**MARKETING DYNAMICS**

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# 1.0 Introduction

The aim of this report is to discuss the marketing dynamics, which indicate the forces that affect the behaviours and prices of the consumers and the producers. The prices develop signals in the market like supply fluctuation and demand for goods or services. Market dynamics can affect any policy of the government and even any industry. To evaluate the market dynamics, the company that is used here is Diageo Plc. In this context, the internal and external environment of the company is evaluated with the market position of the company, market segment, creating a customer persona and development of marketing mix and identifying skills that are required for operating the marketing team.

# 2.0 Internal and external marketing environment

A global manufacturer of beverages with its headquarters in London, UK, is Diageo Plc. Wine, beer, and spirits production and distribution are the company's main specialities. SWOT analysis will perform for the internal environment analysis and a PESTLE study for the external environment to assess Diageo's marketing environment.

## 2.1 SWOT analysis

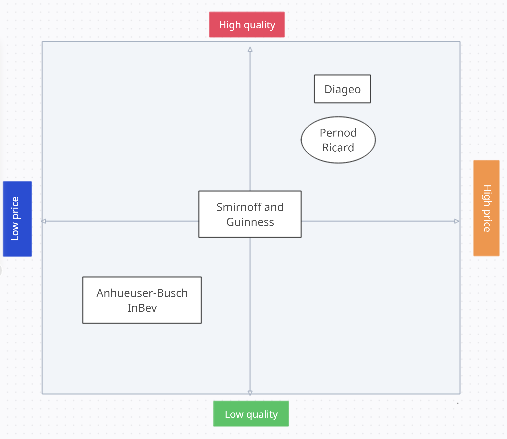
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| Strengths | * Diageo boasts a variety of well-known brands that contribute significantly to the company's earnings, including Johnnie Walker, Guinness, Smirnoff, Tanqueray, and Baileys. * The business can reach a big customer base through its extensive global distribution network (Devenyns, 2020). * Diageo's businesses are diverse, which helps the corporation manage risk. Its portfolio of products includes beer, spirits, and wine. |
| Weaknesses | * The revenue of a select few well-known brands drives Diageo. The company's revenue could be adversely impacted by any reduction in these brands' sales. * A small number of markets, primarily North America and Europe, are extremely important to the company's revenue. The company's revenue could be adversely impacted by any changes that are unfavourable in these markets. * The corporation is heavily indebted, which may limit its ability to make money (Business Standard, 2016). |
| Opportunities | * Diageo's premium brands like Ciroc and “Johnnie Walker Blue Label” are well positioned to take advantage of the rising demand for premium spirits around the world. * Diageo may take advantage of enormous growth prospects in emerging regions like China and India to boost its revenue (The Economic Times, 2022). * To keep up with shifting consumer trends and preferences, Diageo can carry on developing and introducing new goods. |
| Threats | * Diageo has a lot of competition from other large brands like Pernod Ricard, Anheuser-Busch InBev, and Heineken in the fiercely competitive beverage sector. * Diageo's business operations and revenue may be impacted by changes to rules governing the sale and marketing of alcoholic beverages. * Currency fluctuations and recessions are examples of economic instability that could have an effect on the company's sales and profitability (Evans, 2023). |

## 2.2 PESTLE analysis

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| Political | * The operations and revenue of the corporation may be impacted by laws governing the marketing and disposal of alcoholic beverages. * Tariffs and trade restrictions may hinder the ability of the company to export its goods internationally (BBC News, 2020). |
| Economic | * Recessions and currency swings are examples of economic volatility that can have an effect on the company's sales and profitability. * Diageo has excellent growth prospects for the expanding middle class in emerging nations (Afanasieva, 2023). |
| Social | * The requirements for products of the company may change as a result of shifting consumer trends and tastes. * The rising interest in health and well-being may have an effect on alcoholic beverage demand (Diageo, 2022). |
| Technological | * Technology advancements like digital marketing and e-commerce can give the business opportunity to access a larger consumer base and increase the effectiveness of its marketing. * The beverage industry's embrace of artificial intelligence and automation may have an impact on the business's operations and employees (Arthur, 2019). |
| Environmental | * The operations of the company have a major environmental impact, and any harm to the environment could affect the company's income and reputation. * The company's operations and revenue may be impacted by the rising distress for environmental and sustainability responsibility (Mediawire, 2023). |
| Legal | * The operations and revenue of the corporation may be impacted by modifications to laws governing the promotion and selling of alcoholic beverages. * Suits involving the harmful effects of alcohol on well-being may have an effect on the business's reputation and earnings (Diageo, 2023). |

