



CHAMPIONS TROPHY
Case Competition

Case Study: Art In Bloom

Thursday 1 February

Case prepared by Jillin Yan under the supervision of Nathan George. This case has been prepared solely for the Champions Trophy Case Competition. All data in this case has been obtained from publicly available sources and Art In Bloom. This case is not intended to serve as an endorsement, a source of primary data, or an illustration of effective or ineffective management.

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From: Jen Campbell
To: Champions Trophy teams
Subject: Art In Bloom Academy Strategy Presentation

Dear team,

Our client is Art In Bloom Academy, an art and education business that delivers recreational painting events around Auckland. Their core business is holding open painting events in bars and parks, but they also cater for corporate team building functions, hen's nights and private painting events. Participants typically do not have painting experience, and attend to enjoy a fun activity in a relaxed and social environment.

Art In Bloom believes that art should not just be in museums and art galleries – it should be everywhere for all to enjoy. Their vision is to have every home looking like an art gallery. In order to achieve this, owner Eleshea D'Souza is seeking your advice on how to grow the business. In providing this advice, you should consider:

- How can Art In Bloom expand its customer base and market events more effectively?
- How should Art In Bloom position their brand in Auckland as competition intensifies?
- Should Art In Bloom pursue expansion beyond Auckland, and if so, how?
- What infrastructure does Art In Bloom need to support growth?

You will have ten minutes to present your recommendations, which will be followed by a ten-minute question and answer session. Our research team has compiled some relevant information, which is attached to this email.

Kind regards,

Jen Campbell
Art In Bloom Project Leader



About Art In Bloom Academy

Art In Bloom Academy was founded by Eleshea D'Souza, a passionate New Zealand artist. Eleshea has been painting ever since she could hold a brush and has personally commissioned over 50 paintings. She established Art In Bloom with the aim of spreading her passion and turning every home in Auckland into an art gallery.

Art in Bloom is revolutionising art and entertainment in Auckland with a series of fun and social painting events. Participants typically do not have painting experience, and attend to enjoy a fun activity in a relaxed and social environment. Their core business is holding open painting events in bars and parks on a weekend afternoon – great for dates, catching up with friends or meeting new people. Art In Bloom also caters for corporate team building functions, private parties and delivers art courses at one primary school.

Each event centres on a particular piece of artwork. Past pieces include a Piha sunset, a Hobbiton landscape, Monet's Waterlilies and Van Gogh landscapes. Participants are greeted at the event by an Art In Bloom instructor and provided with all the required materials (easel, canvas, paint and brushes). The instructor paints in front of the participants and gives detailed step-by-step instructions on how to recreate a painting, such as what colours to use, how to grip the brushes and how to apply the paint. The instructor also walks around the room to mingle with the participants and provide individual assistance. At the end of the event, everyone leaves with their own painting ready to hang up on their wall.



Foster creativity

Somewhere along the way, most adults come to believe that they are not the creative or artistic type. Art in Bloom seeks to break down those thought barriers and help people unleash their creativity.



Create fun

Art In Bloom allows customers to create beautiful paintings in a positive and social atmosphere, with a paint brush in one hand and a glass of wine in the other.



Develop skills

Art In Bloom provides a relaxing and supportive atmosphere for learning. The events revolve around carefully selected paintings people will be proud to hang on their walls. Experienced instructors provide step-by-step directions at the event to help customers improve their artistic skills.



Connect people

Painting occurs in a social environment where people can interact and make new friends in their community.

Events

Wine and Paint

Wine and Paint events are sold to the public through individual tickets and are held fortnightly on Sunday afternoons at Tom Tom's Bar & Eatery in central Auckland. The venue caters for a maximum group size of 40 participants. A free drink is included in the ticket price if the customer books a week in advance. Customers generally arrive with one or two friends and sit within their group to socialise, but will occasionally mingle with strangers. Painting lasts for two hours with a scheduled break for customers to purchase additional food and drinks from the bar.

Per Event - Wine and Paint		
Ticket price	\$55	General admission
	\$45	Group discount (3+ tickets purchased at a time)
Average ticket sales	22 people	
Capacity	40 people	
Number of events in 2017	14	

Painting in the Park

Painting in the Park events follow a similar format to Wine and Paint. However, instead of being hosted indoors in bars, these events are hosted outdoors in central Auckland's beautiful parks. Art In Bloom is the only company in Auckland that offers a workshop in a park / outdoors. Eleshea specially chooses the painting for these events to match each new location. Painting in the Park is held fortnightly (on alternate weekends to Wine and Paint) in the summer months. Each event lasts for 2.5 hours and can cater for groups of up to 30 participants. Participants are encouraged to bring along their own blanket to sit on and any food and non-alcoholic drinks they desire. This is the only Art In Bloom event taught with oil paints, which is seen as more premium than acrylics and more difficult to master.

