

The operations management strategy of hard rock cafe tourism essay



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Hard Rock Café, “ the originator of theme-restaurant dining”, provides a complete rock experience through cafes, hotels, casinos, memorabilia and music venues.

. Since the first opening on 14 June, 1971 in London, England, Hard Rock Café has rapidly expanded and succeeded and now Hard Rock has over 171 venues in more than 52 countries, including 134 cafes and 15 Hotels, Casinos across the globe. How has a small pub become such a success? Let’s evaluate the operation management strategies of Hard Rock by using the theory of Operation Management.

As an industry leader, Hard Rock’s strategy has changed from times to times to meet customers’ demands, HARD ROCK CAFE’s operation strategy now is designed to be a part of the globalise “ experience economy”, and to achieve this aim, all ten operations management decisions like Goods and Service Design, Managing Quality, Process and Capacity Design , location strategies, layout strategies, human resources, supply chain

management, inventory management, scheduling, and maintenance-are all taken into good consideration by HARD ROCK CAFE’s operation management team

1. Let’s first starting with Products and Service Design

With the slogan “ Love all-Serve all”, HARD ROCK CAFE welcomes all type of customers with enthusiastic attitude regardless of sex, age of class. At HARD ROCK CAFE, customers can feel the atmosphere of their providing experience with Rock world which nowhere else they can feel it. The foods at

HARD ROCK CAFE are analysed and tested by the Chiefs and Operations personnel constantly review menus, and food research is ongoing. to fit the local taste. For example, fish and lobster are focused more at HARD ROCK CAFE Britain, and Thai Snack Combo is added into the menu at HARD ROCK CAFE Bangkok.

At HARD ROCK CAFE, customers are provided a “ dining event that includes a unique visual and sound experience not duplicated anywhere in the world.” Because the brand is so strong, 48% of sales are from merchandise of memorabilia

one of the largest HARD ROCK CAFE restaurants in the world is in Orlando, Florida where provides over 3500 custom products, in this case meals each day with more than 1, 500 seats.

2. Managing Quality

Quality is the heart of the enterprise and HARD ROCK CAFE is not an exception, every single water/meal is important to HARD ROCK CAFE. They conduct numerous surveys on Quality, Food research and Suppliers research to get an honest assessment from their stakeholders, especially their customers. Their surveys are on a scale from 1-7, and anything less than a 7 is considered a failure. Then, according to customers surveys and feedback they update their menu, music, memorabilia, service and strategy accordingly to meet the quality as customers' expectation.

3. Process and Capacity Design

HARD ROCK CAFE uses an “existing domestic model globally” but also in certain instances, when necessary, uses franchises in some locations to produce a more customised experience

HARD ROCK CAFE is a very big chain with capacity of providing 100, 000 meals per day (including starters, sandwiches, salads, burgers, sides, entrees, desserts ..) within the U. S. this fact prove how efficiently HARD ROCK CAFE organizes its employee schedules, material, inventory..

Task 2: In the light of the above, discuss the operations management challenges and opportunities for Hard Rock when considering an expansion of its business into Hanoi.

4. Location Strategies

Location can make or break business strategy and it is a major long time decision. At HARD ROCK CAFE, When considering a new location, a careful decision making process is used, it systematically narrows the search from country to city and then

precise street corner for the new restaurants. To go into the right location at the right time, HARD ROCK CAFE start with a global view and look at several factors such as: political risk, currency risk, social norms, brand fit, social cost, business practices through market research, then levelled with very further details and marked for each

Hard Rock now aims to the area of Europe, Latin America and Asia. Not all

Hard Rock businesses are operated by itself but franchised because of

political risk, economic challenges such as inflation, exchange rate, culture
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may affect its development. Franchises are used when it is decided “ that local ownership will bring a unique capability, or local conditions suggest there will be an unusual or difficult implementation”.

For examples, HARD ROCK CAFE in Vietnam is franchised to local partner-Viet Thai International, the owner of Highland coffee shops.

