

Module Title: Problem Solving and Decision Making

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Assessment: Component 2 Report

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## **Introduction**

This report examines Green Haven florists, a small florist shop in Norwich, which experienced a 30% decline in their in-store sales in the past year, increased competition and rising operational costs. The purpose of this report is to evaluate two potential strategies which will be evaluated using a PMI( Plus, Minus, Interesting )analysis and give a justified recommendation on what the best strategy would be to use for their business. The report will also consider the potential risks and implementation strategies to ensure the chosen solution is practical and effective in improving sales.

## **Brief Explanation of the Specific Business Problem**

Green haven florists is facing a combination of challenges that are negatively affecting the businesses profitability this is evident in their 30% decline in in-store sales largely because of reduced foot traffic in the area and a broader shift towards online shopping which isn't surprising because in general consumers are increasing choosing online shopping due to the convenience and accessibility it offers which has reduced the need for in-store purchases .Even though orders have increased slightly the growth hasn't been sufficient enough to compensate for their declining in-store sales.

In addition to this the business is struggling with increased competition, larger online retailers are offering lower prices, faster delivery and frequent discounts making it harder for green haven florists to compete. Also, the business is using an outdated website which is difficult to navigate which limits their potential online sales and having limited digital marketing by only having occasional social media posts means that the business isn't reaching a wider audience. Also, importing flowers and choosing to use sustainable materials is reducing their profit margins.

Overall, the main issue isn't the declining in-store sales but their failure to adapt quickly to the change in customer behavior and market conditions

## **Suggested Two Alternative Solutions**

### **Solution A**

The first solution could be to improve their online presence by redesigning their website and investing more in online marketing. Their current website is outdated and

difficult to navigate, which is probably deterring potential customers from buying their flowers. A redesigned website would be easier for potential customers to navigate and the website being easier to navigate would probably encourage people to purchase flowers from them because it's convenient to use. And investing in more online advertising so more potential can be exposed to their business which could lead to more sales. Also adopting digital marketing techniques has been proven to significantly improve the competitiveness and overall performance of small businesses

PMI analysis-

| Plus                                                                                           | Minus                                                                              | Interesting                                                                     |
|------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------|---------------------------------------------------------------------------------|
| Increases their online sales potential by making it easier for customers to purchase from them | The initial cost may be high for the website redesign and online marketing         | Also adding subscription services could create a more consistent flow of income |
| Reaches a wider audience beyond the local area                                                 | May require hiring people with good digital skills which could add to their costs. | Chance to build a strong recognizable online brand                              |
| Improves their competitiveness against other online flower retailers                           | Risk that their investment may not generate immediate returns                      | Ability to collect customer data for personalized marketing                     |
| Increases convenience for customers through delivery options and easy navigation               | It will require maintenance such as updating the website                           | Can support long term business growth                                           |

### Solution B

Another solution could be to improve their physical store, this could include hosting workshops, for example flower arranging ones and offering loyalty schemes. This could help differentiate their business through offering unique experiences that online competitors couldn't replicate and rewards.

| Plus                                                                                             | minus                                                       | Interesting                                            |
|--------------------------------------------------------------------------------------------------|-------------------------------------------------------------|--------------------------------------------------------|
| Builds strong customer relationships through giving customers unique experiences                 | Limited impact if overall foot traffic continues to decline | Workshops could result in an additional form of income |
| Encourages customers to keep coming to the store through loyalty schemes and events being hosted | Events require time and planning                            | Could attract different types of customers             |
| Reinforces brand identity as a local community-based business                                    | May not compete effectively with online convenience         | Opportunity to build a loyal local customer base       |

### **Justification for Selected Solution**

'Solution A would be the best solution because it directly responses to the change in customer behaviour which has resulted in people buying flowers online and if Green haven florists don't adapt to this change their sales will likely continue to decline. Although solution B offers benefits in terms of customer loyalty it doesn't address the issue of reduced footfall the area due to the closure of nearby businesses and more people wanting to shop online due to the convivence. Making solution A the best option because it has the highest likelihood of being successful because its more convenient for customers.

