

The vision and goals of eon commerce essay

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E.ON is one of the UK leading power and gas Company, generating and distributing electricity and retailing power and Gas. The energy industry is very competitive and there are a number of larger players namely: Npower, Centrica, Scottish Power, British Gas and EDF energy just to mention some of the major players. The company's mission is to be the leading energy producer from both sources of energy plants from hydro power station and green generations. E.ON is one of the leaders in operating the green house in United Kingdom, and has 21 wind farms. E.ON's strategy in the UK is to build, sustain and develop its distribution and generating assets businesses, while at the same time building competitive trading and retail businesses and also to ensure that tomorrow's energy supply is secure and efficient. The company's vision is to be the recognized leader in the United Kingdom providing power and gas to consumers, and other industry. The goals and objectives delivered from its mission can be summarized as follows: To maximize the shareholder's wealth while supporting policies that protects the environment. To grow by increasing the power generation through the building of new nuclear power stations. To become more environmentally friendly and produce cleaner energy by conserving natural resources. To be a market leader in power and gas. To satisfy its' customer needs through constant supply of energy.

Marketing and Business Environment

E.ON UK sells electricity, gas and other energy related products to residential, business and industrial customers throughout Great Britain. In 2009 E.ON supplied 7.9 million customers accounts, of which 7.4 million were residential and 0.7 million were small and medium sized business and

industrial customer accounts. In the same year there was 0.2 million customers decrease because they switched to other suppliers partly as a result of retail price increases. The residential business had approximately 7.4 million customer accounts which was made up of 66% of residential customer electricity account and 34% gas accounts.

4. Advertising And Marketing

E.ON targets UK residential customers through a number of marketing activities such as media advertising, public relations and online campaigns under the E.ON brand. Due to the success of these campaigns E.ON extended and exploited this high level national awareness to the E.ON brand. In doing so the management has taken steps to enhance the strength of its brand by sponsoring a high profile, national sport competition, the FA Cup under the E.ON brand. The sponsorship of the FA Cup, the most popular football game in England makes the creation of the great brand equity and value equity to glue customers to the firm, by enhancing the stickiness of the relationship. In this way the company is able to communicate the brand image of E.ON to them and change their perception of the company from Local to global player. The aim is for the advert to be recognized nationally and seek to continue to exploit the high level national awareness of the E.ON brand and popularity of the FA Cup. E.ON recently also launched a new campaign to encourage the country to get energy fit. The campaign's aim is to promote consumers to visit a new website (eonenergyfit.com) this website provides personalized energy efficiency advice where users get detailed information about energy use or how to use energy efficiently. The TV is part of fully integrated campaign,

including radio, press and outdoor advertising. There are a number of pricing objective of the company one such examples are either sales based where the aim is to improve sales growth or market share or profit based aim at maximizing profitability from the above it can be said that EON may follow any of the strategies Revenue maximization, variable pricing and pricing to secure sales on related goods and services EON is dynamic and gives its ability to offer differential pricing for different segments.

Distribution planning and strategy This involves the main element which are developing and managing the channels and the actual distribution of generated electricity to the final consumers. The level of service is dominant factor for the consumers' purchasing power. The internet has the greatest implications for the place in reaching out to consumers as they can check and pay their bills online.

The product is the element in the marketing mix of E. ON which the consumers seek and from it a consumer data base created, from which a relationship can be created. The electricity service is branded through the corporate name as the identity. This has the advantage to consumers of helping them to differentiate and permit them re-purchasing through satisfaction against other competitors such as British gas and Southern electricity.

People element of the mix. E. ON staff interest with customers and other stakeholders during sales, pre and post sales.

Process is the internal and procedures E. ON use to achieve all its marketing and finance functions such as new product development, promotions and customer services.

5. Sales and Revenue

E. ON in UK sold 20.5 TWh of electricity and 46.1 TWh of gas in 2009 as compared with 29.2 TWh of electricity and 51.5 of gas in 2009 for the residential customers sector. In the Industrial and commercial sector it sold 31.3 TWh of electricity and 46.1 TWh of gas. In 2009 E. ON saw some significant falls in wholesale gas and electricity prices which led to price decreases across all major competitors this was due to the overall weather effect, also sales decrease to customers due to the economical slow down.

