

Sample Case

(Strategy)

Rusty's Indoor Roller Skate Park is currently going through troubled times. It has been in operations for 10 years and has been pretty successful. However, over the past 2 years there has been a sudden decline in sales from \$400,000 to \$375,000. The owner, George Samson has a couple of theories as to why, but really has no idea. That is why he has come to you for advice.

Rusty's Indoor Roller Skate Park is situated on the South Shore in the city of Longueuil and is a place for all ages. The hours of operation are from 10 am until 11 pm each day, even though 80% of clientele comes in after 5 pm. Wednesday nights are ladies nights in which ladies can come in at a 50% discount admission and Monday nights are senior nights (50% discount as well). Other than those days everything is priced at \$10.00 normal price + \$2.50 rental for roller skates. The indoor skate park itself looks exactly the same way as 10 years ago with music in the background and a nice smooth floor to roller skate on.

The typical people who come in are boys and girls from the ages of 12-16 in addition to parents who bring their young children. There is also a small group of retired men and women who often come and enjoy themselves. Mr. Samson has also noticed that a large portion of the clients are non repeat as they come more for special occasions. He also feels that often his skate park is not being used to its potential and as a result many of his employees are simply a wasted expense. Over 75% of sales come from the months of December to March as it seems people want to be more outdoors during the summer months.

Why is this happening? Mr. Samson believes it could be from the general population being lazier and less active. Another reason could be that his skate park is getting pushed to the side by new attractions such as movie theatres coming into town or mini-putt with an ice cream shack. In fact, the new bowling alley has bowling lanes and an arcade. At one point Rusty's Indoor Roller Skate Park had a marketing deal with a local pizza parlor which seemed to help, but Mr. Samson decided to pull the plug on this once money began getting tight. As of right, now the only marketing efforts done are the local advertising flyers distributed among the neighborhood. Perhaps this is also an area to explore.

Mr. Samson is worried. Something must be done within the next year or his business will go bankrupt. How can he increase his profitability and be sustainable in the long term? Could this even be an appropriate time for Mr. Samson to change his business model completely and offer a new service? Can he afford to do so? That is for you to decide.