

# The core business functions of food chain commerce essay



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FOOD CHAIN Supermarket established thirty years back has a chain of Supermarkets around the Island and is owned by a group of businessmen. One objective presently is to increase the number of supermarkets from fifty that exists now to eighty in another two years. The business is very stable and has a strong brand name. The prices are very competitive and has budgeted the middle income group customers in the society.

The customers are intelligent and are sensitive to the changes in quality and price and compare the prices with the other supermarkets. Bearing this in mind the quality has to be maintained with very competitive prices and not lose sight of the profits targeted.

Market share is something mainly associated to profitability and many businesses do increase the sales to competitors. FOOD CHAIN is no exception and is in the process of increasing sales by opening more outlets to customers, thereby earning more. FOOD CHAIN has a great reputation for their services offered by their efficient staff and would not want anytime to lose their reputation. Resultantly they have to see that sales grow and customer service is maintained at a high level.

Towards this the Top Management intends to create an attractive difference towards the customer's shopping at FOOD CHAIN Supermarkets. They want to introduce trends such as new store formats, online shopping, that is to make available online ordering. FOOD CHAIN's website has the prices of the products marketed by their supermarkets and is being updated regularly which could be a boon to the customers.

It is also envisaged to link the presently available network that links all their branches through the internet to all their Supermarkets Island wide to facilitate online shopping and delivery of orders. At the same time the management is also concerned about keeping an eye on the returns the business makes with resources available. To ascertain this, the Return on Capital Employed (ROCE) is made use of. This is given as a percentage of operating profit against capital employed and higher the percentage figure the better it is. This could be compared with the previous year's results to find out if there is use or fall.

FOOD CHAIN's next object is to collaborate with Sri Lankan shops in other countries as a source to market their goods. This is viewed as a global approach. They also plan to link with vegetable wholesalers from Dambulla and vegetable and fruit farmers scattered all over the island to enable export these local products to revamp the economy of the country.

FOOD CHAIN wishes to put in place a system to monitor the trends of the offline and online customers to provide them with a better service in line with their buying trends. They want to have a more nationalistic outlook to make customers buy Sri Lankan Products while carrying out an aggressive marketing campaign to attract more and more new customers and make a national contribution.

### **Task – 1.3**

PESTLE is an analytical tool which considers external factors and helps you to think about their impacts. This is a useful tool for understanding the “big picture” of the environment in which you are operating by understanding

your environment, you can take advantage of the opportunities and minimize the threats. This provides the context within which more detailed planning can take place to take full advantage of the opportunities that present themselves.

## **The factors of PESTLE analysis**

P – Political – The present and stalwart influences from political sufferings

E – Economic – The local and world economic movements

S – Sociological – The way in which changes are in society will affect the organization

T – Technological – How new technologies affect the organization

L – Legal – How global, national and local legislation affects this organization

E – Environmental – Environmental issues of national, local and global

### **Political:**

Government type and reputation

Free of the press, rules of law and stages of bureaucracy and corruption

Regulation and de-regulations

Public and employment legislation

Tax policies and trade

Environmental and customer-protection legal system

Alterations in the political environment

## **Economic:**

Stages of a business development cycle

Present and projected economic growth and interest rates

Unemployment and supplying of labour

Labour costs

Levels of disposable income and earning distribution

Impact of globalization

Impact of technological and other changes on the current economy

## **Sociological:**

Cultural features, health senses, population growth rate, age distribution,

Organizational culture, postures to work, management types, staff attitudes

Occupations, education, living standards earning capacity.

Media views, policy changes driven by social factors, trends and publicity

Demographics: age, civil status, gender, family size, race

## **Technological:**

Advancing of technology, discovering of technological developments,  
researches funding, implementation

Internet, global and local communications, information technology

Licensing, patents, finding of technology solutions, inventions, researches, intellectual property issues, implementation in manufacturing, potential innovation,

Transportation, energy sources, associated dependent technologies, rates of obsolescence, waste removal or recycling

### **Legal:**

Present local market legislation and future legislation

International legislation

Regulatory bodies and processes

Environmental rules and regulations, employment law, customer protection

Industrial regulations, competitive regulations

### **Environmental:**

Ecological problems

Environmental problems and environmental regulations

Consumer values, market values, values of stakeholder and investor

Management type, staff attitudes, organizational procedures, staff engagements

FOOD CHAIN is a well-known and well established supermarket chain which has 50 super markets in island-wide. FOOD CHAIN is currently island-wide food discounter which aimed middle income group in the society.

