

Wm morrison's supermarket breakdown and analysis



William Morrison the establisher and founder of the Morrisons super market was just a merchant of Egg and Butter. It was in 1899 William Morrison started work to form the company recognised as Wm Morrisons. From a very small stall in market of Bradford came the motivation to originate and lead the way in hypermarket retailing.

After stepping on the first step of stalls to counter service, in 1958 a small town shop was second step towards the progress. With the facility of three checkouts it's the first Bradford shop that offers self-service and having self-edge prices.

In 1961 the company's first supermarket opens in Bradford named "victoria". The 5000 sq ft retail market selling greengrocery, fresh meat and other provisional items with free parking service.

In 1997 Morrisons expanding beyond Bradford, Gadbrook park in Cheshire, and in October 1998, In Eirith Morrisons opens its first store in south of England.

The first store in Scotland was opened in February 2004 resulted the company going National.

In March 2004 Morrisons becomes the UK's 4th largest supermarket group by completing the takeover of Safeway, and currently having 403 stores and 124, 000 colleagues across the UK.

History and data accessed from <http://www.morrisons.co.uk>

[Corporate/About-Morrisons/Company-history1/](http://www.morrisons.co.uk/Corporate/About-Morrisons/Company-history1/) [17/09/10]

<https://assignbuster.com/wm-morrisons-supermarket-breakdown-and-analysis/>

2. Aims:

Morrisons aim is Food specialist for everyone, and become the No. 1 supermarket in the UK.

3. Strategy & structure:

Morrisons has made considerable progress in its strategy to position the business as the UK's ' Food specialist for everyone'.

Food specialist

They know where it comes from;

They pack it and make it in their factories;

They make it in their stores; and

They employ craft skills in every store.

For everyone

Great food which is also great value

Great food which is for every day not just special days.

Morrison's strategy available from [www. morrisons. co. uk/annualreport10](http://www.morrisons.co.uk/annualreport10)

[accessed 27/09/10]

- Consistently deliver market leading availability and product presentation.
- Market leading shop-keeping standard, Execution and Control.
- Prepare and present the freshest choice of product in the market.

- Great service focused on Selling.

3. 1 Management & Store structure

In Wm Morrisons there are following departments in their each store.

Market street(Produce, Oven baked, Fresh Prep, Deli, Butchers, Fish, Bakery, Cake shop)

F. F. P. P.(Fresh Food Pre-packed)

Administration

Dry Cleaning

Customer Café

Grocery(Frozen foods, Health & Beauty, Toiletries)

Wines and Spirits

Home and Leisure

Petrol Fuelling Station

National Lottery and Tobacco Kiosk

Every store runs with a Management Structure which is as following.

MANAGEMENT CHART

STORE GENERAL MANAGER

(SGM)

DEPUTY GENERAL MANAGER STORE PERSONNEL MANAGER

(DGM) (SPM)

ASSISTANT DEPUTY MANAGER ASSISTANT DEPUTY MANAGE

(ADM MARKET STREET) (ADM GROCERY)

DEPARTMENT MANAGER

ASSISTANT DEPART MANAGER

SUPERVISOR

SHIFT SUPERVISOR

GENERAL ASSISTANT

PEST Analysis:

Political:

Change in government might have indirect effects on taxation policies, will result in extreme competition, which in turn minimises the profit margins for Morrisons. New government has cut several benefits for consumers have resulted in less spending in supermarkets affected Morrisons Sales.

Economical:

Morrisons got their own local suppliers supplying fresh produce, meat which in turn gives complete control over quality and provenance of their food, another great advantage of this operation is that it helps them keep their prices low to their consumers and it is also believed, it will be the quickest

delivered than any other supermarkets. This gives them high economies of scales to keep their cost low.

Socio-cultural:

Morrisons have launched a new way of recognising colleague's job profile by providing with National Qualified Certificate, and this is their plan to changing lifestyles.

Through " Let's Grow" campaign Morrisons provide free gardening equipment to local schools, helps to maintain social balance and values in society.

Technological:

After take-over from Safeway Morrisons went through down-grade of technology to minimise excess expenditure, which was much needed for expansion.

