

Marketing analysis and strategic planning of sainsburys

[Business](#), [Strategic Management](#)



The business that I have chosen is J Sainsbury's. As we all know this is a very well known and well-established organization and this is why I decided to make a report which focus great deal on the UK Sainsbury Grocery. John James and Mary Ann Sainsbury founded Sainsbury's Supermarkets in 1869 and is now Britain's one of the largest retailing chain. Sainsbury's store that has more than 1 million branches across UK.

The register address of the business is:

J Sainsbury's Supermarket

33 Holborn

London

EC1N 2HT

A large Sainsbury's Supermarket offers over 30, 000 products – 40% of these are Sainsbury's own brand. In addition to a wide range of quality food and grocery products, many stores offer bread baked in stores, fish and meat shelves, pharmacies shops, restaurants, coffee shops and filling stations.

Sainsbury's Supermarkets employs more than 150, 000 people . Of these, 60% are part-time and 40% full-time. 62% of employees are women.

Sainsbury's Supermarkets provides more than 18. 5 million customers in a week and as at June 2009 had 525 303 convenience stores – and Sainsbury's Banks throughout the UK. Nearly 60% of our stores are in town-centre or edge-of-centre locations, many of these built on previously derelict sites.

According to market research group TNS World panel, the UK's big four. Tesco, Asda, Sainsbury's and Morrison's – now hold almost three-quarters (74.4%) of the grocery market. Sainsbury's Supermarkets is the number three UK supermarket with a market share of 16% share of UK supermarket sales in the 12 weeks, trailing just behind Tesco and Asda

Critical appraisal and performance review

1.1 – Organisational Direction and Strategic Planning:

J Sainsbury's mission statement is simple:

- To provide high quality service to customers and also maximize or provide good Financial return to stakeholders.
- Their aim is to exceed customer's expectations for healthy, safe, fresh and tasty food to make their lives easier every day.

Sainsbury's main objective is to fulfil its obligations to the communities and environments in which they operate by providing high quality products at fair prices; and tailoring their products to suit the needs of individuals. For example most of its products meet variety customers like kids. Vegetarians, Physically impaired, pregnant women and nursing mothers

Though J Sainsbury's mission, aims and objectives have not changed, they hope to get better everyday like having great service drives sales, individual responsibility team delivery and keeping they vision simple.

They have begun this by listening to their customers and colleagues.

Furthermore they are looking into their stores to understand what the best

way in their delivery to customers is. They have started this with fixing the basics and will accelerate through getting better every day as they strive to achieve their goal.

And also Sainsbury's aims is to Increased accuracy in stock reporting and added efficiency in moving store product from stock to shelf for Increased availability were considered by Sainsbury's senior management to be paramount to the success of Sainsbury's stores.

Aims and objectives:

Aims and objectives helps an organization know where they are, where they should be, the differences and how to measure the short fall and keep positive results going. It puts the mission of the company in motion.

The aims and objectives of businesses vary from one another. Whilst others strive to increase the welfare of the people it serve without making profit, others besides consumer satisfaction aims at making profits.

J Sainsbury has taken some steps in their daily activities to improve services this includes recreating universal customer appeal through giving their customers an ever improving shopping experience.

This means they will look for ways to do things better every day.

This is what J Sainsbury has to say:

“ They will become part of our customers' everyday lives”.

Example: By providing for their daily weekly food and grocery, hoping needs, as well as providing the ability for them to buy clothing and other product depending upon the size of a store and its location. They will tailor offer to meet all the needs of their customers”.

“ Our key brand attributes are great quality, value, service and choice.”

Business objectives many be long term or short term objectives.

An example of a long term objective;

‘ To improve customer service and quality of goods’

An example of a short term objective;

‘ To reduce the number of customer complaints by 5%’

The aims express the long term intention of the business to develop in a certain way. The purpose of having them is to create a common vision which everyone in the business can work towards achieving. (Business for you, Davis Needham and Robert Dranfield, in 1996)

To be effective, objectives should be SMART. SMART is an acronym for:

SPECIFIC- The objective should be clear and precise.

