

Business overview of primark stores limited



Primark Stores Limited is an Irish clothing retailer. Its stores are located in various regions like United Kingdom, Ireland, Spain, Germany, Portugal, The Netherlands and Belgium. Primark stores day by day increasing its number of new clothing stores, with Two hundred and seven stores overall distributed in seven major regions: one hundred -five in the United Kingdom, thirty-eight in Ireland, eighteen in Spain, one in Netherland, one in Belgium, two in Germany and two in Portugal. The company also positions itself as marketing fashionable at competitive prices. Arthur Ryan and his collaborator Micaela Mitchell open its first clothing store in Dublin Ireland in 1969. After various success in clothing business, great profits and gross income led them to open stores in local and regional areas. It acquired various locations in different business centers within its local and regional areas which eventually generate more profits and income.

Primark is known for selling clothes at very competitive prices in the market. Its success is based on sourcing supply, making clothes with simple designs and fabrics and targets young, fashion-conscious individuals ages 35 below, offering them simple yet high quality clothes and apparels.

Hence, these successes brought significant changes on Primark's retail business. Success after success by opening new stores every year the relevance of global trends and consumers' demands on lifestyle made Primark Store Limited reinvent its business scheme and management structure.

<http://www.primark.co.uk>

<https://assignbuster.com/business-overview-of-primark-stores-limited/>

Primark Overview

Primark Stores Limited is an Irish clothing retailer. Its stores are located in various regions like United Kingdom, Ireland, Spain, The Netherlands, Germany, Portugal and Belgium. The company positions itself as marketing fashionable at competitive prices. It is a great place to go for stylish, trendy clothes without the expensive price tag. Whether it's on the go or for something which can make up to look like a high street find.

It has 207 branches in UK and Europe by November 4, 2010. These are as follows;

Ireland – 38

Spain – 18

UK – 145

The Netherlands – 1

Portugal – 2

Germany – 2

Belgium – 1

Total – 207

The clothes in Primark are fashionable and trendy.

Women's Wear: Party dresses, Work or holiday clothing, Lingerie, Accessories and

Foot wear

Men's wear: Casual or formal clothes, everyday essentials and footwear

Children's Wear: Fashion or essentials products for girls, boys and baby wear.

Jewelry: Jewelry is the favorite part; it includes children's mini jewelry and adult's jewelry. The prices are very reasonable. Everybody can afford those prices very easily.

Home: Bed sheets, towels, curtains, duvet covers and pillows

Other Items: Other items include bags, belts, purses etc. Style, quality and affordable prices all rolled into one at Primark.

The original clothing store was established by Arthur Ryan and his collaborator Micaela Mitchell in Dublin Ireland in 1969. After various success in clothing business, great profits and gross income led them to open stores in local and regional areas.

Primark employs simple managerial operation on its stores structure. Every store has its own manager who is responsible in overseeing the status and business operations. Managers are given the power and control to manage the store within his/her point of responsibility. Assistant and deputy managers are also assigned to control and manage the store in smaller or larger branches. Within the store, there are different subdivided departments in which a manager is assigned like senior department managers and junior

department managers who are in charge for individual departments.

Moreover, under management, there are supervisors in charge of staff on a sales floor, on different departments like stock room staff, customer service staff, customer service desk, cashiers who work on the tills, cash office staff and staff responsible to look after fitting rooms.

Source: www.primark.co.uk

PRIMARK OBJECTIVES AND AIMS

“ To provide good quality products for the public; we want the public to realise we are a good company and just because our products are cheap, it doesn't mean that they are rubbish. We will achieve this by having our products made by people that know what they are doing and test them to check that they are good quality.

To sell goods at reasonable prices; We want the public to have a wide range of options to them, so we offer them good quality products at reasonable prices; This will be achieved by looking at other stores, selling similar products, and making our prices lower than other places.

To be friendly and helpful towards customers and staff; The public need to think that we are a friendly company; this will make them want to come to our store if they feel welcome. We will achieve this by greeting customers as soon as possible and making those feels welcomed.

To treat everybody the same; The public need to feel like we treat everybody the same. The people with less money will be treated the same as people

that have lots of money. This will be achieved by making everyone in the store feel individual; we will make everyone feel like they are ' special' “.

<http://www.blurtit.com/q2904588.html>

November 8, 2010. 18: 53

Definition of the Market

The METRO cash and carry business lies in the Monopolistic Competition. There are few sellers and each has its own specialization and it charge the prices according to the product quality and characteristics. There is no entry or exit barrier in this market. Even five more cash and carry businesses are allowed by government to open their branches in Pakistan.

