

# HOW TO IMPROVE THE BUSINESS ACHIEVEMENT OF SEVEN STARS HOTEL IN NANCHANG



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<p>Nowadays in the hotel industry there exists a fierce market competition by the rapid development of China's economy. China's hotel industry has used a planned economy hostel mode in the past, however, the mode has changed into a star formation hotel. There are more and more luxurious and comfortable four or five star standard hotels than before. This kind of hotel is a suitable selection for the business people, tourists and any other groups. Seven Stars Hotel is a four- star standard business hotel which will be the case hotel in the thesis.</p> <p>Nanchang Seven Stars Hotel is a four-star standard business hotel which was invested by Glorious Construction Engineering Company of Japan and Jiang Xi Botai Group Company. Under the situation in China's economy and China's hotel industry, Seven Stars Hotel needs to improve the business achievement and to get an effective strategy to keep A steady position in the market.</p> <p>The starting part of the thesis work introduces the general introduction and background information. In the theoretical part, the internal management part includes the knowledge on human resource management and supply chain management. The external management part includes marketing management and competitive advantage. In empirical part the hotel's strengths, weaknesses, opportunities and threats are introduced by using the information from interviews and the data collected about the hotel. The section includes interviews with the manager of the hotel, the human resource department manager of the hotel and the marketing department manager. The information from interviews include the general information, the advantages, the goals, the situation of employees, the promotion strategy of the hotel and also some annual reports. By using the information analysis, the hotel has been given some approaches of improving the business achievement.</p> <p>According to the whole analysis and research, the problems that exist have been defined with the internal part and external part. The marketing methods and marketing ability, the draining rate of the employees, the cost of hotel operation have to be considered. The core of the thesis work is that by making innovations and changes on the hotel's management and so on to help Seven Star Hotel to improve the business achievement and keep steady in the market.</p>		
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## 1 INTRODUCTION

Hotel industry is the earliest industry in Chinese reform and open-up tide, and its level of marketing is the highest. As the fast development of national economy, the mode of Chinese hotel economy has experienced from hostel of planned economy to present hotel industry structure : regarding star hotel as main part, and star tourism hotel as the core. Chinese hotel industry has gone through too much alternation from old to new. As the fast and healthy development of national tourism, some hotels that built up earlier had to face the rapid changing operating situation both inside and outside. In today's globalization situation, the hotel industry has quickly entered the generation of competing with strategies, brands, and innovation. If one hotel wants to become the ideal habitable place in people's heart, the comfortable environment and smile is far more not enough. How to attract customers and improve the competence of hotels, etc. is the question that each hotel should actively think about.

The main research question of the thesis is "How to improve the business achievement of Seven Stars Hotel?" In the research process, there are also some sub-questions:

- What should be considered when improving the business achievement?
- How does the hotel choose the right approaches?

The qualitative research will be the approach for the thesis. This research focuses on observation matters deeply, but not in quantity. The qualitative research will be done by interviews and the materials offered by the hotel, also data from the newspapers, advertisements and so on. After the collection of data it was used together with the theory to find out the way of improving business achievement.

## **2 INTERNAL MANAGEMENT**

Internal management of the hotel is an important part of the hotel management. Because of the continuous business activities of the hotel and the hospitality business cycle, to rely only on marketing to improve business achievement of the hotel is not enough. A hotel needs high-quality staff and sound financial management mechanism and also the improvement of procurement and supply chain in order to encourage competition in the market in a steady stream of momentum.

### **2.1 Human Resource Management**

Hotel is not equal to ordinary corporations, it is not only possesses the productivity, but also possesses socialism. In the corporation, human being is regarded as a kind of resource, and human being is the first productivity and the first element. For the management of hotel, at the time of considering how to satisfy the demands of customers, hotels should also consider how to satisfy the demands of employees. The hotel human resource management should implement reasonable, scientific and personal management. The corporations which possess the advantages of intelligences will occupy the supreme of economic development. (Graham and Bennett 1998, 163)

#### **1) Employing suitable employees**

The continuous flowing of employees has made the constant shortage of employees. The flowing of employees includes the retirement of senior employees; the natural decreasing of employees for unexpected accidents; and employees enter other corporations or hotels for various reasons, etc. Besides that, the reasons of enlarging and reforming of the hotels, etc. will also make the shortage of employees in hotel. The employees' shortage that caused by above different reasons must be



filled through interviewing. (Graham and Bennett 1998, 263)

The job of interviewing should make a series ways of screening and steps base on the plan of human resources, the experience targets and policies of hotels, and that is the predicament conditions of interviewing. The final goal of interviewing and job choosing is put the suitable employees on the suitable jobs. Consequently, the interviewing of hotels is not limit interviewing employees outside hotels, and it also includes the improvement and transfer of the present employees inside hotels (it is called internal interview). (Graham and Bennett 1998, 263 )

In general circumstances, hotels should first consider improving or transferring original employees. The advantages of that way contain providing the stimulating factors and nurturing the loyalty of employees. At the same time, after the interviewed employees have got familiar with working environment, they will quickly adapt to the new job. However, the disadvantage of that way is that it is not benefited for introducing new thoughts. Meanwhile, it'll cause the complex interpersonal relationships of hotel employees, and the unfair phenomena and asylum relationship are produced. Thus when the internal management system inside a hotel is efficient, the employees' working style is fine, and the hotel doesn't want to change its present situation, and it can choose the way of internal interviewing to interview employees; on the contrary, when the efficiency of inside management in a hotel is low, the atmosphere will be not well, and soon the hotel will want to change its present unhealthy conditions, then it can choose the way of external interviewing. ( Graham and Bennett 1998, 294 )

## 2) Conducting efficient training for employees

Through internal promotion and external employment, hotels can gain the employees who can basically adapt to the jobs of hotel service and management. However, whether they are qualified of the job or not are mainly depended on

whether they possess the capability of service work and management work or not, while this kind of capability must be produced through training by hotel. Consequently, training is the indispensable job during the process of modern hotel management, and it is rather important on the development of talents. The process of hotel training job is as follows:

