

Company's resources and competitive position



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In Dubai, the Jumeirah group's present portfolio includes many multi-hotel complexes such as Jumeirah Bab Al Shams Desert Resort & Spa, Mandinat Jumeirah, Jumeirah Beach Club Resort & Spa, Jumeirah Emirates Towers and the Jumeirah Beach Hotel. At the same time, it is also negotiating to operate new resorts and hotel contracts in big cities like Shanghai, Hong Kong, Milan and Beijing. The company is operating in order to achieve its vision that " to become a world class international hospitality and hotel company and also committed to being the leader of the industry in all operating activities through the process of dedication to their colleagues and customers (About Jumeirah Group).

The Jumeirah group also has been a member of Dubai Holding since the duration of year 2004 under the leadership of CEO Gerald Lawless. The company's achievement can be estimated by the data that in the year of 2006, the revenues were recorded more than \$1 billion (About Jumeirah Group).

The project would help us to analysis a company's resources and its competitive position in the world. This will aim to get deep understanding of its current strategy and to create a strategy which would be more effective as per the current scenario. This would be helpful to gain insights about the flaws and their solutions of the company as per the current scenario and current strategy. The study would analysis strength, weakness, opportunities and threats and eventually the proposed alternative can be adopted to enhance the current situation of the company.

Company Background:

The Jumeirah group was founded in Dubai in the year of 1997, owned by ruling Al Maktoum family with the Gerald Lawless, with an aim of becoming a global hospitality leader. After ten years of development the company has been realized with the group's portfolio that has been regarded as among the most innovative and luxurious globally (Corporate Responsibility Report 2008). The brand of the Jumeirah group can be summarized as

A global brand having name synonyms of Luxury.

A brand having professional team of experts and professionals having wide experience in entire aspects of hotel management that handles the functions from development phase to the daily operations.

A strong distribution system with the help of more than ten sales offices in major locations of the world.

A strong emphasis on an adapting approach to the owner (Corporate Responsibility Report 2008).

The Jumeirah branched from the strength of Dubai's ruling Maktoum family in order to develop the UAE member into one of the regions as well as in the world's top tourism destinations. In the early period of the year 1990s, Sheikh Mohammed al Maktoum commissioned a new project for the hotel which was supposed to build on land that reclaimed from the sea in the Dubai port, called the Burj Al Arab (Corporate Responsibility Report 2008). However the first three year of the project were held in the land reclamation phase that lead to the launched of the construction by the year 1997. At the

same time, Al Maktoum joined with the Gerald Lawless who was an Irish native had more than twenty year of work experience in the hotel industry and had fifteen year of experience as a head of the Forte hotel group in Dubai only. After join with the Lawless, Al Maktoum had begun to start others hotel projects for the wide market of Dubai such as Jumeirah Beach Hotel. In addition to the hotels and restaurants, Maktoum developed Water Park and theme park also (Corporate Responsibility Report 2008).

Hallmarks:

The company's vision is to become a world class luxury international hotel management company that committed to the industry leader in all the operational activities through the medium of the dedication to colleagues, customers, stake holders, owners and business partners (Jumeirah Guiding Principles & Vision).

The company's Hallmarks considered as the reason of their success in the past as well as guidelines for the future. The Hallmarks are seems to reflects in design of inspiration and would remain in the core of operating philosophy along with the new adopted philosophy of " Stay Different". In Jumeirah culture their guiding principles plays a major role which are supposed to be consider as foundation of the business and strength of their culture (Jumeirah Guiding Principles & Vision). They are:

Integrity : Honesty and Sincerity

Teamwork: win-win attitude and mutual support

Recognition: Success are supported and recognized

Innovation: Implementation of new idea's

Continuous Growth: Positive Environment

People Focus: Focus on individual as colleagues, business associates and customers.

Stay Different : provides unique experience to the customers (Jumeirah Guiding Principles & Vision)

Strategic Objective:

The Jumeirah group strategic objective is to fulfill their vision and mission through the commitment of resources to learning and innovation. Through the Business Management System the company is delivering benefits to the business partners, customers, colleagues, society and owners by developing mutually beneficial relationships, listening and building loyalty. In order to fulfill the company's vision, the Jumeirah strategic approach is summarized in the four key components. They are

Engaging stake holders in order to understand their expectations so that they can be fulfilled or expanded and value can be added.

