

Using all the  
information available  
to you



Using all the information available to you, complete the following tasks:

Analyses the arguments for Main's proposed strategy  
Analyses the arguments against Main's proposed strategy  
Make a justified recommendation on whether Main's proposed strategy should be adopted.

34 marks) One reason why I feel that yes Sound and Vision pal should adopt Main's strategy of being more innovative in the way it operates in order to survive is because I feel that bringing in the new warehouse and distribution should enable quicker distribution and lower operating costs.

As Mina has stated in her strategy that she intends to 'streamline' and 'establish a entreaties' Structure within the warehouse and distribution centre.

This will be good for Sound and Vision pal because their index of real unit costs is higher than the industry average at 100 compared to 94. With making this change this would therefore decrease there unit costs as Sound and Vision will not be holding products for as long as it will be supplying both online and retail stores and storing the same products in each of the stores as the shops used to adopt a decentralized strategy of each manager stocking items according to the tastes of their local market.

Therefore adopting a centralized ND streamlining distribution is good because this means this could create a decrease in unit costs this could therefore be spent on increasing R&D as only 3% is being spent and the industry average is 6% as Mina believes Sound and Vision pal need to adopt a policy of strategic innovation and without this would prove difficult this would be good for Sound and Vision as this could mean customers would be

satisfied with the new feel of the company and satisfied with the products in store stocked up and also significantly cheaper therefore improved profits meaning Sound and Vision could regain their market share over their competitors etc.

G. Lay. Com, Amazon. However as stated in the case study from the market research carried out is that the current customers like the wide range of products and the individuality of each store. Therefore swapping to a centralized structure may have an effect on the image and current reputation which Sound and Vision 'prides itself on its wide product range' because this will decrease individuality as all shops will be supplying the same in each store this may damage their image lose loyal customers therefore decreasing overall profit not as much could be spent on training the new staff which Sound and Vision prides itself on its 'knowledgeable' staff.

Another reason why I feel that yes they should adopt Main's strategy is because the target 15-24 year old market represents 30% of Sound and Vision's current market. This is good for Sound and Vision as they are the key target market in downloads for music but especially technology products. This is good as Technology products represents Question marks in Sound and Vision's product portfolio therefore with Mina seeing that this needs investment because of its low market share this Hereford means Mina is exploiting the opportunity for growth in the market, And therefore with gearing reducing 15% this could enable Sound and Vision to borrow funds easier to create 'gaming zones'. Which will be aimed specifically at the influential target market at this time for technology products.

This is good for Sound and Vision pal as this could mean that their asset turnover could potentially start to increase from 2% resulting in more revenue from sales to be spent on being in keeping with the latest technology products in store as this is essential to keep up in a very fast moving industry. Otherwise the young target market will go to competitors who stock the very latest products e.

G. HIM. However I also feel that Sound and Vision pal shouldn't adopt Main's as the 25-34 year old market are more affluent. This could be bad for Scott and Vision to focus mainly on the 15-24 market as the 25-34 year old market contribute to 40% of Sound and Visions overall customer base. This could therefore mean that this could have serious consequences for the business.

As the 25-34 year olds stated that the business itself provides high levels of customer service and provides great specialist knowledge.

Therefore aiming the products at 15- 24 and hiring younger staff of that market could therefore alienate the older market and this could result in a big loss in sales of the business as 25-34 year old market is most influential and could damage Sound and Vision overall reputation as word of mouth advertising would be poor from the most influential age market this could also decrease their morals as a business and this could overall decrease their ROCE as there could be a lot less sales coming from that age bracket is at 3% which could have disastrous effects as the partnership is relying on share profits of the business therefore could create enmities and cause bad relations within the partnership as less money for both companies.

Another reason why I feel that Sound and Vision pal shouldn't adopt Main's new strategy is because this may have an effect on the businesses morale. This is because of adopting a new centralized structure I think this will have a big effect on the workforces motivation and morale as this will mean employees under WHQL will not be involved in decision making. I think this will have an effect because as before managers in the stores used to decide what went in the shops which was a huge responsibility whereas this will be now taken away and decisions will be made at the top of the business without consultation, therefore employees will feel more devalued within the business there for motivation will decline as workers will feel less involved in their job.

Also with their proposed salary to be IEEE weekly wage EYE less this could really have an effect on employer- employee relations and this is vital for business success.

Because this means if the employees think the wage rate is unfair this could create industrial action and feeling less involved this could mean employees could show this by industrial action e. G. Work- to, rule- , overtime ban, go - slow. This could damage Sound and Visions reputation as this could have an effect on customer satisfaction and we know Sound and Vision pride itself on its ' knowledgeable staff and therefore a decrease in sales as customers will not be happy with experience received in the shops .

This will could result in an increasing staff turnover because of loss of sales resulting in not affording to pay wages also because employees may result

to find work somewhere else with better benefits of working there and resulting to competitors e.

G. Game. This could lead on to ad reputation for Sound and Vision and instead of regaining market share this could decrease. Overall I feel that is reaching and focusing on the 15- 24 year old market the right thing to do. This is because 40% of their customers are in the 25-34 year old market. Therefore will Sound and Vision forget about the loyalty and market of that age gap therefore lose out on customers.

Also I feel that this may pay off it in the short run heavily investing in new technology but will the market respond to these changes as customers liked the whole product range and the individuality of each store.