

KALKEDONIA INN Business Plan


2024





1. Introduction
2. Market Analysis
3. Business Strategy
4. Financial Plan

AGENDA



Kalkedonia Inn will be a small hotel in Kigoma in the high Mid-Range category. It will offer guests a unique experience and quality rooms at a competitive price. It will stand out by incorporating unique architectural and design inspired by the local culture.

INTRODUCTION:

COMPANY OVERVIEW

MISSION, VISION, VALUES



Mission: To offer Kigoma tourists a unique stay and cultural experience.



Vision: To become the number one hotel destination in Kigoma.



Values:
Customer service,
Respect of the Local
Culture

Serenity and Peace Restored

- 
- Industry Overview
 - Target Market
 - Competitive Analysis
 - SWOT Analysis

MARKET ANALYSIS

Tourism trends in Tanzania

The tourism sector in Tanzania, including regions like Kigoma, is experiencing a significant rebound and growth. Here are some key trends and insights from the tourism sector as of 2023:

1. ****Increase in Tourist Arrivals and Revenue****: Tanzania witnessed a considerable rise in tourist arrivals, reaching 1,454,920 in 2022, compared to 922,692 in 2021, 616,491 in 2020 and 1.5 million in 2019. This increase has been attributed to the lifting of lockdown measures and active promotional efforts by the Tanzanian government. Consequently, travel receipts almost doubled, reaching USD 2.56 billion in 2022, up from USD 1.31 billion in 2021.
<https://www.tanzaniainvest.com/tourism><https://furtherafrica.com/2023/11/04/tanzania-upbeat-to-become-africas-top-tourism-destination/>.

INDUSTRY OVERVIEW

TANZANIA TOURISM ARRIVALS

2,000,000

1,500,000

1,000,000

500,000

0

1995 1996 1997 1998 1999 2000 2001 2002 2003 2004 2005 2006 2007 2008 2009 2010 2011 2012 2013 2014 2015 2016 2017 2018 2019 2020 2021 2022

© TanzaniaInvest

INDUSTRY OVERVIEW

Tourism trends in Tanzania

2. ****Source Markets****: The United States remains the most significant source of tourists for Tanzania, followed by European countries such as France, Germany, the UK, and Poland. In Africa, Kenya leads in visitor numbers to Tanzania, followed by Burundi, Zambia, Malawi, and Rwanda. (<https://www.tanzaniainvest.com/tourism>)

(<https://furtherafrica.com/2023/11/04/tanzania-upbeat-to-become-africas-top-tourism-destination/>).

3. ****Tourism's Contribution to GDP****: The tourism sector's contribution to Tanzania's GDP has experienced fluctuations but is expected to reach 19.5% by 2025/26. This is a significant increase from the 5.7% contribution in 2021. (<https://www.tanzaniainvest.com/tourism>).

4. ****Strategic Promotion and International Collaborations****: Tanzania has been strategically promoting its tourism sector, with efforts including the "Royal Tour" documentary. The country is also focusing on establishing direct flights from key markets like Russia to Dar es Salaam, enhancing transport benefits for tourism and trade.

(<https://furtherafrica.com/2023/11/04/tanzania-upbeat-to-become-africas-top-tourism-destination/>).

INDUSTRY OVERVIEW

Tourism trends in Tanzania

5. ****Diversity in Tourism Offerings****: Besides the traditional wildlife and beach attractions, Tanzania is diversifying its tourism products. The focus is on developing new attractions and promoting different forms of tourism, such as MICE (meetings, incentives, conferences, and exhibitions) (<https://www.tanzaniainvest.com/tourism>).
6. ****Infrastructure and Service Improvements****: For Tanzania to reach its ambitious goal of attracting five million tourists by 2025, it will require upgrades to tourism infrastructure and services, including airport facilities and hotel capacities (<https://www.pwc.co.tz/press-room/future-of-tourism-in-tanzania.html>).
7. ****Challenges and Opportunities****: Despite the growth, the sector faces challenges like limited access to financing, inadequate infrastructure, and a multiplicity of levies. Addressing these issues is crucial for the sustainable growth of the tourism sector in Tanzania (<https://www.pwc.co.tz/press-room/future-of-tourism-in-tanzania.html>).

Overall, Tanzania's tourism sector is on a positive trajectory, with a strategic focus on diversifying its offerings and improving infrastructure to cater to a growing number of tourists. The focus on high-income tourists who are less likely to impact negatively on the culture and the environment is also a key aspect of Tanzania's tourism strategy.

INDUSTRY OVERVIEW

Hotel Industry Analysis

- 1. Growth in Room Revenue:** The hotel industry in Tanzania is projected to grow substantially in the coming years. The room revenue is expected to increase at a compound annual growth rate (CAGR) of **8.2% over the next five years**. The growth of the hotel industry is closely linked with the tourism sector which directly influences hotel occupancy and revenue.
- 2. Increase in International Visitors:**
 - **Rising Numbers from Asia:** Tanzania has seen a significant increase in visitors from countries like India and China. These countries have emerging middle classes with increasing spending power, contributing to the growth of global tourism.
 - **Impact on Hotel Demand:** The influx of tourists from these regions directly impacts the demand for hotel accommodations. As more tourists from diverse international backgrounds visit Tanzania, the demand for varied and higher-quality hotel services increases.
 - **Cultural and Business Tourism:** Besides leisure tourism, there is also a rise in cultural and business tourism. Visitors from Asia often look for experiences that are unique to the African continent, including wildlife safaris and cultural tours, which further drive the need for accommodation and hospitality services.

INDUSTRY OVERVIEW

3. **Expansion of Hotel Chains:** Major international hotel chains have shown interest in expanding their presence in Tanzania. These include:

- **Rotana:** Known for its luxurious properties, Rotana has shown interest in expanding its footprint in Tanzania.
- **Melia Hotels International:** With a focus on luxury and upscale lodging, Melia has been expanding its presence in key tourist destinations in Tanzania.
- **Anantara Hotels, Resorts & Spas:** This chain, known for its high-end luxury resorts, is also eyeing the Tanzanian market.
- **Sarovar Portico:** Sarovar Hotels & Resorts, an Indian chain, has also been exploring opportunities in Tanzania, aiming to cater to both leisure and business travelers.
- **Ritz-Carlton:** A high-end luxury hotel and resort brand, Ritz-Carlton is among the major international brands interested in Tanzania's growing market.

These expansions are strategic, aimed at capturing the growing tourism market and the increasing demand for quality accommodation in Tanzania. This interest from international hotel chains also indicates the vast investment opportunities within the Tanzanian hospitality sector, promising returns due to the country's growing tourism industry.

4. **Impact of Economic Stability:** Tanzania's stable economic growth, with a focus on investment in infrastructure and services, has **positively impacted** the hotel industry. A stable economy attracts more business travelers and investments in the hospitality sector.
5. **Challenges:**
 - **Economic Fluctuations:** The hotel industry is sensitive to global and local economic changes. Economic downturns can lead to reduced travel and tourism, impacting hotel revenues.
 - **Competitive Market:** The entry of international hotel chains increases competition, requiring local hotels to enhance their services and facilities to remain competitive.
 - **Standardization and Quality:** Maintaining international standards in service and infrastructure is a challenge, especially for smaller, local hotels. This includes training staff, modernizing facilities, and adopting new technologies.
 - **Environmental and Cultural Sustainability:** Balancing development with environmental conservation and respecting local culture and communities is a significant challenge.

INDUSTRY OVERVIEW

6. Future Prospects:

- **Government Initiatives:** The Tanzanian government has taken several steps to promote tourism and, by extension, the hotel industry:
 - **Investment Incentives:** Offering incentives to investors in the tourism sector, including tax breaks and assistance in acquiring land.
 - **Infrastructure Development:** Investing in infrastructure improvements like roads, airports, and utilities, making tourist destinations more accessible and appealing.
 - **Marketing Campaigns:** Engaging in international marketing campaigns to promote Tanzania as a top tourist destination.
 - **Conservation Efforts:** Focusing on wildlife and environmental conservation, which are major attractions for tourists.
 - **Visa Policies:** Implementing more tourist-friendly visa policies to encourage visitors from a wider range of countries.
- **Increased Business and MICE Tourism:** Efforts to diversify tourism beyond safari and beach holidays, focusing on business and Meetings, Incentives, Conferences, and Exhibitions (MICE) tourism.
- **Digital Transformation:** Embracing digital platforms for marketing and customer engagement, offering online booking and virtual tours.

