

# Supply Chain Management Assignment

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## Table of Contents

Table of Contents .....	2
1. INTRODUCTION: .....	4
2. RESEARCH FINDINGS:.....	5
2.1. Description of the broader tourism industry .....	5
2.2. Sheraton hotel case study .....	5
2.2.1. Definition and overview of SCM in hospitality industry and network design: .....	6
2.2.2. Supply Chain Network design .....	8
2.2.3. SCM practices and responsibilities:.....	9
2.2.4. Procurement management.....	13
2.2.5. Logistics management .....	16
2.2.6. Distribution management.....	19
2.2.7. Inventory management.....	21
2.2.8. Green supply chain and information technology:.....	23
3. CONCLUSION: .....	26
4. REFERENCES: .....	27

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## 1. INTRODUCTION:

Supply chain management has always been a crucial part of every organization, whether it is a big or small scale one. In modern business settings, supply chain management can be considered one of the key benefits of bringing revenue to a company, since the profits are being calculated not only through what you can sell like they used to be done in the past. Likewise, in the world of service and manufacturing industry, supply management can be a matter of life and death, since most of its revenue comes from selling the products, not storing them for a long time.

Additionally, in the hospitality industry, food and beverage must be carefully managed since they have rather short expiration date, therefore requires a strictly managed product rotation circle. Without proper management, there would be no fruit or vegetable on the table, no heater in the cold room, no recycling process for the glasses and as a result: no customer, which brings zero values to the business.

This report will focus on what are the effects of supply chain management in the business settings in general and the hospitality industry in particular. In details, we will discuss about the supply chain processes of one of the 5 stars hotel in Da Nang, which is “Four Points by Sheraton”. The report will cover some general definition of supply chain management, what it is about and how can it directly affect the hospitality industry. (Jenkins, Kevin, Cameron, Derek, Crompton, Richard, 2015).

## 2. RESEARCH FINDINGS:

### 2.1. Description of the broader tourism industry

As the transportation methods becoming more popular and easier to access now more than ever, the needs to “go see the world” has raised significantly for most of the population, which resulted in the skyrocket of the tourism industry. In fact, the tourism industry can be considered the “cash cow” in some nations, bringing in most of the GDP. Some countries even have promotional programs to boost the figures of immigrants to generate more production power as well as elevate economic by inviting foreign firms into the picture. In the report on tourism revenue of 2018, the top 10 countries with the most revenue from tourism ranking from Australia at 34 thousand millions dollar to United State sitting at 244 thousand millions dollar (Sawe, 2018). According to these numbers, we can clearly see the idea that tourism makes up for a huge amount of the growing of the economy and as a result, it has been treated as a strategic tool to generate GDP for the whole country in some region. In tourism nations like Thailand, the industry is one of the top when it comes to generate economical values.

In 2017, tourism alone generate around 54 thousand million dollar for the country, which contributes almost 20 percent of the nation’s GDP. This is an incredibly high number as the average percentage of tourism contributes to economy sits at around 10 percent worldwide (2017). As the statistics suggested, tourism has immense effects on the growing of the economy and one of the most crucial factor that makes it happen is the hospitality industry, which hold a significant position in the revenue of tourism. Whenever you travel alone or with friends to another country, the one top question that you will ask yourself is usually about food and accommodation and hospitality industry exist solely to answer that for you. Hotels usually provide a place to stay as well as food on some occasions, which covers around 50 percent of your concerns when going on a tour or vacation. As the industry grows, the competition gets fiercer, which forced businesses to upgrade their gears and equipment to have a chance of competing in the field.

### 2.2. Sheraton hotel case study

Time goes by, there are more and more improvements to the system in which the hotels can use to generate revenues and upgrade their facilities, and one of the most important methods should

be to manage supply chain, thus the term SCM (Supply chain management) was developed. We can now take a look at the SCM process of one of the top 5 stars hotel in Da Nang, the famous Four Points by Sheraton to analyze what are the recipes of its success that help it secure the position as one of the top 5 stars accommodation in Da Nang. First and foremost, we will go through some general backgrounds on how Supply chain management can be applied in the hospitality industry and some of the issues faced by the businesses.

