network of international business schools

WORLDWIDE CASE COMPETITION

Sample Case Analysis #1

Qualification Round submission from the
2019 NIBS Worldwide Case Competition, Charlottetown, Canada

Case: *Extraordinary Journeys: Wild Times in the Safari Industry*

A VIEW FROM THE TOP:
THE FUTURE OF EXTRAORDINARY JOURNEYS

Submission prepared for the Qualifying Round of the
2019 Network of International Business Schools
Worldwide Case Competition
University of Prince Edward Island

by

XXXXXX University

(Name of Student 1)
(Name of Student 2)
(Name of Student 3)
(Name of Student 4)

Word count: 1,488

Introduction & Issue Identification

The luxury safari travel (LST) industry has seen a boom in recent years with adventure travellers deciding to live their bucket list dreams. Extraordinary Journeys (EJ) is seeking to grow its consumer base through a new strategy: Marketing-focused or Public Relations-focused. **However, EJ must first ensure its operations can accommodate an increase in volume.**

External Analysis

Geopolitical Considerations

The LST industry is subject to several geopolitical factors including political instability, risks of outbreaks, and wildlife conservation efforts. Ensuring consumers are safe and healthy when travelling is a significant selling point with regards to reputation. Current wildlife conservation efforts also allow for a strong reputation among governing bodies and tourists. EJ's expertise in on-the-ground services allows for an increased emphasis on safety, wellness, and conservation efforts. **EJ must look to provide enhanced safety and wellness measures while further contributing to wildlife conservation, adding value to the LST experience.**

Industry Trends

The LST industry is highly fragmented with three distinct layers of operations: Tour Operators, DMCs, and Lodges & Resorts. There has been a recent shift of strategy in the industry, with many tour operators vertically integrating DMCs to facilitate logistics and increase synergies. Furthermore, with a 10% CAGR, the LST industry is a hot market with ample growth opportunities. EJ must look to bridge the gap between the functional layers in the industry by leveraging its industry expertise to bypass DMCs while partnering with regional luxury lodges. This will ensure further profitability with increased demand.

Competitive Landscape

The growing demand in the LST industry has led to increased competition. There is no African market leader, but rather many firms dominating in smaller regional sections of the market (See Appendix 1). A time sensitive threat is posed by new capital-heavy entrants in the market. These firms are driving down prices and margins while capturing the PR attention EJ has received. **EJ must act fast to ensure their product offering remains differentiated and well-marketed in the changing LST competitive landscape.**

Consumer Trends

In general, consumers are seeking unique and highly customizable experiences, with an added emphasis on luxury. They are also benefiting from increased disposable income and are deciding to live their bucket list dreams. The target market for EJ's product offering is active and affluent 35 to 55-year-olds. EJ has successfully addressed the growing demand while providing highly customizable experiences (See Appendix 2). **To ensure sustained growth, further efforts will be needed to facilitate the customization process.** Furthermore, a wide-reaching marketing campaign will be needed to attract new consumers in their target market.

Internal Analysis

Core Competencies

EJ benefits from a world-renowned brand reputation amongst luxury safari providers, driven by extensive PR coverage and various media awards. With a high level of expertise and an industry-insider CEO, EJ provides a unique product offering and leads the fully-customizable segment of the LST market. EJ's offering is supported by an empowered sales force – deemed *Safari Specialists* – and a vast network of safari properties and operational know-how. **There are further opportunities to leverage EJ's industry expertise to target customers willing to pay a premium for customization and quality.**

Areas for Improvement

Despite its strengths, EJ's internal shared information network and sales staff are unable to adequately manage further growth without formalized business processes. Furthermore, with an above average number of operations managers per salesperson, EJ's employees remain overworked. This includes the highly involved CEO whose strategic abilities are hindered by the management of logistical operations. Moreover, communication between sales staff and supporting employees is done through informal ad-hoc methods, which results in fragmented knowledge transfer. The continuation of EJ's day-to-day operations are thus heavily reliant on the retention of its employees. The inefficiency of this process is a significant cause of concern. There is an **urgent need to improve internal processes** in order to increase efficiency and ultimately support future growth (See Appendix 3)**.**

Alternatives

In order to grow the existing customer base, EJ considered three options: a marketing-focused strategy, a public relations (PR)-focused strategy, and an optimization strategy.