Managing key factors of the social, environmental and economical aspects like their risk, opportunity and their impacts.

Embedding responsible business practices and standards in the business daily operations and activities.

Reporting back to the stakeholder about the progress and development of the company.

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With the implementation of the above four key strategies the company is trying to be expanding and delivering services all over the world. The company is focusing on current strategy in order to fulfill their objective. The company's current strategies inclusive of global expansion, Stay different, provide unique and different services, value to stake holders, provide luxury and comfort to the customers and implementing the process of learning and innovation (Jumeirah Guiding Principles & Vision).

Project Undertaken/ Completed:

The following are the list of projects which are undertaken or completed under the Jumeirah group are:

S. no

Name

Specification

Location

Burj Al Arab

Hotel

Dubai (Middle East)

Jumeirah Beach Hotel

Hotel

Dubai (Middle East)

Madinath Jumeirah

Three Hotels

Dubai (Middle East)

Jumeirah Zabeel Saray

Hotel & buzzing bazaar

Dubai (Middle East)

Jumeirah Creekside Hotel

Hotel(opening summer in 2012)

Dubai (Middle East)

Jumeirah Emirates Towers

Hotel, Spa, Shopping boulevard, Club and Lounge

Dubai (Middle East)

Jumeirah Living World Trade

Centre Residence

Residence

Dubai (Middle East)

Jumeirah at Etihad Towers

Hotel

Abu Dhabi (Middle East)

Jumeirah Messilah Beach

Hotel & Spa (opening spring 2012)

Kuwait (Middle East)

Jumeirah Essex House

Residence

New York (America)

Jumeirah Carlton Tower

Spa, Club, Hotel & Resort

London(Europe)

Jumeirah Lowndes Hotel

Hotel

London(Europe)

Jumeirah Frankfurt

Residence

Germany (Europe)

Jumeirah Port Soller

Hotel and Spa (opening spring 2012)

Mallorca

Jumeirah Bilgah Beach Hotel

Hotel (opening spring 2012)

Europe

Grosvenor House Apartments

Residence

London

Jumeirah Grand Hotel Via Veneto

Hotel

Rome

Jumeirah Himalayas Hotel

Hotel

Shanghai (Asia pacific)

Jumeirah Dhevanafushi

Island Resort

Maldives(Asia pacific)

Jumeirah Vittavel

Five star family deluxe resort

Maldives(Asia pacific)

Wild Wadi waterpark

Waterpark

Dubai (Middle East)

Talisa

Spa

Middle East

Academy of Excellence

Education

Dubai(Middle East)

(Jumeirah Hotels & Resorts)

Analyzing Current Scenario of Hospitality Industry in the UAE:

During the past decade, the UAE has witnessed with the rapid growth and changes in terms of socio-economic and demographic factors. The regions economy are not perceived as oil and gas exporter but also as major

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investment destinations due to growing hospitality and tourism sector as well as large scale infrastructure projects. At the same time, the expansion of the Middle East is greatly contributing in the tourism receipt in the Gulf Council Corporation countries. In current situation, the region remains an attractive destination for tourists as well as for the investors for medium to long term returns. The Jumeriah group has provided tremendous growth in the hospitality sector in Dubai and globally also.

The study aims to evaluate a company's resources and its competitive position in the world. This analysis will be undertaken by the following described process:

Value Chain Analysis

Michael Porter's five force Model

SWOT Analysis

Benchmarking

Competitive Strength Assessment

After analyzing on the above aspects, we will be able to determine competitive position in the world as well as would be able to create a strategy in terms of its position.

Value Chain Analysis:

The value chain approach was developed for creating and sustaining superior performance in the market. The value added concept is utilized by Jumeirah Group for sustaining competitive advantage in the arena of 21st

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century. The organization comprises of activities that associate together in order to enhance business value. These activities include inbound logistics, operations such as purchasing, manufacturing, financing, distribution etc. The central aim of Jumeirah Group to adopt this value chain approach is exploiting value creation with minimum possible costs (Jumeirah Group, 2008).

