

Marketing Fundamentals

Assessment 2

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Analysis and Evaluation

Penka Mihaleva

In current times it is not enough for a company to simply be good at marketing itself. It also has to be recognisable, innovative and beneficial to its customers who are developing a relationship with the company. It has to constantly be progressing, whilst maintaining that familiar feeling that made us choose it in the first place. On top of all that, after considering which are its followers a company needs to know and utilise creating value for its customers. In this essay I will once again be looking at the Disney company. We will look at their utilising of the marketing concept, what successful branding is and how branding creates value for customers. And in the second part we will be looking closely at Disney stakeholders, both internal and external and how they impact the marketing activities of the company.

The role of marketing in creating value for customers

To begin this essay, I would like to discuss the marketing concept and how Disney has learned to utilise it to the utmost of their ability, bringing themselves immense success and profit. Once again we turn to Kotler and his “Principles of Marketing”. He defines the marketing concept as “a philosophy in which achieving organizational goals depends on knowing the needs and wants of target markets and delivering the desired satisfactions better than competitors do.” (Kotler, 2017) This would mean that the concept is a customer-centred rather than a product-centred philosophy, and it would deal more with sense-and-respond rather than with make-and-sell, making its goal being to find the right products for your consumers rather than vice versa.

Kotler then proceeds to explain that “to be successful, a company must provide greater customer value and satisfaction than its competitors do.” (Kotler, 2017) There is no need to ask whether Disney is successful or not. The 12.92 billion dollars in annual revenue from their theme parks alone, without mentioning the tens of billions of dollars for its movies, merchandise and acquired franchises, speak for themselves. So let us look at the four main ways Disney uses to utilise the marketing concept:

1. They use Masterful Brand Storytelling to Inspire and Resonate with children and adults alike – Ever since its creation in 1923 Disney has been making films targeting

audiences of all ages. What makes these movies unique is that they don't just entertain, they teach children morals and inspire them to be a better version of themselves. No other studio captivates people of all ages and makes a special place in their heart, making its brand unforgettable.

2. They use nostalgia to Establish and Maintain Customer Loyalty – On the back of the previous point, Disney has found that niche to use the customer's nostalgia towards its own films. And while it is arguable whether or not the new films are good or not, we cannot deny they are successful (with Jungle Book's remake grossing 900 million dollars in 2016, and others more recent remakes are enjoying the same type of success)
3. They target Audience and consumers through multitude of channels – Because it is not just the movies that bear the Disney brand, it is almost everywhere else, from TV shows to musicals on the big stage, from toys to cookies with icing of one of the many Disney characters. Whatever hole and need a customer may have could be arguably filled with a product or service bearing the brand of the big mouse.
4. They establish Disneyland and Disney World as a Destination Brands – Constantly changing to cater to the relevance of customers' needs, yet staying the same in a way that is familiar to people who have been there when it first opened to their children and probably their children one day. With the recognisable brand and character and the promise of the place "Where the magic happens" the theme parks are easily some of the most desired destinations in the world.

(Polizzi, 2020)

Secondly, let us look at what branding is, its advantages and how it creates value for customers. Branding as a process, defined by the branding journal is:

"The process of giving meaning to specific organization, company, products or services by creating and shaping a brand in consumers' minds. It is a strategy designed by organizations to help people to quickly identify and experience their brand, and give them a reason to choose their products over the competition's, by clarifying what this particular brand is and is not." (Marion, 2015)

From the definition above we can infer that both the branding process and the brand itself are created with the explicit mission to attract, create and keep loyal customers and stakeholders, by promising a product inexplicably connected to what the brand delivers. To summarise the aforementioned concisely, we can synthesise the major benefits of Branding in five main categories:

1. Customer recognition – as it is more likely for customers to pick a brand that they are familiar with, rather than an unrecognisable one, when it comes to a product or a service they are looking for.
2. Competitive edge in the market – it is what makes the company stand out in the marketplace. The more the company works for its brand, the more the brand will work for the company by elevating it to a competition with other known brands.
3. Easy introduction of new products – as once the company has loyal customers who recognise the brand, it will be much easier to announce, build anticipation and sell new products.
4. Customer loyalty and shared values – another part of the brand that consumers identify with is the values they share with the company. If they like and agree with the values, chances are, their loyalty to the brand would continue in the next generation as well.
5. Enhanced credibility and ease of purchase – which is the encapsulation of all of the above with the added conclusion that the more credible your company and brand are, the more likely it is people will trust you, and the more likely it is they will purchase from you.