Per Event - Painting in the Park		
Ticket price	\$45	Large canvas
	\$35	Small canvas
Average ticket sales	24 people	
Capacity	30 people	
Number of events in 2017	4	

Private Bookings and Corporate Events

Art In Bloom works with the organisers of private bookings and corporate events to design unique events based on their needs. Each event can accommodate groups up to 100 people, with a minimum booking number of 12 people. Art In Bloom's private bookings typically celebrate special occasions such as birthdays, baby showers, kids' events and hen's nights.

Businesses book an Art In Bloom event to boost employee morale, launch a new initiative or to reward their team for a great year. Corporate events tend to be a similar style to Wine and Paint parties, either held at a bar or at the company's office. Bookings for corporate events began in July 2017, and the business has so far been successful in leveraging Eleshea's personal connections to run corporate team building events for companies such as Fonterra and HSBC.

Corporate events tend to be in a similar style to the Wine and Paint parties, held either at Tom Tom bar or the company's office. These events can be customised further, such as:

- Follow the leader: The entire team follows an Art In Bloom instructor and replicates the painting on their own canvas.
- Pick your Painting: Team members select a few images from the gallery and the Art In Bloom instructor circulates to provide instruction and tips as each person works independently on their art pieces.
- Mutual collaboration: Teams mutually collaborate on a custom mural designed to the company's specifications.
- Healthy competition: Teams may break into smaller groups to collaborate on an artistic concept and the best group painting wins.
- Other Forms: Art In Bloom can offer team building experiences across other art forms such as glassware, mixed media and wood pallet painting.

Per Event - Private Bookings and Corporate Events

Ticket price	\$65	Per person for booking of 12-20 people
	\$60	Per person for booking of 21-30 people
	\$55	Per person for booking of 30-40 people
Average booking number	12 people	
Capacity	100 people	
Number of events in 2017	7	

Children's Art Courses

Art In Bloom offers after-school painting classes for primary school-aged children. Each class is an hour long and are structured into a 7-week course. Children bring their own materials and learn basic skills such as composition, colour mixing and brush techniques. Art In Bloom currently runs the course at one primary school where they have built a good relationship, but it is not as profitable as other events.

Per Event - Children's Art Courses

Course price	\$150	For 7 1-hour classes
Average ticket sales	8 people	
Capacity	12 people	
Number of courses in 2017	2	
Number of events in 2017	4	

One-Day Painting Workshop

Art In Bloom offers day-long oil painting workshops for people who want to complete more complex paintings. These events are held twice a year at Eleshea's house. Each event lasts 6 hours, allowing people to learn and apply more intricate techniques and create a more detailed painting on a larger canvas.

Per Event - One-Day Painting Workshop

Ticket price	\$110	For 6 hours of painting
Average ticket sales	12 people	
Capacity	30 people	
Number of courses in 2017	2	
Number of events in 2017	4	

Partnership with Auckland Art Gallery

To build prestige, Art In Bloom has partnered with Auckland Art Gallery to present social painting events in the North Atrium of the Gallery. Tickets are \$80 for Gallery members and \$130 for non-members for a 2.5-hour event. Auckland Art Gallery is responsible for organising the event and pays Art In Bloom \$40 per ticket to run the event on the day. Art In Bloom sees the partnership as an opportunity to attract new customers and associate its brand with the most reputable public art institution in New Zealand.

Per Event - Partnership with Auckland Art Gallery

Ticket price (received by Auckland Art Gallery)	\$80	For Auckland Art Gallery members
	\$130	For non-members
Art In Bloom revenue per ticket	\$40	
Average booking number	30 people	
Capacity	50 people	
Number of courses in 2017	2	



Customer Strategy

The Target Customer

Art in Bloom believes in making art accessible for all and that anyone can learn to be creative. Their marketing materials and event descriptions emphasise that the sessions are for beginners, and that detailed step-by-step instructions will be provided. As a result, customers typically have no artistic skills or experience in painting and attend Art in Bloom events to pursue a recreational activity in a social setting.

Art In Bloom sees their target customer segment as primarily female and between the ages of 25 and 50. Art In Bloom have not actively targeted men, as they believe they are typically less interested in partaking in art as a social activity. However, men do account for around 10% of customers. These men usually attend with past painting experience or are accompanying a female partner.

Art In Bloom has traditionally targeted individuals, however Eleshea wonders if marketing to groups may be an effective strategy, given the social nature of their events. Targeting corporates, charities, schools, churches, retirement homes and community groups may allow Art In Bloom to further diversify and increase their rate of growth.

