

White castle of louisiana



The Nottoway Plantation, Restaurant, and Inn: White Castle of Louisiana 5.

What does the plantation tour industry in the New Orleans area look like?

Who are the major players and what are their relative strengths? The plantation tour industry in Southern Louisiana takes advantage of the proximity of both New Orleans, a major international tourist destination, and Baton Rouge, a medium sized state Capitol and college city, to draw visitors interested in experiencing antebellum plantation life on the Mississippi River.

Plantation tours represent a side activity for tourists visiting the area, particularly for those who have spent a few days in New Orleans and are seeking an alternate, lower-key attraction. Visitors to the area might contact a travel agent about such tours prior to visiting the area, or from a hotel concierge, or from a brochure provided by a local limousine or bus tour company to promote day-long or half-day tours. Eleven plantation homes located anywhere from 20 to 110 miles away from New Orleans are discussed in the case.

The following table presents some of the relative strengths and weaknesses of these establishments, relative to the Nottoway Plantation: Destination 1 .

Destrehan Plantation Relative Strengths: Oldest, low admission, close to New Orleans (22 miles) Greek Revival style with spiral staircase. Lower admission fee than Nottoway. Hosts special events. Slightly closer to New Orleans.

Attractive Federal woodwork.

Rare plantation dependency. Slave quarters included in tour. Lower admission fee than Nottoway. Greek Revival style, 8- acre garden.

Lower admission fee than Nottoway. Closest to New Orleans (20 miles).

Greek Revival style. Original furnishings. Catering and formal dining available; hosts special events.

Overnight accommodations. Lower admission fee than Nottoway. Open most holidays. Famous for alley of live oaks. Overnight accommodations.

Lower admission fee than Nottoway. Slightly closer to New Orleans (60 miles) Lower admission fee than Nottoway. Overnight accommodations. Hosts special events. Dining available. Close to New Orleans (23 miles).

Relative Weaknesses: No restaurant (?). No overnight accommodations. Smaller than Nottoway. Closed holidays.

No restaurant (?). No overnight accommodations.

Smaller than Nottoway. No gift shop (?).

No overnight accommodations. Smaller than Nottoway. Closed on major holidays. No restaurant (?). No gift shop (?). No overnight accommodations.

Smaller than Nottoway. Closed on major holidays. No gift shop (?); No restaurant for lunch (?); Smaller than Nottoway; Slightly further from New Orleans (72 miles) 2. Houmas House 3.

La Branche Plantation 4. Longue Vue House and Gardens 5. Madewood Plantation 6 Oak Alley Plantation No gift shop (?); No restaurant for lunch (?); Smaller than Nottoway. No gift shop (?); Furnishings not as authentic as Nottoway.

Smaller than Nottoway. No gift shop (?). No restaurant (?). No overnight accommodations. Smaller than Nottoway. Located furthest from New Orleans.

Slightly higher admission fee than Nottoway. No restaurant (?). No overnight accommodations. Smaller than Nottoway.

Closed most holidays. 7. Ormond Plantation 8. Rosedown Plantation and Gardens 9. San Francisco Plantation 10.

Tezcuco Plantation Museum quality home with original furnishings, 28 acres of “ magnificent” formal gardens. Elaborate home. Gift shop. Relatively close to New Orleans (45 miles). Lower admission fee than Nottoway.

Greek Revival home with bed and breakfast cottages.

Antique and gift shop. Restaurant. Slightly closer to New Orleans (60 miles). Lower admission fee than Nottoway. Smaller than Nottoway. .

What strategy does Nottoway use to attract visitors? Should it use additional appeals? Nottoway’s strategy for attracting tourists is to promote itself as the “ The largest plantation home in the South”, offering a full range of amenities, opulent period furniture, an award-winning restaurant, and an image of charm and elegance compared to competitor plantations. Nottoway advertises to both end consumers and to tour operators.

