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THE PALACE LUXURY RESORT: SERVICE AS A STRATEGIC DIFFERENTIATOR

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INTRODUCTION

The tourism industry is sort of a growing line of business in Bangladesh. The consumers, who are the tourists, are always keen to explore around the beauty, acquire knowledge and feel the amusement. The government is promoting the country as Beautiful Bangladesh and encouraging tourism. 'Bangladesh Tourism Vision 2020' forecast that tourist arrivals to Bangladesh likely to exceed 1.30 million by 2020. If recommended actions are taken, WTO Tourism 2020 vision study forecasts average annual growth Rate of 6.10 per cent between 1995 and 2020 for south Asia and Bangladesh Parjatan Corporation forecasts at least 500,000 visitor arrivals by 2020. According to World Travel and Tourism Council (WTTC), in 2017 travel and tourism industry had significant impact on creating job directly with huge number of 1,178,500 jobs in Bangladesh. By 2023 it is predicted that this number will increase to 1785000 (Dhaka Tribune, 2018). The major customers for the hotels and the resorts are the Bangladeshi Nationals, business travelers from Dhaka and other cities, and people returning from abroad (Barua, 2017). Although they cater to foreign and expatriates, local tourist holds the most significant of their business (Barua, 2017). The domestic tourism market is growing significantly with around 70 lakhs tourists visiting various destinations inside the country every year by the end of 2017, which was 60 lakhs in 2016 and 3 to 5 lakhs in 2000 and the number of domestic tourist will increase to 1 crore within next 5 to 6 years (Sarkar, 2018). Tourism researchers say it is important to keep up the flow of domestic tourists. If the flow drops, the tourism market may collapse. According to tour operators and proprietors of hotels and motels, around 60 per cent of the domestic travelers visit Cox's Bazar and the rest, 40% usually visit Chittagong, Sylhet, the Sundarbans, and some tourist spots in North Bengal. Sylhet is the 3rd most attractive place for the domestic explorers.

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Conventionally, the place used to entice religious tourists because both of the 'Hazrat Shah Jalal' and 'Hazrat Shah Paran' are located in the region. Besides, Sylhet is also known of its natural magnificence, which is boosting the number of domestic travelers.