INDUSTRY OVERVIEW

Understanding MICE Tourism

- **Meetings:** This involves small to large gatherings for business purposes, which can range from corporate meetings to international summits.
- **Incentives:** These are reward trips offered by companies to their employees or clients, often as a motivational tool.
- **Conferences:** These are larger gatherings focused on specific industries or topics, where participants engage in discussions, networking, and knowledge sharing.
- **Exhibitions:** These involve showcasing and promoting products or services, usually within a specific industry, often combined with trade fairs.

INDUSTRY OVERVIEW

Government Efforts to Promote MICE Tourism in Tanzania

- **Infrastructure Development:** The government has been investing in infrastructure suitable for MICE activities, such as convention centers, hotels with conference facilities, and improved transportation networks.
- **Policy and Incentives:** Introduction of policies and incentives that support the development of facilities and services required for MICE tourism. This could include tax breaks or subsidies for building MICE venues.
- **Promotional Campaigns:** Active promotion of Tanzania as an ideal destination for MICE events through tourism boards and international trade shows.
- **Partnerships:** Forming partnerships with international MICE organizations and businesses to attract global events.
- **Training and Development:** Investing in training for local professionals in the hospitality and tourism sectors to meet the specific demands of MICE tourism.
- **Technology Integration:** Utilizing technology for marketing and efficient organization of MICE events, including digital platforms for event management and promotion.

INDUSTRY OVERVIEW

Target Market for Hotel industry in Kigoma:

Primary customers: International tourists

Kigoma, located in Western Tanzania, is gaining attention as a unique safari destination, particularly for those interested in chimpanzee trekking and the region's natural beauty. The area's key attractions include Gombe Stream National Park, known for its chimpanzee population studied by Jane Goodall, and Mahale Mountains National Park, home to one of the world's largest chimpanzee populations. These parks offer unique opportunities for visitors to observe chimpanzees in their natural habitat, along with other wildlife like baboons, colobus monkeys, and various bird species.

The region's appeal is enhanced by its rich cultural history and beautiful landscapes. Kigoma itself, situated on the shores of Lake Tanganyika, the world's second-deepest lake, offers additional activities such as boat safaris, fishing, and beach vacations. The lake's clear waters are ideal for water sports and attract a variety of bird species, making it a great spot for bird watching.

Tourists are also drawn to the historical significance of nearby Ujiji Town, the site of the famous meeting between Henry Stanley and David Livingstone. The best time to visit Kigoma for safari and outdoor activities is during the dry season from June to October, when the weather is mild and tropical, making it easier to access various town and lake activities.

DEMAND ANALYSIS: NEEDS AND TRENDS

Primary customers: International tourists

- ▶ Purpose of stay= vacations, safaris, beach
- ▶ Typical length of stay = 3-10 days (10 days on average for international tourist in Tanzania)
- ▶ Period of the year visiting = Dry season (June to October)
- ▶ Special needs =
 - ▶ recommendations and deals on nearby activities and attractions
 - ▶ shuttle to nearby activities
 - ▶ services and activities for families with kids (pool, basketball court, soccer field, volleyball court, kids game module, animals (zebras, antelope, ostrich, etc.)

DEMAND ANALYSIS: NEEDS AND TRENDS

Secondary customers: Business travelers

Business travelers from across Tanzania and other countries nearby (Burundi, Rwanda, Kenya, Ouganda) will need accommodations and services when they transit by/or come to Kigoma.

- ▶ Purpose of stay= business in Kigoma and/or transit before entering other countries nearby
- ▶ Typical length of stay = 2-4 days
- ▶ Period of the year visiting = All year long
- ▶ Special needs = room space and facilities to work at distance (work desk, chair, good wifi), conference room, shuttle

DEMAND ANALYSIS: NEEDS AND TRENDS

The demand for business travel in Kigoma, as well as across Tanzania, can be analyzed from several perspectives:

1. ****Kigoma's Strategic Location and Agricultural Focus****: Kigoma's strategic location in north-western Tanzania, bordering Lake Tanganyika and neighboring countries like Burundi and the Democratic Republic of the Congo, positions it as a potential trade and business hub. The Tanzanian government's priority is to transform Kigoma into a significant trade and business center, focusing on sectors like agriculture. This transformation might attract business travelers involved in trade, agriculture, and regional commerce.
2. ****Tanzania's Growing Economy and Tourism Sector****: Tanzania has historically been a center for trade due to its location along East Africa's coast. The country's economy is diversifying, with significant growth in sectors like tourism, natural gas, and agriculture. Despite the impact of the COVID-19 pandemic, which particularly affected the tourism sector, Tanzania's overall economy has shown resilience. The tourism industry, including business travel, is expected to be among the fastest-growing worldwide over the next decade. With major cities like Dar es Salaam and regions like Kigoma developing, there is potential for increased business travel, especially as infrastructure improves.

DEMAND ANALYSIS: NEEDS AND TRENDS

3. ****Infrastructure and Government Initiatives****: Tanzania's ambition to become a middle-income economy by 2030 and its focus on developing local industries and investing in infrastructure projects present opportunities for business travel. Improved transportation and energy infrastructure can make regions like Kigoma more accessible to business travelers.

4. ****Challenges and Opportunities****: While there are opportunities for growth in business travel, challenges such as government policies affecting foreign investment and business environment, aggressive revenue collection practices, and difficulties in obtaining work permits for expatriate workers may influence the demand.

In summary, Kigoma's strategic position and the Tanzanian government's focus on transforming it into a trade hub, combined with Tanzania's overall economic growth and diversification, present potential growth opportunities for business travel. However, this potential is subject to overcoming infrastructure challenges and improving the business environment

DEMAND ANALYSIS: NEEDS AND TRENDS

Tertiary customers: Burundian community living in Canada

Burundian community living in Canada will also need accommodations and services when they transit by Kigoma when visiting their families in Burundi. More than 7 000 Burundians live in Montreal and Quebec Cities. Even more lives in other French speaking cities in the province of Quebec, Canada (with a total of more than 9 000 people as of the 2021 Census). Those people tend to return visit their family once every few years.

- ▶ Purpose of stay= transit before entering Burundi and/or vacations
- ▶ Typical length of stay = 2-4 days
- ▶ Period of the year visiting = All year long with peaks in the summer and Christmas holidays
- ▶ Special needs = services and activities for families with kids (pool, basketball court, soccer field, volleyball court, kids game module, animals (zebras, antelope, ostrich, etc.), shuttle

DEMAND ANALYSIS: NEEDS AND TRENDS

Tertiary customers: **Church people** will need accommodations and services when they come to Kigoma.

- ▶ Purpose of stay= Religious visit, visiting relatives or colleagues in Kigoma
- ▶ Typical length of stay = 3-5 Days
- ▶ Period of the year visiting = All year long
- ▶ Special needs = shuttle

DEMAND ANALYSIS: NEEDS AND TRENDS

Target Market for Kalkedonia Inn:

1. International tourists
2. Business travelers
3. Burundian community living in Canada
4. Church people

DEMAND ANALYSIS

A decorative graphic consisting of several parallel white lines of varying lengths and orientations, located in the bottom right corner of the slide.

1. Target Market
2. Pricing Strategies
3. Marketing and Branding
4. Guest Reviews and Ratings
5. Location and Accessibility
6. Services and Amenities

COMPETITIVE ANALYSIS

1. Target Market for Hotels in Kigoma

- ▶ **Luxury Hotels** in Kigoma (4 establishments) target mostly international tourists and MICE (business) tourists.
- ▶ **Mid-Range Hotels** in Kigoma (9 establishments) target international and local tourists. Some exceptions targets MICE (business) tourists as well.
- ▶ **Budget Hotels** in Kigoma (>16 establishments) target mostly local tourists.

COMPETITIVE ANALYSIS

2. Pricing Strategies for Hotels in Kigoma

Here is a summary of the pricing for **hotels or lodges** in **Kigoma region**.

