

Pest analysis hong kong ocean park tourism essay



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Ocean Park is considered as a major attraction in Hong Kong, the luminous pearl of the Orient and known as the financial center of Southeast China. It is located on the south end of Hong Kong Island. The larger two sections are located on the headlands of Mount Nanlang, while the smaller section is located in the Huang Zhu Keng Valley lowlands. It is considered as one of the largest ocean in the world, having an area of 170 miles (2008).

Organizations change and organizations compete for the same resource, competencies as well as customers. It is the cruel reality that must not be neglected by any management, thus the strategy as well as strategic management must not be neglected as a vital integral part of what managers do (2002,).

This paper will focus on the strategic management process of the Ocean Park of Hong Kong towards their foreigner or tourists customers, particularly those mainland Chinese. It will first tackle the details about the Ocean Park. Second, it will analyze the external environment such as the economic and culture aspect that can affect the relationship of the organization to their possible foreign customers or tourists. Furthermore, it will focus on the internal environment of the organization such as its core competency, together with its strengths and weaknesses.

Ocean Park Hong Kong

Ocean Park Hong Kong is considered as one of the most important amusement park in Hong Kong, and even in the world. Opened in January 1977 as the country's unique local park with the heritage of delivering family, fun and fond memories, it was chosen by the citizens of the country

as their number 1 favorite scenic spot in the country in 2005 (2007). It was also ranked by on June 1, 2006 as the 7th among the top ten most popular amusement parks in the world (China Travel Golden Route 2007).

Ocean Park combines the elements of entertainment, education and conservation in their services. It is consists of six main areas which are: Lowland Gardens, Kid's World, Marine Land, Headland Rides, Adventure Land and Bird Paradise (2007). Furthermore, provides all of its guests with memorable education, while inspiring life long learning and conservation involvement. It also focuses on maintaining a healthy financial status, while offering the guests a diverse range of activities at competitive prices. It exists for the benefits of the public and strives in order to deliver the highest standard of safety, animal care, products as well as guest service (Ocean Park Hong Kong 2008).

The Ocean Park of Hong Kong is part of the growing global industry of amusement park in the world, as well as part of the tourism industry. The organization is focuses in global market, and taking advantage of the improving tourism industry of the country, targeting their tourists, regardless of their age. The main goal of Hong Kong Ocean Park is to be the world leader in providing excellent guest experiences in a theme park environment that connects people with the nature (Ocean Park Hong Kong 2008).

The park is currently undergoing a massive expansion to be finished in 2010. However, there will no rides to be closed during the said period (2008).

External Environments of Ocean Park

PEST Analysis

Figure 1 PEST Analysis Hong Kong Ocean Park

Political Analysis

Political factors have a direct impact on the relationship of Ocean Park Hong Kong, to their foreign customers or visitors. One of the most important factors that are associated with amusement park industry of the country is the easiness of the restrictions and promotion of the free travel of China in 2003 that helped to inject a new life to the tourism industry of Hong Kong (2004). The said improving relationship between China and Hong Kong, can impact the relationship of Ocean Park to their foreign customers, particularly the Chinese tourists, largest portion of the country's visitors (2007). The growing economic clout, as well as the success of the Individual Visit Scheme results to the increase focus of the entire industry towards China and most of the players will focus on catering to the greater range of budget types but throughout the entire tourism industry (2008).

Economic Analysis

Locally and globally, different businesses are being affected by the different economic factors. In terms of the country, the development and growth of the entire tourism industry influence the performance of the entire amusement park industry. The number of Chinese visitors of the country increased from 13. 1% in 1998 to 27. 1% in 1999 in 2007, of all visitors (1999). There are total of 12. 9 million tourists that came to the country, and more than 50% of it arrived from mainland China (2006).

Find statistic before 2005 !!!! - can't use new one

Ocean Park Hong Kong showed an increase in tourists coming from mainland China in the last few years. The mainlanders make up the 45% of all the visitors of Ocean Park, having a high attendance of 2.2 million, showing an increase of 70% from 2003 (2008). - find statistics about mainlanders!!!

