

Socio demographic and cultural factors marketing essay



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Wm Morrison Supermarket plc most called Morrisons is a famous English retailer created in 1899 by William Morrison in Bradford (England). This retailer is specialized in the sale of food (fresh products) and grocery.

Morrison was very present in the north of the United Kingdom but start expanding in the south after the acquisition of Safeway in March 2004 which were concentrated in the south of England and Scotland. Now Morrisons has a total of 403 supermarket stores around the United Kingdom.

Today, Morrisons represents the fourth largest supermarket chain in the United Kingdom after Tesco, Asda and Sainsbury's.

The retail supermarket industry has become very competitive in the United Kingdom. However, this sector still shows a strong growth potential. To expand abroad and being more competitive than the others United Kingdom retailers are the key objectives of any major company.

But how strong retailers like Morrisons can face an uncertain economic future? How important is for a retailer to understand its consumer's needs. Which roles play customers in the retailer strategy?

We will see in this report how the Morrisons market environment is by studying the results of the Pest analysis. We will also study the opportunities and threats of Morrisons.

Secondly, we will analyse the Morrisons competitors by doing a competitors analysis and comparing the different promotions that Tesco, Asda and Sainsbury's offers to the customers and what is the added value of Morrisons.

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In the second part we will show the relationship between Morrisons and its customers.

First, we will highlight the means used by Morrisons to attract its customers analyse the marketing mix.

Then, the services offered to the client and the relationship between the retailer and its customers.

Morrisons market environment

The market environment is very important for Morrisons because it shows the impacts of the environment upon an organisation.

Environmental analysis:

POLITICAL AND LEGAL FACTORS:

Wm Morrison has to face some local and political implications, regarding employment and economy. All those points affect Morrisons and the management of the organisation.

The acquisition of safeways is an important element and affects positively the retailer. Thanks to this political decision which involves economics results, Morrisons has made great strides in the local market.

Morrisons also has to face some European factors such as the regulation of the worker salary and the number of work hours. European Union also has created barriers concerning European workers and entry of European competitors.

ECONOMIC FACTORS:

Inflation, recession, growth, VAT and other factors such as the level of employment and other budget decision affect Morrisons.

For example, it will be easier for the company to expand because of the stable situation in United Kingdom. The level of employment is good and the economy of the country too.

Global factors have an impact on retailers, although the company competes only within the U. K market.

SOCIO DEMOGRAPHIC and CULTURAL FACTORS:

The population of the country has an important influence on Morrisons supermarkets. Morrisons has to provide more products to meet all categories of customers. (Particularly for aging population) In addition it is obviously important to provide a friendly shopping environment for customers. For example Morrisons has to understand the problem with the old population is the availability of employees for the future. There will be fewer younger people in the future to work or search for employment.

Morrisons has to target different part of the population and provide products for all classes of population.

For Morrisons and other retailers, the phenomenon of “ busy life” is more and more present. So they have to adapt their opening hours for the customers which work more and need more time.

The United Kingdom has increasingly become a multi-cultural country with the appearance and learning of different cultures. The growing variety of Pakistanis, Indian, Chinese and other nationalities foods or products is becoming an important market and Morrisons has already understood that by selling takeaways menus with different food types.

TECHNOLOGICAL FACTORS:

E-commerce has become an important marketing and distribution channel.

The most important competitor of Morrisons, Tesco already start selling products online with tesco. com which push Morrisons to compete also in this area which represent the future sales.

The use of machines (self check out) instead of staff has influence the number of staff in supermarket. But customers still needs people to help or advice them.

Supply chain and value chain integration has advanced recently and is a major area, where investments are needed to gain competitive advantage.

SWOT:

Using the SWOT analysis we can learn the main opportunities and threats of Morrisons.

SWOT

Threats

Opportunities

Strengths

Good value on BOGOF deals

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(not good quality)

Safeway acquisition

food labelling, recycling(good image)

Good PR with suppliers

Weaknesses

No recognisable public face

More quality but high price VS competitors (Tesco ex: 3024 cheaper products)

Porter VALUE CHAIN Analysis:

The first value chain activity analyses of Morrisons are:

Inbound Logistics:

Morrisons has a competitive advantage by controlling its own supply chain and because of the sophisticated logistical system that permits it to furnish fresh and other items very quickly.

Operations:

Morrisons win another advantage by providing to its customers an experience of shopping never seen before through the “ Market Street”.

Outbound Logistics:

Morrisons has considerably improved the outbound logistics by providing a lot of facilities to its customers such as parking but has to face its

competitors which are highly informed about that kind of services which they already use.

Marketing & Sales:

Morrisons has to change its approach of marketing and sales because its not a strong point of Morrisons success. If Morrisons want to continue being in the fourth retailers of UK it has to review its marketing.

Service:

Morrisons has a good service quality but still has to improve some strategic elements such as the after sales services and customer's financial service.

The secondary value chain activity analyses of Morrisons are:

Infrastructure:

Morrisons has quite good infrastructures that permit the integration of the supply chain.

Human Resource Management:

Employees are an expensive and vital resource that Morrisons need.

