INSTRUCTIONS: You **MUST** submit this document as your assignment. Other formats will not be accepted and you will receive a mark of zero. Do not try to change the layout of this document as it will not be accepted. Complete all details in Section 1 and start your assignment on Page 2. **Ensure you enter your details in the header on Page 2**, they will appear on every page. Save the file as **<StudentNo><ModuleCode>** (e.g. 1123456BS1234). **IMPORTANT: Save this file as a PDF**, other formats **WILL NOT BE ACCEPTED**.

Cardiff Business School
COURSEWORK COVER SHEET 2013/2014

Section 1 (to be completed by the student)

Student Name:	<Abdullahi Ali> <Abdulle>
Student Number:	<C1220568>
Module Code:	<BS2540>
Module Title:	<Marketing and Strategy>
Coursework Title:	<Using real company examples throughout, discuss and analyse key emerging trends in marketing today, also explain how consumer's needs and expectations are evolving. Conclude by suggesting detailed and innovative marketing strategies for firms to succeed and prosper.>

Submission date: (before 12 noon on…)	<26/11/2013>	**Date document last saved/printed:**	25.11.2013 (Updated automatically)	**Lecturer:**	<Dr. Eleri Rosier>

Section 2 (To be completed by the Lecturer)	**MARK AWARDED:**

COMMENTS:

Number of words: <1,998>

<Abdullahi Ali Abdulle>   <C1220568>   <Marketing & Strategy BS2540>

Using real company examples throughout, discuss and analyse key emerging
trends in marketing today, also explain how consumer's needs and expectations
are also evolving. Conclude by suggesting detailed and innovative marketing
strategies for firms to succeed and prosper.

Abstract

This report will look at two emerging trends in marketing: Digital Marketing (DM) and
Relationship Management (RM). Assess how consumers have changed and are changing
following that up with suggestions for what will be good marketing strategies. The three
strategies that this report will suggest is a more seamless integration of DM and RM in order
to enhance word of mouth and be constantly engaged with the consumer. Based on the
information looked at Growth Hacking seems to be an effective future strategy. Data mining
will also be big strategy to understand consumers better and deal with them on a more
personal level.

Digital Marketing

The basis of Digital Marketing (DM) is having a piece of online real estate in the form of a
website. From this all other activities can be worked on. The aim of your website is to
convert traffic into prospects or consumers. This can be done directly by giving information
on how to purchase or through online sales on the site. (Ryan and Jones 2012) Search Engine
Marketing (SEM) is still a preferred route for marketers because it is where consumers go to
find things which give marketers an opportunity to come across consumers who are looking
for what they have. (Ryan and Jones 2012) Email marketing is another technique utilised by
consistently providing them with valuable content via email to do business with the
consumer. (Ryan and Jones 2012) Social media is another tool marketers try to exploit by
joining in the conversations people are having through this medium. (Ryan and Jones 2012)

Digital Marketing can have its downsides too. With social media although companies are
engaged they do not have as much control over the message anymore. McDonalds with
their #McDStories being hijacked by people giving funny unflattering anecdotes of their

<Abdullahi Ali Abdulle>   <C1220568>   <Marketing & Strategy BS2540>

experiences showed this. (Hill 2012a) With the ever increasing number of spam email and other forms of communication email will and is getting less effective. The problem with SEM is that search engines often change their algorithm making it less consistent and stable.

PrettyTallerr â™¥ MICHAELAlouise â™¥
My brother finding a fake finger nail in his fries.
#McDStories
About one year ago via Mobile Web ☆ Favorite ⇄ Retweet ↩ Reply

deweymedia paul dewey
#McDStories More than half a year since last McTerrible McFattening McMeal. I don't McMiss the McFood McOne McBit.
About one year ago via web ☆ Favorite ⇄ Retweet ↩ Reply

Scorch The Human Scorch
#McDStories How the HELL can they be so popular when there's rats running around in their bun packages?
About one year ago via web ☆ Favorite ⇄ Retweet ↩ Reply

(Telegraph 2012)

Case Study

<u>Two Greedy Italians a BBC 1 TV Series (Ryan and Jones 2012)</u>

This was an online campaign done in support of the TV Series with the aim of increasing book sales, awareness and social media engagement as well as online bookings to the chain of restaurants.

The main focus of the campaign was on social media and twitter hashtags. They invested their efforts into YouTube campaigns, Search Engine Marketing to their more than their ¼ of a million subscribers.

<Abdullahi Ali Abdulle>   <C1220568>   <Marketing & Strategy BS2540>

The results were positive with a 20% increase in twitter following with their twitter account ranking in the top 2% of accounts at the time. The restaurant received a 102% increase in online bookings for the restaurant. The site reached page one on Google fighting off competition from the BBC, The Guardian and Amazon. They also found that they sold more gift sets that included the book with a higher mark-up than book sales themselves.

