

**Czech University of Life Sciences Prague  
Faculty of Economics and Management**



Diploma thesis

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

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I declare that this thesis is my independent work. All sources and literature are cited and included are my own.

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.....

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**“The impact of current strategies on company's position in the market: The case study of  
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**“Vliv současných strategií na firemní pozici na trhu: Případová studie Greggs”**

## Abstrakt

Tato práce udává přehled o společnosti Greggs, která je jednou z největších společností pekařského průmyslu ve Spojeném Království. Analyzuje výkon společnosti v posledních několika letech, která uspěla i přes ekonomický dopad celosvětové krize, která ovlivnila globální ekonomiku celkově. Kvůli analýze výkonu společnosti (s ohledem na ostatní konkurenty na trhu), zanalyzuji její plány a doporučené strategie, aby si udržela svou pozici na trhu (získávala vyšší zisky). SWOT stejně tak jako porter five forces byly užity a SWOT matrix byla také užita, aby získala náhradní strategii a zvolila tu nejlepší k použití firmou Greggs.

Greggs plc je národní společnost, která v současné době vlastní téměř 1700 prodejen ve Spojeném království. Tento úspěšný řetězec pekáren byl veden panem McMeikanem pět let, ten pracoval pro další velké společnosti na světě. Místo bylo pak předáno panu Rogeru Whitesideovi, který dával mnoho portfolií předtím než se přidal k firmě Greggs Plc. Od založení firma pracuje účinně a roste silou, ale posledních pár let, když se ostatní konkurenti objevili na trhu, se situace dala hůře zvládnout. Být vlastníkem obchodu na High Street je velký kus práce vykonaný společností, avšak High streets nejsou již nejlepší volbou, aby nabízela své produkty a zvýšila své podnikání.

Nadto, i přes nástupnictví firmy Gregg na trhu, je zde stále několik překážek stojících před jejím podnikáním, jako zdravotní obavy, které by mohly vysoce ovlivnit podnikání pasivně v budoucnosti. Největší obavou je obezita a další chronické nemoci, které ovlivňují lidi; jako vysoký cholesterol, srdeční nemoci, cukrovka, vysoký krevní tlak a další nemoci. Počet nemocí narůstá, vláda se rozhodla vést kampaň, aby si to lidé v Británii uvědomili a vést je k zdravému jídlu, které by měli jíst, aby byli v dobrém zdravotním stavu. Mimo to, zvýšený počet konkurentů na trhu stěžuje to, aby si firma udržela pozici tak, jako byla předtím.

Kvůli dříve zmíněnému a aby si užila dobrou pozici na trhu, firma Greggs potřebuje přijmout náhradní strategii, která otevírá novou produkci velmi závislou na zdravém jídlu a nazvala ji 'Greggs helath', ta pomůže firmě následovat současné sociální trendy zdravějšího životního stylu a postavit se obezitě a její přidružené nemoci(cholesterol, cukrovka...atd), kromě toho plní její sliby lidem vyskytujících se kolem společnosti, která dělá lepší kvalitu života lidí.

A od té doby, co internet je velmi důležitý pro mnoho lidí a od té doby, co lidi jsou zaneprázdnění, pak Greggs musí přijmout strategii zavedení svého onlinového programu, který pomáhá zákazníkům objednat si jejich jídlo.

### **Klíčová slova**

Greggs Plc, konkurence, trh, pekařství, zdravé jídlo, Spojené království, Greggův fond, pečivo, sociální trend.

## **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 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 Gregg'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.

**Key words:**

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



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## 1. 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,<sup>1</sup> 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."

Animals, mainly humans, have five different types of tastes: sweet, sour, salty, bitter, and umami. As animals have evolved through the history, the tastes that provide the most energy (sugar and lipids) are the most desired to be eaten as compared with the rest. On one hand water, despite its importance for survival, it has no taste. On the other hand fats, specifically saturated ones, are much thicker and richer thus they are considered as much enjoyable for eating.

### 1.1 Aim of the diploma thesis

- The aim of this diploma is to spot the light on Greggs plc in the UK with the highly competitive environment witnessed in the food industry the last few years, and with the evolution of fresh food consumption due to the modern and healthy lifestyle.
- Another aim is to provide Greggs with some strategies that could help the company to increase its gains and expand its' presence not only in the UK, but also to access the big markets such as the EU market, and the US market.

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<sup>1</sup> Wood R.: *The New Whole Foods Encyclopedia: A Comprehensive Resource for Healthy Eating*. Published by Penguin Book, April 2010, ISBN: 978-0143117438

## **1.2 Methodologies**

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, the statistical approach was used in some parts of the diploma, 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 last but not least the analytical approach will be used.

## **2. Literature review**

### **2.1 Fresh food definition (Pros and cons)**

Those are the foods which are harvested or can be produced, and it the food that have not been cooked, canned, dried, frozen, or preserved. There are different types of fresh foods which are meat, poultry, seafood, eggs, fruits and vegetables.

On one hand, there are many healthy benefits of fresh foods that are going back to its' consumers such that the fresh foods are retaining the original flavor and tasting better than the canned, dried, and preserved food.

Added to that, the fresh foods are containing nutrient that are not lost by the heat or through processing, and logically it has more vitamins and minerals than the other food types, another issue that is accompanied to health is that fresh food are not containing any additives, flavorings, and/or preservatives which are passively affecting the consumer's health on the long run, the last but not least is that the fresh foods are much cheaper and more beneficial.<sup>2</sup>

On the other hand, there are still some bad signs regarding the fresh foods which are presented as: that there are many types of fruits as well as vegetables are seasonal which means that consumer cannot get every time he/she wants to consume, they are need to be stored precisely, unless otherwise it will be damaged, poisoned, and contaminated for the consumer, since that fresh foods are containing high proportion of water, hence it spoils easily which means that it supposes to be consumed at once, in addition to that, it really needs to be prepared properly so that it doesn't lose its healthy benefits.

According to mentioned above the best option is to combine the fresh with processed foods in order to save time, eat nutritious, and save money.

### **2.2 Food manufacturing**

Canned foods are produced outside the home for selling purposes. This might be simple as a butcher preparing meat, or as complicated as a modern international food industry. Food processing techniques in the past were bounded by obtainable food preservation, packaging, and transmission. This is fundamentally engaged salting, curing, freezing, dehydrating, enzyming

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<sup>2</sup> Gaffigan J.: *Food: a love story*. published by Three Rivers Press, September 2015, ISBN: 080414043X

and smoking. Food production grew when the industrial revolution in the 19<sup>th</sup> century have been broke out. This development took the benefits of new huge markets and accessing new technologies, such as grinding or so called “milling” conservation, packaging and labeling, and transmission.<sup>3</sup> It resulted in the advantages of pre-prepared time-saving food to the accumulation of people who are not employing servants.

Within the beginning of the 21<sup>st</sup> century, a two-tier synthesis has emerged, with a few international foods processing titanic monitoring a broad zone of high quality food brands. There is also an availability of a spacious system of small domestic food processing companies. Indispensibly the role that the advanced technologies of computer played to evolve the food production process, which is through Computer-based control systems became much sophisticated, the thing that enforce the product quality, reduced the production costs, and assure the food safety.

### **2.3 Foods as investment**

Institutes such as pension funds and investment banks such as Barclays Capital, and Morgan Stanley have been playing a significant role to boost up the prices in the recent seven years, with investment in food commodities rising from \$65bn to \$126bn between 2007 and 2012, participating to 30-year highs. This has led to price inconsistency which is not strongly accompanied to the actual supply of food, according to the United Nations<sup>4</sup>. Financial foundations are currently making up to 61% of all investment in wheat futures. According to Olivier De Schutter, the UN special reporter on food, there was a rush by foundation to access the food market following George W Bush's Commodities Futures Modernization Act of 2000.<sup>5</sup>

De Schutter said in March 2012: "What we are seeing now is that these financial markets have developed massively with the arrival of these new financial investors, who are purely interested in the short-term monetary gain and are not really interested in the physical thing – they never actually buy the ton of wheat or maize; they only buy a promise to buy or to sell. The result of this financialization of the commodities market is that the prices of the products respond

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<sup>3</sup> Toussaint M.: *A History of Food* 2nd Edition. published by Wiley-Blackwell, November 2008,ISBN: 1405181192

<sup>4</sup>Livingstone G.: “Real hunger games: how banks gamble-on-food prices and the poor lose out”, 2008. <<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>>

<sup>5</sup> 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](http://www.mckinsey.com/insights/food_agriculture/pursuing_the_global_opportunity_in_food_and_agribusiness)>

increasingly to a purely speculative logic. This explains why in very short periods of time we see prices spiking or bubbles exploding, because prices are less and less determined by the real match between supply and demand". In 2011, 450 economists from different places in the world called on the G20 to make more regulation on commodities market.<sup>6</sup>

Some proficient people have stated that estimation has solely aggravated other factors, such as changes in the climate, concurrence with bio-fuels and overall increasing in demand.<sup>7</sup> However, some people such as Jayati Ghosh, professor of economics at Jawaharlal Nehru University in New Delhi, have pointed out that prices have increased regardless the supply and demand issues: Ghosh points to world wheat prices, which were duplicated from June to December 2010, despite there being no decrease in world supply.<sup>8</sup>

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<sup>6</sup> Livingstone G.: Real hunger games: "how banks gamble-on-food prices and the poor lose out", 2008.  
<<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>>

<sup>7</sup> 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>>

<sup>8</sup> Nielson J.: "invest in food", 2009.<<http://etfdailynews.com/2015/03/19/invest-in-food/>>

### 3. Healthy food characteristics across globe

Not every person agrees on the effective methods to lose weight, but nearly three-fourths (74%) of global consumers believe that they care about what they eat. While fresh, natural and minimally processed foods are most desirable around the world, not all health attributes are equally important around the globe.<sup>9</sup>

Figure 1

Basic food attributes



Source: Nielsen global health and wellness survey, Q3 2014<sup>10</sup>

#### 3.1 Asia-Pacific

In Asia-Pacific the significance of food attributes highly reflect the global average, with slight exemptions. The passion to sustainably sourced components is 43%, which is much higher than other territory, excluding Latin America. The obscurity of caffeine is also classified as much substantial important in Asia-Pacific which represents 28% as compared with the rest of the world which takes 23%.

<sup>9</sup> Carpenter P.: "Five Important Characteristics of Healthy Eating", 2015. <<http://healthyeating.sfgate.com/five-important-characteristics-healthy-eating-5892.html>>

<sup>10</sup> Nielsen: "pleasing-the-palate-healthy-food-attributes-vary-around-the-world.html", 2015. <<http://www.nielsen.com/uk/en/insights/news/2015/>>



### **3.2 Europe**

In comparing the food attributes in Europe to Asia-pacific, there is a comparatively tiny proportion of rate health attributes presented as a very affective factor for purchasing decisions. Actually the number of respondents who state a given attribute as very significant is below the global average for 24 of the 27 attributes included in the survey. The only important products for Europe than other goods are the GMOs- free foods which are representing the percentage of 47% as compared with the whole world which represents 43%.<sup>11</sup>

### **3.3 Africa/Middle East**

The percentage of people who said a certain attribute is very essential in their purchasing decisions is more than the global average for 20 of the 27 attributes implemented in the survey. Beneficial contains are partially substantial to Africa/Middle East people, with foods that are high in protein (43%) and enriched by calcium (44%), vitamin (43%) and minerals (40%) considered as very significant as compared with the mentioned regions above. Sustainably sourced ingredients are less remarkable in Africa/Middle East than globally (26% vs. 35%). GMO-free offerings are less influential as well in Africa/Middle East than around the world 39%, in the rest world 43%.

### **3.4 Latin America**

The proportion of people who believe a given attribute is very affective and exceeds the world average for all attributes measured. Actually, the region is more than 20 percentage points above the global average for eight of the 27 attributes. The “less is more” attributes are particularly attractive in this region, including low/no cholesterol, low/no fat, and low salt/sodium. As in Africa/Middle East, food immunization is also much important in Latin America than globally. The region exceeds the global average for the effectiveness of calcium- and vitamin-immunized foods by 21 and 20 percentage points, respectively.<sup>12</sup>

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<sup>11</sup> 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>>

<sup>12</sup> 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>>

### 3.5 North America

In the northern part of America the percentage of people who are saying that a given attribute has effect on their purchasing decisions was below the global average for 24 of the 27 health attributes included in the survey. The only food attribute that was marked as higher than the global average was the absence of high fructose corn syrup, which is above the global average, stated as very important by 32% of respondents (compared to 26% globally).<sup>13</sup>

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<sup>13</sup>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>>

#### 4. Fresh food's Future trend

Jeremy Gerrard, the editor of food engineering magazine said: “Over the next five years, the consumption rate of fresh food will continue to grow, with the youngest generations driving the trend.”<sup>14</sup>

The results are seen visibly, and fresh foods are going to be static option, as the NPD Group stated, a global information company which stated that, fresh foods will be preferable option for a healthy snacking in the next few years.

And according to NPD, in 2003 and 2013, the consumption of fresh foods (plant and animal fresh foods) grew by 20% to over 100 billion products. Researchers stated that the younger generations will be leading this trend, specifically the Generation Z which starts from zero years till 23 years old, and the Millennial ages from 24 years till 37 years old.<sup>15</sup>

“Generation Z and Millennial are leading to changes in this country’s eating behaviors with their approach to food selection and cooking,” says Darren Seifer, the analyst in NPD food and beverage industry. “Foods on the store’s perimeter will benefit from this increasing interest in fresh, and manufacturers of center-of-store items and retailers can take advantage of the ‘fresh’ trend by considering innovative ways to link their products to fresh foods.”

The consumption of fresh foods during each day’s three main meals is only going to increase during the next five years. Fresh foods consumed during breakfast are planned to show up the highest growth, which will present an increase to 9 percent by 2018. Lunch meal comes in second place, with a 7 percent growth till 2018, accompanied by 5 percent growth for dinner by the same year.<sup>16</sup>

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<sup>14</sup> Gerrard J.: “fresh food consumption to grow”, 2014. <<http://www.foodengineeringmag.com/articles/93237-fresh-food-consumption-to-grow>>

<sup>15</sup> O'Halloran S.: “Fresh food sales continue to grow”, food engineering, 2013.

<<http://www.foodengineeringmag.com/articles/90480-fresh-food-sales-continue-to-grow>>

<sup>16</sup> Gerrard J. : “fresh food consumption to grow”, food engineering, 2014.< <http://www.foodengineeringmag.com/articles/93237-fresh-food-consumption-to-grow>>

Even Though these fresh foods may require an additional preparation or cooking time, the NPD analysts announced that, this is not a big deal for younger generations who enjoy more engagement in preparing their own meals.

