

Analysis of novotels competitive business advantages commerce essay

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A competitive advantage is an advantage over competitors. A competitive advantage is gained by offering your consumers greater value, this can either be by means of lower prices or by providing greater benefits and service that justifies higher prices. (Jim Geoff tutor2u). In the case of Novotel, they have managed to find sustainable ways to create a competitive advantage over their competitors and these are discussed below. Novotel offered its customers superior service delivery and this involved a hospitality concept. The Human resource management of Novotel was superior as they ensured that their customers felt welcome. Novotel greeted their customers with personal warmth and this led to an insight into the actual nature of the management task for servicing which reflects on the internal processes. Novotel's hospitality concept is delivered to the customers on a routine basis as well. Novotel's layout is also used to their advantage and it plays a part in the service design. The layout of Novotel allows the customers to find their way easily and it leads the customers immediately to the areas they seek to be at, due to the fact that the hotel's public spaces are adjacent to the reception. This can also be seen as an advantage because the customers are able to find their way and ask any questions if they are not sure of where to go or if they are not able to find a certain area in the hotel. The reception is also near the actual restaurant which helps the customers identify that the first floor is entertainment area. The next competitive advantage of Novotel is their distribution system. Novotel operates within both individual and corporate business markets. This is an advantage over its competitors as the hotel is reaching a much wider market and is getting the most out of it as it is reaching different locations and getting different resources that best suit the

customers. Another competitive advantage that Novotel poses is they have partnership programmes. Novotel is particularly into the supplier partnership programmes meaning they are trying to get the best possible stock for the customers at a reasonable price. This at the end of the day delivers both scale economics and scope economics. This is a competitive advantage as the hotel is getting a sole preferred supplier, which they can rely on to bring you quality good and bring the goods on time. Novotel future implemented the hospitality concept by other key elements in service delivery. This included staff exchanges between countries, locations and type of customers mix. Novotel gained a competitive advantage by doing this because the staff members got a lot of opportunities and experience in their jobs in order to serve the customers to their best ability. This also contributed to a multi-culture experience, which is essential to the philosophy of making the customers feeling welcome. The competitive advantage allowed Novotel to identify the customer's needs and it helped the staff members to understand each ones needs according to their background. This all in turn helps motivate the staff members in an industry where the labour turnover is typically high. Novotel also offers discussion on the management processes which at the end of the day enables the standardised levels to be delivered which therefore creates a professional service delivery to the customers. This image created can be seen as a competitive advantage as it helps the hotel be distinguished as helpful and professional, because where ever they are located the customers will experience the same quality service. The HRM and service delivery elements are indeed the main competitive advantages of the hotel. The features of Accor Group, the centre for all staff training

allowed the standardised level of service to be created and this helped the company be set apart from the other hotels in the industry as Novotel's staff members had a core service concept placed in special requirements on the staff and ensure consistency. Novotel took the consistency factor a step further by getting the senior management team to develop a new approach to staffing in the hotel sector. This created a competitive advantage as it helped develop the staff as a team to be able to perform tasks and work as needed in a flexible manner. With such flexibility, the working patterns have broken down some of the staff demarcation that tends to be an issue in the hotel industry.

How does the value chain configuration help us to understand how these competitive advantages are managed and delivered?

A Value Chain is described as activities that occur within a business and this activity relates them to the actual value chain analysis of the competitive strength of a business. Michael Porter's work helped influence the work and suggested that the activities of a business should be grouped under two headings namely, Primary Activities and Support Activities. (Jim Geoff tutor2u) Primary Activities are those activities that are directly involved with creating and delivering the product or service to the customers. Support Activities on the other hand are not directly involved in production, but it may increase the effectiveness or efficiency of how the product or service is delivered. (Jim Geoff tutor2u) Therefore, Novotel's Primary activities will be identified and shown below and how it is linked to the support activities, which helped them create a competitive advantage. One of the competitive

advantages mentioned was Hospitality Concept and this is one of Novotel's Support activities. This support activity is linked to Service, which is one of the primary activities. Novotel achieved a competitive advantage by doing this because through using, the value chain configuration the hotel was able to provide the customers with quality services and it helped motivating the staff members to take pride in their work and to do their job correctly. This in turn led to an insight into the management task in service, which reflected the robustness of the internal processes to deliver these service elements to the customers on a routine basis. This helped create a competitive advantage as with service and hospitality linked the customers experienced a warm welcoming no matter what the location of the hotel is because there is a standardized service level. Another primary activity is marketing and this was closely linked to another primary activity within the company, which is the distribution system. With two primary activities linked it create a competitive advantage because it allowed special promotions and advertising themes to be created and shown to different segments. With such promotional tools, they will be able to reach their customers in different ways. This is because the symbols and promotions are co-ordinated and the marketing materials used for segments will be different according to the actual location, country, and lifestyle of that area. Partnership Programmes, which is Operations, are one of Novotel's primary activities and this is closely linked to relationship marketing, better seen as Human resource management, can be seen as one of the support activities. The value chain configuration helped the hotel reach a competitive advantage by linking these two activities because they were able to build relationships with the

