

University of Wales Trinity Saint David

Marketing Fundamentals

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Assessment 1

Case study: Lacoste

Preparing for Dr. Tushara Balendran

LACOSTE 

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1. Introduction

The marketing concept has evolved over the years. Nowadays it includes a wide range of components and it may take different dimensions. It may be focused over the attraction of potential consumers or may be dedicated to the creation of a lifelong relationship with an existing customer. It may promote the organisational vision within the company in order to engage the employees. Also, the marketing may have more corporate approach and target collaboration with other businesses in the pursuit of common goals. (Kotler, 2017).

Now more than ever, marketing is needed for the business. Due to the emerging technologies the new way of making marketing changed not only industries but the business in general. All organisations around the world strive to create a social media presence, which will eventually distinguish them from the rest and reach the largest number of potential customers. (Baines, 2014)

By definition marketing can be described as an organisational function that seeks to identify the customer needs and wants and create products or services (or both) that may satisfy this needs and wants. As a result, that will give a competitive advantage for the organisation and eventually increase its profit. (Chartered Institute of Marketing 2008)

The marketing is concerned with the environmental situation as well with the market condition and the consumer behaviour.

2. The Marketing Concept

In order to satisfy the customer expectation the marketing management should consider a number of factors and scan them effectively. The extracted information should include components such as product range available on the market, as well as their price variation. Other related benefits should also be considered.

Furthermore customers should also be analysed and grouped into different types and categories (Armstrong, Kotler and Opresnik, 2016)

3. Processes and Stages of Marketing

The process of identifying the customer needs and wants and providing products and services that aim to satisfy these needs and wants has to be organised in a certain sequence. The aim is to provide an effective framework for action. This process is also called the Marketing process (Jobber, 2016).

The Marketing process includes:

Situation analysis – The marketing process begins with research about the current situation. That may include all possible internal and external factors which are influential for the business. The Internal Factors are those associated with the organisation. It is an internal scanning of the strengths and weaknesses of the organisation as well as the potential opportunities and threats.

On the other hand, the PESTEL analysis is concerned with those external factors that are influential for the organisation. Political, Economic, Social, Technological, Environmental and Legal. Detailed research of these factors provides to the management a better understanding of the business environment.

Porter's five forces model is also an effective way of understanding the business environment and the market in particular.

Objectives: Objectives are those aims and goals set by the organisation based on the research. Now when the organisation is aware of its capabilities, the market and the business environment as a whole, then realistic goals may be settled.

- Strategy implementation and control – It is hard to achieve anything substantial without an actual strategy. Marketing strategy includes many aspects such as market segmentation, targeting and positioning.

The strategy is an actual plan for action that aims to deliver the desired results.

4. The Company Overview / Background

Lacoste is a French apparel brand, founded back in 1933 from the former tennis

player Rene Lacoste. Between 1925 and 1929 Rene Lacoste won several “grand slam” tournaments that established him as an elite player who reached number one in the tennis world. He used its sports success and popularity to create a brand that will later on become a symbol of elegance and class. Moreover Mr. Lacoste became a significant innovative force in the tennis world through the years. That is why the French brand has become much more than a fashion brand. It is a part of the tennis culture as well as the French lifestyle. Nowadays Lacoste offers a wide range of products including clothes, fragrances, footwear, underwear, linen and a variety of accessories. One thing stands on the top of all products, however. That is the iconic Lacoste “Classic Fit Polo” T-shirt with the crocodile logo.



Figure 1, Lacoste “polo” t-shirt in different colours.

The Lacoste group has more than 10000 employees across 120 countries around the world. The brand has ended 2017th with sales of 2 billion euros. The brand offers its products in 1200 physical stores and 21 online stores across the world according to its website statistics (Lacoste, 2020).

Lacoste is well presented by a number of famous Ambassadors of the brand. The tennis star and world number one Novak Djokovic is also the face of the brand.



Figure 2, Novak Djokovich for Lacoste

5. Lacoste PESTEL Analysis

In order to understand the external forces that influence the organisation we will use PESTEL analyse. It will help us to evaluate whether these factors are favourable or unfavourable for Lacoste.

These environmental scanning will be highly influenced by the current Pandemic situation caused by Covid-19.

