

**Marketing Communication Situational Analysis for
Ark and Arrow**

ark & arrow

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1. Introduction

This report is about fashion boutique Ark and Arrow and provides a situational analysis that is written in preparation for a marketing communication plan. After background information about the client, the report identifies the target market for the communication campaign, followed by a competitive analysis and current brand positioning map. The marketing communication brief and objectives are set, followed by an explanation of which budgeting method to use.

2. Situational analysis

2.1. Client background

Ark and Arrow is a fashion boutique located in Cotton Tree Maroochydore and on the Mooloolaba Esplanade (Ark and Arrow 2018a). It is a proprietary limited company, they are privately owned. Besides their two boutiques on the Sunshine Coast, they own a web shop that provides worldwide delivery (Ark and Arrow 2018a). Ark and Arrow offer a wide range of clothing and accessories (Ark and Arrow 2018a). These are all inspired by latest fashion trends for young females (Ark and Arrow 2018b). The boutiques and the products have a unique, fashionable and beachy vibe (Banks 2015). The brand has been active on Facebook and Instagram since July 2014 and launched their website the following November. Over the past four years, Ark and Arrow has established a significant number of online followers from around the Sunshine Coast (Ark and Arrow 2018c).

2.2. Target market

The target market for this marketing communication campaign is defined by segmenting consumers based on geography, demographics and psychographics. Firstly, because the stores are based in Maroochydore and Mooloolaba (Ark and Arrow 2018a), the chosen target market is geographically segmented to the Maroochydore, Kuluin, Alexandra Headland and Mooloolaba areas. Demographically, the target market for Ark and Arrow is narrowed down to females. For this marketing communication campaign, the target market consists of females in the age of 20 to 29. Statistics show that there were 1614 female residents of that age in Maroochydore in 2015, and 1066 in Mooloolaba in 2016 (Australian Bureau of Statistics 2018). When looking at segmenting based on psychographics, the values and lifestyle of the consumers are important (Chitty et al. 2018). For a boutique such as Ark and Arrow, consumers tend to enjoy shopping and have an interest in the latest fashion trends. This is shown by the fact that Ark and Arrow claims to offer the latest fashion (Ark and Arrow 2018b). There are various product attributes and benefits that the target market looks for when making purchase decisions. Price is an important factor for this target market. Females in this age and area are often students or have just started a job and moved out of their parental house. A recent article stated that students on the Sunshine Coast struggle financially (Barnham 2018), which confirms that most students do not have the means to buy expensive fashion. As for the fashion itself, both boutiques are located near the beach which indicates that consumers in this area are likely to be interested in light and beachy fashion. Australian

females of the ages of 20 to 29 spend considerable time on social media, more than males or older people (Roy Morgan 2018). Ark and Arrow can communicate with their consumers through social media platforms; in particular Instagram is popular and they already have a following of over 6000 people, of whom most are young females in the Maroochydore and Mooloolaba area (Ark and Arrow 2018b).

2.3. Competitors

Tables 1, 2 and 3 give an overview of Ark and Arrow and its main three competitors, Number Nineteen, Ivory Moon and Universal Store. Key points for the target markets, brand attributes and brand benefits are shown.

MKG220 Competitive analysis table – Ark and Arrow, Number Nineteen, Ivory Moon and Universal Store				
	Ark and Arrow	Number Nineteen	Ivory Moon	Universal Store - Sunshine Plaza
Target market				
• Geographical location	<ul style="list-style-type: none"> Maroochydore – Kulein area Alexandra Headland – Mooloolaba area 	<ul style="list-style-type: none"> Maroochydore – Kulein area Alexandra Headland- Mooloolaba area 	<ul style="list-style-type: none"> Maroochydore – Kulein area Alexandra Headland – Mooloolaba area 	<ul style="list-style-type: none"> Maroochydore – Kulein area Alexandra Headland – Mooloolaba area
• Demographics	<ul style="list-style-type: none"> Female Age 20-29 	<ul style="list-style-type: none"> Female Male Age 20-29 	<ul style="list-style-type: none"> Female Age 20-29 	<ul style="list-style-type: none"> Female Male Age 20-29
• Psychographics	<ul style="list-style-type: none"> Enjoy shopping Interest in fashion 	<ul style="list-style-type: none"> Enjoy shopping Interest in fashion 	<ul style="list-style-type: none"> Enjoy shopping Interest in fashion 	<ul style="list-style-type: none"> Enjoy shopping Interest in fashion
• Consumer behavioural patterns	<ul style="list-style-type: none"> Posting pictures of their outfits on social media (Ark and Arrow 2018b) Following fashion brands on social media 	<ul style="list-style-type: none"> Posting pictures of their outfits on social media (Number Nineteen 2018b) Following fashion brands on social media 		<ul style="list-style-type: none"> Posting pictures of their outfits on social media (Universal Store 2018b) Following fashion brands on social media
• Size of target market	<ul style="list-style-type: none"> 2680 females aged 20-29 in Maroochydore + Mooloolaba area (Australian Bureau of Statistics 2018) No number for psychographic segmentation 	<ul style="list-style-type: none"> 5151 persons aged 20-29 in Maroochydore + Mooloolaba area (Australian Bureau of Statistics 2018) No number for psychographic segmentation 	<ul style="list-style-type: none"> 2680 females aged 20-29 in Maroochydore + Mooloolaba area (Australian Bureau of Statistics 2018) No number for psychographic segmentation 	<ul style="list-style-type: none"> 5151 persons aged 20-29 in Maroochydore + Mooloolaba area (Australian Bureau of Statistics 2018) No number for psychographic segmentation

