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LCLM 4004 Component 1 Assessment Problem
Solving and decision making



- **OUTLINES OF TODAY'S PREZENTATION**

- A short introduction of Olive Tree Bistro business.
 - The Olive Tree Bistro is experiencing declining customer traffic and reduced profitability. The nature of the problem can be characterized as a strategic and operational issue, stemming from both internal inefficiencies and external environmental pressures . This can include raising costs such as food supplies ,wages or rent.
 - The core issue confronting Olive Tree Bistro appears to be a decline in business performance, likely reflected in falling revenues, reduced customer retention,or rising operational costs.Increased competition in the local dining sector.
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PESTEL ANALYSIS: OLIVE TREE BISTRO

1. Political Analysis:

Regulations on health, hygiene, and food safety increase compliance costs

2. Economic Factor:

Inflation leads to rising ingredient and utility costs, impacting profit margins.

3. Social Factor:

Shifting customer preferences toward healthier, sustainable, or plant-based options.

4. Technological Factors:

Rising importance of digital presence including social media marketing, online reservations, and mobile ordering apps.

5. Environmental Factors:

Pressure to adopt sustainable practices (e.g., reducing food waste, eco-friendly packaging)

6. LEGAL Factors:

Adherence to employment laws, such as working hours, benefits, and safety.

Identification of the nature of the Business Problem at Olive Tree Bistro

The Olive Tree Bistro is facing a decline in overall business performance, primarily caused by reduced customer footfall, rising operational costs, and increased competition in the local restaurant industry.

Operational inefficiencies (staffing shortages, slow service, or supply chain disruptions).

Strategic misalignment (outdated menu offerings or failure to adapt to changing customer preferences)

Financial pressures (lower profit margins due to inflation and fixed costs)

The nature of the problem is both internal and external, requiring a combined approach of internal process improvements and external market adaptation to regain competitiveness and profitability.

The Nature and Scope of Business Problem at Olive Tree Bistro Restaurant

Scope of the Business Problem;

Marketing & Customer Acquisition: Weak promotional strategies, underutilization of digital platforms.

Sales & Revenue: Decreasing average order value, lower table turnover rates.

Customer Experience: Service inconsistency, food quality concerns, or ambiance issues.

Competition: Presence of better-rated or more modern competitors in the vicinity.

Technology Use: Lack of efficient POS systems, online booking or delivery integration.

Staff Management: High employee turnover or undertrained staff impacting service levels

Nature of the Business Problem:

Declining Customer Traffic and Revenue

Olive Tree Bistro may be experiencing a drop in food traffic and revenue due to increased local competition, changing consumer preferences, or ineffective marketing strategies.

Operational Inefficiencies

Possible issues in service delivery, kitchen operations, or inventory management may be leading to longer .

Poop Oline Inefficiencies:

Inadequate digital marketing, lack of engaging social media, or poor google/Yelp reviews might be affecting brand visibility and online ordering.

Customer Retention Challenges:

Limited loyalty programs or inconsistent customer experiences could be causing a lack of repeat customers

Menu and Pricing Issues:

An outdated or overpriced menu that doesn't match customer expectations or local demand might be discouraging potential diners.

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What	Problem customer traffic and revenue	Details:Despite offering quality Mediterranean cuisine ,Olive Tree Bistro has observed a noticeable decrease in both foot				
Why	Root Causes:	Increased Competition: New dining establishments in the vicinity have attracted potential customers.	Ineffective Marketing:Limited online presence and outdated promotional strategies have reduced visibility.	Operational Inefficiencies:Issues such as slow service,inconsistent food quality, and inventory mismanagement have impacted customer satisfaction	Customer Experience Gaps: Lack of loyalty programs and personalized services have led to reduced repeat business.	

