

Edexcel GCSE  
Business Studies  
(Double Award)

# Unit 1 – Investigating Business



Candidate Name:

Candidate

Number:

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## GCSE Applied Business Studies

### Unit 1 – Investigating Business Studies Strand A

#### Introduction – Tesco

Tesco is a very large and successful supermarket all over the U.K. It has many branches and was first found in the year 1919 in the east part of London by Jack Cohen. It has got varieties of branches in different parts of the U.K.; however the head office is in Chesterfield. Tesco became one of the world's fourth largest retailers in the year 2008. Originally Tesco used to only specialise their products in food and drink. It has now expanded their business by selling more varieties of products such as; clothing, insurance, mobile phones, renting and buying DVD's, dental plans, financial services, internet services, software's and much more.

#### Tesco Logo



#### Introduction – Sejuice

So far, Sejuice has been one of the most successful Smoothie bars in Brighton (United Kingdom). It just doesn't specialise their products in smoothies, however they now also do products such as; homemade soups, sandwiches wraps, snacks, deserts and much more. Also the location of Sejuice is an advantage because the Tourism rates are high in Brighton and because of its climate so it has an advantage to them which can lead them making more profit, so it is an economic benefit.



**Location  
Sejuice:**

56 Gardner  
Street  
The North

### **Aims & Objectives**

An **aim** is what a business wants to do and how it wants to do it. The aims of a business can include providing goods or services, making a profit, expanding the business, maximising sales, being environmentally friendly, surviving as a business and providing charitable or voluntary services.

**Objectives** are targets which the business will set itself in order to check that it is progressing and achieving its aims. Business objectives can include, selling more of a product than a competitor, providing more goods or services than in the previous year, providing new goods and services and improving a product. Business Objectives - All businesses need to set objectives for themselves or for the products or services they are launching. What does your company, product or service hope to achieve? Setting objectives are important. It focuses the company on specific aims over a period of time and can motivate staff to meet the objectives set.

### **Examples of Aims and Objectives**

▲ An Example; a business objective is to make a profit over 105,000 next year.

▲ An Example of an Aim; a business such as Microsoft has decided to make a new Operating System.

The business objective would be to decide how much money will be put in (outflows) to make it and their estimated profits for the first three months when it is released to consumers and how much profit they should have made.

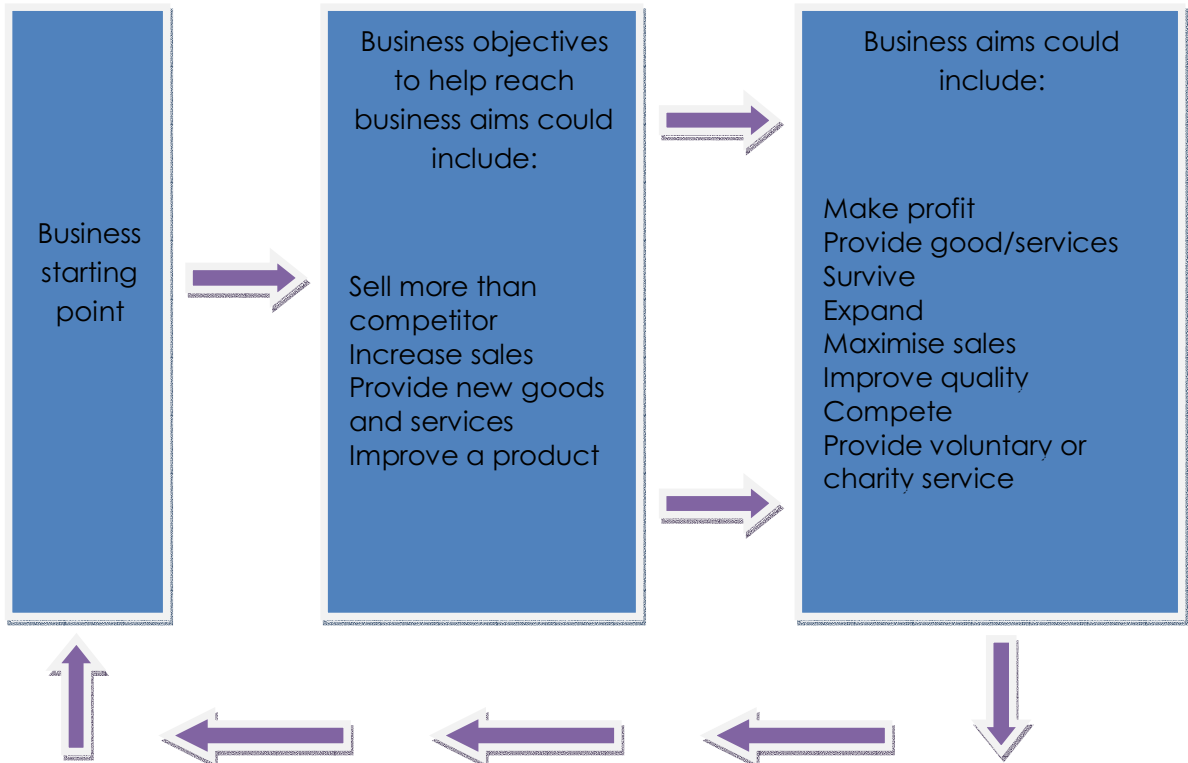
▲ Another Example of an aim; a retailer such as Argos decides to build another branch in another city.

The objective for that would be; to decide on the location and what type of products they will sell and opening hours etc.

### **What is the difference between aims and objectives?**

Objectives are steps towards achieving the businesses aims and aims are clearly what they want to do and how they are going to do it.

**Diagram showing the relationships between aims and objectives**



**Aims and Objectives**

**Tesco Aims and Objectives**

We will convert 450 T&S stores to our express format over the next year to four years bringing the Tesco range and offer many more customers in the neighbourhood locations to launch a fixed line phone service later in the year and to sell more varieties of products.

▲ Are these objectives SMART?

No they are not. The second two objectives are not SMART.

SMART objectives of Tesco:

To launch a fixed line service for 905 of our customers by the end of 2009  
To sell ten new varieties of new products in all our superstores by the end of 2009

### **Aims and objectives of Sejuice**

- To sell more variety of products over a certain amount of time
- To make a certain amount of profit each year
- To please and satisfy customers 100%
- To produce more healthy varieties of products.
- Good and friendly Services available.

