



ARCANE

Domain: Operations

CASE PROBLEM

Started in 2002, **Arcane** is a popular chain of gaming arcades that operates 15 branches all over India. Their locations are characterized by large, open spaces, usually multi-storied, with a variety of standard arcade games such as shooting, basketball, just dance platforms, etc.

The owners, Akshat and Ankita, are siblings who were brought up in the United States in the '90s and grew up surrounded by a culture of open spaces where they relaxed with their friends. They noticed a gap in India, with limited options, and thus started an arcade in Mumbai, with a 2-storey location at a leading shopping complex. They experienced major success and have since then expanded, with branches in all metros and major cities in India. They have since leveraged their first mover's advantage in the sports entertainment section, which has no similar rivals of their scale.

The company has focussed on building a loyal consumer base of teenagers and young adults who live/study nearby and make up the most consistent stream of customers. Apart from that, there are also visitors from other cities, with their arcades becoming one of the landmarks for people from non-metro cities.

Tickets can be booked online or offline, and offer timed slots of 4 hours, and priced at 15,00 INR for weekdays and 2000 INR per person for weekends. The price includes not just access to all the present games but also a complimentary drink bottle handed at entry and a small gift such as keychain/mini toys given at exit times.

Their operations have been focused on creating positive value for consumers, with a focus on providing great consumer service. They thus have kept high-quality gaming equipment, with regular upkeep done. Safety protocols are also kept steady. The staff is well trained and efficient, creating a warm, relaxed atmosphere at the locations.

However, running operations has become increasingly harder in the past few years. Increasing rates of leasing locations, coupled with falling footfall and the surging popularity of video games, have all caused growth rates to plummet to a third of their earlier values, at 4%. The covid time was also a major hindrance, with almost a year of having to close operations.



- I) The nature of the business at Arcane implies that capacity utilization is a major issue. The venues all suffer from the rush and slow problems, where weekend mornings and weekday evenings are booked out, while other slots like weekday mornings are often greatly underutilized. Analyse the possible reasons for this, and suggest countermeasures for the problem.
- II) Think about the type of consumers that Arcane would get, segment them, and propose ways to improve value for them. Suggestions must include pricing options, provision of enhancers, and consumer experience elements—factor in the use of technology and internet into the same.
- III) While bookings are made via an ERP-based application, most other operations for different branches are managed on centrally proposed planning, which is done by the founders themselves. This, at times, causes the staff at the Mumbai branch (their main branch) to have a higher administrative workload. Suggest areas and ways to improve the autonomy of the branch managers, along with the benefits it brings in.

CASE SOLUTION

Problem Statement 1)

The nature of the business at Arcane implies that capacity utilization is a major issue. The venues all suffer from the rush and slow problems, where weekend mornings and weekday evenings are booked out, while other slots like weekday mornings are often greatly underutilized. Analyze the possible reasons for this, and suggest countermeasures for the problem.

Reasons:

1. Arcane has focused on building a loyal consumer base of teenagers and young adults who live/study nearby and make up the most consistent stream of customers. Their target audience falls in the age group which would be attending educational institutes and offices during weekday mornings.
2. Also, in regards to the younger part of their clientele (kids under 12 or so), would mean that they require the assistance or supervision of their



guardians who would also be preoccupied with their own jobs and work during weekdays.

Countermeasures:-

1. Arcane can focus on targeting other groups of people (other than teenagers/young adults) during slow hours (such as weekday mornings) such as bloggers, social media influencers, Ad agencies etc.The arcades can be rented out for personal shoots, filming of advertisements ,hosting events or professional photography.
2. A greater discount can be provided to customers during target hours, so as to increase their increments to occupy the arcades during slow hours.This would also reduce the staff and technological pressure during rush hours.

Problem Statement 2)

Think about the type of consumers that Arcane would get, segment them, and propose ways to improve value for them. Suggestions must include pricing options, provision of enhancers, and consumer experience elements—factor in the use of technology and internet into the same.

