

# CHAPTER 15

## Organising and implementing the marketing plan

### LEARNING OBJECTIVES

After studying this chapter you should be able to:

- understand the need for an integrated approach to marketing and the role of marketing planning in that process
- explain the background to preparing a marketing plan
- explain the stages in the marketing planning process
- outline and explain the structure and contents of a marketing plan
- understand the important issues in implementing the marketing plan
- understand the various ways of organising the marketing department

### 15.1 INTRODUCTION

This chapter introduces the structure and outline of a marketing plan. The implementation of the marketing plan requires an organisational structure, form and culture that is conducive to the firm's marketing effort. Within a marketing context, organising consists of designing the internal and external relationships and establishing the policies and procedures, as well as creating the means and methods by which various participants in the marketing function can carry out their responsibilities in an effective and efficient manner.

Marketing implementation is that part of the marketing management process concerned with translating marketing plans into action.

## 15.2 MARKETING AUDIT

As the first formal step in marketing planning, the marketing audit should only involve bringing together the source material, which has already been collected throughout the year as part of the normal work of the marketing department.

A marketing audit is a comprehensive, systematic, independent and periodic examination of a company's – or business unit's – marketing environment, objectives, strategies and activities with a view to determining problem areas and opportunities and recommending a plan of action to improve the company's marketing performance (Kotler, 2000). An *internal marketing audit* covers aspects such as the company's mission statement, goals and objectives; its structure, corporate culture, systems, operations and processes; product development and pricing; profitability and efficiency; advertising; and deployment of the salesforce. An *external marketing audit* covers issues such as economic, political, infrastructure, technological and consumer perspectives; market size and structure; and competitors, suppliers and distributors.

Although some organisations have successfully employed external consultants to conduct marketing audits, they are generally best undertaken by management who 'own' the marketing process. This is partly because they are the best people to understand the company, and how the marketing plan has been made.

Even more important, though, the audit is the best possible learning process for these managers because it introduces them to the factors that are most important to their management of marketing. Finally, and most important of all, it ensures that those who will have to implement the results of the planning process understand, and are committed to, the assumptions that lie behind it.

It is apparent that a marketing audit can be a complex process, but the aim is simple: it is only to identify those existing (external and internal) factors that will have a significant impact on the future plans of the company.

It is clear that the basic input material for the marketing audit should be comprehensive. As suggested earlier, the best approach is to continuously accumulate this material as it becomes available. This method avoids the otherwise heavy workload involved in collecting it as part of the regular, typically annual, planning process itself – when time is usually at a premium.

There is much evidence to show that many highly successful companies also start their planning cycle each year with a formal review, through an audit-type process, of everything that has had an important influence on marketing activities. Certainly in many leading consumer goods companies, the annual self-audit is a tried and tested discipline integrated into the management process.

## 15.3 BUILDING THE MARKETING PLAN

Basically, the major functions of the marketing plan are to determine where the firm is, where it wants to go, and how it can get there.

Marketing planning is linked to planning in other functional areas and to overall corporate strategy. It takes place within the larger strategic marketing management process of the corporation. To survive and prosper, the business marketer must properly balance the firm's resources with the objectives and opportunities of the environment. Marketing planning is a continuous process that involves the active participation of other functional areas.

The marketing plan is responsive to both corporate and business unit strategy, and formally describes all the components of the marketing strategy – markets to be served, products or services to be marketed, price schedules, distribution methods, and so on. The key components of the marketing planning process are situational analysis, marketing objectives and goal, marketing strategies and programmes, budgets, and implementation and control. Note that the planning process format centres on clearly defined market segments, a thorough

**Market potential**

The upper limit of industry demand. That is, the expected sales volume for all brands of a particular product during a given period.

assessment of internal and external problems and opportunities, specific goals and courses of action. Business market intelligence, **market potential** and sales forecasting (see Appendix) are fundamental in the planning process.

At a fundamental level, the marketing plan establishes specific objectives by market segment, defines marketing strategy and actions required to accomplish these objectives, and pinpoints responsibility for the implementation of these programmes. Ultimately, the marketing plan translates objectives and strategies into forecasts and budgets that provide a basis for planning by other functional areas of the firm.

A good marketing plan requires a great deal of information gathered from many sources. It is used to develop marketing strategy and tactics to reach a specific set of objectives and goals. The process is not necessarily difficult, but it does require organisation, especially if the marketer is not developing this plan by himself and is depending on others to assist or to accomplish parts of the plan.

Every marketing plan should have a planned structure or outline before it is started. This ensures that no important information is omitted and that the material is presented in a logical manner. One outline to recommend is this:

- 1 Title page
- 2 Table of contents
- 3 Executive summary
- 4 Introduction
- 5 Situational analysis
- 6 Marketing objectives and goals
- 7 Marketing strategies and programmes
- 8 Budgets
- 9 Implementation and control
- 10 Conclusion.

However, there are other ways to organise a marketing plan that are equally good.

Let us examine each section of the marketing plan structure in further detail.

## Title page

The title page provides the reader with the following essential information:

- the business unit for which the plan was prepared;
- the individual or group of individuals for whom the plan was developed;
- the names and addresses of the individuals or agencies who authored the plan;
- the time period covered by the plan;
- the date on which the plan was submitted.

## Table of contents

The table of contents lists the subject matter of the plan, identifies where various topics are to be found within the report, and shows how the plan is organised and presented. The table of contents is usually a listing of titles and subtitles used within the text of the report together with the various types of illustration – tables, graphs and photos.

A table of contents sounds rather superfluous, and the marketer may feel that it is unnecessary. The marketer might be especially inclined to discard the idea if the marketing plan is short. But a table of contents is absolutely necessary. It makes no difference whether the

marketing plan is only a few pages or a hundred pages in length. It is required, never optional, because of a psychological factor that affects those who will evaluate the marketing plan for approval or rejection.

The need for a table of contents is especially critical when the plan is being submitted to venture capitalists, who put up large sums of money to businesses that already have a track record and a marketing plan for future growth.

You may have heard that venture capitalists look only at business plans. Marketing and business plans are very similar, especially in smaller companies and with start-ups and new products. When the marketer is trying to obtain resources from a venture capitalist, or any investor, the two plans are synonymous. Either the business plan must have a heavy marketing emphasis or the marketing plan must include complete financial, manufacturing and technical data.

## Executive summary

This is an overview of the entire plan, including a description of the product or service, the differential advantage, the required investment, and anticipated sales and profits.

The executive summary is a short (about one page) and concise summary of the key points of the marketing plan. It is designed to give busy executives a quick overview of the report and to inform them of key provisions of the organisation's marketing effort with regard to a particular product or business unit. The executive summary centres on a brief description of the objectives to be achieved, the situations to be considered, and the programmes to be launched. Special issues that impact the marketing plan might also be reviewed.

## Introduction

This includes the background and purpose of the project and a description of the product or service and how it fits into the market.

The introduction is the explanation of the details of your project. Unlike the executive summary, it is not an overview of the project. Its purpose is to give the background of the project and to describe the product or service so that any reader will understand exactly what is being proposed. The introduction can be a fairly large section.

## Situational analysis

### Situational analysis

The interpretation of environmental attributes and changes in light of an organisation's ability to capitalise on potential opportunities.

The **situational analysis** attempts to address the question, 'Where is the organisation now?' The situational analysis contains a vast amount of information and, as the term indicates, is an analysis of the situation that you are facing with the proposed product or service.

The situational analysis is divided into four categories based on the SWOT analysis (see Chapter 7).

### Internal assessment

This should describe strengths and weaknesses with regard to company resources (key personnel, skills and capabilities, and resources):

- identify the organisation's cultures and values – shared beliefs that will act as a catalyst for consistent actions by its members;
- detail the marketing organisation, i.e. structure and purpose; lines of authority; functions and responsibilities;
- identify critical factors and skills for success in future activities of the organisation.

Describe the current products, experience and know-how, financial, human, capital resources, and suppliers. Do you enjoy favour with your customers or potential customers and, if so,

why? Summarise the strengths and weaknesses as they apply to the project. In many respects this section includes the same items as the competitor section (see later).

### External assessment

This should describe opportunities and threats with regard to the following factors:

- Demand and demand trends: what is the forecast demand for the product? Is it growing or declining? Who is the decision maker? The purchase agent? How, when, where, what and why do they buy?
- The target market: describe the target market segment in detail by using demographics, psychographics, geography, lifestyle or whatever segmentation is appropriate. Why is this your target market? How large is it?
- Economic and business conditions for this product at this time and the geographical area selected including a description of trends in the **macroenvironment**.
- State of technology for this class of product: is it high-technology and state of the art? Are newer products succeeding older ones frequently (short life cycle)? In short, how is technology affecting this product or service?
- Are politics (current or otherwise) in any way affecting the situation for marketing this product?
- What laws or regulations are applicable here?
- How does the availability or scarcity of funds affect the situation?
- Is current legislation in state, federal or local government likely to affect marketing of this product or service?
- Media: what is happening in the media? Does current publicity favour this project?
- Special interests: aside from direct competitors, are any influential groups likely to affect the marketing plan?
- Describe your main competitors, their products, plans, experience, know-how, financial, human and capital resources, suppliers, and strategy. Do they enjoy favour with their customers? If so, why? What marketing channels do the competitors use? What are their strengths and weaknesses?

Summarise your internal and external assessment in a SWOT matrix with the key points from the situational analysis.

### Marketing objectives and goals

The **marketing objectives** and goals section of the marketing plan should answer the question, ‘Where does the organisation want to go?’ State precisely the marketing objectives and goals in terms of sales volume, market share, return on investment (ROI) or other objectives or goals for the marketing plan and the time needed to achieve each of them.

What is the difference between a goal and an objective? An objective is an overall goal. It is more general and may not be quantified. ‘To establish a product in the marketplace’ is an objective. So is ‘to become the market leader’ or ‘to dominate the market’. Goals are quantified. ‘To sell 100,000 units a year’ is a goal. Goals are also quantified in terms of sales, profits, market share, return on investment or other measurements. There is one major cautionary note here: do not get trapped into setting objectives or goals that conflict. For example, your ability to capture a stated market share may require lower profits. Make sure that all the goals and objectives fit together. This is done by adjusting and reconfirming the goals and objectives after completing the financial portions of the plan.

Objectives may also include **societal objectives**. Societal objectives support the organisation’s philosophy that its marketing efforts should satisfy not only the market and financial

#### Macroenvironment

Broad societal forces that shape the activities of every business and non-profit marketer. The physical environment, sociocultural forces, demographic factors, economic factors, technical knowledge, and political and legal factors are components of the macroenvironment.

#### Marketing objective

A statement of the level of performance that an organisation, strategic business unit (SBU) or operating unit intends to achieve. Objectives define results in measurable terms.

#### Societal objectives

Organisational philosophy that stresses the importance of considering the collective needs of society as well as individual consumers’ desires and organisational profits.



**Social responsibility**

The collection of marketing philosophies, policies, procedures and actions intended primarily to enhance society's welfare.

objectives but also serve the best interests of society. Societal objectives can be classified as those related to **social responsibility** (e.g. specific standards regarding minimum age of employees, overtime pay, plant safety and healthy working conditions) or ethical business practices (e.g. eliminate problems associated with job discrimination, unfair labour practices, operating violations, misleading warranties, false advertising claims, counterfeit products, price discrimination, price fixing, deceptive sales promotions or practices, and illegal distribution arrangements).

## Marketing strategies and programmes

This section will describe what is to be done to reach the objectives and goals. Marketing strategy is a what-to-do section. Marketing programmes are sets of activities organised around the four general marketing functions of creating, distributing, pricing and promoting products (the traditional marketing mix) plus how to establish and manage relationships with customers. All this was described in Part IV of this book. These marketing programmes are designed to satisfy the needs and tastes of a particular group of ultimate consumers or organisational buyers. It is at this point in the planning process that specific tactical actions are identified in sufficient detail to implement the annual marketing plan as well as plans that preceded it.

Marketing programmes are the means of achieving desired ends. They outline what needs to be done, how it will be done, when it will be done, and who will do it. The nature of the marketing programme suggests its decision-making character. That is, the development of the marketing programme is a series of decisions directed at the achievement of specific performance standards outlined by measurable objectives in the annual marketing plan.

## Budgets

Having completed the major planning tasks, it is normal in this section to show the feasibility of the objectives and strategies in terms of the resulting market share, sales, costs and other financial figures. In most cases there would be a marketing budget for the first two to three years of the strategic marketing plan, but there would also be a very detailed budget for the first year of the plan, which would be included in the one-year operational plan.

Remember to include all required resources and costs to reach the planned sales in the marketing budget. Budgeting is discussed further in Chapter 16.

Assessments of sales projections, cash flows, start-up costs and break-even points are required in this section.

## Implementation and control

Include procedures for measuring and controlling the progress of planned actions as well as financial analyses. After implementing the marketing programme the marketer has to monitor the marketing plan. Thus, if the budget is exceeded you will know where to cut back or to reallocate resources. If sales are not what they should be, you will know where to focus your attention to improve them.

## Conclusion

The conclusion is not a summary (you have the executive summary), but here you conclude with the main contents of your marketing strategy, and why your plan will succeed.

