RUNNING HEAD: REPORT

Coles Supermarket

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# Abstract

Cole's supermarket has completed a hundred successful years of its operations. But it is still behind its competitor Woolworths that is beating the company in growth. In order to expel it and increase the growth Cole’smanagement is required to analyze its current strategies and devise plans to improve its weakness. This report will analyze the weaknesses in current processes and will devise strategies to address them.

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# Introduction

Cole’s supermarket was established in 1914 and has earned steady growth in the grocery market. It is servingcustomers in both ways; running physical stores and selling online. In addition, the company has been known for its innovative techniques such as the use of sales catalogues. Cole’s stores by the mid-50s were also converted into the self-service stores(Tan et al., 2018). These stores due to their quality provided the standard for supermarkets into the 21st century. In 1985, Coles Myer Ltd was established.

Moreover, supermarkets with their political and economic powers have the ability to show good corporate citizenship through corporate social responsibility (CSR) (Pulker et al., 2018b). After 50 years of its operations, the company was still considering customer’s convenience and valuing them. The company during 1930-1939 experienced the bad effects of the Great Depression. But it did not step down from its promise and contributed a large portion of profits to different charities. Moreover, it spread its network of retail outlets in the country and launched a discounting program-in 1971. It is also expanding its community partnerships with Second Bite and Redkite, Little Athletics and Athletics Australia.

# Description of the organization

Cole’s supermarket is among the biggest superstore sequence in Australia that is providing quality products and outstanding customer service. Different values of the organisation are; focus on freshness, deliver a better store network and create trusted values. Coles is offering greater value through its business by not only offering a weekly discount to consumers but also giving them quality products and building deeper and longer relationships with employees and suppliers.

Wesfarmers is playing a dominant role in this market as Cole's supermarket is supporting local jobs in the food industry. Its main products are fruits and veggies, milk products, Coles Cellular phone, liquor, gift cards and meat (businesses, Coles, 2016). Its target market is the segregated population of Australia that requires goods and services under one umbrella. However, these customers come from every category that ranges from high-income earning people to low income earning people (Keith, 2012). Moreover, in 1946, Coles started selling electrical appliances and in 1948, it launched its first cosmetics range.

Coles has a significant role in providing regional employment. The company has a mission to lower the costs of living for Australian families and assist Australia in growth towards a sustainable future by providing jobs. Its role is significant in both direct and indirect employment. Direct employment is in its stores and supply chains. On the other hand, indirect employment is for purchasing goods and services from suppliers in the region. During 2011-12, it was employing over 22,500 people in regional supermarkets(Economics, 2012).

Additionally, Cole's supermarket has an organisational structure that is supporting company operations. Its organisational structure consists of general managers, operational managers, regional managers and team members. There are 16 General Managers that are responsible for retail operations and management of the Store Support Centre.

# Process description and objectives:

Coles is the part of Australia grocery market, which is a very concentrated market in the world. Coles is among the 20 largest retailers that are operating globally. It had enjoyed a 70% market share in 2015 (Grimmer, 2018). The company is operating in all states and territories in Australia and has been regarded best in offering bundling service. This provides convenience to its consumers. The objectives of the company are to provide Australian people trust, innovation, quality, service as well as value while shopping. For this purpose, it has made investments during 2010-2018. There is the roll-out of new-format stores, prices are lowered and investment is made in its team members in order to develop a culture of selling and serving with personality. Wesfarmers is Coles' parent body thatconsists of Cole’s supermarket chain, discounters K‐Mart and Target, Office works, the Coles Express Petrol station chain, and bottle shop chain Liquor land, Vintage Cellars, and 1st Choice Liquor(Grimmer, 2018; Stickles, n.d.).Its strategy is to open convenience store-style shops with a format of metro-style stores in high-density areas (Hall, 2019).

Its main products are fruits and veggies, milk products, Prepared food, Cellular phones and electrical appliance. Coles has a focus on continuous innovation and anticipating customer needs. In this context, it has added 75 new products to increase the range of ready-to-eat meals. Coles also added in the list of these competitive products, Financial Services such as a car, home, life and landlord insurance as well as credit cards. The aim is to bring these products to Australian families conveniently. Cole’s supermarket also has an effect of World War II on its products. After the war women started working and became consumers of the organization by increasing its product line of ready-made food. Its target market is every kind of customer and it is not affected by any factor such as age, caste or income. It serves nearly 19 million customers each week with the help of 99,000 team members and thousands of suppliers. While serving it always puts customers first. For example, in the stores, it has provided trolleys for the additional needs of consumers. This is making shopping easy for families as parents with children or even with disabled children can now shop easily. Moreover, It launched the ‘Good Things are happening at Coles’ campaign that shows its concerns for customers, suppliers as well as for communities (“Our History,” n.d.). Moreover, it has also launched a series of animal welfare and responsible sourcing initiatives.

