

Elements of its marketing mix tourism essay



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The Hong Kong Disneyland Hotel – decor with Victoria architecture, 5-star property with spectacular seashore view and provides 400 rooms for leisure tourists. It incorporated with sense of Resort and Spa that tends to meet taste of mature demographic.

Disney's Hollywood Hotel – more whimsical style inspired with Disney fun and arts, 600 rooms are in service. Kids and families are positioned to deliver world-class entertainment. [2]

Customers used purchase process

The company uses direct channels for customers easily access its three types of ticket and service sales: hotel reservation, park entry and movie tickets.

The cooperated service agents are:

PCCW – a phone-call selling center.

City Line – provides ticket selling service.

Other than availability of on-line ticketing, ticket stores are set up in local train system and front gate of the Park. Over 50 wholesales are engaged through travel agents to reach China visitors. [3]

Major competitors

The competition is extremely high in amusement park industry throughout areas in Asia Pacific. Ocean Park is the major competitor to Hong Kong Disneyland since both of them the locations are in Hong Kong. The real competitors lying around the regions actually are critical to the prospect and

survival of these two themed parks. The prominent ones that taken into consideration are the Universal Studios from Singapore and the Shanghai Disneyland (going to open by the end of 2015) as well as the most aggressive mega theme park in China. [4]

MARKETING MIX

Elements of its marketing mix

2. 1. 1 Product

Along with the theme lands, it features interactive activities of best rides, attractions, shows, merchandise shops, refreshment stands, restaurants together with day time parades and fireworks at night. The two theme hotels built are providing total 1000 room, restaurants, shopping and conference services.

2. 1. 2 Price

The main ticket price is on date specific basis, disparate prices offered for weekdays and weekends. There are 3 types of admission ticket: 1-day access, 2-days access and Magic Access which is for whole year admission. So far it's recognized that the HKDL Resort is offering the lowest ticket price comparative to worldwide of other Disneyland. [5]

2. 1. 3 Promotion

Key event promotions are lying during the whole year, like Halloween, Star Guest, Lightning McQueen Live and New Year, the company carried out slew of direct promotional works in order to strengthen publicity to local and oversea markets, typically mainland China and Southeast Asia regions.

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Advertising includes TV commercials, movies and celebrity endorsements. Other marketing facets fall into association of promotion programs with travel industry partners, airline companies, banks and beverage bottling distributors. Under sustainability strategy, the company is committed in social responsibility that engaged deep involvement in community work with on-going outreach programs that running in a whole year

2. 1. 4 Place

The theme park is well located at Lantau Island amongst mountains and oversight the South China. Built nearby Hong Kong airport with availability of public transit system, its location is being considered to be extremely convenient for its accessibility. Also it is appealing geographically as a destination for both regional and world travelers. Under the company's perspective it is highly appraised to be dominant gateway to capture the enormous potential market in Mainland China.

2. 1. 5 People

After completion of the expansion, the company anticipates to handle over 8 million visitors each year. Large scale of recruitment and training become imperative program to the company objectives. With commitment on skilled and qualified workforce development, the company is obliged to invest considerable amount of resources in professional and technical training in a year.

2. 1. 6 Process

The company goes with market trials to input the park with some of its creative content that proven to be success in many of other lands. The process is recognized as kind of marketing audit for the company to sharpen its edges on offerings by improving and adjusting to apply to the new market where and when necessary.

2. 1. 7 Physical evidence

The Park theme lands basically defaulted in nature with physical connection on all facilities it provides. The rides, shows, restaurants, shops, refreshment stands, hotel resort and spa, all of which give interactive amusement park experience. The 2011 company business review shows the satisfaction rating over 90% both park and hotel guests reported ‘ excellent’ or ‘ very good’ to overall the general park services. These outline the achievement in growing appeals for higher visitation the coming seasons. [6]

2. 2 Product/service attributes important for its various customer segments

The park attributes outlined as follows:

Customization – to mix the local culture, the company added Feng Shui while the Park designed and built. Restaurant food integrated Chinese tasted cuisines. Guide maps showing traditional and simplified Chinese. Cast members and most of Park staff speak in Cantonese, Mandarin and English.

Quality – being the world-class theme park, the company gains leverage of brand affinity to catch conviction from most of demographic segments.

Durability - the company have deep involvement to implement social responsibility which is a long-term marketing strategy to create high extent of public awareness.

Reliability - the company continues to put effort to refresh and expand on its offerings. Novelties not only indicate the volume increase of future attendance but also encourage customers to build confidence for repeating visitation.

Style/design - the core Disney stories inspired with variety of interactive activities. The western and decoration style full over the park that surely immerse every visitor who experienced.

