

An Investigation into the Rise of Primark

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Executive Summary

This report consists of fall and rise of Primark. This report has complied with the major Development of the organisation, previous problems as well as the current issues of the organization has been discussed with some recommendations.

conclusion of this report is that Primark has to take serious actions and towards unethical trading, and to tackle effectively with its current operational, administrative and strategic problems.

Content	page
• 1.0 Reference of Terms	4
• 2.0 Procedure	5
• 3.0 Findings	7 - 16
• 4.0 Conclusion	16 - 17
• 5.0 Recommandations	17 -18
• 6.0 Acknowledgement	18
• 8.0 References	19 - 20

Terms of Reference

- Laura James has requested on 11/06/19 to conduct a report to “Investigate the rise of Primark”.
- 14/06/19
- Naila Safdar
- 12/07/19

2.0 Procedure

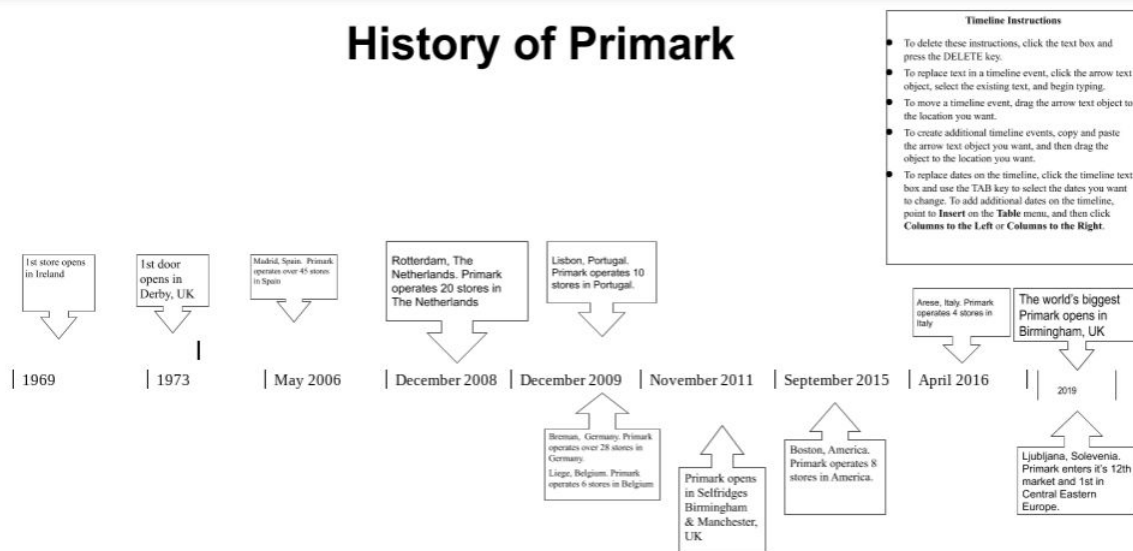
3.0 Findings

3.1 Introduction

Primark is subordinate company of the Associated British Food Group. Primark first opened in 1969 by Arthur Ryan in Mary St Dublin (Ireland) Trading as Penny's. Primark is a clothing retailer, operating in different countries including. Primark first named Pennys in the J.C Penny has registered. Therefore Primark is used outside of Ireland.

Primark has become a famous International fashion retailer that offers fashion, beauty, and homeware at affordable prices in high street.

History of Primark



3.2 Current Product Portfolio and Store Location

Primark is a leading retailer, specializing in the sale of clothing, accessories, footwear, and homeware. Company is popular among shoppers seeking the latest fashion in best prices. Currently, Primark has a total of 192 UK stores spread pretty evenly across the country. World's biggest Primark is in Birmingham launched on 11 April 2019. Primark has 350 store locations in twelve countries throughout Europe, North America and the rest of the world. On 13th June 2019, Primark expanded to its 12th country with a store in Slovenia. Primark is one of the high street giants without any form of online shopping service so far.

3.3 Discuss how Primark has planned, communicated, monitored and reviewed previous attempts to resolve its problems?

Developing good relationships with suppliers is not a complicated process. Being communicative is very significant!

