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Hotel, Spain**

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Executive Summary

Intercontinental Madrid Hotel provides excellent hotel services in Spain's hospitality industry. The hotel is offering 5-star services to the guests. Usually, guests choose it for luxury and memorable experiences. The hotel has been experiencing some issues that need close attention from the hotel management. Because these issues can affect the success and the attainment of the hotel's goals and objectives.

Based on the secondary data analysis such as the company website, hotel reviews, and social media platforms, five issues have been identified. The first issue is the noise problem that the guests experienced while they were staying at the hotel. The second issue was an additional fee imposition. It was an unexpected incident for the guest to pay for Wi-Fi and electricity fees in such a 5-star hotel. The guest provided negative reviews of the hotel's management and their approach to revenue generation. The third issue was an inconvenient location. Some guests expressed that the hotel is located in a busy area and the tourist destinations are a bit away from the hotel. It was inconvenient for them to make a stay at the hotel and visit those tourist destinations conveniently. The fourth issue is the decreasing occupancy rate (OR) and revenue per room (RevPAR). The hotel's website and the report provide information that the hotel is continuously facing a decrease in these two indicators. OR suggests that the hotel is unable to increase the number of guests visiting and RevPAR suggests that the hotel is losing its profitability. The final issue identified is the loss of customer satisfaction. The customers have lowered the hotel's rating on different booking websites. Because they are not getting enough services or their expected services. Customers who are taking luxury hotel services want to have personalised and exceptional hotel services. Intercontinental Madrid has failed to understand the needs and expectations of its target customers. Hence, it has not increased customer satisfaction in recent years. All these identified issues are crucial to the success of the hotel.

The noise issue can have a serious impact on the guest's experience. Studies have found that guests suffer from insomnia and inadequate sleep at the hotel if the hotel has no arrangements for addressing the noises. Luxury hotels such as Intercontinental Madrid will have negative branding if guests raise such issues in the online media. The service quality of the hotel also drops due to the specific issue. The imposition of

additional fees can create dissatisfaction among the guests. The dissatisfied customers will move to other hotel companies that do not charge such fees. As a result, the hotel will lose its competitiveness in the fiercely competitive market. Although the hotel has a loyal customer base who prefer staying in the hotel, some guests consider that the hotel has an inconvenient location. This issue can drive those customers away to other hotel businesses that are close to the tourist destination. As a result, the hotel will not be able to generate the expected revenue and increase its market share. The decreasing occupancy rate and revenue per room indicators have a negative impact on the hotel's profitability and performance. It shows that the hotel management is incapable of improving its performance. It also causes the hotel to lose its competitiveness in the market. The customer satisfaction issue is the most critical aspect of the hotel's long-term success. Because when customers are not satisfied with the hotel's services either they are not meeting their expected services or the quality of the hotel's services is dropping. The identified issues have all these impacts on the hotel.

To overcome the identified issues, a range of recommendations have been made. The hotel can address the noise issue by implementing noise reduction approaches in the hotel and using noise-proof materials for the guest's room such as noise-proof walls, windows, and ceilings. The hotel has to eliminate all the fees that are identified and should make them complimentary. Because it will work as a positive branding for the hotel. The hotel has to introduce shuttle services for the specific customer segment that finds the location inconvenient. It should also conduct positive marketing of the hotel's location to the target market. The hotel should adopt an effective revenue management strategy for improving the OR and RevPAR. The new strategy will use technologies for market analysis and offering appropriate pricing for the hotel services, make the pricing dynamic and flexible, and target more customer segments. To improve customer satisfaction, the hotel must integrate the latest technologies for offering personalised services, and train and develop the hotel staff.

Intercontinental Madrid should consider addressing all these issues by incorporating the recommendations in the organisation. If it does not work on these issues, the hotel will lose its competitiveness in the long run. Because many hospitality businesses offer better services and meet the customer's expectations and needs. Therefore, necessary resources must be allocated to address the identified issues.

Introduction

This is a consulting report for the Intercontinental Madrid Hotel. The consultancy firm, Wavestone, has performed the report to identify the hotel's various issues and provided recommendations to overcome the issues. This report has identified five issues of the hotel. They are noise issues, additional fees, location issues, declining OR and RevPAR, and customer satisfaction issues. All these existing issues can affect the success of the company. The report includes three frameworks PESTLE analysis, SWOT analysis, and TOWS analysis for evaluating the internal and external factors of the company that may have contributed to the issues. Since the business environment is highly competitive, the hotel needs to address these issues to achieve the organisational goals and objectives.

