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## **Task 1**

### **Determining Which Economic Issues Are Most Crucial**

The case study elucidates some basic economic problems that have appeared from the major effects that Brexit and the Covid-19 pandemic have had on supply chains and company operations. Above all, the pandemic has utterly interrupted current business practices everywhere. The way that supply and demand dynamics have changed as a result of these disruptions has never been seen before in many different industries. Lockdowns, constraints, and shifts in customer behavior have caused fluctuations in demand for goods and services, which has had a disadvantageous effect on supply chain stability. Scarcity results since disruptions on the supply and demand sides of the commodities market. The epidemic swamped a great deal of supply chains, leading to agitated purchases by customers and a change in their spending from services to products. Labor shortages have been a factor on the supply side during this time (OECD, 2015). Brexit has been a main contributory element to the supply chain complications getting worse. Concerns with fuel convenience and price instability have been exacerbated by the direct effect of the EU workforce departure and the ensuing shortage of drivers on the timely delivery of goods and services. The case study shows unequal resource distribution and panic buying. Buying motivated by anxiety during difficult times reveals weaknesses in the market. It illustrates the challenges of consumer influence and resource allocation (Osadiya, 2023).

One excellent example is transportation. A driver shortage is illustrated in the case study as impacting fuel supply systems. Delivery delays may have been brought on by the COVID-19 pandemic and Brexit. Petrol shortages and high gasoline costs have been caused in some places by the driver shortage. This price rise has had an impact on both individuals and businesses. As the case study demonstrates, sharing of essential resources is not always done fairly. This disparity could result from logistical, infrastructure, and geographic problems. Fearing to go without necessities, people panic buy when resources are limited. Purchases made in a panic may result from scarcity. Often, stockpiling items beyond immediate needs results in a self-fulfilling prophecy. Real shortages and panic buying result from the seeming scarcity growing as customers overbuy.

The case study illustrates market inefficiencies. These inefficiencies can be exacerbated by a crisis, which would also upset prices, supply chains, and customer behavior. Governments and businesses have to find methods to get commodities without stockpiling or charging exorbitant prices. The case study demonstrates the challenges in changing consumer behavior during panic. Stabilizing the market can also come from putting in place measures to prevent hoarding and

distribute fairly (Rauch and Schleicher, 2015). Knowing resource shortage, hurried buying, and market inadequacies will help us manage crises better. Help can come from strengthening supply chain resilience, governmental-business cooperation, and consumer communication plans.

The condition also has economic values in that borrowing by people and companies is rising and financial stress is rising. Rising petrol prices and uncertain economic times have forced companies and consumers to take out additional loans, which could lead to financial volatility and heavier debt loads. The last element that has influenced the supply chain dynamics even more is the change in customer preference during the pandemic from offering services to buying goods. The need of companies to swiftly adjust in order to meet the constantly shifting expectations of their clients has resulted from this shift, which has affected manufacturing, distribution, and inventory management (Aigner-Walder, 2015). The case study identifies several basic economic issues including disruptions to conventional business operations, labor shortages linked to Brexit, shortages in demand and supply chains, panic buying actions, fuel supply difficulties, rising fuel prices, difficult borrowings, and changing consumer predilections. Actually, the case study pointed up every one of these problems.

## **Different approaches to resolving economic issues are as follows:**

Undertaking the complex economic problems noted in the case study will need a systematic approach that caters government movements, strategic management agendas, supplier partnerships, and stakeholder involvement. These difficulties are the outcome of Brexit and Covid-19. Employing a range of policies, companies and legislators can effectively overcome manpower shortages and supply chain disruptions.

Governments can contribute meaningfully to the resolution of labor force shortages and supply chain disruptions. They are competent of carrying out focused interventions like the ones listed below:

**Regulatory Facilitation:** Putting in place laws that make it easier to hire drivers and other essential workers, and maybe lowering visa necessities to close the labor shortages brought on by Brexit.

**Covid-19 restrictions release:** Supply chain procedures may be far more efficient if the limitations obligatory by Covid-19 are examined and modified, but public health must always come first. Protocols in the workplace the overview of adaptable work procedures that trust operational efficacy with safety measures, therefore allowing businesses to quickly adapt to changing states.

**Resource allocation:** refers to forming teams to efficiently monitor and distribute possessions and to device backup plans to lessen the effects of any future interruptions.

**collaborative planning:** We define "collaborative planning" as the engrossment of stakeholders in the course of defining significant supply chain risks and generating efficient reaction plans.

**Supplier partnerships:** Supplier partnerships can be used to build associations with suppliers and increase transparency levels, therefore enhancing the supply chain's toughness.

