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Name	Jaskaran Singh
Student ID	DE240327
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Abstract

Running a business profitably requires making good decisions on two fronts simultaneously — understanding what customers want and value, and translating that understanding into revenue. These two things are what marketing management and commercial management are respectively about, and in the best-performing organisations they are tightly connected rather than running in separate tracks. This report examines how commercial and marketing strategies work together to drive organisational performance, focusing on Option 1, which covers pricing, segmentation, targeting, positioning, and how marketing decisions shape sales and profitability. Real-world examples are drawn from Apple, Amazon, IKEA, Zara, and Marriott across manufacturing, retail, and hospitality sectors. The main finding is that organisations which align their commercial objectives with coherent, customer-focused marketing strategies consistently outperform those that treat marketing as primarily a communications function rather than a driver of business value (Doyle, 2008).

1. Introduction

There is sometimes a tendency in organisations to treat marketing as a support function — something that produces brochures and runs advertising campaigns while the 'real' commercial work happens in sales and finance. This report argues that this is a misunderstanding of what marketing actually does at its best, and that organisations which get marketing right consistently outperform those that do not — not just on brand metrics but on revenue, margin, and long-term growth (Kotler & Keller, 2016).

The relationship between marketing and commercial performance works through several mechanisms. Marketing helps identify which customer segments are most valuable to serve, which shapes where resources are invested. It creates the positioning and value proposition

that determines whether customers choose one organisation over another. It designs the pricing strategy that determines how much of the value created is actually captured as profit. And it builds the customer relationships and loyalty that reduce acquisition costs over time and smooth out revenue volatility (Doyle, 2008).

This report works through these mechanisms using both academic frameworks and real organisational examples. The three central questions it addresses are: how do commercial and marketing management connect to drive business growth; how do specific strategies — segmentation, targeting, positioning, pricing — work in practice; and how do marketing decisions influence sales performance, customer acquisition, and profitability across different sectors?

2. Literature Review

2.1 Commercial and Marketing Management — The Link

Drucker (1954) made the point decades ago that the purpose of a business is to create a customer, and this remains a useful starting point for understanding why marketing matters commercially. Kotler and Keller (2016) define marketing management as the process of identifying target markets and creating, delivering, and communicating superior value to them. What is notable about this definition is that it is explicitly commercial — it is about getting and keeping customers, which is the same thing that commercial management is trying to do through contracts, pricing, and sales processes.

Doyle (2008) developed a value-based marketing framework that makes the commercial logic of marketing particularly clear. He argued that marketing creates shareholder value through four mechanisms: it accelerates cash flows by bringing sales forward; it enhances cash flows by enabling premium pricing through differentiation; it protects cash flows by building loyalty that reduces competitive vulnerability; and it grows cash flows by

developing new markets and categories. This framework translates marketing strategy directly into financial terms — revenue timing, margin, risk, and growth potential — in a way that makes the commercial case for marketing investment much easier to evaluate.

Porter's (1985) competitive strategy framework adds another dimension. His three generic strategies — cost leadership, differentiation, and focus — all have marketing at their core. Differentiation requires branding and positioning capabilities. Focus requires segmentation precision. Even cost leadership requires marketing to communicate the value proposition to price-sensitive customer segments effectively.

2.2 Segmentation, Targeting, and Positioning

The STP process — segmentation, targeting, and positioning — is probably the most fundamental analytical framework in marketing, and it sits at the heart of the connection between marketing and commercial strategy (Kotler & Keller, 2016). Segmentation is the process of dividing a market into groups of customers with similar characteristics or needs. Targeting is the decision about which of those groups to focus on, based on their attractiveness and the organisation's ability to serve them well. Positioning is the process of defining what the organisation wants customers to think and feel about its offer relative to competitors.

What makes STP commercially significant is that it forces discipline about where resources are invested. An organisation that tries to be everything to everyone typically ends up being nothing to anyone — spread across too many segments with a proposition that is not compelling to any of them. Focused targeting and clear positioning allow marketing investment to work harder, because the message is more relevant to the specific people it is aimed at (Jobber & Ellis-Chadwick, 2019).