suppliers and ensuring that the relationship is strong and the value between the company and the supplier. Novotel also linked two support activities namely Firm Infrastructure which was linked to procurement. This created a competitive advantage as the hotel was able to purchase their goods from a sole preferred supplier and not just any supplier that is available. This enables the hotel to get their goods on time and get good quality services from the suppliers. Another link of two support activities is the internal and external relationship marketing, which is linked to Purchasing efficiencies. This link allow the hotel to advertise and promote that they provide great services to the customers and with the help of technology development which is another support activity it reaches a wide range of customers. Novotel is also been innovative now days by doing local purchasing which is becoming common and reducing cost. The hospitality concept was further implemented by service delivery. This is a link between Human resource Management, procurement and marketing and sales. Human resource management and Procurement are both support activities and marketing and sale are primary activity. This link added value and a competitive advantage because the staff members were exchanged between countries in order to create and open the staff members to multi-culture awareness. This allowed them to be welcoming to different kinds of people with different backgrounds. This therefore lead to the staff members been more motivated in an industry where the actual labour turnover is typically high.

3. Use the VRIO framework to evaluate Novotel's capabilities.

According to William S, 2005, the VRIO framework is an internal tool of analysis in the context of business management. VRIO is an acronym for the four question framework you ask about a resource or capability to determine its competitive potential: the question of Value, the question of Rarity, the question of Inimitability (Ease/Difficulty to Imitate), and the question of Organization (ability to exploit the resource or capability). (Barney, Jay B and Hesterly, William S, 2005) The use of the VRIO framework will help evaluate the capabilities of Novotel and this will be discussed below. The Question of Value: " Is the firm able to exploit an opportunity or neutralize an external threat with the resource/capability?" The Question of Rarity: " Is control of the resource/capability in the hands of a relative few?" The Question of Inimitability: " Is it difficult to imitate, and will there be significant cost disadvantage to a firm trying to obtain, develop, or duplicate the resource/capability?" The Question of Organization: " Is the firm organized, ready, and able to exploit the resource/capability?" (Barney, Jay B and Hesterly, William S, 2005)With these questions asked we can determine that the value create by Novotel is distinctive from the competitors in the sense that they are contributing to the customer's needs and providing them with standardized services. This contributes to the organisation reaching its capability of satisfying the customer's needs. The fact that the staff members are trained to multi skill indicates that they can be flexible in their work. The staff members are exposed to multi-culture learning opportunities and this helps them to be more competent in their jobs in order to know how to satisfy each cultural need. At the end of the day, Novotel creates value for <https://assignbuster.com/analysis-of-novotels-competitive-business-advantages-commerce-essay/>

both its customers and its staff. Therefore, the firm's capability of human resource management helps contribute to the service activities of the hotel. This results in the firm being able to be exploited as different to its competitors as they are taking the opportunity to staff exchanges in order for them to learn more and be open minded. The next question to be discussed is rarity. In the case of Novotel they have created a strong customer image. The hotel provides standardised services no matter which country or location. This enables the customers to trust in the brand of the hotel as they only expect the best services. The customers' needs are seen to and with the capabilities of the firm's staff members being flexible at multi-skilling and multi-cultural the hotel can serve the customers and reach customer satisfaction. Novotel uses a system to monitor standard procedures, this system is known as 95 Bolts. This system was intended to be a learning tool. It was a hierarchical system and it emphasized the structural elements of services provided. This is a system not widely used and therefore can be seen as a capability of the firm to own a rare system. The next question asked is Inimitability of Novotel. In this case, Novotel's human resources are difficult to imitate. Other firms might find ways to do the same routines and procedures but the competitors cannot imitate the human capital that Novotel poses. The knowledge and skill that the staff members have gained through learning experiences and facing different people of different cultures has given them the key capabilities for the firm. Novotel was able to motivate their staff members and provide special training for them to become competent in their jobs. The idea of getting the staff members to be able to multi skill was done so that they could work

under pressure, work as a team to get the job done, and clean the guest rooms while the customers are at breakfast. Fast services also create value for the firm's image and in return, this is difficult for the competitors to imitate. The last question to be addressed is whether Novotel is organised fully in order to exploit their competitive advantages. Novotel is capable of exploiting their competitive advantages for the fact that they have mastered the key to success with the customers. The idea of training the staff members and linking their primary activities and support activities lead them to have a competitive advantage but other firms do not have the same human resources or company layouts to their advantages. Therefore, Novotel's VRIO framework shows superior capabilities as these advantages are not likely to diminish over time, especially in the competitive environments. The competitive advantages are long term and the company continues to train staff member to ensure consistency.

CONCLUSION:

Novotel has indeed created value for its customers and has linked up activities both primary and support activities in order to achieve customer satisfaction. The hotel provided the staff members opportunities not only to be happier in their jobs but also to feel competent in what they are doing and to work as a team. The fact that the service levels were monitors shows that the staff had a level of expectancy and it helped them know what exactly it is they must do in order to make the customers happy. Novotel ensured that they had a standardized service level and they made this one of the competitive advantages and by training the staff members to achieve that, Novotel was able to be recognised by the customers according to the

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image been created. The Value Chain analysis helped the company link up the right activities in order to achieve the competitive advantages that at the end of the day are mainly the human resources that the hotel possesses. The VRIO framework allowed you to identify if the hotel was able to emphasis on their resources and their internal capabilities. Novotel in this case achieved competitive advantage of human capital and certain processes and procedures that contribute to the success of the hotel. The fact that Novotel was able to control the human resources and provide training indicates that the firm is organised and superior.

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