Category	Number of establishments	Price range (\$USD)	Price average (\$USD)	Average Number of rooms**	Range Number of rooms**	Total number of rooms**
Luxury	4	35-190	89	24	6-30	95
Mid-range	9	30-48	37	22	6-36	197
Budget	16	7-35	19	12	7-18	187
All categories*	29	7-190	37	17	6-36	479

*Price average is biased because many budget lodges prices cant be found online.

**Estimate since the number of rooms is not available for some establishments.

COMPETITIVE ANALYSIS

Here is a summary of Room prices for hotels in other Tanzanian Cities (in \$USD).

City	Average Price	Highest Prices	Cheapest Options	Average Price For		
				Luxury Hotels	Mid-Range Hotels	Budget Hotels
Dar es Salaam	146	195	14	184	35	24
Zanzibar	162	747	16	326	116	61
Arusha	177	?	19	223	73	26
Dodoma	60	?	16	78	60	35
Mwanza	103	?	15	152	102	48

*Based on research online for the 20 most popular hotels in each city.

COMPETITIVE ANALYSIS

3. Marketing and Branding for Hotels in Kigoma

- ▶ **Luxury Hotels** in Kigoma promote their services mainly with internet travel platforms (Expedia, Tripadvisor, Booking.com, etc). All of them have a website.
- ▶ **Mid-Range Hotels** in Kigoma: a majority promote their services with internet travel platforms (Expedia, Tripadvisor, Booking.com, etc). Few of them have a website.
- ▶ **Budget Hotels** in Kigoma: a few promote their services with internet travel platforms (Expedia, Tripadvisor, Booking.com, etc). None of them have a website.

COMPETITIVE ANALYSIS

3. Marketing and Branding for Hotels in Kigoma

- ▶ All hotel websites are outdated and old, except for Kigoma Hilltop Hotel, Mwitongo Garden Hotel and Mbalu Mbalu Gombe/Mahale Lodges.
- ▶ Many small Lodges don't even appear on travel platforms like TripAdvisor.
- ▶ Many small Lodges and even a few Mid-Range Hotels can't be booked online. Guests must call directly the hotel to book a room, which is a major marketing weakness.
- ▶ Many small Lodges have a Facebook page, but most of them don't look professional and/or are not maintained.
- ▶ Most Mid-Range and Budget Hotels have weak Branding and near nonexistent online marketing.
- ▶ **In summary, Marketing and branding for hotels in Kigoma in general is a weakness.**

COMPETITIVE ANALYSIS

4. Guest Reviews and Ratings for Hotels in Kigoma

Here is a summary of Ratings for Hotels in **Kigoma** by category.

(Mbali Mbali Gombe/Mahale Lodges are excluded because they are outliers regarding to the room price. Their overall Google rating is 4,9 and TripAdvisor 4,5)

Category	Google Reviews Average Overall rating (x/5)	TripAdvisor Reviews Average Overall rating (x/5)
Luxury	4,20	4,17
Mid-range	3,94	4,10
Budget	3,75	n/a**
All categories	3,87	n/a**

*Mwitongo Garden Hotel TripAdvisor review excluded because only one review.

**For the Budget category, TripAdvisor reviews are either insufficient or inexistant to give a relevant average.

COMPETITIVE ANALYSIS

4. Guest Reviews and Ratings for Hotels in Kigoma

Here is some reviews for a few of the most popular Hotels in Kigoma:

Kigoma Hilltop Hotel (Luxury category)

- ▶ Strengths:
 - ▶ Known for its great view and location, providing breathtaking views of Lake Tanganyika.
 - ▶ Offers a variety of amenities including free parking, Wi-Fi, pool, beach access, children's activities, airport transportation, meeting rooms, and a restaurant.
 - ▶ Rooms feature air conditioning, room service, a safe, and other conveniences.
- ▶ Weaknesses:
 - ▶ Some reviews mentioned occasional issues with services.
- ▶ Unique Selling Points:
 - ▶ Proximity to attractions like the Livingstone Museum & Memorial.
 - ▶ The hotel is well-regarded for its tranquil environment, making it an ideal choice for those seeking a peaceful stay with stunning natural views.

COMPETITIVE ANALYSIS

4. Guest Reviews and Ratings for Hotels in Kigoma

Here is some reviews for a few of the most popular Hotels in Kigoma:

Jakobsen's Beach and Guesthouse (Luxury category)

- ▶ **Strengths:** Praised for its welcoming hosts and beautiful location, making it ideal for honeymooners or visitors to Gombe National Park. Offers a serene and homelike environment.
- ▶ **Weaknesses:** Being a guesthouse, it may have fewer amenities and services compared to larger hotels.
- ▶ **Unique Selling Points:** The guesthouse's homelike atmosphere and serene beach location provide a unique, intimate experience, particularly attractive to couples and nature lovers.

COMPETITIVE ANALYSIS

4. Guest Reviews and Ratings for Hotels in Kigoma

Here is some reviews for a few of the most popular Hotels in Kigoma:

Coast View Hotel (Mid-Range category)

- ▶ Strengths:
 - ▶ Offers beautiful sunset views and is well-rated for its cleanliness and value.
 - ▶ The hotel features amenities like internet access, a bar/lounge, a restaurant, and room service.
- ▶ Weaknesses:
 - ▶ Some guests reported issues with water availability and room maintenance.
 - ▶ The service can be slow, particularly in the restaurant.
- ▶ Unique Selling Points:
 - ▶ Known for its affordability and good value for money, making it a popular choice among budget-conscious travelers.
 - ▶ The hotel's location provides scenic views of Lake Tanganyika.

COMPETITIVE ANALYSIS

4. Guest Reviews and Ratings for Hotels in Kigoma

Here is some reviews for a few of the most popular Hotels in Kigoma:

Leaders Lodge (Budget category)

- ▶ **Strengths:** Known for its cleanliness, safety, and proximity to the railway station. Offers daily room service and is appreciated for its kind and helpful staff.
- ▶ **Weaknesses:** Specific weaknesses are not detailed, but as a smaller inn, it may lack some amenities found in larger hotels.
- ▶ **Unique Selling Points:** Its convenient location near the railway station and the emphasis on safety and cleanliness make it a good choice for travelers prioritizing convenience and comfort.

COMPETITIVE ANALYSIS

Here are the **five most appreciated features** or aspects of hotels in Tanzania:

- 1. Exceptional Natural Locations:** Many tourists appreciate hotels that offer stunning natural views or are located in unique natural settings. This includes beachfront properties, lodges near wildlife reserves, and accommodations with views of iconic landscapes like Mount Kilimanjaro or the Serengeti plains.
- 2. Quality of Service and Hospitality:** Tourists often highlight the warm, welcoming, and attentive service they receive at Tanzanian hotels. The friendliness and professionalism of the staff significantly enhance their overall experience.
- 3. Authentic Cultural Experiences:** Hotels that provide an authentic Tanzanian experience, such as cultural performances, local cuisine, and decor inspired by local art and traditions, are highly valued by tourists.
- 4. Comfort and Amenities:** High-quality room amenities, comfortable bedding, and modern facilities are crucial. Tourists appreciate hotels that offer a comfortable and relaxing environment, especially after a long day of travel or exploration.
- 5. Eco-Friendly and Sustainable Practices:** An increasing number of tourists are environmentally conscious and appreciate hotels that implement sustainable practices. This includes the use of renewable energy, water conservation measures, and support for local communities.

These features highlight the importance of location, service quality, cultural authenticity, comfort, and sustainability in enhancing the experience of tourists visiting Tanzania.

COMPETITIVE ANALYSIS

Here are the recurring complaints by tourists regarding hotels in Tanzania:

- 1. Poor Transport and Communication:** Tourists often face difficulties with transportation and communication infrastructure, which can affect their overall experience in Tanzania.
- 2. Lack of Skilled Tourism Personnel:** There is a noted lack of skilled personnel in the tourism and hotel sectors. This shortage can lead to service-related issues in hotels, often necessitating the hiring of foreign workers.
- 3. Inadequate Marketing of Tourist Attractions:** In some cases, tourists find that the marketing of tourist attractions is not effective or informative enough, which can lead to missed opportunities and unmet expectations.
- 4. Issues with Coordination Policies:** There can be problems arising from poor coordination between the government and stakeholders in the tourism industry, which may impact the quality of the tourism experience.
- 5. Quality of Tourism Services:** The need for improvements in infrastructure and raising the quality of tourism services is also a concern, as it impacts the overall satisfaction of tourists.

