

# [Mission statement, swot and pest of woolworths and primark](https://assignbuster.com/mission-statement-swot-pest-of-woolworths-primark/)

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## INTRODUCTION

For this assignment I have been instructed to prepare a critical analysis of recent strategic planning of Woolworth and Primark. And then make a comparison and contrast between these two companies on the basis of strategic analysis. In order to complete this assignment and making the final conclusion about strategic analysis first of all I would like to start my work with definition of strategic planning and I will analyse the Woolworth and Primark strategic plan on the basis of which I will evaluate that which company has used the strategic planning most effectively in their business.

## STRATEGIC PLANNING

Strategic planning can be defined as an organization’s process of defining its strategy, or direction, and making decisions on allocating its resources to pursue this strategy, including its capital and people. Different business analysis techniques can be used in strategic planning, including SWOT analysis (Strengths, Weaknesses, Opportunities, and Threats) and PEST analysis (Political, Economic, Social, and Technological analysis), market strategies, implementation and control.

Details available at (Accessed on 26-12-2009) (http://www. selfgrowth. com/articles/Definition\_Strategic\_Planning. html)

OR

Strategic plan can also be defined as, a tool for an organizing the present on the basis of the projections of desired future. Hence strategic plan for any company serves as a road map to lead an organisation from where it is now to where it would like to be in five years time.

Details available at (Accessed on 26-12-2009) http://www. sla. org/pdfs/sphand. pdf

## 1. WOOLWORTHS

## INTRODUCTION AND HISTORY

The first Woolworths store was founded by Frank Woolworths in an America in 1879. After one year 1st store was closed but the courage of ideas never dies so “ Frank Winfield Woolworth” established the new store in “ Lancaster, Pennsylvania” however this store was start running or get successive

In 1909 it opened its first branch in Liverpool 9 and after the First World War quickly it established outlets across UK high streets. The secret of this success was the great value on offer – with all goods being priced at either a penny or sixpence. Over the decades that followed Woolworths would go onto become a part of the British national fabric and held in such high regard that people looked at it as a the centre of the community and a pillar of dependability It was ultimately destined to be more successful than its American cousin that closed its shutters for good in 1997.

Details available at (Accessed on 2912-2009) (http://www. historytimes. com/news/history-behind-the-headlines/139-a-sad-day-the-end-of-woolworths)

## MISSION STATEMENT AND OBJECTIVES OF WOOLWORTHS

Woolworth’s stated aim is to be at the heart of the community and the best loved retailer for kids, home and family leisure.

The objectives of Woolworths were to improve stock turns and optimize network efficiency while ensuring that its customers – served by more than 800 stores found on virtually every main street across the United Kingdom – find in-stock the value-for-money products they have come to expect. Woolworths’ invested a large amount in its supply chain management systems and affects all areas of the company.

Details available at (Accessed on 29-12-2009) (http://mhmonline. com/news/mhm\_industrynews\_3353/)

## SWOT ANALYSIS OF WOOLWORTHS

The company internal factors are its Strength and Weakness and its external factors in SWOT analysis are Opportunities and Threats.

### STRENGTHS:

* Woolworths had following strengths
* Ability to reduce their cost
* It was one of the cheap retailers in market
* Strong presence in toys, house ware, confectionary and seasonal product market
* Adaption of advertising icon
* Selling company manufactured products etc.

### WEAKNESS:

* Some of the weaknesses of Woolworths are as under,
* Extending the length of two or three offers
* Failure to keep speed up new technology with its competitor
* Poor decision making over the critical trading time of Christmas
* Negative perception about quality with low prices etc.

### OPPORTUNITIES:

* Development of electronic entertainment offering
* Extending channels for consumers and bring technological advancement in their offerings
* Low prices as compared to competitor
* Offering wide range of products and seasonal etc.

