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MARKETING MANAGEMENT ASSESSMENT 2

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Question a: Environmental analysis

1. Introduction

A wide range of research has identified that every business organisation of modern times tend to face several challenges such as emerging usage of digitalisation, Increasing competitiveness in the market, globalization, rising expectation of consumers, managing positive reputation in the market and several others. The main motive of the present study is to focus on the external and internal environmental factors influencing the business operation of one of the famous clothing brands in the UK named Next plc. The impact of marketing within the business organisation will also be evaluated in the study. At the end of this research, a bunch of effective recommendations will be provided for the determination of the business operation of this company in the near future.

2. Background of the company

Next PLC is known as one of the popular multinational clothing, footwear and home products retailers which has its headquarters in England. Currently, the company has approximately 700 stores among which almost 500 stores are situated in the UK and 200 stores are situated in several parts of Europe, the Middle East and Asian countries. In the year 2022, the company earned an annual income of approximately 905.4 million British pounds along with revenue earnings of approximately 4376 million British pounds in the same year. till 2022, almost 43000 employees were associated with this particular business organisation.

3. PESTEL Analysis



Figure 1: PESTEL Framework
(Source: Brydges *et al.* 2020)

Political factors

This has to be remembered in this context that the government policies in the UK have been affecting the corporate Management related decisions of this company. Moreover, the political dimension is considered to be a significant opportunity to operate the overall business.

- **Brexit:** Because of the issue of Brexit the company had lost a huge number of customers in the European regions and this particular element has been representing a crucial trade for the overall company.
- **Political environment:** the political environment of the UK is quite stable which has a positive impact on the business operation of Next PLC.
- **Support coming from governing authority:** the governing authority of the UK is highly supportive in terms of providing the required financial support to the business organisations for which this element is representing an opportunity for this company.

Economic factors

As stated by Chakraborty and Biswas (2020), the latest economic trends and conditions have a strong influence on the business operation of this company. Moreover, because of the sudden emergence of the coronavirus pandemic, the war between Ukraine and Russia and Brexit, the entire economy of the UK has been suffering from potential turmoil.

- **Economic downturn: Because** of the sudden emergence of Coronavirus, a wide range of the population living in the UK has been suffering from the crisis of cost of living. This has changed the buying behaviour of the consumers noticeably and it has also been noticed that there was a significant reduction in buying clothes from this company during this particular situation.
- **The pressure of inflation:** To deal with the inflationary pressure in the UK the company had to increase the price level of most of its commodities and services for which the element has appeared to be a threat for this company.

Social factors

The social factors are mainly influenced by the requirements and want of the stakeholders related to purchasing behaviour. The overall element of social factors can be considered to be a significant opportunity for this company.

- **Diversity of consumers:** Because of the existence of a diverse range of popularity in the UK, companies have got the opportunity of doing experiments with their products and services and most of their newly invented products are positively accepted by the potential consumers in the UK. Therefore this can be thought of as a significant opportunity for this company.
- **Strong brand equity:** because of being an extremely customer-conscious brand the consumers of this company have been evolving to be extremely loyal which this element has been representing an opportunity for this brand.
- **The increasing popularity of internet usage:** this has become one of the crucial trains in the UK which is again an opportunity for this company

Technological factors

Technology factors have a strong positive impact on the overall business operation of this company for which it can be considered as an opportunity.

- **Technology innovation:** with the help of receiving huge support from the governing authority of the UK the company has become successful in terms of investing more money in research and development. Innovation of artificial intelligence, Robotics Technology and machine learning have been used by this company successfully (Duanet *al.* 2020).

- **Mobile applications:** with the help of high-quality of rapid Technology innovation the company has the quality of mobile application for which this element represents a strong Opportunity.
- **E-Commerce business:** Developing the eCommerce market has broadened the opportunity for this company to increase their market share. It has also been noticed in this connection that after the Global random mix the demand for online shopping has increased more in comparison to that of offline shopping.

Environmental factors

- **Sustainability:** Currently the company is observed to be more focused on sustainability and developing green Strategies and the entire element has been representing a strong opportunity for this brand.
- **eco-friendly:** Company has started to use eco-friendly products for packaging including organic and recycling materials. This has also been taking necessary measures to reduce water usage throughout its overall supply chain and this element again is representing an opportunity for this brand.

