

Marketing Fundamentals Analysis and Evaluation

Volkswagen Group

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Marketing Fundamentals Analysis and Evaluation

Introduction

Production of good and their promotion in the community is considered as the essence of economic life. Most of the companies are keen on performing these two tasks in order to fulfil their commitments with stakeholders, clients, society and owners. They construct a value that economists call efficacy which is the want-satisfying power of service or products. There are four main types of utility i.e. place, time, ownership and form (Perreault 2018). Form utility refers to the conversion of raw material and component inputs into final products or services. Marketing is considered as a fundamental element that stipulates the client's preferences. The company's production function is significantly responsible for the establishment of form utility. The function of marketing helps in creating a place, ownership as well as time utilities (Mix and Brand 2017).

This assignment aims towards discussing the marketing fundamentals and doing the in-depth analysis associated with a UK based company. The key idea of this assignment is to demonstrate the stages and processes of marketing, along with the marketing mix. This assignment will initially start off by discussing the definition of marketing, followed by its processes. The main focus is to highlight the stages and processes of marketing centred on a specific organisation. In addition to this, the PESTLE factors of the chosen company will be explained. Moreover, the macro environment and SWOT analysis of the organisation will be discussed.

Stages and Process of Marketing

1. Introduction to Marketing

Marketing can be defined as the activities undertaken by the company for the promotion and selling of its products and services. Marketing involves selling, delivering and advertising of goods and services (Armstrong et al., 2018). Another way of marketing is affiliate marketing that is done on behalf of the company. The employees who work in the promotion and marketing departments of the company work towards seeking the attention of potential clients and targeted audience through marketing strategies. Marketing is targeted to some specific audience, and the promotional strategies might include slogans, memorable or catchy phrases, celebrity endorsements, effective packaging and media exposure (Armstrong et al., 2018).

Marketing as a discipline includes all the activities undertaken by the organisation for attracting potential clients to sustain long term links with them. The key aim of marketing is to strive towards matching the enterprise's services and products to the targeted customers. This targeting and reaching potential clients will result in greater profitability. According to Perreault, (2018), “Marketing is the act of driving profitable customer action. It spans the full scope of strategies and tactics organisations use to position products and services in the marketplace and motivate target audiences to make a purchase”.

2. Marketing Processes

The aspects that are involved in the marketing process are categorised into two sections i.e. the actions for creating value for the consumers and capturing value from the clients (Mix and Brand 2017). The marketing steps are represented as follows:

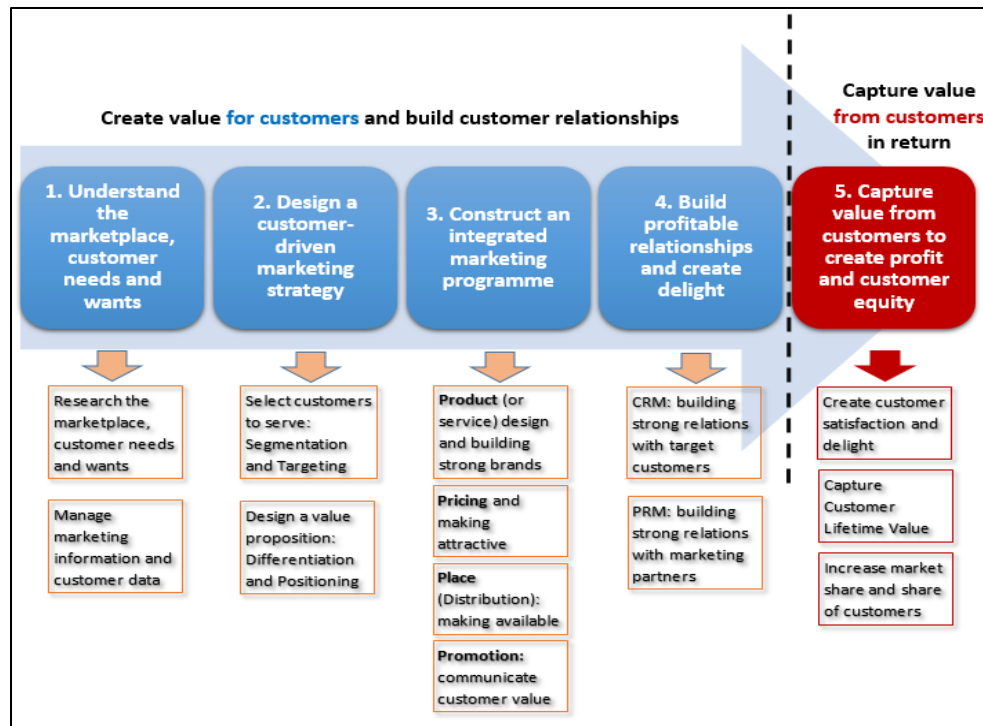


Figure 1 Marketing Processes

The initial step in the marketing process understands the marketplace i.e. the clients and their needs. It is significantly important for the company to gain knowledge about the market to manage consumer data information (Perreault 2018) thoroughly. After understanding the customers need and the marketplace, the second step is formulating a consumer-driven marketing strategy. It involves market segmentation and targeting.

Market segmentation can be defined as the process of identifying various segments of the market and then dividing a wide customer base into subgroups that involve prospective and existing customers (Mix and Brand 2017). It is considered a consumer-oriented procedure and can be implemented in any kind of market. Similarly, once the segmentation has been done, the organisation must be aware of the needs of various customer segments. It is then essential to target the segments that will bring more clients and profitability. Carrying out a proper segmentation and targeting is significantly important as it is not possible for any company to

serve all of their consumers in every possible manner. In contrast to this, the company must concentrate on serving and creating effective strategies for those segments that can bring them greater benefits.

The third step involves building an efficient marketing programme, also termed as the marketing mix. The main aim of this marketing programme in the marketing process is to transform the strategy into real value for the consumers. For that reason, this programme must be able to deliver higher customer value. The marketing programme is frequently called the marketing mix, which includes the four elements of marketing mix such as Price, Product, Promotion and Place.

I. Marketing Mix (4Ps of Marketing)

The four Ps of marketing mutually make up the vital mix an enterprise needs for promoting their services and products. This concept was introduced by Neil Borden in 1950s (Armstrong et al., 2018). Product refers to the merchandise or items provided by the company to the customers. The company must introduce those products that fulfil consumer demand and must be unique for its competitors. Price refers to the amount for which the product must be sold. The company must establish a reasonable price considering the marketing cost, unit cost and distribution costs. Place denotes the circulation of the product in the market. The supply of products must be managed through online or physical stores making the products easily available to the clients. The fourth "P" of the marketing mix is the promotion that involves a wide variety of activities such as advertising, sales, selling, sponsorship and public relations.

The fourth step of the marketing process focuses on building consumer relationships with potential clients. This step leads towards success that helps in increasing the client's satisfaction

levels. It focuses on generating consumer delight exceeding the client's expectations. This helps in increasing client retention, which is beneficial for the company. All these four steps will help in creating value and building long term links. The final step of the marketing process focuses on capturing the value from the consumers i.e. to be able to create profitability and equity. This final step is grounded on the satisfaction and loyalty of the consumers who repeat the purchase activity and refer the company again.

3. Main Stages of the Marketing Process

The main stages of market process involve a series of steps that aid the company in identifying and accomplishing the objectives. It also aids in analysing the consumers' needs and allows the company to develop such products that fulfil those needs (Perreault 2018).

Volkswagen Group is one of the top automobile companies in the Germany that has always been able to fulfil its customers' demands through its wide range of products and effective marketing strategies. The main stages of the marketing process are:



Figure 2 Marketing Process

I. Mission Statement

This organisation was established with the key mission of becoming the champion in serving the clients and helping them in making their life easier by providing high-quality automobiles. Their mission statement is "The Group's goal is to offer attractive, safe and environmentally sound vehicles which can compete in an increasingly tough market and set world standards in their respective class".

II. Volkswagen Group Situation Analysis

The competitive advantage of Volkswagen Group is determined by its obligation to understand the needs of their customers and focus on producing such products that align with their mission and encourages collective work culture within their organisation.

