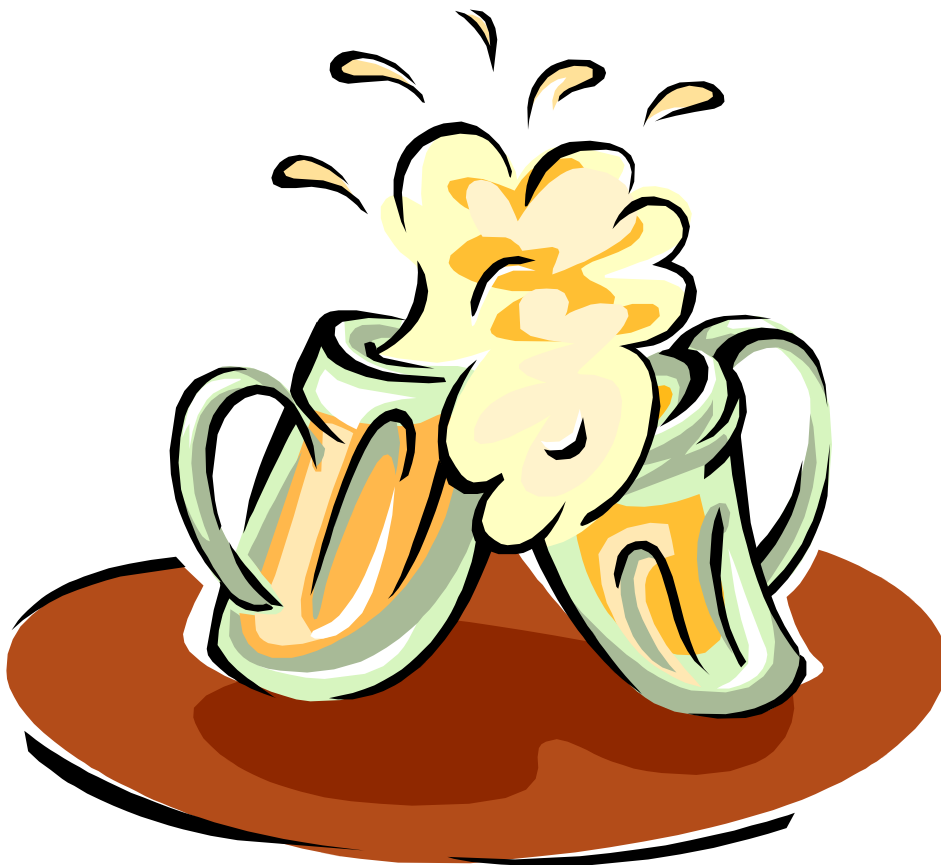


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"Would it be profitable to set up a new
pub/restaurant in the Bishop's Stortford estate of St
Michaels mead in 2008?"



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Introduction

I think that a pub in St Michael's mead is a good idea because it is a place to socialize and have a good time; wealthy men and families will be able to sit down and have a nice meal. There is no local place for people that live in the estate to go at this moment in time, I think that a new place would be a good attention point for the locals and would be the new place to socialize and have a night out.

All of the potential customers would be quite wealthy and enjoy a drink after a hard day at work. It will also be a place to take the family on birthdays; these party options will be available to book, this would be an inviting proposition that would rake in more money, this will not be the only way I will try and make more of a profit, I will attract the customers with other attractions like a pool table, live music and will try and make it feel as welcoming as possible.

Currently there are no local pubs or restaurants in the St Michaels Mead area; the closest one would be the Harvest Moon. Which is not that far but a local, upper class pub would be much appreciated by the locals; to find out if the local community would appreciate a pub/restaurant I have made a questionnaire and asked various people around the community to fill them in, the results that I have gathered are shown later on in graphs, this is just an easy way of seeing the results.

The money that will need to be spent will be a few thousand pounds, this could be used to buy land and build a top class pub on this in the right position. Some more money would also be needed to get the food and drink supplies to get it started and then from then the income from the pub/restaurant will have the money to supply its self. To get this amount of money to start of your business you will need a private investor; this could be a friend, family or maybe a bank.

The amount of money borrowed will be paid back over a number of years, to make sure you get the money a lot of advertising will be done to get the pub off to a good start and then from there I hope the pub will have a positive income.

DATA COLLECTION

This is the section of the coursework where I show all of the data I have collected. It is important to collect various data so you can work out and estimate how successful your business is going to be.

I am going to start my data collection by seeing where all the competition is, this will help me finalize where I am going to set up my business.



To the left is a map with ten pubs in bishop's Stortford and the surrounding area. They are labeled 1-10. The number represents the pub as shown below:

1. The red cow
2. The Harvest Moon
3. The Cock Inn
4. Hop Poles
5. The Three Horse Shoes
6. Archers
7. The Star Inn
8. The Cock Inn
9. The Three Willows
10. The Dukes Head

As you can see above the main competition in Bishop's Stortford is around the town center. I feel that if my pub is set up in the town center the competition will be too fierce and will not work to my favor, this influences me even more to push my business into the housing estate of St Michaels Mead.