Table 1 - Target markets

Brand benefits				
• Functional	<ul style="list-style-type: none"> Providing clothing/shoes/accessories 	<ul style="list-style-type: none"> Providing clothing/shoes/accessories 	<ul style="list-style-type: none"> Providing clothing/shoes/accessories 	<ul style="list-style-type: none"> Providing clothing/shoes/accessories
• Symbolic	<ul style="list-style-type: none"> Wearing latest fashion from popular boutique can fulfil desire for affiliation 	<ul style="list-style-type: none"> Expensive clothing can fulfil desire for self-enhancement 		<ul style="list-style-type: none"> Can fulfil desire for belongingness by wearing popular brands and shopping at well-known store
• Experiential	<ul style="list-style-type: none"> Pleasurable shop experience according to multiple Facebook reviews (Ark and Arrow 2018c) 	<ul style="list-style-type: none"> Pleasurable shop experience according to Facebook reviews (Number Nineteen 2018c) 		

Table 2 - Brand benefits

Brand attributes				
1. <u>Product</u> - Core	• Need for clothing	• Need for clothing	• Need for clothing	• Need for clothing
	• Clothes, shoes, accessories (Ark and Arrow 2018a)	• Clothes, shoes, accessories (Number Nineteen 2018a)	• Clothes, shoes, accessories (Ivory Moon 2018a)	• Clothes, shoes, accessories (Universal Store 2018a)
	• Latest lady fashion, small boutique, personal service, stores by the beach, not too expensive	• Male and female fashion, unique boutique, store by the beach, high quality and prestige brands	• Lots of swimwear, small prices, store by the beach	• Latest youth male and female fashion, well-known brands, store in shopping mall, availability of same store in 45 retail locations
	Ark and Arrow	Number Nineteen	Ivory Moon	Universal Store – Sunshine Plaza
2. <u>Place/ Distribution</u>	• Mooloolaba Esplanade store • Cotton Tree Maroochydore store • Webpage (Ark and Arrow 2018a)	• Mooloolaba Esplanade store • Webpage (Number Nineteen 2018a)	• Mooloolaba Esplanade store • Webpage (Ivory Moon 2018a)	• Sunshine Plaza Maroochydore • Webpage and 44 other retail locations in Australia (Universal Store 2018a)
3. <u>Price/Value</u>	• Moderate pricing (Ark and Arrow 2018a)	• High pricing (Number Nineteen 2018a)	• Low to moderate pricing (Ivory Moon 2018a)	• Moderate to high pricing (Universal Store 2018a)
2. <u>MarCom mix</u> Trad media	• No use of traditional media found	• No use of traditional media found	• No use of traditional media found	• Use of traditional media for Universal Store Australia wide
Digital & social media	• Very active on social media, daily posts • Over 3600 followers on Facebook, over 6100 followers on Instagram • Active on webpage (Ark and Arrow 2018a, b and c)	• Very active on social media, daily posts • Over 2400 followers on Facebook, over 12.000 followers on Instagram • Active on webpage (Number Nineteen 2018a, b and c)	• Uses Instagram • Over 350 followers on Instagram • Active on webpage (Ivory Moon 2018a and b)	• Actively uses Facebook for all stores with over 67.000 followers, daily posts • Actively uses Instagram for all stores with over 85.000 followers, daily posts • Active on webpage (Universal Store 2018a, b and c)
Direct marketing & Sales promotion	• Competitions to win gift vouchers (Ark and Arrow 2018b) • Discounts and special deals in store	• Discounts and special deals in store	• Competitions to win free swimwear (Ivory Moon 2018b) • Discounts and special deals in store	• Competitions to win gift vouchers (Universal Store 2018a) • Discounts and special deals in store
Personal selling and relationship marketing	• Shop assistants in stores • Establishing relationships through social media (Ark and Arrow 2018b)	• Shop assistants in store • Establishing relationships through social media (Number Nineteen 2018b)	• Shop assistants in store	• Shop assistants in store • Establishing relationships through social media (Universal Store 2018b) and blogs on webpage (Universal Store 2018a)
1. <u>People</u> (Frontline staff)	• Shop assistants in store • Personal service according to Facebook reviews (Reynolds 2017)	• Shop assistants in store • Great personal service and likeable owners according to Facebook reviews (Briscoe 2017)	• Shop assistants in store	• Shop assistants in store
2. <u>Process of purchase</u>	• Afterpay available in store (Ark and Arrow 2018b)	• Afterpay available in store (Number Nineteen 2018b)		• Afterpay available in store (Universal Store 2018a)
3. <u>Physical evidence/ Tangibles</u>	• Likeable store layout and vibe according to Facebook reviews (Rekunow 2016) • Bright colours in store, girly layout	• Store is well presented according to Facebook reviews (Ranger 2017)	• Bright, small boutique, girly layout	• Warm colours in store

