

University of Wales
Trinity Saint David
LONDON

MARKETING MANAGEMENT

- **NAME : Raval Minakshi Mukeshbhai**
- **Student Id : 2231384**
- **PROFESOR : TUSHARA BALENDRAN**
- **SUBJECT CODE :LCMB7001**
- **COURSE NAME : M.B.A**

Executive summary

This report will discuss the marketing management system of Asda. The key marketing activities of the company will be mentioned here. This report will also highlight the impact of the marketing system on business performance and several aspects of business operations. Marketing strategy can contribute to value creation for the stakeholders of the business. This report will implement relevant theories and practical examples to improve the understanding of the concept of marketing management, customer journey and overall business performance. Some recommendations will also be provided to improve the marketing strategy.

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1.0 Introduction

Marketing is one of the most important elements of business management. Marketing is the concept of making the potential customers of the product and services and boosting the sales performance. Therefore, a marketing strategy can improve profitability and help in maintaining the sustainability of the businesses. The management of the businesses spends the amount for the improvement of promotion and marketing of the product and services. The businesses include several activities for promotional purposes. This report will analyse the main marketing activities of the British supermarket chain named Asda. Marketing strategies contribute to improving different aspects of business such as brand awareness, customer relations, stakeholder communication, etc. This report will also evaluate the contribution of the marketing management system to several aspects of Asda. The marketing strategy can be used to create value for the stakeholders. The value creation aspect of Asda's marketing strategy will be presented here. This report will implement relevant theories and real-life examples to discuss the impact of marketing strategy on the business operations of Asda. This report will also provide some recommendations to improve the business operations of the company. This report aims to improve customer experience throughout the whole journey rather than to focus on specific touchpoints of customer interaction.

2.0 Company background

Asda is a British supermarket chain with its headquarters in Leeds, England. The company was established in 1949. Since then, the company expanded by acquiring 61 supermarkets and other businesses. However, Asda sold the other businesses to focus on their supermarket chain. In 1999, Asda was acquired by the American supermarket giant Walmart for £6.7 billion. The company has been in the top 3 ranking among supermarkets in the UK for many years. The company also tried to merge with another market leader in the retail sector of the UK, Sainsbury's. However, the proposal was rejected by the Competition and Markets Authority of the UK with the concern of the elimination of competition and its effect on consumer rights. Asda's product range includes groceries, clothing items, home items, insurance, petrol filling stations, etc. Asda has stores in different formats such as supercentres, superstores, supermarkets, Asda Living, George, Asda Express, etc. The wide range of products helps Asda in fulfilling the requirements of different sections of customers. As of 2021, the company had a total of 633 stores in different parts of the UK. The company had more than 145,000 employees to manage the business operations. The revenue of Asda crossed \$20 billion in 2022 (asda.com, 2023).

3.0 Role of Communication in marketing

3.1 Shannon-Weaver Model of communication

This model identifies a source, a transmitter, a channel, a receiver, and a destination as the main components of communication. In the era of digitisation, this communication model can help the management of Asda in identifying the issues in communication through digital channels and improve customer experience. In the context of the Asda marketing process, the customer service executive or the members of the marketing team are the source of information and the customers are the receivers. Asda has created several communication channels through which customers can contact company executives (Hübner *et al.*, 2019). There are helpline numbers and emails for complaints and queries. Customers can also use the complaints section on the Asda official website. In each case, the customer and the customer service executive are connected through the transmitter and satellite. External noise such as the voice of others, traffic, rain, etc. can interrupt the conversation and affect the experience of the customers. Asda needs to incorporate a high-quality telecommunication network and the latest tools and technology to eliminate noise and improve the communication experience. A good experience will lead to positive feedback from the consumers and customer loyalty for Asda will increase significantly. Therefore, the marketing process will become more effective in improving the sales performance and profitability of the business.

