

# **MARKET ANALYSIS FOR O'CONNELL'S IRISH BAR**

A Scenario Approach

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## ABSTRACT

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This thesis was commissioned by O'Connell's Irish bar in Tampere. The aim of the paper was to study the present customers and their preferences in regards to O'Connell's services and the interior of the bar as well as their attitudes towards sports fans. The theoretical framework of the thesis is based on services marketing and it relies on David A. Aaker's strategic market management, and more precisely, its external analysis part. This part of Aaker's theory focuses on the customer, competitor, market and environmental analyses. From the results of the study two future scenarios were drawn up.

The study was conducted as a customer survey using a questionnaire. The data was collected during December 2012 at O'Connell's and it was analysed using Microsoft Excel. The customers were asked a series of questions regarding the service offering of O'Connell's as well as their attitudes towards the bar and sports' fans. Furthermore, the respondents were asked to list other places they would be besides O'Connell's. From the customer responses, competitor analysis was drawn. Data analysis utilises quantitative and qualitative methods as well as observational methods for the competitor analysis.

From the data, the customers were divided into four segments using a customer value formula:  $[(\text{frequency of going out} \times \text{amount of money spent per time}) \times \text{customer loyalty multiplier}]$ , in order to find out the most profitable customer segments to O'Connell's. The survey data was then analysed generally and segment by segment. More emphasis was given to the opinions of the most valuable customer segments.

The results and discussion of the findings were presented as scenarios. This approach was chosen because the changes in the operating environment of the business are not certain. There are plans to build an ice-hockey and event arena with office space and a hotel on top of the railroad tracks right next door from O'Connell's, but due to the present financial situation, the funding for the project is still uncertain. However, should the arena be build, the effects to restaurants on its vicinity are drastic. This is why scenarios are used in this paper. They allow different options to be discussed and mental preparations to be made before any actions are taken.

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Key words: external market analysis, scenario analysis, customer segments, customer survey

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## **1 INTRODUCTION**

In this thesis, I have studied the external factors that affect the future strategic business management of O'Connell's Irish Bar in Tampere. The aim was to study the customer motivations and unmet needs and the customers' views of the bar, its competitors and other factors that have an influence on the business environment. The study generated customer insight for the service offering of the company. After this, it is possible for the company to take action in its service design and strategic market management, the core product and services. Furthermore, the thesis also gives alternatives to the future development of the business environment and possible scenarios on how the external operating environment might change.

The data for the customer insights was gathered by a survey using a questionnaire where both quantitative and qualitative research methods were used. The customer survey data was analysed and, in addition, used to identify present competitors. The competitor analysis focused on those competitors that the respondents listed as their alternatives for spending an evening at O'Connell's. The competitor analysis employed the observational data gathering technique. That is, the visible service offerings and prices of the biggest competitors were observed and recorded at their premises.

### **1.1 Structure of the Thesis**

In the first section of the thesis, I have formed the theoretical framework for the study. The undercurrent of this paper is in services marketing theories, as the restaurant business is a mixture of products and services with a focus on the service. The theoretical framework focuses on David Aaker's strategic market management. Aaker's external factors' theory is complemented by scenario planning literature.

The methods used in the study are presented in chapter 3. A mixture of qualitative and quantitative methods was used in order to analyse both the attitudes of the current customers as well as their opinions of the services offered. The questionnaire was

designed to be used on the premises so that all the respondents would be familiar with the bar and could assess its 'as is' situation. In this section, the logic behind the questionnaire design is also recorded.

The customer survey data is analysed in chapter 4. The quantitative data analysis was done using Microsoft Excel and the qualitative data was analysed from the customer response sheets. The analysis is divided into four sections. First, the main customer segments are identified, then the responses to the three major service sections, food and drink, entertainment and sports, are analysed generally and by the segment division. The data analysis also includes a competitor analysis. Here too, the customer segments are used as the starting point of the analysis.

The final part of the paper focuses on the conclusions that can be drawn from the customer survey and the different possible outcomes for the future development of O'Connell's. The possible changes in the operating environment and the recommendations from the survey are brought together in this section by the use of scenarios. The thesis includes two scenarios, in which the operating environment will change drastically and another in which the changes are more moderate. In this section, a short conclusion is also included.

## **1.2 The Client Company**

O'Connell's Irish Bar has been in operation at the same location in Tampere for 16 years already and has in that time established a reputation as an authentic Irish pub. During the years, the company has developed a business concept where different entertainment options are on offer on different nights. The business week is visualised in the figure 1 below. From Sunday to Tuesday, O'Connell's offers student discounts on Wednesday, the bar hosts the only bilingual pub quiz in Tampere and on Thursday there are discounts to newsletter subscribers. Alongside the discount prices, O'Connell's stages English stand-up nights and improvisational theatre performances once a month on Thursdays. On Friday nights there is live music and on Saturdays the weekend crowd. Every night, when there are Premier League or Champion's League

football matches, these are shown on the big screen. O'Connell's also shows ice-hockey world championship games and major football tournaments.

Monday	Tuesday	Wednesday	Thursday	Friday	Saturday	Sunday
<ul style="list-style-type: none"> <li>• Student discounts</li> </ul>	<ul style="list-style-type: none"> <li>• Student discounts</li> <li>• Football</li> </ul>	<ul style="list-style-type: none"> <li>• Pub quiz</li> <li>• Football</li> </ul>	<ul style="list-style-type: none"> <li>• Stand-up 1x month</li> <li>• Improv night 1x month</li> </ul>	<ul style="list-style-type: none"> <li>• Live music</li> </ul>	<ul style="list-style-type: none"> <li>• Weekend crowds</li> <li>• Football</li> </ul>	<ul style="list-style-type: none"> <li>• Student discounts</li> <li>• Football</li> </ul>

FIGURE 1. O'Connell's weekly timetable

There is one potential new competitor coming to the neighbourhood of O'Connell's, the Tampere Central Arena. It will mainly be a venue for sports and concerts but as the plan is to include office and retail space in the building compound, too, there might be new direct competition coming right next door to the bar. Furthermore, the Arena might bring in a completely new customer segment, the ice-hockey crowd, to O'Connell's. However, because the plan for the Arena is still open and the timetable for its construction is not clear due to funding problems, I have formulated two possible scenarios for the future: one in which the Arena is built and another in which it is not. The scenarios take into consideration also the opinions and views of the current customers drawn from the customer survey.

## 2 MARKET ANALYSIS IN SERVICES BUSINESS

### 2.1 Services Marketing

Services are by definition acts and actions that cannot be taken away from the establishment where they are produced, and they need to be consumed simultaneously with the production (Mudie & Pirrie 2006, 3-4). There are companies that produce pure goods, such as pipes or furniture, and there are other companies that produce pure services, such as consultancy firms. Most companies, however, produce a mixture of the two varying in the goods-services continuum (Mudie & Pirrie 2006, 2). For example, a pipe manufacturer can also provide installation service on the side, and a consultancy firm can provide management tools, such as IT software, alongside their business insights. The restaurant business mainly offers services with product support. The foods and beverages served are usually consumed at the premises and the whole experience is affected by the surrounding environment and the staff and can vary daily depending on the personnel as well as the other customers that affect the atmosphere.

It is suggested that with services marketing the basic marketing mix of the 4 Ps is increased by three making it product, place, price, promotion, *people*, *physical evidence* and *process* (Mudie & Pirrie 2006, 5). This seven Ps approach comes from North America (Grönroos 2004, 100) where the services marketing theory was built on the goods-based marketing theory (Grönroos 2007, 5). This approach is nicely shown by the extension of the marketing mix by three more Ps rather than creating a totally new mix for services, which are quite different to market from products.

The Nordic school of service marketing has a different starting point and relies on the service phenomenon in its marketing context and tries to answer the question “What should marketing concepts and models look like to fit in?” (ibid.). This approach is decidedly contrary to the American model as the Nordic school tries from the start to create a new theoretical framework for services marketing. The Nordic school also claims that marketing cannot be kept in a separate marketing department, but because of the fleeting nature of service encounters, it has to be integrated into the operations

around customer focus (Grönroos 2007, 6). The consumers take part in the shaping of the service offering, or in other words product development, and thus they can be considered a part of the service they consume (Grönroos 2006, 174).

In essence, when comparing the Nordic school to the North American model of the 7 Ps, the difference of the outcome is not that great. Both state that the people, employees as well as customers, are essential. The process of the service and the physical evidence are also part of the marketing and all three serve a marketing purpose, which cannot be separated from the other operations. The biggest difference between these schools is the starting point. The North American school builds on a theory, whereas the Nordic school builds a theory.

For this thesis, services marketing theories have been used as an undercurrent to understand the nature of the restaurant business, which relies on services with product support. Furthermore, pubs as public houses are seen as places where other patrons as well as the staff make the place feel like a second living room. In this perspective, services are an integral part of the restaurant business. However, a tool is needed to study the kind of customers there are as well as how they see the services provided and if it is possible to better those services somehow. For these aspects, a strategic market management framework is used.

## **2.2 Strategic Market Management**

The theoretical basis of the customer survey leans on an external analysis of Aaker's strategic market management concept from *Strategic Market Management* (Aaker 2008). Market analysis is based on the notion that the environment in which the business operates is constantly changing due to technological and financial fluctuation, and the business should change its strategy when needed to cope with this (Aaker 2008, 1). This theory is spot on with the situation in O'Connell's as there are possible internal and external changes in the near future with the renovation of the upstairs space as well as with the possible construction of the Tampere central arena, which will bring in new competition as well as new customer segments literary next door to



the bar. Not to mention the customer fluctuation that comes with the restaurant business as patrons leave to make room for a new crowd.

Strategic market management comprises of an external analysis that focuses on the customers, competition and environmental factors of the business alongside an internal analysis, which focuses on performance analysis and the determinants of strategic options (Aaker 2008, 11). Much of the strategic market analysis resembles SWOT analysis, which also focuses on the external and internal factors (Pinson 2004, 37). SWOT comes from the words *Strengths*, *Weaknesses*, *Opportunities* and *Threats*. Of these four the last two focus on external factors on the market place in which the business operates (ibid.). The outputs of the external and internal analyses will in Aaker's model result in the identifying of possible business strategies and their adaptation and implementation (Aaker 2008, 11). The outline of Aaker's strategic market management concept is depicted in figure 2.

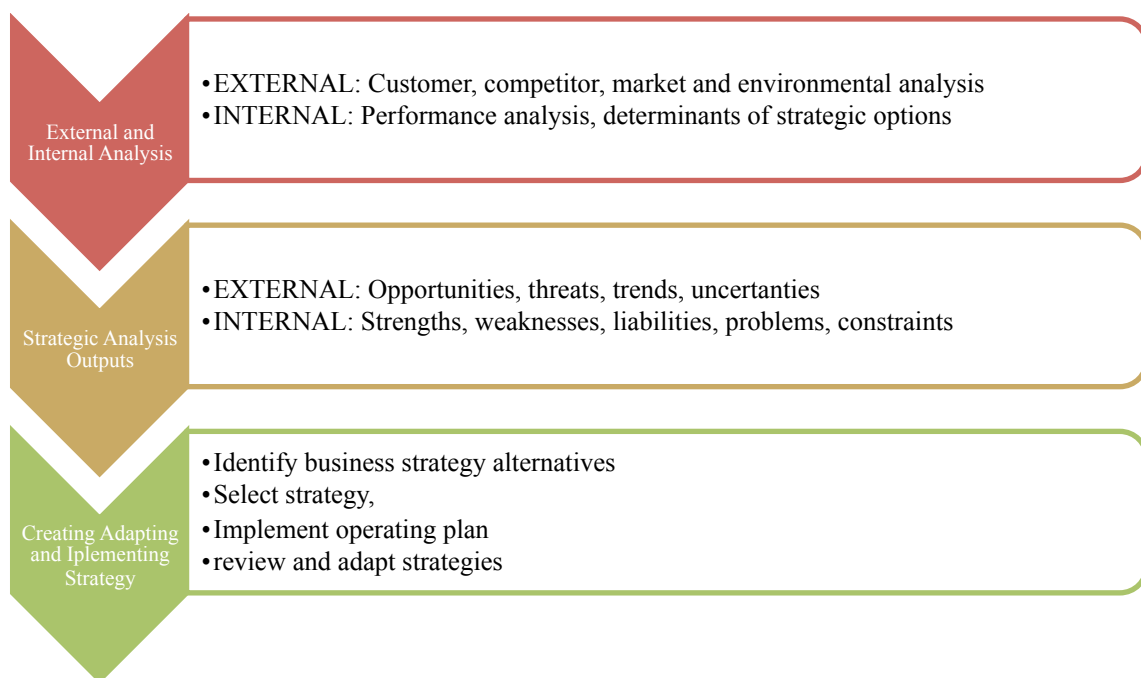


FIGURE 2. Outline of strategic business management concept (Aaker 2008, modified)

In this thesis I will be focussing on the external factors and the analysis of the customers, competitors and the market and environment.

### 2.2.1 Environment and Market Analysis

Environment and market analyses are included in Aaker's model. These will be covered alongside the competitor analysis. But as there is an undercurrent of change in the vicinity of the bar, the environment and market analysis will be analysed also separately in a 'what if' way when formulating possible future scenarios. At the moment, the changes are still theoretical as there are plans to build the Central Arena on the opposite side of Rautatiekatu from O'Connell's. However, the plan will not be materialised yet, due to financial difficulties, and this is the main reason why this section of the strategic market management concept is handled in a 'what if' way in the parts dealing with the current competitor and customer analysis.

The key points of market analysis are to do with spotting the trends and changes in the market and applying these as possibilities and threats to the business strategy. The different dimensions of market analysis include emerging markets, actual and potential market size, growth and profitability, as well as cost structure, distribution systems, trends, developments, and key success factors (Aaker 2008, 59). With these aspects, the analysis "should assess the attractiveness of a market or submarket as well as its structure and dynamics" (Aaker 2008, 76).

Environmental analysis includes technological trends, consumer trends, government and economic trends as well as general external analysis of the business environment as a whole (Aaker 2008, 79). These can be also described in terms of the classical PEST analysis, where the initials stand for *Political, Economic, Social, and Technological* factors (Friend & Zehle 2004, 32). Technological trends include dated, new and emerging technologies, as well as their possibilities and threats to the business (Aaker 2008, 79). Consumer or social trends include lifestyle, fashion and cultural trends along side demographic trends that might affect the market size (ibid.).

The environmental analysis can be a macro analysis, that is, taking into consideration the level of inflation and interest rates, or a micro analysis, which could include local business taxation or building of a new infrastructure (Friend & Zehle 2004, 31). There are three levels of environmental change: from stable to dynamic to turbulent (ibid.). If the environment is about to change from stable to one of the other two, the business

should prepare for this change as best they can. However, this will be hard to predict before hand and strategic plans should be made at the opportune time rather than too early or too late.

The external factors will be examined together with the survey data to formulate two different future scenarios. For this, scenario analysis is used. This type of analysis was originally formulated by Royal Dutch Shell in the 1970s after the oil crisis in order to better prepare for different possible changes in the business environment in the future (Scenario\_planning). The idea of scenario analysis and scenario planning is to prepare the company for uncertainties that might lie ahead in the long run when the operating environment changes due to different and sometimes unrelated factors (Mercer 1995, 32). This type of planning should then avoid the pitfalls of over- and underprediction of change and chart the middle ground (Shoemaker 1995, 27).

According to Mercer (1995, 34), the process of scenario planning includes six steps. Firstly, the drivers for change have to be decided, and secondly, a viable framework of the drivers should be formed. After this, initial multiple mini-scenarios are produced and of these, two to three are selected. After the selection of the best scenarios, they are written out. The last step is to identify the issues that arise from the possible scenarios. In figure 2 below, the building blocks for the scenarios is depicted. These include the drivers of changes, such as changes in the environment, basic trends and key uncertainties, and from these, the scenarios can then be built (Shoemaker 1995, 35).