<http://bettyfeng.files.wordpress.com/2009/08/a-value-chain-analysis1.jpg>

Source: <http://bettyfeng.files.wordpress.com/2009/08/a-value-chain-analysis1.jpg>

By adopting the concept of value chain analysis, Jumeirah managers identify the key activities within their group and provide potential sustainable advantages to the company.

In Jumeirah Company, the value chain analysis starts with the initial stage such as inbound logistics. At this stage, planning is performed for plant scheduling, plant capacity, estimate time for fulfilling objectives. After this stage the next step is operations under which company emphasized on the quality of services, customer's expectations, fulfilling orders and customer visit operations. The main theme of Jumeirah Group is to enhance and implement their core services in such a way so that can meet the customer's expectations and create positive and sustainable brand image in their eyes. The company more emphasized on the development of innovative programs, current strategies and their Research and Development programs in order to support business by facilitating new openings and high quality services to their customers (Jumeirah Group, 2008).

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Jumeirah Group incorporates value chain for synchronizing the flow of business operations from input to the delivery of benefits given to the customers. This flow comprises of inbound logistics, operations, outbound logistics, marketing and sales operations and at the end gets feed back from customers and resolve problems if there is any (Jumeirah Group, 2008).

Benchmarking:

Benchmarking is the process of analyzing the internal processes of organization and then identify and adapting the practices from other organization in order to considered being best for the organization. This process comprises of five stages such as operation, identification of assess, development of several alternatives, define that alternatives and at the end implementation of that alternatives. Benchmarking is the systematic tool for identifying and implementing best possible practices in the organization so that it can enhance their operations and human assets as per the today's need. In this competitive arena for sustaining in market, it is mandatory to implement benchmarking in the organization (Jumeirah Group, 2008).

<http://pipdev.com/content/images/wheel/RouteDiag.png>

Source: <http://pipdev.com/content/images/wheel/RouteDiag.png>

Jumeirah Group has been designed this exercise for enlighten participation of organization in order to achieve outstanding results. Jumeirah Group and other organizations such as Dubai Ports World, Hutchison Whampoa Ltd, are aimed to explore best methods and practices for enhancing Human Resource Management in the view of planning, empowering, training and recognizing human efforts. It is also aimed to identify the gaps between the adopted

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approaches and the enhancement of improvement plans so that can analyze the effects of adopted approach in the organization. This approach develops new ideas that acts significant role in the formation of future strategic plans (Jumeirah Group, 2008).

Five Force Model and Analysis:

The Michael Porter's five force Model articulates the Competitive position modal which describes the industry analysis and business strategy development for evaluating the competitive strength and position of any business organization or Entity. This model used to analyze the market attractiveness of the industry and competition. Porters develop the five force model to analyze to these five forces to analyze the industrial competition (porter's five forces model, 2009).

Five force model of Porters-

[http://lh3.ggpht.](http://lh3.ggpht.com/_9wN0HRTUtkk/SIYIITyreTI/AAAAAAAAAEM/4ZdtR5H9I9o/porter%20five%20forces%20model.jpg)

[com/_9wN0HRTUtkk/SIYIITyreTI/AAAAAAAAAEM/4ZdtR5H9I9o/porter%20five%20forces%20model.jpg](http://lh3.ggpht.com/_9wN0HRTUtkk/SIYIITyreTI/AAAAAAAAAEM/4ZdtR5H9I9o/porter%20five%20forces%20model.jpg)

Threat of new competition.

Threat of substitute products or services.

Bargaining power of customers (buyers).

Bargaining power of suppliers.

Intensity of competitive rivalry.

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Threat of new competition:

This step articulates the competition in the market, new entrants, brand equity, sunk cost, customer loyalty and industrial profitability in the market for the existing industry which can be challenging for the firm. Barriers to new entry-

Customer switching cost

Distribution channel

Government Policies

Economies of scales.