#### 2.2.1. Definition and overview of SCM in hospitality industry and network design:

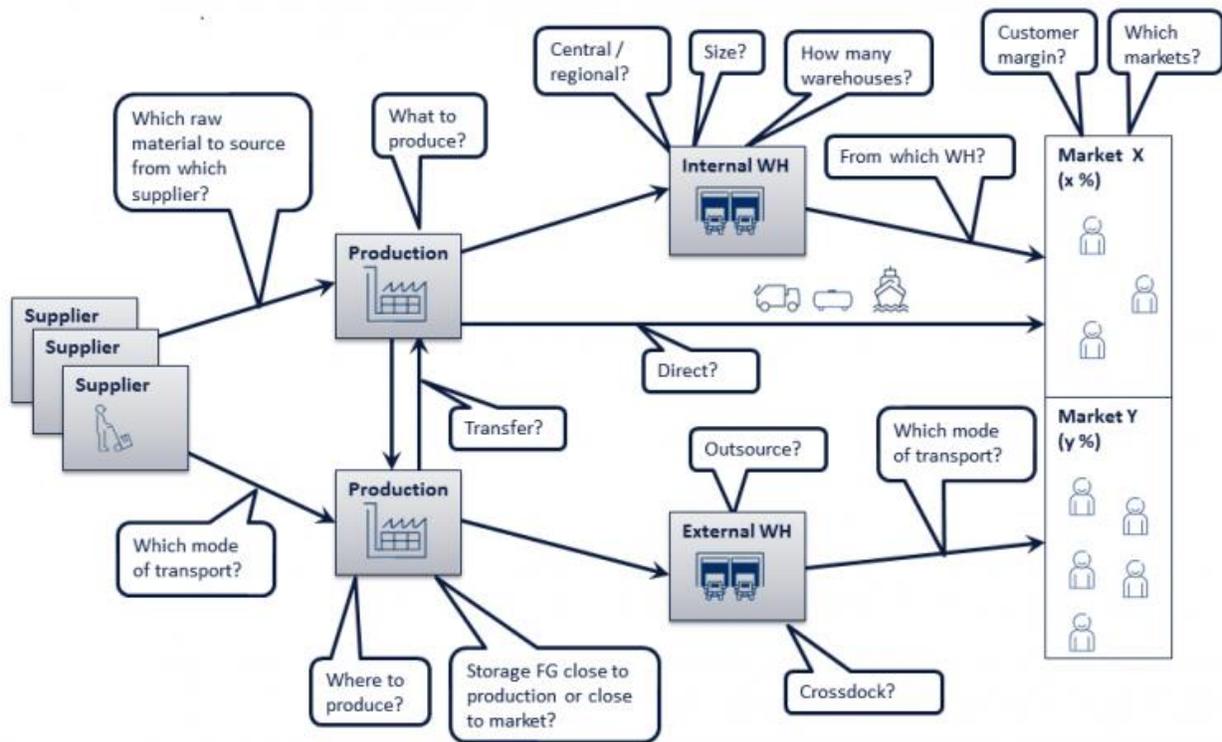
Logistic and supply chain management in the hotel industry can be seen as a tool to classify the inventory and supply, creating values to the customer and revenue for the business. These methods can be grouped into 3 separated levels of management: tactical, strategic and operational levels.

- Tactical level:
  - Executive supports: this level of logistic and supply chain management depends majorly on the decisions of the higher tier directors. The process must be accurate and reasonable as it will determine all the revenues that come along with it. Therefore, having a person who understand logistic and is ready to make experienced choices is a must on this level.
  - Visibility and control: It is crucial to have visibility and control in supply chain management, especially in the hospitality field. In order to make important decisions, managers need to have crystal clear information about the costs of transportation and inventory.
  - Bench marking: having set targets to measure the performance of various areas of operation is vital to logistic. By calculating the effectiveness of the current system and methods, managers can have a clearer insight on what to improve and how it can be done.
  - Creative solution and risk taking as supply chain management involves a lot of reducing costs and improve margins wherever possible, creative solution and a nerve of steel is needed to make breakthrough decisions to raise profits.
- Strategic level:

- Change management: This level of supply chain management involves a lot of long-term beneficial decisions; therefore, manager needs to have the adaptability to make changes on the fly as the hotel functioning.
- Think lean and green: Since lean focus on end user, it should be implemented in the hotel industry to maximize the profits come from selling the product to the customers, which are the services. It is important for managers to actively identify the service's value stream and strengthen it.
- Top talent and accountability: when implementing strategies, it is important to maintain a solid foundation which includes top managers to control the situation.
- Information technology: as the business world moves on, technology has been more and more complicated and needed. It is now important to make light speed decisions to cope with the ever changing situation, often by the minute. With the help of technology, hotels can make variation on the process of transportation, inventory and distribution.
- Operational level:
  - Costs: the operation level of supply chain management involves a lot of decision making that revolves around short-term benefits. As of today, hotel's management focuses mainly on how to increase proficiency and reduce the total costs. During implementation, expenses should only cover inventory and transportation.
  - Simplifying complexities: it is important for managers to identify and remove any excess steps on the procedure to maximize cost and time effectiveness. Segmentation works well in this field as it will break down the complicated process and make the area of issues more visible for further improvement.
  - The right metrics: applying a KPI system can help identifying the weakest eye in the chain. By adding a measurement system, managers can easily find out which area needs improvement.
  - Risk management: considering the significance of risk taking in the improvement of hotels, risk management plays a big role in minimizing the possible damages done to the company. By having a clear insight on the benefits and drawbacks, the decisions will be easier for manager to determine (2018).