Market Focus and Segmentation

Segmentation

METRO segmentation of customers is mainly concerned with the two factors, Retailers, and professionals of every sector and kind.

Segmentation

We design the proper segmentation of the METRO Cash and Carry:

Geographic

Region South Asia

Country Pakistan

State Punjab

City Lahore, Islamabad

<https://assignbuster.com/business-overview-of-primark-stores-limited/>

Demographic

Occupation HoReCa

Income Level Minimum Rs. 20000

Economic factor Inflation, reduced Productivity

Psychographic

Social Class Working Class (Retailers and

Professionals)

Buying Habits Convenience

Perception High Quality with low price

Personality Profit Conscious

Behavioral

Benefits Shopping at one place, Customer Care

Usage rate weekly

Occasion Regular

Loyalty status Strong customer relationship

Readiness Stage Desirous

source (www. metro. pk)

Targeting

The targeting strategy of METRO cash & Carry depends upon the segmentation. METRO carries the differentiated market targeting strategy. They take the whole customers as a market and carry out the marketing strategy same for the whole. At this time METRO cash and carry is concerning with the differentiation strategy. They can also come up with the focus strategy for the retailers so that they think that METRO cares them and conducting a major portion of business just for the retailers. It will convince and internally force them to come to METRO just to admire its services and respect to the retailers.

Is it a focussed strategy?

Yes in the sense that all their customers are users of databases. No in the sense that they are all different sizes and sectors. Also -WellData do not sell the software applications licenses. They can, and do, sometimes sell hardware but this is as a convenience for their customers.

Is it a differentiation strategy?

Yes in the sense that they are looking specifically at wholesalers and retailers.

Yes - as their approach to the core function is fundamentally different to the rest of the marketplace (no fail).

Yes - as they have a key " Business Ready" report for customers before the start of the working day.

Yes as all technical staff are employed and not contracted.

On balance this seems to be a differentiated approach

Is it a cost leadership strategy?

Possibly. Because they always believe in low prices. . METRO portrait the image of this cash and carry whole sale departmental store as the lower prices with the high quality and availability of everything at a same place. You just visit it and you can get every thing what you can think to buy.

Based on the above , very simple, observations, the metro cash & carry strategy would fall somewhere between the differentiation strategy and the focussed strategy.

In terms of Bowman's Strategy Clock the picture is clearer. Metro fall clearly into the Differentiation strategy.

Premium Priced or not?

The question of price premium is open to further discussion. Although this next section should really be covered in the analysis of Metro cash & carry under Porters five forces model.

Quantix will open the proposition with a low price and low added value service. If the customer buys into this it is a relatively simple matter to “upsell” the customer to more expensive, but more added value, services.

1 Low price/low added value Likely to be segment specific

2 Low price Risk of price war and low margins/need to be cost leader

3 Hybrid Low cost base and reinvestment in low price and differentiation

4 Differentiation

(a) Without price premium. Perceived added value by user, yielding market share benefits

(b) With price premium. Perceived added value sufficient to bear price premium

5 Focused differentiation Perceived added value to a particular segment, warranting price premium

6 Increased price/standard Higher margins if competitors do not value follow/risk of lo losing market share

7 Increased price/low value Only feasible in monopoly situation

8 Low value/standard price Loss of market share

Internal Review

SWOT

Strength

Weakness

- The company has over 207 stores around the euorope and of those 145 stores are located in the UK.

- Primark has very organised business structure. which provides good quality services to their customers.

- It offers a range of job opportunities and employees more than 30, 000 people.

<https://assignbuster.com/business-overview-of-primark-stores-limited/>

- It provides a high street quality clothes at reasonable prices to customers.
- Primark is part of the ETI (Ethical Trading Initiative) which focuses on worker's rights, their production of goods and bringing businesses together to work on labour rights issues.
- Primark provides clothing for childrens, men and womens of all ages, it also provide some home accessories.

A research company TNS who rank Primark as UK's second largest clothing retailer by terms of market share.

Primark has very affordable and competitive prices.

Mainstream market product quality.

Stores in High Street locations.

It has clear focus on the target market.

A strong consumer proposition has been developed for the Primark brand and embodied in the line " Look Good, Pay Less".

It has 28 days refund policies.

- Primark facing child labour in india and bangladesh for producing their embroidred clothes, although it is member of ETI (Ethical Trading Initiative). Due to these negative reports they stop working with three big organizations in India.

- It has poor working conditions and not properly giving their workers their full rights.
- Primark has problem with advertisement because the company does not advertise their products and this gives their competitors the advantage over them.

Employees overwhelmed by the amount of work to be done.

