Management Issues And Solutions In The Hotel CITI

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Executive Summary

CITI Hotel Melbourne is a famous hotel in the city located at 113 Queen Street, 3000. The guest might enjoy many services, including safe parking, free Wi-Fi, spacious family rooms, dining facilities, a 24-hour front desk, a weekend night club, a non-smoking environment, facilities for disabled guests, tea/coffee maker in all rooms, and a bar. CITI is facing some problems which demand action. Due to the pandemic, the room occupancy rate has declined, which has negatively affected revenues. Some employees have left in recent months, jacking up the HR turnover rate. Many competitors are exceeding in their advertising and marketing endeavours, and the hotel needs to revise its strategies.

The main issues include physical facilities, especially conference rooms. The high HR turnover rate and falling room occupancy rate are serious matters. Apart from this, the entity also needs to revise its marketing strategies and increase the focus of the World Wide Web.

In this report, recommendations have been presented that might help management overcome the issues and achieve sustainable growth. There is a need to take a holistic approach and envision emerging trends to exploit the opportunities offered by changing dynamics, including digital marketing. The adoption of the balanced scorecard for performance evaluation might be really helpful.

Management Issues and Solutions in the Hotel

Introduction: CITI Hotel Scenario

CitiClub Hotel Melbourne is a leading hotel in the city located at 113 Queen Street, 3000. It offers a range of services, including parking, free Wi-Fi, family rooms, dining facilities, a 24-hour front desk, a weekend nightclub, non-smoking rooms, facilities for disabled guests, a tea/coffee maker in all rooms, and a bar. The hotel is facing many issues that demand management's attention and action. There has been a decline in room occupancy rate, which has resulted in dwindling revenues. Many employees have left in recent months, which has increased the HR turnover rate to an undesirable level. The competitors are exceeding in their advertising and marketing efforts, and the management thinks that the hotel needs to revisit its management and marketing strategies. In this short report, recommendations have been presented that might help management overcome bottlenecks and achieve business goals. The top leadership needs to take a holistic approach and keep abreast with the emerging trends to capitalize on the opportunities offered by new technologies, including digital marketing, in order to overcome the issue of falling revenues.

Strengths, Weaknesses, Opportunities, and Threats (SWOT) of this CITI hotel

When formulating a brand strategy, it is important to first recognize the current situation correctly. After clarifying what kind of image the entity has in the users' minds, what kind of evaluation it has, what kind of problems it has, etc., it is usually done with a SWOT analysis, which is as follows for CITI.

Strengths

Although the hotel is facing a plethora of issues, it enjoys many strengths. The first plus point of the hotel is its location. It is ideally located at 113 Queen Street, which gives the company an edge over its numerous rivals. It is reachable from many important city destinations, including the airport and commercial district. Tullamarine Airport is just nineteen kilometres away from it (Booking, 2021). The entity might use this strength to attract more customers through effective advertising and marketing. Another strength of the hotel is its resourceful parent organization, which has diverse management experience in the hospitality industry. Moreover, due to the financial strength of the owners, the hotel has helped to sustain the pandemic.

Weaknesses

The first weakness of CITI is the incapability to achieve a higher room occupancy rate, which has forced the entity to slash the perks of senior management. The COVID-19 has played a significant role in the deterioration of the situation. The second weakness of CITI is the elevated operating cost, which makes it challenging to offer services at economical rates.

Opportunities

The first opportunity for CITI is to capitalize on the pandemic's improving situation. Globally, mass vaccination has gained momentum in recent days, and the same is the case in Australia. The conditions in neighbouring New Zealand are more encouraging, which might offer chances for hotel revenue growth in the form of international customers. Similarly, the central or state governments might offer an incentive package to the hotel industry. According to the international media, the USA has announced a sizable bailout package for the economy (BBC News, 2020). Another opportunity for the company is to take over struggling competitors that are facing the brunt of COVID-19. According to the experts, new technologies are opening up innovative avenues for growth (Burns, 2020).

Therefore, the management might take advantage of such innovations. Apart from this, due to the low influx of visitors these days, the management might use this time to renovate the facility and improve its building.

Threats

The first threat for CITI is the possible reemergence of the pandemic, which is highly likely due to the surfacing of new and more dangerous variants of the coronavirus. In this case, the company might not capitalize on the mass vaccination as the new variants of the virus might not be controlled easily. Similarly, the central or state governments might increase taxes on the industry to meet the revenue shortfall. According to media reports, various governments are finding it difficult to balance their budgets in the wake of challenging economic conditions (BBC News, 2020). Apart from this, due to the re-emergence of the pandemic, the authorities might impose restrictions on the hospitality industry and travel.

