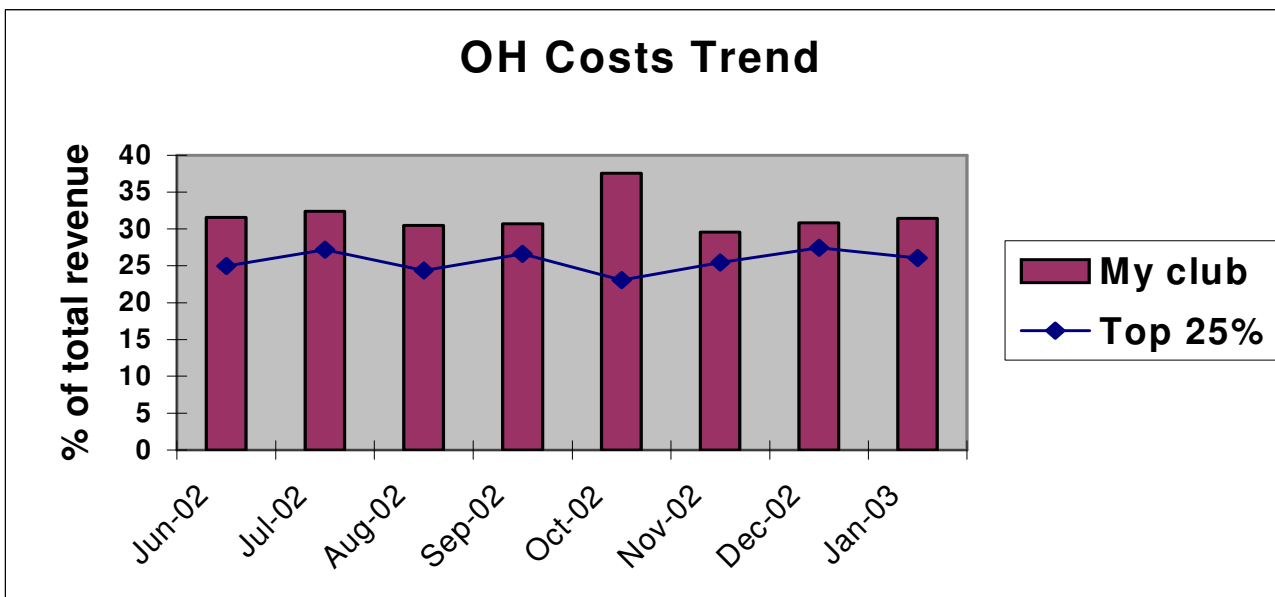


Case Study 3.....Keeping the marketing budget in check with the industry

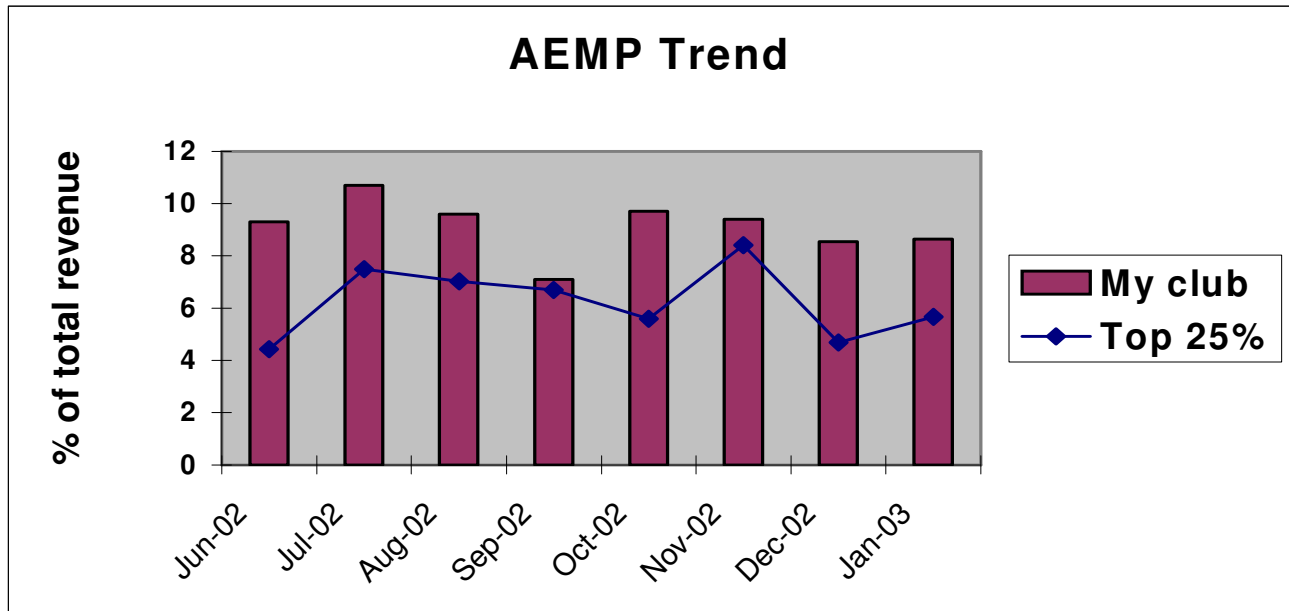
Club 3 had achieved consistent overall profitability in the lower end of the 'Top 25%' of clubs and its management concluded that this was due mainly to its high gross profit percentage. However, in viewing the 'Overhead Costs Trend' from month to month, it became clear that there was scope for major improvements. If the club could reduce its overhead costs to bring them in line with the industry leaders, it would be able to achieve even larger overall profitability than previously reported.



Management used the CDOL system to investigate its key performance indicators and was able to determine that it was the marketing costs that were significantly higher than the industry benchmark:

1. The 'Overall Wages Trend' was showing that in this area, the club was performing at or above the 'Top 25%' of clubs. Further analysis of beverage, catering and gaming departments confirmed that wages were in line with industry trends.

- The 'AEMP (Advertising, Entertainment, Marketing and Promotions) Trend' showed that the club's spending in this area was excessive. The club's average AEMP spend for the past 6 months was 9.1% compared with the 'Top 25%' average over the same period of 6.25%.



- Since the CDOL system can further compare each component of AEMP, management was able to identify that 'promotions', not 'advertising' and 'entertainment' was the major contributor to the club's high overhead costs.

By using the CDOL system, the club's management was compelled to identify which were the most effective promotional campaigns. Management re-evaluated their marketing spend and now use Club Data Online to monitor their progress relative to the industry. The marketing budget is now set based on the best averages obtained through CDOL.

Subsequently, the club has implemented improved systems to measure the effectiveness of marketing spend and now has improved its position relative to the 'Top 25%' for overall overhead costs. The reduced expenditure on AEMP has added, on average, \$7,500 per month to the club's bottom line.