

Business report on sainsburys plc marketing essay



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The business I decided to report on is J Sainsbury's. This organisation is very well known and well-established; this is why I decided to make a report focusing on different areas of this organisation. In this report I will talk about;

The key business objectives

Major influencers of Sainsbury's

Functional areas of the business.

History of Sainsbury's

Sainsbury's was founded in 1869 by John James and Mary Ann Sainsbury. They opened their first small shop at Drury Lane, London. Drury Lane was one of London's poorest areas and the Sainsburys' shop quickly became popular for offering high-quality products at low prices. It was so successful that further branches were opened in other market streets in Stepney, Islington and Kentish Town. By 1882 John James Sainsbury had four shops and carried on expanding his business further. He opened a depot in Kentish Town, London, to supply this growing chain. On the same site, built bacon kilns that produced the first Sainsbury brand product. It was also in 1882 that John James opened his first branch in Croydon. This shop sold a wide range of 'high-class' products which were more detailed in decoration.

At this moment Sainsbury's established itself as the third largest supermarket chain in the United Kingdom with a share of the UK supermarket sector of 16.3%.

Sainsbury's business objectives

Sainsbury's current priority is to grow and survive. In March 2007

Sainsbury's identified key areas to focus on *

Great food at fair prices: To build on and stretch the lead in food. By sharing our customers' passion for healthy, safe, fresh and tasty food, Sainsbury's will continue to innovate and provide leadership in delivering quality products at fair prices, sourced with integrity.

By increasing the quality of food and adjusting the prices due to the current economic situation, Sainsbury's plan to get more customers.

Accelerating the growth of complementary non-food ranges: To continue to develop and accelerate the development of non-food ranges following the same principles of quality, value and innovation and to provide a broader shopping experience for customers.

Sainsbury's aim to expand services in non-food areas; the more areas they successfully expand in the more attention they will get from customers.

Reaching more customers through additional channels: To extend the reach of the Sainsbury's brand by opening new convenience stores, developing the online home delivery operation and growing Sainsbury's Finance.

This means that they must consider opening new stores in areas preferably where there is less competition going on (e. g. areas that Tesco or Asda has not been)

Growing supermarket space: To expand the company's store estate, actively seeking and developing a pipeline of new stores and extending the largely underdeveloped store portfolio to provide an even better food offer while also growing space for non-food ranges.

Sainsbury's currently have a refurbishment programme; they are trying to expand their current store space by closing down stores for a certain period of time to expand capacity. An example is Sainsbury's store in North Finchley, London which currently re-opened after a month's refurbishment.

(Own knowledge) **

Stakeholders

Sainsbury's is a Public limited company, which means that ownership is divided up between all the shareholders and the decisions are made by the board of directors with the shareholders interests in mind. The main objective is usually profit maximisation, since each shareholder gets a cut of the profits depending on their share size at the end of each year.

Below is a diagram showing the stakeholders of Sainsbury's plc.

Employees

Employees are important stakeholders within a company because a company cannot operate without any workers. Sainsbury creates competition between its employees by giving the lowest wages possible for its employees to compete to get to higher ranks within the organisation.

Employees will be self motivated because of the 'prize', performing better at work and racing to help the customers around the market. A better service will attract more customers, increasing profit which will also satisfy the

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shareholders. Sainsbury's also offer pension schemes providing motivational factors such as job security

Customers

Customers are vital for the survival of a business. Without anyone purchasing the goods and services a business can not survive. It is vital for a business to satisfy their customer's needs. Market research is very important to find out exactly what customers needs are. Sainsbury's strong on promoting its goods and services to customers. Sainsbury's usually use ' buy one get one free' strategy, which allows customers to purchase 2 of the selected items for the price of one. This has a positive effect on customer satisfaction. Sainsbury's also used Jamie Oliver in the past as its public face to attract more customers.

Suppliers

Suppliers are the companies who supply products which businesses sell. Suppliers are very important stakeholders. If Sainsbury's fail to keep its suppliers happy this could cause a chain reaction, if suppliers refuse to supply goods for Sainsbury's and the customer demand is high; after a certain time customers will change sides and go to a store which satisfies their needs.

Managers/Directors

Mangers are important to Sainsbury's, because it's down to the mangers influence and commitment that the company's activity can flow successfully. Their job within the company is to make sure various departments work well together. They are important for Sainsbury's, without them the business

would be lacking as they would not have had the correct support to maintain a sufficiency.

Government

The government affects the workings of businesses in many ways:

1. Businesses have to pay a variety of taxes to central and local government, such as Corporation tax on their profits and Value-Added Tax (V. A. T) on their sales
2. Businesses also have to stick to a wide-range amount of legislations, which is aimed at protecting the consumers, the employees and the local environment from business activities.
3. Businesses will be affected by different economic policies, (for example changes in interest rates which will have an effect on businesses when they borrow money). However, businesses can benefit from government incentives and initiatives such as job creation schemes and business relocation packages, offering low-interest loans and cheap rent.

The government as a stakeholder is there to make sure that businesses are following legislations and regulations correctly. If Sainsbury's do not follow legislations correctly the government could penalise the business.

Competitors

Competition has a big influence on Sainsbury's. Sainsbury's main competitors are Tesco, Asda and Safeway. Sainsbury's always tries to stay one step ahead of its competitors through regular market research. If a competitor launches a successful product or a service then Sainsbury's will

either copy the idea or come up with something better. Sainsbury's Market Research Department plays a vital role for the business survival. This department keeps a close eye on Sainsbury's competitors and customers attitudes.

Functional Areas

Human Resources

The first functional area of Sainsbury's I will be covering is Human Resources. Human Resources Department looks after and employs the employees of Sainsbury's. Human Resources treat the staff as the most important resource for the business's success. If the employees are not motivated well enough and work below a satisfactory level then the business will suffer at meeting its aims and objectives. However if the employees are keen to work at a satisfactory level then Sainsbury's will be successful at their aims and objectives. This is why Human Resources Department is important for Sainsbury's

Marketing and Sales

Sainsbury's marketing department came up with 'the TV solution' idea to promote their products on TV. Jamie Oliver has been the public face of Sainsbury's since the "Try something new today" launched in September 2005 *** the aim of this strategy is to make sure this message stands out from rivals' focus on low prices. Sainsbury's is trying to convey that not only they can supply great quality at fair prices but they are also the only store offering such a wide range of ideas. Their aim is to reach all potential customers.

In December 2005 Sainsbury had 15.8% of the market but a year later had increased its share to 16.0%. This shows that their strategy is working fine.

Effect of current economic situation

The UK economy unexpectedly shrank 0.4% between July and September 2009. (See figure 2) However Sainsbury's managed to fight back against the recession, unveiling full-year profits, up more than 11% at £543m.

Sainsbury's been running a "switch and save" campaign to push its consumers to switch to lower priced own-label alternatives. They also moved their advertisement focus away from food images to emphasis on price, with campaigns showing how to feed a family for £5 and create meals from leftovers.

Market research TNS showed that the store has a market share at 16.3% while Sainsbury's rival Tesco dropped from 31.8% to just over 30%.

In my opinion Sainsbury's should come up with more offers on "Basics" range of foods; for example buy 2 get 1 free dairy products would draw customers attention since most people consume dairy products whether its milk or cheese.

1. 499 words excluding References, bibliography and Appendices

References

*(available at: <http://www.j-sainsbury.co.uk/index.asp?pageid=12>)

** (Available at: <http://www.macegroup.com/projects/project-library/sainsburys-store-refurbishment-programme>)

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*** (available at: <http://www.thinkbox.tv/server/show/ConCaseStudy.763>)