

Issues and opportunities for suppliers



**ASSIGN
BUSTER**

EXECUTIVE SUMMARY

Green Fingers is a Brighton and Hove based food retailer selling fresh vegetarian groceries. All of our products come from different brands and different suppliers. Due to the sudden loss of one of our main suppliers [D1] the following situational report aims to reflect on the issues affecting the retail sector such as supplier selection, how technological developments have affected the movement of goods through the supply chain and how buying decisions are made.

ANALYSIS

- INTRODUCTION

As [D3] the buyer of *Green Fingers* my objective is to ensure that we get the right quantity of the right product at the right time and the right price, and that we sell it on the right place [D4]. However, of all those factors we have to pay special attention to the quantity and time issues: being a retailer of fresh perishable goods (fruits and vegetables amongst others) we must manage [D5] the quantities of products brought in so that we do not end up with too much stock since the shelf-life of fresh fruits and vegetables is only a few days. For that reason we focus on 6 characteristics when considering what supplier to choose.

Even though it is not the main factor, price is important when choosing a supplier. As a business we want to have a profit margin without compromising the quality of our products. My responsibility as the buyer of *Green Fingers* is to ensure that we offer our customers high quality [D6] products and we rely on our suppliers to achieve that.

However it is not only about how good the products are, but how good the supplier is in terms of reliability and responsiveness[D7] when delivering the right product according to the plan. If the supplier does not provide us with a good service we are most likely to not continue the business with them. We need our suppliers to be committed with us. Once you find the right supplier you need to create a good relationship[D8] so that both companies benefit one from the other and customers can enjoy the product that they like without suffering constant changes. Last but not least, at *Green Fingers* we have a 'green' heart and we look for resource saving and sustainable practices from the beginning till the end of the business process[D9].

(303 words)

- DISCUSSION

As[D10] we have mentioned before we work with several suppliers, each of them specialised in a selection of products. One of the products that we are going to focus on is the pre-packed fruit, a pot of 100gr of fresh fruit cut and ready to eat. It is a very popular item as it means a quick and delicious snack. The company that supplies us with this product has an eco-friendly approach that we respect and value and is one of the reasons why we chose to work with them. However, some recent technological changes regarding the packaging are becoming[D11] an issue. Said company has decided to take a step further on the sustainability aspect of the supply chain to achieve two goals. The first and most important is the reduction of the carbon footprint[D12]. To do so they have decided to reduce the amount of plastic they use for the packaging of all the products they supply. The second goal

is to lower the prices in an attempt to increase the sales and therefore the profit.

Even though we at *Green Fingers* try to have high control of the supply chain, the quality aspect of the final product cannot be assessed until it is delivered to our outlet, and given the fact that we deal with short shelf-life items [D13] having to reject a whole batch of fresh food items means a tie up in the financial capital.

This issue has been happening repeatedly with this particular supplier. To understand it we need to bear in mind that they decided to reduce the amount of plastic in the whole process of the supply chain, including the packaging of the final product [D14]. The negative implications have been a poor quality in said packaging: lids not closing properly and bottoms being squashed and/or broken when they arrive in store. This has resulted in several batches of pre-packed fruit wasted because the quality of the product was very poor, which meant empty shelves where those products should have been and customers not being satisfied. All that translated into a loss in our profit.

Even though we contacted the supplier [D15] as soon as the first batch of ‘eco-friendlier’ fruit was spotted, and so we did every time that the issue was repeated, the supplier did not provide us with the right service. Not only did they not compensate us with a refund of the product in any of all the times that we encountered the issue, they suddenly decided to stop supplying us. We therefore decided to look for another supplier that offered a similar

product since feedback from customers reflected a high demand of the ready to eat fruit.

In times like this is when, as a retailer, value the most service, reliability and commitment from your suppliers [D16].

(465 words)

- OPPORTUNITIES

After [D17] we had the issue with the before mentioned supplier we started searching for a suitable supplier who provided us with the same product (or as similar as possible) that we were selling before. We found what we were looking for and more: the same supplier offered us a 'new buying situation', in this case vegetarian and vegan ready meals. [D18] The product range includes pasta, rice, quinoa and a large variety of vegetables cooked as fresh as possible.

As retailers we must determine our customer's requirements in order to develop this new buy. There has been a change on the consumers' behaviours regarding what they eat and where it comes from. Consumers are now more aware of the implications of food on their health and they try to go for the healthy option when possible [D19], and the number of declared vegetarians and vegans is increasing every year. However, XXI century modern life is marked by a constant rush. There is less time available to eat during the work break and less time devoted to the weekly/daily shopping. Our target market would therefore be the vegan/vegetarian professional who despite not having time for shopping and cooking still cares about what they eat.

