

Operations strategy and competitive advantage

[Business](#), [Strategy](#)



Abstract

The area of order qualifiers and winners has become a matter of substantial debate. This study will evaluate the factors in the hospitality industry with a focus on the Ritz Carlton. With relevance to the segments of operational strategy and supply chain maintenance this study found the presence of identification and winner creation essential to long term company survival. This analysis will directly impact the study of operational strategy.

Introduction

The service industry is constantly looking for methods to improve their products appeal to the consumer. This essay will consider the hospitalities sectors order qualifiers and their ability to choose order winners with a focus on the Ritz Carlton Company. With a direct impact on the underlying revenue stream, this area of study will provide a substantial benefit to the evolving Ritz Carlton operations strategy.

Beginning with an overview of the order qualifiers that are common to the industry will allow a clear illustration of the necessary elements that must be present in any effective operational strategy. Following this section with an identification of relevant order winners and the methods used to achieve these objectives will demonstrate Ritz Carlton's grasp of effective policy. The combination of the evidence obtained during the earlier stages will result in topical assessment of the industry order qualifiers and how well these can be met in the modern and emerging market share.

In the end, this study will have considered past practice, present policy and future potential with the stated goal of determining and evaluating the order qualifiers and how the Ritz Carlton achieves order winners.

Order Qualifiers

In order for a consumer to even consider a product or service there needs to be a specific set of factors in place, these are known as order qualifiers (Drejer 2002, p. 137). Order winners are the segments that make the product or service stand out and cause the consumer to spend money on them. The winners are viewed as the aspects of the company's offerings that a consumer values above all others (Drejer 2002, p. 137). However, the presence of competition and innovation ensure that the process of evaluating order qualifiers and order winners are in a constant state of flux.

Effective operation strategies are created from the competitive priorities that are unique to each organization (Russel and Taylor 2006, p. 32). The hospitality industry touches on several separate sectors of society, ranging from the consumer population to the underlying suppliers and personnel. Examples of competitive priorities that will play a factor in determining the order qualifiers and winners are high quality concerns, low cost, fast delivery, service and flexibility (Russel and Taylor 2006, p. 32). The association of value with a product or service has the potential to yield long term results for any company. As a consumer becomes able to feel a positive perception between the positive and negative elements of a company's offerings, that feeling of value is established.

Segments of the company's products that were once considered winners will become qualifiers over time as these elements are incorporated into their competitors' strategies. This fact illustrates the need to review and update the marketing strategy on a continual basis in order to stay relevant in the market (Godsell et al. 2011, p. 296). The hospitality industry possesses several distinct order qualifiers and potential winners. With the inclusion of technology, many in the hospitality industry found that the area of online service is a form of order winner (Drejer 2002, p. 137). With the first appearance of this form of there was a significant draw as many in the sector viewed this as a luxury. However, as the era continues to progress and innovation and technology continues to develop, the online presence is now deemed a qualifier rather than a winner in nearly every case (Drejer 2002, p. 137). This illustration of the degradation of winners remains the constant in the drive to establish an effective operational strategy.

The minimum level of products that certifies that a product or service is eligible to be bought by the consumer remains the shifting level that each service sector must address (Russel and Taylor 2006, p. 33). These criteria that mark the lowest level of quality to provoke consumer interest serve to establish a range that the company can then create an operation strategy upon. Neely (2007, p. 69) ascribes the performance standards of a company to five separate areas:

Quality, which encompasses performance, feature and perceived quality and overall financial value.

Dependability rests in the area of schedule adherence, price performance

and the ability to keep promises.

Speed refers to the overall rate of production and delivery.

Flexibility, material and output quality and volume.

Cost for manufacturing, selling and service.

These five elements can be applied to the hospitality industry in order to assess the qualities that are considered winners in the industry (Neely 2007, p. 69). As the consumer base has a distinct tendency to refine their taste over time, these areas will evolve as the companies brand builds a consumer base (Drejer 2007, p. 138). This fact supports the constant need to reevaluate the overall operational strategy.

In many cases an effective operational strategy in the hospitality industry will hinge on the location or destination of the offering (Azorin 2010, p. 22). The ease or difficulty of access can become a substantial deterrent to the potential consumer base. It is the firm effect or destination of a tourist spot has been found to be more influential than the location (Azorin 2010, p. 22). It remains the designation of quality and level of service that determine the order winners in the hospitality industry. In order to maintain the cultural perception of order qualifiers it is necessary to move beyond the common assertion that firms in the hospitality sector overuse resources for their own gain (Blanco 2009, p. 112). To this end, an effective branding process will establish a level of trust that will benefit the entire operational strategy. The ability to provide compliant leadership and comprehensive risk management strategies ensures order qualifiers in the human resources arena (Krishna

2011, p. 789). Coupled with considerate cultural awareness several opportunities can be made available to operations at numerous levels.

