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Introduction

Whenever it comes to making company choices, management economists look at established economic principles and theories. The distribution of resources, production, prices, market behaviour, and strategic choice-making are just some of the topics that may be examined with this unique blend of economic theory and business management principles. Management economics' major goal is to equip managers with both the theoretical and practical resources they need to make choices that will have the greatest impact on the company's bottom line. Examining the impact of supply and demand dynamics, cost analysis, the structure of the market, pricing strategies, managing risks, and projections of the market on business operations is part of economics. The study of management economics offers business leaders a methodical foundation for examining and understanding the financial facets of running a company. Managers' distribution of resources, production productivity, pricing tactics, competitive advantage, and overarching corporate strategy can all see gains through the use of financial concepts.

Profit Maximisation Theory

According to the profit maximisation idea, companies should always prioritise profit over other factors. The profit maximisation idea has been successfully implemented in the workplace on many occasions, leading to wage rises for workers. According to the profit maximisation theory of economics, an organisation will make choices based on what will bring in the greatest amount of money (PankiRaj, Yassine, and Choudhury, 2019). According to the principle of maximising profits, businesses are going to select the production strategy that results in the greatest savings, even if another strategy might result in fewer overall expenses or higher overall benefits. Economists were aided by this theory in their attempt to fathom the factors that go into a business's selection of products, output level, and pricing approach (Scott, 2017).

According to the economic theory referred to as profit maximisation theory, the primary objective of an organisation should be increasing its margin of profit. The goal of this theory is to optimise profits for companies by maximising revenue, minimising costs, and optimising operations. Jesse Zole, the company's primary stakeholder, expressed his disapproval of All Seasons Supplies Incorporated's (ASSI) declining profitability and the business's subsequent focus on maximisation. Considering ASSI's status as the UK's largest grocery retailer with a commanding share of the market and a big store network, maximising profits is an obvious priority. The higher the company's profits, the more income it has to invest in the business, increase its reach in the market, fund R&D, and pay investors. To bring in income and enhance revenue, Jesse Zole proposed charging more for some ASSI items, especially those bearing the company's name. The uniqueness of these items, along with the prestige of the ASSI name, provides the company with negotiating power in the marketplace (Terrien et al, 2017).

Other Issues of Importance for ASSI to Improve

If ASSI is to continue to thrive in the long run, it is essential to address a range of additional pertinent factors and concerns. Maximising profits should be performed so sustainably and harmoniously that takes into consideration the following factors.

- **Customer Value-** Customers' perceptions and loyalty could suffer if prices increased with good reason. For ASSI to succeed, it must prioritise providing customers with products and services that meet or exceed their demands while remaining affordable. Maintaining market share and retaining loyal customers requires an emphasis on listening to and responding to customer needs.
- **Market Competition-** Since ASSI works in an extremely competitive market, any price hikes must be carefully weighed against the products of similar businesses. If ASSI drastically increases pricing, the company could lose revenue to rivals offering the same

goods at less money. It's crucial to study the marketplace, keep an eye on the approaches of other companies, and strike an appropriate price/quality ratio (Oláh et al, 2018).

- **Cost Optimisation-** While a price rise could benefit ASSI's bottom line, cost reduction is just as crucial. Costs can be lowered, and profit margins can be increased without depending only on price increases provided inefficiencies are eliminated, operations are simplified, and favourable terms are struck with vendors.
- **Product Differentiation-** ASSI needs to keep offering a wide selection of excellent brands and products in addition to their trademark lines so that they can serve a wider spectrum of consumers. To boost product sales and keep ahead of the competition, businesses must invest in R&D to find new ways to set their ranges apart from those of rivals (Schaltegger, Burritt, and Petersen, 2017).
- **Digital Transformation-** ASSI can reach more people, increase productivity, and broaden its clientele by using digital technology and e-commerce. Building an effective online presence, employing efficient digital marketing methods, and adjusting the platform for e-commerce are all ways to propel expansion and boost profits.
- **Employee Engagement-** Employees' contributions to a business's success are magnified when they feel motivated and engaged in their work. ASSI needs to prioritise creating a rewarding workplace, promoting employee growth, and celebrating achievements. Highly satisfied customers and increased profits are the results of a team of motivated workers.
- **Sustainability and CSR-** Brands who make an effort to enhance the world surrounding them often find because doing so draws more socially and environmentally conscious consumers. When choosing actions, ASSI should have an environmental impact, minimising waste, and morality in mind. A business may boost consumer loyalty and future earnings by acting in alignment with society's values (Liczmańska-Kopcewicz, Mizera, and Pyłacz, 2019).

