

# Brief background of waitrose



**ASSIGN  
BUSTER**

**Company history**

When Arthur Rose, Wallace Waite and David Taylor opened their first little grocery shop in 1904 at 263 Acton Hill, West London, little did they identified that the firm would have become one of the nation's foremost food retailers employing more than 37, 000 persons. In 1937, John Lewis Partnership acquired the firm and opened the first Waitrose superstore in 1955. At present Waitrose have a total of 185 branches enthusiastic to presenting value, customer service and quality.

Waitrose stores are all over the Scotland, England and Wales. The places range from the towns to the edge of the high streets and differ in size from 7, 000 square feet to around 56, 000 feet. As a whole, the John Lewis partnership provides work for almost 68, 000 partners and generates the turnover of £6 billion. Waitrose aims to merge the ease of a superstore with the expertise and facility of a specialist shop. They also offer a value promise to make sure clients always get excellent value for the money when shopping at Waitrose.

**Strategy**

The aim of Waitrose is “ to offer the ease of a superstore with the expertise and facility of a high-quality food shop”. Waitrose is known for its focused differentiation approach aiming the upper market with an extensive variety of quality and fresh goods.

In fact Waitrose has an excellent status for supplying quality goods but this has led to awareness of being pretty costly.

Waitrose has focused on the food and drinks market, deciding not to diversify as big four retailers. Their market share cannot be enhanced significantly unless they make more stores all over the United Kingdom. It can be argued that the explanation to Waitrose's sustained accomplishment will be growth of their current markets.

Major challenger of the Waitrose include Sainsbury's, Tesco's and particularly Marks and Spencer who also aim the section of upper market.

Customers will normally purchase their foodstuff at the most suitable place with the low price, and while the stuffs they purchase are the same in each chain they don't mind which shop they purchase their commodities from.

While retail chains challenging mostly on price are trying to create switching cost by the introduction of loyalty schemes/prize /cards. Waitrose build up brand loyalty by contributing differentiated, high class products. Even though Waitrose's account card is not promoted very much does not consist of monetary benefits to the degree others do. As an alternative the account card facilitates clients to obtain " Foods Illustrated" or to obtain vouchers for concerts at cheap prices, which designate its upmarket target market.

Waitrose concentrates on in-town shops, presenting a wide choice of food products and attracting the upper economic crowd. Waitrose energetically encourages its dedication to present British products and offers goods through joint venture with farms and dairies. Waitrose is also performing a range of conducts to maintain their green image such as Environmental Report, Bag for Life etc.

Gross sales were up by 9.0% (£375.9m) to £4.5bn and on 52-week sources profits were 11.1% increases. Like-for-like sales raised 3.6%, apart from petrol, and were up 5.4% in the second part of the year. Functioning profit before property gains increased by £56.7m, or 26.9%, to £268.2m.

Each week up to 400,000 more individuals are shopping at Waitrose, contrast to this time last year, and standard basket size has increased by 8.5% which signifies almost one additional item in every basket.

### **Political**

- Competition Commission
- GM-Food
- EU Competition Law
- Planning Policy Guidance

### **Economic**

- Globalization
- comparative Recession proof industry
- 2002 UK superstore Food Sales: £83.9 billion
- Intensified Competition, fewer but bigger player

### **Socio Cultural**

- Environmental conscious
- Eating out, take-away & ease
- 70% of women functioning
- > 3/4 of shoppers travel by car
- bigger demand for exotic & cultural foods

- Organics and healthy consumption

### **Technological**

- Communication/IT
- Transport/Cool Storage
- Bar Code/collection Management
- EPOS
- Online shopping
- Supply Chain Optimization

### **Political**

The segment of the Environment, transportation and the areas (DETR) (2009): “ The Government remains strongly dedicated to the aims of PPG6, that seeks to sustain and improve the vitality and feasibility of our existing city, municipality, borough and to make them the centre of attention for retail assets” .... means that it is incredibly complicated to obtain planning permission for out-of-town provisions.

‘ The Competition Commission’s statement “ The delivery of foodstuffs from different Stores in the United Kingdom”, printed in 2009 stated that the chief supermarkets do not work as a cartel to maintain food prices excessively high. Even though some doubtful practices were found (selling manufactured goods at a loss, lower prices in regions of great competition), the Commission did not put forward any corrective deeds.

EU competition might not be as kind as the Competition Commission and as a result might order changes.

If the beginning of the congestion charge is prizewinning in London, it is expected that this kind of proposal will be extended to other large cities.

### **Economic**

The likely invasion of Safeway is a pointer that competition is getting tougher with lesser but advanced players.

### **Socio Cultural**

The demand for pure and healthy foods has greater than before and most retailers have taken action to that trend. Today customers are less ready to pay a best price for organic foods, because of which retail chains have started to put forward own brand organic commodities. Waitrose has long been contributing these sorts of goods. Busy routine enlarged the demand for appropriate foods/ ready meals. Also noteworthy is an increasing demand for exotic and cultural foods from clients.