2. Threat of substitute products or services-

Entry of substitute product in the market may increase the possibilities to the switching towards the new product it can be challenging for the existing product. Barriers of the substitute product or services-

Substitute product price and performance over the existing product.

Switching cost of buyer.

Quality depreciation

Product differentiation.

3. Bargaining power of buyers:

Bargaining power of the buyer may be challenging factor for the existing industry or firm such as-

Purchasing power of the buyer.

Buyers face new switching costs.

Prices sensitivity of buyer.

Buyers are concentrated

Industrial product diversity.

4. Bargaining power of suppliers:

Suppliers for any particular firm like supplies of raw material, components and labors can switch the firms due to the bargaining power scubas-

Buyers is not the customer to the.

Distribution channels.

Supplier concentration

Supplier switching cost.

Supplier completion to the other firms.

Intensity of competitive rivalry-

Competitive rivalry can be the challenging factor for the existing firm some factors are-

Different competitive strategies

Promotional tools

Competitive advantage to the other industries.

From the Porters five force model we analyze the Jumeirah group world class portfolio of resorts and hotels (Corporate Responsibility Report 2008).

Threat of new competition- As we analyze the competitors of the Jumeirah Group these are the competitors of the Jumeirah Group-

Hyatt Hotels Corporation

Fairmont Raffles Hotels International Inc.

Four seasons Holdings Inc.

Jumeirah Group has the partnership with the UAE government, Dubai Department of Tourism and Commerce Marketing (DTCM) in association with Tanmia (The National Human

Resource Development and Employment Authority

2) Threat of substitute products or services-

Jumeirah Group has a strong product and services portfolio in the luxury hospitality sector including world class hotels and resorts.

In the hotels and resorts category the products of Jumeirah-

Burj Al Arab

Jumeirah Beach Hotels

Jumeirah emirates tower

Jumeirah Zabeel Sara. y

Pera palace Hotel.

In the services sectors-

Includes of services of Jumeirah Living

Jumeirah Restaurants,

Wild Wadi Waterpark,

Talise and The Emirates Academy of Hospitality management.

Jumeirah group is offering the best services and performance over its competitors. They have brand loyalty and offering the qualitative services to its customers and Jumeirah group have different product strategies to compete with the competitors

3) Bargaining power of customers (buyers)-

Jumeirah group's customers can be classified on the bases of several categories- hotel guest, clients, bulk room purchaser, customer's book room for events and conferences and partner such as tour operators and airlines.

Jumeirah Group has strong commitment towards its customer. Customer value feedback for the Jumeirah group is-

Personalized products and services delivering high quality.

Favorable impact on the community.

Group offers the customer health, safety and security services.

Customer privacy and information security service.

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Customer satisfaction result of the Jumeirah group is for the year 2008 is 81.265 which show the customer loyalty to the group over its competitors.

4) Bargaining power of suppliers-

As we analyze the supplier chain of the Jumeirah group has strong corporate buying policies with its supplier's provision of high quality and good products and services. The Group follows the principles-

Stability in the dealings with the suppliers

Provide equal and same opportunities to the all suppliers

Consistent delivery of services such as health, safety and legal aspects.

Transparency in the system.

Best distribution channels such as advertising for its services offering.

Intensity of competitive rivalry-

Jumeirah Group has the different competitive strategies over its competitors.

They promote their products and services by different promotional tools such as by advertising, Sales promotion and by the different occasion.

SWOT Analysis:

Dubai is the fast emerging player in the worldwide along with the China and South East Asia. Dubai attracts the attention of business and corporations across the world through its infrastructural art and cosmopolitan culture.

Along with the real estates and financial sectors, petroleum and tourism, it is also known for its exotic resort and hotels. Jumeirah Group is the main player

in the hotel and resort industry (Jumeirah Group, 2008). This group has certain strengths, weaknesses, opportunities and threats which are as follows:

Strength:

The art of infrastructure with the surplus of international convention centers added value to the Jumeirah Group.

The cosmopolitan culture in UAE gives rise to the Jumeirah Group in the hotel industry which becomes strength of this group.

