

LCMB7001

Marketing Management

Olufolake Moses 1817316

Lecturer: Suman Saha

Abstract

Businesses need to meet the expectations of shareholders. Consumer equally have needs and wants that businesses have to meet in order to make profit. Many multichannel markets are now available for consumers to pick from, companies have to be continuously innovative in order to stay in business. The realisation is that the consumer is king and relationship with them is important.

Introduction

The purpose of this paper is to appraise how JD Sports can create innovative marketing strategies for raising awareness of the brand as well as managing and evaluating the customer journey across a variety of communication channels to ensure current and future stakeholders expectations are fulfilled.

COMPANY OVERVIEW—JD Sports Fashion Plc

JD Sports started in 1981 with a single store in Manchester by John Wardle and David Makin in Bury, Manchester. It has since expanded to 18 countries of the world. As a B2C organisation, its priority is to satisfy the customers and keep competition away. In order to do this it needs to constantly deliver value by analysing customers wants and fulfilling them. Peter D; Stern P. JD is a well-known brand leader in the athleisure wear sector (comfortable clothing suitable for exercise and every day wear). JD has growing competition in this industry with Sports direct and others.

The group currently owns 2400 stores and employs 32,265 people across the world. 690 stores of the 2400 are JD Sports branded whilst the rest are acquisition that retain their names. The company reported revenues of (British Pounds) £ 4,717.8m for the fiscal year ended February 2019 (FY2019), an increase of 49.2% over FY2018. In FY2019, the company's operating margin was 7.3%, compared to an operating margin of 9.4% in FY2018. In FY2019, the company recorded a net margin of 5.5%, compared to a net margin of 7.3% in FY2018. (Annual report). Since chairman Peter Cowgill was installed in 2004, the stock has risen 3,000%.

The objective here is to analyse the current operations by using marketing tools and theories to identify marketing mix, segmentation, positioning and business strategy which involves planning and decision-making, with the aim of effectively selecting and pursuing marketing opportunities, identifying appropriate target markets, and establishing a competitive advantage. Dibb, Sally (40) Additional strategies will be recommended for JD to adopt in order to expand its share in the industry, expand its presence and minimise potential threats it faces.

Marketing is about creating an experience for customers, it is more than selling. Satisfied customers are the source of all profits and shareholder value and they need to be kept satisfied. If their expectations are not met, they can switch to other suppliers. Doyle, Stern 2006 (8)

Marketing Mix

Product

JD Sports Fashion Plc (JD Sports), now owned by Pentland Group Plc, retails and sells sports fashion goods for men, women, outdoor wears, equipments and gym ownership. These include apparels, accessories, footwear and recreational products. The company markets these products under various brands including JD, Chausport, Size?, Scotts, Blacks, Millets, Sprinter, Tessuti, Tiso, Nicholas Deakins, Kukri, Focus, Source Lab and Sports Zone, to name a few. Its JD Gyms offers fitness classes and membership facilities to its customers. JD Sports merchandises these products through various e-commerce portals. It has operations across the UK, Ireland, France, Spain, Germany, the Netherlands, Australia, New Zealand, Canada, Dubai, Singapore and Hong Kong. JD Sports is headquartered in Bury, Lancashire, the UK. (JD Annual report).

Social and environmental issues are considered by JD but more can be done. It has a foundation which is funded by the revenue from the sale of its carrier bags. It can be argued that the company needs to look at alternative packaging in order to reduce use of plastic bags. Perhaps JD needs to start using cloth based bags or biodegradable plastic.

JD Sports, Sports Direct and some other fashion retailers were cited as not responding to their obligations in reducing their carbon emission and refusal to use organic or sustainable cotton in production. 'They are both not members of the Ethical Trading Initiative which aims to improve working conditions for workers globally'. Independent Jan 31. 2019. It relies heavily on third party brands which makes it liable indirectly if anything goes wrong.

JD Sports said: "Approximately 90% of the Group's sales come from products supplied by third party brands, with our two principal brands – Nike and Adidas – internationally recognised as industry leaders with regards to driving sustainability within the design and development of their product ranges'. ITV news Jan 2019.

