

What makes como hotels and resort different tourism essay



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An Asian lady-Mrs Ong, the owner of the COMO group, dedicated and curious business woman who traveled a lot around the world was not really satisfied with the London's most popular hotels. By 1991 Mrs Ong had already had well established fashion business because of which she traveled quite often to London. In 1991, in one of her visits to London she discovers that a building in Central London with perfect location is on sale. Immediately she decides to buy this building and turns into fantastic hotel and this Halkin Hotel consequently becomes an access for the COMO hotels and Resorts (Group Handbook, 2009). Thus starting her business to satisfy her expectations on her visits to London she builds a new business which fulfils the needs of higher expectations.

According to COMO statistics of 2010 COMO hotels and resorts consists of three hotels (and 18 aptments in Metropolitan Hotel), two resorts, two umas and one shambala estate. Two of the hotels are located in London and one in Bangkok. Parrot Cay (Turks&Caicos) and Coco Irelands (The Maldives) are very unique resorts of COMO. But the main differentiator of COMO from any other hotels and resorts is its Umas(Uma Ubud(Bali) and Uma Paro(Bhutan)) and COMO Shambala Estate at Bagawan Giri(Bali) (Market share statistics 2010). With its distinguishing business approach COMO hotel &resorts has been able to achieve uniqueness among its competitors over the past few years.

Three hotels which are located in busy cities are developed to attract guest who travel to big cities for businesses. Because of this Sales and Marketing department of COMO hotels and resorts is located in London and correspondent office in Bangkok. These three five star hotels which are <https://assignbuster.com/what-makes-como-hotels-and-resort-different-tourism-essay/>

located in hart of the busy cities is the way how COMO attracts its customers. The main strategy of COMO is to build Resorts in the most rural, wild and unusual places of the world (COMO hotels and resorts, 2010).

Focused differentiation strategies in Hotel industry seeks to provide high perceived service benefits justifying a substantial price premium product and are usually heavily branded and offer benefits different from those of its competitors and that are widely valued by buyers (Gerry et al, 2006). Implying this fact, because of its unique strategy and approach to its customers COMO can be named as a differentiator in Hotel and resort industry.

Each COMO hotel and resort is very different, but it is not difficult to identify the most common aspect. As an owner of the group Mrs Ong pays a huge attention to the well being and health, as well as style. For instance in Vital statistics of COMO hotels and resorts (2010), Shambhala described as a health concept that has been built as centers of wellbeing at all estates. These include COMO's city hotel spas, known as COMO Shambhala Urban Escapes, as well as COMO Shambhala Retreats at the company's private islands and Uma resorts. Shambhala Yoga Centre in Singapore trains yoga teachers and therapists in order to create personalized, holistic solutions for the specific needs of different guests. It is a consultative rather than prescriptive approach, allowing consultants to respond to clients on a one-by-one, day-by-day basis. They demonstrate the best of ancient Asian traditions and, where it is appropriate, older techniques are combined with Western enhancements. Bodywork is also another essential element of the COMO Shambhala experience. At all properties, yoga facilities are available. <https://assignbuster.com/what-makes-como-hotels-and-resort-different-tourism-essay/>

In addition, COMO Shambhala maintains on-going relationships with key health professionals, including nutritionists. COMO Shambhala cuisine, available at nearly all properties, focuses on energizing and organic products. The difference of these products is the emphasis paid on raw ingredients (more easily digested as well as richer in vitamins and sea minerals) is combined with old Asian influences. COMO Shambhala also generates a range of skin and body care products, which is made from all-natural ingredients (available in-room at every property), together with an Active Living clothing collection (COMO hotels and resorts Vital statistics, 2010).

