

**Marketing Plan**

**NEXT Plc**

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## 1.0 Introduction

In this marketing plan, the execution of marketing strategy of an existing organization that is 'NEXT' will be discussed. In this plan the marketing strategies implementation will be discussed in detail. The marketing mix and the targeting, segmenting and positioning strategy of NEXT in China will be elaborated. Through this marketing plan, the aim will be to identify the implementation of marketing strategies through which the NEXT will aim to expand its market share and consumer base. Also, the current situation of Chinese apparel industry and NEXT current market situation in China will also be discussed in detail. The tactics and strategies that the can employ to achieve the given objective will also be discussed.

## 2.0 Situation Analysis

NEXT plc is the UK based high street multi channel retailer which provides a wide range of fashion commodities ranging from clothing to accessories and home products. The company's products are designed by styled in house team providing superior quality with a contemporary fashion edge that gives value for money (NEXT plc, 2014a). The company headquarter is in Enderby with around more than 540 retail stores in the UK. The company has a NEXT directory which is a home shopping website and catalogues that has around 4 million active consumers and has services in over more than 70 countries. By being on the web, the company has been able to increase its share by more than 150 percent in last ten years. Also the company's catalogue provides around 1,400 pages of their collection as compared to 350 pages at the time it was first launched (NEXT Plc, 2014b). To evaluate the external and internal environment of the company presently in China, the pestle and SWOT analysis of the company is discussed as below:

### 2.1 PEST Analysis

#### ➤ *Political factors*

The governmental policies and regulation that impact an organization are the political factors. In Chinese market the political factors included increase tax and regulation relating to transferring

business on other areas (cities or regions). These are the political aspects that affects NEXT as well in China (Fogel, 2010).

➤ ***Economic factors***

As per Lu (2015), the Chinese apparel market will exceed United States market and will be one of the largest apparel markets by the year 2019. As per the forecast, there will be an increase of 25 percent in the Chinese apparel market in the annual sales from the year 2014 to 2019. The apparel market of China is highly competitive with no apparel brand having a market share of more than 1 percent in China. Also, in China in spite of the overall market, the dollar spending on the apparel per capital is much lower as compared to many developed economies around the globe. In the year 2014, spending of individual consumer on apparel was approximate \$240, even though spending on apparel accounted for a big share in the Chinese household income (i.e. around 10 percent). In spite of slower growth rate in the past few years, China's apparel market has a strong position and by the year 2017 will be able to take the United States to become the world's largest apparel market (PwC, 2015).

➤ ***Social factors***

Presently, there has been substantial increased in the fast fashion trends, where Asian consumers for the trendy brands that are multiplying. With the increase in income and aspiration, young and affordable brands have been trying to fill in consumer demand of remaining chic and trendy (Li, Li, and Kambele, 2012).

➤ ***Technological factors***

The apparel industry is changing due to rapid technological changes in production process and manufacturing methods. Also, reaching to consumer is becoming easy due to technological advances such as the widespread use of social media (Shiau, and Luo, 2012).

## 2.2 SWOT Analysis

<p><b>Strengths</b></p> <p>Following are the strengths of the company as mentioned by Next Plc (2014a):</p> <ul style="list-style-type: none"> <li>- Superior customer service in terms of being active in social media.</li> <li>- NEXT directory website which increase the percentage of orders from home by 30 percent to 45 percent.</li> <li>- NEXT day delivery service which gives the company strength compared to other retailers.</li> <li>- The company can enhance their cutting edge technology by outsourcing it to be more innovative, by considering partnerships with online start-ups like Net-a-Porter.</li> <li>- The company can also improve their delivery services by looking for a more reliable and credible third party delivery source.</li> </ul>	<p><b>Weaknesses</b></p> <p>Following are the weaknesses of the company as mentioned by Next Plc (2014b):</p> <ul style="list-style-type: none"> <li>- The company relies on third party for their delivery services, which causes failure or error.</li> <li>- The company is not keeping up with the competitors in terms of technology and customer knowledge.</li> </ul>
<p><b>Opportunities</b></p> <p>Following are the opportunities available for the company as given by Rumsey and Saunter (2014):</p> <ul style="list-style-type: none"> <li>- The company can enhance their cutting edge technology by outsourcing it to be</li> </ul>	<p><b>Threats</b></p> <p>Following are the threats present in the industry as mentioned by Coen (2014):</p> <ul style="list-style-type: none"> <li>- The high end retailer competitors which are using cutting edge technology to better reach to consumers.</li> </ul>

