

ASDA

THE BEGINNING

ASDA Stores Limited was founded in 1949 when the supermarket owning Asquith family who run a butcher shop at that time in West Yorkshire merged with the Associated Dairies Company, a group of dairy farmers. Joining together with Noel Stockdale was the beginning OF ASDA formation –named after ASQUITH + DAIRIES.

ASDA is BORN:

During the early 1960's inspired by a trip in USA to visit the Piggly Wiggly the world's first supermarket, the Asquith brothers Peter and Fred converted the Queens Cinema in Castleford into a supermarket and expanded after couple of years with more stores and converted another indoor market into their second Queens's store. At this point, the brothers discovered the concept of food discounting and late night shopping on Friday which was something new and loved by customers.

In 1965 Peter Asquith builds from scratch his first supermarket next to a large car park with the vision of a fantastic beginning and partnership with Noel Stockdale who was taking over Asquith butcher operation. Peter was aware that the car ownership was growing and customers began to shop from small basket daily shopping to filling up their car boot. The Queens superstore offered self service groceries and arcade of fresh foods for its customers. The driving idea behind Queens was "no special offers "but "permanent reductions'." There was everything discounted from fresh foods, groceries and non-foods at along row of checkouts. At this point ASDA has associated with the Russian oil company NAFTA and petrol filling stations were added for discount fuel.

1980-1990

During this period ASDA went through a great diversification, selling everything from baked beans to motor cars. As financial services ASDA provides Reward Credit Card, Personal Loans, Insurance, Child Trust Funds, Travel Money and gas and electricity Comparison Service. It also provides to its customers mobile phones with great coverage supplier and marketing promotions.

The Foundation of George

In February 1989 ASDA merged with George Davies partnership and started selling the George "range clothing outlets in the UK. With the new selling product, ASDA set to expand the clothing business into the second-biggest in the UK after Mark's and Spencer's "St Michael label".

Decline and Reason

In 1981 the new executive John Fletcher was appointed to the board .In this period the economy and already slowing down, unemployment was high and customers started spending less. Fletcher's view was focusing on increasing sales and profits; compared to Tesco and Sainsbury which developed their own labelled products. At this point customers trust in ASDA's best value store with the increase in prices began to decrease.

ASDA started facing serious difficulties. The business had diversified into unprofitable furniture and carpet business, losing price advantage, and the competitors were copying ASDA's "out of town superstore" strategy.

ASDA needed a major system change as there was a major risk of bankruptcy knocking at the door.

In 1999 ASDA became a member of WALMART with the promise of "Saving people money to help them live better". This promise was achieved through the Every Day Low Cost, Every Day Low Price strategy.

2020. ASDA now

ASDA went through a great diversification and today is the third largest retailer in the UK with over 630 stores.

SUSTAINABILITY

According to Brundtland: "Sustainable development is development that meets the needs of the present without compromising the ability of future generations to meet their own needs."

Advantages:

There are many benefits of sustainability. First of all sustainability maintains human health and contributes to the environment which benefits the economy because where less waste and pollution there are more jobs and better distribution of wealth.

"The economy is entirely dependent on resources from the planet to sustain it, as well as the energy of people to drive it. Society is also a part of the environment and is reliant on the well-being of the environment for life itself". <https://econation.co.nz/blog/the-benefits-of-sustainability/>

In other words priority of sustainability is Planet, People and Production.

"We must realize that when basic needs have been met, human development is primarily about being more, not having more." (<https://econation.co.nz/the-earth-charter>)

ASDA's approach to sustainability is based on the belief that protecting the environment and saving people go hand in hand. ASDA is passionate about being sustainable because it is beneficial for changing the world for better! Therefore ASDA's plan is to open this year in May in the heart of Leeds, its first "test & learn" sustainability store, where customers can bring and fill up their own container with some of known brands as well as ASDA's own brand of products as rice, pasta and coffee, but also loose products and free plastic flowers. The benefit and advantage of this plan is that ASDA will supply a range of recycling facilities.

In ASDA Organisation, Sustainability is perfectly aligned with the commitment to be the lowest cost retailer in the UK.

“The two words our customers use most to describe people who recycle, and use less energy and water are ‘normal’ and ‘intelligent’”. (Rettie, Burchell and Barnham, 2013)

Disadvantages:

There are some disadvantages of environmental sustainability such as air pollution, water pollution and spreading diseases among people are main effect of the environmental in-**sustainability**. Some businesses discharge organic materials and chemicals which lead to human health such as asthma.

According to The Guardian, ASDAS puts too much pressure on producers/farmers in terms of environmental standards to make long term investment in renewable energy on farms.

“The lure of lower food prices, particularly for shoppers on a budget, can seem attractive, but it hides the unpalatable truth that farmers will be under increased pressure to produce more but for less,” (Campaigners warn on environmental impact of Sainsbury's-Asda merger - Retail Gazette (blog) - British Utilities, 2020)

STAKEHOLDERS

It is highly important to make good decisions to maintain business transparency and trust between stakeholders without harming the company's development. This helps ASDA's strategy to look after the risks and overcome them, because engagement with stakeholders can make the organisation stay strong and competitive in the market.

SWOT

STRENGTHS

In May 2020 it will open its first sustainability store

Opportunities

To roll out the idea of sustainability store

Weaknesses

Merger of ASDA & Sainsbury's deal risks environmental harm

Threats

Climate change will have an impact on food ASDA buys from across the world

RECCOMENDATION

Based on the information debated above, with the slogan “low –price strategy “, ASDA challenges the competitors with their sustainable advantage.

With regards to the opening of the new sustainability store, the recommendation would be to listen to the customers feedback to make the decision if is worth to roll out the plan or to stop.

Due to the Global Warming ASDA should focus on improving sustainability adapting to the changing environment:

"If they really want to be a greener grocer they must take steps in its marketing strategy, reviewing products which use too much water and steering customers off meat, and in its supply chain, paying producers to cover the cost of sustainable production." (V.Hird, Friends of the Earth senior food campaigner).

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