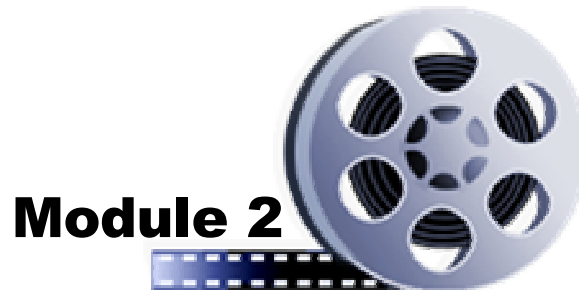


GCSE

Business Studies



Module 2

**Would it be a sound business proposition to
open a cinema in Andover town centre?**

By Alan Tom

Section 1

Would it be a sound business proposition to open a cinema in Andover town centre?

The aim of this assignment is to find out whether it would be a sound business proposition to open a certain shop or business of my choice in Andover town centre. I will collect as much information as possible and then finally answer my title question.

First I will decide what kind of business would work best in Andover town centre by analyzing the advantages and disadvantages of each.

Then I will find out whether or not my chosen idea would be a sound business proposition using a variety of primary and secondary data collection methods, including surveys and internet research.

- Primary research is research that was done by me, specifically for my assignment.
- Secondary research is research done by other people that is useful to my assignment.

I will then analyse my results, and use them to help me to make a conclusion.

- I will also need to consider the location of my proposed business, as this is a very important factor – a shop on a back alley will have less turnover than one on the high street but will also have lower rent, for example.
- Competition is also an important factor in location – locating your business next door to a similar business might get more people through the door, but it might also force you to lower your prices in order to compete.
- There is also the issue of promotion and advertising – it is expensive, but it can be essential to a successful business. I need to include it in my costing, which I will use to analyse the profitability of my business.

When I have gathered all of the relevant information that can possibly find, I will be able to make a conclusion. I think that this is an appropriate strategy to achieve my aim.

Section 2

First I need to decide upon a business to consider starting. I have noticed that there is no cinema in Andover town. The cinema would be aimed at all ages. I think there is a market for a cinema selling tickets and food to the different aged people. However I could consider some other options. I also think that there would be a market for an internet café or a club. Andover has a lack of both of these despite the fact that both would be well used. I need to analyse the advantages and disadvantages of all three business propositions.

Business proposition	Description	Advantages	Disadvantages
Cinema	Sell tickets to watch a film	<ul style="list-style-type: none"> • Franchise • Low risk 	<ul style="list-style-type: none"> • Not much freedom
Internet café	Sell food and drink and be able to use the internet	<ul style="list-style-type: none"> • Would attract a lot of people • ▲ lot of freedom 	<ul style="list-style-type: none"> • Hard to start • Would not get much profit for the first year
Club	Sell tickets to get in the club	<ul style="list-style-type: none"> • Low risk • Would make money easy 	<ul style="list-style-type: none"> • Hard to start • Would have to have a lot of ideas

I have decided that the best business proposition would be the cinema. There is too little potential for profit in the internet cafe and too much risk in the club. There are several ways to approach this.

Method	Description	Advantages	Disadvantages
Franchise	Marketing and supplies come from Vue. Regular franchise bill.	<ul style="list-style-type: none"> • Low risk 	<ul style="list-style-type: none"> • Lack of freedom
Sole trader	Marketing and supplies comes from other companies. Cost	<ul style="list-style-type: none"> • ▲ lot of freedom 	<ul style="list-style-type: none"> • High risk • Long working hours

	may change.		
Public limited company	Marketing and supplies come from other companies. Cost would be cheaper.	<ul style="list-style-type: none"> Limited liability 	<ul style="list-style-type: none"> Long time to make decisions

My chosen idea is a franchise. The sole trader would not give me enough initial funds and the PLC would be too hard to set up and it would take too long to make decisions. The franchise will give me a good start, it would be low risk and I would not need to worry about advertising.

