History And Structure Of Thomas Cook PLC

Posted on November 2, 2018

Thomas Cook PLC was named after its founder, Thomas Cook, a pioneer of organised tourism. In 1841, he organised a group rail excursion from Leicester to a temperance rally in Loughborough. The employment, market-position and operating claims in this article describe Thomas Cook Group's position around 2011–2013. Thomas Cook Group plc and associated companies entered compulsory liquidation on 23 September 2019, when their UK bookings were cancelled and retail shops closed. The analysis below should therefore be read as a historical business case rather than a description of a currently operating public company.

Introduction

The concept of mass travel entails booking and arranging a large number of tourists to travel to various pre-planned locations. Thomas Cook's business began with organised rail excursions and later expanded into air travel and other tourism services. The figures of operations in almost 22 countries, £9.8 billion in sales, 23.6 million customers, Harriet Green's leadership and the stated board structure refer to the 2011–2013 source period. They are historical corporate information and are no longer current because Thomas Cook Group plc entered compulsory liquidation in September 2019.

The business system adapted in the firm is the integrated model where both the individual and the group packaged travel are designed to suit the customer's preferences. The firm is keen on gaining a larger customer base through retail and online operations (Cook, 2013). The main strategy of the company is based on training the employees of the firm to offer value addition to their services. Moreover, the firm is focused on the enhancement of the business development and financing aspects of the organization so that the travel framework will enhance the customer experiences (Thomas Cook Group plc, 2012). The management of the organization is concerned with the recruitment of a skilled and talented workforce. Therefore, to maintain their talents and ability to deliver desired outcomes to the company, the firm works on training and motivating them (Group 2013). In addition, the management of the company is keen on promoting growth and development for the employees, and it offers merit and performance-based promotions, which eliminates discrimination.

During the article's source period, Thomas Cook Group plc was listed on the London Stock Exchange and was described as the United Kingdom's second-largest travel group after TUI. Its store network, brands and mergers in this paragraph are historical. Following the compulsory liquidation that began on 23 September 2019, Thomas Cook Group plc shares could no longer be traded and the former group's UK retail shops closed.

However, over the past few years, the company has witnessed a decline as well as other misfortunes.

As a result, in the year 2011 the firm lost 33% in their travel bookings (Grierson, 2012). Furthermore, the merger between the firm and MyTravel saw the company reporting having lost 2800 jobs, which translates to 15% of their employees (BBC News, 2013). The recession in the UK resulted in the company experiencing hard times, such as the political turmoil in Tunisia and Egypt and flooding in Thailand, which negatively affected business. Consequently, in September 2011, the company announced that it had closed 200 branches in the United Kingdom, which caused 661 employees to lose their jobs and the company to lose £398m (BBC NEWS, 2011).

Therefore, the company has embarked on a number of strategies, such as new mergers and acquisitions, to help the giant corporation bounce back to its former glory. For instance, the merger with MyTravel made the company to control 35% of the UK market while saving £2.8billion (BBC News, 2013). Presently, the company has experienced a surge in business because the Internet has allowed booking to be made remotely, which is convenient for most clients. This enabled the company to make a major comeback in the industry (Week, 2013).

Purpose Of PESTLE Analysis For Businesses

The current business environment of a company is complex, especially the marketing environment, which has uncontrollable forces. Therefore, a company must adapt to this environment by analyzing the internal, micro and macro marketing environments. The internal environment includes the employees, finance, wages, office technology and many more. The micro market environment is the factors of the company which have a direct impact on the strategy of the firm, such as customers, distributors, agents, competitors and supplies of the business. On the other hand, the macro marketing environments are the forces which do not directly impact the operations of the firm, such as political, economic, environmental, technological, socio-cultural and legal factors. The macro environmental forces are also known as the PESTEL factors.

Performing a PESTEL analysis is significant when a company is looking to expand or even start up a business in a global environment. The PESTEL analysis is significant in the assessment of the market, through analyzing the competitors to the business as well as the current position of the company as compared to their competitors. Thus, the main objective of the pestle analysis is to find out the major factors which might impact the major variables of the company in the macro environment. These variables could be the levels of demand and supply and the cost of production. Any change in these variables impacts heavily on the functioning of a company. Therefore, the pest analysis categorizes the factors in the environment into six parts, which analyze both the internal and the external issues in the market. These are the political, social, economic, technological, environmental and legal forces. Thus, the pest analysis assesses the impact of these forces on a firm. The results of the analysis are used by a business to take up any opportunity presented or take appropriate action in case of a threat. Most importantly, the business uses the results from the PESTEL analysis to strategically plan for expansion or start-up.

It is vital for a business to understand the actual situation in the industry and the PESTEL analysis is the best tool for a firm to know the position and the potential of the company. Moreover, a combination of Porter's five forces, the PESTEL analysis and the SWOT analysis will present the appropriate direction to be taken for successful operations. Generally, the PESTEL analysis identifies the factors in the industry and helps a company to perform proper strategic planning. Moreover, PESTEL is helpful to a firm as it enables the company to perform marketing planning. PESTEL analyses the market and the customer segments in the industry and identifies the appropriate segment to be targeted by the company. PESTEL identifies the difference between the marketing plan of the company and that of others, and at the same time, it explains why the company's products and services will be preferred over their competitors. Apart from being helpful in the organization of the business, PESTEL analysis is also helpful in the product and the general development of a business. Following the analysis of the external factors affecting the company, the management of a company uses these results to make appropriate plans to change or develop its products and business.

