Study On PRIMARK

Analysis on its success focused on CSR Marketing

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Introduction

The current society in Korea requires individuals to have social responsibility more than ever with the ongoing MERS virus. Individuals’ act has become important as any individual wrongdoings can influence the Korean society as a whole by spreading the MERS. This responsibility not only a limitation for individuals but also expands to government and corporate levels. Indeed, the Korean government is currently being severely criticized for being irresponsible for their social duties; their reliability and reputation is heading low as a result, creating hostility to every action they take from the fellow citizens.

Likewise, “image” is an important factor in deciding whether an individual or an organization can be “liked” or “disliked”; it is a measurement of reliability and credibility and defines the certain characteristics. Anything with good image is most likely to be praised for any small action and can easily gather followers. In case of corporation, brand image has a direct linkage to purchase; companies with a good brand image create high credibility leading consumers to spend more. Most companies execute corporate social responsibility (CSR) to either benefit from it or with pure good intentions. Corporate Social Responsibility is refers to a business practice that involves participating in initiatives that benefit society\(^1\). Whatever their intentions might be, the results have always ended up positive establishing loyal consumers and formidable brand image. Famous brands such as *Toms* have started as a socially responsible company by adopting “One for One” business model when company promises to deliver a new pair of shoes for free to

those who are in need for each sale of their product. It is their business model that has grabbed worldwide attention with of course their charming design and has long settled as a socially responsible brand.

Research Background

Now Toms has made their business model itself as socially attractive allowing them to obtain great fame; we wanted to find a company in which their culture and their essence itself seems socially responsible and needs recognition. Primark, an Irish clothing retailer, shows great deal of responsibility in their work ethics; not only do they consider the environment, but also people including their workers, their suppliers and those who are in need of help. It is considered hard for SME (Small and Medium sized enterprise) to maintain such work ethics because CSR is generally perceived as costly. However, Primark shows that not much money is needed to act socially responsibly: by saving money as much as possible through spending less in advertising their brand and product and designing their clothes efficiently.

About Primark

Primark is an Irish clothing retailer operating in Austria, Belgium, France, Germany, Ireland, Portugal, Spain, the Netherlands, and the United Kingdom. It was first opened by Arthur Ryan in June 1969 in Mary Street, Dublin under the name Penneys and operating over 270 stores.

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in nine countries in Europe. Primark offer a diverse range of products from new born and kids clothing, to womenswear, menswear, home ware, accessories, footwear, beauty products and confectionery. Their main characteristics are that they sell their products at low cost. Primark entered the Ethical Trading Initiative (ETI) in 2006, a collaborative organization bringing together businesses, trades unions and NGOs to work on labor rights issues in their supply chain and have achieved ‘Leader’ status by 2011 showing their high level of commitment in work ethics\(^4\).

**Store location**

Primark is part of Associated British Foods (ABF), a diversified international food, ingredients and retail group and has almost 200 stores across Ireland, the UK, Spain, Netherlands, Germany, Belgium and Portugal. Primark is an Irish clothing retailer operating in Austria, Belgium, France, Germany, Ireland (branded as Penneys in Ireland), Portugal, Spain, the Netherlands, the United Kingdom and soon the United States. It was founded and headquartered in Dublin, Ireland. The company's international headquarters is registered in Ireland. Its UK operations are registered in England and Wales.

Currently according to the report, there are 167 retail stores in United Kingdom, 40 stores in Spain, 36 stores in Republic of Ireland, 19 stores in Germany, 12 stores in Nethedlands, 8 stores in Portugal, 5 stores in France, 3 stores in Austria and also 3 stores in Belgium. Their Oxford Street East store opened in September 2012 and is the second Primark store in Oxford Street.\(^5\)

