

Forte hotel



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Forte Hotels, the largest hotel chain in the UK, is in the process of developing a new hotel chain in the United States to attract the international and domestic business customer segment. Through the data provided, I recommend that Forte use the hotel concept of Small Room, Speaker Phone, Exercise Room + Pool, Fruit and Cheese Bowl, and Yes to delivery. The following write-up will analyze alternative Forte Hotel product concepts, potential market share, and viability of constructing different room types.

Analysis I ran a conjoint analysis on the conjoint data in order to understand the market share and revenue indexes for the four room concepts developed by Forte Hotels. I chose to use the First Choice Rule. The First Choice Rule suggests that customers will choose the product that provides the most utility compared to alternatives, and I believe this is the right assessment of the hospitality industry. Hotels are typically researched and booked in advance, and are not impulse or on site purchases. Because of this, the First Choice Rule is better suited for this analysis.

Reviewing the output analysis, of the four product concepts that Forte is currently considering the Professional 1 and Tourist have the highest market share (12.5%), and similar Revenue Indexes. Next, I took into account the costs of the attributes for each product concept and normalized the costs by 365 so that it and the Revenue Index were on a per day basis. Subtracting the costs from the Revenue Index and multiplying this adjusted number by the market share, Tourist concept had the highest revenue potential. (See Exhibit 1).

Though Tourist provides the highest revenue potential of the concepts being considered by Forte Hotels, further analysis of the data suggests that other

concepts have greater potential than the Tourist. Reviewing the Conjoint base data, I took the averages of each attribute option, and found that Small Suite, Speaker Phone, Exercise Room + Pool, Fruit and Cheese have the highest average ratings, while food delivery was evenly split between Yes and No.

I ran two conjoint analyses with an additional profile labeled “Optimal”, and the Yes delivery produced a market share of 21.25% and a revenue potential score of 4579, almost three times the Tourist’s revenue potential. I believe that this room concept will be the best option for Forte’s new hotel chains, and remains in alignment with the image of functionality and convenience that Forte would like to convey. Assessing whether two different room types should be created, I adjusted the conjoint analysis data so that the Optimal profile created was moved to the Existing Product profiles.

Next, I used the original product concepts, and ran a conjoint analysis. Since I am offering delivery for the Optimal profile, I assume it is not possible to deny the service to the other rooms, so I adjusted the other profiles. From the output, the Professional 2 room produced the highest market share (10%) and revenue index while not cannibalizing any of the Optimal profile’s market share. Despite this, the profiles are very similar, and I would not suggest creating a second type of room, and only construct the Optimal profile room. ?