Forte Hotels

Market Entry Strategy for Forte Executive Innes

Customer Preference Analysis, Product Simulation, and Segment Targeting

Pratik Ganguli
University Of Auckland
7-7-2025

Hotel Market Segmentation and Descriptor Analysis Report

Executive Summary

This report presents a comprehensive analysis aimed at guiding Forte Hotel's market entry strategy using conjoint analysis, market simulations, and customer segmentation. The objective was to identify the optimal hotel room configuration that aligns with customer preferences, disrupts existing competition, and maximizes revenue potential.

The study began with a conjoint analysis evaluating customer preferences across five key attributes: Room Type, Business Amenities, Leisure Facilities, Extras, and Restaurant Delivery. From these evaluations, individual part-worth utilities were estimated, enabling the simulation of preference shares for both current market offerings and proposed configurations. The analysis was based on survey data collected from 300 business travellers, capturing their preferences across various hotel features to inform realistic market simulations.

Among four new product profiles tested, the Tourist configuration emerged as the most strategic option. It achieved the highest market share (18.7%), drawing significant share away from all five major competitors particularly Scanticon and Courtyard by Marriott while maintaining a strong weighted revenue of $14.9. This balance of volume and value positions Tourist as the optimal choice for maximizing initial market impact.

To refine strategic targeting, segmentation was performed using the part-worth utilities. Three distinct customer groups were identified:

- Segment 1 (Business Maximisers, 30%) prioritize work-related amenities.
- Segment 2 (Price-Sensitive Efficiency Seekers, 23%) Favor minimal, value-oriented offerings.
- Segment 3 (Leisure-Oriented Travelers, 48%) prefer comfort and amenities—strongly aligning with the Tourist offering.

Given its alignment with the largest and most preference-driven segment, the Tourist configuration presents a compelling opportunity for Forte Hotel to enter the market with a differentiated product that appeals to unmet customer needs and disrupts entrenched competitors.

Statement of the Problem

Forte Hotels, the United Kingdom's largest hotel chain, is launching a new mid-priced brand Forte Executive Innes in the United States, aiming to blend European ambiance with American convenience. The initiative targets both European and American business travellers, capitalizing on the strength of the Forte brand and growing international business travel. While prime locations and pricing have been established, the core challenge lies in identifying the optimal set of hotel features that will appeal to the target market and stand out from existing competitors such as Hilton, Courtyard by Marriott, and Scanticon. To address this, the company initiated a conjoint analysis to evaluate customer preferences across five key attributes: room type, business amenities, leisure facilities, extras, and restaurant delivery.

This analysis was conducted on a representative sample of 40 business travellers and served as the foundation for market simulations and segmentation. The share-of-preference decision rule was applied to simulate market performance, and new product configurations were tested to find the optimal balance between customer appeal and revenue potential. The resulting insights will guide product design, market entry strategy, and targeted marketing efforts, ensuring that Forte Executive Innes is well-positioned for success in a competitive landscape.

Analysis

The analysis began with a conjoint study that evaluated customer preferences across five key attributes: Room type, Business Amenities, Leisure facilities, Extras, and Restaurant Delivery options[Fig1.14]. Each attribute had multiple levels for instance, Room types included Small Suite, Large Room, and Room Office, while Business Amenities included Internet access, Speaker phone, and Room fax. Respondents rated various combinations of these features, enabling the estimation of individual-level part-worth utilities. These part-worths quantify the value each customer assigns to specific features[Fig1.1], allowing us to simulate preference shares for both existing competitors and new product profiles under consideration by Forte Hotel. The goal was to identify the most valued combinations of features that could guide new product development and maximize market appeal. Forte Hotel operates in a competitive landscape alongside established players such as Courtyard by Marriott, Nittany Lion Inn, Atherton Hilton, Toftrees, and Scanticon, each offering unique combinations of attributes to meet diverse customer needs[Fig1.13]. By situating customer preference data within this competitive context, the analysis helps identify strategic differentiation opportunities and optimal feature bundles for targeting distinct market segments.