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### Timeline

<table>
<thead>
<tr>
<th>Year</th>
<th>Event</th>
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<tbody>
<tr>
<td>1969</td>
<td>First store opens in Dublin, Ireland. Ireland now has 38 Primark (Penneys branded) stores in total.</td>
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<tr>
<td>1973</td>
<td>First store opens in Derby, UK. The UK now has 161 Primark stores in total.</td>
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<tr>
<td>May 2006</td>
<td>Madrid, Spain. Spain now has 35 Primark stores in total.</td>
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<tr>
<td>Dec 2008</td>
<td>Rotterdam, the Netherlands. The Netherlands now has 5 Primark stores in total.</td>
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<tr>
<td>May 2009</td>
<td>stores open in Lisbon, Portugal and Bremen, Germany</td>
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<tr>
<td>Dec 2009</td>
<td>Liege, Belgium opens, our first and currently only store in the country</td>
</tr>
<tr>
<td>Sep 2012</td>
<td>Innsbruck, Austria.</td>
</tr>
<tr>
<td>Dec 2013</td>
<td>sees our first store open in France, in Marseilles.</td>
</tr>
<tr>
<td>Spring 2014</td>
<td>Two new stores open in Paris, France.</td>
</tr>
<tr>
<td>Fall 2015</td>
<td>We will open our first stores in America. The first location will be Downtown Crossing in Boston.</td>
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### Environmental Analysis

As it was mentioned, ‘Primark’ has its major retail shops currently operating in the United Kingdom and Ireland. With this geographic focus on both the UK, the business is operated under the Penney standard.

Although Primark initially started out as an Irish brand, it embarked on a mutual partnership with BSR which enabled further supports on the projects and healthcare provided by the company. Since it now has most of its shops in the United Kingdom, it seems that the environment of United Kingdom has played and will play profound impacts in Primark shaping their work ethics and sets of goals to follow. The environmental analysis focuses on mainly four aspects of the UK: Political, economic, sociological and cultural, and how certain unique traits affected the business of Primark.
Political Environment

The United Kingdom is known to be a constitutional monarchy. Nevertheless, there exists a parliamentary democracy in the country, with Prime Minister as the leader. With a long-lived parliamentary democracy, it is one of the few developed countries that enjoy political stability. With this political stability as a foundation for the progressive steps for corporations, the country provides vibrant and promising opportunities for foreign investors. Thus, in terms of political disposition, the United Kingdom can be characterized by its outwardly open policy.

Another political disposition in the United Kingdom is that it focuses a lot on creating and enacting environmentally friendly policy. Although environmental policies, so called ‘green’ policies are also enacted or carried out by numerous countries in the globe, what distinguishes the United Kingdom from others is that it emphasizes the leadership of the political leaders and corporations in actually taking the initiatives and making the citizens to follow their action. Green Standard 2013 can be one such example showing the distinctive nature of British environmental aims. The Green Standard 2013 is the environmental leadership demonstrated by senior ministers and shadow ministers from the UK’s three main political parties since the election held in May 2010. The standard aims to enlist the support of party members, citizens and organizations including business in the United Kingdom’s approach to accomplishing environmental goals.

In the United Kingdom there has been a cross party agreement in decarbonizing the economy and reducing greenhouse gas emission, which were goals set up to avoid the problems

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8 John-Green, Mike St. (n.d.): n. pag. Web.
arousing from contamination both nationally and internationally. The Standard urges the politicians and national leaders to stand up and take the initiatives in solving the problems. The United Kingdom believes that the right kind of political leadership will effectively face current environmental challenges and will boost up recovery

This political disposition to care about environmental problem and political leadership in solving them also caused significant impact on the work ethics of Primark characterized by its detox campaign (chemical management program) or green-store policy which will be further elaborated in the latter parts of the research.9

Economic Environment

The United Kingdom not only enjoys the stable political background but also the stable economy. Aside from being a constitutional monarchy, the United Kingdom has always been a champion of free market economy. It is the sixth largest economy in the world and second largest in the European Union. Especially during the recent four years, from 2007 to 2011, it is known that Britain has become the most profitable business destination for foreign investors. Although there are quite large number of American firms operating in the UK, non-U.S. businesses can also make use of the numerous opportunities. Once the company has entered the national business, it is the government’s responsibility to protect the rights of local or foreign staff working in that company. 10