**Collaborating closely with suppliers:** In the setting of supplier system describes the process of determining other sourcing approaches, lengthening the range of options, and reducing dependance on specific supply routes.

**Waste Reduction Initiatives:** By using waste lessening initiatives in supply chains, one may optimise resource operation and reduce inadequacies. Process optimization includes, among other things, plummeting overstocking, realizing lean principles to reduce waste, and conducting process assessments to identify areas for improvement. The use of justifiable practices with the

intention of reducing environmental impact and boosting operational success is referred to as "sustainability practices" (Baker, 2003).

**Evaluations of Supply Chain Resilience:** Businesses can evaluate and improve their supply chain pliability by using a range of pointers.

Intensifying the number of suppliers and partners in the supply chain is known as multiplicity, and it is done to lessens the risks associated with disruptions and manpower deficiencies (Andreyeva, Long and Brownell, 2010). Using technical solutions: "technology investment"—can upsurge the perceptibility, efficiency, and receptiveness of a supply chain. Developing solid relationships with trustworthy suppliers: Known as "supplier relationship management" and it helps to advance cooperation and elasticity in the face of changes in the market.

Trade with suppliers to cut costs and increase profitability is one approach to ease financial restrictions. In Working directly with suppliers to exchange advantageous terms, maximize pricing, and reduce total obtaining expenses is referred to as "price negotiation". Application of efficiency improvements is the procedure of putting cost-saving measures into practice to increase resource consumption and operational efficiency. The technique of notifying clients about growths and complications in the supply chain to control their prospects and ensure that they will continue to get service is known as customer communication (Ellickson, 2013). We define employee communication as conserving employee assignation and keeping them well-versed to increase morale and efficiency amid indeterminate times (Bagwell, 2007).

It is imperious to adopt a thorough and obliging strategy that comprises government interferences, strategic management plans, supplier partnerships, waste reduction programmes, supply chain resilience assessments, cost-saving measures, and stakeholder involvement in order to address the economic issues brought about by Brexit. Businesses and governments can, by hitting these different approaches into practice, surge the suppleness of supply chains, direct shocks more skillfully, and generate more economic constancy and pliability in the face of ongoing ambiguity.

## **Task 2**

### **The Significance of Demand and Supply**

In every business environment, success mostly depends on a thorough knowledge of the relationship between supply and demand. In many respects, this dynamic is essential to understanding how a company functions; it affects everything from pricing plans to investment attraction. Let us go more into the influence of supply and demand on significant business decisions:

#### **Pricing Strategies: Establishing the Right Price**

The finest rates are chosen by businesses cheers to supply and demand analysis. Companies that analyse market trends and customer behavior might correct their prices to control variations in supply and demand. In doing this, they can maximize their incomes. Plummeting prices, however, during stages of low demand may encourage purchases and clear excess inventory.

#### **Pricing and Competition: Setting Yourself Apart from the Competition**

The competitiveness of the market is significantly influenced by the supply and demand undercurrents. Using this data, businesses can utilize tactical pricing to gain a benefit. Through demand pattern research, they may bid their products at competitive prices and raise the appeal of the consumer. This might include providing intensive discounts to increase sales in slow times or lowering prices to dent competitors in times of high demand.

#### **Boosting Company Growth and Productivity: Enhancing Operations**

Supply and demand management done well can increase efficiency inside a company pointedly. Because these approaches are grounded on understanding of supply and demand, they enable effective market expansion and basic operations. Companies that ensure the right quantity of inventory is obtainable to meet customer requests can evade production stops and ensure even delivery of goods and services.

#### **Customizing Your Message: A Marketing Strategy**

Opinions from supply and demand analysis are indispensable when forming marketing plans. Companies are free to adjust their marketing plans to best sell their products in line with the current market wants. This guarantees that their message fixes with consumers and results in focused purchases. When there is a high demand for a certain product category, for example,

companies may produce marketing campaigns that highlight the features and reimbursements of their items within that category.

### **Finding the Ideal Balance in Inventory Control**

Necessities for good inventory management are supply and demand balance. Real-time supply and demand data is used by these organizations to progress inventory levels. In doing this, businesses may lower the risk of carrying too much inventory and guarantee they have what they need to proficiently complete client requests (Rauch and Schleicher, 2015).

### **Getting Money: A Push in the Direction of Investing**

Decisions about finance are significantly predisposed by supply and demand dynamics. Strong demand may be used by companies to attract stockholders through initial public offerings (IPOs) or other events. Companies who are in markets where there is a sturdy need for their products or services naturally lure investors (Oecd-ilibrary.org, 2015).