Below is a close up picture of where I am planning on setting up my business.



The only close competition is the harvest moon.

My business will be around this area

I will gather some more information so I can get an idea if a pub would be success full in St Michaels Mead by using the below questionnaire, I will use the results from this to draw up some graphs and get an idea about the popularity of my new business.

Would it be profitable to build and set up a pub in Bishop's Stortford in 2008?

The following survey is being done to get an insight into whether building a new pub in the estate of St Michaels Mead, Bishop's Stortford. It will be useful to see how if the public agree with the idea of a pub/restaurant in the area and would tell me if going ahead with it would be profitable.

Survey questions:

1. Gender:

Female	<input type="checkbox"/>	Male	<input type="checkbox"/>
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2. Age group

18-25	<input type="checkbox"/>	25-35	<input type="checkbox"/>	35 and over	<input type="checkbox"/>
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3. Which of the following groups do you belong to?

Full time job	<input type="checkbox"/>	Part-time job	<input type="checkbox"/>	Student (weekend job only)	<input type="checkbox"/>	Student (no job)	<input type="checkbox"/>	University	<input type="checkbox"/>	Unemployed	<input type="checkbox"/>
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4. Where do you live?

Bishops Stortford	<input type="checkbox"/>	Up to 2 miles from bishops Stortford	<input type="checkbox"/>
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5. Do you go regularly go out to a place of interest from Mon-Sun?

Yes	<input type="checkbox"/>	No	<input type="checkbox"/>
-----	--------------------------	----	--------------------------

6. If so, how many times a week do you go out?

Never	<input type="checkbox"/>	Once	<input type="checkbox"/>	Twice	<input type="checkbox"/>	More than twice	<input type="checkbox"/>
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7. Where do you regularly go?

A pub	<input type="checkbox"/>	Restaurants	<input type="checkbox"/>	Social club	<input type="checkbox"/>	Night Club	<input type="checkbox"/>
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8. If you cannot answer the past few questions as you do not go out. Would you like the idea of somewhere local that you could go to?

Yes	<input type="checkbox"/>	No	<input type="checkbox"/>
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9. Do you like the idea of a pub being situated close to St Michael's mead?

Yes	<input type="checkbox"/>	No	<input type="checkbox"/>	It depends on the location exactly	<input type="checkbox"/>
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10. How much would normally spend each time you go to a pub

£0-5	<input type="checkbox"/>	£5-10	<input type="checkbox"/>	£10-15 max	<input type="checkbox"/>	£15-20 max	<input type="checkbox"/>	More than £20	<input type="checkbox"/>
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Contact George Plant at The Bishops Stortford High School for further details on this research, which is being carried out by myself following the GCSE Business studies course, which is focusing on my case study.

Do you like the idea of a pub being introduced in St Michaels Mead?

Yes	6
No	1
Depends on the exact location	3

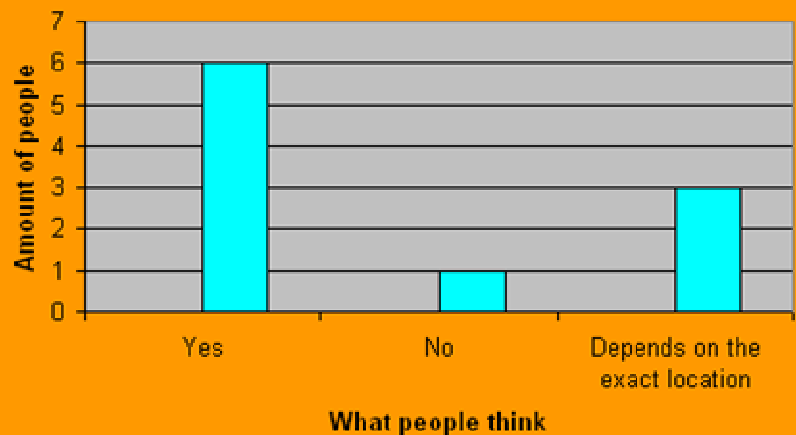
How much would you regularly spend on a night out?