During the four year period, the United Kingdom went through major banking sector reforms which were the key factor in their attracting of £23 in foreign direct investment. This short-

term success can be attributed to the fact that their economic policies are very open both to trade between foreign businesses which is the reason why they could become the leading player in the world economies. In the United Kingdom, All the companies, whether local or foreign, are taxed alike at the same rate of 21 percent. The personal income tax rate is 20 percent. Thus, the United Kingdom offers good opportunities to invest in the manufacturing sector.\textsuperscript{11}

The key factor that decided the economic success and stability of the United Kingdom is that they refused to acknowledge the single currency regime, currently in practice in the European Union. This refusal provided the United Kingdom with a chance to improve conditions for business on its own. Due to prevailing political stability, investors are encouraged to come up with innovative ideas to boost foreign direct investment.\textsuperscript{12}

However, it might be wrong to say that the United Kingdom always enjoyed the economic prosperity in that it is recently going through a financial crisis when the British economy was in turmoil. The current economic challenge that the UK government face is the continuously increasing unemployment rate which currently stays at 7.7 percent. Although the British economy has experienced an exceptional boom in foreign direct investment, this drastically low rate of unemployment causes the GDP growth to suddenly decrease.\textsuperscript{13} It seems that the UK government needs to come up with economic strategies to fight back this unemployment problem in order to remain successful in the world markets.
In the United Kingdom, the importance of sociology as study is rapidly growing. Considering the fact that sociology is utilized when making a scientific study of society and its origins, development, organizations, and institution, the increased importance of sociology implies a significant increase in the importance of understanding humans as social members.

One important sociological concern for the United Kingdom is Global societies and how each nation as part of a global society should connect. For sociological studies of this kind of topics, the United Kingdom annually opens up a conference called British Social Association. The BSA Annual Conference is the primary annual conference for sociology in the UK which gives opportunities for every citizen hoping to participate. The theme for the 2016 Annual Conference is: Global Societies- Fragmenting and Connecting. By holding such annual conference where citizens can actively participate and share ideas, the UK government aims to showcase the latest sociological research and to attract a variety of international specialists in the research fields.

This sociological focus can also be thought to have influenced the political and economic environment of the United Kingdom in that it already is a main player of globalized communication via its international trades and outwardly open policies.

The United Kingdom is consisted of four countries which are England, Scotland, Wales and Northern Ireland and is a member of the European Union (EU). Since four different nations

make up the United Kingdom, it indeed possesses a very culturally diverse background in numerous aspects.

  - Ethnic make-up

The ethnicity of the United Kingdom is made up of white (of which English 83.6%, Scottish 8.6%, Welsh 4.9%, Northern Irish 2.9%) 92.1%, black 2%, Indian 1.8%, Pakistani 1.3%, mixed 1.2%, other 1.6%. 15

  - Religion

In terms of religion, the United Kingdom can be classified as a multi-faith society with majority of citizens (consisting up to 59%) defining themselves as Christians and the second largest majority as Muslims. The official data is as follows; Christian (Anglican, Roman Catholic, Presbyterian, Methodist) 71.6%, Muslim 2.7%, Hindu 1%, other 1.6%, unspecified or none 23.1%. 16

  - Business culture

Business culture in the Unites Kingdom can be categorized as business communication, business etiquette, business meeting etiquette, internship and student placements, cost of living, work-life balance and social media guide.17 These categories of business culture profoundly affect the working conditions of firms and their morale or ethics as can be seen from the case of Primark. The code of conduct that is held by Primark can be an example of work-life balance in that it refrains from urging the workers to work excessive hours because they understand the importance of this balance learned from their business culture deeply rooted in their society.

Thus, environmental backgrounds ranging from political, economic, sociological and

cultural aspects are becoming especially important in our modern society because they cause profound impacts on how the individuals, institutions, corporations and businesses in that specific nation to operate and decide on the set of rules to follow. This is why understanding these backgrounds is essential in understanding certain behaviors or set of actions conducted by a specific national entity.