The virus has enormous implications over each of the areas, included in the environmental analysis PESTEL (Impact of Covid-19 crisis on retail trade - Statistics Explained, 2020).

Political – The political agenda across the globe is highly affected by the Coronavirus. Now all governments are taking very drastic measures in order to protect the citizens. In many cases, these measures are unfavourable for the business. For example, the restricted movement of people and goods around the world. Although the governments are trying to minimise the cost by helping the business with different funding schemes.

Economic- The global economy has entered a recession period due to the pandemic situation. The rates of unemployment in the United States reached 10.2% in June, where in the same period last year the figures showed over 10%. (Cibpp.org,

2020)

These facts are highly unfavourable for Lacoste. The declining of the Economy has led to a decrease in the demand for stocks and goods.

Social – Social distancing has a huge impact on the fashion industry. Due to the pandemic situation caused by Covid-19 many shows, runways and other fashion events have been cancelled. Moreover, the restricted access to the physical stores led to the completely different shopping experience, which shows very negative results. According to Eurostat (2020) the sales fall by 22% for the period between February and June this year. Lacoste will fall into the same category so the brand will be affected negatively from the recent changes in the social environment.

Technological – Positively we may see that the online sales in the retails sector went up by 17.4% in the EU. The emergence of the new technology is helping the powerful brands to make maximum use of them as they have the required financial resources to do it so. Thus they have a competitive advantage over the smaller players as they have access to the most advanced technologies, where for the small brands and designers they may be too expensive. For example, Lacoste offers a great online experience, where the customer may design its own t-shirt (Lacoste, 2020).

Environmental – In the last ten years, the fashion industry has changed its approach towards using the most environmentally-friendly methods of producing. This has a favourable effect over Lacoste as the brand has always been concise about this.

Legal – The effect of Covid-19 has imposed some new legal action taken by the local governments. Health and safety laws were changed most significantly. Free movement also was negatively affected. These changes are very unfavourable for the fashion industry and Lacoste in particular.

In conclusion the PESTEL analysis shows that the coronavirus was very unfavourable for the business situation.

6. SWOT Analysis

Strengths – Lacoste has a very well established production process with long term relationships with partners along the supply chain. That is giving a significant competitive advantage over smaller brands with less experience and connections on the market. Also, the brand has a very strong market share due to its “iconic” status.

Weaknesses – Lacoste is a brand, which relies on a certain image that sustains over the years. Because of this, the brand did not innovate as much as some other brands. The Last collection of the brand, however, looks like a good attempt in this direction.

Opportunities – The emerging urban culture provides the brand with an opportunity to enter into a new niche, by providing more luxury goods. Now through the services of the online retailers and famous fashion influencers the brand may popularise these new ventures.

Threats – The fashion industry has changed dramatically in the last 10 years. Nowadays is much easier for new brands to gain market share. Social media allows smaller brands with small budgets to reach a higher amount of potential customers through different channels. Moreover, the consumers tend to buy clothes from various ownerships, rather than keep buying from the same brands over and over again. Brands such as Lacoste should have this into consideration (The State of Fashion, 2019).

That threatens the superiority of the big established fashion companies like Lacoste and give an opportunity to the smaller brands and independent designers to have a percentage of the market. The consumer preferences now are shifted more into custom made clothes from a variety of emerging designers (The State of Fashion 2019).

7. Segmentation

Market segmentation allows the organisation to look at the market by different segments and so determine certain niches. Through the segmentation, the organisation may create many more specialised products, which will eventually

satisfy fully the needs of a certain group of customers, therefore may charge a premium price (Weddle 2000).

For example, Lacoste became very popular first by offering a range of products for tennis oriented customers. Nowadays the brand still applies to the same segment, but also goes beyond. The brand also offers “High Fashionable” products at a premium price.

Market segmentation allows the company to find new niches, where products may be offered. For example Lacoste may decide to offer a range of branded masks in different colours. Thus, the brand will enter a new niche.

Lacoste use a number of variables in order to divide the markets such as:

- Demography (Age, occupation and Income).
- Geographic - Offer different products for different regions.
- Psychographic – Divide the market according to the interests, interests and the lifestyle of the customers
- Behavioural - In other cases the brand utilises the use of data in order to determine the usage patterns of the customers. These may include whether they buy online or they prefer the physical touch (in - store). Also they buy impulsively or they spend time to research before they make a decision to buy (Weddle 2000).

