



Programme: BA Business Management

Marketing Fundamentals LCBB4004

Assessment 2

My Topic: critical analysis and evaluation of the Next PLC Company

Module Lecturer Name:
Tushara Balendran

Petru Voloceai (2008342)
2008342@student.uwtsd.ac.uk

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Introduction

With the rise in competition in the market, business organisations are more and more focused on increasing value for their customers and make them feel special. This way the key players of an industry retains and grows their customer base. This report aims to discuss the role of marketing and creating value for the customers. Along with a killer product, the business organisation also needs to make their customers feel special to increase their engagement with the brand and make a sustainable relationship. With this process, the companies increase their business by making sales and new customers. The customers get benefitted by receiving added values for every purchase they make from the organisations. This report further assesses how business organisations can add value to their customers. The most popular methods employed by the companies are giving discounts to their valued customers, special offers and free trials, rewarding them virtually, creating knowledge-based content and rewarding (Weinstein, 2020).

This report also discusses the role of the stakeholders, their engagement and the impacts of the stakeholders in the promotion of the business. It thoroughly identifies the major stakeholders in every operation involved in marketing a product or a service and discusses the roles played by them and their positive and negative impacts on the business.

This report is mainly focused on the British fashion apparel and accessory retailer Next PLC. and explores the fundamentals of marketing aligned to the company. Next Plc was founded by Joseph Hepworth in the year 1864 and is headquartered in Leicester, United Kingdom.

The fashion retailer has more than 500 stores in the UK and has operations across 31 countries across the globe. The current CEO of Next PLC is Simon Wolfson and the company employs nearly 45,000 people. The total revenue generated by the organisation is approximately 445 million GBP and is listed on the Great Britain Stock Exchange (nextplc.co.uk, 2021).

The role of marketing in creating value for customers

It is not adequate just to manufacture a product or provide a service and establish a rational price for a product or service. Customers have extensive amounts of good options and that is why the customers are searching for some additional value when they are making their choices. Consumers want to feel valued while interacting with a brand. The customers seek valuable knowledge and want to trust the experts. They believe in the brands that listen and understands them.

Value addition for the consumers requires focusing on very small details and having a product or a service that is unique in nature. In order to gain the love and trust of the customers, the business organisations should create strong ties with the organisation and its potential customers. The customer base can be increased significantly by incorporating various marketing strategies (Mahmoud *et al.*, 2018). The most famous and motivating marketing strategies that can be used to increase added value for the customers are as follows.

Discounts: Brands can issue discounts to the best and high purchasing customers to motivate them. Discounts can also be given on multiple purchases of a single product or multiple products. Business organisations can also give special discounts on complimentary products. Moreover, the business organisations can offer a discounted price on certain products during off-season and holidays. This will be beneficial for the customers as well as boost the sales of the products or services in off seasons or holidays (Sheehan *et al.*, 2019). Next PLC has come up with a great idea for giving discounts. They offer a 25% discount against most purchases and one time (both online and offline) for the customers who are their shareholders. They have offered no limit on the value of discount on that time purchase. This way they have gained capital as well as boosted up their sales. They have set a limit for the validity of the discount coupons and they will be sent via e-mails to all the users that have a minimum of 100 shares (nextplc.co.uk, 2021).

Special offers and Free Trials: The customers always value the gifts of gratitude given by the shops and business organisations. Business organisations can offer certain free merchandises as a bonus for the customer orders or a special service free on purchase of a service. Some instances of free gifts and samples are thanking you cards, free shipping, small gifts, late-hours services, decreasing a minimum order quantity, or assigning a personal manager.

Free trials are again a great way of boosting sales and adding value to the customers. It is studied that on average, nearly three out of ten people become potential customers of the product. Customers like to check out what they are buying before buying a full pack or the whole service (Kocaga, 2019). This is a great opportunity to let consumers understand the value of the product without spending a single penny. Next Plc comes up with special offers based on the festive seasons and clearance sales periodically and offers special discounts. The discounts and offers can be availed both online and in real shops (nextplc.co.uk, 2021).

Point or perks based: Customers get reward points or virtual money for purchases, adding personal information, email subscriptions, or giving feedback. These reward points or virtual money can be spent by the owners on future purchases. This marketing strategy is often used by coffee businesses and e-commerce chains. After the customer's first purchase, the business organisations give their customers a card or virtual coins. These coins can be redeemed by the users and will give them a certain percentage of the discount. In

addition to this, certain business organisations provide small benefits to all of their customers. For instance, e-commerce shops add samples of the related product to a delivery package, in order to promote the businesses. Often this strategy is used by companies for their newly launched products. Next Plc adds free samples of the products that of their sister concerns to boost sales and make enhance their customers for the new products.

