

External value creation concepts within renaissance hotel and resort group report...

[Art & Culture](#), [Renaissance](#)



The key challenge facing managers today is selecting and setting the future direction of an international enterprise. Reasons for facing difficulties as observed by McGee et al (2005) are usually: failure to anticipate market and competitive changes, and failure to develop suitable competitive products and organizational processes, which will position the company to regain success (p. 48).

Strategic sluggishness, pride, bureaucratic organizational and management philosophies, and other cultural characteristics discourage and stifle creativity and innovativeness in a firm (p. 50). Managers find themselves following the same procedures everyday even when the environmental situations have changed (Flood 2000 p. 18). These calls for organizational restructuring and this will be achieved through external value creation concepts.

The Renaissance is a worldwide brand of hotels and resort in over 140 locations worldwide. Each Renaissance was built with a unique character, personality and history. The hotel was created for those who seek new discoveries and adventure, and people willing to uncover the local flavour, charm and culture.

That is Renaissance hotels and resorts are located among the best places in the world, for its clients to experience the something new and wonderful.

The renaissance brand is owned by the Marriot International and most of the hotels are managed by Marriott. Founded in 1982 as Ramada Renaissance

Hotel, it was later to be acquired by New World in 1993. New World acquired Stouffer hotels from Nestle and folded them to one Renaissance chain.

In 1997 Marriott acquired Netherlands incorporation Renaissance Hotel group and retained the Renaissance brand. It was later in 2005 that Marriott acquired most of the remaining Renaissance Hotels with the aim of managing them and selling them on franchise contracts.

External value conception is an idea that every entrepreneur would want to achieve. This is due to saturation in the market place where every industry has been turned red due to competition of existing products (Bohm 2006, p. 78). To develop value creation concepts, it requires creative thinking and innovativeness to avoid duplication of what already exists in the market (Brooke & Mills 2003 p. 60).

This would involve searching in the hotel industry, the internet and related products. The information sought could help in identifying the existing need in the business and how to solve the need. This paper will explore the option and develop external value creation concepts that will help Renaissance Hotel and Resort group outline the new concepts that will be used to create client's satisfaction.

Marketing is the activity carried out by an organization that involves the identification of needs by customers and finding ways to satisfy customer's requirements profitably (Pittis and Lei p. 2). While carrying out marketing there are tools of communication like promotions, public relations and word of mouth that are used.

Marketing, according to Pittis and Lei (2006) is people driven and it is not stagnant, it keeps on fluctuating according to the changes and preferences of the customers (p. 3).

One of the most common principles used in marketing is the 4P's plan, which guides the marketing department. These four elements if well understood by the marketing department, is bound to improve service quality at Renaissance hotel and resort group (Thompson and Martin 205 p. 4). The 4P's are represented as follows:

Product includes the physical unit, packages, warrants, and after sale services (Bennis 2009 p. 33). The renaissance hotel should consider what it offers and how it is offered; this is because the product is the core of the business.

The product in the case of Renaissance is facilities like the bar, hotel room, gym and spa and the garden how the hotel presents this product accompanied by people to offers the products that is the staff is very important. The design, color and ambience should offer a positive feeling and comfort to the clients

Place strategy is concerned with making the product available to consumers (Brooke and Millis 2003 p. 62). The location for the hotel is very important; clients consider the positioning of a hotel in terms of need. While some want a hotel near the city centre, others prefer a quiet and hidden hotel.

Renaissance location in any of the places ought to be seriously considered. For example, when considering establishing in the coast areas, building near the beach will be good positioning. This is because most visitors staying over would like to visit the beach and also have a beach view.

Renaissance should consider what attracts clients to the hotel, and what kinds of environment to create to provide the perfect experience (Bohm 2006 p. 79). The hotel can take an initiative of creating different kinds of environment, by maintaining a good landscape garden, nice lighting and air conditioning.

Promotion is ensuring the customers get information that will stimulate their need to purchase (Crosby 2009 p. 23). In this case, the promotion strategies applied by Renaissance include advertising and media selling. Advertising is done through the company website and blog, advertising site like Google ads, yahoo and face book, in magazines like vogue, cosmopolitan and O magazine.

Advertising on strategic billboards on busy streets, newspapers and on media like on television and radio is bound to increase chances of reaching as many clients as possible.

The price is what the buyer will pay so as to use the product fully. Pricing as stated by Kurtz et al (2009) is crucial because it will determine the profitability of the hotel and resort group (p. 75). Given that it is an international five star hotel, high-pricing strategy should be used to provide the very best of service.

However there is an addition of 3p's to the marketing mix to see through service quality and they include people, process and physical evidence (Kurtz et al 2009 p. 77). The people in an organization are responsible in product and service delivery, often seen as the service consumes (Bohm 2006 p. 79).

The people serve the clients coming in the hotel and deal directly with the clients on a daily process. This means that the people mirror the hotel's image and so it is important to train every member of staff, from top to the least level on how to treat the hotel clients (Goldstein1993 p. 15).

In Renaissance Hotel, the staff is well groomed, with good linguistic and interpersonal skills, respect, attentive and aware of their role in the organization. The staff at the Renaissance is helpful and motivated to offer top notch service to the clients. The clients are treated well and find the staff helpful and efficient and often refer their friends and they are likely to stay in locate Renaissance hotel in another location.