3. MARKETING STRATEGY

Hong Kong Disneyland was preliminarily predicted to attract 5.6 million visitors per year before opening (Disneyland in Hong Kong, Paula M. Miller). However, it missed its predicted target and got hit a few lumps during its early operations. Afterwards, the company changed its operation strategy and in 2011 it enjoyed theme park attendance, hotel occupancy and guest spending levels. The Hong Kong Disneyland is now one of the Top 15 most visited theme parks in the world, the sixth in Asia and the first in the Greater China region based on annual attendance. (Hong Kong Disneyland Annual Business Review for the Fiscal Year 2011, p. 1)

According the figures from Disney's annual business review of 2011, 45% of the visitors are from mainland China, and the numbers is rising with the growing wealth of China's middle class.

3. 1 Market Segmentation

After the six full years' operation, Hong Kong Disneyland has attracted millions of visitors all over the globe and remained focusing on being the premier vacation, entertainment and convention resort destination in Hong Kong.

There is no single way to segment a targeted market (Principles of Marketing: an Asian Perspective Philip Kotler, 2011). In the theme park industry, demographic, geographic and behavioral variables are often used. Hong Kong Disneyland uses demographic and geographic method during its segmentations.

Demographic:

Theme parks target their potential customer groups using demographic variables according to its different themes. Demographic variables include: age, gender, income, education, occupation, religion, race, generation, nationality, etc. Hong Kong Disneyland uses the variable of age and gender to target its customer.

Thrilling and exciting themed parks are always the favorite places for teenagers and the youth. Family oriented theme parks, for example Lego World and Hong Kong Disneyland, are mostly preferred by families with kids and young female who still believe in fantasy dreams.

Geographic:

Hong Kong Disneyland mainly targets visitors from mainland China region and local families with kids. These two sections account for 45% and 31% of
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the total visitors in 2011. Mainland China visitors, especially visitors from South China Delta region are becoming the main force to driven Hong Kong Disneyland's future development.

Market Targeting

After evaluate the market segments, visitors from mainland China region and local families with kids are chosen as the main market targets for Hong Kong Disneyland.

As most of the mainland China visitors have no theme park experience before that Hong Kong Disneyland is an affordable and convenient place for them to arrange a trip for special occasions, such kids' birthday parties and family weekend gatherings. These visitors do not live in Hong Kong and they normally need accommodation facilities during their stays that the two Hong Kong Disneyland resort hotels provide ideal places for them.

Mickey Mouse and other kid's entertainment facilities also attract Hong Kong local families with kids, which is another main market target for Hong Kong Disneyland. This group of target customers can contribute stable cash flow that they visit the park more occasionally than mainland China visitors, especially during slack seasons. By the mean of customer relationship management programs, such as annual passes etc., the park successfully maintains local customers' loyalty with constant entrances.

Hong Kong Disneyland has a competitive advertising strategy to attract these target customers. It placed intensive amount of advertisements posters in the train stations and major MTR stations that visitors and local targeted groups are exposed with new marketing campaigns and

promotional events from the company. In addition, the company also has developed discounted travel packages with the leading airlines in order to maximize attendances during slack seasons.

3. 3 Positioning

Hong Kong Disneyland is positioning family oriented entertaining theme park with spirit of family and fun. Ocean Park, which is the major competitor, differently positions itself as edutainment of ocean and adult adventurous entertainment. Thus, there is no fierce competition between these two theme parks in Hong Kong.

4. Managing Customers

In the theme park industry, the theme park experience is the new measure of success. With the increase in discretionary income and travelling opportunities, visitors have become more demanding in their expectations of theme park performance, which requires the theme parks not only providing great service but also being able to evoke visitors' positive emotional feelings. (The theme park experience, Shuk-ting Doris, 2008) The theme park experience depends on service quality of its staffs and facilities, as well as the visitors' behaviors. Due to the large number of visitors flood in during holidays, Hong Kong Disneyland received complains about the poor service performance and improper behaviors of some visitors. The company has started new expansion project since 2007 to increase capacity to attract more teenagers and young-adults.

The instinct value of customer service is to generate long term customer relationship and create superior customer values with satisfaction that the

satisfied customers are more likely to become the loyal visitors. Principles of Marketing: an Asian Perspective Philip Kotler, 2011)

Hong Kong Disneyland has a major competitor in the region, the Ocean Park. In order to gain more market shares, the company uses customer relationship management programs, such as annual passes, encouraging regular visit basis, gives the visitors 5% to 15% discount when they shop or dine in the park or the resort hotels.

As one of the most popular destinations in Hong Kong, Hong Kong Disneyland has become an icon in supporting Hong Kong's position as one of the world's top cities for leisure tourists and business visitors.

5. SWOT ANALYSIS

From the following SWOT analysis table, HKDL takes many advantages and opportunities to expand more market share and growth.

