

Royal Star Hotel & Conference Center

Hotel Business Plan

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EXECUTIVE SUMMARY

Introduction

Royal Star Hotel located at Ilala –Dar es salaam is a new, small, business-class hotel focused on providing rooms with a clean and modern character that is attractive to business visitors to the area. The Company's rooms will feature modern furniture, high-end technology and modern accessories.

Royal Star Hotel will offer all of the standard business hotel services including daily room cleaning, free local calls, cable TV, a free wireless network and various other amenities. Additionally, the hotel will include a conference room seating up to 15 for meetings with conference call landlines, wireless internet, and a large flat screen.

The Royal Star Hotel aims to become a premier destination for travelers seeking luxury and comfort in the heart of the city. **Our mission** is to provide exceptional hospitality services that exceed guest expectations and create memorable experiences. With a focus on personalized service and attention to detail, we aim to establish ourselves as a top choice for both business and leisure travelers.

Our vision is to redefine the standard of luxury hospitality by blending modern amenities with timeless elegance. The Royal Star Hotel will offer a range of room categories, including deluxe suites, executive rooms, and family-friendly accommodations, catering to diverse guest preferences. In addition, we will provide upscale dining options, spa facilities, and concierge services to enhance the overall guest experience.

Through strategic partnerships with local attractions and businesses, we aim to offer unique packages and experiences that set us apart from competitors. Our commitment to sustainability and community engagement will be reflected in our operations, ensuring that every guest feels good about their stay at the Star Hotel.

In summary, the Royal Star Hotel is poised to become a beacon of luxury hospitality, offering unparalleled service and amenities that cater to the discerning traveler's needs and offers luxury accommodation and associated amenities to local, regional, national and international tourists and travelers. For business travelers we offer a wide range of facilities such as conference and meeting rooms and exhibition space, including all necessary conferencing equipment and security.

Market analysis

The future outlook of the hotel market is optimistic, with significant growth expected in the coming years. The global hotel market size was valued at USD 919365.24 million in 2022 and is projected to expand at a CAGR of 9.77% during the forecast period, reaching USD 1608015.57 million by 2028. This growth can be attributed to various factors such as increasing travel and tourism activities, rising consumer spending, and a growing preference for high-quality staying experiences among millennials and Gen Z.

The COVID-19 pandemic had a substantial impact on the hotel industry, leading to a decline in international tourism and hotel reservations. However, as restrictions ease and travel resumes, the industry is expected to bounce back and witness significant growth. The report also provides strategies for companies to overcome threats posed by COVID-19, indicating a proactive approach to adapt to changing market conditions.

At *Royal Star Hotel* the following tools were used to analyze and to explore the market:

- Inquiries with existing and potential customers
- Requested information from community business support groups
- Collected catalogues, price lists and brochures of competitors

The hospitality market is good for billions of dollars a year. After two years of struggling, the hospitality industry is projecting a stronger surge during 2010, in which period a significant increase in activity is anticipated. Revenues as well as supply and demand all suggest a season of positive growth.

Growth in visitor numbers has steadily increased in 2010, and this is following an 8% decline in 2009. Visitors from Europe have been the primary source of this growth. We expect that the increased preferences for domestic travel, close-to-home destinations, and highway travel will boost *Royal star*' visitor numbers.

SWOT analysis

The following analysis highlights the internal strengths and weaknesses of our organization and the opportunities and threats facing the company in our external environment. We must work to improve our areas of weakness. Organizational strengths must be leveraged in order to capitalize on

external opportunities as they arise, and contingency plans formulated in order to deal with threats presented by the environment

The Hotel's strengths can be identified as follows:

- **Strategy:** established differentiation strategy.
- **Structure:** flat, decentralized structure.
- **Skills:** diverse range of service skills within management and staff.
- **Style:** strong, participative culture.
- **Staff:** specialized and experienced staff well motivated and highly skilled. A well trained team who are proud of their hotel and respect and promote the brand values.
- **Shared Values:** clear and well communicated.
- **Brand Strength:** brand values well represented engendering brand loyalty amongst existing and new guests.
- **Reputation:** promote a strong reputation within the local market and corporate and travel trade markets for reliability, exemplary service and quality.

Weakness

- High operating costs due to luxurious offerings
- Limited market reach compared to international hotel chains
- Reliance on seasonal tourism for revenue generation
- Potential need for continuous investment in property maintenance and upgrades
- Capital Investment: require approval of credit lines from local banking to properly fund the initial capital investment to build the facilities.
- Seasonal revenues: the flow of tourist cycle that occurs during spring-summer seasons versus winter should be considered and manage.
- Staff: seasonal turnover requires ongoing training and orientation of new staff.

