

Written Case Analysis (East Breeze Resort)

Team #4

Hospitality: Hotel and Restaurant Operations Management Diploma

HOS2243: Hotel and Restaurant Management Cases

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Case Background

In order for us to properly explain the case background, we would like to focus on all the underlying issues concerning East Breeze Resort that led to Wendell's decision to change the way the resort is operated (from Mr. Gunlock's entrepreneurial fashion to customer-driven, teamwork-based operation), in other words, to introduce a mission statement and conduct a SWOT analysis. Firstly, we can see that sales have gone down by 4%. That could be in part due to the overwhelming competition in the surrounding areas, or in the diminishing quality of the amenities and services offered by the resort. An example of this could be the resort's lodge. Although it is only 15 years old, the décor and the overall interior are believed to be much older than they actually are. As a result, the product/service mix has declined in the past few years since the target market does not see enough value in these amenities. Subsequently, the annual occupancy of the lodge went down to 65%. At the same time, the demand is not balanced. During the ski season, the lodge is overbooked, while the off-peak season is quite slow, resulting in extremely low occupancy. Moreover, the sales of timeshare units have also slowed down in recent years. This could be explained by the fact that potential visitors would prefer resorts owned by major chains over independent ones like East Breeze Resort. Brand image, reputation and customer loyalty play a significant role here. Expanding on the issues associated with the lodge, the average daily rate (ADR) has not been able to keep up with inflation for the past three years. For instance, this could be the result of the lodge's occupancy steadily decreasing over time. We could also speculate that the resort has not been able to increase the rates over the three years because the perceived value of the lodge's amenities has started to diminish among East Breeze Resort's visitors. In order not to discourage the potential visitors from reserving the lodge, maybe the resort decided not to increase the rates to match the inflation. The last issue that

we have identified was the fact that the cash flow, while still positive, is somewhat lower in comparison to past years, mainly because of a decline in profits. Taking all the issues listed within this section into consideration, we proceeded to solve the case during our leading effort.

Previous Learning

There are multiple courses throughout our program that correlate to this case. The first one being Hospitality Marketing I (MKT2235). In this course we looked at the SWOT analysis, which was completed by Wendell Adams and the board of directors. The SWOT analysis assisted the team with completing an assessment of the resort's current position that will impact the future of their company. It helped determine the internal factors (strengths and weaknesses) and external factors (threats and opportunities). The marketing mix was identified at the 5 Ps. It highlighted the price of the resort, where it was discussed that the resort has a value-based pricing strategy. We were able to list all the services and amenities East Breeze Resort has to offer, in other words, the product aspect. Moreover, we clearly identified the resort's location in relation to the direct competitors' locations, as well as explained how this affects the operation. The people aspect involved carrying out a proper market segmentation as well as clearly identifying the target market of the resort. They recognize the ways the company will market and promote the products that they offer. However, there was no mention of "promotion" in this case. We were able to identify ways to promote the resort: through the use of social media, namely various engaging videos and events, as well as exclusive bundles and discounts. Lastly, we named all external environments that affect the resort's marketing efforts. These include political, social, economic, demographic, competitive and technological.

Hospitality Marketing II (MKT2245) covered social media, promotion, and brand image.

Engaging platforms that would fit our target market are Facebook, TikTok and Instagram.

Facebook would help the resort cater its services to the parents, since the majority of millennials use the platform daily, while Instagram and TikTok would undoubtedly reach the children. It is vital for the resort to engage with the kids of the families (the resort's target market), since they have a direct influence on their parents' purchasing decisions. With social media, not only are we promoting our product carefully, but we are also engaging with our target audience and building loyalty. We do have to keep a close eye on our brand image as well. Poor brand image can be a result of negative comments or reviews left on the resort's social media. This can negatively influence our reputation which can lead to a decline in our revenue, and more importantly, our bottom line.

Hospitality Accounting I (ACC2238) we learned about the cash flow, accounts receivable, and the importance of maximizing profits. Cash flow was determined to be a weakness as per the SWOT analysis. Although it remains positive, it has been lower in past years due to the decline in the resort's profit. This issue can be linked to their accounting department. Perhaps accounts receivable are not collected properly, in other words, the money that is owed to East Breeze Resort for the services they have provided.