COMPETITIVE ANALYSIS

5. Location and Accessibility

- ▶ The majority of Hotels in Kigoma are located in the city center near most of the city attractions and beaches.
- ▶ The only remote Hotels are Mbali Mbali Gombe/Mahale Lodges which are in national parks and a few other hotels located in Kasulu.
- ▶ Most hotels are near Kigoma airport and train station. Thus, accessibility for most hotels is relatively good.

COMPETITIVE ANALYSIS

5. Location and Accessibility

- ▶ Distance from Kaledonia Inn to Kigoma airport: 15,6 km (+/-20 min)
- ▶ Distance from Kaledonia Inn to Bangwe Beach, Kigoma: 16,3 km (+/-20 min)
- ▶ Distance from Kaledonia Inn to Kigoma Train Station: 14,8 km (+/-18 min)
- ▶ Distance from Kaledonia Inn to Livingstone Museum: 20,3 km (+/-30 min)

COMPETITIVE ANALYSIS

6. Services and Amenities

Tourists in Tanzania **highly appreciate the following amenities and services** in hotels:

1. **Location:** A central location or proximity to major attractions is highly valued. This is particularly important for hotels located near national parks or in city centers, as it provides easy access to key destinations and activities.
2. **Quality of Rooms:** Comfortable, well-furnished rooms with modern amenities are a priority for guests. This includes aspects like cleanliness, room size, and quality of bedding.
3. **Facilities:** Good facilities, such as swimming pools, fitness centers, and spas, are sought after. These add to the relaxation and enjoyment of the guests' stay.
4. **Staff Friendliness and Services:** Excellent service and friendly staff are crucial. This includes efficient check-in/check-out processes, responsiveness to guest needs, and overall hospitality.
5. **Food and Dining Options:** Quality dining experiences, including the availability of local and international cuisine, are important. Many luxury and mid-range hotels in Tanzania offer a variety of dining options to cater to different tastes.

These preferences are reflected in the ratings and features of top hotels and resorts in Tanzania, as tourists often look for a blend of comfort, convenience, and unique experiences that enhance their stay (<https://inspiredbymaps.com/best-hotels-in-tanzania/>)(<https://www.climbkilimanjaroguide.com/tanzania-hotels/>).

COMPETITIVE ANALYSIS

6. Services and Amenities

The **must-have amenities and services** sought by tourists in hotels in Tanzania are:

1. **Complimentary Breakfast:** A top priority for travelers, indicating the importance of convenience and value in their hotel stay.
2. **Restaurant:** Access to on-site dining options is highly valued, reflecting tourists' desire for convenient and quality meal options during their stay.
3. **Internet / Free WiFi:** Essential for both leisure and business travelers, indicating the need to stay connected.
4. **Parking:** Important for those traveling with vehicles, highlighting the need for secure and accessible parking facilities.
5. **24-Hour Front Desk Service:** Shows the importance of round-the-clock service and support for guests.
6. **Smoke-Free Hotel:** Reflects a preference for non-smoking environments.
7. **Swimming Pool:** Desired for relaxation and recreation, particularly in resort destinations.
8. **Bar:** Indicates the importance of leisure and social spaces within the hotel.
9. **Air Conditioning:** Essential for comfort, particularly in Tanzania's warm climate.
10. **Coffee/Tea in Lobby:** Appreciated for convenience and a welcoming atmosphere.

In the hotel room, apart from free WiFi, a **bathroom with a shower, room size, TV facilities, air conditioning, coffee/tea amenities, non-smoking rooms, premium bedding, daily housekeeping, and the type of mattress** are important.

COMPETITIVE ANALYSIS

6. Services and Amenities

In Tanzania, the average **room sizes** for different categories of hotels, based on standard international norms, are approximately as follows:

1. **Budget Hotels:** These rooms typically range from 15 to 20 square meters. Budget accommodations often focus on efficiency and basic amenities.
 2. **Mid-Range Hotels:** Room sizes in mid-range hotels are generally between 20 to 30 square meters. These hotels balance comfort and cost, offering more amenities than budget hotels.
 3. **Luxury Hotels:** Luxury hotel rooms usually start from 30 square meters and can be significantly larger, especially for suites. These rooms are spacious and are equipped with high-end amenities and services.
- ▶ Kalkedonia Inn room size will be 28 square meters, meeting international standards for Mid-Range Hotels.

COMPETITIVE ANALYSIS

Here is a summary of the competitive analysis for **Amenities**, **Room features** and special room types in **Kigoma** region.

Category	Most common amenities	Most common Room features	Most common Special Room types
Luxury	Free parking, Free Wi-fi, Free breakfast, Childrens activities, Restaurant, Bar, Pool, Hot tub, Beach, Meeting rooms	Room service, Air conditioning, Flatscreen TV, Safe, Refrigerator	Suites, Family rooms
Mid-range	Free parking, Free Wi-fi, Free breakfast, Childrens activities, Restaurant, Bar	Room service, Air conditioning, Flatscreen TV, Refrigerator	N/A
Budget	Free parking, Restaurant, Bar	N/A	N/A
All categories	Free parking, Free Wi-fi, Free breakfast, Restaurant, Bar	N/A	N/A

COMPETITIVE ANALYSIS

Strengths

- ▶ Location near most Kigoma's attractions
- ▶ Natural view
- ▶ Local cultural design and experience
- ▶ A lot of space nearby to enjoy nature
- ▶ Relaxing and calm location
- ▶ High number of amenities and services included or offered on site
- ▶ Pool and spa
- ▶ High security

Weaknesses

- ▶ Farther from the city center than other hotels
- ▶ No large room or suites offered
- ▶ No meeting rooms offered

SWOT ANALYSIS

Opportunities

- ▶ Complete Wellness Center (saunas, massages, skin treatments, etc.)
- ▶ Conference room for Business meetings
- ▶ Conference room for Social Events (weddings, religious celebrations, etc.)
- ▶ Monthly rentals of bigger room/suites with kitchenette and more accommodations.

Threats

- ▶ Entry of International hotel chain in Kigoma that could increase competition
- ▶ Economic downturns that could lead to reduced travel and tourism, impacting hotel revenues.
- ▶ Changing government legislation for the hotel industry

SWOT ANALYSIS



KALKEDONIA
— TANZANIA —

- ▶ Value Proposition
- ▶ Marketing and Sales Strategy
- ▶ Operational Plan
- ▶ Risk Management

BUSINESS STRATEGY



Value Proposition

► Unique Selling Point

What will make Kalkedonia Inn distinct from the competition is:

1. Its location: located on top of a hill and in Kigoma suburbs, the view on Kigoma region and Lake Tanganyika will be unique. Apart from the city center, this location will offer calm and tranquility.

BUSINESS STRATEGY



► Unique Selling Point

2. Its architecture and design: inspired by local Tanzanian culture, Kalkedonia Inn architecture and design will inspire an authentic african look, thus contributing to an immersive cultural experience.

Example of this will include:

- Traditional Architecture incorporated with Modern Architecture
- Local Art Showcase
- Staff Dressed with Traditional Clothes



BUSINESS STRATEGY



► Unique Selling Point

3. Its immersive and tailored experience : with exclusive services and amenities inspired by local Tanzanian culture, Kalkedonia Inn will offer a different experience and create unforgettable memories for guests.