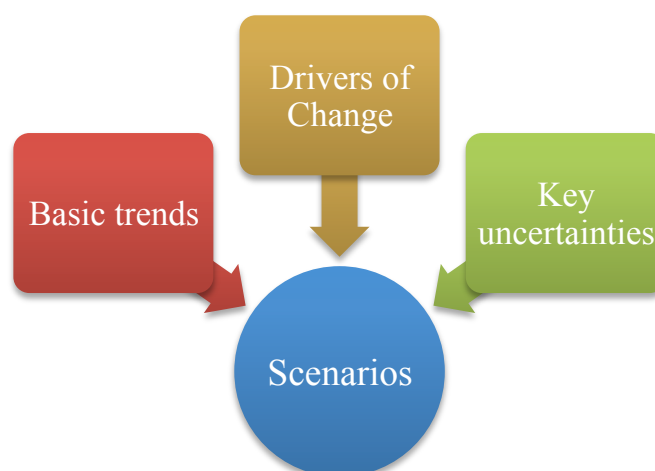


FIGURE 2. Scenario building blocs (Shoemaker 1995, modified)

The important thing to keep in mind in the process of formulating the scenarios is that they should be viable and that the time frame should be long enough (Mercer 1995). Furthermore, the scenarios should not solely include the best-case or the worst-case options but a mixture of the possibilities (Scenario\_planning). For this paper, the scenarios are formulated from the customer data as well as from the known possible changes in the operating environment.

Below, in figure 3, this study is outlined in relation to the Aaker's external strategic market management model and scenario planning. The figure shows how the customer, competitor and environment and market factors together affect the outcome of the possible business alternatives, which are outlined with the help of the two scenarios.

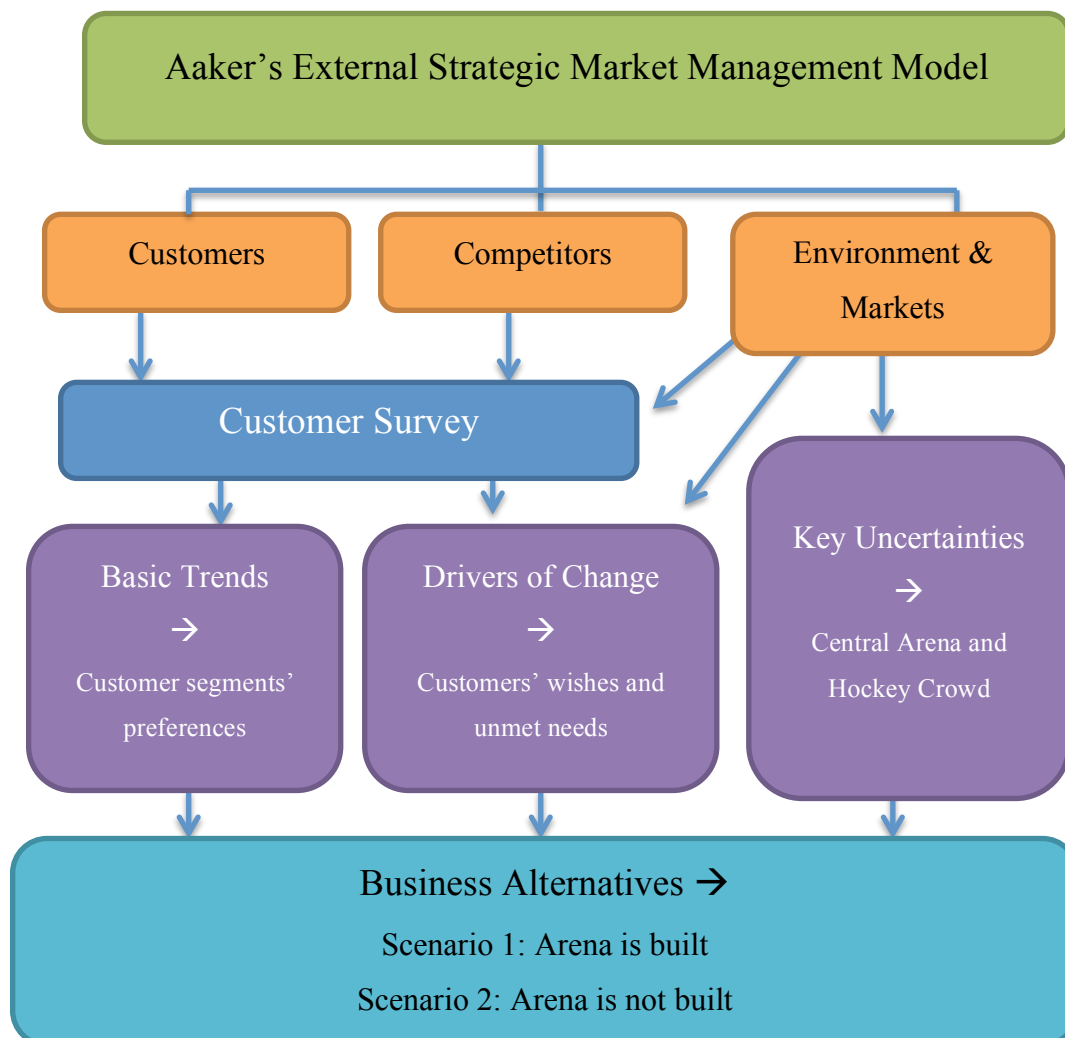


FIGURE 3. An outline of the study

### 2.2.2 Customer Analysis

Customer insight is defined by Smith, Wilson and Clark (2006, 136) as “knowledge about customers which meets the criteria of an organisational strength”. They continue that customer insight is valuable, rare, difficult to imitate and “which the organisation is aligned to make use of” (ibid.). Customer insight is in the core when making strategic management decisions about changing the service offer to the customers. According to Smith *et al.* (2006), it is generated from customer data from which information is developed. The information, then, is refined into customer knowledge, meaning the “information which has been placed into the context of the relevant situation” (2006, 136). Customer insight has three levels: 1) generating customer insight, 2) actioning insight in service and packaging design, and 3) using insight to tailor the core product/service itself (Smith *et al.* 2006, 137). The insight is valuable when creating a new service and tailoring it to meet core customers’ needs.

Aaker (2008, 26) lists the most important factors that separate different customer segments from each other. These are demographics, products, benefits, price sensitivity, loyalty and application. Of these, demographics will give way to the different life stages of the customer segments. Different demographic segments also consume different products, for example, a professional female might prefer wine to cheap beer that might be the favourite of a university student. However, as Christensen, Cook & Hall (2005, 76) note, leaning too strongly on demographic segmenting can misguide the marketing as no one in the segment will act like the mathematical median person would. For designing services to better suit to the core customers’ needs, it is important to distinguish which customers are in the core and which are not. For this, segmentation is a suitable tool.

Benefits gained from products or services are also a good way to distinguish different customer groups from one another. Some might be seeking health benefits, others are status conscious: some might be looking for ease and others might want to brand themselves by using certain products and services. Price sensitivity is an important factor when it comes to the restaurant business, as most of the profit is made on the mark-up of tap products such as soft drink, beer and cider. If the majority of customers are price conscious, it will have an effect on the strategy as a whole. Usually price

consciousness and benefits mean a trade-off between low price and quality (Aaker 2008, 26), which needs to be taken into consideration when planning strategic changes.

Loyalty is also an important factor. Aaker discusses a study made by Bain (Aaker 2008, 27) which shows that a 5% increase in the loyalty of the customer increases the lifetime profits made by that customer by almost 50% in certain industries. In the restaurant business, the increase might not be quite that high as it is fairly easy to go to a different restaurant due to an unpleasant incident, for example. Nevertheless, the more loyal the customer is the more favourable their attitude towards the service provider is (Bogomolova 2011, 793-4). However, the customers who often visit bars usually have been to other similar places, too, and their attitude towards the bar, its brand and the service can be comparing the different establishments with more critical mind to each other. On the other hand, the very loyal customers usually bring in other loyal customers, as most people like to visit bars in company. Furthermore, if the customer has positive experiences at a service establishment they have themselves chosen, they are more likely to engage in a positive word of mouth intercourse with other people (de Angelis 2012, 554) and thus help create a positive image of the establishment to those who have yet to visit it.

The application factor intends to segment the customers by their usage or application of the products (Aaker 2008, 28). This is used particularly with industrial products but can also be applicable to different services. Segmenting by the way products are used can be especially beneficial for launching of new products but is also helpful when trying to figure out how to improve sales of existing products (Christensen et al. 2005, 78). When looking into how customers use a product, that product can be improved to better suit the way one segment of the customers is using it (Christensen et al. 2005, 77-78). Studying customers' application of the product or service is also a good way to innovations. Listening to customers and seeing their needs can lead to new ways of operating and developing new service concepts.

**Customer motivations and unmet needs.** Different segments have differing motivations that guide their decisions to use a service or buy a product. The best way to find the underlying motivational factors of the customers is by interviewing (Aaker 2008,

30). Although there might be underlying motivations that are claimed to be the most important, in real life these might be overruled by more pragmatic reasons. Aaker gives an example. When mothers were asked what are the most important qualities of snack food, they said nourishing and easy to eat, but in actual situations they opted for the ones that the child likes or what was juicy (2008, 31). The most important things to look for when mapping customer motivations are the elements of the product or service the customer values most, what the customers are after when buying the product or service, how the different customer segments differ in their motivation priorities and what changes are occurring in the customer motivation (Aaker 2008, 24).

Unmet needs are sometimes harder to spot. The customers can be interviewed and ethnographic research, meaning the observation of the research objects by participating in their lives (Saaranen-Kauppinen & Puusniekka 2009, 40), can be used, but still there might be services or products that the customer does not want because they do not know that they exist. An example in point is Henry Ford's utterance that if he were to ask people what they wanted, they would have said faster horses: they could not imagine automobiles, because they did not exist yet. In the service sector, unmet needs are sometimes easier to spot by interviewing unhappy customers or asking how the customer would want to be treated in the service situation. To find out customer insights about the services and products of a company, unmet needs are the key (Smith et al. 2008, 138). Customer insight is more valuable when the unmet needs are mapped as well, which will help the company to better their service and product portfolio in order to compete better and gain new customers. Smith et al. suggests that also non-served customers should be included (ibid.). In this study, only the customers that are familiar with the establishment to begin with are included.

The way O'Connell's has structured its business week revolves around different services and entertainment (see figure 1 on page 7). These different nights attract different customer segments, but the segments also overlap. For example, on quiz night there are a lot of students around, and expatriates come throughout the week to meet up and enjoy a pint. It is important to recognise these different customer segments and they might have distinctly different views and spending habits that should be taken

into consideration. I will use Aaker's segments to identify the key customer segments of O'Connell's which I will use as a starting point in the analysis.

### **2.2.3 Competitor Analysis**

The starting point of competitor analysis is to identify who and what the competitors are. After this, the competitors' strategies should be identified, that is, their prices, expansion plans and possible new competitors should be noted (Pinson 2004, 28). The analysis should start from the identification of threats, opportunities or strategic uncertainties that are created by emerging or potential competitor moves, weaknesses or strengths (Aaker 2008, 38). In other words, a SWOT analysis should be conducted. According to Aaker (2008), there are two ways of identifying current competitors. The first way, on which I shall concentrate here, is to identify the competitors from the perspective of the customers who must make the choice between the different possibilities. The second way is to place competitors in strategic groups on the basis of their competitive strategy (Aaker 2008, 39).

The direct competition is rather easy to spot in many industries. For example, McDonald's competes with Burger King and other global and local fast-food chains for customers. However, the indirect competition, meaning the less obvious alternatives to the direct competition, is trickier to spot. In the example of McDonald's, their competitors could also be other foods that can be consumed fast and without a delay in the purchase, such as candy and energy bars. Also coffee shops and more up-scale hamburger restaurants are competing on the same market but of different customer segments. Aaker points out that the competitors that serve a small niche through inexpensive offerings should be taken seriously as they often get to grow to be big before they are noticed (2008, 40). The focus of the competitor analysis should not solely be on direct competition but the indirect competition should be included in as much detail as is possible. This way, the business will gain knowledge of all of the customer's options.

The most useful way for the purpose of this thesis is to apply customer choice in identifying the competition. When enough respondents list the possible alternatives for



spending an evening at an Irish bar, a bigger picture of the competition will emerge. The competitors will then be analysed by customer segments: which part of the customers prefer which competitors. This way, emerging new competitors can be found as well, and the study can concentrate on the most dangerous competitors.

Aaker points out that alongside the current competition, it is important to consider potential new ones. These include firms that look for market expansion or product expansion, there might be customers or suppliers that are looking to enter the market, also a current small competitor can turn into a major one if it is purchased and turned into a fine-tuned profit machine (Aaker 2008, 44). In the case of O'Connell's, the possibilities of new competition are speculated in scenario 1 at the end of the paper.

Competitor analysis should also be looked at from the point of view of opportunities. There might be a way to form a lucrative alliance with other companies, to benefit from a new service a competitor has introduced, or to find a way to attract customers during slow season: all of these ideas should be studied and analysed (Pinson 2004, 28). Furthermore, the competitor analysis should also take into consideration other external factors: it might just be so that the legislation is about to change and restrict or loosen the legal limits of the operation, for example.

### **3 METHODS**

#### **3.1 Methods for Customer Analysis**

The study was conducted as a mix of quantitative and qualitative research. The latter is best suited to mapping customers' expectations and attitudes because these are aspects of customer phenomena that cannot be quantified (Crowther & Lancaster 2009, 75). However, the best result will be gained by combining the methods as some of the aspects of the customer behaviour can be quantified. The study was carried out using primary data, which was gathered with a survey. The respondents were personally targeted at the premises to ensure that they are familiar with the business before answering the questionnaire. Furthermore, being asked face-to-face to participate in a survey is more likely to yield responses than doing the survey via the Internet, for example, and the co-operation rate is more likely to be higher (Parasuraman, Grewal & Krishnan 2004, 170). This was indeed true as there were not many who declined co-operation. Personal presence of the researcher allowed the respondents an opportunity of clarification, if there were any unclear questions in the questionnaire (Parasuraman et al. 2004, 174). Most of the clarifying questions were to do with the competitor question 'If you weren't here, where would you be?' which was baffling to many respondents.

As the O'Connell's business model targets different kinds of customers on different nights of the week, it was of paramount importance that the customers from all the different evenings are included in the survey. This was to ensure that the respondents represent as wide a variety of customers as was possible. The data was gathered on all other days of the week except Monday and Sunday nights, which are always the slowest nights of the week anyway.

##### **3.1.1 Questionnaire Design**

The survey was designed to reveal what the customers think of O'Connell's key services, what customer segments visit the bar and on which nights. Furthermore, the

idea was also to find out what are O'Connell's biggest competitors according to their own customers. The survey was designed to target different problem areas that O'Connell's wishes to clarify, including the interior and its functionality on live performance nights as well as what their present customers think of fans of different sports as customers in a bar. The questionnaire used in the survey can be found on Appendix 1.

The questionnaire has four sections of questions: 1) customer value, 2) customers per service provided, 3) customer preferences and 4) demographic questions. In the first section, the questions aim to distinguish the most valuable customers from the rest. This data is used to segment the respondents and also to map out the competition. In section two the questions are formulated to find out what the respondents' opinions on the existing product and service portfolio are. In section three, the opinions of possible future developments to the interior of the bar and in the operating environment are in the focus. In this section, the attitudes towards sports fans and open-ended questions about the interior of the bar are being looked at. The last section about the demographic parameters of the respondents is for identifying the segments and the typical O'Connell's customers according to this survey.

In sections 1 to 3, the question types are either completely structured, that is they have fixed alternatives for answers, or completely non-structured, i.e. completely open-ended, questions (Parasuraman et al. 2004, 165). In section 4 there are only completely structured questions. Non-structured questions are used because this way, the respondents have a free say in providing information and their motivations and attitudes are better voiced (Parasuraman et al. 2004, 166).

#### **3.1.1.1 Customer Value**

In the first section, the questions are about how often and where the customers go out, how much money they spend on average and what other establishments do they visit on their regular night out. This set of questions is meant as background indicators and as a means of segmenting the different customers to groups according to how much

they spend money and how often as well as how often they spend money and time at O'Connell's.

The first two questions of the questionnaire are open-ended for the respondents but according to the responses, a ratio scale will be drawn. Ratio scale is used because it has a natural zero point. A normal interval scale does not have a zero point and it is impossible for anyone to spend negative figures at a bar or visit one -2 times a year (Aaker, Kumar & Day 2004, 285). The following question is for the respondents to list their favourite establishments to visit on a night out. This is used to map the competitor situation. Linked to the competitor question is a question about how often the respondent visits O'Connell's specifically on a night out. An ordinal scale (the scale has an order where the value grows to the other direction and diminishes to another according to Aaker et al. 2004, 284-5) is used. The scale in the questionnaire has four categories, from 'every time' to 'this is my first time'. The ordinal scale was chosen, because the rate of visiting a bar is not easy to remember accurately as a numerical value and can vary quite a lot in time but an overall feeling of more or less is easy to state. This reasoning also applies to question 7 about the frequency of ordering food. Furthermore, to the purpose of this question a numerical value is not necessary. The responses are background indicators for the value of the customers to O'Connell's. For example, if a respondent is a big spender who goes out quite often but they say that they rarely visit O'Connell's, it is worth noting their opinions on the services of the bar as the establishment might be missing an opportunity to gain a valuable regular customer.

