

# Samsung and theme park in korea essay



**ASSIGN  
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Plan: M2 Luxury Management Food & A ; Wine  
Title of the instance: Samsung and subject park industry in Korea

1 ) “ Is the Global subject Parkss industry an interesting industry to be in? ” a

) Rivalry among bing rivals

Is the industry turning quickly? Yes. because of the progressively ferocious competition and the adulthood of the market.

Concentration  
Make the 4 biggest participants have together more than 80 % of market portion? Yes. because 4 biggest participants which are The Walt Disney Company. Time Warner’s Six Flags Corporation. Paramount. Anheuser Busch and Cedar Fair have together more than 80 % of market portion.

Diverseness of rivals  
Are rivals all of about the same size? No. because it depends on the land size and different parts

Are the rivals diversified instead specialized? Yes. Subject Parkss by and large have a planetary subject to suggest. Diversity of rivals were acquiring more intense.

Merchandise distinction  
Are there important merchandise differences and trade name individualities between the rivals? Yes. there was a assortment of Parkss and attractive forces. each with a different attack to pulling crowds and demoing them a good clip. That are Cultural and Education Parks ; Outdoor Amusement Park ; Theme Parks were by and large family-oriented amusement composites that were built around a subject ; Water Theme Parks. That means subject is equal to trade name.

Are merchandises complex and do they necessitate a elaborate apprehension on the portion of clients? No. the drives and attractive force are non require information.

Would clients incur important costs in exchanging to a rival? No. ticket monetary values for consumers is really inexpensive.

Excess capacity and issue barriersIs the industry with no intermittent over capacity? No. Important over capacity of excess staff during spring and summer

Is it difficult to acquire out this concern because there are specialised accomplishments and installations or long term contract committedness? Yes. it is.

Economies of graduated table and the ratio of fixed to variable costsAre there economic systems of graduated table in this industry?

Yes. the economic systems of graduated table and range were important in the industry. Increasingly. Parks got larger and longer to bring forth more operating gross. Besides. companies had multiple Parkss to take advantage of the larning curve effects in the direction of subject Parkss and the increased economic systems of range. Most of the operating disbursements for subject Parkss ( about 75 per cent ) were for forces.

Are the fixed costs of the concern a comparatively low part of entire costs? No. because land development costs around 50 % of investings and advertisement runs around 10 % .

## B ) Menace of new entrants

Capital demands Is a batch of capital needed to come in the industry? Yes. because the subject park concern required a large-scale initial investing. typically runing from \$ 50 million to \$ 3 billion.

Is equipment expensive to get / to function? Yes. because land development costs. Amusement machinery costs. Working capital and Amusement equipment are all expensive to get.

Economies of graduated table Make big houses have a cost or public presentation advantage in the industry? Yes. they have. Many Parkss sporadically added new attractive forces or renovated bing 1s to pull repetition clients. The Parkss typically reinvested much of their gross for enlargement or upgrading intents.

Absolute cost advantages ( " first mover advantage" ) Does see aid to continuously lower costs? Yes. because big house such as Walt Disney Company. its fiscal profile was by and large used to measure the return on investing within the industry. The grosss for the subject parks section of the Walt Disney Company were at US \$ 2. 042 billion in 1988 and grew to US \$ 3. 4 billion in 1993. Operating income was pegged at US \$ 565 million in 1988 and US \$ 747 million in 1993. With this elucidation. big houses has adequate experience to assist to continuously lower costs. most of gross to be reinvest for enlargement intents.

Does a fledgling have any jobs in obtaining the necessary skilled people. stuffs or providers? Yes. they have. In some states. where land was scarce.

authorities limited the country of the land that the developers could take up for subject Parks. Park disposal was dependent on the authorities for public-service corporations such as power, gas and H<sub>2</sub>O. A typical period required for setting up authorities blessing for a subject park could be every bit high as two to five old ages, depending on the state.

Merchandise distinction Are there any proprietary merchandise differences in the industry? Yes, because the subject park industry had three categories of inputs: the edifice and building services that provided landscape gardening and architectural support; the hardware suppliers that supplied amusement machinery; and the package suppliers that supplied direction know-how.

Are there any established trade name individualities? Yes, because the park director should work with tour operators and authorities to get publicity boards to pull the tourer crowds to their Parks. Theme parks spent about 10 per cent of their one-year gross for advertisement.

Radio, newspaper, xanous page ( telephone book ) advertizements, household and group price reductions, and direct mail were the most common promotional methods.

Do clients incur any important costs in exchanging providers? No, because the clients don't attention about the monetary value.

Entree to channels of distribution Does a fledgling to the industry face trouble in accessing distribution channels? Yes, because theme Parks spent about 10 per cent of their one-year gross for advertisement. Radio, newspaper, xanous page ( telephone book ) advertizements, household and group

price reductions. and direct mail were the most common promotional methods.