(Fanaras, 2020)

Now that we know what the advantages of branding are let us discuss how branding can result in value for customers. In a company like Disney, there is a value from product innovations. In today's economy, which is incredibly rich on information and where consumers can acquire the full information about different products, different brands mainly differ in quality and price. The relationships between customers and brands boils down economically to price paid for quality of brand. However, due to the sheer excessiveness of products and brands, the best step for a company's brand is to be associated with product innovations, which create new competitive opportunities by having the boundaries of the industry reshaped.

Other customer values come from benefits that are known to provide happiness also known as the 3 E's – Enablement, Enticement and Enrichment. These benefits are not necessarily connected to the economic side of a company's brand, but rather what appeals to customers as humans (their needs, wants, goals etc.). Whether that appeal is on a professional or personal level, brands, which provide those benefits undoubtedly, make customers happy and ensure their future loyalty. The benefits in detail include the following:

- Benefits of Enablement – This benefit mainly deals with providing the customers with solutions to their problems, big and small, thusly enabling them to feel safe and secure and empowered with choosing the brand. Trusting that the brand will take care of its problems, the customers' anxiety is replaced with confidence and security.
- Benefits of Enticement – This benefit is known to connect to customers' senses, minds and hearts, thus enticing them to choose the brand as it is more visually pleasing, mentally stimulating and emotionally evocative. The benefit creates the feeling that the customers are cared for by the brand and its employees. We see reflections of that in the magic that Disney creates with its characters both on screen and in their many theme parks.
- Benefits of Enrichment – This benefit deals directly with who the customers are as people and acts consistently and coincidentally with the customers' hopes and beliefs, and their wish to be the best people they can be. The benefit also provides customers with the feeling of being proud of who they are, where they came from and the motivation to act honourably and courageously, while still being their authentic selves.

(Park, 2017)

Another strategic tool for companies to use when evaluating opportunities and values for customers is the Ansoff Matrix. Created by H. Igor Ansoff and published in 1957, the Matrix deals with marketing planning and it “can be applied to look at opportunities to grow revenue for a business through developing new products and services or “tapping into” new markets.” (Hanlon, 2020) It is mostly known for its focus on growth both in existing and new markets (diagram of the Matrix can be seen below in Appendix 1). Let us now look at the matrix' different strategies and how they relate to the Walt Disney company:

1. Market Penetration – dealing with how to sell more products and services to an already existing consumer following. Examples of this strategy implemented by Disney can be seen in:
 - Increase of production capacity
 - Increase of market investment
 - Enhancement of distribution
 - Competitive Pricing
 - Reducing operational costs
 - Acquiring competitors
 - Partnerships and joint ventures
 - New product benefits and features
 - Increase of frequency of consumption

2. Product Development – dealing with how to develop the company's new products and services in its existing market. The way Disney is using this strategy includes the following:
 - Modifications to existing products
 - Launching new products
 - Research and development
 - Strategic Partnerships
 - Product Quality

3. Market Development – dealing with how to make your way into new markets using the company's existing products and services. This is how Disney implements that strategy:
 - Research and development
 - Regional expansion
 - International Expansion
 - New Customer Segments
 - Brand awareness
 - Customer education

4. Diversification – Dealing with how to move in new markets while at the same time introducing new products and services. Diversification types which Disney uses to progress include:

- Vertical diversification
- Horizontal diversification
- Diversification towards a new business (by mergers and acquisitions)

(Harvey, 2020)

To conclude the first part of this essay I would like to mention the relationship marketing process and how Disney utilises it effectively. Relationship marketing is considered “the process of identifying, developing, maintaining and terminating relational exchanges with the purpose of enhancing performance” (Palmatier, 2008) Companies engage in this type of marketing to improve their relationship with their business partners. As customer relations migrate all the time, so must the relationship marketing process, and it is worth noting that “the most effective RM strategies across migration paths can help firms promote customer migration to higher performance states and prevent deterioration to poorer ones.” (Zhang, 2016) Disney is a notable example of a company that creates an authentic relationship with its customers, mostly having to thank its theme parks for said relationship. Children and adults alike are greeted by princesses and cartoon characters, they are given balloons and badges, and allowed to lead the Jungle Cruise and Mark Twain attractions. “With a 70% return rate of first-time visitors, Disney Resorts truly exemplify an emotionally-connected culture.” (Zhang, 2016)

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

We will begin the second part of the essay by defining what stakeholders are and what types of stakeholders there are. Investopedia defines stakeholders as “a party that has an interest in a company and can either affect or be affected by the business.” (Fernando, 2021) The stakeholders of a company could be investors, employees, customers or suppliers, however in

current times we have broadened the definition to now also include communities, governments and trade associations. They are not to be confused with shareholders, as stakeholders are “tied” to the company by a certain vested interest, often for a long period of time, for the reason of need. A shareholder on the other hand has a financial interest but is in no way tied to the company (e.g. a shareholder can sell his shares and get out of the company at any time.)

