

Rivalry among existing competitors marketing essay



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The Berjaya Beach Resort Tioman Island in Malaysia is located on the Tioman Island with international standards. The resort is located of the East Coast of Peninsula Malaysia and is spread across 200 acres. This individual paper work will assess the marketing strategies that Berjaya Resort adapted and a structured recommendation on how the resort hotel can improve their performance

Porter's 5 Force Analysis

Porter's model determines the competitiveness of an organization using the five different forces and shows how the forces are related. To develop business strategies effectively, organizations must understand and act in response to those forces. (Porter, 1985)

Rivalry Among Existing Competitors

Competitive rivalry analysis is one of the key areas that business must consider to determine business strategy that firm must adopt and implement continuously over time (Wood, 1994); (Porter, 1985). The hotel business now days are very much competitive. With millions of tourist travels every year, luxurious hotel is the first choice for most tourists. Having numerous competitors in market (e. g. Jampala Resort) the competition between players are intense (Burgess, 1982). For example, foreign tourists are said to having higher buying powers thus will seek for high end luxuries. That works behind the reason why companies constantly compete for better products and attractive prices. In order to be leader is luxurious market, Berjaya Tioman Resort has to offer unique offers (E. g golf course, selection of cuisine) (Berjaya Tioman, 2009). This force is in favor of Berjaya Tioman Resort.

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Threat of New Entrants

Threat of new entrants may consider the ease of new entry, competitive advantages, place and positions, customers, government support etc (Porter, 1985). To open a new luxurious hotel by another firm in Tioman would be quite easy since there are not much restrictions imposed by local governments. Local government, however chooses to advise the existing hotels to improve their business rather than consider letting bring new competitors. Besides, consumer now days doesn't seek much luxurious hotel; instead they would prefer budget hotel. Thus new entry to comfy hotel business is therefore deep (Nailon, 1982). This force is not in favor of Berjaya Tioman Resort.

Threat of Substitute Product and Services

This force is said to have much influence in Berjaya Tioman Resort business strategy in recent years. There force includes factors such as product for product substitution, need, facilities, budget etc (Reuland, Choudry, and Fagel, 1985);(Porter, 1985). Berjaya Tioman Resort not only requires looking after new entrants as threat but also substituted product and service as a major threat. When there is matter of hospitality, its consumer's choice what they chose to take. For example, A lavishness spa may cost few hundreds of Ringgit which may be proven cheapest for similar kind in other dedicated spa shops. For one night stopper, back packers and Berjaya Tioman Resort doesn't have any special prices which usually find their way in budget hotel. This force is against Berjaya Tioman Resort (Burgess, 1982); (Berjaya Tioman, 2009).

Bargaining Power of Buyers

This force consists of high income, large service provider, low switching cost etc (Porter, 1985). Before economic recession, consumers were having high incomes and seek more luxuries. As there are choices available in the market, Berjaya Tioman Resort has to react very quickly to retain customer intention to be their choice of providing world class hospitality in possible lowest price (Lewis, 1988). Consumers will definitely seek most affordable having all facilities they required and so, hospitality firms have to struggle of adopts the new trends, lifestyle as quickly as possible to offer their loyal customers (Slattery, 1983). However, as there are not much luxurious hotels in Tioman, travelers only limited option is this beach resort. This force is in favor of Berjaya Tioman Resort.

Bargaining power of suppliers

This force may include switching cost, high purchase cost etc (Porter, 1985). Raw material suppliers play an important role in firm's business growth (Tideman, 1983). A foodstuff supplier may not offer today's price tomorrow due of supply shortage (Middleton, 1983). Thus to offer catering to guest, Berjaya Tioman Resort has to purchase the same stuffs in higher prices which will be sum of large amounts of money (Burgess, 1982). If this extra money is to be imposed on guests, this would result Berjaya Tioman Resort loosing business. Besides, switching to another supplier would be a difficult choice too (Edgar and Umbreit, 1988). This force is not in favor of Berjaya Tioman Resort (Khan and Olsen, 1988); (Berjaya Tioman, 2009).

From the above analysis of Berjaya Tioman Resort's 5 forces analysis, the diagram below will provide a summary of the firm's overall industry analysis.
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Bargaining Power of Buyers

(+)

Threat of Substitute Products and Services

(-)

Bargaining Power of Buyers

(-)

Threat of New Entrants

(-)

Rivalry among existing competitors

(+)

Micro and Macro Environment Strategy Analysis

Micro Environment Strategy (TOWS Matrix)

Strength-Opportunities Strategies

Berjaya Tioman Resort hotels have a good reputation in hospitality business and a large amount of customer chain. Introducing low cost packages for travelers will mean a true hospitality to the existing customer as well as for new customers (Slattery, 1983). Berjaya Tioman Resort's wide range of services may be available to people of all income level (Edgar and Umbreit, 1988).

Strength-Threat Strategies

Retain the talented and well managed employees for a smoother business in future could be proven vital (Pfeifer, 1983). Berjaya Tioman Resort should

ways perform task variation, and frequent conversation will all employees to prevent dispute. Employee may be shifted to international chains to gain experience so that they would be loyal to the firm (Burgess, 1982).

Weakness-Opportunity Strategies

High hospitality in low price is definitely a go ahead step Berjaya Tioman Resort could adopt to overcome its weakness (King, 1995). Now that, market is been volatile, Berjaya Tioman Resort may consider leaving high scale profit to high range of customer levels to make its facilities open to all customers (Pfeifer, 1983). For example, golf course facility should be opened to all hotel guests not only for guest who additionally buy the facility. Berjaya Tioman Resort may not loose much amount of money but it would be proven a customer oriented approach (Jones, 1996).

Weakness-Threats Strategies

Poor customer service (and poor communication problem) has been shouted long as major drawbacks for Berjaya Tioman Resort hotels. Sometimes customer has been given something that is not asking for and has been charged for that said services (Middleton, 1983). Price structure very often is not described to customer before offering thus it brings confusion. In hotel customer services is very crucial to maintain in very high level at always and customer must get the price focus than anything else (Lewis, 1988); (Reuland, Choudry, and Fagel, 1985).

Macro Environment Strategy (PESTE Analysis)

A PESTE Analysis is an analysis of external macro-environmental factor that affects firms business. PESTE is an acronym for Political, Economic, Social,

Technological and Environmental issues that influences the strategic development of a business. These issues are different in different locations and thus business firms may adopt different strategies in different countries where it operates to identify the business opportunities as well as threats. This assessment task would consider the worldwide strategy of Berjaya Tioman Resort (King, 1995).

Political

Political factors include government rules, regulations and legal issues under which the firm must operate and adhere (Nailon, 1982);(Wood, 1994). The issues discussed are environmental regulation and protection, political stability, corporate and consumer taxation, framework for contract enforcement, intellectual property protection, trade regulations, trading partners, anti-trust laws, pricing, mandatory employee benefits, industrial safety regulations, product labeling requirements, competition regulation etc (Edgar and Umbreit, 1988).

The political movement can have definite effects on hotel business in Malaysia. For example, if government set a rules under 18 years patrons must be accompanied with parents or guardians, it may result the decrease of young visitors. Imposing high goods and service tax (GST) or similar taxes would prevent more people to visit the hotel more often. By loosing these potential customers, Berjaya Tioman Resort may loose income and may need increase products and services to recover losses. Though Berjaya Tioman Resort groups are committed to use high scale safety standards, Malaysian government rules may not give permission to operate business due to safety reason (like hill, low lying areas) even though there may have <https://assignbuster.com/rivalry-among-existing-competitors-marketing-essay/>

choice if business growth (Middleton, 1983). If the government plans to subsidize some of the service it provides (e. g. for disabled or senior citizens), the hotel may gain profits as well as increase services. Thus political actions may have both negative and positive impact on hotel business (Edgar and Umbreit, 1988); (Berjaya Tioman Resort Worldwide, 2009).

Economic

Economic factors positively effects hospitality business. It determines how easy or difficult to sustain in a business along with capital, cost, demand, monetary policy, unemployment rates, exchange rates of foreign currencies, tax on exchanges (Wood, 1994). When economic growth is high, consumer's income level raises thus demand for hospitality will increase too. Since the recent economic recession started, hospitality business was hit badly and it is yet to recover from the losses incurred. Increase of rates would prevent hotelier to seek for alternative choices (e. g. budget hotel or even home stay). In Malaysia, hotel accommodation prices are not much higher than any other countries around the world. Nevertheless, consumer's income level didn't rise up much and they fell the stringent budget allocation for daily needs. Very few people will consider spending holidays in luxurious hotels if they don't afford to. A higher income or wages will allow domestic traveler to get high class hospitality in high class hotels (King, 1995).

Social

Social factors are income level, demographics, geographies, life style, education, weather, culture and fashions (Wood, 1994). Social factors can be both opportunities and threats for a hospitality business (Lewis, 1988).
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Different age or sex of people would require different services (Slattery, 1983). Elderly people demand is not similar to young people. Business people will seek to have more work related facilities (e. g. internet, video conference) while holiday makers would seek more natural touch (e. g. garden, fishing) (Burgess, 1982).

