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*“A company chasing the 'Mass Market' loses it.
It's a paradox, but that's what my research has found.”*
(Kotler, P. 1989)

Abstract

This report is the result of a collaborative research project undertaken on five competing companies in the retail clothing industry. The companies chosen are N Brown Group PLC, Debenhams PLC, Tesco PLC, Marks & Spencer Group PLC and New Look Group PLC. They are evaluated in terms of current marketing strategies, ranging from market segmentation and targeting to positioning.

A brief analysis of each company is provided including basic history, company culture, financial status and current strength in the market. A further, more detailed analysis is then made into how the companies' position their selves to target customers and how they segment the particular market. Finally, a comparison of practices is drawn against the theory of market segmentation and positioning.

Identification of Industry Sector and Company Target Market

N Brown Group PLC is an internet and catalogue home shopping company that has operated in the distance shopping market for over 140 years. Their current product range includes clothing, footwear, household and electrical goods.

N Brown's portfolio consists of 32 brands that are separated into three distinct age groups. Their principle subsidiary, JD Williams sells women's plus-size clothing such as dresses and knitwear to the midlife, 45-65 ages. In fact, the majority of brands owned by N Brown cater to plus-size women such as Simply Be, Shapely Figures and Marisota.

The unique selling point of N Brown's brand portfolio is to offer a fashionable range of clothes specifically designed for larger body sizes. 52% of sales in 2009-2010 came from ladies wear, half of which were in sizes 20-38. (Corporate website, 2011).

Each brand has a transactional website, most have printed catalogues and one in particular has recently launched two high street stores. The group operates within the UK however efforts are currently being made to enter the international market. Customer orders, service and account enquires are dealt with by approximately 1100 employees at their contact centre in Manchester and “Two principle distribution centres exist in Shaw, Greater Manchester and Hadfield, Derbyshire” where the majority of stock is held (Corporate website, 2011).

Revenue and operating profit for the 2011 financial year were £718.8 million and £102.6 million respectively, which represents increases of 4.2% and 5.1% on the previous year. (Annual report, 2011)

Debenhams PLC is a British retailer operating under a department store format in the UK, Ireland and Denmark with franchise stores in 24 additional countries (Corporate website, 2011). Since being founded in 1778 Debenhams has grown to become one of Britain's leading department stores and has received a number of awards including 'best department store' (Lorrain High Street Fashion Awards 2011).

With 167 stores established in its three principle countries and 61 stores franchised globally Debenhams trades on over 12 million square feet of space and employs nearly 29'000 people. (Corporate website, 2011).

Their product portfolio is a combination of own brands, international brands and concessions offering clothing, accessories, domestic items and health & beauty products. Debenhams' main consumers are in the 35-50 age range however there have been attempts to attract younger people such as the introduction of the H! by Henry Holland collection in 2010 (Annual report, 2010).

In addition to Henry Holland, Debenhams have strong relationships with other famous designers such as Betty Jackson, Jasper Conran and John Rocha. Being associated with so many world-class designers gives the company a strong competitive advantage. (Commercial website, 2011)

Debenhams sailed through recent economic difficulties successfully and notably acquired Denmark's leading department store 'Magasin Du Nord' in 2009. Revenue and operating profit for the 2011 financial year were £2.2 billion and £183.7 million giving an increase of 4.2% but a decrease of 6.2% respectively on the previous year. (Full year results, 2011)

Tesco PLC is a supermarket chain offering a variety of products from groceries to domestic appliances and services such as banking, insurance and media subscriptions. The founder, Sir John Cohen began selling groceries on the streets in 1919. Five years later he started trading under the Tesco brand and in 1929 the first Tesco store opened in London (Corporate website, 2011). Cohen's business drive was 'pile it high and sell it cheap' (Corina, M. 1971).

A major advantage for Tesco is its 'Clubcard' scheme which credits customers for every pound spent. Interestingly, the points are not only redeemable in store but are worth four times their original value with selected companies such as Pizza Express and Alton Towers.

Tesco has enjoyed a long and distinctive growth period with the acquisition of 212 stores in 1960, annual sales exceeding £2 billion since 1982 and becoming Britain's largest independent petrol retailer in 1991. (Corporate website, 2011)

More recently Tesco has followed a global expansion strategy, establishing itself in countries such as Thailand (1998), Malaysia (2002) and Japan (2003). Realising the value of South-East Asia Tesco "noted the relatively undeveloped grocery markets of Vietnam, The Philippines and Indonesia, as well as their storming economic growth and huge populations" (Thompson, J. 2011).

