

club med case analysis essay sample

[Business](#), [Company](#)



The Club Med is a successful all-inclusive French organization of vacation resort found in a various sites of the world, mostly in exotic areas. Besides obvious financial success, the Club also achieved huge non-financial success. The unique concept of “ family” , which is also the corporation spirit, had transform a group of strangers to a group of loving and caring friends. What’s more, they also developed their own set of marketing and distribution strategies.

Club Med developed competitive advantages due to its uniqueness and novelty, it differs significantly from conventional hotel chains. Firstly, the Club made a profit of \$3million each year merely from customers’ prepaid travel deposits. Secondly, unlike the traditional hotels, the Club arranges roommates to those who travel alone. As a result, accommodation availability is counted as the amount of beds not the number of rooms.

Moreover, Club Med was in advantageous position regarding the relationship with customers, suppliers and workers. In terms of customers, for instance, the Club controls the market so that buyers can only buy the “ true formula” from them. The customers will suffer economic losses if they try to replace the Club with other traveling choices. Club Med also has competitive advantages over the suppliers. Business partners like airlines companies are providing the Club with air fare discounts, from which Clun Med could earn substantial interest. Besides airline companies, the Club also receive benefits from other business partners. Since Club Med’s vacation sites created work opportunities and tourism income, economically discouraged countries are more than willing to be the Club’s villages. To win this advantageous opportunity of economic growth, those countries often offer the Club with

alluring benefits including low-cost financing, sufficient foreign labour, tax breaks and probable direct equity investment. The Club is in strong position regarding labour leverage. Each year, numerous ambitious and gifted graduates long for working for the Club.

The Club ' s fast- growth popularity and control in the resort-vacation realm was also the result of its novel vacation idea. The Club Med concept is stated as the process of converting tense and professional workers from complete strangers to friends of cheerful minds. To create a relaxing environment reflecting the organizational culture, the Club implements three policies. Firstly, Club Med customers need to pay a \$25 initiation fee and annual fee of \$40 to become members. Secondly, the Club commit themselves to offer the GMs an completely relaxing environment with nothing to bother them.

The potential value a customer can bring to the Club is enormous. As mentioned in the case, the Club benefit a lot from the marketing strategy of word-of-mouth advertisement. 65% of the first-time customers make up their minds to experience Club Med based on the recommendation and suggestion from those who had already experienced. Moreover, over the recent years, approximately a quarter of the new customers become repeat customers, the contribution margin of which is approximately 60%.

According to the case content, Club Med has two major competition: The Jamaica-based Jack Tar Village Company and the SuperClubs organization. These three resort company all differ from the conventional pay-as-you-go hotels, they are successful all-inclusive, club-style resorts. Compared to the

Club, Jack Tar Village Company possesses fancier physical supplies including 12 tennis courts, 27 holes of golf, a shopping arcade, larger swimming pool and bigger bed, etc. As for the SuperClubs Organization, it owns the first couples-only resort in Caribbean. Shortly, this resort gained popularity amongst travel agencies and become a huge success. There are several primary operation differences between the Club and SuperClubs : drinks, staff, packaging and distribution. According to the case examples, we can conclude that SuperClubs is more convenient, customer-friendly, and possesses more professional staff, which will bring higher level of enjoyment to the customers.

Given the existing threats and a series of disadvantageous factors, here are my recommendations. For starters, renovate the villages and upgrade the physical supplies. To compete with the newly started all-inclusive vacation resort corporations, the Club must widen its competitive advantages. Meanwhile, the Club also need to thoroughly analyze their operating systems to find out what is it that separate them from other hotel at the beginning and strengthen these “ selling points”. Moreover, it is necessary for the Club to develop an integrated marketing system to attract more new customers. Word-of-mouth strategy might be effective, but obviously not efficient.