

The Decline of the Retailer Wilko

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Abstract

This study offers a thorough review of the difficulties facing Wilkos retail business. Using the SWOT and PESTLE framework, study the internal and external forces affecting Wilkos activities. The study has covered Wilkos economic chaos and workers problems which contributed to the business downfall. Moreover, the following report has also consisted of two essential marketing frameworks which helped to understand the micro and macro environments issues of the company. In addition to that, the report also showcases the current business issue and will also give some effective business strategy and ideas which can help the organization to avoid the issue and grow the business functions. Additionally, it offers important information for decision makers as They handle the difficulties of the changing marketing business.

Table of Contents

Abstract	2
1.0 Introduction	3
2.0 Main Findings	4
2.1 Nature	4
2.2 Scope.....	4
2.3 Impact	5
2.4 SWOT Analysis	6
2.5 PESTLE Analysis	6
3.0 Conclusion	8
Reference List	9
Appendix	10
Appendix 1: SWOT Analysis	10
Appendix 2: PESTLE Analysis.....	11

1.0 Introduction

The aim of this study is to show the nature of the difficulties faced by the popular retailer Wilko. When faced with a complex and highly competitive marketing industry environment, companies are faced with problems that require a strategic review. Apart from that, this report also shows Wilkos business environment with the help of

business tools like PESTLE and SWOT analysis. Moreover, the report will thoroughly explain the use of the SWOT and PESTLE analysis to understand the problem facing Wilkos. This study attempts to use this framework to gather information and measure the internal and external forces influencing Wilkos operations. This article attempts to use this critical research to find the root causes of Wilkos difficulties to better understand the situation.

This study covers the internal and external aspects of the company and helps in understanding the status of the firm. Moreover, this report will showcase an algorithm of the PESTLE analysis which will forecast an effectiveness and impact of the external business environment in the business operation of Wilkos. The main objective of the study is to provide a comprehensive study that will show the list of issues the company is facing as well as to initiate effective business strategies which can help the company to mitigate the issues and challenges. Through this analytical journey, this study aims to provide useful insights for decision makers dealing with complex issues in the marketing industry.

2.0 Main Findings

2.1 Nature

The collapse of popular retail firm Wilko in August, which cut up to 12,000 jobs, highlighted the challenges of the company's decline. Moreover, Ms. Wilkinson also represented that the company has faced a business downfall in terms of budget cuts as well as on their retailer's downfall (ETBrandEquity, 2024). Moreover, the effect of the economic disruption has negatively influenced the behavior of the organization and the organizational structure of Wilkos. The main problem faced by Wilko was the unsustainable financial constraints, which were exacerbated by the budget constraints

and the wrong strategies. Unexpected economic changes caused by budget deficits can weaken the financial strength of retailers, making them vulnerable to bankruptcy. Moreover, the breaks of the company show the economic issues and inability to create a new business strategy which also impacted the company to grow their business. In addition, the challenges are more than the financial impact. Wilkos decline reflects the company's inability to navigate a complex web of economic policies and adapt its business model. The nature of the crisis is closely linked to failures in strategic vision, financial adaptation and adequate response to external economic shocks.

2.2 Scope

The decline experienced by Wilko was not only a direct financial impact, but a significant impact on all aspects of the retail ecosystem and affected all stakeholders. The impact of this migration on retailers is profound in the economy, affecting suppliers, employees and even the communities where Wilko operates. On a broader economic level, Wilkos financial instability is putting its suppliers at risk, potentially causing strained products throughout the supply chain. Moreover, suppliers also faced issues on getting delayed payments because of bankruptcy (ETBrandEquity, 2024). This, in turn, can disrupt entire industries and create economic pressures on the regions where those businesses operate. The workers affected by the Wilko layoffs not only face economic hardship, but also uncertainty about their future careers. The impact spreads to families and local communities and has an impact beyond the company's scope. In addition, the decline of major retailers such as Wilko has a significant impact on consumer confidence and behavior. This is changing shopping patterns, which may mean switching to different retailers or online platforms. This impact on consumer behavior goes beyond Wilkos' scope and contributes to broader changes in the retail landscape.

