

## Marketing Plan for Royal Carribean Cruises Ltd

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## **Executive Summary**

This integrated marketing communications plan is being drafted to help Royal Caribbean Cruises Ltd to adapt to its changing environment and to obtain more customers. Royal Caribbean Cruises Ltd is currently operating in an environment characterised by a weak home economy, inflation, constant terror threats and increasing environmental awareness and legislation. Royal Caribbean Cruises Ltd are currently ranked second in the cruise industry, and this is a position they would like to improve on by expanding their services into the European market, where travellers have not been deterred by the threat of terrorist attacks. Royal Caribbean Cruises Ltd is also looking to increase its home market in the United States by re-evaluating its marketing strategy in a bid to secure more revenue in the form of sales. As Royal Caribbean Cruises have at their disposal, 27 300 employees, 26 ships and an independent distributing network of approximately 30 000 travel and booking agents, they are at an advantage in terms of infrastructure to communicate and deliver their message. This integrated marketing communications plan, will highlight areas that Royal Caribbean Cruises Ltd need to improve on and change, as well as introducing the two technologies of iDTV and mobile marketing to enhance their market positioning and to attract a wider target audience. Whilst these two technologies have been around for a few years, their application to the marketing concept is still to be maximised to its full potential, and with the increase in mobile phone ownership and the recent move to digitalise television broadcasts, Royal Caribbean Cruises Ltd cannot dismiss this as a marketing opportunity to be exploited.

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## **1.0 Current Marketing Situation**

Marketing is the one function of management, which has to be more concerned with activity that is external to the organisation, than that which is internal. Marketing activities are mainly conducted outside the organisation and are often undertaken by various managers, for instance, travel agents and web developers. The marketing process is also a social and managerial process by which individuals and groups obtain what they need and want through creating, offering, and exchanging products of value with others (Cole 1998).

In order to have a successful marketing strategy it is essential that the organisation understands and has the right balance of the marketing mix, which consists of four elements; product, price, promotion and place/distribution. The marketing mix is central to the organisations marketing tactics and once the market situation has been identified and evaluated, a decision is made to either penetrate or develop a particular market (Cole 1998). Time is also an important factor in assessing the marketing mix to be offered as market situations are no longer stable, and instead can change rapidly over a short period of time. These changes can be brought on by global events such as natural disasters to industry changes, such as a major competitor suddenly leaving the scene from bankruptcy. By using the marketing mix as a tactical tool for planning marketing activities, it is quite possible to adapt in a timely manner and profitably to changes in the market environment.

Royal Caribbean Cruises Ltd (RCCL) is one organisation that is seeking to expand its capacity despite an unfavourable operating environment. The economy of its home country, the United States is not performing well and serious risk to passenger safety have been posed in the form of the threat of terrorist attacks to health threats. This puts RCCL in a vulnerable position

in terms of earnings and profits as a reduction in passenger numbers could jeopardise the future of its 27 300 employees. As marketing is almost solely responsible for generating sales and revenue, it is important for RCCL to consider a change in marketing activities, as well as undertake an environmental analysis.

### 1.1 Profile of RCCL's marketing activities

RCCL are the second largest cruise liner organisation operating 26 ships under two brands, Royal Caribbean International and Celebrity Cruises. RCCL offers a competitive product mix with cruises split into two main segments; the contemporary package and the premium package. The contemporary segment is characterised by cruises that run for a maximum of seven days and are designed for the more casual traveller. The premium segment is characterised by cruises that last anything between seven and fourteen days and are supposed to appeal to the more seasoned, affluent cruiser. They currently stop at over 200 destinations which include American destinations (Tampa, New Orleans, San Francisco, etc), Alaska, Europe, Caribbean and the Mediterranean. RCCL also offer land tour packages in Europe and Alaska in combination with their cruise packages, and this includes the use of rail and motor-coach. The land tour programs are offered through a travel agency – Royal Celebrity Tours. The land tour programs were introduced in the US in 2001 and in Europe in 2003 in response to the general reluctance of the American audience to travel abroad, as a direct result of the terrorist attacks on the Twin Towers on the 11<sup>th</sup> of September 2001. RCCL's competitors primarily provide premium products and have a higher proportion of their fleet in seasonal markets, whilst RCCL has a flexible basing strategy that moves portions of its fleet throughout the year to meet seasonal demand. Their

competitors' concentration on the premium market results in the exclusion of other customer groups, and RCCL has capitalised on this by focussing their marketing efforts on their target audience which includes active adults and families who are vacation enthusiasts. By targeting families, the potential for higher revenues is increased.