COMO Hotels and Resorts is developed by a unique Asian spirit: a peaceful commitment to servicing customers in order to ensure their break with pleasure. In contrary to many hotels COMO tries not to make a hotel like their home, instead it strives to bring the culture, along with all the aspects of the country to make sure that guests will remember the lodge as unforgettable. This aspect, passion and reliability makes each stay exclusive by defining not just the service norms but the heart of each property. All of this described by the essence of the destination which can be found in food, architecture, and the way COMO helps guests to explore and experience the sightseeing's of the place. Because of these facts whether it's a private island in the ocean or a hotel at the heart of UK, COMO Hotels and Resorts - an award winning, a private company - knows how to make memories of the guests last forever (COMO hotels and resorts, 2010).

Internal and External analysis

Chart 1:

Source: Gerry J, Kevan S, Richard W, “ Exploring Corporate Strategy”, texts and cases, (2006), pp. 64.

The Chart 1 gives a clear view of frameworks for understanding the environment of COMO hotels and resorts with the aim of assisting to identify the key issues and ways of overcoming the challengers and complications. There are a lot of factors which influence COMO hotels and resorts, but mainly for the right assumptions and good analysis it is necessary to analyze those aspects by dividing them into internal and external factors. External- in other words environmental and competitive analysis-aim to identify opportunities and threats which affects the company. On the other hand internal analyses seek to identify strengths and weaknesses a COMO is facing in current competitive and challenging business environment.

Environmental (PESTEL) Analysis.

COMO Hotels and Resorts is competing in the hospitality industry, which has been effected enormously by the impact of war, terrorism attacks, political instability and visa regulations as well as economic crisis like 2009th credit crunch. It is also affected by technological innovations and globalization as well as environment.

By using PESTEL framework COMO Hotels and Resorts can categorize environmental influences into six main forms: political, economical, social, technological, environmental and legal. PESTEL provides a comprehensive list of influences on the possible success or failure of the strategy of COMO

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Hotels and resorts. Many of these factors are linked together which is why it is crucial to identify the key drivers for change. And these key drivers for change are the high-impact factors likely to affect significantly the success or failure of strategy (Gerry et al, 2006).

COMO Hotels and Resorts approach considers the impact on the economies, cultures, environment and communities of each destination in which it operates. Promise to sustainability is embedded in the fundamental COMO commitment to passion, creativity and style. Creating unforgettable journey experiences for guests go together with rewarding employees to maximize their prospective, targeted stewardship and contributing to the local economy (COMO hotels and resorts, 2010).

Political/Legal Factors

As a Global Industry COMO is hugely affected by political factors of the country where it operates. It is comprehensible that visa regulations effect dramatically on COMO's sales. For example it is more difficult to obtain visa to Bali which makes Uma less attractive for its guests. Nowadays people do not really want to fill extra paperwork and wait for results. All the Resorts and Umas as well as estate is located either in higher mountains or in islands which narrows its customer segmentation to a luxury holiday and leisure seeking guests. For example to travel Coco Irelands where one of the famous resorts is located a guest will need to feel extra paperwork proposed by the governments which affects the guest decision to visit the resort. As COMO operates in different countries it is very important to invest into the governmentally stable country. Another reason for that is the cost of closure of the business; this is due to costly assets. Taxation is another aspect of <https://assignbuster.com/what-makes-como-hotels-and-resort-different-tourism-essay/>

consideration for any global company. According to the experiences of some guests, some complaint that they were charged higher tax on their third visit to Uma Ubud, but this is due to the governmental taxation policies which does not necessarily affect COMO but discourages the trust of the customers (Trip Advisor, 2009).

Economical

Last year has been especially difficult for the tourism, hospitality and travel industry. War in Iraq, the rise of oil prices, the outbreak of different flu viruses because of which traveling was limited or dangerous to some destinations has had a devastating effect on the global hospitality industry. Those factors combined with the domestic situation in the UK, such as credit crunch, a declination in consumer spending, the weak job and closure of many businesses made the last year very challenging for businesses.

As the economic downturn is slightly picking up, the hospitality and travel industry gains from increased business travels. And expectations for a more favorable hospitality and travel industries are in sight and are proclaimed by various sources for the 2010.

