



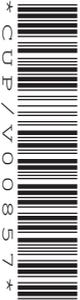
ADVANCED SUBSIDIARY GCE
BUSINESS STUDIES
Business Functions

F292/CS

CASE STUDY

Thursday 8 January 2009
Morning

Duration: 2 hours



INSTRUCTIONS TO CANDIDATES

- This is a clean copy of the case study which you should already have seen.
- You should refer to it when answering the examination questions which are printed in a separate booklet.
- You may **not** take your previous copy of the case study into the examination.
- You may not take notes into the examination.
- The business described in this Case Study is entirely fictitious.

INFORMATION FOR CANDIDATES

- This document consists of **8** pages. Any blank pages are indicated.

QuickVenue Ltd (QVL)

Evan Archibald was being interviewed by the BBC's Business Editor for an upcoming feature on sports-related businesses. Evan had been asked to give an overview of his business, QuickVenue Ltd (QVL), to get the interview underway.

“At a football match there is about a 30-minute period before the game when everybody is trying to get into the club shop to buy hats, scarves and other official merchandise. Supporters are also trying to buy a programme and the sellers of these programmes are often hard to find and frequently selling on an adjacent street corner with their stock in a cardboard box on the floor. It is hardly the image that increasingly business-oriented clubs want to portray. QVL helps sports clubs and other outdoor venues to boost revenue by making buying more convenient. We provide match-day retail units based on a modular design that can be made to meet any specific requirement. They are fully flexible, fast to install and easy to manage.”

There are three types of unit that QVL offers, with no minimum contract on any of the options:

- The Pod – a small fully enclosed unit with a perspex window. This comes in two sizes that can house one or two sellers. Used typically to sell programmes or as a ticket collection point. Can be branded or unbranded.
- The Shop – a larger walk-in unit for selling souvenirs, replica kit and programmes. Available in many sizes due to its modular nature. Can be branded or unbranded.
- The Marketeer – a non-rigid structure that allows a covered area for marketing displays and larger sales points.

The business also offers an enhanced service that removes the problems of the customer having to run these units. QVL will recruit, train and manage staff to work in the units when the venue requires. This is known as a ‘Platinum Service Contract’.

Evan continued, “For as little as £30 per match, a club can hire a small ‘Pod’, delivered and assembled. For £750 per match, a club can get a fully branded merchandising ‘Shop’. Evidence shows that the fans’ retail experience is improved, sales capacity is increased and average spend per supporter can double. We already have a number of clubs leasing these units for a whole season at a time, from top Premier League sides to those in the lower divisions of The Football League. We also have long-term contracts with other large sporting venues.”

The growth of QVL has been rapid over a short period of time. Evan worked in events marketing for nearly 20 years but only set up QVL in the middle of 2005. From an initial turnover of just £200,000 in QVL's first full year of trading, Evan is expecting turnover to exceed £1,500,000 in 2008. QVL currently employs two other managers (see Table 1), an administrative assistant and a team of eight full-time and five part-time workers who construct, transport and install the units all over the country. A third manager, Liz Walker, has been appointed to start in February 2009. She was chosen from a strong list of applicants because of her previous job experience overseeing the budgeting for a large marketing firm.

Evan has been convinced by his bank's small business adviser that QVL needs to keep a close control of its budgets. The adviser has taken a look at the firm's latest cash flow statements and was surprised to find that cost and revenue variances, in some cases, are as much as 60% of budget. He is also concerned that Evan is in the habit of randomly giving discounts to new customers without any clear policy and after budgets have been finalised. Although QVL has recently moved into profit, cash flow is becoming something of a problem and the bank is keen to reduce the overdraft on which QVL is constantly drawing.

Table 1 – QVL's Managers

Name	Job Title	Other information
Evan Archibald	Managing Director	Also fulfils the role of Marketing and Sales Manager.
Nick Costa	Customer Support Manager	Responsible for the units once they have been installed. In charge of the contract staff that work in the units under the 'Platinum Service Contract'.
Garry Wilson	Product and Installation Manager	In charge of the 13 production and installation workers.
Liz Walker	Finance Manager	Starts February 2009.

The main components of the retail units are carbon fibre panels (of different set sizes) which are imported from Italy. The perspex sheets come from Germany and the units are powered using solar panels imported from Norway. Each unit is put together in QVL's warehouse and head office near Oxford, where any or all of the unit's walls, both interior and exterior, are capable of being branded using the latest surface branding technology. This may be the team's colours, club crest or images of players. Once complete, the units are transported to the venue where even the larger units can be installed in less than 24 hours. The whole process between ordering and installation usually takes approximately 12 weeks, so that there is a quick return on investment for QVL's clients.

Many of the units remain in situ at the venue on a permanent basis. Others are returned at the end of the contract or sporting season and can then be refurbished with new branding or, for a small charge, put into a storage depot by QVL. As the business grows, Garry Wilson is finding that it is getting more and more difficult to supervise the building and installation of the units. There are also increasing problems of space at QVL's warehouse due to the high levels of stock of both raw materials and work-in-progress. He has suggested to Evan that QVL will soon have to increase the time that it quotes for delivery of new units to customers. Evan replied that Garry would need to come up with a solution to this problem.

Evan is much more concerned about putting the finishing touches to QVL's new business plan for the next two to five years. Now that Evan has managed to establish the business in the football and rugby sectors of the UK market, he is starting to look abroad and is already in discussions with football clubs in Spain, Italy and Portugal. He is keen to benefit from his 'first mover advantage'. Evan is also looking to sell to more than just sports clubs. "There is huge potential," he said later on in the interview with the BBC. "Our units would be suitable for use in recreation grounds, car parks and visitor attractions. I want to take the concept of mobile, temporary structures and work with high street brands, such as coffee shops, sports betting firms and drinks manufacturers. I am already in advanced talks with a firm to create replica stores at horse racing events and a coffee retailer to create a mobile shop for a UK tour."