RCCL also operated a base price of \$100 per day, based on a typical seven day cruise in 2002. In that same year, the average price of a cruise was \$190 per day and this excluded airline tickets, shipboard gaming, alcoholic beverages, gift shop sales, photography, spa services and shore excursions. These costs take into account the costs of production and development, especially as RCCL were embarking on expansion programmes.

RCCL cruises are promoted mainly by advertising and sales promotions. This is currently achieved by the use of an organisation website for customers and travel agents, as well as the use of approximately 30 000 independent travel agents who undertake the marketing aspect for RCCL. RCCL lets the travel agents provide the bulk of the expertise, placing great responsibility of the promotion of their cruises to them. Advertising is also carried out through the medium of television. Promotional strategies often follow a six part process, which involves bring existing or potential customers from a state of relative unawareness of its cruises to a state of actively adopting them. RCCL has managed to raise awareness of its cruises, as they are still in operation and also through the implementation of a website. Interest has been generated, however, creating the desire for their cruises is their weakest link, and this is mainly due to environmental pressures. Therefore for RCCL to generate more cruise purchases, they will need to conduct an environmental analysis for their organisation. RCCL employs the use of advertising and publicity through television, their website and their network of travel agents as these methods have the broadest applications and affect every single stage of the marketing

process. RCCL also uses sales promotional activities through the marketing of its land tour programmes, as it is an indirect form of advertising that stimulates sales through the use of incentives such as land based tours and programmes for travellers that are undecided.

RCCL's main channels of distribution include its vast network of travel agents and booking agents, as well as its customer focussed website, which allows the customer to book cruises and to save time by completing embarkation forms online. The website also provides downloadable documents which mean that potential customers can pass these on to others, and could potentially generate more interest for RCCL, further drawing the customer to more of RCCL's services. Most holidaymakers still use travel agents; direct contact with the service provider is still a key element for generating sales. The internet has also reduced the need to make optional, contact with the service provider, and is regarded by most individuals as essential and standard for any organisation. For most customers, the internet is usually their first point of contact, therefore the organisational website has to generate further interest in the form of repeat visits, and online activity in the form of bookings and document downloads.

To summarise, RCCL began offering land tour packages in 2001 through a tour company called Royal Celebrity Tours to increase their potential reach into the market. They also embarked on a joint venture with another organisation through a website to increase their awareness to potential customers. Advertising was mainly conducted through print, television and the internet, and indirectly through travel agents. RCCL's website has customer booking capabilities, which includes a virtual tour of a selected cruise ship, to enable the customer to assess the quality and service levels, without leaving their homes. Customers can also download electronic documents for reference and further reading, a function which also enables the brand to be distributed by the customer. The website has also enabled RCCL to shorten the

embarkation process, as travellers are required to complete embarkation forms before undertaking a cruise, and this process is often time consuming. By offering the ability to save time on the day of travel, RCCL have also managed to shorten the service process. The website also offers online access to bookings for both the customer and the travel agents, further reducing the time it takes to purchase a cruise. This service is also supported by call centres and a sales force to assist agencies to market cruises, because they have a direct influence over the customer choice and they also represent their competitors. Bookings are also carried out through 30 000 independent travel agencies who serve as a critical distribution channel for RCCL.

Possible areas for new developments include expanding cruises into European markets as they represent an emerging target audience. Unlike American customers who are reluctant to travel away from home, following the terrorist attacks, European customers present a major opportunity as they cannot truly relate to this threat, and therefore more likely to travel away from home and explore different destinations. Despite this, there are more development opportunities to be realised in the US, as only 10% of Americans have sampled the cruise experience, leaving more room for further growth on their home turf. This leaves a 90% potential share of the market, in terms of expansion, and provides the scope to broaden marketing initiatives to attract both the casual and affluent target groups.

