

A Report on the Current External Challenges and Opportunities Faced by Swansea City A.F.C in the Form of a Comprehensive PEST Analysis



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MODULE NAME:	THE GLOBAL BUSINESS ENVIRONMENT (M4X00801)
NAME:	HEATHER JACKSON
STUDENT NUMBER:	1704024

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1. EXECUTIVE SUMMARY

This report looks at the Liberty Stadium, how Swansea City A.F.C manage the stadium and the events held there, a PEST analysis will be used to analyse the external challenges that the stadium faces. This report highlights the implications the external political factors have on the stadium. Factors such as the legal minimum wage requirement, this is a requirement enforced by law that all organisations are obligated to pay, the amount of pay an employee receives can affect their productivity. Another political factor is the effective management of terrorism and Swansea City A.F.C's role in the prevention of terrorism at the stadium's events.

This report also looks at the economic environment and how inflation affects the economy as a whole and how the UK currently supports a healthy rate of inflation, as well as the average household's disposable income in Swansea. This report found that the households disposable income in Swansea is increasing, it is looked at as to how this works as an advantage for Swansea City A.F.C.

The socio-cultural influences on the stadium highlighted the high density of students within Swansea population and how this works to the stadium's advantage due to events such as varsity. When looking at the technological factors of the stadium other stadiums were compared and the technology such as stadium apps were taken into consideration. These apps increase the fans experience and can create a more profitable stadium.

All of these factors have been considered when making the recommendations for the stadium and how the factors link together, to create recommendations on ticket prices for students and the connectivity of the stadium.

INTROCUCTION

2. INTRODUCTION

This report will look at the stadium management responsibilities of Swansea City A.F.C. Swansea City A.F.C is a premier league football club based in Swansea who has recently taken over the responsibility of managing the stadium (Swansea City, 2018). It is important to acknowledge that the stadium also acts as a large event centre, hosting concerts, parties, conferences and events of this type. It is this aspect of Swansea City A.F.C and the stadium that will be analysed (Swansea Council, 2018). A PEST analysis will be used to establish the economic environment of the liberty stadium. Both Tribe (2010) and Johnson, Whittington, and Scholes (2009) identified a PEST analysis as a strategic analysis of the political, economic, socio-cultural, and technological environments.

DISCUSSION

3. POLITICAL FACTORS

Most businesses are affected by the political environment, financial obligations such as taxes and social contributions need to be followed (British Government, 2018). Planning regulations is another factor that could impact upon the stadium Swansea Council (2018) and Swansea City (2018) have both suggested plans of expansion in the future. For Swansea City A.F.C to be able to consider expansion they would have to understand and comply with the current planning regulations.

Terrorism and effective terrorism prevention is a huge factor that Swansea City A.F.C need to consider. NaCTSO (2014) highlight some crucial factors for stadium and events management teams. NaCTSO (2014) state the importance of effective planning for any event held in a stadium ground, specifically that of a high-profile sporting event. *NaCTSO (2014)* also refers to the fact that *'Management already have a responsibility under Health and Safety Regulations and under the Safety Certificate issued under the Safety at Sports Grounds Act 1975 and/or the Fire Safety and Safety of Places of Sport Act 1987'*. Implying that the planning of events and knowing who and what to protect in a state of emergency is essential. Tasks as small as mail handling and scanning, and good housekeeping are as important when managing the threat of terrorism as the physical security on event days. Its recommended that the stadium management team are aware of the types of attacks, including but not limited to: firearm attacks, suicide attacks and vehicle bound attacks. All these types of attacks pose a serious threat to the liberty stadium at both Swansea City A.F.C games and when high profile musicians play within the grounds (NaCTSO, 2014).

