

Business

Transition Activity

Task 1.

Case Study: Sounds Like Music (SLM) Ltd

In a quiet Manchester back street, Norman Webb lamented the demise of his once famous music shop selling CDs, records and DVDs. SLM Ltd still has a loyal customer base although visitors seem keener on browsing than actually purchasing, perhaps due to his prices which cannot compete with online rivals. The ageing CD buyers enjoy the range of specialist world music stocked from across the world including South African and South American bands in addition to the usual genres of music including a range of local bands from Manchester. Norman himself is a real enthusiast and recommends new artists to customers based on what they are buying. However, stocking a wide range of music has the downside of tying up cash and will usually result in heavy discounting during the many sales SLM have to get rid of old stock.

A local band selling their music in SLM is Last Call from Salford. Last Call have a niche following among the North West punk fanatics and have recently been collecting their fans email addresses at gigs in order to use relationship marketing to build up a long term association with each fan, sending them unique offers, details of gigs and exclusive downloadable tracks. By involving fans in research using email questionnaires they have been able to select the most popular songs for their new EP (4 track album). They have built up a following with their latest viral video on YouTube and this has been widely shared on social media sites.

After seeing the large music chain HMV go into administration SLM are understandably worried about the future of their shop. Younger music buyers are streaming their music from sites like Spotify or downloading for free. There is still a market for CD's but the large online stores like Amazon seem to have the market dominance to put off SLM from moving online. Norman's brother Brian has suggested closing the shop and moving the entire company online but Norman himself is keen to give the shop another two years before he makes this decision.

Exam-style question.

To what extent do you agree with Brian that SLM should move entirely online and close the retail shop? (16 marks)

Writing frame

Introduction: what is the current problem for the business?

Paragraph 1: yes he should close the retail business and move on line because...

Paragraph 2: no he should not close the retail shop because ...

Paragraph 3: Looking at the information above my recommendation would be ... because...

Other information.

Research the terms 'pure play and 'bricks and mortar' Use them in your answer.

Research the growth of online business and use this in your answer as well as information from the text.

Task 2.

1. The buyer for a chain of stores purchased laptop computers in bulk, paying £300 each. The stores will sell each laptop computer for £894. What is the mark-up percentage?

2. Gold rings that were once selling for £50 are now selling for £27. What is the discount, as a percentage?

3. A shopper at a clearance sale is pleased to discover some surfboards on sale for £135 each. The original price tags read £270. What is the discount percentage?

4. In order to select new board members, the French club held an election. 20% of the 50 members of the club voted. How many members voted?

5. A store bought a gold necklace at a cost of £30 and marked it up 100%. A salesperson named Samantha sold the necklace this morning, earning a 5% commission on the selling price. How much commission did Samantha make from the sale?

6. A 3-pack of toy cars costs £0.15. What is the unit price?

7. A 5-pack of woven baskets costs £3.10. What is the unit price?

Information for students

Your answers must be word-processed and you should show your workings for task 2.

You must reference all your sources.

The work must be handed in during your first Business lesson.