

Amber inn andamp



**ASSIGN
BUSTER**

Amber Inn & Suites, Inc. is a 250 property hotel chain with locations in 10 western and Rocky Mountain States. As a special assistant to the corporation the goal is to prepare a comprehensive analysis with the possibility of establishing a solid base for future growth. (Kerin and Peterson, 2010).

This case study will provide a summary and analysis of Amber Inn & Suites, Inc. options and an examination into the company's strengths, weaknesses, threats and opportunities.

Problem Modification

Amber Inn & Suites, Inc. problems to be addressed are how to emphasize on the corporate travelers and vacationing family stays. The American Hotel and Lodging Association have reported one half of all guests are business travelers and the other half are for leisure or family vacations. In comparison, Amber Inn & Suites, Inc. basically offers the same amenities as other hotel chains in the midscale to economy range. (Kerin and Peterson, 2010). However, they are not able to compete with higher level hotel chains due to limited-services which inhibit their growth potential.

Case Analysis

Amber Inn & Suites, Inc. has projected growth in the annual lodging revenue of 7.4% for the current fiscal year. However, it is still slightly below the overall hotel industry average of 7.6%, but higher than the average limited-service growth rate of 5.8%. However, Amber Inn & Suites, Inc. is also projected to reflect its' third year net loss while the hotel industry as a whole and the limited-service operations reported profitable operations over the past three years following improved economic conditions. (Kerin and Peterson, 2010).

During the past fiscal year, Amber Inn & Suites, Inc. has closed two underperforming Amber Inn locations and opened one Amber Inn & Suites property. In the past few years, Amber Inn & Suites, Inc. has closed 12 underperforming Amber Inn properties, and opened two Amber Inn properties and three Amber Inn & Suites properties.

Amber Inn & Suites, Inc. is projected to reflect lower revenue in the current fiscal year due to “ Free-Night Stay” promotions. The loss of revenue for each location utilizing this promotion will have an effect on overall performance of the chain. The Direct Cost per room is projected to be \$28.75 which has remained steady for the past three years. However, variable costs directly associated with the operation of the hotel properties, such as direct labor, utilities, and hotel/room supplies (including breakfast food and beverage service) are subject to change. (Kerin and Peterson, 2010).

Corporate expenses are subject to the going market rates for Sales, general, and administrative. These costs can include:

1. IT Services
2. Legal
3. Finance expenses (interest rates)
4. Accounting (especially if utilizing outside sources such as an accountant)
5. Human resources (outside sources are more costly)
6. Sales (outside sources are more costly)
7. Marketing (outside sources are more costly)

Amber Inn & Suites, Inc. hired two additional National Sales Representatives this past year for a total of 10 representatives. Marketing cost rose due to added marketing and media advertising. A large scale study was performed to identify Amber Inn & Suites, Inc. guests. Both of these additions increased the expenditures for the current fiscal year with results and benefits to be determined in the future.

Identifying the Root Problem Components

Executives have expressed concern over the occupancy level at each of the locations. Asking questions as follows:

1. Are we utilizing the very best promotions or are there better promotions we can offer
2. Are we asking questions about what consumers want
3. What determines which hotel they choose to stay at
4. Why are we comparing Amber Inn as an economy hotel when we offer better services
5. Are we meeting our guests expectations
6. Are we providing the best services available
7. Are our rooms up to the companies standards at all locations

These are all questions we should be asking ourselves and finding answers. We can improve our performance as a leader in hotel management for all locations and we will meet guest's expectations.

Evaluation of Alternatives

As a Special Assistant for Amber Inn & Suites, Inc., recommendations would include widen the target market to include more amenities for business

travelers and the leisure/family vacations. There is no reason to trade off the leisure/family vacation business vs. business travelers. You can look at ways of establishing sections in the hotel to accommodate both. Such as north, south, east, and west wings to separate the families from the business guests. A business guest may not want a room full of children above, under, next door, or across the hall from them. The noise level is a problem for a business traveler preparing for meetings. This causes complaints. Simple solutions separate them at check-in. Identify who your guests are and what their needs are going to be while visiting your location. Advertising this consideration will be a big plus for any business traveler or singles who do not want to listen to a crying baby.

Displaying emphasis on what a guests needs are will separate you and establish the brand. Brand awareness is a major emphasis in the upcoming year. A meeting needs to be arranged with the CEO, Joseph James, and all other executives to present a plan of action. If you do not make brand awareness your mission how does Amber Inn & Suites, Inc. plan to take control of their destiny? All executives need to have the same goal to make Amber Inn & Suites, Inc. the best it can be.

Special attention should be given to a set growth plan for advertising and promotions. Since the ‘ Free-Night’ is costing Amber Inn & Suites, Inc. money come up with a better incentive to entice guests to stay at your chain instead of any other. Promote Amber Inn & Suites, Inc. is such a way your guests seek you out. My recommendation is to identify your target market of past business travelers and leisure/vacation guests send emails offering special rates/discounts for multiple night stays. Let them know about the

new way of assigning rooms based on needs of the guests. Add this information to Amber Inn & Suites, Inc. website for future potential guests. Making this change to website information will become word of mouth advertising. This is the best advertisement you can have and it is free! Growth potential in all areas outlined creates the opportunities to be more successful!

Recommendations

The following are recommendations:

Place more emphasis on the leisure/vacation travelers and business travelers

Set up sections of the hotel for lodging based on guests needs separating business travelers and single/older guest needing quieter environments vs. family guests with children

1. Establish the rooming needs for guests during the reservation or check-in process
2. Establish Express check-out service onsite
3. Establish/emphasize brand awareness through emails (former guest) and website information
4. Set up check-in/check-out service via website guests will just need to stop briefly at the counter to receive/drop off rooms keys
5. Broaden advertisement/promotions offering discounts/special rates for returning guests
6. Improve efficiencies at locations guest needs being primary focus

Conclusion

The emphasis in the upcoming year will be meeting guest needs in all areas. With special focus on establishing a new way to assigning rooms for guests, listening to guests about what they want and need, and lowering or eliminating guest complaints. Setting our Amber Inn brand apart from other hotels in the industry, creating the perfect environment for all guests, and raising our expectations compared to economy level hotels. Promote the Amber Suites brand to be very comparable to any other hotel chain in the midscale range even though we do not offer onsite restaurants and conference facilities. Eliminate the “ Free-Night” promotion and design a new promotion to create customer loyalty and establish brand choice. All of these upgrade changes can be accomplished with our guests in mind. Now let’s work together to rebuild a new future!