6. The Marketing Situation.

There was a decrease in the wholesale energy pricing and environmental costs. E. ON in response to these costs increases affecting residential customers in 2009 and 2010, has introduced and implemented a package of resources to limit the effect of rising wholesale costs on the vulnerable customers, including free cavity wall insulation for customers aged 60 or over. Offering free energy saving light bulb to its entire residential customers. In the past the UK government has passed a number of policies and regulatory activities in line with renewable energy.

Investment Activities

A number of planned expansion activities and investments of its wind farm portfolio was carried out in a number of areas namely: Generating of energy from biomass by co-firing with coal at Kingsnorth, Ironbridge and Ratcliffe

power stations. Further development in marine generation (using tidal power) was carried out. Development was also carried on CHP schemes. CHP is an energy efficient technology, which recovers heat from power generation process and uses it for industrial processes such as steam generation, product drying, fermentation, sterilizing and heating. The energy demand from consumers is increasingly rising and this might double this winter and yet the competition within the industry is intense and is characterized by a dynamic market. Finding and generating energy from the current sources is challenging and difficult, as it requires heavy capital investment. There are many concerns and policy issues being considered by the political parties in response to global warming and climate change which might impact on the organization (see under political situation below). At the moment most of the green developments and wind farms are producing energy in the UK since 1991, in the last 18 months many changes have taken place, mainly in the area of laws and regulations to support the agenda for cleaner energy. The government is also shifting towards green energy and embracing any source, which will reduce carbon emissions.

7. Macro Environment situation

This section of the plan will deal with the broad macro-environment trends surrounding E. ON which may have a bearing on the products and services. These are trends in political/legal, economic social – cultural and technological environment which are discussed below in details.

i) The Political/Legal analysis

There are a number of factors that can affect the future of business of which the company has no control. For example the result of the general election in <https://assignbuster.com/the-vision-and-goals-of-eon-commerce-essay/>

UK has lead the Conservatives in power and new regulations and laws are being reviewed by the current government. Either way the outcome of the election presents uncertainty to the organization, which needs to be monitored closely. Also the government intervention in energy markets is increasing, the growing demand for cleaner technologies. This might represent an opportunity or threat to E. ON. In this regard it is advisable to monitor the UK government polls.

ii) Economical analysis

The business environment is dynamic and demands from international bodies and governments are ever changing. There are chances that some of the large competitors might reduce their prices in order to attract some of E. ON existing customers. This may pose a challenge and major pressure point to our organization. In order to avert this threat the company has in place a price management and strategy for short and long term planning. This process will help E. ON to coordinate the policy issues and pricing strategy. The price adjustment by major players in the industry is closely monitored so that decision can be made to respond to competitors. Currently the organization has introduced a number of online services to combat such threats so that the marketing mix can be adjusted accordingly.

iii) Technological analysis

There is advancement in the technology being used to generate energy. However these developments require heavy investments and the capital cost required runs into million of £. To combat this tread and take the opportunities presented by advancement in technology investments into new technology and research are part of the organization's strategy. In Wales <https://assignbuster.com/the-vision-and-goals-of-eon-commerce-essay/>

there is a biggest scheme on production of energy from renewable sources. Although these advancement and methods of producing energy from renewable are in place still the energy demand cannot be satisfied hence the need to continue producing energy from conventional diesel. E. ON is millions of pounds to find the best ways to help bring forward low carbon energy efficiencies by investing in research and development.

iv) Social analysis

There are concerns in the world with global warming and climate change. Pressure groups are putting pressure on governments and energy companies by lobbying and holding organized matches against companies not yet producing energy from green sources. This situation presents a combination of threats and opportunities for E. ON. We will need to know what the overall consumer group need and how E. ON is going to fill this need better than our competitors. E. ON UK is already working on this; however the pressure groups are vocal and can be disruptive when they target a specific organization. For example, this happened to Shell in Nigeria Africa where they got bad publicity for extracting oil in that region and being accused of not investing money in the surrounding villages. Although this was not true it did cost Shell Nigeria a big sum of money to repair the damage caused by bad publicity from pressure groups and this can damage the company image and growth prospects. Apart from electricity distribution, the market within which E. ON operates is subject to strong competition from new entrants and existing participants. In connection with the current economic downturn, E. ON UK faces risks from declining demand from customers who are reducing

their energy use and could reduce it further. All these conditions need to be monitored by E. ON.

