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Marketing Fundamentals

Analysis and Evaluation of SAINSBURY

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Introduction

Nowadays, it is an age of globalisation. Any company can operate any type of business and they know no boundaries. In this case, marketing plays a significant role in the development and expansion of the business. Large companies mainly depend on marketing for many reasons. In order to describe a brief explanation, the assignment selects Sainsbury's UK as a model company here. The assignment includes its SWOT analysis, PESTEL analysis, STP analysis, and many more. The analysis of the marketing mix is going to present the marketing fundamentals more briefly. Not only is that but its bad impact of the covid pandemic and a few recommendations to recover its losses explained here.

SWOT analysis

Sainsbury Plc is one of the most popular retailers and the 2nd largest chain supermarket in the United Kingdom. That is the reason its marketing activities play a vital role across the whole country. In order to understand its marketing policies, various internal factors like its strengths, weaknesses, opportunities, threats and many more are going to be described here.

Strengths	Weaknesses
1. Share value: The company has a diversified business pattern. The position of its shares in the London Stock Exchange is very strong (Baez-Leon et al., 2021). The company maintains more than 15.5 per cent of shares in the UK stock market. 2. Long experience: The company has great experience in operating retail businesses. It was established in 1869 and after that, it has come a long way. This is a great achievement for the company.	1. UK dependency: One of the biggest weaknesses for the company is Sainsbury's mainly depends on the market of the United Kingdom. 2. Low sales: The sales of the company have decreased a lot due to the covid pandemic and all that (Chang and Hu, 2020). This is another weak point for the company. 3. Limited stores: It has very limited stores in the country compared to

3. Financial stability: The financial stability of the company is very strong. Its balance sheet presents consistent profitability. As of 2021, the net income of the company is more than 279.5 million GBP (Soegoto, 2021). It presents the strong financial status of the company. 4. Workforce: The company employs nearly 180000 employees across the United Kingdom. Most of the staff and employees are skilled and expert at their respective jobs. 5. Stores: It has more than 1400 shops and outlets in different locations and places. This is another big strength for the company.	its rivals. The rival companies like Tesco, ASDA and many more have more stores and outlets. 4. Operational costs: The operational costs are increasing day by day. This is another weak point for the company. 5. Low-profit margin: The company believes in high sales with low profits. This is a weak point for the company because low sales can decrease its profitability also.
Opportunities 1. Technological development: The company has many scopes to develop its technologies. It can go for its global expansion via online collaboration. 2. E-commerce: The company can develop its e-commerce facilities. It helps the company to attract more customers. 3. New marketplaces: The company products have a great demand in the market. So the company can grab new marketplaces easily to expand their	Threats 1. New companies: The global market is open for all. So every day new companies are entering into the market. It increases the threat level for the company. 2. Alternative products: Many alternative products, dairy food, fast food and many more are available in the market. It also increases the threat level. 3. Competitors: Tesco, ASDA, Morrison and many more are the

business. 4. Machine learning: The company can introduce different types of machine learning and other artificial intelligence. It can help the company to become more sustainable.	main rival companies of Sainsbury Plc. These are also financially strong and experienced enough in this sector. So, they create genuine threat levels for the company. 4. Regulatory costs: Currently, demand is increasing. On the other hand, resources are decreasing. That is the reason the regulatory costs, raw material costs and other costs are getting higher day by day.
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PESTEL analysis

The analysis of PESTEL factors of the company plays a vital role in order to describe its marketing activities more briefly. The PESTEL analysis mainly helps to describe various external factors that can be considered as microeconomic factors for the company. They are described below.

Political status: The political status of a country can influence the business and its marketing activities in many ways (Fosher, 2018). The market of the United Kingdom is the same. So, it can be analysed deeply.

Various factors: The political status of a country can include different types of factors. They are:

Government policies: Friendly government policies for marketing and business are essential factors of a country's political status. It can influence the business in many ways.