Furthermore, PESTEL provides the research reports to the company, which is used as the basis of the change or development plans. This ensures that the company remains stable in performance even following the changes in the factors in the environment of a company. Moreover, when a company enters a new market, PESTEL analysis is useful in helping the company to adapt to the new environment's realities.

Using PESTEL Analysis To Analyze Thomas Cook

Political Factors

The PESTEL framework is significant in management as managers are able to identify and understand the major drivers of change and their various effects on the markets, industry and organizations. Political factors have a significant role in the determination of the sustainable profitability of Thomas Cook Plc in the market. The company operates in different countries, which exposes it to risks in relation to different political environments and systems. Some of these risks facing the company include government pressure in the UK, such as the introduction of the tourism and bedroom levy (Thomas Cook Group plc 2012). The cut in government spending is going to cause redundancy in the public sector. Travel and tourism in which the company operates is part of the public sector, making the employees of the company faced with the same problem of redundancy as the rest of the employees in the public sector. Consequently, the productivity and motivation of the employees will be lost. To mitigate such risk, the company should diversify the political environment's systemic risk.

Economic Factors

Economic factors such as interest rates, inflation rates, foreign exchange rates and the economic cycle are likely to impact the travel and tourism industry. This is because they influence the aggregate demand, profits, costs and investment in the economy. The package holiday offered by Thomas and Cook PLC is an elastic income-generating business, and the rise or decrease in income can significantly affect the demand for the packages. Hence, the cut in the public sector might have a serious consequence for the company. These economic indicators can also be of benefit to the company as they would be able to project their growth and development based on these economic factors.

Social Factors

The culture of a society impacts the culture of the organization. Government cuts, such as redundancies, affect the disposable income of consumers, and they end up becoming conscious of their spending (Pearson, 2013). Moreover, the demand for the services will decrease while the supply will remain high as most organizations will be focusing on cutting their budgets. This move will eventually force the company to reduce its holiday packaging prices. This move causes the travel industry to have reduced income and profit margins as people are more cautious about elastic products and services such as holiday packages.

Technological Factors

The changes in technology and the speed at which these changes occur in the travel and tourism industry are disruptive. The slower speed will provide time for coping with the changes, while a faster speed provides disruption and less time for the company to cope with changes and become profitable. Moreover, technology has eased decision-making in the company through the use of advanced technologies. The working culture of the organization has also transformed, and now the company has less demand for manpower. Generally, the need for Thomas Cook PLC to be among the top players in the provision of internet services is under constant challenges caused by these changes in technology.

Environmental Factors

The standards and norms in different markets impact greatly on a company's profitability. A company operating in the tourism and travel industry, such as Thomas Cook PLC, has the responsibility of protecting the environment. The role played by the companies in this sector determines their success in the industry. Therefore, the company has to abide by the different laws and regulations concerning the environment as they operate in different countries and geographical locations (Pearson, 2013). The Green Gas Emission Act is one of the laws that impact the functioning and operations of the company. Therefore, the aeroplanes, trains and cars used by the company have to be installed with engines which are fuel efficient, which results in a lesser emission of carbon. In addition, the company have to operate within the renewable sector in Europe to receive tax breaks from the government. It is recorded that the volcanic clouds of ash which erupted in Europe in the year 2011, terrorism and the swine flu in Mexico impacted negatively on tourism (Cook 2013).

Legal Factors

The legal framework in most countries can result in an organization having a competitive edge while at the same time losing its competitiveness. For instance, the reduction of the high visa application costs in the UK and the duty imposed on air passengers could attract more customers to book with the company. While some unrest in other destinations caused the cancellation of the bookings by the clients (Cook 2013).

References

BBC. (2011, December 14). BBC NEWS. Retrieved October 30, 2013, from BBC: https://www.bbc.co.uk/news/business-16173578

BBC. (2013, March 13). News. Retrieved October 30, 2013, from BBC: https://www.bbc.co.uk/news/business-21686547

Business, E. (2011, January 2011). Thomas Cook Take over threatens competition. Retrieved October 12, 2013, from eubusiness: https://www.eubusiness.com/news-eu/britain-competition.7y3 Cook, T. (2013, November 12). Thomas Cook History. Retrieved November 02, 2013, from Thomas Cook: https://www.thomascook.com/thomas-cook-history/

Furseth, J. (2013, August 7). Interactive Investor.co.uk. Retrieved October 10, 2013, from Interactive Investor: https://www.iii.co.uk/articles/108787/tui-suffers-profit-taking-despite-sunnynumbers

Group, T. C.-o. (2013, November 2). About Us. Retrieved Novmeber 2, 2013, from The Co-operative Group: https://www.co-operative.coop/corporate/aboutus/ourbusinesses/The-Co-operativeTravel/

Jeeves, A. (2013, November 2). Air Travel. Retrieved November 2, 2013, from Ask Jeeves: https://uk.ask.com/question/who-owns-thomas-cook-uk

Thomas Cook Group plc (2012). Thomas Cook Group https://www.thomascookgroup.com/history/history-2011-2012/

Pearson. (2013, N/A N/A). The Sloman Economics Page. Retrieved October 10, 2013, from Pearson: https://pearsonblog.campaignserver.co.uk/?tag=thomas-cook PHD,

Week, M. (2013, October 1). News. Retrieved October 30, 2013, from Marketing Week: https://www.marketingweek.co.uk/news/thomas-cook-unveils-new-brand-identity-andstrap-line/4008072.article