

Consumer buying behaviour strategy in sainsburys



**ASSIGN
BUSTER**

The aspect of this chapter provides an overview and direction of the dissertation. In this chapter topic, theoretical background and organization overview are introduced which are significant to the research topic. Research question is related to the organization therefore this chapter describes what the dissertation is all about.

1. 2-Theoretical Background of Topic

Consumer Behaviour is area of marketing which has received attention from many different directions. The study of consumer buying behaviour has developed from simple economic models to complex models drawing on psychology and microeconomics. As a result the literature on consumer buying behaviour is rich and varied. (Jim Blythe, 2008)

An individual or company purchases goods or use services that's called buying and condition of buying by which buyer convinces to take decision to get something is called consumer behaviour. (Geoff Lancaster, 2008)

Consumer behaviour is the activities people undertake when obtaining, consuming and disposing of products and services. (Black well, Miniard and Engel, 2001)

The study of the processes involved when individuals and groups select purchase, use or dispose of the products, services, ideas or experiences to satisfy needs and desires. (Michael Solomon, 1996)

The term Consumer Behaviour describes two different kinds of consuming entities the personal consumer and the organizational consumer. The personal consumer buys goods and services for his or her own use, for the

use of the household, or as gift for a friend. In each of these contexts, the products are bought for final use by individuals who are referred to as end users or ultimate consumers. The second category of consumer-the organizational consumer includes profit and not for profit businesses, government agencies (local, state and national) and institutions (e. g. schools, hospitals and prisons) all of which must buy products, equipment and services in order to run their organisations. (Schiff man & et al., 2006)

The consumer decision procedure to buy any product or use services is related with their approach, consumption, observation, awareness regarding the products or services. They get this approach or awareness through companies marketing strategies. Consumer buying behaviour strategy represents any company's marketing strategy which is made according to their consumer needs, taste and their behaviour of purchasing goods or services. (Evans & et al., 1999)

Before responding the research question we need to be aware of characteristics this strategy adopted by any company to make a successful marketing strategy.

Consumer could be a person, company or any institute which purchase or use services or goods in order to fulfil their requirements whereas the behaviour of buying that is need of product or services which gets support from subconscious of buyer. (Sarwar, et al, 2001)

Normally this requirement comes from product need or often comes from brand quality and company's name which is possibly a reputable company but most probably it belongs to company's great marketing policy that is

<https://assignbuster.com/consumer-buying-behaviour-strategy-in-sainsburys/>

made according to consumer demand, taste and their behaviour of purchasing services and goods. Companies make plan to implement their marketing strategy to judge the consumer behaviour or perception regarding products or goods like what consumer sees in product its price, quality, ingredients and accessibility? (Muhammad Ali Tirmizi et al., 2009)

Consumer buying behaviour strategy supports any firm to manufacture products according to consumer requirement so that consumer will take decision regarding this new product to buy or use services. Any Company's marketing strategy plays vital role for its expansion or profit as well as persuasion of consumer to buy its product. Buyer gets this attraction of goods through company's marketing strategy which fulfils all area of consumer buying behaviour. (Muhammad Ali Tirmizi et al., 2009)

Consumer decision process can be described into three steps, the input stage, the decision process stage and the output stage.

The input stage influences the consumer's recognition of a product need and consists of the two major sources of information. The firm's marketing efforts (The product itself, its price, its promotion and where it is sold) and the external sociological influences on the consumer (family, friends, neighbours other informal and non-commercial sources, social class and cultural and sub cultural membership). The cumulative impact of each firm's marketing efforts, the influence of family, friends and neighbours and society's existing code of behaviour are all inputs that are likely to affect what consumers purchase and how they use what they buy. (Hawkins et al., 1998)

The model of process stage emphasises on consumer's decision. The factors of internal influences (perception, learning, motives, memory, attitudes and personality) contribute with external influences (culture, subculture, demographic, social status, reference groups, marketing activities and family) in order to make consumer's life style and self concept. During the procedure experiences and acquisitions review both influences which make consumer's need and desire. These influences help the consumer in order to think about the alternatives. (Kobsa, et al, 2001)

The output stage of the consumer decision process depends on these aspects (problem recognition, information search, alt. evaluation & selection, outlet selection & purchase and post-purchase processes).