Morrisons should improve its human resources management strategy to improve its profits.

Research & Development:

Morrisons has a good research and development centre that helped it before by innovating news services and products. But today Morrisons should invest more in this sector if it wants to stay in the fourth United Kingdom retailers!

Procurement:

Morrisons will have to face major problems due to its rapid expansion.

Morrisons and its competitors

If Morrisons succeed being the fourth national retailer it is because of the acquisition of Safeways which was crucial to face its big rivals.

The Morrisons's secret is simple: low costs, low prices, and basic and fair food retailing.

For this analysis I have chosen to study the case of two of the main Morrisons competitors such as Tesco and ASDA. Tesco and Asda are the main threats of morrisons due to the financial strengths and the size of the companies.

TESCO:

Tesco is the national leader in the UK market. However it has also established itself internationally. Tesco has a view to continue and increase its market shares in the Uk and become a dominant player in the international market.

The Tesco's current strategies include new channels of marketing, and market expansion. For Tesco we can say that it has a good opportunity to show its performances and succeed on its challenges. We can easily say that the reason why Tesco is the best (leader) is because Tesco always manage successfully its supply chain and its finances. We can also add the fact that Tesco has a good marketing strategy facing all other supermarket prices and offers.

In the future Tesco can follow the same strategy and be more aggressive because the retailer market permits it and is more and more competitive. Moreover Tesco will benefit from the global growth, what Morrisons can't do.

ASDA:

ASDA, which is owned by the international supermarket chain Wal-Mart, has its objectives, to become the market leader in the U. K.

The ASDA's strategy is to focus on the same strategies as Tesco and tries to challenge it. ASDA has not as many chances as Tesco to succeed in its strategies because of the strong power of competitors on the market. But ASDA is highly capable to face and compete with Morrisons's strategy.

ASDA has the advantage of benefiting of belonging to Wall Mart which can invest more in this brand. It will help it to be more competitive and face the others retailers. The threats posed by Morrisons will make ASDA more aggressive as Tesco.

This analyse give us some information about the main Morrisons's competitors and help us to realize the Porter five forces analyze.

Threat of new entrants:

The threat of new entrant is high because of the nature of the United Kingdom industry. But the UK retail market does not only host British retailers and European supermarkets also want to penetrate it. The German chain already did it with the Lidl stores. British retailers should also be afraid

of American supermarket chains which try to integrate the UK market in order to make British retailers weak.

Threats of substitutes:

Substitutes could be viewed as independent retail shops, off license, or specialized stores like Londis. For the moment it does not represent any threats for large retailers as Morrisons but could be dangerous in the future.

Bargaining power of buyers:

The bargaining power of buyers is relatively high because customers of Morrisons have a lot of alternatives. If they are not completely satisfied they will easily change of retailer for lower prices, better quality or offers.

Moreover, today, customers are very aware of what happen in the retail world, that is to say that they know all offers, promotions in all stores and for all brands.

Bargaining power of suppliers:

Since today, Morrisons has not suffered a lot from the bargaining power of supplier but it will have to find new suppliers because of the recent expansion. It is very hard to predict the future bargaining power of suppliers but we can imagine that it will be highest in than today.

Rivalry among competitors:

The retail industry is highly competitive. However there are only four retailers that dominate this market in UK such as Tesco, Asda, Sainsbury's and Morrisons.

Morrisons and its customers

Morrisons services and offers:

Being one of the biggest retailers in United Kingdom, Morrisons has to deliver the best services and products to its customers.

First Morrisons is well known for the quality of its product and services. Indeed, Morrisons wants to offer to the customer the best value on its products. That is why each supplier is carefully chosen as the products.

Morrisons is principally known for the quality of its products and its large number of fresh products.

In fact, Morrisons works hand in hand with farms which assured the customers the quality and provenance of each fruit, vegetables and meat, second the Morrisons website corporate information.

Morrisons offers a wide range of meat, particularly from Haswell Moor Farm, England, fruits and vegetables as well coming from Tattersett Farms, and Strawson in Nottinghamshire.

Morrisons is really proud of its supplier network and play a lot on this asset.

Morrisons is also one of the supermarkets in England with a wide choice of fisheries also from Trafalgar Fisheries and Falfish, England.

Therefore, we can say that in the point of view of fresh products, Morrisons makes a point of honor to satisfy customers while keeping prices reasonable even see incredible.

Apart of the products Morrisons, guarantee to its customers, services in store such as salad, pies, bakery, pastries bars but also some facilities for the client like a car park, petrol station, car wash, restaurant or café and cash machine.

All these elements represent the customer's needs that have been studied by Morrisons to satisfy the customer.

Morrisons also launch his proper website online to facilitate shopping for customers. Indeed, this right way to shop, has been adopted by competitors and Morrisons also had to face them in this segment.

This way, Morrisons's customers can finally have access to products available in their supermarket, but can also create their shopping list online.

On the site, we can find information about products, their source, the tempting offers proposed by Morrisons.

It is still impossible to buy online on the website but we think that it will be soon.