## **2.0 Opportunities and Issues Analysis**

### **2.1 PESTEL Analysis**

PESTEL stands for Political, Economic, Sociological, Technological, Environmental and Legal. A PESTEL analysis is a tool that can aid organisations to make strategies by helping them to



understand the external environment in which they operate now and the one they will operate in the future (Renewal Associates 2003). RCCL’s strategy and strategic decisions are concerned with the following factors:

- Matching its activities to its environment which includes seasons, trends and demand.
- RCCL’s values, expectations and goals of those influencing strategy
- The scope of RCCL’s activities – in terms of whether RCCL is offering enough and whether it has captured the right target market.
- Matching RCCL’S activities to its resources by determining whether it is maximising its capacity.
- Allocation of major resources in RCCL.
- RCCL’s long term direction.
- The implications for change across RCCL.

This PESTEL analysis will allow one important aspect of strategic analysis, the external environment, to be investigated systematically by use of a simple methodology (Renewal Associates 2003); however PESTEL is not concerned with RCCL’s internal environment or its strengths and weaknesses.

Political	<p>Conflict in the Middle East as a result of the war in Iraq is affecting the demand of cruise travel</p> <p>Marketing costs have increased as a reactionary measure to this political state of affairs as companies try to maintain the status quo and dispel</p>
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	<p>the probability of another terrorist attack on their cruise ships.</p> <p>As the cost of fuel rises, companies are experiencing lower profit and operating margins.</p> <p>The diplomatic differences between France and the US stemming from the war on Iraq, have led to poor demand for the Mediterranean region from European customers, reducing the scope for expansion.</p> <p>Some countries in the Caribbean, where cruise ships tend to stop are in a state of political instability presenting threats to passenger security.</p> <p>Increasing health and safety regulations that result in more costs as organisations have to maintain a state of compliance.</p> <p>Enhanced security as a result of the threat of terrorist attacks.</p>
Economic	<p>Challenging US economy that is still recovering from recession of 2001 is putting pressure on margins and profits.</p> <p>US unemployment rate of 6% is also affecting inflation.</p> <p>Rising fuel costs are increasing operating costs.</p> <p>An increase in the incidence of debt financing methods for companies to sustain themselves through this period.</p> <p>The formation of alliances to negate the effects of the economy and to guarantee survival.</p>
Sociological	<p>Increasing use of internet and technology among customers is creating less dependence on travel agents.</p>

	<p>Increasing awareness of passenger safety in terms of safety, security and sickness</p>
Technological	<p>Passenger and baggage screening technology to minimise the incidence of terrorist attacks are adding more time to the embarkation process.</p> <p>The increase in the adoption of eCommerce to optimise decisions about pricing, inventory and marketing.</p> <p>The use of virtual technology to aid the customer decision process increasing the pressure to innovate.</p>
Environmental	<p>Shortage of fuel</p> <p>Environmental groups raising awareness of harmful practices practised by cruise ships are creating a negative perception of the cruise industry.</p> <p>Tighter environmental legislation increasing the cost of compliance and limiting destinations</p>
Legal	<p>Increasing legislative burden of environmental legislation.</p>

*Table 1 PESTEL analysis for RCCL*

### **Implications of external factors**

The implications of this analysis present major and significant changes in practice and organisational behaviour for RCCL. One of RCCL's core values was to respect the environment and although the new environmental laws have a cost impact in terms of compliance, RCCL has to implement these changes because such legislation is not temporary, especially in light of the recent spotlight on global warming, and the extinction of some animal species. This also involves a change in culture for the organisation, as they strive to be synonymous with quality and environmental awareness. This means building quality and environmental issues into each and every single procedure and process, so as to develop a learning culture, which is proactive instead of reactive. These external factors have also led to an increase in strategic alliances and partnerships, and this is one trend which is fast becoming the norm in this industry characterised by few dominant players. This could also signify a move towards incorporating the customers and their distribution channels as partners and stakeholders to maintain and sustain the organisation. This could also include societies and communities do have an opinion on certain organisational practices that may infringe on the environment or the well-being of whole communities. By including these communities in the decision making process, RCCL could eradicate the element of surprise, that result from its lack of awareness of the impact its business is having on others.

