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1. PART 1: ENVIRONMENTAL SCANNING

1.1. COMPANY INFORMATION

Overview

The Majestic Hotel and Spa (Majestic), located in a neoclassical building in Passeig de Gràcia, is an authentic symbol of Barcelona. It is one of its best-known hotels due to long traditions and associations with the high-end market and luxurious lifestyle. During its history, it has been renovated and reconstructed several times, the latest being in 2013, as a result of the implementation of a new positioning strategy (Majestic, 2017).

This independent hotel belongs to a Catalan family and it is one of the hotels with the most history in Barcelona. Before 2013's renovation, the building was partly used as a residence for the hotel owner's family members with the entire ninth-floor of the building occupied by them. This shows the close relationship that the owners have with this hotel, all its operational processes and management team. Following the renovation, the ninth floor became part of the hotel, introducing an exclusive Royal Penthouse, highly orientated towards the Middle Eastern market.

Through the doors of the Majestic have passed film stars, artists, politicians, sports personalities and successful business executives amongst others. Considered an 'art hotel', it, and its renowned collection of over a thousand artworks, has always been linked with the art world. In addition to the main hotel, the company is in charge of running the Majestic Residence, situated on the other side of Passeig de Gràcia.

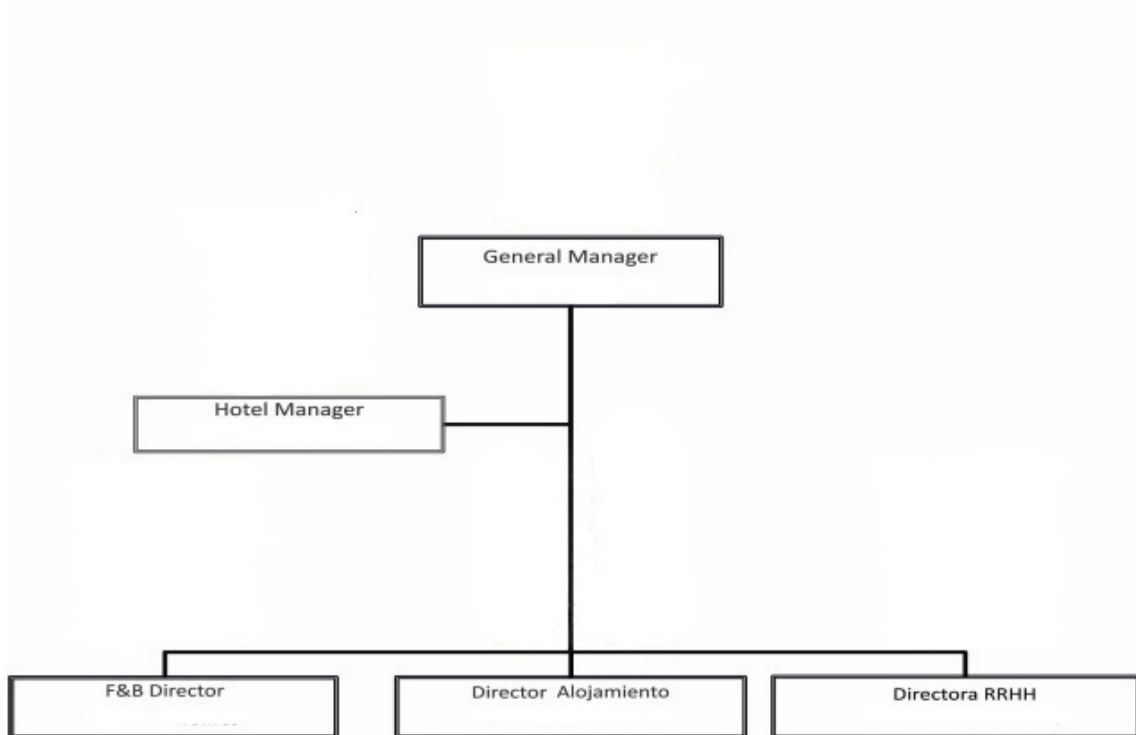
Nowadays, having completed its last and most ambitious step of the renovation, without losing the essence of the hotel's past and maintaining respect towards its history, the Majestic now looks towards the future. Improvements have included renovations of its architecture, interiors, decoration, design, rooms, lounge and common areas, whilst transformed, still maintain, and adapt perfectly to, its allure and what it represents.

In May 2013, a new General Manager (GM) and a Hotel Manager were appointed to lead a strategic change. With these hires, the hotel has tasked itself with facing a new challenge: seeking to improve, evaluating and increasing the standards of service and quality that

characterise the hotel, to make them a true hallmark. Initial results are encouraging, yet there are continuing areas of development.

Description of current management system, mission, vision and values

The management organisational structure of the Majestic includes horizontal distribution and several key functions. Led by the GM, he overall manages all operational functions – Rooms Division, Food and Beverage (F&B) and Beverage (F&B) and Human Resources (HR), and leads the Hotel Manager in his dedication to commercial activities.



Upon joining, the GM upgraded the management systems, mission, vision and strategy of the hotel. Key features of the new strategy are preserving and communicating the property’s history, emphasising its cultural heritage, and whilst respecting the local culture and traditions, bringing innovation into hotel management and operations.

Providing quality of service at an exquisite level and treating guests with special warmth and as individuals is in line with its aims. The vision of the hotel is now *“Reinventing Tradition”*, its main goal to become the best luxury hotel in Spain. This comprises of four principal elements:

- Physical Renovation (Lobby, Bar and Restaurant)

- Repositioning of service culture, including staff increase and the creation of new departments, such as Guest Relations.
- Adapting to the operational standards of LQA, Coyle and ISO.
- Changing Strategy: a new sales and marketing strategy/communications plan to increase brand/media positioning.

According to the Majestic's vision, such commitment is linked to its values that every employee supports and applies to come together towards a common objective. These values are:

- *Reinventing yourself*: Be unique and innovative whilst drawing upon history and tradition.
- *Serving with warmth*: Connecting with guests and colleagues, accompany and welcome and generating complicity, a "never say no" attitude.
- *Being authentic*: Involve yourself, act with empathy, communicate sincerely, real smiles, rectify errors or failings, and apologise appropriately.
- *Growing the details*: Communicate and transfer information, work with respect and trust, give constructive feedback.
- *Work together as a team*

History of the company

In 1918, Hotel Majestic Inglaterra was founded by an Italian entrepreneur, Hercules Cacciari. After its successful opening, only three years later it was bought by Martín Casals Calcerán, when Cacciari decided to return to his homeland. Calcerán owned the property at Passeig de Gràcia 68, the hotel's address today, undertook renovations and made new acquisitions before moving the hotel to its new address (Majestic, 2017A).

Even during the Spanish civil war, the hotel remained an important venue for events and a provider of luxury accommodation. After the Calcerán's death in 1963, the hotel, which had by now shortened its name to Hotel Majestic, was owned by his daughter María Esperanza and her husband, entrepreneur, Oleguer Soldevila I Godó. The Soldevila family is still running the hotel today (Majestic, 2017).

Throughout the years, the hotel has gone through various changes, such as enlargement of its facilities, refurbishment for 1992's Olympic Games and the latest big renovation in 2012-2013. All such changes indicate that the Majestic is keeping its business up-to-date and making

utmost efforts to exceed guest expectations, which change over time. The hotel would not have had almost a century of success without changing and adapting to the business environment. It has also experienced a lot of new competitors, with the ongoing addition of various luxury hotels in Barcelona.

In 2015, the Majestic Hotel & Spa became a part of the 'Leading Hotels of the World' association unifying more than 375 individual and unique luxurious hotels around the world in 75 different countries (Leading Hotels of the World, 2017). Their audit program, named "Leading Quality Assurance" (LQA) ensures the highest level in service quality. Mystery shoppers visit the hotel regularly and verify all standards, to ensure the level of the service required for membership is consistently being achieved. As a consequence of the quality of the service and the systems constantly being evaluated, this ensures staff motivation to provide the best service possible, always creating remarkable experiences for its guests.

Relevant company facts in the city of destination

The hotel has been the setting for many events throughout its history. Its guests have included politicians, sportsmen, artists, businessmen and well-known social and cultural figures have stayed. Spanish poets Antonio Machado and Federico García Lorca, artists Joan Miró and Pablo Ruiz Picasso, singer Josephine Baker and renowned author Ernest Hemingway have been some of the famous guests attracted by the hotel's legendary hospitality.

The Majestic has always had close connection to the art world; it possesses a wide art collection including works by such widely recognised artists as Tápies, Miró, Chillida, Miquel Barceló, Anish Kapoor and Richard Long.

1.2. MACROENVIRONMENTAL ANALYSIS

Geopolitical Situation

National profile

Officially the Kingdom of Spain, it is situated in the south of Europe on the Iberian Peninsula. The mainland edges to the south and east mostly by the Mediterranean Sea; to the north by France, Andorra, and the Bay of Biscay; and to the west by Portugal and the Atlantic Ocean. A country world-renowned for its coastline, beaches and islands also has further land borders with Gibraltar and Morocco.

The country's area encompasses 505,990km²: Europe's fourth largest country and the world's 51st largest country, with a population of 46 million. Its territory is made up of 17 autonomous regions, on the mainland and also a small part France (Llivia), Balearic Islands in the Mediterranean, Canary Islands in the Atlantic and five places of the sovereignty in Northern Africa. In addition to its expansive coastlines and varying temperatures and climates, Spain also has five different mountain ranges.

The capital is Madrid and the country possesses the European Union's third largest GDP.

Ethnosociology

The predominant ethnical structure of Spain consists of a composition between Mediterranean and Nordic types. The main religion is the Christian denomination of Roman Catholicism (94%).

Castilian Spanish is the official nationwide language. Catalan, Galician and Basque are also official languages of Spain, and predominantly spoken in their respective regions. The lesser known language of Aranese, with less than 5,000 speakers, is also considered official.

Political Ideology

Spain is a constitutional monarchy with a hereditary monarch. The head of the Executive is the Prime Minister. Spain has a multi-party system at both the national and regional level. Regional parties are especially strong in certain autonomous communities.

Nationally dominant political parties are:

People's Party (PP) — mainstream centre-right party (*currently in power*)

Spanish Socialist Workers' Party (PSOE) — mainstream centre-left social democratic party

'United We Can' (Unidos Podemos, UP) — a republican left-wing electoral alliance

Citizens (Ciudadanos) — a centrist, business-friendly party

Geostrategy

After the death of General Francisco Franco in 1975, Spain began the reformation of democracy. All the memorials and figures of Franco have been removed from public areas. Spain joined NATO on the 30th May 1982 with the objective of guaranteeing its territorial integrity by protecting the country from foreign expansionism.

Spain joined the European Economic Community in 1986 and on 1st January 2002, Spain adopted the Euro currency.

Spain's mountainous terrain has led to the emergence of regionalist and separatist movements, especially in Catalonia and the Basque Country. Spain's principal geopolitical challenge is to bring about a united nation with a balance of power between the central government in Madrid and the country's autonomous regions.

Transnational organisations

- United Nations, European Union, Council of Europe, the Organisation of Ibero-American States, North Atlantic Treaty Organisation, Organisation for Economic Co-operation and Development and World Trade Organisation.

Significant international geopolitical conflicts in Spanish history

- European drug dealers take advantage of Spain's long coastline to land ships of illicit drug distribution coming from North Africa, Latin America and Europe.
- Financial contribution to NATO (7th largest). In 2003, the Prime Minister of Spain José María Aznar, supported the US in war against Iraq.
- 11 March 2004: A Islamist terrorist attack carried out by Al-Qaeda, killing around 191 people bombing commuters in Madrid.
- September 2015: the coalition of regional separatists won the elections. In November of this year, the parliament of Catalonia accepted the resolution of independence of Catalonia from Spain.
- May 2016: Spanish government was accused by NATO of betraying the interests of the military and political bloc. Madrid allowed Russian Navy to refuel in Ceuta.

- November 2016: The Spanish Ministry of Foreign Affairs asked for clarification from Israel because its Agriculture Minister gave the Russian Prime Minister a Spanish-made drone with prohibited technology.

Catalonia

Catalonia is separated from Southern France, with who it has close historical ties, by the Pyrenean mountains. The majority of the region's population lives in Barcelona: an economic and political hub, and a very popular travel destination.

Its traditional manufacturing was textiles, but more recently the chemical industry, food processing, metalworking and growing service sector is overtaking in importance.

Catalonia has been part of Spain since its genesis in 15th Century, when King Fernand of Aragon and Queen Isabella of Castile married and unified their domains. In 19th Century, Catalonia led a renewed sense of Catalan identity, flowing it into a campaign for political autonomy and even separatism. In such period the Catalan language, previously in long decline, was revived.

When Spain became a Republic in 1931, Catalonia was given broad autonomy. During the Spanish Civil War, it was a key Republican stronghold and the 1939 fall of Barcelona to Franco's forces marked a significant moment in his power grab.

Since Franco's regime fell, the question of Catalan independence has been raised many times. Nowadays, Catalonia's leader is pushing for a referendum on independence after elections of recent years have backed pro-independence parties.

Barcelona

Barcelona is Spain's second-largest city in terms of population and area. Strategically located on the Mediterranean, the Catalan capital has a privileged location in the Iberian Peninsula.

The city has a special attraction for foreigners due to its strong cultural influences and traditions as well as significant signature attractions.

Barcelona is led by its city council, Ajuntament, responsible for managing and administering its interests. Its legal position allows it the authority to ensure and retain autonomy. Every decision is made in agreement with the Municipal Charter previously accepted by Spanish and Catalanian Parliaments.

Socio-cultural aspects

Spain

The ruling and control of society in Spain, as defined according to Hofstede analysis (see appendix A) in their significant identity of 'uncertainty avoidance' and to a large extent also 'power distance', has the monarch as figurehead and is led by political parties as previously mentioned on a national and regional scale. Both the justice (civil and criminal) and control systems operate on the same two levels, with courts and police at both the national, federal level and local, regional level who operate within their given responsibilities and roles – for example the national body of the Guardia Civil concentrate mainly on transport, border protection and anti-terrorism efforts (Every Culture, 2017).

Traditional Western social structures have been developed following democracy in 1975 (Bailey, 2017). There is significant nobility and aristocracy, however as with most Western cultures, there is a burgeoning middle-class and wealth is being achieved across social strata.

Post-Franco there has been change. Despite almost overnight liberalism, a number of his established practices, such as free-of-charge access to both healthcare (Hart, 1990) and education (Hanson, 2000) have remained, benefitting especially the poor. Other Franco rules have become embedded in the society and culture. For example, tobacco can only be sold in official stores, and pharmacies remain independent, laws which have long since disappeared in

most of the rest of Europe. Interestingly the tradition of ‘menú del día’ – a law under Franco which meant every restaurant had to offer low-priced three-course meals for the ‘working man’ (Daft, 2008) – has become embedded and continues today, despite not being law since 1975.

Other key socio-cultural elements of the Franco era have not survived. Whilst a predominantly Catholic country, the Church was seen to be a supporter of Franco (Behar, 1990), and therefore on the ‘wrong side’ of independence. With democracy, the society has become arguably more secular (Requena, 2005), and there is less cultural reliance on the Church. The Church, judging this, is less vocal on subjects such as abortion, divorce and gay marriage, unlike other countries, such as Italy, Poland and Ireland, where it is more supported. In Italy (Garelli, 2012) for example, the Catholic Church continues to be part of its sociocultural make-up, having been liberalised during the Second World War and therefore not seen as long linked to dictatorship, as was the case in Spain as late as 1975.

Barcelona

As part of Spain, the socio-cultural aspects of Barcelona are largely influenced by those of its nation. However, there are elements which make it stand out.

The influence of non-Spanish culture is noticeable. The city is a principal tourist destination. Furthermore, its proportion of non-Spanish residents (10.2%) is higher than national average (9.5%) and second only to Madrid (10.7%) (INE, 2017) where higher levels can be expected due to the commercial and ambassadorial nature of the capital.

One of the key contributors to the percentage of non-Spanish residents in Barcelona is tertiary education (OECD, 2011). Within Europe, Barcelona boasts two of the top ten business schools (Financial Times, 2017), and as such attracts high quality students seeking a globally admired qualification.

Having been forced to conform to nationalist ideal under the Franco regime oppression, in recent years Barcelona has led a renewed vigour for liberalisation and independence from Madrid. This merges into the culture of society, with many locals of this region identifying themselves as ‘Catalan’ rather than Spanish (Moreno, et al., 2007). An unofficial, yet symbolic, referendum in November 2014 saw 80% independence favour. Rejected by Madrid, another

referendum has been announced for October 2017. Such strong views for separate identity socioculturally permeates the city and its people.

Spain is known for art: a key element of the country's brand and tourism positioning (EY, 2016). Barcelona could be considered its capital in this regard. The city was home to such world-renowned artists as Miró and Casas. Gaudí is from the city, and his Sagrada Familia has become its international icon and its most visited attraction. Also the Museum of Picasso, who, whilst originally from Andalusia, relocated aged 14 and considered the city home.

A key catalyst of Barcelona change is linked to another key factor of Spanish socioculture: sport. The 1992 Olympics changed the face of the city and put Barcelona on the world map (Duran, 2005). Infrastructure, lasting legacy and planning, as well the creation of Turisme Barcelona in 1993, has long been continued. In 2017, Barcelona is gripped with celebrations of the economic and sociocultural impact of the Games in its 25-year anniversary. Barcelona further emphasises sport through the power and success of its principal football team, FC Barcelona. In 2016 it was ranked as the second most valuable team in the world (Forbes, 2016), first in terms of both match attendance (TalkSport, 2016) and social media power (Business Insider, 2017). These underpin the importance of sport as part of the global brand perception of Barcelona and its allure, and of its place within its society and culture.

