

PROBLEM SOLVING AND DECISION MAKING

Basil's Bakery: Diagnosing Sales Stagnation

A business-consultancy analysis of footfall decline, cost pressures and operational constraints at an independent Coventry bakery

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Presentation Overview

Purpose

To diagnose why sales at Basil's Bakery have stagnated at roughly 25% below 2019 levels, and to recommend evidence-based actions Basil can take to restore growth.

Objectives

- Contextualize the case and identify the scope of the problem
-
- Apply the 5W2H, PESTEL and Fishbone frameworks systematically
-
- Distinguish root causes from surface symptoms
-
- Justify practical, evidence-based recommendations

Structure

- 1 Introduction & context
- 2 Nature & scope of the problem
- 3 5W2H analysis
- 4 PESTEL analysis
- 5 Fishbone (cause-and-effect) diagram
- 6 Key findings & recommendations

Total delivery time: 5–10 minutes • Individual presentation • Followed by Q&A

Introduction to Basil's Bakery

Business background

Founded in 2015, Basil's Bakery is a small independent business in a shopping retail park in Coventry. Basil is an accomplished artisan baker who sources high-quality organic ingredients for contemporary cakes, pastries and breads.

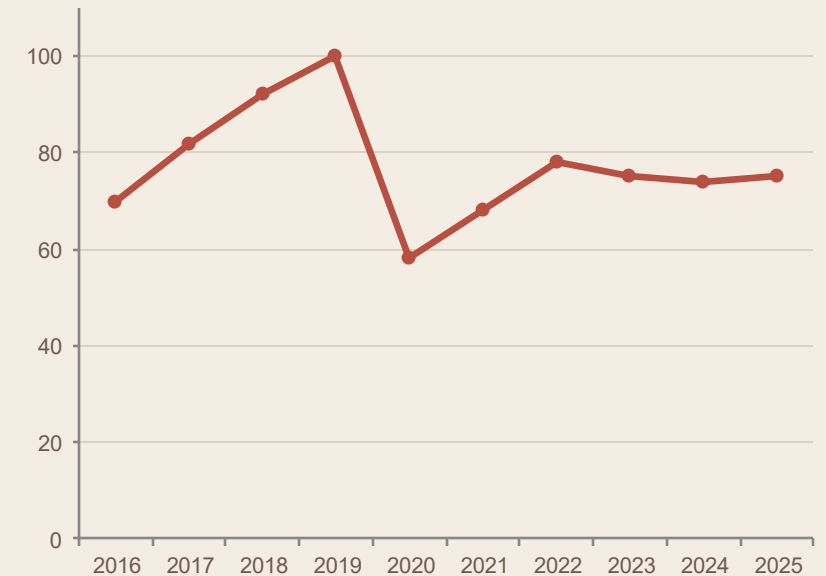
Customer base

Local shoppers, retail-park workers, and office and warehouse staff from the adjacent industrial site, valued for both product quality and location convenience.

Current situation

Sales grew year-on-year from 2015. The 2020 lockdown caused a sharp fall that Basil expected to reverse. It partly did, but since 2023, sales have plateaued at an average of 25% below 2019 levels, and Basil now questions whether the current business model is viable.

Illustrative sales trajectory



Indexed to case narrative (2019 = 100); 2023–25 average ≈75, i.e. ≈25% below 2019.

Nature and Scope of the Problem

Declining national footfall

UK retail footfall fell for a second consecutive year in 2024 (-2.2% YoY); high streets and shopping centres were hit hardest as shoppers shifted toward retail parks.

British Retail Consortium, cited in Marketing Week, 2025

Post-COVID consumer behaviour

Shopping habits have changed permanently: consumers increasingly seek experiential retail, cafes and convenience rather than routine footfall-driven purchases.

British Retail Consortium, cited in Marketing Week, 2025

Working from home

28% of GB workers were hybrid and 14% fully remote by 2025. Directly reducing the weekday office-worker trade Basil relied on.

Office for National Statistics, 2024/2025

Retail park & unit closures

Basil has observed neighbouring units closing every few months. Nationally, the UK lost 6,000 storefronts in five years, eroding anchor footfall even where retail parks outperform other formats.

British Retail Consortium, 2024

Operational limitations

Basil is needed on-site to bake, preventing delivery, and unsatisfactory wait times during busy periods have blocked a reliable pre-order service.

