ASSIGNMENT 2ND SEMESTER : TOURISM AND HOSPITALITY MARKETING (THM001)

CHAPTERS COVERED : CHAPTERS 1-7

DUE DATE : 3:00 p.m. 21 AUGUST 2012

TOTAL MARKS : 100

MATERIAL REQUIRED : THE BUSINESS ENVIRONMENT OF MSC STARLIGHT CRUISES

INSTRUCTIONS TO CANDIDATES FOR COMPLETING AND SUBMITTING ASSIGNMENTS

The complete ‘Instructions to Students for Completing and Submitting Assignments’ must be collected from any IMM GSM office, the relevant Student Support Centre or can be downloaded from the IMM GSM website. It is essential that the complete instructions be studied prior to commencing your assignment. The following points highlight only a few important notes.

1. You are required to submit ONE assignment per subject.

2. The assignment will contribute 20% towards the final examination mark, and the other 80% will be contributed by the examination, however, the examination papers will count out of 100%.

3. Although your assignment will contribute towards your final examination mark, you do not have to earn credits for admission to the examinations; you are automatically accepted on registering for the exam.

4. Number all the pages of your assignment (e.g. page 1 of 4) and write your name and surname, student number and subject at the top of each page.

5. The IMM GSM requires assignments to be presented in a typed format, on plain A4 paper. Unless otherwise specified, this assignment must be completed within a limit of 1500 words, excluding the bibliography. Students who exceed the word limit may find that only part of the submitted assignment will be marked.

6. A separate assignment cover, which is provided by the IMM GSM, must be attached to the front of each assignment.

7. Retain a copy of each assignment before submitting, in case the original does not reach the IMM GSM.

8. The assignment due date refers to the day up to which assignments will be accepted for marking purposes. The deadline is 3:00 p.m. on 21 August 2012. Late assignments will be accepted, but 25 marks will be deducted from the maximum mark, if received after 3:00 p.m. on 21 August 2012 and up to 5:00 p.m. the following day, after which no assignments will be accepted.

9. If you fail to follow these instructions carefully, the IMM Graduate School of Marketing cannot accept responsibility for the return of the assignment. It may even result in your assignment not being marked.

Results will be available on the IMM GSM website, www.immgsm.ac.za, on Friday, 5 October 2012.
SECTION A
Refer to the case study “THE BUSINESS ENVIRONMENT OF MSC STARLIGHT CRUISES” and answer ALL the questions in Section A.

QUESTION 1 [50]

1.1 There are three steps that a company should employ when positioning itself. How would you use these steps in positioning MSC Starlight Cruises? (9)

1.2 Do a SWOT analysis on MSC Starlight Cruises. (12)

1.3 What macro-environmental factors would impact on the operation of MSC Starlight Cruises? (12)

1.4 You have been retained as a marketing consultant for MSC Starlight Cruises. Using your knowledge of the South African market, describe a new offering that MSC Starlight Cruises could create. (3)

1.5 Explain the process of decision making that a consumer would go through in order to purchase a cruise from MSC Starlight Cruises. (14)

SECTION B
Answer ALL the questions

QUESTION 2 [40]

2.1 Choose an existing South African tourism organisation. Give a brief background of the organisation, what market/s it operates in and what its offering is. (5)

2.2 Explain the specific characteristics of the service industry using examples from the tourism organisation of your choice. What strategies does management employ to manage the effects of these characteristics? (10)

2.3 Explain, using examples from the tourism organisation of your choice, what marketing mix you would use to introduce the product to the market. (20)

2.4 Tourism services have their own specific features. Explain what these are using the same tourism organisation you chose. (5)

PRESENTATION [10]

ASSIGNMENT TOTAL: 100
THE BUSINESS ENVIRONMENT OF MSC STARLIGHT CRUISES

Thirty years ago, Concorde was the future and cruise liners were the past. Who would have predicted then that the demise of supersonic transatlantic travel would coincide with a revival of the cruise-liner industry?

The global cruise market has been growing for a number of years. It is one of the fastest-growing sectors of the tourism industry. According to the Cruise Lines International Association (CLIA), cruise-ship capacity is forecast to grow over the next ten years (approximately 86 new cruise ships were commissioned between 2000 and 2009.)