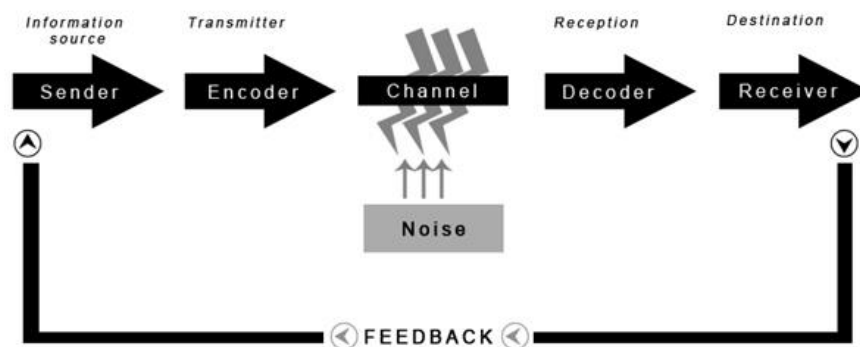


Figure 1: Shannon-Weaver model of communication

(Source: Fahy and Jobber, 2019)

3.2 Integrated marketing communications

The channels of communication are increasing with the trend of digitisation. The integration of marketing communication through all the channels will enhance the effectiveness of the marketing strategy. The marketing team of Asda will analyse customer behaviour and identify

the gaps in the market. Result tracking and direct response of the customers through interviews and surveys can help the marketing team to analyse the requirements of the potential consumers. The company also have to design a marketing plan and chose effective marketing channels according to the preference of the potential customer groups. Asda can use print media, digital media, and customer interaction to understand the customer's opinions. The company must develop the product and services according to the customers' needs. The marketing team will create promotional contents to increase the exposure of the new products and services. This will increase product awareness and improve the sales performance of Asda. Asda can also collaborate with other organisations to provide special offers and attract new consumers. For example, collaboration with a mobile manufacturer can allow Asda to provide additional discounts. Similarly, a partnership with a clothing brand can help the company in maintaining stock according to the demand and offer competitive pricing. Integrated marketing communications will implement strategic planning to utilise all the resources of the company and provide the best performance.



Figure 2: Integrated marketing communications

(Source: Smith *et al.*, 2019)

4.0 Promotional strategy of Asda

4.1 Online

Asda will implement effective digital marketing with the integration of all the digital channels such as social media, television, online news channels, search engine optimisation (SEO), search engine marketing (SEM), email marketing, and text marketing. Asda will implement AI to automate the marketing process. The existing customers of Asda will be notified of the new

launches and discounts as per their behavioural patterns. This strategy will improve the overall performance of the marketing process. Asda will also incorporate new ideas like story marketing and content marketing to create an emotional connection with the consumers (Erdmann and Ponzoa, 2021). Asda will also appoint influencers and celebrities in the commercials to promote the brand among their followers. This will help in attracting a new group of consumers and expand the business area of Asda.

4.2 Offline

Taking part in environmental awareness program can enhance the brand image of Asda among the younger generation. Environmental awareness among customers has been increasing significantly. Asda will incorporate sustainable practices in the supply chain system of the business and highlight the initiatives of the business through packaging materials, in-store advertisements, banners and flyers. The company will participate in recycling programs (Smith *et al.*, 2019). They will also collaborate with different government and non-government organisations to improve the awareness of society and environmental sustainability. Asda will introduce feedback forms and surveys in stores to identify the customers' opinions and suggestions to improve their performance.

5.0 Creation of brand equity through Keller's Brand equity model

Brand equity signifies brand value. It can attract customers to purchase products from the brand and create a long-term relationship. The implementation of Keller's brand equity model can improve the relationship of the organisation to the customers.

1. **Brand identity:** Improved brand identity or brand awareness of Asda will help the customers to distinguish the product of this brand from the alternative products (Slack *et al.*, 2020). Consistent performance over the years and solution of different customer pain points has created a strong brand identity for Asda. Maintaining the performance will also maintain the brand awareness level. Brand awareness of Asda is 95% among the potential customers in the UK.
2. **Brand meaning:** Asda's performance and imagery signify the brand's meaning to the customers. The company has diversified its product range and provided high-quality products to consumers over the years (Eriksson and Stenius, 2022). The diverse product range in affordable prices and customer-oriented services of Asda has contributed to its performance. The logo, colour pattern, tag line (such as "Get the Asda price feeling") created the imagery and brand identity of Asda.

