

THE MAIN PLAYERS IN THE UK FOOD INDUSTRY: Advertising and promotion, Strategic Background, current strategy and prospects

1.- Advertising and Promotion

In the 12 months to the end of June 2002, Sainsbury's was the leading advertiser, followed by Tesco and ASDA. For the larger multiples, the principal advertising media are television, local press and radio, and, to a lesser extent, point-of-sale material.

Main Media Advertising Expenditure (£000), 2002

	Advertising Exenditure
Sainsbury's	46,380
Tesco	26,516
ASDA	23,472
Safeway	4,966

Source: Nielsen Media Research

ASDA

- Advertising and marketing strategy — ASDA promotes awareness of its EDLP (everyday low pricing) policy.
- Slogan — 'Permanently low prices'
- Loyalty scheme — ASDA trialled but then abandoned a customer loyalty scheme in 1999, claiming that its EDLP policy offered better value to customers.

Safeway

- Advertising and marketing strategy — Safeway has switched its advertising expenditure from TV to press, radio and outdoor activity.
- Loyalty scheme — Safeway abandoned its ABC loyalty card in 2001, in favour of maintaining and improving its price-cutting initiatives.

Sainsbury's

- Advertising and marketing strategy — Although Sainsbury's has traditionally positioned its offer on the basis of quality and value, rather than price-cutting, it has introduced selective price cuts, and the actual TV campaign is promoting a range of special offers, backed up by a price-led campaign in the press.
- Celebrity —chef Jamie Oliver
- Slogan — 'Making Life Taste Better'
- Loyalty scheme — Sainsbury's Reward Card loyalty scheme suffered a major blow in early 2002, when the Air Miles loyalty -scheme contract came up for renewal and was awarded to Tesco. Sainsbury's has now joined the new Nectar loyalty-card scheme, which is being run in partnership with Debenhams, BP and Barclaycard,

Tesco

- Advertising and marketing strategy — The company has maintained a heavy advertising presence in recent years, with the greater part of its expenditure devoted to press and TV.
- Celebrity— Prunella Scales and Jane Horrocks
- Slogan — 'Every Little Helps'
- Loyalty scheme — Tesco's Clubcard loyalty scheme is the largest in the UK, with 12 million cardholders in May 2002..

2.- Strategic Background, current strategy and prospects

ASDA Group Ltd

ASDA Group PLC was taken over by the US retail giant Wal-Mart Stores Incorporated (the world's largest retailer) in 1999.

It has developed new store formats (following on from the convenience stores developed by Tesco and Sainsbury's) and has considerably expanded its non-food offering while pursuing an 'everyday low pricing' (EDLP) strategy.

ASDA looks for new products or services to offer to consumers at a significant discount.

ASDA announced in July 2002 the renovation of its entire own-label product range, including non-food products.

Safeway PLC

The chain was sold to Argyll Group PLC for £681m in 1986.

Safeway's recent poor performance has led to speculation that either ASDA or Sainsbury's could make a takeover bid for the company.

Safeway is currently restructuring its store portfolio into four formats: superstores, supermarkets, convenience stores and hypermarkets.

Safeway pulled out of online grocery shopping in 2001, but it still operates its Shop & Go service, which allows shoppers to scan their own goods as they add them to the trolley, giving them a running total of their spending and speeding up the check-out process.

J Sainsbury PLC

Sainsbury's UK lost its position as the leading supermarket chain in 1990, and subsequently sold its Homebase DIY chain and its Egyptian supermarket chain in order to focus on the UK supermarket business. The only non-UK business now retained by Sainsbury's is Shaw's Supermarkets in the US.

Sainsbury's main focus is its food and grocery range, and it has traditionally positioned its offer to customers on the basis of quality, rather than price. It has only recently moved into non-food products.

Sainsbury's is carrying out the refurbishment of its stores and trailing four new store format.

The company is planning to revive its Savacentre brand in an attempt to appeal to lower-budget shoppers who have moved to ASDA.

Tesco PLC

Tesco PLC is now the UK's largest supermarket and hypermarket operator. It continues to pursue a successful growth strategy, based on four key objectives:

- maintaining a strong core UK business
- becoming strong in non-food sales
- continuing the international growth
- moving into retailing services (such as online shopping).

Tesco has been very successful in implementing its strategy, becoming an international food-retailing group, planning now to expand its supermarket business into Japan and China.

Tesco has also been very successful in promoting its range of organic products.

UK food and grocery retailing is still the core of Tesco's business, although the company has rapidly expanded its non-food offer and its goal is to double its non-food sales.