## 2.2 SWOT Analysis

<b>Strengths</b>	<b>Weaknesses</b>
Access to 30 000 travel and booking agents	Limited access to European markets Major competitor has access to more

<p>Ownership of a large number of ships</p> <p>Two shipping lines</p> <p>Land tour packages</p> <p>Two target market audiences</p>	<p>berths</p>
<p><b>Opportunities</b></p>	<p><b>Threats</b></p>
<p>European market</p> <p>Technological innovations</p> <p>Integration and control of distribution channels</p> <p>More focussed website</p>	<p>Environmental pressure groups and activists</p> <p>Weak and unstable economy</p> <p>Terrorist threats</p> <p>Rising fuel and operational costs</p>

*Table 2. SWOT Analysis*

**3.0 Objectives**

RCCL’s objectives should be to increase their share of the cruise market in the United States and Europe. Another objective would be to expand in the Far East. An increase in the use of technology and innovations should be employed to satisfy the objective of increasing customers from 10% to 40% within 5 years.

**4.0 The Marketing Strategy**

An integrated marketing communications plan brings together all the segments of marketing for an integrated approach to marketing a product or service. For example, if the marketing

communications plan advocates the use of print advertising then a similar theme in terms of layout and colour has to apply to all other aspects of the marketing process, such as the website. The reason for this is that if the customer gets the same message in two different formats, they are more likely to understand and identify with the marketing message. This is essential when developing a strong branding image.

An integrated marketing communications plan is necessary for RCCL as they need to have a strategy for frequently evaluating and amending their product mix, so that they maintain their high levels of quality and ensure their survival. More importantly for RCCL, its marketing efforts need to concentrate on selling the benefits of their packages rather than its features, as they ultimately operate in a service industry, where customers are more likely to be attracted to the benefits of a product instead of its features, as these are fairly homogenous. However, to achieve this high level of successful marketing, RCCL has to commit itself to a redesign of the product and start branding its distribution channels. The general trend has been towards shorter distribution channels in consumer markets and RCCL have to be aware of this for their marketing efforts (Cole 1998).

#### 4.1 An Integrated Marketing Communications plan

The best marketing strategy in the world is useless if it fails to deliver the right message to potential customers at the right place and at the right time. An integrated marketing communications plan matches the available budget of time and money to the most effective means for distributing RCCL's message.

Mission Statement

RCCL strives to do the following:

- Compete principally on the basis of quality of ships, quality of service, variety of itineraries and price.
- Improve our competitive position with respect to the quality and innovation of our on-board product and state-of-the-art cruise ships.
- Serve markets and provide itineraries worldwide.
- Value its employees as the most valuable asset. They are counted on to represent the company professionally and do the utmost to serve the company's customers.
- Value the environment and remain committed to protecting and serving environmental resources and preventing pollution.
- Maintain strong relationships with travel agencies, the principal industry distribution system.
- Participate in and make grants to numerous community charity organisations with priority to those helping children and families and education and the environment.

#### Target Market

The primary target market for RCCL's contemporary and premium products is active adults and families. As cruising is mainly a group experience, families and active adults present an opportunity for multiple purchases and referrals. Therefore the focus should be on group holidays and packages which tend to attract the younger families and adults.

#### Point of Difference

RCCL's point of difference is summarised below:

- Land tour packages – RCCL's competitors have not diversified their product portfolio

Market Positioning

RCCL need to create an image for their packages in the minds of their target customers, so as to acquire a unique place in their target audience by separating and distinguishing themselves from their rivals and other competitors. RCCL must create key attributes to their packages, for instance in the form of price, quality and customer satisfaction, as cruise packages are about the experience and benefits. The following Value-Equivalence Line (VEL) (Thevathasan 2005) shows how quality is justified by the price at which the cruise package is offered. If customers feel they will or are getting a quality service, they will pay the equivalent price for the service. The diagram below illustrates that Position A is unfavourable comparable to Position B, as Position B is the point at which most customers would accept the cruise packages. Position B communicates the type of targeting required for RCCL to maximise its package sales.

