

Business Coursework

Unit 2

Introduction to the Business

The name of my chosen Business is Richer Sounds. Richer Sounds is a leading specialist retailer in audio equipment and separates such as DVD players, CD players and amplifiers.

The company is owned by Julian Richer. He dropped out of school and opened his first shop at London Bridge when he was 19.

Today he owns over 50 shops, placed around England (see below).



STORE ENQUIRIES



0845 900 1230



customerservices@richersounds.com

Richer Sounds employs nearly 400 colleagues, as they prefer to call them, and in 2003 they were delighted when Richer Sounds

was listed as being top British-owned Company in the official list of the UK's 100 Best Companies to work for.

MAIN CUSTOMERS [P1]

Customers are the most important part of the business. This is because they provide the company with profits and income. They are people who buy or use the product or service you are offering.

There are different types of customers, but I am focusing on the two main customers of Richer Sounds, who are Private and Corporate customers.

Private Individuals: - customers buy generally for themselves or a friend. They consist of:

- > Regular customers: the general public and the community and Passing Trade customers (customers passing by).
- > Occasional customers (now and then customers)
- > Passing Trade Customers (passing by clientele).

Corporate Clients: - These are business customers who are buying on behalf of their organisation. They may be shops or offices in the private sector - such as Carphone Warehouse and Tie Rack or they may be in the public sector, such as schools, colleges, universities or the government.

CUSTOMER EXPECTATIONS

To ensure customers are left satisfied many businesses ensure that they cover the main customer expectations like:

- The products are of good value from known manufacturers.
- The products are reliable
- Good customer services and meaningful staff , and be offered accurate, truthful information.
- To be able to shop in bright and lively stores.

Most customers also expect expert advice from professional and experienced staff. Richer sounds work hard to achieve an exceptional service which leads to satisfied customers.

They ensure this by:

- Making sure products are always available for potential customers.
- Matching their products with the market demands by using systems such as the EPOS, which helps to monitor stock records.
- Keeping record of the products they have sold to ensure new products are ordered every week.
- Attending future technology shows helps richer sounds keep up to date with new technologies and products. Meaning they always have the latest products in store.
- Constantly analysing their products and services to improve their sales.
- Using internet and having their own websites, helps Richer sounds advertise their products in many different ways to increase sales and update customers with product news and newsletters. Their website is currently www.richersounds.com

KEY COMPETITIVE FORCES [P2]

Competitive Forces:

These are pressures afflicted on the company by another organisation that are competing to increase their share of the same market.

Richer sounds operate in the consumer electronics market which is sometimes called 'sound and vision' it is highly competitive.

The main competitors opposing richer sounds are large chain stores such as Comet, Curry's and Dixon's. Small specialist shops that sell consumer electronic equipment and online electronic suppliers also pose a threat.

Richer Sounds could respond to opposing threats by keeping watch of competitive prices, and profits of opposing organisations. This will allow Richer Sounds to compete and lower prices, which may bring more customers and increase profits.

Swot analysis for Richer Sounds



Strengths: the strengths for Richer Sounds are that Richer Sounds have the ability to sell quality products at a cheaper price than most high street retailers.



Weakness: The main weakness of the Richer Sounds is competition. Richer Sounds is also part of a large consumer Electrical market which is sometimes known as 'sound and vision' it's highly competitive. Large Stores such as Curry's and Dixon's are competing against Richer Sounds for a large share of the same market.



Opportunities: the opportunities for Richer Sounds is that as its becoming more wide spread with over 50 stores throughout Great Britain and Ireland, Richer sounds may choose to turn into an international global organisation and offer their services to many different countries. Also Richer Sounds may choose to move into another market and start selling a range of different products.



Threats: Competition is one of the main threats for the Richer Sounds. They are competing against larger chain stores such as Dixon's and Curry's. As well as competing against small specialist stores and online suppliers like Amazon and Tesco.

[M1]

Richer Sounds can become more competitive by taking opportunities such as become worldwide, offering their services to many different countries. An example of this is Mercedes. They were first founded in Germany and turned worldwide. This broadens opportunities. Richer sounds could also build on their strengths by continuing to sell quality products at a cheaper price than most high street retailers. They should also respond to threats and compete with all organisations.

[D1]

My chosen product is a Philips Plasma Screen TV. This is my SWOT analysis for this electronic product.



Strengths: Flat screen plasma TV's are becoming increasingly popular and as this certain product includes stand and speakers as standard meaning it's a bargain.