Promotional vehicles include local media advertising, brochures distributed to all New Orleans hotels and tourism offices, and in national publications of historic bed and breakfast facilities. In my opinion, Nottoway is missing the

opportunity to participate more actively with tour operators. More of the company's revenues are derived from restaurant sales rather than tours.

While the restaurant business is profitable for Nottoway (38.1% gross margin in '93-'94) and probably should be expanded, the tour business is much more profitable (90.7% gross margin in '93-'94).

Nottoway's greatest problem is its inability to draw sufficient evening traffic and overnight traffic, particularly in relatively slow months such as September, December, January, February, and June. One strategy Nottoway might consider is trying to partner with the tour bus operators to offer more full-day tour packages including one other plantation.

For tourists who choose not to stay overnight at the plantation, full-day and afternoon/evening tours could be priced to include a premium dinner and evening entertainment based on seasonal themes. A typical full-day tour might include a 10 AM start time in New Orleans, 1.5 hours to drive to Houmas House, lunch at Houmas House at 12:30, drive to Nottoway for arrival at 2 PM, tour Nottoway until the 5 to 6 PM cocktail hour, dinner at Nottoway from 6 to 7 PM, and a floor show from 8:30 PM, returning to New Orleans at 1 PM. Half-day afternoon/evening tours might exclude the portion related to Houmas House. The shows might be themed to include Mardi Gras in January and February, 'Cajun Culture on the Bayou' in the spring and summer, 'Harvest Festival on the Bayou' in September and October, and Christmas in late November and December.

Using local musicians, dancers, and other entertainers, such shows could be mounted with minimal capital investment.

They would differentiate Nottoway from the competition, and would take fuller advantage of its award-winning catering capabilities. An afternoon/evening tour operating 2 days per week could include bus fare, the plantation tour, dinner, and entertainment, at a price of \$65 per adult (of which \$27 is assumed to be bus fare to the tour operator, with \$38 to Nottoway).

Incremental tour traffic of 30 adult passengers three times a week would produce approximately \$178, 000 in additional annual revenues, not including additional purchases in the gift shop. This additional revenue might enable Nottoway to pull back into the black without increasing its overnight room capacity.

7. What additional information does the marketing director need to know about Nottoway's current customer base? In order to better assess the potential impact of changes to Nottoway's service mix, visitors should be surveyed to generate the following information on their customer base: a.

Whether the visitor is local, visiting from New Orleans, or visiting from Baton Rouge b. If not local, reason for visiting the area (such as which convention the visitor is attending) c. Basic demographic information on the visitor, such as age range, home location, income range, number of times visited the area, number in their party, how arrived at Nottoway d. How the visitor heard about Nottoway (tour operator, brochure at convention center, brochure at hotel, word of mouth from past visitor, etc.

) e. Feedback regarding the quality of the bus service, quality of the tour, maintenance of the plantation, quality of food service, etc. including any

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complaints f. Likelihood of considering Nottoway for a special event, and reasons why or why not g. Any additional visitor comments regarding Nottoway or its competitors Survey questionnaires could be administered at the end of tours or in the gift shop.

Survey respondents could be given reusable shopping bags (typically sold for around \$1) printed with Nottoway logos. The bags could themselves become a promotional vehicle for Nottoway. The team could also meet with local tour operators and the local convention bureaus routinely to solicit suggestions on how to increase tour volumes. .

What potential new markets might Nottoway pursue? How can it attract those segments? The Nottoway marketing team should directly contact organizers at professional societies and other trade shows planning conventions in the area. They should offer customized entertainment packages to convention attendees and their guests. They might also obtain convention exhibitor lists and contact convention exhibitor companies directly to offer packages promoting special events for their employees and/or customers attending the convention.

This strategy might not only be limited to exhibitor companies; the team might also create special tour/dinner/ entertainment/lodging packages for local (New Orleans, Baton Rouge, or Lafayette) companies which conduct management retreats or sales meetings. Finally, since Nottoway's capacity for hosting weddings appears (from Exhibit 7) to be underutilized in at least eight of twelve months of the year, the team should expand their

promotional efforts to wedding planners in the area, perhaps offering special packages during slow months. .