3. **Brand response:** Judgments and feelings of the stakeholders including the employees and customers regarding the brand and its performance also influence the brand equity. The customers of Asda generally have positive experiences and positive opinions regarding the brand. Asda publishes a media pack to increase customer awareness regarding the promotional events 3 times per year (asdamediapartnership.com, 2021).
4. **Brand loyalty:** Asda customers have highly influenced by the brand performance and brand identity. 38% of the customers are loyal to Asda and are likely to purchase products from the brand. This helps in maintaining the sustainability of the financial performance of the brand.

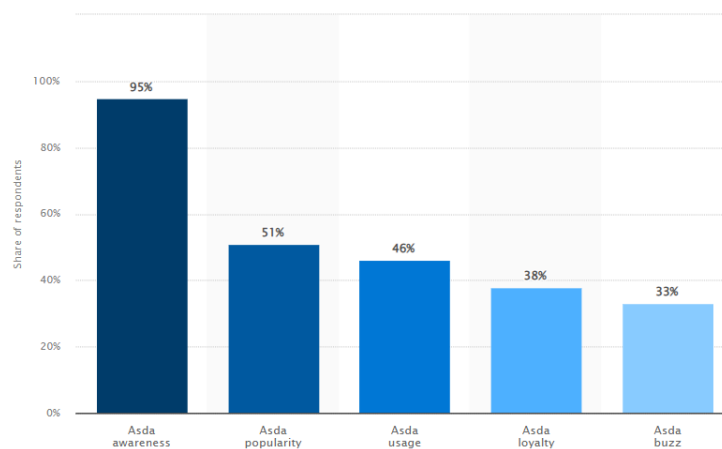


Figure 3: Asda's online shoppers' stats in the UK

(Source: statista.com, 2023)

6.0 Discussion of elements of marketing management concerning value creation

The marketing management system of Asda can contribute significantly to creating value for the stakeholders and the organisation. The value creation aspect of Asda through marketing management will be presented in this section. The value-added marketing strategy of modern times prioritises the customers.

6.1 Functional Value Creation: marketing in different stages of the product life cycle

Functional value can be created with the physical performance of the product and services. Asda must develop an effective marketing mix strategy by focusing on several aspects of marketing.

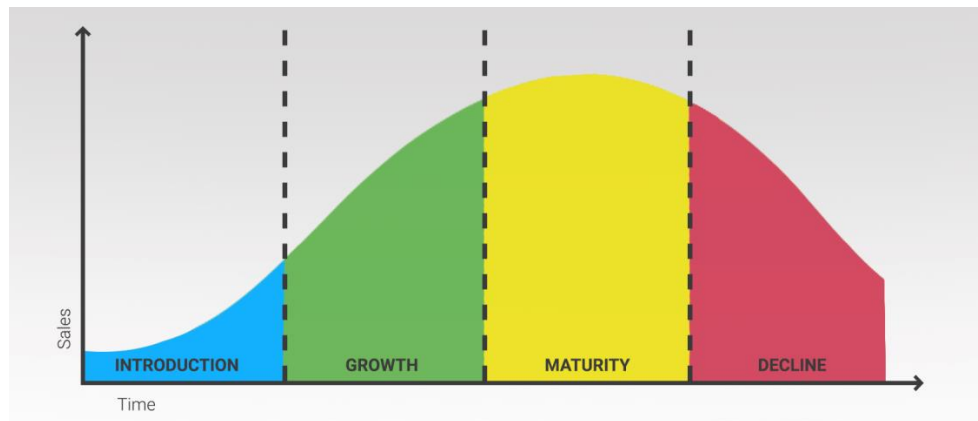


Figure 4: Product life cycle

(Source: Krizanova *et al.*, 2019)