It is also quite likely that they are not utilizing the sales mix properly. This suggests that the resort was not able to determine which amenities and services are successful, and which ones are sinking. This would help them capitalize on the successful services and remove the unsuccessful

ones. The product service mix is calculated by dividing the sales of a particular product by the total sales. This allows us to identify which product or service is the most profitable and which one is not. This tool can bring positive reinforcement of what specifically needs to be improved to maximize our profits. Food and Beverage Cost Control (HOS2211) introduced these topics.

Other factors that are important to consider are elastic and inelastic demands and how they affect the resort's offerings. Introduction to Hospitality and Tourism Management (HOS2224) helped us identify which type of demand could be applicable to various services within East Breeze Resort. Elastic demand means that no matter how insignificant the change in price is, this change could dramatically affect the demand. The resort's lodge could be a perfect example here. If potential visitors of East Breeze Resort compare the rates of the resort's lodge to the rates offered by the resort's direct competitors and they turn out to be lower (while offering similar amenities), they might choose to use the competitors' services instead. On the other hand, inelastic demand means that no matter how high the prices get, the demand would still be there. This could be explained by the lack of available substitutions. The food and beverage department of East Breeze Resort is an excellent example. Considering the fact that East Breeze Resort is located 90 minutes away from the two other four-season resorts and the metropolitan area, the guests have no choice but to dine at the resort. We can take advantage of this inelastic demand by raising the prices slightly. The fact that it is a necessity for the visitors means that the demand will remain the same. However, it is important to note that this decision could be somewhat risky, considering the price-sensitive nature of the resort's target market. The same idea could be applied to the resort's parking services as well.

Required Tasks and Issues

1. How should the mission statement be developed? Who should review it and have input?

The mission statement, being an integral part of the resort's overall marketing plan, has to be developed in a specific way. Clearly identified values and a vision of the resort's future performance must be included, as well as a general direction in which the resort's stakeholders want it to go. Furthermore, the mission statement has to be short and comprehensive, while clearly outlining the resort's purpose and mission, in other words, why East Breeze Resort exists and what it wants to achieve. Lastly, the mission statement needs to be catchy in order to maximize the engagement with the resort's target market and enhance the brand image. SWOT analysis would also help to identify where the resort currently stands in terms of its strengths and weaknesses, what threats should be overcome and what opportunities should be capitalized on. All of this contributes to creating goals and objectives which are an integral part of the mission statement.

As for the individuals and departments that should be involved in the creation of the mission statement, we have determined that it would make sense to include the resort's managers, the board of directors, the corporate office as well as the marketing team during our leading effort. Moreover, it would also be great to utilize customer feedback, since the resort's visitors might have a vivid idea of what could be improved about the resort.

2. How could Wendell use the SWOT analysis that the management team had developed to form the basis for a marketing plan?

Let us define what a marketing plan is first. In simple terms, it is a marketing strategy of a business that helps it identify the target market, effectively reach it, and promote its services.

SWOT analysis helps with reinforcing the overall marketing plan of the resort. An example of this reinforcement would be the ability to make better business decisions, since the analysis helps the resort determine what is working right and what is negatively affecting the operation.

Moreover, it helps the resort expand on the opportunities and strengths as well as prioritize and address threats and weaknesses. On top of that, SWOT analysis demonstrates how the resort is performing compared to its competitors. Finally, it helps the resort identify which external environments affect its marketing plan. One of the other ways the SWOT analysis could be utilized was outlined in the answer to the previous question.

3. Discuss the external environments that influence the hospitality marketing process.

During our leading effort, we have identified and explained six external environments that affect East Breeze Resort's marketing process the most. These include:

- Political – tax policies, labor regulations, employment laws, trade agreements, as well as new legislations.
- Social – customers' purchasing decisions, the price they are willing to pay (perceived value), the resort's reputation among customers, its brand image as well as trends that are popular among its target market.

- Economic – law of supply and demand, inflation and how it affects the resort’s pricing strategies.
- Competitive – how the resort’s competitors impact the operation (two four-season resorts within 90-minute driving distance offer more amenities that are newer, while the other two resorts within 3 hours of East Breeze Resort are owned by major corporations with huge borrowing capacities).
- Demographic – East Breeze Resort’s target audience and everything we need to know about it.
- Technological – the resort’s old amenities pale in comparison to the amenities offered by its direct competitors. For example, the lodge that was built 15 years ago looks way older than it is. East Breeze Resort clearly needs to update some of its services and amenities.



