

**STRATEGY ANALYSIS OF A BOUTIQUE AND LIFESTYLE HOTEL: A
SWOT ANALYSIS**

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PROJECT: STRATEGY ANALYSIS OF A BOUTIQUE AND
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ABSTRACT

The hotel industry in the US has undergone remarkable growth since the Great Recession. The nationwide demand of the lodging industry has been increasing year after year. The lodging industry is seeking for new strategies to maintain existing customers and attract more. SWOT analysis is an effective self-evaluation tool to help hotel management build valuable strategies to retain current customers and attract more potential customers in order to reap more benefits from the lodging industry in US. This article demonstrates a qualitative study of internal strengths and weaknesses, external opportunities and threats of C. hotel which has been running for years in a local district by using SWOT analysis. The findings illustrate how the hotel can better use its strengths to grasp opportunities and apply strategies to minimize or avoid weaknesses and threats.

Keyword: SWOT Analysis, Strategy, Strategic Analysis, Hotel Industry

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CHAPTER ONE

INTRODUCTION

With the US economy reviving, the lodging industry in the US has witnessed solid growth in recent years. At the same time, the lodging industry is boosting the growth of economy, marking years of consecutive job creation. The American Hotel & Lodging Association released a report “on Lodging Industry Trends 2015” which compares the statistical growth between 2014 and 2015. This stable growth reinforces the industry’s ability to promote tourism and travel throughout the United States. It shows that not only domestic, but also international travel to the US continues to increase, making the US, by far, the top destination for international travel. The reports also forecast the number of visitors will reach 94.6 million in 2019, which amounts to an increase of 29 percent over 2014. It is said that the pace of hotel development remains robust: the total number of properties grew from some 52,000 properties to 53,432 properties, and rooms grew from some 4.8 million rooms to 4,978,705 rooms, in just one year. Hotels generated \$141.5 billion in business travel tax revenue, which is up \$6.5 billion from 2014. Travelers are also spending more. The typical business traveler today spends about 3 percent more per night, and the typical leisure traveler spends about 6 percent more per night than in 2014. With increasing visitors and growing opportunity, the hotel managers should try their best to capture more potential customers and bring in more revenue.

C. hotel has been open for more than ten years. It is an antiquated small-scale boutique hotel of leisure lifestyle. There are only 28 uniquely designed rooms with amenities including fireplaces, whirlpool tubs, and delicate planted and decorated front yard. It has a well-designed rooftop which can be used for special events like weddings, anniversary ceremonies, or birthday parties. The hotel is located close to the sea and provides access to leisure environments, luxurious supplies and customized decor. The owner said, "This hotel is meant to entertain people by offering them a unique vacation environment and customized services." However, a limited number of rooms results in limited accommodation per night. Because of the high room rate and cheaper competitors in the area, it is not easy for the hotel to attract more potential customers. Because of the old-fashioned decoration like floral-patterned wall paper and the antiquated designed of each rooms, most customers of C. hotel tend to be people aged over 30 years-old who are married and have children. Under such circumstances, hotel owners want to figure out a way to seek more potential customers and increase the income of this hotel.

CHAPTER TWO

LITERATURE REVIEW

The boutique hotel market first gained attention in the 1990s, with the opening of Delano in Miami Beach and Mondrian in Los Angeles. From Las Vegas to Dubai, and from London to Shanghai, boutique and lifestyle hotels are emerging as a considerable segment of the lodging market (Mintel, 2011). The Boutique and Lifestyle Lodging Association (BLLA, n.d.) considers a lifestyle hotel as a subcategory of boutique hotel and defines it as “A property that combines living elements and activities into functional design that gives guests the opportunity to explore the experience they desire”. Others (Mintel, 2011; Rosen, 2009; Stellin, 2007) use the term “lifestyle hotel brand” to describe the new brands being developed by major chains to capture elements of the boutique hotel experience. Also Van Hartesvelt (2006) describes that the combination of design and service makes boutique hotels unique, whereas lifestyle hotels are more likely to have unusual designs and architectural features, contemporary aesthetics, high levels of technology, and a focus on wellness and enrichment. Smith Travel Research (STR, 2011) has defined boutique hotels as having less than 200 rooms. Van Hartesvelt (2006) suggested a boutique hotel’s inventory should be between 20 and 150 rooms. The American Hotel & Lodging Association (AHLA, 2009) reports that in the United States, 55% of all lodging operations list less than 75 rooms with 33% of all public accommodations containing room inventory between 75 and 149 rooms.