### THREATS:

* High levels of competition from within the variety retail sector and from other sectors such as discounters, category killers and catalogue-based retailers continue to make the market a difficult one.
* Aggressive competition from supermarkets extending their non-food ranges and moving into the smaller scale, convenience shops is a further cause for concern as is the recent trend of a decrease in retail sales.
* Coupled with the increase in oil prices and demand for oil, Woolworth may find it difficult to maintain a competitive pricing strategy and the market saturation of the high street retail market means that they cannot afford to become uncompetitive priced.

## PEST ANALYSIS OF WOOLWORTHS

PEST stands for Political, Economical, Sociological and Technological factors present in the environment and plays important role in success of any business. The overview of Woolworths PEST analysis is as follows;

### POLITICAL FACTORS

Political factors directly affect the success of any business. For example new rules and regulation, taxes and other legislation etc. Some of the Political factors for Woolworths are as follows,

New White Paper has been announced that will give retailers the ability to offer legal advice through their own law companies. Dubbed Tesco Law, it provides a further service to encourage the one stop shop approach of the large supermarket chains (BBC D). Supermarket chains, which are one of Woolworth’s main sources of competition, have had a strategy of offering a one-stop shop opportunity to their customers with the introduction of such facilities as pharmacies, banking facilities and insurance.

Gordon Brown announced a doubling of the threshold for stamp duty on house purchases to £120, 000. This was done to assist particularly first time buyers. Encouraging the housing market will have a beneficial effect on Woolworth’s house wares, furnishings and DIY ranges.

### ECONOMIC SITUATION

Woolworths has closed all its operations in UK due to economic recession, and it is obvious that the success of any business depends upon the current economic situation. Woolworths has been adversely affected by current credit crunch and could not afford to continue its operation and hence lost its reputation and shut down all operations in UK.

### SOCIOLOGICAL FACTORS

This is another extremely important factor for the success of business. People trends and demands changes over times and they are more attractive towards new fashions and designs. They also prefer quality over prices as low price is considered or valued with low quality. Woolworths has been offering fashionable and most attractive products to its customers over years and now finally has closed down in UK.

### TECHNOLOGICAL FACTORS

Now we live in modern world where there is boom of technological advancement. People are bringing new ideas and innovation day by day in the existing product and developing new ones with most innovative ideas. Woolworths has been using old ideas over long period of times and couple of years ago it realised the importance of technology and brought that ideas into the business in order to compete with its entire competitor.

Details available at (Accessed on 30-12-2009) (http://www. universityessays. com/example-essays/strategic-analysis. php)

## COMPETETION AND STRATEGY FORMULATION

Woolworth’s has a group of in-store brands including Ladybird, Gloss and Chad Valley, for which they have exclusive rights. The Ladybird brand caters for the children’s clothing market for ages 0 – 9 years. It. Gloss is positioned to pick up the Ladybird consumers as they become older through offering fashionable clothes at a low price point to the 7 – 11 female age groups. Chad Valley is a well-established range of toys launched in 1991, although the name had been in existence since 1860.

Woolworth’s were unable to counteract the competition from specialist, category killers and discounters because they lacked the range of capabilities and understanding of the markets to be able to challenge them once they had become established (Faulkner et al 2003). They do, however, possess several significant core competencies some of which are historic and others adapted over periods of time by using price, product offering and promotional strategies.

Woolworths have adapted different growth, product, price and distribution strategies. It has been using low price strategy that was core competency of Woolworths. Another success factor of Woolworths was its distribution channels. It was one of the long chain distributors of its product in the UK.

It has used promotional tools effectively to promote its business and has offered wide range of products in the store. Sadly its operation came to ends in UK in February 2009 and closed its 807 outlets in UK high streets. Woolworths has given tough time to its competitor but now it is no more threat for any of its rival.

## CONTROL AND IMPLEMENTATION

Control and implementation of different marketing strategies serves the function of backbone for any company. If the strategies are implemented carefully and proper feedback is received then business can continuously grow and generate the expected cash flow for company.

Woolworths have been using control and implementation effectively for many decades. In the past it closed its few stores but it continuous its operation that lead to its success but recently it’s all strategies went wrong and unfortunately it has to shut down all of Great Britain stores that lead to the loss of 27000 employees jobs all over the UK.