2.3 Pricing Strategy and Revenue Generation

Pricing is often described as the most powerful commercial lever in the marketing mix, because it is the only element that generates revenue rather than incurring cost (Kotler & Keller, 2016). Small improvements in pricing typically have a larger impact on profitability than equivalent improvements in volume or cost reduction, which makes pricing strategy one of the highest-leverage commercial decisions an organisation makes.

The main approaches to pricing include cost-plus pricing, which sets price by adding a margin to cost; competitive pricing, which references competitors' prices; value-based pricing, which sets price according to what customers perceive the product to be worth; and dynamic pricing, which adjusts prices in real-time based on demand and supply conditions (Jobber & Ellis-Chadwick, 2019). Each approach has different implications for profitability and positioning. Value-based pricing tends to generate the highest margins when it is feasible — that is, when the organisation has genuinely differentiated itself in ways that customers value — but it requires deep customer insight and a strong position to make it work.

2.4 Marketing and Sales Performance

The connection between marketing decisions and sales outcomes runs through multiple channels, and understanding these channels is important for evaluating marketing investment decisions (Kotler & Keller, 2016). Advertising and brand communication build awareness and preference, which increases the probability that potential customers will choose the brand when they have a relevant need. Distribution strategy determines how accessible the product is, which directly affects conversion rates. CRM systems capture customer data that enables more targeted communications, improving the efficiency of acquisition spending and increasing retention rates.

The relationship between customer retention and profitability is one of the most robust findings in the marketing literature. Research by Reichheld and Sasser (1990) showed that a

five percent improvement in retention rates could increase profitability by 25 to 95 percent across different industries. This finding has important implications for how marketing investment is prioritised — it suggests that loyalty-building marketing can generate returns that significantly exceed those of acquisition-focused spending, even though acquisition campaigns tend to be more visible and easier to measure (Doyle, 2008).

2.5 Digital Marketing and Omnichannel

The shift to digital marketing has fundamentally changed both the tools available for reaching customers and the amount of data available for understanding them (Chaffey & Ellis-Chadwick, 2022). Search advertising, social media, email marketing, and content marketing each offer different ways of connecting with potential customers at different stages of their decision-making journey. The ability to target advertising based on detailed demographic, behavioural, and interest data has made customer acquisition more precise and, in many cases, more cost-effective than traditional media.

Omnichannel integration — the seamless connection of customer experience across online and physical touchpoints — has become a critical commercial capability as customers move between channels during their purchase journeys (Kotler & Keller, 2016). Research shows that customers who engage with a brand across multiple channels spend more than those who interact through a single channel, which makes omnichannel capability a significant revenue driver. Data analytics and machine learning now enable organisations to personalise communications and offers at the individual level, further improving conversion rates and customer lifetime value (Chaffey & Ellis-Chadwick, 2022).

2.6 Gaps and Limitations

The marketing literature has limitations worth acknowledging. Most of the dominant frameworks were developed in the context of large consumer goods companies in developed markets, and their applicability to SMEs or organisations in emerging economies

is not always straightforward (Jobber & Ellis-Chadwick, 2019). Measuring marketing's long-term contribution to brand equity and shareholder value remains genuinely difficult, which creates ongoing tensions when marketing teams have to justify investment to financially-oriented decision-makers. And the rapid pace of digital change means that practitioner experience often runs ahead of robust academic evidence (Chaffey & Ellis-Chadwick, 2022).

3. Methodology

This report uses a desk-based review methodology, drawing on peer-reviewed marketing literature, foundational strategy texts, and published case studies. Search terms included commercial marketing strategy, pricing strategy, market segmentation, customer acquisition, digital marketing, omnichannel, and brand equity. Sources were evaluated for rigour and relevance. Five case studies — Apple, Amazon, IKEA, Zara, and Marriott — were selected to illustrate marketing strategy across different sectors (manufacturing, retail, hospitality) and to cover the main strategic approaches examined in the literature review. The analysis is organised around four themes: commercial-marketing integration, STP strategy, pricing and revenue, and marketing's influence on sales and profitability.