Economical and employment data

Economical

Spain's GDP growth in 2016 continued for the third consecutive year delivering 3.2% – the same as 2015 (INE 2017; Barcelona Activa, 2017), positioning Spain as the second highest growing economy in the Eurozone behind only Slovakia. Such improvement continues the trend of recent years at the best pace seen since the economic crisis of 2007 and three subsequent recession years (2009, 2011 and 2012).

As the fifth largest economy in Europe by GDP, Spain plays important economic roles in the prosperity of both continent and Eurozone. Its key sectors include wholesale and retail trade, transport, tourism and hospitality, including accommodation and food services.

In 2015, key export countries were France, Germany, Italy, UK and Portugal, contributing 48.6% of total exports, with products including machinery, motor vehicles, pharmaceuticals and foodstuffs. In keeping with its agricultural past, it represents one of Europe's largest

produce-generating countries.

More moderate GDP growth is expected in 2017 – 2.7% (EU 2017). Factors affecting this forecast include slowdowns of external and internal demand, until now assisting Spanish GDP elevation.

Barcelona is a key economic hub, with €42.2k per capita 2015 reported GDP, 82% higher than overall national average (€23.2k) (INE, 2017). Its favourable geographic positioning and the attractiveness for both tourism and business are key to success. It is seen favoured in terms of foreign investment: eighth place in Global Cities Investment Monitor (KPMG, 2016) and fifth in Europe in the Attractiveness Survey (Ernst and Young, 2016).

Barcelona's economy is diversified (Generalitat de Catalunya, 2016). Thought by many to be a city reliant upon tourism, hospitality itself makes up 6.4% of its total companies. More significant are business services (27.1%), retail/associated commerce (10.1%) and education/health/social services (10.1%) (Barcelona Activa, 2017). Tourism remains important, with annual growth of 5.6% in 2016. Business tourism is also key: in 2015 Barcelona ranked as the third biggest city in the world for delegates and congresses (ICCA, 2016).

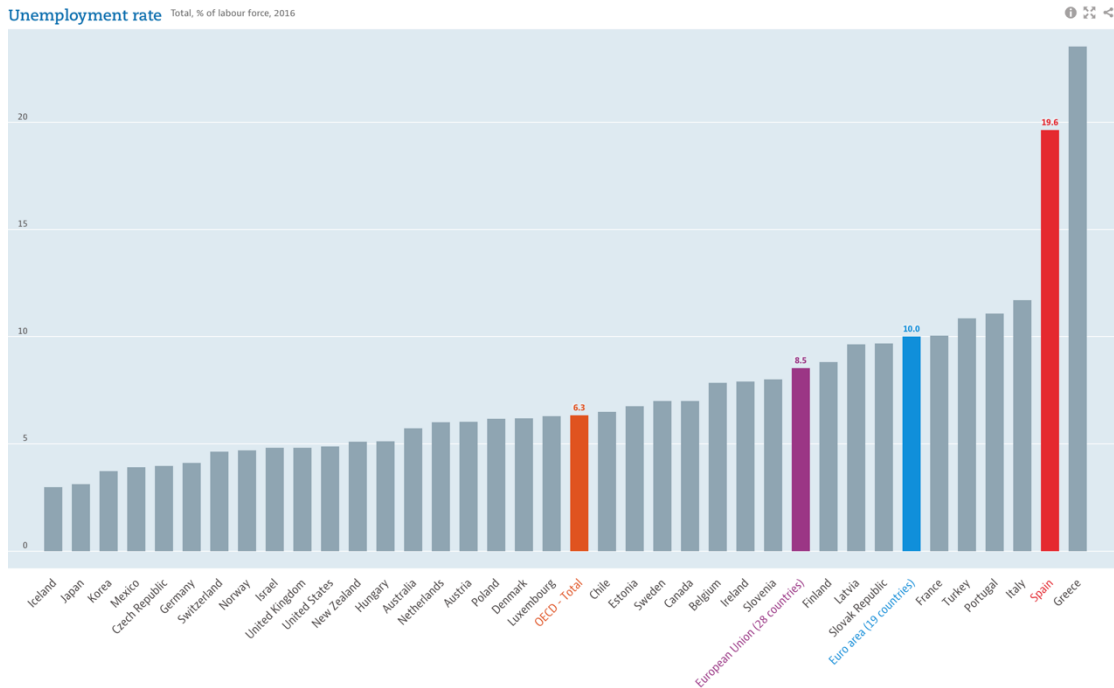
Barcelona represents over a fifth of total Spanish exports, €51.3 billion in 2016 – a record for the sixth consecutive year (Barcelona Activa, 2017).

Despite its attractiveness, its cost of living is relatively low and comparatively decreasing. In 2017, Barcelona ranked as the 121st most expensive city in the world of the 209 global cities significantly lower than 74th place in 2014 (Mercer, 2017).

Employment

Despite reported economic growth in Spain in recent years, and its place as the fourteenth largest economy in the world as per GDP, its unemployment rates are high: 19.6% in 2016, third highest amongst OECD's 35 member countries, second in Europe to Greece (23.5%), but significantly higher than countries with less robust economies, such as Portugal (11.6%) and Italy (11.7%).

Graphic 1. Spain's unemployment rate, total % labour force 2016



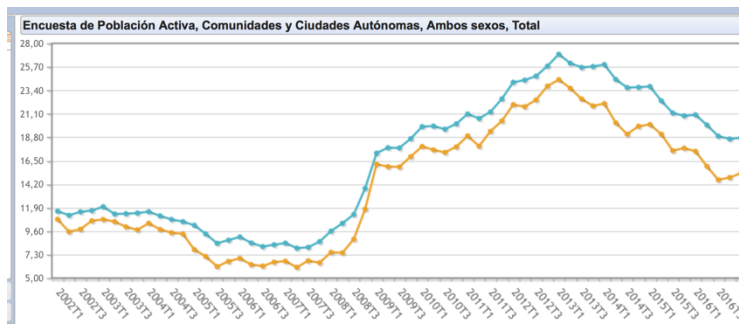
Source: OECD (2017)

Spain's unemployment rate is more than twice EU average (8.5%), and almost twice the Eurozone 10%, an average inflated by high rates in Spain and Greece. Spain's unemployment is more than three times the average of all OECD countries (6.3%). Whilst this represents an opportunity for employers of all industries to have choice of candidates, with the free intra-EU movement, the risk of talented or educated workforces seeking employment outside of Spain remains high.

Unemployment has been an issue since the country's adoption of democracy (Christmann and Torcal, 2017). The previous regime of fixed, life-long contracts has been replaced with a rise in temporary-contract labour, unique to the country and not in line with the rest of EU.

However, it is improving. Unemployment has fallen from 26.4% in Q1 2013 to 18.75% in Q1 2017. Whilst these figures remain high, no immediate nor short term significant change is expected. According to its government, unemployment is not expected to drop to below 15% until at least 2019 (El País, 2017).

Graphic 2. Survey of the active population



Source: INE (2017)

For Catalonia, whilst unemployment is less than national average, at 15.28% in Q1-2017 it is still significant. It has slightly increased since Q3-2017 at 14.63%: mainly due to greater tourism-related jobs in summer months. By Q4-2016, unemployment in Barcelona sat at 11.6% (Barcelona Activa, 2017), significantly lower than national average (18.63%). As a benchmark, the only autonomous regions with lower average unemployment in Q4-2016 were La Rioja (10.9%) and Navarra (10.01%). Thus Barcelona has greater potential to attract skilled workforce, the comparative chance of employment being higher.

Sustainability and responsible tourism policies

Since the rise of tourism in Spain in 1960s and the growth of significant development along its coastlines during Franco's regime (Rebollo and Baidal, 2003), sustainable tourism has not been at the heart of the country's agenda.

Nowadays, after 10 years of environmental and social impact of natural resources and the fact that tourism has become the 12% of the GDP (45% in Balearic Islands) (INE, 2017) the focus on sustainability has completely changed.

Over the years, climate change and social factors have been increasing pressure on the tourism industry (Amelung et al, 2007; Sajjad et al, 2014), for example resource-draining holiday resorts. Barcelona seems to be way ahead of national tourism policy in regards to sustainable and responsible tourism. The city's 'Barcelona Declaration was written in order to underpin the support the general tourism activity of the city, in a more sustainable way,

pursuing a more equitable distribution of the positive and negative impacts on it, ensuring quality improvement for visitors and residents alike. This declaration is part of 'New Catalonia 2020 Vision for Tourism', that enhances the definition of responsible tourism set out in the Responsible Tourism Charter (2010). Within this there is strong emphasis on economic, socio-cultural and environmental sustainability, and a balanced relationship between visitors and residents.

As an example to its commitment to sustainability, Barcelona was the first city to win the Biosphere World Class Destination in 2011 by the Global Sustainable Tourism Council (Della Corte et al, 2013).

Tourism/hospitality positioning of the country

Tourism is key to Spain's economy, and it positions itself heavily across the world as a tourist destination; thus hospitality is key within both its external brand perception and economic success. Tourism is responsible for 12% of total country GDP (World Economic Forum, 2017).

Spain has significant global brand recognition, known for elements like culture, gastronomy and favourable climate and hospitality. Other associations include shopping, football, business and nightlife. It is ambitiously trying to attract tourists with a high-spend, high-demanding profile, providing a halo effect for other demand segments (EY, 2017).

Fuller analysis of Spanish tourism/hospitality data is detailed in Appendix B.

Barcelona in terms of tourism/hospitality data

Statistics prove Barcelona is a highly-regarded travel destination. In 2014, it ranked as the seventh most visited metropolitan destination in the world (ITB, 2016), ahead of all other European destinations except Paris and London.

The city experienced a rise in tourists in 2016, with year-on-year demand growing 9.2% and in all months. Greater growth was in winter. June also experienced double-digit rise, suggesting strong positioning and allure as a destination outside of summer, flattening the traditionally-expected seasonal peak.

Graphic 3. Barcelona Hospitality data: hotels

HOTELS (Hotels: includes hotel, apartment hotel o apartahotel; Category: from SGL to 1* gold)

HOTELS	Tourists		Demand Var. previous month year
	2015	2016	
Month			
January	474.197	564.829	19,1%
February	482.208	624.408	29,5%
March	670.037	694.262	3,6%
April	733.764	782.367	6,6%
May	794.888	827.599	4,1%
June	760.766	840.280	10,5%
July	813.079	855.702	5,2%
August	793.209	830.660	4,7%
September	764.307	828.957	8,5%
October	795.559	826.778	3,9%
November	676.432	750.276	10,9%
December	545.203	639.532	17,3%
Σ accumulated	8.303.649	9.065.650	9,2%
Total	8.303.649	9.065.650	9,2%

Source: Gremi d'Hotels de Barcelona and Turisme de Barcelona. Provisional

HOTELS	Overnights		Demand Var. previous month year
	2015	2016	
Month			
January	979.292	1.113.081	13,7%
February	966.251	1.263.100	30,7%
March	1.391.552	1.482.416	6,5%
April	1.574.950	1.610.091	2,2%
May	1.657.653	1.718.801	3,7%
June	1.599.262	1.729.100	8,1%
July	1.817.682	1.859.578	2,3%
August	1.873.159	1.933.752	3,2%
September	1.643.398	1.816.739	10,5%
October	1.696.988	1.818.431	7,2%
November	1.359.925	1.491.914	9,7%
December	1.096.217	1.325.578	20,9%
Σ accumulated	17.656.329	19.162.580	8,5%
Total	17.656.329	19.162.580	8,5%

Source: Gremi d'Hotels de Barcelona and Turisme de Barcelona. Provisional

HOTELS	Occupancy rate /rooms		Demanda Var. previous month year (points)
	2015 (%)	2016 (%)	
Month			
January	52,9	58,4	5,5
February	64,3	73,3	9,0
March	79,0	76,7	-2,4
April	86,1	87,2	1,1
May	89,8	88,6	-1,2
June	89,4	88,9	-0,5
July	92,0	91,7	-0,3
August	91,3	90,8	-0,5
September	91,8	91,4	-0,4
October	91,6	91,5	-0,1
November	75,7	77,3	1,6
December	57,7	63,4	5,7
Accum. average	80,1	81,6	1,5
Total	80,3	81,7	1,5

Source: Gremi d'Hotels de Barcelona and Turisme de Barcelona. Provisional

HOTELS	Occupancy rate /beds		Demanda Var. previous month year (points)
	2015 (%)	2016 (%)	
Month			
January	46,8	53,1	6,3
February	50,5	63,6	13,1
March	66,0	69,1	3,0
April	77,3	76,8	-0,4
May	78,6	79,2	0,6
June	78,4	82,3	3,9
July	85,9	85,4	-0,5
August	88,2	88,8	0,6
September	80,0	86,0	6,0
October	80,0	83,7	3,8
November	66,4	71,4	5,0
December	52,3	61,5	9,2
Accum. Average	70,9	75,1	4,2
Total	71,0	75,4	4,4

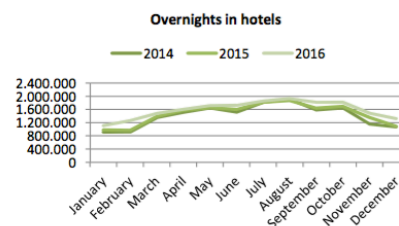
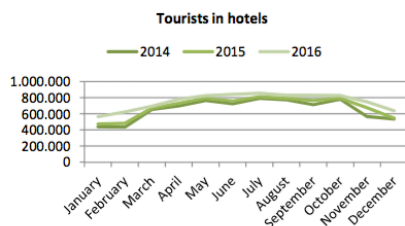
Source: Gremi d'Hotels de Barcelona and Turisme de Barcelona. Provisional

HOTELS	Average stay (nights)		Demanda Var. previous month year
	2015	2016	
Month			
January	2,1	2,0	-4,8%
February	2,0	2,0	1,1%
March	2,1	2,1	2,7%
April	2,2	2,1	-4,3%
May	2,1	2,1	-0,6%
June	2,1	2,1	-2,0%
July	2,2	2,2	-3,0%
August	2,4	2,3	-1,4%
September	2,2	2,2	1,9%
October	2,1	2,2	3,3%
November	2,0	2,0	-1,1%
December	2,0	2,1	3,1%
Accum. average	2,1	2,1	-0,5%
Total	2,1	2,1	-0,6%

Source: Gremi d'Hotels de Barcelona and Turisme de Barcelona. Provisional

HOTELS	Census 2016		Availability
	Establishments	Rooms	
Month			
January	383	34.587	67.601
February	388	35.056	68.478
March	397	35.440	69.251
April	400	35.712	69.844
May	403	35.805	69.998
June	404	35.809	70.016
July	406	35.934	70.267
August	406	35.934	70.267
September	407	35.996	70.409
October	410	35.902	70.609
November	409	35.707	69.603
December	409	35.644	69.484
Accum. average	402	35.627	69.652
31/12/2016	409	35.644	69.484

Source: Gremi d'Hotels de Barcelona and Turisme de Barcelona. Provisional



Source: Barcelona Turisme (2017)

2016 overnight stays grew 8.5%. February grew significantly (30.7%), suggesting events such as Mobile World Congress are attracting greater numbers of business visitors, complementing the city's leisure tourism.

Both occupancy rate-per-room and occupancy rate-per-bed grew small amounts in 2016 (1.5% and 4.4% respectively). However, average stay was down -0.5%, indicating shorter stays versus 2015 – for example business/weekend trips – rather than longer leisure holidays.

In 2016 Spanish nationals made up the largest proportion of hotel stays (21.0%). The nationality of overseas hotel visitors in Barcelona did not match the distribution analysed for Spain. Like Spain, UK provided the largest foreign nationality of visitors, but much less than the Spanish total: 9.0% in Barcelona (23.6% total Spain). US was in second place (8.4%), ahead of France. Germany, third for Spain overall, were fifth place in Barcelona (6.0%), behind Italy (6.4%) (Barcelona Turisme, 2017).

Tourists were accommodated in an annual average of 402 hotels (409 hotels by end of 2016). Following changes in law in January 2017, other than current pipeline projects, bans have been created on construction of further hotels and tourist apartment licence issuances (The Guardian, 2017). Whilst this could mean a potential curtailment of tourism growth in a city where it is economically vital (as argued by bodies such as Barcelona Hoteliers Association), it could potentially lead to higher occupancy rates for hotels and the ability to charge higher prices should demand continue to grow, supply being more limited. This could lead to issues in city peak occupancy period.

There is an important additional tourist source. In contrast to Barcelona's 1.6 million inhabitants and 9.1 million hotel guests, 796,021 in guesthouses and apartments, there were an estimated total of 32 million visitors to Barcelona in 2016. A small number would have stayed in tourist-use homes, others would have stayed with families and friends, however an estimated half of visitors are day-trippers, not only Spanish nationals or some of the 44.2 million Barcelona Airport passengers in 2016, but at least a portion of 2016's 2.7 million cruise passengers (5.5% year-on-year growth) contributed to this staggering figure. (Barcelona Turisme, 2017; The Guardian, 2017).

According to recent statistics (Ajuntament de Barcelona, 2016), in 2016 Catalan visitors made up 0.9% of visitors to Barcelona, rest of Spain 13.2% and non-Spanish residents making up 85.9% of total visitors (increase versus 2014 where non-Spanish visitors were 79.7% of total).

Barcelona is in line with Spain's non-European visitor growth. In 2016, 40.2% of total visitors were from non-EU countries, up from 36.4%. Significant year-on-year change was seen by

visitors normally resident in North Africa (+45%), Australia and Oceania (+20%) and Middle East (+14%).

