

Shangri la hotels business analysis



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Introduction

Shangri-La Hotels (M) Berhad is an investment holding company and also a public limited company. This company was incorporated on June 29, 1971 and currently having a total of 2364 employees. Its headquarters is located at the Batu Ferringhi Beach, Penang. This company is engaged with the operations of services such as hotels and beach resorts, golf course and clubhouse, property management and investment and commercial laundry. The Company's segments has two segments, which include hotels, resorts and golf course, which is engaged in hotel, beach resort and gulf course business; investment properties, which includes rental from offices, shoplots and apartment and rental of car parks, and others, which include commercial laundry services and investment holding.

Shangri-La Hotels (M) Berhad has many hotel branches located at many different states and locations in Malaysia. Also, customers may have an infinite choice of luxury possibilities with Shangri-La Hotels as there are over 66 hotels located across the globe. Most importantly, customers may find themselves living in a hidden paradise once they chose to stay in Shangri-La Hotel. They can feel relaxed in the luxurious guestrooms, pampering themselves in a 5 star rated hotels with all the supreme services and facilities.

As of December 31, 2010, Shangri-La Hotel (M) Berhad hotel had its properties included Rasa Sayang Resort & Spa, Shangri-La Hotel Kuala Lumpur, Traders Hotel Penang, Golden Sands Resort, Palm Beach Resort and Rasa Ria Resort. However, its subsidiaries include Shangri-La Hotel (KL) Sdn

Bhd, Komtar Hotel Sdn Bhd, Golden Sands Beach Resort Sdn Bhd, UBN Holdings Sdn Bhd, UBN Tower Sdn Bhd, Pantai Emas Sdn Bhd, Madarac Corporation and Wisegain Sdn Bhd.

The principal activities of the Company are investment holding and the operation of a beach resort, namely Rasa Sayang Resort. In Malaysia, Shangri-La Hotels (M) Berhad owns the 29-storey, 720rooms Shangri-La Hotel Kuala Lumpur. On the other hand, it also owns the Golden Sands Hotel, Komtar Hotel and Palm Beach Hotel in the island state of Penang. Shangri-La hotels always differentiate their service to match with customer's taste and demand.

Company Background

The company was incorporated in Malaysia on 29 June 1971 under the Companies Act, 1965. The company was limited by shares with the registered name Taman Developments Sdn Bhd. On 7 September 1974, the name was then changed to Rasa Sayang Beach Hotels (Penang) Sdn Bhd. The company was converted to public company on 23 February 1977 under the name of Rasa Sayang Beach Hotels (Pg) Berhad. On 1 September 1982, the company was listed on the Kuala Lumpur Stock Exchange (KLSE).

Yet, the company was delisted from KLSE on 21 December 1987 due to a general offer made by Perlis for the entire issued share capital of the Company and acquired more than 90% of the issued share capital of the company. On 2 January 1992, the company assumed its present name. The company had successfully merged with UBN Holdings Sdn Bhd which comprised the acquisition by the company from Kuok Brothers Sdn Bhd and

Landmarks Berhad, the entire issued share capital of UBN Holdings Sdn Bhd on 21 September 1992. However, the company was re-listed on the KLSE on 1 December 1992 with the company undertaking a bonus issue and subsequently a public issue.

Shangri-La Hotels (M) Berhad has its own vision for achieving the goals to be the best hotel. Its vision is 'to be the first choice for our guest, colleagues, shareholders and business partners. Whereas Shangri-La hotels also has its mission at all the time which is 'to delight our guests every time by creating engaging experiences straight from our hearts'. The company is operating based on the following principles:

- Ensuring leadership drives for results.
- Making guest loyalty a key driver of the business.
- Enabling decision-making at the guest contact point.
- Creating an environment where colleagues may achieve their personal career goals.
- Demonstrating honesty, care and integrity in all relationships.
- Ensuring policies and processes are guest and colleague friendly.

