

CASE STUDY

LAZY DAYS HOLIDAYS LTD

Lazy Days Holidays is an Accra-based company offering packaged holidays (flights, accommodation, and some meals). Its two primary destinations are North Africa, where it offers beach holidays in the summer and golfing holidays in the winter, and Eastern Europe where it offers low-cost skiing holidays from December to April.

Although for the past three years the company has been relatively successful (see Figure 1), the management team believes that its current destinations offer little real scope for growth.

Figure 1: Selected sales and financial data

	1992	1993	1994	1995*
Number of holiday makers ('000)	69	82	87	95
Turnover (£m)	15	18	20	22
Gross margin (%)	16	15	13	11
Gross profit (£m)	2.4	2.7	2.6	2.42
Net profit (£'000)	450	530	420	390

***Estimated**

The company sells its holidays primarily through travel agents. However, because of the growth of the major tour operators and their increased share of the overall market, Lazy Days is now finding it increasingly difficult to achieve shelf space for its brochures in travel agents' showrooms. It is also finding the growing levels of price competition throughout the industry difficult to cope with.

Faced with these problems, the company has recently used a marketing consultant to review its business. The consultant's final report highlighted several issues, including the following:

- (a) The firm currently has little detailed information on its customers. What information is available suggests that customers are drawn predominantly from social groups C1 and C2, aged between 38 – 60 years old, who also see the price of holiday offers as being very important or the most important buying consideration.
- (b) There appears to be little customer loyalty and no real evidence of repeat business.
- (c) In the absence of any meaningful marketing campaigns, the summer destination appears to offer relatively little scope for growth. However, if a campaign was to

be developed, it might well have the effect of attracting some of the larger players in the industry who currently view the area as being of only marginal interest.

- (d) Winter golfing holidays are felt to offer significant growth prospects.
- (e) The skiing market is likely to continue growing for at least the next five years but will become subject to increasing price competition (see (g) below).
- (f) The company currently has a policy of pricing at 5% - 8% below the average of the industry leaders and gives emphasis in its promotional material to this.
- (g) With the substantial growth in the capacity of the Austrian, French and Italian ski resorts over the past few years, price competition in these markets has increased significantly. One result of this has been that the price advantage from which the Eastern European market benefited previously has very largely been eroded.
- (h) The firm's sales brochures are uninspiring and reflect the lack of any real basis for differentiation.
- (i) The company has high fixed costs.

Against this background, the consultant has emphasized the general importance of moving up-market in order to create the value-added element of the holidays and allow for a greater degree of premium pricing. The specific recommendations that have been made are that:

- (a) The company should continue to promote its current destinations but over the next three years should attempt to reposition these in order to attract clients from higher socio-economic groups.
- (b) They should gradually withdraw from the Eastern European ski resorts and concentrate instead upon higher margin skiing holidays in the United States; and
- (c) A new range of holidays in Africa which would feature ballooning and safaris and targeted firmly at young high spending customers in social groups A and B should be launched. These should be sold direct to clients and not via travel agents.

SECTION A – COMPULSORY

QUESTION ONE

You have been appointed in the new position of Marketing Manager to bring a professional approach to marketing activities and, in particular, develop new business opportunities including export markets

- a) Prepare a **REPORT** for the managing director identifying the criteria by which the three recommendations might best be evaluated. **(20 marks)**

- b) Prepare an outline marketing plan for the launch of a new holiday destination. In doing this you should make detailed reference to the sort of financial and non-financial information that would be needed to underpin the plan. **(20 marks)**

TOTAL (40 marks)

SECTION B – ANSWER THREE QUESTIONS ONLY FROM THIS SECTION

QUESTION ONE

You have, as part of your responsibilities, to make recommendations for the development of a theme to run the campaign for the company

- a) Identify and explain the stages of theme development. **(10 marks)**
- b) Explain how you will develop theme cohesion to achieve the set objective. **(10 marks)**

(20 marks)

QUESTION TWO

Recruitment into Lazy Days Holidays have also been added to your portfolio of work

- a) Develop a job description for a Media Communications Executive to be advertised **(10 marks)**
- b) Identify any five media channels that the job vacancy can be advertised. **(10 marks)**

(20 marks)

QUESTION THREE

- a) Identify any four characteristics of a good leader that you will recommend for Lazy Days Holidays **(10 marks)**
- b) State and explain two leadership styles and recommend one for the leaders in Lazy Days Holidays **(10 marks)**

(20 marks)

Question FOUR

Explain any five of the following

- i. Customer acquisition
- ii. Customer repeat purchase
- iii. Customer profitability
- iv. Customer experience
- v. Customer satisfaction
- vi. Customer retention
- vii. Customer lifetime value
- viii. Customer loyalty status

Total (20 marks)

QUESTION FIVE

As part of your roles;

- a) You are to establish a team that will work towards the success of the plan, using the Belbin's team role model as a guide. **(15 marks)**
- b) Identify any **five (5)** barriers to having an effective team **(5 marks)**