

Products and services of taj hotels



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The business assessment of Taj hotels by studying the factors involved in its internal and external environment and looking at its current strategic position in the markets it operating mainly in India.

Define Strategy

It is well-defined as a clear understanding of the resources that are available for the organization to compete in its market or the external market (Claire, 2008).

Strategic Management

Strategic management is the art and science which help in reaching the companies objectives by helping

the organization in formulating and implementing the cross-functional decisions of the company.

History of Taj Hotels (IHCL Ltd.)

The Taj hotels the part of TATA industries are one of the renowned business houses of India started Indian Hotels Company Ltd. (IHCL) their first property was the Taj Mahal Palace hotel in Mumbai in 1903 the first five star hotel in India. The company started a long-term geographic expansion of its brand to increase its global presence and from 1970 till today it is the leading hotel chain in the Indian hospitality market.

Products and Services of Taj hotels.

Hotels

It operates and manages around 110 hotels worldwide, majority of them are in its domestic market.

Taj SATS-Air Catering

“ Offering very advanced and innovative air transport catering and other associated services, Taj SATS works in the 4 major cities in the Indian sub-continent, they are Kolkata, Chennai, Mumbai and Delhi. Currently, Taj SATS supplies to more than 26 international and domestic airlines, and is the leader in the Indian flight catering market” (hotels. com, 2010).

Taj Luxury Residences

Apart from hotels it also operates luxury serviced apartments, for example the 51 Buckingham gate, Taj Suites and Residences, London.

Taj Air-Private Luxury Jets

Taking its hospitality services to the new level Taj hotels introduced air services an exclusive chartered flight services to its customers. The fleet of Taj contains 12 brand new Falcon Jet 2000 aircrafts.

Indi Travel Pvt Ltd.

Indi travel is the IHCL with its operations spreading across different Taj properties in India offers seamless integration with the hotel services and the travel requirements of its guests.

Indi travel deals with the following services:

Renting of Cars

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Flight tickets (International and Domestic)

Rail tickets

Tourism services

Vision

The vision in strategic management can be referred as the forward thinking of the organization which includes the company's objectives for its future without considering the particular timeframe to achieve its desired goals. The vision statement helps in describing where the company wants to be in future.

Vision of IHCL

The total commitment in the betterness of the environment ecologically in the market it is operating. It also wants to be recognized as the global hospitality brand.

Mission

The mission always expose the exact type of the business, mostly regarding why it was established, the nature and kind of the industry it is operating, and the different type of consumers it is serving.

The Taj hotels mission is to embrace the capacity and proficiency of its staff to improve the quality and standards of the hospitality industry and raise their global presence as one and also want to be the leader in its domestic market.

Goals

The companies set goals to increase their business or sales which increases the profit of their organization which in turn helps them in increasing the market share and also helps in increasing profits of the organization.

The goals of Taj:

Their goal is to become the largest hotel brand in the Indian sector and develop into international hotel brand representing its home country.

Objectives

The main objective of Taj is to endorse its corporate citizenship through the different conglomerates which help in the construction of the livelihood for the less-advantaged youth and women. It has undertaken different steps which boost the service levels of the people to be in line with the best when compared to its competitors. The service excellence attitude of Taj has its basic fundamental, delivering services and products through the staff working in its properties.

Plans

Short-term plans

To bring all its properties under the 'green globe' certification.

Long-term plans

To increase its international properties and become important international brand by creating different brands which outstand the international hospitality standards and through effective cost management.

Stake Holders

The groups or the individuals to fulfill their individual goals depend on the organization and on which in turn the organization depends are called Stakeholders (Gerry Johnson, 2000).

The Taj group of hotels also relies on the stake holders because they are a public limited company and works hard to retain its faith in its stake holders.

Environment

Types of Environment:

Macro

Micro

Macro Environment

It is general the complete or the overall economic conditions the organization operates. The environment is nothing but the ' playing field' for all the businesses operating in the environment. It is mostly defined by the common financial conditions that strengthen the firm, its industries and its markets (Wickham, 2000).

PESTEL

Political

The governments in the domestic and foreign markets play a very important role in regulating the organization. They will enforce laws on the organization through rules and regulations.

The Taj always takes care in formulating its company rules so that the country in which it is operating should benefit from them. Taj always runs in according the rules and regulations of the country of its operation.