Employment obligations are a critical political factor to the stadium, the UK Government (2018) state that everyone over school leavers age is entitled to national minimum wage, and those over twenty-five are entitled to national living wage. These wages are a legal requirement that must be employed by all businesses including Swansea City A.F.C. Gross, Guo and Charness (2015) state that if an organisation does not pay good quality productive workers above the minimum requirements their

DISCUSSION

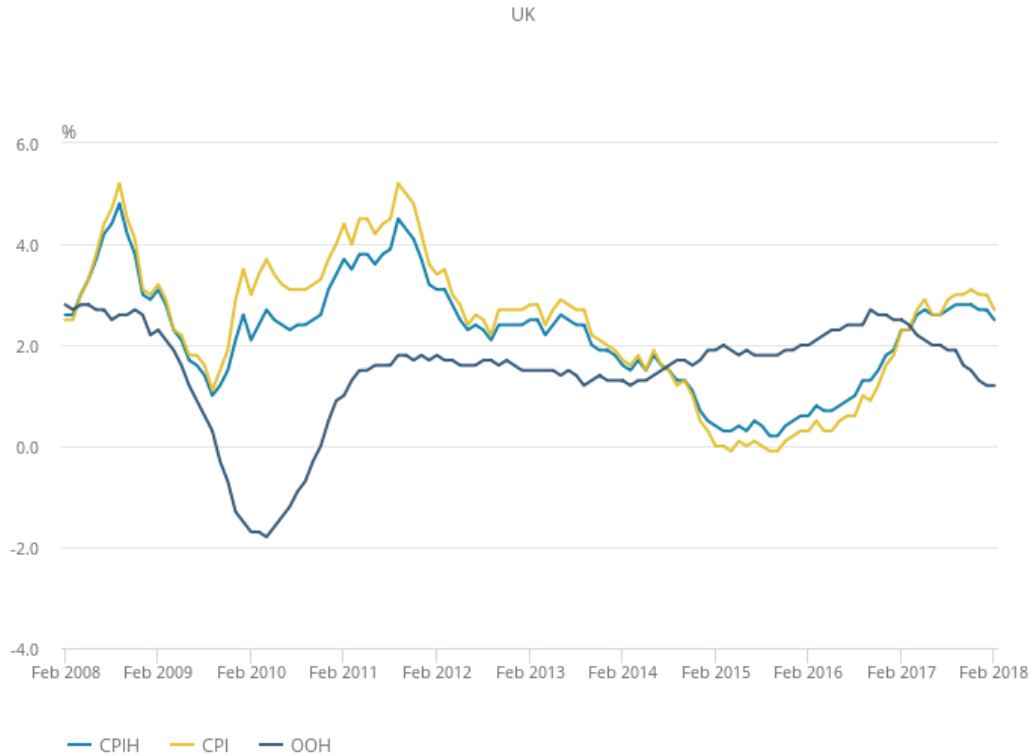
effort and quality of work will reduce. When applying this theory to the liberty stadium and Swansea City A.F.C it is important to consider the type of jobs undertaken at the stadium, security jobs need to be undertaken effectively, paying staff generously will increase the quality of work undertaken.

3.1 ECONOMIC FACTORS

Due to the limitations of this report, it is not possible to discuss the effect of every economic factor and their effect on the liberty stadium. However, the most influential economic factors will be looked at. The wealth in wales can be judged by some of the factors in the report Swansea Council (2017) released, some of this report can be viewed in Appendix A. Both the earnings in Swansea, and wales have increased, along with this the household's disposable income has increased. This is a very Important factor for Swansea A.F.C to take into consideration as when customers are purchasing tickets or booking events it is their households disposable income these purchases will come out of. Cohen (2004) discusses the effects of an increased disposable income, stating that consumers will seek out a product that has a higher value, regardless of the price. A high disposable income allows consumers to spend money on their wants as well as their needs, a need is something that is essential for someone, food and water are the most basic human needs; Whereas a ticket for a sports game or a concert would be a want. It is essential for customers of Swansea City A.F.C at the liberty stadium to have a healthy disposable income allowing them to make purchases of merchandise, food and beverages at the events. It is of advantage to Swansea City A.F.C that the household disposable income in Swansea and Wales has and is rising.

DISCUSSION

Figure 1: CPIH, OOH component and CPI 12-month rates for the last 10 years: February 2008 to February 2018



Source: Office for National Statistics

Figure 3.1

This chart from the office of national statistics (2018) shows the inflation rates over the last few years, inflation in the UK is around 3%. The UK government have an aim of 2% inflation, this is due to the implications of high inflation causing uncertainty in firms and deflation stops consumer buying. This aim of 2% keeps the market turning over steadily and allows healthy growth. A healthy rate of inflation is crucial for any businesses success, this is currently a positive factor for the liberty stadium and Swansea City A.F.C.