Overview of the Hotel

The Intercontinental Madrid is a five-star upscale establishment. The hotel is located in Madrid at the Paseo de la Castellana. The position is in a prominent part of the city. 1953 saw its founding. Eugenio Jiménez Correa, an architect, created this stunning and exquisite building (IHG Madrid, 2024). It has been exhibiting programs and parties for royalty, rulers, and celebrities including Frank Sinatra, Elizabeth Taylor, Ava Gardner, Charlton Heston, and Romy Schneider since its founding.



Figure 1 Intercontinental Madrid Hotel

Source: (IHG Madrid, 2024)

The hotel currently has 302 rooms and suites spread throughout its seven stories. The elegance, refinement, and comfort of the rooms are what make them unique. The hotel offers rooms that vary in size from 25 to 400 square meters, with distinct styles to cater to the many interests and preferences of its clientele. With 16 conference and event spaces, it can hold up to 800 people (Online Reservation, 2024). These rooms all have the most recent developments amenities and technology available.

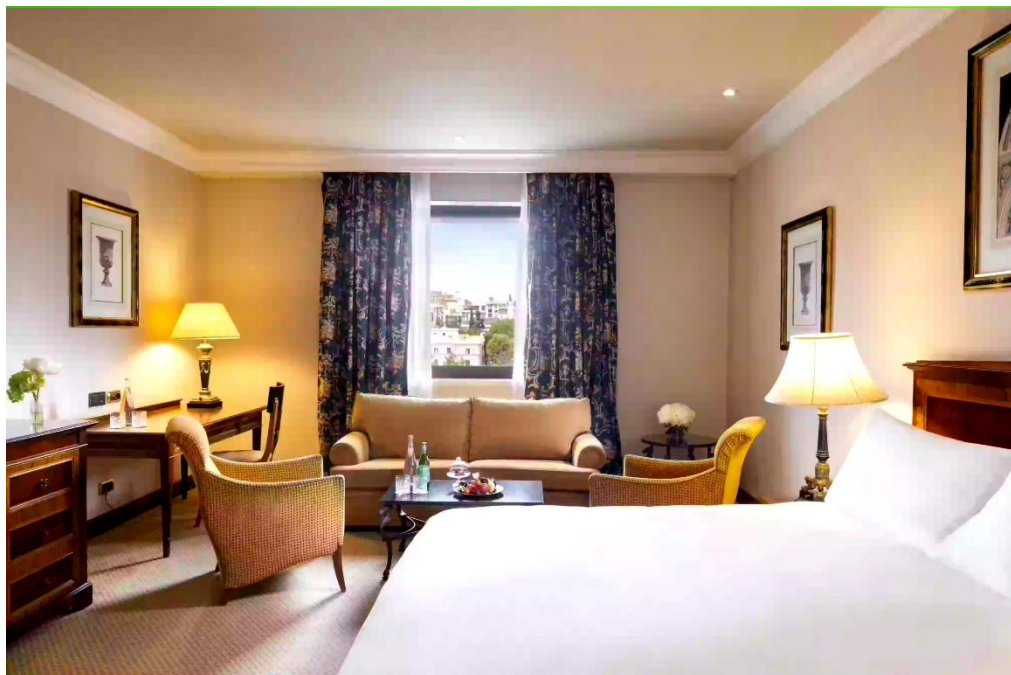


Figure 2 Room of the Hotel

Source: (IHG Madrid, 2024)

The hotel offers a range of dining options, including the El Jardín restaurant, Bar 49, and Sunday brunch. The hotel can provide the best of Spanish and foreign cuisine in addition to all of these alternatives. The hotel also provides a business centre, a wellness centre, a fitness facility, and a concierge service because it cares about the well-being of its guests.

Overview of the Consultancy Firm

Wavestone is a consultancy firm that was established in 1990. The company's headquarters is in Paris, France. The consultancy firm offers global consultancy services such as management and IT-related consulting services (Wavestone, 2024).

The company has more than 4,200 employees working in various parts of the world. The company has a market capitalisation of \$1.6 billion (GlobalData Plc, 2023).