Marketing Channels

Due to the social nature of events and Art In Bloom's small size, word-of-mouth referrals are a major marketing channel. To maximise these, Art In Bloom works to deliver a positive experience for participants at their event and offers discounts to those who return with a group of friends. Corporate events have been especially effective in generating referral sales, as teams within a large organisation have shared their positive experience at Art In Bloom events.

Art In Bloom also actively markets to customers through three digital channels – Facebook, Meetup and Google searches. These channels direct the customer to the Art In Bloom website, where they are able to browse available events and art pieces, book attendance, pay and ask questions.



Art In Bloom uses their Facebook page to post and share their upcoming painting events, market promotional codes, provide free art giveaways, and to display (both through pictures and video) the setting and masterpieces created at events. Facebook has recently banned mass-invites to events so \$20 of Facebook advertising is purchased for each event. However, this paid advertising has had limited success in 2017. Visitors may also ask questions through Facebook Messenger and typically receive a response from Eleshea within hours. The page has attracted over 500 likes and 59 reviews, all of which granted Art In Bloom a 5-star rating.



Meetup is an online and mobile platform where users meet up with people in the local community to share their passion through relevant events. Users select their hobbies and interests (e.g. outdoors, technology, business, art) and are able to join social groups. One such group is the "Auckland 20s & 30s Social Group", a digital community of over 7,000 members. Art in Bloom advertises their open events to this group amongst other events which include bowling, dodgeball and music in the park.



Art In Bloom receives good traffic to its website from Google searches, despite not paying for advertising or SEO (search engine optimisation) management. Google is the main channel that leads to corporate enquiries.

Each of these channels generate approximately the same leads. In reflection, Eleshea feels these channels provide an effective marketing strategy for a small business without the budget for large advertising campaigns. They have generated good exposure and purchase conversion, while involving little to no cost.

The only downside of digital marketing is its limited reach to the older demographic segment, whose interests are well aligned to the service offering. As a result, customers are typically aged between 25 – 35 and the market for older women is largely untapped.

Customer Retention

In its early days, when Art In Bloom was operated solely by Eleshea, customers formed a close relationship with the business. Eleshea would build a good rapport with customers at the event and often became Facebook friends with them thereafter. This enabled her to send direct invites to subsequent Art In Bloom events, and frequently converted one-off attendees to repeat customers with ongoing attendance. Customer retention was estimated to be around 70%.

As the business has scaled and new art instructors have been on-boarded to run events, it has become more difficult and impractical to stay connected with every customer on a one-to-one basis. As a result, the retention rate has dropped significantly. To combat this, Art In Bloom advertises upcoming painting events to past customers via monthly e-newsletters.

Operations

Art In Bloom Academy Website

Customers primarily interact with Art in Bloom through their website artinbloom.co.nz.

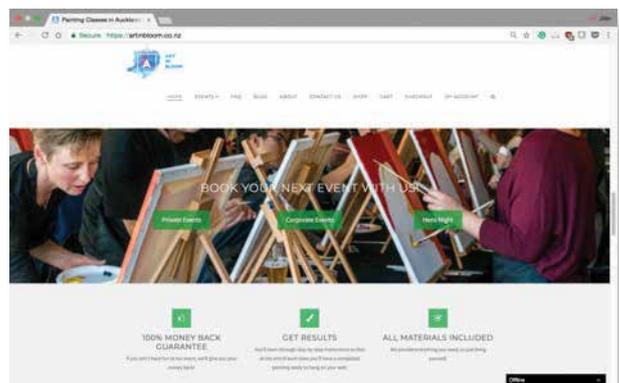
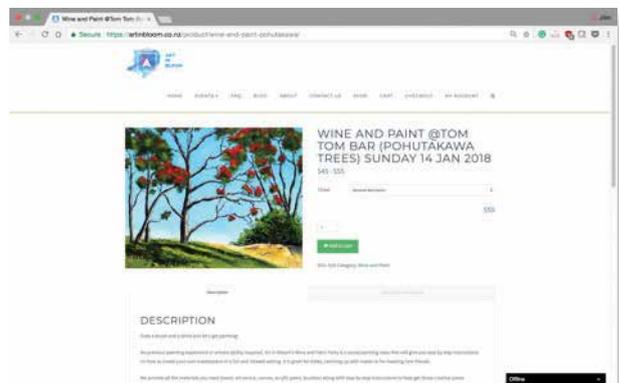
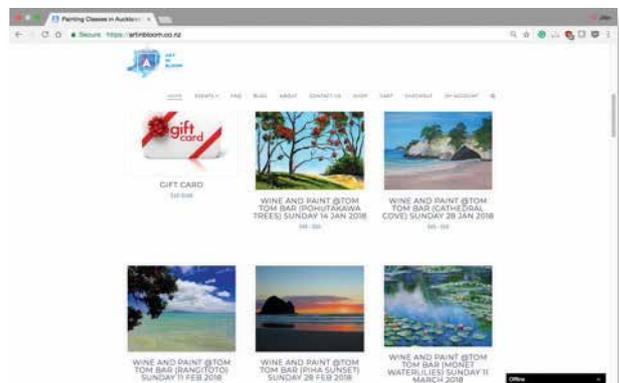
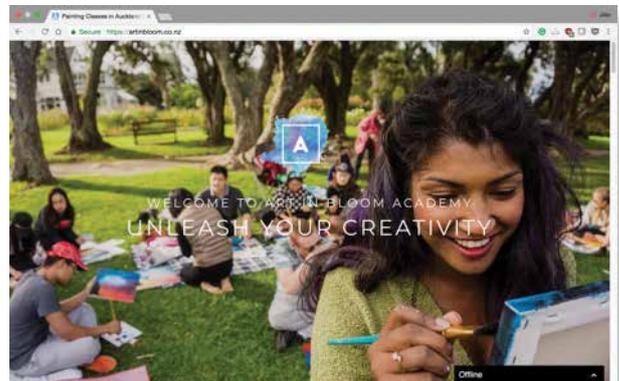
It allows customers to:

Access Information

- See upcoming events available for individual sign-ups on the home page and the associated feature paintings
- View customer testimonials
- See answers to FAQs so they feel more comfortable with the process
- Stay engaged by signing up to newsletters and reading the blog

Make Bookings and Payments

- Book tickets for upcoming events
- Pay for tickets and create customer accounts
- Obtain quotes for and book private and corporate events for groups



Locations and Facilities

Wine and Paint events take place fortnightly on Sunday afternoons at Tom Tom Bar & Eatery in Auckland CBD. It is an ideal location as it is convenient and accessible to single, younger people with discretionary income to whom recreational painting events appeal. The interior of the bar is open plan and the furniture is moveable, meaning it is easy to adapt the space to the size of the group whilst maintaining a fun and professional look. Tom Tom's provides their space to Art in Bloom for free as their events provide customer traffic at a quiet time of the week. The relationship with Tom Tom's is well established, but could be further strengthened by increasing the amount of food and drink purchased by customers.

So far, Art In Bloom has only held events in bars on Sunday afternoons. They see the potential for weeknight Wine and Paint events and so require new bars. To bring Wine and Paint nights to customers who do not frequent central Auckland, Art In Bloom needs to establish partnerships with bars distributed around Auckland. Eleshea feels that this is will not affect the relationship with Tom Tom's, as long as the chosen bars are located at a sufficient distance to avoid cannibalisation of their sales.

Although Art In Bloom believes it has a strong value proposition for bars, it has been difficult to locate bars which meet its needs. As an example of these needs, Art In Bloom has so far declined bars without good lighting. This is in order to reduce eye strain, and provide participants with a setting in which an artist could produce good work. However, it is questionable whether this is a significant consideration for amateur painters, who may place more emphasis on the ambience and social aspect of the event, than on their ability to produce a high quality painting.

Staff

Manager

Eleshea D'Souza is the manager, founder and owner of Art In Bloom. She started painting at a young age, specialising in oils and acrylics, and has commissioned over 50 paintings. In addition to her passion for art, Eleshea brings valuable business and management skills to Art In Bloom. She is a qualified Chartered Accountant, an enrolled barrister and solicitor, and has seven years of experience working for large international companies in marketing, sales, strategy, project management and finance.

Eleshea ensures that all aspects of Art In Bloom's business are conducted in a professional manner and that the company is dedicated to continuous improvement. This extends to how she treats employees and expects them to act. She believes professionalism within the workplace allows employees to take pride in their work, and professionalism in the course of customer interactions builds trust and a positive image. On continuous improvement, Eleshea believes that leadership, feedback, accountability and consistency lead to the best possible event experience for customers.

Eleshea currently works from home 4 days a week as a Marketing Consultant for the commercialisation of new FMCG (fast moving consumer goods) product launches. She has flexible hours and invests only a few hours per week in managing Art In Bloom. Moving forward, she wonders how she can juggle her commitments and dedicate enough time to the administrative needs of the business as it expands.

Art Instructors

Currently, Art In Bloom employs one art instructor on an hourly basis to run the fortnightly Wine and Paint events and private bookings. Eleshea is also training another artist to run the Painting in the Park events. She trains artists by first inviting them to attend an event to paint as an audience member, then asking them to assist in running an event, and finally observing them in leading an event. In the case an art instructor is unable to run an event, Eleshea can step in to teach.

