

Strategic analysis of argos uk retail company

[Business](#), [Company](#)



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1. 0 Introduction

This study will review Argos Retailer UK, an organisation, which focuses on customer services as its differentiating factor in an increasingly competitive retail service sector. In the course of this study we explicate how the organisation's marketing strategies align with its overall strategic objective.

In the current climate of economic recession carrying in its wake a wave of unprecedented company failure the need for survival and excelling others has become ever more important. Therefore, organisations such as Argos will need to develop innovative strategies to lure customers who are not only reluctant to buy products but are becoming very savvy in their choice of such products.

1. 1 Organisation Profile

This study will focus on Argos UK Retail Company, which is one of the UK's largest general merchandise retailing store. The company was founded in 1973 by Richard Tompkins and went into London stock exchange in 1990 after it had demerged from BAT industries. Argos UK sells over 18, 000 products in a week and services about 2. 5million customers respectively. It has about 7000 stores in UK and 51, 000 staff strength. Argos UK Retail Company is not part of a group, which includes Argos Business Solution. Argos Business Solution benefits from the scale of its combined buying and merchandising strategy. The retail brands provide the convenience of home shopping through different routes to market and services, Argos retail group includes Argos Limited, Homebase and Argos retail group financial services.

The organisation deals on retail product that is group into two distinctive brands of products. These include Argos and Homebase. The Retail products are toys, jewellers, small domestic appliances, furniture sports and leisure equipment. It deals on consumer's electronics and large domestic appliances, it also engages in retail services of Home improvement goods and garden related products.

Argos is one of the larges stores in the world. This company is well known for its new stylish and innovative design of wide range of electronics. The organisation offers a wide range of well- designed, efficient, quality and good home domestic products at low prices that attract a wide range of customers to buy their products. The group as a whole had annual sales of over 32. 4 billion pounds in the financial year ended in 2008.

1. 2 Objectives of Argo

This objectives is to develop Argo, a general framework for dynamically composing web services. Many scientific problems can be modelled as a workflow that includes information gathering and processing operations. We propose a unifying framework where these operations are modelled a web services and the scientific workflow as composition of web services.

This objective is to use Argo in an metropolitan planning application, in consultation with an advisory team of government representatives, from the Los Angeles County Metropolitan Transportation Authority, the San Bernardino Associated Governments, the Southern California Association of Governments and the Port of Long Beach.

This objective is to extend the transportation planning domain to address problems of urban spatial structure that heretofore have not been practical for socialscienceresearchers to study due to the lack of tools integrating and analysing available data.

1. 3 Definition of Globalisation.

Globalisationis the system of interaction among the countries of the world in order to develop the global economy. Globalizationalso refers to the integration of economics and societies all over the world. Globalization involves technological, economic, political, and cultural exchanges made possible largely by advances incommunication, transportation, and infrastructure and it refers to the rapid increase in the share of economic activity taking place across national boundaries. This goes beyond the

international trade in goods and includes the way those goods are produced, the delivery and sale of services, and the movement of capital.

The origin of the term Globalisation is often attributed to Marshall McLuhan's concept of the 'global village'. McLuhan (1962) observed that advances in electronic mass media were collapsing space and time barriers to enable people to communicate on a global scale. But this is just one aspect of globalization, albeit an important aspect of globalization, where the term 'global village' is used as a metaphor to describe the interconnectedness of the world through the internet and web. Other researchers attribute the globalization phenomenon to historical, social, political and technological changes, which have enabled the free flow of people, investment, products/services, information and knowledge across the globe.

This has led to a fundamental shift in the world economy, where national economies are no longer isolated from each other by barriers to cross-border trade/investment; by distance, time zone, language and by national differences in government regulation, culture, and business system. National economies are merging into an interdependent global economic system.

Globalisation in broad terms is the process of integration of countries and people politically, economically and culturally, into global communities. In the context of business, globalization is the phenomenon by which industries transform themselves from multi-national to global competitive structures. Multi-national companies have an international presence of some form or other, where global companies operate in the main markets of the world, and do so in an integrated and co-ordinate way.

Globalisation is much talked about in the media. Of course the term 'globalisation' is by no means the preserve of economists alone. Indeed it has been approached from the perspective of at least four academic disciplines, within each of which it tends to take on different characteristics.