To support the conjoint analysis, Forte conducted a targeted survey among 300 business travellers to gather insights into their hotel preferences. This survey was designed to evaluate how travellers trade off different amenities and services when choosing a hotel. The responses provided the foundational data for estimating part-worth utilities, allowing for a rigorous simulation of customer choices. By leveraging real customer feedback, Forte ensured that the analysis remained grounded in actual market behaviour rather than assumptions, enhancing the reliability of the recommendations derived from the study.

To evaluate market performance, we applied the **share-of-preference decision rule**, which estimates market share based on the proportion of customers who would prefer each offering[Fig1.5]. This approach allowed us to simulate realistic competitive dynamics across existing and new hotel profiles. In addition to preference share, we incorporated **revenue per unit** to assess not just market reach but **overall profitability**, helping balance volume with value. Through **new product simulations**, we compared multiple design options, ultimately identifying the *Tourist* configuration as the most effective in gaining market share while maintaining a strong revenue position. With the optimal product selected, we now turn to **market segmentation** to understand which customer groups drive this preference and how to tailor marketing strategies accordingly.

The analysis of preference part-worths revealed that **Room type** was the most influential attribute in customer decision-making, with the *Small Suite* having the highest average utility (18.2), followed by *Room Office* (14.8) [Fig1.5]. Among **Business Amenities**, *Speaker phone* and *Room fax* scored higher than *Internet access*, indicating a surprising preference for traditional amenities[Fig1.6]. For **Leisure options**, combinations like *Exercise room + Pool* and *Pool* alone were more favoured than singular options. Within **Extras**, *Fruit and cheese* and *Shoeshine* were valued more than *Tape library*. Interestingly, *Restaurant* and *No Restaurant* had similar average part-worths, suggesting a neutral stance toward in-house dining. These insights provide a clearer understanding of what features drive customer preference and highlight potential areas for product differentiation and premium pricing strategies.

Market Share Insights and Competitive Impact

In evaluating market entry strategies, we simulated four new product profiles against the existing competitive landscape. Among them, the *Tourist* configuration emerged as the most promising in terms of market share capture, securing **18.7%** of the total share. This gain came largely at the expense of key competitors—*Courtyard by Marriott* (-2.7%), *Nittany Lion Inn* (-2.7%), and *Scanticon* (-3.0%)—demonstrating its strong competitive appeal. The *Tourist* product included a Large Room, Speaker phone, Exercise room + Pool, Tape library, and No Restaurant delivery, aligning closely with customer preferences for comfort and leisure amenities. While the *Professional 2* profile delivered a higher **weighted revenue** of **$17.0** per unit compared to *Tourist's* **$14.9**, the latter offered the highest overall **market share gain**, making it a strategically strong choice for maximizing customer acquisition. This trade-off suggests that *Tourist* is best positioned for **aggressive market penetration**, whereas *Professional 2* may be more suitable for **premium revenue optimization**.

Among the proposed offerings, the *Tourist* configuration—featuring a Large Room, Speaker Phone, Exercise Room + Pool, Tape Library, and No Restaurant—emerged as the most strategically sound option. It captured a **14.8% market share**, drawing customers away from every major competitor:

- **Courtyard by Marriott** dropped from 21.4% to **18.4%** (−3%)
- **Nittany Lion Inn** declined from 18.0% to **15.3%** (−2.7%)
- **Atherton Hilton** fell from 17.5% to **14.6%** (−2.9%)
- **Toftrees** decreased from 21.4% to **18.7%** (−2.7%)
- **Scanticon** dropped from 21.7% to **18.4%** (−3.3%)

This option not only achieves strong market penetration but also does so at a lower cannibalization cost relative to other product variations. While *Professional 2* had a slightly higher predicted revenue ($17.0 vs. $14.9), *Tourist* offers a better balance of share gain and competitive disruption. It strategically weakens all five incumbents, especially Scanticon and Courtyard by Marriott, two of the most dominant players.

The combination of customer-aligned features and competitive displacement makes *Tourist* the optimal choice for maximizing Forte Hotel's initial market impact and long-term positioning.