Suppliers needs to be fully aware of the business needs and standards and company needs to treat suppliers fairly, be demanding, be loyal and pay them on time. Its is that simple and easy. Primark insist that it is selective about the suppliers with whom it works and says that every factory which manufactures clothing and other products for primark must commit to meeting internationally recognised standards before the first order is placed and other points during the partnership.

Primark uses a variety of methods to engage with its suppliers. For instance, one method that Primark uses to communicate with its customers is through its ethical trading website. To communicate with workers and communities, in the countries that manufacture the goods, Primark took initiative such as the community engagement programme it has in India. Primark understands that different stakeholder groups (suppliers) have different needs and expectations.

Problems

- Primark was at the centre of the storm over allegations that illegal immigrants paid just over half the minimum wage had been employed to make fashionable knitwear for one of the firm's best selling ranges.
- In 2006, The BBC reported findings that found textile workers in Bangladesh were being paid as little as five pence an hour to make cheap clothes for Primark with starting wages at the factory being as little as £8 a month
- In December 2008, the UK charity **War on Want** launched a new report, fashion victim II, that showed conditions had not improved in Bangladesh factories supplying for Primark, two years after the charity first visited them.
- On January 2009, a supplier was forced by ETI to remove its branding from Primark stores and websites following a BBC/The Observer investigation into the employment practices. The investigation alleged use of illegal immigrants labour and argued that the workers were paid less than UK legal minimum wage. Employees at both TNS and Fashion Waves (Manchester based Primark suppliers) were caught on camera admitting their illegal status in the UK.
- Poor working conditions in primark factories (TNS and Fashion Waves) were exposed as cramped and cold, in breach of health & safety regulation.
- Previously (on 9th June 2011) in an announcement, Primark sacked three of its clothing providers in India after receiving proofs by BBC's Panorama programme that it was subcontracting to child labour. The programme was an undercover investigation found that in young children in Southern India refugee camps have worked in vile environment for longer hours to see the designs that will see at the current rate of growth, Primark eclipse Mark & Spencers as Britain biggest mass- market fashion retailer by 2009, taking £1 of every £10 spent on clothing in the UK.
- Following the tragic collapse of Rana Plaza , the most deadly accident in the history of the garment industry. Rana Plaza was built on unstable ground using poor-quality materials, while two floors were added to that had been approved for six story only. Kirk said that the Primark tried to safeguard the workers producing its clothing but admitted that it had not carried out structural surveys of buildings. The firm keeps eight permanent staff in Bangladesh to monitor conditions in its factories, and works with local partners to train factory owners in safety. The collapse happened in April, killed more than 11.. People. In addition to death roll, more than 2500 were injured in the disaster.
- The Clean Clothes Campaign, an international workers, rights pressure group which urged Primark to disclose its production locations.
- Primark does not own factories or the companies that produce its goods. Primark has no grip on its social responsibilities that a business has towards its stakeholders.

Primark planned and communicated to resolve previous problems with its suppliers.

After Primark faced a major blow to its reputation and being exposed by an undercover investigation report by BBC exposing it using child labour, Primark's marketing strategy mainly focused to promote itself as an ethical organisation with a clear and strict code of conduct to which all suppliers must adhere and which forms part of the terms of their contract.

Primark is a subsidiary company of ABF. As a part of the ABF, the company shares important values. Primark alleged with exploitation of workers, exports of profits, uncertainty and environmental issues.

Primark has taken some positive steps towards improving their ethical practice when it comes to suppliers and workers. The brand signatory to the Bangladesh Accord on Fire and Building Safety and the Cotton Pledge.

ETI Code of Conduct

Primark has been a member of the ETI since 2006.

Primark formed a partnership with Geosansar to bring banking services to its suppliers and worker community in India. This initiative is helping workers to keep their money securely. They can build up, and earn interest on their savings.

Labour rights

Primark joined the better work partnership in 2010. This is a major international partnership setup by the UN's International Labour Organisation to improve labour practices across the globe. The program consists of factory assessments, advice and training provided by local experts. This partnership aims to ensure that there is adherence to international standards, such as a ban on any use of child labour, limits of numbers of hours in the working week and proper leave entitlements.