While marketing and PR directly influence growing the customer base, it is not possible to sustain such growth with current operations. **Thus, it is necessary to preface any strategy by optimizing operations** (See Appendix 4)**.**

To achieve EJ's goal of increased sales growth, the marketing-focused and PR-focused strategies were considered. These alternatives were evaluated with the following considerations: payback period, risk, market share growth, consumer reach and ease of implementation. Costs were not directly considered given their similarity amongst both alternatives (See Appendix 5).

The **marketing-focused strategy** boasts a shorter payback period with a significantly lower risk profile. This fits EJ's needs as an emerging LST industry player, considering its limited financial capabilities. The Marketing strategy also provides EJ with a higher market share growth and consumer reach. This is done through multi-channel distribution methods which would better reach EJ's target market. However, this alternative requires a significant expertise in the field and an outside firm will need to be contracted.

The **PR-focused strategy** has a longer payback period with a higher risk profile. This is influenced by the hit-or-miss nature of the campaign. It also provides a smaller market share growth and consumer reach, as our target market is less likely to be reached through these channels. Despite the lower success rate and higher risk implications, this strategy would be easier to implement considering EJ's expertise in contracting PR firms.

Recommendation

Based on the described criteria, EJ must first optimize operations in HR and sales, in order to sustain growth generated by the marketing-focused strategy. Overall, this will increase EJ's Operating Income by $565K (See Appendix 10).

Implementation

In order to reach its target market, EJ will be launching a microsite to facilitate the customization of trips for the sales staff and immerge customers in a new EJ digital brand experience. Customers will use this new addition to EJ's website to fully customize their entire LST experience. This interactive experience will allow customers to learn about the African continent, share with their friends, while allowing EJ to collect crucial data on prospective clients through the next two years of implementation (See Appendix 6).

Short-Term (0-3 months)

To pack for this marketing campaign, EJ must restructure its organization to be able to handle additional growth. First, a senior operations manager will be promoted to director of operations. That individual's tasks will entail supervising operations managers and maintaining a constant flow of communication with the CEO, who will occupy a more strategic role moving forward. A new formalized reporting structure will be introduced in which sales teams report to their operations managers in weekly meetings and operations manager report to director bi-weekly. The objective of this period will be to decrease the workload of current sales employees to the normal 40-hour work week.

Starting in December, a customer-centric approach to all marketing efforts will be implemented, starting with a client-as-influencer campaign, where select EJ customers will be awarded discounts for sharing their customized trips on social media. EJ will also begin work with an advertising agency that will handle the out-of-home and digital marketing campaigns, as well as with a web development agency to create the new customized-trip microsite (See Appendix 7).

Medium-Term (4-12 months)

In March, the microsite will be ready for launch. A heavy investment in Facebook and Google pay-per-click (PPC) campaigns will employed to promote this. On Facebook, users will see targeted ads showcasing current EJ influencers on their customized safaris, with an opportunity to click to access their profiles and follow their daily activities. On Google, EJ advertising will appear when shoppers search for African safari information. Out-of-home advertising focused on targeting the early-millennial and late-gen X segments will be implemented. Sales discounts will be offered if sales do not increase with the marketing campaign (See Appendix 8).

The marketing efforts will be tracked and an incremental sales growth of 30% is expected. Furthermore, for this launch, the director of operations will now supervise the activities of the sales team, thus ensuring that the microsite inbound leads are contacted. Within the first year, EJ will incur a $94K slowdown of its Operating Income growth (See Appendix 10).

Long-Term (13-24 months)

The long-term period has a dual purpose of increasing consumer loyalty and reiterating recent marketing success. First, a direct mail campaign, which involves surprising 100 clients by sending photo-albums of their once-in-a-life-time safaris in the mail. This campaign will increase the customer's loyalty and more significantly word-of-mouth around EJ's brand. These photos would be arranged in advance with the camps and lodges, with albums printed and shipped from the NYC office. Lastly, the most successful campaigns of the medium-term will be continued. Referral rates will be closely tracked, with results expected at 30% of new business coming from referrals. (See Appendix 9)

Conclusion

Overall, this plan is projected to increase EJ's Operating Income by $565K and allow for high resiliency to unexpected market slowdown (See Appendix 10).

