

## Unit 2A

### Introduction

The company I will be investigating is called Asda. Asda is a large supermarket that offers food, clothing and general merchandise products. It became a part of the American retail giant, Wal-Mart in 1999, and it is currently the second largest chain store in UK after Tesco. As Asda is a large retail company, the

ASDA is Wal-Mart's largest overseas subordinate, accounting for almost half of the company's international sales. As of January 2006, there were 21 ASDA/Wal-Mart Supercentres, 243 ASDA superstores, 37 ASDA supermarkets (including town centres), five *ASDA Living* stores, 10 George clothing stores and 24 depots (distribution centres). ASDA has 150,000 employees, who it refers to as "colleagues" (90,000 part-time, 60,000 full-time). The company is also engaged in property development through its subsidiary company, *Gazeley Properties Limited*.

### History

*The present ASDA Stores Limited was founded by Laura Beth Murray as Associated Dairies & Farm Stores Ltd in 1949. However the formation of the ASDA name occurred in 1965 with the merger of the Asquith chain of three supermarkets and Associated Dairies; ASDA is an abbreviation of **A**Squith and **D**Airies.*

*For a short time in the 1980s Asda Stores Ltd was a subsidiary of ASDA-MFI plc following a merger between the two companies. Other companies in the group were Associated Dairies Ltd, the furniture retailer MFI and Allied Carpets. After the sale of MFI and Allied Carpets the company name changed to ASDA Group plc. The dairy division was sold to Northern Foods plc, meaning that ASDA today has no connection with the firm its name was derived from.*

*The company went through a troubled period in the early 1990s, but was then revived under the leadership of Archie Norman, who later became a front bench Conservative MP. He was chairman of the company during the period 1996–99.*

*ASDA, which then owned 229 stores, was purchased by Wal-Mart of the United States, on July 26, 1999.*

*Since the takeover, ASDA has continued to maintain its headquarters at the newly opened "ASDA House". ASDA House was one of the first of the new large office blocks to open as part of the redevelopment of the huge area south of the River Aire from the city centre of Leeds, in the Holbeck district, West Yorkshire.*

*In 2005, amid reported concerns within Wal-Mart about a slight slippage in market share, partially due to a resurgent Sainsbury's, ASDA's chief executive, Tony de Nunzio, was replaced by Andy Bond. In the same year, Asda expanded into Northern Ireland by purchasing 12 Safeway stores from Wm Morrison Supermarkets plc.  
(Taken from Wikipedia)*

## Aims and Objectives

The main objective of Asda is to sell good quality products at reasonable prices to the residents of the area of which it is located. As Asda has its own website, the customers can order their goods online from the site. As it also has a wide range of stationery and school wear, I can say that it encourages education for children of all ages.

The main aim of Asda as with all business is to make profit for themselves and their shareholders. They do this by using their very low priced goods such as Smart Price brand goods to making the existing customers to return to Asda when they shop, and by attracting new customers to increase their profit.

