

Czech university of life sciences Prague
Faculty of economics and management



Abstract

Thesis Title: “The impact of current strategies on company's position in the market: the case study of Greggs PLC”

Author: Reem L.Khaleel

©Prague 2015

Abstract

This work is giving an overview about the company Greggs, which is one of the largest companies of the bakery industry in the United Kingdom. It analyzes the performance of the company in the recent few years which has succeeded despite the economic impact of the global crisis which has influenced the global economy as a whole. For the purpose of analyzing the company's performance (with regard to other competitors in the market), its plans and the recommended strategies to keep its position in the market (getting higher revenues) putting in consideration the UK's high obesity percentages and changes occurred in high street shopping behaviors (because of busy life), both of SWOT as well as Porter's five forces were applied, and SWOT matrix was applied to get the alternative strategy and chose the best one to be applied by Greggs.

Greggs plc is a national company which currently owns nearly 1,700 outlets in the UK. This successful bakery chain is/was led by Mr. McMeikan for 5 years who worked for other large companies in the world, and the position then was given to Mr. Roger Whiteside who was serving a giant number of portfolios before joining Greggs Plc. The company since establishing was working efficiently and growing with power, but the last few years when the other competitors show up in the market, the situation became much harder to handle. After being a shop owner in the high street is a big job done by a company, high streets are no longer the best choice to offer the products and to enlarge the business.

Added to that, despite Greggs's succession in the market, there are still several barriers standing in front of its business, such as health concerns which could highly affect the business passively in the next future. On the top of concerns' list is obesity issue and other chronic diseases which are infecting people due to it; such as high cholesterol, heart diseases, diabetes, high blood pressure and other diseases. The number of diseases is increasing, the government decided to lead a campaign to aware the people in the UK, and lead them to the healthy food which they suppose to eat to be in good health position. Beside that the increased number of competitors in the market makes it hard to keep the position as it was before.

Due to mentioned earlier, and in order to enjoy a good position in the market, Greggs need to adopt the alternative strategy which is opening a new production line heavily dependent on

healthy food and call it 'Greggs health', that will help the company to follow the current social tendency toward a healthier lifestyle, and standing in front of the obesity and its accompanied diseases (cholesterol, diabetes, ...etc), beside all that is fulfilling its promises to the people around the community which is 'making better quality of life to the people.'

And since that internet is very important to very high number of people and since that people are busy, then Greggs have to adopt the strategy of launching its online platform which help the customers to order their food on their own.

Keywords:

Greggs plc, competitors, market, bakery, healthy food, United Kingdom, Greggs foundation, pastries, social tendency.

Introduction:

Food is any substance used to give nourishment assistance for the body. It is either from plant or from animal descent, and consists of principal nutrients, such as lipids, vitamins, minerals, and proteins. The substance is engorged by a creator and to be digested by the organism's digestive system to give the body energy, and to catalyze growth.

The ancient human, used to get their food either by hunting in case of animals or planting and gathering in case of plants. Nowadays, food industry is responsible for providing the majority of the food energy to increase the world's population.

Both of food safety and food security are controlled by international agencies such as the International Association for Food Protection (IAFP), World Resources Institute (WRI), and food and agriculture organization. They all are classifying issues such as the sustainability, biological diversity, climate change, population growth and water supply.

The right to food is a human right taken from the International Covenant on Economic, Social and Cultural Rights (ICESCR), addressed the "right to an adequate standard of living, including adequate food," as well as the "fundamental right to be free from hunger."

The beginning of Greggs PLC dates back to the year 1930s when the idea of delivering eggs and yeast came to John Gregg's mind, this delivery process was held by his own pushbike to the Newcastle upon Tyne's families.

After a decade of delivering eggs and yeast to these families who are suppose to be able to bake by themselves, John Gregg decided to start his own business through opening a small bakery in “Newcastle Upon Tyne” to bake the bread by himself, depending on his pretty long experience and knowledge of fresh and quality ingredients John started to use special milled wheat flour which give the delicious discriminated taste and the freshness of Greggs bread.