The instructor is responsible for setting up the equipment, demonstrating how to paint, providing verbal instructions and interacting with the customers. As the instructor is the one who ensures customers have an enjoyable experience on the day, Eleshea has focused on recruiting instructors with charisma and an ability to engage and entertain small crowds and create a positive social atmosphere.

Operating Model

Current Operating Model

Currently, Eleshea is the anchor of and driving force behind Art In Bloom. She executes the day-to-day administration of the business – including sales and marketing, organising event logistics, managing customer relationships, organising supplies and locations, and staff recruitment and training. She also manages business strategic development by establishing new partnerships and testing new markets and customer segments. Aside from the assistance of one art instructor and two event helpers for larger events, Art In Bloom is operated solely by Eleshea. The current operating model thus places limitations on the growth and expansion of the business.

Franchise Concept

Eleshea's long term goal for Art In Bloom is to operate a franchise model and expand throughout New Zealand. This would require Art In Bloom to grow its brand equity (brand visibility, brand associations and customer loyalty) so that franchisees would be willing to pay an upfront fee and a certain percentage of future income. Eleshea envisages that she will continue to manage sales and marketing while franchisees will be responsible for the administration and delivery of events.

The wine and paint industry is a highly successful franchise concept that is exploding across the US. Eleshea sees Paint Nite in the US as an exemplar. Paint Nite operates in popular bars and restaurants in over 1,700 cities across the US and Canada. They license entrepreneurs to own and run Paint Nite businesses and provides them with support from HQ.

The Paint Nite entrepreneurs run their businesses by:

- Creating relationships with local business owners and building a portfolio of venue partners
- Spearheading local marketing efforts through networking, social media, and on-the-ground efforts
- Hiring their own team of local artists
- Planning and executing successful events, from building a calendar to entertaining guests
- Leading their areas in creative entertainment and unleashing the creative spirit of their communities

Paint Nite HQ offers support to entrepreneurs by:

- Providing a customer service and support team dedicated to assisting entrepreneurs in their region
- Offering extensive training as the entrepreneurs launch their businesses
- Access to a high-traffic website optimised to sell their events
- Access to a network of entrepreneurs all working towards the same goal

Charity

Art In Bloom cares about giving back to the community. They donate a portion of their profits to charity and volunteer time to teach art to children at Starship hospital. They are also dedicated to environmental sustainability and use only recyclable materials instead of plastic palettes and brushes.

Social responsibility is a personal belief for Eleshea, and she wonders whether it is worthwhile to, and if so, how she can communicate Art In Bloom's charitable and sustainable practices to customers.



Competitive Positioning

The Wine & Paint Industry

The industry for wine and paint and outdoors painting events are very new in New Zealand, starting only in 2017. The industry offers an artistic escape and a quick sense of accomplishment for the modern citizen who rarely has the opportunity to say they created something. The idea feeds into an insatiable desire to find something new, affordable and enjoyable to do with friends, family and colleagues. An afternoon of painting and drinking is an alternative to activities such as going to the movies, the theatre, karaoke, social cooking or yoga. It is a social activity, and the bonus is that people go home with a painting at the end of the event. They leave not only with memories of an enjoyable experience but also with a tangible product they can be proud to display in their homes.

Unlike art schools, wine and paint businesses are not trying to teach people to be artists. Classes are held in a no-pressure environment and guests are not expected to be artistically savvy. Although art centres around creativity, wine and paint classes typically provide step-by-step guidance on how to recreate a specific painting. The focus is more on replicating from exemplars than designing from inspiration. This reduces pressure and caters to novices who have never picked up a brush.

Competition from Wine and Paint Businesses

Art In Bloom wishes to cement its brand in the premium segment of the wine and paint industry, with its differentiating factor being the high quality of output from its customers. This is achieved in two ways. Firstly, Art In Bloom selects sophisticated and cultured artworks for customers to recreate at their events, such as Monet, Picasso, Van Gogh and natural landscapes. In contrast, competitors tend to select paintings which appear more simplistic and childish to increase accessibility. Secondly, Art In Bloom hires art instructors who are not only great painters but great teachers who can articulate easy-to-follow and detailed instructions (from brush grip to the exact quantities of paint to mix). The quality of coaching allows even beginners to produce remarkable pieces that they are proud to display on their walls.

Art In Bloom showcases photos of customers' work in its marketing materials, and often they are so impressive that people question whether they were indeed produced by beginners. Art In Bloom wants to ensure that beginners are not intimidated by the photos and feel like they can comfortably fit in at an event by explicitly reassuring them in its advertising that no experience is required. Art In Bloom is unsure whether there is a tension or trade-off between on the one hand, premium positioning where customers produce exceptional paintings, and on the other hand, accessibility and appeal to a wide audience base.