Weakness: There are a large range of different plasma screens available meaning customers are spoilt for choice. This includes competition with rival plasma producers all competing to be sold.



Opportunities: Philips are continually producing new quality stands and screens allowing them to offer more products to potential buyers.



Threats: Competition posed to Philips by other large organisations such as Sony are the biggest

threat. This is due to them both competing for a large share of the same market.

Section 4: Stakeholders

Richer sounds main stakeholders are:

Customers are existing customers. They have a relationship with the organisation as their link is that they buy the products or the services.

Employees rely on the business for employment so therefore have a relationship with the business.

Suppliers take orders from the business making sales, this they are stakeholders.

Sponsors (of the organisation) pay money to associate the name of their product or business with an event or person.

The bankers of the business lend money to company therefore making them an important stakeholder within the organisation.

All the above stakeholders are interested in the business as they rely on their activities and trades to keep their organisation running. An example of this is suppliers, without taking orders from the business; they will not make any profit, which may lead the organisation to shut down.

[M2]

When businesses are faced with concerned stakeholders, they have a choice of either taking action, or not. The decision taken will usually depend on the power of the stakeholder group, the issue the group has raised, or the effect of any action taken upon other stakeholder groups. As every business has a main aim to survive, its usually sensible for business's to respond to stakeholders concerns. Lack of consideration may lead to boycotts, which will decrease profits. An example of this is when Greenpeace called for a boycott of Shell petrol with the result of sales falling by approximately 50%.

This is also a problem for Richer Sounds as its part of the large 'sound and vision' market, meaning loss of profit may

cause Richer Sounds to fall and become bottom of the market. If this happened Richer Sounds competitors would have an increased profit, making it harder for Richer Sounds to recover.

[D2]

When faced with issues like these a business may choose to take action and respond to problems, or to do nothing about it. To respond to concerns the decisions will usually depend on:

- The power of the stakeholder
- The issue that the group has raised
- The effect of any action taken upon other stakeholder groups.

However if the organisation chooses to do nothing about the issue it may at times damage the business by boycotts which eventually lead to profit loss.

Taking action against these concerns may benefit the business, however bearing that no business will ever be able to please all its stakeholders all the time.

If Richer Sounds was faced with this problem, they could choose to either face or sort the problem, or to ignore it. In my opinion, Richer Sounds should tackle and face the problem, because consequences could be fatal (such as boycotts). An example of this was when Greenpeace boycotted Shells Fuel organisation, resulting in loss of approximately 50% in profit.

Section 5: External Influences

[P4] [Pest analysis presentation](#) complete.

[M3]

Richer Sounds have got many ways in which they might respond to technological changes. They can keep-up-to date with any new developments. This includes watching out for new products that enter the market, such as DVD players, plasma and LCD screen TVs and MP3 players, or there are new developments in existing products, such as lifestyle systems where all the parts

for a DVD/home cinema system are in one box. This means people don't have to put a lot of separate bulky parts in their living rooms.

New technology affects customer tastes and fashions and Richer Sounds need to keep these in mind. When buying goods, to prevent mistakes Richer Sounds have a buying group which consists of 12 people. Half of which are colleagues who regularly deal with customers and so they know which products are popular, what people are asking for, what is selling and what is not. No buying decisions can be made by just one person and all buying group meetings are attended by Julian Richer. They always focus on the best products at the best value which will meet current customer needs.

[D3]

Richer Sounds keeps up very well with changing technology thus it must also keep up with all other external influences such as, economical factors.

Richer sounds are affected by a range of economical factors including exchange rates. This is due to the fact that Richer Sounds buys a large share of their stock abroad. When Richer Sounds makes purchases from Europe, the price usually depends on the value of the pound relating in relation to the euro. Richer Sounds always benefits if the pound is stronger, thus the goods cost less. However if the pound is falling in value, Richer sounds then have to take this into consideration as the goods are then more expensive. Richer sounds might successfully adapt its activities, by simply watching the changes in money rates and the strength of the pound to the euro.

Another factor that also affects Richer sounds is the level of prices. If the general level of prices increases, then Richer sounds will be forced to increase their prices as well. When prices are increased then competition also gets heated.

However, the prices of electrical goods have fallen over the last few years, thus allowing Richer sounds to become more competitive then ever.

To help combat these problems Richer Sounds may choose to keep record of the prices and sales, as it may help them predict whether the prices of certain products may increase or decrease.