Social Analysis

The entire tourism industry, particularly the industry of amusement park of the country is being affected by major events and influences. This can be observed during the peak season such as Chinese New Year and School holidays that enables each and every player of the industry to gain more than 50% of total attendance (2008). - statistics about attendance in this peak-times before 2005!!!

It is also important to consider different media views. This is due to the fact that it can affect or influence of the foreign customers regarding visiting the place. Furthermore the advertisement and publicity is important, that is the reason why it is important for different amusement parks to take part in different events - what kind of major events were??? of the country in order to showcase the culture and history of Hong Kong to their visitors.

Technological Analysis

The Internet has increasingly become a popular medium for marketing and customer relationship. This is due to the fact that the Internet can offer a great connection with huge and immeasurable possible market. This is important because the industry, primarily Ocean Park Hong Kong is focusing

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on its relationship to its global market. Furthermore, it is also important to consider the improvement and development of the amusement machinery industry.

Industry Analysis

Five Forces Analysis

Figure 2 Five Forces Analysis of Ocean Park (Hong Kong Amusement Park)

Threat of New Entry

The threat of new entrants refers the possibility that the profits of established firms in the respective industry may be eroded by new competitors. In terms of the amusement park industry, the entry barrier is high due to the need to invest large amount of financial resources (2004). Typically it ranges from \$50 million to \$3 billion, depending on the real state market. In addition to that amusement park required over 50 acres of land for a full scale development; other can utilize 10, 000 to 30, 000 acres (2006). The said factor is important because Hong Kong has a high land price real state market This is also connected to the fact that the location of the amusement park is a very important factor.

Threat of Rivalry

Rivalry among the existing competitors takes the form of process of jockeying for the position. Firms usually implement different tactics like price competition, advertising battles, product introductions as well as increased customer services (2004).

It is important to consider the lack of differentiation, that is why the customers' choice based greatly over the price and service, thus causes pressure for the intense price and service competition (2004). This can be observe in the amusement park industry of the country, due to high threat of rivalry, different players are implementing different plans and activities such as renovation and introduction of new attractions in order to catch the attention of the customers.

Threat of Substitution

All firms within a given industry compete with an industry that produces the substitute products and services. Substitutes limit the potential returns of an industry by the process of placing a ceiling on the prices of the firms in the given industry can profitably charge (2004).

In the industry, the threat of substitution is relatively low because the main substitute for the product is other aspects of leisure and tourism industry such as sport and casino industry. On the other hand, because of the popularity of the amusement park industry as well as the growing number of Chinese tourists, the industry is not that affected.

Threat of Suppliers

Suppliers can exert a bargaining power over participants in an industry by threatening to raise prices or even reduce the quality of purchased goods and services (2004,).

In the case of the industry, the suppliers doesn't have that much power because of the improving and growing industry of the amusement

equipment industry, that enables the technology exchange between the different local and international players particularly in China (2007). In addition to that, the airline industry, which is considered as the primary supplier of visitors for the company is also facing impact of competition as well as the growing demand for cheap travel packages.

Buyer Power

The buyer or the visitors and tourists have a medium or mediocre influence over the industry because the product and service of the industry is important for the customers. This is due to the fact that amusement is considered as part of necessity of every family in Hong Kong, as well as the mainland China market. Furthermore, the said industry cannot be replaced by other substitute.

Competitor Analysis

Disneyland

Disneyland opened in September 2005 and had helped to reposition the country as a premier destination for families. On its opening day, it had set a record of 16, 000 visitors, and 1/3 of it are from the mainland China. It had maintained its 13, 000 to 14, 000 average visitors (cited in 2006). The main advantage of the company is that it holds the name of the Disney which is well known in the world in terms of entertainment. Furthermore, it targets the children, thus the whole family because of the different rides and attractions that focuses on different well-known Disney characters. This can help the company to attract more visitors or tourists from different part of

the globe, particularly those who are from the US and Europe. On the other hand, the main disadvantage is that most of the mainland Chinese doesn't have those strong attachments with Mickey and friends and other Disney characters (2006). The said aspects are important for the company because most of the visitors of the country come from mainland China. !!!!!!!!!!!!!!!

