

# Marketing case study kerikeri lodge

Business



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Kerikeri Lodge is a getaway adventure playground designed specifically to appeal to the very wealthy. It is located in the South Island region of New Zealand. The facility boasts a beautifully architected lodge, with spacious rooms with large windows to showcase the spectacular views of the paradise region. It is located on 28, 000 hectares of original farmland, which has been converted into a game reserve with the introduction of deer, elk, chamois, and wapiti.

Guests are provided with privacy and security, and very upscale treatment and service levels. Activities include safari shooting, photographic safaris, horse-trekking, golfing, helicopter rides, and nature walks. Gerard Olde-Olthof is one of the founders and is currently the managing director of Kerikeri Lodge. Gerard was a New Zealand Department of Conservation investigator when he met up with the son of the former Indonesian president. They came up with the idea to purchase a high-country station and convert it into a private resort for the very wealthy.

The facility was designed specifically to please its targeted affluent clientele, and provide highly valued privacy and security.

The company is still fairly new, but is experiencing a constant stream of customers. Marketing Strategy Current Strategy Kerikeri Lodge is an upscale vacation destination. The target audience is very affluent customers to whom price is not the determining factor for comparison or choice. The target market includes those customers to whom privacy, security, and extremely high customer care are most important.

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Kerikeri Lodge currently relies on word of mouth from past clients to continue to provide an ongoing stream of affluent customers.

They also rely on publicity and public relations to reach their targeted customers. Kerikeri Lodge is a relatively new vacation destination and this strategy has been successful so far in bringing in sufficient customers.

Alternative Strategies Kerikeri Lodge could alter its marketing strategy to include a more middle class group of clients.

Though this would target a larger potential customer base, they would likely be less willing to pay the current level of prices, and the current facilities, accommodations, and activities are designed specifically around a wealthier clientele. The amount of money these customers would be willing to pay would likely not bring in enough to make the facility profitable with the current capacity of only eight rooms.

Going down this path would require major facility changes, at great expense, and a total change in company vision.

A more reasonable alternative is to continue to pursue its upscale target market. Although, Kerikeri Lodge has experienced success so far, it should not take its accomplishment for granted without taking measures to ensure continued profitability and to develop a stronger reputation. It needs to take a proactive stance to ensure it continues to live up to the very high expectation of its customer. It also should not rely solely on the simple word of mouth and public relations method for reaching its target customers.

S. W. O. T. Analysis

This chart highlights the strengths, weaknesses, opportunities, and threats for Kerikeri Lodge.

Michael Porters Five Competitive Forces The Threat of New Entrants There is a relatively low threat of equivalent new entrants into the business within New Zealand. The threat is higher on world-wide scale. The capital investment involved is substantial. Building a brand name and reputation to compete with established firms does take some effort. The particular market is a relatively small niche within the larger vacation, travel and leisure industry.

#### The Intensity of Rivalry

The existing market is competitive, but not extremely so. The more general vacation destination industry has more rivalry, but the niche market that Kerikeri operates in caters to the very wealthy and has fewer players. The standards to compete in this market are very high, and each individual business has to develop and leverage its own unique differentiators. Specifically in New Zealand, there do not appear to be many competitors that offer the level of service and accommodation Kerikeri offer, however its customers have a choice of destinations world-wide.

Many other destinations and high priced facilities already have an established name in excellent service and opulent surroundings. Threat of Substitutions The threat of substitutes is high.

In this case substitutes are not considered based on a lower price, but by their potentially better performance or service. The wealthy target market for Kerikeri can likely afford any vacation destination they desire. However,

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they are not likely to sacrifice privacy, security, and excellent service.

Kerikeri does have some unique offerings, but there is a variety of facilities willing to cater to the wealthy.

**Bargaining Power of Suppliers** Kerikeri Lodge is not threatened by the bargaining power of suppliers.

Kerikeri Lodge actually helps to pump additional revenue into the area and supports these suppliers of additional activities for its customers. The facility has been furnished with locally built trappings. Surrounding businesses such as the golf course and other tourist attractions are benefited by Kerikeri Lodge's affluent customers. **Bargaining Power of Buyers** There is not strong bargaining power by buyers. Buyers in this case are the guests of Kerikeri Lodge.

With their affluent status, price is not an issue, and they are not likely to band together to drive any lower prices.

However, the success of Kerikeri is dependent on the buyers' satisfaction, and bad experiences by customers can have a big impact on future business. There are many choices for these customers to select from, so Kerikeri needs to ensure they can differentiate themselves. **Problems** Kerikeri Lodge is a new and relatively small company. It has a small staff, and its managing director does not have experience in the hospitality and service field, or in marketing.

The company does not currently have a long term marketing strategy, or a staff to manage that strategy. It does not appear to have a formal benchmarking process against which to measure its level of service within <https://assignbuster.com/marketing-case-study-kerikeri-lodge/>

the industry, a feedback method to provide input, or a process through which the company can determine and implement continual improvement actions.

