

Market Research Report of Reef Casino Hotel

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Abstract: *This report focuses on the Reef Casino Hotel in Australia and its service delivery to the clients. Some of the services provided are analyzed in this report, and it also provides information on how the hotel can still capture the external online markets for a better service delivery and enjoyment for its clients, appropriate strategies backed by statistical and market research are provided to the management.*

Keywords: *Market strategies, Reef Casino Hotel, Hotel management*

1. Executive Summary

This report focuses on the Reef Casino Hotel in Australia and its service delivery to the clients. As a hotel with a very specific name and nature of service delivery, it is difficult for it to remain afloat and access the diverse clients some of its services offer to the clients. In the portfolio analysis, some of the services provided are analyzed and it becomes clear that the hotel serves multiple market segments. It is evident that its services are not limited to the higher income earners but also to the lower market segments and members of society. It is evident that families, schools, and adventure enthusiasts can access the facilities. Additionally, this report also provides information on how the hotel can still capture the external online markets for a better service delivery and enjoyment for its clients. Correspondingly, any reader can understand that the managers should take more initiative when dealing with the hotel marketing and distribution channels for a better experience for the clients. After the description of the services provided, appropriate strategies backed by statistical and market research are provided to the management. The recommendations in this report provide information from industry best practices that may guide the operations and how management can approach the entire process for better results. As a company that has not utilized all the available strategies at its disposal, the information here could not effectively cover all the marketing techniques, segmentation details and information that may guide the managers. Instead, a selection of immediate, urgent, and priority changes were proposed. Moreover, the information from this report focuses on the market up to 2018. Thus; the strategies may work within the next 5 years. Correspondingly, the management should commission such regular reports for its clients and appropriate service delivery.

2. Introduction of Reef Casino Hotel

The hotel industry is one of the most competitive industries in the world. Dealing with service delivery, this industry has to grapple with the ever-changing needs of the target demographic. Furthermore, the nature of the products could easily be replicated by competitors. For instance, any hotel can have a sauna, casino, and bar, among other services. However, it is the staff that makes every hotel different from the other one. Thus, a competing hotel could have a Michelin Star chef or an award-winning mixologist or bartender. Such are examples of the elements that make certain restaurants rise above the competition and remain above the competition. Regardless of these differences the basics of supply chain management, marketing, human resource management, public relations, and accounting determine how well a hotel will perform. Hence, a hotel could adopt industry best practices, innovate new means, and use improved management skills to ensure it remains competitive. By studying the distribution channels and different performance indicators of the Reef Hotel Casino in Australia, this report will identify the areas of weakness and provide a working strategy that the management at the facility could use to improve their performance and market share.

2.1. An Overview of the Reef Hotel Casino

This facility, also referred to as the Pullman Reef Hotel Casino serves as the only exclusive five-star resort in Cairns, Australia. It is a premier facility as noted in the high-level ranking. Moreover, the hotel offers access to 127 rooms with lovely city views. Similarly, it adds on its prestige by offering clients the services of Australia's finest boutique casino, restaurants, bars, and both family and business entertainment facilities. However, the primary target demographic for this hotel is clients that have reached and surpassed the legal gambling age in Australia. Thus, it limits the facility to an exclusive, but high-spending clientele. While it is a profitable target market, this demographic is not easy to capture due its limited size. Furthermore, casinos and related services have always received condemnation from religious, government, and social groups due to the ethical issues with raising funds through these means.

2.2. Distribution Channels

The hotel is part of a larger chain of hotels. This access changes how the distribution channels work for it. However, the primary distribution channels vary depending on the clients that arrive. Due to the multiple facilities, intermediate booking websites, and direct visits from clients, each category of clients experiences a unique distribution chain. Additionally, the hotel industry is a service industry, thus, it is difficult to characterize wholesalers and retailers. Perhaps the 'wholesalers' can be the online booking applications such as TripAdvisor and Booking.com that have multiple hotels on their websites while the 'retailer' could be the hotel website or chain's website.

3. Portfolio Analysis

The hotel offers several facilities with its primary attraction being the casino. From its title, it is evident that the Casino is the most important service delivery to the customers. Apart from the Casino, it offers access to the Wildlife Dome, Dining and professional theatre shows, and the accommodation facilities. As a five-star restaurant, all these facilities offer a premium experience and are designed to attract members of the upper echelons of society.

3.1. The Wildlife Experience

In this case, the wildlife experience is not the conventional outdoor experience. Instead, the hotel has constructed an interactive indoor wildlife experience where children can learn about the different animals, insects, and birds present in the facility. Such an experience fits several target markets including clients such as families, adventure enthusiasts, adrenaline junkies, and related groups. Thus, it allows the hotel a chance to access several market demographics that can enjoy the experience.

The distribution channels for these experiences are very direct. The Wildlife Dome cannot be transported to the client or be retailed or sold the way other commodities could. Hence, the client has to travel to the facility to enjoy the experience. Correspondingly, it creates a direct connection between the creator or producer and the consumer. Thus, the ideal distribution channel for this experience is illustrated below.



