

BTEC National Diploma/Certificate In Business

Report



Sainsbury's **TESCO**

Unit 6 Business Online

Kal Panchal

Report

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Task 1a) (P1)

Outline Of The Aims/Objectives Of Sainsbury's And Tesco

I have been allocated a responsibility by Kal Panchal to follow a line of investigation with regard to how business is conducted online. This exploration will also include an investigation of the Price Brown Partnership website and will comprise of a well structured and detailed report that will ultimately involve me writing a letter to the directors of the Price Brown Partnership commenting on how successful I feel that their online strategy has been.

The report firstly requires me to describe with examples, how an online presence may support the accomplishment of a given business's respective aims and objectives that they wish to fulfil. Once having explained that, I will illustrate the impact on a customer point of view with in relation to the introduction of the online presences of the companies and outline the main business opportunities that arise from that online existence.

With consideration to the report, I have selected to investigate two companies which are situated within the retail region, groceries vicinity to be precise. In addition, the two companies which I chosen to explore are J Sainsbury's and Tesco Plc's. I will then contrast these two supermarket chains against that of Price Brown in terms of design, content, navigation, functionality and my overall experience.

Organisations need to have aims and objectives to be able to focus on the clear direction needed for success in the modern business world. The aim is the overreaching goal for the organisation, which can then be segmented down into a subset of objectives to achieve their aspiration. Establishing objectives may be done in a number of ways for example, looking at corporate aims in terms of looking at the company as a whole and once this has been recognised, the mission can be segregated into divisional objectives.

For e.g. the prime and generic objectives of a business will be:

- To Achieve a Profit
- To Increase Market Share
- To Offer a Highly Competitive and Quality Assured Service to the Consumer
- To Increase/Maximise Sales

Achieving Profit – Profit is effectively the disparity between the total costs that are associated with regard to manufacturing a product and the selling price per unit. In

other words profit is what every organisation strives to reach in order to move forward and grow within the market they operate in. Thus, unless an organisation attains profit, they will have the inability to modernise themselves, reward shareholders, install new and innovative technologies nor justify some sort of investment.

According to the guru Peter Drucker, Profit is:

“Profit is not a cause. It is the result – the result of the performance of the business in marketing, innovation and productivity. It is the first duty of a business to survive...Business enterprise must produce the premium to cover the risks that are inevitably involved in its operation and there is only one source for this premium, profits”¹

In light of the information referred to above, the introduction of online presence will help both Tesco and Sainsbury's achieve profit because with an e-commerce base, both companies do not have the need to pay out more on overhead costs.

I.e. they will not have to pay planning and manufacturing fees for new premises seeing as it is virtual reality therefore they are eliminating the need to pay for constructing new outlets. A global business on the Internet does not require building costs such as paying for land or labour, just a web site and possibly one central warehouse. Generally, the cost of the site is about 8 percent of that business' revenues which makes them fairly cheap to cover maintenance and continued management expenses.

In addition, as business transactions are primarily handled electronically, there is no need for a large sales staff. The virtual storefront also minimises theft, damage, or breakage of the inventory. Another way in which an online presence assists Sainsbury's and Tesco become more profitable is because their e-commerce base is limitless. For example, Sainsbury's and Tesco's online presence is only limited by their imagination and their determination to succeed.

A web presence will allow both these firms to become more diversified in the sense that they are not limited to space – on the internet they can sell an enlarged range of goods and services that may not be possible for them to do so in stores, they can increase their product portfolio.

Furthermore, Sainsbury's 'Picking Centres' where orders are verified by staff have a broader reach.

This will help them gain more profit because more prospective consumers can be targeted in a wider field – online presences for both Tesco and Sainsbury's covers the width of the entire country whereas stores only cover a certain catchment area which is restricted by the prime factor of space.

“The ordering centres have the capacity to handle a much greater number of internet shopping orders than stores. Park Royal can handle around 15,000 orders every week, against the store average of around 650, meaning it can handle any sharp increases in trade”².

¹ Heinemann Book of Business, Higher Awards, Dave Needam ET AL 2002 edition.

² <http://www.j-sainsbury.co.uk/ecommerce/sainstoyou.htm>

“Sainsbury’s to You’ has proven to boost annual profit margins for Sainsbury’s because profits have climbed from a mere ‘£462 million pounds in 2000 when it was first launched to 2003 profit standings of £572 million. ”³

“Tesco.com’ on the other hand has accelerated their profit margins at much faster pace as their profits have increased from ‘£995 million pounds in 2000 when Tesco.com was initially launched to £1401 million pounds in 200” ’.⁴

Increase Market Share – Market Share is the term given to the percentage of a certain market a firm has control over/owns over rival competitive firms. It is imperative that in such a fierce and competitive market such as the groceries/retail market that Sainsbury’s tries to reduce the percentage of the market that Tesco own who are the current market leaders. For example, TNS Market research group said that Sainsbury’s market share depreciated to 16.1% in the 12 weeks running from July to 14th September 2003 against 17.2% in the same period last year.

