

The nature of business

Environment, Nature



The Nature of Business – IMAX This business report will analyse and explain certain significant areas in business environment in reference to the Sydney IMAX Theatre. We will look at the business life cycle, the main elements of the business's environment, the internal and external influences on the business and the social responsibilities of the business. 1. Classify the business and summarise its stage in the business life cycle, include a brief history The Sydney IMAX Theatre is a large privately owned business.

IMAX is a proprietary limited business; this means that IMAX has a separate legal existence, distinct from its owners, managers and operators. It also has its own income tax liability, separate to your personal income tax.

Effectively, a company has the powers of an individual and can:

- Own and dispose of property and other assets
- Enter into contracts
- Sue and be sued

The Sydney IMAX Theatre is currently in the maturity stage of its product life cycle. As the business was officially opened in 1996 it has well surpassed its Establishment and growth phase.

The company is keeping its sales steady by taking advantage of its homogeneous product and the inelastic demand for its product. IMAX is currently owned by Worlds Biggest Screens Pty Ltd. The history of Sydney IMAX Theatre all starts with the IMAX Corporation that was established in 1967. IMAX Corporation started out as the industry leader in the creation and production of high end rides, attractions and projection technology. The company then went on to be a world leader in the production and design of surround sound technology.

The Sydney IMAX Theatre was opened in 1996 and was instantly booming with a very short establishment phase. IMAX very quickly became a tourist attraction and a must see for all people living in the Sydney area. IMAX then saw a large chain of theatres open all over Australia in 4 years putting a great strain on the company. As a result Cinema Plus Ltd was liquidated in 2000 because of cash flow problems. This Liquidation saw all cinemas except Sydney close and saw World's Biggest Screens Ltd devote all its time and energy on Sydney's IMAX theatre.

2. The Main Elements of the business environment

The Sydney IMAX Theatre is located in on the waterfront in the heart of Sydney's Darling Harbor. This location has many benefits as it is an entertainment hotspot. The attractions include many restaurants, bars and cafes, the Sydney Aquarium, Sydney Wildlife World, The Australian National Maritime Museum, The Chinese Gardens of Friendship and The Powerhouse Museum. IMAX uses its unique location to its advantage by building special relationships with other businesses nearby therefore providing extra advertising and offering customers special deals that will provide extra sales.

The IMAX provides its customers with the biggest cinema screen in the world. With this large screen comes a vast array of new possibilities that enhances the picture quality and the viewer's experience. This is the reason for the logo... Movies show you, IMAX takes you there. The IMAX provides customers a wide variety of films that are from many different genres. This wide variety increases the target market therefore having a larger and

broader variety of people. The IMAX also includes a snack bar located in the facility that provides consumers with food and drink.

This not only increases profit per person but also attracts unintended customers.

3. Internal and External influences on the Sydney IMAX Theatre

External influences: Influences that a business cannot control

- Financial markets: exchange rate changes impact profit income as film costs and royalties are based in US dollars
- Economic factors: An economic downturn can influence people to save and not spend. People cut costs on going out therefore reducing the amount of people going to IMAX. An economic downturn also reduces the amount of tourists in the theatre
- Technological: advances in IMAX technology may produce whole new range of films that may or may not attract new audiences.
- Social: changing patterns of leisure will impact greatly on attendance; varies also with the time of year and cycles of school holidays.
- Geographic: changes to theatre access, parking or public transport will impact on attendance
- Consumer: flexibility in scheduling allows the theatre to respond to changing consumer demand for films (reputation and word-of-mouth is very important in influencing the success of any new film)

Internal Influences: Influences that a business can control

- Technological: expansion of e-commerce in marketing activities for example the online ticket purchase system has been extremely effective since its introduction at the start of 2004.
- New Systems & procedures: introduction EFTPOS and credit card payment has increased sales. New timetabling methods allow teachers to give their students more time in the theatre.
- Financial: New

budgets will affect how a new film is marketed and how much advertisement it gets. Product: changes in programming and film selection will influence attendance levels. The development of new products such as educational talks will broaden the theatre market. The widening of the target market can potentially create new streams of people visiting the theatre. Both the Internal and external influences on a business are very important in a business's survival. The IMAX needs to focus on improving their internal weaknesses without forgetting to figure out a way to stabilise its strengths. Only then will the business succeed. 4.

The Ethical and Social Responsibilities of The Sydney IMAX Theatre The main purpose of business is to generate maximum returns for its owners and shareholders. So therefore the business has the responsibility of pursuing all activities that enhance profitability and increase the value of the business for the owners and shareholders. But a business also has responsibilities to their consumers, local communities and society as a whole. It is not right just to operate within the letter of the law. Businesses should also try and serve their local community and help its employees lead better lives. IMAX has the social responsibility for all of its actions, their consequences and impacts on the community and the business itself. IMAX should examine every decision they make not just based on profitability but on long term ethical business value and social responsibility. The Sydney IMAX Theatre has the responsibility of introducing policies in place that take care of your employees and the local community, long term this will still enhance their business brand and over time lead to higher profitability.

The IMAX shows its ethical responsibility by only partnering with business's that are also ethically and socially responsible. As a business ethical and social responsibility is a great way to serve the community, advertise and plan ahead for the future. In recent studies it is shown that quite frankly ethical and social responsibility sells. Conclusion In conclusion The Sydney IMAX Theatre is in its maturity phase of the business life cycle, it is a large privately owned proprietary limited business.

Its vast array of films caters for a wide variety of target markets therefore increasing entries. The IMAX uses internal influences such as product and financial influences and is faced with external influences such as financial markets and economic factors. IMAX as a whole is slowly working towards gaining the public's respect through ethical and social responsibilities which include pairing up with other ethically and socially responsible businesses, taking consequences for its actions and creating policies that specifically intend to take care of employees and the local community.