Table 3 - Brand attributes

There are many similarities found between all four brands, as well as some key differences. Obvious differences are that Number Nineteen and Universal Store offer products for men and women, whereas Ark and Arrow and Ivory Moon solely focus on women; Universal Store is located in the Sunshine Plaza in Maroochydore, while the other three brands are located near each other at the Mooloolaba Esplanade. Therefore, Ark and Arrow is competing more directly with Number Nineteen and Ivory Moon with regards to customers that walk along the Mooloolaba Esplanade. Universal Store is included as a main competitor because it is a major, well-known store that has a similar style and focuses on the same target market. Core and actual products are similar for all four brands, there are some slight differences in augmented products. Ark and Arrow prices are lower than Universal Store and Number Nineteen, but higher than Ivory Moon. Universal Store has advantages with regards to the marketing communication mix because of their size. Ark and Arrow has many similarities with Number Nineteen here, both ahead of Ivory Moon. Ark and Arrow is slightly behind Number Nineteen with regards to social media following. Functional brand benefits are similar for all four. Ark and Arrow and Number Nineteen are both complimented for their personal service and pleasurable shop experience, which are their experiential brand benefits.

2.4. Brand positioning map

In order to develop an effective marketing communication campaign for Ark and Arrow it is essential to know where the brand and their competitors are positioned (Chitty et al. 2018). The two main attributes or benefits that customers use when deciding which brand to buy are used in the perceptual map. Research on young Australian consumers and their preferences for fashion apparel attributes found that price had the highest relative importance in deciding which brand to buy (Jegethesan, Sneddon & Soutar 2012). When looking through all four brands, their webpages and social media accounts, it is noted that all brands advertise with special discounts and focus on pricing. Therefore it can be concluded that for this target market, price is one of the main attributes they look for when deciding which clothing to purchase. Another main attribute that influences decision making when buying clothing is whether customers like the style of the products (Jegethesan, Sneddon & Soutar 2012). To measure this in the perceptual map below, the number of followers on Instagram is used. Because both the target market and the brands are active on social media this gives an indication of how interested the customers are in the brands and their products. Since competitor Universal Store has multiple stores throughout Australia which use the same Instagram account, the number of followers is divided by the amount of retail locations. The information used to establish the positions is given in Table 3, found by researching all four websites and Instagram accounts.