Fresh foods, such as fruits, and organic foods will also be essential factors in the increment “of ready-to-eat better-for-you snacking” over the next five years, also driven by younger generations who want the most nutrition and best value when having a snack.<sup>17</sup>

According to The NPD Group the world leader information company, There is also a jump in the life style witnesses by young Americans, which means that they are fresh fruits, vegetables, in addition to other types of fresh foods and beverages. The percent of all in-home eating occasions which implement the fresh foods, such as fruit, vegetables, and dairy products, are getting to levels were not seen since 30 years ago, according to NPD food consumption research.<sup>18</sup>

Despite the fact which that Americans are consuming more Oreos, in the face of rising food prices, fresh food department is one of the highly growing in the groceries regardless the fact of higher food prices due to Nielsen. Added to that consumers are keep losing their savor for both of frosted as well as preserved foods by the beginning of 2013, so that fresh food sales increased by 5.4 percent from the beginning of 2012, to \$134 billion. Currently, fresh food sales are exemplifying nearby 30 percent of groceries and hypermarket sales.<sup>19</sup>

Due to director of Nielsen’s Group “That grocers are stocking an ever-greater selection of fresh foods is contributing to the growth”. Second factor is that hypermarkets like Wal-Mart, and club markets are selling much fresh foods; these markets are planned to account for one-quarter of fresh-food sales by 2016.

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<sup>17</sup> O'Halloran S.: “Fresh food sales continue to grow”, food engineering, 2013.

<<http://www.foodengineeringmag.com/articles/90480-fresh-food-sales-continue-to-grow>>

<sup>18</sup> Seifer D.: “US. Consumers are eating nearly as much fresh foods as 30 years, 2015.

<<https://www.npd.com/wps/portal/npd/us/news/press-releases/2015/us-consumers-are-eating-nearly-as-much-fresh-foods-as-30-years-ago/>>

<sup>19</sup> Seifer D.: “US. Consumers are eating nearly as much fresh foods as 30 years ago”, 2015.

<<https://www.npd.com/wps/portal/npd/us/news/press-releases/2015/us-consumers-are-eating-nearly-as-much-fresh-foods-as-30-years-ago/>>

According to Nielsen Company, meat and produce are accounting the most of fresh food sales, as that meat accounts 39% followed by 32% fresh food, accompanied by delicious food or so called “DELI”, baked goods, and on the bottom of the list is the seafood. The mix is different for online orders, anyway, if the meat percentage was counting is a tiny percentage of sales that is referring to customer’s awareness which not buying Beef, poultry unless they make sure that it is still fresh and healthy.<sup>20</sup>

Figure 2

*Fresh food contribution of stores sales*



Source: Nielsen<sup>21</sup>

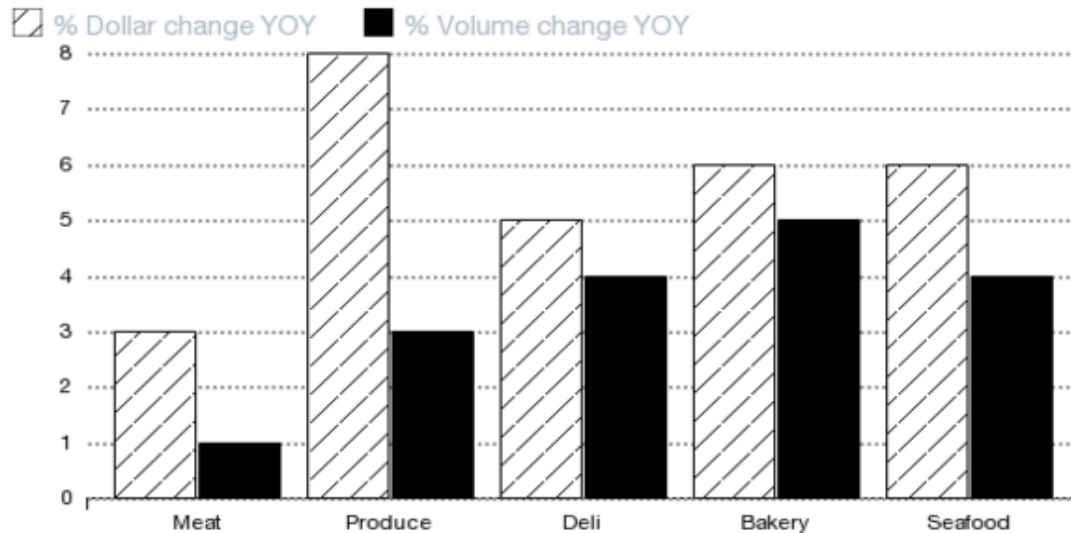
In 2013, each of bakery sales, deli products, and sea foods increase the most when it was specified in volume. Through this measurement, the sales of meat counted the least among other products.

<sup>20</sup> Wong V.: “it’s true, we’re buying more fresh food”, 2014. <<http://www.bloomberg.com/bw/articles/2014-03-13/its-true-were-buying-more-fresh-food>>

<sup>21</sup> Wong V.: “it’s true, we’re buying more fresh food”, 2014.< <http://www.bloomberg.com/bw/articles/2014-03-13/its-true-were-buying-more-fresh-food>>

**Figure 3**

*Fresh food sales growth in (2013)*



Source: Nielsen<sup>22</sup>

Nielsen company has divided fresh foods into four different groups which are firstly healthy group which consist of (produce, fat free meats, seafood, and foods with health claims) this food group represents nearby one-third of sales, convenience group (pastries and cooked foods), premium and indulgent group (foods either contain high amount of calories or expensive goods, especially meat types, or special types of cheese), and the last group is multicultural (Hummus, Tzatziki, and Borittos,.....etc) while this food group is still considered as niche products in spite of the swift growth which it witnesses.

Fresh foods under a private label, are witnessing faster growing by 6.1 percent much more than non- privatized label fresh foods. Added to that, fresh foods sold under retailer's label name are counting nearby one-fifth of fresh-food sales, which is surpassing \$26 billion.<sup>23</sup>

Although fresh foods are a rapid growing domain, but groceries and market cannot stop the interest on the other domains. "Retailers with higher-average weekly sales of fresh and non fresh departments outpace those who only win in fresh," Parker stated. Because it does not really matter how much a person can cook, sometimes he/she might have a time for a can of cheese.<sup>24</sup>

<sup>22</sup> Nielsen: "its-true-were-buying-more-fresh-food", 2014. <<http://www.bloomberg.com/bw/articles>>

<sup>23</sup> Toops D.: "The Private World of Private Label Food Brands" 2012, <<http://www.foodprocessing.com/articles/2012/private-world-of-private-label/>>

<sup>24</sup> Wong V.: "it's true, we're buying more fresh food", 2014. <<http://www.bloomberg.com/bw/articles/2014-03-13/its-true-were-buying-more-fresh-food>>

5. Case study (Greggs PLC.)



## 5.1 Gregg' history

The beginning of this great company 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.<sup>25</sup> 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.<sup>26</sup>

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.<sup>27</sup>

Quality is still the company's criterion, and the employees with the friendly faces who are standing behind Greggs counter are together participate in making Greggs yummy sandwiches in the shop every day, using own fresh bread. And our fabulous golden sausage rolls and pasties are all baked on the reconstructions in small amounts, throughout the day, in order to ensure the maximum freshness.

Ken McMeikan was nominated as Greggs' Chief Executive on 1st August 2008. Before he began his position in the company, he was the Retail Director of J. Sainsbury plc in 2005, and the Chief Executive of Tesco in Japan there he was responsible for running the business of Tesco Express, the thing that make him experienced in managing the company and knowing what actions should be taken when a problem raises up. Added to that, McMeikan started his working in the Royal Navy when he was 16 and worked there five years staring from 1981 till 1986, the job there has dramatically affected his management style throughout knowing the significance of

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<sup>25</sup> Greggs' official website: <<https://www.greggs.co.uk/>>

<sup>26</sup> Greggs' official website: <<https://www.greggs.co.uk/>>

<sup>27</sup> Greggs official website/history: <<https://www.greggs.co.uk/>>

teamwork, managing, planning and tactics to attract a large numbers of people and get them in the true place at proper time.<sup>28</sup>

Mr. Mcmeiken gave the position of CEO in 2013 to Mr. Roger Whiteside who was responsible for running 4500 portfolio of a punch, in addition to running the business of food in marks and Spencer, which means that this person is really eligible to run the business in Greggs especially that he has a long experience in the food industry.

According to Mintzberg management roles are divided into three types they can be informational, interpersonal and decisional. In managing the company's business, McMeikan is implementing the combination of the monitoring, leading, and projecting all together. In other words he was visiting the shop continuously, and keeping touch with employees to ask about their performance, and how the work is running, through that he also gives possible directions to the employees about the new era and the new aspects of the business, what are the changes occurred, giving them some motivation so that they are getting well to perform with the customers and attract them, and how they can develop the business.<sup>29</sup>

## **5.2 Company's mission and vision statement**

A mission statement is a statement which is considered as a way of operating in certain field to serve the company's goals, as that well developed strategy is the reason behind the succession of any organization like Greggs. Taking in consideration that the mission statement is rarely changing over the time, but it evolves to form a clear path of the vision of the company. Mission statements are characterized by shortness and simplicity which shows up what are the organization goals behind it. It helps to concentrate on the important issues. A properly designed strategic animus allows development of strategies and setting of objectives which are Inspiring people by making targets a valuable asset, Motivating participation and contribution, Careful direction of resources, Concentrate on building new resources.<sup>30</sup>

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<sup>28</sup> Brakes group official website/about us, <<http://www.brakesgroup.com/about-us/our-people/uk-and-ireland-operating-board/ken-mcmeikan/>>/

<sup>29</sup> Mintzberg H.: "*The Nature of Managerial Work*", published by Harpercollins College Div, 1973, ISBN-10: 0060445564

<sup>30</sup> Maynard W.: "your company mission is the soul of your brand",2010. <<http://www.kinesisinc.com/how-to-write-a-powerful-mission-statement/>>

Strategic intent has certainly been used by Gregg's organization. They have assured participation, efficiency of resources and have developed a well studied strategy. This is clearly visible as their number of sales has been increasing the past years till this year.

According to Dr. Christopher Bart the professor of strategic market leadership, the mission statement for commercial purposes should meet three major components which are the key market which means that who is the target group or customers, followed by the contribution which stands for which product/ service the company provides to the customers, and finally is the distinction in other words the feature added to company's products/ services to become unique, so that it is desired more than other competitors.<sup>31</sup>

### **5.2.1 Mission statement**

Since that Greggs PLC is lacking to mission statement, hence the company's mission is suggested to be Greggs' new strategy plan which consist of different areas mainly on the food on the go action:

1. All of the New and improved coffee blend have been launched in the 2011. The Sandwich range which was dramatically changed and re-presented, Launching new line in the menu which is 'balanced choice' for those who are dieting or prefer the fresh food especially when knowing that this line if provided with less than 400Kcal, the Core lines of deserts were re arranged and upgraded, and finally the common meal deals have broaden to include hot drinks, cakes, pastries and a wider choices of sandwiches. All that would contribute to refresh the consumers' choices and give Great taste for fresh food.
2. Greggs will continue to build up a strong financial position, dedication to the development and focusing on employees' performance, obligation to proceed as good corporate citizens of the local communities, and Greggs' intensive desire to be environmentally responsible and emphasize the safety, and enrichment employees and customers' health.
3. Great shopping experience: as that Greggs believe in taking the shops to where its' customers are, providing them with a great shopping atmosphere and perfective more of their wants throughout concentrating 'on food-on-the-go' point at all times of the day.

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<sup>31</sup> Gareth J.: "*Strategic Management: An Integrated Approach*", South-Western Educational. Publishing,2008, ISBN: 978-0-618-89469-7

4. Greggs will be all the way consecrating on offering satisfaction and enjoyment to all of customers, shareholders, and its' employees.
5. Simple and affective operations: the company believes in realizing the significant efficiency and benefits gains within the current network in order to develop simple and efficient actions.
6. Improvement through change: We believe investing in the company's systems platform will let Greggs competing in much powerful base in the rapid growing' food-on-the-go' market.<sup>32</sup>

Workforce management application released, the software of supplier management relationship or so called (PROACTIS) took a place, and SAP was selected as company's core ERP software supplier, all the Benefits obtained was exceeding the original expectation.

A vision statement: is a company's future map, includes what the company what to become and provides transmission actions throughout determining a certain direction. Unlike mission statement, vision statement exposures to updates over the business lifetime. Vision statements are also written formally and put besides other company's documents.<sup>33</sup> A vision statement is not applied to business organizations issues, as that it be used by non-profit and governmental bodies.

### **5.2.2 Vision statement**

The Company's vision is: 'winning brand in the food-on-the-go market' <sup>34</sup>that could be achieved by:

- Greggs' people: employees are the direct reasons of the business success. Thus, the company is targeting to provide them with a great place to work, where they feel their value.<sup>35</sup>
- The food: is made with high quality, fresh ingredients for fresh sandwiches, freshly-baked savories, and balanced choice offers ensure that we deliver an 'Always Fresh. Always Tasty.' experience to our customers.

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<sup>32</sup> Greggs annual report 2014, p6-p9

<sup>33</sup> Silverberg T.: "what is a vision statement?", 2014. <<http://www.businessnewsdaily.com/3882-vision-statement.html>>

<sup>34</sup> Greggs Plc, Annual Report & Accounts 2011

<sup>35</sup> Greggs annual report,2014

- The shops: are being re-designed some changes to meet the need of busy food-on-the-go customers.
- The vertically integrated supply framework: which consist of nine regional bakeries, couple of distribution centers. We own all our own bakeries and delivery network, preparing and delivering fresh products to our shops daily.
- Company's values: the company's social responsibility obliges Greggs to be enthusiastic and supportive in all lines it works in. Our commitment to make a distinction to people's life around the community.
- The shareholders: the company's CEO stated: "We have a proven track record of success and return on investment. Importantly, in today's economic climate more than ever, we offer the assurance and commitment that our business is run with integrity and that we are a responsible Company. We are proud that Greggs is a trusted, valued and respected brand."<sup>36</sup>

**Table 1**  
*The contents of Greggs environment*

<b>Customers</b>	For the customers, the company offers a broad list of fresh, high quality, and tasty food
<b>Philosophy of the company</b>	Greggs committed to keep assisting people to inspire the difference to people's lives
<b>Markets</b>	Recently, markets are regarded as highly important than ever for Greggs due to competitive economic environment.
<b>Technology</b>	Greggs' highly experienced staff who prepares handmade sandwiches in the shops every day
<b>Products and services</b>	High quality food, prepared with wholesome ingredients"
<b>Company's profit and growth</b>	The company experiences a proven track of succession and return on investment."
<b>Employees value in the company</b>	Greggs targets to provide a great place to work, where the employees are important and looked after, and each of them is considered as factor of business gains and successions.
<b>Company's public image</b>	Greggs team is a united one who are passionate to be number one in the bakery industry

<sup>36</sup>Greggs Plc, Annual Report & Accounts 2011

According to Greggs's annual report of 2011, it seems that the company's vision is characterized as strong and lucid, as it is realistic and highly consistent with the organizational culture and values of the company. In the component "market" it would be much better to specify the local, as that it would be much better for Greggs to put much effort on the production across the UK, than focusing on everywhere at the same moment.

