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Exam-style question

Dr Martens

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Check your answer to the question on pp. 28–29 of the magazine. This question relates to the Edexcel specification.

Sample answer

The Boston matrix may help Dr Martens, the premium footwear brand, to maximise sales as it can help identify which products require the greatest investment and which require less. For example, Dr Martens appear to be spending significant amounts of money promoting the '1460' boot through product endorsement by celebrities such as Kanye West. The '1460' boot may therefore be a cash cow, with high market share but low growth meaning that the marketing expenditure may actually add little to the sales of this product and could be better invested in products such as the 'vegan' boot, which appears to be a rising star, with a strong share in a high growth market — the ethical product. Targeting promotional expenditure this way may maximise sales better than focusing on products with little chance of further market growth, leading to an increase in sales revenue to over £1 billion in 2023.

The ability of the Boston matrix to show the whole of Dr Martens product portfolio in terms of market share and growth gives it a significant advantage as an analytical tool over the product portfolio. It can help Dr Martens focus its expenditure on marketing and product development as all the products are shown, whereas the product life cycle is only able to show one product in terms of sales. Dr Martens can use research such as that provided by the OECD (projected growth in GDP for 2024 is 5.1%) to see that there is significant potential growth for its products in China. This information can be incorporated into the Boston matrix but cannot be easily used in the product life cycle. Dr Martens can see that expenditure on the 'vegan' boot and other innovative products has the potential to gain market share whereas the product life cycle can only allow for actual or predicted levels of sale of the product. Using the product life cycle to help maximise risks fails to incorporate the key external factors related to the shoe market and could possibly result in Dr Martens investing in marketing activities for boots such as the '1460' that give little return in increasing sales.

However, the product life cycle can help maximise sales by identifying when a product may have reached maturity or has started its decline. The model encourages Dr Marten to pay careful attention to the sales its products produce and watch out for rises or falls, as well as linking to sales forecasting. The more accurate the sales forecasting is for products such as the 'vegan' boot, the more accurate the prediction of each stage of the product life cycle, allowing Dr Marten to budget and plan for individual promotional activities to suit each product. Dr Martens rise in revenues from £200 million in 2014 to more than 5 times this amount in 2023 appears to suggest that its promotional strategies (such as celebrity endorsement) are helping mature products such as the '1460' boot to extend its sales growth. The Boston matrix can be said to overly simplify the placement of products in terms of market share and cannot act as an early warning system linked to sales forecasting in the way the product portfolio can. This may mean the Boston matrix encourages products to be placed in the

wrong area, perhaps identifying the '1460' boot as a cash cow when, looking at actual sales, it is a 'dog'. This could result in investment in products that fails to maximise sales and could in the longer term reduce pre-tax profits to below the £160 million seen in 2023.

Both the Boston matrix and the product life cycle have different strengths and weaknesses in creating an effective marketing strategy for Dr Martens product portfolio. On their own they both carry significant risks that are likely to jeopardise rather than enhance Dr Martens significant rise of £1 billion sales in 2023. As both tools are focused on products, they both tend to oversimplify the overall situation Dr Martens is in, for example, neither allow the business to recognise and plan for customer concerns in 2023 that the build quality of shoes is 'not what it once was'. Neither do these analytical tools take into account where products are being sold, which increasingly is through an online presence. Dr Martens should therefore use both tools and a range of other analytical tools to ensure the marketing mix is focused on a strategy that makes the most efficient use of resources to provide products that maximise sales.

Sample examiner comment

Mark: 20/20 (Level 4 — an excellent response fully focused on the question)

Excellent and detailed knowledge and understanding of outsourcing and offshoring throughout the answer. Excellent application is shown using appropriate context applied to the question. Analysis is well developed, coherent and logical. Analysis is linked together giving cause and effect of the positive and negative effects of each option in reducing costs, using context based on qualitative and quantitative data. An evaluation of the most important competing arguments with context is used to support a judgment and recommendation as to which option is the likeliest to reduce costs for a business. The conclusion looks at the situation a business may find itself in and makes a recommendation that considers the risks of just using one of the two options.

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