Wetland Park

Wetland Park is a conservation, education and tourism facility that is located at the northern part of in Yuen Long. It is compromises of 10, 000 square meter large visitor centre, Wetland Interactive World and a 60-hectare Wetland Reserve. The main advantage of Wetland Park is that it offers a different type of service compare to Disneyland and Ocean Park. The main mission of the organization is to foster public awareness and understanding regarding the values of wetlands throughout the East Asian Region. The visitors will be given a chance to experience the wildlife with different animals that will help them to be close with nature and observe different animals in the natural environment (cited in 200).

On the other hand, the organization will not be able to meet experienced the demand of those visitors or tourists that are looking for excitements and extreme pleasure that can be in different rides and parts in Disneyland and Ocean Park.

Internal Environments of Ocean Park

SWOT Analysis

Figure 3 SWOT Analysis Hong Kong Ocean Park

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Strength

The main strengths of Hong Kong Ocean Park focuses on their offering of hybrid of thrills, animals, fun and education to their foreign visitors, more specifically those mainland Chinese visitors (2007). The main advantage or strength of the company is that it enables to meet the cultural aspects of different people from different part of the globe, particularly the mainland Chinese visitors that are not that familiar with different Disney characters. This can be seen in the different services and features of the company that incorporated education with thrill.

Above all, the main advantage of Hong Kong is that it is considered as the oldest amusement park in the country; therefore, it can be considered as experienced and knows the demands and behavior of the mainland Chinese visitors. Furthermore, it had become successful because of its connection to the local government that helped them to have a subway line for the visitors (2007). This enables the organization to give the foreign visitors, particularly those from mainland, who are price sensitive, to save their money for other luxury, thus helping them to save time in traveling.

Weaknesses

On the other hand, the main disadvantage of Hong Kong Ocean Park is their structure of geographic location. This is due to the fact that they have the limitation regarding the land development because the location is hilly.

Furthermore, the organization is facing lack of strong financial support and backup, that is why the organization is responsible for their own income and operation cost. Furthermore, because of the fact that Ocean Park is

considered as oldest amusement park in Hong Kong, there are different facilities that are old and un-attractive, although the organization is already starting their innovation process, it would take some time and it will be completed after 6 years.

Opportunities

The main opportunity of the company focuses on the Individual Traveling scheme of China, as well as the improving relationship of the country to the mainland China, that had helped to improve the number of the visitors in the country. In addition, the strong economy in Mainland as well as the improving middle class with the purchasing power helped to increase the demand for the outbound travel. Furthermore, the organization also has a strong marketing support from the local government that recommends the Ocean Park to the foreign visitors. It is also important to consider the development of new transportation South Island Line that would cause convenience and fast access direct to the Park for the foreign and local visitors.

The Internet is also another factor; this is due to the fact that it can help the organization to connect to a vast range of possible customers or visitors. Above all, the development and improvement of the amusement machinery industry can also impact the services and features of the organization, thus their relationship to their foreign visitors.

Threat

One of the threats that must be considered by the company is the renovation plan of the Disneyland Hong Kong that can help the said organization to regain their past position in the market. Particularly, it will also cause popularity of the organization from other foreigners, particularly those from America and Europe.

On the other hand, it is also important to focus on the global financial crisis that is going on, that can affect the visiting behavior and buying behavior of the tourists.

