

Pestle analysis for centre parcs essay



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Centre Parcs are one of the UK's leading family, self-catering holiday destinations. This report aims to analyse the company using one of the key tools available to guide strategic decision making – A PESTLE Analysis. A good way for companies to establish where they are leading or failing in the competitive market is to perform a PESTLE Analysis' on themselves. It allows companies to assess a whole list of different factors that incorporate every aspect of the company from political, to environmental features. This is certainly the case with Centre Parcs, as Centre Parcs has many different 'villages' all over the United Kingdom, they need to carry out the analysis on all parks, as each one has set standards and expectations of the customers, whether it be the style of accommodation to the extent of the facilities that it has.

Centre Parcs' unique selling point is their varied outdoor activities and leisure pursuits, they seek to appeal to families with relatively young children – they target the more active, and affluent family holiday market. Their target market are also more environmentally aware and the company must also therefore demonstrate its 'green credentials', for example with explicit statements about reducing carbon emissions, to appeal to this sector of the market. In addition to a strong environmental element, there is also a strong element of the legislative framework that Centre Parcs need to be mindful of. Their outdoor pursuits and activities programmes must be scrupulously careful to adhere to all relevant safety and welfare regulations. Centre Parcs must make sure that they are up to date with all the new licensing laws and legislations. This assignment will cover a PESTLE Analysis

on Centre Parc's as an organisation, and then a specialised PESTLE Analysis on one of their villages, namely Longleat Forest in Wiltshire.

What is a PESTLE Analysis?

A PESTLE Analysis enables a company to carry out a systematic review of the factors that determine where an organisation or its products or services are in the context of what is happening outside. The elements of the analysis are: 1. Political

2. Economic

3. Sociological

4. Technological

5. Legislative

6. Environmental

These six elements form a framework for reviewing a situation, and can also be used to review a strategy or position, direction of a company, a marketing proposition, or idea. To help make decisions and to plan for the future, organisations need to understand the wider environments in which they operate. Although the company may not be able to change any of these factors, having a good understanding enables them to seek opportunities and take action that will minimise the risks and maximise the opportunities presented by these external factors. A PESTLE analysis is a useful tool for understanding the 'big picture' of the environment in which an organisation is operating. Specifically a PESTLE analysis is a useful tool for understanding <https://assignbuster.com/pestle-analysis-for-centre-parcs-essay/>

risks associated with market (the need for a product or service) growth or decline, and as such the position, potential and direction for an individual business or organisation. (Chartered Institute of personnel development (CIPD) 2010) An easy way of interpreting a PESTLE Analysis is to deem it as an “ audit of an organisation’s environmental influences with the purpose of using this information to guide strategic decision making.” (CIPD 2010)

Having carried out a PESTLE analysis, it is easy for the company to establish in which direction they need to progress, in relation to developing strategies and procedures to maximise opportunity and minimise threats. There are two factors to consider in the wider spectrum of the analysis, these are ‘ meso-economic’ and ‘ macro-economic’, “ The meso-economic environment is the one in which we operate and have limited influence or impact, the macro-economic environment includes all factors that influence an organisation but are out of its direct control.” (Oxford University Press 2007) The macro-environment is responsible for most of the analysis, as it involves uncontrollable factors including a series of factors controlled by the government, i. e. tax changes, new laws and government policy changes.

Managers should not just rely on the PESTLE analysis, it is a tool, a snapshot in time, which will assist in understanding the current factors, it will not determine a direct path in the direction they need to follow to progress the company considerably. When in fact managers most need to judge, into what factors are most likely to change and also which have the greatest impact to them, so in the case of Centre Parc’s they need to consider mostly economical and sociological. A way of achieving the relevance of each factor to the company is to rank or score the factors, so there is a clear

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understanding of which are of most importance and vice versa. As Centre Parc's has many different villages, this means that it includes many divisions and also brands (Starbucks, and Zilli restaurants), so managers need to concentrate on one specific area within each village.

Political

Political factors are heavily driven by the macro environment, so this includes government policies and broader social issues that Centre Parc's must be mindful of; including taxation policies, " The Political arena has a huge influence upon the regulation of businesses, and the spending power of consumers and other businesses." (Marketing Teacher 2012) The Government's policy on subsidising air travel through airlines having to pay comparatively low levels of fuel duty, impacts on the ability of British holiday destinations to compete with European holiday resorts. The environmental lobby is pressing hard for the government to reduce the fuel subsidies given to airlines.

Were this to happen, short haul flights to Europe would become much more expensive, making European package holidays less competitive and British holidays much more attractive for families. There is a strong political imperative at the moment to tackle the rising problem of both child and adult obesity. The government is actively encouraging people to take more responsibility for their own health and fitness. There are a range of campaigns currently underway which Centre Parcs could capitalise on, urging people to become more active and engage in more physical activity. (Centre Parc's 2012) Centre Parcs base their marketing already on the range

of active pursuits, such as swimming and cycling that are available within the parks.

