

UNIVERSITY OF WALES TRINITY SAINT DAVID

Marketing Fundamentals

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Assignment 2: Marketing Concept, Branding, and Stakeholders

Case study: Lacoste

LACOSTE 

Preparing for: Dr Tushara Balendran

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Introduction

The organisational aim is to achieve a competitive advantage through providing value for its customers and, in return, to generate maximum profit. The process of marketing begins with identifying customer preferences. To achieve customer satisfaction, the management should be aware of the needs and wants of the targeted audience; however, in the modern business, that is not enough. The organisation should build a stable customer relationship to sustain long-term satisfaction.

Furthermore, every organisation has the responsibility to influence the environment or society positively. Also, each organisation should consider its stakeholders and analyse them (Kotler, 2017).

In this report, we will assess and discuss these two main topics in regards to the subject of marketing. Furthermore we will apply the both into the case study of Lacoste.

1. The Role of Marketing in creating value for the customer

1.1 Needs, wants and demand

Marketing has evolved over the years, and so the role of marketing has changed. Nowadays, the concept is much more complicated than ever before. However, one thing always remains the base of the marketing function in the beginning. The organisation's primary purpose is to identify the needs, wants, and the demand of the customers and then create value for them based on these three (Kotler, 2017).

This process starts with the marketing research. It is designed to find the answer to these three components.

- Needs are those things essential for the survival of the human - for example, food, clothes, shelter, and so on - also, the social needs of a person, such as a feeling of belonging.
- The wants from the other side are those products that the customers may live without but desire to have. For example, luxury cars. This may include available products such as clothes; however, the customer wants to have jacket Armani for instance which may not be affordable at the current moment of time. Therefore in such a case it is just a want, but is different than need, cause the need of a jacket may be satisfied by any jacket.
- And the demands are those who are wanted by the customer, but also affordable, which makes them demanded. So, for example, when the person wants the Armani Jacket and also has the finances to afford it. That is how the want becomes a demand. Organisations with an effective marketing process should be able to satisfy the needs, wants, and demands of its customers and, as a result, achieve a competitive advantage. Adequate research is a strong base in the process of identifying customer needs, wants, and demands.

1.2 Marketing Concepts (Philosophies)

To take a specific direction, the organisation should consider five concepts: These are Production concept, Product concept, selling concept, Marketing concept, Societal marketing concept.

- Production concept: This is the first applied concept. It focuses on offering an inexpensive product that is available.

- Product Concept: Instead, rely on the product features, then the real demand of the product. Here the organisation is concerned with the quality of the product.

- Selling Concept: This concept is very applicable in markets where competition offers very similar products - for example, banking and insurance sectors. An aggressive selling approach is the core of this approach.

- **Marketing concept** – The Marketing concept shifts from concentrating efforts on product and the hard pushing of the product towards knowing better the targeted group of customers and satisfying their preferences better than the competition. The marketing concept is not only concerned with the selling of the product but also with the whole circle of activities such as creating, distributing, and use of the product (Kotler, 2017).

For example, nowadays, the fashion industry is changing. Many brands are trying to apply ethical practices and using eco-friendly fabrics (organic cotton).

On the other side, online retailers such as Amazon and Asos first introduced the same delivery. Moreover, the customer may decide to return the clothes for any reason.

These are examples showing how the organisations implement the Marketing concept in practice and therefore have a competitive advantage on the market.

According to the Global Head of Windows & VM at Lacoste Alice Sheriff, the heritage of the brand is the core not only in the marketing concept but in the entire culture of the brand (Mind, 2016).

From the other side, people from different parts of the world perceive the brand differently. As Sheriff said: “In France Lacoste is something that you grew up in. For South America, it was an aspirational brand connected to the money. It’s the same in the Asian markets; it is highly coveted because it’s French.” She added that you would buy a trench from Burberry because Burberry invented the trench. And so Lacoste should do the same with the Polo t-shirt. The DNA of the brand influences all marketing activities.

