

Strategic marketing analysis of morrison's 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.

Patrimonial Strategy of the company should be analysed as an initial step to identify the basis of its competitive advantage. There are three types of patrimonial strategy (cost leadership, differentiation and a niche) from which would define the basis of the competitive advantage. Morrisons as a whole couldn't be considered as the player of a niche because it has resources and abilities to compete on wider basis. Though the company differentiates itself from the competitors through its actually marked products, concept ‘ the Market-Strit ‘, etc., the kernel of its competitive advantage is in its ability to

provide a privilege of cost for its clients. It has been reached through surpassing integration of system of deliveries and ' any frills ' shops for clients. The company underlines culture ' the client at first ' the politician within all its actions which demands granting of pleasant experience of shopping for all its clients. However it is important to appreciate difficulties, with which there would be a company coherently to support its general values in the future when it gets Safeways. The company has a sound and united internal system which incorporates in house manufacture, logistics and marketing. Further ' Selling Information systems ' and ' New Systems of development of a product/concept are well united. The main lack consists that at Morrisons there is no well developed network of information technology, such as Tesco and other main competitors. At Morrisons there is a management style focused on result with a special emphasis on profit growth, expansion and creation of riches of the shareholder. 9 %-s' growth of profit and 27 %-s' increase in dividends for a share of company in 2002 have reflected it. The role of leadership of sir Ken Morrison flows the cascade downwards operational employee of level to influence productivity. With acquisition Safeways it will be the important requirement for the company to underline the same management of style in the future.

This is a strong hold area of Morrisons in which its strategies are clear. The company gives importance for recruitment, training and development and appraisals programmes in order to build its human resources. Even so, Morrisons still lack a sophisticated training and development programme targeting bottom level operational staff so that they will improve well-rounded skills on a continuous basis. Another factor to consider is the

integration of staff when Safeways is taken over and the ramifications of such integration. Core skills of Morrisons lie in its ability to provide a value for money shopping experience to its customers. The organisation has a complex structure due to its multifarious operations. Nevertheless it has to be accepted that it is a requirement to have managers with different responsibilities in order to operate different in house brands and stores and also a head office to co-ordinate all of the company's activities. Morrisons also face the post-acquisition challenge of ensuring compatibleness of Safeways structure with its own.

THE BUSINESS ENVIRONMENT OF MORRISON

Business environment of the Morrison can be macro and micro so macro environment always analyze by PESTEL analysis which is include political, economical, social, technological, environmental and legal same time micro environment of company analyze using of competitors, suppliers and customers.

MACRO ENVIRONMENT OF MORRISON

Macro environment analyze by PESTEL analysis which is below.

PESTEL ANALYSIS

Political force

The government has announced some laws which are concerning about environmental protection that the industry has to be a aware of several legislation for example laws concerning waste disposal. Food so as non food retailer will be influenced by the forthcoming waste management regulations

proposed by EPA (Environmental Protection Agency), which will increase costs of these businesses. 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 force

The British food industry of retail is less under the influence of seasonal prevalence, except the Christmas-tide usually there was a growth on sales, occurs. Other important influence can be found in a prediction of economic growth next years. However, sales have been sharply reduced for last three years because of slowly restoration of economy of the USA. Other factors can be noticed in weak economy of Europe and other countries, which do an ascending tendency on sales very difficultly to reach (A November 2003, p. 29).

Social influences

Aging population of the country has an important influence upon Morrisons. It has become a necessity to provide with more products to meet this category of customers. In addition it is a requirement to provide a friendly shopping environment for the mature customers. Another implication of the aging population is the availability of employees in the future. There will be fewer younger people in the future for employment and people may also start to retire late as a result. Slow eradication of the class system in the U. K has led to a situation where different types of customer segmentation, targeting and positioning are needed. Busy lifestyle has resulted in the requirement for late openings. Both good and bad publicity could be gained on these matters. More and more customers are concerned nowadays with ethical buying. The concept of greenness is in vogue and there is a requirement for environmentally friendly activities, embracing the whole spectrum of value chain. U. K has increasingly become a multi-cultural society with the acceptance and learning of different cultures. A major implication for the food and grocery industry is the growing variety of Indian, Chinese and other indigenous goods. This is clearly reflected by Morrisons takeaway menu, which includes the above food types.

Technological Influences

In the food industry of retail the specialized equipment and trucks, such as deep-freezer trucks are necessary to guarantee exclusive taste and quality. Therefore, well trained labor is important. Electronic commerce became the main marketing and the distribution channel. Tesco, Morrison's main

competitor, has captured online marketing and distribution in a high manner of a profile. It has forced Morrison to invest the capital in the big degree in this area. Granting of services and consumer transactions all change quickly because of advancement in information technology. EFTPOS and other technologies are obliged to be continuously updated to guarantee the consumer superiority. Automation of processes has led to smaller number of staff last years. Both internal and external communication methods have improved recently because of increased use of the Internet, Extranet and Intranet. Integration of system of deliveries and a chain of creation of value has promoted and is recently the main area, where investments are necessary to get competitive advantage.

