

08/03/19

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



Gordon Bennett



The UK high-street has been under siege for the last 5 years with many household names and brands disappearing from shopper's eyes at an alarming rate. The latest department store to run into mounting financial problems is Bennetts.

Bennetts is a traditional department store that sells everything from clothes to homeware products and even makes room for a small tearoom in the corner of their stores. The store is often defined as being the "world's oldest department store" and the 285-year old business is feeling the negative cocktail of problems such as falling consumer confidence, online competition and rising business rates.

The store is seen as a quaint reminder of Britain's high-street heritage and serves as a physical reminder of just how far the UK high-street store has evolved over the years and what potentially could be lost if financial help is not secured.

In February, the store launched a crowdfunding platform to help raise the money required to save the firm. As of this week, the firm has raised just over £10,000 in the short space of a month. It requires a target of £450,000 to save the business from folding completely.

The firm has confirmed that if the appropriate money can be raised this will enable it to put into action a credible rescue plan to relaunch trading performance, restructure costs and upgrade the shopping experience for their customers.

Assess the option of crowdfunding as an appropriate source of finance for Bennetts.

Explain the other possible funding options that are available to Bennetts to help reach its target.

Apprenticeship Downturn



In June 2015, the UK Government announced plans to revive apprenticeship numbers by attempting to re-define the value of an apprenticeship in comparison to a bachelor's degree qualification.

The plan was introduced to try and give apprenticeships an equal legal standing with degrees to encourage individuals to consider more carefully their career possibilities after leaving school. In addition to this proposal, the Government attempted to introduce an apprenticeship levy on large businesses, which they could only claim back when investing in training programmes for their employees.

These changes were made so that apprenticeship numbers by 2020 would increase by 3 million. Are the Government on track to hit this target? The latest figures published this week suggest that this target is unlikely to be met. In 2017, the number of new apprenticeship starts during that year stood at approximately 504,000, but last year this figure dropped by a quarter to 375,000.

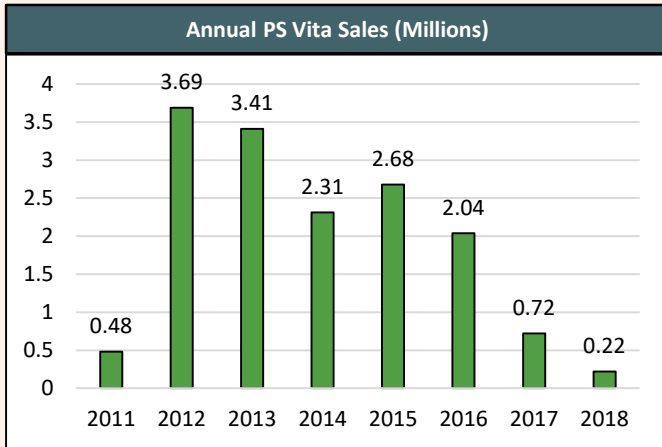
The apprentice levy itself is being ignored by many larger businesses with £2bn being left unclaimed in the government's pot. The results would point to the fact that many larger businesses are closing their existing apprenticeship schemes altogether and viewing this policy change as an extra tax imposed on their business.

Describe why smaller businesses may shy away from using apprenticeship schemes.

Evaluate the benefits and costs of a company providing on-the-job or off-the-job training.

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The End of the Vita Era



This week the electronics giant Sony announced its decision to end production of its signature handheld games console, the PS Vita. Production of this device will end in 2019, to allow the firm to focus on developing new titles and features for the PS4.

The device, the first of its kind launched by Sony in 2011, has been hemorrhaging sales for the last few years now as the device struggles to compete with more innovative alternatives on the market such as the Nintendo Switch console.

To put this into perspective, the company is predicted to have sold close to 16 million devices around the world over eight years, whilst the Nintendo Switch console has already sold close to 35 million units, just two years after its launch.

The Nintendo Switch allows gamers to play games on-the-move on a handheld device and then continue their gaming experience on a larger screen from the comfort of their home when they return. This streamlined gaming approach has been received well by customers in the market and provides users with flexibility to adapt to their environment.

The firm has also had to contend with smartphone manufacturers getting in on the act. Pokémon Go! was a monster hit for smart phone users and has certainly changed the dynamics of the gaming market with phones, tablets and other non-specialist devices to run and power a gaming experience.

Explain why the sales story of the PS Vita is a perfect illustration of the Product Life Cycle in action.

Discuss the value a company like Sony can generate from focusing on its established products ahead of developing new business ideas and products.

Any Publicity is Good Publicity



On Thursday this week the much loved bakery chain Greggs reported bumper results with sales breaking through the £1bn barrier for the first time in the company's history. The firm credited the impact that increased public exposure from their decision to launch a new vegan sausage roll in their branches.

In case you missed it, the chain confirmed that they would make a vegan version of their best-selling product to tap into the growing trend of individuals adopting the vegan lifestyle choice during January (Veganuary). Love or loathe the decision the firm made, it grabbed headlines all over the country and raised the company's brand profile with customers. The firm even poked fun at some of the "negative" reaction by running an advertising campaign in the style of Apple when they launch a new product.

This is all part of a wider strategic path taken by the firm to diversify and move away from being just a bakery business. The firm has also been committing to introducing a healthier menu in-store, as well as moving into the evening food market.

Some commentators say that Greggs is a "recession-proof" business. Discuss what that means and why it enables the firm to prepare and plan more effectively.

Jenner Mania!

Kylie Jenner by Numbers	
Age	21
Age of first TV show	10
Year of Business Start	2015
Business Start-Up Costs	\$250k
Net Worth	\$1bn
Instagram Followers	128.6m

We cover all sorts of business stories on the Weekly 5, including those that relate to the Kardashians!

This week, the American business magazine Forbes published their 2019 ranking of the richest and most successful self-made female entrepreneurs. The list ranked businesswomen on a scale based on their net worth (the combined value of the assets they own) as well as plotting their route to amassing this fortune via an index score between 0 and 10.

Coming out on top with a fortune of \$1bn was the reality TV star and model, Kylie Jenner. She is the youngest self-made billionaire ever recorded, trumping the achievements of business titans such as Bill Gates and Jeff Bezos. The star amassed this fortune primarily through the launch of her own cosmetics company which has gained significant exposure via her large social media following.

Define and explain the term entrepreneur.

Explain the basic content of a business plan and why it is important for an entrepreneur to produce.

Discuss and explain some of the barriers that entrepreneurs are likely to face.