Furthermore, Lacoste made sure that it is highly adaptable and understandable as a brand. Different campaigns are depending on the region. According to Alice Sheriff, the preferences of the colours vary depending on the cultural differences. For example, Chinese customers tend to buy red coloured t-shirts, where in Brazil, the customer likes colours and so the brand should adapt (Mind, 2016).

- Societal marketing concept - The societal marketing concept is an even more extended version than the Marketing Concept. This concept is concerned with society’s well-being. It has a long-term approach, rather than making a profit now.

Each concept is more applicable depending on the industry that the business operates in.

The last two concepts are those providing the most benefits for the consumers.

Nowadays, many brands are using the power of blogging to share valuable information for their customers. For example, a fashion brand providing Suits may share an article about the accessories that are relevant for each type of suit. For example, a casual suit is a perfect combination with a t-shirt nowadays, where a more formal suit would be combined with a shirt - also different types of ties and so on.

Other brands are offering bonuses based on a points system, where with every purchase, the customer generates more points that can be used for further purchases.

1.3 Branding

Each brand has its own identity. This identity may be expressed through the logo or the motto of the brand. It could be a specific shape of the product, or it could be the founder itself, who is a very charismatic person. Anything that distinguishes the brand from the competition could be defined as a part of the branding (Blythe, 2014).

Furthermore, branding is essential for a long term relationship with customers. It aims to assure that the customer will come back again because of the added value in the brand. In many cases, customers associate the brand with a specific feeling. For example, buying a Rolex watch may evoke a sense of luxury and superiority. In many cases, strong branding is a guarantee for consistent quality (Piontek, 2017).

In other words, strong brands may make you feel good by expressing yourself, but at the same time, save you time.

1.4 Ansoff Matrix Model

The Ansoff matrix is a tool used by various companies to evaluate and prepare their growth strategies. These plans can be used to help a company develop and to assess the risks correlated with each strategy.

Through the help of the Ansoff Matrix model the organisation may create different strategies in order to offer its products and services.

According to Ansoff, the organisation may take four different approaches.

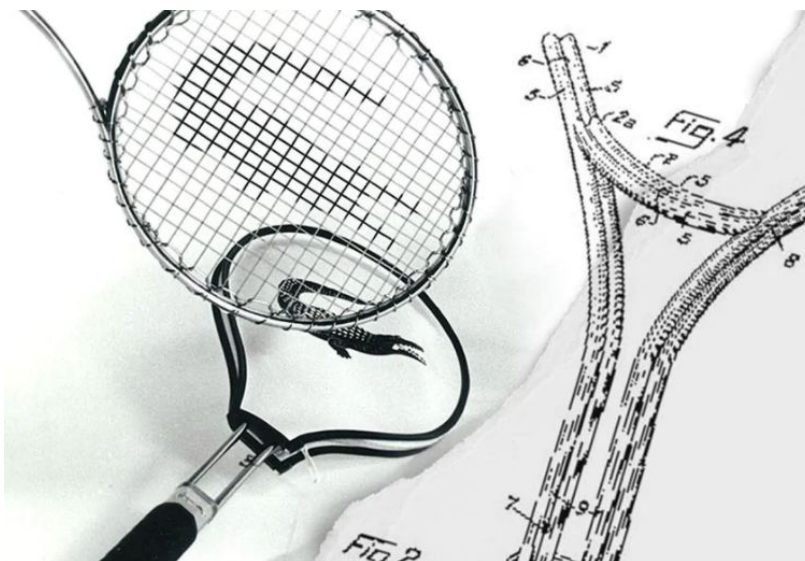
These are Market penetration, Market Development, Product development, and diversification.

- Product development – This strategy proposes that the organisation should try to better its existing product or provide new products, but for the same market. For example, Lacoste offers a new design of the iconic polo t-shirt. The new products still apply for the same market as the old one. However, it has a new design. Nowadays, every client of Lacoste may order the t-shirt in many different colours, where the iconic crocodile could be placed on different places and also painted in a different colour.

In the technological era, this is a very often used model for acquisition and improving the product. Technological giants like Google and Facebook used this to acquire small companies like YouTube and Instagram and better their functionality and features but remain within the same market.