Boutique and lifestyle hotels have a competitive advantage to meeting the needs of an underserved consumer segment. Frances Kiradjian, president of Boutique & Lifestyle Lodging Association, believes that boutique hotels are expected to focus more on anticipating travelers' needs and offer more amenities through a high level of service. One key factor to attracting customers is through the "experience" (Lea, 2002; McIntosh & Siggs, 2005; Van Hartesvelt, 2006). Otherwise known as "The Experience Economy" Indeed. Gilmore and Pine (2002) noted that boutique hotels—such as the Raffles L'Ermitage, Hotel Rex, and The Phoenix— embrace the principles of differentiating their operations via experiences.

Boutique and lifestyle hotels can be seen in the context of a corporate strategy based on differentiation (Porter, 1980) designed to provide a strategic advantage. Boutique and lifestyle hotels differentiate themselves from the larger hotel brands through service, individual design, and "experience." This differentiation is expected to create sustainable competitive advantage. Boutique and lifestyle hotel strategies provide hotel with important points of differentiation in an increasingly competitive marketplace.

SWOT is one of the tools which helps organizations in their strategic planning. It is also a suitable tool for strategic analysis and assessing the current marketing and financial situations of an organization (Sabbaghi and Vaidyanathan, 2004).

Specifically, SWOT analysis provides helpful information for matching resources and

capabilities to the competitive environment in which the organization operates. (Berg & Pietersma, 2015). Regardless of its limited merit, SWOT analyses are popularly applied in the reports of market research, stockbroker analysis, financial diligence reports, etc. (Evans, 2013). To help C. hotel better understand its competitive environment, this study will use a SWOT analysis to explore its internal strengths and weaknesses, as well as the external opportunities and threats, to provide alternatives in strategic planning.

SWOT analysis has been ranked as the most frequently used tool for analyzing the business environment (Glaister & Falshaw, 1999). The purpose of conducting a SWOT analysis is usually to provide a strategic direction for business practices (Pickton & Wright, 1998), and scholars have recognized its value since the 1960s (Dyson, 2004; Ghazinoory, Zadeh, & Memariani, 2007). Also Piercy and Giles (1989) suggested that in addition to its simplicity and usefulness in providing rich information, SWOT analysis is readily accessible to managers without the requirement for computers or management scientists. Dyson (2004) further commented that the ability of SWOT analysis to integrate internal and external environments of a business allows for effective strategy formulation. Pickton and Wright (1998) viewed SWOT analysis as a management tool “which can be easily absorbed with good effect into the realities and practicalities of an organization’s existing planning and strategy formulation processes”. Other advantages of SWOT analysis have been observed by scholars and include its ability to organize

information (Collins-Kreiner & Wall, 2007), act as preliminary research for further study, enhance a manager's understanding of the business and factors affecting its performance, and improve strategic plans for the business.

The practical values of SWOT analysis are recognized by profit-oriented businesses as well as nonprofit organizations. SWOT analysis has been applied in a wide range of fields, including software enterprises (Bernroider, 2002), universities and education (Dyson, 2004), forest certification (Kurttila, Pesonen, Kangas, & Kajanus, 2000), rehabilitation and therapy (Rizzo & Kim, 2005), environmental metabolomics (Miller, 2007), food microbiology (Ferrer, Prats, López, & Vives-Rego, 2009), counseling psychology (Leong & Leach, 2007), regional energy planning (Terrados, Almonacid, & Hontoria, 2007), urban planning (Halla, 2007), solid waste management (Srivastava, Kulshreshtha, Mohanty, Pushpangadan, & Singh, 2005), and airline management (Ahmed, Zairi, & Almarri, 2006). SWOT analysis has also been widely applied in tourism studies. For example, Akca (2006) analyzed rural tourism in Turkey with SWOT analysis to explain its constraints and opportunities. The hotel sector is no stranger to SWOT analysis. Many scholars have applied this analytic tool in their studies, with some focusing on a particular enterprise or sector of hotels and others focused on the overall hotel industry in a particular country. For example, Blery and Kapetaniou (2008) analyzed a Holiday Inn hotel in Greece. Kee and Ghosh (1990) analyzed hotels in Singapore and recommended some strategies for their further development, and Simons and Namasivayam (1999) conducted phone