- > Economists focus on the growth of international trade and the increase in international capital flows.
- > Political scientists view globalization as a process that leads to the undermining of the nation state and emergence of new forms of governance
- > Sociologists view globalization in terms of the rise of a global culture and the domination of the media by global companies
- > International relations experts tend to focus on the emergence of global conflicts and global institutions
- > Effects on National Economies Influence of International Institution Role and Responsibilities of the EU Membership.

The national economy is the engine of growth for any country whether it is a superpower with global reach or a small nation struggling to emerge from poverty. Every citizen is a participant in the economy, as they work to create income for their families, pay taxes, spend their earnings on products and services, or draw from government programs, such as welfare or Social Security. And yet the workings of the economy remain a mystery to most, even as the demands on our economic resources increase.

When one looks at the aftermath of the collapse of systematic soviet domination over politics and policy making in East Central Europe, one could be truly astounded at the amount of change that has occurred. Both the Czech Republic and Hungary are in the process of democratization while simultaneously integrating themselves into Western institutions. There is no question that the democratic transitions in Eastern Europe were spurred by the loosening of soviet control, and there affected by international influence. Democratic values, crucial to democratic consolidation, from outside could undermine other aspects of democracy, specifically plurality and rule of law.

Democratic policies imposed from outside might amount to rule by law, if policies put in place by domestic elites due to international pressure, are not adequately debated, supported, enforced and implemented at the local level. A consolidated democracy requires the full rooting of democracy, which can be seen by policy debate and policy choice for citizens.(Plurality) it also requires the internalization of rules and procedures (rule of law) and the human rights.(Pridham and Lewis) it is widely accepted that international influence, whether directly or indirectly, but as it is generally diffuse and not quantifiable the nature of the relationship has not been fully explored. We believe that the conditions of Post-Communism provide a filter through which this specific influence can be assessed. These condition can be generally defined as the need to develop the market economy and financial institutions.

This economic and social transformation and the desire to integrate remove socio- economic issues from the political landscape. The nature of post-

Communist transition therefore provides a unique opportunity to assess the ability of international institutions to craft democracy from the outside and ‘assist’ democratic consolidation. My research considers plurality and dissemination of democratic values through looking at domestic and international influences on minority policy, central to democratic values, as well as looking at rule by considering how this policy is internalized and implemented and enforced at local level.

This research, by isolating the international influences on aspects of democracy also has policy implications for wider European Democracy. International influence affects all democracies but its effects are difficult to distinguish from domestic influences in established democracies. Hopefully due to the prism that post-Communist environment provides (though it has unique characteristics, the international influences are universal), we will be able to ascertain what increasing international influence and democratic crafting means in wider context, beyond post-Communist transition.

Over the past two decades the functions of international economic institutions have greatly expanded to include programmes and policies, which affect a wider range of people, groups, and organizations than before. Where previously people could hold their national governments to account for such policies, they must now look to international institutions where the decisions are being made. But to whom are these institutions accountable and are they accountable to those whom they directly affect? This course work sets out to answer that question in respect of the International Monetary Fund (IMF), the World Bank, and the World Trade Organization (WTO). The

World Bank and the International Monetary Fund(IMF)which are meant to assist governments in achieving development aims through the provision of loans and technical assistance. They have championed the trade liberalization policies mentioned above. Governments and these international institutions are in determining the outcome of globalization.

1. 4EFFECTS OF EU MEMBERSHIP OF BRITAIN ON ARGOS

Home Retail Group , owner of Argos and Homebase, warned yesterday the weakness of the pound could push up prices of non-foodgood as sourcing costs for retailers rise by up to 10%. At the same time it predicted another year of sharp sales declines at its chains. Home Retail chief executive Terry Duddy said the group was planning for 2009 to be a “ as difficult as 2008”, when profile fell 24% to ? 32m. He said the weak pound would be a “ headwind” for all non-food retailers, predicting cost inflation of up to 10% on foreign- made goods. More than half the group’s goods are made in china. “ our main worry is the impact sterling may have on product pricing and therefore the impact it may have on consumer demand.”

Despite some lower costs, such as shipping, down 60%, retailers, suppliers and consumers would have to share the pain: “ we will raise prices where we can but at the same time maintain our price position.”

Home Retail is cutting 1, 300 head office and supply chain jobs. It has also cut shop workers’ hour and will open fewer new outlets this year. Despite these measures some analysts think profit could fall by the spending downturn, with half of Argos sales from consumer electronics and

Homebase's fortunes linked to the housing market, which remains frozen. Like-for-like sales were down 10.2% at Homebase and 4.8% at Argos in the year to February 28. Duddy predicted similar falls this year. Argos, Britain's second largest consumer electronics retailer after Curry's owner DSG International, said sales of discretionary items such as flat-screen TVs had slowed "substantially". The underlying weakness of non-food retail may affect possible cash calls. DSG is thought to be assessing investors' appetite for a £300m rights issue and share placing that could come imminently.