On top of that, Shangri-La hotels (M) Berhad is operating under all professional persons in order to make Shangri-La hotels to be the top hotel in the world. Board of directors include :

Tan Sri A. Razak bin Ramli (Chairman)

Kuok Oon Kwong (Managing Director)

Datin Rozina Mohd Amin (Executive Director)

Dato' Haris Onn bin Hussein (Independent Non-Executive Director)

Dato' Seri Ismail Farouk Abdullah (Independent Non-Executive Director)

Datuk Supperamaniam a/l Manickam (Independent Non-Executive Director)

Dato' Dr Tan Tat Wai (Independent Non-Executive Director)

Tan Yew Jin

Dato' Khoo Eng Min

Ravinder Singh Grewal Sarbjit S

Joseph Patrick Stevens (Alternate Director to Ravinder Singh Grewal Sarbjit S)

Business

What is the basic requirement of a hotel in order to satisfy customers? Hotel is basically belongs to service industry which mostly provide accommodation services to people for a comfortable stay. Service is very important to a hotel as it will bring to customer satisfaction and customer loyalty. Shangri-la Hotels (M) Berhad are definitely the best hotel which provides high standards of services to customers as it had awarded Best Business Hotel Brand in Asia Pacific by the Business Traveller 2012.

Under Shangri-La Hotels (M) Berhad, it has currently 9 brands of hotels in the service industry. It includes, Shangri-La Hotel Kuala Lumpur, Traders Hotel Kuala Lumpur, Shangri-La's Rasa Ria Resort Kota Kinabalu, Shangri-La's Tanjung Aru Resort and Spa Kota Kinabalu, Putrajaya Shangri-La, Traders

Hotel Puteri Harbour Johor, Golden Sands Resort Penang, Shangri-La's Rasa Sayang Resort and Spa Penang and Traders Hotel Penang. Every hotel under Shangri-La Hotels (M) Berhad are doing very well as mostly hotels are ranked five stars hotel and have a very good reputation among customers. Every hotel has its own special attractions such as Traders Hotel always located in the city which easier attach to the entertainment. Whereas Shangri-La hotel offers stylish and luxurious environment for customers.

In order for a hotel to maintain and improve its business, Shangri-la hotels always push their services to a higher level as services are the main key to bring in more businesses. It's five-star reputation always maintaining a world-class service at all the time. Stylishly decorated, the luxurious guestrooms at Shangri-La hotel present large clear windows with beautiful city views. Memorable and satisfaction of every customer became the crucial mission of Shangri-La hotel. Shangri-La hotel differentiate its rooms according to customers preference. Rooms can be chosen in Deluxe room, Executive room, Horizon Executive room, Premier room and Executive Suite. Customers are able to choose their rooms to prefer a better environment and comfortable stay in the hotel.

There are varieties of services provided by Shangri-la Hotel in order to satisfy customers and bring customers loyalty to the business. Facilities provided by Shangri-la Hotel are partially free of charge for customers to fully utilize such as the facilities of fitness centre, outdoor swimming pool, tennis courts, steam room, sauna, massage, aerobics or dance studios and many more. The beautifully landscaped outdoor swimming pool is the facility always satisfied the customers as they are able to relax and enjoy the fascinating

environment. The fitness centre is also an important facility for hotel as many people nowadays are going to fitness centre every week. This had become a habit to them and the fitness centre is an important place for them to workout.

In Shangri-La hotel, there have the facilities of clinic to provide medical service for customers who in ill. This will make customers convenient as they do not need to go clinic outside and able to rest in the hotel after getting medical treatment. Shangri-La hotel also provide disabled facilities for handicapped such as handicapped toilet as to satisfy them although they are people with disabilities. Customers are able to choose non-smoking rooms or smoking rooms according to their preference. Safe deposit box also provided to let customers safe keeping their important documents or expensive goods. Parking facilities and valet service are provided for customers who looking for a stay in the hotel.

Services such as the complimentary shoeshine service is provided for customers who staying in the hotel for a period of time and looking for shoeshine service. Postal and courier service also provided in order for customers to deliver documents or packages. Laundry service provided for customers who want to wash their clothes. Those services are provided to easier customers as they are not necessary to looking those service outside. Child care or babysitting service also provided in the hotel as some parents have some urgent things to do, they can looking for babysitting of their babies.

