

Assessment 2 - Marketing Fundamentals Analysis and Evaluation

LCBB4004

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Introduction

Marketing refers to operations that an organisation performs to promote the purchase or selling of goods and services. Marketing includes the advertisement, marketing and delivery of goods to clients or other organisations. Stakeholders are a collective of individuals who may control the organisation or influence by it. Internal and external stakeholders are two kinds of stakeholders. The individuals working for the business, such as managers and workers, are internal stakeholders. This report will be discussed in the context of Jack Daniel's, a whiskey-making company. Moreover, the role of marketing and stakeholders in the success and operation of a company will be discussed.

Jack Daniel's is one of the world's finest whiskey makers. The company was founded by, Jack Daniel in 1866. The company is located in Lynchburg, Tennessee. All the products of Jack Daniel's are made with rye, finest corn and barley malt. Brown-Forman Corporation is the parent organisation of this company since 1956 (jackdaniels.com, 2021).

Main body

a) Processes and stages of marketing including the role of the marketing mix.

The marketing relates to practises that a corporation conducts to facilitate the purchase or sale of products and services. Marketing requires publicity, sale, and distribution of items to customers or other organisations. Affiliate marketers also help a company to sell their products and services in return for a small percentage of the profit (Boyd and Koles, 2019). Executives of the marketing department of a company form various strategies for effective advertising and get customer attention. Promotions are directed at certain markets and can include appearances by celebrities, slogans, humour and graphic design.

Every marketing strategy has a process, which consists of 5 stages, including mission statement of the company, situational analysis, objectives, strategy, implementation and control.



Figure 1: 5 steps of the marketing process

(Source: Dietrich *et al.*, 2017)

Mission: The mission statement of Jack Daniel's is to make whiskey in a best possible way by maintaining consistency in its quality, taste, smell and texture. Its mission statement also focuses on aligning their passion with their purpose, leveraging their difference and being authentic (brown-forman.com, 2020).

Situation analysis: According to Rogers and Vertovec (2020), situational analysis is important as it helps a company to analyse the internal and external factors affecting them. It helps Jack Daniel's to identify its customers, business environment and other external factors, which influence its business. It helps the company to ensure that it is operating effectively in the market environment.

PESTEL analysis

PESTEL analysis technique is used by various businesses to access the macro external environmental factors that are political, economic, social, technological, environmental and legal.

Political: In the United Kingdom, the sale of alcohol without having a license is restricted. People are not allowed to sell alcohol in their shops, restaurants or pubs if they are not having a license. There are two types of laws in England, which allows an individual to sell alcohol. Individuals are given a premise license if they agree with certain conditions and timings to sell alcohol (alcoholchange.org.uk, 2020). A personal license gives individuals the authority to sell alcohol. Jack Daniel's is the most famous brand and is sold by many individuals if they follow the rules and regulations of the country. The political system of the United Kingdom is very stable and it manages the market of liquor effectively.

Economic: The inflation rate of the United Kingdom has decreased from 1.79% in 2019 to 1.19% in 2020 (statista.com, 2021). Since the inflation rate is directly proportional to the buying power of people; the decrease in the inflation rate has increased the buying power of people. This has been a favourable factor for the company as it will be able to sell more products to the UK market. This country has a very strong economy and this helps an alcohol brand to survive.