### **S.M.A.R.T**

**S**pecific – Objectives should be a precise description.

**M**easurable – it is important that it is capable of being measured.

**A**chievable – an objective should not be beyond the reach of the organisation and individual employees.

**R**elevant – an objective should help to achieve the aims of the organisation

**T**ime specific – an objective that should have specified starting and finishing dates.

Smart objectives are objectives for themselves or for the products or services they are launching. What does your company, product or service hope to achieve?

Specific objectives should specify what they want to achieve. Measurable, you should be able to measure whether you are meeting the objectives or not.

Achievable, are the objectives you set, achievable and attainable? Realistic, can you realistically achieve the objectives with the resources you have? Time when do you want to achieve the set objectives?

The S.M.A.R.T objectives of Sejuice are:

1. To make profit within the first two years of trading – this is SMART because they can measure whether they have achieved this within a time frame and it is realistic for a small business.
2. To launch two new juices within the first year of trading – this is SMART because it is achievable. Sejuice ask their customers about which juices they like and do not like. They can use this information to help them with their product range. It is achievable and they have a time frame attached to it.

### **Definition of the term Business activities**

Businesses carry out many activities, many may create goods, for example furniture, clothes or computers. However others may create services such as web page

design, car repair or hairdressing. Business activities are analysed in the following chains by government and economists, manufacturing, sales, client services and other services. It is quite difficult for a business to obtain up all stress from its stakeholders, so what they must do is to find a way prioritising stakeholder strain and balance out competing requirements. This will involve excellent judgement. It can be argued that there is no technical way of doing this, someone in the organisation has to make a decision and this decision may be based on a wide range of information they have been provided with. If majority of the stakeholders are pleased with the plans and the outcome, he/she will be regarded as a good leader or manager. If the decision results to the stakeholders to get angry, that persons reputation might well go down.

### **What are activities?**

The term activities means, what they sell. Tesco clearly sell food. This is not all that they sell. To achieve the objectives of being as strong in food as they are in non food, they need to sell products other than food. For example, they sell televisions, books, cards and other electrical items like microwaves. This allows them to achieve that objective.

### **Business Activities for Tesco**

1. Non food such as toiletries, flowers, magazines, furniture electronics, saps, ECT.
2. Food. Tesco's sells good stuff form their own brands = smart price e.g toilet rolls = 50p -1.00 pounds.
3. Home delivery, delivering foods and non -foods, they deliver to people's homes and online services.

Tesco offers lots of friendly services such as online services, mortgages, insurance for e.g car insurance, loans travelling services, Credit cards.

By doing this Tesco can attract more customers. With these other services like insurance customers would be more eager to shop or buy anything form Tesco. Tesco sell non-food items such as televisions to help achieve their aim. Recently Tesco have opened a new store on the Colwick industrial estate in Nottingham which is purely for non-food. This is a major departure for Tesco and will help them achieve their aims. By selling more non food stuff they will achieve their aim by adding more services to their (expansion to the business) business and by doing this they will achieve more profit and achieve th eir Smart objectives as well for example completing a phone line service by the end of 2009.

### **Sejuice Activities**

1. Drinks and snacks, food products such as , smoothies, salad bar, homemade soups, sandwiches wraps at low price, deserts made themselves, ba sically their own brand to achieve their aims.
2. Doing this it will attract a lot of customers and tourists as Brighton is a very popular tourist area.

(Sejuice sell soup in addition to the juices. This does not help them achieve any particular objective, except to make a profit within the first two years. Selling food will help spread their income over the whole year and not be as reliant on the summer trade).

## **How these activities will need to change in the future**

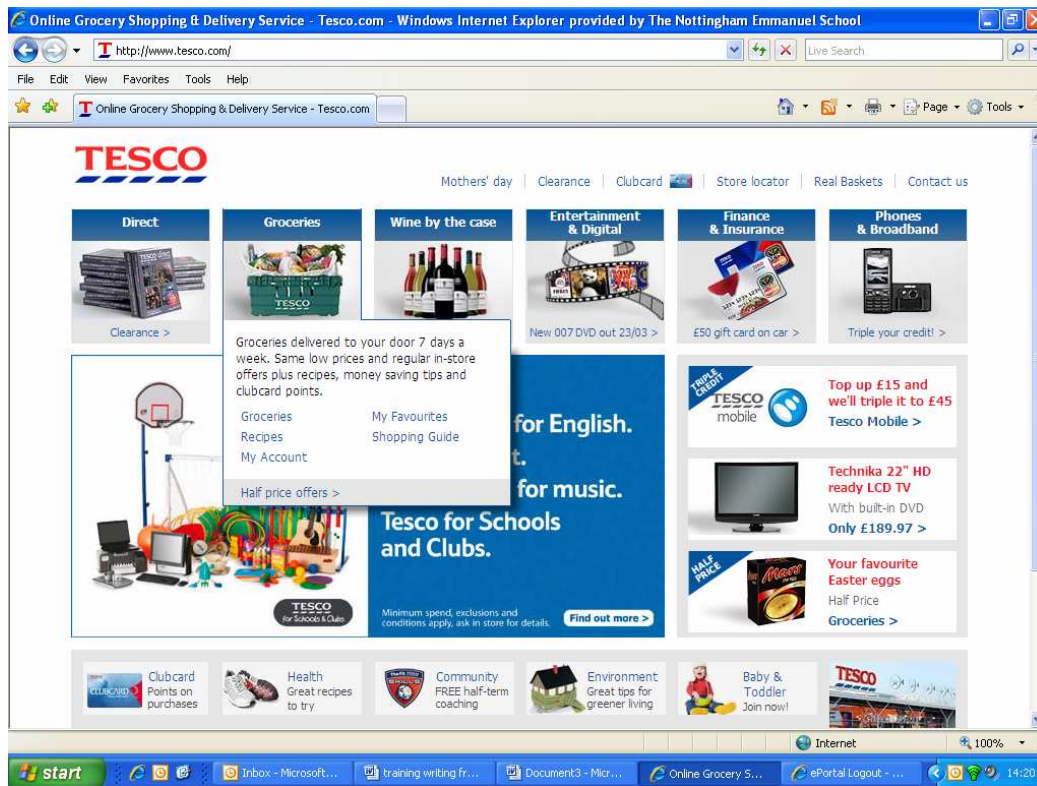
### ***Technology***

Both Tesco and Sejuice will always need to change their activities in the future. There are many external influences on both companies that require them to constantly change what they do and how they do it.

