

External audit on carnival corporation

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



When considering what type of environmental analysis to do certain things should be taken into consideration this is do to with the fact that different industries will have different requirements. For example Carnival in a multinational company so it may be more concerned with political issues than local customer perceptions or the customer demographics. Johnson & Scholes (1999), David (2001) and Lynch (2000) all agree that organisations or managers should adjust and change according to an environment analysis.

Mullins (1999), Johnson & Scholes (1999) and Lynch (2000) all agree that a good starting point for an external analysis would be the 'PEST' analysis. 'PEST' means political, economic, socio-cultural and technological (see appendix 1). The PEST analysis is only a very general analysis of the external environment. This is why another audit should be used to "inform and guide analysis" (Johnson & Scholes, 1999: 104).

If a company wants to plan for the future Johnson & Scholes (1999), Lynch (2000) and Mintzberg, Ahlstrand & Lampel (1998) all agree that the 'scenario planning' is all about the long term. Johnson & Scholes (1999) and Lynch (2000) agree it is one way to help companies looking into the future. One thing that companies must understand is that "scenarios are concerned with peering into the future, not predicting the future" (Lynch, 2000: 111)

Scenario planning is about considering factors that could affect the company for example if there was a terrorist attack in the future on one of the Carnival cruise liners. What steps could be taken to prevent the attack or to make sure that the customers are safe?

In all industries customers are the ones that buy the product or use the service this may be other companies or the general public. This is why analysing the customers and market segmentation is very important. It is important for organisations to understand that customers " have different characteristics and needs" (Johnson & Scholes, 1999: 129).

Lynch (2000) states that there are three important issues that should be conceded when analysing the organisations customers. The first is to identify the organisation customers and market. The second is its segmentations and its strategic implications. The final one is the role of the customer service and quality.

Porter's Five Forces model (see appendix 2) is a more in-depth analysis of an organisation it focuses more on strategy so companies can develop opportunities and protect them self from threats. The five forces are:

1. The bargaining power of suppliers;
2. The bargaining power of buyers;
3. The threat of potential new entry;
4. The threat of substitutes;
5. The extent of competitive rivalry.

(Lynch, 2000: 125)

One of the best ways to describe Porter's Five Forces Model is:

"... a high force can be regarded as a threat because it is likely to reduce profit. A low force, in contrast, can be viewed as an opportunity because it may allow the company to earn greater profits."

(Wheelen & Hunger, 1998: 61)

It is argued that customers are the most important part of the business:

" Customers demand satisfaction and expect more.

It is no longer sufficient to merely satisfy customers

They need to be delighted, both internally and

Externally."(Mullins, 1999: 869)

This is why customer analysis is so important to Carnival with out any customers the company would not generate any revenue. One thing that they do know it that the disposable income of young couples and families has increased over the last fifty years. What they are trying to do it tell the target market that cruising is an alternative vacation available for everyone.

Carnival believes that 93 percent of North Americans have not taken a cruise at some stage. This gives then a target of almost 100 percent of North Americans that they can attract, to go on one of their cruises. This is due to the fact that they can try and attract the people that have already been on a cruise.

Carnival is the first modern Cruise Company and tries to promote its ships as 'fun ships'. With a price that can compete with land based vacation resorts. This is why they are the leaders and innovators of the cruising industry. They know that the cruising industry have three main market segments. The first is contemporary then premium and finally luxury this is why they have entered into all three market segments.

One thing that is very important to Carnival is the customer service that they provide. As well as a high level of service they want to offer a product that will attract the customers. This is why they offer a package that will allow passengers to stop at exotic ports of call as well as a premier restaurant service. What they are trying communicate is that the ship is not just a means of transport but the vacation it self and the ports of calls are bonuses for the customers. This is why they offer such entertainment as livemusic, dancing, night-clubs, movies as well as a casino this is the entertainment in the evenings.

Carnival wants to offer a high level of service this is why their holidays start when you bags are tagged for the ship. After that moment you would not need to pick your bags up because it would be delivered to your cabin. When on board waiter on the ship will offer you drink while they help you to find your way around. With a restaurant service that could rival any top land based restaurant in terms of variety in food and wine. With this sort of service they can keep on attracting the customers that in turn create the profits that the organisation wants.