<p>more innovative, by considering partnerships with online start-ups like Net-a-Porter.</p> <ul style="list-style-type: none"> <li>- The company can also improve their delivery services by looking for a more reliable and credible third party delivery source.</li> </ul>	<ul style="list-style-type: none"> <li>- Low consumer loyalty due to competitors offering more or less likely offering in apparel (men and women and footwear).</li> </ul>
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### 3.0 Marketing Objectives

The main objective of marketing plan is to helping the company in attaining their short term objectives thus bringing the company closer to achieving their long term performance goals (Wood, 2013) Therefore, the objective of making a new strategy plan for NEXT plc for the short term is to address the changing needs of consumers and changing lifestyles, technology and social trends, which will increase the brand image and brand awareness of the company. Presently, NEXT plc have a diversification strategy as their growth strategy because of continuous opening of new stores. The company also diversifies into new products like home and gardens in their foreign market as well (Davey, 2014). The purpose of this marketing plan is to develop a short term (1 to 3 years) marketing plan for NEXT in China to enhance the brand affiliation and market share and to become the consumer destination for apparel shopping. The three main objectives of this marketing plan are as follows:

- To increase the market share and sales of NEXT within coming one to three years through the use of innovative marketing strategies.
- To increase online and physical stores brand affiliation within the further six months.
- To increase the amount of customers i.e. at least 10% in NEXT Directory for international online sales in approximately next one year.

## **4.0 Consumer and Markets**

### **4.1 Segmentation and Targeting**

In segmenting, targeting and positioning strategies, companies firstly decide the types of customer that exists. Secondly, it decides on the customers that they want to serve and lastly communicating the company's products and services to chosen market segments (Hassan and Craft, 2012). Segmentation is involved grouping consumer in a similar segment that may have similar characteristics and may respond to marketing actions in a similar way. The various segments in a market are demographics, psychographics and behavioural. Once, the segmentation is done the NEXT step is targeting. Developing specific marketing strategies for the segment market is very important (Boone, and Kurtz, 2013).

The NEXT demographic segmentation includes both genders i.e. male and female who are young professionals within the age of 20 and 48. The consumer incomes segment markets of NEXT are the consumers with the income middle class consumers. However to achieve the stated marketing objectives, the company has to segment consumers from the age of 15 and above. The young generation are becoming more fashion savvy and likes to keep up the fashion trend and will prove to be a profitable segment for the company. Also, as related to the psychographic segmentation of NEXT's consumer are working and middle class with busy lifestyle with a mind set of value for money (Hood, Clarke, and Clarke, 2015). Also, the NEXT should aim to target consumers are trend setters and innovators rather than late majority or laggards in fashion. Due to the high quality of NEXT products the behaviour segmentation of their customers are independent purchasers. As per the VALS 2 lifestyle model, the consumers of NEXT are believers and strivers. This is because of the consumer being conservative and aware of the quality that they are purchasing (Valentine, and Powers, 2013). In order to achieve the given marketing objectives, NEXT should aim to target the consumers who are thinkers and achievers who are high on innovation and resources.

### **4.2 Positioning**

Positioning is related to creating a brand image of the product in the mind of consumers (Singh, Kalafatis, Blankson and Passera, 2012). Companies use positioning map to assist them create a

marketing positioning strategy for their offerings. The positioning map is based on the perception of the consumers that is why it is also called positioning map. The positioning map helps company in identifying where they are positioned presently and where the company wants to be positioned in the future (Lee, Yang, Chen, Wang, and Sun, 2015). The positioning map of NEXT is shown in the below figure with reference to the company current competitors.



**Figure 1: Current Perceptual Map of NEXT plc**

(Source: Iskandar, n.d.).

At present, NEXT is positioned as company with affordable pricing and with moderately high fashion trend and modernity in their products. The main competitors of NEXT are Zara and Asos. Both the brands are high on fashion with little variability in term of its pricing strategy. With this Marketing plan, the objective of the company is to be positioned as a brand that is more premium and high in quality. The new positioning map of NEXT plc is shown in the below figure.