Nowadays Lacoste is a lifestyle brand that has a very wide range of products on its portfolio. The brand offers: Clothes, shoes, accessories, leather goods and perfumeries. Thus the brand should apply differentiated marketing, where the used Marketing Mix varies depending on the products.

In terms of positioning strategy, the brand has adopted its position around the image of its founder Rene Lacoste. It is developed around the image of still and elegance and at the same time comport. Nowadays Lacoste’s slogan is “Springing optimism and elegance on the world, Croc the day!”

8. Marketing mix.

The Marketing mix provides a framework for the organisation in order to raise awareness of the brand and its products and services. Product, Price, Place and

Promotion are the four core aspects of the Marketing Mix, however lately this concept has been extended by 3 more: Physical evidence, people and process (Baines, 2014).

Moreover, every brand has utilised a different and unique brand strategy that is a reflection of the brand identity.

In the case of Lacoste, the brand has established an image of a brand that offers a high quality from quality fabrics. Lacoste provokes elegance and sophistication in the customers' mind, but at the same time being casual and comfortable.

The brand has a top position in the premium-casual-wear segment.

Product – Through the years the brand achieves significant success thanks to its iconic Polo t-shirts. Now the model is also customizable, with an option for the customers to choose their own style, fabric type and colour or even a colour of the crocodile logo. On the official website, everyone can create their own interpretation of the classic model in 3 simple steps.

Also, Lacoste offers a large product portfolio jackets and sweatshirts to swimwear and underwear. The brand offers also leather goods, shoes and all types of accessories.

By using the Ansoff Matrix model we will identify the strategy of the brand.



Figure 3. Ansoff Matrix

By looking at the Matrix we may conclude that the brand utilises 2 of the strategies suggested by Ansoff, (1957).

The brand uses Market Penetration in order to sustain or gain more market share within its market. For example, it offers a customised option for its core product, the Lacoste "polo" t-shirt. In this way, it provides more options for products, which are

very well known on the market.

The brand has very strong brand loyalty. That is very vital for sustaining market share in such a fast-paced environment such as the Fashion industry.

Moreover, Lacoste actively invests in marketing campaigns and increasing the number of its followers across the Social media channels (Lacoste, 2020).

From the other side, the brand still expands by using the Product Development strategy (Kotler, 2017). Lacoste is available in 120 countries, but there are even more countries, where the brand is about to open stores or offer online shopping (Lacoste, 2020).

Price - The items offered are considered as relatively high priced, but below the premium. Lacoste is using a Non-Price competition as the brand relies on the established brand image. People all around the world have developed perception towards the brand and the Lacoste strive to be consistent with this image with its price.

Place – The brand sells online and in the traditional Brick and Mortar model. Thus the brand utilises direct and indirect channels of distribution.

With 1200 stores around the world and many more retailers such as Harrods and Selfridges offering the products of the brand. The official website Lacoste.com showcases all of the available items. The company has also worked with many online retailers such as Asos, Zalando, Farfetch, and many more, as the offered products vary depending on the audience of the retailers. Thus the brand distribution strategy can be classified as Selective distribution, due to the fact that the brand uses more than one retailer, however, the brand is still very selective and does not partnering with every retailer interested to offer the Lacoste products. The management still needs to decide, whether the retailer has the suitable concept to do so.

The brand works with outlet retailers to dispose of products that are no longer in production from old collections.

Promotion – Lacoste is using the coupon code promotion method that allows the customers to shop on a certain discounted prices for a limited period of time. The brand uses different channels such as social media influencers or advertising to inform the potential buyers.

9. Conclusion and Recommendations

To sum up the information above, we may conclude that Lacoste has a very strong established position in the world of fashion. More importantly, it has a very unique position in the customer's mind. Its concept applies to a particular segment that helps the organisation to offer products that satisfy the customer's needs with quality at a price that they are willing to pay. Thus the brand has a competitive advantage on the market. Moreover, Lacoste continues to expand by utilising the power of the social media and the other marketing channels.

However, the brand should strive to be more creative and offer more customised and flexible products, which give the customer more personalised touch. Also, the brand should have a very strong plan for the next few years that will assure that organisation will handle effectively the implications of the COVID-19.

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