The last two questions of the first set are about the different weeknights. This is important to record as O'Connell's business revolves around idea of the different customer segments and service offerings per night. For these question, numbers 5 and 6, a nominal scale is used. This scale only lists the different options and their frequency can be calculated, that is, how many times each option is picked (Aaker et al. 2004, 284). The follow-up to question number 5 is open-ended and it is intended for customers who only visit O'Connell's on certain nights, for example to participate in the quiz or to check out the bands, so that they can state their reasons for choosing the specific night. The responses can also be used to value and segment the respondents according to their behaviour.

### 3.1.1.2 O'Connell's Services

On the second section of the questionnaire, the focus is on the present services of O'Connell's. There are questions about all of the major services and how the respondents rate them. There are two open-ended questions in this section. They are for clarifying if a respondent replied one or both of the extremes when rating the services. The idea of the open-ended questions is to get the respondents to give their opinion without guiding them by the wording of the question.

Questions 6 and 7 are included in the questionnaire to give an overall view of the respondents' familiarity of the different aspects of O'Connell's entertainment. Another point is strictly marketing based: this is a good opportunity to remind the customers what O'Connell's offers. The questions serve as mapping tools for how knowledgeable the respondents are of the services and they also promote these services to those who do not yet know they exist.

A Rensis Likert scale is used with question number 8 to measure the attitudes of the respondents to different aspects of the bar. There are seven aspects, including food quality and selection as well as live performance nights and the quiz. These were selected to be included because some of them are quite new, others are hugely popular and furthermore, the bar owners have never had a customer survey done before that would have included the entertainment and the selection of foods and beverages in it. A traditional four-point scale is used from 'hate' to 'love'. According to KvaliMOTV article Mittaaminen (Saaranen & Puusniekka 2006), the Likert scale is used to map attitudes and rate the respondents according to their like-mindedness. This question is followed by two open-ended questions where the respondents were asked to clarify if they hated or liked some of the points in question 8. This set of questions should yield the attitudes of the respondents to different service offerings of O'Connell's, and when these attitudes are mirrored against the background variables and segments, a picture will emerge which allows the bar to strategically plan their future services according to the opinions of its most lucrative customer segments.

### 3.1.1.3 Customer Preferences

The theme of the third section is in fact the central issue of the study. It focuses on the questions about attitudes towards sports fans and about the upstairs space. These two themes were the main reasons this study was commissioned in the first place. Attitudes are generally defined as having three related components: a cognitive or knowledge component, a liking or affective component and an intentions or action component (Aaker, et al. 2004, 282). The questions in this section focus on the liking component, as the choice of bar and how one feels towards a place dictate to some extent where one spends most of one's time. The knowledge and action components are left to lesser focus because this section of the questionnaire maps out the attitudes towards possible future development of the bar and its business environment. The second part of question 11 does rub on the action component as it is about seeking or avoiding restaurants according to sports' fans, however, this also links to the liking component, as the idea behind the question is whether or not the respondent likes fans of a certain sport. The problem with the attitudes towards future development is that before changes actually take place, it is hard to know what our actions would be. However, most of us have a feeling what we like and do not like beforehand.

In this section, there is also a general question requesting the respondents' comments on improving the bar. This allows the customers to give feedback on unmet needs, which will help the company to develop their services to best meet the needs of its most lucrative customers.

Question 11 was formulated to be two-stepped. The first part simply asks a yes/no question about sports' fans and for those who answer positively, a follow-up question is asked about different sports. The idea is to get the respondents' opinion on sports' fans in a bar after a game or during a game. Football is included, because it is part of O'Connell's' selection already. The attitudes toward the ice-hockey crowd are the main priority of this question, and the rest of the sports listed are just for show and no results are expected of them. The formulation of the question and the options for answering are made as simple as possible with two options 'avoid' and 'seek'. Again, these values can be used quantitatively to identify the respondents' opinions and preferences towards fans of different sports, or more specifically, football and ice-hockey.

#### **3.1.1.4 Background Questions**

The fourth section maps out the background information of the respondents. These include age, sex, marital status, occupation, nationality and the distance from O'Connell's to the respondent's home. The questions will provide another aspect for customer segmentation by demographic variables and thus will give an interesting insight into what kind of people prefer O'Connell's over its competitors. The questions about age and the distance from the bar are open-ended. Marital status and occupation are listed as options and a nominal scale is used. Nationality is an open question but it will be treated as a nominal scale question once the answers are in. The only reason not to list the options is to save space on the questionnaire, as it would take up a lot of space to list all the possible countries.

The questionnaire is printed in Finnish and in English, this way the number of non-Finnish speakers can be recorded without actually entering that as a question in the questionnaire. The language and the nationality questions are important aspects of the survey as O'Connell's has formed a reputation of being the "home away from home" for many expatriates from all over the world living in the Tampere.

#### **3.1.2 Customer Data Analysis**

The questionnaire data is analysed in two ways. The quantitative data is analysed using statistical methods and Excel. The questions that serve to identify different customer segments are included in this selection, such as questions about demographics and spending habits as well as questions about when and how often the respondent visits the bar. The main preliminary goal is to identify different customer segments from this data according to the value the customer has for the bar. The customer segments are divided by the possible amount of money the customer spends on an average night out. The open-ended questions will be analysed as qualitative data. These are the questions that should reveal attitudes and opinions towards and about the bar. When the qualitative data is mirrored against the quantitatively derived customer segments, a bigger picture emerges, which should yield results towards the strategic market analysis. The data results are presented in section 4 of the thesis, themed by

different service aspects. Food and drink, entertainment, sports and the interior are all analysed separately.

### **3.2 Methods for Competitor Analysis**

The main competitors are picked from the questionnaire data. These will then be mirrored against different customer segments to see whether or not there is a pattern in the preferences. The biggest competitors will be listed according to the number of times they appear in the responses. Also the responses from the best spender segment will be looked into in more detail, if their preferences differ greatly from that of the others.

Competitors can also be grouped for example by their geographical distance to the bar, first group being on the same street, second on the same side of the town, between the railroad tracks and the Tammerkoski rapid, and the third on the other side of these two geographical barriers. This kind of grouping serves as a starting point for measuring how “dangerous” a competitor is. Distance is a good indicator because most people walk between establishments, when changing a bar during a night out. The closer a competitor is, the more dangerous it will be. Another option would be to group the competition according to their business type, for example, restaurants that serve food could be in one group, nightclubs in one and direct competition such as gastro pubs in another group. Also, establishments that offer one of O’Connell’s services as alternative to their offering should be taken into consideration, if they arise from the customers’ preferences. However, the final grouping will be formed once the competitors are mapped according to the survey results.

#### **3.2.1 Observational Data Gathering**

The biggest competitor establishments were visited and observed. The observational part include recording of the surroundings, testing of the service and feeling the atmosphere as well as the visible price level of the establishment and whether or not they compete with O’Connell’s with similar services. These include serving food, live



music and other live performances, sports on the big screen, and quizzes. The data was gathered after the preliminary results of the customer survey were clear. The observational techniques include structured as well as unstructured observations (Parasuraman et al. 2004, 184-5). Structured observation with a prepared form was used to find out how many customer places there are and what the price level of the establishment is. Unstructured observation, on the other hand, was used to record the atmosphere and the interior. These are aspects that cannot be measured, and therefore need to be described.

The main idea of using observational data is to map the services and surrounding of the competing establishments and to see if the establishments are bigger or smaller in capacity than O'Connell's. The customer numbers in the competitor establishments at the time of the observations are not in scope because of the time limitation of the study, so no limitations were set as to which nights the data was gathered. A checklist of the aspects that should be monitored was drawn to help the researcher to remember to check the services by all of the competitors in order to minimize the effects of human forgetfulness and error.

### **3.3 Methods for Data Analysis**

The two sets of customer data that the questionnaire yields as well as the competitor data is merged into a coherent whole by analysis. The analysis relies on the objectives of this study. The main points are to identify different customer segments, main competitors, and customers' attitudes towards the services of the bar. Using these aspects, two scenarios for strategic market analysis of the external factors are formed.

The customer segments are identified using statistical analysis. Aaker's segmenting of customers according to demographics, products, benefits, price sensitivity, loyalty and application is used in the analysis of the segment data, but for the sake of simplicity the respondents in this study are divided into segments according to their value to the bar in relation to their loyalty. To identify the different customer segments according to their frequency of visits to O'Connell's and how much money they spend, a formula was built in Excel. From the data, the responses to frequency of going out are mul-

multiplied by the amount of money the respondent spends in an evening to get the average total amount of money spent during a month. To get the value of the customer to O'Connell's, this amount is multiplied with a multiplier derived from the answers to question number 4, 'How often do you come to O'Connell's when you are out'. There were four answer options: 1-always, 2-quite often, 3-rarely, 4-this is my first time. These values are transformed to multipliers according to table 1 below.

TABLE 1. Loyalty multiplier derivation from questionnaire data

Answer in survey	Multiplier
<b>1- Always</b>	1
<b>2 - Quite often</b>	0,75
<b>3 - Rarely</b>	0,5
<b>4 - This is my first time</b>	0,25

With the customer value formula:

[(amount of times in a bar x amount of money spend/time) x loyalty multiplier]

the most profitable customers to O'Connell's can be singled out from the mass. The logic behind the multiplier is that if a customer spends a 100 e / night in a restaurant and goes out two times a month, they will spend a total of 200 e in the bars and restaurants they visit that month. Of this amount, it is possible for O'Connell's to gain some or most of it, depending how frequently the customer visits the bar. The multiplier is applied to give emphasis to those spenders who are most loyal to O'Connell's.

The customer segments are divided into four categories using the customer value formula as the basis of the division. *Regulars* is the most important segment as they have the biggest monetary value to the bar and are the most loyal customers, and thus the backbone of the cash flow. These are the customers who have scored a value over 100 according to the customer value formula. The next segment is called *Moderate spenders*, their results lie between 60 – 99.99. *Mean patrons* are the third segment, their value to O'Connell's is between 30 – 59.99. The last segment is called *Visitors*, these customers have the least value to O'Connell's. Their results are less than 29.99. The division into segments was made by taking into consideration the data and as even a distribution of the respondents to each segment as was possible.

Although *Regulars* are the most important group, it is also worth noting the *Moderate Spenders* and *Mean Patrons*, who represent the majority of the bar goers, and are most likely the customers who populate bars during weekends and holidays. The last segment is called *Visitors*. These are the people who have the least monetary value to the bar either because they do not like to spend money or they only rarely come to O'Connell's. There might be future potential in this segment, too, since the spending habits and situations in life can change sometimes rapidly and the visitors might become the future *Spenders*. The division will be helpful in the analysis of the attitudes and forming of the strategy options as the bar should be very careful not to upset their most profitable customers. Also the competition analysis will benefit from this segmentation.

Demographic factors – age, sex, marital status and profession – are used to define the average customer, and they will help formulate an overview of the different customer segments. Preferred products and applications are then analysed within the set four customer segments as well as what services and products the different segments prefer. The different services and preferred days of the week will give more depth to the analysis of the customers. These are also analysed separately, as there can be unifying aspects for all customers who visit the bar for a particular reason. Hence, the opinions and attitudes towards food and drink, the quiz and live shows and sports are analysed separately.

Before processing, the data is cleaned so that whenever a respondent has given an answer as a range, the average is calculated and used in the study as a value. For example, an answer to a question 'How much money do you spend?' an answer '5 – 15 euros' will be transformed into 10 euros. This can be done, because for the purpose of this survey, the data is not meant to be 100 per cent accurate and the questions are formulated to give an estimate, not exact figures. Also whenever there is an answer that cannot possibly be true, it is automatically deleted. For example, if a respondent says that they visit a bar or a restaurant '32 times a month' or '5 hours a month' or 'occasionally', the answers have to be discarded as there is no way of utilising such answers in the analysis.

The attitudes are mostly gathered from the open-ended questions of the questionnaire. The most important customer segments' opinions will be given more emphasis in the analysis. The answers from the open-ended questions will be used when suggestions for future strategy and development of the bar are formed.

The competitor data is gathered from the questionnaire entries, and direct and indirect competitors are identified. The indirect competition is handled as additional information if applicable when alternative options and suggestions for future strategies are formed from the customer segment and customers' attitudes. Competitors are then compared to the customer segments to see if there are differences between the segments. That is, if certain groups of customers prefer certain kinds of bars. In addition, the most popular competitors are analysed in more detail with geographic distance and similarity of the business to O'Connell's in mind. Also their price level and general atmosphere of the place are compared to O'Connell's. The most dangerous competitors are those that are similar to O'Connell's and which are not very far away and to which the most lucrative customer segment prefers.

## **4 THE ANALYSIS OF THE SURVEY DATA**

The customer survey data was gathered during December 2012 from O'Connell's on different weeknights. Only customers from Monday and Sunday nights are not represented in the data. The timing of the data gathering was challenging as December is the Christmas party month and most of the customers came later than usual and were already in a party mood when arriving. This is why the data was gathered during the earlier hours of the evening: this also ensured that the responses were not too much affected by intoxication levels of the respondents.

In the following sections below, first the average customers are described and following this, the data is analysed by the segment. The three major service topics are handled separately, first food and drink, then entertainment and lastly sports. After this the comments on the interior and other feedback from the survey are analysed. The competitor analysis is in the final part of this chapter.

### **4.1 Respondents' Background Information**

There were a total of 142 respondents. Of these, a little over 40 per cent were female and the rest were male. The respondents represent 13 nationalities from South American to European, but the majority of the respondents were Finnish: 83 per cent from a total of 140 respondents. The foreign respondents represent 12 nationalities. Majority of the respondents live in the Tampere area but there were also respondents from Beijing, Spain and from other parts of Finland. If the small number of out-of-towners is excluded from the data, the average distance to the bar was 4.5 km and median 2 km. Hence, most of the respondents live within a walking distance from O'Connell's.

The average age of the respondents was 29.3 years with median age of 28 year. The majority of the respondents were students, 38 out of 142, and blue collar workers, 35 out of 142. Furthermore, the marital status of the majority of the respondents was single with 53 answers from 142. In table 2 below, the average O'Connell's customer is summarised. He is a 29-year-old male student from Finland who is currently single.

He goes out five times a month on average, and spends approximately 28 euros per night. He lives within 4.5 km away from the bar and likes to be at home or alternatively visit Café Europa, Soho or Tuulensuu when not in O’Connell’s. This O’Connell’s persona is solely the result of averages from the data and therefore most likely does not exist, as Christensen et al (2005, 76) also noted above in section 2.2.2. However, the persona is useful in marketing communications if the company would ever want to rely on personas in their marketing.

TABLE 2. The average customer according to survey data.

Survey fields	The average customer	% of responses
<b>Gender</b>	Male	60 %
<b>Nationality</b>	Finnish	82 %
<b>Age</b>	29	
<b>Marital status</b>	single	37 %
<b>Visits to a bar / month</b>	5	
<b>Euros spend / night out</b>	27.95	
<b>Median distance from the bar</b>	3 km	
<b>Preferred competitors</b>	At home	13.50 %
	Cafe Europa	7 %
	Soho	6 %
	Tuulensuu	5.70 %

The average female and male customers vary a little from the average customer. The differences can be compared from Table 3. The women, on average, are four years younger, they do not go out as frequently as the males, the difference being 1.5 times a month in favour of the men. They spend less money when they are out and they also prefer slightly different nights to go out than men. Women listed Wednesdays and Fridays as their preferred nights out whereas men listed Saturdays and Wednesdays. Furthermore, women preferred live music more than the men although both listed the quiz as their favourite entertainment at O’Connell’s.

