

BUSINESS STUDIES

Quay West Hotel: Business Report



Executive Summary:

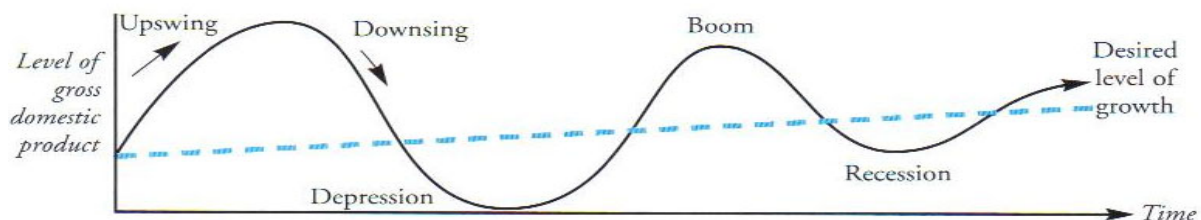
Quay West Hotel Sydney is a hotel conveniently located in the heart of the city, i.e. in the historical precinct of the Rocks. The hotel is adjacent to Sydney's CBD, providing ease of access for business-oriented customers. Quay West Hotel has 105 one and two bedroom suites and executive penthouses with five-star services and facilities. Each Quay West suite consists of a spacious sitting room, a choice of one or two bedrooms, a stylish bathroom, well equipped kitchen and laundry and spectacular views of the Sydney Harbour or city skyline. The suites have recently been refurbished, providing a modern, contemporary decor. The hotel also provides conference rooms, function rooms, business centre, valet car parking and Harrington Bar and Restaurant which is ideal for businessmen and women.

This report will discuss and analyse with reference to Quay West Hotel Sydney the following:

- Economic, legal and social influences
- Market segment, customer orientation and relationship marketing
- Branding
- Unions
- Training and development
- Competition
- Conclusion

Economic influences:

There are many economic influences, impacting upon the operations of Quay West Hotel. An example can be seen in the current world financial crisis. The global economy is undergoing a global recession, causing businesses around the world to lose revenue and become bankrupt.



A recession involves a dramatic decrease in revenue and high unemployment rates. During this time, businesses such as Quay West Hotel often focus on maintain the existing market share rather than focusing on obtaining increased levels of profit. The global recession also decreases the occupancy rates of hotels as consumers are saving money and avoiding spending on luxury hotels.

Social influences:

Social influences on Quay West Hotel include:

- Greater diversity in the ethnic and cultural backgrounds of the workforce
- Increased participation of women in the workforce
- Family oriented employees leading to family friendly programs
- Technological developments have replaced human labour in some industries, leading to retrenchments and redundancies

These social influences allow men and women of differing backgrounds to work together, share ideas and hence improve the productivity of businesses such as Quay West Hotel.

Legal influences:

Legal influences include government rules and regulations which promote fair conduct and trading practices. Specific laws which affect the operations of Quay West Hotel include:

- Anti discrimination legislation such as Sex Discrimination Act 1984 (Cwlth), Racial Discrimination Act 1975 (Cwlth), Human Rights and Equal Opportunity Commission Act 1986 (Cwlth) and the Disability Discrimination Act 1992(Cwlth)
- Occupational Health and Safety Act 2000
- Industrial Relations Act 1996 (NSW)
- The Workers Compensation Act 1987 (NSW)
- The Workers Compensation and Workplace Injury Management Act 1998 (NSW)

All these laws protect employees in the workplace from discrimination, sexual harassment, violence, unfair dismissal, workplace injury and unsafe working conditions. These laws aim to promote a safe, healthy and positive working environment. In addition, the compensation acts ensure workers gain financial compensation for work-related injuries.

Market segment:

Quay West Hotel directs its services at market segment, focusing heavily on business oriented customers. This is evident through the business facilities available such as conference rooms, function rooms, voicemail facility and fax/modem lines. The hotel is also located in the historic Rocks precinct; and hence is situated in the heart of the city. This provides convenience for customers who need to visit Sydney's CBD or the major attractions of The Rocks and Sydney Harbour precinct.

Customer orientation:

Customer orientation involves the notion that every aspect of a business' operations is aimed at increasing customer satisfaction. Hence the business bases its marketing decisions and practices on the customer's needs and wants. Similarly, Quay West Suites constantly monitor customer satisfaction through feedback boxes and suggestion sheets to determine how well their services are received by the consumer.