Price

JD Sports is involved in global markets and enjoys economies of scale through its various acquisitions and increasing market penetration. Prices may not necessarily be the same for same product in UK as in a similar store in Europe or America. Amazon products sold in US are not the same price in Amazon UK. It is able to sell products cheaper in some countries in Europe, cheaper than in UK. Exchange rate fluctuations also affect pricing as suppliers are bound by it. Locally JD's prices are

higher than competitors but products tend to have more features. It has a policy of including delivery prices in the overall price, this may explain why its prices are higher than competitors.

'Becoming a participant in global marketing activities may enable the firm to increase its output and therefore climb more rapidly on the learning curve'. Hollensen S. 57. This might help to drive down prices and be competitive through economies of scale. It faces stiff competition from its close rival, Sports Direct.

JD ensures it does regular market research in order to ensure it measures perceived value of its products from customers and access where it needs to add more value. Exit surveys as customers leave store, Shopping bag survey to see what other retailers the customer has visited, focus groups, government data are some the methods used to identify consumer demands. It recently digitised this by partnering with TruRating to install customer feedback technology in its stores. This asks customers random questions at the till and response is collected with 0-9 on keypads. This has enabled JD to collect data from millions of customers on various aspects of business (Essential retail magazines)

In comparison to competitors, JS Sports prices are higher but it prides itself in selling branded goods and giving customers what they want. Counterfeit products of these brands is a big threat to the business and it is probably the reason why the prices are so high in order to segment the market and help customers differentiate real from counterfeit .

Promotion

In new marketing thinking, Promotion is seen as part of communication and this consists of company messages to stimulate awareness of, interest in and purchases of its goods and services. Kotler P. Advertising is defined as the paid presentation and promotion of products or services through mass media such as television, radio, newspapers and the Internet. Doyle and Stern 260

The 4Ps still provide a useful framework for marketing planning. However, they represent the *seller's thinking more than the buyer's thinking*. The 4Ps can be converted to the 4Cs as follows:

- Product becomes customer value or wants and needs
- Price becomes customer costs.
- Place becomes customer convenience.
- Promotion becomes customer communication.

The 4Cs remind us that customers want value, low total costs, high convenience, and communication, not promotion. Kotler P. The focus is on the customer and not on the business. Understandably so, as without the customers, the business will

struggle and have nothing to deliver its shareholders. Competitors will readily have an advantage.

Others like Professor Jagdish Sheth have proposed 4As: *awareness, acceptability, affordability and accessibility*. In the age where customers have become more relevant and digitised, this is also a relevant proposition.

The 4Ps got an update from Booms and Bitners in 1981 and *People, Processes and Physical evidence* got added. Are these three relevant as to JD Sports and any other organisation these days? I believe it does since most organisations now offer services as well as goods. Ecommerce can be regarded as service as well as goods JD owns.

JD Sports engages with customers through many channels also referred to as *Above the line* and *Below the line* promotions.

Above the line promotions include: Television, radio, newspapers, sports magazines or lifestyle men magazines like GHM or music magazines like NME and street posters and key football events. JD also advertises on bus sides referred to as T-sides, super T-Sides, street liners, super sides, headliners, bus rears and super rears. Its presence can also be felt around football clubs and football kits. communities engagement through its foundation is another form. These forms of advertising are costly but has a mass audience. Response rates are also difficult to measure.

Below the line promotion is when it directly interacts with consumers of its products. This can be done through email marketing, product promotions; example could be at a shopping centre, celebrity endorsements like Anthony Joshua, trade exhibitions and personal selling using sales personnel in stores, use of PR, using packaging to attract, including advertising on social media: Youtube , facebook, Twitter; interactive websites, multiple websites and not just JD branded ones. Successful Marketing Communications. Cathy Ace 83. Using social media is very effective because consumers are able to share a message with others. Although it has varieties of touchpoints, there is a danger of customer's becoming alienated. (Neher et al, March 2016) McKinsey....The business needs to work on ensuring the customers' needs are met throughout the journey and in a timely fashion.

Place

JD operates in 2400 stores in 18 countries. Despite Brexit, the brand continues to expand into Europe. It has a multi-channel approach to marketing. This is done mostly through physical stores mostly in malls and shopping centres. It doesn't operate in standalone store. It endeavours to make it store stand out. Smaller stores have kiosks where customers can browse to see other items not in the store.