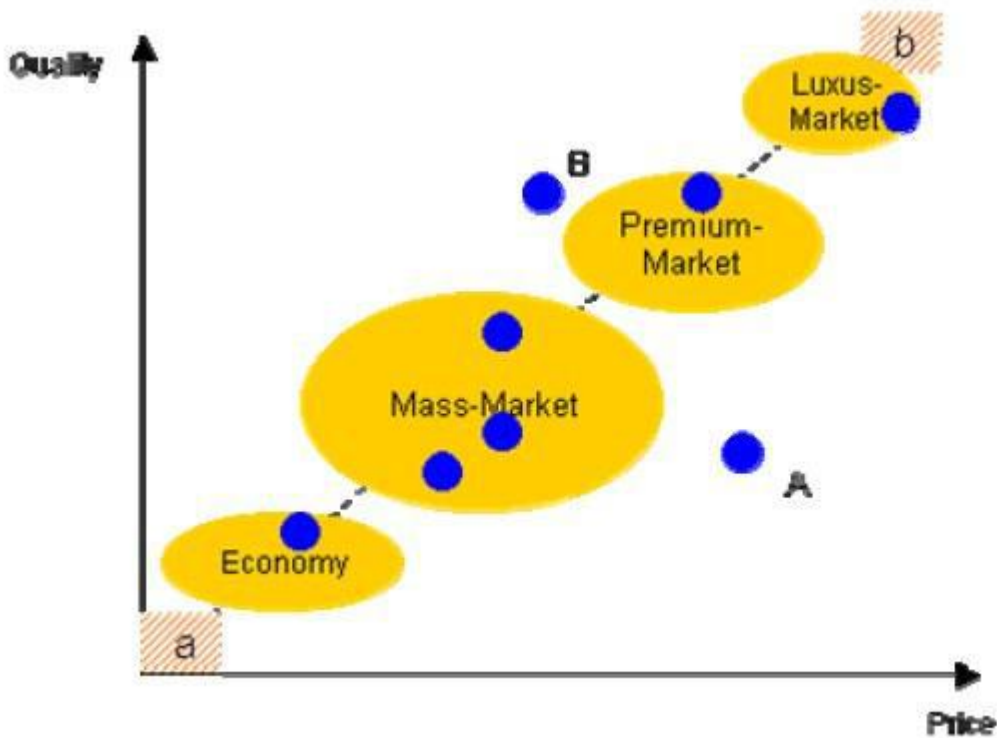


Figure 1 Value Equivalence Line (Thevathasan 2005)



RCCL essentially has two market segments it is targeting, and these segments occupy different positions on the VEL. Therefore, in order for RCCL to effectively position the organisation, they could separate their brand from Celebrity Cruises, and assign the appropriate strategy to each market.

#### Communication Objectives

With the target audience identified, the focus shall move towards RCCL's communication objectives, through the use of the hierarchy of effects.

RCCL must raise the awareness of its products to at least 60% of its target audience, this has to be followed by the generation of interest to enable the customer to build a desire for the product, as cruise packages are not considered a necessity, and hence this interest can only be achieved by selling the benefits of the package. Awareness will be achieved by making the target audience aware of the choice and variety of packages available from RCCL, and this will be done by first consolidating RCCL's identity. This includes making the RCCL logo, signage, colours, business cards and web site consistent, so that the customer can identify the brand and associate it with quality cruises.

RCCL should also be producing brochures with its business credentials, products and services, employees and awards. This would include information on any industry awards in their possession, health and safety certificates, quality systems and endorsements from charities. These brochures will be distributed across travel agents and venues commonly frequented by young adults and families such as family resorts and sports clubs. Print advertising does help to build an awareness of the product, but it is still not as effective as audio/visual advertising which is necessary to lead the customers to evaluate RCCL's product.

The most effective of advertising to achieve would be through the use of television. Television has recently become digital, and RCCL should be taking advantage of iDTV opportunities as more potential customers are accessing electronic media to meet their needs. iDTV are televisions that contain built-in digital receivers. This increases the number of channels that can transmit and received using the digital format. This means that RCCL can dedicate a channel to advertising its products and packages, in much the same way that other holiday business do. The picture and sound quality are also improved, and this contributes to maximising the customer experience. iDTV presents a major opportunity to reach a wide and universal target audience, as the current trend amongst holiday makers is to seek the best deal using all available channels such as the internet, and TV. This applicability can be demonstrated by the success of Sky Travel and Teletext holidays in the UK, and similar ventures across Europe. iDTV also presents interactive options, where customers can interact with RCCL. RCCL can also make use of MMS or mobile marketing on iDTV and through their website, by targeting the right customer with the right message. RCCL already have a customer database that forms part of their customer focussed website, and integrating this with mobile marketing will be cost effective, timely and will appeal to the tastes and preferences of the target audience it is trying to reach – the young adults and families.