It clearly states once again the differential advantage that the plan for this product or service has over the competition. The differential or competitive advantage is what you have that your competitors lack. The conclusion completes your marketing plan outline.

## 15.4 ORGANISING THE MARKETING RESOURCES

Organisation involves a coordinated effort, a resource allocation plan, and a system of checks and balances. Figure 15.1 outlines the three principal areas of concern when organising the marketing effort.

### Organisational structure

Lines of authority and areas of responsibility need to be carefully identified within the marketing organisation. To accomplish this task, the marketing manager creates an organisational chart, which shows the formal relationships among various parts of the marketing organisation and defines the roles and the decision-making authority of each team member. As identified in Figure 15.1, the organisational structure needs to answer three important questions:

- 1 Should the organisation be vertical or horizontal?
- 2 Should the organisation be centralised or decentralised?
- 3 Should the organisation be bureaucratic or adaptive?

### Vertical or horizontal organisation?

How many organisational levels are needed for the effective and efficient operation of the firm's marketing activities? The hierarchical structure of the marketing organisation ranges from a vertical organisation, in which there are several levels separating the chief marketing officer from junior marketing employees, to a horizontal organisation, which restricts the number of line managers.

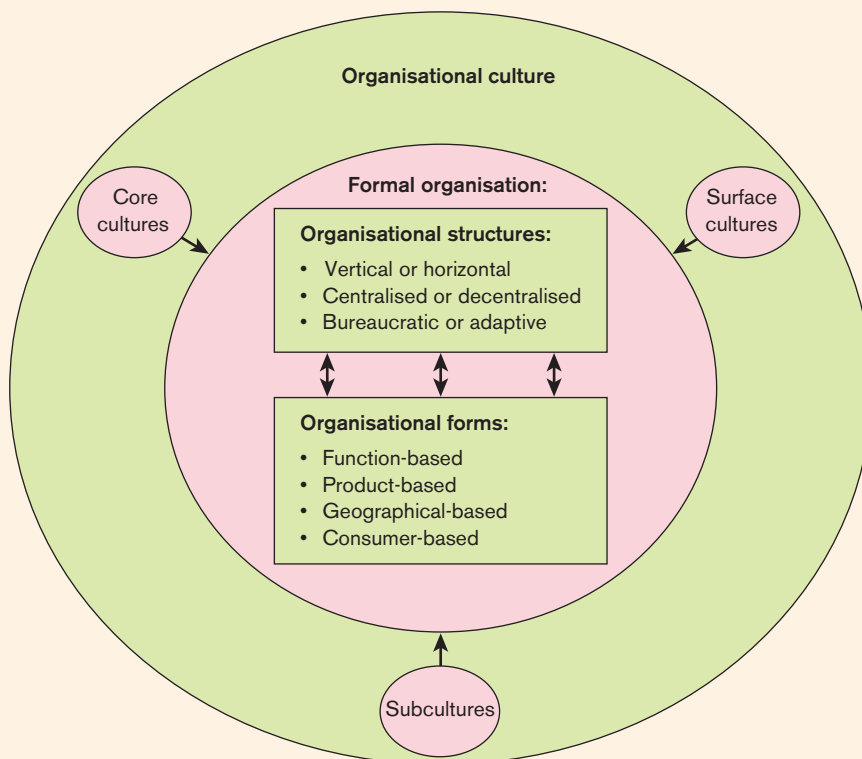


Figure 15.1

Organising the marketing effort

These lines of responsibility, areas of authority and reporting relationships should be more clearly defined and established. On the other hand, horizontal organisations promote closer relationships and more adaptive personal interactions and lend themselves to team efforts and project management.

### Centralised or decentralised organisation?

What magnitude of managerial focus is needed to operate effectively and efficiently? In a centralised organisation, decision-making authority is concentrated at the corporate or divisional level. Marketing managers who operate out of one centralised organisation are responsible for most of the important operational and marketing decisions. Organisational structures in which the decision-making authority is delegated to marketing managers at the local operational level are classified as decentralised organisations. Greater control, better coordination, more consistency and clearer direction are commonly cited strengths of the centralised marketing organisation. A decentralised organisation offers greater participation from all marketing personnel, which promotes higher morale, better understanding of customer needs (which results in closer relationships with the firm's customers), and quicker identification of operational and marketing problems (which allows faster response times to needed changes).

### Bureaucratic or adaptive organisation?

What degree of structural rigidity is needed to control the organisation? From the perspective of structural design, marketing organisations can be classified along a continuum ranging from bureaucratic to adaptive organisations. Bureaucratic organisations are highly structured marketing organisations that tend to be characterised by high levels of centralised control, formal lines of authority, close supervision and a less personal approach to work relationships. The bureaucratic marketing organisation relies on rules and procedures for making decisions and solving problems. The adaptive organisation is a loosely structured organisational design that features decentralised control, team problem solving, informal work relationships and loose supervision. Employee participation and worker empowerment are two hallmarks of this form of organisational structure. In this type of learning organisation, people working together with integrity, honesty and collective intelligence are profoundly more effective as a business than working relationships based on politics, game playing and narrow self-interest. Whether management elects to go with a bureaucratic or adaptive organisational design or something in between depends on the particular circumstances facing the organisation at a given point in time. When circumstances dictate a high level of control, organisations tend to become more bureaucratic. On the other hand, dynamic environmental changes require highly adaptive organisations.

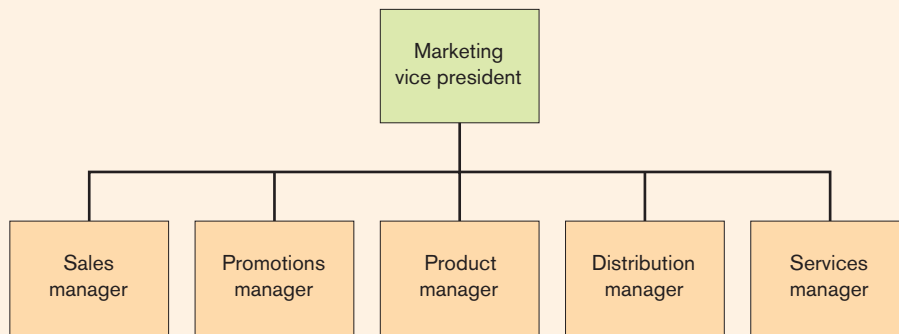
### Organisational forms

The organisational structure of marketing activities takes on many different forms. Marketing departments can be loosely classified as functional-, product-, geographical- or customer-based organisations. The organisational form usually reflects the dominant nature of the marketing activity or problem. For example, a product-based organisational structure is needed when product considerations dominate decision making or are at the core of customers' problems.

#### Function-based organisations

The function-based organisation is one founded on the basic marketing functions performed. Tasks are grouped and jobs are classified by such functional areas as marketing research, promotions, sales, and product and distribution management. Figure 15.2 illustrates one common function-based marketing organisation. A high level of functional specialisation, a more



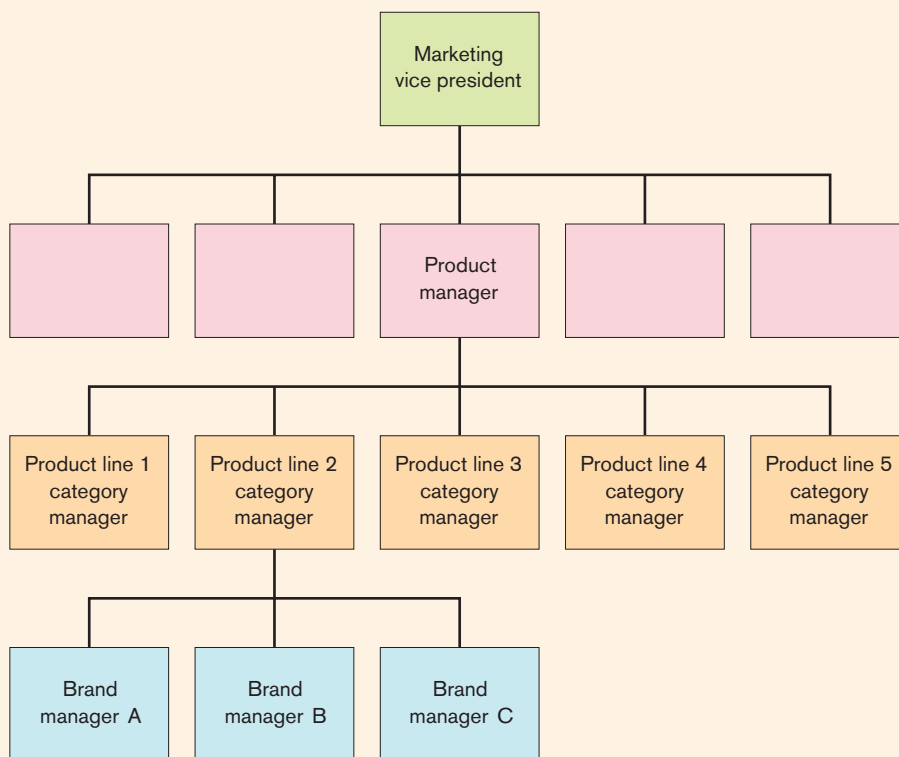


**Figure 15.2** The function-based marketing organisation

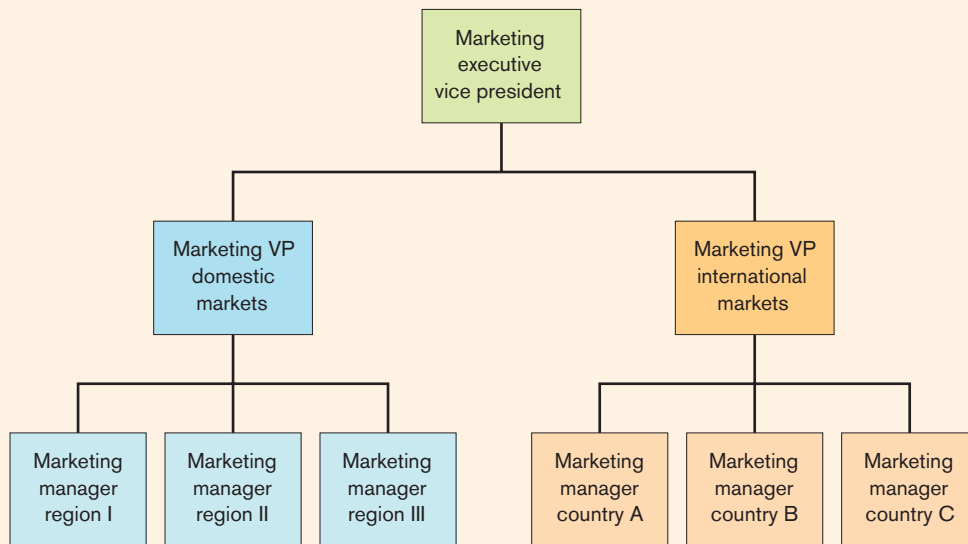
focused approach to task responsibilities, and relatively simple administration are the most relevant advantages of this form of organisation. Safeguards must be initiated to overcome resistance to cross-functional activities. The function-based organisation tends to be more effective in small companies and loses some of its effectiveness as the firm becomes larger.

### Product-based organisations

In a product-based organisation, many of the marketing functions are organised along product and brand lines. In this form of organisation, each product line, product category or brand often has its own marketing organisation. This organisational format is shown in Figure 15.3. For marketing organisations that must manage an extensive and linked set of



**Figure 15.3** The product-based marketing organisation



**Figure 15.4** The geographical-based marketing organisation

product lines, this form of organisation is both efficient and effective. An organisation that focuses on product specialisation offers considerable benefits in attempting to tailor specific marketing programmes to targeted consumer groups. It is, however, an expensive approach to organising the marketing effort.

### Geographical-based organisations

When the firm must market its products in diverse market areas under different market conditions a geographical-based organisation is appropriate. The vastly different demographic structures of market areas and the resulting differences in buying behaviour sometimes require that the organisation adapt its marketing programmes from one region to another. These adaptive requirements are pronounced when moving from domestic to international markets. Geographic diversity is an operational reality that must be accommodated in some fashion. Many firms have elected to meet these realities by assigning a marketing manager and creating a marketing organisation on the basis of geographical considerations. Figure 15.4 demonstrates this form of organisational structure.

### Customer-based organisations

The customer-based organisation recognizes that different customer segments have different needs; hence, the firm is organised around the type of customer being served. By structuring and tailoring the firm's marketing effort to take into account the specific needs of certain customer groups, the organisation is better able to accommodate those differences and meet those needs. In reorganising its international operations, IBM is organising its marketing and sales staffs into 14 industry groups, rather than by country. Perhaps the most common form of a customer-based marketing organisation involves dividing the firm into two customer divisions – business-to-business marketing and consumer-products marketing.

### Transition from a product-focused to a customer-focused structure

The main aspects of this transition are illustrated in Figure 15.5. The shift towards a more customer-focused organisation can be explained by the following factors:

- Production technologies allow 'mass customisation', which results in a greater ability to target smaller customer segments with product features that are more appropriate for their needs.