MEASURABLE- The objective should include a quantifiable element.

ATTAINABLE-The objective must be achievable.

REALISTIC- Is the objective achievable?

TIME CONSTAINED- The objective is achieved within a set time period or deadline.

Mission:

Businesses have a mission statement, a mission statement is what the business is aiming for, a mission statement defines the core purpose of the organization – why it exists, and reflects employees' motivations for engaging in the company's work. Effective missions are inspiring, long-term in nature, and easily understood and communicated.

Sainsbury's mission statement 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.” This mission statement is a straight to the point mission statement, it is an understandable statement.

This mission statement is good. It says what the main points of the business are and how they can achieve them. For example it says they will provide a great service at good prices. This mission statement is too vague. It doesn't state all the values that the business has.

Strategic planning:

These are long-term plans that are set and carried out by senior management. The board of directors will set aims for the company as a whole

Planning for the future Sainsbury's have set a renewal programme to create a world-class grocery distribution network. Sainsbury's has already secured sites for new depots and begun construction by 2005 they should be in operation.

Sainsbury's IT system is old and inefficient and costly for future development the system will have to be updated and staff retrained, with the new systems it should save the company £600million per annum.

Sainsbury's hopes to expand its e-commerce business to cover the whole nation at the moment it only covers 50% and to increase the number of people shopping on the net.

Sainsbury's needs to plan the marketing that the company will take as a whole also within each store.

Increase market share and profit by 3% by selling a wider range of products and services

Tactical planning:

This is when the aims from senior management are put into short-term decisions for department managers and store managers.

Make sure deliveries are on time and that stock is placed on shop floor

Customer satisfaction is increased and customer service is improved

Marketing information is displayed on the correct date and in the correct location

Sales in the store increase by 2% within the next Year

1. 2 – Stakeholders and their influence on organisation

Huczynski and Buchanan (2001)

“ A stakeholder is anyone likely to be affected, directly or indirectly, by an organisational change.”

There are following types of stakeholders,

Internal stakeholders

External stakeholders.

Internal stake holders are individuals who own the business or work for it and

Individuals who have some claim on a firm are external stakeholders.

I have identified the following stakeholder that Sainsbury would have.

Internal Stakeholders

External stakeholders

Owners/Shareholders

Government

Managers

Suppliers

Employees, etc.,

Customers

The local Community

Competitors

Funding Bodies, etc.,

These key stakeholders can be mapped based on their different level of interests and power over the industry.

Power and interest matrix:

Stakeholder Mapping

Level of interest

power

high

Keep Satisfied

Key Players

Shareholders/owners

Financial investors

Financial institutions

Financial institutions/banks

Politicians

low

Minimal Effort

Keep Informed

Local community

Key shareholders

Employees

Competitors

Distributers

Suppliers

customers

low

high

level of interest

Stakeholders Influence on organisation:

Customers: They encourage customers to choose healthier food options.

They try to reduce queuing times at checkouts. They provide customers with easy parking for older and disabled people and parents with babies. They also make sure that they have food to suit everyone. E. g.: American, Chinese, Indian, Italian, Malaysian, Thai, Lebanese, Organic, Dairy free etc.

Shareholders: The Company has a DRIP (Dividend Reinvestment Plan), which lets shareholders to reinvest their cash dividends in the Company's shares.

They also provide the shareholders with reports on how the business is doing, financially.

Staff: The staff receives a 10% discount and gift vouchers. They are able to work in a friendly environment. They receive training.

Local community: they bring jobs for local people as well as new choices for customers. New stores usually bring new community facilities as well as a new supermarket. However they understand that new stores can cause disruption. They aim to be good neighbours, with consideration towards local residents.

Media/pressure groups: They regularly report on what they are doing for the environment. For example they have been reducing carbon emissions from stores with energy saving lighting and using renewable materials. They have also produced more products with less packaging.

