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Student Name and Number: Anita Varga / 2012895

Tutor Name: Mr Hossein Shokri

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PRIMARK RETAIL STORES AND ENVIRONMENTAL ISSUES

1. INTRODUCTION

The business world is transforming at a rapid pace with the implementation of technology in operations. Business operations have changed in terms of environment and consumers demand (Van Rijmenam and Ryan, 2018). This report will focus on how the environmental changes affect the retail industry and examples will be brought up within Primark. Many companies are going global to build higher consumer base, increase their market presence and improve profitability. There are other reasons for this kind of expansions like opening factories in countries with underdeveloped economies and this factor provides cheap cost production. There are strategies adopted by companies like fashion retailers in the UK opening their factories in Bangladesh, Turkey, China, and Pakistan for reducing the cost of production and attain sustainability. The increasing rate of climate change is forcing UK fashion retailers to bring change in their operations for attaining sustainability and ethics towards the environment. Innovations with technological advancements are making it easier for the fashion retailers of the UK to adapt to environmental needs. The report will manifest Primark UK global business management. It will also highlight Pestle and Porter's five force model.

2. BACKGROUND OF PRIMARK UK

Primark is an Irish fashion retail chain owned by Associated British Foods (ABF) founded in 1969. The full-time number of employees is 68000 and there are Primark stores in several countries such as Italy, Austria, Ireland, Spain, Germany, the Netherlands, Portugal, Belgium, France, and the US. The company has 325 stores in 11 nations with offering up-to-minute fashion value for price products (Primark.com, 2021). It has a product range that is expansive containing beauty, women swear, lingerie, footwear, children's wear, accessories, menswear, hosiery, and home wear. It has entered a new market which is at 13th position Warsaw, Poland. Its largest store is situated at Birmingham High Street which occupied space of 60,000 sq ft.

The stores of Primark are registered in Wales and England with company number 00453448. The registered office of Primark is situated at Weston Centre, 10 Grosvenor Street, London. It is a limited company and its stocks are listed on the London stock exchange. The business

has joined hand with ethical trading initiatives (ETI) for integrating business, NGOs and trade unions to work on rights of labor problems in its supply chains. ETI group is committed to working for the application of code of conduct dependent on International labor organization depth conventions. Its revenue was recorded to 7.8 billion in 2019 with a sales growth rate of 4.2% (Primark.com, 2021). Primark is holding a market share of 13.5% in the UK market.

3. WORKS ON SUPPLY CHAIN MANAGEMENT

The tragic collapse of Rana Plaza in Bangladesh in 2013 cost 1134 lives and 2500 injuries. This deadly incident in the garment industry united all fashion retailers to safeguard those significant vulnerable in the supply chain. It was a call for Primark to take action that uses to source new waves bottom, a supplier in that Plaza (FashionUnited.UK, 2021). It was time for Primark to take closer insights at its CSR and ethics for making improvements. Working for an environment at that stage was a priority for Primark and its shareholders. It was the first retailer to register Bangladesh accord on fire and building safety. It also waved financial help to the families affected by the Rana Plaza collapse.



Figure 1: Primark's suppliers
(Source: FashionUnited.UK, 2021)

New wave bottom was making garments for the company was collapsed in that Plaza was compensated. A team of 80 people was appointed by Primark for managing the supply chain at factories of Bangladesh which were focused on ethical fashion, sustainability, and training of workers as the role of their Ethical Trade Team. Primark has worked on strengthening its supply chain which included safeguarding its most exposed pieces that are namely garment employees and protecting their rights upheld in each nation it produces. It is the main reason Primark joining ETI in 2006 and stand as a leader in 2011. Primark also deploys a supplier management system on the online mode that provides training sessions on how suppliers can enhance their working standards or managing the supply chain more effectively.

4. WORK FOR ITS EMPLOYEES

Employees at Primark are fully supported in different means such as financial help in case of Rana Plaza collapse in Bangladesh, working on employees' safety standards, and others. Primark is continuously working on increasing employees' satisfaction level at work by providing training for adapting to international garment standards. For instance, employees working at Bangladesh factories are illiterate for the company had issued posters in their language (FashionUnited.UK, 2021). Primark is working for sustainability and the environment rigorously with the collapse of Rana Plaza which is also observed in their operations. It has partnered with its suppliers in a manner by allocating fair prices for their materials which makes them unique in the fashion industry.

Immigrants and refugees are working at factories of Primark which is being handled with full documentation with the partnership with a local company. In starting time Primark was facing issues regarding the management of immigrants and refugees at factories was resolved with the right documents. Primark thinks about society being a part of that helps the vulnerable people like immigrants and refugees to work in factories by meeting the legal paperwork rather than cutting out the suppliers in such zones.