## The Departments

### Finance Department

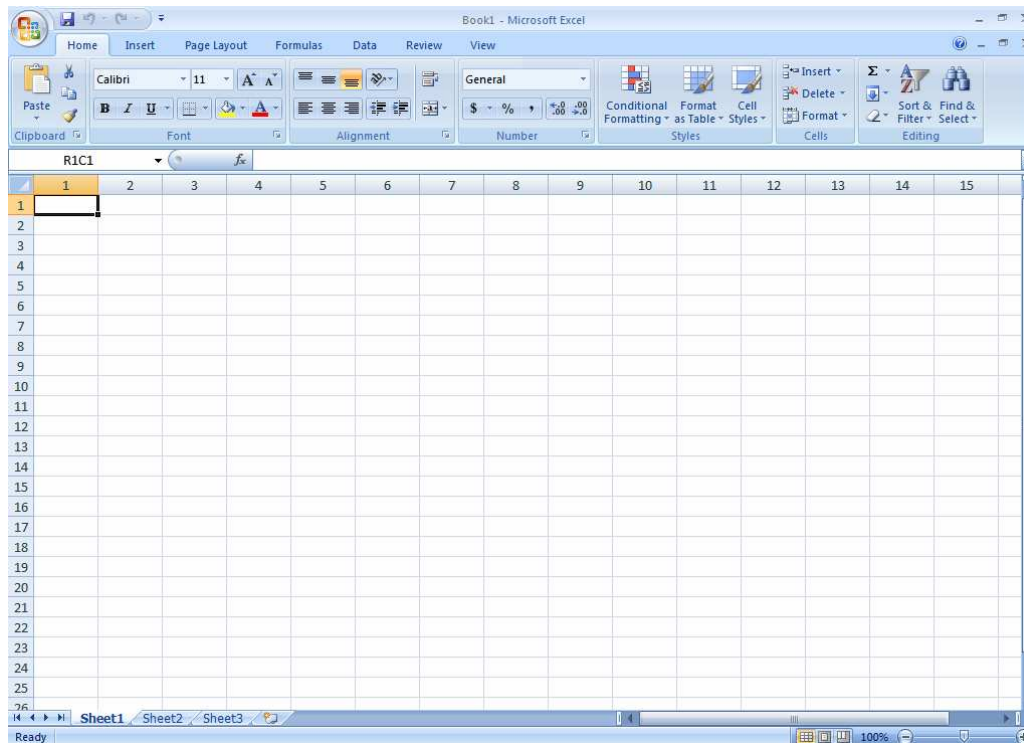
The Finance Department is a very important part of Asda As it manages and monitors the ingoing and the outgoing money. There are many objects of the Finance Department such as:

- Keeping track of the workers' wages
- Keeping track of the outgoing goods bought by customers
- Making payrolls
- Keeping track of transactions from customers

To do all of the above and more, Asda's finance department have to use many different types of ICT:

- The finance department uses the EFPOS system at the till to keep track of all the legitimate card transaction. When the customer's card has been swiped at the till, the funds for the purchase from the customer's bank account is deducted and put in Asda's bank account. This method helps in achieving the objectives of the company as the customers do not have to carry cash with them, especially if they are purchasing a large number of goods. This pleases the customers and they will return to the store when they shop. It also ensures that the credit card transactions are legitimate.
- The barcode reader is also used by the finance department as when a good is scanned; the till gets the price and the quantity of them available in the stock immediately. When the goods are purchased, the barcode reader tells the stock control database that the exact number of different goods has been purchased. The purchasing department can then buy the goods needed without searching the shop floor for any restocking. The barcode reader helps Asda to reach their aims as there would be full shelves every time the customers come to the shop, so they would be very happy and the shelves look very good when they are full. These reasons would make the existing customers return to the shop and attract new customers.

To keep track of the ingoing and outgoing money, Asda uses a database that is connected to the stock control database so it can monitor the goods begin sold, returned, and bought as well as their prices. They also use a few different fund management programs to keep track of their ingoing and outgoing money. The main program used is Microsoft Excel which is a spreadsheet featuring calculation and graphing tools, made Excel one of the most popular applications used. At the end of each month, the financial department instructs Asda's bank to send each of the staff's wages to their bank accounts (the bank has been told the bank account details of the staff and the correct wages to send in advance).



A screenshot of Asda's main financing application.

There is some money reserved called the budget for the improvement of the Asda's retails store condition for the customers as well as the staff. These can range from major store refurbishments to buying more chairs in the staff room. Before spending the budget, a list of all the suggestions is made and the more important changes take priority and the budget is then spent on them for that year. Next year, a new list is made with the remaining suggestions from last year and the previous process is repeated.

### Sales Department

The job of the sales department is to bring money into its business. There are many aims and objective of the sales department such as:

- Take customer telephone orders, presence sales, and internet orders
- Deal with customer queries and complaints
- To provide an enjoyable shopping experience for the customers

The below are some of the main types of ICT used by Asda:

- At Asda, there are a few self-service tills where the customers can scan their goods in and pay for them without the aid of a member of staff at the till. They place the items into a bagging area where the bag is weighed and the machine complains vocally when it thinks that weight of something in the bag does not match with the inventory database lists the weight as. Usually, there is a supervisor to watch over the tills to help the customers as well as to prevent theft. Credit cards or cash is used for the payments of the goods.
- The Chip & Pin system at Asda is a very useful gadget throughout the store to the Sales Department as well as the customers. After years of credit card fraud, the government introduced the Chip & Pin system, where the customer inserts their credit card into a small machine at the till if they are paying for their goods with their credit card and types their unique pass code into the machine. Each credit card has its own distinctive number, so only if the credit card with the correct number is used the transaction can be completed. This makes the customers happy as they can use their credit card without fear of their cards being stolen or other frauds with their cards. This helps Asda reach their goal it satisfies the customers and it attracts new customers as their shop would be seen as a very safe place to shop.
- Asda has its own website where they sell food based goods, clothes and electronics. Customers can log on to this website and look for anything they need, just like they would do in the shop itself and purchase them online. They can only pay with credit cards when buying goods online as it is a guaranteed method of payment. At goods are then delivered to the customers on the following day or the next day at the least. The barcode reader is used at Asda's warehouse before the goods are dispatched, so the sales department can monitor the sales of goods.



A screenshot of Asda's website where people can purchase goods online.

## Purchasing Department

The Finance Department's job is to buy goods in bulk from their suppliers and sell them at Asda at a retail price. They buy many things ranging from food to electronics who manufacture their own branded goods and private companies who manufacture goods for Asda with Asda's label on them. The deliveries are arranged for every Monday, twice a week and the delivery lorries have to arrive on their schedule or they will cause blockades. The deliveries arriving on time means that the display shelves on the shop floor would not be empty.

The Purchasing Department knows when to order goods because they monitor the stock control database as items are purchased by customers from the shop floor. When the number of goods gets too low, they contact Asda's suppliers to order a new supply of items. When the goods arrive, the boxes are scanned individually by a portable barcode scanner by a member of staff who is in the stock management team. The number of number of individual goods inside each box is pre-programmed into the stock control database so when each box is scanned, the number of individual item is multiplied by each box when the purchasing of stock is recorded.

The Purchasing Department uses e-mail to send their orders to the manufacturing companies. Then the companies would send the order to Asda and Asda send the payment via bank transfer where money from Asda's bank account is sent to the company's account. Using this method helps to achieve Asda its goals as there is no third person to transfer the money, it makes the suppliers happy so they would give Asda some discounts. This helps Asda to make more profit and money to expand.

## Marketing Department

The job of the marketing department in Asda is to make them known to the public. All the campaigns Asda runs involve several forms of advertising including television advertisements, newspaper advertisements, and leaflets to promote themselves. In the "Asda price" campaign, the customers tap their trouser pocket twice to make a 'chinking' sound. This sound is the coins that the low prices have supposedly left in their pockets to knock together. Another campaign was the 'rollback' campaign, where an animated smiley face bounces from price tag to price tag, knocking the prices down as the customers watch. The aim of these campaigns is to show that Asda is the most affordable supermarket. Currently in ASDA advertising is a theme featuring singing children and the previous tap of the trouser pocket advertising was reduced to a double-tap on a stylised 'A', still producing the 'chinking' sound.

To make these advertising materials many different types of computer software are used and all of the campaigns are made by third party companies. The software used to make the leaflets is Microsoft Publisher and Adobe Photoshop. These two particular programs are used as they are the most versatile and user-friendly software for advertising available. Photoshop is used to manipulate images needed such as the key-person (e.g. the celebrity used in the advertisement).

When they have offers in store, Asda uses posters such as “Buy One Get One Free” within the store at each shelf. Sometimes, they use advertisements in the local newspaper, informing us that there are some fantastic offers available.

### **Communication**

Internal communication at Asda comes in many different forms: oral, written, or virtual. This is essential in management to identify strengths and weaknesses, which helps in the process of decision making.

Asda uses newsletters and notices on the notice board to inform their employees about important issues such as new fire drill routine. Asda uses e-mail and telephone calls when informing other departments within the organisation. For example: if the sales department needs to contact the purchasing department to order new stock, they would be most likely to use e-mail.

The purchasing department uses e-mail almost all the time when ordering goods. This is very useful as there is no need to send letter or faxes to the supplier who may receive the order misprinted or damaged, or not receive at order at all.