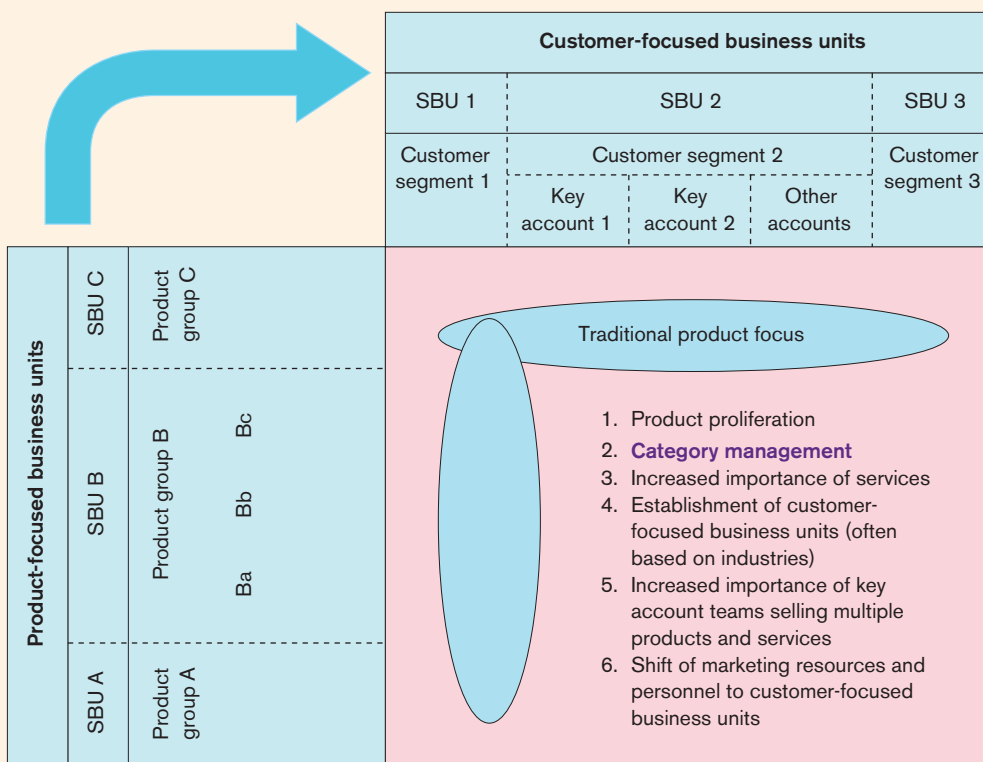


Figure 15.5

## Evolution from product-focused to customer-focused business units

Source: Homburg, C., Workman Jr, J. P. and Jensen, O. (2000) Fundamental changes in marketing organization: the movement toward a customer-focused organisational structure, *Journal of the Academy of Marketing Science*, 28(4): 459–79. Reprinted by permission from Springer Science + Business Media.

### Category management

The management of brands in a group, portfolio or category with specific emphasis on the retail trade's requirements.

### Organisational culture

Manifests in (1) the ways the organisation conducts its business, treats its employees, customers and the wider community, (2) the extent to which autonomy and freedom is allowed in decision making, developing new ideas and personal expression, (3) how power and information flow through its hierarchy, and (4) the strength of employee commitment towards collective objectives. It is termed 'strong' or 'weak' to the extent it is diffused through the organization.

- Customer data warehouse and data mining techniques (see Appendix) make it possible to uncover previously unknown patterns of customer behaviour. These IT-based tools ultimately help marketers to make better decisions regarding relationships with customers.
- The increased number of products available often results in resellers wanting assistance at the overall category level, not the product level. Thus, firms have increasingly established managers responsible for entire product categories.
- There is an increased importance of services with many major firms receiving more profits from services than from products.
- Many firms reorganise their salesforce around customer groups (often industry based) to develop coherent solutions out of the products and services from multiple divisions.
- Following on from such an industry segmentation, many firms then assign key account managers to be the single point of contact with major accounts, selling the entire range of products and services produced by their firm.

### Organisational culture

All organisations have a culture which strongly impacts on how that organisation implements its marketing programmes. An **organisational culture** is created by accepting and sharing a set of values.

As companies attempt to reorient themselves around customers, individual employees will have to come to terms with changing cultural norms, organisational structures and the way their performance is measured and rewarded. This requires an organisational culture that is adaptive and responsive to change, and the quality of communication within an organisation

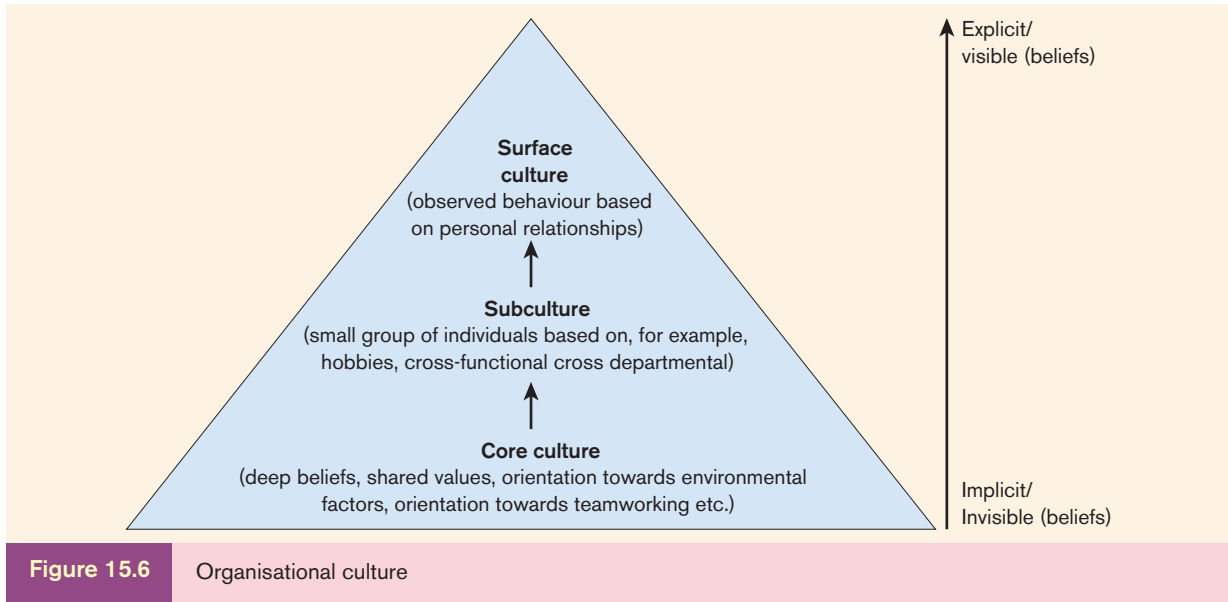


Figure 15.6

Organisational culture

is an important aspect of any change initiative. Failure to successfully communicate a change initiative and its implications for employees can lead to failure; an effective internal communication strategy needs to be in place so that there is buy-in to the initiative led by the senior management team (Ryals and Knox, 2001). When most or all of the members of an organisation embrace a group of values, a prevailing set of traditions is created and passed on from older employees to new employees. The behaviour of managers and employees toward one another often reflects the type of culture that prevails within an organisation.

An organisation's culture exists at three levels. As shown in Figure 15.6 the core culture is the basic value system (the deep beliefs and understanding that shape and guide attitudes and actions) that serves as an invisible foundation for the observable behaviour within the surface culture. The surface culture manifests itself in the form of behavioural and personal relationships that can be observed or heard by walking around the organisation. It is how members of the marketing organisation relate. Given the high level of interpersonal relationships that surround most marketing activities, core and surface cultures are vital to the successful completion of the marketing mission. Pleasant working relationships, supportive working environments, amiable motivational pressure and strong marketing traditions are all benefits that organisational members hope to find within a well-established and tested cultural environment.

Under the surface culture of an organisation, a number of subcultures exist in which small groups of individuals hold to the core value system, but have slightly different perspectives that usually reflect their particular set of circumstances. Subcultures are based on gender and racial differences, age and educational variations, and occupational and managerial positions. Creating the comfortable and productive organisational culture is one of the toughest challenges facing the marketing manager and crucial to the effective execution of the marketing effort.

## 15.5 IMPLEMENTATION OF THE MARKETING PLAN

Simply put, implementation refers to the 'how' part of the marketing plan. Because marketing implementation is a very broad term, it is often used but frequently misunderstood.

Some of this misunderstanding may stem from the fact that marketing strategies almost always turn out differently than anticipated because of the difference between intended marketing strategies and realised marketing strategy. Intended marketing strategy is what the organisation

wants to happen; it is the organisation's planned strategic choice. The realised marketing strategy, on the other hand, is the strategy that actually takes place. More often than not, the difference between the intended and realised strategy is the result of the way the intended marketing strategy is implemented. This is not to say that an organisation's realised marketing strategy is necessarily better or worse than the intended marketing strategy, just that it is different in some way. Such differences are often the result of internal and external environmental factors that change during implementation. As a result, when it comes to marketing implementation, Murphy's law usually applies: if anything can possibly go wrong, it will. This serves as a warning to all managers that the implementation of the marketing strategy should not be taken lightly.

## Issues in marketing implementation

Marketing implementation is critical to the overall success of any organisation because it is responsible for putting the marketing strategy into action. Unfortunately, many organisations repeatedly experience failures in marketing implementation. We often encounter examples of these failures in our daily lives – out-of-stock items at the local supermarket, overly aggressive salespeople at car dealerships, long checkout queues at the local department store, and unfriendly or inattentive employees at a hotel. Such examples illustrate that even the best planned marketing strategies are a waste of time without effective implementation to ensure their success. In short, a good marketing plan combined with bad marketing implementation is a guaranteed recipe for disaster.

One of the most interesting aspects of marketing implementation is its relationship to the strategic planning process. Many managers assume that planning and implementation are interdependent, but separate issues. In reality, planning and implementation are intertwined within the marketing planning process. Many of the problems of marketing implementation occur because of this relationship to strategic planning (Dibb *et al.*, 2008; Kotler *et al.*, 2006). In the following we will look at one of the most common issues.

## Planning and implementation are interdependent processes

Many marketing managers assume that the planning and implementation process is sequential. That is, strategic planning comes first, followed by marketing implementation. Although it is true that the content of the marketing plan determines how it will be implemented, it is also true that how a marketing strategy is to be implemented determines the content of the marketing plan. This two-way relationship between marketing strategy and marketing implementation is depicted in Figure 15.7.

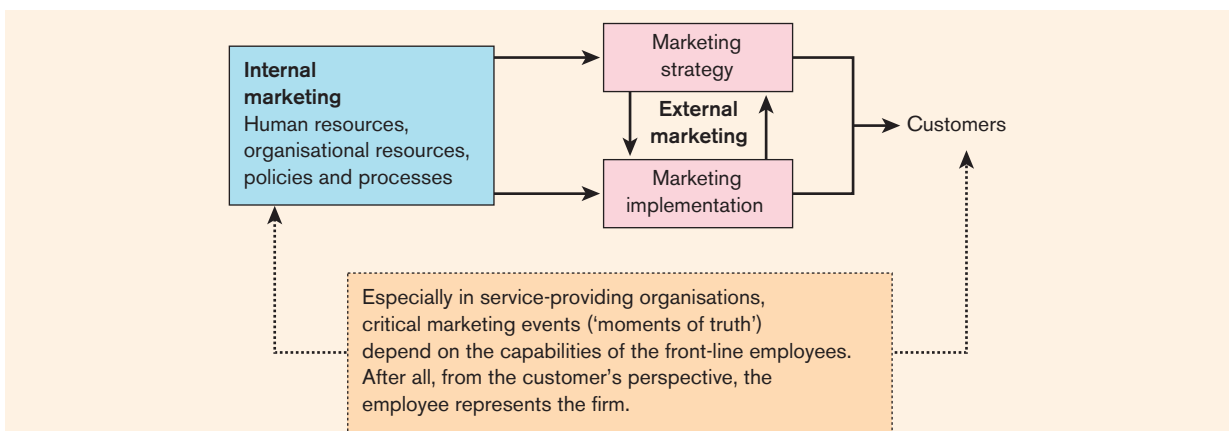


Figure 15.7

Two-way relationship between marketing strategy and implementation

Certain marketing strategies will dictate some parts of their implementation. For example, a company such as Southwest Airlines with a strategy of improving customer service levels may turn to employee training programmes as an important part of that strategy's implementation. Through profit sharing, many Southwest Airlines employees are also shareholders with a vested interest in the firm's success. Employee training and profit-sharing programmes are commonly used in many companies to improve customer service. However, employee training, as a tool of implementation, can also dictate the content of the company's strategy. This leads us also to discuss the role of internal marketing.

## 15.6 THE ROLE OF INTERNAL MARKETING

As more companies come to appreciate the importance of people in the implementation process, they are becoming disappointed with traditional approaches to marketing implementation. These forces for change have been caused by several factors: high rates of employee turnover and its associated costs, and continuing problems in the implementation of marketing strategy. These problems have led many organisations to adopt alternative approaches to marketing implementation. One of these alternatives is internal marketing.

### The internal marketing approach

#### Internal marketing

Involves treating employees as internal customers with the goal of increasing employees' motivation and customer focus.

