



SWOT ANALYSIS

INTERNATIONAL CHAIN AS THE OPERATOR

INTERNAL FACTORS

Strengths (+)	Weaknesses (-)
<ul style="list-style-type: none"> ▷ Chains provide standards and support <ul style="list-style-type: none"> ⌘ The major chains establish standards, which are intended to be consistent across all operations. ▷ Distribution and reservation systems ▷ A “turnkey” approach to the operation of the property <ul style="list-style-type: none"> ⌘ This is intended to reduce the number of mistakes and help ensure that the property is, in fact, operated pursuant to the chain standard. ▷ Customer awareness ▷ Staffing <ul style="list-style-type: none"> ⌘ Can move staff between properties. ⌘ Training programs. ⌘ Benefit programs. ⌘ Growth opportunities. ⌘ Corporate support. ▷ Financing may be easier with chain ▷ Brand to increase value <ul style="list-style-type: none"> ⌘ An international chain may increase the value of the property. 	<ul style="list-style-type: none"> ▷ The priority of the chain is their brand - not your hotel ▷ Rigid and inflexible standards ▷ Expensive. Total could be 8-10% of revenue ▷ Possible ceiling on rate (based on customer perception of chain) ▷ Brand marketing irrelevant to local market <ul style="list-style-type: none"> ⌘ Brand marketing programs may be inconsistent with hotel markets (i.e., bounce back weekends or three nights for the price of two). ▷ Costs: Don't pay for what you don't need. <ul style="list-style-type: none"> ⌘ There are instances in which a chain brand simply isn't needed. For example, a hotel near a university or hospital might not need a chain affiliation to drive occupancy. The location of the property itself will put heads in beds and drive a high occupancy. ▷ Long-term agreements are difficult to terminate ▷ May encumber possible sale of property ▷ Constrains owner's ability to manage property ▷ Lack of flexibility in adapting to market fluctuations ▷ The rise of the OTA <ul style="list-style-type: none"> ⌘ This is a game-changer for the hospitality industry. ⌘ All hotels can command the attention of the guest on TripAdvisor, Booking.com, Agoda etc. ⌘ Minimises the power of the chain.

EXTERNAL FACTORS

Opportunities (+)	Threats (-)
<ul style="list-style-type: none"> ▷ Brand loyalty programs ▷ International distribution channels <ul style="list-style-type: none"> ⌘ Reservations. ⌘ Sales offices. ⌘ Internet site. ⌘ Brand advertising. 	<ul style="list-style-type: none"> ▷ Cost to benefit <ul style="list-style-type: none"> ⌘ Chain brand standards, often irrelevant to the market, come at a cost. ⌘ These standards are designed to benefit the chain brand, not your property. ▷ Brand and Chain Fees ▷ Centralisation of functions ▷ Loyalty programs <ul style="list-style-type: none"> ⌘ Do loyalty programs benefit the hotels? A recent study by Deloitte calls their effectiveness into question. ⌘ Again, the owner must consider whether the benefit is worth the extra cost, both in terms of contributions to the loyalty program and redemptions by guests. These programs are not optional. ▷ Time in the market ▷ Establishing a team with local market experience ▷ Cookie Cutter Approach <ul style="list-style-type: none"> ⌘ Ready-made knowledge and skill that comes with the franchise system for full-service hotels do not provide a sustained performance advantage. ▷ Long term restrictions ▷ Commitment <ul style="list-style-type: none"> ⌘ The business focus of the international chain is to expand their chain. Once they have signed up your hotel they are looking for new hotels. ▷ Possible cultural differences