The most obvious change is technology. People nowadays have Broadb and and like buying over the net. Tesco have adapted their sales techniques and have very effective internet sales

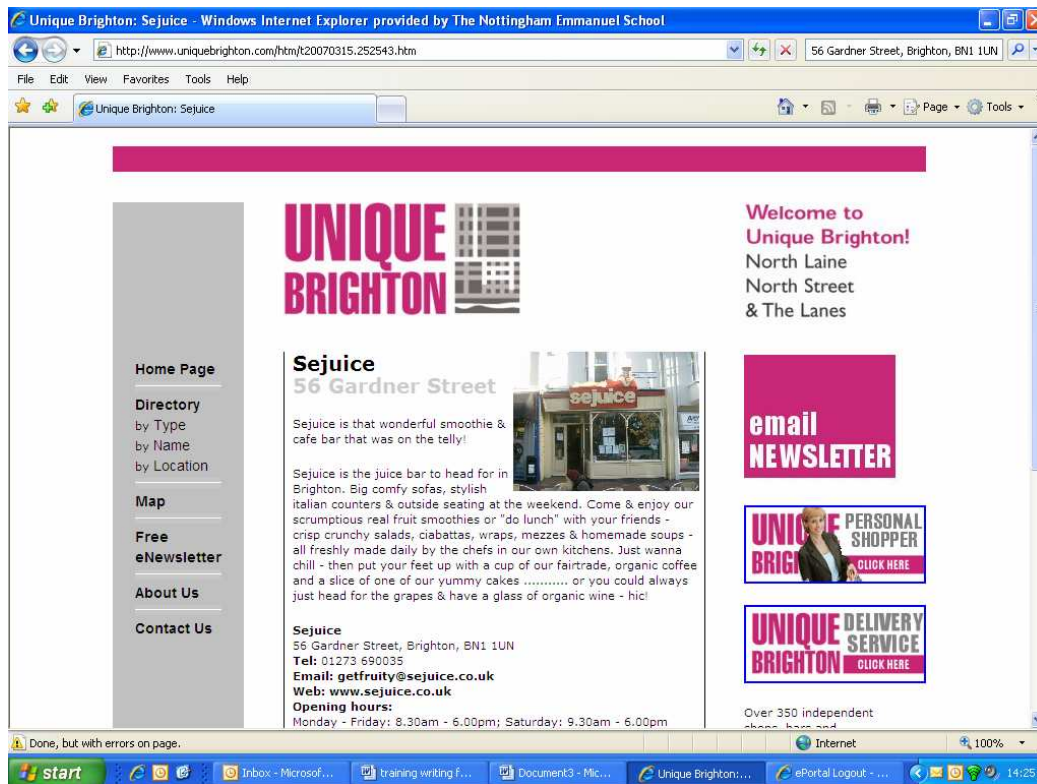


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As you can see, Tesco sell all of their products on line.

In addition, Sejuice also have an internet site, but do not sell their products on line as it would be impossible to sell juices and soup over the net.



Here you can see Sejuice adapting to new technology

### **Positive and Smart Aims**

1. To please 1005 of customers and their needs and satisfaction.
2. To sell their products to make profits by having excellent, at good prices products.
3. To make big business you need a business mind visualize your future aims and to attract more customers and to expand your business up to the next level.

How do these activities help them achieve their aim s?

#### **▲ Aim 1 – life time loyalty**

To achieve lifetime loyalty Tesco have introduced the club and shelf talkers. These help make sure that customer s keep coming back for their shopping.

#### **▲ Aim 2 – to be as strong in non food as we are in food.**

Tesco sell a wide range of non food items, they achieve recently introduced selling furniture. This will help them achieve the above aim.

#### **▲ Aim 3 – Long term growth**

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Tesco are always looking for new land and are now opening new Tesco convenience stores on the High Street. This Helping they achieve above aim.

Both of my businesses use this to help run their business, their aims and objectives help them plan future plans for their business and how to make it more profit.

▲ Also this helps them to know how to keep customers satisfied and keep the business well running and up.

▲ As the recession deepening in the country, Sejuice and Tesco will have to modify their business plans and look for solutions otherwise because of economy crisis their business will loos profit. They will do this by coming up with marketing strategy on helping them look for alternatives so that their market share won't be affected and they won't lose any profits. For example they could reduce the prices of their products, introduce healthier and eco products for the environment e.g fight against the problem pollution .

For example; changing their raw materials, budgeting costs so they don't lose money, invest safely, plan a cash flow forecast to estimate business profits to make more products more affordable etc.

## **Strand B**

### **Functions in a business**

▲ function in a business is an area of activity in the business

**The main functional areas are:**

#### **Marketing and sales**

Finding out what products customers need and selling those products to them

#### **Customer service**

Looking after customers requirements, dealing with their complaints

### **Production/operations**

Dealing with the resources, manufacturing a product, researching and developing new products

### **Finance**

Managing the money coming in and out, paying bills, paying wages, keeping the books, raising money

### **Administration**

Providing all the back up needed – the day to day jobs that have to be done

### **ICT**

Providing the ICT support for the running of the business

### **Human Resources**

The Human Resources Glossary defines Human Resources as: “The people that staff and operate an organization as contrasted with the financial and material resources of an organization. The organizational function that deals with the people ...” Long a term used sarcastically by individuals in the line organization, because it relegates humans to the same category as financial and material resources, human resources will be replaced by more customer -friendly terms in the future.

### **Operations Management**

It is important for Tesco to put the right products on the shelves at the right time or people can't buy the products that they want to buy and because of that they go to another supermarket and due to that reason Tesco end up losing profits.

### **Different job roles at Tesco**

- Customer Services
- Stocking up
- Security Guards
- Till

### **Tesco employees**

We also feel the same way about the people who work with us - at every level, from warehouse staff or general assistants at the start of their careers, through to our most senior managers. We believe everyone should benefit from the best support

▲ And training we can provide, and aim to develop each to the best of their abilities.

Our commitment to people has led to an emphasis on training and development - subjects we take very seriously. Naturally, we provide lots of on and off the job coaching, but we also have a superb, specially designed learning programme.

### **Why is it important for any business to treat its workers well (what might happen to Tesco if it treated its employees badly?)**

If Tesco treat the workers badly, then they will go on strike and won't serve the customers and as a result of that no more customers will shop at Tesco. ▲ Also Tesco will lose profits and nobody will work for Tesco and it will have a bad reputation and will have to shut down.

**TIP:** never treat any worker badly or he/she will complain and the workers will back them up and will take advantage of the situation. ▲ Also customers will complain due

to the bad behaviour from the worker. If they do treat employees badly, they will have a major problem with recruitment. They will have to spend a lot of money recruiting people and training them. This will hurt their profit and therefore they would not achieve their aim of long term growth.