*‘Tesco extended its market lead to 23% as the hot summer of 2003 boosted sales of barbecue foods and beer. Asda, which recently overtook Sainsbury’s, retained the number two slot, boosting its share to 15.4%’.*⁵

It is important that Tesco maintain their competitive edge over Sainsbury’s because as firms gain more of the market share, then the unit cost per items decreases and allows them to buy in bulk – benefit from economies of scale. As a result dominating the market will give flexibility for Tesco to produce on a larger scale in comparison to rivals and will mean that they can spread their financial outlay of costs over a larger output. It will give Tesco the initiative and control to produce more cheaply than their rivals. Profits can then be ploughed back into research and development and further expansion strategies to maintain market leadership. The market share for the 5 biggest supermarkets and in specific, Tesco and Sainsbury’s ones are as follows:

Table 1- Market Share of Top 5 Supermarkets

YEAR.	1999	2000	2001	2002	2003
Tesco	22.0	22.9	23.4	24.2	23
Sainsbury’s	19.7	19.8	19.1	18.6	15
Asda	13.3	14.1	14.8	16.3	15.4
Safeway	10.3	10.2	10.0	10.1	9.7
Morrisons	3.9	3.9	4.5	5.1	5.9

SOURCE: Till Roll Share of Trade for 52 weeks ending July by independent retail analysts Taylor Nelson Sofres Superpanel.⁶

With relation to the above said, an online presence could help both Sainsbury’s and Tesco increase their market share because as I said earlier the e-commerce base is not restricted by factors such as space and time.

³ http://www.j-sainsbury.co.uk/ar2003/review/financial_highlights.htm

⁴ http://www.tesco.com/corporateinfo/five_yearssummary

⁵ <http://www.bbc.co.uk/businessnews>

⁶ <http://www.keynote.co.uk/>

For example, both firms since they launched their e-commerce bases have tried to make their company more accessible to more people and they can do this by using the internet as more and more people own computers. If supplementary people are shopping as statistics have shown in footnote 1, then both firms will increase their profit levels as they are shopping and spending more, thus increasing their market share. The internet also provides a wider assortment of goods/services that suit different types of people's lifestyles which outlets may not supply and this in turn will give more people the motive to shop using e-commerce.

To offer a highly competitive and quality assured service to the consumer – This business objective is concerned with fulfilling the needs and wants of a company's customers at the finest possible touchstone and also focuses on ways in which customers uphold the highest possible perception centring around the firm. This objective like any other is exceptionally vital because it customer perception that drives purchases and customer loyalty.

Extract of Sainsbury's Mission About Customers

- ❖ *To deliver our mission, and restore profitable growth we are focusing on our three bubbles:*
 - **outstanding quality** and choice in food and then importantly, in other general merchandise products and customer services that make the weekly shop more convenient
 - **delivering great service**, serving customers consistently well in all our contact with them, but especially at checkouts and in shop floor availability
 - having **competitive costs**, implement our transformation programme to create an efficient business, so we can pass the benefits of lower costs onto our customers in competitive prices
 - doing all of this 'faster, simpler, together', working as a team to meet the needs of customers and our stores who serve the customers⁷

Extract of Tesco's Mission About Customers



*"Our Core Purpose is all about **customers**."*

*"Creating **value** for customers, to earn their lifetime **loyalty**."*

No one tries harder for customers:

"Understand customers better than anyone"

"Be energetic, be innovative and be first for customers"

"Use our strengths to deliver unbeatable values to our customers"

"Look after our people so they can look after our customers"

This statement is at the centre of all we do.⁸

⁷ <http://www.j-sainsbury.co.uk/education/strategy>

An online web presence could help consolidate customer service, loyalty and perception because a web site allows a business to address its customers on a personal level. The computer can distinguish and greet repeat shoppers.

For example, when a frequent purchaser logs onto their online account a message could read, “Welcome to ‘X’ Category. Check out our new ‘X’ Range’. In relation Tesco or Sainsbury’s can also additionally interrelate with that particular customer by sending them a catalogue. The computer can track customer’s buying trends so the business owner can market accordingly.

Furthermore, the audience on the Internet is international for both Sainsbury’s and Tesco. Consumers all over the country are shopping online. A web site can be multi-lingual, allowing visitors to choose their language upon entering a site.

When it is after closing hours in a Tesco or Sainsbury’s store customers for e.g., customers will have the alternative to make a purchase on a national scale within the U.K. Business on-line is open seven days a week, 24 hours a day - customers can shop at their convenience. The cash register is open all day and night, even though the business owner is sleeping. E-Commerce in other words is accessible anywhere, anytime.

Business online allows businesses the opportunity to give customers information about their company while offering something of value. By reading about the company history and background of Sainsbury’s and Tesco for example, the customer will feel as though they have interacted with the firm. Personalising a company creates customer loyalty. Business-online is soft sell in the light that it gives the business an opportunity to market itself while gently leading the audience to purchase its products.

Increase/Maximise Sales – This is when an organisation has a focus to directly benefit from an increase in the number of sales it makes.

Peter Drucker points out that a number of business people argue that “they don’t care what share of the market they have, so long as their sales volume goes up”. I feel that this view sounds plausible enough, but under close and detailed analysis, it will not stand up to be valid.

