

A Systematic Decision Making Method and Market Strategies: A Case Study from the Hotel Industry

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Abstract. Modern hotel industry has developed quickly in the past few decades and continues making innovation as economic globalization has promoted fierce competition in hotel industry. Foreign expansion in service industries intensifies competition, requiring firms like hospitality industry to adapt operational strategies to market change. The functions of hotels were no longer limited to providing shelters for consumers, instead, they have become multi-functional places to satisfy customers' various needs and desires because of the improvement of people's living quality. The hotel industry needs to modify its market strategies regularly to be competitive. However, emerging market research is lacking and research on consumer behavior psychology is not in-depth. By searching relevant papers to find evidence for judgement and learning hotels' successful decision making method, this research indicates that through in-depth investigation of consumer needs and multi-department coordinated progress, the strategic decision-making of the hotel industry will be reinforced. Since multi-department strategies have achieved success and play an expanded role in many other service industries, it will also have merits for the hospitality industry.

Keywords: Hotel Industry, Marketing Decision Making Method, Financial Management, Human Resources Management, Marketing Management

1. Introduction

With the acceleration of economic globalization and the continuous expansion of tourism, the hotel industry has witnessed rapid growth in scale. For instance, in 2020, the global hospitality industry, which includes hotels and other types of accommodations, as well as restaurants, bars, and similar organizations, accounted for roughly \$4.5 trillion in consumer spending. More broadly, the travel and tourism segments accounted for 10.3% of the global GDP in 2019, totaling \$8.9 trillion [1]. However, this growth is accompanied by fierce competition. Consumers' demands have become more specific and various, their demands' for personalized and intelligence services are challenges for traditional hotel industry. In the hotel strategies, customers consider cognitive (e.g. price, service quality and brand), affective (e.g. comfort and entertainment), and room quality and atmosphere) attributes [2]. Today's hotel industry is globally dealing with vast set of major challenges, including economic fluctuations, labor shortages, retaining quality staff, rising technological demands, maintaining hygiene, upholding high guest service standards, providing memorable personal

experiences, sustainability, increasing competition, outdated marketing techniques, energy and resource management, ensuring safety and security, and safeguarding cyber security and data privacy, etc [3].

Despite extensive research on hotel marketing, existing studies concentrate on single-factor strategies like pricing and advertising rather than the integration of multi-departmental coordination, including finance, human resources, technology, and even consumer psychology [4]. Specifically, research on HR in non-financial service industries, including the hospitality industry, remains underdeveloped, limiting the understanding of cross-departmental synergy [5]. Additionally, according to the paper A Differentiated Approach to the Asset - Light Model in the Hotel Industry, [6] existing literature on the asset - light strategy in the hotel industry tends to focus on the short-term financial benefits of disposing of real-estate risk, and largely ignores more strategic dimensions. This may lead hotel companies to make wrong business decisions and have difficulty supporting dynamic changes in hotel industry.

This study focuses on exploring systematic decision-making methods and marketing strategies in hotel industry. Multi-departmental decision methods are essential for improving existing services by integrating diverse factors like finance, human resources, and marketing. It aims to show that hotels can modify and optimize their operational strategies through the cooperation of different departments, including technology, marketing, and operations, to adapt to the changes in the industry and achieve sustainable development, while also improve efficiency and customers satisfaction.

This research will adopt the integration of case study and literature review. It will review and summarize relevant studies on strategic decision-making and systematic operating methods on academic websites like Google Scholar to build a theoretical framework. It will also search successful cases of hotels' decision-making to make the theories practical.

This study is valuable in both theories and real-life circumstances. Theoretically, it will enrich the studies on systematic decision-making in hotel industries. Practically, it provides actionable strategies for hotels to combine finance, human resources, technology, marketing, and operations to reinforce their decision-making and stay competitive in future development.

2. Finance department

In hotels, finance and accounting is one of the core departments with the main task of recording and maintaining financial records and monitoring the performance of the hotel's business. Without this department, it would be difficult for a hotel to achieve sustainable, let alone successful, business operations.