Analysis

Issues Identified by the Hotel

The Intercontinental Hotel, Madrid is facing various issues that are related to its operations, strategies, and management. These various issues are identified and explained below:

Noise Issue

The hotel guests have described their negative experience of the hotel stay on the online platforms that the noises from the street, conference centre, and function room have been affecting their experience of the hotel stay (Oyster, 2024). Any unexpected events such as noises that emerge from the mismanagement of the hotel or unplanned initiatives can affect the reputation, and brand recognition of the hotel businesses. Xiang et al. (2015) explained in their study that big data analytics that uses data from social media, websites, and guest reviews show guest experience can have immense impacts on the satisfaction and branding of the hotels. Noises contribute to negative experiences to them. Loreto et al. (2023) found in their empirical study that restaurants in Italy have poor multi-sensory perceptions of comfort. As a result, guests experience various levels of noise during their lunch times and dining. Lu et al. (2015) emphasized addressing the issues including noises in the luxury hotels for increasing hospitableness and providing an exceptional guest experience to ensure better guest satisfaction. Guest satisfaction is crucial to the success of the hospitality businesses (Padma and Ahn, 2020). According to Pallesen, Larsen and Bjorvatn (2015), noises in the hotel can have a negative impact on the guest's health and well-being. Their study found that guests experience disturbed sleep from the noises which led to insomnia. Hence, the identified issue of Intercontinental Hotel, Madrid has serious impacts on the guest experience. The noise issue needs to be addressed.

Additional Fee Issue

The hotel charges fees for in-room Wi-Fi and electricity as a part of its revenue generation. Business travellers may find the fee arrangement an outdated model of revenue generation (Jung, Sunny Kim and Farrish, 2014). Guests while they are using WiFi and electricity at their hotel stay need to pay a Wi-Fi fee (Oyster, 2024). Such an

arrangement can increase dissatisfaction among some customer segments. According to Abrudan, Pop and Lazăr (2020), hotels can improve their ratings by 8% if they offer free Wi-Fi to the guests. Eriksson and Fagerstrøm (2017) explained that free Wi-Fi can be a great marketing strategy for hotel businesses because their study identified a significant correlation between the Wi-Fi fee and young guests' hotel booking and satisfaction. The Wi-Fi fees can impact the perceived value of the guests for the hotel businesses (Liu et al., 2020). The fee imposition affects the competitive factors of the hotel company. As guests pay additional fees for Wi-Fi services, they express their experience on their social media platforms or online. Such online reviews and recommendations can play a crucial role in the sale of the hotel's services and room booking (Öğüt and Onur Taş, 2012). The issue raised by the customers about paying Wi-Fi fees at Intercontinental Hotel, Madrid needs to be addressed by the hotel's management considering the various impacts of the decision.

Location-Related Issue

The hotel's location can create various issues for the guests. It is situated on a busy street so the guests can face traffic congestion and pollution while travelling to the hotel. Some guests have found that the hotel is located far from the city centre and the main tourist attractions (Booking, 2024). It decreases guest appeal for room booking or services. Solving the location issue is a strategic decision of the management and it is very difficult to adjust (Song and Ko, 2017). Popovic et al. (2019) identified in their paper that the selection of an appropriate location for a hotel investment brings increased demand for hotel services, higher accommodation booking, improved revenue per room, and greater customer satisfaction. International hotels consider the location issue as the most important factor for success. When they are choosing locations in the international market or a new country, they can seek local knowledge to make a good decision about the location (Woo and Mun, 2020). Godinho, Phillips and Moutinho (2018) explained that the hotel's location has a connection with the market competition. As the location is more competitive, the prices can vary greatly. Intercontinental Hotel Madrid's location has some issues that may affect guest satisfaction. The location issue must be addressed to ensure improved performance and success in the long term.