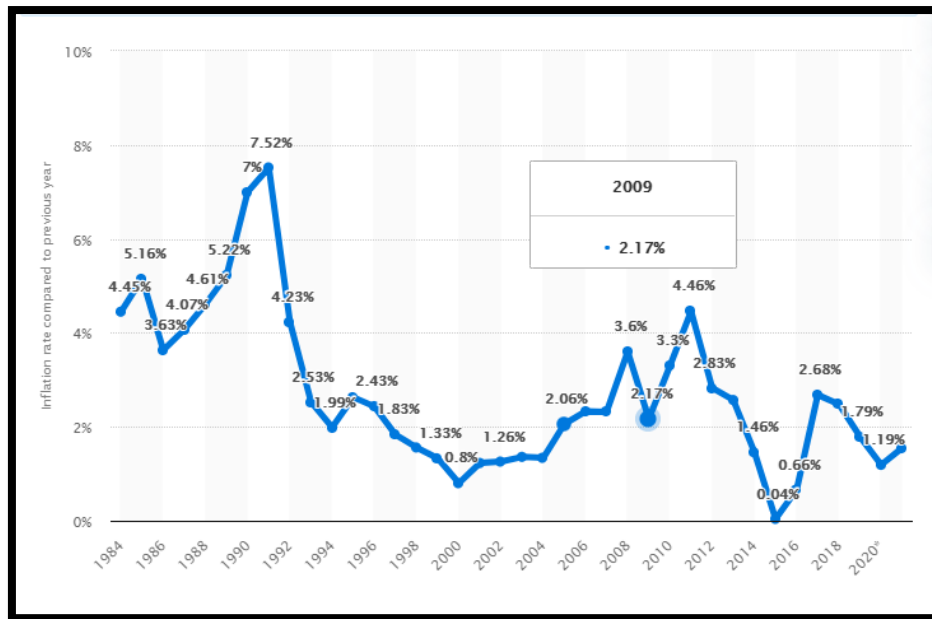


Figure 2: Inflation rate of the United Kingdom from 1984 to 2020

(Source: Statista.com, 2021)

Social: The legal age for drinking in the United Kingdom is 18. People under the age of 18 are restricted to drink or buy alcohol. However, if a 16 or 17-year-old child is accompanied by an adult they are allowed to drink. According to Alcohol Change UK, 82% of adults drank alcohol in 2018, with 42% of people drinking alcohol at least once a week (gov.uk, 2020). This shows that the UK market for selling alcohol is very large. This is a beneficial for Jack Daniels and it can make use of the large market to target various customers. Most of the population in the United Kingdom belong to the high-income group, which is also beneficial for the company since it follows a premium-pricing strategy for its products.

Technological: The United Kingdom is one of the most technologically advanced countries. The country has every basic technological facility that can help customers to buy products from the comfort of their home (independent.co.uk, 2015). Due to the introduction of e-commerce, the demand for products has increased in the United Kingdom. The increase in demand has made Jack Daniel's to expand its production. In 2016, Jack Daniel's created a plan to form a new automated distillery. The engineer hired for the project was Merizalde-Carrillo; he explained that the new facility would consist of Simatic PCS 7 operating system, 18 APACS+ controllers and 5,500 I/O points for the JD1 facility (Greenfield, 2016). For the JD2 facility, the engineer planned that it will have wireless networking to connect the two facilities and new technological instruments for liquor production.

Jack Daniel's is also using technology for marketing its products. Media, communication and digital marketing technologies have helped the company to increase its sales and popularity in the alcohol market. Jack Daniel's has more than 20 million followers on Facebook, Instagram and Twitter (Loehr, 2016). Jack Daniel's has also created a mobile application, which gives the consumer an AR experience of the story of Jack Daniel's whenever they point their devices towards a Jack Daniel's bottle (Barba, 2019).

Environmental: The UK is ranked 6 for its environmental policies. The country's main target was to reduce the car emissions of the country and make the country carbon neutral (sgi-network.org, 2017). The company has also made policies to reduce packaging waste. Jack Daniel's has followed all the environmental policies of the United Kingdom. It makes its products available to the country's population by following the environmental laws. Jack Daniel's cares about the environment and takes several measures to protect their environment. Jack Daniel's hollow gains more than 800 gallons of water from the ground and makes sure to keep the environment clean. The company also uses 99% of its waste material after recycling it; they also reuse some of the waste to be recycled for further use (brown-forman.com, 2020).

The company's new automated facility is designed in such a way that it helps the company to reduce the temperature produced during the liquor making process. It also helps to reduce wastage due to evaporation during the ageing process.

Legal: In the UK, individuals have to follow several laws to sell alcohol. Selling of alcohol to anyone under the age of 18 is restricted. If any individual in the United Kingdom is found selling alcohol to children under the age of 18 can be fined up to £5,000 (gov.uk, 2015). The license of the individual can be suspended. The country has also rules and regulation, which specifies that alcohol, cannot be sold in certain areas between 12am and 6 am. A DBO can be imposed on someone if they commit a crime while being drunk. The DBO can only be imposed on someone, who is over the age of 18. Perpetrators who have violated the DBO are subject to a fine of up to £2500 (gov.uk, 2015). Acts regarding alcohol in the United Kingdom include *Licensing act 2003*, Police Reform and Social Responsibility Act 2011, and so on.

Marketing strategy: Marketing strategy helps a company to advertise and promote its brand and its product with the use of various platforms such as social media, newspaper, magazine, television, and so on. Jack Daniel's uses *story-telling strategy* to personalise its brand (Owen, 2014).

