**Assignment No.2**

**Bon Star Hotel and Casino Case Study**

**Benchmarking & Market Analysis:**

* **Market Size - In Naimistan**

GDP has increased steadily year after year. Between 2002 and 2007, GDP increased by 8% over the previous year. Naimistan declared independence from the Soviet Union in 1975. Its GDP per capita was around $11,000 at the time. Their energy industry is thriving, but so have economic reforms, bumper crops, and increased international investment.

* **Industry Concentration – High**

Krieg Corporation was a global corporation with headquarters in New York City and Berlin, Germany, with Eurasian initiatives managed from Berlin.

The company specializes in the renovation and refurbishment of large buildings such as hotels, hospitals, and conference centers. Annual revenue ranged from $ 100 million to $ 150 million.

* **Market Saturation – High**

The BSH was one of Krieg Corporation's successful ventures. Davis Krieg, on the other hand, paid little attention to the hotel's success unless it required new cash injections. He also admitted that he didn't know whether the hotel's poor performance was due to poor management.

* **Product Life Cycle Stage – Intro -> Growth -> Mature -> Decline**

The 400-room Bon Star hotel first opened its doors in the 1970s.

It has also served as a venue for mid-sized conferences and official events, as well as suitable housing.

The hotel has a casino as well as several large meeting rooms. Before Krieg Corporation bought it in 2001, the hotel had changed hands several times.

The hotel-casino was extremely famous among both global tourists and locals at the time.

Numerous weddings and important functions were held at the hotel. The casino, on the other hand, was closed.

In quarterly financial reports, hotel occupancy was estimated to be in the 10 to 15% range.

* **Level of Competition – High**

Foreign business visitors flocked in droves to four- and five-star hotels, with hotel occupancy ranging from between 75 and 85 percent.

Other hotels had occupancy rates ranging from 40 to 50 percent. Compared to 10 to 15% in a five-star hotel.

* **Demand Drivers - Customers/Clients**

The Bon Star Hotel offered inexpensive overnight lodging as well as limited culinary services.

The hotel did not have revenue-generating services such as housekeeping, dry and laundry cleaning, a gym, spa facilities, or airport transportation. The casino was also shut down.

* **Supply Drivers – Yes**

There were other additional hotels. An experienced manager with proper hotel management expertise directed them.

They generated their operating profit by marketing services and goods in addition to basic housing.

* **Power of Suppliers – High**

Suppliers had links with Kaplan. Thus, the material was locally sourced, and the vendor sold it at a greater price than usual, as asked by Kaplan.

* **Power of Buyers - High**

Buyers of Bon Star Hotel have high bargaining power due to the ability of corporate clients and travel agencies to negotiate lower rates, the availability of alternative accommodation options, and the complicated ownership structure of the land.

* **Economies of Scale – No**

According to quarterly financial reports, hotel occupancy rates ranged between 10% and 15%. Because of low customer occupancy, Bon Star Hotel cannot profit from economies of scale.

**SWOT Analysis**

**Strengths**

1. Casino –The casino was well-known and a major draw for both foreign immigrants and locals who enjoyed gambling.
2. Affordable -The 3-star level attracts customers with low budgets who cannot afford to stay in 4- or 5-star hotels.
3. Space -Large conference rooms, medium-sized conventions, and office meeting spaces are all available. Meeting spaces in the office have fresh carpeting, appropriate signage, and heavy-duty insulating door and window frames.

**Weaknesses**

1. Services -Room service, laundry and dry cleaning, in-room entertainment, a gymnasium, a pool, spa services, and airport connections were all unavailable.
2. Interior - The hotel's interior was outdated and unclean, with stains and inadequate insulation. The furniture was dated and clumsy, and the mattresses were saggy.
3. Finances - The Finance department is disorganized and lacks adequate documentation to support its income. The employees in the finance department lacked basic knowledge of Microsoft Excel.

**Opportunities**

1. Sell or Lease - The possibility to sell or lease the casino or the full hotel.
2. Supplier - Changing suppliers will lower the cost of purchasing items since the present supplier has good relations with Kaplan and quotes the price according to Kaplan.
3. Renovate - Customers want to stay in modern interiors, and they are primarily locals and international travelers who stay for 5 -7 days.

**Threats**

1. Entertainment - Several hotels offer entertainment, including nightclubs open 24 hours a day, 365 days a year.
2. Casino - Other hotels feature on-site casinos that attract customers who are both locals and international travelers, as the Bon Star Casino is closed.
3. Local stakeholders - Because the property on which the hotel is located is owned by local stakeholders, it is impossible to sell or lease.

**Recommendations**

1. Modern amenities such as a gym, pool, nightclub, massage services, and airport transportation should be included**.**
2. The restaurant should be open for business and offer free breakfast.
3. The study must be conducted for a supplier who offers legitimate rates that are comparable to market rates.
4. Hotel management should be reformed, and qualified persons with formal hotel management education and a few years of hotel management experience should be hired.
5. The casino should be opened since it draws people who enjoy gambling and generates cash.