



UNIVERSITI PUTRA MALAYSIA

**A CASE STUDY ON
CAMBERWELL SDN. BHD.**

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BY

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Dengan ini saya, Francis Soh Han Leng, No. matrik 54514, pelajar tahun akhir program MASTER OF BUSINESS ADMINISTRATION mengaku bahawa kajian kes ini adalah hasil asal saya sendiri.


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ABSTRACT

The purpose of this case study is to determine the marketing competitiveness of Camberwell Sendirian Berhad that will give the company a competitive edge.

The marketing competitiveness was analyzed using the SWOT analysis, marketing analysis, financial analysis and SPACE MODEL. SWOT analysis was used to determine the overall strengths, weaknesses, opportunities and threats of the company. Marketing analysis was used to determine competitive aspects with respect to product, price, distribution and promotion strategies of the company. Financial analysis was used to ascertain the company situation in terms of debts and profits. SPACE MODEL is to determine the marketing strategy that is going to deploy by the company.



PART I

CASE SCENARIO

1.0 SCENARIO

In August 1998, Tan Tiong Wang, the Managing Director (MD) of Camberwell Sdn. Bhd. was evaluating on the company's membership reports and the performance of its major revenue -- membership subscription fees and gaming machine receipts. He noted that there was no new member joining the club for the month of July 1998. It was the first time in the company's history since 1992. He was completely dissatisfied. However, he was not sure what direction he should take to overcome this problem. As each Club member is important to the continued growth and vitality of the Club. It is necessary for the management of the Club to take certain actions or effort to maintain existing members or recruit new members for the benefits of the Club.

Tan Tiong Wang had asked Ewe Teik Kong, the club manager to give a complete report regarding the cause and effect on this unexpected outcome. After the short meeting with Tan Tiong Wang, Ewe Teik Kong called a meeting with his operations executives. In the meeting, Ewe Teik Kwong and his operations executives faced a complex problem with many interacting elements. All of them agreed that planning an excellent marketing strategy was an interval decision to be made. They believed that they had to come-up with both short-term and long-term marketing strategies.

2.0 COMPANY BACKGROUND

Camberwell Sdn. Bhd. is a private membership club and is well known as Camberwell Club. The mission of the Club is to be the best family oriented club in Damansara area where the Club will provide excellent customer service to satisfy its customers' recreation needs. The Club was incorporated on 12nd February 1986 under the Companies Act 1965. Principally, it is involved in the service industries -- entertainment and recreational services. These include slot machines, pub, karaoke lounge, sports and recreational activities; either indoor or outdoor activities. The company is located in 22nd Floor, Plaza Atrium,

Lorong P. Ramlee, 50250 Kuala Lumpur, until 1991, when the company was shifted to the Damansara Utama business center. The present company address is 80, 82, 84 (ABC) Jalan SS 21/62, Damansara Utama, 47400 Petaling Jaya. The decision to shift the Club to the new location was implemented because the top management believed that this action would bring more benefits to the members. Furthermore, with a new club premise, club image, and more sporting facilities; it is believed to attract more non-members to join the Club membership. The Club occupied 9 lots of the premise. The first floor are slot machines (2 lots) and a pub (1 lot). The second floor (3 lots) is the karaoke lounge with 11 rooms. Third floor (3 lots) is the account and administration office; indoor sports facilities and recreation such as Tae-Kwon-Do, table tennis, snooker, sauna, gymnasium, TV room, reading room, mahjong room and video games room. On the other hand, badminton and takraw courts are located in the Tropicana Country Golf Club, which is only 2 kilometers from Camberwell.

At the time being, the club is open from 10.00 am to 2.00 a.m. However, the club members are only allowed to use the indoor sports facilities and recreation which are located in the 3rd floor of the Club premise from 6.00 p.m. to 10.00 p.m. due to shortage of staff.

The facilities and services provided by the Club are show as below: -

2.1 Slot Machines

A well-designed room with 10 slot machines, a TV corner, and a bar can accommodate 40 person at a time. The slot machine room is open strictly for members only. Business hour is from 12.00 p.m. till 2.00 a.m. daily, 365 days yearly.

2.2 Pub

An elegantly design pub and can accommodate 50 persons at a time. The pub plays the latest musical hits with excellent sound. Visitors can request a wide variety of songs in English, Malay, Mandarin, Hokkien, Cantonese and Japanese. The pub is open from 5.00 p.m. till 1.00 a.m. throughout the year.

2.3 Karaoke

A fully equipped karaoke lounge with 11 rooms and can accommodate 120 persons at a time. The karaoke lounge is open daily from 5.00 p.m. till 1.00 a.m. through out the year.

