

Chips are down for gambling industry



**ASSIGN
BUSTER**

Recent events in global finance have impacted heavily on Australia's gambling industry. As Australian consumers reduce their discretionary spending, gambling providers have witnessed a commensurate decline in revenues. The phenomenon is not limited to Australia, with gaming facilities in Las Vegas, Macau and Japan also reporting significant declines in revenues. This downturn has also revising profit forecasts for the future. The decline in revenues extends beyond casinos to other forms of gambling, such as Tattslotto, Keno and horse racing. Other forces are also challenging the viability of the industry, such as government moves to deregulate the industry, and the growth in online gambling, and the equine influenza outbreak.

Q1: The general and environment conditions:

Organisations have both an external and an internal environment. The external environment consists of two layers the general environment and task environment. General environment of broad dimension and forces in an organisation that created its overall context. The general environment of most organisations has economic technological, sociocultural political-legal and international dimension. The task environment specific organisation of group affects the organisation. It includes competitors customers, suppliers, regulators and increasingly, strategic allies. There are five parts in the general environment, economic. Global financial crisis challenging economic conditions, crown casino revenue is down and increased household cost so less money for gambling. Technological internet gambling does not need licence international. Trends in gambling decline in Las Vegas, Macau

revenue down Political-legal government laws. There are five parts in the task environment, suppliers less on everything its competitors

Q2: Porter's Five Forces: Since the early 1980s, Michael Porter's Five Forces (Porter, 1980) has brought break through for the concept of normal business strategy, and became the " bible" to guide business leaders nearly every industry effective implementation of strategic analysis. Five forces model is generic and applying sufficient to explain the behaviour of many different market. Peter's five forces model views the business from outside. It focuses on assessing competitive position within industry. Peter's 5 forces model, they are barriers to entry, threat of substitutes, bargaining power of buyers, bargaining power if suppliers and rivalry among the existing players.

Force 1: The extent to which switching costs and brand loyalty affect the likelihood of customers adopting substitute's products and services. The ease or difficulty with which new competitors can enter an industry. Barriers to entry, what measures are easy or how difficult. It is for new entrants into industries related to government policies and taxes, which require access to productive inputs and finance. Furthermore, patents branding and image also falls into this category. A barrier to entry is the only industry characteristics that determine industry. Barriers reduce the rate of entry of new firms, thus maintaining a level of profit for those already in the industry. Barriers to entry arise from several sources such as government created barriers; Patents and proprietary knowledge serve to restrict entry into an industry, asset specific inhibition of an industry scale and organization of the local economy. The possible use of patents and other resources owned property specialty firms (Porter, 1980, 1985)

<https://assignbuster.com/chips-are-down-for-gambling-industry/>

Forces 2: The extent to which switching costs and brand loyalty affect the likelihood of customers adopting substitute's products and services. Threat of substitutes, if a produce can be easily substituted, then it is a threat to the company because it can compete with price only. Therefore, price elasticity of products affected by substitute products – as more substitutes become available, demand becomes elastic since customers have alternatives more. A close substitute product manufacturing capabilities of companies in the industry to increase prices. The competition engendered by a threat of substitute products from outside the industry. For example, the revenue of casinos is limited by financial crisis. Internet gambling itself started as a replacement of the casinos – it provides other facilities and resources for similar services, or information (Kyle, 2002)

Force 3: The degree to which buyers have the market strength to hold sway over and influence competitors in an industry. In general, when buyer power has strong associations with industry production is close to what an economic on a monopoly – a market which has many suppliers and buyers.

Force 4: The number of buyers relative to suppliers and the threat of replacement and new areas affecting the relationship buyer-supplier and the power of the state provides virtually no current because the gambling industry is not bad consumers want to buy their machines. They can only be completed together with prices can prolong the life of their business but not for profit does not sell well and gaming machines.

Forces 5: Intensity of competition between the increase in growth when industry demand, slow down, good products and prices. Rivalry among

existing players. It analyzes the level of competition between existing players in the industry. In this force, it analyzes the speed of industry development, how your customers with your brand identity.

Do you think the gambling industry is an attractive industry for new entrants?

Gambling industry is always attractive to new entrant because it can earn big money. They always get money in and win as long as they have customers come to their business in a fair amount. It is big cheese cake but participant is limited due to capital, government legislation and regulations.

At present, it is still attractive but people do not have enough confidence and requirement money to step in this industry. It needs sufficient capital to subsidize their operating business and start up of business life. They need good relationship elsewhere and government support to be able to open it.

Recently, financial crisis has caused the decline of gambling industry. People spend less and gamble less. In fact they do not have strong financial standing and stable income, job as before. Furthermore, the increasing of internet gamble has become a big obstacle for gambling business as people tend to play though the net while sitting at home. There is no pressure or camera when playing at home.

Consequently, at this stage financial world has gone down and affected every business around. It used to be a good market but not anymore at current stage. It's recovery is only better when people's financial get better which they have more stable money to spend.

Q3: Advice:

I would like to advise the casino to offer some free products or services to the customers such as if there is a customer who plays a huge budget for gambling, the casino should offer a hotel bedroom for the customer. Due to the internet is flooding the market, the casino should advertise the advantages of gambling face to face in the casino, such as gambling face to face is much more stimulating. At the same time, point out the disadvantages of gambling on the internet such as gambling online may get hacked.

How should they “weather the storm” of the global economic downturn?

At the moment, it is a bad time for gambling industry but this does not mean an end to this industry. People in the industry whom own business face a huge chance of making loss but to be survive through this period, they have to be steady and liquidity. They might have to face corruption but if they use efficiency their money on other cash flow activities such as investing. For example, during bad financial period, people are inability to pay the household mortgage. Moreover, it could be good time to reduce cost and wait for the storm to be gone. In fact, they have to keep their own business in low performance as well. It would be a cut-off of wages, sections (if business is large and multifunctional). Flatten management level, reduce waste and increase efficiency. Do right thing for advertising to attract more customer. Business is a battle; to be able to survive other has to be terminated. However, self-development is required. They have to open more services or link to expand to new trend.

Q4: discuss another organisation that has been impact on a similar way to the gambling industry by the current economic trends.

Steel industry has been impacted on similar way to the gambling industry in the development of situation due to financial crisis is unshared in a positive factor. The financial crisis effects the real economy development and damaged to market confidence. The domestic economic slowdown in the growth of steel industry production growth rates a downward trend in steel exports. The domestic market caused by a certain degree of stress excessive market competition order irregularities are caused by factor such as domestic steel prices plummeted by the main factors. In addition, steel prices have fallen substantially by the impact of iron and steel production by price.