### 2.2.2. Supply Chain Network design

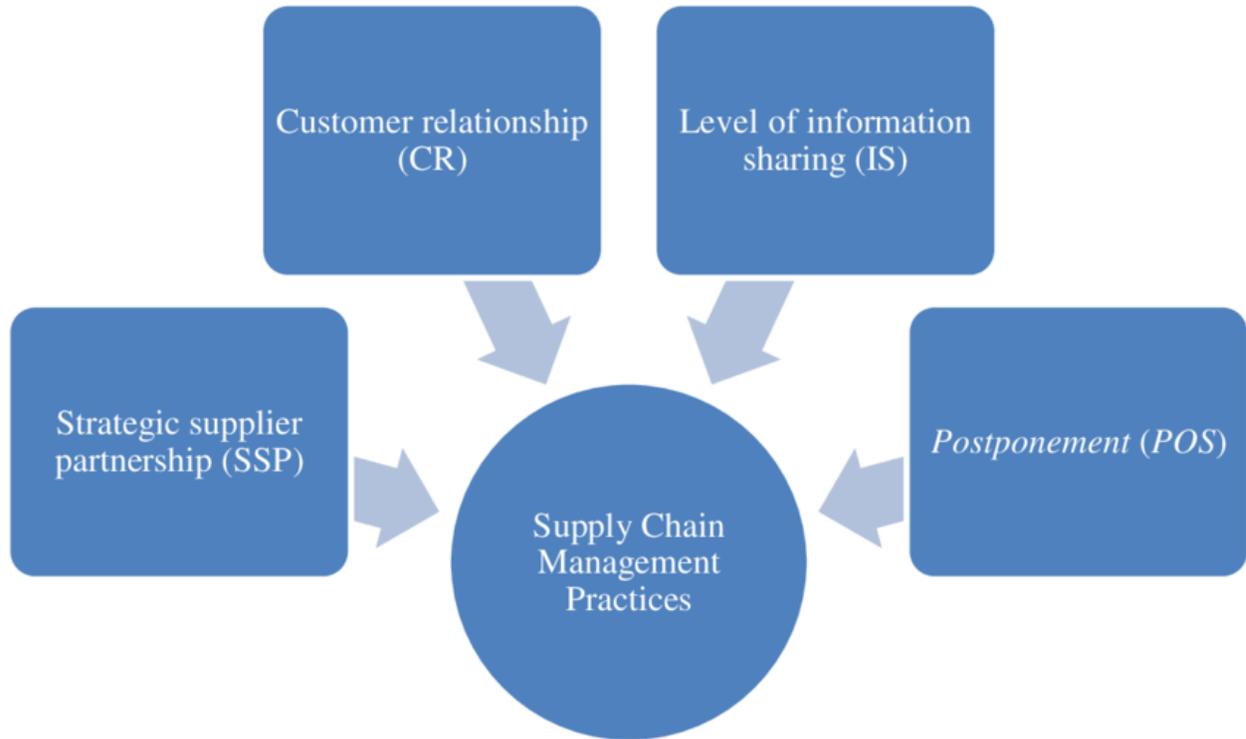
In order to form a network design, first of all a hotel should consider the questions of what would be the internal and external factors that affect the production line and how to deploy them as effective as possible. Below is the graph that shows all the typical questions you might have:



The location and transportation method of the suppliers should be the determine factor of the line. Some criteria that one might consider are: Transportation cost, Service level, Risk, Availability of labor, skills, materials, Taxes, Carbon emissions. (Kremers, 2015). Since Sheraton is a multinational organization, they have supply partners all around the world. To name a few of them, there are:

- VET-Force
- WEConnect International
- Women's Business Enterprise National Council (WBENC)
- US Hispanic Chamber of Commerce (USHCC)
- US Business Leadership Network (USBLN)

2.2.3. SCM practices and responsibilities:



Concept	Dimensions	Items
Supply chain management practices	Strategic supplier partnership	<ul style="list-style-type: none"> <li>• Quality</li> <li>• Joint problem solution</li> <li>• Helping to improve quality</li> <li>• Continuous improvement programmes</li> <li>• Inclusion of supplier in goal-setting</li> <li>• New product development</li> </ul>
	Customer relationship	<ul style="list-style-type: none"> <li>• Interaction with customer</li> <li>• Evaluation of customer satisfaction</li> <li>• Determination of future customer expectations</li> </ul>

		<ul style="list-style-type: none"><li>• Facilitation to customer</li><li>• Periodical evaluation of customer relationship</li></ul>
	Level of information sharing	<ul style="list-style-type: none"><li>• Pre-information to trading partners</li><li>• Trading partners' awareness about business issues</li><li>• Trading partners share business knowledge</li><li>• Trading partners exchange information</li><li>• Trading partners inform to each other about changes</li></ul>
	Level of information quality	<ul style="list-style-type: none"><li>• Timely information exchange</li><li>• Accurate information exchange</li><li>• Complete information exchange</li><li>• Adequate information exchange</li><li>• Reliable information exchange</li></ul>
	Postponement	<ul style="list-style-type: none"><li>• Product design</li><li>• Waiting for customer order</li><li>• Waiting for nearest customer (Bawa, 2014)</li></ul>

Responsibilities in SCM:

- Set strategic goals and develop policies: The business manager needs to be in charge of determining the company's position with the market and setting goals for future growth.

Within a larger company, this task may take place on the departmental level and therefore vary between managers.

- Manage Financial Data

Another primary responsibility of a business manager is the regular analysis of the company's financial status. It is essential to understand the company's profitability and identify problem areas. Managers create budgets, either for the company at large or for the department(s) under their care. Regular analysis keeps the company on track and allows the manager to either cut spending, if necessary, or develop ideas for expansion.

Sales forecasting and plans for marketing are also part of managing the overall financial picture.