Strengths

Weaknesses

Opportunities

Threats

Good Location

Strong Financial and Network Support

by HK Govt

Renowned Brand Image & Exclusive Brand Characters

Comprehensive Staff Training

Huge Loss in the past 5 years

Small visitor capacity

Theme Park Expansion

More Mainland China Arrivals

Multi-Cultural Celebrations

Strong direct & indirect competitors

Declining birth rate in HK & China

5. 1 Strengths

Strong Financial and Network Support by HK Government

Hong Kong Government has invested HKD 22. 45 billion in HKDL, and provides the site near Hong Kong airport in Penny Bay for 50 years rental at reasonable terms, and offered a railway network by the Mass Transit Railway. By this favor, HKDL has less financial pressure so that it can focus on product and service development.

Good Location

As mentioned, HKDL is located in Benny Bay which near to Hong Kong airport, it is convenience to tourists can arrive to HKDL within 15minutes.

Renowned Brand Image & Exclusive Character

From The Global Attractions Attendance Report 2011 conducted by TEA/AECOM 2011, Walt Disney attractions are the top of the top 10 theme park group worldwide [1], The positive and cheerful brand image of Disney gain numerous family and children fans.

Comprehensive Staff Training

Over 300, 000 hours staff training maintains good service quality. [2] and ensure to let customer have a relaxing and enjoyable experience in theme park.

5. 2 Weaknesses

Huge Loss

HKDL has a huge loss in the past five 5 years with over 200 million USD, a lot of comments and suspicion criticized from Hong Kong Government and media, HKDL faces a big challenges from outside, including how to increase attendance rate immediately.

Small Visitor Capacity

HKDL is the smallest Disneyland in the world, overcrowding problem was occurred in Chinese Lunar New Year holiday in 2006, many visitors was refused to enter the theme park because of full capacity, even they present valid ticket. [3] Admittedly, small capacity affects the profitability, and visitors can walk through the theme park at once and decrease the opportunity of repeat coming.

5.3 Opportunities

Theme Park Expansion

7 new themed areas will be opened in 2013, it is not only largely increase no of visitors, it also makes product diversification, it is effective to expand target market.

More Mainland China Arrivals

Increasing individual travels from Mainland China becomes the largest group of theme park attendances but local is decreasing from 40% in 2008 to 31% in 2011. [4] HKDL should develop more marketing activities to expand China market such as cross-over Chinese custom and tradition with Disney characters.

Multi-Cultural Celebrations

Hong Kong is a multi-cultural society and there are many different kinds of celebrations and festivals. HKDL can take this advantage to organize several of celebrations, to attract more tourists and local.

5.4 Threats

Strong direct & indirect competitors

A serious threat comes from its direct and indirect competitors: Ocean Park, Shanghai Disneyland and Singapore Universal Studios, and South Korea Universal Studios, which will be opened in 2014. Ocean Park was awarded to the top theme park by Applause Award 2012 recently.[5] HKDL need focus on diversification and keep customer loyalty.

Declining population size in HK & China kid market

Birth rate in HK & China are declining in these 10 decades due to one child policy, it is undoubtedly effect the attraction of HKDL, it should develop new target market to young adult and teenagers, not only kids & family.

[1] TEA/AECOM 2011. Theme Index: The Global Attractions Attendance Report. AECOM. P11-12, 5 June 2012.

[2] Administration's paper on update on Hong Kong Disneyland Legislative Council, HKSAR P1, 17 January 2012

[3] " Disney Culture Shock". The Standard. Hong Kong. 19 March 2007

[4] Administration's paper on update on Hong Kong Disneyland Legislative Council, HKSAR P1, 17 January 2012

[5] Ocean Park official press release, 20 November 2012

6. Marketing ANALYSIS

Product life Cycle

After first few years of introduction of HKDL, the theme park now enters into a growth stage in product life cycle. This means the park is in a period of rapid market acceptance and increasing profit. HKDL should maximize market share with the advantages of growing number of visitors. By this, the park should expand the distribution reach and their promotions should target a broader section on customers.

In BCG matrix, HKDL is in Question Mark stage; it means high market growth but low market share. From the above information, increasing attendance rate from these 5 years indicate HKDL has high growth but low market share, HKDL need invest much in product and market development, to enhance profitability and expand the market share.

In order to step up to the stage of star (market leader), HKDL adopts both product development and market development strategies that it can be measured by the following implementation of HKDL:

Product Development

To grow market, HKDL concern to capture Mainland China customers, HKDL develops new products to grow the market.

HKDL is continuously built up new themed-areas (product) to the market; the objective is to capture more customers.

To attract more Mainland China customers, HKDL is specially designed Chinese tradition and custom into Disneyland, and organized some special celebrations such as “ Mickey Celebrates the year of Ox”, HKDL has launched some Disney Fai Chun, red pockets and Disney cartoon t-shirts with Chinese characteristics.