Segmentation

To better understand heterogeneity in customer preferences and tailor offerings to distinct groups, we performed a **segmentation analysis**[Fig1.9]. While the conjoint study helped identify the most appealing product profile at an aggregate level, it did not reveal **how**

different types of customers vary in their preferences. Segmentation allows us to uncover these patterns, enabling **targeted marketing**, **personalized product positioning**, and more **efficient resource allocation**.

We used **part-worth utilities** derived from the conjoint analysis as the basis for segmentation, as they reflect each respondent's underlying preferences across attributes. Clustering was then applied to group respondents into homogeneous segments. After reviewing the elbow plot and evaluating interpretability and stability, [Fig1.8]we selected **K = 3** as the optimal number of segments. This offered a **balanced trade-off between simplicity and granularity**, with three clearly distinguishable customer groups[Fig1.7].

The resulting segments showed [Fig1.7]meaningful differences in feature preferences and can be described as follows:

- **Segment 1: Business Maximisers (30%)**
  [Fig1.10]Customers in this segment value business amenities such as speakerphones, room fax, and Internet access. They are drawn to configurations like Room Office and Large Room, prioritizing connectivity and convenience during travel.
- **Segment 2: Price-Sensitive Efficiency Seekers (23%)**
  [Fig1.11]This group prefers functional offerings with minimal extras. They respond positively to basic setups without premium add-ons, making them ideal targets for budget configurations that preserve value.
- **Segment 3: Leisure-Oriented Travelers (48%)**
  [Fig1.]12These customers place higher value on comfort and relaxation features, including leisure amenities, restaurant delivery, and Small Suites. They show the strongest preference for the Tourist configuration, which was also the top-performing profile in market simulations.

Segment 3 not only represents the largest portion of the market but also delivers high revenue potential, reinforcing the strategic decision to prioritize the *Tourist* design in Forte Hotel's offering.

Recommendation

Based on the conjoint analysis, market simulations, and segmentation findings, we recommend launching the Tourist product configuration. This option aligns closely with the preferences of Segment 3, the largest segment (48%), which values features such as large rooms, speaker phones, exercise room + pool, and comfort extras like tape libraries. Although it does not generate the highest weighted revenue ($14.9), it performs competitively while capturing a 14.8% market share, primarily pulling customers from Atherton Hilton, Toftrees, and Nittany Lion Inn. Its balanced appeal across multiple attributes and segments enables broad market coverage without over-investment in premium features. To further optimize profitability, the Tourist package could be positioned as a mid-tier offering and paired with adaptive pricing or bundling strategies to avoid cannibalizing existing Forte products while still challenging competitors. Overall, the Tourist configuration presents a strategic growth opportunity with limited downside risk and strong alignment to current market gaps.

Conclusion

Through a rigorous conjoint analysis, market simulation, and customer segmentation, Forte Hotels has identified a clear opportunity to successfully launch its new brand, Forte Executive Innes, in the competitive U.S. business travel market. The analysis revealed that customer preferences are diverse yet segmentable, with distinct groups prioritizing business functionality, affordability, or leisure comfort. Among several tested configurations, the **Tourist** product emerged as the most strategically viable, offering the highest market share gain while delivering strong revenue performance. It effectively appeals to the largest customer segment—Leisure-Oriented Travelers—while drawing market share from key competitors like Courtyard by Marriott and Scanticon. By leveraging the insights from this study, Forte Hotels can tailor its offering to meet specific customer needs, differentiate from incumbents, and establish a strong foothold in the market. The findings also support data-driven marketing and design decisions, ensuring that the product is not only appealing but also commercially sustainable. Overall, this evidence-based approach provides a confident path forward for the successful rollout and long-term positioning of Forte Executive Innes.