Evaluate Nottoway's performance during the last two years. During Nottoway's 1993 and 1994 fiscal years, the financial performance of the operation has been lackluster. Revenues from operation fell from 1993 to 1994; this was particularly apparent in the area of tour revenues, which declined 12.4% from \$740,000 to \$648,000.

Since nothing in the case suggests that the tour price changed, this decline must have been directly attributable to reduced visitor volumes.

Over the same period of time, Nottoway's total expenses increased 2% from 2,400,000 to \$2,449,000, attributable to increases in the operating expenses. While the business almost broke even in 1993 (with a negligible \$15,000 loss), it incurred a significant loss in 1994 of \$214,000, or 9.6% of total revenues. Accounts payable to affiliates and notes payable to affiliates both rose during from 1993 to 1994; most of the increase represented money owed to Paul Ramsay, the plantation owner, which would be rolled over.

While the general economy probably played some role in these losses, there are other steps the Nottoway team could have taken to increase revenues (such as those mentioned above) or decrease costs (such as layoffs of non-essential staff). 10. Should the additional rooms be constructed? What level of room quality is required? Under the circumstances at that time, it is unrealistic to believe that Nottoway's owner, Paul Ramsay, would be willing to or should invest capital to construct additional hotel rooms, at least until <https://assignbuster.com/white-castle-of-louisiana/>

Cindy Hidalgo and her team could return the existing operations to profitability.

As mentioned above, there are several creative marketing strategies the team could pursue without adding rooms. The concept of adding a dinner show to tours could add \$38 or more per visitor, which any additional capital outlay.

Further, the concept of promoting more small corporate retreats or other special events might make more sense in the 1994 – 1995 timeframe than the thought of adding rooms.

If, at some point, the Nottoway management team were to use these other marketing strategies to generate positive cash flow, a motel- style building would be inconsistent with Nottoway's premium image, and a high-end hotel with authentic period furniture would probably be cost prohibitive. Building an additional building with moderately-priced rooms consistent with local small hotels catering to motor coaches and business meetings might be most appropriate. As of 1994, Nottoway had 13 rooms/suites which equate to $(364 * 13) = 4,732$ room nights per year in total capacity.

Using their projection of 3,280 total rooms rented in 1994, it can be assumed that their occupancy averages 69.3% at average revenue of \$125 per room (total guest room revenue of \$405,000 to \$410,000 per year).

In order to attract tour operators, however, their revenue per room would have to decline to \$50 to \$70 per night on new rooms. At an optimistic 69.3% occupancy rate, assuming \$60 per night rent on the new rooms, the

revenue generated from new rooms would be approximately (6, 300 room nights * \$60 per night) = \$378, 000 per year.

Even assuming net profits of 15% on this revenue, with the resulting profits of \$56, 700 annually it would take over 17 years to pay off the (25 rooms*\$40, 000 per room) = \$1 million investment needed to build the rooms (assuming no interest). The numbers suggest that it would make little sense to construct additional rooms unless average occupancy rates and/or potential revenues per room could be increased.

1 . What other recommendations would you make to Cindy Hidalgo to increase revenues?

I would recommend that Cindy Hidalgo pursue one or more of the specific revenue-producing strategies described in detail above, specifically:

Conducting ongoing surveys of visitors to generate better information on Nottoway's customer base, in order to better assess the potential impact of changes to Nottoway's service mix Partnering with the tour bus operators to offer more full-day tour packages including one other plantation. Introducing full day and afternoon/evening tour packages priced to include a premium dinner and evening entertainment based on seasonal themes.

Directly contacting organizers at professional societies and other trade shows planning conventions in the area, to offer customized entertainment packages to convention attendees and their guests. Creating special tour/dinner/ companies which conduct management retreats or sales meetings. Expanding packages during slow months.

I would recommend avoiding investment in the construction of additional rooms until Nottoway's profits significantly improve through the use of one or more of these alternative strategies.