# 3.0 Perceptual map of the company

A perceptual map is a graphic depiction of how customers rank brands in connection to one another based on particular characteristics. This map can be used to determine Diageo Plc's position in the market in comparison to its rivals (Aakur and Sarkar, 2022). Based on the two attributes of this map are price and quality, and they influence customers' decisions about alcoholic beverages. Based on these characteristics, the map depicts where Diageo's brands stand with respect to its rivals.



**Figure 1: Conceptual framework**

(Source: Self-Created)

From this perceptual map, it can evaluate that the company Diageo Plc is placed at a higher position, which indicates that the company has high quality at a premium price. The company offer different types of products to its customers not only in the UK but also all over the world. Diageo is positioned as a premium brand at the end of the high-quality spectrum and at the higher end of the price spectrum (Tian *et al.,* 2022). Smirnoff and Guinness, two of its other well-known brands, are positioned in the middle of quality and price, and it indicates that they are reasonably priced and of high quality. The fact that the brand Anheuser-Busch InBev is priced near the lower end of the pricing spectrum but maintains high quality indicates that they are reasonably priced while also having acceptable quality (Albano and Lolli, 2021). The brand Pernod Ricard is positioned on the top end of the pricing spectrum with good quality.

# 4.0 Market segment of the company in the target market

Diageo Plc operates in the global context and manufactures all type of beverages regarding alcohol, and they serve these products to almost 180 countries. Beer, wine, and spirits are just a few of the luxury alcoholic beverages that the company makes and sells (Diageo, 2023). Diageo’s collection of brands is diverse and includes well-known names, including Guinness, Johnnie Walker, Baileys, and Smirnoff.  Diageo has chosen to concentrate on a few important industries, one of which is the premium spirits sector. This market segment is noted for having consumers who are prepared to pay extra for extravagant, luxury spirits products. Guinness, Tanqueray, and Johnnie Walker are a few of Diageo’s high-end booze brands (Diageo, 2023). The segmentation criteria that Diageo uses to target the more expensive spirits market are examined in this paper.

**Geographic segmentation:** Geographic segmentation is the division of a market into different geographic regions. Diageo concentrates its efforts on the luxury spirits sector across a number of international continents. The business operates in more than 180 nations, and it adapts its approaches to marketing to each area’s particular customs and cultures (Jeon *et al.* 2019). Diageo, for example, focuses on the premium spirits market in urban areas like the United States because there are a greater percentage of wealthy consumers prepared to pay higher prices to obtain luxury spirits.

**Demographic segmentation:** Demographic segmentation is the process of partitioning a market according to demographic factors, including income, level of education, gender, and age. Diageo focuses on customers that have greater levels of income and are prepared to put down more money on luxury goods in order to market premium spirits to this market group (Jernigan and Ross, 2020). The business’s luxury spirits brands are frequently higher in price than its entry-level brands and are targeted at customers with greater disposable cash. One of Diageo’s premium alcohol products, “Johnnie Walker Blue Label”, is promoted to wealthy customers who are prepared to pay higher amounts for an exclusive whisky experience.

**Psychographic segmentation:** The categorization of a market determined by customers' daily lives, behaviour, and values is known as psychographic segmentation. Diageo appeals to customers that want luxury and top-notch goods in order to reach the premium spirits market (Ameyibor *et al.* 2022). The corporation’s premium spirits products are positioned as goods that provide customers with a high-end and exclusive experience. For instance, Talisker, among Diageo’s highest-end liquor brands, is promoted as an exquisite whisky that provides its customers with an outdoors-related, distinctive, and reckless experience.