Relationship Marketing Extract

John Egan (1952) describes relationship marketing (RM) as "marketing seen as relationships, networks and interactions." This is a trend where marketing is currently leaning towards. As shown by Christopher et al (2002) with the graph below titled "The Changing Focus of Marketing."
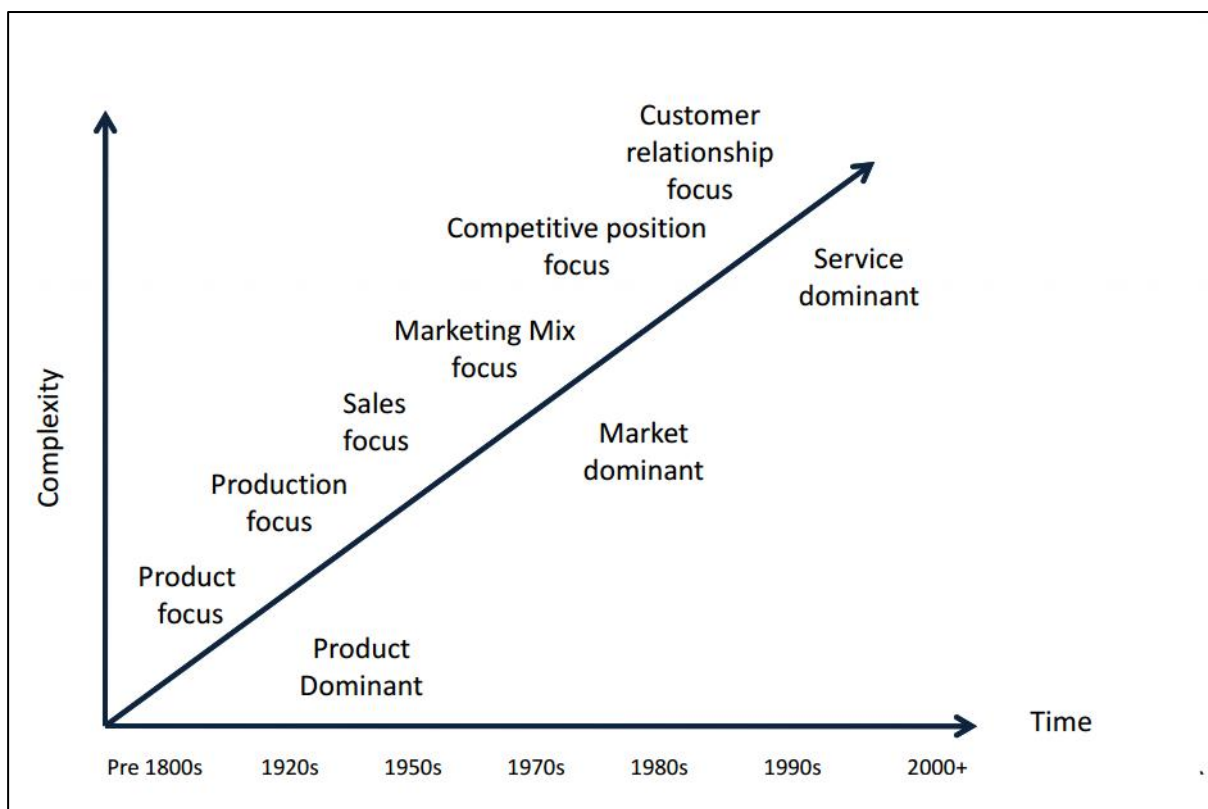
The reason for this trend is that firms have found that the Return on Relationship is more financially beneficial than the traditional transaction based philosophy. (Egan 1952) This is because not only are you getting more money per customer over the long-term "it costs five to ten times as much to get a new customer as it costs to keep an existing customer." (Egan

<Abdullahi Ali Abdulle>   <C1220568>   <Marketing & Strategy BS2540>

pg182, 2011) Cadillac for example have worked out that each customer is worth $332,000 over their lifetime. (Harwood et al 2008)

Case Study

There are many examples where RM is used by firms which prove that reducing the number of customers and focusing on a few relationships is better. "Motorola cut the number of suppliers by 70 per cent, 3M by 64 per cent and Ford by 45 per cent" and Procter & Gamble teamed up with Wal-Mart and created an integrated system through their computers. "IBM had formed alliances with several of its major customers" this included; Toshiba, Mitsubishi, Intel, Apple, Lotus, Sears and Siemens. (Harwood 2008)

The problem with relationship marketing is that the firm is always more committed than the consumer so a firm could be doing its best and still lose business. (Mack 1996) In UK retailing for example the vast amount of transactions are the traditional one-off transactions, therefore you would be losing a lot of business by thinking of this as a paradigm shift rather than a strategy. (Gilbert and Summer 2004)

### Evolution of Customers' Needs and Expectations

Changes in the macro-environment have resulted in changes to the consumers' behaviours and expectations. The main change is the shift of power from firms to consumers resulting in consumerism.