It is vital that a company support the order qualifiers and winners better than the competition in order to remain viable in the market (Hart 2012, p. 11).

The most important criteria for winners in the hospitality industry centre on service, expertise, trust, knowledge, location, quality, price, reliability and speed. Once each company enables a strategy that creates the means to meet these consumer expectations, the level of competitive advantage will have been raised in their favour (Hart 2012, p. 11). The strategy of market penetration employs the relevant qualifiers and winners in order to establish a foothold in the market, making this evaluation critical. Market development uses the qualifiers to expand the reach of the parent company by addressing the emerging wants of the consumer base (Hart 2012, p. 11). The product expansion strategy utilizes the qualifiers and winners to build and expand on the foundation of the existing product line. In each case the operational strategy is dependent on the consumer assessment. The areas of cost, flexibility, service and delivery have a tremendous impact on each strategy (Rhee 2009, p. 30).

The type of order qualifiers and winners are heavily influenced by the expectations of the consumer (Victorino and et al 2005, p. 555). In the areas of luxury travel and hospitality the focus is on the innovative nature of the qualifiers such as inclusive child care. Lower economic competitors are less susceptible to service qualifiers as the desire to save money and capitalize on available finance asserts itself (Victorino and et al 2005, p. 555). With the

lower level of spending the nature of the expectations turns to the facilities, including features such as kitchenettes and balconies, rather than the additional services. Associated industries such as the upscale and luxury wine industry base their qualifiers on variety (Verma and et al 2002, p. 11). This approach is not available to the lower end suppliers that must rely on other incentives to match the resources of the upper tier. In this case, winners in the economy sector of the hospitality industry will differ from the winners found in the luxury setting (Victorino and et al 2005, p. 555).

Hassin (2009, p. 48) describes the area of human resources as a viable segment of order qualifiers and winners for the hospitality industry. Utilizing a series of multi skilled human resources adds a valuable layer of expertise and personal understanding to the operational strategy, ensuring a high level of service. This area of order qualifiers is supported by the Stanley and Wisner (2001, p. 287) study that confirms that the supply chain benefits through the implementation of internal qualifiers. By building on the foundation of good communication with the internal personnel, the perception of an inclusive and effective demeanour is transmitted to the consumer base, benefiting the entire strategy (Hassin 2009, p. 48). Further, the continuous training and development of these personnel will serve to cement their loyalty and skill set, thereby adding to the functional assets of the company. It is vital that the areas of human resources be included during the evaluation of any operational strategy (Hassin 2009, p. 48). Lacking this key area of consideration will diminish the capacity to reach the expected goals.

An evolving order qualifier is the application of mass customization based on the utilization of technology (Kumar 2007, p. 1). The ability to tailor a stay or service in the hospitality sector to an individual's desires has the potential to become an order winner. This form of qualifier has been made available through the inclusion of online technology that has come about due to the near universal reach of the Internet (Kumar 2007, p. 1). Yet, while in the beginning this form of service would have been deemed an all-around winner, the sheer availability of it has caused the consumer base to expect nothing less, making what was once considered a winner now a qualifier. The strategy of mass personalization has given many companies in the service industry a potent tool with which to attract the constantly shifting consumer base (Kumar 2007, p. 2). With the primary factor of the hospitality service industry being personal service, the only sure way to create order winners is to possess a product or service that the consumer absolutely must have above all others.

Verma and et al (2002, p. 470) assert that the area of customer choice provides a wealth of order qualifiers in the hospitality industry. The sophistication of technique and opportunity serves to draw in a substantial consumer base. Utilizing a consumer choice modelling method enables a tailored approach to each market, providing more relevant qualifiers to the operational strategy (Verma and et al 2002, p. 470).

Ritz Carlton Order Winners

“ the most important element of their [Ritz Carlton] hotel stay is being pampered” (Wyle 2009, p. 8). This Ritz Carlton experience is designed to

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enliven the senses, instil wellbeing and fulfil expectations. The hotels approach to the hospitality industry rests in the upscale, luxury avenue (Wyle 2009, p. 6). With a world renowned reputation to maintain, the leadership utilizes the expectation factor to manufacture order winners. The effort to maintain a superior level of customer satisfaction through the anticipation and provision for each need is a long time avenue to meet this goal (Wyle 2009, p. 3). However, this very element can also serve to create obstacles that can serve to slow down consumer acceptance. Alongside the effort to establish a very high threshold of service, the Ritz Carlton is open to the magnified perception of failure when their service fails to meet the consumer perceptions (Drejer 2002, p. 65). With a very real appreciation of the factors that combine to create order winners, such features as the doorman meeting each and every customer with an open door only serves to frame the offered package.

