



## **CHALLENGES AND SOLUTIONS IN THE HOSPITALITY INDUSTRY**

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### **THREE INTERNAL ISSUES IN THE HOSPITALITY INDUSTRY**

In general, the hospitality industry as well as the restaurant sector tends to get hard when things change. The overall shifts can be as large as globalization. In addition to this, they can also be as specific as local economy and as unpredictable as technology. Moreover, there is also the fickleness of the consumers' decision making procedure. No wonder the business managers and owners in the hospitality sector are losing their sleep (Brammah, 2016). The purpose of this report is to understand some of the significant challenges faced by the hospitality industry as well as restaurants in the modern days.

### **INSTITUTIONAL ISSUES**

The sector of hospitality is feeling the overall impact of globalization to a huge extent. The restaurants have a great variety of the vendors and other options to make their menus more and more appealing when obtaining supplies as well as ingredients at low costs. Additionally, importing goods or ingredients from other nations has its own risk sets. The risks can be of various factors like a well-publicized incident surrounding contamination. Moreover, there are unfair labor practices, issues which media-savvy consumers find a bit disappointing and other issues related to toxic materials utilized in the manufacturing units. However, cheaper sourcing can be easier particularly in a global economy. Most importantly, the customers have become more selective in case of spending in an alignment along with their values, which keeps on shifting (Du Preez, Bendixen, & Abratt, 2017).

### **FINANCIAL ISSUES**

In case of the hospitality industry, mainly in restaurants and hotels, the financial factor or the economy plays a major role in the determination of both business and personal spending level. Moreover, the tourism-heavy locations, which mean the places where tourists mostly come, this factor holds even better effect than others. In the hotel and travel sectors, the advantages and disadvantages of the global events can have a severe impact on the international spending. This is what makes one of the biggest challenges faced by the hospitality restaurants and industry. Furthermore, when the overall demand of lodging and travelling goes down or get affected, both the profit as well as revenue in the hospitality industry decreases. The profit and the prices slashed try to fill the

empty flights and rooms. In addition to this, raising the rates in order to recover the lost profits is a trick in the business, which is done later in the peak seasons (Kruja, Ha, Drishti, & Oelfke, 2016).

## CUSTOMER ISSUES

The ever-increasing demands and the constantly changing expectations of the customers in the hospitality industry has become a severe issue. In any industry, the customer is regarded as the king. Most importantly, in the industry of hospitality, the happiness and satisfaction of the customers are necessary. However, the overall margin is decreasing as the customers have changing demands and expectations. Thus, it is important for the hotel manager to find various ways in order to delight the customers (Fraj, Matute, & Melero, 2015).

## THREE ISSUES TO CURRENT SITUATION OCCURRING IN THE NEW ZEALAND HOSPITALITY INDUSTRY

The hospitality industry of New Zealand is on the up. As per the New Zealand Tourism Forecasts, the sector is up to 52%. Even though it is good news for the country and their hospitality industry, however, there are some specific set of challenges faced by the organizations. The challenges in the industry may include skills shortage, financial and suppliers' issues (Cruz & Alley, 2017).

## INSTITUTIONAL ISSUES

As compared to other international hospitality industries, there are certain institutional issues in New Zealand's hospitality industry, which is one of the biggest challenges. It is the greatest fear of any hospitality industry and restaurants. **For example;** United States along employ around fourteen million workers, which is higher than the industry of New Zealand. This is not even counting the rest of the countries' hospitality sector. **Scenic Hotel Franz Josef Glacier Hotel** in New Zealand also faced this issue due to poor management and training skills of the employees. **Another example;** the **Danish Hotel, Restaurant and Café** sector suffered from several internal issues, which marred the reputation of the industry. This included employee security, safety and poor training facilities. In addition to this, the hired employees quality and skill set also has a direct impact upon the brand reputation, overall labor costs and revenue.

Thus, simply lowering the standards is not even an acceptable solution for the hospitality industry in New Zealand. The industry should have access towards a larger number of skill-set and talent for picking and choosing the best alternatives. In addition to this, the businesses in this sector might also have the will to change and especially, the changes in the way they operate for supporting the workers (Bavik, 2016).

## FINANCIAL

In the hospitality industry of New Zealand, the financial aspect as always played a major role in affecting the internal environment of the businesses. First of all, the country is not as tourism-heavy as others. Therefore, it has certain ups and downs. **For example;** **The Kentish Hotel** in New Zealand faced some financial issues when the customers gave some poor reviews.

The economy of the New Zealand hospitality industry has always played an important role in determining the business and personal spending. This made one of the biggest challenges faced by the restaurants and hospitality

industry of the country. **Another example; Oasis Motel & Thermal Pools Tokannu** faced some financial issues when the lodging and travel demands went down in 2015, the total revenue as well as profits decreased. In addition to this, the entire hospitality industry in New Zealand faced challenges due to this (Bowie, Buttle, F., Brookes, & Mariussen, 2016). However, they try to recover the profits later during the peak season, which is a tricky part of their business.

