

**ADVANCED SUBSIDIARY GCE UNIT  
APPLIED BUSINESS**

**F243/CS**

Unit 4: The Impact of Customer Service

**CASE STUDY**

**PRE-RELEASE MATERIAL FOR JANUARY 2007 EXAMINATION**

**JANUARY 2007**

**To be opened on receipt.**



**INSTRUCTIONS TO TEACHERS**

- This case study **must** be opened and given to candidates on receipt.

**INFORMATION FOR CANDIDATES**

- You **must** make yourself familiar with the case study before you take the question paper.
- You **must not** take notes into the examination.
- A clean copy of the case study will be given to you with the question paper.

This document consists of **7** printed pages and **1** blank page.

## Comedy Club Night (CCN)

### Background

Fiona Ward studied Business Management at university in London. Alongside her studies she worked as an Events Officer for the Students' Union, booking live bands and comedians to perform at various university venues. On completing her degree in 2004, she returned to her home town whilst she decided what to do with her life. She had enjoyed organising and running events at university and felt that this was the direction in which she wanted her career to go. 5

A friend of Fiona's parents, Mark Bailey, owned the Lakeside Hotel, a large establishment in the centre of the town. The building had a function room attached which the previous owners had used to hold wedding receptions and parties, but which Mark had not used since he took over in 1999. Although it needed a lot of sorting out, the room had a capacity of 250 and already had a bar, plus male and female toilets. Fiona felt that this facility had a lot of potential and put forward a proposition to Mark that, with a bit of tidying up and organising, this room would be an ideal venue for a comedy night. Mark was dubious at first but agreed that if Fiona organised and paid for everything herself, from the wages of the bar staff to the hiring of the comedians, then the room would be hers free of charge. He would, however, retain all the bar takings. 10 15

### CCN

Fiona borrowed a large amount of money from her parents to get the room in working order again. In October 2005 the weekly event, CCN, finally had its grand opening. Business was slow at first, mainly due to Fiona opting to run the event on a Saturday rather than a Friday. She discovered after asking around that people were more likely to come after work on a Friday rather than travel back into the town for a Saturday night. She then made the decision to change the day accordingly. 20

CCN has now survived its first year. The majority of CCN's customers are students from the local agricultural college, employees from the large office block around the corner and the retail workers from the shops in the town, many of whom are relatively low waged and in their twenties. During the first few months CCN benefited from overseas tourists who often used the town as a stop off between London and Birmingham. 25

Fiona had kept her contacts from university and still used the same agent, Ian Allsopp, whom she had used whilst Events Officer at University. He supplies her, on average, with four comedians per CCN, each of whom does a thirty minute to one hour set depending on their experience and popularity. The quality of the performers can be 'hit and miss', although numbers on the door go up when word gets around that a recognisable name is scheduled to perform. Over the past year Fiona has booked a couple of very good comedians who have gone on to become well known nationally. Unfortunately, due to financial restrictions, she cannot afford to book anyone too famous as they cost too much to hire and Fiona is on a tight budget. She employs two bar staff, Marco and Ray, who are studying full-time at the local college and an assistant manager, Robbie. 30 35

## The Competition

One venue which does book the more famous comedians is the Arts Centre on the outskirts of the town. This establishment is owned by a large nationwide theatre group which can afford to pay the fees that are demanded by acts at that level. The ticket prices – sometimes upwards of £40 – reflect the fact that the customers of the Arts Centre are fairly affluent and tend to be older than the clientele of CCN, with the average age being around 45. The Arts Centre attracts people from a large geographical radius as it advertises on a national scale. The auditorium seats 850 people and the Centre does a lot of business through its on-line booking system. Most events held there, whether it be a Shakespeare play or a show from an award-winning comedian, tend to sell out well in advance of the performance dates.

## Serious Problems

Fiona has recently been concerned about the fluctuating level of attendance at CCN. On certain Friday nights the venue can be packed out, whilst on others it can be little over a quarter full. She knows that a lot of this is down to who is performing on the night, but she cannot afford to hire the more established comedians every week. What she feels she needs is a loyal customer base which comes for the whole experience rather than just to see a recognised act. She also feels that the building itself is letting her down. Being old fashioned and in a poor state of repair, the facilities for both the comedians and the audience are basic at best and several customers have commented. This was compounded one Friday in September when she received two quite serious complaints. One came in the form of a letter (see Fig. 1) and the other was a very curt phone call from Ian, the booking agent. He told Fiona that his comedians, as internal customers of her business, were sick of the poor facilities they were expected to use when they performed at the CCN. They were fed up with having to get changed in a cleaning cupboard due to a lack of dressing rooms and were annoyed that no basic necessities, such as fresh drinking water, were provided for them. They also found it unacceptable that they had to use the same toilets as the audience. In an incident a month ago, one particular comedian had made a joke on stage about an audience member's wife and found himself trapped in the cubicle after the show whilst the man tried to kick the door in. Fiona knew that both incidents were unacceptable and it would be the end of the CCN if she did not act as soon as possible.