A hotel can be occupied without few facilities, but cannot be occupied without restaurants and bars. Shangri-La hotel features the impressive selection of international, award winning restaurants, including the award-winning Restaurant Lafite, which serves the finest western cuisine. There are five awesome restaurants and two bars located inside the hotel. The wide selection of dining options makes Shangri-La hotel a best location for travellers who enjoy fine cuisine, and also makes the hotel an excellent location for businessman to convene meetings and conferences. Not only that, Shangri-La hotel provides free breakfast or drinks for customers at the café while they preparing rooms for customers. This implication done by Shangri-La hotel is to concern the desired expectation of customers and try to satisfy customers by exceeding customer's perceived expectation.

Shangri-La hotel also provides 24-hour room service which customers are able to request dishes or drinks with a simply phone call. 24-hour room service is best required by businessman who went out for business meeting and came back late night. It will satisfy them with a delicious meal and the fast delivery. Few shops are located inside the hotels such as the foreign exchange counter and gift shop. Foreigners are able to exchange their currency in the hotel and tourists can purchase gifts in the shop. As now technology became more important, Wi-Fi is the best tool for tourists and businessman. Free Wi-Fi access is provided for every room guests in order for them to access to the internet.

Shangri-La also provides travel and transportation service for customers. Airport connection is one of the service included, guests can choose to reach hotel by hotel limousine pick-up, express train or taxi. This usually is made

for foreigners and tourists. Hotel limousine pick-up can be chosen with different types of cars. Car rental service and travel agency also provide for customers in order for them to visit any places nearby the hotel. This services provided for customers so they do not need to look at outside of the hotel and can be avoid scamming. Many business amenities are offered to businessman such as the meeting rooms, binding service, laser printing, scanning and photocopying services in order for them to prepare important documents in their trip.

Prompt and fast check-in and check-out service also attract customers as they don't have to wait for so long with the service process. Helpful and cheerful receptionists are also type of service that the hotel provided for customers. Receptionists and customer service can help the customers to solve problems such as the changes of rooms or handle complaint.

Outstanding staff will satisfy customers as they provide great and wonderful service for them. Hotel employees with smile and cheerful look will make the customers feel happy and satisfied in terms of hospitality service.

By according to the feedback received online, Shangri-La hotel can said to be the highest positive feedback received by the customers. Most customers are satisfied and happy with the services provided by the hotel. Satisfied customers will promote and recommend to others with the great services they received at the hotel. Positive word of mouth can improve the reputation of the hotel and this enable the hotel to attract more customers.

Customers satisfactions always brings Shangri-La hotel the effort to do better and it leads to customers loyalty where customers will come back to visit the hotel next time. Shangri-La hotel always maintain a high standard of services

as they believe service is the crucial rules of a successful hotel. This is how Shangri-La Hotels (M) Berhad do business in a fully competitive environment and yet did so well in the service industry.

SWOT Analysis

A company's successfulness always depends on the strategy that the company used to improve its business. SWOT analysis is one of tools that most companies like to use to determine the company's strengths, weaknesses, opportunities and threat. Hotel industry such as Shangri-La hotels (M) Berhad also need SWOT analysis to use as a guide for the business and distinguish between today situation and future situation. SWOT analysis will be very effective and useful for Shangri-La hotels (M) Berhad to improve its strengths and opportunities and yet minimize the weaknesses and threats.

Strengths, which are the beneficial aspects of the organization or the capabilities of an organization, which includes human competencies, process capabilities, financial resources, products and services, customer goodwill and brand loyalty. One of the strengths of Shangri-La hotels (M) Berhad is the brand name. Brand is very important for every business as it helps to internationally recognized for its luxurious hotels and resorts. Shangri-La hotels (M) Berhad is said to be an aspirational brand to the public. Besides, the leadership and management skills of Shangri-La hotels (M) Berhad is well known for its fine and tuned management that is capable enough to run the whole corporation. It helps Shangri-La hotels provide great and excellent service for every customer. Next, the high quality service of Shangri-La

hotels (M) Berhad also attract a large number of repeat customers which form a loyalty between them.

In addition, another strength of Shangri-La hotels is its five-star venture that won numerous awards including the leading spot as the Top Asia Hotel in Malaysia, Best Luxury Hotel in Malaysia by the 2012 Trip Advisor Traveller's Choice Awards and World Luxury Hotel Award's Global Winner in the Best Luxury Business Hotel and Best City Hotel category 2011. These awards build up a branded image for Shangri-La hotels and reputation in the hotel field. Not only that, Shangri-La hotels (M) Berhad also is the leading corporation on its line of food expertise in various cuisine from eastern to western. Many customers visit Shangri-La hotels are mostly due to the delicious and relaxing restaurants. Clean and tidy of the hotel rooms are the main reason of customers likes to visit Shangri-La hotels as they always satisfied with the environment.

