

LET'S SOLVE A CONSULTING CASE



PROBLEM STATEMENT

Your client is the owner of a ski resort in Switzerland.

The resort has noticed a decline in the profits in the last 6–8 months. You have been hired to analyse why.

INTERVIEW THREAD

Interviewee: Okay. I'd like to reiterate the problem statement - our client is the owner of a ski resort in Switzerland. The resort has noticed a decline in profits in the last 6-8 months and I have to analyse why, right?

Interviewer: Yes.

Interviewee: Sure. To start with, is it a company specific problem or can it be noticed across the industry too?

Interviewer: Across the industry but we have borne the biggest brunt.

Interviewee: Understood. Now I'd like to know more about our client to understand the situation better. What is a ski resort and does it operate as a single outlet or as a chain of resorts?

Interviewer: It's a single resort in Switzerland. The main highlight of all resorts in the area is their offering of ski activity in the high ends of Mont Font Glacier.

Interviewee: Right. And who are the customers of our clients – domestic customers, tourists or both? Is there any additional service that they provide besides lodging and skiing activity? Lastly, do our competitors offer any additional services?

Interviewer: We are open for all but mainly our customers are tourists. No, mainly lodging and skiing with additional add-on activities like business halls, and meals. The same is true for our competitors as well.

Interviewee: Thanks a lot for that information. I'd like to dig deeper into the problem now. You mentioned that there has been a decline in profits.

Interviewee: Profit is a function of Revenue and Costs. Has any of the two faced any changes in the last 6-8 months?

Interviewer: Yes, revenue has seen a decline.

Interviewee: Now, I'd like to break revenue into two components- **Number of customers x Revenue per customer**. Please let me know if you want me to focus on any of these.

Interviewer: Revenue per customer has remained more or less the same. However, the number of customers has seen a decline.

Interviewee: Okay. I'd like to further bifurcate the reasons by looking at them through internal and external factors. Given that the decline is across the industry, there might be external factors at play.

Interviewee: However, since our client has seen a higher decline, I'd like to first look at the internal factors of the client.

Interviewer: Um, I think you can look at the external factors first. Maybe then we can see what factor is responsible for the higher intensity specific to our client.

Interviewee: Sure, sounds good. Can I please know the split between domestic and tourist customers (in % revenue or the number of people)? Which of them has faced a major decline- for us and our competitors?

Interviewer: Let's say of the total people we serve, 70% are tourists and only 30% are domestic residents. The decline is majorly from tourists. This is true for other players as well.

Interviewee: Right. I'll focus more on the tourist segment presently.

Interviewee: Which countries form part of our customer base and is there any specific change in any of them?

Interviewer: Tourists flow in from multiple countries. However, those from Asian countries have seen a major decline.

Interviewee: My hypothesis is that since all resorts in Switzerland have faced a decline and major changes happened from the Asian countries, there is something specific to Asia that has caused a decline in revenue for our client. Thus, I'd like to focus on that aspect now. I would like to consider the following levers- **Political, Economic, Social, and Miscellaneous.**

Interviewer: Okay.

Interviewee: Firstly, under the political bucket, has there been any change in political relations between Switzerland and any Asian country?

Interviewee: Is the government proactive in maintaining relations and is the foreign government eager to promote tourism? Lastly, I'd also like to know about the visa and documentation process.

Secondly, in the economic lever- I'd like to take into account people's disposable income, rate of exchange, taxation policy, inflation.

In social factors, I'd like to know if there has been a shift in culture, religion, level of education, or mere preferences of people. Please let me know if you want me to focus on any of them in particular.

Interviewer: None of them actually.

Interviewee: Alright. I missed out on the miscellaneous factors wherein I'd like to see if any legal changes have happened with respect to changes in law, travel documentation, travel journey. I'd also consider if any environmental change is taking place that is pushing people away from flying to Switzerland.

Interviewer: Umm, not really.

Interviewee: Sure, I have two questions- one, is there any change in any of the previously mentioned questions with respect to Switzerland, and second- are Asian people traveling in general but not to Switzerland?

Interviewer: No changes in Switzerland because that might also impact people flying from other countries, which is not happening. And yes, people are still traveling but not to Switzerland.