Occupancy rate and Revenue per available room (RevPAR) Issues

Occupancy rate is the measurement that shows the percentage of rooms occupied by hotel guests. A higher occupancy rate is always preferable because it indicates that the hotel has increased demand (Liu, Wu and Li, 2022). On the other hand, a lower occupancy rate can indicate that the hotel is struggling to attract guests. Intercontinental Madrid is facing a lower occupancy rate in recent years (IHG Madrid, 2024). The hotel is facing intense competition from other hotel brands that might be affecting its occupancy rate. RevPAR is another important performance indicator for hotel businesses. It shows whether a hotel is more profitable than its competitors. It is calculated by multiplying the average daily room rate with the average occupancy rate. Intercontinental Madrid is facing challenges to increase its RevPAR. The hotel is continuously decreasing the RevPAR as it offers discounts and also faces a decrease in demand. Nieto-Garcia et al. (2019) focused on the improvement of online ratings of the hotels by approaching the customers in the most effective ways so that they can increase RevPAR. Luxury hotels take the customer's feedback to improve the service quality and meet the customer's expectations. The primary aim of their activities is to increase RevPAR (Green and Tran, 2023). Hence, the issue of declining RevPAR needs to be carefully managed to make the hotel successful in the competitive business environment.

Customer satisfaction

Measuring the customer satisfaction is a challenging task for the hotel management. Customer satisfaction can be understood by observing their ratings, taking feedback, and getting engaged with them. If a hotel does not meet the customer's expectations or fails to take proper initiatives to provide superior service quality, the customers may get dissatisfied (Radojevic et al., 2018). According to Tripadvisor, the average customer satisfaction score for the Intercontinental Madrid hotel in 2023 was 4.5 out of 5 (Tripadvisor, 2024). The rating was even better in the previous years. However, recent reviews show that customers are having service-related issues that are affecting their satisfaction level.

PESTLE Analysis

The PESTLE analysis framework is a strategic tool that can be used to evaluate the external forces of the business on performance (Yüksel, 2012). The factors that are considered are as follows:

Political factors: The political factors include government policies, regulations, and stability. These factors can have both positive and negative impacts on Spain's hotel industry (Caballero et al., 2024). During the COVID-19 pandemic, the country had a travel ban which had negative impacts on the hospitality industry. But currently, it has no travel ban (Seolt, 2024). Hence, the hospitality industry might have an increase in demand. The government has a good relationship with other countries that can attract travellers across the world (Lamoncloa, 2024). However, the recent discordance between the government and the business sector of the country can bring negative consequences to the hospitality industry (Devereux, 2023).

Economic factors: Economic factors such as interest rate, emplacement rate, inflation, and GDP can provide important insights into the country's business environment. Spain's strong GDP growth and the forecast of favourable economic growth suggest that the hospitality industry will have an increased demand from domestic travellers (IMF, 2024). The declining inflation rate of the country indicates that the people will have more purchasing power (Statista, 2024). The spending on luxury hotels will likely increase due to a decrease in the inflation rate. However, Spain has comparatively higher unemployment than other European countries. It gives more scope to the businesses to source employees at competitive compensation (Hidalgo, 2023).

Social factors: Spain has a significant level of middle-class people which is nearly 50% of the total population. Upper-class people are only 5.7% (Statista, 2022). These statistics show that the hotel industry will have a higher demand for mid-range services. The demography of the country shows that it has an increasing population. But the country is less diverse than other European countries like the UK (INE, 2023). Less diversity can influence the type of services offered in the hospitality industry.

Technological factors: Spain is a technologically advanced country (Getzoff, 2023). It has faced the emergence of new technologies, such as artificial intelligence, cloud computing, big data, and blockchains (Vinetur, 2023). These technologies can change the service quality. Utilising these technologies in the hotel businesses, businesses

can enhance the efficiency, quality, and security of hotel operations and services (Kim and Han, 2022). The technological advancements have presented various challenges such as new entrants, such as online travel agencies, sharing economy platforms, and alternative accommodation providers. These new options can use the technology more effectively and offer services at lower prices, with greater convenience that customers can get more alternatives and choices (Cheng and Guo, 2021).

Environmental factors: Spain has a rich natural and cultural heritage that can attract people from different parts of the world (Anna, 2020). The hospitality industry can find these natural resources as influencing factors for the growth of the industry. However, climate change, natural disasters, pollution, and resource scarcity are some factors that can potentially present various risks and challenges for the hotel industry. The tourists might face these factors' consequences while visiting the destination. The hotel's activities can increase pollution, carbon emissions, and other negative impacts (DW, 2023). The growing concerns from the environmental protection group create pressure on the hospitality industry to maintain the code of conduct and regulations to protect the environment (McKinsey, 2023).