5. Layout Strategies

In each location, HARD ROCK CAFE is carefully considered whether they should purchase, lease in a long term, or a new construction should be set up or remodeling the existing site

In preparation for each restaurant and bar’s lay out, HARD ROCK CAFE always consider food protection,

the kitchen flows for food preparation for maximum revenue. All the lightings, sound, screens, contemporary music, and circulation paths are designed to show off memorabilia and expose customers to merchandise for sale. The retail shops generate close to half the company’s profit and are carefully integrated into restaurant layout, flow, and work stations.

6. Human resource and Job Design

HARD ROCK CAFE’s employees have not only job skills but also a passion about music and love to serve, convey the experience to customers.

According to Jim Knight, Manager of

Corporate Training:

" When you start talking about a human resource department that really is a true

support center for such a big, international company, you kind of have to realize

that the cafes and the individuals that work within can probably stand on their

own when we were much smaller, but I think there's a role that human resources

now plays to sort of be the conscience of the company and make sure that we're

doing the right thing by the people, so I don't mind us being a voice for them, and

doing what we can to help recruit, maintain, to truly train them, to develop them,

to grow them. Anything that we can do to support the individuals-I think that's

really what human resources is all about."

Hard Rock Cafe carefully develops of their fleet to excite customers and provide entertainment. The enthusiasm of all staff members when they engage in client is one of the reasons people continue to go back

Before starting to work for Hard Rock Cafe, they are trained for 2 days and received a “ Hard Rock value” card. It is not just a card but shows the experience of Hard Rock through years. All Hard Rock employees will be proud to work in a unique working environment with its own culture which appreciates the substantial diversity and individuality, personal and professional manner. Moreover, this training also allows Hard Rock staff to undertake different positions or duties, that means one can be a waiter, retailer, front-of-the-house server or even can cover kitchen. Some Mottos of HARD ROCK CAFE:— spread the spirit of rock’n roll..., ...contributing member of our community...

Hard Rock has the internal promotion policy as well to encourage their employees’ loyalty, “ 60% managers of Hard Rock Cafe are promoted from hourly workers” Managers’ performance is evaluated by a target which is based on the 3-year-weighted moving average, and they will receive bonus when exceeding this target

All of this human resource policy helps Hard Rock take a competitive advantage, earn more revenues and saving costs by deciding which items would be replaced.

7. Supply chain Management

Outsourcing is a popular method that a big-scale organization, like Hard Rock, applying for its supply-chain management . Qualified suppliers or vendors are chosen to ensure enough, fresh and quality meals.

Hard Rock in 2003 announced the successful participation of Avicon – architect of the new supply chain and provided expertise in logistics for Hard Rock. This project led to practical results, warehouse space in North America was decreased 44%, reduced operational costs by 20%, service levels were improved by 22%, the site offered real time based on their sequence visibility, transportation cost optimization, distribution network optimization, optimized contract terms and the responsibility to protect, improve operational efficiency.

Menu item selection depend on supplying right amounts of ingredients on qualified suppliers on time.

Inventory Management

Innovative methods, such as Just-in-Time inventory control, can save costs and move products and services to customers more quickly. The good management of supply-chain helps Hard Rock to keep a safe and effective inventory. Foods need to be fresh and provided on time. There is not only food and merchandise, but Hard Rock also has over forty million dollars invested in one of the world's largest collections of rock-and-roll memorabilia inventory which has over 60, 000 pieces. Most of them are on the walls of his café in the world. Inventory Management is responsible for cataloging the entire inventory of all the cafes. They developed inventory system through technology that tells them exactly what is in every cafe where it was in this cafe, and what is the story behind each item

Every 5-6 years, Memorabilia of all cafes around the world are renewed by being brought back to Orlando to be refurbished, and then be replaced with new gear.

9. Scheduling

Scheduling for Bartenders, kitchen and wait staffs, hostesses, and retail employees is based off of sales tracking. Y When preparing and planning work schedules, they look at the sales last year and the trend for the last couple of weeks. Y They will also consider any event in the area and seasonality

. We also

take a look at sales trend for the past couple weeks, and then what we do from that is we come up with a sales forecast. The sales forecast is basically that

nucleus that we write the schedule from. This allows Hard Rock Cafe managers can predict the volume of people may get in and enjoy in its restaurants and prepare a pretty right human, foods and services Just-In-Time to save the costs.