Crime rates are low in UAE as compared to the other nations which facilitate economic support and social support to the company.

Middle East is the epicenter of trade that comprises of various standard businesses and corporations which gives hike to the hotel and resort industry.

In Dubai, government has pro- active authorities that give aid to the company in order to control situations rather than just responding to it.

Jumeirah Group has been linked with other nations in the world wide.

Special travelling packages are the additional advantages to t he company. It offers several packages according to each living standard so that easily can be reach.

Jumeirah Group is strategically placed in Dubai, which is situated between Asia and Europe while it is also closure to the Africa so there is probability that several tourists can rushed here which motivates hotel industry.

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This group works for the enhancement of their human resource by adopting various techniques in order to update their strategies and tools with the recent time.

The Jumeirah Group diversified itself into various sectors such as academics, water parks, spa, residents etc which strengthen the company (Jumeirah Group, 2008).

Weakness:

In the year of 2010, Dubai is considered as the expensive city that lies at fifty five positions in the list of most costly cities. These days it is becoming extremely expensive in the terms of travelling, hospitality, hotels etc. which may affects the economy as well as businesses.

In the recent time Dubai has undergone in the bubble crash of real estates because of the reason that there was a sudden drop in the investment being made in the sector and due to the lack of investments the real estate sector crashed. It affected economy and still it is on recovery mode.

In the Middle East, the rate of crime is low in spite of that it had been noticed that there is an increase in sex and drug crimes and which got huge media publicity which influence the hotel industry.

In Jumeirah Group, employees are working belongs to various nations that have there own culture sometimes this differences in culture affects the working of company (Jumeirah Group, 2008).

Opportunities:

Prospective economic development opportunities due to increase in prices of oil, this economic development leads to contribute remarkable benefits to the hospitality business.

Further growth prospects in the tourism industry of UAE with 15 million foreign tourist visitors expected up to the year 2015 proves to be very helpful in the tourism business of Jumeirah group.

Dubai is considered as the business and tourism hub of UAE and Middle East, it has high business growth prospects including geo political opportunities from the west and emerging authority from the east and ultimately helpful in providing good business opportunities to the Jumeriah group.

Initiatives taken by UAE government towards the development of hospitality sector provides ample amount of opportunities to the Jumeirah group.

Unique experience offer by the Jumeriah group in the form of ethnic heritage services pertaining to the hospitality leads to enhance the number of potential customers.

UAE is the business hub of Middle East and hence various business tourists are prospective customers for the Jumeriah group.

Various promotional schemes provided to the customers helps in the boosting of business of Jumeriah hotels.

Enhanced brand image and brand equity for the augmented quality service deliverance to the customers helps in the further growth and expansion of the business of Jumeriah group.

Jumeriah group provides a wide variety of cuisines including the Arab cuisines, Indo Thai, Chinese, Italian, Mughlai cuisines etc. to its customers which helps in increasing the profitability of the group.

The augmented exteriors and interiors of the hotel in comparison to the competitors delight the customers and attract them to take the services of Jumeriah group again and again.

Delivering the world class hospitality services at the affordable rate helps in increasing the number of local as well as foreign customers of the Jumeriah group (Jumeirah Group, 2008).

Threats:

The development of the various other cost effective and stirring competitive locations like Muscat, Kuwait City and Doha puts major barriers in the development of Jumeirah Group.

Prague and Istanbul are the cities which offer effective cultural tourism along with the fabulous contemporary services at the best possible price and hence attract most of the business tourists globally.

Due to political turbulence the business pertaining to the tourism and hotels affected a lot in some regions of UAE and ultimately affects the Jumeriah group in the region.

Lack of proficient training and development to the human resource in the hotel industry act as a major barrier in the quality service deliverance of the group.

Customer tastes and preferences and market trends pertaining to the hospitality industry changes dynamically and hence there is difficulty in the implementation of the latest trends frequently due to the limitation of cost and time.

Increase in the number of guest houses act as hindrance in the development of hotel business.

Various economical range hotels which provide the services at the cheapest rate are the major barriers in the developmental path of Jumeriah group (Jumeirah Group, 2008).