Further analysis on Barcelona visitor nationality, length of stay and spend in Barcelona, and in comparison, to Madrid, can be found in Appendix C.

Whilst confidence in tourism remains high, recent terrorism-related events in are impacting cities. Whilst Spain has shown past resilience, for example 2004 Madrid train attack impacted less upon Spanish tourism than other equivalent events elsewhere, it is without doubt any such attack on Barcelona could impact its tourism growth and positioning. Whilst the WTTC argue that of four major tourism impacts (political turmoil, environmental disaster, disease and terrorism), terrorism has the 'least' impact upon tourism, it does impact, with predicted recovery time of around 12 months (ITB, 2016).

Another challenge Barcelona faces is the falling support of tourism amongst local residents. Whilst 86.7% of residents in Barcelona appreciate tourism's value, support is declining, (2012 – 96.1%. Those aged 18-24 (92.1%) and foreign residents (91.7%) appreciate tourism's value the most, whereas residents aged 55-64 (83.8%) and residents of tourist areas of the city show least value (82.6%) (Ajuntament de Barcelona, 2016A).

1.3. MICROENVIRONMENTAL ANALYSIS

1.3.1. External Microenvironment

Supplier analysis

As the hotel's success is based on quality of guest experience, suppliers play important roles in this. The Majestic seeks high quality, effective, reliable suppliers, required to provide instant solutions for its procurement needs.

The Majestic lists over 600 suppliers. On a daily basis the hotel connects with around 200 suppliers. The product that makes up 40-50% of annual expenditure is fish/seafood. It supports local suppliers and ecological/organic products through foodstuffs like pasta and vegetables.

One supplier worthy of mention is At elier Cologne. This Paris-based high-end company delivers the hotel’s unique scent, as well as supplying the hotel amenities. Its perfume, named “Musc Imperial”, contributes to guest experience and is a hotel signature element: part of the brand sensory experience.

Other luxury suppliers are also engaged, such as those tasked with manufacturing and delivering unique and bespoke products like customised coffrets/engraved leather cases gifted to VIP guests.

Intermediaries

As part of Leading Hotels of the World, the hotel collaborates with different consortia’s to obtain more repeat and first-time guests. Such organisations usually book through the global distribution systems (GDS), including Virtuoso, TravelerMade, FHR-Fine Hotels, American Express Travel, Altour, Signature and Vita. It also works on a daily basis with very known online travel agencies (e.g. Booking.com; Expedia.com; Hotels.com), who represent important travel industry distribution points.

Customers

Attracting a high-spend client, the hotel has several key target-segments:

Leisure Couples

Those seeking exquisite service, lovely stays, bright restaurants and excellent bedding. Whilst they also look to go outside the hotel to enjoy city attractions, room interiors and hotel conditions are crucial. Special offers are available, such as honeymoon packages, in attempt to further entice such segments to book.

Business Travellers

Business travellers are key due to company willingness to pay high room prices (often related to a hotel-based event). They require high-speed internet, electronic devices, printers and scanners and lounge access. Business guests, whilst not working, tend to remain more in-room and require different levels of service and attention.

Celebrities

As Barcelona is a top event destination, celebrities are targeted. The hotel is sometimes hounded by paparazzi or overwhelmed by autograph-hunters. Yet there are many cases where celebrities enjoy just visiting Barcelona, and the hotel provides them a bespoke, high-end sanctuary.

Royal Families

The ninth-floor of the hotel has been turned into a palatial offering of different penthouses. Its most well-known is the Royal Penthouse: at 500m², the biggest suite in Barcelona. Its target market is Middle Eastern Royalty and high net-worth individuals; the hotel makes dedicated sales and marketing efforts to attract such clientele.

Competitors

All five-star hotels within Barcelona are considered competition. Amongst these, those most closely-located or ranked as well-rated, are key in the Majestic's competitive landscape. Principal competition includes Mandarin Oriental, The Monument, the Palace, Cotton House Hotel, W Barcelona and Arts Hotel.

- Mandarin Oriental Barcelona, also on Passeig de Gràcia, has 120 luxurious rooms/suites with interiors created by Spanish leading designer Patricia Urquiola. It is one of the city's best-loved hotels and provides stunning views over the modernist landmark, Casa Batlló.
- The Monument opened in January 2016. This modern and luxurious hotel also situated on Passeig de Gràcia combines light and modernist elements has 84 rooms/suites in order to provide their guests with the best experience possible.
- The Palace Hotel, on Gran Vía, has 120 well-equipped and designed rooms all of them decorated in a classic luxury style.

- W Barcelona, part of Starwood, located close to the Barceloneta's seaside promenade, has 473 rooms/suites, all with panoramic seaviews. This 'trendy' hotel designed by Ricardo Bofill is an industry reference.
- Arts Hotel (Ritz-Carlton), located right on the Mediterranean, is an icon amongst Barcelona's luxury hotels. This stylish, sophisticated hotel has 483 rooms/apartments/suites.

1.3.2. Internal Microenvironment

Organisational Structure

The Majestic Hotel and Spa forms the largest part of The Majestic Hotel Group. Accordingly, its organisational structure is arranged so those activities directly related with the running/management of the hotel are located within itself, whilst other functions are provided at Group level.

The hotel's organisational hierarchy is led by the General Manager, ultimately responsible for its entire running and management. He chairs the Executive Committee (EXCOM). The other principal hotel executive is the Hotel Manager, who concentrates predominantly on the business' commercial side. He has direct accountability for groups, events and sales/marketing departments and specifically responsible for business development in key geographical regions, such as Middle East, targeting high net-worth individuals from there.

The Hotel's EXCOM comprises of three additional positions:

- Director of Rooms – managing the operational side of the business not F&B-related. Key accountabilities include: Front Desk, Guest Relations, Housekeeping, Concierge, Bellman, Spa, Maintenance and Security.
- Director of Food and Beverage – leading the entire F&B offering, including Chef/associated staff, F&B outlets (restaurants, bar, roof terrace and room service).
- Director of Human Resources – responsible for the People element, including recruitment, staff development, training, and quality.

Efficiencies are gained Group-level centralised administrative functions such as Finance,

Revenue Management, Reservations, e-Commerce and IT, linking into hotel management structure via the GM.

Operational and financial budgets are managed by the respective EXCOM members, with the GM taking overall accountability.

As the nature of the industry is '24/7', a designated on-duty management Day and Night Manager structure is required to oversee all operations and ensure the efficient running of the hotel at all times.

Each functional group within the hotel is led by a manager, who reports into the relevant EXCOM member. Numbers of employees by department dictates headcount at supervisory level. Each departmental manager is responsible for ensuring their respective departments function correctly, without impacting operations of other areas.

The hotel's clear hierarchy ensures individuals are focused on their specific tasks and particular responsibilities. With each of them successfully accomplishing their goals, it leads to effective teamwork and the efficient running of the hotel.

General Management

The hotel's GM, [REDACTED], is responsible for the commercial success of the entire complex business, focusing much attention on service standards across all aspects of the company, as providing high-end customer service is absolutely key.

Additionally, he is responsible for looking after the business for the owners. In the community's eyes, he represents the hotel and its brand. The GM is also responsible for external relations, not only with the owner, but also official bodies such as Chamber of Commerce, Mayor, Police Chief amongst others.

Rooms Division

Headed by [REDACTED], this consists of three principal areas: Front Office, Guest Relations and Housekeeping; Front Office orientated towards generating revenues whereas other areas are more focused on providing five-star luxury guest service.

The main interaction point between hotel and guests, even upon first arrival, are Front Office and Guest Relations. They are in charge of welcoming guests and completing all check-in processes, such as registration, room and rate assignment, as well as answering queries and completing all check-out formalities. For many guests the Front Office represents the hotel, as it provides both their first and last interaction point with the establishment. Front fulfils many other duties such as Night Audit, Cashier, Concierge, Telephone Operator, Bell-boy, Doorman and Valet.

Guest Relations are in charge of providing extraordinary service to ensure that guests' experiences are memorable. This focus ensures guest happiness from arrival to departure. Furthermore, they undertake guest follow-up post-departure, further enhancing superior service.

Housekeeping is the largest department in the hotel. To deliver their required functions and services, the hotel has its own laundry with washing, drying and ironing facilities and dedicated attendants. The largest proportion of employees are room attendants, with 272 five-star rooms to undertake daily cleaning and evening turndown services, as well as room turnarounds between guests' stay and mini-bar replenishment. Room supervisors inspect and verify the standard of the attendants' work.

F&B

Led by [REDACTED], it covers five main different outlets such as the Bar, Restaurant, Room Service, Banqueting and the iconic Rooftop Terrace Bar.

The restaurant opens for breakfast, lunch and dinner. Its speciality amongst the local community is the Sunday Majestic Brunch.

Room Service generate significant profit due to high demand and high prices, therefore requiring exceptional service.

Banqueting is one of the hotel's greatest profit sources. The department has its own sales team, focused on conversion of enquiries to bookings, through to delivery of the service, in accordance with client specifications.

They also assume responsibility for staff catering, with options provided relevant to time of day and respective shift patterns.

Human Resources (HR)

Managed by [REDACTED], HR focuses on matters relating to employees within the hotel. In line with growth over recent years, HR has grown from a sole individual to incorporate three separate functions, each with its own manager: Recruitment, Quality and Training, created due to the importance the hotel places upon quality of service from its staff delivered to guests.

Dedicated HR professionals ensure that the focus remains staff's critical role within the hotel, as well as the administrative matters related to running and managing an effective team operating at such a high level, as well as protecting the hotel in accordance with regulation and within legal parameters.

Recruitment is a key focus, undertaking all matters related to sourcing and hiring of staff, including advertising, interviewing, selecting, orientation and discharge.

Training is offered to staff as part of their employment cycle, when hired and during employment. Voluntary training is offered to staff, such as free language classes, as an employment benefit.

HR also manages all matters relating to compensation. A key hotel recruitment strategy is offering a higher wage than the Catalonian stipulation to create employee satisfaction and increase retention. Staff are also entitled to payment via a bonus scheme commensurate with their basic salary if the hotel reaches its annual targets.

Working environment Employee Health and Safety also falls under HR. With a large workforce in a 24-hour challenging environment, an independent safety management program is crucial to protect staff and to ensure the safe and efficient workplace through clear policies, procedures and situation management.

Relationship between areas

Proper and appropriate coordination between areas is essential for efficient operations and superior service. Every department's duty it is to act as a team-player, ensuring collaboration

with mutual understanding, respect and trust. The relationship and coordination within the establishment enables well-matched interactions between departments in order to get the job done timely and correctly.

Rooms Division coordination

Coordination and communication between Housekeeping and Front Office department is key. Reception controls room allocation in accordance with reservations. Housekeeping is responsible for sending room status reports to Maintenance/Front Office and readies the room after guest departure as soon as possible: they are in constant contact.

The hotel often faces major problems due to the combination of early flights of guests coming from US and high occupancy. Therefore, as soon as reception checks-out a guest, they inform Housekeeping immediately and once that the room is cleaned, Reception reconcile it in the room rack status.

Guest Relations also plays a key role in arrivals as the Majestic receives a large amount of VIP guests and a significant coordination of special arrangements such as amenities or requests is constantly required.

F&B coordination

The coordination of Front Office and Guest Relations with the F&B department is also needed particularly related to previously arranged guest menu requirements. Similarly, as the hotel has different F&B outlets, inter-relationship amongst themselves and with other areas is necessary.

Communication activities also include reporting predicted house counts (an estimated number of guests expected to register based on previous occupancy) and reservations and processing requests (particularly related to groups/events). These vital services assist the high-workload F&B Manager, Groups and Events Manager, Restaurant Manager and Banquet Manager in meeting guest demand.

HR coordination

HR coordinates disciplinary action related to staff misconduct or activities that violates house-rule or law. They also coordinate activities such as Barcelona Inter-Hotel Games and occasional

leisure events to aid staff interaction and create an effective work culture, building engagement.

Cooperation and assistance are essential staff qualities. All departments are charged with delivering their greatest level of performance to achieve the same objective: keeping the excellent guest service to maintain the name and the reputation of the property. In this, individual staff members are guided.

Employee interaction

At the core of the Majestic's brand are its people: they are the ones who deliver the service to achieve commercial success. Of the 4 hotel values, 'reinventing yourself' is key in ensuring staff share with others: not only their duties, to ensure matters are handled efficiently, but also in terms of learning and development. Staff interaction is actively encouraged to foster an environment of collaboration, of understanding of others (who they are, how they work) and to use such interactions as a way to constantly strive to improve.

Amongst a 300-strong team a great deal of diversity is seen; this is encouraged during recruitment. The values seek staff who want to understand each other, further creating a collaborative environment with joint commitment to deliver company goals, but also in understanding each other, creating a strong working environment based on mutual respect.

The Daily Morning Meeting is attended by all department heads to discuss the day's relevant information. Each head is responsible for preparing the documentation and providing information to others. After the Daily Morning Meeting, the EXCOM meets for further discussion.

1.4. ANALYTICAL TOOLS

1.4.1. SWOT

A SWOT analysis is a useful tool for the Majestic as it enables better understanding of the hotel positioning within its highly competitive marketplace, whilst simultaneously identifying further ways to become more competitive.

As it can be seen from the results of the environmental Opportunities and Threats and Firm

Strengths and Weaknesses analysis, Majestic Hotel and Spa has significant competitive advantages, however, it is very important to manage them in the correct strategic directions in order to overcome the existing challenges and stay successful in the face of very high market competition.

Table 1. SWOT Analysis

STRENGTHS	WEAKNESSES
<ul style="list-style-type: none"> • Location on Passeig de Gràcia in an emblematic family-owned building within walking distance to exclusive shops and restaurants and key city landmarks. • Rich history and cultural heritage, such as 1000 artworks exhibited throughout the hotel, combined with recently renovated luxury property facilities (last renovation completed in 2013 and the renovated Royal Penthouse opened in 2016). • Agility in management decisions not being part of large international chain – removing requirement for complicated approval processes in case of a need to change strategy or operational activities. • Facilities for events that provide various options in terms of meeting space organisation and different possibilities for dining and catering. • Sophisticated internal ambience details, such as interiors, dedicated scent, artworks etc.; which contribute to the positioning strategy of the hotel. Classical interior design makes the hotel attractive for Middle East, North America and ex-CIS countries' markets; • Majestic is part of the Leading Hotels of the World, which increases awareness of the hotel brand amongst international markets and provides potential clients with guarantees of the quality and exclusivity of the property and its services. • International quality Certifications. • Michelin Star supervising Chef who develops and supervises gastronomic aspects of all the outlets. • Clefs d'Or Concierge services. • Cooperation with famous luxury brands in different areas, such as gastronomy and events (Nandu Jubany and Fundació Joan Miró). 	<ul style="list-style-type: none"> • Majestic Hotel & Spa Barcelona is not part of any international big chain, resulting in reduced brand awareness and the hotel not being widely recognised in some international markets; • As the property is an old building with almost 100 years of history, frequent maintenance challenges can affect quality of services. This includes leakages, electrical interruptions, noise coming from repairs. • Structure of the building and locations of the staff elevators are not functional which may affect the speed of operations, particularly during busy periods. • Complaints from the guests regarding Housekeeping services and check in timing. • Financial costs, related to being independent hotel and not getting the benefits of economies of scale. • Internal communication issues.
OPPORTUNITIES	THREATS
<ul style="list-style-type: none"> • Further development of outlets' image through marketing activities. As Barcelona is attracting more and more specialised tourism, for example gastronomy tourism: Restaurants of the property have the opportunity to attract more international and indeed local guests interested in high-quality local cuisine provided by award-winning local chefs. • Growth of the popularity of Barcelona as one of the key MICE destinations in Europe. Barcelona is becoming one of the most important Meetings and Events destinations in Europe. Efficient policy related to local destination management programs in the MICE sphere gives more opportunity for the expenditures and therefore earnings within this segment. • Increasing popularity of Barcelona and in particular the Eixample area as a shopping destination. As Majestic Hotel and Spa Barcelona is located in the middle of Passeig de Gracia in the heart of the Eixample area, increasing flows of tourist, especially coming from Asian Region with higher expenditure levels, can furthermore boost interest in the property. 	<ul style="list-style-type: none"> • Location on Passeig de Gràcia in an emblematic family-owned building within walking distance to exclusive shops and restaurants and key city landmarks. • Increasing level of competition due to expansion and re-branding of other properties. Despite the temporary moratorium on new hotel licensing mandated by the city's government, in the upcoming years the five-star luxury hotel segment will continue to expand - for example a new five-star hotel is to be opened by Almanac in few months. • Decreasing popularity of the European destinations on North American market due to instable social situation related to previous terrorist attacks in neighbouring countries. • Popularity of alternative types of accommodations (such as AirBNB); • Worsening economic situation in target market countries; • Legal and administrative threats from the governmental sector.

Source: Author's creation

1.4.2. VRIO

VRIO analysis is used to conclude if the particular resource of the company can be used as a sustainable and long-lasting base for competitive advantage. For the Majestic, it is useful to analyse the combination of unique selling propositions as long-term competitive advantage. This combination includes following: location on Passeig de Gràcia in a modernist building with history, numerous pieces of art on display within the property, close connection to local Catalan culture through history and connections of the hotel-owning family, the third generation of which is currently managing the hotel group.