TABLE 3. The average customer by gender

The average customer by gender	Female	Male
Age	26	30
Marital status	single / living with someone	single
Occupation	student / white collar worker	blue collar worker / student
Visits to the bar / month	4	5.5
Euros spend / night	22.7	31.6
Median distance from the bar	3	3
Preferred weekdays for O'Connell's visit	Wednesday & Friday	Saturday & Wednesday
Preferred services	quiz & live music	quiz

The most preferred nights of the week for visiting O'Connell's are Wednesday, Friday and Saturday according to the survey. The respondents were asked if there was a reason for them to visit only on certain nights. Weekend nights were popular because the majority of people have the weekend off, and Wednesday was popular due to the pub quiz. Monday and Tuesday were the least popular days, but that is to be expected if most of the customers have been out the previous weekend. Those who preferred the quiet weekdays said they liked the quietness and that there was more room to sit.

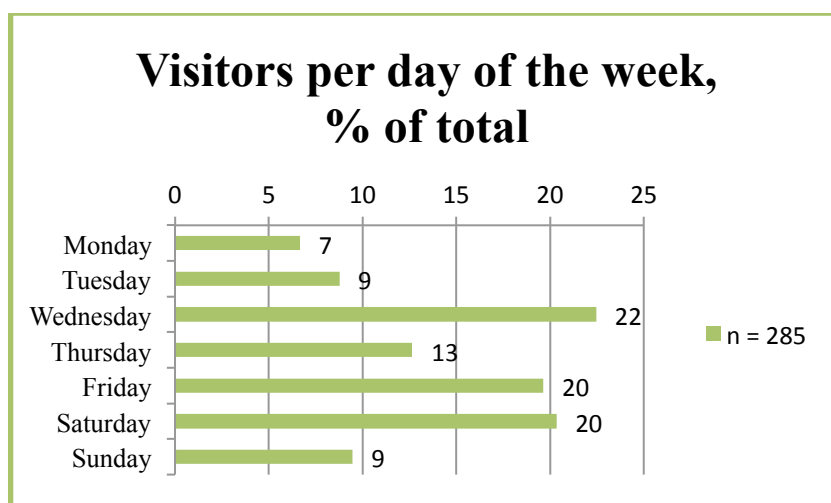


CHART 1. Visitors per day of the week.

The respondents' frequency to visit O'Connell's was also asked. This question's function is mainly to identify the regulars from the rarely visiting customers. The survey results show that the majority of the respondents either visit O'Connell's rather regularly or rarely. Both of these options scored an equal amount of answers.

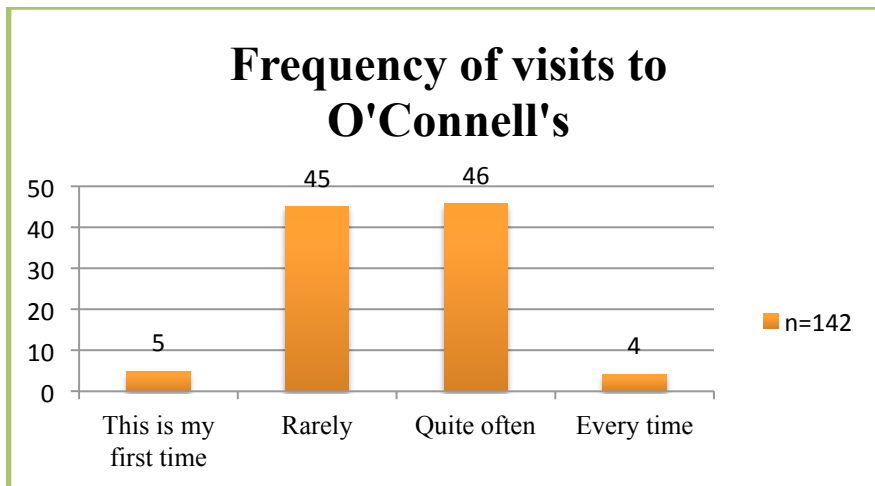


CHART 2. Frequency of visits to O'Connell's

From this result, it can be said that half of the survey respondent are regular customers to O'Connell's and the other half visit the bar more infrequently.

#### 4.1.1 Customer Segments

The data was divided into four segments according to the customer value to O'Connell's with the use of the customer value formula from section 3.3 above. The overlook of the data for the four customer segments reveals that there are also other differences in the segments than just their preferred bar and how much they spend money. The overlook of the customer segments is presented in table 4 below.



TABLE 4. Comparison of the four customer segments

Comparison	Regulars, n=32	Moderate Spenders, n=34	Mean Patrons, n=41	Visitors, n=35
Age	30	26	28	29
Gender	male	male	male	female
Marital status	single / married	single / mar- ried	single	single
Occupation	blue-collar worker	student	student	worker / senior offi- cial
Visits to the bar / month	10	5	4	1
Euros spend / night	30	25	27	28
Median distance from the bar	2	5	2	4
Preferred weekdays for O'Connell's visit	Wednes- day	Saturday	Wednes- day	Friday
Preferred services and entertainment	luiz	quiz & St. Patrick's day	live music	luiz

From the comparison it can be seen that the *Regulars* are older than the other customer groups. They are single or married and work mainly in blue-collar jobs. They visit bars 10 times a month and spend approximately 30 euros per night. Most of them live within two kilometres from O'Connell's and the city centre in general. The preferred entertainment for this group at O'Connell's is the quiz and quite logically from this it follows that their preferred night out is Wednesday.

The *Moderate spenders* are the youngest group of the four. The majority of them are men and they are still students. They, too, are either single or married. They go out half as much as the *Regulars*, five times a month and spend on average 25 euros per night. Of all the segments, they live the farthest away from O'Connell's as the median distance for this segment is five kilometres. They prefer to go out on Saturdays and their preferred entertainment is the quiz and St. Patrick's Day.

*Mean patrons* are single men in their late 20s. They too are students but they are separated from the *Moderate spenders* by their marital status, location and preferred entertainment option. They are mostly single and they live very near the city centre, two kilometres away from O'Connell's, and they prefer live music to other entertainment.

However, although live music nights are on Friday nights, their preferred night out at O’Connell’s is Wednesday.

The *Visitor* segment is then rather different from the others. Most of the respondents belonging to this segment are women. They work, either as blue or white-collar jobs or on higher-level positions and are on average 29 years old. They go out once a month on average and spend the second largest amount of money, 28 euros per night. They prefer to go out on Fridays and their entertainment of choice at O’Connell’s is the quiz. This group also lives rather far away as the median distance to O’Connell’s is four kilometres. This group also includes most of the out-of-towners, which also explains the median distance to the bar.

The frequency of visits reveal that the *Regulars* are the most loyal customers to O’Connell’s. 78 per cent of them come to the bar every time or quite often when they go out. Of the two following segments *Mean patrons* and *Moderate spenders* visit the bar equally frequently. The *Visitor* segment, on the other hand, is a rare sight as is expected of a group that goes out fairly seldom in general.

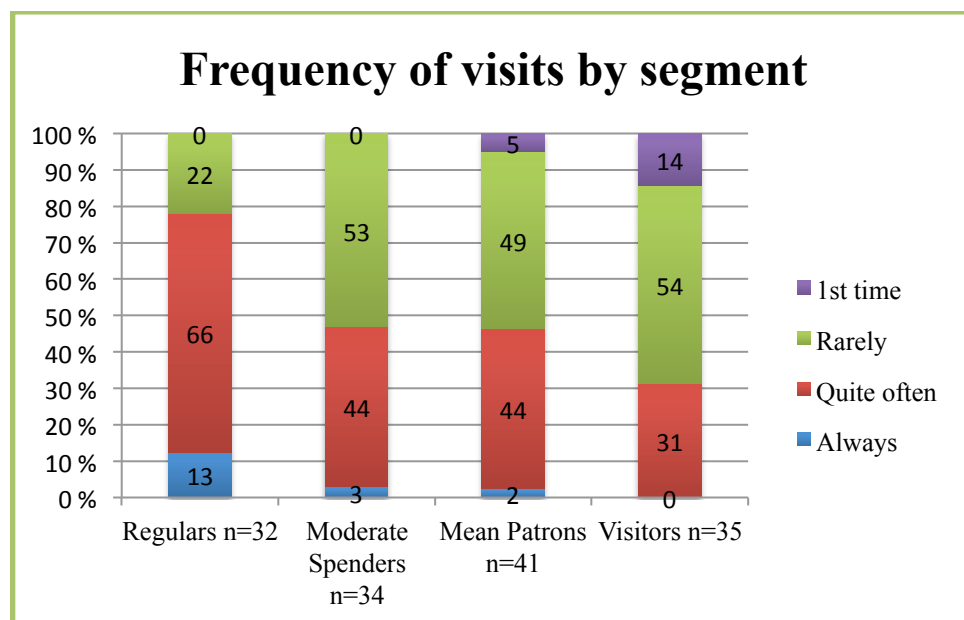


CHART 3. Frequency of visits by segment

The preferred days comparison between the different segments show that the *Regulars* populate the quiet days of the week, Monday, Tuesday, Thursday and Sunday.

Fridays are preferred by the *Mean patrons* as well as Tuesdays and Wednesdays. The *Moderate spenders* prefer the weekend days, Saturday and Sunday, over the rest and the *Visitors* spread rather equally over the week, although there is a clear increase in their numbers on Wednesdays, Fridays and Saturdays. The popularity of the week-days might be explained by the out-of-towners, who are mostly visiting Tampere for work and pop in in the evening as an alternative to staying in the hotel room.

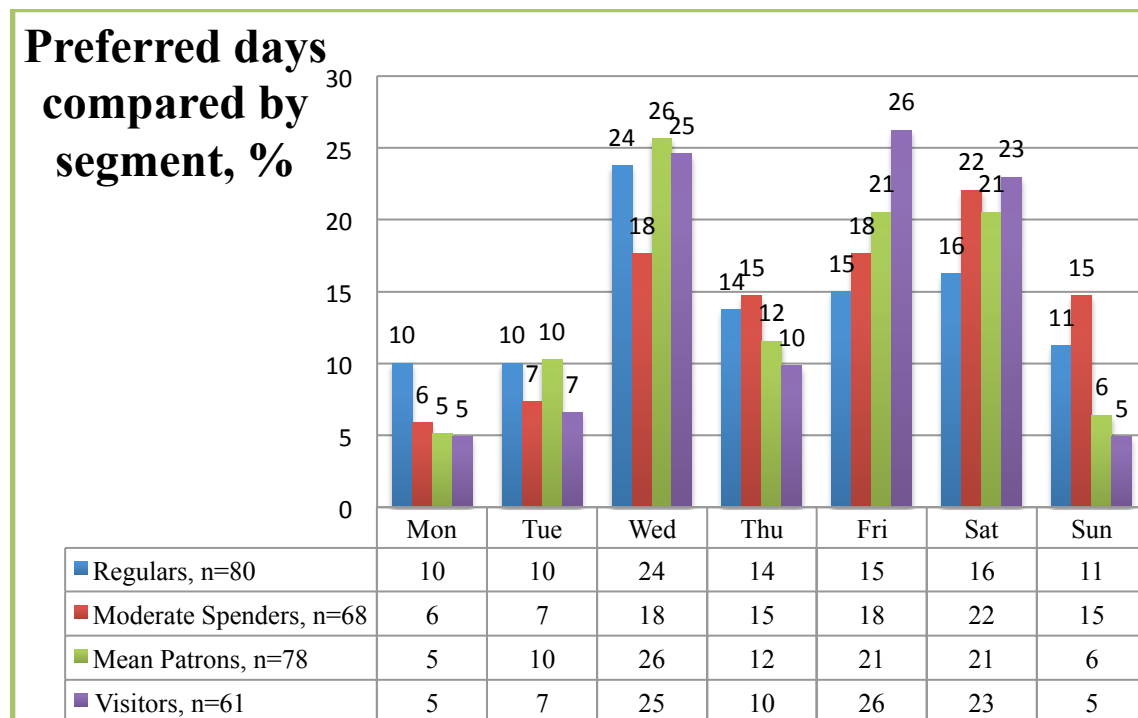


CHART 4. Preferred days compared by segment

The reason for the large amount of infrequent customers on Wednesday might be the quiz. There are quite a lot of regular quiz goers who invite their friends to join the quiz as well. Also the reputation of the quiz as the best in Tampere might help as an invitation for new customers to come and check out the bar.

#### 4.1.2 Food and Drink

The respondents were asked how often they order food at O'Connell's. The majority of the respondents said that they order food rarely. This group represents 45% of the

respondents. 'Quite often' and 'Every time' gathered a total of 39% of all the answers and 17% had never ordered anything to eat.

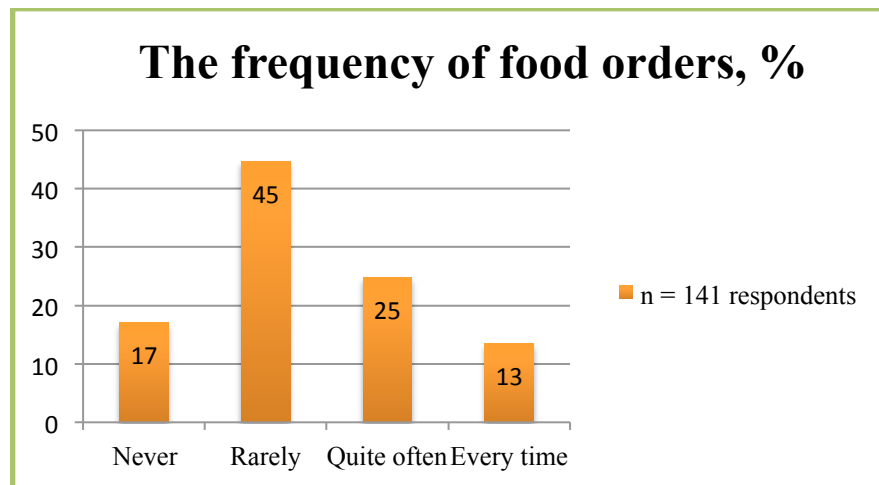


CHART 5. The frequency of food orders

If the same question is studied segment by segment, the pattern that the infrequent *Visitors* and *Mean patrons* represent the majority of the 'Never' and 'Every time' options emerges. The more frequently visiting *Regulars* and *Moderate spenders*, on the other hand, have ordered food but do not do so every time.

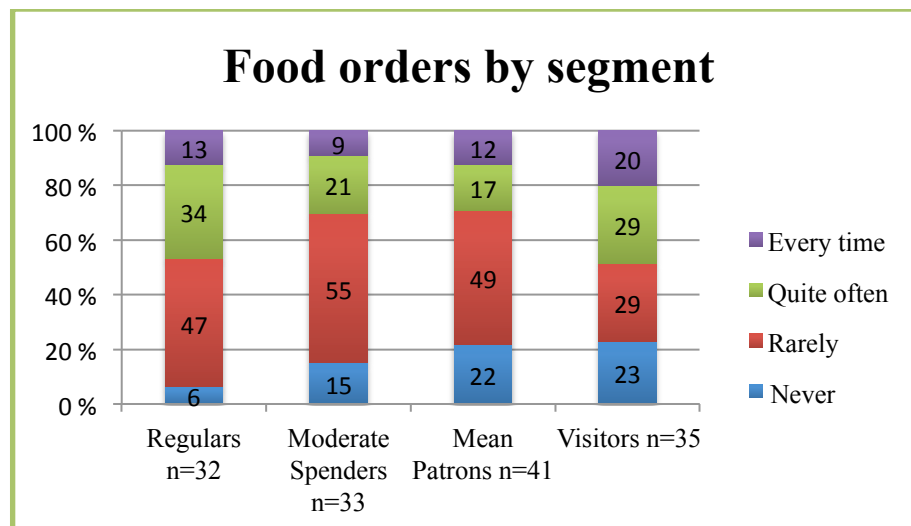


CHART 6. Frequency of food orders by customer segment

The *Visitor* segment shows that the occasional customers are also familiar with the dining option as the amount of respondents tie if the data is divided from the middle. Rarely or never score 51% and quite often or every time 49% of responses. Otherwise

the majority of the customers from the rest of the segments rarely order food at O'Connell's. Nevertheless, it can be argued that it is not unfamiliar for the customers who come to O'Connell's that they can also order food if they so wish, which means that the menus are well displayed and the process of ordering food is simple enough for new customers to try it out.

Food quality was rated negatively by 12% of all the respondents, and the selection on the menu by 12%. The selection of drinks was rated negatively only by 6%. In the figures below, the food and drink data has been depicted first from the whole survey and then, the food selection and quality opinions are depicted per segment.

