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1.0 Introduction

The purpose of this research is to conduct a strategic review of Greggs plc, a British public business listed on the London Stock Exchange. It aims to evaluate the effectiveness of Greggs' strategies in practice by analyzing its corporate and business strategies. To achieve this objective, the report will examine the company's chosen strategies, provide reasoning for their selection, and assess how well the company has allocated its resources to align with these strategies. Through this analysis, the report will determine Greggs' competitive advantage and conclude by assessing its progress in achieving sustainability goals, accompanied by recommendations for enhancing sustainable competitive advantages.

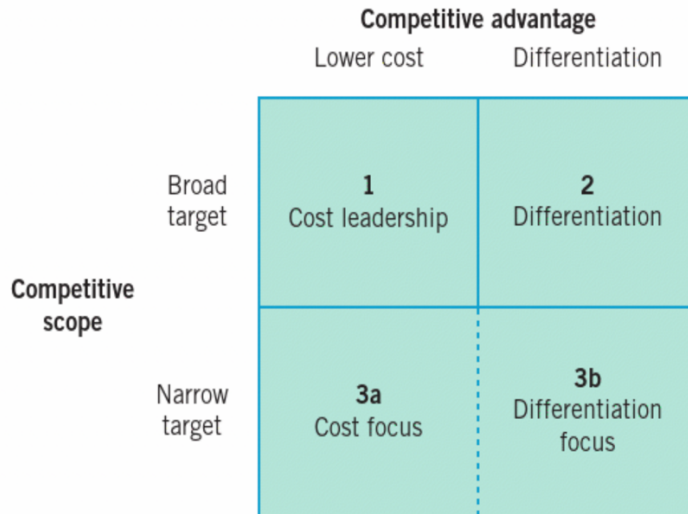
2.0 Company background

Greggs was founded in 1939 as a bakery shop and has grown to become a leading UK bakery chain that is included in the FTSE 250 Index representing the largest companies traded on the London Stock Exchange (Hancock, 2019). Greggs operates exclusively within the UK market, as its previous trial of internationalization through stores in Belgium was eventually rolled back to retain the national-level market focus (Kavanagh, 2008). Greggs operates in a vertically integrated supply chain network; this makes business operations spread across retail activities and business-to-business channels as well. Greggs has a retail presence of over 2,300 store units in the UK operated by over 28,000 employees (Greggs, 2023). Its annual revenue has grown consistently over the past 10-year period, where it generated £762 million in 2013 compared to £1.5 billion in 2022, despite the pandemic-led decline of revenue to £811 million for 2020 (Statista, 2023).

3.0 Identifying key business and corporate strategies.

3.1 Explaining the company's market positioning decision from Porter's Generic Strategies

The market positioning of Greggs plc can be examined through the lens of Porter's Generic Strategies, which classify strategic approaches based on competitive advantage and target scope. The strategies for gaining competitive advantage can be broadly categorized into cost leadership, differentiation, co focus (Whittington et al., 2020)



(Source: Whittington et al., 2020).

Cost leadership: The company background identified the vertically integrated supply chain network of Greggs bakery stores, where Greggs-owned manufacturing sites directly supply retail stores with bakery goods for sale to customers (Greggs, 2023). This reduces overhead costs by eliminating additional layers of outsider involvement in the supply chain network, leading to a greater cost leadership advantage for keeping prices "as low as possible" (Greggs, 2023). Therefore, this strategy is the most successful among the generic strategies for Greggs.

Differentiation: Greggs seems to primarily leverage a Differentiation Focus strategy. The company distinguishes itself through a unique value proposition: offering a variety of fresh bakery products, with a particular focus on sausage rolls, steak bakes and vegan-friendly variants of these products as well. This retains a differentiation advantage for Greggs, due to the consumer preference for Gregg's sausage rolls over those of rivals (Ro, 2020).

Cost focus: Owing to the cost leadership primary advantage, Greggs has a stronger cost focus as it emphasizes cost minimization in the focused market of bakery goods such as the sausage rolls (Ro, 2020).