Legal factors: The hospitality industry in Spain is subject to legal factors such as legislation, regulations, and government directives. The international hotels that are operating in the country need to ensure that the labour laws, consumer protection laws, health and safety laws, and intellectual property laws are effectively maintained and workplace practices reflect all the legal aspects of the country. These legal aspects can influence the rights, obligations, and liabilities of hotel owners, managers, employees, and customers (Westlaw, 2023). Along with these aspects, international hotels need to maintain international standards.

SWOT Analysis

SWOT analysis is a framework that is used to evaluate the various internal and external factors of the organisation (Mind Tools, 2022). SWOT analysis has been performed below on Intercontinental Madrid to evaluate the hotel's strengths, weaknesses, opportunities, and threats:



Figure 3 SWOT Framework

Source: (Mind Tools, 2022)

Strengths:

- Since the hotel is a part of IHG, it has a strong global brand recognition (Will Run For Miles, 2023).
- It offers a wide range of services to meet the guests' expectations and needs.
- Its establishment is positioned at a key location in the city. The facilities offered to the customers are distinctive (Oyster, 2024).

Weaknesses:

- The guests are facing noises, and other service-related issues that can affect the brand recognition.
- Its hidden charges and other fees such as Wi-Fi and electricity fees as reviewed by the guests in Tripadvisor can potentially affect the hotel's branding (Tripadvisor, 2024).
- Some guests might find inconvenience by the hotel's location due to traffic congestion and other reasons.
- The hotel requires more advanced technologies to provide better customer service (Jones, 2022).

Opportunities:

- The hotel can enhance its branding by offering innovative services and catering to new market segments in the country (Cheng and Guo, 2021).

- It can attract guests from emerging countries by offering them personalised products.
- It can utilise the latest technologies to bring operational efficiency and ensure better guest service (Park et al., 2021).
- The hotel can partner with other businesses to expand its market reach.

Threats:

- Other hotels in the market are presenting increased competition reducing the hotel's profitability.
- The uncertainties created by the COVID-19 pandemic and other such incidents can have a significant impact on the performance of the company (Gursoy and Chi, 2020).
- The dependency on other agencies and companies can erode the brand value.
- The changes in the legal aspects can present greater threats to the company's operations.

TOWS Analysis

The analysis has been presented in the table:

Category	Description
ST (Strength- Threat) (MasterClass, 2022)	The use of brand loyalty and recognition to create a strong position in the market
WT (Weakness- Threat)	The improvement of the sound insulation of the rooms or ensuring that rooms are quieter to the guests by addressing the noise issues
SO (Strength- Opportunity)	The hotel can benefit from the increased travel to Spain by the international tourist. It can offer them a personalised, and exceptional guest experience.
WO (Weakness- Opportunity)	The hotel should eliminate all types of additional fees such as Wi-Fi, electricity bill and others. These should be funded by other sources of the hotel.

Recommendations

Based on the identified issues of the hotel brand, the following recommendations are provided:

Noise Issue

Noise Reduction Solution

The noise reduction solutions that the hotel can implement are explained as follows:

- Soundproof materials, such as acoustic panels, foam, or fibreglass should be used. The walls and floors must be insulated with the required materials.
- Noise-dampening wall panels and ceiling tiles are to be installed because they can absorb and diffuse various types and ranges of sound waves (Russell, 2021).
- Soundproof windows and curtains need to be made and placed in the rooms so that they can block outside noises or street noises.
- Soundproof doors that do not slam loudly should be installed. It will ensure noises do not come from the other rooms (Poirier, 2018).
- The guests should be provided with earphones or soundproof masks during the construction near the hotel.
- A noise reduction system should be implemented.

The noise issue is a serious problem for the guest. To address the issue, the hotel management can go through the following activities:

Change management practices and procedures

The hotel management has to arrange formal meetings with the stakeholders of the company. It needs to explain the noise issue and the rationale for making organisational changes to address the issue (Waligo, Clarke and Hawkins, 2013). The management has to create an urgency among them to address the issue. Otherwise, the change process will be delayed. The management has to make proper communication with the partners contractors and suppliers for effective coordination because it is important while the hotel is installing the noise reduction solutions. The management also has to ensure that during the change process, the service quality of the guests is not affected. It can engage other stakeholders in the decision to make

the decision more effective (Burnes, 2017). To avoid disruption in the change process, it must seek feedback from the stakeholders and work on the feedback.