Appendices

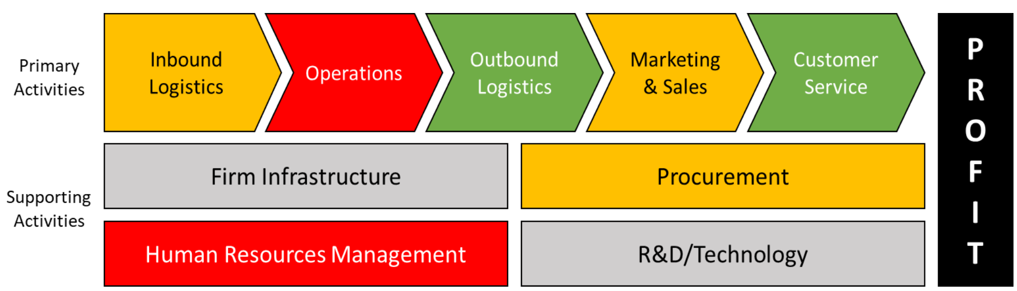
Appendix 1: Porter's Five Forces

Force	Level	Reasoning
Threat of New Entrants	MOD	Some barriers to entry, reputation is hard to buy
Threat of Substitution	MOD	Many companies present in the market place, reputation plays significant role in decision process
Competition	HIGH	Growing demand in market, capital backed firms entering the competitive landscape
Bargaining Power of Buyers	MOD	No switching costs, usually a one-time trip, repeat customers stick with same brand
Bargaining Power of Suppliers	LOW	Low bargaining power for DMCs, many people bidding on same contracts

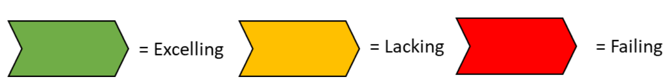
Appendix 2: SWOT Analysis

Strength	Weaknesses
CEO boasts extreme industry expertise World-renowned brand reputation Strong strategic partnerships with DMCs Ability to attract repeat customers Fully customizable service offering	Employees are overworked above industry standards Lack of shared information platform Dated trip planning methods (done by phone) Over dependence on CEO
Opportunities	**Threats**
Many regional players with no clear market leader Target market has growing disposable income Higher profit margins on wholesale in Africa Vertical integration of DMCs in select areas	Growing competition in the industry Capital backed competitors driving down prices Outbreaks and political instability in the region Consolidation among industry players Luxury resorts forming exclusive partnerships

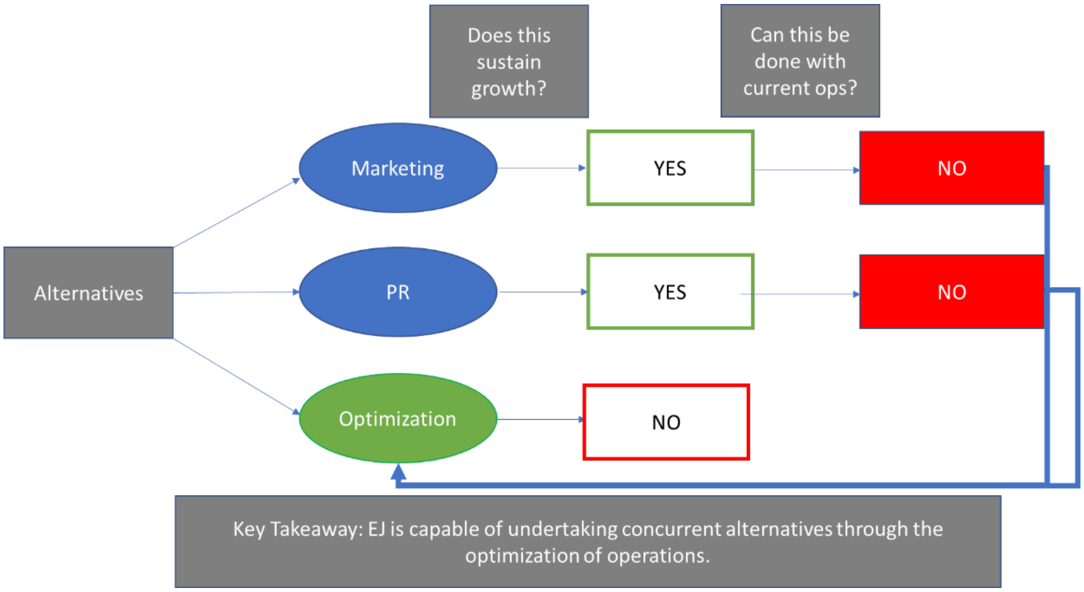
Appendix 3: Value Chain Analysis



Functional Area	Justification
Inbound Logistics	• Expertise and communication structure in place, low level of efficiency
Operations	• Informal knowledge management and transfer, ad hoc communication
Outbound Logistics	• High level of market knowledge, industry insider position in the market
Marketing & Sales	• Successful PR strategy and strong sales force, no other marketing experience
Customer Service	• Successfully matches customer interests with itinerary and required support
Procurement	• Vast network of DMCs and safari camps/lodges, not leveraged internally
HR Management	• Overworked and stressed staff



