

Environment of kamat hotels



**ASSIGN
BUSTER**

Kamat hotels are a new chain of luxury business hotel in India promoted by KHIL (kamat hotel India ltd). Kamat hotel began as a single landmark namely VITS Mumbai, located near Mumbai international airport, but is now recognized all over the India as the symbol of true Indian hospitality. KHIL is a pan-India network of hotels that offers business and leisure travelers a hotel designed for the modern nomad. The hotel promises a whole new experience of tranquility and total wellness proposal. Called the jiva spa, it is a unique concept, based on a mixture of heritage, wisdom and the Indian philosophy of wellness and well being. All hotels built with similar infrastructure are four star hotels which consist of 200 rooms and aims to give prospective customers, a “ total experience of hospitality”. Each hotel has a six banquet halls, a conference hall and fitness clubs complete with sauna and steam bath are open in the lobby area.

KHIL is well known for being environmental friendly. It has won many awards like environmental champion, global ecotel, regional direct tourism award and pata (pacific Asia travel association awards), hotel and catering international management associations (HCIMA) best environmental policy 2000, India chapter environmental award for 2001 on the hotel excellence category. In 2009, VITS achieved excellent profitability based on the trend of rising demand for suitable accommodation in the city of Mumbai.

Based on its early success, KHIL has expanded heavily in India, opening new branches in more states like Ahmadabad, Aurangabad, Baroda, Gujarat, Hubli, Kolhapur, Nagpur, Nasik, Pune, Sholapur, Surat and it is expected to add twenty more branches in the next five years.

With the rapid expansion of Indian economy, budget and mid market hotel segments are fast expanding as more business people travel and look for short pleasant stays. The group also introduced tours and travels in 2010 and was engaged in marketing of destination and package tours. KHIL along with its flagship hotel, VITS are well positioned to meet the increase in travel activities and is set to benefit fully of this market expansion.

The restaurants, known for their top quality food, attract high number of middle class families for breakfast, lunch and dinner. However limited capacity of its butchery and bakery cause delays in periods of high customer turnout and often leads to customer complaints

KHIL group employees are gentle, skillful, and knowledgeable and are given certificates of honesty which keeps them motivated and loyal.

But Management at VITS has been very poor at embracing Technology to help them in their daily task or for the benefit of their customers. There is no Wi-Fi installed on the premises, and internet connections are slow.

Management have not upgraded their software but have stuck to their “PMS” i. e. (property management system) while their competitors are already using Opera or Fidelo, softwares which are faster in performance and standards.

Using the stakeholder model, this paper will assess the strengths and weaknesses of VITS and then analyses its external environments using Porter’s 5 forces model and PESTEL. This will give us a proper indication of the hotel’s position and will conclude by coming up with workable proposals for VITS.

2. 0 Analysis of the internal environment

2. 1 Stakeholder model

2. 1 Stakeholder

An individual, group or business with a keen interest may be positive or negative in an organization success are known as stakeholder. They are concerned with an organization to deliver an intend result and also to meet its financial objectives generally stakeholders are of two types they are internal “ within the organization” and external “ outside the organization”. Stakeholders are shareholders, employee, suppliers, customer, financial institution, government and society. A stakeholder is usually stands to gain or lose depending on the decision taken or policies implemented.

2. 1. 1 Importance of stakeholder

Stakeholders are very important persons who in fact control the organization and the success of the organization lies in their hands. The participation of stakeholders in an organization is from the beginning of the organization. Stakeholder analysis is a technique which is generally used by an organization to identify the importance of key people, groups of people or stakeholders which influence the success of an organization. It is an important process because if we find the needs and interest of stakeholder than it become easier for an organization to achieve its goals. This can be done by an individual or by a team. The analysis helps us to determine the influence and power that each stakeholder has. If we know the most powerful stakeholder than it is easy for an organization to gain support in order to gain success. We can implement stakeholder to an organization in three steps they are {1} identifying the stakeholders, {2} prioritizing the

stakeholder and {3} understanding important stakeholder opinion and interest.

2. 1. 2 Shareholders

KHIL hotel's formally reports to their shareholders twice a year when it releases its results. This comes amidst great media and specialized press speculation as KHIL is known to be a star performer. Shareholders have over the past 5 years, constantly been rewarded with dividends to the tune of 21% per annum after tax every single year. They generally hold meetings with their shareholders and stakeholders to keep them informed about the progress of business and future plans for the group.

2. 1. 3 Employees

KHIL hotel's places great importance on communication about its business and performance to their employees. They follow a program of effective staff training to understand the purpose and goals of hotel management strategies and deliver on the organization's sustainability objectives.

2. 1. 4 Suppliers

KHIL supports local suppliers and promotes responsible business practice. Given the strength of their bargaining power they can source produce at a very competitive price which helps them on profitability. Supporting local suppliers wherever they are also helps them to build good relations with the community whom they support. Suppliers are very supportive of KHIL and have been working with them ever since they started business.

KHIL welcomes feedback from their suppliers which helps them to better understand how they are performing against their peers and they get a clearer picture of risk.