ECOLOGICAL FACTORS

During the recent years environmental friendliness and ethical issues have become a critical area for businesses. Both good and bad publicity could be gained on these matters. More and more customers are concerned nowadays with ethical buying. The concept of greenness is in vogue and there is a requirement for environmentally friendly activities, embracing the whole spectrum of value chain.

Legal influence

Local political and legal factors – concerning separate shops of a supermarket. Morrison's person the main local political and legal consequences, such as reception of the permission of local council to open shop, work with agencies of local authority to provide with employment possibilities, ecological and medical standards, etc. Global factors, such as <https://assignbuster.com/strategic-marketing-analysis-of-morrison-marketing-essay/>

terrorism, war, political stability of the main markets, such as the USA, Japan, will influence all etc. .

SWOT ANALYSIS

Strengths

The company have much strength for their growth that's why company is growing so fast. They are giving food product for cheap prizes and also the product are in good value as same time they sell fresh food like fresh vegetable and fruit and the company have factory own packing so most of customer like to buy food from this company. They also sell non food items which are up to 12 000 product. They sell 90% of food product in the United Kingdom compare to other retailer.

Weakness

' Online Retail ' is concept which is very attractive from the point of view of potential growth. However the company lacks and a strong infrastructure of Information technology and in a dale in the market for this concept. ' Health and Beauty ' aren't very attractive segment, given a share in market Morrisons and industry saturation. However considering retail of the company force could be included under this category. ' Home and Leisure ' and ' Music and Video ' are concepts which aren't attractive to the company in general. They don't provide area both from the point of view of industrial appeal and from the point of view of business force.

Opportunities

Morrison has many opportunities for their development. The company expands their business to other market also because they were mainly focusing food product but they aim non food items also. They introduce more quality products. And they open small stores in the local towns and shopping centers

Threats

The company produced much more packing products so this is against the environmental protection. Increase number of competitors is in retail business for example Tesco, Asda and Sainsbury. The government announced new rules for food safety laws and regulation.

PORTER'S FIVE FORCES

Industry competitors

The supermarket selling at retail the industry, is very competitive. However it in the power only 4 large players. They – Tesco, Asda, Sainsburys and Morrisons. Morrisons is going to improve the position to the fourth, occupying Safeways. Among other three competitors of Tesko is in the center of activity accompanied Asda (belongs American retail huge Wal-Mart). These two possess the big threats Morrisons because of their sizes, financial potentials and stand efficiency duties. Sainsburys possess smaller degree of threat, due its current financial problem and inefficient operations.

Threat of Substitutes

Replacements could be considered as various separate groceries, from the license, exits of the expert and the authorized chain store systems, such as Londis, Budgens, cost Cutting torches, etc. threats are subordinated now. However the concept of the smaller authorized chain store systems gathers in popularity and could become considerable threat in the future.

Bargaining power of Buyers

Buyers – clients Morrisons. Their market power occurs very highly because of availability of several alternatives. If buyers are not satisfied, they will easily switch variants, and switched expenses are very low. Besides, because of exaggerated information understanding clients have a full statement about the requirement and actual market prices.

Bargaining power of Suppliers

Morrisons the market power of suppliers very much till now didn't threaten. It occurs partially because of its policy in $\tilde{D}^{\frac{3}{4}}\tilde{N}\tilde{E}\tilde{N}\tilde{D}$, $D^{\frac{1}{2}}D^3D\mu$ houses of the main proportion of its products. However with its expansion of the market, especially in geography of terms demanded search of new suppliers. Therefore the future market power of suppliers is very unpredictable. On the other hand Morrisons is able use the advantage of economy at the expense of manufacture growth to subordinate suppliers.

PRODUCT LIFE CYCLE ANALYSIS

If a supermarket selling at retail life cycle of the industry, consider, it would be pertinent to mention that it is at the maturity. However in market U. K, Morrisons as a whole, is still at its stage of growth with possibilities for

growth in certain categories which could be more likely described as concepts and not products because each of them will consist of many products.

CONCLUSION

As Morrisons compete within retail industry U. K, and hasn't extended at the international level, my analysis has been limited by ecological values U. K. However in cases where the Global prospect is required, it has been analyzed so. The comprehensive analysis presented above provides the foundation for the development of future strategies of Morrisons

RECOMMENDATION

Morrison should inform the Government's climate change risk assessments by reporting on the current and predicted risks to their organization and its supply chain. They should also play a role in building Britain's resilience to climate change while cutting emissions that contribute to those changes. I would like to see the BREEAM assessment or similar standards rolled out in all new store development and for all stores as part of the normal refitting regime. The company should consider use of the incoming feed-in tariffs and the renewable heat incentive either as a direct investment in their long-term heat and energy emission cuts, or by leasing space (roofs or land) to community-owned projects. Retailers should continue working with organizations such as WRAP (and their Court auld commitments) and play an active role in approaching packaging and waste issues. They should promote strict targets for landfill and packaging reduction while protecting consumer safety. I want to see all retailers actively involved in-store and within the

wider community to engage consumers on minimizing food waste. All
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retailers should work with their suppliers on improving the efficiency of farming systems, sharing best practice in improving biodiversity on farms and raising the bar on animal welfare.