

External factors
influencing marketing
in morrison's
marketing essay



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Marketing is well defined as the task of assessing the necessities and wants of buyers and ability to deliver those products which fulfil their needs and wants.

Market products includes buying by customers, selling by producers, financing by banks, storage in warehouses, and transportation for delivery of goods, processing of raw material, risk-taking like insurance companies, and marketing information by television etc., grading and standardization of products.

1. 3: Morrison's Vision:

“ Different and Better than Ever”

‘ Different and Better than Ever’ captures the key initiatives that helps to reinforce what makes Morrison's different from others, and to seize the opportunities which ensure continuous growth with best results.

<http://www.morrisons.co.uk/corporate/2011/annualreport/directors-report-and-business-review/ceo-business-review/our-strategy/Default.aspx>

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1. 4: Business Objectives of Morrison's:

Strengthening brand

Having a strong brand may be a real point of comparison; Morrison's have set out to give customers an own brand range worth switching supermarkets for. With this Morrison's achieved great progress in 2011/12, including the launch of a new M Kitchen range.

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Increasing our efficiency Through Evolve initiative, a major six year programme of work, Morrison's upgraded the core IT systems. This unlocked efficiency, savings and provided a solid platform it needed to develop the existing business.

Capturing growth

The convenience sector is a significant opportunity for Morrison's and progressing at double the rate of the rest of the UK retail market. Morrison's entered this market in 2011/12 with its first M local stores.

<http://www.morrisons.co.uk/corporate/2012/annualreport/>

1. 5: External factors influencing marketing in Morrison's:

The external factors influencing marketing in Morrison's are:

Political:

A large political factor demands healthier foods as the nation has become more health conscious. Further, the government is now attempting to stem the rise in obesity in the UK with the '5-a-day' initiative. Certain power groups also stated that the labelling on health foods are misleading, as they have no nutritional quality at all.

Morrison saw a void which they had filled for making health food accessible to everyone by charging reasonable prices. In their CSR strategy they say that they 'take good care of their shoppers, colleagues and communities' by offering good standard wholesome foods such as fresh fish, meat and vegetable products at very competitive price (Morrisons, CSR Report, 2009).

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This is a part of their vision to be the Food Specialist for Everyone (Morrison's, 2009).

(Politics, Social and Cultural: Environmental: Needle. D: the Business Context (Environmental) Model)

Economical:

Economic factors which affected the Company in the past were, firstly, the price inflation of basic items back in 2008, which had an impact on the prices of some of the Companies basic ranges (Morrison's, 2009). Increased unemployment and high taxes compelled the Morrison's to have over 21,000 price cuts as well as launching a rebranded 'Value' range which reflected on the declining consumer confidence and thus affected the consumer behaviour (Morrison's, 2009).

(Role of the Economy: Environmental: Needle. D: the Business Context (Environmental) Model)

Social:

Moving into social factors, one is economic factor, consumer trends and purchasing habits: going back to the high prices of food, fuel and raw materials, more customers were switching from purchasing Premium and Organic product ranges, to their standard and 'Value' ranged products.

Another social factor in which Morrison's addressed, was catering to the Muslim community in the UK by launching Halal, which is a, meat-based product. The Muslims makes up only 5% of the UK population but they eat 20% of the meat sourced from the UK. In 2003, Morrison's took benefit of

this and launched a promotional campaign called 'Hello to Halal' which later met with some hostility from the Muslim communities.

(Politics, Social and Cultural: Environmental, Business Activities and Structural Level: Needle. D: the Business Context (Environmental) Model)

Technological:

Technological factors include business disruption, IT recovery procedures by investing in a remote IT Disaster Recovery site, should any data be lost in any of the stores whilst operating. Further the company also acquired a complete new transport fleet that produced lower carbon emissions and resulted in better fuel efficiency and produced less noise pollution. They also renovated their own in-house manufacturing and packaging technologies. The introduction of new Chip and Pin system also required investment, new technology and IT systems were integrated to achieve this. Moreover, Morrison's have also rolled out self-scanning systems and queue management technologies as well. (Morrison's, 2009)

(Technology: Environmental: Needle. D: the Business Context (Environmental) Model)

Legal:

Legal factors which affect the Company are that Morrison's functions under a strict set of regulations such as Health and Safety, Food Hygiene, Handling of Hazardous Materials and Chemicals, Data Protection and rules of the Stock Exchange. These regulations concern the microenvironment and so affect the 'transformation' component of the system (Morrison's, 2009).

