

Hotel pest analysis



PEST Analysis

Political/Legal

Due to the possible impacts on the Environment from the operations of a hotel, there is a need to comply with Environment related regulations.

Industry specific taxes Eg: bed tax

Difficulties in obtaining travel visas to this region (especially by non-European and non-US nationals) can be a deterrent to such tourists entering this region.

The current ' war on terror' situation may reduce non-essential leisure based travel, which will have a negative impact on the hotel industry.

Economic

Both hotel stays and spa treatments essentially appeal to one's discretionary income, thus a growth in discretionary income would become favourable to an organization such as Solberri.

The competition for an organization such as Solberri need not necessarily come from similar hotels/spa facilities only, it could even arise from other sources such as other competing forms of expenditure for one's discretionary income. Eg: a new suite of furniture

Due to the seasonal nature of demand, revenues and room occupancy can vary significantly during peak and non-peak periods.

As hotels generally provide free food and lodging especially at the operational level, their salaries are not that attractive compared with that of

certain other industries. This may make it difficult to attract employees for such positions.

Due to the non-essential nature of this type of service to a potential customer, this would be one of the first areas that would be cut back at a time of recession or economic downturn.

The higher end of the hotels (Eg: ‘ Premier’ category at Solberri) would essentially target the higher end of the market which is a relatively smaller group where high margins can be earned.

The ownership models of hotels have witnessed some new realities in recent years.(Eg: individuals/investors owning hotel rooms, sell and leaseback, moving towards managing the hotel as opposed to owning them.

Social/Cultural

The patronizing of spas can be seen as a lifestyle change which is growing among certain sections of the middle class as well as the upper class.

As hotels benefit from holidaying the extent to which people take holidays and their ability to get off from work for such holidays will have a direct bearing on the demand experienced by an organization such as Solberri.

As hotels consume a large amount of resources such as water, soap, detergents as well as cause a fair amount of pollution (from water, leftover food, use of strong detergents), there exists a fair amount of pressure to be ‘ green’ especially by Environmental pressure groups.

The supply of lower level staff is seen as being directly related to seasonal unemployment in the region.

As traveling for a holiday is seen as non-essential travel. Some may opt not to engage in leisure travel especially where air travel is involved.

Technological

The hotel industry is seen as utilizing an increasing amount of technology with a view of achieving greater customer satisfaction. Eg: Ritz Carlton's customer information management.(CRM)

It can be seen that customers, even potential customers extensively use online information sources including reviews and comments by previous customers when making their own choice about holidays and places to visit.

The use of technology and other advanced techniques can be useful in managing the consumption of resources such as water and electricity which are resources that are extensively used in this industry. Eg: Power Factor Corrections, recycling water

The increasing use of IT/IS can help in improving the information available for management decision making which will also allow the organization to better plan its future activities and events.