

Ritz – carlton

Business, Management



? The case “ The Ritz- Carlton: Managing the Mystique” deals with the strategic marketing decision of how the hotel chain should continue its operations in order to satisfy its customers more. By overcoming the challenges of being one of the top ranking hotels in the world and hiring the right people to do so, the success of your marketing strategy would be inevitable. In this way Ritz- Carlton could potentially increase its sales and expand in different countries.

Therefore, this case will deal with possible solutions and ways of operating in order to create hotel uniqueness and gain a competitive advantage compared to other five- stars hotels. Ranked as the best luxury hotel chain in America out of thousands others, for the past years it still provides the same exceptional standard of quality, comfort and fittings (Power, 2012). The essence of the Ritz Carlton experience lies in the quality of the service provided by the company which is also the intangible product the company is selling.

The manager makes sure that the service is tailored to the individual and is earnest and helpful. Every guest and employee is treated with respect and the general managers pay special attention to every visitor from the moment of airport picking until the moment the visitor leaves the hotel. An essential part of the service process is the guest recognition procedure, part of the service quality indicators (SQIs) which when implemented “ creates a sticky relationship” between the guest and employee, in particular or the hotel, in general.

The staff's responsibility is to make each "guest feels well when they leave" and create an unforgettable, personalised experience which satisfies even the most discerning visitors. Moreover, the company also recognizes the technology as a key to a high service level. It is something that the customer expects to receive when stays at a five-star hotel. In order for Ritz-Carlton to be a leader in what it is selling, the company has realized the need for continuous improvement of its core competences by placing total quality management (TQM) as a central point in their strategy implementation.

It has to concentrate on hiring the right people who enjoy looking after other people, and provide a pleasant environment for them to work in. Moreover, the hotel-chain improves its weak areas based on the feedback it receives from evaluators when applying for awards. Moreover, the ability to satisfy all kind of customer's claims makes them more loyal. In this situation, the Ritz-Carlton manages to fill the customer gap by providing the customer's expectations, what he believes should receive, and at the same time his perceptions, what he gets in addition (Wilson, 2012).

This rise some challenges for the hotel manager, such as the ability to close the other four gaps called provider gaps. The first one of which is to not knowing what customers expect, which applies the difference between the customers expectations and the company's understanding of them. In order to overcome this challenge a more direct contact with the guests of the hotel is needed. In particular, establishing strong and long-term relationships with regular customers and satisfying their needs in every moment.

To succeed in this, interviews and surveys could be conducted among the customers to establish their requirements and expectations. Afterwards,

building a system with all of their responses would contribute to stay closer to them. Therefore, to conduct all the relevant information, the empowered and front line people play an important role. In the hospitality management, the communication between the manager and his employees plays an important role to avoid establishing a gap. As a second provider gap is considered not selecting the right service quality designs and standards.

In order to deliver the highest quality service, the service design and the company's performance standards should be developed in a way to reflect the customer expectations and perceptions. The new plan should be focused on customer driven design and together with it meeting the employees needs. The third gap is not delivering service designs and standards. As being developed in the second stage of the customer gap system, now the firm has to succeed in delivering the new way of serving its guests. The employees should be selected effectively to complete their obligations.

They should have the right characteristics to complete the job. Conflicts on the workplace should be avoided as well as the inability of team work. Moreover, appropriate systems and facilities should be developed and provided, to follow if all the factors for achieving the high standard level of service are in place. The last but not the least provider gap is not matching performance to promises. The marketing advertisement plays an important role in this stage. By creating an advertisement with promotion of over-promising services, the customer expectations also increase and it is difficult to meet the standards you cannot provide.

This interactive marketing strategy might be created together with external companies to communicate effectively with current and potential customers

(Wilson, 2012). To create the same policy in every of the Ritz- Carlton hotels, the top manager has to follow the same policy and stick to the same standards in order to create a successful business chain. This will result in customer loyalty concerning every hotel location and will build a better reputation for the company. Therefore, to create a uniqueness in its services, the famous luxury hotels are known as the ones who treats its guests as royalties (Michelli, 2008).