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3.2 SOCIO-CULTURAL FACTORS

Johnson, Whittington, and Scholes (2009) state that while the socio-cultural environment includes factors such as the population size and their demographic, it's also important to take into consideration culture. This concept of culture involves beliefs, values, and ideals, as well as the language, religious, and traditional views an individual or organisation share.

Swansea council (2016) released the statistics of the population of Swansea in comparison to the rest of Wales. Some of these statistics can be seen in Appendix B, they show a steady increase in the ages 20-24 they state this indicates a growing student population. With this age group having the highest percentage overall, Swansea City A.F.C should take the student demographics into consideration, when creating prices for events and the type of events they hold. This high demographic of students is advantageous in many ways for the Liberty Stadium one of these advantages is how the stadium hosts the varsity between Swansea and Cardiff universities every other year (Swansea University, 2018). A downside the statistics in Appendix B show is that Swansea's population is smaller than Cardiff meaning that they are less likely to secure major events at the Liberty Stadium as opposed to event centres in the capital city; This is due to the lower level of demand in Swansea.

3.3 TECHNOLOGICAL FACTORS

Due to the rapid growth in technology, there is an incredible number of technological factors that affect any organisation. When looking at stadium management it is important to see the technology that benefits the stadium itself. The focus will be on the stadium and how these technologies both hinder and accelerate the Liberty Stadium's performance and customer satisfaction separately to that of Swansea City's Football team.

DISCUSSION

Parker (2017) states that good connectivity within a stadium is detrimental to its user's experience. Not only is it important to the fans of both football and entertainment but it is critical for the staff of the stadium as well as contractors, press and VIP guests. Better WIFI connectivity can increase the purchases of food, beverages, merchandise and upgrades during any event. Better WIFI will also reduce the number of younger fans that leave the stadiums at breaks and halftime to connect to their service provider, creating a more profitable stadium. Parker (2017) also states that technology can and is redefining the fan experience, people are willing to pay more for a better experience.

With stadiums and football teams across the globe beginning to invest in interactive user-friendly app's to enhance the fans experience, allowing them to do things such as, find their parking spots, locate their seats, and order food. App's like these are considered cutting edge in the stadium industry. While Swansea City A.F.C does have an app to allow fans to listen to live audio and commentary from the match and features of this sort, Swansea City A.F.C has not yet introduced an app for the Liberty Stadium. Wembley Stadium (2018) have introduced a Stadium companion app that has an event calendar, information on the latest events and tickets, a journey planner, and an interactive stadium map. This app has been tailored to suit any stadium users experience regardless of their reason for being at the stadium. It also promotes future events and engages with potential customers, creating another platform for advertisement, particularly targeting people who already have a pre-existing interest in the stadium.

Another type of technology the stadium must manage is the pitch, the pitch at the liberty stadium has individual artificial grass fibres sown into it, being considered a state of the art football pitch (Liberty Stadium, 2018). As the grass at the stadium grows the artificial fibres will grow with it, advancements in pitch technologies are important to the players at the club as well as when events are held on the pitch during the offseason as it keeps the maintenance of the pitch easier. However, a significant downside to these artificial pitches is the need for the fibres to be replaced.

DISCUSSION

It is evident that due to the amount and the variety of technological factors on the liberty stadium, it is crucial for Swansea City To keep up for them to be successful

CONCLUSION

4. CONCLUSION

While all the factors included in a PEST analysis are essential to the success of the liberty stadium it has become evident that to comply with the latest legislation the stadium should keep up to date with all political factors. This includes the guest's safety, it is important for the stadium to have an effective action plan in case of emergency. With the customers remaining at the forefront of Swansea City A.F.C concerns they will need to keep up with the competition in terms of enhancing the fans experience through technology. However, it is important that they make this economically possible for their fans who live within Swansea, this can be done by closely monitoring Swansea's economic profile. In the future the economic profile of Swansea should be further explored, it was not possible for this report due to its limitations.