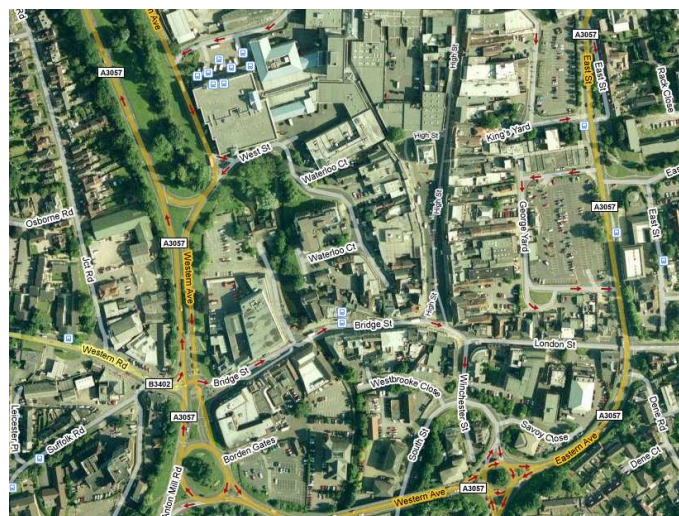
Location

Now that I sort of understand the nature of my business, I must consider the location in Andover Town Centre. It is set out as one relatively short, but wide street, with the Chantry Centre (a medium sized shopping mall) opening onto it in two places and the town "Guild Hall", which serves as a community hall, located in the middle. There is also a market on the high street on Saturdays and Thursdays. Currently there are no cinemas in Andover which is an advantage because it means there is no competition.

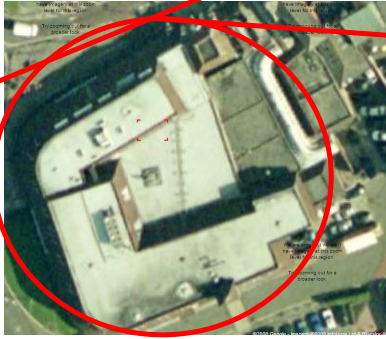
There are a number of vacant sites – two medium ones in the Chantry centre, which used to be music stores, and a very big one in the high street that used to be Sainsbury's.

Location:	Description	Advantages	Disadvantages
Sainsbury's store	Large and close to the Chantry Centre	<ul style="list-style-type: none"> Big Near the Chantry Centre 	<ul style="list-style-type: none"> Its on the edge of town
Music store	In the Chantry centre medium size	<ul style="list-style-type: none"> In the Chantry centre 	<ul style="list-style-type: none"> Not big enough for a cinema

I think that the vacant site on the edge of town is much more suitable for my business – the rent would be quite high, because of the size, but it's close to the Chantry centre and in a location that gets a lot of passing trade.



▲As I have mentioned, my business would probably peak at weekends, and during the holidays when the young people that I am aiming my business at will not be at school/ college/ university/ work.



Section 3 Questionnaire

1. What sex are you?

Male / female

2. How old are you?

0-10 11-20 21-35 36+

3. Have you ever been to a cinema?

Yes / No

4. If so what was it called?

5. What would you like to see at a cinema?

6. Would you Buy food like popcorn at a cinema?

Yes / No

7. How long would you like to go to the cinema for?

0-30m 30-1h 1-2h 2h+

8. How would you like to be seated?

Curved / straight

9. What do you like about cinemas?

10. How many different cinemas have you been to?

0-2 3-5 6-10 10+

Data gathering task

Explanation of questions:

Question 1 - is designed to find out what sex prefer to go to cinemas

Question 2 - was to find out what age group it attracts the most

3 - Was to find out if people had been to a cinema before

4 - Was to find out what cinema liked best

5 - Was to find out what people were interested in watching

6 - Was to find out if people buy food at the cinema or if they bought there own

7 - Was to find out how long they spend at cinemas

8 - Was to find out how people prefer to be seated when watching a film

9 - Was to find out what people like best about cinemas

10 - Is to find out how many different cinemas people go to.

I will begin gathering data by giving out questionnaires in town and getting people to fill them out and return them to me when finished. I will do this until I have 1000 questionnaires returned. The criteria of those that I am going to interview must be:

- Someone that likes cinemas
- Always go's to the cinema
- Has been to a variety of different cinemas
- Likes a variety of food
- Likes to eat when watching a film
- Likes a variety of different films
- Has a average job
- Lives in Andover
- Go's to town