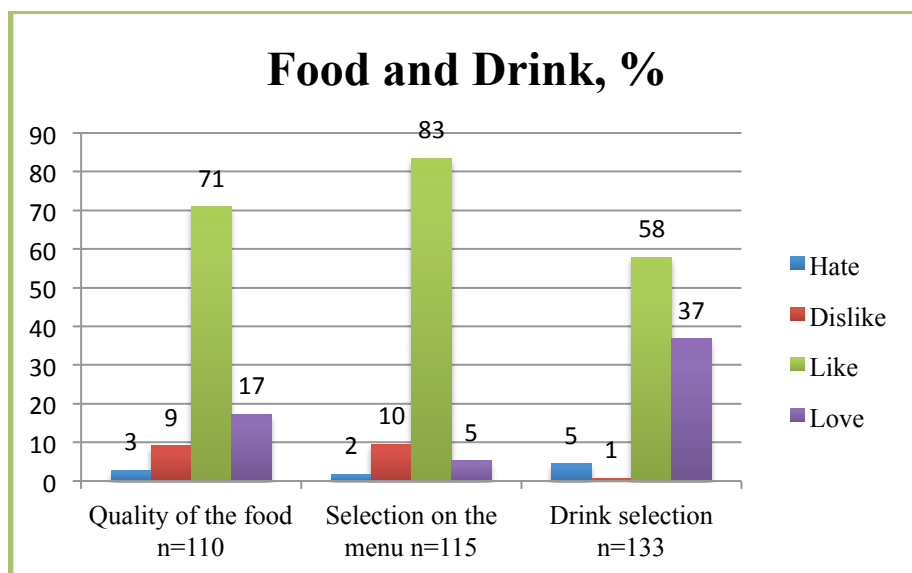


CHART 7. Opinions of food and drink

From the food and drink chart above, it can be seen that the food quality gathered more 'love' than the selection on the menu. The division of the results by segments shows that there was no one of the *regulars* who hated the food quality or selection on the menu. However, the selection on the menu was not 'loved' as much as the food quality but it gathered more 'like' votes in all segments than the quality. All in all the assessment on the food served at O'Connell's was rated well as there are strikingly few negative answers.

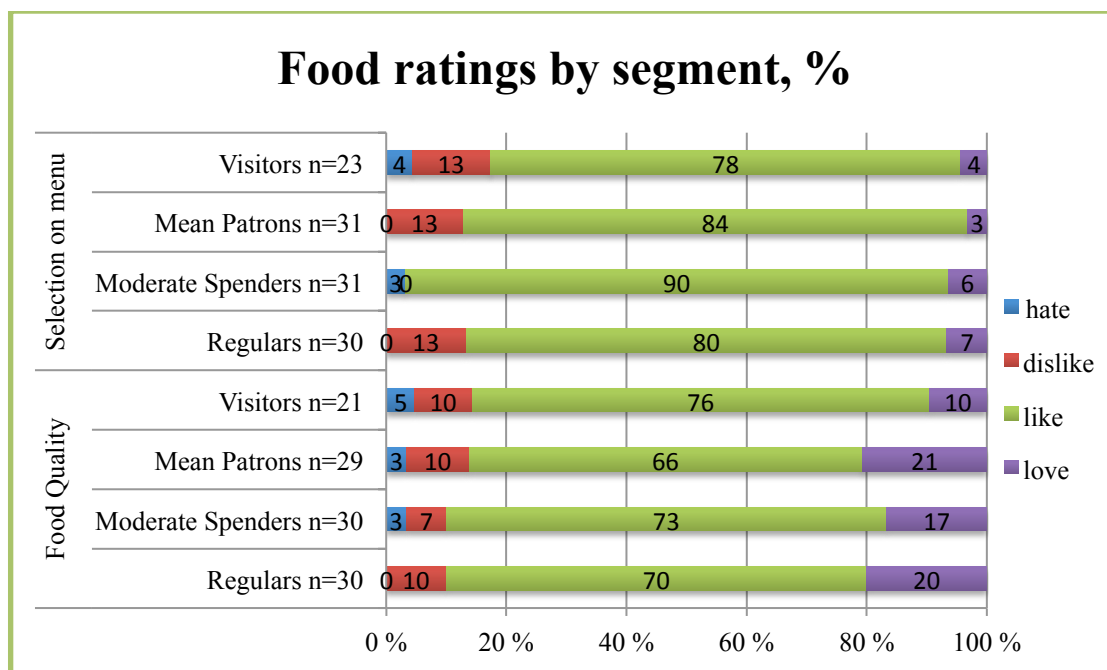


CHART 8. Opinions of food quality and selection per segment

The few who did not like the food quality or selection, justified their answers in the open-ended part of the question. Someone wanted more seafood; someone did not care for pub grub and two complained about the inferior quality in general. High prices were also mentioned. There was also someone who wanted less mayonnaise, someone who wished to see ice cream on the menu and another who wanted burgers. The latter wish however, would put O’Connell’s in direct competition with its nearest rival, Soho, where the menu is based on burgers.

Food selection and quality gathered a lot of positive answers although not as much as the drink selection. From the positive feedback on the food selection and quality, the most noteworthy instance is the fries. They were lauded in many of the responses. Someone even said they are the best in Finland while a few claimed them to be the best in Tampere. Furthermore, the dips were also mentioned a few times. The size of the dishes was said to be perfect and the menu included ‘almost all the things one could hope for’.

The drink selection was very well rated indeed, with 95% of the respondents giving the selection a positive rating. The same trend continues within each segment. The *Regulars* rate the drink selection the most positively and the *Mean patrons* and the

*Visitors* are the most negative in their assessment. The data by segment can be compared in Chart 9 below.

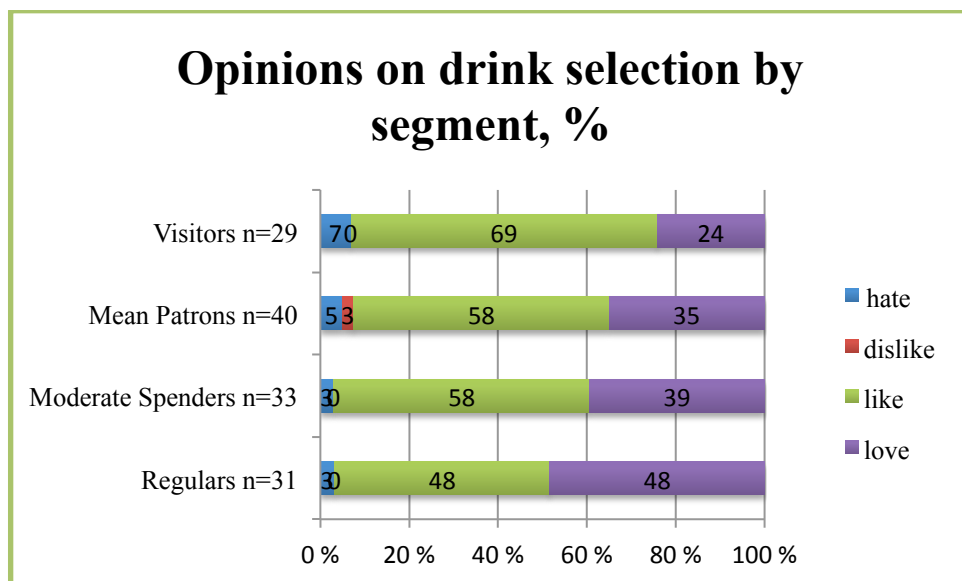


CHART 9. Opinions on the selection of drinks per segment

It is clear that the drink selection is the reason why most of the people come to O’Connell’s. From all of the respondents, 37% rated it worthy of their love. The reasons given reflect the standard of the bar. The range and variability of the beers and ciders to choose from were lauded as well as the selection of whiskies and the range of hot drinks. Many also noted the high quality of the drinks, Irish coffee was said to be the best in town and someone’s reason was simply ‘Guinness’. Unfortunately no reasons were given to the few ‘hate’ responses of the drink selection. So there is no way of knowing why some felt that the selection was inadequate. However, in the general feedback section, where comments and feedback to the staff could be given, there was a comment on the beer selection:

“Would be nice to get more beers/ciders from outside of Europe (not only typical products like Corona etc.). You could have one or two beers that would change every now and then.”

Widening the selection would not be a bad idea as most of O’Connell’s competitor pubs and bars focus their drink selection on European drinks.

### 4.1.3 Live Shows and the Quiz

Live performances and live music gathered quite a lot of negative responses. Of these two, live performances scored 33% of ‘hate’ or ‘dislike’ answers as did the live music evenings. On the other hand, it should be noted that still the majority of the respondents liked the entertainment. The overall results from the survey are shown in chart 10 below. The reasons for the negative feedback were that the music taste of the respondent was not in line with the bands’ style of music. Furthermore, there were comments that the music was noisy and that the bar was too crowded when there was a live show. On the other hand, the live performances were said to bring the place alive, some said that the bands and other entertainment were well chosen and that the atmosphere was great during the performance nights. It was also noted that it is nice that local bands get opportunities to perform.

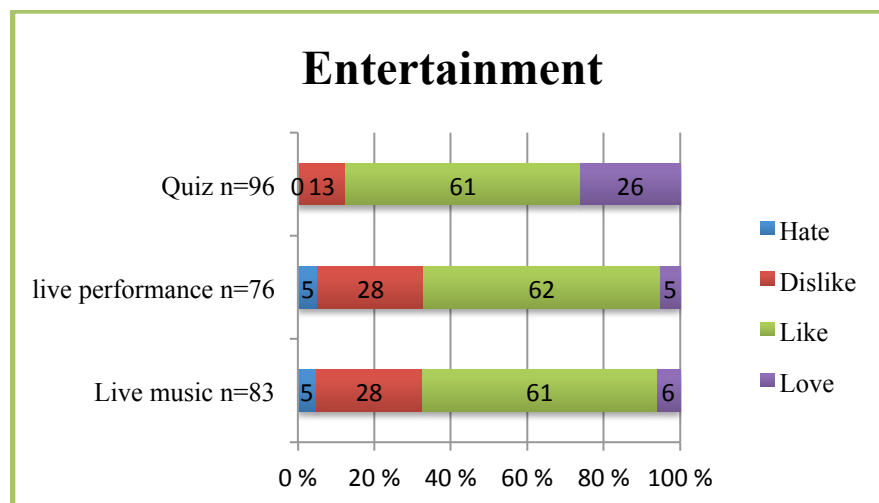


CHART 10. Entertainment ratings from survey

When the responses for the live entertainment are split by the segments, a pattern emerges. For live music, *Regulars* and *Mean patrons* feel the most positive about it where as *Moderate spenders* are split equally between the ‘like’ and ‘dislike’ options. *Visitors* are the most negative of the segments, but on the other hand, only 16 answered the question, so no major conclusion can be drawn from the data regarding this segment.



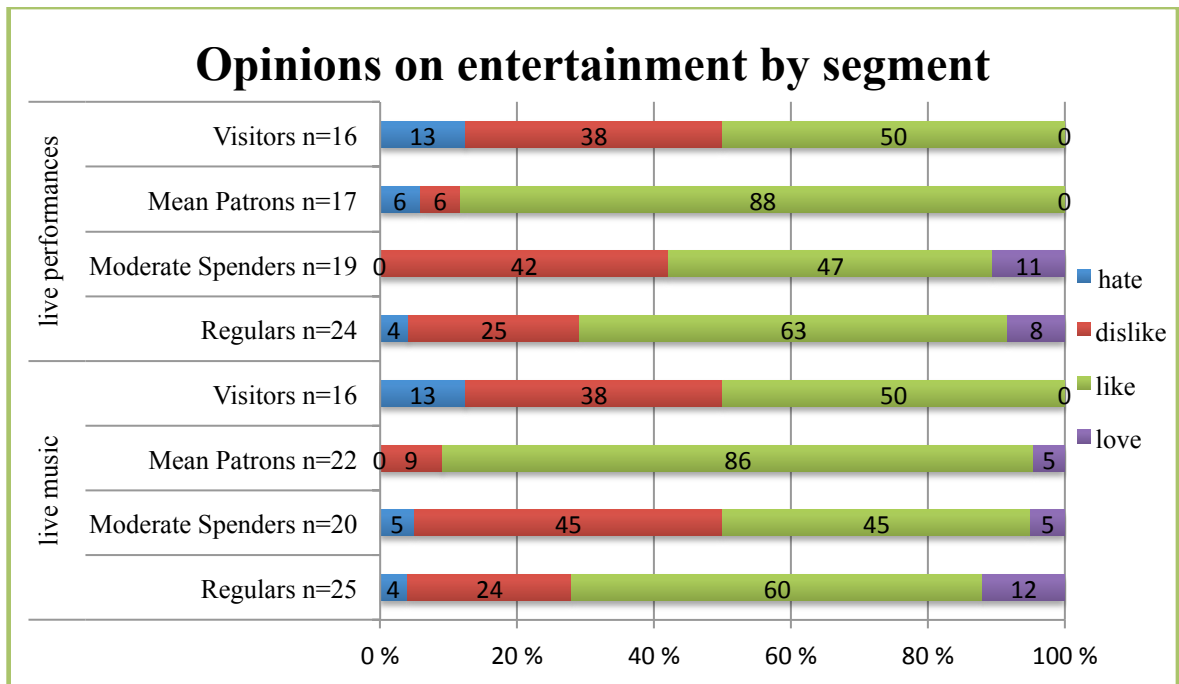


CHART 11. Live music and live performances ratings by segment

The live performances were rated along the same lines with the music and here too, the *Moderate spenders* and the *Visitors* rated the shows more negatively than the *Regulars* and the *Mean patrons*. The amount of respondents is slightly smaller with the performances question, so it can be argued that not all customers have yet found the shows. This is not surprising since the shows have run for less than a year and they are not a weekly entertainment option, but both the stand-up and improv are staged once a month on a Thursday night.

The quiz gathered quite a lot of positive feedback. It did not get any ‘hate’ responses and only 12 ‘dislikes’ resulting in a negative assessment of 13% of the respondents. The biggest fans of the quiz are found in the *Regulars* segment with 31% of the respondents stating their love for the quiz and a whopping 90% assessing the quiz positively. The other segments follow this same logic without any major differences between them as can be seen from chart 12 below.

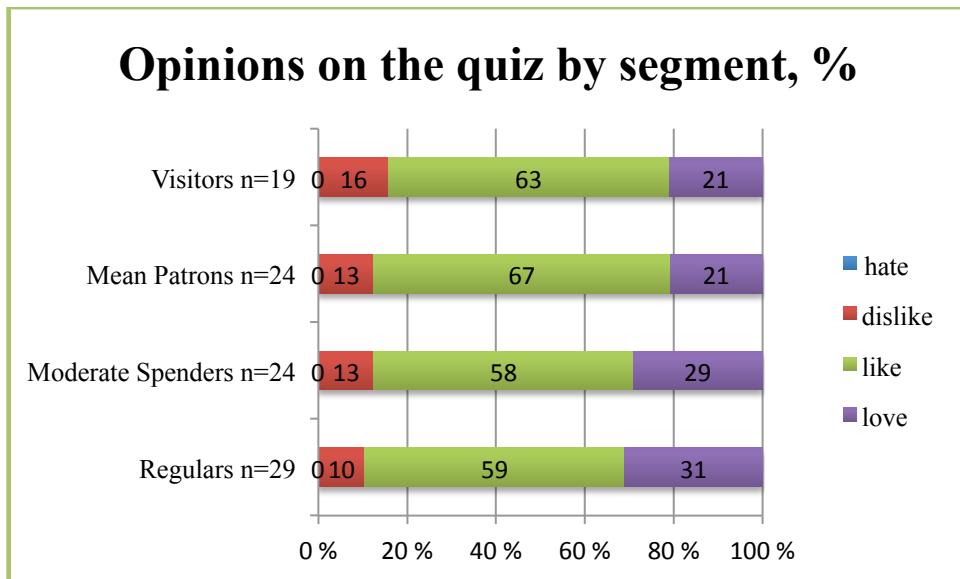


CHART 12. Quiz ratings by customer segments.

On the open-ended feedback part, the quiz was said to be well organised and the questions were lauded to be just challenging enough. The wide subject range of the questions was also praised. A few respondents also said that the quiz is the best in Tampere. Although the quiz was the only entertainment that did not gather any ‘hate’ answers there was still feedback on the open-ended question about the quality of the quiz. It was noted that the quiz has somewhat deteriorated “after Jukka left”.

#### 4.1.4 Sports

The respondents were asked if they have been at O’Connell’s to watch football or some other sports on the big screen. Out of the 142 respondents, 42 had watched football, and 25 who had watched other sports at O’Connell’s. The ‘yes’ responses can be seen in chart 14 below, divided in the four customer segments.