2. 1. 5 Customers

KHIL has mastered guest relationship through constant interaction and feedback from them. They offer top quality service which is known and appreciated by customers. This is what has built the KHIL brand as they are known for the unique experience they offer customers. KHIL charges them a slightly premium price but which customers do not complain about as they feel pampered. Customer feedback lies at the center of their strategy. Customers recommend the hotel to their friends and word of mouth spreads. Feedback and adaptation to customer requirements have kept them ahead of competition and rising up to end increasing guest demands. They have mastered the art of proactively engaging with their guests to understand and anticipate their requirements.

2. 1. 6 Financial institution

KHIL works and is supported by the biggest and the best financial institutions like the State Bank of India, Baroda Bank, ICICI, and private investment funds. Gathering funds for expansion and development is not a problem because of the support as KHIL has always lived up to expectations of financial institutions and has never defaulted.

2. 1. 7 Government

KHIL relies on both central and local government provisions. Statutory and regulatory sanctions of authorities are required for approval of restaurant

and bar licenses. As such it is in its best interest to stay within the legal provisions. Both central and local governments are very supportive of KHIL's investments as it creates wealth, jobs and supports to local communities. KHIL is a major benefactor of government's incentive schemes and low interest investment funds and this helps to expansion. KHIL does not fail on taxes, levies, duties, company or municipal taxes. KHIL has provided for Rs 1, 63, 17, 4381/ for the current financial year for different taxes and no dues are pending.

2. 1. 8 Society

KHIL, since the very beginning is a major supporter of social development. This is a reason why communities welcome its developments. The group supports sustainable livelihood as an underlying principle of their social initiatives. In order to improve the quality of life of villagers who live around the hotel KHIL helps them by providing solar lighting, health, hygiene and nutritional support for children and women, drinking water facilities and educational support. They provide hotel related artisan jobs for them like making candles, dusters, staff snacks and stationery.

3. 0 Analysis of the specific external environment

I will use Porter's five forces to analyze KHIL's specific external environment.

3. 1 Barriers of entry

Barriers of entry in the hotel industry are very high as lots of investment goes into initial infrastructure and getting initial customer support. Credit facilities to tour operators and other agents supplying customers result in

cash flow issues which very often cannot be supported by new entrants as they rely heavily on loans.

3. 2 Availability and substitutes

The substitutes exist when the alternative product with lower price and better performance for the same product. Likewise the Kohinoor provides the spa at the low cost compared to KHIL which reduces the potential sales volumes of KHIL. There are a lot of price variation between KHIL and the Kohinoor hotel service, which leads customers to feel that KHIL is at times over priced. The Kohinoor have various rates and tariffs, a good brand image and the hotel chain currently operating different services like spa, boatels, resorts, city center and heritage hotels.

3. 3 Bargaining power of suppliers

The suppliers consist of all the sources of input that are needed to provide a goods and services. KHIL has good supplier support but is at a disadvantage against competition as it has a tendency of buying because of the long standing friendship they have with suppliers who supported them initially. Very often this plays against price and quality. Furthermore large quantity items are tendered and bought on price which often plays against quality.

3. 4 Bargaining power of customers

The hotel industry is a very competitive one and having invested in its fixed assets, hotels want to recoup their investment as quickly as possible. They are ready to offer discounts the whole year to attract and keep customers therefore reducing margins. Availability of substitutes such as the Kohinoor

improves the bargaining power of customers and they can put even more pressure on margins and volumes.

3. 5 Competitive rivalry

KHIL has several good challengers like the Kohinoor, Continental and the Mirador who are competing in similar market with similar offerings. The Kohinoor has 200 rooms, excellent conference facilities, multi cuisine restaurants, bars, health clubs, and 24 hours coffee shop, doctor on call, is situated in the main business area of Mumbai and is close to the international airport. These facilities are similar to KHIL's and reason why they are strong challengers. This has the overall effect of reducing both revenue and profitability.

4. 0 Pestle analysis

Pestle analysis is the useful tool to understand the clear picture of the environment in which the organization lies and to find the opportunities and threats that lies in the environment they can be express as the Political, economic, socio cultural, technological, environmental, and legal factors affect an organization's external environment which in turn affects an organization by offering it either opportunities to progress or threats to regress. it is also used as a generic orientation tool to find out about the organization or the product is in the context of what happening inside as well as outside of the organization.

4. 1 Political environment

One of the political environments for the organization was the “ times of India” (it is a well known newspaper) by Rachna sigh, Jaipur in a bid to

attract the international tourists is gearing up with a host of new properties across the different segments.

Some of the industries like hotel and tourisms are the backbone of any competitive world. But government charges a huge tax from the hotels which are stars or are in the luxury category these organizations has an impact with the government or the political changes that occurs. If the government takes even a small steps if affect the hotel industries. It's getting huge incentives and the state governments are supporting them in their development. But now Indian hotels are planning to expand in the economic crunch time.

The terror attack on the city (Mumbai) renowed hotels like the taj hotel and the oberios had brought into concerns and facing the hoteliers with a drop in foreign travelers to India i. e. the terror attack is one of the threat for hotel industries.