Competitive Advantage

Figure 4 Competitive Advantage Model of Hong Kong Ocean Park

Core Competency (Đ^{3/4}Ñ † Đ^{1/2}Đ^{3/4}Đ²Đ^{1/2}Ñ<Đμ Đ^{3/4}Đ±Đ»°Ñ † Ñ, Đ,
Ñ † Đ;ĐμÑ†Đ, °Đ» Đ,Đ·°Ñ†Đ,Đ,) - better definition on p. 97

The core competency of the organization is the length of its operation and service both to the locals and foreign visitors of the country that give the organization the knowledge regarding the likes, dislikes as well as the flow and trends in the behavior of the customers. Furthermore, cultural aspect is also an important factor, primarily to their growing mainland Chinese visitors. Furthermore, it also helps the organization to capture the attention of other visitors from different part of the globe, primarily those from the US and Europe, that are looking for new and local experience about the country.

Competitive Advantage

When a given firm maintains its profit that exceeds the average for its industry, the firm is said to have a competitive advantage against its rival. This can be seen in the current position of Hong Kong Ocean Park, over its direct competitor, which is the Hong Kong Disneyland. Hong Kong Ocean Park is using the cost advantage, where it offers cheaper tickets that cost HK\$208 for adults and HK\$103 for children, compared to HK\$295 for adults and HK\$210 per child of Hong Kong Disneyland. In addition to that, Hong Kong Ocean Park acquired a good location compared to Disneyland, because it is nearer to the main urban districts.

In addition to that, Hong Kong Ocean Park also offers a differentiation advantage because it is considered as bigger than the Hong Kong Disneyland, thus enabling the first organization to offer more and new features and shows than the second organization. It also offers different features and services compared to its competitors, primarily the Disneyland, because it focuses on showing the reality regarding the nature, while Disneyland focuses on fantasy.

Tangible Resources - p. 95

The reputation of the organization is its most important tangible resource. Ultimately, reputations have economic value to the company because it will be difficult to imitate. Rivals cannot simply replicate the unique features and intricate processes that produced those reputations (1996). The fact that the company features educational aspects regarding the environment, gives it a reputation that is close to nature. This is important because of the growing

awareness of the world regarding the different natural and environmental problem, primarily global warming.

Value Creation

The core competency of the organization gives it both advantage and disadvantage. Advantage, because it helped them to know more about the behavior and culture of their different local and foreign visitors. Furthermore, it also enables the company to create an image that is considered as one of the most important aspect in gaining and maintaining competitive advantage. On the other hand, it gives the organization the disadvantage because some part of the facilities and features of the organization are considered as old, and in great need for renovation, however, due to financial aspect as well as effort that must be exerted, it will take some time in order to come up with the ever changing demand of the foreign visitors for entertainment and leisure.

On the other hand, the competitive advantage of the company which focuses on the cost advantage and differentiation advantage is the result of the continuous effort of the organization in their relationship with the customers as well as their continuous effort in process of research and development.

Conclusion

As of now, Hong Kong Ocean Park is experiencing a comfortable position in the entire amusement industry, as well as the entire tourism industry of the country. It is important to consider that the said organization is considered as number 1 or most loved amusement park by local and foreign visitors,

despite of the fact that it has the Disneyland, a very prominent and successful player in the global industry of amusement park. Primarily, the main reason behind the success of the organization is because of the support from the government of Hong Kong and mainland China that can be seen in the different public facilities that are being implemented for easy access of the said place, as well as the implementation of the Individual Tourist of China. The company had been able to use the issue of culture in order to attract more locals as well as foreign visitors, as well as its usage of the current spread of the environmental awareness, which enables the organization to incorporate education and thrill in their features and services. That is the reason why it is frequently visited by families from different part of the globe.

Furthermore, the organization had been able to create two important competitive advantage which focuses on the cost and differentiation. It had been able to offer cheap but fun-packed experience. But it is also important for the company to continue its innovation and strategic management in order to make sure that it will continue its competitive edge against its competitor. This is due to the fact that Disneyland is currently into renovation process, in order to regain their competitive position in the market.