Bus305, competitive analysis and business cycles mod 1 session long project

Economic Analysis of Hard Rock Café . The reference organization which this assignment will be using is the Hard Rock Café which has over 143 cafes located in over 36 countries. The cafes presents to the world the largest collection of rock and roll memorabilia, displayed in their outlets. Since it's inception in 1971, the company today is one of the most universally recognized brand names and has diversified in to a host of entertainment related businesses including casinos and hotels as well as being in the forefront of the rock music industry with sponsoring and hosting concerts and tours of artists.

The organization is likely to bring interesting focus to this economic analysis for few reasons as follows. One is that it is one of the most successful café chains operating across many markets. The supply of the organization is common across different markets and customers have derived customer satisfaction through the entertainment they gain from the café in terms of food, music, ambiance and the association with the brand. Another interesting fact is that the Hard Rock Café is currently owned by the Seminole tribe of Florida which comprise of Native American people. This ownership differs from the conventional forms of business ownerships by large firms and individuals.

Economic terms carry varying relevance to different organizations. Within this economic analysis, the terms, " Resources", " Costs", and " Markets" will be considered along with their relevance to the Hard Rock Café. The term " Resources" refers to " things you need to survive and thrive" and as people have infinite wants, the resources available are not sufficient to satisfy all these wants. Thus the resources such as Land, Labor, Capital and Entrepreneurship need to be allocated efficiently if economic agents are to maximize the wants which they can satisfy. The relevance of this to Hard Rock Café is that they will have limited capital, suitable locations, good managerial and entrepreneurial talent and good human resource and they need to invest these on most optimum business ventures to maximize their economic gains. While the potential to open cafes or hotels all over the world exists, they have presence only in 36 countries which reflects the implication of scarce resources on business.

The term Markets in terms of economics is “ any convenient set of arrangements by which buyers and sellers communicate to exchange goods and services” (Anderton 2002). Relevance to Hard Rock Café is that potential exists for them as a seller to meet their buyers and create a market virtually anywhere in the world and also using online presence. Their selling of concert tickets or reserving seats online is an example of how markets exist in virtual space as well.

The term “ cost” refers to “ What you give up in order to acquire a resource which can either be material or nonmaterial.” In economics there are different types of costs such as marginal costs or opportunity costs. For Hard Rock Café, the costs may include the purchasing of locations, salaries paid to have employees for the cafes and royalty fees paid to artists in having rights for the tours and concerts.

In addition to economic terms there are also economic concepts. One such “ Big Economic Ideas” is that “ Choices involve tradeoffs – we always give something up to get something else”. Point to note here is that as economic agents such as Hard Rock Café or its customers operates with limited scarce resources; they will have to choose one out of many alternatives to spend their resources on. When such choices are taken, there is always a trade-off.

The opportunity costs of choosing something is the cost of giving up of another alternative which could have been gained with the same resources. Hard Rock Café is at the better end of the trade-off when a customer chooses to patronize them instead of dining out at another supplier in the market or choose.

Another economic concept is that “ Voluntary exchange makes both sellers and buyers better off, and markets are an efficient way to organize that exchange”. Here the idea is that suppliers have goods which are demanded by buyers. The Buyers have resources which they are willing to exchange with suppliers for the goods offered. In such a mutually compatible situation, both parties end up achieving their objectives. The supplier is willing to give up the goods while gaining a value such as money and the buyer meets his needs while giving up a resource. For this voluntary transaction to take the two parties need to communicate and make arrangements for the exchange. This is where the market comes in to play. Markets, whether they are physical like the weekend fair or virtual like e-bay, brings together the buyers and sellers together to organize such mutual exchanges.

References:

Anderton, A (2003) Economics. 3rd ed. London: Causeway Press Limited.

Hard Rock Café Home Page (2008) Retrieved on 10. 10. 2008 from http://www. hardrock. com/