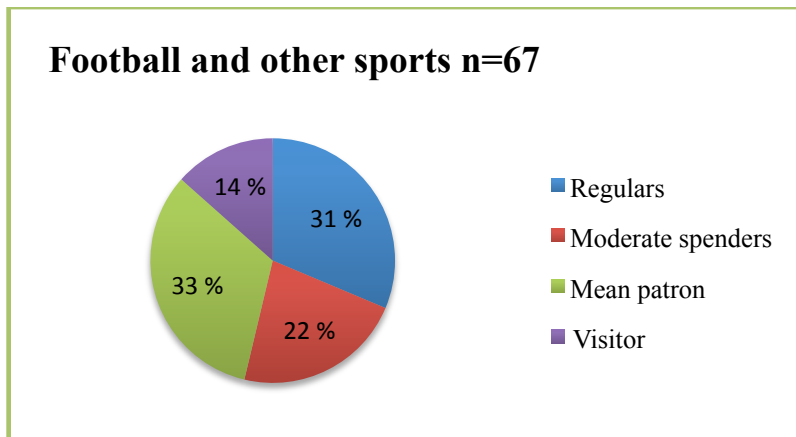


CHART 14. Division of sports followers by segment

What is notable about the pie chart is that the two biggest groups who have watched sports at O'Connell's are the *Mean Patrons* and the *Regulars*. The second most valuable customer segment, the *Moderate spenders*, are less frequent in following sports at O'Connell's.

There were 34 out of 87 respondents who chose 'hate' or 'dislike' as an option for sports and of them, as many as 13 who chose 'hate', resulting in 39% of all the respondents choosing the negative value for this question. However, the majority of respondents to this question still 'liked' the sports and there were even 8% who 'loved' the sports at O'Connell's, although O'Connell's is not a sports bar *per se*, when the nearest pub and one of O'Connell's competitors, Soho, is.

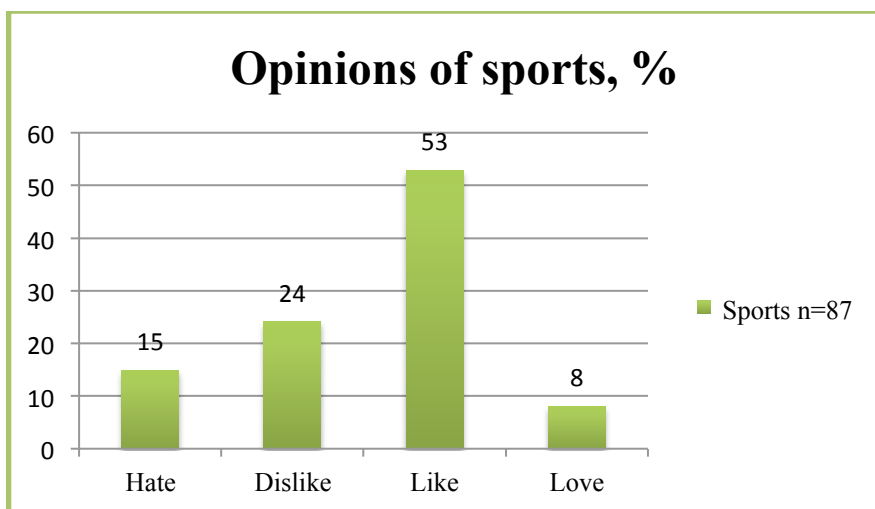


CHART 15. Opinions of sports on the big screen

When the data is analysed segment by segment the differences are shown. The regularly visiting *Regulars* like the sports on the big screen whereas the *Visitors* are the most against it. The reason for the negative assessment was that the respondents did not like football. Another interesting point here is that although the *Moderate spenders* are less frequent in their sports consumption at O’Connell’s, their opinion of the sports on the big screen is rather positive. They assess the sports broadcasts more favourably than the *Mean patrons*, who have watched the sports at O’Connell’s more than them. Perhaps knowing what is on offer has made the *Mean Patrons* more critical towards the sports offerings.

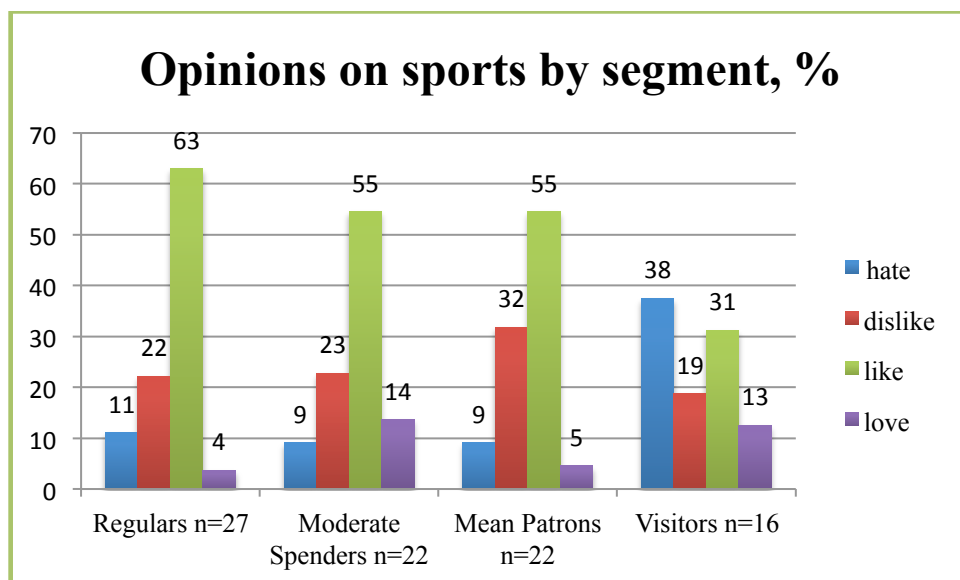


CHART 16. Opinions of sports on the big screen by segment

Other reasons for the negative feedback on the sports questions were that the respondents were not interested in sports. Also distraction and disturbance to a quite night out were mentioned as reasons. One of the commentators also noted that there are too little sports on the screen for their taste. There were also two respondents who would like to see 6 Nations Rugby matches on the big screen. One of them noted that the closest place in Finland where the matches are shown is in Helsinki. Someone commented also that it is good that there are also places in O’Connell’s where the sports broadcasts do not disturb an evening and where they can retreat if the broadcast is too noisy. So it can be argued that sports on the big screen is not as big of a deal breaker for the respondents as it first may appear.

The other aspect of the attitudes towards sports had to do with fans of a certain sport. The focus of this set of questions was to find out what kind of welcome would ice-hockey fans receive at O'Connell's. Here the respondents were clearly divided. The majority of the respondents, 74% claimed that the sports' fans of a sport do not affect their choice of bar. However, that still leaves 26% of the respondents who find the fans either a positive or a negative aspect of a bar.

From chart 17 below it can be seen that the general attitude towards sports fans is rather neutral. 74% of the respondents say that there is no impact on their selection of a bar if they know that there are fans of a certain sport there. The attitude did not change according to gender either.

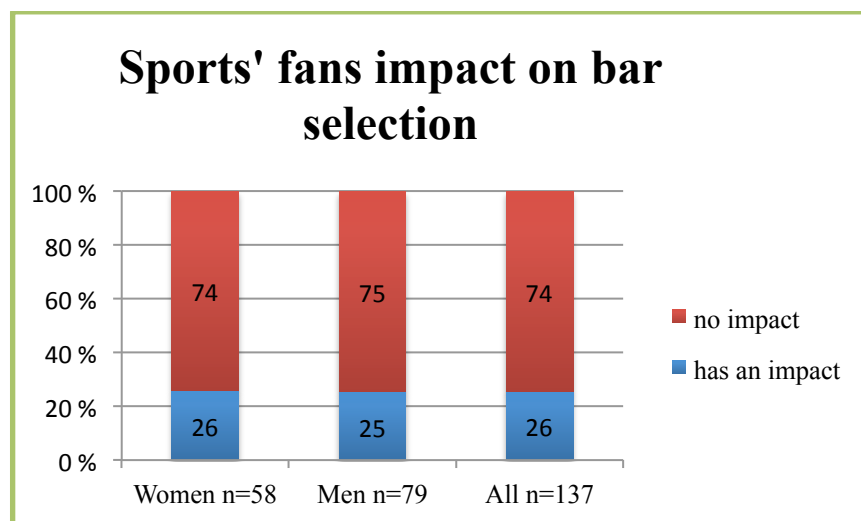


CHART 17. Sports' fans impact on bar selection.

There is slightly more variation between the customer segments, though. The *Moderate spenders* and the *Visitors* are slightly more selective in their choice of bar in this respect as can be seen from chart 18 on next page. This reflects their overall attitude towards sports in general, so it can be said that the people in these two segments are most against sports and sports fans in general. The *Mean patrons* and *Regulars* are rather even in their assessment of the fans, from both segments 4 out of 5 respondents did not mind the fans.

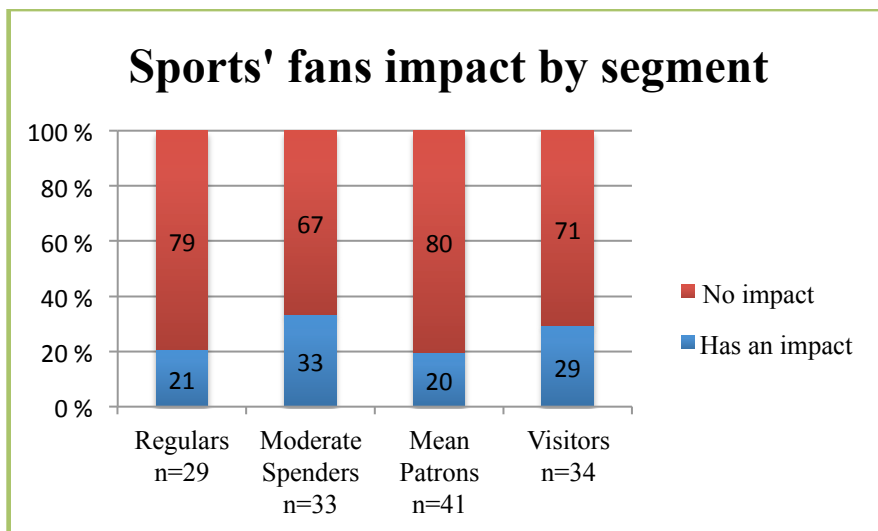


CHART 18. Sports' fans impact on bar selection by customer segment

The respondents who said they chose their bars according to the fans of a certain sport were then asked to rate five sports according to their appeal, that is, do they seek or avoid the bars where these fans are known to hang out. The results show that most of the respondents saw the sports' fans presence negatively, 'avoid' was the more popular answer in all five categories.

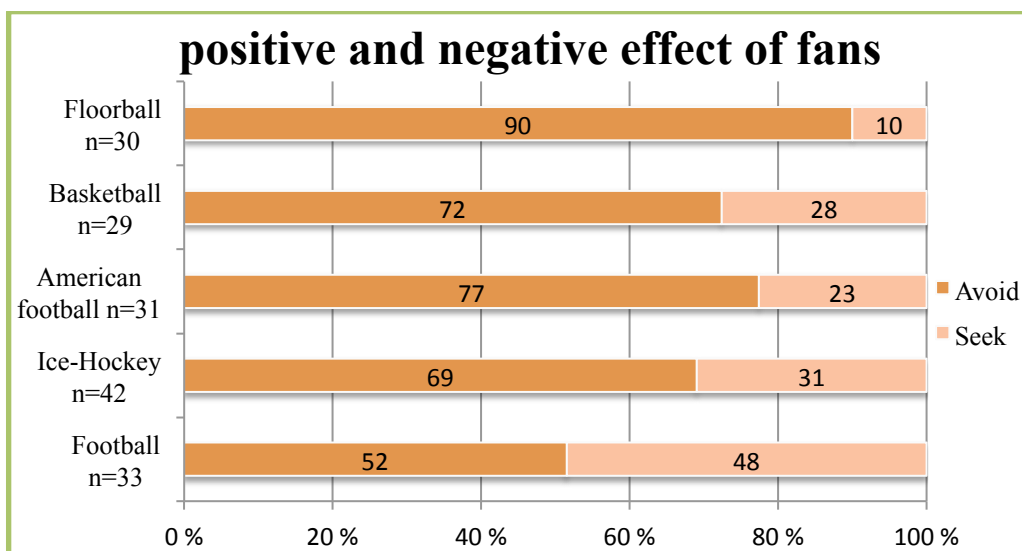


CHART 19. Fans positive or negative effect per sport

What is noteworthy about the result is the evenness of responses football gathered where as other sports' fans were avoided more than sought. The favourable assessment of football was expected, as O'Connell's has been known in the past to be the

bar of choice for Sinikaarti, the fan club of the now extinct football club Tampere United. Another noteworthy aspect of the results is the amount of people who voiced an opinion about ice-hockey fans. There were 35 ‘yes’ answers to the first question of the set and only those who answered ‘yes’ were asked to give their opinion about the different sports. Ice-hockey still managed to score 42 opinions for and against. Furthermore, of these 42 responses 69% were against ice-hockey fans.

When the results are split by the four customer segments, the differences between the segments can be seen. The *Moderate spenders* and *Visitors* are more favourable towards the fans where as the *Mean Patrons* and *Regulars* tend to avoid them. From the Seek chart below, it can also be seen that 30% of the *Regulars* seek American football but not one of them is looking for ice-hockey whereas in other segments, ice-hockey does score more and more ‘seeks’ and of the *Visitors* 46% seek it.

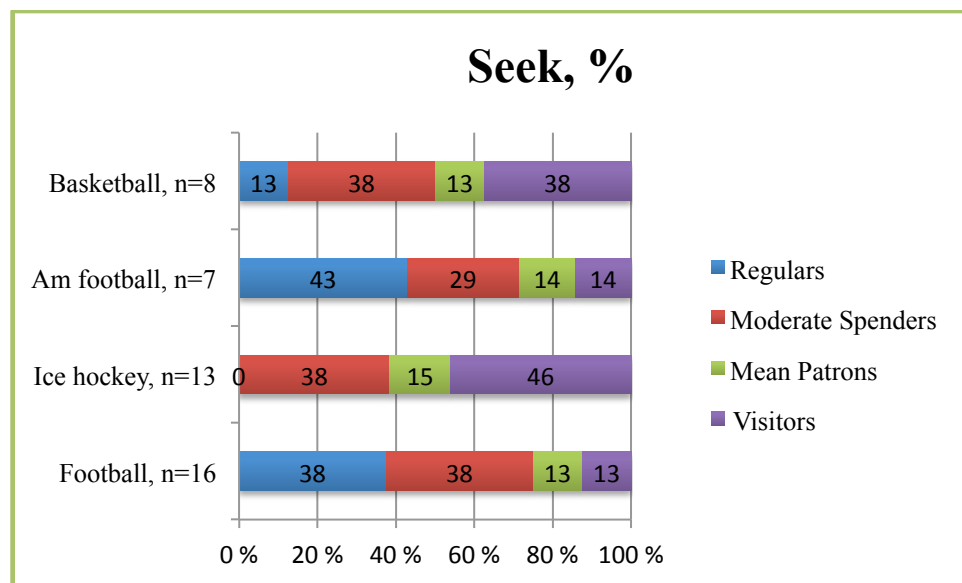


CHART 20. Fans positive effect by segment per sport

The Avoid chart below shows a reverse progress in ice-hockey and football. The *Regulars* are clearly football-oriented: ‘avoid’ only managed to get 10% of the responses, and the *Visitors* ice-hockey oriented, 21% of them avoiding football.