Environmental:

With environmental factors, Morrison's selected key components to acquire their overall Corporate and Social Responsibility objectives; these are Society, Environment and Business. Morrison's distributed free reusable carrier bags to consumers and urged them to stop the use of old bags with an aim to reduce their wastage. They' also reduced their Carbon Footprint by sourcing and generating renewable energy. Society objectives are to provide products to preserve the health, well-being and the lifestyles of their customers and by taking care as and when they go out for their daily business (Morrison's, 2009).

(Politics, Social and Cultural: Environmental: Needle. D: the Business Context (Environmental) Model) <http://bieap.gov.in/marketing.pdf>

1. 6: Use of marketing to achieve business objectives:

Objectives set out what the business is trying to achieve. Objectives can be set at two levels:

(1) Corporate level

These are objectives that concern the business or organisation as a whole.

Examples of “ corporate objectives might include:

-Aim for a return on investment of at least 15%

- Aim to achieve an operating profit of over £10 million on sales of at least £100 million

- Aim to increase earnings per share by at least 10% every year for the foreseeable future

(2) Functional level

At functional level there are operational objectives for marketing activities.

Examples of functional marketing objectives” might include:

- Aim to build customer database of at least 250, 000 households within the next 12 months.

- Aim to achieve a market share of 10%.

- Aim to achieve 75% customer awareness of the brand in all target markets.

Both corporate and functional objectives need to conform to the commonly used SMART criteria.

The SMART criteria is summarised below:

Specific-the objectives of Morrison’s are always clear and they know what they want to achieve.

Measurable – an objective of Morrison’s is to always be capable of measurement and has seen results through several surveys.

Achievable – the objective of Morrison’s is always realistic which is set to get the desired results.

Relevant – objectives of Morrison’s are always relevant to the people responsible for achieving them.

Time Bound – objectives are set by Morrison's with a time-frame in mind. That deadline is also realistic to meet standard quality of products and services.

http://tutor2u.net/business/marketing/planning_setting_objectives.asp

1. 7: Elements of the marketing process in Morrison's:

The initial task of marketing is to ensure the delivery of a total offer to the consumer in such a manner that, the offer fulfils the necessities of the buyer and is beneficial to him. All the organisational goals, including profits are achieved in the process.

1. Morrison's choose the product that would meet the identified needs of the selected customers/consumer groups.
2. It performs various distribution functions like transportation, warehousing, channel management etc, so that the product may reach the consumer easily.
3. The firm carries out a number of promotion measures like personal selling, advertising and sales promotional programmes with an idea to communicate with the buyers for promoting the product.
4. The firm uses pricing mechanism to achieve the consummation of the marketing process, striking the level of price that is acceptable to the firm as well as the consumer.

The four elements constitute the marketing mix are:

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1. Product
2. Place (Distribution)
3. Price
4. Promotion

Jerome McCarthy, the well-known American Professor of marketing who defined the marketing mix in terms of the four P's classifying the variables under four heads, each beginning with the alphabet ' P'.

Product:

Morrison's first priority is the product. It focuses on its quality, design, features, models, style, appearance, size, packaging and warranty.

Place:

Location of stores, warehouse and physical distribution are chosen according to the areas and choice of the people living in that area. For example, East London has major Muslim community, so Halal food will sell a lot.

Price:

Pricing policies, levels of prices, levels of margins, discounts and rebates are all fixed according to the purchasing power of customers.

Promotion:

Quality of sales in force, cost level, level of motivation, advertising, sales promotional efforts, display, contests, trade promotions , publicity and public relations all help in promotion of Morrison's.

Section 2:

2. 1: Positioning of Morrison's in the market:

1. Tesco: Now a UK based international grocery and general merchandising retail chain, was founded in 1919 in London as TESCO. Based on revenue (2nd based on profit) it is the biggest British retailer and 3rd largest global retailer. Tesco group sales were £59.4 billion (\$95.1 billion) in 2008 which was an 11.1% increase than the previous year. They employ 287,000 people in the UK. Tesco has 2282 stores in 6 different store formats which are Extra stores, Superstores, Metro stores, Express stores, Home Plus stores, and One-stop stores.