- i. **Introduction:** Products of the company must solve the customers' pain points. For example, Asda can focus on growing organic products, as more customers are inclined towards a healthier lifestyle. The price range of the products must also remain in the affordable range to increase sales performance (Tien *et al.*, 2019). The profitability of the company will increase with the promotion of new products through different promotional channels. The implementation of an effective marketing management system will reduce the introduction stage of the products.
- ii. **Growth:** The growth stage will come quickly and the sales performance of the product line will improve. The promotion of the products along with special discounts will attract more customers to Asda. The company can improve the growth rate by increasing accessibility of the product through different channels like new physical stores, improvement of the online store and delivery services (asdamediapartnership.com, 2021).
- iii. **Maturity:** The maturity stage of a product starts after attaining the highest growth. The customer service, quality of the product, and satisfaction of the customers extend the maturity stage. This stage provides stability to the business and its financial performance (Pandey *et al.*, 2020). Asda can train the frontline employees and customer service team to attend to the customer's queries and provide instant solutions. The investment of the company to improve the tools and technologies for communication.
- iv. **Decline:** Every product of any company reaches the decline stage at some point in time. The marketing team of Asda must track the progress and sales performance of the company. In the decline stage, Asda can change its positioning and change the marketing management system. This strategy will improve sales performance further

(Katsikeas *et al.*, 2020). Otherwise, Asda can stop production of the specific product line and launch new products after considering the customer's pain points.

6.2 Economic Value Creation: the application of the 80/20 rule

The 80/20 rule or Pareto principle states that 20% of the customers provide 80% of sales. Therefore, the marketing team of Asda need to identify the target customers of the company and focus on increasing exposure of the product and the brand to those customers. The marketing mix strategy for targeting the potential customer base must be focused on the priority customers. This will help the organisation in utilising the resources properly and improve the financial performance of the organisation. 80% of the efforts of the company must be concentrated on 20% of the customers (Hallikainen *et al.*, 2020). This strategy will improve the productivity of the organisation. For example, 80% of the budget of Asda must be allocated to improve the brand awareness of the target consumer base. Similarly, the marketing must spend 80% effort on the marketing channel that has the most accessibility to its priority consumers. The rest 20% budget and efforts must be allocated to the rest of the consumer base.

Asda's most total sales are concentrated in the UK. Therefore, the company has invested the most in opening physical stores and developing delivery networks in the country. This strategy has allowed the company to utilise its resources properly. For example, if the company will invest more in countries, where the market share is low and the competition is relatively high, the company will not get returns on investment. The profitability of Asda will become low and it will affect the performance of the business (Crick and Crick, 2020). Therefore, the marketing team and the leadership of Asda must follow the 80/20 rule and increase the financial value of the company. This strategy will help the organisation provide high returns to the investors and shareholders. Therefore, the company will get regular investments and can develop its infrastructure to compete in the global environment. Therefore, the financial value creation system will increase the longevity of the business.

6.3 Social Value Creation: marketing to improve the customer journey

The social value creation system of marketing management will increase the brand reputation of Asda. Social value is directly linked with customer loyalty and customer retention rate. The marketing team of Asda must consider the different stages of the customer journey. This will allow the company to focus on improving the experiences of the customers throughout their journey.

- i. **Awareness:** Asda must use an omnichannel marketing strategy to increase the reach of the brand. Social media platforms, television, search engine marketing, and search engine optimisation can increase the awareness of the brand (Kelly *et al.*, 2019). The new marketing strategies such as influence marketing, and content marketing can help the company reach new customers and create long-term relations.
- ii. **Consideration:** Asda can highlight the product features and special services of the company. For example, the 'delivery within 1 hour' option can improve the demand for the services. This strategy can help the business in competing with rival businesses in the UK and improve the sustainability of the business.
- iii. **Purchase:** The management of Asda must develop its online stores and delivery service further. The company can also introduce take away and home delivery options. This will increase the purchasing intention of the consumers and improve the profitability of the business (Singh *et al.*, 2020).
- iv. **Retention:** The marketing team of Asda must provide a proper messaging strategy. The charitable activities, environmental protection initiatives and social empowerment programs of the company can also be highlighted through the marketing content. This will improve the customer's mindset towards the organisation. Therefore, the customer retention rate will increase.
- v. **Advocacy:** Good quality products, consistent performance and emotional connection with the customers will turn the customers into advocates for the organisation. Asda must focus on reaching this stage of the customer lifecycle (Reinartz *et al.*, 2019). This strategy will improve the sustainability and overall business performance of the organisation.