Examples of exclusive services and amenities will include:

- Local cuisine offered on the menu
- Cultural Dance and Music Nights
- Storytelling Sessions
- Local Artisan Visits
- Local Souvenirs
- Local Market Tours
- Educational Tours to Cultural Heritage Sites

BUSINESS STRATEGY

Kalkedonia Inn Rooms will offer:

- ▶ 28 square meters rooms
- ▶ Sleep 4 persons
- ▶ Queen (Large) Bed
- ▶ Sofa-Bed
- ▶ Desk and chair
- ▶ Small refrigerator
- ▶ Flatscreen TV
- ▶ Airconditioning
- ▶ Wardrobe
- ▶ Safe
- ▶ Independant Bathroom
- ▶ Bath&Shower
- ▶ Independant Veranda
- ▶ Room Service

BUSINESS STRATEGY



Kalkedonia Inn Amenities

- ▶ Restaurant offering breakfast, lunch and dinner
- ▶ Restaurant Menu offering local and international cuisine
- ▶ Bar
- ▶ 24 Hours Frontdesk
- ▶ Free Breakfast
- ▶ High Speed Free Wi-Fi
- ▶ Pool
- ▶ Garden
- ▶ Gym
- ▶ Conference&Multifunctional Room
- ▶ Childrens Activities (Kids Game Module, Basketball Court, Soccer Field, Volleyball Field)
- ▶ Small Farm&Animals (antilopes, zebras, ostriches, etc)
- ▶ Natural trail to enjoy the hotel surroundings

BUSINESS STRATEGY



Kalkedonia Inn Services

- ▶ Shuttle to Kigoma Airport, Train Station and City center
- ▶ Group Receptions
- ▶ Cultural Dance and Music Nights
- ▶ Storytelling Sessions
- ▶ Local Art Showcase and Souvenirs Sold
- ▶ Artisan Visits
- ▶ Local Market Tours
- ▶ Educational Tours to Cultural Heritage Sites

BUSINESS STRATEGY



Nearby attractions

- ▶ Trekking Gombe National Park
- ▶ Trekking Mahale National Park
- ▶ Kigoma Town Tours
- ▶ Boat Ride on Lake Tanganyika/
Canoing+Kayaking on the Lake
- ▶ Bangwe Beach
- ▶ Livingstone Museum Visit
- ▶ Katonga Fish Market

BUSINESS STRATEGY



Target Market Alignment

Kalkedonia Inn offering will in first place meet the needs of all type of customers with its **location**.

Than it will meet the needs of different customer type as follow:

Primary customers: International tourists

Kalkedonia Inn offering will meet the needs of International tourists with its cultural immersion and tailored experience inspired by Tanzanian culture.

BUSINESS STRATEGY

Target Market Alignment

- ▶ Secondary customers: Business Travelers and other Large Groups (Weddings, Receptions, etc)

Kalkedonia Inn offering will meet the needs of Business travelers and other Large groups with a conference & multifunctional room located on the terrace at the 2nd floor.

Other amenities also offered for these customers will include:

- ▶ High Speed Free Wi-fi
- ▶ Projector and Board for Business Presentations
- ▶ Catering Service for Large Groups

BUSINESS STRATEGY



Target Market Alignment

▶ Tertiary customers:

Burundian community living in Canada

Kalkedonia Inn offering will meet the needs of Burundians community living in Canada who transit to Kigoma before visiting family in Burundi. Its offering will include amenities like a pool, game modules for kids, a soccer field, basketball and volleyball courts.

These amenities will offer families leisure and entertainment.

BUSINESS STRATEGY



Target Market Alignment

► Other customers: Church People

Kalkedonia Inn offering will meet the needs of Church People with the overall offering of services and amenities.

BUSINESS STRATEGY

Value Propostion Continued

Benefits to Customers:

- ▶ Exceptional Customer Service
- ▶ Memorable Experience

Competitive Edge:

Kalkedonia Inn will stand out form the competition with its unique immersive experience and excellent customer service

Brand Values and Image:

Kalkedonia Inn brand values will be **customer service & respect of the local culture,**

BUSINESS STRATEGY

Marketing and Sales Strategy

Branding

- ▶ **Brand name: Kalkedonia Inn**
- ▶ **Logo**
- ▶ **Slogan: *Serenity and Peace Restored***

Kalkedonia branding will differentiate from competitors with its unique logo reflecting Tanzanian culture and with its slogan evoking peace of mind.

BUSINESS STRATEGY

Marketing and Sales Strategy

Marketing Channels

1. Online marketing (Main Channel)

- ▶ Social Medias (Facebook, Tik Tok, Youtube)
- ▶ Travel Booking Platforms (Expedia, TripAdvisor, Booking.com)
- ▶ Professional Website
- ▶ Google Ads

2. Word of Mouth

- ▶ Burundian Community in Quebec, Canada
- ▶ Friends and Relatives

3. Partnership Marketing

- ▶ Local Safari Tour Companies
- ▶ Local Business and event organizers
- ▶ Travel Agencies

BUSINESS STRATEGY

Marketing and Sales Strategy

Sales Strategies

Kalkedonia Inn sales approach will include mostly online booking strategies with the following other sales strategy:

- ▶ direct sales (Burundian Community in Quebec, Canada, Friends and Relatives)
- ▶ partnerships with travel agencies (Partnership Marketing)
- ▶ corporate contracts (Local Business and event organizers)

The online presence will be the central sales strategy. It will be assured with a professional website, with online Travel Booking Platforms and via social medias (Facebook, Tik Tok, Youtube).

BUSINESS STRATEGY

Marketing and Sales Strategy

Pricing Strategy

Our pricing strategy will be simple and efficient. Because all rooms will be equal, room rates will be the same.

The price will be in line with other competitor rates between the Mid-Range and Luxury category at around **70\$usd for the 1st year**. Then the rate will increase at around **80\$usd the 2nd year** and at **90\$usd the 3rd year**. The rates will be around 20% higher during the high season (June to October)

Room rates will include the followings:

- ▶ Free Breakfast
- ▶ Free Parking
- ▶ Free high speed Wi-Fi
- ▶ Access to the Pool
- ▶ Access to the Cultural Dance and Music Nights and Storytelling Sessions
- ▶ Access to outdoor activities (children's activities, small farm&animals, soccer field, basketball court, volleyball court)

BUSINESS STRATEGY

Marketing and Sales Strategy

Pricing Strategy

Other services or amenities not included will be offered as following:

- ▶ Restaurant (depending on the menu, price will be between 5-15\$usd per meal)
- ▶ Bar (price will be between 3-5\$usd per beverage)
- ▶ Shuttle to Kigoma Airport, Train Station and City center (between 10-15\$usd per person, maximum 40\$usd per car, for a simple aisle)
- ▶ Group Receptions (price will be per person, depending on the type of event and on reservation)
- ▶ Local Souvenirs Sold (will depend on the souvenir, between 10-100\$usd)
- ▶ Local Market Tours (price will be between 20-25\$usd per person)
- ▶ Artisan Visits (price will be between 20-25\$usd per person)
- ▶ Educational Tours to Cultural Heritage Sites (in partnership with local Tour Companies)

BUSINESS STRATEGY

Marketing and Sales Strategy

Customer Relationship Management (CRM)

Kalkedonia Inn will use a Property Management System that will include a CRM. This will manage customer relationships to enhance customer satisfaction and loyalty.

Content Marketing

We will build a small content marketing to start with the 1st year and engage with customers. We will display it on social medias as follows:

- ▶ Facebook: facebook page, pictures, videos
- ▶ Youtube: videos
- ▶ Instagram: pictures
- ▶ TikTok: videos

Monitoring and Evaluation

We will monitor and evaluate the effectiveness of our marketing and sales strategies, including key performance indicators (KPIs) and feedback mechanisms with our Property Management System.

BUSINESS STRATEGY

Management Team Roles & Responsibilities

- ▶ **Ruben:** Operations, HR management, Marketing
- ▶ **Simon:** Operations, Finances, Marketing
- ▶ **Baba:** Operations

MANAGEMENT TEAM

A decorative graphic consisting of several parallel white lines of varying lengths, slanted upwards from left to right, located in the bottom right corner of the slide.

- **Hotel Manager:** Oversees daily operations.
- **Chef and Restaurant Staff:** For your restaurant and bar.
- **Maintenance and Housekeeping:** Essential for room and facility upkeep.
- **Reception and Customer Service:** Frontline staff for guest relations
- **Wellness Staff:** Qualified individuals for the spa and massage services.

