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Abstract

This study intends to analyse the marketing strategy of Abbey Cars Ltd, one of the largest private hire contract operators in the United Kingdom. The research will provide a detailed PESTLE and SWOT analysis for the organisational context of Abbey Cars. The author of this report will also include a detailed review of the Porter's 5 Forces Model and its application to the market environment of Abbey Cars company, along with segmentation, targeting and positioning strategies. Marketing mix strategies will be reviewed and guidelines for potential marketing strategies will be presented after the study. This report's author is an independent consultant and an ex-employee of Abbey Cars.

Introduction of Abbey Cars including the company's mission statement

A brief introduction to Abbey Cars Ltd. The company was established as a family business in 1968. Nowadays it is one of the biggest private hire operators in the UK. It hires about 5,000 drivers under various terms of the contract, plus shift controllers and day/night managers and their assistants. It is also one of the biggest mini-cabs and private sector providers in the United Kingdom. The company is involved in the transport industry, including mini-cab private contract, PCO approved transport vehicles for schools and hospitals. The company also serves Pinewood Studios, BBC and BP Headquarters in the Chertsey area. The organisational structure of Abbey Cars can be defined as a decentralised type with one head office and one mini-cab office. Each mini-cab office is an autonomous franchise, typically licenced to be used by private hire operators. Each of these franchises reports to the head office on payroll, recruitment, health and safety issues and consumer relations. According to Company House (2020), Mr Keith Cox is the present director of the company and Mr Richard Tranter is the secretary of the company. The biggest rivals on the market are the black London cabs, Uber, Bolt and Addison Lee. Ward (2020) defines mission statement as 'a sentence or short paragraph that defines the existence of a business, non-profit, government organization, or any other entity.' A well-established company, Abbey Cars have its mission statement, which consists of four declarations:

1. *We are here to take people to places they go.*
2. *We love our clients as our family.*
3. *We offer the best transport service in the region.*
4. *We are environmentally friendly.*

These statements reflect the company's business philosophy, how the company handles its clients, the company's ambition and, finally, the relationship with the mission of being green and saving the planet.

Applying PESTLE analysis for the business environment of Abbey Cars

Amable (2018) identifies PESTLE or PESTEL analysis as 'a framework or tool used by marketers to analyse and monitor the macro-environmental (external marketing environment) factors that have an impact on an organisation.' The result of this study

is used to explain weaknesses and threats and will be used later to conduct a further analysis called SWOT. Figure shown below presents typical PESTLE analysis and all its components explained in brief.



Figure 1: PESTLE analysis, based on source: (Green, 2018)

1. **Political component:** This component considers how the operating environment of an organisation is affected by government activity, whether at an international, regional or local level, according to Green (2018).
2. **Economic component:** Reflects the general state of the economy, products, services and finances, including inflation, economic growth, exchange rate and unemployment, as well as the regional factors affecting the economic climate, states Green (2018).
3. **Social component:** Sometimes known as the Socio-Cultural Component, this is the context in which people express their values and attitudes. This includes age distribution, population growth and health issues, confirms Amable (2018).
4. **Technological component:** The technical element of the PESTLE study is the pace of technological change, R&D operation and automation, according to Green (2018).

5. **Environmental:** The evaluation of the exposure of the industry to environmental change is an important part of the PESTLE study, both in terms of the current effects of environmental factors and of what future planning company will need to undertake. As climate risk becomes an increasingly important factor in business analysis, this structure aspect is becoming more crucial, by the opinion of Green (2018).
6. **Legal component:** Include health and safety laws and regulations, advertising guidelines, consumer and rights legislation, public protection and complaint management procedures, according to Amable (2018).

Table shown below presents PESTLE analysis prepared by the author for the business environment of Abbey Cars.

