

# Hard rock cafe's expansion | analysis



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BUSTER**

After many experience in expanding the business, HRC had its form named Hard Rock's Standard Market report for offshore sites. Fulfill this form will open an overview picture from which to decide whether or not Hard Rock Cafe Hanoi should be found.

## **Demographics**

From 53. 000 residents in 1954, population in Hanoi surged to 91. 000 in 1961 and rocketed to 2. 672. 122 in 1999. The number is almost 6. 5 million in 2009 and is predicted that it will reach to 7. 7 million. With per capita income 1900 USD per year, 40% people living in Hanoi at the age of 20-40 become target customers for entertainment centers (vnexpress, 2011).

According to Nielsen research, Hanoian spending habit on food and drink are influenced by the other people and 70% of them are willing to pay for higher price in order to get a premium goods or service. In addition, they tend to go to their favorite locations rather than finding new destinations so that Hanoi is considered as a potential market for luxury products and services.

Another thing is that Coffee is one of Vietnamese principle products.

Vietnamese in generally and Hanoian in particularly are well known for traditions of hospitality and we usually lead our guest into the coffee shop.

Even though at home, coffee is used in the morning and after lunch.

Therefore, coffee consumption in Vietnam perpetually develops.

Q4 Hanoi GDP grew at 11. 5% year by year, which is significantly exceeded the national average GDP (approximately 7. 34%). In 2010, Hanoi GDP was 3. 32% higher than that of national average (7. 68%). FDI in 2010 alone was US\$180. 2 million with 225 projects are in process.

At a fast pace of urbanise and an increase in numbers of people living in the central of Hanoi capital, the demand of shopping in retail from youth become popular whereas there is a lack of supply for this. Therefore, the world-wide recognized brand names are aiming to build giant retail stores in Hanoi. As it is shown in the year 2010, the speed of growth in retail trade in Hanoi was over 30%. (thi truong vietnam, 2011). Retail sales goods and services rose by 31. 2% every year

## **Visitor market, with trend analysis**

### Tourists

In 2010, Hanoi welcomed 1, 227. 5 foreign tourists, increase by 20. 5% in compare with the same period of the year 2009, and 7, 392. 4 internal visitors. The revenue from hotel business rose by 26. 9%. (general Statistic office, 2010). However, Hanoi is an transfer on an vacation in Vietnam. One of the most popular museum in hanoi is vitited by only 180. 000 visitors every year.

### Content

2009

2010

2011 ( forecast)

GDP per capita (UD\$)

1710

1900

2120

GDP growth rate (%)

6.70%

11%

11.50%

CPI

8.22%

9.56%

10%

Exchange rate (VND/US\$)

17500

19500

21000

“ Source: VnEconomic-December 2010”[i]

Population and tourist

Content

2009

2010

2011 ( forecast)

Population (1000)

6480

6617

6750

Population growth rate (%)

2%

2. 10%

2%

Tourist

Foreigner (1000)

1080

1227

1472

Foreigner growth rate(%)

11%

20. 50%

20%

Local tourist (1000)

6720

7392

8130

Local tourist growth rate (%)

5%

10%

10%

“ Source: Report of Hanoi general statistic office’s data – December 2010.”[ii]

<http://vneconomy.vn/20101207104911215p0c9920/gdp-ha-noi-tang-11-trong-nam-2010.htm>

<http://www.gso.gov.vn/default.aspx?tabid=383&idmid=2&ItemID=10848>

Hotels

<https://assignbuster.com/hard-rock-cafes-expansion-analysis/>

There are 9 five- stars hotels in Hanoi: Daewoo, Horison, Hilton Hanoi Opera, Melia, Nikko, Sofitel, Metropole, Sheraton, Sofitel Plaza và Inter Continental. Besides, there are 6 four- star hotels and 19 three-star hotels. Most of big hotels are placed in Hoan Kiem and Ba Dinh district.

### Convention centers

Hanoi now has 10 trade centers, 83 supermarkets and several historic buildings such as the mausoleum of Ho Chi Minh, ethnic museums and Pagoda. Apart from those,

Vietnam Exhibition & Fair Center, ICE Exhibition Center Hanoi Friendship Cultural Palace attract thousand of people coming for each exhibition. In 2011, it is planned to have 3 fairs and one exhibition on April, July and October

## **Transportation**

### Airport

Hanoi has two airports: Gia Lam and Noi Bai. Noi Bai International Airport (IATA: HAN, ICAO: VVNB) is the biggest airport in northern Vietnam. There are three domestic airlines and 23 international airlines operate their flights at Noi Bai Airport. The airport is located 28 miles (45 km) from the city's downtown, served 9.5 million arrivals in 2010, 20% higher than that of 2009. However, it is smaller than Tan Son Nhat International airport in Ho Chi Minh city both in size and operation productivity. Also, there are few direct flights from Europe and America to Hanoi, so that travelers from these countries usually reach Vietnam via Hong Kong, Taiwan or Bangkok.

