

# MODULE CODE: LCBB4002 Community Engagement

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## Assignment 1

LECTURE NAME: Dr Tanja Nathan

STUDENT NAME: Ivan Georgiev

STUDENT ID: 1914979

Primark is a fashion retailer who offers an including a range of clothing for men, women, and children. In the United Kingdom, the brand operating with 188 stores (Primark.com, 2020). The retailer has more than 70,000 employees in Great Britain (Primark Stores Limited, 2019). According to statistics for 19 years between 2000 and 2019, Primark opens 283 stores in various places around the globe (Marketline, 2020). On a world scale, the retailer has 383 stores in 12 countries: The United Kingdom, Spain, Portugal, Republic of Ireland, Germany, the Netherlands, Belgium, Austria, France, Italy, Slovenia and the United States of America (Primark.com/en, 2020). Under the name of its brand, Primark offers various products as accessories, hosiery, homeware, beauty, children's wear, men's wear, women's wear, and many others. The company strategy is to stick firmly to the rules and procedures when they select their suppliers. The managers board regularly reviewing its code of conduct. Producing their products in vast quantities helps them to lower the total cost of their products. They invest in improving its logistics network, which allows them to deliver and separate stocks quickly that enables them to reduce the costs of their products (Primark, (2020a). They are relying on their customers to make advertising over their products and avoiding the costs of television and radio advertising. With their vast range of products, they reach different backgrounds, cultures, and genders. Their potential customers are from children to the elderly. Their customers are looking for quality products at low prices.

## **SWOT Analysis**

### **Strengths:**

- Product offerings – the comprehensive range of products make possible the company to satisfy the needs and preferences of customers improving its top-line performance. The product portfolio of Primark includes shirts, t-shirts, trousers, coats, pants, types of denim, sportswear, golf wear, skiwear, suits, skirts, cardigans, dresses, jackets, leggings, tops, and lingerie (Primark.com/en, 2020)
- Quality and prices – people recognise Primark as a store where they can buy quality products at a low price which make the brand attractive for the masses.
- Support from Associated British foods plc - Primark operates as a subsidiary of Associated British Foods plc, is an expanded international food, ingredients, and retail group. Primark can expect strong financial support from its parent company (ABF) for expanding and developing its business operations (Annual Report and Accounts, 2019, pp. 40-48).

### **Weaknesses**

- Limited business operation- Primark fall behind its main competition Mark and Spencer, which operates with 914 stores in the United Kingdom and 468 international stores (A progressive digital media business, 2018). That means that Primark reaches fewer people than its main competitor and must focus on solving this problem. The company's organic growth rate was slow as compared to its major competitors. Primark operates only 182 stores in the United Kingdom. In contrast, Mark and Spencer group plc, as one of the major competitors, operates 914 stores in the UK and 468 international stores, with revenue of GBP 10.7 billion, employing 80.787 people(I have to put my reference here). The company

must take considered measures to improve its performance to stay competitively over the significant operating in the sector.

### **Opportunities**

- Capacity development

Primark is a fashion seller based in the UK. The company retails women's wear, men's wear, children's wear, lingerie, footwear, accessories, hosiery and homeware products. In the financial year 2018, the company opened 11 new stores in different regions of the UK, which resulted in an increase in the retail space by 0.47 million sq. Ft. Primark opened stores in Carlisle, Colchester, Llanelli, Bracknell, Rushden, Llandudno, Shrewsbury, Stafford, Truro, Uxbridge, York. The company also expanded its existing city centre flagship store at Oxford Street East by 40%, reaching a retail space of 114,000 sq. Ft. It also relocated existing stores in Sheffield and Reading to other regions (Primark.com/en, 2020). The new store that openings will help the company to expand its business operations in the United Kingdom. Those new stores will increase their customer base, which also enables it to provide returns to their shareholders. These actions can help it to attract new potential investors (Marketlie, 2020).

- Expanding retail market in the UK:

The positive economic trend in the United Kingdom provides a proper scope for the company to expand its operations in the region by adding new products and increasing its range through new stores. Primark operates through 182 stores in the UK, which enable it to capture growth opportunities emerging from a growing retail market in the UK. According to in-house research, retail sales in the UK is expected to reach EUR 52,669 million by 2022, increasing at a CAGR of 2.63% during 2017-2022. The company prioritised development in both the existing and new markets. The Health and Beauty market is expected to lead the share of 27.3% towards the retail sales followed by clothing and footwear with 24.8%, food and grocery 20.2%, homewares 11.3, DIY and gardening 7.8%, furniture and floor coverings 3.8%, electrical 2% and other 7.3%. (KBVResearch, 2017)

### **Threats**

- Growing labour costs

Increasing workforce costs could harm the company financially. The tight labour markets and a higher proportion of full-time employees increase labour costs. As the company employs a large group of skilled workforces, any further rise in the rising wages may increase the operating expenses of the company. According to the government of the UK, in the financial year 2018, the company had about 9,9590 employees as compared to 9,044 employees in FY 2017. Increase in wages could increase the operating costs of the company. According to the government of the United Kingdom, the minimum hourly wage rates increased to GBP8.72 in April 2020, for workers aged 25 and above from GBP8.21 in April 2019 (gov.co.uk. 2020)