Table 2. VRIO Analysis

QUESTION OF VALUE	QUESTION OF RARITY
<p>The analysed resource of the hotel can be considered as valuable. As one of the unique selling propositions of the property, it continues to attract clients from various markets and segments who are looking for a luxury city hotel with the ability to become acquainted with local culture and traditions. Such markets as Middle East, Eastern Europe and North American markets prefer classical style related to rich cultural heritage.</p>	<p>As key features of the analysed resources cannot be easily obtained by new entrants, and furthermore are hard to imitate, such resources can be determined as rare. At the moment it is extremely hard to find similar buildings in the same privileged location that at the same time possesses such cultural heritage. Moreover, the property is the highest building within the vicinity and as new construction is limited and hardly possible, the Majestic offers exclusive views from the rooftop terrace bar and pool area. Furthermore, as most of the hotels of Barcelona were opened in the nineties after the Olympics, historical heritage of the hotel can be considered as rare and almost unique.</p>
QUESTION OF IMITATION	QUESTION OF ORGANISATION
<p>As it has been already mentioned, the analysed resource and competitive advantage has been being formed for decades and is a result of almost 100 years' history of the hotel. Moreover the prestigious Eixample district of Barcelona has very limited opportunities for new entrants in the hotel industry, which further makes such USP hard to imitate.</p>	<p>As the analysed unique selling point is widely used as one of the key resources of the property and is a base for its sales and marketing strategy, it can be concluded that the resource is not only supported by the organisation, but actively used to add value and drive revenues.</p>

Resource/Capability	<u>VALUE</u>	<u>RARITY</u>	<u>IMITABLE</u>	<u>SUPPORTED BY THE ORGANIZATION</u>
Location in Paseo de Gracia in a Modernist Building with history	YES	YES	NO	YES
Artworks displayed on the property	YES	YES	NO	YES
Connection to the Catalan culture	YES	YES	NO	YES

1.4.3. ANSOFF MATRIX

	EXISTING PRODUCT	NEW PRODUCT
EXISTING MARKET	<ul style="list-style-type: none"> • Loyalty scheme • Leverage LEADING 	<ul style="list-style-type: none"> • Improve customer service standards • Daytime rooftop experience
NEW MARKET	<ul style="list-style-type: none"> • Targeting new markets: North America, Middle East and North Europe. • New Geographies 	<ul style="list-style-type: none"> • New evening rooftop experience • Bar/Café DJ • New Spa • New Guest Experience Manager

2. PART 2: IMPROVEMENT AREAS DETECTION AND DESCRIPTION

In recent times, as will be demonstrated, it can be argued that there is a decrease, or perceived decrease through guest feedback via surveys and online reviews, in the standards offered by the Majestic Hotel and Spa. However maintaining the consistency and high quality standards as expected by guests and as required by The Leading Hotels of the World, in hotels is paramount (Kandampully & Suhartanto, 2000; Presbury, Fitzgerald & Chapman, 2005), especially within a competitive marketplace.

In order to address the perceived fall in these standards, upon investigation, three key areas are identified for further study and analysis:

- Commonly mentioned, repetitive complaints
- Online reputation, especially amongst traveller review sites, being below that expected of a property of such standards
- No clear guest research/feedback management

A- FREQUENT ISSUES/COMPLAINTS

Feedback, especially user-generated feedback, is crucial, particularly in the hotel industry (Torres, Adler & Behnke, 2014). Upon analysis of online travel review sites and selected guest feedback that comes into the hotel, a number of complaints frequently recur. The fact that certain topics appear repetitively as issues (see A1, A2, A3, B and C) suggest that the hotel are not taking them into account, instead dealing with each complaint in a reactive fashion, and using complaints registered regarding the hotel as a beneficial feedback mechanism, as has been proven (Barlow & Møller, 1996).

Three key examples of this at the Majestic, derived from research of guest questionnaires and online review sites, are as follows:

A1) Lengthy waits for rooms upon check-in

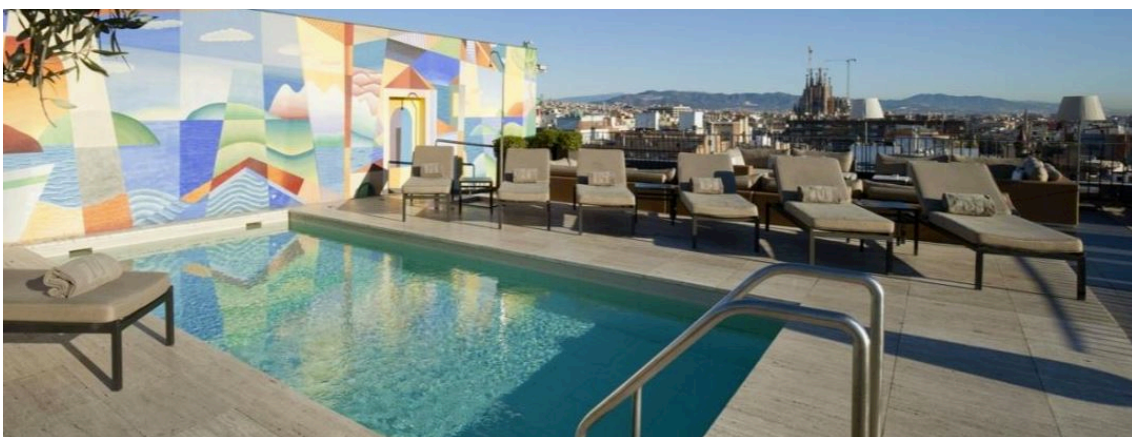
The contracted check-in time for the hotel is 15:00. Many of the Majestic guests travel from long-haul destinations, such as North America and Asia, whose flights tend to land early morning into Barcelona Airport.

Every effort is made to provide rooms for guests as soon as they are available. Indeed there are some important and profitable commercial relationships that have come to expect this for their guests such as American Express Travel, Virtuoso and Leading Hotels of the World.

Crucial co-ordination between Reception and Housekeeping is required to ensure rooms are ready as early as possible. Delays in communication and co-ordination, according to guest feedback, have resulted in numerous occasions where the rooms are not ready for guests even by the standard check-in time promised, as evidenced by reviews on TripAdvisor (2017). Furthermore the hotel has no specific facilities for guests who arrive at check-in before the room is ready, instead offering use of the bar for refreshments, or gym/spa for showering facilities. As these are not dedicated for this purpose, neither facility offers a specific service for early arrivals, which can further detract from guest expectation of a luxury hotel.

A2) Lack of terrace space

Advertised as one of the key features of the hotel, the hotel rooftop features a small terrace area (160m²) which offers the facilities of café/bar and pool and sun-loungers. Due to its central Passeig de Gràcia location, the perceived high standards of the hotel and the views offered, the Majestic rooftop area attracts many guests from the hotel. As a source of additional revenue, the hotel positions itself as welcoming 'walk-in' guests: Barcelona residents, city day-trippers and guests of other hotels. This leads to daily lack of availability in tables in the bar/café area, particularly on pleasant weather days.



There are only seven of sun-loungers. Whilst these are only available for guests resident in the hotel, its positioning as both a leisure and business hotel, and its 272 rooms, means again on

pleasant weather days, demand can significantly surpass supply, as explained in online reviews (Booking.com, 2017).

Particularly for those guests resident in the hotel, the above issues are a detractor from satisfaction.

A3) Deluxe Rooms

Undoubtedly the hotel positions itself at the highest level within Barcelona, particularly as a member of Leading Hotels of the World. This in itself dictates a level of guest expectation when it comes to the total experience offered, especially the room, seen as a key driver for guest satisfaction in hotels (Chu, 2002).

A commonly mentioned complaint amongst guests is the standard offered by the Majestic with its Deluxe room-type. Despite its branding, these rooms are the most basic offered by the hotel, at a rack-rate of €349 per night. However, they are considered small (25m²) and offer an internal view including the galvanised pipes of the air conditioning systems leading to frequent complaints, as evidenced on online review sites (Google, 2017; Booking.com, 2017, TripAdvisor, 2017).

Figure 1. TripAdvisor Sample Deluxe room photo



Figure 2. TripAdvisor Sample Deluxe room view



Source: TripAdvisor (2017)

Figure 3. TripAdvisor Sample Review

"Very Nice, but Not Perfect"

●●●●○ hace una semana | Opinión de Travelmom143

The hotel is nice, but didn't compare to other 5 star hotels I have stayed at. We had a suite and a deluxe room. Our room was big, as was the bathroom. It was very nice. The bed was quite comfortable. The breakfast was fabulous. The location is good, but it is quite a walk to the water and old part of town. I did not mind this. The windows were not as sound proof as one would expect for a hotel of this caliber. The not perfect part is due to the following. We arrived on a very early flight and did not expect our rooms to be ready. I did expect them to be ready by 3:00. After a bit of hassle, we got into the suite and were assured that the other room on the same floor would be ready shortly. I felt as if we were forgotten and had I not searched out the manager, we would have waited a long time. Unfortunately, I did not go with my adult children to that room until the last day when I was SHOCKED to see the view, or lack there of! It was looking into the center of the building with galvanized pipes. When I made my way around that floor, I realized most of the interior doors were staff rooms. I could even see broom handles leaning up on the window across from the room. We mentioned our disappointment at check out and they did give us a 100 euro credit. Not much considering we had paid \$1400/ night for 2 rooms. My other complaint was with the concierge. We asked for a reservation for a nice dinner near the water. When we arrived, it was an open air tent facing a parking lot with the water on the other side of that. Even our taxi driver shook his head. The roof top bar is a lovely view and the service was good.

Source: TripAdvisor (2017)

B- ONLINE REPUTATION

The growth in importance of online review sites in planning and purchasing travel services, such as hotels, has become prevalent; online reputation plays a key role in customer search (Mauri & Manazzi, 2013; Nielsen, 2010). Indeed as mentioned, online reviews are a key source of customer feedback and indeed for the repetitive complaints already highlighted. Taking it further, another key issue that the Majestic is facing is a rather poor perception amongst key online review sites, those that that are the most relied upon sources for candid traveller online feedback such as Booking.com, where the Majestic places 18th amongst 35 five-star properties alone (Booking.com, 2017). On Google (2017), the hotel is scored 4.5/5, a score lower than that of other 5-star and indeed lower-rated properties.

TripAdvisor gives more cause for concern. It specifically ranks properties according to the ratings given by customers who have stayed at the property amongst all hotels in the city. As of July 2017, TripAdvisor (2017) customer reviews place the Majestic, an iconic 5-star GL property in Barcelona, in the 40th position of 512 hotels rated in Barcelona. This ranking places the property beneath not only direct category competitors, but also below hotels of significant lower offerings and star levels. Upon studying historical rankings within TripAdvisor, as stored at the Majestic, we can see that the hotel's ranking has dropped significantly since October 2016 alone, where it ranks 21st in Barcelona, whereas it ranks 40th in July 2017.

Figure 4. Majestic Hotel and Spa TripAdvisor Positioning



Source: Internal Majestic Hotel and Spa Historical Data and TripAdvisor (2017)

One of the most obvious effects of the relatively low ranking and positioning of the hotel is the impact on potential customer perception. With the rise in online research as an essential part of the pre-booking process for travellers, the review sites take on greater importance, as they can directly shape the brand positioning of the hotel and customer consideration to purchase. A positioning outside of the top five 5 star GL properties in the city can lead to a questioning of its 5*GL status, which could have wider-reaching ramifications, such as a potential impact on the bottom line. Hotel seekers could read the reviews on the site and question why they should choose the Majestic as their accommodation in Barcelona, whether the customer experience offered merits its price-tag, and whether they should continue to investigate other options amongst either the other higher-ranked 5 star offerings or higher-ranked 4 star offering at a lower price.

C- LACK OF EFFECTIVE FEEDBACK MANAGEMENT

Currently the Majestic has a reactive positioning in terms of feedback. The hotel's online reputation management is assigned to the executive management assistant. It is not that the hotel does not take them seriously, as the hotel management takes direct interest in each of online reviews written on the site, offering service recovery where it is deemed necessary by the hotel's Executive, but it is not managed strategically or proactively, nor in a structured manner, rather in a reactive manner to specific cases on an operational level.

In terms of feedback, guest questionnaires are sent out post-stay to those guests for whom email addresses are available, however there is an extremely low response rate, meaning results are statistically insignificant, and the survey does not delve into detail on any area, even when scores are extreme.

Figure 5. Majestic Hotel and Spa Barcelona Guest Post-Stay Survey (personal details omitted)

Hotel Name: Hotel Majestic	Would you recommend the hotel: How likely is it that you would recommend this company to a friend or colleague?: 10
Name: Mindy Sue	1 1
Surname:	2 2
Overall rating: 5	3 3
How often are you visiting Barcelona?: 1	4 4
1 1 time a year	5 5
2 Between 2 and 5 times a year	6 6
3 More than 6 times a year	7 7
What was the purpose of your visit?: 2	8 8
1 For business	9 9
2 In couple	10 10
3 In family	Would you highlight the service received from a particular department? Which one?:
4 With friends	Does any member of our team has especially contributed to make your stay unforgettable?:
5 By yourself	Do you have any comments and suggestions you wish to share with us?: Great service and everyone at the hotel goes out of there way to make sure you have a fabulous stay. I would highly recommend the Majestic to anyone traveling to Barcelona.
6 In group	Language: en

Source: Internal Majestic Hotel and Spa Completed Guest Survey

Whilst a completed survey is shared amongst hotel management, the details are not captured into a system, and therefore no further analysis can be made. Individual feedback cases are handled, with relevant service recovery mechanisms employed, but then the feedback is ‘forgotten’. No KPIs are developed from the available data nor managed accordingly.

The survey itself is short and does not delve into detail about the experience, covering only aspects such as highlighting any department, did someone contribute to your stay or possible suggestions observed.

The results are not tabulated or measured into any software, which means it cannot be analysed. Furthermore, there is no distinct ownership of the “voice of the customer” within the hotel or the group.

The quality of experience offered by a hotel, especially one of luxury level, is key (Cetin & Walls, 2016). As identified above, the Majestic could be perceived externally as having lower standards.

Key frequent complaints have been identified and are evidently contributing to this perception. Furthermore, the online reputation positioning of the hotel given its such high quality needs to improve. As the ranking and positioning is a direct result of direct customer feedback and rating, in order to achieve this, hotel management will need to have a clearer understanding of the guest feedback, which will indicate areas for improvement, which can only be sought through effective customer feedback management which is properly administered, analysed and actioned.

3. PART 3: THEORETICAL BACKGROUND

Maintaining the consistency of service standards is critical in hotels (Kandampully and Suhartanto, 2000; Whitley et al., 2007), and is a key customer expectation, particularly in luxury hotels (Presbury et al., 2005). From the issues identified in the previous chapter, it can be argued that this is not being adhered to at the Majestic, which is a threat to a customer-driven business such as a hotel. How a customer experiences a product or service impacts how they feel about the provider and how they behave towards it in the future. The importance of service quality of a luxury hotel, such as the Majestic, in terms of its guest satisfaction, enhanced reputation and customer retention is vital (Presbury et al., 2005).

Despite its rich and successful history, The Majestic, as a hotel, cannot trade on the history of brand equity and quality alone as it is not enough to ensure the continued success of a business (Bailey and Ball, 2006; Kayaman and Arasli, 2007). It is seen that the quality of a brand's relationship with its customer base is critical in determining its long-term success and viability (Conlon and Murray, 1996).

Therefore, the issues identified in part two of this consultancy report warrant study in theoretical terms to underline the importance of resolving the issues, by looking at their importance, and where relevant, the impact upon the business and customers to be expected by not managing them.

ISSUE ONE: RECURRING AND FREQUENT COMPLAINTS

Managing complaints effectively in any industry is key, particularly a hospitality/service-driven company, as it positively correlated to customer loyalty and retention (Brown et al., 1996; Kim et al., 2009; Reichheld & Sasser, 1990; Tax et al., 1998). It is linked directly to guest satisfaction, which when achieved, generates loyalty and advocacy amongst customers and delivers business growth (Laming and Mason, 2014).

Research shows that complaints are not necessarily a negative, however ignoring them is, particularly as it is seen by customers to compound the service failure (Berry et al., 1994). Dow and Cook (1997) led a study for a hotel that studied three types of guests:

- **Group A** – no issues encountered during the stay.
- **Group B** – issue encountered and the hotel fixed the problem.
- **Group C** – issue encountered and the hotel did not fix the problem.

Of these groups, group B – those that had had a problem but had it resolved – had the highest propensity to return to the hotel at 94%, higher even than those who had no issues (Group A at 89%). Those with unresolved issues – Group C – had a much lower propensity to return at 69%. This demonstrates to the Majestic that having a reactive management to customer complaints will have an impact on loyalty and reduces potential for return business, and inversely that resolving them can have better bottom-line impact through loyalty and repeat-stay intention.

The fact that the issues identified in part two are common, repeated complaints suggest that the Majestic is not truly listening to customers as it can be observed with de Deluxe rooms. This threatens their level of service quality, which is important not only for customer satisfaction, loyalty and advocacy as mentioned above, but also as a marketing strategy and to gain competitive advantage (Komunda and Osarenkhoe, 2012). In allowing services failures to repeat, the longer-term prospects of the company are under threat (Magnini and Ford, 2004; Michel and Meuter, 2008; Seawright et al., 2008; Thwaites and Williams, 2006). In this case the Majestic must act to address them.

Voss et al. (1998) argue that experience level – arguably highest for 5 star GL properties such as the Majestic – are a key factor in forming customer pre-purchase expectations for hotels.

Thus it is crucial that complaints that impact the Majestic guest experience are understood and actioned, as key to providing superior customer service is understanding and responding to customers' expectations (Parasuraman et al., 1991).