interviews with US-based hotel owner/operators to understand the threats and opportunities they perceived for their enterprises. A study aimed to investigate China's hotel industry by using SWOT analysis, based on the input of Chinese hoteliers by Yu and Gu (2005) appears to be the first to analyze of hotel reforms in China. Unfortunately, their SWOT analysis was based on secondary data and personal views and did not explore the issues from practitioners' perspectives. It was hoped that the information would be useful for strategic planning for sustainable development of the hotel industry in China, but was not.

The most explicit demonstration of this tool was probably Weihrich's (1982) work in which the TOWS matrix (synonymous with SWOT) was first developed as a situation analysis tool for use of enterprises. In Weihrich's (1982) study, the strengths, weaknesses, opportunities, and threats associated with the Volkswagen and Winnebago industries were analyzed and corresponding strategic planning directions were given. Since then, SWOT has been widely recognized as a simple and practical tool in strategic planning and is included in most textbooks on business strategy (Ghazinoory et al., 2007; Hill & Westbrook, 1997). The utility of SWOT analysis has been promoted by academics and organizations due to its effectiveness in identifying the key issues concerning a business and the simplicity of its execution (Hill & Westbrook, 1997). The former is essential for successful strategy formulation and the latter is important for practitioners to make use of it in their organizations.



Figure 1. TOWS Analysis Format (Wehrich, 1982)

CHAPTER THREE

METHODOLOGY

The original formulation of SWOT (strengths-weaknesses-opportunities-threats) analysis is designed by Kenneth R. Andrews of Harvard Business School. He was using it to distinguish the internal factors which people could influence and the external ones which people could not (Evans, 2013). With the help of SWOT, strategists are able to develop systematic strategic plans that best cope with the situation. Strategic planning remains an essential role in gathering companies' efforts, setting companies' future directions, and improving companies' performance (Greenley, 1994).

SWOT, a simple analytic tool, exams the strengths, weaknesses, opportunities, and threats associated with an organization. Strengths refers to attributes of an organization that are helpful for achieving organization goals. Weaknesses refers to attributes of an organization that are detrimental to its objectives. Opportunities refers to external factors that could benefit an organization. Threats refers to external factors that could damage an organization (Stacey, 1993). These key issues associated with the organization are often presented in a 2 by 2 matrix showcasing the internal versus external factors and the positive versus negative values of each factor.

Table 1

SWOT Analysis Matrix

	Positive	Negative
Internal	Strength	Weakness
External	Opportunity	Threat

In this paper, SWOT analysis will be used to analyze the current situation of C. hotel, and organically put the four factors together. Then, there will be a detailed conclusion with suggested action plans. Four main kinds of suggestions will apply (Berg & Pietersma, 2015): strengths vs. opportunities (SO), weaknesses vs. opportunities (WO), strengths vs. threats (ST), and weaknesses vs. threats (WT) (see Table 2). Also, some extra combinations will be mixed together and discussed after the traditional combinations of SWOT Analysis (Berg & Pietersma, 2015)

Table 2

The Four Main Combinations of SWOT Analysis (Berg & Pietersma, 2015)

	Strengths (S)	Weaknesses (W)
Opportunities (O)	SO strategies Use strengths to take advantage of opportunities	WO strategies Take advantage of opportunities by overcoming weaknesses or making them relevant
Threats (T)	ST strategies Use strengths to avoid threats	WT strategies Minimize weaknesses and avoid threats

A qualitative interview with the owner will be conducted for the four factors of SWOT analysis (see Table 3). The current situation, the strategic planning for the future and the alternative solutions will contribute to an in-depth analysis for C. hotel.