KEY STAFF

▶ 1. Room Management

- **Housekeeping Schedule:** Establish a daily schedule for cleaning rooms, replenishing supplies, and performing regular maintenance checks. Consider additional deep cleaning protocols for longer stays.
- **Booking System:** Implement a user-friendly booking system, integrated with your website, to manage reservations, check-ins, and check-outs. This system should also allow for tracking room availability and occupancy rates.
 - **Check-In/Check-Out Process:** Streamline the process with digital options for faster service. Personalize the guest experience by remembering returning guests or preferences noted during booking.
 - **Maintenance Requests:** Implement a system for guests to easily report any issues, with a commitment to prompt response and resolution.

PLANNING OF HOTEL DAILY OPERATIONS

▶ 2. Restaurant Operations

- **Menu Planning:** Regularly update the menu, considering local ingredients and guest preferences. Offer a mix of local and international cuisine.
- **Inventory Management:** Establish a system for tracking food and beverage supplies, ensuring fresh ingredients are available and minimizing waste.
- **Staff Scheduling:** Ensure adequate staffing for meal preparations, serving, and cleaning, particularly during peak hours for breakfast, lunch, and dinner.
- **Meal Service Times:** Clearly define and communicate the hours for breakfast, lunch, and dinner services. Consider offering room service during these times.
- **Staff Training:** Regular training for kitchen and service staff on food safety, customer service, and new menu items.
- **Guest Feedback:** Collect feedback on meals and service quality for continuous improvement.

PLANNING OF HOTEL DAILY OPERATIONS

▶ 3. Wellness Services

- **Spa and Massage Services:** Schedule qualified staff for spa treatments and massages. Offer booking options for guests in advance or upon arrival.
- **Pool Maintenance:** Regular cleaning and maintenance of the pool area, ensuring safety and hygiene standards are met. Consider scheduling specific times for cleaning to minimize guest disruption.
- **Service Menu:** Offer a variety of spa treatments and massages. Include detailed descriptions and pricing in guest rooms and online.
- **Appointment System:** A flexible booking system for guests to schedule appointments at their convenience, including the option to book in advance of their stay.
- **Hygiene and Safety:** Ensure high standards of hygiene and safety, especially in areas like the spa and pool.

PLANNING OF HOTEL DAILY OPERATIONS

▶ 4. Customer Service

- **Reception Operations:** Train staff to handle guest inquiries, bookings, and provide information about hotel services and local attractions. Ensure 24/7 availability for guest assistance.
- **Feedback and Complaints Management:** Implement a system for receiving and addressing guest feedback and complaints promptly and effectively.
- **Front Desk Training:** Train front desk staff in handling various guest scenarios, from standard check-ins to special requests and emergency situations.
- **Information Availability:** Provide ample information about the hotel's amenities, local attractions, and transportation options.
- **Guest Relations:** Designate a staff member to handle guest relations, focusing on enhancing guest satisfaction and handling any escalated issues.

PLANNING OF HOTEL DAILY OPERATIONS

► 5. Financial Management

- **Daily Sales Tracking:** Monitor daily revenue from room bookings, restaurant, bar, and wellness services.
- **Expense Management:** Keep track of operational expenses, including staff wages, utility bills, and supply costs.
- **Budget Review:** Regularly review and adjust the operational budget based on actual revenue and expenses.
- **Daily Reporting:** Implement a system for daily reporting of revenues and expenses to monitor the financial health of the hotel.
- **Cost Control:** Regularly review and identify areas where costs can be optimized without compromising service quality.
- **Revenue Management:** Use dynamic pricing strategies for room rates based on demand, season, and local events. (More on this in the next section)

PLANNING OF HOTEL DAILY OPERATIONS

▶ 6. Marketing and Promotions

- **Social Media Updates:** Regularly update social media platforms with hotel news, promotions, and events to engage with current and potential guests.
- **Special Offers:** Develop and promote special offers or packages, such as weekend getaways, wellness retreats, or dining specials.
- **Digital Marketing:** Utilize SEO and digital advertising to increase visibility. Regularly update content on your website and social media platforms.
- **Loyalty Programs:** Develop loyalty programs or special discounts for repeat guests.
- **Local Collaboration:** Work with local businesses and tour operators to create packages that include accommodation, dining, and local experiences.

PLANNING OF HOTEL DAILY OPERATIONS

▶ 7. Staff Training and Development

- **Continuous Training:** Regular training sessions for staff to ensure high service standards. Include customer service, safety protocols, and emergency procedures.
- **Team Meetings:** Regular team meetings to discuss operational updates, address any challenges, and gather staff input for improvements.

PLANNING OF HOTEL DAILY OPERATIONS

▶ **8. Safety and Security**

- **Regular Safety Checks:** Ensure all safety equipment is functional, and staff are trained in emergency procedures.
- **Security Measures:** Implement security measures like surveillance cameras and security personnel, especially during night hours.

PLANNING OF HOTEL DAILY OPERATIONS

- ▶ A Property Management System (PMS) is a software application used in the hospitality industry to manage daily operations of a hotel or other lodging facilities. It streamlines various functions and processes, enhancing efficiency and guest service.
- ▶ ****Hotelogix****: A cloud-based PMS designed for small and mid-sized hotels, offering flexibility and ease of use.

<https://www.hotelogix.com/>

PROPERTY MANAGEMENT SYSTEM

How a Property Management System Works

- ▶ 1. **Reservation Management**: Handles booking and reservation processes, including online, phone, and walk-in bookings. Integrates with online booking engines and channels.
- ▶ 2. **Front Office Operations**: Manages guest check-in and check-out processes, room assignments, and guest information management.
- ▶ 3. **Billing and Payment Processing**: Facilitates billing for rooms, services, and amenities. Processes payments and manages invoices.
- ▶ 4. **Room and Rate Management**: Manages room inventory, categorizes room types, and handles rate management, including special rates and packages.

PROPERTY MANAGEMENT SYSTEM

- ▶ 5. **Housekeeping Management**: Tracks the status of rooms, coordinates housekeeping tasks, and manages maintenance schedules.
- ▶ 6. **Reporting and Analytics**: Generates various reports for business analysis, including occupancy rates, revenue, and guest demographics.
- ▶ 7. **Guest Communications**: Enhances guest experience through efficient communication tools, such as automated emails for booking confirmation, pre-arrival, and post-stay.
- ▶ 8. **Integration Capabilities**: Often integrates with other systems like Revenue Management Systems (RMS), Customer Relationship Management (CRM) software, and Point of Sale (POS) systems.

PROPERTY MANAGEMENT SYSTEM

► Understanding Revenue Management

- **Objective:** To sell the right room to the right customer at the right time for the right price.
- **Data Analysis:** Utilizes historical data, market trends, and predictive analytics to forecast demand and set prices.
- **Inventory Management:** Balances room availability to avoid overbooking while maximizing occupancy.

REVENUE MANAGEMENT

- ▶ By employing dynamic pricing strategies effectively, your hotel can optimize revenue, manage inventory efficiently, and remain competitive in the market. Implementing these strategies requires careful planning, continuous monitoring, and the willingness to adjust tactics as market conditions change.

DYNAMIC PRICING STRATEGIES

▶ Key Considerations

- **Customer Perception:** Be mindful of how guests perceive your pricing. Dramatic fluctuations might lead to dissatisfaction.
- **Transparency:** Maintain transparency in pricing to build trust with customers.
- **Regulatory Compliance:** Ensure compliance with local and international pricing regulations.

DYNAMIC PRICING STRATEGIES

1. Demand Forecasting:

1. Analyze past booking trends, seasonal demand, local events, and market conditions.
2. Predict future demand for different room types and dates.

2. Segmentation:

1. Divide your market into segments based on booking behaviors, purpose of travel (leisure, business), and price sensitivity.
2. Tailor pricing strategies for each segment.

3. Pricing Models:

1. **Peak Pricing:** Increase prices during high-demand periods like holidays or local events.
2. **Off-Peak Discounts:** Offer lower prices during slow periods to attract guests.
3. **Length of Stay Pricing:** Adjust prices based on the length of stay. Longer stays might get discounts.

4. Yield Management:

1. Adjust prices in real-time based on changing demand.
2. Use a revenue management system (RMS) for automated pricing adjustments.

DYNAMIC PRICING STRATEGIES

5. **Competitor Analysis:**

1. Regularly monitor competitor pricing and adjust your rates accordingly.
2. Differentiate your offerings to justify your pricing strategy.

