

# [E-business paddy power](https://assignbuster.com/e-business-paddy-power/)

[](https://assignbuster.com/)[Business](https://assignbuster.com/essay-subjects/business/)

Paddy Power, Web Division, Online Gambling Service. Version 1. 0 7th April 2010 Prepared by: Christopher Cadwell (x08795240) eCommerce Operation Evaluation Operation or service overview Paddy Power is the largest provider of fixed-odds sports betting in Ireland. Paddy Power's retail division operates a chain of licensed betting offices located throughout Ireland and in the UK. There online division operates one of Ireland's largest online businesses which consists of the online sportsbook, mobile sportsbook, casino, games, poker, bingo, and financial spread betting (its latest addition).

Paddy Power was founded in 1988 by the merger of three existing Irish high street bookmakers who have an unconventional approach to betting and gaming believing them to be firmly rooted in the leisure and entertainment space. As such its mission is to make 'risk-based entertainment' more accessible and fun. It offers customers an unparalleled betting experience that is great value, great fun and has the best service. Through this strategy the company has developed a strong reputation as “ The Punter Friendly Bookmaker” and has become renowned for its unique “ MoneyBack Specials. Thanks to this customer-centric approach, it is now generally accepted that a bet with Paddy Power has three possible outcomes - Win, Lose or Money Back. Marketplace Target market Paddy Power’s target market is everyone over the legal age to gamble. They attract customers of all ages ranging from late teens to pensioners as it is part of human nature to take risks and have a gamble. Paddy Power attracts so many people with its wide variety of different areas on its website including a sportsbook, casino, games and bingo so there is something there for everybody.

Major clients I don’t think Paddy Power have major clients as they target everyone from the average everyday punter to the high society people and if they did have major clients im sure their identity’s remain private. Geographic or vertical clustering Paddy Power has 212 shops in Ireland (including 3 shops at race courses) and 86 shops in the UK which are dispersed throughout either country. Recent News and Press Releases Bookmaker Paddy Power has announced it will create up to 250 new jobs at its headquarters in Tallaght in Dublin over the next three years.

Paddy Power, which already employs 640 people in Dublin, is recruiting as part of its strategy of international expansion into the online sports betting market. The company is to recruit 50 people with skills intechnologyand risk management by the summer, with the remainder generated over three subsequent years. Tiger Woods has snubbed a $75m (€55m) sponsorship offer from bookmaker Paddy Power. The golfing legend bade farewell to several of his big-name sponsors but the disgraced world number one still won't be tempted by the offer, which could be worth an astonishing $75m over five years. With a down payment of $5m (€3. m) for the use of Tiger's likeness annually, the proposal provides performance incentives including $1m (€736, 000) for each Major he wins in the US and $2m (€1. 5m) for victory at the British Open. " We're in negotiations with IMG to sponsor Tiger," Paddy Power told US magazine website 'Golfweek'. " It's still in the early stage of the negotiations, really, to be honest with you. But if it all comes off, it'll be the biggest sponsorship deal we've done by quite some way. " However, Mark Steinberg, Woods' agent at IMG, indicated that Paddy Power’s proposal is not being given serious consideration. We're not involved in any discussions to add to his sponsorship portfolio at this time," he said. Paddy Power lost €1. 5m last August when it paid out on Tiger as he led after 54 holes of the US PGA Championship at Hazeltine only to be eclipsed by Korean YE Yang. Now Paddy Power is potentially taking a much bigger gamble on Woods, who has been out of golf since his November 27 car crash precipitated revelations of marital infidelity and a stunningly swift fall in public-opinion surveys. His marketability is under pressure after Accenture, AT&T and Gatorade all pulled their support. At this stage, when other sponsors seem to be ditching him, there's an opportunity there to step in," the bookmaker said of the proposal. " He's still somebody we would very much like to align ourselves to. " Competitive positioning International and national competitors Paddy Powers international and national competitors would consist of Ladbrokes, Victor Chandler, William Hill, Stan James, Coral, Boylesports, Bet365, SkyBet and Betfair. All these fellow bookmakers have online gambling sites so would be Paddy Powers biggest rivals.

Regional competitors Paddy Powers regional competitors would be Celtic Bookmakers, Terry Rodgers Bookmakers and Hackett’s Bookmakers these competitors have rival shops around the country but don’t have the capacity to compete online. Local competitors Paddy Power’s local competitors would be one off independent betting shops set up in local towns the only example I can give is Vernon Racing which is my local bookmakers in Clontarf, as it is not a franchise it is a independently run bookmakers and they only have one establishment. Business value

Market demand Paddy Power’s market demand is strong even through the recession I would say it is the market leader as their “ money back specials” apply added insurance to bets made, so therefore more people would place their bets with them instead of a competitor. They would also be the most well known of the brands which lure’s more people to their shops. Expected revenue stream Paddy Power are constantly going head to head with their competitors by saying they will match a better price if you can find it and with their money back specials as well.

They are also opening more new stores each year to increase their market share. Market growth potential Online activities are by some distance the largest and fastest growing part of Paddy Power. Their online operating profit increased by €2. 9m to €45. 7m last year, despite a significantly worse run of sporting results and a net negative impact from foreign currency fluctuations of approximately €2. 1m. Their operating profit as a percentage of gross win at 42% remained amongst the highest in the industry, benefiting from the strength of their brand, synergies with Retail, scale and operational expertise.

This profitability enables Paddy Power to continue to invest in product, value and brand to drive future success in what is a highly competitive industry. Risk evaluation Evaluation Tools used and why. I would use the SWOT analysis tool in my evaluation of Paddy Power. I think it is the right tool to use because it would help them evaluate what their strengths, weaknesses, possible opportunities and possible threats are in their running of their organisation. Evaluation Tools not used and why

I would not use a PEST analysis tool in my evaluation as don’t feel it benefit Paddy Power as much as a SWOT analysis would. It wouldn’t allow them to recognise the area of possible expansion opportunities. Evaluation SWOT analysis: Strengths: \* Entrepreneurial and focused management \* Focus on small stakes fixed odds betting and entertainment betting designed to add value to a sporting or other event \* Strong financial position (no gearing and cash generative) \* brand is established and widely recognized Weaknesses: \* Threat of new entrants Limited experience of UK betting market \* Exposed to rental increases on leased properties \* Margins intra-year vulnerable to performance of favourites \* Dominant market position in Ireland (33% off-course betting in Ireland) Opportunities: \* Scope for further shop openings in Ireland and to roll-out business model in the UK \* Extendleadershipof on-line and telephone betting business in Ireland into the UK \* Enhance organic growth profile with opportunistic bolt on acquisitions in a fragmented UK industry \* Expand product range, particularly in the online business

Threats: \* Risk of more aggressive price based competition in Ireland and the UK \* Potential decline in consumer spending due to a severe economic downturn in Ireland and the UK \* Susceptible to adverse changes in tax and regulation \* Online business vulnerable to threat of software virus attacks \* New technology increases disintermediation and pricing transparency, resulting in lower margins Evaluation summary Expected return

Paddy Power expects their customers to be happy with the way their website is laid out and the deals and services it provides, as they feel their service is the best in their market. Strategic value Paddy Power has a strategic advantage on their competitor’s websites as they offer better deals then most of their competitors. Ability to deliver success Paddy Power is the largest provider of fixed-odds sports betting in Ireland and they hope this will continue for years to come and for their business to continue to expand.