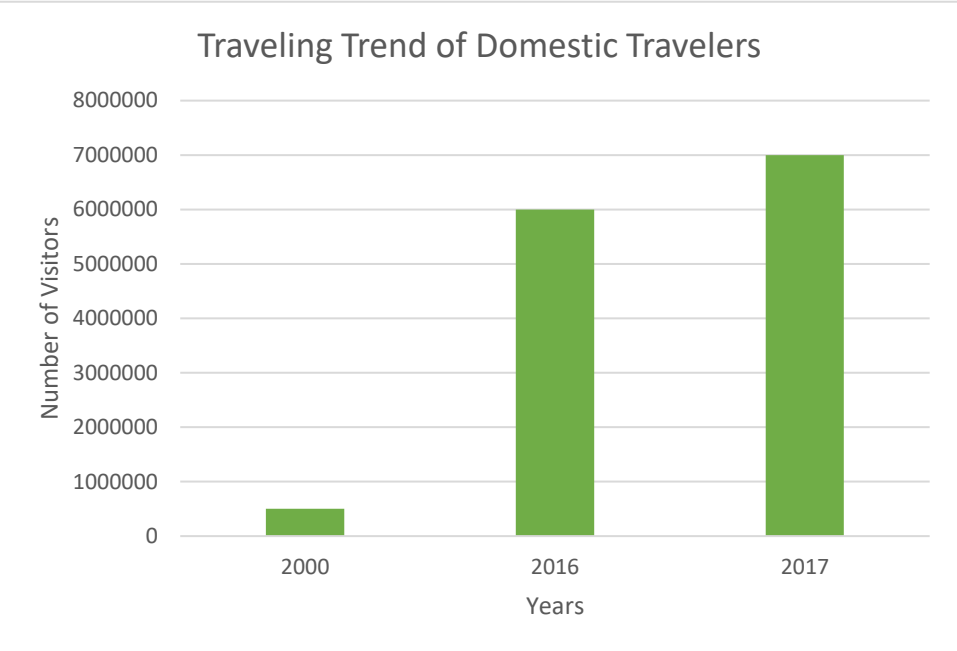


Figure I: Traveling Trend of Domestic Travelers

In Habiganj of Sylhet, Bahubal is an excellent place to escape from the hustles and bustles of city life. This place is full of greenery and serene environment. This place has a lot to offer to the people seeking relaxation. The view of Satchari National Park, natural beauty of Rema Kalenga Reserved Forest and different tea gardens make Bahubal and its surrounding places a great tourist attraction that create an awe and enchantment for the tourists. Bahubal is also well-connected with other districts of the country via road and railways. Therefore, a luxurious resort was built in 2014 on about 150 acres land in Bahubal. It is called "The Palace Luxury Resort". With such a huge space, they are offering pure natural beauty along with many other entertainment facilities. The Palace Luxury Resort has a number of direct competitors in the 5-star category luxury resorts, including Grand Sultan Tea Resort & Golf, Dusai Resort & Spa and others. And of course, there are many other 4-star hotels and resorts whose target customers are corporate groups, so the competition is intense. So, in such competitive environment to

differentiate themselves from the competitors it is important to come up with relationship strategies and create a strong commitment among the customers.

THEORETICAL BACKGROUND

Academics and marketers have always considered relationship marketing as an important element to be successful in the market (Gummenson, 2004). Although previous literatures mentioned about the antecedents and importance of relationship marketing, very few actually tried to investigate how companies are implementing different relationship strategies. Moreover, there is dearth of research in developing countries on how organizations are following various strategies to keep their customers closer especially in luxury service category. So, this study tried to explore how a high-end resort from Bangladesh is developing and maintaining relationship with their customers to provide superior value in a competitive market. Customers usually tend to stick with those organizations who provide seamless service and try to build a relationship with them as they find switching to another provider challenging (Zeithaml, Bitner, Gremler and Pandit, 2013). Gremler and Brown (1998) identified three important drivers of building strong customer relationship: switching barriers, core service provisions and relationship bonds. Arantola (2002) mentioned that relationship bonds are integral elements of relationship marketing whereas Zeithaml et al (2013) suggested that relationship bonds help to create satisfaction and enhance loyalty among customers. So, if a firm can create bond with their customers it will enhance the commitment level of the customers and will act as superior competitive advantage (Sheth and Parvtiyar, 1995; Zeithaml et al, 2013). For this reason, current study emphasized on how a Bangladeshi resort is creating different relationship bond with their customers to achieve long lasting competitive advantage.

RESEARCH METHODOLOGY

For this study, high end luxury resort was selected as earlier research suggested these companies usually follow relationship marketing strategies (Kim and Cha, 2002). The reason to choose “The Palace Luxury Resort” as our point of reference is that, it is a highly established and well-known brand in Bangladesh which has received recognition such as “Certificate of Excellence, 2019” in Trip Advisor (Appendix, Figure 1). Before the final selection, a focus group discussion was conducted among 12 respondents to know which brands come on their mind if the luxury resort was mentioned as service category and almost 8 respondents

mentioned about "The Palace Luxury Resort" as their first choice whereas for others it was among top three.

Both primary and secondary sources were used to collect information. For primary source, this study highly focused on qualitative research. A semi-structured interview was conducted with key personnel of the Palace Luxury Resort to get an in-depth scenario of their relationship strategies. Also, customers' feedback was taken into consideration to have an idea about the impact of their strategies. With regards to secondary sources, data were collected from newspapers, articles and websites to know about the industry.

Prior literatures have identified that level of relationship varies from customer to customer and not all customers will have the same bonding with the firms and (Zeithaml et al, 2013). Based on the levels of relationship, three focal bonds have been considered as integral part in customer-buyer relationship: financial, social and customization bonds (Håkansson, 1982; Liang and Wang, 2005; Lin, Weng, and Hsieh, 2003). In financial bonds companies try to build relation by providing financial benefit whereas in social bonds companies try to establish a inter personal relationship with their customers (Berry and Parsuraman, 2004). In case of customization bonds companies focus on the individual needs and preferences of customers and focus on building loyalty by providing customized service (Zeithaml et al, 2013). In a service context this relationship strategies can not be successfully implemented without the support of its employees which is known as "people" in service marketing literature, one of the most important factors in service marketing mix. With bonding strategies, current study focused on the role of boundary spanners as they interact directly with the customers, customer primarily view them as service providers and their physical & mental skill has significant impact on customers' satisfaction (Hochschild, 1983; Bettencourt & Gwinner, 1996). Thus, to build a close bond among the customers and organizations it is necessary to have an integration between company, providers and the customers (Zeithaml et al, 1996). Present paper tried to create a link between these three and figure out how "The Palace Luxury Resort" is applying this on their business setting.