According to the Profit and Loss statement of COMO Hotels and Resorts for 2009 RevPAR has generally declined for 2.3% but predicted Profit and Loss statement for 2010 looks much healthier than last year with 1.2% increase in RevPAR.

Merrill Lynch analysts (10/30/2009) believe that the hotel industry has hit the lowest figures of present lodging cycle and is disillusioned for a huge

rebound due to increasing demand, as a result of a strengthen economy,
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together with very low supply growth over the next a few years. These results consequently should translate into strong RevPAR. And followed by the improvement of RevPAR, RC(return on capital), ROCE and overall hotel evaluation is often followed.

According to the Ghassan Aidi, President of International Hotels & Restaurant Association, notes on U. N. World Tourism Organization Resilience Committee meeting in Berlin on September 2008, nearly in parallel with stock market turmoil, occupancy at luxury hotels start to go down 6% then 14% in October. Furthermore he mentioned RevPAR in 2009 fell by 17% for luxury market while as it was mentioned above COMO Hotels and Resorts was able to keep its business in -2. 3%.

Moreover Mr Ghassan Aidi (2009) concludes his speech mentioning that in general 2009 and early part of 2010 will be challenging for hotel industry, but he also believes that hospitality industry as a whole needs to become positive and explore unlimited opportunities. “ Please remember that our industry is the largest employer in the history and employ more than 950 million of workers and we are the last barrier and the major fighter against global poverty” says Mr Ghassan Aidi on his report.

Social and Environmental

COMO has been investing and paying huge attention to the environmental factors such as global warming, poverty and discrimination.

For example COMO foundation is specially designed program to support nonprofit organizations that tries to improve lives of women and girls.

Without any geographical limitations to the foundation portfolio COMO was <https://assignbuster.com/what-makes-como-hotels-and-resort-different-tourism-essay/>

able to grant projects such as healthcare, skill development and education (COMO hotels and resorts, 2010).

COMO has implemented different recycling projects in its hotels and resorts. Metropolitan Hotel in London was awarded as the best environmental caring hotel of 2009 (Employee handbook, 2010).

Technological Factors

To obtain bigger market share and to increase customer satisfaction, hotels and resorts are continuously trying to offer high-tech technology. In the past few years have shown huge effects on telephone revenues and an increased demand for high speed Internet access throughout hotels and resorts (Phillip et. al, 20/11/2003).

The overall change in customer booking patterns was affected by the way customers are searching, reviewing and choosing hotels and resorts. Travel agents such as Travelodge have increased their large market share and are continuing to change the current status of the market. It is not difficult to observe how travel agents who offer vocational packages which include accommodation, airfare and transportation are growing over the past few years, but at the same time this affected negatively on revenues in the hospitality. Moreover Internet review web-sites such as interdependent hotel review web pages like [www. cntraveller. com](http://www.cntraveller.com) has impacted on customer's choice and decisions. Online booking is rapidly increasing because of the customers behavioral changes.

Moreover economical changes persuaded Hotels and Resorts to implement cost cutting techniques. On the second part of this report technological <https://assignbuster.com/what-makes-como-hotels-and-resort-different-tourism-essay/>

changes which are effecting COMO hotels and resorts will be discussed more briefly.