### **Functions in a business**

#### **What is marketing?**

- Marketing is about meeting the needs and wants of customers;
- Marketing is a business-wide function – it is not something that operates alone from other

Business activities;

- Marketing is about understanding customers and finding ways to provide products or

Services which customers demand

#### **The marketing department does the following:**

- advertising
- marketing research
- posters
- shelf talkers
- price promotions
- mail shots
- the internet web page
- packaging

#### **What is the different type of marketing in Tesco?**

Our Marketing gets noticed. Our TV advertising, press ads and outdoor campaigns are enjoyed across the UK. At Tesco, the philosophy behind Every Little Helps is at the very heart of everything they do. With 250,000 people and 1900 stores in the UK alone, it was essential that Tesco presented their recruitment opportunities successfully to attract the right employees.

### **Tesco Club card**

Tesco launched the Tesco club card to offer long time loyalty. This is including long last offers and vouchers and half price deals. Also gives customer a great chance in buying stuff without any worry of not bringing enough of money . (Excluding Vat)

### **How does the Club card help them achieve the aim of life time loyalty?**

This helps Tesco achieve their aims and targets' of long time loyalty because their have a year contract including great offers to customers and great discount and specials offer prices.

### **What is EPOS System?**

**EPOS** can stand for:

Electronic point of sale (Found in modern day stores)

Embedded PowerPC Operating System, from IBM

EPOS (computer) - a series of Czechoslovak computers

EPOS is used in stores to count stock levels as customers buy stuff.

### **How does the EPOS system help Tesco?**

This helps Tesco, by monitoring their stock levels and to know what is their most popular stuff. This helps customers by getting what they want from Tesco without worrying about stock level. This also helps Tesco in fulfilling customer's needs and what changes they need to make to their company for e.g to their products such as prices and price deals so customers can shop at Tesco without any complaints and EPOS system is also a good computer to know when you need to ordered new stock so Customers don't go to other shops looking for their products and losing Tesco a

good chance in increasing their profits and making other company's profits (by not shopping at Tesco).

### **Why is it important that Operations communicate with Marketing?**

It is important for operations to communicate with marketing so the consumers know what the products are made out of. For example smart price, also the consumers would like to know what materials or resources have been used to make that product and then it will be brought of the market. That is important for Tesco so there customers can buy the product and know where it has been made, for general inquires if the customer would like to know more about that product. Also Tesco advertise their new products and gives basic information about the product that has been produce recently.

### **Communications Department**

4 ways that Tesco communicate with themselves:

Telephone, Video conference, Face to Face, email.

### **The advantages and disadvantages of these communication methods**

#### **Advantages**

The advantages are that it's quicker and simple to talk to each other without going up to each other face to face and quicker if you want to send some documents over. (through the internet).

#### **Disadvantages**



The disadvantages are that if you write something by email or through the Intranet in a sarcastic way or as a joke they might find it offensive because they can't see you face to face so they don't know what type of body language or face expression you're using. Also somebody could hack into your email account and send inappropriate comments but that hardly ever happens so these are the valid and basic disadvantages of using these communication methods.

## **Communication**

<b>Types of Communicating</b>	<b>Advantages</b>	<b>Disadvantages</b>
<b>Telephone</b>	The advantages are that it is quicker to communicate with each other than need to go face to face.	If you said something in a sarcastic way then the person would take it in an offensive way because they can't see what type of body language you are using.
<b>Meetings</b>	Discuss further plans for the business and ideas, also increasing customer satisfaction and profits.	The disadvantages are: After introductions, Ben Borthwick (of St Albans Council) advised Tesco that the meeting 'could not expect to be confidential' - and of course it no longer is. Then they got down to business under heading 'Update from Developer's Perspective' (which is what we'll call Act One). Our comments are in red as usual!

<b>Video Conference</b>	The advantages are that you can see and hear and talk to other clients that are abroad in other country's without you wasting your time going abroad to another country to talk to clients about products and further plans of Tesco.	The disadvantages are that while doing the video conference there could be technical problems for e.g if the weather in another country is bad it could affect the electricity and would able to let you use the video conference technology.
<b>Memo</b>	The advantages are that it helps you remember stuff like a reminder note.	The disadvantages are that if someone wrote something as a joke the person with the note would find it offensive.
<b>Adverts</b>	Advantages are that it tells people about their new products and offers on TV.	The disadvantages are that they could be saying bad stuff about other retailers or other retailers would make their adverts based on their offers but improved creating a competition between themselves losing profits as a result.
<b>E-mail</b>	The advantages are that it is quicker to send word documents and chat to each other than going up to each other and talking and giving in documents.	The disadvantages are that if you reply in a negative way as sense of humor, the person reading the email would be hurt and will complain and make it into an issue.
<b>Face to Face</b>	You can talk to each other and say sarcastic comments and not make the person who you are talking to hurt because they can see what type of body language you	The disadvantages are that you're wasting your time talking to the person Face To Face when you can do it by E-mail or by phone.

	are using.	
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**When do Tesco use each type of communication – the advantages and the disadvantages?**

**Internal communication -**

**Verbal communication**

– Interviews with other members of staff meetings

**▲advantages**

Get to know people

2 way conversations

Understand the meanings better through non verbal body language.

**Disadvantages**

Time consuming

Face to face -- meetings and discussions across different functions

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Telephone – Tesco's will have is internal telephone system across function where they can discuss issues. Advantages: its quick, two way conversation, cheap but no body language.

Mobile phone – mobile phones are used by manages at certain times to contact people quickly.

Voice mail – when someone is not answering you can leave a message

Email

**Written communication**

**1. email**

Send emails through the internet

Send messages across different departments

Send attachments contained word documents of financial information via spreadsheets.

**2. Memo**

Could be used in staff room notice board, attachment to an invoice across the department.

**3. Letter**

Letters will be not be used internally within Tesco.