Basil's Bakery case study, 2026

Rising operating costs

Small firms face ~52% business-rates rises over three years, ~40% energy standing-charge increases, and organic ingredient costs made volatile by extreme weather.

Federation of Small Businesses, 2026; Cornwall Insight, 2025

5W2H Analysis

What	Sales have stagnated at ~25% below 2019 levels, consistently, since 2023
Why	Falling footfall, hybrid/remote working, closures of neighbouring units, and rising overheads, compounded by no delivery or reliable pre-order service
Where	Basil's Bakery, a shopping retail park in Coventry, adjacent to an industrial site of offices and warehouses
When	Sharp fall in 2020 (COVID); partial recovery; plateau from 2023 to 2025
Who	Basil (owner-baker); loyal customers who moved away, were made redundant, or now work from home; retail-park co-tenants and their footfall
How	Reduced customer volume and frequency, as fewer shoppers visit the park and fewer office staff need a daily lunch
How Much	~25% average sales shortfall vs 2019; utilities, rent, business rates and insurance all "considerably higher" than 2019 (exact £ not disclosed)

Information gap: Basil's Bakery has not disclosed exact revenue, footfall or cost figures. The analysis above relies on the case narrative and comparable sector data.

PESTEL Analysis (1 of 2)

PESTEL identifies six external forces —> Political, Economic, Social, Technological, Environmental and Legal. That shape an organization's operating environment but sit largely outside its control.

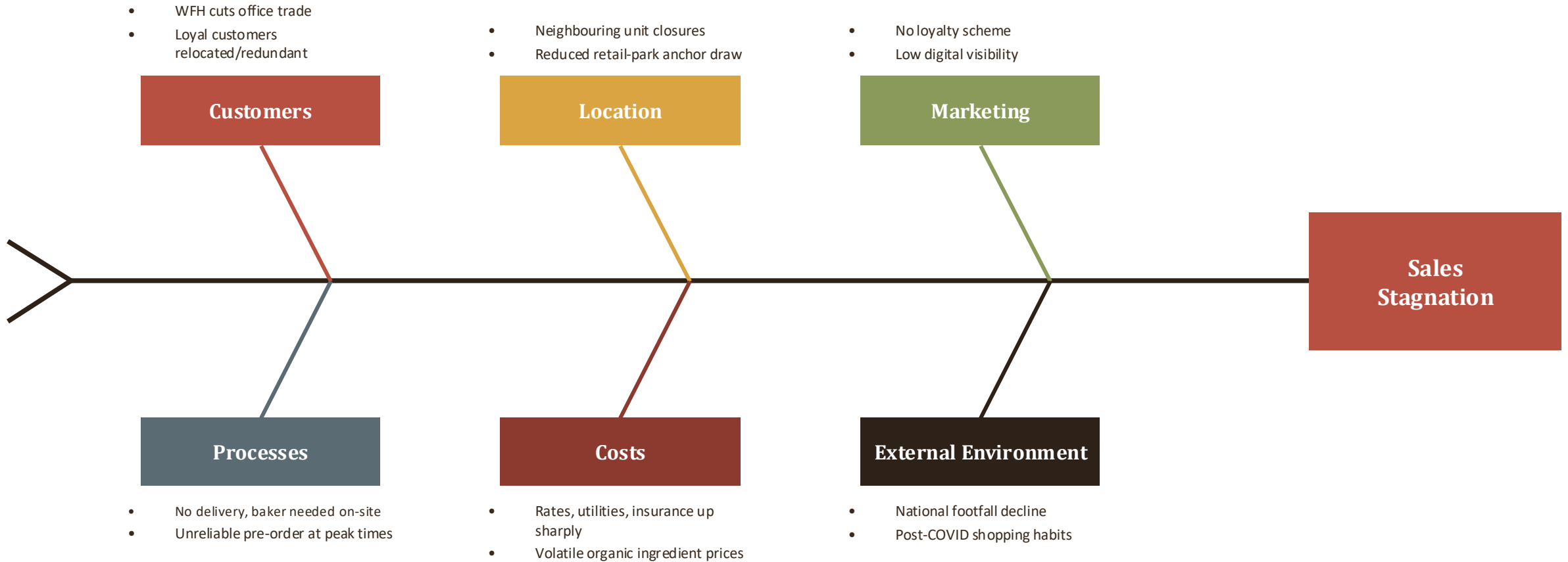
P Political	E Economic	S Social
• Business-rates revaluation removes the 40% retail/hospitality relief, raising small-firm bills by an average of 52% by 2028 • • Rising employer National Insurance and minimum-wage costs add pressure to labour budgets • Source: FSB, 2026	• Small-business energy standing charges up ~40% from April 2026; typical bills ~70% above pre-crisis levels • • 35% of small hospitality and retail firms plan to contract or close within the year amid the wider cost squeeze • Source: Cornwall Insight, 2025; FSB, 2026	• 28% of GB workers now hybrid, 14% fully remote, fewer weekday office lunches near the retail park • • Shoppers increasingly favor retail parks with free parking and expect delivery, click-and-collect and loyalty apps as standard • Source: ONS, 2025; Lumina Intelligence, 2025