- **Diversification** – Through diversification, the organisation tries to enter a new market. It is a suitable model for a company that has reached the maximum of its current market and has the opportunity to grow within other markets with potential. Perhaps this concept has more risk involved than the others because the organisation will enter an entirely new market. Virgin Group is an excellent example of an organisation that used the diversification model through the years. From being successful in sectors such as Music and entertainment and telecom service to the failure with Virgin Cola and other not so famous endeavours of its charismatic founder Sir Richard Branson.

Lacoste: Even as a brand with a strong heritage and a very traditional approach, Lacoste has diversified through the years. Mister Rene Lacoste himself has changed the world with his inventions and diversified the brand products. Lacoste introduced a very innovative tennis racket for his time made from metal (Lacoste, 2020). The brand portfolio has grown over the years. Starting with t-shirts and tracksuits for tennis, nowadays the brand is offering shoes, bags, watches, and perfumes.



2. Stakeholder's engagement and their impact on the marketing activities of the organisation

2.1 Definition

Stakeholders could be any individual, group of people, or organisation that has direct or indirect meaning to the business (Freeman, Harrison, and Zyglidopoulos, 2018).

Every stakeholder may have different significance for the business. Furthermore, they could have an extra level of interest to the organisation. Some of them may be more powerful than the others concerning the organisation (Baines, 2014).

The stakeholders are crucial for the organisation. They should be analysed on a regular base in order to maintain satisfaction and effective communication. The stakeholder's interests and power positively influence planning and decision making.

For example, a business project may rely on a particular investment. Without the approval of the investors and their financial support, the business may not be able to implement any strategy. On the other side, the manager of a particular department should make an essential decision for a future project. The manager itself is also an internal stakeholder in the business.

Organisations are using several tools to understand the level of interest and power of their stakeholders. Moreover, the organisation should take an even more flexible approach and be aware of any changes in the power or the interests of its stakeholders. Stakeholder Matrix mapping is an effective way to analyse stakeholder's power and interests. It may be applied for a specific project or in general meaning to the organisation and (Zyglidopoulos, 2018).

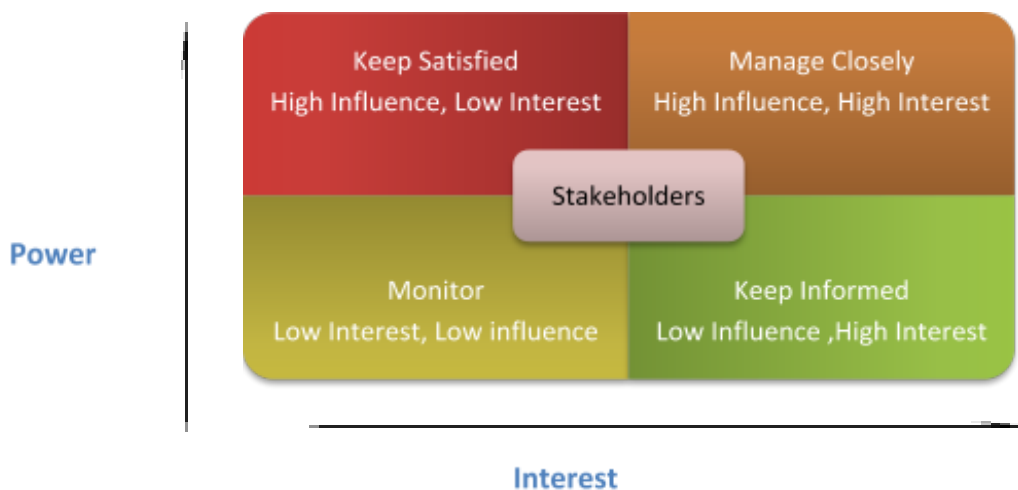


Figure 1, Stakehold

Through mapping the stakeholders, we may identify four different main groups. By understanding and knowing their position on the map, the management should consider a different approach.

Monitor – These stakeholder groups are considered to be the less important group of all.

Keep satisfied – Usually these stakeholders are not actively involved in the business. However it is important to keep them satisfied, due to the power that they have in regards to the business. These are Regulatory organisations or administrative entities. For example: VAT TAX as well as Income tax.

