

Section III (15 marks)

Allow about 15 minutes for this section

6246
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In your answer you will be assessed on how well you:

- **Demonstrate** knowledge and understanding relevant to the question
 - **Use** the information provided
 - **Communicate** using relevant terminology and concepts
 - **Present** a sustained, logical and cohesive response in the form of a business report
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Ralph and Rose are two health professionals who have worked in their industry for 20 years. They are seeking to set up their own health and fitness centre in an outer suburban area. They are keen to create a welcoming healthy space for all members of the community to attend, no matter their age, in order to improve their well-being.

Ralph would prefer to open the business in a shopping centre however Rose would prefer to open the business in a stand alone set of shops.

Prepare a report for Ralph and Rose that analyses the most effective place to establish their proposed SME business.

In your report you should:

- **Propose** a vision statement for Ralph & Rose
- **Create** a SWOT analysis to identify the key influencing factors.
- **Discuss** the impact of competition on their business location choice.
- **Outline** how the business would organise its resources.
- **Describe** a marketing strategy Ralph and Rose could adopt to promote long term growth for their business.
- **Propose** and **justify** where Ralph and Rose should locate their business to attract customers to their business.

• The weaknesses of this potential business are as followed:

- Owners lack experience in running a business
- A potential weakness in the partnership may lead to indecisiveness

• The Opportunities of this business are as followed:

- No target market age wise opens up the business to more customers
- The opportunity to expand the business
eg. Create a health store along with the gym

• The Threats to this potential business are as followed:

- health and fitness industry is extremely competitive
- Potential for competitors to mirror their approach to the business

Good SWOT.

Impact of Competition:

The outer suburbs are generally made up of a demographic of families, mothers

and retirees. As such, there are numerous health and fitness centres targeted targeted at these groups and as so, there are numerous health centres offering a similar service. Because there is such heavy competition, if the competitors will fight to retain customers, and will try to force the new competitor out of the market, and the new business will probably be forced to engage in this battle, altering the entire course of the business goals.

Organising Resources:

The business is relatively small, so it is not necessary to split resources up into major departments.

- However, it is a good way to organise resources, by having few employees, that can be tasked with specific jobs in operations, marketing, finance and HR.

- For this business type, emphasis should be on finance, marketing and operations.

Marketing for long term growth:

- A potential way for this business to continue to remain profitable for a long period of time is to establish a partnership with a major health company. By establishing a mutually beneficial agreement, the SME can market this partnership with a major player in the health industry eg. Musashi, in order to attract more customers.

Prop. Proposal for location:

- The ideal location for this new SME, during the establishment phase at least, is a shopping centre. This is the ideal location for this type of business because:
 - More traffic = more exposure = more customer awareness
 - It is easier to market cheaper, as depending on location is in a particular section of centre
 - Worrying about carparking, space etc becomes irrelevant
 - It is easier to market a business that is in a clustered centre, as there is not such a reliance on TV advertising, pamphlets etc

Very good - Clear concise and
thorough - covers all aspects of the report!

15/15