The PESTEL analysis is concerned with the environmental influences round up a business. We will recognize influences of the PESTEL analysis and how it is useful for summarizing the exterior environment in which FOOD CHAIN operates. Somehow, it must be followed up by thinking of how a business should respond to these influences. There are many key strategy moves that FOOD CHAIN made to activate their strategy to be successful.

The main point in the success of FOOD CHAIN's strategy is the corporate culture they have imbedded into this company, which flows from the top level management to their shop employees; it has greatly supported their resort. It has been entrusted the company to be flexible and also responsible to the market, so it holds its competitive edge. This imbedded procedure is illustrated by their employee which deploys shop employees to come with new ideas for new lines. Their skills and abilities to build up teams and give to the company procedure has enabled the company to adapt.

Another main point in their strategy is that the path of the company is structured. Their simple structure allows communicate within the company to extract much speed and more efficient rather than a complicated structure. With the company target on staff training, with the super market being motivated to be on the shop for 95% of time, it certify a good leadership creates a good team with much better, sensitive and willing to work long hours.

PESTEL analysis for FOOD CHAIN must consider every important exterior factors impacting on the company. These factors may have economic, political, sociological, legal or technological, environmental dimensions.

FOOD CHAIN always keeping in touch about the political situation in the country and the impacts of local government and also the international situation. Because their Economic analysis needs to investigate the situation of the stock market and tax increases, among many other matters.

### **Task – 1. 4**

The concept of ' stakeholder' is a diverse of ' stockholder', which related to ' owners in' or ' investors in' a business or firm. We can define ' stakeholders' as ' groups and individuals who are affected by activities of an organization. Most important stakeholders can be found as those with more to lose from the organization's activities, but that does not always reflect their relative powers.' Their objectives and goals are very immensely, but they must be considered.

Previously it had been the common concept that businesses basically expect and in turn effect the economic capital, which is turn up in the form of stockholders. The rise to reputation of stakeholders allow firms to realize that there are infrastructure and people beyond the company which are need to it and who must have their attentions protected. An organization's stakeholders are the parties who are able to reasonably be understood to be affected by its verdicts. They can be considered to represent the businesses' social capital as well as economy. Mainly they can be categorized into two groups as Internal, External and Connected Stakeholders.



Internal stakeholders included with managers and employees and are situated within the company and affect to the ' day-to-day' operations of organization. Connected stakeholders are covering groups such as suppliers, shareholders and customers, and also are parties which investing or dealing with the organization. Third group is External stakeholders, which are not directly connected to the organization but who can be influenced of the organization through various manners. External stakeholders include with the Government, local councils and the surrounding communities.

The stake holders of FOOD CHAIN can be categorized as same way. First the internal stake holders. Like directors, Managers and Employees who are directly involved and the connected stake holders such as share holders, customers and suppliers with the realization of the objectives and the increase in turnover and profits the benefits will drain down to all stake holders by way of increase in salaries bonuses to the employees, profits to the share holders, better payments to suppliers and better prices to the customers. FOOD CHAIN subscribes to the stakeholder concept highly trying to see that its internal stakeholders obtain their objectives while keeping other stakeholders also satisfied.

The management of FOOD CHAIN trying to create the classic " win-win" situation for all stakeholders. One of the main tasks of management is to find solutions that will worthy achieve the goals of every stakeholders. FOOD CHAIN is beginning to develop procedures for linking stakeholder concern to the strategies they understood. In order to implement a stakeholder management achievement, organization needs to do many things as including the followings

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## Identifying the FOOD CHAIN's stakeholders

Decide what are primary, indirect and secondary as well as actually which stakes each group holds in their organization

Establish what sort of responsibilities the organization has to each stakeholder group

Identifying any impacts between stakeholder criterias

Decide how this organization is able to better respond strategically to these opportunities and threats inherent in the stakeholder claims

FOOD CHAIN mainly considering about the rights and interests of stakeholders are very important, as they are objects to which the different ethical theory and framework is applied. However a large part of the ethics is deciding what is purposely owed to which one, recognizing stakeholders and claims of them is similar to establishing the interests in any legal case. FOOD CHAIN expects to expand their 50 supermarkets to 80 supermarkets, so stakeholders are the major part of this scenario. To go through this challenge they have to concentrate about their stakeholders very carefully.