Home Retail fell to an operating loss of £402m after writing down the value of Homebase by more than £650m. The dramatic move is an admission it overpaid for the business, which it bought for £950m in 2002. Profits at the chain were down nearly 70% at £14.9m, compared begun to see Argos-home of £4.69 kettles and £15.59 DVD players- with new eyes. With a 19% decline at Argos to £303.6m.

Duddy said Homebase had held market share: "B&Q has been quite vibrant {lately} but for five to six years Homebase was outperforming them."

Home Retail benefited from the collapse of rival retailers such as Woolworths and MFI last year.

2.0 Economies of Adopting Policies of Environmental Awareness

Trying to promote an environmental message within a company as geographically and operationally diverse as Argos is a major challenge. My research evidence reveals that Argos are aiming to get the message across to all members of staff that the work they do can have an impact on the

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environment, in which they live, work and play. They are developing training packages that are tailored to different audience to ensure that all employees, from senior management to operational quayside staff, are aware of the possible environmental implications of their actions. The development of Argos intranet is making the internal dissemination of information available to a much wider audience than traditional training methods.

The Aim of Argos is for their staff to be as aware of environmental issues as they are of health and safety matters and to consider the effects their actions might have, even if it is something as simple as switching-off lights in an unused office, or making sure that a computer printer is switched off over the weekend. Not only will this save energy, but it will also save money and they hope the good practice will be implemented beyond the work environment.

As educators, the major objective should be to educate people to use plant resources sustainably through:

- > promoting awareness among policy makers in the community
- > providing training for botanic garden staff and selected group leaders in the community.
- > promoting greater public awareness and motivation for environmental action.

2. 1 Atmospheric Pollution

Leading high street retailer Argos is trialing a new process for the waste arriving at its distribution centres from stores, with the aim of further reducing the volumes going to landfill.

Despite having an impressive record on waste, (Argos currently recycle over 80% of the rubbish produced, 9 of its distribution centres are ISO14001 accredited and a store-wide scheme has been introduced to reduce the waste amounts going to landfill) the new trial aims to tackle the remaining rubbish to further reduce volumes.

Mark Jones, Distribution Project Manager said: “ Our internal ‘ Argos Cares’ scheme has proved very successful in reducing landfill waste from stores. This trial will drive this process further. The business is committed to reducing landfill waste to help the environment and reduce landfill costs as a result. If we can find a similar solution at other regional distribution centres we could potentially see cost savings in to the business of ? 40, 000 over twelve months.”

The trial, which commenced in mid-January, will continue with two collections per week from Magna Park distribution centre. Argos expect to gain valuable feedback on the content of the compacted rubbish from the contractor, Cwikskip. This, in turn, will reinforce the need to further improve the waste segregation rates in the Argos stores. If the trial is successful Argos will seek to find similar solution at their other 8 distribution centres and elsewhere across Home Retail Group.

2.2 The hole in the ozone layer

Cwikskip Waste Management Services are collecting the compacted loads from Magna Park twice a week and moving it to their material recycling facility (MRF) at nearby Rugby. Once there, the loads are then sorted to ensure that as much as 98% of the store and distribution centre waste generated will be recycled.

The hole in the ozone layer

A remote measuring system, which is based on the principle of differential absorption and diffusion lidar, is developed for detection of nitrogen dioxide, sulfur dioxide, and ozone. The ARGOS (Advanced Remote Gaseous Oxides Sensor) system uses differential absorption of light with different wavelengths: for that two short light pulses from pumped dye lasers are simultaneously sent in the atmosphere. A three component Doppler sodar is used for measuring wind direction and velocity. The system allows atmosphere backscattering coefficient to be estimated as a measure for spray and dust concentration in the air.

The ozone layer in the stratosphere provides protection from harmful solar ultra-violet (UV) radiation. Manmade ozone depletion is caused by the mass use and emission of chloro fluoro carbon (CFCs) and other ozone-depleting substance (ODS). This has led to an increase in harmful ultraviolet radiation and the incidence of irradiation-induced skin cancer.

Ozone depletion is estimated to be greatest over the western parts of Europe where chlorofluorocarbons have been commonly used in refrigerators and

aerosol propellants. In these same countries, other ODS have also been used extensively, for example as coolant, foam and cleaning agents.

