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Reckitt's Marketing and Stakeholders' Contribution in Value Creation

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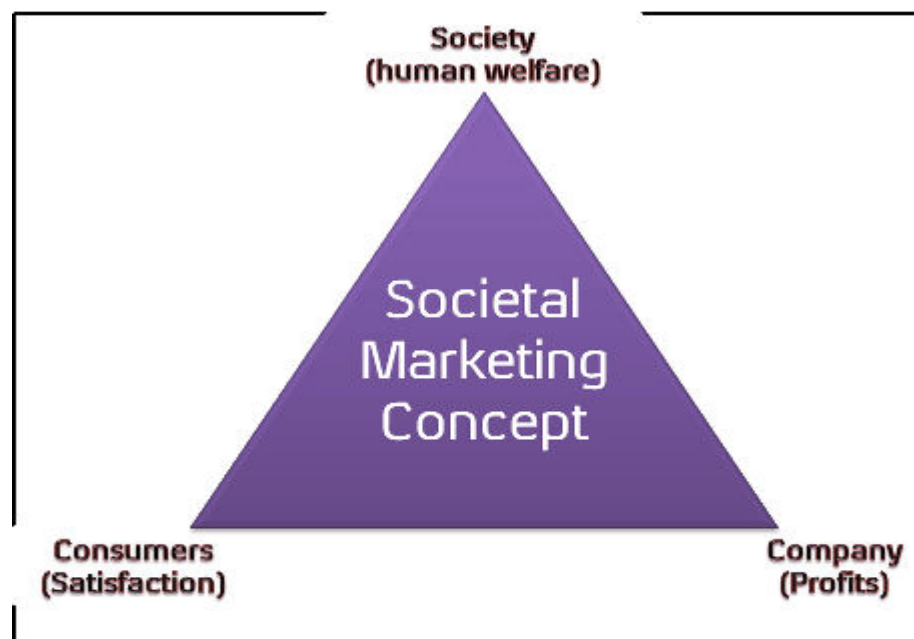
Abstract

This essay explores the role of marketing in value creation for customers. Firstly, It looks at the benefits of marketing to consumers. Then, it tries to explain what branding is and how branding benefits both businesses and consumers. It also demonstrates how branding creates value for customers. Then, it goes on to show the Ansoff Matrix used by Reckitt. Secondly, it

defines what stakeholders are and how they impact Reckitt. Then, it explains the ways Reckitt engages with its various stakeholders. Lastly, it outlines the impact these stakeholders have on the marketing activities of Reckitt.

1. The role of marketing in creating value for customers.

The societal marketing concept states that an organisation should first determine the needs, wants, and demands of its markets and then try to satisfy these needs and wants as much as possible and more efficiently and effectively than its rivals while ensuring the betterment of its consumers and the well-being of society at large in the long run (Kotler, 2018). It promotes sustainable marketing that benefits both society and the environment, which will leave a better world for generations to come. Reckitt is a multinational corporation in the healthcare industry. It aims to create a better society by providing products that can ensure the health safety of people around the world. Its entire business model is based on the societal marketing concept through which it strives to benefit and safeguard everyone in society (Brychkov & Domegan, 2017). It includes everyone starting from suppliers, partners, consumers, and other stakeholders in its pursuit of creating a better society.



Source: Marketing Ark (2017)

Benefits of Marketing to Consumers

In the world of marketing, benefits and values are the most frequently used words. Customers buy products and services because they deliver value and offer benefits, which solve their problems and satisfy their needs. Marketing basically is a knowledge-sharing tool used by organisations to educate people about their products, the features of these products, their benefits, and so forth (Dellaert, 2019). Customers become more aware through the knowledge provided by marketing and begin to learn to pick products that deliver them the maximum value and better cater to their needs. They mostly benefit from the competition created by the marketing efforts of different organisations, which help them get products at a lower price with possible maximum value in that price point. Marketers try to clearly communicate the benefits that their products and services offer, which enlightens customers with tiny details about these offerings and helps them choose the products with many benefits from a set of products (Edmondson, et al., 2019). Customers can easily make comparisons between products before making the purchase decision, which, at times, can save them money. Discount offers and other sales offers are directly resultant from marketing activities. Organisations make these offers as part of their promotional activities, which benefits customers in a number of ways ranging from getting more products with less money than usual to buying expensive products at a cheaper price. Marketing provides customers with four types of benefits. First, the core benefits, which are sometimes called the functional ones, by default, come with the products that solve the major problems of customers. Second, the expected ones are the benefits that customers usually expect when buying products. They usually remain implied. Third, augmented benefits are those that come with added value, cause excitement and joy, and surprise the customers. Lastly, potential benefits are the ones that play in the imagination of customers. These benefits trigger the customers most effectively to make purchases.