Interviewee: Right. I would like to map the entire customer journey to see if any step in the process is causing this change. A person would first decide if they want to travel, then choose a location, choose Switzerland, look for probable dates to travel, book tickets, reach the airport, take a flight (non-stop or layover), reach the Swiss airport, travel to the resort, check-in, and so on.

Interviewer: Yes, you can look at the process before a person typically takes a flight.

Interviewee: Sure, after choosing Switzerland, a person books tickets for the desired dates. Are resorts open all year round, do they have enough capacity? Are flights frequent? Is there any change in the flying rate or the surcharges?

Interviewer: Yes, the rate of flights has increased i.e. it is digging a bigger hole in the customer's pocket. You can move on to the recommendation.

Interviewee: Sure. I will propose a few recommendations for our client that can be implemented in the short term and in the long term. In the short term, the client can increase promotions, reduce its profit margin and incentivise people to travel, offer discounts for off-season travel.

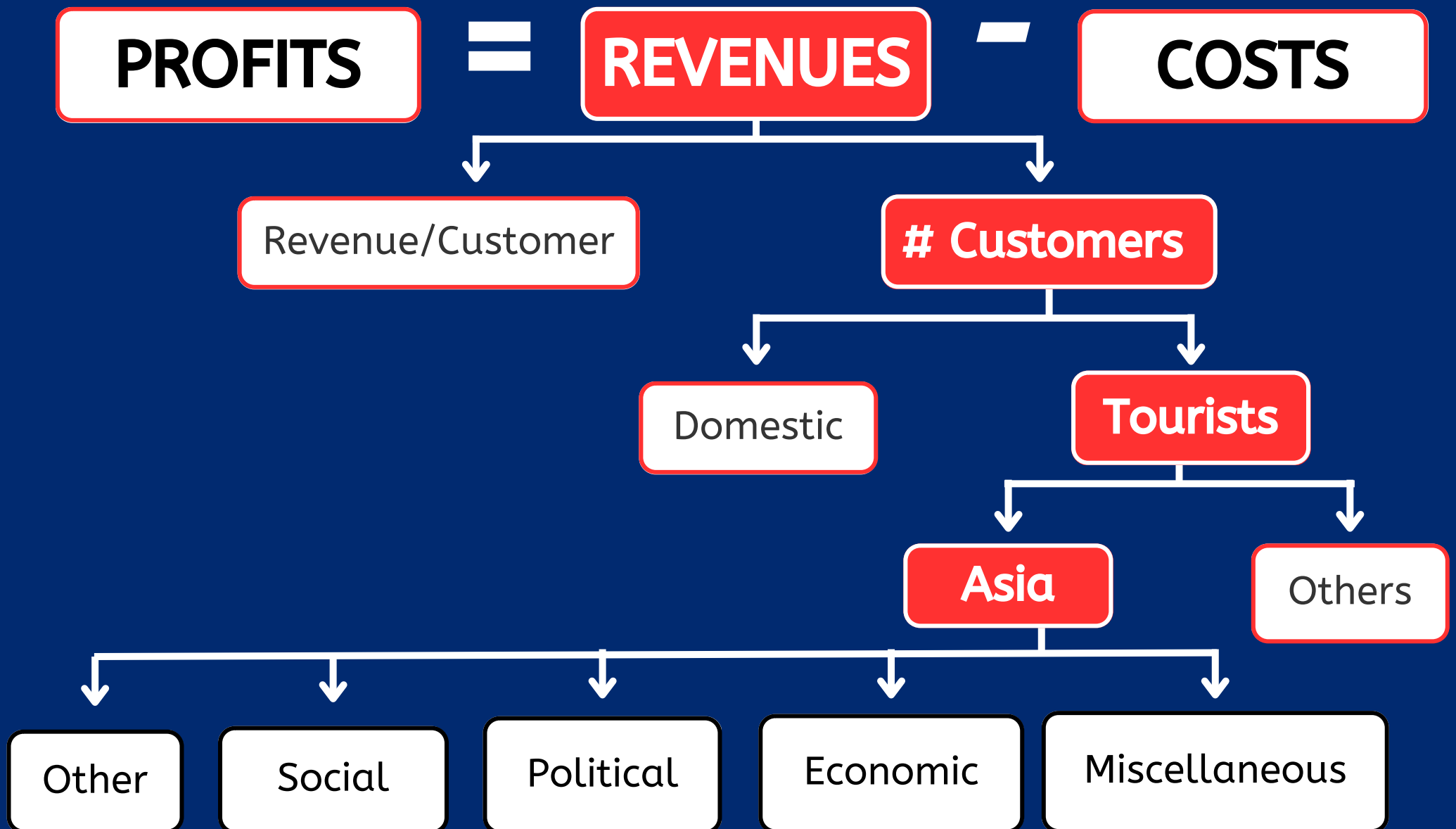
Interviewee: They can also focus on increasing flyers from other countries so as to offset the decline from Asia. Next, they can also put efforts to increase domestic residents through active marketing and attractive offers.

