

Case 1A

Type: Profitability



Problem Statement:

Your client is a museum in Toulouse, a city in France. They have witnessed a decrease in their profits. Find out the root cause and provide recommendations.

SCRIPT KEY	
Interviewee/Candidate	
Interviewer	

<p>Client is a Football club owner. Its planning to enter China. Help identify whether it should enter or not.</p>	<p>No, we haven't changed the ticket price. The number of people visiting the museum has declined.</p>
<p>Could I know more about the client? Where is it based out of, which other geographies does the club has its presence in and why does it want to enter China?</p>	<p>Sure. Breaking down the number of people visiting – it would depend on the number of people visiting the city and the preference of these tourists for visiting the museum. Have any of these changed?</p>
<p>It is an arts-museum, and the only museum in the city. They have been facing this issue for the past 1 year. We don't have information on the magnitude of the decline – consider this as a qualitative assessment.</p>	<p>Apparently, the number of tourists in the city has increased</p>
<p>Sure. I would like to start the analysis now. Profits is basically revenue minus costs. A decline in profits can be due to a decline in revenues, an increase in costs or a combination of both. Do we know what is happening?</p>	<p>Interesting. This means that the preference for visiting museum has decreased. I would like to divide it further into internal and external issues. Internal issues can be analyzed as the 4As (Availability, Awareness, Affordability, Accessibility) of the museum.</p>
<p>The costs have remained the same. We have seen a decline in revenue.</p>	<p>There are no issues with the museum. It is an external issue.</p>
<p>Sure. Now, the major revenues for a museum would come from ticketing, and auctions. Are there any other revenue streams?</p>	<p>Okay. Since it is an external issue, I would like to analyze the journey of a tourist in the city – they would arrive in the city, stay at certain hotels, would hire a guide/tour planner, and follow their plan for the visit. Is it right? Do we have partnerships with the tour planners/guides?</p>
<p>We don't conduct auctions. Our major revenue streams are ticketing (80%) and food and beverage sales from an in-house restaurant (20%).</p>	<p>Right. We have a partnership.</p>
<p>Alright. Since the F&B sales would be dependent on the number of people coming to the museum, which also constitutes the ticketing sales – I would like to analyze the ticket sales.</p>	<p>Have we reduced their incentives, or has some other tourist attraction paid additional incentives?</p>
<p>Sure. The ticket sales have decreased.</p>	<p>It is the latter. A new Disneyland has opened in the city, and the guides are diverting all tourists there.</p>
<p>Alright. The ticket sales would depend on the number of people visiting the museum and the average ticket price. Have we changed the ticket price in the past 1 year?</p>	<p>Ah. Alright. I think this is the root cause. I would give a few recommendations to potentially increase our revenues: 1) We can incentivize the guides, 2) We can organize special talks with artists to attract the right audience, 3) We can seek government support to increase our outreach.</p>
	<p>Great. We can close the case here. Thanks.</p>

PROFITABILITY CASE STRUCTURE

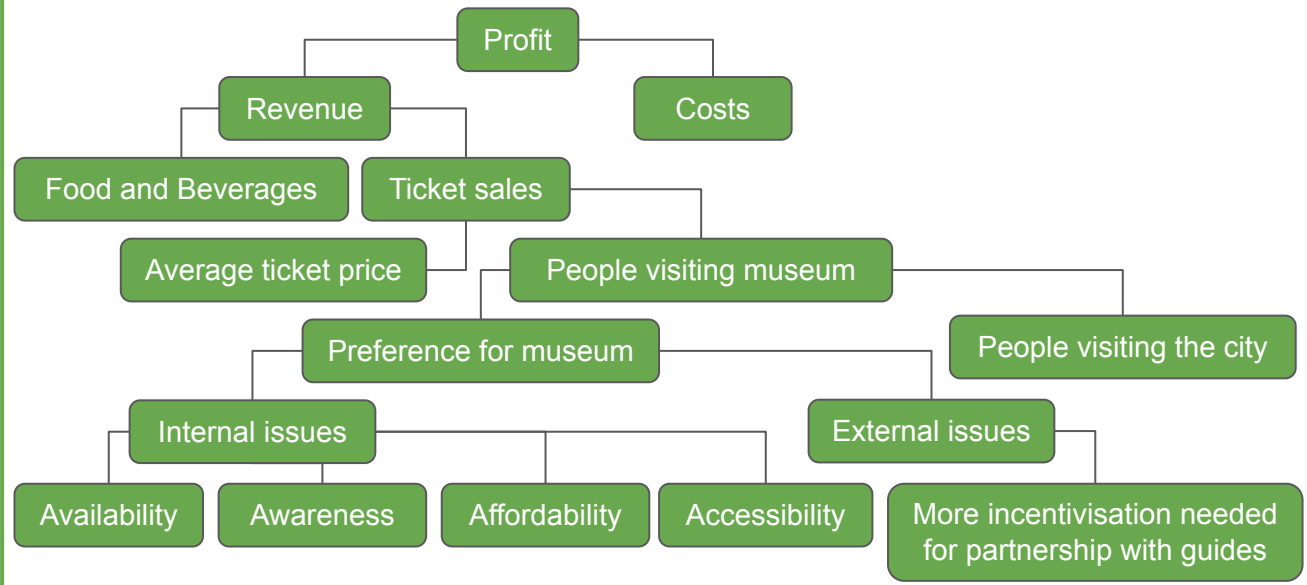
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QUALITATIVE INFORMATION