This something is called " The Ritz-Carlton Mystique. " Being in any of the seventy worldwide locations gives you the opportunity to see the art of service. By creating a data with all the customers perceptions, Ritz- Carlton wins a high reputation among its competitors. However, in order to collect this data and proceed it in a right way, the company relies on its employees who are the one next to the people and contributing to their memorable experience. The reason for being one of the most successful chains is that Ritz- Carlton look for things that most companies ignore and then uses its findings in a unique way to attract more people.

Another characteristic of the company's policy is the meetings organized to share relevant information for providing better services, this has a positive impact on the whole organizational process as well as the team work within the employees. In the case example of the family in Bali, the impact it has on the work performance is really significant and the easiest way to reach all thousands of employees all around the world. It reinforce the actions in everyone and contributes to the service values.

The high quality, standardised service could be considered as an important factor in the luxurious hotel business. It creates uniqueness and

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something that makes people feel valued. That is also the reason why in establishing the company's key success factors, Ritz- Carlton puts on first place the mystique followed by employee engagement, customer engagement, product service excellence, community involvement, and financial performance. The employees are playing an important role of the Mystique strategy. The popular chain is really careful in selecting its staff and at the same time training them.

Moreover, they expect from them a high engagement with their job because this would result in a lower management turnover, fewer safety incidents, and higher profitability and productivity (Gallup, 2007). As a customer-driven company, the hotel chain builds its success on factors such as service characteristics, where the business meets all customer needs and create a product and competitive advantage. Moreover, it focus on the strategy characteristics, where the human resource management in the face of the employees take place in the operations.

Process and marketplace characteristics are defined as marketing based to establish the best way of presenting the business potential (Wilson, 2012). Therefore, the best hotels in the world started launching their loyal programmes in order to survive the downturn. Ritz- Carlton aim has always been to build a loyalty in its customers habits. The company is striving for broadening its customer base, increasing the cometitiveness of its service, motivate a profitable behaviour together with increasing its market share . The loyalty program is truly build on the customer feedback in demanding the world- class respect.

It provides services from airline tickets to unique traveling experiences and adventures which no other luxury hotel chain would be able to provide. Moreover, the loyal programme is personal for each of Ritz's clients. It is customised towards his preferences and expectations for experiencing a memorable holiday. This is another proof that the company is totally based on the idea of customer- driven policy. The Ritz- Carlton is succeeding in exceeding the guests expectations in every aspect. But the question is how exactly it reaches this success compared to other top brand hotels?

It pays attention on its internal resources and by doing that is manages to build a good reputation among the customers and attract new ones. Moreover, by creating programs to train its employees and empower them with the mission to satisfy their guests, contribute to their job satisfaction and the recognition of feeling part of the organization. However, to be known from the people who are potential customers but are not part of the loyal programme, a special marketing communication channel should be created. Nowadays, the marketing communications have become really complex way of reaching customers.

The term is part of the whole marketing strategy and could be defined as the promotion aspect of the “ Marketing Mix”. Specifically it applies the practice of advertisement through mass- media, websites, cinemas and etc. Moreover, it is a really important aspect of how the branding image would be build in order to reach the right potential target group. At the moment, Ritz- Carlton is using different, unstandard approach to reach the attention of its future guests. It is going back to old style brochures sent by classic post. It is

producing a high quality, perfectly designed cards, honourably signed by the CEO of the company.

This is a good way to promote its unique service for luxury chains. However it should straighten its positions according to the services marketing triangle (Wilson, 2012). It applies the theory of the involvement of the employees, customers and the company for the creation of a successful marketing communication. By starting with the external marketing communication, including advertising, corporate websites, sales promotion and public relations and continuing with interactive ones, for instance, personal selling, customer service interactions or in particular concentrating on the customers habits.

In order to avoid miscommunication and successfully create a promotion channel, these two factors should be linked together. The way of doing this is by having a third sector, internal marketing, which assures that the communication line is accurate. The things that are mentioned in the company and explained to the employees should be matching with what are the customer demands. The whole combination is called the services marketing triangle (Wilson, 2012). In order to establish more effective way of promoting its unique services, Ritz- Carlton would meet some challenges in its strategy.