Consumers can be divided on a couple of different characteristics such as age, value, etc. Each group can then be targeted through different schemes on different elements:

Customer Segments:

- Less 18 years
- 19-35 years
- 36 years and above

Customer Segment	Characteristics	Value proposition
Less than 18 years	<ul style="list-style-type: none"> • This segment is price sensitive • Children mostly will be 	Offering discounts or lower fees for teenagers. Food- This customer segment looks for



	accompanied by their parents, which will increase customer flow	wholesome experience. Food will be a great value addition.
19-35 years	<ul style="list-style-type: none">• Value novel experiences• Most likely to be regulars• Large proportion of consumer are from this segment	Simulation Games offer variety and realism to the gamers, which made them popular among this segment.
36 years and above	<ul style="list-style-type: none">• 30-70 split expected between consumers and parents of other groups.	We can have a food court in our premises offering a variety of food items. Food court will help the game arcade to keep the customer longer and provide a wholesome experience. Arcane can install some old traditional video games in order to attract this segment. This will give nostalgic feeling to customer thus increasing value experience

For Less than 18 years :-

- 1) Teenagers are more interested in video games. Arcane should focus on improving video game experience for teenagers alongside experimenting with new games.
- 2) Pricing Model - in order to attract more teenagers, the company can offer discounts or lower fees to teenagers.



- 3) Food - Arcane should also have a small corner for food. It is a great value addition and would also retain consumers for a longer time.

For 19- 35 years :-

- 1) Simulation Games - In order to attract this age group, the company should focus on installing good simulation games. Simulation Games offer variety and realism to the gamers, which made them popular among this segment.
- 2) Virtual reality games - More emphasis on VR and metaverse games. This field is upcoming and there is a lot of craze among youngsters.
- 3) Photo booths - photo booths automatically take and develop three or four wallet-sized pictures of subjects within the small space. They are very famous among youth.

For 35 and above years :-

- 1) Since the majority of people above 35 years are parents. We can have a food court in our premises offering a variety of food items. The Food court will help the game arcade to keep the customer longer and provide wholesome experience
- 2) Sitting Arrangement - with a food court, the company should also provide a beautiful sitting arrangement for parents waiting for their children.

Problem Statement 3)

Most of the operations of Arcane Ltd., are managed by the central branch, i.e., the Mumbai branch. This has caused the operations to become more or less centralised, leading to excessive workload and burden on the founders. The various areas and ways in which the autonomy of the branch managers can be improved are:

Areas and ways to improve autonomy of branch managers:-

The primary step to improve the autonomy of branch managers is to decentralise and delegate some of the core functions to the branch managers.

- Branch managers should be given the responsibility of hiring and training the local recruits from the regions in which they operate. This will not just help the top managers to delegate some of their

responsibilities and focus more on the specialised functions, but will also help to bring native talent to the branch.

- Branch managers will have an upper hand while marketing the company to the regional population. The task of marketing and PR can also be delegated to the different branch managers as they will have a better understanding of the needs of the regional customers and hence, can devise marketing strategies appropriate to the requirements of their customers. While developing such marketing plans, such managers can include distinctive elements specific to the area in which they have jurisdiction. For eg: At the Kolkata branch, some special offers can be used during the festival of Durga Puja, etc.

HUMAN RESOURCES	MARKETING & PR	SALES & OPERATIONS
<p>Branch managers should be given the responsibility of hiring and training the local recruits from the regions in which they operate. This will not just help the top managers to delegate some of their responsibilities and focus more on the specialised functions, but will also help to bring native talent to the branch.</p>	<p>Branch managers will have an upper hand while marketing the company to the regional population. The task of marketing and PR can also be delegated to the different branch managers as they will have a better understanding of the needs of the regional customers and hence, can devise marketing strategies appropriate to the requirements of their customers. While developing such marketing plans, such managers can include distinctive elements specific to the area in which they have jurisdiction. For eg: At the Kolkata branch, some special offers can</p>	<p>SALES- Branch managers can be empowered to take strategic decisions in the areas concerning giving discounts to local institutions or in terms of partnering with local stores like those of athleisure clothing.</p> <p>OPERATIONS- If the responsibility of operations is delegated to the branch managers, they will better be able to handle and come up with the right fit of complimentary services, changing outlays and choosing better consoles.</p>

	be used during the festival of Durga Puja, etc.	
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The various benefits such delegation of responsibilities can offer include:

- Delegation of authority helps to minimize the workload of top managers by relieving the manager of the need to attend to minor or routine types of duties. They can assign the routine work like research tasks, repetitive tasks like reports, customer service tasks, etc., to their subordinates while they concentrate more effectively on managerial and creative functions.
- As the particular work is assigned to the branch managers who have specialized knowledge and expertise in the respective field, it helps in attaining specialization. This contributes to the development of the concept of specialization among the subordinates.
- Delegation of specific responsibilities will also help to develop among the branch managers, a feeling of status and prestige, and therefore it becomes a device to boost their morale. This will aid the managers to improve their working efficiency and will promote a sense of initiative and responsibility among them. They henceforth become more responsible, and more committed to the work assigned to them.