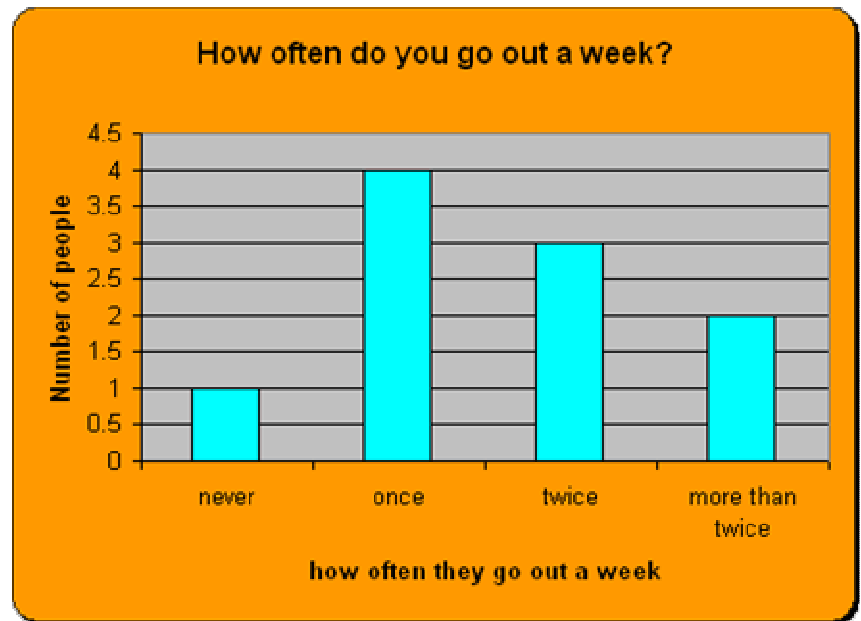
How much would normally spend each time you go to a pub?

£0-5	0
£5-10	2
£10-15	3
£15-20	2
£20+	4

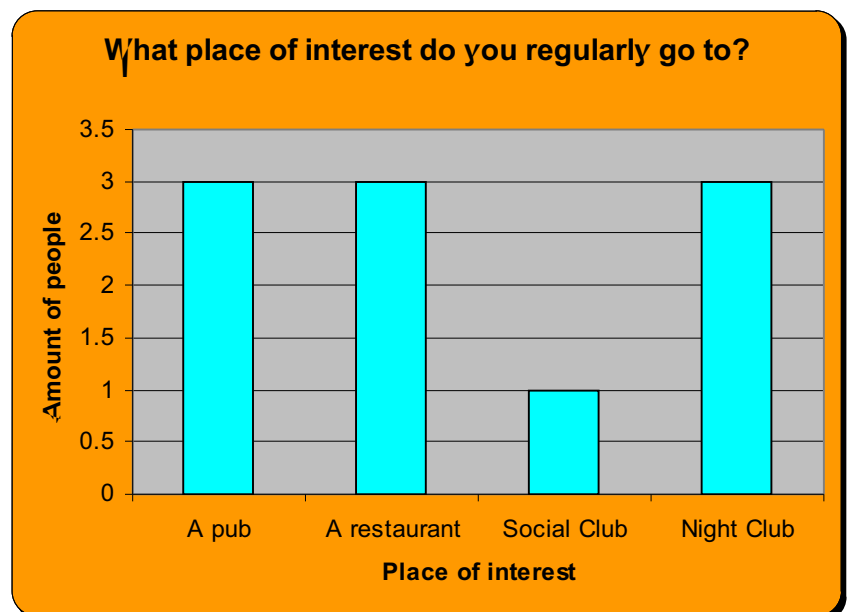
Do you like the idea of a pub being introduced in St Michaels Mead?



How often do you go out per week?	
Never	1
Once	4
Twice	3
More than twice	2



What place of interest do you regularly go out to?	
A pub	3
A restaurant	3
Social Club	1
Night Club	3



The Marketing Mix

PRICE

To decide how much I will charge my customers I would have to decide on which way I will charge them. The best way of doing this would be looking at the ways and theory's that there are for pricing. When I find the ways of pricing I will go through them and decide the best way of charging for certain products that I will be selling.

Cost Plus

Cost plus is a way of pricing your products depending on how much you spend on accumulating the product, including the cost of how much it would be to store the product and how much you will have to pay in wages to get the product sold. The price that will be charged would be a little over the price of the product, this way you will be making a profit.

Demand Based

Demand based would be trying to work out how much you could charge the customers for the certain product; this would be the maximum amount that you think a customer would pay.

This way of charging may not be the best for a pub because the customers would feel like they were being ripped off seen as there would be other pubs in the area selling the products for a cheaper price, this would lower the interest that potential customers would have in the business.

Competitor Based

Competitor based is the pricing method that goes on how much your competitors are charging you would price your products just under what your main competition is so the customers would come to you and not them, this will mean you get more sales but not as much profit per product sold. The price you would charge would not be constant either; it will need to change as your competitors do.

Penetration pricing

Penetration pricing is a way of pricing to boost the amount of sales, this can only be done by lowering all of the prices much below the competition has got their prices. This is going to make some profit but you would have to sell all the produce to make a decent amount of money, this would need your business to be very successful in popularity.