Woolworth’s strategies failed and share prices dropped suddenly that lead its shutdown in the UK. Woolworths used to be heart of every high street in UK.

Details available at (Accessed on 30-12-2009) (http://news. bbc. co. uk/1/hi/7811187. stm)

Woolworths in Argyle St, Glasgow, closes the shutters for good

Staff console eachother at closing time

## 2 PRIMARK

## INTRODUCTION AND HISTORY OF PRIMARK

From first Penney’s store Ireland to latest flagship store in Liverpool the Primark story has been continuously success founded on a unique combination of fast fashion and lean operation.

The first Penney’s store of Primark was opened in June 1969 in Mary street Dublin. Within a year four more stores were added all in the greater Dublin area. Primark extended its operations in many countries and currently it is operating in 7 countries with total stores of 196. The name and numbers of stores in these countries are as follows;

Ireland—————————————————38

Spain —————————————————-14

UK ——————————————————-138

The Netherlands—————————————-1

Portugal ————————————————-2

Germany ————————————————2

Belgium ————————————————-1

Total Stores———————————————-196

Details available at (Accessed on 31-12-2009) http://www. primark. co. uk/page. aspx? pointerid= eb44df4565934edca627dac6ec12145a

## MISSION STATEMENT AND OBJECTIVES OF PRIMARK

The mission statement of Primark is “ To provide customers with high quality, fashion basics at value for money prices”.

The major objective of Primark is to provide high quality and advance stuff at low prices that every individual can afford. It’s quite apparent from Primark’s mission statement that the company is pursuing cost leadership and is committed to provide high quality stuff to customers at low prices. Primark is targeting the majority of the population that usually buys stuff that is cheaper and of high quality. To achieve its goal to be the cheapest option to shop for people, Primark has set objectives. They usually open their summer sales well before time. The most important objective of Primark to achieve its goal and provide best possible services and high quality products to customers at low prices and provide stuff for every age group.

Details available at (Accessed on 31-12-2009) (http://www. ethicalprimark. com/? gclid= CJiSi7-7yJYCFRpUEAodaGtoxg)

## SWOT ANALYSIS OF PRIMARK

### STRENGTHS:

* Primark is a retail group in the value sector and operates a total of 196 stores in seven countries. Primark employs in excess of 25, 000 people. Primark was voted ‘ Best Value High Street Fashion’ by GMTV and ITV viewers.
* Primark has so far won numerous awards for the quality of services and sales and customers relations.
* Primark use paper bags instead of polythene to keep the environment safe and green.
* Super-competitive prices (the result of technology, efficient distribution, supply and volume buying)
* Mainstream market product quality
* High Street locations, Superior store fit, Clear focus on the target market

Details available at (Accessed on 31-12-2009) (http://www. primark. co. uk/background. shtml)

### WEAKNESS:

* Primark stands accused of using Indian child labour.
* Primark is one of the leading stores of UK but over the past few years Primark has not been able to give its competitors a tough time because some issues not been resolved quietly till date.
* Primark is claiming that they provide the high quality stuff to the customers but recently some seriously complains were reported associated with the quality of their products

Details available at (Accessed on 31-12-2009) http://business. timesonline. co. uk/tol/business/industry\_sectors/retailing/article5034065. ece

### OPPORTUNITIES:

* Price leadership.
* Quality and fashionable brands.
* Promise to satisfy the customers need with price strategy.

### THREATS:

* Like every business Primark is also facing threats from its major competitor like Marks & Spencer. Mark & Spencer is often considered as high quality product offereing retailer in UK high streets.