1. 3-Research Rationale

Companies make plan to execute their marketing strategy before launching new product to judge the consumer behaviour or perception regarding products or goods like what consumer sees in product its price, quality, ingredients and accessibility? Consumer buying behaviour strategy supports any firm to manufacture products according to consumer requirement so that consumer will take decision regarding this new product to buy or use services. Any Company's marketing strategy plays vital role for its expansion or profit as well as persuasion of consumer to buy its product. Buyer gets this attraction of goods through company's marketing strategy which fulfils all area of consumer buying behaviour.

Research Question

Does consumer buying behaviour strategy play vital role in Sainsbury's before launching new product and its success?

1. 4-Organization background

Sainsbury's is a tremendous English retailing grocery company which takes all measures to make its marketing policies successful. The company which was established in 1869 by James Sainsbury on revolution of self service now has 828 stores in UK , 150, 000 employees and more than 30, 000 products selling make Sainsbury existence enormous among of all chain retailing businesses. Sainsbury's' income has got £289 million per annum.

Sainsbury's claims that it is the world largest fair-trade products seller in UK that spending 4 pound on fair trade products in UK that puts annual sales of Sainsbury's. To research on Sainsbury's marketing strategy will be a great experience for researcher. Researcher will get an opportunity to find Sainsbury's success through its marketing strategy and how they implement consumer buying behaviour strategy before launching new product in terms of success.

This report provides a view on operations of SAINSBURY'S , the third largest supermarket chain across United Kingdom. SAINSBURY'S, in spite of being the longest standing retail chain has been facing stiff competition from rivals like TESCO , MORRISONS. The competitors seemed to have developed at a faster pace since SAINSBURY'S has been through a difficult time in recent years and TESCO is now twice the size in terms of turnover.

Matter of analysis in terms of SAINSBURY'S supermarket is the operational strategies that have been implemented to cope up given the current downturn. The operations management concepts incorporated in SAINSBURY'S operational routine can play a vital role to achieve its main performance objectives like customer satisfaction, fast operations, achieving flexibility for the customers need and retaining loyal customers.

There is also a scope for SAINSBURY'S to meet its target growth and regain its position if it is ready to make a few changes in its operations in terms of a better inventory management, robust technological advancements and creating a better customer base. The report discusses the various successful implementations and certain flaws that can

Sainsbury's Supermarkets is the UK's longest standing and third largest major food retailing chain, having opened its first store in 1869. The Sainsbury's brand is built upon a heritage of providing customers with healthy, safe, fresh and tasty food. The stores serve over 18 million customers a week and offer around 30, 000 products, having a market share of around 16 per cent(3). An internet-based home delivery shopping service is also available to 88 per cent of UK households.

PROCESS LAYOUT:

The supermarket is positioned as a process layout. Wherein the physical components are arranged or grouped according to the general function they perform (Fig. 2). It operates in a manner that is designed to move the customer through the store until they end up at the cash register. First thing that a customer encounters is the customer services in case of any initial

enquiries by the customers. Along the first aisle are aligned the fresh food items for everyday requirements. The dry goods and breads are placed in the middle aisles. The frozen food section is placed near the checkouts to keep them from defrosting while the shopper is moving around the aisles. What makes the layout of the store so coherent is the fact that essentials are lined along the walls and corners and items that are appealing right in the eyesight.

