

Case study – Hospitality #21

The client is a AAA 4-diamond, luxury hotel, with multiple dining venues, the finest of which has earned Mobil 4-stars. Although this client feels comfortable in stating that they have established their position as the regional leader for overall quality in the luxury hospitality market, there are currently a moderate range of issues on which this client is seeking resolution. Their first concern is to strengthen their position as they continue to wrestle for dominance with their primary local competitor in the minds of the public. Currently, despite the resort's accolades, their primary competitor has had some success in exploiting both its 'first mover' legacy and its higher overall capitalization. The client is confident that they have the human capital in place to succeed in displacing their competitor but are unsure that they will have the fiscal resources to achieve their goal in the immediate future. They are certainly ready to compete and have the patience to sustain. Without modifying their strategy, they feel that their tactics are supporting their positioning objectives but are somewhat concerned with the soft return they have had as a result of their efforts.

Trepidations:

The client's first challenge is that of identity, regarding the perception of their brand in the marketplace. They feel as though they are overshadowed in the minds of much of the public, despite owning higher general accolades than their primary competitor. This is not a position that correlates well with their luxury branding ideology and must be addressed directly in the final solutions we provide. Their ideas regarding cross-marketing with others may help in this respect, but part of management's impetus in this effort is that their primary competitor has recently made the first successful move of this type. The client has built momentum with high accolades in the press, particularly over the previous five years, but has encountered difficulties in how to more effectively leverage these reviews in delivering their message to potential guests.

Secondly, there is some concern regarding a perceived threat of increasing local competition from secondary hospitality providers. One competitor, under renovation, has been publically benchmarking the client as their future level of competitive positioning.

While this is not an immediate threat, this will need to be considered in the medium-term. This is important as there seems to be a geographically distinct, and thus finite, market contributing to the primary client base for luxury hotels in the region and so, until the economic climate shows honest signs of growth, there will likely remain a flat level of demand unless new target groups are revealed.

Third, there is an expressed sensitivity related to the comparative financial resources available between their business and that of their most relevant competitor. There are many instances in which this disparity can logically place the client at an apparent disadvantage. They feel self-conscious in being forced to analyze more diligently the return on any investment they may consider while feeling as though that competitor may not have as many concerns in similar circumstances.

The client's fourth topic of discussion is related to the final element of PEST analysis: the ever-changing face of technology as it applies to the resort and its clients respectively. There is some concern that the company's fiscal resources will prevent them from competing as effectively as possible in the field of IT capabilities. There are technologies constantly evolving that can improve both service and many other ways in which business gets done, and it is nearly impossible for any business to stay on the cutting edge without abundant fiscal resources.

The fifth issue derives from the client's in-house SWOT evaluation which references weaknesses in both consistency gaps in service as well as the lesser caliber of quality in their rooms at the lowest-priced end of inventory. These two items are verified by one of the client's top media supporters in recent years by an international publication whose readers have included the client among the "Gold List" of the world's top hotels for six years running. The magazine offers ratings in six categories and, from these rankings, we can infer that the client's recognized strengths are in the location, the design and the food. They have slightly lower ratings in regards to their activities, service and rooms, confirming the client's own personal SWOT assessment.

Finally, there is also some ongoing concern that, in certain instances of decision making, management may be languishing too long in the creative process before fully developed solutions find their way to fruition. The seasonal fits and starts experienced from one year to the next may partly be contributing to the onset of these occasional complacencies or

stagnations and ought to be addressed in order to maintain balance and efficiency among the leadership of this corporation.

In general, we can see that this client is a generally quite successful and is, by some measures, a somewhat lucrative business. There are, however, consistently high ongoing costs to pay simply for maintaining a position atop the luxury pyramid, because while much of luxury remains timeless, the elevated rate of consumption among this segment's clientele has acclimated them to a high demand for updated technologies, impeccable service and elegantly groomed surroundings, regardless of the fluctuations of the economic climate in which luxury providers are immersed. Thus the primary goals in our solution will be ...

- * ***to carve out a more focused identity for the client's brand that distances them from their competition without sacrificing market share;***

- * ***to offer a sense of confidence that will help to mentally and creatively mitigate the client's sensitivity about their lesser fiscal clout while also maintaining a competitive edge in terms of technology and its applications;***

- * ***to establish methods of expediting and channeling the decision making process from management down into the organization;***

- * ***to improve overall service and strengthen the alignment between the goals of leadership and the actions of the personnel in charge of marketing/representing the corporation to its clientele.***