### **5.3 Bakery Industry trends & market analysis**

Operators in the bakery product retailing industry are selling goods such as bread, cakes, rolls, pies and pasties. According to the British baker, the bakery market in the UK is one of the massive segments in the food industry and is amounting nearby £3.4 billion. The total amount is representing almost 4 billion units. It is divided as 11 million bread loaves and packs of pastry that are sold every single day in UK.<sup>37</sup> Confectioners that sell chocolate, toffee, fudge and other sugary items are also included. The bakery industry has performed relatively well over the past five years, exploding the chance of British peoples' passion again to each of bread, pasties, cakes and savories, despite the fact of economic crisis influences across the globe, and was a problematic factor caused passive impact on a number of retail firms.<sup>38</sup>

Challenging economic conditions caused disposable incomes to go downward, due to that consumers reduced their purchases accordingly. And according to conference proceeded by the bb75 which was held the first quarter of 2013 "this is partly due to the economic climate, with good-value comfort food in strong demand, but mainly because of the phenomenal success of the great British bake off TV series."<sup>39</sup> And higher demand for 'ready-to-eat' meals has led the sale of sandwiches and bakery snacks such as rolls, teacakes and scones due to busy life. According to ibis world report "over the five years through 2015-16, fresh bread and sandwich retailing is expected to account for the largest share of industry revenue in 2015-16 (48.3%) as bread is a staple in weekly shopping baskets."<sup>40</sup>

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<sup>37</sup>The federation of bakers/about the bread industry, 2015.<<http://www.bakersfederation.org.uk/the-bread-industry/about-the-bread-industry/>>

<sup>38</sup>Burn r.: "Blue raspberry' sweets and retro classics sharpen appetite for British confectionery maker", 2015.  
<<http://www.telegraph.co.uk/finance/businessclub/sales/11613878/Blue-raspberry-sweets-and-retro-classics-sharpen-appetite-for-British-confectionery-maker.html>>

<sup>39</sup> Bakery info.co.uk, BB75 lunch, 2013.  
<[http://www.bakeryinfo.co.uk/news/archivestory.php/aid/9582/BB75\\_Lunch\\_2013.html](http://www.bakeryinfo.co.uk/news/archivestory.php/aid/9582/BB75_Lunch_2013.html)>

<sup>40</sup> Ibis world/Bakery product retailing, 2015.<<http://www.ibisworld.co.uk/market-research/bakery-product-retailing.html>>

With regard to British baker league table for 2013 which covered the 75 considerable bakery retailers in the UK. Greggs coming on top position as it is the UK's largest bakery retailer especially after expanding its presence when purchased new 100 shops in 2012 to reach 1,671 outlets, as a whole.<sup>41</sup> Costa coffee comes in the second place with 1,573 outlets. Added to that, the table revealed a very strong rival of Greggs 'subway' which was the fastest-growing food chain in the UK, by opening 200 shops only during 2012.

It is worth mentioning that even Greggs planned to open more shops, but it is still not the fastest growing company as compared with Subway. The thing which shows that Greggs is operating in a highly competitive environment, and there is a risk of being overtaken from the first position.

**Table 2**

*Greggs ranking among competitors in the industry(2013)*

<b>FASTEST GROWERS</b>				
<b>Rank</b>	<b>Overall BB75 rank 2013</b>	<b>Company</b>	<b>Outlets in 2013</b>	<b>Year-on-year increase</b>
1	2	Costa	1,552	200
2	1	Greggs	1,671	100
3	3	Subway	1,483	59
4	5	Caffè Nero	530	50
5	4	Starbucks	760	25
6	11	Coopland & Son (Scarborough)	146	20
7	9	Pret A Manger	254	18
8	32	RT Stuart	33	16
9	6	SSP	429	15
10	13	Coffee Republic	104	11

Source: Bakers league table, June 2016

According to the Bakers federation, there are three major sectors that are forming the bake industry. The largest companies are:

<sup>41</sup> "Bakers league table", March 2013, Web 14 July 2015. <<http://www.bakeryinfo.co.uk/news>>

### **5.3.1 Plant baking companies**

They produce nearly 80% of the bread which is sold in the UK, the biggest companies in this type are allied bakeries (Kings Mill), Premier Foods (Hovis), and Warburton which is the largest among others, due to the fast extension shown by it when moved from third to the first position within the recent five years. These manufacturers are counting about 3/4 of the bread market by value in the UK.<sup>42</sup> While in-store bakeries are counting 17% and Craft bakers (high street retailers) are counting the rest.

### **5.3.2 In-store bakeries bread**

Is a bread which is made in the store itself. It's worth mentioning that of the large retailers have their own ISB in some retail or retail stores if not in all of them. There are two different methods for ISBs which is either scratching the bakery through applying raw ingredients, or baking-off by dough which is in role partly-baked and frozen. Most plant bakers provide ISBs with their partly-baked and frozen products, but recently many of the large ISBs have scratch bakeries to make fresh bread with raw ingredients.

### **5.3.3 Craft bakeries**

As mentioned earlier that craft bakeries is forming the lowest proportion among bakeries, declined over the years, and minimized by the competition of plant bakeries as well as multiple retailers. Craft bakers are baking bread and other pastries in their own premises. In nowadays several of craft bakers have diversified into delivery and take away food, and some of the craft bakers have started to supply supermarket with craft-baked bread.

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<sup>42</sup> The bakers federation/ about the-bread-industry/, 2014. <<http://www.bakersfederation.org.uk/>>



**Table 3***Bakeries types by value, by volume in the UK*

	<b>%By value</b>	<b>By volume%</b>
Plant bakers	78	80
In-store bakers	17	17
Craft(master)bakers	5	3
	100	100

Source: Bakers table, June 2015

### 5.3.4 Export

In contrast to the UK's market, in the European countries the craft bakeries is still control over the market, which means that exports of bread and other bakery products recently counts only a very small percentage of the total market.<sup>43</sup> Added to that according to the changes occurred in the life style around the world and particularly in Europe, the export of bakery products in general is only forming a small percentage.<sup>44</sup>

### 5.3.5 The Foodservice Sector

In common with other food markets, a speedy growing amount of bread which can be sold consumption outside the home. According to the baker federation, between 5% and 10% of total bread volume is amounted to be sold to the foodservice uses.<sup>45</sup>

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<sup>43</sup>“UK bakery market benefiting from health concerns and new lifestyle trends”,2013.  
<<http://www.mynewsdesk.com/uk/pressreleases/uk-bakery-market-benefiting-from-health-concerns-and-new-lifestyle-trends-832907>>

<sup>44</sup> Federation of bakers / nutrition and health: <<http://www.bakersfederation.org.uk/nutrition-and-health/>>

<sup>45</sup> Federation of bakers/ about-the-bread-industry: <<http://www.bakersfederation.org.uk/the-bread-industry/>>

## 6. Greggs's business lines

Greggs is operating in the bakery industry, which became a very competitive industry especially in the recent two decades thus, the company decided to operate in different aspects in order to keep the consumer's awareness about company's products which will lead the company to expand its' presence among other competitors.

### 6.1 Greggs's moment

It was established in the last quarter of 2011. Greggs's moment is the first line of business concepts which Greggs operates in.<sup>46</sup> The first Greggs moment was opened on Northumberland Street. Based on research with the customers, Greggs has created a coffee shop with a traditional British atmosphere embedded with the modern touch.



Added to that, through that action Greggs tried out to change the change the consumers' impression and to make the location differing of the usual Greggs, as that the customer will sit beside the teapot and captures of old Britain, and the inseminated union jack motifs in the both floors. The company was too proud of that achievement, and Mr McMeikan the company's CEO said: "Customers are going to be drawn to the things that make us different. There is a greater ability for people to come in and have things made the way they want". Thus, this store was promptly followed by another one next to the Metro Centre in 2012, as well as the Hill Street Shopping Centre, ultimately there were Middleborough. Five Greggs moment opened until February 2013.<sup>47</sup>

Despite all the succession that was accomplished by Greggs, in the end of 2013, the company stated that their attempt of entering the coffee market would be decreased. And the company would rather keep selling coffee from the same store.

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<sup>46</sup> Kollwe J.: Greggs a manger aims for healthier, cheaper food-on-the-go, 2014  
<<http://www.theguardian.com/business/2014/jul/30/greggs-profits-surge-coffee>>

<sup>47</sup> Peach report/ "Greggs seizes Moment with coffee shop launch", 2011. <[http://www.peachreport.com/Latest/1072524/greggs\\_seizes\\_moment\\_with\\_coffee\\_shop\\_launch.html](http://www.peachreport.com/Latest/1072524/greggs_seizes_moment_with_coffee_shop_launch.html)>

## 6.2 Greggs The Bakery

In 2012, Greggs has opened the new Greggs' business format, which has just opened the doors to the very first company's outlet in Gosforth, Newcastle in 1951. It was designed to distinguish itself from the food on the go shops the Bakery has tried going back to the origins and layout more settle down style embedded by modern touch represented by the new logo, new shops' style,<sup>48</sup> and the additions proceeded like producing 75 products to be offered as traditional bakery products.



In this format the company offers breads and cakes beside the standard types which are walnut bread, olive breads and a range of breads. Greggs the Bakery is offering products that can be eaten at home.<sup>49</sup> The shops were designed by Phil watts who was engaged to make the Greggs moment, the design was made based on the look of the national bakeries in the past and according to company's CEO MR. McMeican said: "we are excited to launch our latest concept shop that showcases Greggs' bakery credentials, and gives customers a traditional bakery shopping experience". Added" fittingly, we have chosen a location close to the site of first ever Greggs shop, and we hope our customers love it."<sup>50</sup>

To make a stronger base in the market, the only thing the company needs is building trust and more relationship with the customers; that will be done through the step of baking the food in store, to ensure the difference before and after establishing this format.

## 6.3 Greggs 'FOTG'

Greggs "Food on the Go" sector are the shops which mainly focusing on the busy customers on the high street. The shops are providing the fast-food bakery where customers can pick up a meal and take it with them to the workplace. In these shops Greggs provides the whole menu that Greggs line provide. The bread



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<sup>48</sup> Saner E: "on a roll: the unstoppable rise of Greggs the baker",2011

<<http://www.theguardian.com/lifeandstyle/2010/aug/11/greggs-the-bakers>>

<sup>49</sup> The British baker: "Greggs unveils new store format", 2012.

<[http://www.bakeryinfo.co.uk/news/fullstory.php/aid/10324/Greggs\\_unveils\\_new\\_store\\_format.html](http://www.bakeryinfo.co.uk/news/fullstory.php/aid/10324/Greggs_unveils_new_store_format.html)>

<sup>50</sup> Greggs annual report, 2012

mainly in these shops is sold in a sandwich version, and the contents are quick meal ingredients.<sup>51</sup>

## 6.4 Greggs foundation

The foundation itself was established at the end of eighties, the name of it was firstly “GREGGS trust” which was by the time changed to be as it is currently “GREGGS’s foundation”. It’s a registered charity and beneficence located in Jesmond, Newcastle upon Tyne and it is highly accompanied to Greggs plc. The Greggs Foundation is a bounty making reliance, donating more than £1 million every year, ameliorative foundations and institutions across England, Scotland and Wales.<sup>52</sup>



The first Greggs creating breakfast club is dating back to 1999 as part of a Business in the UK’s Community “Seeing is believing” event. The event was as response to the phenomena of children who were attending school without breakfast which became so common at that time. Thus, Greggs plc took over the responsibility and established the first ‘Greggs’ breakfast club.

Greggs’s foundation is gathering all Greggs charitable granting which is characterized as prosperous, and it has long history. It is administrated by four people of the crew and monitored by an assembly of trustees. Both of Greggs’ administrative and trustees are acting together for achieving the benevolent mission of making a distinction to people who in destitution in the essence of “Greggs local communities”. There are some pictures were taken to trustees with Greggs foundation when there was an intention to assist children in schools with couple of Greggs fantastic breakfast clubs.

The main reason stands behind establishing this foundation is to help people with disabilities or so called “handicapped people,” homeless people, and older people. The company is targeting to make a difference throughout the four bases donation programs which are major grants, regional grants, hardship fund, and breakfast clubs.

A major percentage of the Greggs foundation's affect is accomplish throughout the bountiful nature of Greggs' employees as well the company’s customers. In 2014, there was an increment

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<sup>51</sup> Greggs official website/ business strategy: <<https://www.greggs.co.uk/>>

<sup>52</sup> Greggs foundation official website: <<http://www.greggsfoundation.org.uk/about>>

of £450,000 in Greggs shops and bakeries for the foundation, including £88,000 over the very first breakfast club appeal, and £35,000 during our first-ever Christmas appeal for the purpose of helping homeless and older people who are suffering of social isolation.

The major grant program is targeting to contribute charities in the north-east region of England which will be working with distituted people in their region. Greggs donation help crucial crew in those foundations, and Greggs know that they as big different as possible to the disadvantaged or so called “distituted” people’s life.<sup>53</sup>

The regional grand system is helping charitable matters determined and chose by Greggs crew altogether with customers around England, Wales, and Scotland.

Greggs’ people in the districts have practiced prevalent knowledge and they are induced to assure that grassroots altogether with regional foundations are supported to assist people who need Greggs’s local areas.<sup>54</sup>

The third club is the breakfast club program provides a healthful day beginning for about 6,000 primary school students per day. This program is making a big life’s difference especially for those disadvantaged young people from the aspect of daily school attendance, fulfillment, and conductance.<sup>55</sup>

While the hardship program is caring about the people who are having ultimate financial hardship, with this program Greggs is purchasing household equipment for those people to make an obvious difference to their life’s quality, this program is only applied for the households in England.<sup>56</sup>

Added to mentioned above Greggs foundation is following the life trend and trying to reach people everywhere across the UK, thus Greggs foundation have a list of objectives which are suppose to be applied at the 2016, these targets are represented as:

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<sup>53</sup> Greggs foundation official website: <<http://www.greggsfoundation.org.uk/grants/local-community-projects-fund>>

<sup>54</sup> Greggs foundation/ North East Core Funding: < <http://www.greggsfoundation.org.uk/grants/north-east-core-funding>>

<sup>55</sup> Greggs foundation/ Hardship Fund: <<http://www.greggsfoundation.org.uk/grants/hardship-fund>>

<sup>56</sup> Greggs foundation/approaching grant deadline: <<http://www.greggsfoundation.org.uk/grants/grant-deadlines>>

- ❖ Enhancing the sustainability of more than 30 community institutions in the north east region of England with continued endowments over passing £250, 000 towards their running cost.
- ❖ Decreasing the social insulation that groped by disadvantaged people in the UK's community, this process will be done through the provision of small donations to 300 community foundation for providing community activities.
- ❖ Augmenting the financial pliancy of more than 800 families as well as individuals in the North East region of England by the provision of donations towards substantial household subjects.
- ❖ Mending the health and offer cultural advantages to more than 18,000 primary school age children, throughout raising the number of breakfast clubs by the beginning of 2016.