**Behavioural segmentation:** The separation of an industry based on the purchasing habits of consumers, which includes purchasing trends and product usage, is known as behavioural segmentation. Diageo aims at the upscale spirits market by concentrating on individuals who are open to experimenting with new and contemporary products (McCambridge *et al.* 2019). The company’s luxury booze brands are frequently positioned as goods that provide customers with an exceptional and distinctive experience. One of Diageo’s most expensive liquor brands, Lagavulin, for instance, is promoted to customers who want a deep and smokey whisky taste that is uncommon compared to other whiskies.

# 5.0 Customer persona for one identified target market

A representation in the fiction of a target consumer in a market division is called a customer persona. Businesses can then modify their approach to marketing to better suit the demands, tastes, and behaviours of their target markets owing to its assistance in better comprehending the requirements, preferences, and conduct of their customers (Dvorkin, 2023).  A client profile has been described for the high-end spirits market, a target market on which Diageo is at present concentrating, in this assignment.

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| **Name:** Jerry Smith    **Age:** 49  **Occupation:** Finance manager  **Income:** Over $200,000 per year  **Characteristics**  Jerry Smith works as a finance manager for a large firm and leads a hectic life. He has two kids, is married, and resides in a suburb of the United States. High achiever Jerry appreciates the better things in life. He enjoys entertaining his friends and business partners at his house as he is highly qualified and sophisticated as well.  **Buying behaviour**  Jerry likes exclusivity and quality. Thus he’s willing to pay more for high-end, luxury liquor products. He prefers to get his alcoholic beverages from upscale liquor stores and specialist stores that have a wide variety of high-end distilled spirit brands. Jerry also likes Talisker and “Johnnie Walker Blue Label”, two of Diageo’s premium liquor products, which he buys for entertaining guests and special events. He likes consistency in flavour and quality but is open to trying inventive and fresh goods.  **Preferences**  Jerry favours alcoholic beverages that give him and his visitors a special and personal experience. He enjoys experimenting with leading-edge products, though he also favours aged and conventional spirits. Jerry enjoys hosting business acquaintances and colleagues at his house and frequently serves upscale foods and drinks. He enjoys knowing about the manufacturing process and the histories of various liquor companies since he respects their history and traditions.  **Goals**  Jerry wants to impress his friends and business partners by providing them with premium, exclusive, and distinctive spirits. He wants to forge enduring bonds with his business partners and give his visitors an unforgettable experience. He also cherishes his reputation and aspires to be perceived as someone who enjoys the luxurious things in life and has refined taste.  **Challenges**  Jerry struggles to find the time due to his hectic schedule to go to speciality liquor shops and buy expensive spirits. The cost of premium liquor brands may make it difficult for him to strike a compromise between his need for exclusiveness and premium ingredients and his financial limitations. Jerry may also find it difficult to sort through the many premium liquor brands on the market and determine which ones match his interests and ideals. |

# 6.0 Current marketing mix of the organization

Luxury spirits, wine, and beer are produced and distributed all over the world by Diageo. Guinness, Johnnie Walker, Captain Morgan, and Smirnoff are just a few of the company’s many brands. Diageo has created a thorough marketing mix that encompasses goods, locations, advertising, and prices in order to effectively market these brands.

**Products:**The goal of Diageo's product plan is to produce premium spirits of the highest calibre that will appeal to a diverse group of customers. The business has a wide range of brands, each with its own flavour profile and marketing approach. For instance, Smirnoff has been presented as a fun and approachable vodka brand which is well-liked by young drinkers, whereas Johnnie Walker is presented as an exclusive whisky brand that draws the attention of wealthy consumers (Yamamoto *et al.* 2022).Diageo places a strong emphasis on innovation and frequently releases brand-new goods. As an example, the business just introduced “Ketel One Botanical”, a low-calorie, low-alcohol vodka which is popular with consumers who are health aware. Diageo can continue to dominate the market for premium spirits by continually developing and launching new products.

**Prices:**Offering superior cocktails at an elevated price is the main goal of Diageo’s pricing approach. The organization’s brands are promoted as high-end, luxurious goods that are pricey but worthwhile. Despite this, Diageo also offers a choice of products at different price ranges, allowing customers to choose goods that go within their budget Hawkins and McCambridge, 2020).In order to increase sales and foster brand loyalty, Diageo also makes use of price discounts. For instance, the company might offer discounted prices or other special discounts on its products during holidays or other special events.