In the long term, firstly they can lobby with the government regarding the flight rate. They can also talk to the bureau handling air travel norms. Both of these parties shall be incentivized to reduce the rate because it is adversely affecting the tourism revenue for the country as well as revenue for the flight operators in Switzerland. Also, they can collaborate with travel agencies who might buy bulk tickets and avail deeper discounts. These can then be sold to end consumers at lower rates.

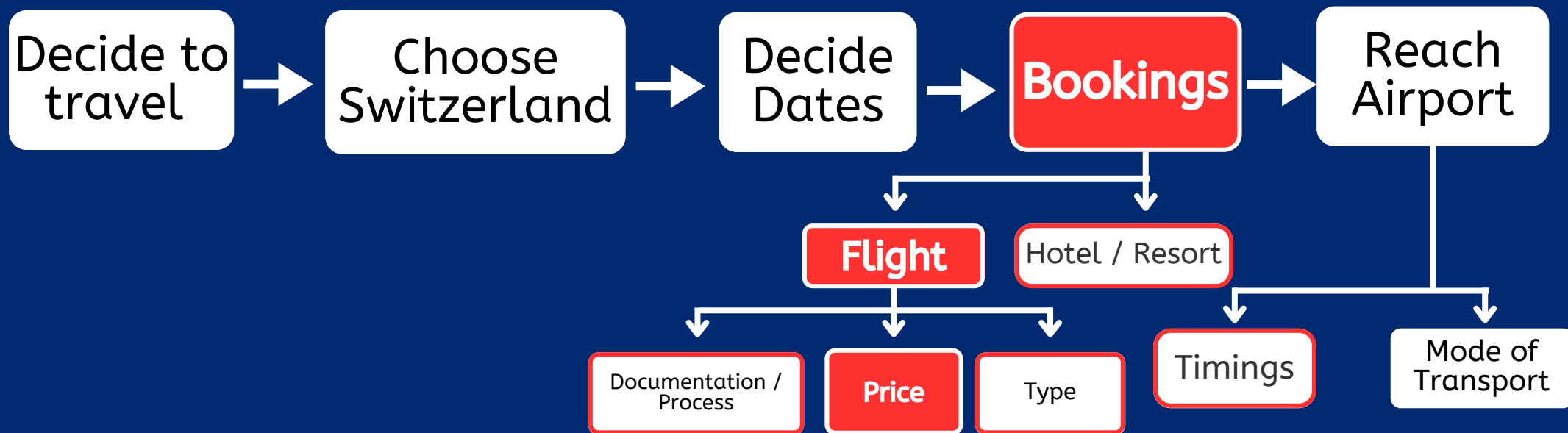
Interviewer: Thank you. That'll be all.

THAT'S A WRAP!

OVERALL FRAMEWORK



CUSTOMER JOURNEY FRAMEWORK



CONSULTING FELLOWSHIP

Mentors from

McKinsey
& Company

BAIN
& COMPANY



Dalberg

Deloitte. **BCG**

accenture

- 1 **2.5 or 6 months, 10 mentors, and 30+ hours of live mentorship on Consulting careers, CV making (including 1:1 edits), Guesstimates & Case Interviews.**
- 2 **Rigorous interview practise through real-time guesstimates solving & buddy teams for mock cases.**
- 3 **Placement Assistance through employee referrals by our MBB & Dalberg mentors. Regular job updates from consulting firms. Industry Breakdown for cases.**
- 4 **Live case project (& certificate) with a real life client & business problem. CV templates & interview preparation resources along with 1:1 Mentorship.**

SIGN UP

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the comments)