Environmental Impact

Primark has become a participant in the Ellen MacArthur Foundation's Make Fashion Circular initiative.

As a participant Primark will follow three key principles initiative: business models that keep clothes in use; materials that are renewable and safe; and solution that turn used clothes into new clothes. This represents one part of Primark's environmental sustainability programme which it is undertaking to reduce its impact on the environment.

Greenpeace Detox Campaign

Primark has started to focus on their climate impact by measuring and reporting on the greenhouse emission generated both from their own operation and some of their supply chains.

Animal welfare Primark are a member of Leather Working Group, which promotes sustainability practices in the leather industry and don't use fur, angora, down feather or exotic animal skin or hair in their products.

Ethical Focus

Rana Plaza disaster forced company to increase sustainability efforts to police its suppliers, building up a team of over 100 people who focus on ethical trade and environmental issues.

Better Lives Foundation

Primark supports nearly two million people through its supply contracts worth £700 million and its aimed to improve their standard of living and quality of life. Primark has established ' Primark Better Lives Foundation' (Primark Ethical Trading, 2011).

Her Project

Primark also took other significant initiatives and one of those are Her project in Bangladesh (supplier place). The programme aims not only to improve the health of female workers through training and education, but also give them the tools to help them take charge of their personal and working lives.

CSR

Primark has initiated a programme of activities which supports its corporate social responsibility stance and ensures that its trading meets the company's values. The aim of this programme is to underpin Primark's code of conduct which ensures that all workers are treated decently, paid a fair wage and work in good working conditions.

Support Provided to Victims

April may 2013, primark was one of the first brands to confirm that one of its suppliers was located in the Rana PLaza building. Primark's Ethical Trade Team based in Bangladesh worked with local partners to provide emergency food supplies to over 1,265 household and opened 24 hours helpline. The Director of Ethical Trade Primark was also present on the ground to oversee the aid process and provide support .

Accord on Fire and Building Safety

Primark was one of the first international retailers to sign up the Accord on Fire and Building Safety on 13th May 2013. The aim was to focus on the improvement of the structural and electrical safety of factories through inspections, remediation and training.

Primark's other initiative are PASHE ACHI Support Programme, Transition Accord, support education events etc.

3.3 Nature, Scope and Impact of Primark's Current Problems

The nature and scope of Primark's problems are quite wide. Primark has faced many allegations ie, child labour, forced labour, long hours, low wages, poor working conditions, no contracts, migrant workers, human rights and environmental issues. It has affected the company, its customers, suppliers, workers and environment. Primark has received Ethical Consumer's worst rating for likely use of tax avoidance strategies.

The impact of problems Primark has faced till now

As a result of these allegations, Primark has been criticised, received bad reputation and faces losing up to 42% of its customers. Primark faces £47k bill for 'shocking' transgender discrimination. An employment tribunal has told Primark to adopt a policy on how to deal with transgender staff after it found an employee was discriminated against in relation to gender reassignment. The store failed to deal with the matter appropriately. After the tribunal found out this matter they made Primark to pay the employee award £47,433 in compensation to cover the injury to feelings and loss of pay and pension contributions. Following the Rana Plaza disaster, which killed more than 1,135 workers in April 2013, Primark has paid \$14 million in aid and compensation.

Primark was lacking in keeping a strict eye on its strategic, operational and administrative departments of its business that's why low hoops led to big disaster in the garment industry's history.

Amnesty International's Northern Ireland programme director said, "there is no excuse for any UK company to be profiting from forced labour in Chinese prisons, they should be monitoring their supply chains and terminating contracts when they discover abuse. (Patrick Corrigan)

Current issues and Impact

Operational problems

Operation management as the process of organisation produce goods and services and if employed efficiently it can benefit an organisation. (Slack et al, 2004)

Primark operational problem identified is customers waiting time at the tills which is affecting overall performance and productivity of the store. There is not sufficient staff at the tills as well as retail assistant. In addition the current staff are not adequately trained for trouble shooting as well as not allowed to address the same. And therefore rely on their supervisors to solve any problems that occurs at the till resulted as increase the customers waiting time.

