

Feasibility Analysis

My business idea is to open a bar that offers something special compared to the competitors already in the market. Helena has its bars, but these bars are catered to everyone. I want to open a bar that is specifically catered to ages 21-30. I want to open a space that young adults can feel welcomed and comfortable spending their time and money. This bar would be themed after Irish pubs and it would be named Shenanigans. My vision for this project is to have special theme nights, drink specials, car services, karaoke nights, and open mic nights. There would also be live music on certain nights and my establishment would serve food as well as drinks. I want to create a space that is safe and fun. My mission is to create an atmosphere that exceeds that of what Helena has to offer young adults.

The first aspect of Porter's Five Forces to consider is the competition. Here in Helena, our demographic is largely people over 50 years of age. Even though Helena is the home to a university, we are not what one would call a 'college town'. However, because of this my competition is slim. I want to offer a niche service, a bar catered to ages 21-30. This is something that Helena does not have. As a result, my competition would be the bars that currently have my desired demographic in their attendance. Another plus side is that Helena not only lacks a bar catered to young adults, but it also lacks anything catered to young adults. Because of this I think my entrance into the market would cause a lot of heads to turn and curiosity to arise in target age groups. Therefore, my strong advantage against the competition would be that I offer something that no one in Helena offers, a nice and a classy place for young adults to hang out and have fun.

The next aspect to consider is supplier power. Supplier power examines how easy it will be for suppliers to drive up prices. Their ability to drive up prices is determined by how many suppliers there are in total. The main supply I would need is alcohol. After doing research, I discovered that there are several suppliers that carry alcohol. However, each supplier carries different brands of alcohol. Because of this I may need to purchase alcohol from several different suppliers. This could become a problem if just one supplier carries the type of alcohol I need for one of our drink specials. It would be in this instance that I would have to purchase it, even if they raised the prices. However, another option would be to stop carrying the special all together or I would raise the price of my drink special.

The third aspect to consider is buyer power. Buyer power examines how easy it is for customers to drive down prices. Buyer power, when it comes to my business, is strong. Helena is majorly populated with older adults. Our population of young adults is slim. Because my target market is young adults and their population is small it gives them an advantage over me. However, I believe that if this business idea is done right, it would be a huge success. Young adults love to hang out with their friends and enjoy themselves. If I can give young adults a

better atmosphere at a better price than what is on the market, I think this would be very successful.

The fourth aspect to consider is the threat of substitution. The threat of substitution refers to the likelihood of someone entering the market or someone who is already in the market and attempts to substitute my business. I think it is important to note that no matter the market or the business someone can always try and replace your business. This is why it would be important to my business to always offer the best product at a reasonable price and to earn my customers trust and do everything I can to keep that trust. Shenanigans will be designed to offer a unique atmosphere and special events to entice target customers. My business idea is one that is new to Helena which could bring harm. Being the only business like this in Helena, it could allow others to come through the door as well. However, Helena is a slow to adapt town and because of this people are less likely to copy other businesses. Another reason the threat of substitution is low is because of how expensive and sometimes impossible full liquor licenses are to obtain. Montana, at this time, is out of liquor licenses meaning you cannot buy any from the state, you have to buy them from sellers. Even if a company was to find one to purchase the price ranges to anywhere above \$200,000. As a result of this, competition will most likely come from the existing businesses.

The final aspect to be considered is threats of entry. Threats of entry refers to the competition that comes into the market that might not do exactly what your business does, but is a threat nonetheless. As previously mentioned, Helena does not have a lot in the way of classy bars, fun hangouts, or even places for young adults to enjoy their time without being forced to spend lots of money. Because of this void in the market, I think my only competition would be the bars that already have a reputation as the 'hangouts'. However, I do not see this being an issue because I would be offering what those bars have along with so much more. I would offer live music, open mic nights, karaoke, car services, and drink specials. I want to create a space where young adults can come and not have to worry about their safety, how they are getting home, or if there will be anything to do. Shenanigans will be a place where young adults enjoy going and do not just tolerate because it is the only option. A potential threat to entry that was discussed above is the threat of already open businesses seeing how successful my business is and copying my ideas. I really believe that young adults in Helena are hungry for a place that offers a comfortable and fun environment, where they can have fun and enjoy themselves. I also believe that my business would not only benefit young adults, but Helena in general. If Helena starts to provide more things to do and more things for young adults, it could begin to grow exponentially.

In my questionnaire, I asked several probing questions about whether or not people believed the market was ready for a new bar. I also asked if they were ready for a new bar to enter Helena. I administered the questionnaire to people between the ages of 21-30, both male and female. Figure 1 shows that 86.2% of my respondents believe that Helena does not offer fun and affordable places to gather with friends after work. Figure 2 shows that 100% of my respondents believe that Helena is in need of more things for young people to do. Figure 3 shows that 94.6% of my respondents would check out a new bar if it came to Helena. I believe that the market is beyond ready for a business like Shenanigans. I think that is time for Helena to grow and start offering more for the young people and stop being afraid of change.

Do you think Helena has fun and affordable places to gather with friends after work?
58 responses

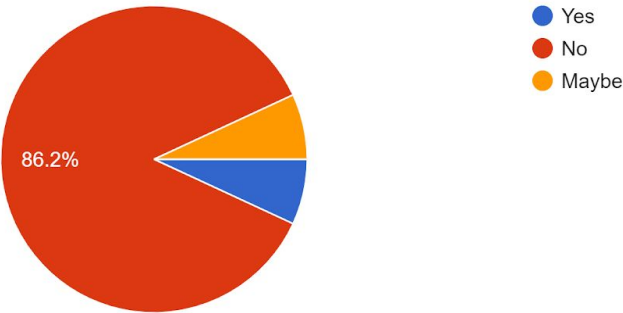


Figure 1

Do you think Helena is in need of more things for younger people to do?
58 responses

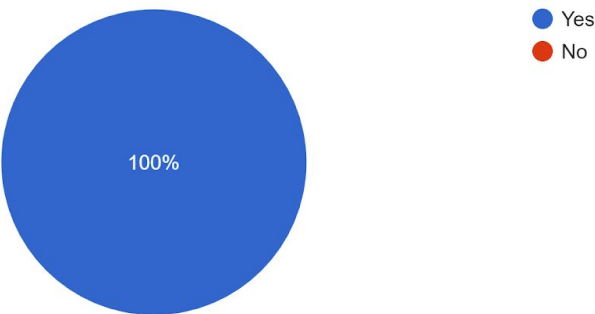


Figure 2

If another bar came to town you check it out?
56 responses

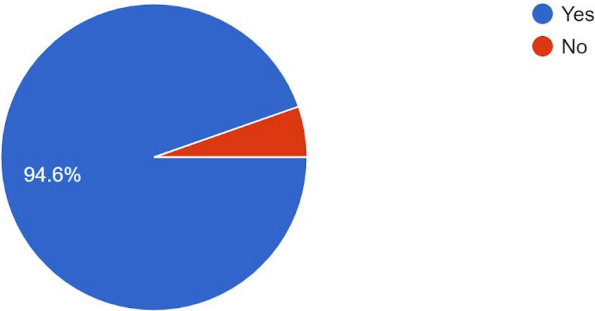


Figure 3