The concept of **internal marketing** comes primarily from service organisations where it was first practiced as a tactic for making all employees aware of the need for customer satisfaction. Generally speaking, internal marketing refers to the managerial actions necessary to make all members of the organisation understand and accept their respective roles in implementing marketing strategy (Bowers *et al.*, 2007). This means that all employees, from the chief executive officer to front-line marketing personnel, must realise how each individual job assists in implementing the marketing strategy (Nowak *et al.*, 2008).

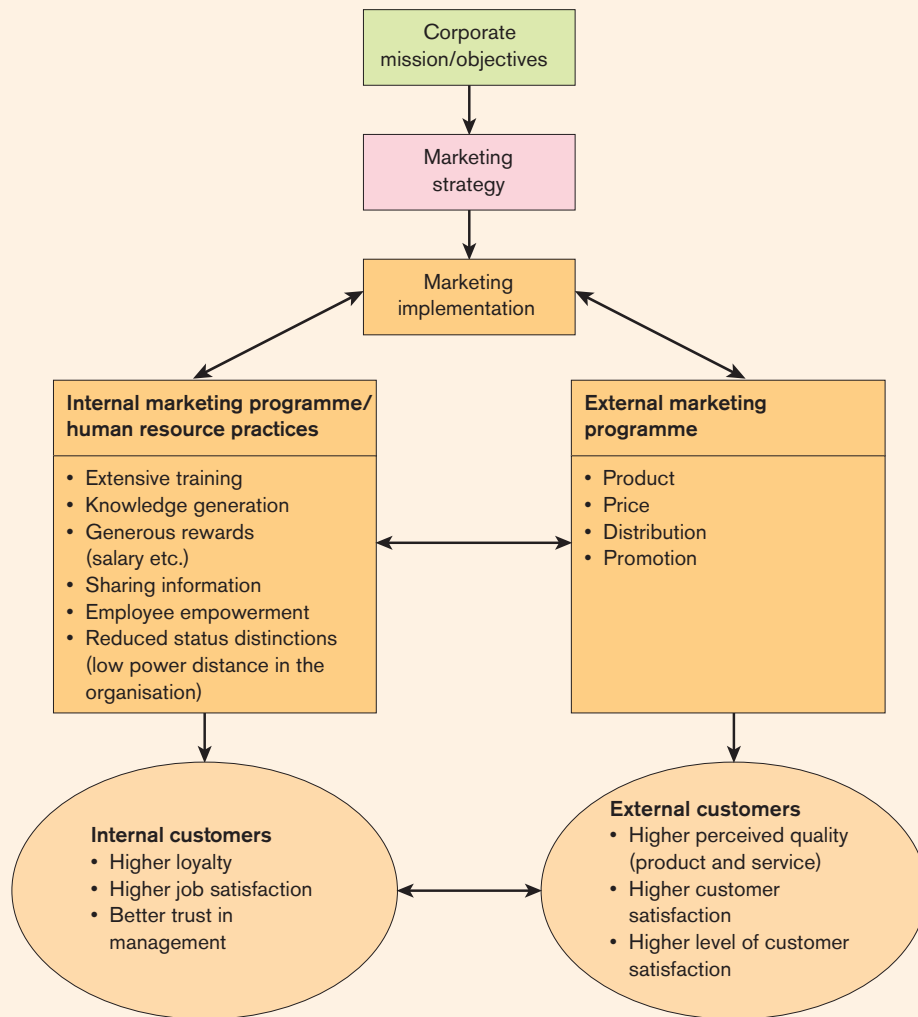
Under the internal marketing approach, every employee has two sets of customers: external and internal. For department store managers, for example, the people who shop in the store are called external customers, while the employees who work in the store are the manager's internal customers. In order for implementation to be successful, the store manager must serve the needs of both 'customer' groups. If the internal customers are not dealt with properly, then it is unlikely that the external customers will be completely satisfied.

This same pattern of internal and external customers is repeated throughout all levels of the organisation. Even the CEO is responsible for serving the needs of his or her internal and external customers. Thus, unlike traditional approaches where the responsibility for implementation rests with lower levels of the organisation, the internal marketing approach places this responsibility on all employees, regardless of organisational level. In the end, successful marketing implementation comes from an accumulation of individual actions where all employees are responsible for implementing the marketing strategy.

### The internal marketing process

The process of internal marketing is straightforward and rests on many of the same principles used in external marketing. The overall internal marketing framework is presented in Figure 15.8. In this framework, internal marketing is seen as an output of and input to both marketing implementation and the external marketing programme. That is, neither the marketing strategy nor its implementation can be designed without some consideration for the internal marketing programme.



**Figure 15.8****Internal marketing framework**

Source: Adapted from Piercy, N. F. (1992) *Market-led Strategic Change*, Butterworth-Heinemann, Stoneham, MA, p. 371. Copyright © 1992 Elsevier. Reproduced with permission.

The product, price, distribution and promotion elements of the internal marketing programme are similar, yet different from the elements of the external marketing programme. Internal products refer generally to marketing strategies that must be sold internally. More specifically, however, internal products refer to those employee tasks, behaviours, attitudes and values necessary to ensure implementation of the marketing strategy. The implementation of any marketing strategy requires certain changes on the part of employees. They may have to work harder, change job assignments, or even change their attitudes and expand their abilities. The changes that employees must undergo in implementing the marketing strategy are called internal prices. Employees pay these prices through what they must do, change or give up when implementing a new marketing strategy.

Internal distribution refers to how the marketing strategy is communicated internally. Planning sessions, workshops, formal reports and personal conversations are all examples of internal distribution. Internal distribution also refers to employee training and education programmes designed to assist in the transition to a new marketing strategy. Finally, all communication aimed at informing and persuading employees about the merits of the marketing

strategy comprise internal promotion. Internal promotion can take the form of speeches, video presentations, audiotapes and/or internal company newsletters. With the vast age disparity of today's employees, it is unlikely that any one medium will communicate successfully with all employees. Managers must realise that telling employees important information once in a single format is not communicating. Until employees understand it, communication has not taken place.

### Implementing an internal marketing approach

Successfully using an internal marketing approach requires the integration of many factors already discussed in this chapter. First, the recruitment, selection and training of employees must be considered an important component of marketing implementation, with marketing having an input into the personnel function as necessary. This ensures that employees will be matched to the marketing tasks to be performed. Second, senior managers must be completely committed to the marketing strategy and overall marketing plan. It is naive to expect employees to be committed when senior managers are not. Simply put, the best planned strategy in the world cannot successfully proceed if the employees responsible for its implementation do not believe in it and are not committed to it.

Third, employee reward programmes must be linked to the implementation of the marketing strategy. This generally means that employees should be rewarded on the basis of their behaviours rather than on their work outcomes. In an organisation guided by a strong culture and a shared marketing plan, outcome-based control systems may not adequately capture the effort put in by employees. Fourth, the organisation should be characterised by open communication among all employees, regardless of organisational level. Through open, interactive communication, employees come to understand the support and commitment of senior managers, and how their jobs fit into the overall marketing implementation process (Aaker, 2008).

Finally, organisational structures, policies and processes should match the marketing strategy effectively. Although eliminating these constraints may mean that employees should be empowered to creatively fine-tune the marketing strategy or its implementation, empowerment should be used only if the organisation's culture can support it. However, if used correctly as a part of the internal marketing approach, the organisation can gain more motivated, satisfied and committed employees as well as enhanced customer satisfaction and improved business performance.

#### EXHIBIT 15.1

##### Merger of Mars' European food, pet care and confectionery divisions



Mars Inc. is a diversified multi-functional company whose primary products include foods, pet care, confectionery, electronics and drinks. Owned and controlled by the Mars family, this US giant is one of the world's biggest private companies, but also one of the most secretive.

Mars' decision in January 2000 to merge its food, pet care and confectionery divisions across Europe – and eventually with headquarters in the UK – has split the marketing industry.

The most well-known brands within the three divisions are:

- *Foods*: Uncle Ben's Rice, Uncle Ben's sauces
- *Pet care*: Whiskas, Pedigree
- *Confectionery*: M&Ms, Snickers, Milky Way, Mars Bar.

Mars UK says the decision to pool the businesses was taken to strike at the company's international competitors in food and confectionery, such as Nestlé and Unilever. The move also coincides with plans to create a



single European market and highlights the company's belief that its consumers' needs are the same across Europe.

But the combination of food and confectionery with pet care is not clear to all industry observers. One industry analyst made the comment: 'Generally speaking, Mars is doing the right thing by merging divisions to squeeze profits out of them. Before the advent of the euro it was acceptable to run separate companies in different European countries but not any more.'

Another analyst had this opinion:

I can't imagine it marketing all three sides of the business together. They're too different. The only visible benefit appears to be an improvement in distribution. Tastes across European markets are very different, whether you're selling products for animals or people.

It's all very well Mars saying it will tackle competitors such as Nestlé and Unilever, but they are only rivals in food and confectionery.

If Mars starts laying down too many controls by merging all its businesses – and therefore also its marketing and management strategies – it may streamline communications, but could lose the creativity available in different regions.

*Source:* Adapted from McCawley (2000).

## 15.7 SUMMARY

A marketing plan is like a map. It outlines where the business is, its desired destination (objectives), and the conditions it will face in its efforts to reach that destination. The plan helps to integrate activities, schedule resources, specify responsibilities and provide a means of measuring progress. Understanding the market situation reveals a set of key issues that need to be addressed in order to reach the desired destination. Situational analysis and identification of key performance issues are key inputs to the marketing plan.

In order to construct a realistic plan, managers need to estimate what total market demand might be. The marketing plan should have the following framework:

- Title page
- Table of contents
- Executive summary
- Introduction
- Situational analysis
- Marketing objectives and goals
- Marketing strategies and programmes
- Budgets
- Implementation and control
- Conclusion.

The marketing plan may be implemented around one of the following organisational forms: function-based, product-based, geographical-based or customer-based.

The development of a marketing plan involves process and structure, creativity and form.

If the marketing plan fails to produce the desired levels of performance, the marketing strategy needs to be re-examined.

Neither the marketing strategy nor its implementation can be designed without consideration for the internal marketing programme. Successful implementation of this can result in more motivated, satisfied and committed employees. In the end it can also improve business performance.

## CASE STUDY 15.1

### Triumph

How to manoeuvre as a modern brand in the global underwear market

In autumn 2009, Jan Rosenberg, corporate head of sales and marketing Triumph International packs his suitcase for his world trip to the fashion centres in London, Paris, New York and Mumbai. While packing, he thinks about the Triumph brand as one of the global brands leaders in the world lingerie industry. However, he also realises that Triumph is under attack in different places by smaller brands that can totally adjust to local and regional market needs. While thinking about this challenge, another thought pops up in Jan's mind: until now Triumph has not played any leading role in men's underwear, but at least Triumph is somehow active in this market with the sloggi brand. Should Triumph use more marketing resources in men's underwear and will such a change in strategy limit the focus in the women's underwear (lingerie) market?



Source: Courtesy of Triumph International

#### Background of Triumph

Triumph International is one of the world's leading manufacturers of lingerie, sleepwear and swimwear and was founded as a family business in Germany in 1886. Still a family business (privately owned by the Spiesshofer and Braun families), Triumph International has grown to more than 40,000 employees and an annual turnover of CHF2.37 billion (€1.7 billion).

Bad Zurzach in Switzerland has been the headquarters of the company, Triumph International, for more than 30 years. Triumph enjoys presence in over 120 countries encompassing the globe and is one of the leading underwear producers in the world. The company has about 50 subsidiaries around the world. Its topselling markets are Japan, Germany, Italy and the UK.

In 2007 women's underwear accounted for most of the revenues. Its main brands are Triumph, sloggi, Valisère and HOM.

#### History

In 1886, founders Braun and Spiesshofer started operations in a barn in Heubach, Germany. It started as a classic corset factory with six sewing machines and six employees in the Württemberg region of southern Germany. The name 'Triumph' was registered as a trademark in 1902. The trademark idea came to Johann Gottfried Spiesshofer when he saw the Arc de Triomphe in Paris. During the 1930s Triumph became Europe's largest corsetry manufacturer. In 1933, the company opened its first international branch in Zurzach, Switzerland, where the global headquarters is based today. After the Second World War, the expansion continued in northern Europe, and on to southern Europe, Asia and the Middle East during the 1960s.

The 1950s marked Triumph's first very stylish lingerie fashion shows – for the first time the models did not wear leotards under the garments but marched past with the lingerie on their bare skin. 'More fashion for underwear' was the message in 1957 at the first Triumph Show in London's Royal Albert Hall. The next show followed at the international cotton fair in Cairo in 1958, and in 1959 the Berlin Hilton hosted the largest lingerie fashion show ever held up to that time: a presentation to 200 journalists from 16 countries.