A savvy business manager is also aware of the industry at large through forward thinking that:

- Stays on top of trends and financial forecasts.
- Maintains awareness of advancements in production techniques or operations that may benefit the company.
- Seeks to develop relationships with possible business partners or vendors.
- Keeps an eye on the competition.
- Oversee Regulations and Policies

While maintaining efficient operations, business managers must also be sure that the company is operating within legal guidelines and in compliance with federal, state and local regulations. Depending on the company, this could include updating background checks on personnel, meeting appropriate parameters on certain pieces of equipment, adhering to nondiscriminatory hiring practices or maintaining safety standards. With this knowledge in mind, Sheraton always keeps track of all their financial statements and deploys suitable strategy from it. Below is a chart of part of the hotel's financial statement:

Particulars	Mar'18	Mar'17	Mar'16	Mar'15	Mar'14
Liabilities	12 Months				
Share Capital	1.20	1.20	1.20	1.20	1.20
Reserves & Surplus	2.31	2.12	2.04	1.96	1.87

Net Worth	3.51	3.32	3.24	3.16	3.07
Secured Loan	.00	.15	.00	.00	.00
Unsecured Loan	.00	.00	.00	.00	.50
<b>TOTAL LIABILITIES</b>	<b>3.51</b>	<b>3.47</b>	<b>3.24</b>	<b>3.16</b>	<b>3.57</b>
<b>Assets</b>					
Gross Block	.00	.00	.00	.00	.00
(-) Acc. Depreciation	.00	.00	.00	.00	.00
Net Block	.00	.00	.00	.00	.00
Capital Work in Progress	.00	.00	.00	.00	.00
Investments	2.14	2.14	2.14	2.14	2.10
Inventories	.00	.00	.00	.00	.00
Sundry Debtors	.00	.00	.00	.00	.00
Cash and Bank	.10	.05	.04	.03	.13
Loans and Advances	1.28	1.28	1.28	1.28	1.37
<b>Total Current Assets</b>	<b>1.38</b>	<b>1.33</b>	<b>1.32</b>	<b>1.31</b>	<b>1.50</b>
Current Liabilities	.01	.00	.22	.29	.04
Provisions	.00	.00	.00	.00	.00
<b>Total Current Liabilities</b>	<b>.01</b>	<b>.00</b>	<b>.22</b>	<b>.29</b>	<b>.04</b>
<b>NET CURRENT ASSETS</b>	<b>1.37</b>	<b>1.33</b>	<b>1.10</b>	<b>1.02</b>	<b>1.46</b>

Misc. Expenses	.00	.00	.00	.00	.00
TOTAL ASSETS(A+B+C+D+E)	3.51	3.47	3.24	3.16	3.57

#### 2.2.4. Procurement management

First of all, let us talk about procurement management since it should be the backbone to make all success happens. To put it in a brief sense, procurement management can be understood as the process of making sure every material or items or products that are needed for the project which come from outside the business be available to the project whenever demanded with proper quantity and quality. For any business and industry, managing your inventory should always be the first priority when it comes to making profits, especially in the hospitality industry. In some businesses, they need to stock on their products and materials on a daily basis or weekly basis. The ongoing flow of circulation in materials and everyday items sometimes can result in game-changing turnovers or revenues if managed and adjusted carefully.

Whenever a project or business starts its operation, procurement management should be the first step they conduct as it will provide the overall direction of where the project or business is heading base on what supplies they have with them and who are they partnering with at the moment. Failure to laid out a proper procurement management plan can bring about huge losses as they will need to buy materials on the spot if needed and the project might be put into a halt because there are not enough supplies to proceed the project further. There are some key features of the process that should be taken into consideration when developing a procurement management plan:

- Although the procurement process is about managing the purchases from outside the company to generate revenue, it is not always the case that you have to buy the materials and goods from an external source. Sometimes, a company or business can make use of what they have from within them to save the unnecessary costs. As a result, it is essential to measure the advantages and disadvantages of the purchases to make sure that they are always optimized. Also, a purchase should be generating revenue in the long run, not only for a short-term project.

- You will need to set the target clear on what you are trying to achieve and use that as a beacon to consider various options and alternatives. As the market for materials is growing, there are always several options to take when it comes to suppliers of some type of goods and services. It should be essential that a business study these partners carefully to find out which one can offer the best solution for their revenue equation base on the costs and the quality of the products that they can offer. In some cases, the hotels can actually call for a bidding to determine which vendor should be providing their merchandises if they have enough reputation.
- After you have successfully hosted bidding, it is time to consider some more criteria to determine which one should be the provider. At this stage, businesses can take their time to skim through all the different pros and cons of the supplier. Assessing should be conducted on different types of criteria such as transportation, readiness, reputation ... etc. and not just the cost alone.
- Last but not least, after finish choosing the best supplier, it is time to discuss which terms and rules should be going into the contract to maximize profit. At this stage, it is recommended to make sure you list out all the criteria and terms for your contract such as the payment method, which type of transportation will you use, what is the regular interval of payment ... All the terms should be clear and straight to the point to avoid confusion as once signed, the contract will be unchangeable and binding for the rest of the trading time. One last thing to take notice of is to always forge a positive relationship with your suppliers, as a loyal one should bring about tremendous revenues because of the shorten processes, or simply a long term and stable relationship should be more reliable. In order to achieve this, businesses should respect their suppliers by finding a common ground with them in all aspect of the contract, whether it is about financial issues or physical ones.