These macro changes have also changed the needs of consumers. People with different backgrounds being a significant part of the population their needs and expectations need to be considered to meet them effectively. People with an Indian background make up 9.3% of the population and are forecasted to be the same proportion but a bigger number because of the population increase. The Polish population is the fastest growing demographic and is expected to be the biggest foreign demographic by 2030 forming 10.9% of the population. 78.5% of the population is expected to be white in 2030.

<Abdullahi Ali Abdulle>   <C1220568>   <Marketing & Strategy BS2540>

Population decline is expected to occur sooner than expected. There will be a reduction in the portion of the population that is under 25 because of the fall in birth rates resulting in aging population. Single people will total 33.9 million of the population by 2030 and will form the biggest household group of single-adult households. Healthy life expectancy will increase from 72.3 to 75.2 years by 2030. [Meaning more leisure activity] Life expectancy is expected to increase to 83.4 years in 2030. 61.4% of people are expected to be aged 15-64 against 21.7% aged 65 and above. (Passport 2013)
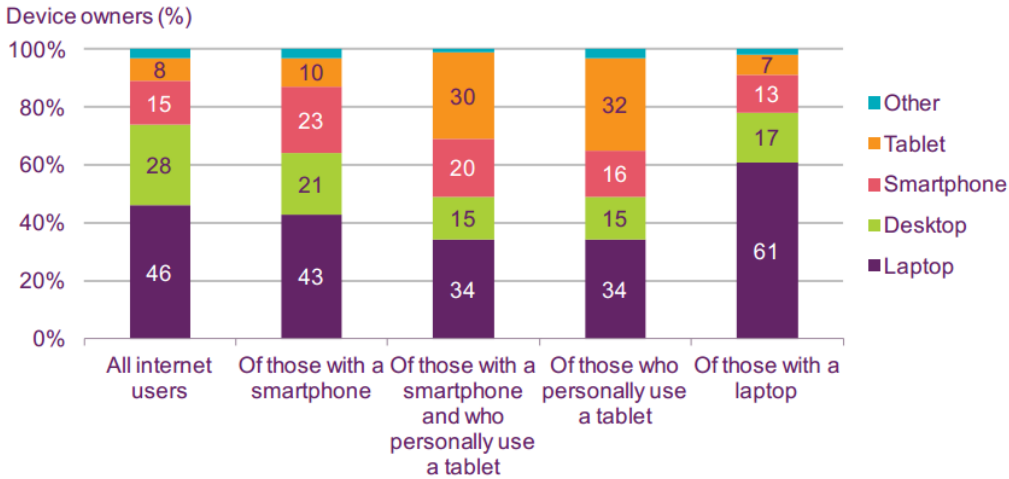
Technological Changes

Technology arguably has had the most dramatic change and has had a massive influence on consumers. Traditional media like TV and radio activities are being conducted online more and the choice of devices to access the internet with is increasing.
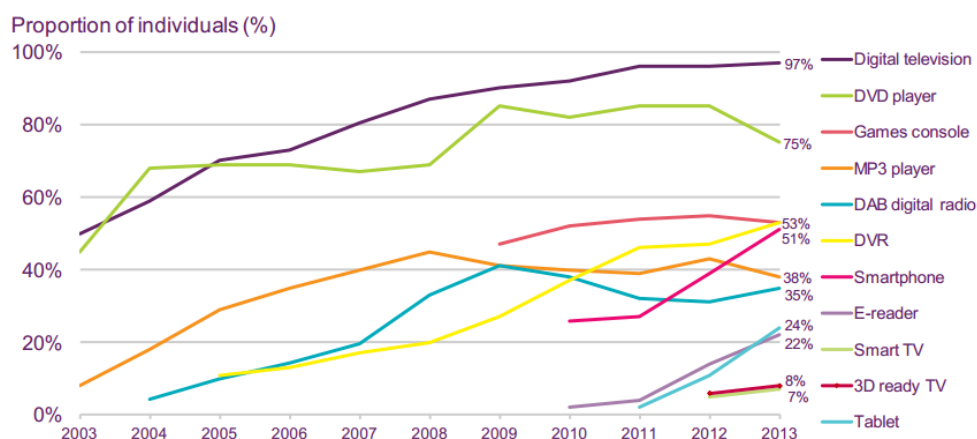
(Ofcom 2013)

