

**Oxford Cambridge and RSA Examinations**  
**General Certificate of Secondary Education**

**BUSINESS STUDIES B (1952)**  
PRE-RELEASED CASE STUDY MATERIAL  
FOUNDATION AND HIGHER TIER

**2324/F (CS)**  
**2324/H (CS)**

**Specimen Case Study**

**INSTRUCTIONS TO TEACHERS**

The case study may be given to candidates at any time after receipt by the Centre.

**INFORMATION FOR CANDIDATES**

You may make yourself familiar with the case study before you take the question paper.

You may not take notes into the examination.

A clean copy of the case study will be given to you with the question paper.

“The Sunnydale Hotel Ltd.”

The Sunnydale Hotel is on the south coast of England. It is jointly owned by Judy and Christopher White who bought it ten years ago. The hotel has forty bedrooms, most of which have either a bathroom or a shower room. Thirty of the rooms are for two people, five are singles and there are five ‘family’ rooms with four beds in them. Twenty staff work with Judy and Christopher, many of whom are part-time.

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The hotel continues to do well (see fig 1), although it suffers from the problems of many British hotels in terms of seasonal sales and the ever increasing number of family holidays being taken abroad.

The hotel is well equipped with a dining area, a bar, and a small leisure room. This room includes a small gym that is quite well used. The hotel caters for special functions including weddings and birthday parties.

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Judy and Christopher realised some time ago that the market for UK holidays was changing, so they set about developing a good working relationship with a number of coach companies. This now has the advantage of providing a good source of income especially in the quieter times of the year. The main difficulty is the low profit gained on many of these bookings.

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The hotel has a problem in maintaining a consistent and permanent staff. Whilst there are few problems with the full-time workers there is real difficulty in keeping part-time workers for more than a few months (see fig 2). Judy feels that this is largely due to poor pay and the competition from similar hotels in the area. Christopher feels that there could be other reasons.

Judy and Christopher are looking at ways to increase the profits of the hotel. They are considering the following options.

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- A. Increasing the amount spent on promotion. This would make more people aware of the hotel and could increase the revenue from the customers who do not use the coach companies. These customers tend to pay a higher price.
- B. Developing the facilities in the hotel. This would improve the AA/RAC rating and would encourage more guests to stay. One possibility is to improve the leisure facilities.
- C. Changing the pricing strategy. The hotel charges a range of prices for the different rooms. The prices are usually based on the competition. (See fig 3.)
- D. Changing the meal arrangements to a self-service style restaurant for breakfast and a buffet for evening meals. This would cut back on staffing costs.
- E. Finding a suitable buyer, such as a national hotel chain, who would buy the business from them.

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Judy and Christopher know that in order for Sunnydale Hotel to develop, they will need to implement one or more of their ideas. They also feel that it is important to carry out some market research to assess the likely effectiveness of the options. They must also consider the financial implications for all of the options.

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This situation has been made more urgent by the recent opening of a new hotel immediately opposite Sunnydale Hotel (see fig 4). Judy and Christopher have also noticed a decline in the number of overseas bookings. Continuing as they are is not an option, so they must decide on the best strategy for the future.

**Sales Revenue for Sunnydale Hotel Ltd  
Year ended Dec 2000**

Sales Revenue	Year ended Dec 2000
Rooms inc. Dinner/Bed/Breakfast	£522,500
Bar Takings	£61,575
Private Functions	£7,290
Total Revenue	£591,365
Net Profit	£21,097

**Fig 1**

**Sunnydale Hotel Ltd Staffing Arrangements**

**Full-time Staff**

Staff:	Wage (£ per hour)	Position	Time spent in post
Judy White	Nil	Owner	10 yrs
Christopher White	Nil	Owner	10 yrs
Sue Goddard	5.25	Housekeeper	6 yrs
Peter Goddard	8.35	Head Chef	8 yrs
Mark Lawton	4.20	Gardener	4 yrs
Sharon Willetts	3.80	Kitchen Assistant	8 months
Louise King	4.75	Receptionist	5 months

**Part-time Staff**

Thirteen staff paid an average of £3.95 per hour working an average of 18 hours each week. The number of hours varies significantly depending on the time of year and the number of guests. Positions include cleaning, waiting on tables, bar staff, and kitchen assistants. Labour turnover is high and staff tend to stay no more than a few months.

**Fig 2**

### Sunnydale Hotel - Price List

Double Room	(High Season)	£65.00
	(Low Season)	£57.00
Single Room	(High Season)	£38.00
	(Low Season)	£32.00
Family Room	(High Season)	£72.00
	(Low Season)	£62.00

*Prices all inclusive of Dinner and Full English Breakfast*

High Season includes June, July, August and September. Low Season operates at all other times except Easter, Christmas and the New Year. Special Deals operate at certain times and the coach companies are able to buy rooms at a bulk discount.

**Fig 3**

### **Grand Opening for Motorlodge**

Sunnydale saw the opening this week of its own Motorlodge Hotel. Part of the rapidly expanding Motorlodge plc group of hotels it boasts excellent facilities with dining room, conference facilities, and a superb fitness centre and swimming pool. All rooms are only £39.95 and can sleep up to four people.

In opening the hotel, local councillor David James welcomed the new facilities which he said would attract more visitors to the area and benefit all local businesses.

**Fig 4**