After considering all the options and alternatives, the contract is forged, and the plan is set in motions. The key point of procurement management is to monitor your suppliers at all time to make sure they are sticking to their end of the contract and deliver everything on time to ensure the project will not be interrupted by any external factors. Additionally, should there be any changes in the process; the businesses should let their suppliers know about it as soon as possible to make proper adjustments by the means of communication which has already been decided in

the contract. Moreover, firms should be open to changes and not dedicated too much into a certain kind of process. The entire operation should be flexible and easier to adjust as both the business and the supplier may have to make adaptation on the fly should the situation calls for it. The ability to be able to make changes fast and effectively can be a matter of life and death as sometimes they will require immediate modifications to the process in order to match an emergency situation. These changes should include the modifications of the workforce, or technological advancements.

Along with monitoring the process as well as the methods that the suppliers use to stick with the contract, keeping an eye on the financial status of the company at all times during the project should be essential too. Obviously, firms will not want to make any redundant costs that shouldn't be there to maximize the profit that they can make. Because of that, minimizing the unwanted costs should be on top priority.

Four Points by Sheraton hotel is having a strict process of hiring procurements. There are a lot of partners who want to do business with Four Points by Sheraton, so if you want to have that kind of position, you must be swift and efficient. The hotel has a well-known system called Supplier Diversity Program which has been developed to find and contact strategic alliances with companies whose culture and values are in alignment with them. To be able to do business with the hotel, the company must have a few requirements such as having 51 percent or more control over the firm. Also, the inventory that the hotel is searching for right now includes:

- Foods and beverages.
- Guest room and public spaces.
- Property operation.
- Project services.

Some of the hotel's famous partners are:

- Alibaba.
- US Pan Asian American Chamber of Commerce (USPAAC).
- Women's Business Enterprise National Council (WBENC). (2019)

### 2.2.5. Logistics management

Apart from the important procurement management, logistic management also plays a big part in contributing to the total revenue of a company. Typically, in the hotel industry, the inventory costs often take up to 25 to 40 percent of the business's total values. However, the hotel businesses often overlook the importance of logistic management, since the practice is considered merchandises oriented. Only until recently, logistic management is taken more seriously as they can generate great value and protect the firms from unwanted losses, which will bring a tremendous amount of profit in the long run if it is taken care of properly and timely. There are some obvious benefits to logistic management that we can clearly figure out:

- Logistics and supply chain management practices can save hotels 8% to 15% of costs that can be used for other business processes.
- Logistics and supply chain management practices can lead to a reduction in order errors through the use of electronic devices with IT applications that can improve the speed of orders through data exchanged with other members of the supply chain.
- Logistics and supply chain practices can help manage inventory costs with Just-in-Time strategies and software that manage the procurement, and inventory at the property level. Even with all the benefits stated above, more hotels need to be proactive by combining the different logistics and supply chain practices into a cohesive link between vendors, logistics, procurement, and transportation. This will make hotel companies dominate players in the market while they save money. Part three will serve as guide on how to implement logistics and supply chain management in the hotel industry from a tactical, strategic and operational level.

In the modern scene of the hotel industry, logistic management is becoming more and more of an effective weapon that almost all of the businesses use. Not only does logistic management helps companies find out which costs can be saved in the entire process of operation, it can also increase the precision of decisions making to aids companies determine which investment can maximize their profit base on logical deductions from the figures and numbers that the reports provided.

Understanding this, Sheraton always keeps a clear record of their activities to analyze the situation and brings out the best solutions. The papers can be easily accessed through the

website: “Companies House”, which has been made public. Sheraton’s centralized purchasing system, the company is able to receive favorable pricing and make certain that vendors are reliable by further reducing overall costs. Sheraton also uses its internet based inbound transportation tools to help control visibility into which suppliers are actually ready to ship and the quantity through its web-based scheduling capabilities. Some of their logistic reports can be found to indicate the effectiveness of the tools and reports that they used to monitor and maximize the full revenues:

The screenshot displays a software interface for managing hotel rates. The main window is titled 'BINI - Rates' and contains several sections:

- Search:** Fields for Property (BINI), Rate Code, Rate Category (BAR1), Begin Date (01.01.13), End Date (31.12.20), and Channel Rate.
- Rate Header:** Description (Daily Rate), Market Code (MARK1), Source Code, Channel Allowed (Y), Package (N), and Transaction Tax Included (Y).
- Rate Details:** A table listing rates with columns for Begin Date, End Date, Room Types, and weekly availability (Sun-Fri).
 

Begin Date	End Date	Room Types	Sun	Mon	Tue	Wed	Thu	Fri	Sat	Price 1	Price 2
08.10.14	08.10.14	1KNG-STD	X	X	X	X	X	X	X	100.00	150.00
08.10.14	08.10.14	1KNG-SUPR	X	X	X	X	X	X	X	150.00	200.00
09.10.14	09.10.14	1KNG-STD	X	X	X	X	X	X	X	100.00	150.00
09.10.14	09.10.14	1KNG-SUPR	X	X	X	X	X	X	X	150.00	200.00
10.10.14	10.10.14	1KNG-STD	X	X	X	X	X	X	X	100.00	150.00
10.10.14	10.10.14	1KNG-SUPR	X	X	X	X	X	X	X	150.00	200.00
11.10.14	11.10.14	1KNG-STD	X	X	X	X	X	X	X	100.00	150.00
- Availability:** A calendar view showing availability for October, November, and December. A red box highlights the 3rd of November.
- Channel Management:** A table listing channels with columns for Channel, Channel Ref, Description, Begin Date, End Date, Ch. Rate, Category, and Ch. Rate Lev.
 