The graph above from Ofcom's communications market report of 2013 shows the take up of household devices. Digital television remains the most popular device but there are trends that show that other products are becoming more popular. Smartphones have had a sharp increase since 2011 to 51% of adults now owning one and Tablet devices are proving to be a device that is going to become more central to people's lives. DVR's have also been increasing in ownership since 2005.
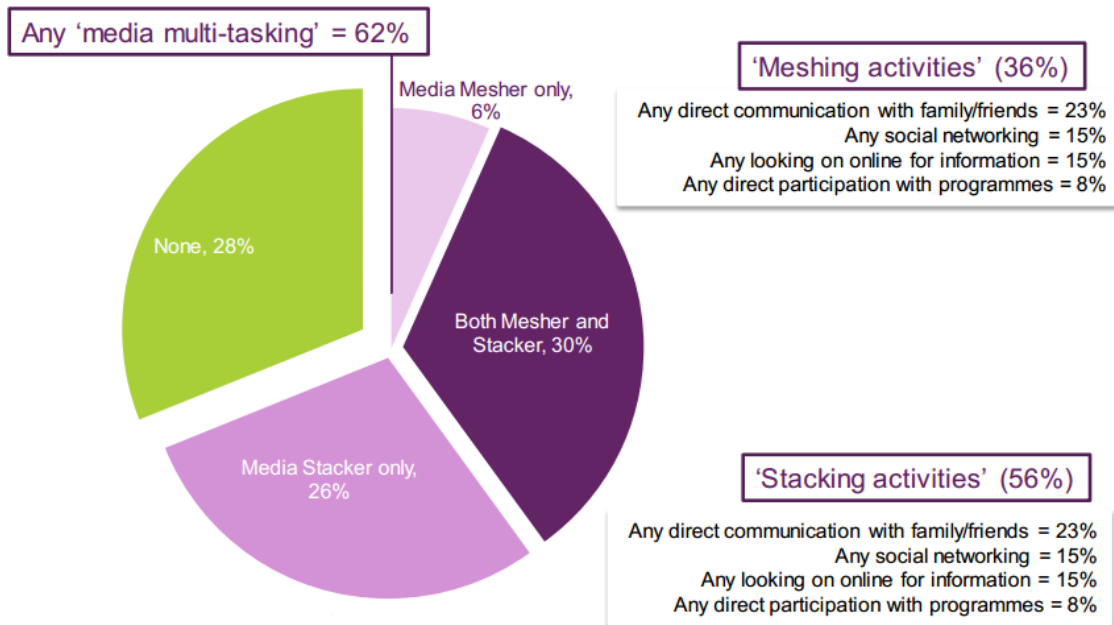
<Abdullahi Ali Abdulle>   <C1220568>   <Marketing & Strategy BS2540>

Most important device for internet access by device ownership

Device owners (%)

Other	8	10	30	32	7
Tablet	15	23	20	16	13
Smartphone	28	21	15	15	17
Desktop	46	43	34	34	61
Laptop	All internet users	Of those with a smartphone	Of those with a smartphone and who personally use a tablet	Of those who personally use a tablet	Of those with a laptop

(Ofcom 2013)

The popularity of the internet can be seen by the take up of superfast broadband. During the first quarter of 2010 only 0.3% of connections were to "superfast" broadband compared to the first quarter of 2013's of 17.5%. (Ofcom 2013)

Media multi-taskers

Any 'media multi-tasking' = 62%

None, 28%

Media Mesher only, 6%

Both Mesher and Stacker, 30%

Media Stacker only, 26%

'Meshing activities' (36%)
Any direct communication with family/friends = 23%
Any social networking = 15%
Any looking on online for information = 15%
Any direct participation with programmes = 8%

'Stacking activities' (56%)
Any direct communication with family/friends = 23%
Any social networking = 15%
Any looking on online for information = 15%
Any direct participation with programmes = 8%

(Ofcom 2013)

A more interesting trend for marketers is that people are using several media devices at once via media stacking/meshing, with 62% of adults partaking in some form of media multi-tasking.

<Abdullahi Ali Abdulle>   <C1220568>   <Marketing & Strategy BS2540>

Acceptability of using private and public communication methods to share information

% UK adults who think it is acceptable
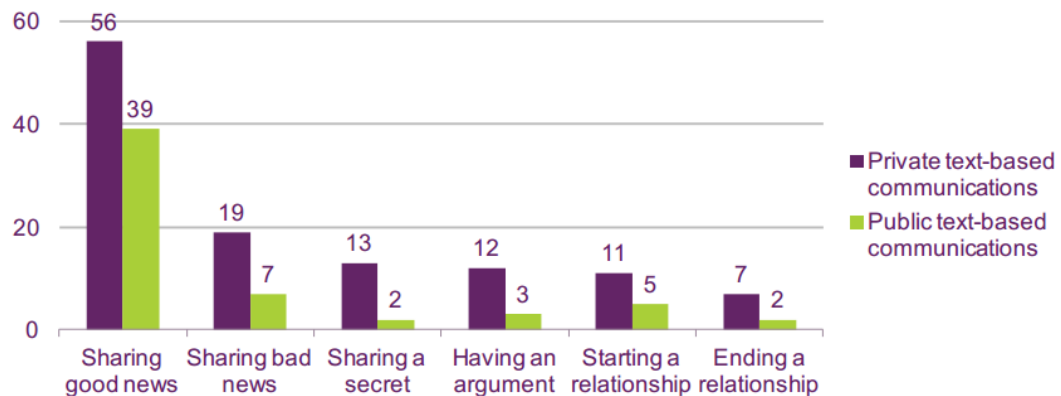
(Ofcom 2013)

People also now have choices of ways to share information publically and privately and what to share and which way to share it depends on the topic and age group as the graphs both above and below show.