Competitiveness of Jumeirah's Pricing Strategy:

Jumeriah provides a wide range of services in the hospitality business which encompasses a wide array of activities for the customers inclusive of diving and photography. With respect to the pricing of the hospitality services, Jumeirah ensures that the prices are maintained at competitive levels in keeping with the current market standards for pricing of hospitality services. Then exact pricing of the hotels and resorts have not been disclosed by the organization but from the reports available, it can be deduced that Jumeriah has competitive pricing strategy for its services (Course Pricing).

The pricing of the various courses offered by the organization are described as follows:

Certification Courses

AED

e-Scuba Diver

1, 450

e-Open Water Diver

1, 850

e-Open Water Referral

1, 000

e-Rescue Diver

1, 850

Emergency First Response

700

Experience Programs

AED

Discover Scuba Diving Beach

325

Scuba Review (inc two o/w dives)

650

Scuba Review Pool Only

300

Bubble Maker (ages 8+)

275

Seal Team (ages 8+)

1, 500

Master Seal Speciality Dives

275

Instructor Development Courses

AED

Dive master

3, 000

Assistant Instructor

3, 000

e-Open Water Scuba Instructor

4, 000

PADI e-IDC

7, 000

IDC Staff Instructor

2, 500

Master Scuba Diver Trainer MSDT

2, 500

Emergency First Response Instructor**

2, 500

Speciality Courses

AED

Wreck Diver

1, 400

e-Enrich Air Nitrox

700

Deep Diver

1, 600

Peak Performance Buoyancy

700

Search and Recovery Diver

1, 400

National Geographic Diver

1, 200

Underwater Navigator

1, 200

Digital Photographer

1, 200

Oxygen Provider Courses

800

Night Diver

1, 200

Musandam Courses

AED

e-Open Water Courses

2, 550

e-Adventure in Diving

2, 550

Source: (Course Pricing)

These prices are in accordance with the industry standard for the pricing of these services which is indicative of the competitiveness of the pricing strategy of the organization. In terms of the costs incurred by the company in obtaining raw material and resources for their business units, they are able to source the requirements at competitive prices. Moreover they have undertaken efforts to minimize their operational costs by adopting green practices and this has enabled them to maintain their prices at adequate competitive levels (Course Pricing).

Competitive Strength and Leverage of Jumeirah Group in comparison to its Rivals:

Jumeirah is faced with adequate competition in the hospitality industry from major organizations that have provided competition on a global scale also.

The main competitors of Jumeirah group are:

Hyatt Hotels Corporation

Fairmont Raffles Hotels International Inc. (Corporate Responsibility Report 2008)

Four Seasons Holdings Inc. (Corporate Responsibility Report 2008)

Jumeirah is able to manage the competition in the market adequately and this has been made possible due to the continuous adaptation of the company to the environmental changes and the incorporation of the technological advancements to provide a comprehensive set of services aimed completely at achieving consumer satisfaction. Jumeirah Group is credited with having some of the most complex and biggest projects in the

hospitality industry which itself speaks about the high quality standards that the organization has assured in these facilities (Corporate Responsibility Report 2008).

The organization also has its projects in America, Europe and Asia Pacific. In these regions also, the company is able to successfully manage the competition by providing a wide range of consumer oriented services are competitive pricing. One of the main strategies of the organization has been to constantly upgrade themselves in terms of technical infrastructure and the aesthetic ambience in the facilities. It is this feature which has provided Jumeriah with a significant leverage even in the international hospitality market (Corporate Responsibility Report 2008).

The company has started pondering over the possibility of entering conservative foreign markets such as China as they have highly prospective business opportunities. Moreover their advanced technical infrastructural knowledge has enabled them to compete effectively even in new markets and their portfolio of globally acclaimed projects has enabled the creation of a strong brand image by means of which the organization is able to effectively reach out to the target consumer segments (Corporate Responsibility Report 2008).

Strategic Issues and Challenges in the Achievement of Strategic Objectives:

The achievement of strategic objectives is a challenging task and is easily affected by the presence of environmental cha