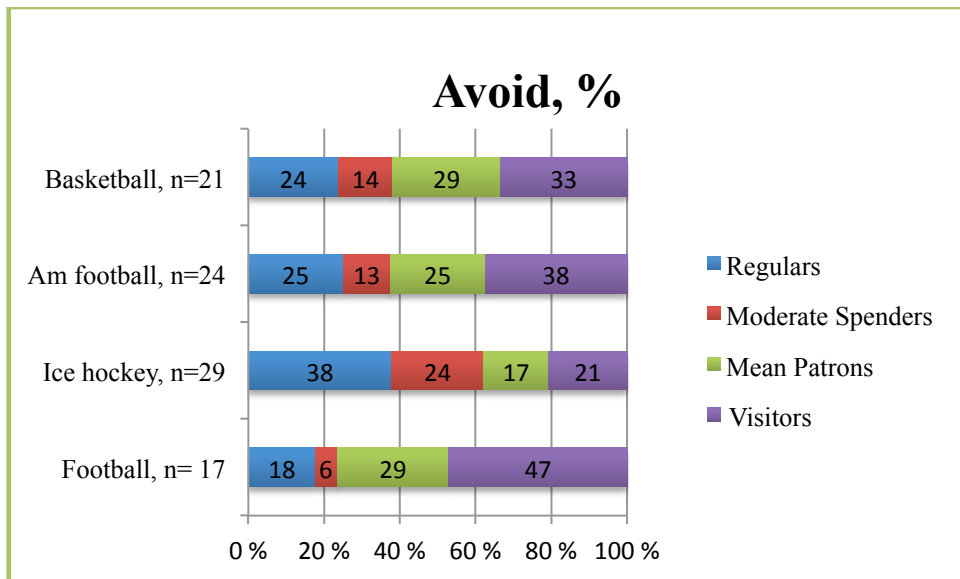


CHART 21. Fans' negative effect by segment per sport

The purpose of the question measuring the attitude towards sports fans was to find out how the customers of O'Connell's would feel towards ice-hockey fans. The noteworthy trend in the data is against them. There was no one in the *Regulars* segment who would seek out a bar where they knew ice-hockey fans would reside. The *Moderate spenders* and *Mean patrons* also leaned more towards the 'avoid' option. Only the *Visitors* were split between the 'seek' and 'avoid' options.

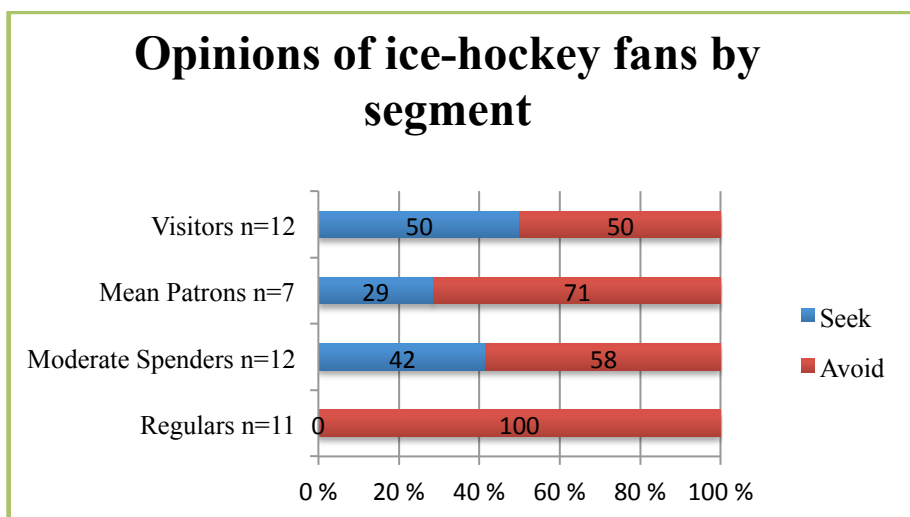


CHART 22. Opinions of ice-hockey fans by segment

Although there are not that many responses for this section, due to the nature of the question in the questionnaire, the trend can be made out that the ice-hockey fans and



the most profitable customer segment to O'Connell's do not match. However, new customers can be gained if the ice-hockey crowd should find their way into O'Connell's since the *Visitor* segment is more favourable toward them than the rest. Furthermore, it should be kept in mind that 75% of the respondents were not bothered about the sports fans in the first place.

## 4.2 The Interior and Other Comments

The questionnaire had an open-ended question about the interior of the bar and what the respondents thought of it. This was to find out what the customers think about the upstairs space as it is now. The responses, however, varied quite a lot as the survey question was deliberately formulated vaguely to avoid leading the respondents too much. There are two general themes in the answers. The first group likes the interior and wishes that it would never be changed, the other group would like to see some renovation work done as they see the interior as "worn and rickety".

The wear and tear of the place is noted in the comment section that followed the interior question in the questionnaire as well. There are comments about the need of maintenance work on the toilets (toilet seats wobble) and the temporarily unavailable TV signal for the quiz at the downstairs bar was also mentioned. The respondents thought that the Irishness comes across well and most of them like the 'not-so-polished' look of the bar as this makes the bar more authentic than the generic Irish pub interiors around the world. The seats get their share of the comments as well. Quite a lot of respondents like the sofas. The bench places and the stools, however, are commented as being uncomfortable and the tables too low.

The comments on the upstairs space continue along the same lines as the general comments. The library is said to be awesome, and someone writes about the upstairs wallpaper that it is the ugliest in the world, but they can live with it because of their love for O'Connell's. The upstairs window seats gather a few comments about how cold they are, probably also because during the time of the survey the temperature was below -10 centigrade, the air conditioning in any place at a sudden drop in the temperature lags behind a while and the windows are huge. Also, some would like to

see the upstairs bar in use more often, and on the other hand, someone wrote ‘get rid of the upstairs bar, the rest is great’.

There were also comments on the crowds. The bar counter area was said to be crowded during peak times. Some commented that they avoid Friday and Saturday nights because there are no places to sit. There were also other general comments about the lack of space and seats and the crowds. The comments about the lack of space and the crowds alongside the need for extra seats and the useless upstairs bar counter are quite clearly an indication that the respondents would greet the change of the upstairs layout positively. The extra space that the bar-counter now takes would be a welcome addition to the floor space that many complain is scarce during weekends. Also the change would serve the live performance nights as well, as there were comments about the crowds on those nights as well.

The feedback for the staff was mostly very warm and nice. Some one took the opportunity to thank the staff for the possibility to taste the beer before the purchase and another noted that the food orders come really quickly. A lot of respondents applauded the service and the good work. However, a few of the foreign respondents said that the staff should smile more. These comments were completely missing from the Finnish respondents answers. There were also comments about the quiz questions (more science questions), what dishes should be included on the menu (ice-cream and burgers), and some nice feedback on the positive development of the bar with the new services, such as the live shows and the breakfast. The general feedback from the questionnaires will be gathered in a separate file and given to the staff, so that they can see all the answers and take action if needed and seen fit.

### **4.3 Competition**

The competitors were gathered using an open-ended question in the questionnaire ‘If you weren’t here, where would you be?’. The respondents had the opportunity to give three alternatives for their being in O’Connell’s. The form of the question gave the respondents the freedom to interpret the question in very broad terms. The results reflect this freedom of choice, as ‘at home’ was the most common answer given with 43

instances out of 317. The rest of the responses spread between 65 different restaurants, bars and pubs and a number of vague options such as ‘abroad’, ‘working’ or at different hobbies and other free time activities. The fact that ‘at home’ is so popular can be seen so that the customers would have chosen to stay home if they were not at O’Connell’s. This means that their alternative means of spending an evening would not have been another pub or a restaurant. However, this also means that if the bar would become less attractive, these people would simply stay at home. How to lure them back would be tricky indeed.

### **4.3.1 Direct Competition**

Direct competition means competition between services or products that offer the same function (Competition). For example, two pizzerias are in direct competition with each other, because they offer the same product, pizza. In the case of O’Connell’s the direct competition means other bars and restaurants that offer the same service as they do. To identify the competition by the similar core product, alcoholic beverages served from the counter in a pub-like space, the direct competitors of O’Connell’s are other pubs and bars that offer this service. Of all the bars in Tampere, O’Connell’s customers listed six pubs or bars that fit in to this definition. These are Gastropub Soho, Gastropub Tuulensuu, Gastropub Nordic, Teerenpeli, Konttori, Panimoravintola Plevna and Telakka.

In a broader sense, direct competition can mean any restaurant that is open until late in the evening and that serves alcoholic beverages even if the function of the place would otherwise be slightly different, such as a café or a nightclub type of a place. If the definition is broader, O’Connell’s direct competitors also include Café Europa, Doris, Klubi and Jack the Rooster. In the table 5 on the next page, the competitors are listed in the order of most votes. The votes per place are not abundant but this list gives an idea of the preferred places of the respondents of the survey. In the table, there is the distance from O’Connell’s according to Google Maps’ directions by foot search, customer places of the establishment, the average price level of beers excluding happy hour prices, if such are applicable, and the price of food dishes. For comparison, O’Connell’s data is also entered at the bottom.

TABLE 5. O'Connell's competitors by popularity

Competitor	votes	Distance from O'Connell's	Customer places	Price level / beer 0,5 or pint from tap	Price level / Foods
<b>Cafe Europa</b>	16	300m	120	6e	10 – 15e
<b>Soho</b>	14	60m	60	5.5 – 7e	6 – 17e
<b>Tuulensuu</b>	13	1.3km	65 – 70	6 – 8e	2.5 – 26.5e
<b>Plevna</b>	10	1km	400	5.9 – 7.5e	6 – 29e
<b>Klubi</b>	10	500m	with Pakkahuone 1500	4 – 6e	Lunch: 7 – 10,60e
<b>Doris</b>	10	450m		4.5 – 7e	n/a
<b>Nordic</b>	9	200m	70	5 – 7e	3 – 14e
<b>Teerenpeli</b>	9	1km	220	6 – 8e	6 – 13.5e
<b>Konttori</b>	9	300m	100	6 – 8e	n/a
<b>Telakka</b>	8	550m	120	5 – 6e	6 – 25e
<b>Jack the Rooster</b>	<b>8</b>	850m	300	4.5e	
<b>O'Connell's</b>		0	174	6.5 – 7.3e	4.90 – 15.90e

The most voted competitors were visited by the researcher on a Saturday night in early January 2013 and the look and feel of the places were recorded as well as the visible prices of drinks, what kind of customers there were at the time of the visit as well as other noteworthy aspects of the place, such as live performances, quizzes and sports. The form used in the observations is attached in Appendix 2.

From the competitors, the most dangerous to O'Connell's are the ones that are the most similar and the closest. The distances are depicted on a map in image 1 below. The closest competitors are Soho, Nordic, Konttori and Café Europa. The price level in all these establishments is quite similar, but the interior, theme and the customers are somewhat different.

Soho is the closest in look and feel to O'Connell's as they take inspiration from the same cultural background, the British pub, although Soho is English and O'Connell's

is Irish. However, this distinction is more or less lost to the general public in Finland where the history and differences of the two nations are not part of general knowledge. Both of the bars have dark wood counters and tables and are dimly lit. Furthermore, Soho is a football pub, they have TVs and a screen for showing the games and a kicker table for customers to play with. They organise a quiz and have a burger and curry based menu. However, Soho is tiny compared to O'Connell's, so it can also be seen as an advantage of having two similar bars next to each other, as they attract a similar crowd to the neighbourhood.

Nordic, on the other hand, is a Nordic style bar with a bright interior and a selection of Nordic and Baltic drinks. It is less cosy than O'Connell's or Soho with white walls and bright lighting and there are no padded seats in the place. The clientele on the night of the observations was mainly women and couples. They have a small menu of mainly Finnish based foods. Nordic, too, is on the same street as Soho and the entrance to O'Connell's and that might be one of the reasons O'Connell's customers also go there.

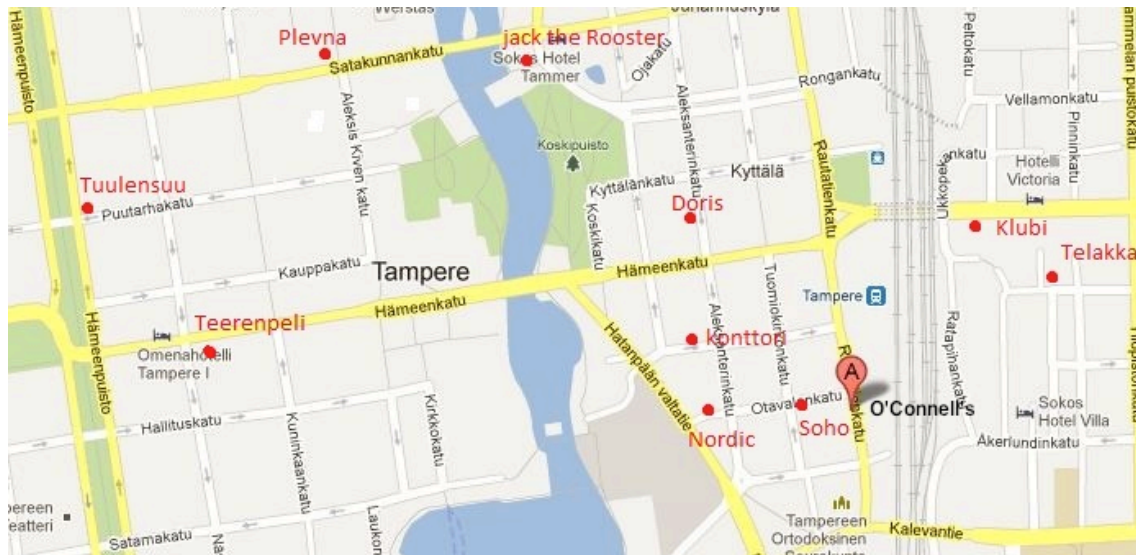


IMAGE 1. Competitors on a map, A is O'Connell's

Café Europa received the most votes and Tuulensuu was also popular. From these, Café Europa is more of a continental café that also serves alcoholic beverages than a bar that also serves coffee. So, it is quite different from O'Connell's in general, although it too has sofa sets as seats and therefore the feel of a living room. The lighting

is dim and the bar serves a selection of foods. Café Europa also has also DJs performing on selected nights. It is in favour of young adults, and there were quite a few non-Finnish looking customers as well.

Tuulensuu, on the other hand, is on the other side of town, the farthest away from O'Connell's from all of the top scoring competitors. It is a beer bar that has a massive selection of Belgian and other European beers on offer. It is a place for a beer connoisseur; an irregular visitor finds themselves baffled by the sheer number of options. On the night of the observations, the place was crowded. There were hardly any empty seats. The clientele consisted mainly of young, well dressed adults, most likely students, and older distinguished-looking couples. The place was also dimly lit and it was packed with small tables which increased the feeling of it being full. There was a continental, perhaps a Belgian or northern French menu visible and the bar also sells cigars from a huge humidor.

Teerenpeli is also quite far away from O'Connell's as is Plevna. Both of these places are brewery-based restaurants. Teerenpeli is clean, spacious and well lit with sofas as well as dining tables. They offer a small menu and they have stand-up and other live entertainment on offer in their downstairs space. They serve mainly beers and ciders from their brewery and have a respectable selection of whiskies on offer. On the night of the observations, the customers were mainly in groups of people in their forties. Plevna, on the other hand, is the only brewery operating in Tampere: the place resembles a German Bierstube with long tables and hard seats and the place is mainly a dining restaurant. However, they also have a small pub-type of space reserved for bar customers, the rest of the huge dining hall is reserved for eaters. The clientele is also older, and there are big groups of people eating.

On the list, there are quite a few places where quality drinks are served. Alongside Tuulensuu and Nordic, Plevna, Teerenpeli and Konttori are specialised in drinks. Tuulensuu and Nordic import beers and ciders on their own, Plevna and Teerenpeli have their own breweries and Konttori, too, is a place where the selection and quality of the brew are appreciated. From the list it can be said that the customers of O'Connell's appreciate quality drinks and do not settle for the standard Finnish beers that most bars offer.

There are also nightclubs on the list, Doris, Klubi and Jack the Rooster. Of these Jack the Rooster also has a kitchen, Klubi is a professional band venue and a nightclub and Doris is an establishment when it comes to ‘rock caves’ as it has been in business since the 1980s. These three represent the late night options. They are open until 4am and have dance floors and DJs.

### 4.3.2 Competitors According to Customer Segments

The four customer segments have different preferences when it comes to competitors. What is notable in the competitor data is the wide variety of options that were given. Only six places managed to get 10 or more votes. The biggest winner was ‘at home’. However, a trend can be spotted from the direct competition answers. The respondents prefer pub-like places that resemble a living room and that offer a quality of selection of beers and other drinks. The regular cheap beer bars are missing from the lists completely. The only one that comes close is Jack the Rooster, but the drinks are not the main issue with that venue. It is the rock ‘n’ roll place of Tampere where people go to see bands and where you might meet members of the local band.