Acceptability of using public communication methods to share information: younger and older users
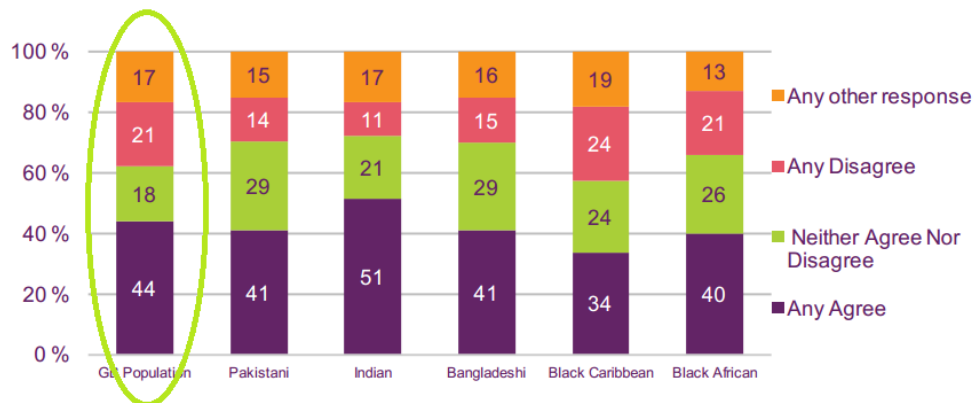
% who think it is acceptable
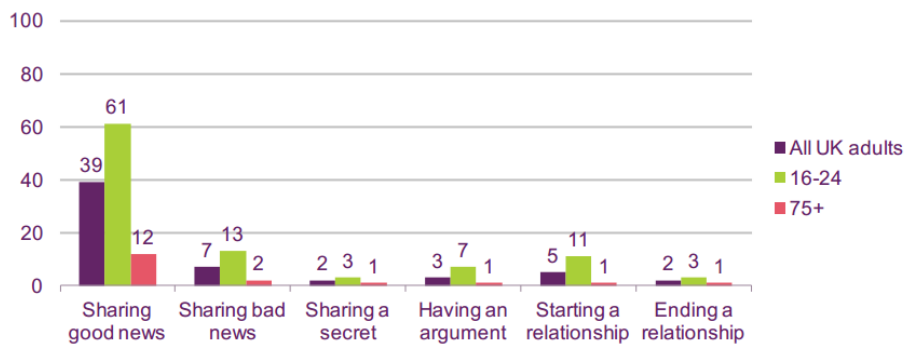
(Ofcom 2013)

Even if the purchase is not made online the internet is still a significant step in the buying process with the British average being 44%. The respondents' answers also varied depending on their ethnic background.
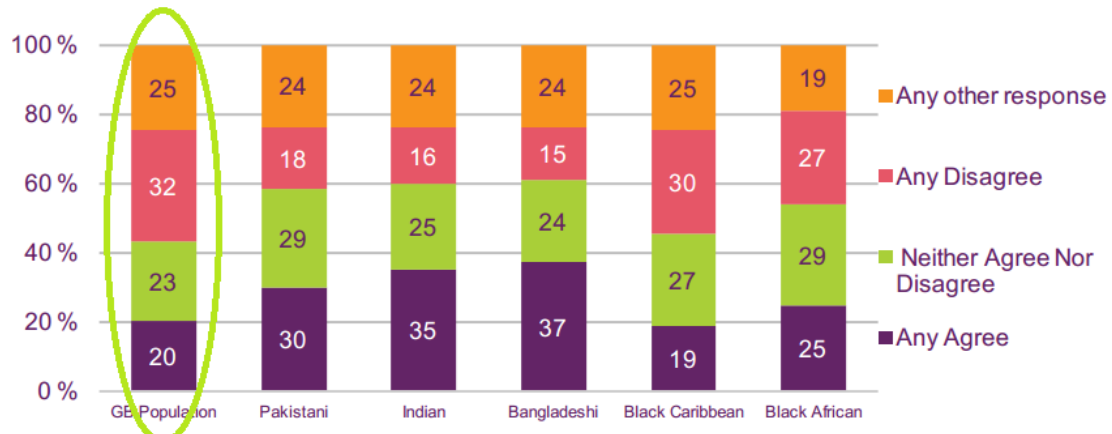
<Abdullahi Ali Abdulle>   <C1220568>   <Marketing & Strategy BS2540>

"I often refer to the Internet before making a purchase"

(Ofcom 2013)

Online comments and reviews can also play a part in the decisions that consumers make and vary depending on ethnic background too.

