

Module Title: Problem Solving and Decision Making

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Assessment: Component 2 Report

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Introduction

This report analyzes the difficulties encountered by Green Haven Florists, an independent flower shop in Norwich celebrated for its custom arrangements and eco-conscious practices. In the past year, the business has seen a 30% drop in in-store sales, primarily due to decreased foot traffic on the high street, rising expenses, and increased competition from online retailers. Although there has been a slight uptick in online orders, they are not enough to balance out overall losses. Consequently, this report aims to identify a viable solution to enhance sales performance. For clarification, "online sales" refers to purchases made through digital platforms, whereas "in-store sales" pertains to transactions conducted at the physical shop.

Brief Explanation of the Specific Business Problem

Green Haven Florists is facing a performance downturn, as in-store sales have decreased by 30% in the past year. Key factors contributing to this decline include a drop in foot traffic, heightened competition from online flower delivery services, escalating costs for flowers and sustainable materials, and a limited online presence. Despite having a solid reputation for quality and environmentally-friendly products, the business has struggled to keep pace with changing consumer preferences, especially the trend toward online shopping and convenience.

Solution 1: Introduce an Online Subscription Service

By launching a flower subscription service, the company can offer customers regular deliveries (weekly or monthly) at a set price. This initiative would generate a more stable and predictable income, diminish dependence on in-store sales, and foster customer loyalty. It also supports the brand's eco-conscious identity by improving stock management and minimizing waste.

Solution 2: Enhance Website and Digital Marketing

Upgrading the website for improved user experience, mobile optimization, and ease of ordering would boost online sales. Implementing flexible delivery choices and enhancing marketing efforts via social media and local SEO would help attract new customers. A more robust online presence would enable Green Haven to better compete with larger e-commerce rivals and extend its reach to a broader audience.

Suggested Two Alternative Solutions

Solution A Subscription Service for Online Flower Deliveries:

Overview

This solution entails providing customers with the option to have flowers delivered to them regularly (weekly, bi-weekly, or monthly) for a set fee. Customers can subscribe through the website and receive thoughtfully selected, eco-friendly bouquets.

PMI Analysis

Plus:

- Generates consistent, predictable revenue
- Fosters long-term customer relationships
- Enhances inventory management and minimizes waste
- Stands out with its environmentally-friendly approach

Minus

- Necessitates efficient delivery logistics
- Requires initial setup and promotional efforts
- Possibility of low initial subscription rates

Interesting

- Chance to provide customized or seasonal arrangements
- Opportunity to offer subscriptions as gifts or target corporate clients

Rationale

This approach directly counters the decline in in-store visits by focusing on repeat online transactions. It ensures steady income and lessens reliance on one-off sales, enhancing the business's adaptability to market shifts.

Solution B Revamping the Website and Enhancing Digital Marketing:

Overview

This plan includes overhauling the website to enhance user experience, mobile compatibility, and checkout processes, combined with intensified social media engagement and local online advertising.

PMI Analysis

Plus

- Amplifies online visibility and expands customer reach
- Enhances the user experience and boosts conversion rates
- Accommodates both one-time and recurring purchases

Minus

- Demands financial resources
- Benefits may take time to materialize
- Requires continuous management and updates

Interesting

- Enables tracking of customer behavior and preferences
- Potential to incorporate promotions, reviews, and SEO tactics

Rationale

This solution addresses the inadequacies of the current digital presence and outdated website. By enhancing online access and marketing strategies, Green Haven can attract new customers and better compete with online retailers, resulting in increased sales overall.

Justification for Selected Solution

Solution A (Online Flower Subscription Service) is the best choice since it effectively tackles the primary problem of fluctuating and declining sales. A larger emphasis was placed on revenue stability (40%) and customer retention (30%), both of which are essential for sustainable growth. Solution A excels in these aspects by providing consistent, recurring income and fostering repeat purchases. In contrast, Solution B (website and marketing enhancements) scored higher for visibility (30%) but has a limited immediate financial effect. As a result, Solution A is favored because it provides a more dependable and quantifiable method for stabilizing cash flow while also promoting future expansion.

Risk Analysis of the Selected Solution

The online subscription service could encounter various risks. The primary concern is low customer demand, which could lead to a decrease in expected revenue (medium likelihood, high impact). Another risk is related to delivery, such as delays or damaged flowers, which could negatively affect customer satisfaction (medium likelihood, medium impact). Furthermore, there may be increased operational pressure from handling regular orders (low likelihood, medium impact). The evaluation criteria used are likelihood and impact, as they facilitate the prioritization of risks based on their probability and severity. These criteria are suitable since they concentrate on aspects that most directly influence profitability and quality of service, leading to improved decision-making and risk management.

Plan to Implement the Selected Solution

The rollout of the online subscription service should follow a systematic approach to increase efficiency and minimize risks. The initial phase involves upgrading the website to incorporate subscription features, secure payment options, and mobile optimization. This is a priority, as a dependable and user-friendly platform is crucial for customer transactions. Liam should take charge of this phase and work alongside a web developer due to its technical demands.