Strategy for the CITI Hotel (Branding and Sustainability)

In brief words, a brand is an "element that distinguishes it from its competitors." Specifically, the name, logo, store image, etc., are also elements of the "brand." For example, coffee shops, fast fashion, hamburger shops, and convenience stores. When the customers and prospects hear these words, the logo, company name, store, or product image that comes to their minds can all be called a "brand." A strategy for increasing the value of a "hotel brand" in various ways and gaining an advantage in the market is called a "hotel brand strategy." The management of CITI seems to be aware of the importance of having a positive image in the minds of the public; however, the entity needs to revise its brand strategy. Even if they make a brand with much effort, if the direction and concept are not solid, the value will not be transmitted to the guests, and the brand image might not permeate. It is important not only to grasp the needs of the guests but also to think about how to accept them and how to accommodate them. Communication and advertising are important in this strategy, and these will be discussed in detail in the next sections of this short report.

Identification of CITI Customers, Market Segments, and Their Needs

In order to differentiate (a branding strategy) CITI from many competitors and aim to acquire customers, the top leadership of the entity should place the ever-diversifying customer needs as its top priority. When branding, it is important to adopt a method that is more suitable for each segment, as there are differences in the needs of various kinds of customers. The research has revealed that the CITI has three customer segments: corporate clients, general visitors, and overseas delegates. While many hotel guests view CITI as a means of accommodation, many visitors aim for a good experience by dining in. In particular, many foreign tourists visiting Australia from overseas are looking for its world-renowned cuisine. Apart from this, business meeting and social event participants have their own peculiar needs.

Developing CITI Brand Positioning

After the identification of the targeted segments, the management should position the CITI in the minds and hearts of the customers in a way that they prefer over the competing brands. Once the management has a clear idea of their strengths, points to appeal to, and customer's needs, the next step is to plan their concept. A concept is a theme that is the foundation of a brand. In concept planning, a brand that combines the strengths of the company with the needs of customers conveys the ideal service and way of thinking, such as "let's become a hotel that customers can enjoy like this," in an easy-to-understand manner. Many hotels design logos and catchphrases for effective branding. The point is to focus on the "safety," "hygiene," and "comfort" that guests expect when staying at a hotel. It's a good idea to create an environment where the guests can stay with peace of mind even if they are using it for the first time, that it is secure and safe, that the room is clean and that the bedding is comfortable. In addition to these basic parts, it is also possible to enhance the brand power and differentiate from the competition by appealing with unique services and concepts. There are various ways to do it. CITI's management might capitalize on its location, professional management, spacious rooms, and other indoor and outdoor facilities. It is a worthy idea to showcase the unique attractions of the nearby places, such as the beauty of the historical places, the food, and nearby tourist attractions. Similarly, for corporate customers, the entity might position the CITI brand by leveraging its high-tech virtual meetings and free internet offerings.

Developing CITI Brand and Sustainability

According to research published in *Forbes*, more than 90% of CEOs admitted that "sustainability is fundamental for success" (Lein, 2018). CITI's management should also focus on sustainability, enhancing its brand value and image. They should participate in philanthropic activities and conservation of the environment. The hotel might use renewable energy and harvest rainwater. Apart from these activities, it is crucial to have a proper media coverage strategy so that a sustainable brand image is conveyed to the public. It is suggested that the entity should spend an additional 0.1 million dollars to enhance its brand image in the next six months; however, the impact of such spending might take even longer to appear.

Target Market (Travel Industry-Domestic and International)

The management of the hotel is aware of the target market. There is no publicly available information regarding the exact percentage of international travellers and tourists in the total number of customers. From the analysis of reviews on various websites, including Bookings.com, one might assume that the majority of the customers are domestic. The sub-segments in both main categories include individual and corporate customers.

Pricing Strategies for Accommodation

The review of the hotel's prices for various services reveals that it uses a mixed pricing strategy. The main pricing mechanism used is competitive pricing. It is a strategy under which organizations set prices to beat their competitors (BDC, 2020). However, the entity might consider penetrative pricing to attract more customers during the pandemic. Penetrative pricing is a strategy under which organizations set lower prices to enter the market (BDC, 2020). Apart from this, it is advisable to review the prices periodically. The following table provides the prices of the CITI and some of its other competitors in CBD. The list was extracted from Expedia.com on 11th May and is subject to changes. Table 1 proves that CITI has set the prices to be competitive. Only one rival (United Hotel) on the list has a lower price.