References

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[2] Enginius:
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Appendix

	Average	Std dev.	Minimum	Maximum
Small Suite	18.2	16.4	0	72
Large Room	10.3	13.2	0	43
Room Office	14.8	12.6	0	47
Internet access	8.5	9.7	0	52
Speaker phone	11.4	10.2	0	29
Room fax	11	12.1	0	42
Exercise room	8.5	10.9	0	56
Pool	10.4	10.4	0	39
Exercise room + Pool	10.6	11.7	0	38
Shoe shine	7.9	9.1	0	41
Tape library	6.3	5	0	15
Fruit and cheese	8.9	8.6	0	33
Newspaper	7.9	6.2	0	21
Restaurant	6.9	8.3	0	31
No Restaurant	6.9	7.9	0	23

Figure 1.1 Distribution of Part-Worth Utilities Across Hotel Attributes

	Courtyard by Marriott	Nittany Lion Inn	Atherton Hilton	Toftrees	Scanticon
Predicted	21.4%	18.0%	17.5%	21.4%	21.7%

Predicted market shares.

Figure 1.2 Predicted Market Shares of Existing Competitors

	Courtyard by Marriott	Nittany Lion Inn	Atherton Hilton	Toftrees	Scanticon	Courtyard by Marriott	Nittany Lion Inn	Atherton Hilton	Toftrees	Scanticon
1	23	22	38	33	38	14.9%	14.3%	24.7%	21.4%	24.7%
2	52	58	46	40	39	22.1%	24.7%	19.6%	17.0%	16.6%
3	63	46	23	45	42	28.8%	21.0%	10.5%	20.5%	19.2%
4	54	40	56	73	50	19.8%	14.7%	20.5%	26.7%	18.3%
5	82	37	16	69	86	28.3%	12.8%	5.5%	23.8%	29.7%
6	80	3	21	99	50	31.6%	1.2%	8.3%	39.1%	19.8%
7	73	36	63	85	34	25.1%	12.4%	21.6%	29.2%	11.7%
8	59	39	42	76	64	21.1%	13.9%	15.0%	27.1%	22.9%
9	67	64	37	52	51	24.7%	23.6%	13.7%	19.2%	18.8%
10	66	57	34	55	67	23.7%	20.4%	12.2%	19.7%	24.0%

Detailed predictions (excerpt). Detail of choice predictions, among existing products.

Figure 1.3 Individual-Level Choice Predictions and Aggregate Market Shares

	Room	Bus Amenities	Leisure	Extras	Rest Delivery
Professional 1	Room Office	Internet access	Exercise room	Fruit and cheese	No Restaurant
Professional 2	Small Suite	Room fax	Exercise room	Tape library	Restaurant
Tourist	Large Room	Speaker phone	Exercise room + Pool	Tape library	No Restaurant
Deluxe	Large Room	Internet access	Exercise room + Pool	Tape library	Restaurant

New products. Characteristics of new products potentially introduced in the marketplace.

Figure 1.4 Attribute Composition of Proposed New Hotel Configurations

	Courtyard by Marriott	Nittany Lion Inn	Atherton Hilton	Toftrees	Scanticon	New product	Revenue per unit	Weighted revenue
Base predictions	21.4%	18.0%	17.5%	21.4%	21.7%	N/A	N/A	N/A
...with Professional 1	18.1%	15.0%	14.5%	18.0%	17.9%	16.4%	$ 99.5	$ 16.3
...with Professional 2	17.8%	14.9%	14.6%	17.9%	17.8%	16.9%	$ 100.5	$ 17.0
...with Tourist	18.4%	15.3%	14.6%	18.1%	18.7%	14.8%	$ 100.5	$ 14.9
...with Deluxe	18.3%	15.2%	14.9%	18.5%	18.7%	14.4%	$ 98.5	$ 14.2