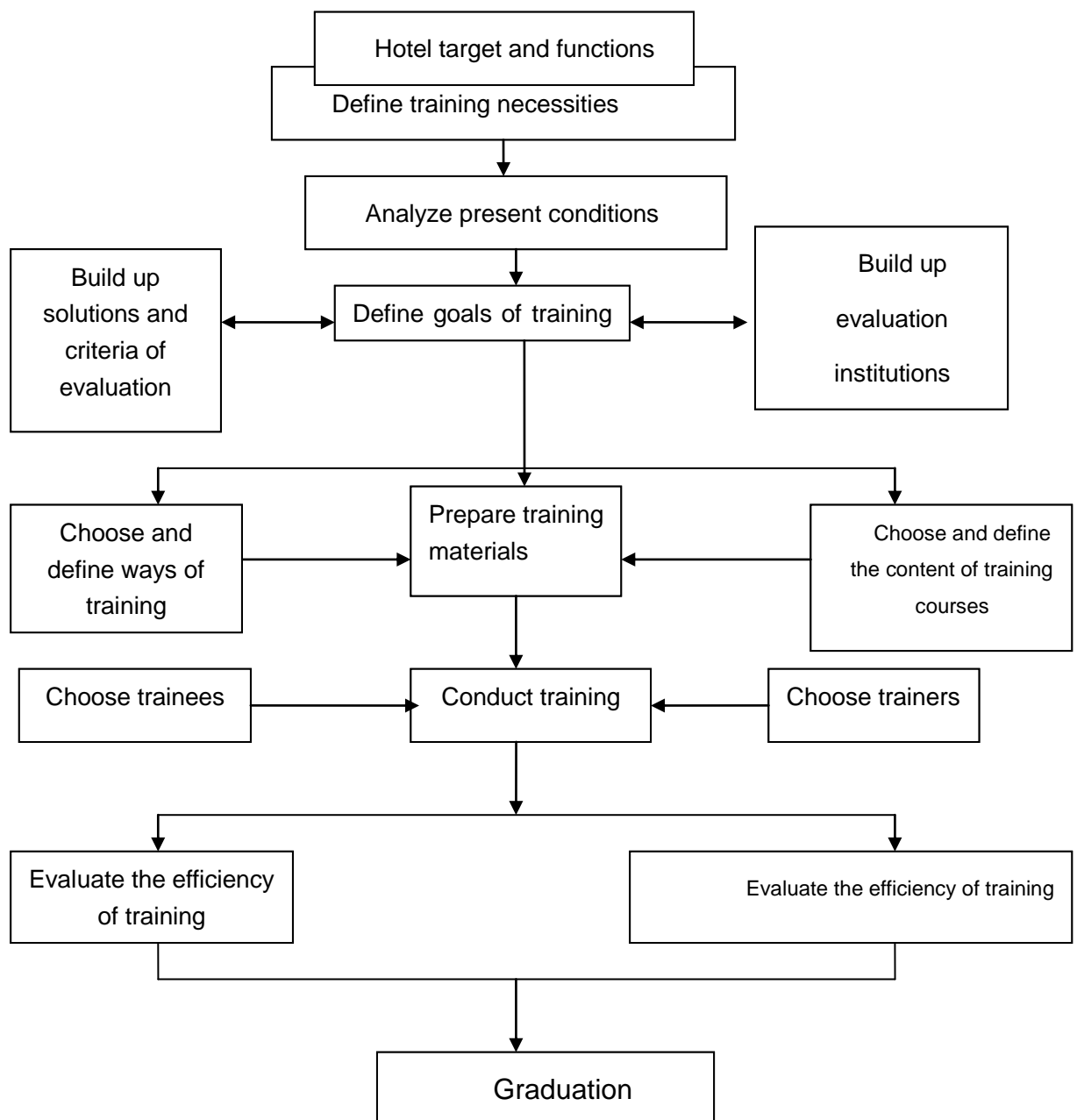


Figure 1. The flow chart of training jobs. (Peng 2004, 70)

### 3) Making employees more outstanding

The salary and welfare are the determinants that concern the living state of each employee. The wally welfare is the basis of fostering loyal employees and let them provide remarkable services. Welfare is directly acted on employees, and well welfare can let employees concentrate on their work; besides that, it will also combine their destinies with the future of corporations. However, the comparatively lower and unreasonable level of salary and welfare will make the draining of parts of excellent employees. (Graham and Bennett 1998, 265)

As the further development of market economy, the competence of talents will be fiercer, while one of the trump cards for contesting with talents of each company is high salary and good welfare. Thus if hotels want to preserve brilliant talents, career and affection are not enough; money and welfare are more attractive. In addition, hotels will also improve the opportunity cost of the job-hopping of employees and restrain excellent employees from leaving their hotels through providing richer salary to them. At the same time, wally salary and welfare will also attract the participation of external excellent talents, and then make the hotel own a permanent workforce of high-quality. (Nash 1994, 192)

## **2.2 Supply Chain Management**

Any corporation is a node of supply chain, and hotel is not an exception. This has been an objective reality before the appearance of supply chain and its theories. Any raw materials of corporations are the finished products of its suppliers, and the finished products of the corporation will also be the raw materials of its acquirers. This form of supply chain will make the whole society form a long objective exists, interrelated and complex supply and demand chain. Hotel represents as a node of supply chain, the relevant process in the hotel and the relevant process between suppliers and customers, and even the relevant process between supplier's

suppliers and accounts are objectively closely interrelated. Therefore on one hand, the activities of production and management of hotel industry cannot be isolated, and they should closely connect with their acquirers and suppliers. Meanwhile, acquirers and suppliers should be brought into the plan and management system of the hotel, and that is just the original purpose of the appearance of supply chain management theory; on the other hand, supply chain management is first emerged and conducted in the manufacturing industry, and as the development of supply chain management theory and practice, all the corporations on the chain should reach a consensus on supply chain management. It will facilitate the blossom of supply chain and then promote the development of corporations. On the contrary, the drop astern of the concept on supply chain management of any corporations will become the restricting factors of their development. Hotel is a node of supply chain, thus whether the logistics and information flow on it are smooth or not is of vital importance towards the application of supply chain management in other corporations on the same supply chain. ( Paul 1997, 43)

The position of a hotel in a supply chain needs a compatible definition and segmentation. From the perspective of products and services that provided by supply chain, hotel is in the tourism products and services supply chain, and this supply chain is mainly concentrates on providing accommodation and catering products for travelers, see Figure 2.

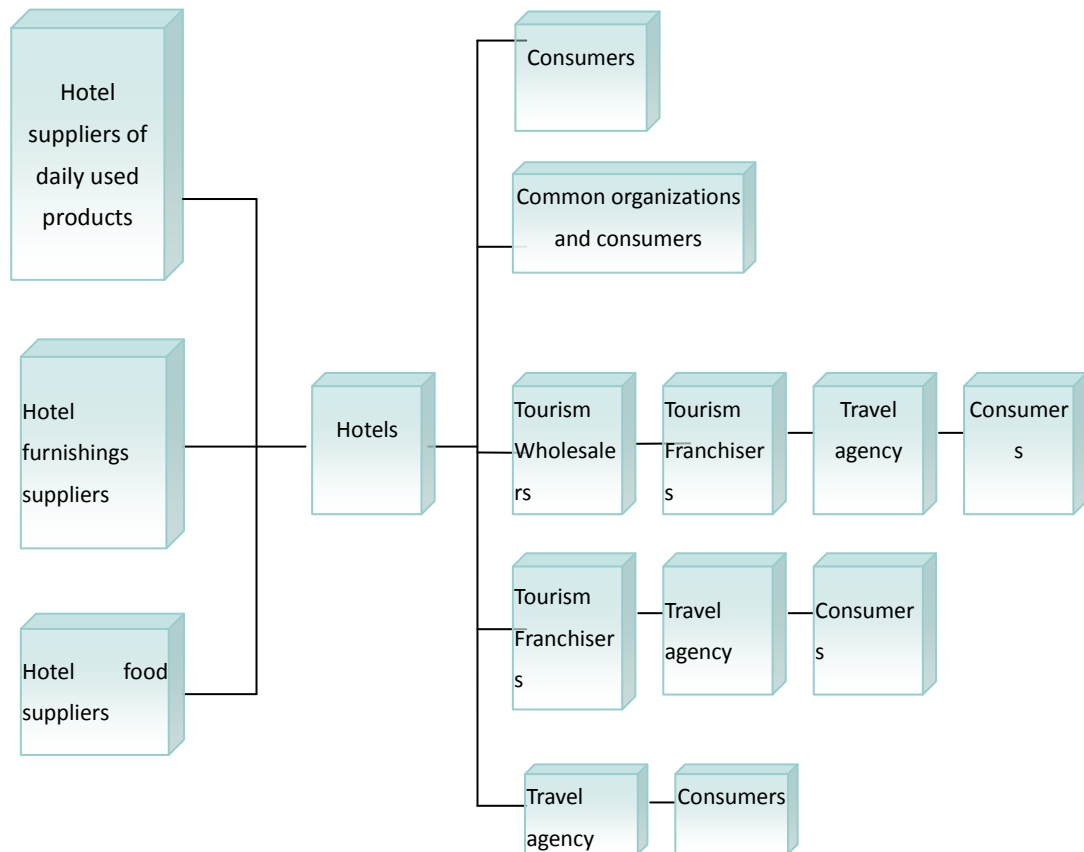


Figure 2. *The Position of a Hotel in the Supply Chain (Xu 2008, 103)*

The direct upstream corporations of hotel are suppliers of various machines, equipments, low-cost consumables and catering raw materials that used by hotels, while the upstream of direct upstream corporations are still exist, and they act as the node corporations. The direct downstream nodes of hotel contain consumers, common organizations and their consumers, tourism middlemen, etc. Corporations, governments, military establishments, universities, corporate associations, different kinds of professional associations, social clubs and meeting institutions belong to common organizations. Travel agencies, wholesale agencies, meeting agents, award travel wholesale tour operators, affiliated organizations, hotel booking systems, aviation companies and other transportation companies etc. are referred as middlemen. (Paul 1997, 43)

The tourism middlemen in the supply chain where the hotel exists may be constituted by many steps, (for example, the tourism wholesale agencies, tourism

middlemen, travel agencies, etc.). From the chart in figure 2 we can see that hotel is on the position that is closest to final consumers in the supply chain. Consequently, the position of hotel possesses different features that are different from other nodes :