Branding

A brand is a symbol, icon, name, design, term, and any other form of feature that identifies a business' products and distinguishes them from products of other businesses (AMA, 2021). Branding is equipping products and services with the prestige of a brand name (Kotler & Keller, 2016). Branded products and services come with exceptional and unique qualities, receive widespread acceptance from people across the world and sell easily and in huge quantities. For example, Dettol is one of the most sought-after branded products from Reckitt

in the healthcare industry. It is the power of the brand image Reckitt has that makes people want them more.



Source: Reach First (2018)

Benefits of Branding

Increased Customer Recognition

Branding efforts are for increasing brand awareness. As brands receive more attention towards their products, which increases the familiarity of their products to more potential customers at the same time. Customers always prefer the products that they are most familiar with. They even recommend these products to their family members, friends, and colleagues, which is known as word-of-mouth marketing in the marketing literature (Coffie, 2020). Branding works in the minds of customers on a deeper level. Brands that create an emotional bond with their customers win in the game of branding.

Strong Customer Loyalty

Once customers start to recognize the products of a particular brand, they feel a strong connection towards the brand, which prompts them to buy more products from the brand. They gradually become loyal followers of the brand. But it is not that easy for a brand to get customers back to buy more of its products. In order for it to win over its customers, the brand needs to combine its products with compelling features and engaging branding that can automatically persuade customers (Chernev, 2020).

Brand Equity

Brand equity is directly proportional to the number of new products. To put it another way, if the brand equity of a brand increases, its new product development efforts go up in the same direction. The costs associated with introducing these new products to markets go dramatically down, as they do not need extra marketing efforts to be familiarized with the

consumers. People tend to buy more products from brands that have high brand equity and value.

Enhanced Credibility

Branded products are very credible. They keep the promises they make to their consumers. These products are perceived as credible within the industry as well. Brands need to be consistent with their product qualities and must deliver what they promise to deliver. In a free-market system, products that offer more features sell better than the ones that offer less. Customer service and after-sales experience play a major role in building and establishing a brand's credibility. Innovations seem to have become a major force in this regard.

Talent Attraction

Smart branding always attracts top minds. These top minds try to know and explore what goes behind the creation of a brilliant branding campaign. They become more intrigued to know the depths and creative processes involved in branding efforts and look for ways to get on board with the brands that they admire. In the process, brands get to hire talented and creative individuals that add more value to their branding endeavours. These new talents bring in new strategies to brand the products and services (Heding, et al., 2020).

