OCR GCSE BUSINESS STUDIES A293/01/CS
Production, Finance and the External Business Environment
PRE-RELEASE CASE STUDY
Section 1
Introduction
Complete the section 1 worksheet while watching the presentation.
Lesson objectives

• To be able to understand the context of the BMF Ltd business and the festival that it organises ever year
• To be able to discuss the difference between social costs and benefits
• To be able to state criticisms of the festival
• To be able to evaluate exchange rate fluctuations and the effect on EU visitors to the festival
• Have you ever been to a festival?
BOWTON MOUNTAIN FESTIVAL
Bowton mountain festival

• The Bowton Mountain Festival (referred to as ‘The Festival’) takes place in August each year in the town of Bowton.

• The Festival is organised by Bowton Mountain Festival Limited (BMF Ltd).
Fill out this part of your worksheet with the next 4 slides
Where is Bowton?

• Bowton is in the county of Moorshire.

• The county has long been associated with outdoor pursuit activities; its mountains, moorlands, lakes and rivers being a playground for climbers and walkers and for sailing and canoeing enthusiasts.
What happens at the festival?

• The Festival weekend lasts three days, from Friday morning until the closing concert on Sunday evening.

• There are lectures, exhibitions, concerts and parties, films, guided walks, **fell running** and **mountain bike races** during the festival weekend.
Fell running

- The term “fell” is a northern expression for a hill or mountain.
- Shepherds needed to be able to cover such terrain quickly, in all weathers without becoming lost.
- In the 1800’s organised events such as the Grasmere Games began to take place where locals would race up and down such hills and thus the sport of Fell Running was born.
Mountain bike races

- Mountain Bike racing is a competitive sport that takes places up and down hills rather than on tarmac or a cycle track.
SOCIAL COSTS AND BENEFITS OF THE FESTIVAL
Criticisms of the festival

• Last year there was criticism in the town about the number of people who were drunk and badly behaved on the streets after the nightly parties.
Social costs vs social benefits of The Festival

- Social costs
- Social benefits
Social costs vs social benefits of The Festival

- **Social costs**
  - Cost of policing Bowton during the festival
  - All the noise of the festival parties that the locals might hear
  - All the increased traffic in the area
  - Rubbish left behind after the festival is over

- **Social benefits**
  - More jobs in the local area will be available during the festival
  - Local hotels will experience increased visitor numbers and so may need to stake on more staff
  - Multiplier effect of the festival for other local businesses such as shops, pubs, restaurants and petrol stations with the increased traffic
THE FESTIVAL VISITOR INFORMATION
grab yer calculator
Fill in this part of your worksheet when you have made your calculations.
EU customers

• In 2016, over 10,000 people attended The Festival.

• 20% of the visitors came from other European countries.

1. Calculate how many festival goers were from other European countries.
1) If 20% of the 10,000 visitors came from the EU then there were 2,000 people
Young people

• In 2016, over 10,000 people attended The Festival.

• 60% of the people attending The Festival were under 30 years of age

2) Calculate how many festival goers were under 30 years of age
2) If 60% of the 10,000 visitors were under 30 then this is 6,000 people
Festival goer income

• In 2016, over 10,000 people attended The Festival.
• 70% of all festival goers had incomes above the EU average.

2) Calculate how many festival goers were under 30 years of age.
3) If 70% of the 10,000 visitors had an income above the EU average then this is 7,000 visitors
THE FESTIVAL AND EXCHANGE RATES
Definition of exchange rates

• An exchange rate is the price of one currency in terms of another
• If you have to go to Spain on holiday – you will need to exchange your £££££ for €€€
• £1 = €1.18*
• The better the exchange rate – the more money you will have to spend on holiday
Exchange rates from the case study

The number of visitors from some European Union (EU) countries is influenced to an extent by changes in the exchange rate of the pound sterling (£) against the euro (€).

What impact will exchange rate fluctuations have on The Festival?
2) Exchange rates may impact The Festival in two ways:
   a) If the pound increases against the Euro
   b) If the pound decreases against the Euro
(See next two slides)
a) Pound increases against the euro

- A strong pound will mean it will be more expensive for EU citizens to come to the UK because their money will not buy as much.
- BMF has 2,000 visitors each year from the EU to the Festival, this number may decrease if the pound is strong or increases against the Euro.
- This may also mean that BMF’s revenue and profits decrease.
b) Pound decreases against the euro

• A falling pound will mean it will be cheaper for EU citizens to come to the UK because their money will buy more.

• BMF has 2,000 visitors each year from the EU to the Festival, this number may increase if the pound is weak or falls against the Euro.

• This may also mean that BMF’s revenue and profits increase.
FESTIVAL AND THE ENVIRONMENT
Festival theme

- The theme of The Festival this year is ‘Enjoying but protecting the environment and its people.’
- The protection of the environment is one of the core values of BMF Ltd and it has taken every opportunity in previous festivals to highlight the importance of this.
What kinds of environmental problems might BMF have with The Festival?

- Green policy of Glastonbury see that on a website [HERE](#)
- Cleaning up after the V festival video [HERE](#)
- Video of traffic chaos [HERE](#)
Complete the following part of your worksheet using the next 4 slides
How can BMF Ltd solve the traffic problems?

- 10,000 visitors to The Festival means lots of cars coming into Bowton

- What do you think BMF Ltd should do?
How can BMF solve the litter problems?

• 10,000 visitors will cause a huge amount of litter and waste over The Festival weekend

• What can BMF Ltd do?
How can BMF solve the noise pollution problem?

- The festival has a closing concert on Sunday evening.
- There has been problems in previous years with people who were drunk and badly behaved on the streets after the nightly parties.
- What can BMF Ltd do?
The theme of The Festival this year is ‘Enjoying but protecting the environment and its people.’

The protection of the environment is one of the core values of BMF Ltd and it has taken every opportunity in previous festivals to highlight the importance of this.

What can BMF Ltd do?
SPIRIT OF ADVENTURE
What is the Spirit of Adventure?

• Spirit of Adventure is an independent shop in Bowton.

• It sells a range of expensive outdoor pursuits gear – clothing and specialist equipment such as climbing ropes and canoes.
Outdoor pursuits

• The Spirit of Adventure is the only retailer of outdoor pursuits gear in the town.

What kind of market is this?
1. Where does the mountain festival take place every year?
2. What’s the name of the company that organises the festival each year?
3. What is the theme of the festival?
4. What is the name of the outdoor pursuits business in Bowton?
5. What criticisms have there been of the festival?
6. What might influence the number of EU visitors to the festival?
1) Bowton
2) BMF Ltd
3) Enjoying but protecting the environment and its people
4) Spirit of Adventure
5) Badly behaved drunks in the town after festival parties
6) Exchange rates
• **Outdoor pursuits**; This is any leisure activities carried out outside, for example canoeing or mountain climbing
• **Moorlands**; Open land which is not developed in any way
• **Fell running**; Sport of running up and down mountains or hills
• **Core values**; Guiding principles that are at the centre of what a business believes in, for example taking care of the community
• **Exchange rates**; One currency valued in terms of another, for example how many euros to the pound