

Paper Reference(s)

6121/01

Advance Information

Edexcel GCE

Business Studies (8076)

Advanced Subsidiary

Advance Notice of Case Study for
Unit 1: Business Structures, Objectives and External
Influences

January 2008

This paper may be opened on
Monday 12 November 2007

Instructions to Candidates

In preparing for the Case Study paper, candidates are advised to undertake general revision as well as detailed investigation of issues related to the Case Study.

This Advance Notice should not be taken into the examination. The Case Study is reproduced in the examination paper.

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Turn over

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The Tussaud's Group 2006

The Tussaud's Group is Europe's top visitor attraction business with around 15 million customers a year, as well as one of the world's leading leisure and entertainment companies. Its Mission is to dazzle visitors with the most captivating city centre attractions in the world and the most diverse and exciting portfolio of theme parks in Europe. Its priority is to ensure that it delivers Magic Moments for each and every guest in a safe and secure environment.

5

Among the Tussaud's Group attractions are:

Madame Tussaud's

Located in London, Madame Tussaud's has welcomed over 104 million visitors in its 230-year history. It recently underwent a radical transformation that is proving a great success and providing a strong platform for international growth. Madame Tussaud's also has four attractions internationally, in New York, Las Vegas, Amsterdam and Hong Kong.

10

British Airways London Eye

British Airways London Eye opened in March 2000 as part of the Millennium celebrations and is the world's tallest observation wheel. Since its opening, the Tussaud's Group, as operator, has welcomed over 14 million visitors. It is Britain's most popular paid for attraction.

Alton Towers

The UK's leading theme park, Alton Towers, is located within 500 acres. In 2003 a second on-site hotel, called Splash Landings was opened, with a unique 40,000 sq ft water park to enhance further the park's appeal. It is the biggest private sector employer in Staffordshire.

15

Chessington World of Adventures

Chessington has been part of the Group for 25 years. This Surrey theme park is positioned as a family focused attraction to complement Thorpe Park. A ten-year development programme has just been agreed to expand the rides and entertainment.

Thorpe Park

The Tussaud's Group bought Thorpe Park, in Surrey, in 1998 and has driven a dramatic increase in the quality and range of attractions for young adults. Based within 257 acres it is in a prime location to serve the relatively untapped southeast young adult market.

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Warwick Castle

Warwick Castle is Britain's greatest medieval experience with uniquely themed attractions and entertainment including the UK's most haunting experience. The Castle hosts a diverse range of events throughout the year, ranging from classical and pop concerts and jousting festivals to a magical and highly successful Christmas Frost Fair complete with ice rink.

25

Heide Park

Heide Park was acquired in 2001, it is based in Soltau and is North Germany's largest theme park in 494 acres of land. A spectacular new ride, "Scream", the world's tallest drop tower opened in 2003. Family shows were added in 2004 and 2005.

The Tussaud's Group's success is built on the strength of its balanced portfolio, with well recognised brands and the added international spread of 11 attractions in five countries across three continents. All its employees work to shared strategic objectives. These objectives are as relevant to the Chief Executive as they are to the hot dog salesman in one of the parks and this it claims has made a substantial contribution to performance improvement. 30

The Tussaud's Group has a strong corporate social responsibility. It participates in a number of charitable and socially focused initiatives across the world. It has a partnership with the NSPCC, its Group sponsored charity and has contributed over £100,000 in cash and an equivalent amount in 'benefits-in-kind' to assist the campaigns and programmes. Employees have been very supportive in contributing to this success by their own fundraising activities. In addition to the Group programme of support, each site supports local charities and organisations, such as schools, in their fundraising activities. 35 40

Incentive plans exist for employees at all levels to be rewarded directly for their personal contributions and the Group has a Personal Development Programme, supported by a comprehensive, needs-based training programme, to enable all employees to reach their full potential. Employees are supported by consultation schemes and in the UK it has Investors In People (IIP) accreditation on a Group-wide basis. 45

The Company adopts a "Family Friendly" policy to assist its employees. This includes Job Share, Adoption Leave, Flexible Working and Enhanced Maternity Leave, as well as statutory provisions on Parental Leave, and a Modern Apprenticeship Scheme.

All of the sites work hard to be responsible and productive members of their local communities, with initiatives to protect the environment including: 50

- A 'Green Travel Plan' at Alton Towers
- Waste recycling
- Energy use reduction
- Proactive noise reduction programmes
- Water Conservation schemes. 55

Mintel Report 2006

According to Mintel in 2006, the market for theme parks had under-performed in the past two years, partly because 2003 was so exceptionally good for most operators that it has been hard to match and partly due to poor weather in 2004, but 2005 was a better year all round and the industry was optimistic about its prospects for 2006 and beyond.

In summary the report found that extraneous factors provided an unpredictable element. Admissions remain the largest contributor to the market. However, there are signs that spending may be declining on these types of leisure activity with an increase in television figures. A major consideration for consumers is a need to feel they are receiving value for money. 5

Park operators have risen to the challenge of matching the appeal of foreign theme parks by consistently investing in bigger and better rides and this strategy has paid off with higher admissions. However, they are struggling to come to terms with a rising tide of bureaucracy and red tape to be complied with, on top of which their cost base is rising steadily, particularly in terms of energy costs. Consequently, they have been forced to raise admission prices well ahead of inflation, running the risk of reducing consumer perceptions of value for money. 10

Mintel states that the market continues to be dominated by one operator, Tussaud's, although other sizeable multi-site operators have emerged in the past two years as a result of acquisitions. In the future parks may no longer need to be at the mercy of bad weather which may help provide a different picture. 15

Adapted from the following sources:

The Tussaud's Group Annual Review 2005

www.Tussauds.com

Mintel International Group Limited. Theme Parks – UK – March 2006

APPENDIX 1

Performance extracts for The Tussaud's Group December 2001, 2003, 2005

Year	2001	2003	2005
Turnover (£000)	137.3	195.5	198.1
Gross Profit (£000)	120.5	173.0	176.5
Operating Expenses (£000)	(74.7)	(104.5)	(105.9)

(Source: adapted from: Statutory Accounts 2005)

NB – No financial calculations will be expected in this paper.

APPENDIX 2

Social Trends 2006

The population of the UK is growing. People are travelling more, with increased access to cars and rises in bus, rail and air travel.

Key statistics

- In 2004, there were 11.6 million people aged under 16 in the United Kingdom, a decline of 2.6 million since 1971, and 9.6 million people aged over 65, an increase of 2.2 million.
- In spring 2005, nearly 20 per cent of full-time employees in the United Kingdom usually worked over 48 hours a week, with a higher proportion of men (23 per cent) than women (11 per cent) usually working these longer hours.
- Although the income gap between men and women is still substantial in the UK, it narrowed between 1996/97 and 2003/04.
- In 2004, the number of debit card transactions in the UK was ten times higher than it was in 1991. Over the same period, credit card usage increased by a factor of almost three.
- Between 1980 and 2004 the number of air passengers travelling to or from overseas countries through UK airports almost quadrupled from 43 million to 167 million.
- In 2004–05, higher income households were more likely to have a home Internet connection than lower income households – 87 per cent compared with 18 per cent.

(Source: adapted from ONS Social trends 36)

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