"I tend to be influenced by comments/reviews posted online by other Internet users"
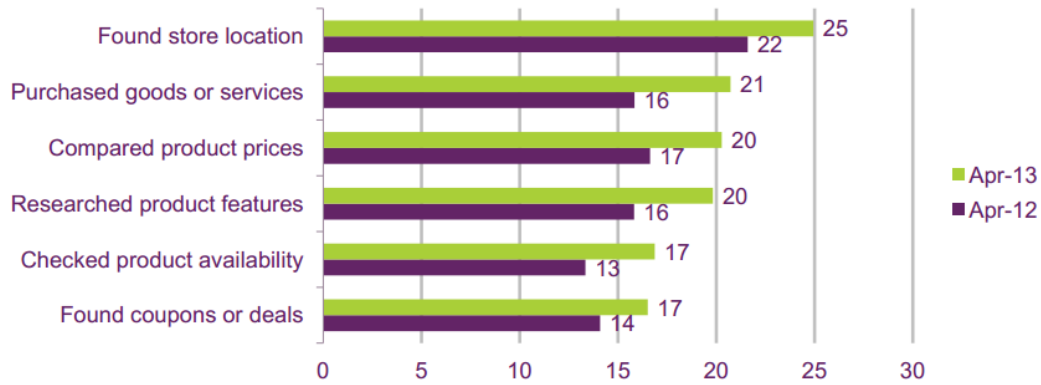

(Ofcom 2013)

With the rise of the smartphone, 51% of adults now own one; the amount of business done via mobile is on the rise and varies. Even if there is no direct purchase (which 21% of people have done with their mobiles) 25% of users have used it to locate a store or 20% have used it to compare product prices.

<Abdullahi Ali Abdulle>   <C1220568>   <Marketing & Strategy BS2540>

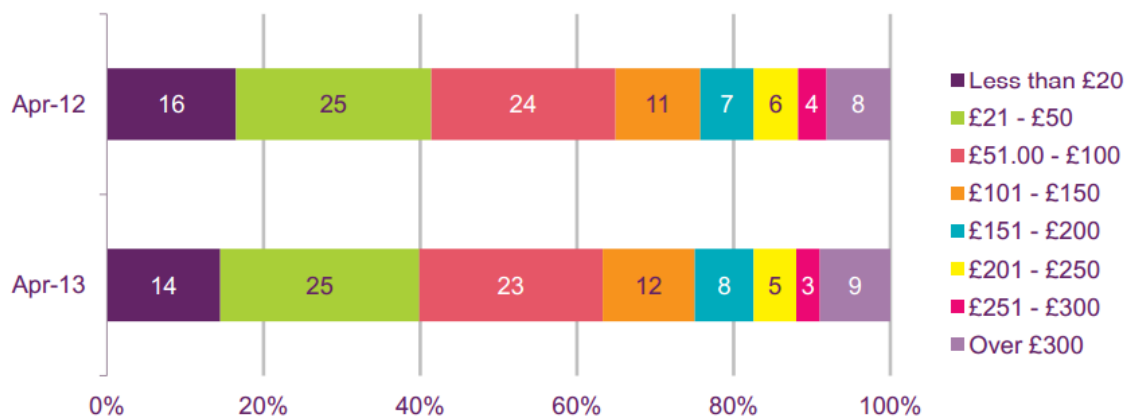## Mobile retail activities conducted by mobile internet users

Mobile internet users (%)

Activity	Apr-13	Apr-12
Found store location	25	22
Purchased goods or services	21	16
Compared product prices	20	17
Researched product features	20	16
Checked product availability	17	13
Found coupons or deals	17	14

(Ofcom 2013)

Consumers are still spending a lot of money through their mobile phones with 48% of them spending between £21 and £100.

Amount spent on goods and services among mobile internet shoppers

Mobile internet shoppers (%)

|	Less than £20	£21 - £50	£51.00 - £100	£101 - £150	£151 - £200	£201 - £250	£251 - £300	Over £300
Apr-12	16	25	24	11	7	6	4	8
Apr-13	14	25	23	12	8	5	3	9

(Ofcom 2013)

Technology is now becoming central to the interaction between firms and consumers.

Economical

The economy can determine consumers' spending patterns as you can see from the GDP graph below GDP fell sharply after the 2008 financial crisis and has been shrinking and growing slowly remaining unstable the whole time.