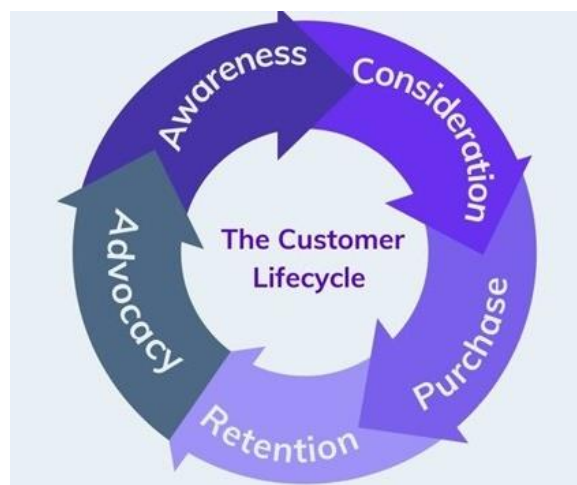


Figure 5: Different stages of the customer journey

(Source: Jocevski *et al.*, 2019)

6.4 Psychological Value Creation: incorporation of Maslow's need theory in Marketing

Marketing management strategies can also satisfy the needs of consumers and fulfil their basic needs. The relation between the basic needs of the customers and the marketing strategy will be presented in this section.

- i. **Physiological needs:** Asda's product range includes fresh food, clothing, home items, etc. All these products fall in the category of basic needs of individuals. Asda needs to keep competitive pricing to make it affordable for most consumers. This strategy will increase the accessibility of the products to improve sales performance (Guenzi and Habel, 2020).
- ii. **Safety needs:** The products must be sourced from reliable suppliers so that the quality of the product remains good. For example, clothing items made from sustainable materials will not affect the health condition of the consumers. Similarly, organic food products will also be a healthier alternative to the products grown with the implementation of chemical products (Faraoni *et al.*, 2019). This strategy will attract customers from the younger generation to Asda.
- iii. **Social needs:** People from the same community or family are likely to purchase products from the same brand, as word-of-mouth improves the perception of the community regarding the brand and product. Asda must target customers from the same location or community (Nenonen *et al.*, 2019). The analysis of the previous customer data will allow the company to increase marketing expenditure in a particular region.
- iv. **Esteem needs:** Asda's product range consists of some luxury brands with a wide variety of luxury watches, fragrances, etc. These products will fulfil the customers' esteem needs. Asda should promote these products with a touch of luxury in the promotional content to reach potential customers.



Figure 6: Maslow's Hierarchy of Needs

(Source: Reinartz *et al.*, 2019)

- v. **Self-actualisation needs:** The needs of individual customers are different. Asda must analyse the buying behaviour of its customer base. This process will allow the company to personalise their marketing strategy and approach the existing customers with a personal message (Redjeki and Affandi, 2021). Text messages, emails, and newsletters can be used to provide personalised offers. This strategy will make the customers feel special and satisfy their self-actualisation needs.

7.0 Total engagement theory

This theory consists of three dimensions organisational culture, customer experience and brand advertisement. The organisational culture of Asda incorporates organisational values such as collaboration, creativity and sustainability. The advertisements of Asda highlight these values through the advertisements. Therefore, customers with similar mindsets can relate to the organisation and customer loyalty increases (Saber and Weber, 2019). The employees are also influenced by this organisational culture and it contributes to their overall performance. Active participation, proactivity and consistent performance of the employees enhance the customer experience of Asda. For example, the inclusive organisational culture of Asda will increase the diversity of the employee base. The presence of different sections of society in the employee base of the company will send a positive message to the consumers and improve the overall performance of the business. The implementation of this theory will integrate the marketing process and help in utilising all the resources of Asda. The quality of performance and productivity of the company.