Market share in Britain surpassed 30% in December 2010, reinforcing Tesco's position as leader of the British supermarkets (Hall, J. 2010). They employ almost half a million people and have 5380 stores worldwide (Corporate website, 2011).

The 2011 trading period closed with Revenue and Operating Profit figures of £61.7 billion and £3.8 billion respectively, giving increases of 7.2% and 10.24% on the year before (Annual report, 2011).

Marks & Spencer Group PLC is a department chain with 703 stores across the UK and "over 300 wholly-owned, partly-owned and franchised stores in 43 territories across Europe, the Middle East and Asia" (Corporate website, 2011). Since being founded at the start of the 20th century, Marks & Spencer have maintained their profile as a high street store offering high quality food and clothes.

Current sales are made up of 49% clothing plus homeware and 51% food which shows that their original market offering hasn't changed (Corporate website, 2011).

In 2004 circumstances were looking bleak for Marks & Spencer. "Consecutive sales declines and continual negative PR had led to a total loss of confidence in the brand" (Thompson, M. 2006). The company was in a vicious cycle, falling sales led to negative headlines which gave shoppers a loss of confidence, discouraging them from shopping at M&S.

Stuart Rose, the then executive chairman had a vision for the company's revival and promised to "give M&S back to its customers" (Rose, S. 2004). With the introduction of the 'Your M&S' advertising campaign the company managed to turn a vicious cycle into a virtuous one, with positive headlines driving up sales once again (Thompson, M. 2006).

In 2007 Marks & Spencer introduced 'Plan A', a project detailing 100 commitments that the company aimed to achieve in 5 years. The company has since extended this to 180 commitments which they hope to achieve by 2015. The ultimate goal is to become the world's most sustainable major retailer (Plan A website, 2011).

Revenue for the 2011 financial year was £9.7 billion which represents an increase of 2.1% on the previous year, however operating profit was down 1.8% to £0.84 billion (Annual report, 2011).

New Look Group PLC is a high street fashion retailer operating as a 'brick & click' organisation in the UK and 13 other countries. Including its e-commerce capabilities the company serves over 120 markets worldwide (Corporate website, 2011).

New Look is a relatively young company though they do have a number of achievements under their belt. Opening the 1000th store, becoming the number one in volume for women's footwear and winning a GMTV high street fashion award for best shoes all before their 40th birthday (Corporate website, 2011).

They aim to distinguish their stores from mid-market competitors by offering hot off the press fashion items at competitive prices. Furthermore, New Look is the number one retailer in value and volume for the under 35s (Annual report, 2011).

More than half of the company's product range is in womenswear but they do offer smaller ranges of menswear, childrenswear, footwear and accessories as well. A notable feature of New Look's product range is that 60% of items are refreshed every 6 weeks. (Corporate website, 2011).

Customers are an important aspect of New Look's success and the company takes advantage of their loyalty by maintaining a daily blog. A bespoke, six-part TV Show was also created and broadcast on channel 4 (Annual report, 2011).

New Look hold a strong position as a high street clothing retailer and in 2010 they were market leaders in teenwear with 9.8% value share. However, revenue and operating profit for 2011 were down by 1.6% and 66% respectively, with figures of £1.46 billion and £98 million (Annual report, 2011).

Review of application of Segmentation, Targeting and Positioning Theory

A fundamental problem for marketers is that consumers are heterogeneous; they do not share common needs and behaviours. For this reason companies must choose which consumers their products should be aimed at. Segmentation, market targeting and positioning theory are all key aspects of marketing that deal with matching products to consumers.

Segmentation

Consumers can be segmented in a variety of ways depending on their individual attributes. In any consumer market the major segmentation variables are categorised as *Geographic*, *Demographic*, *Psychographic* or *Behavioural*. [See Appendix 1 - Segmentation Table]. The former two categories refer to physical attributes such as gender, age and location. For instance, Scottish branches of Marks & Spencer are likely to stock a wider range of warm clothes than branches in the south of England due to the colder climate. The latter two are more intricate and relate to consumers individually. Psychographic segmentation categorises them in terms of social class, lifestyle and personality whilst behavioural segmentation considers their activities, usage type and attitude towards the product (Kotler & Armstrong, 2011).

