helps Marks & Spencer

Weakness: SWOT analysis helps Marks & Spencer to find out about their weaknesses in their internal environment. Also, the Covid-19 situation has created many problems for Marks & Spencer company which are also considered as their weaknesses. The weaknesses that Marks & Spencer has because of covid-19 are,

shortage of supply of materials.

Shortage of employees.

Problems in implementing a decision.

Shortage of sales.

Excess governmental restrictions because of covid-19 situation.

Opportunity: SWOT analysis helps Marks & Spencer to find out newer opportunities regarding their internal environment as well as the competitive market. Opportunities means newer chances that helps a company to flourish in the competitive market (Jobber, 2016). The opportunities that are presented to Marks & Spencer company because of SWOT analysis in the covid-19 situation are-

Merging with other business to provide the best customer service to the customers all over the world.

Creating best online service to gain a strong position in the online field by ensuring strong service.

Because of covid-19 situations, governments are providing various kinds of subsidies to companies all over the world.

Threat: Threats means the problems that companies face because of current situations. SWOT analysis helps a company to find out about the threats that the company is going to face because of various reasons. SWOT analysis helps Marks & Spencer company to find out about their threats in the covid-19 situation. The threats are,

Too much government restrictions.

Losing of customers.

Loss in profit.

High interest on loans.

Shortage of employees.

Shortage of materials as borders are shut because of the virus situation going all around the world.

SWOT analysis helps Marks & Spencer company to find out about their strengths, weaknesses, opportunities and threats, and plan their strategies depending on the covid-19 situations. SWOT analysis helps the company to analyze and plan their internal environments properly depending on them.

External analysis of Marks & Spencer

PEST analysis

Marks & Spencer has faced several downfalls in recent years due to the impact of Covid-19. The management must consider different factors of PEST analysis so that they could make better decisions in terms of solving problems. Before setting marketing objectives and strategies, PEST analysis would help the managers understand the market environment. These are expressed in the following ways:

Political: After the BREXIT issue in the UK, several companies including Marks & Spencer have faced complexities regarding the business expansion. Marks & Spencer is running a business in different countries and now they are not getting such facilities of tariffs and taxes exemption while transferring products to other EU countries (DiResta, et al., 2020). Due to restrictions of movement among countries due to Covid-19, it has affected Marks & Spencer to sustain competitive sales. Based on the political stability, govt. relations with other countries, taxes, and labor law practices, Marks & Spencer has to set future decisions of increasing promotional activities. Otherwise, it might impact negatively because if the govt. increases the tax rates, then it would also lead to increase the product's price of Marks & Spencer.

Economic: Though the UK has been identified as a stable economic country due to Covid-19, the overall patterns of business were shattered in 2019-2020. People have faced a financial crisis and low disposable income has influenced to reduce the demand for luxury products like fashionable clothing. It pushed the management of Marks & Spencer to shut around 30 stores

along with cutting 7000 employees' jobs. Marks & Spencer has been planning to regain a stable position in the competitive market and UK has initiated several programs to recover financial losses and infrastructure development.

Social: In the clothing industry, it has been found that consumers are purchasing products due to the influence of culture, society, personal, and psychological aspects. Companies like Marks & Spencer are trying to develop trends in the existing market so that consumers can get desired items. People were not permitted to join any party or group meeting during the Covid-19 period and the UK has to face several lockdowns in 2019-2020. It indicates less interaction with people physically and it reduces the sales volume for Marks & Spencer.

Technological: Many businesses around the globe have shut down because of excessive loss during the Covid-19. People could not go outside during pandemic lockdown but advanced technologies contributed at a great range for both personal and business aspects. Because of advanced technological facilities, people were able to conduct business operations but it requires established infrastructure for technological use (Wang, et al., 2020). Marks & Spencer has faced around 90% profit loss because of not having advanced technological facilities. But other competitors like NEXT PLC have gained profits through online sales. In 2020, NEXT PLC has earned 955 million British pounds by retail business and above 2.4 billion through online business sales. It indicates that Marks & Spencer should concentrate on developing technological infrastructure in the UK so that customers from different corners of the world can make orders from home.