Competitor 1: Mixing It Up

Similar to Art In Bloom, Mixing It Up run wine and paint classes twice a month at licensed premises in Auckland. They also cater for birthdays, hen's parties and corporate events. Each event lasts two hours, with standard tickets priced at \$65 per person excluding drinks. Mixing It Up received good public exposure through an article published by The Urban List, a popular online publication, in May 2017. The article discusses how the founders are 'shaking up' Auckland's event scene, and rated them as one of the top things to do in the city.

Competitor 2: Cork and Canvas

Cork and Canvas offers wine and paint classes at local bars in Auckland and Hamilton and also caters to group or corporate events. Each event lasts two hours, with tickets priced at \$42 per person including a free drink. The business has been paying for ads on Google, online newspapers such as stuff.co.nz, Facebook and Instagram.

Competitor 3: Taste for Colour

Taste for Colour holds wine and paint events at an art studio on the North Shore of Auckland. They offer an event every day at 7pm except Mondays. Each event lasts two hours, with tickets priced at \$50 which includes a free drink. Customers are allowed to bring their own food. Taste for Colour also provides casual classes, private bookings, parties and kid's classes.

Competition from Art Schools

Art In Bloom also indirectly competes with art schools and community classes. These competitors emphasise art education as opposed to a social and recreational experience. The format is more traditional and classes are structured into a multi-week course. Participants are more serious about improving their artistic abilities and are expected to commit on a weekly basis. Tutors' artistic skill and teaching ability is prioritised over charisma.

Competitor 4: Community Education Centres around Auckland

Community centres tend to be the first port of call for people interested in learning to paint due to the affordability of the classes. The adult painting lessons are part of a multi-week course and people are required to bring their own materials. An 8-week course costs around \$50 - \$100. These events are subsidised by the government. Lessons are conducted in small intimate groups so participants can receive more individualised feedback, in order to gain greater improvement.

Competitor 5: Browne Art School

Browne Art School offers art lessons for adults in Grey Lynn, targeting people who are serious about learning art. A typical 9 week course with class size capped at 14 costs \$350. The school is well-established, reputable and highly professional. They offer a selection of part-time day, evening and short art courses in drawing, painting and printmaking for adults and teenagers across all levels of ability. The emphasis is on providing professionally delivered and quality art courses and plenty of constructive personal feedback and encouragement.

In addition to their regular term-time schedules, their programmes also comprise more intensive year-long courses designed to accommodate a sequential pathway of study from beginning to advanced levels. The courses can provide a platform for those who wish to develop their passion into a career, to become exhibiting artists, or to prepare a submission portfolio for entrance into a full-time tertiary art institution.





Future Direction

In the digital age where people spend increasing time connected to technological devices, art and creative expression are more important than ever. Art In Bloom has responded to the demand for an interactive activity that frees and inspires the mind with its social painting events. They have stayed true to their core values by engaging people in a social environment with a fun and creative activity.

Eleshea's passion and management skills enabled Art In Bloom to experience great success in 2017. The year saw them expand their offering from their core business of individual sign-up events to also reaching corporates and schools, and partnering with the esteemed Auckland Art Gallery. Despite their growth, Art In Bloom has never lost focus of the customer and on delivering excellent experiences. This is evidenced by their perfect 5.0 star rating from 59 customer reviews on Facebook, making Art In Bloom the highest-rated wine and paint business in Auckland.

Art In Bloom's vision is to have every home looking like an art gallery. Eleshea feels the business is heading in the right direction, but in order to achieve this vision, it must grow at a faster rate and serve more customers. She is considering the following issues and opportunities:

How can Art In Bloom expand its customer base and market events more effectively?

Art In Bloom has been successful in attracting 25 – 35 year old females through digital marketing. In order to expand, Eleshea has considered marketing to groups and to an older demographic. However, the older demographic segment (40-60 year old women) is less digitally savvy, and so would require a more effective marketing strategy. Retirees generally have less disposable income to spend on recreational activities, and retirement homes have expressed little interest towards Art In Bloom's offering.

How should Art In Bloom position their brand in Auckland as competition intensifies?

As Eleshea wants to support customers to create paintings which they will be proud to display in their homes, Art In Bloom has positioned itself as a premium provider in the wine and paint industry. However, Eleshea fears that this may alienate hesitant beginners and make Art In Bloom appear less approachable to the masses. The positioning may need to be reconsidered as Art In Bloom pursues growth, as although the New Zealand wine and paint market is growing, competitors continue to enter.