Table 3

The SWOT Analysis Matrix for C. Hotel

Strengths	Weaknesses
Unique design	High room rate
Highly trained staff	Limited number of rooms
High number of return customers	Antiquated facilities
Good location	Lack of access to social media
	Lack of technologies
Opportunities	Threats
Economy reviving	Unstable global environment
Increasing domestic and international travelers	Fierce competition
Quick access to internet	Appearance of hotel substitutes

Strengths

Unique Design

C. hotel, as a boutique lifestyle hotel which is located on the seashore is aimed to provide customers with unexpected experiences according to the hotel owner. The hotel is designed to combine living elements with unique decoration. The rooftop with an ocean view and jacuzzi gives this hotel an advantage. A few steps away from the blue ocean and just minutes away from all local scenic spots, this hotel provides a product mix including 28 rooms featuring different themes of decoration and buffet style breakfast. Other important attributes include an attractive exterior, acting as a “getaway” and having a nicely decorated and a well-designed lawn. Each room features a different theme with ocean views, including a Mediterranean style room with hanging straw lights and wood beds as well as French and Victorian style rooms. The hotel is equipped with necessary infrastructure including whirlpool tubs, queen or king beds, roll-away beds, telephones, TVs and air-conditionings. Some of the rooms have been updated; other rooms are not as new or as modern. Additionally, the amenities in the rooms include soft towels of high quality, shampoo, conditioner, body wash, body lotion, cold cream soap, pillow-top mattresses, complimentary high speed wireless Internet service, rollaway beds available, wake-up calls, flat-panel TV set, AM/FM alarm clock and hair dryer. What differentiates C. hotel from other competitors is its rooftop for hosting weddings and other events. The ocean view of the rooms benefits the hotel by attracting customers

who are looking for a leisurely environment. The 28 individually designed rooms keep customers returning over and over to try the different styles.

Highly Trained Staff

The owners of C. hotel have run this hotel for more than 10 years. Thus, they have a lot of experience in hotel management as well as employee training. They allow employees the opportunity to fix their mistakes. They believe that when they treat the employees with trust and respect, they will get the same things in return. The owners know each of their employees very well and care a lot about them. For example, the owners give out gifts to their employees frequently. Such as the time one of the employee's daughter had been admitted to her high school volleyball team. The owners bought a volleyball sport suit and secretly put it in the employee's locker with a greeting card. This strong bond between the management and the employees helps to develop the leadership. In addition, the staff of C. hotel is well-trained and well-managed. Their general manager has over 20 years' experience in the lodging industry. On the other hand, because of the small scale of this business, it is also easy for the owner and managers to manage and train their employees. At the same time, the management cost is lower than the cost of other competitors like the Holiday Inn Express. Moreover, they hire people based on internal referral in order to control the quality of employees and keep the consistency of their customer service quality. Although the employee policy of C. hotel is not rigid, it still has its own principles. For example, they do not allow the

housekeepers to knock on guests' door before 12pm to do the housekeeping. From the managers' perspective, the guests who choose this hotel tend to see this place as their second home away from home, who want to get rid of their fussy daily routine and relax. Therefore, it is suggested that the staff give the guests more space instead of disturbing them by knocking on the doors in the early morning, which is seen as inappropriate and rude.

High Number of Return Customers

Couples like romantic partners are the majority group of customers in C. hotel seeking quiet, candlelit restaurants and high-quality bedding. According to the owner, most of the customers staying in this hotel are middle-aged couples as well as retired people. And the other major customers are people visiting for weddings, families, relatives and friends. Most of these customers tend to return to C. hotel rather than choose another hotel in the seaside area. A large part of the reason is related to the spectacular interior and exterior design of C. hotel and irreplaceable quality service and experience provided by the warm-hearted and considerate staff.

Some of the couples bring their children with them. They may go offsite to enjoy surrounding attractions. As is known to all, families have very specific needs. They require kid-friendly and inexpensive restaurants, on-site play areas, entertainment and ideally, discounts for additional rooms where their children can stay. Couples with babies require additional amenities, such as booster chairs, wide stroller-friendly paths and changing stations. Open air spaces are also desirable for

parents with loud, raucous children. With a well-trained staff, C. hotel has been successful in serving customers thoroughly and maintaining its segment of returning guests.

Additionally, C. hotel has won a couple of rewards, which have improved its reputation. Thus, people may return if they know about the awards, which will consequently increase the hotel's revenue. Guests will be curious to explore this award winning property and try out the different rooms over repeated stays. Many new guests were referred by positive word of mouth. Moreover, this hotel is also attractive to some of the young generations who love to go surfing on vacation.

