

How strong is the ‘bargaining power of buyers’ for this company and what is the company doing to influence this force?

According to Porter’s five forces, the bargaining power of consumers refers to the influence consumers have on the service, quality and price of a product or service (Wilkinson, 2013). Consumers have low bargaining power against Chefs4U, due to the scarcity of competing firms, a lack of substitute products in the market and Chefs4U loyalty program.

Chefs4U is the first of its kind, therefore the company does not have to compete with other firms for consumer preference as there is no comparable price for Chefs4U services. Additionally, as there are no similar offerings in the market, consumers do not have an alternative services they can switch to.

Furthermore, to maintain the low bargaining power of consumers, Chef4U has established a loyalty program. This reduces the probability of consumers switching to the services of a competing brand, as Chef4U has created an incentive (discount on food) for consumers to remain loyal to the company.

Which competitive business strategy best describes this enterprise? Explain why

According to Porter’s competitive strategy, an innovation strategy is one where a company gains a competitive advantage by introducing a product or service that is new to the market (Gray, 2015).

Chefs4U enterprise’s competitive strategy is best described by innovation, as the company’s position as the first firm to offer a “personal chef” services suggest that Chefs4U’s service is a new product in the market.

By being the first company to offer chef hiring services, Chefs4U gains a competitive advantage over competitors who may enter this market, as the company will have an existing client base and an established reputation.

This means that if a rival firm was to provide a similar service to Chefs4U, it would be difficult for this new company to attract consumers to their offerings. This is because consumers are more likely to conduct business with Chefs4U, due to their stronger reputation (Burke, Dowling & Wei, 2018).

Additionally, as Chefs4U has been in the market longer, they are more equipped to provide a more consistent and efficient service for customer due to the knowledge they have gained from the length of their operations. This is a competitive advantage for the

company as consumers are more likely to be attracted to Chefs4U services when compared to a competitor who has just entered the market (Greenstein, 2018).

Pick one competitive business strategy (see Porter's Strategies for Competitive Advantage) and explain how a competitor might use this strategy to disrupt your business. (Use a different strategy to the one you discussed in question two)

According to Porter's competitive strategy, a cost leader competitive strategy is characterised by a firm selling a good or service at the lowest price in the market (Gray, 2015). A competitor who enters the "personal chef" services market may use a cost leader competitive strategy to attract Chefs4U's consumers.

A cost leader strategy would disrupt Chefs4U's business, as a lower price would act as an incentive for consumers to switch to the services of the competing brand.

Especially if the services offered by Chefs4U and the competing brand is of a similar quality or if Chefs4U target market consist of price conscious-consumers (Mare, 2018).

As a result, Chefs4U may experience a decrease in revenue and a increase the bargaining power of buyers as a competitor offering a similar service at a lower price will mean that consumers have greater price leverage over Chefs4U services.

Which two of the primary activities of the Value Chain (see Porter's Value Chain Model) are most important to your business and why?

Primary activities in Chefs4U value chain which create the most monetary benefits is Marketing and sales and Customer service, of which assist in gaining and retaining Chefs4U client base. Marketing and Sales and Customer-service is the most crucial part of Chef4U's value chain, as the intermediary nature of Chef4U business means that the company is not directly involved in Inbound logistics, operations and outbound logistics (Gray, 2015).

When Chef4U invest in Marketing and Sales (monitoring authenticity, and messages), Chefs4U is ensuring that their services are consistent and of high quality. This translates into value for the company, as maintaining a good reputation of Chefs4U services helps create a competitive advantage for the company and attracts consumers to Chef4U services by appealing to consumer's value for quality (Greenstein, 2018).

Whereas, when Chefs4U invest in Customer-service (monitoring the quality of performed services and offering supermarket discounts), Chefs4U is strengthening its existing

relationship with consumers by ensuring that the service received by consumers is satisfactory. This aids in the retention of consumers and promotes repurchase, which adds value to Chefs4U services and supports Chefs4U competitive advantage (Willott, 2018). Therefore by adding the most value to Chef4U services, Marketing and sales and Customer service should be considered the most important primary activities for Chef4U.

For the future you are thinking about adding further services such as in-house cleaning and beauty services. What sort of data will you need to help you decide if this is a sensible business decision?

Before Chefs4U decides to expand its enterprise, it is important that the company collects data (information) on the market it intends to enter to ensure that the company's new venture is viable.

Consumer orientated data which would assist Chefs4U decision-making process is information on the demographics (age, gender income), lifestyle and geographic location of the target market. This data is useful as it can give insight into the size and purchasing power of the target market of the house cleaning and beauty services (Gray, 2015).

Competitor orientated data which would assist Chefs4U decision making process is information on the prices our competitors offer, the barriers for entry into the market of beauty and cleaning services, and the competitive strategy of our competitors. This data is useful as it would give Chefs4U insight into the profitability of these additional ventures and the investment Chefs4U would be required to make to enter the market (Gray, 2015).

To assist in analysing the viability of this venture, Chefs4U should use strategic planning tools such as the Decision Support System to analyse this data. This would aid in the decision making process of expanding Chefs4U enterprise, as it would ensure that adding in-house cleaning and beauty services is a sensible business decision (Gray, 2015).

Reference

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