1 ) The requirement information of final customers can be easily got. The supply chain theory reckon that when each node company of supply chain only conducts production or makes decisions on supply bases on its nearby downstream requirement information, the fake of requirement information will trace back along the supply chain and generate the phenomenon of magnifying level by level, which is called the cattle flagellum influence. When the most original headstream is reached, the requirement information that gained by each node corporation and the customer required information in real consuming market have proceeded great declination, and its demand aberrance modulus is much larger than the demand aberrance modulus of subagents and retailers. On the contrary, the closer towards final customers in the supply chain, the distortion extent of the information that received by corporations is smaller. The products and services of hotel are directly facing customers, even if the hotel sells products through several middle steps (such as the travel agencies), hotel is also possesses ascendant conditions to get the real requirement information of final customers. (Paul 1997, 46)

2) The dependence on the products of upstream corporations is comparatively strong. Hotel regards services as the fundamental traits among the products and services that provide to final customers. In other words, the function of adding value of hotels in the supply chain is mainly reflected on hotel service, however, the service must use the products that provide by all the upstream corporations of hotels as carriers. Consequently, the contribution dimension of value addition towards final consumers of hotel service is closely related to the quality of products and reliability that provide by suppliers. The viewpoint that the ability of the bargain of hotel suppliers is limited and they don't need special consideration according to traditional experience is debatable. (Paul 1997, 46)

### 2.3 Cost Control

In order to determine the cost of the calculating objective, hotel should check its economic effectiveness, and after the defray happens, the calculation of the cost should be conducted periodically. Hotel should collect each cost in right ways according to time limitation (for example, month, year) to determine the cost of each calculating objective. (Paul 1997, 50)

The hotel cost calculation must refer to the principle of right and responsibility occurring system. The cost that shouldn't be born by the present period, despite the money is paid or not, while the cost of present period should be calculated; the cost that shouldn't be born by present period, although the money has been paid, the money should also not be calculated into the cost of present period. Hotel should distinguish the boundary between the cost of present period and the cost of next period, and it can't draw and amortize the cost randomly. (Paul 1997, 50)

The proportion of the expenditure cost of hotel is directly related to whether the hotel is making profits or not and the size of the profit. The management of the cost should be enforced, and make budget of the cost, implement comprehensive control of different steps such as purchase, check and accept, stock, check and consummation of different kinds of consuming products. The budget should be done before the cost is formed, and there is control in the process of implementing the budget, and then the analysis after the cost is formed. (Paul 1997, 50)

Each department of hotel should conduct cost budget by setting goals according to its management characteristics, and budget the consuming volume of different expenditure cost and the index of consuming rate. Then disassemble the correspondent target to each period (for example, the month) as the criteria and basis of the control of the cost. At the same time, hotel should discompose and carry out the management responsibility of the hotel cost, and fully maneuver enthusiasm and activity to implement the whole employee control of the cost. In the process of

implementing budget, hotel should strictly control the expenditure of different cost, reduce and eliminate irrational expenditure according to the plan of budget. At last, hotel will distinguish the responsibility clearly and make progress according to the comparison of the real cost and budget target. (Paul 1997, 51)



### **3 EXTERNAL MANAGEMENT**

There is an old saying in China which called: Good wine also afraid of the deeply alley. It said that no matter how powerful the own strength of a enterprise, but it would be difficult to develop and improve without a very good marketing tool. As hotel is a service industry, promotion and to extend publicity to raise awareness are very important. The important part of developing the hotel in the future is to have a good marketing management and clear understanding of the own competitive advantage.

#### **3.1 Marketing Management**

Accurately understand the connotation of hotel marketing activities is the premise of carrying out effective marketing activities of the hotel. Speaking of hotel marketing, it will suggest people think that marketing is merchandising, proceed information communication and sell services and products to customers, in fact, this kind of understanding is quite unilateral. (Bums and Holdon 1995, 184-192)

When customers are purchasing hotel products or services, they're neither passive nor causal, on the contrary, that's because the hotel products or services will let them gain some utility, satisfy them and get the real value of usage. Otherwise, no one will purchase the products or services that are useless to them with their own money. Consequently, marketing is the aggregation of all the activities before the hotel products sold to customers, but merchandising activities are using present hotel products as the initial point of its activities, and making research on how to increase sales volume through taking advantages of the methods of advertisement, public relations and the presentation of real objects, etc., and then the hotel's target on the foundation of increasing sales volume is realized. Thus it is evident that merchandising is only one inter annular of the marketing activities. In terms of implications, marketing is more abundant than merchandising, and the relationship

between marketing and merchandising can be described with figure 3. (Bums and Holdon 1995, 184-192)

	Merchandising	Marketing
Initial point of activities	Present products or services	The necessities of customers
The way of using	Advertisement, public relations, real object presentations, etc.	The comprehensive application of the marketing combination strategies Price Product Place Public Image Public Relations Public Power
The foundation of realizing targets	Increase sales volume	Improve customer satisfaction

*Figure 3. Relationship between merchandising and marketing (Zhang 2007, 85)*

### **3.1.1 Marketing Process**

Before implement the hotel marketing, a detailed and thorough plan should be made, and a formal and valid hotel marketing plan contains the aspects as follows: (Bums and Holdon 1995, 184-192)

- 1) Define the hotel marketing mission explicitly

The hotel marketing mission is referred to the guiding skeleton of the marketing

decisions that made by hotels or hotel corporations; the words should be brief, to the point, and of high generalization. Regarding marketing conditions as the analysis basis, make high generalization and summary towards the past, present and future of the hotel market, product, competence, customers' behaviors, etc. For that trait of marketing mission, it is also called the "professional summary". The long term goals and short term goals should be considered when making the plan. The goals also should include the turnover, profitability achievement and so on. Goals setting is very important for the hotel to get a better achievement.

## 2) The determination of hotel marketing target

The target of hotel marketing refers to a kind of ideal state that should be attained by hotel in a given period. This ideal state can be expressed in both determining the properties and determining the quantities, thus the hotel marketing targets can be divided into two broad headings: the target of determining the traits and the target of determining the quantity. The target of determining traits is usually contains market images, service quality, the position of market competition, etc., while the target of determining quantities is usually contains various kinds such as hotel market occupation rate, profits, operation revenue, return on investment ratio, the letting rate of guest rooms, sales volume, average housing price, etc.

## 3) The sifting evaluation of marketing strategies

The aims of evaluating all kinds of possible marketing strategies include choosing the best strategy and then conveniently enroll it into the marketing plan. That'll also be benefited to ensure the realization of hotel marketing targets on schedule. The staffs who make the marketing plan should list several comparatively objective criteria of strategies beforehand, such as the criteria of the fund, time, energy that need to be thrown into according to the strategies or the difficulty levels of implementing the strategies, etc. and then assess and measure diverse kinds of possible strategies one by one.

#### 4) The marketing budget

When doing the preparation of hotel marketing budget, in the revenue budget part, the sales revenue is expected to show (such as the annual average number of days room rental) and also the average price (such as the average room price or per capita consumption of the restaurant). In the expenditure budget part, the cost of marketing activities should be included. The difference between the income and expenditure projected the profit or loss. Marketing budget need to be approved by the hotel decision makers, when the budget is approved, it has become an important basis for marketing activities.

#### 5) The concrete arrangement of marketing action program

The process of transferring marketing strategies to specific marketing activities procedures is the important task of the work of this step. At the time of arranging marketing action program, each specific part of content of the activity program should list detailed program chart for the convenience of implementing and inspection.

This involves the hotel market segments. It means the hotel based on the difference of customer demand, and then make the whole market segmentation into several sub-markets with the same needs. So that make the effective allocation and use of the hotel resources to carry out various marketing activities. The main breakdown ways such as the following categories: geographic segmentation, demographic segmentation, psychological and behavioral segmentation, hotel user segmentation and the hotel sub-purchaser segmentation.

#### 6) The arrangement and information feedback in the implementation of marketing plan

The last part of marketing plan is the control of the implementation of marketing plan. The most common circumstance is decomposing the prescriptive target and budget of marketing plan of each hotel department according to month or quarter. This is convenient to conduct efficient supervision and inspection of the hotel management and thus urge the departments which haven't finished their tasks to improve their jobs. This is the assurance of the successful accomplishment of the hotel marketing plan. (Kotler 1992, 265)

### **3.1.2 Marketing Strategy**

An effective hotel marketing management should include the wise sales analysis, marketing planning making, the implementation of a combination marketing activities and control management. Nowadays hotel marketing has a variety ways, specifically such as Club marketing and Network Marketing. Club Marketing is a membership-based marketing network. In this way, whether abroad or in China, it has been increasingly widespread attention and application. It is the establishment of a membership form for the development-oriented. In the operation strategy, it completes customer demand and makes full use of information resources. So it has the exact definition of the marketing positioning of the hotel and creates the operating characteristics of the hotel, to strengthen the hotel brand effects and improve the promotion strategies of incentive mechanism. Then by controlling a strong and efficient sales call of marketing system to help the hotel find out a loyal customer group with high spending power. The loyal customer group is the 20% customers of the hotel which creates the amount of 80% of profits for the hotel. An effective statistics, the 10-15 percentage occupancy rate is often caused by such members. In the hotels which are operating according this plan to the revenue of food and beverage and entertainment is particularly evident.