2.4 Mahjong Room

A private room is supplied with 2 mahjong and card tables and can accommodate 8 players at a time.

2.5 Video Game Room

This room comprises the latest video games for children.

2.6 Table Tennis

A private room with 2 table tennis tables.

2.7 Tae-Kwon Do

A private room for Tae Kwon Do training class. Sometimes it is used for aerobics class. Can accommodate 30 persons at a time.

2.8 Snooker

A private room with a snooker table.

2.9 Gymnasium

The Gym is equipped with a multi-station, a stepmaster, 4 bikes, and a computerized treadmill and weight lifting equipment.

2.10 Sauna

A small private room which can accommodate 8 persons at a time.

2.11 TV Room

A comfortable seating arrangement for viewing videos, TV programs on a wide screen TV set.

2.12 Reading Room

A private room with some magazines, newspapers (English and Chinese) and story books.

2.13 Game Room

A private room with games such as carom, chest, etc.

2.14 Badminton

1 concrete badminton court which can be used during daytime for games and competition. The court is located at the Tropicana Country Golf Club.

2.15 Takraw

1 concrete takraw court which can be used during daytime for games and competition. The court is located beside the badminton court at the Tropicana Country Golf Club.

3.0 MANAGEMENT STYLE

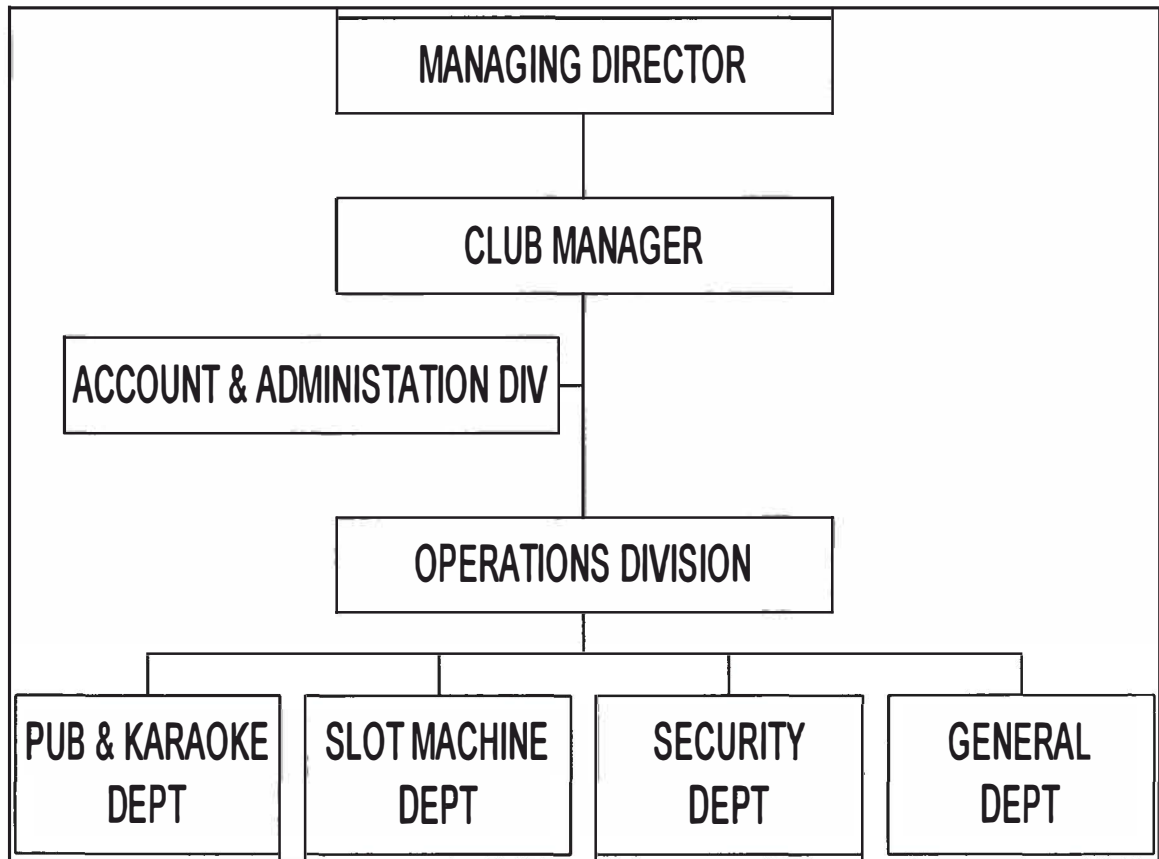
An open-door policy is practiced throughout the company and personnel are encouraged to voice their problems to the person most capable of resolving them. Without significantly formulating, they often take charge in their areas of expertise, acting as temporary working supervisors. Normally the junior staff is being trained by the senior staff.