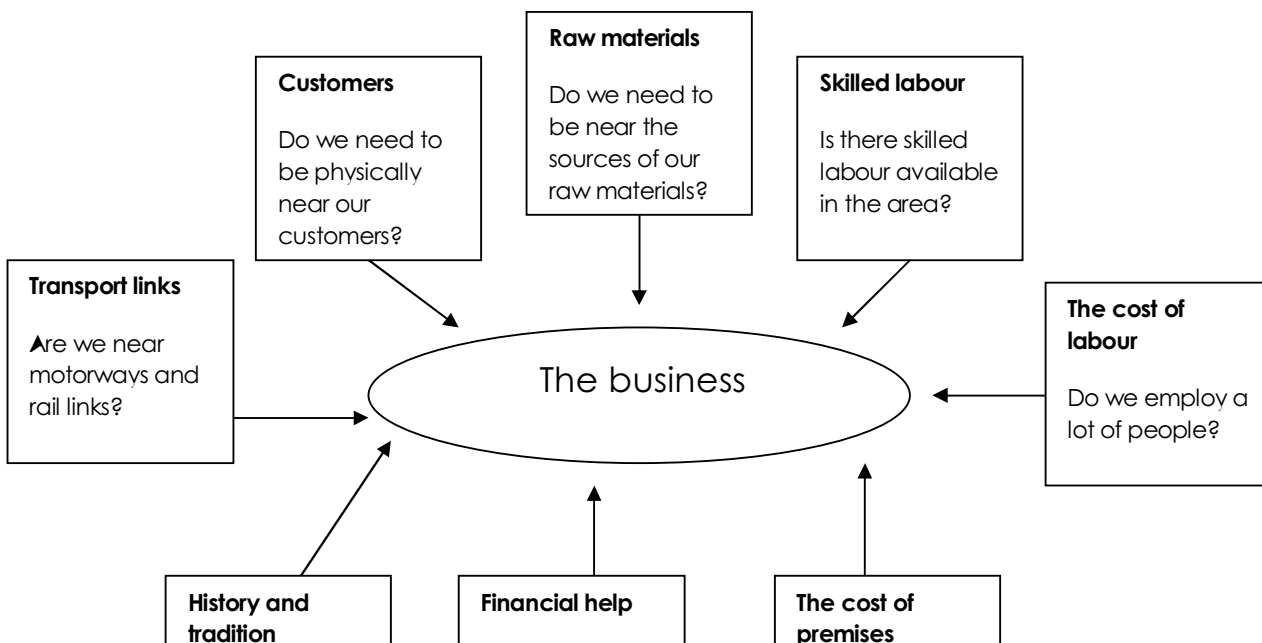
4. Fax

Send invoices across department via fax.


Strand C

These are a number of factors that a business needs to consider before it chooses its location. These are:

Location



My Near by Home Tesco Store

Store type: 

Store Details (Address):

93 VICTORIA CENTRE,  
NOTTINGHAM,  
NOTTINGHAMSHIRE,  
NG1 3QE

Direct Telephone line for all Retailers: (0845 6779506)

Normal Telephone Number:

0115 980 7500



**Sejuice Location**

56 Gardner Street,  
The North Laines,  
Brighton,  
BN1 1UN

**The Main Advantages of Tesco located in Victoria Centre**

Victoria

Victoria Centre is a shopping mall; it's got a variety of stores and shops. Basically it's a place where people go and buy stuff that they need from different stores for their own personal use or business use.

The advantages of Tesco being located in Victoria Centre are:

That over a huge amount of people come to Victoria Centre to shop everyday and because that is the only big Grocery Store in Victoria Centre. Another advantage is

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the Transport Link: there is a car park outside and because it's a modern aspect too and it's sort of a public place where thousands of people come to shop and visit at Victoria centre.

**The Main Advantages of Sejuice being located in Brighton**

The advantages of Sejuice being located in Brighton are it is a very busy place and a very public place and many people in the morning go to work and miss breakfast and might want a quick snack if they're still hungry. Also Brighton is a very tourist place where people come from London to visit and to have a holiday. Also in Brighton the climate is usually hot, so smoothie drink is good to have on such climate.

**Why Tesco Open their Stores In Small Convenience Shops?**

UNIT 4,  
303-305 CARLTON HILL,  
NOTTINGHAM,  
NOTTINGHAMSHIRE,  
NG4 1GP



0115 9402432

Tesco overtake small stores because it saves them time and money on planning on extending their stores.

**Opening a new juice bar**

To open a new juice bar you need to first look at your budget and a location on where you want to set up your juice bar. The location has to be suitable to what your business is about and has to be in a very local place, to get customers. You also need something in your shop that stands out and which people can see and will get their attention.

So they come to your shop and buy a juice also your opening times and closing times have to be suitable to your shop and depending on what times in the morning it gets busy. (with people).

**Owning a Small Business**

1. Jaspur Superstore
2. Newsagent Shops
3. Sole trader – A sole trader is an individual who set up in a business. The sole trader owns, control and is the business.



**What is a sole trader?**

▲ sold trader is an individual who has set up in business. The sold trader owns controls and is the business.

**What is a Partnership?**

▲ partnership is a group of individuals working together in business wi th the aim of making a profit.

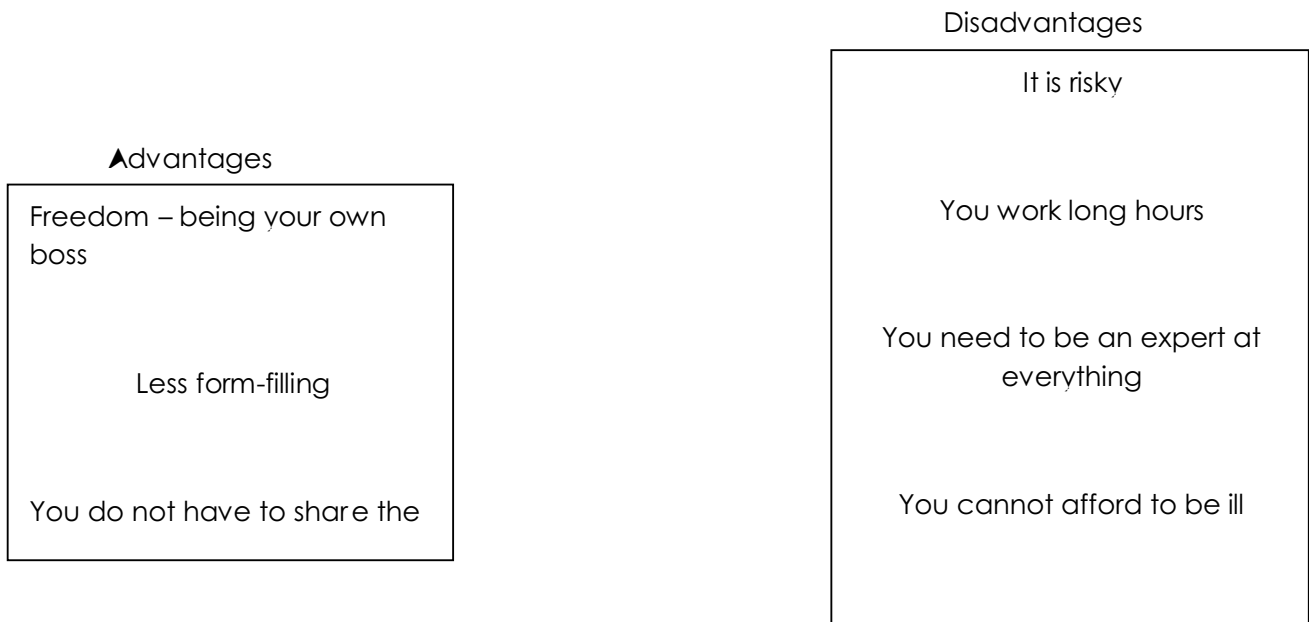
**Types of businesses that are in partnership are:**