- Primark purports less value on ethical matters.
- Exploitation of the employees and abuse on labour force.
- Poor working conditions.
- The primacy of autocratic and rigidity on standard structures.
- Child labour.
- The primacy of autocratic and rigidity on standard structures.

Opportunity

Threats

- Primark expanding their business to opening more new stores in the UK and in euorope. And has now opened 17 stores in Spain to battle along its competition like Zara.
- Primark now has an opportunity to share their high quality products and services overseas.

- It provides a high quality clothes to fashion conscious people in UK and Euorope.
- Primark is a parent company for ABF.
- Primark's energy consumption in Great Britain is sourced against the green power generated and sold into the grid by sister company, British Sugar.
- Primark shares many of its suppliers with its competitors on the high street.
- Primark's are in great competition with other companies such as Zara and H&M which is their big threat.
- The other threat is that will it match the needs of the customer in terms of fashion and uniqueness?
- As the Primark do not advertise for their products while their competitors do. This can be a threat for Primark for not advertising.
- Financial crisis- credit crunch.
- Cheap quality product.
- The primacy of autocratic and rigidity on standard structures.
- Increasing competitive pressure: matalan, peacock, H & M.

Marketing Strategy

It is a great place to go for stylish, trendy clothes without the expensive price tag. Whether it's on the go or for something which can make up to look like a high street find.

Who are existing/potential Customers?

People from all ages and sex belongs to all classes such as lower middle to high class is Primark potential customers. They buy product on regular bases.

What are their current/ future needs?

People want to buy fashionable and trendy clothes.

How can we satisfy these needs?

Primark can satisfy their customers by providing them good quality clothes on affordable prices.

Why Should Customers buy from Us?

Customers buy cloths from Primark due to their high quality fabrics, fashionable designs and due to affordable prices. Also clothes are available for all ages and sex.

External Review

PEST

Political Factor

Primark's business operations are the aid of government policies and regulation for example providing proper working environment for their workers.

Primark is part of the Ethical Trading Initiative (ETI) to deal with workers and to improve their working conditions.

Primark's energy utilization in UK is sourced against the green

power generated and sold into the grid by British Sugar.

- Primark is a British clothing retail that promotes an ethical approach to people in factories and farms worldwide to improve living standards in countries with vulnerable conditions such as India and Bangladesh.
- Primark constantly implements training and work programmes to ensure that its employees follow the strict code of conduct of the company.
- “ Primark Better Lives Foundation” provides financial help to young people in developing countries.

Economical Factors

Primark more focus on young Consumer's especially the under 35 of age.

Every year Primark is expanding their business by opening new stores in UK and moved its business around Europe.

- Primark offers to customers quality of merchandise at a affordable value for money.
- Primark has a high percentage of customers loyalty.
- The retail contribute to the economy in developing countries, this provide employment.

Social Factors

It is a great owner for Primark by receiving several awards for being value retailer of the UK.

It now operates from 5. 4 million sq ft of selling space, which gives it

<https://assignbuster.com/business-overview-of-primark-stores-limited/>

the advantage of providing more goods and services and also can display more

items which consumers can see to buy their favorite product.

- Primark adapts to the cultural issues in developing countries such as local attitudes, government and legal requirements.
- The clothing retail base its strategies on trust and transparency to the benefit of the people.
- In collaboration with the community, Primark has specific recruitment programmes to reach a wider group of people such as Job Centers, Universities, local communities, also, flexible hours this brings an effective and friendly workplace.
- In addition, Primark has a “ home working policy” for those whose prefer to be at home.

Technological Factors

In Primark’s bid for world class, cutting edge management of its ethical auditing

Programme, it has signed a deal with BSI Management Systems for the provision of Entropy Software.

Primark did investment in Entropy Software which is a key part of Primark’s ethical trade strategy, allowing all supplier audits, non-conformances and

remedial actions to be managed through the Entropy Software platform, with much greater global visibility and management control.

- In general retailers as Primark take risk in developing new technologies by importing and exporting technologies from abroad, as focus on quality, cost and functionality, investing huge amounts of capital in manufacturing processes and aiming at high volume production. This process open new opportunities in developing countries and retailers can use it effectively.

Porter's five forces model

Porter's five forces developed by Michael E. Porter of Harvard Business School in 1979. Give a framework for environmental audit but tends to focus on the single, stand alone, business or SBU (Strategic Business Unit) rather than a single product or range of products

The threat of new entrants

The threat of new entrants is 'LOW' for Primark because of the high cost setup.

Power of the Supplier

Primark does not rely on one big supplier rather they have number of smaller ones. And so here the bargaining power of suppliers is 'LOW' with Primark.