Morrisons planning to launch " Pegasus" very advance technology which includes automated product ordering system and new integrated till system to provide excellent and quicker customer service.

Environmental:

By increasing the sales of long-life reusable bags instead of giving away free non-degradable plastic bags Morrisons can also maximise profits along with much needed support for Global Warming.

Legal:

Morrisons have their own policy for energy saving it helps government with pollution control. Morrisons as a public limited company also follows the legal basis for business by following Joint Stock Companies Act of 1862.(A. Cowe et al. Edi; p 67)

4. SWOT Analysis**Strengths:**

Recent Morrisons adverts of offering fresh fish and not frozen from their fish mongers have proved their unique set-up, own suppliers and manufacturing facilities that it's really Value for Money. A major benefit of Morrisons and its uniqueness is that it prepares wide and fresh food range in store itself which in turn helps them to keep their prices low. Morrisons is the only supermarket whose all own-brand eggs are British and free natures nest range.

Weakness:

When United Kingdom's economy was affected during the recession and fall-down the UK's food market it was a disaster for Morrisons, as the lack of diversification characterises and has covering only UK market. All major leading supermarkets expanded into foreign market and will not be affected by a decline in the UK industry.

Opportunities:

Let's see how Morrisons Faces following Industrial opportunities.

(Porter, M. (1980), Competitive strategy)

Difficulty to enter in retail business.

Convenient way of expanding stores.

Allowing Internet shopping for customers.

Low bargaining power of customers.

High bargaining power to supplier.

1. Difficulty to enter in retail business

As Porter has explained existing companies in the industries provide a security. New entrants faces many difficulties one of the common and major is to get in distribution channels. Only probability is by taking over the existing company or through merger. Since Morrisons has taken over Safeway the threat of entering in market resolved.

2. Convenient way of expanding stores

According to Porter's forces substitution of company could affect the Market. Comparing to major competitor supermarkets/restaurants/takeaways Morrisons found the way to combat this by expanding convenient stores. Launching of Fresh to go, customer café, deli, cake shop have been tailored High Street retailing same as Tesco Express, and Sainsbury's Local.

3. Allowing Internet shopping to customers

One of the main upcoming opportunities Morrisons was awaiting for is, Online grocers and family-run convenience stores been targeted by Morrisons- as U. K's fourth largest supermarket chain outlined its plan for expansion.

An, internet delivery service would increase competition with market-leader Tesco and other rivals with web operation including Ocado.

(Metro-UK, 10/09/2010, 51p)

Another opportunity, if Morrisons decides to jump in financial sector, than it will be very crucial and highly profitable move. In addition, if Morrisons diversify their stores with highly margin range products like Clothing and Home ware such as Tesco Extra, it will boost their profit as well as the shares prices.

4. Low bargaining power of customers

Customers are King and, always have right to get the best value of their money. In simple language to state that customers have the low bargaining power because of the supermarkets reality, which is, Supermarkets shopping is a single-visit shopping. And according to current market position customers have a variety of supermarkets to choose from. The ratio is as lower the coast, as higher the number of customers. That is why leading super markets have started the schemes of Membership, such as Tesco Club-card and Sainsbury's Nectar card. This is how the low bargaining is the key for the tight competition and attraction of customers in the retail industry.

High bargaining power to suppliers

It is mandatory to state that High bargaining power to suppliers gives company an opportunity to gain more profit. The marketing gurus of the leading supermarkets have long integrated and quality network with supply chains, and as a customer company have numbers of suppliers to choose

from for the best offers. Because supplier also have a threat of losing a loyal customer (the company), allows company a high balances of economy to keep low expenses hence low prices.

Threats:

Price wars among existing rivals are extremely intensive. New trend in supermarket is not only based on food-market as stated in opportunities earlier, which involves clothing market, non-food sales, financial sector and expansion into convenience stores and customer membership(loyalty schemes) cards. This all services are already implemented in leading supermarkets could be a big threat for Morrisons.

Conclusion:

According to SWOT analysis we can clearly see many industrial opportunities than the threats proves a certain success. For delivering the better value to their consumers Morrisons may use their strength like higher net margin than the rivals. By maintaining certain level of productivity as far as cost concern more profitability is predictable.