

## Gala Clubs

The core business of Gala Clubs is bingo. Bass PLC originally owned it, but in 1997 it became a private limited company following a management buy-in. Management buy-ins often happen when large commercial organisations have to make strategic decisions about what to do with parts of a business. Capital is raised externally by a management buy-in team. A management buy-in team, led by John Kelly and Richard Sowerby, gained

the financial support of a number of venture capitalists, who enabled them to buy the business from Bass which they now share in and manage on behalf of the venture capitalists.

Today Gala Clubs is a large and developing organisation in its own right

with a 30 per cent market share of the bingo industry within the UK. It currently owns 150 bingo clubs and employs more than 5,000 staff in various parts of the country. The support and management teams at Gala's head office total a further 140 people. One of the options available to the venture capitalists is to exit the existing arrangements by floating its shares on the stock exchange so that it becomes a publicly quoted company with PLC after its name.

## Old Street, Ashton

Known locally as Ashton, Ashton-under-Lyne is a short distance to the east of Manchester. The bingo market in this area consists of independent clubs operating from small, former cinema premises with few development opportunities and no parking. There are currently five bingo clubs to the east of Manchester, including the Gala Club, achieving around 9,900 weekly admissions between them.

The Gala club currently operates at Old Street, Ashton on the edge of a secondary shopping area within the premises of an old cinema, which has limited facilities and no parking. The capacity for the cinema is 861, with 482 seats in the main auditorium and 379 in the circle area.

Secondary location means that the Gala Club is not in a prime site in the town centre. Instead it is in an old building that is not purpose built. There are many restrictions upon its use and few opportunities to further develop the club. The club is budgeted to achieve 1,100 admissions per week. Though this is still profitable as a business unit in the short-term, it only contributes a small amount to the Gala organisation. Its limited capacity has a local appeal, but does not attract many players from surrounding areas close to Ashton where there is a much larger potential market to play bingo.

Demographics involve the scientific analysis of population statistics that can be classified in a number of different ways including:

- age
- sex
- income/location
- race
- educational background.

They are particularly useful for decision-makers who can then use them to plan ahead and make accurate predictions. Demographic analysis of Ashton and its surrounding areas showed that there is a high propensity to play bingo in this part of the country which is well above the national average - 8.1 per cent compared to a UK average of 6.3 per cent. With more than 80,726 adults within a two-mile radius of Ashton, this means that there is a potential admissions base of 9,900 customers a week.

## The New Site

The development site identified for the new Gala Club consists of approximately 1.7 acres, at the moment occupied by warehouses waiting to be demolished. This forms part of a 4.1 acre wider development for retail and leisure users, on the northern edge of Ashton Town Centre. The location is two minutes walk from the existing bus station.

It is proposed to relocate the existing Gala Club into a purpose-built, single-level club with around 1,600 seats and access to more than 250 car parking spaces, in this prominent position. In addition there are

numerous public car parks within a short distance. Car access to the site is good, with easy links to Stalybridge (two and a half miles), Hyde (three miles), Oldham (four miles) and Manchester (six and a half miles). Research has shown that the club is likely to attract weekly admissions of 6,000 three years after having been developed.

## **Access And Parking**

Service industries such as entertainment and retailing have to locate near their customers and provide a range of facilities that make them convenient to use. In fact, for many such organisations, location is a key factor that helps to differentiate the organisation and sets it aside from its competitors. The new Gala Club is to be situated on the north edge of the town, within easy walking distance of the main shopping centre. Other key features include:

- the site is opposite the recently redeveloped bus station
- road access to the site is good with easy links to Stalybridge, Hyde, Oldham and Manchester
- an additional extension to the Greater Manchester Motorway Network (M60) that was formerly the M6, M61, M62, M63.

A key feature of the redevelopment of city centres and large urban conurbations within the UK has been new and different forms of public transport such as tram networks. Bids by Manchester City Council for the recent Commonwealth Games ensured that Metrolink 2,000 is to be extended to Ashton, as part of a three-fold increase in the Metrolink Network.

## **Membership Information Database Analysis System (MIDAS)**

It is the job of marketers to develop a close understanding of the needs of their customers. They can then develop services that meet their needs more precisely than their competitors. It is important that they understand why customers make decisions, who their customer groupings are, what they are looking for and how they want their service provided.

Organisations often use their own specialist systems and procedures to analyse the market opportunities provided through a new retail development. Gala Clubs uses the MIDAS computer system to provide essential data which offers a thorough understanding of the background and behaviour of its customers. It is widely used within Gala for a number of business planning issues as well as for developing new business opportunities.

One use of the MIDAS system has been to develop promotional strategies by determining the catchment areas of potential bingo players by their postcode. It also has other uses. For example, the membership administration system of the existing club in Ashton showed that, because only 13 players were drawn from Stalybridge under the SK13 postcode, a key competitor in that area is the Cosmo Bingo Club. Relocation to the new site in Ashton should increase the proportion of players from all areas, but particularly those from Stalybridge, where there are many players, but only a few currently using a Gala Club.

## **Membership Analysis**

The breakdown of population and the bingo potential within three miles of the new site, based upon 1999 figures, is as follows:

The data shows that within three miles of the Ashton area, 8.1 per cent of people play bingo which is well above the national average of 6.3 per cent. The main catchment area for the new Gala Club at the different location will be within two miles, where there are 80,726 adults, representing around 6,600 possible players per week and a potential admission of 9,900 per week. The existing clubs within this immediate catchment area account for 6,400 weekly admissions, leaving a market gap of 3,500. Together with an estimated 1,000 admissions retained from the existing club, the market gap within two miles is 4,500 admissions.

The nearest Gala Club to the new location is seven miles away and this club draws from a completely different catchment area.

## **Demographic Profile**

Within the two mile area of Ashton the population of 80,726 has increased by 1.8 per cent since 1987. One of the most frequently used methods of classifying customers into groups is to look at socio-economic groupings or social stratification, which provides a reliable guide to the relationship between occupation, income and lifestyle. For example, C2 would be skilled workers, D would be unskilled and E would be on the lowest subsistence level.

The socio-economic profile of the Ashton area is favourable to the bingo market, with higher percentages of unskilled and manual workers than the UK average. Unemployment is slightly above average, with a high proportion of the workforce in manufacturing industries. This is 42.3 per cent compared with the UK average of 26.7 per cent. Car ownership within the area is low, which means a high reliance upon public transport.

Housing tenure within the Ashton area is again favourable to the bingo market with a high proportion of council estates (indexed at 132 compared to the UK index of 100) and older terraced housing. In recent years many properties have been re-built or refurbished.

People from ethnic minorities are not, by culture or religion, likely to be bingo players. Based on 1999 Tameside Metropolitan Borough data, the overall percentage of population of ethnic origin within three miles of Ashton, is slightly below that of the national average. It accounts for three percent of the population and includes Afro-Caribbean, Bangladeshi, Chinese, East African and Pakistani families.

Information gained from the locally-based brewers, indicates that the area has a pints per adult per year figure of 225, with a higher volume of lager/ale consumed than the national average.