PESTEL Analysis (2 of 2)

T Technological	E Environmental	L Legal
• Digital ordering, loyalty apps and click-and-collect are now mainstream in food-to-go, with independents using direct-order apps to avoid 25–35% aggregator commissions • • Basil currently has no digital ordering, delivery or loyalty channel • Source: Lumina Intelligence, 2025; Orderly, 2026	• Extreme weather is driving volatile commodity prices; UK wheat harvest fell nearly 20% in 2024 and vegetable/fruit yields have also declined • • Basil's organic-only sourcing policy increases exposure to this volatility • Source: Yale Climate Connections, 2024	• The Employment Rights Act reshapes guaranteed-hours and staff rights, adding compliance complexity for small employers • • Statutory Sick Pay reform and minimum-wage law continue to raise the cost of employing staff • Source: FSB, 2026

Fishbone (Cause-and-Effect) Diagram

The Ishikawa / Fishbone diagram traces an effect back through major cause categories to identify root causes rather than symptoms, organizing contributing factors visually along a “spine.”



Fishbone: Root Causes vs. Symptoms

Not every branch on the diagram carries equal weight. Separating root causes from downstream symptoms focuses recommendations where they will have the greatest effect.

Root causes (structural, controllable)

- No delivery, pre-order or digital ordering channel, within Basil's control to change
-
- No loyalty scheme or digital marketing presence to retain customers who have moved away
-
- Kitchen/staffing model built around a single baker limits capacity and flexibility
-
- Organic-only sourcing policy with no cost-hedging strategy

Symptoms (downstream, largely external)

- Reduced footfall, a symptom of national retail and hybrid-working trends
-
- Rising rates, energy and insurance bills, a symptom of sector-wide cost inflation
-
- Neighbouring unit closures, a symptom of the broader retail-park economics
-
- Volatile ingredient prices, a symptom of climate-driven supply shocks

Key Findings

- 1 Basil's Bakery's stagnation reflects genuine national trends, declining footfall, hybrid working and rising costs, not a decline in product quality
- 2 The 25% sales shortfall against 2019 is consistent with wider UK retail footfall and store-closure data
- 3 The most actionable root causes are internal: the absence of delivery, pre-order, digital ordering and loyalty channels
- 4 Basil's organic-only sourcing amplifies his exposure to climate-driven cost volatility
- 5 External pressures (footfall, rates, energy) are unlikely to reverse and must be planned around, not solved

Recommendations

1

Introduce click & collect / pre-order app

Addresses the queue-time complaint without requiring Basil to leave the kitchen; matches the sector-wide shift to app-based ordering.

2

Partner with a local delivery platform

Platforms such as Snappy Shopper let independents keep pricing control while reaching new, previously unreachable customers.

3

Launch a simple loyalty scheme

Digital loyalty apps are now standard in food-to-go and directly counter the loss of habitual, footfall-driven customers.

4

Diversify ingredient sourcing

A hybrid organic/conventional range would reduce exposure to weather-driven cost spikes while retaining a premium organic line.

5

Target the remaining office/warehouse trade directly

A pre-order lunch scheme for nearby employers could recapture footfall lost to hybrid working.

6

Review the cost base

Renegotiate energy contracts and insurance ahead of the FSB-flagged rates rises to protect margin before costs peak.

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