For the past 3 - 4 years, Camberwell Club is practicing stability strategy. The first reason, the company is doing reasonably well. Example; profit had increased from RM 674,799.33 in 1993 to RM 1.63 millions in 1997. The top management does not want the risks or hassles associated with more aggressive growth. The second reason is that the top management is unconcerned with the strategic direction and does not have a formal strategic planning.

Until December 31 1998, the total number of staff working in the Club is 27 (See Appendix 6). The club manager is fully responsible for all the operations of the Club. The manager is the person who made all the major decisions regarding the daily operations of the Club. He is assisted by three operations executives in the daily club operations. However, the managing director will be involved in the decision making when things are out of control, or unexpected problems arise.

There are two major divisions in Camberwell Club. The Account and Administration Division and second, the Operations Division. The Account and Administration Division is headed by an account executive who is assisted by a general clerk. The office hour in this division is from 10.00 a.m. till 6.00 p.m. on Monday to Friday, and from 10.00 a.m. till 2.00 p.m. on Saturday.

CHART 1: ORGANIZATION CHART OF CAMBERWELL SDN. BHD.



Source: Camberwell Sdn. Bhd.

There are four departments in the Operations Division – Slot Machine Department, Pub and Karaoke Department, Security Department and the General Department. These departments report directly to the operations executives (See Chart 1).

There are three operations executives in the Operations Division. This division oversees most of the Club daily operations. The office hour for the Operations Division is according to the business hour of the Club. There are two shifts in this division. First shift is from 10.00 a.m. till 6.00 p.m.. Second shift is from 6.00 p.m. till 2.00 a.m.. The Club is opened for business 365 days a year (including Sunday and public holidays). Normally one operation executive is in-charge of

the first shift, and two operation executives are in the second shift. However, when one of them is on a rest day, one operation executive is in the first shift, the other is in the second shift. When one of the operation executives is on a rest day and another operation executive is on medical or emergency leave, then the club manager has to replace that particular empty shift.

The main task of the Operations Division is to make sure that the daily club operations is on the right track. Each of the head departments (the supervisor) will ask his/her staff regarding the working day for that particular week, especially during public holidays; such as Hari Raya Aidilfitri and Chinese New Year. This is to make sure that there is enough manpower to handle each department respectively. Beside that, all the operations executives are also given the task on the recruitment for new membership, club promotion, maintenance, and purchasing of stock and equipment. In order to make sure the Club is able to go on smoothly in its daily operations, the operations executives are always informed on the importance of the various licenses (See Appendix 1). The reason is that the Ministry of Finance will only renew the Slot Machine License if the Club has all the required licenses.

There are four securities in the Security Department. The security reports to the operations executives. The main responsibility of the security is to take care of the safety of the Club; this includes the premise of the Club, and the safety of the members and staffs. The Security Department has two shifts. The first shift is from 10.00 am to 6.00 p.m. The second shift is from 6.00 p.m. until 2.00 am. Normally there is one security officer working in the first shift, and the other three security officers are working in the second shift.

The General Department consists of the cleaner and the car jockey. At one time there are two cleaners and one car jockey. The working hours for the cleaner is from 10.00 a.m. till 6.00 p.m. daily. If one of the cleaners is on a rest day or on

leave, then the other cleaner has to replace her on that particular day. The car jockey is working on Monday to Saturday, whilst Sunday and public holidays are his rest days. The working hours are from 8.00 p.m. to 2.00 am.

The Slot Machine Department has been the profit center for the Club; therefore the top management's expectations on this department is very high. Incentive program for the operations executives and the employees in this department is quite high. The incentive program is designed to motivate the employees in this department to perform consistently.

4.0 MEMBERSHIP

When it was first established, the Club has less than 100 registered members. By the end of 1998, the Club has a total of 1198 members. More than 90% of the Club members are male. Almost 70% of the members are married with at least one kid. Over 80% of the members are managerial level or have their own business and their annual income is above RM100,000.00. Table 1 shows a statistical summary of the number and sex of membership from 1990 - 1998.

The minimum age of a person to become a Club member is 21 years old. Students are not allowed to join the club membership. The entrance fee is RM 1,500.00 per membership and the monthly fee is RM 50.00. Members can enjoy all the sports and recreational facilities free of charge. However, spouses and children of the members are required to pay a certain amount of money for certain facilities.

