

Student Name:Adelina Sisianu

Student ID:2020528

LCBB5001 ENTREPRENEURSHIP ASSESSMENT 2

Executive summary

This report has covered important facets of the new business venture named ***Stocked Grocers*** will run in providing e-commerce grocery delivery to all the people in the UK. Keeping this scenario in mind, this report has thrown light on the business description along with showing the lucrativeness of the market which has been of significant help. In consideration of this, the industry analysis has been conducted by performing Porter's five models along with doing the marketing mix and PESTEL of the macroeconomic factors.

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Introduction

There have been multiple changes after COVID. This has made online platforms one of the important places for businesses to launch new products and services for consumers. In this report, the business plan of **Stocked grocers** will be discussed. This business will be operated only on an online platform. Market opportunity and a brief description of the business will be discussed here. Industry analysis along with Porter's five forces and management team plan will be discussed in the report. Furthermore, financial plans for the business and market research under PESTEL will be discussed here.

Business Description / Market Opportunity

Amid the pandemic, people had to face utter turmoil in not being able to go out of their homes and as a result, they could not even stock up on groceries. This led to severe situations across all households in the UK. Keeping this in mind, this consists of detailed information about this new venture which has decided to take up an online grocery service so that people can avail of this service right in their comfort zone. The market opportunity has been very attractive for its market size has grown at the rate of 9.1% during the years 2017 to 2022 (IBIS World, 2022). This has also been recorded that there has been a booming hike in the revenue of the grocery stores laid in the online platform in 2021, where it has gone up to a zenith of 30 billion pounds (Statista, 2022a). This figure has been quite inspiring in charting out this business plan by ensuring the current position of this market sphere which is at its peak. Keeping all the trends and utilities in mind, this business has been named "**Stocked Grocers**" which is going to help people, especially the wives of the household to get hold of fresh and naturally grown vegetables at comparatively less cost than all of the others in the market. Thus, this business plan is simply a development of the online grocery store that is aiming to sell fresh fruits and vegetables by providing fast delivery of the goods. Furthermore, **Stocked Grocers** wishes to be an innovative and sustainable business which will provide an extensive range of groceries for people to choose from and at reasonable prices. Keeping the milestone to achieve "**zero waste**", our mission also includes never encouraging wasting food and holding out initiatives to feed the hungry so that no soul on Earth is left hungry.

Industry Analysis

The UK's online grocery retail market is estimated to earn 30 billion pounds in 2022. This shows the size of the online grocery market in the UK. Porter's five forces are one of the methods that help to analyse the operating environment of a business's competition. Thus, this model has been used to analyse the market competitors of Stocked Groceries.

Power of competition	As published in The Telegraph (2022), Tesco, Morrison and Sainsbury are the leading companies that sell groceries over online websites. It can be seen that market competition for Stocked Grocers is very high.
Power of new entrants	Post-COVID there are many companies which are being launched over online platforms. Planet Organic (2022) is a new company that provides vegetable services directly from farmers. Consumers can place orders to grow specific vegetables under this company. It can be seen that the arrivals of new companies show the power of new entrants is high for Stocked Grocers.
Power of suppliers	Tesco, Sainsbury's and Morrison are those companies which have their suppliers of groceries which makes the demand for suppliers very high. Since there are fewer suppliers of groceries and multiple companies looking for business, it can be said the power of suppliers is high.
Power of consumers	The shopping for online food has tripled since 2015 (Statista, 2022b). This shows that consumers are buying more foods from online sites post-COVID. For the convenience of consumers, the majority of retail markets have come to online platforms which increased the buying potential of the consumers. This shows that the power of consumers is high.
Power of substitute.	Multiple companies are providing similar products to consumers over online platforms. Thus, the power of substitutes is high for Stocked Grocers.

