



**A-LEVEL
BUSINESS
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Paper 3 Business 3

Sample assessment material

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Source 1: Sandbrocks plc

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Mohan Mital became Chief Executive of Sandbrocks plc, a UK retailer, in March 2018. At that time the company's sales and market share were falling. Analysts reported significant inventory shortages in its stores, particularly in fresh foods. Product quality was inconsistent and staff morale was low.

Mital acted decisively taking into account findings from marketing research. He reassured customers of Sandbrocks' commitment to "amazing quality and amazing value for money" Deciding on a strategy of recovery through sales growth, he implemented a series of price cuts, some organisational restructuring and bonuses for staff based on the achievement of higher store standards. Unlike Tesco, Sandbrocks avoided overseas expansion which was regarded as too risky and was not seen as the priority; instead Mital focused on the company's UK strategy including opening more local convenience stores, as research showed this market segment was growing fast. 5 10

The changes introduced by Mital included increased efforts to involve the company's 137 000 employees (called 'colleagues') and to communicate and share his vision more effectively with them. One initiative, called 'Call Mohan', encouraged colleagues to send suggestions about where the company could make improvements for customers and employees. The company used a range of methods to communicate regularly internally, including listening groups and employee councils, where senior managers discussed issues with junior colleagues. A typical Sandbrocks supermarket has around 230 jobs, ranging from deputy managers to team leaders, online managers and customer services managers. Mital focused on greater employee engagement, believing there was a clear correlation between the stores that involved their colleagues effectively and those that offered great service and achieved positive financial performance. 15 20 25

Following Mital's changes greater customer satisfaction helped monthly sales for the company increase every month from 2018 to 2022 and increased Sandbrocks' market share.

Sandbrocks' objectives

Sandbrocks has a number of financial objectives including sales growth, higher profits and good cash flow. It also has a broad range of corporate social responsibility (CSR) objectives. 30

These fit into five broad categories:

- being seen by customers as offering healthy food
 - treating suppliers well
 - respecting the environment
 - making a difference to the communities in which it operates
 - providing a great place to work for our colleagues
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Supply chain management

Over time Sandbrocks has invested heavily in its IT systems to provide a more scientific assessment of the company's inventory needs. This ensures that its stores stock the right goods. Supply chain management is a complex process for the company as it is influenced by many external variables, such as the 40

economy and the weather, and involves many different products. To maximise customer availability and minimise waste, Sandbrocks' liaises with the Meteorological Office to provide accurate and timely weather information so that the business can make informed decisions when forecasting sales and ordering seasonal items, both nationally and for individual stores. 45

Improved management of the supply chain by Sandbrocks also means that it has much greater control over quality, labelling and sourcing. A few years ago some supermarkets' reputations were damaged by the presence of horsemeat in 'beef' products. With all its fresh beef sourced from the British Isles and DNA testing carried out on its products, Sandbrocks was able to show that its beef products contained no horsemeat. 50

Understanding customers

Sandbrocks researches customer needs regularly and was one of the first retailers in Europe to install self-service checkouts in all of its stores. Sandbrocks' 'Match the price' scheme provides a price comparison with rival supermarkets and a refund if Sandbrocks proves to be more expensive. This also helps reassure customers that Sandbrocks' prices are competitive. The company also has a loyalty card scheme which provides rewards for customers whilst giving Sandbrocks valuable data on individual consumer purchases that it can link to other information such as their home address. 55
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Future strategy

Sandbrocks has managed to increase sales despite difficult market conditions such as slow economic growth, low consumer confidence and fierce competition. Consumers are very price conscious and retailers have to offer numerous promotional offers to win sales. 65

Sandbrocks is focusing its future strategy on:

- promoting 'amazing quality, amazing value for money' own-brand products
- non-food products, such as clothing and home furnishings, as these sales are growing much faster than food sales
- 'click and collect' sales, allowing shoppers to pick up completed orders in store
- greater online sales; these are increasing fast and already account for over £1 billion of annual revenue. 70

Mital stands down

In early 2023 Mohan Mital announced he was standing down as Chief Executive. Not long after, Sandbrocks announced its sales had fallen for the first time since 2018. This was due in part to the continued fierce competition in the market including the growth of discount retailers such as Aldi and Lidl. Sandbrocks said it was still confident it was in a strong position to achieve long-term growth. 75
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Appendix 1 Extracts from Sandbrocks' sales and store structure

	2018/2019	2021/2022	% increase
Sales income (£m)	14 440	24 140	67%
Supermarkets	447	595	33%
Convenience stores	136	618	354%
Total stores	583	1 213	108%

Appendix 2 Sandbrocks' employee ratios, 2018 and 2022

	2018	2022
Turnover per employee	£212 508	£221 933
Salaries as % turnover	10.04%	9.96%

Appendix 3 Sandbrocks' financial ratios, 2018 and 2022

	2018	2022
Current ratio	0.55	0.61
Gearing (%)	35.9%	40.1%

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