Governmental and legal barriers Are there any licence. insurance of making which are hard to obtain? Yes. because the license and insurance of making are all hard to obtain. because authorities ordinances were rather rigorous because of the extended land usage and security. Licensing demands and methods of determining operational expertness to guarantee visitors' safety varied from state to state.

Retaliation Can a newcomer expect strong revenge on come ining the market? Yes. because the insurance premiums were highly high in some parts of the universe. Given the likeliness of accidents in the amusement Parkss and the possibility of serious hurt. 100 per cent insurance coverage was a must in the industry.

degree Celsius ) Menace of replacements

Has the client no existent replacements? No. there are Assorted replacements for clients: other manners of amusement

Propensity/willingness of purchasers to replacements Is the client improbable to replace? No. clients can easy replace. because they want to seek something new. something different. cheaper. safer. better or more convenient.

Will the client incur costs in exchanging to a replacement? Yes. because they meet more complex demands. Free admittance Parkss and beaches. bivouacing trips. or even video-movies at place were viing options for leisure

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clip. It means if clients have adequate leisure clip while the monetary value is lower than subject park or have the same type of amusement. they were likely change their head.

Price/performance features of replacementsHave replacements public presentation restrictions which do non wholly countervail their lowest monetary value - or - is the public presentation advantage of replacements non justified by their higher monetary value? Yes. It was the handiness of leisure clip and a high discretionary income that drove the commercial diversion industry. Like video-movies at place. clients cost small even though they can't travel out for merriment.

Is it hard to comprehend public presentation differences between industry merchandises and replacements? No. because Theme Parks industry do non suit good with High tech image of Samsung.

vitamin D ) Bargaining power of purchasers

Buyers'price sensitiveness

1 ) Importance of the point as a proportion of their entire cost Are clients non extremely sensitive to monetary value? Yes. because in a good economic system. clients do non hold a great trade of dickering power within the subject park industry. Although the amusement installations as a proportion of their entire cost. clients merely concentrate on the drives themselves. it shows that buyers'price sensitiveness are non extremely.

2 ) Degree of distinctionIs the merchandise unique to some grade or has accepted branding? Yes. likeparticular simulators for amusement intents

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utilizing proprietary engineering were being developed by technology-intensive companies.

Does the client face any important costs in exchanging providers? No.

because the clients are not affected by providers<sup>3</sup>) Degree of competition between purchasers Are customers' businesses/activities/finance profitable?

Yes. because to manage the admissions a centralized ticket system was by and large preferred. An across-the-board admission monetary value entitled clients to as many rides and shows as they desired. This attack led to longer queues at Parks ensuing in increased nutrient and drink gross revenues. 4) Importance of the sold merchandise to the quality of the buyer's product/service Yes. successful park directors used extended selling research to understand their clients and besides spent a batch of attempt in advancing the park. To make the diverse groups. Parks emphasized increased beautification and the scope of amusement and nutrient services offered.

Relative bargaining power

1) Size and concentration of purchasers relative to providers Is there a big figure of purchasers relative to the figure of houses in the concern? Yes. there are local households. children's groups. the flushing market. corporate groups and tourers. Is there a big figure of clients. each with comparatively little purchases? Yes. each client merely purchase one ticket.



2 ) Buyer's information Does the purchaser need a batch of of import information to properly purchase? No. they don't need any information to purchase a ticket.

3 ) Ability to come in the other party' concern through perpendicular integrating Is there anything which prevents the client from taking supplier's map in-house? No. there isn't anything to forestall the client from taking supplier's map in-house.

vitamin E ) Bargaining power of providers

Sensitivity to suppliers' monetary value

1 ) Importance of the point as a proportion of entire cost Have cost of purchases no important influence on overall costs? No. important for landscaping. machineries ( hardware ) and know-how ( package ) . The amusement equipment required for the park was expensive. most of it traveling from \$ 1 million to \$ 50 million. The package charged immense licensing fees which were over 10 per cent of the gross.

2 ) Degree of distinction Are inputs ( stuffs. labour. supplies. services ) standard. instead than alone and differentiated? Yes. because these inputs provided by the provider that the value constitute a larger proportion in the entire cost of the merchandise of the purchasers. that is to state dickering power of providers will increases greatly.

Is it possible to exchange between providers rapidly and cheaply? No. the amusement machinery industry had grown over the old ages. Because most

of the big thrusts which has a solid market place. they have many purchasers so that non controlled by the market competition of houses.

3 ) Degree of competition between providers Are suppliers' concerns profitable? Yes. because admittance fees constituted over 60 per cent of the entire gross of a subject park. while the remainder came chiefly from nutrient. drink. and ware gross revenues. 4 ) Importance of inputs to the quality of product/service

Yes. because clients expect high degree of quality along all countries of the subject park. Users besides expect escapades and experiences in an unreal environment at a calculable hazard.

Relative bargaining power

1 ) Size and concentration of providers Are at that place many possible providers? No. like particular simulators for amusement intents utilizing proprietary engineering were being developed by technology-intensive companies such as Sega Japan and Simex Canada. Is at that place no major dominant provider ( s ) ?