Political factors: ➤ Updated government rules and regulations for the outbreak of COVID-19. ➤ Approaching Brexit and its implications for the taxi industry. ➤ Public discussions on the minimum wage rules of the taxi industry. ➤ Bureaucracy. ➤ Increase or reduce of the tax rate.	Economic factors: ✓ The volatility of the global economy due to the effects of the outbreak of COVID-19. ✓ The sluggishness of the economy triggered by the upcoming Brexit. ✓ The rise in unemployment figures: for self-employed men (-133,500) and women (-8,900) in the last quarter of this year, relative to the same quarter of 2019, according to the Office for National Statistics (ONS) (2020). ✓ Difficulty in securing credit for fleet upgrades. ✓ Raised taxes on water, gas , electricity. ✓ Reduced customer willingness to afford the use of taxis during the outbreak of COVID-19. ✓ Strong competition from Uber, Bolt, Ola and Addison Lee.
Social factors: • Rise in the population figures. • Employment sector transitions due to the effects of the outbreak of COVID-19. • Lifestyle habits and religious views that influence the involvement of employees in the company's work. • Customer service levels must be kept high in order to be able to compete with industry competitors.	Technological factors: ○ New and enhanced booking methods (online, via app). ○ The use of mobile payment terminals made the payment process simpler, also reduced the amount of cash carried by drivers and also reduced the crime rate. ○ It is costly to upgrade and manage new PDAs. ○ The use of electric cars allows shift patterns to be disrupted.

	○ Maintaining the fleet of the hybrid and electric cars is expensive.
Environmental factors: ❖ The increase in congestion charges has an effect on the price of transport to central London. ❖ Traffic congestion, as a result of longer travel times and increased use of fuel. ❖ It is expensive to turn to electric or hybrid cars because of the high costs for new or almost new vehicles. ❖ Supplementary costs including the disposal of old and non-roadworthy vehicles.	Legal factors: ▪ The need to comply with all applicable laws and regulations for the taxi industry. ▪ Possibility of legal proceedings or even lawsuits from unhappy users. ▪ Parking fees and city authority tickets. ▪ The result of the latest Uber court case in relation to the minimum wage and holiday payments.

Table 1: PESTLE analysis for the business environment of Abbey Cars, based on source: (ONS, 2020 & Author's research)

Analysing the relation of Porter's 5 Forces Model to the context of selected organisation

In 1979, Porter's Five Powers of Competitive Position Analysis or Porter's 5 Forces Model was developed by Michael E Porter of Harvard Business School as a basic framework for evaluating and measuring the economic strength and role of a business organisation, according to CGMA (2013). The figure displayed below represents a very good example of Porter's model, on the base of which later the author will be constructing Porter's model for the context of Abbey Cars.



Figure 2: Porter's Five Powers of Competitive Position Analysis, based on source: (Business-to-you, 2016)

Based on the casework provided by Hopkins (2018) and the author's own research the table displayed below provides detailed analysis of the Porter's 5 Forces Model applicable to the business environment of Abbey Cars company.

Threat of new entrants <i>Level of threat: low</i> ✓ Entry into the industry requires significant investment in infrastructure and considerable capital. ✓ New entrants would have to comply with very stringent regulatory requirements. ✓ Abbey Cars have a very well-established loyal customer base.	Threat of substitute products <i>Level of threat: low to medium</i> ✓ The switching costs of using a replacement product are high (physiological and economical) - level is low. ✓ The psychological switching costs of moving from product to alternative goods are minimal - level is medium. ✓ Uber and Bolt can sell similar products at a lower price - level is medium.
Bargaining power of suppliers <i>Level of threat: low to medium</i> ✓ A great variety of suppliers. ✓ Low cost of switching. ✓ Availability of substitute options. ✓ Abbey Cars are price sensitive and have ample industry awareness and experience. ✓ When the suppliers are few and the demand for their product offered is strong, the stance of the suppliers against Abbey Cars is strengthened - level goes to medium.	Bargaining power of buyers <i>Level of threat: high</i> ✓ Low cost of moving between sellers. ✓ The option of corporate clients amongst rivals in the industry. ✓ Sensitivity to price and consumer awareness on the part to consumers. ✓ A large number of sellers: Uber, Bolt, Ola, Captain and Addison Lee.
Rivalry among existing competitors	
<i>Level of threat: medium to high</i> ✓ The number of sellers is increasing slowly. ✓ The taxi industry is currently in decline due to the effects of the outbreak of COVID-19. ✓ At the moment, there is no market leader due to the ongoing controversies surrounding Uber. ✓ The costs of quitting the industry are high.	