Next, the design of the subscription packages needs to be addressed, encompassing pricing, bouquet sizes, and delivery frequency. Priya should head this effort, as it requires creative input and should align with the brand's eco-friendly values. By completing this early on, the product offerings will be clearly established before the launch.

The third phase focuses on organizing delivery logistics, which includes determining delivery zones, planning routes, and managing packaging. It should be jointly overseen by Liam and Priya to ensure an effective balance between operational efficiency and service quality. This phase is set to occur after product design so that logistics can align with customer needs.

Lastly, marketing initiatives, such as social media campaigns and local promotions, should be launched. This step is intentionally scheduled last to prevent promoting a service that isn't fully ready. Responsibilities are allocated according to the strengths of each owner, ensuring accountability and effective execution. This orderly approach minimizes risks during implementation and enhances the chances of a successful launch.

Means of Measuring Effectiveness of Implementation of Selected Solution

To evaluate the effectiveness of the subscription service, it is essential to utilize particular Key Performance Indicators (KPIs) and SMART objectives.

Key Performance Indicators (KPIs):

The primary KPIs consist of the number of active subscribers, monthly recurring revenue (MRR), customer retention rate, and website conversion rate. These KPIs are relevant as they directly reflect both business performance and customer behavior. The number of subscribers demonstrates market acceptance of the service, while MRR signifies financial health and stable income. The retention rate indicates customer satisfaction and loyalty, which is crucial for long-term viability. The website conversion rate assesses how well the online platform transforms visitors into paying customers, showcasing the effectiveness of the digital system.

SMART Objectives:

Specific	Measurable	Attainable	Relevant	Time-Bound
Launch online flower subscription service	50 active subscribers; £2,000–£2,500 monthly recurring revenue (MRR)	Based on existing customer base and local demand	Addresses declining in-store sales and creates stable income	3 months
Improve website performance and conversion	Achieve 3–5% website conversion rate	Achievable through website optimisation and UX improvements	Increases online sales and customer acquisition	3–6 months
Improve customer satisfaction	Achieve 4+ star rating and 70% positive feedback	Achievable through quality service and customer support	Enhances brand reputation and retention	3–6 months
Increase customer retention	60–70% repeat subscription rate	Realistic with consistent service and engagement	Builds long-term recurring revenue	3–6 months

In summary, these KPIs and SMART goals facilitate objective progress monitoring, enabling Green Haven Florists to assess their success, detect issues early, and implement data-driven enhancements.

Conclusion:

In summary, Green Haven Florists is encountering major difficulties due to falling in-store sales, increasing expenses, and heightened competition from online sellers. After assessing two potential strategies, the online flower subscription service emerged as the most viable option. This strategy not only ensures a consistent and reliable revenue stream but also enhances customer loyalty and caters to the current consumer demand for convenience and regular deliveries.

With the backing of an upgraded website, well-defined KPIs, and achievable SMART goals, this solution provides a clear pathway for enhancing financial performance and ensuring long-term viability. While there are risks like limited customer interest and potential delivery issues, these can be mitigated through strategic planning and gradual implementation. Ultimately, the subscription model offers the best chance for Green Haven Florists to stabilize its income and successfully navigate the evolving retail landscape.

Key Findings

The assessment of Green Haven Florists revealed several critical issues impacting business performance. Firstly, the company has seen a notable drop in in-store sales due to decreased foot traffic on high streets and evolving consumer shopping behaviors. Secondly, mounting competition from online flower shops and local boutique florists has created pricing pressures and diminished market share. Additionally, rising operational costs—especially for imported flowers and eco-friendly packaging—have squeezed profit margins and hindered pricing flexibility.

A further significant finding is the company's lack of a robust digital presence, characterized by an outdated website and minimal digital marketing efforts, which negatively affect online sales conversions. Lastly, customer input indicates a desire for more convenient services, including online ordering, flexible delivery options, and subscription models.

In summary, these insights reveal that Green Haven Florists is significantly impacted by external market dynamics and internal digital shortcomings. To remain competitive and achieve long-term financial stability, the business needs to transition towards a more substantial online presence and a recurring revenue model.

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Appendix

The Key Performance Indicator is:

Specific	Measurable	Attainable	Relevant	Time-Bound
Questionnaire – Collect customer feedback on satisfaction and subscription experience; Observation – Monitor website behaviour (visits, orders, repeat purchases); Reviews – Analyse customer ratings and feedback to evaluate service quality.	10–15 questions per questionnaire; collect data weekly; track number of subscribers, retention rate, and website conversion rate over a 3-month period.	Liam manages website data and analytics; Priya handles customer feedback and service quality; achievable based on current resources and small business scale.	Customer data on subscriptions, retention rates, and satisfaction; collected from website analytics, questionnaire, and reviews; the purpose is to improve service quality, increase repeat purchases, and generate stable revenue.	Data will be collected over a 3-month period, with weekly tracking and monthly performance reviews.