Process involves all activities carried out when delivering products and services. This includes transport to the hotel, check-in process, room service, facilities offered, and the meals and drinks availed, cable, internet and air conditioning. If the time it takes to access all these service is short and effective, it is likely to please the clients and they will enjoy the time period they stay at the hotel more than.

The Renaissance Hotel has customized processes to suit every customer's need. The laundry, food and beverage, room service, parking and mode of

transport are provided according to the customer's liking. The service offered at the Renaissance is fast, high quality service because the Hotel adopts quality management techniques such as adopting standard procedures, training and orienting of staff and finally monitoring customer's service.

The service standards are high and most clients leave positive comments about the hotel on its guest book. The interaction of clients and Renaissance hotel assist it to read the customer's reaction and improve service quality.

Lastly, is the physical evidence, this is the representation of the Renaissance and it includes, business cards, brochures, signage and equipment, uniform, hotel color scheme (McGee et al 2005 p. 48). The logo and brand name can also be a representation and should be applied on the hotel's beddings, cutlery, furniture, company cars and the hotel's stationery.

Renaissance packages its service to indicate quality, from the cutlery used to the towels, sheets and furniture around the room.

Strategy implementation is creating the right circumstances within the organization to execute the services promised by Renaissance hotel and resort group (Thompson and Martin 2005, p. 3). To achieve the implementation of strategy, the hotel should develop a strategy-support culture, and create an effective organizational structure (Badaracco 1999 p. 12; Karami 2007 p. 45).

The success of implementing the strategy relies on the ability of the managerial function at Renaissance to lead employees, assist in service redesigning, improve organizational process, and to adjust to the external environmental constraints that the organization has no control over. The external value creation concepts in the hotel will lead the employees in implementing all the strategies.

Delivering the promise is seen as the decisive moment of interaction between the front house employees and the customer. This is a very important factor because if the employee does not meet the promises given to customers, the efforts made to establish a good relationship are bound to go to waste (Finlay 2000 p. 99)

In terms of consumers, the marketers and the firm must know the existing consumers of the hotel's service and the potentials one from other hotels who are likely to consume their service. The hotel must also understand the existing and potential market in general (Lynch 2008 p. 61).

Renaissance hotel understands that its customers are people who love to adventure and travel. It therefore provides packages that come with the target market such as free transportation, luxury and comfort, entertainment at the hotel and outdoor adventure to have the clients experience the culture and norm of the locals. The hotel's promise of a wonderful experience is backed by the independent and indigenous designs of the hotel and a platform to experience world class service.

In managing service promises, the Renaissance hotel chooses a market segments and consumers, and then looks at the values needed by the consumers in order to ensure that the hotel directs effort there for anticipation of fulfilling the promise (Henry, 2008 p. 7). Analysis of the key audience and what they do is an important activity, as the Renaissance will know what to give them so as to meet their expectations.

In order to satisfy the clients, the Renaissance hotel should look at the kinds of customers they have and their values to the organization. Henry (2008) believes this helps in understanding the nature and status of customers and their profitability to the organization.

Existing customers are then classified into their importance to the firm, their values and preferences, their priorities in making purchases, what they can offer to the hotel that they are currently not offering (p. 8). Some consumers would benefit the organization more if something advance is done.

Looking at the customer needs and values will help the organization in segmenting them with those of similar needs so that they get them easily (Finlay 2000 p. 100; Lynch 2008 p. 61; Porter 1985 45).

Evaluation of competencies starts with value chain analysis. Here, the Renaissance should look at the offerings and the strengths and weaknesses. According to Finlay (2000), value chain analysis shows what the hotel is good at, the aspects of the offerings they can improve, the products they are able to offer to other untapped markets and what they can withdraw from the market to concentrate on what they offer best (p. 101).

Analyzing competencies goes on by looking at physical resources like finance and assets in the organization; intangible resources like goodwill, reputation, brand; and human resources like skills and flexibility of key employees in the organization. Renaissance is well equipped with resources starting from the human resource to the company logos.

It values employees by giving attractive packages; hence, it has grown to the one of the hotels that attracts the best people in the region that it operates. The hotel is well reputed internationally, and this is attributed to the quality of products and service it offers.

However, the brand name seems to be the only difficult the company faces. As much as it pleases some people, it becomes difficult for consumers to remember, and when they want to tell their colleagues where they get their products from, other require referring so that they can get the name correctly.

Companies focus on areas where they have strengths and are expecting create returns and most of the times, outsource areas where they seem to be weaker and is cost effective to seek external resources (Finlay 2000 p. 101). This has been done by the hotel where it has given marketing specialists to sell its brand and logo to keep the brand name stuck in consumer's mind.

This calls for analysis of potential competitors and their threat to the existing market opportunities (Porter 1980 44). Renaissance hotel and resort group competition from other international hotels like Hilton, that offer the same

services is there, but the company has tried to maintain its market position despite there being multinational hotels that enjoy cost advantage.

From the report, it is clear that Renaissance hotel and resort group is a hotel with strategic measures to ensure that it is a leader in the hotel industry. Analysis has shown that the company is well positioned to compete with multinational hotels in the industry.

The hotel has added value to its service invoking positive feelings to its customers, and the service standards set are high meeting customer satisfaction. It supporting process such as electronic cards and automated lighting add value to increase customer's expectations and create customer value.

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