2.3 Impact

The impact of Wilkos downsizing affected many stakeholders, resulting in financial difficulties and layoffs. From a financial perspective, the impact on suppliers is clear and they are now facing disruption to their cash flow and possible bankruptcy. This ripple effect ripples throughout the supply chain, creating a domino effect that extends to manufacturers, distributors and other entities that rely on Wilkos business. Moreover more than 12000 workers have been laid off from the work as well as the company has also closed all their 400 stores which is a big loss for the company (ETBrandEquity, 2024). In addition to the financial stress caused by the loss of wages, these people are now faced with the uncertainty of the Labour market and the difficult task of finding alternative work. The impact on families and their communities is that the sudden loss of Many workers disrupt local economies and the social fabric. In addition to that, there was also an impact on consumers who saw the closure of Wilko stores. This can change consumer behaviors, thereby influencing their shopping intentions and loyalty. The breadth of the trading landscape, which has already changed, has intensified the impact of these changes, creating a dynamic impact.

2.4 SWOT Analysis

The results of Wilkos SWOT analysis reveal the complex dynamics influencing the organization current challenges. Mature brands are synonymous with reliability and quality is our core strength. This branding not only builds customer loyalty but also contributes to real cash flow. An extensive marketing network is another advantage that facilitates market penetration and access, providing economic opportunities for efficient supply chain management. Moreover, in the SWOT analysis it has been noted that disruption in the digital presence can be the weaknesses as this can hamper their workforce and business function at the time of increasing technology (Martínez-Peláez

et al., 2023). Operational inefficiencies are another weakness, related to key areas such as inventory management and customer service, that indicate the need for strategic improvement. Despite these shortcomings, Wilko has many opportunities. Online expansion is a very good way in view of the increase in online shopping and Wilko can enter this huge market.

Diversification of product offerings is another way to meet customer needs and increase a retailer's market share. Threats facing Wilko, such as increased competition in the market and economic uncertainty following last year's budget, show the need for strategic mitigation measures. The company needs to change their business strategy and make it more effective which can help them to stay competitive in the market (Crick and Crick, 2020). Economic uncertainty requires proactive measures, including strategic pricing and increased operational efficiency, to effectively navigate market changes.

The weaknesses identified, especially the lack of digital space capabilities and lack of management, are challenges that can improve Wilkos adaptability and competitiveness. These opportunities, especially the expansion of e-commerce and the diversification of product offerings, are linked to changes in consumer behavior and market conditions, providing an opportunity for growth (Rosário and Raimundo, 2021). Using strengths such as established brands and a large sales network can differentiate Wilko in the competitive landscape and increase strength in economic conditions, thus helping to overcome anger.

2.5 PESTLE Analysis

Wilko has close ties to the political world, where government policies and laws play a major role. Taxation, trade policy and labour regulations are important considerations that influences financial stability. Responding to political challenges, Wilko actively advocates for good policies, participates in industry discussions and builds good

relationships with regulatory agencies. In this way marketers can reduce the negative effects of a change in the political landscape. Moreover, the retailer's downfall shows the economic issues as this issue most impacts on the financial condition of the company which can cause the downfall for the business (Rababah et al., 2020).

However, implementing financial management strategies, including financial strength and strategic pricing, is an effective way to mitigate economic risks. Monitoring economic indicators allow Wilko to adjust its business strategy in response to economic changes. Moreover, the company also needs to focus on the social changes as well as consumer behavior which can build up an effective business strategy (Babin and Harris, 2023). This requires comprehensive market research to understand customer needs and implement flexible product strategies based on changing social trends. This adaptation is essential for Wilko to remain relevant and competitive in a dynamic retail environment.