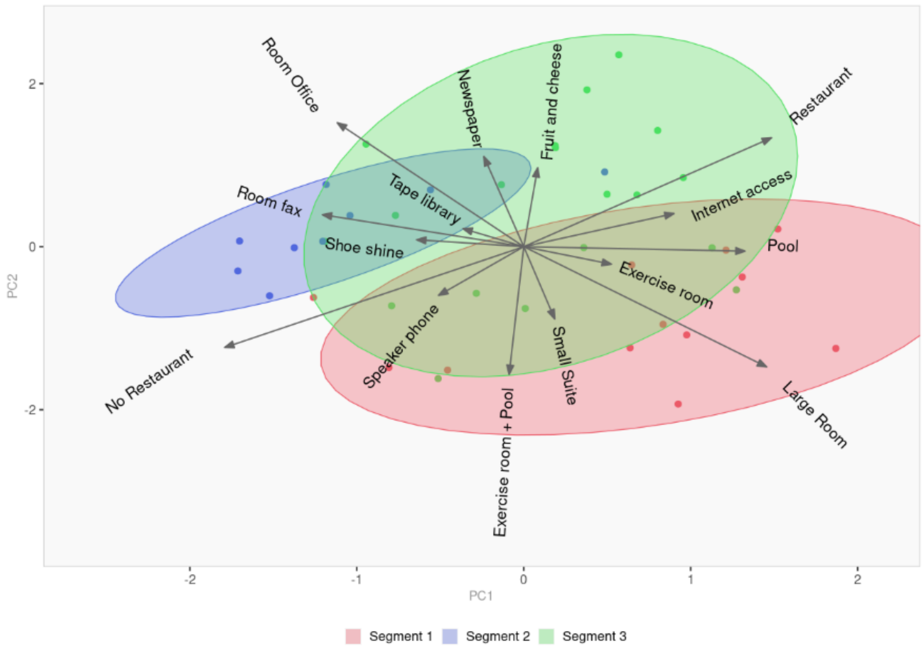
Simulation results. Predicted market shares, revenue per unit, and weighted revenue (i.e., revenue per unit multiplied by predicted market shares) for each new product.

Figure 1.5 Market Share and Revenue Simulation for New Hotel Configurations

	Population	Segment 1	Segment 2	Segment 3
Small Suite	18.2	17.5	12.3	21.3
Large Room	10.28	25.75	4.11	3.42
Room Office	14.83	2.5	22.44	19
Internet access	8.45	5.17	2.89	13.16
Speaker phone	11.38	11.5	6.33	13.68
Room fax	11	7.92	28.33	4.74
Exercise room	8.5	16	7.89	4.05
Pool	10.38	10.33	7.11	11.95
Exercise room + Pool	10.63	15.83	4.11	10.42
Shoe shine	7.9	4.75	14.11	6.95
Tape library	6.25	5.58	8.22	5.74
Fruit and cheese	8.88	6	4	13
Newspaper	7.93	6.17	6.89	9.53
Restaurant	6.9	6.33	2.33	9.42
No Restaurant	6.9	5.5	12.22	5.26

gment description. Average value of each segmentation variable, overall for each segment (centroid). gmentation variables that are statistically different from the rest of the population are highlighted in red ·wer) or green (higher).

Figure 1.6 Customer Segmentation Based on Attribute Preferences



Segment space. Spatial representation of segments and segmentation variables, using principal component analysis.

Figure 1.7 Segment Positioning Using Principal Component Analysis (PCA)

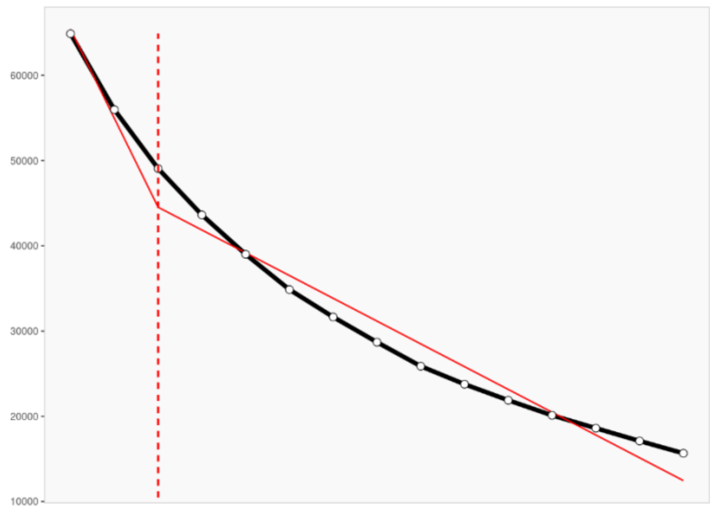


Figure 1.8 Optimal Number of Segments Identified Using Elbow Method (K=3)

	Population	Segment 1	Segment 2	Segment 3
Size	40	12	9	19
Relative size	100%	30%	23%	48%

Segment size.