2.1. Characteristics and existing problems

2.1.1. Characteristics

On a day-to-day level, financial management for hospitality companies involves the preparation and analysis of financial statements and management reports, creation of business forecasts, development of pricing models and cost control systems, management of working capital, and creation and financing of future growth strategies. Firstly, the finance department of the hotel industry should implement effective cost control, such as optimizing procurement and controlling energy consumption. Secondly, finance department manages the budget precisely. Reasonable budget preparation and real-time monitoring of execution are essential to ensure financial stability.

Thirdly, finance department manages their funds well to ensure sufficient working capital and optimize utilization effectively. Fourthly, finance department provides reasonable financial decision support to help management formulate wise strategies [7].

2.1.2. Existing problems

With the innovation and development of the hotel industry, the traditional financial sector in hospitality faces challenges. For instance, financing channels are limited and expensive; there is a need to cope with compliance costs and profit pressure caused by numerous taxes; and working capital is tight due to problems such as seasonal fluctuations in income and accounts receivable collection. Coupled with fierce competition, the profit margins have been shrinking continuously, bringing multiple pressures to financial operations [8].

2.2. How to assist the overall strategic decision-making of the hotel industry

In order to better assist the hotel industry in its strategic decision-making, the finance department needs to make changes in multiple aspects. The finance department needs to change from traditional daily accounting models to strengthening the correlation between financial analysis and strategy, focusing on long-term strategic core elements [9]. Evaluate the feasibility of strategic plans by using financial data and predict future industry trends. Simultaneously improve dynamic financial forecasting and risk management methods, focusing on long-term funding needs and risks. The finance department also needs to break down data barriers, integrate information from various departments, use information technology tools to achieve real-time data updates, and enhance data integration and sharing capabilities. Additionally, finance department needs to provide financial resource allocation suggestions in advance, and monitor and evaluate its effectiveness, and provide feedback on deviations during implementation, so as to transform from a "back-end accountant" to a "strategic partner" and provide precise support for the hotel's long-term development strategy.

2.3. Analysis of the future development direction

By moving away from manual processes, integrating systems, and utilizing dynamic reports, the finance department is making tasks, approvals, and decision-making more efficient. As guest expectations shift and operational costs rise, hotels need to adopt smarter financial management strategies. Because of the improvement of technology, innovation in operation modes will change. Specifically, hotels should shift away from legacy systems to transition to modern, cost-effective financial solutions, eliminating expensive contracts, unnecessary features, and obsolete technology. Automating financial workflows will use AI and machine learning. Finance will be a strategic business partner by shifting the finance function from transactional processing to strategic enablement, with automation and data driving business value. However, it is also reasonable that the finance department can benefit from outsourcing part or all of their accounting function as business are constantly to cut costs to maintain profitability [10].

3. Human resources department

The Human Resources Department in a hotel is an essential part of the hotel industry and often ensures the success of the shared relationship between employees and an organization by identifying and satisfying employees' needs, starting with recruitment and continuing throughout their careers.

3.1. Characteristics and existing problems

3.1.1. Characteristics

The rapid development of hotel industry is closely related to people in nature, and human resources in hotel industry becomes more and more important. It has critical functions that involve managing the workforce, ensuring staff efficiency, and maintaining a positive work environment to improve guest satisfaction. Identifying and retaining appropriate staff is important in hospitality since the quality of services has strong relation with guests' experience [11]. Firstly, human resources department in hotel builds internal talent pools. Instead of recruiting new staff, a hotel can choose to provide training to its existing staff to give them more promotion opportunities. For example, Marriott cultivates managers through internal training programs [12]. Secondly, eliminate information silos to promote collaboration, such as Inter - Continental Hotels, which shares customer information through digital platforms. Thirdly, HRM(Human Resources Management)aligns corporate strategy with individual roles to reinforce staff's sense of responsibility and execution capabilities to support the hotel's goals. Fourthly, HRM promote enterprise-wide transformation, such as Inter-Continental Hotels' senior management leading the digital service transformation and driving the participation of all staff. These practices have improved service quality, employee motivation, and corporate competitiveness. Finally, HRM empowers employees to provide flexible services to customers, such as Ritz-Carlton authorizing employees to solve problems independently.

3.1.2. Existing problems

However, some problems have emerged alongside the development of Human Resources Department of hotel industry. For instance, high turnover rate, changing compliance laws, excessively high staff salaries, an inefficient organizational structure, insufficient attention to human resource training, and flaws in the staff incentive system are all typical issues.