It has one massive warehouse in Rochdale (although there are smaller units) where a large portion of its goods are stored with automation picking progress which aids

quicker deliveries. Having stock in one place places the business at high risk of equipment failures or massive fires. If the group continues to grow in Europe, a separate facility would be needed there. In view of Brexit, this may become a high priority.

Online sales is about 20 percent of total sales, this done through multiple optimised websites which are not necessarily branded JD. It has an Ebay store called 'Get the label'. Even in store, there is connection with online experience through its web tills, ipads and kiosks. The group also sells through apps. The deliveries are made through store collection or home delivery.

There are in-store devices and retail theatres which enhances the customer experience.

The group has about 60 own brand and wholesales about 20 of this to other retailers. This is in addition to gyms where the merchandise is also on offer.

People and Participants

This is the 5th & 6th Ps and focuses on everyone or organisation that this business connects with. People are an essential aspect of the marketing mix. The people involved in getting the goods to the consumer include the management, product designers, researchers, factory and warehouse workers, customer service, store operatives, online operators, society, suppliers, government, union. These are all involved in a relationship and are *stakeholders* in the business, all needs to be cared for according to Freeman. Sachs S, Rühli (37). Friedman however believes that businesses are only responsible to shareholders. In today's economy this is far from the truth as stakeholders now have power to collectively affect a business for example through social media.

'Relationship marketing is a long-term, continuous series of transactions between parties. This occurs when each trusts the other to deal fairly, reliably and helpfully. When a good working relationship is built, negotiating time and costs are reduced and the pattern of transactions becomes more predictable and secure'. Peter.D, Stern, Philip. (34)

In order to give the customers a good experience, the company needs to ensure competent people are employed. Expertise in the various fields of engagement is essential. In order to ensure this JD has runs an apprenticeship and other training programmes including Masters & MBA for its staff. JD Fashions Annual report 2019.

It prides itself in working closely with suppliers and ensuring that products are sourced and produced under stringent laws

Process and Physical environment

By identifying environmental trends early, management can better determine how they might affect the future of the business. If they cannot identify and react to changes quickly, they run the risk of being dictated to by circumstances beyond their control. Lancaster G & Reynolds P. (20)

Political, social, technological, legal also need to be considered and can be critical contributors to successfully running a business. For example, companies need to ensure energy efficiency is looked at and carbon emission footprints are monitored while minimising greenhouse emissions. Warehouse operations should be carried out in places where health & safety of employees are guaranteed. Packaging materials used should be environmentally friendly, and recyclable or biodegradable. JD claims to donate its bag revenues to charity. Plastic duffle bags in future will consist of 33% -50% recycled material. In Ireland the group uses paper bags.

In the group's ethical policy statement, 'the group will only work with those suppliers who are committed to working to our standard which follows those set out by the International Labour Organisation'. Annual Report 2019 (73)

All companies must have a code of conduct setting out minimum standards of practice regarding ethical sourcing of goods. While JD Sports has this written in its annual report, it was recently subject to a scandal regarding the working conditions in its warehouse in a BBC report in May where ambulances have been called too many times. If current and potential customers continue to note this, they will vote with their legs as they did in the case of the collapse of Primark's factory in Bangladesh in 2013, other stakeholders will also begin to show concern.

Core Competences

Traditional market oriented capabilities might not be enough to face this continuous market challenge. Weerwardena and O'Cass (2004). JD Sports fashion provides its customers with the latest products from the very best brands enabled by the TruRating technology which tracks customer involvement through feedback to anonymous questions. It 'provides its customers with the latest products from the very best brands using an attention grabbing retail theatre'.