Table 2: Porter's 5 Forces Model applied to the context of Abbey Cars, based on source: (Hopkins, 2018 & Author's research)

Performing SWOT analysis for selected organisation

Hill (2019) describes the role of the SWOT as: 'SWOT refers to strengths, weaknesses, opportunities and threats. SWOT analysis is a process where the management team identifies the internal and external factors that will affect the company's future performance.' As it was mentioned before, SWOT is the part of the environmental scan together with PESTEL. The results of PESTEL analysis will be used to perform a detailed SWOT analysis as an internal environmental scan of our chosen organisation of Abbey Cars. The figure displayed below is presenting the typical structure of SWOT analysis.

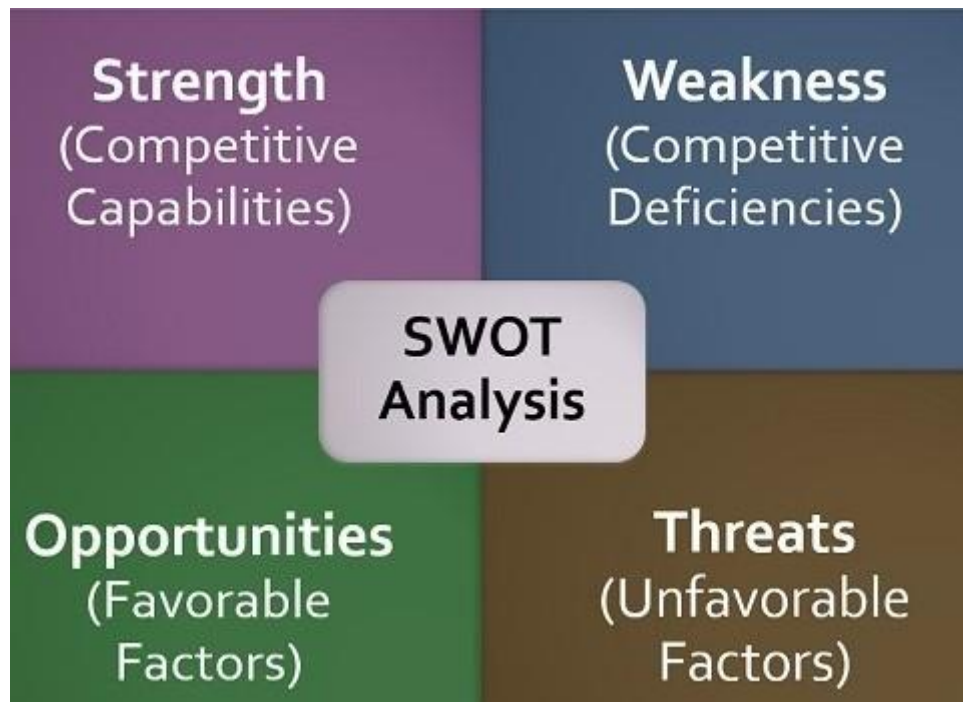


Figure 3: The structure of SWOT analysis, based on source: (Business Jargons, 2020)

The table presented below is displaying the SWOT analysis completed by the author for the business environment of Abbey Cars company.

Strengths	Weaknesses
➤ The business is selling a high-value commodity. ➤ It is appealing to investors. ➤ Well-known brand name. ➤ Big collection of loyal clients. ➤ Prices are going to win over close rivals. ➤ Strong quality of service to the consumer. ➤ A wide range of available cars, from the economy to the executive.	✓ The relentless strain of the nearest rivals: Uber, Bolt, Addison Lee. ✓ Difficulties in securing credit for upgrading the fleet of vehicles. ✓ Lack of training for inexperienced drivers and managers. ✓ There are signs of corruption and family relations in some of the branches. ✓ High prices for the repair of hybrid and electric vehicles.