N Brown Group has a very clear demographic breakdown of its target customers as illustrated in table 1.1. N Brown's primary customer is a midlife female on a low to medium income, she is likely to have grown up children whether married or separated and will typically have a high school education.

Age	Midlife (Ages 45-65)
Gender	Female
Family Size	Likely to have grown up children
Family Life Cycle	Married, separated, older
Income	£20'000-£30'000
Occupation	Professional, General

Education	High School, Some College, College Graduate
Religion	Christian, Atheist
Race	n/a
Generation	Generation X (Born 1960-1980)
Nationality	n/a

Tesco, in comparison, doesn't have such a narrowly defined target customer for their clothing range. Instead they offer a smaller selection of products for everybody, perhaps due to a larger proportion of families within their customer base. In every Tesco store the clothing department houses separate sections for men, women and children that each contains items for casual, formal and party occasions.

Segmentation is a powerful tool for marketers as it allows them to advertise in a far more personal way. The positive messages about a product can be pertinent to an individual's life and therefore more effective at persuading them to buy. Whilst some companies take advantage of this direct and personal approach by targeting just one or two segments, others choose to market their products to several segments at once.

New Look serves multiple segments by offering a variety of 'niche' brands each with specific types of consumer in mind. For instance, their 'Mamalicious' brand promotes maternity wear for pregnant women. Similarly, the 'Pineapple' range offers practical yet stylish gym wear for dancers. The benefit sought by this approach is increased total sales and profit (New Look commercial website, 2011).

In contrast, Debenhams has a much broader segmentation profile as its products are aimed at families and working adults regardless of occupation. However, they also offer a comprehensive wedding range which shows that they can possess a focused approach without adopting a niche strategy.

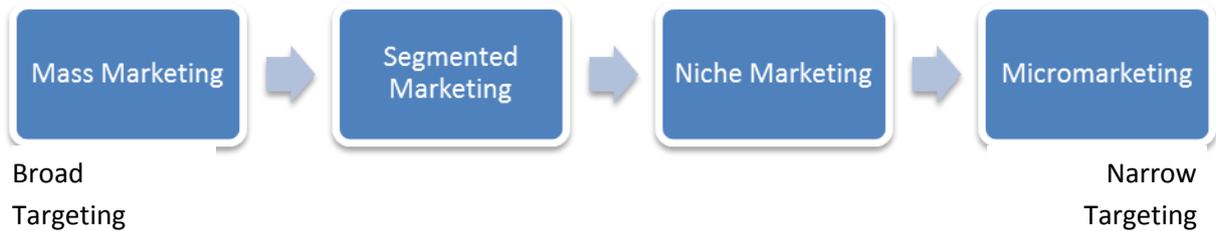
Neither approach is necessarily better than the other; whilst narrow segmentation is useful for New Look it isn't beneficial for Debenhams.

Targeting

After identifying opportunistic market segments a company can evaluate their suitability and plan how to serve them effectively. This process is known as targeting, the market segmentation provides a range of targets and the company can now aim at them.

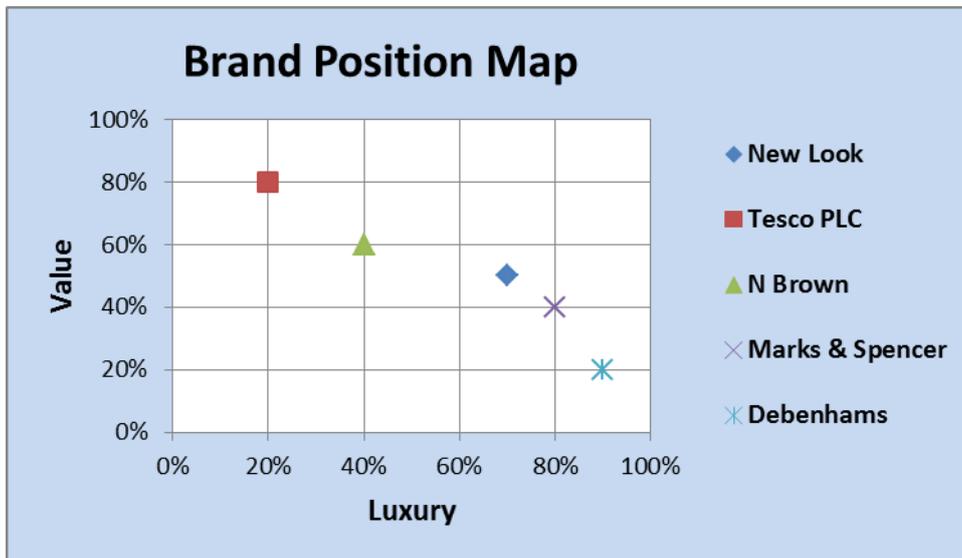
A company can target a single segment or several at once; this is represented by a targeting scale ranging from broad to narrow [Figure 1.1]. At the broad end of the scale is undifferentiated (Mass) marketing where no segment is targeted specifically and products are advertised to the most generic needs. In differentiated (Segmented) marketing one key segment or a few small and similar segments are targeted heavily with a well-crafted value proposition. Narrower than this is concentrated (Niche) marketing where several market segments are targeted and separate value propositions are created for each. Finally, at the narrowest end of the scale is 'Micromarketing' where the companies' offer is tailored specifically to a local group or individual (Kotler & Armstrong, 2011).