Suppliers: they work closely with their suppliers to keep a close relationship. Many of the suppliers that they use have been working with them for a long time.

1. 3 -Organisational culture and its impact :

Martin (1992, 3) gives the following definition of culture:

“ As individuals come into contact with organizations, they come into contact with dress norms, stories people tell about what goes on, the organization’s formal rules and procedures, its informal codes of behaviour, rituals, tasks,

pay systems, jargon and jokes only understood by insiders and so on. These elements are some of the manifestations of organizational culture. When cultural members interpret the meanings of these manifestations, their perceptions, memories, beliefs, experiences, and values will vary, so interpretations will differ – even of the same phenomenon. The patterns or configurations of these interpretations, and the ways they are enacted, constitute culture.”

The culture also has an impact on the way that J Sainsbury performs as a supermarket by the way that the culture of j Sainsbury is advertised through the advertising campaigns J Sainsbury launches through the media. “ Making Life Taste Better” is now a recognised slogan by all the customers of J Sainsbury due to J Sainsbury advertising their culture so that J Sainsbury can express what they are aiming to do for the customers? Some of J Sainsbury’s “ loyal” customers would probably agree with the slogan that J Sainsbury uses, because customers may believe that j Sainsbury is providing them with food products of a high quality, taste delicious and the price is competitive as well.

The staffs at J Sainsbury is always more than happy to inform customers about products at a special offer etc, this is helpful to the customer due to them knowing that there’s special offers on, and if it interests then they would obviously buy the product. The members of staff also provide an excellent form of customer service by the way that they try to deal with customers as soon as possible, they have a lot of leaflets in the entrance of

the store that informs them about the other J Sainsbury services, such as the bank and now the property agent.

This encourages customers to use other J Sainsbury services, which also has an impact on the performance of J Sainsbury by attracting customers. To provide a high standard of customer services for the customers are also a couple of Customer service desks at the supermarket, which always have a staff members there to help customers if help is needed, so that customers don't have to find a member of staff themselves.

This is how J Sainsbury provides a good customer service, which is also always improving with help to the research and development function. This helps the performance of J Sainsbury by customers feeling valued that they are treated as individuals by the supermarket.

Micro-Environment

In order to evaluate the micro environment of the company basically we would have to look at different aspects of the operation that the company undertake and the business strategies they follow to compete with the competitors. The best way to identify those elements is evaluate company's internal and external factors such as

SWOT analysis:

This is a tool used by the organization to help the firm establish itself in areas of its Strengths, Weaknesses, Opportunities and Threats (SWOT). A SWOT analysis is also used as a framework to help the firm develop its overall corporate, marketing, or product strategies. The Strengths and

Weaknesses are internal factors and they are controllable the organization.
The external factors are opportunities & threats and these can't be controlled the organization.

An example of this is shown in Sainsbury's SWOT Analysis below;

Strength (Internal factors)

Weaknesses (Internal factors)

Strong brand name.

Market share.

Good reputation.

Good location

Expertise and skill.

National store network (638 stores)

UKs largest food retail purchaser

Sainsbury's Brand

Technology in stores is weak and therefore less effective.

Lack of Global Scale

Large portfolio ageing stores

Threat of takeover

Opportunities (External factors)

Threats (External factors)

Joint ventures/Mergers

Increased market share.

Changes in society

New technology

Diversification

No-food and Tesco Extra hypermarkets

Overseas developing markets in Eastern Europe and Asia

Financial Services

Competitor's e. g. new competitors entering the market, product, service and price provided by competitors.

Government policy e. g. taxation, laws.

Changes in society.

UK recession/Price war

Entry of Wal-Mart

Other competitors

Macro-Environment:

At this present phenomenon the nature of the retail industry is changing its image dramatically and the importance to survive with the competitors and remain as a leading company in the market has reached its highest peak. However, there are some issues which may have some impacts on the business.

