

Introduction

In this coursework I am going to be writing about the main external influences which affect both Tesco and Chelmsford College. There are three main external influences which would affect business these are:

- Business Competitors
- Economic Conditions
- Environmental Constraints

An external influence is when something happens outside the business which would affect how the business may run. For example if the government have to pay for the country to go into debt the Colleges funds are going to be cut.

Business Competitors

The factors that businesses may compete with each other in include:

- Prices- For example if Tesco are selling the same product as Asda they might check what price they are selling it for. This is why Tesco have a price check on their website comparing with competitor businesses. There is an example of Tesco price check on the website underneath.

Welcome to **TESCO PRICE CHECK**

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	2384	5569	2340	10293
Sainsbury's	6201	4420	2035	12656
Morrisons	3641	2566	1353	7560

Prices checked between 24 November 2008 and 26 November 2008.

Every week we check over 10,000 prices in Asda, Sainsbury's and Morrisons stores to guarantee you low prices every day. If you want to see just how low our prices really are, simply search for any product in the Price Check box and see how we stack up!

[Shop for groceries online](#)



[Browse by aisle](#)

- Product Quality (range)- For example if Chelmsford College are looking to improve there range of courses they may look at competitors first to see what they offer

- Availability- For example if a shop is open 24hrs or you can go online
- Location- For example if one shop is easier to get to than another
- Other Services- For example home insurance and car insurance maybe looked at by competitors
- Advertisement- For example if one shop is advertising more of its products or services than another

A range of college competitors for Chelmsford College include Braintree, Southend, Writtle, and Colchester. They also compete with sixth form at local schools. They would compete for location, transport and a range of courses.

A range of competitors for Tesco include Morrisons, Sainsbury's, Aldi, Lidl, Asda, Iceland, Waitrose, Somerfield and Marks & Spencers. They also compete with small local groups e.g. Spar. They compete for location, availability, range of products and the Price of products. Many supermarkets such as Aldi and Lidl have had rapid increase in the past few years introducing cheap prices which has competes with Tesco. The introduction of M&S simply food outlets have meant there is more competition because there are little stores across England which are easy to get to and have a lot of useful everyday foods inside. These stores compete because they have the same kind of products and to sell th em at different prices. If they fail to compete with the other stores they will lose their customer which then they would lose their status as one of the worlds biggest stores. This could result in the value of their shares going down.

Economic Conditions

This can affect Tesco because if the economy is doing well it means that customers are spending more meaning that Tesco are selling more products meaning that they are making a bigger profit. This means that Tesco is able to expand and as a result of expanding it means that there would be more jobs available to the public.

The disadvantage for Tesco is if the economy is doing badly which would mean that the public would not be able to pay back money. Tesco would then have to cut prices to try and get the customers to spend as much money as they can. Even though they would have to cut prices Tesco has kept track that sales and customer numbers has increased even through the challenging market. There are two aspects that would affect Tesco these include the interest rates in percentage. This is the cost of borrowing money. Interest rates will increase if the rate of inflation is too

high. The other aspect that would affect Tesco is the price levels. If they rise Tesco will have to pay more for their goods and raw materials. Economic conditions can affect Chelmsford College because if the economy is doing well then the government will have more money available to fund the college. If the economy is doing badly the government will have less money to fund Chelmsford College.

Environmental Constraints

This is to do with the environment and includes sound pollution, air pollution, water pollution, traffic congestion, safety hazards and a wasteful use of resources. This may affect the way Tesco run as a business because it means that they will have to locate their stores in a sufficient place because they will have to look out for traffic congestion. Chelmsford College would also have to look out for traffic congestion and making sure the transport would be alright to get there.

Swot Analysis

A swot analysis is taken on businesses to mark the strengths, weaknesses, opportunities and threats to the business. This swot analysis should show where Tesco stands as a business.

Strengths:

- International growth, Tesco have 30% of their stores outside the United Kingdom and plan to make it 45% by the end of next year, and will be approached through central Europe and trough Asia
- Tesco is about a strong UK core business. Last year the industry saw some very marginal growth as a whole, however Tesco continued to grow beyond the market by offering better value for money and through getting cheaper.

Weaknesses:

- To dominate the city centre marketplace. Although it has some prominent city centres stores, e.g. the Carlisle store in the North of England, it has failed to make them universal. For instance, Milton Keynes has no city-centre Tesco store.

Opportunities:

- Tesco want to be as strong in non-foods as they are in foods. The market for non foods including clothes, entertainment and cleaning products is worth seventy five billion pounds in the UK today. Also you can see through the growth of their online business which now has four hundred and fifty thousand users which makes it the largest grocery online retailer in the world. They have over 1.5

million customers with personal finance showing that they are making some opportunities for them to proceed into a bigger organisation.

Threats:

- The increase of raw materials from non-food and food will impact the profit overall.