IMPORTANCE OF THE ROOM AS PART OF THE HOTEL PRODUCT/PURCHASE

The room is 'core' (Browning et al., 2013): the essential product being purchased from a hotel (Sparks and Browning, 2011) and is a key attribute for hotel choice for both leisure and business travellers (Barsky and Labagh, 1992; Chu, 2002; Chu and Choi, 2000; Hargreaves, 2015; Knutson, 1988). Indeed the importance of the room to hotel guests cannot be underestimated. Parasuraman et al. (1991) explicitly state that the hotel room itself is what contributes to the positive or negative assessment of a customer towards the hotel's service quality. In short, the room is one of the two most important attributes (along with value) that contributes to high ratings for hotels (Rhee and Yang, 2015) and is one of the most important attributes for driving hotel guest satisfaction (Chu, 2002; Zhang and Verma, 2017).

Choi and Chu (2000) and Mohsin and Lockyer (2010) confirm that hotel overall satisfaction, particularly for Western guests preferences, is influenced by the room quality factor – key markets for the Majestic being North American and European travellers; Northern Europeans in particular place particular emphasis on this attribute (Torres et al., 2014). Indeed in a competitive marketplace, room quality is a fundamental guest expectation and its overwhelming impact is that it is seen to no longer affect pricing amongst competition (Zhang et al., 2011).

In understanding the relative importance of a product feature (such has been identified above with the hotel room) in influencing customer satisfaction, measures must be taken to address any perceived lack of quality, of utmost priority being those that the customer regards as important (Matzler and Hinterhuber, 1998). Thus these issues – as identified by customers – associated with rooms and as faced by the Majestic are critical to resolve, given the underlying importance of this attribute as part of the brand, product and service offering to customers and its associated dissatisfaction being a key driver of complaint (Sparks and Browning, 2010).

COMPLAINT: "MY ROOM IS NOT READY. I DON'T EXPECT TO WAIT!"

Waiting time is key for influencing customer satisfaction and behaviour (Jones and Dent, 1994) and the ease of the check-in/check-out process has been studied as an important element of

hotel experience amongst guests (Levy et al., 2013), with 71% determining it as important/very important (behind room cleanliness, hotel location and staff service) (Oracle, 2017). In this case, the Majestic faces problems as all the rooms are not ready by the time guaranteed at 15:00 PM.

Parasuraman et al. (1999) identify hotel room being ready by the promised time as a basic customer service desire – thus it is fundamental for the Majestic guest. Furthermore, the concept of a room not being ready is used as an example in a number of articles in studying service failures and dissatisfaction drivers (Crotts et al., 2009; Dwivedi et al., 2007; Sparks and Fredline, 2007) and has even been specifically called out as a core service breakdown (Sparks and Browning, 2010). Combined with the fact that the guest process is handled at Reception, itself another key part of the hotel experience, means it has a high correlation to guest emotional satisfaction (Johnson et al., 2009), where the speed of process is important and where crowding/waiting can have a negative impact upon contentment levels (Emir and Kozak, 2011; Mattila, 1999). This is therefore identified as a crucial area for the Majestic to resolve. In five-star hotels Reception must be a key area of focus: guests see it as key and the importance they place upon it rates higher than their satisfaction with it, especially as it creates both the first impression of the hotel and undertakes the critical check-in process (Mohsin and Lockyer, 2012).

The responsibility for readying the room lies between both Reception and Housekeeping, the former reliant upon the efficiency of the latter in the delivery of the room occupancy readiness, a critical internal service encounter (Paraskevas, 2001). Strong intra-communication is required for the efficiency of the hotel operation and guest satisfaction in this regard, and clear processes must be designed and followed through effective use of the Property Management System to ensure rooms are available and ready as soon as possible (Bardi, 2003), which the Majestic should ensure it has.

Whilst challenging for planning for both occupancy and staffing, serious consideration could also be given to offering a non-time specific check-in/check-out service, proven viable for other hotels who have done away with the traditional notion of check-in/check-out times, offering instead room readiness upon guest arrival, whatever time of day or night (Enz and Siguaw, 2003). Known in the industry, but not common, practice, this is a real differentiator and satisfaction-driver for customers, as well as ensuring happiness for corporate clients who have come to expect 24-hour room readiness upon arrival. It would also remove the need to

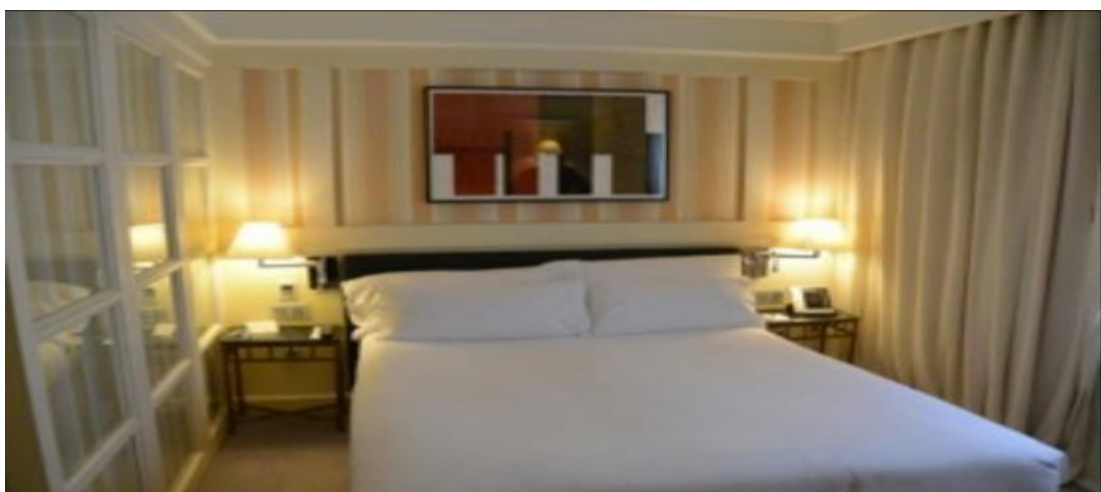
provide any specific early arriver facilities and set the Majestic apart from its competition amongst luxury properties in Barcelona.

COMPLAINT: "I WOULD NOT CALL THIS A DELUXE ROOM!"

Brand can be defined as "a name, term, sign, symbol, or design, or combination of them which is intended to identify the goods and services of one seller or group of sellers and to differentiate them from those of competitors" (Kotler 1991, p. 442). Hence each element of the branding of the products (such as the 'Deluxe' rooms) sold by the Majestic, leads to its customers building an 'identification' of said product in his/her mind ahead of arrival, during the pre-purchase and purchase process.

As previously established, the hotel room itself is a key part of the hotel guest experience; and expectation is a key facet of satisfaction (Johnson and Fornell, 1991). Therefore such disappointment with 'Deluxe' rooms not meeting customer expectation in the Majestic, suggest a fundamental mismatch between guest perception/expectation of the product and their actual experience. The 'Deluxe' rooms are causing significant dissatisfaction, evidenced by the number of associated guest complaints. Loizos and Lycourgos (2005) argue that hotels should examine carefully the specification of each element of the offering, particularly those that are the most important elements (such as the room) to enable an improvement to both the customer and the bottom line.

Figure 6. Majestic Hotel & Spa Deluxe room



A brand name is seen as one of the most powerful frameworks for expectation setting and a clue used by customers to evaluate the experience and plays an important role in enhancing

its value (Dodds et al., 2008) and the name itself offers information about the quality of the product and is significant in the decision-making/purchase process (Jacoby et al., 1977). As regards the brand naming convention, Rageh (2008) identified it as a key factor impacting the experience and value perceptions, customer feeling and attitudinal behaviour. In terms of the 'Deluxe' rooms at the Majestic, there is clearly a discrepancy between the guests' perception of a deluxe room, with Deluxe defined by the Oxford English Dictionary (2007) as "luxurious or sumptuous; of a superior kind" – and the room offering itself, the perception of which can only be ascertained by guests once they are present in the hotel (Sparks and Browning, 2010). Such discrepancies create customer disappointment (Luk and Layton, 2002), in the case of the Majestic customers resulting from comparing the room type's perceived actual performance versus their prior expectations. This directly impacts customer satisfaction, defined by Kotler (2000, p. 39) as a "person's feeling of pleasure or disappointment which resulted from comparing a product's perceived performance or outcome against his/her expectations", which hinders the Majestic overall.

Figure 7. Majestic Hotel & Spa Deluxe room view (Inner Courtyard)



Source: TripAdvisor (2017)

Where gaps exist between customer perception and delivery of product/service, in development of their Gap Model, Parasuraman et al. (1985) argue that it is mandatory to control and close such gaps. By analysing the degree of variation and between expectation and perception of reality, it can be used as a key measure for performance improvement (Purohit and Purohit, 2013) and help remedy the issue. Thus the branding and naming convention of 'Deluxe' rooms should either be studied to lead to a change, or the room standards of the room type significantly improved, in order to increase customer satisfaction, so that the

physical hotel room element – both visible and important to the customer – can create a favourable link to the brand (Grace and O’Cass, 2004), and not a negative one as it currently the case as detailed by the frequent complaints.

COMPLAINT: “THIS IS NOT THE TERRACE I WOULD EXPECT FROM A 5-STAR GL HOTEL!”

The hotel booking itself is a purchase decision based on the end-user’s perception of the attributes represented by the brand, including the tangible elements (Dev et al., 1995). This not only applies to the room, but in the in the case of the Majestic also to the Terrace – a key part of the hotel. Whilst the room is as the core part of the product offering, the rooftop Terrace space can be seen as non-core. However non-core offering performance in hotels is also seen as significantly impacting customer satisfaction (Han et al., 2011) and any issue with physical facilities – such as the Terrace and its space – form part of the majority of complaints that hotels receive (Browning et al., 2013).

Whilst it is a long-established growth strategy for luxury hotels to attract customers for their restaurants and bars (Carman and Langeard, 1980), both resident and non-resident customers, the prevalence of non-resident customers using the terrace bar area at the Majestic is causing concern and creating complaints for resident guests, including perceived dissatisfaction with the Terrace environment in terms of space, size and facilities, and should be reviewed.

How the Terrace appears is also important. Customers use extrinsic cues in to infer an opinion about its quality (Zeithaml, 1988). In her study, Mattila (1999) affirms that luxury hotel guests use the hotel’s physical environment for observable cues upon which to infer perception of quality, concluding that the physical hotel environment is key in determining the customer’s value perception of the hotel. Thus the Terrace, a key feature advertised by the hotel, can greatly contribute to the satisfaction/dissatisfaction levels – as well as the overall opinion of quality and value – of Majestic customers, which management should bear in mind.

Space and functionality are two key factors that consumers use to form their opinion of the holistic environment and in pleasurable environments, can lead to greater spending (Bitner, 1992). Thus the customer complaints around the Majestic’s terrace lack of space, the lack of sun-loungers and the over-crowding demonstrate guest-perceived unpleasant environments, which has negative impact (Mattila, 1999), for the hotel’s guest experience offer/satisfaction and revenue potential, and should therefore be urgently addressed. Furthermore, the pool, specifically called out as part of a hotel’s “public facility” offering (Zhou et al., 2014 . p.7) can

be something, which although not critical to a upper-tier hotel offering in terms of guest satisfaction, can greatly boost overall guest sentiment. This creates an opportunity for the Majestic to delight its customers with its offering, if managed well and the offering is strong. However not having sufficient space in a pool, even at busy times, would be deemed unacceptable to guests and is cited as a specific example of customer disappointment (Williams et al., 2010). Overall this offering should be analysed by management and a corrective plan of action undertaken as it will be suggested in parts 4 and 5.

In summary, in order to prevent further significant customer dissatisfaction, and in line with the luxury positioning of the hotel, attention needs to be paid to minimise the discrepancy between customer expectation and physical facility's product and service delivery (Kam Fung So and King, 2010), underlining the importance and the need of the Majestic to consider a careful re-design of the Terrace product and/or service offering in order to minimise guest disappointment and maximise satisfaction. Schall (2003) argues that when it comes to complaints related to the assessment of public hotel facilities, guests should not be in the process and that a walk-round of the hotel whilst in operation should suffice. Therefore, the fact that the complaints are so frequent regarding the Majestic Terrace facility suggests that management are not only ignoring customer complaints, but not paying attention to a crucial part of the hotel offering. Both of these matters therefore need to be addressed.

ISSUE TWO: ONLINE REPUTATION

IMPORTANCE FOR CONSUMERS

The application of social media within the travel, hospitality and tourism domain has seen significant growth, particularly with the emergence of Web 2.0 and numerous user-generated content (UGC) websites capturing online reviews, recommendations and opinions shared by customers (Ayeh et al., 2013; Cantalops and Salvi, 2014; Wu et al., 2010). It has had significant impact on the industry (Leung et al., 2013; Schuckert et al., 2015) and has changed – and continues to change – the travellers' pre-purchase information-seeking and evaluation process (Browning et al., 2013; Ye et al., 2011) with its ease of access to available information (Buhalis and Law, 2008). Online reputation is now a relied upon source by customers to seek information and make choices (Lu and Stepchenkova, 2015; Murphy et al., 2007; Pan and Fesenmaier, 2006) and reduce risk and uncertainty in the purchase choice (Chen, 2008).

Constant internet access and social media within the tourism industry means reviews via electronic word of mouth (eWOM) – defined as comments posted on the internet about products and services (Bronner and de Hoog, 2010) – now have significant influence upon consumer awareness, decision-making, search, perception, willingness to book and purchase behaviour (Blal and Sturman, 2014; Browning et al., 2013; Buhalis and Law; 2008; Cheng and Loi, 2014; EC, 2014; Godes and Mayzlin, 2004; Gretzel and Yoo, 2008; Lee and Youn, 2009; Papathanassis and Knolle, 2011; Pan et al., 2007; Park and Kim, 2008; Park and Lee, 2009; Sparks and Browning, 2011; Suárez Álvarez et al., 2007; Verma et al., 2012; Vermeulen and Seegers, 2009; Xiang and Gretzel, 2010).

eWOM impacts all types of experience goods (Klein, 1998; Lee and Youn, 2009, Litven et al., 2008) and the influence of online reviews, the most prevalent example of eWOM /online reputation (Chatterjee, 2001), is particularly strong in hospitality industry (Zhang et al., 2010). Amongst the tourism and hospitality industry, hotels are argued as the most affected by eWOM and UGC, particularly with sharing via social media, travel communities and review sites (Ayeh et al., 2013; Sparks and Browning, 2011; Tuominen, 2011). Online ratings/reviews are cited as the second most important factor impacting hotel room purchase decision, after price (Horwath, 2016).

Users write online reviews to indicate their level of satisfaction with the hotel (Liu et al., 2013), to inform other potential customers of their experience (Park and Allen, 2013) and to influence the decision-making of other customers (Chu and Kim, 2009). Today's hotel customers rely on and trust online reviews, eWOM, in their choice of travel/accommodation (Browning et al., 2013; Jeacle and Carter, 2011; Kim et al., 2011; Nieto et al., 2014; Racherla et al., 2012; Sparks and Browning, 2011) to make assessments about quality (Filiari and McLeay, 2014; Wirtz and Chew, 2002), using them more than any other source (O'Connor, 2009), with over 70% of consumer report they trust online reviews (Zervas et al., 2015) and seeing them as reliable (Waiguny et al., 2014). This makes them critical for the overall perception of a hotel such as the Majestic.

Online reviews from fellow consumers can be seen as less biased (Li and Bernoff, 2008), seeing them as easier to relate to (Bickart & Schindler, 2001; Ha, 2002; Herr et al., 1991), and seen as reliable information sources (Lin et al., 2005). Studies show the reliance of travellers upon non-expert reviews – such as review site user generated content (Senecal and Nantel, 2004), and they are trusted more than expert, third party website, or company-provided, reviews (Chen, 2008; Cheng and Loi, 2014; Chiou and Cheng, 2003; Gretzel and Yoo, 2008; Zhang et al., 2010; Senecal and Nantel, 2004) and more than traditional advertising methods (EC, 2014; Yang and Mai, 2010). This is in part because the reviews are not just general, but also related to specific hotel attributes commonly part of a hotel purchase decision process (Choi and Chu, 2001; Liu et al., 2013; Lockyer, 2005; Ramanathan and Ramanathan, 2011, Xie et al., 2014; Zhang et al., 2011).

With such growth in reviews, it became hard for consumers to distill the information required and assess its usefulness (Park and Lee, 2008). Given the premise of eWOM as a tool with significant ease of use (Goldsmith and Horowitz, 2006), and to save time and make better purchasing decisions (Hennig-Thurau and Walsh, 2003), to counteract this many review websites created rating distribution displays and rating systems (Xie et al., 2014; Willemsen et al., 2011), such as now seen on popular online reputation sites such as TripAdvisor and Booking.com. This numerical ranking is important, as combined with favourable reviews, it increases both consumer booking intention and trust (Sparks and Browning, 2011). However, the associated star-ratings, gained through consumer scoring, are not always reflective of actual quality (Han et al., 2016; Zervas et al., 2015). However unreflective they may be considered by academics in their studies, as they are relied upon by hotel guests, this makes

the recent fall in Majestic ratings on the major travel user generated content and booking sites an area of real concern and one which must be addressed quickly.

FAVOURABLE VERSUS NEGATIVE REVIEWS

Favourable reviews improve attitudes towards hotels, and have much impact on consumer behaviour and than negative reviews. (Vermeulen and Seegers, 2009).

Whilst ratings tend to be largely positive, there is normally a smaller, but not insignificant, number of very negative reviews (Hu et al., 2009), which Vermuelen and Seegers (2009) argue do little harm and can increase awareness of little-known hotels. The appearance of negative reviews can also build trust (Kusumasondjaja et al., 2012) and enhance credibility (Kusumadonjaja et al., 2012). Furthermore, a study by Berger et al. (2010) shows that negative publicity can actually increase purchase likelihood. Meijer and Kleinnijenhuis (2006) argue that in terms of media coverage related to corporate image, even negative reviews and sometimes elicit favourable responses in certain audiences, asserting benefit for the brand.