Figure 1: Distribution Channels for Casino only clients

There is the possibility that a second distribution channel could be created. This secondary approach would mean that an intermediary, such as an online booking agent or the company website will accommodate for pre-booking of the Wildlife Dome to meet the needs.

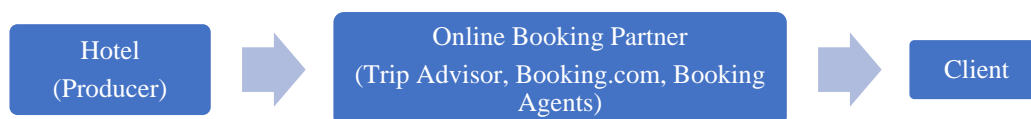


Figure 2: Distribution Chain for Rooms and Hotel Facilities

3.2. Dining and Professional Theatre Show

This experience requires direct interactions with the staff that offer the service. The meals have to be prepared on site and delivered directly to the awaiting clients. There is no record of external services such as events and outside catering for willing clients. Hence, it is increasingly evident that the clients would need to meet with the stewards and staff in the restaurant for their meals. For different service providers who prepare food such as the fast food industry, it is possible to have multiple links within the entire service delivery schedule. However, the hotel does not offer such distribution channels and would require one to consume the meals on site. Correspondingly, this experience would use the channel illustrated below.



Figure 3: Distribution Channels for Direct booking Clients

It is not possible to have a different channel unless the clients decide to order the meals to venues outside the facility. In this case, it would have to change the approach to business. As mentioned in the 2017 fiscal report, the dining experiences were meant to supplement the casino services. Hence, one can classify the target market for these services to be the same as the target market for the casinos. This is the primary target market. Consequently, it is natural to expect higher income clients that require a more personalized experience. As a result, the above channel continues to hold for this business.

3.3. Casino Experience

The nature of these activities is very personal and direct. As a gambler, one has to visit the casino and interact with the several games present at the hotel. Similar to the dining and professional services, the hotel has not indicated any other form of business operation for the Casino. Instead, it holds the usual poker, billiard, roulette, and other casino indoor games and experiences. Similarly, there exists no intermediary for this market segment. Instead, one has to interact directly with the hotel employees and fellow clients. Thus, the following channel holds.



Figure 4: Distribution Channel for Casino Services

This channel was selected because it reflects the nature of events in the hotel. The Casino is the primary attraction for the hotel and it links the clients to several activities. Most importantly, the clients have to interact with the staff and have no intermediaries except the staff within the casino. As such, no changes can be made to the distribution channels apart the improvement of the quality of service delivery.

4. Market Segmentation Analysis

On the market segmentation analysis, it was evident that the company had effectively maximized on the casino users and their attraction. On the company website, it was clear that the casino is the primary target market. However, the information on the website limits the number of clients that would visit the facility. It is only natural that a parent would not bring his or her child to a facility that cannot assure his or her child's safety from the world's vices. Correspondingly, the following markets should receive priority.

a) Millennials between 19-25 years

The millennial population has been known to spend more than it earns. In a report by Saiidi (2018), millennials were spending more on experiences than on products. This demographic is more concerned with how they feel and experiences that they can share on their social media handles. The advantage with advertising to reach this population is that it is cheaper and much faster. Furthermore, a study by Taken Smith (2012) shows that digital advertising can easily reach this target group making it the perfect marketing platform. Additionally, researcher Pande, Sahu, and Dash (2018) agrees with the findings of the above study by mentioning on how social media and digital platforms appeal more to this generation and should be highly maximized.

Reaching this target demographic would require the inclusion of online platforms in the distribution channels. Furthermore, it would be the partnerships with companies that appeal to this demographic that would offer the clients the satisfaction they need. As a generation that prefers the utilization on their smartphones, partnering with services such as TripAdvisor, AirBnB, Booking.com, and other such service providers may offer the perfect intermediaries. A study by Grotte (2018), the generations Y and Z prefer spending their money online. However, they rely heavily on the online reviews. Researchers have discovered that online reviews affect how millennials perceive their service providers and their general perceptions towards any facility (De Pelsmacker, Van Tilburg, and Holthof (2018). As a result, the online reviews in these platforms should also be legitimate, genuine, and possibly perfect.

b) Families and middle income residents in Cairns

The wildlife dome is generally a family and general learning experience for people across all ages. It is important to give this section prominence in the company website and focus on attracting this generation. Spending patterns of the middle class have always shown that they tend to spend more than they earn. It is important for one to tap into this market segment and its gullibility to purchases. In 2008, Banerjee and Duflo mentioned that as incomes rise for the middle class, the more they spend on entertainment. While this study may be slightly older, it offers an understanding on how to predict how this class is likely to spend or the spending behaviors. Taking the Australian middle class for instance, there has been a general decline in the size of the middle-class as income inequalities become more evident in the country. A column feature by Jericho (2018) in *The Guardian*, it is evident that a class battle is ensuing in the country. As a result, it is becoming more complicated and difficult to tap into this market segment.