Figure 1.1 - Market Targeting Scale
(Kotler & Armstrong, 2011. P. 225.)



Regarding the five researched companies it is fair to say that Tesco is a value brand whilst Debenhams plus Marks & Spencer are luxurious and New Look is a performance brand offering high end fashion at competitive prices. N Brown's portfolio is positioned somewhere in between economy and Performance. This is best represented with a brand position map as seen in figure 2.1.

Figure 2.1 - Brand Position Map



Tesco PLC is arguably closer to mass marketing than the other four companies because it is a supermarket providing a variety of items for convenience. Their clothing is quite generic, ranging from basic underwear to simple t-shirts and dresses. In effect, their market offering is more in-line with what consumers need rather than what consumers desire. For example, school uniforms are a necessity but a designer handbag isn't.

New Look however, has a much narrower targeting approach. They pride themselves as a fashion brand at the 'crest of the wave' and describe their female customers as "keen and expert shoppers" who "love to bag a bargain and get a real thrill from finding that killer fashion item" (New Look Corporate website, 2011). New look has adapted a clearly segmented target profile in order to reach several niche groups not only within the UK but also in 14 other countries where fashion and culture are markedly different.

Although Tesco and New Look employ contrasting targeting strategies neither one is necessarily more 'right' than the other. Given that Tesco has such a diverse product portfolio it isn't necessary to focus on individual consumers. On the other hand, New Look has a more specific product offer so must go the extra mile to ensure there is an effective match between product and consumer.

Positioning

Segmentation and targeting practices relate to companies' views of consumers, whereas positioning theory is concerned with consumers' perspective of the product offering. Kotler & Armstrong define product position as "the way the product is defined by consumers on important attributes - the place the product occupies in consumers' minds relative to competing products" (2011, p.231).

Naturally, consumers develop opinions of brands which can be influenced by the views of friends, personal experiences and brand associations such as celebrity endorsements. Given the subjective nature of branding it's critical that a company is clear on its intended positioning.

New Look are seen as a popular high street brand that many people recognise. Popular brands tend to give consumers an element of prestige which encourages further shopping with that brand. Comparatively, N Brown's portfolio of brands are less known so aren't viewed with the same level of enthusiasm.

To establish itself in a market, a product must present a competitive advantage. The company can achieve this by promoting worthwhile differences unique to the product. Key differentiators usually portray the product as more important, distinctive, superior or affordable than its competitors. For example, Marks & Spencer utilised the '*This is not just ... this is M&S ...*' advertising campaign to inform consumers of the superiority of their products.

When a company has a clearly identifiable product difference it must choose an appropriate [value proposition](#), i.e. a sweet spot between price and benefit. If a product is superior it is offering more benefit to the consumer so can justify a higher price. However, the company may choose to offer a

superior product at the same price point as a competitor in order to win market share. The five winning value propositions are illustrated in figure 3.1.

Figure 3.1 - Value proposition matrix
(Kotler & Armstrong 2011, p.237)

		Price		
		More	The Same	Less
Benefits	More	<i>More for More</i>	<i>More for the Same</i>	<i>More for Less</i>
	The Same			<i>The Same for Less</i>
	Less			<i>Less for Much less</i>

Debenhams products are of superior quality and this is reflected in a higher price, they are adopting a 'More for More' strategy. In comparison, Marks & Spencer offer products of a similar quality to Debenhams but without the increase in price so they are giving consumers the same benefits for less.