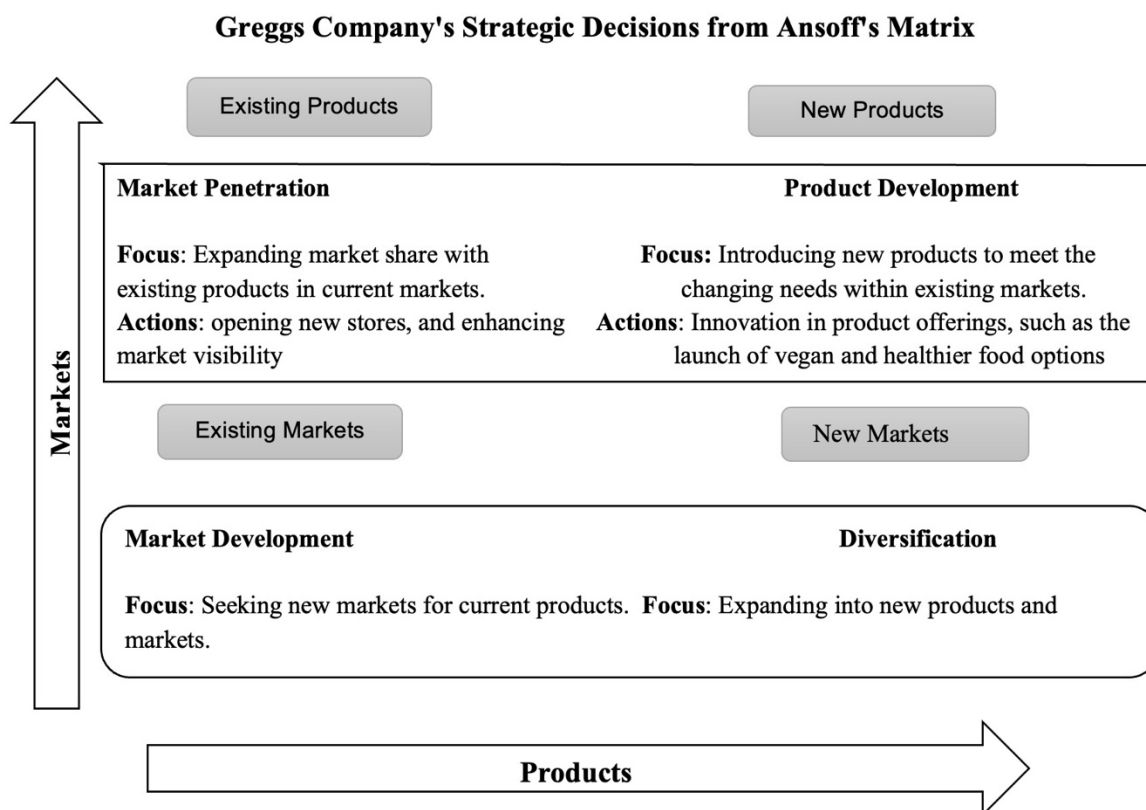
Differentiation focus: The differentiation focus is comparatively limited; however, it is nonetheless profitable and a competitive advantage for Greggs. This is identified in the sales of vegan variants of its bestselling bakery products to the specific market segment of vegan and vegan-adjacent consumers, such as vegetarians (Ro, 2020).

Greggs plc's market positioning reflects a nuanced application of Porter's Generic Strategies, where it uses a combination of differentiation and cost focus within its selected market to create a competitive advantage.

3.2 Illustrating the company's strategy decisions from Ansoff's Matrix

Ansoff's Matrix is a strategic planning tool that provides a framework for executives, senior managers, and marketers to develop future growth strategies. It divides strategies into four quadrants based on whether new or existing products and markets are involved (Whittington et al., 2020)

Here's a diagram that illustrates Greggs' strategic decisions within the context of Ansoff's Matrix



(Source: Create by the author)

Greggs' strategic decisions can be interpreted through Ansoff's Matrix as follows:

Market penetration: Greggs has maintained a market penetration focus as indicated in the company background information of consistent yearly revenue growth. More particularly, sales of its bakery products increased by 17.8% in the previous full financial year of 2022, demonstrating the active growth in market penetration reflected by a higher volume of revenues (Wild, 2023).

Market development: Greggs has not succeeded in long-term market development, as its short-lived internationalization into the Belgian market with the existing products was subsequently rolled back to retain sole focus within the UK market nationally (Kavanagh, 2008).

Product development: Greggs has succeeded in using the product development strategy as indicated from the above Porter's Generic Strategy of differentiation and differentiation focus, where its vegan alternatives introduced new products from Greggs into the existing UK market.

