

Paper Reference(s)

**6126 Advance Information**  
**Edexcel GCE**  
**Business Studies (9076)**  
**Advanced**

Advanced Notice of Case Study for  
Unit 6: Corporate Strategy  
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This paper may be opened on Monday 20 March 2006

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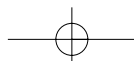
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## CONTEXT

### Funworld plc

Funworld plc is a business which operates a theme park on a 200 acre (80 hectare) site in the grounds of a former stately home called Westmere Park in the south-west of England. The business was founded as a family firm called Jackson Entertainment Ltd in 1967, but expansion led to the company becoming a plc in 1985, incorporated as Funworld plc.

The theme park contains over 70 exciting rides and other attractions, including a games arcade, several restaurants, cafés and gift shops, a banqueting and conference suite and a small zoo. There are also nature trails and walks, children's play areas and picnic sites. The park opens either at the Easter weekend or at the beginning of April (whichever is earlier) and closes at the end of October, except for the zoo, which is open every day except Christmas Day. The outdoor nature of the business means that it is not attractive to visitors during the winter months. In addition, during the period of closure essential maintenance to the rides has to be carried out (health and safety laws are very stringent in this business) and new attractions can be installed. Forty per cent of the revenue is earned during the months of July and August.

The target markets for Funworld plc are families and young people. The vast majority of visitors are adults under 45 years old and children. The only older adults who visit tend to be grandparents accompanying younger members of their families. Admission is £20 for adults and £10 for children, with reductions available for family tickets, group bookings, season tickets and other special offers. The admission price gives access to many of the rides and attractions, but not to the zoo, for which there is an additional charge of £6 for adults and £3 for children under 14 years of age. It is possible to visit the zoo at these prices without visiting the rest of the attractions, but few people do this. Like all such enterprises, Funworld plc relies considerably on 'secondary spend'. This is the extra money which visitors spend on refreshments, gifts and other items once they are inside the park.

Funworld plc employs 200 full-time and 100 part-time workers throughout the year, but in the summer months as many as 400 seasonal employees, often students in their summer vacation, are taken on to the payroll. These temporary workers are mainly employed in catering, which is done 'in-house' and not franchised, gift shops, ticket offices, cleaning, car parking and guiding. Students are also provided with work experience placements wherever possible, but the pressure of business in the peak months of July and August sometimes makes this difficult. Westmere Park is in a rural area, ten miles from Midchester, the county town of Wessex, and casual labour is not always easy to obtain, so students from the University of Wessex are targeted for temporary employment in the summer. The rural location also means that visitors invariably come by car or on coach trips. There is a local bus service to and from Midchester in the summer months, which is used by a small proportion of the visitors and many of the seasonal employees.

Funworld plc employs an outside agency for marketing, which is done through a variety of media, including television, local radio, tourist offices, magazines and journals. Families, young people, coach operators and holidaymakers are targeted, but about a quarter of visitors come from a radius of 20 miles from Westmere Park. Most of the season ticket holders and 'repeat' visitors come from this area.

The zoo is regarded by the Board of Directors of Funworld plc as a separate profit centre. Profit and loss figures are produced for internal consideration only. The zoo was opened in 1993 and remains a small part of the business, but it is growing and has improved its performance, despite a setback in 2001 when the outbreak of foot and mouth disease in

England and Wales caused a temporary closure. **Appendix 1** shows the financial performance of the zoo in 2005. Perhaps unsurprisingly, losses are made in the winter months. The major cost is labour, as 40 employees are full-time, with animal feed and veterinary bills also important. Temporary labour is employed in the peak season. In the winter, just one café and one gift shop are kept open. Fixed costs are allocated on a monthly basis but some, such as the cost of utilities, insurance, marketing (no specific marketing is done for the zoo) and bank charges, are absorbed by the business as a whole and are not allocated to the zoo. 50