4. Describe the traditional role of price in the marketing mix.

In order for us to describe what the traditional role of the price aspect is, we would have to compare it to the other Ps within the marketing mix. Firstly, price ties every other P together. To further explain this, a company sets prices for its products according to the target market’s perceived value of them. Perceived value, in turn, is formed based on the quality of the other elements of the marketing mix, namely how convenient the location (or place) is, how much better are the products compared to the competition, and how engaging are the promotional efforts. Taking all of this into account, the company would then decide how much to charge for the services, in other words, set the price accordingly. Secondly, price is the only element of the marketing mix that directly produces revenue for the resort. Obviously, this means that the price

to charge for its services that the resort deems acceptable correlates with the resort's revenue goals. On the other hand, product, place, and promotion elements would be considered costs since they are only used to facilitate service and create value for the resort's visitors and engage with them. Lastly, because price is the only revenue-generating element of the marketing mix, it is essential for the resort to set the prices so that they match the expectations of its target audience and maximize the company's profits at the same time.

5. What type of pricing strategy does the East Breeze currently use? Would you change this, if so, why?

Before we establish which pricing strategy is predominantly used at East Breeze Resort, we should define what it means. The term "pricing strategy" encompasses all the methods that a business owner uses to determine how much to charge for a product or service.

From our discussion during our leading effort, we have determined that the pricing strategy that the resort is currently using is value-based pricing. What it means is setting prices primarily based on the consumers' perceived value of a product or service, in other words, the resort is setting its prices based on how much the target market thinks its services are worth and how much it is willing to pay for them. It is an extremely useful pricing strategy, especially if a company is going after a target market that is price sensitive. Moreover, it differentiates the resort from its direct competitors.

Judging by the students' responses, the majority were against changing the resort's current pricing strategy. Nevertheless, they did suggest utilizing some elements from other pricing

strategies, namely seasonal pricing, bundle pricing and long-term discounting. These strategies will be explained in further detail in the next answer.

6. What broad pricing strategies could be used in this type of organization?

The strategies that could benefit the resort's operation are:

Dynamic Pricing – a pricing strategy where the prices charged for the services are not fixed.

Increasing the prices during peak season, when demand is sky high, would help the resort maximize its revenue generation, increasing its cash flow. On the other hand, during the off-season when the demand is low, the resort would set prices low in order to attract a bigger portion of the price-sensitive segment of its target market and continue generating a steady flow of revenue. This pricing strategy is sometimes referred to as seasonal pricing.

Bundle Pricing – a pricing strategy where a business offers a package deal that includes multiple products or services at a reduced price. The benefits of bundle pricing are that it increases sales and customer loyalty, and it offers more value to the resort's visitors. Some students suggested introducing ski bundles that would include a ski pass and a stay at the lodge, or golf bundles, consisting of similar services.

Penetration Pricing – a pricing strategy that involves attracting a bigger chunk of the target audience by setting the prices low initially, developing loyalty, improving the resort's product offerings, and then gradually increasing the prices. It puts a spotlight on the resort. This strategy

could be risky, since some customers would be unhappy with the increase in prices, no matter how much the services have improved.

Long-Term Discounting – this pricing strategy is pretty much self-explanatory and is regularly encountered when people negotiate rates with the hotel when they intend to stay there for multiple weeks. It can create additional value for the resort’s visitors, which they would undoubtedly appreciate, and be a great incentive to stay there longer than they initially planned. Moreover, it enhances customers’ loyalty. Some students even suggested creating a loyalty program that would provide bonuses based on the length of stay, which would help the resort attract even more customers.

It is important to note that East Breeze Resort does not have to settle on just one pricing strategy. It could certainly create a blend of multiple ones and effectively utilize it. However, the resort cannot combine the value-based pricing and the penetration pricing strategies since they do not work well together.



7. Identify East Breezes current target audience. WHO are they and HOW and WHERE will you reach them to PROMOTE your resort?

From the case study we know that East Breeze Resort’s primary target market is families with children aged between 5 and 17. During our leading effort students identified other potential target audiences, such as permanent residents who live in the private homes at the resort, golfers

between the age of 25 and 65, retirees, and couples. Most of these groups could be reached through the use of social media advertising. If we focus on the “families” target market, Facebook would be the best social media platform to engage with the parents, since most of the millennials use it on a daily basis, while Instagram and TikTok would be suitable to advertise the resort’s services to children. With respect to the promotional tactics that would be applicable to this target market, these may include video marketing, exclusive discounts for families, digital loyalty programs and word of mouth advertising. Online reviews are a huge influence on the millennials’ purchasing decisions nowadays, so the resort should carefully look through its reviews and address the ones that might negatively impact its brand image. As for the target market of retirees and middle-aged golfers, word of mouth as well as conventional means of marketing like TV, newspaper and radio advertising could be quite useful. It is important to consider the price, however, as social media advertising is much more affordable compared to conventional advertising.