## 6.5 Franchise

By the end of 2011<sup>57</sup> Greggs decided to precede partnership with Moto which is biggest operator of motorway service in Britain. This procedure was taken a trial for 12 months, by the end of the agreed period, and according to the succession that reflected on the company, Greggs decided to keep on this track, and within couple of years for this partnership the company has the ability to run 30 shops around the UK.<sup>58</sup>

In other documents, Greggs show up its sales within a period of 6 months which were 4.5 to £350million, after the sharp pre-tax profits which decreased the number by £800,000, the net profit was £16.5m.<sup>59</sup>

For that the company's CEO stated: "The market remained challenging and was particularly impacted by the record levels of rainfall in the second quarter with UK high street footfall down over seven per cent." added: "We will make the Greggs brand more accessible to new customers through our shop opening programs and further development of our wholesaling and franchising channels".

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<sup>57</sup> William R.: "Greggs to trial motorway service outlets.", British Baker, 2011.

<[http://www.bakeryinfo.co.uk/news/archivestory.php/aid/9112/Greggs\\_to\\_trial\\_motorway\\_service\\_outlets.html](http://www.bakeryinfo.co.uk/news/archivestory.php/aid/9112/Greggs_to_trial_motorway_service_outlets.html)>

<sup>58</sup>Ranscombe P.: "Greggs unveils motorway services drive".2011.<<http://www.scotsman.com/business/companies/retail/greggs-unveils-motorway-services-drive-1-1919084>>

<sup>59</sup> William R.: "Greggs to trial motorway service outlets." - British Baker. 2011.

<[http://www.bakeryinfo.co.uk/news/archivestory.php/aid/9112/Greggs\\_to\\_trial\\_motorway\\_service\\_outlets.html](http://www.bakeryinfo.co.uk/news/archivestory.php/aid/9112/Greggs_to_trial_motorway_service_outlets.html)>

## 6.6 Iceland project

In May 2012, the company started vending frosted pasties through Iceland's supermarket chain. This was like Co-brand type of alliance with the Iceland supermarket.<sup>60</sup>

The slogan and the depiction were put on the Iceland website is "A quick, substantial meal or a tasty and satisfying snack. No matter how you enjoy it, there's no denying; everyone loves a Gregg's pasty! At Iceland we exclusively stock a wide range of popular Greggs favorites, from the sausage and bean melt, to the toffee apple lattice."<sup>61</sup> In other words we are trying to promote Greggs frozen pasties in Iceland.<sup>62</sup>

The bake at home trial by Greggs was a successful one, because it wasn't exclusively for frozen pasties but some other food types such as frosted sausage rolls, steak bakes, chicken bakes, sausage with bean melts, bacon and cheese wraps, and chilled products as well.<sup>63</sup> Greggs has done this action as an attempt to extend the wholesale sector by cooperating with supermarket chains through Iceland.

According to author's opinion Greggs is pushing hardly to get into many sectors such as bakery, coffee shops and wholesaler of different types of frozen food. For staying strong in the market, Greggs should keep focusing on one part and mainly on baker part of their system as they have the long experience and the unique feature of bakery products.

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<sup>60</sup> Iceland Greggs official website: <[groceries.iceland.co.uk/frozen-Greggs-products](http://groceries.iceland.co.uk/frozen-Greggs-products)>

<sup>61</sup> "Greggs - Welcome to Iceland Foods." 2015. <<http://www.iceland.co.uk/whats-new/greggs/>>

<sup>62</sup> Greggs Iceland website: <<http://groceries.iceland.co.uk/frozen-greggs-products>>

<sup>63</sup> Bakery info.co.uk: "Greggs' bake-at-home products land in Iceland." 2 september 2015. <[http://www.bakeryinfo.co.uk/news/fullstory.php/aid/10090/Greggs\\_92\\_bake-at-home\\_products\\_land\\_in\\_Iceland.html](http://www.bakeryinfo.co.uk/news/fullstory.php/aid/10090/Greggs_92_bake-at-home_products_land_in_Iceland.html)>

## **7. Greggs's products and services**

When Greggs was established in 1930s, it was providing only bread which is baked with wholesome ingredients, by the time it started to extend its' products diversification through producing baked rolls. In nowadays their product line has extended to include sandy products, so that Greggs now provides its' customers with more than hundred of products in the menu every day. The Greggs' products are divided into 3 main categories: savories, sweets, and drinks.

### **7.1 Savories**

Savories are one of the key line products available in Greggs' menu. Coming on the top of savories list selling is the sausage roll According to Greggs's official websites, sells of savories products are estimated by 140 million per year. Thanks to the sausage roll which has the favor on Greggs as that according to it Greggs became the national favored bakery in the UK.<sup>64</sup>

It should be noted that, this product line would be mostly found in the Food-on-the-go shops more than the entire company's product lines, because such food is mostly served for customers who are seeking to be served with the food quickly due to their busy life.

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<sup>64</sup>Greggs's official website/about us: <<https://www.greggs.co.uk/menu/>>





### **Pasties and Bakes**

- 13 different kind, all are salty flavoure
- The most selling is the sausage roll



### **Sandwiches**

- 24 different types of sandwitches
- All are made with fresh ingredients



### **Pasta, Soups and Salads**

- Two types of soups, and two kinds of pasta
- They are sold mostly for the breakfast and lunch



### **Platters**

- Four different types
- Can be only one taste , or mix of different tastes



### **Bread**

- 12different types

## **7.2 Sweets**

Sweets are products that winning the passion by everybody. Sweets product line of Greggs offers together 32 different products split in 3 different categories (cakes and buns, muffins and doughnuts, and biscuit and bakes).<sup>65</sup>It is important to mention that higher selling percentage of sweets is accounted by Greggs Moment shops.



### **Cakes & Buns**

- Four different types
- Mostly sold in Greggs moment shops



### **Doughnuts & Muffins**

- 16 different types and flavours



### **Biscuits & Bakes**

- Offering 16 different types
- Mostly sold on greggs moment shops

<sup>65</sup>Greggs's official website/ Menu.: <<https://www.greggs.co.uk/>>

### 7.3 Drinks & Snacks

Drinks & Snacks are considered as new introduced line product and are mostly sold in the Greggs Moment shops, Together there are 31 different products.

There are cold drinks as well as hot drinks such as tea with the highest quality. It won the Gold Star award for the Great Taste in 2014.<sup>66</sup> And coffee which is represented as the main product in this category, Greggs provides customers with the basic coffee sorts. When a person would have a look on the menu it doesn't seem to be an adequate coffee shops' menu.<sup>67</sup> Well the main Idea standing behind these products is that they are fair-trade products, which might help the company to get the competitive advantage and add some value to the products offered, but on the same time it doesn't enable the company to be in competition with other coffee shops' level of quality like Costa Coffee.



#### **Coffee & Tea**

- Only 5 basic types of coffee
- Fairtrade only



#### **Fairtrade Juice & other beverages**

- Provide only orange flavour juice.
- Various types of non-alcoholic beverages(water, Cocacola,...etc)



#### **Chips and Crackers**

- 5 different flavours
- Sold mostly in the food on the go



#### **Fresh fruit pots**

- 3 different choices provided
- Sold in the food on the go

<sup>66</sup> Greggs official website/ drinks and snacks: < <https://www.greggs.co.uk/menu/drinks-and-snacks/>>

<sup>67</sup> Tandy H., Holman S.: "fair-trade fortnight: you can purchase fair-trade tea, coffee, and juice at Greggs", 2014  
<<http://www.castlefield.com/media-library/blog/fairtrade-fortnight-you-can-purchase-fairtrade-tea-coffee-and-juice-at-greggs/>>

## **8. Analysis**

### **8.1 SWOT analysis**

It is a tool used to identify a company's strengths, weaknesses, opportunities and threats. Particularly, SWOT is a basic, straightforward tool that evaluates what the company should do, and shouldn't do, in addition to showing up the strengths as well as weaknesses in the firm. The process of SWOT analysis is taking the information from the environmental analysis and then classifying them into internal (strengths and weaknesses) and external sections (opportunities and threats). When this process is finished, the analysis (SWOT analysis) will help the firm to accomplish its targets, and what are the problems which are facing the company and should be passed to let the latter achieve the determined goals.

According to the importance of this tool, the author decided to apply it for the company 'Greggs' to show up the strengths, and weaknesses of the company, opportunities, and threats facing the company in the external environment.

#### **Strengths:**

##### **1. Brand succession and distinction in the UK, with good reputation:**

Since its beginning, Greggs has started with good reputation, and despite the diffusion and the presence of the company, it still believes that the fresh and wholesome ingredients are the key of the company's success and the secret of its distinctions and customers' desire than just other competitors.

##### **2. Daily fresh products:**

As mentioned earlier, the company is offering products such as different types of breads, pastries, biscuits, cakes and donuts which are really delicious, and fresh appearance is the reason that the customers are preferring Greggs than other shops and outlets. It is that they believe in the concept that the company delivers and keeps from the very beginning in the 1950s which is 'always fresh, always tasty'.<sup>68</sup>

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<sup>68</sup> Greggs official website/menu . <<https://www.greggs.co.uk/menu/>>

### **3. Highly trained workforce, friendly, quick service:**

The company provide the customers with fresh and deli offers and meals, because it has a responsibility hence it higher only people who are highly trend, the love the work which they do in every small detail, plus that they are all are friendly to draw the smile on customers' faces, helping the customers when needed, and the quick service which they provide let them to be favorable since that there is a high number of customers who are busy and they need to do proceed the shopping process quickly.

### **4. Celebrity with charity and social responsibility:**

Since the diffusion the company enjoyed by 1970s it has created what so called Greggs trust for charity purposes and to help the community around to have a better life quality, the act's name has been changed by the end of 1987 to be called Greggs foundation, added to that the company has high social responsibility it keeps following the latest technologies to lower the impacts of CO2 emissions on the environment, thus the company is willing to use the pipelines for that purpose, beside using better types of oils such as dates oil which is well known by enormous number of people , it doesn't get burned and poisoned quickly as compared with other oils.

### **5. Delivery service obliged by time:**

The company has launched the delivery service to help busy people who are not able to go to the shop, the service provided by Greggs is quick, and getting to customers on time, beside that the company is planning to equip the Telematics (the cars which are used for delivery) with cameras for a long distance to help the driver accessing different road, when the road he drives has an accident, that will help the company to be more accurate with its customers.

### **6. Outlets' vital locations:**

The company is very smart in choosing the locations of its shops and outlets, it always chooses the high street places, and city centers, which is characterized as busy by people walking all the day, that is good point for the company because first of all it has a high opportunity to sell more, and the other point is when operating in those locations the customer will trust it more and recognize it.

## **7. Financial capability:**

The company has a good financial capability, and despite the financial crisis which affected the global economy and destroyed a high number of companies in different aspects, Greggs was enjoying some sells, and in 2014 the company enjoyed a high profit.<sup>69</sup>

## **8. Distinctive atmosphere differing in each product line:**

Since 2011, the company started its first new production line which is ‘Greggs moment’ which is Greggs coffee shop, the atmosphere in this place is based on the combination between the British bakery traditions, and the simplicity of the modern lifestyle, with high number of seats provided in each coffee shop opened and a space area to ensure the customers’ comfort atmosphere. While in Greggs food on the go the shape is different as that these shops are designed upon the busy lifestyle and to cater the needs of busy customers, in this line the company is depending on the quick services to provide the customers.<sup>70</sup>

## **9. Wide range of food provided(savories, sweets, and drinks& snacks):**

The company is providing its customers different kinds of foods which are savories such as sausage roll, cakes, biscuits and the main types of hot as well as cold drinks, most of the drinks are fair-trade.

## **Weaknesses:**

### **1. Limitation of options provided:**

which is the reason behind sales fluctuation in the holidays, festivals, and seasonal changes, as mentioned earlier that the company is providing the customers with limited menu of beverages such as only the 5 basic types of coffee (latte, espresso, ...etc) and only fair trade tea, beside that there is lonely water, coca cola, fresh orange juice only. That is not serving the customer in the

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<sup>69</sup> Greggs annual report 2014, p27

<sup>70</sup> Bakery info.co.uk: “Greggs grabs moment in spotlight with new concept coffeeshop”,2011.

<[http://www.bakeryinfo.co.uk/news/archivestory.php/aid/9048/Greggs\\_grabs\\_Moment\\_in\\_spotlight\\_with\\_new-concept\\_coffee\\_shop.html](http://www.bakeryinfo.co.uk/news/archivestory.php/aid/9048/Greggs_grabs_Moment_in_spotlight_with_new-concept_coffee_shop.html)>

hot weather for instance the customers are tending to the cold and icy choices to refresh, that option is missed in Greggs.<sup>71</sup>

## **2. Core product line is away from sync. with social orientation:**

All people know Greggs for along heritage with its good bakery products. In nowadays the social tendency toward healthy lifestyle which exclude or minimize the quantity of bread and carbohydrates consumed, instead they prefer to eat healthy options such as meats, and vegetables the thing which Greggs is almost missing.

## **3. Greggs' presence is limited to the UK:**

Even though the company is occupying an excellent position in the bakery market, the company still limited in presence only in the UK, and not operating in the large market such as EU market and US market.

## **4. Weak online and social media coverage:**

Company like Greggs should have coverage on the social media (face book, twitter), should invest and operate its marketing and get more recognize through them, but Greggs still not following that, which is considered as weakness.

## **5. Some fatty food options(not healthy):**

That is obvious with the sandwiches prepared by Greggs in the shops especially in the food on the go branch, when the customer see that the sandwich is full of dressing such as mayonnaise that would let him/her to avoid such sandwiches and products because it is far from social trend.

## **6. Control over franchising:**

Despite the fact that there are 1671 shops of Greggs in the UK, but the company I still doesn't have individual franchises, as compared with the competitor McDonalds which has franchise in each country to ensure the legal aspect is working properly.

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<sup>71</sup> Greggs official website/snacks and drinks: <<https://www.greggs.co.uk/menu/drinks-and-snacks/>>

## **7. Lack of customers preferences:**

Company like Greggs with a long heritage in the market, suppose to understand the fact which that customer preferences is important to move on the business, especially in a city like the UK where there are different nationalities available (Indians, Asians, Arabic), this point is missed in Greggs as it provides only what it sees right and not upon customers preferences.

## **8. Expensive delivery:**

It was mentioned earlier that the company has a delivery system but this delivery is relatively high (when comparing with the competitor Tesco which takes a very small amount of British pounds), the delivery system should be paid with Greggs unless the customer spent at least £35 otherwise he she should pay for that.

## **9. Relatively expensive product:**

The products provided by Greggs are relatively expensive, especially when comparing that with other competitors who are providing the same level of services charged with lower prices.<sup>72</sup>

## **Opportunities:**

### **1. Increment of fresh food audience:**

It will be very good for Greggs to think of new production line in case that the social trend toward healthy food is increasing

### **2. Re-designing and upgrading the outlets appearance**

Some of Greggs outlet especially the ones which were designed before, they need to be reconstructed and to change their appearance to attract more customers through that.