Yes. the amusement machinery industry had grown over the old ages. Most of the big thrusts. such as the Hurricane or the Elephantine Wheel. were manufactured in Japan. Europe or the United States. 2 ) Information

Is it easy to compare suppliers' offer? Yes. because there were fewer than 10 providers who were capable of developing choice machinery. such as DOGO of Japan. HUSS of Germany. and ARROW of the United States. 3 ) Ability to

come in the other party' concern through perpendicular integrating Would it be easy to come in the concern of providers?

No. because most of these providers worked globally. and the machinery were custom designed and made to order to suit the peculiar market and environment conditions. Summary - Overall industry evaluation

Favorable Moderate Unfavorable Intensity of competition among rivals

v Menace of entry

v Menace of replacements

v

Dickering power of purchasers v

Dickering power of providers

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2 ) " More specifically. will the thought of subject Parkss work in Korea? "

Yes. because there is an addition of Theme Parks' demand in Korea that is making a booming in leisure spheres. taking to a possible really profitable if running in this concern. The subject park industry was still in its early phases in Korea. and had a history of less than two decennaries. However. indicants were that the industry was turning globally. with more participants coming. Competition between established rivals

the Korean market is going mature with 33 % of world-wide Theme Parks are based in Asia. In Korea, around the Seoul country, there were six subjects Parkss. The most noteworthy participant in these part are: Lotte World, Seoul Land and Yongin Farmland. Each of these houses offers theme Parkss with changing experiences, ever seeking to debut the newest and best experiences in order to remain in front of one another. A great illustration of this can be seen by looking at these three major subject Parkss. New attractive force and engineering can attractive clients.

Lotte World has a series of their ain amusement. Seoul Land is more of a amusement topographic point for short visit. Farmland planned to revamp its subject park with add-on of the H2O park, a planetary carnival and the enlargement of the bing menagerie. Every twelvemonth new attractive forces, eating houses, amusement, and hotel offerings are announced in order to act upon people to go to the assorted Parkss. This competition besides affects the net incomes of these subject Parkss as they typically see a good return on their investing twelvemonth over twelvemonth. Other signifiers of competition comes from free admittance Parkss, beaches, bivouacing trips. These are either free or cheaper than paying for a trip to the subject park. Menace of entry

The menace of new entrants of subject park in Korea is peculiarly high. Subject Parkss around the universe need a big graduated table initial investing from \$ 50 million to \$ 3 billion. Land development cost, amusement machinery cost and working capital are the chief constituent of the capital investing. Another ground is land usage. Seoul where land is scare. The land requires for edifice or spread outing a subject park usually involved

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considerable big land secret plan. The authorities frequently gives houses long periods of blessing. Theme Parks ever have a big economic of graduated table in order to pull much more clients because of the drives and services which need satisfy customers' demand. Menace of replacement

Farmland program to develop a resort town in Yongin with luxury hotels. golf classs and resort adjustments providing to clients with households and pass longer clip in Farmland. The challenge for Farmland is happening ways to lure clients to pass their holidaiies with them as opposed to trips to the beach. admittance Parkss. bivouacing trips or remaining at place and watch video-movies. Dickering power of purchasers

In a good economic system and during the vacation seasons. the purchaser bargaining power is low where there are many frequenters to the subject park. Since the Koreans do non hold many holiday leave and Korea is a temperate state. the lone clip for Koreans to travel out with their household will be during the mid -summer to mid autumn period. These will be the peak period for most of the subject Parkss and it is term the high seasonality. When the high seasonality period is over. the customer's dickering power will be high and the subject Parkss must get down their promotional activities or particular events to pull clients to see the subject park. Dickering power of providers

the providers to the subject park industry have a batch of dickering power. DOGO of Japan. HUSS of Germany and ARROW of the United States are merely a few of the major companies who create the attractive forces found in most of the subject Parkss throughout the universe. Every twelvemonth.

the IAAPA hosts a convention where the newest engineering is put on show for the consumers ( subject Parkss ) . In an attempt to maintain clients aroused twelvemonth after twelvemonth. subject Parkss have the chance at this convention to see the newest engineerings first manus and make up one's mind what to convey to their subject Parkss in the hereafter. This can negatively impact the net income degree of subject Parkss. nevertheless. as they bid against one another as they vie for the best engineering. driving up the monetary values and repute of the providers. 3 ) “ Should Samsung invest in the proposed Maestro Plan ( \$ 300 million investing ) ? ” Yes. but should be more because subject park developers chose land sites in a cardinal country which was comparatively expensive in Korea and several of import standards are losing in this program to be complete and realistic. For illustration. the fact that Farmland is traveling to construct new attractive force and widen some others to do them more attractive is a point that required the whole advertisement run to be reconsidered wholly. and besides more impacting by concentrating on all those freshnesss. This is an of import operation that will raise a budget corresponding to more than 10 % of the gross in the group. plus other unexpected excess costs.