The Policies with The European Union also impact on companies like Centre Parc's – the cross –border employment arrangements for EU states means that EU citizens can travel freely within Europe to work. The new eastern European EU states such as Poland and the Czech Republic have large numbers of young people keen to travel abroad to find work of the type offered by Centre Parcs (Business Case Studies 2012). Centre Parcs have ready access to a very large labour market across all of the European Union. This is particularly important for Centre Parcs because they need large numbers of seasonal workers.

Economical

The economical factors within Centre Parc's include factors such as state of the national economy, interest rates, exchange rates, unemployment. Some of the economical factors may not be a cause of Centre Parc's, but they are affected by them because in the case of unemployment it means that their customers don't have enough disposable income, so where Centre Parc's is very expensive to stay (with short breaks starting at £289) people cannot afford to go on holiday there. Conversely within the current economic downturn, families are finding it increasingly expensive to holiday abroad.

Thus providing opportunities for Centre Parcs to capitalise on the growing trend for ' Staycations' i. e. people opting to remain in the UK for their holidays (Egan et al 2005) The current global recession also means that profit margins for all companies are squeezed; resulting in the company

having less available income, deterring them from growth and also refurbishment. Without refurbishment or growth it is increasingly difficult for the company to sustain its market position as a high-end, holiday venue with quality and luxury facilities. Centre Parc's relies heavily on its reputation for having the latest facilities and activities for their customers and these are expensive to maintain. The parks also employ a large number of seasonal workers, their pay is expected to rise in line with inflation, the costs of training and equipping them continues to rise; placing even greater pressures on the company's finances.

The nature of the work offered tends to be relatively unskilled and without an attractive career development path that will encourage employees to stay and remain loyal. Therefore there will be a high turnover in staff resulting in high recruitment and training costs each year (Human & Sharp 2010).

Without the right calibre of staff Centre Parc's will find it difficult to provide the level of customer service that their guests expect. Also linked with inflation, the companies which supply Centre Parc's with all their products are demanding higher costs for their products eventually leading to Centre Parc's having less capital to update their villages.

However there are not only negatives related to the economical factor, Centre Parc's is a large organisation in the grand scale of things and they do bring a lot of attraction to the location in which they are situated, which brings revenue to the local economy and their own local supply chain, giving other companies the opportunity to do business with Centre Parc's. They have also won many awards including best UK Holiday Provider at the

Tommy's Let's Get Baby Friendly Awards 2011 and ' Regional Tourism Awards 2007' (Centre Parc's 2012)

Sociological

Social impacts look at the trends which impact the demand on Centre Parc's products and also the availability and make up of its work force. The tourism and travel industry tends to be seasonal in nature and traditionally relies on a younger workforce. Centre Parc's is no exception, as they specialise in outdoor pursuits and activities they need a young and fit workforce. High levels of unemployment in the UK, particularly amongst young people, together with the ability of young people from other EU states to come to the UK to work; means that there will be a large pool of available labour for the company to choose from.

The work although relatively low paid and for the most part, lacking in a career structure, is attractive to many young people. Centre Parcs should find it relatively easy to attract and recruit staff. With the increasing trend in the UK for both parents to work full time and long hours, comes a concern among parents that they are unable to spend as much time as they would like with their children. Centre Parcs can play to this sense of guilt and concern and is able to offer an inspirational experience of quality family time in a clean, safe and healthy setting. Increased awareness of health concerns such as obesity and increased exercise, make the type of experience Centre Parcs offer more attractive and relevant to a large section of society that is becoming increasingly concerned about health and wellbeing.

This is particularly so for many parents with young children. Society is becoming increasingly concerned that children spend too much time playing video games and sitting in front of a computer screen (Dr, Macnair, BBC, 2009). The opportunity offered by centre Parcs to get children out of doors and enjoying physical exercise is very attractive to parents. As Centre Parc's is such a large company and many customers holiday there, the towns in which they are sited is reaping the benefits as well as they are getting a lot of capital from the spending tourists on holiday, so it is good for both the community and the country as a whole. The recession that the UK is in may be a key driver into why people are drastically changing their holiday plans as 61% of consumers are saying that they are planning to find out and 55% are going on holidays where they can get there by train or boat (Centre Parc's Press Office, 2009)

Technological

There are constantly new technologies being invented constantly," The pace of technological change is so fast that the average life of a computer chip is approximately 6 months." (Learn Marketing, 2008) especially within the 21st Century, so large companies are forever updating their systems and software. Not only this, but customers are expecting a lot more have they have been accustomed to be able to do anything using their fingers, whether it be ordering groceries online to searching absolutely anything using a search engine. So companies have to cater for the ever advancing needs of their customers, as " Technology is vital for competitive advantage, and is a major driver of globalisation." (Marketing Teacher 2000-2012) to satisfy this

people can now buy or book almost anything online and the use of telephones when ordering has become obsolete.

Centre Parc's have certainly followed this trend, as they have a very advanced website (Centre Parc's 2012) where customers can look at their latest news, latest attractions and also book their holidays on there.

