

Analysis on Hotel Service Innovation and Value Promoting Paths Based on Value Chain Theory*

Fan Linsheng¹, Han Yu², Wang Na²

¹School of Management, Wuhan University of Technology, Wuhan, P.R. China, 430070

²Shijiazhuang Broud Business Consultation Co. Ltd, Shijiazhuang, P.R. China, 050011

(E-mail: fanlinsheng5700@sina.com, hy007@163.com, wangna2335721@yahoo.com.cn)

Abstract: It has positive significance for promoting hotel value by analyzing hotel service innovation and the way of value improvement. This paper uses value chain theory for reference. It describes value composition of hotel service industry based on comparing and analyzing the value chain structure and the implementation process of general business and service industry. Finally it analyses the way of hotel value improvement, and provides some suggestions of hotel service innovation and value improvement.

Key words: Hotel service; Service innovation; Hotel value improvement

1 Introduction

Michael Porter first proposed the “Value Chain” concept in his book “Competitive Advantage: Creating and Sustaining Superior Performance”(1985). The value chain theory points that, there is the value chain between the upstream and downstream businesses, and also in the internal enterprises. Porter believes that “each enterprise is the collection of various activities in the process of design, production, sale, sending and supporting their products. All of these activities can be indicated by a value chain.”

Porter distinguishes primary activities and support activities in the value chain. Primary activities are directly concerned with the creation or delivery of a product or service which can be grouped into five main areas: inbound logistics, operations, outbound logistics, marketing and sales, and service. Each of these primary activities is linked to support activities which help to improve their effectiveness or efficiency. There are four main areas of support activities: procurement, technology development (including R&D), human resource management, and infrastructure (systems for planning, finance, quality, information management etc.).

With Michael Porter's value chain tool, it can achieve the decomposition of total value of the enterprise from the company's internal processes, to enable enterprises to fully understand the production processes which create value, and how to improve it to promote corporate value. Value chain management emphasizes the effect of the overall enterprise operation, rather than one-sided pursuit of optimization of individual business activity.

2 Value Realization Process of the Hotel Service Industry

In fact, enterprises should keep competitive advantages in specific links of the value chain to remain and enhance value. By analysis of value chain, it could find critical value regions that help enterprises get the core competitiveness to form and consolidate the competitive advantage in the industry.

Value realization process in service industry is rather different from the general manufacturing industry. The manufacture product experiences the R & D processes, which is product innovation, and then production processes, marketing, service and other aspects (exchange processes), finally it's sent to the users to meet customer needs. The staff of manufacture enterprise contact products indirectly, that is different from hotels and other service enterprises whose staffs contact customers and provide services to consumers directly.

Generally speaking, the hotel service product is a series of the visible product and invisible service to meet the customer lodging, catering, amusement, and other demand. From the viewpoint of customer, in the hotel, they consume a series of products. In detail, firstly, the material products, that is the physical products consumed by customer, such as food and beverage. Secondly, the sensual pleasure, the customer feels the sensual pleasure provided by the hotel building, furniture equipment, interior decoration, atmosphere, the staff dress and facial expression, service skill and attitude and so on. Thirdly, the psychological feeling is the customer psychological benefit, such as the status, comfort, satisfaction,

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etc.

The value realization of hotel industry experiences production and exchange process. The hotel value includes labor services value, market value, property value, hotel management and cultural value. The production and exchange processes in hotel industry are usually inseparable. The service personnel provide services, at the same time customers enjoy the service, namely, the production activity and exchange process complete at one time. The hotel product value realizes conversion, and makes profits.

3 Hotel Value Composition

According to Porter's value chain theory and the hotel features, this paper proposes the value composition of the hotel. The value of hotel service industry can be divided into: (1) product value, that is the value of the guestroom, catering services and so on; (2) service value, that is the value of the service labor; (3) market value, that is the hotel market value of the marketing; (4) the property value, provided by the architectural composition, decorative style, infrastructure of hotel; (5) the value of hotel culture; (6) the value of hotel system and management.

4 Hotel Innovation and Value Promotion Analysis

By applying the value chain theory to hotel business, it can realize the hotel internal value decomposition, find the critical value point and value production link. Based on this analysis, this paper finds the way to enhance the hotel value, which can help better understand the whole process of the hotel value promotion as shown in Figure 1.

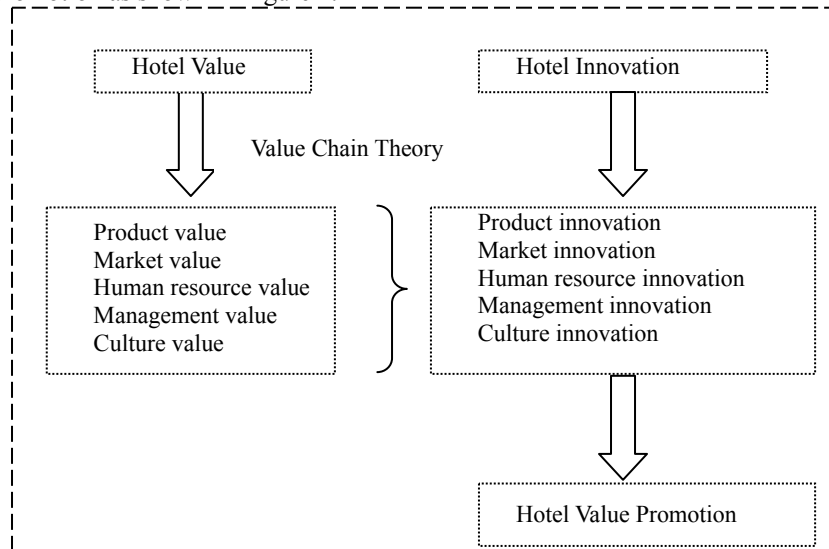


Figure 1 Hotel Innovation and Value Promotion Analysis

4.1 Product innovation of hotel

The hotel product innovation mainly includes the innovation of guestroom, catering, amusement, etc.