For the Ritz Carlton Company, order winners are centred on the consumer's perception of efficient and all inclusive service (Wyle 2009, p. 9). Utilizing a process centred approach featuring the Gold Standard, management takes extra care to create and preserve the feeling of being completely taken care of. Consumer appreciation to this offering can be found in the very high return rate of satisfied customers. Another example of their willingness to meet the needs of the consumer through service was found in the staff ordering specific glass ware for a specific client (Wyle 2009, p. 4). This attention to detail adds value to the consumer which creates a clear order winner for the Ritz Carlton. With this approach it is the area of quality

control, human resources and consumer satisfaction combining to create a process that provides a method for qualifiers to become winners.

In order to capitalize on the potential to identify internal winners; the Ritz Carlton institutes a Total Quality Management process, with the goal of strengthening the employees (Wyle 2009, p. 4). This approach to order qualifiers provides a well-educated staff to the consumer base, which responds by recognizing the capacity of the talent and purchases the service. This human resource approach to order winners lays out a specific process for each consumer interaction which establishes a baseline for operations (Wyle 2009, p. 7). With additional features including a personal walk to the room as opposed to pointing, or a smile from each employee, the recognition of the value of the personnel to win continued patronage is apparent.

In the case of the Ritz Carlton, which holds the international reputation as the 'Hotelier to the Kings', it is necessary to maintain the very highest standard of personnel (Wyle 2009, p. 8). Coupled with this approach to a human resource centred order winners, is the annual recognition of the best performing employee, which in turn adds gravitas and confidence in the staff and underlying management (Wyle 2009, p. 8). Each of these areas create avenues to order winners for the Ritz Carlton management and is achieved through the recognition of process design, quality, innovation and human resources.

The Ritz Carlton recognizes the area of quality as high on their list of competitive priorities (Russel and Taylor 2006, p. 2). In order to capitalize on

the full range of opportunities, the leadership has developed a much targeted set of standards (Russel and Taylor 2006, p. 2):

Each and every employee is trained and enabled to satisfy any guest's wish. There is a process in place that creates teams at every level that creates objectives and devises the quality action plans.

Each and every hotel has a quality leader.

The creation of quality report tracks:

Track guest room maintenance

Percentage of consumers that do not have to wait.

The time spent to achieve the industry best clean room appearance.

A guest preference report which is then put into a working database.

Utilizing this approach to quality management coupled with comprehensive training serves to create a steady stream of order winners for the Ritz Carlton Company. This process of customization to meet consumer need is achieved by changing the service or the product designs (Krajewski and Malhota 2010, p. 14). The Ritz Carlton considers a range of factors in order to create the best possible strategy:

Low volume

Close customer contact

Easily reconfigured processes.

The very high standards that are illustrated by the Ritz Carlton are the result of a very well developed, long term strategy (Drejer 2002, p. 61). This strategy has solid basis in theory as the concept of the hybrid model of

combining approaches to find order winners is found viable in the research of Hallgren (2011, p. 511). There is a need to balance between the factors of cost efficiency and overall flexibility. This can be achieved through the utilization of delivery and quality process performance (Hallgren 2011, p. 511).

Conclusion

This study has assessed the area of order qualifiers and order winners to determine their characteristics in the hospitality industry. The strategies that the Ritz Carlton employs to first identify order qualifiers and their subsequent ability to choose order winners is a demonstration of effective long term strategy coupled with a diverse support infrastructure. This area of study has a direct impact on the entire service industry by demonstrating the very real potential to be found in recognizing the value of identifying qualifiers and winners.

Order qualifiers are the criterion that provides the consumers the incentive to buy the offered service or product, with the winners being the methods that have deemed successful. There is the recognition that there is a limited life p of the winners in the hospitality industry, and the rapid evolution of technology and innovation will continue to provide means for competitors to find a way to appeal to consumers.

The Ritz Carlton utilizes the quality and human resources approach to provide their consumer base with a comprehensive, in depth experience that is credited with the creation of a steady stream of order winners. With

specialized training that excels at providing the staff with both the authority and the education to complete the entire range of necessary services, the Ritz Carlton has recognized that to survive and excel in the luxury service industry requires a very high standard of operation. As the evidence in this study revealed, the expectations for the Ritz Carlton are going to be much higher than for more economical competitors, making the segment of training and customer service absolutely essential to progressive operation.

Through the advent of positive branding and long term success, the Ritz Carlton has established a high threshold of expectation that requires a strong effort to maintain. Yet, this achievement has been credited with maintaining the profile of the company.

In each segment of the hospitality industry, the opportunity to generate order winners is found most often in the positive interaction with the clientele. In the end, it will be a combination of practice, policy, experience and resources that will determine the effectiveness of any operational strategy.

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