3.2. How to assist the overall strategic decision-making of the hotel industry

In the strategic human resource management field three approaches have dominated, namely, the universal or best-practice, best-fit or contingency and resource-based view [13]. Human resources departments in the hotel industry assist in strategic decision-making through various means: developing matching talent plans based on the hotel's long-term strategy to ensure that the skills of recruited and trained employees align with the strategic direction. Design training programs for core competencies required for strategic purposes to enhance organizational capabilities. Shaping an organizational culture that aligns with the strategy and enhancing employees' identification with the strategy. Establish a performance evaluation system linked to the strategy, promote the implementation of the strategy, and adjust human resources strategies regularly. Analyzing human resources data also provides a basis for strategic adjustments.

3.3. Analysis of the future development direction

HR leaders in hotels must continuously monitor industry trends and leverage emerging technologies, particularly artificial intelligence (AI), to remain competitive. Hospitality brands frequently face challenges in staffing for peak seasons, managing dispersed teams, and rapidly filling front-line roles. For these brands, staying informed and utilizing advanced technologies are crucial to

remaining competitive. By integrating AI into the hospitality industry, employers can improve efficiency, reduce costs, and create a more agile and responsive workforce. This shift allows them to focus on strategic initiatives rather than manual administrative tasks. Generative AI is transforming how HR and talent interact, offering extensive use cases across the industry.

4. Marketing department

Hotel marketing involves strategies to attract guests, increase bookings, and build brand loyalty for hotels. It includes digital marketing tactics like social media, SEO(Search Engine Optimization)and email campaigns, as well as partnerships, promotions, and loyalty programs.

4.1. Characteristics and existing problems

4.1.1. Characteristics

The hotel industry is highly competitive and attracting guests is pivotal to maintaining competitiveness. Good marketing is the key to making a hotel stand out, attract guests, and create a group of loyal guests. It also plays a significant role in revenue generation for hotels by promoting special offers, packages, and discounts, hotels can attract more guests, increase bookings, and maximize their revenue potential. In order to catch up with the industry trends, the marketing department must remain informed and up-to-date, stay aware of the latest technologies, and even predict future trends. Firstly, marketing departments accurately carry out market segmentation and positioning, conducting services on customer to satisfy their needs. Secondly, they adapt to the market by adopting an appropriate mix of products, prices, channels, and promotions. Thirdly, marketing department actively utilize digital marketing channels to reinforce communication and loyalty with customers. Lastly, they can promote brand building, enhance competitiveness, and optimize resource management to improve profitability [14].

4.1.2. Existing problems

However, hoteliers often encounter various challenges that can impede their marketing efforts. For instance, with the rise of online travel agencies, vacation rental platforms, and theme accommodations, hotels face stiff competition for guests. Secondly, negative feedback can significantly impact a hotel's reputation. Thirdly, while third-party booking platforms offer visibility and reach, they charge high commission fees, which hurts hotels' profitability. Lastly, hoteliers may struggle to keep pace with the latest digital marketing trends and effectively apply them into reach and attract target customers.

4.2. How to assist the overall strategic decision-making of the hotel industry

An appropriate marketing strategy for successful hotel management will involve a combination of initiatives that cater to the target audience, taking customer retention into account while acquiring new patrons. Branding is a critical aspect of hotel marketing that cannot be overlooked. Marketing department should strive to create a unique brand image that resonates with their target audience and represents the values of the hotel. Marketing department should continuously test and refine their digital marketing strategies. This includes testing different content types, calls-to-action, target audiences, and channels to identify the most effective combination.

4.3. Analysis of the future direction

Marketing department needs to shift in the focus of marketing research from consumers' rational to emotional decision making processes. Effective Website designing is also a pivotal aspect to develop. Technology has become more and more important and people prefer a quicker way to select the most useful information in a fast-pace life [15].

Additionally, it should attach importance to brand building and customer relationship management, including brand positioning extension and B2B(Business-to-Business) relationship management. The marketing department should respond to safety and crisis management needs by integrating safety awareness into its strategies. It also needs to optimize research methods to promote theoretical innovation, while paying attention to industry-specific issues such as seasonality and optimizing sales, pricing and other strategies [11].

