

15/02/19

Here are the five business stories which have caught our eye this week:

"Lights Out and Away They Go!"



In any line of a business the margins between success and failure are wafer thin and this particularly extends to high-level sport.

On March the 19th, the Formula 1 season will kick off in its traditional season-opening location under the bask of the late Australian summer sun in Melbourne. This is the first official glimpse that F1 fans will get of this season's cars in competitive race action. However, many of these cars have been under development and modification for a number of years in anticipation of changes in the sport.

For instance, this season, teams are having to contend with regulatory changes that are attempting to make races tighter and more exciting for fans. This includes replacing power units and redesigning the cars to reduce the aerodynamic effects of cars driving in the slipstream. The technical director of Mercedes (the team that has won the championship for the past 5 years) commented that "regulation changes are both an opportunity and threat".

In addition to this, F1 is a very competitive sport when it comes to managing the commercial side of the sport. As the sport grows bigger and more influential in emerging markets so does the challenge associated with the management of construction teams. This year's F1 calendar will be largest and longest F1 calendar ever assembled spanning 21 countries across 5 continents over 9 months. This represents an organisational challenge more than anything, particular when it comes to car part logistics. The end goal for any team involved in F1 is to be able to give enough back to the fans, whilst maintaining track success.

In groups, use the PESTLE framework to assess the threats and opportunities that are associated for any construction team in the sport of F1 in the coming season.

THE WEEKLY

5

Buying For Time

DEBENHAMS

This week the struggling department chain Debenhams managed to secure an initial cash injection of £40m to provide the company with the financial security and crucial time to open up further discussions with their creditors regarding the long-term survival of the high street chain.

The firm has been through a turbulent time as of late and last year alone warned investors three times about significant profit falls. This alarmed investors and added to their suspicions that the future outlook for traditional British high-street chains looks increasingly bleak.

Like many retail firms the sticking point is the ongoing cost of rent associated with operating and maintaining a physical store, as well as the rising living wage, online competition and changing consumer habits. The firm has begun its extensive retrenchment proposal to close stores – 20 of which this year – to buy itself more time to develop a more sustainable long-term financing model.

In reaction to this news, the Debenhams Chief Executive has attempted to quash any doubters in Debenhams revival plan by adding "The support of our lenders for our turnaround plan is important to underpin a comprehensive solution that will take account of the interests of all stakeholders and deliver a sustainable and profitable future".

Discuss the alternative strategic measures Debenhams could implement to turn its fortunes around.

Huawei Doing the Hakka



This week the Chinese technology giant Huawei, attempted to re-establish its business relationship with the New Zealand authorities by using a clever marketing trick.

The firm has faced a backlash from governments around the world for its historical connections with the Chinese government and what the company's true motives are. The firm has been banned by many countries, including New Zealand, from constructing the latest 5G iteration of the mobile phone network on the grounds of national security concerns.

The firm in itself has attempted to use marketing and the country's love and passion of the sport of rugby to relinquish the relationship. The advert published from pillar to post consists of the use of the slogan "5G without Huawei is like rugby without New Zealand".

The reaction to the advert has been mixed with some seeing this as a quirky marketing intervention, whilst others have suggested that this is a gimmick and more formal and structured measures need to be taken to address the concerns that the country has over Huawei's growing influence on the country's telecommunications infrastructure.

In relation to Ansoff's Matrix, identify and discuss the type of strategy that Spotify are pursuing by introducing a podcast platform to its existing service.

The Rise of Click and Collect



The dreaded moment that comes from ordering a parcel only for it to be delivered during a time of the day when nobody is home is a source of frustration that is not lost on many online shoppers around the UK. However, where there is a problem there is often a business solution just around the corner.

Click & Collect is the popular and now widely-used delivery service by firms to build increased levels of convenience around consumers' online purchases. If you haven't used this service before then it is highly recommended – it involves the firm delivering the product to a nearby establishment, allowing customers the flexibility to pick up their parcel on their way home or during a free day. Not only does this increase customer satisfaction but it also increases the efficiency of the wider supply chain and allows delivery drivers with the opportunity to fit in more deliveries during their day.

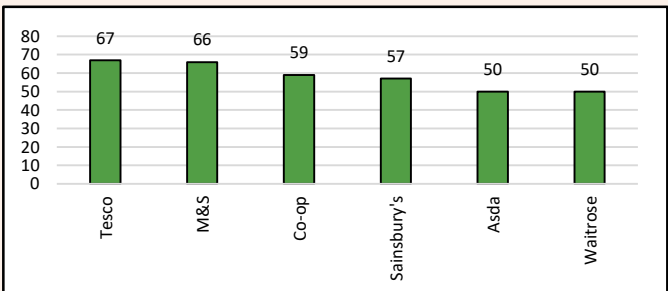
These powerful benefits help explain why the UK Click & Collect market is expected to reach £10bn by 2023 – a 46% growth rate in the sector.

Multichannel retailers are also using Click & Collect services to encourage consumers into their stores and make "impulse purchases" to combat falling footfall in traditional highstreets and shopping centres.

Discuss how retailers that focus traditionally on physical stores can extract benefits from the trend of online shopping.

Do you agree with the view that consumer habits are easier to predict than other changes in the market.

The Root of the Palm Oil Problem



Palm oil is the vastly consumed but highly controversial vegetable oil that is used in a surprisingly high number of products in supermarkets. It is controversial because of the damage that extracting and sourcing palm oil has on the local ecosystem. Sourcing the vegetable oil has resulted in significant areas of natural forests being cleared in South East Asia, threatening the local environment and natural wildlife.

Campaign groups and environmentalists have targeted large supermarket chains for their decision to stock shelves from top to bottom with products that contain traces of palm oil. As a result, firms are making a conscious effort to stop using palm oil and refocus their efforts on sourcing products without this ingredient.

However this is easier said than done, and research was produced this week which summarised the percentage of products stocked by supermarket chains that contained palm oil that can be completely traced i.e. can be traced back to a single certified supplier. As you can see, the results are mixed and certainly more work is going to have to be put in by all industry stakeholders to contribute to the sustainable production of palm oil.

Assess the relative benefits and costs of a large supermarket chain differentiating itself from the rest of the market by switching entirely to palm oil free products.