Marketing mix: Marketing mix is a technique used by several companies to access the 7 or 4 P of the company to the market. This technique helps the company to access their product, pricing, place, people, promotion, process and physical evidence.

4P's of the marketing mix

Product: Jack Daniel's is one of the finest whiskey makers around the world. Various ingredients are included in the making of Jack Daniel's whiskey. The key ingredients used for preparing the drinks are rye, corn, barley malt, apple, banana, a sugary blend of walnut and vanilla, and so on. All the products are prepared at Jack Daniel's hollow in Lynchburg, Tennessee. The location is perfect for a whiskey maker as they can extract **800 gallons** of water from miles below the earth surface regularly (breakingbourbon.com, 2019). The company can produce **31,000,000** gallons of liquor every year. Some of Jack Daniel's product includes **OLD NO.7, Tennessee rye, Gentleman Jack, Tennessee fire, Tennessee honey**, and so on.

Price: The quality of Jack Daniel's products is exceptional. Jack Daniel's follows a **premium pricing strategy**, which sets the brand from the rest. The smoothness of the drink cannot be compromised for the price of the product. The premium pricing policy is used for every Jack Daniel's product and the price is allotted according to the amount of work and time taken to produce the respective product (jackdaniels.com, 2021). Ageing is a crucial part of making whiskey and the older the whiskey, the premium it is. Jack Daniel's premium pricing strategy helps it to raise huge amounts of money, which it can use to expand its operations.

Place: Jack Daniel's products are made in **Lynchburg, Tennessee**. The Lynchburg, Tennessee distillery has all the provisions for making goods. Every Jack Daniel product is prepared with the utmost accuracy and careful observation. The products of Jack Daniel's are sold over 170 countries across the world. The company uses numerous methods, including retailers and websites, to market its products (jackdaniels.com, 2020). Since the company makes its products at a single location it cannot set up stores in different countries. Selling their products and websites the most effective way Jack Daniel's can make huge profits. This technique has been profitable for the company in the past.

Promotion: Jack Daniel's manufactures excellent whiskey and wants to make its consumers aware of the quality and new products of the company. The **packaging technique** of Jack Daniel's is very attractive. The square-shaped bottle is convenient to handle and instantly identifiable by the fans of Jack Daniel's. Jack Daniel's uses different promotional tactics to market its products (Hallberg, 2017). The company uses **media, communication and digital**

marketing techniques to promote its products. The company has more than 20 million followers on Facebook, Instagram and other social media platforms.

Implementation and control: After analysing the market condition and making a plan, Jack Daniel's has to work on it. Formation of a plan is very necessary before implementation of a strategy. A structured plan can help the company to take various measures step by step and implement it.

Stakeholder engagement and their impact on the marketing activities of an organisation

Stakeholders are a group of people, who can affect or affected by the company. There are two types of stakeholders, internal and external stakeholders (McGrath and Whitty, 2017). Internal stakeholders are the people who work for the company such as managers and employees. External stakeholders are a group of people who affect the company from outside such as, shareholders, suppliers, customers, creditors and government.

Internal stakeholders

The internal stakeholders of Jack Daniel's are those who are a part of the company and are either motivated or de-motivated by the success and failure of the company. Internal stakeholders are also called primary stakeholders in some cases. In some cases, the crucial internal stakeholders also own a certain percentage of the company (Brunton *et al.*, 2017). The key internal stakeholders of Jack Daniel's are employees, owners, the board of directors and managers.

Owners: Brown-Forman Corporation is the owner of Jack Daniel's since 1956. The Brown-Forman Corporation listed in the New-York stock exchange. It is the largest American spirit and wine company and sells its products in over 170 countries across the world.

Employees: Employees are also internal stakeholders of the company. They are one of the most important stakeholders, as they know about the whiskey-making process of the company. Jack Daniel's tries to retain their employees by providing them with several benefits. Jack Daniel's has over 500 employees and all of them are recruited in Tennessee. It is because the production of Jack Daniel's whiskey happens only in Lynchburg, Tennessee.

Board of directors: Board of directors are the people who are in charge of controlling the various operations of the company. In the case of Jack Daniel's the quality of the product is very important. Hence, in the case of Jack Daniel's, board of directors are the people who handle the decision-making operations by analysing various factors and give orders to the managers and employees working for the company (Garcia-Torea *et al.*, 2016).