Sr. No.	Hotel Name	Rating at Expedia	Price ($)
1	Citi Club Hotel Melbourne	3.6/5	73
2	Hotel Grand Chancellor Melbourne	3.9/5	74
3	Fraser Place Melbourne	4.2/5	84
4	Pegasus Apart Hotel	4.3/5	87
5	Melbourne's Princes Park Motor Inn	4.4/5	85
6	United	4.0/5	58
7	Riverside Apartments Melbourne	3.9/5	99

Table 1 Accommodation Price Comparison of CITI and Some Selected CBD Hotels

Acquiring Physical Assets for Banquet Facilities, Refurbishments, and Other Facilities to Attract Target Segment

It is necessary to have well-built and properly maintained facilities to attract the targeted customers. According to the experts, customers want "something different, something exciting and original to add value to an event" (Gosling, 2002, p. 23). The management of CITI is aware of this prerequisite of revenue generation; therefore, they invest in the property from time to time. It is recommended that the owners further upgrade their banquet facilities. It depends on the available resources and the feedback from the customers. However, during the pandemic, the proposed upgrade might have less negative financial implications due to the low influx of customers. It is recommended that the hotel invest one million dollars in the uplift of banquet facilities and adjacent parts of the main halls. Likewise, they should invest at least half a million dollars in the uplift of conference facilities. In this way, the management might attract both retail and corporate customers. To upgrade conference facilities, they should purchase state-of-the-art projectors and LEDs.

Operational Plan to Measure Organizational Performance

It is indeed vital to measure the actual outcome against the predefined goals. The experts have devised a plethora of strategies to perform this cumbersome task. However, the traditional measures have some serious drawbacks; therefore, it is recommended that managers use balanced scorecards. The system was developed by Kaplan and Norton (Professional Academy, 2015). Usually, one year is a very long time to measure the performance; therefore, it is suggested that the leadership of the hotel adopt a monthly evaluation strategy. The comprehensive review system of balanced scorecards should cover all departments and employees. It would also improve the sales, marketing, and operations of the firm.

Figure 1-Pictorial Representation of Balanced Score Cards (Professional Academy, 2015)

1. Proposed Solution and its Intended Outcomes
2. Strategy

The strategy of the company should be to achieve its long-term and short-term business goals by leveraging its strengths, which include professional and experienced management, strategic location in CBD, a well-built facility, and a loyal customer base. In the short term, due to the pandemic, the management might follow a stability strategy, and in the long run, it might opt for an expansion strategy. As evident from the names in the stability strategy, leaders aim for sustainability, while in the expansion strategy, they envision growth (Business Jargons, 2019). The entity should invest at least one and a half million in one year to upgrade banquet halls and conference rooms. Apart from this, it should comply with all the regulations, including the one to control the pandemic, so that it keeps enjoying the trust of the public. Apart from this, it should reduce its environmental footprint and carbon emissions through the use of green energy. The intended outcome would be boosted revenue and sustained growth after the pandemic.

Figure 2 Four Types of Corporate Strategies (Business Jargons, 2019)

Branding

The hotel should focus on building a favourable and unique image in the minds and hearts of the customers. It is done through effective brand management and building strategies. It is recommended that the hotel focus on health, safety, and hygiene. It is suggested that it market itself through a new brand mantr, a “safety and comfort in an unsafe world.” Apart from this, the entity might use similar tag lines to increase its brand value, which would be the actual outcome of all this effort.

Marketing Mix (Promotion & Digital Marketing)

Promotional activities are an important element of the overall marketing mix. It is an era of digital marketing and social media. The hotel should invest a considerable amount in promoting its services on social media platforms, including Facebook, Twitter, and WhatsApp. The entity should hire in-house content developers to run its digital marketing and social media campaigns. In this way, the risk of losing social contacts is mitigated. The expected outcome would be the popularity and visibility of the company on the various electronic platforms, which would increase its customer base.

Conclusion/Summary

The hotel has almost all the ingredients for success. The physical location, the history, and the customer base are its strengths, and they should be capitalized. Besides, it is vital that the company foresee the fast-changing dynamics of the industry and invest in the up-gradation of its facilities in the current year so that it might reap the benefits of the post-corona world.

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