However the Majestic must pay attention as negative reviews are not harmless, whilst the variation from the favourable reviews can bring both great reward and risk (Zhu and Zhang, 2010) and are considered helpful by potential customers (Black and Kelley, 2009), they are also seen as having a negative impact on hotel sales (Ye et al., 2009) and price (Xie et al., 2014). Luca (2011) argues that businesses with worse ratings achieve lower sales and Papathanassis and Knolle (2011) note the negative impact of poor ratings on the bottom line, impeding the ability of hotels to increase their rates (Öğüt and Onur Taş, 2012) demonstrating the influence of reviews and eWOM on online sales and prices in hotel distribution. McGuire (2013) argues that negative reviews remove you from a consumer's set of choice. Furthermore, studies show that continuous negative publicity, moreover that which is poorly managed, can be very damaging (Dean, 2004; Kandampully et al., 2015). Thus underlying the importance for the Majestic of not only fixing the root cause of repetitive poor reviews but also ensuring an effective management system is in place to handle them.

IMPORTANCE FOR HOTELS

Online reputation has become a key part of hospitality management (Leung et al., 2013) and should be seen as a strategic issue (Levy et al., 2013; Park and Allen, 2013), recognising the link

between the management of reputation and financial and business performance (Davies et al., 2010) as it will be suggested in parts 4 and 5. Whilst online reputation via hotel-related UGC sites, such as TripAdvisor, were previously considered a challenge and having negative impact by managers (Xiang and Gretzel, 2010), online reviews are now studied and more generally accepted as an invaluable opportunity, rather than a threat, for hotels (Litvin et al., 2008; Rivera, 2013; Vermeulen and Seegers, 2009). Due to the increasing number of available platforms and online reviews there is now awareness that consumer online reviews provide a rich source of data (Kim and Hardin, 2010; Lu and Stepchenkova, 2012; Park and Kim, 2008; Phillips et al., 2015). Specifically UGC-reviews are a significant source of information for hotel management and their analysis can enable an improvement in product/service quality, in the identification of customer needs and also in the implementation of marketing strategies (Jun et al., 2010; Loureiro & Kastenholtz, 2011; Yacouel & Fleischer, 2012), a process which should be started at the Majestic.

Customer WOM, including eWOM, is a powerful marketing tool, due to its reliance by prospective customers (Brown et al., 2007; Khare et al., 2011). Furthermore using customers as brand ambassadors – as is the case with online reputation – is argued to be a central asset to a brand's success (Solnet and Kandampully, 2008), and the Majestic could take advantage of leverage there.

eWOM is seen to affect the perceived overall value of a company (Gruen et al., 2006). In the analysis of an SAS Institute study, McGuire (2013) argues that online reputation impacts the bottom line, concluding that driving revenue in the hospitality industry is no longer just based on competing on price, as consumers are clearly turning to UGC to inform purchase decisions. In short there is a significant relationship between online reputation and hotel business performance (Ye et al., 2009; Schuckert et al., 2015). Strong online reputation can generate a price premium for a business (Ye et al., 2011). Hence the falling ratings for the Majestic have further potential negative impact.

Research has established that there is direct impact of online reviews on hotel bookings, with favourable reviews being able to increase numbers of bookings/sales, and poorer reviews having negative impact on sales (Dickinger and Mazanec, 2008; Ye et al. 2009; 2011). Nieto et al. (2014) found that eWOM and the number of reviews favourably impacted business performance, by influencing perceived consumer satisfaction, establishment profitability and market perception of lodgings.

Ranking and rating too are important for the bottom-line in the hospitality industry; those hotels with higher star ratings achieve more online bookings (Ye et al., 2009) and those with higher rankings – even as little as one place higher – also seeing improved room night bookings versus lower ranked hotels (Horwath, 2016). Anderson (2012) analysed the online reputation impact upon hotel performance and discovered that improving the hotel's online reputation score leads to increase in both occupancy and revenue per available room (RevPar). Ögüt and Onur Taş (2012) found that both sales and prices are increased with improved customer ratings, prices in high-end hotels, such as the 5-star properties, are most sensitive to online consumer rating. Howarth (2016) demonstrated that upscale/luxury hotels were most sensitive to online reputation, with a 0.1 point increase in their TripAdvisor score being able to potentially impact the hotel RevPAR by a 7.1 EUR increase. Hence the Majestic would need to work hard to develop initiatives to counteract the recent drop in rankings across popular UGC review sites and prevent financial loss and maximise the opportunity from an upswing in consumer sentiment.

But it is not just quality of reviews, quantity is also important across different industries (Chevalier and Mayzlin, 2006; Chintagunta et al., 2010; Cui et al., 2012; Dellarocas et al., 2007; Duan et al., 2008; Jang et al., 2012; Liu, 2006; Zhu and Zhang, 2010; Wu et al., 2013), also proven also in the case of hotels (Browning et al., 2013; Tuominen, 2011; Xie et al., 2014). Recency and consistency of reviews is important as it has been shown that customers rarely read past the first two comments pages on websites like TripAdvisor (Pavlou and Domoka, 2006) so the most impactful Majestic reviews are those which have been most recently posted whilst the hotel is experience a decline in online reputation. With volume come other relevant and important consumer factors: valence – namely whether the review is favourable or negative; and variation of reviews – the importance of varied opinions of the reviewing users (Schuckert et al., 2015; Sparks and Browning, 2011; Vermeulen and Seegers, 2009; Xie et al., 2011; Ye et al., 2011).

Though this argued as potentially more applicable to lower-end hotels, (Blal and Sturman, 2014), overall for all hotels – including high-end hotels such as the Majestic – the quantity of reviews can favourably impacting purchase intent, even when reviews are negative or low-scoring (Park et al., 2007), and increasing consumer trust (Zhu and Zhang, 2010; Xie et al., 2014). It is furthermore critical for the Majestic to proactively seek reviews from customers

who have stayed at their hotel to further enhance their brand (Browning et al., 2013; Levy et al., 2013; Rivera, 2013) and improve its current sentiment.

Thus online reputation is incredibly important for the Majestic for the topics highlighted above, but also as a small hotel group, and the Majestic as a 5-star GL property it is crucial: effects of online reviews, and susceptibility to, online reputation are stronger for lesser-known hotel brands (Vermeulen and Seegers, 2009), and online reviews, ratings and overall reputation have a greater effect on upper-tier hotels (Blal and Sturman, 2014). As a hotel, it needs to urgently develop a strategy for effectively managing online reputation (Hart and Blackshaw, 2006), especially given its position in recent times as it keeps going down.

ISSUE THREE: COLLECTING, HANDLING AND MANAGING FEEDBACK EFFECTIVELY

LISTENING TO THE GUEST

It is widely accepted that guest satisfaction is key within the hospitality industry to sustaining revenue and profit, and that a key to these commercial goals is a clear understanding of what leads to customer satisfaction (Schall, 2003). Opportunity exists especially in hotels, whose quality of experience as a fundamental aspect of its offering (da Graça Batista et al., 2014). Understanding customer expectation and sentiment is key, (Narangajavana and Hu, 2008) and presented as of critical importance for managers: simply guest satisfaction a key objective in hotels (Pinto, 2008). In proactively seeking and managing guest feedback, hotel management teams are guided in where to concentrate their efforts in improving or sustaining quality (Torres et al., 2014). The practice of using 'voice of the customer' means using various sources, such as complaints, online reputation and customer surveys, to understand customers better via their wants, needs, preferences, expectations, aversions and opinions (Griffin and Hauser, 1993; Lee et al., 2014, Roman, 2010). This is not a current major practice at the Majestic as there is not a proactive management methodology.

COMPLAINT MANAGEMENT

It is seen that in the hospitality industry service failures and the associated complaints are common and cannot be avoided (Choi and Mattila, 2008; Jahandideh et al., 2014; Kim et al., 2012, Mattila, 2001; Mattila and Cranage, 2005; Matusitz and Green, 2009; Sánchez-García and Currás-Pérez, 2011; Sparks and Fredline, 2007), even within high-end establishments (Bitner et al., 1990), such as the Majestic. In a hotel, where the guest experience is heavily reliant upon consistency of product and service standards, both human and physical, there are many opportunities for breakdown, causing guests to complain (Tantawy and Losekoot, 2000).

Research has suggested that complaints that are communicated should be seen as a "gift" (Barlow and Møller, 2008, p.17), indicating that companies are well advised to encourage complaints from the substantial audience of dissatisfied customers, as the majority do not complain (Davidow and Dacin, 1997), forgoing the opportunity for recovery (Fornell and Wernerfelt, 1997, 1998) and instead mostly disassociating themselves from that establishment. This is a particular loss for hotels as it misses showing where issues may lie (Lewis and Morris, 1987). Complaints also offer the hotel the chance to win the guest back and avoid negative work-of-mouth (Davidow, 2000). But unless satisfactorily handled in the eyes of the customer, complaints in hotel environments can lead to detrimental outcomes, not only in

loss of satisfaction, but also a decline in customer confidence, lack of intention to repeat purchase, negative word-of-mouth and therefore lost revenue (Yavas et al., 2004). Conversely, well-resolved complaints can generate greater customer satisfaction, trust and loyalty (Morgan and Hunt, 1994; Pina e Cunha et al., 2009; Weun et al., 2004).

If companies do not effectively manage service recovery, it can harm their prospects for long-term success (Komunda and Osarenkhoe, 2012). Managing complaints is particularly critical in hotels (Assaf et al., 2015), not only for resolving the issue at hand but to enable management to take measures to address any underlying relevant causes (Holjevac et al., 2009). Therefore, an effective complaint management and recovery strategy is required (Smith et al., 1999; Cranage and Sujan, 2004). This is seen as a fundamental component of the marketing process (Esetelami, 2000), strong complaint management is also a successful defensive marketing strategy in reducing overall marketing costs (Fornell and Wernerfelt, 1997), and an effective complaint management strategy should be developed for the Majestic as opposed to current practice of reactively handling individual complaints with no tracking.

Complaints are communicated to hotels in different ways. Online reviews provide the significant source of complaints within the hotel industry (Sparks and Browning, 2011). Written complaints, largely now via email, require an effective handling strategy (Coussement and van den Poel, 2008), but due to low volume, this is not a key issue for the Majestic, and has not been considered for study in this report.

Voicing the complaint within the property itself is the most common form of hotel guest complaint expression (Evanschitzky et al, 2011; McKee et al, 2006; Naus et al., 2007), preferred by customers as a more direct way to express their view (Naus et al., 2007) and achieve resolution (Singh, 1988), and also as it allows them to better express the emotion they feel in the complaint process (Smith and Bolton, 2002).

Effective complaint management will take into account different customer profiles (Ekiz et al., 2011). As a business with a multi-cultural customer base with significant face-to-face complaint handling, such as hotels like the Majestic, care must be taken to address the complaint behaviours associated with different people, for example on the basis of nationality (Jahandideh et al., 2014; Yuksel et al., 2006); age (Sujithamrak and Lam, 2005; Heung and Lam, 2003) and personality type (Huang and Chang, 2008; Lalwani and Shavitt, 2009).

This highlights the crucial role of the front-line staff in managing complaints, particularly in five-star hotel (Tan et al., 2014). Recruitment of staff with the correct skills and effective complaint recovery training is key (Davidow, 2000). High proficiency of staff is required to effectively handle guest complaints and overcome the fear or panic that many feel when fronted with a dissatisfied guest (Tantawy and Losekoot, 2000). Well communicated and documented systems therefore need to be implemented to empower front-line staff to take initiatives to resolve complaints (Johnston and Mehra, 2002), and to be trained and empowered to properly accept, react to and manage complaints by welcoming issue discussion with guests, providing fair compensation/resolution in a time-efficient way (Ogbeider et al., 2017). This would mean a hotel such as the Majestic should ensure there are fair and consistent policies and procedures in place for service recovery and compensation (Maxham and Netemeyer, 2002) and that these complaints, as with all complaints in the hotel, are accurately captured into a system for effective tracking, management, review and improvement (Tax and Brown, 1998), and then regularly reviewed, currently not the case.

Yet however how the complaint is handled, the service recovery is crucial (Gronroos, 1998). In this case the Majestic tries to offer complimentary breakfast, discounts or free stays when they face major problems depending on the situation. In addition, timely responsiveness is required (Conlon and Murray, 1996; Estelami, 2000), a speedy response recommended especially in the hotel industry (Lam and Tang, 2003; Smith et al., 1999). Ineffective complaint management, including lack of response, slow response, unwillingness to listen and lack of drive to resolve the issue, can lead to double dissatisfaction for customers – not only from the initial perceived service failure, but also from the perceived poor handling (Mattila, 2001; Mount and Mattila, 2000; Smith et al., 1999; Taylor, 1994). It is crucial that in luxury service businesses like the Majestic that complaints are easy to lodge, and the handling system effective and not aloof, to ensure customers do not adopt more negative forms of complaining (Bolfing, 1989). This is something that could be implemented efficiently as will see in parts 4 and 5 without great investment in a smaller, agile business such as the Majestic.

Complaint management is also of particular strategic importance (Strauss and Schoeler, 2004). To achieve the required guest satisfaction levels, a profound knowledge of its customers and their evolving needs is required, with complaints being a key source of this information (González Bosch and Tamayo Enríquez, 2005). Such feedback is essential in hotels not only for service recovery, but also to facilitate improvement (Ngelambong et al., 2016; Sparks and Browning, 2011).

Thus complaints overall are an opportunity for hotels (Tantawy and Losekoot, 2000), to effectively impact customer retention and deflect negative advocacy and improve bottom-line performance (Morrisson and Huppertz, 2010). They should be seen as a source of profit, rather than a cause of cost (Stauss and Schoeler, 2004) as it – as for other industries – in hotels, generates greater satisfaction, loyalty and advocacy (da Graça Batista et al., 2014; Sparks and Browning, 2011; Yuksel et al., 2006). Good complaint handling having a favourable impact on hotel profit (Johnston and Mehra, 2002) and through implementing strategies such as those highlighted here, the Majestic could make significant inroads in improving various measures.

ONLINE REPUTATION MANAGEMENT

As established within this report, online reputation is a crucial part of today's hotel industry with significant impact on both the customer and the business. Therefore, online reputation management – the way in which companies deal with content generated by others to manage their reputation – is crucial (Dolle, 2014). If used correctly, it can also generate insight about customer satisfaction (Zhou et al., 2014).

Two-way communication between customer and hotel in online reviews is important (Gu and Ye, 2014; Xie et al., 2014) and a clear strategy is needed to manage online reputation (Levy et al., 2013; Park and Allen, 2013; Rivera, 2013). The Majestic, like many hotels, respond equally to favourable, neutral and negative reviews, in a move away from previous general practice of ignoring the negative (Martin and Bennett, 2008; Lee and Song, 2010; Nadel, 2013). In doing so they can gain greater consumer trust and positive sentiment (Sparks et al., 2016; Wei et al., 2013), and generally receive fewer 'online attacks' (Browning et al., 2013) and this should be continued.

A number of studies have recommended the practice of management responses to consumer reviews (Chan and Guillet, 2011; Leung et al., 2013; Wei et al., 2013) wherein the timeliness of response, as well as the tone, namely human, genuine, personalised and non-template, are important (Sparks et al., 2016; Waiguny et al., 2014; Xie et al., 2017) to build consumer trust and lead to a more favourable attitude (Vásquez, 2011, Waiguny et al., 2014) and to counter negative reviews (Black and Kelley, 2009). Tone of response is important (Waiguny et al., 2014). If management does not respond, consumers can draw a more negative or incorrect impression of the hotel (Lee and Song, 2010; Sparks and Bradley, 2014). The Majestic could benefit from greater training and style enhancements in its responses on UGC sites.

Park and Allen (2013) demonstrate that hotels that do respond achieve reviews seen as an honest indication of customer sentiment. For consumers, service recovery by management from negative online reviews can increase satisfaction (Gu and Ye, 2014; McColl-Kennedy and Sparks, 2003). Proserpio and Zervas (2017) prove that hotels that frequently respond achieve both an increase in their scoring/rating on applicable sites and an increase in the number of online reviews for the property. This is important to drive better hotel business and financial performance (Nieto et al., 2014). Proserpio and Zervas (2017) also conclude that the quality

and length of negative reviews improve for hotels that do respond across platforms, offering better, more detailed insight into areas for improvement.

Care must be taken, as in certain cases, poor management responses can signify negative impact on sales (Mauri and Minazzi, 2013; Xie et al., 2014), suggesting that the Majestic need to pay particular attention to the quality of response, particularly negative responses, (Kim et al. 2015), as well as the speed of response, which is crucial, particularly in hotels (Mattila and Mout, 2003). Thus to counteract the recent slump in online reputation, the Majestic would benefit from further analysis and development in this, to put them in a better place in UGC sites.

UNDERSTANDING GUEST SATISFACTION

Both complaint management and online reputation management are more reactive forms of listening to and responding to customers, which are vital. However, a more strategic approach is needed in order to proactively gain a better understanding of hotel performance in the eyes of its customers at management level (Chan et al., 2003).

Within the hotel industry, measuring guest satisfaction is required to understand their opinions, determine their expectations, their needs and requests, to overcome gaps between expectation and experience/delivery and to gain a full understanding of the operation from a customer perspective (Dominici and Guzzo, 2010).

Thus surveys are employed to gain a better understanding of satisfaction from guests' post-consumptive evaluation of their experience (Han et al., 2016), which has been explicitly linked to the success of hotel companies (Barsky and Labagh, 1992; Lewis and McCann, 2004; Pizam and Ellis, 1999). It also signals to customers that the hotel is interested in listening to them, signaling a will to constantly develop and improve (Snoj et al., 2006).

