

# Development of Strategic Plan for Hotel Industries through Swot Analysis

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## ABSTRACT

*A SWOT analysis is an organised planning technique used to assess the strengths, weaknesses, opportunities and threats involved in a scheme or in a business venture. A SWOT analysis can be carried out for a product, place, industry or person. Is used to stipulate the objective of the industry venture or project and categorizing the internal and external factors that are favourable and unfavourable to achieve that objective. In general Strategic planning involves setting goals, determining activities to complete the goals, and assemble the available resources to perform the actions. It is a process between the points an industry stands at this time and the points it tries to extent in particular period of time. Luxury hotel industries are expected to make strategic planning to achieve better perception of ongoing quest for quality food and fulfilling the customer requirements. The resulting article is baptized the "strategic plan."*

**Keywords:** Internal and external factors, Strategic Plan, SWOT Analysis, Thrust Areas.

## 1. INTRODUCTION

The purpose of strategic planning is to produce strategic facilities, represent the agreed guidelines, follow the application proficiently and gross the initiative and provide the operative participation. The conception of strategic planning is closely related with the idea of foresight. In this favour strategic planning can be measured as the collection of systematic pains of experts for the best choice customer care. In the course of strategic planning, need to answer several of the fundamental questions. Folks are where are we? How can we reach our desired goal? And how can we evaluate our success [1].

Hax and Majluf [2] highlighted that to

confront deviations in the external and internal situation, to respond to developing challenges and to accomplish organizational excellence, strategic planning is required. Strategic planning aligns a group with its environment, to accomplish goals, and make available direction to achieve organization's desired future. It includes all the employees of the hotels by proper dialogue, to develop, foster and adopt the vision and also the proprietorship of the action plan, setting up the priorities, and make even the plan to the atmosphere predominant, thus accomplishing the goals.

Rowley, Lujan, & Dolence [3], emphasized that "Strategic planning services a site classify and maintain a best position with the most significant origins of the environment inside the factory." This situation consists of "the political, social, economic, technological, and ecosystem, both internal and external force"

Strategic planning is an organization's procedure of defining its strategy, or direction, and making results on distributing its resources to follow this strategy, as well as its capital and people [4]. Numerous analysis methods can be used in strategic planning, including SWOT (Strengths, Weaknesses, Opportunities, and Threats) analysis.

## 2. SWOT ANALYSIS

**SWOT analysis of hotel industry** in this respect can deliver a thorough insight to whether or not the industry is donating towards the success of its goals. For now, let's consider the hotel industry in India, which is one of the fastest growing in the world. SWOT, is an analysis method, which is used in strategic planning for the industry/ organisations and consists of the primary letters of perceptions of Strengths, Weaknesses, Opportunities and Threats.

|   |   |
|---|---|
| <b>Strengths</b> <ul style="list-style-type: none"> <li>What key advantages do you have?</li> <li>What do you do better than anyone else</li> <li>What do people in your market see as your strengths</li> <li>Your specialist marketing expertise</li> <li>New innovative product or service</li> <li>Location of your business</li> <li>Quality processes and procedures</li> </ul> | <b>Weaknesses</b> <ul style="list-style-type: none"> <li>What should you avoid?</li> <li>What are you not so good at?</li> <li>What do outsiders see as your weaknesses?</li> <li>Location of your business</li> <li>Poor quality processes and procedures</li> <li>Lack of expertise in one or more areas</li> </ul> |
| <b>Opportunities</b> <ul style="list-style-type: none"> <li>Consider where your best opportunities are</li> <li>Trends</li> <li>Change in technology</li> <li>Change in end user/buyers perception and mentality</li> <li>Social patterns, policy changes, industry expectations</li> <li>What opportunities do your Strengths open up for you</li> </ul>                             | <b>Threats</b> <ul style="list-style-type: none"> <li>What obstacles do you face</li> <li>What is the competition doing</li> <li>What is your financial situation</li> <li>What threats do your weaknesses expose you to</li> <li>Price wars</li> <li>New competitor in the market place</li> </ul>                   |

Fig. 1 SWOT Analysis methodology

Hotels are one of the most significant services providers which straight affect the appearance of tourists to a specific country. Perceptibly, it would not be probable for tourists to stay in a place if there are not enough hotel rooms available. Therefore, the hotel industry plays a significant role when it comes to tourism as it is a support service which will disturb the number of tourists visiting a particular place.