Political factors:

They're many different aspects to a political influence. A political influence may include:

Changes in the current taxing structure

Privatization

Regulatory con-strengths

Availability changes in raw materials

Trade Unions

At present the changing trend of globalised business could be a challenge as well as an opportunity for the Sainsbury's because they would have to compete against new forces from all over the world to maintain best quality of the products and services they offer.

Customer may get a negative impression because of the investigation going on price fixing as Sainsbury's is listed in the top four retailers in UK (Rigby 2008).

The UK Government is to reduce corporation tax rates from 30% to 28%, which will help Sainsbury, to save large amount of money (HM Treasury 2008).

Economical factors:

Economic influences are also vital in marketing. When talking about economic influences in marketing you must include:

Inflation

Unemployment

Recession

The rising food prices because of global food crisis may have impacts on the business of Sainsbury's as it will definitely increase their purchasing and production cost (economist. com 2008). And eventually it will increase the overall price of the products in the super market

Supply chain of Sainsbury's may get affected with the rising cost of fuel which may lead to an overall increase in prices.

The credit crunch will cut the purchasing power of the consumers as they would have less money to spend on luxury products. Therefore, automatically it is going to decrease profit margins for Sainsbury's. On the other hand Sainsbury's operates financial services company with HBOS (Annual Report 2007) and also a bank. However, both of are directed affected due to recession.

As the competition in the market is really high other big competitors like ASDA , TESCO , MORRISON , LIDL , ALDI are cutting down their product prices and giving lot of incentives to customer which may bound Sainsbury's to drop their prices to survive in the market. (Annual Report 2008)

SOCIAL FACTORS:

Social influences are also vital in marketing. When talking about social influences in marketing you must include:

Consumer lifestyles

Environmental issues

Demographic issues

Education

Immigration/emigration

Religion

Sainsbury's may introduce new recipes to cook easy and healthy food because now a days consumers tend to eat fresh food and seem to be more health conscious.

According to the health department the obesity rate in UK is increasing (department of health 2008). And because of that reason the UK government has emphasised on healthy eating (eatwell. gov. uk 2008) which gives Sainsbury's to an opportunity to manufacture more healthy foods at a cheaper price to match the ongoing trend.

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Technological:

Technological influences are also vital. When talking about technological influences you must include:

The new technological process

Energy saving techniques

New materials

Better equipment

New product developments

It is predicted that by 2011 the online retail sales in Europe will hit approximately 263 Billion Euro because of the rapid increase of internet shopping in which the shoppers in UK may accounting for more than a third of all revenue.

Sainsbury's can take the advantage of utilizing internet as an advertising media as 8% of the global advertising is spent on the internet and the percentage is increasing day by day (The Economist, 2007). It will be very cost effective and help the company to globalize very easily.

Self checkout machines may increase customer loyalty as they don't have to wait in long queues sometimes for very few products. It saves their time and increase comfort while shopping. It can also be very cost effective as it will require less worker to work and can be in operated 24 hour shops which will boost up the sales figure.

RFID (Radio Frequency Identification Device) is a new technology yet to be popular but can play vital role in supply chain management for the company. It can benefit big companies like Sainsbury's to save their valuable time as it requires less inventory and offers more efficiency. (Directions magazine 2008)

Environmental factors

Environmental factors are one of the key issues these days. Every company has to ensure that they contribute in reducing carbon footprint and to increase energy efficiency (Bream 2008) which means big companies like Sainsbury's would have to invest more money to sort out Green issues.

With the growing ethical issues such as selling organic foods and treating animals in a good way may have impacts on the business of Sainsbury's because they would have to retain their customers and balance their pricing after maintain all the environmental issues.

Legal factors:

Sainsbury's would have to develop its packaging and labelling policies to meet all the implications of LAW on food and drinks. Which will add extra cost to their overall budget?

As Sainsbury's operate a bank and is involved with financial services they would have to be more concerned about the legal issues and risks involved with their business.

Recommendations and improvement: