

Competitive pressure of the taj hotel group



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The main of the study is to explore and understand the current competitive pressure of the Taj Hotel group facing in the overseas market. It also explains the study with the theory and the marketing strategies which they follow to hold the market share in the overseas market.

1. 2. About Taj

Taj Hotels is a part of Tata Group, one of the India's largest business companies. Jamshetji Nusserwanji Tata is a founder of Tata group who opened the Taj Mahal Hotels on 16 December 1903. The Taj hotels were built in the time when Indians were not allowed in the luxurious hotels in the period of British India. Legendry Jamshetji Nusserwanji Tata, the first Indian industrialist who built the India's first luxury hotel in the year 1903 for £500,000.

Due to the attractive location and the traditional architecture it gain more stunning responsible from the foreign audience. Because of these key elements it gains an iconic status of the most iconic hotel in India. Taj is the only hotel which has its own aerated water plant, laundry, electroplating and brushing machine for its silver ware.

1. 3. Marketing

Brown & Ragsdale (2002) suggests that the hotel industry should invest more in marketing activities to attract and retain guests to stay in the industry. The marketing process which involves investment influences customer satisfaction and service quality said by Roth & Jackson (1995). If it performs badly then it will affect the efficiency in competition of the firms.

2. 1. Marketing Strategies

2. 1. 1. The Hotel's market positioning and competitive Market Efficiency

Marketing position refers to the location of a brand which is relative to its competitors in the customer's mind. A hotel's positioning is based on the special features or attributes like food and beverage service and particular comforts like airport convenience. They have positioned themselves as a high end luxury segment. It has made its consumers to feel the taste of the royalty in the modern world. This made the group different from their world wide competitors Hilton, Oberoi and Marriott groups. They have scattered worldwide in the countries like Australia, Bhutan, Malaysia, Maldives, South Africa, England, Sri Lanka and US.

2. 1. 2. Strategy

A hotel's business strategy has two basic differentiation, they are market emphasis or a cost emphasis. In this situation hotel follows the hybrid strategy which blends the strategy of market emphasis and cost emphasis. A critical issue facing the market emphasis is to differentiate themselves from the competitor. The business class segment is comparatively generate profit high than the other segment in the hotel business. This specific is highly price sensitive when compared to the luxury and leisure segment. By utilising the strategy of exploring the business class they have placed their Taj Presidency hotels in both the metro cities and also in small towns.

The Taj marked out the three separate entities like Taj group, business, leisure and luxury. The concept of these sub brands have come into existence in early 1990's where the management operation was completely

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different. The territory is scattered geographically according to the three divisions.

2. 1. 3. Segmentation

Taj group has classified their service into three different categories and they are Business, Leisure and luxury. They have categorised their business and created their sub-brands in the early and in themed of nineties, the period was 1990 - 2000. Taj group have showcased them as a luxury hotel among their competitors. They are the pioneer of this business and continuously achieving the standard and increased their benchmark. They are targeting their own audience who has been their customer for a long time.

3. 1. Marketing Mix

Marketing mix is probably a common term in both domestic and international marketing. Traditionally seven P' are the elements for marketing mix and they are price, place, product and production.

3. 1. 1. Price

The pricing of the Taj is highly affordable for the elite customers. Because of the high standard and the superior quality of the product they offer to the customers. The target audience of the Taj Mahal hotels are the person who comes to Taj to the world class standard and the ambience of Taj. Through that Taj is able to retain its elitism.

3. 1. 2. Place

Place is one of the important factor which Taj have chosen to prove their presence to their exclusive audience. Besides Taj Mahal Palaces and Towers carries more historical events and stands in the shore of The Arabian Sea.

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Their each and every hotels stand in the striking places around the world.

These includes,

The Pierre, New York

Taj Boston, Boston

Campton Place, San Francisco

Buckingham Gate, London

Blue Sydney, Sydney

3. 1. 3. Product

Taj groups own 58 hotels in India and 17 hotels across the world. They have different packages as products in three different segments such as Business, Luxury and Leisure. The Products are,

Tower Wing Room

Heritage Wing Room

Taj Club

Even they have internet connections, gym, spa, restaurants, currency exchange, health clubs, business centres, bars and banquets.

3. 1. 4. Promotion

Taj groups regularly comes up with the large more packages every month in the means of Taj Holiday Summer Packages to boost their occupation in hotels. They have conducted their promotions by means of calends, letters

and paper ads for their upcoming events. Even they also participate in the international exhibitions to promote the heritage of their Taj groups.