A senior of the hotel industry said that Network(online) Marketing has become the development of new power core of the new round of competition points in China's

economy hotel chain. Can be expected for some time, the network interactive services will be one of the consumers most concerned hotel services, and the independent book will become the market mainstream. The two ways of hotel marketing are the common hotel marketing strategy. However, from theoretical point of view, the hotel marketing strategy is also available from the product, price, distribution channels to analyze several aspects. (21<sup>st</sup> Century Business Herald)

### 1) Product strategy

At first hotel should set a reasonable market position for itself. Setting place of market is to develop a kind of service that combines with marketing, and occupies a specific position in the mind of the account of the target market. That is to say, the marketer creates a definite image through providing a kind of appropriate service and sending it to potential accounts in certain method. However, in different time period, the company can set different positions towards itself. The other function of setting position is to differentiate itself from other competitors, differentiate itself from its unique service, and distinguish the competition category of corporations by taking advantage of setting positions of the corporation itself. (Nash 1994, 192)

According to different functions of products that provide by hotels, the hotel can be divided into several types such as: business, meeting, holiday, etc. At present, most of the five star hotels are the hotels that contain the functions of business, meeting etc. for satisfying the demands of different accounts. The functions of hotel are more comprehensive , the requirement towards the equipment of hotel is higher, and the input of the hotel will be larger. According to the analysis of the internal and external marketing environment of seven star hotels, the market positioning of hotel should change from the market of “business meeting hotel” to “meeting holiday hotel”. After making clear the market’s functional positioning of hotel, we can conduct functional arrangement, renovation and establishment on present hotel equipment.

The innovation of hotel products is also very important. Hotel products are the summary of all the material products and service products that provide to customers. In industrial corporations, the words such as “products are the life line of corporations” can be regularly heard. In the special production corporation such as hotel, product is the core of the survival and development of hotel as well, and this core is regarding the formless service as main body. (Bums and Holdon 1995, 184-192)

## 2) Price strategy

Setting price of hotel products is not only a subject of science but also a subject of art. When setting the price, the features such as following schedule, flexibility and full of rivalry should be reflected. For different seasons and for different periods, the price will be different; and about long-habituated customers, team customers, customers who order rooms through Internet and walk-in scattering customers, the price will also be different. When hotel is setting price, it can't be either too rigid or too casual, while it should grasp the principle of pricing scientifically, flexibly and elastically. (Nash 1994, 192)

### Pricing scientifically

The price of hotel is gradually possessing the characteristic of publicity, and customers are also easily to grasp the conditions of other same type of products comprehensively. Consequently, the transparency of the pricing of products should be added, and then build up reasonable price explanation system, provide the pricing of relevant products to customers frankly, and that will eliminate the misgivings towards the price that generate by customers. (Hooley, Piercy and Nicoulaud 2008, 260)

### Pricing flexibly

Build up the price adjusting system of products, and make actual price adjustment on the foundation of calculating the biggest profit according to the seasonal

conditions, market supply-demand conditions, and the alternation of the price in other hotels; then provide the forms of preference and discounts, etc. to attract customers periodically. (Hooley, Piercy and Nicoulaud 2008, 260)

#### Pricing elastically

Regulate the proportion of the scattering customers in groups reasonably, deal with the price relationship of different target market cautiously, define a comparatively reasonable price scope for expanding the market space of customer resources and farthest improving the letting rate. (Hooley, Piercy and Nicoulaud 2008, 261)

### 3) Sales channel strategy

There are sales nets scattering in different places of hotel chain corporations on the sales channel, and they also own independent room-ordering systems, thus they possess the monopolization advantages in certain range on the customer resources. However, as the information explosion and network spreading of this generation, singular hotel can also efficiently use the Internet and the marketing alliance in a certain scope to keep the information communication and coordination at the same time of expanding and enforcing marketing channel, and then ensure the continuity and unity of hotel marketing. (Bums and Holdon 1995, 184-192)

Firstly, exert the function of net marketing by means of Internet. For singular hotels, although there's the insurance of customer resource after entering the GDS global subagent system, hotel should pay for the expensive expenditure of building the system and booking agency, thus it is inadvisable, and the most ideal way is the combination of indirect selling by the medium of Internet and the online direct selling of singular hotel. (Bums and Holdon 1995, 184-192)

Secondly, organize efficient coalescent sales. The coalescent sales here mean the coalescent sales that conduct in the hotels of different areas. After the hotels have signed the cooperation contract of coalescent sales, different hotels can recommend



customers living in the hotels of each other and enjoy discount prices of housing. (Bums and Holdon 1995, 184-192)

Thirdly, co-operate sales. Cooperate sales is the product that develops to some extent of modern hotel industry. The “seclusion” way of hotel administration cannot adapt to the demands of gradual fierce competition, and it objectively forces the promotion of hotel with other industries to attract more customers for consuming. The American Dihawmenga hotel makes tourism exhibition sales publicated with local tourism agencies, big restaurants and large plazas, and introduce customers for each other: all the customers who lodge in the hotel will be introduced to go shopping in local plazas; and the customers who have done consuming in local large plazas will be recommended having dinners in local famous restaurants, etc., and then each part can add the economic effectiveness. (Bums and Holdon 1995, 184-192)

#### 4) Marketing communication strategy

Firstly, people will think of advertising. The advertising of the hotel is always to convince the hotel guests to purchase, it is used to enhance visibility and influence of the hotel, and establish the image of the hotel and the products to achieve a form of promotional purposes. The hotel advertising must be positioned to lock the advertising medium which is consistent with the hotel customer groups.

Secondly is the sales promotion. In general, sales promotion is the enterprise used to stimulate an early lead to strong market demand or carved up the market and taken to a variety of short-term promotions. Generally it includes products on sale, on-site operations, giving samples and other promotions. The promotion effect is often short-term.

Finally, is the personal selling. This is an ancient way, and also the best and most expensive promotion way. Such as contact visits to agents, brokers, government,

group, VIP clients and so on. The advantage of the promotion way is in the process of strengthening the emotional transactions. It will help people cultivate a stable trading relationship, but the disadvantage is the high cost of promotional staff.

### **3.2 Competitive Advantage**

#### 1) The pressure analysis from the competitors of the same industry

Rivalry will always bring more input from the marketing and research aspect, or the decrease of price, and all of that will reduce the profits. In a certain period, the quantity of customers is comparatively permanent, hotel has to scramble for customers with other corporations that exist in the industry, and that is the most direct competition pressure that felt by hotels. Consequently, the competition in the industry is always unfolding among adjacent hotels; the hotel of the same star and level can achieve certain advantages on the quality of service, and this kind of comparatively strong difference will reduce competition. The low star hotels can upgrade their stars through renovation, and it is also a reason of the aggravation of the competition among upper star hotels. (Byjay and Hesterly et al. 2005, 312)

#### 2) The pressure analysis of substitutes

If there're substitutes of the hotel service or products in the market, the price will be limited, and substitutes refer to those products that of the same function or similar function as the products of accounts. The higher of the pressure of the substitution rivalry, the threatening towards account will be larger. The factors that determine the proportion of the substitutes' pressure are mainly include: the capability of gaining profits of substitutes; the management strategies of the manufacturing corporations of substitutes; the transforming cost of purchasers, etc. (Byjay and Hesterly et al. 2005, 312)

### 3) The pressure analysis of potential entrants

The threatening austerity of new entrants is determined by a new corporation's possibility of entering the industry, entering barriers and anticipant revenge. The first point in them is mostly depended on the prospect of this industry. The high accelerating rate of this industry demonstrates the strong profitability in the future, and the present high profits are also very attractive. For the entrants, hotel should study the difficult factors of entering barriers. Hotel management needs great amount of money, and this is a big barrier for entrants; besides that, hotel management needs special knowledge as service corporations, while the entrants are just lacking the skills of that aspect. Meanwhile, the cost of employing hotel management companies is high, and this is also one of the barriers of entrants; government has a strict procedure of examining and approving the establishment of hotels, etc. which is also a barrier of entrants. (Byjay and Hesterly et al. 2005, 312)