➤ New promotions including updated mobile app.	
Opportunities ○ More clients to be taken to Uber if he loses his court case. ○ Lower prices in some popular destinations to draw new customers. ○ Focusing on suburban areas that the major rivals do not hit. ○ Switching to hybrid and electric vehicles to reduce running costs. ○ Build new promotion methods.	Threats ● Possible legal problems as a result of the Uber case. ● Policy problems relating to unpaid fares and parking fines. ● Reduced labour force numbers due to the outbreak of COVID-19. ● New start-ups such as Ola, Kapten and ViaVan are rising business tensions.

Table 3: SWOT analysis for Abbey Cars company, based on source: (Hill, 2019 & Author's research)

Analysing the relation of segmentation, targeting and positioning to the business environment of Abbey Cars

Camilleri (2018) defines market segmentation as 'the actual process of identifying segments of the market and the process of dividing a broad customer base into sub-groups of consumers consisting of existing and prospective customers. Market segmentation is a consumer-oriented process and can be applied to almost any type of market.' If the consumer segments are defined and profiled, the marketer must decide which segment to target. Different consumers may have varying standards. For example, there may be consumers who prefer differentiated, good quality services, while others may be more price sensitive. In case of Abbey Cars, there are three groups of consumers have been identified: locals, tourists and business users. The next step is targeting. Camilleri (2018) advises: 'once the market segmentation has been completed, the company should be aware of the needs and wants of its selected segments.' Abbey Cars is presenting a differentiated marketing strategy, when each of the customers segments is offered a different marketing approach, according to Camilleri (2018). It includes different add-ins to the travel prices and various discounts. And finally, the positioning. Camilleri identifies this as 'Firms formalise "positioning statements" which specify the position they wish to occupy in their target customers' minds, relative to other competitors' products or services.' In the case of Abbey Cars, each of the three consumer segments has different positioning strategies: local-friendly, travel-friendly and business-friendly.

Brief description of marketing mix strategies related to the context of Abbey Cars organisation

According to Todorova (2015), Neil Borden, president of the American Marketing Association, first used the term "marketing mix" in 1953. He first developed the components of make-up marketing programmes. He also specified the marketing forces that the marketer must adjust to ensure success. It includes buyers of money,

the economy, the rivals and the government. The marketing mix is best achieved through the 4 P marketing mix: Price, Product, Promotion, and Place.' The figure below shows the 4Ps marketing mix structure.



Figure 3: 4Ps of the Marketing Mix, based on source: (Cohen, 2019)

In the case of Abbey Vehicles, the product would be described as bringing customers to places they wish to drive on public or private roads. The price will be dependent on the distance needed to fly. The place is the point of sale of the product. And then, eventually, the promotion. This could be done by ads, product promotion, direct marketing, digital marketing and public relations.

Proposed recommendations of future marketing strategies for Abbey Cars company

One of the potential promotions that Abbey Cars is currently running is the latest updated app promotion. It is marketed digitally, by means of magnetic banners placed on company vehicles, printed leaflets and branch ads. Direct marketing is achieved by text messages to targeted customers and email newsletters. Interactive marketing is generated by reviews from AppStore, online forums and online surveys. Public relations have been fulfilled by the opportunity to donate some money to selected charities by using the tool in the mobile app.

Conclusion

The author studied and interpreted the comprehensive PESTLE and SWOT analysis for the organisational background of Abbey Cars in this article. He also offered a thorough analysis of the Porter's 5 Forces Model and its application to the business environment of Abbey Vehicles, as well as segmentation, targeting and positioning strategies. Marketing mix techniques were also evaluated and recommendations for future marketing strategies were presented following the report. Related online research, combined with online and home studies, was conducted following this study.

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