

Staples Case Analysis

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LOOK AT THE SIGUS R QS  
CASE AS EXAMPLE.

## Staples Case Analysis

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~~I~~ History

A. Staples, Inc is one of the leading international suppliers, distributors, and sellers of office products and services. ✓

~~B.~~ The organization and its subsidiaries provide a wide range of office supplies, business technology products, and facility and break room supply, computers, and mobility products, copy and print services, and office furniture (About Staples).

C. 3. Headquartered in Framingham, Massachusetts, Staples has expanded its operations across different parts of the world, including Asia-Pacific, North America, Europe, Australia, South America, and Africa. In the 2017 financial year, the organization generated revenue of \$21,059 million, representing a 6.4 percent decrease from the 2016 financial year.

4. The company began as Cerberus and Staples entered into an agreement, relating to the sale of a controlling interest in Staples' European operations to a Cerberus affiliate.

Staples' European business includes retail, contract, and online businesses situated in 16 nations.

5. The organization retained 15 percent equity interest in the Staples' European business, after the closure of the transaction.

6. Thereafter, Staples launched the Cynthia Rowley Colleton for office, which was made available through the organization's website. Thereafter, the company entered into an agreement with Hilco Capital Limited to sell its UK retail business and operations.

7. As part of this, Staples also announced that the utilization of the Staples brand will be phased out by the UK retail business (About Staples).

What about all the info given in the case?

8. The organization has since expanded its Staples Easy System pilot program with the launching of the new cognitive-enabled Easy Button office supply reordering system.
9. This new technological service works by integrating IBM's Watson technological system to simplify office supply management for Staples Business Advantage customers.

## II ← Industry Analysis

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- ~~A.~~ The office supplies industry has witnessed a significant change in the last five years. In the face of economic recovery of from the 2008/2009 financial crisis, the overall demand for traditional office products began to gradually increase.
- ~~B.~~ For instance, distributors and key players are increasingly reporting significant increase in the sales of alternative product categories and services. This is especially true when it comes to the supply of promotional products.
- ~~C.~~ Every year, the global office industry records an average annual growth rate of 3 percent, reaching approximately \$220 billion. In particular, paper-based products represent some of the leading market segment, generating almost \$87 billion in sales from 2010.
- ~~D.~~ Technological products are also witnessing tremendous growth in the last five years. The office goods sector is increasingly expanding to include the broader consumer goods industry.
- ~~E.~~ Presently, key players stem from manufacturing, distribution, and sale of office products such as stationery, computers, and furniture. Other services include office services such as printing and binding.
- ~~F.~~ The leading players include OfficeMax, Staples, Lyreco, and Corporate Express. **EXISTING RIVALRY**
- ~~G.~~ The global stationary products market is projected to surpass \$220 billion by 2020.

8. The main factors that are catapulting this phenomenal growth include technological innovations and more widespread literacy across a rising global population.
9. The phenomenal market growth and development is also being fueled by the increase in demand for digital color presses, specialty printers, and inkjet printers.
10. Stiff competition is also catapulting the growth of the sector. In this respect, players are setting competitive pricing strategies as a way to gain dominance in an already exhausted market share.

*YOU MUST USE PORTER'S FIVE FORCE MODEL*

### Corporate level Strategy

*1  
3*

*WHAT BUSINESSES  
ARE THEY IN  
SEE CHAPTER  
9*

1. Corporate-level strategies are decisions and actions that are made by the organization at the top level of the organization that define the portfolio of business units that the organization maintains.
2. The main corporate-level strategies that Staple applies include product and market diversification. *OK* Diversification involves adding new products, services, and businesses to an organization (About Staples).
3. Staple mainly embraces related diversification in which it adds products, services, and businesses that have some relationship to the ones that the company is currently having or shares a core competency with. Staple has broadened and expanded its product portfolio and product-related services.
4. The company has a diversified range of office products, technology products, and related services.
5. For instance, under supplies category, Staples provides ink and toner, paper and stationery, as well as copy and multipurpose paper, desk organizers and accessories. The organization's electronic products include laptops and desktops, tablets, as well as iPads.