With successful scheduling the good reputation of the Hard Rock Cafe is enhanced. Considerations Employee preferences Changing sales forecasts Scheduling Software Profitable for both employee and the cafâ€™š

10. Maintenance

Maintenance for Hard Rock is based mostly on food preparation and storage. They have to make sure food is stored and prepared correctly.

Quality and Control are key to success. At HARD ROCK CAFE, they review menu and music time by time based on the surveys done. All kitchen, bar, retail shop, lay out and equipment are maintained regularly

regarding Memorabilia, Maintenance of inventory is done every 5-6 years, when the memorabilia was removed from a coffee shop, and refurbished. The cafe, which is then filled with new items

In order to strengthen the brand recognition, Hard Rock Cafe creates its own website: www.hardrock.com and maintain a cable television program weekly on VH-1. More than 100, 000 hits received through Hard Rock website and 92% of recognition is a truly great result repaying for Hard Rock efforts

Question 2: In the light of the above, discuss the operations management challenges and opportunities for Hard Rock when considering an expansion of its business into Hanoi.

As mentioned in above Location Strategy, HARD ROCK CAFE in Vietnam is franchised to local partner. Viet Thai International Joint Stock Company, owner of the famous coffee shop chain Highlands Coffee, last 2009 signed a franchising agreement with UK-based Hard Rock International to develop four Hard Rock Cafe, location in Vietnam. Besides, the first newly opened coffee shop on January 22, 2010 in commercial and residential Kumho Asiana Plaza in the heart of the city, District 1, they are planning to open three new

stores in the capital of Hanoi, northern Hai Phong city and central Da Nang city in 2012. according to director David Thai: The expansion of the Hard Rock Cafe, franchising in Vietnam to tap the potential of a growing economy and expanding young population, the target customers of the chain.

Let's look at the operations management challenges and opportunities in detail that HARD ROCK CAFE/Viet Thai may face with when considering an expansion of its business into Hanoi

Demographics

Population of Area:

not like Starbucks caf   which using Geographic Information Systems (GIS) to help location analysis of population, Hard Rock Caf  's customers mostly tourists and business visitors who come from another locations, so Hard Rock Caf   doesn't concern much on Hanoi's population.

However, the opportunities Hard Rock may have is that more and more people in Hanoi love Rock & Roll music, and the labor cost is cheap . on the other hand

, local people are not familiar with high-intensity work, style and culture of unique business like Hard Rock Caf   and they may not meet the service standard requirement, furthermore, the Vietnamese is very modest, so they may not feel confident to show their personality as expected by Hard Rock Cafe.

Economic Indicators .

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“ Hanoi has the highest Human Development Index among the cities in Vietnam” According to a recent ranking of PricewaterhouseCoopers, Hanoi will be the fastest growing cities in the world in terms of GDP growth in 2008-2025. [17] The non-State economic sector is expanding rapidly, with more than 48, 000 enterprises are operating under the Enterprise Law (up to 3 / 2007). [18] Trade is a powerful sector of the city. The economic structure has undergone significant changes, with tourism, finance, and banking now playing an increasingly important role. Along with economic growth, Hanoi appearance has changed dramatically, especially in recent years. Infrastructure is constantly upgraded, with new routes and an improved system of public transport

According to General Statistics Office in 2010, the total domestic product (GDP) of Hanoi increased by 11% compared to 2009. . total revenue and social services at 30. 5% compared with 2009, in which the total retail sales increased 31. 2%. Consumer Price Index (CPI) rose 9. 56% in 2010 compared with 12 months of last year, the gold price index rose 37. 02%, the U. S. dollar price index rose 7. 44%. The average growth rate a month in 2010 is 0. 95%.

Visitor Market

Tourists/business visitors:

In 2010, international visitors to Hanoi is 1227. 5 thousand, up 20. 5% over the same period, domestic tourists is 7392. 4 thousand visitors, up 10%, revenue from hotels increased 26. 9%

Hotels

According to figures in 2007, Hanoi had 511 hotel accommodation establishments with more than 12, 700 operating rooms. Of these, only 178 rated hotels with 8424 rooms. Luxury room shortage is one of the reasons that the amount of foreign visitors to Hanoi is not high. With rates are considered quite expensive in Vietnam, about \$ 126. 26 a night for 5 star hotel room. In addition to nine 5-star hotel is Sofitel Plaza , Daewoo, Hilton Hanoi Opera, Horison, , Melia, Nikko, Sheraton, Metropole, and Inter Continental, the city also has six 4-star hotel and nineteen 3-star hotel. According to the newly licensed projects and the recently approved investment, by 2011, Hanoi will have about 2, 000 luxury hotel rooms.