### 4) The pressure analysis of suppliers (sellers)

The quality of the goods that provided by suppliers has a great effect on the hotel food and other products. The varieties of the products that needed by hotel are diversify, the demand of the amount of minor daily-used products is large, the market price is transparent, and the supply is greater than demands, and the fluctuation of market price is not large, so the capability of bargaining of suppliers is common. The speed of updates of technology on mechanical electrons and architectural products of hotel products is quite high, so the capability of promoting the technologies and functions of new products of suppliers can exert a great effect on hotels. Basing on above reasons, if hotels can deal well with the relationship between it and suppliers, especially the relationship with key products suppliers, then they'll gain larger ability of competence. (Byjay and Hesterly et al. 2005, 313)

### 5) The strength analysis of bargaining of purchasers

If customers possess the ability of bargaining, they'll certainly use it, and it'll reduce the boundary profits and affect the profit-gaining rate of corporations; the purchasers can depress the price according to their will or require higher quality or more services. (Byjay and Hesterly et al. 2005, 313)

### **3.3 Interest group management**

The hotel is a labor-intensive service sector enterprise, it can play a good role for the development of the local economy and population employment, these are the government that want to see. Therefore, generally the local government will encourage the development of hotel industry. Moreover, in the hotel marketing process, it can also rely on the government to give the policy to improve business performance, achieve win-win situation between government and the hotel.

For investors, the hotel investment payback period is longer and the amount of investment is larger, but as long as the operation is reasonable and proper positioning, usually the return from the hotel is relatively high and stable. So for those funded enterprises, under the good macroeconomic development situation, they are more willing to invest in the hotel, catering and other services industries.

In China, the government's policy will obviously effect the tend towards of the economy. At the same time it will also take a huge impact of the hotel industry which is very sensitive to the economic situation. Therefore, it is very important for the hotel manager to take a good grasp of the macroeconomic trends.

## **4 SEVEN STARS HOTEL IN NANCHANG**

Nanchang Seven Stars Hotel is a four star standard business hotel which invested by Glorious Construction Engineering Company of Japan and Jiang Xi Botai Group Company. The hotel business plan is for senior business hotel, leisure building

underscores the modern style, interior decoration design style lead to Southeast Asia, showcases the exotic. The rooms are designed to take on the popular Japanese style decoration, emphasizing comfort and practicality. It is an ideal place for the modern business customers and business activities. There are 12 floors and above the 4<sup>th</sup> floor there are 230 rooms. The hotel also contains the shopping malls, the Phuket lobby bar, business center, Prince Spa Club, the Chinese Restaurant, Bali Restaurant, café bar, gym room, meeting rooms and so on.

#### 4.1 Environment Analysis

The hotel industry is a kind of industry which is the first of China's reform and opening up with the highest degree of market sectors. With the rapid development of China's economy, China's hotel industry from a planned economy hostel to the present mode of star formation as the main body, in order to use the star tourist hotel as the core of the hotel industry pattern. China's hotel industry has experienced too many inter-face. The following figure 4 is the star hotels of the capital cities in China:

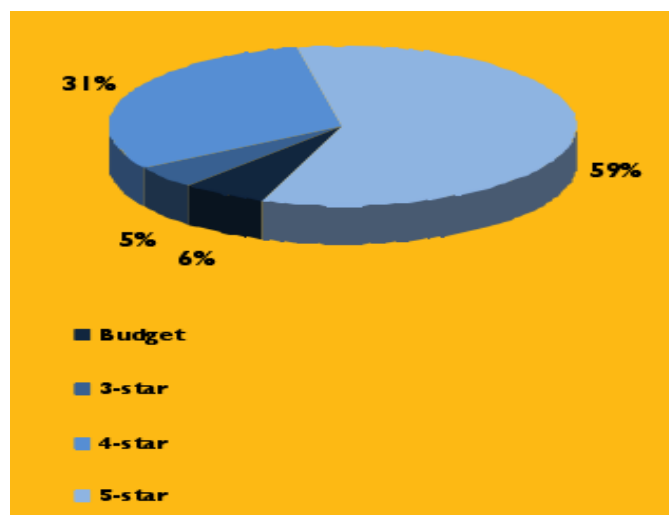


Figure 4. The distribution of Chinese star hotels (21<sup>st</sup> Century Business Herald).

A domestic Chinese investigation company has made an investigation about hotel industry this year. The investigation covered 383 respondents from 27 provinces and municipalities nationwide, they are mainly the major hotel operators. 32 percentage

of respondents came from East China (Shanghai, Zhejiang, Jiangsu, Anhui, Fujian and Shandong), 26 percentage from North China (Beijing, Tianjin, Hebei, Shanxi and Inner Mongolia), 29 percentage of the respondents from Central South China (Henan, Hubei, Hunan, Guangdong, Guangxi and Hainan), 6 percentage from the Northeast (Liaoning, Heilongjiang and Jilin), and 4 percentage from the Southwest (Chongqing, Sichuan, Guizhou, Yunnan and Tibet), the remaining 2 percentage from the Northwest region (Shanxi and Gansu), and at least 60 percentage of interviewees consider the letting rate, average house price and total revenue in 2010 will be better than 2009 when they're asked the expectation of the comprehensive profit level of hotel market in 2010 compares with the letting rate, average house price and total hotel revenue of 2009. (21<sup>st</sup> Century Business Herald)

For the expectation of the letting rate level of the whole market, 80 percentage of the hotel owners think that the letting rate of 2009 may realize increasing compares with 2010, and 20 percentage of hotel owners predict the letting rate profit of this year will be mostly similar to 2009. (21<sup>st</sup> Century Business Herald)

The prosperity expectation of average house price of interviewees is inferior than the other two profit targets, and 80 percentage of hotel operators think that the average house price of 2010 will be better than 2009 or equal to that. There're 20 percentage of interviewees worry about that the average house price profit may be worse than 2009. (21<sup>st</sup> Century Business Herald)

On the side of total revenue, 40 percentage of the interviewees in the whole country predict that the total revenue of 2010 will be higher than 2009; and 20 percentage of interviewees expect that their total revenue will be far more high than the level of 2009. There're 40 percentage interviewees predict that the revenue level will be the same compared with 2009. As the following Figure 5. (21<sup>st</sup> Century Business Herald)

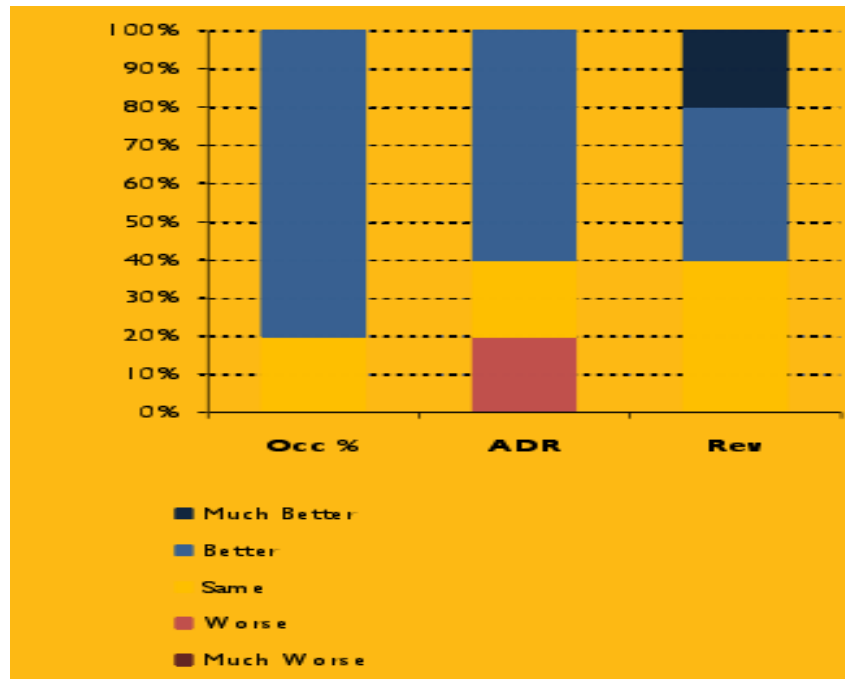


Figure 5. The proportion chart of investigation result (Occ—Occupancy Rate, ADR—Average Price, Rev—Total revenue) (21<sup>st</sup> Century Business Herald).