The public has become more environmentally conscious and Waitrose's strategy fits well into this

Approximately 70% of women are working in addition to working times are bigger than in some other European Countries. However, women are still shopping most.

More than 74% of shopping journeys are made by car. The public transport contacts are even failing as a proportion.

### **Technological**

Online shopping is a chief new opening for dealers and the UK presents a good marketplace for this with the maximum fraction of public online across

the EU. And by now more British food shoppers have changed to online grocery shopping as compared to other countries. Tesco is at the moment the world's largest Internet grocery supplier.

Information technology and Communication has enabled more complicated store management, with detailed figures of commodities sold being made accessible, thus helping the ordering of latest reserves. More qualities of the store can be turned centrally such that expenses are condensed, margins improved and sales enhanced.

### **internal**

#### **Strengths**

- Service
- Fresh/Quality Foods
- joint venture with John Lewis
- Wide Range of products
- Reputation/Customer Perception

#### **Weaknesses**

- Small market share (3%)
- Perceived as high-priced
- Very dependent on the performance of own labels
- Few out of town stores
- Expansion is not easy due to existing store coverage

### **External**

#### **Opportunities**

- Online shopping

- Mark four stores
- growth into the north-west
- enlarge number of services
- Retail Partnerships
- Sale of Non-food goods

### **Threats**

- Manufacturers are still looking to legally slow down the penetration of personal products
- Overseas groups entering the marketplace
- Marks & Spencer's & Tesco's Premium products

### **Internal Strengths**

Waitrose was the first to initiate self check-out in several stores, which shows a enthusiasm to innovate and suggest a high facility and reducing costs.

The affiliation with John Lewis provides Waitrose tested contractor links and economies of extent. The partnership also functions as a corporation therefore diversifying threat. The relationship with John Lewis advances Waitrose's status.

After the Marks & Spencer, Waitrose was the one who grow personal Brands. Own brand outlines carry more than 16, 000 products. In year 2001 ' The Perfectly Balanced' was established, a new series of 117 lines including cereals, sandwiches and brand new meals. It is encouraged for the brand new and a healthy way of life.



According to the analysis which tells that Waitrose is the foremost supermarket chain in food excellence and range. Only ASDA was listed superior than Waitrose for assessment for money.

Moreover Waitrose was the first ever champion of the identify Organic superstore of the Year and the 5 times frontrunner of Wine seller of the Year

Strong society of the co-ownership: workforce is usually well enthused because they are collaborators and returns eventually come back to them. Several other benefits such as pensions along with this make Waitrose a good worker, that pleased workforce.

Waitrose is highly dedicated in the sale of wines, meat and specially fish that can be obtained in store from special places.

Along with the latest redevelopment of their new business personality, a new store image and design has been urbanized. The Senior Development Manager, Gerry maverick said that: " The alterations we have equipped have specified us a fresh original image. The new colour emphasises the value and freshness of the industry and the foodstuff we sell."

### **Internal Weaknesses**

In combination with the risk of the opening of congestion charge in other major metropolitan areas this appears to be a disadvantage because it will rise the operational cost and provides retailers with out-of-town store a benefit.

Own labels are main sector inside their product mix (54%). hence Waitrose is very needy on this product range, as are for the time being most retailers.

**External Opportunities**

North-west growth is designed, however, for this purpose a new stockroom has to be constructed. The north-west is the chief market not yet penetrates by Waitrose.

Waitrose has a sophisticated online shopping facility in place; however, this is a subject to the local drawback.

Sale of Non-food products: With the beginning of the new home & foods store arrangement, Waitrose has begun to sell non-foods goods. Those are mainly commodities that can generally be bought from John Lewis and consequently creating the contact to the stuff straightforward.

Retail Partnership could be practiced. This could facilitate Waitrose to branch out and diversify into the non-food commodities other than those that John Lewis already presents.

Mark four is a new store configuration that will focus on constant fresher food stuffs. Yet very little has been viewed of this arrangement.

**External Threats**

Tesco and Sainsbury's have recognized the sales of premium own products as a profitable segment with good margins. This is a foremost risk for Waitrose who have achieved a main part of their tactic on the sales of these goods. However since Tesco and Sainsbury's are also marketing on price they can't encourage clients for their goods value as compared to Waitrose.

ASDA is attained by Wal-mart and can describe from a misuse pool of assets. This has deepened the competition in the UK market. Waitrose can only offer

a small confrontation in terms of bargaining power in contrast to the competition from the Tesco and Sainsbury's.

If the congestion charge is established successfully in London, it is expected that this scheme will be extended more to other big metropolitan cities. The Waitrose would be threatened a lot because most of their stores are located in metropolitan areas. Subsequently the expenditure of going to Waitrose by car (78% of shopping done via car) would increase significantly, diversifying traffic to out of town provisions.

#### **External Analysis – Micro environment:**

Micro environment influences the organization directly i . e. it has direct affect on company strategies. It includes suppliers that deal directly or indirectly, consumers and customers, and stakeholders.

