Introduction

Founded in 1876, Musgrave is Ireland’s largest grocery and food distributor and it supports more than 3,000 stores in Ireland, the UK and Spain. Its brands include Centra, SuperValu, Musgrave Cash and Carry, Musgrave Foodservices, DayToday, Daybreak, Londis (in UK), Budgens (in UK) and DialSur (in Spain).

Musgrave is a family-owned Irish company and accounts for 45% of all wholesale grocery sales in Ireland. Musgrave and its retail partners employ more than 44,000 people, 24,000 in the Republic of Ireland alone, making the company and its retailers the country’s second largest employer.

This study will focus on Centra and its brand development. It will look at the challenges it faces in a changing Ireland and will show how Musgrave is a brand-centric company that is constantly evolving to meet the needs of ever-demanding consumers.

Learning outcomes

- Musgrave’s marketing strategy for Centra and its brand development
- The product lifecycle
- The 4 Ps and the marketing mix.
Centra

Centra is the number one independent convenience retail chain in Ireland with over 500 stores throughout the island of Ireland (434 stores in the Republic and 83 stores in Northern Ireland), each of which is independently owned.

Centra defines itself by focusing on ‘convenience and availability – delivering the right products at the right time to busy consumers’. Indeed Centra’s brand positioning of ‘bright ideas for everyday living’ shapes everything the brand does from the way the stores look, to the products they sell.

Changing face of retailing in Ireland today

Retailing like any industry must evolve to meet the changing needs of its consumers and to respond to the market in which it operates. Ireland has seen many changes in recent years which have had a profound effect on the grocery industry. Some of these changes include:

- Lifestyle changes: In general people are working longer hours and commuting more than ever before. People are also living in smaller dwellings and in smaller family units and all of these factors are combining to increase the need for convenience when shopping. Top up shopping is now the norm rather than the exception.
- Health awareness: People are more aware about the nutritional benefits of eating well. This means that while we may want convenient food, we want this food to be fresh and wholesome.
- Environmental awareness: There is greater concern about the environment and the need to eat local produce where possible.
- New communities: We have a growing number of new communities living in Ireland and these have specific grocery needs. Currently it is estimated that 10% of the population is made up of foreign nationals.

In order for Centra to remain competitive it needs to be dynamic, adaptable and responsive to changes in the market. As we will see it does this by researching and listening to its customers and constantly evolving to meet their needs.

The product lifecycle

The product lifecycle model helps businesses identify the different stages that the sales and profits of a brand go through during the course of its lifetime. There are five stages to the traditional ‘S’ curve product life cycle: introduction, growth, maturity, saturation and decline.

1. Introduction: In this stage, costs are high due to heavy marketing spend to create awareness. Sales tend to be slow as the brand is not yet known and is building its customer base.
2. Growth: This stage shows growing market acceptance and increasing profits. Sales increase and the customer base expands.
3. Maturity: The rate of sales growth slows down during this phase. The company now focuses on creating brand extensions and promotion offers to boost sales. Extensive understanding of the market and its needs is critical to ensure future sales. This is the most critical stage of the lifecycle. If a brand is handled well at this time it can survive indefinitely.
4. Saturation: Sales slow down as the market becomes saturated. Profits even out and can decline at this time. There is normally an increased investment in marketing to defend against competitors.
5. Decline: Sales slow down dramatically and profits fall off. The brand may be dropped to make way for new brands so the cycle recommences.

There are variations on the traditional ‘S’ curve product lifecycle. Examples include Christmas toys, which are often fads in that sales rise quickly and subsequently fall quickly and style which is cyclical while fashion follows the more traditional ‘S’ curve.
Centra's position on the product lifecycle

The Centra brand is positioned somewhere between the growth and maturity stages. It is a widely accepted and recognised brand that is still growing and developing, while at the same time it has strategies in place to extend its lifecycle at the maturity stage. We will look in more detail at Centra's marketing strategy below.

The 4 Ps

The 4 Ps, also called the marketing mix, are the backbone to any marketing strategy. In the case of Centra the mix looks as follows:

- **Product** – Centra's food offering is focused around offering the 'freshest convenience' in the market. Products include regular branded products, own branded products and a value-added ‘Good-to-Go’ range which includes take-away tea & coffee, soup and salad bar, breakfast bar, wokery and luxury ice-cream, to name but a few. Centra stores also offer an extensive range of added value services such as ATM machines, Wi-Fi access, dry cleaning etc.

- **Price** – Value for money is key, with valued-added products a key sales driver.

- **Place** – Local and convenient. The local feel is vital to the company's marketing mix. Centra stores play an important role within their local community.

- **Promotion** – Mix of TV & radio advertising, innovative PR, price and loyalty promotions. The communications campaign also extends to the look and feel of the stores and the products and includes strong point-of-sale material, big graphic displays and strong own brand packaging.

Centra's marketing strategy

In order to look at Centra's marketing strategy, we must first look at the Centra brand and how it is defined.