Should Art In Bloom pursue expansion beyond Auckland, and if so, how?

Eleshea would like to see Art In Bloom expand across New Zealand and contribute to the country's vibrant arts scene. Although the wine and paint industry in New Zealand is not very mature, Eleshea believes there is untapped demand from New Zealanders for novel, creative and hands-on activities. She sees Wellington as an attractive region due to its creative environment and status as the "cultural capital". In Wellington, 6.4% of the population are employed in the creative and artistic occupations, compared to 4.8% in Auckland.

Eleshea is considering operating Art In Bloom as a franchise in the long term, modelled off US examples such as Paint Nite. However, Art In Bloom would have to build up more brand equity in order for entrepreneurs to be willing to pay a fee for the use of trademarks, signage and other proprietary systems. However, Eleshea is unsure what challenges a franchise model would present to her current operating model.

What infrastructure does Art In Bloom need to support growth?

Art In Bloom's growth and low staff numbers is placing increasing constraints on Eleshea's time. With continued growth, Eleshea acknowledges it will become impractical for her to oversee every aspect of the business – from managing sales and marketing, organising event logistics to meeting day-to-day administrative needs. She acknowledges that she will have to at some point delegate some control to new staff or business partners.

While Painting in the Park events are mobile and can be held at any public parks, location availability is a limitation for the geographical expansion of Wine and Paint events. Art In Bloom is actively seeking suitable bars to host additional events and has received many expressions of interest. However, good lighting is proving to be a difficult criterion to meet. Eleshea is uncertain how much the target customer values this factor and is questioning whether she should relax this requirement.



Appendix 1: Operating Expenses

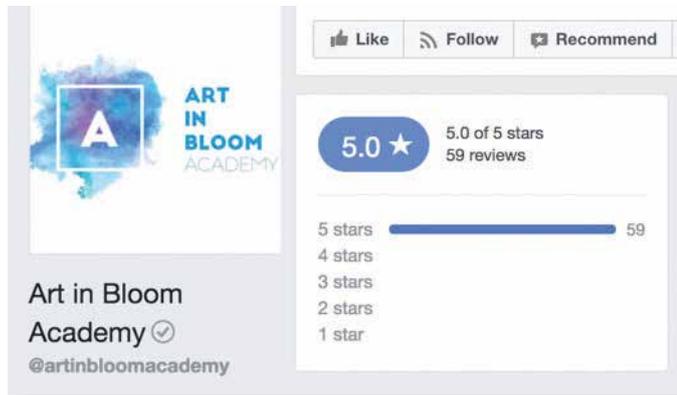
Variable Costs (incurred every event)		
Art tutor	\$120	Per event for 3.5 hours to set up and teach
Marketing	\$20	Per event for Facebook ads
Materials (canvas, paint, disposable palette)	\$5-8	Per person
Additional Cost for Children's Art Courses only		
Location hire	\$70	Per course (for 7 weeks)
One-Off Expenditures (for all events)		
Easels	\$536	40 easels at \$13.40 each
Palette knife (Painting in the Park only)	\$80	40 knives at \$2 each
Table cloth	\$50	Lasts a year
Brushes	\$160	40 sets at \$4 per set
Signage for event	\$150	Roll-up banner
Branded art smocks	\$100	40 branded smocks

Notes

- Art In Bloom is zero rated (no GST charged or recovered from revenue and expenses). It is not GST registered as revenue is below \$60,000 per annum. Once revenue exceeds \$60,000 per annum, GST of 15% will be payable.
- There is no hire fee paid for use of bar space for Wine and Paint nights and corporate/private bookings.
- There is no fee paid for use of public parks for Painting in the Park. Art In Bloom have received written confirmation from Auckland City Council that use of public parks for these events are acceptable despite its commercial nature.
- Art In Bloom pays above the market rate for its art instructors.



Appendix 2: Customer Reviews



Customer 1

"Taking a class with Art in Bloom Academy is a great way to have fun while trying something new (with a cheeky beverage on the side to keep your courage up). I haven't done art since maybe primary school but even with no experience and very little skill, I came away with a piece of artwork that I could be proud of. That's because of a wonderful teacher with lots of patience for wayward students, clear instructions and plenty of time to craft your masterpiece."



Customer 2

"I love the emphasis on the fact that these classes are totally suitable for everyone, from humble beginners to those more experienced so you can learn from each other. If you ever thought about trying to get into painting but think you 'can't' I can highly recommend booking in for one of the sessions as you will be guided step by step along the way and may just discover a hidden passion and talent."



Customer 3

"Besides getting a cool painting out of it and learning new skills, it's a fun way to hang out with friends/meet new people. Would definitely recommend!"