In addition, Quay West Hotel aims at providing a five star, luxury hotel service to consumers which suggests that its market approach is customer-oriented, and hence intends to achieve a high level of customer satisfaction.

Relationship marketing:

Relationship marketing is the development of long term relationships with customers. It involves creating a high level of customer satisfaction, high value and service, thus ensuring customers are

loyal and return to the business in the future. Loyal customers provide a regular client base and hence establish vital word of mouth. Quay West Hotel is a five star hotel, providing high quality services which attract customers. Employees at Quay West Hotel are warm, friendly and approachable, facilitating a good relationship with customers. This ensures customers are satisfied and are likely to return to the hotel in the future. In addition, the decor of the hotel suites is comfortable and cosy, providing a vibe of familiarity and intimacy.

Branding:

Branding refers to the reputation the product or business has developed over time. Quay West Hotel Suites are in the process of establishing a prestigious brand name through their high quality, luxury services and excellent customer relations. However, Quay West Hotel is owned by Mirvac which is a leading integrated real estate group, and hence provides prestige and value to Quay West Hotel Suites. Quay West Hotel can improve its reputation through:

- Increasing customer satisfaction
- Above-the-line promotions
- Implementing the market mix, particularly price and promotion
- Using opinion leaders and word of mouth
- Targeting other market segments

Unions:

A trade union is an organisation that aims to protect and promote the interests of employees within the workplace. Unions assist employees with disputes in the workplace and act as a bargaining agent in wage negotiations. A popular union for hotel employees is The Liquor Hospitality and Miscellaneous Union (LHMU). Recent research by the LHMU indicated that luxury hotels were suffering from “devastating staff turnovers levels, record injury rates, dangerous workloads, bullying by management and Australia’s biggest number of low paid workers. 1” The LHMU attributes the cause of this problem to the critical shortage of workers in Australia as luxury hotels are able to attract customers however fail to attract or retain employees. This is a problem that is affecting hotels across Australia, including Quay West Hotel Suites and can be attributed to the global recession causing a high level of unemployment in Australia.

Training and development:

Quay West Hotel provides training to its employees, to develop the skills, attitudes and knowledge that improve work performance and increase the employee’s awareness of work practices. In addition, development is conducted in which the skills of the employee are enhanced to increase opportunities within the career. Quay West Hotel provides induction for new employees whereby they familiarise themselves with the operations of the business. This ensures employees attain the knowledge and skills required to successfully integrate into the business. For example, employees are informed of appropriate dress codes, starting and finishing times etc.

Hotels such as Quay West Hotel also provide formal and informal training. Formal training involves training employees on how to apply themselves to the operations of the business. Examples include lectures, seminars and external courses. Informal training involves training employees through practical work by showing or modelling the skills. Examples include learning on the job, or using a coach/mentor.

¹ <http://www.lhmu.org.au/news/hotel-workers-union-launches-rescue-package-for-luxury-hotels>

Competition:

Quay West Hotel is located in close vicinity with other five star, luxury hotels such as Shangri La Hotel, Hilton Hotel and Four Seasons Hotel. These hotels act as competition and provide a benchmark of standards that Quay West Hotel needs to measure up to, in order to attain a sizeable market share. Methods to deal with competition include:

- Implementing price strategies such as loss leader and market skimming to capture market share
- Effective recruitment and selection to attain a highly skilled workforce
- Using promotion strategies such as above-the-line promotion
- Reinforcing the unique qualities of Quay West Hotel that set it apart in promotions and marketing
- Targeting other market segments

All points considered, Quay West Hotel maintains healthy competition with other hotels, and often assists them in times of need.

Conclusion:

Quay West Hotel offer high quality luxury services which aim at creating a long term relationship with customers. This enables the business to develop branding and a high level of customer satisfaction. In addition, economic, legal and social influences impact upon the operation of Quay West Hotel and managers need to execute flexibility and adaptability to any changes which may occur in the business environment. Quay West Hotel can increase its customer base and branding through the implementation of the market mix, especially implementing promotional strategies such as above-the-line promotions and price strategies such as penetration pricing etc. Hotel unions such as LHMU have conducted research, indicating the high staff turnover rate in luxury hotels because these hotels are unable to retain or attract employees. This problem can be rectified through effective recruitment, selection, training and development and induction.