JD Sport's Annual Report has attention grabbing pictures of young people which makes it more appealing to read compared to Sports Direct' and shows commitment to young people. It has strategically shifted from production oriented business to a consumer oriented one, by identifying the needs of generation z and catered for it. It recognises that all stakeholders and not shareholders alone make the business grow

SWOT analysis is summarised below:

Strength • Sustained Financial Growth • High Liquidity • Multiple Channels Selling Strategy • - Reduce the cost of goods sold and distribution • - Expand the activities in different segment • - Increase Warehouse Capacity in low labour cost market • - New Technology (Production) • - Diverse Marketing Approach • - Expand the Product Mix in the Market	Weakness • Inventory Turnover Ratio (High stock level) • Relies on one segment of the economy • e.g.: lack of innovation • - Poor Financial Planning • - Insufficient Warehouse Capacity/costs • - Low Profit Margin
Opportunity • Positive Outlook for Sports Equipment Industry • Penetration through Acquisitions • Elevation Strategy • Reduce the cost of goods sold and distribution • Expand the activities in different segment • Increase Warehouse Capacity in low labour cost market • New Technology (Production) • Diverse Marketing Approach • - Expand the Product Mix in the Market	Threat • Manpower Costs in the UK • Intense competition • Political & Economic :BREXIT • High Turnover (Recruit & Talent Acquisition) • Damage to reputation through association • Competitive Market • Counterfeits
Valentin, E.K., 2001	

Recommended Strategies

Consumers' needs have become increasingly diverse (Gilmore and Pine, 1997, Franke, Keinz, and Steger, 2009). Co branding with customers is important in order to meet customer needs. Special offers could be created targeting different segments of the customer base. Bundling products could be a way for the business to sell fast moving items with slow moving items. Airline apply differentiation and charge different prices for various services by developing separate brands for each

segment, students, business people, economy customers. Customers are constantly looking for value. Doyle P, Stern,P.

JD has currently captured the Generation Z (49% own smartphones) market but competitors could trigger a price war which may force JD to loose it's niche. Adaptive marketing or Adaptive selling, can be used to target customers with unique sales messages in store or through personal selling. (Franke and Park, 2006; Román and Iacobucci, 2010). Satisfied customers stay longer in the business and more can be done to retain them. Increase in customer engagement equals more business.

In order to stay relevant, a business must always innovate by adding new products or finding new markets in order to maintain its profit performance, as aggressive, low-cost competitors make it increasingly difficult to maintain profit margins on current products. New demographic segment could be explored such as market for the older generation since they have money to spend and many are health conscious. These age groups already sponsor their grandchildren in buying JD products and this age group continues to live longer.

Technology continues to improve and customers are faced with many choices around the world. JD Sports can create multiple apps around various sporting and fashion issues that consumers find entertaining.

Co creating with consumers where they are allowed to have a say through forum, social media, feedback will attract not only positive publicity, it will create new markets and increase brand awareness.

Co-creation is about leveraging the voices, ideas and opinions of real people in order to create better products and services, as well as brands that are more in touch with their customers ' The power of co creation Venkat Ramaswamy and Francis J. Gouillart. The customer is king and they need to be nurtured.

Increased use of technology could help drive down cost and increase profit margin which is currently very low though it has a lot of revenue as stated above. This would not necessarily lead to job losses but could greatly enhance customer service and impact customer experience. After all customers are the life-blood of marketing, simply taking money at the tills is not enough in a competitive industry. Jackson T, Shaw D. (232)

JD already uses influencers but mainly sport personalities. Entertainment personalities could also be used as JD is not only in the business of sport goods but prominent in producing and selling fashionable leisure wears which appeals to many people and it may result in increasing their market share further.

Increase in labour costs in the UK coupled with tight labour market and government mandated minimum wages means that JD needs to ensure retention of its staff as they are assets to the business and not just workers. In order to retain them training

and employee well-being programmes should be introduced. Staff should be encouraged to introduce ideas to the business. Flexible working should be introduced. Staff needs to become tech savvy as AI continues to be integrated into shopping experience especially online and more companies are resulting to virtual assistants and chatbots. (Marketing journal). Increase in the use of IT may also mean that staff are redeployed into other areas of business. CIPD April 2019

Counterfeit products continue to be a problem in this industry. A collective attempt should be made by businesses in this industry to work with Trading Standard agency in order to curb this trend and improve profit margins. Not only is revenue lost through counterfeiting, jobs are also lost. (Frontier Economics Ltd, London 2011).