Impact and success measurement

The impact of the change will be substantial. The guests will have no noise-related issues during their hotel stay. The success can be measured by taking feedback from the guests when they are staying or preparing for checkouts. The hotel will have plenty of positive reviews on social media, and websites. Moreover, it can measure the success in terms of profitability by calculating the changes in Occupancy Rate (OR), and RevPAR (Xiang et al., 2015). The hotel will also have increased revenues and better performance in the market.

Potential benefits

The change will bring various benefits to the hotel. The first benefit is customer satisfaction. As the customers are getting better experiences during their stay, their experience will be memorable for them (Nering, 2022). As a result, their word-of-mouth will play a crucial role in attracting more guests. The hotel will be able to get positive reviews on the website which will act as branding of the hotel.

Costs

The change decision will require cost consideration. The management must understand what type of costs are associated with the potential changes so that it can manage the funds to meet the requirements. In addition, the costs must not surpass the potential benefits that the change would bring. The possible costs for the change decision and implementation of the activities will require €200,000 as the initial investment. For maintenance each year, it may need to allocate €10,000.

Fees Issue

The hotel charges fees for the use of Wi-Fi which resulted in a negative review. To address the issue, the management can perform the following activities:

Change management practices and procedures

Clear and effective communication is required between the hotel management and the stakeholders about the change by stating to them the potential benefits and costs of the change (Burnes, 2017). The staff of the hotel needs to be well-trained to handle

such issues. For example, when the guests raise any concerns about any fees, they should know very well how to deal with them and make effective interactions. The hotel management has to closely monitor the change process because the reduction of revenue from the decision may increase resistance from the shareholders. The resistance must be addressed by adopting proper measures (Kotter, 2012). The change for withdrawal of Wi-Fi fee should not be reversed and it must be established as the organisation's culture. Hence, guests will not make such concerns again.

Impact and success measurement

The success of the change decision can be measured by observing the positive reviews on the website, social media, and customer feedback. As the guests are satisfied with the service and are getting their desired results, they will contribute to the positive branding of the hotel. So, RevPAR and occupancy rate for the room will be increased.

Potential benefits

The decision will have various benefits to the hotel. The change will ensure increased customer satisfaction, loyalty, and retention. They will perform the word-of-mouth activities which are a part of promotion in which customers share their positive experience about the hotel to others by creating interest among them and they will contribute to online reputation. The hotel will be able to attract international and business travellers because the customers will have a perception that the hotel values customer's needs and preferences (Xia et al., 2019). They may choose the luxury hotel considering their service delivery and the commitment to continuous improvements.

Costs

The decision will have various costs associated. If the hotel stops collecting fees for the use of the service, it will not be able to generate revenue to meet the operation costs of the Wi-Fi infrastructure. The overall costs will be the installation of the Wi-Fi infrastructure, its maintenance, and the operating costs. The cost is approximately €40,000 per year.

Location Issue

Some guests find the hotel's location to be inconvenient because the tourist destinations are a bit away from the hotel. To address the issue, the hotel management

can introduce personalised shuttle services to those guests and perform marketing activities to communicate to the guests about the importance of the hotel's location. It has to perform the following activities to make the change implement successfully:

Change management practices and procedures

The hotel's location is a strategic decision that can not be changed now. However, the management can address the issue for those certain guests by providing them with shuttle services. The management can not make such a decision by themselves without engaging other stakeholders of the company. The management needs to present the benefits of shuttle services on the hotel's revenue and success. It needs to discuss the negative reviews made by some guests on social media and the website. By assigning various roles to the staff and management to operate the new service and marketing activities, the change process can be made effective. Only assigning new roles is not enough. Those staff should be communicated with regularly to evaluate their progress and performance (Burnes, 2017).

Impact and success measurement

The decision will have a significant impact on the hotel's revenue. Because the hotel will be able to increase its revenue from the shuttle service as well as the revenue will increase from the increased demand due to the effective marketing of the hotel's location and features (Yang, Mao and Tang, 2017). For measurements, RevPAR, OR, Net profit of the hotel can be assessed.