Bargaining Power of the Buyer

Competitive rivalry

Competitive rivalry is "HIGH" in case of Primark as there are number of similar size players in the market with offering similar product and due to high cost on exit (Exit barrier).

<https://assignbuster.com/business-overview-of-primark-stores-limited/>

Threat of the Substitutes

Threat of substitutes is “ HIGH” because other company are offering similar products with low price and now it is very easy for customer to switch from one product to other as they have become more choosy.

Bargaining power of Buyers:

Degree of Buyers power is ‘ HIGH’, as there are multi players in the market and now customer are more sensitive towards the price so they visit every shop and then make decision and the switching cost is also not too high.

The bargaining power of buyers in this case is very high because of the multi players in the market. There are attractive substitutes available to the buyer even in the form of keeping the same cell phone number but changing the service provider. It makes very difficult for the market players to retain their customers. I think the brand loyalty can only be created through superior marketing campaigns and service.

Bargaining power of suppliers:

This is a type of industry where, at least in present times, the bargaining power of suppliers is at the low level because of the nature of inputs for the business. Moreover, with the deregulated and friendly environment given by the government of Pakistan, the industry has become more competitive and quality services driven.

Threat of substitute products:

Although the cell phone subscribers are more than 95 million now, still the threat of substitute products is high for the industry. Buyer inclination to substitute and price-performance trade off are the most important to consider in determining the threat of substitutes. Actually, just the subscription of cell phone service is not enough for a company to get optimal profits but the real challenges is that how many existing customers are using the service regularly for incoming as well as outgoing calls. The quality of service is the parameter.

Threat of New Entrants:

Threats of new company like Zong is also there. Which offers very attractive packages to customers. There can be some more companies in future who can enter in this industry.

Product Life Cycle

Where do Primark fit in terms of the Boston matrix?

Ansoff Matrix (Product/Market Matrix)

Source: http://tutor2u.net/business/strategy/ansoff_matrix.htm

Same Product – Same market (Market Penetration)

This is the least risky of all the routes. It fits well with the results of the customer profile analysis which shows that the WellData customer base contains significant numbers of large companies who are also national or Global in their nature. By focussing on the existing customers and cross selling or up selling, WellData have the opportunity to tap into a market

segment that already likes what they do and where the strength of internal customer references should work favourably on their behalf.

Same Product – New Market (Market Development)

This is a more risky approach as it involves WellData being able to clearly identify a new market segment in which to operate. Given the difficulty in identifying a clear segment in which they already operate, the danger is that the chosen segment is hard to define, hard to identify and hard to quantify. In addition WellData have no “ Brand” name outside their existing area of operation and in this aspect would face the same barriers to entry outlined in Porter’s analysis above.

New Product – Same Market (Product Development)

For WellData this lies between Market Penetration and Market Development in terms of Risk. They are already established in their own market place and have a good reputation amongst their existing customers. An area of relatively simple product development is the move to desktop support.

This is a function that WellData already carry out for some existing customer and which lies within their functional capabilities. They can simply offer the extended service to existing customers as an upgrade to the current services.

New product – New Market (Diversification)

This is a high risk approach and is not one that would be simple to bring about in Metro. The move away from current skill sets and current markets would place a burden on Metro that they are unlikely to want or be able to afford.

Recommendations

From the four directions above the Market Penetration and Product Development offer the lowest risk. The markets for the services (Database Admin and Configuration, and Desktop Support) are sufficiently large to allow for customer acquisition without enormous marketing expenditure.

Marketing

Management Process

Analysis/Audit – where are we now?

Currently WellData is a problem child. They have a small market share in a growth market. In order to grow they need to attack their existing account base and cross-sell and up-sell. Their sales revenue is just above a million and the ambition is to be a dominant player in the IT Support market place. To achieve this they have to focus their activities in areas where their strengths (technical expertise and a low cost base) can be brought to bear.

Product Strategy

Market penetration and Product development are the two key directions for WellData. The ease of access to the market and the related nature of the services opens up new areas to WellData without the risk of massive investment in either people, marketing expense or new technology.

Generic Strategy

WellData are transitioning from a focussed/differentiation strategy to one of cost leadership/ differentiation without a price premium. In Bowman's terms this would be a hybrid strategy. Such a strategy is designed to attract market share.

Pricing Strategy

Pricing strategies need to be rethought in order to counter the tactical threat from Quantix. WellData's "all you can eat buffet" approach has been effectively countered with the "Menu of the Day" approach from Quantix.