4. Findings

4.1 Apple — Value-Based Strategy and Premium Positioning

Apple is probably the clearest example in the business world of what happens when commercial and marketing strategy are genuinely integrated. Apple's commercial model — high prices, high margins, controlled distribution — only works because of the strength of its marketing, which has built a brand associated with design quality, ease of use, and a sense of identity and lifestyle that goes well beyond the functional features of its products (Doyle, 2008). The iPhone consistently sits at the top of the smartphone price range, not

because Apple's manufacturing costs are significantly higher than competitors, but because its positioning allows it to charge a premium that customers willingly pay.

Apple's retail stores illustrate a particularly interesting commercial-marketing integration. The stores function simultaneously as brand experience centres, customer service hubs, and direct sales channels. They generate some of the highest revenue per square foot of any retail format in the world, which is a direct consequence of the combination of high average transaction values, strong customer loyalty, and the premium brand experience the stores create (Kotler & Keller, 2016). The commercial logic is that by controlling the retail environment, Apple controls how its brand is experienced and avoids the margin compression that comes with selling through third-party retailers.

4.2 Amazon — Customer Loyalty and Data-Driven Marketing

Amazon's approach to commercial-marketing integration centres on using data and loyalty to build a self-reinforcing commercial system. The Prime membership program is the clearest expression of this — by bundling delivery, streaming, and other benefits into a single annual subscription, Amazon converts transactional customers into high-frequency loyal buyers (Chaffey & Ellis-Chadwick, 2022). Prime members are reported to spend roughly twice as much annually as non-Prime customers, making the marketing investment in Prime acquisition and retention directly commercially significant.

Amazon's personalisation engine — which generates product recommendations based on individual browsing and purchase history — is estimated to contribute around 35 percent of total Amazon revenue (Kotler & Keller, 2016). This is marketing in a very data-driven, real-time form: instead of broadcasting a message to a broad audience, Amazon delivers individually relevant suggestions to each customer at the moment most likely to generate a purchase. This kind of precision marketing is only possible because of the scale of Amazon's customer data and the sophistication of its analytics capability.

4.3 IKEA and Zara — Value and Speed in Retail

IKEA's commercial-marketing model is built around a very clear value proposition — design-forward furniture at prices significantly lower than comparable quality alternatives — and everything in its operation is designed to support this proposition (Jobber & Ellis-Chadwick, 2019). The flat-pack format reduces logistics costs. The warehouse store format reduces retail space costs. The in-store restaurant and play areas increase dwell time and family appeal. Even asking customers to transport and assemble their own furniture is part of the commercial logic — it transfers a portion of supply chain cost to the customer in exchange for lower prices. IKEA's everyday low pricing strategy works commercially because the volume it generates creates purchasing power that allows the company to keep costs low, which in turn allows the prices to remain low.

Zara's model is different but equally coherent. By reducing the time from design to store to two to four weeks — far faster than conventional fashion retail cycles — Zara is able to offer current trends to mass-market customers at affordable prices (Doyle, 2008). The commercial benefit of this speed is not just revenue — it is margin protection. Because Zara's products are more closely aligned with current demand, it marks down less than conventional retailers, which directly improves gross margins. This is a case where supply chain capability is simultaneously a marketing capability and a commercial advantage.

4.4 Marriott — Revenue Management and Loyalty in Hospitality

Marriott's commercial-marketing approach in hospitality shows how sophisticated data-driven tools can generate direct commercial value. The Bonvoy loyalty program is designed primarily to shift customer bookings from third-party online travel agents — who charge commissions of typically 15 to 25 percent — to Marriott's own direct channels, which are significantly more profitable per booking (Kotler & Keller, 2016). The marketing investment in Bonvoy therefore generates commercial returns not just through increased

loyalty but through improved economics per booking.

Marriott's revenue management system uses algorithmic pricing to adjust room rates in real-time across thousands of properties based on demand forecasts, booking pace, and competitive rates. This dynamic pricing approach allows Marriott to maximise revenue per available room — the hospitality industry's key commercial metric — by charging premium prices when demand is high and stimulating demand with promotional pricing when occupancy is low. Research in the hospitality sector suggests that well-implemented revenue management systems can improve RevPAR by five to ten percent, a significant commercial impact at Marriott's scale (Jobber & Ellis-Chadwick, 2019).