When hotel operators are asked the prediction of hotel achievement level of 2010 (compared with 2009, Chinese hotel market are possessed the optimistic prosperity expectation again. There are 54 percentage of hotel operators predicting that their hotel achievement level will increase at least 5 percentage, and the other 22 percentage of hotel operators predict that the accelerating rate of their hotel achievement will grow over 5 percentage. Most of the hotel operators predict that their hotels will realize better achievement in 2010 than in 2009. All of the hotel interviewees predict that the level of letting rate will increase in 2010, and 52 percentage of hotel operators predict that the accelerating rate will beyond 5 percentage. As the following figure 6. (21<sup>st</sup> Century Business Herald)

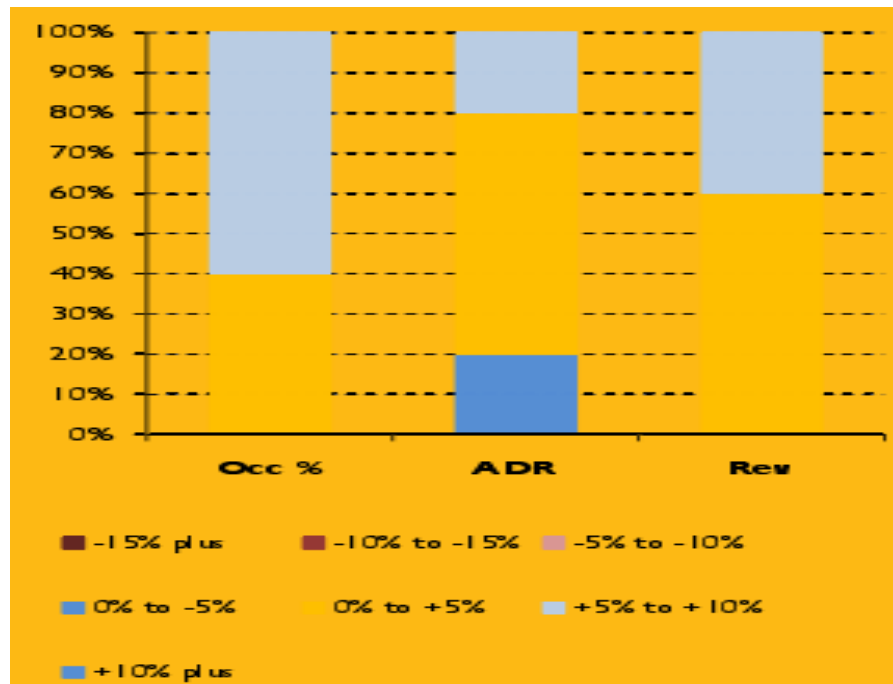
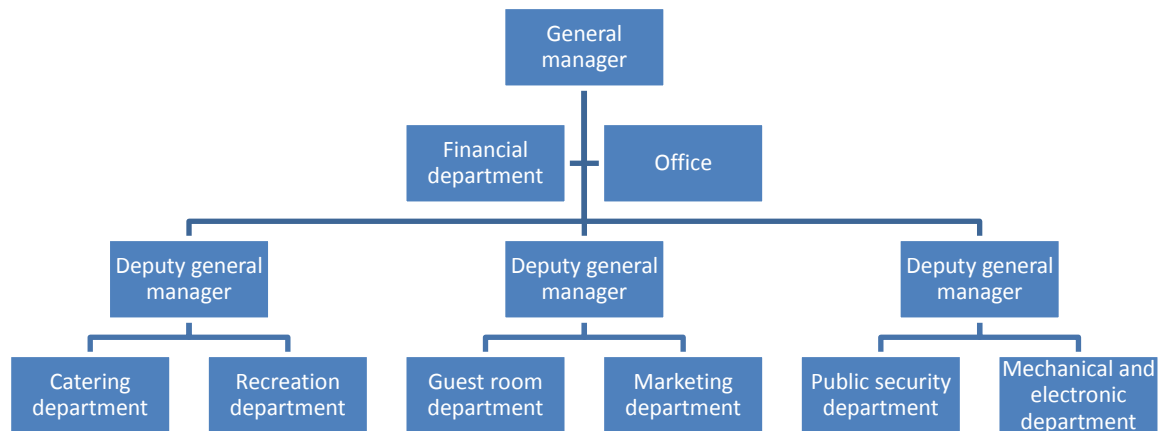


Figure 6. The proportion chart of investigation result (Occ%--Occupancy Rate, ADR—Average Price, Rev—Total revenue) (21<sup>st</sup> Century Business Herald).

#### 4.2 The Hotel Organization Conditions

Seven Stars Hotel now has eight main function departments. They are office, financial department, catering department, sanitation department, guest room department, marketing department, public security department, mechanical and electronic department. The organization of Seven Stars Hotel, see figure 7.





*Figure 7. The organization of Seven Stars Hotel (Manager Wang, Interview 06.07.2010)*

### 4.3 The Hotel Human Resources Conditions

The factor of human resources is the most basic and energetic factor that constitutes the internal environment of hotel. The essence of the competition that regards products, services, quality and culture as the main content is the competition of talents. The present hotel human resources condition is as follows:

The present hotel employees are 145, and the two big business departments: catering department and guest room department own 68 and 49 employees respectively except the 12 people who are above the position of manager. The quantity of employees occupies 80.6 percentage of the total quantity of employees, if the employees of the advanced business departments such as: marketing department, public security department, sanitation department are included. The

constitution of employees is obviously leaning to advanced business departments. The average age of the administrative staff whose positions are above manager is 35 years old, and the age of ordinary employees is around 18 - 20 years old. The workers are comparatively young, and the age structure is comparatively reasonable.

Among the 12 people whose positions are above hotel managers, the number of the people who possess the college education background and above is 9, which occupies 75 percentage of the administrative staff whose positions are managers or above; and there're two administrative staff among them are graduated from professional colleges. The management tier is basically possesses certain administrative qualities.

Hotel implements the performance salary, and defines fundamental salary according to jobs; it also defines the actual amount of salary base on the interests of the hotel: each of nonlocal employees will get the house subsidy of 50 Yuan each month; each employee in the hotel will receive the dieting allowance of 100 Yuan each month, and circulate in the way of dieting tickets. The given out tickets can circulate within the boundary of the hotel. Hotel will surrender social insurance for employees, and hotel will be responsible for the large part according to policies, while employees themselves in charge of small parts. Hotel has established the corresponding system of rewards and punishment, which will reward those diligent employees and punish those lazy employees, and encourage pioneers. At the same time, hotel will also praise and give the material awards to pioneers and brave employees who are combating with scoundrels for maintaining hotel properties. (Human Resource Manager Fu, Interview 18.07.2010)

#### 4.4 Hotel Management Conditions

Seven Stars Hotel is a hotel that considers lodging as its main part, and as the economic development and the gradual open up of Nanchang, hotel industry is in the fast growing period. With the improvement of the intensity, the guesthouses and hotels are increasing year by year. Table 1 is the operating conditions of the Seven Stars Hotel in recent years.

Table 1. Seven Stars Hotel operating conditions (Manager Wang, Interview 10.07.2010)

Year \ Project	2006	2007	2008	2009
Lodging rate of guest rooms	68.8 %	69.6 %	70.1 %	68.2 %
Revenue of guest rooms (ten thousand Yuan)	475	498	510	472
Catering revenue (ten thousand Yuan)	610	604	623	617
Meeting revenue (ten thousand Yuan)	32	34.2	35.3	37.2
Recreation revenue (ten thousand Yuan)	11.7	13.2	12.6	11.5

## **5 SUGGESTIONS FOR SEVEN STARS HOTEL**

Seven Stars Hotel is the only four-star hotel in Nanjing West Road in Nanchang which was established in the nineties. It has long been living a comfortable life, but with the increasingly fierce market competition and the acceleration of urban development, the opportunities come also face more challenges. Therefore, this section we will give some comments and suggestions for the management of the Seven Stars Hotel based on the currently management of the hotel and the hotel management mentioned above.