Reflection

It is clear that segmentation, targeting and positioning are fundamental requirements of success in the 21st century and that given the size and diversity of modern markets it is necessary for companies to exercise narrower targeting.

Debenhams introduced the H! by Henry Holland brand to target younger consumers. This is an example of adapting to a narrower targeting strategy in order to compete in the 21st Century. Retailers are trending towards narrower targeting in general. This is because the market has become more complex and there are a greater number of consumer segments.

Consumers have become more astute with the prevalence of internet shopping and price comparison websites. They realise that companies must compete with each other in order to win sales so are asking for more in terms of value and product benefits.

There is a need for companies to focus more on who they are selling to; the importance of careful segmentation must be realised. Effective targeting cannot be achieved until appropriate segments have been identified. Moreover, careful positioning is required because if the consumer doesn't agree with the company's proposition the product will fail.

Without clear segmentation, targeting and positioning a company will not be able to compete in modern markets. However it is possible for multiple companies to share similar segmentation and targeting but still thrive in the market. Debenhams and Marks & Spencer, for example, target similar consumer profiles and are both viewed as upmarket clothing retailers for the mid-life generation.

Despite the industry trending towards the narrower end of the targeting scale Tesco maintains a broad approach. They can get away with not targeting specific segments because they have such a variety of consumers visiting their stores already, they offer everything to everyone. Although this approach seems too good to be true, Tesco have the resources and global foothold required to pull it off. A large proportion of their sales are generated by product exposure. That is, consumers are exposed to attractive products on the shelves as they walk around the store to find whatever they originally intended to purchase.

In conclusion, when segmentation, targeting and positioning are combined and performed as a whole the company will be able to produce, serve and market a product that is profitable and satisfies needs.

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Appendices

Appendix 1.1 - Major segmentation variables for consumer markets

Geographic

World region or country	North America, Canada, Western Europe, Middle East, Pacific Rim, China, India, Brazil
Country region	Pacific, Mountain, West North Central, West South Central, East North Central, East South Central, South Atlantic, Middle Atlantic, New England
City or metro size	Under 5k; 5k - 20k; 20k - 50k; 50k - 100k; 100k - 250k; 250k - 500k; 500k - 1 million; 1 million - 4 million; Over 4 million
Density	Urban, suburban, exurban, rural
climate	Northern, Southern

Demographic

Age	Under 6, 6-11, 12-19, 20-34, 35-49, 50-64, 65 and over
Gender	Male, Female
Family Size	1-2, 3-4, 5 or more
Family life cycle	Young, single; married, no children; married with children; single parents; unmarried couples; older, married, no children under 18; older, single; other
Income	Under \$20'000; \$20'000-\$30'000; \$30'000-\$50'000; \$50'000-\$100'000; \$100'000 - \$250'000; over \$250'000
Occupation	Professional and technical; managers, officials and proprietors; clerical; sales; craftspeople; supervisors; farmers; students; homemakers; unemployed; retired
Education	Primary school or less; some high school; high school graduate; some college' college graduate, advanced degree
Religion	Catholic, Protestant, Jewish, Muslim, Hindu, other
Race	Asian, Hispanic, Black, White
Generation	Baby boomer, Generation X, Millennial

Nationality North American, South American, British, French, German, Russian, Japanese

Psychographic

Social class Lower lowers, upper lowers, working class, middle class, upper middles, lower uppers, upper uppers

Lifestyle Achievers, strivers, survivors

Personality Compulsive, outgoing, authoritarian, ambitious

Behavioural

Occasions Regular occasion; special occasion; holiday; seasonal

Benefits Quality, service, economy, convenience, speed

User status Nonuser, ex-user, potential user, first-time user, regular user

User rates Light user, medium user, heavy user

Loyalty status None, medium, strong, absolute

Readiness stage Unaware, aware, informed, interested, desirous, intending to buy

Attitude toward product Enthusiastic, positive, indifferent, negative, hostile

Kotler, P., & Armstrong, G. (2011) Principles of Marketing (14th ed.). Page 216. Harlow, Prentice Hall