<Abdullahi Ali Abdulle>   <C1220568>   <Marketing & Strategy BS2540>
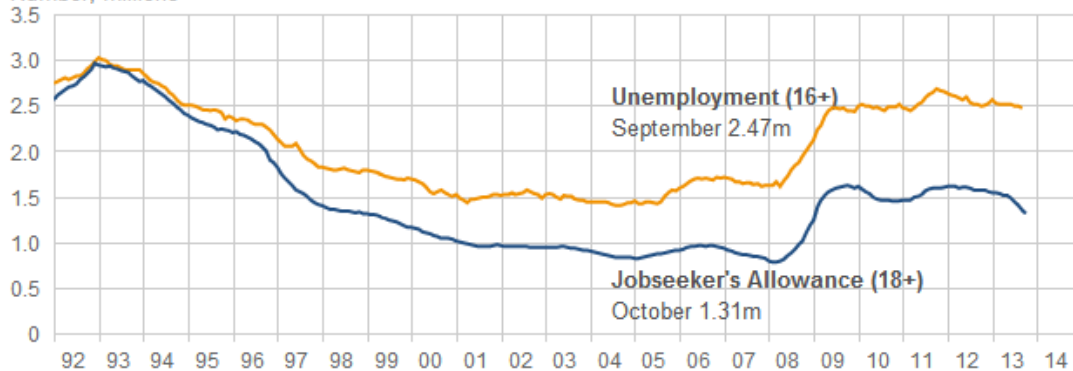
UK GDP growth, quarter on previous quarter
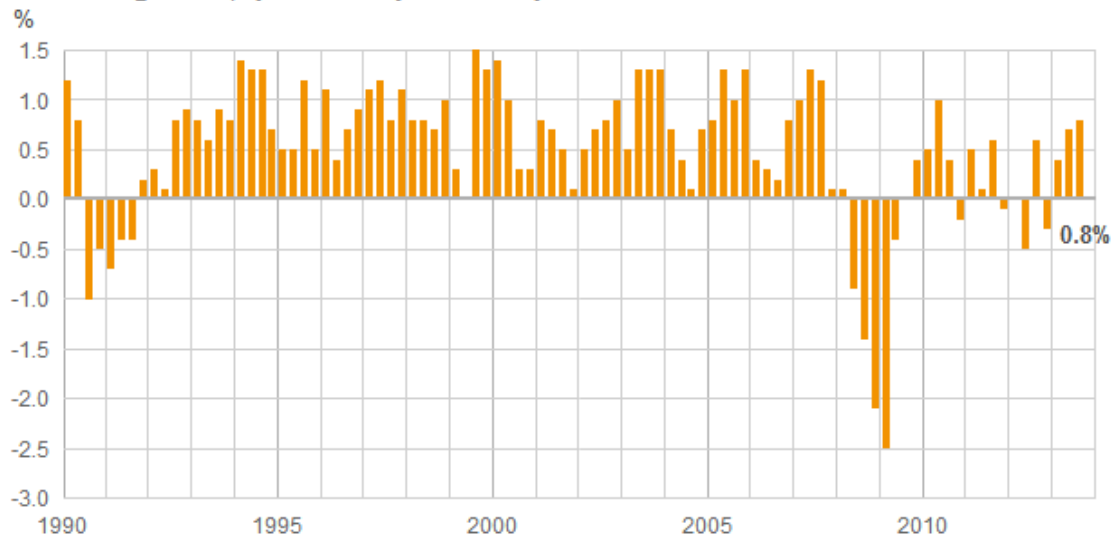
(BBC 2013a)

Unemployment rose during this time and the lack of income the consumer had may have been the reason why that GDP fell.

Jobless total
Unemployment and Jobseeker's Allowance in the UK 1992-2013

(BBC 2013b)

Environmental/Political

Consumers' politics can affect companies' profit, for example, Starbucks not paying tax for 3 years and then only paying a fraction of what people felt was fair was estimated to be able to cost them up to 24% of turnover according to research done at Manchester university. (Booth 2012) Companies' are reacting as a result as shown by Facebook changing its policy on moderating sites after several companies pulled their advertising after a campaign by Everyday Sexism against "trivializing rape". (Bates 2013)

<Abdullahi Ali Abdulle>   <C1220568>   <Marketing & Strategy BS2540>

Suggested Strategies

Integration of DM and RM

The first strategy that I would recommend is seamlessly integrating of DM and RM. They are two strongly emerging trends that fit. For example, if a program is on TV and you have a branded twitter account known for tweeting on this topic then it would be good to get involved in the conversation. Paddy Power is really good at expressing their brand's risky humour online:

(Paddy Power, 2013)

This is not only good for promotion and awareness you could use social media, email marketing and cookies to build a constant relationship with the consumer becoming more of a part of their daily lives.

Growth Hacking

A new phenomenon in marketing is Growth Hacking (GH), a term coined by Sean Ellis who is Dropbox's first marketer. (Ellis 2010) The idea is to put a system into place that will result in an increase in users or customers. For example, when Dropbox started they would provide

<Abdullahi Ali Abdulle>   <C1220568>   <Marketing & Strategy BS2540>

extra space for customers who refer other customers as well as space for anybody that Tweeted or "Liked" various things about them. Once this system was in place every person that joined brought more people and those people brought even more people until Dropbox became a $4 billion company. (Kissmetrics n/a)

(Kissmetrics n/a)

Firms can offer discounts or free extra product if it is a 'Software as a Service' product like Dropbox as an incentive to get new customers. This is not only limited to getting new customers but can be used for other goals too. For example, if you want more Twitter followers or Facebook likes then offer the incentive in exchange for the desired action. This will work best if the product is one the consumer wants.