## From Bad To Worse

Unfortunately, before Fiona could do anything about these issues, her Grandma was taken seriously ill one Friday morning and Fiona decided to drive up overnight to see her, leaving Robbie in charge of running that evening's CCN. When she returned on the Monday, she called Robbie to check how Friday night had gone. He was very evasive but eventually confessed that it had not gone very well at all. In fact, it had been a disaster. One of CCN's most popular comics, Paddy Murphy, had cancelled that afternoon and Robbie had not thought to tell the customers until they had paid and were in their seats. The evening went from bad to worse when an Australian comic, Brett Freckle, known for his aggressive humour, picked on one of the audience who promptly came on stage and punched him in the face. Because the CCN did not have any doormen or security present there was no one around to stop the fight that subsequently broke out. It was left to Robbie to intervene, leaving him with a black eye for his efforts. The audience then started to shout for their entrance money back which Robbie promptly gave them to avoid a riot. The whole evening was over by 9.30pm.

## The Next Steps

Fiona knew this would be the end of the CCN if she did not act fast. She asked Mark to find out how much it would cost to improve facilities for the audience and the performers. 80  
 Meanwhile, she knew she had to get the customers of the CCN back on side as soon as possible. Luckily, the following Friday, one of the other more popular comedians to appear at the CCN, Jock McDougal, was performing so Fiona knew she would get a respectable turnout. But after that? She needed to make sure that her customers were kept happy on a long-term basis. She decided to undertake some market research. Whilst she sent Robbie to 85  
 observe how the Arts Centre treated its customers on a busy Friday night, Fiona designed a brief questionnaire and placed one on every chair before the performance (**see Fig. 2**). The completed questionnaires were to be handed to the bar staff at the end of the night. Unfortunately, out of the 151 audience members only six people gave them in. Fiona did not feel she could base any decisions on the results from the questionnaires and hoped Robbie 90  
 was having more luck.

## Potential For Improvement

Fiona, Robbie and Mark held a meeting the following Monday to discuss the way forward for the CCN. Fiona started the meeting by telling the men that her objective was to run a CCN four nights a week by the end of the year. Mark looked unsure. He explained that after a meeting with a local firm of architects the cost of adapting the room to cater for everybody's 95  
 needs would run to thousands of pounds. If the CCN was to continue this work was essential and Fiona knew that if business picked up over the next few months then the work would be affordable. One of the first things that Fiona wanted to do was to employ some sort of security presence after the incident with Brett Freckle. Both men agreed that this was a good idea. Robbie also brought up the possibility of the CCN having its own basic website, as 100  
 this seemed to be an integral part of the Arts Centre's customer service – he had heard many people talking about it on Friday night. Fiona was again worried about cost but Robbie said he had spoken to his girlfriend, Katie, a web-designer, and she was prepared to create and update a website in return for free tickets to the CCN. Fiona had been reading her old marketing books from university over the weekend and one of the elements that she felt the 105  
 CCN should adopt was the creation of different pricing strategies to encourage those groups in the local community who did not have much money to attend a CCN night. She sketched out a rough idea for posters to be put up around town advertising the strategies she had in mind (**see Fig. 3**) and both Mark and Robbie agreed it was worth a try.

As the meeting drew to a close, Fiona explained to the men how passionate she was about the CCN. Mark responded by saying "Well Fiona, that's all well and good but the secret to success in any business is customer loyalty". 110

Dear Ms Ward

I am writing to you to complain about the disgraceful treatment my Grandad and I received when we visited your 'Comedy Club Night' last Friday.

My Grandad has recently come out of hospital and to cheer him up I felt that a night at a comedy club would be just what he needed. Although he is in a wheelchair I did not think for one minute that this would hinder our evening out – how wrong I was!

When we arrived at the club we found that due to the design of the building we could not manoeuvre the wheelchair to get anything like a decent view of the stage. The closest we could get meant that my Grandad's view was partly obscured by a pillar. To add insult to injury we found that there were no disabled toilets and the male toilets were situated up a couple of steps which we could not negotiate.

As you can imagine the whole night was spoiled and we eventually came home early. I wonder if you realise that, by not providing facilities and access for wheelchair users, you are breaking the law? Presumably you feel that only able-bodied people have a sense of humour!

I await your reply.

John Smith

Fig. 1

Please fill in this form and hand it to a member of the bar staff on your way out.

On a scale of 1–5 (1 = excellent, 5 = poor), please rate the following aspects of the Comedy Club Night.

	1	2	3	4	5
Value for money					
Standard of comedians					
Drinks' prices					
Efficiency of bar staff					
Cleanliness of venue					

Have you had a good time tonight? \_\_\_\_\_

Would you come again? \_\_\_\_\_

How could we improve the night? \_\_\_\_\_

Fig. 2



## **Comedy Club Night**

Every Friday  
Doors Open 7.30pm  
See Live Comedy!

New and established comedians  
Only £5 entry (£4 advance booking)

Full-time Students/OAPs/Unemployed £3  
Further discounts for groups of 10+

**Fig. 3**



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