8. The Micro Environment

This is an audit, which looks at the company's internal operating environment. This process is used to evaluate systems and personnel that are already in place and considers what extra resources might be needed to continue operations. This analysis is important in order to fully understand the issues that related specifically to the business. In the process there are the main key factors to be considered namely: Business - E. ON is actively involved in electricity generation, distribution, retail and trading in the United Kingdom. The company is moving into the energy services with the vision of providing its customers with all the services they need to get connected to energy services, heat their homes and understand their energy use.

Competitors - The industry is competitive and made up of a number of big players see above for details. Customers - there are two distinct customers for E. ON namely residential which makes up 91%, Industrial and commercial 9%. These are very important to E. ON because they bring revenue to the company, without them the company won't be able to operate. Suppliers - the parent company through other subsidiaries is the main supply of energy to E. ON. Stakeholders - the main ones here are employees, community, management and Shareholders who are interested in the performance of the company. E. ON engage in intensive dialog with a wide range of stakeholder group example, participation at the 2009 World Climate Conference and membership conference, Global Compact of the United Nations on nature.

9. Remuneration and Reward System

To achieve the ever increasing energy demand from consumer's increasing rising energy need and to keep up with the competition and maintain its competitive advantage. The company has put in place a team capable of delivering the need of customers and creates an intimacy with the local market by offering career potential and working environment that make EON the best place to work for and be. To support this it has put in place a structure that will be able to bring the best talent and people in the organization to manage the demand of the market.

10. Review and Control

In order to measure its activities the company has put in place some measurement mechanism in place. However the financial measurements are not overlooked although they do not capture all the strategic realities of the business. Hence the company has put in place measuring tools and models that look at both financial and non financial measures such as the Balance Scorecard. To make organization become more strategic focus Robert Kaplan and David Norton developed the Balance Scorecard which provides one of the best monitoring and controlling tool in an organization. In line with this and in order for E. ON to follow up with its' mission statement and strategy it has focused on the following: Financial perspective
Customer perspective
Innovation and learning perspective
Internal business process perspective
The balance scorecard has its own weakness as it only measures performance. It does not indicate that the strategy is the right one or not. However the advantage of it is that like any other measurement scheme, the Balance Scorecard can influence behavior among managers to conform to

that required by the strategy and also it is a comprehensive measuring tool. Control is based on the information and this information embraces the entire organization and provides a comparison between actual results and the plan. This information is often quantitative such as labour hours, quantities of materials consumed volume of sales and production and are commonly expressed in monetary terms, and such information includes production measurements, budgetary control or variance reporting. The successful implementation of the strategy may require a substantial focus on change management because of high degree of organization change which may be required. Also E. ON Focuses on strategic objectives which should tell exactly what the organization is trying to accomplish i. e. to the leader in gas and energy providers in the country. This provides a way to see if the strategy is working.

11. Operations

The company generates and produces enough electricity to cater for the needs of around eight (8) million homes from a portfolio of world class gas, coal and oil- fired power stations. Insurance coverage and policies: EON is subject to a number of risks that are inseparably linked to the operation of its businesses. To manage these risk, the company uses a comprehensive risk management system that is embedded within the business and decision making process Hiring and personal policies the company practices and follows the employment policies which are in-line with the UK government policies and offers equal opportunities to both current and prospective employees. In doing so it strives for a diverse environment that is supporting

of all staff. Individual differences which do not relate to job performance such as gender, marital status, sexual orientation and race just to mention a few.

12. Conclusion

In this report, it has been shown of how EON is practically responding to marketing factors by applying the Macro and Micro factors to the business environment. This report showed how the analysis is carried out and EON keeps up with the competition in the industry by putting in place strategies which will give them competitive advantage and sustainable returns. Also E. ON UK is committed to becoming a low carbon economy. Its short term goal is to cut CO₂ emissions by 34% by the year 2020. E. ON its long term goal is to cut emissions by 80% by the year 2050. E. ON is at the forefront of efforts to meet this challenge by working everyday with customers to help them use energy more efficiently while making sure that they continue to reduce the carbon intensity of the generation activities. Much of the responsibilities of reducing emissions and expanding renewable will fall on the energy industry, including E. ON.