The emergence of commerce and digital platforms created both opportunities and threats for Wilko. Moreover, working in the field of e-commerce can help the company to enhance their online presence and bring out more innovative technology to improve the business management (Verbivska et al., 2023). Keeping up with technology trends allows marketers to strategically integrate their operations. Legal issues, including compliance and potential legal disputes must be addressed. Ensuring compliance with Labor laws, product laws and other legal requirements are important. The ability to manage legal risk through legal advice, compliance programs and staying abreast of regulatory changes are critical to Wilkos' long-term sustainability. In addition to that, the company also needs to focus on sustainability which can also help the company to grow their business and have a great comeback in the business (Van Zanten and van Tulder, 2021). The change in consumer preferences towards environmentally friendly products is an opportunity for Wilko. Addressing environmental issues can improve a retailers

image. Implementing sustainable practices in sales and activities that are linked to the needs of customers, will have a positive effect on the reputation of the brand and meet different expectations.

3.0 Conclusion

As seen in the SWOT and PESTLE analysis, the challenges facing Wilko arise from the complex interactions between internal and external factors. Moreover, the above report has shown the retailers face problems based on the adoption of financial programs and management as well as economic issues and business strategy vision. This collapse was caused by unsustainable financial constraints and increased budget pressures, highlighting the need for adaptive strategies. Eliminating weaknesses, exploiting opportunities and strategically navigating external conditions can lead Wilko to remain strong and successful in an ever-changing marketing environment.

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Appendix

Appendix 1: SWOT Analysis

Strength

- Established brand known for reliability and quality.
- Extensive retail network for market penetration and accessibility.
- Trust-based brand enhances customer loyalty and revenue.
- Wide retail presence provides

economies of scale for efficient supply chain management.

- Positioned as a formidable player in retail, leveraging brand reputation and expansive reach.

Weaknesses

- Lack of robust digital presence may limit online market reach.

- Operational inefficiencies may affect inventory management and customer service.

- Addressing these weaknesses is crucial for Wilkos competitiveness in physical and online retail.

Opportunity

- E-commerce expansion Leverages online market.

- Diversifying product offerings: Caters to changing consumer preferences.

- Digital platforms address weaknesses and align with evolving consumer behaviors.

- Diversified revenue streams, strengthens market position, fosters sustained growth.

Threat

- Intensified market competition necessitates strategic differentiation.
- Economic uncertainties, especially post-budget, complicate consumer spending habits.
- Proactive measures include strategic pricing and improved operational efficiency.
- Acknowledging and addressing these challenges strengthen

Appendix 2: PESTLE Analysis

Factors

Description

Political

- The political landscape has a big impact on Wilkos work.
- Government policies and laws, especially those related to taxation, trade and employment, affect the financial stability

of a trader.

- Advocacy for good policies and involvement with managers is a way to overcome political challenges.

Economical

- Economic conditions, including inflation, recession and budget decisions directly affect Wilkos financial health.
- The economic uncertainty after last year's budget created a challenge.
- Financial management and strategic pricing can reduce economic risks.

Social

- Social trends and demographic changes play an important role.
- Consumer preferences are influenced by social factors that influence product demand.
- Adapting to changing consumer behaviors through market research and flexible product strategies is essential for Wilko to stay relevant and competitive.

Technological

- Advances in technology, including the emergence of e-commerce and digital platforms, bring opportunities and threats.
- Embracing technology, increasing digitization and adopting new asset management solutions will help Wilko

overcome technical challenges and benefit from emerging trends.

Legal

- Legal issues include regulations, compliance and potential legal disputes.
- Ensuring compliance with Labour laws, product laws and other legal requirements are important.
- Managing legal risk through legal advice and compliance measures are essential for long-term sustainability.

Environmental

- Environmental aspects, including sustainability and climate change, are becoming increasingly important.
- Consumer preferences are changing towards environmentally friendly products and addressing Environmental issues can improve Wilkos brand image.
- Implementing sustainable practices in sales and operations can be beneficial.

(Source: Forcadell, Aracil and Ubeda, 2020; Monasterolo, 2020; Forcadell, Aracil and Ubeda, 2020; Gu and reev and Dupre, 2021)