This market segment is declining in Australia especially with the impending tax regime that will affect how this segment spends. Correspondingly, as it decreases, the competition for this target demographic also increases. As a result, it is essential to aggressively market and reach this target demographic as it is an active consumer of these products among other services offered by the hotel.

c) Corporate and Companies

The restaurant offers facilities for the professional companies that wish to seek places to host their employees and guests. The conferencing facilities, meeting points, and outdoor activities offer an exciting opportunity for team building among other capacity building activities. However, the challenge with capturing this market segment arises from the fact that it does not host these events all year long. Thus, it is important to ensure that the marketing to attract this target market is done within the timeframes when such events are organized.

5. Organization Competitiveness

The hotel has carved a niche in a market that many hoteliers still try to avoid. The casino and gambling industry is marred with claims against the ethicality and possibly moral ramifications of the acts. Maintaining a reputation as a service provider in this market segment is not easy. Correspondingly, the hotel is likely to remain competitive for a long period of time if it retains the existing market share.

The Australian Casino industry is very vibrant in Queensland. Below is a list of some of the popular casinos within the same region.

- a. Aquis Great Barrier Reef Casino
- b. Treasury Casino Brisbane
- c. Ville Resort and Casino
- d. Princess Cruises and affiliates

All the aforementioned Casinos have the same facilities as the Pullman Reef Hotel Casino. They are close to the sea and can offer several services that a hotel and a casino provide. Unfortunately, the Reef Casino has been experiencing a decline in aspects such as room accommodations which were 4.4% below the 2016 record year. In retrospect, the 2017 fiscal year enlightened the management on the best ways to improve their competitiveness. They utilized marketing strategies to ensure that they met their target markets.

One of the areas of competitiveness was the expansion of the Tamarind Restaurant. This facility allowed the hotel to supplement casino operations. The clients would have access to better meals and

financial stability during their visits. Moreover, 2017 saw an increase in overall food and beverage revenues meaning people were visiting the facility to enjoy the foods provided by the hotels.

Based on the above statistics, the restaurant possibly runs one of the best food and beverage departments in the region. The information collected from this department means that there is a potential for better variety of foods. Additionally, the extra profits resulted from an expanded Tamarind restaurant. Correspondingly, one can argue the hotel was not meeting the needs of its guests. This argument arises from analyzing the decline in room and accommodation guests and the slight improvement in Casino revenues. It is almost correct to aver that the existing clients ate more food than they normally did. As a result, it opens a new area for the company to venture into.

Finally, the group report from 2017 mentions that the Accor global and Australian network played a significant role in the improvements. Analyzing the Accor brand, it is important to note that the company has invested in digital operations and growing their online presence. Demirçiftçi and Kızıllırmak (2016) mentioned that the Accor group had invested over 200 million dollars on the improvement of their digital presence. Correspondingly, the company has one of the most aggressive digital marketing strategies compared to the competition. Additionally, the Pullman Reef can enjoy the economies of scale and membership to the elite group of hotels especially when advertising. Compared to the other smaller hotels, the Pullman Reef is very advantaged and likely to perform better than the smaller hotels surrounding it and may experience more traffic in the coming years.

6. Recommendations

a) Continued Investment in Digital Operations

The digital platforms offer the company a chance to sell the products directly to the target markets. Additionally, the digital platforms have access to an online distribution channel that that can reach the millennial demographic. It is important to ensure that they can access the products from the comfort of their smartphones.

The access to digital operations also offers the hotel multiple opportunities for growth and development. For instance, digital casino operations and gambling games and the provision of app-based concierge facilities are a growing trend. It is important to take advantage of such services. As mentioned, the hotel does not offer any remote facilities and still relies on the digital platforms started by the Accor group. It is important to embrace digital operations as mentioned in the financial reports. They cannot ignore the value of such operations. Moreover, they are excellent areas for ensuring client satisfaction through detailed reviews and instant customer services.

b) Focus on the Families and Middle income Market

This target market is still largely ignored by the facility. One can make this conclusion through an analysis of the company website. It does not easily mention that there are facilities that the entire family can enjoy. The hotel has focused on advertising the casino and forgotten that parents would not easily allow their children to attend such facilities. The law in most nations discourages gambling for non-adults. Thus, a significant portion of the Australian market may not bring their children.

The lack of such facilities means that sections such as the Wildlife Dome are largely underutilized. The hotel should advertise them better and reduce the emphasis on the Casino. However, this approach may create some challenges especially when trying to remodel an already existing business strategy. The best approach would be to remind the regular revelers that the facility has places where children can enjoy themselves and the services being delivered.

7. Conclusion

The information contained in this report showed how the Pullman Reef has curved a niche in the Australian market. The organization has created a holistic experience for families, corporations, companies, professionals, and other fitness enthusiasts. As a result, the hotel needs to reduce the myopic focus on the Casino as a source of income. The competitors have the same facilities for their clients and continue to provide the clients with the required services. The online market offers immense marketing and distribution channels that can improve the overall organization competitiveness.

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