2. ASDA

ASDA is the 2nd largest supermarket chain in UK with 15.2% market share. ASDA Stores Limited was founded as Associated Dairies & Farm Stores Limited in 1949 in Leeds, and became a subsidiary of the American retail giant Wal-Mart which is the world's largest retailer in 1999. ASDA still has retained the very British feel in-store and a separate identity from its parent company. It concentrates on big format stores and has developed successful hyper-markets across the country. It currently operates around 343 stores.

3. Sainsbury's

With 14.30 market share, Sainsbury's is the No. 3 supermarket chain in the UK. It was founded in 1869 by John James Sainsbury and his wife Mary Ann (née Staples), in London, England. It has strong market position in London and the South East. In 2007, Sainsbury's selected five main areas for growth. These were: "great food at great prices", increasing number of

complimentary food ranges, reaching more customers through additional channels, e. g. home delivery, growing supermarket space and active property management.

4. Morrison's

In 1899, William Morrison founded Morrison's in Rawson Market, Bradford, UK as an egg and butter stall which is now the fourth largest supermarket chain in the UK with 10.4% market share. The Morrison family currently still owns around 15.5% shares of the company.

Until 2004, Morrison's store locations were in the north of England, but with the takeover of Safeway in that year, the company now has a total of 417 superstores across the UK.

Although the company claims that its strategy pays more attention on offering unbeatable customer service and a pleasant shopping atmosphere, and still competes on price, special offers and multi-save promotions.

Another point which makes Morrison's stand as strong is its "market street" feature with its current strap-line is "Fresh Choice for you".

5. Waitrose

Waitrose is the 7th largest supermarket chain in the UK with 3.5% market share. It is the food division of the British leading department store chain and worker co-operative of the John Lewis Partnership. As on November 2009, Waitrose has 221 branches across the United Kingdom, and most of them are based in southern UK. As compared with other competitors, its stores are

often medium-sized, and located in areas where customers with higher than average disposal income live.

Gain report - UK Supermarket Chain Profiles released on 11/13/2009

2. 2: Morrison's main market segmentation:

Morrison is UK's fourth largest supermarket chain and is mainly engaged in the operation and management of a chain of supermarkets across the UK. The company operates from the UK with its headquarters in Bradford (UK) and employs about 150, 000 people.

The purpose of market segmentation is the leverage scarce resources; in other words, to ensure that the elements of the marketing mix, price, distribution, products and promotion, are designed to meet particular necessities the of different consumer groups.

Product

Varieties, models and sizes of the product are required to satisfy the various targeted customers. In order to launch new own label products, packaging and labelling information should be the best to serve consumers and attract them to purchase the product.

Price

Morrison's should set price of a new product according to the target area. They must know about the cost that people are willing to pay.

Promotion

In order to achieve a successful advertising campaign, the company need to know which would be the best media format for reaching the target in the market. For example, neon sign boards, leaflets etc

Distribution

Morrison's is not currently offering online shopping. Store layout, signs and display formats all influence consumer cognition.

[http://www. articlesbase. com/branding-articles/consumer-buying-behaviour-681623. html](http://www.articlesbase.com/branding-articles/consumer-buying-behaviour-681623.html)

2. 3: Benefits of segmentation:

The purpose of market segmentation is mostly to provide selected offerings to chosen groups of people. This process allows organizations to concentrate on specific customers needs, in the most efficient and effective way. As Beane and Ennis (1987) eloquently commented, ' a company with limited resources needs to pick only the best opportunities to pursue'.

The market segmentation view is related to product differentiation. If you aim at different market segments, you might be adapt to different varieties in your offering to satisfy those segments, and equally if you adapt different versions of your offering, this may appeal to different market segments. Since there is less competition, your approach is less likely to be copied and thus only approach will yield good results.