Section 4

Results

1. What sex are you?

Male / female

2. How old are you?

0-10 11-20 21-35 36+

3. Have you ever been to a cinema?

Yes / No

4. If so what was it called?

Vue

5. What would you like to see at a cinema?

Death Race

6. Would you Buy food like popcorn at a cinema?

Yes / No

7. How long would you like to go to the cinema for?

0-30m 30-1h 1-2h 2h+

8. How would you like to be seated?

Curved / straight

9. What do you like about cinemas?

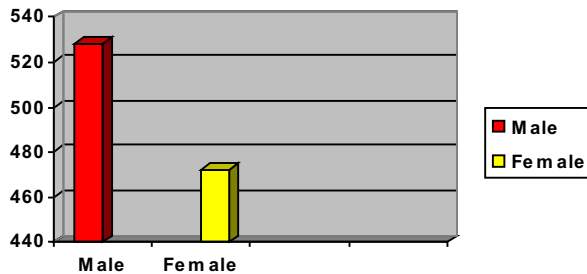
The atmosphere when watching a film

10. How many different cinemas have you been to?

0-2 **3-5** 6-10 10+

Graphs and charts

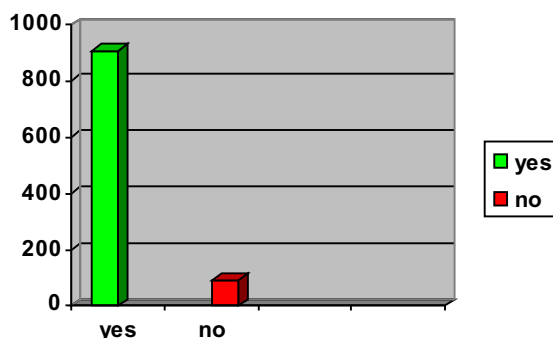
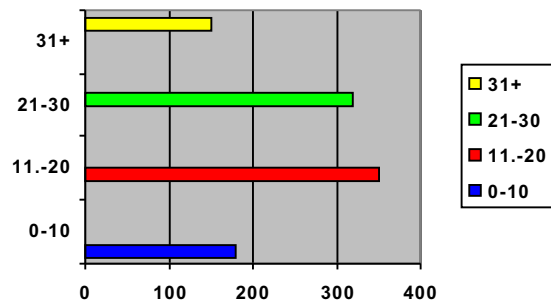
What sex are you?



This graph shows that the Majority of people that go to a cinema are male but there is not much difference between male and female so it also shows that both genders would go to a cinema.

This graph shows the ages of the people who returned the questionnaire. It also shows that most people aged 11-20 are most interested in going to the cinema. Also that people aged 31+ are least likely to go to the cinema or to return a questionnaire but there is still a high percentage of people.

How old are you?

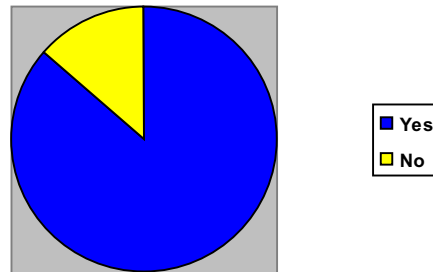


Have you ever been to a cinema?

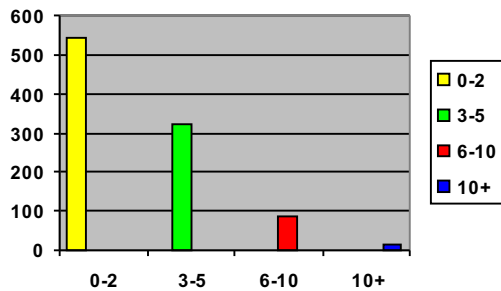
This graph shows that the Majority of people say that they have been to a cinema before at some time in there life. This proves that there may be a market for a cinema in ▲Andover town centre.

Would you Buy food like popcorn at a cinema?

This graph shows that the Majority of people say that they would buy food at the cinema. This proves that there may be a market to sell food like popcorn at the cinema.



How many different cinemas have you been to?



This graph shows that people in ▲Andover don't like to travel to far away places to watch a film. It also shows that most people would go to a cinema that was near them. ▲Also it would attract people that live out side of ▲Andover to go to the cinema.

Section 5

The results from my questionnaire are very important to me, as I decide whether or not it would be a sound business proposition to open a cinema in Andover town centre.

- From the results of the first question (what sex are you) I can tell that there are many people in Andover who would go to a cinema more male than female but they are very even.
- From the results of the second question I can tell that most of my profits would come from people aged 11-20 and also people aged 31+ are least likely to go to the cinema but there is still a very high percentage of people aged 31+ that would go to the cinema.
- From the results of the third question I can tell that most people in Andover have been to a cinema before some time in their life. This proves that there may be a market for a cinema in Andover town centre.
- From the results of the sixth question I can tell that majority of people in Andover say that they would buy food at the cinema. This proves that there may be a market to sell food like popcorn at the cinema.
- From the results of the tenth question I can tell that people in Andover don't like to travel too far away places to watch a film and also that most people would go to a cinema that was near them. Also it would attract people who live outside of Andover to go to the cinema in Andover.