Entertainment & Retail

many options for entertainment in Hanoi can be found throughout the city. Modern and traditional theaters, cinemas, karaoke bars, dance clubs, bowling alleys, and a rich opportunity to shop provides recreational activities for both locals and tourists . Hanoi has been named one of top 10 cities for shopping in Asia by Smart Travel Asia. [12] The number of art galleries art galleries has soared in recent years. A popular form of entertainment is the traditional water puppetry, is shown at the Thang Long Water Puppet Theatre

Sports

There are several gyms and stadiums throughout the city of Hanoi. The largest is the National Stadium My Dinh , Hanoi Water Sport Athletic Complex

and the Hanoi Stadium. In 2009, the 3rd Asian Indoor Games was held in Hanoi.

Transportation

Hanoi is served by Noi Bai International Airport, located in Soc Son district, about 40ykm north of Hanoi. Noi Bai International Airport is unique to the northern regions of Vietnam. Hanoi will have 1 more international airport, which will cost \$8 billion, the highest foreign investment to date in the history of Vietnam [16] It will become the largest and most modern airport in Asia .. Construction will be done in three phases, the first phase will start in 2011 until 2015.

Taxis are a lot in Hanoi and often trip meters, although it is usually to agree on price before taking a taxi trip from the airport to downtown. Cyclos tour in the Old Quarter is also attracted tourists. Hanoi is also the starting point for many of the original Vietnam railway train in the country. The Reunification Express runs from Hanoi to Ho Chi Minh City, with stops in other cities and provinces along the line. Trains also depart Hanoi frequently for Hai Phong and other northern cities. The main means of transportation in the city are motorcycles, buses, taxis, and bicycles. Motorcycle is the most common way to move around the city. [Citation needed] the public buses that run on many routes and fares can be purchased on the bus. For short trips, “ xe ôm” “(literally: hug vehicle”) motorcycle taxis are available

Restaurants and Nightclubs (a selection in key target market areas)

Political Risk:

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Vietnam is considered one of the most stably politic regimes. This allows Hard Rock's management board to feel secure to invest the business in Hanoi. Vietnam government is establishing a system of open policies, encouraging foreign investors to invest, develop Vietnam economy and create jobs for local people.

Social Risk

Hanoian has the habits to drink coffee in a street-cafe with a very cheap price, processed by the traditional method, read newspapers or see people passing by. Not many people are willing to spend about VND 80, 000 on drinking a small coffee that Hard Rock may apply that average price for its items. Furthermore, the local people's taste of coffee is different. They normally drink stronger taste than the other countries. Robusta coffee here is more popular than Arabica, not as in Europe or America.

However, the main targeted customers of Hard Rock Cafêš are from tourist and business visitors not from local people. So these challenges are not really the one Hard Rock Cafêš cares of.

Real Estate Market:

location is a very important element for a cafe to be successful in Hanoi. The cost for a centre position (around Hoan Kiem Lake) is very high and most of them are dominated by both foreign and local cafe brands, such as Highland, Illy, Trung Nguyen (famous coffee exporter with the trademark G7). There are also potential competitors like Coffee Bean, Subway, Gloria Jean's Coffee, etc.

Hoan Kiem Lake.

Similar to Ho Chi Minh City, Hanoi is enjoying extremely fast development of real estate market [19]. Economic growth of urban areas does not seem to correspond to its infrastructure. Overpopulation requires a source of much larger accommodations [20] Not surprisingly,. As an effect of this problem, the apartment and real estate fever occurs during the time seriously. [21].

So, it's really a big operation management challenge for Hard Rock Café to consider whether renting or building the new one during the period of at least 10-15 years.

Hard Rock Café Comparable Market Analysis

In summary, all of these elements create difficulties but also open promising opportunities for Hard Rock to decide the suitable plan when studying the business expansion into Hanoi. It always be the concern for all Operations Managers to make the right decisions, not only for Hard Rock Cafe.