It takes around 45 minutes and costs US\$25 (by taxis) to get to the city centre from the airport.”(Vietnam Travel Guild)

## Rail

Although Hanoi has 5 domestic railways and one railway path to China along with a huge amount of coach stations serving various needs of visitors, transportation in this capital is not good causing by the excessive vehicles.

## Sea, rivers

Hanoi has a dense river network: Hong River, Duong river, Tô Lách river, Nhue river, Ca Lo, Day, Tich river. Among that, Duong river, Tô Lách river, Day river are branches of Hong river. Duong river is a link between Hong river and Thai Binh river. Each of the branches is divided into many streams with different names connecting the local districts in Hanoi. The advantage of water transportation leads to an easy access for shipping in all transactions. Hence, this feature generates the determinants of economic growth for Hanoi. The other side of the coin is annual flood causing by these rivers. As a written rule, all investors deeply consider this problem whenever they decide to build a mall center as well as to start a business in service industry.

Hoan Kiem lake is likely one symbol of Hanoi. Hanoi has 12 Lakes, which is a main attraction for tourists. In addition, around Hoan Kiem lake is 36 aka Pho Co ancient road.



## **Restaurants and nightclubs**

Although Hanoi streets are very quite at night, nightclubs are crowded of young people. Hanoi has about 25 bars and 18 clubs. Entering a nightclub in Hanoi, customers will be overwhelmed in a vibrant nightlife which sprinkles hip hop music, a great variety of drinks, food and a dazzling refreshing ambience. From modest and low budget pubs to luxury dance clubs, nightclubs in Hanoi accommodate everyone's budget and choice. The upper range night clubs tend to concentrate on improving dance floor with live music and various light effects as a tip to preserve their patrons. Music used in the night clubs is disco or discotheques. At weekend, these places become a pool of crowds bustling activities. Apocalypse Now club is widely chosen by Hanoi Youth who love active rocking night life. On the other hand, some night clubs are favour of soft folk music.

## **Political Risk**

Vietnam politic system quite safe under control of Single-party constitutional republic (Communist Party of Vietnam).

## **Real Estate Market**

At the center of Hanoi, the average price for rent is 55 USD per square metre per month. This figure in the busier areas such as around Trang Tien or Vincom building is much higher (almost 100 USD). At the end of the year 2010, it went up to 180 USD. (thi truong vietnam, 2011). Hence, in Hanoi's draft plan for 2015- 2030, the capital city will be developed towards the west so that a lot of investments have been poured into My Dinh area, 11 kilometers west of the city center.

With a full-fledged infrastructure system and a key highlight of the Lang-Hoa Lac Expressway, Hanoi links with Hoa Lac area. This area is home to many newly-built structures such as the National Convention Center, National Sport Stadium and Hanoi Museum. The city's hi-tech park and national universities are also situated there. In addition, a number of ministries like Foreign Affairs, Science and Technology, Home Affairs, Natural Resources and Environment as well as the Police Department are located there. " The US\$130 million hotel will be built on 63 hectares of land and 16 hectares of water surface, adjacent to the National Convention Center". (P. O. S. M, 2009-2010)

As a whole, Hanoian is keen on experiencing strange and new things. Therefore, Hard Rock Café with its strategies in operation management such as employee empowerment, high control in quality of goods and services, especially its strategic differentiation gaining from Rock and Roll style will be fundamental keys drive this company to success in Hanoi.

As it is shown above, Hard Rock has some advantage if it expand business to Hanoi. Firstly, Vietnam on the way to be a member of World Trade Organization revised nearly all of its trade and investment laws guiding regulations and opened up large sectors of its economy to foreign investors and exporters. For foreigner investments, this is one of the merits when the new laws related to protection for investments, and transparency improved. Secondly, Vietnam is one of the safest place in the world. Thirdly, Hanoian has high income but lack of high- end entertainment centers. High level of fertility rate and fast speed of urbanise Hanoi become a potential market for Hard Rock.

Turning to challenge, Capita of land in the center of Hanoi is limited, leading to the rocket price in land and renting activities. Transportation face with many traffic jams are a barrier for running business. Also, increasing inflation obliges investments to face the currency risks. Inflation rate: 6.88% (average monthly Consumer Price Index of 2009, year-on-year); 8.64% (average monthly CPI through third quarter 2010, year-on-year). (US department of State, 2010)