Stability of politics: Similarly, the Stability of the government, as well as other political conditions, are very necessary.

Their impact: The UK government maintains a stable political environment. It does not allow any violations so that large companies like Sainsbury's can operate their marketing activities very

smoothly. However, the Brexit policy of the UK government limits the business activities of Sainsbury's.

Economic status: The PESTEL factors present the economic status of a region or territory. The business can also be impacted by the economic status.

Various factors: The economic status can include many factors. They are:

Economic growth rate: The economic growth rate in the United Kingdom is highly remarkable. It always maintains economic stability in the UK market.

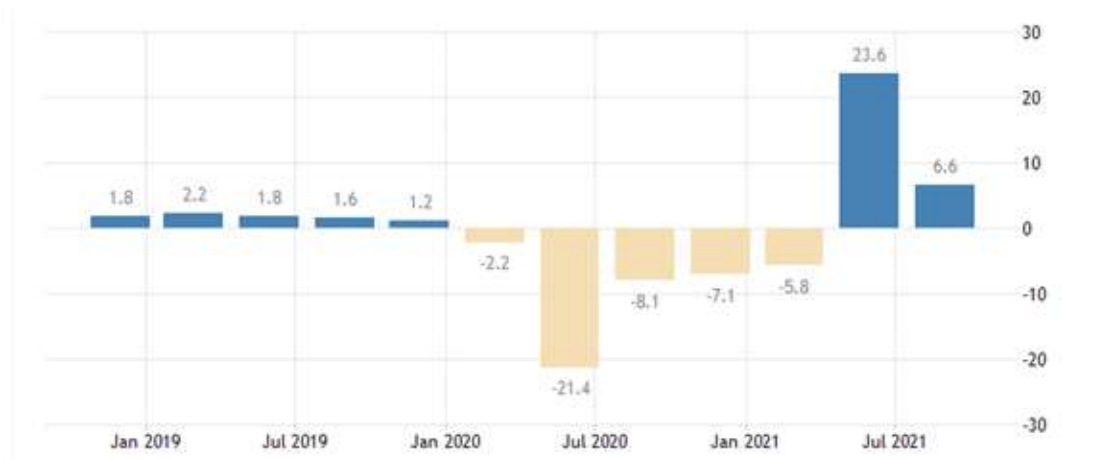


Figure 1: The image of GDP growth rate in the UK

Source: (Lee and Werner, 2018)

Currency exchange rate: The market of the United Kingdom uses one of the strongest currencies in the world. It gives an attractive exchange rate for the investors.

Their impact This kind of economic stability helps large companies like Sainsbury's to operate their marketing activities without any difficulty. At the same time, Sainsbury's Plc can earn extra profits by using the highest exchange rate.

Social status: Social status is another important element that can influence company activities in many ways (Hu et al., 2021). So, companies cannot avoid the significance of social status.

Various factors: Social status includes different types of factors. They are:

Customer's choice: Various customer's demands and current trends play a vital role in the business activities of the company. It always influences marketing activities.

Standard of living: At the same time, the people in the UK prefer to maintain a high standard of living, so they are interested in spending more money for high living.

Their impact: It simply increases the sales of the company Sainsbury's Plc. not only have that but as Sainsbury's sold organic products so it increases its reputation also.

Technological status: Technological status plays a significant role in the expansion of the business. So it is another essential element of the PESTEL.

Various factors: The technological status can also include different types of factors. They are enlisted below.

Machine learning: The market in the United Kingdom follows the health and safety law for everyone to ensure the health facilities. In this case, artificial intelligence and machine learning can help in many ways.

Technological advancement: The advancement of various latest technologies is available in the UK market. Companies like to prefer high tech technologies in their businesses.

Their impact: Sainsbury's can make quick decisions by using those high-tech technologies. It can help the company to target more customers and to expand their businesses more frequently.

Environmental status: The environment plays a vital role for modern businesses. So it is another essential element of the PESTEL factors.

