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Lecturer's name: Hossein Shokri

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Student name: Ralitsa Yordanova

Student ID: 2023562

Marketing is considered one of the three core strategic functions of an organization. By definition, marketing refers to “the action or business of promoting and selling products or services, including market research and advertising” (Armstrong, Kotler and Opresnik, 2019). In other words, the marketing function involves assessing the market needs and demands and creating value propositions to meet the assessed market demands. Nowadays, there is hardly any company that does not have its own marketing department and a full-scale marketing budget. Yet, many companies also face challenges with their marketing strategies (Gilly, Graham and Gilly, 2019). In fact, one of the reasons why many companies fail these days is their lack of marketing insight or the ineffectiveness of their marketing strategies (Pride and Ferrell, 2019). It is also vital that the marketing functions and strategies of an organization are backed with stakeholder engagement, which means, the stakeholders of the organisations should be able to relate with the marketing functions (Kotler and Armstrong, 2019). To better understand marketing as a subject, one must learn the relevant theories and models of marketing and how they are implemented in real-life scenarios. The following paper discusses how marketing creates value for customers and what impact does stakeholder engagement has on the marketing activities of an organization.

Value refers to the benefit that customers receive from a product or service after deducting the cost they have paid for purchasing it (Pride and Ferrell, 2019). If a company sells poor quality products at higher prices, the customers will not be able to justify paying that much money for a product that does not offer a good quality (Zikmund et al., 2019). On the other hand, if a company sells high quality products at lower prices, it would be running at a loss because the cost of producing those products is high, and if the company fails to maintain a good profit margin, it would be running into a loss. Therefore, value is an important concept in marketing (Nieschlag, Dichtl and Hörschgen, 2019). Values justify the price and positioning of a product, and they also justify the marketing strategies in selling those products. Value is also the factor on which the companies compete with each other. In the marketing context, the success of a company depends on how effective value it can offer and how efficiently it can deliver value to the customers (Helfer, Orsoni and Sabri, 2019). Therefore, when assessing marketing effectiveness, M&S will have to determine whether it is offering the desired value to its target customers in an effective manner or not (Kumar, Leone, Aaker and Day, 2019).

The way marketing creates value for the customers is that the marketing department of an organization conducts market research to identify what needs the company can fulfil and what market gaps can be targeted by the business (Pride and Ferrell, 2019). For example, M&S realized that there is a market opportunity in the UK retail sector for businesses that offer value for money. Thus, the company had launched in the UK retail market with the tagline, “Quality worth every penny. (M&S Responsible Marketing, 2021)” Although the company’s positioning has not been quite effective in recent years, the point is that an organization like M&S enters a market or creates value propositions for it in order to fulfil certain demands or needs they find addressable (Marketing Week, 2021). Secondly, the marketing function involves assessing the preferences and values sought by the customers in a product (Kumar, Leone, Aaker and Day, 2019). For example, M&S, Tesco, Aldi- all sell the same products and they all compete in a highly competitive industry. However, what differentiates them is their approach with the products and services- what market segments they target, how they position their products, and what marketing mix strategies they follow. Different companies create value propositions for different target market segments that they can support better (Zikmund et al., 2019). For example, Aldi offers groceries to the price concerned customers. Thus, the marketing and sales strategies and the marketing mix elements of the company are developed in a way that would serve the cost leadership strategy for the business (Helfer, Orsoni and Sabri, 2019).

Harvard Business Professor, Theodore Levitt (2021) states that the role of marketing is to find and keep customers. In another accounts, it is mentioned that the role of marketing is to identify, satisfy, and retain the customers (Zikmund et al., 2019). Thus, before deciding to create value for the market, the marketing department of a company needs to identify and define the customer segments (Helfer, Orsoni and Sabri, 2019). For example, M&S targets the regular buyers of groceries and fashion apparels in the UK, while Aldi targets the customers the price concerned customers. While Aldi has a more specific target market segment, M&S targets a broader market, which shows its ineffectiveness in identifying the customers (Kumar, Leone, Aaker and Day, 2019). Thus, selecting the right customers is vital for business success.

