

Marketing communication: the sainsburys strategy

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British retailer Sainsbury has captured 14 supermarkets from fellow Morrisons, including the original Morrisons store in the Yorkshire town of Ripon. But the group still lags behind the rival Asda, which also declared expansion plans this week.

Apart from the Ripon store, all the outlets acquired by Sainsbury are former Safeway supermarkets, part of a package of stores which, Morrisons is obliged to sell in order to gain approval for its takeover of Safeway.

Sainsbury's recent strategy will be revamping its entire store portfolio, moving into the convenience sector, launching a major non-food range.

While among others it has been widely criticized in some quarters for lacking real focus and in order to overcome that a quick fix is designed to kick start an ailing business and set it on the path of growth.

Quite obviously, the rest of the industry has not been standing still while Sainsbury struggled with its image. The Morrisons/Safeway deal has left Sainsbury with a strong new opponent snapping at its heels, while Asda's tie-up with US giant Wal-Mart, and particularly the adoption of its low price policy helped propel it ahead of the one-time market leader.

Sainsbury's is implementing a series of new HR initiatives in an attempt to accentuate staff morale, as part of a £950m rescue plan. The supermarket chain has admitted that a low staff morale has been a significant factor in its financial struggle of recent years.

The company announced a new bonus scheme, which rewards all colleagues on store standards and availability to help create an environment focused on support and customers. Staff suggestions, reward and recognition schemes

have also been introduced to create a more flexible work culture.

All in all, it is way too early to state whether Sainsbury's strategy is the right one or not. Although the restructuring programme is due to be completed this year and the time is fast approaching when the company's management will no longer be able to blame the upheaval which has caused for its financial woes.

References:

Foodanddrinkeurope. com, Sainsbury adds Morrisons stores, Asda expands, May 14 2004, Decision News Media SAS, 12 December 2006 < <http://www.foodanddrinkeurope.com/news/ng.asp?id=52134-sainsbury-adds-morrisons>>