Diversification: Greggs has not yet diversified entirely by entering new markets with entirely new products, as this would be counter-effective for its main bakery chain strategy.

The combined findings from Porter's Generic Strategies and Ansoff's Matrix indicate Greggs have focused its strategy on its strengths as a bakery chain in the UK. This allowed Greggs to mitigate losses from further strategic expansion such as entering the foreign Belgian market, as well as retaining focus and investments without increasing its vulnerability and threat exposure through total diversification.

4.0 Analyzing resources and capabilities.

4.1 Evaluating resource Allocation through Value Chain and Value System Analysis

Primary activities

Analyzing Greggs plc's resources and capabilities through the Value Chain and Value System Analysis involves assessing how the company uses its assets and competencies across multiple primary activities. Here's an outline customized for Greggs:

Inbound logistics: As a vertically integrated bakery chain, the main production factory is in Newcastle upon Tyne where Greggs is also headquartered (Ridler, 2021). Greggs would manage its resources by obtaining high-quality ingredients, establishing trusting supplier relationships, and maintaining an effective inventory system to accommodate a constant supply of fresh products.

Operations: The produced batches are baked off-site after they are delivered to different Greggs stores (Guyoncourt, 2023). Therefore, the initial operations involve storing the produced goods in

cold storage adjacent to the Balliol Business Park where manufacturing units are also located (Ridler, 2021). This concentrates the main vertically integrated operations in close vicinity to maintain lead time efficiency from production to storage before outbound logistics are performed.

Outbound logistics: Greggs leverages the advantages of vertical integration by using Paragon routing software to move products from the manufacturing and storage units to the retail shops directly. Using the Paragon software increases the strategic cost leadership position of Greggs as it reduces transport costs by £200,000 annually (Paragon Routing, 2008).

Marketing and sales: Greggs uses agile marketing strategies to launch campaigns that align with contemporary social and consumer trends. For instance, it launched the vegan roll during the Brexit movement and capitalized on the leave/stay motion in comparison to vegan/non-vegan choices (Picheta, 2020). It also used self-deprecating humor in the product launch by sending previews of its vegan rolls in iPhone-themed boxes, thereby increasing market awareness, demand, and sales through in-store and delivery apps (Picheta, 2020).

Service: Gregg's services are customer-friendly and present actively on digital media platforms, where consumers can interact with the brand and raise their concerns for quick redressal.

Secondary activities

Firm infrastructure: Greggs has vertically integrated supply chain operations (Beddard, 2021), and operates on an enterprise-scale franchise model, where franchise networks include partners like SSP Group and Asda.

Human resource management: Greggs has a strategic focus on workforce training and development and other activities related to human resource management, such as talent management for retention. Greggs uses formal training programmes and informal 'espresso session' learning encounters for "90 minutes of short, sharp learning" (Jacobs, 2014).

Technological development: Greggs uses numerous digital technologies for exponential operating efficiency and digital transformation. In addition to the example of using Paragon logistics software for cost savings in transportation, Greggs uses SAP Ariba for digital relationship management with its suppliers, and partners with key tree for various manufacturing, warehousing, and other digitization opportunities (Gibbons, 2015).

Procurement: The company's resources for inputs are vertically integrated through ownership of key assets such as warehouses, factories, and logistics performance. In summary, the entire value-chain process at Greggs reflects positives in vertical integration, digital transformation across

vertically integrated activities as well as a consumer-centric focus that maintains product quality control and leads the value proposition.

4.2 Determining sustainable competitive advantage opportunities from VRIO analysis.

The VRIO framework is a strategic analysis that determines whether a company's internal resources and capabilities can give a sustained competitive advantage. VRIO is an abbreviation for Value, Rarity, Imitability, and Organization (Whittington et al., 2020).

Here's how the VRIO framework could be used to analyze Greggs company.

Valuable: The Greggs resources are valuable as they are vertically integrated. This increases the net value of assets of the firm as the resources have capital value, such as the assortment of cold storage warehouses and factory units owned by Greggs in the Balliol Business Park (Ridler, 2021).

Rare: Vertical integration of the supply chain is rare for companies, particularly companies like Greggs dealing in perishable bakery products (Beddard, 2021). The rarity gives Greggs a sustainable competitive advantage by controlling for quality and assurance of authenticity to its consumers.