3. 1. 5. Physical Evidence

Taj hotels is fully satisfying their customer with the standard, luxury, royalties in all the factors which their customer is expecting them to serve. This makes them to keep carrying the five star labels more than century.

3. 1. 6. Process

In every hotels such as bed and breakfast, three stars, five stars or seven stars they are following a same process since originated.

Check-in

Assistant carries the luggage to the allotted room

Foods

If need they will arrange for a wakeup call

Check out

These are the process which every hotels follows but according to their standard and formula. In case of Taj Hotels it differs from product to product but the core of the brand is to make the customer happy.

3. 1. 7. People

Taj hotels have various set of people to handle the customer according to the service:

Practised people

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Skilful people

Personal agent

Technical people

Tour agent

4. 1. International Marketing

4. 1. 1. Environmental factors of Marketing

This paper will discuss the five environmental factors which influence global and domestic marketing. The five factors are technology, demographics, government, culture and economics. I will be taking Taj hotel into consideration to illustrate the factors which affect the hotel industry's marketing decisions. Taj hotel is a hospitality business which is located in Mumbai, India. They offer services such as lodging, restaurant, bar, catering and meeting space rental. The major customer base is government, tourist, non profit organisations, local business and some corporate clientele. Let's find out how these environmental factors affect the marketing hotel.

4. 1. 2. Technology

Technology has the huge impact where all the organisations market their products and services. With the development of the internet, companies are economically marketing themselves on the global scale. The hotel industry depends heavily on tourism as a major part of client base. Many tourists who visit the city are foreign nationality for marketing the company. They not only target tourists but also international business travellers who come to the city on business trips. The company website gives complete information

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about hotel's accommodation and services, where it can also be accessed by the potential customers all over the world. Before the existence of the internet, global market was not easily accessible but now everything can easily be reachable with the innovation in the technology aspects.

4. 1. 3. Demographics

Demographics are another environmental factor that plays an important role in marketing the Taj hotels. This company is a service based and customer has to come to the hotel to receive service. In this scenario it's only about location, where Taj hotels are located in heart of the city not only in India but also in other countries.

4. 1. 4. Government

The hotel has to follow laws and regulation which is set forth by the national, central and local government. Conducting a hotel business in India as well as in abroad as it has to pass different levels. The hotel's marketing environment focuses on capturing and catering to government business. It focuses both on domestic and international markets.

4. 1. 5. Culture

The hotel does a great deal of business with foreign customers who are visiting India for business or pleasure. They want their customers to be comfortable during the stay in hotel. They have employees with 20 different countries who can assist with the communication and behaviour styles. In addition, the hotel has marketing and sales manager who can help their customers to attain the global status which they are familiar with. The hotel

pays for these managers to visit certain countries to capture business with international clients.

4. 1. 6. Economics

If the economy is in recession then people are less likely to travel and they cannot utilize the hotel services. Competition is very strong in India as well as in international markets. Taj hotels change their marketing strategy as per the economies of scale to capture the market share.

There are several environmental factors which affect the marketing decisions of the company.

4. 1. 7. Global Brand Expansion

A hotel firm to enter into foreign market faces many difficulties for appropriate entry strategy. The firm must determine the best ownership structure to manage the property with the local resources. Indeed they should separate ownership decisions from control decisions. However the current industry follows two steps with regards to the ownership and management. First, entrants must decide whether to own the facilities which they operate. The second step is decide about managing the company, so ownership and control decisions are strongly interlinked in entering the foreign markets.

4. 1. 8. Entry strategies

There are varieties of ways to enter into foreign markets. The three main ways are by direct or indirect export or production in the foreign country. Taj hotel decided to enter through the easiest way into luxury hotels in the foreign markets through the joint venture and merger- acquisition mode, in <https://assignbuster.com/competitive-pressure-of-the-taj-hotel-group/>

that we can express many examples such as Pierre in New York and Taj Cape Town in South Africa.

4. 1. 9. Joint Venture

Joint venture takes the partial equity investment and involves the establishment of joint business projects with regional partners. They can be compromised with the financial resources where firm can own subsidiaries with full ownership and control

4. 1. 10. Transferability of Knowledge

The firm will choose the marketing strategy which allows it to transfer the competitive advantages to the market. A hotel's firm include the specifications like standard service offerings, training programs, operating procedures and physical facilities. There are three types of hotel knowledge which can be classified as follows.

The ability to generate customer service

Superior company management

Physical facilities