**Places:**Diageo’s distribution strategy is to make it simple for customers to locate its products. The company uses a combination of indirect and direct channels to distribute its products, including an internal e-commerce platform, pubs, traditional stores, and dining places. Meanwhile, Diageo’s existence in the markets like India and China is unexceptional (Avery *et al.* 2020). The business focuses on developing relationships with local distributors in these regions and promoting its products through targeted advertising initiatives.

**Promotion:**Two major objectives of the company’s promotional aspect are enhancement of the brand improvement and growth of sales. The marketing strategies of the company include TV advertisements, social media, online promotion and communication with customers. The strategies of marketing of the company Diageo are designed to appeal to a large number of consumers, including whiskey drinkers who are wealthy and vodka enthusiasts (Boniface *et al.* 2023). To improve the credulity of the business and its recognition, the company adopted endorsements and collaborations with influencers. At one point, Diageo collaborated with businessman and musician Sean “Diddy” Combs to market its “Cîroc vodka line”.

Furthermore, Diageo employs marketing strategies based on data to send customers tailored messaging and promotions. The business gathers information on consumer buying habits and preferences, which enables it to develop tailored marketing efforts that appeal to particular consumer groups.

# 7.0 Skills required operating within the marketing department

Working in the marketing team involves a broad range of knowledge and skills. The critical competencies needed to succeed in this role are outlined in the list below.

* In a marketing team, the capacity for strategic thought and the creation of a marketing strategy are essential. This entails comprehending the target market and the company’s objectives, as well as creating methods to reach those objectives (Di Gregorio *et al.* 2019). In order to create marketing campaigns that successfully reach their target audience, a strategic marketer must be able to recognize emerging trends in the market, analyze data and feedback from customers, and develop new products.
* Marketing professionals need creativity since it allows them to develop unique and compelling concepts for marketing campaigns. Innovative entrepreneurs are likely to be able to create standout campaigns that distinguish themselves from other marketers and draw in their target market (Langan *et al.* 2019). They should be able to create aesthetically appealing items like commercials, packaging, as well as layouts for websites and have a keen sense of design.
* For marketing professionals to effectively interact with a variety of stakeholders, including management, customers, coworkers, and vendors, they require strong communication skills. Both vocally and in writing, they must be able to communicate intricate concepts in a way that is simple and clear. Additionally, marketers need to be skilled at listening to criticism and adopting it as input into their occupation.
* To assess the success of their marketing campaigns, marketers must have analytical skills. They need to be able to assess information from a variety of sources, including social media parameters, analytics on websites, and consumer surveys (Teng *et al.* 2019). Marketers that can analyze data and derive information from it are likely to be able to choose wisely what campaigns to run in the future.
* Marketers in the current digital era need to be well-versed in digital marketing strategies and tools. They should be knowledgeable in social media promotional activities, pay-per-click (PPC) advertising, email marketing, search engine optimization (SEO), and other digital marketing platforms (Kalaignanam *et al.* 2021). Marketers who are knowledgeable in these fields will be able to create digital marketing strategies that are successful and connect with the target demographic online.
* Marketing professionals frequently have to operate under tight deadlines and must be able to manage many projects at once. To guarantee that marketing projects are implemented on time, under the allocated funds, and to an extremely high standard, competent project management attributes are vital (Chaffey and Ellis-Chadwick, 2019). Providing resources, setting deadlines, and working with the team and vendors are all part of this process.
* Entrepreneurs must be ready to adjust to emerging patterns and advances in technology because the marketing sector is continuously evolving. They must also be able to stay updated on new marketing strategies and be willing to give them a shot (Marsden and Ryan, 2019). Marketers who are flexible and eager to acquire knowledge will be able to remain on top of trends and create campaigns that successfully reach their target demographic.

# 8.0 Conclusion

To conclude this assignment it is important to provide a brief summary what have done in here. The company that is used here is Diageo Plc which is the UK based Beverage Company and based on this company the external and internal environment discussed here with SWOT and PESTLE analysis. The perceptual map helps to understand the market position of the company. A customer persona provided to understand the buying behaviour and characteristics of the customers. To define the current target market of the company, they focus on the four segmentations and created marketing of the company and identified required skills.

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