4. 2 Legal factor

In recent years, government has brought significant changes to the legal framework to facilitate investment and doing business. Several incentive schemes have been introduced to increase investments. Laws that directly impact on the hotel industry are the Hotel development incentive bill, tax holidays of up to 2 years to new investors in the hotel sector, fairer health and safety laws and less stringent employment laws that were acting as limitations to investment. This has led to a lot of development as investors have easy access to funds and are supported by incentives. These new

business friendly frameworks have largely helped groups like KHIL to invest further and adopt expansion strategies.

4.3 Economical environment

The India economy hardly suffered from the international financial crisis. This is because the Indian system rests on a controlled and sound financial system in the country. The economic environment includes GDP, interest rates, inflation and exchange rates, economic growth, taxation amongst others and it determines disposable income. While larger number of tourists will flock to India for its beauty, history and heritage, Mumbai the financial capital will keep bringing in business people from around the world therefore offering an incessant flow of customers to hotels like the KHIL group to prosper.

4.4 Social environment

Changes in social trends also have an impact on the demand for a firm's products and offer. Organizations have to respond by constantly adopting their products to new customer trends and demand.

This is what KHIL has constantly been doing especially with its unique feedback system. Feedback from customers has also explains why KHIL has more single room than double rooms.

4.5 Technological environment

Indian is one of the most advanced technological nations of the world and businesses are well aware of progress in the field of technology and its enduring impact on processes and the reduction of costs.

KHIL has not taken technology on board though most major customized products are valuable.

4. 6 Environmental factors

The growing desire to protect the environment is having a great impact on many industries such as travel industries. Environment protection creates business opportunities and KHIL is well ahead of competitors in this field. To respect local legislation, all hotels of the group are built after an environmental impact assessment and this creates harmony with the community.

5. 0 Swot analysis

Swot analysis is the most important tool for audit and analysis of the overall strategic position of business and its environment. Basically it is the foundation for evaluating the strength, weakness, probable/likely opportunity and threats from the external environment. It also views the positive as well as negative factors inside and outside of the organization which affect its success. So these are the four factors applying to the property to know about the property in details the strength, weakness, opportunities as well as the threats of the KHIL hotels.

5. 1 Strengths

Strength is the qualities which helps an organization to achieve its goals. Generally strength are beneficial aspects of the organization which includes human competence, process capabilities, financial resources, product and service, customer goodwill and brand loyalty.

Strength of KHIL

Competitively priced for value they offer

Situated near the international airport and few kilometers away from the domestic airport

Is a very convenient alternative for layover guests are those whose flights have been cancelled or delayed

Has preferred partner status with airlines

Affordable luxury venue for SME's for their Meetings, Incentives, Conventions and Exhibitions

Highly perceived as a environmental friendly hotel

Recognized name for fine cuisine and value for money accommodation

Loyal, honest and per formant employees

Appeals to local middle class families looking for a night out

5. 2 Weakness

Weakness is a limitation, or the defect in an organization that will keep it away from achieving its goals. The weakness are of different kind like huge debt, high employee turnover, complex decision making process, narrow product range and large wastage of raw materials.

Weakness oh KHIL

Situated off the road it may see significant impact on FIT guests (free individual traveler)

<https://assignbuster.com/environment-of-kamat-hotels/>

Fails to handle larger crowds and sister hotel Orchid is no substitute

Business centre is too small and no WI-FI zone yet

Trailing on technology on its processes and still using Whitney rack system

Swimming pool located next to the restaurant plays against privacy

5.3 Opportunities

An opportunity is a kind of favorable situation in a firm environment. It is usually a trend or an overlooked need that increase demand for a product or service and allows the organization to enhance its position.

Opportunities for KHIL

Upcoming cricket world cup jointly organized in India, Bangla Desh, Sri lanka will attract guests

Event can be used to showcase of value offered to enhance reputation

Bus service or the special cabs for the fans to the stadium in and around the world cup venues

Targeting opening in new or developing business hubs like Bangalore

5.4 Threats

It is an unfavorable situation which may occur in an organization environment and which may harm the business or its strategy. They are uncontrollable when the threat comes, the stability and survival can be stake.

Threats for KHIL

Security especially in the wake of terrorist attacks

Competitor response from Kohinoor, Continental and Mirador

6. 0 Conclusion

As each and every organization has strength, weakness, opportunities, and threats the kamat hotel also have these factors but they can find out by doing the swot analysis to the organization to its internal and external factor so that one can obtain it and can control the system in a practical way. It can work according to its objectives by allowing an easy way to attain its profit growth.

7. 0 Proposal

The KHIL hotel's should plan and perform their work to achieve their goals and the information and explanation that are considered are necessary to work on them that they need to improve a lot like increasing the rooms in the hotel because of its they are facing the problems when there is an event in India most of the foreigners visit to India because of lack of rooms its losing its business so if it works on it then it will achieve a great success.

These are needed to upgrade to an improved integrated management system as it would help reduce the amount of paper work. It would also reduce the work of night auditor and reception staff as they would not have to verify every bill every time guests checkout.