Weaknesses, which deteriorate influences on the organizational success and growth. There are little of weaknesses of Shangri-La hotels (M) Berhad as they always minimize their weaknesses and transform to their strengths. One of the weaknesses is the inadequate of staff with qualifications as Shangri-La only hires personnel with skilled expertise and the draught for manpower. This may affect the shortage of workers and influence the performance of the hotel.

Furthermore, the concept of Shangri-La is outdated and does not appeal to younger generation. They rather go for hotels such as Hard Rock Hotel or G Hotel. Next, the maintenance cost is too high to handle as Shangri-La's hotel

and resort must be excellent to its quality for accommodation. This will increase the expenses of Shangri-La hotels and thus the price of the hotel room will also increase.

Opportunities, that are presented by the environment within which our organization operates. These arise when an organization can take benefit of conditions in its environment to plan and execute strategies that enable it to become more profitable. As economy of Malaysia had improve steadily nowadays and tourism sector is growing and booming in the recent years making the demand for hotels to increase significantly. Economy of the country will directly enhance the tourism sectors, thus service industry such as hotel will be attractive. Besides, online market is one of the opportunities that helps the growth of Shangri-La hotels as it ranks No. 1 in the Tripadvisor website. Technology helps Shangri-La hotels to attract customers as it is kind of marketing and promotion strategy.

On the other hand, partnership with international airways, KLIA, is one of the opportunities that more foreigners will be able to visit Asia. This in return increases the occupancy in hotels. Besides, as the steadily growth of economy had increase the job opportunities in Malaysia and this will occurs the lack of human resource. Thus, the lack of human resource will encourage expatriates to come and work in Malaysia. These are the upper class people and usually require hotels for their choice of stay.

Threats, one of the threats facing by Shangri-La hotels (M) Berhad is the competition of the business. Rival hotels are setting up their base in Asia and lower their prices making it more competitive. Those competitors will

influence the sales of Shangri-La hotels. Guesthouses will also compete as they provide much lower rate and affordable to all people. Low budget hotels are the competitors which offering lower costs of accommodation for customers to compete with Shangri-La hotels. In addition, spreading virus such as SARS and H1N1 and robbery cases will discourage people not travel overseas and thus affected the business of Shangri-La hotels.

SWOT analysis is one of the tools that are very important and effective for every business to determine the situation of the business and thus making improvement for it. Shangri-La hotels (M) Berhad will keep providing great service for customers after doing SWOT analysis as understand the internal and external determinants of the business.

Marketing Strategies (7 Ps)

A company's success is not only depends on the effectiveness and efficiency of the company's management. It also need to focus in marketing which is the important process of communicating the product or service with customers. Customers are important as without customers, a company will not grow and success. In order to grow a company, customers satisfaction need to get into details. Shangri-La hotel is a company which marketing its services to the customers. Therefore, Shangri-La hotel must has its marketing strategies to achieve the company's goals.

Marketing strategies defined as the marketing logic by which the business unit hopes to achieve its marketing objectives. Marketing strategy consists of specific strategies for target markets, marketing mix and marketing expenditure level. Marketing mix is the most common strategy used by

many company. Shangri-La hotel is one of the companies which implement marketing mix strategy. Marketing mix consists of 7Ps for developing an effective marketing strategy. It consists of product, price, people, process, promotion, place and physical evidence.

The first P –Product, usually defined in the capacity of goods or services.

Product can be differentiated with quality, design, variety and features. The product of Shangri-La hotel is providing services to customers instead of goods. Shangri-La hotel provides online customer service for customers and customers can get to know the hotel with their website provided.

Accommodation service is the main service a hotel provides for customer.

So, in order to satisfy customer, types of rooms are playing an important role. There are five types of rooms provided for customers according to their preferences.

