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MARKETING FUNDAMENTALS

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Introduction

Marketing is a strategy used by different brands and companies to advertise their products and services. Companies use a set of tools and ideas to reach their business objectives. These are called Marketing Mix and it consists of 4P's at its core: - Product, Price, Promotion, and Place. In this report, the process and stages of marketing have been discussed. Further, an understanding of the role of the marketing environment and other situational analysis models has been done. The report has determined the segmentation, targeting positioning, and marketing mix in relation with Sainsbury's Plc.

Sainsbury's Plc is a large network of supermarkets in the UK. The company was founded by John James Sainsbury in the year 1869 (sainsburyarchive.org.uk, 2019). Sainsbury's Plc has its headquarters in London, the United Kingdom, and the current CEO of the organisation is Simon Roberts (about.sainsburys.co.uk, 2020). The company generated a revenue of £32.4 billion in the year 2020 and is listed on the London stock exchange.

Understand the processes and stages of marketing

The marketing process is a series of 5 stages that an organisation has to follow to identify and achieve the organization's goals. These are the steps the organisation has to follow:

Mission - this is a statement an organisation tries to identify and understand to know the existence of the company. It is used to promote the organisation, motivate the employees, and inspire the consumers. The mission of the organisation is a message that guides the organisation in understanding the marketing strategies.

The mission of Sainsbury's - live well for less. The purpose is to help customers live well for less.

Situational analysis- this is the second marketing process that helps in understanding the internal and external factors affecting the business and market environment. By understanding the internal and external factors it provides a clear vision to the organisation which can help in taking decisions, forecasting, and organisations position in the market. The situational analysis can be done with help of internal and external factors which includes SWOT analysis and pestle analysis.

SWOT Analysis helps in understanding the Strengths, Weaknesses, Opportunities, and Threats that affect the organisation.

PESTLE Analysis helps in understanding the external factors such as Political, Economical, Social, Technological, Legal, and Environmental.

5 C Analysis is another way to understand the internal and external factors that influence the market. It includes Company, Customer, Competitors, Collaborators, and Climate.

Marketing plan - this is the third marketing process that helps to identify the plans which are included in the situational analysis and which are to be considered. It helps in understanding the target audience, set goals, and set a marketing budget.

Target Audience - this helps the organisation to identify its customers according to its strengths and opportunities. You can identify your customers based on

Geography- climate, region, size, and population

Demography - age, gender, religion, and income.

Behavior - brand loyalty, paying capacity, and decision making

Physiography - value, beliefs, and lifestyle

This helps in fulfilling the needs and demands of the target audience through the product and services the organisation offers.

Set goals - In this, the organization has to set goals that help in measuring the progress. Setting the goal helps to understand the growth of sales for meeting the target.

Set a marketing budget- in this, the organisation has to allocate appropriate resources to achieve the organisation's goals. Setting a budget will help the expected cost that is used for production and marketing.

Marketing mix - in this stage the organisation focuses on how to carry out the planning of the strategies. the marketing mix includes the 4 Ps of marketing which include Product, Price, Promotion, and Place.

Product - It describes the product or service the organisation is offering in the market according to the needs of the customers. It includes the features packaging and branding of the products or service of Sainsbury.

Price - this is the amount the organisation is quoting and the target audience is willing to pay for the product or service.

Promotion It is the way the organisation communicates with the target audience to showcase the product or service. promotion can be done in various ways such as direct marketing, paid marketing, social media, advertising, and public relation.

Place - in this the organisation decides where the product or service will be distributed.

Implementation and control in this stage the organisation decides when to introduce the product or service in the market. At this stage, the company starts informing the consumers about the product or service. The organisation, unlike Sainsbury needs to allocate the resources that are needed to introduce the product to the market. the resource will include allocating work to the people, tracking the tasks given, and managing all the other details.

Once the product is launched in the market, it involves regular measures to see the results in the market. This helps in understanding if the set goals are being achieved and if any changes are to be made in the market.

Stages of marketing

Four stages are included in marketing-

Production orientation - in this stage the production of the goods that are to be offered in the market takes place. This stage includes doing a detailed study of the market environment and understanding the customers and competition for organisation such as Sainsbury. It focuses on increasing production, reducing costs, and making profits.

Product orientation - this is the second stage of marketing. In this stage the organisation has to decide the medium of communication in the market, deciding the marketing channels, and selling good quality products to the consumers. It aims at improving the quality of the products and making the necessary changes in the market. In this stage, the organisation decides the marketing strategies, goals, and objectives that are to be implemented, as in Sainsbury.

Sales orientation - this stage focuses on increasing the sales of the product or services being provided in the market for Sainsbury. The main motive of this stage is to make profits through increased sales. They tend to focus on the needs of the seller.