Economical

The growth in the economy plays an important role in any organization especially for the public limited companies, they must publish their financial results in their company's website for the easy access to the people invested in that company.

Because of the global recession there is a downturn in the profits of hospitality almost all the organizations of the world because of the decrease in the amount of travellers. But the companies operating in some countries did not face the wrath of the economic crisis, the best example is China.

Socio-cultural factors

These factors play a very important role in running of the firm, because the firm must consider the culture factors of the people in the market of its operation.

As Taj is operating in different global markets which have diverse cultures and customs. The menu composed will be based on the food habits of the people who are living in that particular market.

Technology

Now a days all the businesses use the most up to date and sophisticated technology to gain competitive advantage over their major competitors and to play an important role in the market they operate.

Taj uses the most advanced technologies that are available in the market to provide best services to its customers as their requirements tends to change depending on the market position. By using sophisticated technology it will be a step ahead of its competitors in satisfying its customers.

Laws

The organization must be conscious of the different laws in the country of operation as each and every country has its own laws, the policies will not be same for every country.

Taj clearly study and understand the laws of the market(country) which it runs, they might different bylaws for the protection of environment, labor laws which benefit the employee like working hours, holidays etc. It also strictly follows the taxation laws of that particular nation state.

Environmental

“ Taj hotels present the EARTH (Environment Awareness and Renewal at Taj Hotels) a project which reprises the efforts of one of Asia’s biggest, leading

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and premium group of hotels commitment for the conservation of the energy and managing the environment. EARTH has honored certification for the travel and tourism” (hotels. com, 2010)

Micro Environment

The micro-environment offers the phase on which, how the organization competes with its competitors; it helps in defining the individual firm’s position. It is the combination of certain different Factors that show a particular effect on the occupation and its particular industry. It is mainly defined by the political deed that aims specifically at that particular business.

PORTERS Five Forces Model

The diagram is extracted from (Jeffrey S. Harrison, 2005, p. 67)

The porters five forces model argues that the more limited is the ability of the firm to rise the prices and earn greater profits. A competitive force plays an important threat in reducing the profit to the company.

Suppliers

Suppliers always play vital role in any industry because the quality of the raw materials will influence the value of the finished goods that are delivered by that organization. If the suppliers power is higher the increase the prices of the raw materials which decrease the profitability levels in the industry.

Being the part of Tata’s Taj hotels controls the suppliers in its domestic market but in the international market the power of the suppliers is higher

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because of the less number of properties in that particular market. So when entering a new market Taj always considers the availability of reliable suppliers and also the raw materials.

Power of the Buyers

The consumers might have a significant negotiating power, when they come in contact with several alternative options and some costs are between or exchanged from one company to other company, even though a single buyer will not have the power to influence the organization, they collectively do have power the power to influence it (Cliff Bowman, 1996).

For reputed brand like Taj hotels with high brand loyalty and image the bargaining power of the customers who use the services of Taj is very low and their influence will not affect the services of Taj.

Rivalry between the Existing Firms

It is nothing but the intensity of the competition from the organisations offering same products and services, they might be of same type and size. (Cliff Bowman, 1996)

The Taj supports open markets which bring more competitors; it will always study the modifications that are carried out by its opponents to compete with them in terms of products and also the services to get up-to-date in providing the services to their customers which help them in introducing new products and services to become the number organization in the market it operates.

New Entrants

If it is easy for the organizations from different market to establish in the market other than their own, then it is difficult for the organizations in that particular market to escape the high degree of competition. New entrants increase the competition in that sector, which results in driving down the prices and profits of the existing organizations.

It is very easy to enter the Indian market because it is open for new entries. Hilton, Hyatt and Marriott are threats to Taj which entered the Indian market due to the development in the tourism industry in India the global hospitality brands are trying to establish their hotels in India. Hilton one of the renowned global hotel brand working Oberoi hotels to increase its presence in India and the Welcome group which is run by ITC hotels Ltd. are the most important competitors for Taj in its domestic market. The threat of new entrants in the Indian market is very high for Taj.

Substitutes

Substitutes are major threat to any organization; they are nothing but the competitors or other organizations who offer the same products and services at lower price or at the same price. The services provided to the customers are completely the same which affects the profit levels of all the organizations in that market.