An example in the area of fashion retailing might be if you adapt your clothing range in such a way that your skirts are more colourful, use lighter

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fabrics, and a very short hemline, for instance, this style is likely to appeal more to younger women. If alternatively, you decide to target older women, then you might be required to change the styling of your skirts to suit them by using darker, heavier fabrics, with a longer hemline.

http://www.oup.com/uk/orc/bin/9780199290437/baines_ch06.pdf

2. 4: Distribution of products at Morrison's:

Morrison's stocks have over thousands of lines which are sold as their " Own Brand" goods. These include: s

M Savers: An economy brand which sells items ranging from Food and Drink to toiletries, etc.

M Kitchen: A range which comprises fresh Sauces, Soups and Ready Meals to cater for many different types of customers.

NuMe: A healthy eating range which consists of 315 new chilled, frozen and ambient products.

WM Morrison: A high end range which sells Food and Drink amongst other products at higher prices.

Distribution:

In 2005 Morrison's purchased part of the collapsed Rathbones Bakeries operation for £15. 5 million which make Rathbones and Morrison's bread.

In 2007, Morrison's opened a new Distribution Centre in Swindon and announced that it had bought a new site on Junction 23 of the M5 in

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Bridgwater in Somerset, for redevelopment as a fresh produce packing facility.

In 2011 Morrison's opened a new 767, 500 sq/foot distribution centre in Bridgwater as part of the £11 million redevelopment project. This project also created 1, 200 new jobs.

2. 5: Pricing strategies:

Morrison's says its focus is on fresh food and pricing strategy helped to attract a record number of customers and boost like sales of 2. 4% during the third quarter. Total sales excluding fuel increased 4. 6% and the supermarket says it attracted 450, 000 more customers each week as compared to last year, which helped sales to increase ahead of the market. Morrison's is following ' hybrid strategy' to increase standard and decrease prices.

In its interim statement Morrison's says:

“ Our focus on providing top-quality, fresh food and keen pricing, backed by an exciting and innovative range of promotions, has again met our customers' expectations. We remain cautious on the overall economic environment and will continue to manage the business accordingly.”

During the period Morrison's launched its M Kitchen label ready meals range, as a first part of the overhaul of its entire own-label offer, and claims that it helped boost ready meal sales by 60%.

<http://www.marketingweek.co.uk/keen-pricing-helps-morrisons-grow-sales/3031778>. article

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2. 6: Promotional strategy:

This strategy of Morrison's range of fresh foods is superior as compared to its competitors, who are mainly interested in packaged foods. This strategy provided some uniqueness to Morrison from its competitors and provided it with good market share in a short time. Thus Morrison's provided a range of low-priced and special offer of its fresh food products, through its branded and own label products. The company's fresh food counters offer value added services including personal advice, cleaning and preparation of fresh meat and fish according to customer's requirements .

In addition, Morrison also offers a range of hot food; ready to eat pies, over 30 different varieties of ready to eat salad; cakes and British and continental foods; traditional wines, spirits and ales; quality fruit and vegetables; and fresh flowers, shrubs and plants. Morrison's own label products provide a range of calorie, sugar and fat controlled specialty meals; organic foods; and products specially prepared for customers with specific allergies. Morrison's extensive list of specialized food products and services helped the supermarket chain to differentiate itself from its competitors and thereby provided it with an exclusive brand identity and to set special rates and offers to attract consumers.

[http://www.marketingweek.co.](http://www.marketingweek.co.uk/news/morrisons-hails-best-year-yet/4000527)

[uk/news/morrisons-hails-best-year-yet/4000527](http://www.marketingweek.co.uk/news/morrisons-hails-best-year-yet/4000527). article

2. 7: Impacts of technology on marketing activities:

Product

The Internet is changing the product and services availability. With the use of technology Morrison's started making its own labelled better quality products at low prices.

Price

Use of computer systems reduced the time and effort as online shopping offered the same services at lower price. Commoditisation is also occurring where people are offered the 'package' of new products and services together, via technology, at a lower price. On-line payment makes it more convenient to clients/customers and can make cash collection quicker and cheaper for suppliers – which again increasing the possibility of price reductions.

Place

The developments in the power of databases means that direct marketing is really coming to the forefront allowing new segments to be more easily identified and allowing segments-of-one to be profitably targeted. Permission marketing has been born but is still in its infancy. On-line polls and surveys can afford a large amount of additional information about the Morrison's. The Internet also allows reaching a much wider geographical spread than was previously possible.

Promotion

In just about every sphere of promotion – advertising, direct marketing, personal selling, public relations, web sites, personalisation and interactivity

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are making fundamental changes to the way of marketing works. For example, electronic posters, information kiosks, banner advertisements, electronic presentations, on-line directory entries etc.

<http://sswww.kimtasso.com/faq/2000-09/what-is-the-impact-of-technology-on-marketing/>

Section 3:

Marketing plan for ready meals:

Morrison's is going to launch ready meals with the best quality ingredients. On the Menu, is a range of salads and fruit dense desserts, 1 min microwave burgers, pasta and macaroni with seasoning sauces. Developed by professional chefs and approved by dieticians, the single serve hand prepared portions are a complete meal for one with meat and vegetables, providing 1 of 5 a day, designed to deliver high protein, lower fat and maximum nutritional value within a smaller format for best health and to reduce malnourishment.

Its main objective is to reduce obesity in UK and awareness to switch from fast food to ready meals. All products are prepared according to the Care Home Food guidelines and British Heart Foundation and Cancer Research recommendations. This range is going to be started shortly into major stores of Morrison's across UK.

Product:

Product range includes ready meals. For example, pasta: just buy, open and eat. 2 minutes instant meals cooked in microwave ovens.

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Price:

The price of a product will depend on the cost of the materials required to prepare it, the profit desired, other objectives of the business including the price charged by the competitors will also be considered and the price customers are willing to pay.

Place:

Products should be conveniently available for customers to buy at all major stores of Morrison's

Promotion:

The aim of promotion is to raise awareness about nutritional diet, encourage sales, create or change a brand image and maintain market share.

Micro environmental factors:**The company itself (including departments).**

The first force is the company itself and the role it plays in the microenvironment. This could be the deemed internal environment.

Suppliers.

It depends upon suppliers that what quality of vegetables, fruits, and other ingredients are provided. They must follow “ value delivery system”.

Marketing channel firms.

It is important for Morrison's to promote, sell, and distribute ready meals by proper advertising, otherwise people will not buy them and it will result in a loss.

Customer markets.

Morrison's must consider the customer's purchasing power while setting the prices of all ready meals. Meals should be of enough variety that everyone could buy and enjoy.

Competitors.

Every company faces a wide range of competitors. No single competitive strategy is best for all companies. Morrison's should keep in mind its competitors like Sainsbury, Marks & Spencer etc.

Macro environmental factors:

Demographic.

Demography is the study of human populations in terms of size, density, location, age, sex, race, occupation, and other statistics. Morrison's must think about all these factors. For example, kids cannot eat spicy food; some people will be diabetic or allergic to nuts etc.

Economic.

The economic environment includes those factors that affect consumer's purchasing power and spending patterns.

Natural.

The natural environment involves natural resources that are needed as inputs by Morrison's or which are affected by marketing activities. During the past two decades environmental concerns have steadily grown.

Technological.

The technological environment includes forces which create new technologies, creating new product and market opportunities.

Political.

The political environment includes laws, government agencies, and pressure groups that influence and limit various organizations and individuals in a given society.

<http://www.scribd.com/doc/22543929/Marketing-Micro-and-Macro-Environment>

Conclusion:

For Morrison's marketing like all organisations need to focus on their vision, objectives, marketing mix and segmentation according to a set of rules, regulations, culture, belief and values in a selected area to compete successfully. Morrison's aims to be the best supermarket for fresh foods to give it an advantage over its competitors. This is achieved through its unique 'field to fork' integrated approach which allows it to control its own supply chain to ensure that food is fresh and of the highest standard. Morrison's trains colleagues through customer service initiatives such as 'HOT' to become experts who can offer customers the best possible level of service. Training and development programmes create an environment where colleagues are able to deliver exceptional customer service. Morrison's aims to train colleagues who are motivated and proud of whom they work for, supported by management that understands and values its people. This helps everyone feel part of the family, upholding the family values and

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traditions of a family-focused business. As Morrisons says: ' It feels different for our customers because it feels different for our people'.