Imitable: The Greggs resources, such as intangible brand equity and tangible assets are not imitable by competitors. This is evidenced by the unique market perception of Greggs as a brand in the UK market.

Organizational: The Greggs leadership has been consistent in marketing and sales to develop market penetration through new products, as well as having the strategic foresight to begin digital transformation before the pandemic (Twentyman, 2017). This increases the resilience of Greggs going forward in the post-pandemic years, resulting in record revenue growth despite price hikes and domestic UK inflation.

By focusing on these areas within the VRIO framework, Greggs could reinforce and potentially discover new avenues for sustainable competitive advantage.

5.0 Evaluating strategy in action.

5.1 Assessing the effectiveness of strategy from the SAF framework with evidence and examples.

Suitability: Greggs' strategy of focusing on the UK market and expanding its product, given consumers' growing health consciousness and ethical concerns, and increasing its product selection to include healthier options and vegan items is appropriate. The success of their vegan banger rolls and vegan steak bake, which attracted extensive media attention and customer interest, demonstrates this. The analysis in the report has identified how Greggs launched its vegan sausage rolls during the Brexit motion and capitalized on the market sentiment to increase the popularity of the product. indicating a balanced process of making decisions to test new opportunities (Kavanagh, 2008). The current external environment of Greggs in the UK indicates an ongoing inflationary crisis for the cost of living in the UK [*refer to Appendix 1*], and the brand's sound strategic choices allow it to maintain market growth while also hiking its prices, as the Greggs brand is among the consumer favorites for bakeries in the UK.

Acceptability: The strategic choices of Greggs have been acceptable for its stakeholders, as it has maintained a consistent growth in revenue excluding the dip in 2020 due to the COVID-19 disruption (Barnes, 2022). Furthermore, Greggs has increased its store presence across the retail footprint and navigated the inflation-led cost of living crisis by comparatively increasing product prices, while retaining full customer engagement reflected in record revenue growth (Barnes, 2022). In addition to this, Greggs also maintains a progressive development in its Corporate Social Responsibility activities (Masters, 2020). This satisfies additional stakeholders such as non-government organizations. The stakeholder theory by Freeman is therefore used by Greggs as its strategic activities generate “as much value as possible for stakeholders without resorting to tradeoffs” (Freeman, 2018).

Feasibility: Griggs's sustainable competitive advantage in its VRIO resources supports the company's positioning for strengths while reducing its vulnerabilities or weaknesses [*refer to Appendix 1*]. The internal competency in following various strategies such as market penetration, differentiation, cost leadership and value-chain digital transformation becomes feasible due to the use of internal resources for funding and developing these strategies at Greggs. When viewed together with the consistent growth in revenue across the previous 10-year period, the SAF

assessment shows Greggs achieved both growth and sustainability in executing its corporate and business strategies.

6.0 Evaluating Sustainability Efforts

6.1 Identifying sustainability efforts from annual reports, policies and actions

Firstly, Greggs engages in philanthropy through its Greggs Foundation charity and the Breakfast Club programme. The Breakfast Club has been ongoing since 1999 and currently operates across 789 Breakfast Clubs in the country (Greggs, 2022). The philanthropic contribution of the Breakfast Clubs sees them serve free breakfast to 39,000 schoolchildren daily, amounting to 7.6 million free breakfast meals annually (Greggs, 2022). Furthermore, the Greggs Foundation receives funds from Greggs corporate from 1% of profits at Greggs (Greggs, 2022). This allows the Greggs Foundation to fund local initiatives for social well-being, such as alleviating food shortages and poverty crises. Secondly, Greggs has been active in developing a positive and inclusive workplace climate that accommodates different employees from diverse backgrounds. This is also successful in addressing women's representation gap in the workforce and executive leadership, as Greggs has achieved a 71% representation of women in the workforce with 3 in 8 board members being women as well (Masters, 2020). This development increases the company's Corporate Social Responsibility performance by enabling internal growth and progress to align with external social trends and progressive developments (Greggs, 2022). It also indicates the successful alignment of Greggs's CSR activities across corporate profit, social progress, and environmental preservation in a unified and streamlined strategy.

