

An environmental analysis of yongin farmland in korea tourism essay



**ASSIGN
BUSTER**

Yongin Farmland, opened in 1976, was the first amusement park in Korea, managed by Joong-Ang Company, subsidiaries of Samsung. The 3700-acre attraction began as an agricultural center to demonstrate how mountainous land could be used productively for growing food product.

Yongin Farmland opened a Motor-Park in late 1993 but loss in the first year.

Samsung want to improve the customer satisfaction level at Farmland, and develop the plans for Farmland's expansion.

Question:

Should Samsung invest in such an aggressive expansion plan for Farmland?

Is the theme park industry was an attractive industry for investment?

We will start this discussion to analyze the theme park industry using Porter's 5 Forces :

Internal Rivalry:

Since globalization, and also theme park visitors also come from other country, foreign Theme Park has also be the competitor for Farmland.

There are so many big player in the world, North America with Walt Disney company is the largest (revenue in 1988 grew from \$2. 042 B to \$3. 4 B.

There are also Time Warner's Six Flags, Paramount.

Europe has Alton Towers UK, Walt Disney, Parc Asterix and Big Bang Schtroumpf in Franc.

Walt Disney segment: there signs of declining profitability in the U. S. operations, since the market was maturing and the competition was getting more intense. But Tokyo Disneyland, the Japanese operation, was growing and profitable.

Asia:

Tokyo Disneyland and Tokyo Disney Sea, Ocean Park in Hongkong, Jaya Ancol Dreamland with Dunia Fantasi in Jakarta. China has Beijing Amusement park, with 2, 000 per cent increasing revebue between 1990 and 1993.

Korea:

Lotte World, started in 1989, the world's largest indoor theme park with adjoining hotel, dept store, shopping mall, folk village and sport centre.

Seoul Land, located near Seoul at Kyungkido, ranked 23rd in the " Top 50 theme parks worldwide"

A number of theme park were investing heavily in upgrading facilities and extending theme parks' services. Periodically added new attractions or renovated existing ones to draw repeat customers.

Leading theme park companies, such as Walt Disney Company, charged huge licensing fees. They were very selective in choosing joint ventures in other country.

In this industry, its difficult to differentiation, other can copy.

The competition is high intense. Threat from internal rivalry is HIGH.

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Entry:

Theme park industry required a large-scale investment; usually required over 50 acres of land and cost could be very high, \$50 M up to \$3 B (this take 50 % of investment). It's also need amusement machinery (20-30 per cent of investment) and working capital requirements took the rest.

Periodically need addition new attractions or renovated existing ones to draw repeat customers f more investment.

This industry need economic of scale of higher profit.

This industry has a high exit cost since high investment.

Need high level of special knowledge.

Government regulations were quite strict because of the extensive land use, and the potential for serious accident. A typical period required for arranging government for a theme park could be as high as two to five years (depending on the country)

We can say, the entry barrier is quite high, so the threat from new entrance is quite low.

Buyer

The buyers are families, young adults, corporate groups and tourists.

Tour operators and government tourist promotion boards also a buyer.

Most of them only come to theme park in the particular season.

Customer satisfaction is their need to attract a repetition, but there are so many players, and the buyer is very easy to switch. No need cost to switch to other theme park, the customer always need a new experience.

Threat from buyer is HIGH.

Supplier Power

There were fewer than 10 suppliers who were capable of developing quality machinery, such as DOGO of Japan, HUSS of Germany, and ARROW of the US. They are worked globally; the industry can ask a custom designed.

There were a large number of suppliers for the smaller machines, could be manufactured domestically.

Sega Japan and Simex Canada is for special stimulators for amusement.

Those suppliers are competing each other, can manufactured domestically and it's a advantage for industry, so threat from Supplier is LOW.

There is exception for " software"; sometimes, " software" in the industry was not easily available. In this case, Farmland will go it alone.

Substitutes and Complements

Consumer can substitute a visit to theme park with other modes of entertainment, something new, different, cheaper, or more convenient such as free admission parks and beaches, camping trips, video movies at home.

No switching cost.

Threat from substitute is medium to high, since actually the substitute is not in the same comparative with theme park industry.

P. E. S. T. E. D

Politic

Government regulations were quite strict because of the extensive land use, and the potential for serious accident.

Economic

Booming Korean economy

Social:

Increasing demands for leisure attractions.

Customer satisfaction was a critical issue f to draw repeat customers

Technology

Special stimulators for amusement purpose using proprietary technology.

Software, need a high licensing fees.

Virtual Reality (VR) was increasingly becoming a highly lucrative mas-market entertainment phenomenon.

Environment

Demography

The traditional appeals are preteens, teens, and young adults. But changing demographics push to think in term of broader market, particularly families, corporate groups and senior citizens. There 5 major markets:

Local family, mostly on weekend

Children's group (school, churches, scout), summer weekdays

The evening market, teens and young adults, comes from concert and romancing at night

Corporate Group

Tourists

SWOT Analysis

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Internal

Strength

Farmland had the highest growth rate within Korean industry

SAMSUNG image is a big company.

Master plan includes some new park and new facilities, will continue with luxury hotels, golf courses, will give a high class resort.

Mountain resort gives a " fresh" connotation.

Weaknesses

Farmland is 60 km from Seoul, during peak hours, it took as long as 2 hours to drive

Farmland have more or less enough parking for the time being, but if we are going to expand, this will be a major bottleneck

our customer satisfaction levels were lagging behind the key competitor, Lotte World

External

Opportunities

The government has plans to bring the subway up to Yongin, Farmland would have a subway terminal f a lot of convenience to our customer

Since we will build some new infrastructure, like a water park, we can invest on the newest amusement technology that can be a new challenge to the customer.

Threats

Walt Disney Corp. were not interested for joint venture with in Korea.

Farmland had to go it alone to provide “ software” for theme park

Korean nature, work 5 ½ days a week, working days the travel time is long.

They will not be so keen to travel on a Sunday or on holiday if the traffic is heavy.

Expanding Farmland will take over more of the land mass available in the Yongin valley. Potential flooding.

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STRATEGY

YES, Samsung invest in such an aggressive expansion plan for Farmland.

We need to do many things in our strategy in order to make this as a profitable industry.

According to expanding Farmland, we have to consider how we compensate the people around there since potential flooding in the surrounding region. If there is not compensation, there will be a potential threat to our company.

Accessibility of the park location is a key success factor in theme park industry, so we need to make a good relationship with government according to government plan to bring the subway up to Yongin.

About pricing, we will switch to Pay-one-price scheme.

We have to increase our customer satisfaction levels. We also need to change the Farmland name with other name to provide a better image of the company that can attract people with something different experience. Once they come to theme park, we will provide a high quality experience to draw repeat customers. Repeat business is very important to our survival. If we don't satisfy our customers, they will not come back and we will not have any business left.

We have to create something that can be our distinctive. With our master plan, Farmland will be the South Korea's largest theme park. With new investment, we can invest on the newest amusement machinery technology that can be a new challenge to the customer.

We need to build a corporate image, to make Farmland as a world class resort complex.

We will build our head office located where our products are, not manage Farmland by remote control.

About recruitment, we need more service oriented people, more female workers, even we will face a high turnover, it will good since fresh blood always brings in fresh ideas so we would able to preserve some dynamism in our organization.

What we want to build is a destination resort town and residential community where people can come, relax and enjoy themselves in a low-stress environment. For 180, 00 Samsung employee, this will give a place to come and be proud of. This can bring a good spirit to all Samsung employee.