**CSR MARKETING**

Businesses need to acknowledge and respond to factors in their environment, for example, changes in available workforce or the business’ impact on its local communities. Corporate social responsibility (CSR) represents the responsibility that a business has towards all its stakeholders, not just to owners or shareholders, to deal with their needs fairly. Internal stakeholders include shareholders and employees. External stakeholders include customers, suppliers, non-governmental organizations, workers and the local communities where its products are made. All of these have different needs. An organization therefore needs to be able to respond and demonstrate responsibility in different ways. This might include activities as wide-ranging as encouraging employees to volunteer in community projects; sponsoring and supporting charity work; or contributing time and money to improving its environmental impact.
Focusing on Workers

Like many retail fashion businesses, Primark does not manufacture goods itself. Primark’s products are mainly sourced from suppliers in Europe and Asia. Its key sourcing countries are China, India, Bangladesh and Turkey. Putting the manufacturing of garments into these countries creates jobs. These are often at better rates of pay than other types of work on offer, improving overall standards of living. Primark has initiated a program of activities which supports its CSR stance and ensures that its trading meets the company’s values and ethical standards. Underpinning its program of activities is Primark’s Code of Conduct which ensures that all workers making its products are treated decently, paid a fair wage and work in good working conditions.

HERproject

As an international business with a global supply chain and a growing retail base, Primark believes that business has a responsibility to act and trade ethically and that, by doing so, it can be a force for good. Its business directly contributes to the employment of more than 700,000 workers across three continents. Ensuring that their rights are respected is key to its continued growth. Primark does not own the companies or factories that produce its goods, but it does have a responsibility to the workers in those factories, to its customers and shareholders, to ensure that its products are made in good working conditions. The Health Enables Return project (HERproject) which is raising awareness and delivering healthcare education to female workers in supplier
countries in Bangladesh is an example of how Primark is actively seeking to make positive changes in the lives of its supplier workforces.

In Bangladesh, over 50% of the manufacturing workforce is made up of women. The jobs available to women in garment factories give them greater independence and help to reduce poverty. However, these women often have little education and low levels of literacy as they drop out of education early to help their families. They also lack basic knowledge of health, hygiene and nutrition and an understanding of how a woman’s body works. Poor hygiene often causes persistent and painful infections. Childbirth is particularly hazardous and post-birth complications are common. There is little understanding of the symptoms of sexually transmitted diseases (including HIV) or the means of preventing transmission. Far more women than men are malnourished and many women suffer from anemia. These issues, often combined with a lack of access to qualified medical advice, mean that the female workforce is particularly vulnerable.

The HERproject uses education as the key tool against all these inter-related problems. The program aims not only to improve the health of female workers through training and education, but also to give them the tools to help them take charge of their personal and working lives. These benefits in turn pass on to their families and help to enhance whole communities. The HERproject is an initiative started by BSR (Business for Social Responsibility), a non-governmental organization that works with over 250 companies on environmental, social and human rights. The HERproject has so far helped over 50,000 women in different countries. It has done this through working with companies like Primark, Primark’s suppliers and local health providers.
The HERproject is simple but surprisingly powerful: A small number of female staff in a factory (around 10%) is selected to become health education trainers called ‘peer group educators’. The local health service provider trains the peer group educators, who are then responsible for training the other women based in the workplace, passing on the message and helping to disseminate what they have learned. The process emphasises mutual help and encouragement. The women trainers are effective because they fully understand the local culture. They are not seen as outsiders imposing strange ideas. Instead, the trainers understand why the women may be reluctant to seek help with issues that can be sensitive. They can build their self-confidence as well as their practical knowledge.

‘I didn’t have anyone to tell me how to look after myself; it wasn’t taught at school. The trainers told me that many diseases come from the unpurified water that I was taking from the tap. This water can be the cause of sickness, cholera and diarrhoea. At first my family said to me, how do you know this stuff? You work in a garments factory! I told them it’s what I have...’
learnt from the HERproject. When I began to give them advice they started to get interested in the project. Everyone I have told now boils their water and they don’t suffer like before.’

- Umme Habiba (garment worker)

The HERproject is also helping others not directly involved in the project. Outside the workshops informal learning continues. Women build supportive relationships and talk to each other out of work. This is reinforced by the project helping to set up factory clinics and creating vital referral links to local hospitals.