Creating Knowledge-based data and influencers: Creating educational content like infographics, case studies, recommendations, articles, guides on product manuals. Use of social media promotions like videos, podcast, push notification and social media advertisements, creating blogs can be more used as tools to keep customers busy. Online catalogues and making do-it-yourself videos and unboxing videos can improve sales and boost up the revenue of products and markets (Hung *et al.*, 2018). Recommendations from various specialists, establishments, and famous personalities are a common way to promote a product or a service. When celebrities with a fan base endorse different products, the people who are influenced by the celebrity are lean-to buy the product or the service. But influencers generally admire their audience and try to provide value to their customers as well. Experts and product reviewers should not try to trick their customers into earning rather they should support the good products for their audience and help their audience to avoid pitfalls and problems. Since Next Plc is a women fashion apparel and accessory based industry they use the help of fashion models to endorse their products. They provide a wide range of clothing for the customers to choose from in their catalogues (nextplc.co.uk, 2021).

Feedback: It is seen that more than half of the total customers will make a purchase after reading reviews of the products and services online. After going through the reviews, the customers will evaluate whether a brand is trustworthy and will believe a brand that cares about its customers and tries to enhance their buying experience. Feedbacks create a great impact on the growth of revenue of the brands. Positive customer impressions can boost up sales largely. Brands can ask for reviews from their existing customers after they make a purchase.

This has two benefits: The customer feels valued which increases the trust in the brands and secondly, the reviews provide an evaluation of the product. The product can be improved and the customer experience can be enhanced drastically. Finally, the reviews can convert the targeted audience into potential buyers of the brand. Brands can ask their customers for reviews through email, they can share links to important review websites, and observe social media for hashtags and mentions about the company (Liu *et al.*, 2019). In order to receive feedback about the quality of the goods or service, large organisations most of the time ask their customers about their experiences. The most important questions that need to be asked while gathering feedback are: Do the customers like the product? Did they face any kind of difficulties with the service or product, what were they? Finally, the companies should ask for their suggestions in order to enhance the consumer experience (Nasr *et al.*, 2018).

Next PLC is one of the very few fashion retailers to really understand who are their customers and the managers of Next Plc able to sustain a close relationship with their customers. They have achieved this through a smart aligning of both their retail outlets and their rapidly growing digital online presence. The latest reports of the company show that

their offline sales decreased by 5% and online sales increased by 13% (forbes.com, 2021). The significant growth of Next PLC's online sales primarily depends on their catalogues, their selection of apparel and inventory levels. The supply chains and research and development of Next PLC have profited much from the consumer data generated from their product feedback and now through their online offering. They are further adding to by implementing the information technology tools like machine learning and artificial intelligence to serve the customers in a smarter way.

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

For Next Plc, the major stakeholders are the customers, investors, managers, employees, retailers and suppliers. Stakeholder engagement is the method by which business organisations communicate and try to understand their stakeholders. By understanding them, the companies are able to know their demand, when their demand needs to be fulfilled, how engaged are the stakeholders and how the organisation's strategies and actions plans will affect their goals. Moreover, the stakeholders can develop their communication and rethink their plans and operations, that have long term plans and benefits (Leonidou *et al.*, 2018). By doing so, they will add to the company by improving the goodwill and brand image. Stakeholder engagement allows the business organisations to involve the stakeholder for a specific objective and attain settled results. Stakeholders are the people or the groups who are directly or indirectly involved in affecting a project or the organisation. Moreover, those people who may have benefits in a project and/or have the capability to impact its outcome, either in a positive or negative manner. Stakeholders may include individuals or locally affected groups and their official as well as unofficial representatives. Stakeholders also include local and national government bodies and authorities, politicians, civil society organizations, religious leaders and groups of people with distinct interests, and other businesses. Stakeholders are basically of two types Primary and Secondary. Primary Stakeholders are employees, customers, clients, suppliers, local communities and businesses. While, Secondary stakeholders are: trade unions, business rivals, labour unions, NGOs, policymakers, and civil society groups. The Stakeholders of Next Plc are its 40,000 employees that work globally across all the 31 countries, its shareholders, 5 million customers, shops and franchise owners (nextplc.co.uk, 2020).

Impact of stakeholders on marketing activities of Next Plc

The stakeholders are the ones that majorly impact all the business activities. Next Plc is an online and offline retailer of women apparel, clothing, footwear and accessories. They also deal in menswear, children's wear and homewares.

Products: The potential market of the company is primarily dependant on both the sexes, and especially targets young professionals who are in the age group of 20 to 48, and belonging to the middle-income group. The customers are addicted to the fashion apparel and the new stylish trends offered by the organisation. The stakeholders are the consumers of the product. They are the ones who buy the products offered by the company. Next Plc is effectively managing the customers and making them buy more and more products (Goodman *et al.*, 2017). Here the customers play a crucial role in the growth of the organisation and change in tastes of the organisation can show significant ups and downs in

the balance sheets of Next Plc. Moreover, the products of the company should be very updated and target a specific audience. Placing the right products to the right people can help Next plc to convert the people into paying customers and make them the company's stakeholders. The impact of the stakeholders like designers, supply chain managers and employees, and the customers is high.