The corporate structure was decentralised, a business strategy that enabled customers in each country to be served by locally based designers and business partners with particularly strong commitments to regional fashion trends and cultural conditions. During the 1970s, the company entered the Brazilian markets, took over 'House of Jenyns' in Australia and launched licensing production in South Africa. Production, sales and export subsidiaries were founded in the Philippines and Thailand, together with licensed sales operations in Indonesia and a subsidiary in Chile; production works in China followed in 1980. In the last 15 years, the company has added countries including Uruguay, Canada, New Zealand, Korea, Sri Lanka and Vietnam, and in Eastern Europe, Hungary, Poland, the Czech Republic, Slovenia and Russia. It has established production plants with ultra-modern technology in Bangkok and Morocco, and after the opening of the Chinese market it opened branches there.



Triumph 'Nostalgic Emotion' (approximate retail price: €68)

Source: Triumph International/Photographer: Olaf Wippelfürth

**Triumph today**

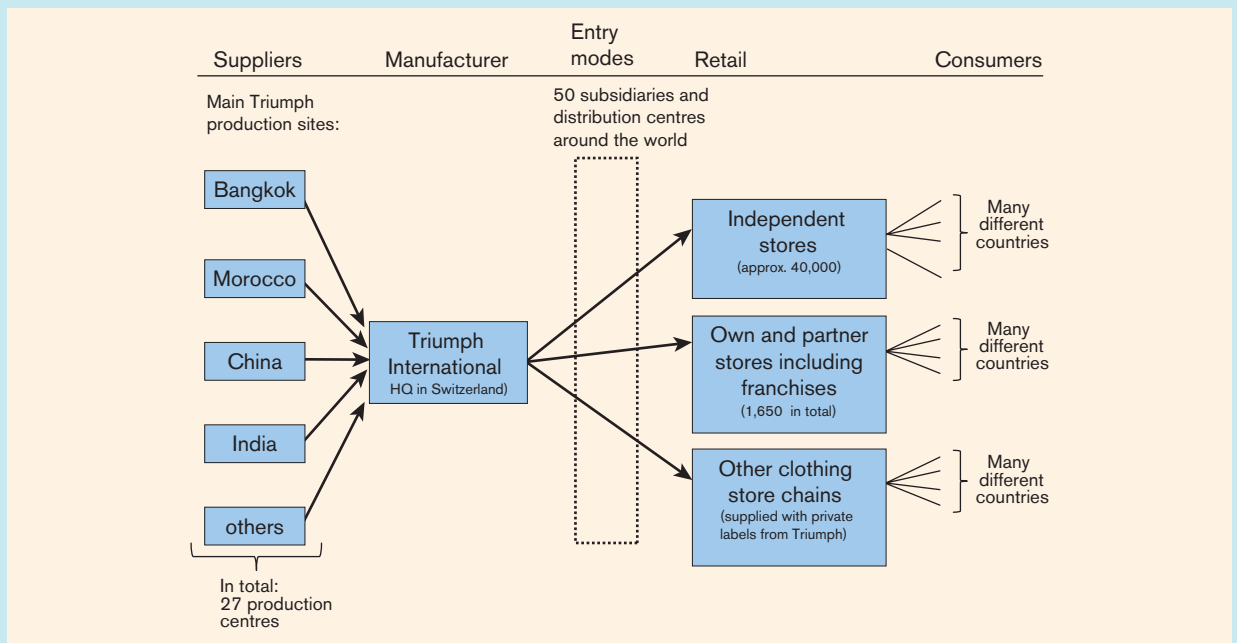
Triumph International operates numerous brands and distinct subsidiaries in many of the countries in which it does business, with over 1650 retail locations/distribution centres. Triumph's products span women's intimates, swimwear, homewear and accessories though women's underwear accounted for most of the company's revenue in 2008.

The company's expansion has historically been based on geographical decentralisation. For example, the Asia operations are coordinated by Triumph International Overseas, headquartered in Hong Kong. As of the mid-1990s, the company's decentralization was considered unique: 'Triumph is the only international brand to be marketed and manufactured locally.'

Triumph's principal activities are the manufacturing and distribution of women's (and men's) underwear, as well as clothing worn for in-house and leisure purposes. The company distributes its products through its sole subsidiary Triumph International Vertriebs-GmbH, while product marketing is coordinated by other companies.

Among the most well-known brands in the Triumph portfolio are: Triumph, sloggi, BeeDees (a brand available only in Germany), Valisére and HOM. Sold individually and in multi-packs, sloggi's unique packaging and branding performed strongly on the shelves of leading department stores during the nineties. sloggi's success had turned briefs into a fast-moving-consumer-goods (FMCG) market. By late 2009, Triumph International had sold over 1.1 billion pieces of sloggi around the world.

The Triumph supply chain (value chain) is illustrated in Figure 15.9



**Figure 15.9** Triumph's supply and value chain

### Triumph's global design and marketing strategy

Triumph works with its design teams in Europe and Asia in order to ensure that the latest trends in lifestyle and fashion are reflected by its collections. Textile engineers ensure that their materials and the production is always state of the art.

Triumph is constantly balancing between fashionable design, sex appeal and function. However, this delicate balance is less an issue for women today than in the past. Women see their sexuality differently than they did a decade or more ago. Women are sexy for themselves, not to impress someone else.

In some markets Triumph is being challenged by smaller players, such as Agent Provocateur in UK. This brand has been most influential in terms of sexiness. It has commercialised British kinkiness by mixing it with a touch of French coquettishness. Triumph is aiming for what could be called the 'fashion feel'. Triumph's corporate size and the need to appeal to a wide variety of women across borders means it is unlikely to attain the sexiness of niche players like Agent Provocateur. Hosea (2009) claims, that 'Triumph is the Dove of underwear, where all women are naturally beautiful and all curves and busts are equally catered for.'

### Triumph distribution

The products have always been designed and crafted with consumers in mind, but, until recent times, the distribution focus of underwear manufacturers was mostly oriented towards their wholesale customers. Today, many more activities revolve around consumers themselves as we have moved from a seller's to a consumer's market. Triumph today does not only produce fashionable, enchanting lingerie but also creates retail environments through the Triumph stores that make lingerie shopping entertaining, comfortable and relaxing.

Today's market is a consumer's market. Consumers rightly do not only expect fashionable products in excellent quality for their money, but they also expect a pleasant shopping experience to go with it.

Triumph is working together with approximately 40,000 retail trade customers across the world. Triumph's own retail stores including franchise and partner stores (altogether 1,650 stores worldwide to date) offer the opportunity to really showcase different Triumph brands, present its product in the way it should be and create an emotional experience for consumers. They provides the opportunity for Triumph to present its entire collections under one roof in selected locations.

### CSR and the Triumph environmental policy

The greening of the apparel industry is a significant and evolving trend that is likely to affect every facet of this enormous global industry. Under both internal and external pressure to reduce the environmental impact of growing, processing, treating and dyeing fibres, and to eliminate exploitation and inequities in labour practices, textile and apparel companies are eager to show consumers a new, sustainable approach to fashion without sacrificing style or profit.

At the consumer and retail level, this trend is evident in a growing number of designers, manufacturers and marketers making sustainable claims. 'Sustainable apparel' is an umbrella concept that includes some or all of these practices:

- use of certified organic natural fibres (wool, cotton, linen);
- use of highly renewable fibres (bamboo, soy);
- use of low-impact synthetic or recycled fibres;
- use of non-toxic or reduced-toxicity fibre processes and treatments;
- use of low-impact or natural dyes;
- design and colour choices aimed at longevity rather than planned obsolescence;
- fair trade, ethical labour practices, and elimination of child labour and other exploitation;
- reduced energy use throughout the product life cycle;
- minimal or environmentally appropriate packaging.

For Triumph the application of ecological standards often turns out to be a source of innovation, both in the products themselves and in the manufacturing process. This is why it is constantly testing its environmental protection measures and rapidly implementing any new findings it makes. Numerous programmes integrate studies of environmental compatibility as well as the separation and recycling of waste, and Triumph is also constantly looking into how it can make do with less packaging material. The company also implements energy-saving concepts at all Triumph International locations in order to reduce carbon emissions.

Triumph also tries to involve the customers to integrate their environmental awareness on their skin. It uses the latest, ecologically certified materials for its collections. In addition, the Triumph brand has presented the first lingerie collection in biodegradable elastane. There is also a Sloggi range in which the fabric has not only been medically tested for body compatibility and freedom from pollutants, but is also manufactured from certified organic cotton.



### General trends in the international underwear for women (lingerie) market

Generally American women buy more lingerie than European women. One of the reasons is that Americans have a tendency to throw everything in the washing machine, so the wear-out is quicker. Furthermore, lingerie in the United States is not sold through specialist shops (multi-brand shops) like in Europe, but through mass distribution channels such as Wal-Mart, which is estimated to have 20 per cent of the overall market. The US market is also much more price driven, and lingerie (e.g. bras) costs a lot less.

In Europe there seems to be a difference between northern and southern countries. In southern Europe they buy more lingerie than in northern Europe. One of the reasons could be that women in southern Europe place more emphasis on feeling romantic and sexy. Also, the more intensive sweating in these countries may lead to more purchase of lingerie. Another explanation could be that the northern countries are colder and women wear thicker clothes, so they are not so worried about how their underwear looks.

In order to make the right approach to the lingerie market, it is vital to analyse and interpret attitudes around sex and body image correctly across international markets. In general the US lingerie market is very conservative compared to Europe, though brands such as Victoria's Secret have moved the needle in the United States. While Scandinavia may have liberal attitudes to bodies and sexuality, other markets, such as India and Japan, are more demure.

As in other apparel designs, the trends in lingerie have been dictated by fabric developments. This has meant that glamour, the art of seduction and feminine charm are all ingredients in current vogue. In addition, many bras are designed for women who partake in jogging, aerobics, tennis, etc., to gain maximum benefit from their active lifestyles.

Regarding the distribution of the lingerie, more and more of the textile turnover is now going to branches other than lingerie itself. For instance, Tesco in England is offering fashion brands, mainly sourced from third countries, to its customers despite this practice being declared illegal by fashion brands. In Germany, for example, food retailers, drugstores and even coffee shops are also selling a significant amount of textile products. Thus, in the annual list of the largest textile retailers in Germany, the food discounter Aldi is ranked at number 9, and Tchibo – a chain of coffee – shops, at number 13. In Germany, these non-textile retailers already have a market share of 12 per cent of the total textile market. They do not normally have a full assortment and only sell

offers and special items, which they buy in huge quantities and sell at extremely low prices. Also, the idea of concept assortments is being used by some of them. Thus, the coffee chain Tchibo is selling a completely different theme every week, wherein textile products are just a part of the overall offer.

Only companies with a sharp profile are successful in the market. Here are some examples of successful speciality stores:

- French group Orsay is increasing its business with their speciality concept for girls' fashion.
- German teen specialist New Yorker.
- Swedish H&M, with its concept of top fashion products at discounted prices, has been growing in almost all countries where it is present.
- Spanish Zara has also been opening stores worldwide in a remarkably short time frame for a similar target group.

Other speciality stores are also registering remarkable successes. Best examples of this can be seen in the sports and sports-fashion business, where speciality stores such as Runners Point (Germany), Foot Locker (USA), Sports Expert (Austria), Decathlon (France), Sketcher (USA) and The Sports Authority (USA) are gathering more and more market share and expanding worldwide.

The lingerie segment, earlier a fixed part of normal textile and fashion stores, is also witnessing a fast growth. For instance, Oysho (Zara, Spain), Women's Secret (Cortefield, Spain) and even Marks & Spencer are starting their own chains of lingerie outside their traditional shops.

Generally, a polarisation is taking place in the European lingerie market. The distribution of the lower-priced brands is being taken over by the huge retail chains, whereas the higher-priced brands are gaining market share by using their own concept shops, where personal service plays a much higher role. At present, the losers in the industry are the 'in-between' brands, which are 'stuck in the middle'.

### Vertical integration

More and more manufacturers are opening their own stores and more and more fashion retailers are selling their own retail brands.

The vertical integration is a result of increasing efficiency between production and distribution given the assumption that organisation of production is best made from the POS (point of sale). Middlemen and wholesalers, as well as middle activities such as exhibitions,

are cut out of the distribution channel to ensure that there are fewer costs and no losses of communication in the process. Success is more likely in cases where one company owns or controls the complete process from production to distribution. All fast-expanding fashion companies are working vertically. Wal-Mart, Zara, Uniqlo, Mango, H&M, C&A, Esprit – all these successful international retailers fall into this category. Frequently, they work on a completely vertical system, while at other times they use a mixed system – selling their own brands as well as manufacturer brands.

### The world market for underwear

Over the last few decades, there has been an increasing number of women worldwide participating in the workforce. Women's average disposable incomes are rising and the gender gap is closing, albeit at different rates in different parts of the world.

With their rising incomes, women are enjoying greater spending power and they now have the ability to decide (or co-decide) how resources will be distributed within the family. Higher levels of education for women and their higher salaries will ultimately increase their purchasing power. The traditional guilt that many women carried when spending on themselves is also expected to decline, leading to greater spending on women's products. This rising purchasing power and greater decision-making authority has made women, especially those in employment and aged 24–54, a large and powerful segment of the consumer market.