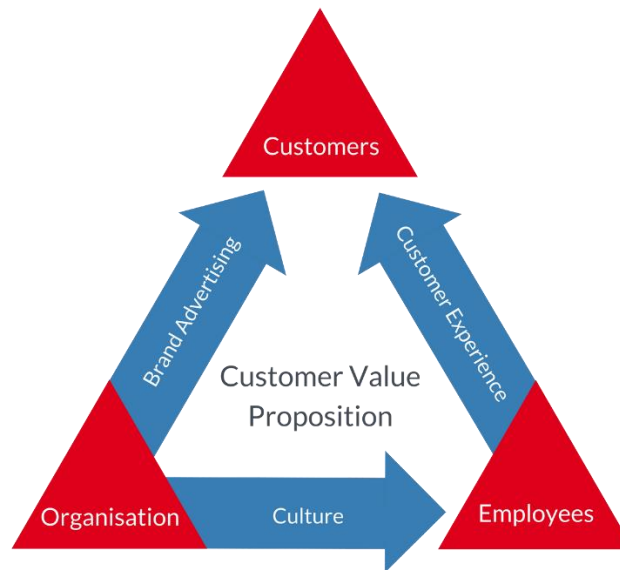


Figure 7: Total engagement theory

(Source: Altay *et al.*, 2022)

8.0 Recommendations

The management and the marketing team of Asda have been successful in improving the marketing of the brand and the product lines. However, the company can improve its marketing strategy further with the recommendations provided below.

1. New tools and technologies are invented every year. The management of Asda must incorporate all the latest tools to upgrade its marketing management system. The improved communication tools will increase the connectivity of the business with the consumers.
2. The employees play an important role in managing business operations. The management of Asda needs to train the employees to develop their skills and knowledge (Rangaswamy *et al.*, 2020). This strategy will assist them in adapting to the changing work environment. The company can utilise the technical resources in the presence of skilled employees.
3. Asda's marketing team should not miss in reviewing the effectiveness of the marketing strategy. The marketing team can set goals to measure the performance of the marketing strategy. The customer acquisition and retention rate, customer satisfaction level, net promoter score, number of unique visits to the website, etc. can highlight the performance of the marketing strategies.

4. The company can implement a lean strategy, experiment with new strategies and measure their impact on business performance (Hartmann and Lussier, 2020). This strategy will increase the return on investment for marketing management. The financial performance of Asda will also improve.
5. All the departments of Asda must be aligned and contribute to implementing the marketing strategy of the company. The cross-department workflow will help in the integration of business operations.

9.0 Conclusion

The concept of marketing management involves several aspects such as identifying customer demand, developing products, sales of the products and increasing profitability. The companies like Asda focus on improving the capacity of marketing management to increase business performance. The marketing team of Asda uses several channels to do market research. The surveys of customers, sales of the products and market trend along with previous sales report helps in identifying customer requirement. The marketing department of Asda identifies the target customers, design the marketing plan, allocates the budget, creates promotional content and measures the effectiveness of the marketing strategy. This allows the marketing team to rectify the mistakes and improve the marketing strategy. Effective marketing improves the sales performance and profitability of Asda. The brand awareness and the size of the loyal customer base will increase. Cordial relationships with the customers help the company in getting direct insights into the customers' requirements and improve the relevancy of the product and services. Proper marketing creates a strong brand reputation and the company can attract like-minded employees and stakeholders. The support of the stakeholders helps in creating a competitive advantage. Effective marketing can create functional, economic, social and psychological values for the customers. The marketing strategy of Asda must help in satisfying the basic, psychological and self-actualisation needs of the customers. The implementation of the 80/20 rule, customer life cycle and product life cycle will improve the effectiveness of the marketing management system of Asda. This report and the recommendations proceed here will help the management of Asda in improving the marketing strategy and business performance.

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