Porter's five forces analysis

The threat of new entrants: If Marks & Spencer wants to tackle the threat of new companies then the authority should invest in the research and development section for innovating new products. It is not only generating new consumers but also influencing existing customers to purchase from Marks & Spencer. Here, they could also develop economies of scale in terms of reducing the fixed cost as per unit and it will lead to set low-price for the quality clothes.

Bargaining power of buyers: The management of Marks & Spencer needs to focus on building a large base of consumers in terms of mitigating the bargaining power of buyers. It will create

chances for Marks & Spencer to streamline its sales and manufacturing system (He, and Harris, 2020). When consumers are identifying innovative and unique products in Marks & Spencer, it will reduce the chances to move into other competitors.

Bargaining power of suppliers: When Marks & Spencer is dealing with a short-base of suppliers then suppliers are getting power to bargain with the authority. It increases organizational dependency upon the suppliers and the management must develop a supply chain with multiple suppliers for lowering dependency. In that case, they could also establish their transportation system to distribute products like Amazon.

Rivalry: In the retail industry, it is always challenging for an organization like Marks & Spencer to sustain itself due to established competitors like NEXT PLC, Sainsbury, ASDA, and TESCO. Here, Marks & Spencer needs to monitor the activities of rivals such as offers, discounts, and new products so that they can make strategic decisions to get competitive benefits. In Covid-19, Marks & Spencer has generated an idea of expanding online sales from the rivals.

The threat of substitutes: When a market contains two or more similar products that could meet the customer needs, then it increases the risk for a company like Marks & Spencer. In that case, Marks & Spencer should be concerned about service-oriented business along with product-oriented operations (Sobande, 2020). The management must form an effective team for regularly monitoring and identifying the core needs of customers. If Marks & Spencer can increase the switching cost for the customers, it will reduce the threat of substitute products and services. Organizations have identified that the traditional store of business of Marks & Spencer is almost substituted by the digital platforms.

STP analysis

Segmentation: Marks & Spencer cannot make the same plans and strategies for every group of the customer in the market. It requires categorizing the market in different forms so that managers can easily monitor and regulate activities (Scott, and Walker, 2017). It helps the authority to offer several discount programs and launch new products as per local festivals. Marks & Spencer has segmented the UK market as per demographic, geographic, psychographic, and behavioral way before offering any product. For example, they are offering a 10% discount

on the sales of clothes in Bristol, UK when any student is showing an ID card before purchasing items.

Targeting: Based on the size and scope of the potential groups of customers, Marks & Spencer has been setting target customers. It is defining the customers to whom organizations are trying to present and sell their products and services (Hoekstra, and Leeftang, 2020). Due to COVID-19, targeting customers has increased at a great range because of the online approach. Marks & Spencer can offer different products and prices as per identifying target group. For example, Marks & Spencer can choose target consumers such as female employees, businesswomen, women aged 20 to 45 years to offer “Striped Kurta with Palazzos”.

Positioning: While positioning organizational aspects in the mind of consumers in a positive way, Marks & Spencer needs to find out unique selling proposition. Like what they are offering to the consumers and how they can be benefitted. When consumers will realize the fact of the value proposition that is given by Marks & Spencer, then they would not go to rival companies. Marks & Spencer has to arrange marketing campaigns and promotional programs based on the local culture, target customers’ preferences, emotions, and thinking. For example, Marks & Spencer has focused on raising awareness regarding the COVID-19 as well as participating in different CSR activities for creating a positive image in customers’ minds.

Conclusion

Almost every organization around the world has been affected due to COVID-19 because it leads to face lockdown, restrictions, and physical interaction. This research has shown different aspects of an organization through internal and external analysis and the way COVID-19 has pushed to change decisions and strategies. By analyzing SWOT, it has indicated organizational internal capabilities to deal with uncertainties and potential problems. On the contrary, PEST analysis expresses the external context of a market so that managers get chances to reshape strategies regarding marketing operations. Different theories related to marketing have been explained in this study for generating potential ways for overcoming problems and sustaining in the competitive market.

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