### Price development

Average unit prices for clothing have declined worldwide over the last decades, as marketers sourced clothes from low-cost production locations. This situation gave customers more product choice at better prices, but the increased competition also forced manufacturers and retailers to keep their prices and margins down. The more intensive use of private label products is expected to drive average unit prices down even further, as retailers source products from low-cost locations to give themselves a competitive edge. To combat declining prices, manufacturers and retailers will seek new, more innovative products that are more insulated from price deflation.

### Value of world market

The total world market for underwear (men and women) is estimated at €35.7 billion (see Table 15.1). The women's underwear (lingerie) market accounts for around 80 per cent of the total global underwear market, and the rest (20 per cent) is for the men.

The biggest total market is still the United States, followed by Germany and the UK.

Triumph is estimated to have its best market share in Germany, followed by the UK and markets in the Far East. In China and India, Triumph has a relatively good market position, though these markets are mainly dominated by domestic underwear manufacturers.

In the category 'Other global markets', the underwear markets in the developing economies of Asia, Eastern

**Table 15.1**

The total market for underwear (men and women) in main international markets and estimate for total world market

Country	Total market (€ billion) in manufacturers selling prices, 2008	Triumph: estimated market shares (%)
USA	11.0	<1.0*
Germany	4.2	10.0
United Kingdom	3.8	8.0
France	3.4	2.0
Italy	3.2	3.0
Russia	2.1	1.5
Other global markets (Australia, Japan, China, South America, etc.)	10.0	5.0
<b>Total world market</b>	<b>37.7</b>	<b>4.5%</b>

Sources: Hosea (2009); different public sources and own estimates.

\*Triumph is not available in the US market with own brands.

Europe and Latin America are characterised by extreme fragmentation, with countless independent private label products dominating the competitive landscape. These products have strong price advantages and are still preferred by consumers in the mass market. At the same time, they also copy the latest fashion trends and are thus able to keep their customers satisfied.

For example, in Eastern Europe, the retail clothing market remains fragmented, lacking the presence of leading companies and brands. Open-air markets and family-owned clothing stores dominate the retail landscape. However, the distribution of underwear in the region is beginning to change as the share of specialist stores and retail chains is rising. The share of open-air markets is declining but it remains relatively high. Several retail chains, such as Peek & Cloppenburg, Stockmann, Debenhams, Marks & Spencer, Top Shop and C&A, have all entered this region over the past two years.

The number of shopping malls in the region is growing, particularly in major central and regional cities, and this is increasing the penetration of organised retail, especially for chains; for example, in Poland, the Spanish company Inditex (Zara) is developing its brand portfolio, introducing new clothing brands such as Bershka, Pull and Bear, Oysho and Stradivarius. The British chain Next has just opened its first store in Poland, while the Russian retailer Sela is due to open its first store in Warsaw.

In the future, the distribution share of big retailers will increase and the distribution share of less formal formats, such as open-air markets, will decrease, although open-air markets still maintain a share of about 35–45 per cent, depending on the specific clothing subsector being considered.

Furthermore, multinational underwear brands are not in the top ten brands in countries such as China, India and Russia, as domestic players are preferred for their price and style.

### Retailing

The four biggest multinational clothing retailers in the world are GAP Inc., H&M, and Inditex/Zara.

US-based GAP is the largest clothing and underwear retailer, but with 90 per cent of its sales coming from the large US market. GAP brand stores are so popular in the United States that a shopping centre without a GAP or its subsidiaries, Banana Republic and Old Navy, is a rare sight. The retail chain offers own-brand men's and women's underwear, and women's and children's clothing, etc. Total GAP sales amount to US\$17 billion, with 154,000 employees.

The largest European clothing retailers are Hennes & Mauritz (H&M), Inditex/Zara (Industria de Diseño Textil)

and C&A Mode Brenninkmeijer & Co. and all enjoyed sales growth during the last decade.

H&M, the Swedish-based clothing retailer, followed a strategy of setting the pace of style and making couture affordable. The chain saw its retail clothing sales grow, in the markets under study, from US\$12.6 billion in 2004 to US\$15 billion in 2008. The brand is the leader in the clothing markets in Sweden, Germany and the Netherlands.

Spanish company Inditex/Zara followed a strategy of selling multiple bands aimed at different target segments. The company has seven brands, the most popular being Zara, which is gaining share all across Europe. In Poland, Zara is gaining market share despite being perceived as very expensive. Inditex reported retail sales of US\$13 billion in 2008, up from US\$8.8 billion in 2004.

C&A has a strong presence in several clothing subsectors in Europe. It leads the market in Belgium and is a close second in Germany, where it has gained brand salience through sustained innerwear advertising on billboards, bus stops, etc. The company has also enjoyed success in the Latin American markets of Brazil and Mexico, where it has experienced high sales growth. In 2008, C&A retail sales in the countries under study stood at US\$11 billion.

In the following section the US market and three major European markets for women's underwear (lingerie) are described (UK, Germany and France). At the end, one of the emerging markets (India) is also characterised.

### The US market

The US market for men's and women's underwear is estimated at €11 billion in 2008. In the past 20 years, lingerie has blossomed from a commodity into a huge money-making segment of apparel retailing, thanks partly to lingerie retailing pioneer and marketing machine Victoria's Secret. Many merchants at major department stores are now cashing in on the lingerie market.

Even speciality stores that have never done lingerie in the past are developing strong lingerie alliances, whether branded or private label. Other retailers, recognising that the lingerie market has higher profit margins than regular apparel, are launching new lingerie lines and giving their older products a makeover. Lingerie manufacturers are focusing more on their alliances with lingerie speciality stores as compared to department stores.

The breakdown of 'physical' distribution channels remained fairly constant over recent years, with half of the underwear distributed via mixed retailers (including

department stores and mass merchants) and the rest via clothing retailers.

Though a small part of the overall distribution picture, Internet sales of underwear (home shopping) continued to grow. The number of pure e-tailers is fairly small, but most major US clothing companies have a presence on the Internet. Many e-tailers began to offer free shipping and returns, facilitating purchases.

Manufacturers of underwear and their retailers are expected to focus their efforts on meeting the needs of women aged 35+ who have large disposable incomes but are increasingly unhappy with the fashions available to them.

This segment of the population is attractive to clothing manufacturers and retailers because they do not have qualms about spending money on clothing and do not always go for the cheapest items. These women also criticise designers and retailers for focusing too much on the youth market and are clamouring for clothing that, while still fashionable, is built to fit more mature bodies.

As a result, manufacturers and retailers at all price points will work to try to meet the needs of these consumers over the forecast period. K-mart chose to attack the problem by offering similar colour choices across their junior lines and those targeted at older women. Gap recently launched Forth & Towne, a new brand aimed at this age group. Saks Fifth Avenue, which was criticised for dropping its private label line to focus on designer wear for younger consumers, also announced it would relaunch this line, targeted at women with an average age of 48. As these efforts take hold, sales of women's underwear will also see growth.

The underwear industry in North America continues to show a high level of mergers and acquisitions. In 2006, Sara Lee spun off Hanesbrands into its own publicly traded company and, in January 2007, VF Corp announced it would sell its intimate clothing brands to Fruit of the Loom. Also in 2007 Victoria's Secret completed its acquisition of La Senza Corporation. La Senza is a Canadian speciality retailer offering lingerie and sleepwear.

### The UK market

It is estimated that 2009 will be challenging for underwear retailers – for the first time since our records began in 1988, underwear expenditure growth will be negative, as the recession forces consumers to be more frugal.

The underwear market is becoming more competitive than ever as non-specialists aim to supplement their clothing sales with underwear, giving consumers a wider choice of retailers to buy from. Moreover, value retailers are growing their share of the market, exerting downward pressure on prices and posing a greater threat to midmarket players.

Expanding into underwear provides an opportunity for clothing specialists to boost sales, and offers added convenience for the customers. Underwear sales through clothing specialists increased between 2003 and 2008. However, their proportion of the market declined between 2003 and 2008 due to Marks & Spencer's loss of market share.

But while the product is good at M&S, there is increasing price competition. Key competitors, including Next and Debenhams, have been enhancing and expanding their ranges as well as sharpening price points.

The growth of grocery retailers looks to be as unstoppable in underwear as it does in outerwear (see below).

### UK distribution: the threat of the grocery retailers

As grocers look to enhance their non-food offer through opening more space and the launch of new non-food-only fascias, clothing and lingerie are areas they are likely to expand in. This poses a series of threats to lingerie specialists. Range expansion and enhancement, product/own-brand innovation, department upgrades and strong advertising and marketing, as well as massive footfall, indicate that they will take an increasingly big share of the market.

A key development will be if these new players decide to stock name brands as well as their own labels, adding to competition for the mainstream retailers.

Grocers, in particular Asda and Tesco, pose a real threat to underwear specialists with their expanding ranges and growing store footprints. First, they continue to devote more space to clothing and underwear in-store as both retailers expand existing branches through extensions – including mezzanines, which facilitate shop-in-shop departments. With more space added to stores, clothing departments have grown larger, giving more space to underwear and lingerie.

The development of non-food-only stores under the Asda Living and Tesco Homeplus fascias has further expanded the retailers' clothing offers and, more importantly, given new growth opportunities as both chains find it increasingly tough to expand their grocery store footprints. These stores, still in their infancy, are set to pose a greater threat to underwear specialists going forward. However, located in retail parks they compete less directly with specialists and more with department stores and clothing specialists such as Next.

Sainsbury is enjoying strong growth with its TU collection and it is set to pose a greater threat going into 2009. From a smaller base than its two key rivals, with the range available in just 283 stores (in October 2008) and the full offer available in just 24 branches, TU has considerable expansion opportunity. With Sainsbury set to increase its focus on non-food, TU is likely to form the

cornerstone of its growth and, with the brand reaching new heights of recognition as it expands into home-ware, it is set to become a more pronounced authority in the market. Sainsbury aims to expand its clothing offer into 300 stores by 2010.

Besides just location and physical expansion, grocers have been enhancing their clothing offers, with Asda, for example, relaunching the George label in late 2008. With the aim of appealing more directly to its core shoppers through simplified ranges, improved quality and better in-store graphics, George has ambitious aims of regaining its position as the number one volume clothing brand from Primark by 2011.

Tesco also has ambitious targets for its F&F and Cherokee brands.

Underwear specialists are insulated to an extent from the value-based offer of grocers because they are largely midmarket to high-end market. Specialists' higher positioning has more direct appeal to affluent customers and their competitive strengths lie in range, quality and service. However, midmarket players are arguably the most exposed to strained consumer finances and are at the greatest risk of losing shoppers seeking value-based alternatives.

In general, consumers, inspired by celebrity style, are buying more bras and pants and showing a tendency to trade up. The total underwear market in the UK is estimated at €3.8 billion (2008) with sales of bras accounting for around a fourth of that value.

The sources of competition to traditional main street chains include supermarkets, mail order and online shopping. Because of this, retail prices have become aggressively competitive. The big corporate chains are claiming growing market share with fewer, but bigger, outlets. According to the Department of Trade and Industry (DTI),

the largest shops and chains control about 75 per cent of the clothing market. The growing involvement of the grocery multiples is certainly adding low-price capacity.

Major retailers, especially Marks & Spencer, have improved their segmentation of bras and pants with more premium ranges under sub-brands, adding to the overall choice for consumers. At the same time, prices are dropping. This is due to cheaper imports, especially influenced by bras and pants coming in from Eastern Europe and the Far East. This has helped the discounters to serve an even wider range of bras and pants at low prices. These two factors have been influential in helping to stimulate demand.

Bras and pants have become a self-treat item for many women and are even a gift item at certain times of the year. The branded houses have all worked hard at improving their styling, bringing in new fabrics, new construction techniques (especially for bras) and plenty of fashionable ideas.

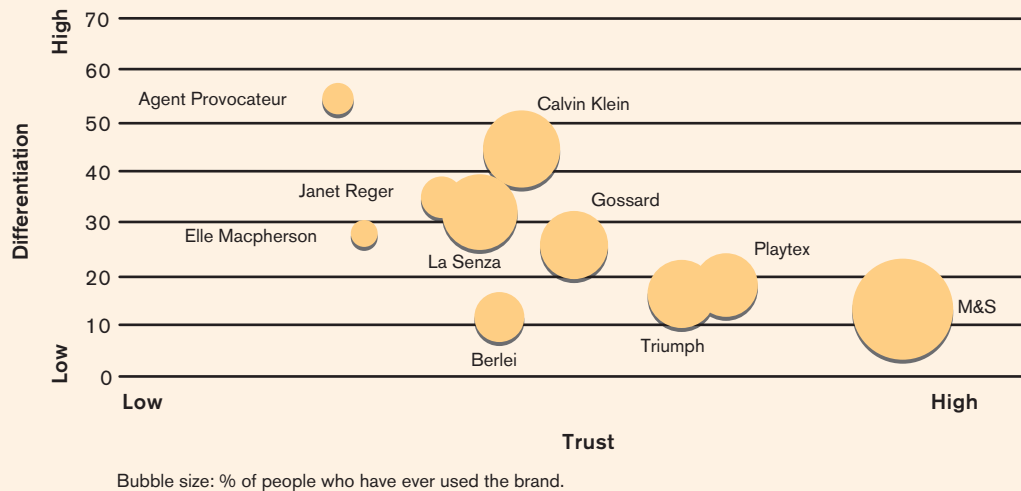
Consumer research carried out by Mintel highlights just how an evolving interest in fashion is creating numerous opportunities for manufacturers and retailers. Women are more likely to have a 'wardrobe' of underwear, buying different styles and types for different occasions. Necessity may well drive the market but fashion influences are creating a 'must-have culture' and stimulating demand. When Mintel asked UK consumers what made them buy a bra and pants in the last 12 months, 62 and 60 per cent respectively indicated replacement reasons. However, 29 and 26 per cent of respondents indicated that they bought bras and then pants 'to treat' themselves. This is an important factor that both suppliers and retailers can take into their marketing.