SWOT analysis

The key 'strategic messages' from business environment and strategic capability can be summarized in the form of SWOT analysis. According to Mintzberg (1998, p. 406) SWOT analysis summarizes the key issues from the business environment and the strategic capability of an organization that are most likely to impact on strategy development. The aim of these analyses is to identify the extent to which the current strengths and weaknesses are applicable to, and capable of, simultaneously dealing with the threats and capitalizing on the opportunities in the hospitality industry. COMO business structure and development as SWOT analysis important strengths and weaknesses within the industry and illustrates valuable opportunities and threats the hotel is facing currently:

Strengths

COMO has gain a good reputation from its existing customers

There is constant upgrading of COMO management

Perfect and unique hotel locations

Differentiating facilities

Great hotel service and high customer value

Cultural staff/personnel relations with guests

Very popular restaurants located in each hotels and resorts

COMO shambala health treatments

Small chain which means better and easier management

COMO Foundation

Weaknesses

Lack of profit maximization from other sources like for example, conferences and wedding venues revenues

Low employment overhead revenue

Lack of differentiation of reception from other hotels

Difficulties to reach target customers

Tough visa regulations in some locations of the resorts

Lack of self owned online sales channels

Opportunities

The presence of enough basic facilities to improve quality

Technological innovation

Refresh of hotel operators

The increase in sales due to customer loyalty

The ability to be efficient as knowledge curve is changing

Customer Growth

Enhancement of Brand Name

Threats

Presence of better market positioning by hotel rivals

Constantly raising and tough competition because all the Hotels are located in big cities

Economic slowdown that may obstruct hotel development

Implementation of newer technology tools by other hotels

Unsuitable environment for keeping loyal customers

Change in Technology

Changes happen all over the world, every single minute there is something invented or improved and this lead to the fact that nowadays life cannot be imagined without technology. Some companies use technology in some part of the production procedure, while others consist whole from technology and hugely depend on it. One of the hugely dependant on technology and changes within technological industry is hospitality industry. Starting from reaching and making reservations for guests, all the way till making the customers loyal requires technology. The following paragraphs of this report highlight most important innovations and installations of technology in the COMO hotels and resorts.

Technological influences on policies and decision making

Starting from 1980s, strategy management scholars began to recognize technology as an important element of business definition and competitive strategy. (Robert Burgelman, 2004). For example Porter observes that technology is among the most prominent factors that determine the rules of competition. But according to one prescriptive school of strategy is that general managers need not have backgrounds in science or IT, but they do need to invest significant effort in learning to understand the technologies important to their business. But the most important fact for CEOs in today's constantly changing technological world is their ability to frame the key strategic questions in relation to technology (Robert Burgelman, 2004). The link between generic competitive strategies and technological strategies is described in details below in Chart 1.

Chart 1

Technological Policies and Generic Competitive Strategy

Generic Strategy

Product technological change

Overall cost leadership

Overall

differentiation

Focus segment

Cost leadership

Focus segment

differentiation

Technological Policies

COMO's new product offer to reduce product/service cost by lowering materials content.

COMO's product development to enhance product quality

COMO's product development to design enough performance for the segment's needs

COMO's new product offer to meet exactly the needs of the particular business segment application.

Process technological

change

COMO's process development to enhance economies of scale

COMO's process development to support greater quality control, faster response

COMO's process development to tune production to segment needs in order to lower cost

COMO's process development to tune the production to segment needs in order to improve performance.

Source: Burgelman R., Christensen C., Wheelwright S., 2004, " Strategic management of technology and innovation"

Being global means a lot of communication and quick respond to the changes. Having properties in different parts of the world is very difficult to manage without standardized property operating systems. The finance department in all of the properties of COMO uses the same system which in its turn enables head office to better control the finance of the company. All COMO hotels and resort's bank transactions exceeding 10. 000 pounds are being processed by head office in UK. Due to technology this procedure is reached high outcomes, as a result of the availability of the internet any resorts or Umas at any time can scan the copy of the invoice and send to the head office. After this head office analyses the invoice and processes payment to the beneficiary on behalf of the resort or hotel.

Effectiveness of COMO's response to change in technology

COMO is constantly striving to be the first of new technological advances in the industry. According to Mr Orchard-regional general manager-a company's strength and competitive advantage is its ability to constantly update and keep up with technology. Mr orchard says: " We were able to differentiate ourselves because of our passion, creativity and style. But the key behind this theory is our ability to be first in introducing new technological changes to our guests".