Although maximising profits is the main objective for ASSI, doing so responsibly requires also prioritising other concerns, such as those of consumers, the market, costs, differentiation of products, digital change, staff engagement, and sustainability. ASSI can ensure steady development, sustainability, and customer pleasure by focusing on five key areas, which will also improve its bottom line.

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Discuss and Evaluate Various Issues to be Considered by Management in decision-making by ASSI Management

As the Business Planning Manager at All Seasons Supplies Incorporated (ASSI), the challenges brought up by Jesse Zole must be evaluated and make choices to alleviate the business's development and financial pressure based on numerous key economic theories and aspects. It shall discuss the ideas and elements regarding the demand and supply, the business environment and objectives, the market structure, and the worries of different stakeholders.

Economic Theories

Demand and Supply- The law of demand and supply is a combination of two basic economic principles that describe the impact of fluctuations in prices on the availability and demand for a service or product. An increase in price leads to increased supply and lower demand. When costs fall, however, supply tightens while demand increases. Supply and demand lines at different price points can be shown visually. The method of identifying prices in the marketplace is represented by the point where the curves of supply and demand intersect, often known as the equilibrium or market-clearing price (Kirschen and Strbac, 2018).

The theory of the interaction of demand and supply constitutes a few of the fundamental concepts of economics. Jesse Zole's suggestion of price hikes for ASSI goods has an opportunity to reduce their sales. If consumers view the products to have been overpriced, a price increase might result in a drop in sales. On the contrary, hand, when demand is rigid, greater prices might bring in additional revenue. As a result, before implementing any price adjustments, it is crucial to conduct thorough investigations into the elasticity of demand and the buying patterns of the target market (Browning and Zupan, 2020).

Business Environment

Many variables that are outside ASSI's influence are collectively referred to as the "business environment." It's essential to keep an eye on things like client preferences moving, new technologies, and competitor moves in the market. A thorough examination of the marketplace's potential and dangers will allow ASSI to make informed decisions about its pricing strategies and item range.

Business Objectives

Jesse Zole stressed that the optimisation of revenues was ASSI's top priority. Although boosting revenue is essential to a company's success, it must be taken into account in conjunction with additional objectives like retaining customers and developing a positive image in the marketplace. Raising costs without also considering how this can affect how consumers think of the company and where the businesses stand in the market may fail (Hamilton and Webster, 2018).

Market Structure

A thorough understanding of the ASSI market structure is essential. With a significant share of the market and a widespread retail presence across the UK, ASSI is a formidable rival. Assessing ASSI's pricing power requires considering factors like the **level of competition in the market and the** existence of entry obstacles. In an extremely competitive marketplace, raising prices might end in a loss of customers to competing vendors.

Stakeholder Issues

Managing the interests of your business's stakeholders is crucial for sustaining a flourishing company environment. ASSI is accountable to many categories, including its clients, employees, vendors, and stockholders. Customers' loyalty could be impacted if they feel like ASSI is being unfair or excessive by increasing costs, especially on ASSI-branded products. In addition, employees may be impacted by shifts in the volume of sales and profitability. The company's future prosperity depends on having the capacity to strike an equitable compromise between competing interests.

ASSI's administration should take an integrated approach that takes into account not just the economic theories of demand and supply but also the external environment, the objectives of the business, the market's structure, and any concerns the business may have with its stakeholders while determining whether or not to implement Jesse Zole's advice to raise prices. A comprehensive investigation of these issues will allow for deliberation that is consistent with the business's long-term financial viability and long-term viability and takes into account the objectives of all parties (Peng et al, 2020).