Selina Kamal is a factory quality inspector and a peer educator for HERproject. Through her own training she is now more aware of the importance of cleanliness for herself and her children. They all now drink purified water and eat more vegetables. She has already helped a friend, Shilpi, who is a school teacher.

‘I came to Selina after I had two miscarriages and irregular periods. Selina advised me to go the doctor as she knew something must be wrong. The doctor prescribed me medication for my problem.’ - Shilpi (teacher)

Improving the health of women workers in Bangladesh and helping to empower and educate the female workforce is an important ethical goal in its own right. The benefits to communities can also been seen.

Mrs Kaniz Fatema is the managing director of a medium-sized factory in Dhaka, Bangladesh. When the HERproject was introduced to her factory a year ago, she was unconvinced, viewing it as ‘just another project’. However, just one year later her view has been transformed. Women's health is now high on her agenda. A healthier workforce is literally paying dividends. Absenteeism and labour turnover are down by a startling 50%. Productivity is up and even internal
staff communication is more effective. Mrs Kaniz Fatema now employs a female doctor and has set up a scheme to provide sanitary napkins to her female workers, helping to embed a new culture within the factory and allowing health education in the factory to continue after the project ends.

Factories in Bangladesh taking part in HERprojects have seen healthy returns on the money invested by Primark in the program. This has been achieved through improvements in productivity, a more stable workforce, lower absenteeism, decreased labor turnover, improved quality and a reduction in housekeeping costs. As an example, the managing director of one factory in Bangladesh found that absenteeism in the factory fell by 55% during the first six months of the HERproject. Turnover of female workers dropped from over 50% to around 12%. Other benefits are harder to measure but are increasingly recognized by the factory managers. Getting women to communicate effectively on health matters builds trust and confidence. This feeds back into better communication with supervisors and managers. This, in turn, leads to improved teamwork and the motivation to accept more responsibility and leadership roles in the community.

The industrialized countries of the world benefit from the lower costs of labor in countries such as Bangladesh and India. However, more consumers are now asking if this is ethical and questioning its sustainability. Some trade-offs between stakeholder needs are inevitable. CSR does not come free. It involves a real commitment of resources, management time and energy. On the other hand, as studies of the HERproject in other countries have shown, each dollar invested in the health of female employees can yield more than three dollars in business benefits. In addition, the improvements in human well-being are incomparable.

Despite criticism of globalization, business and trade can be a force for good. This is increasingly recognized in the ways that consumers assign values to brands. Primark is making progress in taking on wider responsibilities and devising relevant projects that work on the ground.
It has done this with help from NGOs and organizations such as BSR. Its approach with the HERproject is not purely about business benefits, but focused on making a difference to the lives of its supplier workers.

To date, 4,500 women in Primark’s factories have been trained under the HERproject in Bangladesh. The project results have shown such benefit that the project is being rolled out to Primark’s suppliers in China and India. Primark’s ongoing involvement with the women workers in Bangladesh and other supplier countries will help to provide it with a sustainable and ethical business model.

**Focusing on Environment**

1. **Green Store**

   From 2010, Primark started its ‘Green store’ with their first ‘Green Store’ at East Ham. Green store project aims at environmentally harmless stores. Primark tries to reduce energy usage in its stores and recycles.

   **Reducing energy usage**

   Primark has been working to reduce the total greenhouse gas emissions per square meter of their stores, which is a commonly used indicator of energy efficiency. For example, it has been using energy lightening and closed door policy to minimize energy lost. As a result of their efforts, Primark was awarded the Carbon Trust standard in 2013. Furthermore, it now enacts new Build
Green Standard. 94 percent of its stores are using Building Energy System to constantly monitor lighting, temperature levels.\textsuperscript{18}

-Recycling

Primark uses closed loop system, meaning the waste generated within Primark is not wasted but used again in other processes of production and sales. Paper and cardboard from its stores are made into its brown shopping bags. It also reuses hangers and plastics at its stores to make their other products.\textsuperscript{19}

\section*{2. Green Manufacturing}

During the manufacturing process of fabrics, tremendous amount of water, energy, and chemicals are used. If the wastewater and hazardous chemicals generated during the process leaks out, it is harmful to the environment. Primark tries to deal with these problems systematically through their green projects.