4.1.1 Guestroom

The guest room innovation constitutes of facilities and decoration, and the service connection between guest room and other departments in hotel. According to the changes of demand and expects, the hotel can take the following innovations, for example, launching the theme guest room and personalized guest room which are different from standard rooms, the green guest room and smokeless guest room accord with the environmental protection, the “women-guest room” special for female customers and the hourly paid room for the casual customers, and so on.

4.1.2 Catering

Faced with the rapid updating of the catering industry, the hotel catering should update and improve the product in time. The innovations of catering include developing the new dishes from the old traditional dishes, digesting the major styles of cooking, the dishes of Chinese and Western, etc.; and some hotels allow the customers to design the menu by themselves and cook the dish under the chef’s

direction, then they can enjoy the meal cooked by themselves; meanwhile, the hotel can provide various services, such as delivering meals, providing many kinds of meals.

4.1.3 Amusement

The hotel should consider the customer's job and health from the demand and tendency of the amusement, and provide various healthy and relaxed amusement activities, many kinds of entertainment ways, to meet the demands of customers of different age stages.

4.2 Market innovation of hotel

As the homogeneity of customer requirements tending to decrease and weaken while the heterogeneity strengthen and enlarged constantly, the hotel should take the differentiated marketing strategy and pay attention to the differences of the consumers group, take the gender, age, region, income as the division standards, provide the pertinent marketing based on the differences of target markets to attract more customers.

The hotel should increase marketing modes based on traditional marketing methods, and deliver the hotel information to customers more correctly and rapidly to improve the market promotion. For example, the hotel could implement the new marketing methods: "green marketing" and "network marketing". The "green marketing" means the hotel can build the green image by developing the green products and providing green services to promote hotel sustainable development. The "network marketing" can construct the hotel website and provide the reservation service. The customers can reserve guest room by the professional sales website. The hotel can improve marketing by using all those marketing methods.

4.3 Human resource innovation

It is important to pay attention to the staff personal qualities and work skill training. The staff training cannot be ignored. Except the regular training, the hotel could train the staff about the personal qualities and adaptability to improve the staff personal qualities, and provide the higher quality service. Job rotation is a good choice. The hotel could cultivate the staff with more than one work skill, and provide the customer with more perfect service. It could improve the work skill and personal qualities by job training, at the same time, give staff the sense of belonging and identity, improve staff satisfaction and loyalty, to increase staff enthusiasm and work skill, and then promote the customer perceived value. It is reasonable to build up staff self-assessment mechanism. The fairness of hotel assessment decides the staff satisfaction and enthusiasm. Based on many assessment methods, the self-assessment is a good choice. The hotel staff could evaluate themselves correctly by the evaluation software and feedback in time and so on. The staff self-assessment result reflects the staffs' work attitude, difficult and expectation, to provide reference information for hotel. It would be helpful for the hotel to build the fair assessment system, create an ordered competitive environment to stimulate staff work enthusiasm and improve service quality and customer satisfaction.

4.4 Hotel management innovation

For the management innovation, firstly, the hotel should take innovation in the management concept and transform the management from experience management to scientific management and from systematic management to human-based management, as well, build the management concept that adapt to the marketization and internationalization, and forge and carry out the unique hotel management concept. That is the key point to win the market competition. Secondly, the hotel should build the management system and organization structure adapt to the hotel management concept, to deepen the new management concept and guarantee implement of each innovation, improve the adaptability and competitive ability, and then to promote the hotel management. Finally, the hotel should take innovation in the operation mode that mainly is the means of operation. The hotel exploits new market by new operation mode to meet the customers demand which changes day by day.

4.5 Culture innovation of hotel

The hotel culture is the highest level of the hotel competitiveness, and the hotels, which have unique culture, have long vitality and strong competitiveness in the market competition. The hotel culture innovation should begin with the material culture, the most surface of the hotel culture. Firstly the hotel should construct the hotel facility, create good material culture atmosphere, which includes the hotel architectural style, decoration design, facilities and equipment, basic articles, etc., enrich and stress the product and hotel individuality to make the customer feel warm and comfortable. Secondly, the hotel can develop some special operation projects with cultural connotation, stress the hotel product individuality and increase some culture projects with less investment, which would increase the hotel income and show the hotel culture feature. It is the concrete manifestation of hotel culture innovation that the "theme hotel" is popular at home and abroad. Finally, the hotel should pay attention to cultivate

the service consciousness of employee and transform service concept, encourage the staff to take service as an art or a lifetime profession to construct the service culture of the whole hotel. All these methods will improve the degree of customer's satisfaction and loyalty, then to improve the hotel brand influences.

5 Conclusion

In summary, according to the value chain theory, this paper analyzes the composition and value-added process of hotel value. It proposes that the enterprise should take innovative activities in each step in order to achieve the purpose of enhancing the total value of the hotel. From the customer standpoint, Hotel service innovation and value promotion enhance customer satisfaction, which retains and attracts more customers, helps expand market space.

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