“By itself, volume of sales tells little about performance, results or the future of the business. A company’s sales may go up, and the company may still be heading for insolvency. A company’s sales may go down, and the reason may not be that its marketing is poor, but that it is in a dying field and had better change fast”.⁹

Absolute sales figures are meaningless on their own. They need to be projected and coordinated against more solid criteria such as actual and potential market trends. A big benefit for Sainsbury’s and Tesco having this objective as one of their corporate aims is that cost of generating the incremental sales will often fall and have sales rising.

⁸ http://www.tesco.com/corporateinfo/business_strategy

⁹ Heinemann Book of Business, Higher Awards, Dave Needam ET AL 2002 edition.

'Sainsbury's To You' and 'Tesco.com' which are each of the companies own equivalent to their e-commerce platform, will help both companies considerably in executing their target of 'increasing sales' because business-online as mentioned in the previous business aim, is not boundless with regard to when customers can shop. With business-online, customers will have the alternative to buy even when the stores are closed.

If more and more customers utilise this technique then sales sheer in terms of volume, is bound to increase. Additionally, business-online working in accordance with Tesco and Sainsbury's stores will be increasing the number of ways as to which people can shop. Therefore, sales will go up as there are more means of shopping ways for customers to choose from.

Task 1b) (P2)

Impact The Online Presence of Sainsbury's, Tesco and Price-Brown Has Had Upon Customers

Having collated and researched the key business aims and objectives in task 1a, I will now take the information collected and describe what the impact of the online presence of both Tesco's and Sainsbury's has had upon their existing and prospective customer range. To carry this task out, I will briefly highlight the benefits that have been allocated to the customers as a direct consequence of both firms conducting business activities-online. Once having done that, I will be commenting on the appropriateness of both the companies' websites that I have been investigating from a customer's perspective. To do this task, I will compare and evaluate both Tesco's and Sainsbury's websites to that of Price Brown's website and see how the websites differentiate from each other.

E-Commerce Is Accessible Anywhere, Anytime

The audience on the internet is global. Although having said that, as Sainsbury's is based purely in the United Kingdom, it means that people can still gain full access of their website in a foreign company but will be constrained against purchasing goods and services off of their website as Sainsbury's do not operate abroad. So consequently it still means that consumers can still shop anywhere within the U.K, at anytime and is accessible anywhere in the U.K.

Moreover neither Sainsbury's nor Tesco's websites are multi-lingual, which restricts a visitors to choose their language upon entering a site. If a multi-lingual website was set up then this would be more likely to expose a larger coverage rate of people with differing ethnicities who may be unable to speak and read English. It will give leeway for those who cannot speak English to shop, and not just those who have the ability to read and write English. In similarity to Price Brown's website, Price Brown's website also do not have in place a multi-lingual website which means that foreign customers who view a property of interest to them will have a predicament trying to communicate with price-brown. As a result, the only way an impending client could contact price-brown is by calling them up. This however could work as Price-Brown have in place "*a skilled team that comprises of eight employees who are specialised in*

the department of being multi-lingual".¹⁰ Customers though may view this alternative as being less convenient and a hassle.

On the other hand, if Sainsbury's and Tesco's had a multi-lingual website then this could have a beneficial impact on a customer point of view because for e.g. if a customer visited Sainsbury's or Tesco who could not speak nor write English (illiterate), wanted a particular item and the staff who worked there could not communicate with them in the same language, then a web presence would be an excellent option for them in purchasing their desired goods/services, thus meeting their needs and wants.

Moreover the online presence of 'Sainsbury's To You' and 'Tesco.com' since its introduction has also given shoppers the option to shop after closing hours. For e.g., when it is after work hours in both companies such as 12am, a customer can still make a purchase as orders are handled electronically.

Business on-line is open seven days a week, 24 hours a day. Customers can shop at their convenience. The cash register is open all day and night, even while the business owner is sleeping so therefore customers have an improved service at their pleasure.

E-Commerce Reinforces Customer Service

A Web site allows a business to address its customers on a personal level. The computer can distinguish and greet repeat shoppers. For example, when a frequent purchaser logs a message could read, "Welcome to 'X' Category.

Check out our new 'X' Range'. In relation Tesco or Sainsbury's can also additionally communicate with that particular customer by dispatching an online catalogue – This is more efficient in a customer point of view as they do not have to leave their armchair – it is quicker and easy to obtain. The computer can track customer's buying trends so the business owner can market accordingly.

E-Commerce Develops Customer Loyalty

The impact of Sainsbury's, Tesco's and Price Brown's websites have allowed businesses the opportunity to give customers information about their company while offering something of value. For e.g. on all three of the websites there is a section regarding company history.

By reading about the company history and background of Sainsbury's and Tesco for example, the customer will feel as though they have interacted with the firm. Personalising a company creates customer loyalty.

A Web site is soft sell in the light that it gives the business an opportunity to market itself while gently leading the audience to purchase its products.

E-commerce helps enable customer loyalty through creating open channels of communication between the business and its clients – whether they are current or

¹⁰ <http://www.pricebrown.com>

prospective, customers can be notified of special offers via email giving customers the opportunity to view these offers through a link taking them straight to either Sainsbury's or Tesco's website.

Although with the Price Brown website, there are clear channels of communication, there is the negative factor of not building customer loyalty as their website does not have special accounts set up that for e.g. greet users. A customer on Price-Brown is less likely to build on a good relationship with customers.