Potential benefits

The change implementation will drive the hotel's revenue by attracting new customers and existing customers (Bayoumi et al., 2012). Hence there will be an increase in bookings, revenue, and market share, as well as improved customer satisfaction, loyalty, and retention. These impacts will enhance the hotel's reputation and branding. The new shuttle service will provide an exceptional guest experience as expected from a luxury hotel brand like Intercontinental Madrid (Yang, Mao and Tang, 2017).

Cost

The costs associated with the decision are the purchase of shuttle vehicles, their maintenance, and the marketing costs. All these sources would require approximately €80,000.

Occupancy Rate and RevPAR Issues

The lower OR and RevPAR issues can be addressed by implementing proper revenue management strategies. The revenue management strategies may involve the following activities:

- The hotel can make different market segments based on the customer's behavioural preferences. Then, the hotel should introduce different and customised services for these various customer segments (Denizci Guillet and Shi, 2019). The segmentation can be the following: business travellers, leisure travellers, families, couples, etc. The rates and prices for these customers should be different. For example, the hotel may consider offering corporate rates, meeting packages, or loyalty programs for business travellers as these customer segments make frequent purchases of the hotel services (Chen, 2017). It can also offer discounts for leisure travellers.
- The hotel may consider the implementation of the latest technology for forecasting the service demand, setting appropriate prices, and allocating the inventory (Demirciftci, Chen and Erdem, 2020). The management can use revenue management software, such as IDEaS. This software is used to analyze the market data and insights from various sources that include factors such as booking patterns of the guests, seasonality, events, and competitor rates (IdeaS, 2024). The optimal prices are recommended. Moreover, AI and data analytics can help improve the OR and RevPAR.
- The hotel can also make a dynamic and flexible pricing strategy based on the supply and demand factors. Such pricing can drive sales as customers find the pricing fair and relevant (Bayoumi et al., 2012). The intense competition from other hotel brands can be addressed by this pricing strategy.

To implement the recommendation, the management must consider the following aspects:

Change management practices and procedures

The urgency to make changes in revenue management should be communicated with all the stakeholders including the directors, shareholders, managers, staff, and customers (Hayes, Hayes and Hayes, 2021). The new revenue management strategy might have some drawbacks and potential that should be communicated. The new revenue strategy should be aligned with the hotel's goals and objectives. Resistance may arise from and within the organisation because of the new strategy implementation. The resistance to change must be addressed by establishing clear and consistent communication (Burnes, 2017). The activities must be made transparent and visible to all the stakeholders. Accountability needs to be established for the new role assigned. Finally, all the activities must be monitored closely (Kotter, 2012).

Impact and success measurement

The new revenue management strategy will positively impact the organisation's performance. It will improve the demand and sale of the hotel's services. The success will be measured by OR and RevPAR. The new strategy will ensure that the average OR and RevPAR increase every year (Campbell, 2023).

Potential benefits

The leading benefit that the hotel will get from the achievement of competitive advantage in the market with its flexible and dynamic pricing strategy. The hotel will be able to improve its market share by serving new customer segments. Its revenue will be increased and its performance will also be improved (El Haddad, 2015).

Costs

The costs associated with the change are from the new system installation and operational expenses. Approximately €40,000 will be required to implement the change.

Customer Satisfaction Issue

To address the customer satisfaction issue, the hotel may consider adopting an effective customer service strategy. The strategy will involve the following activities:

- The hotel should use the latest technologies for keeping the guest profile and data so that it can keep a record of the guests' preferences, needs, and expectations

(Richard, 2017). Based on the information, the hotel should provide services to make them satisfied.

- The management of the hotel can use multiple channels, such as email, phone, social media, chatbots, etc., for making effective communication with the guest, taking their feedback and resolving issues (Kharouf et al., 2018).
- The hotel can provide complimentary services to the guests to make their stays memorable.
- In-room technologies should be arranged and offered to the guests so that they can get convenience, entertainment, and personalization.
- The staff should be proactive in their service delivery. They should inquire the guests about any issues and address the issues immediately (Lu et al., 2015).

However, the successful implementation of the strategy will require the consideration of the following aspects:

Change management practices and procedures

Providing better customer service to ensure customer satisfaction is a challenging task that the hotel management is invested in. The strategy implementation requires the coordination and engagement of various parties. The hotel needs technology integration, qualified and experienced staff recruitment, training, and retention by providing better pay and benefits. To make such changes happen, the hotel management needs to inform the stakeholders and create an urgency for change (Kotter, 2012). The existing staff may oppose the idea of training and new role-playing. The resistance should be minimised by motivating them properly. This is a continuous process so continuous monitoring must be established.