Data Networks

Another emerging trend that will be an effective strategy is data networks. Having lots of information on consumers can mean that you can provide them with more personalised service. This will also reduce the spam factor because you will only be targeting people with things that are relevant to them. Amazon for example at the bottom of the page for each product has a list of items that people who were interested in that product also were interested in. This can also be used as a marketing research tool by looking at buyer behaviour and understanding what people like and dislike. So instead of customers just leaving without a word this could be an effective tool to pre-empt that. FIFA are using it in

their games to look at how people play to make the experience better for their users. (Hill 2012b)

<Abdullahi Ali Abdulle>   <C1220568>   <Marketing & Strategy BS2540>

<u>References</u>

MACK, T., 1996. Growing relationship marketing's role within Renault UK. *Managing Service Quality,* **6**(4), pp. 32-35.

GILBERT, D. and SUMNER, F., 2004. The current use of marketing in UK retailing. *International Journal of Retail & Distribution Management,* **32**(4), pp. 242-251.

Ryan and Jones. 2012. Understanding Digital Marketing: Marketing Strategies for Engaging the Digital Generation. Philadelphia: Kogan Page.

Hill, K. 2012a. #McDStories: When a Hashtag becomes a Bashtag. [Online] Available at: http://www.forbes.com/sites/kashmirhill/2012/01/24/mcdstories-when-a-hashtag-becomes-a-bashtag/ [Accessed 18 November]

Hill, K. 2012b. Playing the Gamers: How EA's 'FIFA 13' Hopes to Track – And Change – Users' Behaviour. [Online] Available at: http://www.forbes.com/sites/kashmirhill/2012/09/14/playing-the-gamers-how-eas-fifa-13-hopes-to-track-and-change-users-behavior/ [Accessed 20 November 2013]

Kissmetrics. n/a. The 7 Ways Dropbox Hacked Growth to Become a $4 Billion Dollar Company. [Online] Available at: http://blog.kissmetrics.com/dropbox-hacked-growth/ [Accessed 21 November 2013]

Ellis, S. 2010. Find a Growth Hacker for Your Start Up. [Online] Available at: http://www.startup-marketing.com/where-are-all-the-growth-hackers/ [Accessed 21 November 2013]

Bates, L. 2013. The day the Everyday Sexism Project won – and Facebook changed its image. [Online] Available at: http://www.independent.co.uk/voices/comment/the-day-the-everyday-sexism-project-won--and-facebook-changed-its-image-8636661.html [Accessed 15 November 2013]

Booth, R. 2012. Financial: Tax and staff contract rows could hit Starbucks finances: Research suggests loss of turnover may reach 24%: Protesters link avoidance strategy to benefit cuts. [Online] Available at: http://www.lexisnexis.com/uk/nexis/results/docview/docview.do?docLinkInd=true&risb=21_T18716916939&format=GNBFI&sort=BOOLEAN&startDocNo=1&resultsUrlKey=29_T18716916943&cisb=22_T18716916942&treeMax=true&treeWidth=0&csi=138620&docNo=4 [Accessed 15 November 2013]

Ofcom. 2013. UK Charts All. [Online] Available at: http://stakeholders.ofcom.org.uk/binaries/research/cmr/cmr13/UK_charts_all.pdf [Accessed 14 November 2013]

<Abdullahi Ali Abdulle>   <C1220568>   <Marketing & Strategy BS2540>

Passport. 2013. The UK in 2030: The Future Demographic. [Online] Available at: http://www.portal.euromonitor.com/Portal/Pages/Search/SearchResultsList.aspx [Accessed 15 November 2013]

Telegraph. 2012. McDonald's #McDStories Twitter campaign backfires. [Online] Available at: http://www.telegraph.co.uk/technology/twitter/9034883/McDonalds-McDStories-Twitter-campaign-backfires.html [Accessed 13 November 2013]

Egan, J. 1952. Relationship Marketing: exploring relational strategies in marketing. Harlow: Prentice Hall.

Harwood et al. 2008. Relationship Marketing: perspectives, dimensions and contexts. Maidenhead: McGraw-Hill Higher Education.

Paddy Power. 2012. Zlatan Ibrahimovic begins his preparations for the world cup finals. [Online] Available at: https://twitter.com/paddypower/status/403102886105604096/photo/1 [Accessed 24 November 2013]

BBC. 2013b. Economy Tracker: Unemployment. [Online] Available at: http://www.bbc.co.uk/news/10604117 [Accessed 14 November 2013]

BBC. 2013a Economy Tracker: GDP. [Online] Available at: http://www.bbc.co.uk/news/10613201 [Accessed 14 November 2013]

Christopher et al. 2002. Relationship Marketing: creating shareholder value. Oxford: Butterworth-Heinman.