Taj is suffering with the substitute in some areas like the Luxury palaces they operate which are the upscale hotels in their brand; its competitors like ITC hotels and Oberoi's also came into the contract with palace properties to

give tough competition to Taj hotels. The Taj SATS the air catering has one or two substitutes but the threat from them is very low. It is operating low cost hotels or the budget hotels like Gateway hotels and Ginger hotels to retain its number one position in the Indian market.

Internal Analysis

It is nothing but analyzing the availability of the resources to that particular firm and also the financial stability of that particular company.

Resources

The resources are the different revenues from which the organization makes its value. The value the company made is spread to the workforces working in that organization as wages and as taxes to the government bodies, in the form of dividends to the shareholders or may use for reinvestment in the particular organization. It is the feature of these resources that they provide and maintain the viable competitive advantage for its competitors (Lynch, 2006).

There are three different types of Resources. They are

Human Resource

Financial Resource

Organizational resources.

Human Resource

It is the availability of the labor for working in that particular organization. It is also the man power who helps in proper running of the organization. For achieving certain outcomes like the customer satisfaction and the expected financial results the organizations need committed and competent people (L. Thompson, 1993).

Taj invests a lot in recruiting the best people in the field of hospitality, this can be clearly seen in their financial statements as there is gradual increase in the amount of wages to 855. 16 crore INR in 2009 from 764. 44 crore INR in 2008, the salaries of the employees are hiked to retain them.

Organizational Resources

The company's properties that have a remarkable influence on the financial success and the survival of the organization are the organizational resources. They are:

Patents

Brands.

The Taj hotels which are owned by the Tata's carry brand image of their parent company in its domestic market and around also in their international markets. Their brand image and loyalty are very high in the domestic and international market.

Financial Resources

The financial resources play an important role in the survival of any organization in the market; any deficiency of these put the company's

survival at risk. All these matters have been judged in case of shareholder returns.

Taj has access to huge amount of the financial resources through various means like banks etc. and it also has support from its parent company the TATA business private ltd.

Product Life Cycle

It helps in determining the nature of growth of that particular organization the market and it is important to start with when doing the market analysis. (Geroge Luffman, 2004)

The below shown is the product cycle of Taj hotels, which shows the growth of the hotels from their first hotel in 1903 till now.

1 unit= 0. 5 in Y-Axis

The X-Axis shows the years and the Y-Axis shows the growth of the Taj hotels.

There were up's and downs in the curves due to certain factors that effects every organization, the major down fall in the curve is seen during the world wars between around 1935-1945 and after that there is steady growth in in its market and in the previous year where the global recession effected each and every industry there is down fall in the profits of the Taj hotels.

Value Chain Analysis

The value chain analysis helps in the development of competitive advantage of the organization. The value chain analysis links up with the different functional parts and the value of the competitive activities. (Lynch, 2006)

Primary activities

Heading toward the logistics

processes

Outbound logistics

Advertising and transactions or sales

Facilities

Attaining HRM

Technological Development Organizational Structure

Support activities

The chart is extracted from (J. Rowe, 1989)

Services are the outputs of the Taj hotels it uses the HRM practices and policies to recruit their staff who deliver the services in the Taj hotels . Taj is leading employer in the hospitality sector in India.

SWOT Analysis

It is nothing but the acronym where the letters stand for the Strengths, Weaknesses, Oppurtunities and Threats, it is sometimes referred to as TOWS matrix. (Nigel Evans, 2003)

Strengths

Strong domestic market

Brand Image

Weaknesses

Expansion in global markets.

Suppliers in international markets.

Oppurtunities

Indian tourism industry

Decrease in the recession globally and also in domestic market.

Threats

Open maket of India.

Recommendations

To increase the international properties establish more number of properties globally.

To tackle the employee problem where the investment is high as observed from its finacial results.

Watching the competitors carefully to keep ahead of them.

Conclusion

Being the number one in the Indian hospitality industry the Taj hotels are trying to increase their presence globally and there up and downs in the market of Taj hotels which is seen in the market analysis, the difference was clearly seen in the balance scorecards. It is launching different new hotel brands in the Indian market, built on the requirements of the tourists who visit India for various purposes. By introducing new projects every year it is protecting its share value without losing faith in its stakeholders. It is seen from the financial data available because of the recession the Taj hotels suffered financially.