I can use the results from my questionnaire to aim my product at the widest audience so I get more sales. I now know which age group to aim my product at, sell other products like popcorn and roughly how big of an audience I am selling it to.

Section 6

I have already chosen a provisional location in section two, but I am now going to go over this part of my business plan again, in more detail.

There are a number of important issues that I will need to take into account when regarding my choice of location. These include competition, good shops to be near to, costs of setting up and running (ongoing costs), access and parking.

Available location	Description	Advantages	disadvantages
Sainsbury's store	Large and close to the Chantry Centre	<ul style="list-style-type: none"> • Very big • Close to the Chantry Centre • Close to car park 	<ul style="list-style-type: none"> • Its on the edge of town
Music store	In the Chantry centre medium size	<ul style="list-style-type: none"> • In the Chantry centre 	<ul style="list-style-type: none"> • Its too small • Not close to a car park

My chosen location is the large Sainsbury's store on the edge of town. I initially planned to set up my business here, and this is where I conducted my survey which suggested so strongly that I would get a lot of business. It also has a lot of space, great passing trade, and good access and parking. Also, it would need a bit of work before I could open. The other options were tempting but both of a completely unsuitable size – it was just too small. Unfortunately this meant that I could not even consider them.

Section six: the 4 P's of marketing

The 4 P's of marketing are price, promotion, place and product. It is important to get all of these right if a business is to be successful. I have already decided on my products (showing films aimed at all ages), and my place (the Sainsbury's store). I now need to look at my pricing and promotion.

Pricing

As I would not be making my own films, all of my films will arrive ready to show from the supplier. I will sell the tickets to watch a film all at the same price and lower the price slightly for people under 15 years of age, but will offer reductions for promotional purposes.

Promotion

When I first open my business, I will need to get people in to the shop. Some examples of promotional methods that I could use are:

- TV advertisements
- Radio advertisements
- Internet pop-up advertisements
- Billboards, bus top ect, advertisements
- Newspaper/ magazine advertisements
- Local publication advertisement
- Cinema publication advertisement

There's a slight chance that people from outside the Andover area will go to my cinema regardless of any promotions that I make on a national level, such as internet, TV, radio, or national publication advertisements.

This leaves me with local publication advertisements. As most people in Andover do regularly walk and drive past the location I have chosen, I will advertise some of the films I would be showing and promotions in the window. I do not think that I need to worry about undercutting rivals, because there aren't any in Andover, but I do need to offer deals that will tempt people into the cinema.

Section 7

In this section I will make judgements, answering my title question: Would it be a sound business proposition to open a cinema in Andover town centre?

In section two, I looked at what type of business would be most successful in this location. I decided that a cinema would work best, because of its potential for a high profit margin. In section three I also established that a cinema in Andover town centre would get a lot of business. In section two I also decided to start my business as a franchise, because of lower risk and higher available initial funds and I would not have to worry about advertising.

I also decided to open my business in the Sainsbury's store, on the edge of town with a great deal of passing trade, because I felt that this would justify the extra cost compared to the other vacant site, an old music store, which was too small for a cinema.

In section three, four and five, I collected, presented and analysed my data. These sections showed me that there is a market for a cinema in Andover –more than half of the people interviewed in Andover town centre have gone to a cinema some time in their life. I also found from these sections that a lot of people go to the cinema regularly.

In conclusion, on the basis of all of the detailed analysis documented in this document, I can confidently say that opening a cinema in ▲ndover town centre can be a sound business proposition. There is a good location available, and there is a market for a cinema.

On the basis of section two I have decided that my business will be a franchise, a cinema and located in a premise formerly used as a Sainsbury's store.

On the basis of section three, four and five I have decided that my business needs to market its products as both gifts and products for personal use, which I should mostly stock films and food, and that my window displays should be aimed at every one. This is because:

- In question 3 (Have you ever been to a cinema?) the majority of people said yes then no.
- In question 6 (Would you Buy food like popcorn at a cinema?) the majority of people said yes
- In question 1, when I asked people what sex they are, there was an even spread between male and female, my survey was conducted out side the proposed location of my business.

On the basis of section six, I have confirmed my choice of location, and decided on a marketing strategy.

On the basis of this entire document, I have decided that opening a business in ▲ndover town centre can be a sound business proposition, and how best to approach this.