These two technologies will achieve the aim of attracting more customers to RCCL's packages and help to generate sales revenue for RCCL. RCCL's website also presents the best opportunity to maximise advertising as customers are turning to the internet to evaluate products and services. Whilst RCCL has managed to offer virtual technology for its website, more needs to be done with regards to offering a total package. Advertising on the RCCL website would be a major communication strategy for reaching current audiences that are already aware of the

presence of RCCL; however, to broaden the reach, additional electronic advertising will be placed on other travel websites. Interest will then be generated by sponsoring various charity and environmental events and this will include the use of our signage and banners as part of the décor and print.

Once interest has been generated, customers will be able to evaluate RCCL's products against their competitors in terms of value, quality and price. This will be achieved by making our products more accessible to the customers, so instead of focussing on the affluent market, more emphasis will be placed on cruises for the casual traveller. Where RCCL is present at events, the use of video projections and replica models of cruises can be used to attract customers to our website and personnel. After evaluating RCCL's products, consumers are more likely to consider and carry out a trial purchase of one of RCCL's packages. This can be achieved by offering discounts on group bookings, or including a few extra items that would normally not be inclusive of the price for a first package. This will have the effect of encouraging potential customers to believe that they are getting a bargain. As RCCL relies on a distribution network of 30 000 independent travel and booking agents, RCCL could maximise its advertising potential by encouraging these agents to advertise and promote their packages by providing discount coupons for potential customers, as these agents also work for their competitors. This marketing communication plan should aim to get the customer to adopt RCCL's packages. This will be achieved by providing discounts for online bookings. The adoption of RCCL's package is crucial to the success of its business as customers buying and experiencing the packages are the best source of communication for new products and packages. New customers will also happily demonstrate RCCL's packages to friends and family.

#### Advertising

Advertisement must have a message, and the contents must focus on the key benefits of the product, as this will determine whether potential customers will make trial and adoption decision. Advertising for RCCL's packages will have a message designed to appeal to young adults and families.

#### The Message and Information

The basic message for RCCL will be that RCCL provides the best value and quality in terms of packages, through the access to over 200 destinations, fleet flexibility, on-board entertainment and facilities as well as unique combination packages that combine land tours. The message will only focus on the accessibility and inclusiveness of the packages, as well as places where customers can make further enquiries and bookings. The advertisement will not contain any technical details or else consumers will get too overwhelmed with the details and miss what the packages are about. It is also important to keep the message short and simple so that potential consumers, who may have limited time to read advertisements, can get the basic point about RCCL packages, the main benefits and where they can make a booking.

#### Persuasive Content and Message Appeal

The advertisement's message will be wrapped in persuasive content. Advertisements will have three main themes in appeal:

- Breathtaking – the first appeal would be a breathtaking experience, with short clips of various experiences on board together with families participating in on-board activities. This will include shots of golf courses, mountain climbing facilities, entertainment facilities and relaxation activities.
- Appeal to differing tastes – the second appeal will be to attract adult groups and families to the land tour packages, so as to attract those customers who initially would not be drawn to

cruise packages. This could feature short clips of holiday makers making the transit from a long land tour journey to a cruise package to complete the ultimate holiday experience.

- Appeal to charities and environmental groups – this appeal will further reinforce RCCL’s aims and mission statement, by including a short statement to mention that a certain percentage of sales will go towards certain charities. For the environmental part of the appeal, RCCL should mention or highlight key aspects of their service and/or products that make a positive contribution to the environment.

#### Budget and Allocate Resources

RCCL currently has no resource allocations to the research and development function, and RCCL must decide on allocation depended on the market price for various advertising mediums.

#### Evaluation Criteria

The evaluation of this marketing communications plan will be based on how well RCCL reaches the target market and how well our communication objectives are achieved. This will be evaluated by analysing customer response to advertisements on television, travel agents and the number of repeat website visits. This will ensure the effectiveness of the advertisements in capturing the target market’s attention and interest. The next most important evaluation will be the customer experience of the cruise packages through the use of customer feedback surveys to be obtained after cruise packages, charity events and the buying experience. This will enable RCCL to understand the effectiveness of advertising and their products, as well as help them understand the qualities and services their target market desires.

## **5.0 Action Programs**

May 2006 – July 2006

- RCCL must set up a Marketing Task force which should include a representative from the board, management, operations, marketing, public relations, charity and a representative from the independent network of travel and booking agents. This task force will be responsible for disseminating information to all levels within the organisation. They will also be involved in deciding and implementing a strategy based on the project profit and loss statements and environmental analyses.