### **3. Extending the list of drinks**

It is important for company like Greggs to increase the list of beverages offered to the customers, taking in consideration the social trend toward healthy life style thus, it is important

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<sup>72</sup> Greggs official website: <<https://www.greggs.co.uk/>>

to offer more fresh juice choices than just orange juice, beside that offer special list for summer season like home lemonade with different summer fruits.

#### **4. Agreements with other retailers**

It will be good opportunity for the company to make an agreement with different retailers especially in those places which are busy by people all the day, in order to increase recognition and for higher revenues amount.

#### **5. Individual Franchise:**

It is good opportunity for Greggs to try out an individual franchise in other countries and in case that this franchise is working, then Greggs can all the way send new units to the seller in the other country, and if it is not capable, it will be only for one place, and limited time then it is expired.

#### **6. Changing customer habits and new customer groups:**

It will be good opportunity to Greggs if the social trends have been changed and go back to its position as it was in the seventies, because Greggs is highly trained and Longley experienced with the bakery industry that will help the company to keep its position as a leader in the UK's bakery market.

#### **7. Recognition of the brand in other countries:**

It is good opportunity to the company to operate the business not only in the UK, but also in the international markets such EU, and the US markets especially that it has a long time in the market.

#### **8. Dropping fuel prices:**

Since the introduction of the technology Telematics it was adopted by Greggs, and it has reduced the amount of fuel used, but Greggs still facing the problem of fuel prices which enforce them to charge higher prices for deliver to cover the fuel prices consumed, but if the fuel prices will be lower that would enable Greggs to decrease the charge on delivery and attract more customers through that.



## **Threats**

### **1. More health perception of customers**

It is one of the biggest barriers standing in front of the company, as it is specialized in bread and pasties, and the modern social perceptions are avoiding those products increasingly.<sup>73</sup>

### **2. Economic stagnation effect**

Periods which are leading to less disposable income, thus people are less spending in the shops especially that Greggs's foods and products are not basic food and there are a lot of groceries who can offer cheaper food to customers.

### **3. Customers' loyalty to other brands in the EU and US markets.**

As mentioned earlier that Greggs's competitors are diffused around the world, not operating in the UK exclusively and in each location they have loyal customers who are not enjoy buying products from other shops.

### **4. Brand's avoidance by an elite of customers as they consider it "Fast food outlet"**<sup>74</sup>

That is provided especially in the Greggs shops of food on the go (FOTG) where customer can find the sandwiches and salads full of fatty dressings (like McDonalds), and since that social trends are tended toward healthy food, its affect Greggs severely.<sup>75</sup>

### **5. Other competitors plans to utilize internet:**

As mentioned earlier that there are many changes and evolutions occurred in the last couple of decades, one of these evolution is internet, which is used by almost all people's segments, thus the competitors started to apply internet for shopping services, in the time that Greggs still not highly interacted with people on the social media yet, that presents a big threat faces Greggs.

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<sup>73</sup> Greggs report interim results 2013 :<https://corporate.greggs.co.uk/sites/default/files/2013%20-%20Presentation%20for%20the%20Interim%20Results%20for%20the%2026%20weeks%20ended%2029%20June%202013.pdf>

<sup>74</sup> Cohen C.: "How come? Bakery Greggs has more UK outlets than McDonald's." Mail Online. 9 Nov. 2009. Associated Newspapers Ltd. 14 May 2013. <<http://www.dailymail.co.uk/femail/food/article-1223248/Bakery-Greggs-UK-outlets-thatn-McDonalds.html>>

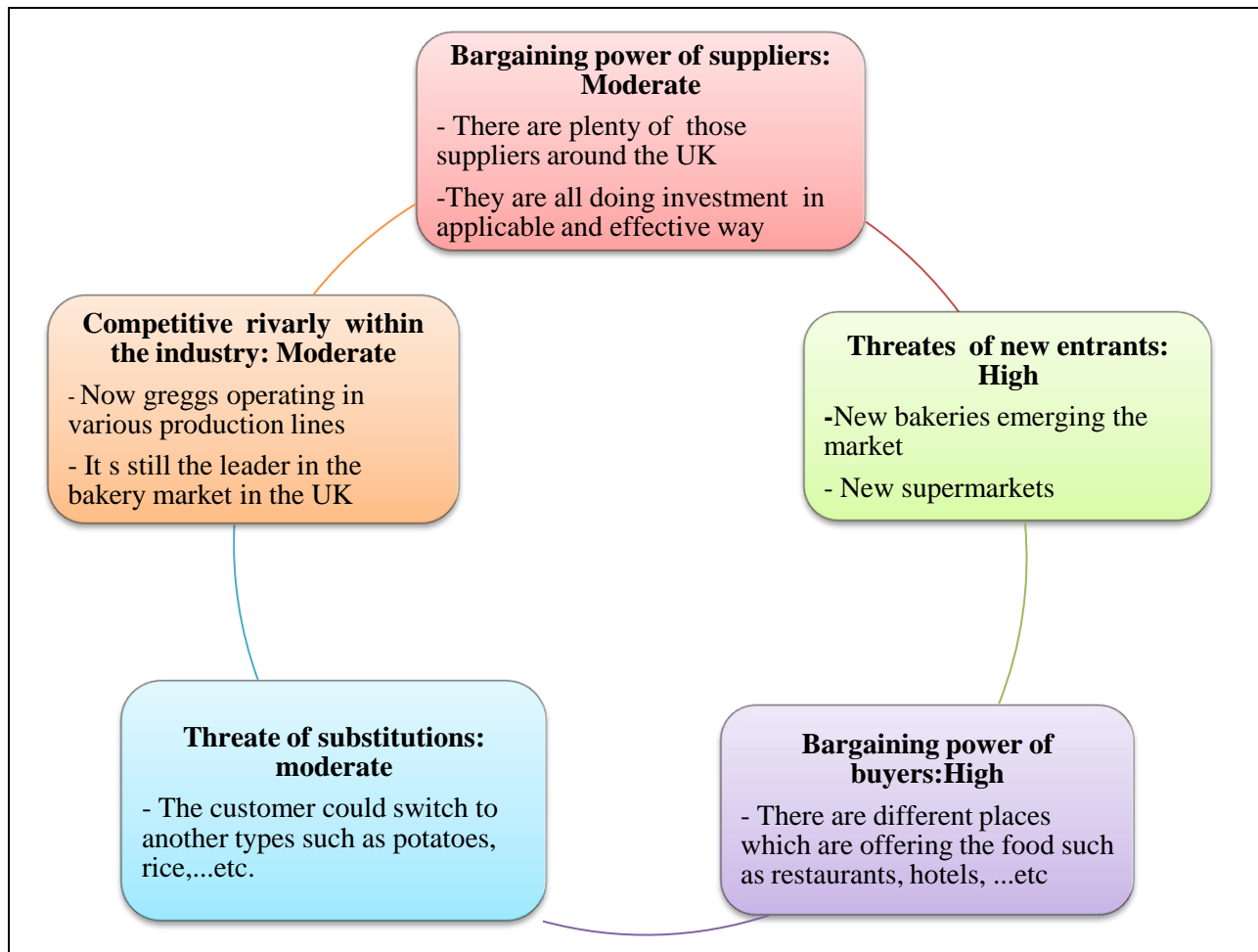
<sup>75</sup> Kent T.: "how did Greggs conquer the high street?", 2009.< [http://news.bbc.co.uk/2/hi/uk\\_news/magazine/8330573.stm](http://news.bbc.co.uk/2/hi/uk_news/magazine/8330573.stm)>

## 8.2 Porters' five forces

Porter's Five Forces is advantageous tool when someone wants understand the nature competitive environment and the level of competition in certain industry. Its standing for looking on the internal competition, barriers to entry to the market, the bargaining power of sellers as well as buyers, and shows if there are substitutes to the goods or services produced.

**Figure 4**

*Porter's five forces of Greggs*



### 1. Bargaining Power of suppliers: moderate

The power of food suppliers is low, due to the availability of many suppliers in the market. And Greggs is a big well known company across the UK, the suppliers wouldn't want to lose the opportunity of operating with such company. Greggs with its reputation and long history in the

market cannot just operate with any food supplier unless it makes sure that the latter is providing good quality food. Greggs's products can be highly influenced by price fluctuations of the raw inputs. The reason behind that is the price changes that are resulted from changes in the amount of demand and supply more than just bargaining power of suppliers.<sup>76</sup>

On the other hand there are many supplier who provide the company with fresh food which used for preparing sandwiches is low since that the company is not include the Bio or organic food with its production.

## **2. Bargaining Power of buyers: high**

The power of buyers is high, because there is high number of bakeries, grocery, supermarkets, hotels which all customers might go to buy from, instead of just buying from Greggs, which lead Greggs to offer discounts and lower the prices for the customers.

On the other hand, Greggs has a direct connection with its customers, which is a good sign, the only one option is the buyers should step by in Greggs shops to by the products he/she wants, and in that case the buyer will not find other brands but Greggs.

## **3. Threats of new entrants: high**

The threat of new entrants is very high because the cost of new entry is low as that bakery shop doesn't need for high capital to access. The only thing that new shop or brand should enter is quality control and obtaining approvals of hygiene. That is because in the food industry there are no technologies which stand as barrier in front of the new competitor, thus Greggs should put that in consideration.<sup>77</sup>

## **4. Threats of substitutes: moderate**

Greggs is operating in the bakery industry, it produce fresh and tasty bakeries which are carbohydrates , the customers could switch to other substitutes instead, such as potatoes, Rice,

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<sup>76</sup> 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/>>

<sup>77</sup> 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>>

corn, cereals of breakfast these all are viable, not only so but if the customers find it cheaper and comfort to bake at home, they will just do it.

### **5. Degree of rivalry: High**

The degree of rivalry for Greggs is very high because there are many companies and shops available in the bakery industry. The huge bakery companies in the UK are counting are counting small percent of the market. So that the industry is classified by enormous number of small bakeries and shops, but even though Greggs still have special position among others.<sup>78</sup>

In the current days, there is a tendency from the companies towards implying the economies of scale, and the companies are compete on price of goods, quality of products sold, distinction which is the most important feature to Greggs always fresh always tasty foods.

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<sup>78</sup> Bakery info: “Greggs leads major new UK bakery league table”, 2010.  
<[http://www.bakeryinfo.co.uk/news/archivestory.php/aid/6256/Greggs\\_leads\\_major\\_new\\_UK\\_bakery\\_league\\_table.html](http://www.bakeryinfo.co.uk/news/archivestory.php/aid/6256/Greggs_leads_major_new_UK_bakery_league_table.html)>

## 9. Competitors of Greggs

Since the establishment of Greggs the bakery` in the 1930s, Greggs was enjoying the stature, as it has a pretty long time in the market and no other competitors are showing up, thus the diffusion of Greggs was easy process, as people are loving the taste provided by the company, and the diversity of products provided in the shops are attracting the costumers especially that Greggs believes in doing the bread and pasties with wholesome ingredients which are emphasizing the quality of baked products.

By the beginning of 1990s the competition environment started to be much tougher, referred to the presence of supermarkets and shops which have started baking by their own in the place they open. But it is worth to mention that the availability of other competitors in the bakery market didn't influence Greggs shops' propagation and strength. It remained to provide the customers with daily fresh bakes, made with quality wholesome ingredients.<sup>79</sup>

After that, especially within the beginning of the third millennium, Greggs kept growing steadily. Additionally, the investments proceeded by the company in the huge Technical Centre gave the opportunity to Greggs to concentrate on developing current recipes beside innovating new foods to the chain make the quality freshly baked food in company's shops even better before, even though there was a number of competitors came up to the market such as Costa coffee, Starbucks, McDonald's, and Tesco supermarkets, and Subway (the number one chain of providing healthy food) to customers.

### ❖ *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.



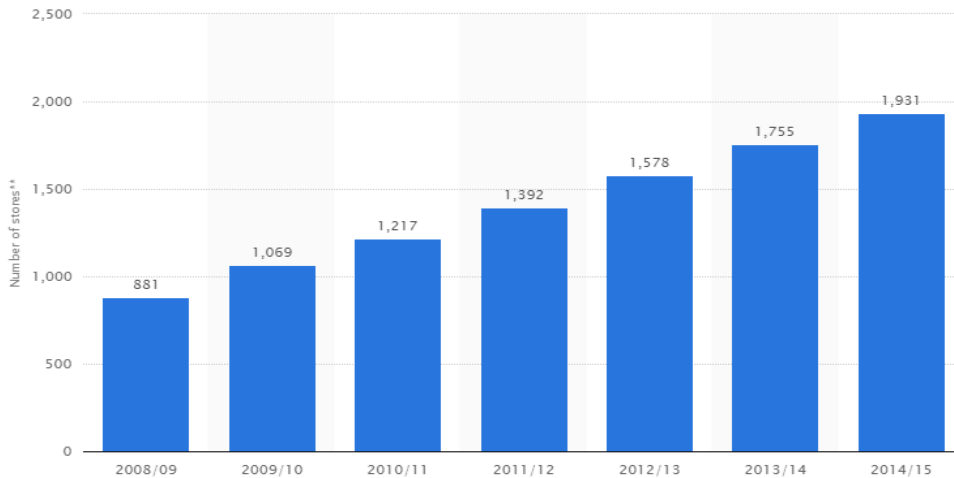
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<sup>79</sup> Greggs annual report, 2014

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.<sup>80</sup>

**Figure 5:**

*Number of Costa coffee outlets in the UK (2008-2015)*



Source: Costa coffee annual reports (2008-2015)<sup>81</sup>

CEO of Whitbread said that he doesn't notice considerable changes in the market but he expects an environment with high competition. Additionally, the Whitbread Group stayed on track to accomplish its 2016 growth. The company stated: "it was on the direction to release 320 net new international Costa Coffee shops and more 1,300 to be added to the collection 'Costa Express units' in the full year."<sup>82</sup>

<sup>80</sup>Whitbread Plc annual repor and accounts, p28.