Figure 1.9 Distribution of Customers Across Market Segments

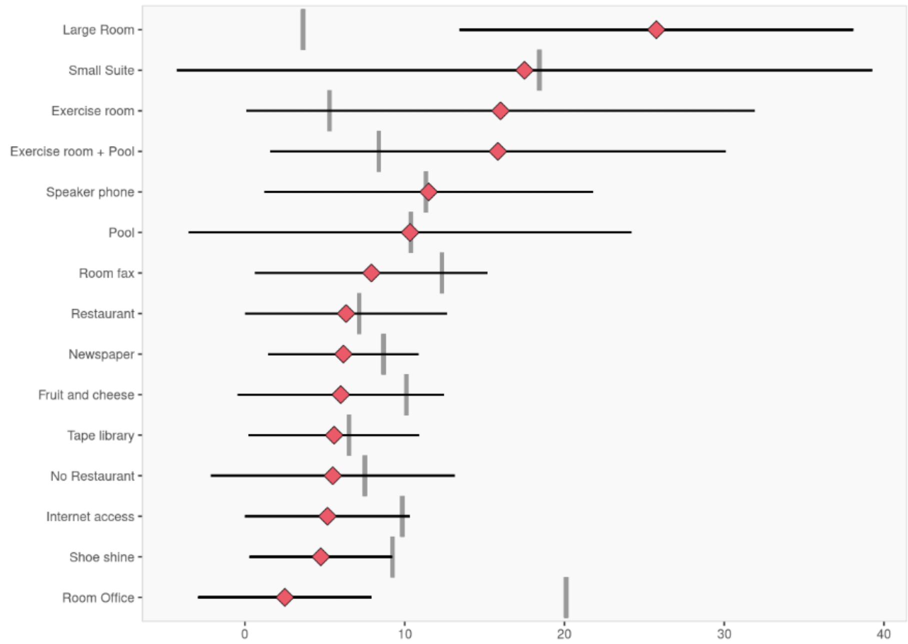


Figure 1.10 Part-Worth Utilities and Confidence Intervals for Hotel Attributes for segment 1

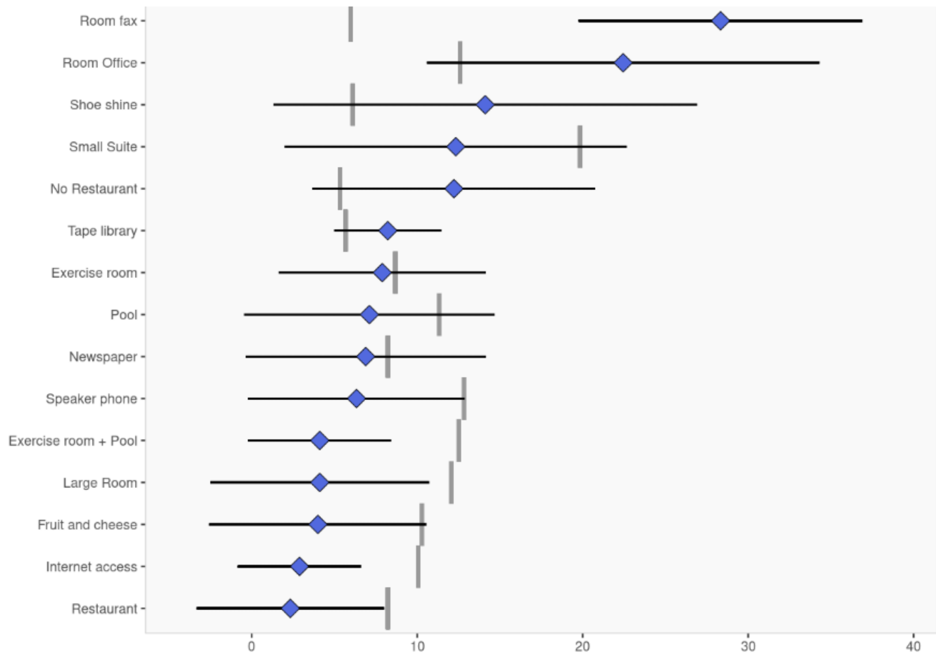


Figure 1.11 Part-Worth Utilities and Confidence Intervals for Hotel Attributes for segment 2

