

Business - assignment



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Topic: Business -Assignment INTRODUCTION There are many possible effects of a recession on the marketing activities of the business. One possible effect is the decline in the company's sales. Another possibility is the increase in variable expenses. A third possibility is an increase in fixed expenses. A fourth possibility is the decline in purchases. A fifth possibility is retrenchment of some employees. A sixth possibility is the reduction of store hours. Lastly, there is a possibility that the net income will decrease. This topic will be clearly explained below.

BODY

Decline in the company's sales

One possible effect is the decline in the company's sales. The increase in unemployment would result to lesser people having jobs. Lesser people having jobs would translate to lesser Tesco sales. People have less money to buy Tesco products. Clearly, one possible effect is the decline in the company's sales(Geroski & Gregg, 1997, 49).

Increase in variable Expenses

Another possibility is the increase in variable expenses. Inflation would translate to higher prices of commodities, raw materials and other purchase amounts. The company must spend more to purchase the same number of inventory sold in the Tesco Plc stores. The prices of other products sold in its outlets would rise. Obviously, another possibility is the increase in variable expenses(Lipsev & Chrystal, 2007, 334).

Increase in Fixed Expenses.

A third possibility is an increase in fixed expenses. The electricity cost could increase because of the increase in the electricity company's operating expenses. The water utility company would increase prices. The telephone

costs could demand a price increase. The fixed salary of Tesco employees could increase. Definitely, A third possibility is an increase in fixed expenses(Ingham, 2000, 47).

Decline in Purchases

A fourth possibility is the decline in purchases. A decline in sales would result to an oversupply of products being displayed at the Tesco Plc shops. Many of the inventory items displayed in the Tesco Plc will have a high probability of expiring because of the slowdown in demand for Tesco Plc product. The company, Tesco Plc, will be forced to reduce the number of items purchased due to the large stocks of unsold store items displayed. This reduction in Tesco Plc purchases would ensure that the newly bought products will be sold only after the prior –purchased products have been sold. Surely, a fourth possibility is the decline in purchases(Mullard, 1995, 113).

Retrenchment of some employees

A fifth possibility is retrenchment of some employees. A reduction in sales would mean that the company may generate a large decline in the company's products. Thus, the company has to reduction its expenses in order to stay afloat in the quagmire of variable expenses which the company has to pay. Thus, the company may opt to retrench a handful of its Tesco Plc store employees. This reduction in employees would be needed in order to increase the net profit figure of the company for the current year and future business operations. Naturally, a fifth possibility is retrenchment of some employees(Hendry, 1995, 25).

Reduction of Store Hours

A sixth possibility is the reduction of store hours. A reduction in sales would give a possibility that the store will have to reduce the regular office hours. A

reduction in store hours would save on electricity costs. It would also reduce telephone costs, water costs and other related costs. Convincingly, a sixth possibility is the reduction of store hours(Martin & Parker, 2000, 62).

Net Income will Decrease

Lastly, there is a possibility that the net income will decrease. A reduction in sales would contribute to a reduction in net income. An increase in variable expenses would contribute to reduction in net income. An increase in fixed costs would contribute to reduction in net income. A reduction in purchases would contribute to lesser products to sell. Clearly, there is a possibility that the net income will decrease(Booth, 1993, 176).

CONCLUSION:

There are many possible effects of a recession on the marketing activities of the business. Clearly, one possible effect is the decline in the company's sales. Obviously, another possibility is the increase in variable expenses. Definitely, A third possibility is an increase in fixed expenses. Surely, a fourth possibility is the decline in purchases. Naturally, a fifth possibility is retrenchment of some employees. Convincingly, a sixth possibility is the reduction of store hours. Clearly, there is a possibility that the net income will decrease. Conclusively, there are many possible effects of a recession on the marketing activities of the business.

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