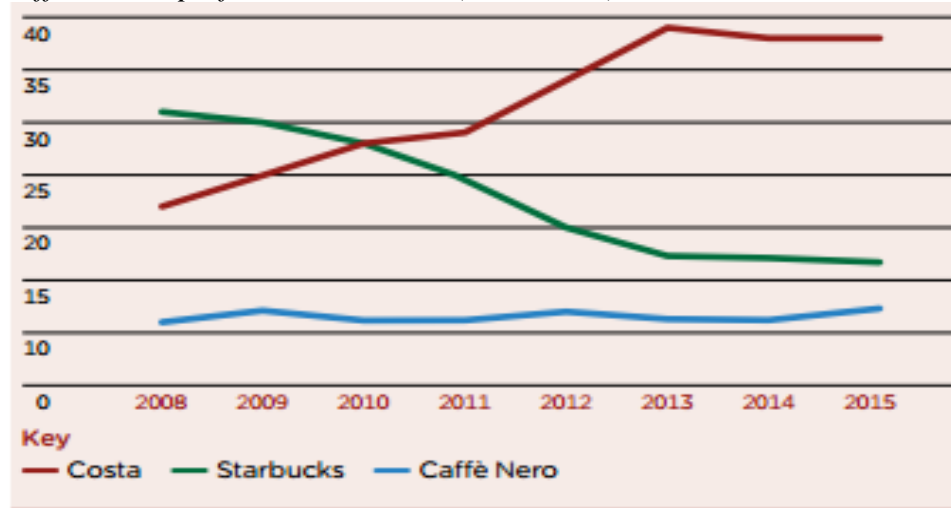
<[https://www.whitbread.co.uk/content/dam/whitbread/download\\_centre/reports\\_and\\_results/2015/Interactive-Annual-Report-2015.pdf](https://www.whitbread.co.uk/content/dam/whitbread/download_centre/reports_and_results/2015/Interactive-Annual-Report-2015.pdf)>

<sup>81</sup> Statista: number of costa coffee shops in the UK .<<http://www.statista.com/statistics/283302/number-of-costa-coffee-stores-in-the-united-kingdom-uk/>>

<sup>82</sup> Costa annual report 2015,p29

<[https://www.whitbread.co.uk/content/dam/whitbread/download\\_centre/reports\\_and\\_results/2015/Interactive-Annual-Report-2015.pdf](https://www.whitbread.co.uk/content/dam/whitbread/download_centre/reports_and_results/2015/Interactive-Annual-Report-2015.pdf)>

**Figure 6:**  
*Coffee Brand preference in the UK (2008-2015)*



Source: Costa coffee's annual report 2015<sup>83</sup>

The figure above is showing the brand preference of the coffee shop industry in the UK, the red indicator is showing Costa coffee's trend among other giant competitors in the UK, it still the number one or the national coffee favorite there. Added to that Allegra has published their annual report for 2014 which show up that 50% of an independent consumer panel chose Costa coffee as their desired coffee shop, which by that, the company increasing its' customers by 2% pts as compared the results of 2014.<sup>84</sup>

Greggs moment's competitive advantage is dependent on the quality of their coffee and the quantity of food sold with the coffee. The only way of Greggs to compete with Costa coffee is to increase the blend of their coffee, and adding some beverages to the list including different fresh juices, home lemonade, drinks upon the weather and season, and above all changing of some products every while as a type of innovation. Even though Costa exceeded that and it has added new flavors for its coffee such as (Vanilla, Cardamom, Cinnamon, and other flavors) , and they have extended the menu of other beverages in the shop. This is not the only way for Greggs to

<sup>83</sup>Costa coffee annual report2014, p29  
 <[https://www.whitbread.co.uk/content/dam/whitbread/download\\_centre/reports\\_and\\_results/2015/Interactive-Annual-Report-2015.pdf](https://www.whitbread.co.uk/content/dam/whitbread/download_centre/reports_and_results/2015/Interactive-Annual-Report-2015.pdf)>

<sup>84</sup> Costa coffee annual report, 2015<[https://www.whitbread.co.uk/content/dam/whitbread/download\\_centre/reports\\_and\\_results/2015/Interactive-Annual-Report-2015.pdf](https://www.whitbread.co.uk/content/dam/whitbread/download_centre/reports_and_results/2015/Interactive-Annual-Report-2015.pdf)>

compete<sup>85</sup>, but also Greggs should focus on the ‘food on the go’ and put efforts on it. And in order to stand steadily in the market, Greggs should create a new production line based on the combination of long experience in the bakery industry and fresh food (fruits, vegetables, and meats) as a response to the social trend and changes in the life style, taking in to account the health concerns, and last but not least keeping the cost of products low accompanied by well recognized products of Greggs that will help in building stronger relationships with the customers the thing which will lead to increase the amount of sales.

In February 2014, Greggs’ CEO Mr. Roger Whiteside stated, “We’ve been successful in coffee for a number of years. We saw 20% growth last year. If you remember, we did a trial with our own coffee shop, Moment, and learning from that, we thought we could make a smoother blend of coffee from the one we already had, and that’s what we’ve done. We want to continue at a rate of at least 20% growth.”<sup>86</sup> That will be as part of company’s plans for the next future. he also said As part of its five-year strategic plan, Greggs undertake a decision of stopping the diffusion of the product line ‘Greggs moment’ the coffee shop, will be adequate by the five shops opened, instead will put efforts to growing its coffee sales in its existing shops.

The new blend of coffee kinds will be corroborated in Greggs breakfast meal for £2, and will be included with each offer of £2, not only so but also the coffee blend It will also be implemented in a £3 deal with the sandwich range of Greggs.<sup>87</sup>

#### ❖ *TESCO PLC*

It is a British multinational grocery and retailer of different goods and products.<sup>88</sup> It is the third biggest retailer across the world with regard to profits’ and the second position across the world with regard to revenues.

Nowadays, Tesco is available with different forms which are: Tesco extra with 250 outlet, Tesco home plus with 11 hypermarkets, Tesco supermarket 487 shops, Tesco metro 191 outlets,

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<sup>85</sup> Ruddick G.: "Greggs to slow store openings as sales fall despite "pasty tax "Budget victory." 2013  
<<http://www.telegraph.co.uk/finance/newsbysector/retailandconsumer/9942798/Greggs-to-slow-store-openings-as-sales-fall-despite-pasty-tax-Budget-victory.html>>

<sup>86</sup> Bruce A.: „Greggs hopes new coffee blend will bolster sales“,2014.  
<[http://www.bakeryinfo.co.uk/news/fullstory.php/aid/12447/Greggs\\_hopes\\_new\\_coffee\\_blend\\_will\\_bolster\\_sales.html](http://www.bakeryinfo.co.uk/news/fullstory.php/aid/12447/Greggs_hopes_new_coffee_blend_will_bolster_sales.html)>

<sup>87</sup> Ruddick G.: „end of the sausage roll? Greggs sales boosted by coffee and low-fat sandwiches“, 2013.  
<<http://www.telegraph.co.uk/finance/newsbysector/epic/grg/10999829/End-of-the-sausage-roll-Greggs-sales-boosted-by-coffee-and-low-fat-sandwiches.html>>

<sup>88</sup> Tesco official website: <<http://www.tescopl.com/index.asp?pageid=11>>



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.

Due to that, and according to the availability of Tesco with forms, with the ability of having own bakery in the shop, Tesco is one of the strong competitors to Greggs, it provides fresh bread, other types of loaves (white, whole grained, and dark) breads, and savories daily in their markets. Since that the customers are no longer going to the shops in the high street which is referred to the busy life, so they are more desired to visit supermarkets as they can shorten time there, seeing a various range of services and product offered in front, not only that but also Tesco as mentioned earlier has provided its customers with online platform which is 'Just eat' in 2010 with capability of shopping online and deliver the customers' needs to home accompanied with the bill in case of misunderstanding and for more trust by the customers' side, Tesco banking, Tesco club card which loyalty card given to customers with some advantages returning to both sides.<sup>89</sup>



According to that Tesco is not easy competitor for Greggs to be ignored, thus it is important for it to think seriously in increasing the food on the go line to make sure that the customers still have the ability to step by and purchase their deli products. Another thing is focusing on including more fresh food in all the menu, including fruit as well as vegetable juices for insuring customer's health, the third option is increase its digital convergence like implementing platform similar to the one launched by the competitor Tesco for the purpose of increasing sales within the competitive environment in the food industry. the last option is keep making a special offers and selling with lower prices for those who have ISIC (student card) which is not only working for some deals as it is currently, but works with the entire products as well.<sup>90</sup>

#### ❖ *SUBWAY PLC*

Subway (private held company) is an American Fast food Restaurant Franchise that mainly sells sandwiches with fresh and healthy contents, Salads, and pizza maker in few places. It is one of the biggest companies in the globe with 44,280 restaurants distributed over 110 countries

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<sup>89</sup> Potter M.: "Tesco to outpace growth at global rivals – study". Reuters.2011

<sup>90</sup> Tesco official website: <<http://www.tesco.com/groceries/>>

(1,423 of them only in the UK). And It is the biggest restaurant chain' of single brand among other yummy brands (McDonald's, KFC, burger king,...etc).

In 2012, in both of the UK and Ireland The subway restaurant subjected to the obligations imposed by the government (as a response to healthy lifestyle) which are decreasing the quantity of salt, decrease fat (namely trans fat),and cut calories in the whole menu.<sup>91</sup>

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. This precept is recommended to be followed by Greggs as they prepare the sandwiches apart from customers, adoption of this percept would increase customer's trust and take Greggs to the next level. Also, Subway has program of subway card which is loyalty card allow customers to take points upon the price they pay, so that the next visit they could have a free sandwich upon their choice, if Greggs will adopt this way, Greggs will be in stronger position

And "Sub Club" program which doesn't need to purchase, and can be replaced if it was stolen, or lost, added to all subway is making TV adverts and campaigns to have customers awareness, this also good option can be adopted by Greggs, beside the coupons given to customers with discounts to increase customer awareness and build a stronger base with them.<sup>92</sup>

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<sup>91</sup> Subway official website: <<http://www.subway.ie/media/history.aspx>>

<sup>92</sup> Subway official website in the UK :<[https://subcard.subway.co.uk/cardholder/home\\_uk.html](https://subcard.subway.co.uk/cardholder/home_uk.html)>

## 10. Financial analysis

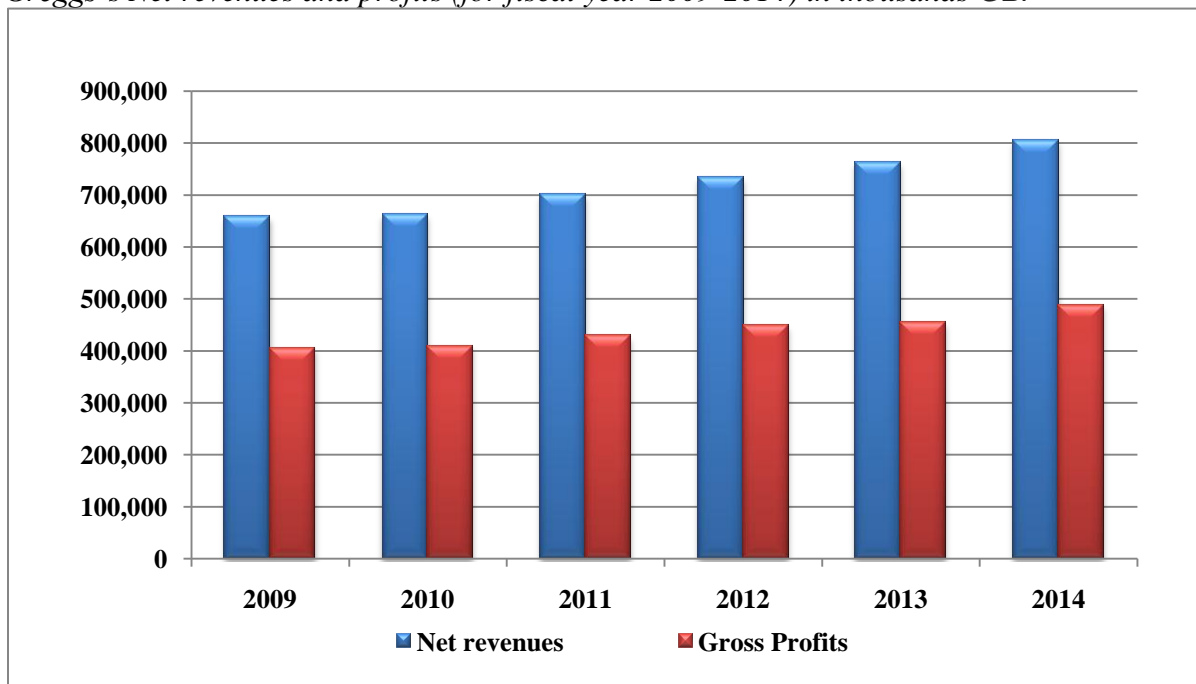
In this chapter, there will be information given about the company's performance over the last few years, the dividends per share and earnings per share, company's revenues and net profits, there will be also liquidity ratios, leverage ratios, and profitability ratios of the company.

*Note: the formula of each used ratio and the financial statements of the fiscal years( 2011-2014) are in the Appendi.*

### 10.1 Revenues and net profit

**Figure 7:**

*Greggs's Net revenues and profits (for fiscal year 2009-2014) in thousands GBP*



Source: Greggs's annual reports (2009-2014)

As shown in the graph above, the revenues of Greggs in 2010 has been increased slightly as compared with 2009, due to economic crisis, and emerging other competitors especially subway.

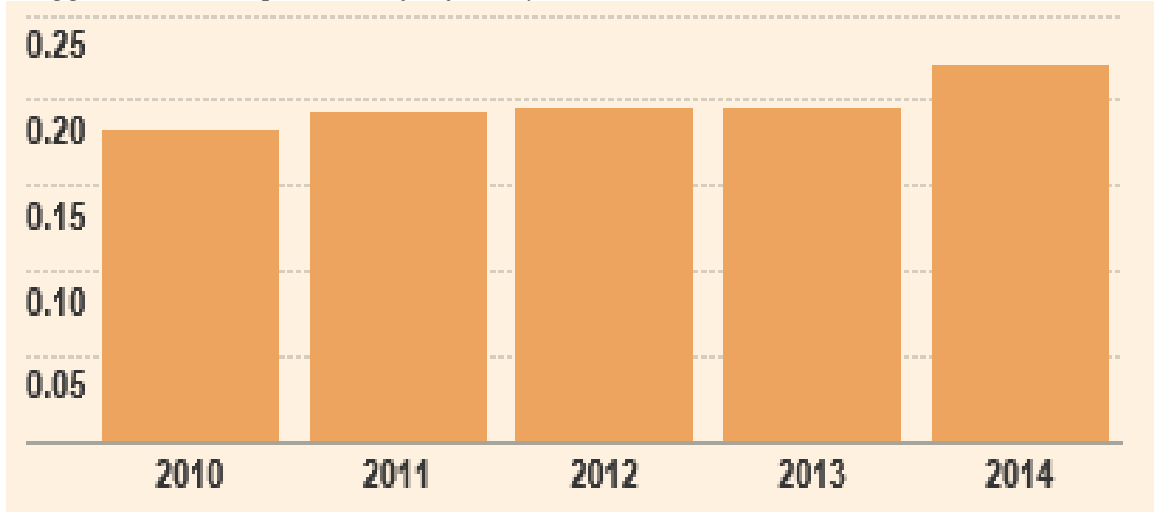
Since 2011 up to the moment, Greggs walking on the right track, as that in the end of 2011 the company launched 'Greggs' moment' to inter the coffee shop industry, beside other production lines like the bakery Greggs, franchise, and expanding Greggs's foundation.

As shown in the figure that the difference between the net revenues and gross profit is almost the same all the way, that is due to the cost of goods sold is almost the same over the time.