### **Employee Contentment and Retention: A Competitive Workforce**

Demand affects labor markets directly. Businesses that understand the prerequisite of specific skill sets and offer competitive compensation packages can create a happier and more productive workforce. Ultimately, this raises employee morale and reduces turnover, both of which increase the company's bottom line.

### **Risk Management: Getting Ready for Challenges**

Knowing the dynamics of supply and demand in detail can help businesses to proactively manage market risks. This defensive approach helps businesses deal with unanticipated situations and lessen probable losses.

To achieve constant success, one must hold these dynamics in everything from managing rivalry and setting the optimal prices to make operative marketing campaigns and inventory management. Companies can take use of this data to make up-to-date choices, acclimatize to changing market situations, and eventually prosper in a frantic workplace.

## **Difference between Elasticity and Inelasticity of Demand**

The association between pricing and the quantity that customers need to buy is amongst the most central concepts in economics.

### **Elastic Demand: Price Swing-Related Demand Swings**

Elastic demand is demarcated as states when a change in price causes a significant shift in the quantity sought. Stated differently, people buy far more when prices fall and far less when they rise.

**Examples:** Think about high-class accessories like pricey gadgets or high-end purse. Should the price of these items rise, many consumers will either choose less expensive alternatives or decide not to purchase them at all. Conversely, a product may sell better if its price lowers dramatically and it becomes more enticing.

### **Benefits of Elastic Demand**

**Determining Optimal Pricing:** Elasticity analysis can be used by businesses to ascertain the price that will maximize profit. A lower price can nevertheless attract more clients and boost sales volume even if offering elastic items results in a little decline in the profit margin per unit (Cigliano, 1980).

**Lower Taxes:** Governments often tax elastic goods higher because people are still likely to buy them despite the higher price. This might be a very profitable venture.

### **Drawbacks of Elastic Demand**

**Constant Monitoring:** Companies who sell elastic goods need to be very aware of how their competitors are pricing their products. A rival who offers a lower price can quickly steal a sizable portion of the market.

**Needs to be done quickly:** Elasticity of demand may change with time. One instance of this would be the appearance of easily accessible alternatives to an elastic product that was previously required because of a new technology breakthrough. Businesses have to evaluate elasticity all the time and adjust their pricing strategies as needed.

## **Inelastic Demand: When Price Changes Have Little Impact**

Inelastic demand is the situation in which a change in price has little impact on the quantity sought. Stated differently, even in cases when prices rise, customers will still need or want to buy the products, and vice versa (K.Foot and Gomez, 2006).

**Examples:** One example of an inelastic demand for a need is prescription medication, electricity and petrol. Consumers are willing to spend extra for these items as they are required to maintain their health or way of life.

### **Benefits of Inelastic Demand**

**Increased Revenue:** Companies that carry inelastic products can raise prices without seeing a significant drop in sales, which boosts revenue. Inflationary times can make this quite helpful.

### **The disadvantages of inelastic demand**

**Restricted Adjustability:** It may be challenging for businesses who sell inelastic products to raise their prices without worrying about offending their customers. Application of strategic pricing strategies could be difficult as a result (Heien and Pompelli, 1989).

## Supply and Demand Laws

A thorough knowledge of supply and demand rules is essential for commercial optimization of production and pricing strategies:

**Increased Demand at the Same Time as Unchanged Supply:** Prices and amounts rise when supply does not change but demand does. Businesses have the chance to take use of this situation during periods of higher demand.

**Supply has not changed, but demand has:** Prices will drop as well as quantities when demand falls while supply stays the same. Companies may have to lower their pricing to draw in clients and maintain steady cash flow.

**An increase in supply while keeping demand constant:** Prices tend to fall in the presence of an increase in supply and no change in demand, which increases the number of products available for sale.

**A fall in supply and an essentially steady demand:** A fall in supply combined with a steady demand causes prices to rise and the number of accessible items to fall. Applying these ideas enables business owners to make informed decisions that enable them to adapt to changing market conditions:

Production levels is the adjustment of production levels in line with demand forecasts to avoid having an excess of inventory during periods of reduced demand or shortage. Pricing techniques include, among other things, maximizing revenue during periods of rising demand, adjusting prices to stimulate demand during slow times, and setting competitive prices in reaction to changes in supply and demand (Griffith, 2004).

Inventory management is the process of efficiently managing inventory levels to meet demand without going overstock or having shortages (Shapiro, 1987). In terms of market positioning, product or service positioning is the deliberate positioning of items or services according to supply and demand dynamics. Aligning their business plans with the concepts of supply and demand allows entrepreneurs to increase their profitability, maximize resource use, and increase market responsiveness.

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