PROCESS FLOW OF THE OPERATION:

Sainsbury's process flow illuminates various stages between stocking and delivering the product that a customer chooses to buy from the supermarket (Fig. 3). Initially the inventory stores the goods and materials that are held available in stock for the business. To manage the stock there is an effective solution in place named "Wesupply" which has been implemented at Sainsbury by IBM (5). It allows monitoring the status of orders all across the Sainsbury's network. It regulates the item supply at the shelves, and helps delivery system coordinate with the inventory replenishment. The manager regulates and changes the item price according to the demand. The customer has access to the price rates and various schemes and offers, this is the display stage, once the products are chosen the billing takes place at the cashier, leading to the packaging stage where the customer is handed over the product which was formerly stocked at the inventory.

IMPORTANCE OF PERFORMANCE OBJECTIVE TO THE OPERATION:

THE QUALITY OBJECTIVE:

Sainsbury's customers give most credit to the company's passion for healthy, safe, fresh and tasty food. Despite the present economic conditions the company stands by its quality related objectives. Good food at fair prices, providing a satisfying shopping experience, spreading and reaching out to customers by opening new stores at various locations. Hygiene and health and safety issues given utmost importance.

THE SPEED OBJECTIVE:

Sainsbury's tries best to synchronize supply with demands. Goods are made immediately available to the customers. According to the industry speed checks a customer spends an average of eight minutes, from joining a queue to receiving the receipt. Sainsbury's is recruiting an extra 10,000 all across the chains to cut down the checkout queues. The extra staff will mainly be the part-time positions (6).

THE DEPENDABILITY OBJECTIVE:

Specifying the supermarket timings, providing product related information and schemes in form of shelf toppers, discounts, posters, makes the supermarket a reliable place to visit every time. There is a constant availability of parking, and special slots are reserved for the disabled and 'parent and child' parking at all times. Making shopping at the supermarket a hassle free experience.

THE FLEXIBILITY OBJECTIVE:

Sainsbury's creates brand ranges for various needs, inclusion of healthier and value dishes in addition to the irresistible and authentic dishes,

<https://assignbuster.com/consumer-buying-behaviour-strategy-in-sainsburys/>

incorporating organic ranges of food if one suffers from allergies and health related issues, defines the level of flexibility Sainsbury caters to for its customers.

Extra tills are opened at peak hours and more staff is recruited to adjust to the number of customers that are served at Sainsbury's.

THE COST OBJECTIVE:

The cost at the supermarket is incurred at maintaining the inventory, implementing various technologies and facility cost, staff cost. The facility cost can be reduced by getting rid of the aging equipment, and using renewable forms of energy. Sainsbury's initiative to switch to Enercon E40 KW (wind turbine) has lead to enormous cost saving.

VOLUME VARIETY VARIATION AND VISIBILITY CHARACTERISTICS OF SAINSBURY'S:

Volume and variety: A relationship between volume and variety are as shown: the general position of operations is along the diagonal, when the volume is high, variety is high and vice versa.

[pic]

Supermarkets offer a high variety of products and yet sell in high volume.. But in this case, the process is standardized for all the customers . All the customers receive similar kind of services, the process is not customised or tailored keeping each individuals needs in mind. Therefore, considering a supermarket process, the variety would still be considered low and the rule

still stands. Hence in a supermarket scenario there are high levels of capital investments, systemizations, routinized workflow which leads to low unit costs.

Variations: Sainsbury is in the high levels of demand variation and has changing capacity . The company has to stay in touch with the variations in customer demand constantly which would lead to high unit cost. With various sections at the supermarket ranging from electronics to household items the stacks have to be replenished on the regular bases.

Visibility: A new solution named “ Wesupply” has been implemented at Sainsbury by IBM which allows monitoring the status of orders all across the Sainsbury’s network, this leads to visibility within operations which amplifies stock availability for the customers.

1. 5-Aims and Objectives

The purpose of this particular study is to find mechanism of the company’s marketing policy specially its practice on consumer buying behaviour strategy which attracts the consumer and convinces to buy their product and use their services and explores the company’s vision and the way of success.

These research objectives are as follows:

To discover company’s marketing or promotional strategy.

To discover company’s vision in terms of success.

To discover what marketing strategy suits company’s products to persuade its customer to buy its product.

To discover how consumer buying behaviour strategy supportive before launching its product.