### 10.2 Dividends and Earnings per share

**Figure 8:**

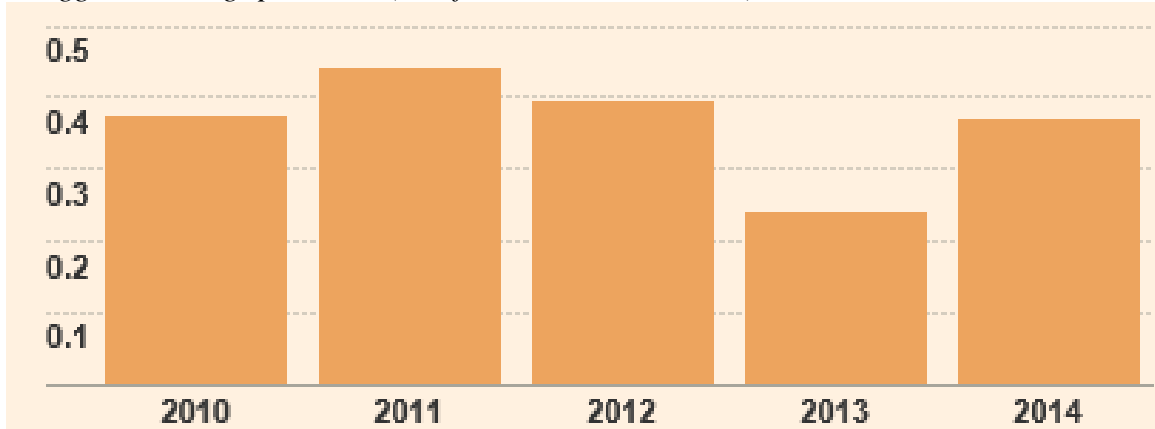
*Greggs's Dividends per share (for fiscal years 2010-2014)*



Source: Greggs's annual reports (2010-2014)

**Figure 9:**

*Greggs's Earnings per share (For fiscal Years 2010-2014)*



Source: Greggs's annual reports (2010-2014)

As shown in the figures above, both of company's dividends as well as earnings per share (excluding the extra ordinary issues) have been increased, as that dividends increased by 12.82%, and earnings per share increased by 54.15%. The dividends' payment positive tendency is significant and noticeable because there are only a counted number of companies in the grocery industry who pay dividends. Added to that, when measuring on five year basis the growth of dividends per share is parallel with the industry average relative to other peers in the same industry, while the growth of earnings per share is lower than the industry average.<sup>93</sup>

### 10.3 Financial ratios

#### ➤ Liquidity ratios

**Table 4:**

*Greggs's Liquidity ratios (For fiscal Years 2011-2014)*

	2011	2012	2013	2014
<b>Current ratio</b>	0.67	0.81	0.80	0.99
<b>Quick ratio</b>	1.06	0.63	0.56	0.40

Source: Greggs's annual reports (2011-2014)

From the table, it seems that Greggs's ability to pay its short term liabilities and borrowings is getting higher. Simultaneously, liquidity ratios are getting below 1, and since that as much as quick ratios are getting higher indicated to good company's liquidity, which means that it has a significant impact on company's ability to pay its' short-term obligations.

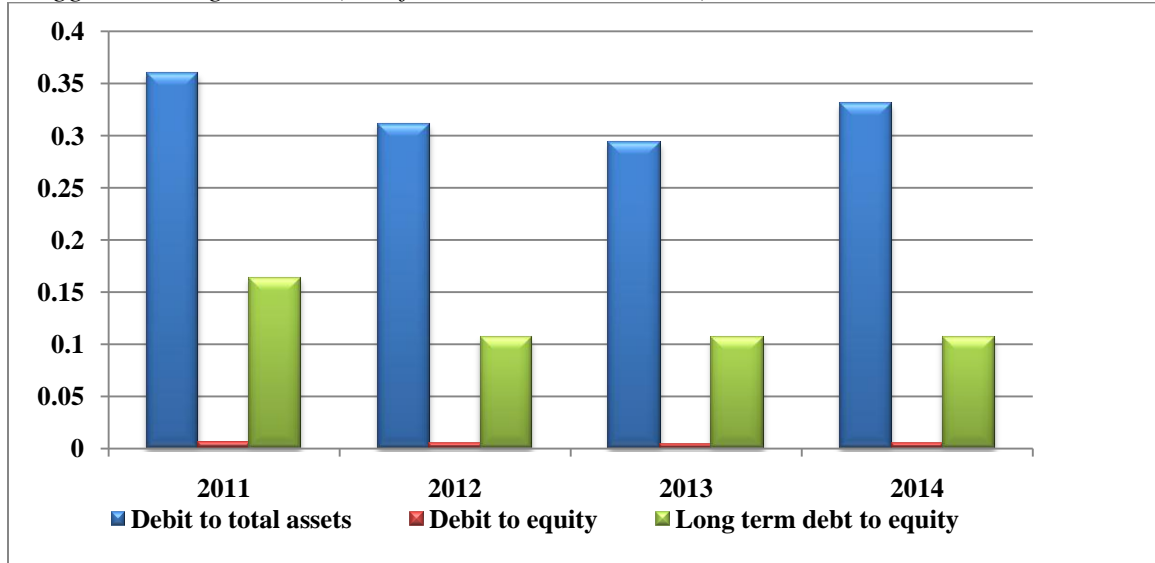
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<sup>93</sup> Greggs annual reports(2010-2014)

➤ **Leverage ratios**

**Figure 10:**

*Greggs's leverage Ratios (For fiscal Years 2011-2014)*



Source: Greggs's annual reports (2011-2014)

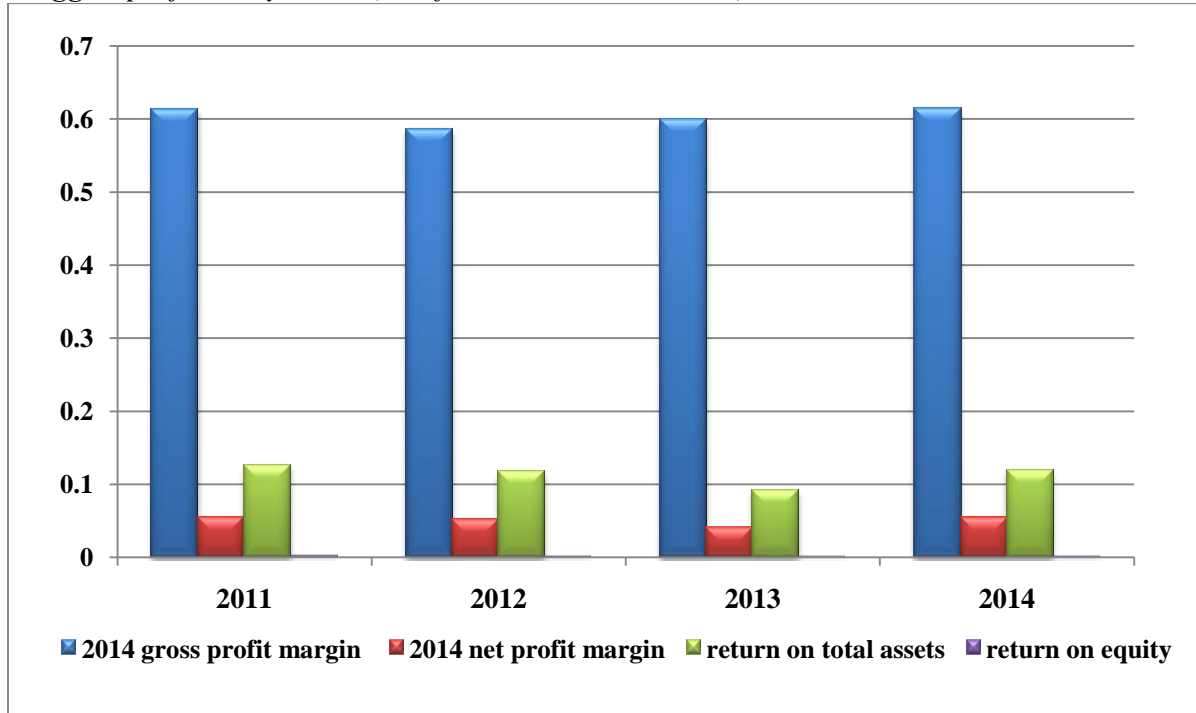
The graph above shows that, the Debt to Total Assets Ratio is decreasing slightly year by year, but it's still less than 1, which is good up to the moment and it's not influencing the Greggs earnestly. Also, Debt to Equity Ratio points a very weak equity position for Greggs, as the significant reduction in total equity is the reason behind high debt to equity ratios.

However, increment of this ratio over time means that creditors have higher amount of money in the company than the equity holders. The last ratio (Long-term Debt to Equity) shows that company's long-term debts has been decreased noticeably since the year 2012 if as compared with the year earlier, the less the amount of long term debt to equity, the better results for the company.

➤ Profitability ratios

**Figure 11:**

*Greggs's profitability ratios (For fiscal Years 2011-2014)*



Source: Greggs's annual reports (2011-2014)

As the figure shows, the profitability ratios of the company are rising in the same range for the last few years, which means that the company is efficient in gathering profits. The Gross Profit Margin ratio is increasing over the period which is a good sign to the company because through that the company is able to pay its operating expenses, and other expenses such as administrative ones, employ more employees if needed, increase Greggs' estate, and building for the future.

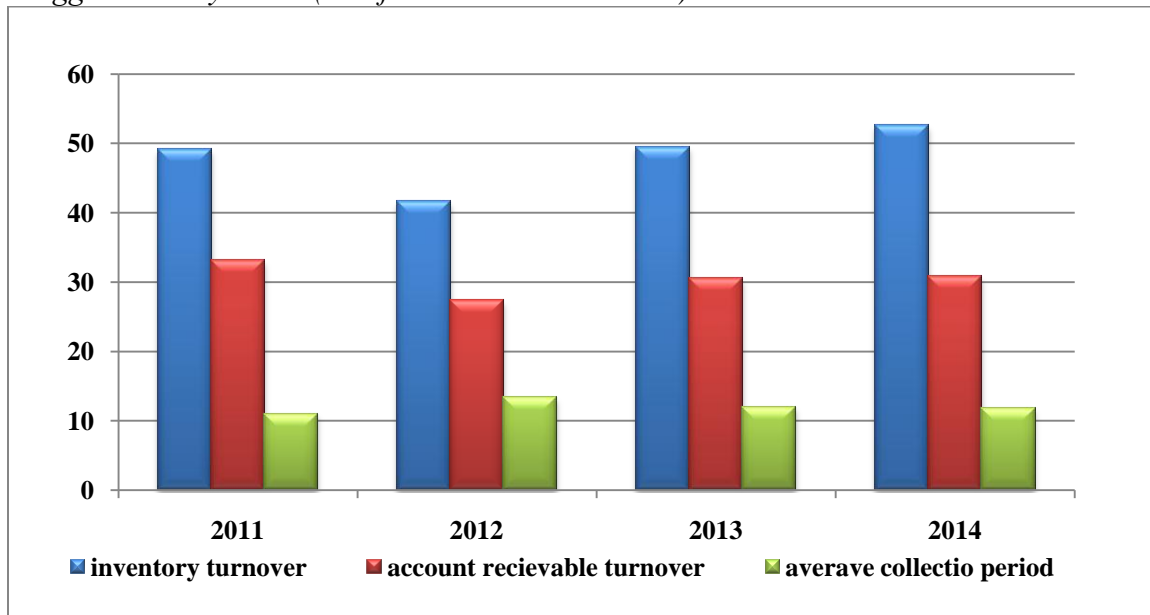
Net profit margin ratio, this ratio is ranging on the same position over the time, which means that Greggs' capability to switch the earnings to profits is almost the same which means that the cost of products sold is slightly changing unless it is the same. The rest two ratios in the profitability ratios are ROA, and ROE ratios and they are the most important among others.

Greggs have a noticeable positive value of ROA over the period, while ROE is very small and close to be in negative, which means that Greggs is not really efficient in using assets and new investments to generate income and equity to shareholders.

➤ **Activity ratios**

**Figure 12:**

*Greggs's activity ratios (For fiscal Years 2011-2014)*



Source: Greggs's annual reports (2011-2014)

As the graph shows that there is a slight growth in both of inventory turnover, and account receivable turnover, while Average collection period is slightly decreasing. Greggs has no problem with cash, the reason which allows it to innovate its' recipes and coming up with new ideas.

**10.4 Costs**

From looking at the income statements, it's obvious that company's expenses for the administration his increasing year by year. The increment of expenses is referred to starting the company with different production lines started by the end of 2011 as a type of diversification, beside some additions to the menu such as implementing the 'Balance choice' group which is counting only 400 or fewer calories, next to that increase the employees number to be 19500



employees in 2014, added to that the expenses of marketing campaign through TV, the act which cost Greggs £1million,in addition to rescue taste campaign proceeded in 2012. <sup>94</sup>

Its good action taken by the company, because even though continuous marketing for the company will cost it money, but it will bring its' results soon due to increased awareness of customers, and increase its' market share, and that what have really happened in case of Greggs.