-Cleaner Production programs

The program started in 2011. It provides education to suppliers in Bangladesh and China on how to reduce the water, chemicals and energy during the manufacturing process and how to treat waste water properly.\textsuperscript{20}

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- Treating waste water

Primark uses an Effluent Treatment Plan to remove the remaining chemicals or dyes in wastewater generated during the manufacturing process. Before releasing the processed water back to the nature, the water has to meet standards in water quality and purity such as COD (Chemical Oxygen Demand), BOD (Biochemical Oxygen Demand), and TSS (Total Suspended Solids). \(^{21}\)

- Detox campaign-chemical management

Primark announced working towards zero discharge of hazardous chemicals on February 2014, joining Greenpeace’s Detox campaign. According to Primark Detox Commitment, Detox campaign aims at managing industrial releases of all hazardous chemicals which are often used in textile production. \(^{22}\)

Primark states in its webpage: “We believe that business has a duty to act and trade responsibly. We have a stringent chemical management policy in place which complies fully with EU legislation.” \(^{23}\)

The above except of Primark’s commitment shows their awareness of social responsibility and their conformation to the outer governmental regulation, EU legislation in executing social responsibility. Furthermore, the content of the commitment goes beyond EU legislation. As part

of their campaign, Primark publishes its ‘Restricted Substances List’ which is open to the consumers, and also disclose their supply chain for producing.

As a part of the project, on the 19th of March, 2015, Primark participated in Greenpeace’s Detox Catwalk. After the catwalk, Greenpeace assessed the progress of all the brands that are participating in the campaign, and Primark was acknowledged as a true Detox leader as a result.24 Primark is constantly updating their progress report on their website. According to the reports, Primark currently enacted a pilot study with chemical experts and their main suppliers in China. Their pilot study shows the current situation in using some of the most hazardous chemicals, APEO, PFC, Phthalates, and also discovered previously unknown hazardous chemicals used that should be eliminated though the campaign.25 Their subsequent plan for 2015 is also in their progress report uploaded in their webpage.

3. Recycling Clothing

Primark has been donating its unsold products to Newlife Foundation since 2010. Newlife Foundation supports UK’s disabled children and their family equipment wise and medical wise. The foundation recycles Primark’s donated products through environmentally friendly process and produces its own products. These products are sold in Newlife stores where clothing, textiles, footwear, accessories, house wares, gifts and on occasion furniture, books, electrical items, toys and much are sold. 26 Profits from selling these products go to disabled children and their family.

Until now, Primark’s donation to Newlife resulted in funding more than €1 million, which is about 1.2 billion 7 million dollar.  

**Focusing on Consumers**

Social corporate responsibility (CSR) is the duties that a firm has to its stakeholders. Stakeholder is anyone with an interest in the business, which includes shareholders, creditors, suppliers, employees, local community, government, and also consumers as well. When people think of CSR, they usually think of the concept in relation with environment and laborer. However, not many of them relate CSR with consumers. However, CSR regarding the consumers directly affects the brands image to their consumers. In this aspect, Primark seems to be aware of the power of CSR marketing regarding their consumers, and implementing it effectively.

**Target Consumer**

There is no segment of society (whether cut by age, life-stage, income, sex, ethnicity, geography, or any other variable you care to consider) that does not shop at Primark. It has been observed that many people in so called ‘agency life’ may profess ignorance or disgust at the mention of Primark, but that only goes to show one of two things: either that they are liars or that they are out of touch with how the majority of real people actually shop.

*Primark* states that its target audience are the young, fashion-conscious under 35s.

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Maureen Hinton, senior retail analyst at Verdict Research, said: "Primark is doing well because its target market is young and they are not so challenged by what's going on in the economy as their parents. Its target market is still buying clothes because they're not being affected as much by unemployment." However unlike its target statement, every and any kind of person shops in Primark who are fashion-conscious and wants value for money. Primark can offer value for money by sourcing products efficiently, making clothes with simpler designs, using local fabrics and trims, focusing on the most popular sizes, buying in volume and not spending heavily on advertising.