The group needs to cease being reliant on a small group of suppliers by add new brand suppliers. In addition to selling third party brands, it needs to design more bespoke products exclusive to the JD Sports business. This way it does not unnecessarily become too reliant on third party goods. JD must continue to offer value at the most competitive prices.

JD Strapline 'where sportswear meets fashion'. Beech, Chadwick – 2007. This and the company's mission statement should be clearly stated on website and annual reports but this is not the case. Sports Direct clearly has mission statement expressed in Annual Report, JD Sports may need to do the same.

Conclusion

The athleisure industry is set to grow and replace normal work wear styles. In order for JD Sport to continue to have a big share of this market its communication with customers needs to surpass the competitors' efforts. The company would need to become market led not finance led and ensure all stakeholders are involved in the growth of the company whilst it continues to identify new opportunities..

References

Doyle, Peter, Philip. Stern Stern, Philip. Marketing Management and Strategy –

Franke, G.R. and Park, J. (2006), "Salesperson adaptive selling behavior and customer orientation: a Meta-analysis", Journal of Marketing Research, Vol. 43 No. 4, pp. 693-702

Geoff Lancaster And Paul Reynolds. Management of Marketing –

Gilmore, J. H., and Pine, B. J. (1997). The Four Faces of Mass Customization. Harvard Business Review, 75(1), 91-101.

Independent Jan 31. 2019

JD Annual Report 2019

John G. Beech, John Beech, Simon Chadwick – 2007 Marketing of Sport

Kotler/Armstrong/ Cunningham <https://learn.marsdd.com/article/the-marketing-mix-in-marketing-strategy-product-price-place-and-promotion/>

MOHANBIR SAWHNEY, GIANMARIO VERONA, AND EMANUELA PRANDELLI
COLLABORATING TO CREATE: THE INTERNET AS A PLATFORM FOR CUSTOMER
ENGAGEMENT IN PRODUCT INNOVATION

Munasinghe M A REPORT COMMISSIONED BY BUSINESS ACTION TO STOP
COUNTERFEITING AND PIRACY (BASCAP) It is the efforts of governments, individual
humans and companies that contribute to the wellbeing of the society. (, 2007. pp. 4-5)
Munasinghe, M. 2007. Sustainable Development: Basic Concepts and Application to

Energy. Institute for Development Colombo, Sri Lanka. pp. 4 – 5 [Online]

Neher et al, March 2016) McKinsey
<https://www.mckinsey.com/search?q=touchpoints%20to%20journeys>

Philip Kotler. Marketing Insights from A to Z

Sally Dibb Marketing Concepts & Strategies

Sports Direct Annual Report 2019

Sybill Sachs, Edwin Rühli. Stakeholders Matter –

Svend Hollensen Global Marketing 6th edn

Tim Jackson, David Shaw Mastering Fashion Marketing

Weerawardena and O'Cass, 2004 Exploring the characteristics of the market-driven firms
and antecedents to sustained competitive advantage. Industrial Marketing Management, 33
(5) (2004), pp. 419-438

CIPD Health and Well-being at Work Report 2019

Marketing Journal - Rising Reliance on Chatbots August 2109 (accessed Sept 2 2019)
<http://www.marketingjournal.org/what-should-marketers-expect-in-2020/>

Frontier Economics Ltd, London 2011). Estimating the global economic and social impacts of
counterfeiting and piracy.

The Characterization of the Millennials and Their Buying Behavior:
<file:///C:/Users/lenovo/Downloads/70723-260304-1-PB.pdf>

<https://www.ft.com/content/7a65bafc-4480-11e8-93cf-67ac3a6482fd> How JD Sports won the UK 'athleisure' race

<https://www.theguardian.com/business/jd-sports> also for FM

JD Sports multi-channel strategy drives profit http://www.retail-systems.com/rs/JD_Sports_Hails_Record_Result.php

<http://www.innesco.co.uk/what-lies-behind-jd-sports-success/> What lies behind JD Sports' success?

<https://www.drapersonline.com/news/latest-news/jd-sports-to-wholesale-own-label-brands/7035762.article>

<http://uu.diva-portal.org/smash/get/diva2:1111102/FULLTEXT01.pdf>

https://www.researchgate.net/publication/295539679_Sustainable_Development_Triangle

[Accessed 14th of April 2019]