

# Swot, pest and boston matrix analysis for sainsburys

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In order for Sainsbury's to be successful they need to consider certain factors. SWOT Analysis is a good method that can be used to ensure Sainsbury's consider all factors of the business.

**SWOT stands for: Strengths Weaknesses Opportunities Threats**

As swot analysis clearly outlines Strengths, Weaknesses Opportunities and Threats it is very clear to Sainsbury's what areas of the business they are successful in and which areas of the business need a little more work. Another method that may be used to identify more aspects relevant to Sainsbury's could be Ansoff Matrix.

The Ansoff Growth matrix is a tool that helps a business decide their product and market growth strategy. There are four sections in an Ansoff Matrix:

Market Penetration- This occurs when Sainsbury's enter an existing market with an existing product(s). Sainsbury's would seek to achieve four main objectives when using this.

To maintain or increase the market share of current products - Sainsbury's can achieve this by using a combination of pricing strategies, advertising campaigns, sales promotions and more recourses dedicated to personal selling.

Securing dominance of growth markets

Restructure a mature market by driving out competitors

To do this Sainsbury's would need to develop a much more aggressive promotional campaign supported by a pricing strategy that would be unattractive to competitors.

Increasing usage by existing customers

Sainsbury's would do this by expanding the amount of loyalty schemes they have. Encouraging existing customers to visit stores more often and buy more of products more often.

### **Market Development**

This is where Sainsbury's would seek to sell its existing products to new markets. There are several possible ways of approaching this strategy, some of which include:

New distribution channels- the more stores available by Sainsbury's in busy market areas would increase the amount of market share Sainsbury's has.

New geographical markets- Sainsbury's opening stores in other countries could expand the market quite widely.

Introducing different pricing strategies that may appeal more to different customers may be a good way for Sainsbury's to attract a wider market.

Product Development -This is the name given to a growth strategy where businesses aim to introduce new products to existing markets. This would require Sainsbury's to develop modified products to make them appeal to existing markets as well as thinking up totally unique products.

Diversification- This is the growth strategy where a business introduces new products to a new market.

This can be a more risky strategy as it means moving into an unfamiliar market with new products. For Sainsbury's to be able to adopt this strategy it must have a clear idea of what it wishes to gain and an honest assessment of risks.

### **PEST Analysis**

PEST Analysis is an extremely useful technique that Sainsbury's can use to identify aspects that may affect Sainsbury's and also highlight ways in which they can improve their level of success.

Political- Political issues that may affect Sainsbury's may first be due to relations.

If Sainsbury's has bad relations with other countries then this may make it difficult for Sainsbury's to be able to do business with them due to this. Also as the UK is part of the EU all the countries that are a part of the EU are available for trade, making it possible for Sainsbury's to take advantage of this and sell famous or popular dishes from these countries.

Economical- The economic factors that can affect Sainsbury's are things such as the credit crunch. At the moment as we are currently in a credit crunch this is a big issue to consider.

This can benefit but also be a disadvantage for Sainsbury's. It can benefit Sainsbury's as Sainsbury's can take advantage of this and put offers on for

its customers who are struggling more by this. Also, Sainsbury's themselves may be effected by this as the price for selling and such as decreased so Sainsbury's may find that they are not making as much as usual, also they may need to spend more than usual to be able to keep the same amount of stock and keep the business running. Knowing this Sainsbury's need to take all the measures available to improve the performance of the business.

Social- Sainsbury's can improve their business socially by looking into all the different cultures that have settled in the UK. Catering to the needs of other cultural groups could improve the performance of the business and also make the business more socially recognised.

Technological- Technical resources could improve the performance of the business dramatically including self service checkouts being introduced into the business mean customers can serve and pay for their own shopping. You may also be interested in BCG matrix of NESTLE

Also ensuring the best security software is used can increase the safety of both customers and the business as the buildings and property will be safely stored and also the customer's personal details will also be safe. Looking at the above we can see that Sainsbury's have many things that can be considered which could improve the performance of the business as a whole. To expand on what Sainsbury's have already learnt about the business and learn more about the products performance Sainsbury's could conduct a product life cycle.

Product Life Cycle A product life cycle could be another method available for Sainsbury's to use and this will evaluate every products activity. It will let us know how well a product is performing and what stage of the cycle it is at. This is a good method when it comes to identifying when a product is no longer worth providing. Sainsbury's taste the difference range. The above product life cycle shows that Sainsbury's taste the different range is currently just meeting the mature stage.

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Though the product life cycle identifies the stage the range is at within the business it does not show us this compared to the market as a whole, so we have no idea how well the product is doing compared to our competitors similar ranges. It also does not mention how much time it has taken to get to this stage in the market as well as this no number of sales has been shown, so though it looks like sales are doing well compared to the market as a whole this may be very small. It also doesn't show how much money the business is making and the cost of running the business.

I believe all the above techniques are very good at helping to make marketing decisions as it shows us what point the business/product is at and suggests how to improve the business as a whole or improve the individual products performance. As a whole Sainsbury's is performing quite well. It has many more strengths and opportunities than weaknesses and threats and also has a wide product range. Sainsbury's 'taste the difference' range is also at a mature level. Improvements could be made by having lower priced

products for those who have been affected more than others by the credit crunch. Learn more about Tide Detergent mission statement

Also Sainsbury's could have more stores located closer to family homes, this may convince people to use Sainsbury's more as at the moment Sainsbury's stores are mostly located away from busy areas. Though Sainsbury's has many methods above there are still more methods available to help Sainsbury's become more aware of ways of improving their business.

Looking at the Boston Matrix I can see that Sainsbury's taste the difference range have a high market share and are on a mature level from customers. Due to this I would place the taste the difference range as Cash Cows.