Strategic

The strategic marketing of any business enabled them to capture the confidence of its customers in the brand that helps reducing the risk of business. Like any other business Primark's main objective is to be profitable and sustainable.

Like the other business, Primark also facing tough market competition from other retailers such as ASda, Matalan, Zara, H&M, Marks & Spencer, Tesco and Costco. Comparisons with these

companies shows that Primark has better business strength and high market share in present condition. The product quality and financial strengths of the company is highly dependent on these facts for gaining the competitive advantages. (Lovelock, 2011)

Primark is facing these current strategic issues:

- Advertising - the company is totally dependent on the product quality of the company. Primark doesn't give so much advertisement in popular media like other companies
- Rise of the Online Fashion - Another area is the use of technology, depending on competitors are growing in their business. Most of the retailers are using the latest technologies in their organisational strategies and promotional strategies for marketing their product.
- Porter's Competitive Strategy - in this intense market competition, Primark needs to focus on this area to gain the effective level of competitive advantages by developing a good strategy. (Solomon, 2014)
- Differentiating the Product - from the other companies will help Primark to attract more customers with exclusiveness of the products.

The basic principles of Primark includes respecting human rights and setting a guideline for appropriate conditions of employment in its suppliers, employees and vice versa, but all these features were missing whilst Primark's products were manufacturing in overseas countries. Primark has its supply chain in different countries in Asia, like India, China, Bangladesh and Pakistan where labour is cheap and working conditions and workers rights are missing. Primark is now committed to be Ethical retailer and to make working conditions safer for those who manufacture its products. Primark has learnt from its mistake and signed the accord on fire and building safety in Bangladesh in order to work with other brands and stakeholders to bring sustainability long term in the country.

Business environment is changing where Primark stands in today's world and its facing many challenges.

strategic policy is very important but it is useless if the staff are unaware of the company approach.

Primark has lack of oversight as it had not any managers, line staff or supervisors within its supply chain who could be in the factories during working hours to communicate and monitor performance, feedback, respond to workers' complaints and concerns and inspecting the factories regularly, to check good working environment, health & safety, care for human rights.

Administrative

Digital competency

As technology is emerging, retail business is taking new shape changing at great speed with increase in number of quality competitor launching better services.

Compatitators

Like every business Primark is also facing threats from its major competitors like Geroge Asda, Marks & Spencers, H&M and Zara

Fashion Trends and Buyers

Another reason for this transformation is that buyers are developing their taste very rapidly and are becoming more demanding with the passage of time.

Other challenges

Changes in internal & external environment factors like competitive market, globalization factors, demographic and social forces, ethical forces, technological changes, economic factors and political issues are major reasons for various kinds of strategic changes, structural, cultural, system, and process changes within the organization.

3.4 Analysis of Primark

A systematic examination and evaluation of data or information by breaking it into its component parts to uncover their interrelationships is very important for any business.

3.5 SWOT Analysis Primark

Swot analysis is simple and useful framework that helps focus on strength, minimise threats, and take the greatest possible advantage of opportunities available to business.

Here is SWOT analysis of Primark

Strengths	weakness
● Large amounts of stores in Europe. ● Low prices ● Ethical trading initiative ● Caters fashion clothing for all ages ● Offers job opportunities and employs over 27,000 people	● Negative impact on labour's issues and poor working conditions ● Child labour ● Poor advertising strategies ● Poor wage ● Primark don't owns garment factories ● No online shopping option

Threats	opportunities
• The customers in terms of fashion and uniqueness • Currency fluctuation • Primark don't have any advertising whilst their competitors do	• Expanding ventures • High quality products and services overseas • High quality fashion clothes • The competition with other retailers • Work towards human rights • Being eco

PESTLE Analysis

Economic Factors:

Labour costs are likely to rise due to increasing concern for shareholders welfare and ethical working conditions regulation

- Economic growth
- Unemployment policy
- Consumer confidence
- Pound rate fluctuation due to brexit

