

# The analysis of morrison's marketing essay



\n[[toc title="Table of Contents"](#)]\n

\n \t

1. [Analysis of Morrison's](#) \n \t
2. [Strategies](#) \n \t
3. [PEST Analysis:](#) \n \t
4. [Political:](#) \n \t
5. [Economical:](#) \n \t
6. [Social:](#) \n

\n[/toc]\n \n

For this project I must find a company or a new start-up business opportunity and analyse the competitive environment by applying Porters 5 forces and the PESTEL framework, to analyse the wider external environment and identify possible threats and opportunities. To conduct this report I will evaluate my initial analysis and the tools I use, I will then devise a strategy for the company discussing methodologies and what applications are the most appropriate to develop the correct strategy for the company. Once the strategy is planned I will then move onto recommendations, this will include implementation of strategy, management of resources, financial management, growth and collaboration.

For this report I have chosen the company Morrison's. Morrison's was established in 1899 and has over 499 locations within the United Kingdom. Out of the " Big Four" Supermarkets Morrison's is the smallest with an 11.8% market share making it behind, Tesco's 30.9%, Asda's 16.8% and Sainsbury's 16%. I have chosen Morrison's as I feel there is room for a lot of

growth in this area even though the competition is fierce between supermarkets, Morrison's could improve their stake in the market by introducing some new initiatives.

## **Analysis of Morrison's**

Morrison's is unique in the UK food retailing sector in that it is a regional business which has successfully competed with the larger leading supermarket chains. It has succeeded despite the notion that the economies of scale enjoyed by the largest chains make it impossible for smaller businesses to compete.

One of the key aspects to Morrison's success is its strong base in its core regional markets, primarily in the cities of South and West Yorkshire. " In these regions its main competitors are often Asda and the Continental discounters such as Aldi rather than Tesco, Sainsbury's" (MarketWatch, 2006, pg 25-30).

One of Morrison's key factors is that the stores are often 25, 000 to 40, 000 sq. ft. in size, with fewer smaller than 25, 000 sq. ft. This enables Morrison's to keep down its costs of operation and increase its competitiveness thus enabling them to offer the public a range of 20, 000 product lines, this is more than a typical Asda store. The importance of fresh food available is a key factor to Morrison's and have established the Market Street Format, which is now being adopted by other Supermarkets as this was a gap in the market. While Morrison's excels in the fresh food product lines, they don't exploit the need and want for Non Food products fully. Morrison's do have some non-food product lines, but they could exploit this further with the

store space available to them. Another thing Morrison's don't offer is a loyalty card or its own banking range, but they have made a deal with Midland Bank to open in store branches during store opening hours.

Morrison's has petrol stations at about three quarters of its stores, this shows that they are attempting to compete with the larger supermarket chains, but in the past Morrison's has found that petrol sales fell by 10% as the company's petrol stations responded to price competition from superstores and there was widespread price cutting.

## **Strategies**

Morrison's strategies that could be developed on are; running a more vertically integrated operations. Morrison's are vertically integrated in the food category's, which does allow the company to manufacture, distribute and retail a majority of its fresh meat and dairy products. Though Morrison's excel at food products there lack of non-food product lines could be exploited more, with the likes of Tesco and Asda ruling this are of the market. This said Morrison's prides itself on its fresh food image with the introduction of the "Market Place" in Morrison's supermarkets thus making it a unique selling point to the public.

" The management of the organization chose this strategy because the company's vertically integrated operations provide it with a number of advantages including stability of operations and economies of scale" (Data Monitor, 2006, pg 2-10).

Morrison's second strategy is their extensive range of food. Their food is found to be superior compared to other supermarkets who rely heavily on

<https://assignbuster.com/the-analysis-of-morrison's-marketing-essay/>

packaged goods. This gave Morrison's a uniqueness about what they sell and a uniqueness in the market they were fighting in with Tesco, Asda and Sainsbury's. Though Morrison's uniqueness lies in its fresh food there deliverability of this food can be questioned, The other leading supermarkets all provide a delivery service with online shopping, and with the internet being even more accessible with the introduction of tablets, online shopping seems like the most logical step for Morrison's to keep up its competitiveness within the market. There would however be concerns of freshness of the food as Morrison's prides its self on its fresh food, the quality of that food could fall while in transit, yet this could lead to new developments of keeping fresh food fresher for longer, but with the country in recession and competition from other leading supermarkets who are already established with online shopping again Morrison's would have to have a unique selling point for their online shopping to compete with their rivals.

## **PEST Analysis:**

### **Political:**

Due to recent government changes, there could possibly be an indirect effect on the tax policies. Thus resulting in competition which will minimise the margin of profit for Morrison's, with effects on the consumers as well with benefit cuts this will also cause less spending in supermarkets and could affect Morrison's sales.

### **Economical:**

Morrison's locally sources its supplies, which gives complete control over the quality and freshness of their food. Due to this operation it helps keep their prices low for their consumers and is the quickest supermarket at delivering <https://assignbuster.com/the-analysis-of-morrisons-marketing-essay/>

their supplies, thus giving them high economic scales so they can keep their costs low.

### **Social:**

Morrison's has had many campaigns, one was the "Let's Grow" Campaign this provided the local schools free gardening equipment which in turn helps maintain the social balance and values in society