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## **The Kem Valley Organic Farmers Cooperative**

The Kem Valley Organic Farmers Cooperative (KVOFC) has been trading in South East England for nearly 50 years. As it approaches its half century its members have decided to expand and rationalise the business in order to compete with the big supermarket chains.

Currently there are 20 farms in the cooperative, each specialising in a small range of organic vegetables, fruit or wine. The cooperative buys in supplies of seed, organic fertiliser etc. in bulk for its members. Each farm has its own farm shop selling its own produce.

### **Key findings of working group**

A working group was set up to investigate market trends and the way the cooperative currently operates. These are its key findings:

- organic food is growing in popularity
- people are starting to prefer locally produced food (green miles)
- the cooperative has a strong local customer base
- communications between members of the cooperative are poor
- some farms are unable to sell all their produce whilst others cannot produce enough to meet demand
- local supermarkets are promoting organic food and undercutting the cooperative on price
- more people are now using supermarket websites for their food shopping
- the cooperative has the capacity to produce more organic food
- only a few cooperative members use technology for business purposes

### **Time for change**

The cooperative has decided it is time for change and wants to expand its operations by setting up a central distribution warehouse and office. This will enable members to redistribute surplus produce to other farm shops. The cooperative will acquire a new vehicle to collect surplus produce from farms, and deliver produce and website orders to farm shops.

The cooperative will launch a website to advertise its produce and offer an online shopping service for a box of mixed organic vegetables.

### **Use of technology**

The cooperative has employed an IT consultancy firm to look at how technology can support the proposed changes. The consultancy has recommended that technology is used to:

- control stock at the warehouse
- identify produce shortages and oversupply at the farms
- improve communications between farms
- produce marketing materials
- promote sales of seasonal foods
- enable customers to order online
- manage customer relations

### **The new warehouse**

Surplus produce from farms will be sent to the warehouse. When it arrives it will be logged into the stock control system. Members log onto the stock control system to find out what is available and place an order.

The system will use a 'crate' of fruit or vegetables as the smallest stock item. Wine will be tracked by the case (6 bottles per case). The cooperative will have two delivery vehicles to transport produce between the farm shops and warehouse.

### **Online shopping for organic vegetable boxes**

The website will allow customers to order a box of organic vegetables. A customer can order one of three sizes of vegetable box. The content will vary with the season. When they place their order the system will check with the new KVOFC stock database to find if stock for a vegetable box is available and if so will take customers order and give a date when it will be ready for collection. The customer can then choose from which farm shop they will collect their vegetable box. The chosen farm shop will be notified that an order has been placed and will be advised of the payment they will need to collect from the customer on collection. The warehouse will make up the order and send it to the nominated farm shop. The farm shop will take the payment for the order and advise the warehouse the order has been collected. The farm shop transfers the customers payment electronically to KVOFC's bank.

### **Customer relations**

Customers really value the personal element of the customer service they receive while shopping at a farm shop. A challenge facing the cooperative will be to maintain this personal element even though some customers will now be shopping online.

Currently members rely upon their personal knowledge of their customers' buying habits to help them plan what they will produce. The cooperative wants to investigate the use of technology to gather customer intelligence.

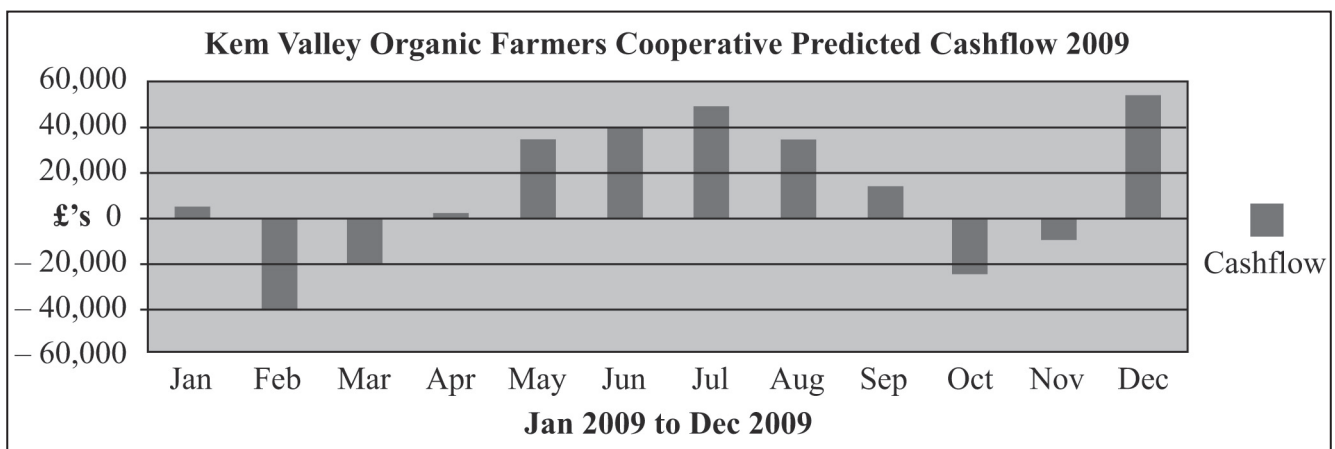
### **Promotion**

Currently the cooperative advertises once a week in local papers. The advertisement features one farm shop each week and lists the seasonal produce available for customers to buy. Each farm shop has roadside advertising boards such as the one in Figure 3 overleaf.

The website will provide new opportunities for sales and marketing.



**Figure 1**



**Figure 2**



**Figure 3**