6. **Price Sensitivity:**

1. Understand how sensitive your customers are to price changes.
2. Test different price points to find the optimal balance between demand and profitability.

7. **Online Distribution:**

1. Use online travel agencies (OTAs) while balancing direct bookings to avoid high commission costs.
2. Ensure parity in pricing across all channels.

8. **Technology Utilization:**

1. Implement an RMS that integrates with your property management system (PMS) for seamless data analysis and rate adjustment.
2. Use artificial intelligence and machine learning to improve demand forecasting and pricing decisions.

9. **Performance Monitoring:**

1. Regularly review key performance indicators (KPIs) like occupancy rate, average daily rate (ADR), and revenue per available room (RevPAR).
2. Adjust strategies based on performance metrics and market changes.

DYNAMIC PRICING STRATEGIES

- ▶ A Revenue Management System (RMS) is a software tool used by hotels and other hospitality businesses to optimize their revenue. It utilizes complex algorithms, historical data, and market analysis to forecast demand and adjust pricing accordingly.

REVENUE MANAGEMENT SYSTEM (RMS)

Here's how it typically works:

1. **Data Collection:** An RMS gathers historical booking data, current reservations, market supply and demand, competitor pricing, and other relevant factors.
2. **Market Analysis:** It analyzes market trends, including seasonality, local events, and booking patterns to understand demand fluctuations.
3. **Predictive Analytics:** The system uses predictive modeling to forecast future demand for different room types and dates.

REVENUE MANAGEMENT SYSTEM (RMS)

4. **Dynamic Pricing:** Based on these predictions, the RMS dynamically adjusts room rates. It can set different prices for different room types, lengths of stay, and booking channels.
5. **Optimization:** The system continuously optimizes rates and availability. It may suggest closing certain rates or opening up more rooms for sale depending on the demand.
6. **Performance Tracking:** An RMS also tracks key performance metrics such as occupancy rates, average daily rate (ADR), and revenue per available room (RevPAR).
7. **Integration:** It typically integrates with other hotel management systems, like the Property Management System (PMS) and booking engines, for seamless operations.

REVENUE MANAGEMENT SYSTEM (RMS)

These are key performance indicators (KPIs) in the hotel industry that help measure the financial and operational performance of a hotel.

- ▶ Occupancy Rate
- ▶ - **Definition**: Occupancy rate is the percentage of available rooms that are occupied over a specific period.
- ▶ - **Calculation**: It's calculated by dividing the number of occupied rooms by the total number of available rooms, then multiplying by 100.
- ▶ - **Usage**: It helps in understanding how well a hotel is filling its rooms. A low occupancy rate might indicate a need for improved marketing or pricing strategies.

PERFORMANCE INDICATORS (KPIs)

Average Daily Rate (ADR)

- ▶ - **Definition**: ADR measures the average price paid per rented room.
- ▶ - **Calculation**: It's calculated by dividing the total room revenue by the number of rooms sold (not including rooms offered for free or used by staff).
- ▶ - **Usage**: ADR provides insight into how much guests are paying on average, helping to assess pricing strategies.

Revenue Per Available Room (RevPAR)

- ▶ - **Definition**: RevPAR combines occupancy and ADR to measure the revenue generated per available room.
- ▶ - **Calculation**: There are two ways to calculate RevPAR. Either by multiplying ADR by the occupancy rate or by dividing total room revenue by the total number of available rooms.
- ▶ - **Usage**: RevPAR is crucial for evaluating the overall financial performance of a hotel. It reflects the ability to fill rooms at an average rate. Unlike ADR, RevPAR takes into account both the rates and the number of rooms sold.

PERFORMANCE INDICATORS (KPIS)



- ▶ Profit and Loss Statement

- ▶ Cash Flow Analysis

FINANCIAL PLAN

FINANCIAL PLAN

► Profit and Loss Statement

See the excel spreadsheet for P&L Statements.

Here is a summary table at
50\$USD Average Daily Rate

50\$USD Avg Daily Rate			
Occupancy Rate	Revenus	Costs	Earnings
20%	58 594	69 271	(10 677)
25%	70 313	72 972	(2 659)
35%	97 656	81 606	16 050
45%	128 906	93 475	35 432
55%	154 090	103 435	50 655

FINANCIAL PLAN

► Profit and Loss Statement

See the excel spreadsheet for P&L Statements.

Here is a summary table at
70\$USD Average Daily Rate

70\$USD Avg Daily Rate			
Occupancy Rate	Revenus	Costs	Earnings
20%	73 594	72 271	1 323
25%	88 313	76 572	11 741
35%	122 656	86 606	36 050
45%	161 906	100 075	61 832
55%	194 090	111 435	82 655

FINANCIAL PLAN

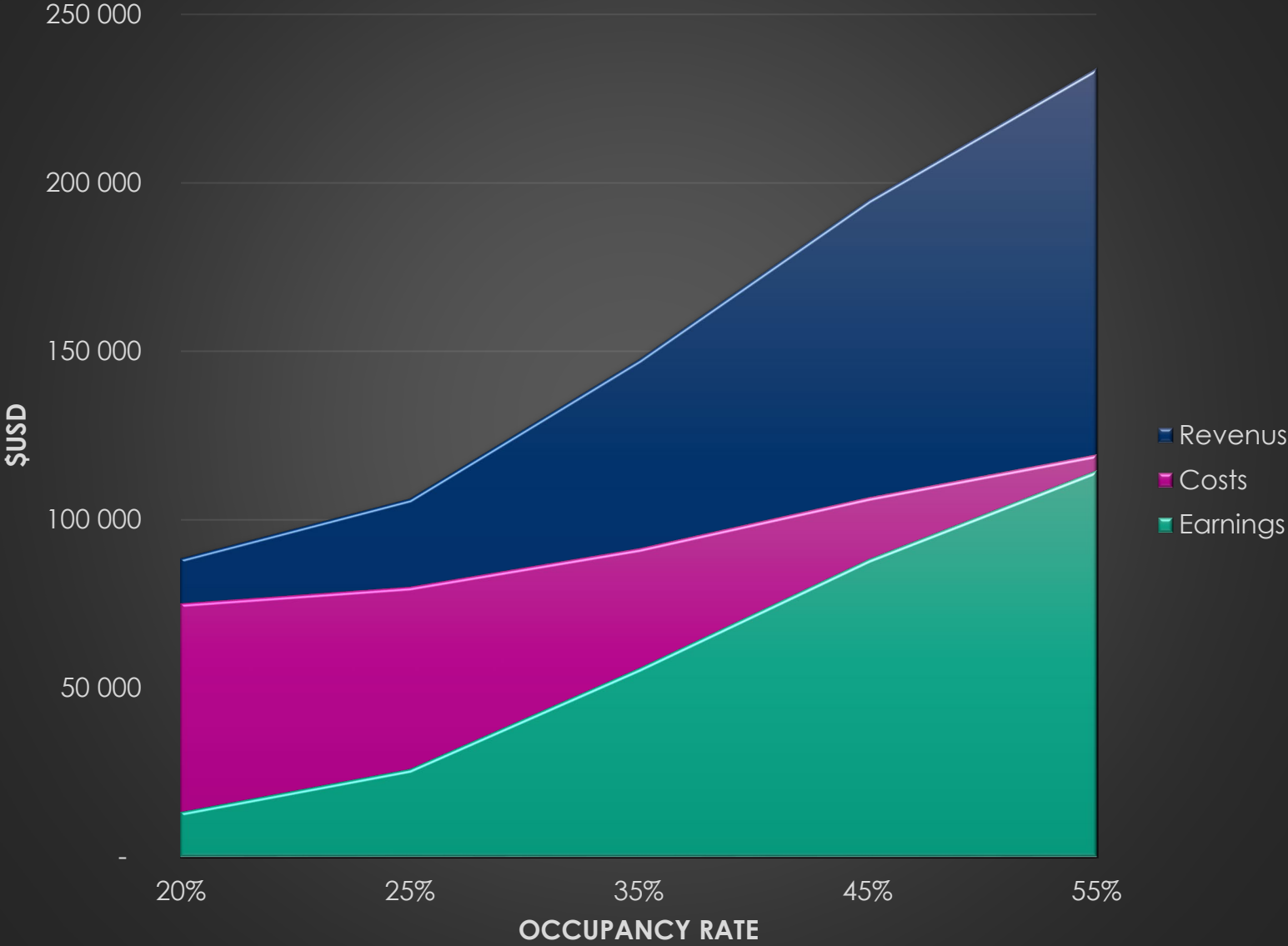
► Profit and Loss Statement

See the excel spreadsheet for P&L Statements.