### 2.1 Significant points

For an average of administration, SWOT analysis is helped to making a plan, describing a problem and also solution for the problem, making a tactic and giving a logical decision. It is a tool for inspecting an industries and its environment. It is a first stage of planning which helps to emphasis on key issues. The protagonist of SWOT analysis is to collect the information from the environmental

scan and isolated it into internal and external issues. SWOT analysis regulates if the information specifies something that will assist the institution in realizing its objectives or if it displays the complication that must be removed or minimized to achieve preferred results. SWOT analysis is scalable, co-operative, integrateable, and cost efficient.

### 2.2 SWOT analysis restrictions

The classification of some factors as Strengths or Weaknesses, or as Opportunities or Threats is rather chance. For sample, a particular industry's philosophy can be either Strength or Weakness. A technical change can be an either a Threat or an Opportunity. Feasibly find what are more significant than the superficial classification of these factors are the industrial.

## 3. SWOT ANALYSIS OF TOP HOTELS

The Strength and weakness of the hotels were broadly characterised underneath People (Human resources), Properties (Infrastructural facilities), Process (covering the operational process) and Product. Opportunities and threats were based on the external environment.

**Indian Hotels Company Limited (IHCL)**, branded as **Taj Group**, is a chain of hotels and resorts headquartered at Oxford House in Mumbai, which was integrated by the founder of the Tata group, Jamsetji Tata, in the year 1903. This company is a part of the Tata group, one of India's largest business conglomerates. As of 2015, Taj Group operates 108 hotels across India and 17 hotels in the UK, USA, Africa, Maldives, Malaysia, Bhutan, Sri Lanka and the Middle East, and employed over 18000 people in the year 2014.

Table 1. SWOT analysis report of HOTEL TAJ

| Taj Hotels                                |                                   |
|---|-----------------------------------|
| Parent Company                            | Indian Hotels Corporation         |
| Category                                  | Hotels                            |
| Sector                                    | Tourism and Hospitality           |
| Tagline/ Slogan                           | India's leading hospitality chain |
| USP                                       | Extravagant Indian Interiors      |
| STP(Segmentation, Targeting, Positioning) |                                   |
| Segment                                   | Leisure and business travellers   |
| Target Group                              | Upper class, business travellers  |

|                      |   |
|----------------------|---|
| <b>Positioning</b>   | Prime location, luxury living with Indian values  |
| <b>SWOT Analysis</b> |   |
| <b>Strength</b>      | <ol style="list-style-type: none"> <li>1. Group comprises 93 hotels in 55 locations across India with an additional 16 international destinations</li> <li>2. Employee strength over 13000 people</li> <li>3. The perfect experience of Indian luxury living</li> <li>4. Employee retention due to good brand image</li> <li>5. Considered to be the most premium hotel chain in India</li> </ol> |
| <b>Weakness</b>      | <ol style="list-style-type: none"> <li>1. Limited market share due to tough competition from international and domestic players means</li> <li>2. Terrorist attacks left a question over the security</li> </ol>  |
| <b>Opportunity</b>   | <ol style="list-style-type: none"> <li>1. Introduce better membership plans</li> <li>2. Improve hygiene standards</li> <li>3. Upgrade to international methods of work</li> </ol>   |
| <b>Threats</b>       | <ol style="list-style-type: none"> <li>1. Other heritage properties</li> <li>2. Competitors upgrading to international standards of work ethic</li> <li>3. Expectation of clients in terms of technological development</li> </ol>  |

**Hyatt Hotels Corporation** is an American international company and operator of hotels. The Hyatt Corporation came into being upon purchase of the Hyatt House, at Los Angeles International Airport, on September 27, 1957. In 1969, Hyatt opened its first hotel outside the United States, the Hyatt Regency Hong Kong. In 1980 the

Grand Hyatt and Park Hyatt brands were introduced. Hyatt runs resort hotels, starting with the Hyatt Regency Maui in 1980. As of 30 November 2015 Hyatt had over 627 hotels worldwide. In 2014, Fortunemagazine listed Hyatt as the 95th-best U.S. Company.