Table 15.2 shows the development in the lingerie (bra) market from 2000 to 2008.

**Table 15.2** Brand share in the UK bra market 2000–08

Brand	2000 market share (%)	2008 market share (%)
Marks & Spencer	34	30
Triumph	7	6
Gossard	6	5
Playtex	5	5
Calvin Klein	2	5
La Senza	2	4
Grocery stores' brands (Asda, Sainsbury, Tesco, etc.)	20	25
Others (Agent Provocateur, Primark, Debenhams, etc.)	24	20
Total	100	100





**Figure 15.10**

Lingerie brand positioning in the UK market (2007 consumer survey)

Source: Adapted from Hosea, M. (2009) Selling supportive strategies, *Brand Strategy*, December 2008–January 2009, p. 37. Reproduced with permission.

Overall, the leading British main street chain Marks & Spencer lost market share to the discounters (grocery retailers) and accounted for 30 per cent of UK bra sales, and similar market shares of briefs and hosiery. This has changed in a downward direction since consumer appetite for all things branded has encouraged newcomers on to the lingerie scene. In the past, most female consumers have thought of lingerie as a necessity or a commodity, and not fashion led. Even though much of the expensive and glamorous lingerie is imported from France and other European countries, US producers of upmarket and fashionable lingerie will most certainly also find a receptive audience in United Kingdom. The likes of GAP, Benetton and Calvin Klein have already spotted a niche in this market and are opening standalone lingerie formats.

### German market

With a total market value of €4.2 billion (2008), Germany continues to be one of the largest European markets for underwear. Despite economic crises German women are spending more on lingerie than ever before. In addition to new fashion lingerie styles, individualism, decorative femininity and a new ethnic styling emphasise the new sleekness for the coming seasons. Fashion styles are rejuvenated by new colours and novel shapes. A surge in colour is found in the mixture of deep red with pink, green and intense yellow. Warm colours also add more life to the fashion. Manufacturers have recognised that their lingerie collections must include innovative colours and interesting shapes.

Successful penetration of the German market depends on a continuity of effort, regular participation in

trade fairs, and the establishment of a sales office with warehousing, either in Germany or another European country. Appointment of sales agents is usually the first step.

The major countries of origin for imported lingerie to Germany in 2008 were: (1) China, (2) Turkey, (3) Poland, (4) India, (5) Romania, (6) Hong Kong, (7) Tunisia, (8) Italy, (9) Czech Republic, (10) Hungary.

The absolute brand market leader in the German lingerie market is Triumph, which has also got some German roots.

The big fashion chains worldwide are grabbing more and more market share in the lingerie market from the smaller traditional fashion retailers. For example, in Germany, a quarter of the market is covered by the four largest fashion retailers (Arcandor, Metro-Group, C&A and Otto). The 84 large fashion retailers in Germany have over 60 per cent of the total market share. According to official numbers, in Germany, every fifth small and medium-sized fashion retailer has been closing down in the past decade. This trend is also reflected in other countries. Even between the big ones, the competition is growing steadily and some of them, such as Gap, Marks & Spencer and C&A, are facing problems. In the current scenario, if a retailer does not have a proper and tight concept, the market would react adversely very fast. It is only the big ones that have been able to defend themselves better with larger power and resources at their command.

### French market

In 2008 French underwear sales were estimated at €3.4 billion. Although the economic recession of the past



three years has been particularly difficult for the textile industry, the lingerie market segment has proven itself relatively impervious to the downward economic trends.

On average, a French woman purchases approximately five briefs and two bras per year. She renews her nightwear every year. Women aged 15–34 purchase more lingerie items than other age categories; however, they buy less expensive lingerie. The most important element for consumers is comfort.

The following lingerie trends were noted:

- *romantic lingerie*: importance of second-skin bras for an invisible look with more microfibre lace with tulle. This romantic lingerie is made with fabrics that are smooth and is often accentuated with little touches of sophistication (pearl and embroidery);
- *beautiful lingerie*: sophisticated shapes with lace, floral embroidery and cut-away effects. Necklines are back, due to the cutaway effects, strappy looks and pretty, braided trim;
- *sporty lingerie*: a ready-to-wear product with bright colours (red, blue, pink, yellow).

According to recent statistics, the average annual budget for lingerie per woman in France is €100.

A key factor in establishing a brand in France is to have an adequate advertising budget. The foreign company should be able to promote its image and reinforce its position. New products should be aggressively marketed to appeal to French women's inherent 'passion for living' which influences their fashion preferences, expressing both their sensuality and femininity. For example, Calvin Klein recently undertook a large advertising campaign on the Parisian metro system.

Together with French companies, American companies dominate the lingerie market. Market leaders in France are Sara Lee (Dim, Cacharel, Playtex, Rosy), Warnaco (Warner's, Calvin Klein), Chantelle (Ava, Essensia Tulle, Mon Amour) and Vanity Fair Corporation (Bolero, Variance, Carina, Siltex, Lou).

### The Indian market

The potential to expand international Triumph sales is particularly large in emerging countries such as India.

India holds immense growth potential for the lingerie industry, which is evident from the entry of large international brands in the Indian market in the last few years. A key factor characterising the blooming Indian lingerie market is the increasing size of the organised market and the declining share of the unorganised market, resulting in growing independent brands taking charge of the market. In addition, growing income levels of Indians and their changing lifestyles has rechristened lingerie

from just an undergarment to a fashion clothing item, at least in the urban centres.

Times have changed for the better for the Indian women like never before in terms of fashion, style and statement coupled with growing wealth that is helping the growth of the organised lingerie industry. From being a market worth €130 million in 2003, the organised lingerie market more than doubled to €276 million in 2008.

Trade analysts and industry insiders believe that this is because the whole scale of the Indian market has improved beyond recognition during the last five years following the advent of multinational brands in the marketplace and the growth of organised retail. This, perhaps, is the reason why the premium and super-premium segment of the lingerie industry, with bras priced above €4 and mostly characterised by the presence of international brands, are witnessing higher growth compared to mid-market and economy segments.

In view of the current situation, the premium and super-premium segments of the industry are advancing following a consumer shift from economy and mid-market segments to the premium segment, while the low and economy segment is gaining from the industry being more organised.

Characterising the premium segment are either international brands or joint ventures of Indian manufacturers with international companies. Lovable, Enamor and Triumph have successfully established themselves as premium lingerie brands and brands that are in expansion mode include Etam, Benetton, La Perla and About U.

The midmarket segment is characterised by the presence of domestic players such as Maxwell Industries (with Daisy Dee brand), BodyCare, Groversons, Vajolet, Underlines, Chic, Red Rose, Juliet, Jockey and Libertina.

Factors such as growth in income level, preference for recognisable brands and rapid growth of organised retail is anticipated to increase the current share of the organised lingerie market of 28 per cent in the next three years.

Triumph opened its first standalone store in Mumbai in September 2008 and at the end of 2009 it has eight stores – four in Mumbai, two in Delhi and one each in Ahmedabad and Hyderabad. There are more stores in the pipeline for Bangalore, Ludhiana and Chennai.

### Men's underwear

Consisting of men's briefs, boxers, boxer-briefs and thermal underwear, purchases are largely driven by necessity – as opposed to the luxury that frequently characterises the women's underwear market.

However, men's underwear, which was considered as trivial and unimportant pieces of cloth for centuries, has suddenly received a boost in the market. Men have

started showing much more interest in the innerwear segment. Now men can choose from various styles for their indoor and outdoor activities.

Boxers came into existence in 1944; they were originally called boxer shorts. They gained popularity in 1985 when English model and musician Nick Kamen appeared in a Levi's jeans ad wearing only a pair of white boxers.

Boxer rebellion among teenage boys began around 1990. Boxers are very fashionable and are available in various colours, prints and patterns. Men's boxer underwear is available in various fabrics but cotton is very popular because it is known for absorbing moisture. Men's underwear made of cotton is a breathable and comfortable choice.

Many women regard men's boxers as more sexy and appealing than briefs. Men aged 18–34 have a lot of purchasing power, and this segment tends to drive the fashion market.

Some of the famous brands are Joe Boxer, Calvin Klein, Hanes, Fruit of the Loom, Björn Borg, Perry Ellis, Tommy Hilfiger, 2xist and Puma.

The total picture masks a polarisation in the market performance between different types of men's underwear.

Retailers' own-brands (private labels) dominate the men's underwear sector and have further increased market share. However, there has also been growth in the premium/designer sector. The middle market has been more challenged, especially for less differentiated brands.

High-profile marketing and advertising can help sales: the men's underwear market shot into the spotlight at the end of 2007 with the David Beckham advertising images for Giorgio Armani. Sales of this brand, and of quality/premium underwear generally, were reported to have enjoyed a pre-Christmas boom as a result. So high-profile advertising and marketing using celebrities drives sales of men's underwear. Recently Cristiano Ronaldo took over as Beckham's successor in the Armani campaign.

In general, men are driven more by comfort than style, and so quality and the tangible benefits of the products are increasingly important. This should help drive the middle and premium brands.

Men are increasingly into keeping fit and doing sport. They are also more fashion-conscious and brand-aware. The two can go hand-in-hand to drive underwear sales of brands that marry attractive design/fashionability with quality/comfort.

### Global competitors in men's and women's underwear (lingerie)

#### Hanesbrands, Inc., USA (Playtex)

The group's principal activities are to design, manufacture, source and sell a range of apparel essentials such



sloggi men – 'Fun' (approximate retail price: €16.95)

Source: Triumph International/Photographer: Stefan Noll

as T-shirts, bras, panties, men's underwear, kids' underwear, socks, hosiery, casualwear and activewear. It operates in four segments: innerwear, outerwear, international and hosiery. The group's brands include Hanes, Champion, C9 by Champion, Playtex, Bali, L Eggs, Just My Size and Wonderbra. The innerwear segment sells basic branded products such as women's intimate underwear, men's underwear, kids' underwear, sleepwear and socks. The outerwear segment sells products that are seasonal in nature such as casual wear and active wear. The international segment sells products in Asia, Canada and Latin America. The hosiery segment sells legwear products such as panty hose and knee highs.

In 2008 Hanesbrands' total net sales were down by 5 per cent to \$4.25 billion, compared with \$4.47 billion in 2007; 56 per cent of total sales is innerwear. Its biggest customer is Wal-Mart, which accounts for around 40 per cent of its total sales. The biggest sales areas for Hanesbrands are North America, Latin America and Asia. Europe only accounts for around 20 per cent of its international sales.

### **Fruit of the Loom, Inc.,**

Fruit of the Loom is a global manufacturer and marketer of family apparel, and is America's biggest seller of men's underwear. The company's products also include underwear for women and children, as well as T-shirts, activewear, casualwear and clothing for children. During the late 1990s, the company's brands, which include BVD, Munsingwear and Gitano, were among the best known in the world. In addition to these popular brands, the company licensed characters for children's apparel – such as Winnie the Pooh and Batman – and the names, logos and trademarks of colleges, universities and professional sports teams. With more than 60 manufacturing and distribution facilities, the company had operations in ten states and in various countries around the world, including Canada, Mexico and Germany. Fruit of the Loom employs approximately 31,000 people.

### **Victoria's Secret**

Victoria's Secret sells women's intimate and other apparel, personal care and beauty products, and accessories under the Victoria's Secret and La Senza brand names. Victoria's Secret merchandise is sold through retail stores, its website ([www.victoriasecret.com](http://www.victoriasecret.com)) and its catalogue. Through its website and catalogue, certain of Victoria's Secret's merchandise may be purchased worldwide. La Senza products may also be purchased through its website ([www.lasenza.com](http://www.lasenza.com)).

In January 2007, Victoria's Secret completed its acquisition of La Senza Corporation. La Senza is a Canadian speciality retailer offering lingerie and sleepwear as well as apparel for girls in the 7–14 age group. In addition, La Senza licensees operate independently owned stores in 45 other countries. The results of La Senza are included in the Victoria's Secret segment.

Victoria's Secret had net sales of US\$5.6 billion in 2008 and operated 1,043 stores in the United States and 322 stores in Canada. At the moment it is not possible to buy Victoria's Secret merchandise in European stores, except in London.

In the following, two of Triumph's more regional and smaller competitors are described.

### **Marie Jo**

Textile producer Van de Velde developed from a family enterprise in Belgium to an important player in the European field of lingerie for women. Van de Velde SA designs and manufactures luxury lingerie items under three brand names: Marie Jo (feminine and fashionable lingerie), Marie Jo L'Aventure (individualistic lingerie) and Prima Donna (luxurious and comfortable lingerie for large sizes).