Table 1: Industry Analysis

(Source: Self-Developed)

Operations and Management Team Plan

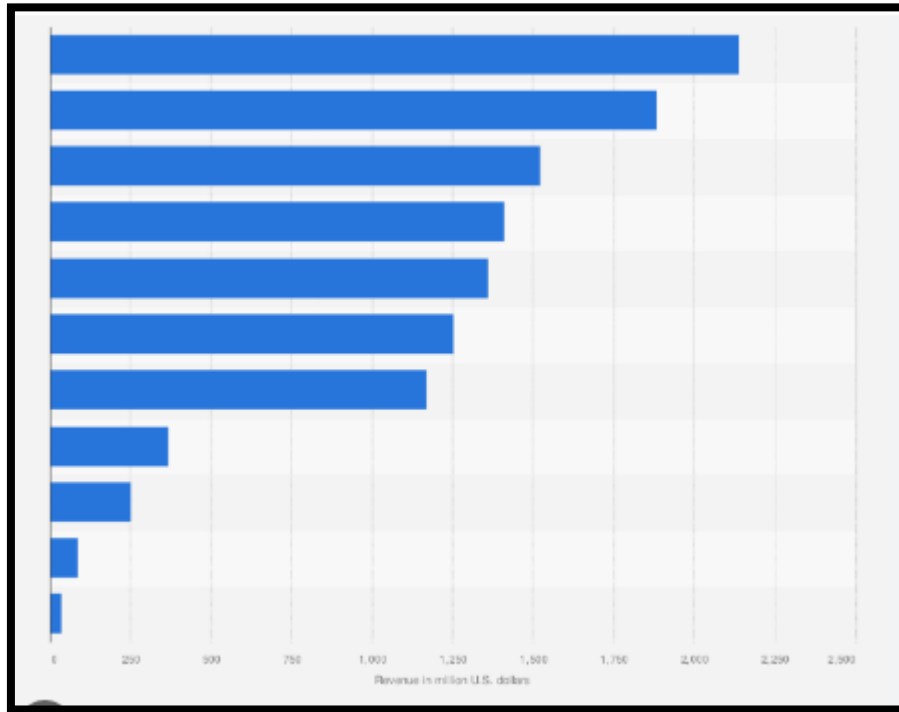


Figure 1: Graph showing UK's increase in e-commerce food revenue

(Source: Statista, 2022c)

The figure above is a graph which has been taken by Statista (2022), that depicts the increasing revenue that has been experienced in the food market of the e-commerce platform. According to the graph shown above, it can be referred to that the market meat has been the most sold product, having revenue of **2.1 billion dollars, followed by the revenue of vegetables which was 1.4 billion dollars**. Therefore, upon this picture, it can be viewed that the market of this entrepreneurial set up in selling groceries and other convenience food will be huge due to the glorious increase in the consumption of these foods by the consumers. This online business venture will be extracting huge demand as of the existing demand that has been incurred by the consumers. To retain our clients, we will be offering discounts, vouchers and coupon cards that will help us to retain a large pool of our clients. A significant boom has been seen in the segment of cereal and bread products, vegetables and dairy products, and sales of fruits have also

increased. Thus, due to this huge boom, it can be seen that my venture will anticipate huge demand and sales which will be fruitful for my entrepreneurial set-up.

My business setup will focus on a ***hierarchical set-up*** that will have the CEO at the head followed by the vice president of HR and finance. It is based upon different people who are placed under specific roles existing within the company. There will be a vice president of distribution who will look after the distribution prospects. The accounts and billing department will also be there followed by the Vice president of HR and the public relations manager. Marketing head and promotional head followed by the research and development head. The customer service head will be the next step who will shoulder all the responsibilities of handling the customer so that all the issues of the clients can be resolved and their demands will also be met.

