

The package holiday industry in the united kingdom marketing essay

[Art & Culture](#), [Holidays](#)



The main purpose of carrying out this coursework is to analyse the package holiday industry in the United Kingdom (UK) and also the STA travel company. In task A, PEST and Porter's Five Forces framework were used to analyse the package holiday industry in UK. Meanwhile in task B value chain analysis was used to analyse the STA travel company in UK. Furthermore, task C will be evaluate the strategic fit for STA Travel Company by highlighting the special strengths or weaknesses.

STA Travel Company was founded in the year 1979. It is the largest youth travel expert that enables student and young adults to travel over the world. The mission for STA travel company is to create opportunities for the youth to make the most of their occasion and experience the world for real in the way they choose, for example adventure, discovery and so on.

The critical success factor for political factor is to level up the reputation of the industry, such as fully follow the rules that set in package travel and package tour regulation 1992 and the Air Travel Organizers Licenses that introduced by the UK government, this is because of based on the regulation, the consumers will be informed about the increase of tax, visa fees, the changes of visa regulation before they purchase the holiday package and this may also reduce the risk that cause of terrorism because ATOL provided 100% financial protection toward the travel industry. For example, in year 2010, ATOL has helped 42, 000 UK visitors who abroad when their travel company failed, which allow them to end their holiday and get home on time.

Economic

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Meanwhile, the critical success factor for economic factor is to increase the consumer confidence, by make improvement in their customer resolution, which means have the ability to handle the complaints from the customer, by to solve it immediately and able achieve the customer satisfaction, this may helps the travel industry to increase the sales, profit, and purchasing power because consumers are making more purchases for on holiday package and on the same time it will helps to reduce the impact on inflation and the unemployment issues. For example, the lack of customer confidence had bring some negative impact on the third largest travel group operating in the UK travel industry performances such as low profitability, low turnover and so on.

Social

Besides that, to attract more consumers toward the holiday packages industry, there are several factor that need to be improve, such as affordable pricing for every consumers, comfortable accommodation, budget flight, better meal and so on. Furthermore, good customer services also one of the critical success factors for social factor, this is because of it will influence the consumer behavior toward the travel industry and customer relationship with the industry by the way an employee greet the customer, how well they do following through with the sale and the responsibility toward customer such as no changing date, no passport loss, no changing of schedule and be punctual. This will solve the problems that arise from climate and the purchasing pattern of consumer, because based on the research that make, there are 70% of consumers are increased their spending on holiday, they

are willing to cut down the expenses on cloths, shoes, accessories rather than cut down their vacation or short break if the price is affordable for them.

Technology

Nowadays, the technology has been rapidly growth in the UK and the technology trends have also changes due to the rapid development of technology. Based on the travel technology consultant, Paul Richer, he mentions that “ selling online has become a common activity among the travel industry, there is no reason saying that too expensive to sell online.” Therefore, the critical success factor of travel industry is to offers a wide variety of services, such as internet booking systems, access information through internet, car hire, hotels and so on. Based on Neil Simpson, the event director for travel technology show, he mention that, in the market there are more then 60 offering technology services to the travel industry which including access to new market and how to success in this rapidly changing country.

Analysis of Porter's Five Forces

Threat of entry

The critical success factor for this sector will be the high threat entry due to the high capital requirement and the high barrier. This is because of with the high threat of entry, it will strengthen the stability of the travel industry itself and this would make the market to be hardened for new market penetration. Furthermore, the high barrier, will be a competitive advantages for those

experience companies then those new entrants, because the experience companies already have strong brand recognition, customers loyalty, supplier loyalty, and have high share market. Besides that, those experience companies are able to differentiate their holiday package by providing a services or benefits with higher perceived value to the consumer with the same price as new entrants.

Threat of substitute

The critical success factor for the holiday package industry will be increase the product quality and the product services such as accuracy of time, route scheduling, able to reach customer 24 hours a day and 7 days a weeks, and so on. This is because of it will help the industry to build a strong customer relationship due to the consistent connection with customer. For example, based on a survey that conducted by both of the biggest travel company among the travel industry in UK, 80 percent of the respondents look forward to take a holiday during year 2010 and the recession will not lead them to adjust their holiday plan. Although, the “ UK now is the largest cruise market in Europe and growth rapidly”, that cause of there are more deals, a wider variety of choices, new destinations and lower prices will be offer by the cruise industry, based on the Managing director of P&O cruises, Carol Marlow.

Buyer power

The critical success factor for buyer power is the buyer volume of the customers in the travel industry. This is because of, based on the report, in

year 2008, the UK residents took an estimated 120 million holidays, which mean the expense of UK residents in travel industry is around £39 billion. In order to avoid the problems of low switching cost and buyer competitive threat such as the rapid development of technology, the increase in availability of low cost flights and the multi website search system such as Google, yahoo and so on, the travel industry need to offers a wide variety of services, such as internet booking systems, access information through internet, car hire, hotels and so on to attract more consumers.

Supplier power

Next would be the analysis of supplier power in the holiday package industry, the critical success factor in this sector is maintain a good relationship with supplier due to the medium bargaining power and high negotiation power the supplier have toward the small size companies, although the top 4 market leader in the travel industry have cover more then 50% of the market possessing a threat of backward integration. This is because of it will be balance up the power gap between the supplier and the package holiday industry.

Competitive rivalry

Lastly, will be the analysis of competitive rivalry. The competitive rivalry is likely to be high due to the high fixed cost and high exit barrier. The critical success factor for this sector is provided excellent services and affordable holiday packages to the consumers. This is because of the high fixed cost may cause the rivalry among the competitors become more powerful as

price cutting will be the only way of filling capacity and the high exit barriers may cause the assets unable to sell off or place to other uses.