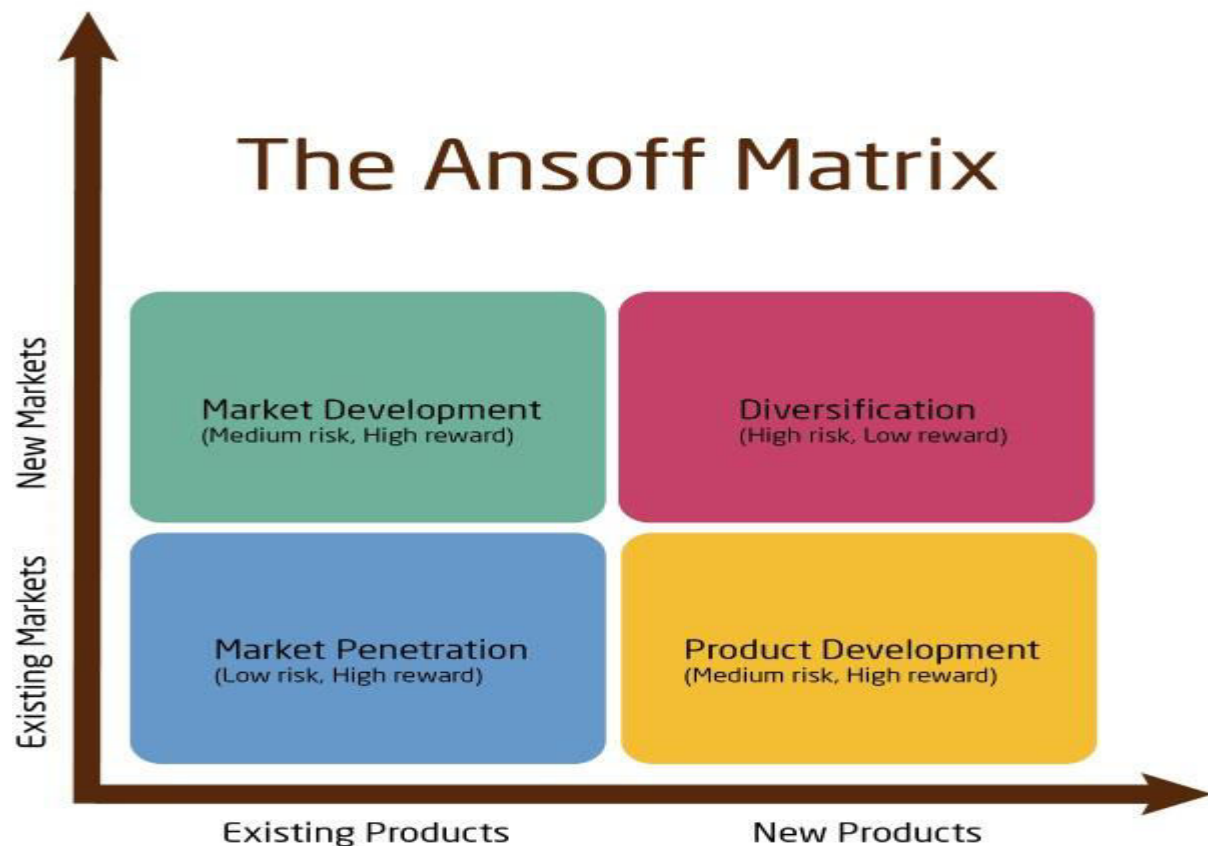
Value Created by Branding for Customers

Brands create value for customers in so many ways. Firstly, brands compete with each other to produce the best possible products that can deliver maximum value and best satisfy customer needs and wants. Secondly, they invest heavily in product innovations that can make the lives of customers easier and hassle-free. Product innovations have changed the world over the years. Brand success largely hinges on building markets that are not still realized by the customer themselves who have an innate need and an interest in those markets and even by the competitors. Examples of such market spaces include Facebook, Google, and Apple, which have revolutionised the ways people communicate and live their lives today. Customers of these products are almost everybody ranging from teenagers to people in their sixties. They are still in awe of these innovative products. Thirdly, brands strive to spread happiness with their offerings. People opt for brands that put a smile on the faces of their buyers alongside their products. It is not always economic variables that dictate consumer buying behaviours. Perceptions about particular brands lead to purchases of their products,

which is fascinating and has always been a research interest. These brands provide happiness to customers and make them spread that positive energy with their surroundings at every purchase.

Reckitt's The Ansoff Matrix Strategies

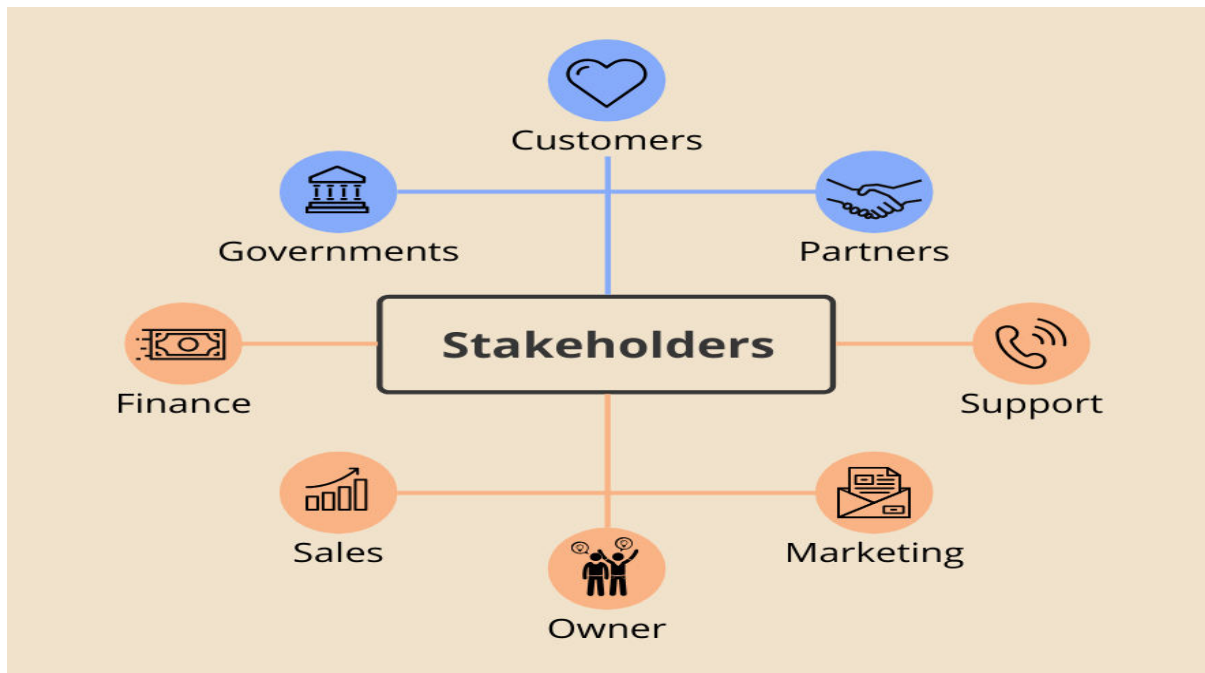
The Ansoff matrix is a tool that helps businesses strategise in matters relating to growth and market expansion. It guides businesses from a strategic standpoint. It has four options that are market penetration, product development, market development, and diversification. Businesses have to choose from these four options or they can use a hybrid combination of them based on their business needs and other important market factors. Before implementing any of these strategies, a business needs to scan its internal and external environments. Guided by the scanning, it can choose an option that better fits its organisational growth strategies. Reckitt primarily uses a market penetration strategy from the Ansoff matrix. It strives to sell more of its existing products in its already operational markets. It adds new features to its existing products to capture more market share in these markets. It launches a number of promotional campaigns every year to attract customers to switch from its competitors. It has a large and strong distribution network and supply chain channels that can reach consumers in remote places. It enjoys economies of scale due to its efficient and ever-increasing production plants. Reckitt occasionally uses market development strategies to enter new markets with its existing products.



