

Harlington hotel business plan tourism essay



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Critically review the hotel industry, apply strategies, to research and listen to consumers needs and wants. This would have a specific focus on retaining consumers, and providing a strategy of overcoming predicted challenges and to develop realistic financial assumptions and financial plans.

The business is to be a new medium size hotel of modern services and facilities. The design of the hotel is to have 60 rooms, reception, waiting lounge, one restaurant, two function rooms, two state of the art conference rooms, one bar, and an indoor swimming pool with a gym.

The other side of the business is also having links with the local theatres and as a promotion, those of which stay with us can get tickets to see different shows at half price.

The hotel industry is worth just over \$30 billion within the UK and has been on the up since 2003. Majority of the people who stay within the hotels is domestic tourists. According to Data Monitor (2007) " The UK hotels and motels industry generated total revenues of \$34. 1 in 2007, this representing a compound annual growth rate (CAGR) of 5. 7% for the period spanning 2003-2007".

Under the market research conducted 54% of the people asked would stay at a hotel with the offer of 50% per cent discount on theatre tickets, , this shows there is a market and a need for this kind of business as being innovating and new.

Two types of research will be conducted. A qualitative and quantitative approach. This will build a foundation and gain an in-depth study of

consumer's needs and wants for the business. According to Gummesson (2000) " an organisation acts in the reality and consists of people". This suggests when gaining a study of consumer's needs and wants the business needs to see that people are not just statistics but also they are the ones whose information, can help change the operation of the business in real-time. The two forms of research is Interviews and questionnaires. Research helps to give a variable, and variety of sources to analyse, helping the decision process. " Research is the systematic and objective process of gathering, recording and analysing data for aid in making business decisions" (Zekmund, 1991).

" It is essential to have a clear understanding of the philosophical basis for the research strategy selected and this helps to provide the researcher with clarification, focus and consistency of research design.... this will be dependent on the research design and the types of evidence we collect" (Hines, 2000).

Questionnaires and interviews are effective because " Studies depended on interviews and questionnaires for their data Using questionnaires and interviews obtained statements about opinions and feelings..... Interview behaviour is a form of social interaction and should be analysed accordingly. Verbal data has been made the keystone of contemporary social science" (Foddy, 1996)

Interviews and questionnaires are highly relevant because it will help identify, if the business will be viable and this type of research is non-expensive. " Small firms can benefit from low cost qualitative market

research techniques to determine achievable advantageous marketing strategies” (Goodman, 1999).

Confidentiality of data is important; ensuring persons taking part are aware of what the project is. “ Researchers have a moral obligation to maintain the confidentiality of the data. In this respect the anonymity of the respondent is crucial and should be respected, by the researchers prior to the collection of the data” (McKenna, 2006).

4. 0 Industry Analysis

Market size

The market the business is entering is extremely large as the business is not only going have to compete with hotels, but also other venues of accommodation. This would include campsites, B & B's, holiday centres i. e. Centre Parks and theme parks accommodation e. g. Alton Towers. The data provided by Visit Britain (see appendix 1) there is still a variable market for the hotel industry, as it is showing 23% per cent of tourists staying in hotels within the UK compared to the other forms of accommodation. This percent shows hotels are second choice as 48% would prefer to stay at a friends or relatives house. The business needs to reach out and to be different in order to boost the percentage for the hotel market and lower the FR (friends and relatives) percentage, by providing a high quality level of service and amenities which will outperform the comfort of FR's.

Trends within the market

The trends of the consumers staying within the UK, the largest amount was mainly for a holiday. According to Visit Britain (2009) it was the largest since

2000 with a 33% increase in 2007. But there has been a decline as in 1995 the numbers of visitors has dropped from 44% to 33%. For VFR there has been an increase since 1995 from 20% to 30% (Visit Britain, 2009). VFR is the only one showing growth within the market, “ since 1999 it has had an increase of 30% in total but they are not contributing to the accommodation sector” (Visit Britain, 2009).

Visit Britain (2009) states “ Business visitors are generally a lucrative target-spending on average £126 per night, £514 per visit, and staying largely in paid accommodation (68% in hotels/Guesthouses)”

Market analysis

SWOT analysis

“ This technique provides a framework that enables an organization to assess their position within a market in relation to the competition” (Page and Connell, 2006).

Strengths of the business is having a variety of rooms, several conference rooms, which are hi-tec, high quality service, training programmes for staff and effective strategies in place. This will help to retain consumers and with research on consumers and competitors, the business will be able to enhance finances. “ Firms that generate disseminate and meaningfully respond to market intelligence and planning inputs are likely to enjoy enhanced financial performance”. (Jaworski and Kohli, 1993).