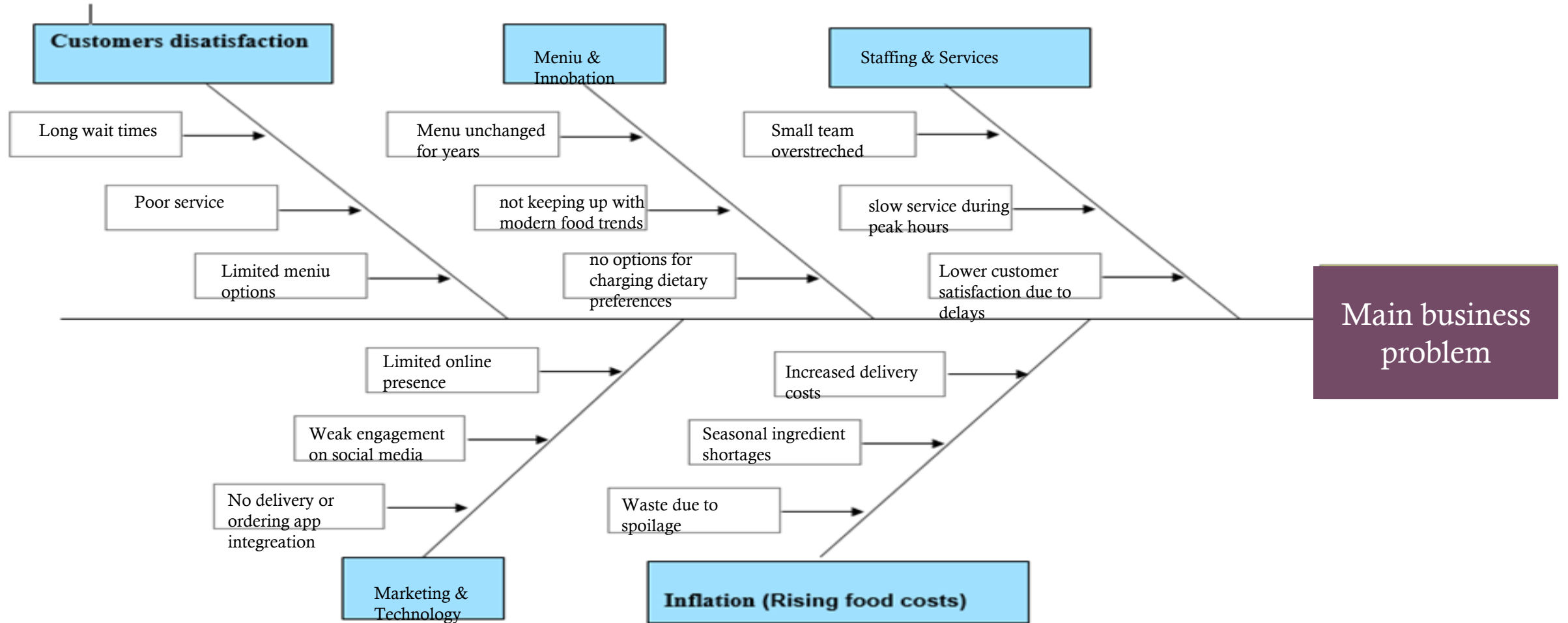
ELEMENT	QUESTION	ANALYSIS
WHAT	What is the problem?	The issue has become noticeable over the past six months.
WHY	Why is this happening?	Inconsistent food quality, delays in service, and poorly trained staff are major contributing factors.
WHERE	Where is the problem occurring?	Primarily at the dine-in service area, but online ordering also shows delays and inaccuracies.
WHEN	When did the problem start?	The issue has become noticeable over the past six months.
WHO	Who is affected?	Customers, frontline staff and management. Customer trust is declining, and employee morale is low.
HOW	How is the problem being handled?	Currently, feedback is being collected, but no comprehensive action plan has been implemented.
HOW MUCH	How much is the impact?	Estimated 20% drop in repeat customers and a 15% increase in refund or complaint-related costs.

P	POLITICAL	Government policies, regulations, political stability, tax policies, trade restrictions,				
E	ECONOMIC	Economic growth, exchange rates,inflation, interest rates, unemploymen t trends				
S	SOCIAL	Cultural treads, demographics, lifestyle changes, education levels, social attitudes				

Pestle is used to analyse the macro-environment of a business or organisation such as Olive Tree Bistro (Rastogi & Trivedi, 2016)

At Olive Tree Bistro, the Pestle framework can be applied to analyse external factors in the macro-environment, including political, economic, social, technological, legal, and environmental influences (Rastogi & Trivedi, 2016)

Olive Tree Bistro Cause-and-Effect Analysis



A PESTLE ANALYSIS OF OLIVE TREE BISTRO



Political Factors	Economic Factors	Social Factors	Technological Factors	Legal Factors	Environmental
-Food safety regulation and health inspection -Local government support for small business or hospitality grants	-Inflation affecting ingredient and labor costs -Fluctuating exchange rates impacting Mediterranean goods	-Growing demand for healthy, Mediterranean diets -Increase in vegetarian/vegan lifestyle choices	-Use of digital ordering/reservation systems -Social media for marketing and customer engagement	-Compliance with labor laws and wage regulations -Food labeling and information requirements	- Sourcing local and sustainable ingredients -Waste management and single-use plastic restrictions

List of References

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