The cruise-line industry is a ten-billion-dollar-a-year business. There are more than 250 cruise ships operating globally, carrying more than 14,4 million passengers annually. (Seven million passengers undertook USA cruises in 2009). Although North America now accounts for almost 70% of all cruise passengers, this dominance is expected to decline as other markets mature. Other markets for cruise tourism include the UK, Germany, Italy, Russia, Japan and Australia.

Several worldwide business environmental factors during this period propelled the growth of the cruise-line sector. A world population that is ageing has led to more people purchasing cruise holidays. (Older people tend to have more time and more disposable income to spend on holidays.) In addition, more people in certain segments of the market have more discretionary income, allowing them to purchase cruise holidays. Similarly technological advancements have improved ship design, which in turn has increased passengers’ comfort and safety. Technology has also improved onboard communications for passengers (for example, availability of telephone facilities and entertainment.) Other factors that have contributed to the growth of the cruise-line industry have been the increasing popularity of the all-inclusive holidays that cruise lines now offer as well as the way in which cruise liners have developed partnerships with travel agencies.

MSC Starlight Cruises is the only cruise line company operating in South Africa. (The Mediterranean Shipping Company purchased Starlight Cruises in May 2011.) The company which has been in operation since 1957 has a portfolio of ships cruising around the world.

The company’s highly successful cruise liner, the MSC Sinfonia, has returned to South African waters for Indian Ocean cruising in the summer of 2010-2011. In addition, the MSC Melody has returned after having sailed two previous seasons (in 2006 and 2007). Between them, the two ships carried more than 90,000 passengers in 2009/2010. During the European summer, the MSC Sinfonia operates in the Mediterranean and in the Baltic, and the MSC Melody operates in South America.

The MSC Sinfonia is the largest and most modern liner to operate in South African waters for an extended season. The MSC Sinfonia has 777 cabins, of which 132 are suites and 503 are outside cabins. The floating city has acres of deck, offering facilities that include seven bars, a card room, a casino, a cigar lounge, a library, a playroom, an Internet café, a medical centre, a spa and beauty centre, a swimming
pool, two Jacuzzis, game arcades, a golf simulator, a nine-hole golf course, a water theme park, a volleyball or tennis court, a creche, a shopping arcade, lounges, bars, a disco and a cinema. There are also numerous food options. The MSC accommodates 21200 passengers. The ship operates over short and long distances, with cruises ranging from two to eleven nights departing from South African ports. Two short three-night coastal cruises are offered between Cape Town and Durban at the beginning and end of the season. The MSC Sinfonia operates from Durban to the islands off the coast of Mozambique for the rest of the season.

Until recently, cruise voyages had a reputation of being consumed only by older market segments and the very affluent. A cruise was seen as a dream holiday reserved for the wealthy. Research has shown that the average ages and incomes of cruise passengers have decreased dramatically since the mid-1970’s. Cruise ships are now perceived as floating resorts with a full range of accommodation options and many dining, recreation and entertainment facilities. MSC Starlight Cruises also has fly-cruise packages enabling consumers to board at any destination on a ship’s itinerary.

The most significant macroenvironmental factor to have affected MSC Starlight Cruises in recent years has been the global recession, which appears to have rebounded to Starlight’s benefit. According to Clifford Foggit, Operations Director of MSC Starlight Cruises, “The increasing public awareness of the great value for money that the all-inclusive nature of cruising entails (the fare includes accommodation, all meals, entertainment and activities) has enabled us to achieve sustained growth in the cruise-line industry” A negative event that has impacted on the cruise industry in recent years has been the threat of piracy, especially off the east coast of Africa. As a result, the company’s cruise liners no longer sail down the east coast if Africa. They now travel down the west coast of the continent.

The launch of the Queen Mary 2 in 2004 reawakened the glamorous image of cruise liners and is a sign that the cruise-ship industry is going through a period of revival. Built at a cost of R4,9 billion, the ship is the largest and most expensive cruise liner ever built. Worldwide, more than eighteen million people set sail on a cruise ship every year, for an average of US$2000 (R16000) each.

MSC Starlight Cruises provides an example of an externally oriented tourism organisation that has taken advantage of new opportunities created by the environment.