Opportunities

The Hotel's opportunities can be seen as:

- Suppliers & Staff: Supplies (materials) and Staff (Personnel) required to run the facilities could be obtained from the local market
- Guest Dependency: repeat corporate business based on personal service and quality, in a small but luxurious environment.
- Expansion into new markets through strategic partnerships or acquisitions
- Diversification of services to attract different customer segments
- Leveraging digital marketing strategies to increase direct bookings and customer engagement
- Introducing eco-friendly initiatives to appeal to environmentally conscious travelers

Threats:

- ✓ Intense competition from other luxury hotels in the region e.g Tabata hotel, Mwigo hotel and Greenlight hotel
- ✓ Economic downturn impacting travel and tourism industry
- ✓ Changing consumer preferences towards alternative accommodation options
- ✓ External factors such as natural disasters or global pandemics affecting travel patterns

- ✓ Market Entry: potential for a competitive, global brand to enter the market with a similar product.
- ✓ Substitutes: fully furnished and serviced business apartments offering lower daily rates.
- ✓ Economy: recovery from slight recession may take time.

By conducting a comprehensive SWOT analysis, the Royal Star Hotel can leverage its strengths, address weaknesses, capitalize on opportunities, and mitigate threats to enhance its competitive position in the market.

Competitor/company analysis

Competitive rivalry within an industry:

Within this market we have some strong existing competitors. Such as Tabata hotel, Mwigo hotel and Greenlight hotel pizza etc. But as we are going to start with the standard of luxury hospitality by blending modern amenities with timeless elegance we don't have such type of competitor. It is a stable business because it is related with modern accommodation .So it is appropriate business to enter. Exit barrier is also low, so certainly it is an attractive segment of market to choose.

4.2 Threat of new entrants:

Threats of new entrants for a business is always true. So we have always risk of those new entrants. For this business entry barrier is not very high, as a result in that sense it is an unattractive segment. In food business new entrants are always available, but if we can build ours as a brand name and gain the major portion of the market share we will certainly be able to avoid the threat of the new entrants.

Threat of substitute product:

We are going to compete with other hotels . our company's rooms will feature modern furniture, high-end technology and modern accessories item with services including daily room cleaning, free local calls, cable TV, a free wireless network , in this field we don't have real substitute products.

Brand Reputation: Royal Star will known for its friendly and welcoming environment. Tabata hotel exudes luxury, while Greenlightfocuses on practicality. Mwigo is seen as a charming escape, and appeals to those seeking a modern, convenient stay.

Marketing & Distribution: Royal Star will utilizes a mix of online travel agencies (OTAs) and targeted social media campaigns. Greenligt has a strong brand presence and focuses on traditional media advertising. Tabata hotel relies heavily on OTAs. Mwigo leverages social media to showcase its unique charm.

Target Audience: Royal Star caters to both business and leisure travelers seeking a comfortable and convenient stay. Greenlight attracts luxury-oriented guests. Mwigo targets budget-conscious travelers.

Insights and Recommendations:

- Royal Star excels in personalized service and creating a welcoming atmosphere. They can leverage this strength to further differentiate themselves.
- Consider noise reduction measures to address guest concerns.
- Explore partnerships with local businesses to offer unique experiences to guests.
- Social media marketing can be further optimized to target specific demographics based on Royal Star's ideal guest profile.

Guest Segmentation of Hotel:

Based on the information provided in the context, a hotel can segment its guests into various categories to better understand and cater to their needs. Here is an example of how a hotel could segment its guests:

Demographic Segment:

Families with children

For families we will offer access to child care and children's facilities such as local day care center, playground, and accommodations suited for small children and babies

Business professionals

For business travelers we will have a complete range of conference and business facilities such as office space, fax, printer and secretarial services and broad band Internet connections. Our meeting rooms are fully equipped for conferences and we have limousine and taxi services to and from the hotel to the airport and major urban centers in the region. We also will have available reservation of our entire third floor for corporate gatherings over several days. This area offers secluded conference amenities found on the main floor while affording uninterrupted meetings.

For single and group travel

For the single or group traveler there is a selection of group activities available which can be reserved in advance or after arrival at the hotel. These activities include sports and recreation, dinner dance evenings [at local venues], guided tours and organized coach travel to areas of interest in the region. All group travel can be accompanied by a [resident hotel] guide and the hotel can handle any in-house catering for groups.