2.3 Wastes

Population growth, increasing urbanization, industrialization and rising standards of living have all contributed to an increase in the amount of waste generated in the EU countries. In 1995, the total amount of waste generated in Eu-15(excluding agricultural waste) was estimated to be 1.3 billion tonnes (or 3.5 tonnes per capital). These figures show a 10% increase in total waste production between 1990 and 1995. very shortly, annual waste levels will be approximating 2 billion tonnes, with gains from recycling measures outweighed by an increase in economic activity and total waste production (European Environment Agency, 1999).

Countries are faced not only with massive volumes of waste but also with the challenges related to hazardous wastes materials. Each year, the Community generates around 40 million tonnes of Hazardous waste. Waste, which arise from virtually all- human activities, can be broadly classified with respect to their source. The major categories include ' municipal waste', industrial, agricultural, sewage and nuclear waste, levels for which are shown in Argos household and public wastes

An efficient way to cut down the volume of waste is to reduce the use of packaging and to recycle paper, cardboard, plastic, aluminium tins, and glass. Levels of recycling in the member states range from 28% to 53% for paper and cardboard (EU average 49.6%) and between 20% and 76% for

glass (European Parliament, 1999). These figures highlight extreme variations in performance between the member states.

2. 4 Measure to improve health and safety in the work place.

In December 2005, a full safety management review was conducted and in January 2006 the Argos and Homebase health and safety teams were merged together. The current team of 12 is led by our Health and Safety Manager, who is also chair of the British Retail Consortium's Risk and Safety Policy Action Group, which ensure we keep abreast of current thinking and in this area.

A key aspect of the review was to develop an approach to health and safety that drew on best practice within Argos and Homebase, and to develop a system that was straightforward and simple for our colleagues to understand and use. We call this programme 'Simple Safer'. We have taken a stepped approach to introducing this programme focusing our efforts on Argos first and then Homebase.

Key attributes were consultation with our health and safety champions, who were elected by employees at our location and whose role is to represent the view of colleagues at regular health and safety meetings and during the implementation of our simple safer programme. We have also rationalized the number of risk assessments performed by our colleagues. For example, in Homebase we reduced the number of different assessments types from 180 down to 30 integrated templates, which can be tailored to suit individual site circumstances. The feedback from our colleagues on the introduction of this new way of working has been very positive.

In order to make our health and safety policy statement effective, we have established a health and safety management, control and support structure as a framework for activity that reaches every part of our Group. The Group HR Director is responsible for implementing the health and safety policy and has established and chairs a health and safety risk management group comprising senior management representative from all area of the business. The committee's role is to keep under review the effective management of health and safety across the Group and to provide the executive directors with appropriate advice and guidance. The health and safety management group meets quarterly and minutes of the meeting are produced and circulated across the business. We recognize that different areas of our business need to be actively involved in health and safety management so to facilitate this we have set up a number of committees that report into the health and safety risk management group. All health and safety committee members are provided with information, attend update meetings and consult over health and safety issues.

Each store or site manager is responsible for implementation of the Group's health and safety arrangements in their own store or site. In addition, it is our intention that every store and distribution centre will have an appointed health and safety champion (currently in place across Homebase and underway in Argos). They are responsible for representing the employees and promoting health and safety agenda in their location.

Each operation office and distribution centre also has a site health and safety committee chaired by an appropriate manager. We are currently in the

process of rolling this into all stores and we expect this to be completed in 2007.

We provide health and safety training to all our new colleagues, mainly through the induction process. Specific health and safety training is also provided for those individuals required to manage and supervise others. We regularly monitor our health and safety performance across the business. For example, stores undertake and record regular assessments, including all relevant fire safety checks. They also conduct a periodic checklist and there are various other checks based on the risk assessments and accident/incident experience (e. g Ladder register fire alarm checks etc.)

Every store conducts a formal self-audit on business critical issues, which are collated and reviewed by line managers. Any failure can lead to disciplinary action. In addition, the health and safety team regularly audits stores. Action plans are produced for failing stores and the results are linked to bonuses. The health and safety champions are also involved in reviewing these and conducting re-audits on stores in their area.

We provide a bullying; harassment and stress help line, which gives employees access to trained counselors. In addition, all employees can be referred for face to face counseling through this service.

3. 0 Responsibilities of organization to improving workforce welfare.