Good Location

In the hospitality industry, location is a crucial factor for success (Kotler& Armstrong, 1996). One of the greatest strength of C. hotel is its location. It is located only a few hundreds of feet from the ocean and offers easy access to the beach. The hotel is surrounded by flowers and have temperate weather all over the year, which perfectly match customer's demands of the leisurely atmosphere. The hotel is across the street from a camp site, where families often gather together and enjoy peaceful environment on the weekend. There are also several surfing sites which can help C. hotel to attract more young visitors. There are bike rentals and surf equipment rentals a few blocks away, a 7-eleven, restaurants and several gift shops within walking distance.

Weaknesses

High Room Rate

Due to the limited number of rooms, C. hotel needs to keep higher rates than the average market rate in order to make more profit. Certainly the hotel has confidence in rating rooms higher because of the irreplaceable experience they give to the customers. Every detail of the room is designed to positively impact customers visually and emotionally. In spite of those advantages mentioned above, high room rates may partially result in attracting limited quantities of customers when compared to those hotels which are somewhat less well-designed but with more suitable prices that most customers prefer. Although C. hotel has an advantage of the uniqueness over other hotels around, it is undoubted that the limitation, to some extent, will negatively affecting management's ability to target potential customers in the future.

Limited Number of Rooms

The average occupancy of C. Hotel is around 60%, which is a little lower than the average national hotel occupancy rate according to the statistics reported by Occupancy rate of the United States hotel industry from 2001 to 2015 in The Statistic Portal. The formula applied to calculate revenue of a hotel contains hotel room rate and hotel room numbers. Therefore, in this situation, with a limited number of rooms and a good reputation that C. hotel has already developed over those years, C. hotel can only accommodate limited numbers of guests per night, however it is predicted that C. hotel could keep higher occupancy if it had more rooms.

Antiquated Facilities

Almost 20 years old, the facilities equipped in C. hotel such as air conditioners are very likely to be worn and in need of an update. On the other hand, because featured decoration of each room is different, replacing and updating facilities is more complicated than in other hotels. What's more, as the owner have mentioned, some decorations inside the rooms were bought at second-hand markets a long time ago, and it might take time to find similar antique decorations. It may also take rooms out of order for a long period. This is a big burden for such a small scale hotel because of the increased cost of maintenance and decrease profit of low occupancy while remodeling.

Lack of Technologies

Technology in relation to guests and in-room services includes wired or wireless access points for computer and internet access, now often offered for no additional charge. In addition, guest interactive touch screen boards and iPod-docking stations, are increasingly being provided, particularly in upscale hotels (Brennan, 2013). The technology in C. hotel is not updated and intelligent enough in modern times, which might keep young generations away who are more used to new technology that is widely used nowadays. Direct bookings on the websites of major hotel operators is increasing rapidly with reservations coming from the internet. These bookings were direct to the company-owned family of websites, via computer reservation systems. It is said that CRS is a better way to keep track of room availability. For C. hotel, its

reservation system is available on its official website and the Magnuson hotels central reservation website, which is not enough for C. hotel to expand its market. Besides, the product is intangible to customers when they try to reserve online. C. hotel only has simple pictures to show customers the interior and exterior environment, which is an advantage when compared to other hotels with well-designed websites where customers can take a virtual tour of the hotel.

Lack of Access to Social Media

The C. hotel has its own official Facebook page, however, they don't update the page frequently. Meanwhile, from their previous experience, the management think that it's difficult to find and afford qualified profession to manage their web pages. As is known to all, the emergence of the Internet has brought changes to traditional Word-of-Mouth Communication (WOM). Consumers are able to share and exchange opinions with anyone in the world whereas WOM has customarily resulted from face-to-face relationships. Moreover, negative individual reviews hurt a lot more than if you are a chain hotel, but a high rate of positive reviews online will bring more customers in than traditional WOM. Due to the lack of access to social media such as Instagram and ignorance of managing social media pages, C. hotel did not move in gaining an online reputation to win more customers.