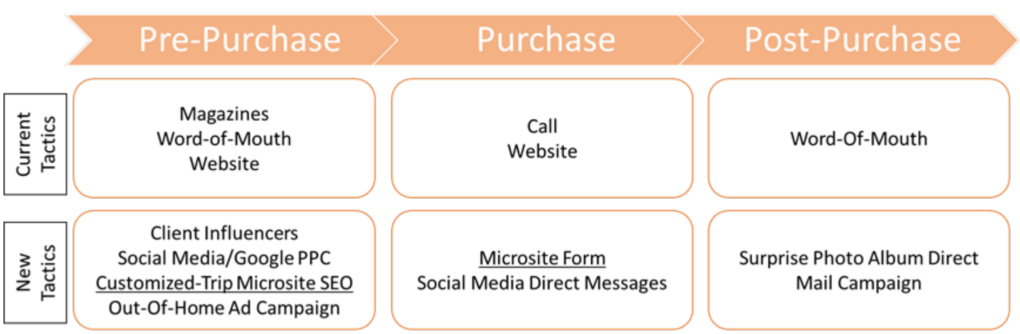
Appendix 4: Decision Flow Chart



Appendix 5: Decision Matrix

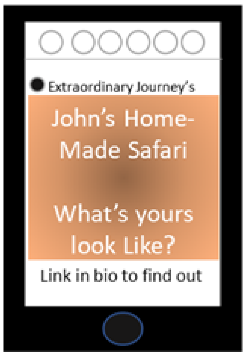
	Considerations					
Alternatives	**Payback Period**	**Risk**	**Market Share Growth**	**Consumer Reach**	**Ease of Implementation**	**Total**
Marketing	4	4	4	5	3	20
Public Relations	3	2	3	3	5	16

Appendix 6: Customer Journey



UNDERLINED: Most Impactful Strategy

Appendix 7: Your Homemade Safari



Campaign: *Your Home-Made Safari*
Who: 35-55 y.-o., full-time employees, early millennials and late generation X
What: New Microsite and Client-as-Influencer Campaign
When: Morning & evening transit, cold/rainy/snowy days
Where: Social media & Google, public transit station in primary business districts of NYC and Boston
Message: Someone like you is on a customized safari!
Slogan: "This is John's safari. What's yours look like?"

Appendix 8: Risks and Mitigations

RISK	LIKELIHOOD	IMPACT	MITIGATION
Low engagement on microsite	LOW	HIGH	Add flash sales promotion, incentives to incite trials
Higher than anticipated outsourcing costs	LOW	MOD	Delayed launch of marketing campaign to control costs
Staff resistance to new structure	MOD	LOW	New management strategy, close supervision from Director of Operations

Appendix 9: Implementation Timeline

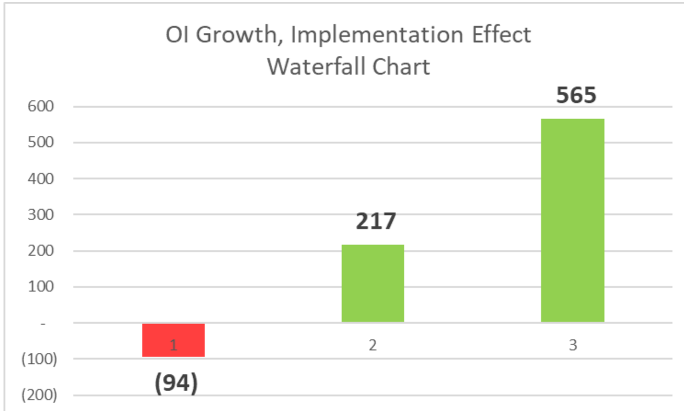
Tactics	Short-Term 0-3 months	Medium-Term 4-12 months			Long-Term 13-24 months			
Quarters	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
HR Restructuring								
Promote Dir. Of Ops								
Train Sales Staff for New Inbound Funnel								
Weekly Meeting								
Launch Microsite								
NYC, Boston OOH Campaign								
PPC Campaign								
Supervise Sales Staff								
Send Surprise Photo Albums								
Assess and reinvest in Digital Marketing Efforts								
Improve Microsite based on assessment								
KPIs	Avg. work week	Incremental Sales Growth			Referral Rate			
Measure	40hrs	30%			30%			

