

# 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**

**HR**

**Technological**

**Procurement**

### **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**

**Operations**

**Marketing & Sales**

**Service**



**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?**

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

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