

# Business Policy

## Next Class

We meet at Monday 29th Jan. 15.20-18.00.

## Homework

- Read & prepare THE PUB case study

Assignment questions/ task: “Identify the industry in which The Pub operates and conduct a macro economic analysis for The Pub. What are the changing forces affecting the industry?”  
[PESTEL & Porter 5-forces, driving industry forces]

# The Pub (29.1.)

## Task/Questions:

- 1) Identify the industry in which the Pub operates and conduct a macro environmental analysis for The Pub. What are the structural drivers of change affecting the industry?
- 2) Conduct a Five Forces analysis of the industry in which The Pub operates. Is this an attractive industry?
- 3) Conduct a value chain analysis of The Pub. Identify the value and non-value adding activities of The Pub in its current location.
- 4) Conduct a SWOT analysis for The Pub in its current location. Is The Pub well positioned to take advantage of the opportunities available and minimize the threats it faces? How would this change when it moved to its new location?
- 5) What should Scooter and the board of directors do to ensure the future sustainability of The Pub?

# 1) Identify the industry in which the Pub operates and conduct a macro environmental analysis for The Pub. What are the structural drivers of change affecting the industry?

## Political

- **Government.** Provincial law/ politics. Change: advertising of prices is now allowed but forbidden by the university.
- **University.** Interested in reducing drinking (alc)

## Economical

- **Minimum wages increasing,** leading to higher expenses for the Pub
- **Financial crises,** disposable income of students low/ decreasing.
- **Industry (drinking & food) increasing**

## Sociocultural

- **Low brand loyalty**
- **Socialising increasing vs. drinking (advertising against drinking)**
- **Students want more food, less drinking**
- **Increase of enrolment Undergrads**

- 1) **Identify the industry in which the Pub operates and conduct a macro environmental analysis for The Pub. What are the structural drivers of change affecting the industry?**

### **Technological**

- **Growing internet penetration/ usage**
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### **Environmental**

- **Opportunity to use more environmental appliances**
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### **Legal**

- **Legal drinking age 19 years**

## 2) Conduct a Five Forces analysis of the industry in which The Pub operates. Is this an attractive industry?

Suppliers (low)

- Food / drinks:
- Labour: low skilled worker, students,
- University: location, financing

Buyers (medium/ high)

- Students. Medium to high bargaining power
- Teachers, staff, visiting people have different preferences but less bargaining power

Substitutes (high)

- (dance) clubs, sport, reading .. club, gaming

## 2) Conduct a Five Forces analysis of the industry in which The Pub operates. Is this an attractive industry?

### New Entrants (low)

- Barriers for entrants are low, alc license, no big capital investment needed.
- Not very attractive industry, decreasing drinking, low profitability

### Rivalry (high)

- Some bars are closing, dying industry, other pubs will run activities to attract students and other people

Summary: hard to survive, low profits and increasing competition, declining industry.

### 3) Conduct a value chain analysis of The Pub. Identify the value and non-value adding activities of The Pub in its current location.

#### Support Activities:

##### General Management

- Experienced Scooter, good/ strong relation with university, informal/ not structured management style, long holiday break in summer is limiting the development of the Pub.
- Board of directors. Takes most decisions, monitoring situation, hands-off, slow in decision taking

##### HR

- Hiring students from university, trying to reduce turnover rate, people like to work at the Pub, informal communication style, friendly, informal, fun place to work (= workforce is motivated), no formal job descriptions, high salary expenses for Scooter.

##### Technological

- Website (low technology)

##### Procurement

- - Buying from local liquor shop
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### **3) Conduct a value chain analysis of The Pub. Identify the value and non-value adding activities of The Pub in its current location.**

#### **Primary Activities:**

**Inbound/Outbound Logistics. N/a**

#### **Operations**

- **One cash register only, slow service and consumer complaints.**
- **No credit card accepted**
- **Dance/ DJ. DJ booth, dance floor at current location**
- **No kitchen (= no food)**

#### **Marketing & Sales**

- **Membership cards to increase loyalty, email updates**
- **No discounts at night**
- **Clear target group with access (students)**
- **Cross marketing activities**
- **Lowest prices in town but are not allowed to advertise**

#### **Service**

- **No ATM available?**



**4) Conduct a SWOT analysis for The Pub in its current location. Is The Pub well positioned to take advantage of the opportunities available and minimize the threats it faces? How would this change when it moved to its new location?**

Strength

Weaknesses

Opportunities

Threats

## 5) What should Scooter and the board of directors do to ensure the future sustainability of The Pub?

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