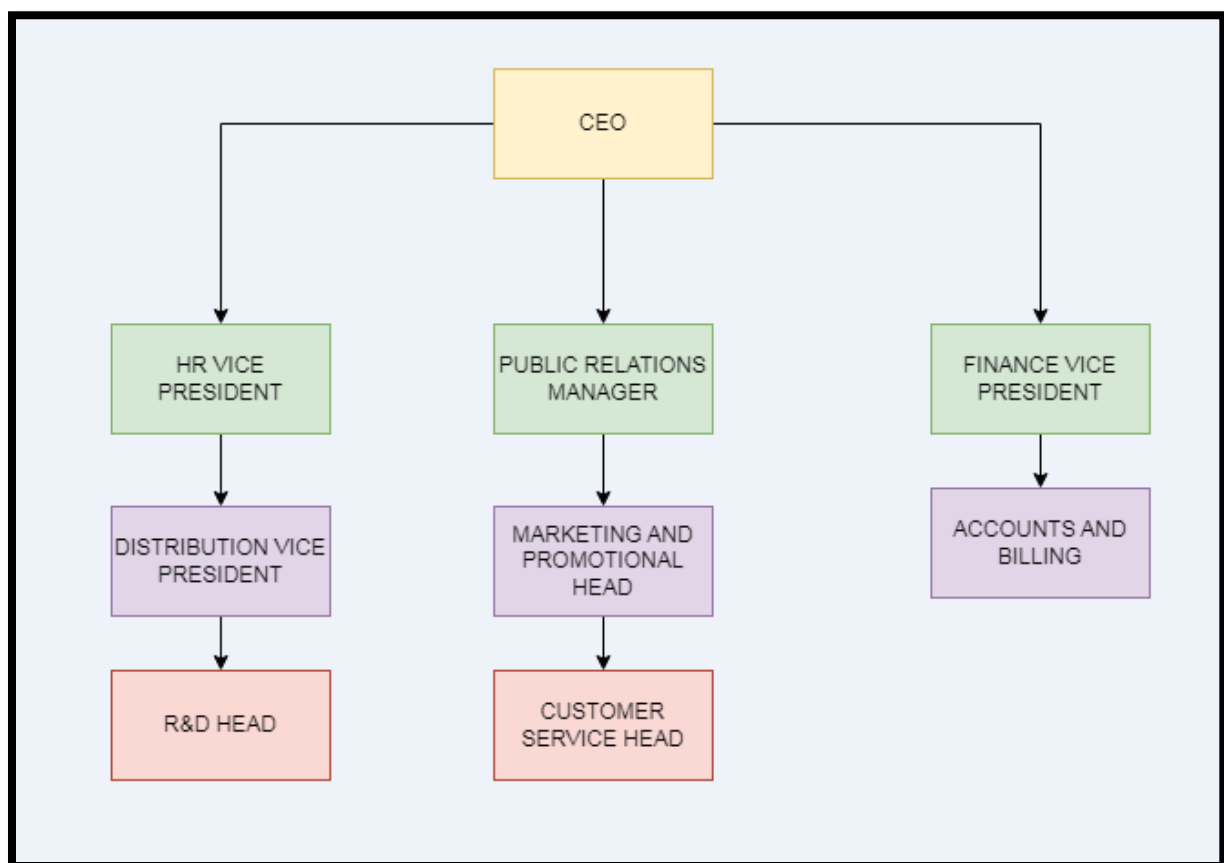


Figure 2: Hierarchical Structure

(Source: Self-Developed)

Marketing Plan

Product: *Stocked Groceries* has thought to sell more than **300** range of products starting from *fresh fruits, vegetables, low-fat food items, and nutritious items to that nutritious bakery products which will be not only gluten-free but also have less sugary contents*. It will also have in-stock *oil, meat, bread, cereals and other breakfast foods, dairy products, eggs, meat, canned goods, organic foods, beverages and so on*. Everything will be delivered in eco-friendly packages and not in plastic polythene.

Price: The price of the groceries will be dependent upon offerings which are not just value for money but are delivered all fresh to the people. As already mentioned, this business venture looks forward to keeping the prices reasonable, thus, the price will be reasonable but there also will be products which will be of different ranges varying from high prices, moderate and even low. Thus, sincere efforts will be taken to maintain quality as that is what retains customers mostly. Furthermore, we will be adopting the competitive price policy by cutting down the prices of the groceries that are sold at higher rates by others.