Impact and success measurement

The positive impact of guest satisfaction will increase the positive reviews on social media and websites. The success will be measured by survey questionnaires, feedback, and ratings of the guests.

Potential benefits

The decision to change will have so many benefits to the hotel. It will improve brand recognition, improved market presence, customer loyalty and retention (Prasad, Wirtz and Yu, 2014).

Costs

The costs will be allocated to the staff development and technology integration. Total costs will be €30,000 a year.

Action Plan

Number	Problem	Solution	Desired outcome	Time	Completion data	Planned budget
1	Noise problem	The hotel has to implement sound reduction technology and activities such as soundproof walls, ceilings, windows, and doors. The system will identify the possible sources of noise and inform the management.	Customers will have a better experience and the hotel will have increased loyal customers and retention.	4 months	30 May, 2024	€200,000
2	Additional fees issue	Elimination of Wi-Fi and electricity fees.	Improved customer review and rating.	1 month	30 March, 2024	€40,000
3	Location issue	Introducing shuttle services to the guests to visit the nearby tourist destinations and improved	Increased revenue generation and customer share (Hayes, Hayes and Hayes, 2021).	3 months	1 August, 2024	€80,000

		marketing strategies for the positive branding of the hotel's location.				
4	Occupancy rate and RevPAR issue	Implementation of an effective revenue management strategy that includes technology, dynamic and flexible pricing, serving more customer segments	Increasing OR, RevPAR, and the hotel's financial performance	5 months	30 October, 2024	€40,000
5	Customer Satisfaction issue	Effective customer service strategy that includes staff training, technology integration, and personalised customer services (Chen, 2017).	An increase in the positive rating of the hotel in online media, revenue generation, and customer retention	5 months	30 November, 2024	€30,000

Conclusion

The consultancy report has identified various issues of Intercontinental Madrid hotel. These issues can affect the hotel's performance and outcome. The operations of the hotel are also influenced by some of these issues. The guests who stayed in the hotel expressed noise issues in their reviews. Some of the guests expressed dissatisfaction about the additional fees such as electricity and Wi-Fi and the distant location of the hotel from the tourist destinations. The hotel has also encountered decreasing OR and RevPAR. Customer satisfaction has also decreased recently. All these issues are affecting the hotel's performance. If these issues are not addressed properly, Intercontinental Madrid will lose its competitiveness in the hospitality industry. Because many luxury hotel businesses in Madrid offer 5-star hotel services. Moreover, the changing customer expectations and tastes make it more challenging for the hotel management to remain competitive in the dynamic changing business environment. However, the consultancy firm has suggested some recommendations to address these growing issues. To address the noise issue, the hotel has to implement noise reduction initiatives such as implementing noise-proof materials in the hotel and a noise reduction system. The additional fees that the hotel imposes for revenue generation should be eliminated. To address the location issues, the hotel can introduce shuttle services to the guests who need convenient visits to the tourist destination. The hotel can also positively promote the hotel's location and its heritage to the target customer segments. To increase the OR and RevPAR, the hotel can implement a new revenue strategy that will make the pricing of the hotel services dynamic, utilise revenue management software for offering informed pricing to the guests and target new customer segments. The hotel can enhance customer satisfaction by providing them with personalised services and integrating the latest technologies to offer enhanced and memorable experiences. All these initiatives can help the hotel to overcome the challenges and remain competitive in the hospitality industry.

Wavestone expects that the report might be helpful and informative for Intercontinental Madrid and its stakeholders. They may consider implementing the suggestions and strategies that are recommended for bringing positive change in the hotel and addressing the identified issues. The implementation of the recommendations will ensure that the hotel gets increased performance, customer satisfaction, and

reputation, and it can achieve its goals and objectives. Wavestone consultancy firm renders warm congratulations and thanks to Intercontinental Madrid for collaborating and working on the consultancy project. To get the opportunity for the project, the team of Wavestone felt privileged and pleased. The team also appreciates the hotel management for keeping their confidence and trust in the consultancy firm. It is expected that the hotel is satisfied with the quality and outcome of the report. The team is eagerly waiting to get feedback on that. The consultancy firm is expecting to work in future on other projects of the hotel.

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