"But it doesn't have to stop there. It is possible to create mobile mini-malls with the same look, ambience and branding as you would find in a permanent shopping centre. What I really want to do is not only supply and fit the mobile units but manage the entire logistics of any touring roadshow. This would include the staffing, ordering and delivery of stock, as well as the day-to-day management of the venue. I know it will be a big step up for a business that had no staff and little business less than four years ago, but there is such an opportunity out there. If you go to some of these grand venues all you get are burger vans or tents and trailers. It should be much more of a show, so much more of an experience."

Due to working in marketing-related firms for his entire career, Evan is accustomed to the fast-moving pace of the day-to-day work at QVL. He spends most of a typical working day visiting potential new customers, as well as keeping a check on the installation, and overseeing any problems with the units, at new venues. Evan particularly enjoys talking to the general public and the staff at venues to see what they think of the units and in what ways they could be improved. However, all of these tasks do mean that Evan is frequently out of the office and spends most of his evenings at home or in a hotel room checking up on production and installation schedules, customer requests and business proposals.

Evan quite enjoys working in this detached manner, not having to spend too much time in the 'office'. The variety of constantly meeting new people and dealing with new business situations is something he finds exciting and rewarding. He disagrees with a comment made recently during one of his visits to the Oxford warehouse.

"Hello, stranger", was the opening comment from Garry Wilson. "I think this is the first time I have actually seen you for a couple of weeks."

"Has there been a problem?", replied Evan. "I wasn't aware of any issues."

"No, nothing to speak of, unless you consider having to replace two of my staff and sorting out a defective set of panels with our not so wonderful Italian suppliers as being 'issues'."

Evan was surprised at Garry's attitude. "Well you only had to let me know. My trusty laptop and 'Blackberry' never leave my side, so I can always be kept in touch with what is going on in the business, even though I am now spending more and more time travelling around."

Evan realises he is still getting used to running his own business and has never regarded himself as a natural-born leader. He worries whether or not his leadership style may need to change, especially now the business is growing so quickly. He also has to deal with so many different situations and people, including prospective clients, his own employees and the venue staff.

As a result of the rapid growth of QVL, both recently and hopefully in the future, Evan has employed the services of a Marketing Consultant for the past three months. His remit was to carry out a marketing audit of the firm. Evan has highlighted some key comments from the final report produced by the Consultant (see Appendix 1). Evan is particularly interested in the overall conclusion to the report.

The report has certainly given Evan food for thought and in particular has convinced him that he needs to look at QVL's marketing mix. At present, QVL gains its business based on word of mouth and recommendations, advertising in trade journals and attending trade fairs. Something that he has recently produced, as a result of seeing the idea outlined in a newspaper's business advice column, is a glossy brochure with pictures of the units in place at different venues and real business case studies of satisfied customers (see Appendix 2). However, Evan now recognises that further changes will need to be made if his ideas for expansion are to be fully realised.

Appendix 1 – Highlighted comments from the Marketing Consultant’s report

“This is a great business concept. The flexibility of getting customers away from the high street is a big selling point. The major concern will be maintaining a high quality image in a muddy field.”

“There is huge potential to broaden the target market, e.g. non-sporting events such as music festivals and agricultural shows.”

“QVL may wish to consider building a franchise network selling the concept, either regionally or segmenting by sports.”

“QVL should consider employing an experienced sales person to work the high street brand sector while Evan develops the sporting side of the business. It would also be worthwhile to target the marketing agencies that provide point of sale materials.”

“A full product portfolio analysis must be completed to see how any new products offered by QVL would fit into the current product range.”

Conclusion

“QVL must take maximum advantage of its current dominant position. It will not retain its first mover advantage for long, as there are already signs of competitors looking at producing a similar product – it is quite easy to replicate the basic product that QVL produces. The management need to ensure that they are able to retain a USP by constantly extending the product. They also need to take advantage of the links already built up with suppliers, such as drinks and food firms. QVL would benefit from support from one or two large marketing agencies to help spread the word. The target market will listen to these agencies.”

Appendix 2 – Excerpts from QVL case studies**A Premier League football club**

The partnership has already proven to be a success after just one season. Two stores outside the stadium reinforce the image of a state of the art venue. The distinctive branded appearance has attracted large volumes of customers. Match day programme sales have increased by 20% and sales of other club products have also risen. The two QVL units are helping to reduce the number of customers entering the main club shop in the stadium so that it is a more pleasant shopping experience. Even though fewer people now visit the club shop, there has actually been an increase in sales turnover.

A county cricket festival

QVL's versatile units were part of the annual exodus from the main county ground to allow cricket to take place at a local ground's festival week. The units which are normally located at the main county ground were able to be moved easily to the festival venue for two 'Twenty20' matches and a four-day championship match. QVL's founder, Evan Archibald, said, "One of the benefits of the units is that they are easy to transport, but look a permanent fixture once they are put up. Festival weeks tend to be a headache for cricket administrators but our product can help these problems to be minimised. People pay a lot of money for tickets to sporting events nowadays and they have every right to expect a complete experience that includes a good seat, somewhere decent to buy food and drink, and a shop where you can properly see what to buy, and which replicates a high street store. Even now, too many venues try to sell replica shirts, souvenirs and programmes from a trestle table or in a tent. It just does not make sense from a retailing point of view."

The cricket club's Head of Retail has been delighted with the link up with QVL: "I am delighted with the dedicated service that QVL provides. It has played a significant part in increasing sales of programmes and merchandising by 12% over the last year."



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