Opportunities

Economy Reviving

The United States hotels and motels industry saw a strong rate of value growth and a weak rate of volume growth from 2010 to 2014. Through forecast of 2014-2019, this growth is expected to slow somewhat in value terms, while a slight upturn in the number of establishments is anticipated. The US hotels & motels industry had total revenues of \$166.2bn in 2014, representing a compound annual growth rate (CAGR) of 5% between 2010 and 2014. The leisure segment was the industry's most lucrative in 2014, with total revenues of \$116.8bn, equivalent to 70.3% of the industry's overall value. The business segment contributed revenues of \$49.4bn in 2014, equating to 29.7% of the industry's aggregate value. That is, leisure is the largest segment of the hotels & motels industry in the United States, accounting for 70.3% of the industry's total value. While the Business segment accounts for the remaining 29.7% of the industry. This trend brings more opportunity for C. hotel to explore new potential customers. C. hotel is targeting customers who are looking for a relaxing and leisurely environment for a vacation and escape from daily life. The increasing trend of leisure travelers is beneficial to help C. hotel gain a better reputation and more customers.

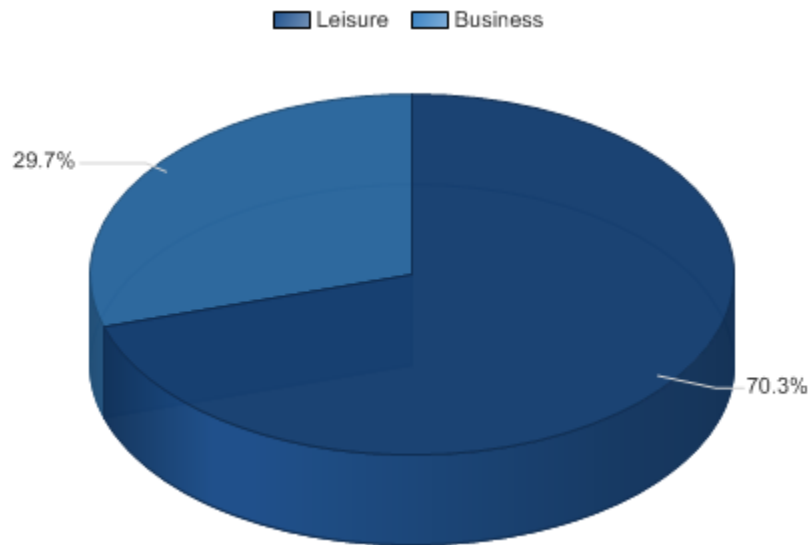


Figure 2. United Hotels & Motels Industry Category Segmentation

Increasing Domestic and International Travelers

Trends in domestic travel and the total nights spent away from home directly affect demand for accommodations. As the number of trips made by Americans rises, demand for hotels and motels at their destinations increases. The number of domestic trips was expected to increase slowly in 2013, presenting a potential opportunity for the industry. Also the impact of international travelers on the hotel industry is considerable. International visitors accounted for 20% of all lodging sales. In 2014, 26.5 million overseas travelers stayed in a hotel/motel during their US visit. The average length of stay for overseas hotel visitors was 9.7 nights; the average party size was 1.7 travelers. 76.2% of these overseas travelers were repeat visitors. Strong growth in international travel to the US is expected to continue through 2020 with an average annual growth rate of 4.3% in the volume of international visitors. C. hotel, as

a small scale hotel with limited rooms and high room rate, should find an efficient way to get more customers to visit them.

Quick Access to Internet

Many hotels nowadays are developing their mobile user friendly websites and mobile apps with virtual tours, area information, local attractions, and navigation and reservation emphasis. Hotels also use the internet to gather information, receive bookings and reservations, buy supplies and communicate with potentials guests. These online activities have lowered operating costs and enabled operators to reach new markets and guests. The internet has also allowed operators to carry out better-targeted marketing campaigns, including promotions by e-mail, text message and social media such as Facebook, Google, Yelp, Trip Advisor and Twitter. The increasing use of making reservations over the internet has also helped many hotels experience strong revenue growth. Niche sites such as www.bedandbreakfast.com and www.hostelworld.com have provided hostels with unprecedented access to new customers. C. hotel relies strongly most of marketing strategies on Group-On and Google advertisements. It also uses Booking.com and hotel.com as a secondary reference.