With stakeholders defined let us take a look at the different types of stakeholders and what are the key differences between them and their involvement in the company. Stakeholders can either be internal or external. We can divide them by their difference in five main categories in the table below:

	Internal Stakeholders	External Stakeholders
1. Meaning	Internal stakeholders consist of people or parties that have a direct interest in the company and are directly affected by it and its activities	External stakeholders are not directly affected by the company succeeding or failing
2. Kind of influence	They are directly impacted by the activities of the company.	They are no directly influenced by the activities of the company.
3. What do they do	The company utilises and benefits from their services	They deal with the company from the outside
4. Information available	They are very familiar with the matters and problems of the company.	They are not familiar with the internal problems of the company. They only have access to the publically available information for different objectives. (e.g. financial information)
5. Kind of stakeholders	These are also known as primary stakeholders.	These are also known as secondary stakeholders

(Terms Compared, 2020)

From the table above we can infer that internal stakeholders, be that individuals or groups, who participate in the management of a company. They have an impact and are impacted by the company's decisions and activities. Being the keepers of the company's secrets and information, the company would not survive for long without them. Examples of internal stakeholders for the Disney company are:

- Employees – who work for the company in exchange of financial reciprocation.
- Owners – who own the company, be that individuals, partners or shareholders
- Board of Directors – elected by the members of the company, they govern the corporate side of matters.
- Managers – who are in charge of the management of groups of individuals and departments.
- Investors – who invest financially in the company.

(Surbhi, 2017)

In contrast to the above we have the external stakeholders. They do not take part in managing the company, however the work of the company indirectly affects them. They use the company's financial information to stay relevant with the company's performance, profitability and liquidity. Examples of external stakeholders for the Disney company are:

- Suppliers – who provide the company with raw materials, equipment etc.
- Customers – who are considered to be the biggest stakeholders as they are the consumers of the products and services the company supplies
- Creditors – who provide funding to the company (be that a bank, financial institution or an individual)
- Clients – not to be confused with customers, the clients are “the parties, to whom the company deals and provides its services.” (Surbhi, 2017)
- Intermediaries – who act as the marketing channels, linking the company and the customers (i.e. wholesalers, distributors, retailers, etc.)
- Competitors – who are the rivals of the company in the market (although nowadays Disney can hardly be rivalled)
- Society – as the company uses societal resources, it bears a great responsibility towards the society

- Government – They are technically also a stakeholder as they govern the company via rules and regulations.

(Surbhi, 2017)

Next comes the invaluable communication with the stakeholders, and just as we have internal and external stakeholders, we have internal and external communication with them. The internal communication is the exchange of information and ideas within the company via personal contacts, phones, e-mails, intranet and modern employee communication platforms.

(Martic, 2020)

The four main types of internal communication are:

- Vertical - between individuals on different hierarchical positions
- Horizontal – between individuals on the same hierarchical positions
- Upward – from employees to managers and leaders
- Downward – from managers or leaders to employees

(Martic, 2020)

External communication on the other hand could be both within the company and outside of it. It plays a very important role on the company as it happens on a daily basis. External communication splits in two parts:

- Informal – which the company cannot regulate directly
- Formal – Which is regulated directly by the company with the main goal to inform the world on the outside of important news regarding the work and quality of the company via letters, reports, presentations and web pages.

(Martic, 2020)

Finally, before the conclusion I would like to briefly discuss the stakeholder impact on the business and marketing activities of the Disney company. Stakeholders with the most impact on Disney's business and marketing are:

- Investors and Partners – as they are the people who directly fund the company they also get to choose, demand and influences certain specifics from the company's marketing and operation of the company in exchange for their money.

- Government and Society – although more general, what is acceptable and not according to society and what is legal and regulated according to the government can affect and shape the marketing strategies of the company (e.g. not using minority stereotypes, offensive language etc.)
- Employees (both to be recruited and retained) – while it might cost the company a little more in wages and benefits, keeping your employees happy would mean that they strive to make and keep the business to the utmost of their abilities. Another way is to also involve them in important decisions using internal communication.
- Customers – Leaving the most important for last, without the loyal customers and consumers the business fails no matter how hard it tries. This would mean that the company needs to constantly adapt its marketing strategies to cater to the ever-changing needs of the customers.

Having discussed the marketing concept and branding, we can safely say that Disney has utilised these principles and philosophies not only well but close to perfect. Its many stakeholders and the clear communication between the company and the outside world are proof enough, that just like in the past 98 years Disney will continue to be on the top of the entertainment business recognised everywhere around the world.

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Appendix 1