Weakness of the business is mainly signage, as it is not cheap and processes though the council can take time. Other weaknesses are finance. The business will be seeking finance from banks and investors, to help start the <https://assignbuster.com/harlington-hotel-business-plan-tourism-essay/>

business. “ Such firms, which generate valuable knowledge about both customer preferences and competitor intents by integrating planning and intelligence inputs/views, can optimize the fit between their capabilities and external opportunities and thus achieve superior performance” (Novicevic et al, 2004)

Opportunities for the business is developing links with other attractions, to help out in further projects within the town especially with the lead up of the 2012 Olympics as this will help to bring in more custom and also benefit the local attractions. The Euro is becoming stronger against the Pound forming an era of an affordable England for international tourists, which helps to have the opportunity of develop a good financial stance within the market.

According to Day and Nedungadi (1994) the opportunities are “ intended to provide options for the firms to exercise in order to maximize the fit between its capabilities and future opportunities”.

Threats for the business are the competition as they will up their game to ensure that a new business does not succeed, especially within a recession. The local authority will be a threat via planning permission may not be given for certain development plans. The idea of these threats is to acknowledge them until resources allows them to be minimised. According to Liedtke (2000) “ synthesizing process creates value, not only in aligning components, but also in creatively re-arranging them”.

PEST analysis

Political issues for the business is ensuring all licences required are put into place, this includes selling of alcohol, health and safety – fire exits,

supervision of swimming pool, CBR checks, hygiene certificates, different licences for opening and closing times of facilities. Grants and funding is also an issue as government have made several ways to get a hold of funding for businesses, via the banks. “ For example, executives evaluating potential mergers or acquisitions must consider antitrust suits and other legal matters, and political issues in addition to financial aspects” (Keeney, 1982).

Economical issues for the business getting a hold of loans from the banks, but a main concern would be interest and inflation rates, after the current economic climate of the recession, causing unnecessary leakages within the finance budgets of the business. “ Future implications of alternatives now being considered should be accounted for in the decision-making process” (Keeney, 1982).

Sociological issues for the business is more people are staying at FR's more and cheaper holidays are making it harder, therefore gathering and analysing data is imperative to success, for the business. “ In any case, the process of obtaining and combining the available information is a difficult task that requires balancing all the pros and cons” (Keeney, 1982).

Technological issues for the business are costly when technology advances are made, and systems have to be updated. This involves changing all computer systems, reprogramming, and retraining of staff. “ Different individuals, however, have expertise in disciplines such as economics, engineering, and other professions which should be incorporated” (Keeney, 1982).

This can be offered by having use of the internet, and having a website for bookings, and information about the company and what the business is about, and use information systems within the business.

5. 0 Presentation of findings

5. 1 Interview overview

(To view full analysis see appendix 6)

Both of the hotels use different strategies, the Royal hotel uses Revenue management and the Walton park hotel uses a Blue ocean strategy. This is defined as “untapped market space, demand, creation and the opportunity for highly profitable growth” (Kim and Mauborgne, 2005).

The hotels agree, the hotel market has changed, as consumers are becoming lazy and are booking rooms later and later. Customer loyalty is no longer a priority for the market, but the internet has also made this change as it is easier to compare prices, and standards. The Royal hotel has large functions and weddings occurring they have to be able to plan about three months in advance especially with the strategy of RM.

Both of the management from the hotels attend conferences to help with new suggestions and the running of the business.

For gathering information they use questionnaires which helps to have target market information updated and services can be improved, but Royal hotel says if even though they use questionnaires they are very short answered, and some will give exceptional on very thing which does not help the improvement of the business as they need to have constructive criticism.

(Royal Hotel and Walton Park Hotel, 2009)

6. 0 Consumer analysis

6. 1 Target market identification

The research conduct uncovered the target market being C1, C2 and D's using demographic profiling.

The reason for this is because they are more incline to stay in a non-expensive hotel, with a variety of facilities offered, and also due to Weston-super-mare being central, via the motorway and different transport systems available. “ We are well-served by the M5, mainline railway and Bristol International Airport (BIA) and have an efficient and comprehensive public transport network” (North Somerset, 2009).

6. 2 Consumer needs assessment

Within the business the consumer continuously needs to have the highest level of service. “ For service organisations the interaction between front-line personnel and the customer is crucial as they aim to create high quality service encounters” (Nickson et al, 2005).