A brand is an identity created by a company that is designed to be instantly recognisable to consumers and allows them to differentiate from competitors. Branding is created with words, logos, graphics and other marketing communications tools that help the brand to develop personality attributes of its own.

The Centra brand is defined by the following personality attributes:
- Youthful
- Energetic
- Community spirit
- Friendly

The brand image and personality is reinforced by advertising, bright and attractive shop floor design, colourful graphics, vibrant product packaging and other essential elements of the communications strategy which we will examine shortly.

Bright ideas for everyday living

Centra's brand positioning of 'bright ideas for everyday living' was borne out of a brand clarity exercise which began some 18 months ago. This positioning was developed in response to extensive market research that allowed the company to further define and understand its customer base.

In order to drive brand development at Centra, the company came up with a simple matrix to highlight the key areas within the business where it would focus its efforts:

<table>
<thead>
<tr>
<th>Behaviours (people)</th>
<th>Environment</th>
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<tbody>
<tr>
<td>Focuses on ensuring that everybody understands their roles and responsibilities in delivering the brand</td>
<td>Reflects the look and feel of our stores as experienced by the customer</td>
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  - Focuses on ensuring that everybody understands their roles and responsibilities in delivering the brand.

- **Environment**
  - Reflects the look and feel of our stores as experienced by the customer.

Centra has worked hard to reinforce its brand identity by designing a new store environment to match the brand positioning. New elements have been included such as smoothie bars, self service soup and salad areas, and seating areas for people to eat in store. In addition, Centra has developed new store frontages and the use of new interior colours. The environment reflects the characteristics of the brand and allows customers to instantly recognize a Centra store.

**Product and services**

Focuses on delivering a differentiated offer through improving our ranges and service to our shoppers.

Centra stores sell both branded and own-label products.
Centra has identified its own-label products as a key way to reinforce its brand identity and make a clear differentiation in the minds of consumers. It has put in place plans to revamp the existing range of products to ensure that they are well presented, of higher quality and more in keeping with the energy and brightness that is the essence of the Centra brand. This is complimented by packaging which is clean, modern and stylish and in line with the overall communications style.

The Good-to-Go range includes freshly made smoothies, juices, sandwiches, wraps, fruit pieces and salads that are designed for busy people on the move. Centra has listened to the needs of its customers and includes nutritional information on its labelling of the Good-to-Go range.

Communications
Reflects all aspects of how we communicate to the customer
Centra uses its communications strategy to bring together and reinforce all the elements of the Centra brand. There are a number of strands to the communications strategy and these include:
- Packaging: Centra has developed fresh and eye-catching packaging that is designed to reflect the brand's personality and stand out on the shelf.
- Staff uniforms: The brand has redesigned its uniforms so that they are modern and work with the overall look and feel of the Centra brand.
- Centra trucks and vans: The brand has one of the largest delivery fleets in the entire country and these are used as mobile billboards advertising the brand.

- Advertising: Centra develops marketing campaigns that reflect the brand attributes and what it can offer its customers. Its most recent advert is modern, stylish and reflects Centra's role in making life easier for today's consumers who have hectic lifestyles. The message is: Relax, slow down – Centra has everything covered!
- Sponsorship: Centra sponsors the Saturday Night Movie on TV which is watched by on average 520,000 people. This association builds on the Centra ‘Great Nights In’ advertising campaign which highlights that Centra has all the essential items of a great night in.

Conclusion
Centra has worked hard to develop its brand identity and is still committed to developing the brand and its attributes in line with its changing market conditions.

By identifying the four elements of behaviour; environment; products and services; and communications, the company is able to create a marketing strategy that is coherent, thorough and directly responsive to the needs of its customers and their lifestyle.

Centra is a brand that could be heading towards the maturity stage on the product lifecycle. But due to its constant evolution and the strategies in place, Centra is in fact maintaining its position as the number one convenience brand in Ireland and is continuing to grow market share. This has been ensured by the development of new products and services backed by a coherent communications campaign and a strong team at Musgraves and within its retail partners around the country.

Glossary
Brand extensions: A new product or service that is related to an existing brand but offers a different benefit and/or appeals to a different target audience.
Marketing strategy: A plan which clearly outlines how a business is hoping to achieve its sales targets.

Student activity

1. Answer the clues and complete the puzzle to find the hidden word.

   a) This type of research is performed to understand customer base and its needs and helps in formulating a strategy. (6)
   b) Identity created by a company that is designed to be instantly recognisable to consumers is known as a __________________. (5)
   c) Products handled well at this stage of the product lifecycle live indefinitely. (8)
   d) Ireland’s largest grocery and food distributor. (8)
   e) In the 4 Ps this one is about location. (5)

2. Working in pairs, think of a Centra in your local area. Briefly describe the store under the following headings:
   - Location
   - Store design
   - Store layout
   - Graphic design
   - Products and services available

   Explain why these elements are important for the store and its development.

Find out more: www.musgrave.ie
   www.business2000.ie