Various factors: The environment in the UK can cover a wide range of areas. It can include many factors. They are:

Carbon emission: Carbon emission is increasing day by day nowadays. That is the reason the amount of carbon emission should be decreased by the large companies.

Waste management: Managing various kinds of wastage is another strategic plan for large companies.

Their impact: By recycling its products, the company can increase their sales so that it would increase its profit margin also (Sakinah and Wibowo, 2021). On the other hand, the company is also committed to decreasing its carbon emission. It also helps the company to achieve more reputation and to become more sustainable.

Legal status: Legal status also plays a vital role in the development of the company. That is the reason it is another essential element of the PESTEL factors.

Various factors: Legal status can include different types of factors. They are:

Trade policies: The market of the UK maintains different types of trade policies with different countries. It ensures Sainsbury's receive legal assistance from the government.

Export and import law: Various export and import laws also help the company to operate their businesses smoothly.

Their impact: Sainsbury's can take the advantage of the international trade policies from the UK government. It can help; the company to expand its business outside the country. At the same time, the company can increase its profit margin by using its export and import regulations consciously.

Segmentation, targeting and positioning

The STP analysis is a model of marketing that helps companies to identify valuable market segments. The model also helps to target the customers for the company and identify the best position of their products to sustain.

Segmentation: The top management of the company uses the recent geographical positions of the company. It helps the company to enhance the sustainability of its marketing. It also helps the company with its further marketing. The top management can use the idea of geographical segmentation in order to focus their buyers. It also helps the company to reach more customers with their products so that the company would be able to serve more customers. It overall improves the business position of the company in the market.

Targeting: In the model of STP analysis, targeting mainly refers to targeting the best customers for the company. The top management of Sainsbury's targets their regular customers in order to build a genuine customer base for the company. It helps the company in many ways. It helps the company to find out their customers more easily. It helps the company to calculate the profitability of each group of customers (Camilleri, 2018). It helps the company to develop; the quality of their products so that the company would be able to increase their price and profitability. The company can serve a wide range of audiences by targeting them. So the advantages of targeting the customers are many.

Positioning: This is the last step of the model. The positioning mainly refers to positioning the products so that it would be able to target the most valuable customers. The top; management of Sainsbury's positioned itself as a mid-tier into the retail market. The idea of this kind of positioning helps the company to introduce various products that can compete with the low priced products of the market.

Marketing mix

The top management of the company mainly practises the 7Ps marketing mix for marketing their products. They are described below.

Product: The products of the company are the main elements for marketing. That is the reason the top management focuses on their products very consciously. The top management of the company practises remarkable product mix strategies to promote their products. It offers a wide range of products to the customers and the customers can mix and match from those products.

Price: Pricing strategy is one of the most essential strategies of the marketing mix. The company follows a competitive pricing strategy for their products. The company values its customers' money. So, it believes that only cutting prices is not the solution. That is the reason it has a competitive price for better quality products. It helps the company to prepare an affordable price list for all.

Place: Place is another essential element of the marketing strategy. The success of marketing mainly depends on the place of marketing (Anjani, Irham and Waluyati, 2018). That is the reason the company has nearly five hundred supermarkets in big cities and towns and nearly seven hundred convenience stores in rural areas. Not only that but it has many stores in busy locations that serve 24 hours a day and 7 days a week. It helps the company to promote its products and increases the sales for the company.

Promotion: Various promotional activities are another essential activity of marketing. Without promoting and advertising, the marketing activities cannot be completed. That is the reason the company promotes its products differently. It follows above the line and below the line strategies as per requirements to attract its customers. For example, the company used David Beckham's endorsements for the last Paralympic events in London.

People: The people stand at the heart of the company. The company values its people, staff and employees. That is the reason the company employs well trained and skilled persons so that they would help to increase the level of production for the company. At the same time, the customers are always the first preference for the company. So the company arranges training programs for the newcomers and the freshers to provide the best customer service.