Van de Velde's most famous brand, Marie Jo, was introduced in 1981.

In the 1990s Van de Velde introduced two new, high-quality brands: Prima Donna and Marie Jo L'Aventure. They were an overwhelming success. The Van de Velde image is nowadays one of creative, fashionable and stylish design combined with good quality and major emotional value. Today Van de Velde has more than 1,000 employees in five different countries.

In 2001 Van de Velde NV acquired a controlling share in the Hong Kong lingerie producer Top Form. The strategic advantages of this move for the Belgians are easy to see – integrated management at lower costs, and an opening to the Chinese mainland market.

Van de Velde, whose turnover amounted to €80 million in 2008, has production operations in Belgium, Hungary and Tunisia. However, 51 per cent of all products designed and sold by Van de Velde were assembled by Top Form, out of Hong Kong and mainland China.

### **Chantelle**

Chantelle lingerie is a family-owned company established over 120 years ago. Chantelle has maintained its dedication to creating bras, panties, thongs and lingerie with the finest European laces and fabrics. Chantelle's commitment to fit, comfort, exquisite European styling and detail has allowed Chantelle to establish itself in over 70 countries worldwide. Its sales in 2008 amounted to €300 million.

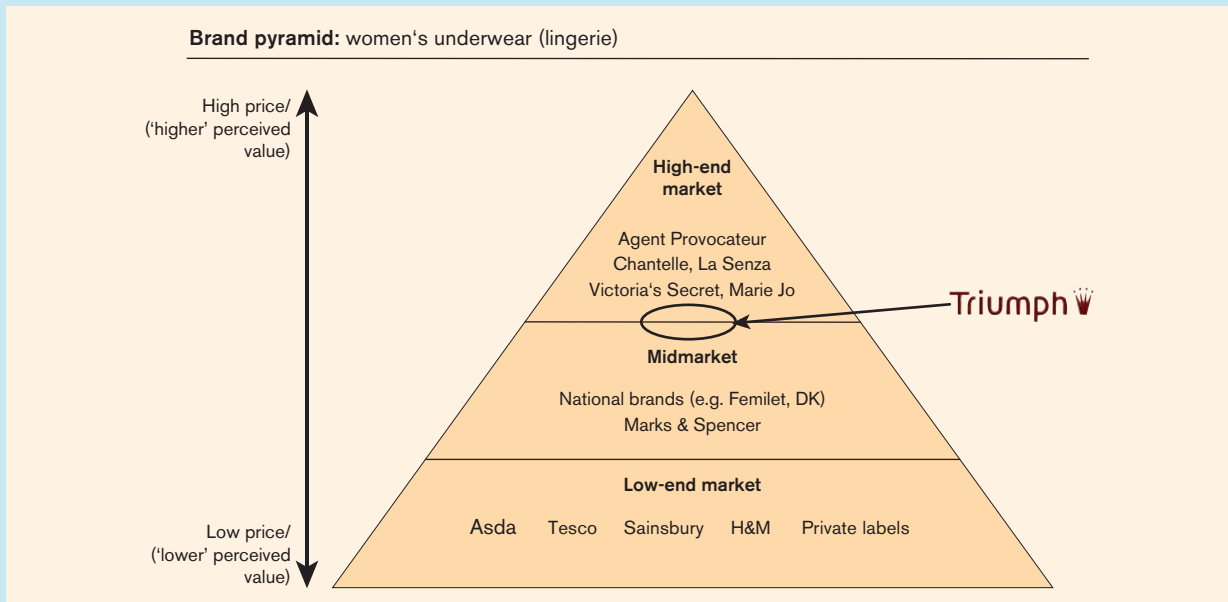
The Chantelle brand is known throughout the world for its collections of fashionable and feminine lingerie. Delicate materials such as decorative lace and embroideries, high-end fabrics, support and comfortable cuts reflect the focus of Chantelle. Other brands of Le Groupe Chantelle include Latin-inspired Passionata and Darjeeling, for women who prefer the natural look.

The positioning of Triumph compared to some of the major competitors is illustrated in Figure 15.11

### **Celebrity branding – an idea for branding and communication in the lingerie market**

Launching lingerie with celebrity status is the latest weapon in the battle for gaining market share in the industry. Common to all international markets, although used in varying degrees, is the interest in celebrities. Almost every lingerie manufacturer uses famous faces – and figures – to sell their products. It helps to make lingerie aspirational and remind people to buy what is often only an occasional purchase.

In 2003, Australian rock star Kylie Minogue came out with a line of lingerie called Love Kylie for European

**Figure 15.11**

Positioning of the Triumph brand

Source: Inspiration from Triumph.

distribution (under the Agent Provocateur brand), and supermodel Elle MacPherson expanded her EMI lingerie collection to the United Kingdom in 2002 from her native Australia. Since then a number of Hollywood sex kittens and wannabe superstars from TV, motion picture and music videos (e.g. Paris Hilton) have reached lucrative lingerie deals in the volume arena. Christina Aguilera also followed the celebrity fashion bandwagon – the petite rockstar, who is as comfortable in a satin bustier as she is in leather chaps, wants to bring her ideal of sexy to innerwear.

In November 2007 David Beckham signed a three-year royalty-based \$40 million deal to be Giorgio Armani global face for the brand's Emporio underwear collection. The contract gives the 34-year-old footballer an annual fee plus royalties and is unprecedented for any sportsman. The personal relationship between Beckham and Armani was definitely instrumental in this deal, but Armani also sees this as a sound business decision – few individuals have a truly global reach that can match David Beckham's.

In spring 2009 Armani chose Beckham's wife, Victoria, to launch its new global Emporio Armani women's underwear campaign, because she is a stylish and intriguing woman. Armani wanted to work with someone who would make a real impression. In 2010 Victoria Beckham's role has been taken over by Megan Fox.

In celebrity endorsement, Triumph has been using Louise Redknapp in its UK market. Louise Redknapp is a British singer and television presenter, known as a member of the girl group Eternal and subsequently as a

solo singer. She is also known as being married to former UK footballer Jamie Redknapp (a football commentator at Sky Sports).

At 35 years old, Louise Redknapp was chosen because she is perceived as beautiful but in a more attainable, girl-next-door way than some of the more aggressively fashionable celebrities. For Triumph it has been important that the personality fits with the brand.

The nature of celebrity collaborations differs from market to market. In Germany, the Triumph brand ambassador is Franziska Knuppe (model). For the Italian market, another model, Alena Seredova, is used. In India, the label was able to link itself with celebrities such as Priyanka Chopra (famous Bollywood star in India) by getting famous people to attend a glitzy Mumbai fashion show in November 2008.

At the Triumph Chinese launch of the new 2009 worldwide lingerie collection 'Zero to Sexy', supermodel Xiong Dailin (who had a performance in the popular movie *Ye Wen*) was invited to share her feeling of wearing 'Zero to Sexy' lingerie and her tips for choosing lingerie with the audience. Xiong Dailin has also been invited to be the judge of the Triumph Inspiration Award (TIA) China final 2009. In 2009 the TIA attracted 2,400 students from 28 countries to attend and explore the fashion industry.

In summary, in keeping with its global scale and attempt to appeal to all women, Triumph is unlikely to start releasing short online films featuring its models in various saucy acts like Agent Provocateur – it has to push its boundaries a little more slowly and carefully.

## QUESTIONS

- 1 Evaluate the strengths and weaknesses of Triumph's global branding strategy.
- 2 Which of the described international markets would it be most relevant for Triumph to penetrate more in order to secure future growth?
- 3 Prepare a marketing plan for capturing more Triumph market share for women's underwear (lingerie) in the UK market.
- 4 Which marketing tools would be most effective in the attempt to capture more market share for the Triumph brand (sloggi men/HOM) in the men's underwear market?
- 5 Would it be relevant to sell underwear on the Internet? Evaluate the pros and cons, and make a conclusion.

## SOURCES

Anderson, I. (2004) Lingerie brand to follow Kylie work with digital blitz, *Marketing (UK)*, 22 February; Bainbridge, J. (2004) Women's underwear: beyond the basics, *Marketing Journal*, 8 December; Fibre2Fashion (2008) Interview with Mr Jan Rosenberg, head of global marketing & sales, Triumph International Ltd, 7 July ([www.fibre2fashion.com/face2face/jan-rosenberg/triumph-international-ltd.asp](http://www.fibre2fashion.com/face2face/jan-rosenberg/triumph-international-ltd.asp)); Hanson, G. (2006) 'Bustin' out', *Scanorama: The SAS Group Magazine*, July/August: 39–45; Horne, J. (2003) King of bras, *Finance Asia*, 6 May ([www.financeasia.com](http://www.financeasia.com)); Hosea, M. (2009) Selling supportive strategies, *Brand Strategy*, December 2008–January 2009: 34–9; InfoMat, fashion industry search engine ([www.infomat.com](http://www.infomat.com)); Monget, K. (2004) Lingerie liaisons pick up steam, *Women's Wear Daily*, 12 July, 188(7): 18–19; Parry, C. (2008) The boost it's been waiting for, *Marketing Week*, 3 June; and various other public sources.

## QUESTIONS FOR DISCUSSION

- 1 Discuss the considerations involved in deciding marketing objectives.
- 2 What is a marketing audit and what is the purpose of it?
- 3 What are the principal decisions to be made when preparing the marketing plan?
- 4 What are the main criteria for the successful implementation of a marketing plan?
- 5 Discuss the pros and cons of standardising the marketing management process. Is a standardised process of more benefit to a company pursuing a national market strategy or a global market strategy?

## REFERENCES

- Aaker, D. A. (2008) Marketing in a silo world: the new CMO challenge, *California Management Review*, 51(1): 144–56.
- Adage Global (2000) German tea marketer enlists James Bond for mission, *Adage Global*, 20 September.
- Beverage Industry (2000) Coffee and tea run hot and cold, *Beverage Industry*, September, 24–5.
- Bowers, M. R. and Martin, C. L. (2007) Trading places redux: employees as customers, customers as employees, *Journal of Services Marketing*, 21(2): 88–98.
- Candy Industry (2000) Wrigley launches new division, *Candy Industry*, 11 (November): 13.
- Challener, C. (2001) Customer-focused approach key for Ciba Speciality Chemicals, *Chemical Market Reporter*, 13: 10–14.
- Cosgrove, J. (2000) Coffee and tea: two hot segments poised for increased growth, *Beverage Industry*, December, 14–17.
- Dibb, S., Simkin, L. and Wilson, D. (2008) Diagnosing and treating operational and implementation barriers in synoptic marketing planning, *Industrial Marketing Management*, 37(5): 539–53.



- Fisher, M. G. (2000) A picture-perfect reorganization, *Sales and Marketing Management*, 21 November: 5–6 ([www.salesandmarketing.com](http://www.salesandmarketing.com)).
- Homburg, C., Workman Jr, J. P., Jensen, O. (2000) Fundamental changes in marketing organization: the movement toward a customer-focused organizational structure, *Academy of Marketing Science Journal*, Greenvale, 28(4): 459–79.
- Kotler, P. (2000) *Marketing Management*, Prentice Hall Inc., Englewood Cliffs, NJ.
- Kotler, P., Rackham, N. and Krishnaswamy, S. (2006) Ending the war between sales and marketing, *Harvard Business Review*, July–August: 68–78.
- Levere, J. L. (2000) A new campaign will try to differentiate Lipton's Iced Tea from its main competitors, *New York Times*, 4 May: C7.
- McCawley, I. (2000) Can Mars bridge gaps in merger? *Marketing Week*, 13 January.
- McDonald, M. (1999) *Marketing Plans: How to Prepare Them, How to Use Them*, 4th edn, Butterworth-Heinemann, Oxford.
- Marber, A. and Wellen, P. M. (2007) Developing products with soul: the marketing strategy of Chanel in Japan, *The Marketing Management Journal*, 17(1): 198–207.
- Medway, D. and Warnaby, G. (2008) Alternative perspectives on marketing and the place brand, *European Journal of Marketing*, 42(5/6): 641–53.
- Nowak, P. and Murrow, J. (2008) Meet your new customers, *Marketing Health Services*, Spring: 27–31.
- Piercy, N. F. (1992) *Market-led Strategic Change*, Butterworth-Heinemann, Stoneham, MA.
- Ryals, L. and Knox, S. (2001) Cross-functional issues in the implementation of relationship marketing through customer relationship management, *European Management Journal*, 19(5): 534–42.
- Sharma, A. (2006) Success factors in key accounts, *Journal of Business & Industrial Marketing*, 21(3): 141–50.
- Simkin, L. (2002) Barriers impeding effective implementation of marketing plans: a training agenda, *Journal of Business & Industrial Marketing*, 17(1): 8–24.
- Thompson, S. (1999) Lipton sets solid summer support for test of quick-iced-tea bag, *Brandweek*, 24 May 24: 14.
- Welham, D. (1999) Back in black, *Supermarket Business*, 15 December: 41–3.
- Witteman, B. (2001) Infused in the industry, *New York Times*, 11 February: CT1.
- Yip, G. S. and Bink, A. J.-M. (2007) Managing global accounts, *Harvard Business Review*, September: 103–11.