

Marketing analysis of morrison's plc marketing essay



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This assignment presents a detailed strategic marketing analysis of Morrisons plc. The supermarket retailing industry has become highly competitive in the U. K and unlike other developed regions in the world, still shows potential of growth opportunities. However it is also vital to acknowledge that opportunities are available for only industrial players who are willing to provide high value for customers at competitive prices. From being a regional player, Morrisons have arrived at a major crossroads by acquiring Safeway supermarkets and it has come to challenge the major national and global competitors. As a result, it is critical to conduct a comprehensive marketing analysis in order to forge ahead.

Introduction

Wm Morrison Supermarket plc is the fourth largest chain of supermarket in the United Kingdom and headquarter is located in Bradford, West Yorkshire, England. The company is usually referring brands as Morrisons and this company is part of the FSTE 100 index. The company was founded by William Morrison in 1899 and it was begun as an egg and butter stall in Rawson Market, Bradford, England. The company was primarily focused on north of England but it has 425 stores across the United Kingdom. The company marketing share was 11. 8% in December 2008 which is smaller than other retailer in the United Kingdom but is far higher than Co-operative Group (4. 4%). The Morrison family currently owns around 15. 5% of the company. This assignment is critically evaluating strategic improvement of the company by using analytic modules (PESTLE, SWOT and Porters Five Force analyses).

Morrison strategy plans

The company is focusing to get more customer for their business so they planning and using different strategies so their main focus is that sells fresh food items which is like fresh vegetables and fruits and the company have fresh food factory and they are aiming to sells all type of packing food, for example pizzas, pies, cooked meats and sausages as well as packing cheese and bacon. The company is getting meats products directly from butchers so customers like to buy this sort of products so this strategy is helping the company. This strategy planning is call like “ Food Specialist for Everyone”. They are concerning about freshness and money also so they sell in great value for saving customers money and they are offering promotional things. They are different from other supermarkets as they produce fresh food for their stores by making it in-store or in their own manufacturing facilities. They deliver to their stores using their own distribution network. So their strategy is simple and builds on our historical strengths of offering great value and fresh food and also they are trying to open new store in local town and shopping centers.

Macro environment of Morrison

Pestle analysis

Concerning environmental protection the industry has to be aware of several legislation e. g. laws concerning emission or waste disposal. Food, so as non-food retailers will be influenced by the forthcoming waste management regulations proposed by EPA (Environmental Protection Agency), which will increase costs of these businesses.

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After past food scares such as ' BSE' and the ' Food and Mouth Disease', new threats by bovine tuberculosis and chronic wasting disease will sharpen national and supra-national food safety laws and regulations. An animal disease crisis could even “ devastate milk- and meat-production” and therefore, the production of ice cream, meat, cheese, etc.

Furthermore, there are standards for nutrient descriptors such as “ light”, “ reduced fat” and “ low fat”, set by governmental and European agencies like the European Food Authority (EFA).

Especially the UK Competition Commission and the Office of Fair trading (OFT) are ' watching' the main players of the UK supermarkets. This is caused by the high cumulative market share of the top five UK supermarkets (between 14%-24%).

Other problems may arise within the e-business, due to too high fees and too complex regulations introduced by the government of the UK and EU compared to other countries such as the USA.

Economic Influences

The UK food retailing industry is less influenced by seasonality, except the Christmas times were usually a growth in sales occurs.

Another important influence can be found in the prediction of an economic growth in the next years. However, sales have dramatically been decreased in the past three years due to the slowly economic recovery of the USA.

Other factors may be seen in the weak economy of Europe and other

countries which make an upward trend in sales very hard to achieve (ANovember 2003, p. 29).

Social – cultural influences

The UK is experiencing a trend towards healthier food, as well as implying a strong growing awareness of environmental friendly packaging.

However, since the 21st century there has been an increasing consumer preference for quality products with good tastes. The UK population is also becoming more and more experimental within their eating habits. In the past years a trend towards the desire of exotic fruits, fish, etc. may be noted.

Technological Influences

In the food retailing industry, specialized equipment and trucks, such as freezer trucks are necessary to guarantee exclusive taste and quality. Therefore, a well-trained workforce is essential.

Electronic commerce has become a main marketing and distribution channel. Tesco, major competitor of Morrisons, has embraced online marketing and distribution in a high profile manner. This has compelled Morrisons to invest heavily in this area.

Service provision and customer transactions are all changing rapidly due to advancement in information technology. EFTPOS and other technologies are required to be continually updated in order to ensure customer excellence.

Automation of processes has resulted in lesser number of staff in the recent years.

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Both internal and external communications methods have improved recently due to the increased usage of Internet, Extranet and Intranet.

Supply chain and value chain integration has advanced recently and is a major area, where investments are needed to gain competitive advantage.

Legal influence

Local political and legal factors are those relevant to the individual supermarket stores. Morrison face major local political and legal implications such as obtaining local council permission to open a store, working with local government agencies to provide with employment opportunities, environmental and health standards, etc.

Global factors such as terrorism, warfare, political stability of major markets such as the U. S, Japan, etc. will all influence Morrisons.

Swot analysis

Weakness

‘ Online Retailing’ is a concept that is highly attractive in terms of potential growth. However the company lacks both strong Information Technology infrastructure and market share for this concept.

‘ Health & Beauty’ is not a very attractive segment given Morrisons market share and the saturation of the industry. Nevertheless given the company’s retailing strength could be included under this category.

' Home & Leisure' and ' Music & Video' are concepts that are not attractive for the company at all. These provide no scope both in terms of industry attractiveness and business strength.

Porter's five forces

Industry competitors

The supermarket retailing industry is a highly competitive. However it is dominated by only 4 major players. They are Tesco, Asda, Sainsburys and Morrisons. Morrisons is going to improve its position to fourth by taking over Safeways. Amongst the other three competitors Tesco is in the forefront followed by Asda (owned by U. S retail giant Wal-Mart). These two possess great threats to Morrisons due to their sizes, financial strengths and cost efficiencies. Sainsburys possess lesser degree of threat due its current financial problems and inefficient operations.

Threat of Substitutes

Substitutes could be viewed as various individual groceries, off licence, specialist outlets and franchised store chains such as Londis, Budgens, Cost-cutters, etc. At the moment, the threats are subdued. However the concept of smaller franchised store chains are gathering in popularity and could become a considerable threat in the future.

Bargaining power of Buyers

The buyers are customers of Morrisons. Their bargaining power is very high due to the availability of several alternatives. If the buyers are not satisfied,

they will easily switch options and the switching costs are very low. In addition, due to the hyped information awareness the customers have full details about demand and actual market prices.

Bargaining power of Suppliers

Morrisons has up to now been not threatened by the bargaining power of suppliers greatly. This is partly due to its policy in house sourcing of major proportion of its products. However with its market expansion, especially in terms geography has necessitated the search for new suppliers. Therefore future bargaining power of suppliers is highly unpredictable. On the other hand Morrisons will be able to use its economies of scale advantage to subdue the suppliers.

PRODUCT LIFE CYCLE ANALYSIS

If supermarket retailing industry's life cycle is considered, then it would be appropriate to mention that it is in its maturity stage.

However in the U. K market, Morrisons as a whole, is still in its growth stage with opportunities for growth in certain categories, which could rather be described as concepts and not products, because each of these will consist of many products.