- Expansion by competitors

Primark has intense competition in domestic and international companies in the retail market. Its primary competitors include River Island Clothing Co Hennes & Mauritz AB. Limited, Wool Overs and Zara (The Financial Times Limited, 2017). Some of the competitors of Primark take on expansion programs to match the growth rate. The market also registered consolidation involving mergers and acquisition. Its primary competitors include Ben Sherman Group plc, ASDA Stores Limited, In February 2018, Marks and Spencer Group plc (M&S) entered into a partnership with Graphic

packaging International. They developed an oven-ready pizza packaging (corporate.marksandspencer.com, 2018). The high competition in the market may force the company to increase its product differentiation by offering merchandise at low prices or its promotional expenses, which could escalate its operating costs.

- Changes in fashion trends

Primark is vulnerable to frequent changes in fashion trends. The shift in fashion trends often force the companies, including Primark, to update their products offerings with the latest market trends. To adopt the latest fashion trends, customers often shift their choices of a brand. The inability of Primark to change or update its collection according to the fashion trends and varying customer preferences could result in loss of sales, affecting its brand image.

### **Role of the employees in Primark organisation**

1 CEO Chief Executive officer - highest executive in rank in the company. He is implementing the company's short- and long-term goals. By making a significant decision about the company, managing the overall operations and resources of Primark, his name is Paul Marchant (Point Franchise, 2019). He communicates on behalf of the company to shareholders, government authorities and public.

1.1 Chairman Micheal McLintock– Working with CEO to ensure that all main vital issues are discussed by the board in a proper schedule. He has a vital role in providing all the necessary information to can the board to act adequately (grosvenor.com, 2020). As he manages to collect and represent the information in the tight schedule, he supports the overall progress of the organisation.

1.2 Board of Directors- they make all significant decisions in the organisation. They are supporting financial the organisation, to can the company achieve its goals.

1.3 Head of Treasury for regions – they are monitoring the financial statement of the company carefully. With their work, they support the organisation as they keep the right financial balance in the organisation.

2 Managers – they are responsible for planning, controlling, organising, motivating and problem-solving decisions making. They are guiding and shaping the overall performance of Primark. They support the goals of the organisation with their decisions, based on their skills.

2.1 Supervisors – they are monitoring the work in their particular area of work. They have authority over general workers and operative workers. They support the organisation as they keep on track the quality and quantity of the products to be at desire quality that will satisfy the goals of the organisation.

2.2 Operative workers - they are the skilled workers of Primark, they are delivery drivers, they are supply drivers, some of them are involved in the production process. With their skills, the workers producing the necessary products and services to help the goals of the organisation.

2.3 General staff – with the training they can do vary of operations in Primark they have the opportunity to get a promotion. Their support is limited based on the operations that they are appointed to do by supervisors.

### **The importance of training and development programs**

The training is essential for the growth of Primark. Employees, machines and materials are the main capital of any organisation. Employees are the most valuable resources of any organisation. The competence of the employees makes a positive impact on the effectiveness of the organisation. Training of the employees increase their productivity, and it also enhances the organisation goals to personal. The training represents as “most effective way of motivating and retaining high quality in human resources” (Nda, M.M. and Frad, R.Y., 2013, pp. 91-92).

### **The importance of the finance manager role in Primark**

Like any other management role, the financial manager in Primark has its specific skills that the retailer request. Financial manager taking the overall accountability for building the budget, he reported to the management accounts and improving the commercial awareness of the broader leadership team. He is leading a team to deliver accurate and timely financial reports for the business. Without the financial manager will be difficult or even impossible organisation with the size of Primark to continue its growth (Primark, 2020b).

The knowledge that a financial manager should have to be able to start work in Primark is just accounting qualification with a minimum of three years PQE. However, the skills that he or she must have been with a wider range. The financial manager of Primark must be self-motivated with excellent communication skills, and he must be able to communicate within all business levels in the organisation. He should be able to plan and prioritise the work within the schedule. It must have excellent attention to detail, to have the ability to do multi-tasks, to have an ability to analyse and interrogate high volumes of data, it is essential to have the ability to work under high pressure (Primark, 2020b).

### **Conclusion**

In the process of gathering information about the structure of the organisation, its strengths and weaknesses, as well as things that threaten Primark, I’ve read many stories of people who work in the company. My personal impression, after reviewing all the information, is that Primark has established training programs for the development of its employees. I was very impressed that each store manager at Primark was part of the organisation and was allowed to develop to this position. While reviewing the job vacancies from Primark, I realised that they appreciate the contribution of staff development programs. It is an interesting organisation with a lot of potential for growth, if I have the opportunity in the near future. I would like to make an in-depth analysis of this company and to collect primary information through interviews.

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