Appendix 10: Financials

Projected Income Statement (in '000s)	2016	2017	2018	2019
Natural Revenue Growth Rate (NRGR)	60%	24%	20%	18%
Implementation Revenue Growth Rate (IRGR)	0%	10%	30%	25%
Revenues	**9,668**	**12,967**	**19,450**	**27,814**
Natural Revenue Growth (NRG)	-	2,332	2,593	3,501
Implementation Revenue Growth (NRG)	-	967	3,890	4,863
COGS (82.16% of rev)	**(7,943)**	**(10,653)**	**(15,980)**	**(22,851)**
Natural Growth	-	(1,916)	(2,131)	(2,876)
Implementation Effect	-	(794)	(3,196)	(3,995)
Promotion Expenses	**(131)**	**(259)**	**(473)**	**(766)**
Natural Growth (1.35% NRG)	(131)	(31)	(35)	(47)
Implementation Effect (1.35% IRG)		(13)	(53)	(66)
Implementation Effect (0.65% REV)	-	(84)	(126)	(180)
% of rev	1.35%	2.00%	2.00%	2.00%
Employee Expenses ($42,843.75/employee)	**(857)**	**(1,043)**	**(1,185)**	**(1,414)**
Natural Growth	-	(43)	(43)	(86)
Impl. Effect (Additional empl. & management)	-	(143)	(100)	(143)
Number of employees (NRG)	20	21	22	24
Additional employees (IRG, excl. manag.)	-	1	1	2
Travel Expense	**(95)**	**(127)**	**(191)**	**(273)**
Natural Growth (0.98% NRG)	(95)	(23)	(25)	(34)
Implementation Effect (0.98% IRG)	-	(9)	(38)	(48)
% of rev	0.98%	0.98%	0.98%	0.98%
Office Expenses	**(165)**	**(222)**	**(332)**	**(475)**
Natural Growth (1.71% NRG)	(165)	(40)	(44)	(60)
Implementation Effect (1.71% IRG)	-	(17)	(66)	(83)
% of rev	1.71%	1.71%	1.71%	1.71%
Operating Income	**477**	**663**	**1,288**	**2,033**
OI Growth, Natural Effect	**-**	**279**	**315**	**397**
OI Growth, Implementation Effect	**-**	**(94)**	**311**	**348**
OI, Reconciliation (Prior Year+NE+IE)	**477**	**663**	**1,288**	**2,033**

Assumptions
1. Expense per employee was determined by total 2016 employee expense (856,875) divided by number of employees (20)
2. Given that number of employees is increasing from 20 to 21 for a $2.3M revenue growth, number of employees is expected to naturally grow by 1 every year until 2019
3. NRGR is expected to continue at a decreased 20%, assuming no effects from unexpected economic factors

Appendix 10 (continued)



	Sensitized Growth Rate							
	-21%	-16%	-11%	**-6%**	-1%	4%	9%	14%
REV	7,638	8,121	8,604	**9,136**	9,571	10,055	10,538	11,021
VC	6,275	6,672	7,069	**7,506**	7,864	8,261	8,658	9,055
FC	-	-	-	**-**	-	-	-	-
TC	7,926	8,323	8,720	**9,157**	9,514	9,911	10,309	10,706
OI	(288)	(202)	(116)	**(21)**	57	143	229	316

	Sensitized Growth Rate (Cont'd)						
	19%	**24%**	29%	**34%**	39%	44%	49%
REV	11,505	**11,988**	12,471	**12,967**	13,438	13,922	14,405
VC	9,452	**9,849**	10,246	**10,653**	11,041	11,438	11,835
FC	-	**-**	-	**-**	-	-	-
TC	11,103	**11,500**	11,897	**12,304**	12,691	13,089	13,486
OI	402	**488**	574	**663**	747	833	919