For physically impaired

The hotel is amply suitable and adapted to persons who travel in wheelchairs, need nursing care, have vision or hearing difficulties or otherwise require easy access to amenities, services and accommodation. All hotel buildings are low on thresholds. Ramps and elevators are located where stairs are necessary, there is clear signing of all services and amenities and rooms can be fitted out with alarm buttons for immediate medical attention.

Romantic getaway couples

For tourist couples without children we have a large variety of amenities catering to the young and old such as a full program of recreational activities: walking, hiking, bicycling, parasailing, boating and other water sports and historical tours of local cities, and many more.

Behavioral Segment:

- ✓ Guests who prefer extended stays
- ✓ Guests who frequently book additional services or upgrades
- ✓ Guests who are loyal and return for multiple visits

Geographic Segment:

- ✓ Local guests looking for a weekend getaway
- ✓ International travelers seeking luxury accommodations
- ✓ Business travelers attending conferences or events nearby

Psychographic Segment:

- ✓ Wellness travelers interested in spa services
- ✓ Adventure seekers looking for outdoor activities
- ✓ Luxury travelers seeking high-end amenities

By segmenting guests based on demographics, behavior, geography, and psychographics, hotels can tailor their marketing strategies, services, and promotions to meet the specific needs and preferences of each group.

Strategic Plan:

This is our roadmap for connecting with customers, selling and managing rooms, and maximizing revenue.

Strategic Plan for the Hotel

This plan outlines key strategies for Marketing, Revenue, and Distribution to achieve the hotel's overall goals.

I. Marketing Strategy

- **Target Market Analysis:**
 - We will conduct research to identify ideal guest demographics and psychographics.
 - We will analyze competitor marketing strategies and identify any gaps in the market.
- **Brand Positioning:**
 - Will develop a unique selling proposition (USP) that highlights the hotel's strengths.
 - Craft a consistent brand message that resonates with the target market.
- **Marketing Channels:**
 - We utilize a mix of online and offline marketing channels to reach the target audience. This could include:
 - Search Engine Optimization (SEO) and Pay-Per-Click (PPC) advertising.
 - Social media marketing with targeted campaigns.
 - Public relations efforts to generate positive media coverage.
 - Content marketing with blog posts, articles, and videos showcasing the hotel's offerings.
 - Traditional marketing channels like print advertising and partnerships.
- **Measuring Success:**
 - We will set clear marketing goals and objectives (e.g., increase website traffic, brand awareness, or bookings).
 - We will track key performance indicators (KPIs) such as website conversions, social media engagement, and booking source data.

- We will regularly analyze marketing performance and adjust strategies as needed.

II. Revenue Strategy

- **Dynamic Pricing:**
 - We will implement revenue management software to optimize room rates based on factors like seasonality, demand, and competitor pricing.
 - We will offer targeted promotions and packages to attract different guest segments and fill rooms during low seasons.
- **Upselling and Cross-Selling:**
 - We will train staff on upselling and cross-selling techniques to encourage guests to spend more during their stay. This could include room upgrades, spa treatments, dining experiences, or other hotel services.
- **Ancillary Revenue:**
 - We will identify and develop additional revenue streams beyond room bookings. This could include restaurant sales, event hosting, merchandise sales, or partnerships with local businesses.

III. Distribution Strategy

- **Direct Booking Channels:**
 - We will encourage direct bookings through the hotel's website by offering exclusive promotions and loyalty programs.
 - We will utilize a user-friendly booking engine on the website to streamline the reservation process.
- **Online Travel Agencies (OTAs):**
 - Partner with relevant OTAs to reach a wider audience but maintain competitive commission rates.
 - We will manage OTA listings actively to ensure accurate information, high-quality photos, and positive guest reviews.
- **Alternative Distribution Channels:**
 - We will explore alternative distribution channels like metasearch engines or niche travel booking platforms relevant to your target market.
 - We will consider establishing partnerships with tour operators or travel agents specializing in your hotel's niche.

By implementing a well-defined strategic plan that addresses Marketing, Revenue, and Distribution, your hotel can achieve sustainable growth and success.

Operations Plan

Technology: For the technology aspect of the operations plan, we will be implementing a Property Management System (PMS) is crucial. A PMS is software that streamlines various hotel operations, including reservation management, front desk tasks, housekeeping coordination, rate and occupancy management, channel management, and payment processing. The PMS serves as the central hub for managing both internal and external hotel processes efficiently.

Hiring Processes and Strategies: we will effective hiring processes and strategies is essential for building a competent team to run the hotel smoothly. Define the roles you need to fill based on your hotel's size and service offerings. Create job descriptions outlining responsibilities, qualifications, and expectations for each position. Implement a thorough recruitment process to attract qualified candidates, conduct interviews to assess fit, and provide comprehensive training to onboard new hires successfully.