Marketing orientation - in this stage the organisation is working towards understanding the needs and demands of the customers in the market. The top priority of any organisation is to provide satisfaction to the customers. They tend to focus on the needs of the buyer, to which Sainsbury is not an exception. Allocation of appropriate resources that are needed in the market is decided in this stage.

Understand the role of the marketing environment and other situational analysis models.

Role of Marketing Environment

Marketing Environment is defined as the internal and external factors affecting the business, productivity, and profitability of an organisation. The internal factors include resources, employee mix, core competencies and strategy. The external factors include political, economic, social, technological, environmental and legal issues. The marketing Environment can be classified into two categories: - Micro and Macro Environments (Kalieva *et al.*, 2018). The factors that work closely with the company and affect the relationship of the company with the customers either negatively or positively are Micro Environment. The macro-environment includes factors that are external to the organisation and does not affect the internal decision of the company. For Sainsbury Plc, the top management is responsible for achieving company strategy and business objectives. Sainsbury Plc follows a democratic strategy that keeps the employee motivated (circlebizz.com, 2021). Likewise, suppliers also affect the marketing of the organisation. Suppliers are responsible for providing the best raw material and goods to the industry (buisnessmanagementideas.com, 2021). Hence, the overall link between the customer and the organisation is maintained by the supplier. Competitors are one of the microenvironment factors that can affect the profitability of the organisation. For instance, Sainsbury Plc is the leading competitor for Sainsbury Plc (owler.com, 2021). Sainsbury Plc has to plan its strategy accordingly to tackle the threats from its competitors.

Marketing Environment determines the steps that the organisation should take to achieve maximum profitability. For instance, analysing the political, social, and economic issues of the UK lowers the threats to Sainsbury Plc. Keeping in mind the policies like UK sustainable Development policy, the company needs to make its strategy to get the best possible productivity. The policy aims to end poverty from the UK and promote sustainable growth (gov.uk, 2019). Social Factors like the trends in fashion are to be considered while designing the new products that will make the organisation reach out to larger targets. The marketing environment can affect the relationship of an organisation with the customers. Sainsbury is working continuously on making the operations easy and on its cost-saving methods to invest more in its services and quality (about.sainsburys.com, 2020). Investment in technological investment can maximize the profitability of the organisation in the longer run. For instance, to make the stores more spacious, Sainsbury can invest in self-check-in and check-out system. This will allow the customers to avoid standing in long queues. Legal factors like employee benefits, tax returns must be followed by the company to avoid any law dispute. Sainsbury made a turnover of £200 million in 2020, the company had to pay VAT to the UK government.

Porter's Analysis

Porter's Five Forces are very useful tools that help the company to understand the competitiveness of the business environment and make strategies accordingly. The five forces of Porter's analysis are mentioned below:

Threats from New Entrants - The entry of new companies bring competition to the market. New entrants have a different way of doing things with innovations. Pricing Strategies, reduced costs, and providing new value to the customers are the techniques used by the new entrants (strategiccco.com, 2020). New entrants not only bring competition and innovation but also occupy the market share (Kawira and Bessy, 2017). The profitability of the company gets affected by the entry of a new competitor. It becomes important for the organisation to tackle the threats from the new entrants. For instance, Sainsbury by innovating new products and services can increase their customer base. Investment in technology is used to minimize the threats from the new entrants.

Bargaining Power of the Suppliers -Organisations buy their raw materials from different suppliers. Suppliers affect the profit margin of the company by using their dominant position to demand more money from the firms. The bargaining power of the suppliers shapes the competitiveness of the industry and determines the attractiveness of the market (corporatefinanceinstitute.com, 2019). To deal with this threat, organisations, for instance, maintain their relationship with different suppliers by building supply chains. Sainsbury can learn from its competitors like ASDA and Walmart to build a network with different suppliers.

Bargaining Power of Buyers -Buyers play a huge role in the success of the company. They often demand a lot and want to buy at a minimum price expecting the best features possible. This puts the profitability of the organisation at risk in the long run. Buyers have the power when they are large and are comfortable in switching to alternatives thus making it difficult for the company to earn profits (Bruijl and Gerard, 2018). Buyers also demand high quality of products and increase the competition in the market and make the companies go into price wars. Regularly innovating the products, Sainsbury can limit the bargaining power of the buyers. Newly designed products will prevent the customers of Sainsbury from shifting to its competitors.

Threats of Substitute Products and Services - Availability of substitute products in the market provides the customer an alternative. The substitute product meeting the customer requirement affects the profitability of the organisation. Increasing the prices can make the buyers shift to alternatives. Before increasing the prices, the organisation analyses the details of the substitute products and then plans their strategies accordingly. The risk of substitute products is high if the prices are lower and the quality and performance of the alternative product are equal to or greater than the company's product (strategiccco.com, 2020). To deal with threats of substitute Products and services, Sainsbury plc can focus on its services rather than being product oriented. The company can also focus on the needs of the customer to minimise the threats from the substitutes.