TABLE 6. Competitors according to segment

Regulars		Moderate Spenders		Mean Patrons		Visitors	
Competitor	Votes	Competitor	Votes	Competitor	Votes	Competitor	Votes
At home	12	At home	10	At home	12	At home	7
Soho	5	Café Europa	5	Cafe Europa	4	Café Europa	6
Tuulensuu	4	Doris	5	Soho	3	Jack the Rooster	5
O'Haras	3	Tuulensuu	4	Plevna	3	Telakka	3
Teerenpeli	3	Konttori	4	Klubi	3	Klubi	2
At work	3	Soho	3	Telakka	3	Teerenpeli	2
		Teerenpeli	3	Konttori	3	Ruby and Fellas	2
		Salhojankadun pub	3	Teerenpeli	3	O'Haras	2
				Ruby and Fellas	3		

The *Regulars* are in favour of the pub-style places such as Soho, Tuulensuu and O'Haras. What is notable in the preferences of the *Regulars* is that their list lacks the known live music places. They are favourable towards O'Connell's live music offering, but so perhaps music is not that important for these people when it comes to the selection of a bar. The regulars also voted two indirect competitors to their list, 'at home' and 'at work'. This also reflects their commitment to O'Connell's as their bar of choice.

The *Moderate spenders* prefer Café Europa and Doris as well as the pubs Tuulensuu and Konttori. This segment, too, seems to prefer O'Connell's type of places as well as the living room-type space. Doris as a nightclub can be seen as a late night option and a place where these people go after they have had their few pints and want to go to a club. Doris is not a very dangerous competitor as such, because it is open from 10pm until 4am and thus the overlapping time of business is shorter than with the other establishments.

The *Mean patrons* and *Visitors* also prefer Café Europa to the other direct competition. These two segments also list the live music venues, Klubi, Jack the Rooster, and Telakka. This is expected with the *Mean patrons* as they are the most favourable segment towards the live music at O'Connell's also. Also Ruby and Fellas is on their competitor list. This is the other Irish bar in town that also offers food and live music, but the venue is different from O'Connell's as it is more of a restaurant than a pub.

The segmented competitor data confirms that the most dangerous competitors to O'Connell's are other pubs nearby that are not the cheapest but which offer a wide selection of good drinks and which are living room-like, that is, cosy, comfortable and informal. These include the next door neighbour Soho as well as Konttori, Teerenpeli and Salhojankadun pub, and a bit further away, Tuulensuu and O'Haras. These are also the places where O'Connell's most profitable customers prefer to go if they do not come to O'Connell's or stay at home for the evening.



## 5 THE SCENARIOS

From the customer data, a few key issues concerning O'Connell's arose. The general feedback was very positive. This is in line with Bogomolova's notion that the more loyal the customer is the more favourable their attitude towards the service provider is (Bogomolova 2011, 793-4). It can be assumed from this that majority of O'Connell's customers are rather loyal to the bar. The drinks selection received a lot of positive feedback as well as the food. The quiz is so far the most liked of the entertainment options, but as the other entertainment options find their audiences they might well become as popular with the customers. General feedback from the open-ended questions was that the bar is great but there is too little space during weekends, which is a positive problem for the bar but can turn into a real problem if the customers start to avoid the bar during weekends due to the crowds. The second issue was the general wear and tear of the place, which was noted by the respondents. These two put together suggest that a renovation of the upstairs bar, where there is room for improvement, would be welcomed by the customers as this would bring an updated look to the place as well as more space for the customers. There was also a niche of respondents who detested sports and another that did not like to spend their time in a bar where sports' fans were known to be. These aspects of the customer survey will be taken into consideration in the scenarios below.

The possible changes in the operating environment of the bar include the planning of the Tampere Central Arena for an upscale ice-hockey rink for the two major clubs in Tampere, Tappara and Ilves. The Arena, depicted in image 2 on the next page, would also serve as an event venue where big concerts, fairs and shows could be organised. The Arena is not yet materialising, although the city has given it a permission to be built above the railroad tracks right next to O'Connell's, between the Orthodox Church and Technopolis. However, the Arena organisation has not yet found enough investors to start the construction work. However, their plan is to start building it in the spring 2014 and the construction work would take two years. That would mean that the arena would be open for public in 2016 (Tampereen Keskusareena).

Although it is uncertain if the Arena is actually going to be built, the possibility is real enough and will have an impact on O'Connell's if it will. As a strategic market management concept requires, this kind of major change in the near future right in the vicinity of the bar should be taken seriously and thorough consideration should be given to it (Aaker 2008, 89-91). In this case, scenario analysis can help deal with the uncertainty and help adapt to the possible changes more quickly than without the alternatives (ibid.). Aaker (2008, 91) also points out that when the strategic uncertainty is immediate and its impact is high, an in-depth analysis and development strategy should be drawn. If one of the two changes, monitoring and contingent strategies should be drawn to prepare for the change. In the scenario analysis below, both the Arena and no Arena options are included in the scenario planning as well as other possible changes that the new Arena might bring.



IMAGE 2. Central Arena plan, O'Connell's is in the corner of the yellow building marked with the red arrow

## 5.1 Scenarios

The factors that are taken into consideration when the two future scenarios are formed are the building of the Arena, possible new competition that it will bring, ice-hockey fans, changes to the city plan near the bar and the changes in the interior of O'Connell's. Also the option that the Arena is not built is included, as well as the current competitors and their position related to O'Connell's. Any possible changes in

legislation are left out as these would most likely also affect O'Connell's competitors and thus the entire industry. The time frame for the scenarios is five to ten years.

### **5.1.1 Scenario 1: the Arena is Built**

The construction work will start in spring 2014 and will have an effect on traffic planning. Most likely result would be that the road from the railway station to Sorinsilta would be closed at least partially. The noise on the construction will be ongoing for two years as the cover to the railroad tracks is built and the office buildings take shape. These changes would mean problems to the neighbourhood in general and especially during day time, when the work is on-going. Luckily O'Connell's busiest time is in the evening and during weekends, so the noise would not have a huge impact on the customers' wellbeing.

Once the Arena is ready, there will be new businesses on its premises and new flow of people from the centre of town to the Arena on game nights as well as during other events. The plan also includes a new hotel, which will be built on the opposite side of the street from O'Connell's (see the spiky buildings in the image 2). This will definitely bring new clientele to O'Connell's as well, because the Arena has room for 10.000 spectators during ice-hockey matches and depending on the event, even 14.000 during concerts when they are able to sell tickets on the ice as well ([tampereenkeskusareena.fi](http://tampereenkeskusareena.fi)). Generally this is good news for the bar. However, the ice-hockey fans were not the favourites of all of O'Connell's *Regulars*. This might suggest that at least during the home games on Tuesdays, Thursdays, Fridays and Saturdays (Ottelut), there will be some increase in the number of hockey fans. For the slower weekday nights the increase in the customer numbers would be good for the cash flow. Unfortunately these are also the nights the *Regulars* have preferred.

However, as O'Connell's has been known to be a football bar, it might be that most of the hockey fans will opt for a more hockey-friendly environment and will prefer the nearby competitors. Furthermore, the teams' fan clubs have already pubs where they meet after the games, which means that most likely the hard core fans would remain in those venues and O'Connell's would have an increase in the regular ice-hockey

crowd, many of whom most likely have already visited the place but without the reference to the sport.

The general trend in the bar industry is that the current owners are keen on selling their bars (Joka kymmenes ravintola...). This is probably due to the increasing competition as there are quite a lot of bars, the upkeep is expensive and the customer numbers have not increased due to the general economic situation. This trend, if it continues, will be positive news for O'Connell's as this would mean that no new competitors are planning to open doors right next to the bar due to the Arena, but the new establishments would probably open inside the Arena. However, this would also mean that the overall economic situation will remain as it is and the spending money the current customers have is not increasing anytime soon.

The current competitors are all doing seemingly well, so no other major changes are expected in the current situation. During the data collection period in December 2012, all the competitor bars had customers although all of them did have free tables on a Saturday evening. Furthermore, O'Connell's most dangerous competitor, Soho, is owned by a company that also owns all the 'Gastropub' bars in Tampere so their future cash flow does not depend on one bar but seven.

The renovation of the bar's upstairs space in the situation where the operating environment will change radically is still plausible. The increased space will be welcomed by the customers who now avoid the bar during busy weekend nights due to the crowds. The extra space would also be a relief to the *Regulars* who now prefer the quiet nights and would most probably not be keen on the additional ice-hockey fans. With more space, the clash of the two customer groups would be less pronounced.

Furthermore, the better viewing possibilities for the live shows, if the upstairs bar counter is removed, would bring extra benefits when the Arena hosts a big concert. The opportunity here for O'Connell's would be to host their own preshow tribute to the big stars, such as Bruce Springsteen, Muse or Lady Gaga for example. The flow of the out-of-town people to the concert venue would most likely be on either side of the railroad tracks from the station to the Arena, and this means that a great number of them would pass O'Connell's on their way to and from the venue.

### 5.1.2 Scenario 2: A Little Ado About Something

The Arena company will not manage to raise funds and will not be built. This would mean that the external operating environment is not going to change dramatically in the near future although there might be a smaller scale change in the environment due to other development projects that are underway, such as the tower hotel on the other side of the tracks and the shopping centre in Ratina. The changes in this scenario focus on the interior of the bar and how that will affect the business.

The competition environment will remain mostly static during the time it takes for the economy to recover. This means that the current competitors will remain more or less the same. There might be a few changes but no big increase in their number is expected as there are no new premises and the density of the bars, pubs and restaurants in that part of town is quite high. Soho has their niche of football and burger loving customers, but as the bar is small, some of them will continue to come to O'Connell's for football games. The expansion of the menu to include burgers would be a risk. The dish is widely loved, but as most of the pubs that serve food have them on the menu, this is a good opportunity to avoid the similarity and stand out. Of course it could be a good opportunity to test the burgers with a burger week or some such event, just to see how the crowd would react to them and would they be a success.

The problem of crowds during weekend nights can be tackled by making more room on the upstairs area. The bar counter could be made smaller or if it is never used, removed altogether and this way more room for seats would open up. Even a few tables and a wider customer area would be welcomed, according to the feedback of the current situation. Furthermore, other small repair work would be in order as the feedback from the current customers suggest that although the homey and worn down look is much loved, the place should still be structurally in shape. That is, the wobbling toilet seats and the broken furniture should be replaced. These small repairs would not alter the image and the look and feel too much to alienate the current customers and would most likely also help keep new ones to come back more often.

The renovation should also include a proper sound system or a mixing table. This would help to keep the voice level on a proper volume level and enable the customers

to enjoy the music better. The current situation is not liked by all present customers, as the volume of the bands was said to be loud at times. A proper sound system along the amendments to the upstairs space with a better viewing space should make the upstairs a proper band venue. This development would help make O'Connell's part of the music scene in Tampere and bring in new customers on band nights.

## 6 CONCLUSIONS

As a conclusion, the external analysis of O'Connell's business revealed that the bar has a relatively loyal customer base in the core and for the future, the amount of people who know about the place but come there less often is also quite significant. The biggest success factors O'Connell's has compared to its competitors are the selection of beverages, which is currently appraised by the majority of the customers, its fries and the quiz, which is said to be the best in town. Other factors that make O'Connell's stand out are the live performance nights as most of the competitors do not have any live entertainment at all and St. Patrick's Day, which is known through out the world as the ultimate Irish party. The perceived authenticity of O'Connell's compared to other Irish pubs all over the world is also a point that will keep O'Connell's few steps ahead of the town's other Irish and British pubs. The renovation work for the upstairs bar would increase O'Connell's chances in becoming a known live music joint and it would also increase customer satisfaction as now the crowds during weekends are a deal breaker for some of the most loyal customers.

The possibility of the ice-hockey crowd that the Arena will bring in should be taken as an opportunity to increase cash flow on weeknights. Majority of the current customers that responded to the survey were not bothered by them. On the other hand, six nations rugby, available in Tampere online from <http://www.watchliverugby.tv/>, would be a good addition to the current sports selection as two separate respondents out of only 142 gave feedback that they would like to watch it. That could mean that there is a niche market for the sport's lovers in Tampere as well.

The strategic uncertainty of the Central Arena is an open question but scenario 1 above should give an idea of what to expect when the Arena is up and running. The two years it will take to construct will be marked with disturbances, but all in all, the Arena will bring a lot of new possible customers right on the opposite side of O'Connell's on Rautatiekatu. The ice-hockey crowd are not the only new customers: there are also offices and a hotel included in the Arena plan and these are people who would most likely be happy to visit O'Connell's every now and then.

The scope of this thesis was too limited to conduct the whole strategic market analysis for O'Connell's Irish bar, and therefore this paper concentrated on the external analysis part only. For future actions, the next step in the strategic market management analysis would be to conduct an internal analysis of O'Connell's to find out what the performance standards at the moment are and what options there would be to better those. Also other internal determinants, such as strengths, weaknesses and liabilities should be looked at and analysed. With the internal analysis, the whole of strategic analysis would be completed and a new operating plan could be drawn from the synthesis of the external and the internal analyses. However, this thesis can help the company to better prepare for external changes and take action on those even without the internal analysis.



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## APPENDICES

### Appendix 1. The Questionnaire

Dear Patron,

The following questionnaire is for O'Connell's Irish bar's customers. The purpose of the study is to better the customer experience at the bar. All the data will be anonymous and no single response can be identified from the survey results. The study is conducted as thesis work by Jenni Rouvinen to International Business programme at Tampere University of Applied Sciences.

Thank you for your help!

Best Regards,

Jenni and O'Connell's

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### Questionnaire

1) How often do you spend time in a bar or a restaurant?

\_\_\_\_\_ Times / Week                      **or**                      \_\_\_\_\_ Times / Month

2) Approximately how much money do you spend on average when you are in a bar or in a restaurant?

\_\_\_\_\_ euros/evening

3) If you weren't here, where would you be?

- \_\_\_\_\_  
 - \_\_\_\_\_  
 - \_\_\_\_\_

4) How often do you visit O'Connell's when you go out to a bar or a restaurant?

Please circle the number:

1. Every time
2. Quite often
3. Rarely
4. This is my first time

5) Which of these weekdays do you prefer to visit O'Connell's?

Please circle the number:

- |        |        |
|--------|--------|
| 1. Mon | 5. Fri |
| 2. Tue | 6. Sat |
| 3. Wed | 7. Sun |
| 4. Thu |        |

If you only visit on specific nights, please state why?

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6) Which of the following have you participated at O'Connell's?

1. Quiz
2. Live music evenings
3. Followed football games on big screen
4. Other sports on big screen
5. St. Patrick's day celebrations
6. Other theme events

7) How often have you ordered something from the kitchen?

1. Never
2. Rarely
3. Quite often
4. Every time

8) How do you *rate* O'Connell's

	hate	dislike	like	love
1. Food quality	1	2	3	4
2. Selection of food on the menu	1	2	3	4
3. Selection of beverages	1	2	3	4

4. Live music nights	1	2	3	4
5. Other live performance nights	1	2	3	4
6. Sports on the big screen	1	2	3	4
7. Quiz	1	2	3	4

If you marked one or more of the above as 1 or 2, please state your reasons

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If you marked one or more of the above as 4, please state your reasons

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9) What do you think about the interior of the bar as it is now?

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10) Do you have any comments about the bar / suggestions for improvement / feedback to the staff?

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11) Does it affect your choice of bar if you know that the place is populated by fans of a certain sport?

1. Yes
2. No

If you answered 'yes' please rate the following sports by their positive or negative effect:

	Avoid	Seek
1. Football/soccer	1	2
2. Ice-Hockey	1	2
3. American football	1	2
4. Basketball	1	2
5. Floorball	1	2
6. Other, which:	1	2

### Background questions

12) Age: \_\_\_\_\_years

From the following questions, please circle the appropriate option:

13) Sex:

1. Female
2. Male

14) Are you

1. Single
2. In a relation
3. Married / living with your spouse
4. Married with children

15) Occupation:

1. Student
2. Blue collar worker
3. White collar worker
4. Senior official
5. Entrepreneur
6. Unemployed
7. Retired
8. Other

16) What is your nationality? \_\_\_\_\_

17) Approximately how far from the bar do you live? \_\_\_\_\_ km

Appendix 2. Observational Data Gathering Checklist

Restaurant: \_\_\_\_\_

Customer places: \_\_\_\_\_

Drink prices:

Beer: \_\_\_\_\_

Cider: \_\_\_\_\_

Wine: \_\_\_\_\_

Soft Drink: \_\_\_\_\_

Services:

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Atmosphere:

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Look and feel:

---

---

Customers:

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