Here is a summary table at
90\$USD Average Daily Rate

90\$USD Avg Daily Rate			
Occupancy Rate	Revenus	Costs	Earnings
20%	88 594	75 271	13 323
25%	106 313	80 172	26 141
35%	147 656	91 606	56 050
45%	194 906	106 675	88 232
55%	234 090	119 435	114 655

90\$USD Average Daily Rate Revenus vs Costs vs Earnings



FINANCIAL PLAN

► Profit and Loss Statement

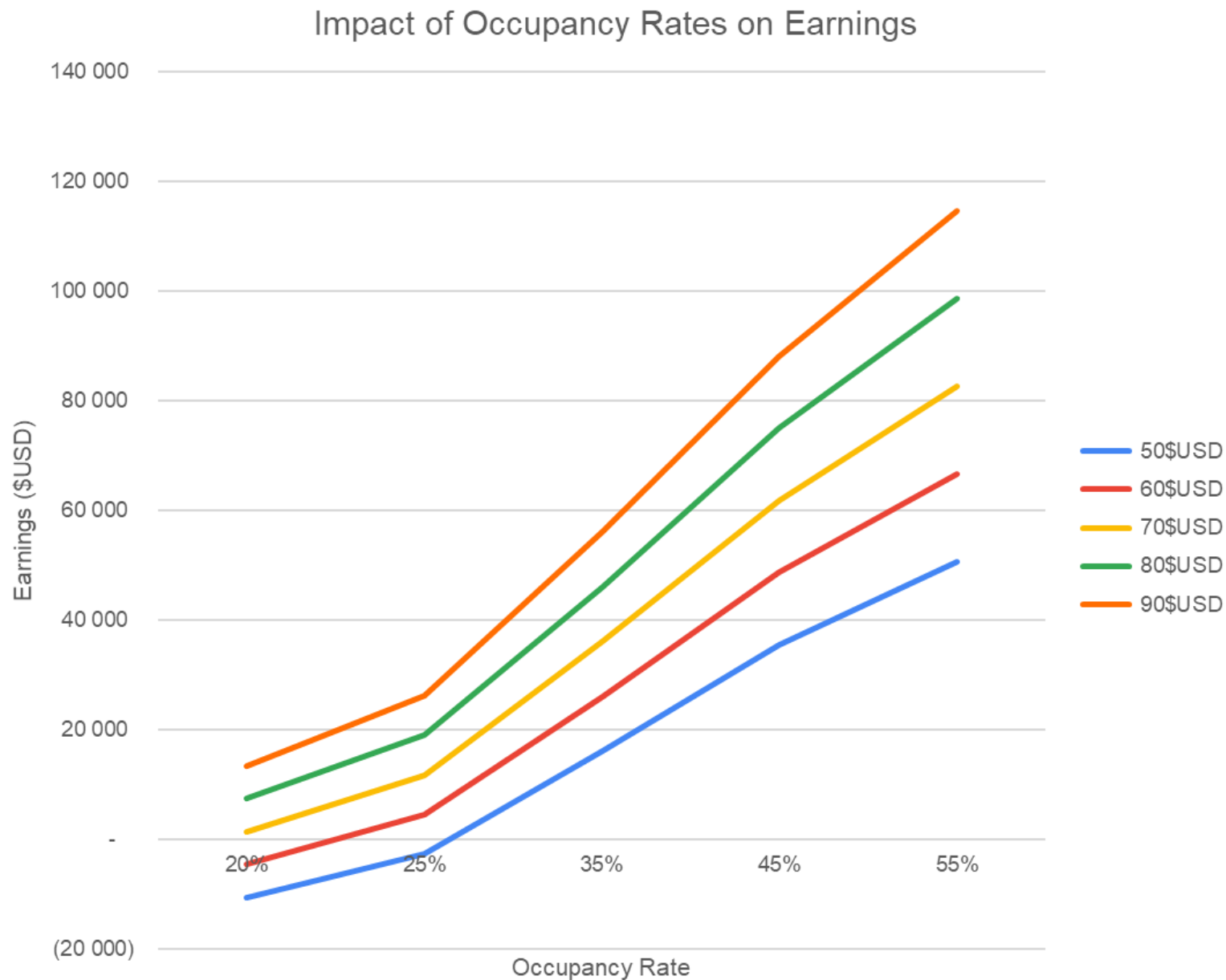
Here is a summary graph of Revenues vs Costs vs Earnings at

90\$USD Average Daily Rate

FINANCIAL PLAN

► Profit and Loss Statement

Here is a summary graph of the impact of Occupancy Rates on Earnings



FINANCIAL PLAN

► Profit and Loss Statement

Here is a summary
table of the Breakeven
Occupancy Rates

Avg Daily Rate (\$USD)	Breakeven Occupancy Rate
50	25,95%
60	23,00%
70	20,10%
80	17,74%
90	16,23%

FINANCIAL PLAN

► Profit and Loss Statement

Here is a summary table of the impact of Occupancy Rates on Profit Margins

Impact of Occupancy Rates on Profit Margins					
Occupancy Rate	50\$USD	60\$USD	70\$USD	80\$USD	90\$USD
20%	0%	0%	1%	6%	11%
25%	0%	4%	9%	14%	17%
35%	16%	17%	21%	24%	27%
45%	27%	23%	27%	29%	32%
55%	33%	27%	30%	32%	34%

Cash Flow Analysis

Assumptions

3 Scenarios:

All 3 scenarios have initial cost of 600,000\$USD.

- ▶ Scenario 1A = Conservative Projections where we rent at 50\$USD Avg Daily Rate the 1st year
- ▶ Scenario 1B = Realistic Projections where we rent at 70\$USD Avg Daily Rate the 1st year
- ▶ Scenario 2 = Realistic Projections where we rent at 70\$USD Avg Daily Rate the 1st year and we build a 2nd Level with 10 additional rooms during the 6th year for a cost of 300,000\$USD

FINANCIAL PLAN

Cash Flow Analysis

Assumptions

Discount rate used:

8,60% Risk Free rate for the country = Coupon on a 5 year Tanzanian government bond issued on 5/1/2023

+

16,40% Risk Premium attributed to the project

25,00% = Total Discount Rate for 1st Year

FINANCIAL PLAN

Cash Flow Analysis

Discount rate used:

- ▶ Years 1 to 5 = **25,00%** = Risk-Free Rate + Risk Premium

Years 1 to 5 are the most risky. The risk premium is higher in consequence

- ▶ Years 6 to 10 = **16,80%** = Risk-Free Rate + $\frac{1}{2}$ * Risk Premium

Years 6 to 10 will exhibit lesser growth but more income stability, with an established brand and customer base. The risk premium is half lower in consequence.

- ▶ Years 11 and > = **12,70%** = Risk-Free Rate + $\frac{1}{4}$ * Risk Premium

Years 11 and over will exhibit even more stability in income. The risk premium is cut in half again in consequence.

FINANCIAL PLAN

Cash Flow Analysis

Key Points:

- ▶ **Recovery Time = around 9 to 10 years**
- ▶ **Internal rate of Return (IRR) = between 12,75% to 18,47%**
- ▶ **Net present Value (NPV) = between (50,000)\$USD to 420,000\$USD**

FINANCIAL PLAN

Cash Flow Analysis

Key Highlights:

- ▶ Starting at 1st Year with Avg Daily Rate under 70\$USD is not profitable.
- ▶ Profitability increase significantly when an Occupancy Rate of 35% or higher is reached. This is due to a high proportion of fix-costs relative to total costs. Variable costs weights far less in proportion.
- ▶ Building a 2nd Level with 10 additionnal rooms increase significantly the revenues and the Internal rate of Return (IRR).

FINANCIAL PLAN