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<sup>94</sup> Greggs annual reports(2011-2014)

## 11. SWOT matrix (TOWS Strategic Alternatives Matrix)

<p><b>Internal factors</b></p> <p><b>External factors</b></p>	<p><b>Strengths</b></p> <ol style="list-style-type: none"> <li>1.Brand succession and distinction in the UK, with good reputation</li> <li>2. Daily fresh products</li> <li>3. Highly trained working force, friendly, quick service.</li> <li>4. Celebrity with charity and social responsibility</li> <li>5.Delivery service obliged by time</li> <li>6. Outlets' vital locations.</li> <li>7. Financial capability</li> <li>8. Distinctive atmosphere differing in each product line</li> <li>9. Wide range of food provided (savories, sweets, and drinks&amp; snacks)</li> </ol>	<p><b>Weaknesses</b></p> <ol style="list-style-type: none"> <li>1. Limitation of options provided</li> <li>2. Core product line is away from sync. with social orientation</li> <li>3. Greggs's presence is limited to the UK</li> <li>4. Weak online and social media coverage.</li> <li>5. Some fatty food options (not healthy)</li> <li>6.control over franchising</li> <li>7. Lack customers preferences</li> <li>8. Expensive delivery</li> <li>9. Relatively expensive product.</li> </ol>
<p><b>Opportunities</b></p> <ol style="list-style-type: none"> <li>1.Increment of fresh food audience</li> <li>2.Re-designing outlets appearance</li> <li>3.Extending the list of drinks</li> <li>4.Agreements with other retailers</li> <li>5.Individual Franchise</li> <li>6.Changing customer habits and attracting new customer groups</li> <li>7.Recognition of the brand in other countries</li> <li>8. Dropping fuel prices</li> </ol>	<p><b><u>O-S strategies</u></b></p> <ol style="list-style-type: none"> <li>1. Creating new line of production based on healthy food and call it "healthy Greggs" stand for vegetables and meat (O1,S1,S7).</li> <li>2. Using the corporate social responsibility to increase the company's recognition, and sponsoring some events (O7,S4,S7).</li> </ol>	<p><b><u>O-W strategies</u></b></p> <ol style="list-style-type: none"> <li>1.Engaging social media for marketing and getting more recognized(O7,W4)</li> <li>2.operating in other countries(W3,O7)</li> <li>3.Reduce the cost for delivery system and establish new era of Greggs by Cooperation with the partner Just Eat (O8,W8)</li> </ol>
<p><b>Threats</b></p> <ol style="list-style-type: none"> <li>1.More health perception of customers</li> <li>2. Economic stagnation effect</li> <li>3. Customers loyalty to other brands in the EU and US markets.</li> <li>4.brand's avoidance by an elite of customers</li> <li>5. competitor's plans to utilize internet</li> </ol>	<p><b><u>T-S strategies</u></b></p> <p>Operating in the US and EU through depending on brands' distinction, and the atmosphere provided in each production line will help the company to attract the customers(T3,S1,S8,S7)</p>	<p><b><u>T-W strategies</u></b></p> <ol style="list-style-type: none"> <li>1.launching online platform which enable the customer to order the items upon his/her request (T5,W7,W4)</li> <li>2.Food with Lower fat content, fewer calories and specialized fresh food line.(T4,T1,W5,W7)</li> </ol>

## 12. Strategy

### 12.1 Current strategy

In the current years there is a noticeable decline in the bakery industry. The industry was y significant fall, this is firstly because the enormous number of competitors who are operating in the food industry in form of shops, groceries, and supermarkets, also because the new social tendency which implicate reducing the amount of bread, pasties and other carbohydrates in the daily life as much as possible, since that it stand as an obstacle in their dieting, hence they are trying out other alternatives. even though in 2012 Greggs decided to open what so called ‘micro-bakery’ for the purpose of providing freshly baked food to customers in Norfolk and surrounding places, and by the moment the company has 10 different shops there, four shops opened in Norwich, one in each of Beccles, Lowestoft, and bury st. Edmund, according to Greggs spokesman the company has had the decision of operating the micro bakery in Norfolk because it is assured that the company will be extended to the east Anglia.<sup>95</sup>

And during an appointment with Mr. Roger Whiteside the current Greggs CEO, stated: “Greggs is a great business with an iconic brand, outstanding people and a clear strategy for long term, profitable growth. As a result, I believe that the business is well placed, although profit growth is likely to be held back this year as we invest to strengthen the business for the longer term.” Followed his speech by saying that the company is following its customers tendency and needs thus, it started the strategy which is focusing on the ‘food on the go’ since 2013 and kept moving forward with this strategy which is done by Greggs through different strategies which are:

#### 1. *Fantastic fresh and deli food with lower prices for special deals*

As that the company prepare all the sandwiches fresh every day, there are no expired goods, not even products from a day before, the company does so because it keens the slogan of delivering and selling ‘always fresh always tasty’. In 2014 the company have made some changes besides that, the company provided the customers with new option which is called ‘balanced-choice’ as response to the social trend toward healthier food, these sandwiches are

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<sup>95</sup>Norwich evening News: “Greggs opening new £1m regional micro bakery in Norwich”,2012.  
<[http://www.eveningnews24.co.uk/news/business/greggs\\_opening\\_new\\_1m\\_regional\\_micro\\_bakery\\_in\\_norwich\\_1\\_1392918](http://www.eveningnews24.co.uk/news/business/greggs_opening_new_1m_regional_micro_bakery_in_norwich_1_1392918)>

containing 400 Kcal or even less that is all for £3, it was the fastest growing sales category, company have the offer of breakfast only for £2.

The company spends great efforts to provide the best quality with all ranges, to increase the coffee blend, increase the variety of meal deals presented in the Breakfast and increase the choices of sandwiches provided in the balance choice.

## ***2. Fabulous shopping experience***

The company has launched the loyalty scheme 'Greggs rewards', the scheme which was awarded as 'Loyalty Program of the year', as well as Overall Winner' scheme of 2014 Payment Awards for the most innovative use of payment technology Greggs Rewards has been welcomed by Greggs' customers and the retail industry. The customer can have an account on Greggs award, downloading the application of Greggs rewards on the mobile phone (applied Apple products, and Android products only), the customer is only putting the account he wants in the card, and he/she stepping by the shop Greggs to shop and pay by mobile. added to that if the customer have the opportunity to get a cup of coffee for free after number of visits, and if the customer will put the first deposit of £10, he/she will have a free breakfast meal, and the most motivate issue is when putting the deposit the customer will be entered to prize program which is held monthly to win an I pad. And according to the company's annual report, the company plans planning to depend on this scheme throughout upgrading the capability to involve more with customers and catering their needs. The company has plied seating places in the shops to ensure the comfort to the customers. And the company to operate in the high streets, but also operating in fuel stations and garages as it is focusing with the 'food on the go' the trading hours of 5 shops in the high streets were extended until 3 am.<sup>96</sup>

## ***3. Simple and efficient procedures***

As that the company started using the technology Telematics since the beginning of this technology's launching, the thing that benefited the Greggs in reducing the amount of consumed fuel by 11 per cent, which worth nearby £700,000 per annum. Added to that the claims of Insurance have dropped down considerably and this has been reverberated in a premium saving of £350,000 (35 per cent less) for 2015. Greggs keeps operating with courses driver training which are based on data gotten from the Telematics system, accidents in the road, and driving

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<sup>96</sup> Ruddick G.; Clancy R.: "Heatwave burns away Greggs' profits", 2013.  
<<http://www.telegraph.co.uk/finance/newsbysector/retailandconsumer/10224850/Heatwave-burns-away-Greggs-profits.html>>

license. Beside that the company investigating in the way that equip the vehicle technology with on-board cameras to make it even more beneficial because, Footage from these cameras will be used to explore if there is an incident in the way, which helps the driver to take another way to avoid delay and making accidents.<sup>97</sup>

#### **4. *Development through modulation***

The company adopted the system which is called ‘QUDOS workforce management system’ from SAP the software supplier, which is completely, incorporated management system for workforce which consist of the substantial contents for prognosis, organizing the working time and attendance.<sup>98</sup>

Its tremendous engine for prognosis, as that it has the ability to predict sales and needs of the workforce. The organizing section part of the tool transfers the timetable to the shop managers which fulfill the forecasted working hours.

#### **5. *Keep the business core***

Keeping customers , employees, communities, and products value in the core of the business keep Making a better life for communities throughout Greggs foundation, and provide the best place for the employees with reasonable prices in addition to bonuses added to them when higher profits achieved, beside that providing the food value, and types which the customers trust taking in consideration the hygienic issues, and finally reducing our impact on the environment throughout reducing the emissions.

According to Greggs’s CEO MR. Roger Whiteside, 2015 is a year of more change for Greggs as the company will keep moving on track of the ‘food-on-the-go’ market. Market situation are still good. 2015 year began with high like-for-like sales, until the end of February the percentage have been increased by 6.3 percent, which particularly inverting better start when comparing to the year earlier. Greggs believe that the changes done in the menu, platform, and Telematics technique will keep growing ,and through the process of simple and efficient operations the cost was under control since 2014, and 2015 continued and increased the benefits, beside that the company is going to continue improving its estates. Above all, the strategy

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<sup>97</sup> Jacobs K.: “rising to the occasion: How Greggs manages change”, 2014, < <http://www.hrmagazine.co.uk/article-details/rising-to-the-occasion-how-greggs-manages-change>>

<sup>98</sup> Greggs annual report 2014, p6

followed by the company has been successful and brought more than expected results to the company. Should Food input costs are likely to be deflationary for the first half.<sup>99</sup>

## **12.2 Strategic Alternatives**

Despite the fact which that Greggs has a good position in the market, but it needs all the way to be innovative and make some changes to keep its position among other competitors. Given the fact which Greggs is existed only in the UK, and by the end of 2015 Greggs intended to open in Ireland.

Thus the SWOT matrix (TOWS Strategic Alternatives Matrix) was proceeded to derive to derive the following strategic alternatives:

### **1. Creating new line of production based on healthy food and call it ‘healthy Greggs’**

Since that the audience of healthy food have been increased dramatically within the recent years, and since that the company is well known by people in the UK, and since that company’s financial position is good, hence the company should apply this strategy to be a competition with the giant single branded restaurant ‘subway’ which offer different types of sandwiches (white, whole grain), beside that no dressing added to the sandwiches, but fresh food (tomato, olive slices, onion), the sandwiches provide less than 250 Calories.

### **2. Operating in the US and EU through depending on brands’ distinction, and the atmosphere provided in each production line will help the company**

Since that the company is well recognized by high number of customers, and since that customers in the EU market as well as in the US market have the loyalty to other brands, and since that the company has a financial capability, Greggs should adopt this strategy (keep the atmosphere difference in each production line) to attract more customers through that.

### **3. Engaging social media for marketing and getting more recognized:**

As that the company has an absence on social media, thus it has to engage using facebook in higher level to publish its new options and actions, photos of their new products and using twitter to know customers needs and orientations.

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<sup>99</sup> Greggs’s annual report 2014, p14

#### **4. Operating in other countries**

The company since its beginning is operating in the bakery industry and limited presence exclusively in the UK, since that the company is well recognized by its customers it could increase its presence and access the market in other countries.

#### **5. Reduce the cost for delivery system and establish new era of Greggs by Cooperation with the partner Just Eat**

Greggs has an obliged delivery system which is getting to customers on the time, but the problem is that fuel prices are relatively high thus the delivery of Greggs is high (it is for free if the customer has spent at least £35), thus following the strategy of the partnership with the online service which is called 'just eat' is very good option for Greggs, it is very easy for the customers to order there it only require the post code (where the customer is), the customer then orders the food he/she wants from Greggs, payment could be either cash or by credit card, the order will be done and delivered to the address given.

#### **6. launching online platform which enable the customer to order the items upon his/her request:**

Since that internet is accessing all peoples' daily life, and for some people it is very important as they are doing business through it, since that the company has a relative absence on social media, and since that the customers' preferences are important, Greggs can follow this strategy throughout launching a platform for the customers to order the menu upon their preferences, the option will be called 'Greggs ID', and will give the customers the chance to create their own sandwich (the bread type, fresh contents, dressing availability, including extra options) that will help the company too much because it will help the customers to express themselves.

#### **7. Food with Lower fat content, fewer calories and specialized fresh food line:**

since that the company is avoided by an elite of people as they consider it such 'fast food outlet' and similar it by that to McDonald's, and since that the social perception is tending toward healthy options, hence the company has to follow this strategy to get rid of naming as fast food on one hand, on the hand it can attract more customers when include spices (for Indian people and those who adore spicy food), rice and noodles which are the daily food of Asian people, and other options which follow other customer's preferences.

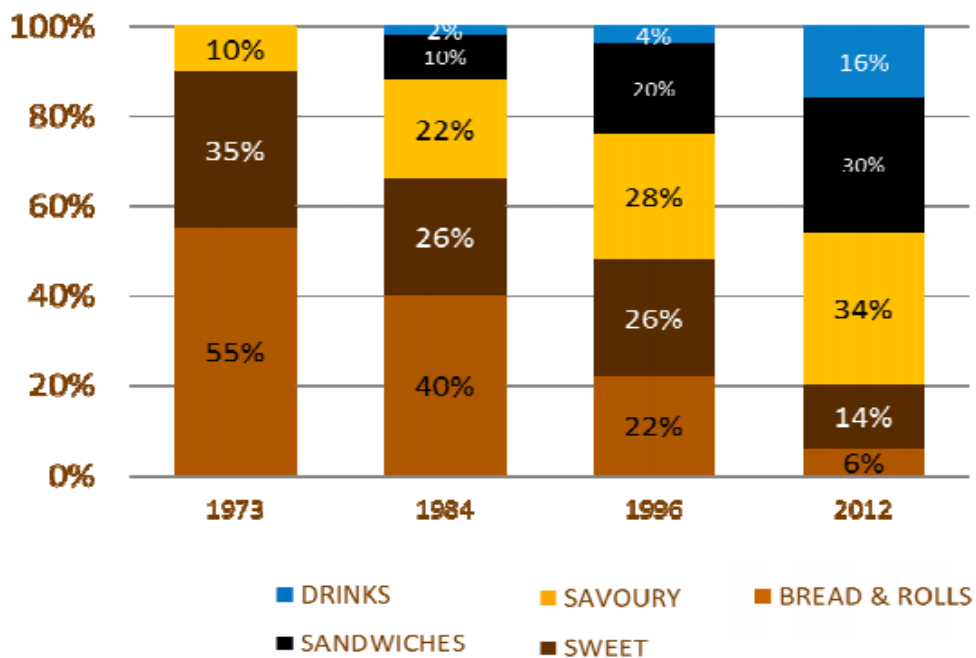
### 12.3 Recommended strategy

The recommended strategy for Greggs is ‘Creating new line of production based on healthy food and call it ‘Healthy Greggs’ as shown in the figure bellow that bread are forming only 6% of the company’s sales , comparing with sandwiches which are forming 30% of the sales,<sup>100</sup> and savories (including pasties, sausage rolls) which have become as a meal for some of people in the UK (especially those who care about their health) are counting the highest proportions of sales (34%).<sup>101</sup>

It’s the best fit strategy for Greggs to fulfill the promises to its community better life’s quality’ through getting rid of high obesity phenomenon and its’ bad impact on health.

**Figure 13:**

*Greggs’s sales mix(1973-2012)*



Source: Greggs’s annual report 2013

<sup>100</sup> Greggs annual report 2013, p67

<sup>101</sup> Greggs interim results 2013, p22



### **13. 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 keep its origin as bakery, and to invest more in shops under the concentration on 'Food on the go' shops.

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## Appendix

### The formulas of financial ratios

Ratio	Formula
<b>Liquidity ratios</b>	
Current Ratio	Current assets / Current liabilities
Quick Ratio	(Current assets - inventory) / Current liabilities
<b>Leverage Ratios</b>	
Debt to total Assets Ratio	Total debt / Total assets
Debt to Equity Ratio	Total debt / Total stockholders' equity
Long term Debt to Equity Ratio	Long term debt / Total stockholders' equity
<b>Activity Ratios</b>	
Inventory Turnover	Sales / Inventory of finished goods
Accounts Receivable Turnover	Annual credit sales / Account Receivable
Average Collection Period	(Account Receivable * 365 days) / Total credit sales
<b>Profitability Ratios</b>	
Gross Profit Margin	Sales – COGS / Sales
Operating Profit Margin	Earnings before interest and taxes / Sales
Net Profit Margin	Net income / Sales
Return on Assets	Net income / Total assets
Return on Stockholders' Equity	Net income / Total stockholders' equity

Note: these formulas retrieved from David, Fred R. *Strategic Management: Concepts and Cases*, page 110.

**\*\*Note:** to calculate the Account Receivable Turnover and average collection period ratios, Sales was used instead of Annual credit sales.