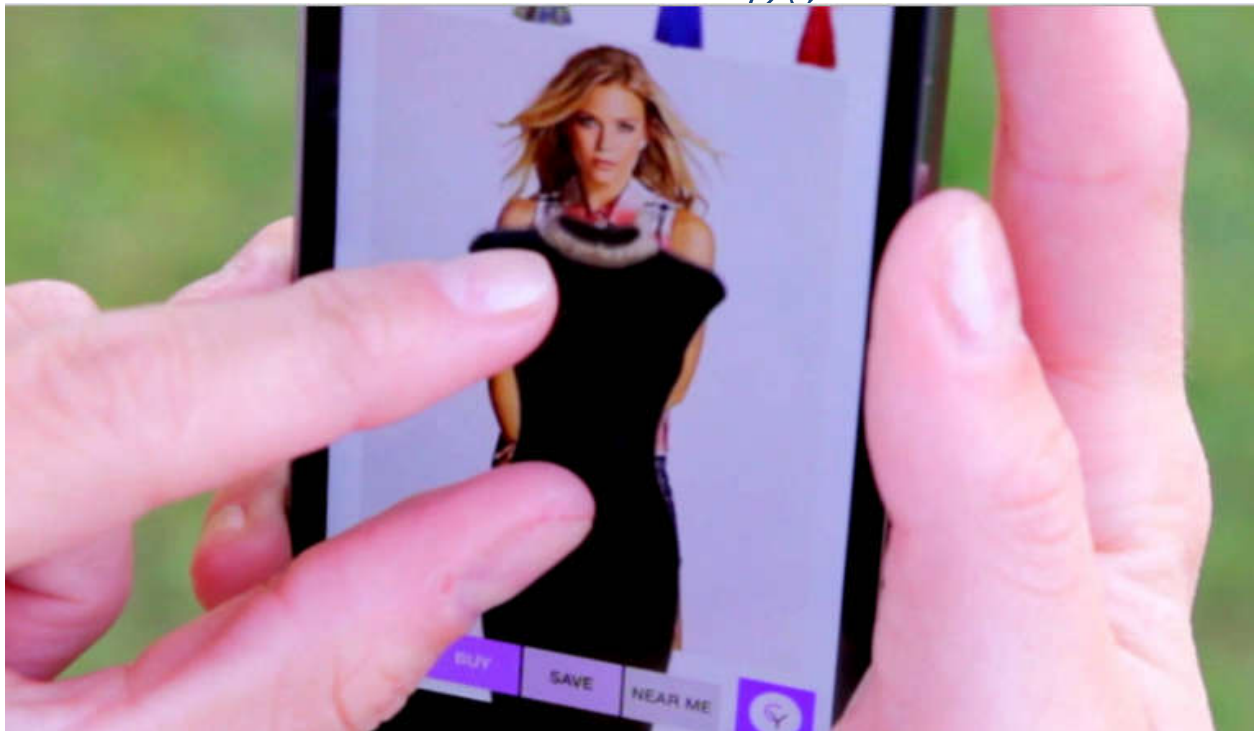


**Figure 2: Planned Perceptual Map of NEXT Plc**

(Source: Author's Own)

