Morrisons

Business, Management

Morrison’s inserts his/her Inserts The company owns over 403 outlets across U. K and claims to serve over nine million customers. It is headquartered in Bradford and was began operations in 1899 (Varley, 2006). Approximately 15. 5% of the company is under the control of the Morrison family to date (Donnelly & Linton, 2009). It offers branded products and also produces under its own label. Emphasis is on selling fresh; the company owns its own temperature controlled warehouses where supplies are kept before delivery. The company also owns its own factory under the name of Farmer’s Boy where pizzas, meat sausages, pies etc are cooked (Donnelly & Linton, 2009). It also plans to train more than 12, 000 people butchery and bakery skills as well as customer service are well behind that of Asda’s which intends to train 5, 000 people (Berman, 2010).

The company’s vision is to make its way to the “ Big Three”, attain a higher market share than its three main rivals; 16. 4pc at third-placed J Sainsbury, 16. 9pc at Asda and 30. 5pc at Tesco (Lancaster & Massingham, 2011).

As far as the strengths are concerned, the retailer owns 89% of its store portfolio (Datamonitor, 2011). Hence, there is little threat of takeover and greater security to investors in terms of security. Secondly, the value of Morrison’s property, plant and equipment assets is around £7. 5bn, higher than its current market capitalization (Datamonitor, 2011) . Its debt to equity ratio is mere 19% which is lowest in the industry (Datamonitor, 2011). Its profits before taxes are up by 45 per cent to £449 million indicating positive growth (Datamonitor, 2011). Morrisons enjoys an enhanced/ up-market image of a more sophisticated store frequented by celebrities such as Lulu and Alan Hansen. The company was bestowed with ‘ Retailer of the year’ award in 2008 which earned the company high goodwill (Datamonitor, 2011).

As far as the weaknesses are concerned, Morrison's does not have an internet home shopping business unlike its three larger rivals Tesco, Asda and Sainsburys (Boddy, 2005). This could put the company on the backburner as e-commerce is an ever-growing business as it gives greater convenience to customers along with a potential to tap international markets. Secondly, it does not have a loyalty card scheme such as Club card which Tesco has uses to track consumer trends and offer lapsing customers discounts (Thompson & Martin, 2010). Third, unlike Tesco, Asda and Sainsburys, Morrison's does not have a meaningful non-food offer (Thompson & Martin, 2010).

The company is faced with various challenges. Firstly, Asda's takeover of Netto chain will further threaten Morrison's vision to come into the " Big Three" (Thompson & Martin, 2010). Secondly, Waitrose's market share is12. 5% against Morrison's mere 6%; this can throttle Morrisons customer base (Datamonitor, 2011). The success of its merger with Safeway is also questionable given the differences in culture. Furthermore, a dampened economy with low rates of inflation has led to falling rate of sales growth for the company and may continue in future given assumptions about economic conditions in U. K.

References

Berman, B., 2010. Competing in Tough Times: Business Lessons from L. l. Bean, Trader Joes, Costco and other world- class retailers. New Jersey: FT Press. Print.

Boddy, D., 2005. Management: an introduction. New Jersey : FT Press. Print.

Datamonitor, 2011. Wm Morrison Supermarkets Plc. Datamonitor. Print.

Donnelly, R. & Linton, C., 2009. CIM Coursebook: Delivering Customer Value Through Marketing. Oxford: Butterworth-heineman (Elsevier). Print.

Lancaster, G. & Massingham, L., 2011. Essentials of Marketing Management. Oxon: Routledge. Print.

Thompson & Martin, F., 2010. Strategic management: Awareness and Change. 6th ed. Hampshire: South-Western Cengage Learning. Print.

Varley, R., 2006. Retail Product Management: Buying And Merchandising. 2nd ed. Oxon: Routledge. Print.