E-Commerce Improves Complaints

With regard to having an online complaints section, this could have a beneficial impact on a customer perspective because it is simple, easy and a fast service to use. On Sainsbury's website, if a customer clicks on the link names 'Contact Us', they will be redirected to a page on the site where they have the option to express their feelings concerning their website i.e. if they experience any technical difficulties or have any comments about the website or goods/services they provide, then customer click on the area they feel they have a problem with and they get to type in their query and get online business solutions instantly.

These results when they arrive back are usually fast which is an improvement to customer service in relation to customer services such as ringing up may not prove to fulfil customer complaints as the line could be engaged – very time consuming and costs whereas a website does not. In extreme scenarios when online solutions cannot be of assistance, only then are customers are given a number to contact.

Sainsbury's Website

Navigation – The site navigation of Sainsbury's website is reasonably good. For example, when browsing through every single web page within the site, the main navigation bar remains the same in terms of colour, design and placement. This means that the main navigation bar is easier to distinguish from the sub navigation bar that is located going vertically down the page on the left hand side.

Furthermore when on a particular page on the site, the name given to the page the user is currently screening gets highlighted. This is good as it tells the user what page they are on. In addition, the 'contact us' page does not disable the user by any means because it is clearly visible on every page of the company's website. This makes it easier for the user to contact Sainsbury's as they do not have to skip and search for that page. All the sub sections throughout the site offer the user direction as to how they got onto that page which is good because the user cannot get lost.

Functionality – If users have any queries regarding the content that is displayed on the website or any questions in general, then Sainsbury's offer a simple, easy and more importantly, a quick way of contacting them. The 'Contact Us' page is divided up into 13 links that are all based on different aspects of the services that they offer. In relation, the negative attribute of this feature is that if a user had a specific query, then the only way of that query being fulfilled is by them either calling Sainsbury's or writing to them personally. This would seem rather disabling towards the user in the sense that they would have to go through the tedious process of calling them when at

the end they're calls are not 100% likely to get through i.e. the line may be busy, whereas on the other hand emails are guaranteed to be sent and will have a reply back.

Another good element about the Sainsbury's site is that only 4 of the pages are highly intensive in terms of graphical use. A subsection on the 'Our Company' page takes over a minute to download if the user has 56k dial up modems. This would seem rather off putting and could lose their interest.

Content – The content held within the website is extremely well written in the manner that it's brief and simple to take in. If the content used was overcrowded, then the user will start to lose curiosity and will leave the site. Additionally, every single page has pictures of some sort whether they are links.

More importantly though, all the pictures on the website have some sort of natural relevance with regard to the website which is good. Having said that, the site could do with a little less of pictures as it takes up more space and room.

Design – The site makes good use of pictures and text. For example on most of the pages, there is a good balance between image and text – not too much or too little of either, a right blend of each. Everything throughout the site is consistent and the layout and navigation bar as mentioned earlier always remains the same. This makes the links on the navigation bar easier to reach to for the user.

The homepage though could be better designed as I feel that there are too many pictures on that page. The dropdown menu is good and every item under that menu is clearly visible when the cursor is placed on it as the link gets highlighted in a vibrant blue colour scheme.

Overall Experience – My overall viewpoint of the Sainsbury's website is that it is brilliant. Most of the elements of the site show that they have been carefully and well constructed. A good example of this would be that when the user browses their cursor on links they become easily visible to see and not like some websites that do not tell the user what page they are on.

Another good characteristic of the site is that if a user wanted to contact Sainsbury's, then they would have no problem whatsoever in doing so because on every page right the way through the site, that option/link is shown. The 'Contact Us' form is very short and easy to fill out which makes it unproblematic for them to email or get in contact with Sainsbury's.

Also on that page not only is the online form available to fill out and send, but if the user wanted to contact the company via other means, then they can do so as Sainsbury's phone number and address is displayed.

Users also on this site are not bound to experience 'Lost In Hyperspace' as every page has a homepage link to go back to and a fully enabled search facility so that they can search for whatever they desire with ease.

A negative attribute of the website is that if the user wanted to shop for groceries by clicking on the sub link 'groceries' from 'go shopping', is that when the user browses

over 'groceries', the hand icon appears to illustrate that option available is a link. My initial impression was that when you click on groceries it would redirect me to the groceries page.

This in fact did not occur. I then found out that there is another option underneath the 'groceries' illustration which is the real link and when you click on that, the page loads up and opens.

Tesco's Website

Navigation – Like Sainsbury's, Tesco's website navigation is very well laid out. The navigation bar is clearly noticeable from other sub links because the links inside the navigation bar always look the same on each page of the site – they do not change shape or colour. This makes it easier for the user not to get bewildered. Links to other websites and links to other pages all work which is good.

Functionality – Whilst on the Tesco website, I noticed that when the user visits any other page other than the homepage, the site offers no means contacting Tesco – throughout the site there are no direct email contacts.

I feel that users will find this tremendously bad because they would have to leave whatever they were doing on a certain page, click on the homepage button and then further scroll down to the bottom of the page and click on the 'Contact Us' link. In relation to this, the 'Contact Us' link is very hard to find as it is displayed right at the bottom of the page.

