

Sainsburys the second largest supermarket in the uk marketing essay



**ASSIGN
BUSTER**

Sainsburys Supermarkets Ltd commonly known as Sainsburys is the second largest chain of supermarkets in the United Kingdom , Sainsbury's has 16.6% in the supermarket sector. The head office is situated in Holborn circus, London. Sainsbury's group also has interests in property and banking. The founding Sainsbury family still retain approximately 15% of J Sainsbury plc shares (as of May 2008), through various trusts. The family sold down their stake from 35% in 2005. The largest Sainsbury family shareholders are Lord Sainsbury of Turville with 5.83% and Lord Sainsbury of Preston Candover, who controls just fewer than 3% of the company, and benefits from 1.6% of the equity included in the above. The largest overall shareholder is the investment vehicle of the Qatari royal family who now hold 26.145% of the company.

Mission statement

“ Our mission is to be the consumer's first choice for food, delivering products of outstanding quality and great service at a competitive cost through working ' faster, simpler and together.”

Goal and objectives

Increase profits

keep shareholders happy

increase sales

provide a high standard customer service

Political factors

Increasing globalization, presents a challenge as well as an opportunity to Sainsbury's. The challenge will be to compete against unknown forces and to source the best quality/financially viable products from world over

- Current price fixing among the supermarkets can give a both negative and positive idea about Sainsbury's for the public.
- government policies can make an impact on Sainsbury's such as -minimum wage, changes in corporation tax

Economic factors

The rapid increase of global food crisis might lead to price in on Sainsbury's foods, which will affect the consumers as well as the profit margin, increase of fuel prices might make an negative impact on supply chain of Sainsbury's.

- credit crunch have made some damage on Sainsbury's supermarket and banking, according to supermarkets consumers still manage to buy their essential goods and omit on high ends where Sainsbury's has a higher profit margin, the banking sector has been effected vastly compared to supermarkets.
- tight competition between competitors has made Sainsbury's to cut down sum prices, (Annual Report 2007). This will affect Sainsbury's as the prices have to be driven down most of the time.

Social factors

- Nowadays there seems to be more emphasis on fresh, easy style cooking.

This serves an opportunity for Sainsbury's to encourage new recipes and unfussy eating.

- There has been a huge emphasis by the government to promote healthy eating, this is due to the growth of obesity in UK, consumers have shifted to healthier foods. Sainsbury's have gained advantage by stocking more healthy products and introducing more promotions.

Technological

- The Internet phenomenon seems to be ever growing within western countries. It is predicted that by 2011 online retail sales in Europe will have reached Eur263bn, Sainsbury's have been improving on online retailing business.

- Self checkouts has been a boost for Sainsbury's in sales. Consumers willing to shop because of less time constrain.

Environmental factors

- A lot of emphasis western companies has been on the role of big companies in reducing carbon footprint and increasing energy efficiency (Bream 2008). This is just not a backburner issue anymore and every firm will have to prove they are reducing their impact on the environment, meaning Sainsbury's will have to invest more on green issues.

- Other important ethical issues, like sale of organic food and the ethical treatment of animals, clearly effect Sainsbury's on various levels. The

growing importance of such issues means that they will have to cater to those consumers as well as to consumers governed by price. This is a sensitive issue as they will have to balance their public stand on environment without losing consumers due to the increase in prices.

SWOT analysis

SWOT - Strengths

- Sainsbury's has had thirteen straight quarters of growth showing real turnaround in its business (Rigby and Braithwaite 2008). Even for 2007 it has shown an increase of 7% in turnover and a huge 450% increase in profit after tax (Annual Report 2007).
- It has an extremely experienced leadership team with Justin King, its Chief Executive receiving great praise for his work in Sainsbury's (timesonline. co. uk 2008 [online]).
- Sainsbury's seems to be very well placed on green and environmental issues due to its various recent initiatives, like buying fair-trade bananas (economist. com 2008 [online]). Furthermore its help in closing down gangmaster (Taylor 2008) has had a positive effect on the public in general. It has a positive consumer brand and it's liked by both green activists and consumers.
- It is one supermarket chain that has a clear celebrity endorsing products, leading to increased sales. " With Jamie Oliver, it has been simple for Sainsbury's to see uplifts in sales of specific ingredients that have been featured in ad campaigns. Apparently the supermarket had to order nine

tons - the equivalent of two years' supply - of nutmeg to meet demand when it appeared in one of Oliver's hundred-plus ads" (Dickinson 2008).

SWOT - Weakness

- The takeover bid by the Qataris Private equity firm last year (Arnold and Politi 2008) can have some implications as people are gravitating towards British companies and the prospect of Sainsbury's being governed by a foreign firm can lead to consumers switching loyalties.
- Unlike Tesco's expansion plan (economist. com [online] 2008), Sainsbury's is not present in markets other than the UK. This can lead to trouble especially if there is some problem within food retailing in the UK or if there needs to be a source of extra growth.

SWOT - Opportunities

- Sainsbury's alternative business presents a great opportunity for future growth. Its investments in property (Killgren 2008b) and a goal of £40 million profit through its bank seem like a good strategy to pursue
- Online sales are a great opportunity as well, since online margins are higher and investments are not huge.

SWOT - Threats

- There needs to be continuous heavy investment in environmental and green issues without immediate benefits. The problem lies in maintaining a balance e. g. Bio-fuel is an important tool to curb global emissions and its

use affects Sainsbury's supply chain directly, so Sainsbury's should support it. However, a spurt in bio-fuels has made corn dearer (independent. co. uk [online] 2008) affecting its prices within the UK and making Sainsbury's consumers bear the brunt.

- Sainsbury's operations are subject to a broad spectrum of regulatory requirements particularly in relation to planning, competition and environmental issues, employment, pensions and tax laws and in terms of regulations over the group's products and services.

The organisational structure I am going to talk about is that of Matrix structure. This underlines getting people with particular specialist skills together into project teams. Companies have progressed towards a matrix structure. This is where project teams will be selected across the range of functions within a business. The matrix structure ensures that there is no cross fertilisation of ideas and gives scope for people lower down the organisation to use their talents effectively. Span of control is the number of people or departments which report to a particular manager. It can be as narrow as two or three employees or as wide as 50 employees. Sainsbury's have a narrow span of control as their organisational chart is that of hierarchical. Better communication in Sainsbury's as the manager will be familiar with most employees. Faster feedback in Sainsbury's could lead to better decisions being made to improve and meet their objectives. With a narrow span of

control there are usually more people working in a company which will mean different employees will specialise in different departments to get

work done faster. As Sainsbury's have a long chain of command this means that there are a lot of managers or persons in charge within the chain of command and each one could specialise in their own department and have control of a

number of employees so messages can be sent down the chain of command faster. This will result in more work being done leading onto Sainsbury's meeting objectives such as a boost in sales or profit maximisation. Employees may become more motivated as they have their own departmental manager encouraging them to work.

Better communication skills would be achieved as there are quite a few managers operating different departments

The advantages of Sainsbury's having a hierarchical structure are as follows:

- * Within Sainsbury's there is easier definition of roles and responsibilities.
- * There is greater scope for developing knowledge.
- * Sainsbury's will have more frequent opportunities for promotion.

Centralisation and decentralisation refer to the degree which authority is assigned in a business. If there was to be complete centralisation then subordinates would have no authority at all.

Complete decentralisation would mean subordinates have all the authority to take decisions.

The advantages of centralisation are as follows:

- * Senior management have more control of business.
- * Ordering and purchasing can be standardised throughout the organisation, leading to economies of scale.
- * Senior managers should be more experienced and skilful in making decisions. In theory, centralised decisions by senior people should be of better quality than decentralised decisions made by others less experienced.
- * In times of crisis the firm may need a central group of senior managers.

The advantages of decentralisation are as follows:

- * It reduces the stress and burdens of senior management
- * It provides subordinates with greater job satisfaction by giving them more say in decision making.
- * By allowing assigned authority, management at middle and junior levels are groomed to take over higher positions. They are given the experience of decision making when carrying out delegated tasks. Delegation is therefore important for management development.

A decision that may be made centrally as opposed to a decentralised would be the budget allocation. This could not be made by a single employee but must be made by someone senior as this is a decision that could affect the whole company. Another centrally made decision would be that of closing down Sainsbury's. This decision could not be made by employees as they do not

own the business of Sainsbury's. This decision would have to be made by the chief executive who of course is Justin King. Decision making could affect employee performance greatly. They could become less motivated if they do not have a say in the decision making of the business. Sometimes decentralisation is necessary to motivate employees more.

This structure will help Sainsbury's to meet their objectives as there are a lot of layers within the hierarchical structure. Many functions exist within this structure each with their own specific role to play in order for Sainsbury's to meet their objectives. In the pages above I have discussed how some of the departments within Sainsbury's could help them achieve different objectives in their own way. Work will be completed faster due to the amount of levels on the organisational chart. A larger profit will be made than a flat structure because there are more people working in Sainsbury's as they have a hierarchical structure. An increase in sales may also occur due to the amount of layers in the structure. With more people working in Sainsbury's then more products will be sold. With such a large structure staff will also develop many skills throughout the organisation as there are many departments to work for.

Ethical issues

best food for health

Be Good to Yourself: was launched in 2010 with total 250 lines , made 1% percent increase on market share..

freedom range foods: was launched in February 2010 saw an increase of 6.8% in market share

<https://assignbuster.com/sainsburys-the-second-largest-supermarket-in-the-uk-marketing-essay/>

Tip cards: 25% of these cards contains at least one portion of five-a-day and 50% features healthier foods.

Sourcing with Integrity

Fair-trade: Sainsbury's are the largest retailer for fair-trade with £218 million sales.

Development group- Sainsbury's developed group model to farmers, the group pioneered in carbon foot print model which lead the farmers to reduce both energy and carbon footprint.

Sustainable palm oil: Ranked number one out of 59 European retailers in the World Wildlife Fund

Sustainable Palm Oil Buyers Scorecard

Respect for our Environment

Green to the Core: Sainsbury's received an industry-leading 'A rating' in the 'Green to the Core.

Environmental store - Sainsbury's lead the store in eco-store programme, Sainsbury's has

Opened UK's first carbon negative extension at Durham.

Reducing packaging: Sainsbury's has launched milk bags which has 75% less packaging compared to plastic bottle, Sainsbury's has a corporation target to reduce packaging by 33% by sales 2015.

Supporting customers - →rst UK retailer to invest in electric vehicle charge points

Making a Positive Difference to our Community

Local charity partnership- Sainsbury's has partnership with 750 local charities.

Sport Relief: a record of £5million has been raised in 2010.

Active Kids: over 43, 000 schools and clubs have been registered, up to date
Sainsbury's has given approx £86million to schools and clubs.

Job creation: 6, 500 jobs and 15, 500 temporary jobs have been given by
Sainsbury's in 2009/2010.