Threats

Unstable Global Environment

The hospitality industry is particularly sensitive to macroeconomic factors, as well as geopolitical instability and threatened terrorism, which negatively affect people's

tendency to travel. For example, the political instability of Egypt caused a heavy damage to its tourist industry revenue and hotel occupancy rates in Egypt. The US hotel industry faced two major external shocks in the 2000s because of the terrorist attacks of September 11, 2001, and the financial crisis of September 2008, which led to an economic recession. The United States is the world's largest tourism market (Gut and Jarrell, 2007). According to World Tourism Organization (2001), some areas of the US suffered 60% to 70% decreases in occupancy as well as major job losses that totaled around 260,000. However, the accommodation industry was in a better position to recover than the airline industry because of a shift of focus toward domestic travelers. Hotels that catered to businessmen, conventions and incentives were affected the most. Big city hotels saw 20% to 30% decreases and there was a 30% decrease in attendance at exhibitions (World Tourism Organization, 2001). It is obvious that terrorism is a strong factor that brings negative influence on the development of US hotel industry. Even nowadays the United State still suffers from the loss of international visitors because of ISIS.

Fierce Competition

Within the hotels industry, which is both mature and very competitive, brand recognition is important to attract consumers. A strong brand image helps to attract first-time customers as well as repeat business, as switching costs are negligible in this industry. The US hotels industry includes several large hotel operators, such as Marriott International and Hilton Worldwide, with most of the leading players

operating several different branded chains. However, there are also a large number of independent hotels present in the industry. A larger number of such hotels means increased competition. C. hotel, as an independently owned hotel, is located in a small town by the sea. All the hotels in this small town can be seen as competitors because they all have easy access to the sea even though C. hotel is much closer to the ocean and has more beautiful ocean views. On the other hand, in the hospitality industry, buyers are generally price sensitive. Most of competitors around C. hotels have more rooms with lower prices than C. hotel. Among those competitors the brand-recognized chain hotel such as Holiday Inn are one of the strongest competitors.

Appearance of Hotel Substitutes

While all these substitutes offer the same basic function of a place to stay, up-market hotels often provide added benefits, such as spas and restaurants. Additionally, while some of these substitutes offer reduced costs to hotels and can undercut the hotels and motels industry, this switch is often out of necessity rather than choice, so when consumers are in a more affluent position, the threat from substitutes is likely to decline.

A more recent substitute that is becoming increasingly threatening is the ability to stay with local people in their own homes or apartments, either by renting a room or the entire property for privacy. Online services in this area include Airbnb, FlipKey and the more informal Couchsurfing. The International Hotel & Restaurant Association describes these services as partially unfair to competition, but they have

proven extremely successful in many countries. In New York, for example, there were around 34,000 active listings on the Airbnb website as of February 2015, making it the second most popular city destination in the world on the site, after Paris, France.

CHAPTER FOUR

FINDINGS AND RECOMMENDATIONS

After listing and analyzing the main strengths, weaknesses, opportunities and threats of C. hotel one by one, the hotel's situation becomes clear. There is no doubt that C. hotel has its internal weaknesses like high room rate, limited number of rooms, antiquated facilities, lack of access to social media, lack of technologies and external threats such as unstable global environment, fierce competition and appearance of hotel substitutes. However, C. hotel still has its solid strengths and opportunities. If able to apply the positive features correctly and avoid or minimize its negative factors effectively, this hotel will be well-known with high occupancy and gain a strong reputation so that the customers will keep coming without hesitation.

SO Strategies

The major problem found from the SWOT matrix is that, due to the limitations which have been illustrated above, C. hotel does not put much effort into seeking more customers when the hospitality industry is highly developed and share a considerable percentage value of economy in the US. So it is suggested that first C. hotel keeps the existing customers and explore new potential customers domestically and internationally. The unique boutique design of the entire hotel, including the detailed decoration and the well-trained thoughtful staff, it is undoubted that C. hotel can retain existing customers. In order to seek a part of the increasing number of domestic and international travelers, more effort should be put into C. hotel marketing

strategies. This hotel can not only target middle-aged couples with children but also should try to reach more categories of customers. Certainly the main segment of customers should be leisure customers. Furthermore, for business travelers, it is highly possible that C. hotel can attract them successfully because they are less price sensitive. For this segment of travelers, C. hotel should offer room packages and discounts to them in order to keep them.