Content – The content on the Tesco website is very poorly managed. For example unlike the Sainsbury's homepage, Tesco have too much written text displayed. The user would find this rather repellent as they will find it too time consuming to read all the information.

The balance between graphical imagery and text is that there is far more text than imagery, rather than an equal amount of both. The site could do with a little more pictures to create a sense of atmosphere to go along with the fine information displayed and less text just like Sainsbury's have done.

The usage of more pictures could act a way in which to drive purchases for Tesco because the customer may feel like saying "that is a fine product I am looking at, I might just buy it".

Design – The site is laid out excellently on all pages in terms of the links that it has. For example, on the homepage, the web designers of Tesco have listed all the services that they provide in the middle of the page.

The links for each service is also well constructed as they get highlighted when u browse over them so the user knows it's a link, and less but least all the services that Tesco supply are all the same size and on one level which is good too.

Overall Experience – My overall insight with regard to what I feel as a customer on Tesco's website is that I feel that it not as well designed as Sainsbury's website. Sainsbury's has a fine balance between imagery and text, whereas Tesco's website just has pages and pages of pages that are full of text. As a result I became irritated and immediately left their website. Sainsbury's website was much more enjoyable just to look at and read.

Their website created a beautiful sentiment in my perception. I would be inclined to deem that their website lacks fulfilment in catching the attention of their customers and I as a customer would certainly not be interested shopping with them primarily due to the fact that their website has a lack of colour and pictures.

Feature Comparisons between Tesco.com and Sainsbury's To You

The Sainsbury web site and Tesco web site are essentially very similar when it comes to actually doing the online shopping. If either site comes up with any good ideas the other is likely to copy it so it is hardly surprising they are alike.

Simple shopping list entry

The shopping list entry is a great idea to speed up shopping. Basically you just type in a list of everything you want from the store and the site will try and find them for you and give you a list of relevant products for each item that was on your shopping list.

Of course the inconvenience of this system is that the customer is less likely to browse past all the other 20 products, and therefore will not impulse buy unnecessary items that they are possibly likely to buy otherwise.

Recipe's and their ingredient ordering feature

Both web sites have built in features for viewing recipes and then ordering the entire ingredients in one step. Sainsbury's took over the recipe site Taste.co.uk and the entire recipe database is used on Sainsbury's site. Now anyone visiting Taste.co.uk will get Sainsbury's home page.

The recipe feature on Sainsbury's web site includes a picture of the dish for each recipe, and the layout of the recipe pages are nicer and easier to view than Tesco.com's equivalent feature.

Most people want to see what the finished dish should look like once it has been made, so including a picture is quite important, so that a dish can look appetising as well as sounding appetising. An excellent extra in Tesco.com's recipe feature is the recipe ideas.

The recipe book "recipe idea's" component will suggest a list of recipes matching some criteria that you specify. You can choose the course; preparation and cooking time; main ingredients; dietary requirements and other such criterion, and then search, and in the list should be something to your taste.

Remembering the customers usual purchase

Both Tesco.com and “Sainsbury’s To You” have features for remembering items that have been purchased before, making it easier and quicker for a customer to reorder them.

Tesco.com go one step further, if you enter your “Tesco Club Card” number into your Tesco account details the list will also contain all the previous items that you purchased in store using the card.

This system makes shopping a lot faster, as the list would be far smaller than the entire product range of the store, and customers normally just buy the items that they have purchased on some occasion before. The downside for the supermarket is that there is again less likelihood of customer’s impulse buying.

Restrictions

Before a customer can start browsing through the groceries on either Sainsbury’s or Tesco’s web site, they’d have to firstly become a registered user. The data the customers would have to enter before they can cross the threshold of accessing the online shopping services is information which they would require to complete in order for them to have their goods/services delivered to them, but if they were a first time visitor to the site they may only want to look at it first and might not want to bother entering their personal details.

So in theory, this would be like telling customers they cannot look until they register and may drive traffic away. This could create a predicament and is the downside to both companies because if people don’t look then they will not buy. After all no-one expects to be stopped by heavy security outside a supermarket and be made to fill out a form before they can enter.

Drawing attention to special offers

Tesco.com has a noticeable link to special deals on main links bar. Whereas Sainsbury’s special offers section is placed amongst the aisles and is less visible.

Success Comparisons of Both Websites

Tesco.com Internet sales are over 3 times greater than that of Sainsbury’s, with a turnover of £356m in relation to Sainsbury’s £110m. An average of 85,000 orders per week are made through Tesco.com, “Sainsbury’s To You” receives 27,000. Tesco.com is already making a profit now, whereas “Sainsbury’s To You” made a loss of £50m at the end of 2001.¹¹

Table 2: *Top Five most Visited Sites Selling Groceries and Wine in a Typical Week*
Source: *Hitwise for Week ending November 22nd 2003*

¹¹ G. Wearden, ‘Sainsbury’s online ‘far from profitability’, ZDNet UK New, 29th November 2003, Internet, <http://news.zdnet.co.uk/story/0,,t269-s2111088,00.html>

Rank	Web Site	Market Share (%)
1	Tesco.com	63.32
2	Sainsbury's 'To You'	8.57
3	Asda	6.95
4	Sainsbury's	5.71
5	Waitrose.com	2.92

It is abundantly obvious that from Table 2 Tesco.com is considerably more popular; having nearly seven and a half times more visits than the runner up "Sainsbury's to You". The disparity between the two retailing chains is that Tesco.com was able to deliver to 95% of the population in the UK at the end of 2001 as opposed to just 71% for "Sainsbury's to You".