Since the service is intangible it is more difficult to reach its consumers and convince them in the uniqueness of what is being offered. The company should assure that they make clear what is differentiating them from all the competitors and what is the advantage of purchasing their services. Therefore, they should be really accurate in the information which is

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provided in the promotion material, and assure they would provide the same thing they are claiming in their announcement. Ritz- carlton may use the approach of grabbing the first attention.

It could create an advertisement which pop up online and a a link which is going to lead the user to further information. In this way, the company wins an advantage of providing knowledge to the people who are not aware of the luxury services. As a final challenge the marketing communication strategy should be coordinated with the operations of the company to achieve its optimal goal. Employees should be train in a way to meet the company's requirements. The advantage that Ritz- carlton is providing to its employees is the opportunity of highly educated training program.

The program called, The “ Seven Day Countdown” is the training process conducted by the hotel-chain to familiarize the newly recruited employees with the organizational system and it happens one month after they get hired. The first two days consist of “ orienting employees to the Ritz-Carltoncultureand values” as well as having the opportunity to learn more about your department, meet your colleagues and get to know them through various group exercises and activities. Additionally, the importance of self-teaching and guest satisfaction is highlighted and the Gold Standards of the company are presented.

The next five days are devoted to the training and development of the specific skills required to perform the job in each division through trial runs or mocking activities which represent a realistic situation an employee might face. Even though this process defines what Ritz-Carlton believes in and has become an integer part of its strategy, Collin expressed his concern that

these seven days are too short and suggested to be extended in order for the hotel to open at a higher occupancy rate and “ to reach 80% occupancy in a shorter amount of time”.

Four Seasons is a severe competition for Ritz-Carlton and the occupancy rate gap between the two rivals is getting smaller with every year. As is stated in the article even though the company is able to satisfy 92% of its customers, 8% are dissatisfied for certain reasons. Based on customer feedback, the hotel-chain can determine the reasons for this percentage and adjust accordingly. Since both parties' decisions need to be taken into account I believe that McBride should add one more day to the standard seven day programme.

This particular day which can take place before the trial and mocking days, should include a training of new employees on how to deal with people from different cultural backgrounds. This might as well have been one of the reasons why some people were dissatisfied – maybe a person from the staff acted in a certain way without realizing that he/she offended a guest. Moreover, the employees hired for the job are also from different cultures and have different perceptions of dealing with a problem.

These cultural differences could be presented in the form of case studies or group activities. Another thing which should be included in this extra day should be ethics and teaching future staff what is right and wrong as well as what is an acceptable and unacceptable behaviour. The financial implication for Ritz-Carlton of extending the training process would be an increase in the pre-opening budget in the corresponding section. This means more trainers

will be required with relevant knowledge on the topics for that extra day or the participating ones will be paid extra.

Moreover, by training its employees through its learning programme, Ritz-Carlton wins an advantage in developing new employees' ideals. However, it causes some internal and external changes in the environment, due to the developing of new culture. The result, however is worth it as trained employees do not require so tight control from a managerial side as they would be aware what is expected from them. Moreover, as feeling part of the team they would optimise their performance and that would result in more benefits for the chain.

They are trained in working efficiently as well as effectively. The advantages that Ritz- carlton provides to its employees is the opportunity to grow and learn from the best. This contributes to their job performance and commitment. Moreover, this will result in a higher quality service and will create a competitive advantage for the company In conclusion, it could be derived that Ritz- Carlton has to meet some challenges in order to stay on the top of the luxurious hotel chain business. As with its high class service, it manages to satisfy even the most demanding customers.

However, in order to keep its positions it has to straighten its marketing communication channels to reach more customers. The company could take an action of developing an online marketing campaign to inform about its locations and exclusive offers. It should keep its advantages of providing the Ritz- Carlton Mystique since it creates a uniqueness of being their customer. Moreover, focusing on promoting it as a competitive advantage will higher

the company's turnovers. Overall, the success of the Ritz- Carlton hotel chain will remain the same if it continues its development with the years.