

SWOT Analysis – Nightclub

Situation:

A local group of investors is currently in the process of deciding whether or not to invest \$1 million into a new nightclub in the KW area. Before they begin to invest significant money into the idea, they have asked you to help them with their marketing research.

Assignment:

With your marketing “savvy”, you have agreed to help them with their process and have informed them that the best way to proceed is to conduct a SWOT analysis to help understand whether their idea is realistic based upon their situation and that of the competitive environment that currently exists. Upon agreeing to this task, you have researched the project and found the following key pieces of information:

1. The potential manager has 10 years of experience working successful clubs in Toronto, and has many connections in the hip hop / house music community.
2. The main competition was recently voted in an online poll the “Best Nightspot in KW,” and has a very loyal Friday and Saturday night clientele.
3. There are two local universities with a growing population; one has just announced plans to expand its enrolment by 5000 students by next year.
4. The proposed site is a relatively long distance from any built up area.
5. A popular local nightspot will be closed indefinitely, due to a kitchen fire.
6. Market research indicates a rising number of males aged 18 – 25 are staying home on weekends to play video games.
7. The zoning for the proposed site was recently switched from industrial to commercial – no residential areas nearby.
8. The recent increase in the value of the Canadian dollar makes popular acts from the United States more affordable.
9. A popular local DJ had a wage dispute with the competition, and is looking for a new venue.
10. A local group of residents is protesting noise levels around nightclubs in their area.
11. Grand River Transit has a stop in the area, but there are no busses past 11 PM.
12. City council has announced “tougher standards” for awarding liquor licenses to new establishments in the area.
13. The main competition hasn’t changed their design or marketing approach for the past 7 years.

As a result, you are to prepare a SWOT analysis of the situation and report back to the investors with your report. This report will:

- a. organize the “research” in a SWOT analysis – for each “piece of information”, you will determine whether it is strength, weakness, opportunity or threat (or more than one). For each, explain why you believe this to be the case.
- b. Based upon your SWOT analysis, summarize your findings by making an informed decision as to whether you feel the investors should:

1. MOVE FORWARD WITH NEW NIGHTCLUB PLAN

- continue on with their proposal and begin to invest money into creating a full marketing plan.
- The SWOT analysis has supported the need for a new nightclub plan based upon the strengths / opportunities the analysis has revealed, as well as the ability to deal with / control the weaknesses / threats uncovered.

2. RE-CONSIDER NEW NIGHTCLUB PLAN

- Re-consider their plans to move forward with the nightclub by making significant changes to their current plan based upon the weaknesses and threats turned up by the SWOT analysis.
- Once completed, conduct a new SWOT analysis to analyze effects new changes will have on project.

3. STOP NEW NIGHTCLUB PLAN (aka “CUT LOSSES”)

- Stop with the idea of a new nightclub – the current environment is not conducive to a new additional nightclub in the area.
- Although some tax payer money has been used in the initial stages of planning and conducting the SWOT analysis, it is better to “cut your losses” now rather than to proceed with an idea that will likely fail.