The Board of Directors of Funworld plc is considering the future of the zoo, but members are divided in their opinions. Only twenty five per cent of customers to the park actually visit the zoo. Attendance figures during the winter months, when the rest of the business is closed, are low. At least one director would like to see the zoo closed, but he is known to be a strong animal rights activist who opposes the whole idea of zoos. In fact, there is a strong body of opinion nationally which opposes the concept of zoos, as illustrated in **Appendix 2**. Opposition is largely directed against zoos which keep large animals, such as tigers, lions and elephants. Funworld plc's zoo is mainly targeted at children of primary school age. There are no large animals. Zoos generally have changed a great deal in recent decades as a result of pressure group opinion and the Zoo Licensing Act of 1981. Few small zoos now keep or cage large animals, these being found mainly in safari parks and wild animal parks. Funworld plc has experienced a few demonstrations by animal rights activists, mainly campaigning against the whole idea of captivity and the dangers of unauthorised contacts between the public and animals which can spread disease, but generally Funworld plc has received little adverse publicity. Zoos are inspected annually, with a major inspection every three years. Funworld plc received a generally favourable report from its 2005 inspection. 55  
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A number of Funworld plc's directors would like to expand the zoo, using some of the area now taken up with nature trails and woodland walks, to create a safari park where larger animals such as lions, tigers, zebras or elephants, could roam. This would involve considerable expenditure, mainly in the area of additional safety and security, the funds for which Funworld plc would have to raise, either through a new share issue or by obtaining a loan from its bankers. It is clear that there is potential for development in the zoo, especially in the areas of educational visits or in widening the target market, particularly in winter. The zoo manager, Michael Darke, was asked to report to the directors early in 2006, but he was late with his report and the issue is to be discussed at the next Board meeting in September 2006. A questionnaire was issued to visitors to the theme park in July and August 2005, the results of which are summarised in **Appendix 3**. Michael Darke was also authorised to visit and study other small zoos in order to investigate ideas, such as visitor sponsorship or adoption of animals, 'keeper for a day' and other attractions, used by some small zoos to ensure a more regular inflow of income throughout the year. 70  
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Common observations by customers to Funworld plc are that there is too much to do in a day's visit and that it is too expensive to visit on more than one occasion, even with the offer of discounted tickets. Thus, the Board of Directors has already sanctioned one development, which is the building of a 50-bed hotel on the site of the old Westmere Manor House. A loan has been obtained and the hotel will be completed for the start of the 2007 season. However, the directors are still undecided about certain aspects of the plan. Will the hotel be open all year round? Will the target market be confined to visitors to the theme park? What discounts and ticket concessions will be available to hotel residents? Can the banqueting hall or other facilities be used for conferences, wedding receptions and other special events? Clearly, a strategy for the hotel needs to be worked out. 85  
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**APPENDIX 1****Income and costs for the zoo in 2005 (£000)**

<b>Month</b>	<b>Income</b>	<b>Costs</b>	<b>Profit/(loss)</b>
January	40	130	(90)
February	50	130	(80)
March	70	140	(70)
April	240	140	100
May	300	130	170
June	280	150	130
July	320	180	140
August	380	180	200
September	180	140	40
October	120	130	(10)
November	60	120	(60)
December	70	130	(60)
Totals	2110	1700	410

Note: costs are direct costs plus monthly allocated fixed costs, such as cleaning and maintenance.

## APPENDIX 2

### Examples of anti-zoo opinion

- Zoo Check believes that today most zoos remain little more than collections of animals held captive in unnatural conditions for public entertainment
- While some zoos attempt to educate, frequently the public learns little about the behaviour of animals in captivity and leave the zoo with a distant and inaccurate perception of the species concerned. The vast majority have little or no educational value
- More than a million unsupervised contacts occur between zoo animals and zoo visitors each year
- More than a million zoo visitors' actions potentially place zoo animals in danger each year
- More than 80% of the large zoos and safari parks in UK keep animals exhibiting stereotypical behaviour
- The conservation work of UK zoos affects only a tiny number of species
- The welfare of many individual animals in zoos is fundamentally and negatively compromised

*Extracted from:*

[www.bornfree.org.uk/zoocheck/zczoos01.htm](http://www.bornfree.org.uk/zoocheck/zczoos01.htm)

[www.bornfree.org.uk/ukzoo/summary.html](http://www.bornfree.org.uk/ukzoo/summary.html)

### APPENDIX 3

#### Extracts from results of a questionnaire given to visitors to Funworld, July–August 2005

1. Did you know that Funworld had a zoo as part of its attractions?

Yes	65%	No	35%
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2. Did you visit the zoo?

Yes	25%	No	75%
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3. Did you know that the zoo is open even in months when the rest of Funworld is closed?

Yes	20%	No	80%
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4. Have you ever visited the Funworld Zoo between November and March?

Yes	5%	No	95%
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5. Would you be likely to visit the zoo between November and March in future?

Yes	10%	No	80%	Maybe	10%
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6. Do you approve of the existence of zoos in principle?

Yes	60%	No	20%	Undecided	20%
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7. Which of the following features would you like to see in the Funworld Zoo?

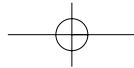
	Yes %	No %	Don't know/no opinion
An educational programme	40	40	20
Larger animals such as lions and tigers	60	30	10
'Keeper for a day' scheme	25	60	15
Opportunity to sponsor or adopt an animal	60	20	20
Play areas for children	70	20	10
Guided tours of the zoo	30	50	20
More interaction with the animals	40	40	20
More facilities for older visitors	30	30	40
Free entry	80	10	10

8. Please add any comments. (The following are samples of typical responses).

- We came here for the rides and the excitement, not to visit a boring zoo
- I do not approve of zoos
- We have a much bigger zoo near our home that we can visit any time
- The zoo is boring: safari parks are much more exciting
- There was no time; there is so much to do here with all the other attractions
- It is too far to walk; the children were too tired after queueing for all the rides
- I was not prepared to pay; I paid a fortune to enter the park – the zoo should be free!
- The zoo was a pleasant surprise: we will come again!
- It was so peaceful while the rest of the family were on the rides in the park. More of us older people would visit if they knew the zoo existed or you catered specifically for us
- I would like to bring my primary school class. Would that be possible? How much would it cost?
- My daughter wants to work with animals. Could she do a work experience placement here?
- Our children are teenagers; zoos are for little children
- There is nothing for teenagers here
- Do you have a membership scheme? We would like to visit in winter when it is quieter
- You need to publicise the zoo more!
- The staff were really helpful. I wish we had had more time
- The zoo is a rip-off. It should be free

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