AEGON today announced that an agreement has been signed to acquire a 49% interest in Seguros Argos S. A. de C. V., a Mexican life insurance

company specializing in the sale of life insurance to individuals through their employers (the worksite marketing channel), for an undisclosed sum.

AEGON's existing operations in Mexico include AEGON Direct Marketing Services, which works with insurance companies, banks and other financial institutions to provide direct marketing service. In addition, Transamerica Reinsurance (an AEGON company) is active in the life reinsurance market in Mexico. Executives started Argos in 2002 with a long tenure in Mexican insurance market. At the end of 2005 Argos had more than 420,000 policies in force and 1,266 million pesos (EUR 86.6 million) in premium income. We welcome this opportunity to further expand into Mexico's life insurance market with one of the country's leading providers of individual life insurance and related saving and investment products," said Don Sheppard, Chairman of AEGON's Executive Board. This investment is consistent with AEGON's strategy to expand into countries that offer long-term growth opportunity for the products and services we look forward to working with Argos to build on their solid platform.

Over time, as our client grew familiar with the translation services that Argos Translations offered, they began to request additional assistance in the medical device market. This occurred largely due to the fact that we were based in their targeted local market and thus could offer additional business support. Many of our clients not only needed their devices localized and their documents translated, but also needed to understand the regulatory issues connected with entering central and Eastern European markets. Argos Translations understood that by being able to offer a turnkey solution that

would include assisting in market entry as well as taking care of the translation/localization process; we would provide our clients with unique additional benefits.

As a result, Argos Translation joined forces with PMR Consulting, a local consultancy firm with the reliability and extensive experience that complemented Argos Translations services. The result of this collaboration is an offer of a complete solution for all medical device manufacturers interested in entering East European markets. This white paper has been commissioned by Argos Translation and is intended to provide investors with information about the basic devices. While some of the issues raised in this white paper may be common across other East European market it is important to note that each country has its own regulatory requirements and thus it is important not to draw any far-reaching conclusion about the region without consulting a local expert for advice.

3. 1 Approaches to the management of diversity

Fishing is an important industry, dependent on a natural resource. To protect stocks, satellite monitoring of fishing fleets has been made mandatory by certain governments. Such surveillance can guarantee that application regulations concerning authorized zones and quotas are enforced.

The Argos Net solution development by CLS enables authorities to determine the position of fishing vessels, and to monitor fishing activity and catches. Indonesia, Peru, Europe, the United State, Korea, Chile, Taiwan and many other countries rely on CLS to monitor vessels flying their flags or operating in their waters.

To improve security for shipping, the International Maritime Organisation (IMO) requires all ships over 500 tonnes to be fitted with an onboard warning system (SSA-Ship Security Alert System). One of these systems, called Shiploc, is based on the Argos system and enabled ship owners to comply with IMO standards and monitor their fleet continually.

In the event of an incident, the crew activates an alert button which automatically sends a signal to land. In the framework of an international agreement, Shiploc has joined forces with the anti-piracy centre at the International Maritime Bureau.

The Argos system provides vital support for UN humanitarian programmes. Hundreds of transmitters have been installed throughout the world to verify distribution of resources, use of food rations, and a number of crucial parameters concerning the schooling of children. In the event of epidemics, Argos transmitters also inform authorities and humanitarian associations about the zones at risk and the number of individuals affected.

4. 0 Conclusion

This course work has examined the impact of globalization and EU integration of Britain on Argos Retail Group. Globalisation and Integration has brought wider benefits to many countries and organizations, but has equally resulted in challenges never before imagined.

The management of Argos in the wider environment must evolve to take advantage of new emerging markets. Such management must be innovative

in adopting new set of precepts and protocols that are robust to accept changes in market dichotomy and technology.

Competition has increase as a direct result of globalization and European integration. There are new entrants and players in the retail market that can not only challenge Argos but also possible take away its business. Such threats must be anticipated and clearly articulated in advance there by setting the scene not only to embrace change but to also covert the threats into opportunities.

There are also issues of legislation, which now ps across boundaries. The national regulatory environment, which hitherto determines the mode of operation, has now been expanded to wider legislative environment. The management of Argos will need to learn and implement new wider rules and regulations in order to survive.

In conclusion, one must postulate that globalization creates new avenues of opportunities. Argos must take advantage of the opportunities whilst at the same find innovative ways of converting the threat of globalization and integration into advantages. Sadly, research shows that Argos has not fully embraced this concept although efforts are being made to effect the changes that must happen.

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