Cultural differences are a major play in hospitality business. While local people like crowd and gossip, tourist would seek for quiet and silent place as they plan holiday. Season is also an important factor (Middleton, 1983). Year end and holiday season are peak time for hotel business while there're not much crowd during working days or off-peak season. Most travelers are affected by bad weather and usually don't think for leisure during extreme either condition especially in rainy season (Edgar and Umbreit, 1988); (Berjaya Tioman, 2009).

Technological

This is the century of technology enhancement; so does business. Aggressive development of technological factors brought rapid growth for hotel business (Slattery, 1983). The factors may include spend on technological research; government effort focus industry based technology, new invention and their impacts, communication alternatives, speed of technology transfer, cost of usage, rate of technological diffusion (King, 1995).

Berjaya Tioman Resort's business will mostly depend on technological factors. Customers from around the world is now able to evaluate the products and services provided by Berjaya Tioman Resort through the respective websites, compare prices, seek advice and even can reserve a

facility as early as one year prior to arrival. Berjaya Tioman Resort group itself placed much effort to keep the website simple and user friendly so that visitor will not feel difficulty to find any available information. Any latest service or products can reach to millions of customers through the website or communications (Reuland, Choudry, and Fagel, 1985). Providing details of every facility Berjaya Tioman Resort placed itself to the top choice of any search engines. Traveler from any part of the world can communicate in real time with Berjaya Tioman Resort representative and made their choices, payments etc (Burgess, 1982).

Besides, for in-hotel customer, Berjaya Tioman Resort offers state-of-the art high speed wireless, video communications, and teleconferencing, to keep guests always in touch with outside world. These services received a bug thumbs up since it was introduced and continuously keep enhancing technology to stay ahead in business (Edgar and Umbreit, 1988).

Environmental

Environmental factors have been considered important factors for large organizations which particularly operated worldwide (Wood, 1994). This factor includes environmental responsibility, improvement of performance towards sustainable future, guest and team commitment to environments, reuse and recycle materials etc (Khan and Olsen, 1988).

As of present days, Berjaya Tioman Resort promised to reduce energy consumption, CO2 emissions and waste output by 20% and water consumption by 10%. These steps ahead will place the firm in lead position and will increase reputation by means (Berjaya Tioman, 2009).

Recommendation (SMART Objectives)

SMART objectives refer to an acronym for five measures of well marketing growth plan. Often these measures are used to define firm's objectives and future goals and evaluation of marketing plan.

Specific (What to do? For who? With whom)

Any marketing strategy should be specific and certain. Confusion on goals will bring ambiguous results which may prove fatal for a hospitality business like Berjaya Tioman Resort's. Well specified business goals, responsible resources, affected peoples, impact on the firms business should be well defined in this stage (Burgess, 1982).

Measurable (Is measurable? How to measure?)

Of course, once the marketing plan and objectives are specified, a certain quantity or quality must be assigned to determine the success or failure of the process (Pfeifer, 1983). As an example, for future expansion, Berjaya Tioman Resort plans to expand 50 campaigns in next years. 50 is a measurable amount. So then, if the actual success rate is only 30 campaigns, it can be said that, the plan didn't succeed fully (Khan and Olsen, 1988).

Achievable (Can it be done within the resource available?)

Future marketing depends upon many aspects specially political, economical and social aspects. If a sudden change on policies, 50 campaigns may not be possible within the said budget. Re- calculation might predict a lower scale of marketing size (Jones, 1996); (Berjaya Tioman, 2009).

Relevant (Does this step lead to expected outcome?)

Once achievable measurement are defined, Berjaya Tioman Resort must consider whether 50 campaigns would be viable; specially consider the recent economic downturn. In some places, consumer may not afford to get Berjaya Tioman Resort's service; especially poor developed areas where tourism sectors are not blooming, offering a luxury hotel service may not provide desired output (Edgar and Umbreit, 1988); (Berjaya Tioman, 2009).

Time-Framed (How much time need to get the objectives done?)

Time is a very important factor for any objectives to be proven very profitable or even failure. Timely decision and timely implementation is the crucial mixture of time-frame (Pfeifer, 1983). For any marketing strategy, Berjaya Tioman Resort must choose the right time to go ahead and put a hold when the time is not right (Taylor and Edgar, 1996). When demand competition is high, Berjaya Tioman Resort may offer lower price for customers which may includes unique packages for a limited time (Khan and Olsen, 1988).