Market Development

At meanwhile, HKDL understands not only target family and kids, it tries to use existing product to expand new market such as young adult and teenagers.

HKDL established many new exciting games to capture more new target market.

HKDL organized “ Disney’s Haunted Halloween” at night in Halloween season; it aims to capture young adult and teenagers only.

To engage new target group, HKDL resort offers fairy tale weddings services with Disney cartoons.

7. MARKETING PLAN

As mentioned in previous sections, HKDL’s marketing strategy is based on positioning of family oriented entertainment. The primary customer target is mainland China visitors who do not have much theme park experience and the secondary customer target is local families with kids who can be regular visitors for family gathering. The table below shows the visitor distribution between 2008 to 2011 among different customer groups:

Source: Themed Entertainment Association (TEA) report 2011

From the above figures, the Local visitors remain the same level of number of attendances over last years. Therefore, HKDL should broaden their customers section in focusing the Local visitor, trying to increase the number of attendances in this group. In the following, a marketing plan will be introduced in order to broaden the customer group of HKDL.

Target customer

HKDL should put more focus on local visitor groups. There is greater opportunity for repeated buy within this group. Most of visitors from China or

other places will visit Hong Kong once or even less a year. HKDL could launch different promotions or introduce several customer loyalty programs for increasing the attendance of local visitors.

Product/Service Strategy

New themed area, Mystic Point, will be opened in 2013. Together with Grizzly Gulch, which was opened in 2012, it is expected to bring new adventure experience to the young visitors.

Positioning

The park should position itself as a top tourism destination for visitors to Hong Kong as well as an entertaining local theme park for local Hong Kong peoples. The park should market itself as an integral part of Hong Kong society to attract more local visitors.

Promotion

The park can introduce new promotions to create awareness of local Hong Kong people for increasing re-visit rate. These include free tickets for birthday kids, a bundle of family tickets discount or family combo set meal in the restaurant inside the theme park.

Pricing Strategy

The park manages its customer with annual passes to raise customer royalty. The park should offer discount of the annual pass renewal for the next year. This can further retain customers and increase the customer

loyalty. Also, the park should introduce student tickets that will also increase the visitor rate of teenagers and families.

Marketing Communication Strategy

Sarah Fox, direct of marking, product strategy for HKDL Resort, pointed out that the young adults are digesting media in various ways using Facebook, the internet and via their mobile phones, which is why Disneyland has decided to tap on these channels to reach out to them. Adaline Lau, Market-interactive. com, 06-Nov-2009. The conventional media channels become less effective nowadays. The park should deliver its message via different new channels that is well adopted by the local Hong Kong people today. These include Facebook, Weixin and the Apps in smartphome.

Social Responsibility

To position the park as an integral part of Hong Kong Society, the parks should commit its contribution to Hong Kong society by different outreach programmes. These include free park rides for selected underprivileged families, creating environmental awareness in Hong Kong and volunteer works to the community.

8. LIMILATIONS & ETHICAL IMPLICATION

Ethical Implication

The park continues to expend its area and facilities to attract more customers. The park expansion may require construction or reclamation works that will damage the wildlife or causing pollutions in the area.

Therefore, the company should make every effort to conserve the

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environment when a construction is required. The park could invite environmental protection organization, such as Greenpeace, to evaluate the impact to the environment first before they start the construction. This could reduce the impact to the park.

Limitations

In this report, the current marketing strategy of HKDL is reviewed and a marketing plan is developed for the park. In this process, there are 2 main limitations deliberated.

Competition environment

It is assumed that HKDL competes directly to other theme parks only.

However, in real situation, there are indirect competitions between HKDL with different tourism spots like, Ngong Ping 360, the Peak.

Tourism industry

The tourism industry affects deeply in the business of HKDL since over half of HKDL's visitors now are visitors to Hong Kong. The market size of the theme park industry varies to the tourism industry environment. In this report, it is assumed that the market size is fixed and no affected by the tourism nor economic environment of Hong Kong or in South East Asia Region.

9. CONCLUSION

In conclusion, HKDL offers theme park & resort experience, It mainly targets visitors from mainland China region and local families with kids. Although HKDL has a lot of advantages such as financial support from HKSAR

government and renowned brand image, however Its major competitor in the region, Ocean Park did a good job and awarded to be the top one theme park. In prior to serious threats by competitors, HKDL adopt product development and market development strategy to expand new market and enhance market share, new themed area is opened to bring new adventure experience to the young visitors. Besides, HKDL should launch different promotions or introduce several customer loyalty programs for increasing the attendance of local visitors, for example, HKDL can use Facebook, Weixin and the Apps in smartphone to offer loyalty program and repeat visiting incentives, to attract young adult and teenagers.

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