Channel	Channel Ref	Description	Begin Date	End Date	Ch. Rate	Category	Ch. Rate Lev
AMADEUS	CR1	Daily Rate	01.01.13	31.12.20		RAC	
WORLD	SCR1	Daily Rate	01.01.13	31.12.20	A	RAC	
SABRE	CR1	Daily Rate	01.01.13	31.12.20	R	RAC	
MICROS	CR1	Daily Rate	01.01.13	31.12.20	R		
REDCAP	CR1	Daily Rate	01.01.13	31.12.20			

OPERA Information System [Version 5.0, Service Pack 5.0.03.03/23] 10001 - The Westin Grand Frankfurt 08.10.14

Rooms Rates Channels Rate Parity Availability Calendar Reservations Blocks Profiles Dashboard Users Chain Property Configuration

PZAMS01 - Dashboard

**Search**  
 Property: PZAMS01

**Reservations/Cancellation**  
 Reservations: Today 19 Last 7 Days 451  
 Cancellations: Today 3 Last 7 Days 49

**Analyzed Property**  
 Resort  
 PZAMS01  
 01TEST  
 01XXAR  
 01XXPT  
 01XXQA  
 01XXUK  
 02TEST  
 10007  
 10012  
 10017

**Room Availability**

Date	Total Room	1TWN-S	1SGL-S	1QUE-S	1KNG-E	1TWN-E	1DBL-S	1TWN-E	1DBL-D	1BR-SU
Wed 08.10.14	59	3	4	55	3	6	2	-7	-15	4
Thu 09.10.14	57	9	4	53	-1	2	2	-6	-15	3
Fri 10.10.14	86	7	6	49	-5	-7	2	27	8	0
Sat 11.10.14	93	0	8	51	3	-3	2	7	14	2
Sun 12.10.14	154	-2	8	16	23	9	1	56	19	5
Mon 13.10.14	160	8	2	15	24	10	1	68	8	5
Tue 14.10.14	117	3	1	6	23	10	1	50	3	2

<< < Available  Sold Out  > >>



channel	source code		
Agoda (PILOT)	AGO		
Amanda tours	AMA		
Australia Bedbank	ABB		
Bologna	BOL		
Bongo	BNG		
Booking.com	BOO		
Bookit	BIT		
Bookit.com	BCM		
Bookit.nl	BNL		
Bookyourhotel	BYH		
BudgetPlaces	BUD		
City Break	CBR		
Easytobook.com	ETB		
	AMA		
	ABB		
	BOL		
	BNG		
	BOO		
	BIT		

The screenshot displays a reservation management interface. At the top, the 'Reservation Detail' section includes fields for Name, Confirmation (58001961-408), Arrival (26.11.14, Wednesd), Departure (28.11.14, Friday), Room Type (IDBL-SUP), Rate Code (AGODA21), Rate Amount (78.56 EUR), Packages, Alt Id (45948177), Adults (2), Children (0), Rooms (1), Reservation Type (GA), Payment (CA, Cash), Block, Item Inv., Property (PZRBERWA), Insert Source (MCM), Insert Source Type (GDS\_TYPA), Origin (ADS/MYF), Market Code (31), Source Code (AGO), Status (RESERVED), and Rec. Locator (58001961-408). Below this, the 'Profiles' section is highlighted with a red box, showing a profile for 'AGODA COMPANY PTE LTD' with address '20 CECIL STREET, #14-01 EQUITY PLAZA', communication 'BUSINESS 65 82484615', postal code '049705', city 'SINGAPORE', country 'SG', and IATA No '96627090'. An 'Edt' button is located below the profile. To the right, the 'Guarantee' section includes tabs for 'Credit Card', 'Deposit', and 'Cancellation', with a 'Payment' dropdown set to 'CA' and fields for 'Number', 'Exp. Date', and 'Name'.

### 2.2.6. Distribution management

One more important factor which determines the success of a hotel is distribution management. In the hospitality industry, distribution management should involve all the related parties which provided the goods and services before it reaches the hand of the customer and experienced by them. This kind of management is usually done online with a set of software - often cloud-based – to make the process faster and more precise, as it involves a lot of different parties. Using distribution management effectively can bring about some advantages:

- Faster Distribution Channel Management

One of the primary advantages of using a distribution channel manager is the ability to speed up the processes associated with managing channels. For instance, you will no longer need to log in to the system of each online travel agent or distribution partner to make adjustments, because adjustments can be made in one place. Repetitive tasks can also be automated, saving substantial time on general administration.

- Fewer Booking Mistakes

Another major advantage for those in the hospitality industry is the improved accuracy offered by distribution channel managers. As an example, through enhanced transparency and up-to-date availability, it can solve human error issues, such as over-booking your hotel or property.

- Availability of Data and Key Metrics

Aside from the pure functional aspects of distribution channel managers, these solutions also offer the added bonus of providing key data and metrics in a single place. This can be of great strategic benefit, allowing hotel owners and other business leaders to identify notable trends or patterns.