Environmental Factors:

- Environmental regulations & protection
- Use of recycled material
- Use of organic cotton and other environmental friendly material to produce clothes

Legal Factors

- Employment laws
- Safety regulations
- Tax policies
- Competition regulations

3.4.3 Stakeholder Analysis`

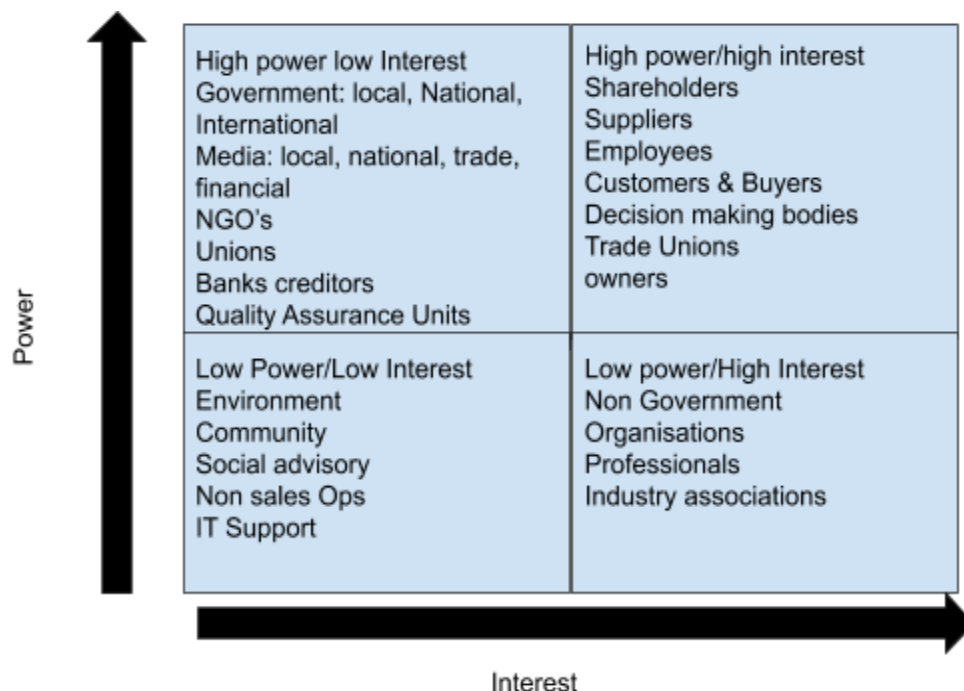
Every organisation which is running in the market, which earns profit from customers, inreturn has some responsibilities. Inorder to survive in this world of competition every organisation shall fulfill its responsibilities. (Masango, 2014)

Stakeholders are individuals, groups and organisations that have an interest in the decisions and actions of a business. Every stakeholder has their own rights in the organisation.

As an international business with global supply chain and a growing retail base, Primark believes that business has a responsibility to act and trade ethically and by doing so, it can be a force for good.

Stakeholders of primark

- Suppliers customers
- Governments
- Trade Unions
- non-Governmental organisation
- Shareholders
- Employee
- Communities



All

business depends on a variety of stakeholders. Some stakeholders are internal to the business, such as company's employees. Other stakeholders are external such as suppliers, customers, trade unions, civil society groups etc.

Primark uses a variety of methods to engage with its different stakeholder groups. For example one method that Primark uses to communicate with its customers is through its ethical trading website. To communicate with its workers and the communities, in the countries that manufactures the goods, Primark uses initiatives such as the community engagement programme in India. Primark understands different stakeholders groups have different needs and expectations. As such Primark must use appropriate channels of communication to engage with each stakeholder group.

Conclusion

Primark has grown quite rapidly over the year and success in the home market of Ireland has led the company expand to the UK and many other countries.