COMO hotels and resorts have implemented different technological advances and those are being explored to increase its facilities within the lodge. For example, Metropolitan was the first hotel in London who offered free wireless internet within the hotel. Moreover it is the first hotel in London who installed 42" and 32" flat screen TV in all its bedrooms. Also it offers vary products such as iPod docking station, electronic do not disturb button in all its bedrooms. Due to change in technology COMO is able to offers more services to its customers than ever before, for example:

IT Butler

Limousines

Foreign exchange

Business Centre with high speed broadband internet service

Secretarial service

Laundry, dry cleaning and pressing services

Express check-out

Mobile phone rental

Flat screen TV with 67 channels

Extensive on demand music jukebox and movie selection

WiFi and high speed internet access

iPod docking station (in Studios and Suites)

CD and DVD player

Dual line, direct dial telephone with voice mail

Air conditioning

Electronic 'do not disturb' sign

Private fax machine with designated number

UK and US modem points

Video recorders, mobile phones and printers (on request)

Sony widescreen TV

Wall mounted plasma screen

DVD player

Hairdryer

Iron and ironing board

Mini bar

In recent years the emerging of the internet as a new channel of distribution has presented some challenges to the lodging industry. In response to this COMO partnered with e-commerce company which enabled better online reservation systems. With the installation of these new systems COMO was

able to offer international customers use the local language to make a reservation.

Of course internet is a great tool to reach customers globally but aim of the COMO is to tailor that distribution method to suit to each guest. And this recently developed e-commerce has and will further enable COMO to reduce the distribution costs, while promoting the brand name around the world. The main objective behind this is to make COMO's web site and online sales channels to reach more customers and to promote the brand name (Employee handbook, 2009).

Areas for improvement as a response to the change in technology

COMO is constantly looking and investigating for new technological improvements and advancements to satisfy the needs of its guests. But as it can be seen in any business because of the rapid change in technology it is too difficult to keep up with changes in technology all the time. There is always a gap or neglected part of the business which can be improved to turn weaknesses and threats in opportunities and strengths.

For example to improve the distribution and increase customer loyalty COMO uses online sales channels. But in order to better compete, to have a better and stronger brand COMO needs to have its own online sales channels.

COMO Hotels and Resorts needs to insure all its customers to get the best value by accessing the different distribution channels available.

As an advertiser of COMO hotels and resorts it co-operates with Design Hotels Inc, this kind of companies advertise hundreds hotels and resorts. As some of its competitors are already aware and became ahead COMO by designing their own advertising web browser, COMO needs to keep up with this as well.

Biometric clock in and clock out system allowed organizations to automate payroll processing, eliminate unauthorized overtime and accurately reports employee time/ attendance to HR. Right now COMO is implementing a time card which needs to be swiped to record the attendance. But biometric attendance recorder can help to eliminate early punch ins and hours of payroll calculation. It helps and eliminates the effort and time required by the HR to monitor the time-clock activity and reduces the manual involvement of payroll consequently leading to a cost savings and improved productivity.

COMO hotels and resorts is very narrowly targeted to a very rich guests, but is not COMO distancing itself from other guest demographics? The effort to keep up with changing technology is working, but can COMO stay in line with further changes of technology and competition?

Conclusion

COMO hotels and resorts seems to be very well positioned and has made significant achievements and was able to expend very quickly by integrating of its brand name by accomplishing its strategic trend in such turbulent economic situation. Its culture, brand and global strategy are the key part of their success. While there are still huge opportunities, such as technological

innovation, reinvigoration of hotel operators, the increase in sales due to customer loyalty, customer growth and enhancement of brand name these opportunities are also accessible over the period of time.

Nevertheless, COMO has been able to accomplish huge success in less than 20 years by nurturing a culture and reputation based on style, creativity and passion to navigate through challenging markets and prosperous times. Thus the strength of COMO became a synonym of luxury.