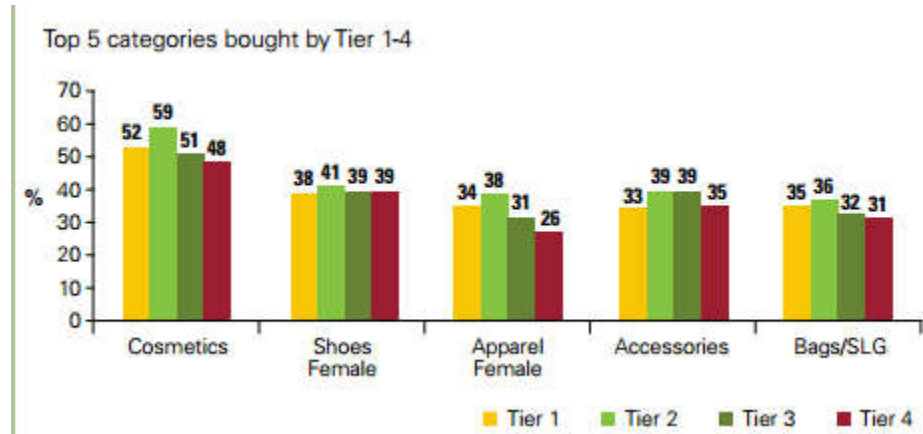
## 5.0 Marketing Strategies

The order to realize the marketing objective developed in this marketing plan, there are different marketing strategies that the company need to adopt to meet the consumer changing demands, lifestyle and purchasing patterns. One of the marketing strategies that the NEXT can adopt in their in store retail outlets is the use of virtual fitting room. Virtual fitting rooms will help in enhancing the customers shopping experience. Topshop, one of the top clothing retailers is already using virtual fitting room in some of their retail outlets. This room will permit the consumer to take a clothing piece of the rack without trying it on. In order to select one clothing item, the consumer has to use hand gestures to manger the user interface. Also, with the advancement in technology, the virtual fitting room can be applied in e-commerce as well. Thus NEXT plc can use the virtual fitting room both online and offline.



Another marketing strategy that NEXT plc can use is to expand channels by becoming OmniChannel retailing. By omniChannel it means that customers can make the purchasing using different applications and locations. With consumers being able to fulfil their purchasing needs, consumer will be more satisfied with the service and will be more loyal towards the brand. Also,

the Chinese consumers are moving more towards online buying and buying through different applications rather than in store shopping. Also, there has been a substantial rise in consumer buying apparel, accessories and footwear online as shown in the below figure 3.



**Figure 3: Product Categories Purchased By Consumer**

(Source: KPMG, 2014).

Through using all retail channels, NEXT will be able to increase their brand awareness and product portfolio through having an online presence with increase in online sales. This multi channel presence of the brand will also increase the brand in store sales as well. Also, the brand awareness that will be developed in consumer through the company's website will positively affect the company in increasing through all channels and not just through online channel. While adopting this strategy, the company need to ensure that its overall inventory is present in all channels to increase customer satisfaction level.

## 6.0 Marketing mix

The marketing mix consists of four marketing P's that are explained below with reference to the above given marketing strategies that the company may employ to achieve the marketing objectives. The marketing mix elements (price, place and promotion) for NEXT plc are discussed below:

## **6.1 Price**

The price of the virtual fitting room and online stores and the NEXT mobile application are all accessible to consumer free of cost. The consumer can access the online store through their laptop, iPads, tablet, personal computer and smart phones. Also the consumer will be able to download the NEXT application from their Apple store or Google stores in case of android smart phones. Also, the in store virtual fitting rooms will be free of cost for all consumers which the basic aim of increasing consumer experience and satisfaction level.

## **6.2 Place**

The place of virtual fitting rooms will be in the retail outlets of the NEXT stores. Also, the place or physical evidence of NEXT mobile application will be in the consumers' smart phones, which the consumer can download from their application stores.

## **6.3 Promotion**

Some of the promotion strategies that NEXT plc can use to promote the given market strategies are through newsletter and personal emails and mobile messaging to their consumers. Also, the company can also used social media platforms like Face Book, Twitter and Instagram for promoting their chosen marketing strategies. Also, for the launch of these marketing strategies the company can also use the Personal Relation (PR) promotion strategies.

## **7.0 Evaluation and Control**

The success of the marketing strategy implementation can be evaluated by assessing how many visit and downloads the virtual fitting room and the NEXT mobile application are done by consumers in the given time period. The brand affiliation of consumer can assessed by knowing how many consumers are aware of the company's new technology and how many consumers are actually using these technologies for the purpose of shopping NEXT products. Also, the rating and satisfaction rate of consumers from these new technological advances can also be used to evaluate the effectiveness of proposed marketing strategies. Also, the sale revenue will be the biggest indicator of the effectiveness of the company's marketing strategies. Also, the

assessment of sales increase through online and in store medium is also an indicator of effective implementation of the proposed marketing strategies. From the proposed marketing strategies it shows that these strategies are to enhance brand visibility for the consumer and will assist the company in driving towards innovative technologies and being consumer driven. Also, the proposed marketing strategies will enhance the brand affiliation and brand awareness

## **8.0 Conclusion**

With the understanding of NEXT current situation by evaluating the company's strength and weakness with the threats and opportunities and the assessment of company's external environment, the above marketing plan is developed. The marketing objective of this marketing plan is to increase the market share and sales through the use of innovative marketing strategies. The marketing strategies in order to achieve those objective are the development of virtual fitting room to increase customer experience and satisfaction and to expand the retail channels of the company so that is easy accessible to consumers through all mediums. In the end of the marketing plan, the evaluation and control of the proposed marketing strategies are also discussed.

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