Many businesses in the U.K are partnerships – they include doctors, dentists, solicitors and plumbing companies.

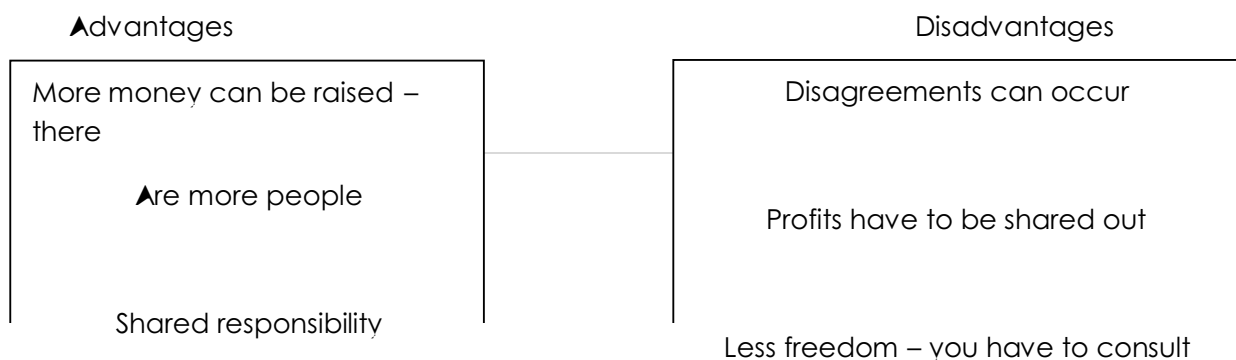
**Unlimited liability**

Like the sole trader, a partner has un limited liability. This means that if one partner runs up a big debt, each or all of the other partners could be asked to pay it all off. In a partnership, like marriage, you clearly have to be careful when you take on a partner.

**Advantages and Disadvantages of being a sole trader**



**The advantages and disadvantages of being a partner**



**Why did Sejuice work together in partnership?**

Sejuice work in partnership because when they first decided to open a juice bar they wanted more people to help open it quickly rather than one person on its own. Also if one person is ill than the other can continue running the juice bar.

**The advantages of Sejuice working as a partnership are:**

They will be working as a team and as a result of that there will be earning money fast and quick. Their business will be running smoothly, Shared responsibility. More expertise skills will be available to use. They will cover each other when one of them is ill.

**The disadvantages of Sejuice working as a partnership are:**

That one person could argue if he/she thinks they are not getting the right amount of share from the profits that they are earning each month. Less freedom and you have to consult others. Each partner has unlimited liability for all dealings of the partnership.

Each partner has unlimited liability for all partnership debts.

**Ownership of a large Business**

**What is a limited company?**

▲ limited company is a business which is owned by shareholders and run by directors.

**Who owns a limited company?**

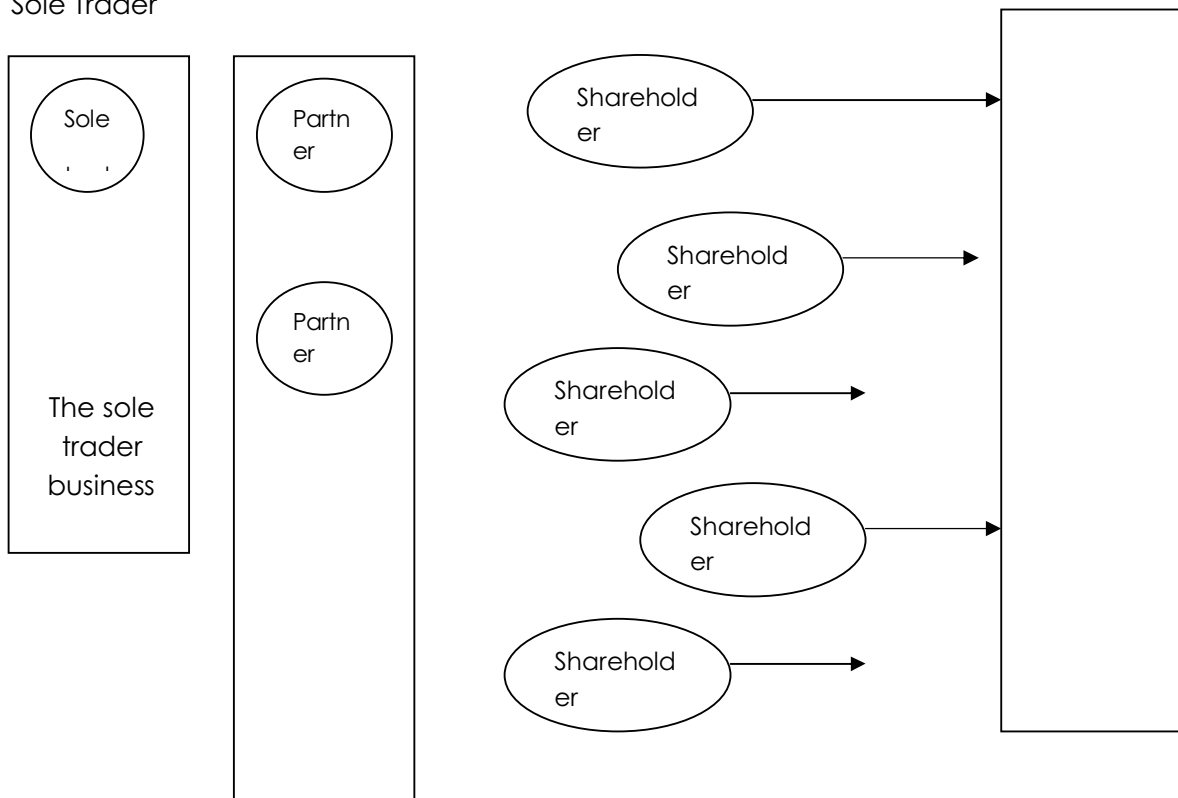
▲ limited company is set up in a very different way from a sole trader and a partnership business. The owners are the shareholders who have invested money in the company in return for shares and a 'share' of profits in the form of dividends.