Price skimming

Price skimming is where your business is the first in the market, when this is the case you set the price you want to sell the products and then the following businesses will follow suit as it were. The time that your business is the only in the market you will be making a lot of sales, making a lot of money and basically charging too much, because you can.

I will apply these theory's to my business by buying and selling the below products, the method that I am going sell my products at the start of my business with the Competitor Based Pricing, this is because I am setting up a new business that is a popular type of business to set up. I will also apply the Cost Plus theory, I feel that the more or less a business spends on the product they are going to sell effects the quality of the product, selling high quality products for a price that you would pay for a lower quality product would not be profitable for t he business.

Alcohol

I feel that the best way to price the alcohol products that I will be selling would be competitor based. This is because I feel this would be the most effective way to make a profit. I could also use cost plus, this would be the way that other pub/restaurants would price their alcohol so the margin in the amount of money charged would be very slim between Cost Plus and Competitor Based. I still feel that a new business would need every little bit of help to get the customers, charging a little less for the alcohol would be an appealing way of doing this.

Food

In my opinion the best way of selling food would be Cost Plus; this is because the quality of the food will reflect the price, the more money that it spent on the food products and the process to selling it would hopefully show in the outcome. I think that customers would happily pay a little more for the quality of food; this is why the Competitor Based way of pricing is not needed. Other pubs/restaurants may charge less for the food but this would not attract the customers if the quality of the food is no good.

Snacks and Confectionaries

To make a little bit more profit I will also sell snacks and confectionaries, this would include crisps, pork scratchings, chocolate bars etc... all these products would be bought in bulk and sold for at a Demand Based pricing scheme, I will take into account the price that other pubs sell the products (if they sell them) and also take into account the price that supermarkets charge as well, this would be a good way to make the customer feel that he/she is not getting charged to much for the product.

PLACE & PRODUCT

I want my business to be set up locally in Bishop's Stortford because it is a nice place and there is quite a bit of wealth in the town. As I have found out while doing my questionnaire people in Bishop's Stortford like to go out of a weekend and even on the week days, hopefully people are always trying to find somewhere new to go of an evening or lunch, for a meal or a sociable drink.

In the town of Bishop's Stortford there are many pubs, all built up around the town centre, this is where the bulk of the competition will be. Firstly I decided to situate my pub in one of the housing estates in the town, I decide that St Michaels Mead would be the best estate for the reason that it is some distance from the town centre, any other pubs and that in this area there is a lot of wealth.

The cost of building the pub in the desired location would be no more than £150,000 this is including the cost of all the materials needed, the cost of labour for the building and also the cost of decorating and furnishing the place until it is 100% ready for use. To afford this price I will need to save money of my own and borrow money of friends/family and the bank, if the chance comes along I would also be happy for someone to make and investment in the business and take some of the responsibility and profit as well. These costs will cover the whole building from the brickwork to the cutlery in the kitchen, below is how the money would be split.

:

Materials for the building - £30,000
Labour - £70,000
Interior - £25,000

I feel that building my own pub/restaurant instead of buying an old building to convert would be much more appealing to the customers. To start with it would be a good way of advertising because people would see the build go up and want to try it out when it is finished. It would also be somewhere original and out of the way from any competition that would be in walking distance. The closest pub to the estate of St Michaels Mead is currently the harvest moon, this pub is very popular but I feel I closer pub to home as it were would be very profitable. The other competition that my be around is in the town centre, I think that my pub would lower the amount of people form St Michaels Mead going into town for the night, hopefully they would just stay local to save the journey and they wouldn't have to wait for a taxi after their night is over. I think the localness of the pub would be a big bonus for the locals; the idea is not for it to be a big attraction for a Friday night to all the people throughout the town because this would spoil the tranquillity of the estate and make the pub/restraint less of a family plac e. I have full confidence that there would be enough business coming from the homeowners of the local estate.

PROMOTION

As I have said above I am not planning for this pub/restaurant to attract customers from all over town because this will spoil the atmosphere. To make the locals aware of the business I will advertise its arrival as a new restaurant in the local papers and send out. The leaflets would cost me about £100 for 1000 and then I would have to either pay someone to hand them out around the estate or do this myself, if I was going to get someone to make the deliveries for more I would pay them 5pence per leaflet, this would come to £50 so overall to get my pub/restaurant known throughout St Michaels Mead it would cost £150. If I was going to advertise in the paper it would cost me an added £35 for every week that it is in the paper, I would leave it in there for 3 or 4 weeks just so I know the bulk of people know about it, this would cost 140.

I hope that the first customers would be happy to advise my pub to their friends and family, this would also help get the business known to more people. Being told about something by a friend or family would be much more persuasive than any leaflet or advert could ever be, this is why I am going to make my pub a very welcoming place to start with and have many offers/promotion prices to draw in the potential customers.