## CUSTOMER ISSUES

The customers have always played an important role in the hospitality industry of New Zealand. It is important to ensure that the business has a thorough understanding of the demands and needs of the customers. Ensuring this is the toughest part of any business. It is true that each and every customer has some particular needs, which the hospitality industry of New Zealand needs to adapt for good and better. **For example;** it is important for the industry to understand their needs in a better way. **Scenic Hotel Franz Josef Glacier Hotel** in New Zealand has faced certain issues as some of the customers reported around the room's heater, WiFi facilities and others. **Another example;** Oasis Motel & Holiday Park Turangi in New Zealand also faced some customer issues when they complained about noisy guests, poor facilities and unreliable WiFi. They even said that the hotel is below average.

Poor communication with the customers can pose a great threat to the business and thus, utilizing technology in order to enhance customer management will help in creating mutual standards and ensuring customer satisfaction (Kim, Kim, Kim, & Magnini, 2016).

## TWO NEGATIVE IMPACTS IN RELATION TO TWO OPERATIONAL PROCESS OF HOTEL BUSINESS

Management of a hotel is a very complex job which consists of various individuals in various categories working day and night just for the comfort of the customers for which they have paid for. In the case of a small hotel, some parts of the luxury and comfort are ignored but when it comes to an expensive luxurious hotel it is very crucial to pay attention to every single detail. From curtains to managing food or the front desk and the accounts, the business procedure is so delicate that a single small carelessness can cost the hotel reputation and hamper the business in every way possible. Due to increased competition in this sector, the hotel business is seeing new variations in their approach for running the operations (Ogbeide, Böser, Harrinton, & Ottenbacher, 2017).

When it comes to the management of a very busy hotel, it is very tough for the administration to maintain their reputation in the market. Some hotels maintain their values by ensuring the customers that they do not face any problems on the course of their stay. They tend to try different approaches every now and then while handling the operations in their hotel but the recent technological advancement has helped them in a great deal, nowadays the entire accounts section is being handled by computers which funnel it's information to a direct server connected via internet for easy access for the management authorities, it also helps in transaction receipts and also annual reports. There are 5 methods that is very important for the hotel to run their operations. Managerial, Staffing, Customer, Financial and Marketing are the main management criteria for the operations of hotel business (Melissen, Cavagnaro, Damen, & Düweke, 2016).

## **STAFFING MANAGEMENT**

It is the management of humans in various courses of operations. The strength and reputation of any organization depends on interaction of human beings with other and when it comes to hotel business, human interactions is one of the key aspect. Hotels rely on human interaction because technology can make their work easier but nothing can replace face to face conversation which shows the warmth, courtesy and how grateful the hotel is to have customers in their property. It helps to build reputation and goodwill amongst the customers and also the market. In addition to this, hotels have huge openings in various sectors for management and the new recruits have to go through training sessions for months before they actually interact with customers (Kim, Li, & Brymer, 2016).

## **MANAGERIAL**

Management of the entire operations in a hotel is a very stressful job because they are responsible for everything. Management is the key in a hotel business and people who are involved in the overall management for a hotel is responsible for whatever goes inside the hotel. The responsibility includes from lodging, fooding, accounts to management, management of hotel staffs, recruitments, handling of guests, management for marketing, reputation management, customer service, etc are amongst the few points that the managerial authorities has to handle (Assaf, Josiassen, Cvelbar, & Woo, 2015).

## **HOTEL MANAGER'S METHODS TO MITIGATE THE IMPACT OF THESE ISSUES**

The role of a hotel manager is the most crucial job. There are many components that contribute to a successful hotel business. These components stretch from the locations to popularity and reputation. The manager is the key person responsible for the entire operations of the hotel and its business. The role of the manager is not only limited in managing the hotel but it includes difficult choices and decisions that the person has to take while maintaining a good relationship with the customers, staffs, other managers and also the authorities responsible for the establishment of the business. The manager is the key spokesperson for the hotel when it comes to management of disasters. The term "hotel manager" is a cliché term which is used for a person who is sitting in the top of the management of the hotel and the only person responsible for everything but nowadays the management includes manager for each sector inside the hotel. They have included individual managers for management of staffing, hiring, finance, etc for smooth process of the operations of the hotel and monitoring these each manager there are top managers who oversee this entire process, recognize the flaws and correct them instantly before these flaws turn in disaster (Brammah, 2016).

One of the main jobs of the hotel manager is the management of disaster. When a disaster occurs in the hotel property, the manager is the only person responsible and answerable to the every person from media to founders the manager has be the spokesperson for the hotel. In is the job of the hotel manager to be swift and have a keen eye into details for avoiding instances of conflicts because conflicts are bad for business and whatever happens the reputation of the hotel is at stake and the manager has to take steps to insure that the reputation of the hotel is not hampered in any way. Marketing of the hotel is one of the key tool to bring business for the hotel and for this the managers has to ensure that their hotel is on top of the minds of their target customers. Hotels often rely on giving advertisements in newspaper and television to market themselves in the mind of the customers, they also organize free events for their customers to build up goodwill amongst them, frequent offers and lucky draws are

one of the oldest tricks in the business. Reputation management is one of the most important roles for any hotel manager. The business of the hotel is mostly dependent on the reputation of the hotel in the market, and it is the duty of the hotel manager to ensure it. Thus, the manager is the person who is in the top of the management positions, the spokesperson for everything inside the boundaries of the hotel, the person who heads the operations of the hotel and the person who is responsible for the business of the hotel (Kim, Kim, Kim, & Magnini, 2016).

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