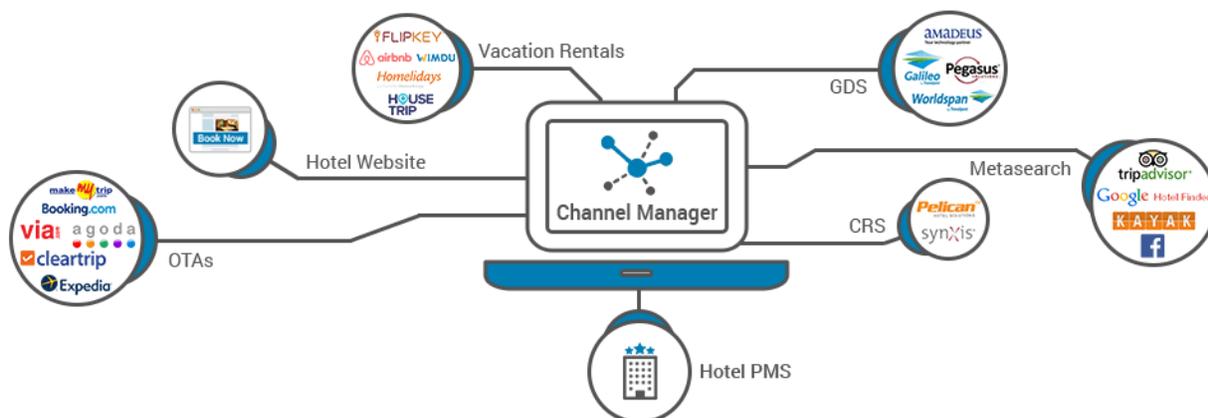
- Facilitate Direct Hotel Bookings

Most distribution channel manager platforms also include a built-in booking engine, or the ability to connect with your own booking engine, allowing customers to make direct bookings.

This can be of great value for revenue management purposes, because direct bookings are the simplest distribution channel and do not require the hotel or resort to pay commission fees to a third-party distributor.

- Improve Revenue and Business Performance

Finally, the use of a distribution channel manager can help to improve revenue and business performance in a number of ways. For example, the platform will enable a more dynamic approach to room rates, allowing adjustments to be made quickly, in the moment, across all channels in the system. The following model should give us a quick recap about the distribution channels that Sheraton possesses:



By applying modern technology into the system, Sheraton can keep track of their demands by monitoring the cloud-based system online to maximize the number of customers and make use of the biggest amount of rooms they have at that moment. Also, the mobile apps and the 3D modeling help out a lot when it comes to the technology system of the hotel's online booking services.

#### 2.2.7. Inventory management

Another factor that is crucial in the machine is inventory management. Effective inventory management for hotels involves both revenue management (creating and managing demand) and yield management (maximizing returns). The investment backing a hotel is tied up in its real estate and the returns can only be gained from renting out that real estate optimally. Below is the checklist of the criteria that a hotel should pay attention to:

- Pricing:

By driving prices up during high peak periods and knowing how much to discount prices by to ensure rooms are rented during low peak periods, hotels can maximize their return. Through dynamic pricing, businesses can provide discounts and incentives in a controlled way during different seasons.

- Distribution:

Hotels generally advertise their rooms through multiple channels, such as online travel agencies, to optimize reach and promote sales. Distribution management is essential, and this involves calculating the minimum numbers of rooms needing to be sold for any given period by each channel. As a result, a list of choices based on the previous cancellations will be provided, hence maximize the revenue.

- Market segmentation:

Being aware of your market and the variable preferences, demands and affordability of different demographics are paramount to understanding how to price and distribute your room sales across the various channels. Not only does this help in managing your existing rooms, but it can also allow you to capture more of the market and increase sales and revenue. Flexibility is an important virtue required of hoteliers and being able to understand your clientele and adapt to their needs is vital to building loyalty and guaranteeing profitability (Melanie, 2018). Knowing

this Sheraton deploys a lot of different hotel chains, suitable for everyone. Four Points by Sheraton is only one of the many different brands, focusing more on the affordable side of the chain.



Overall, logistic procurement management provides assistance for the hotels in many aspects. The collaboration and integration of the method should be important on all levels of management in the business. The collaboration act helps the hotels to move forward and gain more profit as a group of businesses, which can maximize the profits for the whole party as the capital value is increased and the rooms for errors are lessen. In addition, the synchronized efforts provide better flexibilities and improve utilization of the resources, which brings overall better-quality products and services at a cheaper price. Crystal clear logistic management also helps the departments within a business have better sharing of information, which can maintain a less time-consuming communication process.

As a result, compare to the businesses that are not adapting proper logistic management, the integration of the practice aids the hotels to have better communication and improve their process as a whole. Moreover, clear logistic and procurement management can also make the relationship between the businesses and their suppliers better, as the contract and process will be clear and easy to follow. Strengthening the bonds with suppliers can make the life of hotels much easier to breathe, as they will have constant and reliable sources of materials and goods to run their businesses within any fear of being interrupted mid-project. On the other hand, the major setback of implementing logistic and procurement management into hotel industry should be because of its complex nature. Sometimes it is fairly difficult to evaluate a process or service in

clear numbers and figures. Additionally, since the hotel industry often involves customer specific orders, it is not simple to make an order in a large batch and save a lot of costs, since sometimes the orders can be changed to match customer's requests.

#### 2.2.8. Green supply chain and information technology:

In recent years, green supply chain and sustainability concepts emerge and influence across industries. The increasing concern about global climate and environmental issues have paved ways for the demand for sustainable policies (Jones, Hillier, & Comfort, 2014). The hotel sector is no exception. By definition, sustainability may refer to the process of satisfying present generation demands whilst making allowance for the needs of future generations (Fukey & Issac, 2014). Stakeholders and public, altogether, require hotels to behave ethically. As a matter of fact, there has been evidences about the implementation of sustainability policies in hospitality since the 1960s which focus on affecting hotel development and operations on environment and local society (Jones, Hillier, & Comfort, 2014). For Sheraton Danang, the business has employed several initiatives.