The new product category that we will be offering reflects our supplier's company values and ours as retailers[D20].

At *Green Fingers* we are going to consider several aspects in order to determine which products to sell. Once our target market is defined we need to determine how profitable the product is going to be. Food is a consumable item, which means that if our customers are happy with the purchase they will come back again soon. We need to think of what is popular at the moment[D21]. Even though we are dealing with food and unlike fashion it does not follow the same buying cycle, there is a similar trend happening on the food industry. For instance, there has been a huge increase in the production of avocados, coconut derived products, gluten free products and so on.

We cannot forget our competitor, which is why we need to search for an original product or a product with a distinctive characteristic that makes it more appealing to customer than that of the competence. One way of achieving that would be by creating a partnership with our supplier. That will imply a huge challenge that I, as buyer, am willing to accept. That way we can have more control over the quality of the product and the supplier can anticipate our needs.

Even though we will keep the product range simple to start with, we are looking forward to adding lines according to the customer's response[D22].

(445 words)

CONCLUSIONS

Due to a recent loss in one of our main suppliers we have reflected on the characteristics that we look for on a supplier as retailers of fresh food. We have also discussed recent technological changes that have altered the supply chain and have forced the loss of said supplier. Finally we have identified a new product category that will be part of our product range [D23].

REFERENCES

Learn2. open. ac. uk. (2017). *Sign IN – Open University*. [online] Available at: <https://learn2.open.ac.uk/mod/oucontent/view.php?id=893369> [Accessed 17 Jan. 2017].

Ellis-Chadwick, F., Rafiq, M. 2011. *Block 4 Retail planning and supply management*. Milton Keynes: The Open University.

Part 1

(a) Choosing their suppliers

Total (a) 7

(b) Changes in supply chain in terms of technological developments

Total (b) 8

(c) Product category and how you would decide which products to purchase

Total (c) 8

(d) Whether or not you would like to be responsible for buying the products

Total (d)	0
Total Part 1	23
Part 2	
Total part 2	0
Grand total	23

[D1]There is no reason to use this style or format as you do not have to create such an extensive situation.

[D2]It would have been wise to use the format in the module text, rather than this format, which does not follow the TMA questions.

[D3]I am assuming this is part A

[D4]These are certainly part of the buying objectives

[D5]This is about choosing the supplier.

[D6]True

[D7]What does responsiveness look like when choosing a new supplier? Fast? Good range? What about the downsides – cost perhaps.

[D8]True

[D9]In part A you have identified some of the factors relating to choosing a new supplier, although they are not all related to the food retailer / sector.

You seemed to have lost focus on the question. Others are more to do with deciding the range and/or product assortment. You could have used the opportunity to cite and reference the module ideas.

[7/15]

[D10]I assume this is the start of part B.

[D11]Although this is not what is directed in the guidance notes, I will accept this as a technology development – however it does NOT suggest how this has developed the supply chain.

[D12]How does technology help to reduce this?

[D13]How does technology development help this situation.

[D14]How has this helped the development of the supply chain?

[D15]This looks like a reflection on an actual situation, which is not relevant.

[D16]In part B you have not addressed the question at all. The question asked for you to discuss the changes in the supply chain with special reference to technological development. This would have necessarily included some discussion of barcodes, SKUs, EDI, QRS systems and so on and the impact on the supply chain. Possibly you could have included some discussion of the downsides (time to implement, compatibility, cost etc) and comparison to prior to the development.

You have included a perspective on technological development in terms of the packaging and will attract some marks for this.

[8/35]

[D17]I assume this is part C

[D18]You have indicated the product category – it would have been good to select the category from one of those included in block 1.

[D19]This is demographics rather than factors to affect your buying decision.

[D20]Again, a lot of this content is about demographics or target market information.

[D21]I cannot see the relevance to the question here.

[D22]In part C you have not addressed the question fully. You have introduced the food category that you were going to use, but have not established how you would decide which products to purchase and very briefly mentioned the buying situation, but not in any detail... To answer the question fully, you would have to have used the module text as guided. You would have used the five buying objectives and the width and depth of assortment, including use of these terms.

[8/30]

[D23]I assume this is part D and does not answer the question at all, which asked for a personal reflection on whether or not you would like to be a buyer for the product range you selected in part C

[0]

Overall comment:

It does look like you have written about what you have thought might answer the questions about buying a product range, rather than the set questions, which have a far wider perspective.

This has been compounded by not using the format of the TMA questions and headings. I have awarded marks across the questions where I can.

Part 2:

You did not participate in any of the TGF discussions prior to the deadline and have not reflected on your learning. Therefore you gain no marks for part 2.