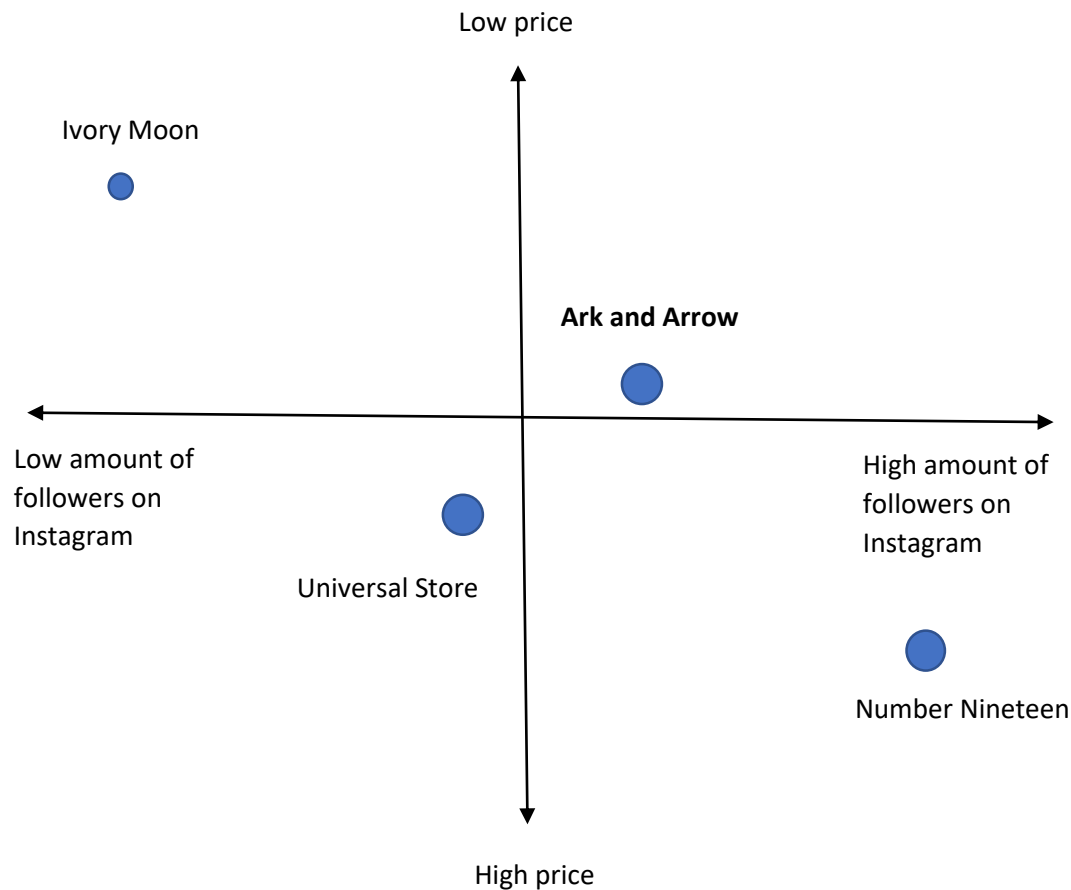


Figure 1 - Brand positioning map

3. Marketing Communication Brief and Objectives

Ark and Arrow want to increase the awareness and popularity of their brand. To achieve and measure this, multiple marketing communication objectives are set. Ark and Arrow need to increase their amount of Instagram followers to 8000 within four months. The number of followers on a social media platform as Instagram gives a good view of awareness and popularity of the brand: the target market of young females are likely to follow the brands they are interested in (Duffy & Hund 2015). As shown in the positioning map, Ark and Arrow is behind competitor Number Nineteen. Ark and Arrow also needs to increase the amount of posts in which customers tag their brand to a minimum of two per day, within four months. Ark and Arrow currently gets tagged around once or twice every two days (Ark and Arrow 2018b). Self-branding is an upcoming trend among young females (Liu & Suh 2017): by showing their followers that their outfit is from Ark and Arrow, the brand awareness and popularity increase.

4. The Marketing Communication Budget

There are various budgeting methods Ark and Arrow could implement for their marketing communication campaign. One option is a percentage-of-sales method, where the set budget is established as a fixed percentage of past or anticipated sales volume (Williams & Plouffe 2007). This method is criticised for being illogical and inefficient (Williams & Plouffe 2007). Another possibility would be the competitive parity method, where the budget is set by following what competitors do (Gupta & Steenburgh 2008). This would be difficult for a small company as Ark and Arrow, especially since they are dealing with a big competitor like Universal Store. A sensible budgeting method for Ark and Arrow would be the objective-and-task method. The budget is set by establishing the marketing and communication objectives, determining the role and goals of the marketing communication, followed by setting the budget accordingly to this (Filiatrault & Chebat 2015). For a small company like Ark and Arrow, this method can be used in combination with the affordability method, which states that the company should only use the remaining funds on marketing communication (West & Prendergast 2009). The combination of these two methods is sensible for Ark and Arrow. Using the specific objectives from the objective-and-task method enables them to set an effective budget for their specific goals, while the affordability method ensures that they are not going overboard with the costs.

5. Conclusion

The report has provided a situational analysis for Ark and Arrow. The target market for the marketing communication campaign is identified to be females between 20 and 29 years old in the Maroochydoore and Mooloolaba area. Ark and Arrow, their pricing and popularity lies between their competitors. They will increase awareness and popularity of the brand by increasing their Instagram followers and tagged posts within four months. Ark and Arrow should use a combination of the objective-and-task and affordability budgeting methods.

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