TABLE 1: STATISTICAL SUMMARY OF MEMBERSHIP FROM 1990-1998

YEAR	JAN	NEW MEMBER	NON-ACTIVE	DEC	MALE	FEMALE
1990	209	NIL	NIL	209	201	8
1991	209	262	NIL	471	458	13
1992	471	921	NIL	1392	1266	63
1993	1392	167	(297)	1262	1208	54
1994	1262	79	(104)	1237	1196	41
1995	1237	211	(135)	1313	1268	45
1996	1313	173	(462)	1024	988	36
1997	1024	140	(61)	1103	1071	32
1998	1103	176	(81)	1198	1175	23

Source: Camberwell Sdn Bhd.

5.0 FINANCIAL PERFORMANCE

The revenue of the Club is generated from four areas (See Table 2). The first area is the lounge sales, which is generated from the pub and karaoke lounge. The second area is the membership subscription fees (including the entrance fees for new members and the monthly subscription fees for the existing member). The third area is the revenue contributed from the gaming machine receipts, or the sales generated from the Slot Machine Department. The last area is the minor item such as the rental for the facilities, fixed deposit interest and the sundry receipts. Table 2 provides the data of the revenue from 1993 – 1998.

TABLE 2: CATEGORY AND AMOUNT OF REVENUE FROM 1993-1998

	1993	1994	1995	1996	1997	1998
Category	RM	RM	RM	RM	RM	RM
Net lounge sales	510,846.04 (25.9%)	582,859.12 (25%)	431,027.91 (15.7%)	311,730.16 (9.1%)	142,042.42 (3.9%)	79,309.29 (3.1%)
Membership subscriptions	905,145.00 (45.9%)	792,540.00 (34.1%)	919,350.00 (33.6%)	819,212.50 (23.6%)	838,860.00 (23.4%)	684,472.50 (26.3%)
Gaming machine receipts	489,514.27 (24.8%)	929,826.50 (40%)	1,275,826.50 (46.7%)	2,095,404.00 (60.5%)	2,531,685.00 (70.4%)	1,828,213.00 (70.4%)
Others	63,169.76 (3.4%)	17,288.11 (1%)	103,956.20 (4%)	233,794.34 (6.9%)	79,717.11 (2.3%)	4,484.65 (0.2%)
Total revenue	1,968,675.07 (100%)	2,322,513.73 (100%)	2,730,160.61 (100%)	3,460,141.00 (100%)	3,592,304.53 (100%)	2,596,479.44 (100%)

Source: Camberwell Sdn. Bhd.

Remark: Amount of revenue for 1998 is from Jan '98 until Nov '98.

However, there are two main sources revenue. Firstly, the revenue generated from the Pub and Karaoke Department (net lounge sales). Secondly, the revenue generated from the Slot Machine Department (gaming machine receipts) (See Table 2).

The percentage of the revenue generated from the Slot Machine Department to the total revenue has increased from year to year (See Table 2). For example, the percentage for 1993 is 24.8% and it has increased to 70.4% in 1998.

The lounge sales (generated from pub and karaoke sales) is dropping since 1995 (See Chart 2). The first reason is that more attention and time is spent on the Slot Machine Department as it generates the major revenue for the Club.

The second reason is that more and more food and beverage (F & B) outlets (pub and karaoke lounge) are coming up in the Damansara Utama business center. At the end of 1998, it is estimated 37 F & B outlets are located in Damansara Utama.

Since 1994, the management has made a decision on the charges for the sports facilities. In order to be more competitive in the market, spouses and children of the members are allowed to use the facilities free of charge. There is no more revenue generated from the game room as shown in the Profit and Loss Account from 1994 onwards (See Appendix 7).

6.0 OPERATIONS

The core business of the Club is the gaming machine receipts (under the Slot Machine Department). The revenue generated from this department has increased from year to year (See Table 2). The daily business hours for this department is from 12.00 p.m. till 2.00 a.m. It is open 365 days yearly. Only those who have club memberships are allowed to enter the Slot Machine Room. The survival of the Club is mainly due to the Slot Machine Department. The top management pays a lot of time and effort in this department. All the operations executives have been told to concentrate in the Slot Machine Department. However, they have to take care of the other departments at the same time. In order to renew the Slot Machine license, a particular club has to provide the sports and recreational facilities to its members (See Appendix 2). Beside that, there are some rules and policies set by the Ministry of Finance (MOF) and must be followed by the Club (See Appendix 3).