Also, by making its Ethical Trade processes transparent, Primark aims to demonstrate its commitment to responsible manufacturing, expanding its target to those aiming for ethical consumption. This helps to assure its customers that the goods they are purchasing are not only fashionable and good value-for-money, but also that they are ethically produced by workers who are fairly treated.

1. Cheap Price

One of the most successful marketing strategies of Primark is maintaining the cheap price. Primark focus on high sales volumes rather than retail margin. Primark lowers retail margin, thus products’ price through efficient use of their budget. It minimizes expenditure in the whole process from production to the distribution and sales to the customers. In the production stage, they cut cost by mass-production or a large purchase from subcontractors when producing their products. Furthermore, they use lean production strategy such as using off-season factory time for
production. The cost of production is much lower in this time compared to peak time.\textsuperscript{30} Also, \textit{Primark} focus on simple and wearable design to all, rather than representing repeated new collections. This can not only reduce the production cost but also reduce stock cost since it can consistently sell what they have left regardless of new collection or seasonal trends. In the marketing stage, they minimize advertising and rely on word of mouth.\textsuperscript{31} In the sales stage, \textit{Primark} reduces packaging. Also, Primark stores are usually located in the outskirts where the local rent is low.\textsuperscript{32}

\section*{2. Communication with the Consumers}

As mentioned previously, Primark minimizes its advertisement and instead, promotes word of mouth from consumers, thus lower their sales margin. It successfully enact this strategy mainly through constant communication with consumers through SNSs(Facebook, Twitter, Pinterest, Instagram, Google plus) and its webpage. Furthermore, their communication with consumers also makes their consumers as ‘prosumers’, consumers who actively engage in the production. We will mainly analyze its webpage since it is most official and systematic than other SNSs.

First of all, they have ‘Primania’ section on their webpage, in which consumers can share their styling with Primark products with others. This lets consumers make trends rather than Primark making it for them unilaterally. Based on this communication, Primark apprehend consumers’ wants by analyzing style trends consumers made themselves.

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Second, Primark respects consumers’ right to know. ‘Our Ethics’ offers formal reports of projects Primark is currently enacting. At the top of the first page of ‘Our Ethics’ page, where it is most approachable to the consumers, there is banner, displaying common questions raised by its consumers. When you click the banner, you can instantly get the answer to the selected question. In the lower part of the page, their main CSR projects are introduced and consumers can freely download the report of the project offered by Primark in the PDF documents.
Lastly, Primark seems to actively support consumer education through ‘For students’ section which is also included in ‘Our Ethics’ page. According to Primark webpage, believes it is important for young people, potential future leaders of the society to understand the complex issue of business ethics and sustainability. In support for their understanding of these issues, Primark offers three case studies it produced with the Times 100 to students and teachers in ‘For students’ section.

<‘For students’ section on Primark’s webpage>

**SWOT Analysis**

SWOT analysis is the strategy to devise a marketing plan based on analyzing a corporation’s current strength, weakness, opportunity and threat. From the SWOT analysis of Primark, we are able to recognize how its current marketing strategies are working, what parts are effective and what parts need to be revised. This will give insights to how Primark’s future marketing strategies should be, which makes the analysis significant.
Strengths

According to Primark’s background and analysis, we can conclude that Primark has a good amount of proved strength that helps it to be sustainable on the market. Primark (as Penneys) having its headquarters in Dublin, there are additional 250 stores in UK and other selected countries of Europe. The stable domestic market with organized business structure establishes good conditions for Primark to exist among its competitors since 1969 and to this day. Primark’s has its strengths coming from inside and outside of the company office. Due to the rapid expansion around the Europe and also due to its scale of stores a lot of workers needed to be employed. Primark offers job opportunities to thousands of people33, and by this means provides a lot of people with stable minimum wage job. In other words they can act out CSR.

Next Primark’s strength is in its product quality and price. Primark offers affordable products in decent quality. They also provide clothes for all ages and sexes in every Primark store. It has a great diversity of the product from clothing and accessories for different seasons to lifestyle goods and beauty products. Such a variety of affordable and qualitative products brings more and more loyal customers to Primark.