6.2 Evaluating sustainability goals and company alignment with corporate strategy.

Firstly, the donation of funds to charity and giving free breakfasts to school children indicates that Greggs's sustainability goals are aligned with the UN SDG framework of 17 goals (Pedersen, 2018). These goals are integrated with corporate strategy to increase sustainable and profitable business performance, such as reducing wastage by ensuring food is distributed as free breakfast to schoolchildren (Butler, 2023). This reduces the household pressure on securing meals for children as the UK cost of living crisis threatens the availability of regular meals for many households, thereby increasing their likelihood of becoming long-term Gregg's customers. This

aligns with corporate strategy as it boosts the business continuity of Greggs, which is supported by the continuous growth of Greggs in the UK market against several macro-environmental disruptions such as COVID-19, inflation, Brexit, or the Russian-Ukrainian war.

Secondly, the progressive representation policies increase the Equity, Diversity and Inclusion performance of Greggs as a socially responsible corporation (Ciuk et al., 2022). This multi-front aim of sustainability goals makes Greggs more sustainable in its commercial performance, ensuring it is capable of charity work as well as profit-sharing through bonuses for employees. Such practices increase the Environmental, Social and Governance risk positioning of Greggs against its rivals as well (Sustainalytics, 2023). This is evidenced by the low ESG Risk Rating of Greggs at 19.3, ranking its ESG score at 147 among 508 industry group members and 3944 among 15719 companies globally benchmarked by ESG Risk Rating standards (Sustainalytics, 2023). Therefore, it ensures sustainable capitalism practices are performed at Greggs to meet the future corporate goals for sustainability (Masters, 2020), such as UN SDGs and Net Zero 2050 (Briggs, 2023).

7.0 Conclusion

The conclusions of this analysis indicate that Greggs has demonstrated strategic intelligent, with its well-considered actions and strategic directions contributing to consistent and strong development. The company is a model for properly integrating corporate sustainability, with its CSR (Corporate Social Responsibility), initiatives significantly increasing revenue and profit margins, so supporting its long-term viability in the UK market. The leading brand image among consumers is also indicative of the satisfaction of different stakeholders of Greggs, making it a valuable brand justifying its inclusion in the FTSE 250 Index on the London Stock Exchange.

Given long-term developments, it is recommended that Greggs ensures its corporate governance oversight is maintained responsibly to ensure that Greggs does not divert from its sustainable causes and future goals for sustainability under UN SDGs and Net Zero 2050. This will ensure the Greggs brand and consumer perception is maintained positively to further act as a source of competitive market advantage in the long-term, where sustainability values among consumers will inevitably lead to greater participation with sustainability-positioned brands like Greggs.

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Appendices

Appendix 1: PESTLE Analysis

Political: The corporate tax rate in the UK has increased from the previous rate of 19% to the current rate of 25%, as of April 1, 2023 (PwC, 2023). This increases the corporate tax liability for Greggs as a UK-registered Plc with sizable capitalisation reflected by its inclusion in the FTSE 250 Index.

Economic: The inflation rate growth in the UK peaked from the onset of COVID-19 and was also driven by the Brexit motion according to the former Bank of England governor (Rawlinson, 2023). The peak inflation rate of 11.1% registered a 41-year high rate in the UK. (Smith, 2022) While the current inflation rate is below 6.7%, it is nonetheless higher than the 2% target limit set by the Bank of England (Partington, 2023). Therefore, this creates a challenging threat by increasing value-chain costs and end-user prices for the customers of Greggs as well.

Social: Four out of five UK consumers have become more sustainable in their consumption practices, due to their experience with the COVID-19 pandemic (Deloitte, 2021). This is an opportunity for Greggs to expand its vegan range of bakery products such as vegan sausage rolls for the sustainability opportunity in consumer trends.

Technological: The UK's technological growth in enabling 5G networking increases the connectivity of customers on digital platforms for engaging with Greggs as a brand (Daws, 2023). It also increases the potential for increasing marketing and sales activities as part of its value-chain digitisation progress.

Environmental: Greggs must become carbon-neutral in its value-chain operations by 2050 as part of the UK's broader Net Zero 2050 agreement (Marteau et al., 2021). This is an opportunity for continued sustainability in business strategy for Greggs.

Legal: Greggs must abide by the GDPR 2016 and Data Protection Act 2018 legislations when using consumer data for digital marketing and interactive moments (Hoofnagle et al., 2019).