Legal factors

- **National wage rate:** Increasing the rate of the minimum wage has a strong impact on the labour force working in this company for which this factor can be considered as a strong threat to their business operation.
- **Tax rate:** recently the governing authority of the UK has increased the corporation tax for the next financial year for weight this is again representing a threat to this company (Geldermanet *al.* 2021).

Limitations and Opportunities of PESTEL Analysis

By going through the overall external environmental analysis through the PESTEL tool this can be stated that the main opportunity provided by this company is that with the help of this model the company can easily identify the potential threats in the external market along with the available opportunities. However, the main limitation of this model is that after identification of the potential threat present in the external environment, this model fails to suggest any strategy through which the company can resolve those threats successfully.

4. Porter's five forces

To understand the external competitive environment affecting the business operation of the respective business farm it is extremely important to consider the following analysis of Porter's five forces:

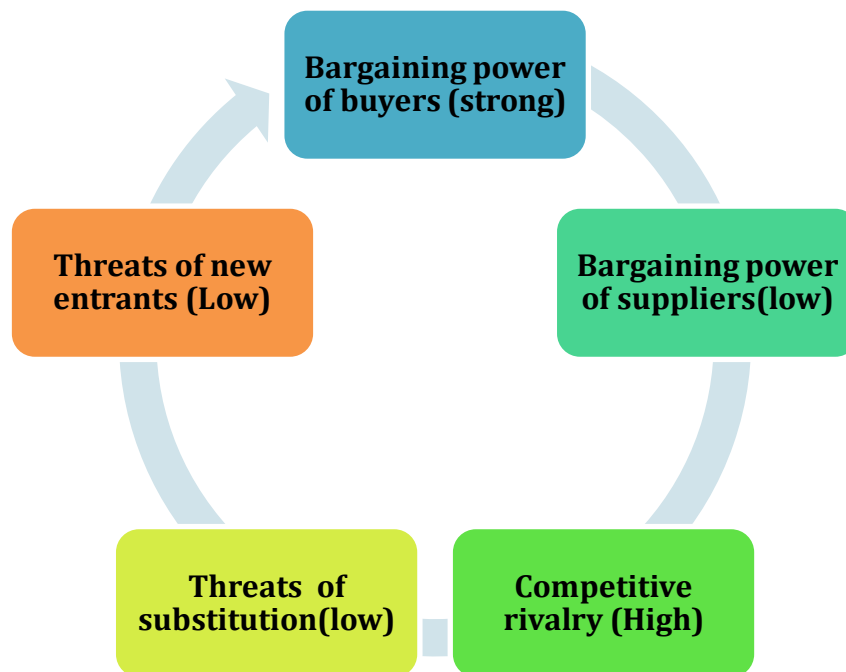


Figure 2: Porter's five forces

(Source: Brydges *et al.* 2020)

Bargaining strength of buyers

While undertaking the bargaining power of the consumers it can be noticed that buyers have a comparatively high level of bargaining power in the clothing industry because most of the business organisations belonging to this industry tend to provide their commodities and services at relatively the same level of price. As commented by Chakraborty and Biswas (2020), this has resulted in the success of each commodity sold in the market and aggressive marketing has resulted in the increasing volume of sales and productivity.

Bargaining strength of suppliers

By considering the bargaining strength of the suppliers of this company it can be noticed that suppliers have a relatively low bargaining strength in this industry. the main reason behind this is the fact that there are a lot of suppliers in the clothing sector in the UK.

Competitive rivalry

As opined by Syaifullah *et al.* (2021), competitive rivalry in the clothing industry of the UK is extremely high over the past few years. this indicates the fact that the company has to face strong rivalry from several big farms such as H&M, Marks and Spencer, Debenhams and

several others. the company has also been experiencing strong rivalry in the international market as well.

Threats of substitution

In this case, the threat of substitutes is quite low. altho the styles in the clothing industry have always been changing depending on the latest trends in the market, clothing is a necessary product for people. The retailers and the manufacturers of the clothing industry do not have to face a considerable threat from the potential substitute within the predictable future.