### **5.1 Strengths and Weaknesses of the Hotel**

The changes in market conditions brought a good development opportunities of Seven Stars Hotel, but also caused a more intense competition to the hotel in the market situation. Among the more new competitors, the hotel is still maintained a slight advantage in government background, the location and so on. However, the competitive disadvantages have inevitably exposed, such as the insufficiency of their products, institutional rigidities. Here we conduct a detailed analysis about the advantages and disadvantages of the hotel.

#### **Advantages analysis**

Seven Star Hotel as a business which has the development of more than 10 years in Nanchang, the local government support and a good location is the main advantage for it. The detailed analysis is as follows:

1 ) Well government background. Seven Stars Hotel is the luxurious hotel project that invested and explored by Glorious Construction Engineering Company of Japan. The hotel development and establishment has got great support from local government and other relevant departments depending on the broad and favorable

social relationship in the locality. After the hotel business has started, the government guest sources are sufficient, and the hotel government meetings and catering revenues occupy comparatively large proportion in the total revenues of hotel till now.

2 ) As Seven Stars Hotel the only four-star standard hotel on the west Nanjing road of Nanchang city at present, it will form monopolization to the large extent. Thus the price of this hotel possesses comparatively large privilege so that the hotel may gain higher monopolized profits.

3 ) Seven Stars Hotel owns various types of houses such as standard, business, luxurious guest rooms or suite rooms, etc., which can satisfy many kinds of subdivided markets. (Manager Wang, Interview 12.07.2010)

#### Disadvantages analysis

The main disadvantages of Seven Stars Hotel is caused by the old concept of marketing management which has conduced the poor abilities of marketing, staff turnover and other issues. The detailed analysis is as follows:

1) The marketing ability is not strong

The marketing of Seven Stars Hotel is still stays on the level of traditional marketing methods such as team marketing, sign contracts or simple merchandising, inferior reducing prices and so on without deep market analysis towards hotel itself and market orientation. The constitution of customer sources is relying on government meetings, company meetings and some scattering customers to keep the comparatively high lodging rate of hotel, and the marketing ability is waiting for further enhancement.

2) The draining rate of employees is high

The high draining rate of employees is a comparatively obvious feature of present hotel industry, and Seven Stars Hotel is also the same. Till the end of February, 2009, the employee draining rate of the marketing department in this hotel has reached 40 percentage according to the statistics. The hotel marketing job is related to many aspects, and the marketing job is also possesses continuity and after-sales service. The high draining rate of employees will bring negative effects to the after-sales services of hotel customers. At the same time, it will also let the external world generate suspense towards the human resources system, which is against the well social image that built up by hotel. (Human Resource Manager, Fu Interview 18.07.2010)

3) The cost of operation and management is comparatively high

As a business hotel, Seven Stars Hotel cannot contend with large chain economic hotels on the cost level because the cost of material purchase, employees allocation, operating management etc. is comparatively high.

## **5.2 Opportunities and Threats of the Environment**

In general, both opportunities and challenges coexist together. Only grasp the opportunity while fully prepared to meet the challenges, the enterprises can obtain long-term development. Here we will make analysis on the opportunities and challenge for Seven Stars Hotel.

### Opportunities analysis

The opportunities that faced by Seven Stars Hotel is mainly caused by the rapid economic development of China. In addition to geographical advantages, the main comes from the macro level. Include the following:

### 1) The comprehensive development of tourism industry

With the development of society, tourism industry has become one of the industries that the developing momentum is the strongest and the scale is the largest in the global economy. The industry position and economic influence in the economic development of the city of tourism industry are gradually increasing, and the dragging ability of tourism industry towards city economy, its driving ability towards social employment, and the facilitating effects towards culture and environment are gradually manifested. According to prediction, in the near few years, Chinese tourism industry will keep the speed of accelerating rate of 10.4 percentage of each year, and among them, individual tourism consumption will increase with the speed of average 9.8 percentage of each year, the speed of accelerating rate of corporations and government tourism will reach 10.9 percentage. In 2010, the occupation of the proportion of the total revenue of Chinese tourism in GDP will reach 8 percentage. In 2020, China will become the first travelling destination country in the world and the fourth exporting country of customer resources. (China National Tourism Administration)

### 2) The continuous improvement of resident incomes, and the requirement of travelling, catering and recreation has increased year by year.

According to the result of sampling investigation of urban and rural residents, from January to December, 2007, the individual average dominating revenue of urban and rural residents of Nanchang city is 24,495 Yuan, which is increases 11.4 percentage compares with last year; the average cash revenue of peasants is 11,080 Yuan, which is increases 16.5 percentage compares with last year. On the hand of consumption expenditure: from January to December, the individual average consumption expenditure of urban and rural residents has accumulated to 20,726 Yuan, which is increases 13.8 percentage compared with last year; the individual average living consumption expenditure of peasants is 8,262 Yuan, which is increases 17.8 percentage compared with last year. Above data shows that the

consumption level of urban residents is gradually improving, and when the living standard of people has reached certain extent, and they'll expect to satisfy spiritual requirement. Different kinds of facilities in hotel will attract them, thus the people who go to consume in hotel will also continuously increase. (Academy of Social Sciences)

### 3) Regional advantages outshine

In 1995, when Nanchang city is conducting the comprehensive planning of metropolitan area, the Nanjing west road has been enrolled into the plan. As the promotion of urbanization, the structure of city circle has been formed preliminarily. The distance between hotel and downtown is only 1 kilometer, and the hotel is also near airport and railway station.

### Threatens analysis

With the economic development of Nanchang, the rapid rise of the surrounding hotels, all types of hotels have settled down in Nanjing West Road, while there are many domestic and international hotel giants eyeing the fast growing market in Nanchang, the Seven Stars Hotel is facing a lot of threats. Specifically, are the following:

#### 1) The competition analysis of the present hotels towards Nanjing West Road and surrounding areas

Seven Stars Hotel is the only four-star hotel on the Nanjing West Road at present. However, there're lots of hotels in surrounding areas, such as " Like Home Chain Hotel", "Seven Day Chain Hotel" etc., which have constituted powerful competition towards Seven Stars Hotel from various aspects.

#### 2) Potential entrants



At present, Nanchang city doesn't own the five-star hotel in the real sense, thus lots of hotel corporations both domestic and foreign are looking to further development of Nanchang hotel industry, and in the high-end market of Nanchang hotel industry within a few years in the future, the fierce competition of the same essence will appear.

### 3) The spring of economic hotel

The gradual penetration of brandized economic hotel regards the famous brand as the basis, at the same time, the chain and franchised economic hotel is gradually springing up, and their market shares are gradually expanding, which become the no negligent new power of hotel industry. Those economic hotels are expanding and penetrating frequently. The price of those economic hotels is reasonable, and their services are considerate, which are favorably received by the customer resources of middle and low class. Although its main replacement target is the hotel that under three star level, the distribution influence towards ordinary businessmen and the customer resources of scattering customers who choose self-assisted traveling cannot be neglected.

## 5.3 SWOT analysis

Analyzing the strengths and weakness of a hotel and outside opportunities and threats in the way of SWOT analysis will comprehensively state the hotel development conditions and circumstances and also clearly understand the resource ability and shortages, the market opportunities that faced by hotel and the external threats that will endanger the future benefits of hotel. The SWOT analytical matrix of Seven Stars Hotel is as Figure 8 shows:

Internal	Advantages S	Disadvantages W
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<p>analysis</p> <p>External analysis</p>	<p>1. The great support from government, broad and well social background.</p> <p>2. The only four star level standard hotel at present on the Nanjing west road in Nanchang.</p> <p>3. It owns standard, business, luxurious guest rooms or suite rooms, which can satisfy a lot of subdivided markets.</p>	<p>1. The marketing methods are comparatively traditional, and the marketing ability is not strong.</p> <p>2. The draining rate of the employees in the public relations of marketing department is high, which is not benefit to the unfolding of hotel marketing job and after-sales services.</p> <p>3. The cost of hotel operation and management is comparatively large.</p>
<p>Opportunities O</p> <p>1. The prosperous development of tourism industry.</p> <p>2. The continuous optimization of economic environment.</p> <p>3. The revenue ability of residents is continuously improving, and the purchasing power is become</p>	<p>SO strategies</p> <p>1. Attract the whole business and meeting customers of Nanchang city with the regional advantages.</p> <p>2. Enforce the publicity and sales of local market.</p> <p>3. Make innovations on hotel holiday products and strengthen</p>	<p>WO strategies</p> <p>1. Enforce the Internet marketing and sales.</p> <p>2. The strategy that pays attention to employee development and regards deepening as the foundation.</p>

stronger. 4. The advantages of regional location is extruding.	the development of holiday market.	
Threats T 1. The threats from surrounding new rivals. 2. Many international brands have entered Nanchang city. 3. The outshining of surrounding economic hotels.	1. Enforce the consciousness of service, improve the service level and use the service to distinguish from other competitors. 2. Deepen the subdivision of the market, and contend with other hotel brands with the diversilized strategies.	WT strategies 1. Pay close attention to the trends of competitors actively and understand the marketing strategies of competitors. 2. Implement standard management towards hotel service and operation, and reduce the hotel operation cost and management expenses.