Process: The process plays a vital role in operating smooth marketing activities. That is the reason the company operates online shopping facilities so that it would help the customers to get a click and collect very convenient service. Not only that but the company comes with new store

formatting to address the needs of their customers. In this case, the company selects new locations for new outlets so that the company can serve more customers at a time.

Physical evidence: The company uses its physical evidence to market its products and services. For that, the company uses its different store designs and various layouts to address the needs of its customers. It delivers shopping baskets and trolleys to provide excellent experiences for its clients and customers.

The covid 19 pandemic and its impact

The covid 19 pandemic impacted the company activities very badly.

Low sales: As people could not move out from their houses frequently, it hit the sales amount of the company very adversely. It is found from many types of research that in 2020, the total income of the company was nearly 323 million GBP. However, in 2021, it was 221 million GBP only (Roberts, 2021). It presents a low number of sales for the company.

Slow expansion: The top management of the company have declared that as it was an extreme disaster and the entire supply chain system has collapsed so it would take a long time to expand its further activities. As the top management is changing its major business activities so the expansion program would get slower. The marketing activities and other business activities would also get slower.

Job cut: In 2020, the company's amount of net debt was 229 million GBP approximately. However, in the year 2021, the amount of debt has improved by 399 million GBP due to the covid pandemic. That is the reason the company management cuts a few jobs to manage the debts. During the pandemic, it cut five hundred head office jobs and more than six hundred other jobs to manage the expenses. As the supermarket closes one of its grocery centres the top management did this due to managing the extra costs.

Low-profit margin: Already, the company management practises high sales with low income. However, the low sales during the pandemic make the level of profitability for the company very low. That is the reason the company cut the jobs of their staff and employees. Not only that but the low sales and low-profit margins increased the number of debts for the company.

Increased technological costs: The pandemic increased the technological costs for the company. Currently, the company management has decided to introduce various artificial

intelligence and other e-commerce facilities. This increases the technological costs for the company. However, it also increases the cost of training for their staff and employees.

Recommendation

Whatever the adverse impact is, a few recommendations are enlisted here to overcome the losses. They are:

Creativity: The top management needs to consider various kinds of innovative ideas along with more creative ideas to develop the marketing of its products (Aksoy, 2017). The company's management can introduce new items and various food products to meet up the demand of the customers.

Discounts: Various kinds of discounts and special offers are always attractive for the customers. Customers always like to get discounts. So, the company management can use the ideas of discounted prices so that the customers would like to visit company premises. At the same time, the company can use their business gift cards to attract their suppliers and other customers.

Customer base: A real customer base and a regular customer base is very essential for the company. It helps the company to develop its sales. So, the top management needs to keep in mind the demand of the customers and their choices so that it would be able to supply their needs according to their choices. A regular customer of the company can attract more customers for them. That is the reason the top management needs to know who the company's regular customer is. After that, the company can deliver special treatments to its regular customers.

Social media platforms: Currently, this is an age of the internet and social media platforms. It is found from many types of research that most people and customers like to spend their time on various social media platforms like WhatsApp, Facebook, Instagram and many more. So, the company should also become active on various social media platforms to catch their targeted customers. Already the company has its web pages. The management needs to update their news and view regularly on those pages.

Use of technology: The top management should use the latest technologies to avoid health issues like the pandemic. If the customers feel more satisfaction, then the company would be able to increase its sales. In this case, various latest technologies can help the company to increase their sales.

Conclusion

In conclusion, it can be said that marketing covers a wide range of areas for companies like Sainsbury's. Its SWOT analysis tells the internal factors, PESTEL analysis tells the external factors and STP analysis tells the segmentation of the products, targeting, positioning and many more. The marketing mix also helps the company to know how to expand its business. However, during the covid pandemic, as the entire supply chain system collapsed so the marketing was very limited. For that, a few recommendations are enlisted here to increase its marketing. Finally, it can be said that, without the help of marketing, it would be very difficult for the company to expand its business.

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