#### **Industry analysis:**

The following analysis is based on Michael porter's 5 forces model; it helps to understand both the competitive environment of Waitrose and attractiveness of food industry.

#### **Segmentation**

Market segmentation permits Waitrose to ' recognize different sets of buyers who allocate similar definable requirements and behaviours.' Despite the fact that Behaviouristic reactions are essential to segmenting Waitrose's market as issues such as handling rates, constancy and compassion to marketing mix factors allocate for endings and positioning within consumer markets.

Waitrose divide its market based on straightforward variables such as earnings and Geographic's. This has been identified by linking the figures of Waitrose superstores in the south of England with the standard incomes, showing that Waitrose is targeting at the higher wages earners at the upper end of the marketplace, and dividing itself toward the community groups of A, B and C1. Waitrose don't have stores in places such as Middlesbrough and Bradford, Britain's poorest areas representing that Waitrose would not gain money-wise from these areas. The utilization of the Geo demographics is a quick and efficient way of classifying trends within assured geographical areas, permitting Waitrose to separate a market into varied groups based on public class and lifestyle characteristics.

### **Positioning Map, Major UK Retailer and Quality – Price**

The positioning map demonstrates how the main 5 grocery traders are perceived by customers. We can see that Waitrose is placed relatively highly up the quality and price lines, characterising the segmentation with respect to higher revenue earners. Although we would describe the market as the top income earners who are qualities sensitive, with price being less significant. Thus Waitrose focuses on providing top quality own brand products (56% of products being own trademark), serving to also demonstrate the image of superiority and exclusiveness.

As from the positioning map we can spot that Tesco, Sainsbury's and ASDA are all situated very close to each other signifying the massive amount of competition through price and the quality. All three grocery retailers segment themselves in the direction of new and growing families, as they are vast segment of the market, with much capital to be made from. As we

can also see Marks and Spencer's is located at the top end of the magnitude for both quality and price, presenting that they are seemed as a grocery retailer which presents a high category of products at high costs, segmenting themselves as an superior grocery retailer.

**Marketing mix:**

Below mentioned are the points that can be applied to implement on the strategies.

1. Product/branding
2. Price
3. Promotion and marketing communication
4. Place
5. People
6. Process
7. Physical evidence

1. Product

As we know that from the developed products to parents is essential make sure that once the product get the maturity phase in the cycle line is vital to invest part of the profit in make the product strong.

I believe that according to the BCG matrix, the development of the products to parents is located into " cash cow" with a high market share and a slow market growth. Once the product is established the loyalty of the customer is high. As the Olympics 2010 is taking place in London and it will be the huge opportunity for the company to see globally its brand image.

## 2. Place

It works with the growth, development and refurbished in the superstores all across the United Kingdom. The Waitrose is showing a very positive growth continuously.

## 3. Price

The differentiation strategy permits the company to implement a value-based pricing approach

The parents products are recommended to be price based on the cost accounting and breakeven analysis for the reason of the new product to the company and market penetration objective price setting after it.

## 4. Process

- Products purchased online delivery in 2 hrs.
- Security: uses the advanced methods such as PayPal.
- Payment: card payment to charged automatically when the order is gone through and confirmed by the e-mail

## 5. People

- I. T.: to monitor the services online and make the available news tools to the customer shopping online.
- Marketing: to ensure the success of the marketing planning, to follow close the production of advertises and to monitoring the evolution of the strategy.
- Operations: to incorporate the products online to store products and others.

- Sales department: to help increase the sales and to insure the customer service quality.

#### 6. Promotion and marketing communication

#### **Potential target audience:**

- People concerning over the environmental issues
- People having good incomes and who believe in quality.
- Business people who got less time for cooking

#### **Communication objective**

- To increase the online buyers
- To make the product known.
- To promote the product benefits.

#### 7. Physical evidence

- Receipts and the inventory bills.

#### **Waitrose**

- Gross sales up £375. 9m, 9. 0%, to £4. 5bn (on 52 week basis up 11. 1%)
- Like-for-like store growth of 3. 6% (excluding petrol and on a 52 week basis)
- Operating profit, excluding property gains, increased by £56. 7m, 26. 8%, to £268. 2m. Including property gains, operating profit increased by £53. 9m, 25. 1%, to £268. 4m
- Invested £25m in price competitiveness

- Continued expansion - 25 new shops in 2009 plus expansion with strategic partners
- essential Waitrose launched - over 1, 400 everyday products

The Waitrose view is based on three co-dependent objectives Partners, customers, profit which together makes a flourishing business:

- Partners should attain individual fulfilment by being acquaintances of a co-owned enterprise in which they have valuable, safe and satisfying employment and confidence in the method the Partnership carry out its business.
- The Partnership should recruit and maintain dedicated customers through their sustained trust and confidence in reputation for choice, service, value and honesty and for acting as good citizens.
- The Partnership should make adequate profit to sustain commercial power and unique character, permit continued development and allocate a share of profits each year reliable with Partners' reasonable outlooks.