WO Strategies

Among the weaknesses that C. hotel has, it is considered that “limitations” leads to less profit margin for C. hotel. For further development, more strategies should be taken into action immediately.

Firstly, C. hotel should update and add more technologies. There are a number of technologies that have already begun to change the way that hotel is operated, or the way that it will be done in the future. The commonly-used technologies allow hotels to have a more convenient and valuable relationship with their customers. For example, online bookings are now extremely widespread in the hotel industry. Many industry insiders now consider it essential to have an online booking service, which also requires a well-designed, mobile-friendly website with a simple interface.

However, C. hotel relies only on its official website and the Magnuson hotels central reservation website. There are other options C. hotel can have such as the third party online booking systems. For example, travel agency websites could be one of the best choices for C. hotel to expand its market and attract new customers to explore

this unique hotel. Advances in smart appliances are beginning to reach the hotel industry, and will no doubt have a great influence in the future. Lighting, temperature, blinds, alarms, TV, radio and room service will all be controlled from a single tablet device, or from a single app that guests can download and login to from their own device. In order to keep pace with increasing needs for modern smart technologies, C. hotel should begin to equipped with smart appliance such as iPad for customers to check decorations of each room and pick the one they like most.

Despite the many changes that are being brought by these technologies, the truth is that they are there to enhance, not to replace, the core offerings of a hotel. Top quality customer service is still fundamental to a hotel, but the technologies discussed above can make it easier for you to consistently deliver a memorable experience to your guests.

For the price of C. hotel, it is believed that certain promotions and discounts should be offered to customers. For example, C. hotel can offer mid-week discounts. On the weekends it has more rooms reserved while the occupancy is relatively low during the weekdays. Therefore, C. hotel can offer one night free if customers book the room for 2 nights from Monday through Thursday. Since most of the customers are those leisure travelers, C. hotel could give out coupons to customers for visiting local scenic spots, dining in the famous restaurants or bars in the area. C. hotel has already built a good relationship with two restaurants nearby. At a result, customers

will feel that spending holidays in such a beautiful and unique hotel is an unforgettable and irreplaceable experience.

ST Strategies

The biggest strength of C. hotel is its location and uniqueness. C. hotel is already well-known to existing customers. However, in order to gain more customers and earn a higher reputation not only in the area but also in the nation and out of the country, C. hotel should use its strengths to conquer the threats from industry and from other substitutes.

C. hotel not only provides with an unique living environment but also unique services that make guests feel like they have a warm home away from home. This uniqueness will help C. hotel maintain existing customers from competitors and will also help to attract more customers to explore this unique place. To conquer the appearance of hotel substitutes, C. hotel should try to maintain and gather more customers by cooperating with the local camping cites or rental companies in order to provide customers with camping facilities. They can also host events such as concerts and art galleries on the top roof to attract people to visit the hotel.

WT Strategies

Even though the economy is reviving for now and the lodging industry, the global environment changes frequently. For example, in the history, the economy has been to shown to fluctuate with varying rates of expansion and punctuated with contractions. Because of these positive and negative economic cycles, it is important

that C. hotel be able to react accordingly. With economy recovering currently in US, it is important that C. hotel make appropriate strategies to take advantage of this trend. C. hotel should be well prepared and should have back-up plans when confronting situations like terrorism. C. hotel should try their best to avoid and minimize its internal weaknesses and external threats that global environments might bring.

CHAPTER FIVE

CONCLUSION

In conclusion, the entire hotel industry is witnessing a continual increase, influenced by the reviving economy and the increased development of hospitality industry. C. hotel should use the SWOT analysis as a strategy tool in the hotel at regular intervals. By understanding its strengths, weaknesses, opportunities and threats, this hotel will become acquainted with its situations and be able to make the right decisions in the future.

There are some limitations in this paper that should be noted. First, the qualitative interview with the owner represents their own opinion. There might be subjective expression or judgment misleading the audience. Second, there should be a monitor period after this analysis, which allows the owner to apply these strategies and then make a review. With the review and some modifications in planning, actions will be more efficient and effective. Third, considering that C. hotel may not represent other hotels in the lodging industry, a general research including all kinds of local hotels is needed for the development of the hospitality industry in the area.

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