**Who is responsible for company debts?**

Shareholders are not responsible for all the company's debts . The most money they can lose is the amount they have invested – this arrangement is known as limited liability and is quite different from the unlimited liability of the sole traders and partners in the previous chapter. Study the diagram below.

Business and liability of the owners

Sole Trader



**The differences between private limited companies and public limited companies**

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Private limited companies are generally smaller than public limited companies. Common examples are family businesses such as garages, builders, shops, local coach companies.

▲ public limited company (plc) is normally larger than a private limited company. The share capital (money invested by shareholders) has over £50,000. Examples of public limited companies: Barclays bank, Tesco and a number of League football teams.

**Who controls limited companies?**

Shareholders own a limited company and appoint directors to control the management of the company and plan for its future. In the case of a private limited company, the shareholders often are the directors, and so the shareholders can be said to control the company. The chief director is the Managing Director.

**Co-operative**

The word 'co-operative' refers to two types of business:

▲ retail Co-operative society – which sells goods and services to the public

Co-operative - a group of people 'clubbing' together to produce goods or to provide a service.

**Who owns a Co-op?**

▲ retail Co-operative Society is owned by its members. You can become a member by filling in a form obtainable from your local Co-operative store and buying a share, normally for £1.

**Franchise**

▲ business which pays to use the name of another established and well - known business.

▲ franchise is the situation where an individual – the franchisee – in return for a fee can setup up in business using the name, equipment and training provided by a franchisor business such as McDonald's.

**Advantages of a franchise**

You are going into a business which has been tried and tested in the marketplace

You are more likely to be able to raise money from a bank for a franchise

You should receive training and be provided with the necessary equipment

### **Disadvantages of a franchise**

The cost of the fee for going into the franchise

▲ proportion of your takings also go to the franchisor (the person you buy the franchise name from)

You cannot change the business just as you wish – if you run a Burger King it has to be the same as all the other Burger Kings

### **Why did Tesco become a public limited company?**

Tesco became a public limited company so could they could advertise their shares also Shares can be sold through the stock exchange and Shareholders have limited liability.

### **How does being public limited company help Tesco expand and grow?**

It helps Tesco grow by increasing the money in shares. They can advertise their shares. It's larger than a private limited company.

### **The advantages of Tesco using a franchise**

Tesco using a franchise means they will able to raise more money.

They will receive training and be provided with the necessary equipment.

They will be going into a business which has been tried and tested in the marketplace.

### **What is a Private sector business?**

▲ business owned directly or indirectly by private individuals .

### **What is Public Private Partnership (P.P.P)?**

▲ public sector service financed by the private sector.

## **Strand D**

### **External Influences**

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External influences are things that affect a business that the business has no control over. They cannot do anything about them, but they can plan ahead so that they are ready.

**Threats from competitors**

The business world is not always polite and good manner. Businesses are out there to beat their competitors and, in some cases, put them out of business. Winning means getting and keeping customers, often at the expense of other businesses. This is known as increasing **market share**.

**Market share**

Market share is the percentage of sales made within a market by a single product or business.

**Pricing**

It is no secret that customers like low prices and value for money. Some businesses aim to provide products at the lowest possible prices and in so doing attract customers.

**Tesco main competitors**

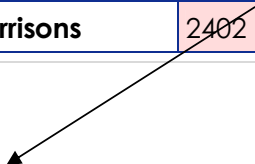
- Morrison's
- Asda
- Aldi
- Somerfield
- Kwick save
- Sainsbury's

The Tesco market share is 31.4%



See who has the smallest prices.  
Not just the biggest claims.

Against	Tesco is cheaper	Tesco is the same price	Tesco is more expensive	Based on no. of lines found
	NO. OF PRODUCTS	NO. OF PRODUCTS	NO. OF PRODUCTS	NO. OF PRODUCTS
Asda	1475	4647	1462	7584
Sainsbury's	3545	4090	904	8539
Morrisons	2402	2779	786	5967



Prices checked between 28 January 2008 and 30 January 2008.

**Every week we check over 10,000 prices in Asda, Sainsbury's and Morrison's stores to guarantee you low prices every day**

This price check table show how well Tesco are doing against their competitors. (Asda, Sainsbury, Morrisons.).

This Tesco price check shows products that people often buy and shows and compares prices with other competitors of Tesco.

## PRICE CHECK

Comparison results

### Fresh Milk

Product description	Tesco price	Sainsbury's price	Morrisons price	ASDA price
OL FRESH MILK 1PT	£0.40	£0.40	£0.40	£0.40
OL FRESH MILK 2PT	£0.76	£0.76	£0.76	£0.76
OL FRESH MILK 4PT	£1.34	£1.34	£1.34	£1.34
OL FRESH MILK 6PT	£1.96	£1.96	£1.96	£1.96

- All prices listed were collected between 28 January 2008 and 30 January 2008.

Again, same thing this price check shows you how cheap or expensive products are that people normally buy from their normal supermarket store.

## PRICE CHECK

Comparison results

### Whole meal Bread

Product description	Tesco price	Sainsbury's price	Morrisons price	ASDA price
OL PREMIUM CRUSTY STONEGROUND W/MEAL 800G	£1.10	N/F	£1.10	N/F
VILLAGE BAKERY 800G ROSSISKY	£1.38	N/F	N/F	£1.39
WARBURTONS W/MEAL BREAD MED SLICED 400G	£0.75	£0.75	N/F	£0.75
WARBURTONS WHOLEMEAL	£1.20	£1.20	N/F	£1.20

MED/TOASTIE 800G				
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\* All prices listed were collected between 11 February 2008 and 13 February 2008.

### **Customer Services That Tesco Offer**

- Customer Services Desk (helps customers with their needs).
- Leaflets and magazines (to help you know what latest products they got and any price deals going on for e.g sales, half price on products and more).
- Help you pack bags. (Instead of the hassle of you doing it yourself.)
- Signs to help you get to the right section in your local supermarket.