**Table 2. SWOT analysis report of HOTEL HYATT**

|                        |  |
|------------------------|--|
| <b>Hyatt</b>           |  |
| <b>Parent Company</b>  | <b>Hyatt Corporation</b>   |
| <b>Category</b>        | Hotels and Resorts   |
| <b>Sector</b>          | Tourism and Hospitality  |
| <b>Tagline/ Slogan</b> | You're more than welcome   |
| <b>USP</b>             | Delivering authentic services that reach out guests from each of their targeted segments   |
| <b>STP</b>             |  |
| <b>Segment</b>         | Leisure and business travellers  |
| <b>Target Group</b>    | Upper class, business travellers, wedding groups, diners   |
| <b>Positioning</b>     | Luxury and latest technology   |
| <b>SWOT Analysis</b>   |  |
| <b>Strength</b>        | <ol style="list-style-type: none"> <li>1. Company's worldwide portfolio consisted of 488 properties / hotels</li> <li>2. Food and beverage, banquet facilities</li> <li>3. Collaboration with top corporate</li> <li>4. Technology upgrades from time to time</li> </ol> |

|                    |  |
|--------------------|--|
|                    | 5. Hygiene standards and customer experience<br>6. One of the most popular hotel chain brands  |
| <b>Weakness</b>    | 1. Discontent amongst employees based on salary issues due to global penetration<br>2. Limited market share due to tough competition from international and domestic players |
| <b>Opportunity</b> | 1. Improvement on membership plans, customer loyalty programs<br>2. Employee retention to ensure better services<br>3. Set higher standards for rooms division               |
| <b>Threats</b>     | 1. Better room facilities offered by competitors<br>2. Loss of major business travelers to domestic group of hotels<br>3. Security levels                                    |

#### 4. STRENGTH WEAKNESS OPPORTUNITY AND THREATS OF THE HOTEL INDUSTRIES

The primary stage of SWOT analysis of hotel industry in India will be detecting its strengths. There are more than 1000 confidential hotels with a room availability of around 97,000 rooms which can easily cope with the demand of tourists. Moreover, there are also a number of international names in the market which meet the needs of worldwide tourists on their visit to India. In addition, there are various tourist attractions and the cost of labour is low in comparison with the rest of the world, thus, providing better margins for hotel owners and higher growth potential in the industry.

Second step is assessing the weaknesses. One main restraint to the hotel industry of India is the cost of land, which is as high as 50% of the total project price, in contradiction of a low 15% abroad. The country also has a higher tax structure as compared to other countries which increases the hotel expense a great deal. Moreover, the services offered by some hotels are limited and not comparable to world standards.

The third deliberate element to a SWOT analysis of hotel industry in India is the opportunities. The country claims a number of fascinations and has unmatched diverse topography making it an ideal destination for tourists. As a result, the quantity of arriving tourists is expected to increase at a quick rate, additional pushing the demand for hotels. Furthermore, the demand for both national and inbound tourists can easily be managed as the peak season. For worldwide tourists, arrival is between September and March, while maximum national tourists

favour to wait until school holidays, which are during the summer months.

Where there are opportunities, you will also find threats. A number of hotels in India are being substituted by guesthouses, therefore unfavourably affecting the hotel industry. Political unrest in the country also plays its part in dropping tourist traffic and accordingly affects business of the hospitality industry. The country's financial status has a direct impact on the incomes of hotels. As a result, the staff might not be skilled well enough to meet international standards.

#### 5. THRUST AREAS, GOALS AND OBJECTIVES OF THE INDUSTRIES

##### 5.1 Thrust areas

SWOT analysis discovered the scope for development. Wide thrust areas identified are staff development and industry management.

##### 5.2 Goals and Objectives

Goals and objectives have essentially the similar meaning. However, it is potential to distinguish between the two by using goals for long-term planning and objectives for short-term planning. The goal is to success the deal; the objective is to capture the bridge [7].

For the staff development the main goals notorious are Work Excellence, Overall Personality development, Value Addition, Co-workers Interaction, employee Welfare Activity, marketing and advertisement. And for each of the goals several objectives have been identified. Correspondingly for the industry management the major goals identified as HRD and Managerial skills, Career growth.

The financial expense of resources for the five years in terms of periodic and non-periodic

funds mandatory for the growth has been developed. The significant initial outlay were centred on Basic conveniences for employees, good pay scale, medical allowance, rental allowance, special allowance, food and privilege, family accommodation, insurance, and provident fund.

## **6. CONCLUSION**

The SWOT analysis highlighted, what constitutes excellence in hotel industries, as superficial by the shareholders. The Strategic planning scheme is properly designed for staff management and industrial development. It established the scope presented for improvement, progress that was taking place and contribute a suggestion of beliefs that prevails in that way identifying the thrust areas for development satisfying as various investors as possible and keeping alive the excellence movement in the case study as deliberated in the top hotels was presented. The methodology used for valuation of the surroundings industries can be generalized for most of the hotels.

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