Manage Closely – This group is considered to be very important. It is vital to communicate and build strong relationships with them. In this group falls Managers, Investors, the government in certain cases.

Keep informed – These are stakeholders with high interest, but little power. Usually the media and the local community of the business.

Monitor – These stakeholder groups are considered to be the less important group of all. It is associated with less interest and low power of the stakeholders.

Stakeholders could be categorized as internal and external, depending on whether they are within or outside the organisation.

Internal

Internal stakeholders are entities that have a direct influence on the organisation by being involved in the process. In most cases, they are part of the organisational structure.

In regards to Lacoste. There are various internal stakeholders:

Shareholders, Owners, and Board of directors and Employees.

Store Manager – The store manager is a stakeholder that falls into the group of the stakeholders that has to be managed closely. At Lacoste this role has been very important for many years. The Store manager is the one who needs to create the atmosphere where the spirit of the brand is felt from the employees and the customers. It is important to be managed closely.

Shareholders – The shareholders of the business are individuals who own shares of the organisation. They are considered to be internal parts of the business. They have high interest, but little power unless they are Major shareholders of the business. Thus the organisation should keep them very well informed.

External

On the other side, external stakeholders are: Customers, Suppliers, Retailers, Manufacturers outsourcing the organisation, Recruitment agencies, Government bodies, competitors, professional associations, local communities, investors, and creditors.

Government – The government is an external stakeholder with high power. The interest of the government over the business could vary from low to high depending on the business and the relationship with the government. For example a small company with 4 employees will not be in the government radar. However a company that produces weapons will be highly important for the government if the country is in a state of war.

Suppliers

The suppliers are very powerful stakeholders. They have a relatively high power and high interest over the business, but again the power may not be so high. For example a big manufacturer of cotton that supplies Lacoste with fabric for many years has huge

significance for the business. If this supplier decides to change the prices for any reason, that will reflect on the brand prices as well and consequently over the profit.

It needs to be said that some organisational stakeholders may interact and have a relationship with others.

For example: When the design team at Lacoste has a particular idea for a future garment, they will have to discuss it with the production manager. Furthermore, they will have to have a calculation of the estimated cost and the price market to decide whether the particular product is going to be competitive on the market. Perhaps the design team will need to discuss the financial figures with the financial manager. In many cases, the stakeholders of the business do not interact with each other. For example, customers and creditors. They do not have anything in between them. The organisation should be flexible and have a different approach to each of the stakeholders.

CSR – Corporate social responsibility

This refers to a concept whereby organisations involve various social and environmental concerns into their business operations and how they engage with their stakeholders. Corporate social responsibility comes out as a way in which an organisation is able to balance its economic, environmental and social responsibilities (Unido.org, 2017).

At Lacoste the Corporate social responsibility is taken very seriously. The brand supports several projects around the world that make it possible for children to access sports such as golf and other sporting activities in Afghanistan.

Lacoste Group was the first organisation to support the ‘save your logo’ campaign, where companies are able to contribute to the protection and preservation of the animal that represents their logo; hence it plays a crucial role in the conservation of biodiversity.

It is also important to note that Lacoste does not support any form of human trafficking or slavery in any way. Any illegal behaviour is not condoned within the supply chain of Lacoste. This has been communicated clearly to the suppliers of Lacoste and that there are provisions for the organisation to conduct unannounced audits to ensure conformity with local laws (www.lacoste.com, n.d.)

Conclusion

Every organisation should be aware of several factors to succeed. The detailed information helps the organisation to understand the preferences of its customers, therefore to satisfy their needs better than the competition.

Furthermore, every organisation should aim to create branding around the marketing concept. In other words, if the company decides to produce an item such as t-shirts, then it has to create a full marketing concept around it.

Recommendation

Nowadays the power of the technologies provide a very advanced tool for understanding the customers. The main social platforms such as Facebook and Instagram collect detailed information about the ages, races, location, interests, income levels and much more. This data could be organised and used effectively from every organisation in order to understand its customers better. Also such information may provide a better understanding about each stakeholder. This would then help the organisations to treat them effectively.

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