By using recyclable products, Four Points by Sheraton saves a lot of costs related to disposing processes. The hotel uses paper bags and paper cups in the lobby, as well as providing rental services on electric car to go around its facility. By using these kinds of services, not only does the hotel can save a tremendous amount of production cost, but also reach a far higher reputation in the eyes of the customer by building an eco-friendly alongside with the already attained luxury image. Information technology also plays a big part in the success of this system. Four Points by Sheraton introduces a lot of high-tech communication to the system such as internal booking between the hotel and its partners. Also, the light speed communication of the internet allows the hotel to reach customers faster and with ease.

Meanwhile, rapid development in information technology alters how stakeholders in hospitality sector interact. Customers can now leave comments on their website after visit with a personal account and enjoy a wide range of promotions when having a membership position. Contacting Four Points by Sheraton is also not a difficult task. With the hotline, email and social media network up and running 24/7, the hotel is ready for any interaction with customers at any point in the day. Additionally, the Four Points by Sheraton's website is a very interactive one with lots of

options to preview what they would bring to the table. The innovative 3D model is incredibly detailed and informative, it provides a full-scale model of the rooms that you are going to book, and you can actually interact and walk around the room by clicking on the circles on the floor. Moreover, the website's user interface looks professional and polished, giving the customers a sense of luxury even if it is just a digital product.

The development of information technology can be seen fairly clear when it comes to online and remote services, which can benefit both the customers and business alike. Here are some of the examples:

- **Online booking and reputations:** When it comes to online services, online booking should be considered a no-brainer of the benefits that it brings. Using the power of the internet, booking is so much easier now for both the customers and the hotels. All the process can be done instantly from start to finish entirely online. After that, hotels can use this information if the customer allows it and store into a pool which can be pulled out at any time should the situation requires it. Storing customer's information can help hotels to recognize him/her the next time they decide to book a room or use their services, speeding up the process and make all the registration processes seem effortless. Online reputation is also an important factor as in the modern world, it will be the face of the brand and how the public recognize the brand. Information pool can aid with raising reputations as they will make customers' experience more personal and modified it according to each individual, which can generate huge loyalty.
- **Information system:** The internal system of information also helps the staffs to identify customers faster, which helps create a more accurate experience for the customers as a whole and make it more flexible if the situation demands quick adaptations.

The importance of information technology can be felt by the recent research conducted in 2018 about the demands of both the businesses and customer about the convenience of the use of internet and technology in operation:

- **Two third of the guests wants to check-in using their smart phones:** Due to the fact that an increasing number of smart phones are occupying the life of general public, a hotel-specific apps are being demanded by the customers to make the book process available at

anywhere anytime. According to researches, around 68% of the general public requires this method of service.

- More than half of hotels are ramping up IT investment: according to a report conducted in 2016, 57% of the hotels in the industry are planning to expand their IT infrastructures, while 42% want to have the same moment soon. Also, IT typically spent around 3.5% of hotels' budget.
- Three-quarters of guests want customized offers or loyalty programs: As mentioned above, the use of information technology allows hotels to store customers' information and use them to reach customer faster, creating a personal experience. This method can generate a strong sense of loyalty to customers, as they feel like they are treasured and unique. Around 74% of the guests wants a loyalty program and possibly modified accommodations.
- Half of business travelers factor free Wi-Fi into their decision to book: For business class customers, the readiness of Wi-Fi also plays an important role in the booking decision. For some, accommodation is not only a place to rest after a long day on tour, but also a place for them to conduct important business meetings right on the spot. Knowing this, Wi-Fi should be seriously considered as a part of the infrastructures, especially in luxury hotels.

All in all, Four Points by Sheraton did a really great job creating a strong and refined communication network, making it easier for customers to reach their product while providing supports to the users if needed.

### 3. CONCLUSION:

To sum everything up, Four Points by Sheraton is a successful 5 stars hotel in the alliance of Marriott chain, and their success does not come without any reasons. Apart from the tremendous reputation of the alliance in the marketing field, Supply chain management also plays a big part in the success of the hotel. Having a clear and strict SCM, the hotel is able to secure every possible profit they can gain and alongside with that, reduce most of the redundant costs. Usually in the past, we only see Supply chain management in product-selling businesses like garments or restaurant. However, as the definition of business evolves, almost all fields of business have a place for supply chain management, as it is a huge improvement for the processes of the system.

Tourism in general and hospitality service in specific has escalated a lot and become a huge part of the economy in modern world, therefore it is essential to have proper management in order to improve the revenue outcome of the business and expand what they already have. Developing a reasonable supply chain with enough aspects like managing physical products, handling customers and balance technological usage is crucial to the improvement of everything company, whether it is big or small, and Four Points by Sheraton is no exception. In the era of new technology and ideas, it is vital for the survival of business to have the ability to adapt lighting fast to the situation and develop a changeable system that can be improved by the minutes.

In short, Supply chain management is the key to success for most of the businesses nowadays as they will unlock the potential of the firms by creating more revenues, chances of improvement, and a better production plan in general.

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