5. Operation department

For a hotel to run successfully, interlocking departments and procedures must operate simultaneously. Having a proactive hotel operations management strategy can maintain that. Optimizing hotel operations can also lead to increased revenue, occupancy levels, and guest satisfaction, but failing to focus on operations could cause hotels to fall behind in increasingly competitive markets.

5.1. Characteristics and existing problems

5.1.1. Characteristics

Hotel operations management is the process of skillfully deploying resources, equipment, finances, and staff to optimize daily efficiency and maximize hotel profitability. From anticipating expenses and choosing software systems to scheduling staff and cooperating with other managers, hotel operations management covers every operation that keeps the business running. Firstly, operation department should have flexible pricing strategies by adjusting prices according to the seasons and market demands. Secondly, operation department needs to have diverse cost accounting method by using precise allocation methods like segment calculation, equivalent quantity calculation and additional calculation. Thirdly, operation department emphasizes the expansion of non room services, providing supporting services such as catering and beauty, and calculate their cost separately. Fourthly, operation department strictly adhere to compliance and standardized operations, analyzing financial ratios regularly. Finally, it also possesses adaptability to market changes, maintaining operational stability during periods of economic volatility by optimizing cost structure, controlling indirect costs, and emphasizing the improvement of service quality to maintain customer loyalty. These practices effectively balance costs and benefits, helping the industry cope with market fluctuations [16].

5.1.2. Existing problems

However, it now confronts some new challenges. Firstly, competition for high-quality site selection is fierce, and supply chain management needs to be strengthened. Secondly, business models are complex, product configurations need to balance standardization and environmental protection, multi unit management and organizational change are difficult, strategic implementation requires technological innovation, and industry innovation capabilities are insufficient. At the unit's

operational level, there are hidden risks in asset and food safety, as well as issues such as labor shortages, rising costs, low IT system integration, and inadequate service quality delivery [17].

5.2. How to assist the overall strategic decision-making of the hotel industry

When assisting strategic decision-making in the hotel industry, the operation department will first collect market and competitive data, operational data (occupancy rates, costs, etc.), and customer feedback data, and analyze them to provide market, operational, and demand basis for the strategy. It needs to participate in strategic planning, develop short and medium-term operational plans, monitor implementation, evaluate effectiveness, and make timely adjustments. Additionally, optimizing operational processes and improving efficiency and profitability by eliminating bottlenecks and controlling costs will promote decision making for hotel. It will dedicate more effort to exploring new customer needs, innovating products and services, and testing their effectiveness. Operation department will also strengthen cross departmental collaboration, promote information sharing, ensure strategic coordination and implementation, and provide appropriate assistance for the hotel's strategic decision-making [18].

5.3. Analysis of the future direction

In the area of asset management, environmental issues need more consideration. Technology can enhance hotel services by enabling the effective use of database systems for customer profiling, guest recognition, and loyalty program management. The trend is towards centralizing these systems to reduce hardware and software costs, lower manpower expenses, minimize maintenance, and improve data security. Additionally, operation department will need to reconsider yield management in the context of the internet and world wide web by using internet to promote booking services for customers, and using technology to optimize customers' experiences and the nature of services [18].

6. Conclusion

This research focused on the strategic decision-making and marketing strategies of the hotel industry by analyzing particular cases and relevant papers, discussing how finance, human resources, marketing and operation departments dedicate their effort and cooperation.

Through this study and departments' practice, finance department needs to shift from traditional accounting to strategic support and use digital tools to optimize resources allocation and risk management. Human Resources department needs to provide human resources support for strategic implementation by training employees, cultural shaping and technological integration. The marketing department needs to strengthen brand building and customer relationship management by integrating market segmentation and digital technology. Operation department needs to optimize process, technology implementation and cross-department cooperation to improve service quality and efficiency. By utilizing digital technology flexibly and cross-department collaboration, hotel could confront industry competition and consumption upgrading effectively and develop sustainably.

However, this study still has limitations, such as a narrow scope of case selection, failure to cover the differentiated characteristics of hotels of different sizes and regions, and insufficient quantitative analysis of departmental collaboration. Future research can increase the number and diversity of samples and combine qualitative and quantitative analysis to quantify the impact mechanism of inter-departmental collaboration. Moreover, exploring the deep application of emerging technologies

in cross-departmental collaboration in order to enrich the theoretical and practical system of hotel strategic decision-making will be considered.

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