Appendix 3: Macroeconomic Environment

New Zealand is a unique and vibrant society and has an increasingly lively and multicultural arts scene. New Zealanders have a background of individualism, a famous “kiwi ingenuity” and a curiosity for invention and hands-on activities. Aucklanders in particular are largely sophisticated and highly educated urban dwellers.

There is a desire amongst New Zealanders to return to hands-on and crafty activities in an increasingly digital age. Technology and devices have infiltrated daily activities, leading people to yearn for traditional analog activities. Art is universal and something all humans can do and appreciate. Adults are seeking new and interesting activities to escape from work stress. Parents are responding to the fairly accurate perception that creativity (or confidence in creativity) fades with age, and so are seeking ways to develop their children’s creativity. As automation replaces more routine jobs, human traits such as creativity and innovation will be the key differentiator in the workforce of the future.

Creative NZ, the government arts development agency, recognises this and invests to support arts communities and greater public engagement with the arts. They recognise that participation in the arts brings huge benefits to individuals and communities such as wellbeing, the development of people skills and bringing communities together to work on positive, creative projects. Funding was provided for the Auckland Arts festival and other similar events.

Size and Growth

- The average annual expenditure on recreation and culture per New Zealand household is \$6,200.
- The New Zealand annual household spending on arts education (including dance, drama and visual arts) is \$99.8 million
- Spending on visual arts education in New Zealand is around \$40 million.
- PwC forecasts the entertainment industry to have a compound annual growth rate of 5%, and spending in art education to grow at 12%. Both industries are mature, but new forms of entertainment and novel artwork have a much higher growth rate as people search for new activities to do.

Engagement

Creative New Zealand conducted a survey on New Zealanders’ attitudes, attendance and participation in the arts. The results show that New Zealanders strongly support the arts in their community and the level of engagement is increasing year by year.

- 89% of New Zealanders have attended or been actively involved in at least one arts event in the last year. A similar survey in England measured engagement at 77%.

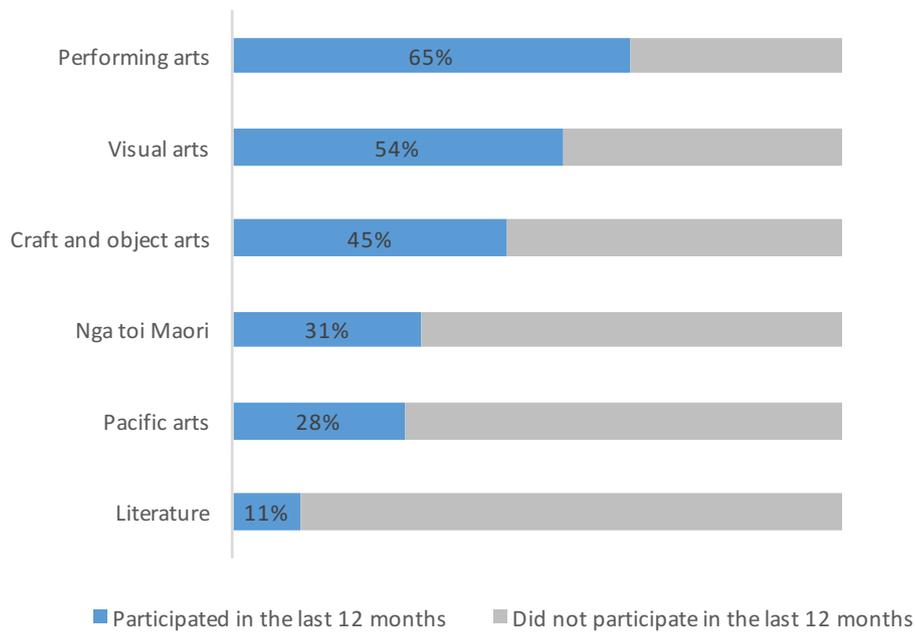
Engagement by Artform

The arts is split into six different artforms:

- Performing arts – theatre, dance and music
- Visual arts – painting, sculpture, print-making and photography
- Craft and object art – ceramics, furniture, glass, embroidery, woodcraft and textiles
- Nga toi Maori – carving, kapa haka, Maori dance or music
- Pacific arts – weaving, carving, traditional dance, singing or music
- Literature – poetry readings, writing workshops and literary events



Attendance by Artform



Digital Art

- 21% of New Zealanders have used technology, such as a computer, tablet or smartphone to create original artworks in the last year
- Most people (52%) who have produced digital art in the last year have done so more than 8 times.
- Those more likely to create digital art are 15-29 year olds (41%), living in a metropolitan city (55%) and non-NZ Europeans (15%).



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