Source: Marketing 360 (2019)

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

Stakeholders, in simpler terms, are the ones who have a stake in an organisation both directly and indirectly. More clearly, stakeholders are those who can affect a corporation or be affected by its actions, policies, decisions, and performance. They have a vested stake in a corporation that impacts it in a number of ways (Carroll, et al., 2017). A stakeholder can be both internal and external to a corporation, meaning they are not mutually exclusive. Employees, managers, customers, investors, unions, suppliers, distributors, communities, creditors, governments, trade associations, the media, business support groups, shareholders, business partners, the public at large, etc are typical examples of stakeholders that an organisation can have (Steiner & Steiner, 2011). The concept of stakeholder now extends to include entities beyond the usual because of the enhancing importance of corporate social responsibility (CSR) practises (Nikolova & Arsić, 2017).



Source: Stakeholder Map (2020)

Internal Stakeholders of Reckitt

Internal stakeholders are individuals and groups who engage actively and directly in operational activities and projects of an organisation. They include employees, managers, executives, board of directors, shareholders, and all business functional units. They receive benefits if the organisation performs better financially while they bear the losses if it fails miserably. They are core to business operations. As a result, their perceptions about the organisation hold the importance of an extremely high degree. They need to feel connected to and included in the organisation for which they work hard. Besides, they must have a say in the decisions that the organisation makes and plans to make in the near future because these decisions directly impact them. Shareholders have enormous power and they can exercise it to remove key people from the top management and even the board of directors. Employees have the power and influence to go on strike if their needs are met and they are not appreciated in proportion to their contribution. Reckitt's internal stakeholders are its respected shareholders, board of directors, managers, talented employees, marketers, accountants, HR managers, production managers, etc. Reckitt honours its shareholders, the actual owners of the organisation, with a handsome dividends package every year. But, sometimes it fails to declare dividends for its owners because of poor economic conditions and its disappointing and unprecedented bad performance, despite its dedicated efforts.

Reckitt rewards its employees for their extraordinary performance with benefits packages and membership cards of high-end health clubs and gyms.



Source: Stakeholder Map (2020)

External Stakeholders of Reckitt

External stakeholders are the people and groups of people that are not directly involved with the operational activities of an organisation. But, they affect or can be affected by operations, decisions, policies, and outcomes of the organisation. They are customers, suppliers, investors, creditors, communities, business support groups, trade unions, labour unions, society, the media, activists groups, environmental protection groups, the public, and the world at large. External stakeholders may not directly engage with the business, but they can cause influence in a number of ways. Trade unions can put a ban on the organisation and limit its business operations. Labour unions sometimes go on strikes because labourers are treated very poorly and their working conditions are below standard in some places. They do not even receive the minimum wage set by governments in some countries. Customers go on a boycotting spree if an organisation behaves unfairly and insensitively. This costs the organisation a big fortune and tarnishes its brand image. Environment protection groups can cause the closing of the plants that hamper the environment in a negative way and endanger

the ecosystem of the locations. Reckitt remains highly respectful when it addresses its stakeholders (Reckitt, 2021). These stakeholders come from different external groups. Some come from the government while others represent the communities. Reckitt ensures accountability when its products harm the customers and it compensates for the damages caused by the faulty and expired products. It is committed to its environmental promises it has made and upholds them by contributing to the environment positively in which it operates. It supports various social causes. As part of that, it has partnered with “Save the Children”.