5. Discussion

Looking across all five case studies, a consistent pattern emerges. The organisations that perform best commercially are those whose marketing strategy is not just about communication or brand awareness but about creating and capturing value in a way that is integrated with their commercial model. Apple's premium pricing only works because of its differentiation positioning. Amazon's personalisation only generates revenue because of the data scale its commercial model has created. IKEA's everyday low pricing only works because of the operational discipline that makes the cost structure viable. In each case, marketing and commercial management are not separate functions pointing in the same general direction — they are genuinely integrated.

The STP framework emerges from the case studies as the most fundamental organising principle. The difference between Apple and IKEA is not that one is more effective than the other — both are highly profitable and commercially successful — but that they have made deliberately different choices about which customers to serve and how to position themselves for those customers. Apple targets premium buyers who value design and

ecosystem integration; IKEA targets value-conscious families who want good design at accessible prices. Both choices are coherent and well-executed. The less successful companies tend to be those that have not made these choices clearly — that try to be premium and affordable simultaneously, or that shift positioning too frequently to build genuine brand equity (Doyle, 2008).

Pricing emerges as the highest-leverage commercial decision in the marketing mix, and the case studies illustrate this clearly. Apple's ability to charge premium prices accounts for a large part of its margin advantage over competitors. IKEA's commitment to everyday low pricing accounts for a large part of its volume and market share. Neither approach would work without the supporting positioning and operational model — but both show how important it is to make pricing decisions deliberately and coherently rather than as an afterthought.

The digital marketing finding is worth highlighting separately. Both Amazon and Marriott show that the commercial value of digital marketing is not primarily about reach or awareness — it is about precision and personalisation. Using customer data to deliver more relevant offers to more receptive customers at more appropriate times generates commercial returns that broad-reach advertising cannot match. This has significant implications for how marketing budgets should be allocated in data-rich environments (Chaffey & Ellis-Chadwick, 2022).

6. Conclusion

Commercial and marketing management generate superior outcomes when they are genuinely integrated — when pricing, positioning, channel, and communication decisions are all designed together to create a coherent value proposition for a specific customer target (Kotler & Keller, 2016). The five case studies in this report illustrate this integration

in action across retail, manufacturing, and hospitality sectors, and the commercial outcomes — premium margins for Apple, revenue per customer for Amazon, gross margin protection for Zara, direct booking economics for Marriott — are real and measurable.

For marketing managers, the main recommendation is to approach every marketing decision as a commercial value creation question: which customer segments are most valuable to serve, what position in their minds will generate the highest willingness to pay, what price captures the most value, and what channel and communication approach reaches them most efficiently. This commercially grounded approach to marketing produces both better business results and a more defensible case for marketing investment to financial decision-makers (Doyle, 2008).

7. References

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8. Appendices

Appendix A: Marketing Mix Analysis — Case Studies

Company	Sector	Target Segment	Positioning	Pricing	Key Outcome
Apple	Technology	Premium consumers; ecosystem users	Design & experience leader	Value-based; premium	Highest margins in consumer tech
Amazon	E-commerce	Broad base; Prime members	Selection, price & speed	Competitive; dynamic	35% revenue from personalisation
IKEA	Retail	Value-conscious families	Good design for the many	Everyday low pricing	High volume; global scale
Zara	Fashion	Fashion-forward mid-market	Affordable current trends	Mid-market; low markdown	Higher gross margin vs peers
Marriott	Hospitality	Business & leisure; Bonvoy	Global scale; service quality	Dynamic revenue management	5–10% RevPAR improvement

Appendix B: Pricing Strategy Reference Guide

Pricing Approach	How It Works	Best Used When	Example
Cost-Plus	Add target margin to unit cost	Stable costs; B2B; public sector	Construction; manufacturing
Value-Based	Price = customer's perceived value	Strong differentiation; brand equity	Apple; luxury goods
Competitive	Match or reference competitor prices	Commodity markets; high transparency	Fuel; telecoms
Dynamic	Real-time adjustment by demand/supply	Capacity constraints; perishable inventory	Hotels; airlines; ride-sharing
Penetration	Low entry price to build share	New market entry; network effects	Streaming; SaaS