

Your task for this part of the coursework is to complete an in depth study of the main customers and competitors of Alnwick Castle Ventures and Mint. You must also identify and explain the main economic and environmental constraints that both businesses face and how their location affects their ability to deal with these external factors.

By the end of this Module you should be able to:

Level 1

- 1 Identify the main customers and competitors of each business.
- 2 Explain how economic conditions (such as interest rates, inflation and exchange rates) affect each business.
- 3 Describe the laws relating to air and noise pollution that businesses must comply with and what environmental considerations they must make.
- 4 Describe the location of each business.

Level 2

- 5 How does each business compete with their competitors i.e. using price, quality, service etc.
- 6 How do they deal with changing economic factors; what action do they take when changes are for better, or for worse?
- 7 How do they deal with laws relating to pollution and “green” issues?
- 8 How does the business location help in dealing with the influences mentioned above?

Level 3

- 9 Give your opinion on how well each business has coped with, or responded to the changes in competition, the market they operate in, the economy, and environmental constraints.
- 10 Has the location of the business been a factor in helping it to cope with all of the issues in 9?

Key words to use in this piece of work:

Competition is the rivalry between two or more businesses.

Interest is a fee paid on borrowed money.

Exchange rates (also known as the **foreign-exchange rate**) specify how much one currency is worth in terms of another.

Inflation is a rise in the general level of prices of goods and services over time.

The **unemployment rate** is the percentage of those in the labour force without jobs.

Progress Tracker Level One

TICK WHEN
COMPLETED

Tick when you have completed each task and monitor the progress that you are making through this part of your coursework. Once you have achieved all of these you have achieved a level one and can then move on to Level two work.

1 Identify the main customers and competitors of each business.

Deal with ACV and Mint separately here.

You need to describe a typical customer of each business.

What age are they? Do they tend to be male or female? What are their interests? Do they live locally? What is their income?

Who does the business consider to be their most important customers?

Then you need to consider the competitors of the business.

Think of the local area and then think wider– regionally, nationally and even in cyberspace.

Example for ACV:

There are also many other attractions within Northumberland that are free or very cheap. This includes other castles, the National Park and the beaches which are dotted along the coast.

They also face competition for foreign tourists from attractions elsewhere in the country including London with the museums and London Eye, York with the railway museum and Cambridge with the university. It is now very easy to go on holiday very cheaply with the introduction of package holidays and low cost airlines. In some cases the differences between a flight and a family ticket is not very different. An example of a competitor is Easy Jet.

2 Explain how economic conditions (such as interest rates, inflation, exchange rates and unemployment levels) affect each business.

Lets look at interest rates, you need to explain what interest rates are and how they have changed over recent years. You might want to include a chart of how the interest rates have risen and fallen over that time. If they go up what impact will this have on the business? What if they go down?

Example for Mint:

Interest rates determine the cost of borrowing money. If interest rates rise then Mint will find it harder to pay back any loans they take out. Their customers will also find it more expensive to buy goods on credit, leading to a loss of sales.

3 Describe the laws relating to air and noise pollution that businesses must comply with and what environmental considerations they must make.

Outline the different ways that business can pollute the environment. E.g. Air pollution due to transporting goods. Explain the impact of this, what does this add to?

Can you explain some laws that have been introduced to help prevent business polluting too much?

4 Describe the location of each business.

Start by explaining where Alnwick is in the UK and describe what sort of town/area it is in. Then describe exactly where the business are situated in Alnwick.

Progress Tracker Level Two

TICK WHEN
COMPLETED

Tick when you have completed each task and monitor the progress that you are making through this part of your coursework. Once you have achieved all of these you have achieved a level two and can then move on to level three work.

5 How does each business compete with their competitors i.e. using price, quality, service etc.

Lets look at ACV: Note that ACV views the Northumberland as a “tourist package”, meaning that when people travel to Alnwick– they tend to visit all of the attractions. ACV does not necessarily view other businesses as competition. Outline and explain (inspite of this) how the castle tries to make its business as attractive as possible. Do they specifically consider the following: Prices, Quality, Customer service, Researching customer opinion, Advertising

6 How do they deal with changing economic factors; what action do they take when changes are for better, or for worse?

Lets look at an example for Mint:

Interest rates have risen recently and so loans have become more expensive so they are more likely to ‘think twice’ about getting a bank loan for buying stock or general refurbishment if the rates continue to rise. Also, a lot of Mint’s customers do buy using credit and so they may need to lower their prices. If the Pound (exchange rates) continues to rise against the US Dollar they may consider importing more stock from abroad as clothing would be cheaper. Mint has considered some suppliers in both France and Italy and a stronger pound may make this source of clothing more attractive. Rising inflation will result in an increase in the cost of stock. In some cases Mint would pass on these extra costs to their customers in the form of higher prices. On the other hand, there may be some items that they would not want to increase the prices of as sales would fall. In this situation it is likely that Mint would sell it for the same amount and just take less profit.

Consider for each what would happen if they fell too.

7 How do they deal with laws relating to pollution and “green” issues? What do ACV and Mint do to limit the amount of pollution they generate or help the environment?

Example for Mint:

There are no rules which force a business to recycle but Mint have decided to join a scheme organised by Alnwick District Council to collect all of their recyclables. The scheme costs £150 annually and is similar to that which the council provides to private households. Mint is also trying to be more eco friendly by moving away from the use of plastic carrier bags and packaging. They are considering using more paper bags which is something that some of their suppliers and competitors have already done.

8 How does the business location help in dealing with the influences mentioned above?

What factors do you think were considered about the location before the business decided to base it here? Think about:

Work force (labour) - are employees are available with the right skills?

Cost (finance) - how high are property prices/rent?

Customers - is there a large enough customer base with enough spending power?

Competitors - do they need to avoid sites close to competitors?

Transport links - is there a good infrastructure such as motorways, airports and rail?

Don’t forget Alnwick was voted the best place to live in 2002. What effect did this have on both businesses?

Progress Tracker Level Three

TICK WHEN
COMPLETED

Tick when you have completed each task and monitor the progress that you are making through this part of your coursework. Once you have achieved all of these you have achieved a level three and your FINISHED!

9 Give your opinion on how well each business has coped with, or responded to the changes in competition, the market they operate in, the economy, and environmental constraints.

You need to evaluate each business in light of all of the things that you have discussed for level one and two.

Example:

ACV, I think are doing well in beating their competition. They use the fact that there are other tourist attractions around Northumberland positively.....etc.

Try and think of as many positive aspects of the business in relation to how they react to changes in interest rates, competition, environmental concerns etc. Say why it is good for the business.

Very importantly.....are there any improvements that the businesses could make in any of these areas? For example how can they be more competitive or how can they improve their “green credentials”.

10 Has the location of the business been a factor in helping it to cope with all of the issues in 9?

Is there anything the businesses could do to enhance the business given the locations that they have?

Example...

ACV described how they think more buses should go to Alnmouth Train Station to collect tourists. This would reduce carbon emissions from cars traveling mainly from Newcastle and other areas of Northumberland’.

Example...

Mint do have the option of moving premises but feel that, within Alnwick, they have a pretty good location and a better one would only cost a lot more on rent. They would however consider moving to a town of similar size and stature to Alnwick, like Morpeth. Or perhaps Mint should consider selling on the internet?