Figure 8. The SWOT analyze conclusion matrix of Seven Stars Hotel (Manager Wang, Interview 09.07 2010).

## **6 APPROACHES OF IMPROVING BUSINESS ACHIEVEMENT OF SEVEN STARS HOTEL**

After we made some analysis of Seven Stars Hotel both from the internal and external sides, and also from the advantages and disadvantages sides, the opportunities and threatens sides and so on. There are some approaches of improving the business achievement of the hotel.

### **6.1 Reasonable Product Positioning Strategies**

According to different functions of products that provide by hotel, hotel can be divided into several types such as business, meeting, holiday, etc. At present, most of the five-star hotels are the hotels that own several functions at the same time such as: business, meetings, etc., which can satisfy the demands of different accounts. The more comprehensive of hotel functions, and the requirements on hotel facilities are higher, meanwhile, the input of hotel will be larger. According to the analysis of internal and external marketing environment of Seven Stars Hotel, the hotel market orientation should change from the market of “business meeting hotel” to “meeting holiday hotel”. After the hotel market function orientation is clear, functional arrangement, renovation and establishment towards present hotel facilities can be made.

### **6.2 Flexible Price Strategies**

As the only four-star standard hotel on the Nanjing west road of Nanchang city, the price formulation of Seven Stars Hotel is neglect the reference criteria in the industry and it cannot fluctuate in line with market conditions following their competitors. The formulation of the hotel room prices can start from the job requirement of hotel marketing, and the staff of marketing department, product-using department, financial department, purchase department will form the pricing group to comprehensively consider formulating price on the basis of the factors such as

product cost, customer requirement, the price of main competitors, the hotel profiting target, etc. At the same time, different pricing strategies should be specified to different products according to actual operation conditions.

### **6.3 Timely Advertisement Strategies**

Hotel advertisement delivers relevant hotel information to target markets in the way of paying the expenses through different kinds of public media such as broadcast, radio stations, newspapers, magazines, etc. to demonstrate the hotel products and services.

Seven Stars Hotel owns its characteristics in choosing advertisement opportunities and media when aiming at the target market of middle-top grade business scattering customers, large-middle sized business meetings and holiday travelling and the comparatively high comfort ability and moderate price of product orientation.

At first, hotel can choose spreading advertisement in business magazines because different types of business customers like reading business magazines and business newspapers. Business magazine advertisement is a comparatively long timeliness way of advertisement, and its important features are: the high printing quality, rich colors, the long reading timeliness, more authoritative than newspapers, and the pertinence towards the target readers. However, the flexibility of magazine advertisement is bad, which is easily losing timing results.

“Information Daily”, “Urban News of Southern China” have a broad radiating coverage in Jiangxi province and surrounding provinces and cities, and hotel can also make advertisements on the “Information Daily” and “Urban News of Southern China” to attract target customers when there're holiday celebrations or important activities.

## **6.4 Personal Selling Strategies**

Seven Stars Hotel has started business in Nanchang city for six years, which has stepped into the mature period. In this period, employee sales will be the emphasis. Employee sales is a process that hotel marketing employees provide information to customers, persuade customers to buy the hotel products and services through face to face conversation business. It possesses the characteristics of direct contact, flexibility, locale conversation, duplexing exchange, high selectivity, etc., which is benefit to foster well interpersonal relationships with customers. In comparison with other promotion activities, the employee promotion expenses are high, the efficiency is comparatively low, and the coverage is comparatively small.

Hotel marketing department should allocate the sole marketing employees and pay a visit to new and old customers regularly, especially to important customers. At the same time, the manager of marketing department and general manager are also paying visit to those customers frequently. (Human Resource Manager Fu, Interview 18.07.2010)

## **6.5 Marketing Promotion Strategies**

Business expanding is the indispensable method of marketing. Aiming at the target market, Seven Stars Hotel can adopt some corresponding market expanding activities :

- 1) Favorable price activities. In the slack seasons or special holiday celebrations, hotel can bring out the program of favorable prices and consider the offering advertisement as the assistance to attract customer resources.

- 2) Let the customers experience the hotel products and services. If the hotel let the customers live or taste at first and then lodge in hotels, and this way is very helpful in eliminating the misgivings of misunderstanding the hotel, and it is a rather efficient

way to meeting organizers or customer managers of business companies.

3) Preferential consideration. Hotel will implement special services to important customers and long-term customers, for example, the preferential authority of ordering rooms, the right of prolonging the time of withdrawing room, the privilege of gifting flowers and fruits, etc.

4) Encourage repeat purchase. For example, give the special arrangement to the customers who have lodged in the hotel for more than three times, such as giving breakfast or give them coupons of certain amount of money, etc. to stimulate the customers accommodating and consuming in the hotel.

5) Giving gifts. Hotel always designs some exquisite gifts to gift the business customers and middlemen to enforce the emotional communication and connection with customers. Hotel can purchase some souvenirs that represent local culture, and after embroider the hotel LOGO and name on them, hotel can give them to holiday travelling customers as gifts, which will make the name of hotel engraved in the minds of customers when they're travelling Nanchang city. (Marketing Manager Zhou, Interview 20.07.2010)

## 7 CONCLUSIONS

This passage regards the Seven Stars Hotel that known intimately by the author as the research target, and discusses how to improve the business achievement of Seven Stars Hotel according to the collection of first-hand data. Through the introduction of the operation conditions of Seven Stars Hotel, its problems that exist in the marketing job have been defined; and through using the SWOT analysis towards operation environment, the author has raised many strategies that aim at improving operation achievement after discussing the strategies from the aspects such as products, price, promotion, etc. from the perspective of hotel industry.

The problems that seven star hotels encounter in the work of marketing management are general in many hotels. The questions such as how to outshine in the fierce market competition and striving for larger occupation rate of the market have been presented in front of hotel administrators. From the above analysis we can see that if the hotel wants to grow, the involved content has completely exceeded the functions of single department, and they can continuously and permanently provide the profits for hotel through the coordination of various departments in the corporation, which will make better development of the hotel.

In the process of the thesis, the main idea is helping the Seven Stars Hotel to improve the business achievement, and we should decide it by using the theory and practical together. The theoretical selection is one of the problems, and doing research is such a not easy part. As we know the theory of marketing is very broad, so maybe the content part in the thesis is limited. When doing the research, the interview part also existed some limitations. Even though the question list contents most important questions, maybe there are still some missing questions that we still need to find out.

Nowadays the internal and external environment is constantly changing and developing of China hotel market and the Seven Stars Hotel, so the analysis of



some issues of Seven Stars Hotel had the level of the constraints, there are still some limitations and lag, the discussion certainly not comprehensive and in-depth, in practice may not keep up with the pace of market development. Therefore, we hope this article can play a role in better ideas, let us expand more in-depth discussion for the Seven Stars Hotel or even other hotels on how to improve the business achievement and maintain the rapid and stable development.

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1. Can you give me some general information about the hotel, such as the scope of the hotel, the employees, services and so on?
2. What kind of promotion strategy did you use at the beginning?
3. How is the organization of the hotel? How do you separate the departments?
4. How is the constitution of the employees? What kind of training do you do for the employees?
5. How to employ required employees for the hotel? Do you have any special way to train your employees?
6. How many employees do you have in the whole hotel?
7. What is the average age of the ordinary employees? And how about the administrative staff?
8. What kind of subsidy do you provide for the employees?
9. Do you have the corresponding system of rewards or punishment for the employees?
10. How was the past business achievement of the hotel and how is the current business achievement of the hotel? Can you show me the annual report and some statistics?
11. What do you think the present advantages of the hotel? Do you have any idea to improve it?

12. What kinds of risk did the hotel encounter?
13. What are the long term and short term goals of the hotel?
14. What are the challenges that the hotel faces?
15. What do you think about the opportunities of the future development of the hotel?