

**Read the questions carefully and justify all your answer.
You cannot use any class or personal materials.**

1.

The capsule hotels have small rooms, almost the size of large closets. Some of these rooms can cost only \$18 per night. The main benefits of these hotels are convenience and price. They emerged in a restricted area in Japan in the 1980s, but only extended to other parts of the world not long ago. For people living outside Tokyo and working in the capital, when they want to go out at night it is not worth going home and coming back. In that case they prefer to sleep in a cheap hotel. The same goes for people staying overnight near an airport.



There are currently capsule hotel chains that have been launched in many countries, such as Pod Hotel in New York, Yotel in London, Citizen M and Qbic in Amsterdam, and SatyOrange.com Hotel in Kuala Lumpur, Malaysia. These new chains have also modified their service offerings, differing from the initial capsule hotels in Japan. For example, the Yotel group offers different types of rooms they call cabins. This concept was derived from capsule hotels in Japan and the first-class cabins on British Airways aircrafts. For example, the premium room includes a double bed that can be converted into a sofa at the touch of a button, tables that accommodate hand luggage, a luxurious bathroom and a study desk that opens, as well as free internet access, Flat-screen TV, and 24-hour service. The premium room price at Heathrow Airport in London is €80 a night, while the price of a standard room is only €55, a fraction of the normal price of a hotel room in London.

Yotel will open a new hotel in Porto, and you are hired as marketing manager for the new company.

- Based on information contained in the text and your knowledge of marketing segmentation, characterize the different segments in Porto hotel industry. Which segment would you choose for Porto Yotel to target? (4)
- Based on your knowledge about product in the marketing mix, how would you define a product/ service strategy for Porto Yotel? (4)
- Define Yotel positioning in the Porto hotel industry. (4)
- Develop a communication strategy for Porto Yotel. (4)
- Based on the information in the text, what do you expect the price Elasticity of Demand to be of capsule hotels target segment? (4)