According to Porter (2021), “marketing generates value by creating the connections between people and products, customers and companies”. Thus, this theory posits that the role of marketing is to establish a link between a company’s products/brands and its customers. Marketing

effectiveness is determined by how well the company creates this connection (Gilly, Graham and Gilly, 2019). For example, one of the reasons why M&S fashion had succeeded in the earlier years is because the company was catering to a specific market segment, which is the fashion consumers with a preference for traditional British themed apparels (M&S Responsible Marketing, 2021). However, in the recent years, the company has been failing to create value for the customers, because it does not have a clearly defined customer base at all any more (Helfer, Orsoni and Sabri, 2019). The fashion market has changed quite significantly in the recent years. Millennials and generation z consumers are now the larger market segments in the fashion industry (Zikmund et al., 2019). The formula that worked for M&S in its earlier days are no longer effective in the current market context. This example shows why it is important to have a clearly defined STP in order to create the proper value for the right customers (Faull, 2021).

THE ROLE OF MARKETING



Figure: Role of marketing in creating value (Nieschlag, Dichtl and Hörschgen, 2019)

Once the market segments are identified properly, the role of marketing is to create value propositions that satisfy the target customers (Nieschlag, Dichtl and Hörschgen, 2019). In order to satisfy the customer effectively, the marketing department of a company first sets the criteria for

the marketing mix elements. For example, what product will be created, what materials will be used and how it will be packaged. After that the marketing department would set prices that resonate with the quality dimensions (Zikmund et al., 2019). Thirdly, the company would run promotional activities to inform the customers what is in offering. Customers would be satisfied when they find out that the brand delivers the values it promised and that the products and services do stand up in the competition with their own unique features and characteristics (Watson, 2021). The marketing department also sets the criteria for placing and positioning the products in the market so that the target customers can easily find them and purchase them without facing any hassle (Armstrong, Kotler and Opresnik, 2019).

The disconfirmation theory is relevant here because more important than the business creating value for the customers is how the customers are perceiving the value created by the business (Armstrong, Kotler and Opresnik, 2019). According to the disconfirmation theory, consumers compare between the actual value and the expected value before coming to a feeling or conclusion about a product. The expectancy theory also has a significant role in how the customers would view the values delivered by different products (Gilly, Graham and Gilly, 2019). Therefore, in modern marketing theory, it is not that business that defines the dimensions of the value of a product, but it is the customers with certain expectations that require the companies to create their values accordingly. This leads to the development of customer-oriented marketing strategies (Nieschlag, Dichtl and Hörschgen, 2019). In a customer focused marketing approach, the businesses create value for customers based on the consumer

When it comes to retaining the customers, the values are created on a long-term view basis. For example, marketing is involved in enhancing the value for the customers through various CRM, customer engagement and sales strategies (Kotler and Armstrong, 2019). The marketing division sets the standards for customer service, customer relationship management and customer loyalty programs that cater to the needs and expectations of the customers from a more personal level (Nieschlag, Dichtl and Hörschgen, 2019). Especially in order to keep the brand profitable in a competitive market environment, businesses need to focus on marketing communication and customer engagement strategies (Pride and Ferrell, 2019). These are some of the essential means for creating value for the customers. For example, by building an effective relationship with the

customers, the companies will be capable of having the marketing insight needed to create more targeted and personalized value propositions (Marketing Week, 2021).

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

Stakeholders are individuals and organization that have some sort of interest or stakes in a company (Zikmund et al., 2019). They are influenced by the decisions and activities of an organization, and they also influence the decisions and activities of an organizations with their presence or voices (Gilly, Graham and Gilly, 2019). The stakeholders of an organization can be categorized into internal stakeholders and external stakeholders. The internal stakeholders are those from within the organization, whereas the external stakeholders act as outside forces (Kotler and Armstrong, 2019). The internal stakeholders include the employees, managers and owners/shareholders of a business. On the other hand, the external stakeholders include customers, suppliers, government, regulatory bodies, creditors and community (Zikmund et al., 2019). However, business experts use the term, ‘key stakeholders’ in order to define the responsibilities and priorities of a company. The key stakeholders include employees, managers, owners, customers and business partners (Kumar, Leone, Aaker and Day, 2019). A business needs to primarily cater to the interests or stakes of these groups of stakeholders.