For Primark to continue delivering value across range of its products. It must develop strong marketing as well as has to enter online. Primark is not making full use of its potential being online. Its should take full advantage of online shopping, research shows that 35 % of people buy online. The key challenges faced by Primark is critics who unveiled that primark is involved in unethical trading using child labour ,labour exploitation, exports profits and environmental issues. Other threats are competitors, customers changing requirements which has become potential implications in implementation and success of new marketing strategies and hinder its sustainable growth its survival in today's competitive world. Primark should focus on brand stretch to gain competitive edge over rival companies.

Acting ethically , making the right choice is - doing the right thing. Primark seeks to adhere to its values by taking care of its employees, being a good neighbour, maintaining ethical relationships and respecting human rights. By engaging with its stakeholders, including factory owners and workers in countries that specialise in the production of fashion garments, it ensures that everybody gains from business process and everybody is treated fairly. Primark's popularity relates to several aspect such quality, high street locations, super competitive prices and fashion.

Marketing strategy of primark and completion of the company in the present UK market have been raised in this report. Primark have implemented several initiatives to reduce waste and increase energy efficiency in their stores and suppliers factories, have signed the Bangladesh Accord and cotton pledge, and have adopted ETI Code of Conduct which are commendable steps - but the brands still have a long way to go.

5.0 Recommendations

Primark rub shoulders with its big brands within the industry in terms of sales, online, staffing, trained employees products. Primark like other brands is now focusing on CSR and ethics, but unfortunately it took a broken reputon and a loss in sales in order to not to be left behind and keep up with changes in the market. Even though as there is differences in the market in terms of the economic level, culture the brand learnt lately how to adapt to them without being unethical. (Royle, 1997)

5. 1 Here are some recommendations to address areas of concern related to current and previous issues.

Websites and online portal: primark should resign and then launch the website on online shopping portal with high tech support available. The design of the website should be unique and some technical platform should be available for marketing and purchasing of the customers easier. (Hollensen, 2015)

- The till should be regularly maintained to prevent from breaking down in the middle of the busy day. Staff should receive appropriate training to deal with IT problems.

- Short staff is another problem which needs to be dealt. Sufficient number of Cashiers and retail assistant should be taken on the job to fulfill the needs of the job so customers could get rid of the long waits and queues.
- Customers feedback should be taken on a regular basis because people always remember bad experiences and comment negatively.
- The primark management team should strive to improve customer service by providing the customer tills on different floors to cater to their customers.
- The dilemma of managing capacity can be solved by making sure that there are enough members of staff at each till all the time and then bring in reinforcements to help parcel and pack the items during peak times like Christmas, summer holidays etc.
- In the long term solution it self check out needs to be installed. It will reduce the number of customers in the queues.
- There should be supervisor assistant responsible for void items, void transactions, and note check, price entry, price enquiries and working close to the till, in case any of the retail assistant needs help with the transactions.
- Retail assistants/cashier should be trained on problems moving.
- To deal with uncertainty that will happen in the future, start with short terms goals however long term goals should never be discounted. Initiate with ivr or ten year plan in place and balance with more ad hoc short term strategies in order to keep business in control.
- To deal with cash flow plan and budget as much as possible. Use money management tools to keep track of company's cash flow.
- Primark needs to deal with its suppliers 'is infrastructure issues, review policies and unethical trading. A recommendation for the brand in terms of child labour and CSR is first to make regular reports both in UK and factories and the abroad factories. After the results are collected then action needs to be taken accordingly to make sure suppliers follow ethical way, that the wages are raised and the working conditions are improved. A senior officer should exist in the company, to be responsible for the citizenship Transparency. (Riel, 2004)
- "Triple Bottom way" is a way to measure the levels of CSR in a company and is recommended to Primark to use. (Fombrun,2006)
- The fact according to the case study of Min Hwa Lee (2011) is that the brand was aware of the level of CSR but no measures were taken.
- All the employees and suppliers should have that "single voice" in terms of sustainability as a result to a good communication. (Boje, 2006)
- Increase the level of recycling, particularly for cardboard, plastic and hangers.
- To help environment donate unsold garments to the poor counties or charities.
- Reduce chemical use by developing the water-resistant fabrics.
- Reduce the amount of water used in factories and to minimise potential water pollution.

6.0 Appendices

7.0 Acknowledgement

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