REVIEW DEFINITION OF COST LEADERSHIP AND DIFFERENTIATOR

### Business-Level Strategies

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YOU SHOULD ALSO LOOK AT THE 4 BUILDING BLOCKS OF COMPETITIVE ADV.

1. Business-level strategies are focused plans that define how each business unit within an organization's corporate portfolio will operate within its market environment.
2. This includes strategies that influence the manner in which the organization competes with its rivals in the market (Hill, Jones & Schilling, 2014).
3. By designing a competitive strategy, the organization gains an understanding or picture of the business environment in which the business operates. The main business-level strategy that Staples has employed is cost leadership strategy. In particular, Staples has unveiled a new pricing strategy that is aimed at countering the encroachment of Amazon and other key players in the industry.
4. This effort is aimed at setting low prices on its products and services in an attempt to lock in customers from shifting loyalty to its main rival, Amazon.
5. Thus, the organization has embraced a focused cost leadership business model that is founded on merging cost leadership and focusing on competing for customers.
6. This method focuses on concentrating on the American, European, and Asian markets segments to compete against the cost leader (Amazon) in the market segments where it can operate at no cost advantage.

### Structure and Controls


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1. Staples embraces a centralized organizational structure that is characterized by centralized decision-making. This structure places emphasis on greater specialization and standardization. ALL OF THIS IS VERY GENERAL

YOU HAVE NOT DISCUSSED CONTROLS AT ALL

2. Under this arrangement, the whole organization focuses on the objectives aligned with the entire firm. This strategy promotes efficient utilization of resources and encourages easy development of specialized skills.
3. Under the centralized organizational structure, the overall decisions of the organization are made by top executives and decision-makers.
4. There is a clear hierarchy and chain of command, in which employees report directly to their seniors, who also have their respective senior authorities.
5. In this respect, the company is headed by the Chairman and CEO, who is the most powerful person in the company and the overall decision-maker.
6. The CEO is deputized by a Vice Chairman. Nonetheless, the Chairman makes decision in consultation with seven independent Directors, who are also board members.

~~Internal Analysis~~

*Environment*   
*Strengths & Weaknesses*  
*of Staples*

#### **Threat of New Entrants**

1. low, because the company is innovating new products
2. The cost of starting new businesses is high, thus low threat

#### **Suppliers' Bargaining Power**

1. Suppliers' bargaining power is high
2. Other industries compete for their raw materials, thus high bargaining power

#### **Buyers' Bargaining Power**

1. Buyers' bargaining power is high due to low price competitors such as Amazon
2. This puts pressure on Staples profitability

**Threats of Substitute**

1. Threat is high because of alternative office products such as Google Drive and Drop Box

**Rivalry among Existing Competitors-**

1. High, because of many players who have established high international presence.

**External Analysis**

*Environment*

**Political**

*Opportunities & Threats available (or existing) for Staples*

1. Political stability
2. Risk of military invasion
3. Legal frameworks of contract in country of operation
4. Tax regimes

**Economical**

1. Economic recessions and booms affect business
2. Government interventions in free market economies
3. Efficiency of financial markets
4. Quality of infrastructures

**Social Factors**

1. Demographic characteristics and level of skills of the target population
2. Cultural backgrounds of customers and country of operation
3. Power and structures of the clients' society
4. Levels of education of the target population

**Technological**

1. Changes in technological developments in the company's rivals
2. Technology's effects on product distribution
3. Advancements in telecommunication and information technology

$\frac{\emptyset}{3}$  Recommendations & evaluations

Writing & Format  $\left(\frac{\emptyset}{5}\right)$

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## References

Hill, C. W., Jones, G. R., & Schilling, M. A. (2014). *Strategic management: theory: an integrated approach*. Boston: Cengage Learning.

About Staples. (n.d.). Retrieved from  
[https://www.staples.com/sbd/cre/marketing/about\\_us/index.html](https://www.staples.com/sbd/cre/marketing/about_us/index.html)

THE TEXT IS NOT  
PLACED ON REFERENCE  
LIST