The traditional customer survey still plays a role, as it complements the online customer evaluations, with the results of both customer satisfaction research and online evaluations not fundamentally differing (Schegg and Fux; 2010; Torres et al., 2014). Thus any insight the Majestic can infer from proactive surveying of guests to lead to initiatives that increase icustomer satisfaction would logically lead to an improvement in online reputation.

The previous practice of completing hand-written surveys – known often as Guest Comment Card (GCC) – is being largely replaced by digital formats in the hotel industry (Ogle et al., 2013; Pan et al., 2014; Schegg and Fux, 2010). Whilst GCCs have the advantages of being simple to administer and easy to distribute (Holjevac et al., 2009), it is seen as a passive method of satisfaction data collection, dependent upon the effort of the guest to generate the action and initiate the response (Sampson, 1996), and whose sample alone is not considered a “quality sample” (Barsky and Huxley, 1992, p. 20) namely it is not one which is statistically relevant and can deliver skewed results. However its importance continues as a complement to email questionnaires as a total move to e-surveying is still premature as response rates are still low (Pan et al., 2014), especially in the hotel industry (Ogle et al., 2013). E-questionnaires do however have their significant advantages for companies over other methods, not only with

the ever-increasing adoption of technology, but they do see less drop-out rates, are more cost effective, allow more interactive content, have a faster turnaround time and greater reach (Dillmann, 2011; Dolnicar et al., 2009; Evans and Mathur, 2005). More recent studies also highlight the growing uptake of online questionnaires and the potential for social media to serve as an effective distribution channel for gathering meaningful survey response data (Wolfe et al., 2014).

In whichever way the survey is distributed, there are a number of crucial factors to ensure relevant and usable results are achieved, including the design of the questionnaire (Schall, 2003), especially for a five-star hotel property (Al-Rousan and Mohamed, 2010). A survey has to be managed and designed correctly and effectively, so as not to yield false results which could lead hotel businesses and managers to take wrong decisions and actions (Snoj et al., 2006). Correct timing, question order and validity, appropriateness of rating scale are all crucial (Schall, 2003). It should also ensure it provides questions tailored to the required attributes to reveal appropriate decision-making information, consider the respondent and relevance there too, and seek relevant demographic and psychographic data from respondents to allow further analysis and build customer profiles (McDaniel and gates, 2005; Pizam and Ellis, 1999). This would highlight the importance of the Majestic redesigning the current GCC, and designing a strong instrument to elicit salient and powerful guest insight.

The survey should also be proactively distributed to hotel guests on a proactive and continuous basis, to ensure it is not only delighted or disgruntled guests completing the survey, (Holjevac et al., 2009; Pizam and Ellis, 1999) and to generate sufficient and relevant sample size and ensure the validity of results and conclusions therefrom (Snoj et al., 2006). It is also worth considering an incentive for survey completion (Evans and Mathur, 2005), to increase response rates in hotel surveys (Barsky and Huxley, 1992; Holjevac et al., 2009).

The fact that the sole source of customer insight at the Majestic is via GCCs would appear insufficient in today's competitive environment and an e-survey should be developed to proactively seek insight from its guests, without taking much time or money to implement.

OTHER ASSOCIATED FACTORS IN HOTEL FEEDBACK AND COMPLAINT MANAGEMENT

A crucial objective for hotels is to achieve an outstanding performance (Zeglat and Zigan, 2014), which, within the hotel industry, has traditionally been assessed through key financial measures (Brander Brown and McDonnell, 1995), often dominantly (Harris and Mongiello, 2001), sometimes almost exclusively (Atkinson and Brander-Brown, 2001). By some it is recognised that the use of financial criteria alone is insufficient (Wood, 2002) and more recently it is argued that hotels should concentrate on both financial and non-financial measures to offer a more complete assessment of performance (Haber and Reichel, 2005; Wadongo et al., 2010), although it has not yet been fully adopted (Zeglat and Zigan, 2014).

In the hotel industry broader performance measurement is needed (Atkinson and Brander Brown, 2001), including both objective – such as financial (including operating income/profit, operating margin, return on investment, cost, RevPAR) – and perceptive (Hariandja, 2011) or subjective (Dev et al., 2008) – namely non-financial (including customer satisfaction) – measures, are key. It is now becoming more common to have a wider range of metrics in hotel performance assessment (Sa and Chai, 2015). This enables hotels not only to assess past performance, but also use indicators to indicate potential future success (Wadongo et al., 2010).

A well-accepted form of measuring performance management is the use of the Balanced Scorecard (BSC) (Phillips and Louvieris, 2005). Developed by Kaplan and Norton (1992), this is a wide-ranging performance management system of measurement incorporating both financial and customer measures, and also internal business process and learning and growth measures, as all linked to the vision and strategy to the company. Its success has been well-recognised as an enduring cross-industry successful business practice still in place today (Cooper et al., 2017) and one of the most popular management tools ever (Madsen and Slåtten, 2015). It has also re-studied by its original authors, with them prefacing the update noting that the initial adopters were seen to “thrive and prosper” following its implementation across many industries (Kaplan and Norton, 2001a, p.vii). It is seen as valid tool for strategic, management and operational levels of organisations, each able to focus on the interpretation relevant to them (Phillips and Louvieris, 2005).

The applicability of the BSC has been proven in studies related to the hotel industry (Atkinson and Brander Brown, 2001; Brander Brown and McDonnell, 1995; Harris and Mongiello, 2001;

Phillips, 1999; Sa and Chai, 2015). Its successful application has been discussed in relation to Hilton (Huckestein and Duboff, 1999) and Hilton and Marriott franchisee company, White Lodging Services (Denton and White, 2000). And whilst the BSC needs to be adapted to the relevant environment to maximise its benefits and prevent any issues, if well-designed is very successful (Doran et al., 2002). The BSC has also been studied as applicable to, and useful for, smaller companies (Chow et al., 1997), and specifically small and medium sized hotels (Phillips and Louvieris, 2005). This only enhances the potential relevance for the introduction and implementation of the BSC at the Majestic.

From the BSC, targets can be set for the hotel. These targets, or key performance indicators, provide vital information to enable comprehensive tracking and predicting business performance versus the strategic goals and objectives across all the four measured categories in a clear and concise presentation (Wadongo et al., 2010). It can be distributed where relevant to management and staff at the Majestic in an effort to focus the whole team on performance and delivery.

Studies in fact show clear evidence of the significant association of non-financial measures, such as customer satisfaction measures, in hotels, with business performance, and that target-based incentive plans in hotels, which include non-financial performance measures, increase hotel performance in both financial and non-financial terms (Banker et al., 2000). This would require the Majestic to incorporate research-based customer satisfaction measures as presented on their BSC into their bonus program to increase hotel performance and elevate staff and service levels, as has become growing practice in hotels (Snoj et al., 2006).

The BSC when used effectively can move from simply being performance management to a key part of a company's strategic leadership (Kaplan and Norton, 2001). This underlies the relevance for the Majestic, which could greatly benefit from its implementation.

In closing, undertaking all tasks related to feedback and performance indicator management within hotels is vital. The use of a BSC needs to start with the leadership of a company (Whitaker, 2001). In fact senior leadership management and involvement has been studied as "critical" (Richardson, 2004, p.8). This is true for all matters related to feedback management as discussed in this report. Research has most benefit when it is undertaken by someone senior within the organisation (Pan et al., 2014). Complaint handling should also be overseen by management (Johnston and Mehra, 2002; Min and Min, 1997), with studies showing the

greater effectiveness of management in handling and resolving complaints (Tantawy and Losekoot, 2000). Furthermore, online reputation management in hotels should be handled by a manager, with the correct experience, knowledge, skill, background and seniority as in doing so in a timely, lengthy way can enhance financial performance of the establishment (Rivera, 2013; Xie et al., 2017). Thus the Majestic would be well advised to move responsibility away from the Executive Management Assistant to staff members with more seniority and experience to handle such crucial factors which are indelibly linked to hotel success.

4. PART 4: STRATEGY FORMULATION

The strategy formulation refers to the different options or strategic alternatives available to answer the different pressures and influences identified in the strategic analysis. In this part there will be references, firstly, to the formulation of alternative strategies and, secondly, there will be an evaluation of the different alternatives proposed. Finally, those alternatives are considered more adequate that will be chosen.

4.1. GENERATE STRATEGIC ALTERNATIVES

The first issue is related to the customer complaints: Knowing the importance of the room as a “core”, those being ready for the check-in, the naming of the Deluxe rooms and the lack of the terrace space. The strategic alternative here would be doing a proper analysis of the different guest profiles in order to allocate them in the most suitable rooms for them (Always being conscious of what they have booked) as well as the rooms being ready by the time guaranteed at 15:00PM.

1. Changing the name of the rooms

Taking into consideration the mismatch between the Deluxe name and the high expectations of the vast majority of Majestic guests about the room, changing the naming of the Deluxe category would enable to avoid major complaints especially regarding the size and the views.

Most of the consumer criticisms in TripAdvisor are related to the lack of previous information regarding to the room category and the confusion that creates with this name. Those criticisms are associated to the high expectations not accomplished. For example, the Deluxe room size is too small and some of them face the inner courtyard (affecting negatively to the view and brightness of the room, etc.).

For that reason, a possibility would be to distinguish between the Standard Deluxe rooms and the Elegant Deluxe rooms (Deluxe City View and Deluxe Paseo de Gracia), this way the customers could be aware that the Deluxe rooms are the main entry level room category.

Due to the high amount of customer complaints because of the misconception of the rooms and the customer high expectations because of the name Deluxe, another option could be not naming them as Deluxe rooms, therefore changing their name. However, the new name still has to be able to denote a certain amount of luxury in the room, since being a luxury hotel all the rooms have a quality that is far superior than average hotels. In fact, that is one of the reasons why their prices are much higher.

2. Intensive promotion

The Majestic Hotel social networks reflect a lack of communication or, at least, a deficient communication, regarding the type of rooms that can be found in the hotel. In this sense, conducting a campaign that includes images and videos that shows off the facilities about the hotel's rooms could become the key to turn most of the consumer criticisms into praises.

3. Changing the Spa's location

Similarly, the lack of the terrace space is something that brings the hotel lots of complaints especially in summer period when everyone wants to enjoy a nice drink in the rooftop bar with its magnificent 360 views. Therefore, moving the Spa from the 10th floor to the -1, would enable the hotel to gain more space for both the rooftop terrace and the Spa accordingly. Then, this strategy would have a clear impact on the following issues as all of them are very linked with each other.

4. Limiting rooftop terrace access to non-clients

Another possible option could be limiting the access to people who are not staying at the hotel. There are many criticisms in TripAdvisor regarding the lack of space in the terrace, a venue that can be accessed by anyone in the city, even though they are not staying at the hotel. Therefore, limiting the access to guests who are not staying at the hotel would definitely eliminate the number of outsiders using the terrace, avoiding its collapse, especially in high season.

The second issue is directly related to the online reputation and the hotel's positioning in different online travel agencies and travel web pages. Although the hotel is reaching its profitability, there is no doubt that regarding to the online reputation is not performing well.

That can be observed considering the hotel's TripAdvisor positioning. TripAdvisor elaborates an index according to their users' opinions and reflects the hotels' position regarding similar hotels in the same area. This is an aspect that this hotel is struggling with.

One of the essential characteristics of the 2.0 Web is the possibility that provides to consumers to insert their opinions regarding different topics, products or services. The group of opinions registered in the Internet regarding a brand, a good or a service constitutes the company's 'online reputation'. This is an aspect that, in theory, is not at the company's grasp, since all those reviews are meant to have been registered by independent consumers. However, in reality, companies can intervene and have influence over that online reputation.

1. Improving the employee's participation in building a good online reputation

The strategic alternative in order to improve hotel's online reputation is making everyone aware of the importance of the online reviews in the industry nowadays as there is a direct impact on the hotel room purchase decision. Furthermore, encouraging current employees to suggest satisfied guests posting a positive review would improve the attitude towards as well as its consumer behaviour and online positioning.

In this case, it has to be considered that nowadays hotels have a huge amount of data at their disposal than few years ago which was impossible to get: Consumer feedback regarding the hotel, consumer opinion about the competition along with the prices and service offered.

Besides having that information, hotels now can have an immediate communication with the consumer due to the new ways of communication through the social media interfaces, something that increases the link between the company and its consumer, independently if the communication is for a positive or a negative aspect.

That is the reason why taking care of the hotel's image on the Internet has become something essential for the companies. At the same time, all the employees have to be aware, at any moment, of the company's policy.

2. Being more active in social media

Hotels, nowadays, need to be more active in social media, since it has become one of the most direct and easiest ways to be visible. Furthermore, since social media is used by varied kind of consumers, it is one of the best ways to attract different types of customer segmentation.

In this sense, the participation of the Majestic Hotel & Spa can be considered as insufficient regarding the content and information it publishes, resulting in a negative repercussion in the views obtained. A good example of it can be seen in Twitter, where its tweets are very sporadic and very few of them are related to the activities or services the hotel provides. In fact, most of the posts are related to activities happening in the city where it is located, Barcelona. This is clearly not enough if is not accompanied by more tweets regarding the fantastic facilities and services the hotel has.

At the same time, the active participation needs to be visibly obvious regarding consumer criticisms, complaints and all type of feedback. As commented earlier, ignoring customer complaints will have a negative impact that will affect their loyalty and, therefore, it will reduce the business potential in the future. In this sense, Hotel Majestic has several complaints in TripAdvisor regarding the lack of information about room information available, their quality or, also, the crowded terrace during the weekends, issues that still have not been solved.

3. Improve the quality of the videos and increase the visits received

The Majestic Hotel Group publishes its videos via YouTube. Those videos show their rooms and activities, however the amount of views received are very low. For example; the last video uploaded was in January 2017 and has less than 1000 views.

Considering that the hotel's reputation is also related to the awareness for the potential customer; if a hotel does not generate enough comments and visits in social media, its brand image is getting damaged.

In this case, a possible solution could be promoting the link between the website and the social media, as this way a consistent net would be created.

In this sense, it can be observed how currently it only shows the social media's icons, which redirect the user to the hotel's page in each of them.



However this is not enough. In order to improve this aspect the website should have a direct access to the videos uploaded in Youtube, that would ease the access to them, since it would avoid the need of looking for those videos directly on the Youtube channel, resulting, therefore, in an increase of the number of views received.

4. Increasing consumer participation

The company could make use of the strategy by launching promotions and special discounts as an exchange for sharing posts or writing comments. A strategy that this hotel usually does not make use of, despite it could be positive for the company; since it would help to promote the brand among the people did not know about it, at the same time that it helps to reactivate the interest of those who already know it.

The third issue is clearly related to collecting, handling and managing customer feedback effectively as the guest experience is heavily reliant upon consistency of the product and service and there are many opportunities for breakdown. Therefore, implementing new consistent policies and procedures for service recovery and compensation is key. Furthermore, those complaints should be accurately captured into a system for effective tracking, management, review and improvement and then, regularly reviewed again.

1. Encouraging the execution of surveys by offering gifts and other incentives.

In that case, it can be appreciated how most of the customer complaints have not been solved yet, even though they have been repeating over the time.



Madrid,
España

📍 17 🗳️ 16



Opinión escrita 23 junio 2014

Decepcionante

Pasamos tres noches en una habitación de las que el hotel denomina Deluxe y a las que, desde luego, haríamos un gran favor considerándolas Standard. Ningún detalle ni característica especial de las que te hacen sentir que te encuentras en un establecimiento que merezca la calificación de "Cinco estrellas Gran Lujo": ni la decoración, ni las instalaciones, ni los servicios. Una habitación poco luminosa con vistas a un garaje y a una escalera de incendios no es, ni mucho menos, lo que uno espera encontrar en un hotel como el Majestic. Por no hablar de los fortísimos portazos provenientes de las habitaciones del personal de servicio que, a partir de las 08,00 de la mañana sonaban sin cesar. El Wifi, gratuito, no funciona en absoluto. Por lo demás, un personal muy correcto.



📍 15 🗳️ 11



Opinión escrita 10 junio 2015 📱 mediante dispositivo móvil

Servicio de bar normal,nada de 5 estrellas

El otro día después del trabajo estuvimos tomando algo con unas compañeras en el rooftop del hotel, las vistas son impresionantes y el ambiente a pesar de la magnitud da pie a relajarse.

La hostess fue muy amable con nosotros y nos avisó con un tiempo de espera correcto.

El único fallo es que tardamos en ser atendidos al menos 15 minutos y algún camarero parecía algo agobiado, una camarera pasó a nuestro lado diciendo en voz alta y negando con la cabeza:"esto es un desastre,esto es un desastre...".

Me parece lógico su stress dado el movimiento que había de gente,pero si pagas un elevado precio por ser un bar de 5 estrellas ,al menos debería haber más camareros en sala para satisfacer lo que esperamos y pagamos, sin sensación de ser una molestia cuando llegamos.



Barcelona,
España
75 90



Opinión escrita 19 marzo 2016 mediante dispositivo móvil

Vergonzoso. Evitad las habitaciones deluxe!

El hotel está en muy buen estado pero no es ni mucho menos de 5 estrellas.

Los pasillos parecen ratoneras, las habitaciones son minúsculas y no tienen nada de luz.

MUCHO cuidado: cuando hagais el checkin no permitais que os dejen ir solos a la habitacion: a muchisimas habitaciones no se accede desde el mismo nivel al que para el ascensor. Si teneis la espalda mal o vuestro equipaje pesa demasiado, necesitais SIN FALTA un botones, ya que hay que subir y bajar muchos escalones.