A more minor problem, but one the company should keep an eye on, is the local concern around the inaccessibility of the natural resources of this facility being available to New Zealand residents. Discussion

Kerikeri Lodge is a new hideaway retreat for the world's wealthiest travelers. It has a paradise like setting, and offers the privacy and security highly coveted by its customers. Its very design was developed with the wealthy customer, used to opulent surroundings and extremely high service levels, in mind. Though the Lodge must remain profitable to stay in business, concentration on price is not what will make or break this endeavor. Focus is on satisfying the customers' every whim and desire.

Kerikeri Lodge has been successful so far however a more concentrated effort should be developed to ensure ongoing success.

There does not appear to be much marketing expertise within the firm, or a long term strategy for continued success. There also does not appear to be methods in place to ensure the required extremely high levels of service are provided and improved upon. There is a potential area of risk around the concern of access to New Zealand's natural resources by the country's own people. The problem is relatively small at the current time, but it should not be ignored and a plan to improve local perceptions should be developed.

Functional Policies Facilities Kerikeri has been constructed with the wealthy targeted customer in mind.

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The facility is opulent, with oversized rooms and top quality furnishings and accommodations. Special attention was given to capitalizing on the breathtaking views with the installation of double glazed windows, all meant to impress the customer. The lodge is located in a secluded and private paradise setting, meant to meet the needs of rich customers seeking a retreat from the close public attention they usually operate under. Marketing The marketing strategy seems to have created and executed by Olde-Olthof. The architecture and design of the facility was developed to attract and appeal to wealthy customers.

The unique activities and services were tailored for the upscale customers, with an eye towards offering privacy, security, and high service levels. Though designed with the customer in mind, there is no apparent method for ongoing monitoring of their success and improving service based on feedback. There is also no formal strategy for ongoing promotions to build their name and reputation and ensure an ongoing flow of customers. Service The company maintains a staff of ten full time employees, and two seasonal guides. This was intended to provide guests with superior quality and customized service.

The focus does appear to be on customer satisfaction.

No particular mention was made of how the staff was trained or how the staff is empowered to satisfy the needs of the customers, and this may be an opportunity for improvement. Finance Little information was provided around the financial situation of Kerikeri. However it is crucial to the company's success to be financially successful and profitable. Though price is not a major determining factor in customer selection of Kerikeri Lodge as a

vacation destination, the financial status of the endeavor should be monitored.

Besides overall profit and loss reports, financial reports should be generated by each individual aspect of service and activities provided. This will provide management a clear picture of services actually utilized by customers, indicate preferences for services, and indicate services or activities that may need to be discontinued or built up.

The financial department should also be able to provide return on investment analysis for new services being considered. Solutions Kerikeri Lodge could change its entire focus by switching to a more middle class customer base.

However, the company is experiencing success within its current target of wealthy clientele so there is no apparent need to make such a drastic change in the company vision at this time. Kerikeri could make no change in their current operations and strategy. They are experiencing success under their current processes and could reasonably expect continued success in the near future without any changes.

The most reasonable alternative would be to continue on its current course, but to take actions to seek longer term assurances of success.

Kerikeri Lodge should look to improve on its current model by bringing in professional help and developing a longer term more purposeful market strategy and promotion effort. Actions should be taken to benchmark service within the existing equivalent market offered by competitors, and to take measures to ensure the services provided by Kerikeri continue to exceed the <https://assignbuster.com/marketing-case-study-kerikeri-lodge/>



customer's expectations. Plan of Action Kerikeri should continue to pursue its current course of focusing on the target market of the world's wealth traveler.

Kerikeri should invest in the hiring of a professional marketing company, with experience in the niche market of servicing wealthy clients. A long term marketing strategy should be developed that will entail building a superlative name in service for Kerikeri and build a strong customer base among the circle of the world's wealthy.

A marketing firm with prior experience in reaching this elite customer base should be selected. The methods used to promote a vacation destination to a high class audience will be quite different from the approach taken to attract a more middle class audience.

The marketing company should also provide some benchmarking capabilities in the area of superlative service across the industry. Up to date knowledge of the best service provided in the industry, and what are the expectations of this special customer base is important for Kerikeri to remain in business in this market. Formulating a plan to solicit feedback, to make improvements, to offer specialized care, and to train staff in superlative service are all potential steps to be undertaken.

Another potential option is to add a Six Sigma process around service. Initial and ongoing training should be developed for all staff involved with Kerikeri Lodge. This should include instilling a vision to exceed customer expectations and a strong focus on customer service. The staff should be empowered to take any reasonable measures required to satisfy a customer

need or want without prior management approval or direction. Some attention should be given to external public relations around the concern of access of the area to New Zealand's population.

Though it does not appear to be a large concern at the current time, some actions might be taken to head off any future concerns before they escalate and turn into a problem. A program under which a reasonable number of national residents can enjoy the lands and activities might be considered. For example, an educational program bringing in children's groups for nature walks, or specially scheduled and planned events aimed at residents could build some good will and good publicity for the company, and be scheduled such that it still protects the privacy of the wealthy target guest market.

Overall, Kerikeri Lodge has created a unique vacation destination for the wealthy world-wide traveler. It has an existing strong focus on customer satisfaction that is an essential asset in this niche market.

The company needs to take the appropriate measures to develop a strong long term marketing strategy, and constantly evaluate and improve its service levels for ongoing success.

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