When providing a high level service for the target market, everyone is different; therefore the needs are not going to be the same, for each person, “ delivering superior customer value and satisfaction are crucial to the competitive edge of a firm” (Kotler and Armstrong, 2000 & Weitz and Jap, 1995). For example certain aspects will need to be in place within the business for those who have disabilities, young families with baby changing facilities, those who are diabetic. Many different concepts need to be taken into consideration, for different consumers, the more efficient of establishing <https://assignbuster.com/harlington-hotel-business-plan-tourism-essay/>

customers needs then a good reputation can be established very quickly for the business. Deng (2008) states “ Customer satisfaction increases customer loyalty, reduces price sensitivity, increases cross-buying and increases positive word of mouth”.

7.0 Strategic implementation

7.1 Blue Ocean and Focus strategy

A Blue ocean strategy is a way of breaking away from the industry boundaries, going beyond the known and entering the unknown. “ Kim and Mauborgne (2005) state “ Blue oceans, in contrast, are defined by untapped market space, demand creation, and the opportunities for highly profitable growth Most are created from within red oceans by expanding existing industry boundaries”.

This is applied to the business as having a link with the local theatres is a new and innervating idea, as no other hotel provides this type of service. The business is going into an area which has not been explored before. With this strategy in place for the business, profitability will be more inclined, as the research conducted showed there is a market for it. “ Companies that create blue oceans usually reap the benefits without credible challenges for ten to 15 years, as was the case with, Southwest Airlines and CNN. Creators immediately attract customers in large volumes” (Kim and Mauborgne, 2004).

Using Porter generics strategies of a focus strategy this interlinks as the blue ocean strategy for the business needs to focus on its consumers and adapt the products and services to meet the target markets requirements. Using

the focus strategy not all consumers are going to want to go to the theatre, therefore using the focus strategy, and opportunities available the business will be able to develop further links with other attractions. “ An organisation’s knowledge capabilities determine its effectiveness. As the underlying knowledge processes are highly dynamic, the capabilities used in performing those processes must also be dynamic” (Dawson, 2000).

8. 0 Management and frameworks

8. 1 Management

Within the business there will be three sets of management and one general manager. (See appendix 8 for structure). Each manager is to an effect to manage, delegate and organise the department they are in charge of.

Meetings will take place every morning for a, debrief followed by an official monthly one.

8. 2 TQM framework applied

TQM is not an easy process to be applied to an organisation as it can be quite complex. “ Most business organizations start the implementation TQM programmes with lots of vigour, enthusiasm and perhaps even excitement.

The more they move forward with their attempts to change the culture of business thought TQM, the more they realize that it is a hard and very painful process” (Zairi, 1994). TQM is a philosophy, as consumers demand it in different ways. This includes the following: “ Quality of products/services; speed and reliability of delivery; price; innovation and differentiation; and professionalism” (Zairi, 1994).

For TQM to work, the business is going to ensure all staff having training sessions, and three month appraisals to ensure the service being provided by the staff are to high quality standards. Ensuring there is always a member of staff available for information about the hotel and the surrounding areas, and the reliability to speak to management to sort any issues quickly, effectively and efficiently. Having the opportunity to develop connections with other attractions, as returning consumers may get bored of the same thing, therefore a variety of connections is required to be able to retain custom.

Finally all staff members are to act in a professional manner at all times, when dealing with consumers, if any problem occurs, management will be involved and if serious then disciplinarians and taking part in skill develop programs. " Customers focus as a basic principle at the heart of and underlying TQM is among the most generally accepted precepts in the work of all quality management" (Soltani et al, 2004).

9. 0 Financial Sources

Within the finance sector there are several ways to be able to set up a business and to gain capital, which can result in long term and short term funding. This involves the following: " capital and venture capital; profit retention; borrowing; leasing, hiring and factoring; government assistance; overdraft; and trade credit" (Needham and Dransfield, 1992)

" There are a variety of ways to gain capital; most organisations will use banks where you can gain up to 60% per cent of value and investment plans, depending on how much money and profit available, this is depending on

evidence given of the business plan, and proven it is worth investing ”

(Owen, 2009)

For the business there will be four types of financial sources to be used, this will be investment from investors, borrowing from the bank, these are going to be long term financing for the business. The short term financing will be a private equity loan, which will be paid back within the first year and also a business overdraft, which is for emergency use only.

From appendix 9 of the balance sheets, the profit made will be divided into four sectors this will be reinvestment back into the business itself, separate loan account so the borrowed money gets paid back, payments to investors and finally Inland Revenue corporation tax. This way the business is able to run smoothly and efficiently and have also analysed the finance from 100% full down to 25% per cent full.

For buying the hotel itself excluding refurbishment estimation of about £2.5M - £3M with design and size of the hotel as this is on a basis of the Royal hotel and Walton Park hotel.