Threats of new entrants

Threats coming from the new entrance are quite low in this case because of the existence of strict entry barriers in the UK economy. the obstacles to entering the UK market are mainly caused by the Existing fierce market competition in the clothing industry and as a result the cost of penetration in this clothing market is extremely high. Further, the entire industry is crowded with both local as well as Global retailers and the premium category of retail companies has turned out to be increasingly established in terms of Technology advancements.

5. SWOT Analysis

Strengths	Weaknesses
● Aggregation of all kinds of assets on a single individual platform ● Value edition through the choice of product, strong relationship with the third party ● The capability of the high level of quality and cost ● Well-established channel of distribution along with the availability of options for credit purchase ● Positive brand image across the whole world	● History of several controversies regarding the treatment of factory workers and employees

Opportunities	Threats
● Licensing partnership Sourcing expertise of the company with the partners of designs skills ● getting the availability of the platform for the third-party plan ● increasing demand for completely customisable apparel ● the retailers leverage data and information of customers for personalization	● Failure in terms of meeting quality, design and value expectations of the consumers ● description of distribution and warehousing ● increasing market computation not only in the domestic market but also in the international market ● failure in terms of maintaining long-term liability and capital expenditure properly ● business destruction across the whole world because of the sudden outbreak of covid 19 pandemic

Table 1: SWOT Analysis

(Source: nextplc.co.uk 2023)

Advantages and disadvantages of SWOT analysis

The main advantage of this particular tool is that with the help of a successful application of the tool the respected business organisation can identify its strengths and weaknesses in the internal business environment. This particular tool has also been encouraging the entire process of strategic planning of this company along with reducing the shortcomings by identifying the potential threats of this company. The main disadvantage of this model is that it is considered to be a bit of a time-consuming process and it is an extremely subjective analysis. It also does not have any capability of giving further recommendations so that the company can deal with the potential threats.

6. STP Analysis

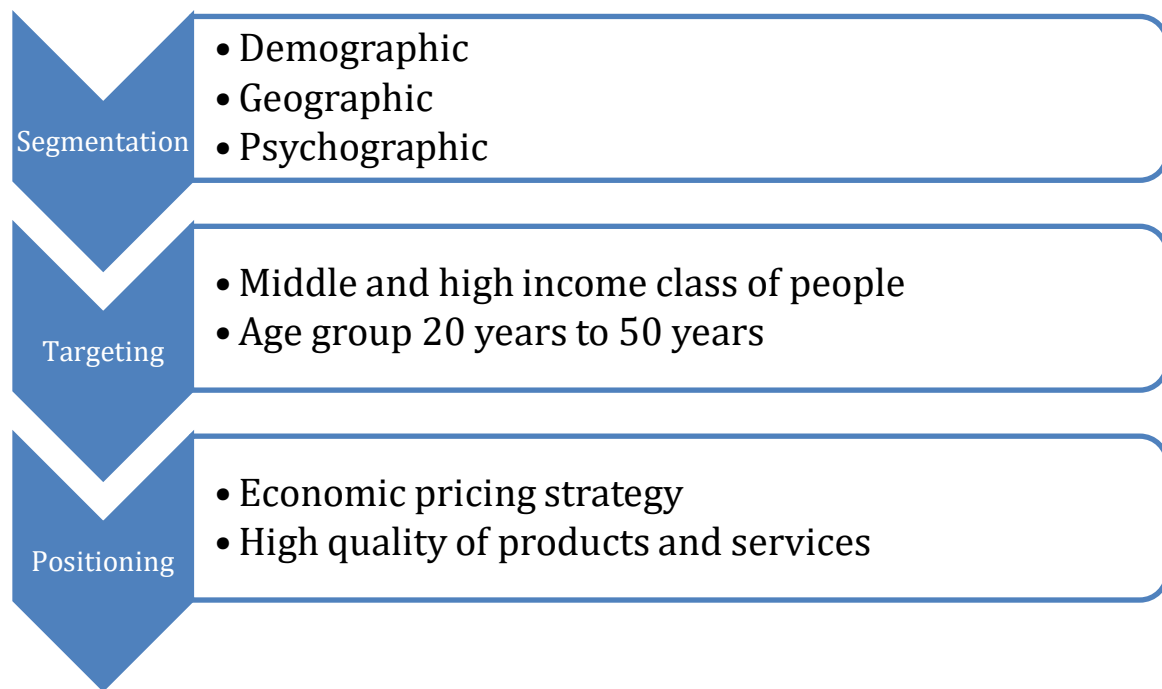


Figure 3: STP Analysis

(Source: Brydges *et al.* 2020)

The main advantage of using this particular tool is that it allows the company to increase their overall sales should defining the precise target market and after that positioning the commodities directly at these segments. The company needs to spend a huge amount of money to contact high-quality campaigns to finally choose the correct group of target customers which is considered to be the main disadvantage of this tool.