Marketing activities shape the success or failure of a company (Zikmund et al., 2019). The company’s marketing decisions determine whether it will grow or expand in the upcoming years, or will it be facing liquidity and liquidation risks (Kumar, Leone, Aaker and Day, 2019). Therefore, the marketing activities of an organization are closely monitored by its stakeholders. If the company continues to make poor marketing decisions, the stakeholders might even intervene in the courses of actions to protect their interests (Nieschlag, Dichtl and Hörschgen, 2019). For example, recently M&S has been under significant market risks. This has led to the closure of hundreds of its stores. In the given scenario, if the management intends to put the money into any riskier portfolio, the key stakeholders of the organization would protest that decision because it would jeopardize their interest on the company (Marketing Week, 2021). This is why stakeholder engagement is important in marketing context. Marketing decisions determine the market performance of an organization, and the stakeholders of an organization have vested interest on the market performance of an organization (Kumar, Leone, Aaker and Day, 2019).

The idea behind stakeholder engagement is that organization involves different groups of people and organisations in the decision-making process so that any possibility of the decisions going against the stakes of the key stakeholders can be avoided or mitigated (Armstrong, Kotler and Opresnik, 2019). Studies have found that by increasing stakeholder's engagement in decision making process, organisations can avoid creating a gap between the interested parties and the organization. Moreover, by ensuring stakeholder engagement in marketing activities, the organization can maintain a more positive brand image (Bonnafous-Boucher and Rendtorff, 2016). It is because how the stakeholders view a company, ultimately translates to how the customers would view it (Gilly, Graham and Gilly, 2019).

Considering the case study of M&S, the organization has been failing to keep up with the expectations of its stakeholders. According to BBC report (2021), some of the main reasons behind M&S's declining popularity is that the brand does not listen to its customers and it has a product portfolio that does not attract any generation (Marketing Week, 2021). Thus, the company's poor marketing decisions are causing it to lose its sales, profits and market share. Ultimately, the value of the shareholders is declining, and the employees at the company are finding themselves in the risk of losing their jobs (Gilly, Graham and Gilly, 2019). The company's declining performance also affects the community because the company does not generate a positive aggregate value for the society either (Helfer, Orsoni and Sabri, 2019). On a positive note, recently the food division of the company has announced to invest more on e-commerce business model, which would drive the profits upwards and thus, the organization will be able to cater to the needs of the stakeholders (Kumar, Leone, Aaker and Day, 2019).

Right now, stakeholder engagement can be a solution for the company in many ways (Zikmund et al., 2019). First of all, if the employees and the customers are involved in the marketing decision making process, they will be able to create value that better meets the market needs and demands (Kumar, Leone, Aaker and Day, 2019). The reason for this is that the customers are the ones consuming the values, and the employees are the ones transferring the values to the customers. Therefore, their market knowledge will be valuable in the marketing decision making process (Marketing Week, 2021). Secondly, the company's shareholders' representation should be valued in the strategic directions of the company. The company's objective is to increase wealth for the shareholders (Pride and Ferrell, 2019). M&S needs to adhere to the wealth maximization objective

as well as the profit maximization objective. Also, when making HR related decisions, the company should be catering to the needs of the employees (Watson, 2021). A transformational approach to human resource management should be effective for motivating the employees and turning them into resources contributing to the market performance of the organization. The company should also involve the community in the strategic directions of the company (Zikmund et al., 2019). The marketing decisions need to be socially responsible so that the communities can approve of them. Thus, stakeholder engagement in marketing decision and activities can help achieve social sustainability goals. Considering the current market conditions of the company, stakeholder engagement in marketing practices can be a solutions to M&S.

Discussions above highlighted on the importance of marketing for creating value for the customers, and the significance or implications of stakeholder engagement in marketing context. The references to the relevant theories and models help understand these issues, and most importantly, the discussions provide some clear strategic recommendations to M&S. The company clearly needs to improve its marketing activities in the UK retail sector in order to regain the market shares it has lost in the recent years.

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