The 4 P's

MARKETING

PRICE

PRODUCT

PLACE

PROMOTION

Product

Style for men

With a range of brands from Cedarwood State to DenimCo, Primark has the fashion for all occasions. With everything from formal suiting and footwear to a more casual look in denim and T-Shirts. We have everything to put your look together and it's all available in your nearest Primark store.

Clothing

Our Butler & Webb range will cater for all of your formal needs, with cotton shirts, silk ties and a premium suiting range. Within our Backswing section we offer a full range of sportswear styles, from golfwear to ski-wear.

Accessories

Every fashion-conscious man needs to top off his outfit with the perfect hat, scarf, wallet or bag. Find everything you need for accessorising your look in our mens' accessories range.

Footwear

From formal shoes for that special occasion to our canvas shoes for a more casual look, the Primark mens' footwear range will take you from formal sophistication to street-savvy in no time.

Womenwear

Primark prides itself on providing its customers with up-to-the-minute fashion at affordable prices. Our aim is to ensure you get the right “ look” within our stores, so if you're looking for the latest fashion in clothing, accessories, footwear or lingerie, look no further than your nearest Primark store

Clothing

With everything from the latest styles to the essential items that keep you looking chic, Primark has it all. Skirts, trousers, cardigans, dresses, jackets and much more.

Lingerie

Fun, flirty or functional – it's all at Primark. And of course it's affordable lingerie with the quality that you hope for.

Accessories

Complete your look with the latest trends in accessories from bags to bracelets and everything in between.

Footwear

Diamonds may be a girl's best friend but shoes come a close second. At Primark we have an entire range to fulfil your inner fashionista and put the finishing touches to your outfit.

Everybody knows kids grow fast, so keep them in fashion at affordable prices at Primark. Your nearest Primark store has everything you need, whether you are a bouncing baby or a fashion-conscious teenager.

Girlswear

Every girl wants to look her best and at Primark we make no exception for the younger ladies.

Boyswear

When you think of boys, you think young and fun. At Primark we think the same and we ensure that all of our boys clothing is not only young and fun but also practical and affordable.

Babywear

Dress your bundle of joy, whether a boy or girl, in great baby basics to fashionable outfits. Everything your heart desires and your baby needs can be found in your nearest Primark store.

home

At Primark we know that Home is where the heart is, so if you're re-decorating or just want to add something a little special from fragranced candles to velvet throws, check out our homeware products to bring that little bit extra to your home.

You'll find sumptuous bed linen that can keep you cool in the summer and warm in the winter, including complete bed sets, duvet covers, two-pack hollow-fibre pillows and 100% cotton percale sheets. We have a range of duvets available in single, double or king sizes.

For the bathroom you can buy cotton towels in 11 colours and two-pack reversible bath mats. To enhance the pampering you deserve, we also have candles, all delicately fragranced in seasonal scents and colours.

And you can give your living room that feeling of class with products from our range of cushions and throws including cottons, chenilles and velvets.

www.primark.co.uk

Place

Ireland – 38

Spain – 18

UK – 145

The Netherlands – 1

Portugal – 2

Germany – 2

Belgium – 1

Total – 207

Price

Price

Tops- £3-7

Bottoms- £5-6

Denim- £12

Bags- £5

Purses-£3

Belts- £2

Jewellery-£1. 50-2. 00

Promotion

Social Networking

Much has been made of the emergence of social networking as a modern phenomenon especially amongst the young. However it is increasingly the case that modern legislation is preventing suppliers from communicating with potential customers unless the customer has already agreed (Telephone Preference Service, Corporate Telephone Preference Service, Mail Preference Service, Data Protection Act etc). This clear Catch-22 is forcing suppliers down two, increasingly expensive and unproductive routes.

Google Adwords

Media advertising

Social Networking (Facebook, Twitter, LinkedIn, Myspace etc) offers a new route to potential customers that is currently still open to businesses.

Although these routes are not free, they are still novel enough to attract attention and be considered as a user friendly/personal route to market.

However these routes are not without challenges of their own. The time and human resource required creating and, even more importantly, maintaining these pages on a daily or hourly basis is a considerable investment in its own right.

E. G. A Facebook page is free. Facebook adverts operate on a pay per click basis (similar to Google). Although these adverts can be targeted to specific job titles the actual number of people who will be targeted is still small as many Facebook users do not include their job title in their profile.

A combined approach of Twitter and Facebook seems to work well and have little external cost. IE Twitter an update (Windows 7 etc) and link it to Facebook. This gives two opportunities to get your name out to interested parties without massive expense.

RECOMMENDATIONS AND CONCLUSIONS

Primark can easily expand and diversify, giving its rivals a competitive environment with substantial financial power.<