III. Planning Strategy

The marketing strategy of Volkswagen Group involves evaluating the marketplace and deciding the kind of products that needs to be introduced as well as the range of consumers it will suit and take into consideration the trendy fashions and appropriateness in automobile products. Their strategy is to take over the retailing industry through their sustainable products.

IV. Objectives

The key objective of Volkswagen Group is to provide the customers with excellent products and timely service and be competitive on every stage. The aim of providing such kind of environment that is simple and pleasant to shop.

V. Implementation and Control

Each of Volkswagen Group merchandises complements each other and work within the same environment such that their consumers stay loyal towards their brand and prefer their products over others.

Combining all these stages of the marketing process is helping this organisation in terms of developing such products will make them stand out in the market and reach their customer's expectations.

4. *PESTEL Analysis of Volkswagen Group*

This PESTEL analysis of this company aims towards highlighting the macro-environmental factors that impact the company. PESTLE stands for Political, Economic, Social, Technological, Environmental and Legal factors (Armstrong et al., 2018). Volkswagen Group is functioning in various countries and is operating in those political environments that are favourable for their company. They have the ability to respond to the present and the future regulations that help in adjusting their marketing policies. The present economic conditions will be affecting this brands as people will be switching to cheaper brands due to COVID'19, which will significantly impact their sales operations. Moreover, Volkswagen Group has responded to social demands and changes in an effective way by taking initiatives like introduction environmental friendly automobiles. This has opened growth opportunities for this brand in the European and US market. This company keeps itself updated in terms of technology. Their self-driving cars and green technological automobiles have been a huge driving force towards their success. Addressing environmental factors has become essential for companies like Volkswagen Group due to the enormous pressure from the government. This company has taken an effective

initiative and have been significantly contributing to sustainability. The government legislations and policies have a crucial and direct influence on Volkswagen Group. According to the Davis (2018), “UK and EU competition law prohibit anti-competitive activities, and therefore, Volkswagen Group cannot just simply merge with, or purchase another company of its size in the Germany as the country's competition watchdog (The Competition and Markets Authority, CMA) can block such moves”. It can be analysed that these external factors are quite favourable for this company as it helps them in investing those areas which can contribute towards their success.

5. Evaluation of Porters Five Forces

I. Bargaining power of Buyers

The bargaining power of Volkswagen Group consumers is quite high due to the presence of other retailing markets like Bavaria or BMW Group etc. that offers comparable products. This results in reducing the prices of products that gives the buyers a great number of choices to opt from. In order to promote greater sales, this company has reduced the prices of some of its products.

II. Bargaining power of Suppliers

The bargaining power of suppliers is low due to the presence of a wide range of suppliers in the retailing market. This allows this company to buy products at lower possible rates, increasing their profit margin causing losses to the suppliers.

III. Threats of Entry

This force is taken as a low threat by this organisation as it is among the top automobile manufacturers with the largest share in the industry. There is already intense rivalry among the small companies reducing the chances of new entrants. Additionally, the new entrants would need to offer premium quality manufactured products to grab the attention of the customers at a cheaper process that will result in putting out the business.

IV. Threats of Substitutes

This force is very high for both its non-food and food items. The reason is that other manufacturing companies like BMW, Fords or Bavaria can easily replace their automobiles in order to compete with this company and lower down their sales. This is because potential food items can be obtained from retailer along with clothing and other products, causing the switching cost to be low. Buyer can easily prefer other brands over Volkswagen Group reducing their sales.

V. Competitive Rivalry

The biggest rivals of Volkswagen Group supermarket is the BMW, Fords or Bavaria that offer similar products to the clients. This results in the switching cost to be lowered down, causing the customers to easily shift to other brands and purchase food or non-food items from other retail markets.

Conclusion and Recommendations

This assignment gives insights into the fundamental concepts of marketing. It focuses on explaining the marketing strategy, segmentation, and 4Ps that helps in establishing an effective promotional plan. The PESTEL factors, along with Porters five forces, have identified the factors that will impact the company's sales and marketing. It is recommended for this organisation to

create a strategic marketing plan that enables them to compete with their market rivals and increase their sales.

References

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