

# The external factors of up market waitrose



**ASSIGN  
BUSTER**

This essay is going to analyze the external factors of up market Waitrose by competitive advantage (CA) of corporate strategy. It will particularly explain how Waitrose achieves and integrates all the resources and competitive advantages into products and services value in external forces, according to Waitrose's recent strategies and explain how and why it will do so in the face of external forces. The Waitrose external forces include: Political, Economic, Socio Cultural and Technology.

## **Background**

Waitrose Limited is an up market chain of supermarkets in the United Kingdom and is the food division of the British retailer and worker co-operative the John Lewis Partnership. Its head office is in Bracknell, Berkshire, England. As of June 2010, Waitrose had 228 branches across the United Kingdom and a 4.3% share of the market<sup>1</sup>4 making it the 6th largest grocery retailer in the UK (Wikipedia 2011)

Food sales are the core business of this supermarket, following the social and economic development, more and more grocery markets have been set in the UK, Waitrose, Tesco, Sainsbury's and ASDA, Together with Iceland, Somerfield and Waitrose these companies cost lots of money to get a great market share. Waitrose is operating supermarket in UK, it was founded in 1904 and owned by the John Lewis Partnership, it has operated 137 stores today, mostly selling food in south-east of the UK, which in 2001 was estimated at £103.4bn profit and currently employs more than 27,000 staff. It was a small to medium size and conveniently located supermarket.

The 2001 turnover amounted to £1.98bn, it was increase 13% than before, and pre-tax profits to 25.7 million expect decrease 15.7%, due to the purchase of 11 Kwik Save stores in 2000. Waitrose is recognized for its focused differentiation strategy targeting the up market with a wide range of quality and fresh products. (Prepared by andidas. com December 2002)

When we looked back to the Political, Economic, Socio Cultural and Technology of Waitrose, they are all supporting by external strengths and opportunities, in the same time; it will achieve its benefit through the whole external value.

Waitrose has specialized of wines, fresh food and delicatessen in the sales; they can be bought from special other counters. Waitrose has a high profit margin due to specially luxury goods. But some other products have positioned their own brand labels sell in the Supercenters, and it was bigger than the existing Waitrose stores, thus it was the threat comes from competing chain, but it will diversify the risk and increase the potential target market. Therefore this activity can offer their products at lower prices for economies of scale (Prepared by andidas. com December 2002)

## **Discussion**

### **PEST Analysis**

#### **Political**

Political was a key force to determined a company successful or not, Waitrose as a successful supermarket enter the people's life. It will to make a people's group often to buy some products from only one supermarket, it

was a Trademark effects and is key point for the company. However, Waitrose was successful could not leave the result of stability of government.

It could prove dangerous ground for politicians in the long term. Picking one supermarket brand over another could be an issue. Supermarket buyers tend to be tribal. People say they are ‘ Tesco people’ or ‘ Sainsbury’s shoppers’.

(08 April 2010 | By Ruth Mortimer)

Therefore, most people who often buy the products from Waitrose; they would call themselves the “ Waitrose people” in the future.

In the political have four parts; they are GM-food, planning policy guidance (PPG), Competition Commission and EU Competition Law.

GM-food was named genetically modified foods, they are foods derived from genetically modified organisms. Waitrose brand food has not permit use of GM food, or ingredients or additives. But Waitrose often use obtain food and food ingredients as the conventional brand, it was better than GM food.

Waitrose never sell any GM food or food ingredients derived from GM crops under Waitrose brand. So any GM-food must be clearly labeled as required by law and products produced should be print material manufacturer’s brand

Secondly; it is planning policy guidance (PPG). Waitrose was hard to get planning permission by shops for outside of city”. Thus Waitrose was to unveiling plans for new shops. It was need an operative control of their ownership; Thus Waitrose always set more small stores in the same place.

For example, Waitrose set out more than 13 stores in the London; they have

large numbers convenience stores, in which to get a high market share; it was a great strategy in the market.

The Government remains firmly committed to the objectives of PPG6, which seeks to sustain and enhance the vitality and viability of our existing city, town, district and local centers and to make them the focus for retail investment”(\*The Department of the Environment, Transport and the Regions (DETR) (2000)

Waitrose is to buy 13 stores from the Co-operative Group and plans to open nine more stores in 2009, in a move that will create 4, 000 new jobs.( By James Thompson Friday 16 January 2009)

Thirty, the Competition Commission, more and more different companies’ supermarket enter the market; it was the competition by each others. It was not only to decrease price for products to get a high market share. Waitrose always control the products price and have good benefits for themselves, sometimes cooperation been necessary in the competition market, it was to increase the Comprehensive Strength by themselves; therefore, Waitrose add some more jobs with the cooperation deal was very good;

Waitrose is to buy 13 stores from the Co-operative Group and plans to open nine more stores in 2009, in a move that will create 4, 000 new jobs.

The John Lewis Partnership-owned grocer said the conditional agreement to buy the Co-op stores, made possible by the latter’s acquisition of Somerfield, cleared by competition authorities yesterday will deliver 1, 500 jobs. It then

plans to open nine stores organically in 2009 will create another 2, 500. (By James Thompson Friday 16 January 2009)

Finally, Waitrose set a suitable policy should accommodate UK competition law.

## **Economic**

Economic is an important force to decide companies' development. Waitrose created a good market value before. The shoppers loved Waitrose because Waitrose have many perfect products enter the market. As the successful supermarket, Waitrose had perfect profits following development.

The 2001, Waitrose have turnover amounted to £1.98bn(+13%), pre-tax profits to 25.7bn(-15.7%, due to the purchase of 11Kwik Save store in 2000). Waitrose is recognized for its focused differentiation strategy targeting the up market with a wide range of quality and fresh products. (Environment fit analysis Waitrose report. December 2002)

## **Recession-proof**

Following the economic crisis appears; most customers worry about the recession appears to be on the wane, more and more discount products enter the Waitrose. It was a method to make the customers back into Waitrose. And then Waitrose made the profit recovery or increase the profit to sales more seasonal food and drinks.

**Waitrose saw sales grow 10.2% in the 12 weeks to 9 August, according to the latest TNS World panel figures – almost twice as fast as the grocery sector’s average of 5.6%. The performance of Waitrose, part of John Lewis, was boosted by its Essentials range, aimed at luring value-conscious consumers away from the discount sector. (Waitrose sales grow as recession fears fade. Recession 2009)**

## **Socio Cultural**

**Waitrose was very carefully choice every food, because Waitrose objective was to achieve the products were healthy, and then Waitrose had special cultural pay an attention to the customers in the market. They are include suggest kind of recipes, healthy eating and weight lost for customers. Therefore, more and more customers love to buy products from Waitrose. And another important was Waitrose always to keep their food, drink and fresh, frozen food in every store.**

**Waitrose had healthier choices offer delicious healthier alternatives to your favorite foods, being either lower in fat, saturated fat, sugar or calories. You can choose from warming meals such as chicken korma to everyday ingredients such as cream and cheese (Waitrose website)**

**Waitrose be good at to understand customers need, and often to add their business module; for example Waitrose set up the website and free delivery to make the customer easy to buy anything in the home if they want.**

**Waitrose often to consider direction for environment development, therefore Waitrose have a good conscious for environment. For example, Waitrose cross the marketing research, 70% staff will go shopping by car, so Waitrose always build a large and a good parking for the customers, in the parking fee part, Waitrose use a 1.5 hours parking for free if customers want to buy products in the Waitrose. it will increase the customers**