THE CASE

The Palace Luxury Resort is a 5-star resort which is almost a two-hour drive from Sylhet Osmani International airport, and a three and half-hour drive from Hazrat Shahjalal International airport, Dhaka. It aims to provide world class experience to its customers in the heart of breathtaking pristine nature. It has two categories of rooms to target different classes of people. Its 107 rooms in Tower Building include Executive King rooms (286 sq. feet), Signature King and Twin rooms (360 sq. feet). It also has 20 different types (one bed room, two bed room,

three bed room, and honeymoon) of villas and two Presidential villas which comprises of a spacious living room, dining area, and 3 bedrooms covering a total indoor area of 3400 square feet, can easily be regarded as their jewel in the crown. To make customers' journey a fulfilling one they provide number of activities such as fishing, trekking, outdoor games, indoor games and cycling. Besides that, they have world class state of art to host events such as cultural event, corporate meeting or family get together.

As for the target market, "The Palace Luxury Resort" chooses to serve the people who are financially affluent and also high professionals from various sectors such as top professional managers, government employees, advocates, doctors, engineers. Since, their business is mostly service based, participation from customers is inevitable. There needs to be a congruency between the service and the customer group in order to ensure a satisfactory co-production of service. It is observed that people belonging to the upper class are more well-mannered and well cultured which makes it easier for a luxury resort like "The Palace Luxury Resort" to provide a service of highest standard. This is one of the major reasons to select this group of customers as their target market. As the Head of Sales and Marketing, Mohammad Tanvir Hassan explained, "we target people in the upper middle class as they can afford our room rates. Corporate customers are more considerate, less demanding and even kind. This allows us to provide superlative customer service as well as makes our staff happier in their jobs."

Important customer preferences are noted in the company's customer database. Almost every returning guest is greeted with a token of appreciation in their respective room. Regular guests are surprised when delivered with a cake on their birthday; another was surprised that they remembered he has a back problem and requires a flat, hard timber base under his mattress/bed. All staff try to remember guests' name and anticipate their like and dislikes. They also try to create a home away from home atmosphere for guests, according to Brand Development Executive, Golam Sazid Rizwan. He also makes a point of remembering the names of regular customers and regularly engages customers in conversation.

The Staff

Staff salaries are set according to the market standard. However, The Palace Luxury Resort charges a service charge of 10% which is a small added bonus for the staffs. The bonus amount is evenly distributed among employees of all ranks starting from messenger to managers. The Palace Luxury Resort treats its staffs like family members to ensure happiness and harmony among the bunch. Hence, they have lower employee turnover. Lower turnover ensures a certain assurance of balance as the guests appreciate seeing the familiar faces at the front door, reception, restaurants, swimming pool area, etc.

Comparing to other luxury resorts The Palace staffs are less busy and less stressed as the responsibilities are well distributed and the ratio of staff to rooms is far higher. This contributes to the overall satisfaction of customers especially the corporate clients. The key behind a strong workforce in the service industry is a careful selection process and rigorous training programs. While recruiting new staff the Human Resource manager, Jakir Ahmed, considers a number of factors such as educational background, previous work experience, communication skills, personality and attitude towards their job responsibilities. Every staff should be energetic in nature and eager to learn.

The first recruitment for skilled and semi-skilled workforce was done in Dubai. Employees were selected since they were all Bengali people with previous experience in other renowned hotels and resorts in Dubai. They have recruited chefs with vast experience for their verities of restaurants. The management prefers local chefs but previous working experience in a 5-star establishment is a must criterion for selection. The top management truly believes in the popular term known as 'work-life balance'. As all the employees of the resort live on-site, management provides them full accommodation benefit with top class facilities such as gymnasium, music club, and sports arena. They have a separate building for all female staffs. Manager level employees get 3-star accommodation. All employees get a long vacation (for five to six days) after every quarter (three months) of a year which keeps them energetic and motivated. For all these reasons, The Palace Luxury Resort face very low employee turnover rate compare to other resorts.