“ If looking at buying the Royal Hotel or Walton park hotel then you will be looking at about £2.5M - £3M without anything done to it, this is an estimation with the current economic climate” (Owen, 2009)

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Appendices

Amount of visitors staying in different types of accommodation within the U.K.

Trends – purpose of visit and length of stay

Questionnaire

Questionnaire results

Interview questions

Full analysis of interview

SWOT and PEST Analysis

Management and staffing structure

Finances and forecasting

Appendix 1

% of Nights Spent by Visitors from all countries by Type of Accommodation,
2007

(Visitbritian, 2009)

Appendix 2

Purpose of visit

(Visit Britain, 2009)

Length of stay

(Visit Britain, 2009)

Harlington Hotels

Appendix 3

Questionnaire for development plans of a new hotel in Weston-super-mare

Harlington HotelsThe information about to be given is confidential and will remain anonymous; the questionnaire is designed to help research into a hotel business and to find out about consumer needs and wants to help it become a more realistic approach within customer satisfaction.

Male female (please tick the appropriate answer)

How old are you? (please tick the appropriate answer)

18 - 25

26 - 30

31 - 40

41 - 50

51 +

What is your occupation? (If unemployed please go to question 4)

Please state:

If student and employed please state.....

How often do you go to W-S-M? (please tick the appropriate answer)

Every day

Twice a week

Once a month

Once a year

If other please state:

How do you get to W-S-M? (please tick the appropriate answer)

By car

By bus

By train

By airline via other transport

If other please state:

Thank you for your time

What sources do you use when looking for a hotel? (please tick the appropriate answer)

The internet

Media

Guide books

National/international travel agents

Go by word of mouth

If other please state:

(Please tick the appropriate answer)

How long do you normally stay at a hotel within the UK for?

One night

Weekend - Fri - Sun or Sat & Sun (please circle)

5 - 10 days

11 - 15 days

One month

If longer please state:

What would your main reason be for visiting? (Please tick the appropriate answers)

Rest and relaxation

VFR (friends and relatives)

Business

Education (conference, congress, seminar, study, other)

Culture

Fun

Health

Religious reasons

If other please state:

Thank you for your time

Below is listed some elements which may be considered when choosing a hotel. Please indicate the IMPORTANCE of each element it is to you when choosing a hotel. Please rate them on a scale 1 being unimportant and 5 being very important.

ELEMENTS WHEN CHOOSING A HOTEL

How Important is This Element

Unimportant very Important

I Don't Know

Clean and tidy hotel (reception, restaurant etc.)

1

2

3

4

5

Clean and tidy rooms

1

2

3

4

5

Information accessibility

1

2

3

4

5

Information clear and concise

1

2

3

4

5

Catering facilities offered

1

2

3

4

5

Knowledge from staff

1

2

3

4

5

The willingness of staff to help

1

2

3

4

5

Trusted staff

1

2

3

4

5

Friendliness of staff

1

2

3

4

5

The understanding of guests needs

1

2

3

4

5

Additional activities offered by the hotel (sports facilities, entertainment etc.)

1

2

3

4

5

Activities offered within the local area i. e. excursions, trips, theatre shows
etc.

1

2

3

4

5

Please rate the general quality when choosing a hotel 1 being low quality and 5 being high quality?

Low quality High quality

I Don't Know

General quality of the hotel and service provided

1

2

3

4

5

Thank you for your time

(Please tick the appropriate answer)What services/ facilities would you want/ require from a hotel?

Staff who can help and sit down with you if any problems or queries

Knowledge of area / other areas

Activities to do outside the complex

Activities - sports, walks, excursions etc

Variety of restaurants with different foods

Links with local transport operations

Pool

Gym

Variety of evening activities

If other please state:

.....

What type of room would you prefer standard or luxury?

Please state:

.....

...

What facilities would you expect to have in the room? (Please tick the appropriate answers)

En-suite

Kitchen

Lounge

Balcony / terrace

If other please state:

.....

How much would you spend per night at a hotel? (Please tick the appropriate answer)

£20

£21 - £40

£41 -£ 60

£61- £80

£80 +

Would you stay at a hotel which offered half price theatre tickets?

Yes

Thank you for your time

No

Maybe

Appendix 4

Questionnaire results

Appendix 5

Interview questions

What form of custom do you receive?

What is the main strategy used for this business i. e. focus, cost leadership, or differentiation?

For the hotel industry and for your business do you think loyalty has decreased or increased?

What benefits do your loyal consumers receive if any?

Has the hotel market changed in recent years? Why?

What do you think consumers look for when booking a hotel?

The consumers you receive are majority of them returning consumers or different all the time?

How important is your target market to the business? W