**PRINCIPLES OF BUSINESS**

**SBA**

An investigation into the effects of crime on the marketing, sales and profitability of MIRAGE Bar in the rural community of Brazil.

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NAME : RICHIE MAHARAJ

SCHOOL: BRAZIL SECONDARY

SUBJECT: PRINCIPLES OF BUSINESS

STUDENT NUMBER:

CENTRE NUMBER:

TERRITORY: TRINIDAD

DATE: 19/9/2018

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**Research Topic**

An investigation into the effects of crime nationally and in the community on the growth marketing, sales and profitability of a Bar in the rural community of Brazil.

**Research Problem**

In the rural community of Brazil the total market and market share for a bar is limited. This is as a result of a small market and several competitors. Increase levels of crime nationally and in the community has made customers and entrepreneurs fearful and cautious resulting in changes to consumer behavior, marketing and sales strategies thereby increasing cost and reducing profitability.

**Objectives/Research Questions**

1. To identify the impact crime has had and continue to have on Mirage bar in Brazil.
2. To identify the changes to marketing and sales strategies as a result of an increase in crime.
3. To determine if sales and profitability has been affected by an increase in crime .

**Methodology**

The data collection method utilized two instruments, a questionnaire and an interview with the business owner (primary research). The questionnaire collected general data (quantitative data) and the interview helped clarify and probe for more details in specific areas (qualitative). The questionnaire consisted of 15 general questions to gather data about the business and its owner, whereas the interview was more focused on details such as sales strategies and profitability.

The owner also allowed us to investigate his profit and loss statements, balance sheets and general accounts (secondary research). This provided an insight into the owner’s expenditure and sales over the last 10 years.

The limitation to this type of market research is that there is limited time to effectively probe for information, the owner may not want to be honest about certain questions such as sales and profitability. Financial documents may not be up to date and accurate.

**Background**

The business being investigated is a bar namely Mirage Bar. It is a sole trader form of business. The business is located at # 23 Brazil Main Road, Brazil Village. Mirage Bar has been in existence for the last 23 years in its current location. The bar sells alcoholic and non- alcoholic beverages together with light snacks and finger foods. The business is very community oriented in that members use the venue as a place to relax and socialize after work, on weekends and holiday which are the businesses peak periods.

The bar over the years have not had specific opening and closing hours as a result on Friday and Saturday nights the business used to close at 4am and 5am in the morning. During the week the closing times would be according sales, customers and the desire of the owner.

Community members would support and care for each other in that they resolved conflict fight and disagreements among each other.

However due to an increase in crime, robberies, murders and assaults in the community and the nation the entrepreneur has had to make some changes. Firstly the business has changed it closing hours from 10pm – 11pm during the week to 7pm. On a weekend from 3am – 4am to 10pm – 11pm. The business has hired additional employees especially during the weekend as a form of additional security whereas before the owner would be in the business alone. On a weekend the police is also paid some extra duty to pass and park in and around the business. Members of the community who would usually be out and liming late would now leave for home by 7pm to 8pm and may not even patronize the bar during the week.

The above mentioned problems have resulted in a reduction in sales and profit. It has also caused an increase in cost. *The Handbook of Crime Correlates* (2009) is a systematic review of 5200 empirical studies on crime that have been published worldwide indicates that crime directly impacts business profitability and the economic wellbeing of a community and society. The owner now has to be creative and innovative to try to maintain his income levels. If the entrepreneur is unable to do so he may have to close down the business resulting in the unemployment of 5 individuals and the loss of a service to the community.

As a young business student and budding entrepreneur this research is significant because it would be a guide as to the risk and reward of open a business in the community.

**DATA PRESENTATION**

Graph#1

Graph#2

Graph #3

Graph#4

**DATA ANALYSIS**

During the period 2010 to 2017 the data clearly shows a decline in business profit from 211 thousand to 153 thousand which is a difference of 58 thousand over the last 7 years (graph #1) To a small business this reflects a major loss of earnings. One of the factors contributing to this decline in profit is an increase in cost, from 140 thousand in 2010 to 256 thousand in 2017 (graph #2). Which is an overall increase of 116 thousand dollars over the last 7 years, this represents an average of 16. 4 thousand per annum. The owner in an interview reported that this cost increase was mainly due to an increase in employment as a form of safety. The entrepreneur indicated that even though he was never a victim of a robbery an increase in security cost to police and capital expenditure on safety such as burglar proofing and cameras was necessary to make customers feel safe in the compound.

The data presented also shows that crime also increased over the period in all the four areas examined, robberies, murders, house breaking and assault. The crime data and the profitability data show an indirect relationship between the two, as crime increased the business profit declined. As robberies increased by 146.98% over the 7 year period profit declined by 23.88%. Graph #4 shows a year-by-year breakdown as robberies increased profits declined consecutively. Other crime data also shows significant increases such as house breaking increased by 100.4% from 2010 to 2017. This affected the business because customers choose to rush home and stay home instead to patronizing the business

**Conclusion**

It is evident from primary and secondary research that crime has had an effect on the sales, marketing and profitability of Mirage Bar in Brazil. It has resulted in a decline in profits of 23.88% over the last seven years. If this trend continues the business may have to close down within the next 5-10 years.

Based on the information the impact may be more widespread affecting all business in the rural community. As a result the entrepreneur has to adjust his growth and business development plans. He has also has to be more creative and innovative in his marketing strategies in an attempt to keep him income above cost.

**Recommendations**

The business has to create strategies to increase income and profits while maintaining a safe environment for its customers as a result the following strategies are recommended;

* The business can use cultural events such as tassa at Diwali and parang at Christmas to bring in customers and stimulate sales.
* The business can set up a projector to show major sporting events such as the Caribbean Premier league cricket and Champions league football.
* The entrepreneur can link with providers such as Carib and Stag to conduct promotional activities at the business such as give aways, discounts etc.
* In terms of security, the business should try to remove large sums of cash from the business compound in small quantities during the course of the day especially on weekends and deposit it in the bank using the night sate facilities when necessary.

**BIBLOGRAPHY**

Ellis, Lee; Beaver, Kevin M.; Wright, John (1 April 2009). [*Handbook of Crime Correlates*](https://books.google.com/books?id=eD0ttBXoMvQC). Academic Press.[ISBN](https://en.wikipedia.org/wiki/International_Standard_Book_Number) [9780123736123](https://en.wikipedia.org/wiki/Special:BookSources/9780123736123).

Trinidad and Tobago Police service, Data collection department

**Appendix 1**

**QUESTIONNAIRE**

**To investigate the impact of crime on the growth, sales and profitability of a small businesses namely a bar in the rural village of Brazil.**

1. How long has the business been in existence ----------------------------------------------------
2. Address of the business ----------------------------------------------------
3. What type of business is it ----------------------------------------------------
4. Nature of the business ---------------------------------------------------
5. What is the business product line ----------------------------------------------------
6. What are the business opening and closing hours ----------------------------------------------------
7. What type of security does the business use ----------------------------------------------------
8. Do you open on holidays ----------------------------------------------------
9. Have you ever been robbed -----------------------------------------------------
10. Over the last 5 years has the business grown -----------------------------------------------------
11. Over the last 10 years has the business grown -----------------------------------------------------
12. Has prices increased over the last 5 years -----------------------------------------------------
13. How many employees do you hire -----------------------------------------------------
14. Have you increased the number of employee over the last 5 years. -------------------------------
15. Do you feel safe conducting business -----------------------------------------------------