The Palace Luxury Resort conducts several types of on the job training; few of them are once and most of them are continuous. There are six types of training that offer significant benefits to the employees. The employee is given specific job training and they practice under the supervision of more qualified staff. This way they gain confidence in their work and have an increased employee motivation, increased efficiencies in processes, resulting in financial gain. Employees have a number of situations thrown at them, from unhappy customers to customers who don't know what they want to do. Role-playing training provides a worthy environment to encounter these scenarios, which builds confidence in team members when they are in the field and builds problem-solving habit. Head of each department reviews each member of the department which boosts employee motivation, productivity, teamwork, work-life balance, and work ethics by providing upright training. HR team conducts a monthly training where all the staffs are gathered and given awareness about many factors which includes grooming, smiling, teamwork, leadership skills, etc. This renders motivation and a sense of empowerment to employees. Hired professional trainer reviews the overall operations and business and provides a clear framework in order to step up in the next year. Staffs are trained every six months for fire safety preventive measures. All department heads participate in a regular monthly meeting to

coordinate activities, solve any problems, and to discuss guest feedback and complaints. The overall process of selection and training of staff shows the consumer-centric attitude of The Palace Luxury Resort which is exemplary for other resorts.

Bonding Strategies

Customer shares a strong bond with the company if they provide financial incentives such as - lower prices for greater volume purchase or lower prices for customers who have been with the firm for a long time. The Palace resort tres to give discount to their loyal and repeat customers. They have agreements with leading banks in Bangladesh to offer discounted prices to those customers if they are not availing the current packages offered by the resort. New customers are offered with discount for next purchase. They also offer complimentary meals to two accompanying children for any guest aged below 10. Sometimes they offer free access to other facilities such as Water Zone, Outdoor Game Zone, and Cineplex. However, providing only financial benefit does not generally give upper hand to the organization in long run because this strategy can be easily imitated or adapted by other companies.

Customization strategy suggests customer loyalty can be encouraged through intimate knowledge about individual customers which is often known as "customer intimacy". This program develops one-to-one solution that fits the individual customer's need. The Palace Luxury Resort has different customized programs for its valuable guests. One of those offers is that special rates provided to frequent individual travelers (FIT) as well as up-gradation of rooms subject to availability. For VIP guests (Company directors, top level government employees) resort provides complimentary cake, fruit baskets, and room up-gradations. The resort offers newly married couple with Honeymoon package which includes accommodation in Honeymoon Villa, buffet breakfast & lunch, candle light dinner, room decoration, special welcome drinks, special, fruit basket, complimentary boating (once in a day), discount is given on Spa, in Indoor Game zone, and in Restaurants. They offer transportation services from Sylhet Airport and Sreemangal area based on customer's request.

Besides giving individual customized service, resort provides mass customization offer to customers, according to Head of Sales and Marketing, Mohammad Tanvir Hassan. For large groups, menu customization, bed choices, and venue options for program are offered. They also provide facility for team building session, hire local artist for folk cultural programs and DJ for parties, organizes local snacks upon request (Ex: Fuchka, Pitha etc.) which is not provided for individual customer or small groups. The resort also has customized services for corporate clients. One such example is – A big corporate group conducted a two-day event at The Palace Luxury Resort. On their Second day, at midnight after

the party, a director from that group approached and requested to arrange snacks for 350 people in one hour. Head chef along with 11 chefs came on such a short notice to prepare the food successfully and snacks were served at 3 a.m. for 350 people. The resort can arrange 'Tea Garden Visit' for large groups only upon request.

The Palace Luxury Resort practices social bonds to build long term customer relationships. Social bonds refer to personal ties which include perceived feelings of "familiarity, personal recognition, friendship, rapport and social support". Social bonds are difficult for competitors to imitate and are more enduring in nature. Their Corporate Account Managers (CAM) has relationships with customers of numerous industries. They usually make sales call and courtesy visits to these key persons to strengthen the relationship. CAMs provide after sale service by visiting guests with a thank you letter and cake. Some of these salespeople or managers developed personal relationships with some of their guests. They also take feedback from every customer during their stay at the resort because they believe a good friend is someone who gives honest advice.

Customer's Experience

The following scenario depicts the experience of a real customer:

I have visited the largest resort of Bangladesh commonly known as The Palace for the 2nd times in this year with family members. I booked 2 'Signature Twin' and 2 'Executive King' Rooms for one night through email and within 12 hours they confirmed me and offered a package of BDT 15,998 net per room, per night. Package included Breakfast, Lunch & Dinner, and 3 Children up to 10 years with complimentary meals. There was no offer going on at that time but they were generous enough to offer us such a special package. Upon arrival, we were graciously greeted in the big and well-decorated reception lounge by staffs. The staffs are genuinely very friendly and courteous. They served us welcome drinks which were highly needed after a long drive. We were truly surprised when they upgraded our lunch to Buffet with A la carte dishes at the Olive restaurant of the Tower Building. One thing that I found obvious in most of the hotels or resorts is that the 'thank you' is scripted and not sincere. In The Palace Luxury Resort it is genuine. Each encounter was greeted with smile and genuine care. We have stayed in the Tower Building rooms with splendid rubber garden view on the 3rd floor. The furnishings of the rooms are attractive and luxurious. The rooms are most comfortable as it is ample in size with super comfy beds.It also has a large screen TV, free Wi-Fi connection, spacious bathroom with nice fixtures, plush towels and top of the line toiletries. Rooms were always kept super clean by the staffs. We were charmed to wake up with birds' chirping at early in the next morning.And outdoor activities which are complimentary with the package and enjoyed the