# Analysis of the processor operation

Coles is offering numerous products to its consumers such as fruits and veggies, milk products, readymade food, cellular phone and electrical appliance. 75 new products are also added to increase the range of ready-to-eat meals. Following this strategy, Coles will be able to renew supermarkets so they may have stock classic cafe-style meals. This strategy will not only enhance the product and service quality. But it will also increase the number of jobs in the organisation. Core does not have the capacity to manage these employees with quality.

# Summary of the shortcomings or problem areas

 Coles is offering nearly 75 new products to increase the range of ready-to-eat meals. Although it is a good strategy customer are showing their concerns for more fresh and innovative products. They want food-to-go and meal solutions with superior quality and having no compromise on freshness and flavour. Working people in Australia have busy lives and they have no time to cook. Thus, Coles is required to supply its customers with the highest quality foods. The need is to automate the supply chain operations as well as focus on the supplier for quality.

Moreover, Coles has hundreds of stores and thousands of employees. To manage these employees there is a need for an effective communications system. In addition, it is also not easy to manage these employees by Coles as their number is continuously increasing with the increase of sales and the addition of new products in the product lines. Inefficient management of this resource results in losses to the business. For example, inefficient management can cause delays in responding to customers as customers inquiries are not answered on-the-spot.

# Proposed strategies to address shortcomings or problem areas

Coles can offer quality products in the category of ready-to-eat meals to its customers by fostering its relationship with suppliers and making timely supplies. Coles has always developed strategies to deepen its relationships with suppliers. For this, it has established a Supplier Charter in which it commits to deal in good faith with suppliers. It has also given them opportunities to invest in their businesses as Coles success is linked with the supplier's success. Cole’s suppliers are regional businesses. It purchases primary produce such as meat, seafood, dairy, fruit and vegetables from different areas in regional Australia. For this, there are different distribution centres that deliver these products to stores. A food manufacturer can be a part of the processor it may not be. Coles goes for supply contracts and agrees on rate, quality, quantity, and timing of goods delivery.

 It can enhance and maintain its quality by purchasing directly from growers. Coles has to maintain long term contracts with these growers to have better security of supply. Commission that is given to the wholesalers can be now given to these growers. However, this model will not get the required result unless producers have specific skills for this purpose. This will further require investment. Retailers can be agreed to invest at this point to increase supplier capabilities. When suppliers will be able to maintain quality, supply timely and expand the scale of operations. Then, Cole’s retailers can increase their profits in the supply chain. Moreover, to remain competitive with this model, Coles must take care of delivery systems as these must be faster. There must also be continuous innovations in products. In addition, Cole is already working with the mechanism of Distribution Centers (DCs) to streamline its transport systems and manage the cost-effective flow of goods. It can enhance the quality further with more investment in the transport planning system.

The other problem area for Coles’ is its relationship with employees. These can be better if a company can have a partnership with the third party for the human resource management of the company. Partnership increases the capacity at a lower cost and reduces many risks in the deal. In this way, by outsourcing these operations it can not only make the relationships better but will also be able to maintain the quality in the relationships. However, the company investment cannot generate the required results unless it is supported by the use of latest technology. Thus, care should be taken to invest in partnerships with that company that will use the technology in managinghumanresource relations. Thus, the third party can manage the Coles human resourceadministration systemsmeritoriously.

Furthermore, the company should also focus over employee’s relationships among them and their need of communication effectively. It is not easy to maintain the information flow with such a large number of employees. There can be the use of software to connect all employees and make the information flow better. In this way, employees will be able to connect from anyplace, anytime, and from any device. This will not only increase the capacity of information flow but will also enhance the speed of operations to access and transfer data.

Moreover, the number of employees can be managed by increasing online sales. The problem in this strategy can be the home delivery issues but these can be improved with the effective supply chain management. In addition, there can be the use of robots to encounter the increasing demand for home-delivered foodstuffs. Thus, the company can use technology such as robots and software’s to manage sales and enhance the customer experience. This will also improve the backend functions of the company releasing up employees’ time for better customer services. For example, the use of technology can digitalize and automate supplier invoices as well as their payments. Thus, the strategy will make life easier for both customers and employees by simplifying the experience for both. Currently, at Coles, there is the fulfilment of online orders from supermarkets that adds substantial costs to retailers. These retailers have to pick, pack and deliver orders. Thus, software applications will reduce these costs. Software applications for making the online sales can consistof online grocery website, automated sole pick execution technology as well as a last-mile routing management technology. All these factors make the delivery faster. Likewise, technologies can provide better security to the business by minimizing the risk of retail theft instores. Consequently, the use of technology will increase the profit margin by doubling the number of home deliveries.