7. Marketing mix strategy

7.1. Price

The company has been observed to use three different types of pricing strategy such as premium pricing, geographical pricing and psychological pricing. By utilising the premium pricing strategy of few of its products the company has encouraged favourable brands (Syaifullahet *al.*2021). This particular pricing strategy has also added a touch of privilege as well as high value to the products and services sold by this company. Psychological pricing strategy has also helped the company in terms of gaining higher sales in most of the market because the consumer purchase rate is observed to be the highest when the company has applied this particular strategy. The company is also capable of penetrating different regional markets with the help of geographical pricing strategy which has helped the company in

terms of maintaining consistent growth of revenue by altering the price level in different markets based on the value of local currency.

7.2. Product

Since the very beginning of its business, the company has been maintaining a high quality of its products and services. They procure the raw materials from trusted and reliable suppliers only and then the products are manufactured carefully. The company has a broad portfolio of commodities which helps them reach different groups of target customers in the market.

7.3. Place

The company has its presence in both offline and online mediums. It has a wide range of licensed stores across the whole country in the UK and the company has also become successful in terms of developing a traditional website for the online placement of orders. The company has also been operating in several Hypermarket and supermarkets throughout the whole country.

7.4. Promotion

In terms of promotional strategy, the company is observed to use a digital marketing strategy, reward programs as well as community influencers.

8. conclusion

After overviewing the entire study this may be concluded that the company named Next plc has successfully been running its business over the past few years. Although the company has been facing several challenges both in the internal and external business environment, the leadership and the management authority have been working on resolving the issues.

Question b: Recommendations

Ansoff matrix

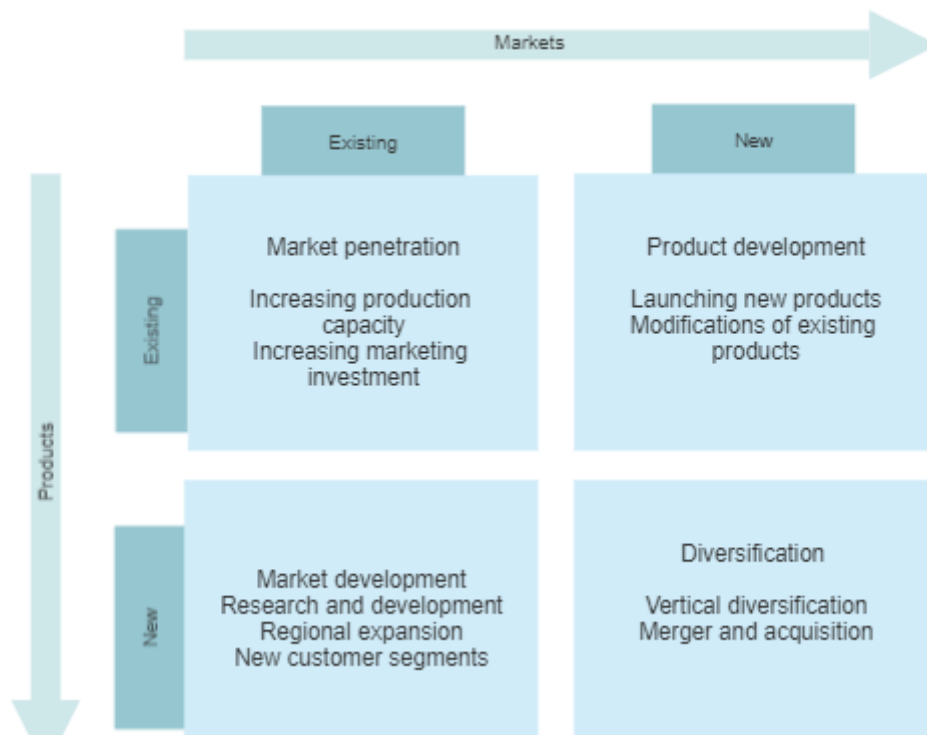


Figure 4: Ansoff matrix

(Source: Chakraborty and Biswas, 2020)

Market Penetration

In case the leadership authority of Next plc decides to follow the market penetration strategy then it has to increase its production level along with raising the overall marketing investment. Both of these steps will be associated with a huge increase in the operational cost of business.