8. What new products could East Breeze add to their current activities and services that would engage their current audience or attract new guests to their resort?

While answering one of the questions within our leading effort, students identified a number of great and imaginative services that would surely create engagement for the resort’s target markets. Before we move on to listing those new amenities, it is important to note that East Breeze Resort is an independent business. As a result, its investment capabilities are fairly limited compared to the resort’s competitors. Therefore, only services within the scope of what would be feasible to implement are listed here. These services include rock climbing, yoga and

meditation services, a couple of new food outlets (serving diverse dishes from various international cuisines), sports bar (for retirees and middle-aged golf players), pet friendly amenities, daycare (great investment to create value for the families visiting the resort), spa and sauna (the resort could reduce costs by limiting their use for winter season only), and seasonal music festivals that would surely connect with the East Breeze Resort's younger target audiences.

9. What social media platforms would best align with your target audience? What tactics would you deploy on social media to engage your audience? (Promotion, polls, videos, contests etc....)

Considering the students' answer to question number 7, we now know that East Breeze Resort's main target audience is families with moderate income with children aged between 5 and 17. That means that Facebook would be the best social media platform to use to attract the parent's attention, while Instagram and TikTok are the best platforms to cater to the children. It is important to keep in mind that children influence their parents' purchasing decisions a lot. For instance, parents would listen to their kids when they are unsure where to have dinner. The same principle applies here.

As for the engagement strategies that could be utilized with the help of these social media platforms, they could range from bundles and discounts during off-peak season, to competitions and birthday events. Some other tactics include weddings and conferences, community events (enhances loyalty with millennials), collaboration with influencers (internet celebrities) and giveaways. All of these would be promoted through engaging videos, such as lives, reels, interactive stories, and polls (taking Instagram as an example).

Engagement strategies that apply to other target audiences were explained in detail in the answer to question number 7.

Reflection of the Leading Effort

Our team did an exceptional job in presenting the East Breeze Resort case study overall. While there were most certainly highs to this presentation, there was much room for improvement.

From the onset our team came to an agreement of not only committing to the case study, but also our appearance as we wanted to create a professional environment for our leading effort. Our professional attire not only raised our confidence levels but served as a forerunner to industry experiences. We agreed to dress in black to portray a professional environment as presenters. Our team made a concerted effort to complete the case study successfully by committing to a total of four hours each week to achieve this objective. In our planning stages we focused on delegating tasks, mock runs, and brainstorming. All team members gave their full participation during the planning stages.

As a team we should have applied more focus on our time management during our leading effort. This was evident during the lecture as it resulted in a rushed presentation halfway through. This affected both our team and students as it had a negative effect on the response times from students who participated in the discussions and provided answers. In addition to this, we as a team failed to give the students adequate time to fully express their thoughts, which was unfair to them and their peers. This shortfall led to a missed opportunity to delve deeper into discussions, resulting in a lost learning opportunity.

During the lecture, it was quite apparent that Pavlo spoke at length. The background discussion as well as the previous learning review portions of the lecture could have been shared with another teammate to achieve a more balanced presentation. Properly distributing responsibilities would have contributed to overall success. Moreover, sometimes interruptions of the students' answers occurred when they did not get a chance to finish expressing their thoughts. Jumping in to finish the students' answers for them is certainly not what we were looking for during the leading effort, as we had the responsibility to encourage the students to express their ideas instead of using our own. Finally, we did not manage to give everybody in the classroom a fair opportunity to answer the presented questions. This was apparent during the first half of our leading effort. Nonetheless, this situation somewhat improved in the second half.

Maintaining high in-class participation and motivation was vital to the team's success. Once the students completed their ICAs, it was a struggle for them to settle down. We failed as a team in maintaining control during this period, as we continued with the lecture instead of requesting everyone to remain quiet so that we could continue.

One of the highlights from the second ICA (BINGO) occurred when we stressed to all participating teams the importance of each member participating. We made it abundantly clear that each team member would need to contribute by answering questions. This approach ensured full participation from each and every team member.

In conclusion, our team performed well and met all the required objectives from the rubric. Emphasis on teamwork was vital in achieving our overall success. We thoroughly enjoyed collaborating on this case and were able to put all our previous learning to use. However, there definitely is some room for improvement.