E-commerce Conclusion

Most prominently for any online purchasing site, it is vital to magnetise people. Traffic must be driven to the site. Having links on other popular sites encourages their visitors to visit the online purchasing site and is a very good way of driving traffic.

Web portals are also a great way of receiving extra traffic by featuring the store in the web portals online shopping area.

One of the most central things about any web site is that it should not take too long to load the pages; if pages take too long to load visitors will just leave. It is also important to limit the amount of steps a visitor has to make in order to make their purchase.

The site should be clear and concise and should have features for saving the time taken to select the items needed.

It is essential to make the site interesting, look good and easy to use. Having different sections for different categories of product is essential in an online purchasing site to ensure success.

It is key to have variation in the theme of the website for different sections and have advertising related to the products there, i.e. there is little point in having a pink theme for the DVD section and advertising baby products there, otherwise customers will get bored too easily and will not find the content of the colour appropriate with regard to the theme – they will feel that it has been poorly constructed and designed.

It is also chief to have incorporated in any business-online based firm to have in place the flexibility to counteract against cross cultural communication to maximise the company's chances of having purchases made.

A good way to cross this boundary is to have a multi-lingual option just as Sainsbury's and Tesco have done to make their site more attractive and appealing to a wider audience. I feel that to make any website effective to counter a cross cultural barrier, it must use films/videos

Taken as a whole though, I feel that the right balance between imagery and text used on both Sainsbury's and Tesco's websites could act as their **USP** or **Unique Selling Proposition** as a way to drive more traffic and purchases just as statistics proved on the Sainsbury's website, more and more people are shopping on the internet rather than just going out.

"The ordering centres have the capacity to handle a much greater number of internet shopping orders than stores. Park Royal can handle around 15,000 orders every week, against the store average of around 650, meaning it can handle any sharp increases in trade".¹²

This extract which was taken out of the Sainsbury's website shows that their business-online ways have acted as their USP and have proven to be effective.

Task 1c) (M1)

Ways In Which Price-Brown's Online Presence May Support The Achievement Of Their Aims/Objectives By Attracting Customer Interest

Like any given business, Price-Brown will strive to achieve the same generic aims/objectives in order to survive and operate. These general aims/objectives will be to:

- **Achieve Profit**
- **Increase/Maximise Sales**
- **Increase/Strengthen Customer Base**
- **Growth**

With regard to the task, I strongly believe that the main purpose of Price-Brown acquiring an online web presence is purely as a marketing channel basis. I feel this because Price-Brown do not have an e-commerce base. I have come to this conclusion as no customer in their right mind are going to make online purchases concerning properties due a chain of reasons, some of the obvious being that no customer is going to buy a property unless they have actually arranged for a visit – they have never seen the property, and the pictures on the website may be falsely held on their account. The pictures displayed on the Price-Brown's website may just be used as a clever marketing tactic in which Price-Brown try to attract customer interest.

Secondly, Price-Brown will not use the internet as a trading foundation because the amount of money associated with renting/buying properties is formidable so customers will not feel too safe with buying properties online as they do not know what they are getting themselves into and they are disclosing their private/confidential data such as age, address etc.

The final reason as to why Price-Brown will not be using the internet as a trading resource is because of legal grounds i.e. purchasing properties is nowhere near as straightforward as buying say for example a pint of milk as there is a lot of legal

¹² <http://www.j-sainsbury.co.uk/ecommerce/sainstoyou.htm>

documentation involved, not to mention the fact the a fee (tax) will have to being paid to the government.

Also U.K citizens who are targeted by Price-/brown will have to gain a Spanish Citizenship if they were to buy a house in a foreign country.

So as you could imagine buying a house on the internet is a tedious task in the manner by which it is extremely time consuming, tiring and expensive and that is why nobody is ever going to make purchases from Price-Brown online.

Whereas on the other hand, using the internet as a marketing channel makes more sense logically as the global reach is unlimited – access to a larger market. The way in which Price-Brown's online presence will complement or help them to achieve their aims/objectives is in the sense that as the global reach is unconstrained they will be able to attract greater customer interest.

Price-Brown acquired a website in order to target prospective clientele predominantly from the UK. They have a USP as being the first British genuine Professionally Qualified Real Estate Agents to practice in Mojácar.

Every year a proportion of UK citizens emigrate or purchase a holiday home in Spain, with this in mind acquiring a web site to cater 4 this potentially lucrative market makes sound business sense. Applying the basic laws of supply and demand, it is clear to see that there is a valid reason for Price-Brown to produce an online business site.

UK citizens could check property details online before deciding whether to fly out to see any given property in detail, thus resulting in saving both time and money to any prospective buyers.

Some of their competitors appear to operate on larger budgets from an e-commerce point of view; their sites are more professional and offer an extensive range of services to prospective clients. This tells us that they have more of a financial clout with regards to maintaining its e-commerce channels.

Whilst Price-Brown may not be able to compete on the e-commerce side, their Unique Selling Proposition stands them in good stead over some of their competitors.