In addition, Morrisons also puts at the disposal of its customers a store finder, which allows anyone to find the nearest supermarket just writing the postcode. On this page all the information about the shops are available as for example the opening hours, services offered by the store, and all facilities.

It is also possible to view information relevant to the company, its suppliers, etc.

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To complete these advantages Morrisons, the company puts at the disposal of its loyal customers a particularly skilled staff.

Morrisons included in its corporate culture that every customer should be able to get the information they need on any product, service that Morrisons offers. That is why every employee receives a training to enable them to respond to each question asked by the client.

The employees all work in a spirit of teamwork and family, because Morrisons is a great and big family that anyone can join if they really want.

Corporate culture is very important at Morrisons as it should reflect the principles and values of the company and meet the employees and customers needs.

Like its competitors, Morrisons has introduced offers on its products: the price crunch.

These reductions relate to a vast majority of products and allow customers to enjoy their favorite products at low prices.

We can find these offers on the regular in-store magazine launched in 2008 by Morrisons. This one is a collection of information about the store, the events that touche it but also the products that it sells and several recipes adapted to products sold in stores.

Therefore, Morrisons increases its popularity thanks to this free support for customers.

Now we will see the marketing mix of Morrisons. The term of marketing mix represent all the tools available to the company to achieve its objectives with the target market.

PRODUCTS:

Morrisons offer a wide range of products for all types of customers. The quality and the source of its products are main points of the Morrisons marketing.

PRICE :

The Morrisons prices are higher than the others like Tesco and Asda or Sainsburys but Morrisons insist more on the quality of its products than the prices. For example Tesco with its low prices could be seen as a discount store so bad quality retailer. Morrisons also offer some price reduction on some products.

PLACE :

Morrisons is principally based in England and most in the north. It can easily play with the proximity image and the culture customers and store share.

PROMOTION :

Morrisons base its promotion on the quality of its products and especially on the fresh and the friendly atmosphere of its stores.

Morrisons's relationship with customers

In this part, we will analyse the relationship between Morrisons and its customers starting by the customer's analysis to define the market segment and the targets and how Morrisons do to answer the customers need.

Customer's analysis:

Thanks to the Hawkins and Mothersbaugh book we can understand the aim of this analysis which is to separate the population in different groups in order to understand the customer's needs and to check if Morrisons has known how to answer them. By this analyse we can easily understand the relationship between customers and retailer.

The traditionalist:

This part of the population is influenced by the history of its own country and region. Its a socio-economic and cultural phenomenon that influence the customer in his way of being, buying etc. Morrisons succeed in answering this consumer's category segment in England but should meet some problems expanding abroad because it could be perceived differently or as a stranger.

The homebody:

The homebody is a very particular segment of the population because he is very attach to its origins and roots. Each of these factors will influence his way of buying and of choosing the shop. The Homebody needs a secure social environment.

For this category Morrisons has understood the consumers needs and has targeted this part of the population with success by providing a family atmosphere and homely environment in its stores.

The rationalist:

The fact that Morrisons know how to diversify in United Kingdom is a good thing and will permit the winning of this category/ segment because this kind of customers is unpredictable, complex and ready to take risks.

The pleasurer: The pleasurer is a segment of the population that underline the emotional experience. They are autonomous/ solitary. The pleasurer is a good category because they like changes and will be able to buy in Morrisons. The problem is that it will be hard for Morrisons to retain this segment for ever.

The striver:

If Morrisons wants to keep this category it will have to innovate in a permanent manner and always renew its habits and products. This category is continuously attracted by the novelty and changes. That is why Morrisons is able to satisfy this part of the population but will have to invest in research and development to keep this category.

The trendsetter: Morrisons will have some problems to retain this category because of its constant wanted of changes. Indeed this category of customers is a bit hard to target because they always need spontaneity and innovation. For this segment Morrisons would have to innovate more and start doing different event that would attract them.

With this analyse we can understand that even if some categories could represent a problem for Morrisons, it actually target all of these. Morrison

should innovate more and modify its strategy in order to answer all segments of the population's needs.

Nowadays, we can easily say that Morrisons has won the loyalty of a big part of consumers by answering the consumer's needs. The traditional and familial aspect of Morrisons seduces seniors and family but the constant innovation that is the pride of Morrisons will always attract younger.

Conclusion

To conclude with this report, we can say that Morrisons succeed and face an uncertain economic future by listening to its customer's needs.

Every retailer has to know that without consumers there is no business, so retailers have to understand what their clients really want and try to do its best to provide him it.

A retailer like Morrisons should not worry about conserving its customers because it knows how to answer their needs but should understand the way to do it by reducing some costs that could be invested in another sector as for example the research and development.

To finish we can say that Morrisons is a great retailer that understand its customers and know what they need. Morrisons also innovate constantly in order to provide the best to its client. This added value makes the customer being loyal to a brand. The traditional aspect of Morrisons is a good point because it help customers feeling at home and feeling secure, and this point is very important for a retailer but also for the customer itself. In fact this is the determinant point that will decide of the sales.

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In the future Morrisons will have to innovate again and again to increase its market shares in United Kingdom but also abroad in another new market and follow the Tesco steps.