### **Risk Analysis of the Selected Solution**

| Risk                                                                  | Explanation                                                                                                                                                                                                                                              | Potential impact                                                                                                                   |
|-----------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------|
| They will likely have high initial costs.                             | Having to set up a new website may be to expensive especially because of their limited funds due to their decline in sales.                                                                                                                              | This could put the business under a lot financial pressure.                                                                        |
| There's a risk of them not making enough profit from their investment | The money the invested in the website may not give them a noticeable improvement in their sales                                                                                                                                                          | This could put the business in an even worse financial position which could result in Green haven florists having to be shut down. |
| They'll likely have strong online competition                         | Larger retails will probably have bigger marketing budgets so it will be a lot harder for Green haven florists to stand out.                                                                                                                             | This could lead to the website not being seen by potential customers leading to less sales being made on their new website.        |
| They could start focusing to much on trying to get more online sales  | If the owners of Green haven florists focus to much on their online store could lead them to neglect their physical shop for example opening on less days to focus on researching what their potential customers may want them to add to their website . | This could lead to a further reduction in their in-store sales.                                                                    |

### **Plan to Implement the Selected Solution**

Solution A will take 4 months to complete. In the first month they'll have to plan how to set up the website by doing research by looking at their competitor's websites and researching what customers would prefer by looking at how the websites that attract the most customers have been set up. This ensures that the new website meets their market expectations. In the second month a professional website developer would be hired to help redesign their website. And the website developer will make sure to include key features on the website such as a secure payment system, clear categories for each product and making it very easy to navigate for customers. This would help to increase their sales because customers having positive online experiences has been linked to higher customer satisfaction and repeat purchasing behaviour. In the third month they'll improve their online marketing by creating business profiles on popular social media apps by showcasing their flowers on TikTok and Instagram for example by posting videos showing them and talking about their sustainability values. In the fourth month staff will be trained to manage online orders from their new website and help with customer service for example answering question people may ask on their social media accounts in the comment section. This would be beneficial because social media platforms enable businesses to engage directly with customers helping them build brand awareness and strengthen customer relationships. After all of this has been set in up the new website will be introduced also feedback from customers will be used to help improve the website if needed later. Because website usability plays a key role in influencing customer trust and purchasing decisions meaning that poorly designed websites can lead to a loss in sales.

### **Means of Measuring Effectiveness of Implementation of Selected Solution**

**KPI and SMART objectives table**

| area       | measure                                                                                      | explanation                                                                                                 | Justification                                                                                    |
|------------|----------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------|
| KPI        | Increase their online sales revenue                                                          | Their able to track the total value of online purchases made through the website                            | This clearly shows whether the new website and marketing are helping to improve the business     |
| specific   | Help to improve their online sales through having a better website and more online promotion | The focus is on making their website easier for people to use and also promoting it more effectively online | This targets the main issues of having low online visibility and their loss in sales             |
| Measurable | Aim for at least a 30% increase in online sales                                              | They can track their sales by using by collecting data on the number of sales made on the website           | This makes it easier to see if the business is progressing well or needs to make further changes |
| Attainable | Focused on improving the website and attracting more customers through good marketing        | This target is realistic if the changes are carried out well                                                | This makes sure that the goal is achievable for the small business                               |
| Relevant   | They need to focus on improving online sales to compensate for the lack of in-store ones     | The objective links closely to the problem the business has                                                 | Helps the business to focus on what they actually need to improve to help boost their sales      |

|                                  |                                                                                                                                                            |                                                                                    |                                                                                                    |
|----------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------|
| Time bound                       | To achieve a boost of sales this within 5 months                                                                                                           | Helps to set an realistic deadline to see if any progress is being made            | Helps the business to see if they need to adjust their business plan if the solution isn't working |
| Other ways of measuring progress | Visting the website to see how many customer purchases have been made and checking their social media pages to see if people are engaging with their posts | Helps to monitor how customers are interacting with their website and social media | Helps the business to be able to know where to improve by seeing what customers like and dislike.  |

### **Conclusion:**

My first key finding is that Green haven florists has seen a decline in sales because of decreased footfall in the area and more people choosing to shop online because its more convenient. My second key finding is that they also face strong competition from both large online retailers and local competitors who have better websites and online marketing. My third key finding is their outdated website, and limited online marketing is putting green haven florists at a disadvantage to their competitors because of this improving their website and online marketing would likely increase their business growth. My last key finding is even though this solution involves financial risks these can be managed through careful planning by doing a lot of market research beforehand.

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### **The Key Performance Indicator is:**

| Specific                                | Measurable                               | Attainable                                  | Relevant                                      | Time-Bound                                 |
|-----------------------------------------|------------------------------------------|---------------------------------------------|-----------------------------------------------|--------------------------------------------|
| Questionnaire<br>Observation<br>Reviews | How many Qs?<br>Which days?<br>How long? | Who is going to do it?<br>Is it attainable? | What type of data? On what? What's the point? | How long will it take to collect the data? |