Stakeholder Engagement by Reckitt

Reckitt states in its stakeholder engagement report that its sustainability strategy can become a success only if it focuses on the most important issues to the organisation— its stakeholders. It cannot achieve its projected success without actively engaging with its stakeholders. As a reflection of the matter, Reckitt holds stakeholders' meetings whenever it takes a major decision because it believes these stakeholders rightfully have a say in that. It arranges focused dialogues for communicating with its stakeholders. It takes the issues that are on the priority list of stakeholders into account with extra importance. Reckitt believes it helps them allocate resources in places of higher potential that can yield the maximum output (Reckitt, 2018). The partners make Reckitt’s business processes easier and more smooth by providing raw materials and other packaging materials right on time in the right quantities. It takes business decisions in a way that takes into consideration whether these partners are being fairly treated. And this is the very least it can do for its business partners. Reckitt’s employees are the main driving force behind its huge and envying success. It compensates them very competitively and respects them a great deal. It gives credit for its success to its employees. Employees, in return, perform extraordinarily well and work even harder to achieve new feats. Reckitt holds regular meetings with its board of directors to determine the strategic direction of its business. It hosts annual general meetings for its shareholders where it presents its financial reports and its remarkable achievements of the year.

Stakeholder Engagement



Source: Sustain Net (2019)

Impact of Reckitt's Stakeholders on Its Marketing Activities

Stakeholders are a vital part of the value creation process. They influence marketing decisions and contribute inputs in formulating marketing strategies. They help in determining marketing tactics. Internal stakeholders such as marketers are responsible for carrying out marketing activities. They plan creative ways to enter markets and capture more customers which, in turn, secures more portion of the market share. They run persuasive promotional campaigns to attract customers. They design brilliant online content to reach more customers and get them to buy their products. All these marketing activities are approved by another group of stakeholders, namely top executives. Reckitt's stakeholders heavily impact its marketing activities, mostly its internal stakeholders who create them. Marketers change the way Reckitt is perceived with every passing year. Its innovative marketing strategies have huge impacts on its product sales. Besides, marketing has evolved over the years. And it is changing every minute to become more effective and creative. It is no longer limited to the stakeholder group that consists of customers. Now, it is for every stakeholder in the setting and it is directed towards each one of them. Because Reckitt's suppliers, investors, distributors buy its products and they recommend them to others. If they were not aware of the benefits of these products through its marketing tools, it would not interest these stakeholders to buy them. Marketers at Reckitt aim to reach every corner of the market. So, it is clear that it markets its products for and to all its stakeholders. In marketing research efforts, Reckitt consults with its stakeholders that represent most of the demographics. They provide important inputs that can have a huge impact on the market. Reckitt's employees,

customers, shareholders, and communities in which it operates have a first-hand impact on its marketing endeavours and their success.

Conclusion

Marketing impacts businesses in multiple ways. It identifies people's needs, wants, and demands and makes efforts to satisfy them. It plays important and vital roles that are core to businesses' objectives and goals. Value is what marketing exists to deliver. Marketers come up with new product ideas, which, at times, are innovative and game-changing in nature and hold great potential. Branding, another part of marketing, works to fulfill marketing objectives and creates distinct identities for businesses, which give them a competitive advantage in the markets and regions they operate. It comes with many benefits that customers have the privilege to enjoy. Most importantly, it connects customers with the businesses on a deeper level. Stakeholders are an important and significant part of an organisation. They hold dictating power, which lets them influence and controls the organisation to a great extent in times of crisis. They rightfully have a voice in what the organisation does and implements because it affects them. They deserve to sit at the same table and consult with the corporate governance body of the organisation. They protest every time the organisation engages in actions that are harmful and damaging to society and the world. At last, they should be made to participate and put their input in while making important decisions.

Recommendations

- Reckitt should diversify its product portfolio to create more and a wide range of value for its customers.
- Reckitt should invest more in branding as there are a number of brands that offer the similar products
- Reckitt should try using a product development strategy from the Ansoff matrix.
- Reckitt should increase its corporate social responsibility (CSR) programs to contribute more to social causes.
- Reckitt should hold more stakeholder engagement meetings.
- Reckitt should strive to reduce its environmental footprint.

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