Operating cash flow and its corporate branding/ culture has a direct impact on marketing strategies employed by an organisation.

The larger the company, than it is fair to assume the larger its marketing budget is, hence the French saying "per se".

Therefore, no organisation can feasibly strive to outbid the e-commerce sector of their rivals marketing strategy on a consistent basis, unless money was no object. The key point is to understand your company's strengths and sell them in a professional manner to prospective clients etc.

If they attract more people than they have an improved chance of increasing sales, profit, market share and growing i.e. penetrating into new markets.

As a result the universal link that will help Price-Brown achieve their aims/objectives is the factor that the global reach is endless and there is a better opportunity to target a larger audience.

I feel that through Price-Brown targeting United Kingdom citizens it is a poorly devised marketed approach because their website only holds currency in Euro. This is a negative aspect on a customer point of view from the UK as they will not be able to figure and workout how much it costs to either rent/purchase a property in Spain.

Figuratively speaking, some of the key business opportunities that will have arised due to Price-Brown having an online business presence are that they can enter new marketing channels.

This is because obstacles such as geographical barricades can be overcome because with the internet, a virtual business is not limited by factors such as space and therefore there is an increased likelihood of generating sales turnover as there is a larger global audience.

Task 2b) (P4)

The Key Business Opportunities Arising If My Site Was Set Up And Posted On The Internet

If my company utilised e-commerce within its business strategy it would unravel a new gateway with regards to reaching people on a nationwide scale, in particular to those who wish to purchase used Mercedes cars.

For example e-business will assist in enabling nationwide reach as my business Xentrix Motors will not be restricted by space.

This would be an advantage for the owner of Xentrix Motors as they will have the business opportunity to target new markets, have a wider catchment area/audience thus having scope for driving in more sales and profits.

As mentioned in the previous passage, e-business provides a solid possibility of entering new marketing channels that would have previously been unfeasible due to elements such as space and time.

E-business accommodates for entering new marketing channels by diminishing the barriers associated with market entry by overcoming geographical barricades, eliminating the need to have middlemen or intermediaries such as agents and allowing the business to operate from many differing locations at a distance from markets and on a much smaller scale.

So subsequently, Xentrix Motors will be reducing and the possibly eradicating the need of having to pay for the distribution of their cars.

Furthermore, if my site was posted onto the internet there will also be opportunity to diversify the current product portfolio range of Xentrix Motors.

For example, due to the local vicinity as where the business premises is currently situated at where the locality is densely populated and very limited to space, it is just not viable for the organisation to extend and have a new batch of cars in.

With the formation of a website, Xentrix Motors will have a firm blueprint and from this, will have the ability to exhibit as many cars they please to sell to prospective clientele.

This will provide leeway for a chance to attain more sales, profits and the opportunity to build on new customers and loyalty.

In addition, without the conception of a b-2-c (business-to-customer) business, Xentrix Motors chance to have a new more and sophisticated business will cascade.

For example if Xentrix Motors virtual storefront was not implemented than they will initially still have many incremental operating costs to pay for such as paying for building costs, labour, gas, electricity etc.

Although Xentrix Motors will have to pay a fee of some sort to create their website if they are to trade professionally it will just be a nominal fee to register a domain name and for continual use of web space over a specific time.

For e.g. creating a website will only require paying for just the website and one central warehouse from which orders are dealt with and where cars are dispatched from.

There will also be a call centre where orders are confirmed and then once customers have placed an order, an invoice will be sent electronically to the central warehouse where a member of staff will pick it up, check the invoice and dispatch off the ordered good.

Generally, the cost of the site is about 8 % of that business' revenues which makes them fairly cheap to cover maintenance and continued management expenses.

In addition, as business transactions are primarily handled electronically, there is no need for a large sales staff. The virtual storefront also minimises theft, damage, or breakage of the inventory.

Other key business opportunities that will have taken place as a direct consequence of Xentrix Motors web presence will be the increase capacity to analyse the local, national and global competition through monitoring of rival competitors websites and performances.

There will also be an increased competence for Xentrix Motors to have awareness of and responsiveness to the continually adjusting customer preferences.

For e.g. using the Japanese just-in-time inventory method, Xentrix Motors will have the capability to dispatch goods punctually as it is handled electronically, and have online order tracking as key competitive tools.

Xentrix Motors will also have reduced costs due to the decreased stockholdings, few bad debts through secure online payment schemes, have a consolidated and improved cash flow through more prompt receipts of payment and greater freedom of locality due to low cost areas e.g. offshore tax heavens and the rationalisation of human resource requirements.

As well as the above pros' that Xentrix Motors will have, there is also room for Xentrix Motors to offer opportunities for service support.

I.e. staff will have access to business information while away from the office as financial information such as statistics and performances of the company over 5 years for e.g. will be obtainable to them via the touch of a button onscreen.

Other means of improved service support include downloadable firmware, software and product updates and answers to frequently asked questions (FAQ's) which customers email any queries they have and the customer in return receives some form of customer feedback.

In other words e-business will help internal operations run more efficiently and effectively as everything is handled electronically – internal systems within Xentrix Motors will run instantaneously so everything will run more prompt.