## PEST ANALYSIS OF PRIMARK

PEST stands for Political, Economical, Sociological and Technological factors available in an environment and can affect the performance of company adversely. These factors could be in favors of business or even in opposite direction with business mission statement. The PEST analysis of Primark is as follows;

### POLITICAL ANALYSIS OF PRIMARK:

Political factors directly affect the success of any business. For example new rules and regulation, taxes and other legislation etc. Some of the Political factors for Primark are as follows,

New White Paper has been announced that will give retailers the ability to offer legal advice through their own law companies. Dubbed Tesco Law, it provides a further service to encourage the one stop shop approach of the large supermarket chains (BBC D). Supermarket chains, which are one of Woolworth’s main sources of competition, have had a strategy of offering a one-stop shop opportunity to their customers with the introduction of such facilities as pharmacies, banking facilities and insurance.

Gordon Brown announced a doubling of the threshold for stamp duty on house purchases to £120, 000. This was done to assist particularly first time buyers. Encouraging the housing market will have a beneficial effect on the current market.

### ECONOMIC SITUATION

Primark has reported more profit as compared to its competitor even in a period of recession. It is because of the effective management strategies and price leadership over its competitor. Another advantage Primark is getting a cheap labour in Asian countries that contribute towards profit maximisation.

### SOCIOLOGICAL FACTORS

This is another extremely important factor for the success of business. People trends and demands changes over times and they are more attractive towards new fashions and designs. They also prefer quality over prices as low price is considered or valued with low quality. Primark is offering most fashionable and most attractive products to its customers and is giving tough time to its competitor. It promise high quality product at low price.

### TECHNOLOGICAL FACTORS

Now we live in modern world where there is boom of technological advancement. People are bringing new ideas and innovation day by day in the existing product and developing new ones with most innovative ideas. Primark is using CCTV cameras and scanners in order to reduce the level of stealing.

## STRATEGY FORMULATION

Every business makes strategy to complete its operations and select time frame for targets. Primark has been making effective strategies for marketing mix like Price, Product offering, Promotion and distribution channels. It also develop an effective strategies in order to compete with its competitor and giving them tough time.

Primark management is most effective and working in favor of its success. One example of its effected management is that it has earned lots more profit then others in economic recession and reported more sales.

Primark has build one of its biggest store in Liverpool UK. This store has created about 800 jobs for local people.

9. 20am: People continue to arrive at the store

It takes a lot of security to guard £2 stuff

Details available at (Accessed on 01-10-2010) (http://www. bbc. co. uk/liverpool/content/image\_galleries/primark\_opens\_gallery. shtml? 6) (http://images. google. co. uk/imgres? imgurl= http://foxsden. files. wordpress. com/2009/01/primark. jpg&imgrefurl= http://foxsden. wordpress. com/2009/01/12/primark-in-purchasing-from-underground-sweatshop-shocker/&usg= \_\_rZh-bKV\_yShLKboOQVhy2NS1QAA=&h= 310&w= 472&sz= 72&hl= en&start= 1&um= 1&tbnid= g6b0vt8VvEAVTM:&tbnh= 85&tbnw= 129&prev=/images%3Fq%3Dprimark%26hl%3Den%26rlz%3D1T4HPEB\_en-GB%26sa%3DN%26um%3D1)

## IMPLEMENTATION AND CONTROL

Implementation and control are success factors for any business, and if monitored and control carefully can bring a huge profit to company and can also compete with others business in a perfect way. Primark has effective control and implementation strategies that are helping in the success of whole business across different countries. Primark is already making lots of profit and making more and more sales.

## CONCLUSION

On the basis of above strategic analysis and compare and contrast of both companies Woolworths and Primark it is clear and very simple that Primark is evolving as market leader and making place in the heart of people. Although Woolworths was an attractive retailer at times of its operation and have been competing effectively on the basis of low price strategy but sadly it ended up with closing down all its Great Britain stores and leaving about 27000 people unemployed. All this happened because of current economic recession, lack of finance and also poor making decision of management.

On the other hand Primark has reported lots of profit in current economic recession as compared to its competitor which suffers adversely from the current situation. Primark has adapted a low price strategy that is most effective and attracting more and more customers. Primark promise lowest price and best quality. From the above analysis it is clear that Primark management is most effective in decision making and it is continuously extending its operation in other country of worlds that is key point showing that company in profit its performance is increasing day by day.