indoor game zone, water zone and outdoor game zone. The package also gave an access to other facilities such as Cineplex, Fitness centre, Kids zone, Tennis, Basketball, and Trekking. We enjoyed 'boating' supported by friendly and very helpful staffs. Friendly 'buggy service' is found always available at any part of the resort for customers' convenience. An air-conditioned mosque with excellent architectural design provided us the ideal settings for spiritual fulfillment. We were amazed to find an in-house doctor available at the resort to give primary medical assistance to guests and ambulance service is also available if any emergency arises. The resort has one Banquet Hall, a Fountain view lawn for reception, one Amphitheater surrounded by natural beauty for organizing concerts and other cultural programs, and four meeting rooms with state-of-the-art technological equipments and facility.

Overall, the resort is magnificent with scenic beauty, well-maintained, and the staffs are exceptional. Nothing seems too much trouble for them when you have a request. We really appreciated their little surprises throughout our stay which provides me with a real incentive to keep coming back and gives me no reason to look at any other resorts. In fact, I am very much impressed with The Palace Luxury resort and I will recommend it to my professional colleagues and other family friends.

Client Feedback

Some quotes from clients as feedback:

"We visited The Palace Luxury Resort with Colleague. It was a beautiful area. There is more fantastic things such as Playground, Swimming pool and other recreational activities. Service by staff was excellent and they are really professional. We recommended for all to visit this palace". **(Female Guest, Chittagong)**

"Staffs are really polite, humble, and hospitable". **(Indian business person)**

"We have visited The Palace again within 4 months. The service and food of the hotel was as excellent as it was in the first time. The resort has added more games for the children. They have also introduced 4D movies". **(Male Guest, Dhaka)**

"Best resort in Bangladesh with extraordinary hospitality and excellent service. I would recommend everyone to visit this place at least once". **(Employee of a telecom company)**

"Thank you to all of you for your kindness and special attention you gave me today for my birthday. I felt like I am at home". **(A male businessperson from Dhaka)**

QUESTIONS FOR DISCUSSIONS

- What are the main factors that contributed to The Luxury Palace Resort's success?
- Discuss the role of relationship bonds in this case.
- Prepare a flowchart of a client's typical touch-points or service encounter experiences.
- What lessons can any organization learn from this case study?

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APPENDIX



Figure I: Award given by TripAdvisor, Inc.

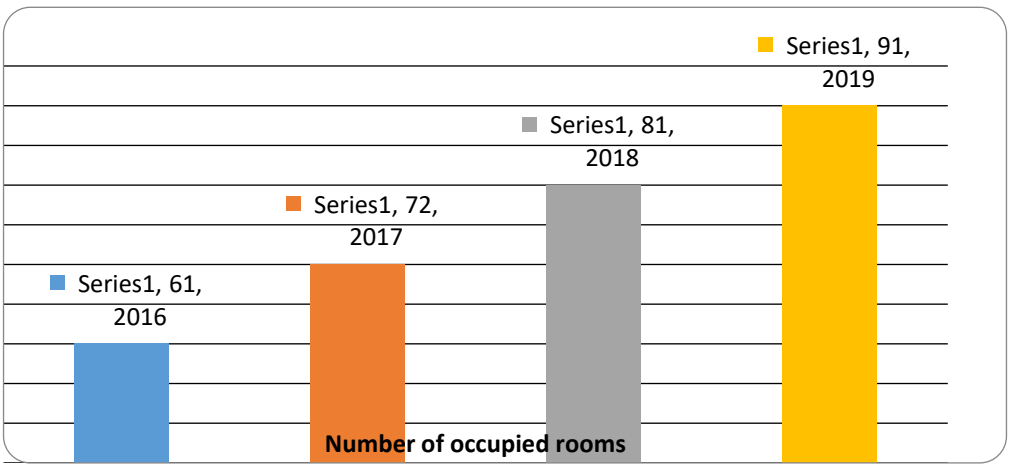


Figure II: Occupied rooms (out of total 129 rooms) of The Palace resort over last 4 years