Service Standards: Establishing clear service standards is fundamental to ensure consistent quality across all guest interactions. Define specific service protocols for different departments such as front desk, housekeeping, food and beverage, concierge services, etc. Train staff on these standards to deliver exceptional customer service at every touchpoint. Regularly monitor performance against these standards and gather feedback from guests to continuously improve service quality.

Suppliers, Inventory Management, and Other Relevant Information: Managing suppliers effectively and maintaining efficient inventory control are critical components of the operations plan. Identify reliable suppliers for various goods and services required by the hotel such as linens, toiletries, food items, cleaning supplies, etc. Establish inventory management protocols to optimize stock levels, minimize waste, and ensure timely replenishment. Additionally, include any other relevant information related to operational logistics like maintenance schedules, security procedures, emergency protocols, etc.

By incorporating these elements into your operations plan, we can create a solid foundation for running a successful hotel business with streamlined processes and exceptional service delivery.

Financial plan

	Description	Value
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Rooms	Total Number of Rooms	100
Room Rates		
* Standard	Per Night Rate	\$100
* Deluxe	Per Night Rate	\$150
* Suite	Per Night Rate	Item
Occupancy Rate	Average Annual Rate	70%
Occupancy Rate (Seasonal)		
* Peak Season	Occupancy Rate	80%
* Shoulder Season	Occupancy Rate	60%
* Off-peak Season	Occupancy Rate	50%
Other Revenue Streams		
* Restaurant/Bar Sales	As % of Room Revenue	10%
* Conference Fees	Estimated Annual Revenue	\$50,000
Costs		
* Fixed Costs (Monthly)		
* Rent/Mortgage	Monthly Payment	\$20,000
* Salaries & Benefits	Monthly Payment	\$30,000
* Insurance	Monthly Payment	\$5,000
* Other Fixed Costs	Monthly Payment	\$5,000
* Variable Costs (Per Occupied Room)		
* Amenities	Per Room Cost	\$5
* Cleaning Supplies	Per Room Cost	\$10
* Utilities (variable)	Per Room Cost	\$15

Break-Even Analysis:

Here are the calculations of the number of rooms we will need to sell at the average rate to cover all your expenses (break-even point).

- Average Daily Rate (ADR) = $(\$100 + \$150 + \$200) / 3 = \150
- Break-Even Rooms per Day = $(\$720,000 + \$21,000) / (\$150 - \$30) = 54.88$

This indicates you need to sell an average of 55 rooms daily at an average rate of \$150 to cover your expenses in year 1 (assuming the cost and revenue assumptions hold true)

Sufficient finance

Category	Estimated Cost (Millions)	Funding Source	Notes
Land Acquisition & Development			
- Land Purchase	X	Debt Financing (Loan)	Depends on location, size
- Construction	X	Debt Financing (Loan)	Depends on size, amenities
- Permits & Licenses	X	Equity	
Furnishings & Equipment	X	Debt Financing (Line of Credit)	
- Furniture & Fixtures			
- Electronics & Appliances			
- Kitchen Equipment			
Pre-Opening Expenses	X	Equity	
- Marketing & Advertising			
- Training & Staff Onboarding			
- Permits & Inspections			
- Working Capital (Initial Inventory)			
Operational Expenses (First Year)	X	Debt Financing (Line of Credit)	Ongoing cash flow needs
- Payroll & Benefits			
- Marketing & Advertising			
- Utilities & Maintenance			
- Insurance			
- Supplies & Inventory			
Debt Service Reserve	X	Equity	Cushion for loan payments

Total Budget	200	
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Managers/Directors

The manager/director is Ms. ANNA SAMWEL NYAMBULA

The Board of Managers/Directors they have the principal responsibility for fulfillment of the hotel's mission and the legal accountability for its operations. As construction proceeds, managers/directors will be added to the Board from the community.

Our Board of Mangers/Directors further ensures adequate human and financial resources and actively monitors and evaluates the organization's executive director, as well as the overall financial results. The board members approve and implement policies to ensure achievement of the mission of the organization and to prevent perceived, potential or actual conflict of interest. They will accomplish these functions through regular meetings scheduled monthly.

Management team

Royal star hotel management team will have direct knowledge of the hospitality industry and will possess the necessary professional administration skills. Our team will include a general manager, chief engineer, marketing personnel, and professionals with accounting experience. The team will tailor to the needs of the corporate client and will provide complementary personal services where needed.

Royal star will offer all of its management team competitive salaries.