

Supermarket marketing strategy

[Business](#), [Marketing](#)



Organisations are formed and run in a certain way that it maximises on minimal resources that are available. An example of such business is supermarkets that usually stock an array of products and also they offer services based on consumer requirements. In the United Kingdom, four major supermarkets have market share of 70%, which are Sainsbury, Tesco, ASDA and Morrisons (Pederson, 2008). Thus, the aim of this paper is to analyse Sainsbury Supermarket and ASDA Supermarket utilising four approaches, which are SWOT analysis, PESTEL analysis, 4Ps analysis, and Five Porters Analysis. Sainsbury Supermarkets

Sainsbury is a UK food retailer that doubles up its activities in financial services. Some of the companies that make up Sainsbury include Jacksons Stores, Sainsbury's Local and Sainsbury's Supermarket to name some. The reasons of the organisation to diversify into convenience stores is analysed in the Porters 5 forces analysis. However, their main aim to serve consumers well translating in value for shareholders. Moreover, the organisation champion employees requirements and they have provided an environment in which employees are rewarded while they are provided with opportunities to develop their careers.

Additionally, the organisation policy is to champion cordial relationships with suppliers, recognise mutual benefit, and fair treatment among the suppliers, and have appropriate social corporate framework. SWOT Analysis Strengths

- Has local shops
- Among the leading supermarket located in UK
- Provide nector cards for their customers
- Perceived to be providing quality goods and services
- Range of services and products that include online shopping and banks

Weaknesses

- Products and services are expensive compared to competitors (Pederson, 2008)
- Back firing of Jamie Oliver’s endorsement Opportunities
- Huge capital reserves
- Increase in consumer consumption Threats
- High employee turnover
- Competition from other stores and supermarkets
- Profit is reported to be decreasing continuously
- Consumer health awareness

PESTEL Analysis Political Factors

- Political changes as enabled maximisation of globalisation, which also pose numerous challenges for the organisation.

The challenge of globalisation is intense competition while the benefit is that they can enter any emerging market through partnerships or joint ventures, even though such plans have not been reported.

- Changes in policies and introduction of investigation such as the investigation of price fixing among the major supermarkets may have negative impact to the entire industry.

Even though the supermarket is well established among the customers, the entire allegations may negate the supermarket image (Hoover, 2007).

- Reduction of corporation tax from 30% to 28% could save the supermarket huge amounts of cash that they may decide to re-invest

Economic Factors

The cost of food has increased across the world, which means that Sainsbury’s will have to purchase its products at high costs. This would translate in reduction of margins or even its consequences may be transferred to the consumer. Moreover, increase in fuel costs may affect supply chain of Sainsbury’s and may contribute to overall increase in prices.

- Financial crisis may change consumer behaviour since it could decrease the purchasing power while shying from luxury goods. This could greatly affect operations of Sainsbury’s Supermarket
- Competition is inherent in

any business sector, which means that increase in competition would force Sainsbury's to decrease the prices resulting in decrease in margins

Social Factors

- Societal changes have introduced emphasis on easy cooking and fresh cooling. This is an opportunity that can be maximised by Sainsbury's through encouraging new unfussy eating and recipes

- The government of UK has started emphasising on healthy eating due to increase in level of obesity. This has resulted in many consumers shifting to healthy eating and thus it is an opportunity for Sainsbury to provide and create healthier foods at cheaper price.

Technological Analysis

- Online technology is growing at a faster rate in Western countries, which means that Sainsbury's can leverage in this technology and utilise it to create competitive advantage.
- Supermarkets are associated with long queues in which every person without preference of items purchased to queue.

Thus, the use of checkout machines could greatly help in ensuring that such complications are avoided.

- A new technology such as Radio Frequency Identification Device can be used to greatly help in Sainsbury's supply chain. Incorporating such technology especially in inventory could result in a leaner and more profitable supermarket

Environmental Factors

- Many western countries and NGOs continue to request companies and organisations to improve on energy efficiency and reduce carbon footprint. This means that Sainsbury's will be forced to invest in green initiatives

- Ethical and moral considerations may affect the way Sainsbury's operates in that issues such as ethical treatment of animals and sale of organic food.

They will be forced to balance between such requirements and the issue of price to prevent losing of consumers because of increase in prices while meeting sensitive issues. Legal Factors • Sainsbury's Supermarkets will be forced to address stringent laws on drinks and food and thus they will be forced to follow more labelling and packaging policies to deal with these legal resulting in increase in operation costs. Five Porter's Forces Analysis

Competitive rivalry • Supermarket business is becoming more competitive, which means intensification of competition could decrease revenues collected • Other business such as Tesco has an advantage in the market, which means that the company has a considerable distance to cover. • The competitive advantage of Sainsbury's relative to other competitors is the presence of convenience stores Barriers for entry • Food retail is amongst the most sophisticated sectors in United Kingdom, which means that it requires huge capital investment and also could require brand development which is an expensive initiative

• The retail industry is advanced and may not easily allow environment for new entrants to establish • Knowledge and consumer understanding is something that is difficult for foreign firms, which mean shat it is difficult for new entrants. Threats of Substitutes • Threat of substitute is minimal because many consumers see it as a necessity • New technologies and innovations that tend to assimilate and converge food products makes it difficult for entry of substitute • Internal threats exists in that one because laps up the business of other supermarkets

Buyer Power • The power of buyer is high because there are numerous competitors who sale the same products • Switching for the consumers is always low e. g. shifting between type of products Supplier Power • Relationships is mutually dependent 4Ps Place • Strategically located • Convenience stores Product • Diversified products • Quality products • moneyservices and products Price • Relatively cheaper • Price are somehow equal through out the industry Promotion • Loyaltypromotions • Media and charity presence to market their products