

# Comparison of different ecommerce retailers in the uk



Dabs. com is an e-commerce retailer in the United Kingdom. It is considered as one of the United Kingdom's largest internet retailers of IT and technology products. Dabs. com was originally Dabs Press from 1987-90 and Dabs Direct, was founded in Bolton by David Atherton in 1987, and has subsequently grown to employ more than 200 people, with annual revenue of £200m from 5000 transactions daily.

In April 2006, it was announced that BT Group had purchased Dabs. com for an estimated £30m and that the business is now a wholly owned subsidiary of BT. Dabs. com was also a former shirt sponsor of Fulham FC

Dabs operate in Ireland under dabs. ie and have previously operated in France, however this closed at the end of May 2006.

### **Argos: [www. argos. co. uk](http://www.argos.co.uk)**

Argos is considered as the largest general-goods retailer in the United Kingdom and Republic of Ireland with 750 stores. Argos is unique amongst major retailers in the UK because its primary means of displaying goods to customers is via a catalogue. Customers browse through the Argos catalogue, select items to purchase, pay for the items online, and then collect the items from the in-store collection desk or have the item delivered to their home. Argos is a prototype of a catalogue merchant business. Argos as also a sister company called Homebase (350 stores), it makes up part of the larger Home Retail Group.

Argos owns several others brands including Elizabeth Duke (jewellery), Mikomi Alba, Bush and Chad Valley and many others.

Argos was once a FTSE 100 Index constituent but is now owned by Home Retail Group.

The Company was founded by Richard Tompkins who had established Green Shield Stamps in the United Kingdom. Whilst on holiday in the Greek city of Argos he came up with the idea that people could purchase goods from his Green Shield Gift House with cash rather than savings stamps. He rebranded the original Green Shield Stamps catalogue shops as Argos beginning in July 1973, the first purpose-built store opening on the A28 Sturry Road, Canterbury in late 1973.

Argos first launched with 1000 members of staff, taking £1, 000, 000 during a week in November. Argos was purchased by BAT Industries in 1979 for a deal worth £32 million. In 1980, Argos opened its Elizabeth Duke jewellery counter and by 1982 was the UK's 4th biggest jewellery retailer. The Elizabeth Duke brand is now being phased out in stores and replaced with the simpler Jewellery and Watches.

The Company was demerged from BAT Industries and listed on the London Stock Exchange in 1990: it was then acquired by GUS plc (The Great Universal Stores Limited) in 1998. Argos subsequently became part of Home Retail Group which was demerged from its parent company, GUS plc, with effect from 10 October 2006.

### **PcWorld: [www. pcworld. co. uk](http://www.pcworld.co.uk)**

As of 2006, there are 163 PC World stores in the United Kingdom and Ireland.

Sales in 2004/2005 (including PC World Business) were £1, 695 million.

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The stores offer ranges of consumer-oriented PCs, laptops and peripherals, including DSG stores' own-brand Advent and PC Line. Stores also have a "PC Clinic", which offers advice and services. Some stores also have a "Component Centre" area, which contains more basic PC components such as motherboards, hard drives and cases. Most UK stores have a branch of "The Tech Guys", and also offer consultation to business customers.

In September 2006, PC World UK assumed management control of its French subsidiary. PC World in the UK was also due to undergo a style change at the beginning of 2008, including a new logo, staff uniforms and store layouts as part of its image re-branding programme. The changes have been trialled at the Brentford, Colchester, Portsmouth and the brand new Bournemouth, Southampton, Isle of Wight, Enfield, Burnley and relocated North Shields branches. However current advertisements suggest that the proposed logo had been dropped and replaced with another new logo. [1]

In late 2006, PC World launched "The Connected Home", selling PC based home entertainment systems and installation services.

During Easter 2007, PC World launched a magazine advertising many of its services and products. It is called "Magazine" and published by futureplus. The magazine is free to collect from any PC World store, and comes out every quarter.

PC World was nominated for Best Retailer in the What Laptop Mobile Computing Awards 2008. [2]

[http://wapedia.mobi/en/PC\\_World\\_%28retailer%29#1.](http://wapedia.mobi/en/PC_World_%28retailer%29#1.): pc world bad ranking

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This paragraph below looks in detail at how Porters five forces might be applied to PCWorld, including an investigation of the threat of substitutes from other superstores, buyer power in relation to grocery purchases, grocery supplier power, and the power of the customer.

## **Industry competitors**

Researchers have shown that concentration, fixed or variable costs, differentiation, capacity, pricing, behavior and market and company growth are some of the factors considered in this force. First, there is need to Identify Tesco's and Asda competitors. In their kind of industry, the concentration of rivals is very large, evidenced by many number of their competitors, like Currys, PCworld, Sainsbury PLC, John Lewis Partnership Ltd, Wm Morrison Supermarkets PLC, Comet, Argos. Rivalry tends to intensify as the number of the competitors increases and as they become more equal in the size and capacity, Therefore it can be said that the intensity of rivalry in the retailing industry where Tesco and Asda belongs is very stiff. Also in this force, rivalry is usually stronger when demand for the product is growing slowly, as is the case of retailing industry. Rivalry is likewise more intensive when competitors are tempted by industry conditions to use price cuts or other competitive weapons to boost suit volume and is also stronger when the products and services of competitors are so weakly differentiated that customers incur low costs in switching from one brand to another. The above conditions apply to the arena of retailing industry where Tesco and Asda plays, thus the bigger need for the firms to focus on strategic management in order to gain competitive advantage over their competitors.

## **Threat of substitutes**

Researches shows that classical economics predicts that rivalry between companies should drive profits to zero. This is partly down to the threat of substitutes. In this situation, Tesco has competition from companies like Asda, Currys, PCworld, Sainsbury or Argos that can provide substitutes for their goods. This drives the prices of items especially in our case Apple Ipod Touch 64GB down in some of these companies. The competition from substitutes is affected by the ease with which buyers can change over to a substitute, a key consideration being that usually the buyers switching costs, the one-time costs facing the buyer in switching from one chain to another will create a relatively low cost or fuss the customer, the substitute force in the industry is relatively high. This opens an avenue for Tesco to improve quality and differentiate from their competitors while driving down costs at the same time. In this case Tesco and Asda are trying to have store in different area of cities just to take control of the market.

## **Buyer power**

It is well know that leverage and bargaining power of customers tend to be relatively greater when customers are few in numbers and when they purchase in large quantities and when customers purchasers represent a sizeable percentage of the selling industry's total sales. In the retailing industry, the number of customers is very large, and often, they do not purchase in bulk. From this alone it can be said that the bargaining power of consumers in weak. Buyer power also acts to force prices down. If Apple Ipod Touch 64GB is too expensive in Tesco, buyers will exercise their power and move to Argos or Asda or small shops. Fortunately for Tesco, there are few

other large superstore companies. This means the market is disciplined the superstores have a disciplined approach to price setting. Discipline stops them destroying each other in a profit war. When it is economically feasible for customers to purchase the item from several suppliers rather than one, their power also increases, which does not happen in this particular industry, as it is more economic to purchase from one retailer than from a host of retailers.

## **Supplier power**

Supplier power is an important part of the Porters five forces model.

Implications for Tesco are many. Supplier power is exercised by suppliers demanding that retailers pay a certain price for their goods. If retailers don't pay the price, they don't get the goods to sell. But large superstores, like Tesco, Asda or Argos have an overpowering advantage over the small shopkeeper; they can dictate the price they pay the supplier. If the supplier does not reduce the price, they will be left with a much smaller market for their produce. In our case Apple will prefer negotiating with Tesco than with a small corner shop because Tesco has more customers which give them a market power.

## **Barriers to entry**

Tesco, Asda, Argos, Pcworld, Sainsbury, Currys, Comet and other superstores chains put up considerable barriers to entry. Anyone starting up new businesses has barriers imposed on them, implicitly or explicitly, by the existing supermarkets. For example, Tesco may have cornered the market for certain items, the new Business will not be able to find cheap, reliable suppliers. Tesco also has the advantage of economies of scale which implies <https://assignbuster.com/comparison-of-different-ecommerce-retailers-in-the-uk/>

that the more scale economies, the less threat of the entry in that if entrant cannot quickly get large market share, it will have a major cost disadvantage. Having 51 years of experience in the business and with incumbent retails giants existing ( Asda, Sainsbuty, Argos, Pcworld), the said combination puts up a considerable barrier to entry. The amount Tesco pays suppliers, per-item, is a lot less than the small shop which means the amount PCWorld pay for the Apple Ipod Touch 64GB from Apple won't be similar to the amount paid by a smaller shop. It achieves this, partly, through buying large volumes of goods. A small superstore chain can only buy a relatively small volume of goods, at greater expense. Access to distribution channels is also harder for who want to enter the industry.

### **Bargaining Power of Competitors**

The computer Hardware environment has seen a very significant growth in the size and market dominance of the larger players, with greater store size, increased retailer concentration, and the utilisation of a range of formats, which are now prominent characteristics of the sector. The purchasing power of the computer hardware industry in the UK is concentrated in the hands of a relatively small number of retail buyers. Operating in a market where consumers are increasingly demanding and sophisticated, large chains as PCWorld and Argos are trying to communicate with their customers by delivering good services also by refocusing on price and value, whilst reinforcing the added value elements of their service.



**Asda [http://www.swot-pest-porter.com/modules/info/index.php?content\\_id=12](http://www.swot-pest-porter.com/modules/info/index.php?content_id=12)**

## **Competitive Rivalry**

The retail market is undoubtedly competitive and the companies both existing and new, are trying to blend that creates a more intensified competition. That is why many firms need to do some intensive and little risky market strategy.

Marketing strategy will state how the firm uses its market positioning and product differentiation, including whether to pursue price or non-price competition. Marketers usually reckon product differentiation and branding to be good marketing strategies. Each firm can reduce the competition it faces by positioning its products for sale to market segments which other firms cannot attract so successfully

E-COMMERCE :

Tesco is a clothing destination of choice in the UK. Our unique selling proposition is great quality, credible fashion at amazing prices.

<http://staff.newport.ac.uk/ctubb01/ct/ecom10/TutorialThree.pdf>

Unique selling Proposition:

According to the Asda chief executive, Andy Bond, the new ads are designed specifically not to announce anything new: “ They’re a reminder of the many reasons why people love working and shopping at Asda. People

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know Asda is synonymous with low prices, but are perhaps less aware we have craft bakers scratch-baking bread, which we sell hot, every hour.

We've made a conscious decision to focus on some of the more hidden gems in our business and we think it will really give people cause to stop and reappraise our brand."

With Sainsbury's trumpeting the quality and range of its food with its

"try something new today" positioning, and Tesco attempting to be

synonymous with value, range, quality and service in its "every little

helps" advertising, Asda had a clear need for more distinct and more

emotional advertising. Add to that the growing demand for luxury and

organic products and the need to move away from a purely price-based

positioning.

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