A hotel must always satisfy customer and build a good relationship with customer through service provided in order to get loyal customer for the hotel and yet maintaining a long term business. Shangri-La hotel provides variety of facilities for convenience their customer to enjoy the stay from the time check-in until check-out. Facilities can be included exclusive room facilities, hotel facilities, dining and entertainment, sport and leisure for customers. Services with intangible are the helpful services provided by receptionists and the smiling face welcoming customers by the staff.

The second P –Price, is the amount of money for customers to pay for accommodation service in the hotel. Shangri-La hotel always fixed the price according to the types of rooms chosen by customer. Customers are able to

make booking online as to convenient them for make comparison and know the price. Online booking usually will requested customers to choose few options according to their choices and they can pay the total amount of the room by using credit card. Besides, online booking will convenient foreigners as it provide currency converter for them to convert into their currency.

Pricing strategy using by Shangri-La hotel is based on the service ordered by customers, so customers will be more satisfy with the service because the hotel provide service according to customers' order. Discounts and allowances will be given by Shangri-La hotel in the off-peak seasons as to attract more customers to increase sales. By giving discounts in a special room rate, customers can have the chance to stay in the hotel with a relatively lower price and the hotel can build the customer loyalty at the moment. Customers also can made their payment with cash or card as to convenient customers and prevent hassle of customers.

The third P –People, relate to persons who involve in the process of interaction. People can be classified into target customers and service personnel by Shangri-La hotel. Target customers of Shangri-La hotel are mostly from upper-class or those who posses higher financial ability. Shangri-La hotel is mostly targeted customers of tourists and businessman. Tourists who come from overseas are willing to stay in a luxurious and expensive hotel as they are of higher financial group and likes with relaxing lifestyle. Besides tourists, businessman is another target customer who mostly required to stay in a five star hotel as their expense will be paid by company. By choosing a five star hotel by business travelers, it will create a good image of the company he/she represented.

Whereas the people of service personnel involve in the interaction, Shangri-La hotel must recruit and hire employees with skills and attitudes. Skills can be related to the qualification, ability and competency. Attitudes are those behaviors that every staff in the hotel must be acquired such as helpful, responsive and smiling. Shangri-La hotel has provided training programmes for all the hotel employees to make improvement. With skills and attitudes, employees are able to satisfy customers in any issues and lead them back to loyalty.

The fourth P – Process, refers to the systems used to assist the organization in delivering the service. For example, when enter a hotel, you are welcomed by staff with smiles, check-in service is fast, baggage is taken to room, have a great service from the restaurant and facilities, and finally ended trip and baggage delivered to you. This is the process in Shangri-La hotel. Shangri-La hotel demonstrates process involved in delivering services.

Fast check-in process is the key of first impression of customer as reservation will be served directly by the receptionist. Besides, when customers are in hunger and order dishes through room service, a fast delivering process is enough to satisfy customers. If customers want to make a complaint regarding the non-working of air-conditioning, the fast process of making complaint and solve the problem is very important. Shangri-La hotel always help customers to solve problem as they care of customers.

The fifth P – Promotion, usually made to attract more customers to increase sales. Shangri-La hotel usually have promotion and special offer to build long term relationship with loyal customer. Shangri-La hotel is using advertising

and online marketing to make promotion. Advertising can be regarded as the banner and brochures of the hotel. Technology had become very important nowadays as most people know how to surf internet.

Online marketing is the trend to promote Shangri-La hotel. Customers can book hotel rooms at other website such as booking. com and agoda. com. Those websites are able for customers to leave feedback regarding their stays. Positive feedback will successfully attracted more customers to visit the hotel. Furthermore, customers are able to pay less for more with special offer and promotion made by Shangri-La hotel. Customers can enjoy delicious meals at the restaurant with the special offer made in particular day such as Valentine's day. Positive word of mouth is one of the ways for promotion as satisfied customers will recommend other customers to visit the hotel.

The sixth P –Place, where customer can receive the service. Shangri-La hotel is a world-class hotel as hotels are distributed all over the world such as Malaysia, Hong Kong, Taiwan, China, Australia and etc. New hotels are built by according to the demand chain management as the company knows what places are demanded by people for a hotel. There are three Shangri-La hotels in Penang, two at Batu Feringgi and one located in Georgetown. Batu Feringgi Beach is one of the tourist attractions in Penang. Foreign travelers love to visit the beach and this had made the popularity of Rasa Sayang Resort and Golden Sands Resort. Traders hotel is located in Georgetown where most of the businessman likes to visit. Hotels located in the city will be more preferable by travelers as they can go visit any place nearby. Places

of the locations of Shangri-La hotel are wonderful and it has its own specific environment.

