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| CONESTOGA COLLEGE – PROGRAM 1372 |
| ASSIGNMENT 2 |
| INFO8635 – SECTION 2 |

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**Benchmarking and Market Analysis:**

1. **Market Size:** The market size is 10-15 percent of 1.5 million which is approx. 150000. The city has a population of 1.5 million and the hotel has an expectancy rate of approximately 10-15 %.
2. **Industry Concentration** **(Medium)**: Because there are approx. 25 hotels in the city with 4- and 5-star hotels attracting the most customers and Bon star appears to be 3-star rated average hotel.
3. **Market saturation (High)**: 25 hotels seem to be a large number for the city where 4 and 5-star hotels get more visitors and provide the right services compared to Bon Star and other 3 stars and such boutique hotels.
4. **Product lifecycle stage (Decline)**: Hotel doesn't provide enough services, is not maintained properly, 20 percent of rooms were shuttered, has poor insulation, clunky furniture, and elevators needed upgrades.
5. **Level of competition** **(High):** There were 4 and 5-star hotels which attracted more customers.
6. **Demand drivers:** **Customers**, Office space users, and international tourists.
7. **Supply drivers (Yes)**: Other hotels had healthy business numbers.
8. **Power of suppliers (High)**: Local suppliers were corrupt and in cahoots with Kaplan.
9. **Power of buyers:** Context. (Customers visiting the hotel have low power, but potential owners have high power)
10. **Economies of scale (No)**: They had a low occupancy rate.

**SWOT Analysis:**

1. **Strengths:**

* Hotel had a casino and a large kitchen area.
* Employees are satisfied.
* Office space of the hotel was 95 percent occupied and was doing well.

1. **Weakness:**

* Hotel side of the business was doing poorly.
* Incomplete financial data.
* Investment needed to refurbish the hotel.
* Hotel building was in poor condition and almost dilapidated.
* Services were expensive and not satisfactory.

1. **Opportunities:**

* Customers have given average ratings to the hotel despite knowing the horrible rumours about the hotel, which means the hotel was doing something good.
* Suppliers quoted 25 to 30 percent lower than Kaplan’s price, and they were ready to make a deal with McKenzie.
* 70% of revenue comes from domestic gamblers and slot machine revenue surpassed the gaming table revenue,1/3rd of revenue comes from accommodation, food and beverage, and merchandise sales.
* Revenue from the accommodation contributed 10-15 % of the Total revenue which in turn might increase the hotel occupancy by 10-15%.
* Non-binding offers were requested from international clients and almost all of them were interested in leasing or purchasing the casino.

1. **Threats**

* Poor supervision of the business by the owners.
* Hotel has poor management.
* Competition from other hotels in the industry.

**Recommendations:**

1. Improvements within the hotel- Proper insulation inside the hotel should be done. Rooms should be renovated with new furniture and should add new interior designs to attract customers and elevators should be upgraded.
2. Both local and international tourists stayed for five to seven days on average, so hotel management should work on their marketing skills to attract customers.
3. Use information systems to increase the sales margin in the hotel industry.
4. Add new clubs’ other entertainment services so that customers can avail luxury stay which in turn help in positive reviews and ratings of the hotel.