Managers: There are various types of managers in a company. Every company including Jack Daniel's has to have different managers such as human resource manager, production manager, marketing manager, supply chain manager, operations manager, and so on. Every department has a head manager and assistant manager. The role of assistant manager is to keep the head manager updated with the various operation and information regarding their department.

External stakeholders

The external stakeholders of Jack Daniel's affect the company in many ways but are not part of the management of the company. They are the ones who indirectly affect the success or failure of the company. External stakeholders are also known as secondary stakeholders (Steghöfer *et al.*, 2018). The external stakeholders of Jack Daniel's include suppliers, customers, creditors, intermediaries, competitors, society, government and shareholders.

Suppliers: Jack Daniel's is a premium whiskey maker and uses only the best ingredients for the production of its goods. Hence, the supply of quality raw materials is very important. The company has to maintain a healthy relationship with their suppliers to get the best ingredients on regular basis. Jack Daniel's also uses Oak barrels for storing liquor for the ageing process. The company must maintain a healthy relationship with their suppliers to get the best oak. Wood contracts and expand in different seasons leading to wastage of whiskey.

Customers: Customers are the most crucial part of Jack Daniel's business as they are the ones who purchase liquor from the company. To maintain a healthy relationship with its customers the company promises to provide them with the best quality whiskey. However, the company does not compromise on its price since a lot of hard work goes in making the whiskey and the customers are fine with it as long as the quality is great.

Intermediaries: Jack Daniel's sells its products through websites, whole sellers and retailers. Since the company is not able to set up stores in different countries, it uses a different marketing strategy. In the case of this company, the intermediaries are very crucial (Bush *et al.*, 2017).

Competitors: Competitors also affect the sales of Jack Daniel's in many ways. Many other liquor brands produce better liquor than this Jack Daniel's. Jonnie Walker and Glenfiddich are some of the major rivals of Jack Daniel's. Due to the existence of such brands the sales of the company is affected.

Society: Society is another crucial stakeholder that affects the success of the company. As the company makes huge amounts of money, society expects that the company put it to good use by maintaining CSR activity.

Government: The United Kingdom has various laws and regulations, which allows the company to sell its products. Since, Jack Daniel's is a liquor brand they sell their products to whole sellers and retailers, who need to follow the rules and regulations to sell alcohol.

Shareholders: The owner of Jack Daniel's is Brown-Forman and is one of the most important brands owned by the organisation. The organisation is listed in the New York stock exchange. Jack Daniel's is affected by the rise and fall in the share market of Brown-Forman organisation (annualreports.com, 2019).

Stakeholder analysis

Stakeholder analysis is very crucial for Jack Daniel. Stakeholder analysis helps a company to prioritise its stakeholders according to their interest, involvement and influence on the project. Prioritising their stakeholders gives a company a basic idea of which stakeholder needs to be satisfied, monitored, informed or managed (Raum, 2018). The stakeholder analysis consists of two steps identifying and prioritising stakeholders.

Identifying stakeholders

There are many stakeholders, who affect a company. It is, therefore, important for Jack Daniel's to identify its stakeholders before brainstorming different any theories. Identification of stakeholders is important so, that the company can know how and which stakeholder affects their business. The very important stakeholders of Jack Daniel's are the owners, managers, board of directors, employees, customers, suppliers, shareholders, society, government, competitors, government and intermediaries (Serravalle, 2019).

Prioritising stakeholders

The next step of stakeholder analysis is to prioritise stakeholders according to their power to affect the company. There are various analysis techniques. In this report, the use of power/interest will be done to prioritise the stakeholders.