The seventh P –Physical evidence– refers to services in tangible. The most common physical evidence of Shangri-La hotel is the brochures which mostly customers can requested at the counter. Business cards of receptionists or managers can be regarded as physical evidence as it can be used for next visits or recommendations. Customers can enjoy the beautiful and extraordinary designs of the outdoor swimming pool as it is regarded as the physical evidence. When customers made payment of the hotel room, an invoice of payment will be received by customer. It belongs to physical evidence as shows that customers are able to enjoy the optimum level of satisfaction of services.

Service Issue

Shangri La Hotel Berhad is a limited company that operates throughout Malaysia. Although Shangri-La Hotels (M) Berhad is doing good in the service industry, there have some issues that need to be improved and overcome. One of the issue faced by Shangri La Hotel Berhad is the insufficient manpower to conduct the daily operations. This is because Malaysia is facing lack of workers and is importing workers from other foreign countries. The link between manpower and Shangri La Hotel Berhad is fairly simple as manpower is proportional to productivity.

The more people are available to work, the faster projects can be completed or the more projects a company can take on. Conversely, a lack of adequate manpower prevents businesses from completing tasks. The lack of

productivity translates into a reduction in revenue and profit, which in some cases means the business can't stay operational. Hence if Shangri La do not handle this issue adequately, the efficient and effectiveness of the company will be affected.

The second issue faced by Shangri La is the standards of the hotel staff not on par. With the increasing challenges the hotel sector is facing globally and the escalating demand for tourism products and services, especially in the emerging markets, there is urgent need for players in the region to offer high quality performance standards to survive.

As stated, because of insufficient workers, Shangri La has to hire foreign workers in order to balance up the workforce. Foreigners on the other hand are usually hired from third world countries because of their low cost. This in return has taken toll on the overall performance of the company. Therefore, Shangri La should also look into this matter.

The third issue is about the maintenance handled by Shangri La. As noted Shangri La Hotel Berhad is engaged in the operation of hotels and beach resorts, a golf course and clubhouse, property management and investment and commercial laundry. In the field of golf courses and clubhouse, maintenance is the utmost important.

Shangri La on the other hand is doing just average based on the reviews. Because Shangri La Hotel Berhad is a five star company, they should be able to improve their maintenance and achieve excellence. As stated, maintenance is important in the hospitality trade as it reflects the service provided by Shangri La to their customers.

Besides that, Shangri La also engages in beach resorts, having one in Batu Ferringhi and one at Sabah which is the more popular ones. Based on the reviews of the hotels, Shangri La Hotel Berhad has received complaints on the lack of entertainment provided on the beachfront which is also one of the issue faced by Shangri La. The beach itself is already amazing to enjoy. However, being viewed for their excellence, Shangri La Hotel Berhad should enhance a solution to that matter. Several reviews stated that there is nothing for the people to do at the beach but loafing around making the stay boring and unworthy.

All these issues should be addressed by Shangri La Hotels Berhad as to maintain their international standards. If these service issues are solved, there is no doubt that Shangri La Hotels Berhad will achieve excellence in their line of trade.

Latest Venture / Business Plan

Although Shangri-La hotels (M) Berhad already owns 66 hotels all over the world and has long term customers, Shangri-La hotels (M) Berhad want to keep expand and differentiate its business in order to provide more service to the public. This is also a way to get more income and try to satisfy customers in a long run. Recently, Shangri-La hotels (M) Berhad have some new business plan and latest venture for its business.

For example, they planned to have some major renovation programme for certain resorts. For example, some renovation would be held in Rasa Ria Resort's Garden Wing guestrooms. When the renovation is fully completed, those improved room products will give the resort a stronger business

platform for the company's future growth and well to compete strongly in this competitive marketplace. They try to satisfy customers of their specific services provided which can't be found among competitors. This will lead to a competitive advantage for them and customers will looking forward for new venture and service provided by Shangri-La hotels (M) Berhad.

Besides, Shangri-La Hotels (M) Berhad has planned to