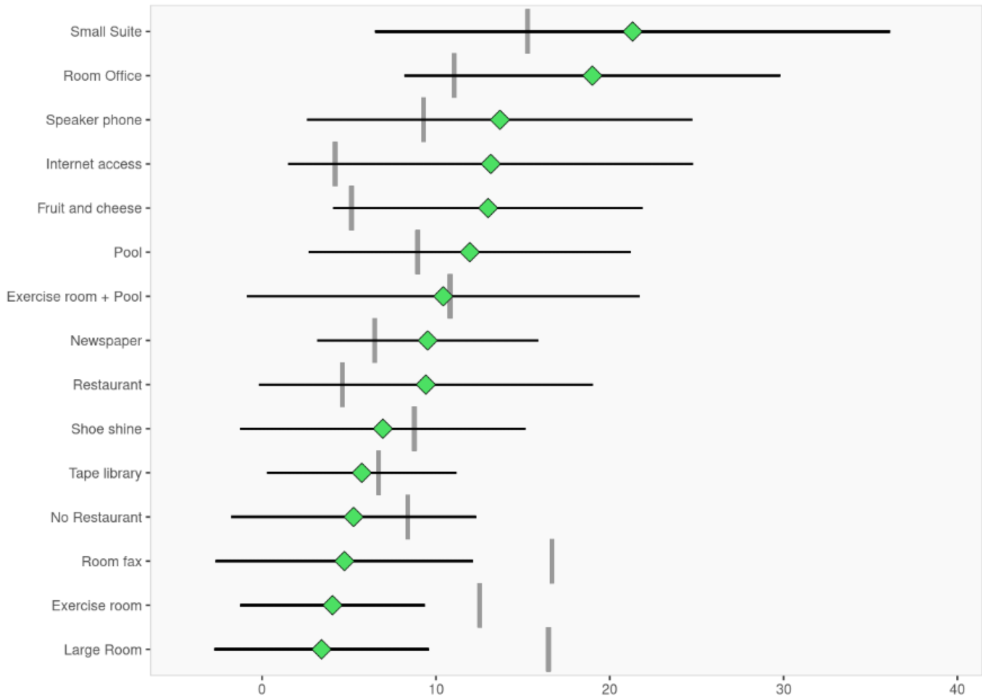


Figure 1.12 Part-Worth Utilities and Confidence Intervals for Hotel Attributes for segment 3

Competitors	Room	Bus Amenities	Leisure	Extras	Rest Delivery	
Courtyard by Marriott	Small Suite	Speaker phone	Exercise room + Pool	Newspaper	Restaurant	
Nittany Lion Inn	Large Room	Speaker phone	Exercise room	Newspaper	Restaurant	
Atherton Hilton	Large Room	Speaker phone	Exercise room	Tape library	No Restaurant	
Toftrees	Small Suite	Speaker phone	Exercise room + Pool	Newspaper	No Restaurant	
Scanticon	Room Office	Room fax	Exercise room + Pool	Shoe shine	Restaurant	

Figure 1.13 Attribute Composition of Key Competitor Hotel Offerings

Conjoint design

Levels	Room	Bus Amenities	Leisure	Extras	Rest Delivery	
Level 1	Small Suite	Internet access	Exercise room	Shoe shine	Restaurant	
Level 2	Large Room	Speaker phone	Pool	Tape library	No Restaurant	
Level 3	Room Office	Room fax	Exercise room + Pool	Fruit and cheese		
Level 4				Newspaper		

* Each column represents an attribute in the conjoint study, and each row represents a level of that attribute.

Figure 1.14 Attribute Levels Used in the Conjoint Study Design