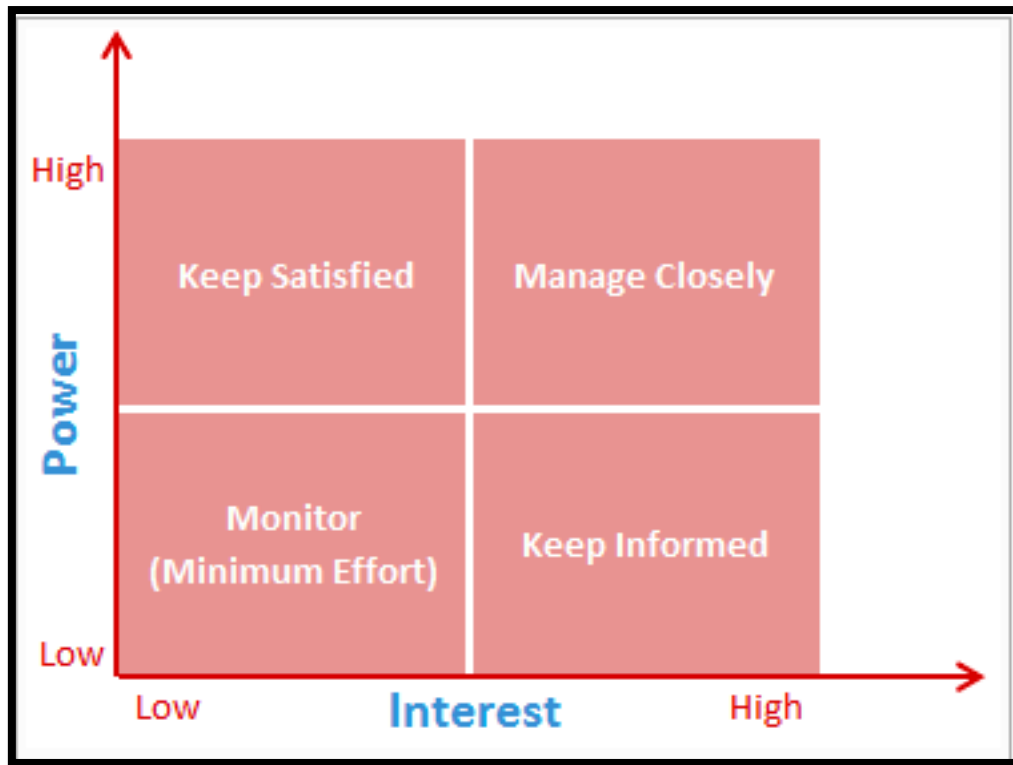


Figure 3: Power/Interest grid

(Source: projectmanagement.com)

High power, highly interested people (Manage closely): The stakeholder that comes under this group are the ones who have decision-making power. The stakeholders include shareholders and owners. Major shareholders of the company are bound to the company through a contract and have many authorities. Some of the authorities that major shareholders have are to participate in the decision-making process. The decision made based on the majority of votes among the owners and the major shareholders of the company.

High power, less interested people (Keep Satisfied): These stakeholders must be satisfied since they have high power even though they are not much interested in the company (Hesse *et al.*, 2017). The stakeholder that comes under this group is Government, manager, the board of directors and society. Government is a major stakeholder who must be satisfied as they have the power to disband the operation of the company. The company can keep the government satisfied by following the rules and regulations of the country related to business and alcohol. The company also has to pay taxes to the government, which is included in the policies of the government. The managers and the board of directors of the company also have the power to manage the company. They are a crucial part of the company since they have the power to manage and give orders to the employees of the company. The company

must keep these stakeholders satisfied by paying them a reasonable salary and providing them with various benefits.

Low power, highly interested people (Keep Informed): Jack Daniel's must keep the individuals properly updated and inform them to ensure that no significant problems occur. The specifics of the project can also be very beneficial to these individuals. The stakeholders that come under this group are suppliers, intermediaries and customers. Suppliers of the raw material are very interested in the company's operations but have low power since the company can get raw materials from many other suppliers from across the country. Intermediaries are the people, who help the company to sell its products (Cherian *et al.*, 2016). Intermediaries are very interested since they earn a substantial amount of money by selling the products of Jack Daniel's company, therefore, must keep them informed about the production and supply of the products. Customers are also very interested in the company's product but have very less power. Since the company has a large customer base and larger the customer base is, lower is their power.

Low power, less interested people (Monitor): Jack Daniel's must monitor these stakeholders since they have very less power over the operations of the company and are the least interested people. The stakeholders that come under this group are the competitors and employees. Competitors affect the company in many ways. The major competitors of Jack Daniel's are **Jonnie Walker**, **Glenfiddich**, and many others. The quality and popularity of these companies affect the sales of the company, which is why the company must monitor them and their operations closer to compete with them.

Conclusion

It can be concluded from the report that the marketing department and stakeholders are a crucial part of a business. The marketing of products determines the profitability of the company, which is why a company needs to thoroughly analyse the market and make a marketing strategy that is effective and helps in the company's growth. Stakeholders are a crucial part of the company and are the people, who either affect the company or affected by the company. There are two types of stakeholders, internal stakeholders and external stakeholders. Internal stakeholders are those, who are part of the business and are either inspired or de-motivated by the company's success and failure. External stakeholders of Jack Daniel's affect the company in many ways but are not part of the management of the company. They are the ones who indirectly affect the success or failure of the company.

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