También, si quereis una experiencia 5 estrellas os recomiendo evitar las habitaciones deluxe. Al parecer todas dan a los patios traseros, algunas, como la mía, lamentablemente con unas vistas a otras casas a muy pocos metros. Horrible!

Ademas, se oye todo desde los pasillos, adiós intimidad!

El servicio de habitaciones es excesivamente caro, para una comida mas bien pasable.

Yo no creo que volvería, aunque quizás pruebe algun día alguna habitacion superior, para ver si puedo mejorar mi opinion.

Trying to rectify the situation, a survey will be provided to every customer just before the leave their rooms in order to be able to gather information regarding their experience and satisfaction with the stay. To promote they survey to be completed, small gifts and discounts will be provided in exchange (See Appendix E).

In those surveys, an empty section will be provided in order to let the consumers write any suggestions they may consider useful to improve the quality of the service offered by the hotel. The data will be analysed monthly, hoping to obtain relevant information to solve the problems and mistakes detected by the customers.

The survey will be more precise than the ones used previously by the hotel, asking specifically about questions that have been proved being problematic (like the terrace, the information provided by the hotel in social media and its website, etc.). It will be more precise since there are specific questions that were not considered before, as it can be evidenced in the question number 8: "Do you consider the information provided in the social media reflects the quality offered by the Majestic Hotel?". That question will provide information regarding social media and, hence, regarding the expectations generated by them. Furthermore, in each section, there will be questions in regarding what consumers consider could and should be improved.

One of the main benefits of obtaining feedback from hotel guests is to get real data about real problems. Something that is not as clear when gathering information through the social media; even though it still has its value and, therefore, it would be still considered, along with the comments obtained specially in TripAdvisor. Finally, another option that will be pursued is to make phone calls to former customers that will be chosen randomly.

Once the information has been gathered and analysed, the objective is to react as quickly as possible, especially when dealing with negative comments (in which in a maximum period of two weeks the necessary actions to solve the problem should have been completed). In order to be successful, a plan will be designed to organise concrete actions and dates in regards the measures to be implemented accordingly with the problems and suggestions detected.

2. Incorporating a Business Development / Customer Experience Manager

A new Guest Experience Manager position will be created. This new position's main objective will be the gathering and analysing customer feedback. Data that will be collected through different ways: Direct feedback, surveys, comments on social media, comments on specialised websites, etc. The analysis will be thorough and will try to find the solutions to the different problems that may arise.

Another particular aspect for this new position, due the importance will have, is the direct and close contact with the General Manager.

4.2. ALTERNATIVE EVALUATION

FIRST ISSUE: Customer complaints (Deluxe rooms and Terrace space). The main problem with the customer complaints is that there are some issues with the timings (especially with the long haul flights coming early in the morning), the naming of the Deluxe rooms and the rooftop terrace space mainly in high season period. It was previously stated that the first strategic solution for this first issue has to do with the correct allocation of guests upon analysis, changing the naming of the Deluxe rooms and moving the spa to the -1 floor in order to offer more rooftop terrace space.

Appropriate upcoming guest analysis for the correct allocation: The idea is to have a daily meeting to discuss upcoming guest taking into consideration their nationality, preferences and requirements as well as VIP treatments controlling them through an Excel tool.

Those are the aspects that usually degenerate in issues and, therefore, the ones that would have to have the priority to be solved. Along with the name of the rooms, the change of the Spa's location will be the main actions to be taken.

In the hypothetical case that the rooftop terrace still presents a crowded environment, the option of preventing the access to any person that is not staying at the hotel could be considered. An action that, despite the fact that could result a decrease of the income obtained through the sales pursued in the terrace, will end up with an increase of the hotel guest satisfaction that will result in raise in the consumer loyalty.

SECOND ISSUE. Online reputation. Simultaneously, a publicity campaign will be implemented through the social media, informing about the different type of rooms offered by the hotel, including a detailed description of the characteristics that each one of them offer. This promotion sets into a more active marketing strategy on behalf of the Majestic Hotel. Additionally, there could be walk through videos or 3D photos showing each type of room and public spaces which would result in a publicity campaign that can generate more interest and verify customer expectations.

Regarding the rest of the measures to be taken, since they are not as important as the ones described above, they will be implemented progressively. Therefore, in the mid-term, actions will be taken to improve the quality of the videos on Youtube along with a bigger presence in the social media in general, as well as a more personalised response to the messages received via TripAdvisor and similar websites.

Another alternative to improve the online reputation will be favouring the consumers' participation in social media, using discounts and promotions.

THIRD ISSUE. Regarding the feedback, direct feedback and surveys will become the main source of information regarding the data gathered from customers. In case the discounts and small gifts are not enough to encourage customers to fill the questionnaires, the random phone calls will be developed.

This alternative is appointed to the new Guest Experience Manager that will have to analyse the data obtained from the questionnaires.

4.3. ALTERNATIVE CHOICE

Ordered from more to less important, the alternatives to introduce and establish are the followings:

- Regarding customer complaints: The renaming of rooms and the change of Spa's location. These are the most common problems, since they are the most commented issues on the social media. This is related to the high expectations that Majestic Hotel consumers have, and the expectations of those guests that usually decide to stay in 5 star hotels.
- Concerning the online reputation, the most important strategy is to make every employee that is in contact with the public aware of its importance. Thus, a course will be created for the employees in order to improve their skills in social media management and the knowhow of asking guests at the right times to give positive feedback.
- Regarding customer feedback, a new Guest Experience Manager position will be created. It will not mean a big increase in costs and it will be essential to analyse thoroughly the complaints and comments received. If the creation of this new position is not enough for the purpose stated, new actions would be taken, starting by the conduction of new and more exhaustive questionnaires.

5. PART 5: STRATEGY IMPLEMENTATION

The table below describes the actions to be taken as well as the responsible and the timeframe expected for the implementation.

Table 3. Strategy implementation: actions, responsibilities,

Action	Responsible	Timeframe
Change of the rooms' name, change that will be reflected in every online resource: websites, social media, videos, etc.	Rooms Division Manager	2 weeks
Changing the floor where the Spa is located.	Hotel Director & GM	8 weeks
Meetings with the marketing department to improve the online reputation.	GM	4 weeks
Making new videos and link them with social media.	GM Hotel Manager Rooms Division Manager Communication / E-commerce	12 weeks
Creating the new position: "Experience Manager"	GM Hotel Manager	12 weeks

6. PART 6: STRATEGY EVALUATION

The Majestic Hotel, despite being a 5 star hotel, has serious complaints by customers. Most of them are related to the size and the lack of view of the Deluxe bedrooms as well as the overcrowded terrace. As stated in Part 3, the importance that customers give to the bedrooms cannot be underestimated, since it is one of the most important elements when considering the service offered by a hotel. In fact, the problems identified by the consumers in relation with the bedrooms and their dissatisfaction regarding the high expectations is one of the key arguments when complaining.

Regarding the social media, the hotel reflects a lack of understanding of the correct use of the different tools. On the one hand, the hotel does not receive enough views to its pages on Youtube or Twitter, especially if compared with other hotels with similar characteristics; and above this, the ratings obtained in TripAdvisor have a strong tendency to be negative, resulting in a poor impression of the hotel, especially when similar places in that same area are obtaining much better comments and reviews.

All the applicable strategies could be achieved in a maximum period of time of three months: changing the name of the Deluxe bedrooms, changing the size of the spa and the floor where it is located, providing appropriate training to the operative departments in order to improve the online reputation, editing new videos and linking them to the official main website, as well as creating the new position of Guest Experience Manager.

Strategies which results will be evaluated by creating a specific survey that will be applied to every visitor. The questionnaire will cover aspects such as, the satisfaction obtained by the use of the terrace, the restaurant, and the quality of the bedrooms; it will also ask about the experience obtained in relation with the expectations created by the information provided on the website, or on the social media sites, aspects that have been the origin of most of the complaints. By pursuing this evaluation tool, which will provide a direct feedback by the customers, the management will be in charge of checking the impact obtained by the measures taken, being able to analyse if the decisions and solutions made have been adequate or new strategies should be implemented in the future.

7. CONCLUSIONS

One of the main conclusions achieved in this paper is that for a company, especially a company that works in hospitality, it is essential to meet customer expectations even more when the company is a five-star grand luxury hotel such as the Majestic. The quality of the service offered is key to have satisfied customers, satisfaction that will have a direct impact on the hotels image and reputation.

After analysing the main problems that the hotel is facing especially regarding general complaints, the online reputation and the effective management of the feedback, suggested actions implementation and the evaluation will determine if there are more decisions to take in the future. The adaptability of the Majestic to new environments will be key on its future success.

I believe that if my suggestions are implemented, that within a short time the Majestic hotel will soon see a rise in customer satisfaction levels.

This consultancy report aimed to analyse the importance of these issues is based upon theoretical background. It has also proposed strategies to be formulated, implemented and evaluated in order to improve the Majestic's customer experience, to ultimately elevate the perceived and reported experience of the guests at the hotel.

Finally, this experience has impacted my thoughts dramatically of how important the role of transparency and good customer relations can result in guest satisfaction.

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9. APPENDICES

APPENDIX A – HOFSTEDE CULTURAL DIMENSION ANALYSIS

A key measure of socioculture is Hofstede Cultural Dimensions Theory (Hofstede, 2017), which analyses societies in relation to six key dimensions: power distance, individualism, masculinity, uncertainty avoidance, long-term orientation and indulgence (the latter being added as a dimension only in 2010). Primarily designed as a comparison tool between countries, it nonetheless raises interesting observations about Spain. Summarised in ascending score order:

- **Masculinity:** relatively low score (42) indicates a more feminine society, where greater value is placed upon a caring nature and an appreciation of quality of life, with less importance placed on the competitive drive for success and the need to stand out.
- **Indulgence:** the upper lower-end score (44) tends to indicate a more restrained society, with lesser importance on self-gratification and leisure time, but does not indicate that it is a social culture defined by strict rules as is the case in other countries, such as those which are Communist or under dictatorship.
- **Long-term orientation:** another intermediate score (48), nevertheless indicating Spanish society is a normative one, recognising its past, there is a greater tendency towards living for the moment with less focus on the future, within the order of a well-defined society.
- **Individualism:** Spain's score (51) suggests a more collective approach, fostered in early years from non-competitive school learning, there is a tendency for teamwork and association to groups wider than the traditional family circle, a hallmark of individualist sociocultures.
- **Power distance:** the high score (57) supports a hierarchical society. Now a democratic country, order is respected and in which people have their own place.
- **Uncertainty avoidance:** the clearest hallmark of Spanish culture in terms of Hofstede's Dimensions analysis is signified by their high score here (86). The society finds change and confrontation stressful and expect clear rules to follow, as long as they are not complicated, which would lead them to reject such rule. This could be argued a result of a society used to dictatorship rule, also that the unknown is disliked and a longing for the known. This backs up the cultural drive also is demonstrated in the drive to seek lifelong, fixed employment to give a greater feeling of security.

APPENDIX B – SPAIN IN TERMS OF TOURISM/HOSPITALITY DATA

Visitor numbers to the country continue to rise. In 2016 a total of 75,563,198 visitors came to Spain, up 10.8% on the previous year. Over half the total visitors in 2016 (53.5%) came from the three nationalities: UK, France and Germany, UK visitors alone forming 23.6% of total visitors to Spain alone.

2016 growth was higher than the 6% expected according to the European Travel Confidence Index (ITB 2016), and far surpassed the expected total growth expected in Europe of 2.8% (with countries such as Russia and Italy seeing expected downturns of 2% in 2016 tourism. (INE, 2016).

Spain is the third most visited country in the world and for the first time, in 2015 Spain topped the World Economic Forum's Travel and Tourism Competitiveness Index, a bi-annual index rating countries in terms of tourism, using over 90 specific indicators to assess rankings across four major factors: travel and tourism policy, resources (natural and cultural), infrastructure and environment-enablement.

In the 2017 report, Spain ranked highest for the second consecutive time with a score of 5.31 of 7.0, significantly improving its fourth place in 2013. Whilst the report noted the Spain's successes, such as its cultural resources, it also highlighted areas for development, e.g. business environment, labour market and labour reward/productivity of the 927,262 travel- and tourist-related employees (5.2% of total economy). Total travel and tourism industry GDP value for Spain for 2015 was USD 68.9million, 5.8% of total (UNWTO, 2017).

Whilst main nationalities visiting Spain are European, the rate of long-haul originating visitors is also growing. In Summer 2016, 10% growth of long-haul visitors was experienced (in contrast to more traditional long-haul visitors' destinations of France and Italy who experienced decline (9.6% and 2.6% respectively). Spain also benefits from a more stable geopolitical environment, as recent attacks in France are clearly impacting tourism, as is political instability, evidenced by 26.7% decrease of Turkey's long-haul visitors in Summer 2016 (E&Y, 2017) following its political unrest. However, average spend is highlighted as down for short- and long-haul visitors to Spain by 2% in January-July 2016.

Non-European visitors made up 10.6% of total visitors to Spain in 2015 (9.1% in 2014). Despite its growth, Spain only attracts 1.2% of principal world long-haul travel nationalities' trips; led by Chinese (116.6 million annual visitors to long-haul destinations per), Spain only capturing 0.3%. More popular with Americans, Spain now captures 2.6% of total 68.3 million US long-haul travellers, demonstrating significant additional potential to attract non-European visitors.

APPENDIX C – BARCELONA VERSUS MADRID – LENGTH OF STAY, SPEND AND NATIONALITY

Salvatella and Telefonica (2014) studied Barcelona tourists based on their credit card spend and telephone data, as well as using the analysis to compare nationalities. It also highlights differences between Barcelona, Spain's most visited city, and its other principal metropolis, Madrid.

Barcelona visitors stay longer (average stay of 2.28 days versus 2.15 in Madrid). Visitors arriving on a working day stay on average 17% longer than weekend visitors. However, visitors to Madrid spend 14% more than those to Barcelona (€174.37 versus €152.68).

As recent studies (The Economist, 2016) show that Barcelona has a higher cost of living than Madrid (Barcelona ranking 39th in terms of cost of living, Madrid at 44th), we look to other factors to explain spend difference. One could logically be city preference – for example Chinese are ranked one of the highest-spending nationalities and tend to stay longer in Madrid – but also due to external factors such as Barcelona's Sunday store-closing, Madrid having more open.

The top five overseas nationalities to Barcelona as indicated by length of stay are: Denmark, Norway, Sweden, Brazil and Russia. Madrid has Singapore, India, Sweden, Saudi Arabia and Brazil. The top five spending overseas visitor nationalities are Singapore, China, Japan, Saudi Arabia and the UAE. Madrid has two of these nationalities amongst its longest overseas stayers, Barcelona has none. Of the top five spending nationalities, all except one spend more in Madrid than Barcelona, the exception being UAE visitors, on average spending €291.88, 45% more than in Madrid. This however cannot outweigh Madrid's other nationality-visitor advantage for example Singapore, the highest spending nationality in both cities, with Madrid average spend of €532.55, 41% ahead of the €378.91 Barcelona spend.

APPENDIX D - SURVEY

Introduction. Your opinion is very important for us in order to improve our services and facilities accordingly with your desires and suggestions. Please, do not forget that, as a reward for your participation, we will be glad to treat you with a small gift, or with a discount for your next stay with us.

Thanks for taking 5 minutes to fill up this survey, we really appreciate your collaboration.

Please, indicate your grade of satisfaction in regards with the following aspects:

	Very Satisfied	Satisfied	Neutral	Unsatisfied	Very Unsatisfied
Staff					
Efficiency in check-in and check-out					
Decoration and amenities					
Room service					
Quality of the help and information provided					

Aspects to improve:

2. Rooms

Please, indicate your grade of satisfaction in regards with the following aspects:

	Very Satisfied	Satisfied	Neutral	Unsatisfied	Very Unsatisfied
Maintenance and cleaning					
Bed quality and comfort					
Decoration and furniture					
Quality and quantity of the care products					
Variety of TV channels					
Insulation					
Room Views					

Aspects to improve:

3. Facilities

Please, indicate your grade of satisfaction in regards with the following aspects:

	Very Satisfied	Satisfied	Neutral	Unsatisfied	Very Unsatisfied
Garden					
Gym					
Gift Shop					
Sauna					
Paddle court					

Piscina					
Terrace					
Bar					

Aspects to improve:

3. Breakfast and restaurant.

Please, indicate your grade of satisfaction in regards with the following aspects:

	Very Satisfied	Satisfied	Neutral	Unsatisfied	Very Unsatisfied
Products' variety					
Waiting time					
Service					

Aspects to improve:

4. Global evaluation.

Please, indicate your grade of satisfaction in regards with the following aspects:

	Very Satisfied	Satisfied	Neutral	Unsatisfied	Very Unsatisfied
Quality-Price ratio					
Variety					
Comfort					
Service					

Aspects to improve:

6. Staff.

Please, indicate your grade of satisfaction in regards with the following aspects:

	Very Satisfied	Satisfied	Neutral	Unsatisfied	Very Unsatisfied
Professionality					
Attention					
Efficiency					
Effectiveness					
Availability					

Aspects to improve:

7. Where did you get to know about us?

- Tourism guide.
- Specialised magazine.
- Publicity.
- Friends recommendation.
- Internet browser.
- Travel agency.
- Other (Please specify).

8. Do you consider the information that appears in the social media reflects the quality offered by the Majestic Hotel?

- I have not consulted any social media.
- It is confusing (price, rooms, services available, etc.).
- They reflect what the hotel offers.
- They made me decide to choose this hotel.

9. If you have any additional comment or suggestion to make, we will very grateful to know about it. Please use the space below to state it.

Thanks a lot for your collaboration, we really appreciate it.