Pricing: Next Plc always tries to keep average prices for their products. The dresses sold by Next Plc starts from £10 and ranges up to £200. The prices are quite reasonable as compared to the quality offered by the brand. The designer brands available at Next PLC directory is considered to be premium with prices ranging from £10 to £500. In fact, the pricing strategy of the organisation is a combination of various data from the customers, business executives, suppliers and business managers. It also depends on the taxes of the local government where the company is performing their operations. Therefore, the customers, sellers, business executives, business managers, shareholders and the local governments are the stakeholders that directly and indirectly impact the pricing of the retailer. These stakeholders can significantly impact the business organisation. For instance, the local tax rates and the import rates of another country will determine the pricing of the products of the organisation. This will directly affect the revenue growth of the organisation (Watson *et al.*, 2018). The impact of the stakeholders in the pricing is medium.

Distribution and place: It is the process by which the products of Next Plc. are made available to the different markets of the country and abroad. Next Plc is a retail chain and has over 500 retail stores and franchise chains in over 31 different countries and distributes its products to the customers through online and offline modes. There are many stakeholders that influence the place of operations in the business of Next Plc. They include the employees, NGOs and community groups of the respective locations, labour unions, the government authorities, the inbound and outbound delivery partners, the suppliers of raw materials and the customers. These stakeholders create a significant impact on the smooth and efficient running of the businesses. For instance, the stakeholders like the NGOs and the community groups can significantly increase sales by endorsing the brand to the localities but they can also negatively impact the business by creating hostile situations and stop the growth of the business. Since Next Plc has many retail stores and in many countries, the government, and the trade unions become crucial stakeholder. If the government and the trade union make a business-friendly environment for the company, Next Plc can flourish more but with decreased ease of business, the company can face serious downsides. In addition to this, the distribution and delivery partners along with the suppliers play a crucial role in revenue generation and give a competitive advantage to Next Plc over its business rivals. The impact of the stakeholders is low because the distribution is handled by third party distributors.

Promotions: The promotions and advertising in a company are done to increase its reach to the targeted audience. The word promotion refers to the approaches employed by the business organisation to provide data about the new services and products and make potential clients aware of them. Next Plc's campaigns in the latest years are primarily small are more targeted to a specific audience to encourage the sales of their products. Rather than large scale promotions and television advertisements, the company tries to make online customers and focuses more on search engines and media content. All the

promotional offers and content displayed by Next Plc. are restricted to the company and partner websites and e-mail marketing. They also feature their advertisements to the audiences in the social media handles such as Facebook, Instagram and Twitter. In addition to this, they also advertise on video platforms like YouTube. These online advertisements have generated much attraction and promoted sales drastically (Troise and Camilleri, 2021). The stakeholders involved in the advertisements and promotions are primarily the customers, the employees of the marketing department and shareholders. The marketing managers devise strategies and evaluate them to get maximum benefits from the resources allocated for the promotion of the products. The other stakeholders type of stakeholders that play a crucial role is the consumers. The promotional offers and the schemes are mainly focused to encourage them to make a purchase. The customers respond to the e-mail promotional offers like vouchers, schemes and discounts and make purchases. They also help in marketing the brand by discussing them with their family friends and relatives. They share links to the products with their friends if they are satisfied with the quality. Consumers also play a significant role in making the products better by submitting reviews, feedbacks and suggestions (Goldsby *et al.*, 2018). These suggestions enhance the service and the quality of the products to a greater extent and make the product more desirable to the general people. The impact of the stakeholders in promotions is high.

Conclusion

From the above report, we can conclude that the customers are one of the major stakeholders and play a very important role in the growth and development of any business organisation. Next Plc has its operations across 31 countries and has to cater to a diverse audience. The managers of Next Plc must take care of the fact that in order to increase the customer base, they need to add more value to the customers and significantly attract new and existing customers. This report has explained various methods they can employ to add value and be more and more appealing to the target audience. The company can also improve with the help of the customer and grow their business by collecting feedbacks, reviews, and suggestions from their existing customers. Using the feedbacks can help in the continual improvement of the products and enhance customer satisfaction. The report also deeply discusses the impacts and the benefits of the stakeholders in the businesses. The report identifies the specific business stakeholders in various marketing operations and thoroughly discusses the advantages of the stakeholder in every operation. This report can be very beneficial for the managers for identifying the areas of improvement and promotion in a better manner in Next Plc.

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