Nowadays when Primark is trying to achieve excellence in corporate responsibility strategies, they are increasing campaigns and organization of helping workers and environment. Primark’s openness about its new ethical strategies is an undoubted strength as it firstly serves as an advertising and secondly provide credibility to people who shop in Primark. Despite some aspects of bad reputation in the past with labor, Primark openly and sincerely is trying to make up

by taking part in the Ethical Trading Initiative (ETI), a UK based organization that focuses on employee’s rights, fair goods production and labour rights.34

From the strengths mentioned above, Primark stays strong and stable on the market obtaining high profit and revenue; this in return guaranties the stability in prices and employee’s wages.35

Weaknesses

Despite impressive strengths, Primark also have weaknesses. Primark’s main weakness is the lack of marketing strategies and any advertising campaigns. Primark does not advertise its collection or brand; it just has a website with their information. However even the website itself is not advertised properly. This is a big hole in the marketing business, as without advertising the chances for new people to find out about Primark and its products are small. People who never heard of Primark might never even find it out unless they come across it by accident. They will never be able to regain their brand image from those people who knew Primark from when they use to have labor inequalities. In the past it has been alleged that Primark used child labour to produce their goods. Primark’s affordable prices can be a strength but can also be a great weakness in terms of perception. Customer’s have a long-standing prejudices about low prices goods. Low priced products are good for people with limited income, however for people who can afford high price, low price is always an equivalent for low quality or even validation of labor rights which

34 Checklists. (2001) Performing a SWOT analysis. (Checklist 005).(Strengths, Weaknesses Opportunities Threats, Checklists
can be worsened by Primark’s past reputation. Customers also have stressed out the weaknesses of the brand. There were several complaints regarding undifferentiated products and limited choice.

**Opportunities**

*Primark* has a high potential and a lot of opportunities for its future development. *Primark* already has stable domestic market, so the company can consider investing in researches of overseas market and create new strategies for it. Starting with expanding more around the Europe will provide even better grounding for the brand. More open stores in different countries will be followed by growing demand increasing revenue. 36

They can also expand their products and services overseas. Starting with opening shop in new places might be more challenging than in Europe (in US with Walmart and Target as competitors), however Primark’s new ethics and also millions of local customers will serve as promotion of a good reputation. Because *Primark* has mainly one line of products (for different ages and sexes), *Primark* has a room for more innovations and experiments with collections to satisfy different needs. The reason *Primark* has one line is because they need to maintain the affordability of their clothes in order to promote themselves. However if *Primark* expand its product lines to satisfy the needs of more customers.

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**Threats**

The biggest threat of a *Primark* is in its competitors. In UK and Ireland, other local clothing companies has produced the same lines of product. *Primark* already has strong competition with *Mark & Spencer, NEXT, Esprit, H&M, New Yorker* etc. in the European Market. Once they expand to other countries the amount of competitor will even grow more drastically. In case of USA, it will have to face *Walmart* American multinational retail corporation of discount department stores and warehouse stores, *Target* the second-largest discount retailer in America, and also with other fashion retailer stores like *Forever 21* etc.

**Future Suggestion**

Though Primark is said to be an outstanding CSR company, they still have parts that needs to be improved. According the previous SWOT analysis, Primark lacks uniqueness compared to their competitive brands. Thus, it is necessary to polish their services and products and come up with an innovative ideas in order to gain brand identity. As a suggestion, they can make small portions of their product line as a premium, differentiating from their general simple design lines to counteract their competitors. This way, Primark can have premium image in their brand and expand their target audience. Zara and H&M is already launching “premium lines”; Primark can always benchmark them. Collaboration is another way to increase brand awareness; Primark can collaborate with H&M and launch new product lines, or else they collaborate with a totally different industry as in automotives or smartphones so they can launch a unique and distinguishable product from other brand competitors. Advertisement and marketing can develop
unique brand image for Primark in the long run which can lead to market expansion in overseas. Active counteraction is needed against controversies and doubts raised by customers in order to enhance brand’s reliability such as the child labor and minimum wage rumors.
Works cited