Case background:
A museum is facing a decrease in their profits due to a decline in revenue.

Case facts:

- Problem since 1 year
- An arts-museum in Toulouse, France
- Major revenue streams- ticketing (80%), in-house restaurant sales (20%)
- Ticket sales have decreased due to an external issue
- Increase in the number of tourists in the city
- Partnership with tour planners/guides
- A new Disneyland has opened in Toulouse



PROBLEMS

External issue: Competitor has paid additional incentives to tour guides, because of which tour guides are diverting all tourists there

RECOMMENDATIONS

- Incentivize the guides
- Organize special talks with artists to attract the right audience
- Seek government support to increase our outreach

MARKET ENTRY CASE STRUCTURE

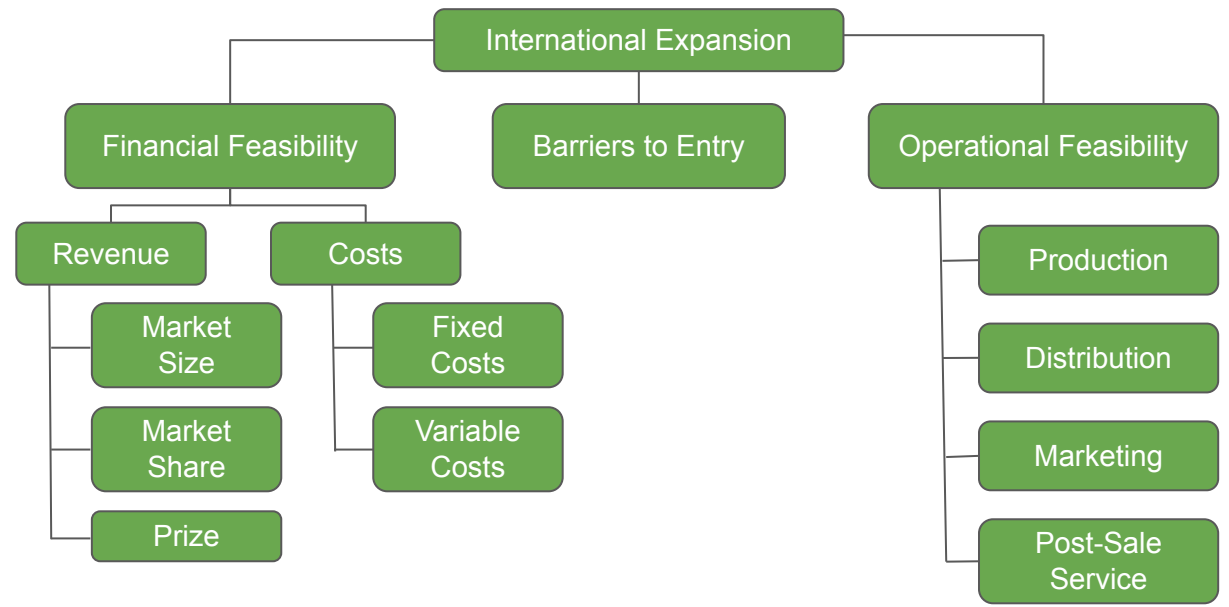
Client is an Indian Automobile Manufacturer and has extra capacity at their manufacturing plant. They wish to expand abroad and have hired you to devise a strategy for the same.

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