Rivalry among the existing Competitors- Rivalry among the competitors increases the competition in the market forcing the companies to increase the quality and reduce the cost of the product. This competition often leads to a decrease in the profit margin of the company. Companies manufacturing similar products tend to have intense rivalry among them (Kilduff and Gavin, 2019). When the demand for the product in the market is high, it tends to increase the rivalry among the competitors (strategy-formulation.com, 2019). Sainsbury Plc can increase the market size rather than competing for market share by collaborating with the competitors. This will decrease the threat from the rivals in the market.

To determine segmentation, targeting, positioning, and marketing mix strategies of a chosen organisation. (4PS)

Segmentation- Market segmentation is the process of dividing the market into smaller parts. This helps in understanding the customer's needs and demands present in the market. It helps the organisation to understand the market, come up with new marketing strategies and try to find new opportunities in the market. Segmentation helps in separating the customers according to their needs, interests, and demography. Few of the benefits of market segmentation influence the market, new marketing strategies, attract customers, increased competition, and identify niche market opportunities.

Market segmentation is done based on 4 segments which are (Bolton, 2018).

Demographic segmentation - this is the most popular type of segmentation used by organisation. This is based on age, gender, location, income, and ethnicity

Psychographic segmentation - this segmentation is done based on the personality of the consumers. This involves the lifestyle, values, beliefs, and interests.

Behavioral segmentation - in this the segmentation is done based on the behavior of the consumers. This includes purchasing habits, ability to buy, and status.

Geographic segmentation - this is considered the simplest segmentation. It is based on the geographical borders of the country and consumers. This involves the country, city, climate, and topography.

Sainsbury uses the geographical aspect to divide the market into smaller parts. It is beneficial to use geographical segmentation as it helps in concentrating on the needs and demands of the buyers. This helps Sainsbury's to understand the market and to develop strategies to determine its position in the market. They also focused on segmenting the market according to the daily needs of the consumers and check if they prefer buying the goods online or offline.

Targeting - targeting is a strategy that helps in dividing the market into various segments and concentrates on a specific group of customers. This helps the organisation in understanding the needs of the customers. It does not focus on the entire market but instead tries to focus on smaller groups in the entire market. By concentrating on market segmentation, it helps the brand with specific target markets. This also helps the consumers to enjoy the benefits of the brand and get a variety of products and services.

Targeting plays an important role in an organisation as it gives the advantage to talk to the audience directly in the market. It also helps in attracting a large number of people into the market, helps in differentiating the products from other products available in the market, and allows the organisation to stay focused.

Positioning - this is the strategy to position the product or service into the market. It is done to make customers aware of the products available in the market. Sainsbury's positions its products in the mid-tier of the market. It provides a wide range of products at a reasonable price to its customers. They also provide online shopping facilities to the consumers.

Marketing mix- it is a strategy that helps in introducing and understanding the market.

The marketing mix includes 4 P's which are:

Product - product is the most basic and important part of an organisation. This is an item that serves the needs and demands of the customers present in the market. The main task of the organisation while introducing a product or service is to show the customer how it is different from the other products available in the market. Since Sainsbury is a supermarket, it offers a wide range of variety of products to its customers (Sisodiya and Sharma, 2018).

Price - this is the most crucial task for the organisation. In this, the organisation has to decide the amount at which the product or service will be sold in the market. This can be decided only after proper market research has been carried out. The organisation has to carry out various pricing strategies to sell its product or service in the market. Since Sainsbury provides a wide range of products it also has a variety of pricing strategies being used such as various offers and discounts.

Place - in this the organisation decided where the products will be distributed in the market. It is decided based on the needs and demands of the customers. The placement of the product also depends upon what is the product such as if it's a product that satisfies the basic needs it is available in all stores but if it's a premium product it is available only in specific stores or showrooms. Sainsbury is a supermarket since it deals in providing products that satisfy the basic needs of the customers.

Promotion - in this stage, various activities for promoting the product or services take place. The activities include advertising, sales promotion, and public relations.

Conclusion

Marketing deals with the introduction of a business idea in the market to turn it into profits. In this report, different processes and stages of marketing were discussed. The fundamentals of marketing were analysed along with the marketing mix. Further in the report marketing environment was defined. Analysis of different types of marketing environments was done and their role on the business strategies was discussed. Porter's Five Forces were analyzed to Sainsbury's Plc and different steps to tackle the threats were discussed. Furthermore, in the report, segmentation of the company was done by dividing the heterogeneous market into simple and uniform parts. Targeting Positioning and Marketing Mix was applied concerning Sainsbury Plc. 4P's of marketing mix: - Product, Price, Place, and promotion were discussed with the organisation. The audience to be targeted was discussed in the report and the different ways to reach out to them were also done.

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