After a while precisely in 1964 John Greggs has dead, so that logically the responsibility of managing the family’s business was held by his son Ian, under the son’s leadership Greggs developed the reputation of great food value, and its quality. Added to that, Greggs started to expand its presence throughout acquiring local bakery retailers over the UK. In 1970s and by following this strategy, Greggs shops started to show up in Scotland, Yorkshire, and the North West.

In 1983 Ian Gregg stepped down as being director manager, and allocated Mr. Michael Darrington for that tenure. The company’s expansion was continuing by 1984, when Greggs has nearby 260 bakeries in four substantial districts of the country. And for the first time ever, Greggs is available on the Stock Exchange, that didn’t limit the company and decreased its’ activity, but on the contrary Greggs persisted suffusion and opening bakeries in the Midlands, Wales, and North London. In 1987, Greggs commenced own charity system under the name “Greggs Trust”, subsequently it was transformed to be “Greggs Foundation” which was established for the purpose of supporting communities which are neighboring to Greggs shops’

By the 1990s, the situation took another way and started to be harder as that the competition in the market started to take a part as that supermarkets started to put their master touch on the bakery they produce. But Greggs continued to condense on the strength points, developing fresh, quality fresh food at very reasonable prices. In 1994 Greggs purchased the Baker’s Oven chain which was covering across the nation so that 424 shops have joined Greggs’s family. Expanding at a magnificent rate, till 1998 Greggs has planned to exceed the number of “thousand shops”.

In the 2000s, Greggs continued to grow speedily. It started an investment in a large Technical Centre allowed the company to concentrate on developing the current recipes and wealth it with different tastes. Added to that Greggs started to improve the old favorites but with making the quality and choice of freshly baked food in Greggs markets even better than ever. In

2007, Greggs started to engage a late-night store in Birmingham which was satisfying numerous numbers of customers until 3.30am. In 2008 Michael Darrington stepped down as being Chief Executive and Mr. Kennedy McMeikan was appointed instead.

Nowadays, Greggs is running more than 1,671 shops across nine regions, and thinking seriously to open more 600 shops within the next five years. Although Greggs is a national company, the company rooted in our local communities in other words. As well as the company is a national domain, but it also enjoys selling the loved local delicatessen.

Until the moment, Greggs still bake deli bread every day in own regional bakeries. The company's bakers are assiduous and they believe that, baking a great loaf slices is all about precision, timing and experience.

Methodology:

In this diploma mainly the descriptive and comparative method will be used in order to describe and compare the differences between Greegs PLC and its competitors in the market, which are represented in Costa coffee Since the establishment of Costa coffee in the UK, it was in an indirect competition to Greggs, this situation is no longer the same as that Costa coffee became a direct competitor to Greggs when the letter launched the new product line 'Greggs moment' in the end of 2011, this coffee shop is standing for providing Greggs own bakes with coffee in the shop. The quickly-growing Costa Coffee chain has increased sales by about 20% throughout the expansion of opening in the motorway services and garages beside the existing shops in the high streets. In nowadays Costa coffee has more than 1,900 coffee shops only in the UK, next to 1,100 stores in 29 international markets, in addition to Costa express which was released in 2011 after the acquisition of Costa nation, now there are 4,200 Costa Express self-serve units. Tesco PLC which Nowadays, Tesco is available with different forms which are: Tesco extra with 250 outlet, Tesco home plus with 11 hypermarkets, supermarket 487 shops, metro 191 outlets.