5. PESTLE ANALYSIS OF PRIMARK BANGLADESH

Pestle analysis for the Bangladesh market is manifested below for Primark:

Elements	Factors	Analysis
Political	• Political instability • Taxation policy	The political instability of Bangladesh will impact the business of Primark by increasing taxes. The turbulent situation between the leaders of the country might impact the business operations restricting the operations with duties. There is taxation differentiation in Bangladesh in personal and corporate income with an increase in corporate rate 27.5% for public and others 37.5%. This increase in corporate tax will increase the cost of Primark.
Economics	• Improving economy • Rate of inflation	The rate of inflation has increased by 5.76% in 2021 (Statista.com, 2021). This increase will increase the marketing cost of Primark and even the prices of the product. However, the economy of Bangladesh is trying to revive even in this pandemic situation with a

		sufficient amount of laboratory tests.
Social	• Improving the standard of living • Liberal lifestyle	The population level of Bangladesh reached 166,033,991 in 2021 (Worldometers.info, 2021). It is a positive sign for Primark as it will get more cheap laborers for their factories. It will also decrease the overall cost of production. The lifestyle of people living there is different as more Muslims live in Bangladesh which consists of their own culture. The culture consists of richness and conventional methods. It is a negative sign for Primark as a conservative kind of culture might restrict to working in an international standard workplace. In such a case Primark has to change their settings as per pollution lifestyle.
Technology	• Imported technology • Implemented indigenous technology	The country is in requirement of technology as it is dependent on imported one. It is negative for Primark as for their factory settings they will not get any local support for

		technology advancement. However, the positive side is it is working on developing its indigenous technology to catch up with other Asian countries
Legal	• Influenced by British Law • Clashes between British law and Muslim laws • Acts for business Patent and Design Act of 1911 and Trademark Act of 1940 still active	The entire law system of Bangladesh is impacted by British laws and Muslim acts. There is a lot of corruption due to a weak legal system. It is negative for Primark operating in that market as the Legal system is not that strong. In any case of Primark's legal system will not be able to back up rapidly. Some laws need to be followed by businesses like the Patent and Design Act of 1911 and the Trademark Act which is active from drafting till now.
Environment	• Shortage of water due to pollution • Bangladesh environment conservation act 1995 (Islam et al., 2020)	A large population makes the land unfertile. Due to this degradation, there is water shortage and pollution which is why the government of Bangladesh environment conservation acts 1995 (Islam et al., 2020). The act states

		protection of the environment at any cost. it is negative for Primark that produces clothes that require a lot of water in the production process and emission of pollution. Hence, the business needs to take care of the environment in the production process.
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Table 1: Pestle analysis for Primark

6. PORTER'S FIVE FORCES MODEL TO SHOW THE CONSUMER AND SUPPLIER POWERS ALONG WITH OTHERS

Porter's Five Forces model provides an analysis of environmental factors that can affect the operations of Primark.

1. **Threat from new entrants:** The entry cost in this fashion industry is quite high that restricts the new entrants to enter this industry. The fashion industry of the UK contains strong brand names like Burberry, Fashion line, Primark, and others with huge capital investment (Schroder et al., 2017). Hence, it can be said that the threat from new entry for Primark is low due to high cost.
2. **Power of supplier:** The suppliers in this industry are not limited but also available abroad. It is the reason that suppliers' bargaining power for Primark is low due to a large number of supplier's availability.
3. **Bargaining power consumers:** The number of consumers in this industry in which Primark operates is quite high. The bargaining power of consumers in this industry is high because of the presence of multi-players. The prices of substitutes affect the switching decision of consumers.
4. **Threats of substitute:** Threats from other substitutes for this industry is high as the same products are offered at attractive prices. The other substitutes that are available for

Primark like Burberry, Fashion line, and others provide attractive products with low prices.

5. **Rivalry:** The threat of rivalry is high for Primark as many small-size firms are offering the same product range at low prices. The consumer can easily shift to other products by analyzing the price gaps (Schroder et al., 2017). Hence by controlling the price level Primark can attain a competitive advantage in this fashion industry.

7. CSR OF PRIMARK

Primark is continuously supporting the society and environment to add some value to the life of people. It is focused to scale up the business by impacting the lives of people positively. It has supported female cotton farmers to leverage their life. It has also started programs regarding advising women in underdeveloped countries like Bangladesh, Pakistan, Turkey, and others to manage their income independently. It has provided sustainable cotton farming programs without the use of pesticides (Primark.a.bigcontent.io, 2021). The production of cotton is done by Primark without negative influence on the local environment. Moreover, Primark has signed a cotton sourcing network pledge and following it thoroughly by not sourcing cotton from Uzbekistan which is most famous for cotton exports. It is because millions of people including a child are forced to produce cotton. It has worked on reducing plastic waste by 25.9% and CO₂ emission by 26.7% (Primark.a.bigcontent.io, 2021).

8. RECOMMENDATION

After analyzing the sustainability and environment responsible grading of Primark it is being found that it is on right track for contributing to society and safeguarding the environment. It the company that has incorporated paper bags in their business since 2002. It has also organized programs and training sessions for its employees working in the UK and other countries in context to utilize raw material that is environment friendly. It is being recommended to Primark work on its initiative regarding environmental protection as it is not enough and more is needed for long survival in this industry. It is recommended to join hands with small firms for increasing the market share and decreasing the overall harmful impact of those firms on the environment by

the production of clothes. These changes in CSR activities for the betterment of society will provide a competitive advantage in this industry (Donnelly et al., 2020).

9. CONCLUSION

It can be concluded from the above report that Primark has adopted different measures and ethics that supports the environment. However, there is more than the company needs to do for increasing its market presence along with safeguarding the environment. Some of the acquisitions can be done for the sake of society. Pestle analysis and Porter's five force models are highlighted in this report for analyzing the macro-environment that might affect the business operations of Primark. It also manifested changes adopted by Primark as per shareholders' instructions. Porters five force model stated the factors that impact the competitive position of the company. In the end, the recommendation is provided to Primark for increasing its competitive advantage in the fashion industry.

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