

# Starwood case study

Education



Since India has a growing hospitality market they don't have as many resources available which poses many problems for entrants into the market. Starwood plans to introduce the aloft brand into the untapped Indian hospitality market which creates a huge question mark as to whether or not there is a market in India for the economy brands. The skilled labour market is very slim in India, making it difficult to hire the right type of service oriented employees. The cultural differences will also prove to be a challenge for Aloft. Aloft is a brand that isn't well known throughout the international market let alone the domestic markets in the United States and Canada. Many people traveling to India who are traveling internationally will be looking for brands that are familiar which may pose a threat to the success of the Aloft brand in India. Situational Analysis

Strengths India offers huge demand for any hotel company looking to build rooms. The domestic market is growing exponentially and the government is replying by fixing roads to make travel easier (Simona Terron). Weaknesses

Finding skilled labour has shown to be difficult in India and the adjustment to more westernized businesses will prove to be a challenge for locals. The infrastructure in India is still pretty bad even though the government is trying to fix the roads. Domestic travelers are used to the roads but foreign travelers will find it very difficult to navigate through the cities. India's social unrest will be a hurdle that must be overcome in order to stabilize the economy as a whole. If the government isn't strong, foreign travelers will steer clear of India. Opportunities

The open sky policy created in 2008 opened up travel from India to the UK. The sky travel industry has grown 25 %, creating a huge opportunity for the service industry in India (The Financial Express). Threats

While India is growing, there are many other companies that want to ride the wave. According to the case Accor has plans to add more than 5, 000 rooms to their portfolio in India. There are also many Indian hotel brands that plan to expand.

Alternatives (See Appendix) Alternative 1: Creating training seminars that locals can attend will help Starwood create a labour pool that is more attractive Alternative 2: Implementing policies that embrace cultural differences will help ensure the success of the Aloft brand in India Alternative 3: Introduce the Four Points by Sheraton brand instead of Aloft as this is a brand that is already recognized internationally. Alternative 4: Instead of introducing the Aloft brand, Starwood should implement a management business model in India.

Analysis of Alternatives (See Appendix) Alternative 1: No risk involved, 100% return on investment. Starwood will gain a competitive advantage as they will have a better pool of applicants to choose from. Alternative 2: No risk involved, 100% return on investment. The Aloft hotels must implement ways to overcome the cultural barriers they face in India. Alternative 3: Moderate risk involved, 100% return on investment as the risk is met with a huge demand for economy hotels in India. Alternative 4: Moderate risk involved, 100% return on investment as this business model has worked in similar markets.

Recommendations Starwood has a huge opportunity to penetrate the Indian hotel market and they are not doing so in the right way. Introducing the Aloft brand into India may be successful for a while just on the basis that there is a huge demand for rooms but this advantage is not sustainable. Once more hotels penetrate the market; Aloft will be pushed to the side as it just doesn't fit in the Indian market. Starwood should introduce the Four Points by Sheraton brand as it is a more internationally recognized brand. Since the management business model has worked for Intercontinental Hotels in the Asian market, Starwood should do the same in the Indian market. Whether or not Aloft is the brand that Starwood chooses to introduce in the Indian market they will need to train potential employees. Starwood needs to offer training seminars for locals to attend in order to train them for service expectations. Starwood will also need to find ways to overcome cultural barriers in India. Implementation

Implementing the training seminars and the cultural embracing policies in the hotels will require human resources. These alternatives will only take a few weeks to implement and a small amount of funding for incentives.

Introducing Four Points by Sheraton and looking at the management business model will need a large amount of capital that, according to the case is already available. The implementation of these two alternative can be done in the same way Starwood was going to introduce the Aloft brand into the Indian market.