The statistical approach was used in some parts of the diploma based on the results of the annual reports, balance sheets and the income statements. 1735 of Tesco express format, 846 shops of one stop retail form, 35 shops in the from odobbies.com stores of gardening available in

each of the UK, Scotland, and Northern Ireland, and exclusively for the UK, Tesco has a 6 dotcom which is online grocery form of shopping. and subway And It is the biggest restaurant chain' of single brand among other yummy brands (McDonald's, KFC, burger king,...etc) which is according to that, is named as one of the giant competitors to Greggs in the aspect of sandwiches and fresh content especially that in subway, they are building the customer's trust throughout making the sandwich in front of customers' eyes, and upon customers' choice including the type of bread preferred by the customer as well as the content of sandwich.

Added to that the historical approach was applied in some parts of the diploma in order to give the reader a general overview about the company and its beginnings and how it was developed till it get its position in the current time, and the last but not least the analytical approach was used to show up the different lines of business that Greggs is applying currently and explain what are the profits of each line of production is held by Greggs.

Conclusion:

Greggs is occupying the first position in bakery market in the UK, with increased amount of revenues year to year. And it's hard to anticipate the position of the company in the next years due to changes occurring in the markets, and due to social tendency and their eating behavior. In general, the current company's strategies which are held by Roger Whiteside are good and generate revenues for the company, but there are some strategic alternatives that could be applied by Greggs to save itself and increase its' market share such as, launching online platform which enable the customer to order the items upon their request, operating in other countries and increase its presence there.

The basic recommended strategy for Greggs is 'Creating new line of production based on healthy food and call it 'healthy Greggs', this strategy is good for Greggs to save its strong position in the UK's market, and increase its' market share over other competitors.

This strategy will help the company to fulfill the promises to its' community better life's quality' through getting rid of high obesity phenomenon and its' bad impact on health, will let the company to keen its origin as bakery, and to invest more in shops under the concentration on 'Food on the go' shops.

Resources

Goedde L.; Sanghvi S.: Pursuing the global opportunity in food and agribusiness, 2015<http://www.mckinsey.com/insights/food_agriculture/pursuing_the_global_opportunity_in_food_and_agribusiness>

Gerrard J: “fresh food consumption to grow”, food engineering, December 15,2014. <<http://www.foodengineeringmag.com/articles/93237-fresh-food-consumption-to-grow>>

Griffiths B.: “Tougher competition and bad weather sees profits at bakery chain Greggs go stale”, 2014. <<http://www.thisismoney.co.uk/money/markets/article-2568227/Tougher-competition-bad-weather-profits-bakery-chain-Greggs-stale.html>>

Hart E.: Pleasing the Palate—Healthy Food Attributes Vary around the World, 2015: <<http://www.nielsen.com/us/en/insights/news/2015/pleasing-the-palate-healthy-food-attributes-vary-around-the-world.html>>

Livingstone G: “Real hunger games: how banks gamble-on-food prices and the poor lose out”, 2012. <<http://www.independent.co.uk/news/world/politics/the-real-hunger-games-how-banks-gamble-on-food-prices-and-the-poor-lose-out-7606263.html>>

Price C: “Greggs and Krispy Kreme supplier BFP Wholesale hires Bill Thurston as chief executive from Kuwaiti retail giant Alshaya Group”, 2015.<<http://www.kentonline.co.uk/kent-business/county-news/doughnut-supplier-looks-east-for-37086/>>

Nielson J.: “invest in food”, 2009. < <http://etfdailynews.com/2015/03/19/invest-in-food/>>

Ranscombe P.: “Greggs unveils motorway services drive”, 2011. <<http://www.scotsman.com/business/companies/retail/greggs-unveils-motorway-services-drive-1-1919084>>

Saner E: “on a roll: the unstoppable rise of Greggs the baker” 2011, <<http://www.theguardian.com/lifeandstyle/2010/aug/11/greggs-the-bakers>>

Wall E.: “As the price of food rises, is there profit to be made?” 2013. <<http://www.telegraph.co.uk/finance/personalfinance/investing/9902374/As-the-price-of-food-rises-is-there-profit-to-be-made.html>>