August 2006 – October 2006

- RCCL to conduct research and development of the best possible marketing techniques, as well as legal compliance for the mobile marketing strategy, and iDTV marketing campaign.
- RCCL to integrate its customer database, and it should also start collecting customer opinions on its introduction and the use of mobile marketing and iDTV. This information can be collected from its website, brochures and agents.
- Draft presentations and formats for iDTV and mobile marketing campaigns to be produced, which will focus on an integrated approach to capturing a wider audience. Campaigns must also be universal and not just targeted to customers in the US. Campaign should highlight and market the benefits of the land tour packages as well, as incorporating the RCCL logo and colours to enforce RCCL identity with its customers.

November 2006 – December 2006

- Draft marketing campaign to be previewed by organisation and industry executives.
- Any recommendations to be carried out as soon as possible.

January 2007

- RCCL's new marketing strategy is ready to roll-out.

## 6.0 Projected profit and loss statement

The following table highlights RCCL's potential financial position for the next three years, if a marketing strategy is not enforced, in light of the recent industry analysis. The situation is expected to stabilise towards the end of this year, however, RCCL needs to ensure that 2007 is the year that they achieve their goals and targets, if they are to maintain and exceed their current market position.

	<b>2004</b>	<b>2005</b>	<b>2006</b>
Sales	\$3,822,040	\$3,860,260	\$3,898,860
Direct Cost of Sales	\$2,452,430	\$4,091,870	\$4,249,760
Other	-	-	-
<b>Total Cost of Sales</b>	<b>\$6,274,470</b>	<b>\$7,952,130</b>	<b>\$8,148,620</b>
Gross Margin	(\$2,452,430)	(\$4,091,870)	(\$4,249,760)
Gross Margin %	(64%)	(105%)	(109%)
<b>Expenses</b>			
Salaries	-	-	-
Sales and Marketing	\$617,160	\$771,450	\$1,002,800
Depreciation	\$388,100	\$407,500	\$419,720
Legal and	-	-	-
Professional			
Bank Charges	-	-	-
Research &	-	-	-

Development				
Taxes	-	-	-	-
Other	-	-	-	-
<b>Total Operating</b>	<b>\$1,005,260</b>	<b>\$1,178,950</b>	<b>\$1,422,520</b>	
<b>Expenses</b>				
Profit before Interest and Taxes	(\$1,447,170)	(\$2,912,920)	(\$2,827,240)	
Interest Expense	-	-	-	
Taxes Incurred	-	-	-	
<b>Net Profit</b>	<b>(\$1,447,170)</b>	<b>(\$2,912,920)</b>	<b>(\$2,827,240)</b>	
<b>Net Profit/Sales</b>	<b>(37.9%)</b>	<b>(75.5%)</b>	<b>(72.5%)</b>	

**Figure 2 Projected Profit and Loss Statement for RCCL in current environment and situation**

The forecast has taken the annual inflation and growth figures into account; however, some information was not available at the time of going to print. Although a slight upturn is projected for 2006, RCCL must not be complacent. Adverse deviations in the forecast will introduce new methods of promotions and advertising, which should result in an incremental cash flow in some areas. It was not possible to include a sensitivity analysis due to the unpredictability of economic and political events at this stage.

## **7.0 Controls**

Control should be exercised at various points of the marketing process, as they will benefit RCCL by identifying and helping RCCL to take corrective actions whenever deviations are found. Controls also serve the purpose of motivating people and can be used to measure



performance (Thevathasan 2005). Controls however, do take time in terms of time spent on marketing and enhancing the product, however, controls should also be self-regulating. RCCL can either have operational or strategic controls. Operational controls work on product development, promotional activities and web site maintenance, whilst strategic controls involve ensuring a strategic match with marketing in terms of revenue targets. RCCL must therefore have systems that are self-regulated, so that as operations spread, they should be able to appoint different individuals with varying responsibilities and authorities based on different packages or regions.

## **8.0 Conclusion**

By rethinking their marketing and advertising strategy, RCCL can achieve its goal of becoming the leader in cruise packages, by generating sales revenue, concentrating on the relationship with the customer and by projecting a clear focus for their customers to relate to.

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