Promotion: The promotional activities will be specifically made by using the online platform where an official website will be created right after the service is officially launched. Interesting content and videos will be uploaded by giving a creative and unique logo so that it will attract a huge pool of audience. This business has also undertaken manifold activities in promoting its image by holding existing game sessions and campaigns that will help the brand to get huge insights. Voucher schemes and membership cards will also be made shortly. Special discounts will be given on Fridays.

Place of Distribution: This E-commerce website will be running **24x7 hours** and people will be able to make purchases of their essential groceries whenever they wish. In addition to this, it will distribute these necessities to two special locations **Northern Ireland and Scotland** and slowly when the business will experience huge sales, it will start with its **home-delivery system that will deliver items all over the UK**. The **distribution partner** will be a specialist named **FedEx**.

Financial Plan

	Month 1	Month 2	Month 3
Receipts			
Initial investment:			
Personal savings	50,000		
Loan from friends	25,000		
Subsidiary:			
Government donation	22,000		
Receipts from sales	-	4000	10,000
Total receipts	97,000	4000	10,000
Payments			
Purchases	7,000	-	-
Expenses	1,000	1,000	1,000
Fixed Assets	14,000	-	-
Drawings	-	-	500
Total payments	(22,000)	(1000)	(1500)
Cashflow for the month	75,000	3,000	6,500

Table 2: Financial plan

(Source: Self-Developed)

To initiate the business **Stocked Grocers** will do the initial contribution from personal savings and will take loans from friends and family members. Since the company is online based it will have fewer expenses as there will be fewer employees in the workplace. Secondary options of finance will be taken from Government institutes as this will act as a bonus for the company.

The main purpose of generating the finance is to create a webpage for the company under which options for buying the product will be available for the consumers. Furthermore, a place of operation will be hired to manage and maintain the website for operations. The cost of hiring programmers for the company's website and server charges will be covered under the initial investment for the company. In the second month, there will be fewer expenses to bear since the place rent will be paid in advance. The only fixed cost to the company will be the salaries of the employees and electricity bills. From the second month onwards expenses will get compensated based on profits incurred. It has been estimated that the sales will increase with each month.

Market Research

	Factors	Impact
<i>Political</i>	As published in BBC (2020) with the passing of the referendum, Britain left the European Union. Northern Ireland is still a part of the EU on whom new clauses of trading are applicable.	Stocked Grocers will face problems in conducting online business in Northern Ireland because post-Brexit trading in Northern Ireland has become difficult with extra border charges.
<i>Economical</i>	As published in ONS (2022a), the consumer price index has increased by 9.3% in the last 12 months. This shows that the rate of inflation is increasing in the UK.	An increase in the price of commodity and food products will help Stocked Grocers to earn more profits on its product. An increase in inflation will also increase the price of commodities for the company.
<i>Social</i>	Overall adjusted online sales have accounted for 26% of all retail sales as of May 2022 (ONS 2022b). This shows that post-COVID, there have been changes in consumer buying trends.	The change in consumer trends after 2020 will impact Stocked Grocers positively as this will attract more customers over online platforms.
<i>Technological</i>	Government and financial institutes are investing heavily in new technologies to develop web pages and mobile apps for business.	Innovation of new technology will help the company to bring changes to its website and to launch its mobile app for easy buying of products.

<i>Environmental</i>	As stated in Legislation (2022), the Control of Pollution Act abides companies to control wastes, water pollution and public health.	Since the company is online-based, there will be very less waste and pollution generation.
<i>Legal</i>	The Companies Act of 2006 allows businesses to run its operation as per the rules and guidelines of this Act.	To start its operation, Stocked Grocers will register the company under the Companies Act of 2006.

Table 3: Market Research

(Source: Self-Developed)

Conclusion

Thus, it can be said that this has provided complete information on the new business venture that has been thought to launch in the market via the online platform. This has aimed to supply fresh groceries to the people's comfort which is the utmost necessity in today's world, especially in the post-pandemic world. Analysing all the nuts and bolts of the market size along with carrying out feasibility studies regarding the increasing growth of this industry, this business has planned to achieve success by delivering groceries at people's ease. The PESTEL along with the marketing plan has been carried out which has made this venture envision its impact and position in the market.

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