Conclusion and Recommendation

All Seasons Supplies Incorporated (ASSI) appears to be under stress in terms of both growth and financial performance in the scenario provided. The key to the shareholder's discontent calls attention to the need to deliberate to overcome these challenges, as voiced by Jesse Zole. ASSI's administration should think about the following recommendations to secure the company's continued growth and continuous profitability:

- **Evaluate the Competitive Landscape-** Even though ASSI has cornered a significant share of the market, its rivals must be kept under close watch. Opportunities, as well as threats, can be better understood by a review of competitors' actions and plans. ASSI will be better able to keep its share of the market if it has an in-depth knowledge of its competitors' customer tastes, pricing strategies, and offerings for goods.
- **Review Pricing Strategy-** It would be prudent to proceed with care in light of Jesse Zole's advice to raise costs, in particular for ASSI's original branded items. It's possible that improving prices alone cannot resolve the problem, as doing so could scare off customers and reduce sales. Instead, one should perform an in-depth evaluation of pricing that takes into consideration things like manufacturing costs, price competition, the elasticity of client demand, and how consumers think of value. The objective is to maximise profits while maintaining an edge over competitors (Faith, 2018).
- **Enhance Product Differentiation-** ASSI needs to make more effort into differentiating its branded and distinctive products from the competition. This can be accomplished by putting resources into R&D to generate novel, high-quality products that appeal to consumers' tastes. Premium pricing is more readily justified and customers who value distinction are more likely to make an investment when unique characteristics, high quality, and eco-friendliness are emphasised.
- **Optimize Supply Chain and Operations-** ASSI may boost its profits by concentrating on its supply chain and operational efficiency. The bottom line can benefit by streamlining operations, reducing waste, and reducing prices. Control of inventory, forecasting demand, and effective delivery can all benefit from the use of technology and data analytics, which in turn can help maintain costs down and increase satisfied consumers.
- **Enhance Customer Experience-** Creating a consistent and pleasant experience for customers is possible because of ASSI's wide range of stores, parking spaces, gasoline forecourts, and in-shop eating establishments. Store design, visual merchandising, and staff training and advancement are all areas where money should be spent to make customers sense valued and involved. The outcome will be a rise in pleased consumers who are more likely to buy from the business again.

- **Explore Digital Transformation-** Accepting the shift to digital is crucial in the competitive retail marketplace that exists today. ASSI needs to improve its digital presence with a designed effective storefront, secure online payment processing, and convenient shipping options. By implementing an omnichannel approach, ASSI will be able to broaden its reach and client base by enabling customers to easily switch between both online and offline channels (Um, 2017).
- **Strengthen Supplier Relationships-** It is of the utmost importance to keep a good rapport with ASSI's suppliers, particularly those that manufacture unique items for the company. Gain an edge over the competition by collaborating with suppliers to negotiate better terms, guarantee on-time deliveries, and design innovative new products. Profitability is entirely determined by the level of quality, availability, and affordability of the products supplied.
- **Foster a Culture of Innovation-** ASSI needs to promote a mindset of creativity and improvement if it is to remain successful in the face of changing circumstances in the market. Investment in training and growth for staff members, as well as a culture that encourages employees to offer input, can have a significant impact on productivity and creative thinking. ASSI will be able to keep ahead of competitors and increase profits in the decades to come thanks to this proactive approach (Kim, Chiou, and Calantone, 2018).

In conclusion, ASSI's administration will need to take multiple approaches to overcome the company's growth and profitability obstacles. Increasing prices is a potential but only as part of a larger plan that also prioritises distinguishing products, simplifying procedures, improving the customer experience, modernising processes with technological advances, and maintaining beneficial connections with suppliers. ASSI may better participate in the retail business by adopting these recommendations and setting itself up for a long time growth and success. ASSI can overcome its obstacles and set itself up for long-term success if it implements the advice given here. ASSI's achievement within the highly competitive industry of retail will be driven by its ability to make strategic decisions, focus on its customers, maximise operational effectiveness and creative thinking, and successfully oversee its suppliers.

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