RECOMMENDATIONS

5. RECOMMENDATIONS

A recommendation that can be made from this report is the potential of creating a stadium orientated app to enhance customer experience, as customers with a higher disposable income will pay more when they feel they are receiving a higher value product. The app also has potential to boost sales and advertising opportunities in other areas.

Another Recommendation that can be made is to create a scheme aimed towards students, as they make up a high density of the demographic, this could include reductions in tickets, loyalty points or pre-purchase opportunities.

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APPENDICES

7. APPENDICES

Appendix A

<i>Indicator</i>	<i>Area</i>	<i>Latest value</i>	<i>Index (UK/GB=100)</i>	<i>annual % change</i>
Economic Activity Rate (working age, period to Sep-17)	Swansea	70.9%	91	-3.8%
	Wales	75.7%	97	+1.1%
	UK	78.0%	100	+0.7%
Employment Rate (working age, period to Sep-17)	Swansea	67.6%	91	-1.9%
	Wales	71.9%	97	+1.0%
	UK	74.4%	100	+1.3%
Employment (workplace estimates, 2016)	Swansea	110,000	n/a	+0.9%
	Wales	1,332,000		+0.8%
	UK	30,305,000		+1.6%
Unemployment Rate (modelled est, period to Sep-17)	Swansea	5.1%	113	-6.5%
	Wales	4.8%	107	+3.6%
	GB	4.5%	100	-8.7%
Business stocks (active businesses, 2016)	Swansea	6,895	n/a	+2.5%
	Wales	98,445		+3.6%
	UK	2,833,965		+6.1%
GVA per head (2016) – Gross Value Added	Swansea	£18,892	72	+3.8%
	Wales	£19,140	73	+3.5%
	UK	£26,621	100	+2.9%
GDHI per head (2015) – Gross Disposable Household Income	Swansea	£15,604	82	+2.0%
	Wales	£16,341	86	+3.3%
	UK	£19,106	100	+2.9%
Earnings (full-time gross weekly, 2017)	Swansea	£499.60	91	+5.5%
	Wales	£505.90	92	+1.3%
	UK	£550.40	100	+2.2%
House prices (average sale price, Dec-17)	Swansea	£141,087	62	+1.9%
	Wales	£154,398	68	+5.4%
	UK	£226,756	100	+5.2%
Housing transactions (quarter ending Sep-17)	Swansea	910	n/a	+0.2%
	Wales	12,270		+0.3%
	UK	278,195		-4.5%

APPENDICES

Appendix B

Age	Males	Females	All people (% of total)	Wales %	UK %
0-4	6,900	6,300	13,200 (5.4%)	5.6%	6.1%
5-9	7,000	6,400	13,400 (5.5%)	5.9%	6.2%
10-14	6,600	6,200	12,800 (5.2%)	5.4%	5.5%
15-19	8,200	7,100	15,300 (6.3%)	5.9%	5.8%
20-24	12,100	9,600	21,700 (8.9%)	6.8%	6.5%
25-29	9,000	8,100	17,100 (7.0%)	6.5%	6.9%
30-34	7,800	7,200	15,000 (6.1%)	5.9%	6.7%
35-39	7,300	6,800	14,100 (5.8%)	5.6%	6.4%
40-44	7,000	7,300	14,400 (5.9%)	5.8%	6.4%
45-49	7,800	8,000	15,800 (6.5%)	6.9%	7.0%
50-54	8,000	8,200	16,100 (6.6%)	7.1%	7.1%
55-59	7,200	7,800	14,900 (6.1%)	6.5%	6.2%
60-64	6,500	7,100	13,500 (5.5%)	5.9%	5.4%
65-69	6,800	7,500	14,200 (5.8%)	6.3%	5.5%
70-74	5,200	6,000	11,200 (4.6%)	5.0%	4.3%
75-79	3,800	4,800	8,600 (3.5%)	3.7%	3.3%
80-84	2,900	3,900	6,800 (2.8%)	2.7%	2.4%
85-89	1,500	2,500	4,000 (1.6%)	1.6%	1.5%
90+	700	1,600	2,300 (0.9%)	1.0%	0.9%
Total	122,300	122,200	244,500 (100%)	100%	100%