Product development

To adopt this particular strategy of product development, the leadership and management authority of this company needs to launch brand new product range. It can also be done if the company can successfully modify the existing range of products and services. This particular strategy can help the company in terms of attracting a wide range of customers.

Market development

While adopting market development strategy, the company has to conduct high quality of research and development programs. It can also decide to expand its business by considering the regional expansion strategy. Segmentation of new customers is also part of the market development strategy.

Diversification

The company can adopt either vertical diversification strategy or it can also go for merger and acquisition strategy. Getting merged with an already established firm can help the company in terms of strengthening their position in the market as well.

Comparing all of the strategies of above diagram, the product development strategy will be recommended to this company.

Product Life Cycle model

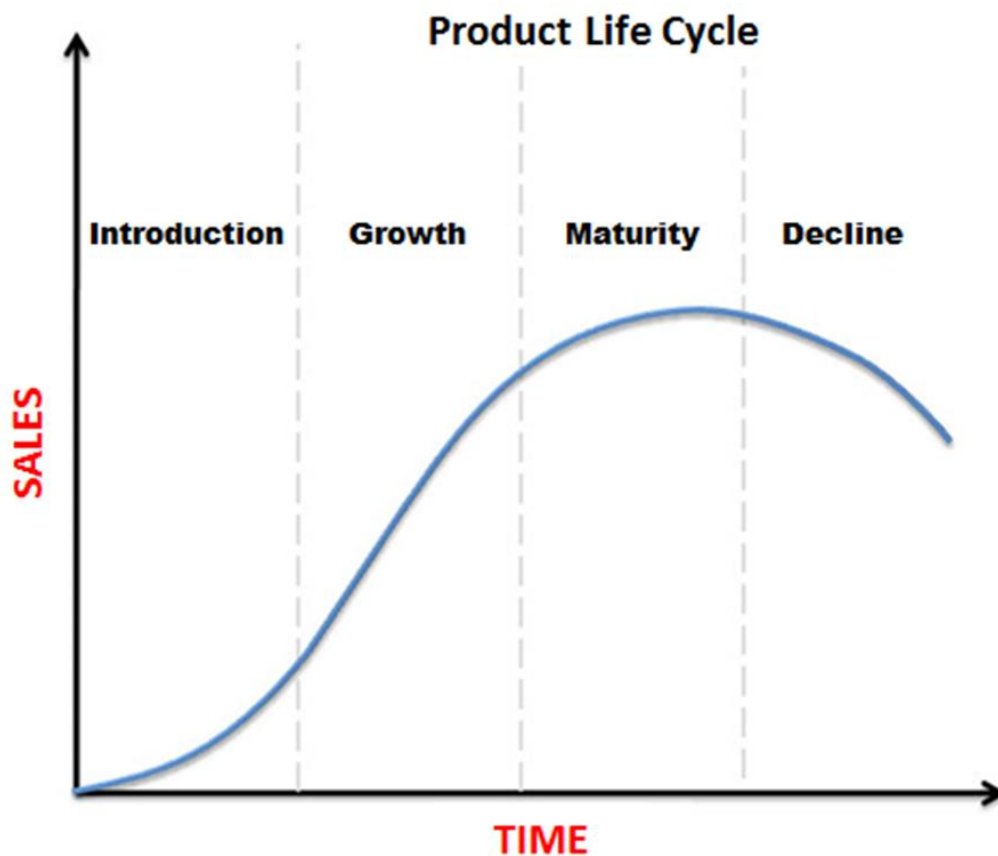


Figure 5: Product life cycle model

(Source: Chakraborty and Biswas, 2020)

Defence Strategies in growth stage

In terms of market expansion strategy the company will be recommended to go for merger and acquisition with more powerful company in the market.

Attack strategy in growth stage

The company will be recommended to apply Frontal attack strategy by giving free products to customers.

Strategy in maturity stage

Focussing more on social media marketing will be the most suitable strategy in this stage.

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