# Required resources for successful implementation of proposed strategies

Coles is a leader in the grocery industry. It has shown its capacity to uphold a leading market position in a highlycompetitive landscape. It has a non-replicable national store network under the experienced board and management team. The company also has strong cash generation ability, attractive dividend payout ratio as well as a robust balance sheet that is showing the noteworthy springiness for long term growth. Cole’s offers weekly discounts and others but also apply a small price premium that allows the company to cover the cost and have a profit margin. One way to arrange the investment amount is to hold the payments for dividends and invest after earning more profits.

The above-proposed strategies require investment by Coles. Resources can be the direct investment by the company, investment by retailers in the supply chain and joint ventures. Strategic alliances are a good source of investment as well as reducing the risks. Coles is operating on a large scale and enjoying profits and economies of scales. To improve the supply chain model, Coles can have investment from retailers in the supply chain. The investment in this model of the supply chain will require $950 million by Coles over the next six years. This investment will be used to maintaining long relationships with growers and equipping them with the latest requiredskills. Moreover, Cole will also spend this investment in constructing automated distribution centres having a capacity of nearly $500m and $750m per annum.Coles will bear expenses in this regard for the installation and maintenance of the equipment as well as for the licensing of the software used in this supply chain. It is also necessary to construct these warehouses and improve quality of the supply chain as its rival Woolworths has better supply chain(Knox, 2015). Woolworths is leading Coles in growth and sales momentum in supermarkets.Thus, to remain in competition, it is highly required to improve the operations of supply chain by constructing warehouses.

Moreover, it can also increase profits by making partnerships with online grocery services such as Ocado. This will allow the company to expand its operations in other subsidiaries also as well as improving the functionof supply chain. All the investment made in this context can be recovered by earning profits within a shorter period of six months. Following the plan, Coles will be able to adopt the technology fully by the end of 2023(Eley and Shrikanth, 2019).

In addition, human resource management functions outsourcing requires partnerships with any digital technology company. This is indeed also a huge investment but it can also be recovered in a shorter period of time. The company can also go for partnerships for introducing the latest technology in the stores. The technology can offer services ranging from digital and online services from services provided in stores.

# Conclusion

Cole is one of the dominant players of the grocery market in Australia selling both physically and online. The company was established in 1914 and has been successfully serving the market for 100 years. Cole has an extensive store portfolio with nearly 2500 stores operating nationally. It is enjoying significant market position, sales and profits through sales from stores. The company has a strategic advantage of the convenience it offers to its customers. It offers non-replicable access to the whole Australian population.

The company is offering hundreds of products and to remain competitive for a long time, it requires the efficient management of the supply chain. The best strategy in this regard can is the direct relationship with growers to get fresh andqualityproducts. Moreover, there is a need to train traditional farmers about new skills to enhance the quality of products. Moreover, the nature of these contracts must be longer so that the company can enjoy the availability of material for a long time. In this supply chain model, retailers can also play an effective role and invest over farmers. They will then in return get the profits. Moreover, Coles must get the latest technology in this supply chain as it also sells online. For this, it must have a partnership with technology providing company and build the warehouses to ensure thetimely supply of products. This proposed strategy is essential to be followed as consumers are now demanding more convenience. The company can satisfy them with this supply chain model as it will offer them seamless digital customer experience. The greatest advantage of this supply chain can be the availability of fresh products with the highest quality as compared to competitors.

With this, the other area that requires improvement is the management of a larger number of employees. It is not easy to manage the thousands of employees with smooth information flow among them. The issue of the information flow can be handled with the use of the software that can connect all the employees from all locations. Then they will ace no issue in smooth information flow as the software will be accessible to all locations. In addition, the company is also required to outsource human management tasks. This will make the management free from these tasks as it takes time to prepare thousands of payrolls and resolve other issues. But care should betaken here to maintain the quality of these operations as the organisation is committed to assist the country in growth by generating and proving jobs.

In addition, the retail industry is committed to innovation and improvements. In this regard, the company is continuously adding new products in its timeline. Recently it has added 75 products in the context of readymade food for those customers who are busy in their lives and get not enough time for cooking.

Besides, there is great potential for increasing sales online. The huge number of employees can be managed by transferring some portions of sales online. Currently the company is managing it but the customers are more likely to visit the stores and buy different products. The company should have a strategy to provide more convenience to customers while purchasing online. For this, it can offer them different incentives for purchases along with the usual discounts.

Moreover, the number of employees can be managed by increasing online sales. The problem in this strategy can be the home delivery issues but these can be improved with the effective supply chain management.

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