**This graph shows Tesco market share and shows how well there doing for the last month.**

How do Sejuice compete in terms of customer service?

- Excellent quality products
- Product knowledge
- Great venue – can have a quick juice and go or relax and have a smoothie and talk to your friends in the back area where they have sofas for you to sit down on and chill for as long as you want.

### **Sejuice Competitors**

- Boots
- Strabudes
- Other Juice Bars

### **Tesco Availability**

Tesco compete in outlets by having the E.P.O.S that monitors stock levels so that if a popular or recent product has been sold out of stock the E.P.O.S detects that and



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orders in new stock for customers to buy. Another outlet is the internet, so if you want to purchase something at Tesco but fail to meet their opening times and want to buy something from Tesco you can order it online from their website for home delivery.

**Tesco compared to Asda in term of number of stores**

Tesco have four stores in Nottingham. Asda have three stores in Nottingham. Sainsbury have four stores in Nottingham.

**Sejuice Business Target**

Sejuice Target People who are late for work in the morning and need to grab something quick to eat/drink. They also target and try to attract tourists that come to Brighton and offer them to try a smoothie and attract more tourism so they can make a lot of money.

**Tesco Business Target**

Tesco attract lots of people with sales, half price deals and special offers. Tesco sell foods at low cheap prices. Which people buy because it saves them a lot of money instead of going to another supermarket store and purchasing the same products for a higher price.

**Inflation and interest rates**

Inflation – means the general increase in prices.

General increase will affect Tesco by customers not able to afford the products in Tesco that they want to buy and therefore they will go to another supermarket and buy the same products that they would have purchased at Tesco for a very low and cheaper price. If that happens Tesco will lose their profits and that is how general increase will affect them.

General increase will affect Sejuice by customers going to another smoothie bar in Brighton (where the Sejuice bar is located). Therefore they will lose more money and because of that they won't be able to afford the (huge amount of) ingredients and will lose profit and may have to shutdown their business.

Mortgage – a mortgage is a loan you take for when you are buying a new house and then pay it back in monthly installments.

Interest rates - interest is the cost of borrowing money. (Measured in percentages). Interest is normally charged to borrowers by lenders such as banks. So if a business borrows 1,000 for a year and the interest rate is 5%, the interest charge will be 1,000 times by 5% = £ 50.

This shows its current rate.



### **What is the effect on an individual of an increase in interest rate?**

If a person for example took a mortgage loan and was paying it back in monthly installments and his/her interest rate increase by 30 pounds or more. They couldn't spend that money on food or clothes at their local supermarket. So that supermarket will lose profits and the individual loss would be of the actual person who pays for his mortgages. At present, interest rates are very low and may even go as low as 0%. This will help both Tesco and Sejuice as people who have mortgages will have more disposable income to spend at their shops.

### **Exchange Rates**

#### **What does it mean when the pound is strong?**

If the pound is strong you get more of another currency to your pound.

#### **What does it mean when the pound is weak?**

If the pound is weak you get less currency to your pound and this is not very good for importers (people who buy things abroad).

#### **Type of companies that are most affected by a strong pound?**

Companies that export – they have trouble exporting because they become uncompetitive due to the strong pound.

#### **Why would Tesco be affected by a strong pound?**

Tesco are importers and therefore are able to get more dollars to the pound. This makes their imports of products such as Pasta, Kiwi fruits and bananas cheaper and makes them more competitive.

#### **Would your small business be affected by a strong/weak pound?**

Sejuice are importers and therefore are able to get more dollars to the pound. This makes their imports of products such as oranges, Kiwi fruits and bananas cheaper and makes them more competitive.

### **The Economy Cycle**

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The following terms mean:

The economy – money in the country.

Unemployment – ▲ person who is unemployed which means they don't have a job.

Inflation – general level increases of prices.

Economic Growth – an increase of a standard living in families in other countries.

▲ At the moment the UK is in the middle of the recession. This is at the bottom of economic cycle. Unemployment is rising and these people have less money to spend therefore badly affecting both companies.

Stages in economy:

Boom – unemployment is low, inflation is high, people have lots of money, but the prices are rising rapidly

Bust – this often follows a period of boom and is where unemployment is very high, job security is low and people have little disposable income.

Growth – this period follows the bust period and is where the economy is recovering from the poor period. Unemployment is falling and people are more secure in their jobs.

**Environmental Constraints**

What does Environmental Constraints?

Environmental constraints are issues relating to the environment that affect a business that a business has no control over. There are a number of constraints that we need to look at and these include:

Main environmental pressures affecting businesses:

- air and noise pollution,
- water pollution
- waste management

The most important environmental constraint affecting Tesco in my opinion is:

- waste management

One of the issues facing Tesco is the problem with plastic bags:

Tesco bags are cheap and help carry your groceries, but Tesco plastic bags end up in landfills, filling up the countryside.

**How is Tesco trying to minimize the impact of each environmental constraint?**

Tesco are minimizing the impact of environmental constraint by using the degradable bags. Tesco bags will help because when they end-up in landfills, filling up countryside eventually they will rot so it will not be filling up the countryside with lots of Tesco plastic bags and because of that more people might shop at Tesco.

**Air pollution**

Tesco's Lorries causes (Air pollution) all these fuels and all the cars that come cause fumes aswell which is led to air pollution.

**Solution**

Getting bigger Lorries so less number of Lorries are being used therefore it will decrease the number of Lorries which will mean less air is being polluted.

**Noise Pollution**

Tesco Lorries cause noise pollution. Because of the amount of Lorries being used so we need to use less Lorries to stop noise and air pollution.

**Solution**

Use less Lorries in Tesco Factory and at their stores by getting bigger Lorries to fit more food in then there would be fewer journeys. This would help the environment by not using a lot of Lorries which will mean they will not need more fuel which will not affect the environment hugely than before.

**Economic Issues**

Credit Crunch - Credit crunch is a term used to describe a sudden decrease in the general available of loans (or "credit"), or a sudden increase in the cost of getting loans from the banks.

House Pricing – house price are falling because no one is purchasing the houses at such high price because they can't afford it. This affects the housing market by if no one is buying houses they won't be making profit. The solution is they are reducing house prices so more people will buy them.

Inflation – petrol prices have gone up (because of oil price increase), bread, rice, milk etc.

All this affect Tesco by regular middle - income people will not be able to afford shopping Tesco because of prices are increasing, credit crunch, decrease in loans being loaned out, therefore people will have less money and their will be a decrease to Tesco's profits leading them to having less money.