Customers will also have improved customer service as mentioned because if they do not find the car they are looking for on Xentrix Motors

For e.g. then they may be able to click on related links to other related sites and web forums where they have the option of expressing their personal opinions. If they are good then it will help Xentrix Motors achieve brand recognition through good piece offerings by the customers.

There may also be an area on the site dedicated to customers where they can enter any queries that they hold regarding the website.

This will help strengthen customer services as they will receive online business solutions in bulk and may also have step-by-step guides as to how they could go about answering their query, hence it is speedier and easier than calling up customer services all the time.



Amish Patel
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26 May 2004,

Dear Board of Directors,

I am writing to you with regards to evaluate and appraise the extent by which your online business may create a centre of attention from both customer interest and facilitate greater freedom of operation which thereby supports the achievement of your respect business aims and objectives.

As part of my examination, I have analysed the Price-Brown website extensively and have come to the following conclusions which I will emphasise in this letter and make supported recommendations; - site navigation is poorly constructed, the site offers no means of contacting you on various pages, site makes reference to clipart on many occasions, the download time is too much, no multi-lingual facility and no equivalent British sterling to Euros. To highlight these conclusions, I will categorise them under the following sub-sections; Navigation, Functionality, Content, Design and My overall experience. Once having explored these aspects and looked into how your website may create greater freedom of operation, I will make my recommendations.

Navigation

The site navigational system is very poorly assembled. Users on your website are not so sure where they are throughout the site – In particular the navigation links; the core navigation bar should remain the same right the way through the site. This in turn throws the user off balance and in many cases, may also feel like the navigation bar is a sub-navigation bar rather than a prime one.

Furthermore, there are also sub-sections within the site such as those for example in the new development area – <http://www.pricebrown.com/Oasis.1.htm> which provides users no direction with regard to where they are and how they ended up on that page.

The contact page is also in a place of it own. There is no way of viewing the rest of the website and the user simply has two options which are to either fill in the form or exit the site by closing the browser window. This subsequently disables the user.

In addition on the price-brown site, there is an area that specifically says that coming soon there will be a multi-lingual option for users. This seems useless because users are not given any feedback as to when the owners of the site intend on setting up the multi-lingual facility, hence there is no date. As a result the user does not know when to come back i.e. it may be in a few days or few months even.

Functionality – The website on many occasions does not recommend any means of contacting you—throughout the entire website there are no direct email contacts with the exception of on the page named ‘About Us’.

Users must go through the tedious and time consuming task of filling in the forms then wait for an answer. This is a bad element of the website functionality because if a user may have a specific question concerning the availability of properties during certain holiday times for example, rentals

If I as a user were interested in new developments no direction is supplied (<http://www.pricebrown.com/Typek.htm>). All I could do is just have a high regard for the beautiful pictures then leave your site and look at one of your competitor’s. Moreover, the download time is also too much. The homepage is near enough 200kb and takes almost a minute to load if a user using a 36K dial modem. Almost all the pages in the site are vastly graphically orientated with sizes ranging from 150kb-225kb. As your using large pictures, your website takes longer to download and this may put off potential clientele.

Content – The content is wonderfully written out as it is brief and updated on a regular basis. However there are no sizes for the rooms. The property pictures generally consist of exterior views. No text concerning the interior of the property is allocated which is a bad aspect.

The site could do with incremental content in terms of writing to go along with the amazing pictures employed so that there is a first-rate blend of both imagery and text and so that users get an adequate amount of information with reference to properties.

Design – In terms of site design I would say that for a professional website such as yours, it make use of far too much substandard features such as clipart. This portrays an image of the site being economic not the sort of image a business such as yours would want to present to potential customers who have such an extensive regard for your highly regarded business. Nothing is constant throughout the site aspects such as the design, menu and layout all seem to change.

Additionally, your website creates the perception that it is not well established. This assumption can be made as the ‘Royal Institute of Chartered Surveyors’ is not given enough emphasis to – The RICS logo hardly hovers around the site and there is no link directing users to that site.

Overall Experience – I would say that I enjoyed glancing at the beautiful pictures on the site but that is about as far as I would go to be truthful. Businesses and potential customers are prone to experience Lost in Hyperspace as there is no way of converting currency bearing in mind the business may attract customers from within the Euro.

The manner in which your website assists in facilitating greater freedom of operation is that it would aid your day-to-day running and management of operations easier; in particular, rudiments such as the cost of advertisement overheads will be significantly reduced. This would take place because you will no longer have the need to promote as much in specialist magazines in Spain or holiday brochures, and will not be inserting a large quantity of colourful pictures, information concerning the services that you have to offer. In other words you will be drawing on more of the internet to market on as the reach is unlimited, therefore you are using up less media space. The expenses of placing colourful images within magazines are particularly elevated and by using the internet the payment will be nominal.

Electronic Commerce also practically abolishes processing errors, which in turn makes online marketing more opportune and faster. Unlike conventional functioning ways of businesses which comparatively is more time-consuming to perform as orders are dealt with physically.

Extra benefits that would make business operations easier to run for you are by you having electronic order forms. Electronic order forms do not have to be printed so Price-Brown will not have to print many hundreds of forms, thus reducing their financial outlay of costs. Electronic order forms also provide a direct link between potential customers and price-brown. They are able to express an interest in any given property.