Developments in the leisure industry, with increasingly sophisticated water parks, with slides, flumes, wave machines, Jacuzzis etc provide Centre Parcs with the opportunity to develop high quality water facilities at their villages. These are very attractive to the British holiday maker because they counter the concern that bad weather can ruin a UK holiday. Centre Parcs are able to provide a tropical, heated swimming park that can be enjoyed by all the family whatever the weather.

In addition to the 'subtropical swimming paradises', technical developments in indoor facilities also mean that Centre Parcs can offer all-weather indoor sports facilities for a wide range of sports and games including, badminton, fencing. British tastes in dining have changed markedly over recent years, as have expectations of the range and variety of restaurant choices. Centre Parcs have needed to respond to this by the development of their restaurant offer at each village. They now offer a choice of restaurants at each village with cuisines from all around the world, including, Indian, Chinese, and Italian.

Legal

The most obvious legislative impact on centre Parcs are the various health and safety regulations relating to the outdoor pursuits it operates. The

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reputational risks of failing to comply or of accident and serious injury from its activities pose a serious threat to a company like Centre Parcs. It is vital that it pays scrupulous attention to all health and safety requirements, “ All organisations, their managers and employees operate within a complex legal environment” (Boella &Pannet 1999 P. 1) and within hospitality industry there are a whole host of acts and regulations that company’s must strictly follow, “ Our industry is covered by many acts and regulations which relate both to employers and employees.

The various acts and regulations are administrated and monitored by appropriate government departments and independent agencies.”(South West Institute of TAFE 2008). Given that their staffs is involved in the close supervision of young children’s activities, Centre Parcs will need to make certain that all such staff have been checked with the Criminal Records Bureau to ensure that they are fit people to work with children. Recent changes to smoking law’s, mean that Centre Parcs must make absolutely certain that all of its accommodation and public areas remain smoke free, whilst providing areas for their customers to smoke in a safe environment where it will not be affecting other customers. It can become a very strenuous task checking all laws as “ There are a number of other different ways of classifying law, but the three classifications...” (Civil & Criminal, Common Law & Equity and Common Law & Statute Law) “...are essential to a basic understanding...” (Boella &Pannet 1999 P. 1)

Environmental

There is a growing concern for the protection of the environment and a desire to tackle climate change amongst an increasing number of people. Air travel is seen as environmentally unsound with each flight leaving a huge ‘carbon footprint’ (DirectGov 2012). Centre Parcs can capitalise on this environmental awareness by making the most of the fact that staying in the UK for holidays is more environmentally responsible than going abroad. They can also emphasise their eco-friendliness in the way they run their operations, including minimising waste, reducing carbon emissions and utilising alternative energy sources.

Possibly the clinching factor for most customers is that they can be ‘at one’ with nature, this is a novel occurrence in United Kingdom, as the majority of the population live in bustling towns or cities, and the opportunity to go and visit the outdoors, while indulging in natural beauty and serenity is a key factor. When Centre Parc’s was in the concept process, the company wanted as little disturbance to nature as possible, however this is not the case as once the lodges, facilities and footpaths had been installed, it became a very artificial surrounding, and therefore maintains a suburban density even though only 18% of the forestry is built on (Centre Parc’s Student Information page 5) The customers have become very concerned with their carbon footprint also, so to holiday in Britain is good for the environment as there is no excessive fuel consumption used such as flying on an aeroplane, so this too appeals to the customers as they it is shown that the recession is affecting customers and they are looking for eco friendly holidays (Centre Parc’s Press Office 2009).

In the past decade researchers have developed numerous different methods of alternative energy these include, solar power, wind turbines, reservoirs with water turbines. Centre Parcs could take advantage of these as they will in time save money and provide more marketing advantages.

Entrepreneurial

As technologies are constantly changing or improving, the companies have to follow suit and change their systems, however not everything changes for the best so Centre Parc's need to trial each new technology, their system of trialling could be from using at one village for a period of time, or they could trial it behind scenes and then implement it upon all their villages. The biggest change that Centre Parc's are making is the constant battle to prove that they are helping the environment, "...we are investigating new technologies to reduce energy and heat escape from our building as researching energy sourcing alternatives for Centre Parcs over the longer term." (Centre Parc's Annual Review 2009).

To combat the recycling they have introduced a '3 bin system' in all the newly restyled lodges, this make it much easier for customers to help with their bit of caring for the environment and they have also set targets to increase the number of items which they are able to recycle, this is done by buying products that are recyclable or bio degradable (Centre Parcs 2012). As Centre Parc's was one of the first companies to offer 'back to nature' holidays, many other companies have done something similar in the respect of log cabins set in forestry where outdoor activities are available.

Centre Parc's have noticed that they had been doing well, but one way in which they improved drastically is introduce outside branded firms in, Starbuck's and Zilli restaurants, this allows customers to relate, as these are everyday companies that customers use and having them on holiday is very appealing. They have plans for 2012 where they are hoping to change the road layout and create a roundabout making it easier for customers to access their villages and also transfer a number of small brand chains of restaurants onto their sites as well